

## Malaysia

### ADD (no change)

Consensus ratings\*: Buy 4 Hold 2 Sell 0

Current price:	RM0.60
Target price:	RM0.73
Previous target:	RM0.79
Up/downside:	21.7%
CGS-CIMB / Consensus:	-8.8%

Reuters:	PHMA.KL
Bloomberg:	PHRM MK
Market cap:	US\$178.4m RM786.0m
Average daily turnover:	US\$0.25m RM1.06m
Current shares o/s:	1,309m
Free float:	39.5%

\*Source: Bloomberg

### Key changes in this note

- FY22-24F core EPS cut by 6.0-7.5%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-7.7	-18.4	-43.5
Relative (%)	-0.7	-8.1	-35.7

### Major shareholders

	% held
Boustead Holdings Bhd	51.9
Lembaga Tabung Angkatan Tentera	8.6

### Analyst(s)


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# Pharmaniaga Bhd

## Key takeaways from meeting cum plant visit

- We recently hosted a meeting cum site visit to PHRM's OSD plant in Bangi.
- We see decent FY23-24F earnings growth, aided by its ample excess capacity and CHC expansion, but are wary about a potential margin squeeze.
- More stringent requirements under its new government CA should not be a cause for concern, in our view. Reiterate Add, with a lower TP of RM0.73.

### Expecting better economies of scale from excess capacity

We recently hosted a meeting cum site visit to Pharmaniaga's (PHRM) manufacturing plant for oral solid dosages (OSD) in Bangi, Selangor. We gathered that the facility is operating at a decent utilisation of c.65% (close to 70%, a level it deems optimal), though the blended utilisation for its other plants is lower at c.50% due to stiff competition in the generics market. We believe the ample excess production capacity at PHRM's existing plants will allow it to ramp up output in the next 3-5 years (in light of rising pharmaceutical demand and new product launches) with little to no incremental capex, thus potentially leading to better economies of scale and margins. Meanwhile, it conservatively targets annual local revenue contribution of RM100m/RM80m from halal vaccine/insulin manufacturing (to commence in FY24-25), with further upside potential from export sales.

### New products & A&P initiatives to drive robust CHC revenue growth

PHRM hopes to double/triple consumer healthcare (CHC) revenue between FY21 and FY23/24, albeit from a low base (<1% of total revenue), as new product launches (e.g. effervescent, knee/joint pain management) supported by advertising & promotion (A&P) more than offset a normalisation in Vitamin C demand (boosted by Covid-19). It is also exploring possible acquisitions of brands with established product ranges and customer base to expedite its CHC expansion; it has not factored this into its revenue target.

### More stringent concession standards not a cause for concern

The performance standards of PHRM's new 10-year logistics & distribution (L&D) government concession agreement (CA; to be inked by year-end) will include a more stringent maximum delivery timeframe of 5 working days for medicines (current: 7 days), with monetary penalties imposed for non-compliance. Nonetheless, PHRM does not foresee any major challenges complying with the new requirements as it currently delivers within 4 days on average. While it will set up 3 new warehouses in Malaysia over FY23-26, it expects the impact of the incremental capex (total: RM120m) to be offset by better L&D operational efficiencies. The rise in API cost and weaker RM/US\$ has had minimal impact on margins thus far, though it flagged that input costs could rise (thus squeezing margins) if the situation is prolonged (i.e. over the next 3 months or longer).

### Reiterate Add with a lower TP of RM0.73 (15x CY23F P/E)

We cut FY22-24F core EPS by 6.0-7.5% to factor in lower EBITDA margin (potential input cost pressures, higher mix of lower-margin CHC sales) and higher FY23-24F capex (for new warehouses). Thus, our TP falls to RM0.73, still based on 15x CY23F P/E (0.5 s.d. above 5-year mean, on account of potential biopharma contribution).

### Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (RMm)	2,725	4,815	3,471	3,669	3,864
Operating EBITDA (RMm)	126.8	381.9	160.6	179.4	192.7
Net Profit (RMm)	27.5	172.2	61.1	64.0	69.5
Normalised EPS (RM)	0.04	0.15	0.05	0.05	0.05
Normalised EPS Growth	(14%)	331%	(70%)	5%	9%
FD Normalised P/E (x)	16.73	3.88	12.85	12.27	11.30
DPS (RM)	0.022	0.093	0.033	0.034	0.037
Dividend Yield	3.7%	15.5%	5.4%	5.7%	6.2%
EV/EBITDA (x)	11.29	4.21	10.42	9.54	9.04
P/FCFE (x)	14.44	10.22	8.20	24.62	15.28
Net Gearing	177%	171%	178%	178%	177%
P/BV (x)	2.32	1.74	1.68	1.61	1.54
ROE	13.9%	51.3%	13.3%	13.4%	13.9%
% Change In Normalised EPS Estimates			(6.85%)	(7.45%)	(6.04%)
Normalised EPS/consensus EPS (x)			0.55	0.61	0.58

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



## Key takeaways from meeting cum plant visit

### **Export sales provide upside potential to its target of RM180m p.a. sales from vaccine/insulin manufacturing >**

As per PHRM's 1Q22 results briefing presentation, PHRM has seven potential products in the pipeline to be produced at its upcoming halal vaccine manufacturing facility (targeted to commence operations in FY24), six of which are targeted for fill-and-finish (registration process on track), with another vaccine targeted for full manufacturing (under formulation with Thailand-based partner Bionet [Unlisted]). Meanwhile, it plans to manufacture three types of cartridge-filled insulin products (administered via specialised pens) at its upcoming halal insulin facility (targeted to commence production in FY25).

PHRM conservatively targets annual sales contribution of RM100m/RM80m from the manufacturing of halal vaccines/insulin in the initial years (which we believe will start from FY25F/FY26F onwards), comprising mainly orders from the Malaysian government. PHRM also shared that it has received strong initial interest for its insulin products from its potential partners in the Middle East & North Africa (MENA) region due to its halal status, which provides further upside potential to its guided revenue contribution. Nonetheless, we believe PHRM will incur some startup losses for the new facilities in their initial years of operation.

### **Plans to expand its international presence >**

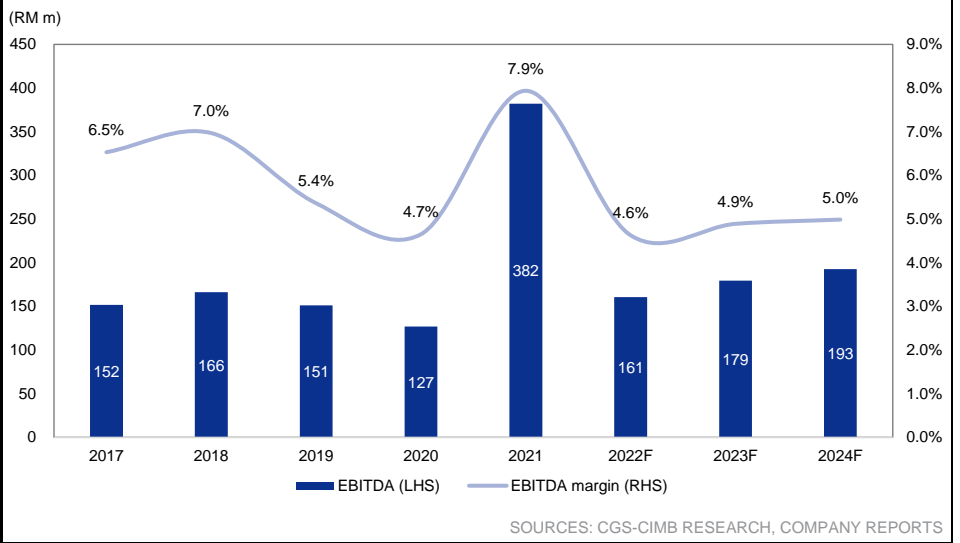
Export sales formed only less than 1% of PHRM's total revenue in 1Q22. To increase its export sales in the coming years, PHRM plans to penetrate new markets via local distribution partners, as seen with the Memorandum of Understanding (MoU) it signed with Dubai-based Prime Medical Store (Unlisted) on 30 Mar 2022 to support its entry into the United Arab Emirates market. We gathered that PHRM is looking to potentially sign agreements with local distribution partners for entry into other markets (possibly Europe and/or MENA) in the near future.

### **Potential margin squeeze from higher costs? >**

PHRM highlighted that the higher cost of active pharmaceutical ingredients (API) and weaker RM/US\$ has had minimal impact on its margins to date, though it flagged that input costs could rise (thus squeezing margins) if the situation is prolonged (i.e. over the next three months or longer). Furthermore, the gradual rise in consumer healthcare sales mix in the medium term will likely dilute overall margins slightly, given the segment's lower margin (vs. manufacturing of ethical products) owing to its higher A&P cost.

Thus, we have conservatively lowered our FY22F/23F/24F consolidated EBITDA margin projections slightly, and now see FY22F EBITDA margin contracting by 3.3% pts to 4.6% (previously: 4.8%) and staying flat at 4.9%/5.0% in FY23F/24F (previous: 5.0%/5.0%). We believe our cuts sufficiently reflect the potential input cost pressures, as our FY22-24F EBITDA margin forecasts are lower than the 5.4-7.2% it registered in FY16-19.

**Figure 1: PHRM's EBITDA and margin**



### Overview of PHRM's manufacturing facilities >

PHRM's portfolio of manufactured products comprises various dosage forms, including solid orals, granules, liquid orals, semi-solids and small volume injectables manufactured at six plants across Malaysia. It also produces general pharmaceuticals, including penicillin, cephalosporin and over-the-counter products. Moreover, through its research in bio-collagen, it produces collagen-based medical devices for wound care management, according to its website.

**Figure 2: PHRM's manufacturing plants in Malaysia**



**Figure 3: PHRM's manufacturing capacity for various dosage forms in Malaysia, as at end-FY21**

Dosage form	Manufacturing capacity
Solid	5.7bn tablets & capsules
Liquid	2.9m litres
Cream	472.4 metric tonnes
Dry syrup	259.0 metric tonnes
Vials	16.4m units
Ampoules	43.0m units

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## Site visit to PHRM's OSD manufacturing plant in Bangi ➤

We recently hosted a site visit to PHRM's oral solid dosage (OSD) manufacturing plant in Bangi, Selangor, which was attended by five investors. Built in 1989, the facility consists of two buildings, one for general pharmaceutical products (e.g. anti-diabetics, cardiovascular and over-the-counter drugs) and the other for cephalosporin (i.e. antibiotics).

Key OSD manufacturing processes:

*In the compression process, the raw material (in its granule form) is compressed into tablet form. PHRM's compression machines are able to achieve speeds of 500k-700k tablets per hour.*

**Figure 4: Compression process**



*Coating prevents light or moisture from entering the medicine, coats the bitter taste of the medicine and, in some cases, protects the stomach by releasing/breaking down the medicine only in the intestine (i.e. extended release).*

**Figure 5: Coating process**





*Machines pack the tablets into blister pockets and ensure each tablet is checked via a vision system that scans and records each tablet, to ensure no missing, broken or deformed tablets are packed.*

**Figure 6: Blister packing process**



### **Re-rating catalysts and downside risks ▶**

Key potential re-rating catalysts: decent FY23-24F earnings growth and longer-term earnings contribution from PHRM's entry into the manufacturing of higher-value biopharmaceutical products (e.g. halal vaccines and insulin).

Key downside risks: softer-than-expected pharmaceutical demand, higher-than-expected input costs, and lower revenues or higher costs for its new logistics & distribution (L&D) government concession.

**Figure 7: 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	3,864	3,471	3,669	3,863	0.0	0.0	0.0
<i>Chg yoy (%)</i>	76.7	(27.9)	5.7	5.3	(27.9)	5.7	5.3			
Logistics & distribution	2,276	2,458	2,606	2,736	2,458	2,606	2,736	0.0	0.0	0.0
Manufacturing	1,646	30	3	3	30	3	3	0.0	0.0	3.8
Indonesia	893	982	1,061	1,125	982	1,061	1,125	0.0	0.0	0.0
Operating costs	-4,434	-3,311	-3,491	-3,672	-3,305	-3,486	-3,671	0.2	0.2	0.0
Other income	1	1	1	1	1	1	1	0.0	0.0	0.0
<b>EBITDA</b>	<b>382</b>	<b>161</b>	<b>179</b>	<b>193</b>	<b>167</b>	<b>185</b>	<b>193</b>	<b>(3.7)</b>	<b>(2.9)</b>	<b>(0.4)</b>
<i>Chg yoy (%)</i>	201.3	(57.9)	11.7	7.4	(56.3)	10.8	4.7			
<i>EBITDA margin (%)</i>	7.9	4.6	4.9	5.0	4.8	5.0	5.0			
Depn & amort.	-33	-35	-38	-42	-35	-37	-39	0.0	2.8	7.7
<b>EBIT</b>	<b>349</b>	<b>126</b>	<b>142</b>	<b>151</b>	<b>132</b>	<b>148</b>	<b>155</b>	<b>(4.6)</b>	<b>(4.3)</b>	<b>(2.4)</b>
Net interest expense	-32	-43	-54	-56	-43	-54	-54	0.1	1.3	4.4
Others	-40	0	0	0	0	0	0	nm	nm	nm
<b>Pretax profit</b>	<b>277</b>	<b>83</b>	<b>87</b>	<b>95</b>	<b>90</b>	<b>94</b>	<b>101</b>	<b>(6.8)</b>	<b>(7.4)</b>	<b>(6.0)</b>
Tax	-105	-22	-23	-25	-24	-25	-27	(6.8)	(7.4)	(6.0)
Net profit	172	61	64	70	66	69	74	(6.9)	(7.5)	(6.0)
<i>Chg yoy (%)</i>	526.3	(64.5)	4.7	8.6	(61.9)	5.4	6.9			
<b>Core net profit</b>	<b>202</b>	<b>61</b>	<b>64</b>	<b>70</b>	<b>66</b>	<b>69</b>	<b>74</b>	<b>(6.9)</b>	<b>(7.5)</b>	<b>(6.0)</b>
<i>Chg yoy (%)</i>	331.2	(69.8)	4.7	8.6	(67.6)	5.4	6.9			
EPS (sen)	13.1	4.7	4.9	5.3	5.0	5.3	5.7	(6.9)	(7.5)	(6.0)
<i>Chg yoy (%)</i>	525.3	(64.5)	4.7	8.6	(61.9)	5.4	6.9			
<b>Core EPS (sen)</b>	<b>15.5</b>	<b>4.7</b>	<b>4.9</b>	<b>5.3</b>	<b>5.0</b>	<b>5.3</b>	<b>5.7</b>	<b>(6.9)</b>	<b>(7.5)</b>	<b>(6.0)</b>
<i>Chg yoy (%)</i>	330.6	(69.8)	4.7	8.6	(67.6)	5.4	6.9			
DPS (sen)	9.3	3.3	3.4	3.7	3.5	3.7	4.0	(6.9)	(7.5)	(6.0)
Net gearing ratio (x)	1.78	1.85	1.86	1.84	1.84	1.78	1.71			
Cash capex	30	60	90	90	60	60	60	0.0	50.0	50.0

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 8: PHRM's forward P/E trading band**


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS, BLOOMBERG

**Figure 9: ASEAN healthcare sector comparison**

Company	Bloomberg	Share price	Target price	Market cap	P/E (x)		EV/EBITDA (x)		3-year CAGR (%)		Dvd yield (%)		ROE (%)		P/B (x)		
	Ticker				Recom.	(local curr.)	(US\$ m)	FY22F	FY23F	FY22F	FY23F	EPS	EBITDA	FY22F	FY23F	FY22F	FY23F
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	1.13	1.60	244	11.6	12.0	8.4	7.3	6.7	8.9	2.6	2.5	13.8	12.2	1.5	1.4
Pharmaniaga	PHRM MK	ADD	0.60	0.73	179	12.8	12.3	10.4	9.5	(30.0)	(20.4)	5.4	5.7	13.3	13.4	1.7	1.6
IHH Healthcare	IHH MK	ADD	6.48	8.12	12,956	36.2	31.0	15.6	13.8	7.9	2.8	1.0	1.1	6.3	7.0	2.2	2.1
KPJ Healthcare	KPJ MK	HOLD	0.84	0.99	829	29.9	28.0	8.7	8.4	35.9	7.9	1.7	1.8	5.6	5.8	1.6	1.6
<b>Malaysia overall healthcare average (ex-outliers)</b>						<b>22.9</b>	<b>20.6</b>	<b>10.9</b>	<b>9.7</b>	<b>7.7</b>	<b>3.0</b>	<b>2.7</b>	<b>2.9</b>	<b>12.2</b>	<b>12.8</b>	<b>2.4</b>	<b>2.3</b>
<b>Malaysia hospital average (ex-outliers)</b>						<b>33.1</b>	<b>29.5</b>	<b>12.1</b>	<b>11.1</b>	<b>7.9</b>	<b>5.4</b>	<b>1.3</b>	<b>1.5</b>	<b>5.9</b>	<b>6.4</b>	<b>1.9</b>	<b>1.9</b>
<b>Malaysia pharmaceutical average (ex-outliers)</b>						<b>12.2</b>	<b>12.1</b>	<b>9.4</b>	<b>8.4</b>	<b>(11.6)</b>	<b>(5.7)</b>	<b>4.0</b>	<b>4.1</b>	<b>13.6</b>	<b>12.8</b>	<b>1.6</b>	<b>1.5</b>
Raffles Medical Group	RFMD SP	HOLD	1.13	1.33	1,508	32.1	30.4	15.2	14.2	0.3	(3.1)	2.5	2.5	6.8	7.1	2.2	2.1
<b>Singapore healthcare average (ex-outliers)</b>						<b>32.1</b>	<b>30.4</b>	<b>15.2</b>	<b>14.2</b>	<b>0.3</b>	<b>(3.1)</b>	<b>2.5</b>	<b>2.5</b>	<b>6.8</b>	<b>7.1</b>	<b>2.2</b>	<b>2.1</b>
Bumrungrad Hospital	BH TB	HOLD	178.50	179.00	3,995	56.9	45.7	35.6	29.4	41.4	27.2	1.8	1.8	14.5	17.7	8.2	8.0
Bangkok Dusit Med Service	BDMS TB	HOLD	24.80	27.00	11,098	38.3	36.5	20.9	19.8	15.7	11.2	2.2	2.2	12.2	12.5	4.6	4.5
Bangkok Chain Hospital	BCH TB	ADD	18.80	24.50	1,320	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	3.76	4.03	1,165	17.4	23.8	13.0	17.9	(25.4)	(27.2)	4.5	3.3	33.5	25.7	6.3	5.9
Ramkhamhaeng Hospital	RAM TB	REDUCE	51.75	48.00	1,749	22.3	33.2	16.7	20.6	(21.1)	(16.5)	1.4	1.5	15.4	9.7	3.3	3.2
Praram 9 Hospital	PR9 TB	HOLD	14.70	14.00	325	30.2	31.1	13.4	13.4	18.3	10.3	1.3	1.3	8.7	8.1	2.6	2.4
Mega Lifesciences	MEGA TB	ADD	49.75	59.00	1,221	19.8	18.7	14.2	13.2	10.7	7.4	3.0	3.2	26.1	24.9	4.9	4.4
<b>Thailand healthcare average (ex-outliers)</b>						<b>28.3</b>	<b>29.3</b>	<b>17.5</b>	<b>17.8</b>	<b>2.4</b>	<b>(1.4)</b>	<b>2.6</b>	<b>2.3</b>	<b>19.5</b>	<b>16.7</b>	<b>4.7</b>	<b>4.5</b>
Mitra Keluarga Karyasehat	MIKA IJ	HOLD	2,650	2,300	2,543	35.7	31.8	22.7	20.2	2.4	3.3	1.6	1.4	19.3	19.7	6.6	5.9
Siloam International Hospitals	SILO IJ	ADD	1,020	10,900	893	2.5	2.1	(0.1)	(0.3)	10.3	9.6	16.3	15.9	10.0	11.0	0.2	0.2
Medikaloka Hermina	HEAL IJ	HOLD	1,460	1,200	1,467	26.9	24.0	13.9	11.9	3.4	2.0	1.1	1.0	22.7	21.6	5.6	4.8
Kalbe Farma	KLBF IJ	ADD	1,695	1,950	5,351	22.7	20.2	14.9	13.1	12.9	10.7	1.9	2.2	17.3	17.6	3.7	3.4
<b>Indonesia healthcare average (ex-outliers)</b>						<b>22.0</b>	<b>19.6</b>	<b>12.8</b>	<b>11.3</b>	<b>7.2</b>	<b>6.4</b>	<b>5.2</b>	<b>5.1</b>	<b>17.3</b>	<b>17.5</b>	<b>4.1</b>	<b>3.6</b>
<b>ASEAN hospital average (ex-outliers)</b>						<b>28.5</b>	<b>27.8</b>	<b>15.3</b>	<b>15.0</b>	<b>5.5</b>	<b>0.5</b>	<b>3.3</b>	<b>3.1</b>	<b>15.1</b>	<b>13.7</b>	<b>3.9</b>	<b>3.6</b>
<b>ASEAN pharmaceutical average (ex-outliers)</b>						<b>16.7</b>	<b>15.8</b>	<b>12.0</b>	<b>10.8</b>	<b>0.1</b>	<b>1.6</b>	<b>3.2</b>	<b>3.4</b>	<b>17.6</b>	<b>17.0</b>	<b>3.0</b>	<b>2.7</b>

Note: Share prices as of 27 Jun 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). Its Sustainability Management Committee is responsible for identifying the group's materiality matters and monitors the performance of its initiatives; this committee is helmed by PHRM's 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 its business strategy and linking its sustainability targets with executive remuneration, among other things. Material matters for PHRM include: product quality, safety and accessibility, material and waste management, as well as occupational health and safety.

### Keep your eye on

As the pharmaceutical industry is highly regulated, product compliance, safety and efficacy are crucial matters for PHRM. PHRM is subject to at least six Acts of Parliament 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

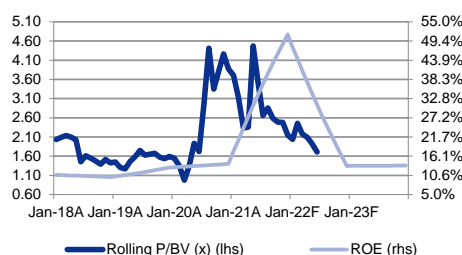
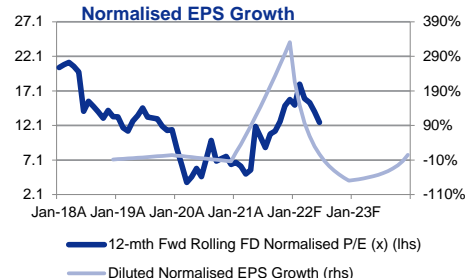
Its total energy consumption and energy intensity declined by 3.8% and 1.1% yoy, respectively, in 2020.

### 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 accounted for 67.8% of its total energy consumption. It has installed solar panels at its manufacturing facility to offset its non-renewable energy usage.

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



**BY THE NUMBERS**
**P/BV vs ROE**

**12-mth Fwd FD Normalised P/E vs FD Normalised EPS Growth**

**Profit & Loss**

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>Total Net Revenues</b>	<b>2,725</b>	<b>4,815</b>	<b>3,471</b>	<b>3,669</b>	<b>3,864</b>
<b>Gross Profit</b>	<b>309</b>	<b>647</b>	<b>382</b>	<b>406</b>	<b>426</b>
<b>Operating EBITDA</b>	<b>127</b>	<b>382</b>	<b>161</b>	<b>179</b>	<b>193</b>
Depreciation And Amortisation	-32	-33	-35	-38	-42
<b>Operating EBIT</b>	<b>94</b>	<b>349</b>	<b>126</b>	<b>142</b>	<b>151</b>
Financial Income/(Expense)	-33	-32	-43	-54	-56
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	-1	1	0	0	0
<b>Profit Before Tax (pre-EI)</b>	<b>61</b>	<b>317</b>	<b>83</b>	<b>87</b>	<b>95</b>
Exceptional Items	-25	-40	0	0	0
<b>Pre-tax Profit</b>	<b>36</b>	<b>277</b>	<b>83</b>	<b>87</b>	<b>95</b>
Taxation	-10	-105	-22	-23	-25
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>26</b>	<b>172</b>	<b>61</b>	<b>64</b>	<b>70</b>
Minority Interests	1	-0	-0	-0	-0
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
<b>Net Profit</b>	<b>27</b>	<b>172</b>	<b>61</b>	<b>64</b>	<b>70</b>
Normalised Net Profit	46	202	61	64	70
<b>Fully Diluted Normalised Profit</b>	<b>47</b>	<b>202</b>	<b>61</b>	<b>64</b>	<b>70</b>

**Cash Flow**

(RMm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>EBITDA</b>	<b>126.8</b>	<b>381.9</b>	<b>160.6</b>	<b>179.4</b>	<b>192.7</b>
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)	(54.3)	(56.1)
Tax Paid	(5.5)	(63.7)	(22.2)	(23.2)	(25.2)
<b>Cashflow From Operations</b>	<b>(21.8)</b>	<b>(60.3)</b>	<b>95.8</b>	<b>101.9</b>	<b>111.4</b>
Capex	(9.3)	(30.4)	(60.0)	(90.0)	(90.0)
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
<b>Cash Flow From Investing</b>	<b>(32.6)</b>	<b>(45.6)</b>	<b>(60.0)</b>	<b>(90.0)</b>	<b>(90.0)</b>
Debt Raised/(repaid)	108.8	182.6	60.0	20.0	30.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased					
Dividends Paid	(26.1)	(58.9)	(97.5)	(44.4)	(47.7)
Preferred Dividends					
Other Financing Cashflow	(11.1)	(2.9)	(0.5)	(0.5)	(0.5)
<b>Cash Flow From Financing</b>	<b>71.5</b>	<b>120.7</b>	<b>(38.0)</b>	<b>(24.9)</b>	<b>(18.2)</b>
Total Cash Generated	17.1	14.9	(2.2)	(13.0)	3.2
<b>Free Cashflow To Equity</b>	<b>54.3</b>	<b>76.8</b>	<b>95.8</b>	<b>31.9</b>	<b>51.4</b>
<b>Free Cashflow To Firm</b>	<b>(15.9)</b>	<b>(73.2)</b>	<b>80.1</b>	<b>67.4</b>	<b>78.4</b>

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	46	30	29
Total Debtors	288	298	859	608	937
Inventories	587	1,264	795	1,124	898
Total Other Current Assets	11	7	7	7	7
<b>Total Current Assets</b>	<b>926</b>	<b>1,621</b>	<b>1,707</b>	<b>1,769</b>	<b>1,871</b>
Fixed Assets	366	365	398	458	513
Total Investments	0	0	0	0	0
Intangible Assets	205	208	204	200	197
Total Other Non-Current Assets	83	64	64	64	64
<b>Total Non-current Assets</b>	<b>654</b>	<b>637</b>	<b>666</b>	<b>722</b>	<b>774</b>
Short-term Debt	669	570	630	650	680
Current Portion of Long-Term Debt					
Total Creditors	515	858	907	958	1,007
Other Current Liabilities	9	39	28	28	28
<b>Total Current Liabilities</b>	<b>1,194</b>	<b>1,468</b>	<b>1,565</b>	<b>1,636</b>	<b>1,715</b>
Total Long-term Debt	0	285	285	285	285
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	31	34	35	62	116
<b>Total Non-current Liabilities</b>	<b>31</b>	<b>320</b>	<b>320</b>	<b>347</b>	<b>401</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>1,225</b>	<b>1,787</b>	<b>1,885</b>	<b>1,983</b>	<b>2,116</b>
Shareholders' Equity	338	450	469	488	509
Minority Interests	17	20	20	20	20
<b>Total Equity</b>	<b>355</b>	<b>470</b>	<b>489</b>	<b>508</b>	<b>529</b>

**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%	(58%)	12%	7%
Operating EBITDA Margin	4.65%	7.93%	4.63%	4.89%	4.99%
Net Cash Per Share (RM)	-0.48	-0.61	-0.66	-0.69	-0.72
BVPS (RM)	0.26	0.34	0.36	0.37	0.39
Gross Interest Cover	2.80	10.46	2.84	2.55	2.64
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%	7.3%	7.7%	7.8%
ROCE (%)	9.8%	29.8%	9.4%	10.0%	10.3%
Return On Average Assets	4.5%	11.8%	4.0%	4.3%	4.4%

**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	2.9
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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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.

<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
<b>Description:</b>	Excellent	Very Good	Good	N/A	N/A

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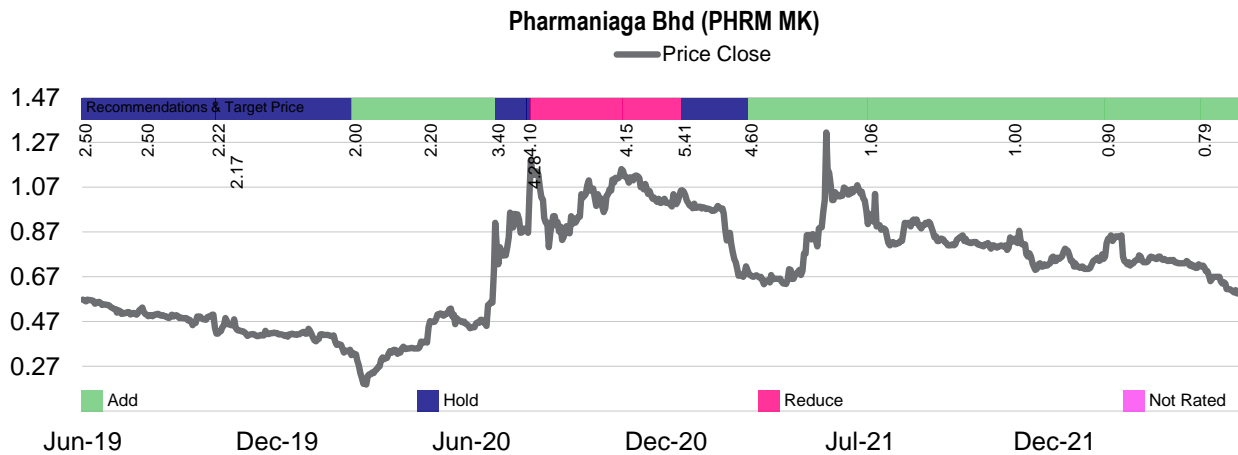
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2022		
632 companies under coverage for quarter ended on 31 March 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%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