

OM Holdings Ltd

A Clean and Low-Cost Ferroalloy Smelter

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We initiate coverage on OMH with an OUTPERFORM call and TP of RM2.54. OMH is the largest manganese and silicon smelter in Southeast Asia. Its main ferroalloy smelting plant in Samalaju, powered by Bakun hydroelectric plant, has the lowest cost structure in the region and is highly environmentally friendly. OMH's fortunes are tied to global steel demand which is projected by World Steel Association to grow by 2.2% in 2023. We expect OMH's FY22F/FY23F earnings to surpass that of FY21 driven by capacity expansion and elevated ASP.

A vertical integrated manganese ore and ferroalloy player. Primarily listed on the Australia Stock Exchange with a secondary listing on Bursa Malaysia's Main Market, OM Holdings Ltd (OMH) is the largest manganese and silicon smelter in Southeast Asia. It has two smelters, namely OM Sarawak (OMS) in Samalaju, Sarawak and OM Qinzhou (OMQ) in Qinzhou, China. Meanwhile, its 100%-owned Bootu Creek Mine in Australia had ceased operations last Dec while it also has an effective 13% interest in the Tshipi Borwa Mine in South Africa.

Low-cost ferroalloy smelter. OMH has a huge cost advantage over its international peers given the long-term hydropower supply contract with Bakun Dam entered into at competitive rates while its peers especially European smelters face high electricity costs as fuel prices surge. Besides competitive labour cost, OMH also benefits from logistical advantages such as exporting its ferrosilicon (FeSi) product to Japan. We understand that OMH's current cash cost for FeSi is c.USD1,200-1,400 per MT against market price of c.USD1,600 (CIF Japan).

Capacity expansion to drive volume growth. Ever since the pandemic, OMH had OMQ stopping production since last Dec as skyrocketing power-tariffs have rendered operation unviable while OMS is undertaking conversion and major maintenance of existing furnaces. By this year end, total plant output will be 340,000-360,000 MTPA as opposed to 470,000 MTPA pre-COVID. With four more conversion and two new furnaces on the pipeline, this will raise total capacity to 610,000-640,000 MTPA which helps to drive future volume growth.

ASP came off peak, but to remain elevated. The skyrocketing power cost has led to some European smelters cutting production as their cash cost is higher than spot prices while strict environmental requirement have forced some Chinese smelters to shut down production. This will continue to keep FeSi and manganese alloys (Mn Alloys) prices elevated given supply-demand imbalance, which will benefit OMH due to its low energy cost. Besides, low carbon smelter OMS makes it a good spot for ESG initiative.

Positive volume and ASP outlook. We expect FY22F net profit to jump 53% YoY attributable to better ASP mix and operation efficiency, despite a 10% contraction in revenue due to cessation of OMQ and Bootu Creek Mine, but FY23F net profit is forecasted to fall 8% YoY on the back of 13% decline in revenue as ASP falls. Nonetheless, higher production volume of 16% will help to mitigate the fall in ASP. Meanwhile, the strong ASP in the past two years have helped to strengthen its balance sheet, with net gearing set to improve to 0.30x by FY23 from 2.09x five years ago in FY17A.

Initiating coverage with an OUTPERFORM and TP of RM2.54 based on FY23F prospective PER of 5x which is line with its international peers' average. There is no adjustment to our TP based on ESG which is given a 3-star rating as appraised by us (see Page 7).

OUTPERFORM

Price: **RM1.90**
Target Price: **RM2.54**

Expected Capital Gain: **RM0.64 +33.7%**
Expected Divd. Yield: **RM0.13 +6.9%**
Expected Total Gain: **RM0.77 +40.6%**

KLCI Index 1,444.41

Stock Information

Bloomberg Ticker	OMH MK
Bursa Code	5298
Listing Market	Main Market
Shariah Compliant	Yes
Shares Outstanding	738.6
Market Cap (RM m)	1,403.4
Par value per share (RM)	0.10
52-week range (H)	3.74
52-week range (L)	1.60
Free Float	55%
Beta	N.A.
3-mth avg daily vol	80,338

Major Shareholders

Gang Huang	14.0%
AMPLEWOOD RESOURCES	12.8%
Low Ngee Tong	9.3%

Summary Earnings Table

FY Dec (RM m)	2021A	2022F	2023F
Turnover	3224	3209	2691
EBIT	387	737	536
PBT	345	701	506
Net Profit	251	423	375
Core Net Profit	251	423	375
Consensus (NP)		339	445
Earnings Revision		New	New
Core EPS (sen)	34.1	57.4	50.9
Core EPS growth (%)	1930.2	52.8	-7.8
NDPS (sen)	6.2	13.7	13.2
PER (x)	8.0	3.3	3.7
PBV (x)	1.31	0.63	0.66
P/NTA (x)	1.31	0.63	0.66
Net Gearing (x)	0.58	0.46	0.30
Net Div. Yield (%)	2.3	7.2	6.9
*USD/MYR Assumption	4.3534	4.5660	4.3880

Share Price Performance



	1 mth	3 mths	12 mths
Absolute (%)	0.0%	1.1%	-49.2%
Relative (%)	-2.2%	2.8%	-40.2%

COMPANY BACKGROUND

OM Holdings Ltd (OMH) is a vertically integrated manganese ore and ferroalloy player, engaged in the business of trading raw ores, smelting, and marketing of processed ferroalloys. First started in 1994 as a commodity trader, it now owns the largest manganese and silicon smelter in South East Asia. In 2004, it set up smelting plant OMQ in the port city of Qinzhou, China (the production at the plant has been curtailed since Dec 2021 due to elevated power tariffs and rationing). In 2005, its 100%-owned Bootu Creek Mine in Northern Territory, Australia, commenced mining activities (but ceased operation since Dec 2021). In 2011, 75%-owned OM Sarawak (OMS) started the construction of a new plant in Samalaju, Sarawak, and the first phase commenced commercial production of ferrosilicon in 2014. By 2018, OMS has completed the full commercial operation with 16 operating furnaces. In addition, OMH also has an effective 13% interest in the Tshipi Borwa Mine in South Africa.

OMH was primarily listed on the Australia Stock Exchange (ASX) in March 1998 and subsequently obtained secondary listing on the Main Market of Bursa Malaysia in Jun 2021. All shares are fully fungible between the ASX and Bursa Malaysia.

OMH's products: the main products produced by OMH and its subsidiaries and associates are:

- ❖ **Ferrosilicon (FeSi)** - an alloy of silicon (Si) and iron (Fe), typically comprising 70%-75% Si with most of the balance being Fe. OMH produces FeSi at OMS. In 2020, OMH was the world's 10th largest FeSi producer with capacity of 210,000 MT against the total of 6.4m MT of world production volume
- ❖ **Manganese alloys (Mn Alloys)** which OMH produced 238,000 MT in 2020 as against world's production of 18.7m MT, comprising of:
 - **Silicomanganese (SiMn)** - an alloy of manganese (Mn) together with Si and Fe, typically comprising 60%-67% Mn, around 17% Si with most of the balance being Fe. OMH produces SiMn at OMS;
 - **High-carbon ferromanganese (HC FeMn)** - an alloy of Mn and Fe, typically comprising 65%-78% Mn, with most of the balance being Fe, though levels of carbon (C) are also high (typically 7%-8%). OMH produces HC FeMn in both OMS and OMQ
- ❖ **Manganese ore (Mn ore)** - the source of Mn-containing raw material used in the smelting process to produce SiMn, HC FeMn, and other Mn alloys and products. OMH produces Mn ore at its own mine in Bootu Creek and the minority interest owned Tshipi Borwa. The average Mn content of Bootu Creeks' and Tshipi Borwa's saleable ore are around 35% and 37%, respectively. OMH was the world's 14th largest Mn ore producer in 2020 with 1.0% of world's Mn ore output in 2020.

The largest end-use sector for FeSi and Mn alloys is the steel sector while the production of various Mn alloys accounts for over 90% of demand for Mn ore. According to 2020 data disclosed by AlloyConsult (the independent industry reviewer for OMH's second listing Prospectus), steel accounts for 94% of global Mn consumption and for 69% of global FeSi consumption. OMH's FeSi production is consumed in both the steel and iron castings sectors while its SiMn and HC FeMn are used in steel production.

OMH's Products



Manganese ore

Manganese is the 4th most consumed metal behind iron, aluminium and copper.

Steel accounts for over 90% of manganese ore consumption, with batteries a small but growing market

Products: **Manganese ore**



Manganese alloys

Main alloying element - manganese

- Deoxidises and desulphurises steel
- Acts as a hardening agent
- No known substitute and cannot be recycled

Products: **Ferro-manganese, Silico-manganese**



Silicon alloys

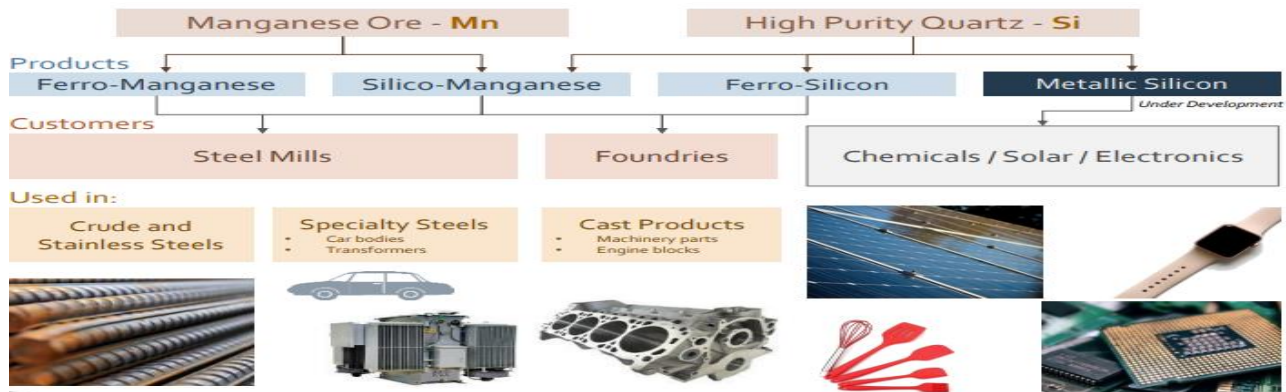
Main alloying element - silicon

- Deoxidises steel
- Used in specialty electrical steels for transformers
- No known substitute and cannot be recycled

Products: **Ferrosilicon**

Source: Company

Smelting: Raw Materials to Critical Additives

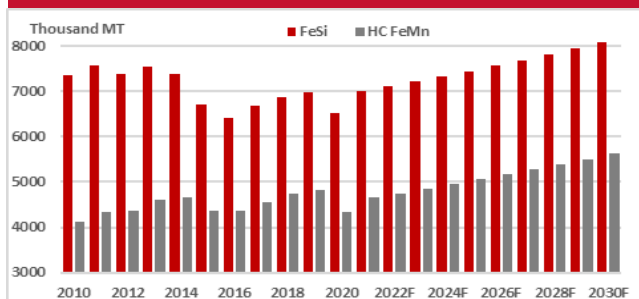


Source: Company

INDUSTRY OVERVIEW

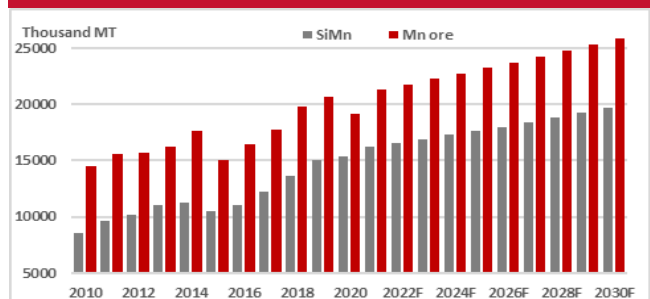
OMH products are largely consumed by the steel industry. Being the largest end-use sector, the performance and production volumes of the steel industry chart the consumption pattern of FeSi, Mn alloys and Mn ore. In OMH’s prospectus, AlloyConsult projects CAGR (2020-2030) of 2.1% for FeSi, 2.5% for SiMn, 2.6% for HC FeMn and 3.1% for Mn ore. FeSi global consumption growth is expected to be slower than that of Mn alloys (such as SiMn and HC FeMn) and Mn ore. The long-term trend for steelmakers to obtain more of their Si units from SiMn is expected to continue while the switch to electric vehicle in the near future will likely to impact FeSi consumption in the cast iron sector. AlloyConsult expects FeSi demand to reach 8.1m MT by 2030 from 6.5m in 2020. Meanwhile, SiMn global consumption (19.6m MT by 2030 from 15.3m in 2020) should continue to grow faster than that of HC FeMn (5.6m MT by 2030 from 4.3m MT in 2020) but the gap between the growth rates is expected to narrow which reflects the likelihood of steel output growth in China slow down. On the other hand, Mn ore (25.9m MT by 2030 from 19.1m MT in 2020) should benefit from the high growth in battery applications.

Global Consumption of FeSi and HC FeMn (2010-2030)



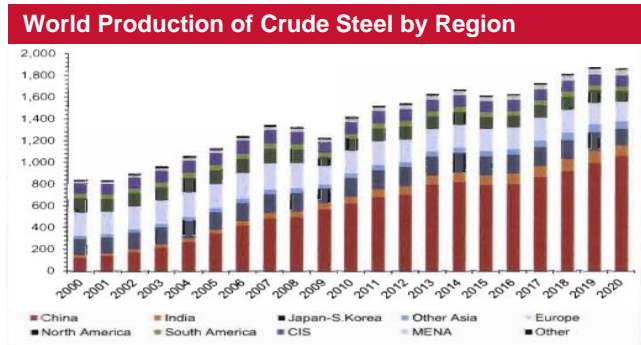
Source: AlloyConsult/World Steel Association

Global Consumption of SiMn and Mn Ore (2010-2030)

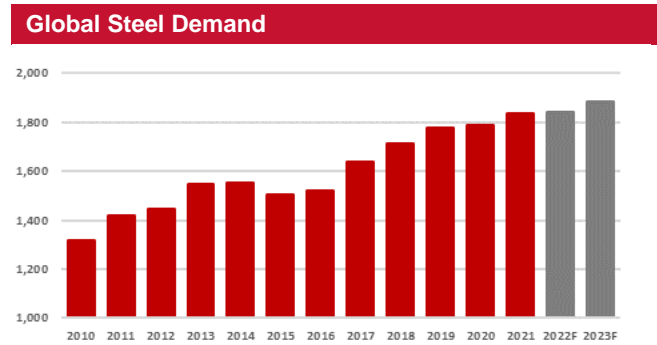


Source: AlloyConsult/World Steel Association

Global steel demand to grow at 2.2% in 2023. There has been a significant increase in world steel production since 2000 given the rapid industrialisation of China. However, over the past decade (2011 to 2020), global steel production growth has softened in percentage terms relative to the 2000 to 2010 period as production growth slowed down in China. In the past decade, China demand made up slightly less than half of global demand, on average 48%, and improved to 57% and 53% in 2020 and 2021, respectively. World Steel Association has forecasted that steel demand will grow by 0.4% in 2022 to 1,840.2m MT and a further 2.2% in 2023 to 1,881.4m MT. The small growth in 2022 could be due to China’s intermittent lockdowns arising from Beijing’s zero-COVID policy, a seemingly deepening property crisis in China and weaker global economic growth no thanks to inflation. However, the CNY500b infrastructure fund to lead infrastructure spending in China and India’s USD530b national budget which heavily focuses on infrastructure development, will drive the 2.2% global demand growth in 2023.



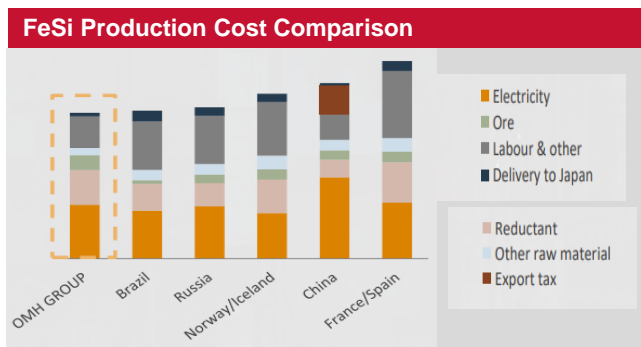
Source: AlloyConsult/World Steel Association



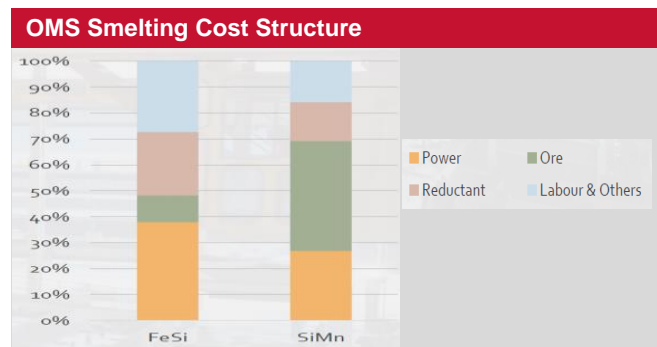
Source: World Steel Association

INVESTMENT MERIT

The smelter with the lowest cost structure in the region. OMH is in the first quartile in terms of the lowest production cost among the smelters in the world, thanks largely to a 20-year hydropower supply from Bakun Dam at a competitive tariff rate. As a result, OMH has huge structural cost advantage over international peers in view of current high electricity costs when fuel prices surge. On the other hand, OMH also benefit from logistical advantages especially for exporting its FeSi product to Japan as well as its relatively competitive labour cost. We understand that OMH’s current cash cost for FeSi is c.USD1,200-1,400/MT (energy cost makes up <40%) against market price of c.USD1,600/MT (CIF Japan) while cash cost for Mn alloy is roughly USD900-1,000/MT (energy cost accounts for <30%) vs. market price of SiMn (CIF Japan) of c.USD1,100/MT.



Source: AlloyConsult



Source: AlloyConsult

Capacity expansion to drive volume growth. In 2021, due to workforce shortage and mid-year stoppage, OMH only operated 12 out of its 16 furnaces at OMS which reduced total plant output to 360,000 MTPA from 470,000 MTPA pre-COVID. This year, it has completed converting two idle FeSi furnaces to product Mn alloys which could add another 100,000 MTPA while the remaining two idle furnaces are being converted into metallic silicon (MetSi) furnaces with 30,000 MTPA capacity, targeted to be completed by this year end. Beyond this, OMH also plans to add two new 33MVA Mn alloys with capacity of 150,000-160,000 MTPA and CAPEX of USD100m in the future. This would increase its installed capacity by 30-36% to 610,000-640,000 MTPA from pre-COVID level of 470,000 MTPA.

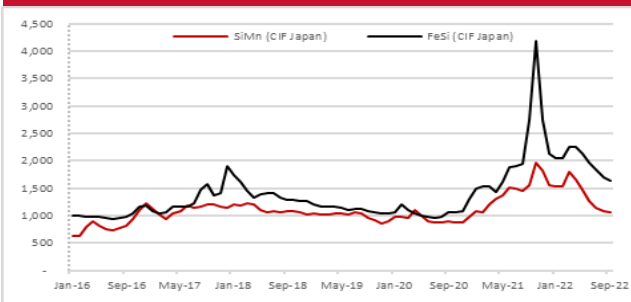
Development Plan

	Pre-COVID	2021	2022 Conversion + Maintenance	Future
Fesi 65-70 mt / day	10 of 10 230ktpa	~6 of 10 120ktpa	4 to 6 furnaces 110-130ktpa	6 of 6 130-140ktpa
Mn Alloys 100-110 mt / day	6 of 6 240ktpa	~6 of 6 240ktpa	4 to 6 furnaces 200-220ktpa	8 of 8 300-310ktpa
MetSi 30-35 mt / day	-	-	-	2 of 2 30ktpa
Mn Alloys New 33 MVA 200-220 mt / day	-	-	-	2 of 2 150-160ktpa
Total Plant Output (Est.)	470ktpa	360ktpa	340ktpa – 360ktpa	610-640ktpa

Source: Company

ASP came off peak, but to remain elevated. Skyrocketing power cost has led to some European smelters cutting production as their cash cost is higher than spot prices while strict environmental requirement have forced some Chinese smelters to shut down production. This will keep FeSi and Mn Alloys prices elevated which would benefit OMH eventually. Currently, FeSi price is c.USD1,600/MT which is c.28% off its YTD high of USD2,249/MT but still well above USD1,067 on average in 2020. YTD average for FeSi is USD1,984/MT against USD2,096/MT in 2021. Meanwhile, SiMn is trading at c.USD1,100/MT with YTD average of USD1,396/MT against USD1,449/MT and USD941/MT averages registered in 2021 and 2020, respectively.

Price Movement: FeSi (CIF Japan) & SiMn (CIF Japan)



Source: S&P Platts

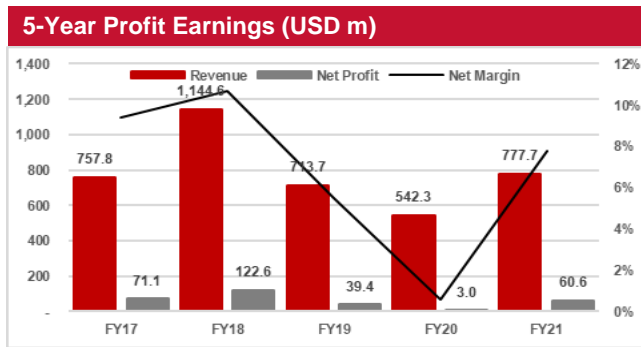
Price Movement: Mn Ore 44% Ore (CIF Tianjin)



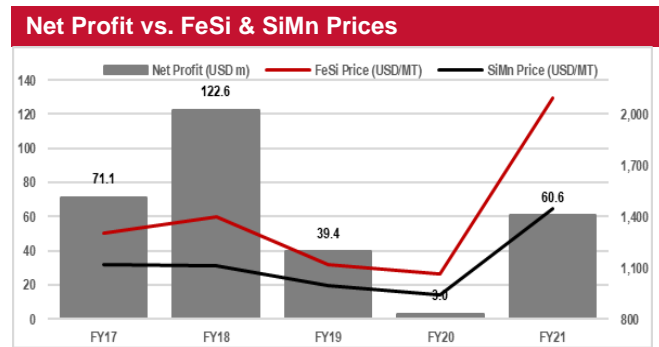
Source: Fastmarkets – Metal Bulletin

EARNINGS REVIEW & PROJECTION

Earnings review. After having a full-year of production in OMS with 16 furnaces (three new FeSi furnaces – commenced in 1QFY17, 4Q17 and 2QFY18, and six modified Mn furnaces since 3QFY17), together with higher selling prices, OMH reported a significant 72% YoY jump in net profit to USD122.6m in FY18 from USD71.1m on the back of 51% hike in revenue to USD1.14b. However, the softening of selling prices (both FeSi and SiMn spot prices which fell 20% and 11%, respectively, on US-China trade war on tariffs and the currency market fallout) coupled with a marginal decline in volume traded, FY19 net profit contracted 68% YoY to USD39.4m while revenue declined 38% over the period. The 4-month suspension of mining activities at the Bootu Creek mine, following a fatal accident that occurred in Aug 2019, also partly contributed to the 38% decline in revenue. Earnings were badly affected by COVID-19 in FY20 which saw its net profit plunging further by 92% to USD3.0m with revenue falling 24% owing to lockdowns in both OMS and OMQ operations while product selling prices softened further (both FeSi and SiMn spot prices fell 5%) given the significantly low demand for crude steel and hence depressed steel production globally. Nonetheless, FY21 net profit surged to USD60.6m on the back of 43% jump in revenue given the strong FeSi prices which almost doubled to USD2,096/MT from USD1,067/MT last year while higher volume from Mn ores and SiMn helped to push topline higher.



Source: Company/Bloomberg/Kenanga Research

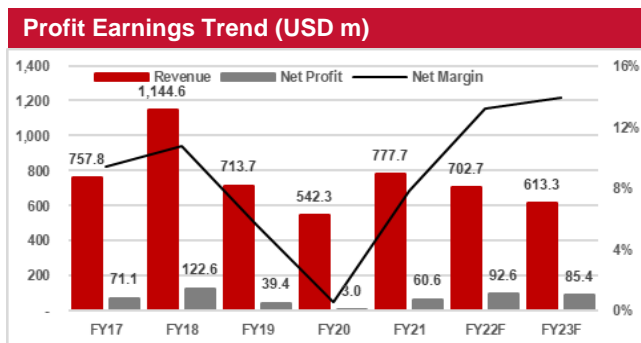


Source: Company/Bloomberg/S&P Platts/Kenanga Research

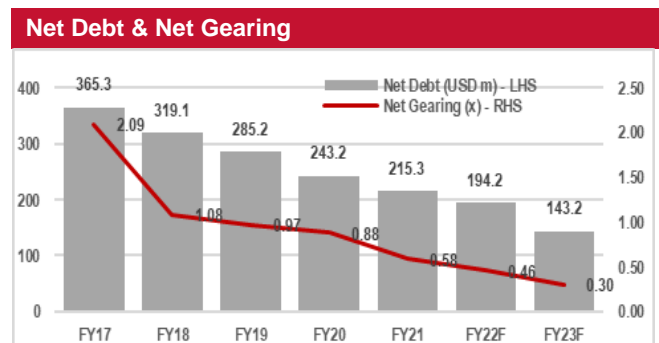
Earnings projection. We expect FY22F net profit to jump 53% YoY to USD92.6m from USD60.6m despite lower revenue by 10% to USD702.7m which is due to the cessation of mining activity at Bootu Creek Mine and stoppage of production in OMQ, both in Dec 2021. The expected improvement in FY22F results is on the back of better ASP on product mix coupled with better operational efficiency without the expensive power tariff at the OMQ plant. In addition, the cessation of Bootu Creek Mine also brings down depreciation charges (-9% YoY). However, FY23F net profit is set to decline by 8% as revenue is forecasted to contract by 13% given the normalisation of ASP (FeSi price -16% YoY; SiMn price -28% YoY). Nonetheless, higher production volume of 16%, solely from Mn alloys and the zerorisation of minority interest (with the acquisition of the remaining 25% equity stake in OMS from CMS (Not Rated) for USD120m, to complete by 13 Dec 2022) will help to cushion the fall in ASP. Our forecast has not factored in potential upside from the new capacity of MetSi given lack of cost structure and price outlook. We have forecasted NDPS of USD0.03 each for FY22F/Y23F based on payout ratio of 24%/26% respectively, within the historical payout range of 18%-26% in the past five years.

Meanwhile, OMH's balance sheet has gained strength benefiting from the strong ASP in the past two years while forward prices are expected to stay elevated as the production cut from European smelters has led to a supply-demand imbalance. As such, its net gearing has improved significantly from 2.09x five years ago in FY17 to 0.58x in FY21 and set to improve further to 0.46x in FY22 and 0.30x in FY23. OMH does not expect any major capex except for an impending USD100m capex for two new Mn alloys 33MVA furnaces (timeline not confirmed) and a normal annual maintenance capex of AUD15m. Meanwhile, there is no decision being made pertaining to the operation of OMQ plant in Qinzhou which has been suspended since December 2021 due to elevated power tariffs in China. There is a possibility of turning the smelter plant into a logistic warehouse as it is sited next to Qinzhou port and is in the Qinzhou Port Economic Development Zone Jingujiang Industrial Park.

Our forecast is predominately forecasted in USD (refer to Earnings Table in Page 9) and translated into MYR, (refer to Summary Earnings Table in Page 1) based on USD/MYR rate of 4.5660/4.3880 for FY22F/FY23F, to derive a target price/valuation in MYR.



Source: Company/Bloomberg/Kenanga Research



Source: Company/Kenanga Research

	Production Volume (MT)		Selling Price (USD/MT)		Raw Materials (USD/MT)			USDMYR
	FeSi	Mn Alloys	FeSi	SiMn	Quartz	Semicoke	Mn Ore	
FY22F	126,100	215,600	1,900	1,396	70	600	6.50	4.5660
FY23F	126,100	270,000	1,600	1,000	50	400	5.00	4.3880

Source: Kenanga Research



VALUATION

Initiating coverage with an OUTPERFORM rating. OMH has huge structural cost advantage over its international peers given current high electricity costs especially in Europe as fuel prices surged. This is largely thanks to a sustained 20-year hydropower supply at a competitive tariff rate, making OMH a lowest cost quartile ferroalloy smelter in the region. In addition, its capacity expansion program will lead forward volume growth. The peer comparison table above shows that these smelters are expected to post weaker earnings in 2023 given the normalisation of ASP. However, OMH expects to see 8% decline in earnings as opposed to 40%-60% earnings contraction for other smelters. Moreover, ASPs are set to remain elevated given supply-demand imbalance as certain European smelters are cutting their production due to high fuel costs. All these will chart a good earnings prospect for OMH. As such, we initiate coverage on OMH with a target price of RM2.54. Our target price is based on 5x FY23F PER which is in line with its international peers' FY23F PER average of 4.8x.

Peer Comparison Table											
	Price	Currency	Mkt Cap (USD m)	FYE	EPS Growth		PER (x)		PBV (x)	ROE	Net Yld
					1Y Fwd	2Y Fwd	1Y Fwd	2Y Fwd	1Y Fwd	1Y Fwd	1Y Fwd
ELKEM ASA	35.620	NOK	2,165.1	12/2022	86.8%	-60.3%	2.5	6.2	0.8	28.6%	17.3%
ERAMET	63.550	EUR	1,803.8	12/2022	34.2%	-42.9%	1.9	3.7	1.1	34.3%	8.5%
FERROGLOBE	5.426	EUR	1,003.3	12/2022	>100.0%	-60.1%	1.8	4.6	N/A	-47.6%	0.0%
OMH	1.90	MYR	299.0	12/2022	52.8%	-7.8%	3.3	3.7	0.6	25.2%	7.2%
Average (ex-OMH)							2.1	4.8			8.6%

Source: Bloomberg/Kenanga Research

RISKS

Risks to our recommendation are: (i) a global recession resulting in a sharp fall in the demand for steel, hurting FeSi and Mn alloys prices, (ii) escalation in raw material prices, and (iii) major plant disruptions and closure.

ESG ANALYSIS

A 3-star ESG rating. OMH is in a good spot for ESG initiatives as OMS is running on green and sustainable 20-year hydropower supply with favourable rates from Bakun Dam making it a lower carbon ferroalloy smelter globally. This prompts us to rate its “renewable energy source” criterion with a full 5-star and a 3.5-star rating for the “carbon-neutral initiatives” criterion. We also applaud its effort on “waste disposal/pollution control” measure, which we appraised with 4-star rating, given that the Bootu Creek Mine is now in a care and maintenance mode since the end of January this year with appropriate environment management strategies and activities planned and underway to manage/minimise environmental impacts. We also rated its “safety, health & wellbeing” 3.5-star given it a high socio-economic return to Sarawak economy (a monthly RM70m being contributed to the state economy in 2021) while 1,400 workers are employed in OMS are local Sarawakian. It has also collaborated with University of Malaysia, Sarawak (UNIMAS) for the award of the Certification in Manufacturing Technology (Smelting) Program to upskill and elevate competencies of local employees as well as enhance career and income growth opportunities of local operators. On the flipside, we rated 2-star for earnings sustainability & quality” given the volatility of ASP has a material impact to its earnings. Overall, we rated a 3-star ESG rating on OMH which means there is no change to our valuation.

Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★			
	Corporate Social Responsibility	★	★	★		
	Management/Workforce Diversity	★	★	★		
	Accessibility & Transparency	★	★	★		
	Corruption-Free Pledge	★	★	★		
	Carbon-Neutral Initiatives	★	★	★	☆	
SPECIFIC	Renewable Energy Source	★	★	★	★	★
	Resource Efficiency	★	★	★		
	Waste Disposal/Pollution Control	★	★	★	★	
	Work Site Safety	★	★	★		
	Safety, Health & Wellbeing	★	★	★	☆	
OVERALL		★	★	★		

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

26 October 2022

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside (%)	Market Cap (RM'm)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE (%)	Net Div. (sen)	Net Div Yld (%)
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
ANN JOO RESOURCES BHD	UP	0.930	0.850	-8.60%	519.9	Y	12/2022	9.6	8.2	-78.6%	-15.4%	11.2	13.1	0.5	4.5%	2.1	2.3%
OM HOLDINGS LTD	OP	1.90	2.54	33.68%	1,403.4	Y	12/2022	57.4	50.9	52.8%	-7.8%	3.3	3.7	0.7	24.5%	13.7	7.2%
PRESS METAL ALUMINUM HOLDINGS BHD	OP	4.40	5.62	27.73%	36,254.3	Y	12/2022	19.7	21.3	56.7%	8.0%	31.3	19.4	6.2	33.3%	7.9	0.9%
UNITED U-LI CORPORATION BHD	MP	1.36	1.08	-20.59%	296.2	Y	12/2022	13.5	13.3	-33.1%	-2.0%	10.0	10.2	1.0	10.2%	5.0	3.7%
Simple Average								25.1	23.4	3.3%	-5.2%	14.0	11.6	2.1	18.1%		3.5%

Source: Kenanga Research

26 October 2022

Income Statement						Financial Data & Ratios					
FY Dec (USD m)	2019A	2020A	2021A	2022E	2023E	FY Dec	2019A	2020A	2021A	2022E	2023E
Turnover	714	542	778	703	613	Growth (%)					
EBITDA	71	33	120	186	147	Turnover	-37.6	-24.0	43.4	-9.6	-12.7
Depreciation	-29	-30	-27	-24	-25	EBITDA	-65.4	-52.9	259.3	54.6	-21.0
Operating Profit	42	3	93	161	122	Operating Profit	-76.6	-91.7	>100.0	73.0	-24.4
Interest Expense	-22	-20	-14	-16	-13	PBT	-77.2	-110.6	>100.0	84.6	-24.8
Associate	21	11	4	8	6	Net Profit	-67.9	-92.4	>100.0	52.8	-7.8
Exceptional Items	0	0	0	0	0	Core Net Profit	-67.9	-92.4	>100.0	52.8	-7.8
PBT	41	-4	83	154	115	Profitability (%)					
Taxation	-2	1	-2	-40	-30	EBITDA Margin	10.0	6.2	15.5	26.4	23.9
Minority Interest	0	6	-20	-21	0	Operating Margin	5.8	0.6	12.0	23.0	19.9
Net Profit	39	3	61	93	85	PBT Margin	5.7	-0.8	10.7	21.9	18.8
Core Net Profit	39	3	61	93	85	Net Margin	5.5	0.6	7.8	13.2	13.9
Balance Sheet						Core Net Margin	38.2	5.5	0.6	7.8	13.2
FY Dec (USD m)	2019A	2020A	2021A	2022E	2023E	Effective Tax Rate	4.8	29.6	2.7	26.0	26.0
Fixed Assets	486	423	444	431	431	ROA	2.0	-1.0	6.5	11.7	10.8
Associates	81	89	87	78	68	ROE	13.4	1.0	18.8	25.2	40.3
Goodwill	0	0	0	0	0	DuPont Analysis					
Other Fixed Asset:	37	31	31	29	27	Net Margin (%)	5.5	0.6	7.8	13.2	13.9
Inventories	159	149	256	283	256	Assets Turnover (x)	0.9	0.7	0.8	0.8	0.7
Receivables	26	44	41	45	39	Leverage Factor (x)	2.8	2.8	2.6	2.2	1.9
Other CA	3	4	4	3	3	ROE (%)	13.3	1.1	16.5	21.9	18.1
Cash	44	44	82	51	80	Leverage					
Total Assets	836	783	944	920	904	Debt/Asset (x)	0.39	0.37	0.31	0.27	0.21
Payables	79	108	128	116	121	Debt/Equity (x)	1.12	1.04	0.81	0.58	0.41
ST Borrowings	61	88	82	65	43	Net Cash/(Debt)	-285	-243	-215	-194	-143
Other ST Liability	13	11	18	16	14	Net Debt/Equity (x)	0.97	0.88	0.58	0.46	0.30
LT Borrowings	268	199	215	180	150	Valuations					
Other LT Liability	62	54	57	51	45	EPS (cent)	5.3	0.4	8.2	12.6	11.6
Minority Interest	58	47	76	68	60	NDPS (cent)	0.6	0.0	1.5	3.0	3.0
Net Assets	295	276	368	423	472	BV/share (USD)	0.40	0.37	0.50	0.64	0.61
Share Capital	26	26	32	32	32	NTA/share (USD)	0.40	0.37	0.50	0.64	0.61
Reserves	270	251	336	391	440	PER (x)	6.5	111.0	8.0	3.3	3.7
Equity	295	276	368	423	472	Net Yield (%)	1.9	0.0	2.3	7.2	6.9
Cashflow Statement						P/BV (x)	0.87	1.20	1.31	0.63	0.66
FY Dec (USD m)	2019A	2020A	2021A	2022E	2023E	P/NTA (x)	0.87	1.20	1.31	0.63	0.66
Operating CF	80	54	34	54	114	EV/EBITDA (x)	7.6	17.2	5.8	2.6	3.0
Investing CF	-58	-12	-5	-11	-11						
Financing CF	-48	-41	6	-74	-74						
Change In Cash	-25	1	36	-31	29						
Free CF	22	42	30	43	103						
Capex	-53	-11	-6	-11	-11						

Source: Kenanga Research

26 October 2022

Stock Ratings are defined as follows:**Stock Recommendations****

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

**** The Expected Total Return might contain rounding discrepancy**

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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