

India

HOLD (no change)

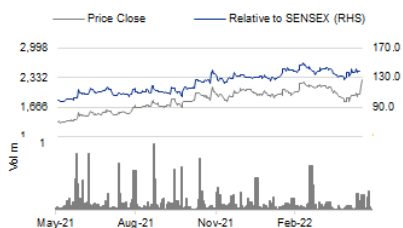
Consensus ratings*: Buy 4 Hold 1 Sell 2

Current price:	Rs2,280
Target price:	Rs2,320 ▲
Previous target:	Rs1,985
Up/downside:	1.8%
InCred Research / Consensus:	1.7%
Reuters:	TIMK.NS
Bloomberg:	TMKN IN
Market cap:	US\$2,209m Rs171,510m
Average daily turnover:	US\$1.7m Rs132.0m
Current shares o/s:	75.2m
Free float:	32.2%

*Source: Bloomberg

Key changes in this note

- FY23F-24F revenue raised by 2%-4%.
- FY23F-24F EBITDA raised by 11%.
- FY23F-24F PAT raised by 13%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	14.9	12.5	69.3
Relative (%)	18.0	13.8	58.2

Major shareholders	% held
Promoter	67.8
HDFC Mutual Fund	2.7
SBI Mutual Fund	2.8

Analyst(s)



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Timken Ltd

Exports drive overall outperformance

- 4QFY22 EBITDA beat was substantially aided by robust sales, prices hikes, favourable mix (higher exports) and cost control measures.
- Export order book eased slowdown concerns, while sales growth was strong in process and mobility segments. Capacity constraints need to be tackled.
- Retain Hold rating on the stock with a higher TP of Rs2,320 (Rs1,985 earlier).

Exports was a key factor behind sales and margin beat

Timken's 4QFY22 net sales (+40% yoy, +31% qoq) were 16% above our estimate aided by strong growth across segments led by exports. EBITDA margin at 26.9% (+867bp yoy, +457bp qoq) was supported by price hikes (cover significant cost inflation which aided a 162bp qoq gross margin uptick), favourable product mix (higher exports, large-size bearings), higher capacity utilization, localization efforts (child parts localized in Jamshedpur) and cost control measures. FY22 sales (+56% yoy) were aided by 40% volume growth and the rest pricing-led, while segment-wise exports (+92% yoy) and process segment led sales growth.

Export order book remains solid; process segment growth to sustain

Timken's export order book remains solid and still have not seen any signs of a slowdown. Timken India is well reckoned among global sister companies, while exports are also spread across countries, which reduces concerns over slowdown in any geography. Process sub-segments such as energy, steel and cement have witnessed robust demand and it is likely to continue, while wind segment's revenue is almost double yoy with export push from India. In the railways segment, Timken is a dominant player in freight wagons, where Indian Railways has come out with a tender for 90k wagons over three years (30k wagons per year) apart from opportunities in passenger coaches, but the fructification timeline is key for the pace of the segment's growth.

4Q capacity utilization touched close to the maximum desired level

As per management, Timken would try to maintain maximum capacity utilization at 80-82% which it achieved in 4QFY22. With mature supply chain supporting high speed to market and parent company support, Timken would be able to add capacity in six months but would take 12-24 months for greenfield capacity. Capacity utilization in the railways segment was lower. Timken is adding more lines at its Bharuch plant for smaller bearings, and the scope for debottlenecking for better efficiency remains in case of Bharuch plant.

Maintain Hold rating on the stock

We raise our EPS estimates by 12-13% for FY23F-24F, largely led by higher margin assumptions. We raise our target price to Rs2,320 (from Rs1,985) as we roll over to Jun 2024F EPS based on 35x (five-year average P/E). We maintain our Hold rating on the stock considering its fair valuation. Upside risk is sustaining higher margins recorded in 4QFY22 due to strong exports, while any drop in demand remains a downside risk.

Financial Summary	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Revenue (Rsm)	15,998	14,034	22,032	26,020	29,414
Operating EBITDA (Rsm)	3,626	2,518	5,105	6,189	7,046
Net Profit (Rsm)	2,461	1,432	3,271	4,143	4,817
Core EPS (Rs)	32.7	19.0	43.5	55.1	64.1
Core EPS Growth	58.0%	(41.8%)	128.4%	26.7%	16.3%
FD Core P/E (x)	69.68	119.76	52.43	41.39	35.59
DPS (Rs)	1.0	50.0	1.5	2.0	2.5
Dividend Yield	0.04%	2.19%	0.07%	0.09%	0.11%
EV/EBITDA (x)	46.20	67.54	33.61	27.25	23.43
P/FCFE (x)	86.35	148.91	1,076.92	55.56	45.55
Net Gearing	(25.2%)	(10.5%)	0.7%	(13.7%)	(25.4%)
P/BV (x)	10.88	12.76	10.35	8.34	6.81
ROE	16.9%	9.8%	21.8%	22.3%	21.1%
% Change In Core EPS Estimates				12.63%	13.02%
InCred Research/Consensus EPS (x)					

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Exports drive overall outperformance

4QFY22 results review

4QFY22 conference-call highlights >

- **Sales break-up:** 4QFY22 and FY22
 - Rail - 17% in 4Q and 18-20% in FY22
 - Mobility - 20% in 4Q and FY22
 - Process - 13-14% in 4Q and 13% in FY22
 - Distribution - 20% in 4Q and FY22
 - Exports - 30% in 4Q and FY22
- **Margins:** Price hikes (cover significant cost inflation), favourable product mix (higher exports, large-size bearings), higher capacity utilization at both plants, localization efforts (lot of child parts localized in Jamshedpur) and cost control measures supported margins. Off-highway segment, exports, railways business and one plant closed due to the ongoing Russia-Ukraine war aided the numbers. Higher focus on exports and higher volume would support margin going ahead but cannot have control on the product mix. Margin band is tight with exports having attractive margins.
- **FY22 sales growth/volume growth:** Process industries and exports were major growth drivers of FY22 sales. Of 56% yoy revenue growth in FY22, volume growth accounted for ~40%.
- **Exports:** Timken exports its products across geographies such as Europe, US, China, Africa, and Russia and hence, would not be impacted by slowdown in one geography. China's exports to the US faced a special duty structure which aided exports from India. Also, exports from Bharuch factory have also increased (form 50% last month). Timken India's plant is reckoned well across sister companies globally and hence, would be a strong partner to them globally even if slowdown/recession happens. Export order book remained solid and still does not show any signs of a slowdown. Timken India is designed for smaller-size bearings vs. Chinese companies who specialize in large bearings for industrial applications and hence, cannot be used as a replacement but China was not able to export taper roller bearings to the US (Covid-19 lockdown impact) which benefitted India. Timken globally is gaining market penetration, which helps India.
- **Railways:** The company is a dominant player in freight wagons. Indian Railways has come out with a tender for supply of 90k wagons over three years (30k wagons per year), requiring a total 7,20,000 bearings (eight bearings per wagon). These would require high-capacity E-class bearings which have phased out the old E-class bearings. The company sees demand for wagons to carry heavy loads as a slow and steady growing long-term opportunity. Also, 300-350k wagons are aging and need to be replaced. The company has also a presence in passenger trains (conventional and metro rail) and the thrust on inducting faster trains gels well. Its presence in locomotives is low.
- **Process segment:** Stationary equipment for energy, steel and cement sectors have witnessed robust demand and is likely to continue. The push to infrastructure sector will continue to dive this segment. Demand pull is strong in steel even globally.
- **Wind power market:** The market was good except for slowdown in China. Wind power segment's revenue doubled in FY22 as more companies manufactured gearbox in India for exports. Also, the increase in output wattage level benefits sales. However, the market is getting competitive.
- **Commercial vehicle:** The company supplies wheel-end bearings (10-11 bearings per vehicle which is a commoditized market), differential bearings (6 bearings) and pinion bearings (4 bearings). The company is the leader in

differential and pinion bearings where almost 9 out of every 10 heavy commercial vehicles have Timken's pinion bearings. The company does supply ABC bearings also to OEMs like Tata Motors, but the focus is mostly on differential and pinion bearings.

- **Defence & aerospace:** Timken group supplies bearings for US naval carriers and is significantly present in helicopter landing gear. Domestic defence manufacturing can be a large opportunity for the company going ahead, with opportunities from naval ships, marine and coast guard for bearings required in the gear box. The company also sees opportunity in the bearings required for engines in aircraft and landing gear and spherical bearings for tanks. The company sees a large opportunity if there is a shift away from Russian platforms. It is supplying bearings in small quantity to Indian Space Research Organisation or ISRO, Hindustan Aeronautics Ltd or HAL and ordnance factories. The company sees Indian defence industry as a slow and steady but large opportunity going ahead.
- **Capacity utilization and capex:** Timken is fully loaded on both plants. It would try to maintain maximum capacity utilization of 80-82%, which it achieved in 4QFY22. With mature supply chain supporting high speed to market and parent support, the company needs at least six months for adding capacity and would take 12-24 months for greenfield capacity. Capacity utilization for railways segment was lower. The company is adding more lines at its Bharuch plant for smaller bearings. However, the efficiency level at Bharuch plant has to go up before new investments come up. It still does not produce spherical bearings in India and is working on the same.
- **Benefits from global M&A:** Timken parent's acquisition includes Rollon (in linear motion), a couple of companies in lubrication space and a company in robotics. Timken India could plunge into lubricant business and can export from India. Lubrication for metro railways and wind power equipment are high - margin areas.

4QFY22 results highlights ►

- Timken's 4QFY22 net sales at Rs6.7bn (up 40% yoy, up 31% qoq) were 16.4% above our estimate of Rs5.73bn.
- 4QFY22 reported EBITDA of Rs1.8bn (up 107% yoy, up 58% qoq) was 45% above our estimate of Rs1.23bn.
- EBITDA margin for the quarter at 26.9% (+867bp yoy, +457bp qoq) was better than our estimate of 21.6%, aided by operating leverage, improvement in gross margin (+499bp yoy, +162bp qoq), led by pricing and a favourable mix (share of traded goods stood at 24.6% of sales vs. 28.9% in 4QFY21). Other expenses were up 23% yoy, which is comparable as higher royalty expenses on manufacturing goods was in place from 4QFY21.
- Other income at Rs49m (-38% yoy) was below our estimate of Rs77m.
- 4QFY22 PBT at Rs1.6bn (up 116% yoy, up 70% qoq) was 46% above our estimate of Rs1.1bn.
- Tax rate was 24.7% vs. our estimate of 29.8%.
- Accordingly, PAT stood at Rs1.2bn (+129% yoy, 74% qoq), 57% above our estimate of Rs773m.
- For FY22, revenue stood at Rs22bn (up 56% yoy), EBITDA margin at 23.2% (+541bp yoy) and PAT at Rs3.3bn (up 128% yoy).

Net working capital and cash flow►

- Net working capital (ex-cash) saw some deterioration as it stood at 114 days of sales in FY22 vs. 82 days of sales in FY21, mainly led by reduction in payable days on sales which offset the improvement in receivable days on sales.
- Net cash from operations stood at Rs329m in FY22 vs. Rs1.9bn in FY21, impacted by incremental working capital requirement to support strong sales growth in FY22.

- Net cash balance stood at Rs1.14bn as at end-FY22 vs. Rs1.7bn as at end-FY21.

Figure 1: Quarterly analysis

YE March (Rs m)	4QFY22	4QFY21	YoY % chg	3QFY22	QoQ % chg	FY22	FY21	YoY % chg	4QFY22F	Our Estimates vs. Actual
Total Revenue	6,674	4,754	40.4%	5,100	30.9%	22,032	14,114	56.1%	5,733	16.4%
Less:										
Net Raw Material consumed	3,489	2,722	28.2%	2,749	26.9%	11,941	7,858	52.0%	3,156	10.6%
Other Expenses	1,023	834	22.7%	865	18.3%	3,580	2,556	40.1%	946	8.1%
Personnel	364	329	10.6%	345	5.5%	1,406	1,193	17.8%	395	(7.8%)
Total Expenditure	4,876	3,885	25.5%	3,959	23.2%	16,927	11,607	45.8%	4,497	8.4%
EBIDTA	1,798	869	107.0%	1,141	57.6%	5,105	2,507	103.7%	1,237	45.4%
Less: Depreciation	224	195	15.0%	216	3.7%	843	738	14.2%	210	6.5%
EBIT	1,574	674	133.6%	925	70.2%	4,262	1,768	141.0%	1,026	53.4%
Less: Interest paid	13	6	124%	3	333.3%	24	14	66.0%	3	417.9%
Non-operating Income	49	79	(37.7%)	28	75.0%	144	197	(27.1%)	77	(36.6%)
Extraordinary Income	-	-	NA	-	NA	-	-	NA	-	NA
Profit Before Tax	1,610	747	115.6%	950	69.5%	4,382	1,951	124.6%	1,101	46.2%
Profit Before Tax Excl. extraordinary	1,610	747	115.6%	950	69.5%	4,382	1,951	124.6%	1,101	46.2%
Less: Total Tax	397	217	82.7%	252	57.5%	1,111	519	114.2%	328	20.9%
Profit After Tax	1,213	529	129.2%	698	73.8%	3,271	1,432	128.4%	773	57.0%
Minority Interest										
Associates share										
Reported PAT	1,213	529	129.2%	698	73.8%	3,271	1,432	128.4%	773	57.0%
Profit After Tax Excl. extra-ordinaries	1,213	529	129.2%	698	73.8%	3,271	1,432	128.4%	773	
Diluted Shares Outstanding (m)	75	75		75		75	75		75	
Reported EPS-Diluted (Rs.)	16.1	7.0	129.2%	9.3	73.8%	43.6	19.0	129.0%	10.3	
Proforma EPS Diluted (Rs.)	16.1	7.0	129.2%	9.3	73.8%	43.6	19.0	129.0%	10.3	
Margin Analysis			YoY bp chg		QoQ bp chg			YoY bp chg		
Raw Material % of Total Revenue	52.3%	57.3%	-499	53.9%	-162	54.2%	55.7%	-148	55.0%	
Other Expenses % of Total Revenue	15.3%	17.5%	-221	17.0%	-163	16.3%	18.1%	-186	16.5%	
Personnel % of Total Revenue	5.5%	6.9%	-147	6.8%	-131	6.4%	8.5%	-207	6.9%	
EBITDA Margin	26.9%	18.3%	867	22.4%	457	23.2%	17.8%	541	21.6%	
EBIT Margin	23.6%	14.2%	941	18.1%	545	19.3%	12.5%	682	17.9%	
PBT Margin (%)	24.1%	15.7%	842	18.6%	550	19.9%	13.8%	607	19.2%	
Proforma NPM	18.2%	11.1%	704	13.7%	449	14.8%	10.1%	470	13.5%	
Effective Tax Rate (%)	24.7%	29.1%	-445	26.5%	-187	25.4%	26.6%	-123	29.8%	

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Balance sheet

YE March (Rs m)	FY18	1HFY19	FY19	1HFY20	FY20	1HFY21	FY21	1HFY22	FY22
(a) Share capital	680	752	752	752	752	752	752	752	752
(b) Reserves and surplus	6,343	11,824	12,655	13,551	15,015	11,775	12,683	13,904	15,817
Sub-total - Shareholders' funds	7,023	12,576	13,408	14,303	15,767	12,527	13,435	14,656	16,569
Loans	159	176	231	229	200	166	327	195	298
Deferred tax liabilities	22	729	550	503	377	342	323	277	280
Total sources of funds	7,205	13,481	14,188	15,036	16,343	13,036	14,085	15,128	17,147
Net fixed assets	3,049	5,153	5,017	4,974	6,605	6,700	6,751	6,725	6,734
Investments	552	1,329	1,758	2,968	132	0	0	0	990
Cash balances	268	362	240	403	4,167	1,268	1,742	1,764	182
Current assets									
Inventories	2,455	3,152	3,171	3,023	2,914	2,966	3,687	4,584	5,585
Sundry debtors	2,254	2,650	3,054	2,964	2,958	2,712	3,713	4,248	5,388
Loans & advances, other CA	1,212	1,196	954	890	558	484	584	840	696
Current liabilities & Provisions									
Current liabilities	2,423	3,339	3,013	3,217	2,870	2,935	4,239	4,805	4,189
Provisions	161	181	557	502	562	592	561	618	602
Net current assets	3,603	3,839	3,849	3,562	7,166	3,902	4,927	6,013	7,060
Total application of funds	7,205	13,483	14,188	15,036	16,343	13,036	14,085	15,128	17,147

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Cash flow statement

YE March (Rs m)	FY18	1HFY19	FY19	1HFY20	FY20	1HFY21	FY21	1HFY22	FY22
Cash Flow from Operating Activities:									
Net Profit before tax	1,397	1,002	2,238	1,549	3,064	706	1,951	1,821	4,382
Adjustments to reconcile profit before tax to net cash flows									
Depreciation and amortisation	431	367	793	399	769	356	749	403	843
Interest income	(34)	(4)	(8)	(14)	(31)	(56)	(87)	(21)	(28)
Interest expense	12	12	18	6	28	6	14	8	24
Dividend Income	(31)	(22)	(61)	(51)	(105)	(1)	(1)	-	(10)
(Profit)/Loss on sale of assets (Net)	(1)	-	3	-	(0)	(3)	1	(0)	2
Provision for doubt debts/advances	28	33	38	19	25	8	14	9	7
Provision no longer required written back	(110)	(11)	(29)	(14)	(29)	(6)	(60)	(10)	(16)
Unrealised foreign exchange loss / (gain)	21	47	(5)	(11)	(39)	16	38	21	(11)
Impairment loss	-	-	29	37	37	-	-	-	-
Miscellaneous items	(26)	-	(32)	(16)	(33)	(17)	(36)	(21)	(43)
Operating Profit before Working Capital Changes	1,687	1,422	2,985	1,904	3,685	1,008	2,583	2,211	5,150
(Increase) in Trade receivable, Loans and Advances & Inventories	(323)	(117)	(586)	94	223	183	(815)	(574)	(1,689)
(Increase) in Inventories	(574)	(697)	(401)	148	257	(52)	(773)	(897)	(1,898)
(Increase) in Trade payable	-	527	-	(170)	-	(26)	1,157	551	(63)
Increase in Liabilities and Provisions	356	244	192	89	(153)	(3)	165	(70)	214
(Increase) in Loans & other financial assets and other assets	(378)	(248)	1,052	49	396	72	21	(268)	(245)
Cash Generated from Operations	768	1,131	3,242	2,114	4,407	1,181	2,338	954	1,469
Direct Taxes paid (net of refund)	(378)	(231)	(754)	(430)	(838)	(168)	(451)	(434)	(1,140)
Cash flow from operating activities	390	900	2,488	1,683	3,569	1,013	1,887	520	329
Net Cash from Operating Activities	390	900	2,488	1,683	3,569	1,013	1,887	520	329
Cash Flow from Investing Activities:									
Purchase of Fixed Assets including capital	(724)	(33)	(1,174)	(329)	(1,263)	(323)	(783)	(255)	(803)
Proceeds from Sale of Fixed Assets	10	-	0	54	60	-	8	2	4
Dividend received	31	22	61	51	105	1	1	-	10
Interest received	35	6	8	4	31	56	87	21	28
Redemption/ maturity of bank deposits	10	14	8	2	(7)	(1)	-	-	-
Net Cash used in Investing Activities	(638)	9	(1,097)	(219)	(1,075)	(267)	(687)	(233)	(761)
Cash Flow from Financing Activities:									
Interest paid	(12)	(12)	(18)	(6)	(27)	(6)	(14)	(8)	(24)
Proceeds/(repayment) from/(of) short term borrowings	159	176	231	229	(31)	(33)	(13)	(132)	(10)
Repayment of short-term loan	(84)	(159)	(356)	(231)	(17)	(5)	-	-	-
Dividend paid	(68)	(75)	(75)	(75)	(75)	(3,760)	(3,760)	(113)	(113)
Tax on dividend distribution	(14)	(15)	(15)	(15)	(15)	-	-	-	-
Repayment of lease liabilities	-	-	-	(8)	-	-	-	(5)	-
Net Cash used (in)/from Financing Activities	(19)	(86)	(233)	(106)	(166)	(3,804)	(3,787)	(258)	(147)
Net Cash and Cash equivalents	(267)	823	1,157	1,358	2,328	(3,058)	(2,588)	29	(579)
Cash and Cash equivalents - Opening Balance	-	782	782	1,976	1,976	4,278	4,278	1,704	1,704
Effect of exchange difference	(3)	17	37	13	(26)	(4)	14	(7)	13
Cash and Cash equivalents received from Business combinations	-	15	-	-	-	-	-	-	-
Cash and Cash equivalents - Closing Balance	(270)	1,636	1,976	3,347	4,278	1,217	1,704	1,726	1,138

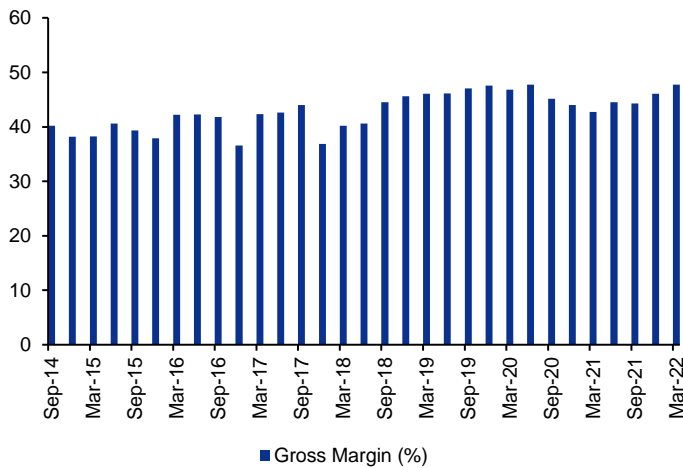
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Net working capital (days of sales)

Net Working Capital (Days of sales)	FY16	1HFY17	FY17	1HFY18	FY18	1HFY19	FY19	1HFY20	FY20	1HFY21	FY21	1HFY22	FY22
Inventories	64	61	65	70	85	79	70	66	66	81	95	89	93
Trade receivables	67	71	67	81	78	66	67	65	67	74	96	82	89
Cash and bank balances	11	9	6	10	9	9	5	9	94	35	45	34	3
Loans and advances	24	1	1	1	1	1	1	2	2	1	3	0	1
Non-current assets	7	28	30	35	41	29	20	18	11	12	12	16	11
Current assets	173	170	169	197	214	185	163	159	239	204	252	221	196
Trade Payables	39	47	52	64	68	70	51	48	48	57	87	75	54
Current tax liabilities	10	18	23	23	14	10	7	12	11	16	14	10	9
Provisions	11	8	10	7	6	5	12	11	13	16	15	12	10
Current liabilities	60	73	85	94	89	88	78	81	77	97	124	105	79
Net current assets	113	97	84	103	125	96	84	78	162	107	127	116	117
Net current assets (ex-cash)	101	88	78	93	115	87	79	69	68	72	82	82	114

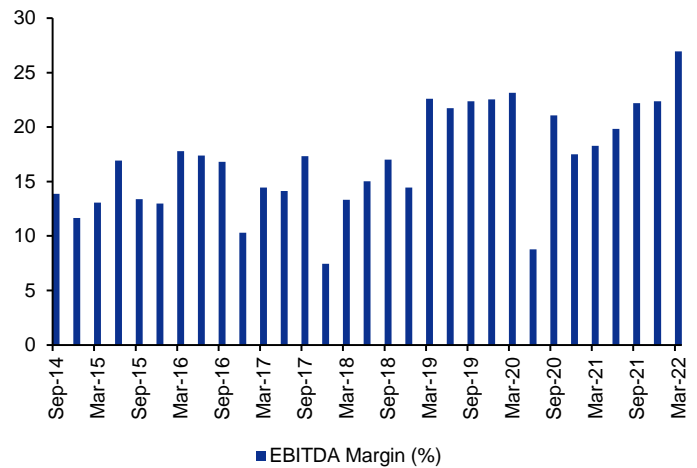
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Figure 5: Gross margin rose by 499bp yoy during 4QFY22, despite the pressure of higher commodity prices



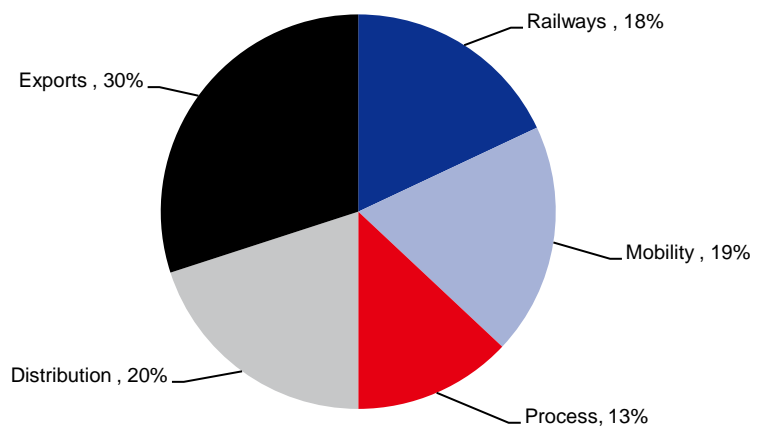
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 6: EBITDA margin rose by 867bp yoy during 4QFY22, aided by robust gross margin and operating leverage



SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Revenue share of various segments in FY22



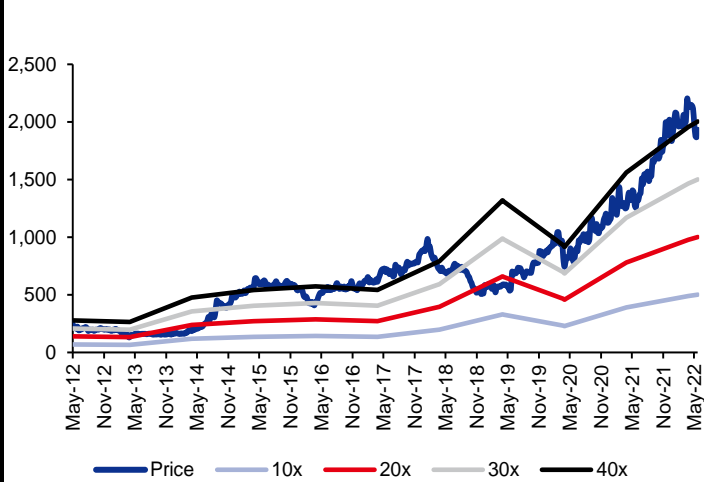
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Figure 8: Earnings revision table

	Old Estimates		New Estimates		Change	
	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F
Revenue	25,433	28,391	26,020	29,414	2%	4%
EBITDA	5,574	6,335	6,189	7,046	11%	11%
PAT	3,678	4,262	4,143	4,817	13%	13%

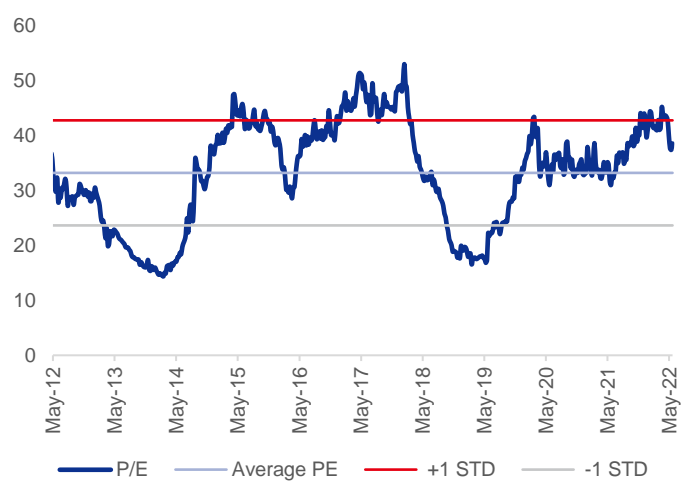
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Timken one-year forward P/E



SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Timken trades below its +1SD P/E

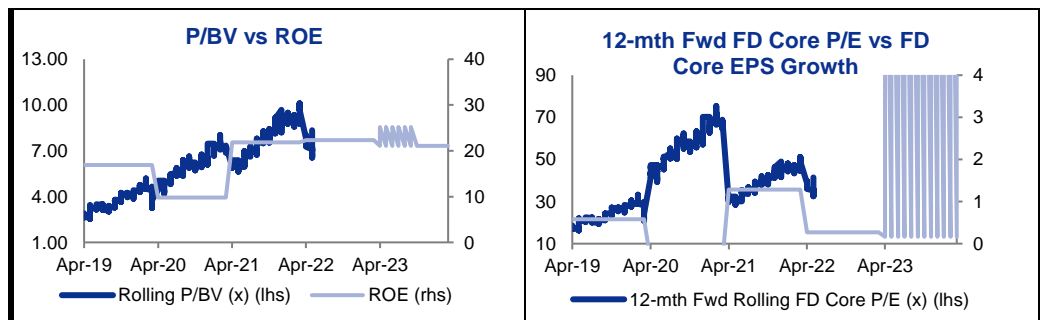


SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Peer comparison

Company	Bloomberg Ticker	Recom.	Price Rs	TP Rs	Mkt cap (US\$m)	P/E (x)			P/BV (x)			EV/EBITDA (x)			Dividend Yield (%)		
						FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F
SKF	SKF IN	Add	3,595	3,100	2,281	45	36	30	9.4	7.7	6.4	31	25	21	0.4	0.5	0.5
Schaeffler	SCHFL IN	Add	2,304	2,440	4,824	57	43	37	9.9	8.5	7.3	36	28	24	0.3	0.7	0.8
Timken	TMKN IN	Hold	2,294	2,320	2,147	53	42	36	10.4	8.4	6.8	33	27	24	0.1	0.1	0.1

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS

Profit & Loss

(Rs mn)	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Total Net Revenues	16,169	14,105	22,032	26,020	29,414
Gross Profit	7,574	6,247	10,091	11,969	13,530
Operating EBITDA	3,626	2,518	5,105	6,189	7,046
Depreciation And Amortisation	(769)	(749)	(843)	(885)	(967)
Operating EBIT	2,857	1,769	4,262	5,305	6,079
Financial Income/(Expense)	(28)	(14)	(24)	(24)	(24)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	234	196	144	269	399
Profit Before Tax (pre-EI)	3,064	1,951	4,382	5,550	6,454
Exceptional Items					
Pre-tax Profit	3,064	1,951	4,382	5,550	6,454
Taxation	(603)	(519)	(1,111)	(1,407)	(1,636)
Exceptional Income - post-tax					
Profit After Tax	2,461	1,432	3,271	4,143	4,817
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	2,461	1,432	3,271	4,143	4,817
Recurring Net Profit	2,461	1,432	3,271	4,143	4,817
Fully Diluted Recurring Net Profit	2,461	1,432	3,271	4,143	4,817

Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
EBITDA	3,626	2,518	5,105	6,189	7,046
Cash Flow from Invt. & Assoc.	(562)	(567)	(724)	(640)	(592)
Change In Working Capital	326	(266)	(3,693)	(941)	(1,020)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	769	749	843	885	967
Other Operating Cashflow	(184)	(116)	(120)	(245)	(375)
Net Interest (Paid)/Received	(28)	(14)	(24)	(24)	(24)
Tax Paid	(838)	(451)	(1,111)	(1,407)	(1,636)
Cashflow From Operations	3,109	1,852	277	3,817	4,366
Capex	(1,263)	(783)	(232)	(1,000)	(1,000)
Disposals Of FAs/subsidiaries	60	8			
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	128	88	144	269	399
Cash Flow From Investing	(1,075)	(687)	(89)	(731)	(601)
Debt Raised/(repaid)	(48)	(13)	(29)		
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(75)	(3,760)	(113)	(150)	(188)
Preferred Dividends					
Other Financing Cashflow	(43)	(14)	(24)	(24)	(24)
Cash Flow From Financing	(166)	(3,787)	(166)	(174)	(212)
Total Cash Generated	1,868	(2,623)	23	2,912	3,553
Free Cashflow To Equity	1,986	1,152	159	3,086	3,765
Free Cashflow To Firm	2,061	1,179	212	3,110	3,789

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Total Cash And Equivalents	4,167	1,742	182	3,118	6,694
Total Debtors	2,958	3,713	5,388	6,059	6,850
Inventories	2,914	3,687	5,585	6,596	7,456
Total Other Current Assets	538	564	696	822	929
Total Current Assets	10,577	9,707	11,851	16,595	21,930
Fixed Assets	7,232	7,345	6,734	6,849	6,882
Total Investments	132		990	990	990
Intangible Assets	1,813	1,813	2,363	2,363	2,363
Total Other Non-Current Assets					
Total Non-current Assets	9,177	9,158	10,087	10,202	10,235
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	2,139	3,355	3,285	3,880	4,386
Other Current Liabilities	1,293	1,445	1,506	1,779	2,011
Total Current Liabilities	3,432	4,800	4,791	5,658	6,396
Total Long-term Debt	200	327	298	298	298
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	200	327	298	298	298
Total Provisions	377	323	280	280	280
Total Liabilities	4,008	5,450	5,369	6,236	6,974
Shareholders Equity	15,767	13,435	16,569	20,561	25,191
Minority Interests					
Total Equity	15,767	13,435	16,569	20,561	25,191

Key Ratios					
	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Revenue Growth	(2.8%)	(12.3%)	57.0%	18.1%	13.0%
Operating EBITDA Growth	25.6%	(30.6%)	102.8%	21.2%	13.8%
Operating EBITDA Margin	22.7%	17.9%	23.2%	23.8%	24.0%
Net Cash Per Share (Rs)	52.76	18.82	(1.54)	37.50	85.06
BVPS (Rs)	209.66	178.66	220.33	273.42	334.98
Gross Interest Cover	103.86	122.76	178.33	221.96	254.35
Effective Tax Rate	19.7%	26.6%	25.4%	25.4%	25.4%
Net Dividend Payout Ratio	3.1%	262.6%	3.4%	3.6%	3.9%
Accounts Receivables Days	67.86	86.32	75.39	80.29	80.10
Inventory Days	129.21	153.31	141.72	158.21	161.46
Accounts Payables Days	(95.00)	(127.58)	(101.48)	(93.06)	(94.97)
ROIC (%)	18.6%	10.4%	25.6%	24.4%	26.1%
ROCE (%)	18.7%	11.6%	27.3%	27.7%	25.9%
Return On Average Assets	13.3%	7.5%	16.1%	17.1%	16.4%

Key Drivers					
	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Revenue growth					
Rail	17	(15)	34	12	15
Mobility	(35)	(29)	56	30	10
Process	34	3	56	18	15
Distribution	3	(5)	49	15	15
Domestic	(2)	(12)	47	18	14
Exports	2	(14)	92	12	12
Sale of service	25	8	10	10	10
Total sales	N/A	(12)	56	16	13

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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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	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

ADVANC – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CGET** – n/a, n/a, **CENDEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** – Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** – Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, n/a, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** – Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TOP** – Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

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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.