

Cahaya Mata Sarawak (CMS MK)

3Q21: Positive surprise again

Decent upside; tactical U/G to BUY

CMS' results were above expectations (for the 3rd consecutive quarter) with 9M21 core net profit at 99%/86% of our/consensus FY21E; the beat coming from its cement and associates. We raise FY21-FY23E core net profit by 25%-26% p.a. and RNAV/shr est. to MYR2.39 (from MYR2.12). Our revised TP is MYR1.68 (+20sen) on unchanged 0.7x RNAV peg. With decent upside to our new TP, we tactically upgrade the stock to a BUY. Positively too, measures are being put in place to strengthen its risk management framework following findings by KPMG.

3Q21 core profit up 14% QoQ, 9M21 +87% YoY

3Q core net profit rose 14% QoQ, lifting 9M growth to +87% YoY. Cement profit was up 2% QoQ despite movement restrictions on higher off-take and sustained margin from cost efficiencies. Associates contribution rose 23% QoQ; we believe mainly coming from OMS as FeSi ASP has been rising since 2Q (2Q/3Q: +31%/+116% QoQ; spot) offsetting lower sales volume in 3Q (-21% QoQ). JVs profit jumped 62% QoQ on reversal of impairment of a long outstanding customer. These more than offset higher pre-op losses at its phosphate ops, lower property profit and higher unallocated corporate expenses. Associates contributed a sizeable 71%/66% to 3Q/9M core net profit (ex- MYR28.5m gain from sale of Kenanga shares in 1Q).

4Q21 earnings could be weaker QoQ

Management anticipates cement sales to pick up in 4Q as more economic activities reopen. That said, profitability would be affected by planned annual maintenance shutdown of its Mambong clinker plant and hike in imported clinker prices (due to high freight cost). Over at 25%-OMS, its production pace could slow in 4Q due to time-lag in replacing foreign workers (due to employee home leave rotation).

Restoring confidence in governance is essential

Among the key findings of KPMG's special review on certain projects that led to the suspension of CMS' Group CFO on 5 May are that of gaps in contract management and bidding processes, and lack of due diligence and stakeholder management. Measures are being put in place to address these weaknesses; all related realised losses had been accounted for. Moving forward, restoring confidence in governance is vital, in our view.

FYE Dec (MYR m)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue	1,741	763	779	965	993
EBITDA	307	51	171	179	185
Core net profit	145	100	190	200	210
Core EPS (sen)	13.5	9.3	17.6	18.4	19.4
Core EPS growth (%)	(42.2)	(30.7)	87.9	4.8	5.4
Net DPS (sen)	3.0	2.0	4.0	4.0	4.0
Core P/E (x)	16.8	22.7	8.0	7.6	7.2
P/BV (x)	0.9	0.8	0.5	0.5	0.5
Net dividend yield (%)	1.3	0.9	2.9	2.9	2.9
ROAE (%)	6.1	(0.5)	7.6	6.6	6.6
ROAA (%)	3.3	2.2	4.2	4.2	4.3
EV/EBITDA (x)	10.0	60.8	14.3	13.9	13.7
Net gearing (%) (incl perps)	4.2	18.9	21.5	22.4	22.6
Consensus net profit	-	-	177	197	223
MKE vs. Consensus (%)	-	-	23.5	1.5	(5.4)

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BUY

[Prior:HOLD]

Share Price	MYR 1.40
12m Price Target	MYR 1.68 (+23%)
Previous Price Target	MYR 1.48

Company Description

Cahaya Mata Sarawak engages in cement manufacturing, construction, road maintenance, building materials and property development.

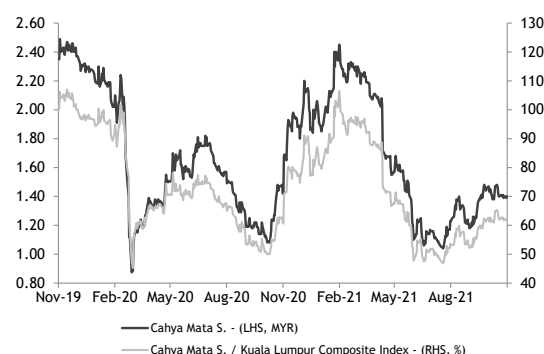
Statistics

52w high/low (MYR)	2.45/1.04
3m avg turnover (USDm)	3.5
Free float (%)	64.1
Issued shares (m)	1,074
Market capitalisation	MYR1.5B
	USD357M

Major shareholders:

Majaharta Sdn. Bhd.	12.5%
Estate of Lejla Taib	10.3%
Lembaga Tabung Haji	7.6%

Price Performance



	-1M	-3M	-12M
Absolute (%)	(3)	14	(1)
Relative to index (%)	1	16	2

Source: FactSet

Stocks mentioned in this report

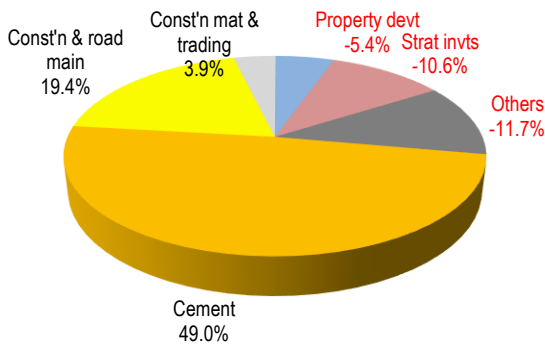
Kenanga (KNKIB MK; CP: MYR1.24; Not Rated)
KKB (KKB MK, CP: MYR1.51; Not Rated)
OM Holdings (OMH MK, CP: MYR3.11, Not Rated)

ESG@MKE
Tear Sheet Insert

Value Proposition

- Beneficiary of construction activities in Sarawak - CMS is the only cement producer and largest construction materials supplier in Sarawak.
- Strategic investments in ferrosilicon & manganese alloys smelter (via 25%-OMS) and integrated phosphate complex (via 60%-MPAS) offer long-term growth prospects.
- ICT operations (under 50%-SACOFA) is expected to benefit from Sarawak's push for a full digital economy.
- The only Sarawak PLC on FTSE4Good Bursa Malaysia Index.

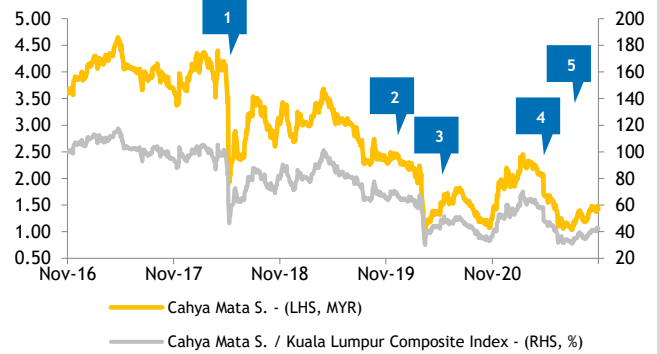
PBT breakdown (before unallocated expenses) in FY20



Source: Company

Price Drivers

Historical share price trend



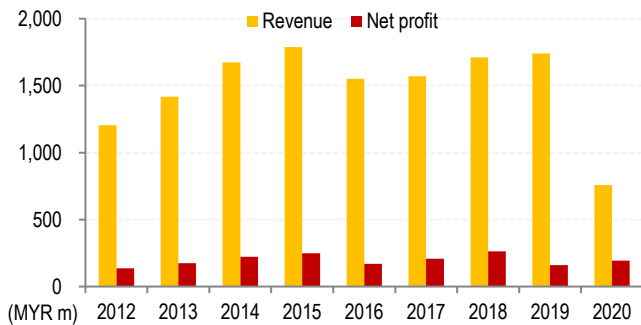
Source: Company, Maybank Kim Eng

1. State road maintenance contract extended, but by just one year (Jun 2018).
2. Dato' Sri Mahmud Abu Bekir Taib sold 10.8m shares (1.0% of paid-up) in 2019; Sulaiman Abdul Rahman Taib ceases to be a substantial shareholder (Mar 2020).
3. Start of Movement Control Order (18 Mar 2020).
4. Group CFO suspended for 30 days (5 May 2021).
5. Dato' Sri Sulaiman Abdul Rahman Taib appointed Group MD, replacing Dato' Isaac Lugun (8 Jul 2021).

Financial Metrics

- FY21E core earnings to recover, after FY20's 31% fall (ex-one offs), impacted by pandemic induced lockdowns and standard operating procedures at workplace.
- Construction & road maintenance's medium term earnings to be supported by its e.MYR0.79b outstanding order book (ex- road maintenance).
- Dividend policy is 30% DPR of net profit, with a minimum 2sen/shr.

Revenue & net profit trend, FY12-20



Source: Company

Swing Factors

Upside

- Roll-out of major infrastructure projects will be positive for its (i) cement, (ii) construction materials & trading, and (iii) construction & road maintenance ops.
- Sizeable land sale as its existing landbank is carried at low cost in its books.
- Upswing in commodity prices, benefiting OMS.

Downside

- Work delay in its existing Pan Borneo Highway Sarawak package; delay in the roll-out of major infra projects.
- Volatility in raw material prices will impact earnings of its cement, and construction materials & trading ops.
- Significant downturn in ferrosilicon prices could affect the earnings contribution from OMS.
- Governance issues, following investigation into matters involving its Group CFO.

ESG@MKE

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Risk Rating & Score ¹	48.9 (Severe)
Score Momentum ²	+1.2
Last Updated	7 May 2021
Controversy Score ³ (Updated: 4 Aug 2021)	2 - Business ethics incidents; Governance incidents

Business Model & Industry Issues

- As a major construction-based conglomerate with diversified businesses, CMS' sustainability and governance responsibilities are heavy, and its ESG risks inevitably higher than that of its peers.
- While CMS has achieved milestones in some material ESG matters, continuing on its efforts is key. A Sustainability Steering Committee and Sustainability Working Committee are to be formally established in 2021 to drive sustainability efforts from the top-down. 2021 is also the year where its new Sustainability Roadmap (2021-23) takes off, which includes implementing responsible sourcing practices, and prioritising low-carbon solutions, among others.
- With associate companies starting to contribute the bulk of group earnings (66% to group core net profit in 9M21), the group's annual Sustainability Report should also cover the activities and efforts of these companies, in our view.
- Restoring confidence in governance is essential after recent developments relating to its former Group CFO and changes in leadership.

Material E issues

- Energy management measures include implementing ISO 50001 at its cement ops (its Mambang clinker plant was upgraded to ISO 50001:2018 in 2020, Pending/Bintulu grinding plants to follow in 2021/2022 respectively), and the use of LED lightings throughout the group's ops.
- Water management measures include using recycled water to cool machineries at its quarry ops, and rainwater harvesting for washing and gardening at its cement ops.
- Materials management include product development. In 2018, its eco-friendly *Portland Limestone Cement* was launched; the product has >20% limestone addition, but uses less clinker.
- Biodiversity management includes its 2,000-acre *Samalaju Eco Park Township* development, which is in pursuit of the BCA Green Mark Certification. In 2017, CMS completed (as design-and-build contractor) 2 GBI-certified buildings named *The Gateway Towers* in its 246-acre *The Isthmus* development.

Material S issues

- CMS' staff force is diversified in ethnicity (2020: Malay [27%], Chinese [16%], Sarawak's multiple ethnic groups [56%]), but short in gender diversity (women made up just 21%). The group's staff training policy is an average 24 hours p.a. for executives, managers & above; 18 hours for non-executives.
- The group's community efforts come under the ambit of *CMS Doing Good* programme, introduced in the mid-1990s. Efforts include contributing to charitable organisations, community clean-ups & rebuilding works, and environmental & health awareness initiatives. In addition, CMS' 10 Road Maintenance Units across Sarawak serve as ambassadors and 1st responders in times of need to the communities around them.
- In FY20, CMS spent MYR1.6m on philanthropic causes, and donated MYR1m to the Sarawak State Disaster Relief Fund. Its OMS-associate contributed MYR1.4m worth of personal protective equipment to the govt and medical frontliners.

Key G metrics and issues

- CMS' Board now comprises 9 Directors: 5 Independent Non-Executive (incl. Group Chairman), 3 Non-Independent Executive, 1 Executive. Since Jun 2021, 5 Board members (incl. Group Chairman and Group Managing Director) have resigned/retired, and replaced by 4 new members.
- Independent directors make up 56% of Board members. No independent directors have served a cumulative term of >9 years each, per recommendation of the Malaysian Code on Corporate Governance and CMS' internal policy.
- Major shareholders (Taib family, Sarawak Economic Development Corp) take up 3 Board seats (37.5% of total).
- There are presently 2 women on CMS' Board (22% representation), short of the 30% requirement.
- CMS provides detailed disclosure on remuneration of its directors but not top senior management. Remuneration to directors was 2.1% of net profit in FY20. Disclosures of its top 5 senior management's remuneration are in bands of MYR50k.
- Ernst & Young PLT has been CMS' external auditor since FY2000, at least.
- 4 new policies were put in place in 2020 to comply with the new Section 17A of the MACC Act 2009:
 - Anti-Bribery and Anti-Corruption Policy
 - Gift & Hospitality Policy
 - Donation, Sponsorship & Community Investment Policy
 - Third-Party Corruption Risk Due Diligence Policy
 - A Whistle-Blowing Policy has been implemented earlier.
- On 5 May 2021, CMS suspended its Group CFO to "facilitate investigations into allegation of possible financial mismanagement in relation to the Company's investments and operations". His employment contract was subsequently not renewed on expiry on 31 Aug 2021.
- CMS' previous Group Managing Director was redesignated to Non-Executive Director on 8 Jul 2021; he subsequently retired on 7 Aug 2021 after being with the group since 1996.
- EPF Board ceased to be a substantial shareholder on 10 Sep 2021 (from 13.25% as of 31 Mar 2020).

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).

Fig 1: Results summary

FY Dec (MYR m)	Quarterly					Cumulative			Comments
	3Q21	3Q20	% YoY	2Q21	% QoQ	9M21	9M20	% YoY	
Turnover	185.9	226.5	(17.9)	185.0	0.5	572.9	555.8	3.1	
EBIT	21.8	33.5	(34.7)	27.7	(21.0)	102.1	54.2	88.1	
Interest expense	(7.2)	(7.2)	(1.0)	(6.9)	4.0	(21.3)	(22.0)	(3.4)	
Profit before assoc, JV	14.7	26.2	(44.0)	20.8	(29.3)	80.8	32.2	150.7	
Share of assoc's profit *	38.0	12.7	200.1	30.9	23.0	99.1	44.6	122.4	Contributed 71% to core net profit in 3Q21, 66% in 9M21. Contributed 18% to core net profit in 3Q21, 15% in 1H21. Included MYR5m reversal of an impairment of a long outstanding customer.
Share of JV's profit #	9.4	(0.2)	NM	5.8	61.8	22.2	(1.5)	NM	
Pre-tax profit	62.1	38.7	60.6	57.5	8.0	202.1	75.2	168.6	
Tax	(8.8)	(9.1)	(3.3)	(8.4)	5.3	(24.6)	(19.0)	29.7	
Profit from discontinued ops	-	34.5	NM	-	NM	-	44.2	NM	Relates to sale of 2% CMS Resources and 2% CMS Works in Oct 2020.
Minorities	0.6	(17.4)	NM	(1.7)	NM	1.6	(19.8)	NM	
Net profit	53.9	46.7	15.3	47.4	13.7	179.1	80.7	121.9	
Core net profit	53.9	46.7	15.3	47.4	13.7	150.5	80.7	86.6	9M21: Excludes MYR28.5m gain from sale of Kenanga shares in 1Q21.
EPS (sen)	5.02	1.13	344.2	4.39	14.4	16.73	3.40	392.1	
DPS (sen) - net	-	-	NM	-	NM	-	-	NM	
	3Q21	3Q20	ppt chg YoY	2Q21	ppt chg QoQ	9M21	9M20	ppt chg YoY	
EBIT margin (%)	11.7	14.8	(3.0)	14.9	(3.2)	17.8	9.8	8.1	
Pretax margin (%)	33.4	17.1	16.3	31.1	2.3	35.3	13.5	21.7	
Tax rate (%)	14.2	23.6	(9.4)	14.6	(0.4)	12.2	25.2	(13.0)	
Segmental Revenue:	3Q21	3Q20	% YoY	2Q21	% QoQ	9M21	9M20	% YoY	
Cement	115.6	141.5	(18.3)	109.7	5.4	353.5	336.7	5.0	
Trading	25.8	30.4	(15.0)	21.0	23.1	74.7	62.5	19.4	9M21: Higher sales of water treatment chemicals, pipes & fittings.
Road maintenance	27.0	36.1	(25.1)	27.1	(0.3)	80.8	105.5	(23.4)	9M21: Low progress from instructed works and rehabilitation works.
Property development	18.7	23.9	(21.8)	28.3	(34.0)	69.0	52.9	30.5	9M21: Higher property sales and revenue from lodges and hotel ops.
Strategic investments	-	-	NM	-	NM	-	-	NM	
Others	13.1	12.8	1.9	11.1	17.7	37.5	45.2	(16.9)	
Elimination	(14.3)	(18.2)	(21.1)	(12.2)	17.6	(42.5)	(47.0)	(9.5)	
Total	185.9	226.5	(17.9)	185.0	0.5	572.9	555.8	3.1	
Profit before assoc, JV									
Cement	20.1	24.0	(16.2)	19.8	1.8	61.7	42.9	43.6	9M21: Higher margins on improved operational efficiency which offset rising imported clinker costs since 2Q21.
Trading	1.4	1.8	(19.1)	1.0	38.5	4.2	2.5	68.4	
Road maintenance	2.8	6.4	(56.2)	2.8	(0.5)	7.3	13.4	(45.8)	
Phosphate	(4.7)	2.3	NM	(1.3)	246.9	(15.8)	(4.5)	249.1	9M21: Higher staff costs on increased headcount prior to the start of ops, and higher unrealised FX loss.
Property development	4.6	1.3	249.0	8.4	(44.8)	15.9	6.9	129.3	9M21: Downward revision of budgeted costs of a pj. t.

Fig 2: Results summary (continued)

	Quarterly					Cumulative			Comments
	3Q21	3Q20	% YoY	2Q21	% QoQ	9M21	9M20	% YoY	
Profit before assoc. JV (cont'd)									
Strategic investments	0.4	0.3	39.4	0.4	13.7	6.5	1.0	528.2	Includes MYR5.4m gain from sale of Kenanga shares in 1Q21.
Others	1.0	(2.6)	NM	(1.4)	NM	1.6	(1.6)	NM	
Unallocated corporate expenses	(11.1)	(7.2)	54.4	(8.9)	24.8	(0.5)	(28.5)	(98.4)	Includes MYR23.1m gain from sale of Kenanga shares and MYR12.7m gain from sale of land, both in 1Q21.
Total	14.7	26.2	(44.0)	20.8	(29.3)	80.8	32.2	150.7	
Pre-tax margin %									
	3Q21	3Q20	ppt chg YoY	2Q21	ppt chg QoQ	9M21	9M20	ppt chg YoY	
Cement	17.4	17.0	0.4	18.0	(0.6)	17.4	12.8	4.7	
Trading	5.5	5.8	(0.3)	4.9	0.6	5.6	4.0	1.6	
Road maintenance	10.3	17.6	(7.3)	10.3	(0.0)	9.0	12.7	(3.7)	
Property development	24.7	5.5	19.2	29.5	(4.8)	23.0	13.1	9.9	
Others	7.9	(20.3)	28.2	(12.3)	20.2	4.2	(3.5)	7.6	
Overall	7.9	11.6	(3.7)	11.2	(3.3)	14.1	5.8	8.3	

* Major associates: Kenanga (26.25%-owned), KKB (20.02%), SACOFA (50%), OMS (25%)

Major JVs: SEDC Resources (previously known as CMS Resources; 49%-owned), PPES Works (49%)

Source: Company

Near-term prospects

From the notes accompanying CMS' 3Q/9M21 results release:

- **Cement:** Management anticipates a pick-up in sales in 4Q21 as more economic activities reopen. That said, profitability would be affected by the planned annual maintenance shutdown of its Mambong plant (thus higher repair cost amid lower production volume) and hike in imported clinker prices (due to high freight cost from the continuous shortage of vessels).
- **Quarry & premix (via 49%-JV):** Premix supply to the Pan Borneo Highway is expected to peak this year. Management is looking to increase its quarry assets by expanding its capacity (4m MT p.a. now) and new sites. 4Q21 looks strong with the resumption of business activities following the end of movement restrictions.
- **Construction (via 49%-JV):** Outstanding orderbook (ex- road maintenance concession) was MYR0.79b as of 30 Sep 2021 (MYR0.89b as of 30 Jun 2021). CMS continues to target upcoming packages under Sarawak's Coastal Road Network and Second Trunk Road to grow its orderbook. Management is optimistic of orderbook replenishment in 4Q21.
- **Road maintenance:** The division obtained its UPKJ A Bumiputera status recently which will enable it to participate in more federal and state funded projects. Management targets to maintain its market share in the state road maintenance operations, riding on its track record and cost advantage.
- **Phosphate:** The MPAS plant construction schedule is still behind due to technical and commissioning issues, but solutions are being actively worked at. CMS is evaluating all options on the future direction of this project.

Update on investigation

Key findings from KPMG, appointed to review the financial management of three projects in CMS' subsidiaries, associates and JVs which had led to the suspension of CMS' Group CFO on 5 May:

- There were gaps on the contract management and bidding processes contributing to a project's losses;
- Lack of monitoring by the Board in an associate company on hedging transactions of a certain project had led to losses due to adverse FX movements;
- There was a lack of due diligence and stakeholder management on the JV partners' risks of a project;
- The reporting structures by Management to the Board were not adhered to and complied with, in a project.

All related realised losses incurred had been accounted for in the past FY(s) and an external lawyer has been appointed to advise on all relevant issues especially that relating to "the conduct of senior management at that material time".

Actions taken by CMS' Board over the past few months:

- Review the reporting and realign the group structure to ensure that internal controls and risk management processes are strengthened, which include strengthening Risk Oversight at the Board level, and a new independent Group Risk Division.
- Initiation of operational improvements including improving project bidding processes, tightening of control over project costs and strengthening of project management.
- Recruitment of additional senior management including a Chief Risk Officer, Chief Technical Officer, Head of Compliance, and Chief of Staff (to oversee human capital transformation).
- Setting up an Investment Committee chaired by the Group MD to review and recommend all proposals and investments to the Board for information and approval.

Valuations

Fig 3: RNAV

I. TRADITIONAL CORE BUSINESSES

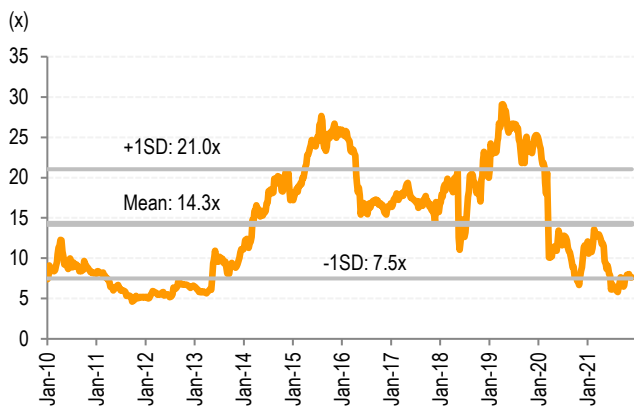
	FY22E net profit (MYR m)	PER (x)	Holding (%)	CMS' share (MYR m)
Cement				
- CMS Cement	60	15.0	100%	905
Construction materials & trading				
- SEDC Resources	47	15.0	49%	344
- Trading	3	15.0	51%	24
Construction & road maintenance				
- PPES Works (Sarawak)	16	12.0	49%	95
- Road maintenance	7	12.0	100%	89
Property landbank	Area (ha)	NBV (MYR m)		
- Bandar Samariang, Kuching	1,454	41	100%	41
- Kuching Town	26	68	100%	68
- The Isthmus, Kuching	74	71	51%	36
- Samariang Industrial Park	574	116	51%	59
- Samariang Hotel	- NA -	35	100%	35
- Others	10	51	100%	51
				290

II. STRATEGIC INVESTMENTS

	FY22E net profit (MYR m)	PER (x)		
OM Materials (Sarawak) - Phase 1	185	6.0	25%	277
Malaysian Phosphate Additives (Sarawak)	(cost of invt in 2016-20)		60%	146
SACOFA		DCF (MYR m)	50%	312
Listed Associates	Paid-up (m shrs)	Sh px (MYR)		
- Kenanga IB	699	1.24	26%	227
- KKB Engineering	258	1.51	20%	78
Net debt at CMS group level @ Dec 2020				(569)
Investment securities @ Dec 2020				381
RNAV (MYR m)				2,598
No. of shares existing (m)				1,085
RNAV per share (MYR)				2.39
Target price (0.7x RNAV; MYR)				1.68

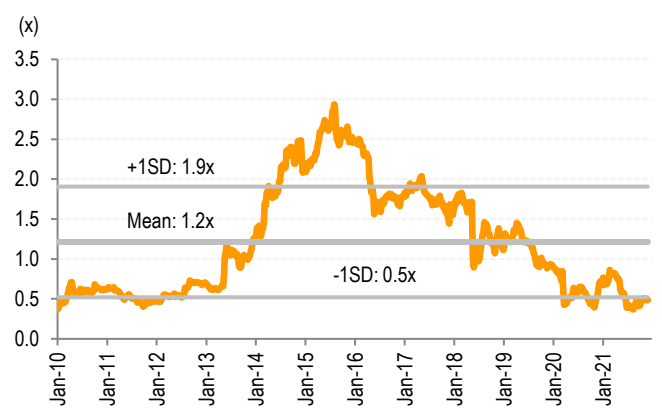
Source: Maybank KE

Fig 4: 12M forward PER



Source: Company data, Maybank KE

Fig 5: 12M forward P/B



Source: Company data, Maybank KE

FYE 31 Dec	FY19A	FY20A	FY21E	FY22E	FY23E
Key Metrics					
P/E (reported) (x)	19.3	nm	6.9	7.6	7.2
Core P/E (x)	16.8	22.7	8.0	7.6	7.2
P/BV (x)	0.9	0.8	0.5	0.5	0.5
P/NTA (x)	1.0	0.8	0.5	nm	nm
Net dividend yield (%)	1.3	0.9	2.9	2.9	2.9
FCF yield (%)	nm	nm	nm	nm	0.0
EV/EBITDA (x)	10.0	60.8	14.3	13.9	13.7
EV/EBIT (x)	13.4	nm	23.4	22.6	22.2
INCOME STATEMENT (MYR m)					
Revenue	1,740.5	762.8	779.3	964.6	993.2
EBITDA	306.8	50.6	170.5	179.0	184.6
Depreciation	(77.3)	(64.5)	(66.6)	(68.5)	(70.5)
EBIT	229.5	(13.9)	103.9	110.4	114.1
Net interest income / (exp)	(39.4)	(28.9)	(29.8)	(30.8)	(31.8)
Associates & JV	57.8	49.0	129.9	134.9	143.8
Exceptionals	14.8	94.8	28.5	0.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	247.9	6.2	232.5	214.6	226.1
Income tax	(59.8)	(23.5)	(18.5)	(19.9)	(20.6)
Minorities	(28.7)	4.9	4.9	4.9	4.9
Discontinued operations	0.0	207.2	0.0	0.0	0.0
Reported net profit	159.5	(12.4)	218.9	199.6	210.4
Core net profit	144.6	100.1	190.4	199.6	210.4
BALANCE SHEET (MYR m)					
Cash & Short Term Investments	621.1	281.8	166.4	102.1	59.1
Accounts receivable	294.0	186.2	190.3	235.5	242.5
Inventory	342.3	327.1	335.5	432.9	445.6
Reinsurance assets	0.0	0.0	0.0	0.0	0.0
Property, Plant & Equip (net)	1,332.1	1,312.7	1,385.4	1,444.8	1,502.3
Intangible assets	83.7	61.7	61.7	61.7	61.7
Investment in Associates & JVs	996.8	1,317.6	1,447.6	1,582.5	1,726.3
Other assets	884.9	973.2	973.2	973.2	973.2
Total assets	4,554.9	4,460.4	4,559.9	4,832.7	5,010.6
ST interest bearing debt	45.5	47.6	47.6	47.6	47.6
Accounts payable	471.1	489.3	418.2	539.7	555.5
Insurance contract liabilities	0.0	0.0	0.0	0.0	0.0
LT interest bearing debt	709.3	803.7	803.7	803.7	803.7
Other liabilities	177.0	100.0	100.0	100.0	100.0
Total Liabilities	1,403.0	1,440.8	1,369.8	1,491.2	1,507.1
Shareholders Equity	2,638.5	2,786.3	2,961.8	3,118.0	3,285.0
Minority Interest	513.5	233.2	228.3	223.4	218.6
Total shareholder equity	3,151.9	3,019.5	3,190.1	3,341.4	3,503.5
Total liabilities and equity	4,554.9	4,460.4	4,559.9	4,832.7	5,010.6
CASH FLOW (MYR m)					
Pretax profit	247.9	6.2	232.5	214.6	226.1
Depreciation & amortisation	77.3	64.5	66.6	68.5	70.5
Adj net interest (income)/exp	23.2	28.9	29.8	30.8	31.8
Change in working capital	61.3	119.2	(83.5)	(21.2)	(3.9)
Cash taxes paid	(57.1)	(23.5)	(18.5)	(19.9)	(20.6)
Other operating cash flow	(106.2)	(77.9)	(188.2)	(165.7)	(175.5)
Cash flow from operations	246.4	117.4	38.7	107.1	128.4
Capex	(371.1)	(325.9)	(139.2)	(128.0)	(128.0)
Free cash flow	(124.6)	(208.5)	(100.5)	(20.9)	0.4
Dividends paid	(79.4)	(21.4)	(43.4)	(43.4)	(43.4)
Change in Debt	142.0	96.4	0.0	0.0	0.0
Other invest/financing cash flow	(238.8)	(6.3)	28.5	0.0	0.0
Net cash flow	(300.8)	(139.8)	(115.4)	(64.3)	(43.0)

FYE 31 Dec	FY19A	FY20A	FY21E	FY22E	FY23E
Key Ratios					
Growth ratios (%)					
Revenue growth	1.7	(56.2)	2.2	23.8	3.0
EBITDA growth	(15.9)	(83.5)	237.3	5.0	3.1
EBIT growth	(24.0)	nm	nm	6.3	3.3
Pretax growth	(33.4)	(97.5)	3,647.1	(7.7)	5.3
Reported net profit growth	(39.2)	nm	nm	(8.8)	5.4
Core net profit growth	(42.2)	(30.8)	90.3	4.8	5.4
Profitability ratios (%)					
EBITDA margin	17.6	6.6	21.9	18.6	18.6
EBIT margin	13.2	nm	13.3	11.5	11.5
Pretax profit margin	14.2	0.8	29.8	22.2	22.8
Payout ratio	20.2	nm	19.8	21.7	20.6
DuPont analysis					
Net profit margin (%)	9.2	nm	28.1	20.7	21.2
Revenue/Assets (x)	0.4	0.2	0.2	0.2	0.2
Assets/Equity (x)	1.7	1.6	1.5	1.5	1.5
ROAE (%)	6.1	(0.5)	7.6	6.6	6.6
ROAA (%)	3.3	2.2	4.2	4.2	4.3
Liquidity & Efficiency					
Cash conversion cycle	33.2	45.9	21.7	39.5	42.3
Days receivable outstanding	62.9	113.3	87.0	79.5	86.6
Days inventory outstanding	80.6	155.1	176.6	161.9	179.9
Days payables outstanding	110.3	222.6	241.9	201.9	224.2
Dividend cover (x)	5.0	(0.6)	5.0	4.6	4.8
Current ratio (x)	3.0	2.6	2.7	2.3	2.2
Leverage & Expense Analysis					
Asset/Liability (x)	3.2	3.1	3.3	3.2	3.3
Net gearing (%) (incl perps)	4.2	18.9	21.5	22.4	22.6
Net gearing (%) (excl. perps)	4.2	18.9	21.5	22.4	22.6
Net interest cover (x)	5.8	na	3.5	3.6	3.6
Debt/EBITDA (x)	2.5	16.8	5.0	4.8	4.6
Capex/revenue (%)	21.3	42.7	17.9	13.3	12.9
Net debt/ (net cash)	133.8	569.4	684.9	749.2	792.2

Source: Company; Maybank

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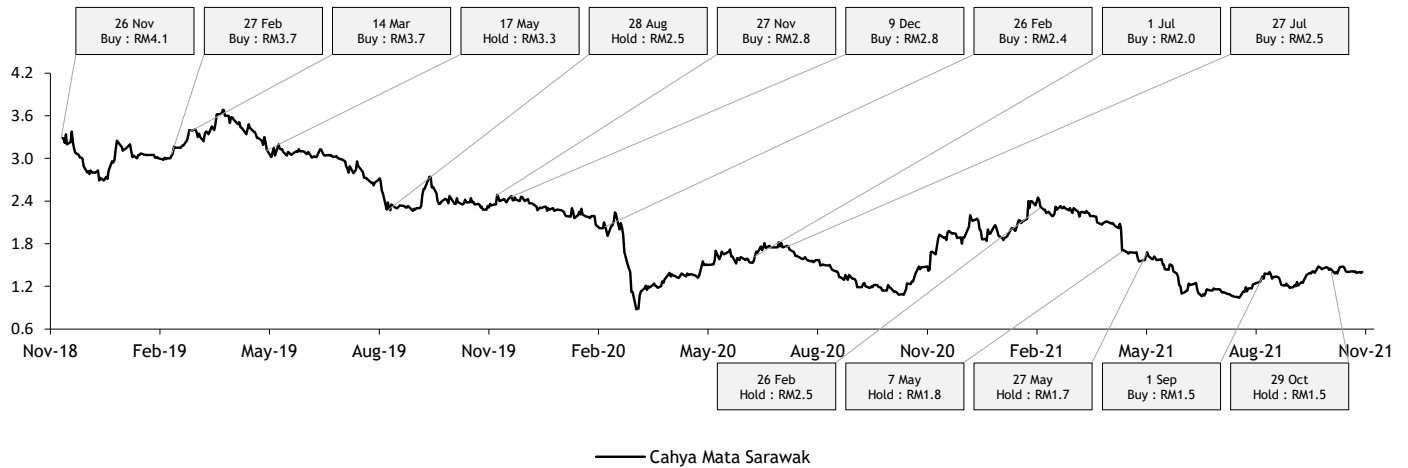
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