

India

HOLD (no change)

Consensus ratings*: Buy 20 Hold 18 Sell 9

Current price:	Rs22,001
Target price:	Rs23,691
Previous target:	Rs28,045
Up/downside:	7.7%
InCred Research / Consensus:	-7.9%
Reuters:	SHCM.NS
Bloomberg:	SRCM IN
Market cap:	US\$10,237m
	Rs793,820m
Average daily turnover:	US\$13.5m
	Rs1049.0m
Current shares o/s:	36.1m
Free float:	74.3%

*Source: Bloomberg

Key changes in this note

- Net sales cut by 2-4% for FY23F-24F.
- EBITDA cut by 16-27% for FY23F-24F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(14.4)	(9.6)	(20.0)
Relative (%)	(9.9)	(4.8)	(25.6)

Major shareholders	% held
Promoter & Promoter Group	62.6
SBI Mutual Fund	2.4
Axis Mutual Fund	1.7

Analyst(s)



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Shree Cement Ltd

Muted 4Q; EBITDA miss on lower realization

- 4QFY22 consolidated EBITDA stood at Rs9.2bn (Incred estimate: Rs10.4bn), down 26% yoy but up 9% qoq, due to lower blended realization and higher cost.
- We slash our FY23F-24F EBITDA estimates by 16-27% to factor in the current cost scenario. SRCM plans to achieve ~80mtpa capacity over next 6-7 years.
- Retain Hold rating on SRCM with a lower TP of Rs23,691 (Rs28,045 earlier).

In-line volume performance while realization below our estimate

Shree Cement Limited or SRCM's 4QFY22 cement, including clinker, volume dipped 2.3% yoy (up 22.6% qoq) to 8.03mt (in line with our estimate) despite a strong uptick in Jan-Mar 2022 (on the high base of last year). Blended realization grew 5.4% yoy while down 2.1% qoq and was 1.3% below our estimate, which we believe could be due to a higher share from merchant power sales (figures not disclosed). Channel checks reveal that, cement prices rose across regions in Apr 2022 (Rs 25-30/bag in North India and Rs15-20/bag in East India). However, due to moderate demand, prices were rolled back in some markets in the current month. During FY22, SRCM commissioned its grinding unit in Pune (3mtpa in Feb 2022) along with a 4mtpa clinker unit at Chhattisgarh (in Mar 2022) and touched 46.4mtpa capacity. Further, SRCM plans to add 3mtpa grinding unit in East India (West Bengal) by Jun 2023F. In addition to that, it announced an integrated capacity expansion project in Gothra, Rajasthan (3.5mtpa backed by 3.8mtpa clinker) by Mar 2024F. It has a long-term plan to double capacity to ~80mtpa over the next six-to-seven years. We factor in FY23F/FY24F volume growth of 10%/11%, respectively.

Operating cost/t stays flat qoq; limited cost advantage against peers

Blended EBITDA/t missed our estimate by 12% and stood at Rs1,144 (down 25% yoy and 11% qoq), mainly on account of lower realization and higher cost where blended cost/t rose ~18% yoy and ~1% qoq to Rs4,291. EBITDA/t was depressed by (a) lower realization, (b) ~80% yoy and ~13% qoq increase in power and fuel cost/t, and (c) a 12% qoq rise in raw material cost/t. But all this was somehow offset by lower employee cost/t (down 17% yoy/19% qoq) and other expenses (down 14% qoq). SRCM is in the process of setting up a 106MW solar capacity at various locations. We expect cost inflation to continue to be in line with coal/pet coke prices going ahead. We thus trim FY23F EBITDA/t by 14%. We believe other industry players are catching up on cost rationalization and thereby improving cost efficiency.

Maintain Hold rating on the stock

SRCM trades at EV/EBITDA of 21.7x/17x FY23F/FY24F, respectively, at 20-50% premium to peers. We retain Hold rating on it. Our target price of Rs23,691 (Rs28,045 earlier) is based on 17x (unchanged) FY24F EV/EBITDA. We find better risk-reward ratio among other peers. **Downside risks:** Weak demand, pricing pressure, delay in commissioning of capacity and a continuous rise in input cost. **Upside risks:** Better-than-expected demand recovery, pricing growth and better-than-expected cost control.

Financial Summary	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Revenue (Rsm)	128,684	135,598	150,096	168,971	191,618
Operating EBITDA (Rsm)	37,591	40,795	37,079	36,276	45,502
Net Profit (Rsm)	15,359	22,859	23,319	21,208	26,844
Core EPS (Rs)	425.7	633.6	646.3	587.8	744.0
Core EPS Growth	31.9%	48.8%	2.0%	(9.1%)	26.6%
FD Core P/E (x)	51.68	34.73	34.04	37.43	29.57
DPS (Rs)	110.0	60.0	90.0	81.9	103.6
Dividend Yield	0.50%	0.27%	0.41%	0.45%	0.57%
EV/EBITDA (x)	20.78	18.82	20.94	21.75	17.17
P/FCFE (x)	(52.64)	122.55	303.64	(45.76)	136.85
Net Gearing	(10.2%)	(17.3%)	(10.3%)	(2.7%)	(6.1%)
P/BV (x)	6.03	5.16	4.55	4.13	3.70
ROE	13.4%	16.0%	14.2%	11.6%	13.2%
% Change In Core EPS Estimates				(0.37%)	(0.36%)
InCred Research/Consensus EPS (x)				0.80	0.84

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Muted 4Q; EBITDA miss on lower realization

4QFY22 results review

Quick snapshot of SRCM's 4QFY22 results and long-term expansion plan ►

Key operational update:

- SRCM reported 4QFY22 consolidated revenue of Rs43.6bn, up 20% qoq (up 3% yoy) and broadly in line with our estimate of Rs34bn.
- Sales volume (cement+clinker) stood at 8.03mtpa, down 2.3% yoy (up ~22.6% qoq) and in line with our estimate.
- Realization stood at Rs5,436/t, up 5.4% yoy (while down 2.1% qoq) and 1.3% below our expectation.
- Consolidated EBITDA for the quarter stood at Rs9.18bn vs. our expectation of Rs10.4bn and down 26% yoy while up 9% qoq.
- EBITDA/t stood at Rs1,144 during the quarter (our estimate: Rs1,300/t) vs. Rs1,290 in 3QFY22 and Rs1,517 in 4QFY21 excluding other income.
- Operating cost/t: Overall blended cost/t was higher by 1% qoq and 18% yoy on account of a) energy cost/t up 80% yoy and 13% qoq to Rs1,578, b) logistics cost/t remaining flat yoy/qoq at Rs1,193, c) raw material cost/t down 4% yoy while up 12% qoq at Rs 451 during the quarter, and d) employee cost/t down 17% yoy and 19% qoq while other expenses were up 1% yoy but down 14% qoq.
- Reported PAT was down ~18% yoy while up 36% qoq at ~Rs6.57bn vs. our expectation of Rs5.9bn. PAT beat our estimate due to lower tax as tax expenses of Rs1bn relate to earlier years.
- The company's cash and cash equivalents in FY22 stood at Rs38.1bn vs. Rs 45bn in FY21.
- Capital work-in-progress in FY22 stood at Rs10.5bn vs. Rs10bn in FY21.
- Cash flow from operations in FY22 stood at Rs26.7bn vs. Rs42.5bn in FY21.
- The company's board has recommended a final dividend of Rs45/share for FY22.

Capacity expansion:

- The company commenced commercial production at its clinker grinding unit having a capacity of 3mtpa in Pune, Maharashtra as on 1 Feb 2022. SRCM's 4mtpa (12,000tpd) clinker unit (kiln-3) at Baloda Bazar in Raipur, Chhattisgarh started from 28 Mar 2022.
- Recently (during 2QFY22), the company announced its medium-term expansion plan to reach 53mtpa capacity by FY24F.
 - a) SRCM to set up a 3mtpa unit at village Digha & Parbatpur, Purulia district, West Bengal for Rs7.5bn which would be commissioned by 4QFY23F, and the mode of financing is mainly by way of equity contribution from SRCM.
 - b) Company to set up integrated cement plant of 3.5mtpa along with 3.8mtpa clinker at village Gothra, Nawalgarh tehsil, Rajasthan for Rs35 bn to be commissioned by 4QFY24F, and the mode of financing to be via internal accruals and debt.
 - c) Also, SRCM is setting up solar power plants having a capacity up to 106MW to meet captive power requirement at various locations at a capex of Rs5bn to be added by 2QFY23F and financed by internal accruals.
- Aforesaid expansions will increase SRCM's India capacity to 52.9mtpa from 46.4mtpa as at end-Mar 2022 (3mtpa Odisha/ 3mtpa Pune commenced in Mar 2021 /Feb 2022, respectively) by FY24F.

- SRCM is setting up 106MW solar power plants at various locations in India with a capex of Rs5bn.

Figure 1: Consolidated quarterly performance

Particulars (Rs Mn)	4QFY22	4QFY22F	3QFY22	4QFY21	% Change		
					4QFY22F	3QFY22	4QFY21
Net Sales	43,642	44,052	36,371	42,350	-1%	20%	3%
Raw materials consumed	3,622	3,507	2,640	3,857	3%	37%	-6%
Freight and Forwarding Expense	9,580	9,656	7,887	9,691	-1%	21%	-1%
Power and Fuel	12,667	11,557	9,140	7,201	10%	39%	76%
Employee Cost	2,212	2,812	2,232	2,716	-21%	-1%	-19%
Other Expenses	6,374	6,128	6,020	6,426	4%	6%	-1%
Total Expenditures	34,454	33,660	27,919	29,890	2%	23%	15%
EBITDA	9,188	10,392	8,452	12,460	-12%	9%	-26%
Depreciation	2,967	3,122	2,853	3,302	-5%	4%	-10%
EBIT	6,221	7,270	5,599	9,158	-14%	11%	-32%
Interest	522	547	539	563	-5%	-3%	-7%
Other Income	1,374	1,277	1,139	1,202	8%	21%	14%
PBT	7,073	8,000	6,198	9,798	-12%	14%	-28%
Tax	482	2,080	1,371	1,800	-77%	-65%	-73%
PAT before MI & Associates	6,591	5,920	4,827	7,998	11%	37%	-18%
Minority Interest	18	9	7	14	98%	152%	35%
Profit from Assoc.	0	0	0	0			
Recurring PAT	6,572	5,911	4,820	7,984	11%	36%	-18%
Extraordinaries	0	0	0	0			
Reported PAT	6,572	5,911	4,820	7,984	11%	36%	-18%
EPS (Rs)	182.2	163.8	133.6	221.3	11%	36%	-18%
Gross Margin	41%	44%	46%	51%	-316 bp	-520 bp	-1028 bp
EBITDA Margin	21.1%	23.6%	23.2%	29.4%	-254 bp	-219 bp	-837 bp
EBIT Margin	14%	17%	15%	22%	-225 bp	-114 bp	-737 bp
PBT Margin	16%	18%	17%	23%	-196 bp	-84 bp	-693 bp
PAT Margin	15%	13%	13%	19%	164 bp	181 bp	-379 bp
Tax Rate	7%	26%	22%	18%	-1,919 bp	-1,531 bp	-1,156 bp
Cost items as % of Sales							
RM	8%	8%	7%	9%	34 bp	104 bp	-81 bp
Freight costs	22%	22%	22%	23%	3 bp	26 bp	-93 bp
P&F costs	29%	26%	25%	17%	279 bp	389 bp	1202 bp

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

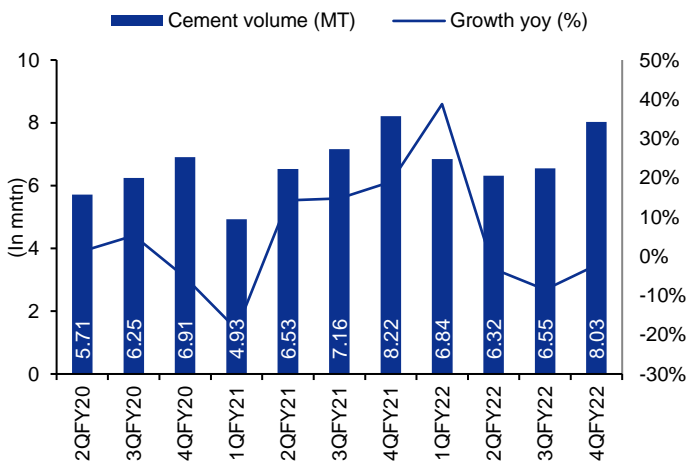
Figure 2: 4QFY22 results: Per tonne analysis

Per tonne analysis	4QFY22	4QFY22F	3QFY22	4QFY21	% Change		
					4QFY22F	3QFY22	4QFY21
Sales volume (cement + clinker)	8.03	8.00	6.55	8.22	0.4%	22.6%	-2.3%
Realization	5,436	5,510	5,552	5,155	-1.3%	-2.1%	5.4%
EBITDA/t	1,144	1,300	1,290	1,517	-12%	-11.3%	-24.6%
RM cost/t	451	439	403	470	3%	12%	-4%
P&F costs/t	1,578	1,445	1,395	877	9%	13%	80%
Freight costs/t	1,193	1,208	1,204	1,180	-1%	-1%	1%
Employee costs/t	276	352	341	331	-22%	-19%	-17%
Other expenses/t	794	766	919	782	4%	-14%	1%
Total cost/t	4291	4210	4262	3638	1.9%	0.7%	17.9%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

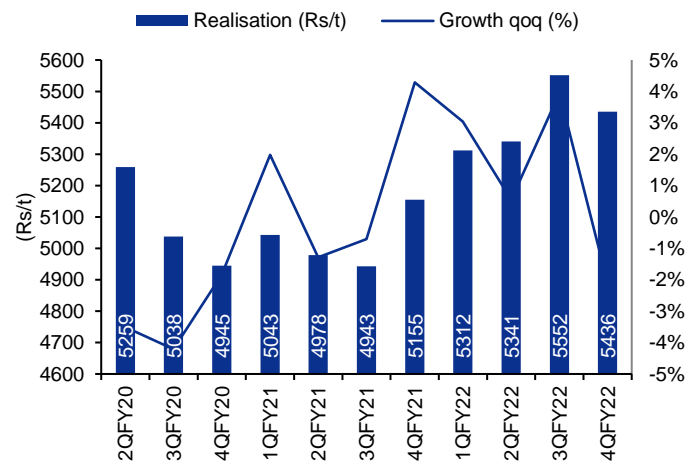
Key charts ▶

Figure 3: Cement sales volume, including clinker, declined 2.3% yoy (up 22.6% qoq)



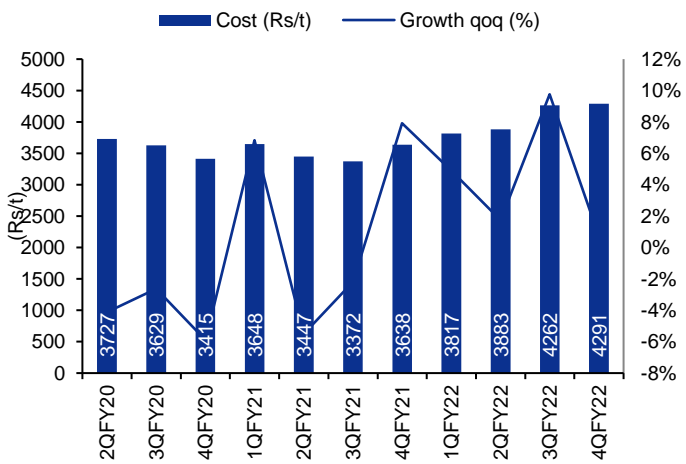
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Blended realization improved 5.4% yoy while down 2.1% qoq



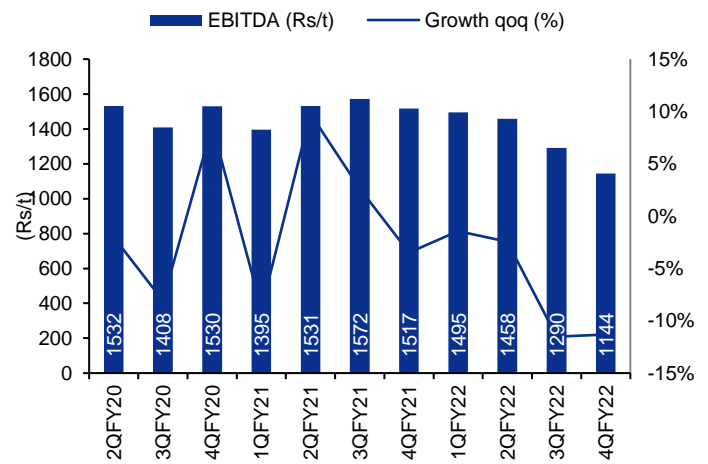
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Total operating cost/t was higher by 18% yoy and 1% qoq



SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Unit EBITDA fell 25% yoy and 11% qoq, mainly due to lower realization and higher cost



SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Revision in our earnings estimates

Rs. m	NEW		Old		Change (%)	
	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F
Sales	1,68,971	1,91,618	1,76,007	1,95,742	-4%	-2%
EBITDA	36,276	45,502	45,960	52,804	-27%	-16%
PAT	21,208	26,844	28,220	31,799	-33%	-18%
EPS (Rs.)	587.8	744.0	815	900	-39%	-21%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 8: Changes in our estimates vs. Bloomberg consensus estimates

Rs. m	Incred		Consensus		Change (%)	
	FY23F	FY24F	FY23F	FY23F	FY23F	FY23F
Sales	1,68,971	1,91,618	1,78,766	2,02,167	-5%	-5%
EBITDA	36,276	45,502	45,511	53,718	-20%	-15%
PAT	21,208	26,844	26,575	32,105	-20%	-16%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 9: Key assumptions

	FY20A	FY21A	FY22F	FY23F	FY24F
Volume (mtpa)	24.9	26.8	27.7	30.5	33.9
yoy	-4%	8%	3%	10%	11%
Realization (per tonne)	5,163	5,052	5,411	5,536	5,647
yoy	14%	-2%	7%	2%	2%
Cost (per tonne)	3,655	3,532	4,075	4,347	4,306
yoy	-3%	-3%	15%	7%	-1%
EBITDA (per tonne)	1,508	1,520	1,337	1,188	1,341
yoy	40%	1%	-12%	-11%	13%
EBITDA (Rs m)	37,591	40,795	37,079	36,276	45,502
yoy	35%	9%	-9%	-2%	25%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: Our target price of Rs23,691 is based on 17x FY24F EV/EBITDA

	TP
Valuation	
Target EV/EBITDA multiple (x)	17.0
Target EV (Rs m)	7,73,542
Net debt (Rs m)	(61,244)
No. of shares (m)	36
UAE plant @ book value	20,000
Value per share	554
Target price per share (Rs)	23,691

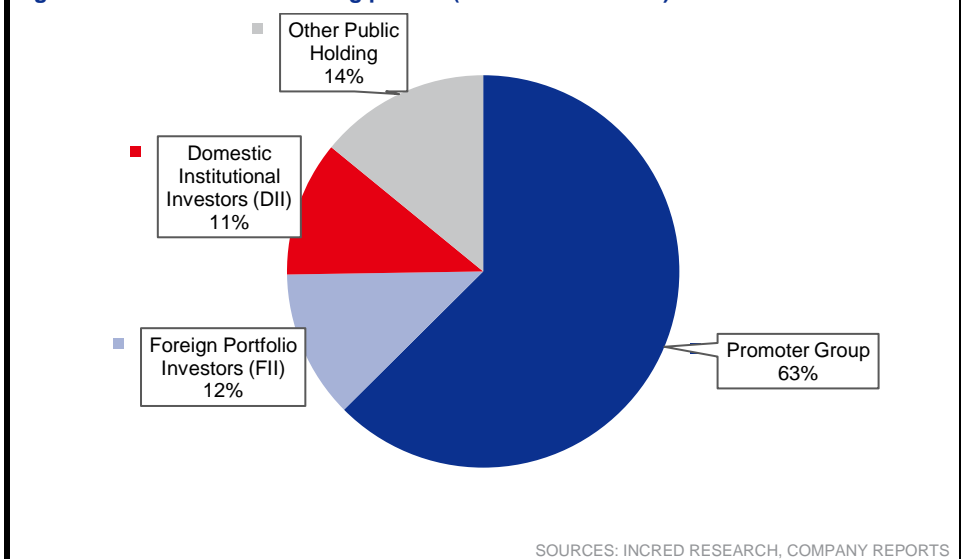
SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 11: Cement sector peer comparison

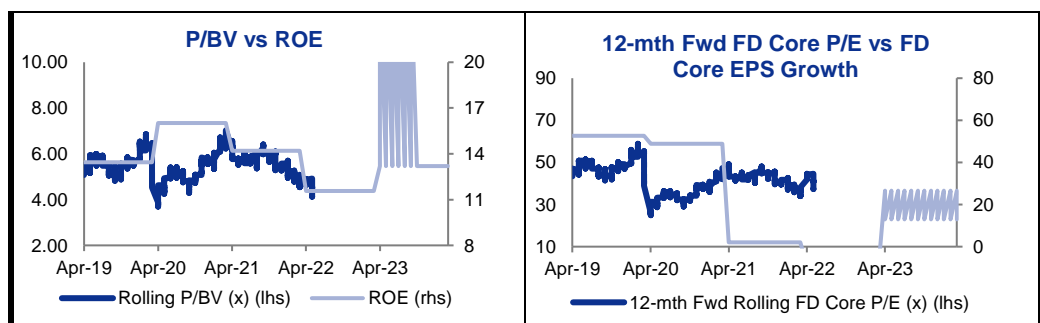
Company	Bloomberg Ticker	Rating	Closing Price (LC)	Target Price (LC)	% Upside	Market cap (US\$ m)	EV/EBITDA (x)		P/BV (x)		RoE (%)		P/E (x)		EV/t (US\$)	
							FY22F	FY23F	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
UltraTech Cement	UTCEM IN	ADD	6,129	8,009	31%	22,720	16.1	15.3	3.6	3.3	15.2	11.6	25.0	29.5	225.1	185.2
ACC	ACC IN	ADD	2,239	2,322	4%	5,400	13.1	9.7	2.7	2.4	10.9	13.3	25.8	19.2	120.4	109.6
Ambuja Cements	ACEM IN	HOLD	363	398	10%	9,256	22.1	18.4	3.1	3.0	8.1	9.5	39.3	32.3	134.8	130.6
Shree Cement	SRCM IN	HOLD	22,001	23,691	8%	10,194	20.9	21.8	4.5	4.1	14.2	11.6	34.1	37.4	215.5	219.1
The Ramco Cements	TRCL IN	ADD	692	1053	52%	2,099	13.8	10.1	2.7	2.3	12.0	14.9	23.5	16.8	134.7	127.4
JK Cement	JKCE IN	HOLD	2,449	3656	49%	2,430	13.6	11.7	4.5	3.8	20.8	21.3	23.7	19.5	186.6	186.1
Birla Corp	BCORP IN	ADD	1,036	1300	25%	1,025	10.3	10.5	1.3	1.3	7.5	4.9	18.5	26.6	76.9	74.7
Heidelberg	HEIM IN	ADD	186	282	51%	542	6.7	5.4	2.4	2.1	19.6	21.2	12.8	10.4	78.0	72.9
Dalmia Bharat	DALBHARA IN	ADD	1,400	1724	23%	3,367	10.4	11.8	1.7	1.6	8.0	4.2	23.5	39.4	92.5	89.0
JK Lakshmi	JKLC IN	ADD	494	602	22%	746	5.9	7.2	2.0	1.7	21.3	14.4	10.1	12.8	52.5	56.5
Orient Cement	ORCMNT IN	ADD	124	176	42%	326	4.5	5.7	1.6	1.6	18.6	14.0	9.2	10.6	40.8	48.0
Prism Johnson	PRSMJ IN	ADD	112	143	27%	725	13.4	11.6	4.2	3.9	6.0	9.7	75.7	42.0	130.0	127.3
Mean							12.2	10.8	2.8	2.6	13.7	13.5	26.4	23.3	124.3	117.0
Median							13.2	11.1	2.7	2.4	13.6	13.7	23.6	22.5	125.2	118.5
Minimum							4.5	4.5	1.3	1.3	6.0	4.2	9.2	8.0	40.8	48.0
Maximum							22.1	18.4	4.5	3.9	21.4	21.3	75.7	42.0	225.1	205.4

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG. PRICED AS AT 20 MAY 2022

Figure 12: SRCM's shareholding pattern (as at end-Mar 2022)



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	128,684	135,598	150,096	168,971	191,618
Gross Profit	128,684	135,598	150,096	168,971	191,618
Operating EBITDA	37,591	40,795	37,079	36,276	45,502
Depreciation And Amortisation	(18,078)	(12,623)	(11,459)	(12,261)	(14,713)
Operating EBIT	19,513	28,171	25,621	24,015	30,789
Financial Income/(Expense)	(2,914)	(2,513)	(2,161)	(2,053)	(2,012)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	2,744	4,383	5,459	6,005	6,605
Profit Before Tax (pre-EI)	19,343	30,041	28,918	27,967	35,383
Exceptional Items					
Pre-tax Profit	19,343	30,041	28,918	27,967	35,383
Taxation	(3,902)	(7,145)	(5,552)	(6,712)	(8,492)
Exceptional Income - post-tax					
Profit After Tax	15,441	22,896	23,366	21,255	26,891
Minority Interests	(82)	(37)	(47)	(47)	(47)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	15,359	22,859	23,319	21,208	26,844
Recurring Net Profit	15,359	22,859	23,319	21,208	26,844
Fully Diluted Recurring Net Profit	15,359	22,859	23,319	21,208	26,844

Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
EBITDA	37,591	40,795	37,079	36,276	45,502
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(10,977)	(10,102)	1,984	233	326
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	2,744	4,383	5,459	6,005	6,605
Other Operating Cashflow	17,190	17,121	(10,129)	(8,129)	(6,629)
Net Interest (Paid)/Received	(2,914)	(2,513)	(2,161)	(2,053)	(2,012)
Tax Paid	(3,902)	(7,145)	(5,552)	(6,712)	(8,492)
Cashflow From Operations	39,732	42,538	26,680	25,619	35,300
Capex	(13,830)	(2,387)	(17,592)	(26,500)	(27,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(42,158)	(24,063)	(3,922)	(16,465)	(2,000)
Cash Flow From Investing	(55,987)	(26,450)	(21,514)	(42,965)	(29,500)
Debt Raised/(repaid)	1,175	(9,610)	(2,552)		
Proceeds From Issue Of Shares	23,812	(65)	(8)	(93)	(93)
Shares Repurchased					
Dividends Paid	(6,284)	(2,165)	(3,247)	(3,573)	(4,523)
Preferred Dividends					
Other Financing Cashflow	(2,893)	(486)	(2,687)	8,176	6,676
Cash Flow From Financing	15,811	(12,326)	(8,494)	4,509	2,059
Total Cash Generated	(445)	3,761	(3,328)	(12,837)	7,860
Free Cashflow To Equity	(15,080)	6,478	2,614	(17,346)	5,800
Free Cashflow To Firm	(13,341)	18,600	7,327	(15,292)	7,813

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	37,005	45,098	38,160	25,323	33,183
Total Debtors	10,805	6,859	7,883	8,564	9,975
Inventories	17,135	17,157	24,970	23,610	25,199
Total Other Current Assets	13,994	12,759	13,691	15,545	18,204
Total Current Assets	78,938	81,873	84,703	73,042	86,560
Fixed Assets	61,630	62,163	72,822	86,561	98,848
Total Investments	32,713	46,990	55,063	56,063	57,063
Intangible Assets	11,967	9,965	10,535	26,000	27,000
Total Other Non-Current Assets	14,193	14,140	14,365	14,865	15,365
Total Non-current Assets	120,503	133,258	152,786	183,489	198,276
Short-term Debt	7,102	5,087	7,158	7,158	7,158
Current Portion of Long-Term Debt					
Total Creditors	6,577	8,830	8,904	10,699	11,649
Other Current Liabilities	20,401	23,091	30,802	30,415	35,449
Total Current Liabilities	34,079	37,008	46,864	48,273	54,256
Total Long-term Debt	16,387	13,316	12,983	12,983	12,983
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	16,593	10,322	2,535	2,535	2,535
Total Non-current Liabilities	32,980	23,638	15,519	15,519	15,519
Total Provisions					
Total Liabilities	67,059	60,646	62,383	63,791	69,775
Shareholders Equity	131,694	153,974	174,603	192,237	214,558
Minority Interests	688	512	503	503	503
Total Equity	132,382	154,486	175,106	192,740	215,061

Key Ratios					
	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Revenue Growth	2.5%	5.4%	10.7%	12.6%	13.4%
Operating EBITDA Growth	34.6%	8.5%	(9.1%)	(2.2%)	25.4%
Operating EBITDA Margin	29.2%	30.1%	24.7%	21.5%	23.7%
Net Cash Per Share (Rs)	374.61	739.90	499.38	143.60	361.44
BVPS (Rs)	3,650.06	4,267.57	4,839.32	5,328.09	5,946.74
Gross Interest Cover	6.70	11.21	11.85	11.70	15.30
Effective Tax Rate	20.2%	23.8%	19.2%	24.0%	24.0%
Net Dividend Payout Ratio	25.8%	9.5%	13.9%	16.8%	16.8%
Accounts Receivables Days	29.84	23.77	17.92	17.76	17.66
Inventory Days	50.83	46.15	51.22	52.47	46.49
Accounts Payables Days	23.96	29.66	28.64	26.96	27.91
ROIC (%)	19.0%	30.9%	24.5%	17.9%	20.9%
ROCE (%)	13.9%	17.1%	13.9%	11.8%	13.7%
Return On Average Assets	10.4%	12.3%	11.3%	9.4%	10.7%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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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 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)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of January 30, 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.