

# Singapore Company Guide

## mm2 Asia

Version 18 | Bloomberg: MM2 SP | Reuters: MM2A.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

15 Nov 2018

### BUY

Last Traded Price ( 14 Nov 2018): S\$0.37 (STI : 3,043.19)  
Price Target 12-mth: S\$0.50 (36% upside) (Prev S\$0.62)

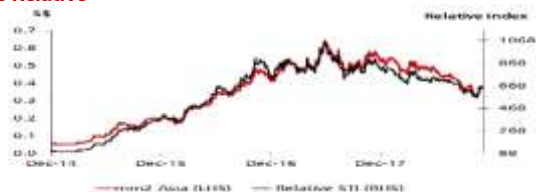
#### Analyst

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#### What's New

- 2Q19 net profit hit by higher interest costs, including a one-off charge in relation to Cathay cinema purchase
- Regional expansion, North Asia in particular; exploring foreign listing of some key assets
- Cut earnings by 22% to 26%; target price lowered to S\$0.50; maintain BUY

#### Price Relative



#### Forecasts and Valuation

FY Mar (S\$m)	2018A	2019F	2020F	2021F
Revenue	192	269	309	358
EBITDA	64.7	74.7	81.4	89.4
Pre-tax Profit	41.4	37.6	46.6	55.6
Net Profit	26.4	24.7	31.9	39.2
Net Pft (Pre Ex.)	26.4	24.7	31.9	39.2
Net Pft Gth (Pre-ex) (%)	50.9	(6.7)	29.4	22.9
EPS (S cts)	2.27	2.12	2.75	3.37
EPS Pre Ex. (S cts)	2.27	2.12	2.75	3.37
EPS Gth Pre Ex (%)	36	(7)	29	23
Diluted EPS (S cts)	2.27	2.12	2.75	3.37
Net DPS (S cts)	0.0	0.0	0.0	0.0
BV Per Share (S cts)	15.6	17.7	20.5	23.8
PE (X)	16.3	17.4	13.5	11.0
PE Pre Ex. (X)	16.3	17.4	13.5	11.0
P/Cash Flow (X)	1357.2	nm	5.7	5.0
EV/EBITDA (X)	6.7	8.7	8.1	7.4
Net Div Yield (%)	0.0	0.0	0.0	0.0
P/Book Value (X)	2.4	2.1	1.8	1.6
Net Debt/Equity (X)	CASH	0.7	0.7	0.6
ROAE (%)	19.7	12.7	14.4	15.2
Earnings Rev (%):		(26)	(22)	N/A
Consensus EPS (S cts):		2.90	3.40	4.10
Other Broker Recs:		B: 4	S: 0	H: 0

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

### Growth hits a snag

**Slower growth but still decent.** We have imputed slower growth ahead for the core production segment on the back of the delay in the release of key titles to-date, while it would take time to reap the full synergistic benefits of the Cathay cinema chain acquisition across the entire value chain. Though growth is slower, we are still projecting FY18-21F revenue and gross profit CAGR of 23%, and a lower 14% for net profit, mainly due to higher interest costs. The growth is underpinned by all the segments – production, cinema, UnUsUaL and Vividthree.

**1H19 results below expectations:** 1H19 revenue of S\$113.9m (+103.3% y-o-y) accounted for 40% of our forecast while the net profit of S\$14.6m formed 34%, below expectations. 2Q19 net earnings was hit by higher interest costs, including a one-off charge in relation to Cathay cinema purchase.

**Where we differ: Slight difference in valuation peg vs consensus.** We value the production and cinema business at 16x PE, in line with peers listed in Asia, but lower than consensus. For UnUsUaL and Vividthree, we value it at current valuation.

**Potential catalyst: Reaping the fruits of labour in North Asia.** We expect North Asia to contribute about 60% of production revenue from FY19F, up from 36% in FY16, 56% in FY17 and 57% in FY18. Upside to earnings would come from more projects, especially in China, where the market is bigger and budgets are much larger.

#### Valuation:

**Maintain BUY, TP reduced to S\$0.50.** Our sum-of-parts target price is now S\$0.50, pegged to 16x FY19F earnings for core and cinema business, and current valuation for UnUsUaL and Vividthree.

#### 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.

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

#### At A Glance

Issued Capital (m shrs)	1,163
Mkt. Cap (S\$m/US\$m)	430 / 312
Major Shareholders (%)	
Ang Wee Chye	38.1
StarHub Ltd	9.8
Yeo Khee Seng	8.2
Free Float (%)	43.9
3m Avg. Daily Val (US\$m)	0.23

ICB Industry : Consumer Services / Media



## WHAT'S NEW

### 1H19 results below expectations

#### Results Highlight

**Net profit hit by higher interest costs, including one-off charge in relation to Cathay cinema purchase.** 2Q19 revenue rose 106.8% to S\$64.9m, boosted by the cinema business, including the Cathay cinema chain where the acquisition was completed in 3Q18, partly dragged down by the core production segment. Gross profit increased 90% y-o-y to S\$27.6m, with gross margin of 42.5%, slightly lower than the 46.2% recorded in 2Q18.

2Q19 net profit of S\$4.6m was down 18.7% y-o-y, mainly hit by higher finance expenses of S\$5.3m. This was due to additional borrowings and the issuance of medium term note and convertible bonds mainly to finance the acquisition of the Cathay cinema chain. In addition, the Group has also recognised an unwinding of interest on the deferred purchase consideration of S\$1.6m for the acquisitions of Cathay cinema and Lotus cinema in Malaysia.

Overall, 1H19 revenue of S\$113.9m (+103.3% y-o-y) accounted for 40% of our forecast while the net profit of S\$14.6m formed 34%, below expectations.

#### Regional expansion, North Asia in particular; exploring foreign listing of some key assets

mm2 continues to explore North Asia, which contributed 34% of Group revenue and 57% of production revenue. The Group has also appointed a financial adviser to review the businesses of the Group. The Group aims to further enhance its corporate profile, branding and market awareness in the North Asia markets where it currently operates, and to explore the possibility of seeking a foreign listing of some of the Group's key assets and businesses, which may include the cinema operations.

#### Outlook and plans for the different segments

For the **core production** business, beyond the Chinese market, the Group is also seeking opportunities in regional film co-productions. For the **cinema** arm, the Group has seen some positive results from the new initiatives put in place with regards to asset utilisation and operating efficiencies since assuming the management of Cathay cinemas in June 2018. **UnUsUaL**, with the intellectual property (IP) rights to develop and produce APOLLO, has moved up the supply

chain to become an IP owner, adding an additional revenue stream to the Group. **Vividthree**, listed on the SGX Catalyst Board, has signed a Letter of Intent (LOI) for the territorial rights to open Train to Busan Virtual Reality (VR) Tour set in Taiwan, Hong Kong and Macau. Estimated delivery of the tour set is by 31st March 2019.

#### Earnings and Recommendations

**Cut earnings by 22% to 26%; target price lowered to S\$0.50.** We have reduced earnings for FY19F by 26% and 22% for FY20F. The cut in earnings is mainly from the core production and cinema segment. We have imputed slower growth ahead for the core production segment on the back of the delay in the release of key titles, while it would take time to reap the full synergistic benefits of the Cathay cinema chain acquisition across the entire value chain. We have also imputed higher interest costs.

On the back of the cut in earnings and pegging the core production and cinema segment to a lower PE of 16x (vs 18x previously), in line with the de-rating of its peers, our sum-of-parts TP is reduced to S\$0.50 (previous S\$0.62). Though growth going forward is slower, we are still projecting FY18-21F revenue and gross profit CAGR of 23%, and a lower 14% for net profit. Maintain BUY.

#### Sum of parts valuation

Segment	Stake	Valuation	
		(\$m)	Assumption
Production & Distribution	100%	269.6	Based on 16x PE, in line with peers
Cinema Operation	100%	124.9	Based on 16x PE, in line with peers
Post-Production	42%	30.3	Based on current valuation
Event Production & Concert Promotion	39%	158.6	Based on current valuation
<b>Total value</b>		<b>583.5</b>	
Number of shares		1,162.8	
<b>Value per share (\$)</b>		<b>0.50</b>	

Source of all data: Company, DBS Bank

## mm2 Asia

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

FY Mar	2Q2018	1Q2019	2Q2019	% chg yoy	% chg qoq
Revenue	31.4	49.0	64.9	106.8	32.5
Cost of Goods Sold	(16.8)	(16.1)	(37.3)	122.2	132.3
<b>Gross Profit</b>	<b>14.6</b>	<b>32.9</b>	<b>27.6</b>	<b>89.0</b>	<b>(16.1)</b>
Other Oper. (Exp)/Inc	(6.9)	(21.6)	(18.9)	173.6	(12.7)
<b>Operating Profit</b>	<b>7.71</b>	<b>11.3</b>	<b>8.73</b>	<b>13.3</b>	<b>(22.6)</b>
Other Non Opg (Exp)/Inc	0.46	0.33	0.29	(35.8)	(12.3)
Associates & JV Inc	(0.2)	0.01	0.0	86.8	nm
Net Interest (Exp)/Inc	0.0	0.0	0.0	-	-
Exceptional Gain/(Loss)	0.0	0.0	0.0	-	-
<b>Pre-tax Profit</b>	<b>7.99</b>	<b>11.6</b>	<b>9.00</b>	<b>12.7</b>	<b>(22.6)</b>
Tax	(1.6)	(2.5)	(3.5)	115.8	40.9
Minority Interest	(1.8)	(1.9)	(1.7)	1.5	(7.9)
<b>Net Profit</b>	<b>4.60</b>	<b>7.25</b>	<b>3.74</b>	<b>(18.7)</b>	<b>(48.4)</b>
Net profit bef Except.	4.60	7.25	3.74	(18.7)	(48.4)
EBITDA	9.81	14.9	12.2	24.7	(18.1)
<b>Margins (%)</b>					
Gross Margins	46.5	67.2	42.5		
Opg Profit Margins	24.5	23.0	13.5		
Net Profit Margins	14.6	14.8	5.8		

Source of all data: Company, DBS Bank

**mm2 Asia**

**CRITICAL DATA POINTS TO WATCH**

**Critical Factors**

**Synergistic acquisitions**

mm2 has made several acquisitions to maintain its competitive advantage, and to build synergies across the entire value chain. The Group acquired a 41.5% stake in Vividthree, a computer graphic studio, listed on the Catalist Board of SGX. It also owns a 39.2% stake in UnUsUaL Ltd, a market leader in large-scale live events and concerts, and is also beefing up its OTT (over-the-top) platform. In terms of cinema, mm2 is the number four player in Malaysia, and owns a total of 18 cinemas with a market share of about 14% in terms of number of screens. It has also acquired the entire eight Cathay cinemas in Singapore.

**Healthy production pipeline**

For the core production business, mm2 has tied-up with several partners to co-invest and co-produce several films in China and other regions. The securing of the various titles by subsidiary UnUsUaL and Vividthree should further boost the production pipeline. UnUsUaL has secured the rights to present a total of 48 “Disney On Ice” shows in Korea and Taiwan, and also forays into North America with the intellectual property (IP) rights to develop and produce APOLLO, a show that celebrates the 50th anniversary of man’s first steps on the moon. For Vividthree, it has secured the IP rights to develop virtual reality tour show for the film “Train to Busan” outside Korea.

**Expansion in North Asia**

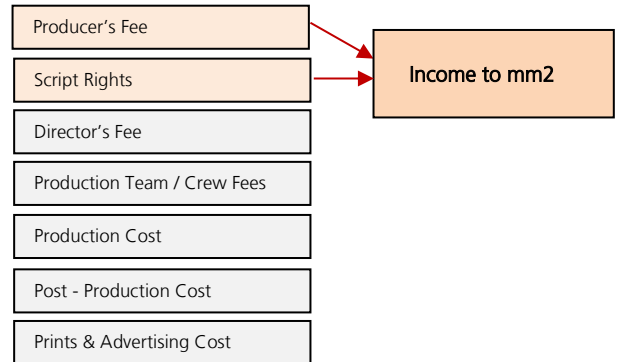
We expect North Asia to contribute about 60% of production revenue from FY19F, up from 36% in FY16, 56% in FY17 and 57% in FY18. mm2 has a unique presence in all the Chinese markets, including Singapore, Malaysia, Hong Kong, Taiwan, and China. This presents ample cross-border collaboration opportunities. mm2 is also looking to expand to non-Chinese speaking markets like Korea, Japan, Thailand, India, and the US.

UnUsUaL is also leveraging on mm2’s network of contacts in the media and entertainment industry to expand into North Asia.

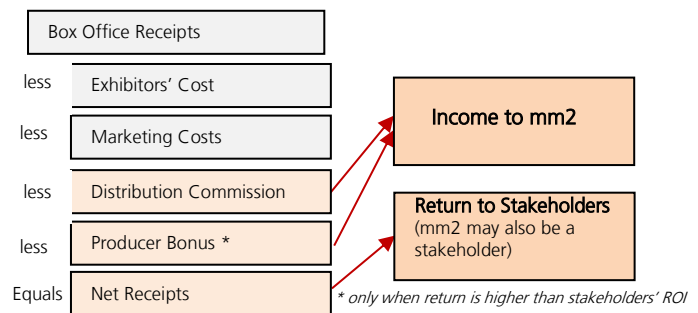
**Digital age shift – content is king**

The evolution of the media industry, from traditional media (TV, radio, newspaper) to digital media leads to increasing opportunities for mm2, which is strong in content creation and platform businesses.

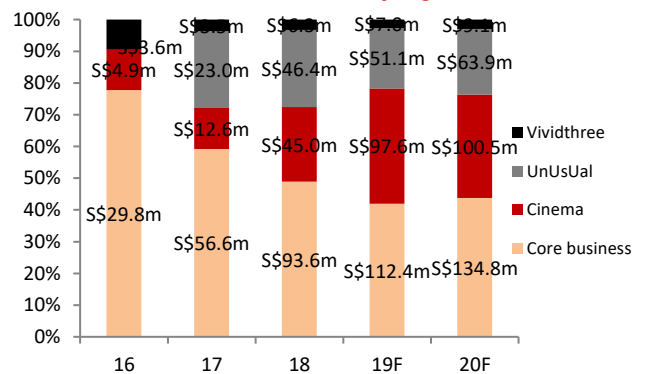
**Business Model – The Film Budget**



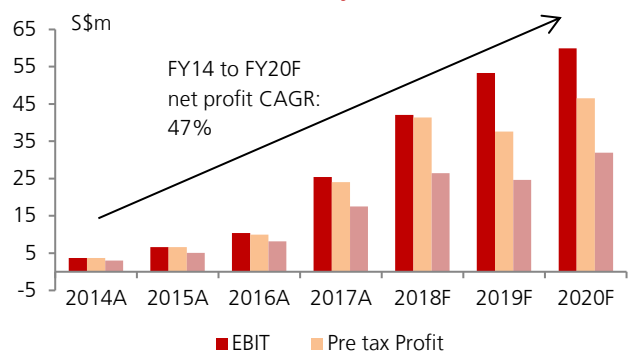
**Business Model – Gross Receipts (Box Office)**



**Revenue Breakdown by Segment**



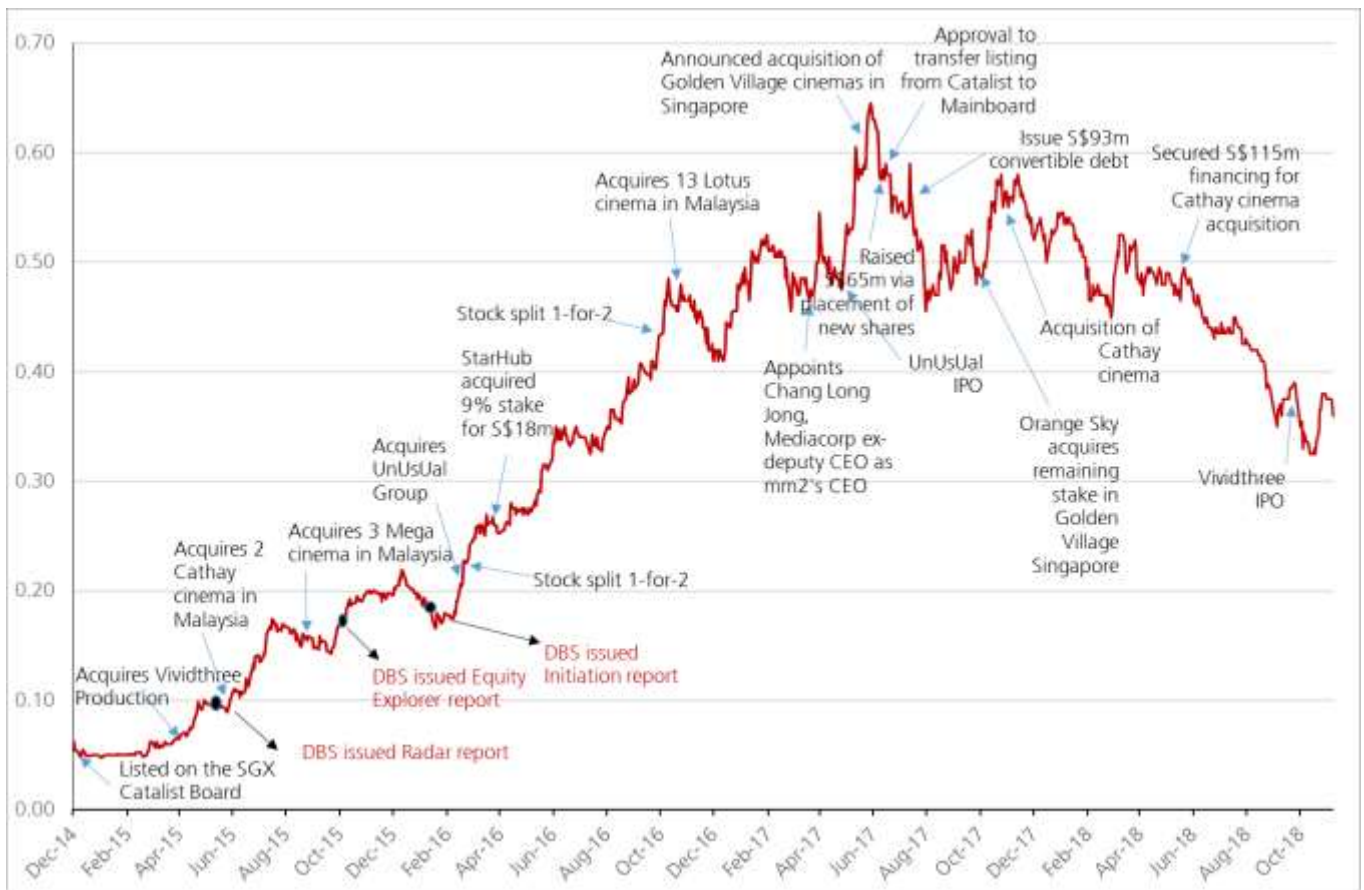
**Profitability Trend**



Source: Company, DBS Bank

mm2 Asia

Appendix 1: A look at Company's listed history – what drives its share price?



Source: Bloomberg Finance L.P., DBS Bank

**mm2 Asia**

**Balance Sheet:**

**Net gearing position in FY19F.** We expect the group to take on more debt financing for the acquisition of Cathay cinemas in Singapore. Net gearing for FY19F is thus expected to increase to 0.77x, from net cash in FY18.

**Share Price Drivers:**

**Cost savings and efficiency from horizontal integration.** The full integration of the content business (production of movies, Vividthree) and platform business (Cinema, UnUsUaL) would lead to better efficiency and cost savings for the group. For example, the ownership of cinemas not only provides a source of recurring income but also cost savings as mm2 usually has to pay about 50% of its gross box office proceeds for rental of cinemas. Cinema operations is a profitable business and may even be profitable with less than 30% of the seats occupied. mm2’s multiple platform capabilities would place the group in a position to better distribute and exhibit content to reach a wider audience.

**Bigger production budget = higher growth**

As mm2 adopts a fee-based model, its revenue is directly correlated to the size of the production budget. We expect North Asia, especially China, to contribute about 60% of production revenue from FY19F, up from 36% in FY16, 56% in FY17 and 57% in FY18. The budget for China tends to be much bigger, about S\$10m on average per production, vs average of S\$1-2m for Singapore and Malaysia projects, and S\$3m for Hong Kong and Taiwan productions.

**Key Risks:**

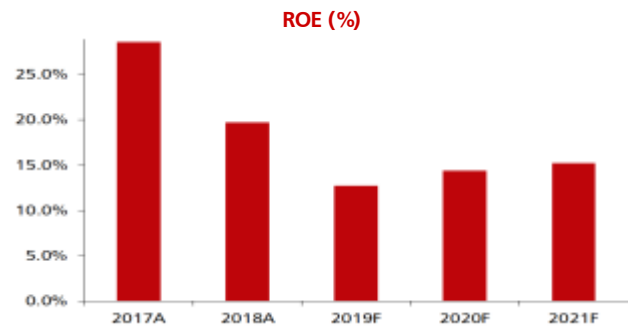
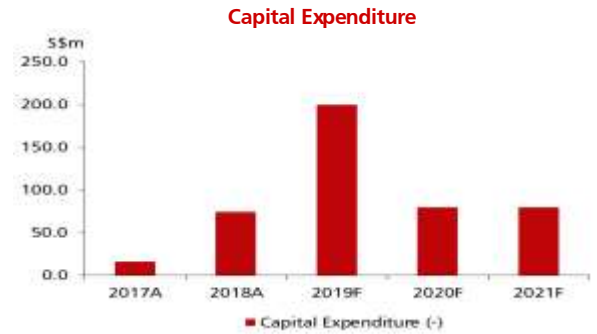
**No long-term financing arrangements for productions.** The commencement of each production is dependent on mm2’s ability to secure funding.

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

**Inability 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 and Singapore.



Source: Company, DBS Bank



## Segmental Breakdown

FY Mar	2017A	2018A	2019F	2020F	2021F
<b>Revenues (\$\$m)</b>					
Production & Distribution	56.6	93.6	112	135	162
Cinema Operation	12.6	45.0	97.6	101	104
Event Production &	23.0	46.4	51.1	63.9	79.8
Post-Production	3.52	6.32	7.00	9.10	11.8
Others	0.04	0.62	0.62	0.62	0.62
<b>Total</b>	<b>95.7</b>	<b>192</b>	<b>269</b>	<b>309</b>	<b>358</b>
<b>Gross profit (\$\$m)</b>					
Production & Distribution	26.5	40.3	48.3	58.0	69.6
Cinema Operation	7.56	28.2	53.7	55.3	56.9
Event Production &	8.55	17.9	20.4	25.5	31.9
Post-Production	2.69	3.86	4.55	5.92	7.69
Others	0.0	0.19	0.19	0.19	0.19
<b>Total</b>	<b>45.3</b>	<b>90.5</b>	<b>127</b>	<b>145</b>	<b>166</b>
<b>Gross profit Margins (%)</b>					
Production & Distribution	46.7	43.1	43.0	43.0	43.0
Cinema Operation	60.0	62.6	55.0	55.0	55.0
Event Production &	37.2	38.5	40.0	40.0	40.0
Post-Production	76.6	61.2	65.0	65.0	65.0
Others	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>47.3</b>	<b>47.1</b>	<b>47.3</b>	<b>46.9</b>	<b>46.5</b>

Contributions from Lotus and Cathay

Partial contribution from UnUsUaL

## Income Statement (\$\$m)

FY Mar	2017A	2018A	2019F	2020F	2021F
Revenue	95.7	192	269	309	358
Cost of Goods Sold	(50.5)	(102)	(141)	(164)	(191)
<b>Gross Profit</b>	<b>45.3</b>	<b>90.5</b>	<b>127</b>	<b>145</b>	<b>166</b>
Other Opng (Exp)/Inc	(19.8)	(47.3)	(73.9)	(85.0)	(98.3)
<b>Operating Profit</b>	<b>25.4</b>	<b>43.2</b>	<b>53.3</b>	<b>60.0</b>	<b>68.0</b>
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	0.0	0.11	0.0	0.0	0.0
Net Interest (Exp)/Inc	(1.4)	(1.9)	(15.7)	(13.4)	(12.4)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>24.0</b>	<b>41.4</b>	<b>37.6</b>	<b>46.6</b>	<b>55.6</b>
Tax	(3.7)	(7.9)	(7.1)	(8.8)	(10.5)
Minority Interest	(2.8)	(7.1)	(5.8)	(5.8)	(5.8)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>17.5</b>	<b>26.4</b>	<b>24.7</b>	<b>31.9</b>	<b>39.2</b>
Net Profit before Except.	17.5	26.4	24.7	31.9	39.2
EBITDA	40.3	64.7	74.7	81.4	89.4
<b>Growth</b>					
Revenue Gth (%)	149.7	100.6	39.9	15.0	15.8
EBITDA Gth (%)	108.0	60.7	15.4	8.9	9.9
Opg Profit Gth (%)	145.1	69.8	23.4	12.5	13.4
Net Profit Gth (Pre-ex) (%)	114.3	50.9	(6.7)	29.4	22.9
<b>Margins &amp; Ratio</b>					
Gross Margins (%)	47.3	47.1	47.3	46.9	46.5
Opg Profit Margin (%)	26.6	22.5	19.8	19.4	19.0
Net Profit Margin (%)	18.3	13.8	9.2	10.3	11.0
ROAE (%)	28.6	19.7	12.7	14.4	15.2
ROA (%)	15.1	7.1	3.6	3.7	3.6
ROCE (%)	21.8	12.4	2.2	3.0	3.5
Div Payout Ratio (%)	0.0	0.0	0.0	0.0	0.0
Net Interest Cover (x)	18.0	22.8	3.4	4.5	5.5

Mainly to finance acquisition of Cathay cinema chain in Singapore

Source: Company, DBS Bank

## mm2 Asia

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

FY Mar	2Q2018	3Q2018	4Q2018	1Q2019	2Q2019
Revenue	31.4	52.4	83.6	49.0	64.9
Cost of Goods Sold	(16.8)	(28.2)	(47.3)	(16.1)	(37.3)
<b>Gross Profit</b>	<b>14.6</b>	<b>24.2</b>	<b>36.3</b>	<b>32.9</b>	<b>27.6</b>
Other Oper. (Exp)/Inc	(6.9)	(14.5)	(23.0)	(21.6)	(18.9)
<b>Operating Profit</b>	<b>7.71</b>	<b>9.72</b>	<b>13.3</b>	<b>11.3</b>	<b>8.73</b>
Other Non Opg (Exp)/Inc	0.46	0.50	0.14	0.33	0.29
Associates & JV Inc	(0.2)	0.16	0.16	0.01	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
<b>Pre-tax Profit</b>	<b>7.99</b>	<b>10.4</b>	<b>13.6</b>	<b>11.6</b>	<b>9.00</b>
Tax	(1.6)	(1.9)	(2.6)	(2.5)	(3.5)
Minority Interest	(1.8)	(2.0)	(2.0)	(1.9)	(1.7)
<b>Net Profit</b>	<b>4.60</b>	<b>6.43</b>	<b>9.07</b>	<b>7.25</b>	<b>3.74</b>
Net profit bef Except.	4.60	6.43	9.07	7.25	3.74
EBITDA	9.81	14.7	27.3	14.9	12.2
<b>Growth</b>					
Revenue Gth (%)	27.6	66.9	59.6	(41.4)	32.5
EBITDA Gth (%)	(10.4)	49.9	86.0	(45.4)	(18.1)
Opg Profit Gth (%)	(19.3)	26.0	37.1	(15.3)	(22.6)
Net Profit Gth (Pre-ex) (%)	(28.2)	40.0	41.0	(20.1)	(48.4)
<b>Margins</b>					
Gross Margins (%)	46.5	46.1	43.4	67.2	42.5
Opg Profit Margins (%)	24.5	18.5	15.9	23.0	13.5
Net Profit Margins (%)	14.6	12.3	10.8	14.8	5.8

One-off interest expense of S\$1.6m in 2Q19

## Balance Sheet (\$m)

FY Mar	2017A	2018A	2019F	2020F	2021F
Net Fixed Assets	11.2	41.6	236	310	385
Invts in Associates & JVs	1.49	0.0	0.0	0.0	0.0
Other LT Assets	54.3	306	290	275	259
Cash & ST Invts	25.8	93.5	100.0	215	341
Inventory	23.3	25.9	34.3	39.7	46.3
Debtors	46.4	114	112	129	149
Other Current Assets	0.58	0.64	0.64	0.64	0.64
<b>Total Assets</b>	<b>163</b>	<b>582</b>	<b>773</b>	<b>969</b>	<b>1,180</b>
ST Debt	11.1	5.07	5.07	5.07	5.07
Creditor	48.4	282	230	266	311
Other Current Liab	7.56	11.5	9.41	11.1	12.8
LT Debt	0.58	61.2	276	396	516
Other LT Liabilities	0.97	9.96	9.96	9.96	9.96
Shareholder's Equity	86.5	181	206	238	277
Minority Interests	7.94	31.0	36.8	42.6	48.4
<b>Total Cap. &amp; Liab.</b>	<b>163</b>	<b>582</b>	<b>773</b>	<b>969</b>	<b>1,180</b>
Non-Cash Wkg. Capital	14.3	(152)	(92.1)	(108)	(127)
Net Cash/(Debt)	14.1	27.2	(181)	(186)	(181)
Debtors Turn (avg days)	135.0	152.5	153.8	142.6	142.1
Creditors Turn (avg days)	369.8	751.2	777.4	635.1	620.1
Inventory Turn (avg days)	169.5	111.9	91.4	94.6	92.4
Asset Turnover (x)	0.8	0.5	0.4	0.4	0.3
Current Ratio (x)	1.4	0.8	1.0	1.4	1.6
Quick Ratio (x)	1.1	0.7	0.9	1.2	1.5
Net Debt/Equity (X)	CASH	CASH	0.7	0.7	0.6
Net Debt/Equity ex MI (X)	CASH	CASH	0.9	0.8	0.7
Capex to Debt (%)	141.0	112.7	71.1	19.9	15.3
Z-Score (X)	1.1	1.1	1.1	1.1	1.1

Mainly to finance acquisition of Cathay cinema chain in Singapore

Source: Company, DBS Bank



## mm2 Asia

## Cash Flow Statement (\$m)

FY Mar	2017A	2018A	2019F	2020F	2021F
Pre-Tax Profit	24.0	41.4	37.6	46.6	55.6
Dep. & Amort.	14.8	21.4	21.4	21.4	21.4
Tax Paid	(3.8)	(5.2)	(9.2)	(7.1)	(8.8)
Assoc. & JV Inc/(loss)	0.01	(0.1)	0.0	0.0	0.0
Chg in Wkg.Cap.	(30.8)	(57.2)	(58.3)	14.3	17.3
Other Operating CF	0.0	0.0	0.0	0.0	0.0
<b>Net Operating CF</b>	<b>4.24</b>	<b>0.32</b>	<b>(8.5)</b>	<b>75.1</b>	<b>85.5</b>
Capital Exp.(net)	(16.5)	(74.7)	(200)	(80.0)	(80.0)
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	(9.5)	0.46	0.0	0.0	0.0
<b>Net Investing CF</b>	<b>(26.0)</b>	<b>(74.2)</b>	<b>(200)</b>	<b>(80.0)</b>	<b>(80.0)</b>
Div Paid	0.0	(0.1)	0.0	0.0	0.0
Chg in Gross Debt	17.8	60.2	215	120	120
Capital Issues	18.0	81.6	0.0	0.0	0.0
Other Financing CF	(0.5)	(0.8)	0.0	0.0	0.0
<b>Net Financing CF</b>	<b>35.3</b>	<b>141</b>	<b>215</b>	<b>120</b>	<b>120</b>
Currency Adjustments	0.0	0.0	0.0	0.0	0.0
Chg in Cash	13.5	67.0	6.50	115	125
Opg CFPS (S cts)	3.34	4.95	4.28	5.23	5.86
Free CFPS (S cts)	(1.2)	(6.4)	(17.9)	(0.4)	0.47

Assume debt financing for future acquisitions

Mainly to finance Cathay cinema chain acquisition

Proceeds from share placement

Source: Company, DBS Bank

## Target Price &amp; Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	08 Feb 18	0.50	0.75	BUY
2:	22 Apr 18	0.50	0.75	BUY
3:	30 May 18	0.49	0.70	BUY
4:	15 Aug 18	0.42	0.62	BUY

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

Source: DBS Bank

Analyst: Lee Keng LING

DBS Bank recommendations are based on Absolute Total Return\* Rating system, defined as follows:

**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: 15 Nov 2018 11:17:31 (SGT)

Dissemination Date: 15 Nov 2018 11:32:24 (SGT)

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