Company Note

Building Materials | Singapore | March 29, 2022

INITIATION

Singapore

ADD *(previously NOT RATED)*

Consensus ratings*:	Buy 2	Hold 0	Sell 0

Current price:	S$0.39
Target price:	S$0.56
Previous target:	N/A
Up/downside:	45.5%
CGS-CIMB / Consensus:	21.7%
Reuters:	PANU.SI
Bloomberg:	PAN SP
Market cap:	US$197.7m
	S$268.9m
Average daily turnover:	US$0.07m
	S$0.09m
Current shares o/s:	699.8m
Free float:	26.1%

**Source: Bloomberg*

Key changes in this note

- N/A

Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	10	18.5	30.5
Relative (%)	4.1	8.8	21.8

Major shareholders	% held
Ng family	60.0
Dimensional Fund Advisors	0.4
Lee Cheong Seng	0.4

Pan-United Corp Ltd

A concrete opportunity

- PanU is the market leader in Singapore's RMC industry with a 40% share. It is well positioned to ride on the current multi-year construction upcycle.
- As a leader in specialised high-grade green concrete for Co2 emission reduction, PanU should benefit from Singapore's low-carbon economy trend.
- Initiate coverage with Add and TP of S$0.56. Ramp-up in share buybacks (0.6% of shares since Dec 21) is a positive indicator of the group's outlook.

Beneficiary of Singapore's multi-year construction upcycle

As the largest ready-mix concrete (RMC) supplier in Singapore with a c.40% market share as at end-FY21, Pan-United Corp (PanU) is well positioned to ride on the construction upcycle, in our view. Underpinned by accelerated construction works, easing labour shortage and healthy demand from new projects, we think Singapore's construction industry is set for a strong recovery, with the Building and Construction Authority (BCA) forecasting an 11-23% yoy growth in construction output for 2022F. BCA also expects RMC demand to reach its highest level since 2017 (+7-20% yoy) in 2022F. With the rollout of mega infrastructure projects (potentially Changi T5 and the Integrated Resorts expansion), we expect sustained construction demand in Singapore over the next three years.

Blending sustainability and tech into the construction sector

PanU is a leading provider of high-grade green concrete, namely its proprietary CarbonCure, designed to reduce carbon emissions. PanU has leveraged its R&D capabilities to develop more than 300 specialised concrete products since 2012. We expect increased demand for higher grade concrete in Singapore driven by 1) larger and more complex projects, and 2) greener buildings. PanU has also self-developed an in-house digital logistics platform Artificial Intelligence for RMC (AiR), which helped yield cost savings by streamlining operations and cutting manpower wastage.

Forecast EPS growth of 31% in FY22F; valuations undemanding

We expect concrete and cement (C&C) revenue to grow 21% yoy to S$692m as construction activities resume across PanU's key markets. Coupled with gradually easing labour shortage, we expect C&C EBITDA margins to sustain at 8.8% in FY22F (vs. FY21: 8.7%). This translates to strong EPS growth of 31% yoy in FY22F. Current valuations look attractive at 3.9x FY23F EV/EBITDA, ~1 s.d. below its 10-year historical mean.

Net cash position to sustain 5.4% dividend yield

Given the group's strong cash-generating capabilities and net cash position, we believe that a 5.4% dividend yield is sustainable (FY22-24F DPS of 2.1-2.3 Scts). Our TP of S$0.56 is pegged to 6.6x FY23F EV/EBITDA, based on a c.10% discount to peers. Re-rating catalysts: faster-than-expected recovery in construction activities, successful AiR commercialisation, and continued share buybacks. Downside risks: margin pressure due to inability to pass on higher input costs and a slowdown in construction demand.

Financial Summary	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (S$m)	405.0	586.9	706.3	724.4	735.5
Operating EBITDA (S$m)	28.78	43.47	54.26	56.20	57.17
Net Profit (S$m)	1.04	18.69	24.45	26.24	27.20
Core EPS (S$)	0.001	0.027	0.035	0.037	0.039
Core EPS Growth	(95%)	1709%	31%	7%	4%
FD Core P/E (x)	260.6	14.4	11.0	10.3	9.9
DPS (S$)	0.008	0.016	0.021	0.022	0.023
Dividend Yield	2.08%	4.16%	5.44%	5.84%	6.06%
EV/EBITDA (x)	10.24	5.89	4.43	3.94	3.54
P/FCFE (x)	8.43	20.84	9.40	8.15	7.85
Net Gearing	9.8%	(8.2%)	(14.1%)	(20.8%)	(27.2%)
P/BV (x)	1.39	1.31	1.25	1.20	1.14
ROE	0.5%	9.3%	11.6%	11.9%	11.8%
% Change In Core EPS Estimates					
CGS-CIMB/Consensus EPS (x)			1.20	1.29	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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A concrete opportunity

Investment thesis

Initiate coverage with an Add rating and a TP of S$0.56

We initiate coverage on PanU with an Add rating and TP of S$0.56. We like PanU for its market leadership position in a crucial part of Singapore's construction industry value chain, strong digital and logistics capabilities, and strategic positioning to ride the tailwinds of local construction spending.

We expect PanU to record an FY22F EPS growth of 31% yoy, riding on construction activity recovery (accelerated construction works due to easing labour shortage and increased RMC demand from new projects). We believe PanU is able to maintain its market share via its integrated value chain and strong product capabilities, leveraging on its R&D capabilities and sustainability efforts.

We value PanU based on the EV/EBITDA valuation methodology as we believe this gives a clearer picture of the company's cash-generating capabilities (in view of its high depreciation expenses, which represent c.20% of its operating costs, thus causing high volatility in net income, given PanU's high operating leverage and cyclicality of the industry).

Our TP of S$0.56 is based on 6.6x FY23F EV/EBITDA, which is a c.10% discount to peers in view of the group's smaller market cap. The group currently trades at 3.9x FY23F EV/EBITDA, close to 1 s.d. below its 10-year historical mean. Historically, PanU has traded between 5.3x and 8.5x 1-year forward EV/EBITDA during the previous construction upcycle in 2013-2014. Re-rating catalysts include a faster recovery in construction activities, quicker return of foreign labour, commercialisation of technology platforms, and continued share buybacks. Downside risks include margin pressure due to inability to pass on higher input costs and a slowdown in construction demand.

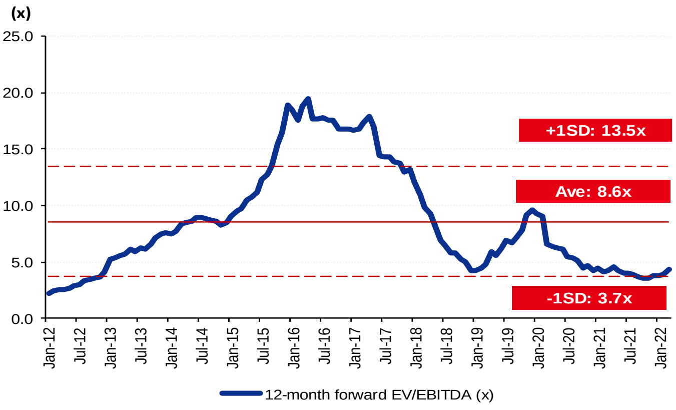
Figure 1: Peers comparison (as of 29 March 2022)

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US$ m)	P/E (x) CY22F	P/E (x) CY23F	3-year EPS CAGR (%)	P/BV (x) CY22F	P/BV (x) CY23F	Recurring ROE (%) CY22F	EV/EBITDA (x) CY22F	EV/EBITDA (x) CY23F	Dividend Yield (%) CY22F
Pan-United Corp Ltd	PAN SP	Add	0.39	0.56	198	11.0	10.3	13.0%	1.25	1.20	11.7%	4.4	3.9	5.4%
Adbri Ltd	ABC AU	Not rated	3.08	na	1,529	14.3	13.9	8.9%	1.56	1.51	10.5%	8.3	7.9	4.7%
Boral Ltd	BLD AU	Not rated	3.42	na	2,841	26.1	16.4	-37.4%	1.74	1.69	5.5%	4.1	3.4	4.0%
BRC Asia Ltd	BRC SP	Add	1.55	2.10	313	8.1	7.7	na	1.13	1.07	15.1%	7.2	7.1	7.3%
Cahya Mata Sarawak Bh	CMS MK	Not rated	1.09	na	275	5.5	5.4	4.1%	0.36	0.34	6.8%	7.4	6.7	3.1%
Hong Leong Asia	HLA SP	Add	0.84	1.00	459	9.8	8.1	17.9%	0.62	0.59	6.6%	6.1	5.1	2.6%
Indocement	INTP IJ	Hold	10,875	13,100	2,788	20.8	17.4	na	1.80	1.77	8.7%	8.7	7.5	4.1%
Malayan Cement Bhd	LMC MK	Add	2.43	2.99	755	46.7	30.9	na	0.56	0.55	1.9%	20.8	18.1	0.0%
Semen Indonesia	SMGR IJ	Add	6,775	15,900	2,798	10.7	na	na	1.05	na	10.1%	2.4	na	3.2%
Siam Cement	SCC TB	Reduce	380.0	363.0	13,496	12.5	10.6	-2.4%	1.19	1.12	9.8%	13.0	10.9	4.0%
Solusi Bangun Indonesi	SMCB IJ	Not rated	1,730	na	1,080	18.6	17.0	15.4%	na	na	7.3%	9.3	8.9	na
Median						**13.4**	**13.9**	**6.5%**	**1.13**	**1.10**	**8.0%**	**7.9**	**7.5**	**4.0%**

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

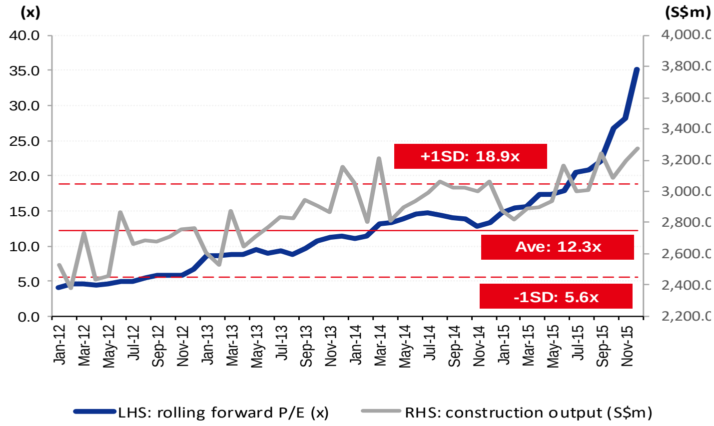
Note: All forecasts for Not rated companies are based on Bloomberg consensus estimates

Figure 2: PanU Corp 12-month rolling forward EV/EBITDA (x)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 3: PanU Corp historical forward P/E vs construction output from 2012-2015 (previous construction upcycle)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

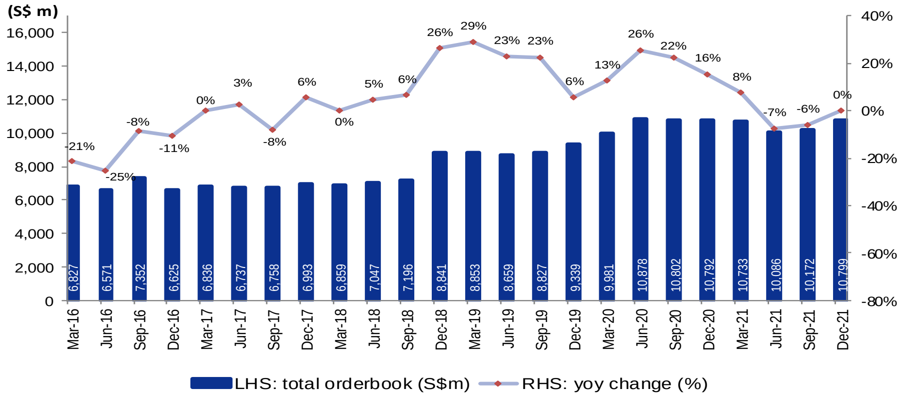
Accelerated construction works to drive RMC demand

We believe that Singapore's construction industry is set for a strong recovery in 2022F. According to the BCA, total nominal construction output is expected to increase to S$29bn-S$32bn in 2022F (+11-23% yoy), reaching a 6-year high. We believe growth will be largely spurred by accelerated construction works, driven by: 1) mounting backlogs due to pandemic delays, and 2) easing foreign labour shortage.

Based on the current order backlog of 19 Singapore-listed construction companies, we note that outstanding orders remain elevated at a combined c.S$10.8bn, 21% higher than the pre-Covid-19 average in 2019 and 2% higher than the 2020 average. We expect contractors to make up for lost time in 2022F and rush to clear their mounting backlogs while executing new orders.

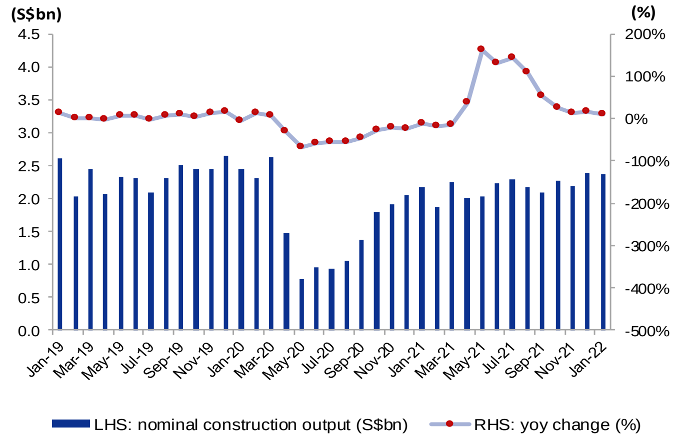
We also expect easing foreign labour shortage to be a key driver of construction activities. In 4Q21, Singapore's non-resident workforce rose for the first time in two years, driven largely by the construction sector. In the near term, the Singapore government aims to continue ramping up the inflow of new and existing workers, as announced in the Singapore Budget 2022. We believe this should give greater momentum for contractors to ramp up output.

Figure 4: Combined order book of 19 Singapore-listed construction firms as at end-2021 remains at 21% above the pre-Covid-19 (2019) average and 2% above the 2020 average



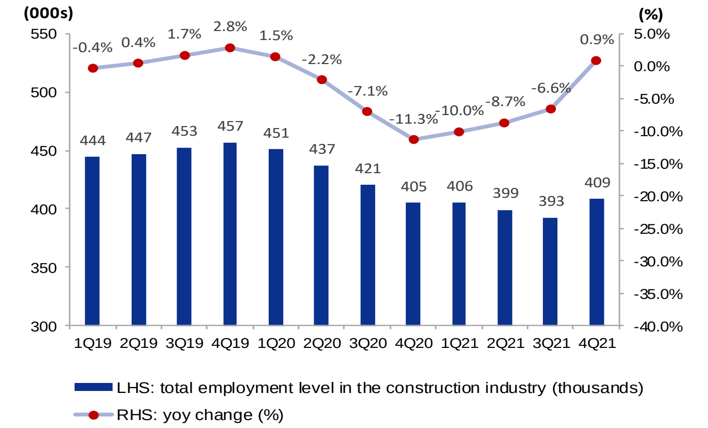
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Construction output still not back to pre-Covid levels; we expect further recovery in 2022F



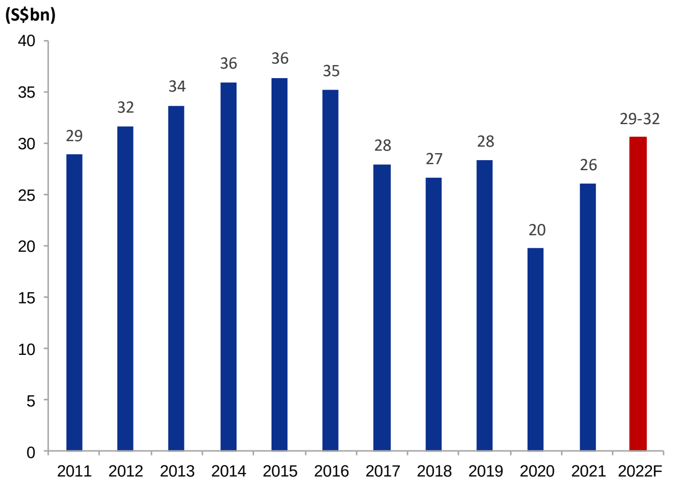
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, CEIC DATA

Figure 6: Construction employment recovered strongly in 4Q21, indicating gradual improvement in the labour crunch



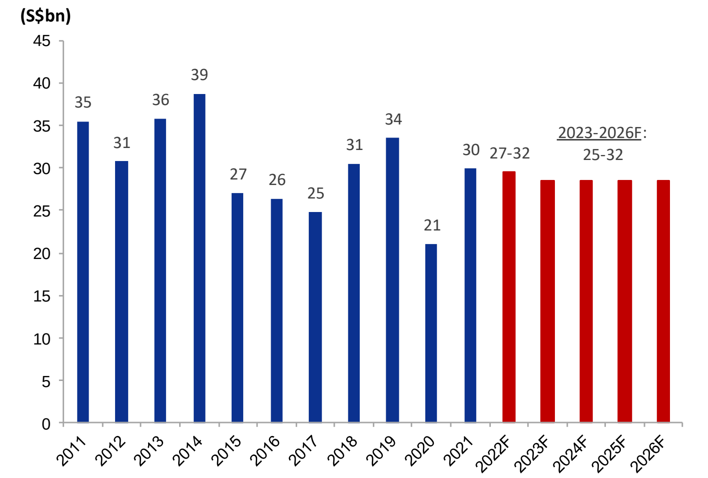
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, MOM

Figure 7: Total nominal construction output expected to rise to S$29bn-32bn in 2022F according to BCA, the highest level since 2017



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BCA

Figure 8: Total construction contracts awarded expected to rise to S$27bn-32bn in 2022F and sustained at S$25bn-32bn from 2023-2026F, according to BCA



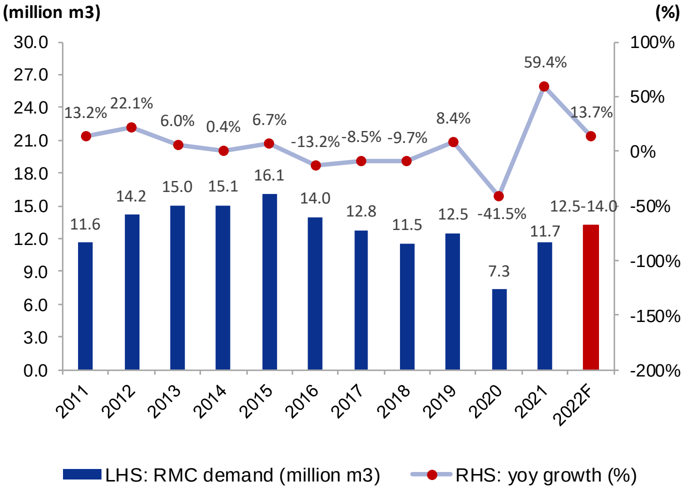
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BCA

Strong pipeline of projects expected

We expect RMC demand in 2022-24F to be backed by a solid pipeline of projects. BCA expects total construction demand at S$27bn-S$32bn in 2022F (vs. 2021: S$30bn), with the public/private sectors expected to contribute c.60%/40%. Both the industrial and civil engineering sectors form a sizeable bulk of 2022F construction demand (c.50%), supported by projects such as the Cross Island MRT Line, berth and jetty facilities at Tuas Terminal and Jurong Island, and the Tuas water reclamation plant. On the residential front, the Housing and Development Board (HDB) is ramping up supply of new units in 2022 and 2023. We expect sustained RMC demand in 2023-24F to be backed by large projects (e.g rail extensions, public housing ramp up), and potential resumption of: 1) Changi Airport Terminal 5, 2) the integrated resorts expansion.

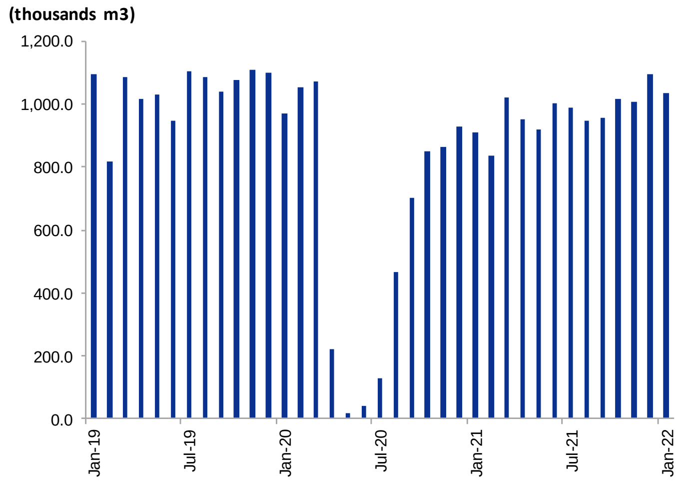
Given a typical time lag of 12 months between contracts being awarded and the project rollout, we expect sustained industry demand for RMC over the next few years. We believe that PanU is set to capture a large portion of these upcoming works, as the group has a strong track record in completing projects in the aforementioned sectors.

Figure 9: BCA expects RMC demand to grow to 12.5-14.0m3 in 2022F, supported by a healthy pipeline of projects



SOURCES: CGS-CIMB RESEARCH, BCA

Figure 10: RMC demand in Jan 2022 is only 1% lower than the pre-Covid 2019 average of c.1k m3



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BCA

Diverse portfolio of specialised and sustainable concrete

Backed by an in-house R&D team, PanU has developed over 300 specialised concrete products. We believe that this played an important role in helping PanU secure large projects, such as Changi Airport Terminal 3, Deep Tunnel Sewerage System, and the Downtown Line. Continued development of products bodes well for PanU, as construction projects become larger and more complex in scale, allowing PanU to deliver customised products for specific-use cases.

The group is also a leading provider of greener concrete products. In Nov 2018, it introduced PanU CarbonCure, a specialised concrete product designed to reduce carbon emissions. PanU was also the first and only concrete firm to be conferred the “Leader” certification, the highest level of sustainability certification, from the Singapore Green Building Council (SGBC). As Singapore transitions to a low-carbon economy, we expect developers and contractors to gradually shift to greener concrete options. Government infrastructure projects should also see an increasing proportion of greener concrete products used. We believe PanU will be a key beneficiary of this shift, as the group is one of the leading providers of sustainable concrete products in Singapore.

Figure 11: Snapshot of PanU's diverse portfolio of concrete products as at end-FY21

Product	Type	Projects used in	Description
AntiCorrosion	Specialised	Deep Tunnel Sewerage System	Anti-bacterial concrete with strong chemical resistance
CarbonCure	Sustainable	Surbana Jurong Campus	Sustainable concrete manufactured via recycled carbon dioxide
Colour	Specialised	F1 racing circuit, Gardens By The Bay	Concrete used for aesthetic, decorative, and safety-related purposes
CTB	Specialised	Changi Airport, Changi East Development	Concrete used for airports and roads
Dense	Specialised	National Cancer Centre, Thomson-East Coast Line	High-strength concrete with low porosity
Flex	Specialised	Changi Airport South End Reservoir, Seletar Airport	Concrete with high flexural and tensile strength
Green	Sustainable	Asia Square, Bideford Condominium, Luxus Hills	Sustainable concrete with a high ratio of recycled materials
Illuma	Specialised	Singapore Night Festival	Translucent concrete used for illumination purposes
Lite	Specialised	Outram Community Hospital, Seletar North Link	Exceptionally light-weight concrete
LongPump	Specialised	Circle Line extension, Thomson-East Coast Line	Concrete used for long distance pumping
Rapid	Specialised	Changi Airport	Fast-setting multi-purpose concrete
SCC	Specialised	Circle Line, Marina Bay Financial Centre	Self-compacting concrete used in congested and inaccessible areas
Shield	Specialised	Advanced Medicine Imaging Centre, National Cancer Centre	Concrete used for radiation protection
SuperHiStrength	Specialised	Outram Community Hospital	Concrete used for high load-bearing structures
Watercrete	Specialised	Helix Bridge, Republic of Singapore Yacht Club	Concrete used for underwater structures

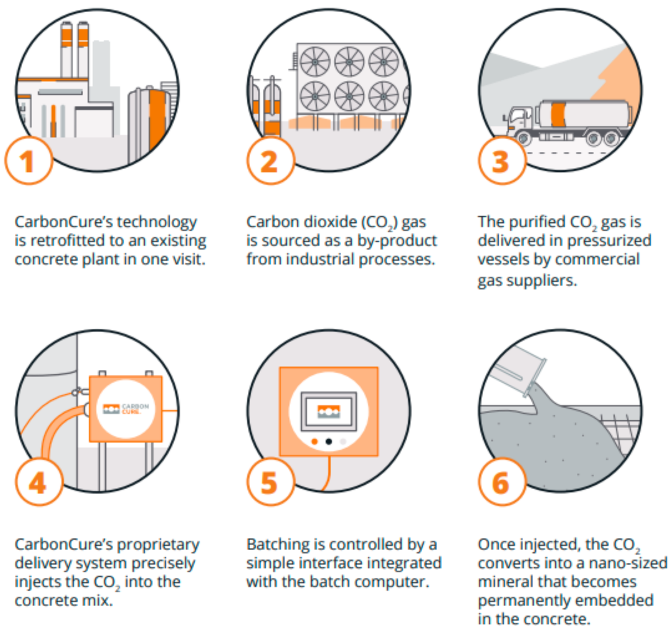
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 12: PanU's diverse track record of projects as at end-FY21

Sector	Examples of projects completed/involved in	
Civil engineering	1) Changi Airport Terminals 3, 4, 5	6) Jurong Regional Line
	2) Circle Line	7) North-South Corridor
	3) Deep Tunnel Sewerage System	8) Seletar Airport
	4) Downtown Line	9) Thomson-East Coast Line
	5) Helix Bridge	10) Tuas Mega Port
Commercial	1) Asia Square	6) Jewel Changi Airport
	2) Business Boulevard @ Central Park	7) Marina Bay Financial Centre
	3) Capitaspring	8) PSA Liveable City
	4) Funan Mall	9) Saigon Centre
	5) Guoco Midtown	10) Tanjong Pagar Centre
Industrial	1) Bedok Food City	6) OneHub Saigon
	2) Changi Water Reclamation Plant	7) Senoko Food Hub
	3) JTC Logistics Hub	8) Singtel Data Centre
	4) JTC Space @ Tuas	9) Tanjung Langsat factories
	5) Mandai Depot	10) Tuas Water Reclamation Plant
Institutional	1) Eunoia Junior College	6) Overseas Family School
	2) Gardens By The Bay	7) Sengkang Hospital
	3) National Cancer Centre	8) SMU School Of Law
	4) Novena Health City	9) Woodlands Health Campus
	5) Outram Community Hospital	10) Yishun Community Hospital
Residential	1) Bartley Residence	6) Marina One
	2) Bidadari Estate	7) One Verandah
	3) Commonwealth Towers	8) Saigon South Residences
	4) Feliz En Vista	9) Sunwah Pearl Condominium
	5) Grandeur Park Residence	10) V On Shenton

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BCA

Figure 13: CarbonCure solution: every m3 of concrete produced saves c.20kg of carbon dioxide emissions from entering the atmosphere



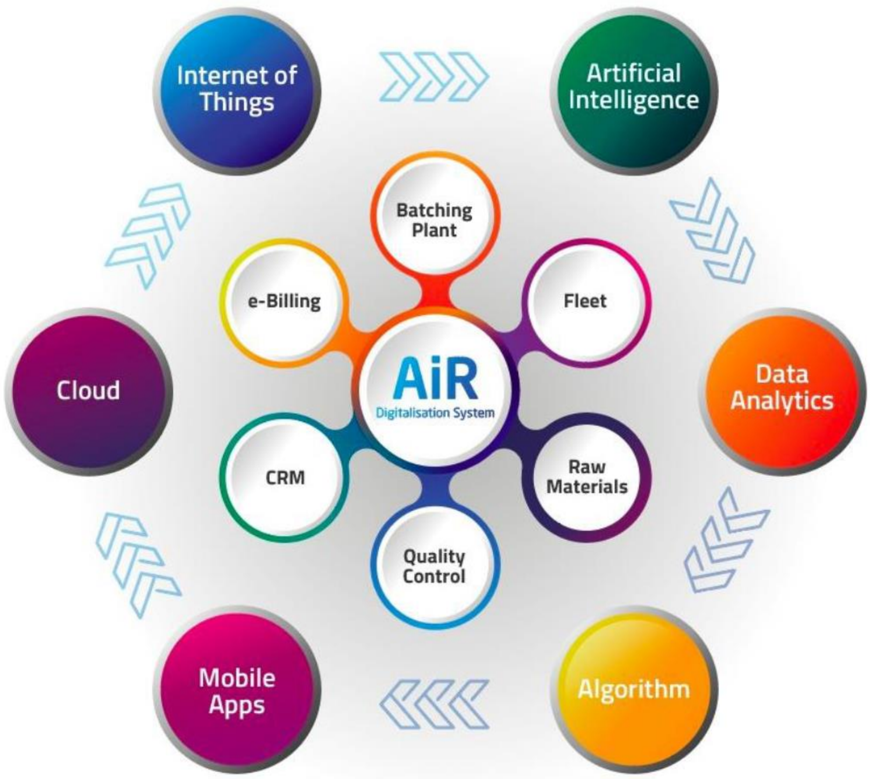
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Potential upside from new technology initiatives

PanU utilises a digital logistics platform known as AiR. Launched in 2018, the platform employs artificial intelligence and data analytics to optimise PanU's RMC and cement supply chains. The group is continuously optimising AiR to yield further cost savings via streamlining of day-to-day operations and reducing manpower wastage. According to management, AiR has yielded c.45% in cost savings since the first basic prototype was implemented in 2014. We believe continued optimisation of AiR will serve to strengthen PanU's competitive edge in the RMC market.

PanU plans to introduce AiR to regional players in the concrete and cement industry to help optimise their operational supply chains. Offered in the form of SaaS, the platform is modular and customisable depending on the company's operations, logistics requirements and existing supply chain structure. In Jan 2020, PanU entered into an MoU with Eugene Corp (023410 KS, Not Rated) to explore opportunities for the latter to adopt AiR. As of end-FY21, the project is still under discussion. We have yet to factor in any earnings contribution from this business initiative; however, successful monetisation of AiR could provide PanU with recurring income and serve as a medium-term growth driver, in our view.

Figure 14: AiR platform enables digitalisation of operations across the entire concrete supply chain



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

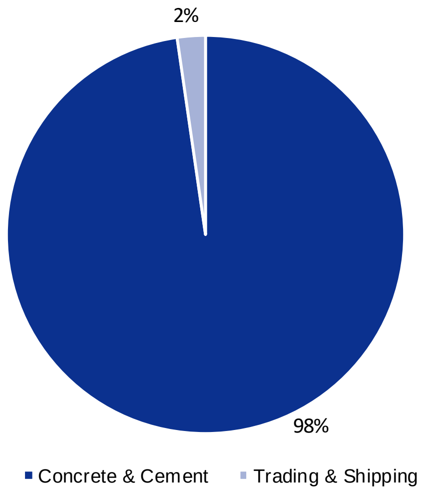
Company background

PanU is Singapore's largest supplier of RMC, with an over-40% market share by volume, according to management. Its concrete and cement businesses are vertically integrated with aggregate quarrying and logistics services to optimise efficiency of the supply chain.

PanU operates two key business segments: 1) concrete and cement, and 2) trading and shipping. Aside from its strong presence in Singapore, PanU also supplies RMC and cement to Malaysia and Vietnam. The company also has a trading and shipping segment, relating to coal trading, bulk shipping and agency operations.

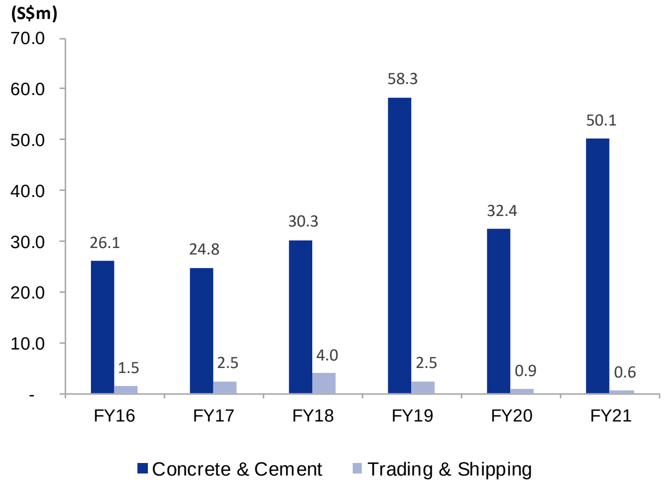
In Feb 2018, PanU completed the de-merger of its port arm, Xinghua Port Group (later acquired by Zhuhai Port), through a listing by introduction on the main board of the Hong Kong Stock Exchange. Since the de-merger, PanU has evolved into a more pure-play concrete business.

Figure 15: Revenue breakdown by segment as at end-FY21



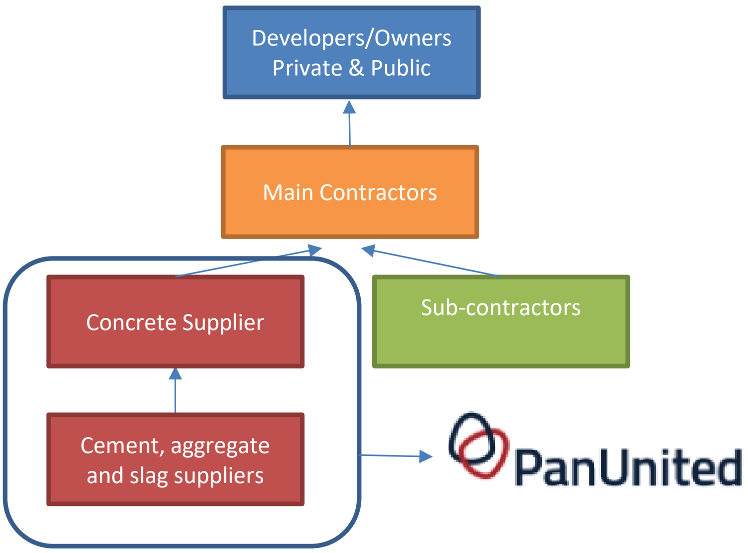
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 16: EBITDA breakdown by segment as at end-FY21



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 17: Business overview – concrete and cement segment



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Examples of iconic projects that the group has been involved in include:

- Aviation: Changi Airport Terminal 3/4/5
- Commercial: Marina Bay Financial Centre, Asia Square
- Healthcare: National Cancer Centre, Novena Health City
- Residential: Pinnacles, Reflections at Keppel Bay, The Interlace
- Ports: Pasir Panjang Terminal, Tuas Mega Port
- Water management: Deep Tunnel Sewerage System
- Underground: Circle, Downtown, Thomson-East Coast Lines

Concrete and Cement

The concrete and cement segment is PanU's core business (98% of FY21 revenue), involving the supply of concrete and cement products to the construction industry. Main products supplied include cement, granite, aggregates, RMC, slag, and refined petroleum products.

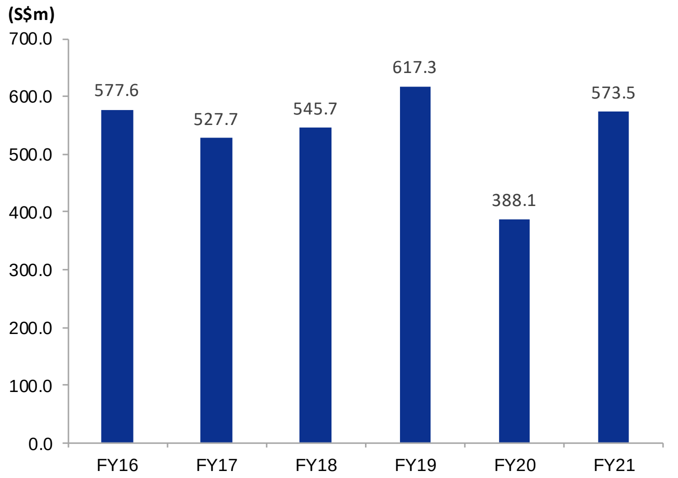
PanU's core product is RMC, which is manufactured by mixing cement with aggregates, sand, water, and other additives. PanU's concrete and cement businesses are vertically integrated with aggregate quarrying and logistics services to optimise efficiency of the value chain.

At the front of the value chain, cement is provided via two of the group's subsidiaries: United Cement (100% stake) and Raffles Cement (49% stake). Through the two subsidiaries, PanU operates 3 cement silos located at Jurong port, with a total storage capacity of 115k metric tonnes. Ordinary Portland Cement (OPC) is imported from a variety of countries in Asia (namely Japan, Malaysia, Indonesia, and Vietnam) via the group's trading partners.

Ground granulated blast furnace slag (GGBFS) is mixed with cement to improve the strength and durability of concrete. GGBFS is used as a greener raw material substitute for OPC. High-grade GGBFS is supplied to PanU via its Malaysian Subsidiary Meridian Maplestar (100%-owned), which operates a slag grinding plant in Johor. The plant commenced operations in early-2018 and holds various accreditations, including the Green Label, ISO 9001/14001/45001 and SIRIM.

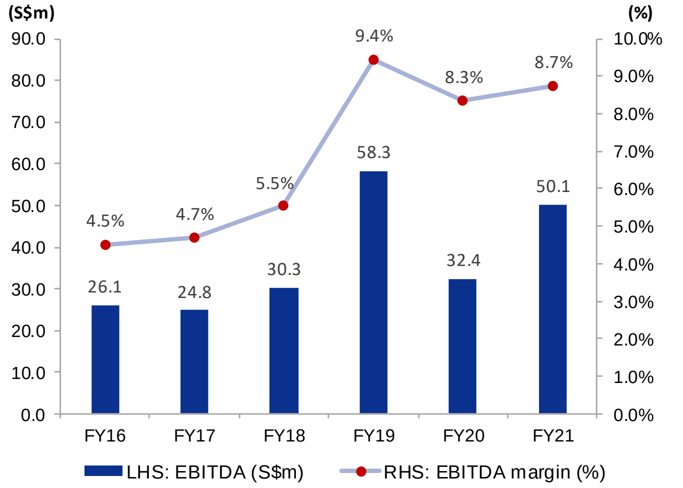
Aggregates are sourced from the group's 49%-owned JV partner, PT Pacific Granitama (PT PG). PT PG operates a granite quarrying business in Riau, Indonesia, which involves the manufacturing and exporting of granite aggregates and its by-products.

Figure 18: Concrete and cement historical revenue trend



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 19: Concrete and cement historical EBITDA trend



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 20: PanU's concrete and cement businesses are vertically integrated

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Product innovation ➤

PanU maintains an in-house R&D team for the development of innovative concrete products. Since 2012, PanU has developed more than 300 specialised concrete products. Examples of such products include:

- Fast Set Cement Treated Graded Stones (Fast Set CTGS), developed in collaboration with Changi Airport Group. When used on airport runways and taxiways, this special fast-setting concrete will help to reduce repair times and minimise downtime.
- PanU Rapid, an even-faster-setting concrete that is ideal for urgent repairs of airport runways, taxiways and aprons.
- PanU NewGen SCC, a self-compacting concrete that eliminates the need for workers to manually compact, allowing safe distancing measures to be complied with, while reducing casting time required.

PanU has also taken developed sustainable concrete products to lower its carbon footprint. In 2018, PanU partnered with CarbonCure Technologies (Unlisted) to produce carbon-dioxide-injected concrete, which has the potential to prevent over 60,000 tonnes of carbon dioxide from being emitted annually, according to the company. In Sep 2019, PanU became the first and only concrete firm to win the 'SGBC-BCA Sustainability Leadership Award', jointly conferred by the SGBC and the BCA.

In Jul 2020, the group entered into a collaboration with various industry leaders (Keppel Data Centres, Chevron, Surbana Jurong) to further develop Carbon

Capture, Utilisation & Sequestration (CCUS) technologies for use in Singapore's key industries. New initiatives announced in 2022 include: 1) partnership with Surbana Jurong to explore de-carbonisation of PanU's fleet of concrete mixer trucks and tipper trucks, and 2) MoU with Shell Eastern Petroleum to develop de-carbonisation solutions for the construction and urban solutions sectors.

We believe PanU's R&D capabilities played an important part in helping it secure key projects, including the Deep Sewerage Tunnel System and the National Cancer Centre in Singapore. The development of specialised concrete products also bodes well for PanU, given the increasing use of higher-grade concrete in Singapore as: 1) projects become larger and more complex in scale, and 2) green buildings become more in demand, in our view.

Logistics and digital capabilities

PanU further ramped up its digital capabilities in 2018 with the introduction of two platforms: 1) GoTruck!, and 2) AiR.

In 2018, the company soft-launched its truck-hailing application GoTruck! in Singapore. Commercially launched in 2019, the mobile app matches bulk material transporters with users (construction companies and materials suppliers). It was designed to reduce transportation costs by improving utilisation of trucks on the road. As of end-FY21, goTruck! serves approximately 40% of Singapore's total tipper truck demand for transporting raw materials in the construction sector.

The group also rolled out a digital logistics platform known as AiR in 2018. The platform employs artificial intelligence, data analytics, algorithms, and sensor technologies to optimise vertical operations along the group's entire value chain. AiR can be integrated into existing operations to optimise every stage of the operational supply chain — e,g replenishing raw materials, managing customer orders, deploying capacity at batching plants, facilitating quality control checks, and e-billing. According to the company, the AiR platform has elevated PanU's service standards and yielded 45% in costs savings since the implementation of the first basic prototype in 2014.

PanU plans to introduce AiR to regional players in the concrete and cement industry to help redesign, re-engineer and optimise their operational supply chains. Offered in the form of SaaS, the AiR platform is modular and customisable depending on each user company's operations, logistics requirements and existing supply chain structure. In Jan 2020, PanU entered into an MoU with South Korea's largest ready-mix concrete company, Eugene Corporation, to explore opportunities for the adoption of AiR by the latter.

International presence

Vietnam

Since entering the Vietnamese market in 2011 via a joint venture (FiCO), PanU has undertaken several iconic skyscraper projects in Ho Chi Minh City. It is currently one of the largest RMC suppliers in Ho Chi Minh City, according to management.

According to data analytics provider GlobalData, Vietnam's construction sector is expected to grow at an 8.5% CAGR from 2022-25F, supported by a considerable pipeline of infrastructure projects. The Vietnamese government continues to prioritise national backbone infrastructure systems (e.g expressways, railways and inland waterways) and integrated infrastructure works that promote economic development. We expect PanU to benefit in tandem with the recovering Vietnamese construction industry. Key ongoing projects (as of end-FY21) include the Cat Lai Port, Keppel Land's Empire City, and the Hilton Saigon project.

Malaysia

Management is cautiously optimistic on the outlook for its Malaysian business with the gradual resumption of construction activities post lifting of the movement control order (MCO).

Projects being undertaken by PanU in Malaysia are a mix of infrastructure, residential and industrial projects. Notable ongoing projects include the Damansara-Shah Alam Elevated Expressway, Sungai Besi-Ulu Kelang Elevated Expressway, and various condominium projects (e.g. Trinity Pentamont and MKH Inspirasi).

SWOT analysis

Figure 21: SWOT Analysis

Strengths: 1. Largest concrete and cement supplier in Singapore. 2. Extensive suite of specialized concrete products 3. Strong track record of noteworthy projects completed	**Opportunities:** 1. Beneficiary of the rebounding Singapore construction industry. 2. Potential to tap onto new infrastructure growth projects in Malaysia and Vietnam 3. Commercialization of AiR platform
Weaknesses: 1. Exposed to cyclicality of the construction industry 2. Lack of meaningful cement production capabilities.	**Threats:** 1. Rising labour costs from tight border restrictions 2. Increasing freight and transportation costs from supply chain disruptions 3. Slow recovery in construction activities

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

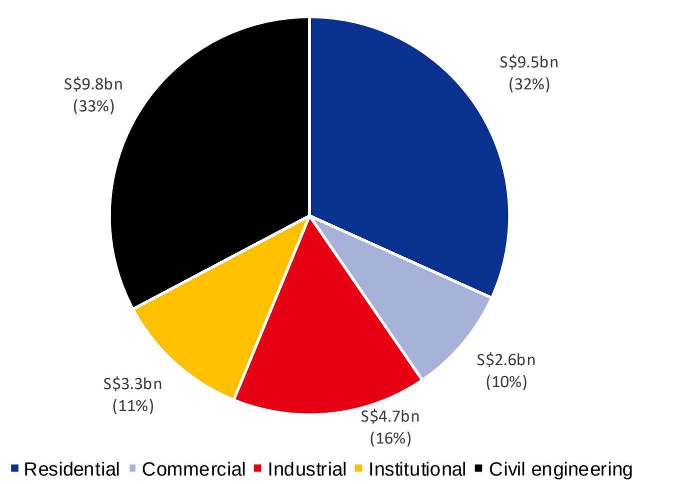
RMC industry outlook

BCA forecasts RMC demand in 2022F to increase to 12.5-14.0m m^3 (+7%-20% yoy), driven both by increased construction output and a steady pipeline of projects. Total nominal construction output is expected by BCA to increase to S$29bn-S$32bn (+11-23% yoy) as key bottlenecks continue to ease in 2022F.

Construction demand in 2022F is expected by BCA at S$27bn-S$32bn (vs. 2021: S$30bn). BCA expects civil engineering projects to form a sizeable bulk of new projects at S$8.6bn-S$10.5bn; possible major projects include the Cross Island MRT Line and Sengkang Punggol LRT Depot expansion. Residential projects of S$8.3bn-S$9.1bn should be driven by the continued ramp-up in new supply of HDB units, and several noteworthy private residential projects (e.g. redevelopment of Xerox Towers and AXA Tower). Other key sectors include industrial (S$4.1bn-S$5.1bn; projects: JTC distribution centre, Tuas water reclamation plant), and institutional (S$3.3bn-S$4.1bn; projects: SGH Elective Care Centre, Chong Pang City rejuvenation).

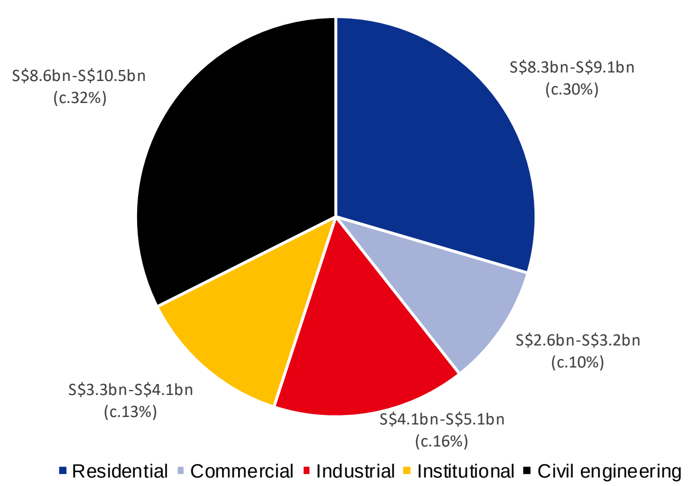
For 2023-2026F, BCA expects average annual construction demand of S$25bn-S$32bn, which excludes potential contracts related to Changi Terminal 5 and the integrated resorts expansion. Major projects expected range from civil engineering (Cross Island MRT Line, Downtown Line extension) to residential (HDB developments) and institutional (Alexandra Hospital redevelopment, Bedok Integrated Hospital) sectors.

Figure 22: Actual construction demand in 2021, by segment



SOURCES: CGS-CIMB RESEARCH, BCA

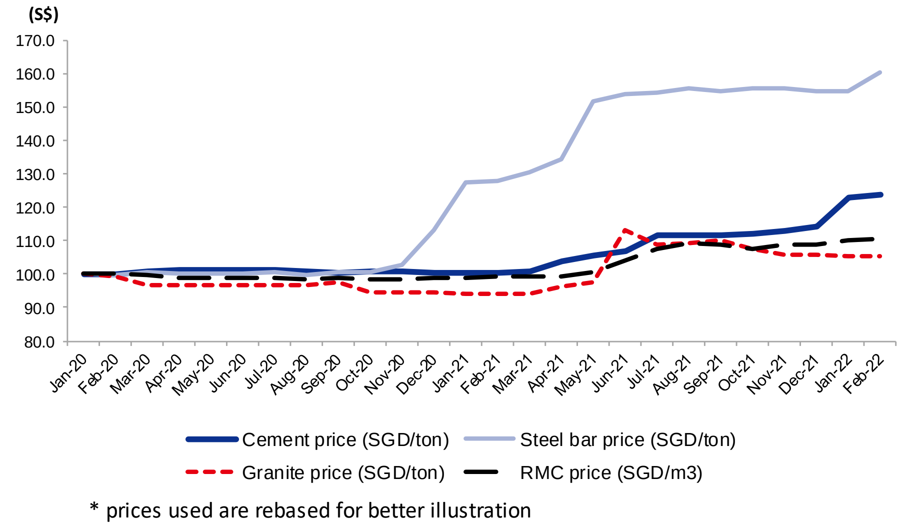
Figure 23: BCA's forecasted construction demand in 2022F, by segment



SOURCES: CGS-CIMB RESEARCH, BCA

ASPs of key building materials in Singapore have been on a steady uptrend since Dec 2020, driven by disrupted supply chains and rising demand, in our view. As of Feb 2022, cement prices are 23% higher yoy (S$106/ton), while RMC prices are 11% higher yoy (S$106/$m^3$).

Figure 24: Prices of key building materials in Singapore remain elevated on the back of cost pressures and strong demand



SOURCES: CGS-CIMB RESEARCH, BCA

With regards to competitors, we understand that the RMC market in Singapore is fragmented. Key players in the industry include PanU (c.40% market share as at end-FY21, largest RMC supplier in Singapore), Island Concrete (subsidiary of Hong Leong Asia), G&W Group (subsidiary of Koh Brothers), Lian Beng, and Alliance Concrete. Barriers to entry are high, given the need for heavy initial capex spend (namely cement silos and batching plants).

Financials

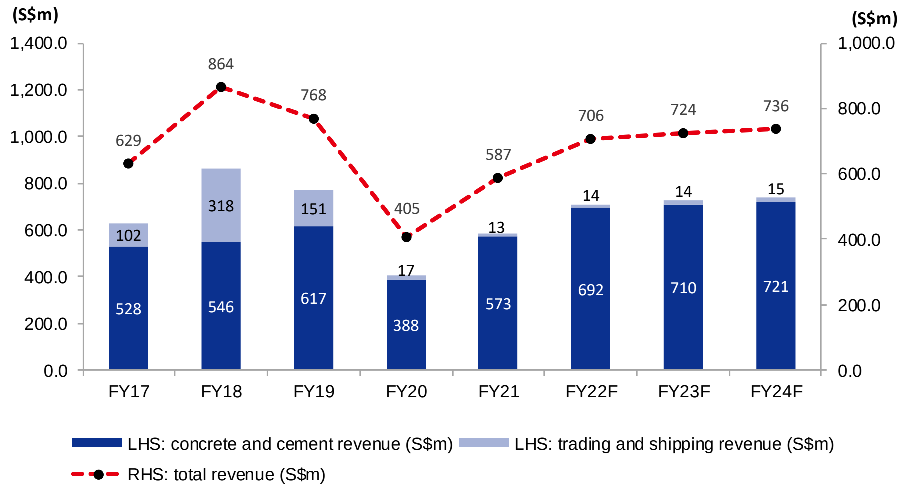
FY22F revenue growth of 20% yoy supported by an RMC upcycle ➤

We expect PanU to record an FY22F revenue growth of 20% yoy, driven by: 1) accelerated contractor works from easing pandemic restrictions, 2) robust RMC demand from new projects, and 3) rising ASPs driven by strong demand and cost pressures. On the ASP front, we understand that PanU mostly uses variable pricing for its contracts with construction players; with raw material prices remaining elevated, we expect PanU to benefit from higher negotiated prices.

FY18 revenue grew 37% yoy to S$864m, largely due to higher volumes registered for its trading and shipping segment. Revenue fell 11% in FY19, with improved concrete and cement sales (+13% yoy) partially offsetting weaker trading and shipping volumes. FY20 was a tough year for PanU on account of tight pandemic restrictions implemented across Southeast Asia (notably Singapore and Malaysia), resulting in a 47% yoy decline in revenue to S$405m. Revenue recovered in FY21 to S$587m (+45% yoy) as social restrictions were gradually eased in Singapore and construction projects gradually resumed.

Order books of 19 listed construction firms in Singapore remain notably elevated (as of end-2021) compared to pre-Covid-19 levels (2019). Moving into FY22F, we expect an accelerated pace of construction works as contractors rush to clear mounting backlogs (delayed by the pandemic) while executing new orders. Steady demand from new projects should lend further strength to RMC volumes.

Figure 25: Robust RMC demand and ASPs should support FY22F revenue growth of 20% yoy, in our view



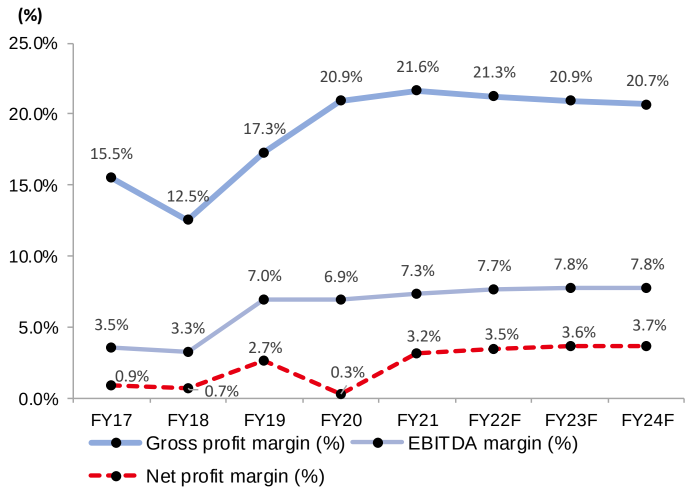
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Gradual tapering in labour costs to drive margin expansion

EBITDA margin fell to 3.3% in FY18 due to higher revenue contribution from the group's lower-margin trading and shipping segment. In FY19, EBITDA margin rebounded to 7.0%, on the back of stronger contribution from PanU's higher-margin concrete business. EBITDA margin declined to 6.9% in FY20 on account of pandemic-inflicted disruptions to the construction industry. In FY21, EBITDA margin recovered to 7.3% as Covid-19 restrictions were eased and construction projects gradually resumed.

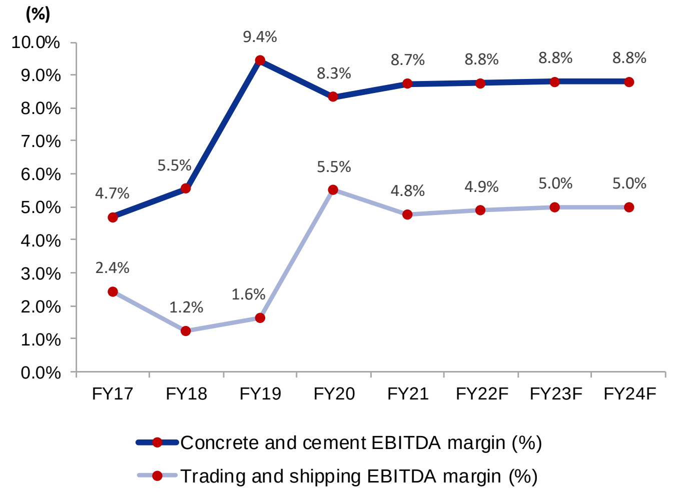
We expect EBITDA margin to expand to 7.7% in FY22F on account of continued revenue growth and gradual tapering in labour costs (albeit still elevated) as foreign workers gradually return to Singapore. We believe margins will improve further in FY23-24F to 7.8%, driven by: 1) further acceleration in projects as pandemic restrictions ease across Southeast Asia, and 2) continued easing in manpower shortage.

Figure 26: We expect EBITDA margin expansion to be driven by revenue growth and tapering labour costs



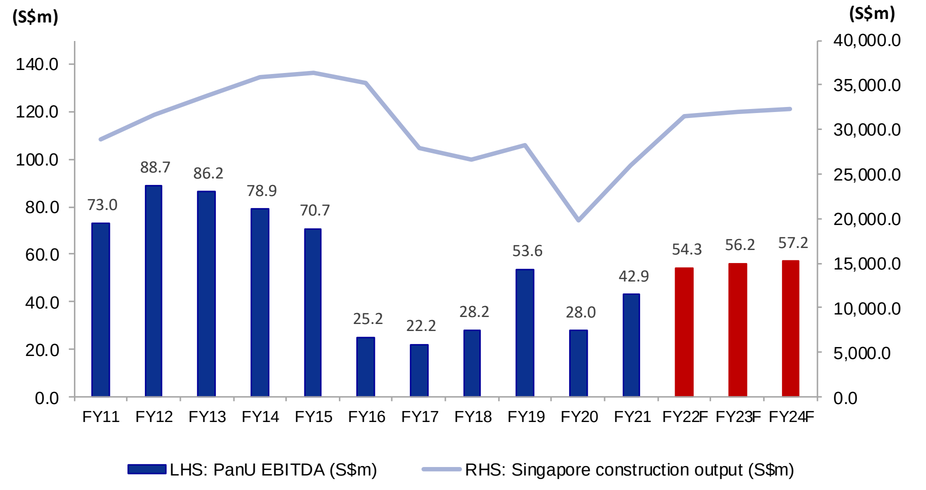
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 27: We expect sustained concrete and cement EBITDA margins of 8.8% from FY22-24F



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 28: We expect EBITDA to grow in tandem with rising construction output



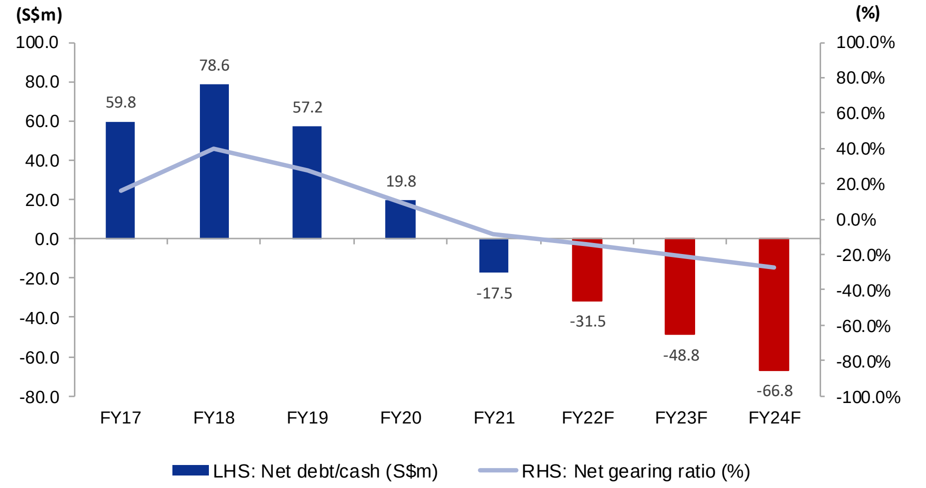
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS, BCA

Sustained net cash position to support capex ramp-up

PanU has steadily decreased its gearing since FY18, with the group turning net cash in FY21. As of end-FY21, the group has S$21m in current borrowings and S$25m in non-current borrowings. We expect net cash to continue strengthening from FY22-24F, as operating cash flow generation remains strong.

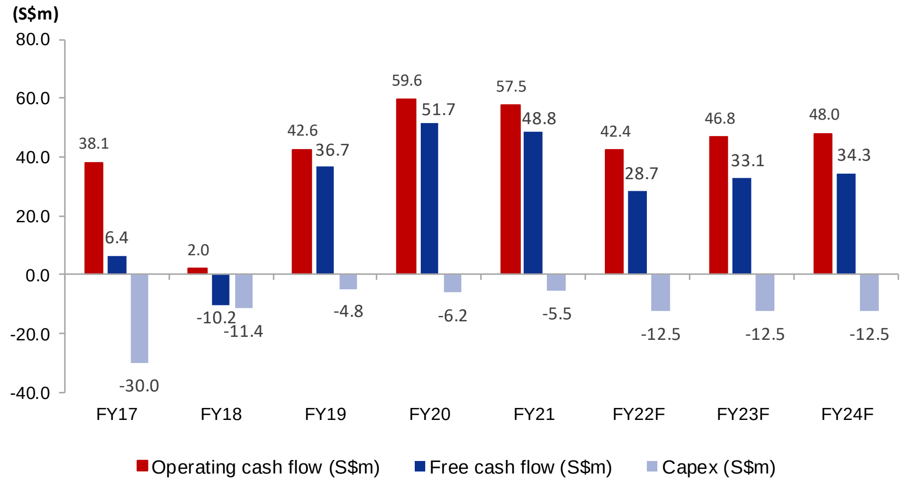
In line with higher construction activity, we expect PanU to ramp up its capex spend in FY22F to S$12.5m (vs. FY21: S$5.5m) to keep up with new orders. In line with higher spending, we expect FY22F free cash flow (FCF) to be lower yoy at S$29m (vs. FY21: S$49m), while still comfortably covering capex spend.

Figure 29: We expect PanU to remain in net cash from FY22-24F



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 30: We expect a ramp-up in capex spend from FY22-24F; FCF will comfortably cover capex

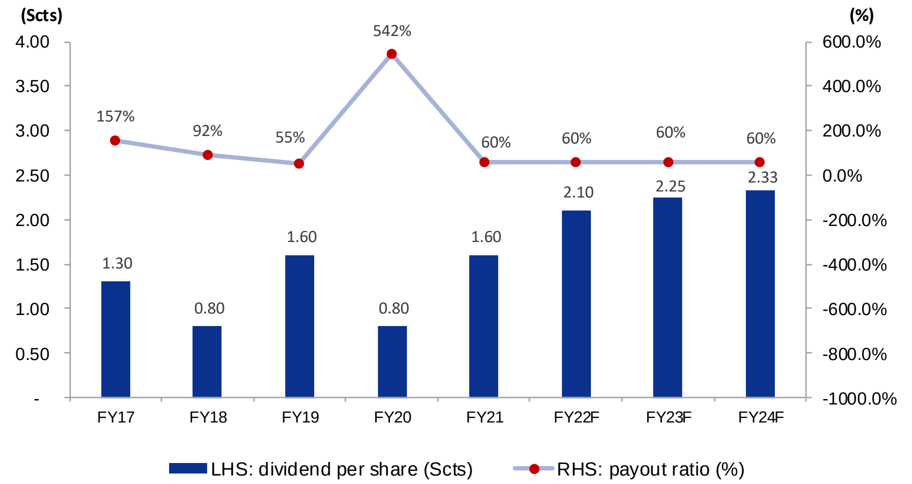


SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Capable of sustaining c.5% dividend yield

PanU's dividend policy is to distribute not less than one-third of its PATMI to shareholders. The group's DPS doubled in FY21 to 1.6 Scts (60% payout ratio) in view of its strong full-year performance. We believe that PanU is able to sustain a 60% dividend payout ratio from FY22-24F, translating into DPS of 2.10-2.33 Scts. This indicates an FY22F dividend yield of 5.4%, which is attractive in our view.

Figure 31: We expect the group to maintain a 60% payout ratio from FY22-24F; FY22F dividend yield attractive at 5.4%



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Key risks

Rising cost pressures

RMC ASPs currently remain elevated due in part to higher input costs. Supply of foreign workers remains tight, which has resulted in elevated labour costs. Intensification of the Russia-Ukraine conflict has resulted in rising commodity prices and freight rates. PanU typically has the ability to pass on higher costs through raising ASPs; but should cost pressures escalate quickly, the group may not be able to fully pass on these costs. This would adversely affect the group's margins and profitability.

Dependence on Singapore's construction demand

PanU's business is heavily dependent on construction demand and/or construction output in Singapore. Growth could be stifled should construction activities resume at a slower-than-expected pace. Should Covid-19-related safety distancing measures be tightened again, the group could be negatively impacted by lower RMC demand. However, we believe that the Singapore construction industry has bottomed out in 2020 and is set for continued recovery in the coming years.

Credit risk

PanU's credit risk arises primarily from its trade receivables. The group has S$122m in current receivables as at end-FY21. Default by counterparties would affect the group's cash collection and profitability. However, we believe the group's credit risk is manageable, given that bigger projects tend to be tendered by larger companies with lower default risk. On average, c.55% of PanU's receivables are insured by trade credit insurance.

Foreign exchange risk

PanU conducts some purchases that are denominated in US$, while its sales are denominated in local currencies. The company also holds cash and cash equivalents in foreign currencies for working capital purposes. To minimise exposure to foreign exchange risk, PanU's hedges c.50-60% of its FX requirements.

Slow recovery in foreign markets

PanU supplies RMC in Malaysia and Vietnam. 2021 was a tough year for Malaysian operations due to tight MCO restrictions imposed. Likewise, Vietnam faced harsh lockdown measures throughout the year. Slow easing of pandemic measures or deteriorating conditions would negatively affect the group's foreign revenue (c.11% of FY21 revenue).

Appendix

Notable company developments

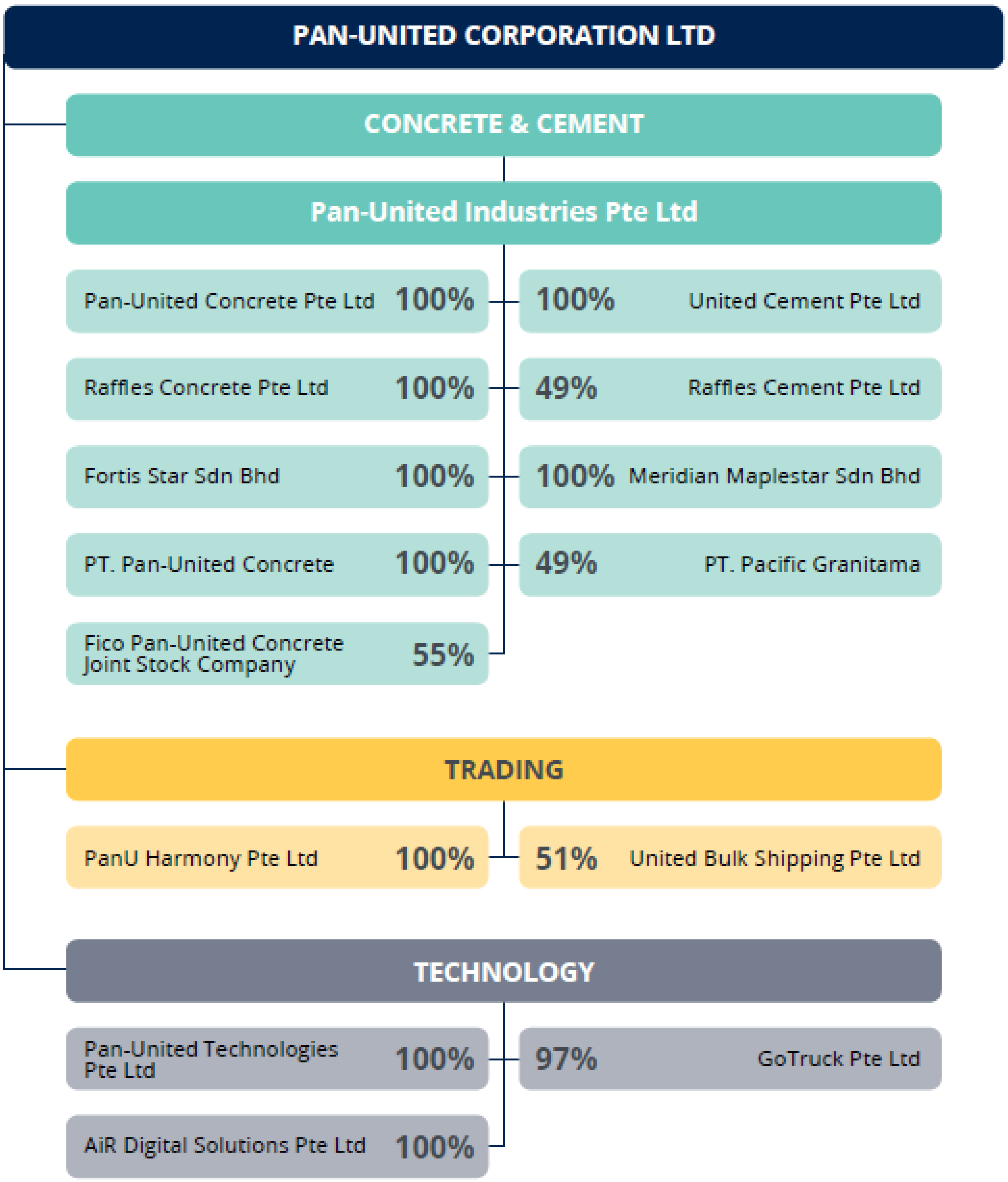
Figure 32: Company milestones

Year	Milestones
1990	The Group enters the aggregate quarrying business on Karimun Island in Indonesia's Riau Province.
	United Cement Pte Ltd is formed in a 50:50 joint venture with Kedah Cement Bhd, as a vertical integration with the upstream aggregate business.
1993	Pan-United Corporation Ltd is listed on the main board of the Singapore Stock Exchange.
1999	Pan-United Concrete Pte Ltd begins operations, supplying ready mixed concrete in Singapore.
2004	United Cement becomes a wholly-owned subsidiary of the Group.
2011	Pan-United Concrete expands to Ho Chi Minh City, leveraging on the strong PanU brand for consistent quality and reliable service.
	The Group becomes a joint-venture partner in PT Pacific Granitama (PT PG), a granite quarrying business in Riau, Indonesia.
2012	Pan-United's Innovation Centre opens to spearhead industry leadership in concrete innovation. This R&D facility advances PanU's position in concrete product development using cutting-edge technologies.
2014	Pan-United Concrete sets up a Command Centre to integrate its operations in a technology push strategy.
	Pan-United's port arm, Xinghua Port Group, acquires neighbour port, Changshu Changjiang International Port (CCIP).
2015	Pan-United Concrete enters Malaysia with its first concrete batching plant in Johor, Malaysia.
2016	Divestment of Pan-United's tug and barge business.
2018	Pan-United's port arm, Xinghua Port Group, is demerged and listed on the Hong Kong Stock Exchange.
	Pan-United subsidiary, Meridian Maplestar, integrates upstream into the production of cementitious (recycled) materials with a new ground granulated blast furnace slag (GGBFS) grinding plant in Johor, Malaysia.
2019	Pan-United Becomes the First Concrete Company to Win SGBC-BCA Sustainability Leadership Awards
2020	Signed a memorandum of understanding with South Korean ready-mix concrete company, Eugene Corporation, for the latter to possibly adopt Pan-United's new artificial intelligence platform.
2021	Set a national record by achieving Singapore's largest two continuous ready-mix concrete pours, accomplished during a Labrador development project.
2022	Entered into a partnership with Surbana Jurong to study the feasibility of decarbonising Pan-United's fleet of concrete mixer trucks and tipper trucks.
2022	Pan-United subsidiary, FICO Pan-United Concrete, entered into a cooperation agreement with Novaland Group to provide sustainable concrete solutions in Vietnam.
2022	Signed a memorandum of understanding with Shell Eastern Petroleum to explore decarbonisation solutions in the construction and urban solutions industries

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Organisational structure

Figure 33: Organisational structure



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Key management team

Figure 34: Key management team

Name	Title	Description
Ms May Ng Bee Bee	Chief Executive Officer	Ms May Ng is the Chief Executive Officer and has been in this position since 2011. Previously, she was PanU's Executive Director from 2004 to 2011. Ms Ng is the Chairman of Mercatus Co-Operative and a director of NTUC Enterprise Co-Operative. She is also an independent non-executive director of Singapore Technologies Engineering. Ms Ng holds a Bachelor of Arts degree from the University of Western Ontario, Canada.
Mr Ken Loh Kah Soon	Chief Operating Officer	Mr Ken Loh is the Chief Operating Officer and has been in this position since 2019. Mr Loh joined PanU in 1999 as a General Manager in the group's concrete & cement division, and was promoted to Executive Director in 2004. Prior to joining PanU, Mr Loh was the General Manager of Resource Development Corporation. Mr Loh holds a Bachelor of Engineering degree from the University of Melbourne, and a Master's degree in Business Administration from Oklahoma City University.
Mr Jim Teh	Group Head, Corporate Development	Mr Jim Teh is the Head of Corporate Development and has been in this position since 2016. His responsibilities include matters related to corporate strategy and investor relations. Previously, Mr Teh was Managing Director at CIMB Bank and has over 25 years of experience in investment and wholesale banking. Mr Teh is a fellow member of the Association of Chartered Certified Accountants.
Ms June Toh	Financial Controller	Ms June Toh is the Financial Controller and has been in this position since 2018. She is responsible for matters related to finance and regulatory compliance. Ms Toh joined PanU in 1987 as an accounts assistant before assuming her current position in 2018. She holds an ACCA qualification and is a member of the Institute of Certified Public Accountants.
Ms Seng Mui Mui	Group Head, Information Technology	Ms Seng Mui Mui is the Head of Information Technology and has been in this position since 2013. She is resopnsible for all matters related to information technology and digital transformation. Ms Seng joined PanU in 2002 as an IT manager before assuming her current position in 2013. Previously, Ms Seng held IT-related positions in CapGemini and Valona Technologies. Ms Seng has a Bachelor of Science degree from Tunku Abdul Rahman College, Malaysia and a Master of Business IT from RMIT, Australia.
Ms Linda Chee	Group Head, Communications	Ms Linda Chee is the Head of Communications and has been in this position since 2016. She is responsible for the group's strategic branding and corporate communications initiatives. Previously, Ms Chee held senior positions with Ascendas and Sembawang Group. Ms Chee has a Bachelor of Arts and Social Science degree from the National University of Singapore.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

ESG in a nutshell

We think that PanU has shown clear commitment to improve its environmental sustainability efforts. Currently, the group is the largest sustainable RMC supplier in Singapore, which has helped in several large projects wins (e.g Gardens by the Bay). Since FY17, the group has: 1) increased its portfolio of sustainable concrete offerings, and 2) ramped up usage of low-carbon raw materials. Going forward, the group intends to continue reducing its carbon footprint and only offer low-carbon concrete products by 2030.

Keep your eye on	Implications
PanU is a leading provider of greener concrete products in Singapore. Since the adoption of Carbon Capture, Utilisation and Sequestration (CCUS) technologies in 2018, PanU has steadily developed a portfolio of well-received greener concrete products such as PanU CarbonCure and PanU Green Concrete.	We believe PanU has done well in its environmental sustainability efforts. As the largest RMC supplier in Singapore, we think it is imperative for industry leaders to lead such sustainability initiatives, with developers and contractors gradually shifting to more environmentally friendly construction options. We think PanU is well positioned to ride on this trend given its industry-leading position and extensive product offerings. Large infrastructure project wins are also a possibility, as the group has previously won significant projects using its greener concrete products (e.g Gardens by the Bay, Jewel Changi Airport).
ESG highlights	**Implications**
In view of PanU's environmental efforts, the group was the first and only concrete firm to be conferred the "Leader" certification, the highest level of sustainability certification, from the SGBC. Going forward, the group has set forth certain goals to be accomplished: offer only low-carbon concrete by 2030, offer carbon-neutral concrete by 2040, and become a carbon-neutral company by 2050.	We like that PanU has been recognised for its sustainability efforts, which we think could support new project wins as developers increasingly focus on sustainability efforts. As PanU continues to work towards its sustainability goals, we think that the group could see greater investor interest in view of its strong ESG efforts.
Trends	**Implications**
Since 2017, Panu has ramped up its usage of lower-carbon inputs, such as ground granulated blast-furnace slag, superfluous concrete and washed copper slag. In 2018, the group signed a partnership with CarbonCure to use its technology in RMC production. As of end-2020, the group has integrated the CarbonCure technology in 3 of Panu's batching plants and intends to implement it at six batching plants by end-2021.	We commend the group for its yoy improvements with regards to sustainability efforts. Given its historical track record thus far, we think this bodes well for further improvements going forward.

SOURCES: CGS-CIMB RESEARCH, REFINITIV

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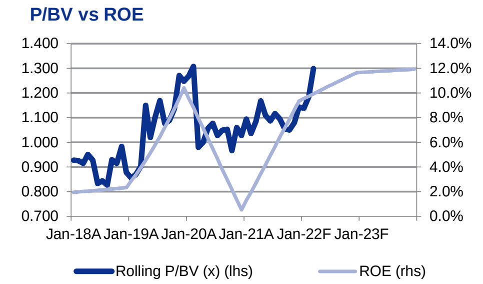

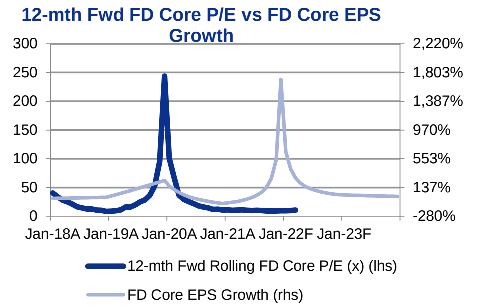

Profit & Loss

(S$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	**405.0**	**586.9**	**706.3**	**724.4**	**735.5**
Gross Profit	**84.8**	**127.0**	**150.1**	**151.7**	**152.0**
Operating EBITDA	**28.8**	**43.5**	**54.3**	**56.2**	**57.2**
Depreciation And Amortisation	(23.8)	(23.3)	(23.3)	(23.1)	(22.9)
Operating EBIT	**4.9**	**20.1**	**30.9**	**33.1**	**34.3**
Financial Income/(Expense)	(3.5)	(2.3)	(2.5)	(2.5)	(2.5)
Pretax Income/(Loss) from Assoc.	0.3	5.3	2.0	2.0	2.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	**1.7**	**23.1**	**30.4**	**32.6**	**33.8**
Exceptional Items					
Pre-tax Profit	**1.7**	**23.1**	**30.4**	**32.6**	**33.8**
Taxation	(0.2)	(4.2)	(5.5)	(5.9)	(6.1)
Exceptional Income - post-tax					
Profit After Tax	**1.5**	**18.9**	**24.9**	**26.7**	**27.7**
Minority Interests	(0.5)	(0.2)	(0.5)	(0.5)	(0.5)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**1.0**	**18.7**	**24.4**	**26.2**	**27.2**
Recurring Net Profit	1.0	18.7	24.4	26.2	27.2
Fully Diluted Recurring Net Profit	**1.0**	**18.7**	**24.4**	**26.2**	**27.2**

Cash Flow

(S$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	28.78	43.47	54.26	56.20	57.17
Cash Flow from Invt. & Assoc.	(0.29)	(5.28)	(2.00)	(2.00)	(2.00)
Change In Working Capital	38.75	14.79	(3.92)	(1.07)	(0.56)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	1.21	7.90	2.00	2.00	2.00
Net Interest (Paid)/Received	(3.50)	(2.34)	(2.50)	(2.50)	(2.50)
Tax Paid	(5.34)	(1.00)	(5.48)	(5.87)	(6.08)
Cashflow From Operations	**59.61**	**57.54**	**42.36**	**46.76**	**48.03**
Capex	(6.17)	(5.51)	(12.50)	(12.50)	(12.50)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(1.58)	1.49	(1.20)	(1.20)	(1.20)
Cash Flow From Investing	**(7.75)**	**(4.02)**	**(13.70)**	**(13.70)**	**(13.70)**
Debt Raised/(repaid)	(19.83)	(40.58)	0.00	0.00	0.00
Proceeds From Issue Of Shares	0.00	0.00	0.00	0.00	0.00
Shares Repurchased					
Dividends Paid	(7.72)	(9.12)	(14.67)	(15.74)	(16.32)
Preferred Dividends					
Other Financing Cashflow	(6.10)	(7.62)	0.00	0.00	0.00
Cash Flow From Financing	**(33.64)**	**(57.33)**	**(14.67)**	**(15.74)**	**(16.32)**
Total Cash Generated	18.22	(3.80)	13.99	17.31	18.01
Free Cashflow To Equity	**32.03**	**12.94**	**28.66**	**33.06**	**34.33**
Free Cashflow To Firm	**55.36**	**55.86**	**31.16**	**35.56**	**36.83**

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS… cont'd

Balance Sheet

(S$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	67.6	64.1	78.1	95.5	113.5
Total Debtors	116.8	125.5	135.5	138.9	141.1
Inventories	23.9	23.7	25.9	26.7	27.2
Total Other Current Assets	8.5	4.8	4.8	4.8	4.8
Total Current Assets	**216.8**	**218.1**	**244.3**	**265.9**	**286.5**
Fixed Assets	174.3	166.2	156.3	146.6	137.1
Total Investments	3.7	4.3	6.3	8.3	10.3
Intangible Assets	6.5	6.7	7.0	7.3	7.6
Total Other Non-Current Assets	1.1	1.4	1.4	1.4	1.4
Total Non-current Assets	**185.6**	**178.6**	**170.9**	**163.6**	**156.4**
Short-term Debt	44.9	21.4	21.4	21.4	21.4
Current Portion of Long-Term Debt					
Total Creditors	77.9	98.4	106.7	109.8	111.9
Other Current Liabilities	9.1	12.7	12.7	12.7	12.7
Total Current Liabilities	**131.9**	**132.5**	**140.8**	**143.9**	**146.0**
Total Long-term Debt	42.5	25.2	25.2	25.2	25.2
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	24.9	25.6	25.6	25.6	25.6
Total Non-current Liabilities	**67.4**	**50.8**	**50.8**	**50.8**	**50.8**
Total Provisions	0.0	0.0	0.0	0.0	0.0
Total Liabilities	**199.3**	**183.2**	**191.5**	**194.7**	**196.8**
Shareholders' Equity	194.7	205.1	214.8	225.3	236.2
Minority Interests	8.3	8.4	8.9	9.4	9.9
Total Equity	**203.0**	**213.5**	**223.8**	**234.8**	**246.1**

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	(47.3%)	44.9%	20.4%	2.6%	1.5%
Operating EBITDA Growth	(47.1%)	51.0%	24.8%	3.6%	1.7%
Operating EBITDA Margin	7.11%	7.41%	7.68%	7.76%	7.77%
Net Cash Per Share (S$)	(0.028)	0.025	0.045	0.070	0.096
BVPS (S$)	0.28	0.29	0.31	0.32	0.34
Gross Interest Cover	1.41	8.62	12.37	13.24	13.71
Effective Tax Rate	12.7%	18.3%	18.0%	18.0%	18.0%
Net Dividend Payout Ratio	542%	60%	60%	60%	60%
Accounts Receivables Days	124.9	75.3	67.4	69.1	69.7
Inventory Days	26.45	18.88	16.27	16.75	16.89
Accounts Payables Days	92.36	69.96	67.28	68.99	69.54
ROIC (%)	1.5%	6.7%	11.7%	12.8%	13.8%
ROCE (%)	1.6%	7.3%	11.7%	12.0%	11.9%
Return On Average Assets	1.08%	5.20%	6.65%	6.82%	6.82%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Concrete and Cement EBITDA margin (%)	8.3%	8.7%	8.8%	8.8%	8.8%
Trading and Shipping EBITDA margin (%)	5.5%	4.8%	4.9%	5.0%	5.0%

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

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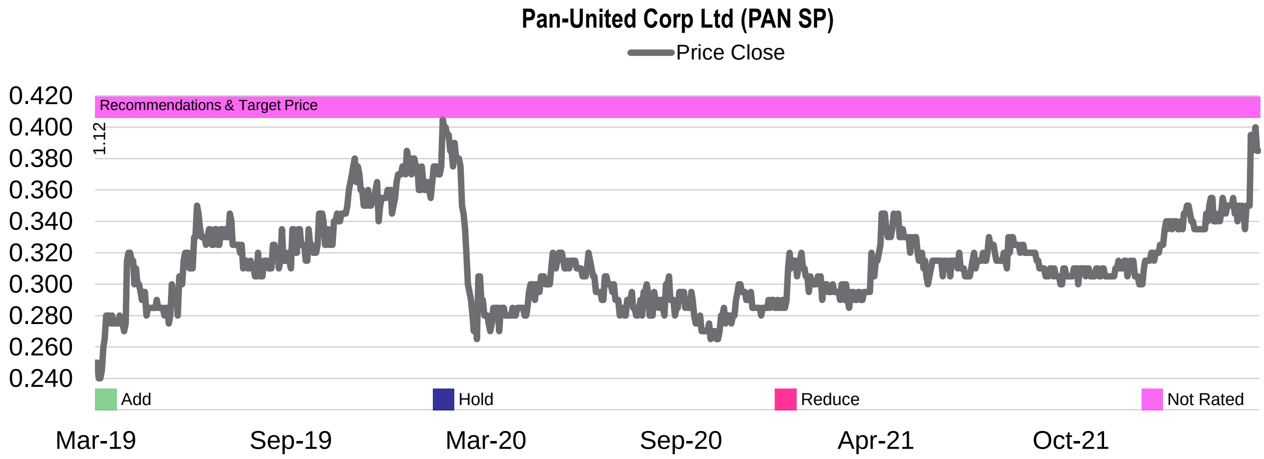
Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021 619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	0.0%
Reduce	7.1%	0.0%

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.