

India

ADD (no change)

Consensus ratings*: Buy 14 Hold 5 Sell 3

| | |
|------------------------------|------------|
| Current price: | Rs229 |
| Target price: | Rs265 |
| Previous target: | Rs255 |
| Up/downside: | 15.7% |
| InCred Research / Consensus: | 0.7% |
| Reuters: | OILI.NS |
| Bloomberg: | OINL IN |
| Market cap: | US\$3,297m |
| | Rs248,546m |
| Average daily turnover: | US\$5.3m |
| | Rs399.2m |
| Current shares o/s: | 1,084.4m |
| Free float: | 43.3% |

*Source: Bloomberg

Key changes in this note

- FY22F EPS increased by 8.3%
- FY23F EPS increased by 7.6%
- FY24F EPS increased by 1.2%



Source: Bloomberg

| Price performance | 1M | 3M | 12M |
|-------------------|------|-----|------|
| Absolute (%) | 7.6 | 5.8 | 91.1 |
| Relative (%) | 12.2 | 9.0 | 69.3 |

| Major shareholders | % held |
|---------------------|--------|
| Government of India | 56.7 |
| LIC | 11.9 |
| Indian Oil | 4.9 |

Analyst(s)



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Oil India

Operational earnings in line

- OIL's 3QFY22 reported revenue and EBITDAX were in line, with net profit boosted by higher other income.
- We raise FY22F/23F Brent forecasts by US\$5-7/bbl resulting in a 7-8% increase in our EPS estimates.
- We maintain our Add rating and raise our SOP-based target price to Rs265 from Rs255. A sharp drop in oil price is the main risk to our rating.

Operational earnings in line

OIL reported 3QFY22 standalone revenue of Rs37.4bn (up 76% yoy) and operational profit (EBITDAX) of Rs17.1bn (up 127% yoy), both of which were in line with our estimates. Volume of crude oil (0.726mmt, up 0.4% yoy) and natural gas (0.633bcm, up 8%) were in line. Exploration expenses (which are unpredictable) at Rs4.5bn were higher than our estimate of Rs2.3bn impacting EBITDA, but this was more than compensated by higher other income. Reported net profit at Rs12.5bn was 51% above our estimate. OIL declared a second interim dividend of Rs5.75/sh (first interim dividend of Rs3.5/sh was declared along with the 2QFY22 results).

We raise FY22-23F EPS estimates by 7-8%

In view of the sharp run up in global prices, we have raised our Brent crude forecasts for FY22F by US\$7/bbl to US\$77/bbl and for FY23F by US\$5/bbl to US\$70/bbl. Accordingly, we raise our FY22-23F EPS by 7-8%. Current high prices of close to US\$90/bbl also reflect some geopolitical risk premium in our view. The ultimate outcome of the situation in Ukraine as well as clarity on the removal of sanctions on Iran could likely provide better clarity on where crude prices will ultimately settle. Recent quarterly trends in OIL crude and gas production do not indicate any significant growth. However, our numbers are conservative and, hence, this has not been a disappointment. OIL's refining subsidiary Numaligarh Refinery (NRL) enjoys high gross refining margin (GRM) due to a tax benefit linked to the excise duty on oil products. Effective from 4 Nov 2021, the Indian government cut the excise duty thereby lowering the tax benefit and, hence, GRM for NRL. Our EPS estimates had already factored in the resulting lower GRM.

Our oil/gas price assumptions are conservative

Our EPS estimates are based on Brent crude oil forecasts of US\$77/70/60 per barrel over FY22-24F and domestic gas price of US\$5.5/5 per mmbtu over FY23-24F. We believe these assumptions are conservative. Our FY23F EPS forecast will rise by 1.4% for every US\$1/bbl increase in Brent and by 3.8% for every US\$0.50/mmbtu increase in gas price. The next change in domestic gas price due from 1 Apr 2022 (when prices could nearly double from current levels) will be a key re-rating catalyst, in our view. We have assumed dividend payout at 45-50% of standalone net profit and the resultant dividend yield (6.1% for FY23F) also provides downside support, in our view.

Financial Summary

| | Mar-20A | Mar-21A | Mar-22F | Mar-23F | Mar-24F |
|-----------------------------------|---------|---------|---------|---------|---------|
| Revenue (Rsm) | 186,125 | 176,295 | 316,924 | 316,574 | 280,138 |
| Operating EBITDA (Rsm) | 54,339 | 57,533 | 92,960 | 96,858 | 82,950 |
| Net Profit (Rsm) | 47,010 | 35,279 | 51,137 | 53,463 | 43,433 |
| Core EPS (Rs) | 43.4 | 32.5 | 47.2 | 49.3 | 40.1 |
| Core EPS Growth | 51.5% | (25.0%) | 45.0% | 4.5% | (18.8%) |
| FD Core P/E (x) | 5.29 | 7.05 | 4.86 | 4.65 | 5.72 |
| DPS (Rs) | 10.6 | 5.0 | 12.0 | 14.0 | 12.0 |
| Dividend Yield | 5.57% | 2.18% | 5.24% | 6.11% | 5.24% |
| EV/EBITDA (x) | 1.60 | 3.20 | 1.89 | 2.45 | 3.67 |
| P/FCFE (x) | (17.62) | (20.70) | 34.40 | (27.24) | 29.71 |
| Net Gearing | 27.1% | 64.1% | 49.3% | 62.1% | 75.5% |
| P/BV (x) | 1.07 | 1.05 | 0.94 | 0.84 | 0.77 |
| ROE | 18.0% | 15.1% | 20.4% | 19.1% | 14.1% |
| % Change In Core EPS Estimates | | | 8.34% | 7.61% | 1.25% |
| InCred Research/Consensus EPS (x) | | | 0.95 | 0.92 | 0.76 |

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 11 FEB 2022

Operational earnings in line

3QFY22 revenue at Rs37.4bn and EBITDAX at Rs17.1bn were in line with our estimates. Oil/gas volumes were in line. Exploration expenses (which are unpredictable) at Rs4.5bn was higher than our estimate of Rs2.3bn impacting EBITDA, but this was more than compensated by higher other income. Reported net profit at Rs12.5bn was 51% above our estimate. FY21 quarterly results were impacted by costs relating to the blowout of the Bhagjan well, which was reported as exceptional.

Figure 1: OIL standalone quarterly result trends (Rs m)

| Quarter ended | 3QFY21 | 4QFY21 | 1QFY22 | 2QFY22 | 3QFY22 | yoy % | qoq % |
|--------------------------|--------|--------|--------|--------|--------|---------|--------|
| Net sales | 21,260 | 25,795 | 30,037 | 33,112 | 37,367 | 75.8% | 12.9% |
| EBITDAX | 7,562 | 7,922 | 13,648 | 15,934 | 17,172 | 127.1% | 7.8% |
| Exploration expenses | 8,500 | 3,675 | 1,350 | 6,800 | 4,500 | -47.1% | -33.8% |
| EBITDA | -938 | 4,247 | 12,298 | 9,134 | 12,672 | | 38.7% |
| Interest | -1,223 | -1,270 | -2,221 | -1,870 | -1,748 | 42.9% | -6.5% |
| DD&A | -3,879 | -4,176 | -3,975 | -4,202 | -4,678 | 20.6% | 11.3% |
| Other income | 3,712 | 13,301 | 671 | 3,676 | 9,685 | 160.9% | 163.5% |
| Exceptional | -1,514 | -701 | 0 | 0 | 0 | | |
| Profit before tax | -3,842 | 11,402 | 6,774 | 6,738 | 15,932 | -514.7% | 136.4% |
| Total Tax | 12,879 | -2,926 | -1,694 | -1,693 | -3,483 | -127.0% | 105.7% |
| Net profit | 9,037 | 8,476 | 5,079 | 5,045 | 12,449 | 37.8% | 146.8% |
| Quarterly EPS (Rs) | 8.3 | 7.8 | 4.7 | 4.7 | 11.5 | 37.8% | 146.8% |
| Crude sales volume (mmt) | 0.723 | 0.703 | 0.722 | 0.739 | 0.726 | 0.4% | -1.8% |
| Gas sales volume (bcm) | 0.586 | 0.555 | 0.608 | 0.674 | 0.633 | 8.0% | -6.1% |
| INR/USD | 73.76 | 72.89 | 73.77 | 74.09 | 74.93 | 1.6% | 1.1% |
| Crude price US\$/bbl | 44.09 | 59.80 | 67.15 | 71.35 | 78.59 | 78.2% | 10.1% |
| Gas price US\$/mmbtu | 2.03 | 2.09 | 2.02 | 2.03 | 3.20 | 57.7% | 57.9% |
| Lifting costs, US\$/boe | 11.82 | 15.48 | 10.52 | 10.34 | 12.51 | 5.8% | 21.0% |

SOURCES: INCRED RESEARCH, COMPANY REPORTS

The contributions from OIL's JVs largely reflect post-tax earnings from overseas operations which will move up in line with higher global oil and gas prices.

Figure 2: OIL consolidated quarterly result trends (Rs m)

| Quarter ended | 3QFY21 | 4QFY21 | 1QFY22 | 2QFY22 | 3QFY22 | yoy % | qoq % |
|----------------------------------|--------|--------|--------|--------|--------|---------|--------|
| Net sales | 63,300 | 65,049 | 62,019 | 72,541 | 76,855 | 21.4% | 5.9% |
| EBITDA | 11,608 | 18,869 | 21,577 | 23,144 | 21,979 | 89.3% | -5.0% |
| Interest | -1,617 | -1,692 | -2,601 | -2,256 | -2,135 | 32.0% | -5.4% |
| DD&A | -4,586 | -5,182 | -4,721 | -4,992 | -5,428 | 18.4% | 8.7% |
| Other income | 1,333 | 6,885 | 747 | 1,660 | 4,771 | 257.8% | 187.4% |
| Exceptional | -1,514 | -701 | 0 | 0 | 0 | | |
| Profit share from Associates/JVs | -188 | 1,965 | 1,778 | 1,011 | 2,154 | | 112.9% |
| Profit before tax | 5,036 | 20,143 | 16,781 | 18,567 | 21,340 | 323.8% | 14.9% |
| Total Tax | 10,643 | -8,719 | -4,634 | -4,024 | -6,111 | -157.4% | 51.8% |
| Profit after tax | 15,679 | 11,424 | 12,147 | 14,543 | 15,230 | -2.9% | 4.7% |
| Minority interest | -1,675 | -1,919 | -1,601 | -3,027 | -2,252 | 34.4% | -25.6% |
| Net profit | 14,004 | 9,505 | 10,545 | 11,516 | 12,978 | -7.3% | 12.7% |
| Quarterly EPS (Rs) | 12.91 | 8.76 | 9.72 | 10.62 | 11.97 | -7.3% | 12.7% |

SOURCES: INCRED RESEARCH, COMPANY REPORTS

We have raised our Brent oil forecasts by US\$7/bbl for FY22F and US\$5/bbl for FY23F. Even then our assumptions for oil and gas prices remain very conservative.

Figure 3: OIL key assumptions

| Year to 31 March | 2019 | 2020 | 2021 | 2022F | 2023F | 2024F |
|--|-------|-------|-------|-------|-------|-------|
| Domestic oil production (mmt) | 3.32 | 3.13 | 2.96 | 3.01 | 2.95 | 2.89 |
| Domestic gas production (bcm) | 2.87 | 2.80 | 2.64 | 3.02 | 3.02 | 3.02 |
| Brent crude price (US\$/bbl) | 70.20 | 61.00 | 44.85 | 77.00 | 70.00 | 60.00 |
| Gas price including subsidy (US\$/mmbtu) | 3.57 | 3.84 | 2.33 | 2.60 | 5.50 | 5.00 |
| Rupee/US dollar average | 69.92 | 70.90 | 74.23 | 75.00 | 75.00 | 75.00 |

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

The FY20/21 consolidated financials were restated assuming the stake in NRL was 80.16% (end-Mar 2021). Our forecasts (FY22-24F) assume NRL consolidation based on its current stake of 69.63%. OIL's consolidated EPS is materially above its standalone EPS due to the high profitability of its refining subsidiary NRL (even though NRL's profits have been impacted due to the cut in its tax benefit).

Figure 4: OIL consolidated earnings (Rs bn)

| Year ending March | 2020 | 2021 | 2022F | 2023F | 2024F |
|-------------------------|--------|--------|--------|--------|--------|
| Total sales | 186.13 | 176.30 | 316.92 | 316.57 | 280.14 |
| EBITDAX | 66.53 | 74.56 | 108.19 | 108.84 | 94.91 |
| Exploration expenses | 12.19 | 17.03 | 15.23 | 11.98 | 11.96 |
| EBITDA | 54.34 | 57.53 | 92.96 | 96.86 | 82.95 |
| Interest exp | -6.47 | -6.61 | -9.35 | -8.59 | -7.91 |
| DD &A | -21.34 | -18.95 | -20.60 | -21.07 | -20.64 |
| Other income | 13.20 | 6.43 | 10.24 | 8.61 | 8.77 |
| Associates/JVs | 10.57 | 5.28 | 7.91 | 7.10 | 6.33 |
| Profit before tax | 50.30 | 43.69 | 81.16 | 82.90 | 69.50 |
| Tax & Minority interest | -3.29 | -8.41 | -30.02 | -29.44 | -26.07 |
| Net profit | 47.01 | 35.28 | 51.14 | 53.46 | 43.43 |
| EPS (Rs) | 43.35 | 32.53 | 47.16 | 49.30 | 40.05 |
| DPS (Rs) | 10.60 | 5.00 | 12.00 | 14.00 | 12.00 |

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

After a sharp drop in FY21, we expect OIL's standalone PBT to rise sharply in FY22-24F on the back of improvement in oil and gas prices. FY21 EPS was boosted by the large writeback of tax, consequent to the settlement of old disputes.

Figure 5: OIL standalone earnings (Rs bn)

| Year ending March | 2020 | 2021 | 2022F | 2023F | 2024F |
|---------------------------|--------|--------|--------|--------|--------|
| Total sales | 121.29 | 86.18 | 141.64 | 145.23 | 125.60 |
| EBITDAX | 51.03 | 31.31 | 63.36 | 70.08 | 56.69 |
| Exploration expenses | 12.06 | 17.03 | 15.23 | 11.98 | 11.96 |
| EBITDA | 38.98 | 14.28 | 48.13 | 58.10 | 44.73 |
| Interest exp | -4.99 | -4.99 | -7.83 | -7.07 | -6.38 |
| DD &A | -15.70 | -15.38 | -17.62 | -18.19 | -17.72 |
| Other income | 2.91 | 13.31 | 14.07 | 12.96 | 12.91 |
| Profit before tax | 21.20 | 7.23 | 36.75 | 45.79 | 33.54 |
| Tax | 4.64 | 10.19 | -9.26 | -11.54 | -8.45 |
| Net profit | 25.84 | 17.42 | 27.49 | 34.25 | 25.08 |
| EPS (Rs) | 23.8 | 16.1 | 25.3 | 31.6 | 23.1 |
| Book value per share (Rs) | 225 | 242 | 256 | 274 | 285 |
| ROE | 10% | 7% | 10% | 12% | 8% |
| Net debt equity | 14% | 49% | 39% | 35% | 34% |

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

NRL's earnings nearly doubled in FY21 due to an increase in its tax benefit (captured in its GRM). However, this tax benefit has reduced from Nov 2021 following a cut in auto fuel taxes and GRMs will decline accordingly in FY23-24F.

Figure 6: NRL earnings (Rs bn)

| Year ending March | 2020 | 2021 | 2022F | 2023F | 2024F |
|---------------------------|--------|--------|--------|--------|--------|
| Total sales | 120.45 | 136.76 | 175.28 | 171.34 | 154.54 |
| EBITDA | 18.14 | 43.47 | 44.83 | 38.76 | 38.22 |
| Interest exp | -0.02 | -0.09 | -0.02 | -0.02 | -0.02 |
| DD &A | -2.49 | -3.47 | -2.97 | -2.88 | -2.92 |
| Other income | 3.24 | 1.73 | 1.50 | 1.50 | 1.50 |
| Profit before tax | 18.87 | 41.63 | 43.33 | 37.35 | 36.77 |
| Tax | -3.53 | -10.47 | -10.92 | -9.41 | -9.27 |
| Net profit | 15.33 | 31.16 | 32.41 | 27.94 | 27.50 |
| EPS (Rs) | 20.8 | 42.4 | 44.1 | 38.0 | 37.4 |
| Book value per share (Rs) | 73.3 | 78.3 | 112.0 | 138.6 | 165.0 |
| ROE | 28% | 56% | 46% | 30% | 25% |
| Net debt equity | -6% | -4% | 2% | 67% | 111% |
| Refinery throughput (mmt) | 2.4 | 2.7 | 2.6 | 2.9 | 2.9 |
| GRM (US\$/bbl) | 23.6 | 36.7 | 37.9 | 30.6 | 30.6 |

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 7: OIL – change in estimates

| Year to 31 March | Old | | | New | | | Change % | | |
|------------------------------|-------|-------|-------|-------|-------|-------|----------|-------|-------|
| | 2022F | 2023F | 2024F | 2022F | 2023F | 2024F | 2022F | 2023F | 2024F |
| Brent crude (US\$/bbl) | 70.0 | 65.0 | 60.0 | 77.00 | 70.00 | 60.00 | 10.0% | 7.7% | 0.0% |
| NRL refining throughput (mt) | 2.8 | 2.9 | 2.9 | 2.6 | 2.9 | 2.9 | -7.1% | 0.0% | 0.0% |
| NRL GRM (US\$/bbl) | 35.7 | 30.6 | 30.6 | 37.9 | 30.6 | 30.6 | 6.2% | 0.0% | 0.0% |
| EBITDAX (Rs bn) | 101.7 | 103.7 | 94.9 | 108.2 | 108.8 | 94.9 | 6.4% | 4.9% | 0.0% |
| EBITDA (Rs bn) | 88.8 | 91.4 | 82.8 | 93.0 | 96.9 | 82.9 | 4.7% | 6.0% | 0.2% |
| Net profit (Rs bn) | 47.2 | 49.7 | 42.9 | 51.1 | 53.5 | 43.4 | 8.3% | 7.6% | 1.3% |
| EPS (Rs) | 43.5 | 45.8 | 39.6 | 47.2 | 49.3 | 40.1 | 8.3% | 7.6% | 1.3% |

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Sensitivity to oil/gas prices is lower than for peers due to large earnings contribution from its refining subsidiary NRL.

We have raised marginally our TP to Rs265 from Rs255 due to higher valuation of reserves following an upgrade to our Brent crude oil forecasts.

On 26 Mar 2021, BPCL sold its 61.65% stake in NRL to OIL, Engineers India (EIL) and the Assam Government (GOA) for Rs98.76bn. As per its original intention, GOA raised its stake in NRL to 26% and, hence, bought an additional 10.53% stake from OIL in FY22 at the same valuation. Post all transactions, OIL's ultimate stake in NRL is now 69.63%.

Figure 8: OIL's sensitivity analysis

| Year to 31 March | 2022F | 2023F | 2024F |
|-------------------------------------|-------|-------|-------|
| EPS (Rs) under existing assumptions | 47.2 | 49.3 | 40.1 |
| <u>EPS sensitivity assuming:</u> | | | |
| \$1/bbl change in oil price | 1.5% | 1.4% | 1.7% |
| \$0.50/mmbtu change in gas price | 4.0% | 3.8% | 4.7% |
| Rs1 change in INR/USD exchange rate | 1.4% | 1.5% | 1.5% |

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 9: OIL's SOP valuation

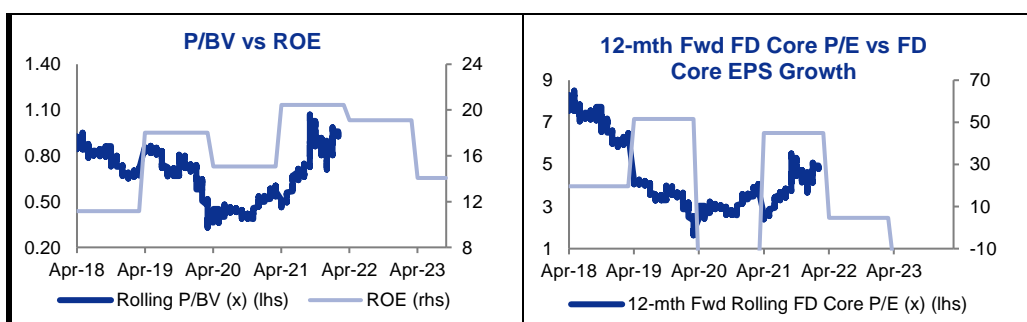
| | Rsm | Rs/share | Value (US\$/boe) |
|---------------------------------------|-----------------|------------|------------------|
| DCF value of domestic proved reserves | 2,27,427 | 210 | 8.9 |
| Net cash | -1,59,080 | -147 | |
| NRL stake at transaction value | 98,933 | 91 | |
| IOC stake at discount to market value | 54,921 | 51 | |
| Mozambique valuation | 16,950 | 16 | |
| Russian assets valuation | 48,000 | 44 | |
| Total | 2,87,151 | 265 | |

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: Chronology of NRL transaction

| <u>NRL shareholding pre transaction</u> | <u>Shares</u> | <u>% stake</u> | <u>value Rsm</u> |
|---|---------------|----------------|------------------|
| BPCL | 453.55 | 61.65% | |
| OIL | 191.28 | 26.00% | |
| Assam govt | 90.86 | 12.35% | |
| <u>NRL transaction on 25 Mar 21</u> | | | |
| Sale by BPCL | 453.55 | 61.65% | 98760 |
| Bought by OIL | 398.44 | 54.16% | 86760 |
| Bought by EIL | 32.15 | 4.37% | 7000 |
| Bought by Assam government | 22.96 | 3.12% | 5000 |
| <u>Second stage transaction in FY22</u> | | | |
| Purchase by Assam govt/sale by OIL | 77.46 | 10.53% | 16866 |
| <u>Final shareholding</u> | | | |
| OIL | 512.26 | 69.63% | |
| Assam government | 191.28 | 26.00% | |
| EIL | 32.15 | 4.37% | |

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS

Profit & Loss

| (Rs mn) | Mar-20A | Mar-21A | Mar-22F | Mar-23F | Mar-24F |
|---|----------------|----------------|----------------|----------------|----------------|
| Total Net Revenues | 186,125 | 176,295 | 316,924 | 316,574 | 280,138 |
| Gross Profit | 66,527 | 74,562 | 108,190 | 108,843 | 94,913 |
| Operating EBITDA | 54,339 | 57,533 | 92,960 | 96,858 | 82,950 |
| Depreciation And Amortisation | (21,340) | (18,954) | (20,596) | (21,074) | (20,642) |
| Operating EBIT | 32,999 | 38,579 | 72,364 | 75,784 | 62,308 |
| Financial Income/(Expense) | (6,467) | (6,605) | (9,352) | (8,594) | (7,906) |
| Pretax Income/(Loss) from Assoc. | | | | | |
| Non-Operating Income/(Expense) | 13,202 | 6,431 | 10,237 | 8,614 | 8,771 |
| Profit Before Tax (pre-EI) | 39,734 | 38,405 | 73,249 | 75,805 | 63,172 |
| Exceptional Items | | | | | |
| Pre-tax Profit | 39,734 | 38,405 | 73,249 | 75,805 | 63,172 |
| Taxation | (248) | (2,227) | (20,179) | (20,952) | (17,717) |
| Exceptional Income - post-tax | | | | | |
| Profit After Tax | 39,486 | 36,178 | 53,070 | 54,852 | 45,455 |
| Minority Interests | (3,042) | (6,181) | (9,842) | (8,485) | (8,353) |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | 10,566 | 5,282 | 7,910 | 7,096 | 6,331 |
| Net Profit | 47,010 | 35,279 | 51,137 | 53,463 | 43,433 |
| Recurring Net Profit | 47,010 | 35,279 | 51,137 | 53,463 | 43,433 |
| Fully Diluted Recurring Net Profit | 47,010 | 35,279 | 51,137 | 53,463 | 43,433 |

Cash Flow

| (Rs mn) | Mar-20A | Mar-21A | Mar-22F | Mar-23F | Mar-24F |
|----------------------------------|-----------------|-----------------|-----------------|------------------|------------------|
| EBITDA | 54,339 | 57,533 | 92,960 | 96,858 | 82,950 |
| Cash Flow from Invt. & Assoc. | 13,202 | 6,431 | 10,237 | 8,614 | 8,771 |
| Change In Working Capital | 90,364 | (95,695) | 11,294 | (6,686) | (4,538) |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | (6,989) | 2,272 | 160 | 166 | 141 |
| Other Operating Cashflow | (58,869) | (7,131) | 934 | 343 | 1,065 |
| Net Interest (Paid)/Received | (6,467) | (6,605) | (9,352) | (8,594) | (7,906) |
| Tax Paid | (4,448) | (436) | (20,019) | (20,786) | (17,577) |
| Cashflow From Operations | 81,132 | (43,631) | 86,214 | 69,916 | 62,905 |
| Capex | (82,741) | (37,967) | (59,540) | (115,540) | (115,540) |
| Disposals Of FAs/subsidiaries | | | | | |
| Acq. Of Subsidiaries/investments | 10,900 | 2,963 | (5,301) | (5,700) | (6,200) |
| Other Investing Cashflow | | | | | |
| Cash Flow From Investing | (71,841) | (35,004) | (64,841) | (121,240) | (121,740) |
| Debt Raised/(repaid) | (23,704) | 66,627 | (14,147) | 42,200 | 67,200 |
| Proceeds From Issue Of Shares | | | | | |
| Shares Repurchased | | | | | |
| Dividends Paid | (23,407) | (20,472) | (11,657) | (15,127) | (13,447) |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | | | | | |
| Cash Flow From Financing | (47,111) | 46,155 | (25,804) | 27,073 | 53,753 |
| Total Cash Generated | (37,820) | (32,480) | (4,431) | (24,251) | (5,081) |
| Free Cashflow To Equity | (14,413) | (12,008) | 7,226 | (9,124) | 8,365 |
| Free Cashflow To Firm | 15,758 | (72,030) | 30,725 | (42,730) | (50,929) |

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

| Balance Sheet | | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| (Rs mn) | Mar-20A | Mar-21A | Mar-22F | Mar-23F | Mar-24F |
| Total Cash And Equivalents | 61,624 | 34,980 | 37,686 | 18,863 | 18,583 |
| Total Debtors | 15,020 | 18,556 | 20,993 | 20,445 | 17,680 |
| Inventories | 30,636 | 32,216 | 36,890 | 37,735 | 35,621 |
| Total Other Current Assets | 38,961 | 40,089 | 27,278 | 33,858 | 40,438 |
| Total Current Assets | 146,241 | 125,841 | 122,847 | 110,901 | 112,322 |
| Fixed Assets | 173,975 | 182,078 | 211,968 | 299,448 | 387,383 |
| Total Investments | 237,867 | 234,904 | 240,205 | 245,905 | 252,105 |
| Intangible Assets | | | | | |
| Total Other Non-Current Assets | | | | | |
| Total Non-current Assets | 411,842 | 416,982 | 452,173 | 545,353 | 639,488 |
| Short-term Debt | 738 | 43,005 | 25,001 | 1 | 1 |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | 145,255 | 61,477 | 67,869 | 68,060 | 65,223 |
| Other Current Liabilities | | | | | |
| Total Current Liabilities | 145,993 | 104,482 | 92,869 | 68,060 | 65,224 |
| Total Long-term Debt | 126,695 | 151,055 | 154,913 | 222,113 | 289,313 |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | | | | | |
| Total Non-current Liabilities | 126,695 | 151,055 | 154,913 | 222,113 | 289,313 |
| Total Provisions | 42,590 | 39,189 | 38,551 | 38,717 | 38,858 |
| Total Liabilities | 315,278 | 294,726 | 286,333 | 328,890 | 393,394 |
| Shareholders Equity | 232,108 | 236,664 | 263,664 | 296,403 | 321,559 |
| Minority Interests | 10,696 | 11,433 | 25,022 | 30,961 | 36,857 |
| Total Equity | 242,804 | 248,097 | 288,686 | 327,364 | 358,416 |

| Key Ratios | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| | Mar-20A | Mar-21A | Mar-22F | Mar-23F | Mar-24F |
| Revenue Growth | 35.1% | (5.3%) | 79.8% | (0.1%) | (11.5%) |
| Operating EBITDA Growth | (2.8%) | 5.9% | 61.6% | 4.2% | (14.4%) |
| Operating EBITDA Margin | 29.2% | 32.6% | 29.3% | 30.6% | 29.6% |
| Net Cash Per Share (Rs) | (60.69) | (146.70) | (131.16) | (187.43) | (249.66) |
| BVPS (Rs) | 214.04 | 218.24 | 243.14 | 273.33 | 296.53 |
| Gross Interest Cover | 5.10 | 5.84 | 7.74 | 8.82 | 7.88 |
| Effective Tax Rate | 0.6% | 5.8% | 27.5% | 27.6% | 28.0% |
| Net Dividend Payout Ratio | 29.4% | 15.4% | 25.4% | 28.4% | 30.0% |
| Accounts Receivables Days | 27.65 | 34.76 | 22.77 | 23.89 | 24.84 |
| Inventory Days | 65.36 | 112.75 | 60.42 | 65.56 | 72.28 |
| Accounts Payables Days | 256.34 | 370.86 | 113.09 | 119.42 | 131.32 |
| ROIC (%) | 21.8% | 13.6% | 23.6% | 17.5% | 11.2% |
| ROCE (%) | 10.5% | 10.3% | 16.9% | 15.6% | 11.3% |
| Return On Average Assets | 10.2% | 8.4% | 12.2% | 11.1% | 8.2% |

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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 | 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)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

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. |