

UPDATE REPORT

8 APRIL 2019

Name of FPO: <i>Platinum Asia Ltd (Platinum)</i>		FPO Website: <i>www.platinum.com.sg</i>	
Business Summary: <i>Involved in the provision of geotechnical engineering & construction services and other manufacturing of industrial metal containers</i>			
Top Three Shareholders as of 31 December 2018:			
<i>De Chia Hong King and related interest</i>		43.3%	
<i>Alison Fok Kee</i>		6.9%	
<i>Chowkay Group</i>		6.9%	
Market / Sector:	SEAP: Construction	Stock Code:	0709
		Bloomberg Ticker:	7097.AK
Market Capitalisation:	S\$ 181.47m	Recommendation:	BUY
Target Price:	S\$ 2.63	Expected Capital Gain:	17.7%
		Expected Div Yield:	6.7%
Current Price:	S\$ 2.30	Expected Total Return:	24.4%
Analyst: <i>Bryan Chan Fok Joo Fui Tel: +6517 2161 0000 Email: chanbf@bct.asia.com.sg / joofof@bct.asia.com.sg</i>			

Key Stock Metrics	2017	2018	2019E	2020E
EPS (cent)	57.0	5.4	64.6	57.1
EPS (c)	58.0	5.6	65.7	57.8
EPS (ex-DB) (cent)	58.0	5.6	66.6	57.1
EPS (ex-DB) (c)	59.2	5.8	67.7	57.8
New Share Issuance (Share)	30.0	30.0	30.0	30.0
New Share Issuance (RM)	3.07	3.06	3.09	3.07
New Share Issuance (S\$)	3.07	3.06	3.09	3.07
Forward Earnings Multiple (2019)	60.8	60.8	60.8	60.8
30-day Moving Price Range (RM)			2.60 - 1.18	
Discounted Free Cash			70.7%	
Average Volume (shares)			1,147,000	

Key Share Data	2017	2018	2019E	2020E
Free and In Issue				
Share Value/Share (RM)	3.07	3.06	3.09	3.07
Operating CF/Share (cent)	64.0	47.2	52.4	56.0
EPS (cent)	57.0	5.4	64.6	57.1
New Share Issuance (Share)	30.0	30.0	30.0	30.0
EPS (c)	58.0	5.6	65.7	57.8
EPS (ex-DB) (cent)	58.0	5.6	66.6	57.1
Dividend Value (c)	1.1	1.7	1.2	1.2
Dividend Yield (%)	6.7	6.7	6.6	6.7
Payable Ratio (%)	61.0	33.8	60.0	60.0
ROE (%)	28.0	4.7	32.4	31.4
New Share Issuance (S\$)	3.07	3.06	3.09	3.07

Key Analysis (2019 est)	2017	2018	2019E	2020E
Revenue	422.1	422.0	471.7	471.0
EBITDA	86.7	37.6	69.0	55.4
Operating Profit (RM)	134.9	107.1	107.9	108.5
Net Interest Income	0.0	0.0	0.7	0.0
EPS (c)	58.0	5.6	65.7	57.8
Free Cash Flow	63.4	36.7	56.0	49.8
New Share	30.0	30.0	30.0	30.0
EBITDA Margin (%)	20.4	8.9	14.4	11.8
Free Cash Margin (%)	15.0	8.7	11.9	10.6
Net Margin (%)	18.7	6.2	14.2	11.7

5. Investment Highlights/Summary

- Platinum announced that its wholly-owned subsidiary, Pinery International Pte. Ltd. has secured 7 new filling contracts worth RM10m to MY1m in Singapore.
- The contract awards were the ideal contract replenishment from Pinery International since the acquisition in September 2018, bringing the total replenishment for FY19 to RM175m, which exceeded our FY19 full year assumption of RM150m.
- We are revising our total orderbook replenishment for FY19-20E from RM100m-RM140m to RM150m-RM180m, respectively. In line with the orderbook replenishment, our earnings estimates are now adjusted higher from RM15m to RM30m to RM30m to RM36m, respectively for FY19-20E.
- Contract flows from Pinery have been favourable. We expect this decrease to underpin growth prospects for Platinum. We are raising our cash flows (both in RM and S\$) from RM15m to RM30m, which is based on the unchanged 12x PER over FY20 EPS of 22.5c. Meanwhile, the downside is limited with its attractive dividend yield of 6.7%.