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## Malaysia Infrastructure

Reuters SCOG.KL  
Bloomberg SCGB MK

Priced on 7 June 2024  
KLSE Comp @ 1,617.9

12M hi/lo RM3.35/1.54

12M price target RM2.80  
±% potential -15%

Shares in issue 1,292.9m  
Free float (est.) 45.6%

Market cap US\$888m

3M ADV US\$2.5m

Foreign s'holding 1.0%

### Major shareholders

Sunway Berhad 54.4%  
Sungei Way Corp Sdn Bhd 10.1%

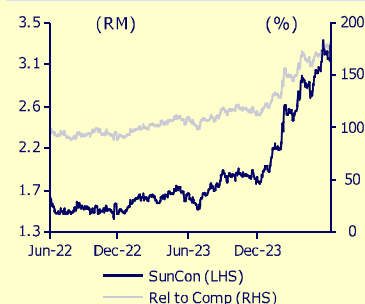
### Blended ESG Score (%)\*

Overall 66.6  
Country average 56.8  
GEM sector average 61.0

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

### Stock performance (%)

	1M	3M	12M
Absolute	7.8	28.4	101.2
Relative	7.0	21.9	71.5
Abs (US\$)	7.8	27.1	93.7



Source: Bloomberg

## Still a race against time

### Vietnam power plant sees some progress but we still lack conviction

Toyo Ventures (Toyo, N-R), the ultimate owner for the Vietnam Song Hau 2 power plant (SHP2), announced ([link](#)) financing of US\$980m secured for equipment financing. Given SHP2 may nearly double SunCon's order-book by adding RM6bn (55% JV share), if Toyo were to achieve financial close on this thermal coal power plant we would expect a swift positive reaction to such news. However, with a small window left and still a US\$1.7bn gap to fund, and without a notable change in Vietnam on its green commitment, we lack conviction Toyo will secure all of the needed funds in time to proceed. We thus maintain our forecast, RM2.80 target price and SELL recommendation for now.

### Close to two thirds of financing still needed, with small window left

Lead by EXIM Bank Malaysia, a US\$980m facility was secured thanks to I Power Solutions Pte Ltd for SHP2. This facility is sufficient to fund 70% of the equipment financing needs, but the remainder of the syndicated facility of US\$2.686bn means a large US\$1.7bn gap needs to be filled by this month. In April, the Ministry of trade notified SH2P of the "Developer Side Default" if financing arrangement was not remedied by 30 June 2024.

### Clock is still ticking for several firms, but some have changed strategy

SHP2 is one of five coal projects facing funding challenges, and some are considering conversion to gas (Figure 1). We see less compelling reasons for lenders to fund this 25-year built-to-operate transfer coal fired project, unless Vietnam's trajectory stalls in building greener generation power, such as with gas. Under Vietnam's Power Development Plan VIII, coal-fired capacity of 30.1 GW by 2030 from 21 GW in 2020 can largely be fulfilled with the power plants under construction (20% capacity mix).

### We do not introduced power plant projects into our forecast

SunCon, as EPCC contractor, is waiting for notice to proceed on the project. Over five years of construction and assuming an 8% pre-tax margin, the PATMI rise to SunCon would be c.RM77m (for its 55% share) or a significant 37% upside to our 25CL earnings (Figure 2), though we expect gearing to rise for working capital needs.

### Retain SELL rating, though fair value may be revised up if project materialises

On the above news, and SunCon's JV partner PECC2 put out an advertisement for hiring in May (which we interpret as pre-emptive), there could be a knee jerk positive reaction. Our RM2.80 target price is based on a 17x PE on 25CL earnings. On an unchanged PE of 17x, though assuming RM77m 25CL in additional PATMI materialises against our view, our fair value in this situation may be raised to RM3.80 (Figure 3).

### Financials

Year to 31 December	22A	23A	24CL	25CL	26CL
Revenue (RMm)	2,155	2,671	3,060	3,128	3,217
Net profit (RMm)	142	147	189	208	212
EPS (sen)	11.0	11.3	14.6	16.1	16.4
CL/consensus (13) (EPS%)	-	-	104	93	88
EPS growth (% YoY)	26.4	3.0	28.6	10.3	1.7
PE (x)	30.0	29.1	22.6	20.5	20.2
Dividend yield (%)	1.7	1.8	2.4	2.6	2.7
FCF yield (%)	(8.3)	(8.8)	1.6	3.9	4.2
PB (x)	5.8	5.2	4.7	4.2	3.9
ROE (%)	19.8	18.8	21.8	21.8	20.1
Net debt/equity (%)	(1.3)	51.1	45.4	37.5	30.2

Source: www.cls.com

## Financials at a glance

Year to 31 December	2022A	2023A	2024CL	(% YoY)	2025CL	2026CL
<b>Profit &amp; Loss (RMm)</b>						
Revenue	2,155	2,671	3,060	14.6	3,128	3,217
Cogs (ex-D&A)	(1,945)	(2,426)	(2,756)		(2,801)	(2,886)
<b>Gross Profit (ex-D&amp;A)</b>	<b>210</b>	<b>245</b>	<b>303</b>	<b>23.7</b>	<b>327</b>	<b>332</b>
SG&A and other expenses	-	0	-		-	-
<b>Op Ebitda</b>	<b>210</b>	<b>245</b>	<b>303</b>	<b>23.7</b>	<b>327</b>	<b>332</b>
Depreciation/amortisation	(24)	(21)	(50)		(53)	(56)
<b>Op Ebit</b>	<b>187</b>	<b>224</b>	<b>254</b>	<b>13.2</b>	<b>274</b>	<b>276</b>
Net interest inc/(exp)	(4)	(21)	(27)		(28)	(26)
Other non-Op items	2	(14)	13		13	14
<b>Profit before tax</b>	<b>184</b>	<b>189</b>	<b>239</b>	<b>26.8</b>	<b>260</b>	<b>264</b>
Taxation	(45)	(43)	(48)		(52)	(53)
<b>Profit after tax</b>	<b>139</b>	<b>146</b>	<b>191</b>	<b>31.2</b>	<b>208</b>	<b>212</b>
Minority interest	4	1	(3)		0	0
<b>Net profit</b>	<b>142</b>	<b>147</b>	<b>189</b>	<b>28.6</b>	<b>208</b>	<b>212</b>
<b>Adjusted profit</b>	<b>142</b>	<b>147</b>	<b>189</b>	<b>28.6</b>	<b>208</b>	<b>212</b>
<b>Cashflow (RMm)</b>						
<b>Operating profit</b>	<b>187</b>	<b>224</b>	<b>254</b>	<b>13.2</b>	<b>274</b>	<b>276</b>
Depreciation/amortisation	24	21	50	136.5	53	56
Working capital changes	(382)	(498)	(79)		(18)	(10)
Other items	(68)	(79)	(87)		(93)	(94)
<b>Net operating cashflow</b>	<b>(240)</b>	<b>(332)</b>	<b>137</b>		<b>216</b>	<b>227</b>
Capital expenditure	(112)	(45)	(70)		(50)	(50)
<b>Free cashflow</b>	<b>(352)</b>	<b>(377)</b>	<b>67</b>		<b>166</b>	<b>177</b>
M&A/Others	29	26	12	(55.5)	13	16
<b>Net investing cashflow</b>	<b>(83)</b>	<b>(18)</b>	<b>(58)</b>		<b>(37)</b>	<b>(34)</b>
Increase in loans	233	420	50	(88.1)	50	-
Dividends	(90)	(71)	(105)		(110)	(116)
Net equity raised/other	0	-	-		0	0
<b>Net financing cashflow</b>	<b>143</b>	<b>349</b>	<b>(55)</b>		<b>(60)</b>	<b>(116)</b>
Incr/(decr) in net cash	(180)	(2)	24		119	77
Exch rate movements	(24)	(20)	35		(28)	65
<b>Balance sheet (RMm)</b>						
Cash & equivalents	492	470	530	12.7	621	671
Accounts receivable	989	1,596	1,844	15.6	1,885	1,939
Other current assets	157	173	176	1.7	176	176
Fixed assets	372	582	602	3.5	599	647
Investments	223	253	253	0	253	253
Intangible assets	0	0	0		0	0
Other non-current assets	4	9	9	0	9	9
<b>Total assets</b>	<b>2,236</b>	<b>3,083</b>	<b>3,415</b>	<b>10.8</b>	<b>3,544</b>	<b>3,695</b>
Short-term debt	172	438	438	0	438	438
Accounts payable	917	1,243	1,412	13.7	1,435	1,478
Other current liabs	14	21	21	0	21	21
Long-term debt/CBs	309	488	538	10.3	588	588
Provisions/other LT liabs	3	1	24	1,690.5	(17)	(5)
Shareholder funds	737	820	907	10.5	1,005	1,100
Minorities/other equity	84	72	75	4	75	75
<b>Total liabs &amp; equity</b>	<b>2,236</b>	<b>3,083</b>	<b>3,415</b>	<b>10.8</b>	<b>3,544</b>	<b>3,695</b>
<b>Ratio analysis</b>						
Revenue growth (% YoY)	24.6	23.9	14.6		2.2	2.9
Ebitda margin (%)	9.8	9.2	9.9		10.5	10.3
Ebit margin (%)	8.7	8.4	8.3		8.8	8.6
Net profit growth (%)	26.4	3.0	28.6		10.3	1.7
Op cashflow growth (% YoY)	(210.4)	nm	nm		57.0	5.3
Capex/sales (%)	5.2	1.7	2.3		1.6	1.6
Net debt/equity (%)	(1.3)	51.1	45.4		37.5	30.2
Net debt/Ebitda (x)	-	1.9	1.5		1.2	1.1
ROE (%)	19.8	18.8	21.8		21.8	20.1
ROIC (%)	38.4	20.6	17.7		18.2	17.8

Source: www.clsa.com

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## Still a race against time

Figure 1

### Five coal-fired power plants facing delays in securing capital

Power plant	Latest news developments
Vinh Tan III Thermal Power Plant (1,980 MW)	Mitsubishi Corp pull out of the project in Feb 2021. In April 2023, local government looking to move forward without use of coal
Song Hau II Thermal Power Plan (2,120 MW)	EXIM Bank as lead arranger for US\$2.686 bn syndicated financing
Quang Tri Thermal Power Plant (600 MW)	In June 2023, investor Electricity Generating Authority of Thailand (EGAT) announced termination of the US\$2.35 bn project after construction delayed for over a decade. Plans as well to approve a revised plan with environmentally friendly fuel sources
Nam Dinh I Thermal Power Plant (1,200)	Province wants to convert plant to an LNG power project
Cong Thanh Thermal Power Plant (600 MW)	Province seeking approval to convert plant to an LNG power project

Source: CLSA, Power Development Plan VIII

Figure 2

### Estimation of the additional net profit to our 25CL estimates

		Remarks
Award (RM mn equivalent)	10,890	USD 2.42 bn
SunCon stake	5,989.5	55% stake
Annual revenue (RM mn)	1,198	5 years construction per Toyo annual report 2023 for 2 units of 1,060 MW thermal power plant
Pre-tax margin (%)	8%	Higher end of usual guidance of 5-8% as we estimate due to currency and duration risks
Pre-tax profit	95.8	
Net profit (RM mn)	76.7	On 20% tax

Source: CLSA

Figure 3

### Situational fair value if earnings for 25CL were to rise due to SHP2

PE method of valuation	Current
Earnings (25CL) RM mn	285
Multiple applied (x)	17
(a) Total for construction + precast (RM mn)	4,845
(b) Solar*	64
(c) Total	4,909
Number of shares (unit million)	1,293
Value per share/TP (RM)	3.80

Source: CLSA

Several of the coal fired-power plants facing delays in securing capital have sought a strategy to move away from a reliance in coal but opting/exploring instead to be gas powered

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Figure 4

<b>SunCon Valuations</b>	
<b>PE method of valuation</b>	
Earnings (25CL) RM mn	208
Multiple applied (x)	17
(a) Total for construction + precast (RM mn)	3,536
(b) Solar*	64
(c) Total	3,600
Number of shares (unit million)	1,293
Value per share/TP (RM)	2.80

Source: CLSA

### Investment thesis

Benefits from internal jobs, especially strategic ones, by the Sunway Group of Companies, should drive near-term results.

### Catalysts

Being able to monetise its future highway proceeds. Successful volume growth in Singapore's Integrated digital industrialised building system plant.

### Valuation details

Our target price is derived from 17.0x 25CL earnings, which is 1 sd over its long term mean PE valuation. We accord an above-sector average PE, given the company's flow of internal jobs and strong balance sheet. We also include solar segment valuations based on 21 year concession and a WACC of 7%.

### Investment risks

The main concern is construction risk. On the precast segment, another risk is margin recovery timing, currently in the doldrums due to competition. Upside risks to our negative rating include better-than-expected results from its Vietnam power plant joe and success in MRT3 main packages better than our expectation.

## Detailed financials

### Profit & Loss (RMm)

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Revenue	1,553	1,729	2,155	2,671	3,060	3,128	3,217
Cogs (ex-D&A)	(1,429)	(1,566)	(1,945)	(2,426)	(2,756)	(2,801)	(2,886)
Gross Profit (ex-D&A)	124	164	210	245	303	327	332
Research & development costs	-	-	-	-	-	-	-
Selling & marketing expenses	-	-	-	-	-	-	-
Other SG&A	-	-	-	-	-	-	-
Other Op Expenses ex-D&A	-	-	-	-	-	-	-
Op Ebitda	124	164	210	245	303	327	332
Depreciation/amortisation	(33)	(27)	(24)	(21)	(50)	(53)	(56)
Op Ebit	91	136	187	224	254	274	276
Interest income	17	16	14	26	12	13	16
Interest expense	(7)	(5)	(18)	(48)	(39)	(41)	(41)
Net interest inc/(exp)	10	11	(4)	(21)	(27)	(28)	(26)
Associates/investments	0	5	2	(14)	13	13	14
Forex/other income	-	-	-	-	-	-	-
Asset sales/other cash items	-	-	-	-	-	-	-
Provisions/other non-cash items	-	-	-	-	-	-	-
Asset revaluation/Exceptional items	-	-	-	-	-	-	-
Profit before tax	101	152	184	189	239	260	264
Taxation	(28)	(41)	(45)	(43)	(48)	(52)	(53)
Profit after tax	73	111	139	146	191	208	212
Preference dividends	-	-	-	-	-	-	-
Profit for period	73	111	139	146	191	208	212
Minority interest	(1)	2	4	1	(3)	0	0
Net profit	73	113	142	147	189	208	212
Extraordinaries/others	0	0	0	0	0	0	0
Profit available to ordinary shares	73	113	142	147	189	208	212
Dividends	(52)	(68)	(71)	(78)	(103)	(110)	(116)
Retained profit	21	45	71	69	85	98	95
Adjusted profit	73	113	142	147	189	208	212
EPS (sen)	5.6	8.7	11.0	11.3	14.6	16.1	16.4
Adj EPS [pre excep] (sen)	5.6	8.7	11.0	11.3	14.6	16.1	16.4
Core EPS (sen)	5.6	8.7	11.0	11.3	14.6	16.1	16.4
DPS (sen)	4.0	5.3	5.5	6.0	8.0	8.5	9.0

### Profit & loss ratios

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
<b>Growth (%)</b>							
Revenue growth (% YoY)	(12.2)	11.4	24.6	23.9	14.6	2.2	2.9
Ebitda growth (% YoY)	(31.6)	32.0	28.5	16.7	23.7	7.8	1.4
Ebit growth (% YoY)	(35.8)	50.5	36.9	20.2	13.2	8.1	0.5
Net profit growth (%)	(43.7)	54.7	26.4	3.0	28.6	10.3	1.7
EPS growth (% YoY)	(43.7)	54.7	26.4	3.0	28.6	10.3	1.7
Adj EPS growth (% YoY)	(43.7)	54.7	26.4	3.0	28.6	10.3	1.7
DPS growth (% YoY)	(42.9)	31.3	4.8	9.1	33.3	6.3	5.9
Core EPS growth (% YoY)	(43.7)	54.7	26.4	3.0	28.6	10.3	1.7
<b>Margins (%)</b>							
Gross margin (%)	8.0	9.5	9.8	9.2	9.9	10.5	10.3
Ebitda margin (%)	8.0	9.5	9.8	9.2	9.9	10.5	10.3
Ebit margin (%)	5.8	7.9	8.7	8.4	8.3	8.8	8.6
Net profit margin (%)	4.7	6.5	6.6	5.5	6.2	6.6	6.6
Core profit margin	4.7	6.5	6.6	5.5	6.2	6.6	6.6
Op cashflow margin	4.7	12.6	(11.1)	(12.4)	4.5	6.9	7.1
<b>Returns (%)</b>							
ROE (%)	11.6	16.9	19.8	18.8	21.8	21.8	20.1
ROA (%)	3.4	5.3	6.9	6.5	6.2	6.3	6.1
ROIC (%)	24.6	49.8	38.4	20.6	17.7	18.2	17.8
ROCE (%)	35.0	48.8	34.9	20.8	18.3	18.8	18.3
<b>Other key ratios (%)</b>							
Effective tax rate (%)	27.5	27.3	24.6	22.7	20.0	20.0	20.0
Ebitda/net int exp (x)	-	-	50.7	11.4	11.1	11.8	13.0
Exceptional or extraord. inc/PBT (%)	-	-	-	-	-	-	-
Dividend payout (%)	71.0	60.3	49.9	52.9	54.8	52.8	55.0

Source: www.clsa.com

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## Balance sheet (RMm)

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Cash & equivalents	640	696	492	470	530	621	671
Accounts receivable	1,048	850	989	1,596	1,844	1,885	1,939
Inventories	34	46	53	46	46	46	46
Other current assets	20	20	104	127	130	130	130
<b>Current assets</b>	<b>1,742</b>	<b>1,612</b>	<b>1,637</b>	<b>2,239</b>	<b>2,550</b>	<b>2,683</b>	<b>2,786</b>
Fixed assets	104	125	372	582	602	599	647
Investments	49	127	223	253	253	253	253
Goodwill	4	0	0	0	0	0	0
Other intangible assets	0	0	0	0	0	0	0
Other non-current assets	7	1	4	9	9	9	9
<b>Total assets</b>	<b>1,906</b>	<b>1,864</b>	<b>2,236</b>	<b>3,083</b>	<b>3,415</b>	<b>3,544</b>	<b>3,695</b>
Short term loans/OD	234	93	172	438	438	438	438
Accounts payable	955	891	917	1,243	1,412	1,435	1,478
Accrued expenses	-	-	-	-	-	-	-
Taxes payable	4	7	7	19	19	19	19
Other current liabs	2	1	8	2	2	2	2
<b>Current liabilities</b>	<b>1,195</b>	<b>992</b>	<b>1,103</b>	<b>1,702</b>	<b>1,871</b>	<b>1,894</b>	<b>1,938</b>
Long-term debt/leases/other	67	145	309	488	538	588	588
Convertible bonds	-	-	-	-	-	-	-
Provisions/other LT liabs	6	10	3	1	24	(17)	(5)
<b>Total liabilities</b>	<b>1,267</b>	<b>1,147</b>	<b>1,415</b>	<b>2,191</b>	<b>2,433</b>	<b>2,465</b>	<b>2,520</b>
Share capital	259	259	259	259	259	259	259
Retained earnings	410	471	516	590	676	775	870
Reserves/others	(31)	(30)	(37)	(28)	(28)	(28)	(28)
<b>Shareholder funds</b>	<b>637</b>	<b>699</b>	<b>737</b>	<b>820</b>	<b>907</b>	<b>1,005</b>	<b>1,100</b>
Minorities/other equity	2	18	84	72	75	75	75
<b>Total equity</b>	<b>639</b>	<b>717</b>	<b>821</b>	<b>892</b>	<b>981</b>	<b>1,080</b>	<b>1,175</b>
<b>Total liabs &amp; equity</b>	<b>1,906</b>	<b>1,864</b>	<b>2,236</b>	<b>3,083</b>	<b>3,415</b>	<b>3,544</b>	<b>3,695</b>
Total debt	301	238	481	926	976	1,026	1,026
Net debt	(339)	(458)	(11)	456	446	404	355
Adjusted EV	3,879	3,698	4,115	4,540	4,533	4,491	4,442
BVPS (sen)	49.3	54.1	57.0	63.5	70.2	77.8	85.1

## Balance sheet ratios

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
<b>Key ratios</b>							
Current ratio (x)	1.5	1.6	1.5	1.3	1.4	1.4	1.4
Growth in total assets (% YoY)	0.1	(2.2)	20.0	37.9	10.8	3.8	4.3
Growth in capital employed (% YoY)	37.0	(13.6)	212.9	66.4	5.9	4.0	3.1
Net debt to operating cashflow (x)	-	-	-	(1.4)	3.2	1.9	1.6
Gross debt to operating cashflow (x)	4.2	1.1	(2.0)	(2.8)	7.1	4.8	4.5
Gross debt to Ebitda (x)	2.4	1.5	2.3	3.8	3.2	3.1	3.1
Net debt/Ebitda (x)	-	-	-	1.9	1.5	1.2	1.1
<b>Gearing</b>							
Net debt/equity (%)	(53.1)	(63.9)	(1.3)	51.1	45.4	37.5	30.2
Gross debt/equity (%)	47.1	33.2	58.6	103.8	99.4	95.0	87.3
Interest cover (x)	15.6	33.2	11.1	5.2	6.8	7.0	7.1
Debt cover (x)	0.2	0.9	(0.5)	(0.4)	0.1	0.2	0.2
Net cash per share (sen)	26.2	35.4	0.8	(35.3)	(34.5)	(31.3)	(27.5)
<b>Working capital analysis</b>							
Inventory days	7.6	9.4	9.3	7.5	6.1	6.1	5.9
Debtor days	219.4	200.4	155.7	176.6	205.2	217.6	216.9
Creditor days	235.1	215.3	169.7	162.4	175.8	185.5	184.2
Working capital/Sales (%)	9.1	1.0	10.0	18.9	19.2	19.4	19.1
<b>Capital employed analysis</b>							
Sales/Capital employed (%)	518.5	668.0	266.1	198.2	214.4	210.8	210.3
EV/Capital employed (%)	1,295.4	1,428.8	508.1	336.8	317.5	302.6	290.4
Working capital/Capital employed (%)	47.2	6.4	26.5	37.5	41.1	40.8	40.3
Fixed capital/Capital employed (%)	34.7	48.2	45.9	43.2	42.2	40.4	42.3
<b>Other ratios (%)</b>							
PB (x)	6.7	6.1	5.8	5.2	4.7	4.2	3.9
EV/Ebitda (x)	31.3	22.6	19.6	18.5	14.9	13.7	13.4
EV/OCF (x)	53.6	17.0	(17.1)	(13.7)	33.0	20.8	19.5
EV/FCF (x)	53.6	20.2	(11.7)	(12.0)	67.2	27.1	25.1
EV/Sales (x)	2.5	2.1	1.9	1.7	1.5	1.4	1.4
Capex/depreciation (%)	0.0	127.0	470.6	213.3	140.9	94.9	89.8

Source: www.clsa.com

## Cashflow (RMm)

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Operating profit	91	136	187	224	254	274	276
Operating adjustments	12	0	0	0	0	0	0
Depreciation/amortisation	33	27	24	21	50	53	56
Working capital changes	(29)	83	(382)	(498)	(79)	(18)	(10)
Interest paid / other financial expenses	(6)	(4)	(18)	(48)	(39)	(41)	(41)
Tax paid	(29)	(29)	(51)	(32)	(48)	(52)	(53)
Other non-cash operating items	0	4	0	0	0	0	0
<b>Net operating cashflow</b>	<b>72</b>	<b>218</b>	<b>(240)</b>	<b>(332)</b>	<b>137</b>	<b>216</b>	<b>227</b>
Capital expenditure	0	(35)	(112)	(45)	(70)	(50)	(50)
<b>Free cashflow</b>	<b>72</b>	<b>183</b>	<b>(352)</b>	<b>(377)</b>	<b>67</b>	<b>166</b>	<b>177</b>
Acq/inv/disposals	-	(53)	-	-	-	-	-
Int, invt & associate div	17	34	29	26	12	13	16
<b>Net investing cashflow</b>	<b>17</b>	<b>(54)</b>	<b>(83)</b>	<b>(18)</b>	<b>(58)</b>	<b>(37)</b>	<b>(34)</b>
Increase in loans	(85)	(71)	233	420	50	50	-
Dividends	(62)	(52)	(90)	(71)	(105)	(110)	(116)
Net equity raised/others	-	-	0	-	-	0	0
<b>Net financing cashflow</b>	<b>(147)</b>	<b>(122)</b>	<b>143</b>	<b>349</b>	<b>(55)</b>	<b>(60)</b>	<b>(116)</b>
Incr/(decr) in net cash	(58)	42	(180)	(2)	24	119	77
Exch rate movements	4	14	(24)	(20)	35	(28)	65
<b>Opening cash</b>	<b>693</b>	<b>640</b>	<b>696</b>	<b>492</b>	<b>470</b>	<b>530</b>	<b>530</b>
<b>Closing cash</b>	<b>640</b>	<b>696</b>	<b>492</b>	<b>470</b>	<b>530</b>	<b>621</b>	<b>671</b>
OCF PS (sen)	5.6	16.8	(18.6)	(25.7)	10.6	16.7	17.6
FCF PS (sen)	5.6	14.2	(27.2)	(29.2)	5.2	12.8	13.7

## Cashflow ratio analysis

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
<b>Growth (%)</b>							
Op cashflow growth (% YoY)	(54.3)	201.1	(210.4)	nm	nm	57.0	5.3
FCF growth (% YoY)	(52.9)	152.9	(292.5)	-	-	145.7	6.9
Capex growth (%)	(100.0)	-	221.1	(59.9)	56.2	(28.6)	0.0
<b>Other key ratios (%)</b>							
Capex/sales (%)	0.0	2.0	5.2	1.7	2.3	1.6	1.6
Capex/op cashflow (%)	0.0	16.0	(46.5)	(13.5)	50.9	23.2	22.0
Operating cashflow payout ratio (%)	71.5	31.2	-	-	75.2	50.9	51.2
Cashflow payout ratio (%)	71.5	31.2	-	-	75.2	50.9	51.2
Free cashflow payout ratio (%)	71.5	37.1	-	-	153.2	66.2	65.6

## DuPont analysis

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Ebit margin (%)	5.8	7.9	8.7	8.4	8.3	8.8	8.6
Asset turnover (x)	0.8	0.9	1.1	1.0	0.9	0.9	0.9
Interest burden (x)	1.1	1.1	1.0	0.8	0.9	0.9	1.0
Tax burden (x)	0.7	0.7	0.8	0.8	0.8	0.8	0.8
Return on assets (%)	3.4	5.3	6.9	6.5	6.2	6.3	6.1
Leverage (x)	3.0	2.8	2.7	3.1	3.5	3.4	3.2
ROE (%)	11.6	16.9	19.8	18.8	21.8	21.8	20.1

## EVA® analysis

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Ebit adj for tax	66	99	141	173	203	220	221
Average invested capital	266	199	366	843	1,147	1,206	1,243
ROIC (%)	24.6	49.8	38.4	20.6	17.7	18.2	17.8
Cost of equity (%)	10.9	10.9	10.9	10.9	10.9	10.9	10.9
Cost of debt (adj for tax)	3.6	3.6	3.8	3.9	4.0	4.0	4.0
Weighted average cost of capital (%)	10.9	10.9	10.9	10.9	10.9	10.9	10.9
EVA/IC (%)	13.7	38.9	27.5	9.7	6.8	7.3	6.9
EVA (RMm)	37	77	101	81	78	88	85

Source: www.clsa.com



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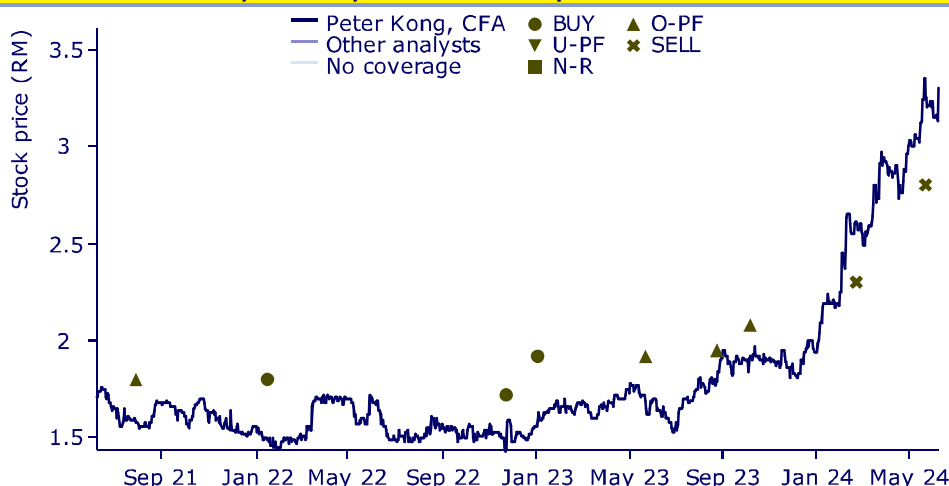
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Date	Rec	Target	Date	Rec	Target
21 May 2024	SELL	2.80	03 Jan 2023	BUY	1.92
21 Feb 2024	SELL	2.30	23 Nov 2022	BUY	1.72
06 Oct 2023	O-PF	2.08	17 Jan 2022	BUY	1.80
24 Aug 2023	O-PF	1.95	30 Jul 2021	O-PF	1.80
23 May 2023	O-PF	1.92			

Source: CLSA

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