

Malaysia

**HOLD** (no change)

Consensus ratings\*: Buy 3 Hold 1 Sell 0

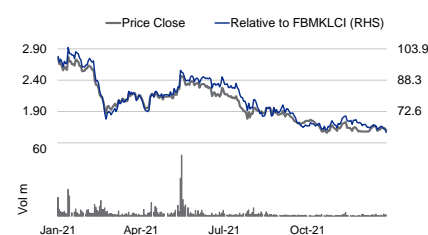
Current price:	RM1.60
Target price:	RM1.60
Previous target:	RM1.60
Up/downside:	0.0%
CGS-CIMB / Consensus:	-14.2%

Reuters:	DUOP.KL
Bloomberg:	DBB MK
Market cap:	US\$360.8m
	RM1,507m
Average daily turnover:	US\$0.30m
	RM1.27m
Current shares o/s:	941.6m
Free float:	37.0%

\*Source: Bloomberg

**Key changes in this note**

- FY22F core EPS cut by 2.0%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-0.6	-7	-37.1
Relative (%)	-5.6	-5.1	-33

Major shareholders	% held
Permodalan Nasional Bhd	46.9
Employee Provident Fund	10.4
Amanah Saham	5.7

**Analyst(s)**



**Sherman LAM Hsien Jin**  
 T (60) 3 2635 9265  
 E sherman.lam@cgs-cimb.com

# Duopharma Biotech Bhd

## Unfazed by Sinopharm vaccine ceiling price

- The government has set a wholesale ceiling price of RM49/dose for private market sales of the Sinopharm Covid-19 vaccine, effective from 15 Jan 2022.
- While lower vs. DBB's selling prices, the earnings impact should be minimal.
- Reiterate Hold with unchanged TP of RM1.60 (18x FY23F P/E).

### Government sets ceiling price for Sinopharm Covid-19 vaccine...

The government announced yesterday that a ceiling price will be imposed on the sale of the Sinopharm (Covilo) Covid-19 vaccine to the private market, effective from 15 Jan 2022. The wholesale price for the vaccine will be capped at RM49 per dose while its retail price cap will be RM61 per dose, excluding the cost of services and disposables used in the injection of the vaccine. The new price caps, which were generally determined based on the import price and current market price, will be implemented by the Pharmacy Enforcement Division under the Ministry of Health (MOH), under the Price Control and Anti-Profitting Act 2011. Health Minister Khairy Jamaluddin and Domestic Trade & Consumer Affairs Minister Alexander Nanta Linggi said this move was undertaken as prices for Covid-19 vaccines in the private market are high and fluctuating, adding that the list and prices of the vaccines will be continuously reviewed and improved or eliminated based on current market conditions and demand.

### ... which is likely to have a minimal impact on FY22F earnings

While the government had on 26 Nov said that it would make a subsequent announcement on the price cap for Covid-19 vaccine booster doses sold by the private sector, this development comes as a negative surprise as the wholesale ceiling price of RM49 per dose for the Sinopharm vaccine is substantially lower than DBB's current average selling price to the private market, which we gather has been slightly below RM100. Hence, we cut FY22F revenue/core EPS by 4.3%/2.0%, as we slash our average selling price assumption for the vaccine sales to RM49 per dose (previous: c.RM85). We keep our sales volume projections of c.50k/950k doses intact for the vaccine in FY21F/22F, following our latest checks with management. We now forecast revenue contribution of RM47m from the vaccine supply in FY22F (previous: RM80m), based on the new ceiling price, with minimal net profit contribution of <RM1m (previous: c.RM1m) due to the very thin margins (<1% vs. 1.5% previously, in our view). We have assumed that DBB does not procure any further vaccine doses from Sinopharm.

### Reiterate Hold with unchanged TP of RM1.60 (18x FY23F P/E)

Post the earnings revision, we now estimate core EPS was stable yoy in FY21F (as higher revenue is offset by higher costs and depreciation), before rising 6.3%/9.1% yoy in FY22F/23F on the back of healthy revenue growth and cost controls. As our earnings cut is confined to FY22F, we reiterate Hold on DBB with an unchanged TP of RM1.60, still based on 18x FY23F P/E (in line with its 5-year mean). Key upside/downside risks: stronger-/weaker-than-expected pharma sales, lower/higher input costs.

**Financial Summary**

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Revenue (RMm)	576.5	569.9	643.7	747.3	755.2
Operating EBITDA (RMm)	118.0	127.5	132.9	146.5	161.5
Net Profit (RMm)	55.27	58.61	72.25	76.83	83.85
Normalised EPS (RM)	0.072	0.077	0.077	0.082	0.089
Normalised EPS Growth	8.87%	6.06%	(0.03%)	6.33%	9.14%
FD Normalised P/E (x)	22.11	20.84	20.85	19.61	17.97
DPS (RM)	0.045	0.049	0.054	0.057	0.062
Dividend Yield	2.83%	3.09%	3.36%	3.57%	3.90%
EV/EBITDA (x)	13.50	12.77	12.97	11.86	10.60
P/FCFE (x)	49.32	32.45	23.47	18.15	18.55
Net Gearing	27.1%	22.4%	32.6%	33.6%	28.7%
P/BV (x)	2.74	2.31	2.26	2.19	2.11
ROE	13.0%	12.1%	11.0%	11.3%	12.0%
% Change In Normalised EPS Estimates			0.00%	(2.01%)	(0.01%)
Normalised EPS/consensus EPS (x)			0.75	0.88	0.87

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Unfazed by Sinopharm vaccine ceiling price

**Figure 1: Earnings revisions**

FYE 31 Dec (RM m)	FY20	New			Old			% change		
		FY21F	FY22F	FY23F	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F
Revenue	570	644	747	755	644	781	755	0.0	(4.3)	0.0
<i>Chg yoy (%)</i>	<i>(1.1)</i>	<i>12.9</i>	<i>16.1</i>	<i>1.1</i>	<i>12.9</i>	<i>21.3</i>	<i>(3.3)</i>			
Cost of sales	-337	-391	-450	-450	-391	-482	-450	0.0	(6.5)	0.0
<b>Gross profit</b>	<b>233</b>	<b>253</b>	<b>297</b>	<b>305</b>	<b>253</b>	<b>299</b>	<b>305</b>	<b>0.0</b>	<b>(0.7)</b>	<b>0.0</b>
<i>Chg yoy (%)</i>	<i>0.5</i>	<i>8.5</i>	<i>17.4</i>	<i>2.7</i>	<i>8.5</i>	<i>18.2</i>	<i>2.1</i>			
<i>Gross margin (%)</i>	<i>40.9</i>	<i>39.3</i>	<i>39.7</i>	<i>40.4</i>	<i>39.3</i>	<i>38.3</i>	<i>40.4</i>	<i>0.0</i>	<i>1.4</i>	<i>0.0</i>
Opex	-106	-121	-151	-144	-121	-151	-144	0.0	0.0	0.0
Other income	1	1	1	1	1	1	1	0.0	0.0	0.0
<b>EBITDA</b>	<b>128</b>	<b>133</b>	<b>147</b>	<b>161</b>	<b>133</b>	<b>149</b>	<b>161</b>	<b>0.0</b>	<b>(1.4)</b>	<b>0.0</b>
<i>Chg yoy (%)</i>	<i>8.1</i>	<i>4.2</i>	<i>10.2</i>	<i>10.2</i>	<i>4.2</i>	<i>11.8</i>	<i>8.7</i>			
<i>EBITDA margin (%)</i>	<i>22.4</i>	<i>20.6</i>	<i>19.6</i>	<i>21.4</i>	<i>20.6</i>	<i>19.0</i>	<i>21.4</i>	<i>0.0</i>	<i>0.6</i>	<i>0.0</i>
Depn & amort.	-29	-32	-36	-37	-32	-36	-37	0.0	0.0	0.0
<b>EBIT</b>	<b>98</b>	<b>101</b>	<b>110</b>	<b>124</b>	<b>101</b>	<b>112</b>	<b>124</b>	<b>0.0</b>	<b>(1.8)</b>	<b>0.0</b>
Net interest expense	-6	-7	-11	-15	-7	-11	-15	0.0	0.1	0.1
Pretax profit	76	94	100	109	94	102	109	0.0	(2.0)	(0.0)
Tax	-18	-22	-23	-25	-22	-23	-25	0.0	(2.0)	(0.0)
Net profit	59	72	77	84	72	78	84	0.0	(2.0)	(0.0)
<i>Chg yoy (%)</i>	<i>6.0</i>	<i>23.3</i>	<i>6.3</i>	<i>9.1</i>	<i>23.3</i>	<i>8.5</i>	<i>7.0</i>			
<b>Core net profit</b>	<b>71</b>	<b>72</b>	<b>77</b>	<b>84</b>	<b>72</b>	<b>78</b>	<b>84</b>	<b>0.0</b>	<b>(2.0)</b>	<b>(0.0)</b>
<i>Chg yoy (%)</i>	<i>8.7</i>	<i>1.4</i>	<i>6.3</i>	<i>9.1</i>	<i>1.4</i>	<i>8.5</i>	<i>7.0</i>			
EPS (sen)	6.3	7.7	8.2	8.9	7.7	8.3	8.9	0.0	(2.0)	(0.0)
<i>Chg yoy (%)</i>	<i>3.5</i>	<i>21.5</i>	<i>6.3</i>	<i>9.1</i>	<i>21.5</i>	<i>8.5</i>	<i>7.0</i>			
<b>Core EPS (sen)</b>	<b>7.7</b>	<b>7.7</b>	<b>8.2</b>	<b>8.9</b>	<b>7.7</b>	<b>8.3</b>	<b>8.9</b>	<b>0.0</b>	<b>(2.0)</b>	<b>(0.0)</b>
<i>Chg yoy (%)</i>	<i>6.1</i>	<i>(0.0)</i>	<i>6.3</i>	<i>9.1</i>	<i>(0.0)</i>	<i>8.5</i>	<i>7.0</i>			
DPS (sen)	4.9	5.4	5.7	6.2	5.4	5.8	6.2	0.0	(2.0)	(0.0)
Net gearing ratio (x)	0.22	0.33	0.34	0.29	0.33	0.33	0.29			
Cash capex	56	130	70	40	130	70	40	0.0	0.0	0.0
<b>Segmental breakdown</b>										
<b>Total revenue</b>	<b>570</b>	<b>644</b>	<b>747</b>	<b>755</b>	<b>644</b>	<b>781</b>	<b>755</b>	<b>0.0</b>	<b>(4.3)</b>	<b>0.0</b>
Local	525	598	699	705	598	733	705	0.0	(4.6)	0.0
Private sector	258	304	381	361	304	415	361	0.0	(8.1)	0.0
Public sector	268	295	318	344	295	318	344	0.0	0.0	0.0
Exports	44	45	48	50	45	48	50	0.0	0.0	0.0
<b>Total revenue composition (%)</b>										
Local	92.2	93.0	93.6	93.4	93.0	93.9	93.4			
Private sector	45.2	47.2	51.0	47.9	47.2	53.1	47.9			
Public sector	47.0	45.8	42.6	45.5	45.8	40.8	45.5			
Exports	7.8	7.0	6.4	6.6	7.0	6.1	6.6			
<b>Total gross profit</b>	<b>233</b>	<b>253</b>	<b>297</b>	<b>305</b>	<b>253</b>	<b>299</b>	<b>305</b>	<b>0.0</b>	<b>(0.7)</b>	<b>0.0</b>
Local	219	238	282	289	238	284	289	0.0	(0.7)	0.0
Exports	14	15	15	16	15	15	16	0.0	0.0	0.0
<b>Gross margins (%)</b>	<b>40.9</b>	<b>39.3</b>	<b>39.7</b>	<b>40.4</b>	<b>39.3</b>	<b>38.3</b>	<b>40.4</b>	<b>0.0</b>	<b>1.4</b>	<b>0.0</b>
Local	41.7	39.8	40.3	41.0	39.8	38.7	41.0	0.0	1.6	0.0
Exports	32.2	32.2	32.2	32.2	32.2	32.2	32.2	0.0	0.0	0.0

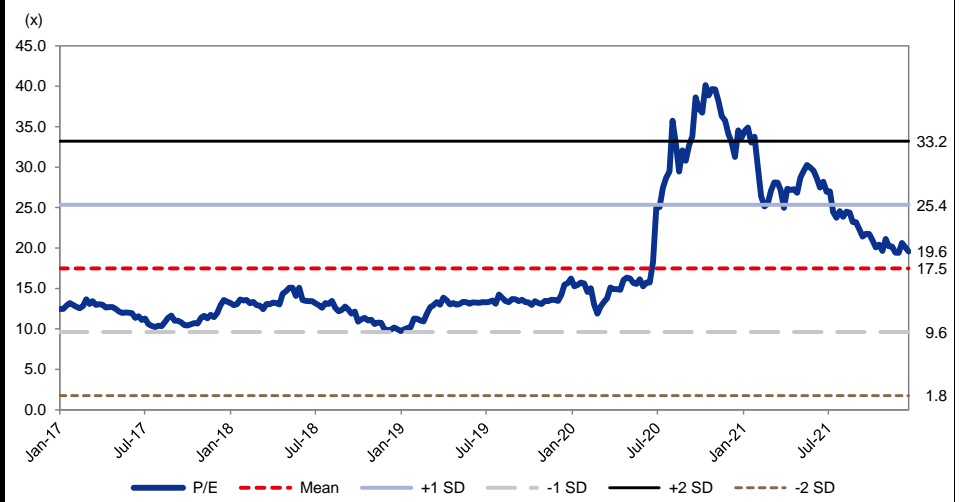
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Our TP of RM1.60 for DBB is based on 18x FY23F P/E (in line with 5-year mean)**

FYE 31 Dec (RM m)	Value	Remarks
FY23F core net profit (RM m)	84	
FY23F P/E multiple (x)	18.0	In line with 5-year mean
Equity value (RM m)	1,509	
No. of shares (m)	942	
Fair value per share (RM)	1.60	
Target price (RM)	1.60	Rounded to the nearest 5 sen

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

**Figure 3: DBB's 1-year forward P/E trading band**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 4: ASEAN healthcare sector comparisons

Company	Bloomberg	Recom.	Share price (local curr.)	Target price	Market cap (US\$ m)	P/E (x)		EV/EBITDA (x)		3-year CAGR (%)		Dvd yield (%)		ROE (%)		P/B (x)	
	Ticker					FY21F	FY22F	FY21F	FY22F	EPS	EBITDA	FY21F	FY22F	FY21F	FY22F	FY21F	FY22F
Duopharma Biotech	DBB MK	HOLD	1.60	1.60	361	20.9	19.6	13.0	11.9	5.1	8.2	3.4	3.6	11.0	11.3	2.3	2.2
Pharmaniaga	PHRM MK	ADD	0.79	1.00	246	9.2	15.6	6.8	9.9	13.5	9.6	7.6	4.5	31.5	17.3	2.8	2.6
IHH Healthcare	IHH MK	ADD	6.65	8.30	14,008	38.3	37.3	15.9	14.9	35.3	20.3	1.0	1.1	6.3	6.2	2.4	2.3
KPJ Healthcare	KPJ MK	HOLD	1.05	1.05	1,088	96.2	36.6	11.9	10.0	2.5	6.1	0.9	1.1	2.3	5.9	2.2	2.1
<b>Malaysia overall healthcare average (ex-outliers)</b>						<b>22.8</b>	<b>27.3</b>	<b>11.9</b>	<b>11.7</b>	<b>14.1</b>	<b>11.0</b>	<b>3.2</b>	<b>2.6</b>	<b>12.8</b>	<b>10.2</b>	<b>2.4</b>	<b>2.3</b>
<b>Malaysia hospital average (ex-outliers)</b>						<b>38.3</b>	<b>37.0</b>	<b>13.9</b>	<b>12.5</b>	<b>18.9</b>	<b>13.2</b>	<b>1.0</b>	<b>1.1</b>	<b>4.3</b>	<b>6.0</b>	<b>2.3</b>	<b>2.2</b>
<b>Malaysia pharmaceutical average (ex-outliers)</b>						<b>15.0</b>	<b>17.6</b>	<b>9.9</b>	<b>10.9</b>	<b>9.3</b>	<b>8.9</b>	<b>5.5</b>	<b>4.0</b>	<b>21.3</b>	<b>14.3</b>	<b>2.5</b>	<b>2.4</b>
Raffles Medical Group	RFMD SP	HOLD	1.31	1.44	1,818	30.8	28.8	16.5	15.2	27.4	8.2	2.1	2.1	8.7	9.0	2.6	2.5
<b>Singapore healthcare average (ex-outliers)</b>						<b>30.8</b>	<b>28.8</b>	<b>16.5</b>	<b>15.2</b>	<b>27.4</b>	<b>8.2</b>	<b>2.1</b>	<b>2.1</b>	<b>8.7</b>	<b>9.0</b>	<b>2.6</b>	<b>2.5</b>
Bumrungrad Hospital	BH TB	HOLD	135.50	155.00	3,239	108.4	80.2	45.9	39.7	14.0	11.4	2.4	2.4	5.6	8.2	6.4	6.8
Bangkok Dusit Med Service	BDMS TB	ADD	22.40	27.00	10,708	50.1	38.4	23.6	20.0	19.6	11.8	2.5	2.5	8.1	10.7	4.1	4.1
Bangkok Chain Hospital	BCH TB	ADD	20.00	26.00	1,500	8.5	23.9	6.0	14.6	14.8	9.0	5.9	2.1	70.5	20.2	5.1	4.6
Chularat Hospital	CHG TB	ADD	3.54	4.77	1,171	11.5	21.9	8.8	16.7	23.8	13.1	1.8	6.8	62.7	28.1	5.8	6.6
Ramkhamhaeng Hospital	RAM TB	ADD	37.25	48.80	1,345	12.8	20.3	9.5	15.0	41.9	40.8	1.9	1.9	26.0	14.4	3.0	2.8
Praram 9 Hospital	PR9 TB	ADD	11.30	12.10	267	40.0	33.7	14.6	12.8	12.0	13.0	1.2	1.3	5.3	6.1	2.1	2.0
Mega Lifesciences	MEGA TB	ADD	49.50	57.00	1,298	24.4	23.1	18.4	17.0	12.5	10.1	2.2	2.4	24.2	23.0	5.6	5.0
<b>Thailand healthcare average (ex-outliers)</b>						<b>31.8</b>	<b>26.9</b>	<b>16.5</b>	<b>16.0</b>	<b>19.8</b>	<b>15.6</b>	<b>2.5</b>	<b>2.7</b>	<b>13.9</b>	<b>15.8</b>	<b>4.6</b>	<b>4.6</b>
Mitra Keluarga Karyasehat	MIKA IJ	HOLD	2,220	2,300	2,212	29.0	30.7	17.9	18.9	11.2	13.3	1.6	1.6	21.0	17.9	5.8	5.2
Siloam International Hospitals	SILO IJ	ADD	8,650	12,300	984	22.1	20.5	6.7	6.4	94.0	22.2	1.6	1.8	10.3	10.4	2.2	2.1
Medikaloka Hermina	HEAL IJ	HOLD	1,135	1,100	1,182	19.6	23.0	10.0	11.4	23.9	14.3	0.4	1.4	29.7	21.0	5.2	4.5
Kalbe Farma	KLBF IJ	ADD	1,700	1,750	5,575	25.6	23.7	16.6	15.5	9.8	8.0	1.6	1.9	17.0	16.6	4.1	3.8
<b>Indonesia healthcare average (ex-outliers)</b>						<b>24.1</b>	<b>24.5</b>	<b>12.8</b>	<b>13.1</b>	<b>34.7</b>	<b>14.4</b>	<b>1.3</b>	<b>1.7</b>	<b>19.5</b>	<b>16.5</b>	<b>4.3</b>	<b>3.9</b>
<b>ASEAN hospital average (ex-outliers)</b>						<b>30.4</b>	<b>28.6</b>	<b>14.1</b>	<b>14.2</b>	<b>26.7</b>	<b>15.3</b>	<b>1.9</b>	<b>2.2</b>	<b>12.3</b>	<b>13.2</b>	<b>3.9</b>	<b>3.8</b>
<b>ASEAN pharmaceutical average (ex-outliers)</b>						<b>20.0</b>	<b>20.5</b>	<b>13.7</b>	<b>13.5</b>	<b>10.2</b>	<b>9.0</b>	<b>3.7</b>	<b>3.1</b>	<b>20.9</b>	<b>17.1</b>	<b>3.7</b>	<b>3.4</b>

Note: Share prices as of 13 Jan 2022, EPS & EBITDA CAGR are for FY20-23F  
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

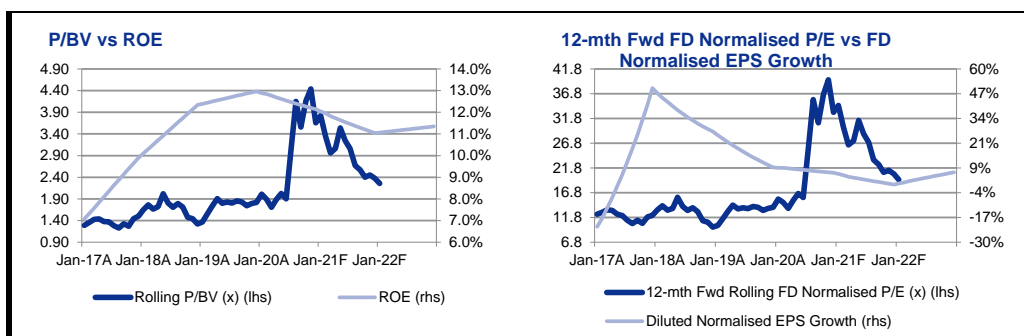


## ESG in a nutshell

DBB's overall corporate sustainability direction is overseen by its Sustainability Management Council, which is chaired by a non-independent, non-executive director and supported by all board members. Implementation of its sustainability policies is led by the chief manufacturing officer, with the assistance of all heads of departments and process owners. Its sustainability reporting is mainly guided by the Global Reporting Initiative (GRI) and Bursa Malaysia's Sustainability Reporting Guide. DBB was included in the FTSE4Good Index in Jun 2020, which we believe attests to its efforts to improve its ESG practices. Product compliance with pharmaceutical standards, safety and efficacy of drugs manufactured and distributed, as well as business operations, and sourcing ethics and integrity, are among the key material matters for DBB.

<p><b>Keep your eye on</b></p> <p>Due to the highly regulated nature of pharmaceutical products, product compliance, safety and efficacy are crucial matters for DBB. DBB is subject to six Malaysian Acts of Parliament and has to meet all criteria contained therein to qualify for the annual renewal of its manufacturing, wholesale, import and pharmacist type A poison licences.</p>	<p><b>Implications</b></p> <p>DBB's legal and ethical requirements are monitored by its internal compliance department. Quality assurance is applied across its value chain, from research and development (R&amp;D) to procurement, while it actively seeks current Good Manufacturing Practice (cGMP) certifications for international markets. All its operations are certified with the relevant standards, and all products are tested rigorously before being made available to the market.</p>
<p><b>ESG highlights</b></p> <p>DBB is ranked in the top 25% for ESG among public-listed companies in the FBM EMAS index that have been assessed by FTSE Russell.</p>	<p><b>Implications</b></p> <p>We believe that DBB's high ESG rating is mainly due to it scoring well for its key material matters in product compliance and operations. Over 2018-20, DBB was not fined or had action taken against it by the National Pharmaceutical Regulatory Agency (NPRA), GMP or any other relevant regulatory body for non-compliance. At end-2019, the group implemented an anti-bribery and anti-corruption policy and obtained the ISO 37001:2016 Anti-Bribery Management System certification without a single non-conformance report in 2020.</p>
<p><b>Trends</b></p> <p>In 2020, DBB achieved a yoy reduction in total scheduled waste produced by 26%, exceeding its internal target of a 3% reduction. This was after a 23% yoy decline in scheduled waste produced in 2019.</p>	<p><b>Implications</b></p> <p>While reduced production during the Covid-19 pandemic contributed to a decline in its scheduled waste produced, the general reduction in its scheduled and unscheduled waste produced over the years attests to DBB's efforts to control and recycle waste wherever possible.</p>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BURSA MALAYSIA, FTSE RUSSELL

**BY THE NUMBERS**

**Profit & Loss**

(RMm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
<b>Total Net Revenues</b>	<b>576.5</b>	<b>569.9</b>	<b>643.7</b>	<b>747.3</b>	<b>755.2</b>
<b>Gross Profit</b>	<b>232.1</b>	<b>233.2</b>	<b>252.9</b>	<b>297.0</b>	<b>305.2</b>
<b>Operating EBITDA</b>	<b>118.0</b>	<b>127.5</b>	<b>132.9</b>	<b>146.5</b>	<b>161.5</b>
Depreciation And Amortisation	(26.9)	(29.1)	(31.9)	(36.1)	(37.3)
<b>Operating EBIT</b>	<b>91.2</b>	<b>98.5</b>	<b>101.0</b>	<b>110.4</b>	<b>124.1</b>
Financial Income/(Expense)	(6.8)	(5.7)	(7.2)	(10.5)	(15.2)
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	(0.1)	(2.2)	0.0	0.0	0.0
<b>Profit Before Tax (pre-EI)</b>	<b>84.3</b>	<b>90.6</b>	<b>93.9</b>	<b>99.8</b>	<b>109.0</b>
Exceptional Items	(13.5)	(14.5)	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>70.8</b>	<b>76.2</b>	<b>93.9</b>	<b>99.8</b>	<b>109.0</b>
Taxation	(15.5)	(17.5)	(21.6)	(23.0)	(25.1)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>55.3</b>	<b>58.6</b>	<b>72.3</b>	<b>76.8</b>	<b>83.8</b>
Minority Interests	0.0	0.0	0.0	0.0	0.0
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
<b>Net Profit</b>	<b>55.3</b>	<b>58.6</b>	<b>72.3</b>	<b>76.8</b>	<b>83.8</b>
Normalised Net Profit	65.5	71.2	72.3	76.8	83.8
<b>Fully Diluted Normalised Profit</b>	<b>65.5</b>	<b>71.2</b>	<b>72.3</b>	<b>76.8</b>	<b>83.8</b>

**Cash Flow**

(RMm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
<b>EBITDA</b>	<b>118.0</b>	<b>127.5</b>	<b>132.9</b>	<b>146.5</b>	<b>161.5</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(22.8)	(29.3)	0.0	0.0	0.0
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(0.5)	(2.4)	0.0	0.0	0.0
Net Interest (Paid)/Received	(9.2)	(6.3)	(8.8)	(12.4)	(17.3)
Tax Paid	(18.6)	(18.1)	(21.6)	(23.0)	(25.1)
<b>Cashflow From Operations</b>	<b>67.0</b>	<b>71.3</b>	<b>102.5</b>	<b>111.1</b>	<b>119.1</b>
Capex	(53.4)	(56.1)	(130.0)	(70.0)	(40.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/Investments	(7.5)	(6.8)	0.0	0.0	0.0
Other Investing Cashflow	1.5	1.5	1.7	1.9	2.1
<b>Cash Flow From Investing</b>	<b>(59.4)</b>	<b>(61.4)</b>	<b>(128.3)</b>	<b>(68.1)</b>	<b>(37.9)</b>
Debt Raised/(repaid)	21.9	35.8	90.0	40.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased					
Dividends Paid	(6.1)	(7.2)	(46.5)	(56.5)	(53.8)
Preferred Dividends					
Other Financing Cashflow	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
<b>Cash Flow From Financing</b>	<b>15.0</b>	<b>27.8</b>	<b>42.7</b>	<b>(17.2)</b>	<b>(54.6)</b>
Total Cash Generated	22.6	37.8	16.9	25.8	26.7
<b>Free Cashflow To Equity</b>	<b>29.4</b>	<b>45.8</b>	<b>64.2</b>	<b>83.0</b>	<b>81.2</b>
<b>Free Cashflow To Firm</b>	<b>16.7</b>	<b>16.3</b>	<b>(17.1)</b>	<b>55.4</b>	<b>98.5</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**BY THE NUMBERS... cont'd**
**Balance Sheet**

(RMm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Total Cash And Equivalents	120.7	158.0	174.9	200.7	227.4
Total Debtors	145.9	142.2	183.2	194.5	187.2
Inventories	144.0	151.3	191.4	203.4	191.2
Total Other Current Assets	6.6	8.2	8.2	8.2	8.2
<b>Total Current Assets</b>	<b>417.2</b>	<b>459.7</b>	<b>557.8</b>	<b>606.9</b>	<b>614.0</b>
Fixed Assets	412.2	441.8	540.2	574.3	577.3
Total Investments	51.8	112.2	112.2	112.2	112.2
Intangible Assets	28.1	35.1	34.8	34.5	34.2
Total Other Non-Current Assets	10.4	9.6	9.6	9.6	9.6
<b>Total Non-current Assets</b>	<b>502.6</b>	<b>598.7</b>	<b>696.9</b>	<b>730.7</b>	<b>733.4</b>
Short-term Debt	124.7	48.8	48.8	48.8	48.8
Current Portion of Long-Term Debt					
Total Creditors	114.1	100.8	148.6	138.7	148.5
Other Current Liabilities	0.7	0.7	0.9	1.0	1.1
<b>Total Current Liabilities</b>	<b>239.4</b>	<b>150.3</b>	<b>198.4</b>	<b>188.5</b>	<b>198.3</b>
Total Long-term Debt	139.7	253.3	343.3	383.3	383.3
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	10.9	11.0	47.5	77.3	52.1
<b>Total Non-current Liabilities</b>	<b>150.6</b>	<b>264.3</b>	<b>390.8</b>	<b>460.5</b>	<b>435.4</b>
Total Provisions	0.0	0.0	0.0	0.0	0.0
<b>Total Liabilities</b>	<b>390.1</b>	<b>414.6</b>	<b>589.2</b>	<b>649.1</b>	<b>633.7</b>
Shareholders' Equity	529.8	643.8	665.5	688.5	713.7
Minority Interests	0.0	0.0	0.0	0.0	0.0
<b>Total Equity</b>	<b>529.8</b>	<b>643.8</b>	<b>665.5</b>	<b>688.5</b>	<b>713.7</b>

**Key Ratios**

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Revenue Growth	15.6%	(1.1%)	12.9%	16.1%	1.1%
Operating EBITDA Growth	12.1%	8.1%	4.2%	10.2%	10.2%
Operating EBITDA Margin	20.5%	22.4%	20.6%	19.6%	21.4%
Net Cash Per Share (RM)	-0.16	-0.16	-0.23	-0.25	-0.22
BVPS (RM)	0.58	0.69	0.71	0.73	0.76
Gross Interest Cover	10.98	13.66	11.45	8.89	7.16
Effective Tax Rate	21.9%	23.0%	23.0%	23.0%	23.0%
Net Dividend Payout Ratio	62.6%	64.4%	70.0%	70.0%	70.0%
Accounts Receivables Days	86.11	92.52	92.26	92.26	92.26
Inventory Days	150.3	160.5	160.0	160.0	160.0
Accounts Payables Days	113.6	116.8	116.5	116.5	116.5
ROIC (%)	11.8%	11.8%	11.2%	10.3%	10.7%
ROCE (%)	12.2%	11.5%	10.3%	10.3%	11.1%
Return On Average Assets	8.06%	7.64%	6.72%	6.55%	7.11%

**Key Drivers**

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Local private sector sales (RM m)	248.1	257.6	303.8	381.2	361.4
Local public sector sales (RM m)	282.5	267.9	294.6	318.2	343.7
Export sales (RM m)	45.9	44.5	45.3	47.9	50.1
Local private sector sales mix (%)	43.0%	45.2%	47.2%	51.0%	47.9%
Local public sector sales mix (%)	49.0%	47.0%	45.8%	42.6%	45.5%
Export sales mix (%)	8.0%	7.8%	7.0%	6.4%	6.6%
Local gross margin (%)	40.4%	41.7%	39.8%	40.3%	41.0%
Export gross margin (%)	38.5%	32.2%	32.2%	32.2%	32.2%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
<b>Description:</b>	Excellent	Very Good	Good	N/A	N/A

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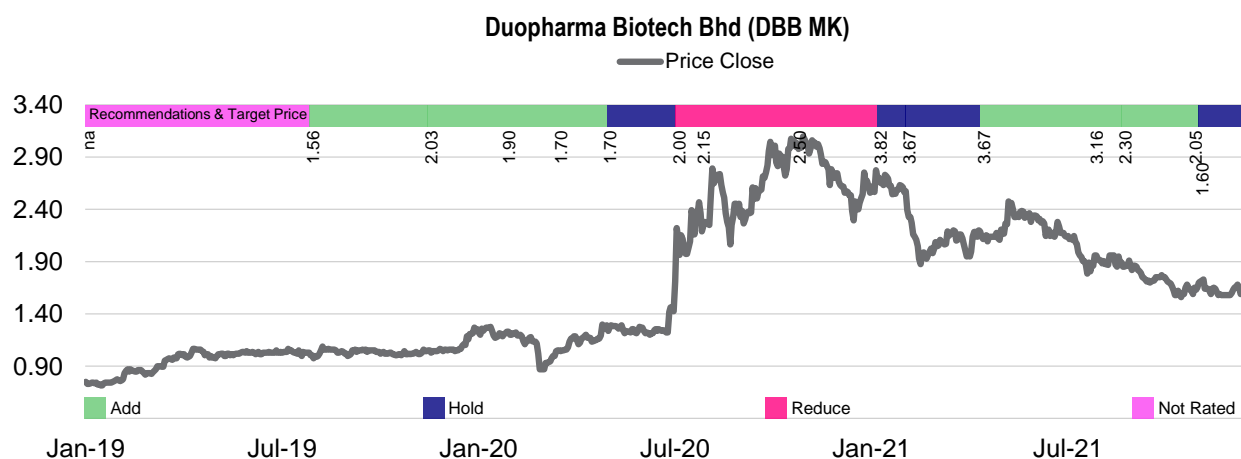
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	0.0%
Reduce	7.1%	0.0%

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 2021, Anti-Corruption 2021**

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** - Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** - Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, n/a, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** - Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TOP** - Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** - Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework	
<b>Stock Ratings</b>	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.
<i>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.</i>	
<b>Sector Ratings</b>	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
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.
<b>Country Ratings</b>	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

