

## Singapore

**ADD** (no change)

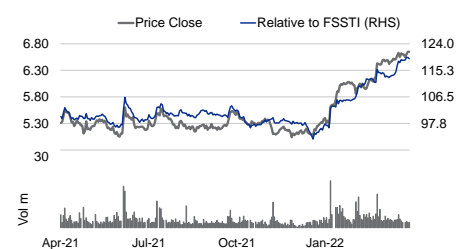
Consensus ratings\*: Buy 11 Hold 0 Sell 1

Current price:	S\$6.65
Target price:	S\$7.20
Previous target:	S\$7.20
Up/downside:	8.3%
CGS-CIMB / Consensus:	5.2%
Reuters:	KPLM.SI
Bloomberg:	KEP SP
Market cap:	US\$8,800m
	S\$11,973m
Average daily turnover:	US\$21.09m
	S\$28.56m
Current shares o/s:	1,817m
Free float:	60.0%

\*Source: Bloomberg

### Key changes in this note

➤ No change.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	3.6	23.6	25.2
Relative (%)	3.8	22	19.1

Major shareholders	% held
Temasek Holdings	21.3

### Analyst(s)



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# Keppel Corporation

## Strategy gradually bearing fruits

- We see signs of KEP's strategy bearing fruit with divestment of Keppel Logistics, Keppel Infra decarbonisation solutions and asset monetisation.
- 1Q22 profits were not disclosed but KEP said it rose yoy. All segments grew yoy other than Urban Development.
- All eyes are still on the definitive agreement with Sembcorp Marine on the merger of KEP O&M by 30 Apr. Maintain Add and SOP TP of S\$7.20.

### Revenue up 9% yoy, down 34% qoq, net profit higher yoy

KEP's 1Q22 revenue of S\$2.1bn (+9% yoy) was in line with our estimates at 24%/25% of our FY22F and consensus. Revenue across all segments grew yoy except for Urban Development. Keppel Infrastructure delivered the highest revenue at S\$994m (+57% yoy, -32% qoq), mainly due to higher power and gas prices and sales. KEP monetised S\$332m of assets in 1Q22 and exceeded S\$3bn asset monetisation since Sep 2020 (S\$5bn target by 2023). Net gearing stood steady at 0.69x.

### Keppel Infra rides on secular trends

Strong electricity and gas prices could be the key driver for Keppel Infra's profit to improve strongly yoy. Assuming a net margin of 3% (average since 1H20) with no exceptional items, we estimate Keppel Infra's net profit for 1Q22 could be S\$30m, the highest quarter since 1H19. Keppel Infra is also participating in the Energy Market Authority's Request for Proposal (RFP) for low-carbon power import licences in Singapore, as part of the nation's efforts to decarbonise the power sector.

### Urban Development the weakest but expected to improve

Urban development's revenue was down 59% yoy and 47% qoq to S\$209m. Keppel Land's net profit for 1Q22 was lower yoy due to lower contributions from China property trading projects and absence of gains from enbloc sales. Keppel Land sold 540 homes in 1Q22 vs. 1,360 homes in 1Q21. Specifically, China's home sales were down 56% qoq to 220 and Vietnam's down 97% qoq to 20 in 1Q22. The trend should reverse as more projects are slated to launch in the quarters ahead. There was c.S\$4.4bn in sales to be recognised across China and Vietnam over 2022-2025.

### Hopeful for more asset monetisation in Keppel O&M

Revenue for O&M at S\$503m (+22% yoy, -38% yoy) formed c.28% of our FY22F. The segment's net loss reduced significantly yoy with positive EBITDA. It secured S\$76m of new orders in 1Q22 with order book at S\$4.8bn (37.5% renewable projects). The segment is operating as BAU as it will take some time to obtain regulatory approvals until full closure of the merger with SMM. Management sounded confident about closing some deals in the near term. Enquiries for bareboat and sale of 16 legacy rigs have also increased. The final plans for these rigs will be announced together with the merger. We estimate about US\$3.8bn of market value for these rigs (book value: S\$2.9bn ex receivables).

### Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (S\$m)	6,574	8,625	8,788	8,587	8,296
Operating EBITDA (S\$m)	422	1,304	1,481	1,415	1,322
Net Profit (S\$m)	(506)	1,023	859	824	803
Core EPS (S\$)	(0.28)	0.56	0.47	0.45	0.44
Core EPS Growth	(172%)		(16%)	(4%)	(3%)
FD Core P/E (x)	NA	11.82	14.06	14.68	15.06
DPS (S\$)	0.10	0.33	0.26	0.27	0.26
Dividend Yield	1.50%	4.96%	3.91%	4.09%	3.98%
EV/EBITDA (x)	52.32	15.57	14.52	14.96	15.75
P/FCFE (x)	11	2,692	NA	10	10
Net Gearing	85.7%	63.0%	70.1%	65.4%	60.9%
P/BV (x)	1.13	1.00	0.97	0.95	0.92
ROE	(4.61%)	8.98%	7.02%	6.53%	6.21%
CGS-CIMB/Consensus EPS (x)			0.98	0.88	0.86

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Keppel Capital AUM above S\$42bn

Asset management fees grew c.70% to S\$71m in 1Q22, thanks to new funds raised in 2021. S\$2.5bn of acquisitions were completed during the quarter with a strong deal flow spanning across environmental engineering, asset management and data centres. Note that Keppel Capital closed S\$5.5bn of acquisitions and divestments in FY21.

## Connectivity steady

M1 recorded higher yoy net profit with revenue steady qoq at S\$260m (4Q21: S\$254m), thanks to stronger ICT business from managed infrastructure services, cloud and end-user computing as the need for digitalisation by SMEs and government bodies increases as a result of the pandemic.

Key catalysts: stronger-than-expected asset monetisation and dividend, earnings accretive M&A, premium valuation for Keppel O&M, new growth area of renewables. Downside risks: unfavourable outcome of SMM merger.

**Figure 1: Segmental revenue breakdown**

	1Q21	2Q21	3Q21	4Q21	1Q22	QOQ	YOY	1Q22 Comments
<b>Sales (in S\$m)</b>								
Energy and Environment	1,047	1,057	1,155	2,315	1,497	-35%	43%	
- O&M	412	377	411	813	503	-38%	22%	Secured new orders worth S\$76m in 1Q22; improving market conditions brings confidence of substantially monetising legacy rigs in next 3-5 years
- Infrastructure	635	680	785	1,460	994	-32%	57%	Hong Kong and Tuas Nexus IMWFs were 47% (4Q21: 40.6%) and 27% (4Q21: 22.7%) completed respectively; revenue increase driven by higher power and gas sales
Urban Development	510	399	326	394	209	-47%	-59%	Lower contributions from China property trading and absence of enbloc sales; no launches in Q1 hence lower revenue
Connectivity	294	292	317	357	301	-16%	2%	Stronger ICT from enterprise segment - managed services, cloud and end-user computerisation
Asset Management	36	42	35	49	59	20%	64%	
Corporate and Others	-	-	-	-	-	-	-	
<b>Total</b>	<b>1,887</b>	<b>1,790</b>	<b>1,833</b>	<b>3,115</b>	<b>2,066</b>	<b>-34%</b>	<b>9%</b>	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Residential sale (units) by country – down 62% qoq**

Home sale	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	qoq	yoy
China	530	530	700	850	730	500	220	-56%	-69%
Singapore	160	130	390	50	20	10	4	-60%	-99%
Vietnam/ others	30	510	160	170	10	750	20	-97%	-88%
Indonesia	60	20	(10)	170	50	30	6	-80%	-160%
India	20	120	120	50	-	120	290	142%	142%
<b>Total</b>	<b>800</b>	<b>1,310</b>	<b>1,360</b>	<b>1,290</b>	<b>810</b>	<b>1,410</b>	<b>540</b>	<b>-62%</b>	<b>-60%</b>

SOURCES: CIMB, COMPANY REPORTS

**Figure 3: We estimate KEP's rigs to be worth US\$3.8bn**

Dev Co (Uncompleted rigs)	Per rig (US\$m)	Est. market val (US\$m)	Rig Co (Completed rigs)	Per rig (US\$m)	Est. market val (US\$m)
2x Sete semis	350	700	3x Fecon Jack-up	150	450
2x Awilco semis	350	700	1x Clearwater Jack-up	150	150
1x Semi (unnamed)	350	350	1x TS Offshore Jack-up	250	250
5x Borr Jack-up	150	750	Can-do Drillship	400	400
		<b>2,500</b>			<b>1,250</b>
<b>Total</b>					<b>3,750</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

We note that the 2020 transacted price for a 2014 built Keppel FELS B class jack up rig, Jindal Explorer was at US\$100m. In Dec 21, Stena Drilling bought a 7,500 ft drillship from Samsung Heavy Industries for US\$245m.

**Figure 4: Peers Comparison**


Company	Bbg Ticker	Recom.	Price (lci curr)	Target Price (lci curr)	Market Cap (US\$ m)	P/E (x) CY22F	P/E (x) CY23F	P/E (x) CY24F	2-year EPS CAGR (%)	P/BV (x) CY22F	P/BV (x) CY23F	Recurring ROE (%) CY22F	Dividend Yield (%) CY22F
Keppel Corporation	KEP SP	Add	6.65	7.20	8,773	14.1	14.7	15.1	-10.5%	0.97	0.95	7.0%	3.9%
Sembcorp Marine	SMM SP	Hold	0.12	0.09	2,829	na	na	na	na	1.07	1.10	-13.0%	0.0%
<b>Singapore offshore - big cap simple average</b>						<b>14.1</b>	<b>14.7</b>	<b>15.1</b>	<b>-10.5%</b>	<b>1.02</b>	<b>1.02</b>	<b>-3.0%</b>	<b>2.0%</b>
COSCO SHIPPING International S	COS SP	NR	0.24	na	403	na	na	na	na	na	na	na	na
Yangzijiang Shipbuilding	YZJSGD SP	Add	1.56	2.41	4,516	8.2	6.2	6.3	11.6%	0.73	0.67	9.2%	3.3%
<b>Chinese Shipbuilder simple average</b>						<b>8.2</b>	<b>6.2</b>	<b>6.3</b>	<b>11.6%</b>	<b>0.73</b>	<b>0.67</b>	<b>9.2%</b>	<b>3.3%</b>
SATS Ltd	SATS SP	Add	4.37	4.77	3,593	51.5	24.0	na	272.8%	3.14	3.06	6.1%	2.1%
Sembcorp Industries	SCI SP	Add	2.94	2.96	3,845	12.2	10.6	10.1	32.3%	1.27	1.13	10.9%	2.4%
ST Engineering	STE SP	Add	4.12	4.70	9,413	21.4	18.2	16.7	10.8%	5.11	4.72	24.4%	3.9%
SIA Engineering	SIE SP	Add	2.61	2.92	2,147	43.1	38.6	na	20.4%	1.78	1.80	4.2%	3.1%
<b>Industrial conglomerate simple average</b>						<b>32.1</b>	<b>22.9</b>	<b>13.4</b>	<b>84.1%</b>	<b>2.82</b>	<b>2.68</b>	<b>11.4%</b>	<b>2.9%</b>
CSE Global	CSE SP	Add	0.48	0.57	180	12.3	10.1	8.9	26.9%	1.25	1.19	10.4%	5.7%
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	78	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
<b>Singapore OSV owner simple average</b>						<b>12.3</b>	<b>10.1</b>	<b>8.9</b>	<b>26.9%</b>	<b>1.25</b>	<b>1.19</b>	<b>10.4%</b>	<b>5.7%</b>
Bumi Armada	BAB MK	Add	0.43	0.55	593	4.3	4.4	4.5	-6.4%	0.56	0.49	13.7%	0.0%
Velesto Energy Berhad	VEB MK	Hold	0.12	0.14	221	26.8	15.1	15.5	na	0.41	0.40	1.5%	0.0%
Yinson Holdings	YNS MK	Add	2.50	3.95	1,244	12.5	6.5	7.2	62.3%	1.26	1.08	10.2%	1.2%
Coastal Contracts Bhd	COCO MK	NR	1.85	na	233	9.5	9.3	na	26.1%	na	na	8.3%	na
Dialog Group Bhd	DLG MK	NR	2.68	na	3,486	25.5	23.4	na	8.6%	2.88	2.66	12.0%	1.5%
Malaysia Marine and Heavy Engi	MMHE MK	NR	0.41	na	153	na	40.5	15.0	na	0.38	0.38	1.8%	0.0%
Petronas Dagangan Bhd	PETD MK	NR	21.90	na	5,025	30.0	27.3	26.6	22.6%	3.93	3.91	12.7%	3.1%
Uzma Bhd	UZMA MK	NR	0.46	na	39	8.4	6.0	na	35.3%	0.33	0.30	4.0%	na
Wah Seong Corp Bhd	YNS MK	NR	0.81	na	144	10.1	8.2	6.0	na	0.80	0.75	9.5%	0.0%
<b>Malaysia offshore simple average</b>						<b>15.9</b>	<b>15.6</b>	<b>12.5</b>	<b>24.7%</b>	<b>1.32</b>	<b>1.25</b>	<b>8.2%</b>	<b>0.8%</b>

SOURCES: CGS-CIMB, COMPANY REPORTS, BLOOMBERG

**Figure 5: KEP SOP valuation**

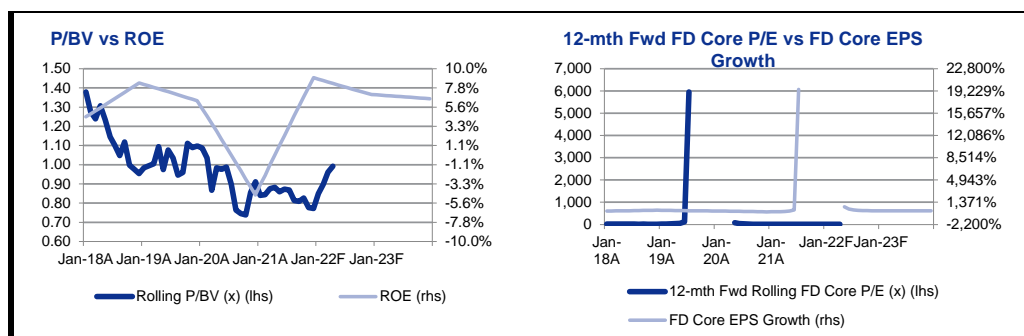
Segment	Basis	Book value/ earnings (m)	Share of value (S\$m)	Value per share	% of RNAV	Comments	
Urban Development		3,780		<b>3.40</b>	47%	40% discount to RNAV	
Offshore & Marine	P/BV (x)	1	1,200	1,200	<b>0.66</b>	9%	1x of KEP O&M proforma BV
Infrastructure	P/E (x)	10	125	1,247	<b>0.69</b>	10%	10x P/E on FY23F net profit
Connectivity	P/E (x)	12	63	758	<b>0.42</b>	6%	12x P/E on FY23F net profit
Asset Management	P/E (x)	15	252	3,777	<b>2.08</b>	29%	15x P/E on FY23F net profit
				<b>7.20</b>	100%	Target price	

SOURCES: CIMB, COMPANY REPORTS

		Refinitiv ESG Scores					
<b>ESG in a nutshell</b>		B+	A-	B+	B+	B	A-
		ESG Score	ESG Controversies Score	ESG Combined Score	ESG Environment Pillar Score	ESG Social Pillar Score	ESG Government Pillar Score
<p>KEP scored AAA by MSCI ESG since 2020 and is a leader among the top 8% of global industrial conglomerates in the MSCI All Country World Index. It scored B+ for its ESG combined score by Refinitiv in 2020 and is ranked 14 among the 91 corporates covered by Refinitiv in Singapore.</p> <p>As part of Keppel’s Vision 2030, sustainability is a core strategy for its growth, with four groups of business focus — Energy &amp; Environment, Urban Development, Connectivity, and Asset Management. It is also apparent that the group has applied the lens of sustainability to the group’s strategic review, asset recycling plans and divestments of logistics and offshore &amp; marine businesses in recent years.</p>							
<p><b>Keep your eye on</b></p> <p>Corporate governance is key. Since the settlement of fines with criminal authorities in the US, Brazil, and Singapore in end-2017, KEP’s ESG Controversies score has gradually improved from D+ in 2016 to A- in 2020.</p> <p>Note that in Oct 2020, there were still negative news flows pertaining to Keppel FELS former employees by the Singapore Corrupt Practices Investigation Bureau (CPIB). KEP noted that the employee was dismissed in 2019 for breaching KEP’s code of conduct.</p>	<p><b>Implications</b></p> <p>The corruption investigation was a key share price overhang, in addition to weak oil price in 2015-2017. KEP has dealt firmly with the issue. In 2019, KEP O&amp;M became one of the first companies in Singapore to achieve global certification for the ISO 37001 Anti-Bribery Management System, reflecting KEP’s zero tolerance for corruption. We think it takes time to restore full confidence in the group. With the pending divestment of its offshore &amp; marine business, the group’s investment into new areas of growth, building on the sustainability trend, could eventually rebuild its corporate governance standard.</p>						
<p><b>ESG highlights</b></p> <p>KEP clearly articulates its 2030 vision businesses strategy to address some of the macro ESG trends via the four business areas. Notably, its Energy &amp; Environment strategy addresses the energy transition and climate change trend with infrastructure solutions, such as waste-to-energy and district cooling plants. The decision to halt production of oil rigs and its impending divestment of its offshore &amp; marine division and sale of stranded rigs fit the trend of investors moving away from fossil fuels. In 2020, KEP started to introduce a shadow carbon price in the evaluation of all major investments to better understand the carbon footprint of its business activities.</p> <p>KEP also has a target to grow its portfolio of renewable energy assets to 7 GW by 2030. Since 2020, it has announced renewables projects with a total capacity of 1.1GW. It is developing a 500MW greenfield solar farm in Australia, starting 2022.</p>	<p><b>Implications</b></p> <p>We expect the exit of offshore &amp; marine to improve appetite from investors with high “E” expectations. We have not factored in the capex and earnings contribution for renewable energy assets.</p>						
<p><b>Trends</b></p> <p>KEP’s MSCI ESG rating improved from an AA rating in 2018- 2019 to AAA in 2020 which it has retained. Its Refinitiv ESG combined score also improved from C in 2017 to B+ in 2020, mainly because of the absence of overhang from the Brazilian issue above.</p>	<p><b>Implications</b></p> <p>Pending the successful exit from its offshore &amp; marine business, we expect to see further re-rating in KEP’s overall ESG scores.</p>						

SOURCES: CGS-CIMB RESEARCH, REFINITIV

## BY THE NUMBERS



### Profit & Loss

(\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>Total Net Revenues</b>	<b>6,574</b>	<b>8,625</b>	<b>8,788</b>	<b>8,587</b>	<b>8,296</b>
<b>Gross Profit</b>	<b>863</b>	<b>906</b>	<b>1,154</b>	<b>1,127</b>	<b>1,089</b>
<b>Operating EBITDA</b>	<b>422</b>	<b>1,304</b>	<b>1,481</b>	<b>1,415</b>	<b>1,322</b>
Depreciation And Amortisation	(414)	(406)	(432)	(416)	(392)
<b>Operating EBIT</b>	<b>8</b>	<b>898</b>	<b>1,048</b>	<b>999</b>	<b>930</b>
Financial Income/(Expense)	(130)	(141)	(140)	(127)	(114)
Pretax Income/(Loss) from Assoc.	(162)	467	328	282	279
Non-Operating Income/(Expense)	29	111	62	64	66
<b>Profit Before Tax (pre-EI)</b>	<b>(255)</b>	<b>1,335</b>	<b>1,298</b>	<b>1,218</b>	<b>1,161</b>
Exceptional Items	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>(255)</b>	<b>1,335</b>	<b>1,298</b>	<b>1,218</b>	<b>1,161</b>
Taxation	(253)	(325)	(415)	(361)	(331)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>(508)</b>	<b>1,010</b>	<b>883</b>	<b>857</b>	<b>830</b>
Minority Interests	2	13	(24)	(33)	(27)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>(506)</b>	<b>1,023</b>	<b>859</b>	<b>824</b>	<b>803</b>
Recurring Net Profit	(506)	1,023	859	824	803
<b>Fully Diluted Recurring Net Profit</b>	<b>(506)</b>	<b>1,023</b>	<b>859</b>	<b>824</b>	<b>803</b>

### Cash Flow

(\$m)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>EBITDA</b>	<b>422</b>	<b>1,304</b>	<b>1,481</b>	<b>1,415</b>	<b>1,322</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	534	(187)	(1,431)	121	175
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(378)	(608)	357	284	284
Other Operating Cashflow	0	0	62	64	66
Net Interest (Paid)/Received	(253)	(157)	(140)	(127)	(114)
Tax Paid	(177)	(260)	(415)	(361)	(331)
<b>Cashflow From Operations</b>	<b>147</b>	<b>93</b>	<b>(87)</b>	<b>1,396</b>	<b>1,401</b>
Capex	(488)	(538)	(538)	(538)	(538)
Disposals Of FAs/subsidiaries	332	1,146	0	0	0
Acq. Of Subsidiaries/investments	(0)	(28)	0	0	0
Other Investing Cashflow					
<b>Cash Flow From Investing</b>	<b>(156)</b>	<b>580</b>	<b>(538)</b>	<b>(538)</b>	<b>(538)</b>
Debt Raised/(repaid)	1,081	(668)	400	400	400
Proceeds From Issue Of Shares	0	398	0	0	0
Shares Repurchased					
Dividends Paid	(273)	(346)	(473)	(494)	(482)
Preferred Dividends					
Other Financing Cashflow					
<b>Cash Flow From Financing</b>	<b>808</b>	<b>(615)</b>	<b>(73)</b>	<b>(94)</b>	<b>(82)</b>
Total Cash Generated	799	57	(698)	763	781
<b>Free Cashflow To Equity</b>	<b>1,072</b>	<b>4</b>	<b>(225)</b>	<b>1,257</b>	<b>1,263</b>
<b>Free Cashflow To Firm</b>	<b>376</b>	<b>923</b>	<b>(372)</b>	<b>1,097</b>	<b>1,091</b>

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	2,480	3,617	2,845	3,608	4,390
Total Debtors	2,531	2,169	3,515	3,435	3,319
Inventories	7,617	7,774	9,667	9,446	9,126
Total Other Current Assets	1,761	1,287	1,287	1,287	1,287
<b>Total Current Assets</b>	<b>14,389</b>	<b>14,846</b>	<b>17,315</b>	<b>17,776</b>	<b>18,121</b>
Fixed Assets	2,716	2,044	1,866	1,705	1,567
Total Investments	0	0	0	0	0
Intangible Assets	1,609	1,589	1,589	1,589	1,589
Total Other Non-Current Assets	13,393	13,844	14,172	14,454	14,732
<b>Total Non-current Assets</b>	<b>17,717</b>	<b>17,477</b>	<b>17,628</b>	<b>17,748</b>	<b>17,889</b>
Short-term Debt	4,433	4,659	4,659	4,659	4,659
Current Portion of Long-Term Debt					
Total Creditors	4,604	5,099	5,273	5,152	4,978
Other Current Liabilities	3,050	2,200	3,835	3,774	3,687
<b>Total Current Liabilities</b>	<b>12,086</b>	<b>11,958</b>	<b>13,767</b>	<b>13,586</b>	<b>13,324</b>
Total Long-term Debt	7,607	6,796	7,196	7,596	7,996
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	1,257	1,127	1,127	1,127	1,127
<b>Total Non-current Liabilities</b>	<b>8,863</b>	<b>7,923</b>	<b>8,323</b>	<b>8,723</b>	<b>9,123</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>20,950</b>	<b>19,882</b>	<b>22,090</b>	<b>22,309</b>	<b>22,447</b>
Shareholders' Equity	10,728	12,057	12,443	12,773	13,094
Minority Interests	427	385	409	442	468
<b>Total Equity</b>	<b>11,156</b>	<b>12,441</b>	<b>12,852</b>	<b>13,214</b>	<b>13,562</b>

### Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	(13.3%)	31.2%	1.9%	(2.3%)	(3.4%)
Operating EBITDA Growth	(66%)	209%	14%	(4%)	(7%)
Operating EBITDA Margin	6.4%	15.1%	16.9%	16.5%	15.9%
Net Cash Per Share (S\$)	(5.26)	(4.31)	(4.96)	(4.76)	(4.55)
BVPS (S\$)	5.90	6.63	6.85	7.03	7.20
Gross Interest Cover	0.03	3.58	4.13	4.16	4.08
Effective Tax Rate	0.0%	24.3%	31.9%	29.7%	28.5%
Net Dividend Payout Ratio	NA	58.7%	55.0%	60.0%	60.0%
Accounts Receivables Days	147.0	99.4	118.0	147.7	149.0
Inventory Days	533.7	363.9	416.9	467.6	471.6
Accounts Payables Days	295.0	229.4	247.9	255.0	257.2
ROIC (%)	0.04%	4.09%	4.90%	4.35%	4.05%
ROCE (%)	0.87%	4.75%	5.03%	4.69%	4.29%
Return On Average Assets	(1.19%)	3.57%	3.04%	2.79%	2.64%

### Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue growth (%)	-29.1%	28.0%	-7.7%	15.3%	-100.0%
EBIT margin (%)	11.6%	0.1%	10.4%	11.9%	11.6%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



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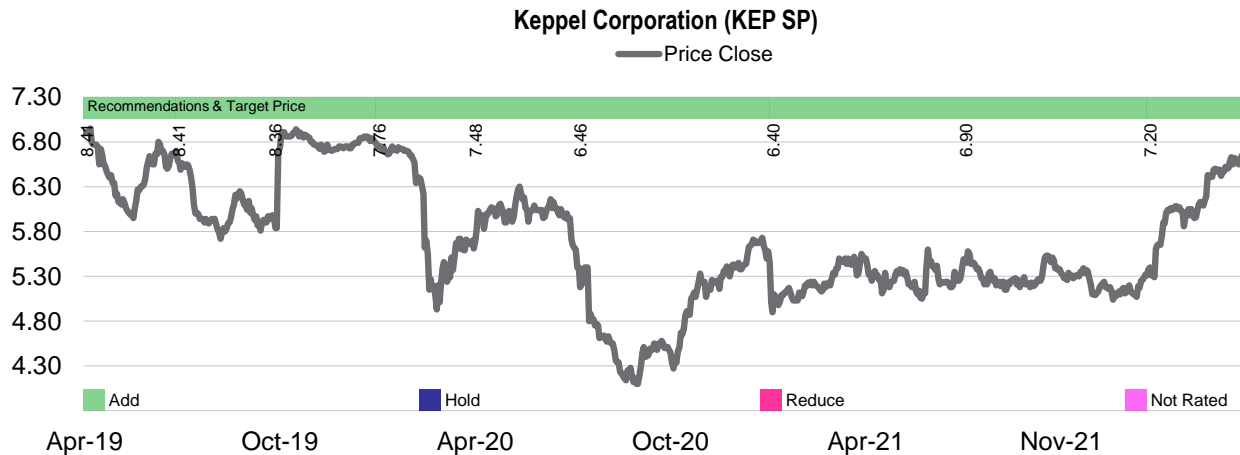
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%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

Spitzer Chart for stock being researched ( 2 year data )



**Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021**

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** – Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** – Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, n/a, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** – Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TOP** – Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

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

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

Recommendation Framework	
<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.