

## Singapore

### ADD (previously HOLD)

Consensus ratings\*: Buy 4 Hold 4 Sell 0

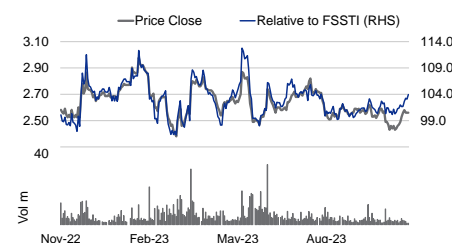
Current price:	\$S2.56
Target price:	\$S3.00
Previous target:	\$S2.86
Up/downside:	17.3%
CGS-CIMB / Consensus:	-0.4%

Reuters:	SATS.SI
Bloomberg:	SATS SP
Market cap:	US\$2,804m
	\$S3,816m
Average daily turnover:	US\$5.61m
	\$S7.64m
Current shares o/s:	1,484m
Free float:	59.8%

\*Source: Bloomberg

#### Key changes in this note

- Increase FY24F EPS by 121.2%.
- Increase FY25F EPS by 49.0%.
- Increase FY26F EPS by 22.4%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	0.8	-5.5	6.2
Relative (%)	3.7	1	8.3

Major shareholders	% held
Temasek Holdings	39.8

#### Analyst(s)



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# SATS Ltd

## Focus on cashflow after P&L turnaround

- SATS returned to profitability in 2QFY3/24, with a core PATMI of \$S16.8m, ahead of our expectation of a c.\$S10m net loss.
- The return to profitability was due to better operating leverage in 2QFY24, with qoq revenue growth of 7.0% and stronger contribution from its SoAJVs.
- Upgrade to Add, with a higher DCF-based TP of \$S3.00 (WACC: 10.5%), as stronger revenue momentum should sustain profitability, in our view.

### Strong turnaround to profitability in 2QFY3/24

SATS recorded a core PATMI of \$S16.8m for 2QFY24 on better operating leverage qoq, as revenue grew 7.0% qoq, outpacing opex growth of 4.5% qoq. Its 12.9% qoq lower depreciation and amortisation expense was a result of ongoing determination of intangible assets and goodwill from a purchase price allocation (PPA) exercise, as a result of SATS's acquisition of Worldwide Flight Services (WFS). Although staff costs had grown 4.8% qoq, we note that staff count had declined marginally by 0.7% qoq, suggesting that SATS has reached an optimal level of staffing. Contributions from its share of associates and joint ventures (SoAJVs) also improved 8.5% qoq to \$S23.1m in 2QFY24, as countries such as China and Japan, where SATS serves the aviation catering market, continues to recover.

### Recovery in food solutions to drive near-term growth

SATS's food solutions segment, which had reported EBIT losses since 2QFY22, reported an EBIT of \$S2.7m in 2QFY24, with an EBIT margin of 1.0%. We think the continued recovery in the aviation industry would drive meals served on flights for SATS, resulting in the segment's EBIT margins reverting towards FY18-20's average of 14.7% by FY25F.

### Keep an eye on cash management

Despite returning to profitability in 2QFY24, we note that SATS reported an operating cash outflow of \$S10.0m in the quarter. Furthermore, there was an additional \$S112.2m in repayment of lease liabilities in 2QFY24 (up from \$S78.5m in 1Q24), which was partially offset by a \$S63.3m increase in proceeds from borrowings. Nevertheless, with a cash balance of \$S515.9m at end-2QFY24, we think that there is scope for SATS to pay down some of its borrowings from its acquisition of WFS.

### Upgrade to Add; a sustained turnaround expected

As we enter the year-end travel season, we see better quarters ahead for SATS. We increase our FY24F EPS by 121.2% as SATS had returned to profitability one quarter ahead of our expectations, while revising our FY25F and 26F EPS upwards by 49.0% and 22.4%, respectively, as we see better operating leverage. Upgrade to Add from Hold, with a higher DCF-based TP of \$S3.00 on better visibility of sustained profitability. Re-rating catalysts include: stronger revenue momentum for aviation industry driving better operating leverage and positive cashflow leading to a resumption of dividends. Downside risks: deteriorating cash generation, as well as a recession affecting aviation industry.

#### Financial Summary

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue (\$S)m	1,177	1,758	5,188	5,544	5,712
Operating EBITDA (\$S)m	77.0	127.8	814.5	853.8	931.0
Net Profit (\$S)m	20.4	(26.5)	51.1	110.9	205.0
Core EPS (\$)	(0.01)	(0.02)	0.03	0.07	0.14
Core EPS Growth	(64%)	194%		117%	85%
FD Core P/E (x)	NA	NA	74.41	34.25	18.53
DPS (\$)	-	-	0.017	0.037	0.069
Dividend Yield	0.00%	0.00%	0.67%	1.46%	2.70%
EV/EBITDA (x)	31.57	14.51	7.37	6.40	5.28
P/FCFE (x)	NA	4.61	4.13	17.43	13.61
Net Gearing	(15%)	(40%)	110%	87%	64%
P/BV (x)	1.79	1.63	1.82	1.77	1.69
ROE	(0.54%)	(1.36%)	2.31%	5.25%	9.35%
% Change In Core EPS Estimates			121%	49%	22%
EPS/Consensus EPS (x)			0.46	0.49	0.74

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Focus on cash flow after P&L turnaround

**Figure 1: Results comparison**

FYE Mar (\$m)	2QFY24	2QFY23	yoy % chg	1QFY24	qoq % chg	Prev. FY24F	% of est.	Comments
<b>Revenue</b>	<b>1,282.0</b>	<b>429.0</b>	<b>n.m.</b>	<b>1,198.6</b>	<b>7.0%</b>	<b>4,852.9</b>	<b>26.4%</b>	
- Food solutions	275.7	216.4	27.4%	240.4	14.7%	1,081.8	25.5%	Food solutions revenue grew 27.4%/14.7% yoy/qoq in 2QFY24, which translated to better operating leverage due to better utilisation of central kitchens, in our view.
- Gateway services	1,005.8	212.6	n.m.	958.4	4.9%	4,106.1	24.5%	Gateway services grew 4.9% qoq in 2QFY24, with recovery in aviation industry offsetting the weak cargo outlook.
Operating costs	(1,087.5)	(394.3)	n.m.	(1,040.4)	4.5%	(4,115.2)	26.4%	Increase in staff costs, raw material prices were partially offset by lower depreciation and amortisation expense.
<b>EBITDA</b>	<b>194.5</b>	<b>34.7</b>	<b>n.m.</b>	<b>158.2</b>	<b>22.9%</b>	<b>737.6</b>	<b>26.4%</b>	
<b>EBITDA margin (%)</b>	<b>15.2%</b>	<b>8.1%</b>	<b>7.1% pts</b>	<b>13.2%</b>	<b>2.0% pts</b>	<b>15.2%</b>	<b>0.0% pts</b>	
Depn & amort	(128.9)	(42.7)	n.m.	(148.0)	-12.9%	(592.0)	21.8%	Lower depreciation and amortisation expense is partly due to reclassification of expenses, as well as ongoing determination of the PPA exercise from SATS's acquisition of WFS.
<b>EBIT</b>	<b>65.6</b>	<b>(8.0)</b>	<b>n.m.</b>	<b>10.2</b>	<b>n.m.</b>	<b>145.6</b>	<b>45.1%</b>	
Associates/JVs	23.1	10.7	n.m.	21.3	8.5%	82.0	28.2%	SoAJV contributions continue to improve, benefitting from the recovery of aviation industry.
Exceptionals	5.4	(1.9)	n.m.	(12.5)	n.m.	0.0	n.m.	Exceptionals in prior period included M&A costs associated with SATS's acquisition of WFS.
Pretax profit	38.6	(17.0)	n.m.	(36.1)	n.m.	7.6	508.8%	
<b>Net profit/(loss)</b>	<b>22.2</b>	<b>(10.0)</b>	<b>n.m.</b>	<b>(29.9)</b>	<b>n.m.</b>	<b>23.1</b>	<b>96.2%</b>	
<b>Core net profit/(loss)</b>	<b>16.8</b>	<b>(11.9)</b>	<b>n.m.</b>	<b>(17.4)</b>	<b>n.m.</b>	<b>23.1</b>	<b>72.8%</b>	<b>2QFY24 core net profit of S\$16.8m was a S\$34.2m turnaround from a net loss of S\$17.4m in the previous quarter. This is ahead of our expectations of SATS only turning profitable in 3QFY24.</b>

FYE Mar (\$m)	1HFY24	1HFY23	yoy % chg	2HFY23	hoh % chg	Prev. FY24F	% of est.	Comments
<b>Revenue</b>	<b>2,480.6</b>	<b>804.5</b>	<b>n.m.</b>	<b>953.8</b>	<b>n.m.</b>	<b>4,852.9</b>	<b>51.1%</b>	<b>1HFY24 revenue in line at 51.1% of our FY24F estimates.</b>
- Food solutions	516.1	402.6	28.2%	466.6	10.6%	1,081.8	47.7%	
- Gateway services	1,964.2	401.9	n.m.	486.7	n.m.	4,106.1	47.8%	
Operating costs	(2,128.0)	(762.8)	n.m.	(867.7)	n.m.	(4,115.2)	51.7%	
<b>EBITDA</b>	<b>352.6</b>	<b>41.7</b>	<b>n.m.</b>	<b>86.1</b>	<b>n.m.</b>	<b>737.6</b>	<b>47.8%</b>	
<b>EBITDA margin (%)</b>	<b>14.2%</b>	<b>5.2%</b>	<b>9.0% pts</b>	<b>9.0%</b>	<b>5.2% pts</b>	<b>15.2%</b>	<b>-1.0% pts</b>	
Depn & amort	(276.9)	(84.0)	n.m.	(91.8)	n.m.	(592.0)	46.8%	
<b>EBIT</b>	<b>75.7</b>	<b>(42.3)</b>	<b>n.m.</b>	<b>(5.7)</b>	<b>n.m.</b>	<b>145.6</b>	<b>52.0%</b>	
Associates/JVs	44.4	17.6	n.m.	27.8	59.7%	82.0	54.1%	
Exceptionals	(7.2)	0.0	n.m.	1.7	n.m.	0.0	n.m.	
Pretax profit	8.4	(48.2)	n.m.	4.4	90.9%	7.6	110.7%	
<b>Net profit/(loss)</b>	<b>(7.8)</b>	<b>(32.5)</b>	<b>-76.0%</b>	<b>6.0</b>	<b>n.m.</b>	<b>23.1</b>	<b>-33.8%</b>	
<b>Core net profit/(loss)</b>	<b>(0.6)</b>	<b>(32.5)</b>	<b>-98.2%</b>	<b>7.7</b>	<b>n.m.</b>	<b>23.1</b>	<b>-2.6%</b>	<b>1HFY24 almost broke even, driven by a profitable 2QFY24. We expect stronger 2HFY24F given the peak travel season.</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Earnings revision**

Earnings revision	New			Old			% change		
	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F
Revenue	5,187.9	5,543.9	5,711.5	4,852.9	5,176.6	5,333.2	6.9%	7.1%	7.1%
Operating EBIT	243.8	255.0	325.6	145.6	196.7	266.7	67.5%	29.6%	22.1%
<b>EBITDA</b>	<b>814.5</b>	<b>853.8</b>	<b>931.0</b>	<b>737.6</b>	<b>797.2</b>	<b>869.3</b>	<b>10.4%</b>	<b>7.1%</b>	<b>7.1%</b>
Associates contribution	90.0	95.0	100.0	82.0	90.0	95.0	9.8%	5.6%	5.3%
<b>Core profit</b>	<b>51.1</b>	<b>110.9</b>	<b>205.0</b>	<b>23.1</b>	<b>74.4</b>	<b>167.5</b>	<b>121.2%</b>	<b>49.0%</b>	<b>22.4%</b>
Shares outstanding (m)	1,484.2	1,484.2	1,484.2	1,484.2	1,484.2	1,484.2	0.0%	0.0%	0.0%
Core EPS (Scts)	3.4	7.5	13.8	1.6	5.0	11.3	121.2%	49.0%	22.4%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 3: Discounted cashflow model for SATS**

S\$m	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F	FY33F
Free cash flow to firm	21.6	342.0	712.0	732.3	742.4	752.5	762.6	772.7	782.7	792.6	802.4
Present value of free cash flow	21.6	342.0	643.9	598.8	549.0	503.2	461.2	422.5	387.0	354.4	324.5

Risk-free rate	4.0%	Terminal FCFF	828.4
Market risk premium	7.0%	Terminal growth rate	2.0%
Beta	1.3	Terminal value	9,650.0
Cost of equity	12.4%	PV of terminal value	3,528.6
Cost of debt	4.0%	PV of FCFF	4,883.4
After-tax cost of debt	3.3%	Total PV of FCFF	8,412.0
Target debt/equity ratio	20%		
<b>WACC</b>	<b>10.58%</b>		
		Less: net debt/cash	(3,953.3)
		Equity value	4,458.7
		No. of outstanding shares (m)	1,484.2
		<b>Equity value per share (S\$)</b>	<b>3.00</b>


SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 4: Peer comparison**

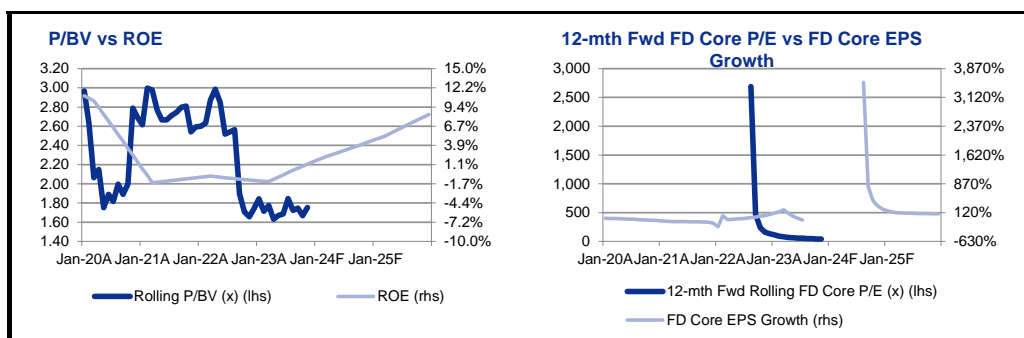
Company	Bloomberg Ticker	Price Recom. (lcl curr)	TP (lcl curr)	Market Cap (US\$ m)	FD Core P/E (x)			3-year EPS		Net Gearing (%)		P/BV (x)		Recur. ROE (%)		EV/EBITDA (x)		Div. Yield (%)	
					CY23F	CY24F	CAGR (%)	CY23F	CY24F	CY23F	CY24F	CY23F	CY24F	CY23F	CY24F	CY23F	CY24F	CY23F	CY24F
SATS Ltd	SATS SP	Add	2.56	3.00	2,804	125.8	39.5	N.A.	69.5%	92.5%	1.8	1.8	1.3%	4.5%	7.8	6.6	0.5%	1.3%	
Malaysia Airports Holdings	MAHB MK	Add	7.33	7.76	2,598	18.8	10.0	N.A.	79.4%	86.8%	1.6	1.6	8.5%	15.9%	8.7	6.4	2.1%	4.4%	
Airports of Thailand	AOT TB	Add	67.75	78.00	26,892	76.1	40.1	N.A.	-9.4%	-14.5%	8.4	7.4	11.3%	19.6%	32.1	21.2	0.8%	1.5%	
<b>Average</b>						<b>47.4</b>	<b>25.0</b>	<b>N.A.</b>	<b>35.0%</b>	<b>36.2%</b>	<b>5.0</b>	<b>4.5</b>	<b>9.9%</b>	<b>17.7%</b>	<b>20.4</b>	<b>13.8</b>	<b>1.4%</b>	<b>2.9%</b>	

DATA AS AT 13 NOV 2023

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: left;"> <h2 style="margin: 0;">ESG in a nutshell</h2> </div> <div style="text-align: center;">  </div> <div style="text-align: right;"> <h3 style="margin: 0;">Refinitiv ESG Scores</h3> <table border="1" style="margin: 0 auto; border-collapse: collapse;"> <tr> <td style="background-color: #4CAF50; color: white; text-align: center; padding: 5px;">B <small>ESG Score</small></td> <td style="background-color: #4CAF50; color: white; text-align: center; padding: 5px;">B+ <small>ESG Controversies Score</small></td> <td style="background-color: #4CAF50; color: white; text-align: center; padding: 5px;">B <small>ESG Combined Score</small></td> <td style="background-color: #4CAF50; color: white; text-align: center; padding: 5px;">B- <small>ESG Environment Pillar Score</small></td> <td style="background-color: #4CAF50; color: white; text-align: center; padding: 5px;">B- <small>ESG Social Pillar Score</small></td> <td style="background-color: #4CAF50; color: white; text-align: center; padding: 5px;">A- <small>ESG Government Pillar Score</small></td> </tr> </table> </div> </div>		B <small>ESG Score</small>	B+ <small>ESG Controversies Score</small>	B <small>ESG Combined Score</small>	B- <small>ESG Environment Pillar Score</small>	B- <small>ESG Social Pillar Score</small>	A- <small>ESG Government Pillar Score</small>
B <small>ESG Score</small>	B+ <small>ESG Controversies Score</small>	B <small>ESG Combined Score</small>	B- <small>ESG Environment Pillar Score</small>	B- <small>ESG Social Pillar Score</small>	A- <small>ESG Government Pillar Score</small>		
<p>SATS was rated a B for its ESG combined score by Refinitiv in 2022: Environmental: B (weightage 29.11%); Social: B+ (weightage 42.72%); and Governance: A- (weightage 28.17%). We think that SATS’s continued commitment to sustainability, especially in developing smart infrastructure, reduction of food and packaging waste, as well as nurturing skills for the future, has streamlined the group’s ESG efforts to form closer collaborations with its customers, business partners and community. Moving forward, SATS will continue to work at the industry level to enable greater use of renewable energy, electric vehicles, sustainable packaging, alternative proteins and skill upgrading.</p>							
<p><b>Keep your eye on</b></p> <p>We think that SATS’s improvement in its ESG combined score was predominantly driven by its heavy emphasis on its Environmental pillar. In FY20, SATS partnered Sembcorp Industries to expand its rooftop solar panels to cover a total of 51,100 sq m. It was the first company in Singapore to install solar thermal hybrid panels that convert solar energy into electricity and heat water concurrently. SATS expects the expansion of solar installations to yield 6k MW/h in renewable energy p.a. It also saw a 39% reduction in carbon footprint for FY20-21 (vs. FY18-19). In addition, the company plans to convert all its ground-handling fleet over the next nine years to achieve 100% electrification. SATS stepped up environmental innovation in 1QFY22 with the implementation of an artificial intelligence- (AI) enabled food waste tracking system, as well as the deployment of an on-site biodigester that converts waste to energy.</p>	<p><b>Implications</b></p> <p>The group’s environmental efforts have been reflected in an improvement in its emissions score, from a B in FY20 to an A- in FY22. We believe its environmental initiatives would benefit its operations moving forward. Fundamentally, energy-saving efforts could lead to margin expansion over time.</p>						
<p><b>ESG highlights</b></p> <p>According to Refinitiv, SATS is ahead of its peers in the E, S and G pillars. In particular, SATS takes the lead in the Social aspect through employee training, where over 11,000 employees in its aviation transport training programme clocked 3.8m learning hours in FY21. In 1QFY22, SATS further strengthened its Social standing, with 24% female representation among VPs and above. In addition, a total of 5,688 staff volunteer hours were devoted across 133,732 beneficiaries.</p>	<p><b>Implications</b></p> <p>The group’s workforce score stood at B as of FY22, a slight decline from B+ in FY21 as a result of higher turnover and lower employee satisfaction. However, we believe that the group will benefit from its employee training efforts through improved workforce productivity and satisfaction moving forward.</p>						
<p><b>Trends</b></p> <p>SATS improved its Governance pillar score from a B in FY19 to a A- in FY22. This was led by an increase in its shareholders score, from a C- in FY19 to a B in FY22, a direct result of its shareholder rights, equal voting rights, and shareholder engagement policies. According to Refinitiv, SATS also improved its stance on shareholders’ vote on executive pay. There was also an improvement from A- to A in Management score.</p>	<p><b>Implications</b></p> <p>We believe that SATS’s ramp-up in its shareholder aspect under the Governance pillar will instil greater shareholder confidence and satisfaction in the group.</p>						

SOURCES: CGS-CIMB RESEARCH, REFINITIV

**BY THE NUMBERS**

**Profit & Loss**

(\$m)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
<b>Total Net Revenues</b>	<b>1,177</b>	<b>1,758</b>	<b>5,188</b>	<b>5,544</b>	<b>5,712</b>
<b>Gross Profit</b>	<b>315</b>	<b>530</b>	<b>1,847</b>	<b>1,813</b>	<b>1,862</b>
<b>Operating EBITDA</b>	<b>77</b>	<b>128</b>	<b>814</b>	<b>854</b>	<b>931</b>
Depreciation And Amortisation	(120)	(176)	(571)	(599)	(605)
<b>Operating EBIT</b>	<b>(43)</b>	<b>(48)</b>	<b>244</b>	<b>255</b>	<b>326</b>
Financial Income/(Expense)	(14)	(9)	(223)	(204)	(163)
Pretax Income/(Loss) from Assoc.	17	45	90	95	100
Non-Operating Income/(Expense)	12	(33)	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>(27)</b>	<b>(44)</b>	<b>111</b>	<b>146</b>	<b>262</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>(27)</b>	<b>(44)</b>	<b>111</b>	<b>146</b>	<b>262</b>
Taxation	31	5	(56)	(25)	(45)
Exceptional Income - post-tax			0		
<b>Profit After Tax</b>	<b>4</b>	<b>(39)</b>	<b>56</b>	<b>121</b>	<b>218</b>
Minority Interests	16	12	(5)	(10)	(13)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>20</b>	<b>(26)</b>	<b>51</b>	<b>111</b>	<b>205</b>
Recurring Net Profit	(9)	(27)	51	111	205
<b>Fully Diluted Recurring Net Profit</b>	<b>(9)</b>	<b>(27)</b>	<b>51</b>	<b>111</b>	<b>205</b>

**Cash Flow**

(\$m)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
EBITDA	77.0	127.8	814.5	853.8	931.0
Cash Flow from Inv. & Assoc.	(17.2)	(45.4)	(90.0)	(95.0)	(100.0)
Change In Working Capital	(0.3)	8.0	(286.9)	23.1	(4.1)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	36.7	10.5	107.3	95.0	100.0
Net Interest (Paid)/Received	(17.1)	(18.6)	(240.0)	(204.0)	(163.2)
Tax Paid	(17.0)	(2.7)	(55.6)	(24.8)	(44.6)
<b>Cashflow From Operations</b>	<b>62.2</b>	<b>79.6</b>	<b>249.3</b>	<b>648.0</b>	<b>719.1</b>
Capex	(77.9)	(119.4)	(130.0)	(130.0)	(140.0)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	80.6	(0.1)	0.0	0.0	0.0
Other Investing Cashflow	28.4	58.5	0.0	0.0	0.0
<b>Cash Flow From Investing</b>	<b>31.1</b>	<b>(61.0)</b>	<b>(130.0)</b>	<b>(130.0)</b>	<b>(140.0)</b>
Debt Raised/(repaid)	(160.9)	646.5	800.0	(300.0)	(300.0)
Proceeds From Issue Of Shares					
Shares Repurchased	0.0	0.0	0.0	0.0	0.0
Dividends Paid	0.0	0.0	(25.5)	(55.5)	(102.5)
Preferred Dividends					
Other Financing Cashflow	(28.4)	(96.2)	(923.4)	0.0	0.0
<b>Cash Flow From Financing</b>	<b>(189.3)</b>	<b>550.3</b>	<b>(148.9)</b>	<b>(355.5)</b>	<b>(402.5)</b>
Total Cash Generated	(96.0)	568.9	(29.6)	162.5	176.6
<b>Free Cashflow To Equity</b>	<b>(67.6)</b>	<b>665.1</b>	<b>919.3</b>	<b>218.0</b>	<b>279.1</b>
<b>Free Cashflow To Firm</b>	<b>110.4</b>	<b>37.2</b>	<b>359.3</b>	<b>722.0</b>	<b>742.3</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(S\$m)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Total Cash And Equivalents	786	2,148	345	497	664
Total Debtors	388	481	1,137	1,215	1,252
Inventories	83	69	75	78	79
Total Other Current Assets	39	23	131	131	131
<b>Total Current Assets</b>	<b>1,296</b>	<b>2,721</b>	<b>1,687</b>	<b>1,921</b>	<b>2,125</b>
Fixed Assets	590	579	737	618	505
Total Investments	469	459	900	995	1,095
Intangible Assets	553	527	2,991	2,651	2,309
Total Other Non-Current Assets	383	386	1,459	1,459	1,459
<b>Total Non-current Assets</b>	<b>1,994</b>	<b>1,951</b>	<b>6,087</b>	<b>5,723</b>	<b>5,368</b>
Short-term Debt	102	13	13	13	13
Current Portion of Long-Term Debt					
Total Creditors	458	522	1,049	1,154	1,187
Other Current Liabilities	71	71	204	204	204
<b>Total Current Liabilities</b>	<b>631</b>	<b>606</b>	<b>1,266</b>	<b>1,371</b>	<b>1,405</b>
Total Long-term Debt	409	1,134	2,820	2,520	2,220
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	419	419	1,419	1,419	1,419
<b>Total Non-current Liabilities</b>	<b>828</b>	<b>1,553</b>	<b>4,239</b>	<b>3,939</b>	<b>3,639</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>1,459</b>	<b>2,159</b>	<b>5,505</b>	<b>5,310</b>	<b>5,043</b>
Shareholders' Equity	1,603	2,334	2,085	2,141	2,243
Minority Interests	231	181	186	196	209
<b>Total Equity</b>	<b>1,834</b>	<b>2,515</b>	<b>2,271</b>	<b>2,337</b>	<b>2,452</b>

### Key Ratios

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue Growth	21%	49%	195%	7%	3%
Operating EBITDA Growth	(36%)	66%	537%	5%	9%
Operating EBITDA Margin	6.5%	7.3%	15.7%	15.4%	16.3%
Net Cash Per Share (S\$)	0.25	0.68	(1.68)	(1.37)	(1.06)
BVPS (S\$)	1.43	1.57	1.40	1.44	1.51
Gross Interest Cover	(2.50)	(2.58)	1.02	1.25	1.99
Effective Tax Rate	0.0%	0.0%	50.0%	17.0%	17.0%
Net Dividend Payout Ratio	NA	NA	50.0%	50.0%	50.0%
Accounts Receivables Days	105.4	90.2	57.1	77.4	78.8
Inventory Days	45.17	22.57	7.85	7.47	7.46
Accounts Payables Days	172.9	145.7	86.1	107.7	111.0
ROIC (%)	0.6%	(2.8%)	13.8%	4.0%	5.6%
ROCE (%)	(1.67%)	(1.27%)	5.91%	5.11%	6.82%
Return On Average Assets	0.07%	(0.78%)	3.88%	3.77%	4.67%

### Key Drivers

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue growth (%)	21.3%	49.4%	195.1%	6.9%	0.0%
Operating margin (%)	-3.6%	-2.7%	4.7%	4.6%	5.7%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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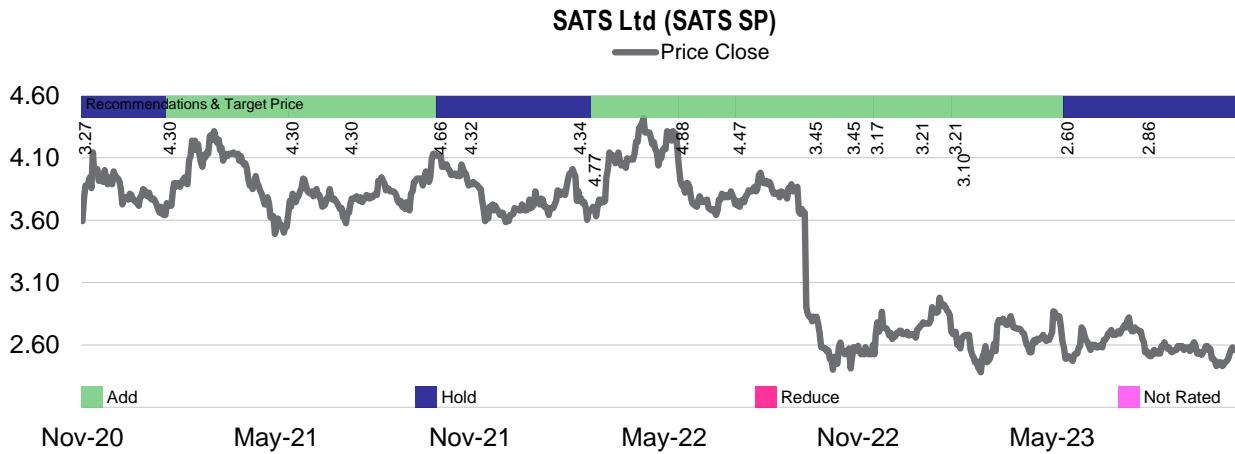
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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2023		
634 companies under coverage for quarter ended on 30 September 2023		
	Rating Distribution (%)	Investment Banking clients (%)
Add	66.7%	0.9%
Hold	23.7%	0.0%
Reduce	9.6%	0.2%

**Spitzer Chart for stock being researched ( 2 year data )**



**Recommendation Framework**

**Stock Ratings**

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

**Sector Ratings**

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

**Country Ratings**

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.