

Singapore Company Update

Sembcorp Industries

Bloomberg: SCI SP | Reuters: SCIL.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

7 Nov 2023

BUY

Last Traded Price (6 Nov 2023): S\$4.92 (STI: 3,180.53)
Price Target 12-mth: S\$7.15 (45% upside)

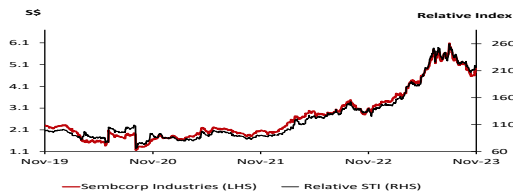
Analyst

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What's New

- Tripling gross installed renewable capacity to 25GW by 2028 without equity fund raising
- Profit to grow at least +7.5% CAGR during 2022-2028, driven by a +25% CAGR in renewable profits
- Uniquely positioned to drive energy transition through renewables and decarbonization initiatives
- A good entry point; reiterate BUY with TP of S\$7.15, decent 2.5-3.5% dividend yield

Price Relative



Forecasts and Valuation

FY Dec (\$m)	2021A	2022A	2023F	2024F
Revenue	6,408	7,825	7,285	7,678
EBITDA	1,199	1,778	2,085	2,032
Pre-tax Profit	274	1,009	1,357	1,287
Net Profit	279	848	977	914
Net Pft (Pre Ex.)	472	883	977	914
Net Pft Gth (Pre-ex) (%)	56.8	87.1	10.7	(6.5)
EPS (S cts)	15.6	47.4	54.6	51.1
EPS Pre Ex. (S cts)	26.4	49.3	54.6	51.1
EPS Gth Pre Ex (%)	57	87	11	(7)
Diluted EPS (S cts)	15.6	47.4	54.6	51.1
Net DPS (S cts)	5.00	12.0	13.0	13.0
BV Per Share (S cts)	211	222	264	302
PE (X)	31.5	10.4	9.0	9.6
PE Pre Ex. (X)	18.6	10.0	9.0	9.6
P/Cash Flow (X)	7.2	5.3	2.8	7.4
EV/EBITDA (X)	12.5	8.4	6.9	6.8
Net Div Yield (%)	1.0	2.4	2.6	2.6
P/Book Value (X)	2.3	2.2	1.9	1.6
Net Debt/Equity (X)	1.5	1.4	1.1	0.8
ROAE (%)	7.9	21.9	22.5	18.1
Earnings Rev (%)			0	0
Consensus EPS (S cts):			27.6	29.0
Other Broker Recs:		B: 11	S: 0	H: 0

Source of all data on this page: Company, DBS Bank, Bloomberg Finance L.P.

Powering up the energy transition

Investment Thesis:

A leading energy transition player in Asia – particularly China, India and Southeast Asia – Sembcorp Industries (SCI) is uniquely positioned in the energy transition drive, with a full suite of competitive and green energy solutions. Following impeccable execution of its “brown-to-green” transformation strategy, which quadrupled its renewable portfolio in 1.5 years by end-2022, SCI now aims to triple its capacity to c.25GW by 2028, representing over 80% of its total power portfolio.

Renewable set on fast growth track. While its gearing level has been relatively high, SCI has a strong operating cash flow, good access to project financing for renewable projects, as well as the flexibility to recycle capital through securitization of assets / partnership. These allow it to continue self-funding the five-year growth plan without the need for equity fund raising (EFR). Based on projections, the renewable segment could see profit rising 25% CAGR during 2022-2028, driving >7.5% group profits CAGR during the period. Renewables and urban solutions could cumulatively contribute 55-60% to group profit.

Steadier earnings growth and execution of five-year roadmap are key catalysts. Gas-related assets are expected to see a milder-than-expected 2% profit decline during 2022-2028, thanks to SCI's remarkable shift of locking in more long-term PPAs from 3Q23, leaving only a 5% spot exposure. Coupled with upstream gas hedges, SCI will deliver more predictable and stable Singapore power earnings ahead, eliminating an earnings risk concern. The growing renewable energy portfolio with accretive acquisitions remains the key share price driver for SCI in the current phase. In addition, continuous earnings delivery from the renewable energy portfolio is also critical to strengthen investor confidence. Efficient capital recycling to free up cash would also cheer the market.

Reiterate BUY; TP S\$7.15, based on a 14x FY24PE, in line with regional peers' average. This implies a 45% upside potential. We believe 40% of the rerating could come from the ~25% six-year CAGR in renewable profit and 60% from an uplift in the valuation multiple from a 10x forwards 14x PE, on the back of 1) accretive renewable acquisitions and 2) steady earnings delivery.

Key Risks

Key risks to earnings are interest rate spikes and execution hiccups in the company's renewable energy plans.

At A Glance

Issued Capital (m shrs)	1,786
Mkt. Cap (S\$m/US\$m)	8,786 / 6,487
Major Shareholders (%)	
Temasek Holdings Pte Ltd	49.5
Free Float (%)	50.5
3m Avg. Daily Val (US\$m)	30.7
GIC Industry : Industrials / Capital Goods	



Watchlist the stock on Insights Direct to receive prompt updates

WHAT'S NEW

Investor Day: Five-year Energy Transition Roadmap

Energy Transition Roadmap through 2028

Outpaced 2025 targets. SCI has achieved most of its 2025 targets ahead of time (highlighted in green in following table). The key 10GW gross installed renewable capacity target would be met in 2024, with the completion of the bulk of its projects currently under development. Emission intensity nearly halved to 0.3 tCO₂e/MWh (vs. the target of 0.4) while financial metrics (ROE, Debt/EBITDA, EBITDA/Interest) are all tracking above targets as well.

What are falling behind targets? Urban development land sales (which have stalled since COVID), and % share of profit from sustainable solutions due to the strong recovery of Singapore power market that saw earnings rise 6x from 2020 level as well as the muted growth in urban development. For arguments sake, if conventional energy profit held steady at 2020's level, % earnings from renewable & urban development would have crossed 75% of total Group earnings.

Stepping up green transition goals by 2028. SCI aims to triple its gross renewable installed capacity from 8.7GW to 25GW by 2028. Emission intensity is to halve to 0.15 tCO₂e/MWh. ROE is expected to moderate from current 19% to 12%, factoring in normalized gas assets earnings (15% ROE) with additional capex to decarbonize while renewables ROE remain stable at 10%. Strategy for urban development will be released mid-2024 pending the onboard of the new CEO for the segment end of this year. The key market focuses remain on China, India, Singapore, and other SEA countries like Vietnam and Indonesia.

SCI expects to spend S\$14bn capex in 2024-2028, of which 75% will be deployed for renewable, 10% for hydrogen-related assets, 10% for decarbonization, and 5% for urban solutions. The capex would be funded by operating cash flow (50%), project financing (30%), and corporate debt / capital recycling / partnerships (20%). Management emphasizes that there is no equity fund raising required to achieve the new goals, unless a very compelling and earnings accretive acquisition target requires equity issuance.

A glance at key targets and progress made

Targets	"Brown-to-Green" 2020-2025	Progress 9M23	"Energy Transition" 2023-2028
Renewable Target, GW	2.6GW -> 10GW	8.7GW Installed + 3.3GW under development	8.7GW -> 25GW
Emission Intensity, tCO ₂ e/MWh	0.54 -> 0.40	0.29	0.30 -> 0.15
Sustainable Urban Developments - Land Sales, ha	172ha -> 500ha	120ha	Pending onboard of new CEO
% share of net profit from Sustainable Solutions	40% -> 70%	Est. 35%	-
Financial metrics	2020-2025	2022	2022-2028
ROE	6% -> 10%	19%	19% -> 12%
Debt/EBITDA	6.5x -> 5.4x	3.7x	3.7x -> 4.5x
EBITDA/Interest	2.8x -> 4.0x	5.0x	5.0x -> 3.7x

Source: Company, DBS Bank

Predictable and stable earnings growth ahead

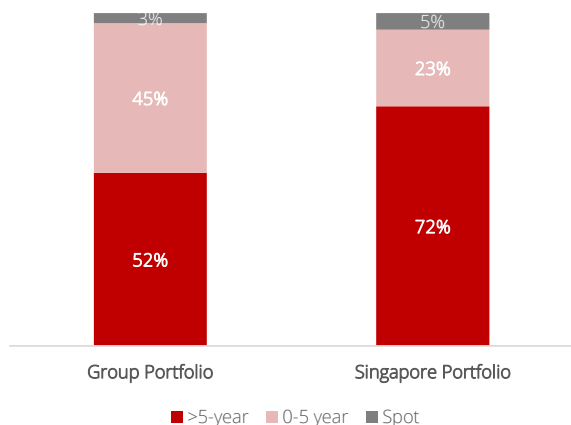
Strong financial performance in 2020-2022. Group net profit grew over 5x, led by conventional energy, while renewables also saw earnings tripled. Urban solution was stable. This has resulted in of operational free cash flow more than doubling – from S\$0.7bn in 2020 to average S\$1.5bn in 2021/2022.

Prudent interest rate management. SCI has successfully raised >S\$4bn of sustainable financing at attractive terms. It has also increased fixed rate debt proportion to 70%, reducing exposure to a high interest rate environment. It has over S\$2bn of undrawn committed facilities and will continue to tap green and sustainability-linked financing. New projects will factor in higher-for-longer interest rates.

Power earnings to be more predictable with a <5% spot exposure. SCI has also taken pre-emptive measures of locking in longer term PPAs for Singapore power since 3Q23, leaving only a 5% exposure to spot. Coupled with gas hedges, Singapore power earnings should be relatively steady, with only a slight h-o-h decline in 2H23, becoming more predictable moving forward.

Sembcorp Industries

High contracted Position of Gas Portfolio



Source: Company, DBS Bank

Net profit to potentially grow at a >7.5% CAGR. Management guided that renewable energy could grow at a +25% CAGR during 2022-2028 while gas-related services may slide at -2% CAGR. *Ceteris paribus*, this would imply a c.7.5% CAGR during 2024-2028, assuming a S\$900m group profit in FY24. We use FY24 as the base as we believe the market has priced in the potential earnings normalisation from the 2022/2023 high due to unprecedented high tariffs. The projection assumes flat urban solutions earnings and does not factor in potential profits from decarbonization solutions.

Decent dividend. Current dividend pay-out of around 25% will likely be maintained. We estimate SCI could pay 13-17 Sct DPS, implying a 2.5-3.5% dividend yield.

Uniquely positioned in the Energy Transition Drive

Improving fundamentals in key markets China and India. Unlike offshore wind in the US/Europe that faces supply chain issues, onshore renewables in our region – especially China and India – are seeing improving fundamentals such as low interest rates & solar panel prices in China and quicker payment collection in India. Both markets also continue to see rapid growth of ~17% CAGR for next five years in renewable demand amidst strong government push and support.

Strong operating capability and partnerships are critical success factors. SCI established a deep understanding of local markets through strong partnerships with key players, allowing it to leverage on partners' networks – especially read on government policies. In return, SCI offers its expertise in operating, improving project yield via efficiency enhancement (such as reducing outages and improves recovery time per outage, higher generation) and in-house O&M (Operating & Maintenance).

SCI is at the forefront of the decarbonization drive especially in Singapore, with various initiatives in place:

- **Regional Power imports** in ASEAN, starting with Vietnam and Malaysia, with access to large scale renewable energy and key lever to green portfolio.
- **Low carbon alternatives** – piloting low-carbon fuel such as hydrogen and ammonia for combined-cycle gas turbine (CCGTs), hydrogen and ammonia imports, and potential ammonia production in India to secure upstream source.
- **Local Solar Environment Attributes** – GoNetZero. A carbon management platform for user to create, sell and retire Renewable Energy Certificates (RECs) and other carbon credits (CCs), an interim solution to green portfolio.

Key Risk: Beside business and regulatory risks, management shared that higher-than-expected interest rates and the ability to retain talents are two key factors in the success of strategy execution.

Our take: SCI has demonstrated **excellent execution** for its “brown-to-green” strategy during 2020-2023 and again another well thought-through roadmap for next five years. The more **predictable and steady Singapore power earnings** ahead will eliminate investors' concern on earnings volatility while the conservative approach to **self-funding the growth plan** without equity fund raising also removes dilution risk overhang and provides upside growth potential. SCI targets to achieve at least **12% ROE** (15% gas assets and 10% renewable) and projects a +25% six-year CAGR for renewables while conventional energy is at -2% for 2022-2028. We estimate that this implies **at least 7.5% CAGR in group profit in 2024-2028** assuming steady urban solution earnings and group earnings forecasts of S\$900m in FY2024F.

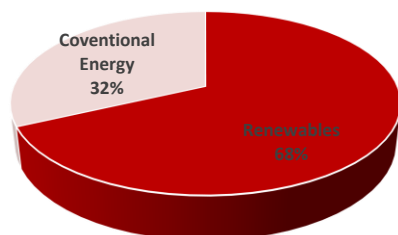
The group also plans to maintain 25% dividend pay-out ratio, translating to 13-17 Sct DPS or **2.5-3.5% dividend yield**. Share price pullback from high of over S\$6/share the past few months offers **good buying opportunity**. **Valuation is undemanding at <10x FY24 PE and 1.6x P/BV**. **Reiterate BUY and TP S\$7.15 (14x FY24F PE)**.

Company Background

Sembcorp Industries (SCI) is a trusted provider of essential energy and water solutions to both industrial and municipal customers. It has facilities with over 16GW of gross power capacity and c.9m cubic metres of water per day, both in operation and under development. It is also an established brand name in the urban development spaces (comprising industrial parks as well as business, commercial, and residential space) in Vietnam, China, and Indonesia.

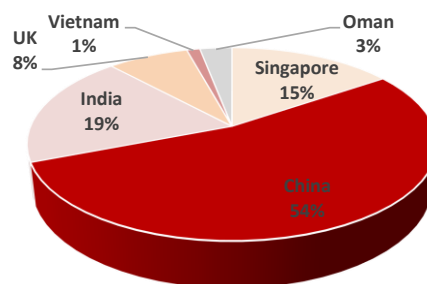
Sembcorp Industries

Breakdown of power generation capacity as of end Jun-2023 (12.7GW)



Source: Company, DBS Bank

Breakdown of gross generation capacity (incl. asset under development) by country, as of end Jun-2023 (16.6 GW)



Source: Company, DBS Bank

Renewable Power Generation Assets (as at Jun-2023)

Entities	Country	Stake	Gross Installed Capacity (MW)			Under Development (MW)			Total (MW)
			Wind	Solar	Batteries	Wind	Solar	Batteries	
Sembcorp Green Infra	India	100%	1,742	591	-	230	464	-	3,027
Sembcorp Green Infra	India	74%	-	-	-	30	85	-	115
Sembcorp Green Infra	India	72%	-	-	-	4	-	-	4
Guohua Sembcorp	China	49%	725	-	-	-	-	-	725
Sembcorp Huiyang New Energy (HYNE)	China	98%	418	240	-	-	-	-	658
SDIC New Energy	China	35%	1,880	238	-	650	800	-	3,568
Xingling New Energy	China	45%	652	240	200	-	-	-	1,092
Beijing Energy Sembcorp	China	49%	-	795	-	-	-	-	795
Shanghai Cao Jing	China	30%	-	2	-	-	-	-	2
SPIC Sembcorp Wuyi Renewable	China	49%	-	1	-	-	60	-	61
Sembcorp NCIP Water Co	China	95%	-	4	-	-	-	-	4
Sembcorp Solar Singapore	Singapore	100%	-	295	-	-	164	-	459
Sembcorp Cogen - Batteries	Singapore	100%	-	-	289	-	-	-	289
Sembcorp Solar Vietnam	Vietnam	100%	-	43	-	-	-	-	43
Vietnam-Singapore Smart Energy Solutions	Vietnam	54%	-	47	-	-	10	-	57
BCG GAIA	Vietnam	49%	-	106	-	-	-	-	106
PT Sembcorp Energy Indonesia	Indonesia	100%	-	-	-	-	3	-	3
Sembcorp Jinko Shine	Oman	80%	-	-	-	-	500	-	500
Flexible Generation Assets	UK	100%	-	-	120	-	-	300	420
Total			5,417	2,602	609	914	2,086	300	11,928

Source: Company, DBS Bank

Conventional Energy Generation Assets (as at Jun-2023)

Entities	Country	Stake	Gross Installed Capacity (MW)	Under Development (MW)	Total (MW)
Sembcorp Cogen	Singapore	100%	1,219	600	1,819
Shanghai Cao Jing	China	30%	658	-	658
Chongqing Songzao Sembcorp	China	49%	1,320	-	1,320
Wilton Energy Assets	UK	100%	162	-	162
Flexible Generation Assets (Excl energy storage)	UK	100%	684	-	684
Total			4,043	600	4,643

Source: Company, DBS Bank

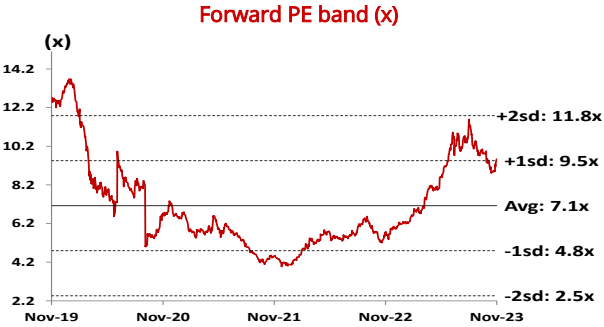
Peer comparison

Company	Market cap (US\$m)	P/E ratio (x)		EV-to-EBITDA (x)		P/B (x)		Core ROE (%)		Net Debt-to-Equity (x)		Net Debt-to-EBITDA (x)		Dividend Yield		YTD Performance
		CY23F	CY24F	CY23F	CY24F	CY23F	CY24F	CY23F	CY24F	CY23F	CY24F	CY23F	CY24F	CY23F	CY24F	
Power Producer																
NEXTERA ENERGY	121,241	19.1x	17.7x	14.6x	14.7x	2.5x	2.3x	14.2%	15.5%	1.3x	4.7x	3.1%	3.4%	-27%		
IBERDROLA SA	72,498	14.4x	14.0x	9.0x	9.0x	1.5x	1.4x	10.7%	10.1%	0.8x	4.2x	4.9%	5.1%	3%		
ENEL SPA	66,013	10.0x	9.3x	6.2x	6.0x	1.9x	1.8x	20.5%	20.4%	1.8x	3.3x	7.0%	7.1%	30%		
ORSTED A/S	16,450	na	13.2x	8.8x	8.2x	1.6x	1.5x	-13.9%	12.4%	0.3x	na	5.2%	5.5%	-55%		
ENGIE	39,198	7.5x	8.9x	4.9x	5.8x	1.1x	1.0x	13.5%	12.9%	0.6x	na	9.2%	7.8%	24%		
RWE AG	28,952	7.4x	11.1x	4.5x	5.6x	0.9x	0.9x	12.5%	7.3%	0.0x	na	2.7%	2.8%	-10%		
EDP RENOVAVEIS S	16,877	27.9x	24.4x	11.8x	10.7x	1.5x	1.5x	5.5%	5.9%	0.6x	3.9x	1.4%	1.6%	-24%		
AVANGRID INC	12,311	14.9x	13.9x	11.6x	11.1x	0.6x	0.6x	4.1%	4.4%	0.5x	6.0x	5.5%	5.6%	-23%		
BROOKFIELD RENEW	11,281	na	na	25.0x	22.5x	2.5x	2.9x	-0.4%	0.8%	0.9x	7.1x	5.8%	6.1%	-4%		
CLEARWAY ENERG-C	4,500	25.2x	16.3x	11.8x	11.2x	1.4x	1.5x	10.5%	9.4%	1.7x	7.5x	6.8%	7.2%	-26%		
ATLANTICA SUSTAI	2,209	49.7x	30.2x	9.0x	8.4x	1.4x	1.5x	2.3%	5.7%	2.5x	na	9.4%	9.6%	-23%		
CHINA LONGYUAN-H	16,697	6.4x	5.4x	9.5x	9.0x	0.7x	0.6x	11%	12%	1.3x	4.6x	3.0%	3.6%	-30%		
CHINA DATANG C-H	1,608	4.0x	3.7x	7.6x	8.7x	0.6x	0.6x	13%	13%	1.5x	4.4x	3.6%	4.0%	-23%		
CECEP WIND POW-A	2,797	11.3x	10.0x	na	na	1.1x	0.9x	10%	10%	1.1x	na	2.8%	3.2%	-15%		
GUANGXI GUIGAN-A	6,056	18.0x	14.4x	na	na	2.3x	2.2x	12.8%	15.1%	0.9x	na	3.1%	4.2%	1%		
TATA POWER CO	9,398	24.0x	21.6x	13.2x	12.1x	2.5x	2.3x	11%	11%	1.2x	5.3x	0.9%	0.8%	19%		
TORRENT POWER LT	4,212	15.4x	14.3x	9.0x	8.5x	2.8x	2.5x	19%	18%	0.8x	2.0x	2.3%	2.3%	56%		
JSW ENERGY LTD	7,787	39.4x	27.3x	15.0x	11.5x	3.2x	3.0x	9%	11%	1.1x	6.1x	0.6%	0.7%	38%		
ENERGY ABSOLUTE	4,641	17.6x	19.4x	16.3x	15.0x	3.6x	3.1x	16.6%	15.1%	1.2x	4.0x	1.8%	1.8%	-54%		
BCPG PCL	750	18.3x	15.1x	12.6x	12.0x	0.9x	0.9x	4.8%	5.7%	0.2x	-0.6x	3.2%	3.5%	-9%		
ACEN CORP	3,717	22.7x	16.4x	29.8x	21.4x	1.6x	1.5x	7.3%	9.2%	0.0x	96.2x	1.0%	1.2%	-30%		
SEMBCORP INDUS	6,234	9.1x	10.1x	8.5x	8.7x	1.8x	1.6x	21.6%	16.8%	1.4x	4.4x	2.6%	2.4%	45%		
Average																
Asia Average		16.9x	13.8x	13.2x	11.5x	1.7x	1.6x	11.9%	12.1%	1.0x	3.8x	2%	3%	0%		
US & Europe		19.6x	15.9x	10.7x	10.3x	1.5x	1.5x	7.2%	9.5%	1.0x	5.2x	6%	6%	-12%		

Source: Company, DBS Bank, Bloomberg Finance L.P.

Sembcorp Industries

Historical PE and PB band



Source: Bloomberg Finance L.P., DBS Bank estimates



Source: Bloomberg Finance L.P., DBS Bank estimates

Sembcorp Industries

Segmental Breakdown

FY Dec	2020A	2021A	2022A	2023F	2024F
Revenues (\$m)					
Renewables	281	354	506	582	640
Conventional Energy	4,571	5,292	6,547	5,892	6,187
Integrated Urban	422	465	444	466	490
Others / Corporate	173	297	328	344	362
Total	5,447	6,408	7,825	7,285	7,678
EBITDA (\$m)					
Renewables	603	225	251	352	440
Conventional Energy	0.0	892	561	886	1,223
Integrated Urban	102	107	143	130	137
Others / Corporate	1.00	(40.0)	(70.0)	(60.0)	(63.0)
Total	706	1,184	885	1,308	1,736
EBITDA Margins (%)					
Renewables	214.6	63.6	49.6	60.5	68.7
Conventional Energy	0.0	16.9	8.6	15.0	19.8
Integrated Urban	24.2	23.0	32.2	27.9	27.9
Others / Corporate	0.6	(13.5)	(21.3)	(17.4)	(17.4)
Total	13.0	18.5	11.3	18.0	22.6

Income Statement (\$m)

FY Dec	2020A	2021A	2022A	2023F	2024F
Revenue	5,447	6,408	7,825	7,285	7,678
Cost of Goods Sold	(4,516)	(5,396)	(6,598)	(5,720)	(6,266)
Gross Profit	931	1,012	1,227	1,565	1,412
Other Opng (Exp)/Inc	(218)	(279)	(186)	(325)	(254)
Operating Profit	713	733	1,041	1,239	1,158
Other Non Opng (Exp)/Inc	(127)	(197)	28.0	188	190
Associates & JV Inc	233	206	248	237	255
Net Interest (Exp)/Inc	(464)	(275)	(273)	(307)	(316)
Exceptional Gain/(Loss)	(144)	(193)	(35.0)	0.0	0.0
Pre-tax Profit	211	274	1,009	1,357	1,287
Tax	(32.0)	(123)	(138)	(339)	(335)
Minority Interest	(22.0)	128	(23.0)	(40.7)	(38.6)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	157	279	848	977	914
Net Profit before Except.	301	472	883	977	914
EBITDA	1,263	1,199	1,778	2,085	2,032
Growth					
Revenue Gth (%)	(19.1)	17.6	22.1	(6.9)	5.4
EBITDA Gth (%)	(15.5)	(5.1)	48.3	17.3	(2.5)
Opg Profit Gth (%)	(16.2)	2.8	42.0	19.1	(6.6)
Net Profit Gth (Pre-ex) (%)	(36.0)	56.8	87.1	10.7	(6.5)
Margins & Ratio					
Gross Margins (%)	17.1	15.8	15.7	21.5	18.4
Opg Profit Margin (%)	13.1	11.4	13.3	17.0	15.1
Net Profit Margin (%)	2.9	4.4	10.8	13.4	11.9
ROAE (%)	3.1	7.9	21.9	22.5	18.1
ROA (%)	0.9	2.0	5.6	6.2	5.8
ROCE (%)	(1.0)	1.6	5.0	5.2	4.4
Div Payout Ratio (%)	45.5	32.1	25.3	23.8	25.5
Net Interest Cover (x)	1.5	2.7	3.8	4.0	3.7

Source: Company, DBS Bank

Sembcorp Industries

Interim Income Statement (\$m)

FY Dec	1H2021	2H2021	1H2022	2H2022	1H2023
Revenue	3,290	3,118	4,755	3,070	3,658
Cost of Goods Sold	(2,554)	(2,842)	(4,078)	(2,520)	(2,826)
Gross Profit	736	276	677	550	832
Other Oper. (Exp)/Inc	(126)	(153)	(43.0)	(143)	(190)
Operating Profit	610	123	634	407	642
Other Non Opg (Exp)/Inc	(196)	(1.0)	3.00	25.0	131
Associates & JV Inc	104	102	133	115	146
Net Interest (Exp)/Inc	(201)	(74.0)	(178)	(95.0)	(176)
Exceptional Gain/(Loss)	(206)	13.0	0.0	(35.0)	0.0
Pre-tax Profit	111	163	592	417	743
Tax	(57.0)	(66.0)	(93.0)	(45.0)	(121)
Minority Interest	(8.0)	136	(9.0)	(14.0)	(14.0)
Net Profit	46.0	233	490	358	608
Net profit bef Except.	252	220	490	393	608
EBITDA	518	224	770	547	919

Growth

Revenue Gth (%)	16.3	(5.2)	52.5	(35.4)	19.2
EBITDA Gth (%)	28.5	(56.8)	243.8	(29.0)	68.0
Opg Profit Gth (%)	98.1	(79.8)	415.4	(35.8)	57.7
Net Profit Gth (%)	(76.9)	406.5	110.3	(26.9)	69.8

Margins

Gross Margins (%)	22.4	8.9	14.2	17.9	22.7
Opg Profit Margins (%)	18.5	3.9	13.3	13.3	17.6
Net Profit Margins (%)	1.4	7.5	10.3	11.7	16.6

Balance Sheet (\$m)

FY Dec	2020A	2021A	2022A	2023F	2024F
Net Fixed Assets	7,204	7,094	5,305	5,484	5,455
Invt in Associates & JVs	1,588	1,600	2,287	2,424	2,579
Other LT Assets	1,766	1,768	1,920	3,920	3,920
Cash & ST Invt	1,032	1,344	1,254	1,903	2,753
Inventory	196	222	137	156	170
Debtors	1,571	1,986	1,564	1,254	1,321
Other Current Assets	205	381	3,553	121	121
Total Assets	13,562	14,395	16,020	15,262	16,318
ST Debt	593	754	1,096	1,096	1,096
Creditor	1,159	1,708	1,715	1,484	1,625
Other Current Liab	375	443	2,010	497	493
LT Debt	7,135	6,637	5,974	6,174	6,374
Other LT Liabilities	824	935	1,009	1,009	1,009
Shareholder's Equity	3,339	3,767	3,977	4,722	5,403
Minority Interests	137	151	239	280	318
Total Cap. & Liab.	13,562	14,395	16,020	15,262	16,318
Non-Cash Wkg. Capital	438	438	1,529	(451)	(505)
Net Cash/(Debt)	(6,696)	(6,047)	(5,816)	(5,367)	(4,717)
Debtors Turn (avg days)	121.3	101.3	82.8	70.6	61.2
Creditors Turn (avg days)	179.4	105.9	101.8	110.2	97.2
Inventory Turn (avg days)	26.1	15.4	10.7	10.1	10.2
Asset Turnover (x)	0.3	0.5	0.5	0.5	0.5
Current Ratio (x)	1.4	1.4	1.3	1.1	1.4
Quick Ratio (x)	1.2	1.1	0.6	1.0	1.3
Net Debt/Equity (X)	1.9	1.5	1.4	1.1	0.8
Net Debt/Equity ex MI (X)	2.0	1.6	1.5	1.1	0.9
Capex to Debt (%)	3.9	3.6	22.5	8.3	5.4

Source: Company, DBS Bank

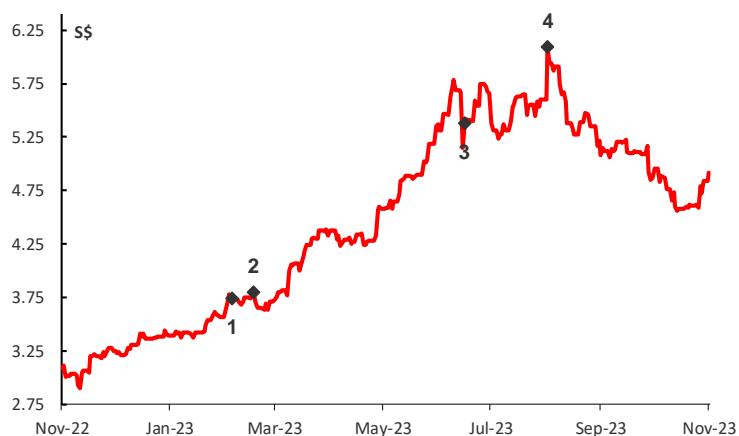
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Cash Flow Statement (\$m)

FY Dec	2020A	2021A	2022A	2023F	2024F
Pre-Tax Profit	211	274	1,009	1,357	1,287
Dep. & Amort.	444	457	461	421	430
Tax Paid	(25.0)	123	(64.0)	(219)	(339)
Assoc. & JV Inc/(loss)	(233)	(206)	(248)	(237)	(255)
Chg in Wkg.Cap.	(453)	(49.0)	24.0	1,859	59.1
Other Operating CF	547	620	470	0.0	0.0
Net Operating CF	491	1,219	1,652	3,182	1,182
Capital Exp.(net)	(304)	(265)	(1,588)	(600)	(400)
Other Invts.(net)	(15.0)	18.0	0.0	0.0	0.0
Invts in Assoc. & JV	(2.0)	0.0	0.0	0.0	0.0
Div from Assoc & JV	198	95.0	95.0	100	100
Other Investing CF	(1,158)	52.0	108	(2,000)	0.0
Net Investing CF	(1,281)	(100.0)	(1,385)	(2,500)	(300)
Div Paid	(54.0)	(107)	(125)	(233)	(233)
Chg in Gross Debt	890	(349)	310	200	200
Capital Issues	(219)	0.0	0.0	0.0	0.0
Other Financing CF	(566)	(375)	(506)	0.0	0.0
Net Financing CF	51.0	(831)	(321)	(32.6)	(32.6)
Currency Adjustments	4.00	24.0	(36.0)	0.0	0.0
Chg in Cash	(735)	312	(90.0)	649	850
Opg CFPS (S cts)	52.8	70.9	91.0	73.9	62.8
Free CFPS (S cts)	10.5	53.3	3.58	144	43.7

Source: Company, DBS Bank

Target Price & Ratings 12-mth History



Note : Share price and Target price are adjusted for corporate actions.

S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	10 Feb 23	3.74	4.50	BUY
2:	22 Feb 23	3.80	4.60	BUY
3:	21 Jun 23	5.38	6.50	BUY
4:	07 Aug 23	6.09	7.15	BUY

Source: DBS Bank

Analyst: Pei Hwa HO

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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

Completed Date: 7 Nov 2023 10:58:07 (SGT)

Dissemination Date: 7 Nov 2023 11:09:23 (SGT)

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