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Malaysia Infrastructure

Reuters SCOG.KL
Bloomberg SCGB MK

Priced on 20 February 2024
KLSE Comp @ 1,555.6

12M hi/lo RM2.65/1.54

12M price target RM2.30
±% potential -12%

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

Market cap US\$703m

3M ADV US\$0.8m

Foreign s'holding 1.0%

Major shareholders

Sunway Berhad 54.4%
Sungei Way Corp Sdn Bhd 10.1%

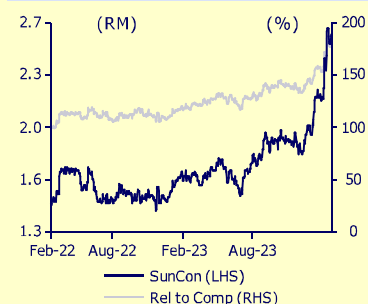
Blended ESG Score (%)*

Overall 66.6
Country average 56.7
GEM sector average 61.0

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

Stock performance (%)

	1M	3M	12M
Absolute	19.2	35.9	61.1
Relative	13.9	27.3	52.6
Abs (US\$)	17.5	32.9	49.2



Source: Bloomberg

Strong end, good run

Prospects remain strong but downgrade on sharp price run-up

Typically strong final-quarter revenue in 2023 lifted core FY23 Patmi to RM150 m (+4% YoY), a mild beat at 106% of our forecast. SunCon has grown its credentials as a data centre proxy. Stronger RM3bn order book guidance is reflected in our revised TP of RM2.30 (from RM2.08). However, we think risk-reward is no longer attractive after a 31% YTD run-up and downgrade to SELL from Outperform. Dividend payout ratio for FY23 was 53%, unchanged YoY.

Strong end for construction, decent Malaysia margins

Construction segment revenue was a record RM789m in 4Q23 from acceleration in in-house jobs and the energy segment. This propelled FY23 segment revenue up 21% YoY. We are encouraged to see Malaysia pre-tax margin at 8.7% for 2023. India segment pre-tax margin was strong at 25% in 4Q23 but flattered by one-off other income equivalent to cRM22mn o a settlement agreement ([news](#)).

Improved pre-cast margin amid still-rising revenue

Continued quarterly rise of pre-cast segment revenue reflects more than operating leverage, given some reversal of past provision. We think it was helped by currency effect, although we note the continued rise in pre-tax margin to 9.0% for 4Q23.

More optimistic about job wins in FY24

SunCon beat our expectation by recording RM2.5bn of awards for FY23 (of which RM606mn was internal). SunCon plans to top its 2023 haul, eyeing RM3bn of wins for 2024 to add to its outstanding order book of RM5.3bn. This is backed by its data centre pipeline as SunCon has a track record in this area, having announced a second client, K2 Data Centres. Data centres and industrial buildings account for a substantial part of its tender book (excluding MRT3 projects and Vietnam power plant), now at RM26.2 bn. We pencil in RM3bn for FY24 (from RM2.4bn), half from data centres, with a pre-tax margin of 8% (some pickup expected in India margin from mid-single-digit). This explains +6/11% forecast change for FY24CL/25CL.

Downgrade is due to price action

The share price (+31% YTD) hit a high since listing, which was a surprise. We think investors see Sunway as a data centre proxy, aside from general sentiment (KLCON: +11% YTD). We life our TP to RM2.30 (from RM2.08), pegged to unchanged PE multiple of 14x of FY25CL earnings, reflecting modest progress in its largest project and average visibility from internal jobs. Catalysts could be Vietnam power plant job and success in MRT3 main packages better than our expectation.

Financials

Year to 31 December	22A	23A	24CL	25CL	26CL
Revenue (RMm)	2,155	2,671	3,060	3,128	3,217
Rev forecast change (%)	-	-	6.0	12.7	-
Net profit (RMm)	142	147	189	208	212
NP forecast change (%)	-	-	6.2	10.7	-
EPS (sen)	11.0	11.3	14.6	16.1	16.4
CL/consensus (13) (EPS%)	-	-	115	115	-
EPS growth (% YoY)	26.4	3.0	28.6	10.3	1.7
PE (x)	23.7	23.0	17.9	16.2	15.9
Dividend yield (%)	2.1	2.3	3.1	3.3	3.4
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

Downgrade recommendation

Click to rate this research



Financials at a glance

Year to 31 December	2022A	2023A	2024CL	(% YoY)	2025CL	2026CL
Profit & Loss (RMm)						
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)
Gross Profit (ex-D&A)	210	245	303	23.7	327	332
SG&A and other expenses	-	0	-		-	-
Op Ebitda	210	245	303	23.7	327	332
Depreciation/amortisation	(24)	(21)	(50)		(53)	(56)
Op Ebit	187	224	254	13.2	274	276
Net interest inc/(exp)	(4)	(21)	(27)		(28)	(26)
Other non-Op items	2	(14)	13		13	14
Profit before tax	184	189	239	26.8	260	264
Taxation	(45)	(43)	(48)		(52)	(53)
Profit after tax	139	146	191	31.2	208	212
Minority interest	4	1	(3)		0	0
Net profit	142	147	189	28.6	208	212
Adjusted profit	142	147	189	28.6	208	212
Cashflow (RMm)						
Operating profit	187	224	254	13.2	274	276
Depreciation/amortisation	24	21	50	136.5	53	56
Working capital changes	(382)	(498)	(79)		(18)	(10)
Other items	(68)	(79)	(87)		(93)	(94)
Net operating cashflow	(240)	(332)	137		216	227
Capital expenditure	(112)	(45)	(70)		(50)	(50)
Free cashflow	(352)	(377)	67		166	177
M&A/Others	29	26	12	(55.5)	13	16
Net investing cashflow	(83)	(18)	(58)		(37)	(34)
Increase in loans	233	420	50	(88.1)	50	-
Dividends	(90)	(71)	(105)		(110)	(116)
Net equity raised/other	0	-	-		0	0
Net financing cashflow	143	349	(55)		(60)	(116)
Incr/(decr) in net cash	(180)	(2)	24		119	77
Exch rate movements	(24)	(20)	35		(28)	65
Balance sheet (RMm)						
2022A	2023A	2024CL	(% YoY)	2025CL	2026CL	
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
Total assets	2,236	3,083	3,415	10.8	3,544	3,695
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
Total liabs & equity	2,236	3,083	3,415	10.8	3,544	3,695
Ratio analysis						
2022A	2023A	2024CL	(% YoY)	2025CL	2026CL	
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

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



Strong end, good run

Figure 1

Financials

RM mil	4Q 2023		3Q 2023		2Q 2023		1Q 2023		FYE 2023		4Q 2022		3Q 2022		2Q 2022		1Q 2022		FYE 2022	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
Revenue	871.5	673.5	604.1	522.1	2,671.2	503.4	469.3	557.9	624.7	2,155.2	503.4	469.3	557.9	624.7	2,155.2	503.4	469.3	557.9	624.7	2,155.2
PBT	60.7	48.1	42.3	37.5	188.6	56.3	37.6	43.0	47.2	184.1	56.3	37.6	43.0	47.2	184.1	56.3	37.6	43.0	47.2	184.1
PBT %	7.0%	7.1%	7.0%	7.2%	7.1%	11.2%	8.0%	7.7%	7.6%	8.5%	11.2%	8.0%	7.7%	7.6%	8.5%	11.2%	8.0%	7.7%	7.6%	8.5%
PATMI	49.3	35.0	33.0	27.8	145.1	45.6	22.7	32.3	34.5	135.2	45.6	22.7	32.3	34.5	135.2	45.6	22.7	32.3	34.5	135.2
PATMI %	5.7%	5.2%	5.5%	5.3%	5.4%	9.1%	4.8%	5.8%	5.5%	6.3%	9.1%	4.8%	5.8%	5.5%	6.3%	9.1%	4.8%	5.8%	5.5%	6.3%
EPS* (sen)	3.82	2.72	2.56	2.16	11.25	3.54	1.76	2.51	2.68	10.48	3.54	1.76	2.51	2.68	10.48	3.54	1.76	2.51	2.68	10.48

* Based on weighted average number of shares

RM mil	4Q 2023		3Q 2023		2Q 2023		1Q 2023		FYE 2023		4Q 2022		3Q 2022		2Q 2022		1Q 2022		FYE 2022	
	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI
Profit as Announced	60.7	49.3	48.1	35.0	42.3	33.0	37.5	27.8	188.6	145.1	56.3	45.6	37.6	22.7	43.0	32.3	47.2	34.5	184.1	135.2
Special Items:																				
Disposal (gain)/loss	0.0	0.0	(0.4)	(0.4)	-	-	(1.6)	(1.6)	(1.9)	(1.9)	(0.2)	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.7)	(0.7)
Impairment (reversal)/prov	23.3	23.3	2.8	2.8	0.2	0.2	1.0	1.0	27.3	27.3	0.6	0.6	4.4	4.4	6.3	6.3	0.6	0.6	11.9	11.9
Write off (gain)/loss	-	-	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	-	-	0.1	0.1
Foreign exchange (gain)/loss	1.6	1.6	0.9	0.9	(0.6)	(0.6)	(0.2)	(0.2)	1.7	1.7	(0.9)	(0.9)	(0.9)	(0.9)	(0.3)	(0.3)	0.1	0.1	(2.1)	(2.1)
Fair value (gain)/loss*	0.4	0.4	(0.0)	(0.0)	(0.2)	(0.2)	(0.7)	(0.7)	(0.5)	(0.5)	0.4	0.4	0.0	0.0	(0.5)	(0.5)	-	-	(0.0)	(0.0)
Accretion of financial (assets)/liabilities	(0.6)	(0.6)	(0.4)	(0.4)	(0.1)	(0.1)	(0.4)	(0.4)	(1.5)	(1.5)	0.5	0.5	(1.3)	(1.3)	0.0	0.0	0.5	0.5	(0.4)	(0.4)
Profit (Net of Special Items)	85.4	74.0	51.0	37.9	41.6	32.3	35.6	25.9	213.7	170.2	56.7	46.0	39.7	24.8	48.3	37.6	48.2	35.5	192.9	144.0

*FV (gain)/loss inclusive hedging and retention FV

Source: CLSA, SunCon

Figure 2

Valuation

PE method of valuation	Current
Earnings (25CL)	208.00
Multiple applied	14
(a) Total for construction + precast	2,912
(b) Solar	64
(c) Total	2,976
Number of shares (unit million)	1,293
Value per share/TP (RM)	2.30 (from RM2.08)

Source: CLSA

Figure 3

Summary of estimate changes

		2022	2023	24CL	25CL	26CL
Revenue (RMm)	Revised	2,155	2,671	3,060	3,128	3,217
	Previous	2,155	2,562	2,888	2,776	na
	Change	0.0%	4.3%	6.0%	12.7%	na
Net profit(RMm)	Revised	142	145	189	208	212
	Previous	142	142	178	188	na
	Change	0.0%	2.2%	5.9%	10.6%	na

Source: CLSA X

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 14.0x 24CL earnings, one standard deviation above the 10-year mean PE for the KL Construction index. 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 job 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 avail 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
Growth (%)							
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
Margins (%)							
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
Returns (%)							
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
Other key ratios (%)							
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



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
Current assets	1,742	1,612	1,637	2,239	2,550	2,683	2,786
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
Total assets	1,906	1,864	2,236	3,083	3,415	3,544	3,695
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
Current liabilities	1,195	992	1,103	1,702	1,871	1,894	1,938
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)
Total liabilities	1,267	1,147	1,415	2,191	2,433	2,465	2,520
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)
Shareholder funds	637	699	737	820	907	1,005	1,100
Minorities/other equity	2	18	84	72	75	75	75
Total equity	639	717	821	892	981	1,080	1,175
Total liabs & equity	1,906	1,864	2,236	3,083	3,415	3,544	3,695
Total debt	301	238	481	926	976	1,026	1,026
Net debt	(339)	(458)	(11)	456	446	404	355
Adjusted EV	2,987	2,807	3,223	3,648	3,641	3,600	3,550
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
Key ratios							
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
Gearing							
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)
Working capital analysis							
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
Capital employed analysis							
Sales/Capital employed (%)	518.5	668.0	266.1	198.2	214.4	210.8	210.3
EV/Capital employed (%)	997.5	1,084.3	398.0	270.7	255.1	242.5	232.1
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
Other ratios (%)							
PB (x)	5.3	4.8	4.6	4.1	3.7	3.4	3.1
EV/Ebitda (x)	24.1	17.2	15.3	14.9	12.0	11.0	10.7
EV/OCF (x)	41.3	12.9	(13.4)	(11.0)	26.5	16.7	15.6
EV/FCF (x)	41.3	15.3	(9.2)	(9.7)	53.9	21.7	20.0
EV/Sales (x)	1.9	1.6	1.5	1.4	1.2	1.2	1.1
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
Net operating cashflow	72	218	(240)	(332)	137	216	227
Capital expenditure	0	(35)	(112)	(45)	(70)	(50)	(50)
Free cashflow	72	183	(352)	(377)	67	166	177
Acq/inv/disposals	-	(53)	-	-	-	-	-
Int, invt & associate div	17	34	29	26	12	13	16
Net investing cashflow	17	(54)	(83)	(18)	(58)	(37)	(34)
Increase in loans	(85)	(71)	233	420	50	50	-
Dividends	(62)	(52)	(90)	(71)	(105)	(110)	(116)
Net equity raised/others	-	-	0	-	-	0	0
Net financing cashflow	(147)	(122)	143	349	(55)	(60)	(116)
Incr/(decr) in net cash	(58)	42	(180)	(2)	24	119	77
Exch rate movements	4	14	(24)	(20)	35	(28)	65
Opening cash	693	640	696	492	470	530	530
Closing cash	640	696	492	470	530	621	671
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
Growth (%)							
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
Other key ratios (%)							
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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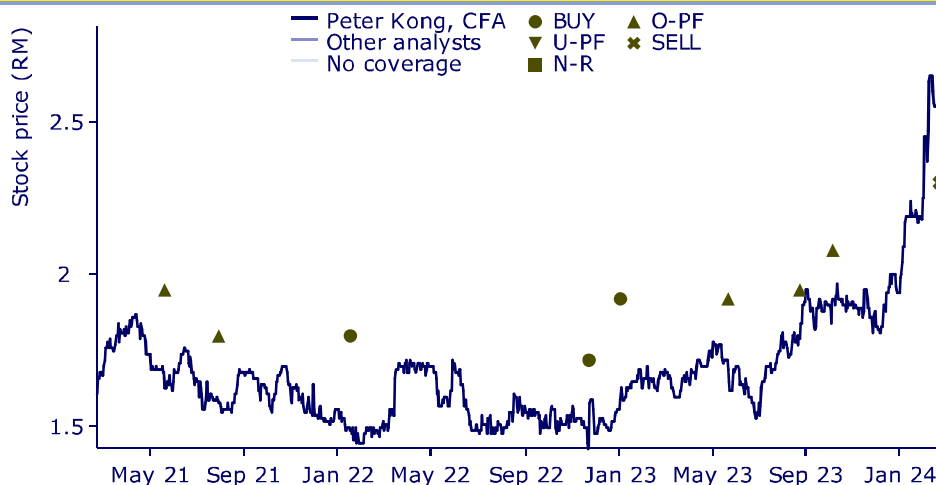
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Date	Rec	Target	Date	Rec	Target
LATEST	SELL	2.30	23 Nov 2022	BUY	1.72
06 Oct 2023	O-PF	2.08	17 Jan 2022	BUY	1.80
24 Aug 2023	O-PF	1.95	30 Jul 2021	O-PF	1.80
23 May 2023	O-PF	1.92	21 May 2021	O-PF	1.95
03 Jan 2023	BUY	1.92			

Source: CLSA

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