

## Malaysia

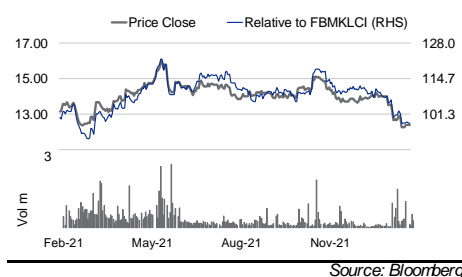
**REDUCE** (no change)

Consensus ratings\*: Buy 8 Hold 6 Sell 2

Current price:	RM12.40
Target price:	RM9.96
Previoustarget:	RM10.44
Up/downside:	-19.7%
CGS-CIMB / Consensus:	-36.2%
Reuters:	BATO.KL
Bloomberg:	ROTHMK
Market cap:	US\$846.0m
	RM3,541m
Average daily turnover:	US\$0.65m
	RM2.73m
Current shares o/s:	285.5m
Free float:	50.0%
*Source: Bloomberg	

**Key changes in this note**

- FY22-23F EPS cut by 4-10%.
- FY24F forecasts are introduced.



Price performance	1M	3M	12M
Absolute (%)	-11.6	-17	-5.4
Relative (%)	-10.7	-16.6	-2.6

Major shareholders	% held
British American Tobacco Holdings	50.0

**Analyst(s)**

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# British American Tobacco

## Times can be tough for all smokers

- British American Tobacco's (BAT) FY21 core net profit came to 99% of our full-year estimate. FY21 sales volume was up 9.7%, riding the pandemic.
- The increasing prices of daily goods, we fear, could lead to smokers dialing back on their cigarette purchase. We cut FY22-23F EPS by 4-10%.
- Our DDM-based TP declines to RM9.96. We are unenthused by BAT's upcoming vape gambit, given the high proposed excise duties.

### FY21 core net profit within expectation

Benefiting from the stay-at-home boredom and a lower supply of illicit cigarettes, BAT's sales volume rose 9.7% yoy in FY21, leading to its turnover jumping 13.9% yoy to RM2.6bn. Although the market share of its flagship brand Dunhill in the premium segment perked up 1.9% pts in FY21, BAT's FY21 gross margin crept down from 25.8% in FY20 to 25.6%. We suspect this was due to smokers down-trading from the mid-tier segment to the value-for-money (VFM) lines; BAT's VFM market share rose 1.9% pts in FY21. BAT's FY21 core net profit came to RM285.1m (+9.5% yoy), at 99% of our full-year forecast, and 100% of Bloomberg consensus. BAT's fourth interim DPS of 27 sen brought its full-year DPS to 98 sen; we had expected 99 sen.

### 4Q21 core net profit down 9.5%qoq on higher expenses

4Q21 revenue surged 40.6% qoq, thanks to the reopening of the tourism sector and the consequent lift in its duty-free cigarette sales. Alas, 4Q21 core net profit fell 9.5% qoq as the qoq growth in its operating expenses outpaced that of its revenue because BAT made some initial investments in its upcoming vaporiser products.

### Tempering our expectation for FY22F and beyond

The economic reopening, in our view, would leave smokers with less budget for their cigarettes since they would have other expenses to think about, i.e. expenses they likely saved on during the lockdown, e.g. fuel and eating out. It is telling that there was down-trading already in 4Q21, as reflected in its gross margin declining 80bp qoq to 25.6%. With the disruption in the global supply chain pushing up prices of daily necessities, we are concerned that the qoq margin squeeze in 4Q21 presages more down-trading in 2022F. We cut FY22-23F EPS by 4-10% to reflect lower sales volume, more purchases of VFM cigarettes, and higher marketing expenses for BAT's vapes.

### Reiterate Reduce; DDM-based TP lowered to RM9.96

We have not incorporated vape sales in our FY22-24F forecasts since we do not know the pricing and cost structures yet but we doubt the vapes would move the needle in their early years. Gestation period is one cause, but we are more concerned vapers would be repelled by the high excise duties proposed for vape liquid. Our DDM-based TP drops to RM9.96 as we cut our FY22-24F DPS forecasts. Potential de-rating catalysts are lower sales and more down-trading. Upside risks: the government rescinds the "generation end game" proposal for cigarette sales and reduces the vape liquid excise duty.

Financial Summary	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (RMm)	2,315	2,637	2,514	2,498	2,523
Operating EBITDA (RMm)	346.5	498.2	367.3	368.9	344.6
Net Profit (RMm)	236.7	372.8	241.9	243.7	226.3
Core EPS (RM)	0.83	1.31	0.85	0.85	0.79
Core EPS Growth	(35.8%)	57.5%	(35.1%)	0.7%	(7.1%)
FD Core P/E (x)	14.96	9.50	14.63	14.53	15.65
DPS (RM)	0.82	0.98	0.83	0.84	0.78
Dividend Yield	6.62%	7.90%	6.70%	6.74%	6.26%
EV/EBITDA (x)	11.61	8.62	10.31	10.25	11.62
P/FCFE (x)	16.67	15.71	4.97	16.98	NA
Net Gearing	129%	197%	64%	61%	116%
P/BV (x)	9.50	9.26	9.13	9.02	8.92
ROE	62.2%	98.7%	62.8%	62.5%	57.3%
% Change In Core EPS Estimates			(10.3%)	(3.6%)	
CGS-CIMB/Consensus EPS (x)			0.85	0.82	

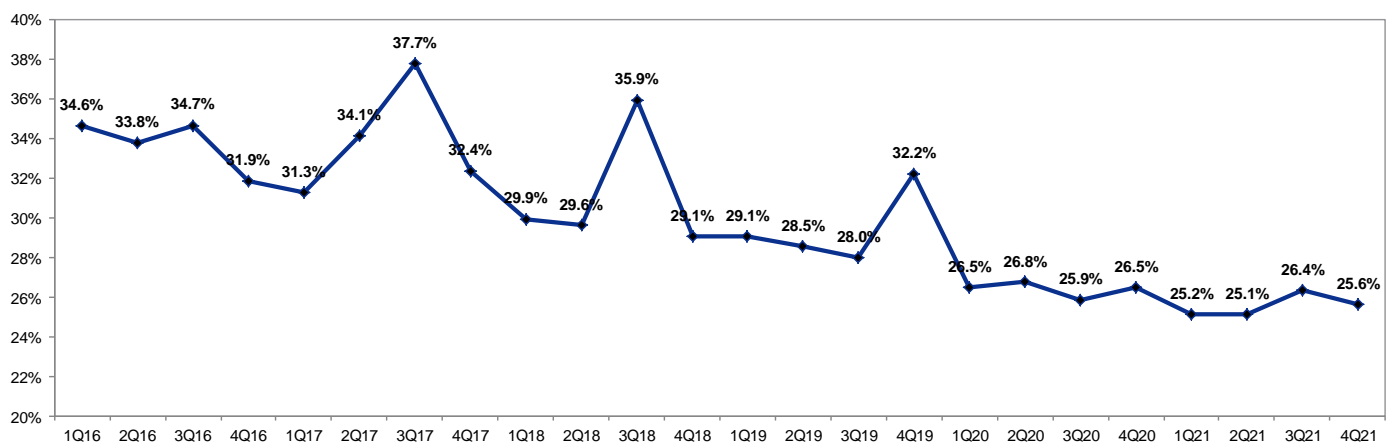
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 1: Results comparison**

FYE Dec (RM m)	4Q FY21	4Q FY20	yoy % chg	qoq % chg	4QFY21 Cum	4QFY20 Cum	yoy % chg	Prev. FY21F	Comments
Revenue	861.9	660.2	30.5	40.6	2,637.3	2,315.5	13.9	2,494.8	Volume rose by 9.7% yoy, bulwarked by Dunhill and value-for-
Operating costs	(752.2)	(551.1)	36.5	48.9	(2,226.7)	(1,951.3)	14.1	(2,071.9)	money (VFM) cigarettes
EBIT	109.7	109.2	0.5	1.7	410.6	364.2	12.7	410.1	Below expectation
EBIT Margin	12.7	16.5	(3.8)	(4.9)	15.6	15.7	(0.2)	16.4	
Interest expense	(4.9)	(3.9)	25.0	10.3	(17.1)	(17.2)	(0.5)	(17.5)	
Interest & invt inc	0.1	0.2	(29.5)	20.3	0.6	0.9	(30.7)	1.2	
Exceptionals	-	(5.0)	n.m.	n.m.	-	(18.6)	n.m.	-	
Pre-tax profit	104.9	100.4	4.5	1.3	394.1	329.3	19.7	393.8	
Tax	(33.4)	(27.7)	20.8	36.0	(109.0)	(87.4)	24.6	(104.6)	
Tax rate (%)	31.9	27.6	4.3	8.1	27.7	26.6	1.1	(26.6)	
Minority interests	-	-	-	-	-	-	-	-	
<b>Net profit</b>	<b>71.5</b>	<b>72.7</b>	<b>(1.7)</b>	<b>(9.5)</b>	<b>285.1</b>	<b>241.8</b>	<b>17.9</b>	<b>289.2</b>	
<b>Core net profit</b>	<b>71.5</b>	<b>77.7</b>	<b>(8.1)</b>	<b>(9.5)</b>	<b>285.1</b>	<b>260.4</b>	<b>9.5</b>	<b>289.2</b>	<b>FY21 core net profit formed 99% of our FY21F estimates, and</b>
EPS (sen)	25.0	25.5	(1.7)	(9.5)	99.9	84.7	17.9	101.3	<b>100% of consensus'</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: BAT's historical quarterly gross margin**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: Earnings revision**

FYE Dec (RM m)	Previous			Revised			Changes		
	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F
Revenue	2,540.1	2,522.5	-	2,513.9	2,498.4	2,523.4	-1%	-1%	-
Operating costs	(2,144.6)	(2,150.8)	-	(2,146.6)	(2,129.5)	(2,178.8)	0%	-1%	-
EBIT	383.2	359.9	-	355.0	357.0	333.0	-7%	-1%	-
Pre-tax profit	367.2	344.2	-	329.4	331.8	308.1	-10%	-4%	-
Net profit	269.7	252.8	-	241.9	243.7	226.3	-10%	-4%	-
EPS (RM)	0.94	0.89	-	0.85	0.85	0.79	-10%	-4%	-
DPS (RM)	0.93	0.87	-	0.83	0.84	0.78	-10%	-4%	-

SOURCE: CGS-CIMB RESEARCH ESTIMATES

**Figure 4: Volume assumption revision**

bn sticks	2022F			2023F			2024F		
	Old	New	chg	Old	New	chg	Old	New	chg
Premium*	2.0	2.0	0.0%	1.9	1.9	0.0%	0.0	1.8	-
Aspirational premium**	0.7	0.7	-5.6%	0.7	0.6	-5.6%	0.0	0.6	-
VFM (Rothmans)	0.7	0.7	0.0%	0.8	0.8	0.0%	0.0	0.9	-
VFM (Kyo)	0.2	0.2	0.0%	0.3	0.3	0.0%	0.0	0.5	-
Neo (Glo) (m)	0.7	0.7	-6.4%	0.8	0.7	-12.3%	0.0	0.7	-
<b>Total</b>	<b>3.4</b>	<b>3.4</b>	<b>-1.2%</b>	<b>3.3</b>	<b>3.3</b>	<b>-1.1%</b>	<b>0.0</b>	<b>3.2</b>	<b>-</b>

SOURCE: CGS-CIMB RESEARCH ESTIMATES

**Figure 5: BAT's DDM valuation**


Market risk premium	6.0%
Risk free rate	3.0%
Cost of equity	8.4%
Beta	0.9
Long-term growth	0.0%
<b>DPS (sen)</b>	
FY22F	83
FY23F	84
FY24F	78
FY25-27F	223
Terminal value	1,101
<b>Total NPV</b>	<b>996.3</b>
<b>Target price (RM/share)</b>	<b>9.96</b>

SOURCES: CIMB RESEARCH, COMPANY REPORTS

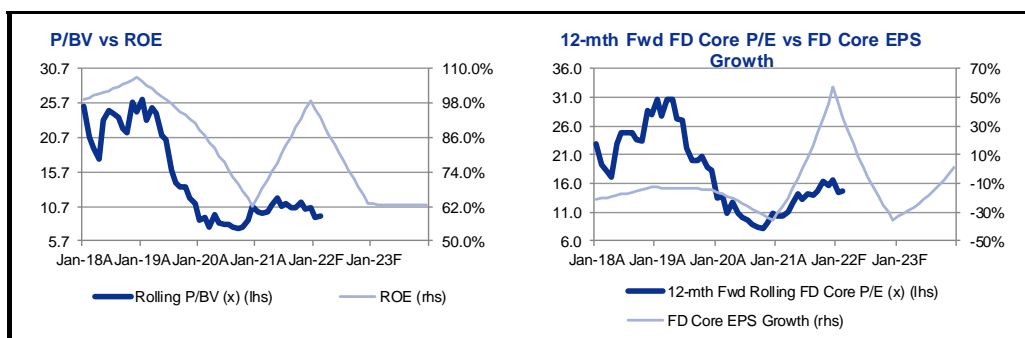
**Figure 6: Sector comparison (as at 8 Feb 2022)**

CGS-CIMB Research's Malaysia consumer sector coverage																
Company	Bloomberg Ticker	Recom.	Share price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY20F	CY21F		CY20F	CY21F	CY20F	CY21F	CY20F	CY21F	CY20F	CY21F
British American Tobacco	ROTH MK	Reduce	12.40	9.96	846	15.0	9.5	-13.3%	9.50	9.26	59.5%	99.3%	11.7	8.5	6.3%	7.9%
Fraser & Neave Holdings	FNH MK	Add	24.30	29.80	2,130	15.6	18.4	0.2%	3.18	3.02	15.9%	15.6%	12.6	12.7	2.6%	2.7%
Nestle (Malaysia)	NESZ MK	Hold	133.00	136.60	7,452	55.9	50.8	-2.5%	55.98	54.77	87%	111%	34.3	31.0	1.7%	2.0%
MSM Malaysia Holdings	MSM MK	Add	1.16	1.57	195	10.1	14.8	na	0.52	0.51	4.8%	3.5%	10.2	7.9	0.0%	3.5%
QL Resources	QLG MK	Add	4.69	5.50	2,727	48.7	50.4	-1.3%	5.06	4.70	11.0%	9.7%	19.3	20.2	0.7%	0.6%
7-Eleven Malaysia	SEM MK	Add	1.46	1.80	393	25.5	44.4	-2.1%	24.53	20.09	72.9%	51.0%	6.6	7.3	2.2%	1.4%
Mynews Holdings	MNHB MK	Add	0.82	1.18	133	na	na	-211.5%	2.09	2.43	-4.6%	-12.6%	13.8	25.6	0.0%	0.1%
Bonia Corporation	BON MK	Add	1.41	1.00	68	30.1	19.2	8.3%	0.78	0.76	2.6%	4.0%	5.1	4.5	0.9%	1.1%
Berjaya Food Berhad	BFD MK	Add	2.18	3.25	189	na	14.3	na	2.32	2.15	-11.9%	15.7%	8.3	4.0	3.0%	4.9%
Carlsberg Brewery (M)	CAB MK	Add	20.12	26.00	1,470	32.9	29.6	-1.7%	36.65	32.61	113.2%	118.7%	25.1	20.3	1.9%	3.1%
Heineken Malaysia Bhd	HEIM MK	Add	20.04	26.70	1,447	33.1	29.3	-3.9%	17.33	17.32	47.0%	60.1%	22.8	17.3	2.4%	3.5%
CCK Consolidated	CCK MK	Add	0.58	0.84	86	10.1	14.2	0.4%	1.21	1.16	12.0%	8.5%	5.2	6.2	3.2%	2.5%
Power Root Bhd	PWRT MK	Hold	1.36	1.40	136	16.8	27.4	-22.9%	2.19	2.17	13.6%	8.0%	10.0	14.9	5.8%	3.6%
DKSH Holdings (Malaysia)	DKSH MK	Add	4.80	6.20	181	14.5	9.7	96.8%	1.13	1.04	7.8%	11.4%	7.4	6.2	2.0%	2.1%
Panasonic Manufacturing Mala	PMM MK	Hold	28.70	31.20	417	15.0	24.4	-14.8%	2.14	2.22	14.3%	8.9%	7.6	12.6	6.0%	5.3%
<b>Weighted Average</b>						<b>40.1</b>	<b>38.6</b>	<b>-3.5%</b>	<b>30.0</b>	<b>29.0</b>	<b>58.0%</b>	<b>70.5%</b>	<b>24.0</b>	<b>22.0</b>	<b>2.1%</b>	<b>2.5%</b>
<b>Simple Average</b>						<b>24.8</b>	<b>25.5</b>	<b>-13.0%</b>	<b>11.0</b>	<b>10.3</b>	<b>29.7%</b>	<b>34.2%</b>	<b>13.3</b>	<b>13.3</b>	<b>2.6%</b>	<b>3.0%</b>
Global tobacco industry																
Company	Bloomberg Ticker	Recom.	Share price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY19F	CY20F		CY19F	CY20F	CY19F	CY20F	CY19F	CY20F	CY19F	CY20F
Altria Group Inc	ASTRA IN	NR	49.91	NA	93,238	11.9	11.3	7.9%	9.03	8.30	73.7%	77.1%	11.1	10.7	6.0%	6.6%
<b>British American Tobacco</b>	<b>ROTH MK</b>	<b>Reduce</b>	<b>12.40</b>	<b>9.96</b>	<b>846</b>	<b>15.0</b>	<b>9.5</b>	<b>-13.3%</b>	<b>9.50</b>	<b>9.26</b>	<b>59.5%</b>	<b>99.3%</b>	<b>11.7</b>	<b>8.5</b>	<b>6.3%</b>	<b>7.9%</b>
British American Tobacco PLC	BATS LN	NR	3,231.50	NA	98,708	10.2	9.5	12.0%	1.11	1.07	101.3%	108.6%	7.2	6.8	6.2%	6.5%
China Tobacco International	6055 HK	NR	19.22	NA	1,707	46.9	43.2	-3.6%	9.07	7.78	NA	NA	38.4	35.3	NA	0.7%
Gudang Garam	GGRM IJ	Add	31,000	38,000	4,142	7.8	9.1	-13.6%	1.02	0.99	13.5%	11.2%	4.9	6.2	0.0%	7.2%
HM Sampoerna	HMSP IJ	Add	970	1,100	7,836	13.1	14.8	-14.6%	3.73	3.84	25.2%	25.8%	8.3	9.7	10.1%	6.4%
Imperial Brands PLC	IMB LN	NR	1,869.00	NA	23,582	9.4	6.8	17.5%	3.73	4.29	NA	NA	4.9	4.4	12.8%	11.1%
Japan Tobacco Inc	2914 JT	NR	2,433	NA	44,719	13.8	14.2	-3.2%	1.63	1.59	13.4%	13.0%	8.5	8.8	6.2%	6.3%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, BLOOMBERG, COMPANY REPORTS

Refinitiv ESG Scores							
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; background-color: #4CAF50; color: white;">A- <small>ESG Score</small></td> <td style="text-align: center; background-color: #4CAF50; color: white;">A+ <small>ESG Controversies Score</small></td> <td style="text-align: center; background-color: #4CAF50; color: white;">A- <small>ESG Combined Score</small></td> <td style="text-align: center; background-color: #4CAF50; color: white;">A- <small>ESG Environment Pillar Score</small></td> <td style="text-align: center; background-color: #4CAF50; color: white;">A <small>ESG Social Pillar Score</small></td> <td style="text-align: center; background-color: #4CAF50; color: white;">B <small>ESG Government Pillar Score</small></td> </tr> </table>	A- <small>ESG Score</small>	A+ <small>ESG Controversies Score</small>	A- <small>ESG Combined Score</small>	A- <small>ESG Environment Pillar Score</small>	A <small>ESG Social Pillar Score</small>	B <small>ESG Government Pillar Score</small>
A- <small>ESG Score</small>	A+ <small>ESG Controversies Score</small>	A- <small>ESG Combined Score</small>	A- <small>ESG Environment Pillar Score</small>	A <small>ESG Social Pillar Score</small>	B <small>ESG Government Pillar Score</small>		
<h2 style="margin: 0;">ESG in a nutshell</h2>							
<p>British American Tobacco (BAT) is cognisant of tobacco's detrimental effects on people's health. This is why it has been pushing the Malaysian government to legalise alternative products. These supposed reduced-harm products, in the form of electronic cigarettes and vaporisers, are currently technically illegal in Malaysia, hence preventing BAT from distributing them in the Malaysia market. Yet, the grey market marches on, so much so that it commanded 11% of Malaysia's enlarged tobacco market share as of 1Q21. We think legalising vapes will be overall positive for both BAT and the local industry. However, the government's proposed high excise duty for vape liquid could more than double the liquid's <b>current</b> retail prices, thus defeating the main purpose of legalising vapes in the first place, in our view.</p>							
<h3 style="margin: 0;">Keep your eye on</h3> <p>The legalisation of e-cigarettes and vapes. The previous government, helmed by Pakatan Harapan, had finalised a Tobacco Act to be tabled to Parliament. However, since the abrupt change of the Federal administration in Mar 2020, Malaysia had been caught in an extended movement control order (MCO). The Health Ministry, which is responsible for tobacco sales regulation, is still grappling with the Covid-19 crisis.</p>	<h3 style="margin: 0;">Implications</h3> <p>Finance Minister Tunku Dato' Sri Zafrul Aziz said the legalisation <b>of vape products</b> would take place once Parliament passes the vaping framework. While this was supposed to be the happy ending for BAT, the proposed excise duty for vape liquid, unfortunately, could more than double the current retail prices — and hence create a new affordability issue. Whether this vaping legalisation would be good for BAT hinges on whether the Finance Ministry acquiesces to vaping players' concerns with the duty rate proposed.</p>						
<h3 style="margin: 0;">ESG highlights</h3> <p>BAT's "A Better Tomorrow" campaign is practiced among the British American Tobacco plc's group of companies worldwide. BAT is also a victim – and a major critic – of the rampant illicit cigarette trade in Malaysia.</p>	<h3 style="margin: 0;">Implications</h3> <p>BAT's share price enjoyed a resurgence of sorts in 2021 as expectations mounted for a recovery in sales volume amid the government's renewed pledge to fight the illicit trade and hopes that vapes would finally be greenlighted.</p>						
<h3 style="margin: 0;">Trends</h3> <p>BAT's long-term share price trajectory has been on a downtrend because it has been unable to combat the illicit trade, and it has so far been barred from introducing new reduced-harm products.</p>	<h3 style="margin: 0;">Implications</h3> <p>Should the Finance Ministry remain steadfast with the high excise duty rate for vape liquids and gels, we are concerned that BAT's long-term earnings sustainability will be in danger as cigarettes are no longer the poison of choice for youths today, as many are fancying vapes.</p>						
SOURCES: CGS-CIMB RESEARCH, REFINITIV							

## BY THE NUMBERS



### Profit & Loss

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>Total Net Revenues</b>	<b>2,315</b>	<b>2,637</b>	<b>2,514</b>	<b>2,498</b>	<b>2,523</b>
<b>Gross Profit</b>	<b>597</b>	<b>762</b>	<b>630</b>	<b>605</b>	<b>583</b>
<b>Operating EBITDA</b>	<b>346</b>	<b>498</b>	<b>367</b>	<b>369</b>	<b>345</b>
Depreciation And Amortisation	(6)	(6)	(12)	(12)	(12)
<b>Operating EBIT</b>	<b>340</b>	<b>492</b>	<b>355</b>	<b>357</b>	<b>333</b>
Financial Income/(Expense)	(16)	(16)	(26)	(25)	(25)
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>324</b>	<b>476</b>	<b>329</b>	<b>332</b>	<b>308</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>324</b>	<b>476</b>	<b>329</b>	<b>332</b>	<b>308</b>
Taxation	(87)	(103)	(87)	(88)	(82)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>237</b>	<b>373</b>	<b>242</b>	<b>244</b>	<b>226</b>
Minority Interests	0	0	0	0	0
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>237</b>	<b>373</b>	<b>242</b>	<b>244</b>	<b>226</b>
Recurring Net Profit	237	373	242	244	226
<b>Fully Diluted Recurring Net Profit</b>	<b>237</b>	<b>373</b>	<b>242</b>	<b>244</b>	<b>226</b>

### Cash Flow

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>EBITDA</b>	<b>346.5</b>	<b>498.2</b>	<b>367.3</b>	<b>368.9</b>	<b>344.6</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(97.0)	(282.2)	509.3	1.7	(229.3)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(15.2)	(128.9)	(33.7)	(31.4)	(31.0)
Net Interest (Paid)/Received	(17.2)	(17.1)	(26.8)	(26.4)	(26.1)
Tax Paid	(87.4)	(103.0)	(87.5)	(88.1)	(81.8)
<b>Cashflow From Operations</b>	<b>129.7</b>	<b>(32.8)</b>	<b>728.6</b>	<b>224.7</b>	<b>(23.6)</b>
Capex	(7.4)	(7.4)	(7.4)	(7.4)	(7.4)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0	0.0
Other Investing Cashflow	1.2	0.6	1.2	1.2	1.2
<b>Cash Flow From Investing</b>	<b>(6.2)</b>	<b>(6.8)</b>	<b>(6.2)</b>	<b>(6.2)</b>	<b>(6.2)</b>
Debt Raised/(repaid)	89.0	265.0	(10.0)	(10.0)	(10.0)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(234.4)	(279.8)	(237.1)	(238.8)	(221.8)
Preferred Dividends					
Other Financing Cashflow	(17.2)	(17.1)	(26.8)	(26.4)	(26.1)
<b>Cash Flow From Financing</b>	<b>(162.6)</b>	<b>(31.9)</b>	<b>(273.9)</b>	<b>(275.2)</b>	<b>(257.8)</b>
Total Cash Generated	(39.1)	(71.5)	448.5	(56.7)	(287.7)
<b>Free Cashflow To Equity</b>	<b>212.4</b>	<b>225.4</b>	<b>712.4</b>	<b>208.5</b>	<b>(39.9)</b>
<b>Free Cashflow To Firm</b>	<b>140.6</b>	<b>(22.6)</b>	<b>749.1</b>	<b>244.9</b>	<b>(3.8)</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	29.0	21.8	517.9	516.3	283.1
Total Debtors	396.5	723.0	321.9	319.9	323.1
Inventories	229.9	177.6	95.6	104.4	104.8
Total Other Current Assets	4.0	2.0	0.0	0.0	0.0
<b>Total Current Assets</b>	<b>659.4</b>	<b>924.5</b>	<b>935.4</b>	<b>940.6</b>	<b>711.1</b>
Fixed Assets	57.5	46.4	57.2	55.4	53.9
Total Investments	0.0	0.0	0.0	0.0	0.0
Intangible Assets	411.6	411.6	411.6	411.6	411.6
Total Other Non-Current Assets	15.5	9.5	9.5	9.5	9.5
<b>Total Non-current Assets</b>	<b>484.6</b>	<b>467.6</b>	<b>478.4</b>	<b>476.5</b>	<b>475.0</b>
Short-term Debt	510.0	775.0	765.0	755.0	745.0
Current Portion of Long-Term Debt					
Total Creditors	212.1	197.1	223.6	232.1	6.5
Other Current Liabilities	30.0	22.8	22.8	22.8	22.8
<b>Total Current Liabilities</b>	<b>752.1</b>	<b>994.9</b>	<b>1,011.5</b>	<b>1,009.9</b>	<b>774.3</b>
Total Long-term Debt	0.0	0.0	0.0	0.0	0.0
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	19.2	14.6	14.6	14.6	14.6
<b>Total Non-current Liabilities</b>	<b>19.2</b>	<b>14.6</b>	<b>14.6</b>	<b>14.6</b>	<b>14.6</b>
Total Provisions	0.0	0.0	0.0	0.0	0.0
<b>Total Liabilities</b>	<b>771.3</b>	<b>1,009.5</b>	<b>1,026.1</b>	<b>1,024.6</b>	<b>789.0</b>
Shareholders' Equity	372.6	382.5	387.7	392.6	397.1
Minority Interests					
<b>Total Equity</b>	<b>372.6</b>	<b>382.5</b>	<b>387.7</b>	<b>392.6</b>	<b>397.1</b>

### Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	(7.7%)	13.9%	(4.7%)	(0.6%)	1.0%
Operating EBITDA Growth	(31.6%)	43.8%	(26.3%)	0.4%	(6.6%)
Operating EBITDA Margin	15.0%	18.9%	14.6%	14.8%	13.7%
Net Cash Per Share (RM)	(1.68)	(2.64)	(0.87)	(0.84)	(1.62)
BVPS (RM)	1.31	1.34	1.36	1.37	1.39
Gross Interest Cover	19.81	28.82	13.26	13.51	12.77
Effective Tax Rate	27.0%	21.6%	26.6%	26.6%	26.6%
Net Dividend Payout Ratio	72.3%	58.8%	72.0%	72.0%	72.0%
Accounts Receivables Days	63.18	77.47	75.86	46.88	46.63
Inventory Days	34.95	39.66	26.48	19.28	19.74
Accounts Payables Days	39.35	37.93	39.54	42.68	21.28
ROIC (%)	31.5%	42.3%	23.1%	41.2%	38.7%
ROCE (%)	40.3%	48.3%	30.8%	31.1%	29.2%
Return On Average Assets	31.0%	38.5%	24.9%	24.8%	25.1%

### Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Premium growth (%)	-15.6%	5.0%	-2.0%	-5.0%	-5.0%
Aspirational premium growth (%)	-21.6%	-2.0%	-15.0%	-8.0%	-10.0%
Value-for-money (VFM) growth (%)	1097.1%	36.0%	34.2%	19.3%	23.1%
Heat-not-burn (HNB) growth (%)	N/A	25.0%	3.0%	3.0%	3.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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#### Corporate Governance Report:

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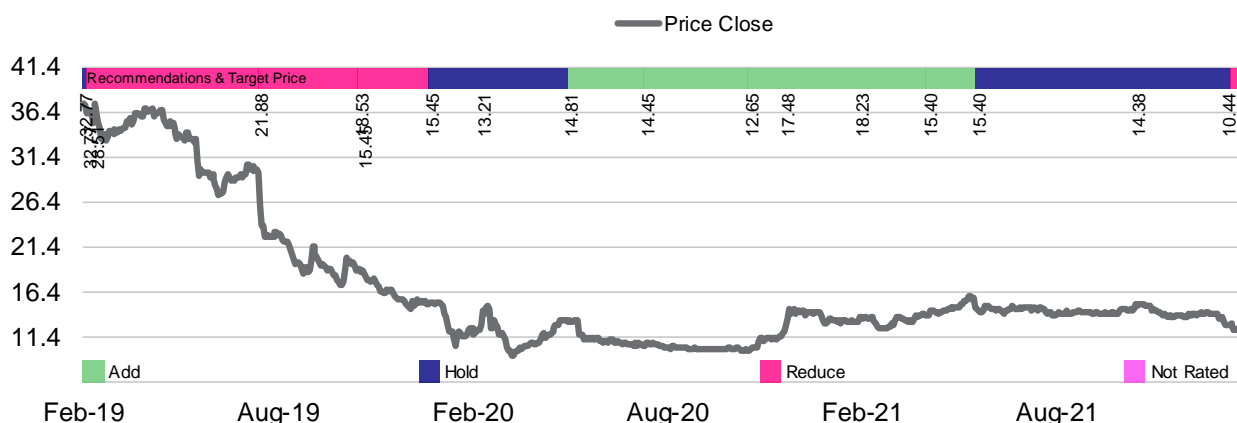
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%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

Spitzer Chart for stock being researched ( 2 year data)

British American Tobacco (ROTHMK)



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, **AJ** – 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, **CENDEL** – 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

Stock Ratings

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.

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.

Sector Ratings

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.

Country Ratings

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.

