

Malaysia

**HOLD** (no change)

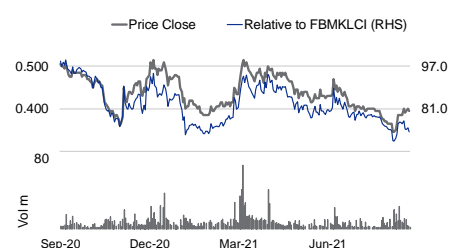
Consensus ratings\*: Buy 1 Hold 8 Sell 0

Current price:	RM0.395
Target price:	RM0.40
Previous target:	RM0.44
Up/downside:	1.3%
CGS-CIMB / Consensus:	-11.6%
Reuters:	MYRS.KL
Bloomberg:	MRC MK
Market cap:	US\$424.7m
	RM1,765m
Average daily turnover:	US\$0.58m
	RM2.42m
Current shares o/s:	4,412m
Free float:	42.1%

\*Source: Bloomberg

**Key changes in this note**

- FY21-23F EPS cut by 41-74% to reflect construction losses, weak billings for property development, and low overall EBITDA margins.
- TP reduced to RM0.40.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	2.6	-11.2	-21.8
Relative (%)	-4.5	-11.6	-26.8

Major shareholders	% held
EPF	33.5
Gapurna Sdn Bhd	16.7
Lembaga Tabung Haji	7.8

**Analyst(s)**



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# Malaysian Resources Corp

## Still getting hit by MCO on multiple fronts

- 1H21 results were below expectations; losses were due to MCO disruptions.
- Key weakness came from construction losses but LRT 3 JV profit surged. Property development EBIT was hit by weak site progress.
- Hold call retained with a lower TP; we expect earnings to recover in 4Q21F.

### 1HFY21 results below expectations; losses due to MCO impact

MRCB reported a 1HFY21 core net loss of RM27.2m vs. our and consensus full-year core net profit forecasts of RM20m-29m. The losses were due to disruptions to site productivity and construction billings throughout the various Movement Control Order (MCO) periods in 1H21. The key culprits were larger-than-expected losses for construction, weak property earnings due to slow site progress and soft property sales (domestic and overseas). Overall results were below expectations as 3QFY21F could remain in the red (lower qoq) while 4QFY21F could rebound qoq to profitability on a recovery in overall billings and construction progress. The stronger yoy revenue performance in 2Q21 was due to the longer stop-work-order period in 2Q20. 1H21 revenue fell 24% yoy, the result of multiple site closures and restrictive SOPs. Overall 1Q21 core net loss of RM27.2m widened substantially from the RM7.4m core net loss in 1H20; excluding RM197m impairment for construction. No provisions were made for construction in 1H20. No dividends were declared in 1H20, as expected.

### A challenging earnings outlook in 2H; LRT 3 profit to buck the trend

Property development revenue contracted 18% yoy in 1H21, not only due to weaker domestic sales but also on account of sluggish contribution from 1060 Carnegie in Melbourne (rise in Covid-19 cases). Property EBIT fell 46% yoy in 1H21 while the pretax margin of 6% could sustain the coming quarters weighed by the Enhanced MCO in Jul. During the post-results conference call, the group flagged a challenging period in 3QFY21F although construction losses could narrow qoq. Its RM700m property sales target for FY21F is unlikely to be achievable, with only RM107.4m total property sales recorded in 1H21 (unbilled sales: RM979m). 1H21 construction revenue declined 18% with lower operating losses vs. 1H20, which was hit by provisions. The only key positive in 1H21 was the surge in LRT 3 JV profit (50% stake) from RM1.4m in 1H20 to RM13.2m. As at end-Jun, the LRT 3 project was 58% completed.

### Reiterate Hold rating with a lower RM0.40 TP

We cut FY21-23F EPS by 41-74% to reflect construction losses in FY21F, weak billings for property development, and low overall EBITDA margins. TP is reduced to RM0.40 (unchanged 60% RNAV discount) as we update balance sheet items and impute lower earnings for construction. We retain our Hold rating. Overall outlook in 2H could be supported by expectations of a sector recovery, underpinned by the 12<sup>th</sup> Malaysia Plan (12MP). Upside risks: contract wins (RM350m in potential flood mitigation job in 4Q21F) and revival of MRT 3. Downside risks: wider-than-expected losses for construction.

### Financial Summary

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Revenue (RMm)	1,319	1,199	1,024	1,086	1,124
Operating EBITDA (RMm)	(8.8)	(164.9)	67.9	86.3	102.4
Net Profit (RMm)	23.7	(176.1)	7.4	19.8	30.4
Core EPS (RM)	0.005	(0.000)	0.002	0.004	0.007
Core EPS Growth	(72%)	(102%)		169%	53%
FD Core P/E (x)	80.6	NA	259.7	96.7	63.0
DPS (RM)	0.010	0.010	0.015	0.015	0.015
Dividend Yield	2.53%	2.53%	3.80%	3.80%	3.80%
EV/EBITDA (x)	NA	NA	38.71	29.98	24.88
P/FCFE (x)	NA	11.89	NA	NA	NA
Net Gearing	21.0%	30.3%	29.6%	28.8%	27.9%
P/BV (x)	0.34	0.38	0.38	0.38	0.38
ROE	0.48%	(0.01%)	0.16%	0.44%	0.67%
% Change In Core EPS Estimates			(74.4%)	(50.5%)	(41.4%)
CGS-CIMB/Consensus EPS (x)			0.28	0.41	0.46

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 1: Results comparison**

FYE Dec (RM m)	2QFY21	2QFY20	yoy %	1QFY21	qoq %	2QFY21	2QFY20	yoy %	Prev.	
			chg		chg	Cum	Cum	chg	FY21F	Comments
Revenue	225.7	167.2	35.0	226.7	(0.4)	452.5	592.9	(23.7)	1,102.2	Impacted by 1) multiple site closures, 2) weaker billings,
Operating costs	(249.8)	(372.4)	(32.9)	(201.9)	23.7	(457.8)	(754.3)	(39)	(1,003.7)	3) weaker overseas and domestic property sales, and
EBITDA	(24.0)	(205.2)	(88)	24.8	>100	(5.4)	(161.4)	(96.7)	98.5	4) depleting order book for facilities management
<b>EBITDA margin (%)</b>	<b>(10.6)</b>	<b>(122.8)</b>	<b>(91)</b>	<b>10.9</b>	<b>(197.3)</b>	<b>(1.2)</b>	<b>(27.2)</b>	<b>(95.6)</b>	<b>8.9</b>	
Depn & amort.	(7.6)	(6.8)	10.8	(19.0)	(60.1)	(15.2)	(14.7)	3.1	(61.7)	
EBIT	(31.6)	(212.1)	(85)	5.8	>100	(20.5)	(176.1)	(88.3)	50.1	
Interest expense	(20.2)	(17.0)	18.6	(18.2)	10.8	(38.5)	(32.5)	18.2	(48.1)	Total debt of RM1.9bn at end-Jun
Interest & invt inc	2.9	3.3	(12.8)	9.1	(68.1)	6.7	6.9	(1.9)	14.9	Cash of RM426m at end-Jun
Associates & JV	10.7	2.2	>100	9.1	17.3	19.8	5.8	>100	13.3	Included RM13.2m LRT 3 JV profit (1H20: RM1.4m)
Exceptionals	-	(197.4)	(100.0)	-	nm	-	(197.4)	(100.0)	-	Impairment for construction division in 1H20
<b>Pretax profit</b>	<b>(38.2)</b>	<b>(223.6)</b>	<b>(82.9)</b>	<b>5.7</b>	<b>(769.1)</b>	<b>(32.5)</b>	<b>(196.0)</b>	<b>(83.4)</b>	<b>41.6</b>	Construction's operating loss of RM33m in 1H21
Tax	(1.5)	3.0	(7.0)	(1.8)	(18)	(3.3)	(8.5)	(61.6)	(12.5)	
Tax rate (%)	(3.8)	1.3	>100	31.3	(112)	(10.0)	(4.3)	131.6	30.0	
Minority interests	7.3	(0.3)	>100	1.3	470	8.6	(0.4)	>100	(0.4)	
<b>Net profit</b>	<b>(32.4)</b>	<b>(220.9)</b>	<b>(85.3)</b>	<b>5.2</b>	<b>&gt;100</b>	<b>(27.2)</b>	<b>(204.8)</b>	<b>(86.7)</b>	<b>28.8</b>	1HFY21 core net loss vs our and consensus core
Core net profit	(32.4)	(23.5)	37.9	5.2	n.m.	(27.2)	(7.4)	>100	28.8	net profit forecasts of RM20-29m
EPS (sen)	(0.7)	(5.0)	(85.4)	0.1	>100	(0.6)	(4.6)	(86.9)	0.7	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Segmental breakdown (excluding associate and JV profit)**

Revenue	2QFY21	2QFY20	YoY	1QFY21	QoQ	1HFY21	1HFY20	YoY	Comments
Property development	142.8	100.0	43%	132.2	8%	274.9	336.4	-18%	Weaker contribution from 1060 Carnegie (Melbourne) and domestic sales
Engineering, construction & environment	72.0	56.7	27%	84.4	-15%	156.4	231.5	-32%	Stronger 2Q21 (yoy) due to longer stop work order period in 2Q20
Facilities management & parking	9.0	9.6	-6%	8.9	1%	17.9	22.2	-20%	No new contract YTD - order book depleting
Investment holding and others	2.0	1.0	105%	1.2	66%	3.3	2.8	14%	Lumpy recurring revenue
<b>Total</b>	<b>225.7</b>	<b>167.2</b>	<b>35%</b>	<b>226.7</b>	<b>0%</b>	<b>452.5</b>	<b>592.9</b>	<b>-24%</b>	
EBIT	2QFY21	2QFY20	YoY	1QFY21	QoQ	1HFY21	1HFY20	YoY	
Property development	3.3	4.4	-24%	13.2	-75%	16.5	28.6	-42%	Low site productivity and weak billings likely to continue in 2H21F
Engineering, construction & environment	(31.3)	(208.2)	-85%	(1.6)	1805%	(33.0)	(195.7)	-83%	1H20: multiple site closures and work stoppage during MCO 3 and FMCO
Facilities management & parking	0.1	0.9	-85%	0.4	-71%	0.6	3.2	-83%	No new contract YTD - order book depleting
Investment holding and others	(5.0)	(5.0)	0%	4.4	-214%	(0.6)	(4.5)	-86%	Profits tend to be lumpy
<b>Total</b>	<b>(32.9)</b>	<b>(208.0)</b>	<b>-84%</b>	<b>16.4</b>	<b>-301%</b>	<b>(16.6)</b>	<b>(168.4)</b>	<b>-90%</b>	
EBIT margins	2QFY21	2QFY20	YoY	1QFY21	QoQ	1HFY21	1HFY20	% pts	
Property development	2%	4%	-2%	10%	-8%	6%	8%	-30%	Lower effective margins from sale of completed inventory
Engineering, construction & environment	-44%	-368%	324%	-2%	-42%	-21%	-85%	63%	Losses could sustain in 3Q21F while billings could improve qoq in 4Q21F
Facilities management & parking	1%	9%	-8%	5%	-3%	3%	15%	-11%	EBIT margin could remain low as order book continues to deplete
Investment holding and others	-248%	-509%	261%	361%	-608%	-19%	-159%	-88%	
<b>Total</b>	<b>-15%</b>	<b>-124%</b>	<b>110%</b>	<b>7%</b>	<b>-22%</b>	<b>-4%</b>	<b>-28%</b>	<b>-87%</b>	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: Impact of various MCOs on MRCB's projects**

		External projects				Internal projects			
		DASH	SUKE	MRT2	PR1MA	Sentral Suites	9 Seputeh (TRIA)	Alstonia	Kwasa C8
2021 Lockdowns in 1H FY2021	Duration								
Recovering MCO (RMCO)	1 Jan – 4 Mar	10 days	10 days	7 days	3 days	4 days			
Conditional MCO (CMCO)	5 Mar – 2 May	5 days							
MCO	3 – 31 May		20 days + 46 days due to two accidents						
Full MCO (FMCO)	1 Jun – 2 Jul	34 days due to accident		1 day	Entire period (32 days)	Entire period (32 days)	5 days		Entire period (32 days)
Enhanced MCO (EMCO)	3 – 16 Jul		16 days	14 days	Entire period (14 days)	Entire period (14 days)		Entire period (14 days)	Entire period (14 days)
Actual / Budget (%) *		64%	17%	91%	84%	29%	103%	53%	59%

SOURCES: CGS-CIMB RESEARCH, MRCB 2QFY21 SLIDES

**Figure 4: Earnings revision**


RM m	2020A	2021F			2022F			2023F		
		Old	New	%chg	Old	New	%chg	Old	New	%chg
Revenue	1,199	1,102	1,024	-7%	1,179	1,086	-8%	1,221	1,124	-8%
EBITDA	165	98	68	-31%	115	86	-25%	133	102	-23%
Core pretax profit	23	42	11	-73%	58	29	-50%	75	44	-41%
Core net profit	(0.4)	29	7	-74%	40	20	-50%	52	30	-41%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 5: RNAV**

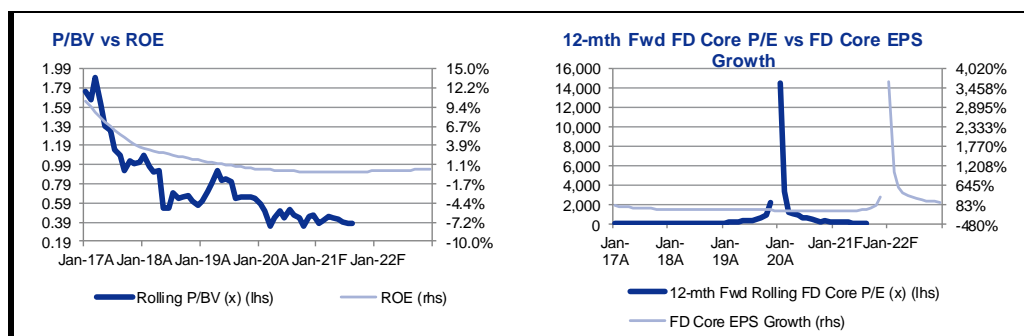
	Land bank		GDV	Stake	Value	Value
Ongoing property development	(Acres)	(m sq ft)	(RM m)	(%)	(RM psf)	(RM m)
Bukit Jalil KL Sports City	76.1	3.3	20,700.0	17%	400.0	225.4
Kwasa Sentral (Kwasa Damansara)	64.1	2.8	8,606.0	70%	215.0	420.2
Cyberjaya City	113.3	4.9	5,350.0	70%	125.0	431.8
KL Sentral - Lot F	5.7	0.2	2,993.0	100%	800.0	198.6
Semarak City - Setapak	27.4	1.2	2,977.0	100%	300.0	358.1
Penang Sentral - phases 3 & 7	16.7	0.7	2,100.0	70%	120.0	61.1
PJ Sentral - Nilaitera	7.8	0.3	1,656.0	100%	350.0	118.9
Lot 349, KL Sentral (service apartments)	4.9	0.2	1,413.0	100%	850.0	181.4
Q Sentral Office Tower	1.9	0.1	1,228.0	66%	900.0	49.2
Lot 94 Jalan Kia Peng	1.9	0.1	1,012.0	100%	500.0	41.4
9 Seputeh - Old Klang Road	8.0	0.3	795.0	100%	200.0	69.7
Pulai Johor	67.5	2.9	770.0	100%	35.0	102.9
PJ Sentral - Tower 1	0.0	0.0	700.0	100%	550.0	0.0
Penang Sentral - phases 1 & 2	6.0	0.3	590.0	100%	120.0	31.4
PJ Sentral - Tower 5	0.0	0.0	455.0	100%	550.0	0.0
PJ Sentral - Celcom Tower	2.3	0.1	428.0	100%	450.0	45.1
Suria Subang	3.2	0.1	401.0	100%	200.0	27.9
Seri Iskandar - phase 3	159.0	6.9	350.0	70%	10.0	48.5
Seri Iskandar - Phase 2	245.0	10.7	321.0	70%	5.0	37.4
Rahman Putra - phase 3	4.6	0.2	307.0	100%	20.0	4.0
Canegie - Melbourne	1.0	0.0	305.0	100%	450.0	19.6
Selbourne 2 - Shah Alam	2.4	0.1	198.0	100%	200.0	20.9
Rahman Putra - phase 2	4.1	0.2	175.0	100%	20.0	3.6
Rahman Putra - phase 1	5.5	0.2	84.0	100%	20.0	4.8
<b>Total</b>	<b>828.4</b>	<b>36.1</b>	<b>53,914.0</b>			<b>2,501.8</b>
				<b>Stake</b>		
Construction Net profit (FY22) at 15x P/E				100%		45.0
Sentral REIT (market capitalisation)				31%		288.9
Property investments (2Q21)						1,461.3
Associates & investments (2Q21)						823.3
Net working capital (2Q21)						1,122.9
Total borrowings (2Q21)						(1,945.5)
<b>Total RNAV (RM m)</b>						<b>4,297.7</b>
Enlarged no. of shares (m)						4,412.0
New free warrants (10-years)						438.5
Proceeds from new warrants @RM1.25 strike price						548.1
FD no.of shares (m)						4,850.6
<b>FD RNAV (RM m)</b>						<b>4,845.8</b>
<b>FD RNAV/share (RM)</b>						<b>1.00</b>
Discount to RNAV (%)						60%
<b>Target price (RM/share)</b>						<b>0.40</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

<h2>ESG in a nutshell</h2>	
<p>MRCB's sustainability framework revolves around building liveable and resilient communities, caring for the environment, and driving sustainable growth. Its sustainability focus areas include: 1) Internal action, 2) Sustainable impact, 3) Risk and governance, 4) Corporate social responsibility, and 5) Stakeholder engagement. All ESG-related initiatives are aligned to the United Nations Sustainability Development Goals (UN-SDGs).</p>	
<h3>Keep your eye on</h3> <ol style="list-style-type: none"> <li>1) The group's 5-year sustainability roadmap's key targets include 1% yoy reduction in carbon intensity by 2022, 1% yoy reduction in energy, water and waste intensity by 2022, and net zero carbon by 2040. The roadmap is supervised by the group's Sustainability Management Committee (SMC).</li> <li>2) The government potentially repackaging new public transport infrastructure projects as "green infrastructure" under the 12<sup>th</sup> Malaysia Plan (12MP). New urban and interstate rail projects include the MRT 3 (Circle Line) and the KL-JB High Speed Rail (HSR).</li> </ol>	<h3>Implications</h3> <ol style="list-style-type: none"> <li>1) As an urban property developer with a niche in transit-oriented developments (TODs), the rollout of new rail public transport projects will bode well for MRCB, allowing it to expand its growth area in TODs – similar to KL Sentral.</li> <li>2) Opportunities to increase construction order book and participate in new rail contract tenders should the MRT 3 and KL-JB HSR projects be implemented.</li> </ol>
<h3>ESG highlights</h3> <ol style="list-style-type: none"> <li>1) The group's transit-oriented developments (TODs), such as the MRT 2 and LRT 3, encourage the use of public transport, which reduces carbon emissions.</li> <li>2) MRCB is a pioneer of Green Building developments; it received sustainability accreditation for various projects and has adopted various Green Building Certification criteria.</li> <li>3) Major sustainability ratings/certifications: Green Building Index (GBI), GreenRE, MyCrest, and BCA Green Mark.</li> <li>4) Channelled RM1.4m of Covid-19-related donations to various government agencies, NGOs and the community in 2020.</li> </ol>	<h3>Implications</h3> <ol style="list-style-type: none"> <li>3) MRCB is the first contractor to achieve the 5-star Sustainable INFRASTAR rating by the Construction Industry Development Board (CIDB), which it received for the LRT 3 project.</li> <li>4) Adopts Building Information Modelling (BIM) to reduce construction waste.</li> <li>5) Development and deployment of MRCB Building Systems (MBS) that focuses on modular construction (aligned to six UN-SDGs).</li> </ol>
<h3>Trends</h3> <ol style="list-style-type: none"> <li>1) MRCB is a constituent of the FTSE4Good Bursa Malaysia Index. It achieved a 3-star grading band under FTSE Russell (as at June 2021 review period), similar to 2020. The group has been a FTSE4Good constituent since 2017.</li> <li>2) MSCI rating: BBB.</li> <li>3) To enhance its sustainability initiatives and ESG profile, the group over the longer-term will continue to focus on core sustainability issues, i.e. high dependency on foreign labour, environmental risks, and energy/material wastage (shifts towards sustainable construction methods).</li> </ol>	<h3>Implications</h3> <p><b>Recognition of Best Practices in Governance/ESG includes:</b></p> <ol style="list-style-type: none"> <li>1) ISO 37001 – Anti-Bribery Management System</li> <li>2) Ranked 38th for Overall Good Corporate Governance Disclosures in the MSWG-ASEAN CG Scorecard</li> <li>3) Gold Award (2017/2018) recipient of the Australian Reporting Awards (ARA)</li> <li>4) Recipient of the ASEAN Class Award for the 2019 ASEAN Corporate Governance Scorecard Assessment</li> <li>5) Ranked 1st in Malaysian Institute of Corporate Governance's Transparency in Corporate Reporting in 2019</li> </ol>

SOURCES: CGS-CIMB RESEARCH, REFINITIV

## BY THE NUMBERS



### Profit & Loss

(RMm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
<b>Total Net Revenues</b>	<b>1,319</b>	<b>1,199</b>	<b>1,024</b>	<b>1,086</b>	<b>1,124</b>
<b>Gross Profit</b>	<b>1,319</b>	<b>1,199</b>	<b>1,024</b>	<b>1,086</b>	<b>1,124</b>
<b>Operating EBITDA</b>	<b>(9)</b>	<b>(165)</b>	<b>68</b>	<b>86</b>	<b>102</b>
Depreciation And Amortisation	(62)	(60)	(62)	(62)	(63)
<b>Operating EBIT</b>	<b>(70)</b>	<b>(225)</b>	<b>6</b>	<b>24</b>	<b>39</b>
Financial Income/(Expense)	55	(39)	(33)	(34)	(36)
Pretax Income/(Loss) from Assoc.	7	20	13	14	14
Non-Operating Income/(Expense)	62	91	25	25	26
<b>Profit Before Tax (pre-EI)</b>	<b>53</b>	<b>(153)</b>	<b>11</b>	<b>29</b>	<b>44</b>
Exceptional Items	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>53</b>	<b>(153)</b>	<b>11</b>	<b>29</b>	<b>44</b>
Taxation	(34)	(23)	(3)	(9)	(13)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>19</b>	<b>(176)</b>	<b>8</b>	<b>20</b>	<b>31</b>
Minority Interests	5	(0)	(0)	(0)	(0)
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>24</b>	<b>(176)</b>	<b>7</b>	<b>20</b>	<b>30</b>
Recurring Net Profit	24	(0)	7	20	30
<b>Fully Diluted Recurring Net Profit</b>	<b>24</b>	<b>(0)</b>	<b>7</b>	<b>20</b>	<b>30</b>

### Cash Flow

(RMm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
<b>EBITDA</b>	<b>(8.8)</b>	<b>(164.9)</b>	<b>67.9</b>	<b>86.3</b>	<b>102.4</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	49.0	53.0	67.4	67.4	67.4
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(117.2)	389.0	0.0	0.0	0.0
Net Interest (Paid)/Received	55.2	(38.6)	(33.1)	(34.4)	(35.7)
Tax Paid	(34.3)	(23.0)	(3.3)	(8.7)	(13.2)
<b>Cashflow From Operations</b>	<b>(56.1)</b>	<b>215.6</b>	<b>98.9</b>	<b>110.7</b>	<b>120.8</b>
Capex	(50.0)	(86.1)	(50.0)	(50.0)	(50.0)
Disposals Of FAs/subsidiaries	15.0	50.1	15.0	15.0	15.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0	0.0
Other Investing Cashflow	(171.4)	(97.7)	(92.8)	(88.1)	(83.7)
<b>Cash Flow From Investing</b>	<b>(206.4)</b>	<b>(133.6)</b>	<b>(127.8)</b>	<b>(123.1)</b>	<b>(118.7)</b>
Debt Raised/(repaid)	98.9	79.2	(6.4)	(6.3)	(6.3)
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	(44.1)	(65.7)	(66.2)	(66.2)	(66.2)
Preferred Dividends	0.0	0.0	0.0	0.0	0.0
Other Financing Cashflow	317.9	41.3	82.2	57.8	37.1
<b>Cash Flow From Financing</b>	<b>372.8</b>	<b>54.8</b>	<b>9.7</b>	<b>(14.7)</b>	<b>(35.3)</b>
Total Cash Generated	110.3	136.7	(19.2)	(27.2)	(33.3)
<b>Free Cashflow To Equity</b>	<b>(163.6)</b>	<b>161.1</b>	<b>(35.3)</b>	<b>(18.8)</b>	<b>(4.2)</b>
<b>Free Cashflow To Firm</b>	<b>(216.9)</b>	<b>137.1</b>	<b>19.2</b>	<b>37.0</b>	<b>53.1</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(RMm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Total Cash And Equivalents	517	540	573	607	644
Total Debtors	1,611	1,271	1,241	1,212	1,185
Inventories	963	852	861	869	878
Total Other Current Assets	159	339	342	346	349
<b>Total Current Assets</b>	<b>3,251</b>	<b>3,002</b>	<b>3,017</b>	<b>3,034</b>	<b>3,056</b>
Fixed Assets	600	684	697	711	725
Total Investments	2,182	2,260	2,184	2,112	2,044
Intangible Assets	224	219	219	219	219
Total Other Non-Current Assets	2,170	2,188	2,167	2,146	2,125
<b>Total Non-current Assets</b>	<b>5,177</b>	<b>5,350</b>	<b>5,268</b>	<b>5,189</b>	<b>5,114</b>
Short-term Debt	825	639	632	626	620
Current Portion of Long-Term Debt	0	0	0	0	0
Total Creditors	1,012	997	978	959	940
Other Current Liabilities	34	39	39	39	39
<b>Total Current Liabilities</b>	<b>1,871</b>	<b>1,675</b>	<b>1,649</b>	<b>1,624</b>	<b>1,598</b>
Total Long-term Debt	766	1,294	1,294	1,294	1,294
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	616	718	689	662	635
<b>Total Non-current Liabilities</b>	<b>1,381</b>	<b>2,012</b>	<b>1,983</b>	<b>1,956</b>	<b>1,929</b>
Total Provisions	77	79	81	84	86
<b>Total Liabilities</b>	<b>3,329</b>	<b>3,766</b>	<b>3,714</b>	<b>3,663</b>	<b>3,614</b>
Shareholders' Equity	5,071	4,578	4,559	4,548	4,543
Minority Interests	32	11	11	12	12
<b>Total Equity</b>	<b>5,103</b>	<b>4,589</b>	<b>4,570</b>	<b>4,560</b>	<b>4,556</b>

### Key Ratios

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Revenue Growth	(29.5%)	(9.1%)	(14.6%)	6.0%	3.5%
Operating EBITDA Growth	(110%)	1775%	N/A	27%	19%
Operating EBITDA Margin	(0.7%)	(13.7%)	6.6%	8.0%	9.1%
Net Cash Per Share (RM)	(0.24)	(0.32)	(0.31)	(0.30)	(0.29)
BVPS (RM)	1.15	1.04	1.03	1.03	1.03
Gross Interest Cover	(1.55)	(4.08)	0.13	0.49	0.77
Effective Tax Rate	64.7%	0.0%	30.0%	30.0%	30.0%
Net Dividend Payout Ratio	138%	NA	664%	247%	161%
Accounts Receivables Days	228.1	224.9	208.9	187.2	171.9
Inventory Days	N/A	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A	N/A
ROIC (%)	(1.55%)	(4.81%)	0.14%	0.53%	0.87%
ROCE (%)	0.46%	(3.12%)	0.32%	0.60%	0.83%
Return On Average Assets	(0.44%)	(1.64%)	0.49%	0.66%	0.81%

### Key Drivers

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Revenue growth (%)	-29.5%	-9.1%	-14.6%	6.0%	3.5%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



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#### Corporate Governance Report:

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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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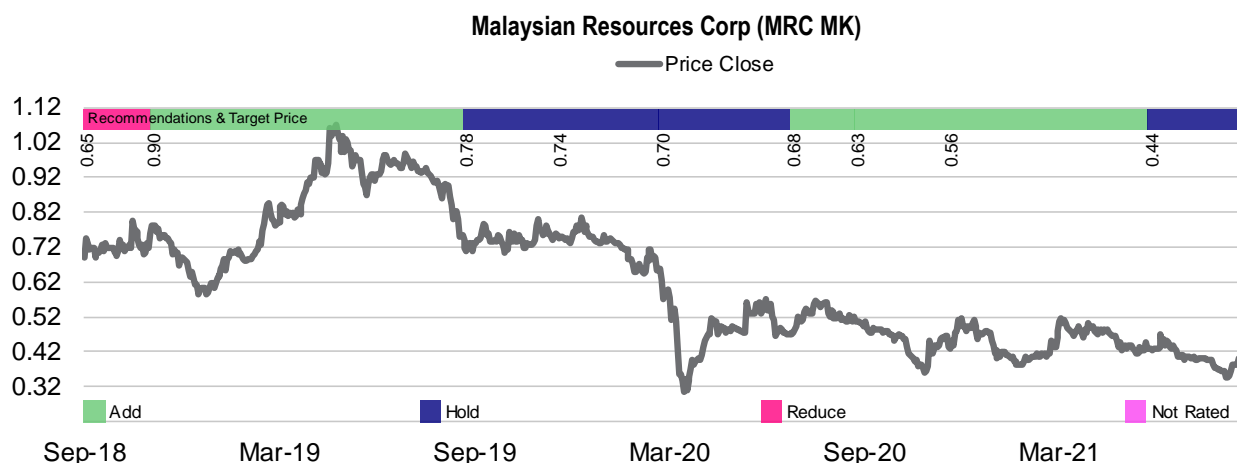
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2021		
623 companies under coverage for quarter ended on 30 June 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	72.1%	1.1%
Hold	19.3%	0.0%
Reduce	8.7%	0.0%

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 2020, Anti-Corruption 2020**

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Excellent, 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** – Very Good, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Very Good, n/a, **DELTA** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, n/a, **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** – Very Good, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – Excellent, Declared, **JMT** – Very Good, Declared, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – n/a, n/a, **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** – n/a, n/a, **OR** – n/a, n/a, **ORI** – Excellent, Certified, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RBF** – Good, n/a, **RS** – Excellent, n/a, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – n/a, n/a, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – n/a, n/a, **SHR** – Very Good, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Declared, **SPRC** – Excellent, Certified, **SSP** – Good, Declared, **STEC** – n/a, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, n/a, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, n/a, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TOP** – Excellent, Certified, **TRUE** – 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 2020 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 January 30, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

**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.