

## Malaysia

**REDUCE** (no change)

Consensus ratings\*: Buy 2 Hold 10 Sell 12

Current price:	RM1.68
Target price:	RM1.30
Previous target:	RM1.50
Up/downside:	-22.6%
CGS-CIMB / Consensus:	-30.6%
Reuters:	TPGC.KL
Bloomberg:	TOPG MK
Market cap:	US\$3,217m
	RM13,452m
Average daily turnover:	US\$10.15m
	RM43.49m
Current shares o/s:	8,207m
Free float:	60.6%

\*Source: Bloomberg

**Key changes in this note**

➤ FY22-24F EPS is lowered by 10.6-31.6%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-22.9	-30.3	-67.6
Relative (%)	-23.6	-34.3	-63.7

**Major shareholders**

	% held
Tan Sri Dato Sri Lim and family	29.4
Firstway United Corp.	5.1
EPF	4.9

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# Top Glove Corporation

## Multiple headwinds still ahead

- 1HFY8/22F core net profit of RM272m (-95% yoy) was below expectations, due to lower-than-expected ASPs and surge in operational costs.
- While ASPs may have bottomed in 3QFY22, we expect multiple headwinds in terms of higher raw material costs and increase in operating expenses.
- We reiterate our Reduce call and TP of RM1.30 (20x CY23F P/E).

**1HFY22 core net profit declined 95% yoy; below expectations**

1HFY8/22 revenue declined 70% yoy, owing to declines in average selling prices (ASPs, -58.3% yoy) and sales volume (-28% yoy). 1HFY22 EBITDA margins waned 52.9% pts yoy to 17.4%, as ASPs declined by a larger quantum than the decline in raw material prices, as well as higher operating expenses. Accordingly, 1HFY22 core net profit dipped to RM272m (-95% yoy), below expectations, at 41% and 29% of our and Bloomberg consensus' FY22F estimates, as we expect weaker results in quarters ahead.

**2QFY22: Dip in profitability due to decline in ASPs**

On a qoq basis, 2QFY22F revenue/net profit waned 9%/53%, owing to: i) lower ASPs (-18.7% qoq), despite a rebound in sales volume (+10% qoq), ii) higher operational costs (hikes in utilities, labour and chemicals), and iii) lower economies of scale. Also, 2QFY22 EBITDA margins dropped to 13% (-8% pts qoq). No dividend was declared in 2QFY22 (1QFY22:1.2 sen/share). We believe Top Glove Corporation (TOPG) will revert to semi-annual dividend payments going forward, based on a 50% dividend payout.

**A weaker 2HFY22F: ASPs to bottom, but higher costs on the cards**

We see further downside risks to ASPs in 3QFY22F, albeit bottoming in the region of US\$25-26 per 1k pieces (-3.7% to -7.4% qoq). While we expect higher sales volume in 2HFY22, from higher customer demand and less pricing competition, we foresee multiple headwinds for TOPG going forward in terms of cost pressures, such as higher raw material prices, labour cost (TOPG has raised its minimum wage to RM1,400/month from RM1,200 since Feb 22), and utility costs (electricity, natural gas etc).

**Dual-listing plans on HKEX is on hold**

Yesterday, TOPG announced that it is postponing its plan to raise US\$347m in a dual primary listing on the Stock Exchange of Hong Kong (HKEX), in view of the elevated market uncertainty after Russia's invasion of Ukraine. We are positive given the EPS-dilutive nature of the listing — 9.4-13.2% decline to our previous FY22-24F forecast, assuming 790.5m new shares were issued (over-allotment option is exercised) during the HK listing.

**Reiterate Reduce, with a lower TP of RM1.30**

We cut our FY22-24F EPS estimates to account for higher raw material prices and operating costs. We reiterate Reduce with a lower TP of RM1.30 (20x CY23F P/E, in line with its current 5-year mean P/E). In our view, the worst is not yet over for TOPG as we believe that its current valuations (a 21.4% premium to its 5-year mean) have yet to account for further downside to its earnings, while the operating environment remains weak.

**Financial Summary**

	Aug-20A	Aug-21A	Aug-22F	Aug-23F	Aug-24F
Revenue (RMm)	7,237	16,361	7,123	8,041	9,251
Operating EBITDA (RMm)	2,423	10,282	1,009	1,099	1,238
Net Profit (RMm)	1,753	7,710	456	515	596
Core EPS (RM)	0.21	0.94	0.06	0.06	0.07
Core EPS Growth	381%	340%	(94%)	13%	16%
FD Core P/E (x)	7.87	1.79	30.23	26.76	23.12
DPS (RM)	0.12	0.65	0.02	0.03	0.03
Dividend Yield	7.0%	38.8%	1.2%	1.8%	1.8%
EV/EBITDA (x)	5.96	1.43	14.47	13.33	11.73
P/FCFE (x)	NA	2.40	41.26	51.92	30.22
Net Gearing	(10.8%)	(5.8%)	(7.7%)	(7.6%)	(9.6%)
P/BV (x)	2.83	2.35	2.24	2.14	2.03
ROE	47%	144%	8%	8%	9%
% Change In Core EPS Estimates			(31.6%)	(17.7%)	(10.6%)
CGS-CIMB/Consensus EPS (x)			0.50	0.61	0.62

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 1: Results comparison**

FYE Aug	2Q	2Q	yoy %	qoq %	2QFY22	2QFY21	yoy %	Prev.	Comments
(RM m)	FY22	FY21	chg	chg	Cum	Cum	chg	FY22F	
Revenue	1,449.3	5,365.5	(73.0)	(8.5)	3,033.4	10,123.8	(70.0)	7,505.9	2QFY22: Decline in APSs (-18.7% qoq) more than offset than higher sales volume (+10% qoq)
Operating costs	(1,257.0)	(1,581.7)	(20.5)	0.6	(2,506.2)	(3,007.6)	(16.7)	(6,260.7)	
EBITDA	192.3	3,783.8	(94.9)	(42.6)	527.2	7,116.2	(92.6)	1,245.2	
EBITDA margin (%)	13.3	70.5	(57.3)	(7.9)	17.4	70.3	(52.9)	16.6	Weak performance due to ASPs decrease at a faster pace than raw material prices and higher operational costs (utilities, manpower and chemicals)
Depn & amort.	(85.8)	(76.5)	12.2	2.7	(169.5)	(151.1)	12.2	(285.3)	
EBIT	106.4	3,707.3	(97.1)	(57.7)	357.7	6,965.2	(94.9)	959.9	
Interest expense	(0.9)	(1.1)	(14.4)	(12.6)	(2.0)	(2.0)	(0.8)	(13.8)	Total cash position of RM1.3bn as at end-2QFY8/22 (including investment securities of RM766m)
Interest & invt inc	5.8	17.5	(66.6)	(31.6)	14.4	29.4	(51.1)	13.7	
Associates' contrib	0.4	1.3	(71.9)	(159.4)	(0.3)	2.1	(112.2)	(3.5)	
Exceptionals	0.6	0.0	nm	(17.5)	1.3	(185.0)	nm	0.0	2QFY22: Include one off gain on disposal of debt securities (RM0.6m)
<b>Pretax profit</b>	<b>112.3</b>	<b>3,725.0</b>	<b>(97.0)</b>	<b>(56.6)</b>	<b>371.1</b>	<b>6,809.7</b>	<b>(94.6)</b>	<b>956.4</b>	
Tax	(9.9)	(823.3)	(98.8)	(82.4)	(66.4)	(1,520.7)	(95.6)	(229.5)	2QFY22: Lower than statutory tax rate due to availability of tax incentives. This is inclusive impact of one-off prosperity tax in FY22
Tax rate (%)	8.9	22.1	(13.2)	(13.0)	17.9	22.3	(4.4)	24.0	
Minority interests	(14.8)	(32.7)	(54.8)	(11.2)	(31.4)	(62.2)	30.8	(60.0)	
<b>Net profit</b>	<b>87.5</b>	<b>2,869.0</b>	<b>(96.9)</b>	<b>(52.9)</b>	<b>273.3</b>	<b>5,226.8</b>	<b>(94.8)</b>	<b>666.9</b>	<b>Below expectations</b>
<b>Core net profit</b>	<b>87.0</b>	<b>2,869.0</b>	<b>(97.0)</b>	<b>(53.0)</b>	<b>272.0</b>	<b>5,411.8</b>	<b>(95.0)</b>	<b>666.9</b>	<b>Accounted for 40.8% of our and 29.3% of Bloomberg consensus FY22 estimates</b>
EPS (sen)	1.1	35.0	(96.9)	(52.9)	3.3	63.7	(94.8)	8.1	
Core EPS (sen)	1.1	35.0	(97.0)	(53.0)	3.3	65.9	(95.0)	8.1	Based on 8.2bn outstanding shares

SOURCES: CIMB, COMPANY REPORTS

**Figure 2: Segmental revenue and profit**

Segmental revenue									
FYE Aug			yoy %	qoq %			yoy %		
(RM m)	2QFY22	2QFY21	chg	chg	2QFY22	2QFY21	chg	Comments	
					Cum	Cum			
Malaysia	1,224.4	4,420.0	(72.3)	(12.4)	2,622.8	8,423.1	(68.9)	Decline in ASPs and sales volume	
Thailand	125.4	434.0	(71.1)	17.3	232.3	791.2	(70.6)		
China	11.6	163.9	(92.9)	46.5	19.5	301.4	(93.5)		
Others	87.9	347.5	(74.7)	23.9	158.8	608.1	(73.9)	2QFY22: Stronger qoq thanks to higher sales volume to US markets	
<b>Total Revenue</b>	<b>1,449.3</b>	<b>5,365.5</b>	<b>(73.0)</b>	<b>(8.5)</b>	<b>3,033.4</b>	<b>10,123.8</b>	<b>(70.0)</b>	<b>Weaker performance mainly due to ASPs decline, offsetting higher sales volume</b>	
Segment profit / (loss)									
FYE Aug			yoy%	qoq%			yoy%		
(RM m)	2QFY22	2QFY21	chg	chg	2QFY22	2QFY21	chg	Comments	
					Cum	Cum			
Malaysia	78.9	3,231.7	(97.6)	(65.3)	306.2	5,934.5	(94.8)	Margin compression and lower economies of scale	
Thailand	24.4	312.5	(92.2)	(34.5)	61.6	554.6	(88.9)		
China	0.2	99.3	(99.8)	(152.2)	(0.2)	176.4	(100.1)		
Others	11.3	70.6	(84.0)	(306.5)	5.8	144.8	(96.0)		
<b>Total profit / (loss)</b>	<b>114.8</b>	<b>3,714.0</b>	<b>(96.9)</b>	<b>(55.6)</b>	<b>373.4</b>	<b>6,810.3</b>	<b>(94.5)</b>	<b>Margin compression due to higher operational costs (utilities, manpower and chemicals)</b>	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## 2QFY22 results briefing highlights

- TOPG has seen a surge in sales volume in 2QFY22 (+10% qoq compared to 1QFY22 and +7% compared to 4QFY21). This is mainly driven by increase in sales to the US, which grew 120% qoq in 2QFY22 (as compared to 1QFY22), following the lifting of the US CBP ban since 4QFY21, as well as resumption of regular customers' restocking activities.
- We gather that nitrile (NBR), natural rubber, surgical and vinyl gloves recorded good sales volume growth (thanks to resilient demand and

global economy recovery). However, intensified competition (new market supply and competitive pricing) has led to lower ASPs among most of TOPG's product mix (average decline of 18.7% qoq in 2QFY22). TOPG sees lesser competition from China glove makers in NBR due to imposed tariffs from the US.

- For non-NBR gloves, sales volume grew 21% qoq in 2QFY22, while ASPs declined 26%. The increase in sales volume was thanks to more buying from customers (restocking activities), as well as lower competition from Chinese glovemakers (due to US-imposed tariffs for medical gloves (7.5%) and non-medical gloves (28%) imported from China effective 1 Dec 21).
- In 2QFY22, the company also stated that the quantum of ASP decline was more than the decline in raw material prices.

**Figure 3: Product mix (sales volume)**

Types of Gloves	2QFY22	
	Sales volume (QoQ)	ASPs (QoQ)
Natural latex	2%	-18%
Nitrile	21%	-26%
Vinyl	120%	8%
Surgical	-11%	8%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

- As of 2QFY22, the percentage of sales by product mix (in terms of sales volume) was: NBR gloves (37%), natural latex powder-free gloves (27%), natural latex powdered gloves (28%), vinyl/CPE/TPE (6%) and surgical gloves (2%).
- TOPG expects raw material prices to rise going forward. For NBR, TOPG expects prices to rise due to the surge in crude oil prices (NBR is a byproduct of crude oil). For natural latex, the expectations of increase in raw material prices are due to seasonality factors (wintering period).
- As a result of the rise in raw material prices, TOPG expects its ASPs to stabilise and bottom in the near term. It expects ASPs for NBR gloves to bottom and decline by a smaller quantum (<-5% in 3QFY22F vs. -18% in 2QFY22) from US\$25 (per 1k pieces) in Feb 21. It does not discount the possibility of NBR glove ASPs to go up in the event of a surge in raw material prices. However, margins for NBR gloves are likely to be affected due to the mismatch between ASPs and raw material costs.
- For latex gloves, TOPG is expecting a 5% qoq increase in 3QFY22. This is mainly due to strong customer demand and rise in raw material prices.
- Management expects the Cukai Makmur (prosperity tax) to have minimal impact on its overall performance, given that the group derives its net profit from eight subsidiaries and Cukai Makmur is levied based on entity level, not at group level.
- As for global recognition of ESG efforts, TOPG has been positioned in the top 10% of the Global Health Care Equipment & Supplies Industry in the Dow Jones Sustainability Index (DJSI) emerging markets. TOPG is the only Malaysian healthcare company to be included in the prominent index as of the latest review (22 Nov 2021). In Feb 2022, TOPG has been awarded with an Industry Mover Distinction in the S&P Global Sustainability Yearbook 2022.
- TOPG has enhanced its workers' minimum basic salary to RM1,400 per month (from RM1,200) effective 1 Mar 2022. This is to ensure all workers are able to alleviate the effects of rising costs of living.
- Going forward, TOPG expects strong sales demand recovery and a bottoming out of ASPs. Sales to the US is gradually recapturing market share, with room for further improvements in the quarters ahead. TOPG has also slowed down production to account for the oversupply condition, which leads to lower ASPs and margin compressions. Therefore, it is unlikely for ASPs to go lower after running down high inventory levels.
- The company expects to mitigate higher raw material costs with higher production utilisation (c.76% utilisation rate in 2QFY22) and cost pass-through mechanism. The higher production utilisation rate is due to increase in expected recovery in glove demand.

- TOPG does not expect major impact from the Ukraine-Russia war, as less than 5% of its sales are from both countries. The company plans to continue to engage with its customers in the region.
- The company has halted the HKEX listing and will pursue it at a more appropriate time depending on market conditions.

### Potential de-rating catalysts and upside risks

We reiterate Reduce on TOPG. Potential de-rating catalysts: stiffer pricing competition leading to sharper-than-expected fall in ASPs and another Covid-19 outbreak among its workers leading to lower production volume.

Upside risks: higher-than-expected ASPs and/or surge in global glove demand.

**Figure 4: Earnings revision**


RM m	2021A	FY22F			FY23F			FY24F		
		Old	New	%chg	Old	New	%chg	Old	New	%chg
Revenue	16,361	7,506	7,123	-5.1%	8,244	8,041	-2.5%	9,308	9,251	-0.6%
EBITDA	10,282	1,245	1,009	-18.9%	1,172	1,099	-6.3%	1,258	1,238	-1.6%
Core pretax profit	10,034	956	662	-30.8%	834	709	-15.0%	892	816	-8.5%
Core net profit	7,710	667	456	-31.6%	626	515	-17.7%	667	596	-10.6%
Core EPS (sen)	94	8	6	-31.6%	8	6	-17.7%	8	7	-10.6%

SOURCES: CGS-CIMB, COMPANY REPORTS

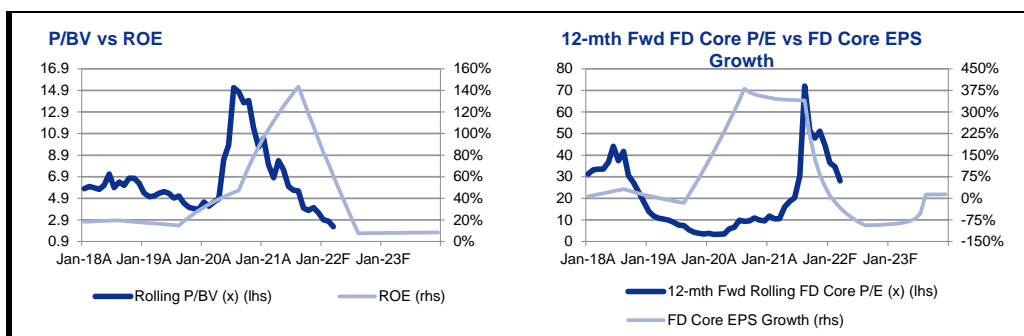
**Figure 5: Sector comparison (CGS-CIMB's rubber product sector coverage)**

Company	Bloomberg Ticker	Recom.	Share price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		Dividend Yield (%)	
						CY22F	CY23F		CY22F	CY23F	CY22F	CY23F	CY22F	CY23F
<b>Malaysia-listed glove makers</b>														
Hartalega Holdings	HART MK	Hold	4.44	5.80	3,628	12.2	22.3	-20.2%	2.4	2.3	20.1%	10.4%	4.9%	2.7%
Kossan Rubber Industries	KRI MK	Add	1.71	2.05	1,043	14.9	14.2	-13.9%	1.0	1.0	7.1%	7.2%	2.7%	2.8%
Supermax Corp	SUCB MK	Reduce	1.00	0.98	636	6.0	15.5	-58.0%	0.5	0.5	8.5%	3.1%	5.0%	1.9%
<b>Top Glove Corporation</b>	<b>TOPG MK</b>	<b>Reduce</b>	<b>1.68</b>	<b>1.30</b>	<b>3,217</b>	<b>29.0</b>	<b>25.4</b>	<b>-36.5%</b>	<b>2.2</b>	<b>2.1</b>	<b>7.8%</b>	<b>8.5%</b>	<b>1.4%</b>	<b>1.8%</b>
<b>Weighted average</b>						<b>18.4</b>	<b>22.0</b>	<b>-16.8%</b>	<b>2.0</b>	<b>1.9</b>	<b>13.0%</b>	<b>8.7%</b>	<b>3.3%</b>	<b>2.3%</b>
<b>Singapore-listed glove makers</b>														
Riverstone Holdings	RSTON SP	Add	0.80	1.10	864	10.7	11.9	-40.3%	1.7	1.6	15.3%	14.1%	4.7%	4.2%
UG Healthcare Corp Ltd	UGHC SP	Add	0.23	0.42	103	4.1	N/A	N/A	0.6	N/A	14.8%	N/A	1.2%	N/A
<b>Weighted average</b>						<b>10.0</b>	<b>10.6</b>	<b>-36.0%</b>	<b>0.0</b>	<b>1.5</b>	<b>15.3%</b>	<b>12.6%</b>	<b>4.3%</b>	<b>3.8%</b>
<b>Weighted Average</b>						<b>17.6</b>	<b>16.8</b>	<b>-14.0%</b>	<b>2.0</b>	<b>2.3</b>	<b>13.2%</b>	<b>16.1%</b>	<b>3.4%</b>	<b>3.1%</b>
<b>Simple Average</b>						<b>12.8</b>	<b>16.1</b>	<b>-9.7%</b>	<b>1.4</b>	<b>1.9</b>	<b>12.3%</b>	<b>14.2%</b>	<b>3.3%</b>	<b>1.5%</b>

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Refinitiv ESG Scores							
	<table border="1"> <tr> <td style="text-align: center;">B+ ESG Score</td> <td style="text-align: center;">A- ESG Controversies Score</td> <td style="text-align: center;">B+ ESG Combined Score</td> <td style="text-align: center;">B+ ESG Environment Pillar Score</td> <td style="text-align: center;">A- ESG Social Pillar Score</td> <td style="text-align: center;">B ESG Government Pillar Score</td> </tr> </table>	B+ ESG Score	A- ESG Controversies Score	B+ ESG Combined Score	B+ ESG Environment Pillar Score	A- ESG Social Pillar Score	B ESG Government Pillar Score
B+ ESG Score	A- ESG Controversies Score	B+ ESG Combined Score	B+ ESG Environment Pillar Score	A- ESG Social Pillar Score	B ESG Government Pillar Score		
<p><b>ESG in a nutshell</b></p> <p>While TOPG is rated in the top 25% by ESG ratings among listed companies in FBM EMAS that have been assessed by FTSE Russell, it is not a constituent of FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index. We believe that this is mainly due to the US CBP ban on TOPG's Malaysia operations, due to evidence of forced labour practices. However, the ban was lifted on 10 Sep 2021, as the US CBP had determined by additional information that TOPG's products are no longer made in violation of forced labour rules.</p>							
<p><b>Keep your eye on</b></p> <p>TOPG announced that it has resolved all 11 International Labour Organization (ILO) indicators of forced labour. This has been verified by independent international UK consultant Impactt Limited (Impactt).</p>	<p><b>Implications</b></p> <p>We understand that TOPG previously did not comply with the bulk of the 11 forced labour indicators. However, we are positive that the company has taken swift actions to rectify and improve its social compliance based on ILO standards.</p>						
<p><b>ESG highlights</b></p> <p>As at 25 Oct 2021, TOPG announced that 94%, or 20,720, of total Top Glove Group employees have been fully vaccinated.</p>	<p><b>Implications</b></p> <p>We are positive on this matter, as this indicates TOPG's efforts to ensure that its workers' well-being is well taken care of, given the Covid-19 pandemic.</p>						
<p><b>Trends</b></p> <p>TOPG aims to reduce carbon intensity by 25% by FY8/25F, as well as achieve zero carbon emissions at water treatment plants by FY2022 and offices and warehouses by FY2025.</p>	<p><b>Implications</b></p> <p>We are positive on this matter, as this indicates that TOPG is making strong efforts to lower the impact of its operations on the environment.</p>						
<p><small>SOURCES: CGS-CIMB RESEARCH, REFINITIV</small></p>							

## BY THE NUMBERS



### Profit & Loss

(RMm)	Aug-20A	Aug-21A	Aug-22F	Aug-23F	Aug-24F
<b>Total Net Revenues</b>	<b>7,237</b>	<b>16,361</b>	<b>7,123</b>	<b>8,041</b>	<b>9,251</b>
<b>Gross Profit</b>	<b>3,129</b>	<b>11,494</b>	<b>1,654</b>	<b>1,766</b>	<b>1,950</b>
<b>Operating EBITDA</b>	<b>2,423</b>	<b>10,282</b>	<b>1,009</b>	<b>1,099</b>	<b>1,238</b>
Depreciation And Amortisation	(245)	(309)	(344)	(385)	(417)
<b>Operating EBIT</b>	<b>2,177</b>	<b>9,974</b>	<b>666</b>	<b>714</b>	<b>821</b>
Financial Income/(Expense)	(11)	57	(0)	(0)	1
Pretax Income/(Loss) from Assoc.	(1)	3	(4)	(5)	(6)
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>2,166</b>	<b>10,034</b>	<b>662</b>	<b>709</b>	<b>816</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>2,166</b>	<b>10,034</b>	<b>662</b>	<b>709</b>	<b>816</b>
Taxation	(377)	(2,210)	(146)	(128)	(147)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>1,789</b>	<b>7,824</b>	<b>516</b>	<b>581</b>	<b>669</b>
Minority Interests	(36)	(114)	(60)	(66)	(73)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>1,753</b>	<b>7,710</b>	<b>456</b>	<b>515</b>	<b>596</b>
Recurring Net Profit	1,753	7,710	456	515	596
<b>Fully Diluted Recurring Net Profit</b>	<b>1,753</b>	<b>7,710</b>	<b>456</b>	<b>515</b>	<b>596</b>

### Cash Flow

(RMm)	Aug-20A	Aug-21A	Aug-22F	Aug-23F	Aug-24F
<b>EBITDA</b>	<b>2,423</b>	<b>10,282</b>	<b>1,009</b>	<b>1,099</b>	<b>1,238</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	1,270	(792)	271	(105)	(136)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	(11)	57	(0)	(0)	1
Tax Paid	(377)	(2,210)	(146)	(128)	(147)
<b>Cashflow From Operations</b>	<b>3,305</b>	<b>7,338</b>	<b>1,134</b>	<b>866</b>	<b>956</b>
Capex	(806)	(1,334)	(800)	(600)	(500)
Disposals Of FAs/subsidiaries	7	1	0	0	0
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(1,570)	85	0	0	0
<b>Cash Flow From Investing</b>	<b>(2,370)</b>	<b>(1,248)</b>	<b>(800)</b>	<b>(600)</b>	<b>(500)</b>
Debt Raised/(repaid)	(1,197)	(357)	0	0	0
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased					
Dividends Paid	(400)	(5,559)	(164)	(246)	(246)
Preferred Dividends					
Other Financing Cashflow	1,555	(987)	0	0	0
<b>Cash Flow From Financing</b>	<b>(42)</b>	<b>(6,902)</b>	<b>(164)</b>	<b>(246)</b>	<b>(246)</b>
Total Cash Generated	894	(812)	170	19	210
<b>Free Cashflow To Equity</b>	<b>(261)</b>	<b>5,734</b>	<b>334</b>	<b>266</b>	<b>456</b>
<b>Free Cashflow To Firm</b>	<b>970</b>	<b>6,094</b>	<b>348</b>	<b>279</b>	<b>470</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(RMm)	Aug-20A	Aug-21A	Aug-22F	Aug-23F	Aug-24F
Total Cash And Equivalents	1,209	878	1,042	1,056	1,260
Total Debtors	799	566	247	278	320
Inventories	531	1,145	1,269	1,455	1,693
Total Other Current Assets	1,750	1,756	1,756	1,756	1,756
<b>Total Current Assets</b>	<b>4,288</b>	<b>4,346</b>	<b>4,313</b>	<b>4,546</b>	<b>5,029</b>
Fixed Assets	3,010	3,959	4,418	4,634	4,717
Total Investments	174	240	240	240	240
Intangible Assets	1,012	1,009	1,009	1,009	1,009
Total Other Non-Current Assets	221	229	229	229	229
<b>Total Non-current Assets</b>	<b>4,418</b>	<b>5,437</b>	<b>5,896</b>	<b>6,111</b>	<b>6,195</b>
Short-term Debt	314	313	313	313	313
Current Portion of Long-Term Debt					
Total Creditors	811	692	767	880	1,024
Other Current Liabilities	1,008	1,193	1,193	1,193	1,193
<b>Total Current Liabilities</b>	<b>2,133</b>	<b>2,198</b>	<b>2,273</b>	<b>2,386</b>	<b>2,530</b>
Total Long-term Debt	226	146	146	146	146
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	156	218	218	218	218
<b>Total Non-current Liabilities</b>	<b>383</b>	<b>364</b>	<b>364</b>	<b>364</b>	<b>364</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>2,515</b>	<b>2,562</b>	<b>2,637</b>	<b>2,750</b>	<b>2,894</b>
Shareholders' Equity	4,871	5,872	6,164	6,433	6,784
Minority Interests	1,320	1,348	1,408	1,474	1,546
<b>Total Equity</b>	<b>6,191</b>	<b>7,220</b>	<b>7,572</b>	<b>7,907</b>	<b>8,330</b>

### Key Ratios

	Aug-20A	Aug-21A	Aug-22F	Aug-23F	Aug-24F
Revenue Growth	51%	126%	(56%)	13%	15%
Operating EBITDA Growth	254%	324%	(90%)	9%	13%
Operating EBITDA Margin	33.5%	62.8%	14.2%	13.7%	13.4%
Net Cash Per Share (RM)	0.081	0.051	0.071	0.073	0.098
BVPS (RM)	0.59	0.72	0.75	0.78	0.83
Gross Interest Cover	63	2,382	48	52	60
Effective Tax Rate	17.4%	22.0%	22.0%	18.0%	18.0%
Net Dividend Payout Ratio	55.3%	69.3%	36.0%	47.8%	41.3%
Accounts Receivables Days	35.17	15.23	20.83	11.91	11.84
Inventory Days	51.70	62.82	80.53	79.22	78.90
Accounts Payables Days	58.05	56.36	48.71	47.91	47.72
ROIC (%)	45%	181%	10%	10%	11%
ROCE (%)	38%	139%	9%	9%	10%
Return On Average Assets	25.0%	84.0%	5.2%	5.6%	6.1%

### Key Drivers

	Aug-20A	Aug-21A	Aug-22F	Aug-23F	Aug-24F
Sales volume (m)	61,120,000.0	69,893,000.0	61,500,000.0	71,820,000.0	84,940,000.0
ASPs increase (US\$ per thousand)	35.4	69.5	26.4	25.9	25.4
Utilisation rate	0.8	0.7	0.6	0.7	0.7

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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#### Corporate Governance Report:

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<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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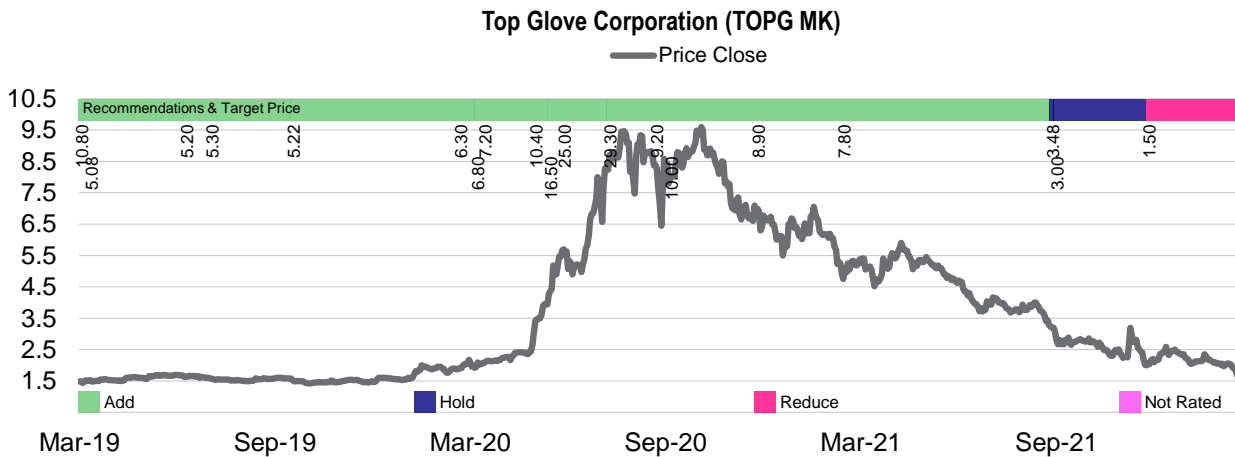
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	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, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, n/a, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** – Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TOP** – Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

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

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

Recommendation Framework	
<b>Stock Ratings</b>	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.
<i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i>	
<b>Sector Ratings</b>	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.
<b>Country Ratings</b>	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

