

Singapore Company Guide

mm2 Asia

Version 9 | Bloomberg: MM2 SP | Reuters: MM2A.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

13 Apr 2017

BUY

Last Traded Price (12 Apr 2017): S\$0.50 (STI : 3,186.01)

Price Target 12-mth: S\$0.63 (25% upside) (Prev S\$0.56)

Potential Catalyst: Earnings-accretive acquisitions

Analyst

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What's New

- Listing status allows UnUsUal to tap on equity market for expansion
- Core earnings for FY17F-FY19F revised up by 5-14% to account for higher contribution from core business and UnUsUal
- Maintain BUY with a higher TP of S\$0.63 based on SOTP valuation

Price Relative



Forecasts and Valuation

FY Mar (\$\$ m)	2016A	2017F	2018F	2019F
Revenue	38.3	99.2	149	185
EBITDA	19.4	32.6	45.4	53.1
Pre-tax Profit	9.99	23.2	33.6	41.3
Net Profit	8.18	16.7	23.0	28.5
Net Pft (Pre Ex.)	8.18	16.7	23.0	28.5
Net Pft Gth (Pre-ex) (%)	59.4	103.9	37.8	24.1
EPS (\$ cts)	0.90	1.59	2.20	2.73
EPS Pre Ex. (\$ cts)	0.90	1.59	2.20	2.73
EPS Gth Pre Ex (%)	46	76	38	24
Diluted EPS (\$ cts)	0.90	1.59	2.20	2.73
Net DPS (\$ cts)	0.0	0.0	0.0	0.0
BV Per Share (\$ cts)	4.00	6.78	8.98	11.7
PE (X)	55.3	31.4	22.8	18.3
PE Pre Ex. (X)	55.3	31.4	22.8	18.3
P/Cash Flow (X)	nm	32.5	21.1	14.6
EV/EBITDA (X)	23.3	15.6	11.8	9.9
Net Div Yield (%)	0.0	0.0	0.0	0.0
P/Book Value (X)	12.5	7.4	5.6	4.3
Net Debt/Equity (X)	CASH	CASH	0.0	CASH
ROAE (%)	29.5	31.1	27.9	26.4
Core earnings Rev (%):		5	12	14
Consensus EPS (\$ cts):		1.80	2.30	2.90
Other Broker Recs:		B: 2	S: 0	H: 0

Source of all data on this page: Company, DBS Bank, Bloomberg Finance L.P

An UnUsUal boost

Growth supported by core business and UnUsUal; cinemas to build recurring income. The listing status of 41.9%-owned UnUsUal would help to propel mm2's growth going forward. UnUsUal can now tap on the equity market for expansion. We project mm2 to grow at an EPS CAGR of 52% from FY16-FY19, underpinned by growth in productions, expansion into the China market, and contribution from UnUsUal. The cinema arm, on the other hand, helps the group to build a recurring income base. Upon completion of the latest acquisition of 13 cinemas in Malaysia, mm2 Asia would become a top four player in Malaysia.

Where we differ: Higher valuation peg vs consensus. We value the core business, UnUsUal and post production segments based on 28x PE, in line with peers listed in Asia, vs consensus of about 25x. For the cinema segment, we use a 21x valuation peg.

Potential Catalyst: Reaping fruits of success in North Asia

We expect North Asia to contribute >70% of core revenue from FY17F, up from 23% in FY16. Upside to earnings could come from more projects, especially in China where the market is bigger and budgets are much higher.

Valuation:

Maintain BUY with a higher TP of S\$0.63 based on SOTP valuation. We have switched the valuation methodology for mm2 to sum-of-parts valuation from the PE method, as contribution from the different business units will be more meaningful going forward.

Key Risks to Our View:

No long-term financing arrangements for productions. The commencement of each production is dependent on mm2's ability to secure funding.

Availability of good scripts. Lack of good scripts for production may lead to less support from stakeholders.

At A Glance

Issued Capital (m shrs)	1,029
Mkt. Cap (\$m/US\$m)	514 / 369
Major Shareholders (%)	
Wee Chye Ang	45.1
Yeo Khee Seng	9.2
StarHub Ltd	8.6
Free Float (%)	36.4
3m Avg. Daily Val (US\$m)	1.4

ICB Industry : Consumer Services / Media

WHAT'S NEW**An UnUsUal boost****Spectacular UnUsUal listing - Share price more than doubled on debut**

UnUsUal shares were listed on the Catalist board of SGX on 10 April 2017. Its share price registered a whopping 117% gain on the first day to close at S\$0.435, vs its IPO price of S\$0.20.

mm2 Asia bought a 51% stake in UnUsUal back in February 2016 for S\$26m. Based on UnUsUal's current share price, mm2 has already made a paper gain of more than fourfold!

Listing status allows UnUsUal to tap on equity market for expansion

UnUsUal, which specialises predominantly in the production and promotion of large-scale live events and concerts, sets itself apart from other competitors in the industry by providing comprehensive solutions encompassing technical expertise and creative input, and also to mitigate single business risk. With a listing status now, UnUsUal can tap on the equity market for expansion, which will help to boost mm2's bottom line.

Strategies for UnUsUal include:

1) Expanding operations regionally; targeting North Asia with bigger audience base and leveraging on mm2's presence

One of UnUsUal's strategy is to diversify its revenue base geographically. One of the regions where UnUsUal is targeting is North Asia, which has a much bigger audience base than Singapore, and where mm2 already has a presence in. This will allow UnUsUal to leverage on mm2's network of contacts in the media and entertainment industry as it looks to expand into these territories.

2) Improving margins by extending events to more locations

Improving bottom line is another key focus. By securing more concerts and/or events within the region, the group will be able to have a better bargaining advantage with its suppliers, especially venue owners and artiste managers. Margins can be improved with more venues for the same production as the props can usually be recycled for different venues. The concept and technical expertise required for the same production are also similar.

Expect higher margins for UnUsUal

We previously forecast UnUsUal to contribute about 17% of FY Mar18F revenue and 21% of gross profit. With better clarity on UnUsUal now, we expect contribution from this unit to account for 25% of total revenue and 24% of gross profit. Gross margin for UnUsUal is expected to improve to 42%, from 37% previously as UnUsUal's operation expands regionally, and the same event/concert can be extended to more locations.

Dilution compensated by higher market value for UnUsUal

Though post listing of UnUsUal, mm2's stake is diluted to 41.91% from 51% previously, it is compensated by a now higher value for UnUsUal, based on its current market cap.

Core business progressing well; healthy production pipeline

The core business segment of production and distribution is progressing well. mm2 has already completed about 18 production titles for FY Mar17. The group has a healthy pipeline of projects for the next 18 months, from April 2017 to September 2018.

Production pipeline

Region	Number of production	Total value (\$m)
Singapore	8	10
Malaysia	4	2
Hong Kong	6	1.5
Taiwan	8	16
China - Drama	2	30
China - Movie	6	18
China - Variety	1	8
Regional - Variety	2	10
TOTAL	37	95.5

Source: Company; DBS Bank

Planting seeds for future growth

mm2 had made several acquisitions post listing on SGX in December 2014, to maintain its competitive advantage. The strong debut for UnUsUal is a strong endorsement of mm2's strategy. For the core business, other notable acquisitions include Vividthree, a 3D animation services company, RINGS.TV, a leading interactive live streaming broadcast platform, other than UnUsUal.

On the cinema front, including the 13 cinemas from Lotus, mm2 has acquired a total of 18 cinemas in Malaysia, with a market share of about 14% in terms of number of screens, propelling the company to become a top four player in Malaysia.

Please refer to chart below on notable acquisitions to date.

Core earnings for FY17F-FY19F revised up by 5-14%

We have revised the core earnings for mm2 up by 12% for FY Mar18F and 14% for FY Mar19F. For FY Mar17F, core earnings were tweaked up by 5%. We have assumed higher contribution from the core business as the group continues to expand operations in North Asia. Projects in North Asia generally have bigger budgets and better margins.

For the UnUsUal unit, we expect stronger growth post listing as the group is able to tap the equity market for expansion, and also margin improvements as the same event/concert can be extended to more locations as the group expands regionally. We have lowered the contribution from the cinema segment as the payback for cinema investment tends to be longer.

Please refer to earnings revision table

Target price of S\$0.63, based on SOTP valuation: We have switched the valuation methodology for mm2 to sum-of-parts valuation from the PE method, as contribution from the different business units will be more meaningful going forward. UnUsUal will see a full-year contribution for FY Mar18F, vs a 9-month contribution for FY Mar17F, as completion of the UnUsUal deal was only in July last year. For

the cinema segment, the latest acquisition of 13 cinemas in Malaysia is expected to be completed in 2Q 2017.

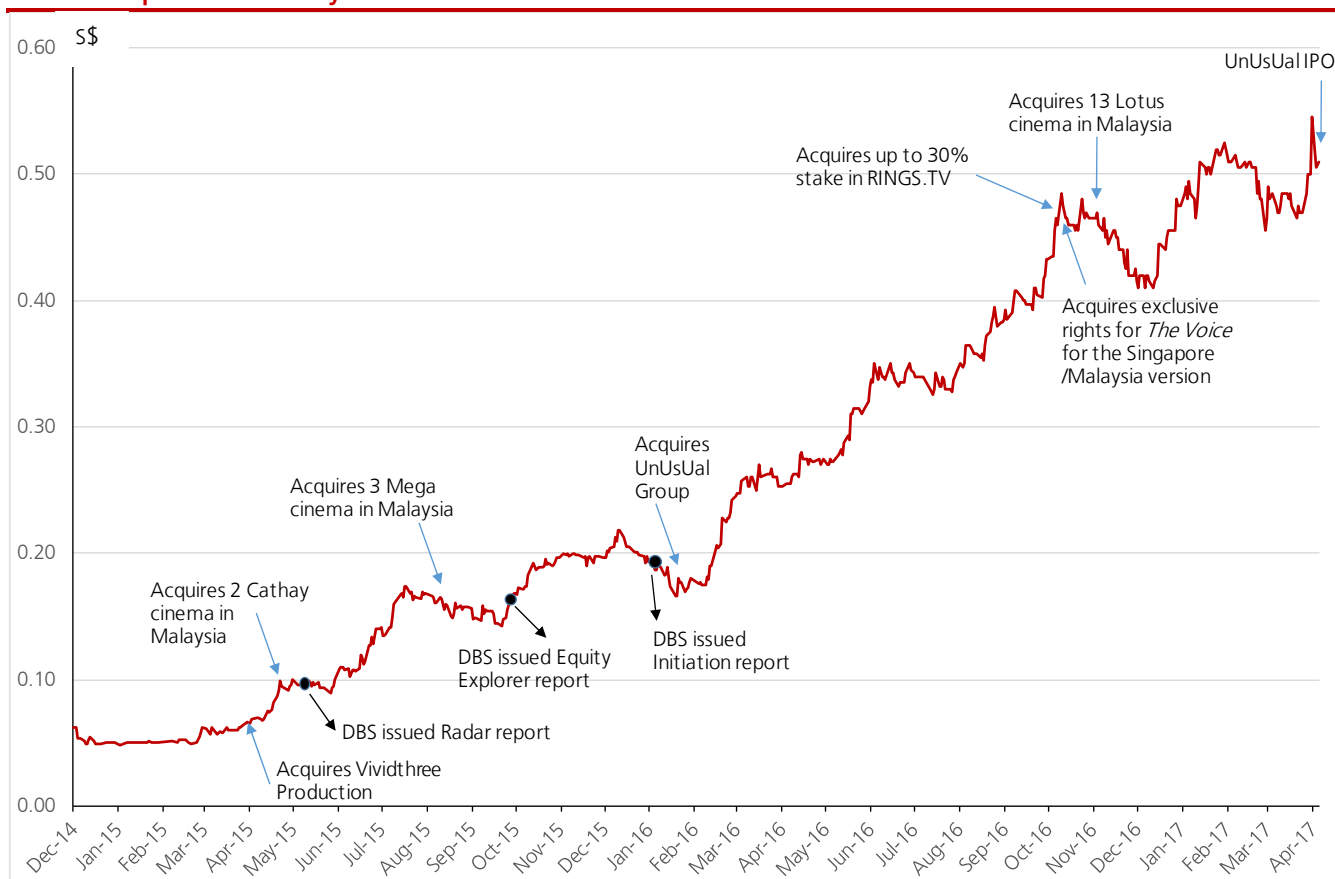
For the core business and post production (Vividthree) segment, we have used a valuation peg of 28x forward PE based on peers' valuation. For the cinema segment, we value it at 21x PE, also in line with peers.

Sum-of-parts valuation

Segment	Stake	FY Mar 18F		Assumption
		Net Profit (S\$m)	Valuation (S\$m)	
Core Business	100%	17.5	490.9	Based on 28x PE, in line with peers
Cinema	100%	1.6	34.3	Based on 21x PE, in line with peers
Vividthree	51%	2.5	35.7	Based on 28x PE, in line with peers
UnUsUal	41.91%	8.7	101.8	Based on 28x PE, in line with peers
Total value			662.8	
Number of shares			1,045.6	
Value per share (S\$)			0.63	

Source: DBS Bank

Notable Acquisitions and Key Events



Source: DBS Bank

Earnings revision

	FY18F			FY18F			FY19F			Reason for revision
	New	Old	% change	New	Old	% change	New	Old	% change	
Revenue (\$m)										
Core Business	61.9	61.9	0%	73.7	66.7	10%	92.8	82.7	12%	Assume higher contribution from production
Cinema	14.0	14.0	0%	32.7	36.0	-9%	37.8	43.2	-13%	Assume 10-mth contribution to FY18F for the latest Lotus cinema acquisition; cut growth to 5% for FY19F vs 20%
UnUsUal	18.3	18.3	0%	37.9	35.8	6%	49.2	42.9	15%	Assume stronger growth post listing as group is able to tap equity market for expansion
Vividthree	5.0	5.0	0%	5.0	5.0	0%	5.0	5.0	0%	no change
Gross profit (\$m)										
Core Business	23.3	23.3	0%	28.2	24.2	17%	36.3	30.6	19%	Assume higher contribution from production
Cinema	7.7	7.7	0%	18.0	19.8	-9%	20.8	23.8	-13%	Assume 10-mth contribution to FY18F for the latest Lotus cinema acquisition; cut growth to 5% for FY19F vs 20%
UnUsUal	6.8	6.8	0%	15.8	13.2	20%	20.5	15.9	29%	Assume stronger growth post listing as group is able to tap equity market for expansion
Vividthree	3.5	3.5	0%	3.5	3.5	0%	3.5	3.5	0%	no change
Gross profit margin (%)										
Core Business	38%	36%	2%	38%	36%	2%	39%	37%	2%	Assume higher margin as contribution from North Asia with bigger projects and margins increases
Cinema	55%	55%	0%	55%	55%	0%	55%	55%	0%	no change
UnUsUal	37%	37%	0%	42%	37%	5%	42%	37%	5%	Assume higher margin as the group extend events to more locations
Vividthree	70%	70%	0%	70%	70%	0%	70%	70%	0%	no change

Source: DBS Bank

CRITICAL DATA POINTS TO WATCH

Critical Factors:

Acquisitions to strengthen competitive edge and build income base

mm2 has made several acquisitions to maintain its competitive advantage. The latest is the acquisition of 13 cinemas in Malaysia. Upon completion likely in 2Q 2017, mm2 will own a total of 18 cinemas with a market share of about 14% in terms of number of screens, propelling the company to become a top four player in Malaysia. The ownership of cinemas will provide a source of recurring income to the group and cost savings in the longer term, as mm2 usually has to pay about 50% of its gross intake for rental of cinemas. Cinema operation is a profitable business, and could be profitable even with less than 50% of the seats occupied.

Other than cinemas, mm2 has entered into an MOU to acquire up to 30% stake in RINGS.TV, a leading interactive live streaming broadcast platform, for S\$4.5m in a bid to beef up its OTT (over-the-top) platform. In February 2016, mm2 acquired a 51% stake in UnUsUal Group, one of Asia’s largest promoters and organisers of shows and entertainment acts, for S\$26m.

Healthy production pipeline

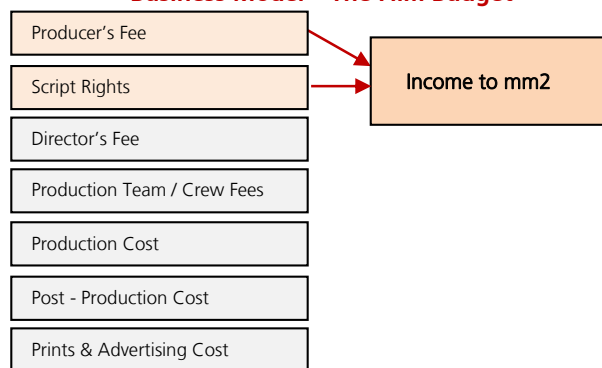
The number of production titles has increased steadily over the last few years; from six production for FY Mar14, to about 18 for FY Mar17. mm2 has a robust production pipeline of 37 production titles for the next 18 months, from April 2017 to September 2018. Out of these, 23 titles or 62% are from North Asia. In terms of production budget, North Asia accounts for almost 80% of the total budget.

Going for niche markets in North Asia; adaptation of successful movies. In terms of strategy in China, instead of competing directly with the local big boys, mm2’s strategy is to go for small, niche markets and replicate its proven business model that it has in Singapore. For example, remaking successful titles like “The Journey” or Jack Neo’s “I not Stupid” movie in a specific province like Sichuan, which has a population of about 80m, which is >10x bigger than Singapore. mm2 can adapt the movie to the local setting, which would be more appealing to the locals there.

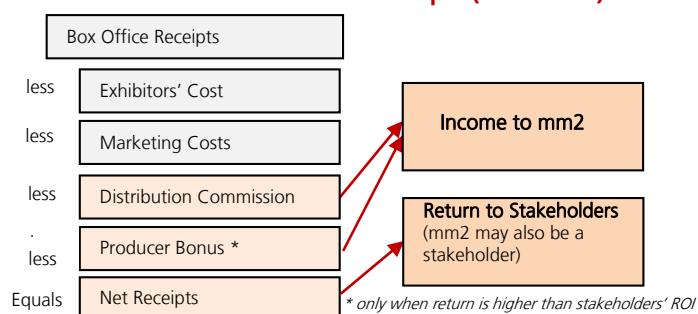
Besides production of movies and dramas, mm2 can also produce variety shows, either on its own or via tie-ups with local players like Hesheng Media, which is one of the largest integrated media companies in China.

Distribution of movies, another core competency of mm2 apart from production and advertising, is also another channel that can broaden mm2’s income in China.

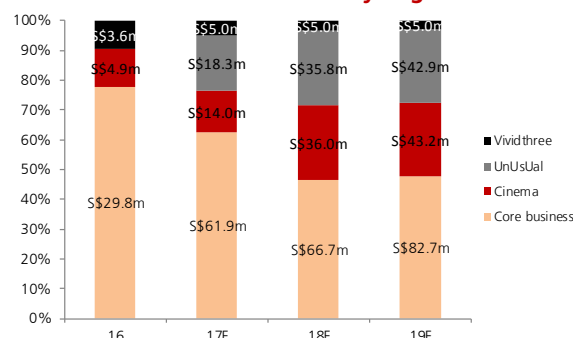
Business Model – The Film Budget



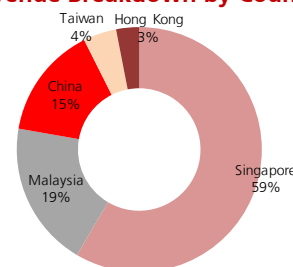
Business Model – Gross Receipts (Box Office)



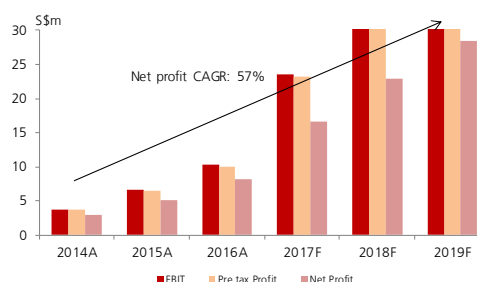
Revenue Breakdown by Segment



FY16 Revenue Breakdown by Country



Profitability Trend



Source: Company, DBS Bank

Balance Sheet:

Net cash position. mm2 was in a net cash position as at September 2016. Though we do not rule out the possibility of the group taking on more debt, as it is constantly on the lookout for acquisitions that can complement its existing business and also to build its recurring income base, the full impact from its recent acquisitions should lead to stronger earnings and equity base.

Asset-light business model. More than half of its assets are current assets, comprising mainly cash and receivables, even with the acquisition of cinemas and UnUsUal.

Share Price Drivers:

UnUsUal listing. UnUsUal was listed on 10 April 2017. This would enable mm2 to crystallise gains and unlock value, and allow UnUsUal to tap on public funds for expansion.

Growing production and distribution income

Its core business, which includes production, distribution and sponsorship, is expected to account for at least 70% of total revenue going forward. We expect more than half of the production to come from North Asia. In China, we are expecting the group to also produce dramas, which will have a much bigger production budget than movies. Even for movies in China, their production budgets and margins are also better than local productions.

mm2 has also entered into an agreement to acquire the exclusive licensed rights to produce and broadcast *The Voice* for the Singapore/Malaysia version. *The Voice* is a popular format show currently being watched by more than 500m viewers. mm2, together with Clover Films, has also clinched the distribution rights for 19 movies in Singapore and Malaysia. Though distribution margins are much lower than production, at about 3% vs ~40%, it is very scalable.

Key Risks:

No long-term financing arrangements for productions. The commencement of each production is dependent on mm2's ability to secure funding.

Availability of good scripts. Lack of good scripts for production may lead to less support from stakeholders.

Unable to predict the commercial success of movies produced. The commercial success of its productions is primarily determined by inherently unpredictable audience reactions.

Company Background

mm2 Asia is a leading producer of films and TV/online content in Asia. As a producer, mm2 provides services over the entire film-making process – from financing and production to marketing and distribution, and thus has diversified revenue streams. mm2 also owns entertainment company, UnUsUal, and cinemas in Malaysia.

Number of Titles (Production & Distribution)

Year	Number of Titles (Production)	Number of Titles (Distribution)
FY Mar 2012	3	2
FY Mar 2013	6	8
FY Mar 2014	6	18
FY Mar 2015	9	26
FY Mar 2016	14	24
FY Mar 2017 (estimate)	18	30
Apr 17 to Sep 18*	37	

* projection

Details of cinemas acquired

Cinema	Place	Capacity
Cathay Cineplex City Square	Johor Bahru	14 screens, 2,826 seats
Cathay Cineplex Damansara	Damansara	16 screens, 2,472 seats
Mega Cineplex Prai	Penang	6 screens, 1,420 seats
Mega Cineplex Langkawi	Langkawi	3 screens 536 seats
Mega Cineplex Bertam	Bertam	4 screens 756 seats
LFS 1 Plaza, Kuala Selangor	Selangor	5 screens, 733 seats
LFS Seri Iskandar	Perak	7 screens, 1,349 seats
LFS 1 Segamat	Johor	8 screens, 1,703 seats
LFS Prangin Mall	Penang	8 screens, 1,490 seats
LFS Bahau	Negeri Sembilan	6 screens, 1,036 seats
LFS Shaw Centre, Point Klang	Selangor	4 screens, 875 seats
LFS Riverside, Kuching	Sarawak	4 screens, 585 seats
LFS IOI Kulai	Johor	6 screens, 920 seats
LFS Kerian Sentral Mall	Perak	8 screens, 1,183 seats
LFS Summer Mall	Sarawak	12 screens, 2,038 seats
LFS Mahkota Parade	Malacca	4 screens, 645 seats
LFS Bukit Jambul	Penang	6 screens, 1,167 seats
LFS Kampar	Perak	6 screens, 846 seats

Forward PE Band (x)



PB Band (x)



Source: Company, DBS Bank

Segmental Breakdown

FY Mar	2015A	2016A	2017F	2018F	2019F
Revenues (\$m)					
Core Business	24.3	29.8	61.9	73.7	92.8
Production			51.9	63.7	82.8
TV Content			10.0	10.0	10.0
Cinema		4.9	14.0	32.7	37.8
UnUsUal			18.3	37.9	49.2
Vividthree		3.6	5.0	5.0	5.0
Total	24.3	38.3	99.2	149.2	184.8
Gross profit (\$m)					
Core Business	9.6	13.1	23.3	28.2	36.3
Production			21.8	26.7	34.8
TV Content			1.5	1.5	1.5
Cinema		2.8	7.7	18.0	20.8
UnUsUal			6.8	15.8	20.5
Vividthree		2.5	3.5	3.5	3.5
Total	9.6	18.4	41.3	65.5	81.1
Gross profit Margins (%)					
Core Business	39%	44%	38%	38%	39%
Production			42%	42%	42%
TV Content			15%	15%	15%
Cinema		57%	55%	55%	55%
UnUsUal			37%	42%	42%
Vividthree		69%	70%	70%	70%
Total	39%	48%	42%	44%	44%

Partial contributions from UnUsUal

Includes partial contribution from latest acquisition of Lotus cinemas

Income Statement (\$m)

FY Mar	2015A	2016A	2017F	2018F	2019F
Revenue	24.3	38.3	99.2	149	185
Cost of Goods Sold	(14.7)	(20.0)	(58.0)	(83.7)	(104)
Gross Profit	9.58	18.4	41.3	65.5	81.1
Other Opng (Exp)/Inc	(3.0)	(8.0)	(17.7)	(29.1)	(37.0)
Operating Profit	6.62	10.4	23.6	36.4	44.1
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	0.0	0.0	0.0	0.0	0.0
Net Interest (Exp)/Inc	0.00	(0.4)	(0.4)	(2.8)	(2.8)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	6.58	9.99	23.2	33.6	41.3
Tax	(1.5)	(1.1)	(3.9)	(5.7)	(7.0)
Minority Interest	0.0	(0.7)	(2.6)	(4.9)	(5.8)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	5.08	8.18	16.7	23.0	28.5
Net Profit before Except.	5.13	8.18	16.7	23.0	28.5
EBITDA	9.92	19.4	32.6	45.4	53.1
Growth					
Revenue Gth (%)	50.7	57.9	158.8	50.4	23.9
EBITDA Gth (%)	38.5	95.2	68.4	39.2	17.0
Opg Profit Gth (%)	78.3	56.7	127.6	54.2	21.2
Net Profit Gth (Pre-ex) (%)	68.1	59.4	103.9	37.8	24.1
Margins & Ratio					
Gross Margins (%)	39.5	48.0	41.6	43.9	43.9
Opg Profit Margin (%)	27.3	27.1	23.8	24.4	23.9
Net Profit Margin (%)	20.9	21.3	16.8	15.4	15.4
ROAE (%)	44.5	29.5	31.1	27.9	26.4
ROA (%)	18.5	15.3	16.0	12.7	11.3
ROCE (%)	37.7	25.0	27.3	18.8	16.8
Div Payout Ratio (%)	0.0	0.0	0.0	0.0	0.0
Net Interest Cover (x)	NM	26.8	61.0	13.1	15.8

Source: Company, DBS Bank

Quarterly / Interim Income Statement (\$\$m)

FY Mar	1H15	2H15	1H16	2H16	1H17
Revenue	9.7	14.6	12.7	25.6	35.0
Cost of Goods Sold	(4.0)	(10.7)	(4.3)	(15.6)	(15.3)
Gross Profit	5.7	3.9	8.4	10.0	19.8
Other Oper. (Exp)/Inc	(1.2)	(1.8)	(3.0)	(5.4)	(8.9)
Operating Profit	4.5	2.1	5.4	4.6	10.9
Other Non Opg (Exp)/Inc	0.0	(0.0)	0.0	(0.0)	(0.0)
Associates & JV Inc	0.0	0.0	0.0	0.0	0.0
Net Interest (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	4.5	2.0	5.4	4.6	10.9
Tax	(0.9)	(0.6)	(0.9)	(0.2)	(2.0)
Minority Interest	0.0	0.0	(0.5)	(0.7)	(1.0)
Net Profit	3.6	1.5	4.0	3.7	7.8
Net profit bef Except.	3.6	1.5	4.5	4.4	8.9
EBITDA	5.3	4.6	6.7	4.6	13.5

Growth

Revenue Gth (%)		51	(13)	102	37
EBITDA Gth (%)		(13)	45	(31)	160
Opg Profit Gth (%)		(32)	118	18	98
Net Profit Gth (Pre-ex) (%)		(60)	175	(9)	113

Margins

Gross Margins (%)		26.7	66.1	39.0	56.4
Opg Profit Margins (%)		26.3	66.1	38.6	55.8
Net Profit Margins (%)		10.0	31.6	14.3	22.4

Volatile margins mainly due to different stages of revenue recognition

Balance Sheet (\$\$m)

FY Mar	2015A	2016A	2017F	2018F	2019F
Net Fixed Assets	0.10	3.65	20.4	66.4	85.9
Invt in Associates & JVs	0.0	0.0	0.0	0.0	0.0
Other LT Assets	6.36	26.1	17.6	9.18	0.72
Cash & ST Invt	5.76	4.74	21.6	29.8	45.5
Inventory	4.77	9.83	21.2	30.6	38.0
Debtors	20.6	24.4	58.2	87.6	108
Other Current Assets	0.0	0.26	0.26	0.26	0.26
Total Assets	37.6	69.0	139	224	279
ST Debt	0.22	0.20	0.20	0.20	0.20
Creditor	14.7	23.8	55.9	80.8	100
Other Current Liab	1.46	4.21	5.11	6.88	8.19
LT Debt	0.09	2.85	2.85	32.8	32.8
Other LT Liabilities	1.92	0.75	0.75	0.75	0.75
Shareholder's Equity	19.2	36.2	70.9	93.9	122
Minority Interests	0.0	0.98	3.59	8.52	14.3
Total Cap. & Liab.	37.6	69.0	139	224	279
Non-Cash Wkg. Capital	9.19	6.49	18.7	30.8	38.4
Net Cash/(Debt)	5.45	1.69	18.6	(3.3)	12.5
Debtors Turn (avg days)	240.0	214.2	152.0	178.3	193.6
Creditors Turn (avg days)	417.3	640.7	297.1	333.9	348.4
Inventory Turn (avg days)	100.2	243.0	115.7	126.6	132.1
Asset Turnover (x)	0.9	0.7	1.0	0.8	0.7
Current Ratio (x)	1.9	1.4	1.7	1.7	1.8
Quick Ratio (x)	1.6	1.0	1.3	1.3	1.4
Net Debt/Equity (X)	CASH	CASH	CASH	0.0	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	0.0	CASH
Capex to Debt (%)	645.4	279.3	565.8	141.0	60.5
Z-Score (X)	15.8	10.3	6.2	4.3	4.1

Source: Company, DBS Bank

Cash Flow Statement (\$m)

FY Mar	2015A	2016A	2017F	2018F	2019F
Pre-Tax Profit	6.58	9.99	23.2	33.6	41.3
Dep. & Amort.	3.29	8.98	8.98	8.98	8.98
Tax Paid	(1.5)	(1.1)	(3.1)	(3.9)	(5.7)
Assoc. & JV Inc/(loss)	0.0	0.0	0.0	0.0	0.0
Chg in Wkg.Cap.	(12.0)	(22.6)	(13.1)	(13.9)	(8.9)
Other Operating CF	1.00	0.0	0.0	0.0	0.0
Net Operating CF	(2.6)	(4.7)	16.1	24.8	35.7
Capital Exp.(net)	(2.0)	(8.5)	(17.3)	(46.6)	(20.0)
Other Invt.(net)	0.0	0.0	0.0	0.0	0.0
Invt in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0
Other Investing CF	0.0	0.0	0.0	0.0	0.0
Net Investing CF	(2.0)	(8.5)	(17.3)	(46.6)	(20.0)
Div Paid	0.0	0.0	0.0	0.0	0.0
Chg in Gross Debt	2.94	2.35	0.0	30.0	0.0
Capital Issues	7.75	9.10	18.0	0.0	0.0
Other Financing CF	(1.6)	(0.7)	0.0	0.0	0.0
Net Financing CF	9.05	10.7	18.0	30.0	0.0
Currency Adjustments	0.0	0.0	0.0	0.0	0.0
Chg in Cash	4.44	(2.5)	16.9	8.17	15.7
Opg CFPS (S cts)	1.13	1.98	2.79	3.70	4.27
Free CFPS (S cts)	(0.6)	(1.5)	(0.1)	(2.1)	1.50

FY17 and FY18 -
Acquisition of cinemas
and RINGS.TV

Issue of shares to
finance recent
acquisitions

Assume partial debt
financing for the
acquisition of cinemas

Source: Company, DBS Bank

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	25 May 16	0.31	0.37	BUY
2:	10 Jun 16	0.35	0.37	BUY
3:	01 Jul 16	0.34	0.41	BUY
4:	13 Sep 16	0.39	0.47	BUY
5:	09 Nov 16	0.47	0.56	BUY
6:	15 Nov 16	0.47	0.56	BUY
7:	11 Jan 17	0.48	0.56	BUY

Note: Share price and Target price are adjusted for corporate actions.

Source: DBS Bank

Analyst: Lee Keng LING

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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 catalysts within this time frame)

Share price appreciation + dividends

Completed Date: 13 Apr 2017 07:28:15 (SGT)

Dissemination Date: 13 Apr 2017 09:01:06 (SGT)

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