Singapore Company Update

12 February 2020

Property | Real Estate

Oxley (OHL SP)

Buy (Maintained)

Still On Track For a Positive FY20; BUY

Target Price (Return):	SGD0.42 (+24%)
Price:	SGD0.34
Market Cap:	USD1,035m
Avg Daily Turnover (SGD/USD)	0.73m/0.54m

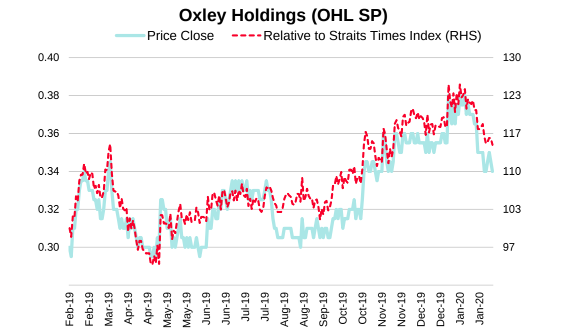
- **Maintain BUY, new SGD0.42 TP from SGD0.43, 24% upside with c.9% FY20F (Jun) yield.** Oxley's sales softened in 2QFY20, mainly due to the lumpy recognition of projects, higher consultancy fees incurred for overseas developments, the inclusion of 3-month expenses from the new Australian subsidiary, and higher finance costs. We still expect it to record a solid performance in FY20, on catalysts like closing the Chevron House sale, while it may fork out a special dividend as well.
- **Portfolio units selling at a good pace.** Its UK and overseas projects are mostly sold, except for projects in China and Malaysia. Its Singapore residential portfolio is also selling at a healthy pace, with 69% of the units across its portfolio sold, which are worth about SGD3.02bn. Management aims to finish selling the majority of the remaining units by December. Its Gaobeidian project is facing some hiccups, mainly due to the novel coronavirus outbreak, which has cooled down property sales in China. Going forward, management is bullish on opportunities in Vietnam, the UK and Myanmar – and will likely invest in projects in these countries.
- **Near-term catalysts to lead to a further stock re-rating.** Management hopes to close the sale of Chevron House by the end of March. The earnings recognition should boost Oxley's 2H20F numbers. In addition, the interest cost savings from the repayment of its retail bonds will likely also result in lower financing costs – which helps to strengthen profitability.
- **Record FY20F numbers, coupled with a potential special dividend.** Management guided that excess cash – after paring down gearing – will be used to reward shareholders with a special dividend, if there are no suitable opportunities at that time. It hopes to lower gearing to 1.5x and under, by end-FY20. The counter is trading at a deep 56% discount to our RNAV of SGD0.77 (adjusted slightly lower from SGD0.79, due to the removal of certain overseas projects). This, together with a 8.8% FY20F dividend yield, strong insider buying, as well as a record FY20 anticipated, compels us to maintain our BUY call for Oxley. The stock is one of our top small-mid cap picks for Singapore.
- **Key risks** include further cooling measures affecting the property market, and rising interest rates.

Analyst

Jarick Seet
+65 6232 3891
jarick.seet@rhbgroup.com

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(4.2)	(8.1)	(4.2)	11.5	13.3
Relative	(2.3)	(5.2)	(1.1)	11.7	14.5
52-wk Price low/high (SGD)					0.30 – 0.38



Source: Bloomberg

Forecasts and Valuation	Jun-18	Jun-19	Jun-20F	Jun-21F	Jun-22F
Total turnover (SGDm)	1,189	686	2,799	1,395	846
Recurring net profit (SGDm)	285	146	331	219	139
Recurring net profit growth (%)	30.7	(48.7)	126.4	(33.9)	(36.5)
Recurring EPS (SGD)	0.07	0.04	0.08	0.05	0.03
DPS (SGD)	0.02	0.01	0.03	0.02	0.02
Recurring P/E (x)	4.68	9.50	4.28	6.58	10.37
P/B (x)	0.96	0.94	0.84	0.77	0.74
Dividend Yield (%)	4.4	2.9	8.8	4.4	4.4
Return on average equity (%)	23.0	9.9	20.6	12.3	7.3
Net debt to equity (%)	249.2	237.3	158.0	147.8	135.1
Interest cover (x)	4.04	2.73	3.29	2.47	1.83

Source: Company data, RHB

Financial Exhibits

Asia
Singapore
Property
Oxley
OHL SP
Buy

Valuation basis

45% discount to RNAV of SGD0.77

Key drivers

i. Sale of investment properties
ii. Lowering of net gearing;
iii. Special dividends;
iv. Gains from property developments

Key risks

i. Lumpy revenue;
ii. Exposure to performance of the Singapore property market;
iii. High gearing;
iv. Subject to government regulations;
v. Disputes and possible legal claims with buyers;
vi. Property assets are relatively illiquid

Company Profile

Oxley Holdings is a home-grown property developer with a diversified portfolio of businesses that include property development, property investment and project management. The group has a business presence across 12 markets including Singapore, the UK, Ireland, Cyprus, Australia, Cambodia, Malaysia, Indonesia, China, Japan and Myanmar.

Financial summary (SGD)	Jun-18	Jun-19	Jun-20F	Jun-21F	Jun-22F
Recurring EPS	0.07	0.04	0.08	0.05	0.03
EPS	0.07	0.04	0.08	0.05	0.03
DPS	0.02	0.01	0.03	0.02	0.02
BVPS	0.36	0.36	0.40	0.44	0.46
Return on average equity (%)	23.0	9.9	20.6	12.3	7.3
Return on average assets (%)	5.4	2.4	5.4	3.8	2.6

Valuation metrics	Jun-18	Jun-19	Jun-20F	Jun-21F	Jun-22F
Recurring P/E (x)	4.68	9.50	4.28	6.58	10.37
P/B (x)	1.0	0.9	0.8	0.8	0.7
Dividend Yield (%)	4.4	2.9	8.8	4.4	4.4
EV/EBITDA (x)	12.68	14.16	6.92	10.34	13.91

Income statement (SGDm)	Jun-18	Jun-19	Jun-20F	Jun-21F	Jun-22F
Total turnover	1,189	686	2,799	1,395	846
Gross profit	186	135	560	279	169
EBITDA	275	290	468	319	224
Depreciation and amortisation	(14)	(15)	(16)	(17)	(18)
Operating profit	261	276	452	302	206
Net interest	(59)	(94)	(131)	(116)	(106)
Pre-tax profit	305	161	355	235	149
Taxation	(23)	(17)	(27)	(18)	(11)
Reported net profit	285	146	331	219	139
Recurring net profit	285	146	331	219	139

Cash flow (SGDm)	Jun-18	Jun-19	Jun-20F	Jun-21F	Jun-22F
Change in working capital	95	(378)	719	(106)	142
Cash flow from operations	115	(318)	1,029	80	249
Capex	(893)	(155)	(50)	(50)	(50)
Cash flow from investing activities	(1,154)	111	(50)	(50)	(50)
Dividends paid	(50)	(11)	(127)	(64)	(64)
Cash flow from financing activities	596	1,528	(960)	(364)	(264)
Cash at beginning of period	414	255	474	493	159
Net change in cash	(443)	1,321	19	(334)	(65)
Ending balance cash	(28)	1,574	493	159	94

Balance sheet (SGDm)	Jun-18	Jun-19	Jun-20F	Jun-21F	Jun-22F
Total cash and equivalents	255	474	493	159	94
Tangible fixed assets	972	1,021	1,056	1,089	1,122
Total investments	1,500	822	855	903	952
Total other assets	549	533	533	533	533
Total assets	5,995	6,194	6,091	5,429	5,093
Short-term debt	723	1,823	1,793	1,811	1,809
Total long-term debt	3,214	2,238	1,405	1,105	905
Total liabilities	4,518	4,683	4,379	3,564	3,153
Shareholders' equity	1,436	1,507	1,708	1,861	1,935
Minority interests	41	5	5	5	5
Total equity	1,477	1,511	1,712	1,865	1,939
Total liabilities & equity	5,995	6,194	6,091	5,429	5,093

Key metrics	Jun-18	Jun-19	Jun-20F	Jun-21F	Jun-22F
Revenue growth (%)	(11.5)	(42.3)	308.0	(50.2)	(39.4)
Recurring net profit growth (%)	30.7	(48.7)	126.4	(33.9)	(36.5)
Recurrent EPS growth (%)	28.7	(50.7)	121.9	(34.9)	(36.5)
Gross margin (%)	15.6	19.7	20.0	20.0	20.0
Recurring net profit margin (%)	24.0	21.3	11.8	15.7	16.4

Source: Company data, RHB

Recommendation Chart

Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2019-12-18	Buy	0.43	0.36
2019-11-14	Buy	0.43	0.34
2019-10-29	Buy	0.43	0.35
2019-09-24	Buy	0.43	0.31
2019-06-13	Buy	0.41	0.32

Source: RHB, Bloomberg

RHB Guide to Investment Ratings

Buy:	Share price may exceed 10% over the next 12 months
Trading Buy:	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
Take Profit:	Target price has been attained. Look to accumulate at lower levels
Sell:	Share price may fall by more than 10% over the next 12 months
Not Rated:	Stock is not within regular research coverage

Indonesia
This report is issued and distributed in Indonesia by PT RHB Sekuritas Indonesia. This research does not constitute an offering document and it should not be construed as an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

Singapore
This report is issued and distributed in Singapore by RHB Securities Singapore Pte Ltd which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. RHB Securities Singapore Pte Ltd may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, RHB Securities Singapore Pte Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact RHB Securities Singapore Pte Ltd in respect of any matter arising from or in connection with the report.

Hong Kong
This report is distributed in Hong Kong by RHB Securities Hong Kong Limited (興業僑豐證券有限公司) (CE No.: ADU220) ("RHBSHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities). Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact RHBSHK. RHBSHK is a wholly owned subsidiary of RHB Hong Kong Limited; for the purposes of disclosure under the Hong Kong jurisdiction herein, please note that RHB Hong Kong Limited with its affiliates (including but not limited to RHBSHK) will collectively be referred to as "RHBHK." RHBHK conducts a full-service, integrated investment banking, asset management, and brokerage business. RHBHK does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this research report. Investors should consider this report as only a single factor in making their investment decision. Importantly, please see the company-specific regulatory disclosures below for compliance with specific rules and regulations under the Hong Kong jurisdiction. Other than company-specific disclosures relating to RHBHK, this research report is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such.

United States
This report was prepared by RHB and is being distributed solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act"). Accordingly, access to this report via Bursa Marketplace or any other Electronic Services Provider is not intended for any party other than "major" US institutional investors, nor shall be deemed as solicitation by RHB in any manner. RHB is not registered as a broker-dealer in the United States and does not offer brokerage services to U.S. persons. Any order for the purchase or sale of the securities discussed herein that are listed on Bursa Malaysia Securities Berhad must be placed with and through Auerbach Grayson ("AG"). Any order for the purchase or sale of all other securities discussed herein must be placed with and through such other registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6. This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable. Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of Auerbach Grayson AG or such other registered U.S. broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading. Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States. The financial instruments discussed in this report may not be suitable for all investors. Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

DISCLOSURE OF CONFLICTS OF INTEREST

RHB Investment Bank Berhad, its subsidiaries (including its regional offices) and associated companies, ("RHBIB Group") form a diversified financial group, undertaking various investment banking activities which include, amongst others, underwriting, securities trading, market making and corporate finance advisory.

As a result of the same, in the ordinary course of its business, any member of the RHBIB Group, may, from time to time, have business relationships with or hold positions in the securities (including capital market products) or perform and/or solicit investment, advisory or other services from any of the subject company(ies) covered in this research report.

While the RHBIB Group will ensure that there are sufficient information barriers and internal controls in place where necessary, to prevent/manage any conflicts of interest to ensure the independence of this report, investors should also be aware that such conflict of interest may exist in view of the investment banking activities undertaken by the RHBIB Group as mentioned above and should exercise their own judgement before making any investment decisions.

Malaysia
Save as disclosed in the following link (RHB Research conflict disclosures – Feb 2020) and to the best of our knowledge, RHBIB hereby declares that:

1. RHBIB does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.
2. RHBIB is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
3. None of RHBIB's staff or associated person serve as a director or board member* of the subject company(ies) covered in this report
   **For the avoidance of doubt, the confirmation is only limited to the staff of research department*
4. RHBIB did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
5. RHBIB did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

Thailand
RHB Securities (Thailand) PCL and/or its directors, officers, associates, connected parties and/or employees, may have, or have had, interests and/or commitments in the securities in subject company(ies) mentioned in this report or any securities related thereto. Further, RHB Securities (Thailand) PCL may have, or have had, business relationships with the subject company(ies) mentioned in this report. As a result, investors should exercise their own judgment carefully before making any investment decisions.

Indonesia
PT RHB Sekuritas Indonesia is not affiliated with the subject company(ies) covered in this report both directly or indirectly as per the definitions of affiliation above. Pursuant to the Capital Market Law (Law Number 8 Year 1995) and the supporting regulations thereof, what constitutes as affiliated parties are as follows:
1. Familial relationship due to marriage or blood up to the second degree, both horizontally or vertically;
2. Affiliation between parties to the employees, Directors or Commissioners of the parties concerned;
3. Affiliation between 2 companies whereby one or more member of the Board of Directors or the Commissioners are the same;
4. Affiliation between the Company and the parties, both directly or indirectly, controlling or being controlled by the Company;
5. Affiliation between 2 companies which are controlled, directly or indirectly, by the same party; or
6. Affiliation between the Company and the main Shareholders.

PT RHB Sekuritas Indonesia is not an insider as defined in the Capital Market Law and the information contained in this report is not considered as insider information prohibited by law. Insider means:
a. a commissioner, director or employee of an Issuer or Public Company;
b. a substantial shareholder of an Issuer or Public Company;
c. an individual, who because of his position or profession, or because of a business relationship with an Issuer or Public Company, has access to inside information; and
d. an individual who within the last six months was a Person defined in letters a, b or c, above.

Singapore
Save as disclosed in the following link (RHB Research conflict disclosures – Feb 2020) and to the best of our knowledge, RHB Securities Singapore Pte Ltd hereby declares that:
1. RHB Securities Singapore Pte Ltd, its subsidiaries and/or associated companies do not make a market in any issuer covered in this report.
2. RHB Securities Singapore Pte Ltd, its subsidiaries and/or its associated companies and its analysts do not have a financial interest (including a shareholding of 1% or more) in the issuer covered in this report.
3. RHB Securities, its staff or connected persons do not serve on the board or trustee positions of the issuer covered in this report.
4. RHB Securities Singapore Pte Ltd, its subsidiaries and/or its associated companies do not have and have not within the last 12 months had any corporate finance advisory relationship with the issuer covered in this report or any other relationship that may create a potential conflict of interest.
5. RHB Securities Singapore Pte Ltd, or person associated or connected to it do not have any interest in the acquisition or disposal of, the securities, specified securities based derivatives contracts or units in a collective investment scheme covered in this report.
6. RHB Securities Singapore Pte Ltd and its analysts do not receive any compensation or benefit in connection with the production of this research report or recommendation.

Analyst Certification
The analyst(s) who prepared this report, and their associates hereby, certify that:
(1) they do not have any financial interest in the securities or other capital market products of the subject companies mentioned in this report, except for:

Analyst	Company
-	-

(2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

KUALA LUMPUR

RHB Investment Bank Bhd
Level 3A, Tower One, RHB Centre
Jalan Tun Razak
Kuala Lumpur 50400
Malaysia
Tel : +603 9280 8888
Fax : +603 9200 2216

JAKARTA

PT RHB Sekuritas Indonesia
Revenue Tower, 11th Floor, District 8
- SCBD
Jl. Jendral Sudirman Kav 52-53
Jakarta 12190
Indonesia
Tel : +6221 509 39 888
Fax : +6221 509 39 777

HONG KONG

RHB Securities Hong Kong Ltd.
12th Floor, World-Wide House
19 Des Voeux Road
Central
Hong Kong
Tel : +852 2525 1118
Fax : +852 2810 0908

BANGKOK

RHB Securities (Thailand) PCL
10th Floor, Sathorn Square Office
Tower
98, North Sathorn Road, Silom
Bangrak, Bangkok 10500
Thailand
Tel: +66 2088 9999
Fax :+66 2088 9799

SINGAPORE

RHB Securities Singapore Pte Ltd.
10 Collyer Quay
#09-08 Ocean Financial Centre
Singapore 049315
Tel : +65 6533 1818
Fax : +65 6532 6211