

Cathay Pacific

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DBS Group Research . Equity

31 Jan 2018

HOLD (Initiate coverage)

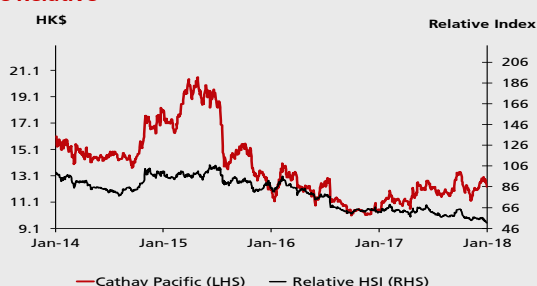
Last Traded Price (30 Jan 2018):HK\$12.26 (HSI : 32,607)

Price Target 12-mth: HK\$12.80 (4% upside)

Analyst

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Price Relative



Forecasts and Valuation

FY Dec (HK\$ m)	2016A	2017F	2018F	2019F
Turnover	92,751	93,707	99,597	105,565
EBITDA	10,074	7,830	12,614	16,712
Pre-tax Profit	223	(3,109)	606	3,796
Net Profit	(575)	(2,621)	536	3,258
EPS (HK\$)	(0.15)	(0.67)	0.14	0.83
EPS Gth (%)	N/A	(355.8)	N/A	507.6
Diluted EPS (HK\$)	(0.15)	(0.67)	0.14	0.83
DPS (HK\$)	0.05	0.05	0.10	0.20
BV Per Share (HK\$)	14.08	13.36	13.45	14.18
PE (X)	nm	nm	89.9	14.8
P/Cash Flow (X)	7.9	12.7	4.9	3.8
EV/EBITDA (X)	9.8	13.7	8.7	6.5
Net Div Yield (%)	0.4	0.4	0.8	1.6
P/Book Value (X)	0.9	0.9	0.9	0.9
Net Debt/Equity (X)	0.9	1.1	1.1	1.1
ROAE (%)	(1.1)	(4.8)	1.0	6.0

Earnings Rev (%)		New	New	New
Consensus EPS (HK\$)		(0.60)	0.18	0.91
Other Broker Recs:		B:5	S: 4	H: 10

ICB Industry: Consumer Services

ICB Sector: Travel & Leisure

Principal Business: Provides air passenger and cargo services, with main hub in HK

Source of all data on this page: Company, DBSV, Thomson Reuters, HKEX

Visibility remains cloudy

- Keen competition and the lack of a lucrative domestic market are key reasons why Cathay Pacific will likely continue to struggle
- Losses from fuel hedging contracts entered into 3 years ago will still be a drag on earnings in FY18F
- Expected to turn a stronger profit only in FY19F
- Initiate coverage with a HOLD recommendation and HK\$12.80 target price

Turnaround to take time. We are neutral on Cathay Pacific as we believe that its transformation plan will take time to yield material benefits on its bottom line. Meanwhile, stiff competition and the increasing availability of more direct flights to more cities in Mainland China will be a drag on growth in the medium term.

We project the group's earnings to turn around from a loss in FY17F to a small profit of HK\$536m in FY18F on cost reduction and yield improvement, dragged by fuel hedging losses, before recovering firmly to HK\$3.3bn profit in FY19F.

Where we differ: We have higher-than-consensus forecasts as we are more positive on the impact of the group's cost reduction programme, and higher Air China profit forecasts.

Potential catalysts. Cathay Pacific's share price can re-rate if demand and/or yield is stronger than expected.

Valuation: 12-month target price of HK\$12.80 for Cathay Pacific. Our target price of HK\$12.80 is based on 0.9x FY19 P/BV against a projected ROE of 6% for FY19F. The multiple we apply represents -0.75 standard deviation (SD) of its trading mean.

Key Risks to Our View:

Like all other airlines, Cathay Pacific is vulnerable to a spike in oil prices, and also to intensifying competition.

At A Glance

Issued Capital (m shrs)	3,934
Mkt. Cap (HK\$m/US\$m)	48,229 / 6,167
Major Shareholders	
Swire Pacific (%)	45.0
Air China (%)	30.0
Qatar Airways	9.4
Free Float (%)	15.6
3m Avg. Daily Val. (US\$m)	8.8

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none">• Long history of strong earnings track record and brand recognition.• Diversified income channels from both passenger and cargo businesses.• Leading player in HK, a major financial and logistic hub globally.	<ul style="list-style-type: none">• Competes solely in the international market, which faces intense competition.• Large fuel hedging losses carried over into 2018.• High cost base.
Opportunities	Threats
<ul style="list-style-type: none">• Cargo business to remain strong as global trade picks up.• Having three significant shareholders could trigger a bidding war.• Proxy for strong economic growth.	<ul style="list-style-type: none">• Chinese airlines seizing international market share.• More direct flights between mainland cities and overseas destinations, bypassing Hong Kong.• Market share in Hong Kong could be challenged by Low Cost Carriers.

Source: DBS Vickers

Company Background

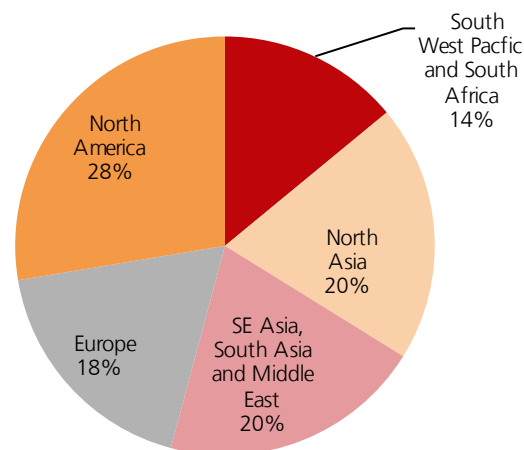
Corporate History. Founded in 1946, Cathay Pacific is an international airline based in Hong Kong with scheduled passenger and cargo services to 198 destinations in 49 countries and territories. Together with its regional airlines Cathay Dragon, and its cargo arm Air Hong Kong, the group operated 203 aircraft at the end of June 2017, with a further 53 new aircraft due for delivery up to 2024. It also owns 18.13% of Air China.

Cathay Pacific made its debut on the Hong Kong Stock Exchange in May 1986.

Two consecutive years of revenue decline since 2014. With yield decline outpacing carriage growth in both 2015 (11.5% yield decline against 9% RPK growth) and 2016 (9.2% yield decline versus 0.9% RPK growth), Cathay Pacific’s overall revenue fell from HK\$106bn in 2014 to HK\$102bn in 2015 and HK\$93bn in 2016. As at 1H17, revenue was up marginally by 0.4% y-o-y to HK\$45.9bn.

Profitability has also been under pressure recently. Despite the fall in revenue in 2015, Cathay Pacific reported a near doubling of net profit to HK\$6bn, largely on lower fuel costs, but since the first half of 2016, the carrier’s profitability has been hit by a combination of weak yields and fuel hedging losses. It reported a loss of HK\$757m, and is projected to post a loss of HK\$2.6bn for 2017.

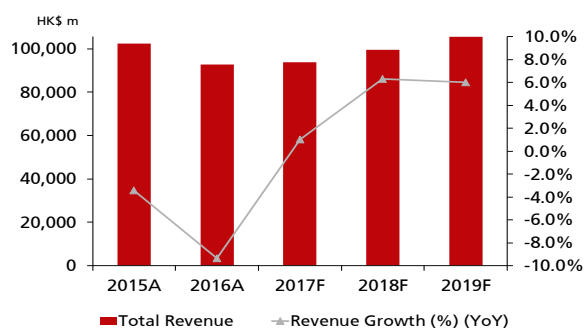
2016 Revenue Passenger Kilometres (134 bn p-km)



Source: Company

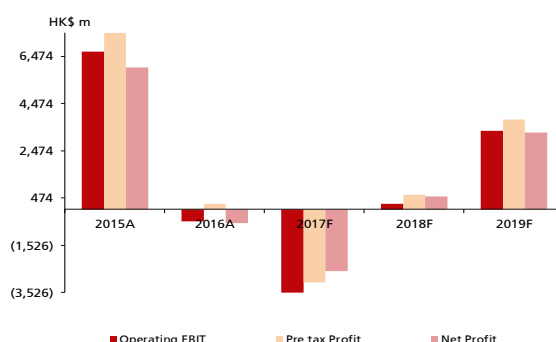
Well-diversified revenues geographically. In 2016, c. 72% of Cathay Pacific’s total revenue was derived from Passenger services (c. 22% from Cargo services), which was well diversified among the various regions that the carrier serves. North America had the biggest share of Revenue Passenger Kilometres flown by Cathay Pacific with 28%, followed by North Asia with 20%, and other regions close behind.

Sales Trend



Source: Company, DBS Vickers

Profitability Trend

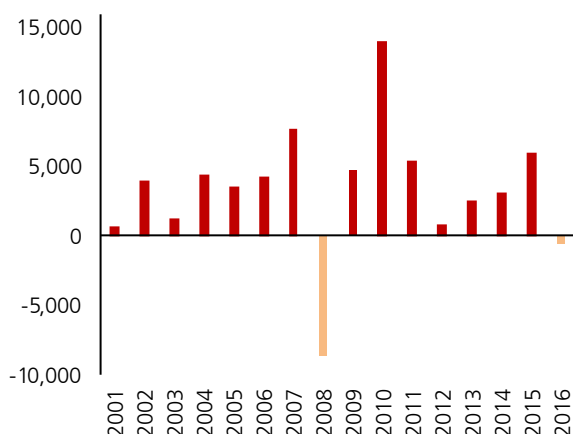


Source: Company, DBS Vickers

Competitive Strengths

Long history with strong earnings track record. Cathay Pacific has been in operation for many decades, with a strong earnings track record. Since the beginning of 2000, the carrier has reported full year profit in all but two years – 2008 and 2016, underlining management’s capability in steering the company throughout the years.

Cathay Pacific net profit (HK\$m) since 2000



Source: Company, DBS Bank Estimates

Strong brand presence and recognition. Cathay Pacific is a highly recognised brand among global travellers and has long been synonymous with Hong Kong’s success. Its products and services have won numerous awards including for lounges, cabin and cabin service, and overall best airline.

Strong position and scale in the Cargo business. The group is among the top 5 players worldwide in terms of air cargo capacity, benefitting from its position as a major cargo player based in Hong Kong, a major trade and financial hub in the fast-growing Asia region.

Leading player in Hong Kong, a major global financial hub. Cathay Pacific is the dominant player in Hong Kong Airport, which is among the top 5 busiest international airports in the world, with about 45% market share. As such, it is well positioned to benefit from the continued growth of Hong Kong as a major financial hub globally.

Growth Strategies

Cost reduction a key component of Transformation Programme. Cathay Pacific is aiming to rediscover its profitable ways to achieve a ROCE (Return On Capital Employed) that is above its WACC (Weighted Average Cost of Capital) by 2019 via a Transformation Programme. The key targets of this plan are to a) reduce unit costs (ex-fuel) over three years, and b) reduce HQ management costs by 30% by becoming a more agile, productive and competitive organisation.

Leveraging on the OneWorld Alliance and other partnerships. As a founding member and affiliate member of the oneworld global alliance, whose combined network serves more than 1,000 destinations worldwide, Cathay Pacific is able to offer to its customers an extensive and seamless travel network while raising its own cabin factor. Additionally, the carrier is also growing its partnerships (codeshare and frequent flyer programme) with other airlines to further extend its network reach and improve productivity.

Fleet investment, rationalisation and simplification. In terms of fleet rationalisation, the group is aiming to maximise the use of available slots in HKIA and drive efficiency gains to derive growth without additional aircraft or crew resources. Meanwhile, it is continuing to invest in newer, more fuel efficient aircraft such as the A350-900/1000, which will help to open up new markets and lower trip costs. Cathay Pacific is also looking to simplify the number of sub-fleets to reduce costs and reduce deployment complexity.

Key Risks

Competition. Cathay Pacific faces keen competition from major carriers worldwide, including those from the Middle East, Europe, North America and the Asia-Pacific. If competition further intensifies in the form of more capacity being deployed or a price war, this would impact Cathay Pacific’s load factors or yields, and hence affect its profitability.

Fuel price volatility. Net fuel costs made up 30-41% of Cathay Pacific’s total operating costs during the last five financial years, making up the single largest cost item for the carrier, even when fuel prices fell. A large spike in fuel prices would affect its profitability while a quick drop would also lead to hedging losses.

CRITICAL FACTORS TO WATCH

Critical Factors

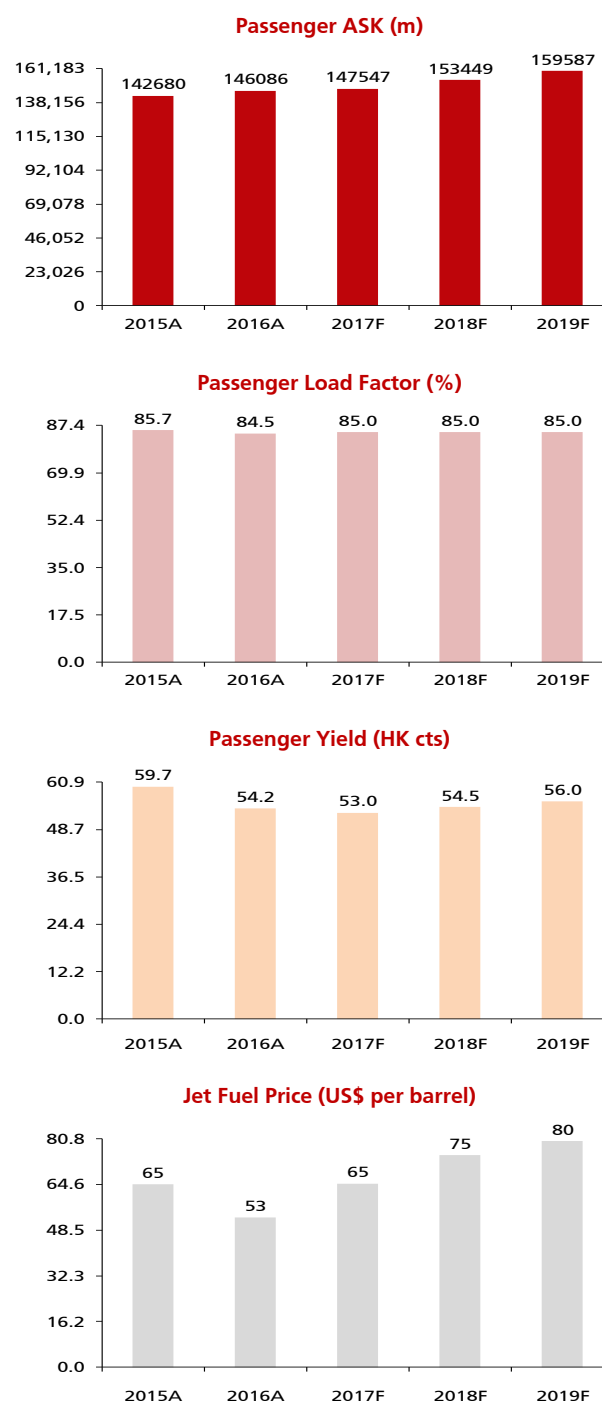
Modest capacity growth projected ahead. Cathay Pacific's capacity increased by 1.1% y-o-y in the first six months of 2017, and we project full-year growth in 2017 to be 1%, followed by 4% growth per annum in 2018F and 2019F. This will take its capacity from 146bn p-kms in 2016 to 160bn p-kms in 2019F.

Passenger load factors to remain stable. Cathay Pacific achieved an overall passenger load factor of 85.7% in 2015 and 84.5% in 2016, and we expect it to remain steady at c. 85% from 2017F-2019F. In 1H17, the carrier recorded a passenger load factor of 84.7%.

Passenger yields under pressure. While passenger yields have fallen alongside the decline in fuel prices since 2015, it has also been under pressure due to keen competition among full-service carriers regionally. These include Chinese carriers such as China Eastern Airlines and China Southern Airlines, Middle East carriers such as Emirates and Etihad, and other Asia-Pacific carriers such as Singapore Airlines and Qantas. As a result, despite the gradual recovery of oil prices since mid-2017, yields have been slow to rebound.

Despite net fuel costs having jumped 13% y-o-y in 1H17, passenger yield fell by 5.2% over the same period, reflecting the intense competition that Cathay Pacific is facing. We are expecting passenger yields to start recovering moderately from 2H17 onwards, which is largely driven by the fact that fuel prices have risen substantially since early 2017. We have assumed that passenger yield will increase from HK 53cts in FY17F to HK 54.5cts in FY18F and HK 56cts in FY19F.

Jet fuel prices on the rise. The average price of jet fuel FOB Singapore fell from US\$123 per barrel in 2013 to US\$53 per barrel in 2016, and averaged around US\$65 per barrel in 2017 while ending the year at c. US\$79 per barrel. We assume that the average price of jet fuel FOB Singapore will rise from US\$65 per barrel in 2017F to US\$75 per barrel in 2018F and US\$80 per barrel in 2019F.



Source: Company, DBS Vickers

Balance Sheet:

Net gearing to remain stable at around 1.1x net debt-to-equity.

While Cathay Pacific is not looking to significantly grow its capacity over the next few years, it is embarking on a fleet modernisation programme and taking delivery of more fuel-efficient aircraft in the years ahead. We assume that capital expenditure will average around HK\$11.5bn in FY18F and FY19F, which will be primarily funded by internal cashflows, and that the group's net gearing will remain stable at around 1.1x.

Share Price Drivers:

Stronger-than-expected demand and yields can re-rate the stock.

We believe the group's share price can re-rate if demand is stronger than expected and yields rebound more than anticipated. This would lead to an accelerated earnings recovery for Cathay Pacific.

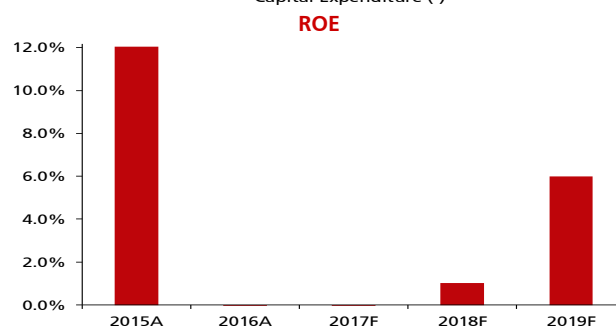
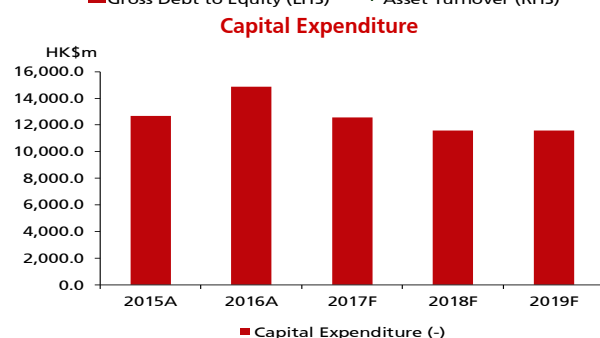
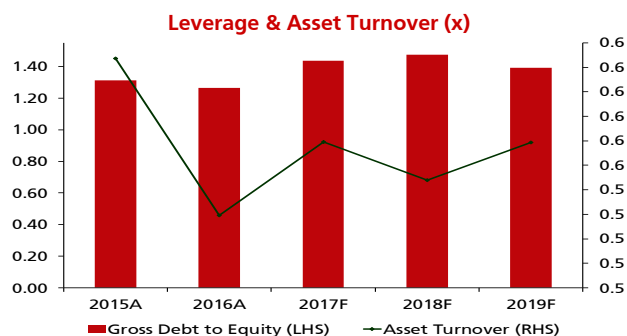
Potential corporate actions could also be catalyst. Cathay Pacific has three major shareholders in Swire Pacific, Air China, and Qatar Airways owning 45%, 30% and 9.6% of its total outstanding share capital respectively. An attempt by any of these three major shareholders to increase their stake and/or gain control of the group could result in a bidding war and increase its share price. In addition, the group itself could also make acquisitions to further grow its business and/or improve its profitability.

Key Risks:

Key downside risks are: 1) if jet fuel prices increase more significantly than expected, this would substantially increase Cathay Pacific's costs and hence its earnings, and 2) if there is an oversupply of seat capacity in the market, this would put pressure on yields and therefore impact the group's revenues and earnings.

Company Background:

Cathay Pacific is a Hong Kong-headquartered international airline with scheduled passenger and cargo services to 198 destinations worldwide. It is ranked among the top 20 airlines globally by capacity as measured by Available Passenger Kilometres while its cargo arm is ranked among the top 5. It was listed on the Hong Kong Exchange in 1986.



Source: Company, DBS Vickers

Income Statement (HK\$ m)

FY Dec	2014A	2015A	2016A	2017F	2018F	2019F
Revenue	105,991	102,342	92,751	93,707	99,597	105,565
Cost of Goods Sold	(101,556)	(95,678)	(93,276)	(97,232)	(99,367)	(102,241)
Gross Profit	4,435	6,664	(525)	(3,525)	229	3,325
Other Opng (Exp)/Inc	0	0	0	0	0	0
Operating Profit	4,435	6,664	(525)	(3,525)	229	3,325
Other Non Opg (Exp)/Inc	0	0	0	0	0	0
Associates & JV Inc	772	1,965	2,049	1,915	2,245	2,609
Net Interest (Exp)/Inc	(1,158)	(1,164)	(1,301)	(1,498)	(1,869)	(2,138)
Dividend Income	0	0	0	0	0	0
Pre-tax Profit	4,049	7,465	223	(3,109)	606	3,796
Tax	(599)	(1,157)	(497)	804	262	(190)
Minority Interest	(300)	(308)	(301)	(316)	(332)	(348)
Net Profit	3,150	6,000	(575)	(2,621)	536	3,258
Net Profit before Except.	3,150	6,000	(575)	(2,621)	536	3,258
EBITDA	13,546	17,488	10,074	7,830	12,614	16,712

Growth

Revenue Gth (%)	5.5	(3.4)	(9.4)	1.0	6.3	6.0
EBITDA Gth (%)	13.4	29.1	(42.4)	(22.3)	61.1	32.5
Opg Profit Gth (%)	18.0	50.3	(107.9)	571.5	(106.5)	1,351.0
Net Profit Gth (%)	20.2	90.5	N/A	(355.8)	N/A	507.6

Margins & Ratio

Gross Margins (%)	4.2	6.5	(0.6)	(3.8)	0.2	3.1
Opg Profit Margin (%)	4.2	6.5	(0.6)	(3.8)	0.2	3.1
Net Profit Margin (%)	3.0	5.9	(0.6)	(2.8)	0.5	3.1
ROAE (%)	5.5	12.0	(1.1)	(4.8)	1.0	6.0
ROA (%)	1.8	3.5	(0.3)	(1.6)	0.3	1.7
ROCE (%)	2.7	4.1	0.5	(2.6)	0.2	2.0
Div Payout Ratio (%)	45.0	34.8	N/A	N/A	73.4	24.2
Net Interest Cover (x)	3.8	5.7	(0.4)	(2.4)	0.1	1.6

Source: Company, DBS Vickers

Interim Income Statement (HK\$ m)

FY Dec	2H2014	1H2015	2H2015	1H2016	2H2016	1H2017
Revenue	55,151	50,388	51,954	45,683	47,068	45,858
Cost of Goods Sold	(52,292)	(48,026)	(47,652)	(45,019)	(48,257)	(48,392)
Gross Profit	2,859	2,362	4,302	664	(1,189)	(2,534)
Other Oper. (Exp)/Inc	0	0	0	0	0	0
Operating Profit	2,859	2,362	4,302	664	(1,189)	(2,534)
Other Non Opg (Exp)/Inc	0	0	0	0	0	0
Associates & JV Inc	1,037	771	1,194	683	1,366	533
Net Interest (Exp)/Inc	(537)	(559)	(605)	(607)	(694)	(814)
Exceptional Gain/(Loss)	0	0	0	0	0	830
Pre-tax Profit	3,359	2,574	4,891	740	(517)	(1,985)
Tax	(403)	(444)	(713)	(237)	(260)	84
Minority Interest	(153)	(158)	(150)	(150)	(151)	(150)
Net Profit	2,808	1,977	4,033	358	(923)	(2,046)
Net profit bef Except.	2,808	1,977	4,033	358	(923)	(2,876)

Growth

Revenue Gth (%)	6.3	(0.9)	(5.8)	(9.3)	(9.4)	0.4
Opg Profit Gth (%)	4.9	49.9	50.5	(71.9)	(127.6)	(481.6)
Net Profit Gth (%)	8.0	463.2	43.6	(81.9)	N/A	N/A

Margins

Gross Margins (%)	5.2	4.7	8.3	1.5	(2.5)	(5.5)
Opg Profit Margins (%)	5.2	4.7	8.3	1.5	(2.5)	(5.5)
Net Profit Margins (%)	5.1	3.9	7.8	0.8	(2.0)	(4.5)

Source: Company, DBS Vickers

Balance Sheet (HK\$ m)

FY Dec	2014A	2015A	2016A	2017F	2018F	2019F
Net Fixed Assets	98,471	100,552	106,456	110,106	112,056	113,368
Invt in Associates & JVs	22,918	22,878	23,298	25,153	27,338	29,888
Other LT Assets	17,118	16,172	16,275	16,275	16,275	16,275
Cash & ST Invt	21,098	20,647	20,290	17,370	18,472	19,308
Inventory	1,589	1,366	1,514	1,530	1,626	1,723
Debtors	10,591	9,715	9,557	9,656	10,262	10,877
Other Current Assets	189	1,497	31	31	31	31
Total Assets	171,974	172,827	177,421	180,120	186,061	191,471
ST Debt	9,781	13,238	11,263	11,263	11,263	11,263
Creditors	23,543	23,025	19,104	19,301	20,514	21,743
Other Current Liab	12,437	13,514	13,725	12,214	12,756	13,208
LT Debt	55,315	49,867	58,906	64,906	67,906	67,906
Other LT Liabilities	19,045	25,116	18,897	19,412	19,927	20,442
Shareholder's Equity	51,722	47,927	55,365	52,547	52,887	55,751
Minority Interests	131	140	161	477	809	1,157
Total Cap. & Liab.	171,974	172,827	177,421	180,120	186,061	191,471
Non-Cash Wkg. Capital	(23,611)	(23,961)	(21,727)	(20,299)	(21,351)	(22,320)
Net Cash/(Debt)	(43,998)	(42,458)	(49,879)	(58,799)	(60,697)	(59,861)
Debtors Turn (avg days)	35.2	36.2	37.9	38.1	36.5	36.5
Creditors Turn (avg days)	81.7	97.9	90.7	76.4	81.4	84.3
Inventory Turn (avg days)	6.1	6.2	6.2	5.7	6.5	6.7
Asset Turnover (x)	0.6	0.6	0.5	0.6	0.5	0.6
Current Ratio (x)	0.7	0.7	0.7	0.7	0.7	0.7
Quick Ratio (x)	0.7	0.6	0.7	0.6	0.6	0.7
Net Debt/Equity (X)	0.8	0.9	0.9	1.1	1.1	1.1
Net Debt/Equity ex MI (X)	0.9	0.9	0.9	1.1	1.1	1.1
Capex to Debt (%)	19.9	20.1	21.2	16.5	14.6	14.6
Z-Score (X)	1.7	0.0	NA	NA	NA	NA

Source: Company, DBS Vickers

Cash Flow Statement (HK\$ m)

FY Dec	2014A	2015A	2016A	2017F	2018F	2019F
Pre-Tax Profit	4,049	7,465	223	(3,109)	606	3,796
Dep. & Amort.	8,339	8,859	8,550	9,440	10,139	10,778
Tax Paid	(1,395)	(469)	(750)	(707)	804	262
Assoc. & JV Inc/(loss)	(772)	(1,965)	(2,049)	(1,915)	(2,245)	(2,609)
(Pft)/ Loss on disposal of FAs	0	0	0	0	0	0
Chg in Wkg.Cap.	5,418	47	(2,439)	83	510	517
Other Operating CF	(5,354)	2,058	2,573	0	0	0
Net Operating CF	10,285	15,995	6,108	3,792	9,813	12,744
Capital Exp.(net)	(12,954)	(12,664)	(14,863)	(12,575)	(11,575)	(11,575)
Other Invt.(net)	4,540	(2,521)	3,013	0	0	0
Invt in Assoc. & JV	(2,617)	(77)	7	0	0	0
Div from Assoc & JV	221	280	422	60	60	60
Other Investing CF	45	329	1,726	0	0	0
Net Investing CF	(10,765)	(14,653)	(9,695)	(12,515)	(11,515)	(11,515)
Div Paid	(1,314)	(2,329)	(1,447)	(197)	(197)	(393)
Chg in Gross Debt	(108)	(1,782)	6,800	6,000	3,000	0
Capital Issues	0	0	0	0	0	0
Other Financing CF	206	193	68	0	0	1
Net Financing CF	(1,464)	(4,155)	6,224	5,803	2,803	(393)
Currency Adjustments	(204)	(191)	(66)	0	0	0
Chg in Cash	(2,148)	(3,004)	2,571	(2,920)	1,102	836
Opg CFPS (HK\$)	1.24	4.06	2.17	0.94	2.37	3.11
Free CFPS (HK\$)	(0.68)	0.85	(2.23)	(2.23)	(0.45)	0.30

Source: Company, DBS Vickers

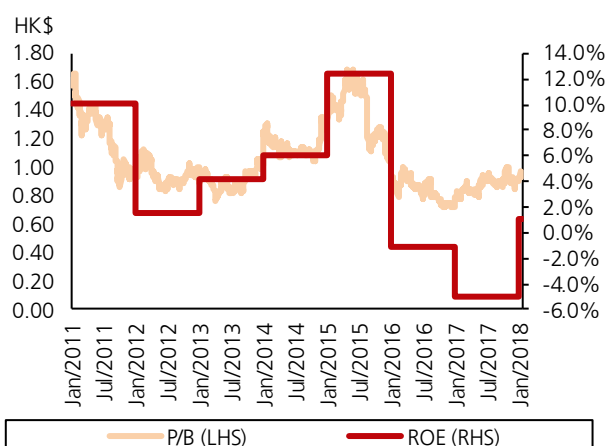
Valuation

12-month target price of HK\$12.80 for Cathay Pacific. Our target price of HK\$12.80 is based on 0.9x FY19 P/BV against a projected ROE of 6% for FY19F.

Since January 2010, Cathay Pacific has traded at an average of 1.08x P/BV, with a standard deviation of 0.24x. Our target multiple of 0.9x P/BV is at -0.75 SD its historical trading average.

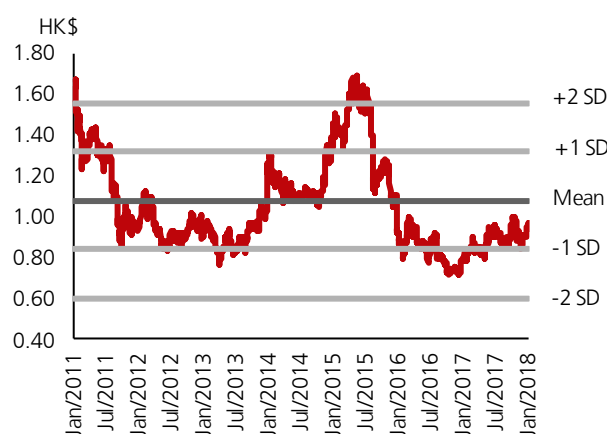
Based on consensus estimates, Cathay Pacific is currently already trading at a premium to its global peers in terms of PE, as well as P/BV vs ROE. Hence, we see Cathay Pacific's current share price as fair.

P/B vs ROE



Source: Thomson Reuters, DBS Vickers

PB band chart



Source: Thomson Reuters, DBS Vickers

Global airlines valuations comparison (consensus estimates) – Prices as at 30 January 2018

Company	Last Px	Mkt Cap US\$m	PER			EPS CAGR	EV/EBITDA			Price-to-Book		ROE		Crnt Yield	
			Hist	Crnt	Forw		Hist	Crnt	Forw	Hist	Crnt	Hist	Crnt		
Delta Air Lines Inc	USD	56.12	40,012	11.5	9.0	7.8	21%	5.84	5.76	5.22	2.69	2.35	23.4%	26.1%	2.3%
American Airlines Group Ir	USD	52.59	25,164	10.9	9.4	7.7	19%	6.43	6.82	5.55	5.32	3.78	48.9%	40.2%	0.9%
United Continental Holdin	USD	67.01	19,852	10.0	9.0	7.4	17%	5.58	5.96	5.95	2.20	1.94	22.0%	21.5%	0.0%
Deutsche Lufthansa AG	EUR	28.71	16,751	9.4	6.1	6.4	21%	3.87	4.25	4.19	2.34	1.38	25.0%	22.7%	2.5%
International Consolidated	GBP	6.39	18,405	9.0	7.2	6.8	15%	4.93	5.42	4.80	2.49	2.43	27.7%	33.7%	3.9%
Air France KLM SA	EUR	12.24	6,493	8.6	5.7	5.7	23%	4.10	4.49	4.07	6.47	1.53	74.9%	27.0%	0.2%
Singapore Airlines Ltd	SGD	11.45	10,488	22.4	22.1	25.9	-7%	4.71	5.44	6.17	1.03	1.01	4.6%	4.6%	2.4%
Cathay Pacific Airways Ltr	HKD	12.26	6,169	100.2	-21.6	63.2	26%	7.67	12.45	9.06	0.98	0.92	1.0%	-4.2%	0.2%
Air China Ltd	HKD	11.26	27,510	16.3	13.9	13.1	12%	5.23	6.53	5.87	1.93	1.53	11.8%	11.0%	1.5%
China Eastern Airlines Corp	HKD	6.90	17,231	13.7	12.0	13.4	1%	6.44	8.38	8.04	1.77	1.45	13.0%	12.1%	1.9%
China Southern Airlines Cc	HKD	9.92	16,942	14.1	12.9	12.7	5%	5.48	8.32	7.50	1.96	1.61	13.9%	12.5%	1.6%
Japan Airlines Co Ltd	JPY	4,162	13,512	9.1	11.8	11.2	-10%	3.94	4.97	4.68	1.53	1.39	16.8%	11.8%	2.5%
ANA Holdings Inc	JPY	4,484	14,514	18.6	10.9	12.6	22%	5.65	6.26	5.81	1.79	1.52	9.6%	13.9%	1.4%
Qantas Airways Ltd	AUD	5.25	7,442	10.0	8.9	8.4	9%	4.54	4.04	3.82	2.60	2.52	25.9%	28.3%	3.2%
Average				18.8	8.4	14.5	12.4%	5.32	6.36	5.77	2.51	1.81	22.8%	0.19	1.8%
Median				11.2	9.2	9.8	15.8%	5.36	5.86	5.68	2.08	1.53	19.4%	17.7%	1.7%

Source: Thomson Reuters

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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: 31 Jan 2018 17:48:25 (HKT)

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