

Malaysia

REDUCE (previously HOLD)

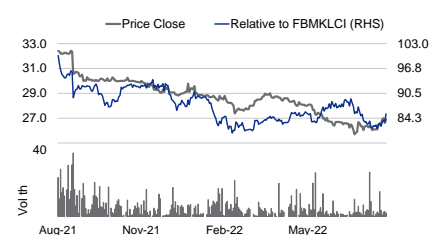
Consensus ratings*: Buy 0 Hold 1 Sell 2

Current price:	RM26.90
Target price:	RM20.50
Previous target:	RM26.50
Up/downside:	-23.8%
CGS-CIMB / Consensus:	-14.1%
Reuters:	PMMY.KL
Bloomberg:	PMM MK
Market cap:	US\$364.2m
	RM1,634m
Average daily turnover:	US\$0.02m
	RM0.11m
Current shares o/s:	60.75m
Free float:	52.5%

*Source: Bloomberg

Key changes in this note

- Downgrade the stock from Hold to Reduce.
- FY23-25F EPS cut 17.6-25.9% to account for lower margin assumptions on higher input cost and operating expenses.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1.1	-4.2	-17
Relative (%)	-0.4	-0.2	-15

Major shareholders

	% held
Panasonic Management Malaysia	47.5
EPF	7.2
KWAP	3.6

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Panasonic Manufacturing Malaysia Berhad

Dark clouds on the horizon

- PMM's 1QFY3/23 core net profit of RM8.2m (-53.6% yoy) came in below our expectations due to larger-than-expected margin compression on rising cost.
- We expect PMM to face sustained headwinds for the rest of the year on i) escalating cost pressures, iii) tepid demand, and iv) smaller product portfolio.
- Downgrade the stock to a Reduce with a lower TP of RM20.50 (15x CY23F P/E) as near- to medium-term earnings outlook remains under pressure.

Disappointing 1QFY3/23 results; below expectation

Panasonic Manufacturing Malaysia Berhad's (PMM) 1QFY23 revenue dropped 3.9% yoy to RM243.7m due to lower export sales (-6.9% yoy), albeit mitigated by higher sales in Malaysia (+1.6% yoy). Nonetheless, 1QFY23 core net profit (CNP) fell at a greater pace to RM8.2m (-53.6% yoy), which came in below our expectations at 10.4% of our FY23 estimate and 10.7% of Bloomberg consensus owing to larger-than-expected margin compression with EBITDA margin contracting to 4.1% (-6.8% pts yoy). The lower EBITDA margin was mainly attributable to i) rising raw material costs, ii) higher labour cost and iii) higher production costs due to supply disruption for imported parts given the lockdown in China as plants were unable to consistently run at optimum levels (>c.90%).

Persistent elevated cost pressures to continue to weigh on margins

We expect PMM to continue to face margin compression for the rest of the year due to persistently elevated costs of raw materials, such as copper/aluminium/steel, which rose 16%/59%/84% in Mar 22 vs. Apr 21, and tight supply of imported parts from China as the country remains under Covid-19 lockdowns, potentially leading to higher production cost. In addition, the hike in minimum wage to RM1,500/month from May 22 onwards will add upward pressure on operating expenses. On top of that, we believe there is limited ability for PMM to further hike product prices to pass on the higher costs to consumers given the expected weaker discretionary spending due to high inflation and rising interest rates.

Topline growth to be constrained by smaller product portfolio

While we believe PMM's sales will gradually recover as it is able to fulfil its backlog orders, we are cognisant that topline growth will be constrained by its smaller product portfolio size moving forward. This is due to the termination of its rice cooker business effective 31 Mar 22 (c.6% of FY22 revenue) and that of other kitchen appliances (blenders, food processors and slow cookers; 7% of FY22 revenue) effective 30 Sep 22, which led to the home appliance segment's 1QFY23 sales falling 30.3% yoy to RM60.4m.

Downgrade to Reduce call with a lower TP of RM20.50

We downgrade PMM to a Reduce from Hold as we believe its near- to medium-term earnings outlook remains challenging amidst a weaker operating environment. We cut our FY23-25F EPS by 17.6-25.9% to account for our 2.0-2.4% pts lower gross margin assumptions and higher total operating expense assumptions. Accordingly, our TP is reduced to RM20.50 (15x CY23F P/E, 15-year average P/E). We also lower our FY23-25F dividend assumption by 63.0-65.7% to 85-115 sen (payout ratio of 63-88%).

Financial Summary

	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue (RMm)	975	869	958	1,055	1,126
Operating EBITDA (RMm)	142.4	86.7	82.9	117.7	142.5
Net Profit (RMm)	116.5	76.3	58.3	91.1	110.7
Normalised EPS (RM)	2.01	1.26	0.96	1.50	1.82
Normalised EPS Growth	9.9%	(37.6%)	(23.6%)	56.3%	21.5%
FD Normalised P/E (x)	13.37	21.41	28.03	17.94	14.77
DPS (RM)	1.63	0.83	0.85	1.05	1.15
Dividend Yield	6.06%	3.09%	3.16%	3.90%	4.28%
EV/EBITDA (x)	7.00	11.49	11.99	8.28	6.58
P/FCFE (x)	15.34	19.29	24.19	17.68	13.74
Net Gearing	(64.5%)	(64.5%)	(64.2%)	(64.4%)	(65.6%)
P/BV (x)	2.01	2.01	1.99	1.93	1.84
ROE	15.0%	9.4%	7.1%	10.9%	12.8%
% Change In Normalised EPS Estimates			(25.9%)	(22.2%)	(17.6%)
Normalised EPS/consensus EPS (x)			0.76	0.87	0.87

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Dark clouds on the horizon

Key de-rating catalysts and key upside risks ►

Key de-rating catalysts: lower-than-expected sales as a result of lower consumer discretionary spending power, higher-than-expected input costs and operating expenses that lead to greater margin compression.

Key upside risks: higher-than-expected sales on strong export demand recovery, lower-than-expected input costs on easing of raw material prices, lower-than-expected operating costs on higher operating efficiency leading to lower-than-expected margin compression.

Figure 1: Results Comparison

FYE Mar (RM m)	1QFY23	1QFY22	yoy % chg	4QFY22	qoq % chg	Prev. FY23F	Comments
Revenue	243.7	253.7	(3.9)	208.8	16.7	957.8	Weaker 1QFY23 sales due to lower sales from the export market (-7.0% yoy) partially offset by higher domestic sales (+1.6% yoy). Lower demand due to discontinuance of rice cooker business (c.7% of FY22 sales), slowdown of certain kitchen appliances products and disruption in supply chain hampered production rate
Operating costs	(233.6)	(226.0)	3.4	(172.5)	35.4	(850.9)	
EBITDA	10.0	27.7	(63.7)	36.3	(72.3)	106.8	
EBITDA margin (%)	4.1	10.9	(6.8)	17.4	(13.3)	11.2	Lower EBITDA margin due to higher material costs, lower economies of scale due to operations shutdown and high fixed costs (due to minimum wage hike of RM1500/month from 1 May 22 onwards and weaker revenue contribution
Depn & amort.	(7.0)	(7.3)	(3.0)	(7.6)	(7.8)	(38.3)	
EBIT	3.0	20.5	(85.3)	28.6	(89.5)	68.2	
Interest expense	(1.0)	0.0	nm	(0.0)	nm	(0.3)	
Interest & invt inc	2.1	2.2	(2.0)	1.7	21.9	10.5	Net cash stands at RM438.0m as at 1QFY23
Associates' contrib	4.9	(0.5)	1,031.9	9.1	(46.5)	13.8	
Exceptionals & revaln	3.2	0.1	2,115.8	(24.3)	nm	0.0	Net one-off gains in FY22 include gains from insurance claims of RM12.1m (from the flood) and RM12.2m restructuring costs in 4Q22
Pretax profit	12.2	22.2	(45.1)	15.2	(19.5)	92.6	
Tax	(0.8)	(4.4)	(82.7)	0.6	(222.9)	(13.9)	
Tax rate (%)	6.2	19.7	(13.5)	(4.1)	(10.3)	15.0	Lower than statutory rate due to certain tax incentives for promotion of exports and double deduction from R&D expenditures and special reinvestment allowances under the Short-term Economic Recovery Plan
Minority interests	0.0	0.0	nm	0.0	nm	0.0	
Net profit	11.5	17.9	(35.9)	15.8	(27.4)	78.7	
Core net profit	8.2	17.7	(53.6)	40.1	(79.5)	78.7	Below expectations at 10.4% of our and 10.7% of consensus FY22 estimates
EPS (sen)	18.9	29.4	(35.9)	26.0	(27.4)	129.5	
Core EPS (sen)	13.5	29.2	(53.6)	66.0	(79.5)	129.5	

SOURCES: CGS-CIMB, COMPANY REPORTS

Figure 2: Earnings revision

RM m	FY22	FY23F			FY24F			FY25F		
		Old	New	%chg	Old	New	%chg	Old	New	%chg
Revenue	868.8	957.8	957.8	0.0%	1055.4	1055.4	0.0%	1126.1	1126.1	0.0%
EBITDA	61.9	106.8	82.9	-22.4%	148.3	117.7	-20.6%	170.6	142.5	-16.5%
Core pretax profit	54.0	92.6	68.6	-25.9%	137.7	107.2	-22.2%	158.0	130.2	-17.6%
Core net profit	51.5	78.7	58.3	-25.9%	117.0	91.1	-22.2%	134.3	110.7	-17.6%

SOURCES: CGS-CIMB, COMPANY REPORTS

Figure 3: Geographical revenue breakdown

FYE Mar (RMm)	1QFY23	1QFY22	yoy % chg	4QFY22	qoq % chg	yoy %chg
Malaysia	89.0	87.6	1.6%	80.017	11.2%	1.6%
Japan	5.6	9.5	-41.2%	9.596	-41.7%	-41.2%
Asia (ex Malaysia & Japan)	82.4	95.4	-13.6%	62.189	32.5%	-13.6%
Europe	1.9	1.4	34.0%	0.449	321.4%	34.0%
Middle East	58.3	53.9	8.2%	52.662	10.7%	8.2%
Others	6.5	5.9	9.7%	3.855	68.8%	9.7%
Total	243.7	253.7	-3.9%	208.8	16.7%	-3.9%

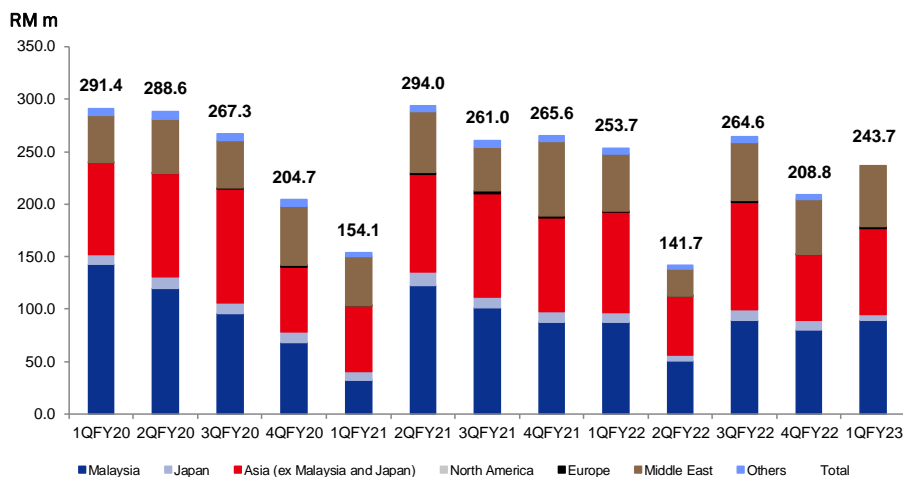
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Segmental breakdown in terms of revenue and profit/(loss) before tax

FY3/23 (RM'm)	1QFY23	1QFY22	yoy % chng
Revenue			
Home Appliances segment	60.4	86.7	-30.3%
Fan products segment	182.9	166.7	9.7%
Unallocated income	0.3	0.2	42.4%
Share of results from associate companies	0.0	0.0	N/A
Total	243.7	253.7	-3.9%
P/(L)BT			
Home Appliances segment	1.5	3.8	-60.0%
Fan products segment	1.0	16.6	-94.1%
Unallocated income	4.9	2.4	105.1%
Share of results from associate companies	4.9	-0.5	-1031.9%
Total	12.2	22.2	-45.1%

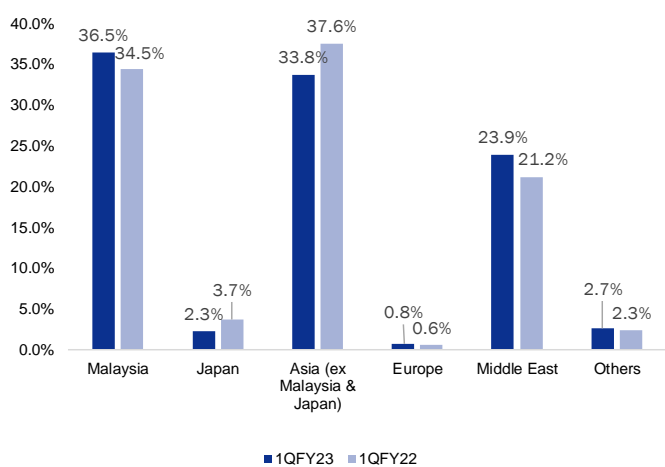
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Geographical breakdown quarterly trend



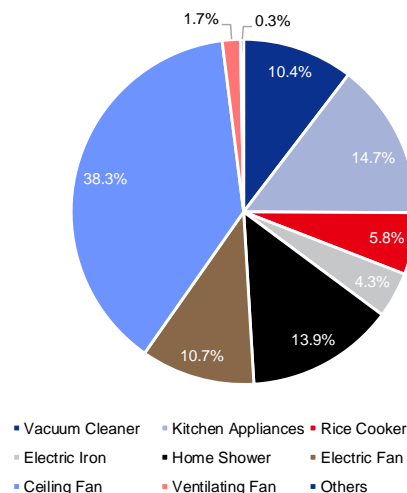
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: Percentage of revenue contribution by region/country in 1QFY23 vs. 1QFY22 (%)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Revenue by product type in FY22



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 8: Sector Comparisons (CGS-CIMB's Malaysia consumer sector coverage)

Company	Bloomberg Ticker	Recom.	Share price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY22F	CY23F		CY22F	CY23F	CY22F	CY23F	CY22F	CY23F	CY22F	CY23F
Consumer Staples																
Nestle (Malaysia)	NESZ MK	Hold	134.20	133.90	7,015	53.2	43.0	8.7%	53.5	52.8	104.5%	123.5%	28.3	27.2	1.9%	2.3%
Fraser & Neave Holdings	FNH MK	Add	23.00	25.00	1,880	21.1	19.4	0.3%	2.7	2.5	13.5%	13.5%	11.8	11.0	2.7%	2.9%
QL Resources	QLG MK	Add	5.10	5.60	2,767	45.7	34.8	23.8%	4.8	4.4	11.0%	13.2%	19.0	16.0	0.9%	1.1%
Power Root Bhd	PWRT MK	Hold	1.75	1.65	162	25.0	21.3	14.3%	2.8	2.7	11.4%	13.0%	14.4	12.7	3.9%	4.5%
Kawan Food	KFB MK	Add	2.02	2.68	162	17.7	15.1	17.0%	1.8	1.7	11.2%	11.7%	9.5	8.6	2.1%	2.4%
MSM Malaysia Holdings	MSM MK	Reduce	0.89	0.62	139	na	294.5	-55.9%	0.4	0.4	-3.2%	0.1%	40.7	10.6	0.0%	0.2%
CCK Consolidated Holdings	CCK MK	Add	0.59	0.81	82	11.0	9.6	14.1%	1.1	1.0	10.6%	10.9%	4.4	3.8	3.0%	3.2%
Farm Fresh Berhad	FFB MK	Add	1.67	1.83	692	31.4	25.7	18.4%	4.7	4.1	17.1%	17.1%	22.4	18.4	0.8%	1.0%
Weighted Subsector Average						44.1	38.8	10.7%	30.8	30.3	62.4%	73.3%	23.2	21.2	1.8%	2.1%
Consumer Discretionary																
7-Eleven Malaysia Holdings	SEM MK	Hold	1.56	1.48	392	22.1	23.3	8.3%	15.2	12.1	82.2%	57.9%	5.7	5.5	2.8%	2.6%
Berjaya Food Berhad	BFD MK	Hold	4.16	4.55	328	14.8	16.5	4.0%	3.1	2.7	23.5%	17.5%	4.9	5.0	1.3%	1.2%
Bonia Corporation	BON MK	Add	2.30	3.00	103	12.1	11.2	23.7%	1.2	1.1	9.9%	10.0%	4.8	4.5	3.3%	3.6%
DKSH Holdings (Malaysia)	DKSH MK	Hold	4.33	4.60	152	8.2	8.6	-3.8%	0.9	0.8	11.1%	9.6%	4.5	4.3	2.4%	2.3%
Lee Swee Kiat Group	LSKG MK	Add	0.72	1.25	26	8.8	7.0	15.9%	1.6	1.4	20.6%	21.6%	4.4	3.4	4.6%	5.6%
Mynews Holdings Berhad	MNHB MK	Reduce	0.41	0.33	62	na	na	na	1.4	1.4	-12.6%	-4.8%	11.0	6.4	0.0%	0.0%
Panasonic																
Manufacturing Malaysia Berhad	PMM MK	Reduce	26.90	20.50	364	28.7	19.7	13.2%	2.0	1.9	7.2%	10.1%	11.3	8.9	3.2%	3.7%
InNature Bhd	INNATURE MK	Hold	0.53	0.55	83	16.8	15.5	14.5%	2.5	2.4	15.9%	16.0%	7.6	7.0	4.3%	4.5%
Mr D.I.Y. Group (M) Bhd	MRDIY MK	Add	2.07	2.71	4,350	38.9	31.7	13.2%	13.6	10.9	40.1%	38.2%	18.3	15.5	1.1%	1.3%
Beshom Holdings Bhd	BESHOM MK	Add	1.48	1.93	99	11.1	8.5	25.7%	1.4	1.3	12.7%	15.7%	6.2	4.8	7.3%	8.6%
Senheng New Retail Bhd	5305 MK	Add	0.74	0.80	247	16.2	16.0	4.0%	2.0	1.9	17.9%	12.1%	6.0	5.7	1.9%	1.9%
Weighted Subsector Average						32.6	27.1	11.9%	11.0	8.8	36.5%	33.3%	14.9	12.7	1.6%	1.8%
Weighted Average						40.4	35.0	11.1%	24.4	23.3	54.0%	60.3%	20.5	18.4	1.7%	2.0%
Simple Average						23.7	34.7	8.9%	7.4	6.9	23.3%	24.0%	12.9	10.0	2.5%	2.7%

SOURCES: CGS-CIMB ESTIMATES, BLOOMBERG



ESG in a nutshell

PMM's sustainability reporting is prepared in line with Bursa Malaysia's Sustainability Reporting Guide and also in accordance with the Global Reporting Initiative (GRI). PMM's sustainability report mainly covers its Malaysian operations, in the context of it being a part of Japan-based Panasonic Corp. Key material matters include: economic performance, anti-corruption and sound procurement practices, and environmental compliance.

Keep your eye on

PMM has adopted and operates based on the Panasonic Corporation Code of Conduct, which delineates a clear set of rules for compliance with the law and corporate ethics.

Implications

Anti-corruption and fair business dealing practices are key for both its customers and vendors and we are thus positive on PMM's focus on this matter. We note that all its employees, including temporary workers, are required to sign a Clean Business Dealing Agreement as an assurance they will not engage in bribery or any fraudulent conduct. We believe that this is pertinent considering the new Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act, which came into force on 1 Jun 2020 and which outlines that companies and senior management are now liable if an associated person of the company conducts an act of bribery to gain business advantage.

ESG highlights

PMM has been proactive in improving its procurement practices to ensure best cost scales, quality, and adherence to environmental standards. Local suppliers constituted 79% of its total suppliers as of FY21.

Implications

PMM, as part of the wider Panasonic Corp group, continuously engages with its suppliers via joint activities to ensure its suppliers sufficiently meet PMM's product quality standard and requirements. It also conducts frequent audits on its suppliers to ensure they comply with all requirements, including corporate social responsibility matters.

Trends

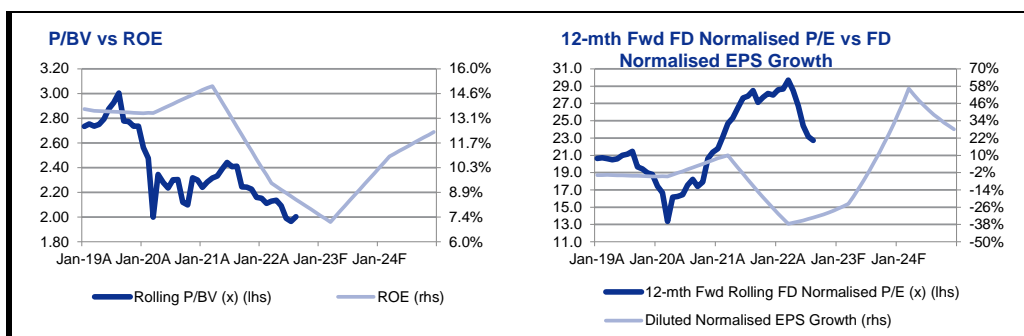
Panasonic Corp introduced Green Plan 2021 for the period of FY20-22 focusing on energy and resources, which is the material issue that it wishes to address in the near term. PMM managed to reduce its carbon index (tonnes of carbon dioxide emission/RM1m production value) from 20.05 in 2005 to 11.83 in 2020.

Implications

A large factor behind its improving carbon index is the usage of renewable energy sources, such as the installation of solar panels at its plant facilities. After installing solar panels at its SA2 plant in July 2020, it is now installing solar panels at its SA1 car park and SA2 new production building. We are positive on this matter as investors are able to gauge the company's efforts to optimise utilities consumption through renewable sources in order to reduce carbon dioxide emissions.

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS



Profit & Loss

(RMm)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Net Revenues	974.6	868.8	957.8	1,055.4	1,126.1
Gross Profit	185.2	145.8	153.2	195.3	225.2
Operating EBITDA	142.4	86.7	82.9	117.7	142.5
Depreciation And Amortisation	(32.1)	(30.6)	(38.3)	(40.9)	(43.4)
Operating EBIT	110.3	56.1	44.6	76.9	99.1
Financial Income/(Expense)	10.3	8.0	10.2	9.9	10.7
Pretax Income/(Loss) from Assoc.	20.3	13.8	13.8	20.4	20.4
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	140.9	77.8	68.6	107.2	130.2
Exceptional Items	(5.7)				
Pre-tax Profit	135.2	77.8	68.6	107.2	130.2
Taxation	(18.7)	(1.5)	(10.3)	(16.1)	(19.5)
Exceptional Income - post-tax					
Profit After Tax	116.5	76.3	58.3	91.1	110.7
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
Net Profit	116.5	76.3	58.3	91.1	110.7
Normalised Net Profit	122.2	76.3	58.3	91.1	110.7
Fully Diluted Normalised Profit	122.2	76.3	58.3	91.1	110.7

Cash Flow

(RMm)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
EBITDA	142.4	86.7	82.9	117.7	142.5
Cash Flow from Invnt. & Assoc.	0.0	0.0	0.0	0.0	0.0
Change In Working Capital	(10.1)	6.4	(0.5)	(6.9)	(4.9)
(Incr)/Decr in Total Provisions	0.0	0.0	0.0	0.0	0.0
Other Non-Cash (Income)/Expense	0.0	0.0	0.0	0.0	0.0
Other Operating Cashflow	21.8	24.7	27.8	30.4	32.7
Net Interest (Paid)/Received	(0.0)	(0.0)	(0.3)	(0.6)	0.0
Tax Paid	(18.7)	(1.5)	(10.3)	(16.1)	(19.5)
Cashflow From Operations	135.4	116.2	99.6	124.5	150.7
Capex	(42.5)	(42.5)	(42.5)	(42.5)	(42.5)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0	0.0
Other Investing Cashflow	13.7	11.0	10.5	10.5	10.7
Cash Flow From Investing	(28.9)	(31.5)	(32.1)	(32.0)	(31.8)
Debt Raised/(repaid)	0.0	0.0	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0	0.0
Dividends Paid	(120.3)	(50.4)	(51.6)	(63.8)	(69.9)
Preferred Dividends	0.0	0.0	0.0	0.0	0.0
Other Financing Cashflow	0.0	0.0	0.0	0.0	0.0
Cash Flow From Financing	(120.3)	(50.4)	(51.6)	(63.8)	(69.9)
Total Cash Generated	(13.8)	34.3	15.9	28.7	49.1
Free Cashflow To Equity	106.5	84.7	67.6	92.4	118.9
Free Cashflow To Firm	106.5	84.7	67.9	93.0	118.9

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(RMm)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Cash And Equivalents	523.9	524.6	526.5	545.2	582.0
Total Debtors	104.2	92.9	102.4	112.9	120.4
Inventories	69.6	62.1	68.4	75.4	80.5
Total Other Current Assets	0.0	0.0	0.0	0.0	0.0
Total Current Assets	697.8	679.6	697.4	733.5	782.9
Fixed Assets	138.2	144.9	149.2	150.8	150.0
Total Investments	114.0	114.0	114.0	114.0	114.0
Intangible Assets	0.0	0.0	0.0	0.0	0.0
Total Other Non-Current Assets	22.6	22.6	22.6	22.6	22.6
Total Non-current Assets	274.8	281.6	285.8	287.4	286.6
Short-term Debt	0.0	0.0	0.0	0.0	0.0
Current Portion of Long-Term Debt	0.0	0.0	0.0	0.0	0.0
Total Creditors	148.6	136.1	151.4	161.9	169.6
Other Current Liabilities	10.6	11.5	11.5	11.5	11.5
Total Current Liabilities	159.2	147.5	162.9	173.4	181.0
Total Long-term Debt	0.0	0.0	0.0	0.0	0.0
Hybrid Debt - Debt Component	0.0	0.0	0.0	0.0	0.0
Total Other Non-Current Liabilities	0.1	0.1	0.1	0.1	0.1
Total Non-current Liabilities	0.1	0.1	0.1	0.1	0.1
Total Provisions	0.6	0.6	0.6	0.6	0.6
Total Liabilities	159.9	148.3	163.6	174.1	181.7
Shareholders' Equity	812.7	812.9	819.6	846.9	887.7
Minority Interests					
Total Equity	812.7	812.9	819.6	846.9	887.7

Key Ratios

	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue Growth	(7.4%)	(10.9%)	10.2%	10.2%	6.7%
Operating EBITDA Growth	(3.5%)	(39.1%)	(4.3%)	42.0%	21.0%
Operating EBITDA Margin	14.6%	10.0%	8.7%	11.2%	12.7%
Net Cash Per Share (RM)	8.62	8.64	8.67	8.98	9.58
BVPS (RM)	13.38	13.38	13.49	13.94	14.61
Gross Interest Cover	12,259	11,212	149	128	N/A
Effective Tax Rate	13.8%	2.0%	15.0%	15.0%	15.0%
Net Dividend Payout Ratio	81.0%	66.1%	88.6%	70.0%	63.1%
Accounts Receivables Days	33.55	41.41	37.22	37.33	37.81
Inventory Days	33.01	33.25	29.60	30.60	31.58
Accounts Payables Days	65.96	71.87	65.23	66.67	67.16
ROIC (%)	66.6%	27.1%	21.6%	36.3%	44.7%
ROCE (%)	14.8%	7.9%	6.7%	10.5%	12.7%
Return On Average Assets	11.6%	7.2%	5.1%	8.2%	9.7%

Key Drivers

	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Malaysia	344.0	275.2	302.7	351.2	368.7
Japan	40.2	39.0	40.6	41.4	42.2
Asia (ex Malaysia and Japan)	344.0	347.4	375.2	412.7	454.0
North America	-	-	-	-	-
Europe	6.8	6.8	6.8	6.8	6.8
Middle East	216.8	185.4	209.5	219.9	230.9
Others	22.8	22.8	23.0	23.5	23.5

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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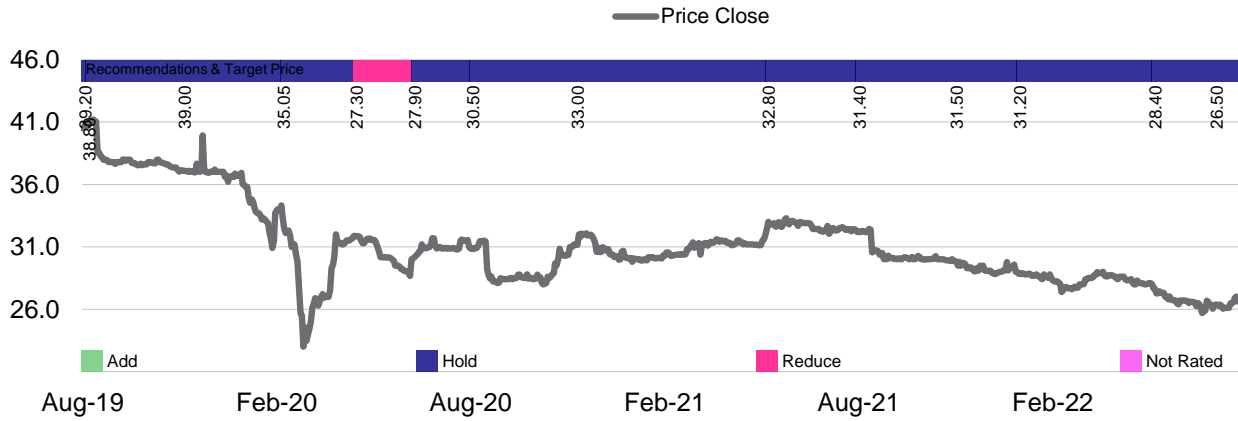
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2022		
643 companies under coverage for quarter ended on 30 June 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	68.4%	0.8%
Hold	24.6%	0.0%
Reduce	7.0%	0.2%

Spitzer Chart for stock being researched (2 year data)

Panasonic Manufacturing Malaysia Berhad (PMM MK)



Recommendation Framework

Stock Ratings

Definition:

Add The stock's total return is expected to exceed 10% over the next 12 months.

Hold The stock's total return is expected to be between 0% and positive 10% over the next 12 months.

Reduce The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.

Neutral A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.

Underweight An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.

Neutral A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.

Underweight An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.