

## Malaysia

### ADD (previously HOLD)

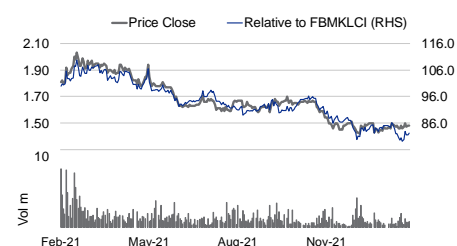
Consensus ratings\*: Buy 5 Hold 2 Sell 0

Current price:	RM1.48
Target price:	RM1.70
Previous target:	RM1.65
Up/downside:	14.6%
CGS-CIMB / Consensus:	-17.7%
Reuters:	DRBM.KL
Bloomberg:	DRB MK
Market cap:	US\$680.3m
	RM2,861m
Average daily turnover:	US\$0.31m
	RM1.30m
Current shares o/s:	1,933m
Free float:	32.0%

\*Source: Bloomberg

#### Key changes in this note

- Raised FY22F EPS by 12.8%.
- Raised FY23F EPS by 3.5%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	3.5	-6.9	-11.4
Relative (%)	0.1	-10.3	-12.4

#### Major shareholders

	% held
Etika Strategi	55.9
EPF	7.2
LTH	1.5

#### Analyst(s)



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# DRB-Hicom

## Back on growth track

- DRB-Hicom's FY21 results beat our and consensus expectations due to stronger-than-expected core net profit delivery from auto segment in 4Q21.
- We expect the automotive division sales momentum to continue in 2022F, driven by new launches from Proton and Honda.
- Upgrade from Hold to an Add with a higher RM1.70 SOP-based TP.

### Boost from Proton in 4Q21

Revenue in 4Q21 jumped 94.5% qoq to RM4.1bn, mainly due to higher sales contribution from the automotive segment, led by Proton. Proton revenue rose 2.8x qoq to RM2.4bn in 4Q21 on the back of a 2.7x jump in sales volume to 40.5k units. DRB-Hicom reported RM117m net profit in 4Q21 (against RM179m net loss in 3Q20). Stripping out the exceptional items, DRB-Hicom posted a higher RM253m core net profit in 4Q21 (vs. RM173m core net loss in 3Q21). For FY21, the group posted a wider core net loss of RM72m against RM69m in FY20, which still beat expectations (vs. our and Bloomberg consensus net loss forecasts of RM182m and RM83m).

### Automotive segment driving turnaround in FY22F

The automotive segment remains the key driver for the group on the back of 9.9% yoy revenue growth in FY21, driven by higher contribution from Proton, auto distribution and auto components segments, which grew 9%, 78% and 6%, respectively. We attribute the higher revenue to greater sales volume in FY21 amidst a longer lockdown period compared to FY20. For example, Proton's market share expanded by 1.4% pts to 21.9% in FY21 on the back of 3% yoy sales volume growth, outperforming total industry sales volume, which fell by 4% yoy. We expect Proton to maintain its growth momentum in FY22F, driven by 1) healthy order backlog, 2) new launches such as a new SUV model and Saga facelift, and 3) higher contribution from export markets. Meanwhile DRB-Hicom's 34%-owned Honda Malaysia is projecting 80k (+51% yoy) sales volume in FY22F on the back of two new launches: City hatchback and HR-V. Moreover, we believe the sales tax holiday for passenger vehicles will be extended until Jun 22, helping to drive sales volume growth in 2022F. We project Proton and Honda Malaysia to respectively deliver 15% and 30% sales volume growth in FY22F. Overall, we expect the group to turn profitable in FY22F in view of a pick-up in economic recovery in line with higher vaccination rates and easing economic activity restrictions, fuelling the recovery in its others segments, i.e. logistics, aerospace, banking and services.

### Upgrade to an Add with a higher RM1.70 SOP-based TP

We raise our FY22-23F EPS by 4-13% to account for higher contribution from the auto segment. The stock has also fallen by 27% since its 52-week high in Mar 21. The pullback in share price offers a good opportunity for investors to accumulate the stock and ride the growth in automotive sales volume in FY22F. Hence, we upgrade the stock to an Add with a higher RM1.70 SOP-based TP.

#### Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (RMm)	13,156	12,599	14,353	14,968	15,437
Operating EBITDA (RMm)	1,247	1,188	1,876	1,955	1,975
Net Profit (RMm)	554.1	(296.4)	170.2	223.9	265.0
Core EPS (RM)	(0.35)	(0.04)	0.09	0.12	0.14
Core EPS Growth	(1769%)	(89%)		32%	18%
FD Core P/E (x)	NA	NA	16.81	12.78	10.80
DPS (RM)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	7.33	7.62	4.48	3.95	3.49
P/FCFE (x)	0.68	2.94	4.93	5.16	4.54
Net Gearing	50.3%	57.5%	46.5%	35.7%	24.1%
P/BV (x)	0.38	0.40	0.39	0.38	0.36
ROE	(9.27%)	(0.97%)	2.34%	2.99%	3.43%
% Change In Core EPS Estimates			12.8%	3.5%	
CGS-CIMB/Consensus EPS (x)			0.66	0.61	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Key catalysts and risks ►

We see stronger sales volume growth from Proton and Honda, narrowing losses at Pos Malaysia, new contract wins for DEFTECH, and appreciation of the ringgit against US\$ as potential re-rating catalysts for the stock. Meanwhile, extended disruptions in the auto supply chain due to the Covid-19 pandemic, widening losses at Pos Malaysia due to intense competition, decline in its market share, and depreciation of the ringgit against US\$ are key downside risks for the stock.

**Figure 1: Results comparison**

FYE Dec (RM m)	4Q21	4Q20	yoy % chg	3Q21	qoq % chg	4Q21 cum	4Q20 cum	yoy % chg	Prev. FY21F	Comments
Revenue	4,124	4,850	(15.0)	2,120	94.5	12,378	13,156	(5.9)	12,904	Higher contribution from automotive
Operating costs	(3,556)	(4,515)	(21.2)	(1,958)	81.6	(11,190)	(11,908)	(6.0)	(11,634)	
<b>EBITDA</b>	<b>568</b>	<b>335</b>	<b>69.7</b>	<b>162</b>	<b>&gt; 100</b>	<b>1,188</b>	<b>1,248</b>	<b>(4.8)</b>	<b>1,271</b>	<b>Below expectation</b>
EBITDA margin (%)	13.8	6.9		7.6		9.6	9.5		9.8	
Depn & amort.	(246)	(267)	(8.0)	(235)	4.4	(953)	(950)	0.3	(955)	In line
<b>EBIT</b>	<b>323</b>	<b>68</b>	<b>&gt; 100</b>	<b>(73)</b>	<b>&gt; 100</b>	<b>235</b>	<b>297</b>	<b>(21.0)</b>	<b>316</b>	
Interest expense	(123)	(128)	(4.1)	(129)	(4.3)	(486)	(489)	(0.7)	(478)	Total borrowings of RM8bn at end-Dec 21
Interest & invt inc	9	7	33.0	8	12.9	33	32	3.2	35	Total cash of RM2.8bn as at end-Dec 21
Associates' contrib	80	96	(17.0)	(2)	> 100	152	77	95.9	145	
Exceptionals	(136)	906	> 100	(6)	> 100	(225)	623	> 100	0	
<b>Pretax profit</b>	<b>153</b>	<b>949</b>	<b>(83.8)</b>	<b>(201)</b>	<b>&gt; 100</b>	<b>(291)</b>	<b>540</b>	<b>&gt; 100</b>	<b>17</b>	
Tax	30	82	(63.7)	(44)	> 100	(58)	9	> 100	(5)	Below expectation
Tax rate (%)	(19)	(9)		(22)		20	2		30	
Minority interests	(66)	(45)	45.9	66	> 100	53	5	> 100	(194)	Also includes holders of Perpetual Sukuk
Net profit	117	986	88.1	(179)	> 100	(296)	554	> 100	(182)	
<b>Core net profit</b>	<b>253</b>	<b>80</b>	<b>&gt; 100</b>	<b>(173)</b>	<b>&gt; 100</b>	<b>(72)</b>	<b>(69)</b>	<b>3.9</b>	<b>(182)</b>	<b>Above expectation</b>
EPS (sen)	6.1	51.0	88.1	(9.3)	> 100	(15.3)	28.7	> 100	(9.4)	
Core EPS (sen)	13.1	4.2	> 100	(9.0)	246.1	(3.7)	(3.6)	3.9	(9.4)	

SOURCE: CGS-CIMB RESEARCH, COMPANY

**Figure 2: Exceptional items breakdown**

Exceptional Items	4Q21	4Q20	3Q21	FY21	FY20
Allowance/write-off of investment securities	(7)	(64)	(2)	(67)	(149)
Allowance for doubtful debts	(90)	(145)	1	(136)	(198)
Impairment loss of PPE	-	-	-	-	-
Reversal of PPE impairment	-	(2)	-	-	(5)
Financing written off	(24)	6	(5)	(31)	(11)
Inventories write-down/off	0	59	3	3	19
Loss/(gain) on fair value adjustment on inv properties	-	-	-	-	-
Marked to market loss/(gain) on derivatives	6	(29)	16	105	(100)
Net forex differences	11	39	(9)	(54)	19
Net forex differences	(34)	(1)	-	(34)	(1)
PPE write-off	2	181	2	2	247
Net loss/(gain) on disposal of assets	-	-	-	-	-
Modification loss arising from financing moratorium	(2)	-	(11)	(13)	(61)
Disposal of non-industrial land assets	-	863	-	-	863
<b>Total</b>	<b>(136)</b>	<b>906</b>	<b>(6)</b>	<b>(225)</b>	<b>623</b>

SOURCE: CGS-CIMB RESEARCH, COMPANY

**Figure 3: Revenue and PBT breakdown**

Revenue	4Q21	4Q20	yoy % chg	3Q21	qoq % chg	4Q21 cum	4Q20 cum	yoy % chg	Comments
Automotive	3,192	2,617	22.0	1,272	> 100	8,818	8,026	9.9	Driven by higher sales volume from Proton
Services	828	877	(5.6)	835	(0.9)	3,319	3,498	(5.1)	
Property, Asset and Construction	104	1,355	(92.3)	13	> 100	241	1,632	(85.2)	
<b>Total</b>	<b>4,124</b>	<b>4,850</b>	<b>(15.0)</b>	<b>2,120</b>	<b>94.5</b>	<b>12,378</b>	<b>13,156</b>	<b>(5.9)</b>	
PBT (with Investment Holding)	4Q21	3Q20	yoy % chg	3Q21	qoq % chg	4Q21 cum	4Q20 cum	yoy % chg	
Automotive	342	246	39.1	(167)	> 100	108	(19)	658.2	
Services	(161)	(150)	7.0	35	> 100	(353)	(310)	13.9	
Property, Asset and Construction	(28)	853	> 100	(22)	30.2	(46)	870	(105.3)	
<b>Total</b>	<b>153</b>	<b>949</b>	<b>(83.8)</b>	<b>(201)</b>	<b>176.2</b>	<b>(291)</b>	<b>540</b>	<b>(153.9)</b>	

SOURCE: CGS-CIMB RESEARCH, COMPANY

**Figure 4: Automotive revenue breakdown**

Automotive (RM m)	4Q21	4Q20	yoy % chg	3Q21	qoq % chg	4Q21 cum	4Q20 cum	yoy % chg	Comments
PROTON	2,393	1,995	19.9	849	> 100	6,556	6,027	8.8	Proton sales volume rose 2.7x qoq in 4Q21
Defence & Aviation	169	207	(18.2)	159	6.6	620	878	(29.3)	Lower percentage of AV8 project completion
Automotive distribution	422	230	83.3	193	> 100	1,120	629	78.2	
Automotive components	208	185	12.4	72	> 100	522	492	6.1	
<b>Total</b>	<b>3,192</b>	<b>2,617</b>	<b>22.0</b>	<b>1,272</b>	<b>&gt; 100</b>	<b>8,818</b>	<b>8,026</b>	<b>9.9</b>	

SOURCE: CGS-CIMB RESEARCH, COMPANY

**Figure 5: Earnings revision**

FYE Dec (RM m)	Previous			Revised			(percentage changes)		
	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F
Turnover	14,057	14,740	na	14,353	14,968	15,437	2.1	1.5	na
EBITDA	1,780	1,895	na	1,876	1,955	1,975	5.4	3.2	na
EBIT	656	715	na	728	758	740	11.0	6.0	na
Pretax profit	439	551	na	469	565	629	6.9	2.6	na
Net profit	151	216	na	170	224	265	12.8	3.5	na

SOURCE: CGS-CIMB RESEARCH, COMPANY

**Figure 6: DRB-Hicom's SOP valuation**

Business components	BV or Mkt Cap (RM m)	Stake (%)	Value (RM m)	Value (RM)/share	Notes
<b>Automotive, Defence &amp; Aviation</b>					
DEFTECH	166	100%	166	0.09	Based on 12x FY23F P/E
CTRM	227	100%	227	0.12	Based on 12x FY23F P/E
Proton	5,250	50%	2,630	1.36	Based on 15x FY23F P/E
<b>Services</b>					
Banking (Bank Muamalat)	2,469	70%	1,296	0.67	Based on 0.7x P/BV
Logistics (Pos Malaysia)	318	54%	170	0.09	0.5x Pos Malaysia P/BV
Concessions (Puspakom)	107	100%	107	0.06	Puspakom's net assets
Education (DRB-Hicom University)	195	100%	195	0.10	Landbank book value
<b>Property , Asset &amp; Construction</b>					
Property landbank	1,532	100%	1,532	0.79	Net book value
Property investments			375	0.19	Net book value
Other automotive assets, JVs and associates		Various	1,424	0.74	Honda Malaysia, HAMM and other net assets as at end FY19
Total holdings company cash			407	0.21	
Total holdings company debt			(4,160)	(2.15)	
<b>RNAV</b>			<b>4,371</b>		
No. of shares			1,933		
<b>RNAV/share</b>			<b>2.26</b>		
RNAV discount			25%		
<b>Target price</b>			<b>1.70</b>		

SOURCE: CGS-CIMB RESEARCH, COMPANY

**Figure 7: Sector comparison**

Company	Ticker	Recom.	Price (RM)	Target Price (RM)	Mkt Cap (US\$ m)	P/E (x)		P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY22F	CY23F	CY22F	CY23F	CY22F	CY23F	CY22F	CY23F	CY22F	CY23F
Bermaz Auto Berhad	BAUTO MK	Add	1.80	1.90	497	14.7	13.3	3.0	2.7	21.6%	21.4%	7.6	6.7	4.1%	4.4%
DRB-Hicom	DRB MK	Add	1.48	1.70	680	16.8	12.8	0.4	0.4	2.3%	3.0%	4.5	4.0	0.0%	0.0%
Tan Chong Motor Holdings	TCM MK	Reduce	1.13	0.97	175	na	229.3	0.3	0.3	-0.3%	0.1%	9.0	8.2	0.9%	0.9%
UMW Holdings	UMWH MK	Add	3.02	3.90	839	13.8	10.9	0.9	0.8	6.4%	7.9%	8.1	7.8	2.6%	2.6%
Sime Darby Bhd	SIME MK	Add	2.30	2.55	3,724	13.2	13.5	1.0	0.9	7.3%	7.0%	4.4	4.2	4.6%	3.7%
<b>Sector average</b>						<b>14.3</b>	<b>13.3</b>	<b>0.8</b>	<b>0.8</b>	<b>5.6%</b>	<b>5.9%</b>	<b>5.2</b>	<b>4.8</b>	<b>3.6%</b>	<b>3.1%</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



## ESG in a nutshell

DRB-Hicom is ranked in the top 26-50% by ESG rating among FBM EMAS PLCs by FTSE Russell. DRB-Hicom's sustainability pillars are based on: 1) economic viability, 2) environmental protection, and 3) social equity. The group's sustainability goals were formalised in 2020, consisting of 17 goals that support the United Nations Sustainable Development Goals (SDG). We think DRB-Hicom has one of the most extensive coverage in terms of ESG initiatives among domestic automakers.

### Keep your eye on

Global automakers are increasing their efforts to achieve cleaner exhaust emissions and improve fuel economy in order to reduce CO<sub>2</sub> emissions and the world's dependence on fossil fuels. The Malaysian government's decision to waive import duty, excise duty, sales tax and road tax for EVs over 2022-2025 are positive moves to promote EV adoption in the domestic market.

### Implications

The structural shift from internal combustion engines (ICE) to hybrid and electric vehicles (EVs) will pose major long-term challenges for domestic players. Proton has a planned roadmap towards introducing hybrid, plug-in and EVs; it believes the recent EV incentives could push its EV plans forward. We believe Proton could play a significant role in promoting EV adoption in Malaysia if it can introduce EV models below RM100k each, targeting the mass market. Meanwhile, we expect Honda (M) to ride the EV roadmap of its parent company Honda Motor Co (Japan) to have 40% of its global vehicle sales from EVs and fuel cell EVs.

### ESG highlights

Proton implemented its Green Initiatives Wheel programme in 2015 as part of its carbon emission reduction strategy. Proton has reduced its energy consumption by 74.9m kWh (equivalent to a reduction of approx. 52,002 tonnes of CO<sub>2</sub>). In addition, Proton and another of DRB-Hicom subsidiary Composites Technology Research Malaysia (CTRM) switched their energy usage to cleaner and cheaper fuel by using natural gas instead of liquefied petroleum gases (LPG) in FY20.

### Implications

These initiatives have resulted in cost savings and a reduction in carbon emissions. For example, the group recorded a total savings of RM1.7m in 2020 following the conversion from LPG to natural gas.

### Trends

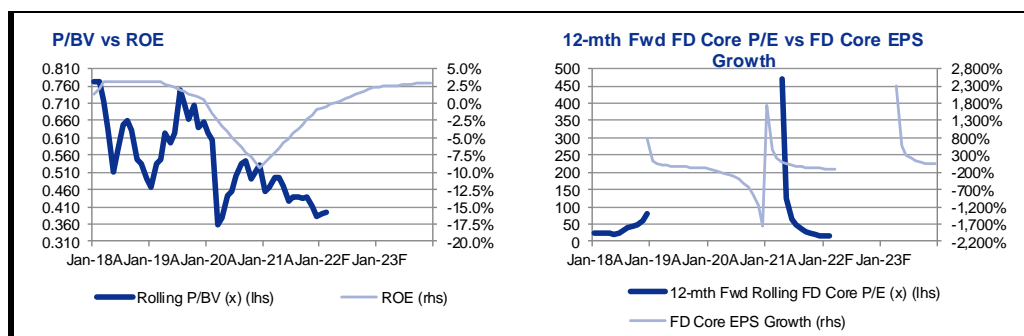
DRB-Hicom embarked on a group-wide solar PV project in 2019; it had 14MWp total solar capacity as at Aug 20. The group plans to adopt and install more solar PV systems across its operating companies to boost its use of energy generated from renewable sources, in line with the national target to increase renewable energy in the energy generation mix to 20% by 2025.

### Implications

Proton signed a power purchase agreement with Tenaga Nasional Berhad, which involves the installation of a 12MWp solar PV system at its Tanjung Malim plant in Aug 2020. The solar PV system commenced its operations in 2021. In addition, CTRM completed the installation of a 6MWp solar PV system in 2020 and plans to install an additional 6MWp solar PV system on the remaining rooftop spaces of its buildings.

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>13,156</b>	<b>12,599</b>	<b>14,353</b>	<b>14,968</b>	<b>15,437</b>
<b>Gross Profit</b>	<b>3,055</b>	<b>2,969</b>	<b>3,445</b>	<b>3,592</b>	<b>3,705</b>
<b>Operating EBITDA</b>	<b>1,247</b>	<b>1,188</b>	<b>1,876</b>	<b>1,955</b>	<b>1,975</b>
Depreciation And Amortisation	(950)	(953)	(1,148)	(1,197)	(1,235)
<b>Operating EBIT</b>	<b>297</b>	<b>235</b>	<b>728</b>	<b>758</b>	<b>740</b>
Financial Income/(Expense)	(458)	(453)	(450)	(433)	(414)
Pretax Income/(Loss) from Assoc.	77	152	192	240	303
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>(83)</b>	<b>(67)</b>	<b>469</b>	<b>565</b>	<b>629</b>
Exceptional Items	623	(225)	0	0	0
<b>Pre-tax Profit</b>	<b>540</b>	<b>(291)</b>	<b>469</b>	<b>565</b>	<b>629</b>
Taxation	9	(58)	(113)	(147)	(164)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>549</b>	<b>(349)</b>	<b>357</b>	<b>418</b>	<b>466</b>
Minority Interests	5	53	(187)	(195)	(201)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>554</b>	<b>(296)</b>	<b>170</b>	<b>224</b>	<b>265</b>
Recurring Net Profit	(676)	(72)	170	224	265
<b>Fully Diluted Recurring Net Profit</b>	<b>(676)</b>	<b>(72)</b>	<b>170</b>	<b>224</b>	<b>265</b>

### Cash Flow

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>EBITDA</b>	<b>1,247</b>	<b>1,188</b>	<b>1,876</b>	<b>1,955</b>	<b>1,975</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(18)	453	31	(39)	33
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	2,540	942	0	0	0
Net Interest (Paid)/Received	(489)	(486)	(515)	(515)	(515)
Tax Paid	(114)	(58)	(113)	(147)	(164)
<b>Cashflow From Operations</b>	<b>3,166</b>	<b>2,040</b>	<b>1,280</b>	<b>1,254</b>	<b>1,330</b>
Capex	(891)	(703)	(700)	(700)	(700)
Disposals Of FAs/subsidiaries	897	0	0	0	0
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	47	(982)	0	0	0
<b>Cash Flow From Investing</b>	<b>53</b>	<b>(1,684)</b>	<b>(700)</b>	<b>(700)</b>	<b>(700)</b>
Debt Raised/(repaid)	984	619	0	0	0
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	0	0	0	0	0
Preferred Dividends					
Other Financing Cashflow	(798)	(560)	0	0	0
<b>Cash Flow From Financing</b>	<b>185</b>	<b>59</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Cash Generated	3,404	415	580	554	630
<b>Free Cashflow To Equity</b>	<b>4,202</b>	<b>974</b>	<b>580</b>	<b>554</b>	<b>630</b>
<b>Free Cashflow To Firm</b>	<b>3,708</b>	<b>841</b>	<b>1,094</b>	<b>1,069</b>	<b>1,144</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	2,406	2,804	3,640	4,517	5,550
Total Debtors	3,077	2,846	3,902	3,135	4,122
Inventories	1,925	1,586	2,777	1,773	2,920
Total Other Current Assets	8,560	7,561	7,561	7,561	7,561
<b>Total Current Assets</b>	<b>15,968</b>	<b>14,797</b>	<b>17,880</b>	<b>16,985</b>	<b>20,153</b>
Fixed Assets	6,182	5,678	5,517	5,319	5,093
Total Investments	1,737	1,800	1,800	1,800	1,800
Intangible Assets	1,411	1,504	1,217	918	609
Total Other Non-Current Assets	20,298	23,365	23,365	23,365	23,365
<b>Total Non-current Assets</b>	<b>29,628</b>	<b>32,348</b>	<b>31,899</b>	<b>31,402</b>	<b>30,867</b>
Short-term Debt	2,850	2,535	2,535	2,535	2,535
Current Portion of Long-Term Debt					
Total Creditors	4,433	4,315	6,593	4,782	6,950
Other Current Liabilities	21,339	22,245	22,245	22,245	22,245
<b>Total Current Liabilities</b>	<b>28,621</b>	<b>29,095</b>	<b>31,373</b>	<b>29,562</b>	<b>31,730</b>
Total Long-term Debt	4,510	5,504	5,504	5,504	5,504
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	2,318	3,183	3,183	3,183	3,183
<b>Total Non-current Liabilities</b>	<b>6,828</b>	<b>8,687</b>	<b>8,687</b>	<b>8,687</b>	<b>8,687</b>
Total Provisions	290	265	265	265	265
<b>Total Liabilities</b>	<b>35,739</b>	<b>38,047</b>	<b>40,325</b>	<b>38,514</b>	<b>40,681</b>
Shareholders' Equity	7,580	7,203	7,373	7,597	7,862
Minority Interests	2,277	1,895	2,082	2,276	2,477
<b>Total Equity</b>	<b>9,857</b>	<b>9,098</b>	<b>9,455</b>	<b>9,873</b>	<b>10,339</b>

### Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	(3.4%)	(4.2%)	13.9%	4.3%	3.1%
Operating EBITDA Growth	(16.9%)	(4.7%)	57.9%	4.2%	1.0%
Operating EBITDA Margin	9.5%	9.4%	13.1%	13.1%	12.8%
Net Cash Per Share (RM)	(2.56)	(2.71)	(2.28)	(1.82)	(1.29)
BVPS (RM)	3.92	3.73	3.81	3.93	4.07
Gross Interest Cover	0.61	0.48	1.41	1.47	1.44
Effective Tax Rate	0.0%	0.0%	24.0%	26.0%	26.0%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	85.65	85.79	85.79	85.79	86.03
Inventory Days	75.11	66.54	73.00	73.00	73.20
Accounts Payables Days	166.4	165.8	182.5	182.5	183.0
ROIC (%)	1.60%	1.12%	3.42%	3.67%	3.69%
ROCE (%)	2.28%	1.74%	5.02%	5.41%	5.60%
Return On Average Assets	4.2%	4.6%	14.1%	16.1%	17.7%

### Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Automotive & Defence	8,025.6	8,818.1	10,201.6	10,878.6	11,406.5
Services	3,498.0	3,437.7	3,825.0	3,794.0	3,764.1
Others	1,631.9	343.6	326.9	295.0	266.4

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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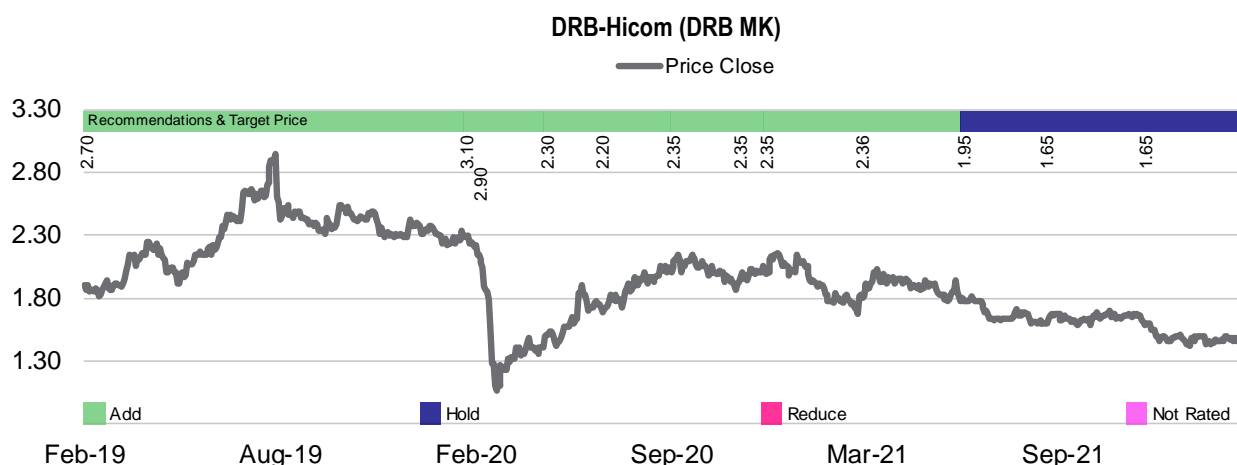
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%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

##### 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.

