

Company report

# **MRCB**

(MRC MK EQUITY, MYRS.KL)

31 May 2019

1QFY19 net profit tumbles 81.6% YoY

# **UNDERWEIGHT**

(Downgraded)

## Thong Pak Leng

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Rationale for report: Company results/update

 Price
 RM0.93

 Fair Value
 RM0.77

 52-week High/Low
 RM1.18/RM0.55

#### **Key Changes**

Fair value EPS

YE to Dec (RM mil)	FY18	FY19F	FY20F	FY21F
Revenue (RM mil)	1,870.7	1,844.3	1,999.9	2,148.9
Core net profit (RM mil)	99.8	91.9	100.5	119.4
FD Core EPS (sen)	2.3	2.1	2.3	2.7
FD Core EPS growth (%)	(37.1)	(7.8)	9.3	18.8
Consensus Net Profit (RM mil)	-	115.7	147.6	203.7
DPS (sen)	1.7	1.0	1.1	1.3
PE (x)	41.0	44.5	40.7	34.2
EV/EBITDA (x)	26.1	27.7	26.6	23.1
Div yield (%)	1.9	1.1	1.2	1.4
ROE (%)	2.1	1.9	2.0	2.4
Net Gearing (%)	19.6%	11.1%	16.5%	17.8%

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# Stock and Financial Data

Shares Outstanding (million)	4,399.9	
Market Cap (RM mil)	4,087.4	
Book Value (RM/share)	1.10	
P/BV (x)	0.8	
ROE (%)	2.1	
Net Gearing (%)	19.6%	
Major Shareholders	FPF	36.0%
.,	Gapurna Sdn Bhd	16.1%
	LTH	6.7%
E	=	0.770
Free Float	41.3%	
Avg Daily Value (RM mil)	13.70	

Price performance	3mth	6mth	12mth
Absolute (%)	7.5	22.1	29.9
Relative (%)	(18.1)	15.2	42.4



## **Investment Highlights**

- We downgrade MRCB to UNDERWEIGHT from HOLD recommendation with a lower fair value of RM0.77 (from RM0.83) based on SOP valuation (Exhibit 2). We cut our FY19–FY21 earnings by 29%, 31% and 27% respectively to reflect the timing in revenue recognition in the property development & investment and engineering, construction & environment divisions.
- MRCB's 1QFY19 net profit of RM4.0mil (-81.6% YoY) is below our and market expectations, at 3% of both ours and consensus full-year estimates.
- Revenue dropped by 45% YoY mainly due to lower revenue contribution from both the property development & investment and engineering and construction & environment divisions as the construction of VIVO (9 Seputeh) and Kalista Park Homes (Bukit Rahman Putra) has been completed.
- MRCB's 1QFY19 PBT plunged by 72.5% to RM8.4mil, impacted by the lower revenue recognised during the period as well as the deferment and retiming of income recognition from the LRT 3 project.
- The property development & investment division contributed 36% and 14% to the group's 1QFY19 revenue and EBIT respectively. MRCB registered new sales of RM75mil while unbilled sales of RM1.6bil shall provide better earnings visibility the medium term.
- The engineering, construction & environment division contributed 57% and 67% to the group's 1QFY19 revenue and EBIT respectively. Despite a 31% YoY decline in revenue, this division's EBIT grew by 4%to RM16.7mil. The engineering, construction & environment division currently has open tenders valued at RM1.4bil while its remaining order book now stands at RM22.6bil, indicating a stable income over the next 2–3 years.
- Our UNDERWEIGHT recommendation downgrade is due to: 1) a limited upside on the share price; 2) a generally weak investor sentiment on the property/construction sector, particularly among larger developers; and 3) the still sluggish demand for local properties. We may upgrade the stock to a HOLD/BUY if: 1) there's a sharp retracement in share prices while fundamentals persist; 2) surprises in earnings; and 3) major catalysts such as M&A and huge contract awards.

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EXHIBIT 1: EARNINGS SUMMARY										
YE to Dec (RM mil)	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	QoQ %	YoY %	1QFY18	1QFY19	YTD %
Revenue	427.6	405.2	663.8	374.1	234.1	-37.4%	-45.3%	427.6	234.1	-45.3%
Operating costs	(405.2)	(363.9)	(624.8)	(284.0)	(201.7)	-29.0%	-50.2%	(405.2)	(201.7)	-50.2%
EBIT	15.9	47.8	39.0	64.6	18.9	-70.8%	18.8%	15.9	18.9	18.8%
Net finance expenses	4.0	(10.5)	(11.7)	(25.7)	(12.4)	-51.8%	-410.5%	4.0	(12.4)	-410.5%
Associate contributions	10.7	5.8	13.2	(4.2)	1.9	-146.1%	-81.8%	10.7	1.9	-81.8%
Profit before tax	30.6	43.0	40.5	34.7	8.4	-75.7%	-72.5%	30.6	8.4	-72.5%
Taxation	(4.9)	(10.8)	(22.0)	(8.4)	(6.9)	-17.8%	39.1%	(4.9)	(6.9)	39.1%
PATMI	21.5	33.4	19.8	26.4	4.1	-84.3%	-80.8%	21.5	4.1	-80.8%
Adjustments	0.1	(0.6)	(0.1)	(0.8)	(0.2)	-81.8%	-246.7%	0.1	(0.2)	-246.7%
Core PATMI	21.6	32.8	19.7	25.6	4.0	-84.4%	-81.6%	21.6	4.0	-81.6%
EPS (sen)	0.5	0.8	0.5	0.6	0.1	-84.3%	-80.8%	0.5	0.1	-80.8%
EBIT margin (%)	3.7%	11.8%	5.9%	17.3%	8.1%			3.7%	8.1%	
Effective tax rate (%)	16.1%	25.0%	54.4%	24.1%	81.5%			16.1%	81.5%	
Core PATMI margin (%)	5.1%	8.1%	3.0%	6.8%	1.7%			5.1%	1.7%	

Source: Company/ AmInvestment Bank Bhd

DEVELOPMENT PROPERTIES	Outstanding GDV (RMmil)	NPV @13% (RMmil)	Stake	% of SOP
KL Sentral: Lot F	2,993.0	50.9	74.0%	
PJ Sentral Garden City	2,619.0	60.2	100.0%	
Penang Sentral	2,865.0	65.8	100.0%	
Cyberjaya City Centre	5,350.0	86.1	70.0%	
Kwasa Sentral	10,555.0	169.8	70.0%	
Pulai Land, Johor	770.0	17.7	100.0%	
9 Seputeh	2,680.0	61.6	100.0%	
Lot 349, Sentral Suites	1,529.0	35.1	100.0%	
Carnegie, Melbourne	305.0	7.0	100.0%	
Bukit Rahman Putra	547.0	12.6	100.0%	
Bandar Sri Iskandar (Phase 2C, 2D & 3)	766.0	12.3	70.0%	
Unbilled sales		40.7	100.0%	
Bukit Jalil Sentral	20,700.0	90.4	20.0%	
Landbank surplus				
Suria Subang		20.9	100.0%	
Selbourne 2 Shah Alam		15.5	100.0%	
Metro Spectacular Land, Jalan Putra		80.5	51.0%	
Development properties total NPV		827.1	-	
Property (40% discount to NPV)		496.3		11.5%
Investment properties (book value)		1,311.6	100.0%	30.4%
Construction (10x FY19 earnings -excluding LRT3)		291.2	100.0%	6.7%
LRT 3 (NPV, WACC 11%)		200.6	50.0%	4.6%
MRCB Quill REIT (market value)		329.1	27.9%	7.6%
Investments in JV (book value)		547.7	-	12.7%
Proceeds from sale of Bukit Jalil Sentral land		1,140.8	80.0%	26.4%
Total SOP		4,317.3		
N et cash/(debt)		(947.7)		
Fair value		3,369.6		
Share base (mil shares)		4,399.9		
Fair value per share		0.77		

Source: AmInvestment Bank Bhd

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Revenue	EXH	IBIT 3: FINAN	NCIAL DATA	4		
Description   Part	Income Statement (RMmil, YE 31 Dec)	FY17	FY18	FY19F	FY20F	FY21
Despreciation/Amortisation   C5-41   C5-51   C5-52   C7-33   C2-73   C2-73   C2-73   C2-73   C2-75	Revenue	2,640.6	1,870.7	1,844.3	1,999.9	2,148
Decration income (EBIT)   2417   167.2   142.1   156.9   58   58   58   58   58   58   58   5	EBITDA	267.2	192.8	167.3	184.2	215
Decration income (EBIT)   2417   167.2   142.1   156.9   58   58   58   58   58   58   58   5	Depreciation/Amortisation	(25.4)	(25.5)	(25.2)	(27.3)	(29.3
250   25.5   26.0   26.0   26.0   2					(=::-,	-
Net interest						
Exceptional ilems   3.2						
Pretax profit (a243) 148.7 (33.4   145.8   137.6 (a61) (40.0) (43.7) (51.6 (a61) (40.0)						
Gazalion   G7.8   (46.1)   (40.0)   (43.7)   (51.1)   (10.5)   (1.6)   (1.5)   (1.5)   (1.6)   (1.5)						0.
Willord in Inferests         (14, 2)         (1,5)         (1,5)         (1,6)         (1,6)           Veil profit         1618         101.2         91.9         100.5         119           Dare met profit         158.6         99.8         91.9         100.5         119           Balance Sheet (RMmil, YE 31 Dec)         FY17         FY18         FY19F         FY20F         FY2           PPE         6142         665.4         698.6         733.6         700           Inlangible assets         225.6         226.7	Pretax profit	243.9	148.7	133.4	145.8	173
Net profit   1618   1012   91.9   100.5   119	Taxation	(67.8)	(46.1)	(40.0)	(43.7)	(51.
Net profit   1618   1012   91.9   100.5   119	Minority interests	(14.2)	(1.5)	(1.5)	(1.6)	(1.
Salance Sheet (RMmil, YE 31 Dec)		161.8	101.2	91.9	100.5	119
PPE   614.2   665.4   698.6   733.6   770   730   770   733.6   770   77	Core net profit					119
Dilbar Ionque term assets         225.6         226.7         22	Balance Sheet (RMmil, YE 31 Dec)	FY17	FY18	FY19F	FY20F	FY21
Dilbar Ionque term assets         225.6         226.7         22	PPF	614.2	665.4	698.6	733.6	770
20ther long-term assets   3,378.7   3,977.4   4,042.9   4,111.8   4,184   1,284   1,						
Total non-current assets						
Cash & equivalent         7242         551.6         732.1         739.9         749           Inventories         885.1         1.043.7         509.9         549.5         585           Trade receivables         3.020.6         1.733.8         1.364.3         1.666.4         1.790           Dither current assets         1.342.0         1.49.5         98.1         1.280.0         1.384           Trade pavables         1.296.2         1.364.2         1.104.7         1.190.7         1.269           Short-term borrowings         2.490.6         7.29.4         976.1         739.9         749           Obther current liabilities         2.17.9         15.4         15.2         16.5         17           Total current liabilities         4.004.8         2.109.0         2.096.0         1.947.0         2.036           Lorda long-term borrowings         8.91.2         769.9         295.5         816.0         88           Total long-term liabilities         1.384.6         1.340.8         631.3         1205.7         1.38           Minority interests         1.04.5         68.0         67.0         72.7         78           Jobal Fow (RMmil, yE 31 Dec)         FY17         FY18         FY19F         <	1.5					
Inventories   885.1   1.043.7   509.9   549.5   585   17ade receivables   3.020.6   1.733.8   1.364.3   1.666.4   1.790   1.733.8   1.364.3   1.666.4   1.790   1.733.8   1.364.3   1.666.4   1.790   1.733.8   1.364.3   1.666.4   1.790   1.733.8   1.280.1   1.380.1			.,			
Trade receivables 3.020.6 1.733.8 1.364.3 1.666.4 1.790.  Dither current assets 1.342.0 149.5 98.1 1280 138.  Trade payables 1.342.0 149.5 98.1 1280 138.  Trade payables 1.296.2 1.364.2 1.104.7 1.190.7 12.69.  Short-term borrowings 2.490.6 729.4 976.1 739.9 749.  Dither current liabilities 217.9 15.4 15.2 16.5 17.  Total current liabilities 4.004.8 2.109.0 2.096.0 1,947.0 2.036.  Long-term borrowings 89.12 769.9 29.55 816.0 88.  Dither long-term liabilities 4.93.3 570.9 335.8 389.7 449.  Total current liabilities 1.384.6 1.340.8 631.3 1.205.7 1.338.  Minority interests 1.04.5 68.0 67.0 72.7 78.  Shareholders' funds 4.817.2 4.832.4 4.880.5 4.932.7 4.995.  Shareholders' funds 4.817.2 4.832.4 4.880.5 7.2 7.2 78.  Shareholders' funds 1.10 1.10 1.11 1.12 1.1.  Cash Flow (RMmil, YE 31 Dec) FY17 FY18 FY19F FY20F FY2.  Pretax profit 243.9 148.7 133.4 145.8 173.  Depreciation/Amortisation 25.4 25.5 25.2 27.3 29.  Vel change in working capital 2.806.3 1.160.5 632.7 (124.4) 93.  Cash flow from operations (883.2) 1.160.5 632.7 (124.4) 93.  Cash flow from operations (883.2) 1.160.5 632.7 (124.4) 93.  Cash flow from investing (1.057.0) 1.040.7 (98.8) (100.2 2.80.2 2.80.1 2.80.2 2.	Cash & equivalent	724.2	551.6	732.1	739.9	
Differ current assets   1,342.0   149.5   98.1   128.0   138     Total current assets   5,971.9   3,478.7   2,704.3   3,083.9   3,264     Trade payables   1,296.2   1,364.2   1,104.7   1,190.7   1,269     Short-term borrowings   2,490.6   729.4   976.1   7,39.9   7,49     Total current liabilities   217.9   15.4   15.2   16.5   17     Total current liabilities   4,004.8   2,109.0   2,096.0   1,947.0   2,036     Long-term borrowings   891.2   769.9   295.5   816.0   888     Differ long-term liabilities   433.3   570.9   335.8   389.7   449     Total lorn-term liabilities   433.3   570.9   335.8   389.7   449     Total lorn-term liabilities   433.4   1,340.8   631.3   1205.7   1,338     Shareholders' funds   4,817.2   4,832.4   4,880.5   4,932.7   4,995     Wilnorliv interests   104.5   68.0   67.0   72.7   78     Sylvshare (RM)   1,10   1,10   1,11   1,12   1.2     Cash Flow (RMmil, YE 31 Dec)   FY17   FY18   FY19F   FY20F   FY22     Peretax profit   2,43.9   148.7   133.4   145.8   173     Depreciation/Amortisation   25.4   25.5   25.2   27.3   29     Depreciation/Amortisation   25.4   25.5   25.2   27.3   29     Depreciation/Amortisation   26.80.3   2,182.4   643.7   (254.6)   (80.0     Differs   1653.8   (1,196.2)   (169.6)   (42.9)   (28.0     Cash flow from operations   (883.2)   1,160.5   (632.7   (124.4)   93.0     Capital expenditure   (176.0)   0,0   (33.3)   (34.9)   (36.0   0.0   0.0   0.0   0.0     Cash flow from investing   (1,057.0)   1,040.7   (98.8)   (103.8)   (109.0   0.0	Inventories	885.1	1,043.7	509.9	549.5	585
Dither current assets   1,342,0   149,5   98,1   128,0   138   128,0   138   128,0   138   128,0   138   128,0   138   128,0   138   128,0   138   128,0   138	Trade receivables	3.020.6	1.733.8	1.364.3	1.666.4	1.790
Total current assets   5,971,9   3,478.7   2,704.3   3,083.9   3,248   1,296.2   1,364.2   1,104.7   1,190.7   1,269   1,269   1,296.2   1,364.2   1,104.7   1,190.7   1,269   1,269   1,296.0   729.4   976.1   739.9   749   749   1,54   1,52   16.5   1,750   1,269   1,200   1,	Other current assets			98 1		
Trade pavables 1296.2 1,364.2 1,104.7 1,190.7 1,269 Short-term borrowings 2,490.6 729.4 976.1 739.9 749. Flotal current liabilities 217.9 15.4 15.2 16.5 17  Flotal current liabilities 4,004.8 2,109.0 2,096.0 1,947.0 2,036 Cond-term borrowings 891.2 769.9 295.5 816.0 883 Cond-term borrowings 891.2 769.9 295.5 816.0 883 Flotal long-term liabilities 4,93.3 570.9 335.8 389.7 449 Flotal long-term liabilities 1,384.6 1,340.8 631.3 1,205.7 1,338 Flotal long-term liabilities 1,045.5 68.0 67.0 72.7 78 Flotal long-term liabilities 1,055.8 72.1 733.4 145.8 173 Flotal long-term liabilities 1,055.8 72.1 733.4 145.8 173 Flotal long-term liabilities 1,055.8 72.1 733.4 145.8 173 Flotal long-term liabilities 1,056.3 72.1 74.4 93 Flotal long-term liabilities 1,057.0 1,040.7 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0						
Short-term borrowings		•				-
Differ current liabilities   217.9   15.4   15.2   16.5   17.7   101al current liabilities   4,004.8   2,109.0   2,096.0   1,947.0   2,086.0   1,947.0   2,086.0   1,947.0   2,086.0   1,947.0   2,086.0   1,947.0   2,086.0   1,947.0   2,086.0   1,947.0   2,086.0   1,947.0   2,086.0   1,947.0   2,086.0   1,947.0   2,086.0   2,096.0   1,947.0   2,086.0   2,096.0   1,947.0   2,086.0   2,096.0   1,947.0   2,086.0   2,096.0   1,947.0   2,086.0   2,096.0   1,947.0   2,086.0   2,096.0   3,088.0   2,096.7   3,088.0   2,096.7   3,096.5   4,987.7   4,995.0   4,985.0   4,987.7   4,995.0   4,985.0   4,987.7   4,995.0   4,985.0   4,987.7   4,995.0   4,985.0   4,987.7   4,995.0   4,985.0   4,987.7   4,995.0   4,987.0   4						
Total current liabilities	***					
Section   Sect	Other current liabilities	217.9	15.4	15.2	16.5	17
Other long-term liabilities	Total current liabilities	4,004.8	2,109.0	2,096.0	1,947.0	2,036
Other long-term liabilities	ong-term borrowings	891 2	769 9	295.5	816.0	888
Total long-term liabilities   1,384.6   1,340.8   631.3   1,205.7   1,338						
Shareholders' funds         4,817.2         4,832.4         4,880.5         4,932.7         4,995           Wilnority interests         104.5         68.0         67.0         72.7         78           BV/share (RM)         1.10         1.10         1.11         1.12         1.1           Cash Flow (RMmil, YE 31 Dec)         FY17         FY18         FY19F         FY20F         FY22           Pretax profit         243.9         148.7         133.4         145.8         173           Depreciation/Amortisation         25.4         25.5         25.2         27.3         29           Net change in working capital         (2,806.3)         2.182.4         643.7         (254.6)         (80.0)           Others         1,653.8         (1,196.2)         (169.6)         (42.9)         (28.0)           Cash flow from operations         (883.2)         1,160.5         632.7         (124.4)         93           Cash flow from operations         (883.2)         1,160.5         632.7         (124.4)         93           Cash flow from operations         (883.2)         1,160.5         632.7         (124.4)         93           Cash flow from operations         (838.0)         1,040.7         0.0 <t< td=""><td>· · · · · · · · · · · · · · · · · · ·</td><td></td><td></td><td></td><td></td><td></td></t<>	· · · · · · · · · · · · · · · · · · ·					
Wilnority interests         104.5         68.0         67.0         72.7         78           3V/share (RM)         1.10         1.10         1.11         1.12         1.1           Cash Flow (RMmil, YE 31 Dec)         FY17         FY18         FY19F         FY20F         FY2           Peretax profit         243.9         148.7         133.4         145.8         173           Depreciation/Amortisation         25.4         25.5         25.2         27.3         29           Vet change in working capital         (2,806.3)         2.182.4         643.7         (254.6)         (80.0)           Others         1,653.8         (1,196.2)         (169.6)         (42.9)         (28.0)           Cash flow from operations         (832.2)         1,160.5         632.7         (124.4)         93           Cash flow from operations         (832.2)         1,160.5         632.7         (124.4)         93           Cash flow from operations         (838.2)         1,160.5         632.7         (124.4)         93           Cash flow from operations         (838.0)         1,040.7         0.0         0.0         0.0         0.0           Others         (80.0)         1,040.7         0.0         0						
243.9   148.7   133.4   145.8   173.8   173.8   173.8   173.9   148.7   133.4   145.8   173.		-	-	-	-	-
Cash Flow (RMmil, YE 31 Dec)  FY17 FY18 FY19F FY20F FY20F  FY20F FY27  Pretax profit 243.9 148.7 133.4 145.8 173  Depreciation/Amortisation 25.4 25.5 25.2 27.3 29  Vet change in working capital (2,806.3) 2,182.4 643.7 (254.6) (80.0)  Chiters 1,653.8 (1,196.2) (169.6) (42.9) (28.0)  Cash flow from operations (883.2) 1,160.5 632.7 (124.4) 93  Capital expenditure (176.0) 0.0 (33.3) (34.9) (36.0)  Capital expenditure (176.0) 0.0 (65.6) (68.9) (72.0)  Chiters (858.0) 1,040.7 (98.8) (103.8) (109.0)  Cash flow from investing (1,057.0) 1,040.7 (98.8) (103.8) (109.0)  Cebt raised/(repaid) 452.0 (835.8) (227.7) 284.3 82  Caulty raised/(repaid) 1,789.8 0.0 0.0 0.0 0.0  Chividends paid (70.1) (106.2) (43.9) (48.3) (57.0)  Chiters (354.7) (1,253.5) 0.0 0.0 0.0  Cash flow from financing 1,816.9 (2,195.5) (271.6) 236.0 25  Vet cash flow from financing (132.2) 5.8 262.3 7.8 9  Vet cash/(debt) b/f 592.8 464.0 469.8 732.1 739  Vet cash/(debt) c/f 469.5 469.8 732.1 739.9 749  Key Ratios (YE 31 Dec) FY17 FY18 FY19F FY20F FY20F  Revenue growth (%) (53.9) (27.8) (13.2) 10.1 17  Capital expendition (1,53.9) (27.8) (13.2) 10.1 17  Capital expendition (1,50.9) (27.8) (13.2) (13.8) (13.2) (13.8) (13.8) (13.8) (13.8) (13.	Minority interests	104.5	68.0	67.0	72.7	78
Pretax profit	BV/share (RM)	1.10	1.10	1.11	1.12	1.1
Depreciation/Amortisation 25.4 25.5 25.2 27.3 29 Net change in working capital (2,806.3) 2,182.4 643.7 (254.6) (80.0) Differs 1,653.8 (1,196.2) (169.6) (42.9) (28.0) Cash flow from operations (883.2) 1,160.5 632.7 (124.4) 93 Capital expenditure (176.0) 0.0 (33.3) (34.9) (36.0) Net investments & sale of fixed assets (23.0) 0.0 (65.6) (68.9) (72.0) Differs (858.0) 1,040.7 0.0 0.0 0.0 Cash flow from investing (1,057.0) 1,040.7 (98.8) (103.8) (109.0) Debt raised/(repaid) 452.0 (835.8) (227.7) 284.3 82 Equity raised/(repaid) 1,789.8 0.0 0.0 0.0 0.0 Dividends paid (70.1) (106.2) (43.9) (48.3) (57.0) Differs (354.7) (1,253.5) 0.0 0.0 0.0 Cash flow from financing 1,816.9 (2,195.5) (271.6) 236.0 25 Net cash flow from financing (123.2) 5.8 262.3 7.8 9 Net cash/(debt) b/f 592.8 464.0 469.8 732.1 739.9 749 Net cash/(debt) c/f 592.8 464.0 469.8 732.1 739.9 749 Net cash/(debt) c/f 592.8 464.0 469.8 732.1 739.9 749 Net cash/(debt) c/f 592.8 3.8 461.0 469.8 732.1 739.9 749 Net cash/(debt) c/f 592.8 3.8 461.0 469.8 732.1 739.9 749 Net cash/(debt) c/f 592.8 3.8 461.0 469.8 732.1 739.9 749 Net cash/(debt) c/f 592.8 3.8 461.0 469.8 732.1 739.9 749 Net cash/(debt) c/f 592.8 3.8 461.0 469.8 732.1 739.9 749 Net cash/(debt) c/f 592.8 3.8 461.0 469.8 732.1 739.9 749 Net cash/(debt) c/f 592.8 3.8 461.0 469.8 732.1 739.9 749 Net cash/(debt) c/f 593.9 (27.8) (13.2) 10.1 17 Peretax margin (%) 592.8 3.8 4.1 4.2 4.2 4.2 4.2 4.2 4.2 4.2 4.2 4.2 4.2	Cash Flow (RMmil, YE 31 Dec)	FY17	FY18	FY19F	FY20F	FY21
Net change in working capital Others 1,653.8 1,196.2) Clash flow from operations Capital expenditure (176.0) Clothers (176.0)	Pretax profit				145.8	173
Coltiers   1,653.8   (1,196.2)   (169.6)   (42.9)   (28.1)   (28.1)   (28.1)   (29.1)   (28.1)   (29.1)   (28.1)   (29	Depreciation/Amortisation	25.4	25.5	25.2	27.3	29
Dithers   1,653.8   (1,196.2)   (169.6)   (42.9)   (28.1)	Net change in working capital	(2.806.3)	2.182.4	643.7	(254.6)	(80.
Cash flow from operations         (883.2)         1,160.5         632.7         (124.4)         93           Capital expenditure         (176.0)         0.0         (33.3)         (34.9)         (36.           Net investments & sale of fixed assets         (23.0)         0.0         (65.6)         (68.9)         (72.           Others         (858.0)         1,040.7         0.0         0.0         0.0           Cash flow from investing         (1,057.0)         1,040.7         (98.8)         (103.8)         (109.           Debt raised/(repaid)         452.0         (835.8)         (227.7)         284.3         82           Eduity raised/(repaid)         1,789.8         0.0         0.0         0.0         0.0           Dividends paid         (70.1)         (106.2)         (43.9)         (48.3)         (57.           Others         (354.7)         (1,253.5)         0.0         0.0         0.0         0.0           Cash flow from financing         1,816.9         (2,195.5)         (271.6)         236.0         25           Net cash flow         (123.2)         5.8         262.3         7.8         9           Adjustments         0.0         0.0         0.0         0.0         <	Others					
Capital expenditure (176.0) 0.0 (33.3) (34.9) (36. Net investments & sale of fixed assets (23.0) 0.0 (65.6) (68.9) (72. Others (858.0) 1,040.7 0.0 0.0 0.0 (23.8) (103.8) (109. Obet raised/(repaid) 452.0 (835.8) (227.7) 284.3 82 (23.0) 0.0 (835.8) (227.7) 284.3 82 (23.0) 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0						•
Net investments & sale of fixed assets (23.0) 0.0 (65.6) (68.9) (72.0) (20.0) (						
Others         (858.0)         1,040.7         0.0         0.0         0.0           Cash flow from investing         (1,057.0)         1,040.7         (98.8)         (103.8)         (109.0           Debt raised/(repaid)         452.0         (835.8)         (227.7)         284.3         82           Coulty raised/(repaid)         1,789.8         0.0         0.0         0.0         0.0           Dividends paid         (70.1)         (106.2)         (43.9)         (48.3)         (57.0)           Others         (354.7)         (1,253.5)         0.0         0.0         0.0         0.0           Cash flow from financing         1.816.9         (2,195.5)         (271.6)         236.0         25           Net cash flow         (123.2)         5.8         262.3         7.8         9           Adjustments         0.0         0.0         0.0         0.0         0.0         0.0           Net cash/(debt) b/f         592.8         464.0         469.8         732.1         739.9         749           Key Ratios (YE 31 Dec)         FY17         FY18         FY19F         FY20F         FY2           Revenue growth (%)         9.7         (29.2)         (1.4)         8.4						-
Cash flow from investing         (1,057.0)         1,040.7         (98.8)         (103.8)         (109.8)           Debt raised/(repaid)         452.0         (835.8)         (227.7)         284.3         82           Equity raised/(repaid)         1,789.8         0.0         0.0         0.0         0.0           Dividends paid         (70.1)         (106.2)         (43.9)         (48.3)         (57.           Chers         (354.7)         (1,253.5)         0.0         0.0         0.0         0.0           Cash flow from financing         1,816.9         (2,195.5)         (271.6)         236.0         25           Net cash flow         (123.2)         5.8         262.3         7.8         9           Adjustments         0.0         0.0         0.0         0.0         0.0         0.0           Net cash/(debt) b/f         592.8         464.0         469.8         732.1         739.9         749           Key Ratios (YE 31 Dec)         FY17         FY18         FY19F         FY20F         FY2           Revenue growth (%)         9.7         (29.2)         (1.4)         8.4         7           EBITDA growth (%)         9.7         (29.2)         (1.4)         8.4 </td <td>Net investments &amp; sale of fixed assets</td> <td>(23.0)</td> <td>0.0</td> <td>(65.6)</td> <td>(68.9)</td> <td>(72.</td>	Net investments & sale of fixed assets	(23.0)	0.0	(65.6)	(68.9)	(72.
Debt raised/(repaid) 452.0 (835.8) (227.7) 284.3 82 Equity raised/(repaid) 1,789.8 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0	Others	(858.0)	1,040.7	0.0	0.0	0
Equity raised/(repaid) 1,789.8 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0	Cash flow from investing	(1,057.0)	1,040.7	(98.8)	(103.8)	(109.
Equity raised/(repaid) 1,789.8 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0	Debt raised/(repaid)	452.0	(835.8)	(227.7)	284 3	82
Dividends paid (70.1) (106.2) (43.9) (48.3) (57.   Others (354.7) (1,253.5) 0.0 0.0 0.0 0.0   Cash flow from financing (1,816.9) (2,195.5) (271.6) 236.0 25   Net cash flow (123.2) 5.8 262.3 7.8 9   Adjustments 0.0 0.0 0.0 0.0 0.0 0.0   Net cash/(debt) b/f 592.8 464.0 469.8 732.1 739   Net cash/(debt) c/f 469.5 469.8 732.1 739.9 749    Key Ratios (YE 31 Dec) FY17 FY18 FY19F FY20F FY2:    Revenue growth (%) 9.7 (29.2) (1.4) 8.4 7   EBITDA growth (%) (53.9) (27.8) (13.2) 10.1 17    Pretax margin (%) 9.2 8.0 7.2 7.3 8   Net profit margin (%) 6.1 5.4 5.0 5.0 5   Net profit margin (%) 8.5 3.8 4.1 4.2 4   Effective tax rate (%) 27.8 31.0 30.0 30.0 30   Dividend payout (%) 47.5 75.9 47.7 48.1 47   Receivable turnover (days) 17.6 188.2 153.7 96.7 96						
Others         (354.7)         (1,253.5)         0.0         0.0         0.0           Cash flow from financing         1,816.9         (2,195.5)         (271.6)         236.0         25           Net cash flow         (123.2)         5.8         262.3         7.8         9           Adjustments         0.0         0.0         0.0         0.0         0.0         0.0           Net cash/(debt) b/f         592.8         464.0         469.8         732.1         739.9         749           Key Ratios (YE 31 Dec)         FY17         FY18         FY19F         FY20F         FY2           Revenue growth (%)         9.7         (29.2)         (1.4)         8.4         7           ZEBITDA growth (%)         9.7         (29.2)         (1.4)         8.4         7           Pretax marqin (%)         (53.9)         (27.8)         (13.2)         10.1         17           Pretax marqin (%)         9.2         8.0         7.2         7.3         8           Net profit marqin (%)         6.1         5.4         5.0         5.0         5           Net profit marqin (%)         6.1         5.4         5.0         5.0         5           Effective tax ra						
Cash flow from financinq 1,816.9 (2,195.5) (271.6) 236.0 25 Net cash flow (123.2) 5.8 262.3 7.8 9 Adjustments 0.0 0.0 0.0 0.0 0.0 0.0 Net cash/(debt) b/f 592.8 464.0 469.8 732.1 739 Net cash/(debt) c/f 469.5 469.8 732.1 739.9 749  Key Ratios (YE 31 Dec) FY17 FY18 FY19F FY20F FY2  Revenue growth (%) 9.7 (29.2) (1.4) 8.4 7  EBITDA growth (%) (53.9) (27.8) (13.2) 10.1 17  Pretax margin (%) 9.2 8.0 7.2 7.3 8  Net profit margin (%) 6.1 5.4 5.0 5.0 5  Net profit margin (%) 8.5 3.8 4.1 4.2 4  Effective tax rate (%) 27.8 31.0 30.0 30.0 30  Dividend payout (%) 47.5 75.9 47.7 48.1 47  Receivable turnover (days) 17.6 188.2 153.7 96.7 96						
Net cash flow (123.2) 5.8 262.3 7.8 9 Adjustments 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0.0 Net cash/(debt) b/f 592.8 464.0 469.8 732.1 739 Net cash/(debt) c/f 469.5 469.8 732.1 739.9 749  Key Ratios (YE 31 Dec) FY17 FY18 FY19F FY20F FY2  Revenue growth (%) 9.7 (29.2) (1.4) 8.4 7  EBITDA growth (%) (53.9) (27.8) (13.2) 10.1 17  Pretax margin (%) 9.2 8.0 7.2 7.3 88 Net profit margin (%) 6.1 5.4 5.0 5.0 5  Net profit margin (%) 8.5 3.8 4.1 4.2 4  Effective tax rate (%) 27.8 31.0 30.0 30.0 30.0 30.0 30.0 30.0 30.0		(354.7)				
Adjustments 0.0 0.0 0.0 0.0 0.0 0.0 Net cash/(debt) b/f 592.8 464.0 469.8 732.1 739 Net cash/(debt) c/f 469.5 469.8 732.1 739.9 749  Key Ratios (YE 31 Dec) FY17 FY18 FY19F FY20F FY	Cash flow from financing	1,816.9	(2,195.5)	(271.6)	236.0	25
Net cash/(debt) b/f 592.8 464.0 469.8 732.1 739 749 Net cash/(debt) c/f 469.5 469.8 732.1 739.9 749  Key Ratios (YE 31 Dec) FY17 FY18 FY19F FY20F FY20F  Revenue growth (%) 9.7 (29.2) (1.4) 8.4 7  PEBITDA growth (%) (53.9) (27.8) (13.2) 10.1 17  Pretax margin (%) 9.2 8.0 7.2 7.3 8  Net profit margin (%) 6.1 5.4 5.0 5.0 5.0 16  Interest cover (x) 8.5 3.8 4.1 4.2 4  Effective tax rate (%) 27.8 31.0 30.0 30.0 30.0 30.0 30.0 30.0 30.0	Net cash flow	(123.2)	5.8	262.3	7.8	9
Net cash/(debt) b/f 592.8 464.0 469.8 732.1 739 749 Net cash/(debt) c/f 469.5 469.8 732.1 739.9 749  Key Ratios (YE 31 Dec) FY17 FY18 FY19F FY20F FY20F  Revenue growth (%) 9.7 (29.2) (1.4) 8.4 7  PEBITDA growth (%) (53.9) (27.8) (13.2) 10.1 17  Pretax margin (%) 9.2 8.0 7.2 7.3 8  Net profit margin (%) 6.1 5.4 5.0 5.0 5.0 16  Interest cover (x) 8.5 3.8 4.1 4.2 4  Effective tax rate (%) 27.8 31.0 30.0 30.0 30.0 30.0 30.0 30.0 30.0	Adiustments	0.0	0.0	0.0	0.0	0
Net cash/(debt) c/f         469.5         469.8         732.1         739.9         749           Key Ratios (YE 31 Dec)         FY17         FY18         FY19F         FY20F         FY2°           Revenue growth (%)         9.7         (29.2)         (1.4)         8.4         7           EBITDA growth (%)         (53.9)         (27.8)         (13.2)         10.1         17           Pretax margin (%)         9.2         8.0         7.2         7.3         8           Net profit margin (%)         6.1         5.4         5.0         5.0         5           nterest cover (x)         8.5         3.8         4.1         4.2         4           Effective tax rate (%)         27.8         31.0         30.0         30.0         30           Dividend payout (%)         47.5         75.9         47.7         48.1         47           Receivable turnover (days)         417.5         338.3         270.0         304.1         304           nventory turnover (days)         117.6         188.2         153.7         96.7         96	• • • • • • • • • • • • • • • • • • • •					
Revenue growth (%) 9.7 (29.2) (1.4) 8.4 7 EBITDA growth (%) (53.9) (27.8) (13.2) 10.1 17 Pretax margin (%) 9.2 8.0 7.2 7.3 8 Net profit margin (%) 6.1 5.4 5.0 5.0 5 Interest cover (x) 8.5 3.8 4.1 4.2 4 Effective tax rate (%) 27.8 31.0 30.0 30.0 30 Dividend payout (%) 47.5 75.9 47.7 48.1 47 Receivable turnover (days) 417.5 338.3 270.0 304.1 304 Inventory turnover (days) 117.6 188.2 153.7 96.7 96	Vet cash/(debt) c/f					
EBITDA growth (%) (53.9) (27.8) (13.2) 10.1 17 Pretax margin (%) 9.2 8.0 7.2 7.3 88 Net profit margin (%) 6.1 5.4 5.0 5.0 5  therefore tover (x) 8.5 3.8 4.1 4.2 4 Effective tax rate (%) 27.8 31.0 30.0 30.0 30.0 30.0 30.0 30.0 30.0	Key Ratios (YE 31 Dec)	FY17	FY18	FY19F	FY20F	FY2
EBITDA growth (%) (53.9) (27.8) (13.2) 10.1 17  Pretax margin (%) 9.2 8.0 7.2 7.3 8  Net profit margin (%) 6.1 5.4 5.0 5.0 5  nterest cover (x) 8.5 3.8 4.1 4.2 4  Effective tax rate (%) 27.8 31.0 30.0 30.0 30.0 30.0 30.0 30.0 30.0	Revenue growth (%)	9.7	(29.2)	(1.4)	8.4	7
Pretax marqin (%) 9.2 8.0 7.2 7.3 8 Net profit marqin (%) 6.1 5.4 5.0 5.0 5 Interest cover (x) 8.5 3.8 4.1 4.2 4 Effective tax rate (%) 27.8 31.0 30.0 30.0 30.0 Dividend payout (%) 47.5 75.9 47.7 48.1 47 Receivable turnover (days) 417.5 338.3 270.0 304.1 304 Inventory turnover (days) 117.6 188.2 153.7 96.7 96						
Net profit marqin (%)         6.1         5.4         5.0         5.0         5           nterest cover (x)         8.5         3.8         4.1         4.2         4           Effective tax rate (%)         27.8         31.0         30.0         30.0         30           Dividend payout (%)         47.5         75.9         47.7         48.1         47           Receivable turnover (days)         417.5         338.3         270.0         304.1         304           nventory turnover (days)         117.6         188.2         153.7         96.7         96						
nterest cover (x)     8.5     3.8     4.1     4.2     4       Effective tax rate (%)     27.8     31.0     30.0     30.0     30       Dividend payout (%)     47.5     75.9     47.7     48.1     47       Receivable turnover (days)     417.5     338.3     270.0     304.1     304       nventory turnover (days)     117.6     188.2     153.7     96.7     96						
Effective tax rate (%)     27.8     31.0     30.0     30.0     30       Dividend payout (%)     47.5     75.9     47.7     48.1     47       Receivable turnover (days)     417.5     338.3     270.0     304.1     304       nventory turnover (days)     117.6     188.2     153.7     96.7     96						
Dividend payout (%)     47.5     75.9     47.7     48.1     47       Receivable turnover (days)     417.5     338.3     270.0     304.1     304       nventory turnover (days)     117.6     188.2     153.7     96.7     96						
Dividend payout (%)     47.5     75.9     47.7     48.1     47       Receivable turnover (days)     417.5     338.3     270.0     304.1     304       nventory turnover (days)     117.6     188.2     153.7     96.7     96	Effective tax rate (%)	27.8	31.0	30.0	30.0	30
Receivable turnover (days)         417.5         338.3         270.0         304.1         304           nventory turnover (days)         117.6         188.2         153.7         96.7         96	Dividend payout (%)					
nventory turnover (days) 117.6 188.2 153.7 96.7 96						
rayabie iuritovei (uays) 180.4 259.5 244.3 209.5 208	HIVOHOUY LUHIOVEL (UAYS)	117.0	100.2	103.7	70./	90
	Davable turnever (dava)		250.5	2442		

Source: AmInvestment Bank Bhd estimates

MRCB 31 May 2019

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