

Soft sell, these crabs

Sample discounted cash flow valuation model at 10% cost of capital, 1% terminal growth

FOR FINANCIAL YEAR ENDED SEPT 30, S\$	2015F	2016F	2016F	2018F
Revenue	124,348,796	143,001,115	164,451,283	189,118,975
Op profit margin	10%	10%	10%	10%
Profit before tax	12,434,880	14,300,112	16,445,128	18,911,898
Taxes	1,865,232	2,145,017	2,466,769	2,836,785
Profit after tax	10,569,648	12,155,095	13,978,359	16,075,113
Add depreciation	3,784,553	4,744,553	5,704,553	6,612,324
PPE expenditure	-4,738,958	-8,000,000	-8,000,000	-7,564,759
Free cash flow	9,615,243	8,899,648	11,682,912	15,122,678
Present value		8,090,589	9,655,299	138,867,569
Total value	156,613,457			
Value per share	\$0.244			

Sensitivity analysis, cents per share

	TERMINAL GROWTH RATE (%)					
	0	1	1.5	2	3	
Cost of crab-pital (%)	8	28.1	31.7	33.9	36.5	43.3
	9	24.9	27.6	29.3	31.2	35.9
	10	22.3	24.4	25.7	27.1	30.6
	11	20.1	21.9	22.9	24	26.7
	12	18.4	19.8	20.6	21.5	23.6

Assumptions:

Earnings for 2015F similar to half year results.

The chain has 641.3 million shares, revenue grows by 15% a year in next three years, capex is S\$8m in next two years.

Depreciation is according to historical trends, tax rates rise to 15%.

Operating margins are maintained at 10%. Note each 1% of operating margin raises or lowers valuation by 2-2.5 cents a share.