

Genting Malaysia (GENM MK)

Bringing a painful chapter to a close

Trim SOTP-TP to MYR2.08 but U/G to BUY

GENM will acquire the remaining 10% economic interest in loss generating Empire Resorts (Empire) (Fig. 1). Our FY25E-FY27E earnings are trimmed 2-4% on the higher economic interest. We cut our SOTP-TP to MYR2.08 from MYR2.41 as we impute higher debt and capex. We do not view this proposal positively but hope that this will be the last value destroying related party transaction (RPT). With >20% total returns to our TP, we upgrade GENM to BUY from HOLD. Key near term catalysts are: (i) resolution to the USD600m lawsuit relating to Resorts World Bimini soon; and (ii) Resorts World New York winning a full casino license by year end.

To own 100% of loss generating Empire Resorts

GENM has proposed to acquire the remaining 51% of Empire common stock from Kien Huat Realty III (KH), which is controlled by the Deputy Chairman & CEO, for USD41m (MYR177m) (Fig. 2). It is expected to be completed by end-2Q25 and does not require shareholders' approval. Empire owns Resorts World Catskill (integrated casino resort), Resorts World Hudson Valley (video lottery terminal casino) and Resorts World Bet (mobile sports betting) which all operate in the state of New York, United States.

Trim earnings and raise net gearing estimates

Although GENM has hitherto owned 49% of Empire common stock, it has equity accounted 90% of its losses as GENM also owns Empire convertible preferred stock. Thus, accounting for the remaining 10% of Empire's losses lowers our FY25E/FY26E/FY27E core net profit by -2%/-4%/-3% (Fig. 3). But given that Empire will be a subsidiary instead of an associate going forward, GENM will consolidate Empire's USD300m (MYR1.3b) Senior Secured Notes and weaken its end-FY25E net gearing to 98% from 79%.

Hopefully the last value destroying RPT

With this proposal, GENM would have poured in USD765.4m (MYR3.3b) into Empire (Fig. 4). We hope this will be the last value destroying RPT by GENM. We continue to impute no value to Empire and consolidate Empire's USD300m (MYR1.3b) Senior Secured Notes. The 10% discount to our SOTP-based valuation remains but we raise our Resorts World Genting (RWG) capex assumptions on minor housekeeping resulting in a lower SOTP-TP to MYR2.08 from MYR2.41.

FYE Dec (MYR m)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	10,189	10,912	11,827	12,622	12,783
EBITDA	2,810	2,797	3,014	3,128	3,173
Core net profit	584	519	577	623	709
Core EPS (sen)	10.3	9.2	10.2	11.0	12.5
Core EPS growth (%)	147.1	(11.1)	11.2	8.0	13.8
Net DPS (sen)	15.0	10.0	10.0	10.0	10.0
Core P/E (x)	26.1	24.7	17.2	15.9	14.0
P/BV (x)	1.2	1.1	0.8	0.8	0.8
Net dividend yield (%)	5.6	4.4	5.7	5.7	5.7
ROAE (%)	3.4	2.0	4.8	5.2	5.9
ROAA (%)	2.0	1.8	1.9	2.0	2.4
EV/EBITDA (x)	7.7	7.1	6.2	5.5	5.1
Net gearing (%) (incl perps)	75.9	88.5	98.1	86.5	75.1
Consensus net profit	-	-	590	654	828
MIBG vs. Consensus (%)	-	-	(2.2)	(4.8)	(14.4)

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BUY

[Prior:HOLD]

Share Price MYR 1.75
12m Price Target MYR 2.08 (+25%)
Previous Price Target MYR 2.41

Company Description

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

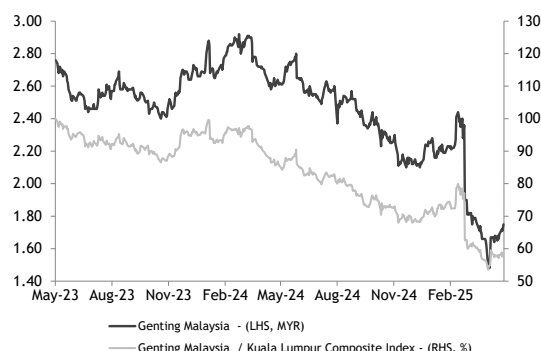
Statistics

52w high/low (MYR) 2.80/1.48
3m avg turnover (USDm) 9.4
Free float (%) 48.0
Issued shares (m) 5,938
Market capitalisation MYR10.4B
USD2.4B

Major shareholders:

Genting Bhd. 47.1%
Genting Malaysia Bhd. 4.6%
AIA Bhd. 1.9%

Price Performance



	-1M	-3M	-12M
Absolute (%)	5	(22)	(33)
Relative to index (%)	4	(21)	(31)

Source: FactSet

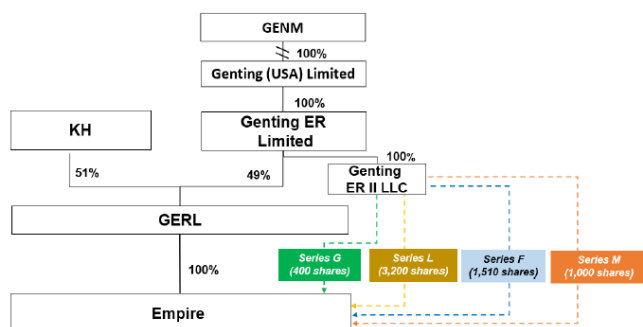
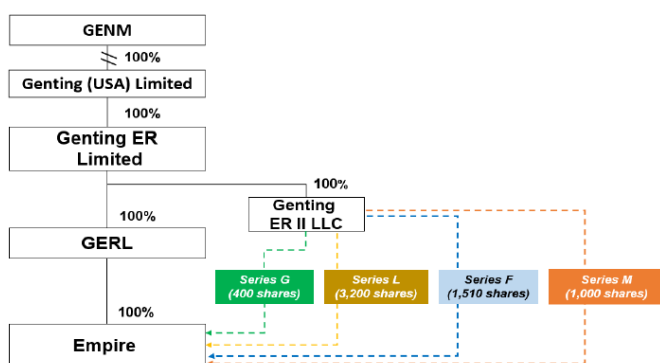
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Tear Sheet Insert

Figure 1: Salient Empire Resorts financial information

USDm	FY20A	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	96.9	231.0	262.9	278.8	282.3	278.8	278.8	278.8
EBITDA	(31.6)	36.0	34.4	19.5	27.0	30.7	30.7	30.7
Pre-tax profit	(151.1)	(76.6)	(56.1)	(64.8)	(57.0)	(53.6)	(53.6)	(53.6)
Net profit	(151.3)	(67.6)	(43.7)	(58.0)	(55.2)	(53.6)	(53.6)	(53.6)

Source: Company, Maybank IBG Research

Figure 2: Proposed change in Empire Resorts' shareholding structure

Before the Proposed AcquisitionAfter the Proposed Acquisition

Source: Company

Figure 3: Major assumptions and estimates

MYRm	FY25E	FY26E	FY27E
Revised			
Shareholding in Empire	100%	100%	100%
Core net profit	577.1	623.0	708.8
Net gearing	98%	87%	75%
Previous			
Shareholding in Empire	90%	90%	90%
Core net profit	590.3	648.5	734.3
Net gearing	79%	69%	57%

Source: Company, Maybank IBG Research

Figure 4: GENM related party transactions involving Empire Resorts

Date	Related party transaction	USDm
Nov 2019	Acquired 46% of Empire common stock from KH	164.4
Mar 2020	Subscribed for Empire Series G preferred stock	40.0
Sep 2020	Subscribed for Empire Series L preferred stock	150.0
Mar 2021	Subscribed for Empire Series L preferred stock	20.0
Oct 2021	Subscribed for Empire Series L preferred stock	150.0
Dec 2022	Acquired Empire Series F preferred stock from KH	100.0
Jan 2024	Subscribed for Empire Series M preferred stock	100.0
May 2025	Proposed acquisition of 51% of Empire common stock from KH	41.0

Source: Company

Valuation and recommendation

Although GENM stated that Empire generates positive free cash flows that is sufficient to even cover its interest expense, we choose to impute no value to it still. We continue to ascribe 10% discount to our SOTP-based valuation lest its dividends be reduced again due to GENM continuing to financially support Empire. To recap, the 10% discount ascribed amounted to USD300m-USD400m which is the amount we believe that GENM would need to continue supporting Empire. Our DPS estimates imply DPRs of 80-98%, offering dividend yields of c.6% over FY25E-FY27E. However, in our view, there could be downside risk to our DPS estimates should Empire require more financial support from GENM.

Compared to our previous TP, we consolidate Empire's USD300m (MYR1.3b) Senior Secured Notes and widen GENM's net debt estimate to MYR9.1b. We also trim our Resorts World Genting (RWG) equity value to MYR2.64 from MYR2.76 as we now assume recurring capex set at 5% of net revenue (4% previously) to be consistent with management guidance on RWG's recurring capex of MYR300m-MYR400m p.a. This cut our SOTP-TP to MYR2.08 from MYR2.41. Despite a lower TP, GENM yields more than >20% upside (including dividend yield). We upgrade GENM to BUY from HOLD.

Key near term catalysts to GENM are:-

- (i) **resolution to the USD600m lawsuit relating to Resorts World Bimini soon** - we understand that both parties are negotiating to arrive at a settlement amount that is substantially lower than the reported USD600m.
- (ii) **Resorts World New York winning a full casino license by year end** - we believe this should generate some interest back to GENM. GENM expects to submit its bid to the New York State Gaming Commission next month. Please see our previous research on this subject matter ([link](#))

Another potential catalyst is the sale of its Miami land. That said, we understand that GENM has been having difficulty selling its Miami land wholesale for the much reported >USD1.0b and is exploring ways to subdivide its land there to be sold in smaller and thus, more affordable parcels. Key risks include future possible RPTs. Recall post liquidation and delisting of Genting Hong Kong, ownership of 2 cruise ships was transferred to Resorts World Cruises. Resorts World Cruises which is perceived as the reincarnation of Genting Hong Kong, is controlled by the GENM Deputy Chairman & CEO. It only owns 3 ships currently versus more than 10 for Genting Hong Kong. Thus, we do not foresee it calling on GENM for equity injection anytime soon.

Figure 5: Revised GENM end-FY25E SOTP-based valuation

	Value MYRm	Value/sh MYR	Comments
Resorts World Genting	14,973.0	2.64	WACC: 12.4%, g: 2%
Resorts World New York City	3,463.0	0.61	40-year DCF @12.4%
Resorts World Bimini	-	-	Nil
Genting UK	784.3	0.14	WACC: 12.4%, g: 0%
Other investment securities	513.4	0.09	Cost
Malaysian property	462.3	0.08	Cost
Miami property	2,018.1	0.36	Cost
Empire Resorts	-	-	Nil
Net debt ex-finance lease liabilities	(9,091.9)	(1.60)	End-FY25E ex-lease liabilities
(10% discount)	(1,312.2)	(0.23)	
Equity value	11,809.9	2.08	

Source: Maybank IBG Research

Figure 6: Previous GENM end-FY25E SOTP-based valuation

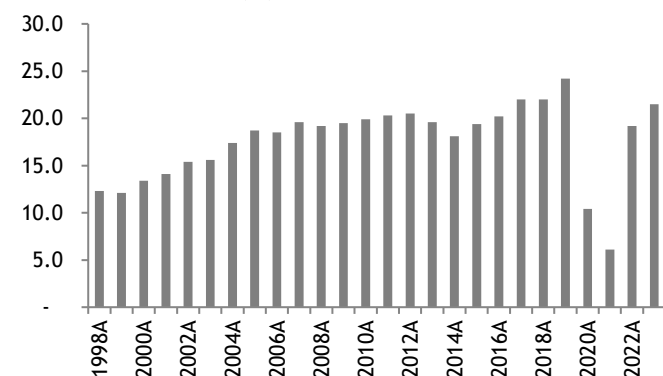
	Value MYRm	Value/sh MYR	Comments
Resorts World Genting	15,635.9	2.76	WACC: 12.4%, g: 2%
Resorts World New York City	3,463.0	0.61	40-year SOTP @12.4%
Resorts World Bimini	-	-	Nil
Genting UK	784.3	0.14	WACC: 12.4%, g: 0%
Other investment securities	513.4	0.09	Cost
Malaysian property	462.3	0.08	Cost
Miami property	2,018.1	0.36	Cost
Empire Resorts	-	-	Nil
Net debt ex-finance lease liabilities	(7,698.5)	(1.36)	End-FY25E ex-lease liabilities
(10% discount)	(1,517.8)	(0.27)	
Equity value	13,660.6	2.41	

Source: Maybank IBG Research

Value Proposition

- Owns and operates Resorts World Genting (RWG), Genting United Kingdom (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 the remaining 10% shareholding in Empire Resorts.

RWG visitor arrivals (m)

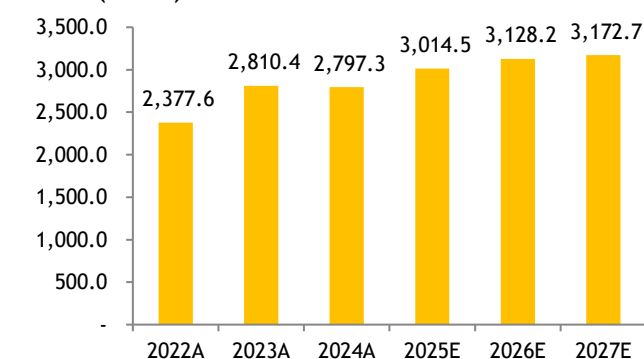


Source: Company

Financial Metrics

- Key financial metric is EBITDA. Most casino operators are valued on EV/EBITDA basis.
- Forecast FY25E EBITDA to grow by 8% YoY on half year consolidation of Empire Resorts.
- Forecast FY26E EBITDA to grow by 4% YoY on full year consolidation of Empire Resorts.
- Thereafter, expect EBITDA growth to taper off to 1% by FY27E.
- We expect balance sheet to remain in net debt as GENM has been more progressive in paying dividends.

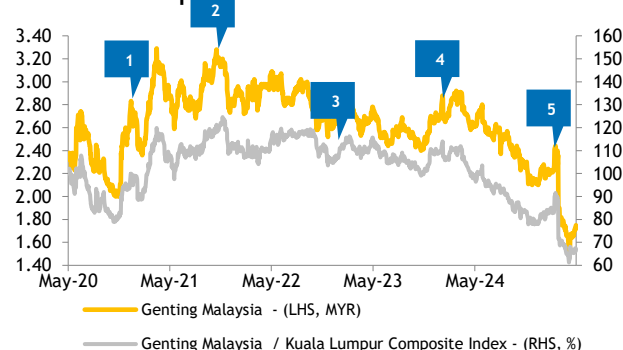
EBITDA (MYRm)



Source: Company (historical), Maybank IBG Research (forecasts)

Price Drivers

Historical share price trend



Source: Company, Maybank IBG Research

- Pfizer and AstraZeneca announced that they developed effective COVID-19 vaccines.
- RWG reopened from the Full Movement Control Order on 30 Sep 2021.
- Batang Kali landslide that claimed 31 lives discouraged visits to RWG.
- GENM reported 3Q23 EBITDA that returned to pre-COVID levels.
- GENM reported 4Q24 core net loss and reduced dividends to 10sen in FY24A from 15sen in FY23A.

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.
- Politics - NFO outlets in states controlled by the opposition have been shut. There is no guarantee that RWG will not be shut if the opposition comes to power.

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Risk Rating & Score ¹	27.2 (Medium)
Score Momentum ²	-1.7
Last Updated	23 May 2024
Controversy Score ³ (Updated: 23 Aug 2024)	1- Governance Incidents - Corporate Governance

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.
- GENM scores below average in our proprietary scoring methodology (see page 4) with an overall score of 48/100 (59/100 previously).

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 3 pumping stations which extract raw water from Sungai Cherok to 10 water treatment plants.
- Consumed more energy and water while generating more greenhouse gas emissions in FY23A (see page 4).
- That said, this was due to all properties operating on a full year basis in FY23A. FY23A intensity per customer fell.
- Invested in a new cable car system called Awana Skyway that can carry 3.6k pax/hour. It opened in FY16A.
- 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 received the RG Check accreditation from the Responsible Gambling Council in Dec 2023.
- In FY20A, 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 39% 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, Deputy Chairman & Chief Executive, President, Deputy Chief Executive, 2 other Non-Independent Non-Executive Directors and 3 Independent Non-Executive Directors (INED; 33% of total).
- Tan Sri Lim Kok Thay (TSLKT), Deputy 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, Deputy Chairman & Chief Executive.
- Madam Chong Kwai Ying, INED and Puan Norazilla Binti Md Tahir, INED are women directors (22% of total).
- FY23A directors' remuneration eased to MYR70.5m (-8% YoY) despite GENM turning around and generating a profit.
- Only 1 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 FY19A.
- 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 FY19A, GENM acquired the super yacht, Equanimity from the Malaysian government.
- In FY16A, GENM sold 17% of GENHK to Golden Hope, linked to TSLKT for USD415m.
- That said, GENHK was not declaring many dividends and eventually went bankrupt.
- To be sure, GENM had invested >USD750m and impaired >MYR2.0b of its investment in GENHK since 1998.
- In FY10A, 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 FY08A, GENM acquired 10% of Walker Digital Gaming from KH Digital, linked to TSLKT for USD69m.

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).

Quantitative Parameters (Score: 24)						
	Particulars	Unit	2021	2022	2023	LVS US (2023)
E	Scope 1 emissions	tCO2e	19,684	29,797	39,206	119,588
	Scope 2 emissions	tCO2e	116,355	166,643	178,298	312,144
	Total	tCO2e	136,039	196,440	217,504	431,732
	Scope 3 emissions	tCO2e	N/A	N/A	N/A	1,307,370
	Total	tCO2e	136,039	196,440	217,504	1,739,102
	Scope 1 & 2 emissions intensity	kgCO2e/customer	16	8	7	N/A
	Energy consumption intensity	MJ/customer	134	81	89	N/A
	Water consumption intensity	li/customer	516	279	272	N/A
S	% of waste diverted away from landfill	%	18%	13%	11%	29%
	% of women in workforce	%	40%	40%	39%	49%
	% of women in management roles	%	41%	40%	41%	43%
	Community investments as % of reported net profit	% of net profit	N/M	N/M	2.0%	0.6%
	% of local suppliers	%	92%	84%	75%	76%
	Employee attrition rate	%	28%	30%	28%	13%
G	Employee training hours per employee	hours	8	8	25	90
	Board salary as % of reported net profit	%	N/M	N/M	16%	N/M
	Independent directors on the Board	%	73%	75%	# 36%	50%
	Female directors on the Board	%	10%	17%	# 18%	25%
	Distribution to shareholders	% of net profit	N/M	N/M	195%	25%
	Investment in loss generating related companies	MYRm	774.2	440.2	-	N/A

Qualitative Parameters (Score: 50)	
a) Is there an ESG policy in place and whether there is a standalone ESG committee or is it part of a risk committee?	Yes. GENM has an ESG policy. It also has a Sustainability Steering Committee and Sustainability Working Committee (in order of hierarchy). The Sustainability Steering Committee reports to the Board Of Directors.
b) Is the senior management salary linked to fulfilling ESG targets?	Yes.
c) Does the company follow the Task Force on Climate-Related Financial Disclosures (TCFD) framework for ESG reporting?	No, but plans to by FY25E.
e) Does the company have a mechanism to capture Scope 3 emissions - which parameters are captured?	No.
f) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?	Installing LED bulbs, upgrading water pumps, upgrading hot water heating systems (water heater and heat pump), upgrading compressor systems to reduce air leakages, installing rainwater harvesters, replacing single-use toiletry bottles in guest room showers with bigger and pump-topped bottles, installing recycling bins (guests who recycle can collect points that can be redeemed as theme park tickets) and recycle cooking oil.
g) Does carbon offset form part of the net zero/carbon neutrality target of the company?	No.

Target (Score: 94)		
Particulars	Target	Achieved
RWG - 100% of designated employees to complete PDPA awareness, ABAC policy, IT cybersecurity and AMLA training by FY24E	100%	N/A
RWG - no breach to key terms of casino licenses; full compliance to PDPA, AMLA and ABAC policies; and no material cybersecurity breaches by FY24E	N/A	N/A
RWG - Crockfords Hotel net promoter score >30% by FY24E	>30%	48.9
RWG - theme parks net promoter score >30% by FY24E	>30%	53.5
RWG - >90% of procurement expenditure allocated to local sources by FY24E	>90%	75%
RWG - >70% of local procurement expenditure channeled to SMEs by FY24E	>70%	N/A
RWG - Procurement from >100 micro and small-sized suppliers by FY24E	>100	N/A
RWG - Upskilling >100 small and medium-sized enterprises through structured training and programmes by FY24E	>100	N/A
RWG - To conduct ≥6 S.A.V.E environment projects annually to promote environmental protection among employees by FY24E	N/A	N/A
RWG - To conduct >150 health and safety programmes to prevent accidents and incidents by FY24E	N/A	N/A
RWG - Zero fatalities by FY24E	N/A	N/A
RWG - To conduct >24 engagement and wellbeing programmes to enhance the workplace and living environment by FY24E	N/A	N/A
RWG - All employees are required to attend ≥16 hours of training annually as part of their ongoing development by FY24E	N/A	N/A
RWG - To introduce ≤5 community and capacity building programmes for underprivileged youths by FY24E	N/A	N/A
RWG - To achieve ≥80 youth participation in the Group's engagement programmes by FY24E	N/A	N/A
RWG - To recruit 30% of youths participating in the Group's engagement programmes into GENM's workforce by FY24E	N/A	N/A
Carbon neutral	N/A	N/A
Impact		
NA		
Overall Score: 48		
As per our ESG matrix, Genting Malaysia (GENM MK) has an overall score of 48.		

ESG score	Weights	Scores	Final Score
Quantitative	50%	24	12
Qualitative	25%	50	13
Target	25%	94	24
Total			48

* denotes annualised figures; # as at Jan 2024

As per our ESG assessment, GENM has an established framework, internal policies, and tangible mid/long-term targets but needs to make headway in capturing Scope 3 emissions, follow TCFD framework for ESG reporting and adopt a net zero/carbon neutral policy. GENM's overall ESG score is 48, which makes its ESG rating slightly below average, in our view (average ESG rating = 50; refer to Appendix I for our ESG Assessment Scoring).

FYE 31 Dec	FY23A	FY24A	FY25E	FY26E	FY27E
Key Metrics					
P/E (reported) (x)	33.9	57.2	17.2	15.9	14.0
Core P/E (x)	26.1	24.7	17.2	15.9	14.0
P/BV (x)	1.2	1.1	0.8	0.8	0.8
P/NTA (x)	1.8	1.6	1.5	1.4	1.4
Net dividend yield (%)	5.6	4.4	5.7	5.7	5.7
FCF yield (%)	10.4	13.5	23.2	24.2	22.7
EV/EBITDA (x)	7.7	7.1	6.2	5.5	5.1
EV/EBIT (x)	13.8	12.8	11.6	11.0	10.0

INCOME STATEMENT (MYR m)

Revenue	10,189.4	10,911.8	11,827.3	12,621.8	12,783.0
EBITDA	2,810.4	2,797.3	3,014.5	3,128.2	3,172.7
Depreciation	(1,241.1)	(1,240.3)	(1,417.0)	(1,555.6)	(1,555.6)
EBIT	1,569.3	1,557.0	1,597.5	1,572.5	1,617.0
Net interest income / (exp)	(528.3)	(570.2)	(576.7)	(599.9)	(523.8)
Associates & JV	(220.0)	(232.4)	(109.7)	0.0	0.0
Exceptionals	(146.8)	(267.7)	0.0	0.0	0.0
Pretax profit	674.2	486.7	911.1	972.6	1,093.2
Income tax	(313.3)	(324.6)	(353.0)	(359.0)	(389.1)
Minorities	75.9	89.1	19.0	9.5	4.7
Reported net profit	436.8	251.3	577.1	623.0	708.8
Core net profit	583.5	518.9	577.1	623.0	708.8

BALANCE SHEET (MYR m)

Cash & Short Term Investments	3,885.5	3,546.7	4,169.5	3,850.8	3,458.3
Accounts receivable	611.9	551.5	597.7	637.9	646.0
Inventory	179.1	186.8	202.5	216.1	218.8
Property, Plant & Equip (net)	14,497.5	13,779.2	15,538.3	14,544.1	13,556.6
Intangible assets	4,253.2	3,999.8	5,132.1	5,132.1	5,132.1
Investment in Associates & JVs	1,977.7	2,151.7	38.5	38.5	38.5
Other assets	3,711.1	4,351.8	5,353.9	5,353.9	5,353.9
Total assets	29,116.0	28,567.4	31,032.5	29,773.3	28,404.3
ST interest bearing debt	235.2	355.2	1,552.3	1,552.3	1,552.3
Accounts payable	2,791.9	2,925.8	3,177.6	3,423.1	3,465.1
LT interest bearing debt	12,766.1	12,963.4	13,433.2	11,880.9	10,328.6
Other liabilities	1,311.0	1,284.0	1,839.0	1,840.0	1,844.0
Total Liabilities	17,103.9	17,528.4	20,002.1	18,696.1	17,189.9
Shareholders Equity	12,827.5	11,921.2	11,931.5	11,987.7	12,129.8
Minority Interest	(815.4)	(882.1)	(901.1)	(910.6)	(915.3)
Total shareholder equity	12,012.1	11,039.0	11,030.4	11,077.1	11,214.4
Total liabilities and equity	29,116.0	28,567.4	31,032.5	29,773.3	28,404.3

CASH FLOW (MYR m)

Pretax profit	674.2	486.7	911.1	972.6	1,093.2
Depreciation & amortisation	1,241.1	1,240.3	1,417.0	1,555.6	1,555.6
Adj net interest (income)/exp	528.2	564.7	576.7	599.9	523.8
Change in working capital	(26.1)	(8.9)	117.5	191.7	31.2
Cash taxes paid	(138.8)	(264.1)	(349.3)	(358.3)	(385.2)
Other operating cash flow	43.3	304.3	109.7	0.0	0.0
Cash flow from operations	2,321.9	2,323.0	2,782.7	2,961.6	2,818.7
Capex	(738.5)	(598.4)	(484.2)	(561.4)	(568.2)
Free cash flow	1,583.4	1,724.6	2,298.5	2,400.2	2,250.4
Dividends paid	(850.2)	(850.2)	(566.8)	(566.8)	(566.8)
Equity raised / (purchased)	0.0	0.0	0.0	0.0	0.0
Change in Debt	(370.3)	(24.8)	(355.2)	(1,552.3)	(1,552.3)
Other invest/financing cash flow	377.4	(1,151.2)	(753.7)	(599.9)	(523.8)
Effect of exch rate changes	100.9	(46.6)	0.0	0.0	0.0
Net cash flow	841.2	(348.3)	622.8	(318.7)	(392.4)

FYE 31 Dec	FY23A	FY24A	FY25E	FY26E	FY27E
Key Ratios					
Growth ratios (%)					
Revenue growth	18.4	7.1	8.4	6.7	1.3
EBITDA growth	18.2	(0.5)	7.8	3.8	1.4
EBIT growth	37.8	(0.8)	2.6	(1.6)	2.8
Pretax growth	nm	(27.8)	87.2	6.7	12.4
Reported net profit growth	nm	(42.5)	129.7	8.0	13.8
Core net profit growth	147.3	(11.1)	11.2	8.0	13.8
Profitability ratios (%)					
EBITDA margin	27.6	25.6	25.5	24.8	24.8
EBIT margin	15.4	14.3	13.5	12.5	12.6
Pretax profit margin	6.6	4.5	7.7	7.7	8.6
Payout ratio	194.6	225.6	98.2	91.0	80.0
DuPont analysis					
Net profit margin (%)	4.3	2.3	4.9	4.9	5.5
Revenue/Assets (x)	0.3	0.4	0.4	0.4	0.5
Assets/Equity (x)	2.3	2.4	2.6	2.5	2.3
ROAE (%)	3.4	2.0	4.8	5.2	5.9
ROAA (%)	2.0	1.8	1.9	2.0	2.4
Liquidity & Efficiency					
Cash conversion cycle	(104.7)	(99.5)	(99.2)	(99.6)	(102.8)
Days receivable outstanding	20.4	19.2	17.5	17.6	18.1
Days inventory outstanding	8.0	8.1	8.0	7.9	8.1
Days payables outstanding	133.1	126.8	124.7	125.1	129.0
Dividend cover (x)	0.5	0.4	1.0	1.1	1.3
Current ratio (x)	2.0	1.3	1.0	0.9	0.9
Leverage & Expense Analysis					
Asset/Liability (x)	1.7	1.6	1.6	1.6	1.7
Net gearing (%) (incl perps)	75.9	88.5	98.1	86.5	75.1
Net gearing (%) (excl. perps)	75.9	88.5	98.1	86.5	75.1
Net interest cover (x)	3.0	2.7	2.8	2.6	3.1
Debt/EBITDA (x)	4.6	4.8	5.0	4.3	3.7
Capex/revenue (%)	7.2	5.5	4.1	4.4	4.4
Net debt/ (net cash)	9,115.8	9,772.0	10,816.0	9,582.4	8,422.6

Source: Company; Maybank IBG Research

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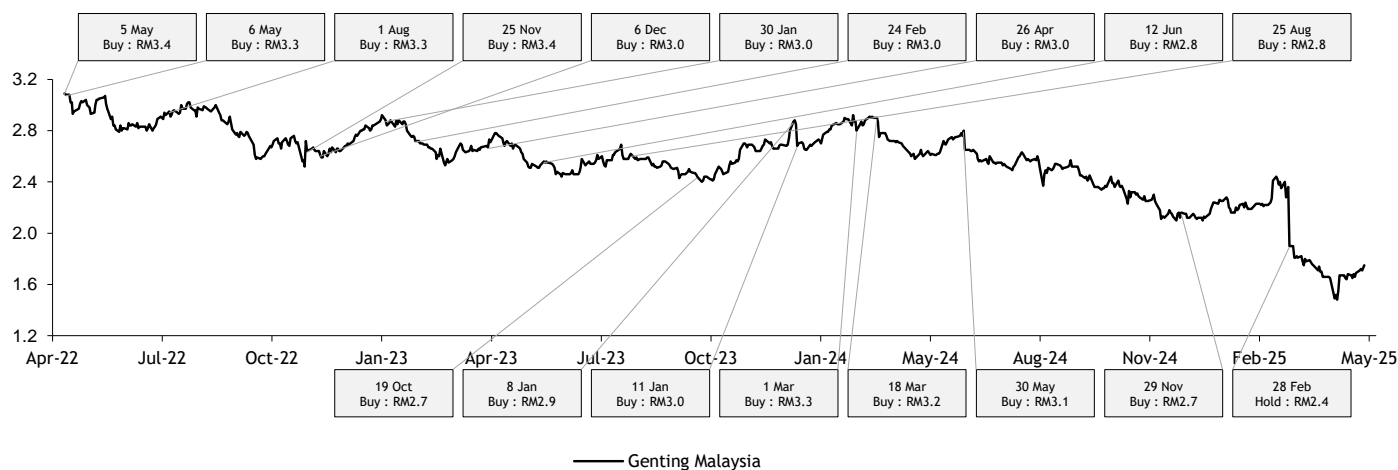
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BUY	Return is expected to be above 10% in the next 12 months (including dividends)
HOLD	Return is expected to be between 0% to 10% in the next 12 months (including dividends)
SELL	Return is expected to be below 0% in the next 12 months (including dividends)

Applicability of Ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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