

## Hong Kong

### ADD (no change)

Consensus ratings\*: Buy 25 Hold 3 Sell 1

Current price: HK\$8.64  
Target price: ▲ HK\$13.78  
Previous target: HK\$13.24  
Up/downside: 59.5%  
CGS-CIMB / Consensus: 15.6%

Reuters: 0992.HK  
Bloomberg: 992 HK  
Market cap: US\$13,331m  
HK\$104,040m  
Average daily turnover: US\$34.39m  
HK\$273.0m  
Current shares o/s: 12,042m  
Free float: 62.7%

\*Source: Bloomberg

#### Key changes in this note

- FY22-24F revenue increased by 0.7%-3.4%
- FY22-24F pretax margin increased by 0.3%-0.4% pt
- FY22-24F core EPS increased by 10.6-16.4%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	3.1	8.3	-14
Relative (%)	10.2	15.5	8.9

#### Major shareholders

	% held
Legend Holdings Ltd	29.1
Yang YuanQing	8.2
Blackrock, Inc.	6.9

#### Analyst



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## Lenovo Group

### Better product mix to support PC sales

- 3QFY3/22 net profit surged 62% yoy, supported by 7% growth in PC shipments and record 8.2% PC PTI margin and PTI profit in server business.
- FY23F PC sales should remain resilient on ASP growth and stable margin.
- Retain Add. We raise our TP to HK\$13.78, based on 10.5x CY23F P/E.

#### 3QFY22 net profit surged 62% yoy on record PC margin

Lenovo's 3QFY22 net profit surged 62% yoy to US\$640m (15% above our estimate), driven by robust PC margin and turnaround of Server business. Hence, 9M22 net profit was above at 95% of our full-year forecast. Revenue delivered double-digit growth in all segments: PC revenue +12% yoy, driven by strong PC demand in all regions and premium segment growth; smartphone revenue +46% yoy, supported by product mix and strong sales in the US; server revenue +19% yoy, driven by robust demand from cloud service provider (CSP) and continual ICT infrastructure upgrade; software and service (S&S) revenue rose 25% yoy, thanks to wider customer base.

#### PC sales to remain resilient in FY23F on ASP growth

PC 3Q22 shipments grew 7% qoq to c.22m units (outpace industry growth rate 5%) in 3Q22, with global market share 24.6%, thanks to sustained work/study/play-from-home trend. Led by strong sales in premium segment (gaming PC, Yoga-series and thin & light products), PC pretax income (PTI) margin reached a record high of 8.2% (+0.1% qoq and +0.4% pts yoy). We believe that PC sales should remain solid in 4QFY22F and expect volume to fall c.3% yoy in FY23F due to lower consumer demand but offset by commercial segment (Windows 11 refreshment cycle). Nevertheless, we do believe PC revenue should remain resilient (flat revenue growth in FY23F, estimate volume to dip and ASP to rise), with sustained PTI margin improvement.

#### Software & services to lead continuous PTI margin expansion

S&S revenue grew 25% (PTI margin at 22.2%, +0.8% qoq) in 3Q22, driven by strong performance in support services (+21% yoy), managed services (+50% yoy) and project services & solutions (+23% yoy), due to wider service portfolio expansion and new customer gains and footprint expansion. We expect S&S to maintain 25-30% revenue growth in FY23F/24F with stable PTI margin of c.20% amid rising PC as-a-Services trend.

#### Server business likely turn profitable in FY23F

Infrastructure service group (ISG) turned profitable with PTI of US\$17m in 3Q22, first time since acquiring the business, driven by infrastructure upgrade cycle. With a huge backlog on hand, we estimate server business to be profitable in FY23F driven by strong demand from 1) CSP and enterprises customers, 2) new Intel CPU platform, and 3) AI Edge server solution and storage service.

#### Retain Add with a higher TP of HK\$13.78

Stay invested. We raise FY22-24F EPS by 10.6-16.4% on stronger PC margin and profitable server business. We lift TP to HK\$13.78 due to EPS hike and roll over to CY23F EPS, based on 10.5x, still 30% premium to global peers, reflecting strong S&S business growth and PC market share gain. Re-rating catalysts include stable PC shipments and margin and strong growth in solution-base services. Risks: persistent CPU shortage.

Financial Summary	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue (US\$m)	50,716	60,742	72,674	75,670	79,821
Net Profit (US\$m)	665	1,178	1,968	2,116	2,312
Normalised EPS (US\$)	0.05	0.07	0.14	0.18	0.19
Normalised EPS Growth	47%	29%	113%	22%	9%
FD Normalised P/E (x)	22.66	17.93	8.56	7.04	6.44
Price To Sales (x)	0.26	0.22	0.18	0.18	0.17
DPS (US\$)	0.036	0.039	0.057	0.062	0.067
Dividend Yield	3.22%	3.57%	5.17%	5.56%	6.07%
EV/EBITDA (x)	6.69	5.05	3.06	2.22	1.56
P/FCFE (x)	10.00	8.03	4.95	4.98	4.77
Net Gearing	27.2%	20.8%	(41.3%)	(71.1%)	(88.0%)
P/BV (x)	4.16	3.75	3.33	2.35	1.82
ROE	19.1%	24.0%	46.0%	43.7%	35.5%
% Change In Normalised EPS Estimates			10.6%	16.4%	12.2%
Normalised EPS/consensus EPS (x)			0.95	1.20	1.27

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

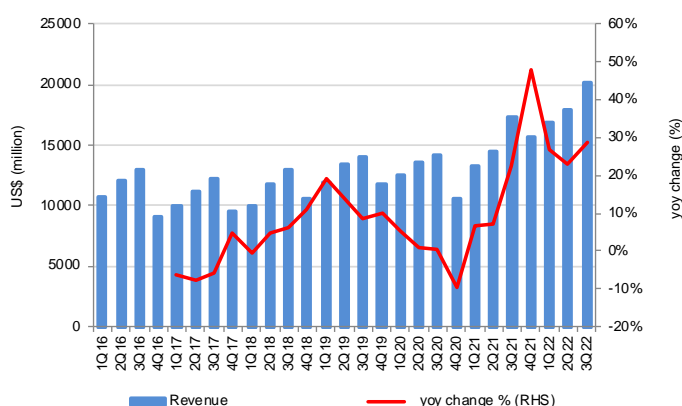
## Better product mix to support PC sales

Figure 1: Results comparison

FYE 31 Mar (US\$ m)	3QFY22	3QFY21	yoy % chg	qoq % chg	3QFY22 Cum	3QFY21 Cum	yoy % chg	Prev. FY22F	Comments
Revenue	20,127	17,245	16.7	12.6	54,925	28,458	93.0	70,251	3Q22 revenue grew 17% yoy, driven by PC (+12% yoy), smartphone (+46% yoy), servers (+19% yoy) and software & services (+25% yoy)
Operating costs	(18,984)	(16,376)	15.9	12.3	(52,045)	(27,264)	90.9	(66,616)	
EBITDA	1,143	870	31.4	19.4	2,880	1,194	141.2	3,635	
EBITDA margin (%)	5.7	5.0			5.2	4.2		5.2	
Depn & amort.	(284)	(234)	21.2	71.3	(615)	208	(395.0)	(970)	3Q22 GPM expanded by 0.5% pts yoy (-0.1% pt qoq) to 16.7%, driven by PC product mix and fast growing software & services segment.
EBIT	859	636	35.2	8.5	2,265	1,403	N/M	2,664	
Interest expense	(91)	(110)	(17.2)	5.2	(278)	(308)	(9.8)	(400)	
Interest & invt inc	15	7	103.7	4.1	38	25	54.5	38	
Associates' contrib	(1)	(7)	(89.9)	(65.6)	(4)	(24)	(83.9)	(5)	
Exceptionals	74	66	12.1	198.3	227	299	(24.2)	129	Fair value gain/(loss) on sale of financial assets
Pretax profit	856	591	44.7	15.3	2,248	1,394	61.3	2,426	
Tax	(173)	(160)	8.4	(6.3)	(524)	(366)	43.0	(609)	
Tax rate (%)	22.2	30.4		(14.0)	25.9	33.4		26.5	
Minority interests	(42)	(36)	15.8	(6.7)	(106)	(110)	N/M	(115)	3Q22 core net profit jumped 72% yoy, thanks to strong PC margin and profitability improvement in servers business.
Net profit	640	395	62.1	25.1	1,618	918	76.3	1,702	9M22 net profit formed 95% of our FY22F forecast, 15% above our expectation, thanks to better-than-expected margin in PC and profitability improvement in servers business.
Core net profit	567	329	72.1	16.3	1,392	619	124.8	1,574	
EPS (US cts)	5.32	3.32	60.3	25.1	6.72	3.85	74.4	14.14	
Core EPS (US cts)	4.71	2.77	70.2	16.3	5.78	2.60	N/M	13.07	

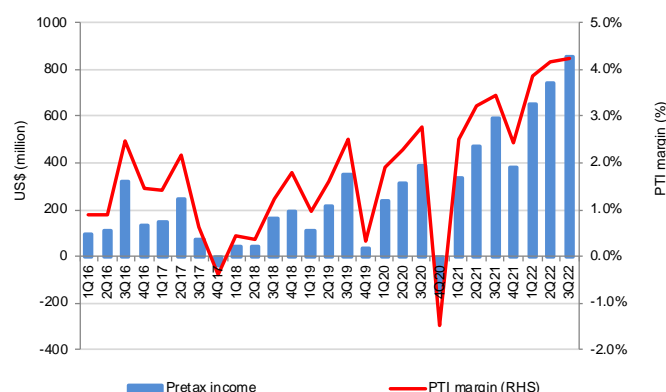
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Lenovo Group – revenue and revenue growth (1QFY16 to 3QFY22)



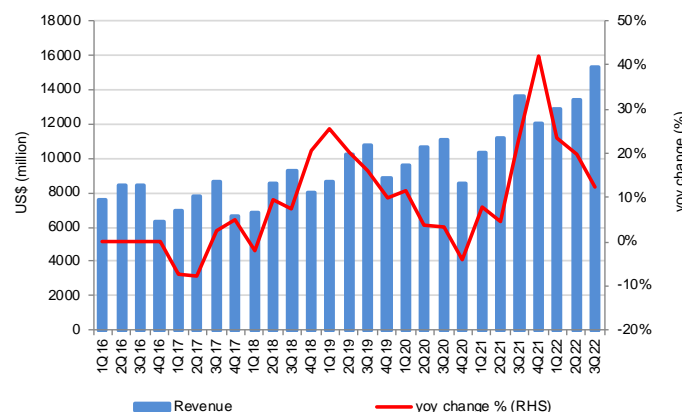
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Lenovo Group – PTI (pre-tax income) and PTI margin (1QFY16 to 3QFY22)



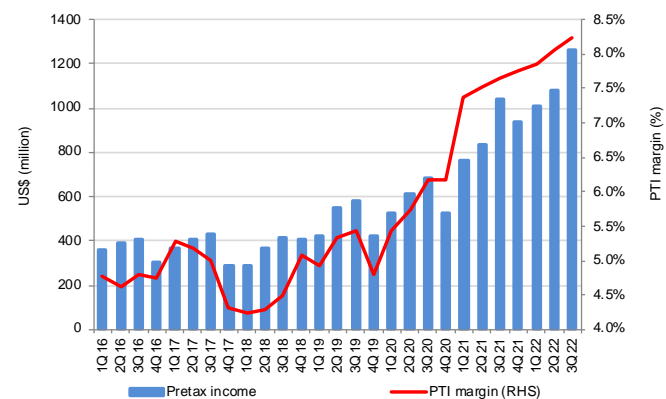
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: PCSD (PC & smart devices) – revenue and revenue growth (1QFY16 to 3QFY22)



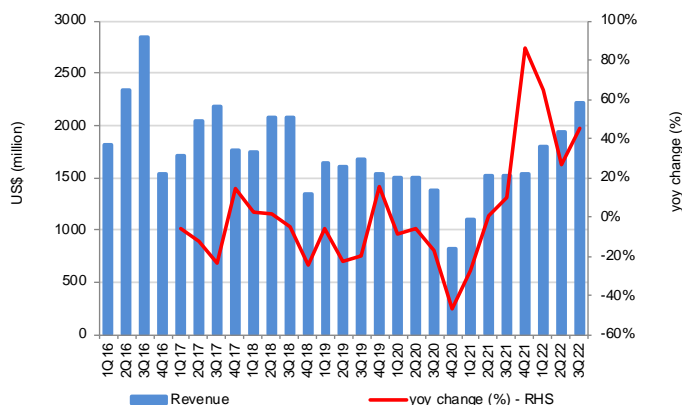
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: PCSD – PTI and PTI margin (1QFY16 to 3QFY22)



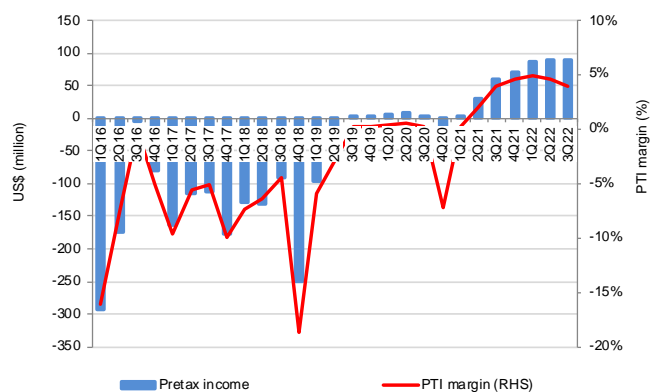
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 6: MBG (mobile business group) – revenue and revenue growth (1QFY16 to 3QFY22)**



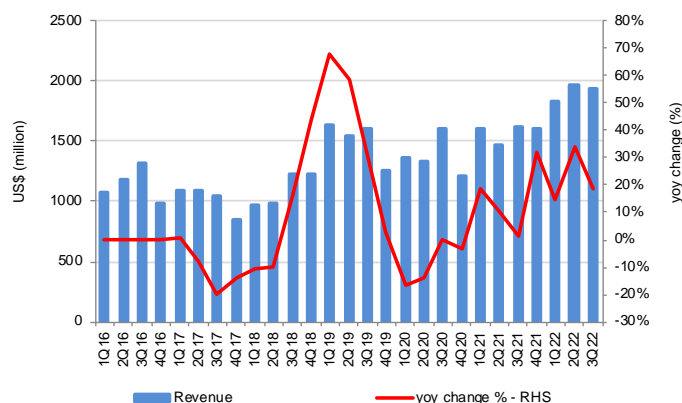
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 7: MBG – PTI and PTI margin (1QFY16 to 3QFY22)**



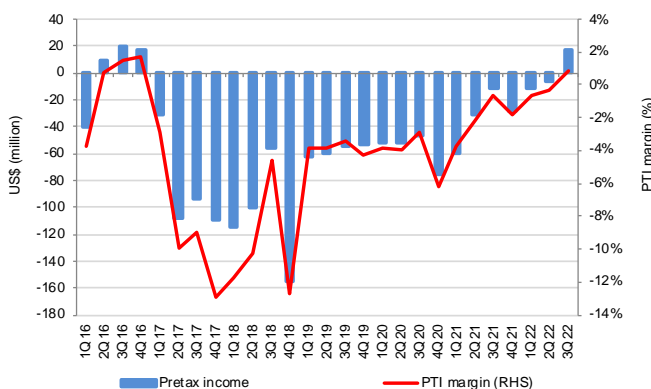
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 8: ISG (infrastructure services group) – revenue and revenue growth (1QFY16 to 3QFY22)**



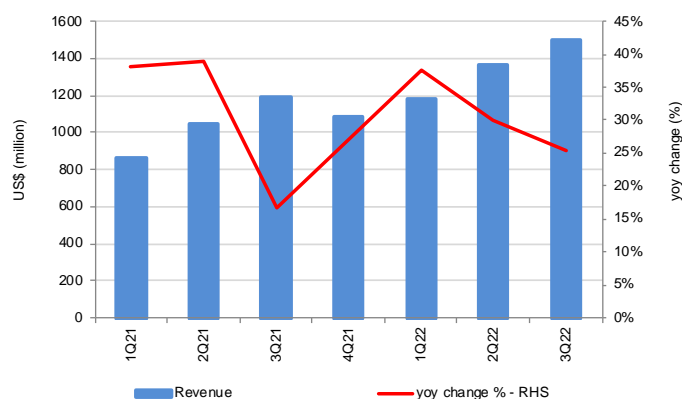
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 9: ISG – PTI and PTI margin (1QFY16 to 3QFY22)**



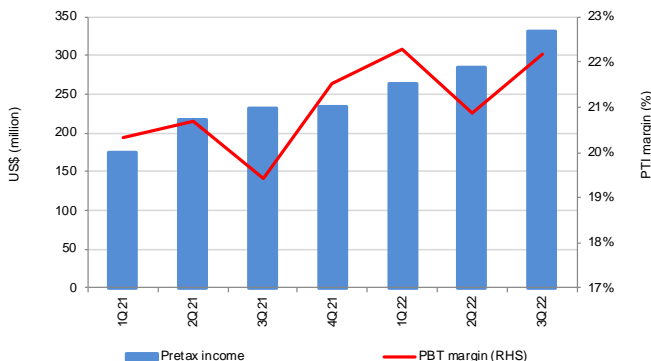
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 10: SSG (solutions & services group) – revenue and revenue growth (1QFY21 to 3QFY22)**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 11: SSG – PTI and PTI margin (1QFY21 to 3QFY22)**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 12: Earnings revisions**

FYE Mar (US\$m)	Mar-21A	Mar-22F			Mar-23F			Mar-24F		
		Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	60,742	70,251	72,674	3.4%	75,117	75,670	0.7%	79,031	79,821	1.0%
EBITDA	2,772	3,635	3,822	5.2%	3,859	4,202	8.9%	4,140	4,404	6.4%
EBITDA margin	4.6%	5.2%	5.3%	0.1% pts	5.1%	5.6%	0.4% pts	5.2%	5.5%	0.3% pts
Profit before tax income	1,774	2,426	2,711	11.8%	2,587	2,929	13.2%	2,932	3,200	9.1%
Profit before tax income margin	2.9%	3.5%	3.7%	0.3% pts	3.4%	3.9%	0.4% pts	3.7%	4.0%	0.3% pts
Net profit	1,178	1,702	1,968	15.6%	1,818	2,116	16.4%	2,061	2,312	12.2%
Core net profit	810	1,574	1,741	10.6%	1,818	2,116	16.4%	2,061	2,312	12.2%
EPS (US\$ cent)	9.89	14.14	16.34	15.6%	15.10	17.58	16.4%	17.11	19.20	12.2%
Core EPS (US\$ cent)	6.80	13.07	14.46	10.6%	15.10	17.58	16.4%	17.11	19.20	12.2%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 13: Peers comparison**

	Bloomberg		Closing price	Target Price	Market Cap		P/E (x)		3-year EPS		P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)
Company	Ticker	Recom.	(local curr)	(local curr)	(US\$ m)	CY21F	CY22F	CY23F	CAGR (%)	CY21F	CY22F	CY21F	CY22F	CY21F	CY22F	CY21F	CY22F
Handset vendors																	
Lenovo Group	992 HK	Add	8.64	13.78	13,331	8.5	6.5	5.9	38.5%	3.4	2.5	42.7%	44.5%	3.5	2.4	4.2%	4.7%
Xiaomi	1810 HK	Add	14.96	27.38	47,933	13.8	12.4	10.8	29.2%	2.3	2.0	17.0%	17.3%	10.7	8.7	0.0%	0.0%
Average						11.1	9.5	8.4	33.9%	2.9	2.3	29.8%	30.9%	7.1	5.6	2.1%	2.3%
Handset component manufacturers (HKEX - listed)																	
AAC Technologies	2018 HK	Reduce	22.60	26.41	3,500	17.0	14.2	12.0	10.1%	1.1	1.1	6.3%	7.7%	6.1	5.4	1.1%	1.4%
Cowell Holdings	1415 HK	Add	8.35	14.17	893	16.5	10.6	7.7	23.0%	2.7	2.2	18.7%	23.1%	8.6	6.4	0.9%	1.4%
Q Technology	1478 HK	Add	7.12	20.61	1,078	6.0	4.7	3.9	29.7%	1.4	1.1	26.2%	26.9%	2.9	1.7	1.6%	2.1%
Sunny Optical	2382 HK	Add	184.2	261.4	25,889	29.3	22.4	17.8	27.0%	7.9	6.1	30.1%	31.8%	18.8	14.3	0.7%	0.9%
Tongda Group	698 HK	Hold	0.16	0.28	199	3.0	3.1	2.5	6.3%	0.1	0.1	5.6%	6.5%	2.4	1.9	5.0%	4.9%
Average						14.3	11.0	8.8	19.2%	2.7	2.1	17.4%	19.2%	7.8	5.9	1.9%	2.1%
Handset component manufacturers (A share - listed)																	
BOE Technology	000725 CH	Add	4.77	8.50	28,735	8.3	10.5	10.4	50.0%	1.5	1.4	18.1%	13.5%	5.0	5.3	6.0%	3.8%
Lens Technology	300433 CH	Add	14.52	33.55	11,430	13.5	10.7	8.9	15.2%	1.4	1.3	11.1%	12.6%	7.3	6.0	1.8%	2.3%
Shenzhen Goodix	603160 CH	Reduce	90.69	92.00	6,582	41.7	33.6	28.9	-2.5%	4.5	3.9	11.4%	12.5%	57.0	36.5	0.3%	0.4%
Tianma Microelectronics	000050 CH	Add	11.82	20.26	4,598	14.0	11.1	9.6	16.8%	0.8	0.8	5.9%	7.1%	8.2	7.1	0.6%	0.9%
Universal Scientific Industrial	601231 CH	Add	14.18	24.23	4,961	16.9	14.3	12.2	14.8%	2.4	2.3	14.5%	16.5%	9.8	8.5	3.5%	4.2%
Will Semiconductor	603501 CH	Add	245.95	387.00	34,091	50.1	41.3	32.8	37.2%	13.4	10.6	30.9%	28.6%	36.7	29.9	0.2%	0.2%
Average						24.1	20.2	17.2	21.9%	4.0	3.4	15.3%	15.1%	20.6	15.6	2.1%	2.0%
Semiconductor																	
ASM Pacific	522 HK	Add	85.65	134.00	4,529	11.0	9.8	8.9	53.2%	2.3	2.2	22.6%	23.2%	6.7	5.8	4.6%	5.1%
SMC	981 HK	Add	19.70	27.30	30,617	13.5	11.5	11.3	24.9%	1.2	1.1	9.2%	10.0%	7.5	6.3	0.0%	0.0%
SMC - A	688981 CH	Add	50.73	71.50	30,571	42.9	36.6	36.1	24.9%	3.7	3.6	9.2%	10.0%	27.6	20.6	0.0%	0.0%

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG (PRICE AS AT 24 FEB 2022)

## ESG in a nutshell



### Refinitiv ESG Scores



Lenovo's environmental, social, and governance efforts have been recognised in the recent past with a number of accolades, including Corporate Knights Global 100 Assessment, 2021 BDO ESG Award, 2020 Best Workplaces for Innovation, 2020 Hang Seng Corporate Sustainability Index, 2020 Bloomberg Businessweek/Chinese Edition ESG Leading Enterprise Award, 2020 Corporate Governance Excellence Award, 2020 CDP Supplier Engagement Rating A, 2021 Corporate Equality Index, 2020 HR Asia Best Workplaces in Asia, 2020 Global Month of Service, and 2021 Green Freight Asia. Such acknowledgements reflect the company's strong ESG performance to create long-term value for its stakeholders and meet their expectations.

In our view, Lenovo has not been not been involved in any environmentally-detrimental industry practices and takes the effort to minimise the environmental impact of its operations.

### Keep your eye on

Lenovo supports its continuous ESG commitments.

### Implications

Lenovo has recently formed the ESG Executive Oversight Committee (EOC) to provide strategic direction and facilitate the coordination of ESG efforts across the company. The EOC will also represent the interests of the business units as we infuse the ESG strategy and promote a culture that encourages strong ESG performance, including compliance and leadership activities.

### ESG highlights

Lenovo has expanded its commitment to focus on building diversity and accessibility into its products.

### Implications

Lenovo has expanded its commitment to Diversity and Inclusion (D&I) by announcing a Product Diversity Office (PDO). The PDO aims to propel its thinking beyond the physical form of our products and account for diversity more broadly within its software, smart devices, data, and mobile solutions.

### Trends

In FY20, the company's energy and water consumption increased; its total emission and non-hazardous waste produced increased, while hazardous waste produced decreased.

### Implications

Lenovo's total energy consumption increased 6% yoy from 1,180,071 gigajoules in FY19 to 1,248,059 gigajoules in FY20.

Total water consumption (megalitres) increased 8% yoy to 134 in FY20.

Total greenhouse gas (GHG) emission (metric tons CO<sub>2</sub>) rose 9% yoy to 184,947 in FY20. Total GHG emission intensity (metric tons per US\$ million revenue) decreased 10% yoy to 3.04 in FY20.

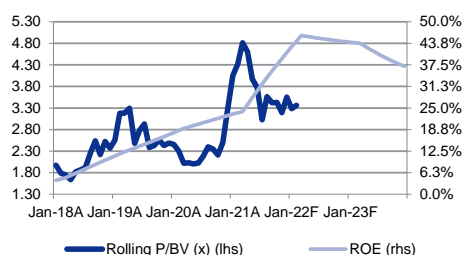
Total hazardous waste (metric tons) decreased 50% yoy from 74 in FY19 to 37 in FY20.

Total non-hazardous waste (metric tons) increased 20% yoy from 43,203 in FY19 to 51,648 in FY20.

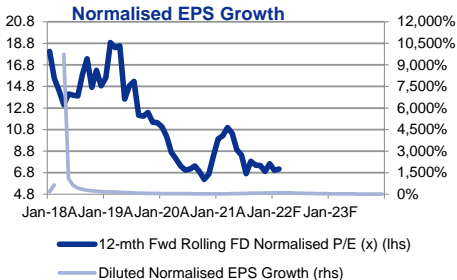
SOURCES: CGS-CIMB RESEARCH, REFINITIV

## BY THE NUMBERS

P/BV vs ROE



12-mth Fwd FD Normalised P/E vs FD Normalised EPS Growth



### Profit & Loss

(US\$m)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
<b>Total Net Revenues</b>	<b>50,716</b>	<b>60,742</b>	<b>72,674</b>	<b>75,670</b>	<b>79,821</b>
<b>Gross Profit</b>	<b>8,357</b>	<b>9,768</b>	<b>12,150</b>	<b>12,615</b>	<b>13,239</b>
<b>Operating EBITDA</b>	<b>2,268</b>	<b>2,772</b>	<b>3,822</b>	<b>4,202</b>	<b>4,404</b>
Depreciation And Amortisation	(866)	(960)	(970)	(959)	(950)
<b>Operating EBIT</b>	<b>1,402</b>	<b>1,812</b>	<b>2,852</b>	<b>3,243</b>	<b>3,454</b>
Financial Income/(Expense)	(406)	(374)	(362)	(319)	(273)
Pretax Income/(Loss) from Assoc.	(15)	(32)	(5)	5	18
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>981</b>	<b>1,406</b>	<b>2,485</b>	<b>2,929</b>	<b>3,200</b>
Exceptional Items	37	368	227	0	0
<b>Pre-tax Profit</b>	<b>1,018</b>	<b>1,774</b>	<b>2,711</b>	<b>2,929</b>	<b>3,200</b>
Taxation	(213)	(461)	(596)	(674)	(736)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>805</b>	<b>1,313</b>	<b>2,115</b>	<b>2,255</b>	<b>2,464</b>
Minority Interests	(86)	(102)	(147)	(139)	(152)
Preferred Dividends	(54)	(33)	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
<b>Net Profit</b>	<b>665</b>	<b>1,178</b>	<b>1,968</b>	<b>2,116</b>	<b>2,312</b>
Normalised Net Profit	768	945	1,888	2,255	2,464
<b>Fully Diluted Normalised Profit</b>	<b>628</b>	<b>810</b>	<b>1,741</b>	<b>2,116</b>	<b>2,312</b>

### Cash Flow

(US\$m)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
<b>EBITDA</b>	<b>2,268</b>	<b>2,772</b>	<b>3,822</b>	<b>4,202</b>	<b>4,404</b>
Cash Flow from Inv. & Assoc.	0	0	5	(5)	(18)
Change In Working Capital	276	1,661	(69)	(154)	(211)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	476	(35)	0	0	0
Other Operating Cashflow	392	561	584	324	291
Net Interest (Paid)/Received	(406)	(374)	(362)	(319)	(273)
Tax Paid	(797)	(933)	(596)	(674)	(736)
<b>Cashflow From Operations</b>	<b>2,210</b>	<b>3,653</b>	<b>3,384</b>	<b>3,375</b>	<b>3,457</b>
Capex	(247)	(303)	(250)	(250)	(250)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/Investments	0	(5)	0	0	0
Other Investing Cashflow	(710)	(668)	38	65	91
<b>Cash Flow From Investing</b>	<b>(957)</b>	<b>(976)</b>	<b>(212)</b>	<b>(185)</b>	<b>(159)</b>
Debt Raised/(repaid)	171	(868)	(162)	(199)	(178)
Proceeds From Issue Of Shares	300	18	0	0	0
Shares Repurchased	0	(1,062)	0	0	0
Dividends Paid	(485)	(469)	(743)	(795)	(863)
Preferred Dividends					
Other Financing Cashflow	(224)	(847)	0	0	0
<b>Cash Flow From Financing</b>	<b>(238)</b>	<b>(3,228)</b>	<b>(905)</b>	<b>(994)</b>	<b>(1,041)</b>
Total Cash Generated	1,014	(551)	2,266	2,196	2,257
<b>Free Cashflow To Equity</b>	<b>1,424</b>	<b>1,809</b>	<b>3,009</b>	<b>2,990</b>	<b>3,120</b>
<b>Free Cashflow To Firm</b>	<b>1,707</b>	<b>3,086</b>	<b>3,571</b>	<b>3,573</b>	<b>3,662</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(US\$m)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Cash And Equivalents	3,756	3,246	5,512	7,708	9,965
Total Debtors	9,834	13,454	15,801	16,453	17,355
Inventories	4,947	6,381	7,130	7,428	7,844
Total Other Current Assets	196	254	254	254	254
<b>Total Current Assets</b>	<b>18,733</b>	<b>23,335</b>	<b>28,698</b>	<b>31,843</b>	<b>35,418</b>
Fixed Assets	2,515	2,675	2,613	2,563	2,522
Total Investments	0	0	0	0	0
Intangible Assets	7,895	8,405	8,405	8,405	8,405
Total Other Non-Current Assets	2,985	3,575	3,575	3,575	3,575
<b>Total Non-current Assets</b>	<b>13,395</b>	<b>14,655</b>	<b>14,594</b>	<b>14,543</b>	<b>14,502</b>
Short-term Debt	3,295	698	767	783	804
Current Portion of Long-Term Debt					
Total Creditors	17,994	24,285	28,521	29,714	31,376
Other Current Liabilities	1,969	2,388	2,454	2,589	2,667
<b>Total Current Liabilities</b>	<b>23,258</b>	<b>27,372</b>	<b>31,742</b>	<b>33,086</b>	<b>34,847</b>
Total Long-term Debt	1,565	3,300	3,069	2,854	2,654
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	3,246	3,709	4,426	4,723	5,026
<b>Total Non-current Liabilities</b>	<b>4,811</b>	<b>7,008</b>	<b>7,494</b>	<b>7,577</b>	<b>7,680</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>28,069</b>	<b>34,380</b>	<b>39,236</b>	<b>40,663</b>	<b>42,527</b>
Shareholders' Equity	3,198	3,559	4,004	5,673	7,342
Minority Interests	862	51	51	51	51
<b>Total Equity</b>	<b>4,059</b>	<b>3,611</b>	<b>4,055</b>	<b>5,724</b>	<b>7,394</b>

### Key Ratios

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue Growth	(0.6%)	19.8%	19.6%	4.1%	5.5%
Operating EBITDA Growth	25.8%	22.2%	37.9%	9.9%	4.8%
Operating EBITDA Margin	4.47%	4.56%	5.26%	5.55%	5.52%
Net Cash Per Share (US\$)	(0.09)	(0.06)	0.14	0.34	0.54
BVPS (US\$)	0.27	0.30	0.33	0.47	0.61
Gross Interest Cover	3.09	4.43	7.13	8.45	9.50
Effective Tax Rate	20.9%	26.0%	22.0%	23.0%	23.0%
Net Dividend Payout Ratio	68.4%	58.6%	39.6%	35.0%	35.0%
Accounts Receivables Days	73.23	69.97	73.47	77.79	77.51
Inventory Days	36.21	40.55	40.74	42.14	41.98
Accounts Payables Days	149.6	151.4	159.2	168.5	167.9
ROIC (%)	12.2%	16.2%	26.5%	35.7%	40.6%
ROCE (%)	16.7%	22.4%	37.3%	38.3%	35.1%
Return On Average Assets	3.45%	3.49%	5.31%	5.56%	5.54%

### Key Drivers

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
PC & smart devices - yoy growth (%)	3.6%	18.6%	16.7%	0.9%	0.9%
Mobile - yoy growth (%)	-19.2%	8.6%	37.6%	8.2%	8.2%
Data Centre - yoy growth (%)	-8.7%	14.6%	19.0%	10.0%	12.0%
PC & smart devices - OPM (%)	5.9%	7.6%	7.9%	8.0%	8.2%
Mobile Growth - OPM (%)	-0.8%	2.9%	4.3%	4.0%	4.0%
Data Centre - OPM (%)	-4.1%	-2.1%	-0.4%	0.5%	1.0%

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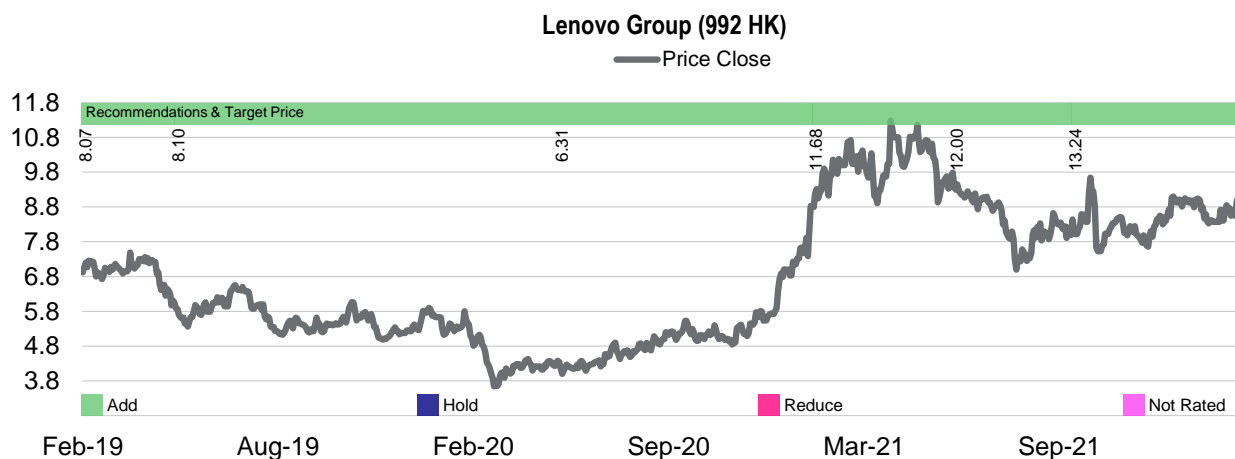
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%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

