



AmInvestment Bank

## Company report

## MALAYAN FLOUR

(MFL MK, MFMS.KL)

11 Mar 2019

Chicks rule the roost

BUY

(Initiation)

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Rationale for report: Initiation

Price	RM0.715
Fair Value	RM0.89
52-week High/Low	RM1.501/RM0.45

## Key Changes

Fair value	Initiate coverage
EPS	Initiate coverage

YE to Dec	FY18	FY19F	FY20F	FY21F
Revenue (RMmil)	2,423.8	2,879.3	3,493.7	3,903.3
Net Profit (RMmil)	17.8	70.0	81.9	98.2
EPS (sen)	2.0	7.6	8.9	10.7
FD EPS (sen)	2.0	6.0	6.9	8.3
EPS growth (%)	(74.1)	288.0	16.9	20.0
Consensus net (RMmil)	-	-	-	-
DPS (sen)	2.2	3.0	3.5	4.0
PE (x)	36.5	9.4	8.0	6.7
FD PE (x)	36.5	12.0	10.3	8.7
EV/EBITDA (x)	13.1	9.1	8.7	8.0
Div yield (%)	3.1	4.2	4.9	5.6

## Stock and Financial Data

Shares Outstanding (million)	921.6
Market Cap (RMmil)	658.9
Book value (RM/share)	1.15 (end-FY19F)
P/BV (x)	0.6
ROE (%)	2.1
Net Gearing (%)	116.7

Major Shareholders	Teh Wee Chye (20.27%) Tan Sri Dato' Arshad bin Ayub (7.4%)
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Free Float (%)	87.3
Avg Daily Value (RMmil)	3.8

Price performance	3mth	6mth	12mth
Absolute (%)	-0.1	-19.6	-51.2
Relative (%)	-8.3	-14.1	-46.7



## Investment Highlights

- We initiate coverage on Malayan Flour Mills (MFM) with a fair value of RM0.89/share. Our fair value for MFM is based on an FY19F fully diluted PE of 15x.
  - Our PE assumption of 15x is 20% below the poultry sector's (eggs and broilers) average PE of 18.8x. From FY12 to FY17 (disregarding FY18's poor earnings), MFM's PE ranged from a low of 8.7x to a high of 34.9x. Average PE was 15.9x.
  - MFM's FY19F basic PE is forecast to be 9.4x compared with CAB Cakaran's 12.8x and PWF Consolidated's 10.0x. MFM's fully diluted FY19F PE is estimated to be 12.0x.
  - MFM is primarily involved in the flour milling and poultry businesses. In the poultry space, MFM produces broiler chickens. MFM's competitors in the broiler business are Huat Lai Resources (privatised) and CAB Cakaran. MFM's competitors in the flour milling business are PPB Group's Federal Flour, Interflour Holdings and Kuantan Flour Mills.
  - MFM is a BUY for the following reasons:
    1. MFM's fully diluted PEs of 12.0x for FY19F and 10.3x for FY20F are undemanding. A decent consumer-related company trading at low PE valuations, is a rare find nowadays. MFM's dividend yields are forecast at 4.2% for FY19F and 4.9% for FY20F.
    2. After a weak FY18, MFM's earnings are expected to recover in FY19F. We forecast MFM's net profit to improve by 293.8% in FY19F and 16.9% in FY20F as operations normalise and contribution from the new poultry and aqua feed plants come in. MFM's poultry division was hit by a disease and falling selling price of live birds in FY18. The group's flour division was affected by high wheat costs in Malaysia in FY18.
    3. MFM is expected to be one of the largest integrated poultry players in Malaysia in FY20F upon the completion of its poultry processing plant in Lumut in 3QFY19. This is expected to sustain MFM's earnings growth and operating profit margin in the long term.
- With an installed production capacity of 240,000 of chickens per day, MFM would entrench its position as the biggest producer of broilers in the country. MFM would be involved in almost every segment of the value chain from the rearing of day-old chicks to the production of broilers.
- MFM's balance sheet is expected to be cleaner after the RM220mil rights and RCULS issues. We forecast net gearing to decline to 88.6% as at end-Dec 2019 from 116.7% as at end-Dec 2018.

## EXHIBIT 1: PEER VALUATION COMPARISONS

	Share price (RM)	FY18 FD EPS (sen)	Assume net profit growth	FY19F EPS (sen)	FY18 Gross DPS (sen)	FY19F FD PE (x)	FY18 Div yield (%)
<b>Broilers</b>							
CAB Cakaran	0.64	4.4	15%	5.0	0.5	12.8	0.8%
PWF Consolidated	0.89	7.8	15%	8.9	4.5	10.0	5.1%
<b>Egg producers</b>							
Teo Seng	1.31	10.1	15%	11.6	3.0	11.2	2.3%
LTKM - annualised EPS for FY19F	1.25	15.9	15%	18.2	0	6.9	0.0%
TPC Plus	0.455	1.4	15%	1.6	0	28.1	0.0%
QL Resources - consensus EPS for FYE3/20F	6.79	13.9	15.1%	16.0	4.5	42.4	0.7%
Lay Hong - guesstimate for FYE3/20F	0.41	-0.1	>100%	2.0	0	20.5	0.0%
Simple average (x)						18.8	
<b>Flour millers</b>							
Kuantan Flour	0.16	-4.3	na	na	0	na	0
PPB Group	18.42	75.6	15%	86.9	28.0	21.2	1.5%
M Flour	0.715	2.0	293.8%	6.0	2.2	12.0	3.5%

Source: Company, AmlInvestment Bank

## INITIATE COVERAGE WITH BUY, FAIR VALUE OF RM0.89/SHARE

We initiate coverage on Malayan Flour Mills (MFM) with a fair value of RM0.89/share. Our fair value for MFM is based on an fully diluted FY19F PE of 15x.

Our PE assumption of 15x for MFM is 20% below the poultry sector's (eggs and broilers) simple average PE of 18.8x for FY19F (see Exhibit 1).

Excluding QL Resources, the poultry sector's (eggs and broilers) simple average PE is 14.9x for FY19F.

An alternative exposure to MFM would be via its warrants. Based on *Bloomberg's* Option Pricing Model (assume 30% volatility) and our fair value of RM0.89/share for MFM, we estimate the fair value of the warrant to be RM0.31. The current price of the warrant is RM0.255.

Currently, MFM has 137.6mil warrants with an exercise price of RM0.68/share. The warrants are expected to expire in January 2024.

MFM has been around for a long time, setting up Malaysia's first flour mill in 1966. MFM's founder was the late Datuk David Song, who came from Hong Kong.

In May 1976, the late Teh Liang Teik acquired the controlling interest in MFM from Song. Teh Wee Chye

succeeded his father in 2002. Wee Chye owns 20.27% of MFM currently.

## PEER VALUATION COMPARISON

### □ MFM's PE valuation is undemanding

In the poultry industry, some companies produce broiler chickens and some produce eggs. Broilers are young chickens raised for their meat.

We believe that MFM's FY19F PE is undemanding. MFM's current FY19F basic PE is 9.4x compared with CAB Cakaran's 12.8x and PWF Consolidated's 10.0x (see Exhibit 1). In comparison, the egg producers are currently trading at FY19F PEs of 6.9x to 42.4x (see Exhibit 1).

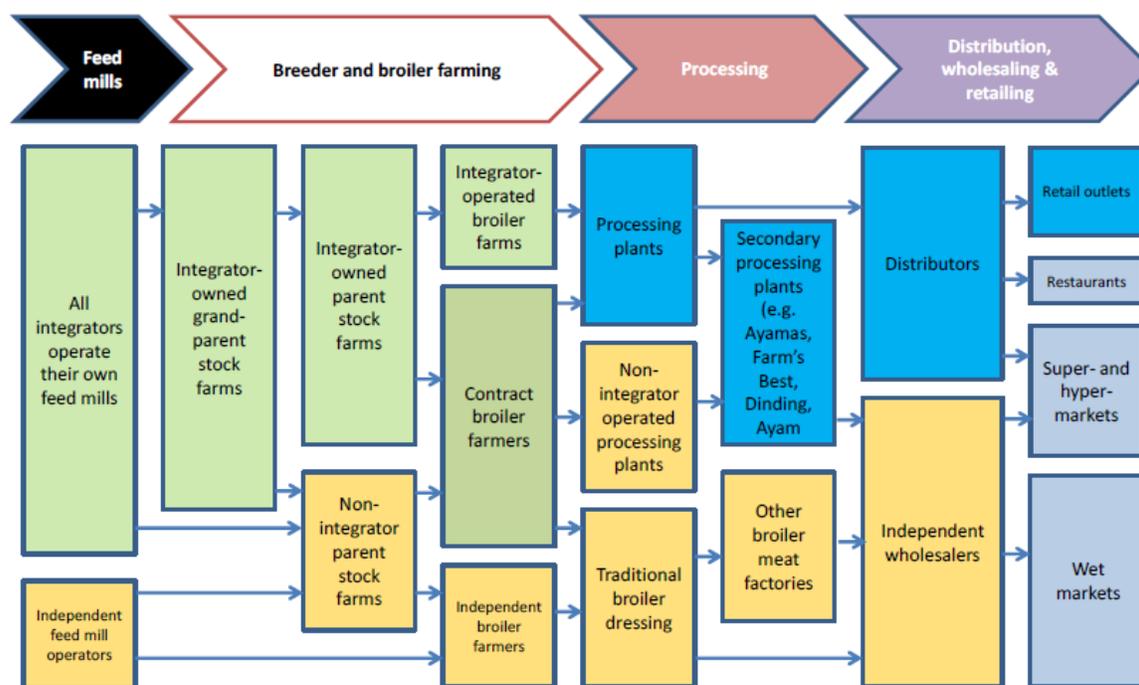
Compared with the flour producers, MFM's FY19F basic PE of 9.4x is cheap. PPB Group, which owns Federal Flour, is currently trading at a FY19F PE of 21.1x while Kuantan Flour is making losses (see Exhibit 1).

### □ Average PE was 15.9x from FY13 to FY17

According to *Bloomberg*, MFM's PE ranged from a low of 10.1x to a high of 34.9x from FY13 to FY17. Average PE was 15.9x from FY13 to FY17. We disregarded FY18 as the PE ratio would be distorted by MFM's poor earnings performance.

Our PE assumption of 15x is close to MFM's five-year average PE of 15.9x from FY13 to FY17.

EXHIBIT 2: BROILER SUPPLY CHAIN



Source: Department of Veterinary Services

We believe that MFM deserves to trade at a higher PE compared with its peers as the group's earnings base is expected to grow, underpinned by capacity expansions.

**WHY MFM IS A BUY**

❑ *It will be one of the largest integrated poultry companies in FY20F*

Upon the completion of its new broiler processing plant in Lumut, Perak in September 2019, MFM would be able to increase the production of broiler chickens.

At the same time, MFM would have the option of converting the existing broiler plant so that it can be used to manufacture packaged food products such as chicken nuggets. It would take about a year to convert the plant.

Hence, MFM would transform into one of the largest integrated poultry companies in Malaysia. MFM would have exposure to the upstream and downstream segments of the poultry chain.

MFM would be involved in breeder farming to the production of broilers and potentially, manufacturing of packaged food products (see Exhibit 2 for broiler supply chain).

The integration is expected to underpin MFM's operating profit margin in the long term as the poultry business commands higher margins than the flour operations. Also, the packaged food business fetches higher margins than the broiler segment.

EBIT margin of MFL's poultry business is about 7% to 9% compared with 2% to 4% for the flour business. We believe that the EBIT margin of the packaged food business is above 10%.

The new broiler processing plant in Lumut would have a capacity of 240,000 chickens per day compared with MFM's current capacity of 90,000 chickens per day.

We forecast MFM's gross profit margin to improve to 10.8% in FY19F and 10.7% in FY20F from 9.7% in FY18.

❑ *Earnings to normalise in FY19F*

We do not expect a repeat of the problems, which hit MFM last year, in FY19F.

Hence, we forecast MFM's net profit to surge to RM70.0mil in FY19F from RM17.8mil in FY18. MFM's net profit ranged from RM20.5mil to RM80.8mil from FY13 to FY17.

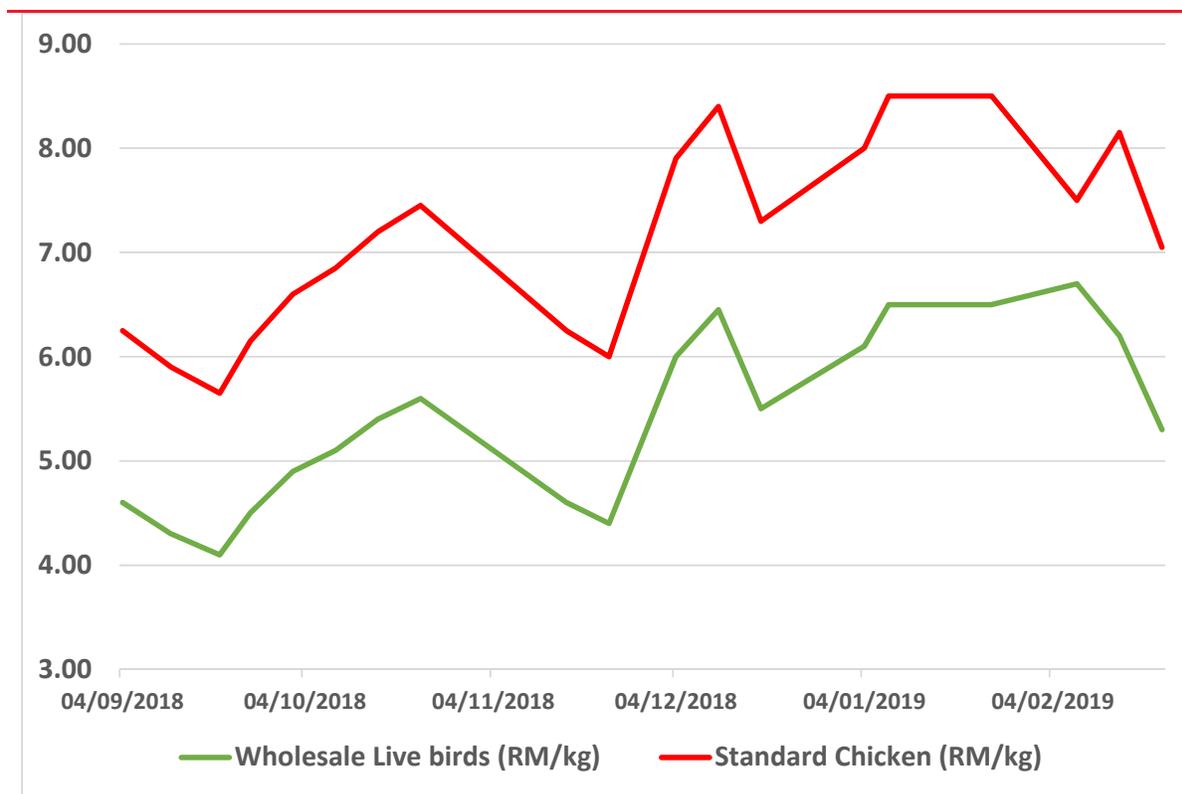
In FY18, MFM's poultry division recorded a lower volume of broilers and weaker selling price of live birds.

The volume of production of broilers dropped in FY18 due to insufficient contract farmers and a virus disease affecting the birds.

The issue of the disease afflicting the day-old chicks has been resolved.

Also, the selling price of live birds has improved. According to the Department of Veterinary Services Malaysia, the wholesale selling price of live birds has risen by 29.3% to

EXHIBIT 3: PRICES OF LIVE BIRDS AND STANDARD CHICKENS



Source: Department of Veterinary Services

RM5.30/kg on 22 February 2019 from a low of RM4.10/kg on 20 September 2018 (see Exhibit 3).

❑ **Earnings to grow double digit in FY20F and FY21F underpinned by new broiler, aqua-feed processing plants**

MFM's new broiler processing plant in Lumut is expected to benefit the group in a few ways. As mentioned earlier, the plant would be completed in September 2019.

First, the plant would increase revenue by expanding the volume of production of broiler chickens.

Second, it would free up space in the existing broiler plant, which can be used to manufacture packaged food products in the long-term.

Third, MFM can sell more broilers in the form of dressed chickens to end customers instead of live birds to middlemen in the wholesale market. Dressed chickens are poultry, which have already been slaughtered and cleaned.

In terms of revenue, we estimate that the new broiler processing plant would provide a 16.4% boost in FY20F. This is based on assumptions of a selling price of RM6.00/kg, a production of 4.38mil chickens per year and a weight of 1.8kg per chicken.

Also, selling dressed chickens to restaurants such as KFC instead of live birds to middlemen would result in less volatility in selling prices and margins. Currently, half of MFM's broiler chickens are sold to the live bird market.

As for the aqua feed plant, we estimate a potential revenue of RM120mil based on a selling volume of 60,000 tonnes and a selling price of RM2,000/tonne.

MFM's aqua feed plant, which commenced operations in February 2019, has a capacity of 120,000 tonnes per year.

The aqua feed plant produces fish or shrimp meal using by-products from the broiler processing plant such as chicken blood and feather.

❑ **Exposure to growing consumer markets in Vietnam and Indonesia**

MFM has flour mills in Vietnam and Indonesia. Hence, the group's flour operations are a beneficiary of the growing population and disposable income in Vietnam and Indonesia.

MFM's flour products are sold to noodle manufacturers, bakeries and confectioneries in the two countries. Vietnam has a population of 95.54 million while Indonesia's population was 264 million in 2017.

Currently, MFM's market shares are 50% in north Vietnam, 18% in south Vietnam and 6% to 7% in Indonesia.

We believe that MFM's flour operations in Vietnam account for more than a third of the flour division's EBIT of RM65.9mil in FY18.

EXHIBIT 4: US SOYBEAN PRICE



Source: Bloomberg

The group has two flour mills with a capacity of 2,700 tonnes per day in total, in north and south Vietnam. MSM has a 70% shareholding in the flour operations in Vietnam.

MFM has a 30% shareholding in the flour operations in Indonesia. The flour mill in Indonesia has a processing capacity of 2,500 tonnes per day. We forecast MFM's share of net profit in the flour associate in Indonesia to be RM7.8mil in FY19F (FY18: share of loss of RM6.9mil), which is 8.1% of group pre-tax profit.

Risk is the depreciation of the Indonesian rupiah and Vietnamese dong against the USD. If the two currencies fall against the USD, there is a risk of a drop in earnings contribution from Indonesia and Vietnam.

## ABOUT MFM

### Two main earnings drivers — flour and poultry

#### 1. Top three flour millers in Malaysia

The flour division accounted for all of MFM's EBIT in FY18 (FY17: 63.2%) as the poultry unit recorded a small loss of RM0.9mil (FY17: 37%).

MFM is one of the largest flour millers in Malaysia with a capacity of 2,000 tonnes per day and market share of 20% to 25%. Federal Flour, which is owned by PPB Group, has a capacity of about 3,000 tonnes per day. Federal Flour is the largest flour miller in Malaysia.

MFM's flour products in Malaysia are sold mainly to noodle manufacturers, bakeries and biscuit manufacturers. MFM sells largely non-general purpose flour products such as bread flour or self-raising flour.

General purpose flour makes up less than 5% of MFM's revenue. Selling price of general purpose flour of RM1.35/kg is fixed by the Malaysian government.

Apart from Malaysia, MFM also has flour mills in Vietnam (70% shareholding) and Indonesia (30% shareholding).

MFM's flour processing capacity in Vietnam is 2,700 tonnes per day while in Indonesia, the group's processing capacity is 2,500 tonnes per day.

MFM's market shares are 50% in north Vietnam and 18% in south Vietnam. MFM's flour unit in Indonesia is the fourth largest miller in the country with a market share of 6% to 7%.

#### 2. Main broiler customers are QSR and McDonald's

The poultry division is involved in the selling of broiler chickens.

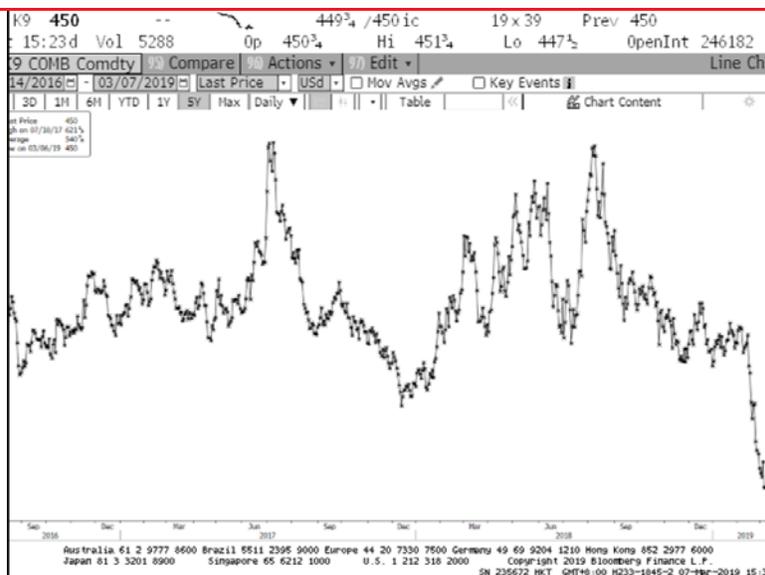
About half of the volume are sold as live birds to middlemen in the wholesale market while the other half are sold as dressed chickens to restaurants.

We believe that more than half of MFM's dressed chickens are sold to fast food restaurants. MFM sells dressed chickens mainly to McDonald's and QSR Brands' KFC restaurants. About 60% of QSR's chicken supplies come from MFM.

#### 3. Main cost components - feed for poultry division and wheat for flour unit

Feedmeal accounts for about 70% of the cost of producing poultry. Corn and soybean account for almost 60% of the feedmeal. Hence, changes in the prices of corn and soybean would affect MFM's operating profit margin.

## EXHIBIT 5: PRICE OF SOFT RED WINTER WHEAT



Source: Bloomberg

In the flour division, wheat accounts for more than half of the production costs. Therefore, an increase in wheat prices would erode MFM's operating profit margin. Wheat is mainly imported from Australia.

❑ **Proportion of earnings contribution from flour division to decline when earnings from new broiler plant come in FY21F**

The percentage of earnings contribution from the flour division is expected to decline when earnings from the new broiler processing plant come in FY21F.

This is expected to result in an improvement in group operating profit margin as the profit margins for the poultry business are higher than flour's. The EBIT margins for the poultry business are usually 7% to 9% compared with 2% to 4% for the flour operations.

We think that the new broiler plant would only breakeven in FY20F based on an average utilisation rate of 50%. This implies a production of 120,000 chickens per day out of the full capacity of 240,000 chickens per day.

However by FY21F, the new plant would be operating at full capacity, which should translate into higher earnings.

We believe that the flour segment would account for 53% of MFM's operating profit in FY21F compared with 63.2% in FY17 and 101% in FY18.

## FINANCIALS AND BALANCE SHEET

❑ **Sales growth of 18.8% in FY19F**

We forecast MFM's sales to grow by 18.8% in FY19F on the back of: (1) a recovery in the sales volume of broiler chickens after being hit by the IBH (Inclusion Body Hepatitis) disease in FY18; (2) higher selling prices of chickens; and (3) contribution from the aqua feed plant.

Selling prices of live birds and dressed chickens have improved so far this year.

According to the Department of Veterinary Sciences Malaysia, wholesale selling price of live birds has increased by 29.3% to RM5.30/kg as at 22 February 2019 from a low of RM4.10/kg on 20 September 2018 (see Exhibit 3).

Selling price of dressed standard chickens (dressed chickens with leg, head, liver and gizzards) has improved by 19.5% to RM7.05/kg on 22 February 2019 from a low of RM5.90/kg on 12 September 2018 (see Exhibit 3).

Looking ahead to FY20F, MFM's revenue is anticipated to expand by 21.3% supported by contribution from the new broiler processing plant in Lumut.

The plant, which is expected to be completed in September 2019, is expected to command a processing capacity of 240,000 chickens per day. We believe that the plant's utilisation rate would be 50% in FY20F, which is the first full year of operations.

❑ **Group gross profit margin of 10.8% in FY19F**

We estimate MFM's gross profit margins to be 10.8% in FY19F (FY18: 9.7%) and 10.7% in FY20F.

Apart from the absence of poultry disease, margin enhancement in FY19F is expected to be underpinned by lower feed and wheat costs. Prices of corn, soybean and wheat costs are in the troughs currently due to high levels of global inventories (see Exhibits 4 and 5).

MFM's gross profit margin is envisaged to improve further to 10.9% in FY21F. This is on the back of higher contribution from the poultry business, which commands higher margins compared with flour.

#### ❑ *Free cash flows to be positive in FY22F*

We believe that MFM's free cash flows would turn positive to 5.0 sen per share in FY22F. All of MFM's capex would be completed by end-FY19F and at the same time, cash flows from the new plants are expected to start coming in.

Hence, MFM would be able to sustain its dividend payments in the long term. We estimate gross DPS to be 3.0 sen in FY19F and 3.5 sen in FY20F.

We forecast MFM's free cash flows to improve to -18.0 sen per share in FY19F and -11.9 sen per share in FY20 from -21.3 sen in FY18. We assume capex to be RM180mil in FY19F and RM80mil in FY20F.

We forecast MFM's net gearing to decline to 88.2% as at end-FY19F from 116.7% as at end-FY18.

### RISKS

#### ❑ *Poultry diseases would result in lower volume of production*

Poultry are susceptible to more than 100 diseases. Symptoms include decreased egg production, lack of energy and appetite and discolouration of the chicken legs.

If the breeder parent chickens are infected, this would affect the production of day-old chicks and broiler chickens.

This would subsequently result in lower revenue and higher costs. Also, MFM may have to record fair value losses on biological assets.

MFM experienced this when its chickens were infected with the Inclusion Body Hepatitis (IBH) disease in FY18.

To mitigate the spread of a poultry disease, biosecurity is practised. Biosecurity are procedures to prevent the spread of diseases in the farm. Some of the procedures include equipment control and sanitation, and training for the employees.

#### ❑ *Increase in feedmeal costs in poultry division and wheat costs in flour division would erode margins*

The largest cost component in the poultry division is the feed costs. The feed meal comprises mainly corn and soybean, which are imported.

If the cost of feed increases due to high prices of corn and soybean, this would erode operating profit margins.

It is difficult to pass on the higher costs to middlemen in the live bird market and consumer companies in the broiler segment.

Currently, soybean and corn prices are low due to record high inventories in the US. Hence, we believe that MFM's EBIT margin in the poultry division would improve from (-0.1%) in FY18 to 3.5% in FY19F.

The main cost component in the flour division is wheat. Wheat is imported from Australia. If wheat costs increase,

MFM may not be able to raise the selling price of flour products. As such, MFM's operating profit margin may be affected.

Presently, wheat price is in the doldrums. According to *Bloomberg* which uses soft red winter wheat as a gauge, wheat price declined by 25.8% from a high of US\$6.19/bushel on 8 August 2018 to US\$4.59/bushel on 4 March 2019.

#### ❑ *Currency risk*

There are two currency risks. First, the currency exposure relating to the cost of imports. Second, the currency exposure from the flour operations in Vietnam and Indonesia.

The main feedstock such as wheat, corn and soybean are imported in USD. Hence if the MYR depreciates against the USD, this will increase the cost of raw materials in MYR terms and erode operating profit margins. MFM may not be able to pass on the costs in the form of higher selling prices to its customers.

Second, the depreciation of the Vietnamese dong and Indonesian rupiah against the USD may result in losses. Upon translation, not only would the earnings or revenue be lower, there may be unrealised foreign exchange losses on the foreign denominated borrowings.

TABLE 1 : FINANCIAL DATA

Income Statement (RMmil, YE 31 Dec)	2017	2018	2019F	2020F	2021F
Revenue	2,402.3	2,423.8	2,879.3	3,493.7	3,903.3
EBITDA	137.3	107.7	160.0	184.2	212.4
Depreciation	(52.9)	(57.6)	(67.2)	(72.9)	(77.3)
Operating income (EBIT)	84.5	50.1	92.8	111.3	135.1
Other income & associates	23.9	8.1	22.8	23.5	24.4
Net interest	(11.9)	(18.3)	(19.4)	(23.5)	(27.2)
Exceptional items	-	-	-	-	-
<b>Pretax profit</b>	<b>96.5</b>	<b>39.9</b>	<b>96.2</b>	<b>111.4</b>	<b>132.3</b>
Taxation & Zakat	(24.5)	(12.5)	(21.2)	(24.5)	(29.1)
Minorities/pref dividends	(3.4)	(9.7)	(5.0)	(5.0)	(5.0)
<b>Net profit</b>	<b>68.6</b>	<b>17.8</b>	<b>70.0</b>	<b>81.9</b>	<b>98.2</b>
Core net profit	68.6	17.8	70.0	81.9	98.2
<b>Balance Sheet (RMmil, YE 31 Dec)</b>	<b>2017</b>	<b>2018</b>	<b>2019F</b>	<b>2020F</b>	<b>2021F</b>
Fixed assets	769.1	984.7	1,097.5	1,104.6	1,107.4
Intangible assets	3.0	2.6	2.6	2.6	2.6
Other long-term assets	65.8	76.2	84.0	92.5	101.9
<b>Total non-current assets</b>	<b>837.8</b>	<b>1,063.5</b>	<b>1,184.0</b>	<b>1,199.7</b>	<b>1,211.8</b>
Cash & equivalent	257.8	168.8	305.2	165.6	103.7
Stock	493.0	468.7	552.2	670.0	748.6
Trade debtors	373.1	411.0	489.1	593.4	663.0
Other current assets	66.1	64.6	64.6	64.6	64.6
<b>Total current assets</b>	<b>1,190.0</b>	<b>1,113.1</b>	<b>1,411.0</b>	<b>1,493.6</b>	<b>1,579.9</b>
Trade creditors	147.2	142.2	176.0	213.8	238.2
Short-term borrowings	883.1	975.4	1,072.9	1,062.2	1,051.5
Other current liabilities	1.7	4.0	4.0	4.0	4.0
<b>Total current liabilities</b>	<b>1,032.1</b>	<b>1,121.5</b>	<b>1,252.9</b>	<b>1,279.9</b>	<b>1,293.7</b>
Long-term borrowings	76.2	151.1	166.2	182.8	201.1
Other long-term liabilities	12.3	9.8	38.6	38.6	38.6
<b>Total long-term liabilities</b>	<b>88.5</b>	<b>160.8</b>	<b>204.8</b>	<b>221.4</b>	<b>239.7</b>
<b>Shareholders' funds</b>	<b>834.6</b>	<b>820.5</b>	<b>1,058.7</b>	<b>1,108.3</b>	<b>1,169.6</b>
Minority interests	72.6	73.7	78.7	83.7	88.7
BV/share (RM)	0.92	0.90	1.15	1.20	1.27
<b>Cash Flow (RMmil, YE 31 Dec)</b>	<b>2017</b>	<b>2018</b>	<b>2019F</b>	<b>2020F</b>	<b>2021F</b>
Pretax profit	96.5	39.9	96.2	111.4	132.3
Depreciation	52.9	57.6	67.2	72.9	77.3
Net change in working capital	(39.5)	(42.8)	(138.4)	(196.7)	(138.3)
Others	9.1	24.7	(11.3)	(16.9)	(21.0)
<b>Cash flow from operations</b>	<b>119.0</b>	<b>79.5</b>	<b>13.8</b>	<b>(29.4)</b>	<b>50.3</b>
Capital expenditure	(172.6)	(273.1)	(180.0)	(80.0)	(80.0)
Net investments & sale of fixed assets	0.2	0.1	1.0	1.0	1.0
Others	(5.8)	(26.2)	(5.0)	(5.0)	(5.0)
<b>Cash flow from investing</b>	<b>(178.2)</b>	<b>(299.2)</b>	<b>(184.0)</b>	<b>(84.0)</b>	<b>(84.0)</b>
Debt raised/(repaid)	14.6	165.7	112.6	5.9	7.7
Equity raised/(repaid)	0.1	0.0	220.0	0.0	0.0
Dividends paid	(42.6)	(35.5)	(26.1)	(32.1)	(35.8)
Others	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing</b>	<b>(27.9)</b>	<b>130.2</b>	<b>306.6</b>	<b>(26.2)</b>	<b>(28.1)</b>
<b>Net cash flow</b>	<b>(87.2)</b>	<b>(89.5)</b>	<b>136.4</b>	<b>(139.6)</b>	<b>(61.9)</b>
<b>Net cash/(debt) b/f</b>	<b>371.2</b>	<b>257.8</b>	<b>168.8</b>	<b>305.2</b>	<b>165.6</b>
Forex	(26.2)	0.5	0.0	0.0	0.0
<b>Net cash/(debt) c/f</b>	<b>257.8</b>	<b>168.8</b>	<b>305.2</b>	<b>165.6</b>	<b>103.7</b>
<b>Key Ratios (YE 31 Dec)</b>	<b>2017</b>	<b>2018</b>	<b>2019F</b>	<b>2020F</b>	<b>2021F</b>
Revenue growth (%)	-5.4	0.9	18.8	21.3	11.7
EBITDA growth (%)	-5.5	-20.1	42.7	13.8	14.2
Pretax margins (%)	4.0	1.6	3.3	3.2	3.4
Net profit margins (%)	2.9	0.7	2.4	2.3	2.5
Interest cover (x)	-11.5	-5.9	-8.2	-7.8	-7.8
Effective tax rate (%)	25.4	31.2	22.0	22.0	22.0
Net dividend payout (%)	0.5	1.1	0.4	0.4	0.4
Trade debtors turnover (days)	57	62	62	62	62
Stock turnover (days)	75	71	70	70	70
Trade creditors turnover (days)	25	24	25	25	25

Source: Company, AmlInvestment Bank estimates

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