

Genting Malaysia (GENM MK)

Downstate New York casino license back on the cards

Maintain BUY call and MYR3.40 DCF-TP

After a 4-month delay, the New York State Gaming Commission (NYSGC) launched a Request For Information (RFI) on three downstate commercial casino licenses. We opine that GENM's Resorts World New York City (RWNYC) is in a good position to win one. If it does, we estimate that RWNYC can accrete c.USD145m (c.MYR610m) in net profit p.a. and MYR0.53 to our DCF-based TP. Maintain estimates (pending clarity on *Cukai Makmur*), BUY call and MYR3.40 TP for now.

RFI on downstate NY commercial casinos launched

Note that the RFI is for planning purposes only and is not a Request For Proposals (RFP). The RFI seeks information from interested parties to determine the following regarding downstate commercial casinos:- (i) appropriate size and scope of development, (ii) value of the gaming facility license; and (iii) process that should be used in award consideration. Deadline for submission of questions is 10 Nov 2021 and deadline for RFI response submission is 10 Dec 2021.

Winning a license will be the 'ultimate prize'

NYSGC will prepare and distribute a report with the results of the RFI to the New York Governor and State Legislature no later than six months after 10 Dec 2021. A downstate commercial casino will be the 'ultimate prize' for RWNYC as it will be allowed to deploy table games and be located in or near New York City. What excites us is the prospect of converting GENM's RWNYC into a downstate commercial casino. RWNYC currently offers only slot machines and lacks table games.

Advantage of GENM's RWNYC, in our view

If NYSGC proceeds to launch an RFP, we opine that RWNYC will have an edge as it can deploy table games and generate additional tax revenue for New York State quickly as opposed to a greenfield casino. Our calculations indicate that RWNYC can accrete c.USD145m (c.MYR610m) in net profit and MYR0.53 to our DCF-based TP to GENM should it be allowed to be converted into a downstate commercial casino. That would bring our 'blue-sky' GENM TP to MYR3.93.

FYE Dec (MYR m)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue	10,407	4,529	4,159	10,446	11,042
EBITDA	2,637	330	561	3,230	3,465
Core net profit	1,303	(1,445)	(1,029)	1,036	1,277
Core FDEPS (sen)	23.0	(25.6)	(18.1)	18.2	22.5
Core FDEPS growth(%)	(35.6)	nm	nm	nm	23.3
Net DPS (sen)	20.0	14.5	6.0	14.5	20.0
Core FD P/E (x)	14.3	nm	nm	17.2	13.9
P/BV (x)	1.0	1.0	1.3	1.3	1.3
Net dividend yield (%)	6.1	5.4	1.9	4.6	6.4
ROAE (%)	7.6	(13.6)	(7.2)	7.6	9.2
ROAA (%)	4.0	(4.7)	(3.5)	3.5	4.4
EV/EBITDA (x)	7.8	62.5	45.1	7.3	6.6
Net gearing (%) (incl perps)	23.9	53.5	73.5	59.9	51.9
Consensus net profit	-	-	(1,117)	849	1,277
MKE vs. Consensus (%)	-	-	7.9	22.0	(0.0)

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BUY

Share Price	MYR 3.13
12m Price Target	MYR 3.40 (+13%)
Previous Price Target	MYR 3.40

Company Description

Owns and operates Resorts World Genting, the only integrated resort in Malaysia. Also owns casinos in the UK, US and Bahamas.

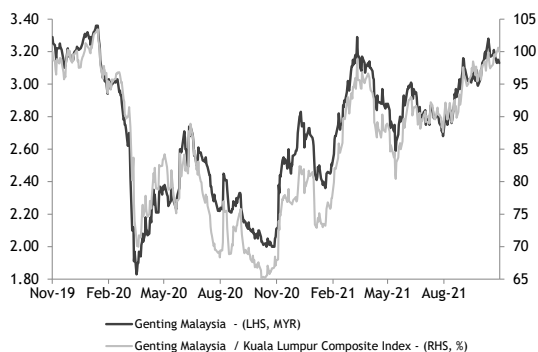
Statistics

52w high/low (MYR)	3.29/2.11
3m avg turnover (USDm)	8.0
Free float (%)	47.3
Issued shares (m)	5,938
Market capitalisation	MYR18.6B USD4.5B

Major shareholders:

Genting Bhd.	47.1%
Genting Malaysia Bhd.	4.8%
Great Eastern Life Assurance Co. Ltd.	3.4%

Price Performance



	-1M	-3M	-12M
Absolute (%)	3	17	52
Relative to index (%)	3	14	49

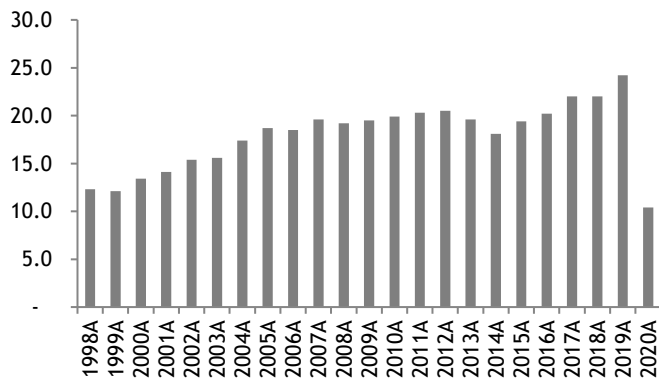
Source: FactSet

ESG@MKE
Tear Sheet Insert

Value Proposition

- Owns and operates Resorts World Genting (RWG), Genting UK (GENUK), Resorts World New York City (RWNYC) and Resorts World Bimini (RWB).
- RWG is ~80% of group earnings and resilient. RWG is expanding via the Genting Integrated Tourism Plan (GITP).
- GITP involves 1,536 hotel rooms, outdoor theme park, indoor theme park, mall, plaza and new cable car line.
- ROEs fell to <10% after 2013, dragged by start-up losses at RWB.
- ROE may remain below WACC due to the acquisition of 49% shareholding in Empire Resorts.

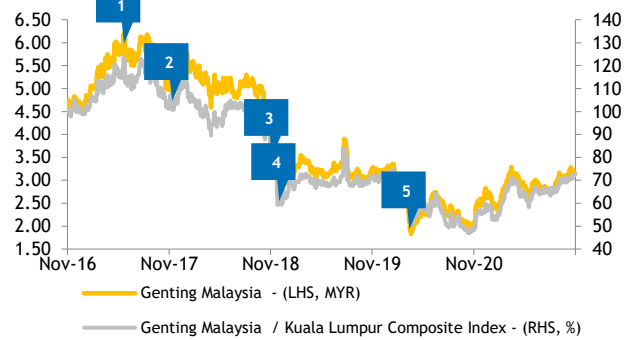
RWG visitor arrivals (m)



Source: Company

Price Drivers

Historical share price trend



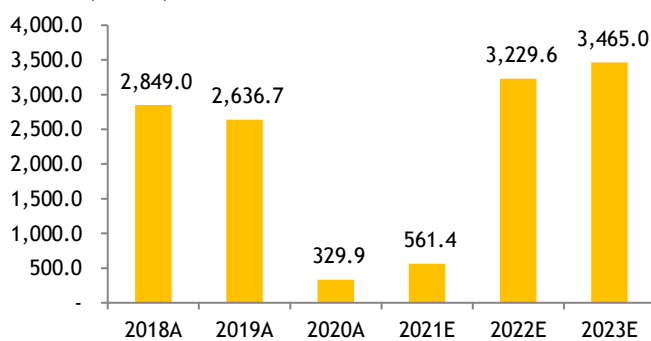
Source: Company, Maybank Kim Eng

- Investors enthused by opening of new properties at RWG, driven by the GITP.
- 2Q17 and 3Q17 results were below expectations due to low VIP win rate at RWG.
- National Budget 2019 in Nov 2018 proposed for RWG casino duty rate to be hiked by 10ppts from 1 Jan 2019.
- Fox withdrew RWG's right to Fox-brand its outdoor theme park.
- COVID-19 pandemic spreads in Malaysia. RWG was shut from 18 Mar 2020 to 18 Jun 2020.

Financial Metrics

- Key financial metric is EBITDA. Most casino operators are valued on EV/EBITDA basis.
- Forecast FY21E EBITDA to recover 70% YoY as the COVID-19 impact on GENM's casinos overseas moderates.
- Forecast FY22E EBITDA to recover by 475% YoY as RWG's Genting SkyWorlds theme park ramps up.
- Forecast FY23E EBITDA to grow by 7% YoY as the COVID-19 pandemic fully subsides.
- We expect balance sheet to remain net debt as GENM has been more progressive in paying dividends.

EBITDA (MYRm)



Source: Company, Maybank Kim Eng

Swing Factors

Upside

- VIP win rate - if it is above theoretical levels, it can positively influence earnings.
- VIP: mass market mix - tilt towards mass market will expand margins due to less commissions and rebates.
- Higher visitor arrivals to RWG - the purpose of the GITP is to attract more high margin mass market gamblers.

Downside

- Related party transactions (RPT) - GENM has a history of executing RPTs that do not favour minority shareholders.
- Regional expansion - new jurisdictions often require high capex commitments without guaranteeing returns.
- High foreign shareholding of 15.8% as at end-3Q21 poses downside risk to share price in a weak market.

ESG@MKE

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Risk Rating & Score ¹	26.4 (Medium)
Score Momentum ²	-1.1
Last Updated	15 Apr 2021
Controversy Score ³ (Updated: 31 Oct 2019)	1 - Corporate governance incidents

Business Model & Industry Issues

- GENM's Resorts World Genting (RWG) has always been the 'cash cow' of the group. With the cash flows generated by RWG, GENM has attempted to expand beyond Malaysia.
- Resorts World New York City (RWNYC) is a successful green-field investment. That said, GENM has not been averse to employing related party transactions (RPT) to expand (e.g. acquisition of Genting UK (GENUK) and Empire Resorts).
- To be fair, not all RPTs were negative for minority shareholders. The acquisition of GENUK turned out to be more positive than we expected and we viewed the disposal of 17% of Genting Hong Kong (GENHK) positively.
- Yet, the recurrence of RPTs continues to raise eyebrows with the latest being the acquisition of 49% of loss generating Empire Resorts. On another note, GENM has been a lot more progressive with dividends.

Material E issues

- RWG sits at the peak of Mount Ulu Kali. Thus, it is not served by municipal or national sewerage companies
- Although RWG recently increased its gross floor area by ~50%, 94% of its ~10k acre virgin rainforest remains intact.
- RWG has 8 pumping stations which extract raw water from Sungai CheroK to 10 water treatment plants.
- RWG consumed a reduced 4.6m m³ (-43% YoY) of water in 2020 due to being shut 18 Mar to 18 Jun 2020. Yet, water consumed/visitor grew to 0.25 m³ (+44% YoY) in 2020.
- Invested in a new cable car system called Awana Skyway that can carry 3.6k pax/hour. It opened in 2016.
- Awana Skyway has not only reduced traffic congestion and pollution but also traffic accidents at RWG.
- RWG phased out plastic straws and replaced food boxes with biodegradable and compostable food containers.

Material S issues

- Access to RWG casino is denied to persons below the age of 21 and Malaysian Muslims.
- Bank Negara Malaysia precludes RWG from extending credit to gamblers.
- RWG has a 24 hour Responsible Gaming Hotline and Self Exclusion Programme (SEP).
- GENUK and RWNYC have similar responsible gaming initiatives and SEPs.
- RWG promotes Request For Assistance programme to problem gamblers.
- In 2020, GENUK was awarded AML Team of the Year Award by Gambling Compliance Global Regulatory Awards.
- GENUK also accorded GamCare's Safer Gambling Standard (Level 3) by Safer Gambling Standard Great Britain.
- GENUK contributes 0.1% of gross gaming revenue (GGR) to responsible gaming causes.
- RWNYC is required to contribute 44% of GGR to the New York State education fund as a form of gaming tax.
- Women account for ~40% of GENM's workforce. The ratio of total remuneration for women and men is equal at 1:1.
- RWG operates 11 residential staff complexes with 9,844 rooms that can accommodate 22,488 staff.

Key G metrics and issues

- BOD comprises Chairman & Chief Executive, Deputy Chief Executive, President & Chief Operating Officer and 7 Independent Non-Executive Directors (INED).
- Tan Sri Lim Kok Thay (TSLKT), Chairman & Chief Executive and Mr. Lim Keong Hui, Deputy Chief Executive represent Genting Bhd.
- Mr. Lim Keong Hui, Deputy Chief Executive is a son of TSLKT, Chairman & Chief Executive.
- Madam Chong Kwai Ying, INED is the sole woman director.
- Directors still received remuneration of MYR75m (-19% YoY) in FY20 despite GENM incurring losses.
- Only one of the RWG key management personnel is a woman, the Chief Financial Officer.
- PricewaterhouseCoopers LLP is the independent auditor. They have been appointed for >10 years.
- GENM has a history of related party transactions. Last major related party transaction was in 2019.
- Then, GENM acquired 49% of Empire Resorts from Kien Huat Realty III, linked to TSLKT for MYR661.1m.
- Empire Resorts has been generating losses since opening in Feb 2018.
- In 2019, GENM acquired the super yacht, Equanimity from the Malaysian government.
- In 2016, GENM sold 17% of GENHK to Golden Hope, linked to TSLKT for USD415m.
- That said, GENHK was not declaring many dividends and its share price has fallen since the disposal.
- To be sure, GENM had invested >USD750m and impaired >MYR2.0b of its investment in GENHK since 1998.
- In 2010, GENM acquired GENUK from Genting Singapore for GBP340m.
- GENM acquired GENUK at valuation multiples that were higher than its own.
- That said, GENUK EBITDA grew from GBP30.2m in FY09 to a high of GBP50m in FY16.
- In 2008, GENM acquired 10% of Walker Digital Gaming from KH Digital, linked to TSLKT for USD69m.
- GENM's investment in Walker Digital Gaming has since been partially impaired.

¹**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. ²**Score Momentum** - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. ³**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

A word on *Cukai Makmur*

Under Budget 2022, the Government of Malaysia proposed *Cukai Makmur* (Prosperity Tax) whereby chargeable income for the first MYR100m will be subject to the existing corporate tax rate of 24% and anything in excess of that will be taxed at 33% for YA2022. A point to note is that corporate income tax is chargeable at the company level (not at group level) for income derived and remitted into Malaysia. We do expect GENM to be profitable in FY22E to the tune of MYR1.0b of which most will be contributed by Resorts World Genting (RWG).

Assuming all else being equal, we estimate that *Cukai Makmur* will trim GENM FY22E EPS by 10%. That said, RWG has unutilised Investment Tax Allowances of MYR919m, unutilised customised incentives granted under the East Coast Economic Region of MYR361m and unutilised tax losses of MYR151m as at end-FY20A. Thus, RWG's chargeable income in FY22E may not be large enough for purposes of falling within the ambit of *Cukai Makmur*. We make no changes to our GENM group earnings estimates for now.

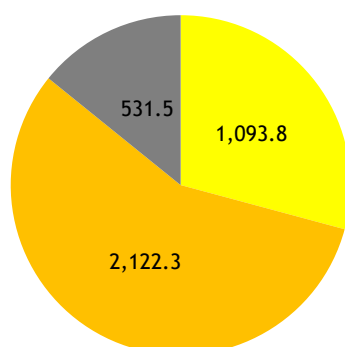
Potential impact to GENM from RWNYC being converted into a downstate commercial casino

After a nearly 4-month delay, the New York State Gaming Commission has launched a request for information (RFI) regarding three downstate commercial casino licenses in New York State ([link](#)). The RFI will be the first step in awarding the aforesaid licenses. GENM's 100%-owned Resorts World New York City (RWNYC) is a downstate Video Lottery Terminal (VLT) facility and its 49%-owned Empire Resorts' (Empire) Resorts World Catskills (RWC) is an upstate commercial casino. RWNYC is located in New York City but is not allowed to deploy table games. RWC is allowed to deploy table games but is located outside New York City.

A downstate commercial casino will be the 'ultimate prize' for RWNYC as it will be allowed to deploy table games and be located in or near New York City. New York State recorded 2019 gross gaming revenue (GGR) of USD3.7b (Fig. 1). We were not able to obtain New York State's 2020 GGR as Native American casinos are not obliged to report their GGR regularly. The five states with casinos that surround New York State recorded 2020 GGR, a year plagued by COVID-19, of another whopping USD7.4b (Fig. 2). Suffice to say, the pre-COVID-19 GGR of New York State and the states surrounding it is more than twice the pre-COVID-19 GGR of Singapore (2019: USD4.5b).

Figure 1: New York State 2019 gross gaming revenue by sector (USDm)

■ Native American casinos ■ Video Lottery Terminal facilities ■ Commercial casinos



Source: New York State Gaming Commission

Figure 2: 2020 gross gaming revenue of states surrounding New York (USDb)

Pennsylvania	New Jersey	Connecticut*	Rhode Island	Massachusetts	Total
2.7	2.9	0.9	0.3	0.6	7.4

* FYE Sep 2020

Source: American Gaming Association, Mohegan Sun, Mashantucket Pequot Tribal Nation

In our view, a downstate commercial casino will be in a good position to capture some of the GGR that has been flowing from New York State to its surrounding states. Our channel checks reveal that casinos in Pennsylvania (Bethlehem), New Jersey (Atlantic City) and Connecticut (Mohegan Sun and Foxwoods) in particular are prime beneficiaries of New York City residents crossing inter-state borders to gamble at tables which are still not allowed in New York City. It is this prospect that has also lured **Las Vegas Sands (LVS US, CP: USD42.64, Not Rated)**, **Wynn Resorts (WYNN US, CP: USD96.92, Not Rated)** and **Bally's (BALY US, CP: USD45.23, Not Rated)** to New York City.

What excites us is the prospect of converting RWNYC into one of the three aforesaid downstate commercial casinos. We gather that the New York State Gaming Commission will give a slight preference to the two existing downstate VLT facilities, **MGM Resorts International's (MGM US, CP: USD50.37, Not Rated)** Empire City Casino at Yonkers Raceway and GENM's RWNYC. The rationale is that the two existing properties can deploy table games and generate additional tax revenue for New York State quickly. GENM even informed us that they have already built extra gaming floor area to potentially deploy table games via the new 400-room Hyatt Regency JFK at Resorts World New York hotel (Fig. 3).

Figure 3: Artist impression of the expanded RWNYC

Source: GENM

Note that RFI is for planning purposes only and should not be interpreted as a solicitation for bids on the part of the New York State Gaming Commission (i.e. Request For Proposals). The RFI is silent on licensing fees, annual fees, gaming tax rates and scoring criteria. That said, previous guidance was that:- (i) successful applicants will pay a licensing fee of at least USD500m within 30 days of the award, (ii) downstate commercial casinos will also pay an annual fee of USD750 per slot machine and table game in addition to a yet to be determined gaming tax rate for table games; and (iii) The New York State Gaming Commission will score applicants based on the following factors:-

- ‘Speed to market’ factor (10%)
- Economic activity and business development factors (60%)
- Local impact and siting factors (20%)
- Workforce enhancement (10%)

Assessing the potential impact of RWNYC being converted from a VLT facility into a downstate commercial casino, we make the following assumptions:-

- **Incremental GGR** - We assume that 25% of the 2020 GGR of Pennsylvania (USD2.7b), New Jersey (USD2.9b) and Connecticut (USD0.9b) will migrate to the three downstate commercial casinos amounting to USD1.5b-USD1.6b. We then assume that the USD1.5b-USD1.6b will be split equally amounting to USD500m-USD550m per downstate commercial casino. For simplicity’s sake, we assume that the incremental GGR to RWNYC will be USD500m p.a.

As a sanity check, we divide USD500m GGR p.a. over 250 new tables, the number of tables we gather that RWNYC can accommodate given its current infrastructure, to derive an average win per day of c.USD5,500 which we deem as reasonable given its superior location. Sands Bethlehem casino’s tables in Pennsylvania recorded average win per day of USD3,224 in 6M19 before being sold to **Wind Creek Hospitality (Not Listed)**.

- **Operating expenses, staff cost, gaming tax and annual fees** - For operating expenses, we assume that 15% of GGR will be incurred as operating expenses. We note that the historical range is -10% for **Genting Singapore’s (GENS SP, HOLD, CP: SGD0.79, TP: SGD0.86)** Resorts World Sentosa and -20% for GENM’s RWG.

For staff cost, we assume that RWNYC will hire c.1,100 staff to man 250 tables based on 4 staff per table and 1 pit supervisor per 4 tables and each staff will be paid an average of USD72,000 p.a., which is close to the average income per casino worker estimated by Spectrum Gaming at USD74,200 p.a. in 2020.

For gaming tax, we assume that the new tables will be taxed at 20% of GGR or double the rate that RWC’s tables are taxed at. For annual fees, we assume that they will be levied at USD750 p.a. on RWNYC’s 6,548 existing slot machines and 250 new tables as per the preceding page.

- **Licensing fees, depreciation, tax and capex** - For licensing fees, we assume that RWNYC will pay a one-off licensing fee of USD500m as per the preceding page. For depreciation, we assume that the 250 new tables will be housed in the USD400m expanded part of RWNYC and the aforesaid USD400m will be depreciated over 20 years.

For corporate tax, we assume that pre-tax profit will be taxed at 34% (United States federal tax: 21%, New York State tax: 5%, New York City tax: 7%, Metropolitan Transportation Authority tax: 1%). For capex, we assume that RWNYC will reinvest 5% of GGR p.a. as maintenance capex. We note that casinos tend to reinvest 3-5% of GGR p.a. as maintenance capex.

All in all, our calculations indicate that RWNYC can deliver an incremental net profit of c.USD145m (c.MYR610m) p.a. to GENM should it be allowed to be converted from a VLT facility into a downstate commercial casino. Assuming long term growth rate (g) of 1% and discounting future free cash flows at 11.8% which is the weighted average cost of capital (WACC) we employ to discount GENM's existing cash flows, we estimate that the conversion of RWNYC from a VLT facility into a downstate commercial casino will accrete MYR0.53 to our DCF-based TP for GENM (Fig. 4).

Figure 4: Potential earnings and value accretion from RWNYC being converted into a downstate commercial casino

USDm	Legend	2022	2023	2024	2025	2026	2027	TV*
Incremental GGR (A)	A	-	500.0	505.0	510.1	515.2	520.3	
Operating expenses (15% of GGR) (B)	B	-	(75.0)	(75.8)	(76.5)	(77.3)	(78.0)	
Gaming tax (20% of GGR) (C)	C	-	(100.0)	(101.0)	(102.0)	(103.0)	(104.1)	
Staff cost (1.1k staff at USD72k p.a.) (D)	D	-	(79.2)	(80.0)	(80.8)	(81.6)	(82.4)	
Annual fees (USD750 on 6,548 slot machines & 250 gaming tables) (E)	E	-	(5.1)	(5.1)	(5.1)	(5.1)	(5.1)	
EBITDA (F=A+B+C+D+E)	F=A+B+C+D+E	-	240.7	243.2	245.6	248.1	250.7	
Depreciation (5% of USD400m expansion) (G)	G	-	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	
EBIT (H=F+G)	H=F+G	-	220.7	223.2	225.6	228.1	230.7	
Tax (34% combined corporate tax rate) (I)	I=HX-34%	-	(75.1)	(75.9)	(76.8)	(77.6)	(78.5)	
Net profit (J=H+I)	J=H+I	-	145.6	147.2	148.9	150.5	152.2	
Capex (5% of incremental GGR) (K)	K=5%XA	-	(25.0)	(25.3)	(25.5)	(25.8)	(26.0)	
Licensing fee (L)	L	(500.0)	-	-	-	-	-	
FCF (M=F+I+K+L)	M=F+I+K+L	(500.0)	140.6	142.0	143.4	144.8	146.2	1,358.5
DCF (WACC: 11.8%, g: 1.0%)		714.0	(MYR2,998.7m or MYR0.53/shr)					

* TV = terminal value. Calculated at 2027 FCF / (11.8% WACC - 1.0% g)

Source: Maybank Kim Eng

Figure 5: GENM DCF-based TP

	Value	Value/sh	Comments
	MYRm	MYR	
Resorts World Genting	20,381.0	3.61	WACC: 11.8%, g: 2%
Resorts World New York City	3,087.0	0.55	40-year DCF @11.8%
Resorts World Bimini	-	-	Nil
Genting UK	789.2	0.14	WACC: 11.8%, g: 0%
Other investment securities	417.9	0.07	Cost
Malaysian property	468.7	0.08	Cost
Miami property	1,856.7	0.33	Cost
Equanimity	449.8	0.08	End-FY22E BVPS
Empire Resorts*	(845.9)	(0.15)	WACC: 11.8%
Net cash	(7,357.5)	(1.30)	End-FY22E ex-lease liabilities
Equity value	19,246.8	3.40	

* DCF USD250m of equity injection from end-FY22E to end-FY26E

Source: Maybank Kim Eng

FYE 31 Dec	FY19A	FY20A	FY21E	FY22E	FY23E
Key Metrics					
P/E (reported) (x)	13.1	nm	nm	17.1	13.9
Core P/E (x)	14.3	nm	nm	17.1	13.9
Core FD P/E (x)	14.3	nm	nm	17.2	13.9
P/BV (x)	1.0	1.0	1.3	1.3	1.3
P/NTA (x)	1.3	1.4	1.9	1.9	1.8
Net dividend yield (%)	6.1	5.4	1.9	4.6	6.4
FCF yield (%)	0.3	nm	nm	18.8	15.8
EV/EBITDA (x)	7.8	62.5	45.1	7.3	6.6
EV/EBIT (x)	13.1	nm	nm	13.0	11.0

INCOME STATEMENT (MYR m)

Revenue	10,406.9	4,528.8	4,159.5	10,445.9	11,041.9
EBITDA	2,636.7	329.9	561.4	3,229.6	3,465.0
Depreciation	(1,070.6)	(1,118.7)	(1,193.7)	(1,402.2)	(1,402.2)
EBIT	1,566.1	(788.8)	(632.3)	1,827.4	2,062.8
Net interest income / (exp)	(139.8)	(248.4)	(294.7)	(328.7)	(282.0)
Associates & JV	(31.6)	(285.1)	(217.5)	(202.1)	(151.7)
Exceptionals	94.7	(815.2)	0.0	0.0	0.0
Pretax profit	1,489.4	(2,137.5)	(1,144.5)	1,296.6	1,629.1
Income tax	(157.2)	(224.0)	79.6	(271.8)	(308.2)
Minorities	63.1	97.7	36.0	11.0	(44.0)
Reported net profit	1,395.3	(2,263.8)	(1,029.0)	1,035.8	1,276.8
Core net profit	1,302.8	(1,444.6)	(1,029.0)	1,035.8	1,276.8

BALANCE SHEET (MYR m)

Cash & Short Term Investments	6,528.8	2,482.1	4,202.0	4,432.3	3,848.1
Accounts receivable	632.1	563.5	385.1	634.5	670.7
Inventory	123.3	121.4	80.4	123.8	130.8
Property, Plant & Equip (net)	16,620.9	16,052.4	15,990.8	15,028.5	14,087.3
Intangible assets	4,472.8	4,247.7	4,247.7	4,247.7	4,247.7
Investment in Associates & JVs	629.5	1,052.2	1,464.8	1,787.8	2,056.1
Other assets	4,305.3	3,767.8	3,361.1	3,361.1	3,361.1
Total assets	33,312.7	28,287.1	29,731.8	29,615.6	28,401.7
ST interest bearing debt	1,614.6	463.4	1,422.8	1,549.9	149.9
Accounts payable	2,978.4	2,437.2	1,733.8	2,766.1	2,904.3
LT interest bearing debt	9,262.6	9,775.0	12,401.0	10,851.1	10,701.1
Other liabilities	1,287.0	1,111.0	1,078.0	1,147.0	1,155.0
Total Liabilities	15,142.7	13,786.5	16,635.4	16,314.0	14,910.0
Shareholders Equity	18,497.6	14,911.8	13,543.7	13,759.8	13,905.9
Minority Interest	(327.6)	(411.2)	(447.2)	(458.2)	(414.2)
Total shareholder equity	18,170.0	14,500.6	13,096.4	13,301.6	13,491.7
Total liabilities and equity	33,312.7	28,287.1	29,731.8	29,615.6	28,401.7

CASH FLOW (MYR m)

Pretax profit	1,489.4	(2,137.5)	(1,144.5)	1,296.6	1,629.1
Depreciation & amortisation	1,070.6	1,118.7	1,193.7	1,402.2	1,402.2
Adj net interest (income)/exp	119.3	230.7	294.7	328.7	282.0
Change in working capital	147.6	(468.1)	(484.0)	739.5	95.0
Cash taxes paid	(164.3)	(81.8)	47.6	(202.6)	(300.6)
Other operating cash flow	(85.4)	856.8	217.5	202.1	151.7
Cash flow from operations	2,577.2	(481.2)	125.1	3,766.5	3,259.4
Capex	(2,517.9)	(1,070.5)	(1,132.1)	(439.9)	(461.0)
Free cash flow	59.3	(1,551.7)	(1,007.0)	3,326.6	2,798.4
Dividends paid	(1,073.7)	(1,130.0)	(339.2)	(819.7)	(1,130.6)
Equity raised / (purchased)	(40.1)	(30.1)	0.0	0.0	0.0
Change in Debt	125.6	(617.9)	3,585.4	(1,422.8)	(1,549.9)
Other invest/financing cash flow	(577.3)	(678.1)	(519.3)	(853.8)	(702.0)
Effect of exch rate changes	(17.1)	(15.7)	0.0	0.0	0.0
Net cash flow	(1,523.3)	(4,023.5)	1,719.9	230.3	(584.2)

FYE 31 Dec	FY19A	FY20A	FY21E	FY22E	FY23E
Key Ratios					
Growth ratios (%)					
Revenue growth	4.8	(56.5)	(8.2)	151.1	5.7
EBITDA growth	(7.5)	(87.5)	70.2	475.3	7.3
EBIT growth	(17.3)	nm	nm	nm	12.9
Pretax growth	nm	nm	nm	nm	25.6
Reported net profit growth	nm	nm	nm	nm	23.3
Core net profit growth	(35.6)	nm	nm	nm	23.3
Profitability ratios (%)					
EBITDA margin	25.3	7.3	13.5	30.9	31.4
EBIT margin	15.0	nm	nm	17.5	18.7
Pretax profit margin	14.3	nm	nm	12.4	14.8
Payout ratio	81.0	nm	nm	79.1	88.6
DuPont analysis					
Net profit margin (%)	13.4	nm	nm	9.9	11.6
Revenue/Assets (x)	0.3	0.2	0.1	0.4	0.4
Assets/Equity (x)	1.8	1.9	2.2	2.2	2.0
ROAE (%)	7.6	(13.6)	(7.2)	7.6	9.2
ROAA (%)	4.0	(4.7)	(3.5)	3.5	4.4
Liquidity & Efficiency					
Cash conversion cycle	(104.7)	(174.1)	(157.5)	(89.6)	(107.4)
Days receivable outstanding	22.3	47.5	41.1	17.6	21.3
Days inventory outstanding	5.4	10.5	10.1	5.1	6.0
Days payables outstanding	132.4	232.2	208.7	112.2	134.7
Dividend cover (x)	1.2	(2.8)	(3.0)	1.3	1.1
Current ratio (x)	1.7	1.3	1.6	1.3	1.6
Leverage & Expense Analysis					
Asset/Liability (x)	2.2	2.1	1.8	1.8	1.9
Net gearing (%) (incl perps)	23.9	53.5	73.5	59.9	51.9
Net gearing (%) (excl. perps)	23.9	53.5	73.5	59.9	51.9
Net interest cover (x)	11.2	na	na	5.6	7.3
Debt/EBITDA (x)	4.1	nm	nm	3.8	3.1
Capex/revenue (%)	24.2	23.6	27.2	4.2	4.2
Net debt/ (net cash)	4,348.4	7,756.3	9,621.8	7,968.7	7,003.0

Source: Company; Maybank

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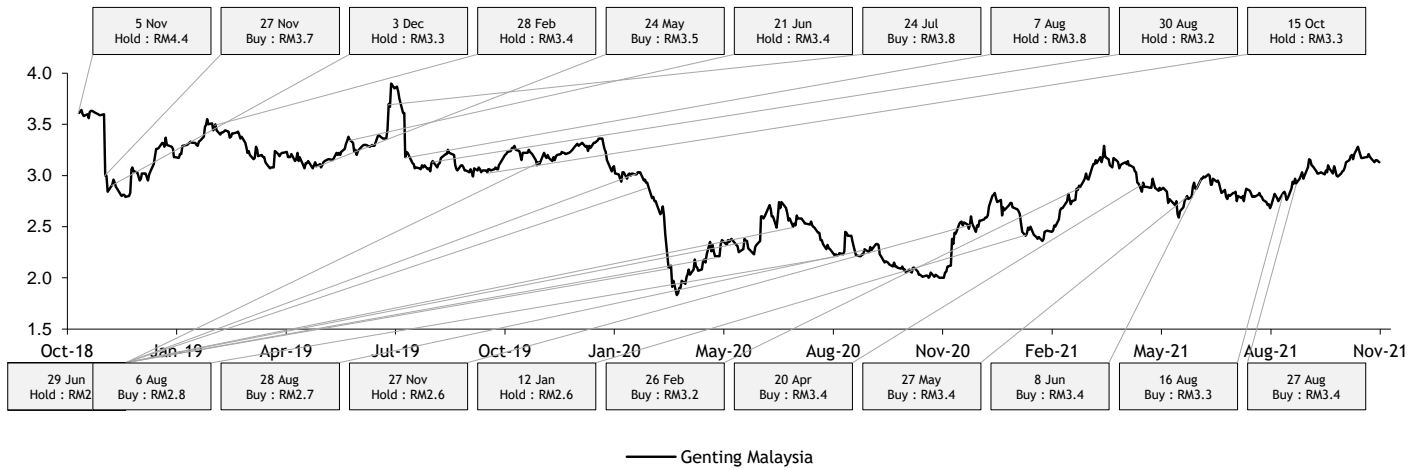
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