

## Singapore

**ADD** (no change)

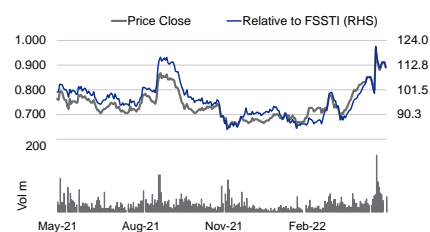
Consensus ratings\*: Buy 7 Hold 2 Sell 0

Current price:	S\$0.89
Target price:	S\$1.63
Previous target:	S\$2.41
Up/downside:	83.1%
CGS-CIMB / Consensus:	83.1%
Reuters:	YAZG.SI
Bloomberg:	YZJSGD SP
Market cap:	US\$2,545m S\$3,516m
Average daily turnover:	US\$17.57m S\$23.95m
Current shares o/s:	3,923m
Free float:	61.0%

\*Source: Bloomberg

### Key changes in this note

- Lowered FY22-24F EPS by 26-34% to account for spin-off of debt securities



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	9.8	29.8	16.6
Relative (%)	11.8	29.3	11.2

Major shareholders	% held
Yangzi International Holdings Ltd	21.5

**Errata: "We pencil in a DPS of 5 Scts (39% payout) for FY22F, a 5.7% yield".**

### Analyst(s)


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# Yangzijiang Shipbuilding

## Carved out basis, cash rich, yield play

- With the successful spin-off of YZJFH, investors' grouse of 'shadow banking' from its debt investments should dissipate, re-rating the stock.
- We adjust our model to 'carve-out' YZJFH, arriving at a new TP of S\$1.63 (10x CY23F P/E and implied 1.7x FY22F P/BV, supported by its 15% ROE).
- Strong cash conversion cycle should put YZJ in Rmb4.9bn net cash by end-FY22F. We pencil in a DPS of 5 Scts (39% payout) for FY22F, a 5.7% yield.
- Key investment thesis in YZJ now lies on its strong shipbuilding execution, attractive valuations of 6x CY23F P/E, and potential higher dividend payout.

### Comfortable room for higher dividend

We adjust our valuation model for YZJ, now based on a 'carve-out' model which excludes its debt securities entity YZJ Financial Holding (YZJFH). We estimate the dividend payout of YZJ's historical shipbuilding to be in the range of 23-35% or 1.65-2.63 Scts. We estimate FCF of Rmb0.94bn and net cash of Rmb4.9bn by end-FY22F. This means a comfortable higher dividend payout of 39%, or Rmb0.24 or 5 Scts, is possible, in our view. We estimate that given its strong order book of US\$8.5bn as at Feb 22 and healthy cash conversion cycle (30 days), YZJ should generate FCF of Rmb1bn/Rmb2.7bn in FY22F/FY23F. YZJ could still end FY22F with Rmb9bn cash even with a 50% dividend payout (upside potential). We have factored in a sustainable 40% payout for FY23F or DPS of Rmb0.31 (6.5Scts; dividend yield: 7%), backed by net cash of Rmb6.4bn in FY23F.

### Rising steel costs potentially covered for

Average steel spot price in China has risen 8% YTD, according to the CDSPHRAV Index. Although steel cost constitutes a sizeable portion (c.20%) of shipbuilding costs, we believe YZJ has factored in these costs into its contract negotiations. YZJ secured US\$7.41bn worth of contracts in FY21, recording a higher average contract value/TEU in 2H22 (c.US\$10.48k) than 1H21 (c.US\$7.50k), a rise of c.40%. This could have captured the c.10% rise in average steel prices in 2H21 to c.Rmb5,744/tonne vs. c.Rmb5,219/tonne in 1H21. Some of its contracts clinched in FY21 were based on steel costs assumption of Rmb6k-7k/tonne. Most of the orders secured in FY21 are scheduled for delivery in FY23-24, which means steel procurement could start in 2H22F. We have factored in GPM of 12.5%/16.5%/18% for FY22F/23F/24F (GPM averaged 19% in FY14-20).

### Premium margin, 15%ROE but undervalued

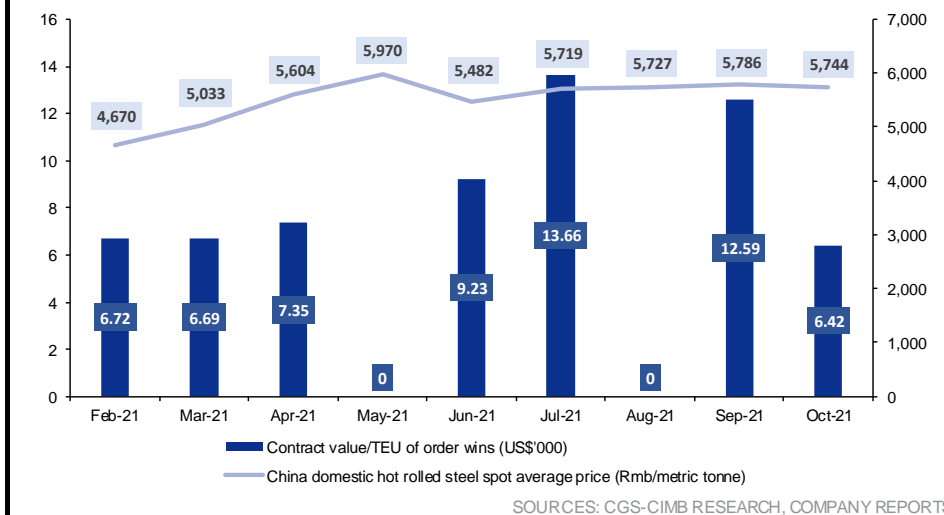
Considering its earnings visibility through to FY24F, YZJ is heavily discounted, in our view. It trades at 5.5x CY23F P/E and 0.96x CY22F P/BV. The most recent merger in the sector, i.e. between KEP and SMM on 27 Apr 2022, valued KEP O&M at 3.8x FY21 P/BV based on SMM's closing price of S\$0.12. YZJ is also cheaper than the Korean yards which trade at c.1.4x CY22F P/BV with relatively patchy margin records – gross loss positions in FY21 and GPMs mostly below 10% of pre-Covid levels (Fig 3). Our TP is now based on 10x CY23F P/E, 2-year average, or an implied CY22F P/BV of 1.7x (supported by 15% ROE).

### Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (Rmbm)	12,760	14,998	24,437	26,887	26,708
Operating EBITDA (Rmbm)	1,626	3,028	3,684	4,455	4,897
Net Profit (Rmbm)	908	2,127	2,410	3,020	3,352
Core EPS (Rmb)	0.23	0.55	0.62	0.78	0.87
Core EPS Growth		137%	13%	25%	11%
FD Core P/E (x)		7.77	6.92	5.52	4.97
DPS (Rmb)	0.08	0.12	0.24	0.31	0.35
Dividend Yield	1.91%	2.92%	5.73%	7.36%	8.17%
EV/EBITDA (x)	11.22	3.83	3.14	2.27	1.64
P/FCFE (x)		5.30	17.73	6.22	4.85
Net Gearing	6.2%	(30.7%)	(28.0%)	(32.7%)	(39.2%)
P/BV (x)	1.76	1.05	0.96	0.87	0.79
ROE		16.9%	14.5%	16.6%	16.7%
% Change In Core EPS Estimates			(30.2%)	(34.1%)	(25.9%)
CGS-CIMB/Consensus EPS (x)			0.66	0.70	0.77

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 1: Contract value per TEU in 2021 reflected steel price spike**



**Figure 2: YZJ could still end FY22F with Rm b9bn cash even with a 50% payout (upside potential)**

Historical payout ratio vs cash balance			
	FY19	FY20	FY21
Payout ratio	32%	35%	23%
DPS (Rmb cts)	11.09	8.13	12.42
DPS (S cts)	2.19	1.62	2.59
Dividend yield	2.5%	1.9%	2.9%
Cash balance (Rmb m)	6,482	3,608	9,378

FY22F - Sensitivity analysis of payout ratio vs cash balance						
	30%	35%	39%	40%	45%	50%
Payout ratio	30%	35%	39%	40%	45%	50%
DPS (Rmb cts)	18.73	21.85	24.34	24.97	28.09	31.21
DPS (S cts)	3.90	4.55	5.07	5.20	5.85	6.50
Dividend yield	4.4%	5.1%	5.7%	5.8%	6.6%	7.3%
Cash balance (Rmb m)	9,584	9,461	9,363	9,339	9,216	9,094

FY23F - Sensitivity analysis of payout ratio vs cash balance						
	30%	35%	39%	40%	45%	50%
Payout ratio	30%	35%	39%	40%	45%	50%
DPS (Rmb cts)	23.47	27.38	30.51	31.29	35.20	39.11
DPS (S cts)	4.89	5.70	6.36	6.52	7.33	8.15
Dividend yield	5.5%	6.4%	7.1%	7.3%	8.2%	9.2%
Cash balance (Rmb m)	11,124	10,971	10,848	10,818	10,664	10,511

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

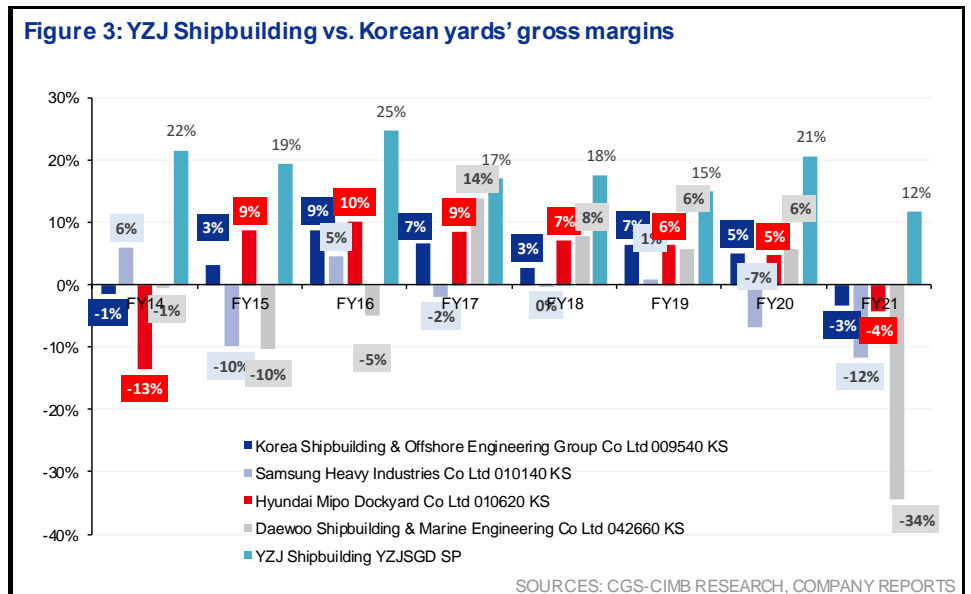
### Yards are busy, targets to deliver 70 vessels in 2022

YZJ has not announced any major contracts YTD. We believe this could be due to its yards' capacity being utilised to execute orders it has secured since 2019. We understand that the group targets to deliver 70 vessels in 2022 (2021: 50). There are still enquiries for new orders but we believe YZJ remains selective on what to take on.

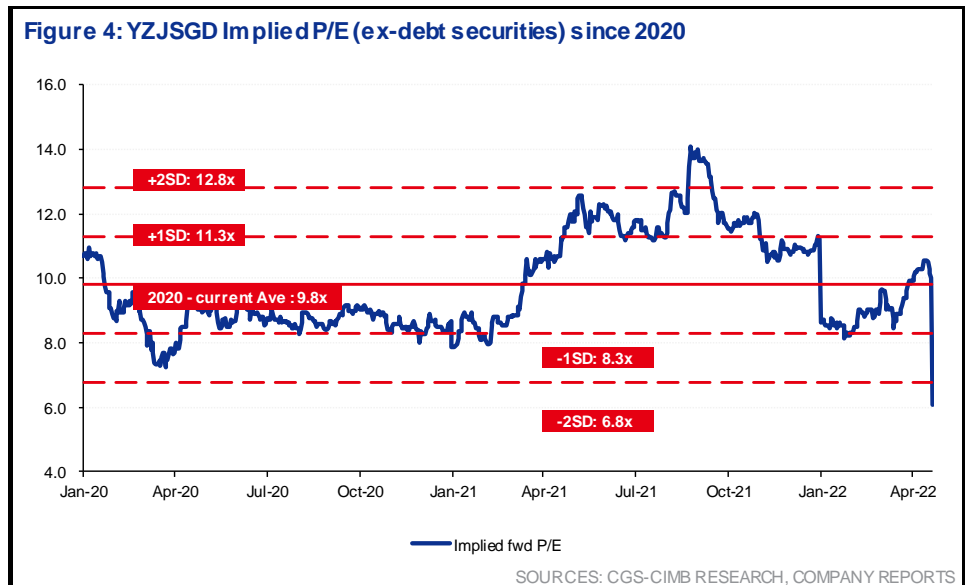
We cut our FY22-24F EPS forecasts by 26-34% mainly to account for the spin-off of its debt securities arm. Note that c.Rmb2.5bn of debt securities (net of impairment) are kept in YZJ SB as these are either involved in litigation, in financial difficulties, or have not obtained the consent from debtors to be transferred to YZJFH.

Near-term key re-rating catalysts: faster-than-expected delivery of vessels, and improving economic environment in China. Key downside risks: further Covid-19-related lockdowns in China, and high steel prices persisting.

**Figure 3: YZJ Shipbuilding vs. Korean yards' gross margins**



**Figure 4: YZJSGD Implied P/E (ex-debt securities) since 2020**



**Figure 5: EPS forecast changes**




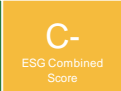



	Previous			Revised			Change %		
	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F
Revenue (Rmbm)	23,720	33,250	31,253	24,437	26,887	26,708	3%	-19%	-15%
Net profit (Rmbm)	3,425	4,545	4,491	2,410	3,020	3,352	-30%	-34%	-25%
EPS (Rmb)	0.89	1.19	1.17	0.62	0.78	0.87	-30%	-34%	-26%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

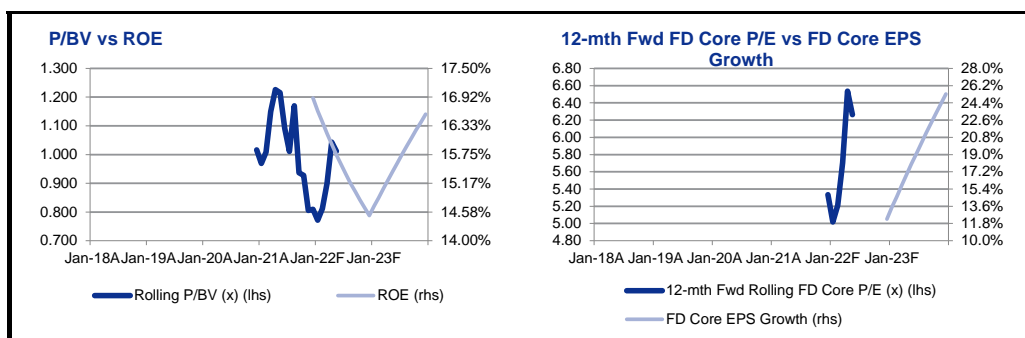
**Figure 5: Peer comparison**

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	6.84	7.20	8,905	14.5	15.1	15.5	-10.5%	1.00	0.97	7.0%	3.8%
Sembcorp Marine	SMM SP	Hold	0.10	0.09	2,340	na	na	na	na	0.90	0.92	-13.0%	0.0%
<b>Singapore offshore - big cap simple average</b>						<b>14.5</b>	<b>15.1</b>	<b>15.5</b>	<b>-10.5%</b>	<b>0.95</b>	<b>0.95</b>	<b>-3.0%</b>	<b>1.9%</b>
COSCO SHIPPING International S	COS SP	NR	0.25	na	381	1.8	1.5	na	245.5%	0.06	0.06	3.9%	25.5%
Yangzijiang Shipbuilding	YZJSGD SP	Add	0.89	1.63	2,545	6.9	5.5	5.0	17.3%	0.96	0.87	14.6%	5.7%
<b>Chinese Shipbuilder simple average</b>						<b>4.3</b>	<b>3.5</b>	<b>5.0</b>	<b>131.4%</b>	<b>0.51</b>	<b>0.47</b>	<b>9.2%</b>	<b>15.6%</b>
SATS Ltd	SATS SP	Add	4.55	4.77	3,695	53.6	25.0	na	272.8%	3.27	3.18	6.1%	2.0%
Sembcorp Industries	SCI SP	Add	2.97	2.96	3,837	12.4	10.7	10.2	32.3%	1.28	1.14	10.9%	2.4%
ST Engineering	STE SP	Add	4.05	4.70	9,140	21.0	17.9	16.4	10.8%	5.02	4.64	24.4%	4.0%
SIA Engineering	SIE SP	Add	2.66	2.92	2,161	43.9	39.3	na	20.4%	1.82	1.83	4.2%	3.0%
<b>Industrial conglomerate simple average</b>						<b>32.7</b>	<b>23.2</b>	<b>13.3</b>	<b>84.1%</b>	<b>2.85</b>	<b>2.70</b>	<b>11.4%</b>	<b>2.8%</b>
CSE Global	CSE SP	Add	0.48	0.57	178	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	81	na	na	na	na	na	na	na	na
MTQ Corp Ltd	MTQ SP	NR	0.24	na	36	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	584	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	227	27.9	15.8	16.1	na	0.43	0.42	1.5%	0.0%
Yinson Holdings	YNS MK	Add	2.45	3.95	1,200	12.2	6.3	7.0	62.3%	1.24	1.06	10.2%	1.2%
Coastal Contracts Bhd	COCO MK	NR	1.82	na	221	9.3	9.1	na	26.1%	na	na	8.3%	na
Dialog Group Bhd	DLG MK	NR	2.50	na	3,254	23.8	21.8	na	8.6%	2.72	2.51	12.0%	1.5%
Malaysia Marine and Heavy Engi	MMHE MK	NR	0.42	na	155	na	42.0	15.6	na	0.39	0.39	0.2%	0.0%
Petronas Dagangan Bhd	PETD MK	NR	21.74	na	4,983	29.8	27.1	26.4	22.6%	3.93	3.92	12.7%	3.1%
Uzma Bhd	UZMA MK	NR	0.46	na	37	8.5	6.0	na	35.3%	0.31	0.29	3.5%	na
Wah Seong Corp Bhd	YNS MK	NR	0.78	na	139	9.8	7.9	5.8	na	0.78	0.73	9.5%	0.0%
<b>Malaysia offshore simple average</b>						<b>15.7</b>	<b>15.6</b>	<b>12.6</b>	<b>24.7%</b>	<b>1.29</b>	<b>1.23</b>	<b>8.0%</b>	<b>0.8%</b>
Korea Shipbuilding & Offshore	009540 KS	Add	88,400	200,000	4,942	16.4	11.9	na	na	0.57	0.54	3.5%	0.0%
Hyundai Mipo Dockyard	010620 KS	Add	81,000	125,000	2,556	26.8	18.4	na	na	1.36	1.26	5.2%	0.0%
Samsung Heavy Industries	010140 KS	Reduce	5,850	4,000	4,066	na	na	na	na	2.40	2.46	-14.0%	0.0%
<b>Korean shipbuilder simple average</b>						<b>21.6</b>	<b>15.1</b>	<b>na</b>	<b>na</b>	<b>1.44</b>	<b>1.42</b>	<b>-1.8%</b>	<b>0.0%</b>
<b>Average (All simple)</b>						<b>18.6</b>	<b>15.6</b>	<b>11.9</b>	<b>54.6%</b>	<b>1.51</b>	<b>1.44</b>	<b>6.4%</b>	<b>3.1%</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Refinitiv ESG Scores	
	     
<p><b>ESG in a nutshell</b></p> <p>We believe YZJ's combined ESG score was weighed down by its controversies, most notably in 2019 when its then Executive Chairman Mr Ren Yuanlin was implicated in an 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 combined ESG 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><b>Keep your eye on</b></p> <p>In 2019, YZJ's then Executive Chairman Mr Ren Yuanlin was implicated in the Chinese government's anticorruption investigations into Liu Jianguo, the former party secretary of Jingjiang City.</p>	<p><b>Implications</b></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 the trading levels of YZJ's shares have returned to normal and thus the controversy has had little to no impact on our valuation of the company.</p>
<p><b>ESG highlights</b></p> <p>Despite YZJ's efforts to reduce its 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 YZJ can further improve its Environment score by implementing comprehensive water and energy policies. YZJ in its 1H21 update said 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&amp;D towards the designing and building of clean energy vessels.</p>	<p><b>Implications</b></p> <p>Refinitiv discounted YZJ's ESG combined score due to the controversy in 2019, according to Refinitiv. We have not applied any premium/discount for ESG in our fundamental valuation of YZJ.</p>
<p><b>Trends</b></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 its average training hours and total donations to revenues.</p>	<p><b>Implications</b></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 have helped 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
<b>Total Net Revenues</b>	<b>12,760</b>	<b>15,695</b>	<b>24,391</b>	<b>26,887</b>	<b>26,708</b>
<b>Gross Profit</b>	<b>2,624</b>	<b>3,028</b>	<b>3,684</b>	<b>4,842</b>	<b>5,135</b>
<b>Operating EBITDA</b>	<b>1,626</b>	<b>3,028</b>	<b>3,684</b>	<b>4,455</b>	<b>4,897</b>
Depreciation And Amortisation	(483)	(471)	(489)	(444)	(441)
<b>Operating EBIT</b>	<b>1,144</b>	<b>2,557</b>	<b>3,195</b>	<b>4,012</b>	<b>4,456</b>
Financial Income/(Expense)	190	273	32	32	32
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	0	0	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>1,333</b>	<b>2,831</b>	<b>3,227</b>	<b>4,044</b>	<b>4,488</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>1,333</b>	<b>2,831</b>	<b>3,227</b>	<b>4,044</b>	<b>4,488</b>
Taxation	(323)	(675)	(742)	(930)	(1,032)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>1,010</b>	<b>2,156</b>	<b>2,484</b>	<b>3,114</b>	<b>3,456</b>
Minority Interests	(102)	(28)	(75)	(93)	(104)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>908</b>	<b>2,127</b>	<b>2,410</b>	<b>3,020</b>	<b>3,352</b>
Recurring Net Profit	908	2,127	2,410	3,020	3,352
<b>Fully Diluted Recurring Net Profit</b>	<b>908</b>	<b>2,127</b>	<b>2,410</b>	<b>3,020</b>	<b>3,352</b>

**Cash Flow**

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>EBITDA</b>	<b>1,626</b>	<b>3,028</b>	<b>3,684</b>	<b>4,455</b>	<b>4,897</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	1,576	(2,242)	843	(201)	15
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(43)	3,329	(2,515)	(465)	(177)
Net Interest (Paid)/Received	190	273	32	32	32
Tax Paid	231	(335)	(706)	(742)	(930)
<b>Cashflow From Operations</b>	<b>3,580</b>	<b>4,053</b>	<b>1,337</b>	<b>3,079</b>	<b>3,836</b>
Capex	(27)	(397)	(397)	(397)	(397)
Disposals Of FAs/subsidiaries	0	0	0	0	0
Acq. Of Subsidiaries/investments	(318)	(750)	0	0	0
Other Investing Cashflow	0	0	0	0	0
<b>Cash Flow From Investing</b>	<b>(345)</b>	<b>(1,147)</b>	<b>(397)</b>	<b>(397)</b>	<b>(397)</b>
Debt Raised/(repaid)	(789)	213	0	0	0
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased	(310)	(171)	0	0	0
Dividends Paid	(313)	(487)	(955)	(1,228)	(1,362)
Preferred Dividends					
Other Financing Cashflow	(4,697)	3,310	0	0	0
<b>Cash Flow From Financing</b>	<b>(6,110)</b>	<b>2,865</b>	<b>(955)</b>	<b>(1,228)</b>	<b>(1,362)</b>
Total Cash Generated	(2,875)	5,771	(15)	1,454	2,077
<b>Free Cashflow To Equity</b>	<b>2,446</b>	<b>3,119</b>	<b>940</b>	<b>2,682</b>	<b>3,439</b>
<b>Free Cashflow To Firm</b>	<b>3,310</b>	<b>2,976</b>	<b>1,012</b>	<b>2,753</b>	<b>3,510</b>

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	3,608	9,378	9,363	10,818	12,894
Total Debtors	1,462	4,003	2,009	2,210	2,195
Inventories	1,678	1,640	3,484	3,697	3,619
Total Other Current Assets	6,130	7,108	9,820	10,491	10,442
<b>Total Current Assets</b>	<b>12,878</b>	<b>22,129</b>	<b>24,676</b>	<b>27,215</b>	<b>29,150</b>
Fixed Assets	5,216	5,142	5,050	5,004	4,960
Total Investments	388	556	657	763	875
Intangible Assets	281	281	281	281	281
Total Other Non-Current Assets	2,272	2,745	2,745	2,745	2,745
<b>Total Non-current Assets</b>	<b>8,157</b>	<b>8,725</b>	<b>8,734</b>	<b>8,794</b>	<b>8,861</b>
Short-term Debt	2,121	2,504	2,504	2,504	2,504
Current Portion of Long-Term Debt					
Total Creditors	2,475	2,791	3,484	3,697	3,619
Other Current Liabilities	2,786	6,181	6,516	7,015	7,003
<b>Total Current Liabilities</b>	<b>7,382</b>	<b>11,476</b>	<b>12,504</b>	<b>13,216</b>	<b>13,126</b>
Total Long-term Debt	2,124	1,953	1,953	1,953	1,953
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0	0	0	0	0
<b>Total Non-current Liabilities</b>	<b>2,124</b>	<b>1,953</b>	<b>1,953</b>	<b>1,953</b>	<b>1,953</b>
Total Provisions	1,192	1,409	1,409	1,409	1,409
<b>Total Liabilities</b>	<b>10,697</b>	<b>14,838</b>	<b>15,865</b>	<b>16,577</b>	<b>16,487</b>
Shareholders' Equity	9,303	15,878	17,333	19,126	21,115
Minority Interests	1,034	138	213	306	410
<b>Total Equity</b>	<b>10,338</b>	<b>16,016</b>	<b>17,546</b>	<b>19,432</b>	<b>21,525</b>

**Key Ratios**

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	N/A	17.5%	62.9%	10.0%	(0.7%)
Operating EBITDA Growth	N/A	86.2%	21.6%	21.0%	9.9%
Operating EBITDA Margin	12.7%	20.2%	15.1%	16.6%	18.3%
Net Cash Per Share (Rmb)	(0.17)	1.25	1.25	1.62	2.15
BVPS (Rmb)	2.41	4.05	4.42	4.87	5.38
Gross Interest Cover	15.20	36.59	44.80	56.26	62.49
Effective Tax Rate	24.3%	23.8%	23.0%	23.0%	23.0%
Net Dividend Payout Ratio	34.5%	22.9%	39.6%	40.6%	40.6%
Accounts Receivables Days	N/A	66.50	44.89	28.63	30.18
Inventory Days	N/A	47.80	45.16	59.45	62.05
Accounts Payables Days	N/A	75.88	55.31	59.45	62.05
ROIC (%)	N/A	18.0%	22.2%	24.9%	27.0%
ROCE (%)	N/A	15.4%	14.6%	16.9%	17.3%
Return On Average Assets	N/A	7.43%	7.65%	8.89%	9.27%

**Key Drivers**

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Order win (US\$m )	1,770.0	7,400.0	2,954.0	2,954.0	2,954.0

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



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<b>Description:</b>	Excellent	Very Good	Good	N/A	N/A



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

### Spitzer Chart for stock being researched ( 2 year data)

#### Yangzijiang Shipbuilding (YZJSGD SP)



### 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

Rating	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

Rating	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

Rating	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.