

MITA No. 013/06/2008

30 April 2009

KS Energy Services Ltd

Reinitiate Coverage

BUY

S\$0.775

Fair Value: S\$0.93

Stock Code:
 Reuters: KSTL.SI
 ISIN Code 578
 Bloomberg: KST.SP

Event: Reinitiate Coverage

General Data	
Issued Capital (m)	348
Mkt Cap (S\$m/US\$m)	270/182
Major Shareholder	Mr Kris Wiluan (37.7%)
Free Float (%)	35.4
NTA per share (cents)	97.9
Daily Vol 3-mth ('000)	1,010
52Wk High (S\$)	2.215
52Wk Low (S\$)	0.460

Secured contracts to help weather downturn

Integrated oilfield equipment and services supply hub. KS Energy Services Ltd (KS Energy) is an oilfield supply and services provider to the global oil and gas, marine and petrochemical industries. Its core activities are in the distribution of parts and components, capital equipment charter and provision of drilling and rig management services. In FY08, KS Energy achieved a 51.7% YoY rise in revenue to S\$611m but incurred a 24.4% fall in net profit to S\$60.3m, due to a variety of factors such as lower other operating income coupled with higher administrative expenses and other operating expenses.

All core capital equipment save one have secured contracts. Except for a rig, KS Energy's core fleet (comprising mainly jackup rigs and land rigs) has secured contracts. Most of them are locked in for FY09 and part of FY10, not including renewal options. The contracts range from US\$13m for KS Discoverer 2 to more than US\$130m for KS Medstar 1. The rig without a contract is also the only one under construction (Super M2) and will be delivered later this year.

Current emphasis on sustainability. At a time when companies are looking at huge drops in earnings and worried about order cancellations, we think those that have firm contracts and lower likelihood of contract cancellations should be in a better position to ride out this recession and emerge stronger. KS Energy is in an enviable position as its entire fleet save one has secured contracts, and its customers include Maersk and BP Pakistan. However, we do note that the distribution business is likely to be impacted by the downturn. The group is also positioned in the oil and gas industry to benefit from the upturn when it arrives. The crux lies in contract executions and ascertaining the impact of the crisis on the distribution business.

Re-initiate with BUY. We re-initiate coverage on KS Energy with a **BUY** recommendation and fair value estimate of S\$0.93 using SOTP valuation (6x FY09F PER for distribution business and 7x peg for drilling services and related business). With secured contracts, the firm is in a better position to weather the downturn though distribution business may be affected. However compared to domestic peers, it has a wider geographical reach and likely better market penetration after several acquisitions. Higher oil prices and accretive acquisitions at low valuations will incentivise us to re-look our valuation pegs.

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Year to 31 Dec	Revenue (S\$m)	EBIT (S\$m)	Net Profit (S\$m)	EPS (cents)	EPS Growth (%)	PER (x)	Div Yield (%)
FY 07	402.7	55.0	73.8	21.2	45.5	2.5	8.4
FY 08	611.0	76.4	51.9	14.9	-29.6	4.0	1.6
FY 09F	588.4	84.4	50.2	14.4	-3.3	5.4	7.4
FY 10F	584.1	84.9	50.7	14.6	1.1	5.3	5.2

Please refer to the important disclosures at the back of this document.

Table of Content

		Page
Section A	Background in brief	3
Section B	Financial analysis	4
	<i>I. Financial performance and forecasts</i>	
	<i>II. Valuation and recommendation</i>	
Section C	Investment case	9
	<i>I. Investment highlights</i>	
	<i>II. Risks</i>	
Section D	Company analysis	13
	<i>I. Business overview and corporate strategies</i>	
	<i>II. SWOT analysis table</i>	
Section E	Disclaimer	20

Section A. Background in brief

Established in 1974 and listed on the SGX in 1999, KS Energy Services Ltd (KS Energy) is an oilfield supply and services provider to the global oil and gas, marine and petrochemical industries. Its core activities are in the distribution of parts and components, capital equipment charter and provision of drilling and rig management services.

Mr. Kris Wiluan bought a stake of just below 30% in KS Energy in 2006 and subsequently became the Chairman and CEO of the KS Energy group. Atlantic Oilfield Services (AOS), a drilling and rig-management company, was acquired in 2007 and that increased the range of services that the group is able to provide. Together with Aqua-Terra Supply Co Ltd and SSH Corporation Ltd, the group distributes more than 60,000 line items and represents more than 300 globally accredited brands.

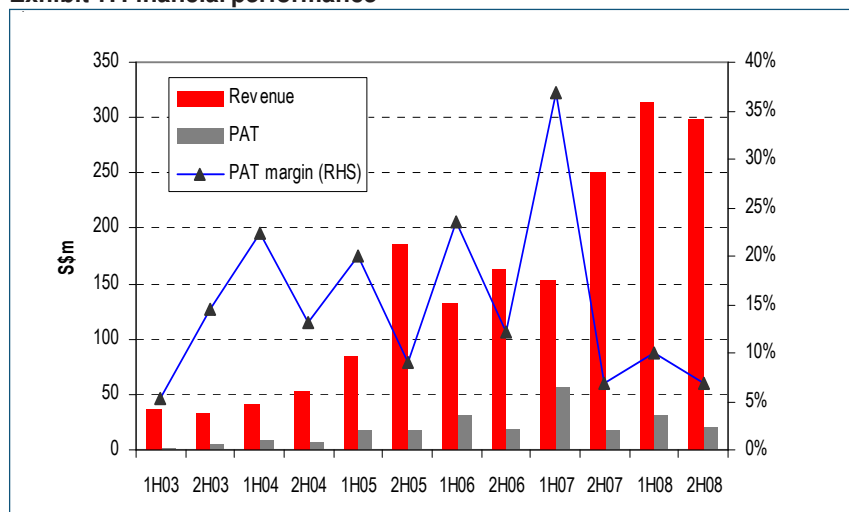
Section B. Financial analysis

I. Financial performance and forecasts

Higher revenue but lower PBT in 4Q08. In KS Energy's latest 4Q08 results, group revenue rose 30.1% YoY to S\$165.2m, mainly due to higher contributions from the drilling services business. Net profit rose 23.9% YoY to S\$10.9m but profit before tax (PBT) actually fell 74.3% to S\$2.9m, mainly due to losses in share of jointly controlled entities' results. The higher net profit was boosted by a tax credit of S\$8.0m due to adjustment of tax provisions in earlier periods.

Lower profit for FY08. The group posted a net profit of S\$60.3m in FY08 compared to a net profit of S\$79.8m in FY07. This was despite a 51.7% rise in revenue to S\$611.0m as other operating income fell but other operating expenses rose. Higher administrative and finance costs also contributed to the lower bottomline but we note that this is also partly due to the acquisition of AOS which increased expenses. On a historical basis, revenue has been trending up but this does not seem to hold for net attributable profit. (Exhibits 1 and 2).

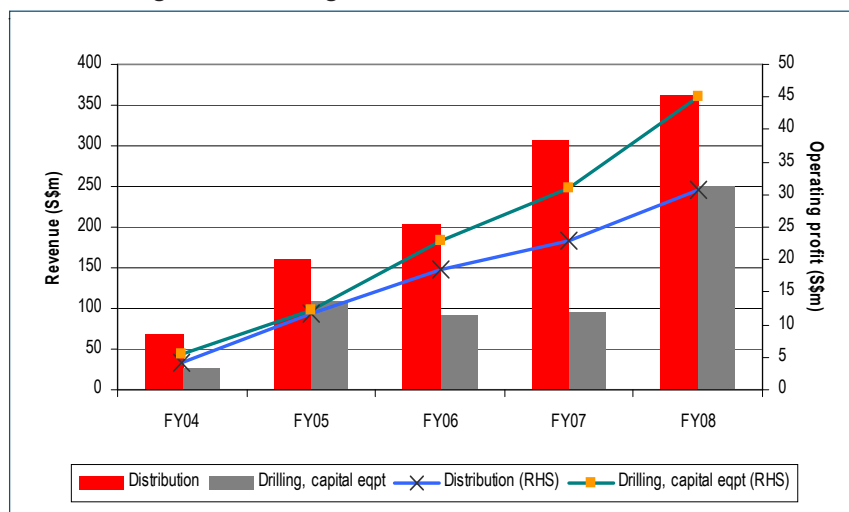
Exhibit 1: Financial performance



**1H07 net profit boosted by investment shares that were sold (mainly Ezra shares)*

Source: Company data, OIR

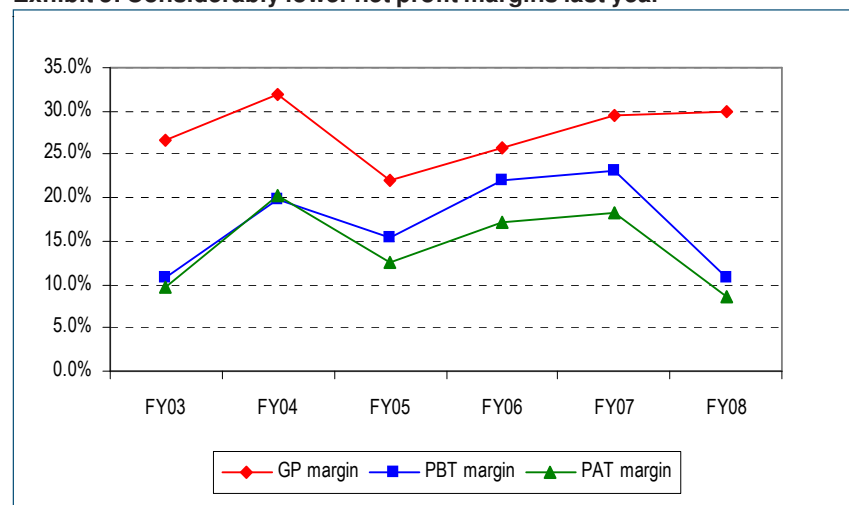
Exhibit 2: Segmental earnings over time



Source: Company data, OIR

Congregation of factors led to considerably lower margins. Exhibit 3 shows that gross profit margin has held up generally well over the past five years. Net profit margin used to follow a similar trend but fell considerably last year. Other operating income was lower due to the reduction in divestment of available-for-sale equity securities (mainly Ezra shares). Administrative expenses rose partly due to the consolidation of AOS's expenses for 12 months in FY08 compared to 7 months in FY07. Other operating expenses surged with higher depreciation charges from additional equipment acquired in FY08, higher allowance for doubtful debts and other factors. Finally, finance costs rose primarily due to interest from loans for the acquisition of AOS, a jackup rig and imputed interest for convertible bonds.

Exhibit 3: Considerably lower net profit margins last year

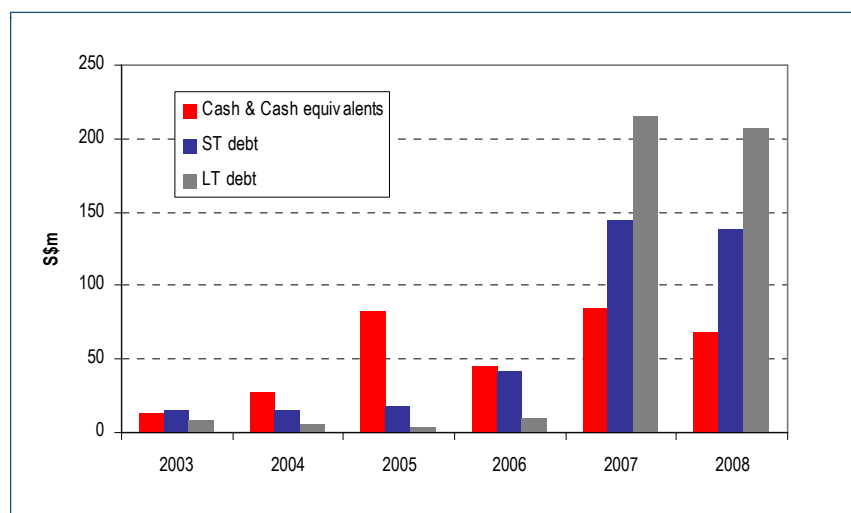


Source: Company data, OIR

Expenses likely to stay substantial. With new capital equipment and new businesses onboard, it is likely that the group's expenses will continue to stay high, and some time has to be allowed for the group to streamline operations and achieve cost efficiencies that are expected out of the integration of operations. Despite disinflation and possible signs of deflation, we take a more conservative view on expenses and expect net profit margins to hover around 11%.

Lower leverage due to rights issue, but still substantial debt. KS Energy proposed a 2-for-5 rights issue in Jun 08 that raised S\$153.9m. S\$130m was used to repay loans while the remaining S\$23.9m was used for payment of professional fees and other expenses, acquisition of capital equipment and working capital. This has brought down the group's leverage considerably, from a net debt-to-equity ratio of 1.14 at 31 Dec 07 to 0.66 as of 31 Dec 08. In absolute terms, the group has been increasing its debt levels, mainly to fund acquisitions. It was fortunate that capital was raised just before credit markets dried up because of the financial crisis last year.

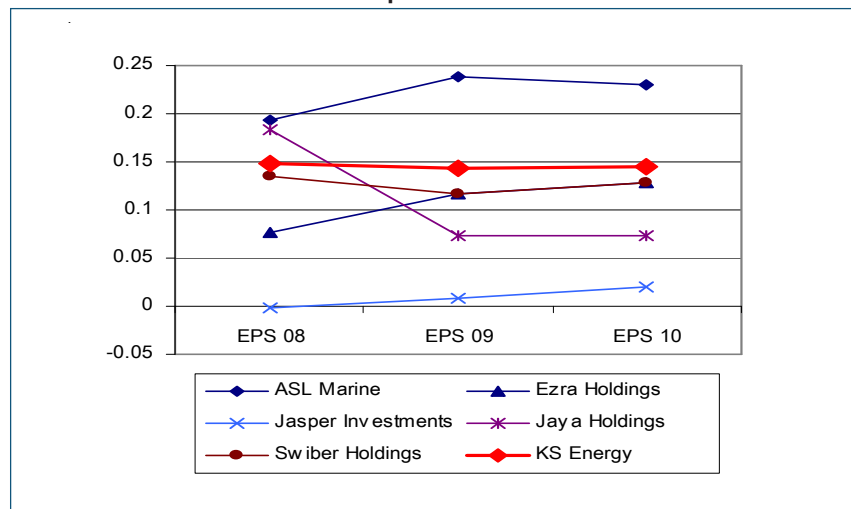
Exhibit 4: Cash and debt levels



Source: Company data, OIR

EPS higher than most of its peers. Although the group's earnings is expected to be flattish, its EPS is higher than most of its peers' consensus. A Bloomberg scan of similar stocks also shows that the group's gross margin is higher than the average as well. As we will elaborate later, Dubai-based Dutco group has become a substantial shareholder of the firm, and the partnership is likely to expand KS Energy's reach in the Middle East, which may increase the group's earnings. We have adopted a conservative approach by not incorporating this factor in our earnings estimates as we would like to wait for news of more concrete business opportunities first.

Exhibit 5: Consensus EPS of companies



Source: Company data, OIR, bloomberg estimates

Forecasts. We are estimating a marginal 4% fall in earnings in FY09, followed by a 1% growth in FY10. The previous energy boom led to high demand for the group's products and services and locked in good charter contracts for its capital equipment. Looking forward, the group's distribution business is likely to be affected with reduced capital expenditure in the oil and gas, petrochemical and marine industries, but as we elaborate later, it is not all gloom and doom given its diversification of industries. Existing contracts on capital equipment also lends earnings visibility.

Forecast risk factors. New asset acquisitions may be a potential share price catalyst, provided the subsequent stretch on the balance sheet is not too substantial. Other downside risks exist, such as non-renewal of contracts or accidents during project executions. The distribution business is especially dependent on the health of the overall economy and oil prices as these will affect the industry's capital expenditure and translate to lower demand for the group's products.

Consistent dividend payout ratio. The dividend payout ratio has been relatively consistent about 28-30% from FY05-08. With the dimmer outlook, we would not be surprised if the group lowers its payout ratio, though there seems to be some stickiness as evident in previous years. The group may also wish to conserve cash for possible asset acquisitions at current lower prices. Hence, we are estimating that the payout ratio may be about 25% of net profit.

II. Valuation and recommendation

Reinitiate with BUY. We re-initiate coverage on KS Energy with a **BUY** recommendation and fair value estimate of S\$0.93 SOTP valuation. The distribution business is valued at 6x FY09F PER, similar to its peers. The capital equipment and related business is pegged at 7x FY09F PER to account for the group's firm contracts and wider geographical reach. With secured contracts, the firm is in a better position to weather the downturn though we recognise the distribution business may be affected. Compared to domestic peers, KS Energy has a wider geographical reach and likely better market penetration after several acquisitions. This is especially so after Dubai-based Dutco Group became a substantial shareholder of the group which should expand KS Energy's reach in the Middle East. Our basis for using a PER based approach is that its valuation will be driven by earnings. Higher oil prices and accretive acquisitions at low valuations will incentivise us to re-look our valuation pegs.

Exhibit 6: Peer comparison

Company	Price		Market Cap (LC\$b)	P/E		P/B (x)	P/Sales (x)
	(Local currency \$)			Cur Yr (x)	Next Yr (x)		
Global energy companies							
Atwood Oceanics	USD	21.09	1.4	5.9	4.8	1.5	2.3
Diamond Offshore Drilling	USD	74.44	10.3	7.2	7.7	3.0	2.8
EnSCO Intl	USD	29.60	4.2	4.8	6.5	0.9	1.7
Noble Corp	USD	27.17	7.1	4.3	5.0	1.3	2.1
Pride Intl	USD	22.74	3.9	8.4	9.4	0.9	1.7
Rowan Companies	USD	15.31	1.7	5.1	8.0	0.7	0.8
Seadrill	Krone	67.90	27.1	4.5	3.6	1.5	2.2
Transocean	USD	65.40	20.9	5.0	5.2	1.3	1.6
Average				5.7	6.3	1.4	1.9
Domestic energy companies							
CH Offshore	SGD	0.280	0.20	-	-	0.8	2.4
Ezra Holdings	SGD	0.920	0.54	6.0	4.9	1.0	1.3
Jasper Investments	SGD	0.130	0.15	9.7	4.4	0.3	0.5
Jaya Holdings	SGD	0.315	0.24	4.3	4.3	0.6	0.9
Swiber Holdings	SGD	0.475	0.20	2.7	2.5	0.7	0.3
Average				5.7	4.0	0.7	1.1
Average (both groups)				5.7	5.5	1.1	1.6
KS Energy	SGD	0.775	0.25	5.0	5.2	0.7	0.3

Source: Bloomberg

Exhibit 7: Valuation basis

	FY09 EPS	Value (S\$)	Basis
Distribution	7.8	0.47	6x P/E in line with peers
Capital equipment and others	6.6	0.46	7x P/E to account for firm contracts, better market penetration in new markets
Total	14.4	0.93	

Source: OIR estimates

Section C: Investment case

I. Investment highlights

Integrated oilfield equipment and services supply hub. As an integrated oilfield supply and services provider, the group's core activities are in the distribution of parts and components, capital equipment charter and provision of drilling and rig management services. A wholly-owned subsidiary, KS Energy Technical Resources Pte Ltd, was set up in Sep 08 to provide and train human resources and deliver other technical services and Amsterdam-based Selective Manpower Services (SMS) Group was acquired for S\$6m to kick-start the new initiative. KS Energy, Aqua-Terra Supply and SSH have also all come under the same roof with the consolidation of operations at Jurong Port Road, which is expected to improve efficiencies across the group.

Entire core fleet save one has secured contracts. Except for a rig, KS Energy's core fleet (comprising mainly jackup rigs and land rigs) has secured contracts. Most of them are locked in for FY09 and part of FY10, not including renewal options. The contracts range from US\$13m for KS Discoverer 2 to more than US\$130m for the KS Medstar 1. The rig without a contract is also the only one under construction (Super M2) and will be delivered at the later part of this year. Based on announcements made by the group, we have drawn up a table listing the group's core assets and secured contracts (Exhibit 8).

Exhibit 8: Fleet and contracts secured

Asset	Description	Interest	Contract	Market	Contract value/comments
Jackup rigs					
KS Endeavor (Super M2)	JV agreement to construct a Friede & Goldman Super M2 design offshore rig	50%	Under construction	Middle East	To be delivered in 2009
Atlantic Rotterdam	Gusto-MS-C design 135 bed North Sea specific accommodation rig	100%	Ends Apr 10 with two 1-yr renewals	Denmark	Chartered to Maersk Oil S\$38.2m for Mar 09-Mar 10 period
KS Medstar 1	300-feet drilling jackup rig	100%	3-yr contract with 1-yr renewal	Mediterranean Sea	More than US\$130m for 3 yrs
Land rigs					
KS Discoverer 1	1500 HP land rig	100%	2-yr contract with 1-yr renewal	Middle East	US\$37m for 2 yrs
KS Discoverer 2	1500 HP land rig	100%	1-yr contract	North Africa	US\$13m from Thani Tunisia El-Jem B.V.
KS Discoverer 3	1500 HP land rig	100%	1-yr contract with 1-yr renewal	Pakistan	US\$22.5m from BP Pakistan
KS Discoverer 4	2000 HP land rig	100%	1-yr contract with two 6-mth renewals	North Africa	US\$16.95m for 1 yr
Lift boats					
KS Titan-2	self-propelled lift boat with two cranes	50%	Starts in 1Q09 with option to renew	North Sea	For Siemens wind power project
Bareboat Charter					
Yu Song	Charter contract to support offshore drilling activities	50%	8-yr contract	China	For China Oilfield Service at Bohai
Management contract					
Safe Esbjerg	To manage jackup rig for Maersk	0%	Started from Jun 07	Denmark	Contract has been repeatedly renewed

Source: Company, OIR

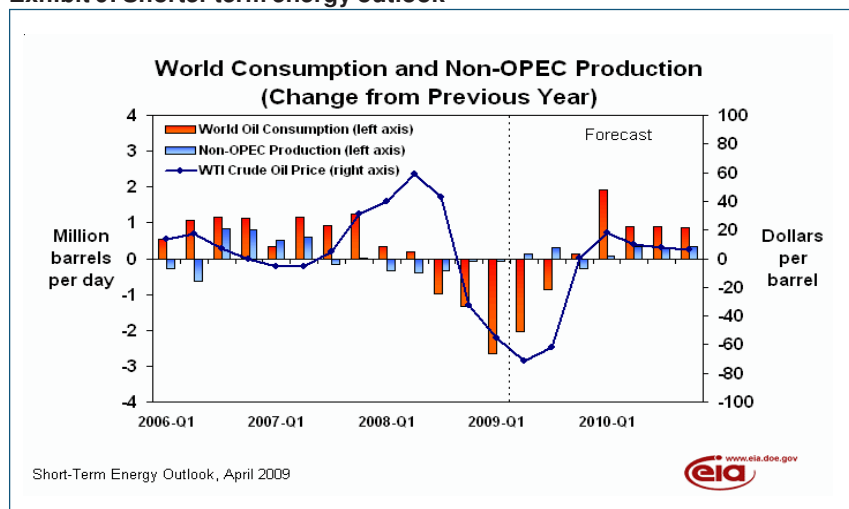
Emphasis on sustainability before the upturn. At a time when companies are looking at huge drop in earnings and worried about order cancellations, we think those that have firm contracts and lower likelihood of contract cancellations should be in a better position to ride out this recession and emerge stronger. KS Energy is in an enviable position as its entire fleet save one has secured contracts, and its customers include Maersk and BP Pakistan. However, we do note that the distribution business is likely to be impacted by the downturn. The group is also positioned in the oil and gas industry to benefit from the upturn when oil majors start upping their capital expenditures again. The crux lies in contract executions and ascertaining the impact of the crisis on the distribution business.

Dutco Group to become substantial shareholder. Dubai-based Dutco Group has also become a substantial shareholder of the group and will partner it to exploit oil and gas opportunities. This tie-up will allow KS Energy to better penetrate markets in the Middle East, the former Soviet states and the Caspian region. We view this latest development positively as it is especially beneficial to have partners in relatively new markets that will enable the group to better capitalize on opportunities. Both groups may also buy assets like land rigs together.

Lower oil prices not all gloom and doom. For the coming year, drivers for the distribution business will be from repairs and replacements of parts and components for rigs and other capital equipment, and this is likely to be the case given the aging rigs in the world which still require upgrading. With the fall in oil prices, oil majors may be unwilling to invest in new builds and will probably try to prolong the life of existing capital equipment through repair and maintenance, which will lend support to the distribution business. As the group also caters to the marine industry, ship repair which is relatively less cyclical may also help support this business.

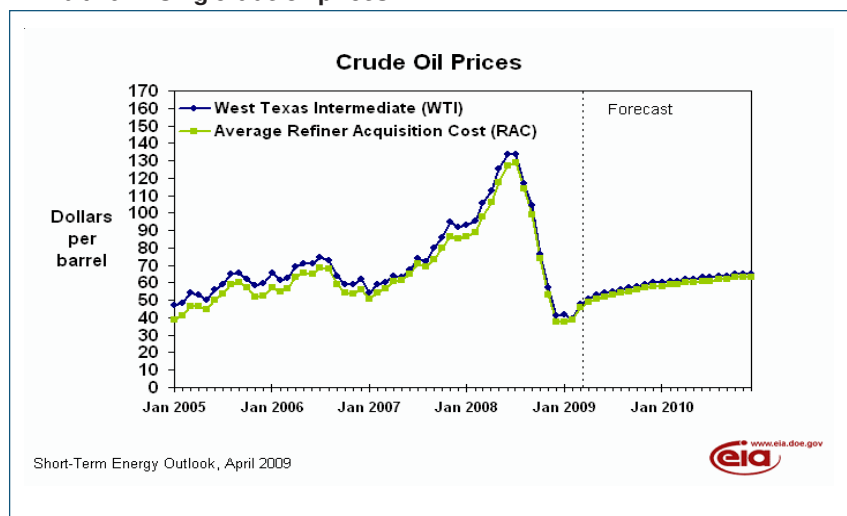
Bullish long-term outlook on oil. We are positive on the long-term outlook on oil. Despite the fall in oil prices with the global economic downturn, there is a sustainable, long-term global demand for energy, and increasing difficulty in accessing and uncovering new oil reserves means that demand for new rigs and refurbishment services will be there for the long term. For a shorter term view, the Energy Information Administration (EIA) forecasts that world oil consumption will see a positive change (compared to the previous year) starting from 4Q09.

Exhibit 9: Shorter term energy outlook



Source: Energy Information Administration, US

Exhibit 10: Rising crude oil prices



Source: Energy Information Administration, US

II. Risks

Further cuts in oil and gas capital expenditure. If oil prices were to remain weak, capital expenditure in the oil and gas will likely affect KS Energy's distribution business. As companies respond to tighter credit, higher financing costs, and fear of lower returns on investment due to low oil prices, capital expenditure may be curtailed by delaying projects. However, we note that companies with the ability to invest (e.g. Shell's 2009 capital expenditure is expected to reach US\$32b, about the same as last year) during this down cycle are likely to reap the benefits of a rise in oil prices in the future as long-term fundamentals of the industry remain strong.

Contracts not renewed. Almost all of the secured contracts have renewal options ranging from six months to one year. It is likely that customers will renew the contracts upon expiry such as the Safe Esbjerg jackup rig management contract that has been renewed repeatedly since Jun 05. If oil prices remain above the breakeven price for the customers, it is in their best interest to renew the contract as mobilization costs and related fees can be saved.

Execution risks. Given the nature of the group's drilling services business, execution risk is inevitably a key factor to take note of. Being a high-risk form of activity, slip ups and accidents can negatively impact KS Energy's earnings. While the group's experienced personnel should likely reduce the chance of such events from happening, unexpected events do occur, such as the loss of liftboat KS Titan 1 (details in next section).

Section D: Company analysis

I. Business overview and corporate strategies

KS Energy's core activities can be broken down into:

- 1) distribution of parts and components
- 2) capital equipment charter
- 3) provision of drilling and rig management services

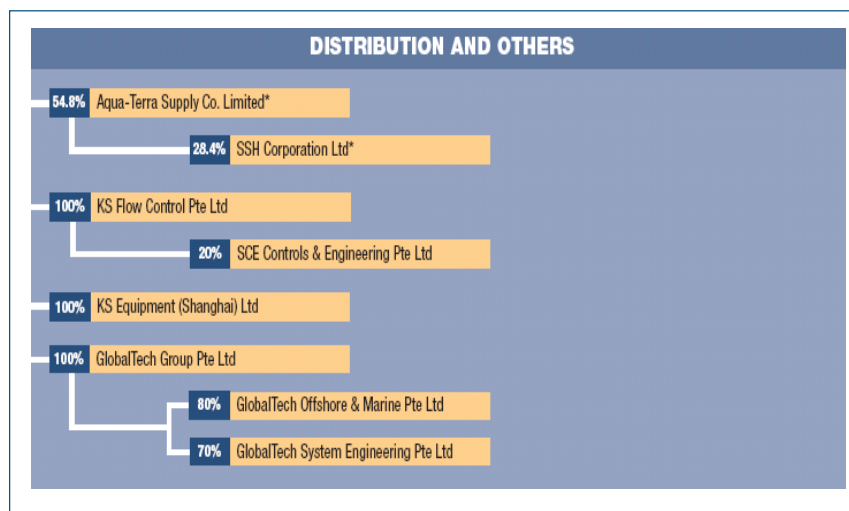
Adding refurbishment and leasing to business operations. KS Energy's original business was purely in the stocking and distribution of oil and gas related products to customers such as oil companies, drillers, fabricators, rig owners, shipyards as well as companies in the petrochemical industry. With this business as a platform, the group launched into higher value-added services such as procuring E&P assets, e.g. from its customers, refurbishing them, and then leasing them to other third parties. As refurbishment saves time compared to building a new rig (generally takes around three years) and the initial capital outlay is not as substantial, KS Energy's new business model took flight.

Move to wet leasing with experienced personnel. The group acquired Atlantic Oilfield Services (AOS), an oilfield services company in May 07, which allowed it to expand its capabilities into onshore and offshore drilling, accommodation and support services. Wet leasing (includes equipment, crew, and other materials required for drilling) allows the group to reap higher margins, especially with the provision of experienced personnel for rig management. Combining the countries where AOS operates, KS Energy's network immediately expanded to include the North Sea, the Netherlands, Denmark and other areas such as the Middle East.

Distribution business

A platform for bigger things. Having started out in the distribution business, KS Energy has intimate knowledge of equipment required by its customers who belong mainly to the oil and gas, marine and petrochemical industries. It has first-hand information of the needs and wants of end users of these equipment, as specific customisation of tools and equipment is a significant portion of the business. Having built a foundation in the technicalities, the group was able to move into higher value added services such as rig refurbishment and management.

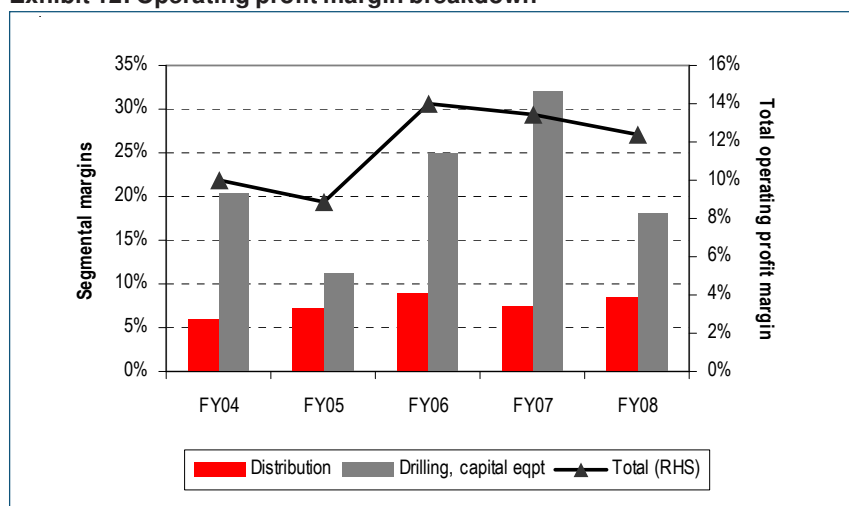
Exhibit 11: Distribution business



Source: Company

Revenue generator in its own right. Shifting the focus away from the drilling and capital equipment business, the distribution business is a revenue generator in its own right, providing about 60% of total revenue and 41% of operating profit in FY08 and 75% and 43% respectively in FY07. Though it generates substantial revenue, operating profit margins are much lower than the drilling and capital equipment business (Exhibit 10).

Exhibit 12: Operating profit margin breakdown



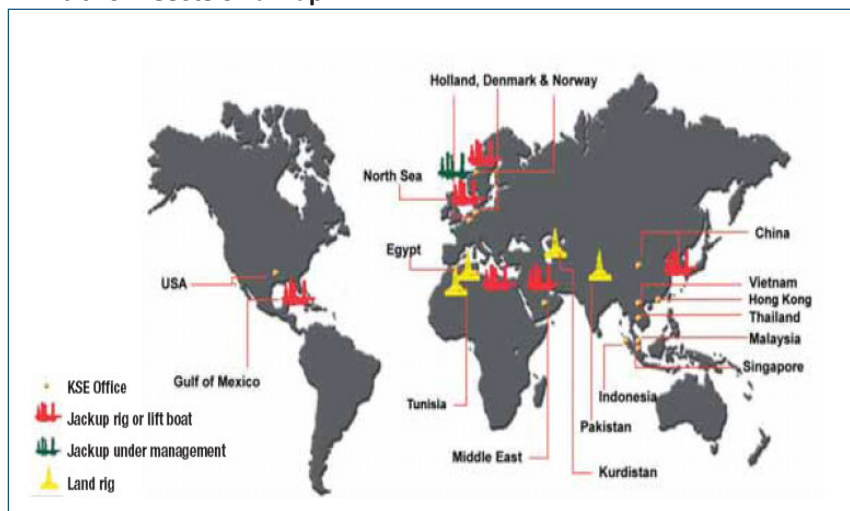
Source: Company data, OIR

Outlook not all that gloomy. As mentioned earlier, for the medium term, drivers for the distribution business will be from repairs and replacements of parts and components for rigs and other capital equipment, and this is likely to be the case given the aging rigs in the world. With the fall in oil prices, oil majors may be unwilling to invest in new builds and will probably try to prolong the life of existing capital equipment through repair and maintenance, which will lend support to the distribution business. In summary, minimal newbuild order flow does not translate to minimal business for the distribution division.

Drilling and capital equipment business

Well-spread in geographic terms. The group's geographic reach spans South East Asia, China, the Middle East, Mediterranean, Africa, the North Sea, the EU and the US. This was facilitated by the acquisition of AOS, which enabled the group to penetrate markets beyond the region. AOS, recognised by international oil majors and accredited to undertake contracts in harsh environments like the North Sea, will boost the visibility of KS Energy in the global scene.

Exhibit 13: Assets on a map



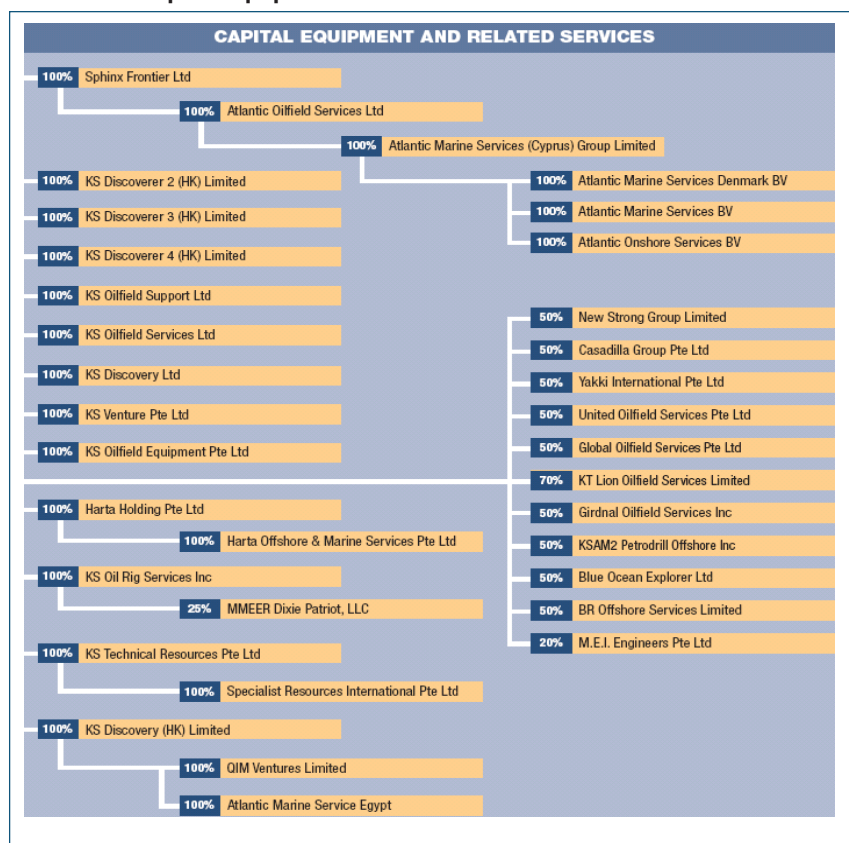
Source: Company

Active divestment of non-core assets. KS Energy has been actively divesting assets that it believes is non-core to its business. The most recent is the disposal of its 25% interest in MMEER Dixie Patriot LLC for US\$7.2m, and others include the disposal of KS Venture for US\$43m. Currently, remaining non-core assets include two land rigs and one seismic vessel and are being marketed for sale.

Focus for the new year. For the new year, this division will focus on operating capital equipment assets on charter, and the group may be on the lookout for new assets to acquire, given lower valuations. However, we note that substantial acquisitions may stretch the balance sheet and strong relationships with banks is a must to ensure that credit continues to flow in an uncertain market. Management also hopes to increase the group's participation in the renewable energy industry.

Liftboat lost at sea, lowering future income. In Oct 08, the group lost a jack-up liftboat, KS Titan-1, at sea. Co-owned with Ezra Holdings, it was onboard a semi-submersible heavy lift vessel for mobilization to the North Sea to fulfil an offshore wind operations contract with Siemens Wind Power A/S. The group said that due to engine problems and subsequent rolling and tilting of the heavy lift vessel, Titan-1 shifted to portside and capsized. Fortunately there was full insurance coverage on the liftboat, which resulted in compensation of US\$57.8m. An identical sister ship, Titan-2, was also able to be deployed for fulfilment of the contract. However, future income that the Titan-2 would have earned in another contract deployment is now lost.

Exhibit 14: Capital equipment and related services



Source: Company

II. SWOT analysis table

The strengths, weaknesses, opportunities and threats with regards to KS Energy have been discussed in earlier parts of the report, but just to recap

Exhibit 15: SWOT table

Strengths	Weaknesses
<p>A. Established and well-known player offering a wide range of products</p> <p>B. Good integration of various businesses will essentially make it a one-stop shop</p> <p>C. Less susceptible to order cancellations as most work is involved in last leg of production</p>	<p>A. Relatively small fleet compared to global players (but expanding)</p> <p>B. Fleet expansion opportunities may be limited considering credit market and balance sheet</p>
Opportunities	Threats
<p>A. Expansion to new markets with acquisition of companies and other tie-ups</p> <p>B. Group is looking at opportunities in the renewable energy sector</p>	<p>A. Sustained decline in or low oil prices that lead to substantial reduction in capex by oil majors</p> <p>B. Incidents that lead to delays in projects (execution risk)</p> <p>C. Contract cancellations or failure to renew</p>

Source: OIR

KS Energy's Key Financial Data

EARNINGS FORECAST

Year Ended 31 Dec (S\$ m)	FY07	FY08	FY09F	FY10F
Revenue	402.7	611.0	588.4	584.1
Cost of sales	-283.5	-428.6	-406.0	-410.5
Gross profit	119.2	182.4	182.4	173.6
EBITDA	67.8	102.5	134.6	151.2
Depreciation & amortisation	-12.9	-26.0	-50.2	-66.3
EBIT	55.0	76.4	84.4	84.9
Finance costs	-15.1	-25.8	-23.2	-26.4
Associates and JVs	10.2	3.6	4.2	8.4
Others	42.9	11.3	0.0	0.0
Pre-tax profit	92.9	65.5	65.4	66.9
Tax	-13.2	-5.2	-5.2	-5.2
Minority interests	-6.0	-8.4	-10.0	-11.0
Net attributable profit	73.8	51.9	50.2	50.7
Earnings per share (cents)	21.2	14.9	14.4	14.6
Fully diluted earnings per share (cents)	21.2	14.9	14.4	14.6

BALANCE SHEET

As at 31 Dec (S\$ m)	FY07	FY08	FY09F	FY10F
Cash	85.0	68.3	123.7	215.6
Other current assets	413.1	271.9	285.4	282.6
Fixed assets	128.1	417.2	424.8	390.3
Other long term assets	147.1	173.2	169.3	166.1
Total assets	773.3	930.6	1,003.3	1,054.5
Current liabilities less debt	161.1	158.3	163.2	165.6
Debt	360.6	345.5	321.3	321.3
Other long term liabilities	10.0	7.9	7.0	6.8
Total liabilities	531.7	511.7	491.6	493.8
Shareholders equity	195.2	366.4	449.2	487.2
Minority interests	46.4	52.5	62.5	73.5
Total equity and liabilities	773.3	930.6	1,003.3	1,054.5
NTA per share (cents)	47.6	97.9	122.8	134.7

CASH FLOW

Year Ended 31 Dec (S\$ m)	FY07	FY08	FY09F	FY10F
Operating profit before working cap. changes	62.9	100.0	124.3	136.0
Working capital changes	-160.4	72.3	4.0	5.8
Income tax	-6.4	-7.7	-7.1	-4.5
Net cash from operations	-103.9	164.6	121.3	137.3
Capex	-12.5	-257.9	-10.0	-12.0
Other investing flows	-85.1	-21.5	-0.6	2.9
Investing cash flow	-97.6	-279.4	-10.6	-9.1
Change in equity	13.7	153.0	0.0	0.0
Net change in debt	121.8	-9.3	-24.2	0.0
Dividends paid	-18.1	-16.7	-14.1	-12.7
Others	112.7	-29.6	-17.0	-23.6
Financing cash flow	230.1	97.4	-55.3	-36.3
Other adjustments	-1.1	0.1	0.0	0.0
Net cash flow	27.4	-17.4	55.4	91.9
Cash at beginning of year	46.0	85.0	68.3	123.7
Cash at end of year	85.0	68.3	123.7	215.6

Key Ratios

PER (x)	2.5	4.0	5.4	5.3
Price/NTA (x)	1.6	0.8	0.6	0.6
EV/EBITDA (x)	3.7	2.8	2.1	1.2
Dividend yield (%)	8.4	11.6	7.4	5.2
ROIC (%)	10.1	5.9	5.3	5.2
ROE (%)	37.8	14.2	11.2	10.4
Net Debt/Equity (%)	114.1	66.2	38.6	18.9
PE to growth (x)	0.1	-0.1	-0.2	5.0

Source: Company data, OIR estimates

SHAREHOLDING DECLARATION:

The analyst/analysts who wrote this report holds NIL shares in the above security.

RATINGS AND RECOMMENDATIONS:

OCBC Investment Research's (OIR) technical comments and recommendations are short-term and trading oriented.

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