

Malaysia

ADD (no change)

Consensus ratings*: Buy 4 Hold 2 Sell 0

Current price:	RM0.72
Target price:	RM0.79
Previous target:	RM0.90
Up/downside:	9.7%
CGS-CIMB / Consensus:	-15.1%

Reuters:	PHMA.KL
Bloomberg:	PHRM MK
Market cap:	US\$214.1m
	RM943.2m
Average daily turnover:	US\$0.45m
	RM1.87m
Current shares o/s:	1,309m
Free float:	39.5%

*Source: Bloomberg

Key changes in this note

- FY22F core EPS cut by 34.4%.
- FY23F core EPS raised by 12.0%.
- FY24F core EPS raised by 11.1%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-3.4	-12.2	-13.7
Relative (%)	-0.6	-8.8	-12

Major shareholders	% held
Boustead Holdings Bhd	51.9
Lembaga Tabung Angkatan Tentera	8.6

Analyst(s)

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Pharmaniaga Bhd

Positive long-term outlook despite 1Q miss

- 1Q22 results were a miss due to weak filled-and-finished vaccine sales.
- Longer term prospects are promising with CA extension and biopharma entry.
- Reiterate Add, with a lower TP of RM0.79 (15x CY23F P/E).

1Q22 earnings missed on weak filled-and-finished vaccine sales

Pharmaniaga's (PHRM) 1Q22 core net profit climbed 21.1% yoy to RM30m on better manufacturing, logistics & distribution (L&D) and Indonesia earnings. Qoq, it plunged 70.2% on weaker manufacturing and L&D profits. While 1Q22 core EPS formed 30%/32% of our/Bloomberg consensus' FY22F estimates, we deem this as below, due to lower-than-expected contribution from the supply of filled-and-finished Sinovac Covid-19 vaccines (SV); 2H earnings tend to be much weaker hoh historically. 1Q22 DPS of 0.8 sen (1Q21: 0.8 sen) also tracked below our FY22F forecast of 5.4 sen.

Manufacturing sales up slightly yoy; SV sales volume plunged qoq

PHRM posted 1Q22 external manufacturing revenue of RM7m, up from <RM1m in 1Q21 likely due to SV sales, but down from RM33m in 4Q21 on much lower SV sales volume. While PHRM did not disclose the number of doses delivered, CodeBlue's 28 Mar report stated that only 48k SV doses were sold from mid-Jan till mid-Mar 22 (vs. 2.2m doses in Aug 21 till mid-Jan 22), which is tracking much lower vs. our projected 10m doses for FY22F. We attribute this to the high vaccination rate; 83% of the population is fully vaccinated as of 19 May. Thus, manufacturing PAT grew 3.7% yoy and slid 84.2% qoq.

Better L&D earnings yoy; signs of a turnaround at Indonesia unit

1Q22 L&D PAT rose 1.4% yoy on higher concession sales. It slipped 53.7% qoq despite positive seasonality, possibly due to fewer deliveries of Covid-19 supplies (e.g. personal protective equipment, medicines). Encouragingly, PHRM's Indonesia operations turned around to RM3.8m PAT (vs. sustained quarterly losses or small profits in at least the past three years), thanks to inventory optimisation efforts and aggressive payment collection.

Vaccine & insulin manufacturing ventures to bear fruit from 2025F

We see manufacturing (declining SV contribution) and L&D (seasonally lower concession orders) revenues tapering towards end-FY22F. However, PHRM's longer term prospects are supported by: i) a 10-year extension of its concession agreement (CA; to be finalised by 3Q), and ii) its plans to set up a halal vaccine manufacturing facility by end-2024F, plus a fill-and-finish facility for recombinant human insulin products/analogues by 2025F.

Reiterate Add with a lower TP of RM0.79 (15x CY23F P/E)

We cut FY22F core EPS by 34% after baking in lower SV sales and higher capex, partly offset by higher L&D/Indonesia revenues. The latter, coupled with higher EBITDA margin assumptions, lead to FY23F/24F core EPS being 12%/11% higher. We cut PHRM's TP to RM0.79, pegged to a more conservative 15x CY23F P/E (0.5 s.d. above 5-year mean, owing to potential contribution from its biopharmaceutical ventures; previous: +1 s.d.).

Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (RMm)	2,725	4,815	3,471	3,669	3,863
Operating EBITDA (RMm)	126.8	381.9	166.7	184.7	193.4
Net Profit (RMm)	27.5	172.2	65.6	69.2	74.0
Normalised EPS (RM)	0.04	0.15	0.05	0.05	0.06
Normalised EPS Growth	(14%)	331%	(68%)	5%	7%
FD Normalised P/E (x)	20.08	4.66	14.36	13.62	12.74
DPS (RM)	0.022	0.093	0.035	0.037	0.040
Dividend Yield	3.1%	12.9%	4.9%	5.1%	5.5%
EV/EBITDA (x)	12.52	4.62	10.97	9.94	9.50
P/FCFE (x)	17.33	12.27	9.40	16.82	21.99
Net Gearing	177%	171%	177%	171%	164%
P/BV (x)	2.79	2.09	2.01	1.92	1.84
ROE	13.9%	51.3%	14.3%	14.4%	14.7%
% Change In Normalised EPS Estimates			(34.4%)	12.0%	11.1%
Normalised EPS/consensus EPS (x)			0.70	0.66	0.51

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Positive long-term outlook despite 1Q miss

Re-rating catalysts & downside risks ►

Potential re-rating catalysts: Decent FY23-24F earnings growth and longer-term earnings contribution from PHRM's entry into the manufacturing of biopharmaceuticals (e.g. vaccines and insulin).

Key downside risks: Softer-than-expected pharmaceutical demand growth, margin compression due to higher active pharmaceutical ingredient (API) prices and weaker RM/US\$, as well as more onerous compliance requirements or lower revenues/margins for PHRM relating to its extended L&D concession agreement with the government (expected to be concluded by 3Q22).

Figure 1: Results comparison

FYE 31 Dec (RM m)	1Q22	1Q21	yoy % chg	4Q21	qoq % chg	Prev. FY22F
Revenue	962	793	21.3	712	35.2	3,895
Operating costs	-905	-746	21.4	-550	64.6	-3,672
Other income	0	-0	nm	0	(42.6)	1
EBITDA	57	48	20.1	162	(64.7)	224
<i>EBITDA margin (%)</i>	5.9	6.0	(0.1)	22.8	(16.8)	5.7
Depn & amort.	-8	-8	2.2	-8	0.3	-34
EBIT	49	39	23.9	154	(68.3)	190
Interest income	0	0	>100	1	(42.1)	2
Interest expense	-8	-5	50.7	-8	3.8	-52
Exceptionals	-3	-2	36.6	-21	(84.1)	0
Pretax profit	37	32	18.8	125	(70.1)	140
Tax	-9	-9	-1	-40	-79	-40
<i>Tax rate (%)</i>	22.9	27.6	(4.7)	31.9	(9.0)	28.4
Net profit	28	23	19.9	85	(67.6)	100
Core net profit	30	25	21.1	102	(70.2)	100
EPS (sen)	2.1	1.8	19.7	6.5	(67.6)	7.6
Core EPS (sen)	2.3	1.9	21.0	7.8	(70.2)	7.6
DPS (sen)	0.8	0.8	0.0	5.0	(84.0)	5.4

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Segmental breakdown

FYE 31 Dec (RM m)	1Q22	1Q21	yoy % chg	4Q21	qoq % chg
Total external revenue	962	793	21.3	712	35.2
Logistics & distribution	707	592	19.6	462	53.1
Manufacturing	7	0	>100	33	(77.7)
Indonesia	248	202	22.7	217	14.1
Total revenue composition (%)					
Logistics & distribution	73.5	74.5	(1.0)	64.9	8.6
Manufacturing	0.8	0.0	0.7	4.6	(3.8)
Indonesia	25.7	25.4	0.3	30.5	(4.8)
Group EBITDA	57	48	20.1	162	(64.7)
Logistics & distribution	31	27	11.7	51	(39.2)
Manufacturing (incl. unallocated corp. costs)	14	14	3.4	87	(83.7)
Indonesia	9	4	>100	3	>100
EBITDA margin	5.9	6.0	(0.1)	22.8	(16.8)
Logistics & distribution	4.3	4.6	(0.3)	10.9	(6.6)
Manufacturing (incl. unallocated corp. costs)	194.2	5,433.3	(5,239.2)	266.0	(71.9)
Indonesia	3.6	2.0	1.7	1.5	2.1
Group PAT	28	23	19.9	85	(67.6)
Logistics & distribution	17	17	1.4	37	(53.7)
Manufacturing (incl. unallocated corp. costs)	8	8	3.7	49	(84.2)
Indonesia	4	-2	nm	-1	nm
PAT margin	2.9	2.9	(0.0)	12.0	(9.1)
Logistics & distribution	2.4	2.9	(0.4)	8.0	(5.6)
Manufacturing (incl. unallocated corp. costs)	106.9	2,982.1	(2,875.3)	151.0	(44.1)
Indonesia	1.6	(0.8)	2.4	(0.7)	2.2

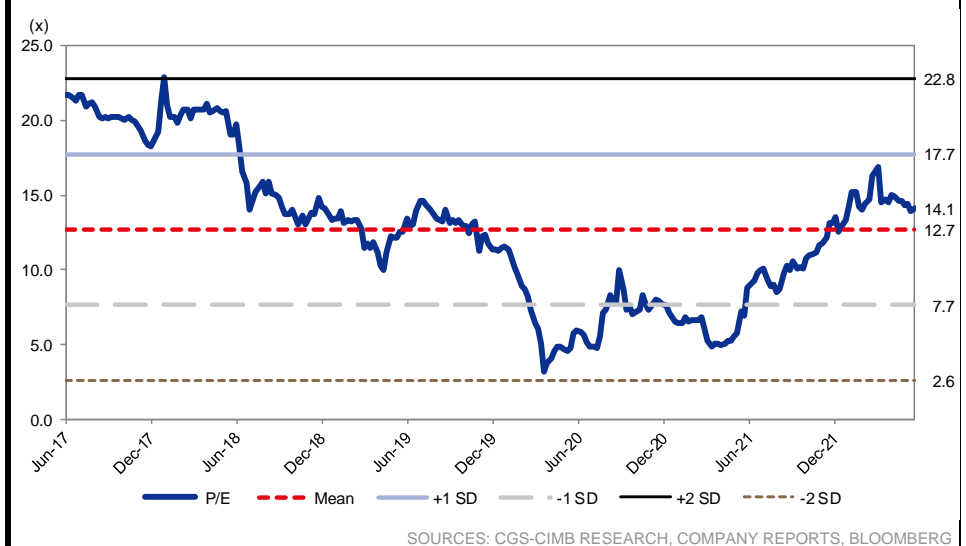
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Earnings revision

FYE 31 Dec (RM m)	FY21	New			Old			% change		
		FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F
Revenue	4,815	3,471	3,669	3,863	3,895	3,483	3,613	(10.9)	5.3	6.9
Chg yoy (%)	76.7	(27.9)	5.7	5.3	(19.1)	(10.6)	3.7			
Logistics & distribution	2,276	2,458	2,606	2,736	2,413	2,533	2,635	1.9	2.9	3.8
Manufacturing	1,646	30	3	3	562	3	3	(94.6)	0.9	0.9
Indonesia	893	982	1,061	1,125	920	947	976	6.8	12.0	15.2
Operating costs	-4,434	-3,305	-3,486	-3,671	-3,672	-3,316	-3,439	(10.0)	5.1	6.7
Other income	1	1	1	1	1	1	1	0.0	0.0	0.0
EBITDA	382	167	185	193	224	169	175	(25.5)	9.5	10.5
Chg yoy (%)	201.3	(56.3)	10.8	4.7	(41.4)	(24.7)	3.7			
EBITDA margin (%)	7.9	4.8	5.0	5.0	5.7	4.8	4.8			
Depn & amort.	-33	-35	-37	-39	-34	-34	-34	3.0	8.7	14.1
EBIT	349	132	148	155	190	135	141	(30.6)	9.7	9.7
Net interest expense	-32	-43	-54	-54	-50	-51	-50	(15.4)	5.7	7.2
Others	-40	0	0	0	0	0	0	nm	nm	nm
Pretax profit	277	90	94	101	140	84	91	(36.0)	12.0	11.0
Tax	-105	-24	-25	-27	-40	-22	-24	(40.1)	12.0	11.0
Net profit	172	66	69	74	100	62	67	(34.4)	12.0	11.1
Chg yoy (%)	526.3	(61.9)	5.4	6.9	(41.9)	(38.3)	7.9			
Core net profit	202	66	69	74	100	62	67	(34.4)	12.0	11.1
Chg yoy (%)	331.2	(67.6)	5.4	6.9	(50.5)	(38.3)	7.9			
EPS (sen)	13.1	5.0	5.3	5.7	7.6	4.7	5.1	(34.4)	12.0	11.1
Chg yoy (%)	525.3	(61.9)	5.4	6.9	(41.9)	(38.3)	7.9			
Core EPS (sen)	15.5	5.0	5.3	5.7	7.6	4.7	5.1	(34.4)	12.0	11.1
Chg yoy (%)	330.6	(67.6)	5.4	6.9	(50.5)	(38.3)	7.9			
DPS (sen)	9.3	3.5	3.7	4.0	5.4	3.3	3.6	(34.4)	12.0	11.1
Net gearing ratio (x)	1.78	1.84	1.78	1.71	1.64	1.60	1.49			
Cash capex	30	60	60	60	30	30	30	100.0	100.0	100.0

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: PHRM's 1-year forward P/E trading band



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 5: ASEAN healthcare sector comparison

Company	Bloomberg	Recom.	Share	Target	Market cap	P/E (x)		EV/EBITDA		3-year CAGR		Dvd yield (%)		ROE (%)		P/B (x)	
	Ticker		price	price		FY22F	FY23F	FY22F	FY23F	EPS	EBITDA	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
			(local curr.)	(US\$ m)				(x)	(x)	(%)	(%)	(%)	(%)	(%)	(%)	(x)	(x)
Optimax	OPTIMAX MK	ADD	0.57	0.77	69	24.0	19.5	11.5	9.6	18.2	15.5	2.9	3.6	22.3	25.5	5.2	4.8
Duopharma Biotech	DBB MK	HOLD	1.50	1.60	324	15.4	15.9	10.6	9.3	6.7	8.9	2.0	1.9	13.8	12.2	2.0	1.9
Pharmaniaga	PHRM MK	ADD	0.72	0.79	214	14.4	13.6	11.0	9.9	(28.5)	(20.3)	4.9	5.1	14.3	14.4	2.0	1.9
IHH Healthcare	IHH MK	ADD	6.53	8.33	13,051	37.1	32.3	15.2	13.7	5.9	3.1	0.9	1.1	6.2	6.8	2.2	2.1
KPJ Healthcare	KPJ MK	HOLD	0.90	1.10	887	29.4	27.6	8.9	8.6	40.5	8.8	1.7	1.8	6.1	6.3	1.8	1.7
Malaysia overall healthcare average (ex-outliers)						24.1	21.8	11.4	10.2	8.6	3.2	2.5	2.7	12.5	13.0	2.6	2.5
Malaysia hospital average (ex-outliers)						33.3	30.0	12.1	11.1	5.9	6.0	1.3	1.4	6.1	6.5	2.0	1.9
Malaysia pharmaceutical average (ex-outliers)						14.9	14.8	10.8	9.6	(10.9)	(5.7)	3.4	3.5	14.0	13.3	2.0	1.9
Raffles Medical Group	RFMD SP	HOLD	1.14	1.33	1,531	32.4	30.7	15.3	14.3	0.3	(3.1)	2.5	2.5	6.8	7.1	2.2	2.1
Singapore healthcare average (ex-outliers)						32.4	30.7	15.3	14.3	0.3	(3.1)	2.5	2.5	6.8	7.1	2.2	2.1
Bumrungrad Hospital	BH TB	HOLD	174.50	179.00	4,022	55.7	44.7	34.8	28.7	41.4	27.2	1.8	1.8	14.5	17.7	8.1	7.8
Bangkok Dusit Med Service	BDMS TB	HOLD	27.00	27.00	12,442	41.7	39.7	22.7	21.5	15.7	11.2	2.0	2.0	12.2	12.5	5.0	4.9
Bangkok Chain Hospital	BCH TB	ADD	18.80	24.50	1,359	12.9	16.2	8.3	10.1	(22.6)	(21.9)	3.9	3.1	26.2	18.7	3.2	2.9
Chularat Hospital	CHG TB	ADD	3.58	4.03	1,142	16.6	22.6	12.4	17.0	(25.4)	(27.2)	4.7	3.4	33.5	25.7	6.0	5.6
Ramkhamhaeng Hospital	RAM TB	REDUCE	49.75	48.00	1,731	21.5	32.0	16.1	19.9	(21.1)	(16.5)	1.4	1.5	15.4	9.7	3.2	3.0
Praram 9 Hospital	PR9 TB	HOLD	14.60	14.00	333	30.0	30.9	13.3	13.3	18.3	10.3	1.3	1.3	8.7	8.1	2.5	2.4
Mega Lifesciences	MEGA TB	ADD	53.00	59.00	1,340	21.1	19.9	15.2	14.2	10.7	7.4	2.8	3.0	26.1	24.9	5.2	4.7
Thailand healthcare average (ex-outliers)						23.9	26.9	14.7	16.0	2.4	(1.4)	2.6	2.3	19.5	16.7	4.7	4.5
Mitra Keluarga Karyasehat	MIKA IJ	HOLD	2,800	2,300	2,710	37.8	33.6	24.0	21.4	2.4	3.3	1.5	1.3	19.3	19.7	7.0	6.3
Siloam International Hospitals	SILO IJ	ADD	1,040	10,900	919	2.6	2.2	(0.0)	(0.3)	10.3	9.6	15.9	15.6	10.0	11.0	0.2	0.2
Medikaloka Hermina	HEAL IJ	HOLD	1,390	1,200	1,409	25.6	22.9	13.3	11.4	3.4	2.0	1.1	1.1	22.7	21.6	5.4	4.6
Kalbe Farma	KLBF IJ	ADD	1,625	1,950	5,175	21.8	19.4	14.2	12.6	12.9	10.7	2.0	2.3	17.3	17.6	3.6	3.3
Indonesia healthcare average (ex-outliers)						21.9	19.5	12.9	11.3	7.2	6.4	5.1	5.1	17.3	17.5	4.1	3.6
ASEAN hospital average (ex-outliers)						26.1	26.4	13.6	13.7	2.6	0.6	3.2	3.0	15.1	13.7	3.9	3.6
ASEAN pharmaceutical average (ex-outliers)						18.1	17.2	12.8	11.5	0.4	1.7	2.9	3.1	17.9	17.3	3.2	2.9

Note: Share prices as of 20 May 2022, 3-year EPS & EBITDA CAGR is for FY21-24F
 SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG



ESG in a nutshell

Pharmaniaga's (PHRM) sustainability report is prepared in line with Bursa Malaysia's Sustainability Reporting Guide and also in accordance with the Global Reporting Initiative (GRI). The Sustainability Management Committee is responsible for identifying the group's materiality matters and monitors performance of initiatives, helmed by the chairman and assisted by the group's head of sustainability. PHRM has set out a new Sustainability Roadmap 2021-25, having completed its 2016-20 Sustainability Roadmap, with a focus on integrating sustainability in business strategy and linking sustainability targets with executive remuneration, among other things. Material matters include: product quality, safety and accessibility, material and waste management, as well as occupational health and safety.

Keep your eye on

Due to the highly regulated nature of pharmaceutical products, product compliance, safety and efficacy are crucial matters for PHRM. PHRM is subject to at least six acts and has to meet all criteria contained therein to qualify for the annual renewal of its Manufacturing, Wholesale, Import and Pharmacist Type A Poison Licences.

Implications

Quality assurance is applied across its value chain from research & development (R&D) to procurement while it actively adheres to all the relevant standards and certifications. All its products are tested rigorously before being made available to the market.

ESG highlights

PHRM is ranked in the top 26-50% by ESG ratings among public-listed companies in the FBM EMAS index that have been assessed by FTSE Russell.

Implications

We do not see any clear empirical correlation between high ESG rankings and share price performance.

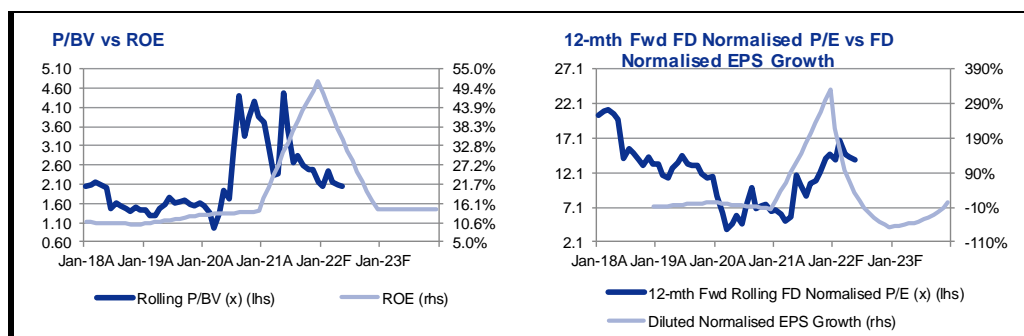
Trends

Total energy consumption and energy intensity declined by 3.8% and 1.1% yoy, respectively, in 2020.

Implications

The decline in energy usage arose from the group's energy-saving measures implemented across its manufacturing and logistics operations. Non-renewable energy consumed by PHRM in 2020 comprised 67.8% of its total energy consumption. It has installed solar panels at its manufacturing facility to offset non-renewable energy usage.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BURSA MALAYSIA, FTSE RUSSELL

BY THE NUMBERS

Profit & Loss

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	2,725	4,815	3,471	3,669	3,863
Gross Profit	309	647	388	412	426
Operating EBITDA	127	382	167	185	193
Depreciation And Amortisation	-32	-33	-35	-37	-39
Operating EBIT	94	349	132	148	155
Financial Income/(Expense)	-33	-32	-43	-54	-54
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	-1	1	0	0	0
Profit Before Tax (pre-EI)	61	317	90	94	101
Exceptional Items	-25	-40	0	0	0
Pre-tax Profit	36	277	90	94	101
Taxation	-10	-105	-24	-25	-27
Exceptional Income - post-tax					
Profit After Tax	26	172	66	69	74
Minority Interests	1	-0	-0	-0	-0
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
Net Profit	27	172	66	69	74
Normalised Net Profit	46	202	66	69	74
Fully Diluted Normalised Profit	47	202	66	69	74

Cash Flow

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	126.8	381.9	166.7	184.7	193.4
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(101.0)	(344.2)	0.0	0.0	0.0
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(4.1)	(3.2)	0.0	0.0	0.0
Net Interest (Paid)/Received	(37.9)	(31.1)	(42.6)	(53.6)	(53.7)
Tax Paid	(5.5)	(63.7)	(23.8)	(25.1)	(26.8)
Cashflow From Operations	(21.8)	(60.3)	100.3	106.0	112.9
Capex	(9.3)	(30.4)	(60.0)	(60.0)	(60.0)
Disposals Of FAs/subsidiaries	0.0	0.2	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0	0.0
Other Investing Cashflow	(23.4)	(15.4)	0.0	0.0	0.0
Cash Flow From Investing	(32.6)	(45.6)	(60.0)	(60.0)	(60.0)
Debt Raised/(repaid)	108.8	182.6	60.0	10.0	(10.0)
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased					
Dividends Paid	(26.1)	(58.9)	(99.6)	(48.2)	(51.0)
Preferred Dividends					
Other Financing Cashflow	(11.1)	(2.9)	(0.5)	(0.5)	(0.5)
Cash Flow From Financing	71.5	120.7	(40.1)	(38.7)	(61.5)
Total Cash Generated	17.1	14.9	0.2	7.4	(8.6)
Free Cashflow To Equity	54.3	76.8	100.3	56.0	42.9
Free Cashflow To Firm	(15.9)	(73.2)	84.6	101.3	108.1

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd
Balance Sheet

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	41	52	49	52	40
Total Debtors	288	298	859	608	937
Inventories	587	1,264	791	1,125	897
Total Other Current Assets	11	7	7	7	7
Total Current Assets	926	1,621	1,706	1,793	1,880
Fixed Assets	366	365	398	429	457
Total Investments	0	0	0	0	0
Intangible Assets	205	208	204	200	197
Total Other Non-Current Assets	83	64	64	64	64
Total Non-current Assets	654	637	666	693	718
Short-term Debt	669	570	630	640	630
Current Portion of Long-Term Debt					
Total Creditors	515	858	903	958	1,006
Other Current Liabilities	9	39	28	28	29
Total Current Liabilities	1,194	1,468	1,562	1,627	1,665
Total Long-term Debt	0	285	285	285	285
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	31	34	35	63	116
Total Non-current Liabilities	31	320	320	348	401
Total Provisions	0	0	0	0	0
Total Liabilities	1,225	1,787	1,882	1,975	2,065
Shareholders' Equity	338	450	470	491	513
Minority Interests	17	20	20	20	20
Total Equity	355	470	490	511	533

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	(3.4%)	76.7%	(27.9%)	5.7%	5.3%
Operating EBITDA Growth	(16%)	201%	(56%)	11%	5%
Operating EBITDA Margin	4.65%	7.93%	4.80%	5.03%	5.01%
Net Cash Per Share (RM)	-0.48	-0.61	-0.66	-0.67	-0.67
BVPS (RM)	0.26	0.34	0.36	0.37	0.39
Gross Interest Cover	2.80	10.46	2.98	2.68	2.80
Effective Tax Rate	26.6%	37.8%	26.6%	26.6%	26.6%
Net Dividend Payout Ratio	61.3%	60.2%	70.0%	70.0%	70.0%
Accounts Receivables Days	37.27	22.20	60.83	73.00	73.20
Inventory Days	91.2	81.0	121.7	107.4	107.6
Accounts Payables Days	86.5	60.1	104.3	104.3	104.6
ROIC (%)	7.7%	26.1%	7.7%	8.1%	8.1%
ROCE (%)	9.8%	29.8%	9.8%	10.5%	10.8%
Return On Average Assets	4.5%	11.8%	4.2%	4.5%	4.5%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Logistics & distribution revenue (RM m)	1,913.1	2,276.2	2,458.3	2,605.8	2,736.1
Manufacturing revenue (RM m)	2.2	1,645.7	30.5	2.6	2.8
Indonesia revenue (RM m)	809.8	893.1	982.4	1,061.0	1,124.6
Logistics & distribution sales mix (%)	70.2%	47.3%	70.8%	71.0%	70.8%
Manufacturing sales mix (%)	0.1%	34.2%	0.9%	0.1%	0.1%
Indonesia sales mix (%)	29.7%	18.5%	28.3%	28.9%	29.1%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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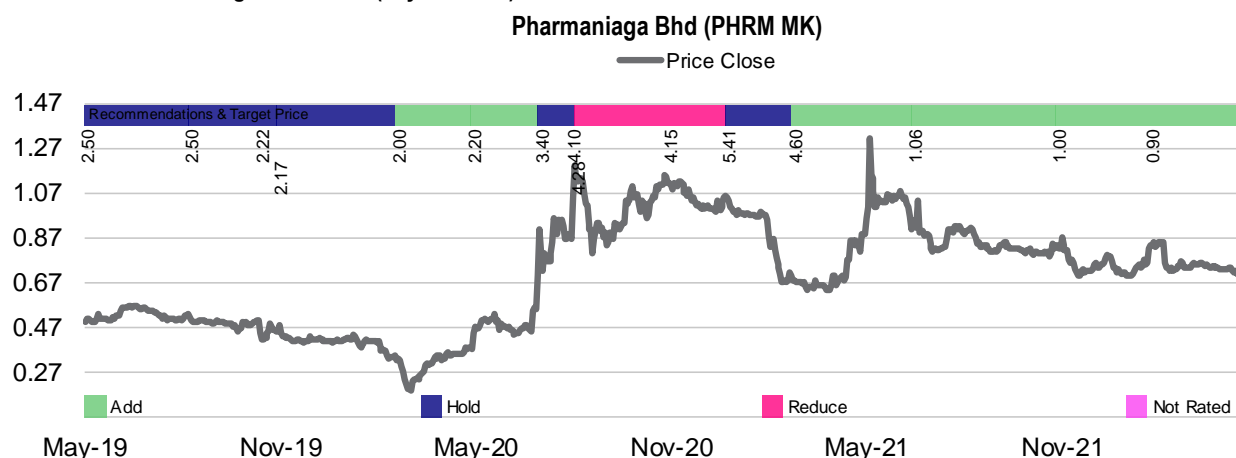
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2022		
632 companies under coverage for quarter ended on 31 March 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%
Reduce	7.8%	0.2%

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.
<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>	
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.