

Malaysia

ADD (no change)

Consensus ratings*: Buy 16 Hold 5 Sell 1

Current price:	RM7.79
Target price:	RM10.00
Previous target:	RM9.20
Up/downside:	28.4%
CGS-CIMB / Consensus:	1.8%
Reuters:	TPGC.KL
Bloomberg:	TOPG MK
Market cap:	US\$15,324m
	RM63,397m
Average daily turnover:	US\$132.2m
	RM556.8m
Current shares o/s:	8,215m
Free float:	60.6%

*Source: Bloomberg

Key changes in this note

- FY21-22F EPS raised by 95-178%.
- We introduce our FY23F EPS estimates.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	4.2	48.9	387.8
Relative (%)	7.3	49.8	393.5

Major shareholders

	% held
Tan Sri Dato Sri Lim and family	29.4
Firstway United Corp.	5.1
EPF	4.9

Analyst(s)

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Top Glove Corporation

Record high profit thanks to Covid-19

- FY8/20 net profit of RM1.9bn (+403.8% yoy) came in above expectations.
- We expect TOPG to continue posting stronger quarterly earnings, driven by higher sales volumes from increased capacity and higher ASPs.
- Reiterate Add with a higher TP of RM10.00 (17x CY22 P/E).

Robust 4QFY8/20 results led to FY8/20 net profit beating estimates

4QFY8/20 core net profit came in at RM1.3bn (+1,513.9% yoy), bringing FY8/20 core net profit to RM1.9bn (+403.8% yoy). This was above expectations at 117% of our and 122% of Bloomberg consensus estimates. The earnings beat was due to: i) higher sales volume (+5% qoq), ii) significant increases in selling prices, and iii) better economies of scale. This led to 4QFY20 revenue and net profit rising qoq by 84.2% and 271%, respectively.

Key drivers behind record earnings in FY8/20

FY20 revenue rose 51% yoy to RM7.2bn, thanks to increases in both sales volume (+16.6% yoy) and average selling prices (ASPs, +27% yoy). This brought FY20 EBITDA margins to 35.5% (+21% pts yoy), which benefited from higher economies of scale, lower raw material prices and a turnaround in Aspion operations (FY20 net profit: RM126.6m, +1,141% yoy). Accordingly, FY20 net profit rose 403.8% yoy to RM1.9bn, despite a higher tax rate (+4% pts yoy). In 4QFY20, TOPG announced an interim dividend of 8.5sen/share, bringing FY20 dividend to 11.8sen/share, within expectations.

Even better results in FY21F from strong demand and higher ASPs

We continue to expect TOPG to record stronger results ahead, premised on strong global glove demand owing to Covid-19. This should lead to: i) further ASP hikes, ii) higher sales volume, and iii) better economies of scale. On the back of its strong order visibility (sales lead time for nitrile gloves [NBR] is 18 months; natural rubber gloves [NR] is 13.3 months; vinyl gloves is 8.3 months; and surgical gloves is 3.6 months).

Raising our FY21-22F EPS estimates to account for higher ASPs

Given the earnings beat in 4QFY8/20, we raise our FY21-22F EPS by 95-178%. This is to account for higher-than-expected ASPs, with more optimistic guidance provided during TOPG's FY20 results briefing call today. In our new forecast, we input a higher ASP hike in FY21 (+75% yoy), followed by a more gradual decline in FY22-23 ASPs (yoy decline of 22%-35%). This is given our view that the current strong global glove demand should sustain at least until end-CY21. We also introduce our FY23 EPS estimates.

Maintain Add, with TP raised to RM10.00 (17x CY22 P/E)

In tandem with our EPS hike, our TP is raised to RM10.00, based on 17x CY22 P/E as we roll over our valuation year. Despite its strong earnings prospects, we peg TOPG to its current 5-year mean as we acknowledge that FY21 could potentially be a one-off exceptional year. We continue to like TOPG, as it is the key beneficiary of higher glove demand owing to Covid-19 given its position as the world's largest glove maker.

Financial Summary

	Aug-19A	Aug-20A	Aug-21F	Aug-22F	Aug-23F
Revenue (RMm)	4,801	7,236	20,416	14,318	12,013
Operating EBITDA (RMm)	684	2,568	13,167	6,994	4,216
Net Profit (RMm)	365	1,867	10,378	5,295	3,116
Core EPS (RM)	0.04	0.23	1.26	0.64	0.38
Core EPS Growth	(16%)	412%	456%	(49%)	(41%)
FD Core P/E (x)	175.5	34.3	6.2	12.1	20.5
DPS (RM)	0.02	0.12	0.64	0.32	0.19
Dividend Yield	0.28%	1.51%	8.27%	4.11%	2.44%
EV/EBITDA (x)	96.85	25.17	4.76	8.57	13.88
P/FCFE (x)	NA	NA	9.06	11.90	21.26
Net Gearing	88.3%	(10.6%)	(23.1%)	(38.2%)	(43.6%)
P/BV (x)	25.23	12.83	6.35	5.02	4.48
ROE	15%	50%	138%	46%	23%
% Change In Core EPS Estimates			95%	178%	
CGS-CIMB/Consensus EPS (x)			2.20	2.79	0.93

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Results Comparison

FYE Aug (RM m)	4Q FY20	4Q FY19	yoy % chg	qoq % chg	4QFY20 Cum	4QFY19 Cum	yoy % chg	Prev. FY20F	Comments
Revenue	3,109	1,190	161.4	84.2	7,236	4,802	50.7	6,994.6	FY8/20: Revenue rose 50.7% yoy due to higher sales volume (+17% yoy) and significant increase in ASPs owing to higher Covid-19 led demand.
Operating costs	(1,427)	(1,041)	37.1	18.0	(4,669)	(4,105)	13.7	(4,760.0)	
EBITDA	1,682.2	149.0	1029.2	251.0	2,567.5	696.7	268.5	2,234.6	
EBITDA margin (%)	54.1	12.5	41.6	25.7	35.5	14.5	21.0	31.9	4QFY20: Higher EBITDA margin of 54.1% (+41.6% pts yoy) due to better economies of scale and lower raw material prices
Depn & amort.	(65.4)	(49.3)	32.6	10.5	(235.3)	(195.0)	20.6	(217.1)	
EBIT	1,616.8	99.6	1522.8	284.9	2,332.3	501.6	364.9	2,017.5	
Interest expense	(3.0)	(20.7)	(85.6)	(48.2)	(53.1)	(79.3)	(33.1)	(76.0)	Net cash position of RM2.3bn as at end-FY8/20
Interest & invt inc	10.9	2.8	285.0	10.6	23.6	10.1	134.3	10.1	
Associates' contrib	(1.1)	(0.6)	(>100)	(48)	(1.4)	(1.7)	(15.9)	(2.7)	
Exceptionals	-	-	-	-	-	-	-	-	
Pretax profit	1,623.6	81.2	1900.4	284.7	2,301.4	430.7	434.3	1,949.0	
Tax	(297.5)	(1.1)	>100	313.3	(397.6)	(57.1)	595.9	(350.8)	
Tax rate (%)	18.3	1.3	17.0	1.3	17.3	13.3	4.0	18.0	Lower than statutory tax rate due to availability of tax incentives
Minority interests	(34.0)	(0.0)	>100	1491.1	(36.8)	(3.0)	(33.8)	(2.9)	
Net profit	1,292.0	80.1	1513.9	271.4	1,867.0	370.6	403.8	1,595.3	Above expectations
Core net profit	1,292.0	80.1	1513.9	271.4	1,867.0	370.6	403.8	1,595.3	Accounted for 117% of our and 122% of Bloomberg consensus
EPS (sen)	15.7	1.0	1513.9	271.4	22.7	4.5	403.8	19.4	FY20 estimates, respectively
Core EPS (sen)	15.7	1.0	1,513.9	271.4	22.7	4.5	403.8	19.4	

SOURCES: CIMB, COMPANY REPORTS

Figure 2: Earnings revision

RM m	2020A	2021F			2022F			2023F		
		Old	New	%chg	Old	New	%chg	Old	New	%chg
Revenue	7,236	13,529	20,416	51%	9,368	14,318	53%	-	12,013	-
EBITDA	2,568	6,760	13,167	95%	2,665	6,994	162%	-	4,216	-
Core pretax profit	2,301	6,491	12,985	100%	2,397	6,805	184%	-	4,011	-
Core net profit	1,867	5,313	10,378	95%	1,905	5,295	178%	-	3,116	-
Core EPS (sen)	23	65	126	95%	23	64	178%	-	38	-

SOURCES: CIMB, COMPANY REPORTS

Re-rating catalysts and downside risks ►

Potential re-rating catalysts include better-than-expected demand for gloves and higher-than-expected increase in selling prices. Downside risks: discovery of a cure/vaccine for Covid-19, stiff pricing competition, and a spike in raw material prices.

Other briefing highlights ►

- In FY20, total sales volume rose 16.6% yoy, mainly driven by higher demand from developing country markets (+25.9% yoy) and developed country markets (+7.7% yoy). There was a similar trend in 4QFY20, in which total sales volume rose 42.5% yoy (developing country markets: +65.8% yoy, developed country markets: +21.8% yoy). We understand this trend is supported by higher glove usage in developing countries which previously had lower consumption per capita, while sales to developed markets were negated by lower sales to US (US contribution to total sales volume in FY20: 22% vs. 4QFY20: 19%), due to the US Customs and Border Patrol (CBP) ban.
- TOPG currently has an order lead time of 620 days for its NBR gloves vs. 540 days in Jun 20. This is viewed as a testament to the strong global glove demand. There is a similar trend for vinyl gloves, as order lead time has increased to 250 days (from 180 days in Jun 20).
- On the other hand, its order lead time for NR gloves currently stands at 400 days, from 470 days in Jun 20. TOPG has recently increased its production capacity for NR gloves, given raw material constraints in increasing production of NBR gloves. Also, the current order lead time for surgical gloves has

declined slightly to 110 days, from 130 days (Jun 20) as TOPG has recently ramped up production of its surgical gloves.

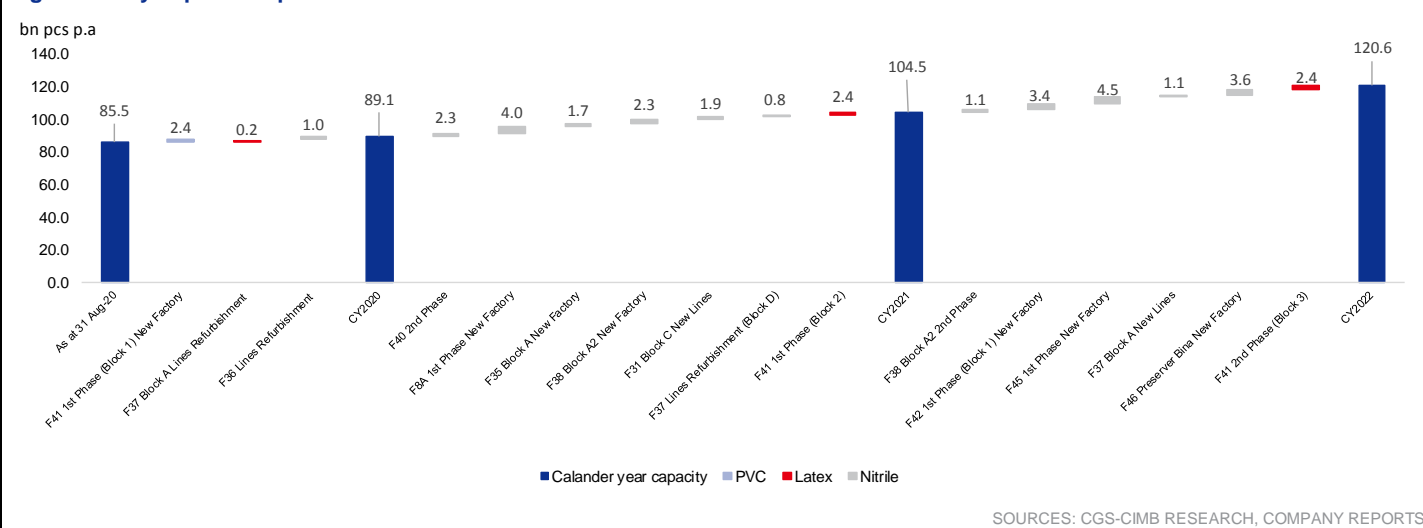
- Given the lower order lead time for NR gloves compared to NBR gloves, TOPG has been asking its customers to consider purchasing latex gloves. As a result, it expects higher sales of latex gloves in the upcoming quarters, coupled with higher selling prices for NR gloves.
- At this juncture, TOPG has allocated 30% of its capacity for spot orders (sold at spot prices at premium ASPs vs. recurring orders). We understand that spot allocations for the NBR segment have been fully sold for the next three months, while it is still filling its allocation for spot orders in the NR segment. Note that we estimate sales volume from spot orders made up 10% of 4QFY20's total sales volume.
- On the US CBP ban issue, TOPG estimates the total remediation payment to be RM53m, subject to finalisation with the CBP. It has made two remediation payments, of RM4.4m each, on 10 Aug 20 and 10 Sep 20. As part of the independent audit report that was submitted to the CBP on 4 Sep 20, TOPG interviewed 1,100 foreign workers. We understand that TOPG is currently awaiting the CBP's reversal of the import ban on gloves to the US imposed on two of its subsidiaries since 15 Jul 20.
- As of 4QFY20, raw material cost made up 43% of TOPG's total production cost. TOPG expects nitrile raw material prices to go up by 10-15% monthly given the glove supply shortage in the global market. However, TOPG is not particularly concerned as the additional raw material costs would be more than offset by the quantum of increase in ASPs.
- TOPG is of the view that glove ASPs, particularly for NBR gloves, are likely to remain high for up to a year. This is given the shortage of nitrile raw material, leading to difficulties in increasing production of NBR gloves for most glove makers, coupled with elevated global glove demand owing to Covid-19.
- At this juncture, we understand that ASPs for NBR gloves stand at US\$70 per 1,000 pieces while latex gloves are at US\$45 per 1,000 pieces. Owing to the strong global glove demand, it expects further ASP increases moving forward. For the NBR segment, it expects increases in ASP of 30% mom in Sep 20 and Oct 20, 15% mom in Nov 20 and an estimated 5% mom from Dec 20 onwards. For the NR segment, TOPG expects ASP hikes of 20% mom in Sep 20, 5% mom in Oct 20, followed by 10% mom in Nov 20. From Dec 20 onwards, TOPG expects NR ASPs to rise at a minimum of 5% mom until it starts to see a slowdown in demand for NR gloves.
- Based on this trajectory, it expects ASPs for NBR gloves to reach US\$100 per 1,000 pieces in Nov 20. On the other hand, it expects ASPs for spot orders to potentially reach US\$140-150 per 1,000 pieces by Nov 20.
- According to TOPG, it expects annual global glove demand to rise by 71% to 485bn pieces p.a. in 2022F from 282bn in 2019. This will mainly be driven by higher demand, especially from countries with lower glove consumption per capita, as well as increased usage in non-medical sectors. With the robust growth rate, TOPG believes that the surge in global glove demand will outstrip new glove production supply from major manufacturers in Malaysia, Thailand and China.
- In addition, TOPG is not overly concerned with the entry of new companies into the glove-making business as these players are less competitive given their smaller production scale, and have limited access to raw material supply given the current supply shortage.
- TOPG has earmarked RM8bn in capex to support its expansion plans up to FY26F. Under this long-term plan, it aims to add 100bn capacity on a gradual basis over the next six years. In the next two years (up to 1QFY23F), it aims to grow its annual glove production capacity by 41% to 120.6bn p.a. by end-2022F, from 85.5bn p.a currently.
- TOPG also said it is exploring a potential listing on The Stock Exchange of Hong Kong. The company said a Hong Kong listing would provide it with better visibility and increased liquidity. Assuming that it begins the process today, TOPG could potentially be listed in HK within 6-9 months.

Figure 3: Expansion plans

Factories	To commence production by (Calender quarter)	Location	Glove type	Number of production lines	Capacity (pcs per annum)	
Current: 35 glove factories (as of 31/8/2020)				All	724 lines	85.5 bn
Expansion in progress : Glove						
F41 1st Phase (Block 1) New Factory	3QCY20	Binh Duong, Vietnam	PVC	20 lines	2.4 bn	
F37 Block A Lines Refurbishment	3QCY20	Kluang, Malaysia	Latex	2 lines	0.2 bn	
F36 Lines Refurbishment	4QCY20	Kota Bharu, Malaysia	Nitrile	7 lines	1.0 bn	
Total new capacity in CY2020				29 lines	3.6 bn (+4.2%)	
Total capacity by CY2020				753 lines	89.1 bn	
F40 2nd Phase	1QCY21	Klang, Malaysia	Nitrile	16 lines	2.3 bn	
F8A 1st Phase New Factory	1QCY21	Sadao, Thailand	Nitrile	28 lines	4.0 bn	
F35 Block A New Factory	1QCY21	Klang, Malaysia	Surgical/ Nitrile	12 lines	1.7 bn	
F38 Block A2 New Factory	2QCY21	Kulim, Malaysia	Nitrile	16 lines	2.3 bn	
F31 Block C New Lines	2QCY21	Klang, Malaysia	Nitrile	14 lines	1.9 bn	
F37 Lines Refurbishment (Block D)	2QCY21	Kluang, Malaysia	Nitrile	6 lines	0.8 bn	
F41 1st Phase (Block 2)	3QCY21	Binh Duong, Vietnam	PVC	20 lines	2.4 bn	
Total new capacity in CY2021				112 lines	15.4 bn (+17.3%)	
Total capacity by CY2021				865 lines	104.5 bn	
F38 Block A2 2nd Phase	1QCY22	Kulim, Malaysia	Nitrile	8 lines	1.1 bn	
F42 1st Phase (Block 1) New Factory	1QCY22	Banting, Malaysia	Nitrile	24 lines	3.4 bn	
F45 1st Phase New Factory	1QCY22	Ipoh, Malaysia	Nitrile	16 lines	4.5 bn	
F37 Block A New Lines	2QCY22	Kluang, Malaysia	Nitrile	8 lines	1.1 bn	
F46 Preserver Bina New Factory	2QCY22	Klang, Malaysia	Nitrile	26 lines	3.6 bn	
F41 2nd Phase (Block 3)	3QCY22	Binh Duong, Vietnam	PVC	20 lines	2.4 bn	
Total new capacity in CY2022				118 lines	16.1 bn (+15.4%)	
Total new capacity from expansion in CY2020 to CY2022				259 lines	35.1 bn (+41.0%)	
Grand total by December 2022: 42 glove factories				983 lines	120.6 bn	

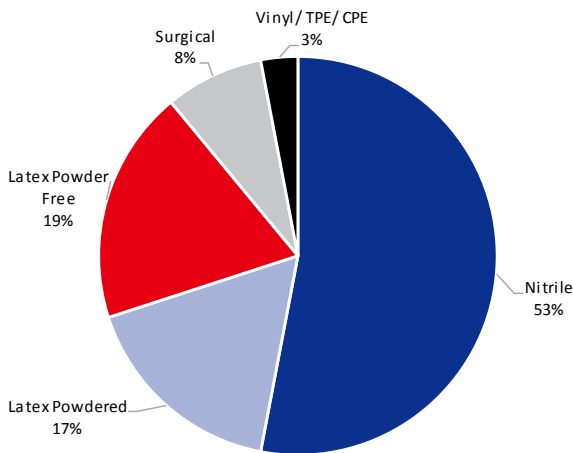
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Key expansion plans



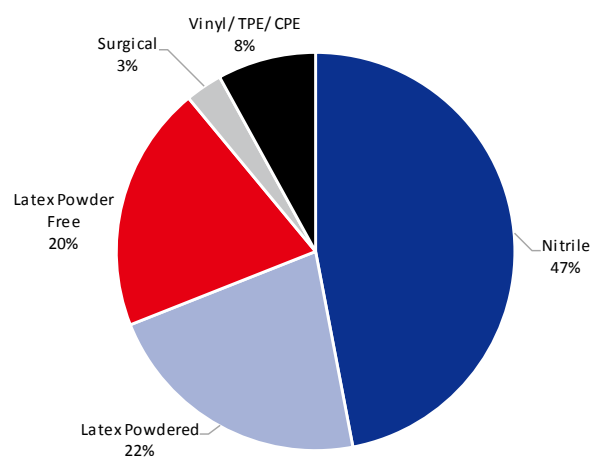
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Product mix by volume for FY8/20



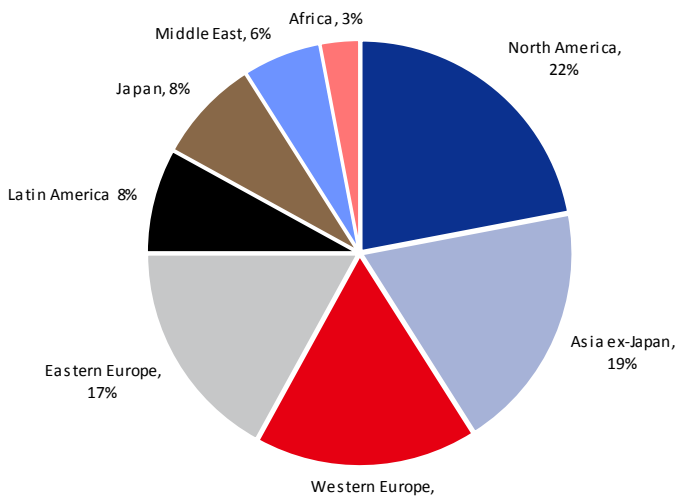
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: Product mix by revenue for FY8/20



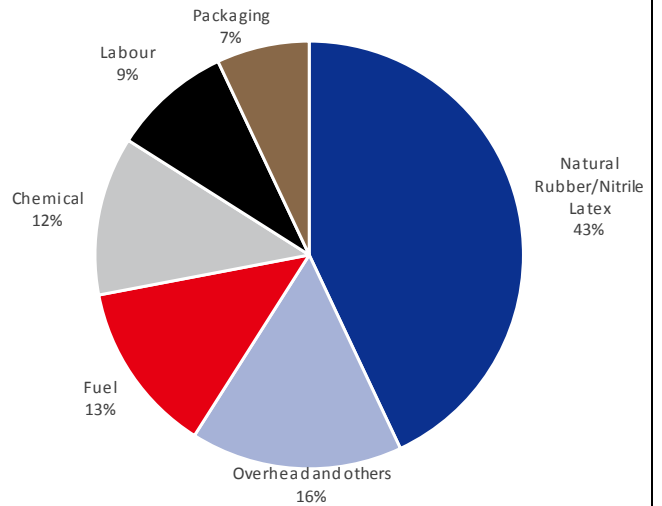
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: FY8/20 geographical sales volume breakdown



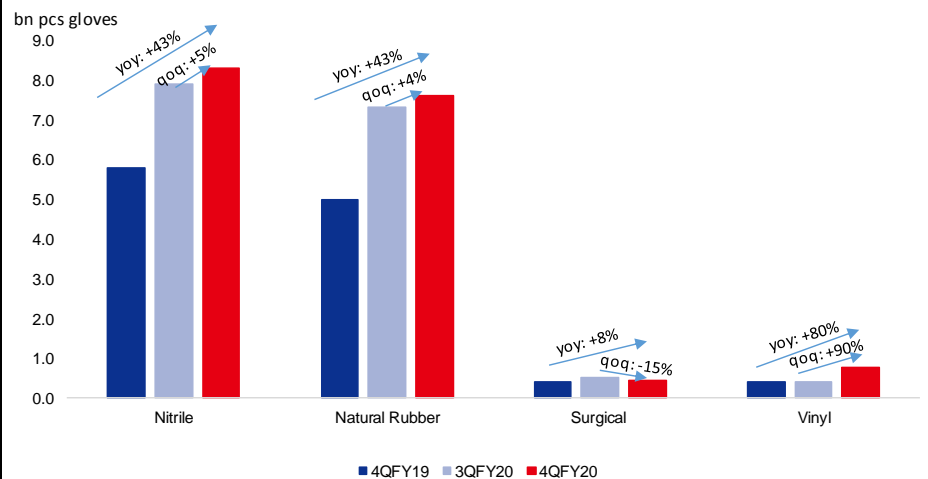
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 8: 4QFY8/20 cost breakdown



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 9: Sales quantity for each type of glove



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 10: Variance in sales quantity for each type of glove

Type of gloves	4QFY20		FY20
	qoq	yoy	yoy
Nitrile	5%	43%	31%
Natural Rubber	4%	43%	7%
Surgical	-15%	18%	13%
Vinyl	90%	80%	-13%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 11: Variance in ASPs for each type of glove

Type of gloves	4QFY20		FY20
	qoq	yoy	yoy
Nitrile	103%	114%	31%
Natural Rubber	77%	81%	30%
Surgical	33%	30%	12%
Vinyl	64%	110%	50%

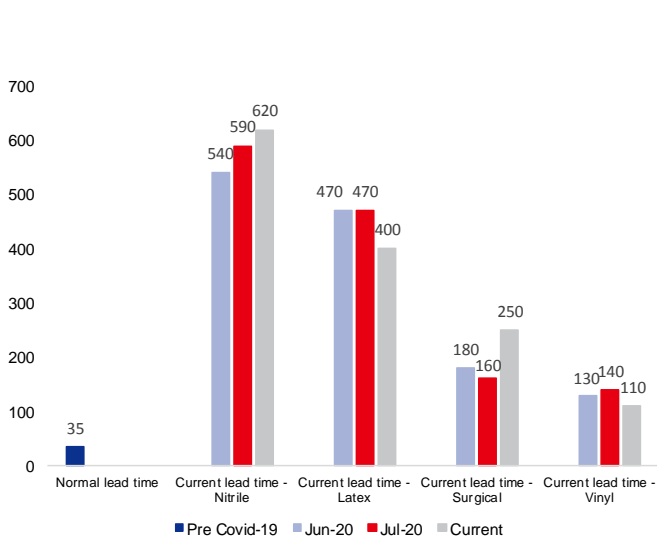
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 12: Variance of raw material cost for each type of glove

Type of gloves	4QFY20		FY20
	qoq	yoy	yoy
Nitrile	4%	-16%	-13%
Natural Rubber	4%	-8%	3%
Surgical	4%	-8%	3%
Vinyl	-0.6%	21%	14%

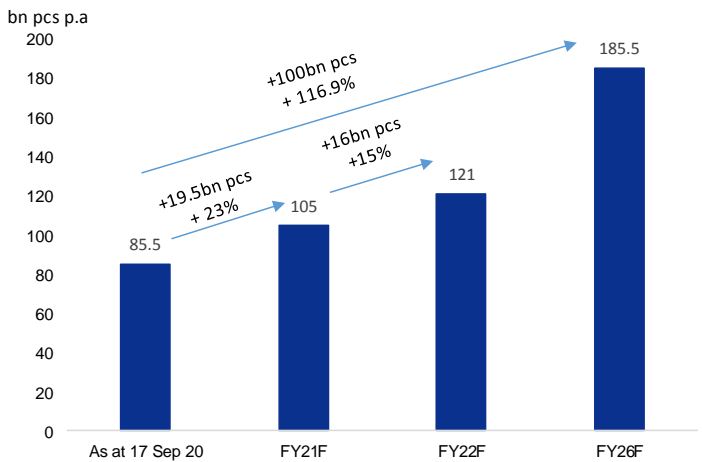
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 13: Order lead time for each type of glove



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 14: RM8bn capex over the next six years to increase capacity by 100bn pieces of gloves



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 15: Key assumptions table

Aug year-end	FY20	FY21F	yoy % change	FY22F	yoy % change	FY23F	% yoy change
New Revenue (RM m)	7,236.3	20,416.4	182.1%	14,317.7	-29.9%	12,012.6	-16.1%
Old	7,236.3	13,529.3		9,367.6			
New Total Capacity (bn pcs p.a)	88.9	102.6	15.4%	114.8	11.9%	119.8	4.4%
Old	88.9	102.6		114.8			
New US\$/RM rate	4.30	4.25	-1.2%	4.30	0.0%	4.25	0.0%
Old	4.30	4.25		4.30			
New Revenue (US\$)	1682.9	4803.9	185.5%	3368.9	-29.9%	2826.5	-16.1%
Old	1,682.9	3,183.4		2,204.1			
New Total sales volume (bn pieces)	63.4	91.0	43.5%	90.2	-0.8%	91.5	1.4%
Old	63.4	89.1		83.7			
New Average utilisation rate (%)	95.0%	95.0%	0.0%	83.0%	-12.0%	78.0%	-5.0%
Old	95.0%	93.0%		77.0%			
New ASP growth (%)	22.0%	75.0%		-35.0%		-22.0%	
Old	22.0%	45.0%		-36.0%		0.0%	
Raw material prices							
New Nitrile (US\$/kg)	1.23	1.41	14.6%	1.45	2.8%	1.38	-4.8%
Old	1.23	1.32		1.39			
New Latex (RM/kg)	5.00	5.10	2.0%	5.10	0.0%	5.20	2.0%
Old	5.00	5.00		5.00			
New EBITDA (RM m)	2,567.5	13,166.8	412.8%	6,994.5	-46.9%	4,216.0	-39.7%
Old	2,567.5	6,759.6		2,665.1			
New EBITDA margins (%)	35.5%	64.5%	29.0%	48.9%	-15.6%	35.1%	-13.8%
Old	35.5%	50.0%		28.5%			
New Core net profit (RMm)	1,867.0	10,377.9	455.9%	5,294.8	-49.0%	3,115.9	-41.2%
Old	1867	5312.5		1904.7			

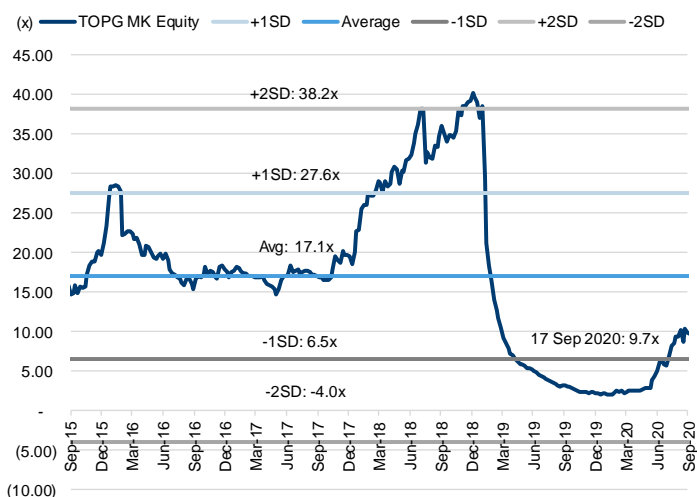
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 16: Summary of changes to key assumptions

Assumptions (% yoy changes)	New			Previous			Change		
	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F
ASPs increase	75.0%	-35.0%	-22.0%	45.0%	-36.0%	0.0%	30.0%	1.0%	0.0%
Sales volume growth	43.5%	-0.8%	1.4%	40.5%	6.1%	0.0%	3.0%	-6.9%	0.0%
Utilisation rate	95.0%	83.0%	78.0%	93.0%	77.0%	0.0%	2.0%	6.0%	0.0%
EBITDA margin (pts)	64.5%	48.9%	35.1%	50.0%	28.5%	0.0%	14.5%	20.4%	0.0%

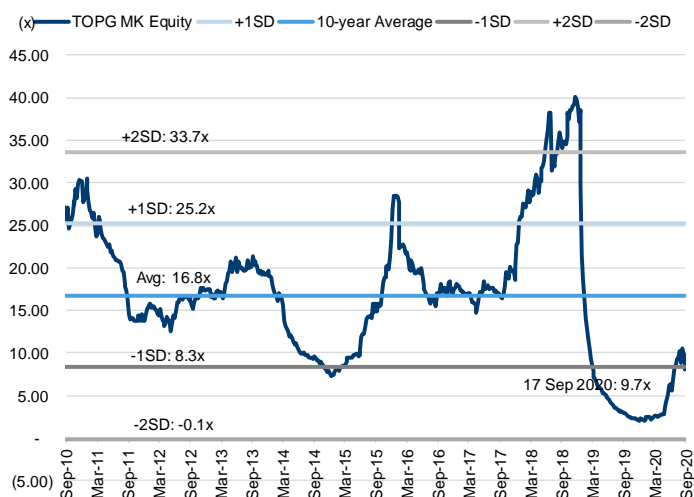
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 17: TOPG's 5-year historical mean



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 18: TOPG's 10-year historical mean

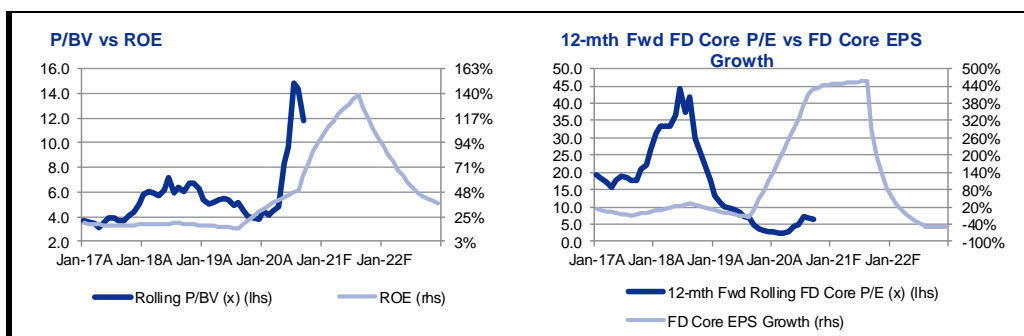


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 19: Sector Comparisons (CGS-CIMB's Malaysia glove sector coverage)

Company	Bloomberg Ticker	Recom.	Share price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		Dividend Yield (%)	
						CY20F	CY21F		CY20F	CY21F	CY20F	CY21F	CY20F	CY21F
Hartalega Holdings	HART MK	Add	14.10	24.30	11,682	31.9	24.3	47.4%	15.4	12.3	53.7%	56.1%	1.9%	2.5%
Kossan Rubber Industries	KRI MK	Add	12.00	17.00	3,710	22.1	15.8	37.1%	8.4	6.3	43.1%	45.6%	1.8%	2.5%
Supermax Corp	SUCB MK	Add	7.72	13.50	4,809	17.4	12.9	71.5%	9.5	6.5	67.7%	59.4%	2.3%	3.1%
Top Glove Corporation	TOPG MK	Add	7.79	10.00	15,324	13.6	7.4	36.0%	9.6	5.8	92.9%	98.1%	3.7%	6.9%
Weighted average						21.0	14.6	44.7%	11.4	8.1	71.4%	73.6%	2.7%	4.5%
Consumer Discretionary														
Riverstone Holdings	RSTON SP	Add	3.28	5.55	1,788	17.3	14.1	58.5%	6.5	4.9	44.7%	39.5%	2.3%	2.8%
Weighted Subsector Average						17.3	14.1	58.5%	6.5	4.9	44.7%	39.5%	2.3%	2.8%
Weighted Average						20.8	14.5	45.3%	11.1	7.9	70.1%	72.0%	2.7%	4.4%
Simple Average						20.1	14.7	50.5%	9.6	7.0	59.7%	58.8%	2.4%	3.6%

SOURCES: CGS-CIMB, BLOOMBERG

BY THE NUMBERS

Profit & Loss

(RMm)	Aug-19A	Aug-20A	Aug-21F	Aug-22F	Aug-23F
Total Net Revenues	4,801	7,236	20,416	14,318	12,013
Gross Profit	1,111	3,146	13,963	7,839	5,051
Operating EBITDA	684	2,568	13,167	6,994	4,216
Depreciation And Amortisation	-189	-235	-285	-359	-409
Operating EBIT	495	2,332	12,882	6,635	3,807
Financial Income/(Expense)	-69	-29	104	173	209
Pretax Income/(Loss) from Assoc.	-3	-1	-1	-4	-5
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	424	2,301	12,985	6,805	4,011
Exceptional Items					
Pre-tax Profit	424	2,301	12,985	6,805	4,011
Taxation	-56	-398	-2,597	-1,497	-883
Exceptional Income - post-tax					
Profit After Tax	368	1,904	10,388	5,308	3,129
Minority Interests	-3	-37	-10	-13	-13
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	365	1,867	10,378	5,295	3,116
Recurring Net Profit	365	1,867	10,378	5,295	3,116
Fully Diluted Recurring Net Profit	365	1,867	10,378	5,295	3,116

Cash Flow

(RMm)	Aug-19A	Aug-20A	Aug-21F	Aug-22F	Aug-23F
EBITDA	684	2,568	13,167	6,994	4,216
Cash Flow from Inv. & Assoc.					
Change In Working Capital	-42	864	-1,710	707	267
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	-2				
Net Interest (Paid)/Received	-69	-29	104	173	209
Tax Paid	-56	-398	-2,597	-1,497	-883
Cashflow From Operations	516	3,005	8,964	6,378	3,810
Capex	-568	-765	-1,700	-1,000	-800
Disposals Of FAs/subsidiaries	0	0	0	0	0
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	75	-1,318	0	0	0
Cash Flow From Investing	-493	-2,083	-1,700	-1,000	-800
Debt Raised/(repaid)	-1,163	-1,115	-200	0	0
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased					
Dividends Paid	-217	-400	-5,293	-2,629	-1,561
Preferred Dividends					
Other Financing Cashflow	1,346	1,471	0	0	0
Cash Flow From Financing	-35	-44	-5,493	-2,629	-1,561
Total Cash Generated	-12	878	1,771	2,749	1,449
Free Cashflow To Equity	-1,140	-193	7,064	5,378	3,010
Free Cashflow To Firm	102	975	7,276	5,390	3,022

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(RMm)	Aug-19A	Aug-20A	Aug-21F	Aug-22F	Aug-23F
Total Cash And Equivalents	166	1,210	2,978	5,723	7,167
Total Debtors	592	803	2,368	1,661	1,393
Inventories	630	526	939	942	1,012
Total Other Current Assets	151	1,722	1,722	1,722	1,722
Total Current Assets	1,539	4,262	8,007	10,049	11,295
Fixed Assets	2,480	3,035	4,452	5,093	5,485
Total Investments	176	174	174	174	174
Intangible Assets	1,256	1,012	1,012	1,012	1,012
Total Other Non-Current Assets	237	190	190	190	190
Total Non-current Assets	4,150	4,411	5,829	6,470	6,861
Short-term Debt	1,041	323	323	323	323
Current Portion of Long-Term Debt					
Total Creditors	492	671	939	942	1,012
Other Current Liabilities	58	985	985	985	985
Total Current Liabilities	1,592	1,979	2,247	2,251	2,320
Total Long-term Debt	1,379	217	17	17	17
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	163	167	167	167	167
Total Non-current Liabilities	1,542	384	184	184	184
Total Provisions	0	0	0	0	0
Total Liabilities	3,134	2,363	2,431	2,435	2,505
Shareholders' Equity	2,537	4,989	10,074	12,740	14,295
Minority Interests	17	1,321	1,331	1,344	1,357
Total Equity	2,554	6,310	11,405	14,084	15,652

Key Ratios

	Aug-19A	Aug-20A	Aug-21F	Aug-22F	Aug-23F
Revenue Growth	14%	51%	182%	(30%)	(16%)
Operating EBITDA Growth	(1%)	275%	413%	(47%)	(40%)
Operating EBITDA Margin	14.2%	35.5%	64.5%	48.9%	35.1%
Net Cash Per Share (RM)	-0.27	0.08	0.32	0.66	0.83
BVPS (RM)	0.31	0.61	1.23	1.55	1.74
Gross Interest Cover	6	44	1,080	556	319
Effective Tax Rate	13.2%	17.3%	20.0%	22.0%	22.0%
Net Dividend Payout Ratio	50.0%	51.9%	51.0%	49.6%	50.1%
Accounts Receivables Days	47.07	35.29	28.35	51.36	46.40
Inventory Days	56.29	51.70	41.41	52.99	51.24
Accounts Payables Days	49.07	52.04	45.51	52.99	51.24
ROIC (%)	11%	49%	229%	76%	44%
ROCE (%)	11%	40%	140%	52%	26%
Return On Average Assets	8.0%	26.9%	91.4%	33.8%	16.8%

Key Drivers

	Aug-19A	Aug-20A	Aug-21F	Aug-22F	Aug-23F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	7.5%	16.6%	48.8%	-0.8%	1.4%
Util. rate (% , main prod./serv.)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	0.0%	0.0%	0.0%	0.0%	0.0%
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
Unit raw mat ASP (%chg,main)	N/A	N/A	N/A	N/A	N/A
Unit raw mat ASP (%chg,2ndary)	N/A	N/A	N/A	N/A	N/A

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Corporate Governance Report:

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be

changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

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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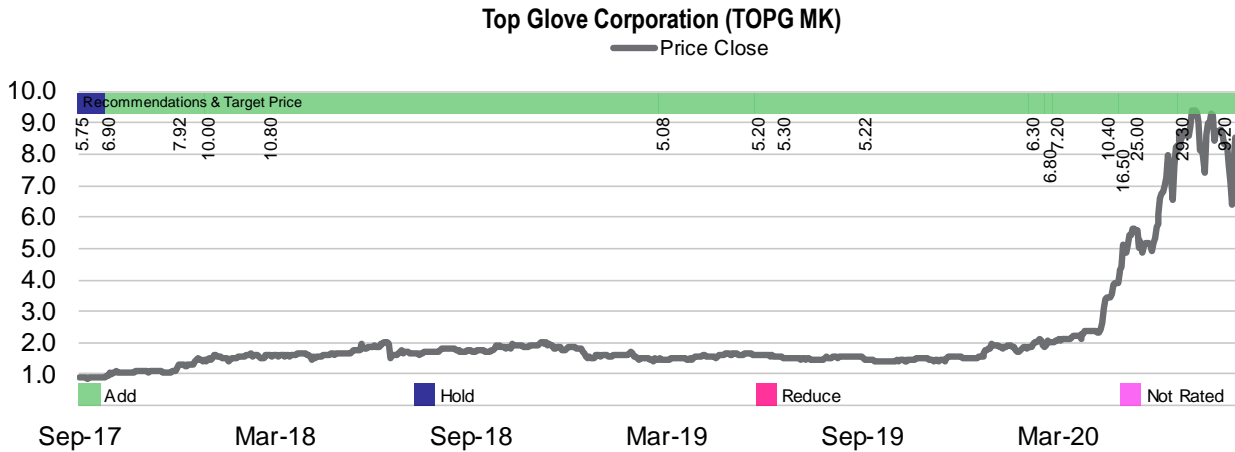
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2020		
800 companies under coverage for quarter ended on 30 June 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.1%	0.4%
Hold	25.9%	0.1%
Reduce	14.0%	0.3%

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, **BGP** – Excellent, Certified, **BPCG** – 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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