

Malaysia

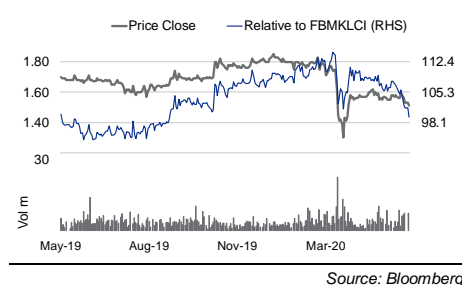
HOLD (no change)

Consensus ratings*: Buy 7 Hold 4 Sell 0

Current price:	RM1.51
Target price:	RM1.56
Previous target:	RM1.83
Up/downside:	3.6%
CGS-CIMB / Consensus:	-11.2%
Reuters:	SWAY.KL
Bloomberg:	SWB MK
Market cap:	US\$1,702m
	RM7,401m
Average daily turnover:	US\$1.56m
	RM6.74m
Current shares o/s:	4,852m
Free float:	36.5%
*Source: Bloomberg	

Key changes in this note

- FY20-22F EPS slashed by 32-38% and DPS by 35-39% due to 1) weaker revenue/billings to capture the impact of Covid-19, 2) lower EBITDA margin of 10-11% from 12-13% previously, and 3) higher effective tax rates.



Price performance	1M	3M	12M
Absolute (%)	-2.6	-15.7	-10.1
Relative (%)	-8.6	-12.1	-0.7

Major shareholders	% held
Tan Sri Dato' Seri Dr. Jeffrey Cheah	58.3
EPF	5.2

Analyst(s)



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Sunway Bhd

Pandemic impact overshadows 1Q20

- 1Q20 results were below expectations; core net profit plunged 43% yoy as Covid-19 and MCO hit key divisions.
- We flag weaker earnings in 2Q20F (qoq & yoy) given the longer disruption to operations due to the extended MCO. FY20-22F EPS slashed by 32-38%.
- Potential overhang on share price from a weak FY20F earnings outlook could be offset by revival of construction newsflow in 2H20F.
- Maintain Hold with a lower TP (30% RNAV discount, from 20% before).

1Q20 results below expectations; core net profit fell 43% yoy

1Q20 results reflect only a 2-week impact of the Movement Control Order (MCO) which weighed on the performance key of divisions, namely construction, property investment (hospitality and leisure), and trading & manufacturing. The full brunt of the extended MCO -- weak billings for construction due to the stop-work order, and subdued hotel occupancy rates and revenue loss for retail assets (REIT) -- would be more pronounced in 2Q20F. 1Q20 core net profit fell 43% yoy, and was below expectations at 11% of both our and Bloomberg consensus full-year forecasts. 1Q20 revenue (-13.5% yoy) was only at 17% of our full-year estimate, with higher sales and billings supporting property development's revenue growth. Effective tax rate was 16.2%, higher than our forecast of 12.2%.

Segmental impact of Covid-19 and MCO

Property investment and construction recorded the biggest drop in revenue in 1Q20, with a 32-37% yoy decline on the back of the stop-work order and weaker retail/hotel revenue. Trading/manufacturing and others saw a 12-23% yoy fall in revenue due to weaker domestic and overseas sales, and a slump in building material demand. These were partially mitigated by new revenue stream for its quarry division (+68% yoy) from the acquisition of Blacktop, addition of Sunway Medical Centre Velocity (SMCV, despite RM11.9m start-up losses) in its healthcare segment (+18% yoy), and the 58% yoy growth in property development revenue due to higher sales, billings and project handovers. Healthcare was the only division that slipped into a pretax loss in 1Q20 (RM4.5m); property development and quarry were the only two divisions reporting growth in pretax profit (up 19-76% yoy).

FY20-22F EPS cut by 32-38%; reiterate Hold with a lower TP

We cut FY20-22F EPS by 32-38% to reflect 1) weaker revenue/billings to capture the impact of Covid-19 and the extended MCO, 2) lower EBITDA margin forecast of 10-11% vs. 12-13% previously, and 3) higher effective tax rate. We raise RNAV discount from 20% to 30% to capture the medium-term earnings risks; this cuts TP by 15% (27 sen) to RM1.56. Maintain Hold as the potential overhang on its share price from a weak FY20F earnings outlook could be offset by a revival of construction newsflow in 2H20F. Upside risks: recovery of rail prospects for Sunway Construction, and stronger property sales. Downside risk: Weaker-than-anticipated 2Q20F performance.

Financial Summary

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (RMm)	5,410	4,780	4,330	4,526	4,735
Operating EBITDA (RMm)	327.0	363.5	434.1	474.7	521.0
Net Profit (RMm)	659.0	766.6	439.5	488.6	491.8
Core EPS (RM)	0.12	0.16	0.09	0.10	0.10
Core EPS Growth	(8.9%)	31.6%	(42.7%)	11.2%	0.7%
FD Core P/E (x)	14.21	10.80	18.84	16.94	16.83
DPS (RM)	0.071	0.091	0.042	0.043	0.044
Dividend Yield	4.72%	6.03%	2.78%	2.83%	2.88%
EV/EBITDA (x)	30.08	26.52	19.87	17.45	15.25
P/FCFE (x)	NA	318.9	18.5	27.9	26.3
Net Gearing	43.7%	37.4%	37.4%	34.1%	31.2%
P/BV (x)	0.86	0.77	0.80	0.75	0.71
ROE	7.14%	8.51%	4.70%	5.17%	4.92%
% Change In Core EPS Estimates			(37.5%)	(32.4%)	(36.3%)
CGS-CIMB/Consensus EPS (x)			0.64	0.66	0.62

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Results comparison

FYE Dec (RM m)	1QFY20	1QFY19	yoy % chg	4QFY19	qoq % chg	Prev. FY20F	Comments
Revenue	971.4	1,123.6	(13.5)	1,353.2	(28.2)	5,727.6	23-32% yoy drop in property investment, construction and trading & manufacturing
Operating costs	(926.7)	(1,005.8)	(7.9)	(1,282.7)	(27.8)	(5,024.0)	
EBIT	44.7	117.8	(62.0)	70.5	(36.5)	567.5	
EBIT margin (%)	4.6	10.5	(56.1)	5.2	(11.6)	9.9	
Interest expense	(59.1)	(60.9)	(3.0)	(39.8)	48.7	(114.7)	Total borrowings of RM10.3bn at end-Mar
Interest & invt inc	83.6	78.7	6.2	104.9	(20.3)	104.0	Cash stood at RM5.9bn
Associates' contrib	38.6	41.7	(7.4)	89.3	(56.7)	301.6	
Exceptionals	-	-	nm	35.5	>100	-	
Pretax profit	107.8	177.3	(39.2)	260.4	(58.6)	967.9	Healthcare segment slipped into pretax loss
Tax	(17.5)	(25.3)	(30.8)	(41.3)	(57.6)	(118.1)	of RM4.5m in 1Q20
Tax rate (%)	16.2	14.3	13.7	15.9	2.4	12.2	Excludes tax payable for associates and JV
Minority interests	(12.0)	(15.5)	(22.7)	(18.8)	(36.0)	-	
Net profit	78.3	136.4	(42.6)	200.3	(60.9)	702.8	
Core net profit	78.3	136.4	(42.6)	164.8	(52.5)	702.8	1Q20 core net profit made up 11% of
EPS (sen)	1.4	2.7	(50.0)	3.8	(64.4)	14.5	ours and consensus full-year
Core EPS (sen)	1.4	2.7	(50.0)	3.1	(56.7)	14.5	forecasts

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Sunway Berhad: changes in assumptions

	Previous			Revised			% chg		
	FY20F	FY21F	FY22	FY20F	FY21F	FY22	FY20F	FY21F	FY22
	(RM m)	(RM m)	(RM m)	(RM m)	(RM m)	(RM m)	(%)	(%)	(%)
Revenue	5,727.6	5,981.5	6,244.2	4,330.0	4,526.4	4,734.8	-24.4%	-24.3%	-24.2%
Operating cost	(5,024.0)	(5,264.0)	(5,434.0)	(3,895.9)	(4,051.8)	(4,213.8)	-22.5%	-23.0%	-22.5%
EBITDA	703.7	717.5	810.2	434.1	474.7	521.0	-38.3%	-33.8%	-35.7%
Effective tax rate (%)	12.2%	12.3%	12.1%	16.3%	15.8%	16.2%	4.1%	3.4%	4.0%
Net profit	702.8	722.6	772.4	439.5	488.6	491.8	-37.5%	-32.4%	-36.3%
DPS (sen)	6.5	7.0	7.0	4.2	4.3	4.4	-35.4%	-38.9%	-37.8%
Dividend yield	4.3%	4.6%	4.6%	2.8%	2.8%	2.9%	-1.5%	-1.8%	-1.8%
EBITDA margin	12.3%	12.0%	13.0%	10.0%	10.5%	11.0%	-2.3%	-1.5%	-2.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: 1Q20 key indicators

Property sales	: RM581m (effective sales: RM522m)
Property unbilled sales	: RM3.2bn (effective unbilled sales: RM2.6bn)
Construction outstanding order book	: RM5.4bn
YTD order book replenishment	: RM688m
Construction tender book	: RM7.3bn (overseas: >50%)
Targeted new order book (FY20F)	: RM2bn

SOURCES: COMPANY REPORTS

Renounceable rights issue of ICPS (1-for-5) ➤

Sunway proposed a renounceable rights issue of up to 1.1bn of new Irredeemable Convertible Preference Shares (ICPS) at an issue price of RM1. The issuance is on the basis of one ICPS for every five ordinary shares (1-for-5).

- Rationale: to raise between RM980.3m to RM1.1bn for the repayment of borrowings, capital expenditure to expand and develop hospitals and property development and property investment expenditure.
- No immediate dilution to EPS until the mandatory conversion of ICPS into new Sunway shares (50% conversion of ICPS on the 4th year or in 2024, balance 50% to be converted at maturity (ICPS tenure: 5 years)
- Under the maximum scenario: net gearing would fall from 0.36x at end-FY19 to 0.27x, no. of Sunway shares to increase by 36% to 6,676m shares.

Figure 4: Details of ICPS

Issue size	: Up to 1,112,777,962 ICPS (1-for-5)
Issue price	: RM1/ICPS
Tenure	: 5 years
Dividend rate	: 5.25%
Conversion of ICPS	: 50% of ICPS to be madatorily converted into new shares at year 4 Balance 50% of ICPS to be converted at maturity date
Conversion price	: RM1

SOURCES: ICPS ANNOUNCEMENT, COMPANY REPORTS

Figure 5: Utilisation of proceeds

	Minimum scenario		Maximum scenario	
	(RM m)	% of total	(RM m)	% of total
Repayment of borrowings	600.0	61%	732.5	66%
Capex for development and expansion of hospitals	200.0	20%	200.0	18%
Property development and property investment expenditure	179.2	18%	179.2	16%
Defray estimated expenses for ICPS proposal	1.1	0%	1.1	0%
Total	980.3	100%	1,112.8	100%
<i>Estimated interest savings of RM22.4m to RM27.4m p.a.</i>				
<i>Net gearing to fall from 0.36x at end-FY19 to 0.27x (max scenario)</i>				
<i>No. of Sunway shares to increase 36% to 6.7bn shares (max scenario)</i>				
<i>Outstanding warrants (2017/2024) at end-Mar: 629.9m</i>				
<i>Strike price of warrants: RM1.72 (out-of-the-money)</i>				

SOURCES: ICPS ANNOUNCEMENT, COMPANY REPORTS

Figure 6: Segmental breakdown 1Q20

	1QFY20	1QFY19	yoy Comments
Revenue	RM m	RM m	
Property development	139.2	87.9	58% Higher sales, billings and handover of local development projects
Property investment	134.3	196.7	-32% Covid-19 and MCO impacted hospitality and leisure assets
Construction	218.0	346.2	-37% Stop work order during MCO phase 1 impacted billings
Trading & Manufacturing	194.2	251.3	-23% Weaker domestic and overseas sales due to Covid-19
Quarry	74.1	44.2	68% New revenue from Blacktop acquisition
Healthcare	149.2	126.8	18% New revenue from Sunway Medical Centre Velocity (SMCV)
Investment holdings & others	62.4	70.5	-12% Stop work order during MCO phase 1 impacted building materials segment
Total	971.4	1,123.6	-14%

	1QFY20	1QFY19	yoy
Pretax profit	RM m	RM m	
Property development	39.1	32.8	19% Higher sales, billings and handover of local development projects
Property investment	32.0	57.4	-44% Also absence of rental income from Sunway University post-disposal
Construction	22.6	39.9	-43% Stop work order during MCO phase 1 impacted billings
Trading & Manufacturing	0.5	6.6	-92% Weaker domestic and overseas sales due to Covid-19
Quarry	3.1	1.7	76% Boosted by new earnings stream from acquisition
Healthcare	(4.5)	15.4	-129% Drop in admissions and outpatient treatments. SMCV: RM11.9m losses
Investment holdings & others	15.0	23.4	-36% Stop work order during MCO phase 1 impacted building materials segment
Total	107.8	177.3	-39%

	1QFY20	1QFY19	yoy
Pretax margin	RM m	RM m	%-pts
Property development	28%	37%	-9% Mainly driven by local development projects
Property investment	24%	29%	-5% Margins to likely to be lower in 2Q20 due to extended MCO
Construction	10%	12%	-1% Margins to likely to be lower in 2Q20 due to extended MCO
Trading & Manufacturing	0%	3%	-2% Weaker prices due to weak overall demand
Quarry	4%	4%	0% Likely to maintain at these levels in FY20F
Healthcare	-3%	12%	-15% Potential wider losses in 2Q20 on full impact of the MCO
Investment holdings & others	24%	33%	-9% Lumpy contributions
Total	11%	16%	-5%

	1QFY20	1QFY19	yoy
% of revenue	RM m	RM m	%-pts
Property development	14%	8%	7%
Property investment	14%	18%	-4%
Construction	22%	31%	-8%
Trading & Manufacturing	20%	22%	-2%
Quarry	8%	4%	4%
Healthcare	15%	11%	4%
Investment holdings	6%	6%	0%
Total	100%	100%	

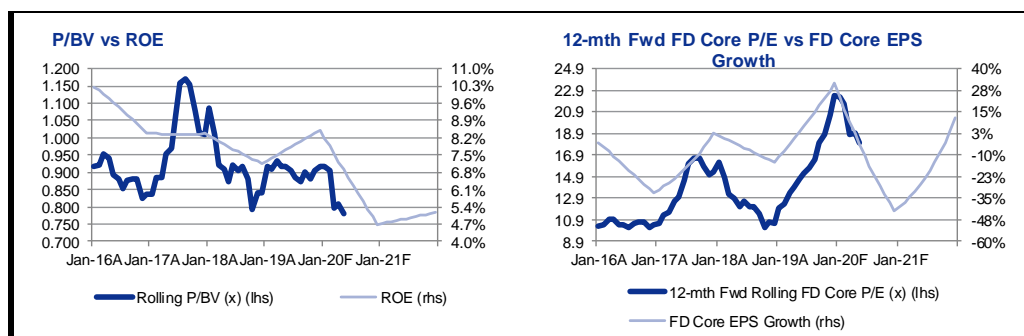
	1QFY20	1QFY19	yoy
% of pretax profit	RM m	RM m	%-pts
Property development	36%	19%	18%
Property investment	30%	32%	-3%
Construction	21%	23%	-2%
Trading & Manufacturing	0%	4%	-3%
Quarry	3%	1%	2%
Healthcare	-4%	9%	-13%
Investment holdings	14%	13%	1%
Total	100%	100%	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: RNAV

Type	Location	Size/units	Area (sq ft)	Price	Stake	Value
Completed buildings						
Sunway Lagoon Theme Park	Petaling, Selangor	59.9 ac	728,326	200.0	100%	145.7
Sunway Hotel Georgetown	Penang	240.0 units	0	150,000.0	100%	36.0
Monash University Sunway Campus	Petaling, Selangor	12.0 ac	754,000	220.0	100%	165.9
Sunway University College	Petaling, Selangor	12.4 ac	615,983	220.0	100%	135.5
Sunway Giza	Sunway Damansara, Selangor	1.4 ac	98,000	500.0	60%	29.4
Lost World of Tambun	Tambun, Perak	39.8 ac	728,326	80.0	65%	37.9
Sunway Hotel Phnom Penh	Phnom Penh, Cambodia	138.0 units	125,313	300,000.0	53%	21.7
Sunway Hotel Hanoi	Hanoi, Vietnam	142.0 units	9,365	300,000.0	100%	42.6
On going developments						
Sunway City Penang	Seberang Perai, Penang	15.8 ac	210,394.8	100.0	100%	21.0
Sunway Grand	Penang	3.8 ac	768,767.9	100.0	100%	76.9
Sg. Ara - new land	Penang	68.3 ac	3,484,800.0	13.0	100%	45.3
Bukit Mertajam - new land	Penang	17.8 ac	7,729,724.0	12.0	100%	92.8
Sunway Damansara	Petaling, Selangor	18.2 ac	1,048,489.2	120.0	60%	75.5
Sunway City Ipoh	Ipoh, Perak	899.2 ac	32,666,515.2	3.0	65%	63.7
Sunway Velocity	Kuala Lumpur	19.5 ac	984,456.0	150.0	50%	73.8
Sunway Tower KL 1	Kuala Lumpur	1.0 ac	43,560.0	1,000.0	100%	43.6
Sunway Kayangan	Bukit Raja, Selangor	5.4 ac	367,646.4	40.0	100%	14.7
Sunway Integrated Resort	Petaling, Selangor	18.5 ac	845,064.0	100.0	100%	84.5
Sunway Semenyih	Ulu Langat, Selangor	398.1 ac	17,341,671.6	5.0	100%	86.7
Sunway Cheras	Selangor	6.9 ac	301,870.8	25.0	100%	7.5
Sunway South Quay	Bandar Sunway, Selangor	52.4 ac	2,517,768.0	1,000.0	100%	2517.8
Casa Kiara III	Sri Hartamas, KL	2.8 ac	130,680.0	180.0	80%	18.8
Sunway Duta	Kuala Lumpur	3.2 ac	136,342.8	350.0	60%	28.6
Sunway Melawati	Setapak, KL	30.6 ac	1,427,896.8	35.0	100%	50.0
Sunway Alam Suria	Shah Alam, Selangor	14.1 ac	1,045,440.0	40.0	50%	20.9
Sunway OPUS Grand India	Hyderabad, India	23.8 ac	1,524,600.0	20.0	50%	15.2
Sunway MAK Signature Residence	Hyderabad, India	14.0 ac	609,840.0	20.0	60%	7.3
Sunway Guanghao	Jiayin, China	3.7 ac	740,520.0	80.0	39%	23.1
Tianjin Eco City	Tianjin, China	90.9 ac	3,789,720.0	90.0	65%	221.7
Wonderland Business Park	Sydney, Australia	65.5 ac	3,971,800.8	95.0	31%	117.0
Bukit Lenang - new land	Johor	64.0 ac	2,787,840.0	40.0	80%	89.2
Taman Equine	Selangor	33.0 ac	1,437,480.0	20.0	100%	28.7
Bangi	Selangor	3.0 ac	130,680.0	10.0	100%	1.3
Sg. Long	Balakong	111.0 ac	4,835,160.0	25.0	80%	96.7
Mont Putra	Selangor	163.0 ac	7,100,280.0	25.0	100%	177.5
Melawati 2	Selangor	2.0 ac	87,120.0	20.0	100%	1.7
Tampines	Singapore	5.0 ac	217,800.0	750.0	30%	49.0
Sembawang	Singapore	0.8 ac	34,848.0	975.0	100%	34.0
Yuan Ching Road	Singapore	5.0 ac	217,800.0	750.0	30%	49.0
Pasir Ris Rise	Singapore	4.3 ac	187,308.0	780.0	30%	43.8
Medini land	Iskandar	625.0 ac	27,225,000.0	80.0	38%	827.6
Pendas land	Iskandar	1,079.2 ac	47,009,952.0	80.0	60%	2256.5
New Land Novena	Singapore	1.7 ac	71,874.0	500.0	30%	10.8
Penang Land	Penang	156.5 ac	6,815,397.6	290.0	100%	1976.5
New land - Kelana Jaya	Petaling Jaya	17.0 ac	739,039.0	54.0	100%	39.9
New land - Anchorvale Lane	Singapore	5.2 ac	226,076.4	750.0	30%	50.9
New Land - Jalan Peel	Cheras	8.5 ac	368,082.0	200.0	100%	73.6
New land - Jalan Belfield	KL	4.5 ac	196,891.2	836.2	100%	164.6
New land - Subang USJ	Petaling Jaya	14.8 ac	644,557.3	260.0	100%	167.6
New land - Kajang	Selangor	5.3 ac	229,840.0	274.0	100%	63.0
New land - Tampines	Singapore	6.2 ac	268,329.6	800.0	65%	139.5
Total value of properties						10,662.6
		Market cap	Stake			
		Rm m				
Sunway REIT		4,683.0	37%			1,718.7
		RM m	Stake	P/E		
Sunway Construction (market value)		2,521.0	54%			1,371.4
Quarry & Trading		70.8	100%	12.0		849.5
Property investments (1Q20)						2,352.9
Associates and JCE's (1Q20)						3,786.6
Net current assets less prop. dev cost						749.6
Total borrowings (1Q20)						(10,264.5)
Total RNAV						11,226.8
FD no. of shares (m)						5,548.26
FD RNAV (RM)						12,398.56
RNAV/share (RM)						2.23
Discount to RNAV						30%
Target price (RM)						1.56

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS

Profit & Loss

(RMm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	5,410	4,780	4,330	4,526	4,735
Gross Profit	5,410	4,780	4,330	4,526	4,735
Operating EBITDA	327	364	434	475	521
Depreciation And Amortisation	(143)	(235)	(136)	(143)	(150)
Operating EBIT	184	128	298	332	371
Financial Income/(Expense)	(38)	88	(8)	17	(11)
Pretax Income/(Loss) from Assoc.	229	261	302	308	314
Non-Operating Income/(Expense)	387	437	109	98	89
Profit Before Tax (pre-EI)	762	914	701	755	762
Exceptional Items	89	0	0	0	0
Pre-tax Profit	851	914	701	755	762
Taxation	(122)	(78)	(115)	(119)	(123)
Exceptional Income - post-tax					
Profit After Tax	729	836	586	636	639
Minority Interests	(70)	(69)	(147)	(147)	(147)
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	659	767	440	489	492
Recurring Net Profit	583	767	440	489	492
Fully Diluted Recurring Net Profit	583	767	440	489	492

Cash Flow

(RMm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	327.0	363.5	434.1	474.7	521.0
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(75.5)	(79.6)	130.6	(82.5)	(80.9)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	0.0	0.0	0.0	0.0	0.0
Net Interest (Paid)/Received	(214.6)	(233.4)	(114.7)	(108.7)	(153.4)
Tax Paid	(159.3)	(114.2)	(114.6)	(118.9)	(123.2)
Cashflow From Operations	(122.3)	(63.7)	335.4	164.5	163.5
Capex	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)
Disposals Of FAs/subsidiaries	255.0	261.2	267.6	274.2	281.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	1.0	0.0
Cash Flow From Investing	235.0	241.2	247.6	255.2	261.0
Debt Raised/(repaid)	(168.5)	(151.5)	(136.3)	(122.5)	(110.2)
Proceeds From Issue Of Shares	0.0	0.0	0.0	1.0	2.0
Shares Repurchased	0.0	0.0	0.0	0.0	0.0
Dividends Paid	(126.6)	(126.6)	(123.6)	(126.6)	(126.6)
Preferred Dividends					
Other Financing Cashflow	871.3	(335.6)	(382.0)	(229.8)	(247.4)
Cash Flow From Financing	576.2	(613.8)	(641.9)	(478.0)	(482.2)
Total Cash Generated	688.8	(436.3)	(58.9)	(58.3)	(57.7)
Free Cashflow To Equity	(55.8)	26.0	446.7	297.1	314.3
Free Cashflow To Firm	327.2	410.9	697.6	528.4	577.9

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(RMm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	5,199	5,891	5,832	5,774	5,716
Total Debtors	2,109	2,122	2,080	2,038	1,997
Inventories	1,858	2,101	625	653	683
Total Other Current Assets	556	157	159	160	162
Total Current Assets	9,721	10,271	8,695	8,625	8,558
Fixed Assets	2,259	2,753	2,815	2,878	2,941
Total Investments	5,343	6,072	6,993	7,240	7,492
Intangible Assets	332	331	331	331	331
Total Other Non-Current Assets	3,431	4,130	4,211	4,294	4,379
Total Non-current Assets	11,365	13,287	14,351	14,744	15,143
Short-term Debt	6,057	7,417	7,268	7,123	6,981
Current Portion of Long-Term Debt					
Total Creditors	2,423	2,653	2,600	2,548	2,497
Other Current Liabilities	239	137	137	137	137
Total Current Liabilities	8,720	10,207	10,006	9,809	9,615
Total Long-term Debt	2,841	2,154	2,111	2,068	2,027
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	277	1,023	1,023	1,023	1,023
Total Non-current Liabilities	3,118	3,177	3,134	3,092	3,050
Total Provisions	144	0	81	81	81
Total Liabilities	11,982	13,384	13,221	12,982	12,747
Shareholders' Equity	8,485	9,542	9,175	9,717	10,265
Minority Interests	620	631	650	670	690
Total Equity	9,105	10,173	9,825	10,387	10,955

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	0.7%	(11.6%)	(9.4%)	4.5%	4.6%
Operating EBITDA Growth	(37.9%)	11.2%	19.4%	9.3%	9.8%
Operating EBITDA Margin	6.0%	7.6%	10.0%	10.5%	11.0%
Net Cash Per Share (RM)	(0.82)	(0.78)	(0.76)	(0.73)	(0.70)
BVPS (RM)	1.75	1.97	1.89	2.00	2.12
Gross Interest Cover	0.86	0.55	2.60	3.05	2.42
Effective Tax Rate	14.3%	8.6%	16.3%	15.8%	16.2%
Net Dividend Payout Ratio	22.0%	16.4%	47.2%	43.2%	43.7%
Accounts Receivables Days	166.6	155.3	177.6	166.0	155.5
Inventory Days	N/A	N/A	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A	N/A	N/A
ROIC (%)	2.93%	1.63%	3.38%	4.43%	4.84%
ROCE (%)	2.02%	2.35%	2.06%	2.33%	2.57%
Return On Average Assets	3.28%	3.35%	2.55%	2.67%	2.76%

Key Drivers

(RMm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Outstanding Orderbook	3,100	3,100	3,100	3,100	3,100
Order Book Depletion	1,800	1,800	1,800	1,800	1,800
Orderbook Replenishment	1,800	1,800	1,800	1,800	1,800
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% ,2ndary prod/serv)	N/A	N/A	N/A	N/A	N/A
Util. rate (% , 2ndary prod/serv)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Score Range:	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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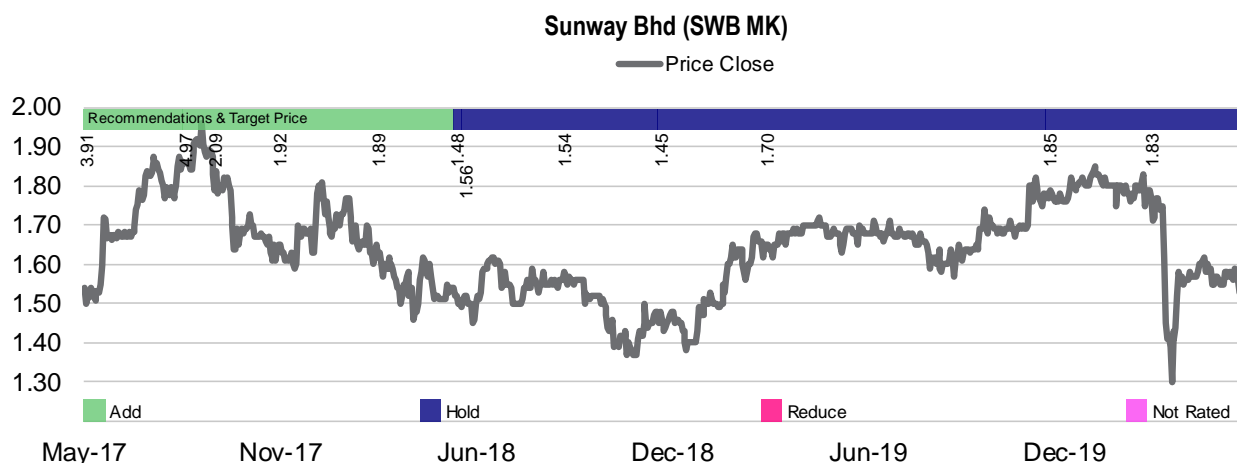
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2020		
811 companies under coverage for quarter ended on 31 March 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.8%	0.1%
Hold	27.6%	0.0%
Reduce	11.6%	0.0%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2019, Anti-Corruption 2019

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, n/a, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** – Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** – Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TNR** – Very Good, Certified, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI)

Recommendation Framework**Stock Ratings**

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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