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Malaysia Property

Reuters SWAY.KL
Bloomberg SWB MK

Priced on 24 August 2023
KLSE Comp @ 1,444.7

12M hi/lo RM1.92/1.47

12M price target RM2.09
±% potential +9%

Shares in issue 4,873.7m
Free float (est.) 31.0%

Market cap US\$2.1bn

3M ADV US\$1.8m

Foreign s'holding 5.4%

Major shareholders

Jeffrey Cheah Fook Ling 63.0%
EPF 9.3%

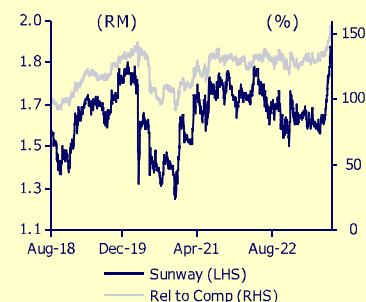
Blended ESG Score (%)*

Overall 82.7
Country average 71.2
GEM sector average 71.2

*Click to visit company page on cls.com for details

Stock performance (%)

	1M	3M	12M
Absolute	14.4	23.2	15.1
Relative	12.8	20.2	16.9
Abs (US\$)	14.4	21.2	11.6



Source: Bloomberg

Picking up speed

Strong contributions across segments in general

We deem Sunway's 1H23 results within expectations in anticipation of a strong 2H23. All its business segments did well except for property investments. The strong news flow suggesting a revival of the Johor property development appears to be driving its share price although we think it is still in its early days. We maintain SOTP-derived target price of RM2.09 and our BUY rating.

A better quarter

While only comprising 34%/40% of our forecasts, we expect 2H23 to see better performance from its leisure, hospitality and healthcare operations. Overall, revenues were up 15% YoY but reported pre-tax profit was flattish including the disposal gain of Rm27m from one of the group's start-up investments. On the quarter, revenues were higher but with a softer increase in pre-tax profit as contribution across all businesses improved except property investment. Overall gearing rose marginally to 0.55x (Dec 2022: 0.52x) on higher borrowings.

All segments firing up except property investment

Sunway's property development segment improved due to higher sales and progress billings from new and on-going domestic projects. There was also higher recognition from its Singapore projects YoY. Property sales as at June 2023 stood at RM1.5bn with 51% from Singapore. Its property investment segment which included its associate, *Sunway Reit* was weaker QoQ due to lower visitor count. Its subsidiary, *Sunway Construction*, improved QoQ on higher progress billings. Sunway Healthcare (joint-venture) reported strong operational results with start-up losses from its Penang hospital reduced by almost half due to higher patient count.

The Johor play

Expectations of the revival of its Johor properties are driven by the completion of the Rapid Transit System (RTS) rail link between Johor and Singapore in 2026 coupled with the government's push to establish a special economic zone between Johor and Singapore. These are expected to bode well for Sunway's flagship township development, which is strategically located between Puteri Harbour and the second Link to Singapore. Johor makes up 50% of Sunway's remaining landbank.

Maintain Buy; target price at RM2.09

We make no changes to our forecasts. The listing of its healthcare operations (Sunway Healthcare Group) is expected within the next three years. We believe the significant deviation in our forecasts versus consensus could be from our higher estimates for its healthcare operations. We maintain our SOTP TP of RM2.09 and BUY. Further upside to our TP could arise from a narrowing RNAV discount of its property development as the Johor property development picks up.

Financials

Year to 31 December	21A	22A	23CL	24CL	25CL
Revenue (RMm)	3,717	5,195	5,953	6,449	6,881
Net profit (RMm)	213	668	827	910	959
EPS (sen)	4.4	13.7	17.0	18.7	19.7
CL/consensus (9) (EPS%)	-	-	126	131	131
EPS growth (% YoY)	(45.0)	213.3	23.8	10.0	5.4
PE (x)	43.7	13.9	11.3	10.2	9.7
Dividend yield (%)	1.3	2.9	3.1	3.4	3.6
FCF yield (%)	2.8	0.2	13.8	0.9	(0.7)
PB (x)	1.0	0.9	0.9	0.8	0.8
ROE (%)	2.2	5.9	7.0	7.3	7.3
Net debt/equity (%)	45.0	52.3	43.2	42.9	43.7

Source: www.cls.com

Financials at a glance

Year to 31 December	2021A	2022A	2023CL	(% YoY)	2024CL	2025CL
Profit & Loss (RMm)						
Revenue	3,717	5,195	5,953	14.6	6,449	6,881
Cogs (ex-D&A)	(2,705)	(3,954)	(4,512)		(4,834)	(5,131)
Gross Profit (ex-D&A)	1,012	1,241	1,440	16	1,615	1,750
SG&A and other expenses	(468)	(527)	(591)		(616)	(636)
Op Ebitda	544	714	849	19	999	1,114
Depreciation/amortisation	(216)	(130)	(163)		(201)	(235)
Op Ebit	328	583	687	17.7	798	879
Net interest inc/(exp)	55	(14)	(149)		(127)	(146)
Other non-Op items	52	373	476	27.8	468	467
Profit before tax	435	942	1,014	7.7	1,139	1,200
Taxation	(116)	(167)	(129)		(161)	(176)
Profit after tax	318	775	885	14.2	978	1,024
Minority interest	(75)	(76)	(26)		(37)	(34)
Net profit	213	668	827	23.8	910	959
Adjusted profit	234	650	827	27.2	910	959
Cashflow (RMm)						
Operating profit	328	583	687	17.7	798	879
Depreciation/amortisation	216	130	163	24.8	201	235
Working capital changes	(110)	(1,353)	1,197		(144)	(375)
Other items	545	976	(165)		(172)	(202)
Net operating cashflow	979	337	1,881	458.3	684	537
Capital expenditure	(723)	(315)	(600)		(600)	(600)
Free cashflow	256	22	1,281	5,818.5	84	(63)
M&A/Others	(557)	(529)	0		0	0
Net investing cashflow	(1,280)	(845)	(600)		(600)	(600)
Increase in loans	1,216	338	-		-	-
Dividends	(178)	(222)	(300)		(321)	(350)
Net equity raised/other	(193)	(277)	0		0	0
Net financing cashflow	845	(162)	(300)		(321)	(350)
Incr/(decr) in net cash	544	(669)	981		(237)	(413)
Exch rate movements	28	(183)	0		-	0
Balance sheet (RMm)						
Cash & equivalents	2,810	1,958	2,939	50.1	2,702	2,289
Accounts receivable	1,630	1,754	2,274	29.6	2,421	2,549
Other current assets	3,558	4,629	3,643	(21.3)	3,810	4,206
Fixed assets	1,262	1,265	1,703	34.6	2,103	2,467
Investments	12,759	13,625	13,988	2.7	14,340	14,687
Intangible assets	433	441	441	0	441	441
Other non-current assets	2,631	2,384	2,384	0	2,383	2,383
Total assets	25,084	26,057	27,372	5	28,200	29,022
Short-term debt	4,093	5,361	4,228	(21.1)	4,228	4,228
Accounts payable	2,290	2,426	3,157	30.1	3,327	3,475
Other current liabs	323	218	218	0	218	218
Long-term debt/CBs	4,621	3,695	4,828	30.7	4,828	4,828
Provisions/other LT liabs	634	784	784	0	784	784
Shareholder funds	11,053	11,563	12,122	4.8	12,742	13,383
Minorities/other equity	2,070	2,010	2,036	1.3	2,073	2,107
Total liabs & equity	25,084	26,057	27,372	5	28,200	29,022
Ratio analysis						
Revenue growth (% YoY)	(2.9)	39.8	14.6		8.3	6.7
Ebitda margin (%)	14.6	13.7	14.3		15.5	16.2
Ebit margin (%)	8.8	11.2	11.5		12.4	12.8
Net profit growth (%)	(45.0)	213.3	23.8		10.0	5.4
Op cashflow growth (% YoY)	11.9	(65.6)	458.3		(63.6)	(21.5)
Capex/sales (%)	19.4	6.1	10.1		9.3	8.7
Net debt/equity (%)	45.0	52.3	43.2		42.9	43.7
Net debt/Ebitda (x)	10.9	9.9	7.2		6.4	6.1
ROE (%)	2.2	5.9	7.0		7.3	7.3
ROIC (%)	3.2	6.5	8.0		9.3	9.4

Source: www.clsa.com

Find CLSA research on Bloomberg, Thomson Reuters, FactSet and CapitalIQ - and profit from our evalu@tor proprietary database at clsa.com



Figure 1

Sunway: 2Q/1H23 results summary								
	2Q23	2Q22	YoY	1Q23	QoQ	6M23	6M22	YoY
Revenue	1468.2	1280.4	14.7%	1263.7	16.2%	2731.9	2392.8	14.2%
Property Development	362.1	286.4	26.4%	247.8	46.1%	609.9	444.6	37.2%
Property Investment	199.4	149.6	33.3%	209.9	(5.0%)	409.3	270.7	51.2%
Construction	404.1	316.8	27.5%	327.9	23.2%	732.0	685.5	6.8%
Trading/Manufacturing	227.8	264.8	(14.0%)	224.1	1.7%	451.9	469.8	(3.8%)
Quarry	94.5	101.1	(6.5%)	78.2	20.8%	172.7	177.2	(2.5%)
Healthcare	0.0	0.0	#DIV/0!	0.0	#DIV/0!	0.0	0.0	#DIV/0!
Investment	1.9	1.8	6.4%	2.3	(15.2%)	4.2	3.7	13.5%
Others	178.4	159.8	11.6%	173.5	2.8%	351.9	341.3	3.1%
EBIT	140.0	166.3	(15.8%)	113.4	23.5%	253.4	238.4	6.3%
Net Interest	(14.6)	(28.2)	(48.2%)	(4.1)	259.7%	(18.6)	(12.4)	50.5%
Share of Associates/JCE	77.6	76.9	0.8%	82.7	(6.2%)	160.3	176.1	(9.0%)
PBT	203.0	215.0	(5.6%)	192.0	5.7%	395.0	402.1	(1.8%)
Property Development	33.9	25.7	31.7%	23.1	46.7%	72.1	49.1	46.9%
Property Investment	44.5	53.4	(16.6%)	67.2	(33.8%)	101.1	98.4	2.7%
Construction	10.1	44.4	(77.2%)	39.5	(74.4%)	84.0	92.2	(8.9%)
Trading/Manufacturing	4.4	9.7	(54.6%)	9.6	(54.2%)	19.7	20.0	(1.4%)
Quarry	37.7	1.8	1982.9%	3.5	980.2%	7.9	6.7	18.5%
Healthcare	8.6	35.3	(75.5%)	28.8	(70.0%)	66.6	63.5	4.7%
Investment	14.7	7.3	102.4%	6.6	121.7%	15.3	18.5	(17.6%)
Others	0.0	37.5	(100.0%)	13.7	(100.0%)	28.3	53.6	(47.1%)
Tax	(30.8)	(23.8)	29.4%	(33.3)	(7.4%)	(64.1)	(51.7)	23.9%
PAT	172.2	191.2	(9.9%)	158.8	8.5%	331.0	350.4	(5.5%)
MI	(22.3)	(23.3)	(4.2%)	(17.1)	30.1%	(39.4)	(41.4)	(4.9%)
PATAMI	126.7	160.3	(20.9%)	149.5	(15.2%)	276.3	293.7	(5.9%)
EI	6.1	(21.9)	(128.0%)	0.0	#DIV/0!	6.1	(41.6)	(114.7%)
Core Earnings	132.9	138.4	(4.0%)	149.5	(11.1%)	282.4	252.1	12.0%
EBIT margin	9.5%	13.0%	(3.4%)	9.0%	0.6%	9.3%	10.0%	(0.7%)
PBT margin	13.8%	16.8%	(3.0%)	15.2%	(1.4%)	14.5%	16.8%	(2.3%)
PAT margin	9.1%	10.8%	(1.8%)	11.8%	(2.8%)	10.3%	10.5%	(0.2%)

Source: CLSA, Company

We have a SOTP-derived target price of RM2.09

Figure 2

Sunway Bhd: Target price derivation			
Division	Value (RMm)	RM/share	Methodology
Construction (Sunway Construction)	1,353	0.28	54.56% stake based on Sunway Construction's target price of RM1.92
Sunway REIT	2,221	0.46	40.88% stake based on Sunway REIT's target price of RM1.70
Property Development	6,546	1.34	Discounted RNAV
Property Investment	2,119	0.43	Book Value
Healthcare	4,898	1.00	Divestment valuation (to GIC)
Trading & Manufacturing	358	0.07	10x forward PE
Quarry	177	0.04	10x forward PE
	17,672	3.63	
Holding Company Net Cash/(Debt)	(6,354)	(1.30)	
	11,318	2.32	
20% Holding Company Discount	(1,132)	(0.23)	
Fair Value (RM)	10,186	2.09	
Total no. of shares (m)	4,874		

Source: CLSA



Valuation details

Our target price is based on a 20% discount to an SOTP-derived value to reflect the company's various businesses. Sunway Construction and Sunway Real Estate Investment are valued at the effective stake of the implied market cap derived from our target price. Property development is derived from a 20% discount to RNAV/share. The property investment division is valued at book value. The healthcare segment is valued at its post-money valuation based on its stake sale to Singapore sovereign wealth fund GIC, while the quarry, trading, and manufacturing segments are valued at 10x 24CL PE.

Investment risks

Key risks are a longer-than-expected recovery in the Johor property market (large exposure to the Johor landbank), slower recovery in its leisure and hospitality business and an inability to speed up traction in its healthcare operations.

Figure 3

Peer/customer matrix

	Ticker	Result (FY0)	Country	Mkt cap (US\$bn)	3M ADT (US\$m)	PE (x)	PB (x)	Div yld (%)	ROE (%)	Net debt/equity (%)	EPS growth (% YoY)
						FY1	FY1	FY1	FY1	FY1	FY1
Peers											
AME Elite	AME MK	Mar-23	Malaysia	0.2	0.1	11.2	1.0	2.5	9.5	(6.9)	(5.5)
Eco World	ECW MK	Oct-22	Malaysia	0.7	1.0	12.6	0.6	4.9	5.1	48.9	54.3
Mah Sing	MSGB MK	Dec-22	Malaysia	0.4	0.6	9.9	0.5	4.3	5.3	31.8	42.6
Sime Darby Property	SDPR MK	Dec-22	Malaysia	1.0	1.6	18.7	0.5	1.2	2.5	20.8	(23.2)
SP Setia	SPSB MK	Dec-22	Malaysia	0.7	1.8	24.0	0.2	0.0	1.7	62.5	64.8
Sunway	SWB MK	Dec-22	Malaysia	2.1	2.0	11.3	0.9	3.1	7.0	43.2	23.8
Average						14.6	0.6	2.7	5.2	33.4	26.1
Median						11.9	0.6	2.8	5.2	37.5	33.2

Based on latest reported numbers from IBES for non-covered stocks and from CLSA analyst models for covered stocks. Source: CLSA, IBES

Detailed financials

Profit & Loss (RMm)

Year to 31 December	2019A	2020A	2021A	2022A	2023CL	2024CL	2025CL
Revenue	4,780	3,829	3,717	5,195	5,953	6,449	6,881
Cogs (ex-D&A)	(3,095)	(2,635)	(2,705)	(3,954)	(4,512)	(4,834)	(5,131)
Gross Profit (ex-D&A)	1,686	1,194	1,012	1,241	1,440	1,615	1,750
Research & development costs	-	-	-	-	-	-	-
Selling & marketing expenses	-	-	-	-	-	-	-
Other SG&A	(1,088)	(991)	(639)	(810)	(915)	(967)	(1,010)
Other Op Expenses ex-D&A	204	279	171	283	324	351	375
Op Ebitda	801	482	544	714	849	999	1,114
Depreciation/amortisation	(234)	(234)	(216)	(130)	(163)	(201)	(235)
Op Ebit	568	248	328	583	687	798	879
Interest income	205	172	157	188	147	169	150
Interest expense	(168)	(140)	(102)	(202)	(296)	(296)	(296)
Net interest inc/(exp)	36	31	55	(14)	(149)	(127)	(146)
Associates/investments	261	233	81	351	476	468	467
Forex/other income	-	-	-	-	-	-	-
Asset sales/other cash items	-	-	-	-	-	-	-
Provisions/other non-cash items	-	-	-	-	-	-	-
Asset revaluation/Exceptional items	(73)	25	(29)	22	-	-	-
Profit before tax	792	537	435	942	1,014	1,139	1,200
Taxation	(78)	(102)	(116)	(167)	(129)	(161)	(176)
Profit after tax	713	435	318	775	885	978	1,024
Preference dividends	0	0	(31)	(31)	(32)	(32)	(32)
Profit for period	713	435	288	744	853	947	993
Minority interest	(78)	(48)	(75)	(76)	(26)	(37)	(34)
Net profit	636	388	213	668	827	910	959
Extraordinaries/others	0	0	0	0	0	0	0
Profit available to ordinary shares	636	388	213	668	827	910	959
Dividends	(442)	(73)	(122)	(268)	(289)	(318)	(336)
Retained profit	194	315	91	400	537	591	623
Adjusted profit	702	368	234	650	827	910	959
EPS (sen)	13.0	8.0	4.4	13.7	17.0	18.7	19.7
Adj EPS [pre excep] (sen)	14.4	7.5	4.8	13.3	17.0	18.7	19.7
Core EPS (sen)	13.0	8.0	4.4	13.7	17.0	18.7	19.7
DPS (sen)	9.1	1.5	2.5	5.5	5.9	6.5	6.9

Profit & loss ratios

Year to 31 December	2019A	2020A	2021A	2022A	2023CL	2024CL	2025CL
Growth (%)							
Revenue growth (% YoY)	(11.6)	(19.9)	(2.9)	39.8	14.6	8.3	6.7
Ebitda growth (% YoY)	(2.0)	(39.9)	13.0	31.2	19.0	17.6	11.5
Ebit growth (% YoY)	(4.5)	(56.4)	32.3	78.0	17.7	16.2	10.1
Net profit growth (%)	14.2	(39.0)	(45.0)	213.3	23.8	10.0	5.4
EPS growth (% YoY)	14.2	(39.0)	(45.0)	213.3	23.8	10.0	5.4
Adj EPS growth (% YoY)	11.2	(47.6)	(36.2)	177.2	27.2	10.0	5.4
DPS growth (% YoY)	27.4	(83.5)	66.7	120.0	7.9	10.0	5.4
Core EPS growth (% YoY)	14.2	(39.0)	(45.0)	213.3	23.8	10.0	5.4
Margins (%)							
Gross margin (%)	35.3	31.2	27.2	23.9	24.2	25.0	25.4
Ebitda margin (%)	16.8	12.6	14.6	13.7	14.3	15.5	16.2
Ebit margin (%)	11.9	6.5	8.8	11.2	11.5	12.4	12.8
Net profit margin (%)	13.3	10.1	5.7	12.9	13.9	14.1	13.9
Core profit margin	13.3	10.1	5.7	12.9	13.9	14.1	13.9
Op cashflow margin	14.4	22.8	26.3	6.5	31.6	10.6	7.8
Returns (%)							
ROE (%)	7.8	4.6	2.2	5.9	7.0	7.3	7.3
ROA (%)	2.4	0.9	1.0	1.9	2.2	2.5	2.6
ROIC (%)	6.9	2.5	3.2	6.5	8.0	9.3	9.4
ROCE (%)	4.1	1.6	1.9	2.9	3.4	3.9	4.0
Other key ratios (%)							
Effective tax rate (%)	9.9	19.0	26.7	17.7	12.7	14.1	14.6
Ebitda/net int exp (x)	-	-	-	49.3	5.7	7.9	7.6
Exceptional or extraord. inc/PBT (%)	-	-	-	-	-	-	-
Dividend payout (%)	69.5	18.9	57.2	40.2	35.0	35.0	35.0

Source: www.clsa.com



Balance sheet (RMm)

Year to 31 December	2019A	2020A	2021A	2022A	2023CL	2024CL	2025CL
Cash & equivalents	2,555	2,238	2,810	1,958	2,939	2,702	2,289
Accounts receivable	1,987	1,763	1,630	1,754	2,274	2,421	2,549
Inventories	724	606	670	698	1,030	1,116	1,191
Other current assets	2,915	2,430	2,888	3,932	2,613	2,695	3,015
Current assets	8,181	7,038	7,999	8,341	8,856	8,933	9,043
Fixed assets	2,749	2,621	1,262	1,265	1,703	2,103	2,467
Investments	8,087	8,179	12,759	13,625	13,988	14,340	14,687
Goodwill	332	351	433	441	441	441	441
Other intangible assets	0	0	0	0	0	0	0
Other non-current assets	2,123	2,905	2,631	2,384	2,384	2,383	2,383
Total assets	21,472	21,093	25,084	26,057	27,372	28,200	29,022
Short term loans/OD	7,023	5,261	4,093	5,361	4,228	4,228	4,228
Accounts payable	2,630	2,478	2,290	2,426	3,157	3,327	3,475
Accrued expenses	-	-	-	-	-	-	-
Taxes payable	5	37	56	66	66	66	66
Other current liabs	172	172	267	152	152	152	152
Current liabilities	9,830	7,948	6,706	8,005	7,603	7,773	7,921
Long-term debt/leases/other	1,273	2,250	4,621	3,695	4,828	4,828	4,828
Convertible bonds	-	-	-	-	-	-	-
Provisions/other LT liabs	958	584	634	784	784	784	784
Total liabilities	12,061	10,783	11,962	12,484	13,215	13,385	13,533
Share capital	5,394	5,394	5,394	5,394	5,394	5,394	5,394
Retained earnings	4,167	4,356	6,873	7,384	7,942	8,563	9,203
Reserves/others	(1,194)	(1,215)	(1,215)	(1,215)	(1,215)	(1,215)	(1,215)
Shareholder funds	8,367	8,535	11,053	11,563	12,122	12,742	13,383
Minorities/other equity	1,044	1,775	2,070	2,010	2,036	2,073	2,107
Total equity	9,411	10,311	13,122	13,573	14,158	14,815	15,489
Total liabs & equity	21,472	21,093	25,084	26,057	27,372	28,200	29,022
Total debt	8,295	7,511	8,715	9,056	9,056	9,056	9,056
Net debt	5,741	5,272	5,904	7,098	6,117	6,354	6,767
Adjusted EV	9,209	9,381	5,727	5,994	4,677	4,599	4,699
BVPS (sen)	152.0	155.1	200.8	210.1	220.2	231.5	243.2

Balance sheet ratios

Year to 31 December	2019A	2020A	2021A	2022A	2023CL	2024CL	2025CL
Key ratios							
Current ratio (x)	0.8	0.9	1.2	1.0	1.2	1.1	1.1
Growth in total assets (% YoY)	(1.4)	(1.8)	18.9	3.9	5.0	3.0	2.9
Growth in capital employed (% YoY)	19.1	2.8	22.1	8.6	(1.9)	4.4	5.1
Net debt to operating cashflow (x)	8.3	6.0	6.0	21.1	3.3	9.3	12.6
Gross debt to operating cashflow (x)	12.0	8.6	8.9	26.9	4.8	13.2	16.9
Gross debt to Ebitda (x)	10.4	15.6	16.0	12.7	10.7	9.1	8.1
Net debt/Ebitda (x)	7.2	10.9	10.9	9.9	7.2	6.4	6.1
Gearing							
Net debt/equity (%)	61.0	51.1	45.0	52.3	43.2	42.9	43.7
Gross debt/equity (%)	88.1	72.8	66.4	66.7	64.0	61.1	58.5
Interest cover (x)	4.6	3.0	4.7	3.8	2.8	3.3	3.5
Debt cover (x)	0.1	0.1	0.1	0.0	0.2	0.1	0.1
Net cash per share (sen)	(117.8)	(108.2)	(121.1)	(145.6)	(125.5)	(130.4)	(138.9)
Working capital analysis							
Inventory days	92.8	92.1	86.1	63.1	69.9	81.0	82.0
Debtor days	144.7	178.8	166.6	118.9	123.5	132.9	131.8
Creditor days	310.2	353.7	321.7	217.7	225.8	244.8	241.9
Working capital/Sales (%)	59.0	55.2	69.3	72.0	42.7	41.7	44.5
Capital employed analysis							
Sales/Capital employed (%)	31.5	24.6	19.5	25.1	29.4	30.5	30.9
EV/Capital employed (%)	60.8	60.2	30.1	29.0	23.1	21.7	21.1
Working capital/Capital employed (%)	18.6	13.6	13.5	18.1	12.5	12.7	13.8
Fixed capital/Capital employed (%)	18.1	16.8	6.6	6.1	8.4	9.9	11.1
Other ratios (%)							
PB (x)	1.3	1.2	1.0	0.9	0.9	0.8	0.8
EV/Ebitda (x)	11.5	19.5	10.5	8.4	5.5	4.6	4.2
EV/OCF (x)	13.4	10.7	5.9	17.8	2.5	6.7	8.8
EV/FCF (x)	23.5	26.5	22.4	277.0	3.7	55.0	(74.1)
EV/Sales (x)	1.9	2.4	1.5	1.2	0.8	0.7	0.7
Capex/depreciation (%)	127.2	222.8	334.1	242.0	369.2	299.1	254.9

Source: www.clsa.com

Cashflow (RMm)

Year to 31 December	2019A	2020A	2021A	2022A	2023CL	2024CL	2025CL
Operating profit	568	248	328	583	687	798	879
Operating adjustments	297	265	136	337	327	341	321
Depreciation/amortisation	234	234	216	130	163	201	235
Working capital changes	(354)	273	(110)	(1,353)	1,197	(144)	(375)
Interest paid / other financial expenses	-	-	-	-	-	-	-
Tax paid	(94)	(60)	(104)	(171)	(129)	(161)	(176)
Other non-cash operating items	38	(85)	513	810	(363)	(351)	(348)
Net operating cashflow	689	875	979	337	1,881	684	537
Capital expenditure	(297)	(521)	(723)	(315)	(600)	(600)	(600)
Free cashflow	392	354	256	22	1,281	84	(63)
Acq/inv/disposals	(1,063)	(278)	(557)	(529)	-	-	-
Int, invt & associate div	-	-	-	-	-	-	-
Net investing cashflow	(1,360)	(798)	(1,280)	(845)	(600)	(600)	(600)
Increase in loans	1,060	(940)	1,216	338	-	-	-
Dividends	(306)	(254)	(178)	(222)	(300)	(321)	(350)
Net equity raised/others	(255)	934	(193)	(277)	0	0	0
Net financing cashflow	499	(260)	845	(162)	(300)	(321)	(350)
Incr/(decr) in net cash	(172)	(183)	544	(669)	981	(237)	(413)
Exch rate movements	(2,409)	(133)	28	(183)	0	-	0
Opening cash	5,136	2,555	2,238	2,810	1,958	2,939	2,702
Closing cash	2,555	2,238	2,810	1,958	2,939	2,702	2,289
OCF PS (sen)	14.1	17.9	20.1	6.9	38.6	14.0	11.0
FCF PS (sen)	8.0	7.3	5.3	0.4	26.3	1.7	(1.3)

Cashflow ratio analysis

Year to 31 December	2019A	2020A	2021A	2022A	2023CL	2024CL	2025CL
Growth (%)							
Op cashflow growth (% YoY)	(27.9)	27.0	11.9	(65.6)	458.3	(63.6)	(21.5)
FCF growth (% YoY)	(26.8)	(9.7)	(27.6)	(91.6)	5,818.5	(93.5)	(175.9)
Capex growth (%)	(29.3)	75.3	38.7	(56.4)	90.4	0.0	0.0
Other key ratios (%)							
Capex/sales (%)	6.2	13.6	19.4	6.1	10.1	9.3	8.7
Capex/op cashflow (%)	43.1	59.6	73.8	93.6	31.9	87.8	111.8
Operating cashflow payout ratio (%)	64.2	8.4	12.4	79.6	15.4	46.6	62.6
Cashflow payout ratio (%)	64.2	8.4	12.4	79.6	15.4	46.6	62.6
Free cashflow payout ratio (%)	112.8	20.7	47.6	1,238.9	22.6	380.7	-

DuPont analysis

Year to 31 December	2019A	2020A	2021A	2022A	2023CL	2024CL	2025CL
Ebit margin (%)	11.9	6.5	8.8	11.2	11.5	12.4	12.8
Asset turnover (x)	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Interest burden (x)	1.4	2.2	1.3	1.6	1.5	1.4	1.4
Tax burden (x)	0.9	0.8	0.7	0.8	0.9	0.9	0.9
Return on assets (%)	2.4	0.9	1.0	1.9	2.2	2.5	2.6
Leverage (x)	2.4	2.2	2.0	1.9	1.9	1.9	1.9
ROE (%)	7.8	4.6	2.2	5.9	7.0	7.3	7.3

EVA® analysis

Year to 31 December	2019A	2020A	2021A	2022A	2023CL	2024CL	2025CL
Ebit adj for tax	512	201	240	480	599	685	750
Average invested capital	7,412	8,005	7,445	7,366	7,450	7,342	7,983
ROIC (%)	6.9	2.5	3.2	6.5	8.0	9.3	9.4
Cost of equity (%)	9.7	9.7	9.7	9.7	9.7	9.7	9.7
Cost of debt (adj for tax)	2.7	2.4	2.2	2.5	2.6	2.6	2.6
Weighted average cost of capital (%)	7.4	7.3	7.2	7.3	7.3	7.3	7.3
EVA/IC (%)	(0.5)	(4.8)	(4.0)	(0.8)	0.7	2.0	2.1
EVA (RMm)	(34)	(382)	(296)	(57)	53	148	166

Source: www.clsa.com



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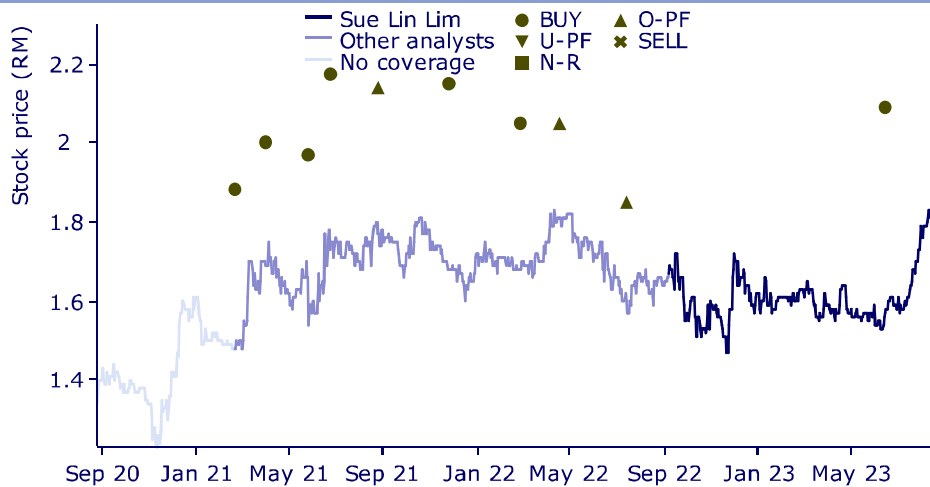
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Date	Rec	Target	Date	Rec	Target
15 Jun 2023	BUY	2.09	25 Aug 2021	O-PF	2.14
14 Jul 2022	O-PF	1.85	24 Jun 2021	BUY	2.17
18 Apr 2022	O-PF	2.05	26 May 2021	BUY	1.97
26 Feb 2022	BUY	2.05	01 Apr 2021	BUY	2.00
25 Nov 2021	BUY	2.15	20 Feb 2021	BUY	1.88

Source: CLSA

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