

ASTI Holdings

Company update

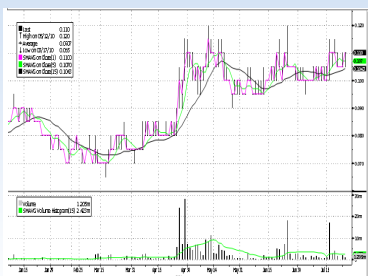
BUY

Current Price **S\$0.11**
26 July 2010

Fair Value **S\$0.21**

Jacky Lee
65 62366 887
jacky.lee@nracapital.com

Historical Chart



Source: Bloomberg

Stock Statistics

Market Cap	S\$54m
52-HI	S\$0.12
52-LOW	S\$0.065
Avg Vol (1 yr)	2,106,103
Shares Outstanding	536.0m
Free Float	341.5m

Key Indicators

ROE 10F	12.9%
ROA 10F	5.0%
P/BK	0.65
Net gearing	17%

Major Shareholders

Michael Loh S.G.	29.9%
Heah Theare Haw	6.5%

End of the battles

ASTI has announced an out-of-court settlement on mutually acceptable terms with Ismeca Semiconductor Holding S.A., Ismeca Malaysia Sdn Bhd and Ismeca Europe Semiconductor S.A. This marks the end of its court dispute for more than one and half years.

Both parties, as part of the terms of settlement, have agreed to keep all the terms of the settlement strictly confidential.

As a result of the confidential settlement, the Singapore Suit and the Malaysian Suits have been wholly discontinued by Ismeca and ASTI shall be free to sell its scan pack machines with its existing design worldwide.

What is the impact? As both parties agreed to keep all terms strictly confidential, we won't know what the impact to its bottom line is. However, we view the dispute settlement positively because we understand from the management the court proceedings were draining management time as well as incurring legal costs about US\$1-2m a year. We believe any costs associated will be ONE off items. More importantly, management has indicated that the dispute settlement has actually led to an increase in orders for their scan pack machines on existing designs. Management also indicated its current order book will keep them busy for the next five months.

Conclusion. We have kept our FY10-12 profit forecasts for time being as we have not factored in any costs for the settlement. However, management is guiding that its subsidiaries (Advanced Systems Automation and Dragon Group) are turning around and no longer need loss provisions. Our fair value remains S\$0.21, still based on 1.2x P/NTA FY10 (in line with its 5 years mean forward price to book ratio). Maintain Buy.

2Q10 earnings estimates FYE Dec (S\$ m)	2Q10F	2Q09	yoy % chg	1Q10	qoq % chg
Revenue	117.2	103.4	13	113.6	3
Operating costs	(112.1)	(99.5)	13	(103.5)	8
EBITDA	5.1	3.9	31	10.2	(50)
EBITDA margin (%)	4.3	3.7		8.9	
Pretax profit	1.9	(1.1)	281	6.7	(72)
Tax	(0.4)	(0.7)	(43)	(1.5)	(72)
Net profit	1.5	(1.7)	188	5.2	(72)
EPS (cts)	0.3	(0.3)	188	1.0	(72)

Key Financial Data

(S\$ m, FYE Dec)	2008	2009	2010F	2011F	2012F
Sales	515.8	428.7	450.7	511.6	514.8
Gross Profit	73.5	71.4	85.6	89.5	87.5
Net Profit	(14.7)	(3.7)	14.4	13.8	11.9
Core Net Profit	(11.8)	7.7	14.9	13.8	11.9
Core EPS (cents)	(2.3)	1.4	2.8	2.6	2.2
Core EPS growth (%)	nm	162.6	94.1	(7.0)	(13.7)
PER (x)	nm	7.7	4.0	4.3	4.9
NTA/share (cents)	14.4	14.0	16.9	19.5	21.9

Source: Company, NRA Capital

NRA Capital Pte. Ltd ("NRA Capital") has received compensation for this valuation report. This publication is confidential and general in nature. It was prepared from data which NRA Capital believes to be reliable, and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. No representation, express or implied, is made with respect to the accuracy, completeness or reliability of the information or opinions in this publication. Accordingly, neither we nor any of our affiliates nor persons related to us accept any liability whatsoever for any direct, indirect, special or consequential damages or economic loss that may arise from the use of information or opinions in this publication. Opinions expressed are subject to change without notice.

NRA Capital and its related companies, their associates, directors, connected parties and/or employees may own or have positions in any securities mentioned herein or any securities related thereto and may from time to time add or dispose of or may be materially interested in any such securities. NRA Capital and its related companies may from time to time perform advisory, investment or other services for, or solicit such advisory, investment or other services from any entity mentioned in this report. The research professionals who were involved in the preparing of this material may participate in the solicitation of such business. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. You acknowledge that the price of securities traded on the Singapore Exchange Securities Trading Limited ("SGX-ST") are subject to investment risks, can and does fluctuate, and any individual security may experience upwards or downwards movements, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities traded on the SGX-ST. You are aware of the risk of exchange rate fluctuations which can cause a loss of the principal invested. You also acknowledge that these are risks that you are prepared to accept.

You understand that you should make the decision to invest only after due and careful consideration. You agree that you will not make any orders in reliance on any representation/advice, view, opinion or other statement made by NRA Capital, and you will not hold NRA Capital either directly or indirectly liable for any loss suffered by you in the event you do so rely on them.

You understand that you should seek independent professional advice if you are uncertain of or have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of securities on the SGX-ST.