

Singapore

ADD (no change)

Consensus ratings*: Buy 8 Hold 2 Sell 0

Current price:	S\$1.40
Target price:	S\$1.78
Previous target:	S\$1.91
Up/downside:	27.2%
CGS-CIMB / Consensus:	2.7%
Reuters:	YAZG.SI
Bloomberg:	YZJSGD.SP
Market cap:	US\$4,050m S\$5,479m
Average daily turnover:	US\$12.93m S\$17.52m
Current shares o/s:	3,832m
Free float:	65.0%

*Source: Bloomberg

Key changes in this note

- FY23F increased by 2% on lower expenses, offset by weaker shipbuilding margins.
- Introduced FY24F EPS.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	11.1	6.1	32.1
Relative (%)	9.7	3.8	21.3

Major shareholders	% held
Yangzi International	21.1
Lido Point Investment	10.0
Hengyuan Asset Investment	4.2

Analyst(s)



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Yangzijiang Shipbuilding

Taking the wheel

- YZJ to spin off Rmb20bn of debt investment by May 22. YZJ will gradually remit 25%, i.e. Rmb5bn to Singapore in FY22F and grow it to 40% in FY23F.
- 1H22F shipbuilding margins likely to remain muted but stronger trend in 2H22F on execution of higher value contracts secured in 2021.
- With order book at US\$8.5bn, YZJ core shipbuilding business could continue to distribute a fixed DPS of 5 Scts post spin-off.
- We believe market is currently pricing in c. 0.66x FY22 P/BV/8x FY22F P/E for the debt investment business (vs. long-term target of 1x P/BV).

To spin off Rmb20bn of debt investment by May 2022

YZJ targets to spin off Rmb20bn of assets into the debt investment company which includes c.Rmb2.5bn of cash. 25% of these assets will be gradually remitted to Singapore for the use of investments into multi-asset class and region. Management targets to grow the non-China portion to 40% by FY23F through building up its fund management capabilities. There will be new strategic investors at the pre-IPO stage with some of the treasury shares being reissued to them. The spun-off entity arm will have 20 staff in Singapore comprising a full team of fund managers, while the existing debt investment management team will remain in China to carry on the debt business (80% of portfolio). Management also hinted at a longer term 1x P/BV valuation for the new business. Assuming 1x CY22F P/BV for core shipbuilding (backed by record order wins), we believe market is ascribing 0.66x FY22F P/BV or 8x CY22F P/E for the spun-off entity.

Targeting US\$2bn order wins in FY22F

YZJ currently has 157 vessels worth US\$8.5bn on its orderbook. Only 12 new vessel orders were secured in 2H21 (vs. 112 in 1H21) as its yards are full till FY24 and the management remains selective on higher-margin orders. We expect shipbuilding margins to remain muted in 1H22 as execution of higher value contracts (secured in FY21) will only start to kick in by 2H22. Steel plates required for deliveries in 2022 have been procured at c. Rmb5.5k/tonne. Some of the contracts in FY21 were clinched at steel cost assumption of Rmb6k-7k/tonne. We forecast shipbuilding GM of 12.5% for FY22F (FY21:11.8%).

Shipping is key post-spin off; reiterate Add with lower TP of \$1.78

2H21/FY21 shipping revenues of c.Rmb551m/Rmb959m jumped 44%/50% yoy due to an expanded chartered fleet size of 26 vessels (vs. 24 in 2H20) and improved charter rates, which peaked at c.5,047 on the Shanghai Containerised Freight Index (SCFI) in 2H21, (source: Clarksons). Shipping forms 5% of revenue and 12% of overall gross profit. Management remains nimble in keeping the shipping fleet (21 bulk carriers) to enjoy the high freight rates and strong cashflows. Book value for the fleet was Rmb2.18bn at end-21 with average cost of c.US\$12m/vessel. Our SOP valuations are based on 1x P/BV for HTM (in line with 10% ROE) and 1.1x P/BV for shipbuilding (+2 s.d. of 6-year historical mean), adjusting for stronger renminbi.

Financial Summary	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (Rmbm)	14,841	16,768	23,720	33,250	31,250
Operating EBITDA (Rmbm)	3,191	4,250	4,609	6,437	6,385
Net Profit (Rmbm)	2,516	3,699	3,425	4,545	4,491
Core EPS (Rmb)	0.66	0.97	0.89	1.19	1.17
Core EPS Growth	(19.0%)	47.0%	(7.4%)	32.7%	(1.2%)
FD Core P/E (x)	9.77	6.65	7.18	5.41	5.47
DPS (Rmb)	0.21	0.24	0.24	0.24	0.24
Dividend Yield	3.26%	3.74%	3.74%	3.74%	3.74%
EV/EBITDA (x)	6.79	3.57	4.33	3.08	2.27
P/FCFE (x)	NA	4.25	NA	14.91	3.53
Net Gearing	(7.2%)	(21.9%)	(8.2%)	(7.9%)	(18.9%)
P/BV (x)	0.76	0.68	0.64	0.58	0.54
ROE	7.9%	10.8%	9.2%	11.3%	10.2%
% Change In Core EPS Estimates			0.11%	1.63%	
CGS-CIMB/Consensus EPS (x)			0.93	1.06	1.16

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Taking the wheel

Key re-rating catalyst: faster-than-expected delivery of vessels; key downside risks: sharp increase in steel prices and sanctions on Chinese exports.

FY21 net profit of c.Rmb3.7bn beat our estimates by 22%

YZJ's FY21 net profit of c.Rmb3.7bn beat our/consensus FY21F by 22%/25% on other gains, other income, and associates' contribution. 2H21 revenue of c.Rmb10.2bn (+54% hoh; +55% yoy) and FY21 revenue of Rmb16.8bn (+13% yoy) is in line with our forecasts, backed by more vessel deliveries (27 in 2H21 vs. 17 in 2H20; 50 in FY21 vs. 45 in FY20). However, shipbuilding gross margin fell to 11% in 2H21 (vs. 13.5%/26% in 1H21/2H20) on execution of lower priced contracts, increased steel costs, and appreciation of Rmb/USD. Higher cost was offset by Rmb627m of hedging income recorded under other gains. Note that Rmb464m of unrealised loss on financial assets was also recorded under other gains. Dividend was higher at 5 Scts in FY21 (vs. 4.5 Scts in FY20), although dividend payout was lower at 25% (vs. 32% in FY20).

Figure 1: Segmental breakdown – shipbuilding margin down qoq, shipping net profit up 112% yoy

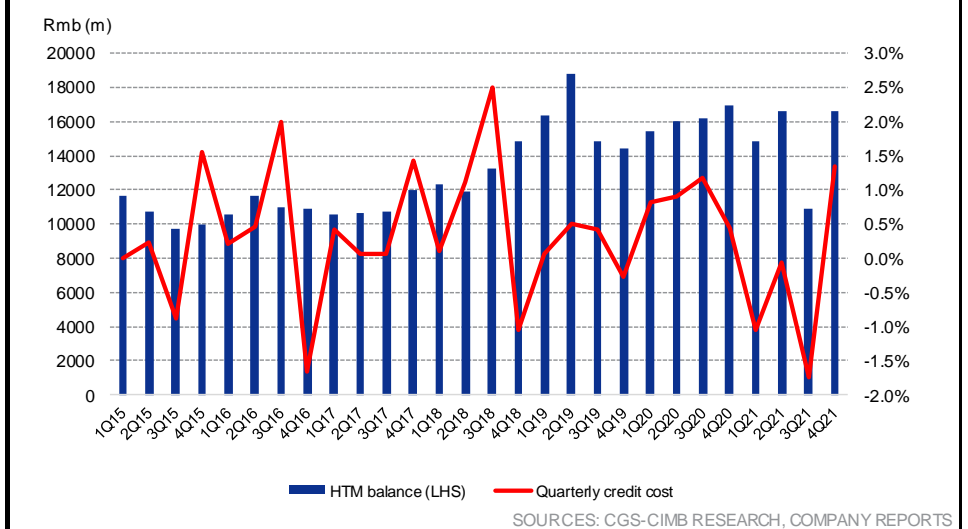
Segment (Rmb'm)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	qoq	yoy
Shipbuilding										
Turnover	2,307	2,987	2,553	2,123	1,835	2,943	3,689	4,731	28%	123%
COS	(2,114)	(2,321)	(1,858)	(1,617)	(1,566)	(2,565)	(3,203)	(4,308)	35%	166%
GP	194	666	695	506	269	378	486	423	-13%	-16%
GM	8.4%	22.3%	27.2%	23.9%	14.7%	12.8%	13.2%	8.9%		
Trading										
Turnover	538	1,023	312	236	116	206	99	259	160%	10%
COS	(529)	(1,009)	(308)	(233)	(114)	(200)	(98)	(244)	148%	5%
GP	9	14	4	3	2	6	1	15	1377%	457%
GM	2%	1%	1%	1%	2%	3%	1%	1%		
Shipping and others										
Turnover	145	180	194	201	186	410	255	296	16%	48%
COS	(114)	(144)	(130)	(144)	(118)	(304)	(145)	(177)	22%	22%
GP	31	36	64	56	68	106	110	120	9%	112%
GM	21%	20%	33%	28%	37%	26%	43%	40%		
Total shipbuilding related										
Turnover	2,990	4,190	3,058	2,560	2,138	3,559	4,044	5,286	31%	107%
COS	(2,757)	(3,474)	(2,296)	(1,994)	(1,798)	(3,069)	(3,446)	(4,728)	37%	137%
GP	233	716	763	565	340	490	597	558	-7%	-1%
GM	7.8%	17.1%	24.9%	22.1%	15.9%	13.8%	14.8%	10.5%		
Investment										
HTM interest income	507	578	525	433	487	417	427	411	-4%	-5%
Sales tax & levies	(26)	(24)	(23)	(24)	(25)	(22)	(24)	(25)	6%	3%
Net interest income	481	554	502	408	463	394	404	386	-4%	-6%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

HTM segment remained resilient despite economic uncertainties

Net interest income and debt investment remained steady hoh at S\$411m and Rmb16.6bn. There was an impairment of Rmb222m in 4Q21, compared to the past three quarters of writeback, bringing FY21 credit costs to be in a net reversal position of Rmb136m. Overall, FY21 average return from debt investment stood at c.10%, lower than FY20/19 of 11%/12%.

Figure 2: Credit cost increased to 1.3% in 4Q21



1 pure shipbuilding company, 1 pure investment company

YZJ provided more clarity on its spin-off process. Recall that YZJ previously proposed a spin-off of its held to maturity (HTM) segment through a separate listing on SGX Mainboard. YZJ has since obtained pre-clearance from SGX in Jan 22 and applied for listing on SGX Mainboard in Feb 22.

Shipbuilding segment

Post spin-off, the current YZJ will be a pure-play shipbuilding company, with focus on shipbuilding, shipping, and green energy. It will be managed by Yangzijiang Shipbuilding Holdings.

HTM segment

The spun-off HTM segment will be managed by Yangzijiang Financial Holding, where its current lending business will be expanded into fund and wealth management, private credit investment, and investment management. Regions of focus are Singapore and China (its core markets), Asia Pacific emerging markets, as well as global mature markets. Sectors of emphasis are proposed to be in ESG, IPO, new economy, healthcare, and real estate. All eligible shareholders of YZJ Shipbuilding will be entitled to a dividend-in-specie for Yangzijiang Financial on a one-to-one basis.

Figure 3: Proposed spin-off listing

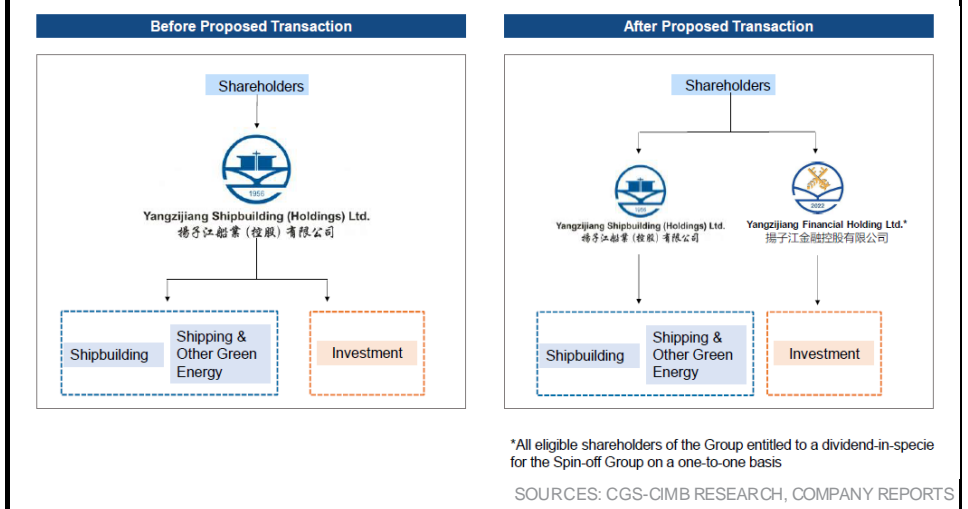


Figure 4: Overview of the spin-off group

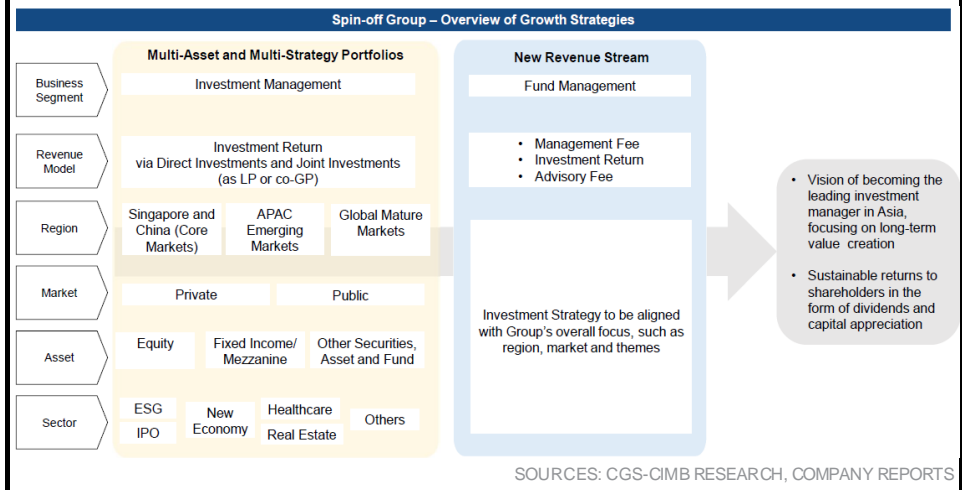
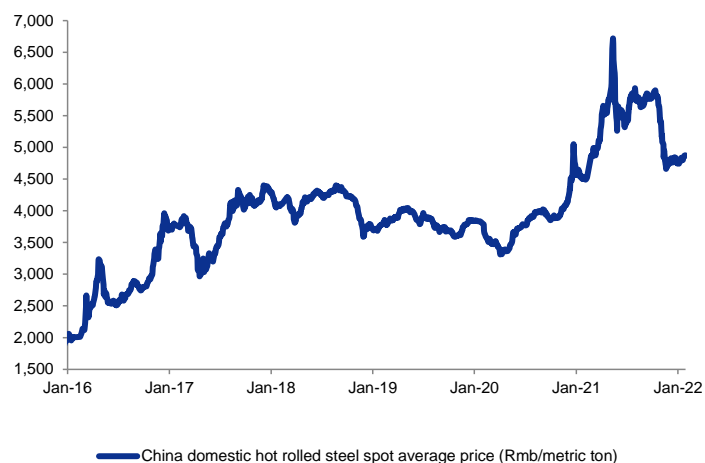


Figure 5: Results comparison

FYE Dec (RMBm)	2H21	2H20	yoy % chg	qoq % chg	FY21 Cum	FY20 Cum	yoy % chg	Prev. FY21F	Comments
Revenue	10,167.7	6,575.9	54.6	54.1	16,767.9	14,841.3	13.0	17,261.9	In line. More vessel deliveries (27 in 2H21 compared to 17 in 2H20), expanded shipping fleet size, and improved charter rates contributed to yoy increase in 2H21 revenue.
Operating costs	(8,122.6)	(5,191.0)	56.5	84.8	(12,517.8)	(11,650.0)	7.4	(13,147.1)	Above mainly due to high steel costs and appreciation of RMB against USD.
EBITDA	2,045.1	1,385.0	47.7	(7.3)	4,250.1	3,191.3	33.2	4,114.8	In line
EBITDA margin (%)	20.1	21.1	0.0	0.0	25.3	21.5	0.0	23.8	
Depn & amort.	(223.9)	(251.5)	(11.0)	(10.9)	(475.1)	(516.1)	(8.0)	(616.9)	Below
EBIT	1,821.2	1,133.5	60.7	(6.8)	3,775.0	2,675.2	41.1	3,497.8	In line
Interest expense	(33.8)	(17.5)	92.9	(6.1)	(69.9)	(75.3)	(7.1)	(37.6)	Above
Interest & invt inc	549.6	316.2	73.8	107.1	815.1	478.9	70.2	383.1	Above
Associates' contrib	293.2	162.0	81.0	329.2	361.5	211.3	71.1	102.5	Above, boosted by Rmb270m fair value gain from venture capital investment in FY21
Exceptionals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Pretax profit	2,630.2	1,594.1	65.0	16.8	4,881.7	3,290.0	48.4	3,945.8	Below, 2H21 at 67% of FY21F
Tax	(586.3)	(182.8)	220.7	3.1	(1,154.6)	(672.0)	71.8	(789.2)	Below
Tax rate (%)	22.3	11.5	94.3	(11.7)	23.7	20.4	15.8	20.0	
Minority interests	15.8	(72.6)	121.7	135.7	(28.5)	(101.6)	(72.0)	(122.6)	
Net profit	2,059.7	1,338.7	53.9	25.7	3,698.6	2,516.4	47.0	3,034.0	Above, FY21 beat FY21F by 22%, thanks to higher core shipbuilding revenue from record wins and more vessel deliveries.
EPS (RMB cts)	52.9	34.4	54.0	24.2	95.8	63.9	49.9	77.1	
Core net profit	2,059.7	1,338.7	53.9	25.7	3,698.6	2,516.4	47.0	3,034.0	
Core EPS (RMB cts)	53.3	34.4	55.3	25.3	95.8	63.9	49.9	77.1	

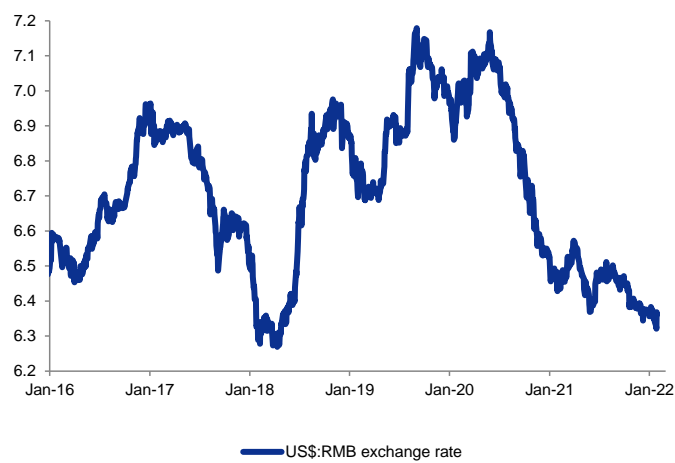
SOURCES: CIMB, COMPANY REPORTS

Figure 6: Steel prices easing off since 3Q21



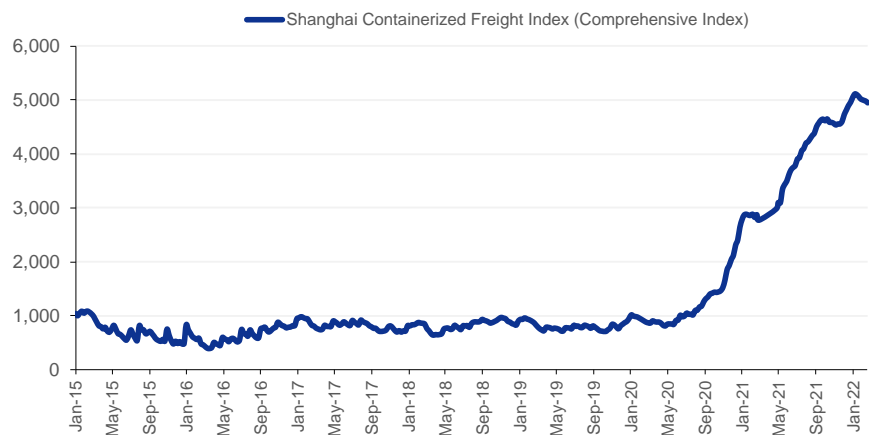
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Stabilising Rmb/USD rates



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 8: Freight rates peaked in 2H21 at c.5,047 points on the SCFI



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 9: Earnings revision

Rmb (m)	New			Old		EPS change	
	2022F	2023F	2024F	2022F	2023F	2022F	2023F
Total revenue*	23,720	33,250	31,253	25,226	35,006	-6%	-5%
Shipbuilding GM	13%	15%	16%	15%	16%		
Other gains	200	200	200	100	150	100%	33%
Administrative costs**	(665)	(950)	(891)	(1,286)	(1,493)	-48%	-36%
Net profit	3,425	4,545	4,491	3,422	4,472	0%	2%
EPS (Rmb)	0.89	1.19	1.72	0.89	1.17	0%	2%

*Incl. trading and others

** Incl. impairment & write-back for debt securities

SOURCES: CGS-CIMB Research, COMPANY REPORTS

Figure 10: Current sum of parts valuations

Sum of parts	Basis	Value (Rmb'm)	Value (S\$m)	Per share (S\$)
CY22F Debt investment book value	1x P/BV in line with c.10% ROE	20,000	3,400	0.88
CY22F Shipbuilding book value	1.1x P/BV, +2 sd of 6-year ave	20,453	3,477	0.90
		40,453	6,877	1.78

SOURCES: CIMB, COMPANY REPORTS

Figure 11: Debt investment trading at implied 8x FY21 P/E




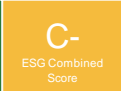



	RMB (m)	Basis	RMB (m)	Per share (RMB)	Per share (S\$)
Debt investment CY22F EBIT	1,646	8 x P/E	12,976	3.36	0.57
		or			
		0.66 x P/BV			
Shipbuilding CY22F BV	18,594	1 x P/BV	18,594	4.82	0.82
			31,570	8.18	1.39

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

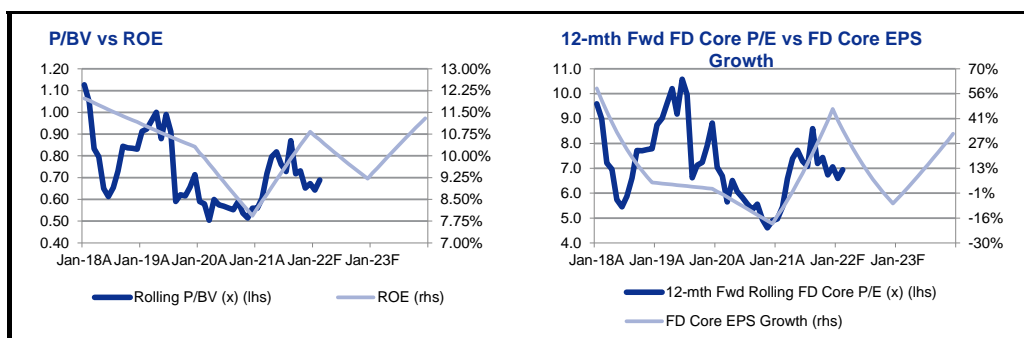
Figure 12: Peer comparison

Company	Bbg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	P/E (x)			2-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)	Dividend Yield (%)
						CY22F	CY23F	CY24F		CY22F	CY23F		
Keppel Corporation	KEP SP	Add	5.96	7.20	7,962	12.6	13.2	13.5	-10.5%	0.87	0.85	7.0%	4.4%
Sembcorp Marine	SMM SP	Hold	0.09	0.09	1,972	na	na	na	na	0.74	0.76	-13.0%	0.0%
Singapore offshore - big cap simple average						12.6	13.2	13.5	-10.5%	0.80	0.80	-3.0%	2.2%
COSCO SHIPPING International S	COS SP	NR	0.25	na	404	na	na	na	na	na	na	na	na
Yangzijiang Shipbuilding	YZJSGD SP	Add	1.40	1.78	4,050	7.3	5.5	3.8	12.0%	0.65	0.60	9.2%	3.7%
Chinese Shipbuilder simple average						7.3	5.5	3.8	12.0%	0.65	0.60	9.2%	3.7%
SATS Ltd	SATS SP	Hold	4.05	4.34	3,360	49.0	22.6	na	270.8%	2.91	2.84	5.9%	2.2%
Sembcorp Industries	SCI SP	Add	2.56	2.96	3,370	10.7	9.3	8.8	32.9%	1.10	0.99	10.8%	2.8%
ST Engineering	STE SP	Add	3.77	4.70	8,675	19.6	16.6	15.2	10.8%	4.68	4.32	24.4%	4.2%
SIA Engineering	SIE SP	Add	2.19	2.92	1,817	36.2	32.4	na	20.8%	1.50	1.51	4.2%	3.7%
Industrial conglomerate simple average						28.9	20.2	12.0	83.8%	2.55	2.42	11.3%	3.2%
CSE Global	CSE SP	Add	0.49	0.61	186	9.7	9.1	na	14.0%	1.20	1.13	12.8%	5.6%
Ezion Holdings Ltd	EZI SP	NR	0.04	na	160	na	na	na	na	na	na	na	na
Mermaid Maritime PCL	MMT SP	NR	0.08	na	77	na	na	na	na	na	na	na	na
MTQ Corp Ltd	MTQ SP	NR	0.24	na	38	na	na	na	na	na	na	na	na
Singapore OSV owner simple average						9.7	9.1	na	14.0%	1.20	1.13	12.8%	5.6%
Bumi Armada	BAB MK	Hold	0.50	0.55	696	5.0	5.0	5.2	-6.4%	0.64	0.57	13.7%	0.0%
Velesto Energy Berhad	VEB MK	Hold	0.13	0.14	244	29.2	16.1	na	na	0.46	0.45	1.6%	0.0%
Yinson Holdings	YNS MK	Add	5.20	8.03	1,319	13.8	7.0	na	60.9%	1.44	1.22	10.4%	1.2%
Coastal Contracts Bhd	COCO MK	NR	1.93	na	241	12.9	12.1	na	26.0%	na	na	8.3%	na
Dialog Group Bhd	DLG MK	NR	2.78	na	3,762	26.1	24.0	23.4	9.0%	3.04	2.81	11.9%	1.4%
Malaysia Marine and Heavy Engi	MMHE MK	NR	0.39	na	147	na	38.5	14.3	na	0.36	0.36	1.8%	0.0%
Petronas Dagangan Bhd	PETD MK	NR	20.22	na	4,916	28.2	25.4	23.8	22.2%	3.72	3.71	12.4%	3.2%
Uzma Bhd	UZMA MK	NR	0.54	na	44	7.6	6.0	na	33.1%	0.36	0.34	4.7%	na
Wah Seong Corp Bhd	YNS MK	NR	0.77	na	140	11.3	9.3	5.7	na	0.76	0.71	9.5%	0.7%
Malaysia offshore simple average						16.8	15.9	14.5	24.1%	1.35	1.27	8.3%	0.9%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

Refinitiv ESG Scores	
	     
<p>ESG in a nutshell</p> <p>We think that YZJ's combined ESG score was weighed down by its controversies, most notably in 2019 when its former Executive Chairman Mr Ren Yuanlin was involved in anti-graft investigation by the authorities of the People's Republic of China. As a result, Refinitiv gave YZJ an ESG combined score of C-, with an ESG Controversies Score of A+. The current score of C- is split into E: D+ (weightage: 34.18%); S: D+ (weightage: 37.34%); and G: C- (weightage: 28.48%). Moving forward, YZJ aims to design and build relevant vessels with higher energy efficiency, in line with China's plans "to have CO2 emissions peak before 2030 and achieve carbon neutrality before 2060".</p>	
<p>Keep your eye on</p> <p>In 2019, YZJ's former Executive Chairman Mr Ren Yuanlin was reportedly involved in the Chinese government's anti-corruption investigations into Liu Jianguo, the former party secretary of Jingjiang City.</p>	<p>Implications</p> <p>YZJ requested for a trading halt on 8 Aug 2019 following a 20% fall in its share price. Since it has been almost two years since the controversy, we think that the trading levels of YZJ's shares have returned to normal and thus the controversy has little to no impact on our valuation.</p>
<p>ESG highlights</p> <p>Despite YZJ's efforts to reduce electricity consumption by utilising lithium batteries for its power storage station, its Environment score remained the same yoy from 2018 to 2019 at a D+. We think that YZJ can further improve its Environment score by implementing comprehensive water and energy policies. YZJ reported in its 1H21 update that it clinched its first batch of orders for LPG vessels and LNG dual-fuel 7,000TEU containerships. These dual-fuel engines and vessels comply with, and exceed the current guidelines initiated by the International Maritime Organisation (IMO). This is a huge step forward for YZJ in the clean energy sector and represents its investment in R&D towards the designing and building of clean energy vessels.</p>	<p>Implications</p> <p>Refinitiv discounted YZJ's ESG combined score due to the controversy in 2019. We have not applied any premium/discount for ESG in our fundamental valuations.</p>
<p>Trends</p> <p>From 2018 to 2019, YZJ maintained its Environment and Governance pillars at a D+ and C-, respectively, as ranked by Refinitiv. Meanwhile, its Social pillar dipped from a C- to a D+, mainly due to its lack of corporate responsibility awards, which offset improvements in average training hours and total donations to revenues.</p>	<p>Implications</p> <p>We have not applied any premium/discount for ESG in our fundamental valuations. However, Ren Letian assuming the role of Executive Chairman and Chief Executive Officer may help to restore investors' confidence in the group's governance. Further environmental efforts may also attract more interest among funds that are more environmentally focused.</p>

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS

Profit & Loss

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	14,841	16,768	23,720	33,250	31,253
Gross Profit	4,222	3,630	4,364	6,173	6,126
Operating EBITDA	3,191	4,250	4,609	6,437	6,385
Depreciation And Amortisation	(516)	(475)	(709)	(1,014)	(950)
Operating EBIT	2,675	3,775	3,900	5,423	5,435
Financial Income/(Expense)	404	745	338	256	191
Pretax Income/(Loss) from Assoc.	211	362	286	324	305
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	3,290	4,882	4,524	6,003	5,932
Exceptional Items	0	0	0	0	0
Pre-tax Profit	3,290	4,882	4,524	6,003	5,932
Taxation	(672)	(1,155)	(1,072)	(1,423)	(1,406)
Exceptional Income - post-tax					
Profit After Tax	2,618	3,727	3,452	4,580	4,526
Minority Interests	(102)	(28)	(26)	(35)	(35)
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	2,516	3,699	3,425	4,545	4,491
Recurring Net Profit	2,516	3,699	3,425	4,545	4,491
Fully Diluted Recurring Net Profit	2,516	3,699	3,425	4,545	4,491

Cash Flow

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	3,191	4,250	4,609	6,437	6,385
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(2,962)	2,737	(7,882)	(4,404)	868
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	10	10	10	10	10
Net Interest (Paid)/Received	(156)	(127)	(338)	(256)	(191)
Tax Paid	(863)	(1,072)	(49)	(38)	0
Cashflow From Operations	(780)	5,798	(3,650)	1,749	7,073
Capex	(291)	(669)	(100)	(100)	(100)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	(964)	257	0	0	0
Other Investing Cashflow	(1,226)	110	0	0	0
Cash Flow From Investing	(2,482)	(301)	(100)	(100)	(100)
Debt Raised/(repaid)	(696)	286	0	0	0
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased	(310)	(171)	0	0	0
Dividends Paid	(896)	(843)	(919)	(919)	(919)
Preferred Dividends					
Other Financing Cashflow	(311)	(172)	0	0	0
Cash Flow From Financing	(2,213)	(899)	(919)	(919)	(919)
Total Cash Generated	(5,475)	4,598	(4,669)	730	6,053
Free Cashflow To Equity	(3,958)	5,783	(3,750)	1,649	6,973
Free Cashflow To Firm	(3,105)	5,624	(3,413)	1,905	7,163

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	6,633	12,363	7,622	7,793	13,118
Total Debtors	3,633	4,121	6,646	9,505	8,906
Inventories	1,678	1,640	3,484	4,874	4,523
Total Other Current Assets	17,185	20,429	23,090	25,947	25,347
Total Current Assets	29,129	38,553	40,842	48,119	51,893
Fixed Assets	5,226	5,152	4,543	3,629	2,779
Total Investments	1,544	1,628	1,628	1,628	1,628
Intangible Assets	22	22	22	22	22
Total Other Non-Current Assets	8,859	6,258	6,258	6,258	6,258
Total Non-current Assets	15,651	13,059	12,451	11,537	10,687
Short-term Debt	2,121	2,504	2,504	2,504	2,504
Current Portion of Long-Term Debt					
Total Creditors	5,842	9,295	8,443	11,145	10,463
Other Current Liabilities					
Total Current Liabilities	7,963	11,799	10,946	13,649	12,966
Total Long-term Debt	2,124	1,953	1,953	1,953	1,953
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,448	1,799	1,799	1,799	1,799
Total Non-current Liabilities	3,571	3,752	3,752	3,752	3,752
Total Provisions	0	0	0	0	0
Total Liabilities	11,534	15,551	14,698	17,401	16,719
Shareholders' Equity	32,342	35,923	38,430	42,055	45,627
Minority Interests	1,034	138	165	199	234
Total Equity	33,377	36,062	38,594	42,255	45,861

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	(37.1%)	13.0%	41.5%	40.2%	(6.0%)
Operating EBITDA Growth	(26.0%)	33.2%	8.4%	39.7%	(0.8%)
Operating EBITDA Margin	21.5%	25.3%	19.4%	19.4%	20.4%
Net Cash Per Share (Rmb)	0.62	2.06	0.83	0.87	2.26
BVPS (Rmb)	8.44	9.37	10.03	10.98	11.91
Gross Interest Cover	35.54	54.01	55.79	77.58	77.76
Effective Tax Rate	20.4%	23.7%	23.7%	23.7%	23.7%
Net Dividend Payout Ratio	26.4%	20.6%	22.3%	16.8%	17.0%
Accounts Receivables Days	102.5	84.4	82.8	88.6	107.8
Inventory Days	56.45	46.09	48.31	56.33	68.44
Accounts Payables Days	107.1	76.4	72.1	78.2	95.0
ROIC (%)	8.3%	10.2%	11.4%	12.6%	11.5%
ROCE (%)	8.4%	11.7%	10.3%	12.8%	11.7%
Return On Average Assets	5.04%	6.45%	6.05%	7.73%	7.15%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Order win (US\$m)	1,770.0	8,000.0	2,314.4	2,314.4	2,314.4

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Corporate Governance Report:

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

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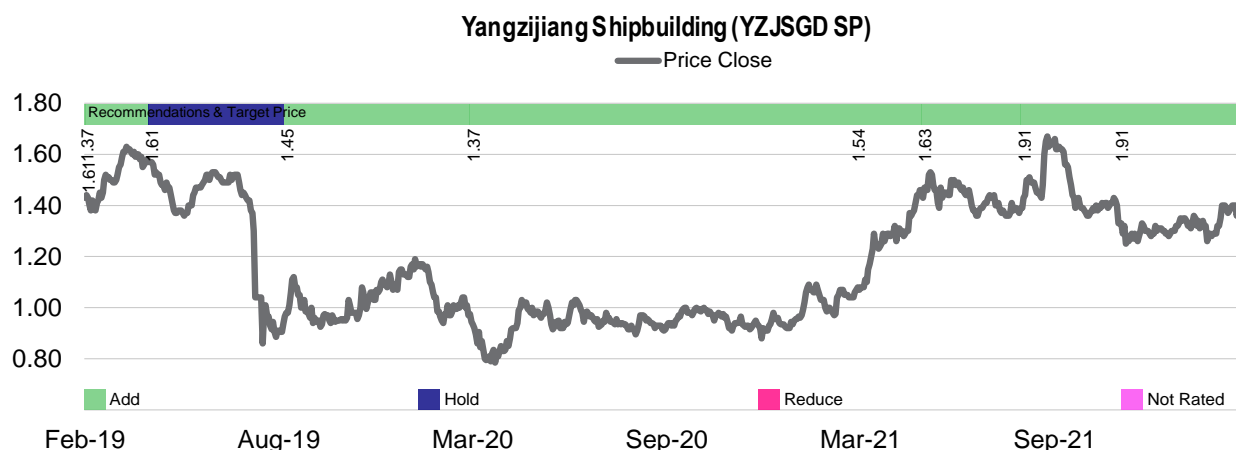
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%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

