

Malaysia

REDUCE (no change)

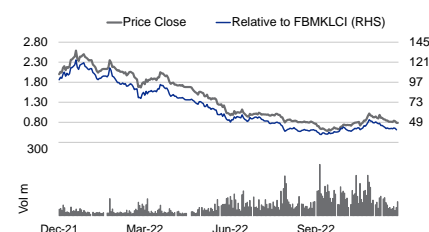
Consensus ratings*: Buy 1 Hold 3 Sell 18

Current price:	RM0.785
Target price:	RM0.46
Previous target:	RM0.50
Up/downside:	-41.4%
CGS-CIMB / Consensus:	-27.1%
Reuters:	TPGC.KL
Bloomberg:	TOPG MK
Market cap:	US\$1,419m
	RM6,286m
Average daily turnover:	US\$13.12m
	RM60.42m
Current shares o/s:	8,008m
Free float:	57.8%

*Source: Bloomberg

Key changes in this note

- FY23F EPS cut by 847% to account for further weakness in earnings from weak ASPs and sales volume. We now project a core net loss of RM311m in FY23F.
- FY24-25F EPS cut by 6-9%. However, we believe TOPG could turn profitable again in FY24-25F, with core net profit of RM138m-269m.



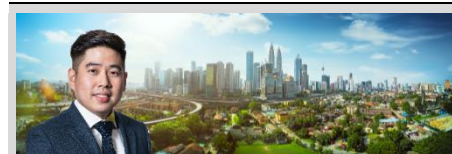
Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-23	0	-60.8
Relative (%)	-23.4	-0.1	-60.1

Major shareholders

	% held
Tan Sri Dato Sri Lim and family	27.7
The Central Depository Pte Ltd	7.7
Firstway United Corp.	6.9

Analyst(s)



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Top Glove Corporation

Unexpected loss

- 1QFY8/23 core net loss of RM152.7m was a surprise, due to lower-than-expected sales volume and ASP.
- We believe TOPG would still record losses in 2Q-3QFY23F due to weaker ASPs and slow demand, before returning to the black in 4QFY23F.
- Reiterate Reduce with a lower TP of RM0.46 (20x CY24F P/E).

1QFY8/23 core net loss of RM152.7m

TOPG recorded a core net loss of RM152.7m in 1QFY8/23, after stripping out one-off losses of RM15.5m (mainly RM11.4m allowance for inventories written down). This was a negative surprise as we and Bloomberg consensus forecasted FY23F net profit of RM41.6m and RM175.7m, respectively. We attribute this to lower-than-expected sales volume and average selling prices (ASPs). No dividend was declared, within expectations.

Weak quarter on account of weak ASPs and sales volume

1QFY8/23 revenue declined to RM632.5m (-36.1% qoq/-60.7% yoy), owing to lower sales volume (-32% qoq/-48% yoy) and weak ASPs (-8% qoq/-34% yoy) due to low demand (customers have high inventory levels) and rising pricing competition (supply glut in the market). TOPG also recorded a negative EBITDA margin of 8.0% (-18.0% pts qoq/-32.2% pts yoy), due to rising cost pressures (minimum wage hike, higher natural gas tariff, and global supply chain disruptions). This led TOPG to record a core net loss of RM152.7m.

Expecting weaker qoq results in 2Q-3QFY23F

We estimate TOPG's utilisation rate was 30-35% with nitrile ASP at US\$19-20/1k pieces in 1QFY23. We expect further weakness in nitrile ASP in 2QFY23F to US\$18-19/1k pieces (to stabilise within this range), while we gather that TOPG has started seeing an improvement in demand (utilisation rate likely to recover to 40% in 2QFY23F). Note that we are forecasting TOPG to still record losses in 2Q-3QFY23F, albeit narrower on a qoq basis, before returning to the black in 4QFY23F.

Slowing down capacity expansion plan in view of market weakness

In view of the low sales volume and continuous ASP pressure, TOPG has been slowing down its capacity expansion plans substantially (CY23/24/25F: +0%/+4%/+11%); its capacity stood at 100bn pieces p.a. at end-1QFY23. We understand that it has deferred all capex allocated for capacity expansion purposes, in order to strengthen its cashflow as well as maintain its net cash position (RM359.5m at end-1QFY23). We also assume TOPG will not pay dividends for FY23F as we expect it to report a net loss for the year.

Reiterate Reduce with unchanged TP of RM0.46 (20x CY24F P/E)

We lower our FY23-25F EPS estimates to account for weaker-than-expected sales volume and ASPs. Accordingly, our TP is lowered to RM0.46 (20x CY24F P/E, in line with its 10-year historical mean). We reiterate our Reduce call as we believe that current valuations (above +2 s.d. of its 10-year mean) have yet to fully account for its weak near-term outlook as well as the supply-led industry dynamics in the global glove sector.

Financial Summary	Aug-21A	Aug-22A	Aug-23F	Aug-24F	Aug-25F
Revenue (RMm)	16,361	5,573	3,636	5,103	5,864
Operating EBITDA (RMm)	10,441	927	45	537	716
Net Profit (RMm)	7,868	465	(311)	138	269
Core EPS (RM)	0.98	0.06	(0.04)	0.02	0.03
Core EPS Growth	349%	(94%)	(167%)		95%
FD Core P/E (x)	0.80	13.52	NA	45.58	23.35
DPS (RM)	0.65	0.01	0.00	0.01	0.02
Dividend Yield	82.9%	1.5%	0.0%	1.1%	2.2%
EV/EBITDA (x)	0.7	8.0	168.6	14.1	10.4
P/FCFE (x)	1.07	5.81	NA	49.85	23.48
Net Gearing	(5.81%)	(0.66%)	1.41%	0.54%	(1.43%)
P/BV (x)	1.07	1.12	1.19	1.18	1.15
ROE	146%	8%	(6%)	3%	5%
% Change In Core EPS Estimates			(847%)	(9%)	(6%)
CGS-CIMB/Consensus EPS (x)			(1.77)	0.45	0.66

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Results comparison

FYE Aug	1Q	1Q	yoy %	4Q	qoq %	Prev.	Comments
(RM m)	FY23	FY22	chg	FY22	chg	FY23F	
Revenue	632.5	1,611.1	(60.7)	990.1	(36.1)	4,927.8	1QFY8/23: Due to lower sales volume (-32% qoq) and weaker ASPs (-8% qoq)
Operating costs	(683.0)	(1,221.5)	(44.1)	(891.0)	(23.4)	(4,506.6)	
EBITDA	(50.4)	389.6	nm	99.1	nm	421.2	
EBITDA margin (%)	(8.0)	24.2	(32.2)	10.0	(18.0)	8.5	Margin squeeze due to lower ASPs and higher operating costs. This is despite declining trend in raw material prices (both natural latex and nitrile latex prices dipped -7% and 49% yoy respectively)
Depn & amort.	(88.0)	(83.6)	5.3	(89.7)	(1.9)	(369.7)	
EBIT	(138.5)	306.0	nm	9.3	nm	51.6	
Interest expense	(1.9)	(1.1)	78.0	(1.3)	42.5	(10.0)	Total cash position of RM444.1m as at end-1QFY8/23 (including investment securities of RM337.9m)
Interest & invt inc	4.3	8.5	(49.5)	5.4	(19.9)	22.7	
Associates' contrib	(0.1)	(0.6)	(85.4)	(1.4)	(93.5)	(3.2)	
Exceptionals	(15.5)	(54.0)	(71.3)	(56.0)	(72.3)	0.0	1QFY23: Mainly including allowance for inventories written down (RM11.4m), PPE written off (RM4.2m) and gain on disposal of PPE (RM0.2m)
Pretax profit	(151.6)	258.8	nm	(44.0)	244.4	61.1	
Tax	(6.0)	(56.5)	(89.4)	2.3	nm	(11.0)	
Tax rate (%)	(3.9)	21.8	nm	5.2	nm	18.0	1QFY23: Tax incurred from certain subsidiaries that remain profitable, in our view
Minority interests	(10.6)	(16.7)	(36.3)	(10.8)	(2.1)	(8.4)	
Net profit	(168.2)	185.7	nm	(52.6)	219.9	41.6	Negative surprise as we expect TOPG to be profitable in FY23F. We think this is no longer the case
Core net profit	(152.7)	239.7	nm	3.4	nm	41.6	
EPS (sen)	(2.1)	2.3	nm	(0.7)	219.9	0.5	
Core EPS (sen)	(1.9)	3.0	nm	0.0	nm	0.5	Based on 8.0bn outstanding shares

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Segmental revenue and profit

Segmental revenue					
FYE Aug					
(RM m)	1QFY23	1QFY22	yoy % chg	4QFY22	qoq % chg
Malaysia	548.4	1,398.4	(60.8)	918.0	(40.3)
Thailand	41.9	106.9	(60.8)	90.1	(53.5)
China	3.5	7.9	(56.2)	6.4	(45.7)
Others	38.8	97.9	(60.3)	(24.3)	nm
Total Revenue	632.5	1,611.1	(60.7)	990.1	(36.1)
Segment profit / (loss) [ex. finance costs and share of result of an associate]					
FYE Aug					
(RM m)	1QFY23	1QFY22	yoy % chg	4QFY22	qoq % chg
Malaysia	(119.3)	227.3	nm	(40.7)	192.8
Thailand	(8.3)	37.2	nm	5.5	nm
China	(1.7)	(0.5)	261.5	(4.1)	(58.7)
Others	(20.3)	(5.5)	270.8	(2.0)	926.6
Total profit / (loss)	(149.6)	258.6	nm	(41.3)	262.6

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

1QFY8/23 briefing highlights ➤

- In view of the overall weak operating environment, TOPG's 1QFY8/23 total sales volume and average selling prices (ASPs) were down 32% and 8% qoq, respectively, and down 48% and 34% yoy. This was due to: i) oversupply conditions resulting from aggressive expansion from both new and existing players, ii) excess stockpiling by customers previously, leading to weak demand, and iii) slower buying by customers who are not placing large orders in expectation of further declines in ASPs.

- Nitrile ASP (-33% qoq/-30% yoy) declined to an estimated average of US\$19-20/1k pieces in 1QFY8/23, but the decline was slower than previous quarters. We expect nitrile ASPs to bottom at US\$18-19/1k pieces in 2QFY23F.
- There is aggressive price competition as a result of a supply glut in the gloves market. As a result, some glovemakers are offering exceptionally low prices for glove-related products in the market.
- In 1QFY8/23, we gather that all its glove types (i.e. nitrile, natural rubber, surgical and vinyl gloves) recorded lower qoq sales volume, at -33%, -30%, -29% and -40%, respectively. This was due to weak demand coupled with: i) intensified competition (new market supply and competitive pricing), leading to lower ASPs for most of TOPG's products, and ii) temporary production halts (as ASP is too low and not sufficient to cover operating costs) leading to low utilisation rates, which we estimate was 30-35%.

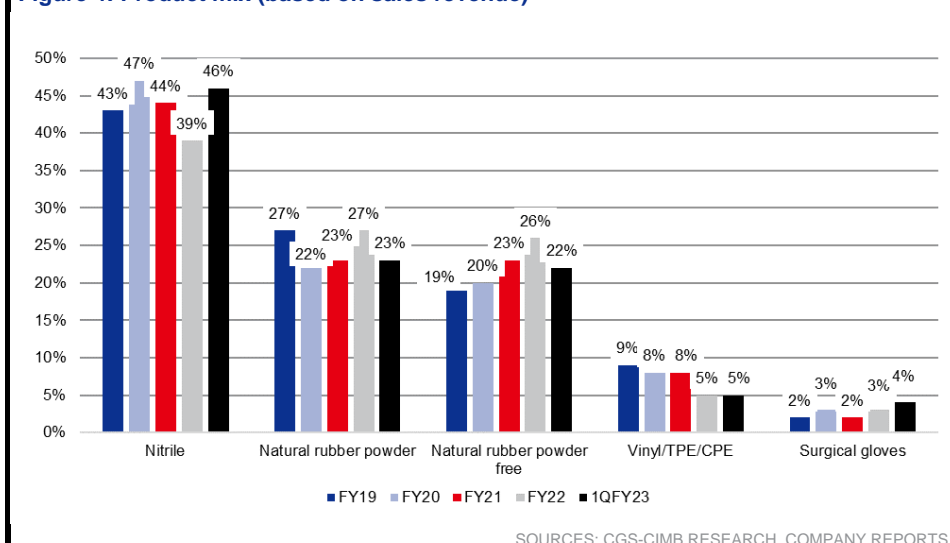
Figure 3: Product mix (sales volume and ASPs)

Types of gloves	1QFY23 vs 4QFY22	
	Sales volume (qoq)	ASPs (qoq)
Nitrile	(33.0%)	(10.0%)
Natural rubber	(30.0%)	(10.0%)
Vinyl	(40.0%)	(13.0%)
Surgical	(29.0%)	5.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

- As of 1QFY8/23, sales proportion by product (in terms of sales volume) was: nitrile gloves (NBR, 46%), natural rubber powder-free gloves (22%), natural rubber powdered gloves (23%), vinyl/CPE/TPE (5%) and surgical gloves (4%).

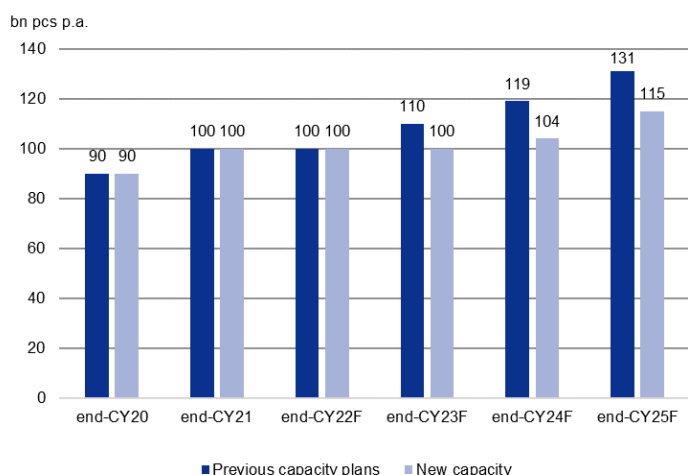
Figure 4: Product mix (based on sales revenue)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

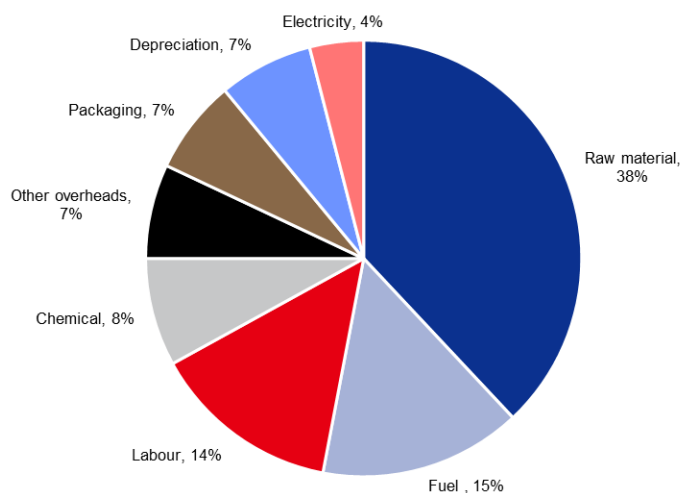
- As of 1QFY8/23, its overall cost of goods sold comprised mainly raw materials (38%), fuel (15%), labour (14%), other overheads (14%), chemicals (8%), packaging (7%) and electricity (4%).
- TOPG saw higher production costs in 1QFY8/23, including higher natural gas tariffs (+21% qoq), electricity cost and minimum wage. TOPG raised its minimum wage to RM1,400/month in Mar 22 and to RM1,500/month in May 22.
- In terms of the price outlook for nitrile and natural latex, TOPG expects its deferred capacity expansion and lower production by glovemakers to help ease the prices of these raw material. It expects nitrile prices to decline by 8% mom from US\$0.93/kg in Oct 2022 to an estimated US\$0.86/kg in Dec 2022. Meanwhile, it expects latex prices to decline by 11% mom from US\$1.15/kg in Sep 2022 to an estimated US\$1.02/kg in Dec 2022.

Figure 5: Deferred capacity expansion plans (in bn pcs p.a.)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: Breakdown of cost of good sold (COGS) in 1QFY23



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

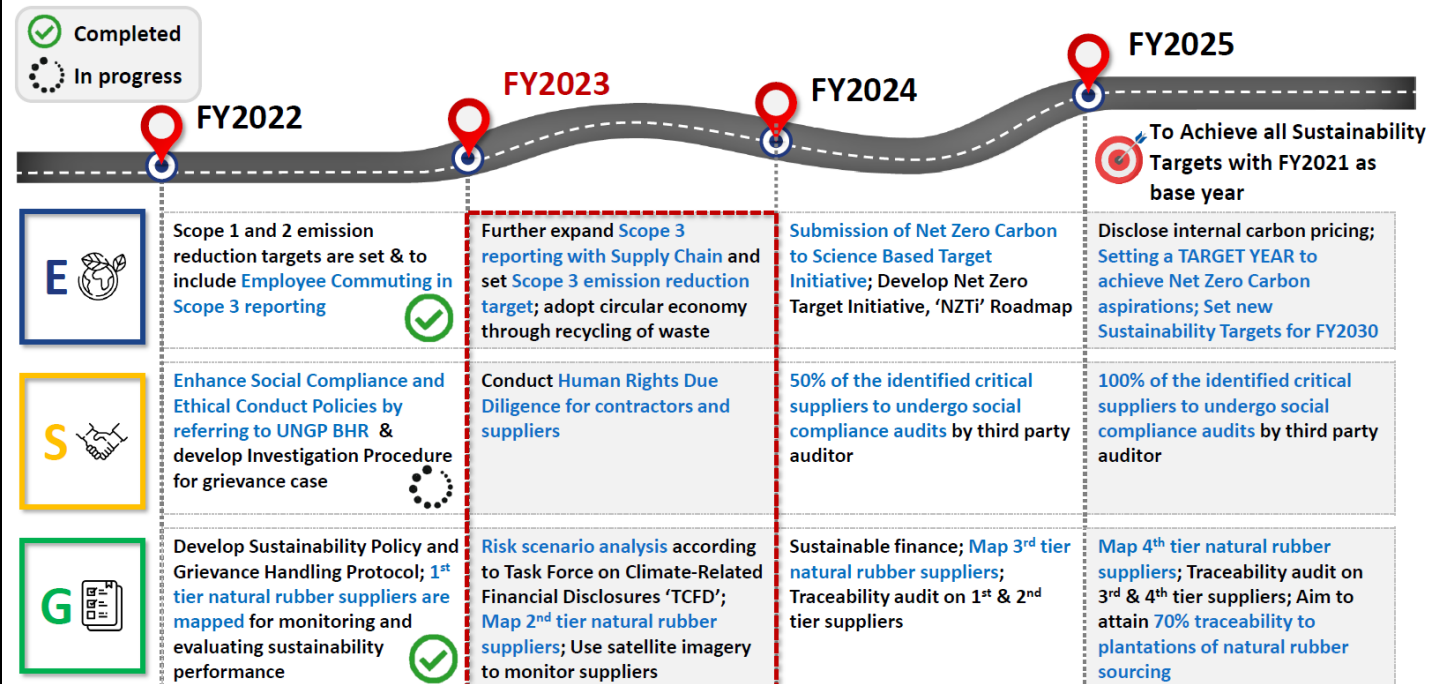
- In its previous 4QFY22 briefing, TOPG said it planned to increase ASPs by 5% in Oct 2022 to pass on the rising costs to consumers.
- However, while ASPs are still declining in 1QFY23, TOPG expects nitrile ASPs to bottom and stabilise at US\$18-19 per 1k pieces in the near term.
- TOPG believe the cost pass through mechanism would remain challenging in the near term with weak ASPs. This is also coupled with the rising natural gas prices (with 3-6 months' time lag) that is expected to continue into 1QCY23F. Nevertheless, this could be partially offset by the declining trend in raw material prices (including natural latex, nitrile, etc.).
- On a positive note, TOPG estimates that its customers currently have glove inventory holdings of 1-2 months (from 4-5 months previously) and hence it expects them to eventually place orders to replenish their stock once their inventory depletes. TOPG expects the total orders to increase by an estimated 10.0% qoq in 2Q-3QFY23F. In our view, the anticipated increase in orders is supported by the potential easing of market oversupply as major glovemakers defer their capacity expansion plans while some others close their plants or exit the business completely due to the inability to sustain their business amidst a weak operating environment as the weakened ASPs and glove demand had led to them incurring huge losses.
- In the longer term, TOPG is of the view that ASPs and sales volume will recover in tandem with a more balanced supply-demand dynamic in the glove sector. This is given that rubber gloves continue to be a key product required globally, especially in medical-related fields.
- Currently, TOPG has 37 glove factories, with 812 production lines and a capacity of 100bn pieces of gloves p.a., and 13 non-glove factories. Going forward in FY23F, TOPG said it plans to defer its upcoming capacity expansion in view of the weak operating market.

Potential de-rating catalysts and upside risks ➤

Potential de-rating catalysts: stiffer pricing competition leading to sharper-than-expected fall in ASPs and another Covid-19 outbreak among its workers, leading to lower production volume.

Upside risks: higher-than-expected ASPs (leading to margin expansion) and/or a surge in global glove demand.

Figure 7: Top Glove's Sustainability Roadmap FY2022F to FY2025F



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 8: Earnings revision


RM m	2022A	FY23F			FY24F			FY25F		
		Old	New	%chg	Old	New	%chg	Old	New	%chg
Revenue	5573	4928	3636	(26.2%)	5372	5103	(5.0%)	6219	5864	(5.7%)
EBITDA	927	421	45	(89.3%)	587	537	(8.7%)	793	716	(9.7%)
Core pretax profit	594	61	(280)	(558.6%)	200	198	(0.6%)	378	366	(3.3%)
Core net profit	465	42	(311)	(846.9%)	151	138	(8.7%)	287	269	(6.3%)
Core EPS (sen)	6	1	(4)	(846.9%)	2	2	(8.7%)	4	3	(6.3%)

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 9: Sector Comparisons (CGS-CIMB's rubber products sector coverage)

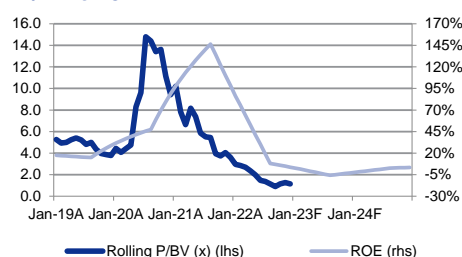
Company	Bloomberg Ticker	Recom	Share price (local curr)	Target Price (local curr)	Market Cap (US\$m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY22F	CY23F		CY22F	CY23F	CY22F	CY23F	CY22F	CY23F	CY22F	CY23F
Malaysia-listed glove makers																
Hartalega Holdings	HART MK	Hold	1.57	2.10	1,211	6.0	32.6	(58.5%)	1.0	1.0	18.2%	3.2%	2.2	9.1	10.3%	1.6%
Kossan Rubber Industries	KRI MK	Hold	1.10	1.15	634	15.8	23.5	(64.5%)	0.7	0.7	4.6%	2.9%	1.2	2.6	2.7%	1.7%
Supermax Corp	SUCB MK	Reduce	0.81	0.70	484	5.6	48.6	(74.0%)	0.4	0.4	8.1%	0.9%	1.1	4.3	7.1%	0.8%
Top Glove Corporation	TOPG MK	Reduce	0.79	0.46	1,419	30.6	na	(68.3%)	1.1	1.2	3.8%	(3.0%)	11.6	36.5	1.0%	0.4%
Weighted average						16.9	20.8	(65.2%)	0.9	0.9	9.1%	0.5%	1.0	3.8	5.1%	1.0%
Singapore-listed glove makers																
Riverstone Holdings	RSTON SP	Hold	0.59	0.62	646	8.9	14.1	(49.9%)	1.5	1.4	15.9%	10.3%	3.6	6.1	11.0%	7.8%
UG Healthcare Corp Ltd	UGHC SP	Add	0.20	0.35	90	4.2	5.5	(35.1%)	0.5	-0.4	13.1%	(35.1%)	0.5	-0.2	2.5%	(35.1%)
Weighted average						8.3	13.1	(48.1%)	1.4	1.2	15.6%	4.8%	3.2	5.4	10.0%	2.5%
Weighted Average						15.5	19.5	(62.4%)	1.0	1.0	10.2%	1.2%	5.1	15.7	5.9%	1.3%
Simple Average						11.8	24.9	(58.4%)	0.9	0.7	10.6%	(3.5%)	3.4	9.7	5.8%	(3.8%)

SOURCES: CGS-CIMB RESEARCH ESTIMATES, BLOOMBERG

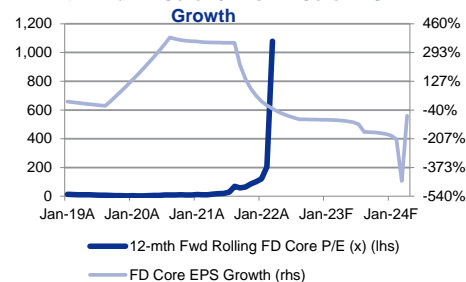
ESG in a nutshell		Refinitiv ESG Scores						
			B+ ESG Score	A- ESG Controversies Score	B+ ESG Combined Score	B+ ESG Environment Pillar Score	A- ESG Social Pillar Score	B ESG Government Pillar Score
<p>As at Dec 21, TOPG is a component stock of the MSCI Global Standard Index, FTSE Bursa Malaysia KLCI Index, FBM Top 100 Index, FBM Emas Index, FBM Hijrah Syariah Index, FBM Emas Syariah Index and the Dow Jones Sustainability Index (DJSI) for Emerging Markets. In 2021, Top Glove was also included in the Forbes Global 2000 and is the only Malaysian glove company on the list. As at Sep 2022, in the FTSE Russell ESG Ratings, TOPG was in the top 16% among its peers in the industry (2021: Top 32%).</p>								
Keep your eye on			Implications					
<p>In Jan 2021, TOPG announced that it has resolved all 11 International Labour Organization (ILO) indicators of forced labour. This has been verified by independent international UK consultant Impactt Limited (Impactt).</p>			<p>We understand that TOPG previously did not comply with the bulk of the 11 forced labour indicators. However, we are positive that the company has taken swift actions to rectify and improve its social compliance based on ILO standards. Furthermore, TOPG had launched its Top Glove Traceability Committee in Apr 2022 to ensure compliance and adherence of suppliers and business partners to Top Glove’s Sustainability Commitments.</p>					
ESG highlights			Implications					
<p>A total of 59 Social Compliance Audit were performed in FY22 (FY21: 18 audits). Internal and external audits were conducted based on BSCI and SMETA standards.</p>			<p>We view this positively as this indicates TOPG’s efforts in ensuring social compliance and its emphasis on workers’ welfare.</p>					
Trends			Implications					
<p>In FY22, TOPG achieved a reduction of: i) 57% in paper usage through automation and digitalisation, ii) 28% in solid waste disposal through waste recovery, and iii) approximately 98% of packaging materials made of recycled or recyclable material. It also entered into a 20-year power purchase agreement (PPA) with Shizen for its solar power system, with an estimated savings of about 13,000 tonnes of CO2 emissions p.a.</p>			<p>This is positive given TOPG’s strong efforts in improving the environmental aspect of its operations.</p>					
SOURCES: CGS-CIMB RESEARCH, REFINITIV								

BY THE NUMBERS

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth



Profit & Loss

(RMm)	Aug-21A	Aug-22A	Aug-23F	Aug-24F	Aug-25F
Total Net Revenues	16,361	5,573	3,636	5,103	5,864
Gross Profit	11,652	1,457	398	970	1,197
Operating EBITDA	10,441	927	45	537	716
Depreciation And Amortisation	(309)	(348)	(339)	(354)	(371)
Operating EBIT	10,132	579	(294)	182	344
Financial Income/(Expense)	57	20	14	16	21
Pretax Income/(Loss) from Assoc.	3	(4)	(1)	(0)	0
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	10,191	594	(280)	198	366
Exceptional Items			0	0	0
Pre-tax Profit	10,191	594	(280)	198	366
Taxation	(2,210)	(73)	(8)	(36)	(70)
Exceptional Income - post-tax					
Profit After Tax	7,982	521	(289)	163	296
Minority Interests	(114)	(56)	(23)	(25)	(27)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	7,868	465	(311)	138	269
Recurring Net Profit	7,868	465	(311)	138	269
Fully Diluted Recurring Net Profit	7,868	465	(311)	138	269

Cash Flow

(RMm)	Aug-21A	Aug-22A	Aug-23F	Aug-24F	Aug-25F
EBITDA	10,441	927	45	537	716
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(792)	60	113	(91)	(50)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	57	20	14	16	21
Tax Paid	(2,210)	(73)	(8)	(36)	(70)
Cashflow From Operations	7,496	934	164	426	618
Capex	(1,334)	(919)	(300)	(300)	(350)
Disposals Of FAs/subsidiaries	1	3	0	0	0
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	85	1,088	0	0	0
Cash Flow From Investing	(1,248)	172	(300)	(300)	(350)
Debt Raised/(repaid)	(357)	(24)	0	0	0
Proceeds From Issue Of Shares	0	(170)	0	0	0
Shares Repurchased					
Dividends Paid	(5,559)	(547)	0	(70)	(135)
Preferred Dividends					
Other Financing Cashflow	(987)	0	0	0	0
Cash Flow From Financing	(6,902)	(740)	0	(70)	(135)
Total Cash Generated	(654)	365	(136)	56	132
Free Cashflow To Equity	5,891	1,082	(136)	126	268
Free Cashflow To Firm	6,252	1,110	(130)	134	276

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(RMm)	Aug-21A	Aug-22A	Aug-23F	Aug-24F	Aug-25F
Total Cash And Equivalents	878	444	307	363	496
Total Debtors	566	236	154	216	248
Inventories	1,145	564	438	557	629
Total Other Current Assets	1,756	847	847	847	847
Total Current Assets	4,346	2,091	1,746	1,984	2,221
Fixed Assets	3,959	4,503	4,464	4,410	4,388
Total Investments	240	241	241	241	241
Intangible Assets	1,009	1,005	1,005	1,005	1,005
Total Other Non-Current Assets	229	224	224	224	224
Total Non-current Assets	5,437	5,974	5,935	5,881	5,859
Short-term Debt	313	306	306	306	306
Current Portion of Long-Term Debt					
Total Creditors	692	426	331	421	476
Other Current Liabilities	1,193	209	209	209	209
Total Current Liabilities	2,198	942	847	937	991
Total Long-term Debt	146	93	93	93	93
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	218	226	226	226	226
Total Non-current Liabilities	364	319	319	319	319
Total Provisions	0	0	0	0	0
Total Liabilities	2,562	1,261	1,165	1,256	1,310
Shareholders' Equity	5,872	5,590	5,279	5,348	5,481
Minority Interests	1,348	1,214	1,237	1,262	1,289
Total Equity	7,220	6,805	6,516	6,609	6,770

Key Ratios

	Aug-21A	Aug-22A	Aug-23F	Aug-24F	Aug-25F
Revenue Growth	126%	(66%)	(35%)	40%	15%
Operating EBITDA Growth	331%	(91%)	(95%)	1090%	33%
Operating EBITDA Margin	63.8%	16.6%	1.2%	10.5%	12.2%
Net Cash Per Share (RM)	0.052	0.006	(0.011)	(0.004)	0.012
BVPS (RM)	0.73	0.70	0.66	0.67	0.68
Gross Interest Cover	2,420	131	(49)	23	43
Effective Tax Rate	21.7%	12.3%	0.0%	18.0%	19.0%
Net Dividend Payout Ratio	66.3%	20.7%	NA	50.5%	50.3%
Accounts Receivables Days	15.23	26.28	19.58	13.28	14.46
Inventory Days	64.93	75.78	56.48	44.07	46.40
Accounts Payables Days	58.25	49.62	42.70	33.32	35.08
ROIC (%)	184%	9%	(4%)	3%	5%
ROCE (%)	141%	8%	(4%)	3%	5%
Return On Average Assets	85.7%	5.6%	(3.8%)	1.9%	3.5%

Key Drivers

	Aug-21A	Aug-22A	Aug-23F	Aug-24F	Aug-25F
Sales volume (m)	69,893,000.0	56,000,000.0	38,000,000.0	53,040,000.0	60,225,000.0
ASPs increase (US\$ per thousand)	69.5	21.1	19.6	20.1	20.4
Utilisation rate	0.7	0.6	0.4	0.5	0.6

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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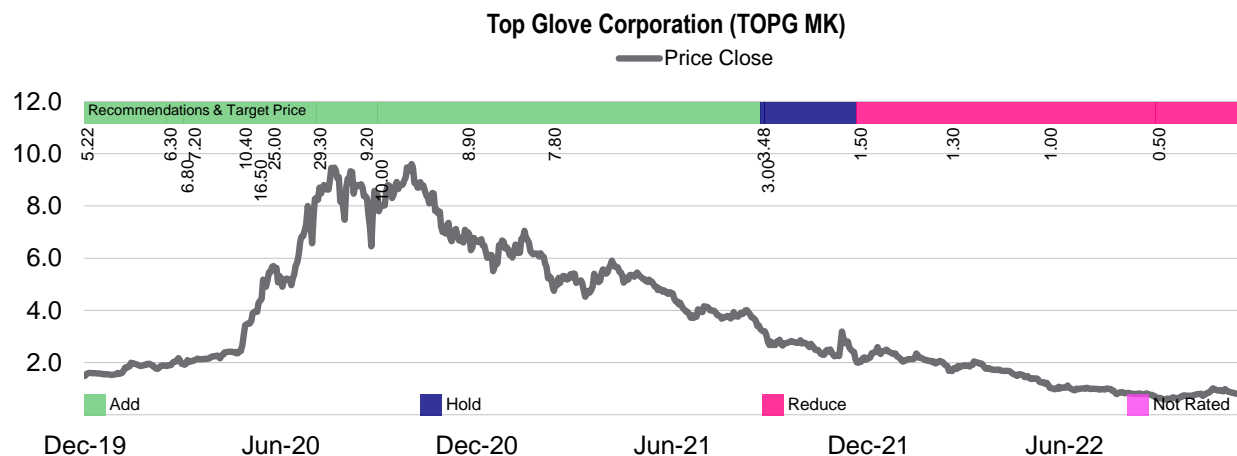
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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2022		
646 companies under coverage for quarter ended on 30 September 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	66.7%	0.6%
Hold	25.2%	0.2%
Reduce	8.0%	0.2%

Spitzer Chart for stock being researched (2 year data)



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.