

India

ADD (no change)

Consensus ratings*: Buy 12 Hold 7 Sell 5	
Current price:	Rs188
Target price:	Rs214
Previous target:	Rs268
Up/downside:	13.8%
InCred Research / Consensus:	-1.4%
Reuters:	HEIG.DE
Bloomberg:	HEIM IN
Market cap:	US\$549m Rs42,581m
Average daily turnover:	US\$0.5m Rs39.6m
Current shares o/s:	226.6m
Free float:	25.5%

*Source: Bloomberg

Key changes in this note

- Net sales cut by 2% for FY23F-24F.
- EBITDA cut by 16-26% for FY23F-24F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(8.9)	(4.7)	(23.5)
Relative (%)	(4.0)	(4.3)	(28.7)

Major shareholders	% held
Promoter & Promoter Group	69.4
LIC of India	3.6
ICICI Pru Smallcap Fund	2.5

Analyst(s)



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Heidelberg Cement India Ltd

Reasonable 4Q despite capacity constraints

- 4QFY22 adjusted EBITDA stood at Rs980m, down 36% yoy while up 43% yoy and 11% above with our estimate, mainly due to lower-than-expected cost.
- We slash our FY23F-24F EBITDA estimates by 16-26% to factor in the current cost scenario. Balance sheet is strong, and the valuation is reasonable.
- We reiterate our Add rating with a lower target price of Rs214 (Rs268 earlier).

Volume and realization broadly in line with our expectations

Cement volume fell by ~1% yoy to 1.23mt and volume growth was lower relative to the industry due to capacity constraints. Capacity utilization stood at ~76% in FY22. Adjusted cement realization was down ~0.6% qoq (up only 1.6% yoy). As per management, price hikes have been taken in Apr 2022 by Rs20-25/bag from Mar 2022 average level and further price hikes are required. Trade sales slipped to 75% vs. 77% qoq. Premium product contribution currently stands at 21% of trade volume (vs. 22% qoq). The planned capex in Gujarat is still awaiting government clearance and no concrete steps have been taken to start the project. We factor in 8%/7% volume growth in FY23F/FY23F, respectively.

Cost inflation continues to be a key concern over the medium term

Total cost/t declined ~4% qoq while up 14% yoy to Rs4,064. P&F cost/t rose 17% qoq and 32% yoy because of higher pet-coke and coal prices. Management highlighted that pet-coke prices have spiked to Rs27,500/t (currently) from Rs20,000/t in 4QFY22. Coal prices remain inflationary as well. Elevated pet-coke prices will continue to push up variable costs over the next two to three quarters. Freight cost/t slid 2% yoy while up 2% qoq as the average lead distance was 360-370km. Other costs/t fell 21% qoq and rose 4% yoy, driven by higher packaging cost and normalization of fixed costs. As a result, unit EBITDA (adjusted for other operating income which includes Rs305m for State Goods and Services Tax or SGST incentives from Madhya Pradesh including Rs205.9m for earlier years) at Rs794/t rose 31% qoq (-35% yoy on rising cost).

Strong balance sheet is a key positive in a challenging environment

Gross debt stood at Rs2.3bn and the bank balance at Rs3.69bn. Net cash and bank balance stood at Rs1.34bn as at end-Mar 2022. On the ESG front, the company has committed to reach ≤ 500kg/t CO2 emission by 2025F. On capex front, total capex to be incurred in FY23F is Rs1bn and Rs800m in FY24F. We believe stable cash flow generation, a debt-free status and negative working capital should help the company tide over its tough times. Also, return ratios should improve gradually with demand recovery.

Maintain Add rating

HEIM trades at EV/EBITDA multiple of 9x/6.8x and EV/t of US\$83/US\$80 FY23F/FY24F, respectively. We retain our Add rating on it. Our target price of Rs214 (Rs268 earlier) is based on 8x (earlier 9x) FY24F EV/EBITDA. **Downside risks:** Weak demand, pricing pressure, lack of visibility on next leg of expansion and a continuous rise in input costs.

Financial Summary	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Revenue (Rsm)	21,696	21,167	22,970	25,882	28,192
Operating EBITDA (Rsm)	5,278	5,066	4,346	4,270	5,461
Net Profit (Rsm)	2,681	3,150	2,523	2,376	3,237
Core EPS (Rs)	11.8	13.9	11.1	10.5	14.3
Core EPS Growth	21.5%	17.5%	(19.9%)	(5.8%)	36.2%
FD Core P/E (x)	15.89	13.52	16.88	17.92	13.15
DPS (Rs)	5.4	6.0	9.0	8.9	10.5
Dividend Yield	2.89%	3.19%	4.79%	4.74%	5.59%
EV/EBITDA (x)	7.94	8.13	9.36	9.18	6.93
P/FCFE (x)	13.32	30.15	29.00	20.63	14.05
Net Gearing	(5.0%)	(9.2%)	(12.3%)	(21.0%)	(28.0%)
P/BV (x)	3.24	2.85	2.72	2.66	2.52
ROE	21.6%	22.4%	16.5%	15.0%	19.7%
% Change In Core EPS Estimates				(0.33%)	(0.27%)
InCred Research/Consensus EPS (x)				0.80	0.91

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 20 OCT 2021

Reasonable 4Q despite capacity constraints

4QFY22 results review

Key takeaways from 4QFY22 results, presentation and earnings call ➤

Demand and Pricing Outlook:

- During the last two months, the company witnessed a negative impact on demand due to excessive heat wave and increased cost of other building materials including steel coupled with a slight slowdown in government demand. Management expects demand decline of about 15-20% in Apr-May 2022 vs. the previous quarter. However, Jun 2022 is expected to be better.
- HEIM doesn't expect any market share loss over the next two years, even with new capacity addition coming up in the industry.
- HEIM's cement capacity utilization stood at 76% in FY22. The company expects capacity utilization to touch ~90% and volume to further improve.
- Post 4QFY22, the company has taken a price hike of Rs20-25/bag vis-à-vis Mar 2022 average price. It is wary of another price hike, as demand has been sluggish, but in order to maintain margins, the company would have to pass on higher cost.
- The company believes cement prices will top Rs500/bag to compensate the current cost pressure.
- Cement, as a component for a builder, accounts for ~13.5% while overall steel accounts for ~23%, and the rise in cement price is only ~0.1%.
- Management expects margins to remain under pressure until further price hikes. For the sector to earn return on capital, EBITDA should be higher coupled with higher prices. Management believes EBITDA/t should be ~Rs1,000 on an average going ahead.

Cost Guidance:

- During the quarter, power and fuel cost has affected the margins and even after all the efforts made by management it was beyond its control. The company has been trying to work at maximum efficiency to mitigate the cost. At present, the company can change the fuel in 36 hours vs. four days (earlier).
- P&F cost has been even higher by 10% in Mar 2022; pet-coke prices increased from Rs20,000/t to Rs27,000-27,500/t. With the increase in share of renewable energy, the company believes it will help reduce cost. There will be some impact of this in 1QFY23F.
- Fuel cost on Kcal – pet-coke Rs2.54/kcal and coal Rs2.34/kcal in 4QFY22 vs. pet-coke Rs1.72/kcal and coal Rs1.33/kcal in 4QFY21. Currently, spot prices are at Rs3.38/kcal for pet-coke and for coal Rs2.8-3/kcal. Most companies are carrying around 25-30 days of inventory and so the impact of fuel price hikes will be visible in the upcoming quarter as well.
- Pet-coke prices in 4QFY20/ 4QFY21/ 4QFY22 stood at Rs8,000/t / Rs13,500/t / Rs20,000/t, respectively, vs. Rs27,000/t (currently).
- As far as imported coal prices are concerned, the company doesn't expect it to fall below US\$150. Current level may not be sustainable, but the new normal would be certainly higher than pre-war price levels.
- Madhya Pradesh government has hiked grid prices by 3% and its effect could be seen on power cost in 1QFY23F. The company expects this to be nullified by its 22MW tie-up for solar power in Jhansi. On company level, 65% of power comes from the electricity grid.
- With the commissioning of solar power plant, green power share to increase, which currently stands at 23% and it targets to reach 35-40% by FY25F.

- Reduced diesel prices following the recent excise duty cut by the government would not have a major impact on cost as diesel price is a very small element in manufacturing cost.
- Alternative fuel resources (AFR) usage – HEIM has given a roadmap wherein the thermal substitution rate (TSR) of 3.5% in FY22 will be increased to 5%, 11% and 22% in FY23F, FY24F and FY25F, respectively. Availability of AFR has been an issue recently.

Update on Expansion Projects, Capex and Debt:

- **Gujarat expansion (6,000tpd kiln and 3-3.5mtpa cement capacity) –** Management expects the approvals to be received in 1.5 years' timeframe. Thereafter, the company will need another 2.5-3 years for construction. The project is still in a nascent stage.
- For the Jhansi grinding unit, HEIM has contracted for solar power aggregating to 22 gigawatt hours per annum, and has started consuming this power from Apr 2022.
- At Damoh, alternate fuel is contributing ~3% to total power needs and the company has plans to increase it to ~11% in the next two years.
- Annual maintenance capex is targeted at Rs500-600m. Further, additional capex of Rs400-500m could go towards de-bottlenecking projects (0.3mtpa clinker and 0.4-0.5mtpa grinding by mid-2023F). The company targets capex of Rs1bn in FY23F and Rs800-900m in FY24F.
- HEIM is a net debt-free company and has operated on negative working capital. Net cash stood at Rs1.34bn as of end-Mar 2022.

Lead Distance, Fuel Mix and Trade Mix:

- Trade mix stood at 75%/80%, in 4QFY22/FY22, respectively, vs. 77% in 3QFY22 vs. 83% in 2QFY22. The share of premium cement stood at 22%/21% in 4QFY22/ FY22 vs. 22% in 3QFY22 vs. 21% in 2QFY22. The company expects its trade share to increase going ahead.
- The share of road mix stood at 46%/54% during the quarter/FY22 vs. 48%/52%, respectively, in FY21.
- The share of fuel mix consists of pet-coke/ coal (both domestic) at 38%/ 62% for FY22 vs. 46%/ 54%, respectively, in FY21.
- Lead distance for the quarter was 360-370km vs. 350km in 3QFY22.

Other updates:

- On the ESG front, the company has committed to reach ≤ 500 kg/t CO₂ emission by 2025F.
- **Merger with Zuari Cement (ZC):** Parent company, HeidelbergCement holds a 69.4% stake in HEIM, and also owns a 97% stake in South India-based 8mtpa Zuari Cement since 2017. HEIM's merger with ZC in India has been particularly explored in the recent past, after amendments to mining laws. However, it is possible that it may take two-to-three years to materialize, as per management.
- The company has repaid Rs1.2bn towards the third and final tranche of 10.4% NCDs on 16 Dec 2021. With this, HEIM has fully redeemed 10.4% NCDs aggregating to Rs3.7 bn issued on 16 Dec 2013.
- **Incentives:** HEIM has now received approval from Madhya Pradesh government for its SGST claims pertaining to earlier years. Accordingly, the SGST incentives amounting to Rs305m (including Rs206m for earlier years), Rs37m and Rs425m have been accrued in 4QFY22, 3QFY22 and FY22, respectively. Incentives to expire by Feb 2023F.
- The company distributed a dividend of Rs9 per share.

Figure 1: Standalone quarterly performance

Particulars (Rs Mn)	4QFY22	4QFY22F	3QFY22	4QFY21	% Change		
					4QFY22F	3QFY22	4QFY21
Net Sales	6,200	5,975	5,445	6,000	4%	14%	3%
Raw materials consumed	1,035	1,135	1,197	914	-9%	-14%	13%
Freight and Forwarding Expense	780	792	697	810	-2%	12%	-4%
Power and Fuel	1,960	1,733	1,531	1,505	13%	28%	30%
Employee Cost	349	348	308	376	0%	13%	-7%
Other expenses	892	1,080	1,028	872	-17%	-13%	2%
Total Expenditures	5,015	5,089	4,761	4,478	-1%	5%	12%
EBITDA	1,186	886	684	1,522	34%	73%	-22%
Depreciation	280	293	283	275	-4%	-1%	2%
EBIT	906	593	401	1,247	53%	126%	-27%
Interest	52	84	99	92	-38%	-48%	-43%
Other Income	124	135	123	148	-8%	1%	-16%
PBT	978	644	425	1,303	52%	130%	-25%
Tax	42	200	121	-97	-79%	-65%	-144%
Recurring PAT	936	445	304	1,400	111%	208%	-33%
Extraordinaries	0	0	0	0			
Reported PAT	936	445	304	1,400	111%	208%	-33%
EPS (Rs)	4.1	2.0	1.3	6.2	111%	208%	-33%
Gross Margin	39%	39%	37%	46%	40 bp	202 bp	-704 bp
EBITDA Margin	19%	15%	13%	25%	430 bp	655 bp	-624 bp
EBIT Margin	15%	10%	7%	21%	469 bp	724 bp	-617 bp
PBT Margin	16%	11%	8%	22%	500 bp	797 bp	-594 bp
PAT Margin	15%	7%	6%	23%	766 bp	951 bp	-824 bp
Tax Rate	4%	31%	28%	-7%	-2,668 bp	-2410 bp	1,177 bp
Cost items as % of Sales							
RM + Freight + P&F	61%	61%	63%	54%	-39 bp	-202 bp	704 bp
Employee cost	6%	6%	6%	6%	-21 bp	-3 bp	-64 bp
Other expenses	14%	18%	19%	15%	-370 bp	-451 bp	-16 bp

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

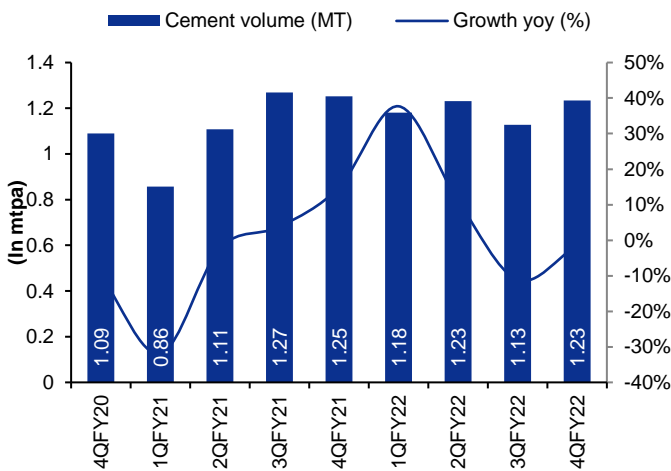
Figure 2: 4QFY22 results on per tonne analysis

Per tonne analysis	4QFY22	4QFY22F	3QFY22	4QFY21	% Change		
					4QFY22F	3QFY22	4QFY21
Sales volume	1.23	1.22	1.13	1.25	1%	9%	-1%
Realization	5,025	4,895	4,827	4,792	3%	4%	5%
EBITDA/t	961	726	607	1,215	32%	58%	-21%
RM cost/t	839	930	1,062	730	-10%	-21%	15%
P&F cost/t	1,588	1,420	1,357	1,202	12%	17%	32%
Freight cost/t	632	649	617	647	-3%	2%	-2%
Employee cost/t	283	285	273	300	-1%	4%	-6%
Other expenses/t	722	885	912	697	-18%	-21%	4%
Cost/t	4064	4169	4221	3577	-3%	-4%	14%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

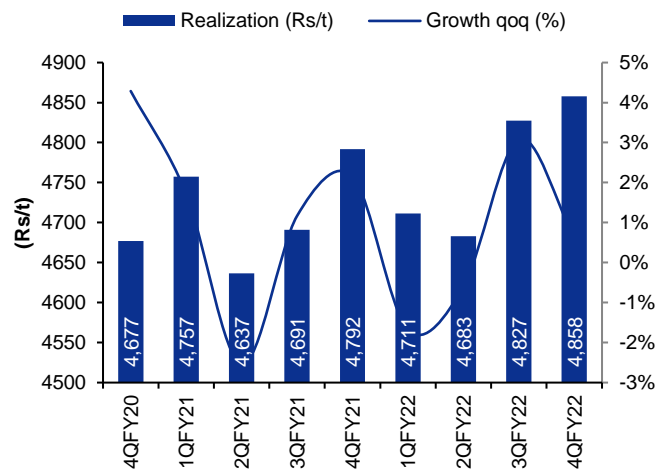
Key charts ➤

Figure 3: Cement sales volume down ~1% yoy while up 9% qoq



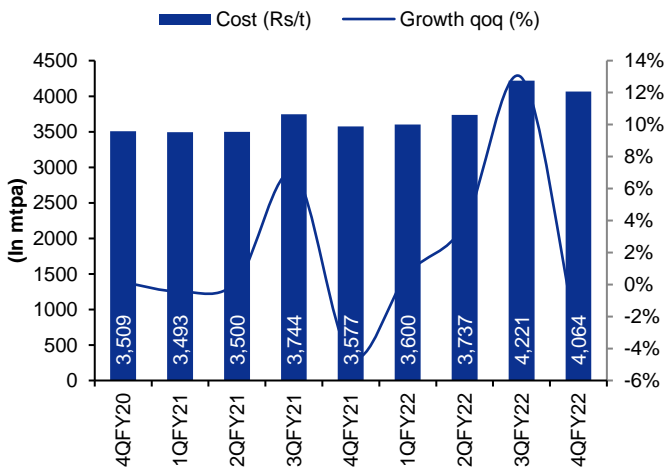
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Cement realization, adjusted for other operating income, improved only 1% qoq/yoy in 4QFY22



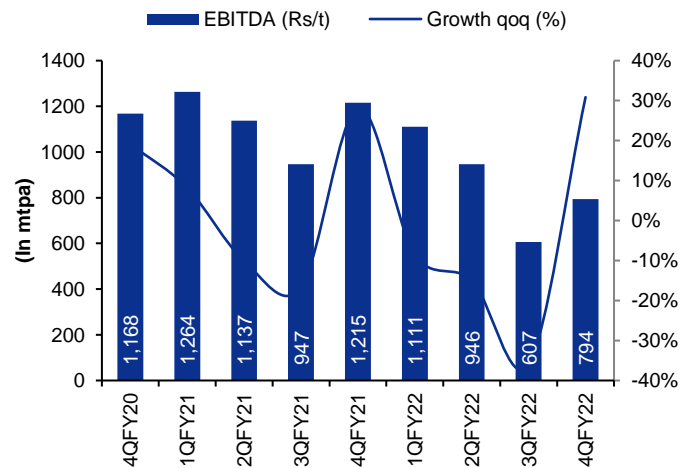
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Cost/t increased 14% yoy while it declined 4% qoq mainly due to lower raw material cost and other expenses



SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Adj. EBITDA/t up 31% qoq (down 35% yoy) on lower cost inflation



SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Revision in our earnings estimates

Rs m	New		Old		Change (%)	
	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F
Sales	25,882	28,192	26,439	28,807	-2%	-2%
EBITDA	4,269	5,460	5,361	6,320	-26%	-16%
PAT	2,375	3,236	3,210	4,022	-35%	-24%
EPS (Rs)	10.5	14.3	14	18	-37%	-25%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

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

Rs. m	Incred		Consensus		Change (%)	
	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F
Sales	25,882	28,192	25,494	27,447	2%	3%
EBITDA	4,269	5,460	4,794	5,684	-11%	-4%
PAT	2,375	3,236	2,822	3,463	-16%	-7%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 9: Key assumptions

	FY20A	FY21A	FY22A	FY23F	FY24F
Volume (mtpa)	4.7	4.5	4.8	5.2	5.5
yoy	-4%	-5%	6%	8%	7%
Realisation (per tonne)	4,575	4,652	4,808	4,967	5,056
yoy	6%	2%	3%	3%	2%
Cost (per tonne)	3,489	3,589	3,899	4,189	4,118
yoy	4%	3%	9%	7%	-2%
EBITDA (per tonne)	1,122	1,129	910	828	989
yoy	14%	1%	-19%	-9%	20%
EBITDA (Rs m)	5,278	5,066	4,346	4,269	5,460
yoy	9%	-4%	-14%	-2%	28%

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: Our target price of Rs214 is based on 8x FY24F EV/EBITDA

Valuation	TP
Target EV/EBITDA (x)	8.0
Target EV (Rs m)	43,682
Net debt / (cash) (Rs m)	(4,715)
No. of shares (m)	227
Fair value per share (Rs)	214

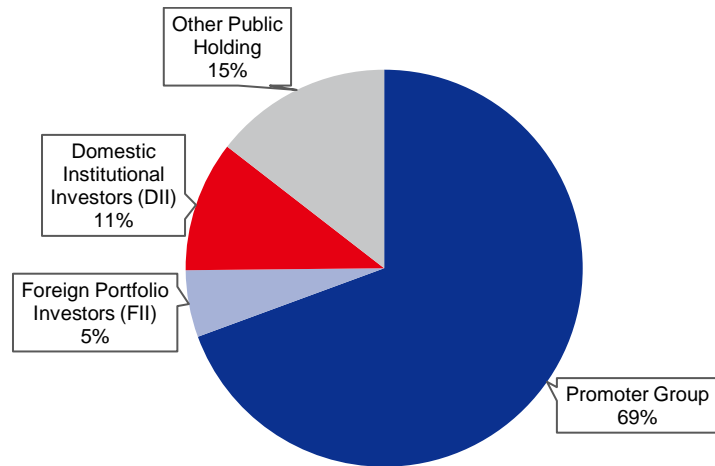
SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 11: Cement sector peer comparison

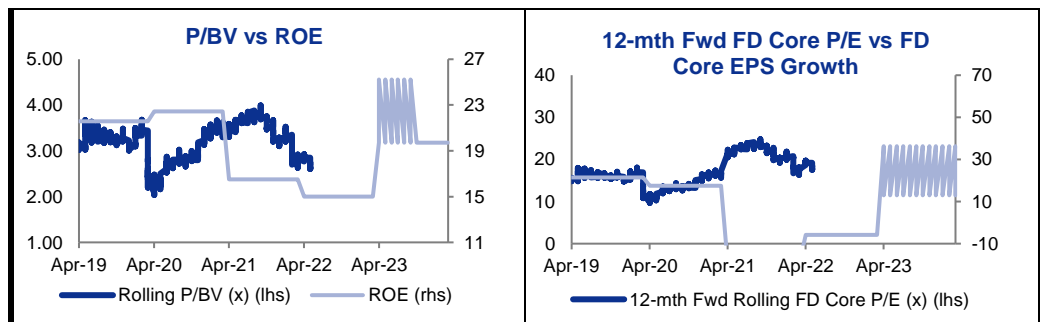
Company	Bloomberg Ticker	Rating	Closing Price (LC)	Target Price (LC)	% Upside	Market cap (US\$ m)	EV/EBITDA (x)		P/BV (x)		RoE (%)		P/E (x)		EV/t (US\$)	
							FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F
UltraTech Cement	UTCEM IN	ADD	5,916	8,009	35%	22,027	14.6	14.6	3.1	3.1	11.6	11.6	28.0	28.0	214.0	175.7
ACC	ACC IN	ADD	2,213	2,322	5%	5,361	12.9	9.5	2.7	2.4	10.9	13.3	25.5	19.0	118.8	108.1
Ambuja Cements	ACEM IN	HOLD	363	398	9%	9,308	22.2	18.5	3.1	3.0	8.1	9.5	39.5	32.5	135.6	131.4
Shree Cement	SRCM IN	HOLD	21,942	23,691	8%	10,211	20.9	21.7	4.5	4.1	14.2	11.6	33.9	37.3	214.8	218.4
The Ramco Cements	TRCL IN	ADD	680	879	29%	2,071	14.8	14.8	2.3	2.3	7.7	7.7	30.8	30.8	131.4	128.8
JK Cement	JKCE IN	ADD	2,436	2883	18%	2,428	15.6	15.6	3.9	3.9	14.6	14.6	28.0	28.0	174.4	180.8
Birla Corp	BCORP IN	ADD	1,004	1300	29%	997	10.3	10.3	1.2	1.2	4.9	4.9	25.8	25.8	75.4	73.3
Heidelberg	HEIM IN	ADD	188	214	14%	549	9.1	9.1	2.6	2.6	15.0	15.0	17.7	17.7	85.8	82.8
Dalmia Bharat	DALBHARA IN	ADD	1,367	1724	26%	3,304	10.0	11.4	1.6	1.6	8.0	4.2	22.6	37.9	88.7	85.6
JK Lakshmi	JKLC IN	ADD	469	602	28%	712	6.5	7.8	2.2	1.9	21.3	14.4	11.3	14.3	57.7	61.7
Orient Cement	ORCMNT IN	ADD	121	176	45%	320	4.6	5.8	1.5	1.5	18.6	14.0	9.4	10.9	41.8	48.9
Prism Johnson	PRSMJ IN	ADD	113	143	26%	734	13.6	11.8	4.3	4.0	6.0	9.7	77.1	42.8	131.9	129.2
Mean							12.9	12.6	2.8	2.6	11.7	10.9	29.1	27.1	122.5	118.7
Median							13.3	11.6	2.7	2.5	11.2	11.6	26.9	28.0	125.1	118.5
Minimum							4.6	5.8	1.2	1.2	4.9	4.2	9.4	10.9	41.8	48.9
Maximum							22.2	21.7	4.5	4.1	21.3	15.0	77.1	42.8	214.8	218.4

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG. PRICED AS AT 24 MAY 2021

Figure 12: HEIM'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	21,696	21,167	22,970	25,882	28,192
Gross Profit	21,696	21,167	22,970	25,882	28,192
Operating EBITDA	5,278	5,066	4,346	4,270	5,461
Depreciation And Amortisation	(1,086)	(1,110)	(1,121)	(1,163)	(1,204)
Operating EBIT	4,192	3,956	3,225	3,107	4,257
Financial Income/(Expense)	(739)	(509)	(364)	(182)	(109)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	527	465	491	503	523
Profit Before Tax (pre-EI)	3,981	3,912	3,351	3,428	4,671
Exceptional Items					
Pre-tax Profit	3,981	3,912	3,351	3,428	4,671
Taxation	(1,300)	(763)	(829)	(1,052)	(1,434)
Exceptional Income - post-tax					
Profit After Tax	2,681	3,150	2,523	2,376	3,237
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	2,681	3,150	2,523	2,376	3,237
Recurring Net Profit	2,681	3,150	2,523	2,376	3,237
Fully Diluted Recurring Net Profit	2,681	3,150	2,523	2,376	3,237

Cash Flow

(Rs mn)	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
EBITDA	5,278	5,066	4,346	4,270	5,461
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(120)	171	2,325	955	(10)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	527	465	491	503	523
Other Operating Cashflow	(1,110)	(1,471)	(4,325)		
Net Interest (Paid)/Received	(739)	(509)	(364)	(182)	(109)
Tax Paid	751	672	546	(1,052)	(1,434)
Cashflow From Operations	4,587	4,395	3,019	4,494	4,431
Capex	(435)	(456)	(464)	(900)	(1,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	294	(1,276)	114	(630)	(100)
Cash Flow From Investing	(141)	(1,732)	(350)	(1,530)	(1,100)
Debt Raised/(repaid)	(1,250)	(1,250)	(1,200)	(900)	(300)
Proceeds From Issue Of Shares	(70)	(71)	(53)	(1)	(1)
Shares Repurchased					
Dividends Paid	(1,227)	(1,360)	(2,040)	(2,019)	(2,379)
Preferred Dividends					
Other Financing Cashflow	(591)	(358)	11	500	400
Cash Flow From Financing	(3,138)	(3,039)	(3,282)	(2,420)	(2,280)
Total Cash Generated	1,308	(376)	(613)	544	1,052
Free Cashflow To Equity	3,196	1,413	1,469	2,064	3,031
Free Cashflow To Firm	5,185	3,171	3,033	3,146	3,441

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	4,706	4,317	3,821	4,365	5,417
Total Debtors	257	333	400	425	463
Inventories	1,458	1,607	1,731	1,844	2,008
Total Other Current Assets	3,821	3,705	5,890	5,953	6,484
Total Current Assets	10,241	9,962	11,842	12,587	14,373
Fixed Assets	16,811	16,071	15,618	15,355	15,151
Total Investments			48	48	48
Intangible Assets	160	189	270	900	1,000
Total Other Non-Current Assets	716	2,232	460	460	460
Total Non-current Assets	17,687	18,492	16,396	16,763	16,659
Short-term Debt	1,250	1,200	336	136	36
Current Portion of Long-Term Debt					
Total Creditors	2,584	2,706	2,645	3,104	3,285
Other Current Liabilities	5,456	5,274	5,386	6,082	6,625
Total Current Liabilities	9,290	9,180	8,366	9,322	9,946
Total Long-term Debt	2,801	1,745	1,566	866	666
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	2,691	2,590	2,653	3,153	3,553
Total Non-current Liabilities	5,492	4,335	4,220	4,020	4,220
Total Provisions					
Total Liabilities	14,782	13,515	12,586	13,342	14,166
Shareholders Equity	13,146	14,939	15,652	16,009	16,866
Minority Interests					
Total Equity	13,146	14,939	15,652	16,009	16,866

Key Ratios					
	Mar-20A	Mar-21A	Mar-22A	Mar-23F	Mar-24F
Revenue Growth	1.7%	(2.4%)	8.5%	12.7%	8.9%
Operating EBITDA Growth	9.2%	(4.0%)	(14.2%)	(1.7%)	27.9%
Operating EBITDA Margin	24.3%	23.9%	18.9%	16.5%	19.4%
Net Cash Per Share (Rs)	2.89	6.05	8.47	14.84	20.80
BVPS (Rs)	58.01	65.92	69.07	70.64	74.42
Gross Interest Cover	5.68	7.78	8.85	17.05	38.94
Effective Tax Rate	32.7%	19.5%	24.7%	30.7%	30.7%
Net Dividend Payout Ratio	45.9%	43.2%	80.9%	85.0%	73.5%
Accounts Receivables Days	4.29	5.09	5.82	5.82	5.75
Inventory Days	26.34	26.42	26.52	25.20	24.93
Accounts Payables Days	59.61	59.97	52.43	48.54	51.30
ROIC (%)	27.6%	24.5%	19.7%	19.7%	27.2%
ROCE (%)	24.6%	22.6%	18.2%	18.0%	24.6%
Return On Average Assets	12.5%	13.0%	10.2%	8.9%	11.1%

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, **CENDEL** – 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.