

## **CCUV Sample Report**

**This report was sent on 03 Sep 2014 when the share price was at \$0.35. Please DO NOT blindly invest in this stock now!**

### **800 Super Holdings Ltd Report**

The substantial rise in earnings drew our attention to this company. The share price has not kept pace with the big jump in earnings.

#### **Common Cents**

800 Super Holdings an established environmental services provider for public and private sectors in Singapore. Our operations are based in Singapore. Our environmental services include waste management, cleaning and conservancy and horticultural services.

Waste management services include residential, commercial and industrial waste collection services, as well as recycling services. Cleaning and conservancy services comprise street cleansing services and contract cleaning services which are provided to residential, industrial, commercial and institutional customers. Horticultural services comprise landscaping, grass cutting and tree pruning services which are provided to residential, commercial and institutional customers.



Number of issued share: 178m

EPS for FY2014: 5c

Net Asset Value: 23c

## Uncommon Value

### 1.) Surge in earnings

The earnings for 800 Super surged 57% to 9.1m in FY 2014. Earnings per share grown from 3.2c to 5c .(see Pic.1) The increase in earning was due to upward revision pricing for the new 160m public waste collection contract for Ang Mo Kio - Toa Payoh sector (see pic.2) and integrated public cleaning services contract for the north-west region for 97m. Both contracts are for 6-7 years. At the current share price, the company is trading at a low historical p/e of 6.3x.

(Pic.1)

The screenshot shows a web browser displaying a media release from 800 Super Holdings Limited. The page includes the company logo, contact information, and a table of financial highlights comparing FY2014 and FY2013 performance.

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Company Registration No. 201108701K

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**MEDIA RELEASE**

**800 Super's net profit for FY2014 increases 57.1% to S\$9.1 million**

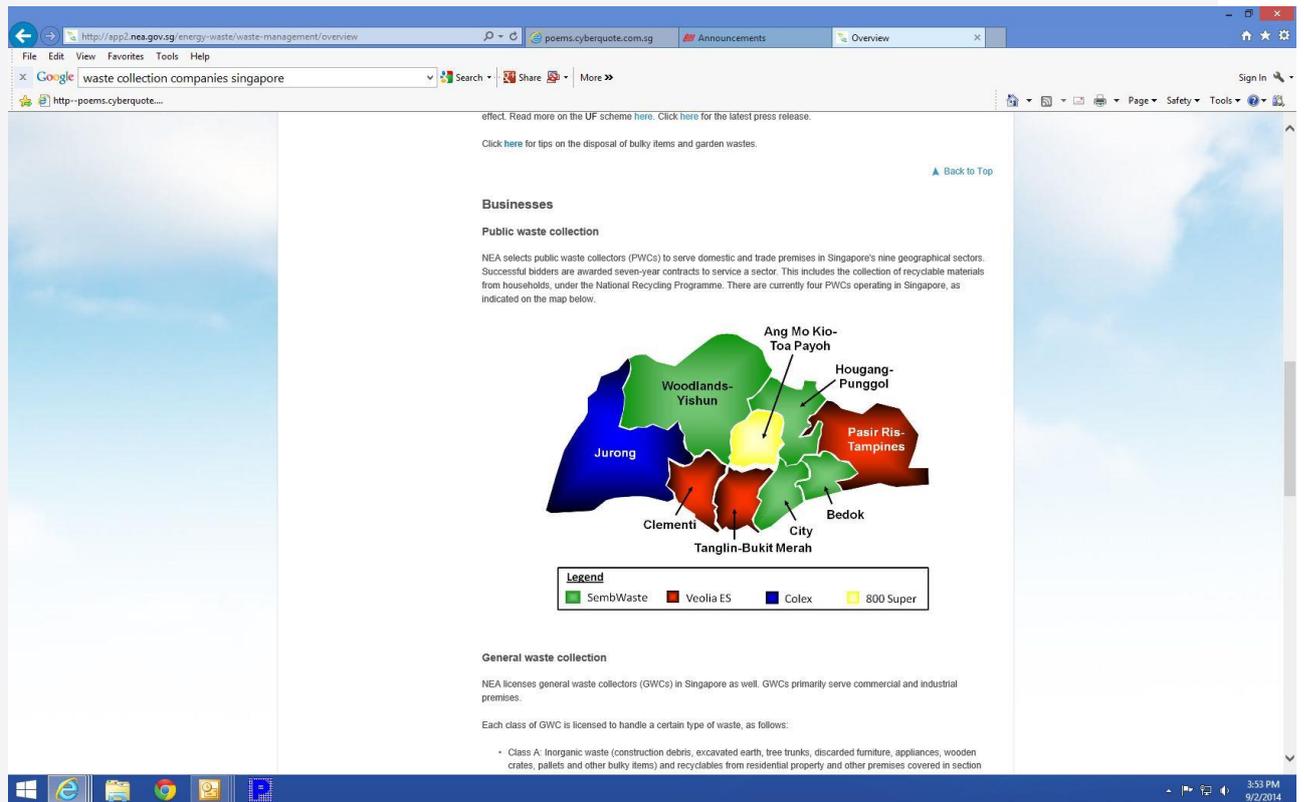
- An increase in revenue of S\$17.5 million for FY2014 with a net profit of S\$9.1 million

SINGAPORE, 26 August 2014, Catalyst-listed environmental services provider 800 Super Holdings Limited ("800 Super" or the "Company" and together with its subsidiaries, the "Group") (八百控股有限公司) today announced its unaudited financial results for the financial year ended 30 June 2014 ("FY2014").

FINANCIAL HIGHLIGHTS			
S\$' million	FY2014	FY2013	% Change
Revenue	115.0	97.5	17.9
Profit after Tax	9.1	5.8	57.1
Earnings per share (cents)*	5.01	3.21	56.1

\*Earnings per share for FY2013 and FY2014 is computed based on the net profit attributable to equity holders of the Company and the weighted average number of shares of 178,800,000 shares.

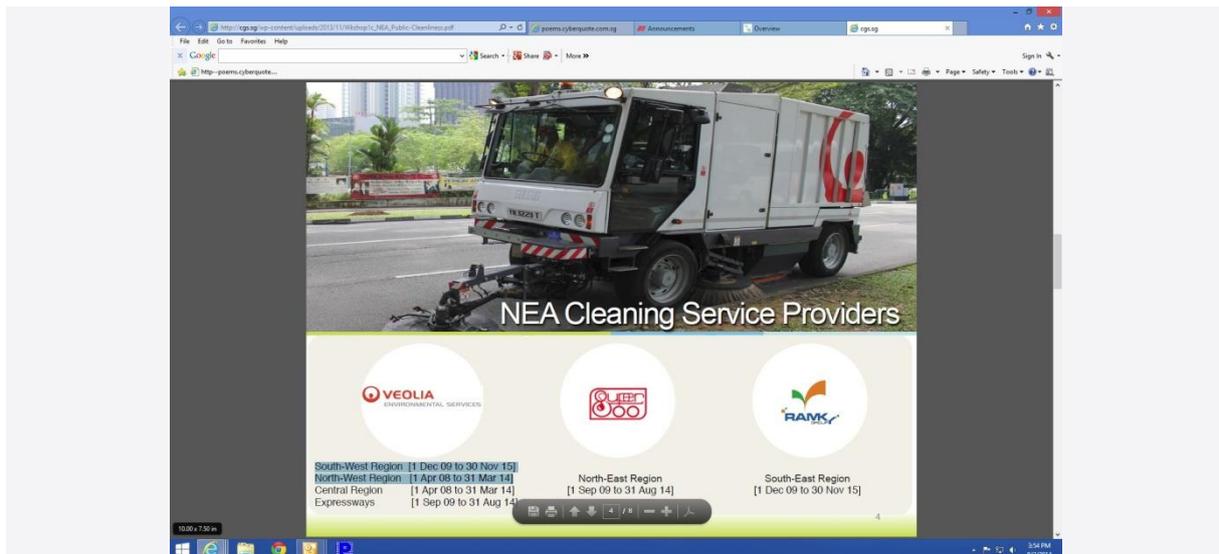
(Pic. 2)



## 2.) Increase market share in public cleaning sector.

800 Super increased market share at the expense of their competitors. (Pic. 2 above show the companies awarded for different sectors up till 2014). They had recently been awarded public cleaning contract for North West (97m) and South West (205m) region which was previously awarded to Veolia.

The North West contract contributes about 4 months to last year's earnings. The South West Region contract will only contribute to earnings from 1st Sept 2014 and in FY2015.

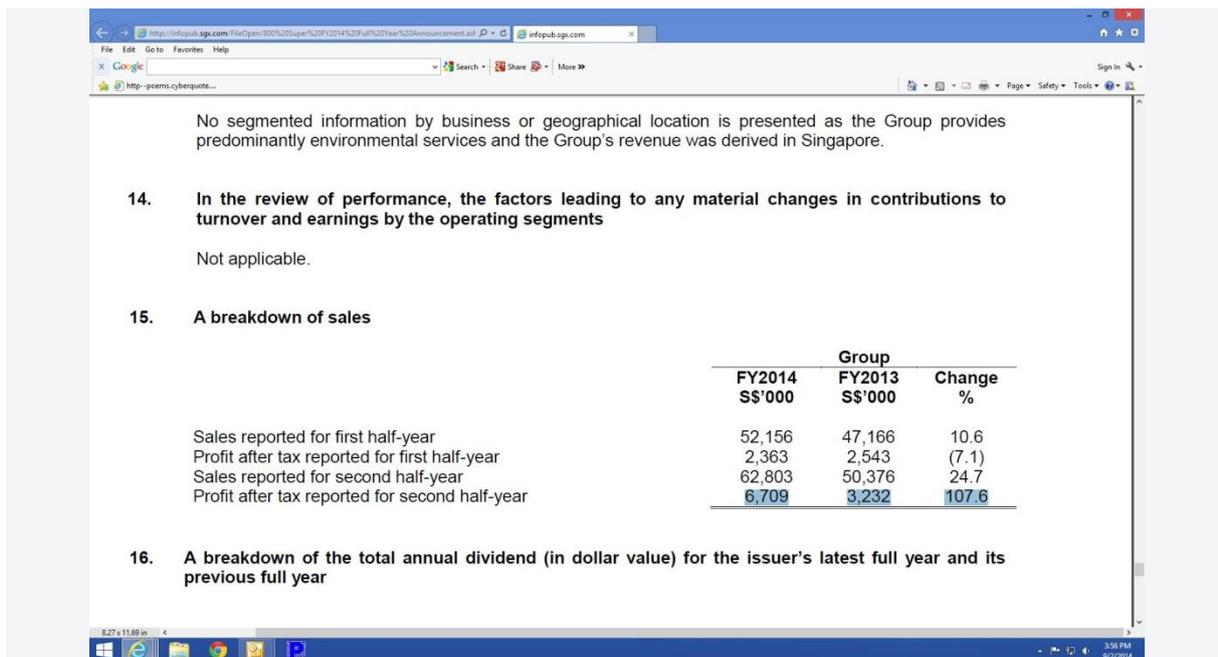


### 3.) Continual Growth in earning for FY 2015.

With newly awarded contracts yet to fully factored into the earnings. It is safe to say FY 2015 is likely to be a record year of earning for 800 Super. Profit for 2H 2014 surged 107%. If we base on a mirror image of the profit profile of 2H 2014. The company will have a potential net earning of \$13.4m for FY2015.(calculation excluded 205m South West contract).

Earnings per share can reach a range of 7c-8c which put the company valuation at only 4.2x p/e. At 4.2x p/e, it compare favorable against Colex Ltd 6.3x p/e (another waste disposal company listed on sgx). Given the potential surge in earnings, the company may have room to increase dividend from the current 1c to 1.5c-2c range without affecting operational capex requirement.

With more contract, more rubbish and waste will be collected which will result in more recycling thus more profit for the company.



## Merits

- 1.) 800 Super is one of only 4 public waste collection companies and one of the only 3 public cleaning companies in Singapore.
- 2.) Recession proof business as contracts are awarded on a 6-7 years tenure.
- 3.) Blue chip clients (NEA, Nparks, Marina Bay Sands, etc) with good payment history.
- 4.) Gaining market share from competitors in public cleaning sector.
- 5.) Barrier of entry is high due to long duration of contract and initial high capex

## Risks

- 1.) Manpower shortage and increase in labour cost**
- 2.) Liquidity of the shares. Only 178 million shares outstanding.**

## Summary

800 Super is in a recession proof business. The increase in market share in public cleaning sector has help the company improve its earnings.

Rubbish is always an increasing problem for any city but 800 Super has the ability to turn trash into cash. Common Cents Uncommon Value? You decide.

## **Important Disclosure & Disclaimer**

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Portfolio structure should be the responsibility of the investor and they should take into consideration their financial position and risk profile when structuring their portfolio. Investors should seek the assistance of a qualified and licensed financial advisor to help them structure their portfolio.

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