

## India

**ADD** (no change)

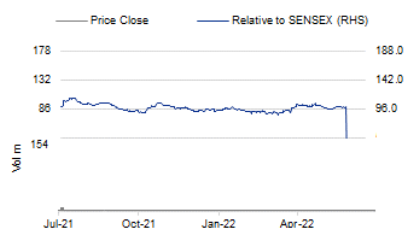
Consensus ratings\*: Buy 27 Hold 10 Sell 10

Current price:	Rs2,140
Target price:	Rs2,388 ▲
Previous target:	Rs2,322
Up/downside:	11.6%
InCred Research / Consensus:	3.5%
Reuters:	ACC.NS
Bloomberg:	ACC IN
Market cap:	US\$5,535m Rs401,931m
Average daily turnover:	US\$16.2m Rs1174.4m
Current shares o/s:	188.0m
Free float:	43.8%

\*Source: Bloomberg

**Key changes in this note**

- Net sales raised by 2% for CY23F-24F.
- EBITDA cut by 4%-14% for CY22F-24F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	4.1	(3.1)	0.5
Relative (%)	(0.5)	3.0	(0.6)

Major shareholders	% held
Promoter & Promoter Group	54.5
Life Insurance Corporation of India	6.2
Tata Multi Asset Fund	1.3

**Analyst(s)**

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# ACC Ltd

## 2QCY22 broadly in line; costs likely at peak

- 2QCY22 consolidated EBITDA fell 51%yoy/33% qoq to Rs4.3bn (in line with our estimate) mainly driven by a sharp increase in reported power and fuel cost.
- We cut CY22F EBITDA estimate by 14% and CY23F-24F by 4% to factor in higher cost. With the onset of monsoon, demand and pricing to remain subdued.
- Retain Add rating on ACC with a slightly higher target price of Rs2,388.

**In-line volume performance; growth projects on track**

Cement sales volume grew ~11% yoy to 7.56mt (down ~2% qoq) in 2QCY22 mainly due to a low base and strong recovery in Jun 2022, and we expect near-term demand to be hit by seasonality, thereby making it difficult to take price hikes. Management is optimistic about cement demand recovery in the medium term, driven by green shoots in real estate, a normal monsoon, and the government's thrust on infrastructure. Grey cement realization was up by ~3.3% qoq (up 2.3% yoy) on price hikes taken in Apr 2022. The integrated Ametha project is on track and is likely to be commissioned by 4QCY22F and other grinding units in phases in CY23F. Ready-mix concrete volume/revenue grew ~43%/53% yoy, respectively. We factor in CY22F/CY23F cement volume growth at 5%/ 9%, respectively.

**Higher blended cost/t impacts profitability; costs likely at peak level**

Blended EBITDA/t declined 52% yoy and 32% qoq to Rs564 on ~21% yoy and 9% qoq rise in blended cost/t because (a) power & fuel cost/t rose 43% yoy and 29% qoq as the company likely utilized higher-fuel cost inventory, and (b) freight cost/t increased 6% yoy and 5% qoq on higher diesel prices while project Parvat's efficiency partially mitigated diesel inflation. However, international pet coke prices have corrected 20% from their peak in the past one month and would ease energy cost pressure from 4QCY22F and this along with lower diesel prices would also reduce freight cost from 3QCY22F. Waste heat recovery system or WHRS projects at Kymore (14MW) and Jamul (10MW) are on track for commissioning in 3QFY22, while orders have been placed for the next phase of WHRS projects at Wadi and Chanda plants, with an aim to increase WHRS capacity to 75MW.

**Strong balance sheet is a buffer; 1HCY22 cashflow highlights**

ACC had net cash of Rs47bn in 1HCY22 (post dividend payment of Rs10.9bn) and it will use the same for expansion (as it has now undertaken initiatives to address concerns around its declining market share). 1HCY22 FCF was negative at Rs17.8bn on higher working capital of Rs16bn and capex (Rs11bn). Inventory was up by Rs7.5bn while receivables increased by Rs6bn in 1HCY22.

**Retain Add rating; stock to get support via open offer by Adani group**

ACC trades at CY23F/CY24F EV/EBITDA of 9.8x/8.5x, respectively. We expect the stock to be supported, given the upcoming open offer. We retain Add rating with an EV/EBITDA-based target price of Rs2,388 (Rs2,322 earlier), set at 10.5x Jun-2024F. Key downside risks are cement price rollback, delay in project implementation, and higher input cost.

**Financial Summary**

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (Rsm)	137,860	161,517	179,188	197,513	214,389
Operating EBITDA (Rsm)	23,551	29,981	21,818	32,875	36,429
Net Profit (Rsm)	16,063	19,179	12,660	20,203	22,369
Core EPS (Rs)	85.4	102.0	67.3	107.5	119.0
Core EPS Growth	16.8%	19.4%	(34.0%)	59.6%	10.7%
FD Core P/E (x)	25.05	20.98	31.78	19.92	17.99
DPS (Rs)	14.0	58.0	14.8	21.5	23.8
Dividend Yield	0.79%	2.84%	0.69%	1.00%	1.11%
EV/EBITDA (x)	14.54	10.91	15.41	9.81	8.45
P/FCFE (x)	12.32	16.34	(57.72)	23.72	22.22
Net Gearing	(47.3%)	(52.6%)	(43.3%)	(47.3%)	(50.5%)
P/BV (x)	3.17	2.81	2.63	2.38	2.15
ROE	13.3%	14.2%	8.6%	12.5%	12.6%
% Change In Core EPS Estimates			(0.34%)	(0.27%)	(0.27%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 17 JUL 2022

## 2QCY22 broadly in line; costs likely at peak

### 2QCY22 results review

#### Quick snapshot of ACC's 2QCY22 result and key management comments ➤

- ACC reported 2QCY22 consolidated revenue of Rs44.6bn, up 15% yoy (up ~1% qoq) and 1.5% above Incred estimate of Rs44bn.
- **Cement division:** During 2Q, cement volume stood at 7.56mt (in line with our expectation), up ~11% yoy (down ~2% qoq) mainly due to a low base of last year and demand picking up in Jun 2022. Cement realization was up 2.3% yoy and 3.3% qoq at ~Rs 5,495/t (1.7% above our expectation).
- **RMC division:** Ready-mix concrete or RMC revenue stood at Rs3.9bn vs. Rs 2.55bn in 2QCY21, down 2% qoq. The company reported EBIT of Rs124m vs. Rs277m in 1QCY22 and Rs27m in 2QCY21.
- **Consolidated EBITDA** for the quarter was at Rs4.26bn vs. our expectation of ~Rs 4.45bn, down 51% yoy and 33% qoq, due to the significant impact of fuel cost inflation. Cement EBITDA/t stood at Rs564 during the quarter vs. Rs 823 in 1QCY22 and Rs1,172 in 2QCY21.
- **Operating cost:** Overall blended cost/t was up 21% yoy and 9% qoq on account of a) cost of material consumed being up 51% yoy while down 5% qoq, b) logistics cost/t up 6% yoy and 5% qoq as efficiency project Parvat partially mitigated the diesel inflation impact, c) power & fuel cost/t up 43% yoy and 29% qoq on soaring global energy prices, and d) employee cost/t up 15% qoq and other expenses flat qoq.
- Consolidated reported PAT stood at Rs2.27bn vs. our expectation of Rs 2.5bn, down 60% yoy and 43% qoq.
- Cash and cash equivalents as of end-1HCY22 at Rs46.8bn vs. Rs75.2bn in CY21.
- Capital work-in-progress as of end-1HCY22 at Rs17.3bn vs. Rs12.4bn during CY21.
- Cash flow from operations in 1HCY22 at -Rs7.6bn vs. Rs4.2bn in CY21. This is due to reduced profitability and negative working capital change led by higher inventory level, which stood at Rs20bn as at end-Jun 2022 vs. Rs12.7bn as at end-Dec 2021.

#### Other updates from the press release and investor presentation:

- ACC has ongoing expansion projects at: (1) Tikaria, Uttar Pradesh, grinding unit with 1.6mtpa capacity commissioned in Feb 2022, with the project executed in nine months; (2) Ametha integrated project, Madhya Pradesh (greenfield, clinker 2.7mtpa and cement 1mtpa, to be completed in 4QCY22F), and (3) Salai Banwa grinding unit (greenfield project, land acquisition and other actions for the 2.2mt greenfield grinding unit at Salai Banwa in Uttar Pradesh progressing as per schedule and expected to be commissioned by 1HCY23F).
- **Waste heat recovery system or WHRS:** Management plans to increase the WHRS capacity to 45MW (targeted to take the green power mix to 15%) in CY22F and 75MW by CY25F. The share of WHRS is expected to improve to 25% by CY25F. WHRS projects at Kymore (14MW) and Jamul (10MW) are on track for commissioning in 3QFY22F, and this along with Ametha project will take the company's green power share to 15% and can lead to savings of ~Rs 900m/year at peak utilization. Orders have been placed for the next phase of WHRS projects at Wadi and Chanda plants, with an aim to increase WHRS capacity to 75MW, meeting 25% of the power requirement.
- **Management outlook:** ACC believes that the government's impetus for infrastructure and housing will augur well for cement demand in coming quarters, with demand rising in various segments such as housing,

commercial and industrial construction, and prediction of a normal monsoon auguring well for the rural economy. With the government's increased spending and its strong focus on infrastructure development, ACC maintains a positive outlook on overall cement demand in coming months.

- Valuation and view:** ACC posted 2QCY22 results that were broadly in line with our estimates but missed consensus estimate on EBITDA mainly because of higher cost (while efficiency and cost reduction actions under project Parvat remained very strong) where cement volume and cost/t were in line with our estimates. While input cost pressure may warrant trouble in the near term, clarity on synergies from the acquisition by the Adani group and capacity expansion remain key monitorables. We remain positive on ACC in the long run. At the CMP, ACC trades at 9.8x/8.5x CY23F/24F EV/EBITDA, respectively, and US\$104 CY23F EV/t on our estimates.

**Figure 1: Consolidated quarterly performance (2QCY22)**

Particulars (Rs m)	2QCY22	2QCY22F	1QCY22	2QCY21	% Change		
					2QCY22F	1QCY22	2QCY21
<b>Net Sales</b>	<b>44,684</b>	<b>43,958</b>	<b>44,265</b>	<b>38,849</b>	<b>2%</b>	<b>1%</b>	<b>15%</b>
Raw materials consumed	8,385	8,905	9,006	5,024	-6%	-7%	67%
Freight and forwarding expenses	10,779	10,604	10,482	9,200	2%	3%	17%
Power and fuel cost	13,119	11,974	10,405	8,302	10%	26%	58%
Employee cost	2,168	1,964	1,931	2,092	10%	12%	4%
Other expenses	5,971	6,059	6,095	5,539	-1%	-2%	8%
<b>Total expenditure</b>	<b>40,422</b>	<b>39,505</b>	<b>37,919</b>	<b>30,156</b>	<b>2%</b>	<b>7%</b>	<b>34%</b>
<b>EBITDA</b>	<b>4,262</b>	<b>4,453</b>	<b>6,347</b>	<b>8,693</b>	<b>-4%</b>	<b>-33%</b>	<b>-51%</b>
Depreciation	1,647	1,528	1,539	1,465	8%	7%	12%
<b>EBIT</b>	<b>2,615</b>	<b>2,925</b>	<b>4,808</b>	<b>7,229</b>	<b>-11%</b>	<b>-46%</b>	<b>-64%</b>
Interest cost	149	123	106	134	21%	41%	11%
Other income	539	571	585	456	-6%	-8%	18%
<b>PBT</b>	<b>3,005</b>	<b>3,373</b>	<b>5,286</b>	<b>7,550</b>	<b>-11%</b>	<b>-43%</b>	<b>-60%</b>
Tax	775	877	1,360	1,888	-12%	-43%	-59%
<b>PAT before MI &amp; associate cos.</b>	<b>2,230</b>	<b>2,496</b>	<b>3,927</b>	<b>5,662</b>	<b>-11%</b>	<b>-43%</b>	<b>-61%</b>
Minority interest	0	0	0	0			
Profit from assoc.cos.	44	34	36	33	27%	20%	33%
<b>Recurring PAT</b>	<b>2,273</b>	<b>2,530</b>	<b>3,963</b>	<b>5,695</b>	<b>-10%</b>	<b>-43%</b>	<b>-60%</b>
Extraordinary items	0	0	0	0			
Reported PAT	2,273	2,530	3,963	5,695	-10%	-43%	-60%
EPS (Rs)	12.1	13.5	21.1	30.3	-10%	-43%	-60%
Gross margin	28%	28%	32%	42%	-63 bp	-472 bp	-1,427 bp
EBITDA margin	9.5%	10.1%	14.3%	22.4%	-59 bp	-480 bp	-1,284 bp
EBIT margin	6%	7%	11%	19%	-80 bp	-501 bp	-1,275 bp
PBT margin	7%	8%	12%	19%	-95 bp	-522 bp	-1,271 bp
PAT margin	5%	6%	9%	15%	-67 bp	-387 bp	-957 bp
Tax rate	26%	26%	26%	25%	-20 bp	8 bp	79 bp
Cost items as % of sales							
Raw material cost	19%	20%	20%	13%	-149 bp	-158 bp	583 bp
Freight cost	24%	24%	24%	24%	0 bp	44 bp	44 bp
P&F cost	29%	27%	24%	21%	212 bp	585 bp	799 bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

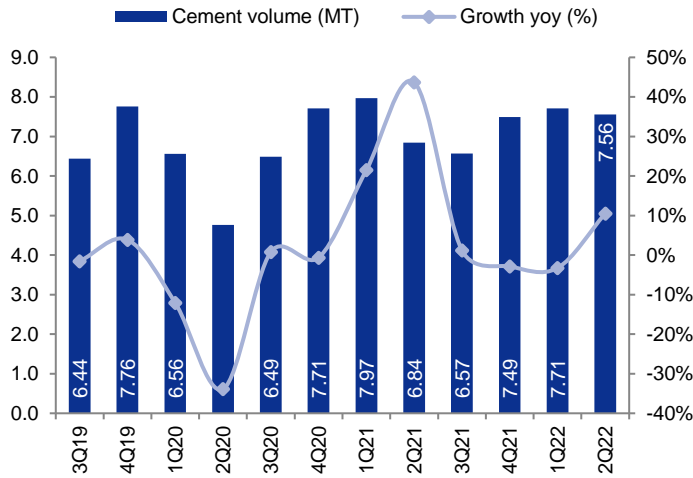
**Figure 2: 2QCY22 results - per tonne analysis**

Per tonne analysis	2QCY22	2QCY22F	1QCY22	2QCY21	% Change		
					2QCY22F	1QCY22	2QCY21
Sales volume	7.56	7.48	7.71	6.84	1%	-2%	11%
Realization	5,495	5,400	5,321	5,369	1.7%	3.3%	2.3%
EBITDA/t	564	595	823	1,172	-5.3%	-31.5%	-51.9%
RM cost/t	1,109	1,190	1,168	734	-7%	-5%	51%
P&F cost/t	1,735	1,600	1,350	1,214	8%	29%	43%
Freight costs/t	1,426	1,417	1,359	1,345	1%	5%	6%
Employee cost/t	287	263	250	306	9%	15%	-6%
Other expenses/t	790	810	791	810	-2%	0%	-2%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

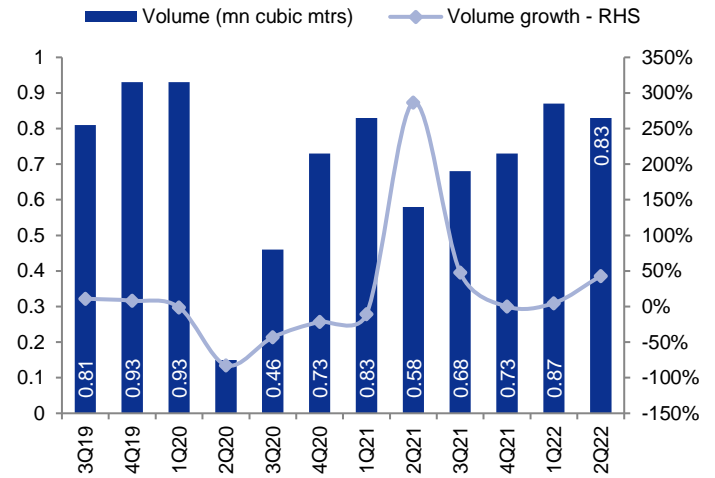
**Key charts** ➤

**Figure 3: Cement sales volume slipped 1.9% qoq (+10.5% yoy)**



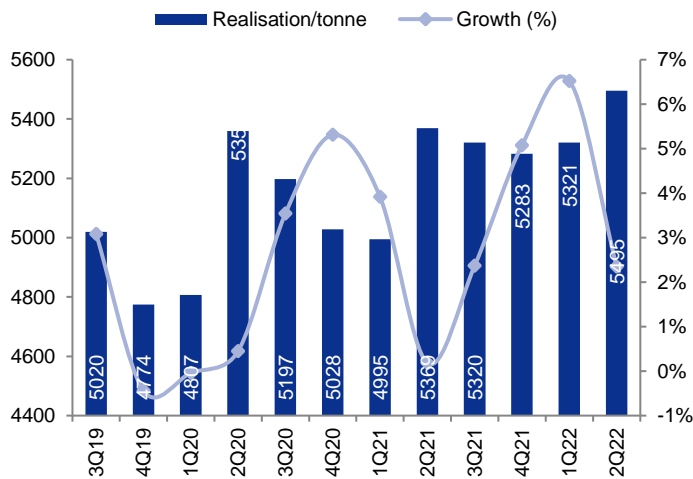
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 4: RMC volume trend**



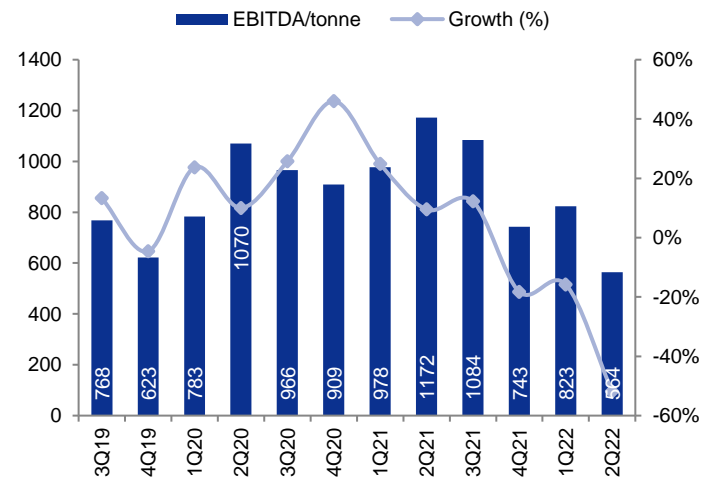
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 5: Cement realization improves 2.3% yoy (up 3.3% qoq)**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 6: Unit EBITDA declines 32% qoq and 52% qoq to Rs564/t**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 7: Capacity expansion - Ramp-up of ongoing capacity to 40mtpa (CY21: 35mtpa) will be key for near-term volume growth**



Tikaria

**Tikaria Brownfield Grinding Unit**  
Commissioned 1.6 MTPA grinding unit in Feb 2022, (executed in 9 months)



Ametha

**Ametha Greenfield Integrated Unit**  
Project implementation on track and commissioning expected in Q4 2022  
• 2.7 MTPA Clinker  
• 1.0 MTPA Cement  
• 16.3 MW WHRS



Salai Banwa

**Salai Banwa Greenfield Grinding Unit**  
Project implementation on track  
• 2.2 MTPA Cement

SOURCE: INCRED RESEARCH, ACC 2QCY22 INVESTOR PRESENTATION



**Figure 8: Sustainability goal (Net Zero Future)**

**First Indian Cement Company to Sign Net Zero Pledge with Science based Targets**

**BUSINESS AMBITION FOR 1.5°C**



ACC has become the **first and only Indian cement company** to sign the **Business Ambition for 1.5°C** along with Science Based Targets.

ACC has committed to reduce

- Scope 1 GHG emissions **21.3%** per ton of cementitious material by 2030 from a 2018 base year
- Scope 2 GHG emissions **48.4%** per ton of cementitious material within the same timeframe.

The target boundary includes biogenic emissions and removals from bioenergy feedstocks

SOURCE: INCRED RESEARCH, ACC 2QCY22 INVESTOR PRESENTATION

**Figure 9: Sustainability goal - ACC's strategy is led by Sustainable Development (SD) 2030 Plan**

	Climate and energy	Circular economy	Environment	Community
<b>Target 2030</b>	Net specific CO <sub>2</sub> emissions <b>400 kg /t</b> of cementitious materials	Use <b>30 million tons</b> of waste derived resources per year	Water Positive Index <b>5</b> (number of times)	<b>3.5 million</b> Number of new beneficiaries
<b>Performance H1 2022</b>	Net specific CO <sub>2</sub> emissions <b>469 kg /t</b> of cementitious materials	Consumed <b>6 million tons</b> of waste derived resources	<b>&gt;1</b> (number of times)	<b>1.7 million</b> (cumulative till H1'22) people benefited through community development projects
<b>SDGs Impacted</b>				

SOURCE: INCRED RESEARCH, ACC 2QCY22 INVESTOR PRESENTATION

**Figure 10: Project Parvat leveraging efficiencies to mitigate cost headwinds**

**Manufacturing Excellence**

- Improvement in Clinker Factor
- Higher share of WHRS power
- Scaling up renewable power
- Improving TSR through Geocycle initiatives
- Fuel flexibility

**Logistics Excellence**

- Network Optimisation - MSA
- Improvement in Direct dispatch
- Warehouse footprint optimisation
- Transport Analytics Center
- Enhancing Logistics infrastructure

**Commercial Excellence**

- Driving premiumisation
- Higher share of blended cement
- Channel expansion
- Revenue & margin management
- Enabling digitisation of Channel & Field force

MSA – Master Supply Agreement; TSR – Thermal Substitution Rate, WHRS - Waste Heat Recovery Systems

SOURCE: INCRED RESEARCH, ACC 2QCY22 INVESTOR PRESENTATION

**Figure 11: Green power addition (ACC's WHRS capacity to touch 75MW with new projects announced at Chanda and Wadi plants)**



**WHRS Projects**

- Jamul, Kymore and Ametha projects on track
- Orders placed for Chanda and Wadi
- Total capacity to reach 75 MW
- Study in progress for other plants

**Renewables**

- Journey of increasing share of green power on course
- 82 MW of solar energy capacity
- 19 MW of wind power
- Mix of On-site as well as Off-site facilities

**Geocycle Initiatives**

- Single-use plastics management with Leave Behind No Waste, Zero Plastic, reuse of packaging material
- Introduced Bubble Barrier technology to address marine pollution.
- Geocycle projects at Jamul and Kymore progressing as planned

SOURCE: INCRED RESEARCH, ACC 2QCY22 INVESTOR PRESENTATION

Figure 12: Sectoral outlook

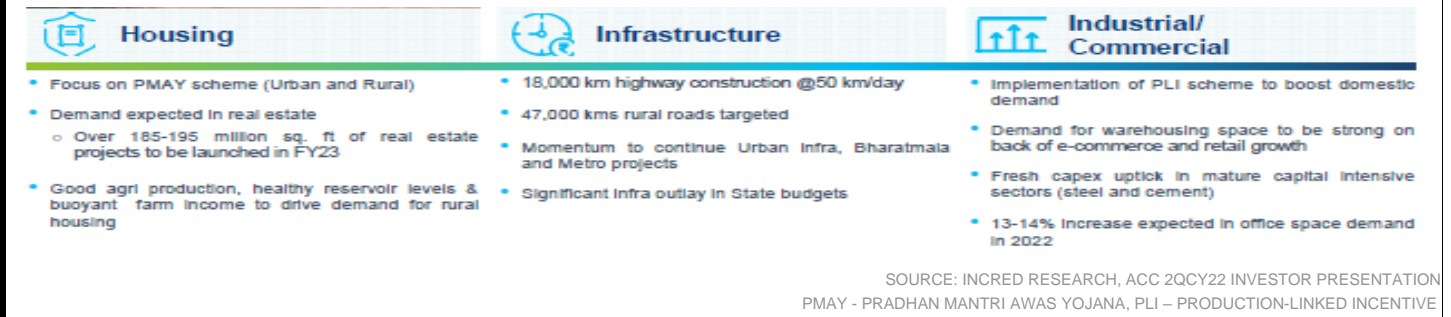


Figure 13: ACC's RMC business is in place for significant growth



Figure 14: Solutions & products business is set for significant growth



Figure 15: Product portfolio is expanding



**Figure 16: Our revised earnings estimates**

Rs. M	NEW			Change (%)			Old		
	CY22F	CY23F	CY24F	CY22F	CY23F	CY24F	CY22F	CY23F	CY24F
Sales	1,79,188	1,97,513	2,14,389	0%	2%	2%	1,79,268	1,94,422	2,11,173
EBITDA	21,818	32,875	36,429	-14%	-4%	-4%	25,261	34,276	37,936
PAT	12,660	20,203	22,369	-17%	-8%	-7%	15,313	21,877	23,967
EPS (Rs.)	66.6	106.6	118.0	-19%	-8%	-7%	82	116	128

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 17: Our estimates change vs. Bloomberg consensus estimates**

Rs. m	Incred		Consensus		Change (%)	
	CY22F	CY23F	CY22F	CY23F	CY22F	CY23F
Sales	1,79,188	1,97,513	1,77,628	1,95,482	1%	1%
EBITDA	21,818	32,875	23,171	32,804	-6%	0%
PAT	12,660	20,203	14,339	20,218	-12%	0%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

**Figure 18: Key assumptions**

	CY20A	CY21A	CY22F	CY23F	CY24F
<b>Volume (in mtpa)</b>	26	29	30	33	35
yoy	-12%	13%	5%	9%	6%
<b>Realization (per tonne)</b>	5,024	5,160	5,263	5,315	5,422
yoy	2%	3%	2%	1%	2%
<b>Cost (per tonne)</b>	4,112	4,149	4,646	4,457	4,525
yoy	1%	1%	12%	-4%	2%
<b>EBITDA (per tonne)</b>	899	1,004	674	983	1,046
yoy	15%	12%	-33%	46%	6%
<b>EBITDA (Rs m)</b>	23,551	29,981	21,818	32,875	36,429
yoy	-2%	27%	-27%	51%	11%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 19: Our TP of Rs2,388 is based on 10.5x (unchanged) Jun-2024F EV/EBITDA**

Valuation	TP
Target EV/EBITDA (x)	10.5
Target EV (Rs m)	3,82,503
Net debt / (cash) (Rs m)	(94,491)
No. of shares (m)	188
<b>Fair value per share (Rs)</b>	<b>2,388</b>

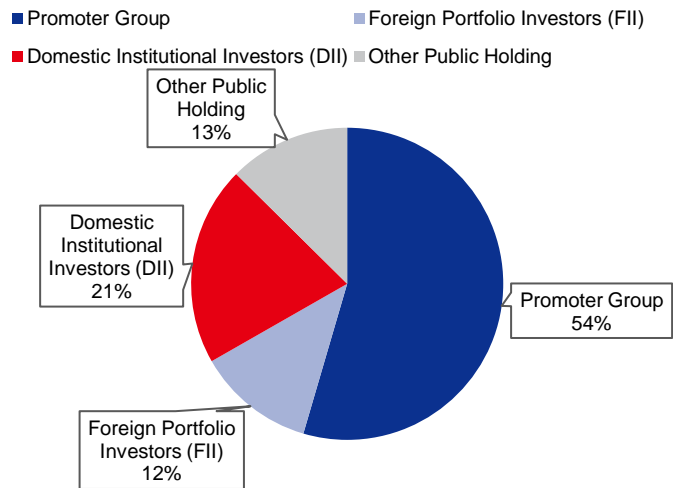
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 20: Cement sector peer comparison**

Company	Bloomberg Ticker	Rating	Closing Price (LC)	Target Price (LC)	% Upside	Market cap (US\$ m)	EV/EBITDA (x)		P/BV (x)		RoE (%)		P/E (x)		EV/t (US\$)	
							FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F
UltraTech Cement	UTCEM IN	ADD	5,807	8,009	38%	21,015	14.4	11.3	3.1	2.7	11.6	13.7	27.6	21.0	167.8	163.0
ACC	ACC IN	ADD	2,140	2,388	12%	5,039	9.8	8.5	2.4	2.2	12.5	12.6	19.9	18.0	104.5	99.8
Ambuja Cements	ACEM IN	HOLD	369	398	8%	9,189	18.8	17.1	3.1	3.0	9.5	10.1	33.0	30.0	133.7	134.0
Shree Cement	SRCM IN	HOLD	19,702	23,691	20%	8,911	19.7	15.5	3.7	3.3	11.6	13.2	33.9	26.8	196.9	171.0
The Ramco Cements	TRCL IN	ADD	643	879	37%	1,906	14.3	10.5	2.2	2.0	7.7	11.1	29.6	18.9	123.8	107.4
JK Cement	JKCE IN	ADD	2,179	2,883	32%	2,110	14.6	10.6	3.6	3.1	14.6	19.0	25.9	17.4	168.8	132.6
Birla Corp	BCORP IN	ADD	927	1,300	40%	894	9.6	7.1	1.1	1.0	4.9	8.5	23.4	12.7	68.3	68.6
Heidelberg	HEIM IN	ADD	177	214	21%	503	8.4	6.3	2.4	2.3	15.0	19.7	16.5	12.1	74.0	71.2
Dalmia Bharat	DALBHARA IN	ADD	1,448	1,724	19%	3,402	11.9	9.7	1.6	1.5	4.2	6.3	39.7	25.2	87.3	76.7
JK Lakshmi	JKLC IN	ADD	425	602	42%	627	7.3	6.5	1.8	1.6	14.4	16.3	13.3	10.2	57.7	61.1
Orient Cement	ORCMNT IN	ADD	112	176	57%	287	5.6	6.0	1.4	1.2	14.0	14.5	10.4	8.9	46.8	44.5
Prism Johnson	PRSMJ IN	ADD	110	143	30%	693	11.7	7.6	4.0	3.4	9.7	20.4	42.4	17.8	127.4	124.0
Mean							12.2	9.7	2.5	2.3	10.8	13.8	26.3	18.3	113.1	104.5
Median							11.8	9.1	2.4	2.2	11.6	13.5	26.8	17.9	114.1	103.6
Minimum							5.6	6.0	1.1	1.0	4.2	6.3	10.4	8.9	46.8	44.5
Maximum							19.7	17.1	4.0	3.4	15.0	20.4	42.4	30.0	196.9	171.0

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG. PRICED AS AT 15 JUL 2022

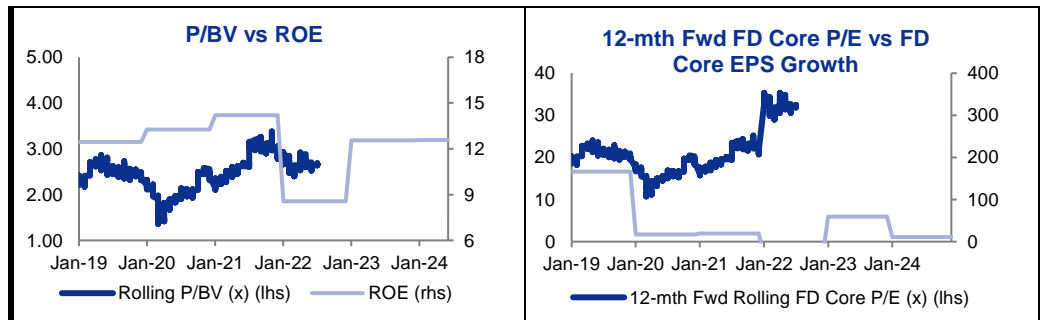
**Figure 21: ACC's shareholding pattern (as at end-Jun 2022)**



SOURCE: INCRED RESEARCH, COMPANY REPORTS



## BY THE NUMBERS



### Profit & Loss

(Rs mn)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>Total Net Revenues</b>	<b>137,860</b>	<b>161,517</b>	<b>179,188</b>	<b>197,513</b>	<b>214,389</b>
<b>Gross Profit</b>	<b>137,860</b>	<b>161,517</b>	<b>179,188</b>	<b>197,513</b>	<b>214,389</b>
<b>Operating EBITDA</b>	<b>23,551</b>	<b>29,981</b>	<b>21,818</b>	<b>32,875</b>	<b>36,429</b>
Depreciation And Amortisation	(6,388)	(6,007)	(6,577)	(7,564)	(8,320)
<b>Operating EBIT</b>	<b>17,163</b>	<b>23,974</b>	<b>15,240</b>	<b>25,311</b>	<b>28,108</b>
Financial Income/(Expense)	(571)	(546)	(590)	(608)	(626)
Pretax Income/(Loss) from Assoc.	89	117	137	157	177
Non-Operating Income/(Expense)	2,167	2,067	2,274	2,388	2,507
<b>Profit Before Tax (pre-EI)</b>	<b>18,849</b>	<b>25,611</b>	<b>17,060</b>	<b>27,247</b>	<b>30,166</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>18,849</b>	<b>25,611</b>	<b>17,060</b>	<b>27,247</b>	<b>30,166</b>
Taxation	(2,786)	(6,433)	(4,400)	(7,044)	(7,797)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>16,063</b>	<b>19,179</b>	<b>12,660</b>	<b>20,203</b>	<b>22,369</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>16,063</b>	<b>19,179</b>	<b>12,660</b>	<b>20,203</b>	<b>22,369</b>
Recurring Net Profit	16,063	19,179	12,660	20,203	22,369
<b>Fully Diluted Recurring Net Profit</b>	<b>16,063</b>	<b>19,179</b>	<b>12,660</b>	<b>20,203</b>	<b>22,369</b>

### Cash Flow

(Rs mn)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>EBITDA</b>	<b>23,551</b>	<b>29,981</b>	<b>21,818</b>	<b>32,875</b>	<b>36,429</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	3,883	1,303	(5,407)	3,514	3,256
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	2,167	2,067	2,274	2,388	2,507
Other Operating Cashflow	1,901	(1,162)	(1,162)	(1,162)	(1,162)
Net Interest (Paid)/Received	(571)	(546)	(590)	(608)	(626)
Tax Paid	7,069	2,857	(4,400)	(7,044)	(7,797)
<b>Cashflow From Operations</b>	<b>38,000</b>	<b>34,499</b>	<b>12,532</b>	<b>29,963</b>	<b>32,607</b>
Capex	(7,479)	(11,533)	(19,504)	(13,000)	(14,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	2,127	1,653			
<b>Cash Flow From Investing</b>	<b>(5,352)</b>	<b>(9,880)</b>	<b>(19,504)</b>	<b>(13,000)</b>	<b>(14,500)</b>
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(2,629)	(10,890)	(2,785)	(4,041)	(4,474)
Preferred Dividends					
Other Financing Cashflow	(645)	7,585	798	818	838
<b>Cash Flow From Financing</b>	<b>(3,274)</b>	<b>(3,305)</b>	<b>(1,987)</b>	<b>(3,222)</b>	<b>(3,636)</b>
Total Cash Generated	29,375	21,314	(8,958)	13,741	14,471
<b>Free Cashflow To Equity</b>	<b>32,648</b>	<b>24,619</b>	<b>(6,971)</b>	<b>16,963</b>	<b>18,107</b>
<b>Free Cashflow To Firm</b>	<b>33,219</b>	<b>25,165</b>	<b>(6,381)</b>	<b>17,571</b>	<b>18,732</b>

SOURCES: INCRED RESEARCH, COMPANY REPORTS

## BY THE NUMBERS...cont'd

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Dec-20A</b>	<b>Dec-21A</b>	<b>Dec-22F</b>	<b>Dec-23F</b>	<b>Dec-24F</b>
Total Cash And Equivalents	60,057	75,237	66,279	80,020	94,491
Total Debtors	4,514	4,890	6,728	7,420	7,824
Inventories	9,013	12,739	15,139	15,900	16,683
Total Other Current Assets	10,903	10,827	14,033	15,476	16,798
<b>Total Current Assets</b>	<b>84,486</b>	<b>103,694</b>	<b>102,179</b>	<b>118,816</b>	<b>135,796</b>
Fixed Assets	65,544	65,914	79,336	85,772	89,452
Total Investments	1,293	1,496	1,496	1,496	1,496
Intangible Assets	5,583	12,488	12,038	9,038	9,038
Total Other Non-Current Assets	25,097	26,797	26,751	28,751	31,251
<b>Total Non-current Assets</b>	<b>97,516</b>	<b>106,695</b>	<b>119,621</b>	<b>125,057</b>	<b>131,236</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	14,222	19,049	19,997	21,111	22,827
Other Current Liabilities	33,820	41,012	42,100	47,395	51,445
<b>Total Current Liabilities</b>	<b>48,043</b>	<b>60,060</b>	<b>62,097</b>	<b>68,507</b>	<b>74,272</b>
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	6,936	7,206	6,706	6,206	5,706
<b>Total Non-current Liabilities</b>	<b>6,936</b>	<b>7,206</b>	<b>6,706</b>	<b>6,206</b>	<b>5,706</b>
Total Provisions					
<b>Total Liabilities</b>	<b>54,979</b>	<b>67,267</b>	<b>68,803</b>	<b>74,713</b>	<b>79,978</b>
Shareholders Equity	126,991	143,088	152,963	169,126	187,021
Minority Interests	32	34	34	34	34
<b>Total Equity</b>	<b>127,024</b>	<b>143,122</b>	<b>152,997</b>	<b>169,160</b>	<b>187,055</b>

<b>Key Ratios</b>					
	<b>Dec-20A</b>	<b>Dec-21A</b>	<b>Dec-22F</b>	<b>Dec-23F</b>	<b>Dec-24F</b>
Revenue Growth	(12.0%)	17.2%	10.9%	10.2%	8.5%
Operating EBITDA Growth	(2.3%)	27.3%	(27.2%)	50.7%	10.8%
Operating EBITDA Margin	17.1%	18.6%	12.2%	16.6%	17.0%
Net Cash Per Share (Rs)	319.47	400.22	352.57	425.66	502.64
BVPS (Rs)	675.52	761.15	813.68	899.65	994.85
Gross Interest Cover	30.07	43.89	25.84	41.66	44.91
Effective Tax Rate	14.8%	25.1%	25.8%	25.9%	25.8%
Net Dividend Payout Ratio	19.7%	59.7%	22.0%	20.0%	20.0%
Accounts Receivables Days	14.27	10.63	11.83	13.07	12.98
Inventory Days	27.05	24.58	28.39	28.68	27.74
Accounts Payables Days	46.26	46.16	45.28	45.57	45.06
ROIC (%)	23.6%	32.6%	16.6%	27.0%	29.0%
ROCE (%)	14.2%	17.7%	10.3%	15.7%	15.8%
Return On Average Assets	9.4%	10.1%	6.1%	8.9%	9.0%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
<b>Description:</b>	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 2020, Anti-Corruption 2020

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BH** - Good, n/a, **BJC** – Very Good, n/a, **BLA** – Excellent, Certified, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Very Good, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Very Good, n/a, **DELTA** - Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, n/a, **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** – Very Good, n/a, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – Excellent, Declared, **JMT** – Very Good, Declared, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KEX** – n/a, n/a, **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** – n/a, n/a, **OR** – n/a, n/a, **ORI** – Excellent, Certified, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RBF** – Good, n/a, **RS** – Excellent, n/a, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – n/a, n/a, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – n/a, n/a, **SHR** – Very Good, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** - Excellent, Declared, **SPRC** – Excellent, Certified, **SSP** - Good, Declared, **STEC** – n/a, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, n/a, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, n/a, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TMB** - Excellent, Certified, **TOP** - Excellent, Certified, **TRUE** – 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 2020 from Thai Institute of Directors Association (IOD)

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### Recommendation Framework

#### Stock Ratings

Definition:

<b>Add</b>	The stock's total return is expected to exceed 10% over the next 12 months.
<b>Hold</b>	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
<b>Reduce</b>	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:

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

#### Country Ratings

Definition:

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