

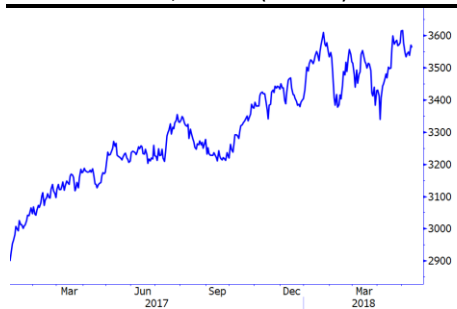
Market Indicators

	10-May	11-May	14-May
Mkt. T/O (S\$ mil)	1,137.3	1,412.9	990.2
Stock Advances	200	249	227
Stock Declines	187	140	223

Major Indices

	10-May	11-May	14-May
DJ Ind Avg	24,739.5	24,831.2	24,899.4
S & P 500	2,723.1	2,727.7	2,730.1
Nasdaq Comp	7,405.0	7,402.9	7,411.3
Hang Seng	30,809.2	31,122.1	31,541.1

STI Index 3,562.46 (-0.22%)

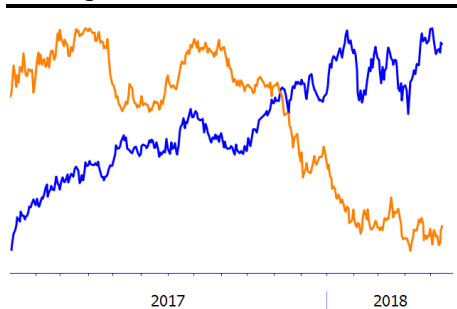


Source: Bloomberg

Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,314.24	-0.51%
Oil (NYMEX CWT1) US\$ / bbl	71.05	0.77%
Baltic Dry Index	1472	1.31%

Exchange Rates



USD : SGD 1.3358 / MYR : SGD 2.9596

Source: Bloomberg

Interest Rates

3-mth Sibor	1.511%
SGS (10 yr)	2.564%

KGI Securities Research Team

KGI Market Ideas

ComfortDelGro: 1Q18 PATMI declined 20% YoY to S\$66mn even as top line increased 1% YoY to S\$879mn, mainly due to higher operating costs and lower net income from investments. Operating profits for the quarter was only slightly lower by 5% YoY at S\$96mn. Overall, a good set of results as 1Q18 EBITDA margins kept steady at 21.9%, unchanged from the prior year period, but an improvement from 18.2% in 4Q17.

Revenues from Public Transport is expected to be higher with the commencement of the Seletar Bus Package from March 11 and Bukit Merah Bus Package in 4Q18. Rail service revenue is expected to be higher with full-year revenue contribution from Downtown Line 3. CD's outlook for its taxi business is finally turning optimistic. In its latest industry remarks, it expects revenue from its taxi business to stabilise with a better operating environment and recent acquisitions of new taxi businesses in AU, CN and UK.

We reiterate our BUY recommendation with a fair value of S\$2.72, pegged to 19x 2018F EPS and based on 1SD above the 10-year mean. We believe the following catalysts would lead to an expansion in valuation multiples as earnings begin to recover over the next few quarters: (1) better-than-expected recovery of its taxi business following the exit of Uber in SEA; (2) potential upside from the breakeven of Downtown Line; (3) favourable FX from recovery of British Pound – UK/Ireland operations accounted for 15-21% of operating profits over the past five years.

Genting Singapore: Genting's share price has risen ~26% from its one-year low of S\$1.03 to S\$1.30, and is currently trading at an EV/EBITDA of 10.5x, just above its 1s.d. level (5 year average). EV/EBITDA valuations look attractive at current levels and represent ~50% discount to its peers. A strong 1Q18 set of results were attributable to a 15% YoY rise in revenue, led by a 17% increase in gaming revenue and 10% in non-gaming revenue. Both VIP and mass gaming segments continue to remain robust, while non-gaming segment saw visitor volume exceeding 18K. Fundamentally, Genting remains attractive with a large net cash position of ~S\$2.7bn as at 31 Dec 2017. This strong cash balance would bode well for the group, especially if it is successful in bidding for an IR in Japan in 2019. Overall, recovery from its bad debt situation previously is expected to continue through 2018, on the back of a broad based recovery in the VIP gaming segment, as well as tighter credit policies.

Cityneon: The Group recorded yet another stellar quarter, with 1Q18 earnings of S\$3.95mn (+80.4% YoY). This came on the back of a 38.4% increase in revenue to S\$23.5mn, mainly led by the IP business segment, which accounted for ~60% of revenue. The traditional business segments remained flat, in line with expectations as well. The Group has also strengthened its IP business segment with the acquisition of its 4th IP: The Hunger Games: The Exhibition (THG Exhibition). Overall 1Q18 results with in line with expectations, given the seasonality in the business. Plans to increase their exhibition capacity are also underway, with management guiding for 9 – 10 exhibition sets by the end of 2018.

Results Update

- **ayondo (AYONDO SP; Not Rated):** Improving operational performance - Page 5
- **ComfortDelGro Corporation (CD SP; BUY; TP: S\$2.72):** Positive developments - Page 6
- **MindChamps Preschool (MCHAMPS SP; BUY; TP: S\$0.86):** China Expansion Nearing - Page 7

Recent In depth Regional Reports

14/5	SG ComfortDelGro Corporation (CD SP; BUY; TP: S\$2.720): Positive developments
14/5	TH AP (Thailand) (AP TB; Neutral; TP: Bt 9.60): 1Q18 earnings review: Strong performances on all fronts
14/5	TH Asia Aviation (AAV TB; Outperform; TP: Bt 6.55): 1Q18 earnings review: Far above expectations
14/5	TH Bangchak Corporation (BCP TB; Neutral; TP: Bt 43.00): 1Q18 earnings review: Below expectation from FX
14/5	TH Banpu (BANPU TB; Outperform; TP: Bt 27.50): 1Q18 earnings review: Net loss from Hongsa fine
14/5	TH Banpu Power (BPP TB; Outperform; TP: Bt 32.00): 1Q18 earnings review: In line with our forecast
14/5	TH BCPG PCL. (BCPG TB; Neutral; TP: Bt 20.00): New investment to make more attractive
14/5	TH BEC World (BEC TB; Neutral; TP: Bt 10.00): 1Q18 earnings review: Lower than expected
14/5	TH C.P. All (CPALL TB; Outperform; TP: Bt 92.00): 1Q18 earnings review: Grew YoY but fell slightly QoQ
14/5	TH Carabao Group (CBG TB; Neutral; TP: Bt 68.00): 1Q18 earnings review: good and bad inside
14/5	TH Hana Microelectronics PCL (HANA TB; Neutral TP: Bt 36.00): 1Q18 earnings review: Remained soft
14/5	TH Intouch Holdings (INTUCH TB; Outperform; TP: Bt 70.00): 1Q18 earnings review: In line result
14/5	TH Ladprao General Hospital (LPH TB; Outperform; TP: Bt 10.52): 1Q18 earnings review: In line with our forecast
14/5	TH Land and Houses (LH TB; Outperform; TP: Bt 13.40): 1Q18 earnings review: Strong earnings both YoY and QoQ
14/5	TH Major Cineplex Group (MAJOR TB; Neutral; TP: Bt 31.50): Stronger movie line up to push profit from 2Q18 onward
14/5	TH Namyong Terminal (NKT TB; Outperform; TP: Bt 7.00): 1Q18 earnings review: 8% lower than our estimate
14/5	TH Quality Houses (QH TB; Neutral; TP: Bt 3.30): Improving margin, but pressure to boost transfer
14/5	TH Robinson Department Store (ROBINS TB; Outperform; TP: Bt 85.00): 1Q18 earnings review: In line with our forecast
14/5	TH Sahakol Equipment (SQ TB; Under Review; TP: Under Review): 1Q18 earnings review: Net loss due to landslide
14/5	TH SCI Electric (Thailand) (SCI TB; Under Review; TP: Under Review): 1Q18 earnings review: Another net loss
14/5	TH Seafco Corporation (SEAFCO TB; Outperform; TP: Bt 11.40): 1Q18 earnings review: In line with our forecast
14/5	TH Siam Global House (GLOBAL TB; Neutral; TP: Bt 17.50): 1Q18 earnings review: Beat expectations
14/5	TH Sino-Thai Engineering & Construction (STEC TB; Underperform: Bt 17.80): 1Q18 earnings review: Strong result driven by extra gain
14/5	TH SVI PCL. (SVI TB; Underperform; TP: Bt 3.70): 1Q18 earnings review: Sales were good, but margin pressured
14/5	TH TICON Industrial Connection PCL (TICON TB; Outperform; TP: Bt 19.30): 1Q18 earnings review: Beat forecast
14/5	TH Workpoint Entertainment (WORK TB; Neutral; TP: Bt 67.50): 1Q18 earnings review: Weaker than expected
11/5	SG MindChamps Preschool (MCHAMPS SP; BUY; TP: S\$0.860): China Expansion Nearing
11/5	TW Asustek (2357 TT; Outperform; TP: NT\$314.00): 1Q18 margin beat; benefiting from complete gaming product line & smartphone turnaround
11/5	TW Bizlink (3665 TT; Outperform; TP: NT\$277.00): 2018F growth outlook intact; attractive risk-reward profile
11/5	TW Chin Poon (2355 TT; Neutral; TP: NT\$42.00): 1Q18 margins missed; industry headwinds worsened by plant fire
11/5	TW Hota Industrial (1536 TT; Outperform; TP: NT\$156.00): 1Q18 earnings in line; sales growth to sustain in 2018-19F
11/5	TW Power Wind Health (8462 TT; Outperform; NT\$182.00): 1Q18 earnings slightly miss
11/5	TW Quanta Computer Inc. (2382 TT; Neutral; TP: NT\$59.00): 1Q18 EPS in line; delay of new MacBook to cap sales growth despite cloud sales expansion
11/5	HK Q Technology (1478 HK; Underperform; TP: HK\$4.70): Profit warning on ASP & gross margin pressure
11/5	CN/HK Stock Liquidity Monitor: Weekly data – Stock incentive & employee shareholding plans
11/5	TH Advanced Info Services (ADVANC TB; Outperform; TP: Bt 220.00): 1Q18 earnings review: In line results
11/5	TH Bangkok Expressway and Metro (BEM TB; Outperform; TP: Bt 8.68): 1Q18 earnings review: 9% below forecasts

Recent In depth Regional Reports

11/5	TH Chularat Hospital (CHG TB; Neutral; TP: Bt 2.84): 1Q18 earnings review: Above expectations
11/5	TH CK Power (CKP TB; Underperform; TP: Bt 3.20): 1Q18 earnings review: Earnings improved YoY and QoQ
11/5	TH GFPT (GFPT TB; Underperform; TP: Bt 10.30): 1Q18 earnings review: In the midst of a storm
11/5	TH Glow Energy (GLOW TB; Neutral; TP: Bt 88.00): Glimpses of new investments
11/5	TH Indorama Ventures (IVL TB; Neutral; TP: Bt 64.00): 1Q18 earnings review: Numerous good stories
11/5	TH L.P.N. Development (LPN TB; Neutral; TP: Bt 10.70): 1Q18 earnings review: Beat estimates, but challenges to maintain margin
11/5	TH Major Cineplex Group (MAJOR TB; Neutral; TP: Bt 31.50): 1Q18 earnings review: Greater than expected
11/5	TH Mono Technology (MONO TB; Outperform; TP: Bt 3.90): Looking forward to improvement from 2Q18 onward
11/5	TH Pruksa Holding (PSH TB; Outperform; TP: Bt 24.80): Aggressive new launches to boost 2H18 performance
11/5	TH PTT (PTT TB; Neutral; TP: Bt 510.00): 1Q18 earnings review: Missed estimate
11/5	TH Pylon (PYLON TB; Neutral; TP: Bt 14.00): 1Q18 earnings review: Solid performance
11/5	TH Quality Houses (QH TB; Neutral; TP: Bt 3.20): 1Q18 earnings review: 8% higher than our forecast
11/5	TH Star Petroleum Refining (SPRC TB; Neutral; TP: Bt 17.00): 1Q18 earnings review: Higher than expected stock gains
11/5	TH Taokainoi Food & Marketing (TKN TB; Underperform; TP: Bt 13.00): 1Q18 earnings review: Margin tumbled
11/5	TH Thai Oil (TOP TB; Neutral; TP: Bt 98.00): 1Q18 earnings review: Slightly better than we expected
11/5	TH Thai Wah (TWPC TB; Neutral; TP: Bt 10.10): 1Q18 earnings review: Weak as estimated
11/5	TH WHA Corporation PCL (WHA TB; Outperform; TP: Bt 4.60): 1Q18 earnings review: Beat our forecast
11/5	TH WHA Utilities & Power (WHAUP TB; Outperform; TP: Bt 8.50): 1Q18 earnings review: In line with our forecast
10/5	SG ayondo (AYONDO SP; Not Rated): Improving operational performance
10/5	TW Addcn Technology (5287 TT; Outperform; TP: NT\$324.00): Operating margin rebounded in 1Q18
10/5	TW CSRC (2104 TT; Outperform; TP: NT\$48.00): Major restructuring & capital increase plans
10/5	TW Gourmet Master (2723 TT; Neutral; TP: NT\$379.00): Hits a snag
10/5	TW Hiwin (2049 TT; Outperform; TP: NT\$635.00): Further penetration of Japan a structural positive
10/5	TW Pegatron (4938 TT; Neutral; TP: NT\$67.00): 1Q18 EPS missed; 2Q18F earnings lukewarm
10/5	TW Taimide Tech. (3645 TT; Outperform; TP: NT\$98.00): Graphite sheet demand sustains high utilization
10/5	HK Tang Palace (1181 HK; Outperform; TP: HK\$5.00): Share subdivision plan to enhance liquidity
10/5	HK SMIC Group (981 HK; Neutral; TP: HK\$10.30): Near breakeven point
10/5	CN/HK Economy: China inflation overall stable in 2Q18F; more room for monetary easing
10/5	CN Electronic Components: GGEC (002045 CH) – Exchange rate is a key swing factor
10/5	CN Peacebird (603877 CH; Not Rated): Poised for earnings recovery post business restructuring
10/5	TH Ananda Development (ANAN TB; Outperform; TP: Bt 5.30): 1Q18 earnings review: Solid transfers on early handover
10/5	TH Asia Sermkij Leasing (ASK TB; Outperform; TP: Bt 28.00): 1Q18 earnings review: Up 2.3% YoY, but down 5.1% QoQ
10/5	TH Electricity Generating (EGCO TB; Outperform; TP: Bt 232.00): 1Q18 earnings review: Extra items put strong net profit growth while core profit performed well
10/5	TH KCE Electronics (KCE TB; Neutral; Bt 65.00): Waiting for the right time
10/5	TH Mono Technology (MONO TB; Under Review; TP: NA): 1Q18 earnings review: Weaker than expected
10/5	TH Pruksa Holding (PSH TB; Outperform; TP: Bt 24.80): 1Q18 earnings review: Transfers flat despite low base
10/5	TH Siam Makro (MAKRO TB; Neutral; TP: Bt 42.00): 1Q18 earnings review: In line with our forecast
10/5	TH Thaicom (THCOM TB; Underperform; TP: Bt 9.75): 1Q18 earnings review: In line results
10/5	TH TPC Power Holding (TPCH TB; Outperform; TP: Bt 22.50): 1Q18 earnings review: In line with our forecast
9/5	US Economics: No news is not good news
9/5	TW Compeq (2313 TT; Outperform; TP: NT\$42.00): Operating margin beat; handset segment bottoming out
9/5	TW Innolux (3481 TT; Underperform; TP: NT\$11.00): Earnings beat; payout ratio below consensus

Recent In depth Regional Reports

9/5	TW LCY Chemical (1704 TT; Outperform; TP: NT\$55.00): 1Q18 earnings slightly beat
9/5	TW Macauto (9951 TT; Outperform; TP: NT\$160.00): 1Q18 core earnings miss on slumping gross margin; current valuation appealing
9/5	TW Merida (9914 TT; Underperform; TP: NT\$108.00): Not out of the woods yet
9/5	TW President Chain Store (2912 TT; Neutral; TP: NT\$272.00): A strong outperform for operating margin
9/5	TW Qisda Corp. (2352 TT; Outperform; TP: NT\$25.00): Business solutions & medical to drive growth in 2018F
9/5	TW TUC (6274 TT; Outperform; TP: NT\$115.00): 1Q18 EPS a record high, robust high-end networking demand sustainable in 2Q18F
9/5	TW Wistron (3231 TT; Neutral; TP: NT\$25.00): 2018 outlook more conservative on weak smartphone sales
9/5	HK Wisdom Education (6068 HK; Neutral; TP: HK\$6.00): Post-results conference call key takeaways
9/5	TH Healthcare Sector (Neutral): 1Q18 earnings preview: Improvement YoY
9/5	TH AMA Marine (AMA TB; Under Review; TP: Under Review): 1Q18 earnings review: Nightmare
9/5	TH KCE Electronics (KCE TB; Neutral; Bt 65.00): 1Q18 earnings review: Below estimate
9/5	TH Muangthai Capital (MTC TB; Neutral; Bt 40.50): 1Q18 earnings review: Well managed opex and funding
9/5	TH Scan Inter (SCN TB; Outperform; TP: Bt 5.00): Episode V: The last cut
8/5	TW Strategy: Return of international capital to overweight emerging markets hinges on exports & trade war
8/5	TW Auto Parts Sector: Takeaways from Beijing Motor Show – Chinese NEV start-ups emerging
8/5	TW Auto Parts Sector: Takeaways from Beijing Motor Show – NEV roadmaps of JV & Chinese automakers
8/5	TW Accton (2345 TT; Neutral; TP: NT\$76.00): Earnings miss on inventory adjustments at clients
8/5	TW ASPEED Technology (5274 TT; Neutral; TP: NT\$740.00): 1Q18 results dragged down by forex losses & higher tax rate
8/5	TW Chicony (2385 TT; Outperform; TP: NT\$79.00): Hurt by component prices & forex, but worst is passed
8/5	TW Novatek (3034 TT; Underperform; TP: NT\$93.00): Tight foundry & testing equipment capacity to cap margin
8/5	TW Parade Technologies (4966 TT; Outperform; TP: NT\$685.00): 2Q18F sales guidance unchanged despite weak April sales
8/5	HK Hengan International (1044 HK; Outperform; TP: HK\$85.50): Key takeaways from our conference call
8/5	CN/HK Stock Liquidity Monitor: Weekly data – Unlocked non-tradable shares & shareholding changes involving major shareholders
8/5	CN_HK Economy: Exports under pressure; domestic demand expansion hinges on import growth
8/5	TH Transportation Sector (Neutral): 1Q18 earnings preview: Looks different
8/5	TH Commodities Update: All eyes on the nuclear deal for Iran
8/5	TH Global Power Synergy (GPSC TB; Underperform; TP: Bt 59.00): 1Q18 earnings review: Better than expected
8/5	TH PTT Global Chemical (PTTGC TB; Neutral; TP: Bt 103.00): 1Q18 earnings review: Beat estimate, but being careful
7/5	TW Auto Parts Sector: Takeaways from Beijing Motor Show – Focus on new energy vehicles
7/5	TW Petrochemicals Sector (Overweight): Chinaplas Series 5 – Limited impact from SEBS capacity additions in China
7/5	TW Catcher Technology (2474 TT; Outperform; TP: NT\$414.00): 1Q18 earnings missed on forex losses; solid sales & earnings growth expected in 2H18
7/5	TW CTCI (9933 TT; Outperform; TP: NT\$57.00): Core earnings up, cash dividend high
7/5	TW Eclat Textile (1476 TT; Neutral; TP: NT\$356.00): 1Q18 earnings beat
7/5	TW Hu Lane (6279 TT; Neutral; TP: NT\$140.00): 1Q18 earnings miss on weak gross margin
7/5	TW King Slide (2059 TT; Outperform; TP: NT\$490.0): Impressive 1Q18 margin; upside in 2H18F
7/5	TW Taishin FHC (2887 TT; Neutral; TP: NT\$14.50): 1Q18 net profit in line, but NPLs rise
7/5	HK Uni-President China (220 HK; Neutral; TP: HK\$8.50): Improved product mix & higher ASP secure 2018 earnings
7/5	CN/HK A-share Weekly: Sino-US trade tension has not worsened; strong support at 3,000 points

For full reports, please contact Research Department at 6202 1190 or sgp.researchcom@kgi.com



ayondo Limited

(AYONDO SP)

Not Rated

Price as of 10 May 2018	0.14
12M target price (S\$)	na
Previous target price (S\$)	na
Upside (%)	na

Trading data

Mkt Cap (S\$m) / (US\$m)	70 / 52
Issued Shares (m)	503
Ave Daily Traded (3-Month) Vol / Val	na
52 week lo / hi	\$0.13 / \$0.28
Free Float	81.7%

Major Shareholders

Luminor	20.1%
Pheim Asset Mgt	5.0%

Improving operational performance

Event

ayondo reported its first quarterly results since its March IPO. Still in losses of CHF6.3mn in 1Q18, impacted by one-off items including financing charges associated with convertible bonds and loans (CHF 3.0mn) and IPO costs (CHF 1.9mn). Adding back one-off costs would see 1Q18 PBT losses of CHF 1.2mn compared to the CHF 2.3mn loss in 1Q17.

Positive operational performance. Trading revenue increased 68% YoY to CHF7.3mn as active clients grew to 31k in 1Q18 from 22k in 1Q17. Increase in active clients to 31k due mainly due to B2B clients. Majority of the growth with BUX BV marketing in the Netherlands and Germany. Going by trends, ayondo may potentially turn profitable at year-end, but investors should look at cash flows instead.

Cash flows. Cash balance strengthened to CHF 9.7mn end Mar-18 with the IPO proceeds. It had negative operating cash flow (CFO) of CHF 2mn in 1Q18. Adjusting for one-off payments, it should be able to bring that down to around CHF 1.5mn i.e. annualised negative CFO of CHF 6mn (S\$8mn), around its 3-year average negative FCF. The group may be able to sustain for 1.5 years based on this trend before meeting any funding shortfall.

Valuation & Action

Valuation based on earnings is not possible given that the group continues to be loss-making. We have no visibility on its growth and therefore unable to comment on how fast or how well it is able to effectively monetise the growth of its active clients. However, we think that if it does turn cash flow neutral by year-end, then we could possibly see a re-rating of its stock price which has fallen 45% from its 26 cents IPO Price. We note that peers in the CFD space has had upward re-ratings the past year, with CMC Markets' share price rising 45% YoY and Plus 500 by >200% YoY.

Risks

It had negative operating cash flows averaging CHF4.9mn (S\$6.7mn) over the last three years and the group expects expenses to increase in the future to develop and expand its business operations. ayondo may have to tap equity markets again if it is unable to generate sufficient cash flows from operations.

Another key risk which we are watching closely is the temporary measures that will restrict the sale of Contract for Differences (CFD) to retail investors in Europe - to be imposed by the European Securities and Markets Authority (ESMA) – and likely to take effect in either June or July 2018.

Figure 1: Key operational statistics (1Q18 vs 1Q17)

	Qtr to Mar'18	Qtr to Mar '17	+ / - %
Trading revenue (CHF '000s)	7,293	4,343	+ 68%
Number of active clients	30,539	22,419	+ 36%
Average revenue per active client (CHF)	239	194	+ 23%

Source: Company presentation, KGI Research

Joel Ng
65 6202 1192
joel.ng@kgi.com

See the last page for important disclosures.



ComfortDelGro Corporation

(CD SP/CMDG.SI)

BUY - Maintain

Price as of 14 May 2018	2.35
12M target price (S\$)	2.72
Previous target price (S\$)	2.24
Upside, incl div (%)	20.7

Trading data

Mkt Cap (S\$m) / (US\$m)	5,085 / 3,815
Issued Shares (m)	2,163.9
Ave Daily Traded (3-Month) Vol / Val	8.2m / \$17.3m
52 week lo / hi	\$1.89 / \$2.67
Free Float	99.6%

Major Shareholders

Blackrock	6.0%
Schroders	5.0%

Previous Recommendations

Date	Rating	Share Price (S\$)	Target Price (S\$)
30-Apr-18	BUY	2.250	2.720
2-Jan-18	BUY	2.020	2.240

CD SP (1yr) VS STI



Source: Bloomberg

Joel Ng
65 6202 1192
joel.ng@kgi.com

See the last page for important disclosures.

Positive developments

Event

Good set of results showing QoQ improvement. 1Q18 PATMI declined 20% YoY to S\$66mn even as top line increased 1% YoY to S\$879mn, mainly due to higher operating costs and lower net income from investments. Operating profits for the quarter was only slightly lower by 5% YoY at S\$96mn. Overall, a good set of results as 1Q18 EBITDA margins kept steady at 21.9%, unchanged from the prior year period, but an improvement from 18.2% in 4Q17.

Positive outlook. Revenues from Public Transport is expected to be higher with the commencement of the Seletar Bus Package from March 11 and Bukit Merah Bus Package in 4Q18. Rail service revenue is expected to be higher with full-year revenue contribution from Downtown Line 3. CD's outlook for its taxi business is finally turning optimistic. In its latest industry remarks, revenue from its taxi business is expected to stabilise with a better operating environment and recent acquisitions of new taxi businesses in AU, CN and UK.

Valuation & Action

Reiterate BUY; three upside catalysts in our view. We reiterate our BUY recommendation and raise our target price to S\$2.72, pegged to 19x 2018F EPS and based on 1SD above the 10-year mean. We believe the following catalysts would lead to an expansion in valuation multiples as earnings begin recovering over the next few quarters: (1) better-than-expected recovery of its taxi business following the exit of Uber in SEA; (2) potential upside from the breakeven of Downtown Line (DTL); and (3) favourable forex from recovery of British Pound – UK/Ireland operations accounted for 15-21% of operating profits over the past five years.

4-5% dividend yield sustainable. CD's free cash flow is sufficient to support its current dividend of 10 SG cents. We estimate that it could possibly raise 2018 dividends to 11.2 SG cents - an implied 78% payout of our 2018F earnings forecasts – and translates to an attractive 4.8% dividend yield. CD's balance sheet remains healthy with no net debt, providing it with plenty of opportunities for EPS-accretive acquisitions overseas. It has already made several small overseas acquisitions in Australia and the UK since the start of 2018.

Risks

Further deterioration of taxi business if competitive landscape does not improve; slower-than-expected breakeven of DTL.

Financials & Key Operating Statistics

YE Dec (S\$m)	2016	2017	2018F	2019F	2020F
Revenue	4059.5	3970.9	4031.8	4092.8	4154.9
PATMI	317.1	301.5	310.2	315.9	321.4
Core PATMI	303.2	279.1	310.2	315.9	321.4
Core EPS	14.0	12.9	14.3	14.6	14.9
Core EPS grth (%)	0.4	-7.9	11.2	1.8	1.8
Core P/E (x)	16.8	18.2	16.4	16.1	15.8
DPS (SGCents)	10.3	10.4	11.2	11.2	11.2
Div Yield (%)	4.4	4.4	4.8	4.8	4.8
Net Margin (%)	7.8	7.6	7.7	7.7	7.7
Gearing (%)	-4.8	-0.1	14.7	22.6	28.8
Price / Book (x)	2.1	1.9	1.9	1.8	1.8
ROE (%)	9.9	9.9	9.8	9.6	9.4

Source: Company Data, KGI Research

MindChamps

(MCHAMPS SP/CNE.SI)

BUY - MAINTAIN

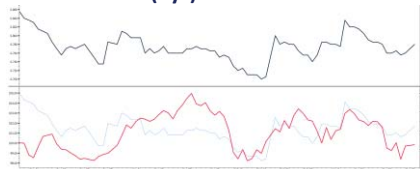
Price as of 11 May 2018	0.80
12M target price (S\$)	0.86
Previous target price (S\$)	na
Upside, incl. div (%)	8.0

Trading data

Mkt Cap (S\$m) / (US\$m)	193 / 142
Issued Shares (m)	242
Ave Daily Traded (3-Month) Vol / Val	0.2m / \$0.2m
52 week lo / hi	\$0.70 / \$0.99
Free Float	26.9%

Major Shareholders

MindChamps Holdings	51.7%
Singapore Press Holding	20.0%

MCHAMPS SP (1yr) VS STI


Source: Bloomberg

Marc Tan
65 6202 1195
marc.tan@kgi.com

China Expansion Nearing

Event

1Q18 Results. Mindchamps reported 1Q18 net profits of S\$319,000 (-57% YoY), below our estimates of S\$1.1m. Revenues rose 36% YoY to S\$6m but higher operating costs (Cost of Sales +42% YoY, Administrative Expenses +63% YoY) from an increase in the number of centres and overseas expansion staff costs dragged net profits lower.

Impact

Seasonality. The firm's businesses typically experience seasonal changes in student enrolments with student numbers being the lowest during Q1 of each calendar year due to the graduation of Kindergarten 2 students. Due to seasonality, we expect profit margins to recover as new students replace the graduated K2 students in the coming quarters.

Lower Operating Profits. YoY, operating profits dropped 17.8% to S\$656,000 due to an increase in administrative expenses. Administrative costs as a percentage of revenue rose to 57.4% from 47.8% in 2Q17, driven by the group hiring more people to support its overseas expansion. We expect these additional administrative costs to be mitigated by an increase in student count and school fees as the firm enters the Chinese market in the coming quarters.

China Expansion. We believe the group's establishment of US\$50m global fund with Temasek Holdings to be supportive for its China Expansion as the money could be used to invest into the China Preschool Fund. We look forward to the closing of the China Preschool Fund and a launch of preschools in China this coming August.

Valuation & Action

We maintain a BUY on MindChamps with a target price of \$0.86, which implies a 23.2x 2018F EPS. Our forecast is based on a DCF model assuming 11.1% WACC and 3% terminal growth.

Risks

Failure to raise enough capital for the US\$200m fund. Lacklustre reception to MindChamps brand in China, Reputation/Legal Risks.

Financials & Key Operating Statistics

YE Dec SGD mn	2016	2017	2018F	2019F	2020F
Revenue	18.4	22.8	23.2	26.2	29.5
Operating Profit	6.3	6.3	7.7	8.6	9.6
Net Profit	5.8	4.9	7.3	8.1	9.1
P/E (x)	25.8	31.4	20.7	18.4	16.4
EPS	3.0	2.4	3.7	4.2	4.7
EPS Growth(%)	-	-18.1%	51.9%	12.6%	11.8%
GP Margin (%)	61.4%	66.3%	67.6%	66.4%	66.3%
Net Margin (%)	31.7%	21.5%	31.3%	31.1%	30.7%
Gearing (%)	50.4%	20.4%	22.6%	19.5%	19.3%
ROE (%)	140.0%	8.6%	11.9%	11.8%	11.7%

Source: Company Data, KGI Research

See the last page for important disclosures.

STI Components and Key Metrics

Ticker	Company Name	Last Price (Lcl)	Market Cap (SGDm)	1 Day Change (%)	Total Return YTD (%)	Total Return 1 Week (%)	Div Yield FY18 (%)	Div Yield FY19 (%)
FINANCIALS								
DBS SP	DBS	29.22	74,916	(0.8%)	22.0%	0.9%	4.0%	4.2%
OCBC SP	OCBC	13.16	55,039	0.2%	6.2%	(0.1%)	3.2%	3.5%
UOB SP	UOB	29.52	49,071	(0.5%)	14.1%	0.8%	3.9%	4.1%
SGX SP	SGX	7.69	8,229	(0.3%)	4.7%	0.4%	3.9%	4.1%
PROPERTIES								
AREIT SP	Ascendas REIT	2.67	7,819	0.0%	1.1%	0.8%	6.2%	6.4%
CAPL SP	CapitaLand	3.63	15,249	(1.1%)	6.2%	0.2%	3.3%	3.4%
CCT SP	CapitaLand Comm Trust	1.78	6,431	0.6%	(5.7%)	(0.6%)	5.0%	5.0%
CT SP	CapitaLand Mall Trust	2.10	7,452	0.0%	1.3%	0.5%	5.2%	5.4%
CIT SP	City Development	12.40	11,275	(1.0%)	0.4%	(0.3%)	1.4%	1.4%
HKL SP	Hongkong Land USD	7.21	22,596	0.0%	4.5%	(0.4%)	2.9%	3.0%
UOL SP	UOL	8.61	7,254	(1.3%)	(1.0%)	0.6%	2.0%	2.0%
TELECOMMUNICATIONS								
ST SP	SingTel	3.52	57,478	(0.8%)	(1.4%)	0.6%	5.6%	5.1%
STH SP	StarHub	2.14	3,703	(1.8%)	(22.2%)	(3.6%)	7.3%	7.0%
CONSUMER SERVICES AND GOODS								
JCNC SP	Jardine C&C	33.39	13,197	(1.3%)	(15.6%)	0.8%	3.5%	3.8%
JM SP	Jardine Matheson USD	61.80	59,784	1.5%	3.7%	2.5%	2.7%	3.0%
JS SP	Jardine Strategic Holding	37.29	55,021	1.0%	(5.2%)	4.7%	0.9%	0.9%
GENS SP	Genting Singapore	1.30	15,658	1.6%	0.9%	11.1%	2.7%	2.8%
SPH SP	SPH	2.76	4,415	(0.4%)	6.4%	3.4%	5.1%	5.1%
THBEV SP	ThaiBev	0.81	20,215	(0.6%)	(10.6%)	(3.0%)	3.1%	3.5%
VMS SP	Venture Corp	22.27	6,396	3.5%	8.8%	7.8%	3.0%	3.1%
TRANSPORT								
SIA SP	Singapore Airlines	11.01	13,020	(1.3%)	3.2%	(1.3%)	3.1%	2.8%
CD SP	ComfortDelGro	2.34	5,064	0.4%	21.4%	6.8%	4.5%	4.7%
COMMODITIES								
GGR SP	Golden Agri	0.36	4,585	(1.4%)	(2.4%)	1.4%	2.2%	2.2%
WIL SP	Wilmar	3.17	20,055	0.3%	4.8%	(0.9%)	3.2%	3.5%
OFFSHORE & MARINE/INDUSTRIALS								
KEP SP	Keppel Corp	8.24	14,926	(0.2%)	14.1%	1.4%	3.1%	3.2%
SCI SP	Sembcorp Industries	3.10	5,533	0.0%	3.0%	1.6%	2.5%	3.0%
YZJSGD SP	Yangzijiang SGD	1.17	4,644	(1.7%)	(20.4%)	(0.8%)	3.7%	3.8%
SATS SP	SATS	5.54	6,183	(0.5%)	6.5%	0.9%	3.2%	3.3%
STE SP	ST Engineering	3.44	10,734	1.5%	8.6%	(0.9%)	4.5%	4.7%
HPHT SP	HPH Trust USD	0.34	3,945	(1.4%)	(14.7%)	0.0%	7.6%	7.8%

Dividend Yield based on Bloomberg consensus. Total return includes dividends.

Source: Bloomberg

STI Reserve List (by market cap) - STI next review date: March 2018

Ticker	Company Name	Last Price (Lcl)	Market Cap (SGDm)	1 Day Change (%)	Total Return YTD (%)	Total Return 1 Week (%)	Div Yield FY18 (%)	Div Yield FY19 (%)
SUN SP	Suntec REIT	1.88	5,008	(1.6%)	(10.4%)	(2.1%)	5.3%	5.3%
MCT SP	Mapletree Commercial	1.60	4,617	0.0%	1.5%	(0.6%)	5.6%	5.8%
KREIT SP	Keppel REIT	1.21	4,112	1.7%	(1.7%)	1.7%	4.9%	4.9%
SMM SP	Semcorp Marine	2.22	4,635	0.9%	21.2%	5.7%	0.9%	1.0%

Dividend Yield based on Bloomberg consensus. Total return includes dividends.

Source: Bloomberg

Appendix 1: Corporate Action

Company	Results Ann Date	Period	DPS	Ex-Date	Book Close	Payable	Share Price 14 May 18	Yield (%)
Ascendas India Trust	25-Apr-18	FY18	SGD 0.00850	15-May-18	17-May-18	25-May-18	SGD 1.050	0.8
Asia Enterprises Holding Ltd	6-Feb-18	FY17	SGD 0.00500	15-May-18	17-May-18	30-May-18	SGD 0.179	2.8
Ho Bee Land Ltd	28-Feb-18	FY17	SGD 0.08000	15-May-18	17-May-18	31-May-18	SGD 2.650	3.0
Ho Bee Land Ltd - Special	28-Feb-18	FY17	SGD 0.02000	15-May-18	17-May-18	31-May-18	SGD 2.650	0.8
ISDN Holdings Ltd	27-Feb-18	FY17	SGD 0.0060	15-May-18	17-May-18	5-Jun-18	SGD 0.210	2.9
Kingsmen Creatives Ltd	22-Feb-18	FY17	SGD 0.0150	15-May-18	17-May-18	31-May-18	SGD 0.590	2.5
LHT Holdings Ltd	28-Feb-18	FY17	SGD 0.0500	15-May-18	17-May-18	25-May-18	SGD 0.800	6.3
OUE	22-Feb-18	FY17	SGD 0.0200	15-May-18	17-May-18	31-May-18	SGD 1.810	1.1
Ascendas Hospitality Trust	10-May-18	FY18	SGD 0.03130	16-May-18	18-May-18	19-Jun-18	SGD 0.825	3.8
EC World REIT	10-May-18	1Q18	SGD 0.01469	16-May-18	18-May-18	29-Jun-18	SGD 0.745	2.0
Frasers Logistics & Industrial Trust	7-May-18	2Q18	SGD 0.036100	16-May-18	18-May-18	26-Jun-18	SGD 1.110	3.3
Serial System Ltd	24-Feb-18	FY17	SGD 0.0046	16-May-18	18-May-18	31-May-18	SGD 0.168	2.7
Brook Crompton Holdings Ltd	27-Feb-18	FY17	SGD 0.05000	17-May-18	21-May-18	31-May-18	SGD 0.820	6.1
Figtree Holdings Ltd	1-Mar-18	FY17	SGD 0.006300	17-May-18	21-May-18	6-Jul-18	SGD 0.158	4.0
Venture Corp	28-Feb-17	FY17	SGD 0.6000	17-May-18	21-May-18	31-May-18	SGD 22.270	2.7
AEM Holdings Ltd	23-Feb-18	FY17	SGD 0.06500	18-May-18	22-May-18	31-May-18	SGD 6.300	1.0
Oversea-Chinese Banking Corp	14-Feb-18	FY17	SGD 0.1900	18-May-18	22-May-18	4-Jun-18	SGD 13.160	1.4
Yangzijiang Shipbuilding Holdings	28-Feb-18	FY17	SGD 0.0450	18-May-18	22-May-18	7-Jun-18	SGD 1.170	3.8
Yanlord Land Group Ltd	1-Mar-18	FY17	SGD 0.0680	18-May-18	22-May-18	5-Jun-18	SGD 1.670	4.1

Latest Rights Issue Announcement

Company	Particulars	Ex-Date	Book Close	Rights Trading Period	
				From	To
ESR-REIT	199 New Units @ S\$0.54 each Rts share for every 1,000 existing units in ESR-REIT	5-Mar-18	7-Mar-18		
Frasers Logistics & Industrial Trust	1 new unit @ S\$0.967 per new unit for 10 existing units in Frasers Logistics & Industrial Trust (FLT)	16-May-18	18-May-18		

Source: SGX Announcement

Latest Bonus & Listing Issue Announcement

Company	Particulars	Ex-Date	Book Close	Payable / Crediting Date	Listing Date
AEI Corporation	1 Free warrant (exercise price S\$1.00) for every 1 existing ord share held	15-May-18	17-May-18	-	-

Source: SGX Announcement

AEI Corporation : Expected date and time for the listing and quotation of the Bonus Warrants on the SGX-ST: xxxday, dd mmmm yyyy at 9.00 a.m.

Company	Offer Price	Closing Date	Offeror
Tat Hong Hldgs Ltd	SGD 0.550 Cash	5.30 p.m. on 14 May 2018	THSC Investments Pte. Ltd.
Lee Metal Grp	SGD 0.42 Cash	5.30 p.m. on 7 Jun 2018	BRC Asia Ltd
LTC Corporation Limited	SGD 0.925 Cash	5.30 p.m. on 31 May 2018	Mountbatten Enterprises Pte. Ltd.
Vard Hldgs	SGD 0.25 Cash	5.30 p.m. on 20 Jul 2018	Fincantieri Oil & Gas S.p.A.

Source: SGX Announcement

Appendix 2: Financial Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
<p>14-May</p> <p>Q1: Amara Hldgs / Asian Pay Television Trust / Best World Int'l / CNMC Goldmine Hldgs / Emerging Towns & Cities / Hiap Hoe / KrisEnergy / Olam Int'l / Roxy-Pacific Hldgs / Sinarmas Land</p> <p>Q1: First Resources</p> <p>Q4: NetLink NBN Trust / Vallianz Hldgs</p>	<p>15-May</p> <p>Q1: Fragrance Grp / Golden Agri-Resources / Noble Grp / Sino Grandness Food</p> <p>Q2: Thai Beverage PCL</p> <p>Q3: ASL Marine Hldgs</p> <p>Q4: SIA Engrg Co</p>	<p>16-May</p> <p>*Q1: TPV Technology</p>	<p>17-May</p> <p>Q4: Spore Airlines / Spore Telecoms</p>	<p>18-May</p>
<p>21-May</p>	<p>22-May</p>	<p>23-May</p> <p>SG (Apr 2018): CPI Overall index and sub-indices</p>	<p>24-May</p>	<p>25-May</p> <p>SG: 1Q18 GDP (Not later than 25 May) SG (Apr 2018): Index of Industrial Production</p>
<p>28-May</p> <p>Q4: Accordia Golf Trust</p>	<p>29-May</p>	<p>30-May</p>	<p>31-May</p>	<p>1-Jun-18</p>
<p>4-Jun</p>	<p>5-Jun</p>	<p>6-Jun</p>	<p>7-Jun</p>	<p>8-Jun</p>
<p>11-Jun</p>	<p>12-Jun</p>	<p>13-Jun</p>	<p>14-Jun</p>	<p>15-Jun</p>

* Tentative

Source: Bloomberg

Disclaimer This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities. This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. You should independently evaluate particular investments and consult an independent financial adviser before dealing in any securities mentioned in this report.

This report is confidential. This report may not be published, circulated, reproduced or distributed and/or redistributed in whole or in part by any recipient of this report to any other person without the prior written consent of KGI Securities. This report is not intended for distribution and/or redistribution, publication to or use by any person in any jurisdiction outside Singapore or any other jurisdiction as KGI Securities may determine in its absolute discretion, where the distribution, publication or use of this report would be contrary to applicable law or would subject KGI Securities and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by KGI Securities to be reliable. However, KGI Securities makes no representation as to the accuracy or completeness of such sources or the Information and KGI Securities accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. KGI Securities and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of KGI Securities and its connected persons are subject to change without notice. KGI Securities reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) KGI Securities, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) KGI Securities, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; and (3) the officers, employees and representatives of KGI Securities may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business".)

However, as of the date of this report, neither KGI Securities nor its representative(s) who produced this report (each a "research analyst"), has any proprietary position or material interest in, and KGI Securities does not make any market in, the securities which are recommended in this report.

Each research analyst of KGI Securities who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of KGI Securities or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including KGI Securities's total revenues, a portion of which are generated from KGI Securities's business of dealing in securities.

Copyright 2018. KGI Securities (Singapore) Pte. Ltd. All rights reserved.