Maybank Kim Eng

Consumer Discretionary

Singapore

mm2 Asia (MM2 SP)

No Business Like Show Business

BUY

Share Price	SGD 0.49
12m Price Target	SGD 0.56 (+15%)

Initiate coverage with BUY

We believe mm2 is on the cusp of a healthy growth phase, backed by its media and entertainment acquisitions in the past 12 months. Reflecting this, we value it at SGD0.56 or 1x FY19E PEG on a FY18-21E core EPS CAGR of 21%. Initiate coverage with a BUY with catalysts expected from regional expansion of its film, TV and event production businesses.

Early stage of multi-year growth

mm2's film and event production and distribution businesses are in their early stages of expansion in North Asia. Its recent Cathay cinema acquisition should provide recurring cash flows despite its lower EBITDA margins. It should also provide visibility of potential competing films for its film-production business. We expect its film and event businesses to underpin a group revenue CAGR of 29% in FY18-21E.

Banking on experience & relationships

Execution is a principal risk in its regional expansion and for our growth forecasts. Pipeline visibility is constantly in flux but mm2 will be capitalising on its senior management's expertise, extensive experience and relationships to create business opportunities. Its film-business focus has been shifting to North Asia, where nearly half its segmental revenue came from in FY17, up from 14% in FY15.

Growth at reasonable price

Trading at 22.8x / 18.3x FY18E / FY19E P/Es, valuations are not demanding against Asian movie and entertainment companies' 26.7x / 22.4x on profit growth of 12% / 19% vs mm2's potential 16% / 25%. Based on our TP and the last traded price of subsidiary UnUsUal (UNU SP, Not Rated), its remaining businesses are trading at an implied 15.6x /13.1x.

Company Description

mm2 Asia Ltd. is a media and entertainment conglomerate exposed to film production and distribution, cinema management, and event production.

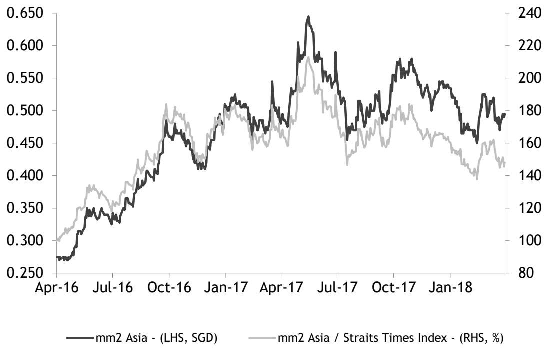
Statistics

52w high/low (SGD)	0.65/0.45
3m avg turnover (USDm)	0.7
Free float (%)	40.2
Issued shares (m)	1,163
Market capitalisation	SGD569.8M
	USD435M

Major shareholders:

ANG WEE CHYE	38.1%
StarHub Ltd.	9.8%
YEO KHEE SENG BENNY	6.0%

Price Performance



	-1M	-3M	-12M
Absolute (%)	(7)	(8)	0
Relative to index (%)	(8)	(9)	(12)

Source: FactSet

FYE Mar (SGD m)	FY16A	FY17A	FY18E	FY19E	FY20E
Revenue	38	96	176	272	328
EBITDA	19	41	67	93	116
Core net profit	8	19	25	31	40
Core FDEPS (cts)	0.9	1.9	2.1	2.7	3.4
Core FDEPS growth(%)	47.2	104.5	16.0	24.7	27.5
Net DPS (cts)	0.0	0.0	0.0	0.0	0.0
Core FD P/E (x)	54.2	26.5	22.8	18.3	14.4
P/BV (x)	12.1	5.9	2.9	2.1	1.5
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
ROAE (%)	29.5	30.6	17.5	17.4	12.1
ROAA (%)	15.3	16.2	7.9	5.9	6.0
EV/EBITDA (x)	12.3	11.4	10.1	7.0	5.0
Net gearing (%) (incl perps)	net cash	net cash	57.6	21.7	net cash
Consensus net profit	-	-	26	35	40
MKE vs. Consensus (%)	-	-	(2.3)	18.0	(0.8)

Luis Hilado
luishilado@maybank-ke.com.sg
(65) 6231 5848

Co. Reg No: 198700034E MICA (P) : 099/03/2012

1. Investment Summary

1.1 Early stage of multi-year growth

We believe mm2 provides multi-year, multi-country growth prospects in the media and entertainment sector. Although traditional media is under pressure from online substitutes and / or content piracy, we believe mm2's bread-and-butter businesses of film production & distribution, cinema and event production have in-built resilience in their established markets of Singapore and Malaysia. Meanwhile, low-hanging fruits lie in new markets in North Asia through TV and eventually film production and local partnerships.

We forecast a revenue CAGR of 29% for FY18-21E and core profit CAGR of 21%, led by regional expansion of its film, TV and event production businesses and its recent increase in its Singapore cinema assets. Pegged to 1x PEG vs its current 0.9x, we have a SGD0.56 TP. Asia's movie and entertainment sector trades at 1.7x PEG.

1.2 Towards a more balanced bet

Every part of the group has been growing organically and through M&As in the past 12-18 months. TV and film production has been making progress in Greater China. China, Hong Kong and Taiwan combined are expected to generate 69% of segmental revenue in FY19E, up from 27% in FY16. Meanwhile, its cinema arm has completed the acquisition of unlisted Cathay Cineplexes. In our estimation, Cathay could contribute 37% to FY19E group revenue, though likely at the expense of EBITDA margins and ROEs. Both could drop to 34% and 17%, respectively from 38% and 31%. Event production, via its 39% effective stake in UnUsUal Ltd (UNU SP, Not Rated), is pursuing its own regional expansion. We forecast it could account for 22% of FY19E group revenue and 21% of profits. By FY21E, UNU could account for the biggest chunk of group revenue.

We believe that M&As have led to a more diversified, though still media- and entertainment-centric, revenue base. This should mitigate earnings volatility, especially during economic downturns.

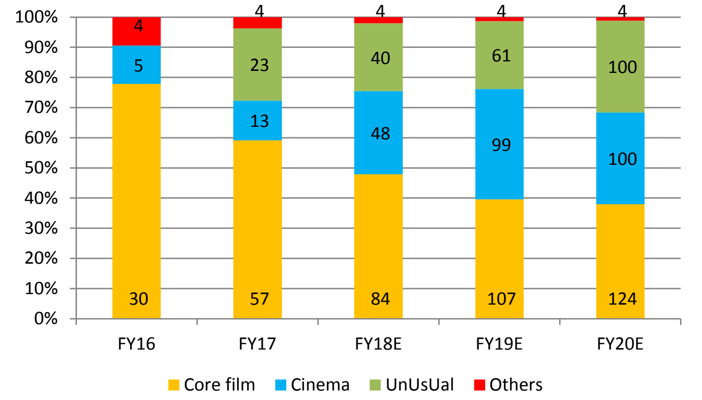
1.3 Failure to deliver is primary risk

The DNA of group and segment management is making deals and delivering revenue and earnings growth on the back of these. There are no no dividend plans during its growth phase, the market will likely price the stock based on management's execution. With 330 years of combined experience and relationships among its senior management, we take a level of comfort in the group's ability to deliver. Every 5% change in our FY18E film and UNU revenue forecasts affects our TP by 4% and 2%, respectively.

Plans to list all its segments eventually could create risks of a conglomerate discount. However, we believe it is early days as value has to be unlocked first. For example, UNU's stock has more than doubled from its IPO price of SGD0.20. Yet, it remains thinly traded relative to its parent. At UNU's current market price and mm2's current valuation of 47.6x and 29.3x FY18E and FY19E P/Es, implied value of the group's remaining parts is 15.6x and 13.1x. Also, UNU's average 3-month turnover of SGD0.5m or USD0.4m is not as adequate as mm2's SGD1.0m or USD0.7m.

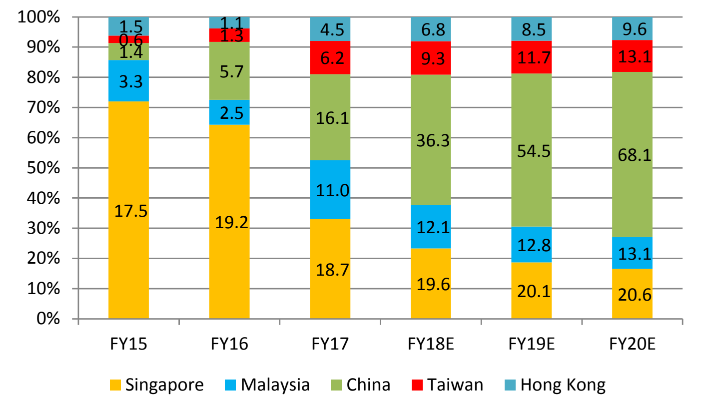
2. Focus Charts

Figure 1: Consolidated revenue (SGD m) is growing and diversifying



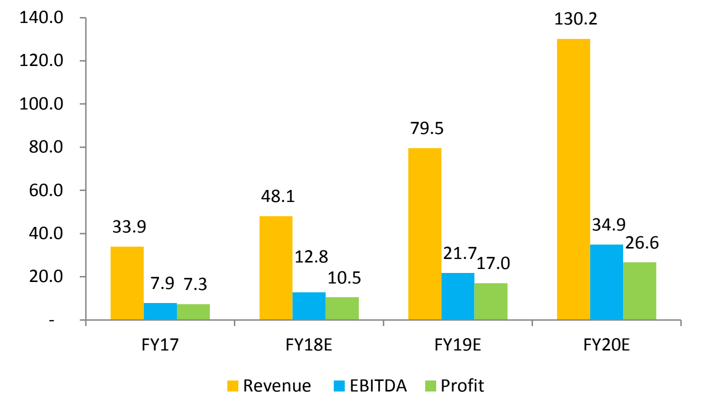
Source: Company data, Maybank Kim Eng

Figure 2: Core film (SGD m) is increasingly coming from North Asia



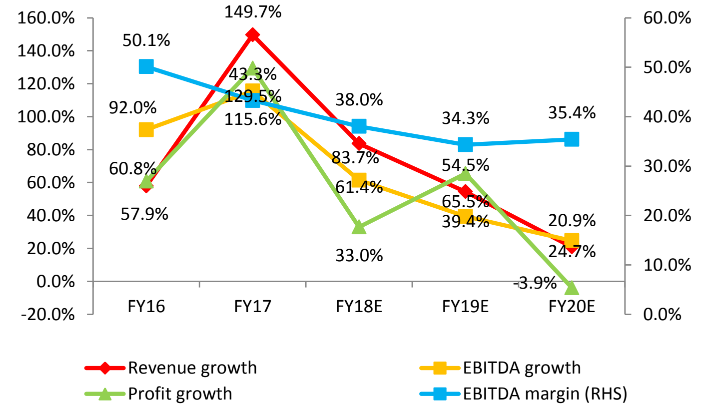
Source: Company data, Maybank Kim Eng

Figure 3: UnUsUal's financials (SGD m) - Scaling up



Source: Company data, Maybank Kim Eng

Figure 4: Expansion initially dilutes EBITDA margins



Source: Company data, Maybank Kim Eng

Figure 5: We are more bullish than consensus on revenue but more conservative on profit

(end-Mar, SGD m)	FY18E	FY19E	FY20E
MKE			
Revenues	176	272	366
Reported profit	25	41	43
Core profit	25	31	40
Target price	0.65		
FactSet consensus			
Revenues	166	261	297
Reported profit	26	34	40
Core profit	26	34	40
Target price	0.72		
MKE vs consensus			
Revenues	6.1%	4.1%	10.7%
Reported profit	-2.6%	20.5%	-0.4%
Core profit	-2.6%	-9.1%	-0.4%
Target price	-22.0%		

Source: FactSet, Maybank Kim Eng

Figure 6: Management's wealth of experience

Name	Title, Position	Years of media experience
Melvin Ang	Founder, Executive Chairman	20
Chang Long Jong	Chief Executive Officer - mm2	30
Ng Say Yong	Chief Content Officer	24
Toong Soo Wei	General Manager - Singapore	18
Angelin Ong	General Manager - North Asia	17
Lai Cheah Yee	General Manager - Malaysia	17
Ha Yu	Executive Director - Hong Kong	50
Leslie Ong	Chief Executive Officer - UnUsUal	20
Ong Hock Seng	Chief Executive Officer - Cinema	10
Dick Lee	Creative Director - Dick Lee Asia	40
Andrew Cheng	Managing Director - Dick Lee Asia	40
Chua Teck Hong	Chief Executive Officer - mm2view	10
Charles Yeo	Chief Executive Officer - Vividthree	14
Jay Hong	Creative Director - Vividthree	14
Sky Li	Chief Operating Officer - Vividthree	14
Total		338

Source: Company data

3. Valuation

3.1 PEGging to growth

As a young small-mid (SMid)-cap with geographical expansion ambitions, we believe mm2's share price will be shaped more by its growth prospects than peer valuations at this stage. Asian peers are at different stages of earnings growth (Figure 9). Furthermore, as mm2 operates myriad businesses in the movie and entertainment sector, it does not appear to have direct comparables. We value it at 1x PEG on an FY18E-21E earnings CAGR of 21% vs the Asian average of 1.7x. This translates to a TP of SGD0.56.

Size begets size? mm2's FY18E P/E of 23.1x is lower than its Asian peers' 26.7x. Its potentially superior growth widens this discount by FY19E, with a P/E of 18.1x against 22.4x. Asia's movie and entertainment sector trades at 1.7x PEG on FY18-19E EPS growth of 12%/19%. However, as the sector's PEG is weighted higher by companies with bigger market caps, we only use 1x PEG for mm2.

3.2 Stub value not demanding

We cross-checked our TP with the implied value of its parts. With its 39%-effectively-owned event-and-concert organizer UnUsUal (UNU SP, Not Rated) trading at 47.6x/29.3x FY18E/FY19E P/Es, implied valuations for its remaining parts are 15.6x/13.1x. At our TP, its remaining parts would trade at 19.3x/16.2x. These are not demanding against Asian peer valuations.

With mm2 group management aiming to eventually list its various parts to unlock value, a conglomerate discount may emerge but given such value is yet to be created for the majority of the parts we do not assume such discount in our TP. Although listed on the Singapore Exchange's small board, Catalist, UNU's thin 3-month average turnover of SGD0.6m / USD0.4m may limit mm2's valuation by the market. Nonetheless, UNU trades at over 2x its IPO price of SGD0.20. On 1 Feb 2018, mm2 announced the spin-off of its special-effects and computer-generated-imagery (CGI) studio, Vividthree, for an eventual Catalist listing. Meanwhile, it has also lined up SGD48m in convertible notes to prepare for its potential listing of its cinema business.

3.3 And then there were four

Prior to our initiation there were only three FactSet consensus ratings. Our revenue forecasts are 6%/4%/11% higher than consensus for FY18E/19E/20E, possibly reflecting more aggressive film, UNU and/or cinema consolidation assumptions. However, our core EPS is -3%/-9%/-0.4% lower as we have likely factored in more aggressive EBITDA-margin dilution by its lower-margin cinema business and/or UNU's expansion into lower-margin wholesale deals. Our TP is 22% below consensus as a result of this and perhaps our PEG valuation methodology.

Figure 7: MKE vs consensus forecasts

(end-Mar, SGD m)	FY18E	FY19E	FY20E
MKE			
Revenues	176	272	328
Reported profit	25	41	40
Core profit	25	31	40
Target price	0.56		
FactSet consensus			
Revenues	166	261	297
Reported profit	26	34	40
Core profit	26	34	40
Target price	0.72		
MKE vs consensus			
Revenues	6.1%	4.1%	10.7%
Reported profit	-2.6%	20.5%	-0.4%
Core profit	-2.6%	-9.1%	-0.4%
Target price	-22.0%		

Source: FactSet, Maybank Kim Eng

3.4 Risks of delivery, liquidity & acquisitions

As a growth stock, we believe the main risk to our TP and rating is its revenue and earnings delivery. Management provides geographical-revenue breakdown guidance for its film & TV business and similarly for UnUsUal but not overall revenue and profit targets. This lack of more concrete guidance reflects the nature of its businesses. For example, movie and TV viewer preferences are not entirely predictable as genres and story lines swing in and out of favour. Meanwhile, although UnUsUal indicates the scaling of its shows to nearly double by FY20E from FY18E levels an increased portion of undisclosed wholesale or partnered events means the revenue growth will not match volume growth. Every 5% change in our film and TV production revenue forecasts can swing our profit forecasts by 5%/4% for FY19E/20E and our TP by 4%. Every 5% change in UnUsUal's revenue can affect our profit forecasts by 1%/1% and our TP by 2%.

Although the cinema business post-Cathay revenue volatility is likely to be low, upside and downside will likely be manifested in EBITDA margins as management aims to unlock more cost savings. We do not yet have visibility on cinema EBITDA but every 100bp change in FY19E group EBITDA margins would affect our profit forecasts by 7%/7% for FY19E/20E and our TP by 13%.

Figure 8: Sensitivity analysis

(end-Mar, SGD m)	FY18E	FY19E	FY20E
Consolidated revenues - Current	176	272	328
Consolidated EBITDA - Current	67	93	116
Consolidated core profit - Current	25	31	40
Target price (SGD) - Current	0.56		
Core business revenues - +/-5%			
Consolidated revenues - Change	2.4%	2.0%	1.9%
Consolidated EBITDA - Change	3.5%	3.2%	3.0%
Consolidated profit - Change	4.6%	4.9%	4.4%
Target price (SGD) - Change	4.2%		
UNU revenues - +/- 5%			
Consolidated revenues - Change	1.1%	1.1%	1.5%
Consolidated EBITDA - Change	0.9%	1.0%	1.2%
Consolidated profit - Change	1.2%	1.3%	1.4%
Target price (SGD) - Change	1.9%		
EBITDA margins - +/- 100bps			
Consolidated EBITDA - Change	-2.6%	-2.9%	-2.8%
Consolidated profit - Change	-6.0%	-7.4%	-7.0%
Target price (SGD) - Change	-13.2%		

Source: Maybank Kim Eng

With mm2's 3-month average daily turnover at SGD1.0m or USD0.7m, there is liquidity risk in investing in the stock. Still, its 2-year Bloomberg adjusted beta is only 0.64, which may indicate that it trades on its own merits rather than general market conditions. However, before Aug 2017, the stock was listed on the Catalist rather than the main board. Going forward, it may become more linked with the main board.

We have not assumed any future acquisitions or listing of its parts as timing remains uncertain. We believe, however, the group is always on the lookout for long-term value-accretive businesses. This appears to be in its DNA.

Figure 9: Asia's movie and entertainment valuations as of 19 Apr 2018

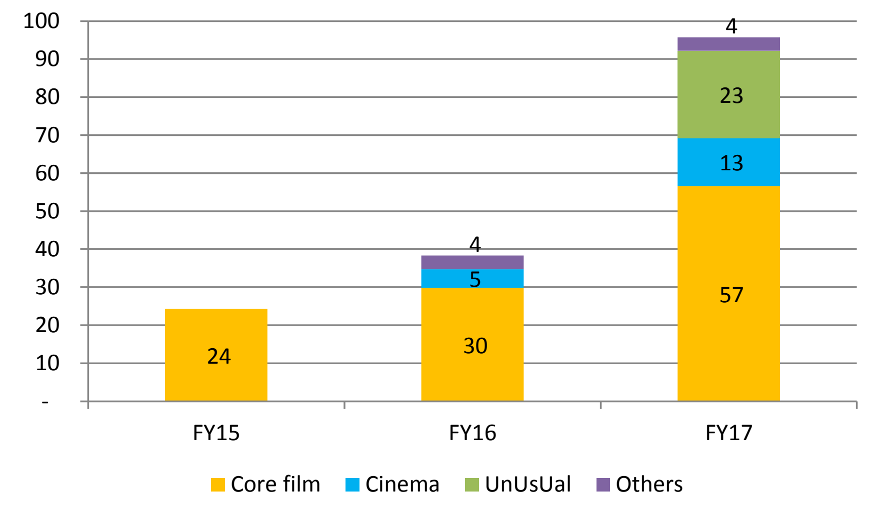
				P / E (x)			PEG ratio (x)		
Name	**FYE**	**Current Price**	**Mkt cap (USD m)**	**FY17**	**FY18E**	**FY19E**	**FY17**	**FY18E**	**FY19E**
Zee Entertainment Enterprises Limited	Mar	591.75	8,644	41.5	33.1	28.0	2.8	1.3	1.6
Beijing Enlight Media Co., Ltd. Class A	Dec	11.48	5,364	40.1	30.6	25.6	1.1	1.0	1.3
China Film Co., Ltd. Class A	Dec	15.37	4,571	27.9	24.7	22.3	na	1.8	2.0
Huayi Brothers Media Corporation Class A	Dec	8.99	3,973	30.1	25.4	25.3	0.2	1.4	140.5
Songcheng Performance Development Co., Ltd. Class A	Dec	20.07	4,644	26.4	21.6	18.7	1.0	1.0	1.2
Zhejiang Huace Film & TV Co., Ltd. Class A	Dec	10.98	3,095	30.5	25.3	20.5	0.7	1.2	0.9
CJ E & M Corporation	Dec	94,200.00	3,437	8.4	25.2	20.9	0.0	-0.4	1.0
Kakao M Corp.	Dec	88,500.00	2,109	32.0	22.5	18.7	1.8	0.5	0.9
Studio Dragon Corp.	Dec	94,200.00	2,488	112.3	48.8	31.7	na	0.4	0.6
Beijing HualuBaina Film & TV Co., Ltd. Class A	Dec	10.52	1,361	30.3	23.8	20.8	-1.6	0.9	1.4
CJ CGV Co., Ltd	Dec	74,000.00	1,475	176.3	28.3	21.2	4.5	0.1	0.6
IMAX China Holding Inc	Dec	26.90	1,228	26.8	24.6	21.9	1.2	2.8	1.8
PVR Limited	Mar	1,331.45	947	51.0	31.7	26.2	2.8	0.5	1.2
Shanghai New Culture Media Group Co., Ltd. Class A	Dec	10.58	906	19.0	15.0	12.8	0.8	0.6	0.8
Workpoint Entertainment Public Co., Ltd.	Dec	63.00	890	30.5	22.2	17.2	0.1	0.6	0.6
R.S. Public Co. Ltd.	Dec	27.25	881	91.5	31.2	23.0	-0.3	0.2	0.6
Major Cineplex Group Public Co. Ltd.	Dec	27.50	788	31.3	24.8	21.3	32.6	0.9	1.3
SM ENTERTAINMENT CO. Ltd.	Dec	38,250.00	785	-173.0	21.4	18.9	0.9	0.0	1.4
mm2 Asia Ltd.	Mar	0.49	435	30.7	23.1	13.9	0.3	0.7	0.2
Prime Focus Limited	Mar	88.30	402	47.5	19.3	11.6	na	0.1	0.2
Inox Leisure Limited	Mar	266.30	391	34.2	23.5	18.4	0.3	0.5	0.7
SHOWBOX Corp.	Dec	5,820.00	343	23.1	31.7	23.5	0.9	-1.2	0.7
GMM Grammy Public Co. Ltd.	Dec	9.00	236	-11.7	-33.4	-73.1	-0.2	0.5	1.3
Next Entertainment World Co., Ltd.	Dec	9,230.00	238	202.4	22.3	16.6	na	0.0	0.5
UFO Moviez India Ltd.	Mar	394.50	170	20.0	16.5	13.4	-1.7	0.8	0.6
Total			**49,802**	**30.0**	**26.7**	**22.4**			

Source: FactSet, Maybank Kim Eng

4. Corporate Information

Branching out from film roots. mm2 is an Asian media and entertainment conglomerate in film and TV production and distribution, cinema management and event production. Singapore and Malaysia are its main revenue centres since its founding in 2008. Since its IPO in Dec 2014, management has been expanding to North Asia. From originally a largely film production and distribution operation, the company has made strategic acquisitions and partnerships to its current form. Revenue and earnings are set to evolve further as it digests its latest and largest cinema acquisition and pursues growth in events and concerts.

Figure 10: Revenue breakdown (SGD m) - Organic and inorganic growth driven



Source: Company data

mm2's senior executives have over 300 years of experience among them. The group's production and distribution business is highly dependent on being able to sell a story at the film investor stage and ultimately at the end viewer stage. As such, management experience in creating, maintaining and building relationships with vendors, partners, investors and sponsors is critical. Assembling and synergizing the newer business segments with the old ones is intended to build new business pillars and avoid silo mentality.

Figure 11: Senior executives are industry veterans

Name	Title, Position	Years of media experience
Melvin Ang	Founder, Executive Chairman	20
Chang Long Jong	Chief Executive Officer - mm2	30
Ng Say Yong	Chief Content Officer	24
Toong Soo Wei	General Manager - Singapore	18
Angelin Ong	General Manager - North Asia/Malaysia	17
Lai Cheah Yee	General Manager - Malaysia	17
Ha Yu	Executive Director - Hong Kong	50
Leslie Ong	Chief Executive Officer - UnUsUal	20
Ong Hock Seng	Chief Executive Officer - Cinema	10
Dick Lee	Creative Director - Dick Lee Asia	40
Andrew Cheng	Managing Director - Dick Lee Asia	40
Chua Teck Hong	Chief Executive Officer - mm2view	10
Charles Yeo	Chief Executive Officer - Vividthree	14
Jay Hong	Creative Director - Vividthree	14
Sky Li	Chief Operating Officer - Vividthree	14
Total		338

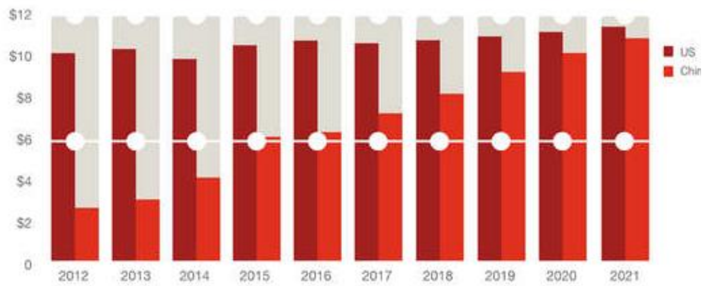
Source: Company data

4.1 Film / TV / online content production & distribution

Grow revenue per project rather than volume. As the original founding segment, film, TV and online content production, distribution and sponsorship are considered the core business of mm2 Asia. With management eyeing to sustain its 18-month pipeline of 35-40 ongoing - though not necessarily completed - projects, revenue growth is expected to hinge on production budgets that are typically scaled according to target regions and / or countries. mm2 selectively takes equity in film projects but generates the bulk of its revenue as a production house that bands film investors with idea generators. External film investors include film private-equity funds, parties with access to government grants, content distributors such as StarHub (STH SP, SGD2.33, HOLD, TP SGD2.27) and film-production companies. In Mar 2018, mm2 and Fox Networks Group Asia announced the co-production of six Chinese-language features that mm2 will distribute with Fox taking television and digital rights.

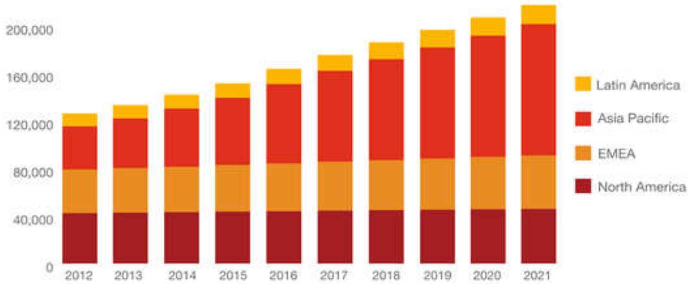
Expanding reach and markets. From its comfort zone of Singapore and Malaysia where management has had the longest track record, it has branched out to North Asia. China, Taiwan and Hong Kong accounted for 48% of its core revenue in FY17, from just 14% in FY15. Management's goal is to lift this number to 80-90% of core revenues vs our forecast of 75% by FY21E. Based on forecasts by PwC, China's box-office revenue should increase by an 11.6% CAGR over 2016-21E. China is expected to close its gap with US box office. China's 41,056 screens in 2016 already outnumbered the US' 40,928. Their gap is expected to widen by 2021E. Management is not targeting national-level, mega-budget productions in China but rather picking its battles in selected provinces with more localised content. The local Chinese city budgets, nevertheless, can be bigger than Singapore and Malaysia as countries.

Figure 12: China vs US box-office revenue (USD b) in 2012-2021E: China is catching up



Source: PwC, Ovum

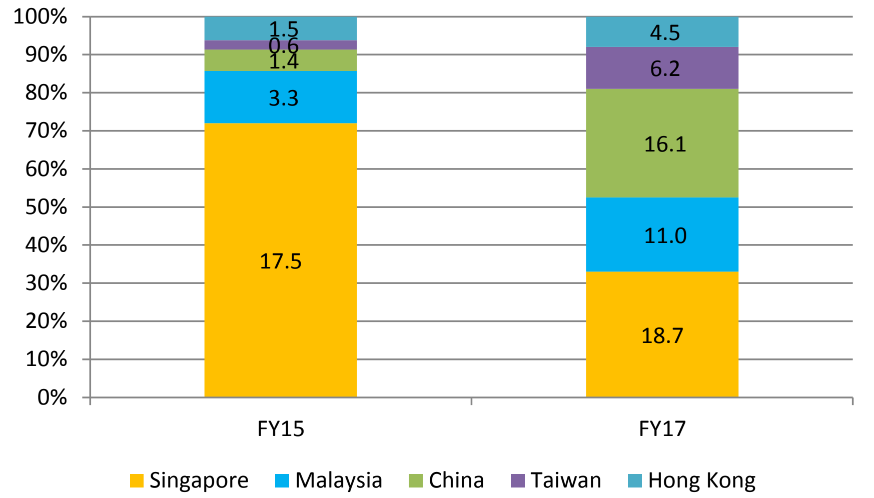
Figure 13: Global screens in 2012-2021E: Asia's cinema expansion continues



Source: PwC, Ovum

Share and share alike. In China, mm2 generates revenue from TV production rather than films. Such shows, however, involve higher budgets and revenue than films in Singapore and Malaysia. Management hopes that successful production in smaller markets, particularly Chinese-speaking ones, can be pitched and replicated in its larger markets. To this purpose, it has set up offices in Singapore, Malaysia, Hong Kong, Taiwan and China. It is also expanding in non-Chinese-speaking markets such as Korea, Japan, Thailand and India. The US presence is a hybrid with areas with large Chinese-speaking communities being the target.

Figure 14: Core business revenue breakdown (SGD m) increasingly reflects North Asian expansion



Source: Company data

mm2's productions compete with the global offerings of major film and TV studios but its distribution and cinema segments offer a measure of visibility for its film releases so as to avoid scheduling clashes. Online / digital content competition is an increasing threat but the group is actively exploring its own options on such platforms.

4.2 Event & concert production & promotion

Living in UnUsUal times. mm2 acquired its stake in UnUsUal Ltd in August 2016 by taking a 51% stake in UNU's unlisted parent company, UnUsUal Management. On 16 Apr 2018, UnUsUal Management sold down a 5.4% stake in UNU for SGD25.8m to His Royal Highness Prince Abdul Qawi of Brunei and a regional SMID fund, R3 Asian Gems. This was to accommodate them as strategic investors. Following this sale, UnUsUal Management's stake has shrunk to 76.79% from 82.18%, with mm2's effective stake in UNU now at 39.2%. We estimate mm2 could book a SGD11.9m gain from the above stake sale in FY19E, based on the shares' Dec 2017 book value. Other methodologies could yield lower gains but they should all be booked as exceptional items.

Figure 15: Potential gain from UNU stake sale*

Gross proceeds	13.2
Based on book value of stake as of end-Dec 2017	11.9
Based on IPO value of stake	7.5
Based on market value of stake as of end-Mar 2017	-

Source: Company data, Maybank Kim Eng

**From mm2's 51% stake in UnUsUal Management*

UNU was listed on Catalist in Apr 2017. It began as a sound, lighting and visual (SLV) equipment provider in Singapore but ventured into event production in 1997. It was eventually vertically integrated with promotion and venue-management operations it acquired in 2003 and 2005, respectively. The company has handled events in Hong Kong, Malaysia, China, and Taiwan for various artistes such as Air Supply, Andy Lau, Cesar Millan, Chang Hui Mei, G.E.M, Hillsong, Jacky Cheung, Jay Chou, JJ Lin, Kim Soo Hyun, Lee Min Ho, Lionel Richie, Mariah Carey, Michael Bublé, Park Bo Gum, Pet Shop Boys, S.H.E., Stefanie Sun, Rain and Yanni.

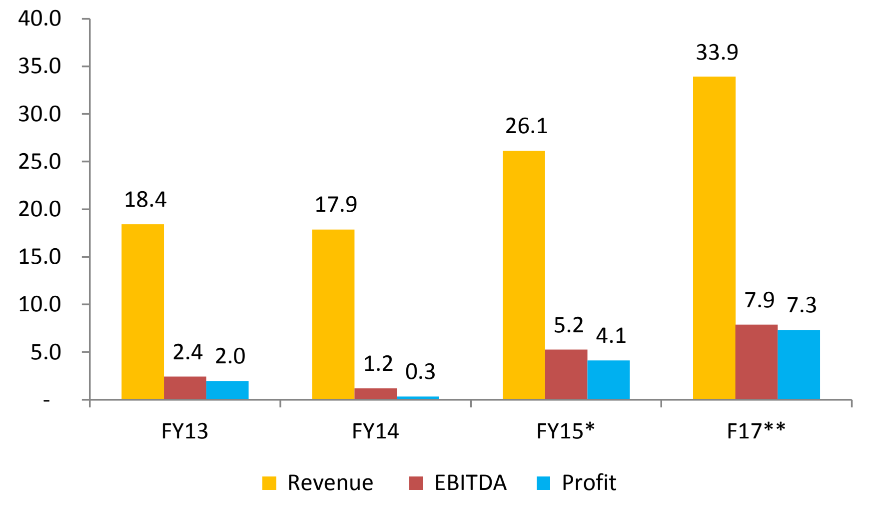
In Singapore, management sees no major competitor that can match UnUsUal's track record and relationships with artistes and their intermediaries. However, there are no published statistics that can measure its market share. Management believes part of its current momentum with artistes and event producers stems from its Catalist listing, which anchors the company's position as a legitimate player for the long haul, particularly in new markets.

In Oct 2017, management announced the signing of a letter of intent with unlisted Feld Entertainment to present 48 Disney On Ice shows in Korea and Taiwan. The same disclosure mentioned that UnUsUal would "look forward to more collaborations" with Feld. Management hopes to roll out more family-oriented entertainment shows on its own or with other partners.

From 20-30 shows a year, UnUsUal aims to scale up through regional expansion and partnerships to a medium-term target of 100-200 eventually.

Revenue upside will also be explored through special benefits and access type of ticketing such as backstage passes and artiste interaction during an event.

Figure 16: UnUsUal's financials (SGD m) are improving



Source: Company data
**Up to FY15, UNU's fiscal year-end was December*
***FY17 changed to fiscal year-end Mar. FY17 financials are composed of Jan 2016 to Mar 2017 financials. No FY16 financials have been provided.*

4.3 Cinema

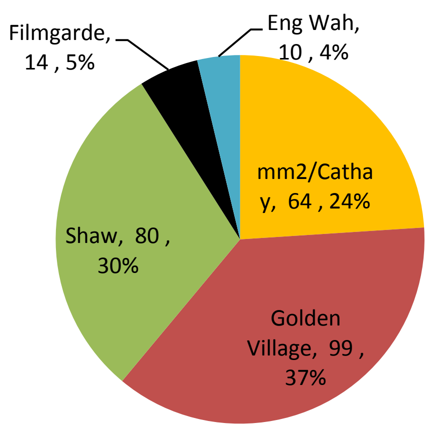
Following its acquisition of 100% of Cathay Cineplexes in Singapore on 24 Nov 2017, mm2 is now the second-largest cinema operator in Singapore with 64 screens and 11,364 seats. It is the fourth-largest in Malaysia. The balance of SGD215m from its SGD230m purchase price at 48x FY17 P/E is due for payment in May 2018. mm2 will fall back on a mix of debt and internal funding. Equity-based funding is not anticipated as the cinema business generates positive cash flows. On 7 Feb 2018, the company issued SGD48m of convertible notes and bonds to fund its wholly-owned cinema subsidiary, MM Connect, with a 2% coupon. This is payable in three years or if and when MM Connect is listed. In the latter scenario, holders can opt to convert to equity stakes and sell through the IPO. On 10 Mar 2018, the company also announced a USD300m multi-currency medium-term note programme. Proceeds will probably be utilised for the balance of its Cathay payment and potential acquisitions. Our forecasts only anticipate an additional SGD100m of financing being utilized.

Although traditional media and entertainment is under global threat from digital substitutes and piracy, screens and box office in Asia in general and China in particular continue to grow.

Cinema still has legs. For certain genres and theatre set-ups, the communal experience of the big screen and snack amenities available from the confectionary provide a form of family entertainment. Studies by Forbes in Oct 2017 and Movio in Jun 2016 suggest that cinema attendance remained healthy even among US millennials. Movio estimated that millennials accounted for 29% of box-office receipts and 31% of cinema-loyalty programmes.

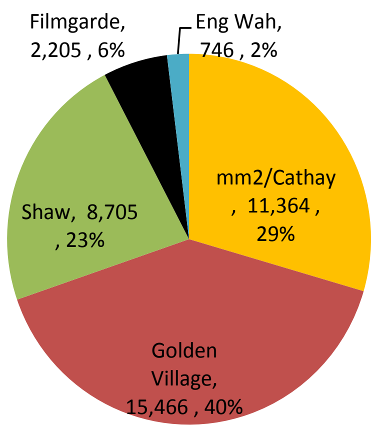
In 2017, Cathay had 24% of Singapore's 235 industry screens. Screens in the country grew by a 5.1% CAGR over 2012-2017, with seats increasing 0.8%. Within the period, however, seat occupancy fluctuated. This likely tracked a reconfiguration of cinemas for more premium seats. mm2 aims to improve Cathay's EBITDA and returns by focussing on operating cost efficiency and unlocking more revenue opportunities in developing its confectionery operations. Specifically, it plans to: 1) introduce more online and mobile app promotions and ease their use; 2) increase contributions from advertisements / confectionery / F&B and advertising divisions; and 3) increase distribution revenue by negotiating with international film distributors. Management ideally would like to raise F&B to 30% of cinema revenue from 10% and hit a 20% EBITDA margin.

Figure 17: Singapore cinema-screen market shares in 2017: a tight race for second place…



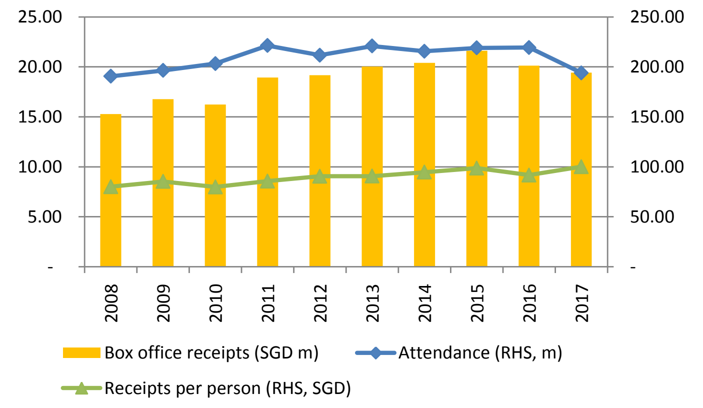
Source: IMDA

Figure 18: Singapore cinema-seating market shares in 2017: more marked difference in market share



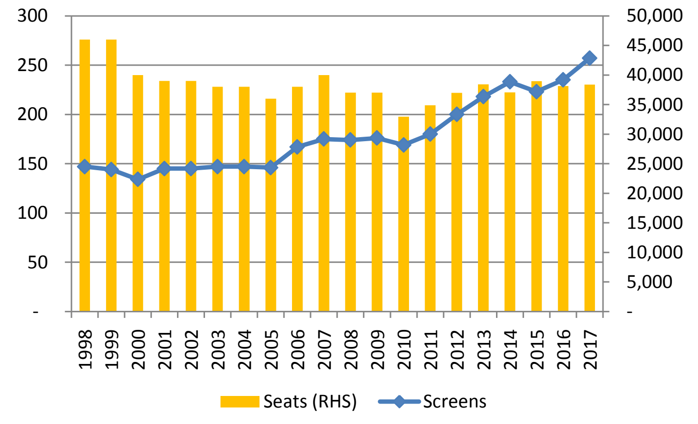
Source: IMDA

Figure 19: Singapore box-office receipts and attendance: volatile ride up since 2008



Source: IMDA

Figure 20: Singapore cinema screens and seats: screen growth likely driven by premium seating



Source: IMDA

4.4 Post-production

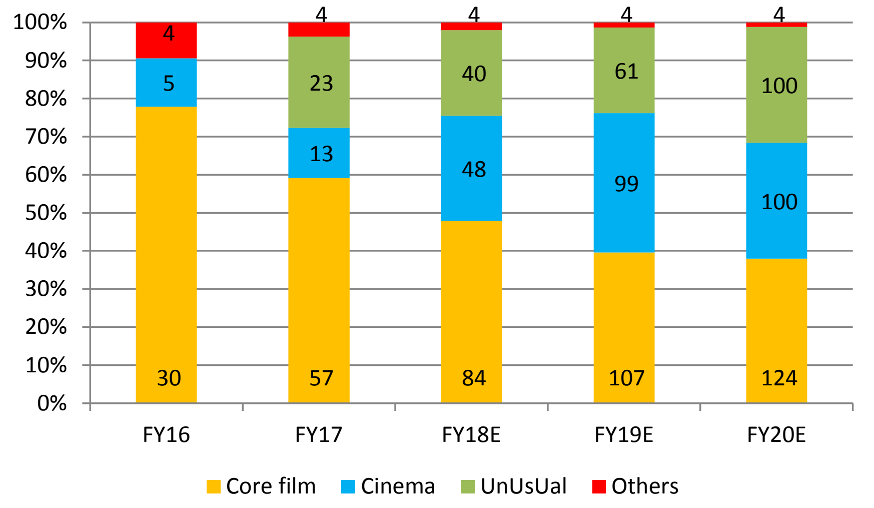
Planned listing to fund expansion. Unlisted 51%-owned subsidiary, Vividthree Productions, is a post-production studio with 3D-animation, computer-generated-imagery and visual-effects (VFX) capabilities. In FY17, it was behind 4% of group revenue and gross profits. Management announced plans to list this on Catalist to raise funds for its growth in Jan 2018. We have not factored in any IPO, expansion or new businesses in this note.

5. Financial Analysis

5.1 P&L analysis: core to lead the way

We estimate that Cathay's full-year consolidation will form 37% of group revenue vs 40% from mm2's core film business by FY19E. This is despite our forecast of the core business growing at a healthy double digit pace. With cinema growth generally low, we do not see it keeping pace with the rest of mm2's businesses after FY19E. It is UNU that we forecast will eventually achieve economies of scale that will enable it to pull in line with the cinema business by FY20E at 30% of revenues and pull ahead of all businesses by FY21E at 38% of revenues. On balance, we believe mm2's acquisitions have reduced its earnings volatility through vertical and horizontal integration. An added bonus is that both its film and event businesses are in a high-growth stage.

Figure 21: Revenue breakdown (SGD m): improving distribution while maintaining overall growth

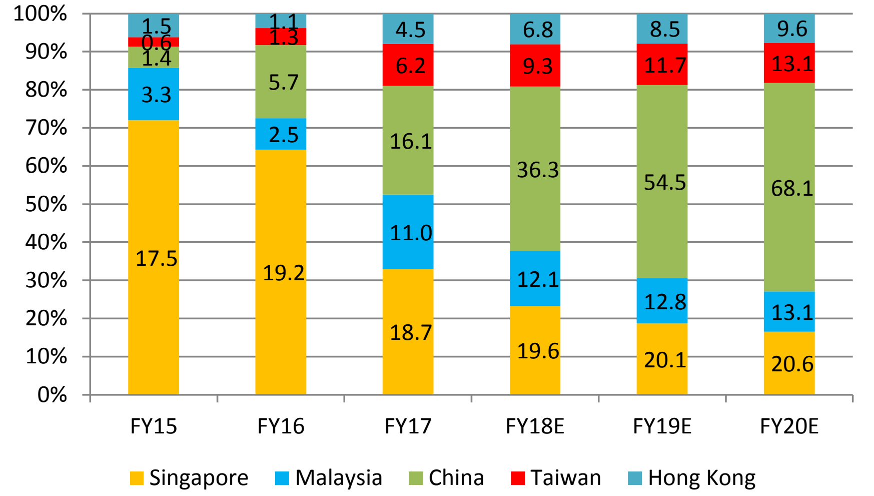


Source: Company data, Maybank Kim Eng

5.2 Film: there's no business like show business

We forecast a 3-year revenue CAGR of 17% for FY18-21E as mm2 continues to expand in North Asia. North Asia accounted for 48% of film revenue in FY17. This should increase to 75% by FY21E. With Singapore and Malaysia being well-tapped, breaking into various Chinese cities will be key, in our view, especially as management aims to maintain its 18-month, 35-40 production pipeline and increase revenue through project budget rather than volume. Among all its businesses, film is most susceptible to demand and returns volatility, in our view. This is because a movie's appeal can differ from country to country and city to city and with time. Our forecast of North Asia's revenue weight at 75% is below management's long-term target of 80-90%.

Figure 22: Core film revenue (SGD m): North Asia expansion is crucial to our forecasts



Source: Company data, Maybank Kim Eng

Scale matters. We assume that China will provide the bulk of growth. mm2's mature markets of Singapore and Malaysia only provide 2% and 3% of our 28% revenue CAGR for FY18-21E. Core film revenue CAGR is assumed at 17%. The budget per production the film division team bags in the various countries provides the volatility to such expectations.

Figure 23: Revenue growth moderating, though it should still be healthy from FY19E

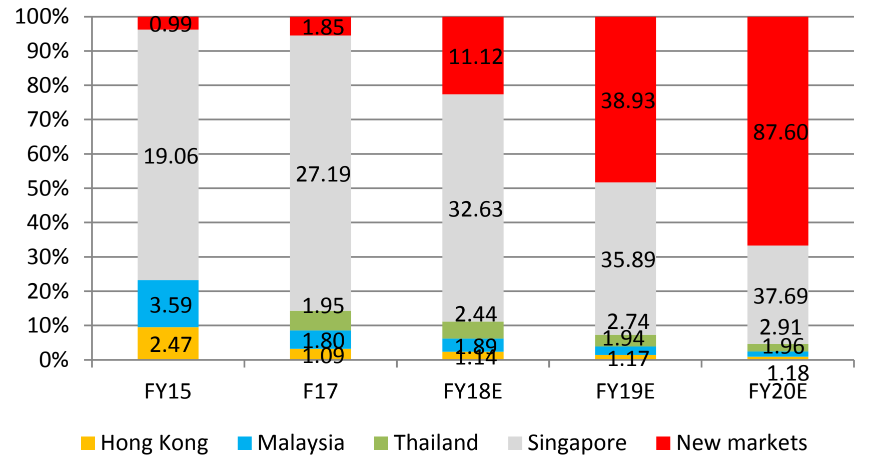
	FY16	FY17	FY18E	FY19E	FY20E	FY21E	FY18E-FY21E CAGR
Singapore	9.6%	-2.5%	5.0%	2.5%	2.5%	2.5%	2.5%
Malaysia	-25.6%	345.7%	10.0%	5.0%	2.5%	2.5%	3.3%
China*	319.1%	183.1%	125.0%	50.0%	25.0%	12.5%	28.2%
Taiwan*	121.2%	363.8%	50.0%	25.0%	12.5%	6.3%	14.3%
Hong Kong*	-24.7%	299.4%	50.0%	25.0%	12.5%	6.3%	14.3%
Total	**22.9%**	**89.7%**	**48.7%**	**27.7%**	**15.8%**	**8.7%**	**17.1%**

Source: Company data, Maybank Kim Eng
** North Asia focus targets*

5.3 UnUsUal's returns generated by usual preferences

We are more bullish on events and concerts under UNU. We have a 3-year revenue CAGR of 53% for UnUsual Management for FY18E-21E. This implies it would overtake film's growth by FY21E. We forecast it will account for 38% of consolidated revenue by then, from 24% in FY17. Growth sources are anticipated from: 1) scaling up production from 20-30 shows a year to 100-200; 2) using known artistes or franchises rather than testing new waters as in the case of film; and 3) more avenues to slice and dice low- to high- income segments to generate additional revenue. Via its recent Disney on Ice breakthrough deal in Korea, UNU is likely to increase its regional exposure.

Figure 24: UNU's regional expansion is expected to power its production and scale up revenue (SGD m)



Source: Company data, Maybank Kim Eng

Produce, co-produce or manage? We believe UNU has the fastest growth potential of mm2's businesses. Its growth should be led by new markets such as Korea and is reflected in our assumptions of a 57% overall revenue CAGR for FY18E-21E. We expect UNU to account for the bulk of revenue by FY21E. Management's 100-200-shows-a-year target implies 49-115% volume growth for UNU. We assume that revenue from new markets will grow by a 134% CAGR. Aside from Korea, management intends to penetrate China, the Philippines and Australia. In order to increase its number of shows, UNU is discussing with potential local partners for co-production or pure event management. Its eventual ratio of full production to pure event management could shape its revenue and margin outlook. Pure event management bears lower revenue and margins but carries lower operating and cash-flow risks.

Figure 25: Regional revenue growth should be determined by new markets

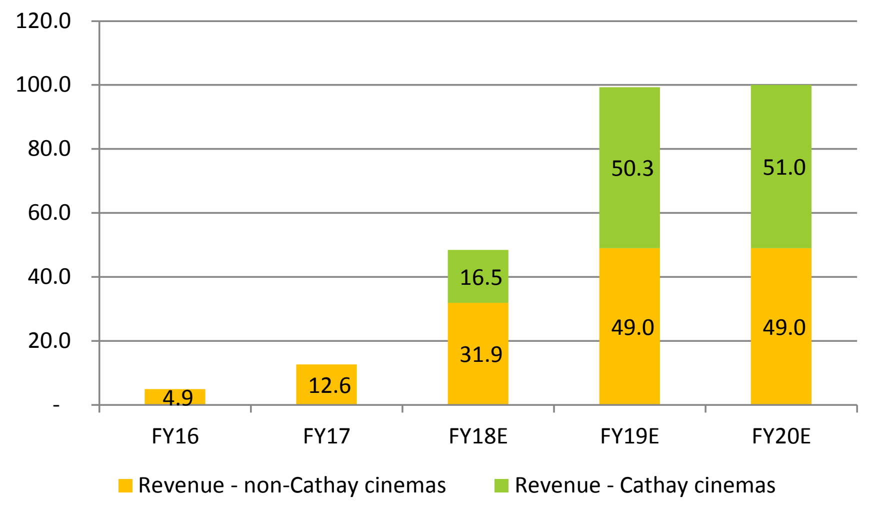
	FY17	FY18E	FY19E	FY20E	FY21E	FY18E-FY21E CAGR
Singapore	42.6%	20%	10.0%	5.0%	2.5%	1.5%
Malaysia	-49.7%	5%	2.5%	1.3%	0.6%	1.5%
Hong Kong	-56.0%	5%	2.5%	1.3%	0.6%	7.2%
Thailand	0.0%	25%	12.5%	6.3%	3.1%	5.8%
New markets	87.3%	500%	250.0%	125.0%	62.5%	133.9%
Total revenue growth	38.7%	46.6%	65.4%	63.7%	42.9%	57.0%

Source: Company data, Maybank Kim Eng

5.4 Cinema provides stable cash flows

M&A growth with potential EBITDA upside. Cinema revenue should stem from the 4-month consolidation of its Cathay acquisition in FY18E and full-year consolidation subsequently. FY18E revenue should also be supported by its acquisition of Lotus Fivestar cinemas. Subsequent to FY19E, we assume no further acquisitions. FY19E growth should derive from its confectionery business where management aims to create value as explained in the previous section. Management is also exploring avenues for cost efficiency for the newly acquired cinemas to further improve the segment's EBITDA margin. Management also indicates that direct involvement in its cinema business gives it the benefit of foresight of potential competition from major films. It can then adjust its release schedules accordingly.

Figure 26: Cinema revenue (SGD m) to be anchored by Cathay

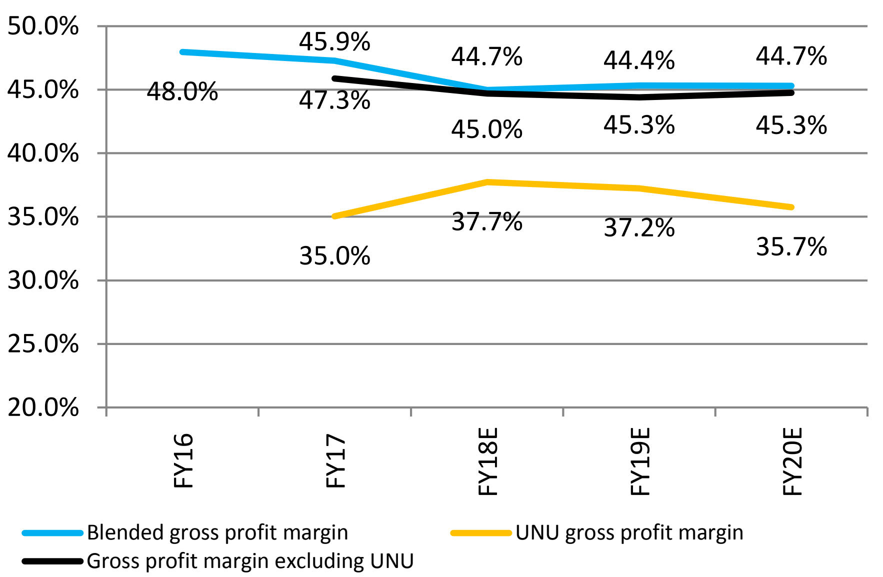


Source: Company data, Maybank Kim Eng

5.5 Margins

First lower, then stable. We expect lower margins from UNU and cinema to dilute the group's gross profits and EBITDA margins in FY18E, as they become larger parts of the pie. As all its three businesses build scale and manage costs after FY19E, we forecast margin enhancement and stable gross margins.

Figure 27: Margins could dip in FY18E from cinema absorption before film and UNU revenue scales up



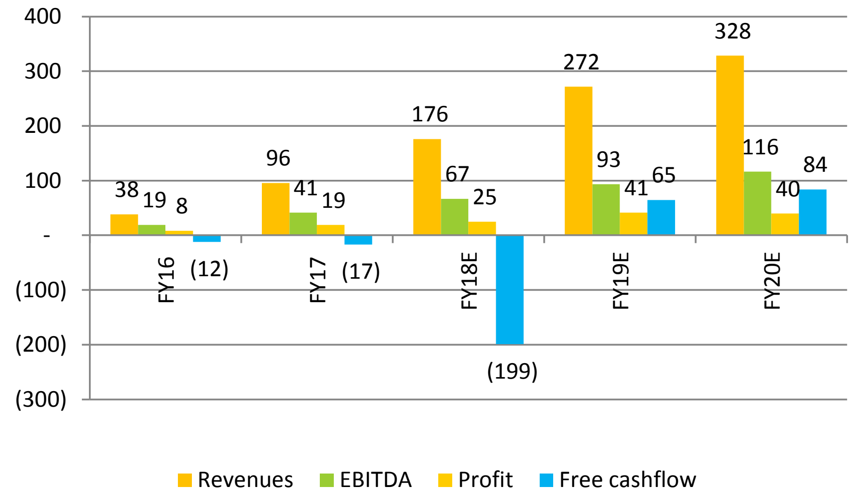
Source: Company data, Maybank Kim Eng

Revenue and margins can diverge from expectations if its mix of wholly-produced versus partnered films / shows and distribution changes. The latter carries lower revenue and margins but also lower execution risks. In film, management is open to taking direct 10% or less equity stakes in productions which offer upside potential.

5.6 Cash-flow analysis

With full payment for its Cathay acquisition due in FY19E, we forecast negative FCF for FY19E. This would put the company in net debt of SGD64m for 22% net gearing or 0.7x net debt/EBITDA. We estimate that its balance sheet would revert to net cash in subsequent years. We have not included further acquisitions or stake sales.

Figure 28: FCF (SGD m) to resume growth in FY19E



Source: Company data, Maybank Kim Eng

In the event that it utilises its remaining SGD200m credit facility in FY19E and assuming no immediate contributions from any assets acquired with this facility, gearing would balloon to 89% instead of 22%. Net debt to EBITDA would surge to 2.8x from 0.7x. Strong cash flows, however, should bring this down in the next two years.

Figure 29: Balance-sheet risk: assuming full deployment of credit facility without additional cash flows from any new ventures

	FY19E	FY20E	FY21E
Net debt / equity (%) - current	21.7%	net cash	net cash
Net debt / EBITDA (x) - current	0.7	net cash	net cash
Net debt / equity (%) - if facility used	89.4%	45.8%	11.7%
Net debt / EBITDA (x) - if facility used	2.8	1.6	0.5

Source: Company data, Maybank Kim Eng

Given management's deal-making history, we have not assumed cash dividends.

6. Appendix

6.1 What's in it for the Singapore film investor?

Although mm2 produces rather than invests in films, it is not immune to film-investment risks. If box-office hits are few and far between or worse, if its movies lose money, the sustainability of its production work is at risk. Our discussions with management indicate that Singapore's box-office hit rate is typically less than 10%. The remaining 90% of the country's movie releases are about evenly distributed between losses, breakeven and profitability.

Government grants and subsidies can help film profitability. mm2 does not utilise these any more but SME investors in a film can access this funding. Content distributors and providers like StarHub do as well.

Other investors in Singapore films include private-equity funds that invest regionally and are also a source of cross-fertilisation, as they seek to link mm2's talents and services with investments elsewhere.

To participate in successful film franchises like mm2's "Ah Boys to Men", which ran its fourth instalment in 2017, investors may need to seed other films as a package deal.

Management also pointed out that an unimpressive box office performance is not necessarily an investment loss as investors can participate in other revenue sources such as eventual TV telecasts, sponsorships and ads within a film.

Figure 30: Quarterly income statement

(end-Mar, SGD m)	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	QoQ	YoY	9MFY17	9MFY18	YoY
Total revenue	13.4	21.6	18.0	42.6	24.6	31.4	52.39	66.9%	190.4%	53.1	108.4	104.3%
Cost of sales	(3.4)	(11.9)	(9.2)	(26.0)	(9.3)	(16.8)	(28.22)	-68.1%	-207.9%	(24.4)	(54.3)	122.1%
Gross profit	**10.1**	**9.7**	**8.9**	**16.6**	**15.4**	**14.6**	**24.17**	**65.4%**	**172.4%**	**28.6**	**54.1**	**89.1%**
Gross profit margin	*75.0%*	*44.8%*	*49.2%*	*39.0%*	*62.4%*	*46.5%*	*46.1%*			*53.9%*	*49.9%*	
Administrative expenses	(3.5)	(5.3)	(4.9)	(5.5)	(5.6)	(6.7)	(14.24)	112.8%	191.2%	(13.7)	(26.6)	93.9%
Amortization of film rights	(1.0)	(1.0)	(3.3)	(7.9)	(0.5)	(0.6)	(2.3)	281.9%	-29.3%	(5.2)	(3.4)	-34.9%
Amortization of other film	(0.0)	(0.4)	(0.5)	0.2	(0.2)	(0.5)	(0.5)	10.9%	17.1%	(0.9)	(1.3)	45.2%
Depreciation of PPE	(0.2)	(0.3)	(0.3)	(0.8)	(0.7)	(0.7)	(1.5)	104.0%	410.5%	(0.8)	(2.9)	257.9%
Allowance for impairment												
EBIT	**6.6**	**4.4**	**4.0**	**11.1**	**9.7**	**7.9**	**9.9**	**25.4%**	**149.4%**	**14.9**	**27.6**	**84.6%**
Other income	0.0	0.2	0.2	(0.2)	0.2	0.4	0.1	-63.2%	-31.7%	0.4	0.8	100.8%
Other gains and losses	(0.0)	(0.2)	0.9	(0.5)	(0.2)	0.1	0.4	347.5%	-61.6%	0.7	0.2	-65.4%
Associate income	-	-	-	(0.0)	(0.0)	(0.2)	0.2	-193.1%	-	-	(0.0)	
Finance expenses	(0.2)	(1.0)	0.7	(0.2)	(0.2)	(0.2)	(0.2)	3.8%	-133.4%	(0.5)	(0.6)	30.2%
Profit before tax	**6.4**	**3.4**	**5.8**	**10.3**	**9.6**	**8.0**	**10.4**	**29.8%**	**79.6%**	**15.6**	**27.9**	**79.4%**
Tax	(1.3)	(0.7)	(0.9)	(1.0)	(1.8)	(1.6)	(1.9)	15.4%	111.7%	(2.9)	(5.3)	86.3%
Profit before minorities	**5.2**	**2.7**	**4.9**	**9.3**	**7.8**	**6.3**	**8.5**	**33.6%**	**73.7%**	**12.7**	**22.6**	**77.9%**
Minority interest	(0.3)	(0.7)	(0.7)	(1.7)	(1.4)	(1.8)	(2.0)	16.8%	203.4%	(1.6)	(5.2)	228.3%
Reported profit	**4.9**	**2.0**	**4.2**	**7.6**	**6.4**	**4.6**	**6.4**	**40.0%**	**52.9%**	**11.1**	**17.4**	**56.5%**

Source: Company data

Figure 31: Income statement

(end-Mar, SGD m)	FY16	FY17	FY18E	FY19E	FY20E
Revenue					
Core business	29.84	56.61	84.20	107.48	124.43
Post production	3.62	3.52	3.60	3.69	3.79
Cinema operation	4.88	12.60	48.45	99.31	100.06
Event production and concert	-	22.96	39.51	61.05	99.95
Others	-	0.04	0.04	0.04	0.04
Total revenue	**38.34**	**95.72**	**175.79**	**271.56**	**328.26**
Expenses					
Production and distribution of film	(9.13)	(15.89)	(23.63)	(30.16)	(34.92)
Artistes' fees	-	(5.10)	(8.03)	(13.74)	(24.99)
Concert hosting/manpower	-	(6.72)	(8.89)	(12.21)	(19.99)
Equipment rental	-	(0.52)	(1.38)	(3.05)	(5.00)
Employee compensation	(4.36)	(10.00)	(18.37)	(28.38)	(32.67)
Travel and transport	(0.18)	(0.84)	(1.54)	(2.38)	(2.88)
Film rental	(1.81)	(4.30)	(17.19)	(34.57)	(34.15)
Rent	(1.22)	(3.02)	(5.55)	(8.58)	(10.37)
Professional fees	(1.30)	(1.57)	(6.02)	(12.34)	(12.43)
Utilities	(0.29)	(0.87)	(3.36)	(6.89)	(6.94)
Cleaning services	(0.11)	(0.27)	(1.04)	(2.14)	(2.15)
Upkeep of PPE	(0.24)	(0.83)	(3.18)	(6.03)	(5.58)
Halls expenditure	-	(0.81)	(2.26)	(3.05)	(4.00)
Royalties	-	(0.42)	(0.42)	(0.66)	(1.07)
Inventory - net	(0.24)	(1.15)	(4.41)	(8.54)	(8.10)
Others	(0.25)	(1.99)	(3.65)	(5.63)	(6.81)
Total cash expenses	**(19.12)**	**(54.30)**	**(108.93)**	**(178.35)**	**(212.04)**
Gross profit	**18.39**	**45.25**	**79.07**	**123.10**	**148.70**
Gross profit margin	*48.0%*	*47.3%*	*45.0%*	*45.3%*	*45.3%*
Administrative expenses	(8.30)	(19.20)	(41.77)	(72.99)	(84.25)
EBITDA	**19.22**	**41.43**	**66.86**	**93.22**	**116.22**
EBITDA margin	*50.1%*	*43.3%*	*38.0%*	*34.3%*	*35.4%*
Amortization of film rights	(8.44)	(13.08)	(25.88)	(35.25)	(38.75)
Amortization of other film	(0.02)	(0.69)	(1.24)	(1.85)	(2.04)
Depreciation of PPE	(0.53)	(1.58)	(2.38)	(5.90)	(10.86)
Allowance for impairment	(0.14)	(0.04)	(0.07)	(0.10)	(0.12)
EBIT	**10.09**	**26.05**	**37.30**	**50.11**	**64.44**
Other income	0.05	0.17	0.17	0.17	0.17
Other gains and losses	0.24	0.24	0.24	12.19	0.24
Associate income	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)
Finance expenses	(0.39)	(0.62)	(3.44)	(6.42)	(6.44)
Effective interest	-23.1%	-8.4%	-4.0%	-4.0%	-4.0%
Profit before tax	**9.99**	**25.84**	**34.27**	**56.05**	**58.41**
Tax	(1.10)	(3.85)	(5.10)	(8.34)	(8.70)
Profit before minorities	8.89	21.99	29.17	47.70	49.71
Minority interest	(0.72)	(3.23)	(4.22)	(6.41)	(10.03)
Reported profit	**8.18**	**18.76**	**24.95**	**41.29**	**39.69**
Exceptional item adjustments	-	-	-	(10.17)	-
Core profit	**8.18**	**18.76**	**24.95**	**31.12**	**39.69**

Source: Company data, Maybank Kim Eng

Figure 32: Balance sheet

(end-Mar, SGD m)	FY16	FY17	FY18E	FY19E	FY20E
Current assets					
Cash	4.74	25.76	38.60	96.69	174.17
Trade and other receivables	24.42	46.27	76.76	100.98	123.22
Inventories and WIP	0.26	0.65	1.40	2.39	3.30
Film products and production	9.83	23.39	34.79	44.41	51.42
Income tax recoverable	-	0.01	0.02	0.03	0.04
Non-current assets					
Available for sale	0.25	-	-	-	-
Investments in subsidiaries	-	-	-	-	-
Investments in associates	-	1.49	1.49	1.49	1.49
Property, plant and equip	3.65	11.18	27.74	51.09	81.52
Goodwill	13.99	43.82	273.82	272.61	272.61
Film rights	8.81	5.56	10.64	16.45	20.92
Film intangibles and inventories	2.28	3.51	3.51	3.51	3.51
Software development	0.20	0.25	0.25	0.25	0.25
Deferred tax assets	0.55	0.68	0.68	0.68	0.68
Total assets	**68.99**	**162.57**	**469.70**	**590.59**	**733.14**
Current liabilities					
Trade and other payables	23.81	46.64	87.58	122.20	149.82
Current tax liabilities	3.05	5.60	5.60	5.60	5.60
Deferred income	0.56	2.92	2.92	2.92	2.92
Progress billing	0.60	0.75	0.75	0.75	0.75
Short-term borrowings	0.23	6.22	6.79	7.36	7.93
Non-current liabilities	3.57	5.96	155.10	156.39	157.68
Long-term borrowings	2.82	5.46	153.32	153.32	153.33
Deferred tax liabilities	0.75	0.50	1.78	3.07	4.35
Total liabilities	**31.82**	**68.10**	**258.74**	**295.22**	**324.70**
Share capital	56.98	88.21	155.86	155.86	155.86
Reserves	(37.66)	(37.30)	(17.63)	19.08	82.44
Retained profits	16.86	35.62	60.57	101.86	141.55
Minority interests	0.98	7.94	12.16	18.57	28.60
Total equity	37.17	94.48	210.96	295.37	408.44
Total liabilities and equity	**68.99**	**162.57**	**469.70**	**590.59**	**733.14**

Source: Company data, Maybank Kim Eng

Figure 33: Cashflow

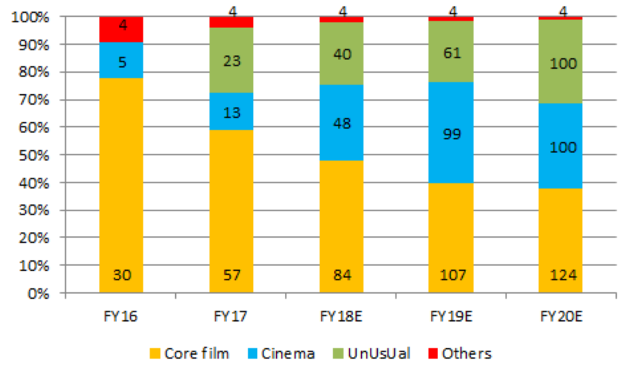
(end-Mar, SGD m)	FY16	FY17	FY18E	FY19E	FY20E
Net profit	8.18	18.76	24.95	41.29	39.69
Income tax expense	1.10	3.85	5.10	8.34	8.70
Depreciation and amortization	9.13	15.38	29.56	43.11	51.78
Finance expense	0.38	0.59	3.44	6.42	6.44
Share of loss of associate	0.00	0.01	0.01	0.01	0.01
Allowance for impairment	0.14	0.04	0.07	0.10	0.12
Others	0.64	3.83			
Income tax paid	(0.09)	(1.96)	(5.10)	(8.34)	(8.70)
Change in working capital	(22.57)	(30.77)	(3.01)	(2.17)	(4.69)
Trade and other receivables	(2.95)	(8.38)	(30.49)	(24.22)	(22.24)
Inventories and WIP	(0.05)	(0.39)	(0.75)	(0.99)	(0.90)
Film products and production	(15.99)	(23.09)	(11.40)	(9.62)	(7.01)
Film intangibles	(2.26)	(1.97)	(1.31)	(1.96)	(2.16)
Trade and other payables	(1.13)	0.55	40.94	34.62	27.62
Deferred income	(0.59)	2.37	-	-	-
Progress billing	0.39	0.15	-		
Net cash from operations	**(3.10)**	**9.72**	**55.01**	**88.75**	**93.34**
Acquisition of subsidiary	(0.60)	(6.00)	-	-	-
Addition to film rights	-	(0.42)	(5.08)	(5.81)	(4.48)
Addition to software development	(0.00)	(0.05)			
Addition to PPE	(1.08)	(9.68)	(8.79)	(13.58)	(16.41)
Deposit for acquisition	(0.08)	(0.50)			
Interest received	0.01	0.03			
Disposal of PPE	0.03	3.20			
Available for sale asset	(0.25)	0.28			
Acquisition of business asset	(7.03)	(3.94)	(230.00)		
Other operating activities	-	(9.36)	(10.36)	(4.86)	11.47
Net cash from investing activities	**(9.01)**	**(26.43)**	**(254.23)**	**(24.24)**	**(9.42)**
Fixed deposit	(0.44)	(0.36)			
Interest paid	(0.24)	(0.53)	(3.44)	(6.42)	(6.44)
Share issuance	6.22	18.04	67.64	-	-
Convertible bond issuance	5.48	10.50			
Borrowings	0.48	11.77	147.85	-	-
Repayment of borrowings	(0.28)	(1.45)			
Repayment of lease	(0.05)	(0.06)			
Net cash from financing activities	**11.17**	**37.91**	**212.06**	**(6.42)**	**(6.44)**
Net change in cash	**(0.94)**	**21.20**	**12.84**	**58.10**	**77.48**
Beginning cash	5.75	4.74	25.76	38.60	96.69
Currency effect on cash	(0.07)	(0.18)			
Ending cash	**4.74**	**25.76**	**38.60**	**96.69**	**174.17**

Source: Company data, Maybank Kim Eng

Value Proposition

- Vertically and horizontally integrated media and entertainment group.
- Pursuing regional expansion and new acquisitions for growth.
- Film, TV and event production and promotion to underpin growth. Cinema business to provide steady cash flows.
- FY19E PEG ratio of 0.7x based on FY18E-21E profit growth of 21% the stock is offering value against regional and global peers trading at a 2x PEG.

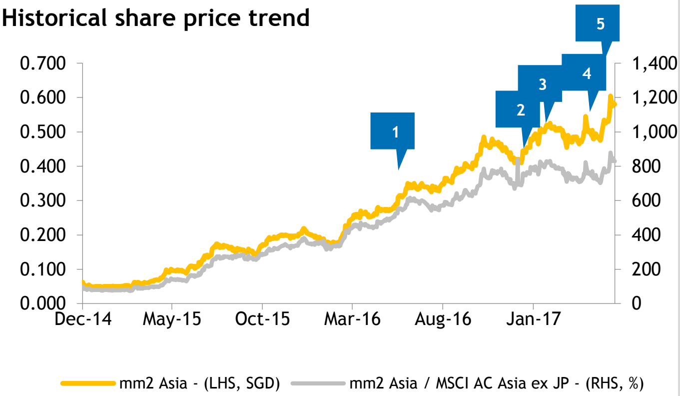
Diversified and growing media revenue base (SGD m)



Source: Company, Maybank Kim Eng estimates

Price Drivers

Historical share price trend



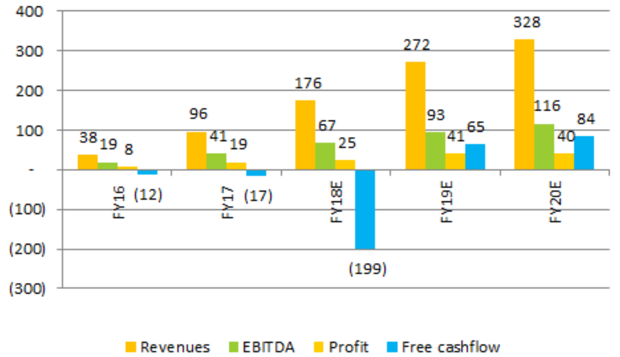
Source: Company, Maybank Kim Eng

1. StarHub acquired initial 8.8% stake in mm2.
2. IPO of subsidiary UnUsUal (UNU SP, Not Rated).
3. StarHub increased stake to 9.8%.
4. Deal to acquire Golden Village cinemas fell through.
5. Finalisation of Cathay Cineplex acquisition.

Financial Metrics

- Revenue and profit growth to come from recent acquisitions and organic growth at its core film business.
- Payment for Cathay acquisition to result in negative FCF & gearing in FY19E but reversal expected in FY20E from business expansion.
- Our forecasts do not account for further acquisitions or any listing gains from its currently unlisted parts.

Scaling impact will raise FCF post acquisition digestion



Source: Company, Maybank Kim Eng estimates

Swing Factors

Upside

- A series of movie blockbusters whether in-house produced or distributed can produce positive surprises.
- More event production or co-production deals for UnUsUal for Disney shows and/or other big names in content can help it build scale faster.
- Successful listing of various components could unlock value.

Downside

- Worsening of content piracy, which would affect film, TV and cinema demand.
- Any issues in paying for remaining SGD215m for its Cathay acquisition.
- Unfavourable regulations in regional markets for its film expansion.

na

FYE 31 Mar	FY16A	FY17A	FY18E	FY19E	FY20E
Key Metrics					
P/E (reported) (x)	17.6	21.5	21.7	13.8	14.4
Core P/E (x)	53.0	26.5	21.7	18.3	14.4
Core FD P/E (x)	54.2	26.5	22.8	18.3	14.4
P/BV (x)	12.1	5.9	2.9	2.1	1.5
P/NTA (x)	41.4	12.1	2.9	2.1	1.5
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
FCF yield (%)	nm	nm	nm	11.3	14.7
EV/EBITDA (x)	12.3	11.4	10.1	7.0	5.0
EV/EBIT (x)	23.0	18.0	18.1	13.0	9.1
INCOME STATEMENT (SGD m)					
Revenue	38.3	95.7	175.8	271.6	328.3
Gross profit	17.9	45.3	79.1	123.1	148.7
EBITDA	19.2	41.4	66.9	93.2	116.2
Depreciation	(0.5)	(1.6)	(2.4)	(5.9)	(10.9)
Amortisation	(8.6)	(13.8)	(27.2)	(37.2)	(40.9)
EBIT	10.2	26.1	37.3	50.1	64.4
Net interest income /(exp)	(0.4)	(0.6)	(3.4)	(6.4)	(6.4)
Associates & JV	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income	0.3	0.4	0.4	12.4	0.4
Pretax profit	10.1	25.9	34.3	56.0	58.4
Income tax	(1.1)	(3.8)	(5.1)	(8.3)	(8.7)
Minorities	(0.7)	(3.2)	(4.2)	(6.4)	(10.0)
Perpetual securities	0.0	0.0	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	8.2	18.8	25.0	41.3	39.7
Core net profit	8.2	18.8	25.0	31.1	39.7
Preferred Dividends	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET (SGD m)					
Cash & Short Term Investments	4.7	25.8	38.6	96.7	174.2
Accounts receivable	24.4	46.3	76.8	101.0	123.2
Inventory	10.1	24.0	36.2	46.8	54.7
Reinsurance assets	0.0	0.0	0.0	0.0	0.0
Property, Plant & Equip (net)	3.6	11.2	27.7	51.1	81.5
Intangible assets	25.3	53.1	288.2	292.8	297.3
Investment in Associates & JVs	0.0	1.5	0.0	0.0	0.0
Other assets	0.8	0.7	2.2	2.2	2.2
Total assets	**69.0**	**162.6**	**469.7**	**590.6**	**733.1**
ST interest bearing debt	0.2	6.2	6.8	7.4	7.9
Accounts payable	23.8	46.6	87.6	122.2	149.8
LT interest bearing debt	2.8	5.5	153.3	153.3	153.3
Other liabilities	5.0	10.0	11.0	12.0	14.0
Total Liabilities	**31.8**	**68.1**	**258.7**	**295.2**	**324.7**
Shareholders Equity	36.2	86.5	198.8	276.8	379.8
Minority Interest	1.0	7.9	12.2	18.6	28.6
Total shareholder equity	**37.2**	**94.5**	**211.0**	**295.4**	**408.4**
Perpetual securities	0.0	0.0	0.0	0.0	0.0
Total liabilities and equity	**69.0**	**162.6**	**469.7**	**590.6**	**733.1**
CASH FLOW (SGD m)					
Pretax profit	10.1	25.9	34.3	56.0	58.4
Depreciation & amortisation	9.0	15.3	29.6	43.1	51.8
Adj net interest (income)/exp	0.4	0.6	3.4	6.4	6.4
Change in working capital	(22.6)	(30.8)	(3.0)	(2.2)	(4.7)
Cash taxes paid	1.0	1.9	0.0	0.0	0.0
Other operating cash flow	0.8	3.9	0.1	0.1	0.1
Cash flow from operations	(3.1)	9.7	55.0	88.8	93.3
Capex	(1.1)	(9.7)	(8.8)	(13.6)	(16.4)
Free cash flow	(12.1)	(16.7)	(199.2)	64.5	83.9
Dividends paid	0.0	0.0	0.0	0.0	0.0
Equity raised / (purchased)	11.7	28.5	67.6	0.0	0.0
Perpetual securities	0.0	0.0	0.0	0.0	0.0
Change in Debt	(0.2)	10.0	147.9	0.0	0.0
Perpetual securities distribution	(0.1)	(0.1)	0.0	0.0	0.0
Other invest/financing cash flow	(8.2)	(17.3)	(248.9)	(17.1)	0.6
Effect of exch rate changes	(0.1)	(0.2)	0.0	0.0	0.0
Net cash flow	(1.0)	21.0	12.8	58.1	77.5

FYE 31 Mar	FY16A	FY17A	FY18E	FY19E	FY20E
Key Ratios					
Growth ratios (%)					
Revenue growth	57.9	149.7	83.7	54.5	20.9
EBITDA growth	92.0	115.6	61.4	39.4	24.7
EBIT growth	52.7	154.5	43.0	34.3	28.6
Pretax growth	51.3	155.0	32.5	63.5	4.2
Reported net profit growth	60.8	129.4	33.0	65.5	(3.9)
Core net profit growth	60.8	129.4	33.0	24.7	27.5
Profitability ratios (%)					
EBITDA margin	50.1	43.3	38.0	34.3	35.4
EBIT margin	26.7	27.3	21.2	18.5	19.6
Pretax profit margin	26.5	27.0	19.5	20.6	17.8
Payout ratio	0.0	0.0	0.0	0.0	0.0
DuPont analysis					
Net profit margin (%)	21.3	19.6	14.2	15.2	12.1
Revenue/Assets (x)	0.6	0.6	0.4	0.5	0.4
Assets/Equity (x)	1.9	1.9	2.4	2.1	1.9
ROAE (%)	29.5	30.6	17.5	17.4	12.1
ROAA (%)	15.3	16.2	7.9	5.9	6.0
Liquidity & Efficiency					
Cash conversion cycle	3.5	3.4	(11.7)	(35.9)	(48.0)
Days receivable outstanding	211.3	132.9	126.0	117.8	122.9
Days inventory outstanding	130.7	121.8	112.1	100.6	101.8
Days payables outstanding	338.4	251.2	249.8	254.3	272.7
Dividend cover (x)	nm	nm	nm	nm	nm
Current ratio (x)	1.4	1.5	1.5	1.8	2.1
Leverage & Expense Analysis					
Asset/Liability (x)	2.2	2.4	1.8	2.0	2.3
Net gearing (%) (incl perps)	net cash	net cash	57.6	21.7	net cash
Net gearing (%) (excl. perps)	net cash	net cash	57.6	21.7	net cash
Net interest cover (x)	26.5	42.3	10.9	7.8	10.0
Debt/EBITDA (x)	0.2	0.3	2.4	1.7	1.4
Capex/revenue (%)	2.8	10.1	5.0	5.0	5.0
Net debt/ (net cash)	(1.7)	(14.1)	121.5	64.0	(12.9)

Source: Company; Maybank

Research Offices

REGIONAL

Sadiq CURRIMBHOY
Regional Head, Research & Economics
(65) 6231 5836
sadiq@maybank-ke.com.sg

WONG Chew Hann, CA
Regional Head of Institutional Research
(603) 2297 8686
wchewh@maybank-ib.com

ONG Seng Yeow
Regional Head of Retail Research
(65) 6231 5839
ongsengyeow@maybank-ke.com.sg

TAN Sin Mui
Director of Research
(65) 6231 5849
sinmui@kimeng.com.hk

ECONOMICS

Suhaimi ILIAS
Chief Economist
Malaysia | Philippines | China
(603) 2297 8682
suhaimi_ilias@maybank-ib.com

CHUA Hak Bin
Regional Thematic Macroeconomist
(65) 6231 5830
chuahb@maybank-ke.com.sg

LEE Ju Ye
Singapore
(65) 6231 5844
leejuye@maybank-ke.com.sg

Dr Zamros DZULKAFLI
(603) 2082 6818
zamros.d@maybank-ib.com

Ramesh LANKANATHAN
(603) 2297 8685
ramesh@maybank-ib.com

FX

Saktiandi SUPAAT
Head, FX Research
(65) 6320 1379
saktiandi@maybank.com.sg

Christopher WONG
(65) 6320 1347
wongkl@maybank.com.sg

Leslie TANG
(65) 6320 1378
leslietang@maybank.com.sg

Fiona LIM
(65) 6320 1374
fionalim@maybank.com.sg

STRATEGY

Sadiq CURRIMBHOY
Global Strategist
(65) 6231 5836
sadiq@maybank-ke.com.sg

Willie CHAN
Hong Kong / Regional
(852) 2268 0631
williechan@kimeng.com.hk

FIXED INCOME

Winson Phoon, ACA
(65) 6231 5831
winsonphoon@maybank-ke.com.sg

Se Tho Mun Yi
(603) 2074 7606
munyi.st@maybank-ib.com

MALAYSIA

WONG Chew Hann, CA *Head of Research*
(603) 2297 8686 wchewh@maybank-ib.com
• Strategy

Desmond CH'NG, ACA
(603) 2297 8680
desmond.chng@maybank-ib.com
• Banking & Finance

LIAW Thong Jung
(603) 2297 8688 tjliaw@maybank-ib.com
• Oil & Gas Services- Regional

ONG Chee Ting, CA
(603) 2297 8678 ct.ong@maybank-ib.com
• Plantations - Regional

Mohshin AZIZ
(603) 2297 8692 mohshin.aziz@maybank-ib.com
• Aviation - Regional • Petrochem

YIN Shao Yang, CPA
(603) 2297 8916 samuel.y@maybank-ib.com
• Gaming – Regional • Media

TAN Chi Wei, CFA
(603) 2297 8690 chiwei.t@maybank-ib.com
• Power • Telcos

WONG Wei Sum, CFA
(603) 2297 8679 weisum@maybank-ib.com
• Property

LEE Yen Ling
(603) 2297 8691 lee.yl@maybank-ib.com
• Building Materials • Glove • Ports • Shipping

Ivan YAP
(603) 2297 8612 ivan.yap@maybank-ib.com
• Automotive • Semiconductor • Technology

Kevin WONG
(603) 2082 6824 kevin.wong@maybank-ib.com
• REITs • Consumer Discretionary

LIEW Wei Han
(603) 2297 8676 weihan.l@maybank-ib.com
• Consumer Staples

Adrian WONG
(603) 2297 8675 adrian.wkj@maybank-ib.com
• Constructions • Healthcare

Jade TAM
(603) 2297 8687 jade.tam@maybank-ib.com
• Media • Building Materials

Mohd Hafiz Hassan
(603) 2082 6819 mohdhafiz.ha@maybank-ib.com
• Small & Mid Caps

TEE Sze Chiah *Head of Retail Research*
(603) 2082 6858 szechiah.t@maybank-ib.com

Nik Ihsan Raja Abdullah, MSTA, CFTe
(603) 2297 8694
nikmohdihsan.ra@maybank-ib.com

SINGAPORE

Neel SINHA *Head of Research*
(65) 6231 5838 neelsinha@maybank-ke.com.sg
• Strategy
• SMID Caps – *Regional*

CHUA Su Tye
(65) 6231 5842 chuasutye@maybank-ke.com.sg
• REITs

Derrick HENG, CFA
(65) 6231 5843 derrickheng@maybank-ke.com.sg
• Property • REITs (Office)

Luis HILADO
(65) 6231 5848 luishilado@maybank-ke.com.sg
• Telcos

John CHEONG, CFA
(65) 6231 5845 johncheong@maybank-ke.com.sg
• Small & Mid Caps • Healthcare • Transport

NG Li Hiang
(65) 6231 5840 nglihiang@maybank-ke.com.sg
• Banks

LAI Gene Lih
(65) 6231 5832 laigenelih@maybank-ke.com.sg
• Technology

HONG KONG / CHINA

Christopher WONG
(852) 2268 0652
christopherwong@kimeng.com.hk
• HK & China Properties

Jacqueline KO, CFA
(852) 2268 0633 jacquelineko@kimeng.com.hk
• Consumer Staples & Durables

Ka Leong LO, CFA
(852) 2268 0630 kllo@kimeng.com.hk
• Consumer Discretionary & Auto

Mitchell KIM
(852) 2268 0634 mitchellkim@kimeng.com.hk
• Internet & Telcos

Ricky NG, CFA
(852) 2268 0689 rickyng@kimeng.com.hk
• Regional Renewables
• HK & China Properties

Sonija LI, CFA, FRM
(852) 2268 0641 sonijali@kimeng.com.hk
• Gaming

Stefan CHANG, CFA
(852) 2268 0675 stefanchang@kimeng.com.hk
• Technology – *Regional*

Tony REN, CFA
(852) 2268 0640 tonyren@kimeng.com.hk
• Healthcare & Pharmaceutical

INDIA

Jigar SHAH *Head of Research*
(91) 22 6623 2632 jigar@maybank-ke.co.in
• Strategy • Oil & Gas • Automobile • Cement

Vishal MODI
(91) 22 6623 2607 vishal@maybank-ke.co.in
• Banking & Financials

Neerav DALAL
(91) 22 6623 2606 neerav@maybank-ke.co.in
• Software Technology • Telcos

Vishal PERIWAL
(91) 22 6623 2605 vishalperiwa@maybank-ke.co.in
• Infrastructure

INDONESIA

Isnaputra ISKANDAR *Head of Research*
(62) 21 8066 8680
isnaputra.iskandar@maybank-ke.co.id
• Strategy • Metals & Mining • Cement

Rahmi MARINA
(62) 21 8066 8689
rahmi.marina@maybank-ke.co.id
• Banking & Finance

Aurellia SETIABUDI
(62) 21 8066 8691
aurellia.setiabudi@maybank-ke.co.id
• Property

Janni ASMAN
(62) 21 8066 8687
janni.asman@maybank-ke.co.id
• Cigarette • Healthcare • Retail

PHILIPPINES

Minda OLONAN *Head of Research*
(63) 2 849 8840
minda_olonan@maybank-atrke.com
• Strategy

Katherine TAN
(63) 2 849 8843
kat_tan@maybank-atrke.com
• Banks • Construction

Luis HILADO
(65) 6231 5848 luishilado@maybank-ke.com.sg
• Telcos

Romel LIBO-ON
(63) 2 849 8844
romel_libo-on@maybank-atrke.com
• Property

THAILAND

Maria LAPIZ *Head of Institutional Research*
Dir (66) 2257 0250 | (66) 2658 6300 ext 1399
Maria.L@maybank-ke.co.th
• Strategy • Consumer • Materials • Ind. Estates
• Oil & Gas • Telcos

Sittichai DUANGRATTANACHAYA
(66) 2658 6300 ext 1393
Sittichai.D@maybank-ke.co.th
• Services Sector • Transport • Property • Telcos

Tanawat RUENBANTERNG
(66) 2658 6300 ext 1394
Tanawat.R@maybank-ke.co.th
• Banks & Diversified Financials

Ornmongkol TANTITANATORN
(66) 2658 6300 ext 1395
ornmongkol.t@maybank-ke.co.th
• Oil & Gas

Sukit UDOMSIRIKUL *Head of Retail Research*
(66) 2658 5000 ext 5090
Sukit.u@maybank-ke.co.th

Ekachai TARAPORNTIP *Deputy Head*
66) 2658 5000 ext 1530
Ekachai.t@maybank-ke.co.th

Surachai PRAMUALCHAROENKIT
(66) 2658 5000 ext 1470
Surachai.p@maybank-ke.co.th
• Auto • Conmat • Contractor • Steel

Suttatip PEERASUB
(66) 2658 5000 ext 1430
suttatip.p@maybank-ke.co.th
• Media • Commerce

Sutthichai KUMWORACHAI
(66) 2658 5000 ext 1400
sutthichai.k@maybank-ke.co.th
• Energy • Petrochem

Termporn TANTIVIVAT
(66) 2658 5000 ext 1520
termporn.t@maybank-ke.co.th
• Property

Jaroonpan WATTANAWONG
(66) 2658 5000 ext 1404
jaroonpan.w@maybank-ke.co.th
• Transportation • Small cap

Sorrabhol VIRAMETEEKUL
Head of Digital Research
(66) 2658 5000 ext 1550
sorrabhol.V@maybank-ke.co.th
• Food, Transportation

Wijit ARAYAPISIT
(66) 2658 5000 ext 1450
wijit.a@maybank-ke.co.th
• Strategist

VIETNAM

LE Hong Lien, ACCA
Head of Institutional Research
(84 28) 44 555 888 x 8181
lien.le@maybank-kimeng.com.vn
• Strategy • Consumer • Diversified

THAI Quang Trung, CFA,
Deputy Head, Institutional Research
(84 28) 44 555 888 x 8180
trung.thai@maybank-kimeng.com.vn
• Real Estate • Construction • Materials

LE Nguyen Nhat Chuyen
(84 28) 44 555 888 x 8082
chuyen.le@maybank-kimeng.com.vn
• Oil & Gas

NGUYEN Thi Ngan Tuyen,
Head of Retail Research
(84 28) 44 555 888 x 8081
tuyen.nguyen@maybank-kimeng.com.vn
• Food & Beverage • Oil&Gas • Banking

TRUONG Quang Binh,
Deputy Head, Retail Research
(84 28) 44 555 888 x 8087
binh.truong@maybank-kimeng.com.vn
• Rubber Plantation • Tyres & Tubes • Oil & Gas

TRINH Thi Ngoc Diep
(84 28) 44 555 888 x 8208
diep.trinh@maybank-kimeng.com.vn
• Technology • Utilities • Construction

NGUYEN Thi Sony Tra Mi
(84 28) 44 555 888 x 8084
mi.nguyen@maybank-kimeng.com.vn
• Port Operation • Pharmaceutical
• Food & Beverage

NGUYEN Thanh Lam
(84 28) 44 555 888 x 8086
thanhlam.nguyen@maybank-kimeng.com.vn
• Technical Analysis

APPENDIX I: TERMS FOR PROVISION OF REPORT, DISCLAIMERS AND DISCLOSURES

DISCLAIMERS

This research report is prepared for general circulation and for information purposes only and under no circumstances should it be considered or intended as an offer to sell or a solicitation of an offer to buy the securities referred to herein. Investors should note that values of such securities, if any, may fluctuate and that each security's price or value may rise or fall. Opinions or recommendations contained herein are in form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from the relevant jurisdiction's stock exchange in the equity analysis. Accordingly, investors' returns may be less than the original sum invested. Past performance is not necessarily a guide to future performance. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this report. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Maybank Investment Bank Berhad, its subsidiary and affiliates (collectively, "MKE") and consequently no representation is made as to the accuracy or completeness of this report by MKE and it should not be relied upon as such. Accordingly, MKE and its officers, directors, associates, connected parties and/or employees (collectively, "Representatives") shall not be liable for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this report. Any information, opinions or recommendations contained herein are subject to change at any time, without prior notice.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward-looking statements. MKE expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

MKE and its officers, directors and employees, including persons involved in the preparation or issuance of this report, may, to the extent permitted by law, from time to time participate or invest in financing transactions with the issuer(s) of the securities mentioned in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this report. One or more directors, officers and/or employees of MKE may be a director of the issuers of the securities mentioned in this report to the extent permitted by law.

This report is prepared for the use of MKE's clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of MKE and MKE and its Representatives accepts no liability whatsoever for the actions of third parties in this respect.

This report is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for distribution only under such circumstances as may be permitted by applicable law. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Without prejudice to the foregoing, the reader is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

Malaysia

Opinions or recommendations contained herein are in the form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from Bursa Malaysia Securities Berhad in the equity analysis.

Singapore

This report has been produced as of the date hereof and the information herein may be subject to change. Maybank Kim Eng Research Pte. Ltd. ("Maybank KERPL") in Singapore has no obligation to update such information for any recipient. For distribution in Singapore, recipients of this report are to contact Maybank KERPL in Singapore in respect of any matters arising from, or in connection with, this report. If the recipient of this report is not an accredited investor, expert investor or institutional investor (as defined under Section 4A of the Singapore Securities and Futures Act), Maybank KERPL shall be legally liable for the contents of this report, with such liability being limited to the extent (if any) as permitted by law.

Thailand

Except as specifically permitted, no part of this presentation may be reproduced or distributed in any manner without the prior written permission of Maybank Kim Eng Securities (Thailand) Public Company Limited. Maybank Kim Eng Securities (Thailand) Public Company Limited ("MBKET") accepts no liability whatsoever for the actions of third parties in this respect.

Due to different characteristics, objectives and strategies of institutional and retail investors, the research reports of MBKET Institutional and Retail Research Department may differ in either recommendation or target price, or both. MBKET Retail Research is intended for retail investors (http://kelive.maybank-ke.co.th) while Maybank Kim Eng Institutional Research is intended only for institutional investors based outside Thailand only.

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey may be changed after that date. MBKET does not confirm nor certify the accuracy of such survey result.

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, MBKET does not confirm, verify, or certify the accuracy and completeness of the assessment result.

US

This third-party research report is distributed in the United States ("US") to Major US Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) only by Maybank Kim Eng Securities USA Inc ("Maybank KESUSA"), a broker-dealer registered in the US (registered under Section 15 of the Securities Exchange Act of 1934, as amended). All responsibility for the distribution of this report by Maybank KESUSA in the US shall be borne by Maybank KESUSA. This report is not directed at you if MKE is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that Maybank KESUSA is permitted to provide research material concerning investments to you under relevant legislation and regulations. All U.S. persons receiving and/or accessing this report and wishing to effect transactions in any security mentioned within must do so with: Maybank Kim Eng Securities USA Inc. 777 Third Avenue 21st Floor New York, New York 1- (212) 688-8886 and not with, the issuer of this report.

UK

This document is being distributed by Maybank Kim Eng Securities (London) Ltd ("Maybank KESL") which is authorized and regulated, by the Financial Conduct Authority and is for Informational Purposes only. This document is not intended for distribution to anyone defined as a Retail Client under the Financial Services and Markets Act 2000 within the UK. Any inclusion of a third party link is for the recipients convenience only, and that the firm does not take any responsibility for its comments or accuracy, and that access to such links is at the individuals own risk. Nothing in this report should be considered as constituting legal, accounting or tax advice, and that for accurate guidance recipients should consult with their own independent tax advisers.

DISCLOSURES

Legal Entities Disclosures

Malaysia: This report is issued and distributed in Malaysia by Maybank Investment Bank Berhad (15938- H) which is a Participating Organization of Bursa Malaysia Berhad and a holder of Capital Markets and Services License issued by the Securities Commission in Malaysia. **Singapore:** This report is distributed in Singapore by Maybank KERPL (Co. Reg No 198700034E) which is regulated by the Monetary Authority of Singapore. **Indonesia:** PT Maybank Kim Eng Securities ("PTMKES") (Reg. No. KEP-251/PM/1992) is a member of the Indonesia Stock Exchange and is regulated by the Financial Services Authority (Indonesia). **Thailand:** MBKET (Reg. No.0107545000314) is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. **Philippines:** Maybank ATRKES (Reg. No.01-2004-00019) is a member of the Philippines Stock Exchange and is regulated by the Securities and Exchange Commission. **Vietnam:** Maybank Kim Eng Securities Limited (License Number: 117/GP-UBCK) is licensed under the State Securities Commission of Vietnam. **Hong Kong:** KESHK (Central Entity No AAD284) is regulated by the Securities and Futures Commission. **India:** Kim Eng Securities India Private Limited ("KESI") is a participant of the National Stock Exchange of India Limited and the Bombay Stock Exchange and is regulated by Securities and Exchange Board of India ("SEBI") (Reg. No. INZ000010538). KESI is also registered with SEBI as Category 1 Merchant Banker (Reg. No. INM 000011708) and as Research Analyst (Reg No: INH000000057) **US:** Maybank KESUSA is a member of/ and is authorized and regulated by the FINRA – Broker ID 27861. **UK:** Maybank KESL (Reg No 2377538) is authorized and regulated by the Financial Conduct Authority.

Disclosure of Interest

Malaysia: MKE and its Representatives may from time to time have positions or be materially interested in the securities referred to herein and may further act as market maker or may have assumed an underwriting commitment or deal with such securities and may also perform or seek to perform investment banking services, advisory and other services for or relating to those companies.

Singapore: As of 22 April 2018, Maybank KERPL and the covering analyst do not have any interest in any companies recommended in this research report.

Thailand: MBKET may have a business relationship with or may possibly be an issuer of derivative warrants on the securities /companies mentioned in the research report. Therefore, Investors should exercise their own judgment before making any investment decisions. MBKET, its associates, directors, connected parties and/or employees may from time to time have interests and/or underwriting commitments in the securities mentioned in this report.

Hong Kong: As of 22 April 2018, KESHK and the authoring analyst do not have any interest in any companies recommended in this research report.

India: As of 22 April 2018, and at the end of the month immediately preceding the date of publication of the research report, KESI, authoring analyst or their associate / relative does not hold any financial interest or any actual or beneficial ownership in any shares or having any conflict of interest in the subject companies except as otherwise disclosed in the research report.

In the past twelve months KESI and authoring analyst or their associate did not receive any compensation or other benefits from the subject companies or third party in connection with the research report on any account what so ever except as otherwise disclosed in the research report.

MKE may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment and may receive compensation for the services provided from the companies covered in this report.

OTHERS

Analyst Certification of Independence

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Reminder

Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct its own analysis of the product and consult with its own professional advisers as to the risks involved in making such a purchase.

Definition of Ratings

Maybank Kim Eng Research uses the following rating system

BUY	Return is expected to be above 10% in the next 12 months (excluding dividends)
HOLD	Return is expected to be between - 10% to +10% in the next 12 months (excluding dividends)
SELL	Return is expected to be below -10% in the next 12 months (excluding dividends)

Applicability of Ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

Malaysia
Maybank Investment Bank Berhad
(A Participating Organisation of
Bursa Malaysia Securities Berhad)
33rd Floor, Menara Maybank,
100 Jalan Tun Perak,
50050 Kuala Lumpur
Tel: (603) 2059 1888;
Fax: (603) 2078 4194

Stockbroking Business:
Level 8, Tower C, Dataran Maybank,
No.1, Jalan Maarof
59000 Kuala Lumpur
Tel: (603) 2297 8888
Fax: (603) 2282 5136

Singapore
Maybank Kim Eng Securities Pte Ltd
Maybank Kim Eng Research Pte Ltd
50 North Canal Road
Singapore 059304

Tel: (65) 6336 9090

London
Maybank Kim Eng Securities (London) Ltd
PNB House
77 Queen Victoria Street
London EC4V 4AY, UK

Tel: (44) 20 7332 0221
Fax: (44) 20 7332 0302

New York
Maybank Kim Eng Securities USA Inc
777 Third Avenue, 21st Floor
New York, NY 10017, U.S.A.

Tel: (212) 688 8886
Fax: (212) 688 3500

Hong Kong
Kim Eng Securities (HK) Ltd
28/F, Lee Garden Three,
1 Sunning Road, Causeway Bay,
Hong Kong

Tel: (852) 2268 0800
Fax: (852) 2877 0104

Indonesia
PT Maybank Kim Eng Securities
Sentral Senayan III, 22nd Floor
Jl. Asia Afrika No. 8
Gelora Bung Karno, Senayan
Jakarta 10270, Indonesia

Tel: (62) 21 2557 1188
Fax: (62) 21 2557 1189

India
Kim Eng Securities India Pvt Ltd
2nd Floor, The International,
16, Maharishi Karve Road,
Churchgate Station,
Mumbai City - 400 020, India

Tel: (91) 22 6623 2600
Fax: (91) 22 6623 2604

Philippines
Maybank ATR Kim Eng Securities Inc.
17/F, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines 1200

Tel: (63) 2 849 8888
Fax: (63) 2 848 5738

Thailand
Maybank Kim Eng Securities (Thailand) Public Company Limited
999/9 The Offices at Central World,
20th - 21st Floor,
Rama 1 Road Pathumwan,
Bangkok 10330, Thailand

Tel: (66) 2 658 6817 (sales)
Tel: (66) 2 658 6801 (research)

Vietnam
Maybank Kim Eng Securities Limited
4A-15+16 Floor Vincom Center Dong
Khoi, 72 Le Thanh Ton St. District 1
Ho Chi Minh City, Vietnam

Tel : (84) 844 555 888
Fax : (84) 8 38 271 030

Saudi Arabia
In association with
Anfaal Capital
Villa 47, Tujjar Jeddah
Prince Mohammed bin Abdulaziz
Street P.O. Box 126575
Jeddah 21352

Tel: (966) 2 6068686
Fax: (966) 26068787

South Asia Sales Trading
Kevin Foy
Regional Head Sales Trading
kevinfoy@maybank-ke.com.sg
Tel: (65) 6636-3620
US Toll Free: 1-866-406-7447

Malaysia
Joann Lim
joann.lim@maybank-ib.com
Tel: (603) 2717 5166

Indonesia
Harianto Liong
harianto.liong@maybank-ke.co.id
Tel: (62) 21 2557 1177

New York
James Lynch
jlynch@maybank-keusa.com
Tel: (212) 688 8886

Vietnam
Patrick Mitchell
patrick.mitchell@maybank-kimeng.com.vn
Tel: (84)-8-44-555-888 x8080

North Asia Sales Trading
Andrew Lee
andrewlee@kimeng.com.hk
Tel: (852) 2268 0283
US Toll Free: 1 877 837 7635

Thailand
Tanasak Krishnasreni
Tanasak.K@maybank-ke.co.th
Tel: (66)2 658 6820

London
Mark Howe
mhowe@maybank-ke.co.uk
Tel: (44) 207-332-0221

India
Sanjay Makhija
sanjaymakhija@maybank-ke.co.in
Tel: (91)-22-6623-2629

Philippines
Keith Roy
keith_roy@maybank-atrke.com
Tel: (63) 2 848-5288

www.maybank-ke.com | www.maybank-keresearch.com