

Singapore

ADD (no change)

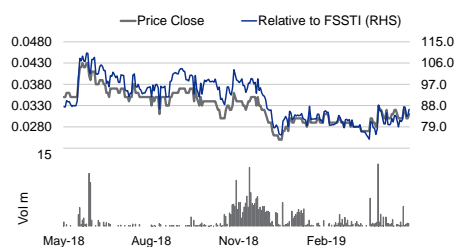
Consensus ratings*: Buy 1 Hold 0 Sell 0

Current price:	S\$0.031
Target price:	S\$0.043
Previous target:	S\$0.051
Up/downside:	38.7%
CGS-CIMB / Consensus:	na
Reuters:	JLJH.SI
Bloomberg:	JLJ SP
Market cap:	US\$21.69m
	S\$29.70m
Average daily turnover:	US\$0.02m
	S\$0.03m
Current shares o/s:	958.2m
Free float:	26.7%

*Source: Bloomberg

Key changes in this note

- FY19F EPS decreased by 34%
- FY20F EPS decreased by 30%
- FY21F EPS decreased by 27%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-3.1	0	-13.9
Relative (%)	0.1	0.7	-4.8

Major shareholders	% held
Accrelist Ltd	69.6

Analyst(s)

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Jubilee Industries Holdings Ltd

Short-term pain

- We expect weaker 2HFY3/19 results amid faltering memory chip market.
- FY20-21F earning growth outlook intact as memory market could recover in 2HCY19 and mechanical business could serve as a bright spot for growth.
- Maintain Add with a lower TP of S\$0.043.

Expect weaker 2HFY3/19 results amid faltering memory market

We believe Jubilee's memory components distribution (EBU) segment could take a hit in 2HFY3/19 amid faltering sales of memory chips and dynamic random-access memory (DRAM). Gartner predicts that ASPs for DRAM could continue to decline through most of 2019 amid oversupply conditions. The situation probably started to reflect through weaker performance from Innodisk which reported 2% and 4% yoy revenue decline for 4QCY18 and 1QCY19 respectively. SK Hynix also suffered a 22% drop in 1QCY19 revenue, attributing to declining memory prices and lower sales shipment.

Despite short-term pain, memory outlook still promising

Memory-chip market conditions could start to improve later in 2019, as Hynix guided for rising demand coming from data centres that could raise investment significantly from 3QCY19. High-density chip adoption for mobile devices could also help drive up the demand in 2HCY19. Catalyst could also come from the adoption of 5G standards that would likely spur the demand for memory chipsets in IoT devices ahead, in our view.

Lower FY19-21F EPS by 27-34%

The slowing memory market in recent months could impact Jubilee's 2HFY3/19 earnings as the EBU segment accounted for 96% and 86% of its FY3/18 revenue and gross profit respectively. We thus trim our FY19-21F EPS forecasts by 27-34%.

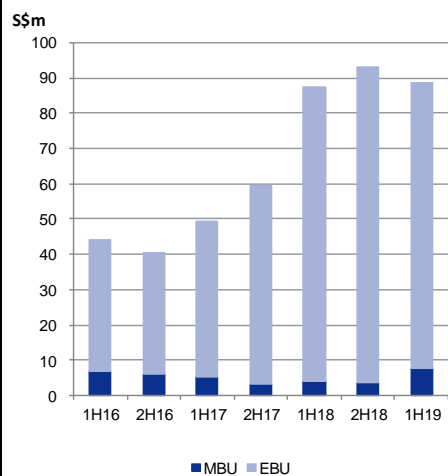
Maintain Add with a lower TP of S\$0.043

We still look towards earnings growth in FY19-21F as Jubilee's mechanical division (MBU) could still serve as a bright spot after delivering close to two-fold yoy rise in revenue to S\$7.7m in 1HFY3/19. Capacity expansion plans for its EBU segment have been set in motion after it acquired HonFoong in Jul 18 and took on its first direct medical supplies customer. The stock currently trades at 5.2x CY20F P/E (6.5x on a diluted basis, factoring in 255m outstanding warrants as at end-Sep 18), below peers' average of 10.5x. We maintain our Add call. Upside catalysts: stronger-than-expected profit contribution from the MBU division. Key risks include termination of distributorships with key principal suppliers.

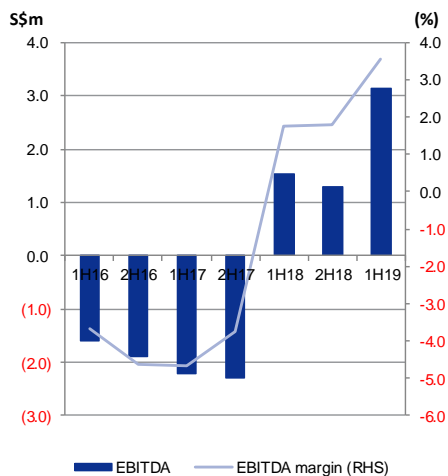
Financial Summary

	Mar-17A	Mar-18A	Mar-19F	Mar-20F	Mar-21F
Revenue (S\$m)	108.8	160.0	187.7	206.4	222.0
Net Profit (S\$m)	(7.48)	0.93	3.39	5.52	6.21
Core EPS (S\$)	(0.015)	0.001	0.004	0.005	0.006
Core EPS Growth	(4%)		150%	56%	12%
FD Core P/E (x)	NA	26.36	11.19	7.10	6.32
Price To Sales (x)	0.11	0.13	0.16	0.15	0.14
DPS (S\$)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	NA	2.77	5.71	3.84	3.27
P/FCFE (x)	1.23	NA	NA	99.39	38.77
Net Gearing	83.3%	(9.4%)	11.2%	8.8%	5.6%
P/BV (x)	0.97	0.83	0.85	0.74	0.64
ROE	(38.2%)	3.9%	9.5%	13.9%	13.6%
% Change In Core EPS Estimates			(34.1%)	(30.1%)	(26.5%)
CIMB/consensus EPS (x)			0.70	0.68	0.77

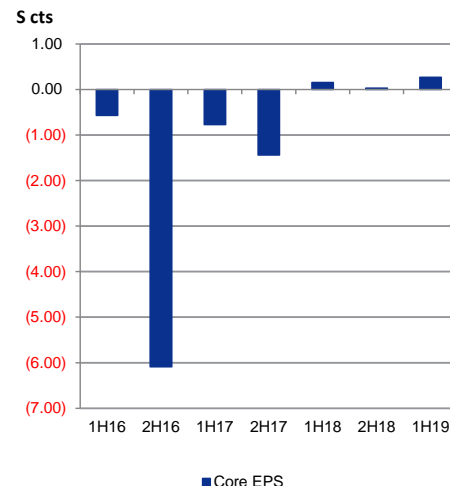
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Half-yearly revenue


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Historical EBITDA and margins


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Core EPS


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Earnings revisions

Earnings revision (\$\$ m)	FY19F			FY20F			FY21F		
	Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	214.8	187.7	(12.6)	242.9	206.4	(15.0)	257.1	222.0	(13.7)
Gross profit	16.1	13.8	(14.3)	19.8	16.7	(15.6)	20.9	17.8	(14.4)
EBITDA	6.2	4.2	(32.2)	9.2	6.5	(29.3)	9.9	7.3	(26.2)
Core net profit	5.1	3.4	(33.8)	7.8	5.5	(29.6)	8.4	6.2	(26.0)
Core EPS (S cts)	0.53	0.35	(34.1)	0.78	0.55	(30.1)	0.84	0.62	(26.5)

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: SOP Valuation

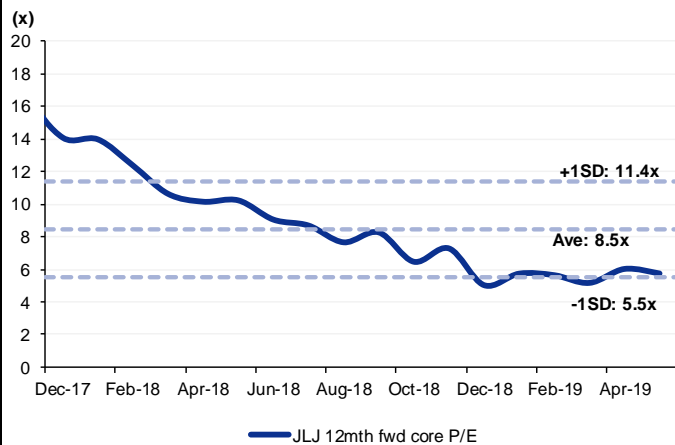
Associates	Stake (%)	MV (\$\$m)*
EG Industries Bhd	14.1	2.9

	FY17	FY19F	FY20F	FY21F
Issued Shares (m)	928.2	1008.8	1008.8	1008.8
New shares from warrant conversion	255.6	255.6	255.6	255.6
FD # of shares (m)	1183.8	1264.4	1264.4	1264.4
Diluted EPS (Scts)	0.08	0.27	0.44	0.49
Excl. EG Industries Bhd (Scts)	(1.18)	0.02	0.20	0.37
CY20F EPS (Scts)				0.40
Global peers' average P/E multiple (x)				10
Jubilee's core business (\$\$/share)				0.040
EG Industries's value (\$\$/share)				0.002
Estimated fair value (\$\$)				0.043

*Market value as at 5 May 2019

SOURCES: CGS-CIMB, COMPANY REPORTS

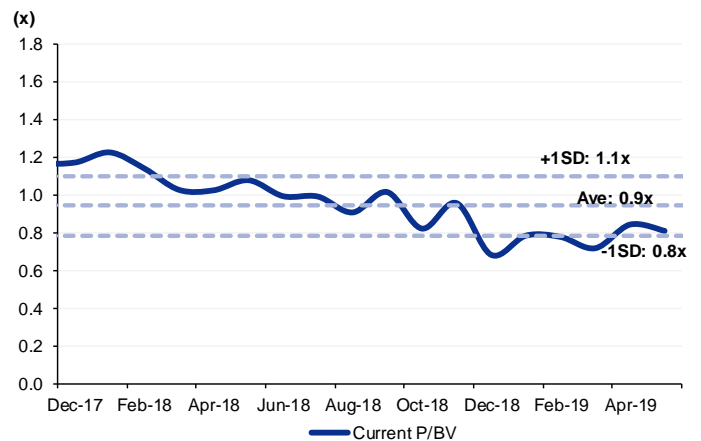
Figure 6: JLJ 12mth fwd core P/E



* Excludes one-off incomes from core net profit

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Figure 7: Current P/BV



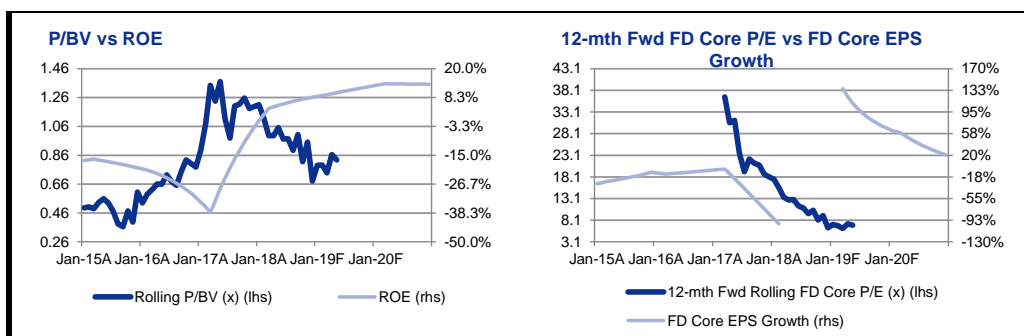
SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Figure 8: Peers Comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	P/E (x) CY19F	3-year EPS CAGR (%)	P/BV (x) CY19F	Recurring ROE (%) CY19F	EV/EBITDA (x) CY19F	Dividend Yield (%) CY19F		
Jubilee Industries Holdings	JLJ SP	ADD	0.031	0.043	22	6.2	5.2	na	0.76	12.9%	3.9	3.2	0.0%
Component distributors & mechanical moulding firms													
Howteh Technology Co Ltd	3114 TT	Not rated	35.45	na	59	11.1	na	na	na	na	na	na	na
WPG Holdings Ltd	3702 TT	Not rated	38.80	na	2,090	10.0	9.2	3.0%	1.14	11.6%	11.9	10.7	6.6%
Fu Yu Corp Ltd	FUYU SP	Hold	0.20	0.20	110	12.3	12.2	3.2%	0.92	7.4%	4.2	4.0	8.0%
Hi-P International Ltd	HIP SP	Not rated	1.28	na	749	10.7	10.7	1.2%	1.66	16.0%	4.8	4.7	3.0%
Memtech International	MTEC SP	Hold	1.33	1.35	136	12.2	10.3	18.7%	1.03	8.6%	5.0	4.2	3.3%
Sunningdale Tech Ltd	SUNN SP	Hold	1.32	1.38	184	11.5	10.3	9.7%	0.66	5.7%	3.7	3.4	6.1%
Simple average					-	11.3	10.5	7.2%	1.08	9.9%	5.9	5.4	5.4%

SOURCES: CGS-CIMB, BLOOMBERG (AS AT 16 MAY 2019)

BY THE NUMBERS



Profit & Loss

(\$m)	Mar-17A	Mar-18A	Mar-19F	Mar-20F	Mar-21F
Total Net Revenues	108.8	160.0	187.7	206.4	222.0
Gross Profit	3.7	7.6	13.8	16.7	17.8
Operating EBITDA	(4.5)	2.6	4.2	6.5	7.3
Depreciation And Amortisation	(2.1)	(1.2)	(1.1)	(1.3)	(1.4)
Operating EBIT	(6.6)	1.4	3.1	5.1	5.8
Financial Income/(Expense)	(0.4)	(1.2)	(0.6)	(0.6)	(0.6)
Pretax Income/(Loss) from Assoc.	0.9	0.7	0.9	0.9	0.9
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	(6.1)	0.9	3.3	5.5	6.2
Exceptional Items	(1.4)	0.0	0.0	0.0	0.0
Pre-tax Profit	(7.5)	0.9	3.3	5.5	6.2
Taxation	0.0	(0.0)	0.1	0.0	(0.0)
Exceptional Income - post-tax					
Profit After Tax	(7.5)	0.9	3.4	5.5	6.2
Minority Interests	0.0	0.0	0.0	0.0	0.0
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	(7.5)	0.9	3.4	5.5	6.2
Recurring Net Profit	(6.1)	0.9	3.4	5.5	6.2
Fully Diluted Recurring Net Profit	(6.1)	0.9	3.4	5.5	6.2

Cash Flow

(\$m)	Mar-17A	Mar-18A	Mar-19F	Mar-20F	Mar-21F
EBITDA	(4.52)	2.60	4.20	6.47	7.28
Cash Flow from Inv. & Assoc.	0.87	0.70	0.89	0.90	0.94
Change In Working Capital	13.08	(3.16)	(9.17)	(4.49)	(4.66)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(1.35)	0.00	0.00	0.00	0.00
Other Operating Cashflow	0.40	(2.38)	0.00	0.00	0.00
Net Interest (Paid)/Received	(0.38)	(1.18)	(0.64)	(0.55)	(0.55)
Tax Paid	(0.08)	(0.02)	0.05	0.05	(0.02)
Cashflow From Operations	8.02	(3.44)	(4.68)	2.37	2.99
Capex	(0.77)	(3.33)	(1.98)	(1.98)	(1.98)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	0.00	0.00	(3.50)	0.00	0.00
Other Investing Cashflow	0.02	(2.20)	0.00	0.00	0.00
Cash Flow From Investing	(0.75)	(5.53)	(5.48)	(1.98)	(1.98)
Debt Raised/(repaid)	2.87	4.53	3.33	0.00	0.00
Proceeds From Issue Of Shares	0.00	1.07	2.50	0.00	0.00
Shares Repurchased	0.00	0.00	0.00	0.00	0.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00
Preferred Dividends					
Other Financing Cashflow	(1.80)	(0.29)	0.00	0.00	0.00
Cash Flow From Financing	1.07	5.31	5.83	0.00	0.00
Total Cash Generated	8.34	(3.66)	(4.33)	0.39	1.01
Free Cashflow To Equity	10.13	(4.44)	(6.83)	0.39	1.01
Free Cashflow To Firm	7.65	(7.80)	(9.51)	0.95	1.56

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd
Balance Sheet

(S\$m)	Mar-17A	Mar-18A	Mar-19F	Mar-20F	Mar-21F
Total Cash And Equivalents	11.33	9.12	5.07	5.47	6.48
Total Debtors	22.40	27.08	38.58	42.41	48.65
Inventories	14.63	14.98	21.45	25.98	27.96
Total Other Current Assets	7.97	9.32	9.32	9.32	9.32
Total Current Assets	56.32	60.50	74.41	83.17	92.41
Fixed Assets	1.59	0.90	2.10	3.06	3.93
Total Investments	8.48	10.45	10.17	10.17	10.17
Intangible Assets	3.26	2.63	2.30	1.97	1.65
Total Other Non-Current Assets	0.00	0.00	0.00	0.00	0.00
Total Non-current Assets	13.32	13.98	14.57	15.20	15.74
Short-term Debt	10.66	4.98	8.30	8.30	8.30
Current Portion of Long-Term Debt					
Total Creditors	34.06	34.10	42.89	46.76	50.33
Other Current Liabilities	0.73	0.00	0.00	0.00	0.00
Total Current Liabilities	45.45	39.08	51.19	55.06	58.63
Total Long-term Debt	11.36	0.90	0.90	0.90	0.90
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0.00	0.00	0.00	0.00	0.00
Total Non-current Liabilities	11.36	0.90	0.90	0.90	0.90
Total Provisions	0.00	0.00	0.00	0.00	0.00
Total Liabilities	56.81	39.98	52.09	55.96	59.53
Shareholders' Equity	12.83	34.50	36.89	42.41	48.62
Minority Interests	0.00	0.00	0.00	0.00	0.00
Total Equity	12.83	34.50	36.89	42.41	48.62

Key Ratios

	Mar-17A	Mar-18A	Mar-19F	Mar-20F	Mar-21F
Revenue Growth	28.6%	47.1%	17.4%	9.9%	7.6%
Operating EBITDA Growth	29.5%	N/A	61.8%	54.2%	12.4%
Operating EBITDA Margin	(4.15%)	1.62%	2.24%	3.14%	3.28%
Net Cash Per Share (S\$)	(0.027)	0.003	(0.004)	(0.004)	(0.003)
BVPS (S\$)	0.032	0.037	0.037	0.042	0.048
Gross Interest Cover	(17.28)	1.20	4.80	9.29	10.58
Effective Tax Rate	0.000%	0.427%	0.000%	0.000%	0.304%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	67.48	56.46	63.83	71.81	74.87
Inventory Days	37.48	35.47	38.21	45.76	48.23
Accounts Payables Days	103.2	81.7	80.8	86.5	86.8
ROIC (%)	(51.7%)	7.8%	12.3%	13.8%	13.5%
ROCE (%)	(24.3%)	3.8%	7.1%	10.5%	10.7%
Return On Average Assets	(10.1%)	2.6%	4.8%	6.4%	6.5%

Key Drivers

	Mar-17A	Mar-18A	Mar-19F	Mar-20F	Mar-21F
ASP Change (% , Main Product)	N/A	N/A	N/A	N/A	N/A
Unit sales growth (% , main prod)	-32.4%	22.8%	281.0%	36.5%	4.0%
No. Of Lines (main Product)	N/A	N/A	N/A	N/A	N/A
Rev per line (US\$, main prod)	N/A	N/A	N/A	N/A	N/A
ASP chg (% , 2ndary prod)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , 2ndary prod)	39.8%	51.2%	0.9%	2.1%	8.9%
No. Of Lines (secondary Product)	N/A	N/A	N/A	N/A	N/A
Rev per line (US\$, 2ndary prod)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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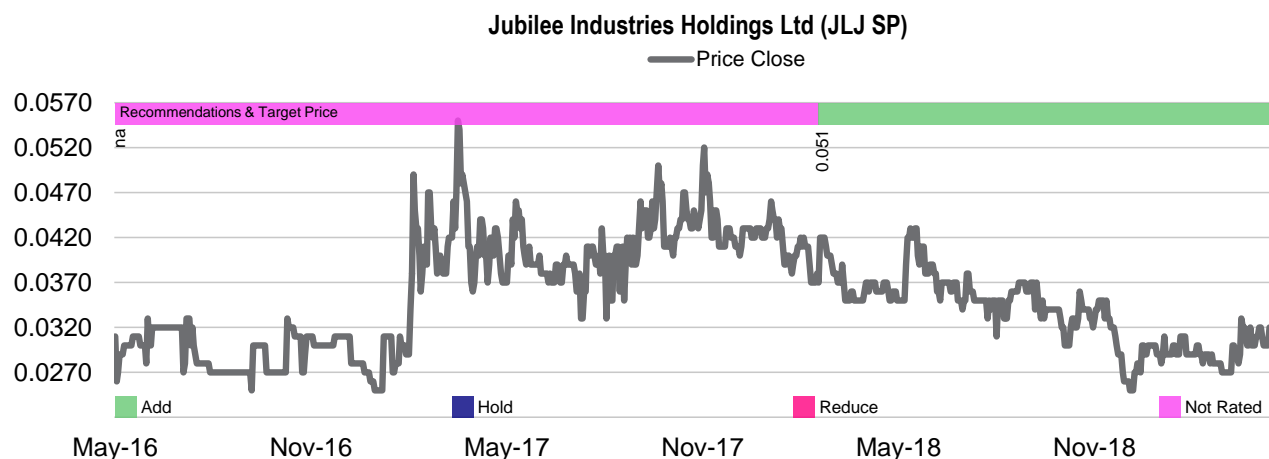
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	Rating Distribution (%)	Investment Banking clients (%)
Add	57.8%	4.0%
Hold	27.0%	2.1%
Reduce	15.2%	0.4%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2018, Anti-Corruption 2018

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, Declared, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** - Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** - Good, Declared, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENTEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Very Good, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **DELTA** - Excellent, n/a, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HREIT** - Excellent, Certified, **ICHI** – Excellent, Declared, **HUMAN** – not available, n/a, **III** – Good, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD*** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Declared, **MALEE** – Very Good, Certified, **MC** – Very Good, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Declared, **NETBAY** – Good, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PSH** – Excellent, Certified, **PSTC** – Good, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **RSP** – not available, n/a, **SAMART** - Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Very Good, Certified, **SF** – Good, n/a, **SIRI** – Very Good, Certified, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Declared, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, Declared, **TMB** - Excellent, Certified, **TNR** – Very Good, Declared, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TIPIP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Very Good, Declared, **UNIQ** – Good, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WORK** – Good, n/a.

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- Add** The stock's total return is expected to exceed 10% over the next 12 months.
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- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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Definition:

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