





**Unchanged Target Price: RM1.63** 

2QFY24 Earnings Review (Within) | Friday, 21 June 2024

## **Maintain NEUTRAL**

# **Eco World Development Group Berhad**

(8206 | ECW MK) Main | Property

### **Solid Earnings in 1HFY24**

**KEY INVESTMENT HIGHLIGHTS** 

- 1HFY24 earnings within expectations
- Solid earnings in 1HFY24
- New sales on track
- · Earnings forecast maintained
- Maintain NEUTRAL with an unchanged TP of RM1.63

**1HFY24 earnings within expectations.** Eco World Development Group (Eco World) 1HFY24 core net income of RM143.1m came in within expectations, making up 51% and 52% of our and consensus full year estimates respectively. Meanwhile, Eco World declared interim dividend of 2 sen per share.

**Solid earnings in 1HFY24.** On sequential basis, 2QFY24 core net income was marginally higher at RM72.2m (+1.7%qoq), in line with the marginally higher topline (+3.3%qoq). The higher sequential earnings were mainly due to the higher gross profit margin of 26.5% in 2QFY24 against 23.9% in 1QFY24 due to cost savings from completed projects. That has offset the lower contributions from joint ventures. On yearly basis, 2QFY24 core net income was higher (+16.4%yoy), bringing 1HFY24 cumulative core net income higher at RM143.1m (+20.7%yoy). The higher earnings were mainly due to the contribution from its ongoing projects and newly launched phases as well as better margin. That was more than enough to offset the higher expenses and lower contribution from JV as certain projects are at tail end.

**New sales on track**. Eco World recorded new sales of RM2.18b in 7MFY24, on track to meet management's new sales target of RM3.5b for FY24. Projects at Iskandar Malaysia are the key sales contributor in 7MFY24, contributing to 61% total new sales. Meanwhile, township projects remain the top sales contributor at 39%, followed by high rise projects at 31%. Meanwhile, Eco Business Parks contributed 19% of total new sales as Eco World is expanding its industrial property development segment. On the other hand, future revenue stood at RM4b, proving earnings visibility for more than 1.5 years.

Maintain NEUTRAL with an unchanged TP of RM1.63. We make no changes to our earnings forecast for FY24F/25F/26F. We also maintain our TP for Eco World at RM1.63, based on 30% discount to RNAV. We see positive earnings outlook and stable sales prospect for Eco World. Nevertheless, we think that positives are largely priced in. Valuation of Eco World is fair at this level, trading close to its latest NTA of RM1.65 per share. Hence, we maintain our NEUTRAL call on Eco World.

RETURN STATISTICS	
Price @ 20 June 2024 (RM)	1.58
Expected share price return (%)	+3.2
Expected dividend yield (%)	+3.8
Expected total return (%)	+7.0



INVESTMENT STATISTICS				
FYE Oct	2024F	2025F	2026F	
Revenue	2,715	2,792	2,849	
Operating Profit	275	272	274	
Profit Before Tax	383	386	388	
Core PATAMI	280	284	291	
Core EPS	9.50	9.64	9.88	
DPS	6.00	6.00	6.00	
Dividend Yield	3.8%	3.8%	3.8%	

KEY STATISTICS		
KET STATISTICS		
FBM KLCI	1,592.69	
Issue shares (m)	2944.37	
Estimated free float (%)	28.37	
Market Capitalisation (RM'm)	4,654	
52-wk price range	RM0.8-RM1.73	
3-mth average daily volume (m) 7.9		
3-mth average daily value (RM'm)	12.10	
Top Shareholders (%)		
Sinarmas Harta Sdn Bhd	32.92	
Liew Kee Sin	9.40	
Eco World Development Holdings	7.46	
Liew Tian Xiong	7.33	



# **ECOWORLD: 2QFY24 RESULTS SUMMARY**

FYE Oct (RM'm, unless	Quarterly Results			Cumulative		
otherwise stated)	2QFY24	%YoY	%QoQ	FY24	%YoY	
Revenue	555.8	32.1%	3.3%	1093.5	20.8%	
Core EBIT	122.8	44.5%	12.1%	232.3	26.8%	
Core PBT	100.3	28.4%	7.0%	194.0	23.2%	
Net Income	70.4	12.3%	1.1%	140.0	17.0%	
Core Net Income	72.2	16.4%	1.7%	143.1	20.7%	
EPS (sen)	2.4	12.3%	1.1%	4.8	17.0%	
Core EPS (sen)	2.5	16.4%	1.7%	4.9	20.7%	
Net DPS (sen)	2.0	0.0%	NA	2.0	0.0%	
NTA/share (RM)	1.65	1.2%	1.4%	1.65	1.2%	
Net Gearing (x)	0.24	NA	NA	0.24	NA	
Core EBIT Margin	22.1%	NA	NA	21.2%	NA	
Core PBT Margin	18.0%	NA	NA	17.7%	NA	

Source: Company, MIDFR

# **ECOWORLD RNAV**

		Fat variations CDV		
	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Eco Majestic	100%	7,190	10%	276.1
Eco Forest	100%	2,550	10%	106.3
Eco Sanctuary	100%	5,120	10%	204.8
BBCC	40%	6,660	10%	115.8
Eco Grandeur	60%	9,350	10%	191.6
Eco Businss Park V	60%	1,540	10%	41.9
Eco Ardence	50%	5,280	10%	101.4
Eco Botanic & Eco Botanic 2	100%	2,330	10%	105.7
Eco Botanic 3	100%	3,880	10%	150.9
Eco Spring & Eco Summer	100%	3,050	10%	127.1
Eco Tropics	100%	1,800	10%	81.7
Eco Business Park I, II, III	100%	2,700	10%	103.7
Eco Terraces	100%	20	10%	1.1
Eco Meadows	100%	400	10%	20.7
Eco Horizon & Eco Sun	60%	6,340	10%	129.9
Eco Businss Park VI	100%	1,580	10%	71.7
Eco World International	27%	59	10%	0.9
Unbilled sales		4,290	10%	212.5
Total				2,044
Shareholder Funds				4,806
Total RNAV				6,850
Number of shares				2,944
RNAV per share				2.33
Discount				30%
Target Price				1.63

Source: MIDF Research



## **FINANCIAL SUMMARY**

Revenue	Income Statement (RM'm)	2022A	2023A	2024F	2025F	2026F	
Core EBIT         335         389         275         272         274           Core PBT         300         354         333         386         388           Net Income         157         189         280         283         289           Core EPS (sen)         7.9         9.3         9.5         3.6         9.9           Core PER (sen)         20.1         17.0         16.6         16.4         16.0           NAFAshare         1.61         1.62         1.63         1.66         1.66           PNTA         0.98         0.97         0.97         0.96         0.95           Balance Sheet (RM'm)         2022A         2023A         2024F         2025F         2066           Investment in joint ventures         1292         1057         1067         1078         1110           Inventories         3789         3213         2763         2813         4078           Short-term inventories         958         990         970         980         1048           Cash and bank balances         1318         1337         1146         1266         1229           Other assets         9400         8903         9412         9603	,						
Core PBT	Core EBIT						
Net Income							
Core Net Income         231         273         280         284         291           Core PES (sen)         7.9         9.3         9.5         9.6         9.9           Core PER (x)         20.1         17.0         16.6         16.4         16.0           NTA/share         1.61         1.62         1.63         1.65         1.66           P/NTA         0.98         0.97         0.96         0.95           Balance Sheet (RM'm)         2022A         2023A         2024F         2025F         2026F           Investment in joint ventures         1292         1057         1067         1078         1110           Investment in joint ventures         1292         1057         1067         1078         1110           Investment in joint ventures         1292         1057         1067         1078         1110           Investment in joint ventures         1292         1057         1067         1078         1110           Investment in joint ventures         1298         3213         2763         2813         4078           Short-term inventories         6487         5666         5887         6017         6248           Chotter East State         639							
Core PER (sen)         7.9         9.3         9.5         9.6         9.9           Core PER (x)         20.1         17.0         16.6         16.4         16.0           NTA/share         1.61         1.62         1.63         1.65         1.66           P/NTA         0.98         0.97         0.97         0.96         0.95           Balance Sheet (RM'm)         2022A         2023A         2024F         2025F         2026T           Investment in joint ventures         1292         1057         1067         1078         1110           Inventories         3789         3213         2763         2813         4078           Total non-current assets         6487         5666         587         6017         6348           Short-term inventories         958         990         970         980         1048           Cash and bank balances         1316         13337         1146         1266         1249           Other assets         639         910         1409         1341         1111           Total Assets         9400         8903         9412         9603         9787           LT Borrowings         1770         1800.9         <							
Core PER (x)   20.1   17.0   16.6   16.4   16.0   16.5   16.6   16.4   16.5   16.6   16.5   16.6   16.4   16.5   16.6   16.4   16.5   16.6   16.8   16.5   16.6   16.8   16.5   16.6   16.8   16.5   16.6   16.8   16.5   16.6   16.8   16.5   16.6   16.8   16.5   16.6   16.8   16.5   16.6   16.8   16.5   16.6   16.9	Core EPS (sen)						
NTA/share	` '						
Balance Sheet (RM'm)	` '	1.61	1.62	1.63	1.65	1.66	
Investment in joint ventures   1292   1057   1067   1078   1110     Inventories   3789   3213   2763   2813   4078     Total non-current assets   6487   5666   5887   6017   6348     Short-term inventories   958   990   970   980   1048     Short-term inventories   958   990   970   980   1048     Scash and bank balances   1316   1337   1146   1266   1249     Other assets   639   910   1409   1341   1141     Total Assets   9400   8903   9412   9603   9787     Total Carbonings   1727.0   1800.9   1710.8   1830.6   1958.7     ST Borrowings   1056.3   730.7   762.1   937.4   1003.1     Total Liabilities   1878   1598   2128   1990   1944     Total Liabilities   1878   1598   2128   1990   1944     Total Liability   4661   4129   4601   4758   4906     Share capital   3615   3615   3615   3615   3615     Other Equity   1124   1159   1196   1230   1266     Total Equity   4738   4774   4811   4845   4881     Equity + Liability   9400   8903   9412   9603   9787     Cash Flow (RM'm)   2022A   2023A   2024F   2025F   2026F     Cash flows from operating activities   936   572   950   931   912     Cash flows from investing activities   -218   -691   -615   -467   -355     Cash flows from financing activities   -218   -691   -615   -467   -355     Cash flows from investing activities   -218   -691   -615   -467   -355     Net cash from/(used in) financing activities   -218   -691   -615   -467   -355     Cash and cash equivalent at 1 January   754   1235   675   549   562   663     December   Portiability Margins   2022A   2023A   2024F   2025F   2026F     Cash and cash equivalent at 1 1235   675   549   562   663     December   Portiability Margins   14.7%   15.9%   14.1%   13.9%   13.9%   10.9%     Core PBT margin   14.7%   15.9%   14.1%   13.9%   10.9%   10.1%     Core PATAMI margin   11.3%   12.3%   10.3%   10.2%   10.2%     ROE   4.9%   5.7%   5.8%   5.9%   6.0%     ROA   2.5%   3.1%   3.0%   3.0%   3.0%	P/NTA	0.98	0.97	0.97	0.96	0.95	
Investment in joint ventures   1292   1057   1067   1078   1110     Inventories   3789   3213   2763   2813   4078     Total non-current assets   6487   5666   5887   6017   6348     Short-term inventories   958   990   970   980   1048     Short-term inventories   958   990   970   980   1048     Scash and bank balances   1316   1337   1146   1266   1249     Other assets   639   910   1409   1341   1141     Total Assets   9400   8903   9412   9603   9787     Total Carbonings   1727.0   1800.9   1710.8   1830.6   1958.7     ST Borrowings   1056.3   730.7   762.1   937.4   1003.1     Total Liabilities   1878   1598   2128   1990   1944     Total Liabilities   1878   1598   2128   1990   1944     Total Liability   4661   4129   4601   4758   4906     Share capital   3615   3615   3615   3615   3615     Other Equity   1124   1159   1196   1230   1266     Total Equity   4738   4774   4811   4845   4881     Equity + Liability   9400   8903   9412   9603   9787     Cash Flow (RM'm)   2022A   2023A   2024F   2025F   2026F     Cash flows from operating activities   936   572   950   931   912     Cash flows from investing activities   -218   -691   -615   -467   -355     Cash flows from financing activities   -218   -691   -615   -467   -355     Cash flows from investing activities   -218   -691   -615   -467   -355     Net cash from/(used in) financing activities   -218   -691   -615   -467   -355     Cash and cash equivalent at 1 January   754   1235   675   549   562   663     December   Portiability Margins   2022A   2023A   2024F   2025F   2026F     Cash and cash equivalent at 1 1235   675   549   562   663     December   Portiability Margins   14.7%   15.9%   14.1%   13.9%   13.9%   10.9%     Core PBT margin   14.7%   15.9%   14.1%   13.9%   10.9%   10.1%     Core PATAMI margin   11.3%   12.3%   10.3%   10.2%   10.2%     ROE   4.9%   5.7%   5.8%   5.9%   6.0%     ROA   2.5%   3.1%   3.0%   3.0%   3.0%							
Inventories							
Total non-current assets	•						
Short-term inventories							
Cash and bank balances         1316         1337         1146         1266         1249           Other assets         639         910         1409         1341         1141           Total Assets         9400         8903         9412         9603         3787           LT Borrowings         1727.0         1800.9         1710.8         1830.6         1958.7           ST Borrowings         1056.3         730.7         762.1         937.4         1003.1           Other Liabilities         1878         1598         2128         1990         1944           Total Liability         4661         4129         4601         4758         4906           Share capital         3615         3615         3615         3615         3615         3615           Other Equity         1124         1159         1196         1230         1266           Total Equity         4738         4774         4811         4845         4881           Equity + Liability         9400         8903         9412         9603         9787           Cash Flow (RM'm)         2022A         2023A         2024F         2025F         2026F           Cash flows from operating activities							
Other assets         639         910         1409         1341         1141           Total Assets         9400         8903         9412         9603         9787           LT Borrowings         1727.0         1800.9         1710.8         1830.6         1958.7           ST Borrowings         1056.3         730.7         762.1         937.4         1003.1           Other Liabilities         1878         1598         2128         1990         1944           Total Liability         4661         4129         4601         4758         4906           Share capital         3615         3							
Total Assets							
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Total Liability	<u> </u>						
Share capital   3615							
Other Equity         1124         1159         1196         1230         1266           Total Equity         4738         4774         4811         4845         4881           Equity + Liability         9400         8903         9412         9603         9787           Cash Flow (RM'm)         2022A         2023A         2024F         2025F         2026F           Cash flows from operating activities         8         8         388         386         388           Net cash from operating activities         936         572         950         931         912           Cash flows from investing activities         -131         -339         -332         -286         -246           Net cash used in investing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -218         -691         -615         -467         -355           Net cash from/(used in) financing activities         926         856         13	•						
Total Equity         4738         4774         4811         4845         4881           Equity + Liability         9400         8903         9412         9603         9787           Cash Flow (RM'm)         2022A         2023A         2024F         2025F         2026F           Cash flows from operating activities         226         270         383         386         388           Net cash from operating activities         936         572         950         931         912           Cash flows from investing activities         -131         -339         -332         -286         -246           Net cash used in investing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -224         -866         1327         1194         1075           Net cash from/(used in) financing activities         -237	•						
Equity + Liability         9400         8903         9412         9603         9787           Cash Flow (RM'm)         2022A         2023A         2024F         2025F         2026F           Cash flows from operating activities         226         270         383         386         388           Net cash from operating activities         936         572         950         931         912           Cash flows from investing activities         -131         -339         -332         -286         -246           Net cash used in investing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -218         -691         -615         -467         -355           Drawdown of bank borrowings         926         856         1327         1194         1075           Net cash from/(used in) financing activities         -237         -442         -461         -451         -456           Net cash from/(used in) financing activities	• •						
Cash Flow (RM'm)         2022A         2023A         2024F         2025F         2026F           Cash flows from operating activities         226         270         383         386         388           Net cash from operating activities         936         572         950         931         912           Cash flows from investing activities         -131         -339         -332         -286         -246           Net cash used in investing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -228         -246         1327         1194         1075           Net cash from/(used in) financing activities         -237         -442         -461         -451         -456           Net increase/(decrease) in cash and cash equivalent at 1 January         754         1235         675         549         562           Cash							
Cash flows from operating activities         Net income before taxation         226         270         383         386         388           Net cash from operating activities         936         572         950         931         912           Cash flows from investing activities         -131         -339         -332         -286         -246           Net cash used in investing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -218         -691         -615         -467         -355           Net cash from/(used in) financing activities         -237         -442         -461         -451         -456           Net increase/(decrease) in cash and cash equivalents         -237         -442         -461         -451         -456           Cash and cash equivalent at 1 January         754         1235         675         549         562           Cash and cash equivalent at 1 January         754         1235         675         549 <td< td=""><td>Equity + Liability</td><td>9400</td><td>8903</td><td>9412</td><td>9603</td><td>9787</td></td<>	Equity + Liability	9400	8903	9412	9603	9787	
Cash flows from operating activities         Net income before taxation         226         270         383         386         388           Net cash from operating activities         936         572         950         931         912           Cash flows from investing activities         -131         -339         -332         -286         -246           Net cash used in investing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         -218         -691         -615         -467         -355           Net cash from/(used in) financing activities         -237         -442         -461         -451         -456           Net increase/(decrease) in cash and cash equivalents         -237         -442         -461         -451         -456           Cash and cash equivalent at 1 January         754         1235         675         549         562           Cash and cash equivalent at 1 January         754         1235         675         549 <td< th=""><th></th><th></th><th></th><th></th><th></th><th></th></td<>							
Net income before taxation         226         270         383         386         388           Net cash from operating activities         936         572         950         931         912           Cash flows from investing activities         -131         -339         -332         -286         -246           Net cash used in investing activities         -218         -691         -615         -467         -355           Cash flows from financing activities         926         856         1327         1194         1075           Net cash from/(used in) financing activities         -237         -442         -461         -451         -456           Net increase/(decrease) in financing activities         -237         -442         -461         -451         -456           Net increase/(decrease) in financing activities         -237         -442         -461         -451         -456           Net increase/(decrease) in cash and cash equivalents         -237         -442         -126         12         101           Cash and cash equivalent at 1 January         754         1235         675         549         562           Cash and cash equivalent at 1         1235         675         549         562         663 <td cols<="" td=""><td>Cash Flow (PM'm)</td><td>2022Δ</td><td>2023Δ</td><td>2024F</td><td>2025F</td><td>2026F</td></td>	<td>Cash Flow (PM'm)</td> <td>2022Δ</td> <td>2023Δ</td> <td>2024F</td> <td>2025F</td> <td>2026F</td>	Cash Flow (PM'm)	2022Δ	2023Δ	2024F	2025F	2026F
Net cash from operating activities   936   572   950   931   912		2022A	2023A	2024F	2025F	2026F	
Cash flows from investing activities Addition to inventories Addition to inventories -131 -339 -332 -286 -246 Net cash used in investing activities -218 -691 -615 -467 -355  Cash flows from financing activities Drawdown of bank borrowings 926 856 1327 1194 1075 Net cash from/(used in) financing activities  Net increase/(decrease) in cash and 481 -560 -126 12 101 cash equivalents Cash and cash equivalent at 1 January 754 1235 675 549 562 Cash and cash equivalent at 1 1235 675 549 562 Cash and cash equivalent at 1 1235 675 549 562 Cash and cash equivalent at 1 1235 675 549 562 Cash and cash equivalent at 1 1235 675 549 562 Cash and cash equivalent at 1 1235 675 10.1% 9.7% 9.6% Core PBT margin 16.4% 17.5% 10.1% 9.7% 9.6% Core PBT margin 14.7% 15.9% 14.1% 13.8% 13.6% PAT margin 7.7% 8.5% 10.3% 10.3% 10.1% 10.1% Core PATAMI margin 11.3% 12.3% 10.3% 10.3% 10.2% ROE 4.9% 5.7% 5.8% 5.9% 6.0% ROA 2.5% 3.1% 3.0% 3.0% 3.0%	Cash flows from operating activities						
Addition to inventories	Cash flows from operating activities Net income before taxation	226	270	383	386	388	
Addition to inventories	Cash flows from operating activities Net income before taxation	226	270	383	386	388	
Net cash used in investing activities   -218   -691   -615   -467   -355	Cash flows from operating activities Net income before taxation Net cash from operating activities	226	270	383	386	388	
Cash flows from financing activities  Drawdown of bank borrowings 926 856 1327 1194 1075  Net cash from/(used in) financing -237 -442 -461 -451 -456  activities  Net increase/(decrease) in cash and 481 -560 -126 12 101  cash equivalents  Cash and cash equivalent at 1 January 754 1235 675 549 562  Cash and cash equivalent at 1 1235 675 549 562  Cash and cash equivalent at 1 1235 675 549 562  Cash and cash equivalent at 1 1235 675 549 562 663  December  Profitability Margins 2022A 2023A 2024F 2025F 2026F  Core EBIT margin 16.4% 17.5% 10.1% 9.7% 9.6%  Core PBT margin 14.7% 15.9% 14.1% 13.8% 13.6%  PAT margin 7.7% 8.5% 10.3% 10.1% 10.1%  Core PATAMI margin 11.3% 12.3% 10.3% 10.2% 10.2%  ROE 4.9% 5.7% 5.8% 5.9% 6.0%  ROA 2.5% 3.1% 3.0% 3.0% 3.0%	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities	226 936	270 572	383 950	386 931	388 912	
Drawdown of bank borrowings         926         856         1327         1194         1075           Net cash from/(used in) financing activities         -237         -442         -461         -451         -456           Net increase/(decrease) in cash and cash equivalents         481         -560         -126         12         101           Cash equivalents         2024         1235         675         549         562           Cash and cash equivalent at 1 December         1235         675         549         562         663           Profitability Margins         2022A         2023A         2024F         2025F         2026F           Core EBIT margin         16.4%         17.5%         10.1%         9.7%         9.6%           Core PBT margin         14.7%         15.9%         14.1%         13.8%         13.6%           PAT margin         7.7%         8.5%         10.3%         10.1%         10.1%           Core PATAMI margin         11.3%         12.3%         10.3%         10.2%         10.2%           ROE         4.9%         5.7%         5.8%         5.9%         6.0%           ROA         2.5%         3.1%         3.0%         3.0%         3.0%	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities Addition to inventories	226 936 -131	270 572 -339	383 950 -332	386 931 -286	388 912 -246	
Drawdown of bank borrowings         926         856         1327         1194         1075           Net cash from/(used in) financing activities         -237         -442         -461         -451         -456           Net increase/(decrease) in cash and cash equivalents         481         -560         -126         12         101           Cash equivalents         2024         1235         675         549         562           Cash and cash equivalent at 1 December         1235         675         549         562         663           Profitability Margins         2022A         2023A         2024F         2025F         2026F           Core EBIT margin         16.4%         17.5%         10.1%         9.7%         9.6%           Core PBT margin         14.7%         15.9%         14.1%         13.8%         13.6%           PAT margin         7.7%         8.5%         10.3%         10.1%         10.1%           Core PATAMI margin         11.3%         12.3%         10.3%         10.2%         10.2%           ROE         4.9%         5.7%         5.8%         5.9%         6.0%           ROA         2.5%         3.1%         3.0%         3.0%         3.0%	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities Addition to inventories	226 936 -131	270 572 -339	383 950 -332	386 931 -286	388 912 -246	
Net cash from/(used in) financing activities         -237         -442         -461         -451         -456 activities           Net increase/(decrease) in cash and cash equivalents         481         -560         -126         12         101 cash equivalents           Cash and cash equivalent at 1 January         754         1235         675         549         562           Cash and cash equivalent at 1 December         1235         675         549         562         663           Profitability Margins         2022A         2023A         2024F         2025F         2026F           Core EBIT margin         16.4%         17.5%         10.1%         9.7%         9.6%           Core PBT margin         14.7%         15.9%         14.1%         13.8%         13.6%           PAT margin         7.7%         8.5%         10.3%         10.1%         10.1%           Core PATAMI margin         11.3%         12.3%         10.3%         10.2%         10.2%           ROE         4.9%         5.7%         5.8%         5.9%         6.0%           ROA         2.5%         3.1%         3.0%         3.0%         3.0%	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities Addition to inventories Net cash used in investing activities	226 936 -131	270 572 -339	383 950 -332	386 931 -286	388 912 -246	
Net increase/(decrease) in cash and cash equivalents   Cash and cash equivalent at 1 January   754   1235   675   549   562   563   December     Section 2022   Section 2022   Section 2023   Section 2024   Section 2025   Section 2026   Section 2	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities Addition to inventories Net cash used in investing activities  Cash flows from financing activities	226 936 -131 -218	270 572 -339 -691	383 950 -332 -615	386 931 -286 -467	388 912 -246 -355	
cash equivalents         Cash and cash equivalent at 1 January       754       1235       675       549       562         Cash and cash equivalent at 1 December       1235       675       549       562       663         Profitability Margins       2022A       2023A       2024F       2025F       2026F         Core EBIT margin       16.4%       17.5%       10.1%       9.7%       9.6%         Core PBT margin       14.7%       15.9%       14.1%       13.8%       13.6%         PAT margin       7.7%       8.5%       10.3%       10.1%       10.1%         Core PATAMI margin       11.3%       12.3%       10.3%       10.2%       10.2%         ROE       4.9%       5.7%       5.8%       5.9%       6.0%         ROA       2.5%       3.1%       3.0%       3.0%       3.0%	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities Addition to inventories Net cash used in investing activities  Cash flows from financing activities Drawdown of bank borrowings	226 936 -131 -218	270 572 -339 -691	383 950 -332 -615	386 931 -286 -467	388 912 -246 -355	
cash equivalents         Cash and cash equivalent at 1 January       754       1235       675       549       562         Cash and cash equivalent at 1 December       1235       675       549       562       663         Profitability Margins       2022A       2023A       2024F       2025F       2026F         Core EBIT margin       16.4%       17.5%       10.1%       9.7%       9.6%         Core PBT margin       14.7%       15.9%       14.1%       13.8%       13.6%         PAT margin       7.7%       8.5%       10.3%       10.1%       10.1%         Core PATAMI margin       11.3%       12.3%       10.3%       10.2%       10.2%         ROE       4.9%       5.7%       5.8%       5.9%       6.0%         ROA       2.5%       3.1%       3.0%       3.0%       3.0%	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities Addition to inventories Net cash used in investing activities  Cash flows from financing activities  Drawdown of bank borrowings Net cash from/(used in) financing	226 936 -131 -218	270 572 -339 -691	383 950 -332 -615	386 931 -286 -467	388 912 -246 -355	
Cash and cash equivalent at 1 January         754         1235         675         549         562           Cash and cash equivalent at 1 December         1235         675         549         562         663           Profitability Margins         2022A         2023A         2024F         2025F         2026F           Core EBIT margin         16.4%         17.5%         10.1%         9.7%         9.6%           Core PBT margin         14.7%         15.9%         14.1%         13.8%         13.6%           PAT margin         7.7%         8.5%         10.3%         10.1%         10.1%           Core PATAMI margin         11.3%         12.3%         10.3%         10.2%         10.2%           ROE         4.9%         5.7%         5.8%         5.9%         6.0%           ROA         2.5%         3.1%         3.0%         3.0%         3.0%	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities Addition to inventories Net cash used in investing activities  Cash flows from financing activities  Drawdown of bank borrowings Net cash from/(used in) financing activities	226 936 -131 -218 926 -237	270 572 -339 -691 856 -442	383 950 -332 -615 1327 -461	386 931 -286 -467 1194 -451	388 912 -246 -355 1075 -456	
Cash and cash equivalent at 1 December         1235         675         549         562         663           Profitability Margins         2022A         2023A         2024F         2025F         2026F           Core EBIT margin         16.4%         17.5%         10.1%         9.7%         9.6%           Core PBT margin         14.7%         15.9%         14.1%         13.8%         13.6%           PAT margin         7.7%         8.5%         10.3%         10.1%         10.1%           Core PATAMI margin         11.3%         12.3%         10.3%         10.2%         10.2%           ROE         4.9%         5.7%         5.8%         5.9%         6.0%           ROA         2.5%         3.1%         3.0%         3.0%         3.0%	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities Addition to inventories Net cash used in investing activities  Cash flows from financing activities  Drawdown of bank borrowings Net cash from/(used in) financing activities  Net increase/(decrease) in cash and	226 936 -131 -218 926 -237	270 572 -339 -691 856 -442	383 950 -332 -615 1327 -461	386 931 -286 -467 1194 -451	388 912 -246 -355 1075 -456	
Profitability Margins         2022A         2023A         2024F         2025F         2026F           Core EBIT margin         16.4%         17.5%         10.1%         9.7%         9.6%           Core PBT margin         14.7%         15.9%         14.1%         13.8%         13.6%           PAT margin         7.7%         8.5%         10.3%         10.1%         10.1%           Core PATAMI margin         11.3%         12.3%         10.3%         10.2%         10.2%           ROE         4.9%         5.7%         5.8%         5.9%         6.0%           ROA         2.5%         3.1%         3.0%         3.0%         3.0%	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities Addition to inventories Net cash used in investing activities  Cash flows from financing activities  Drawdown of bank borrowings Net cash from/(used in) financing activities  Net increase/(decrease) in cash and cash equivalents	226 936 -131 -218 -218 -237	270 572 -339 -691 856 -442	383 950 -332 -615 1327 -461	386 931 -286 -467 1194 -451	388 912 -246 -355 1075 -456	
Core EBIT margin         16.4%         17.5%         10.1%         9.7%         9.6%           Core PBT margin         14.7%         15.9%         14.1%         13.8%         13.6%           PAT margin         7.7%         8.5%         10.3%         10.1%         10.1%           Core PATAMI margin         11.3%         12.3%         10.3%         10.2%         10.2%           ROE         4.9%         5.7%         5.8%         5.9%         6.0%           ROA         2.5%         3.1%         3.0%         3.0%         3.0%	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities Addition to inventories Net cash used in investing activities  Cash flows from financing activities  Drawdown of bank borrowings Net cash from/(used in) financing activities  Net increase/(decrease) in cash and cash equivalents Cash and cash equivalent at 1 January	226 936 -131 -218 -218 -237 -481 -754	270 572 -339 -691 856 -442 -560 1235	383 950 -332 -615 1327 -461 -126 675	386 931 -286 -467 1194 -451 12 549	388 912 -246 -355 1075 -456 101 562	
Core EBIT margin         16.4%         17.5%         10.1%         9.7%         9.6%           Core PBT margin         14.7%         15.9%         14.1%         13.8%         13.6%           PAT margin         7.7%         8.5%         10.3%         10.1%         10.1%           Core PATAMI margin         11.3%         12.3%         10.3%         10.2%         10.2%           ROE         4.9%         5.7%         5.8%         5.9%         6.0%           ROA         2.5%         3.1%         3.0%         3.0%         3.0%	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities Addition to inventories Net cash used in investing activities  Cash flows from financing activities  Drawdown of bank borrowings Net cash from/(used in) financing activities  Net increase/(decrease) in cash and cash equivalents Cash and cash equivalent at 1 January Cash and cash equivalent at 1	226 936 -131 -218 -218 -237 -481 -754	270 572 -339 -691 856 -442 -560 1235	383 950 -332 -615 1327 -461 -126 675	386 931 -286 -467 1194 -451 12 549	388 912 -246 -355 1075 -456 101 562	
Core PBT margin       14.7%       15.9%       14.1%       13.8%       13.6%         PAT margin       7.7%       8.5%       10.3%       10.1%       10.1%         Core PATAMI margin       11.3%       12.3%       10.3%       10.2%       10.2%         ROE       4.9%       5.7%       5.8%       5.9%       6.0%         ROA       2.5%       3.1%       3.0%       3.0%       3.0%	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities Addition to inventories Net cash used in investing activities  Cash flows from financing activities  Drawdown of bank borrowings Net cash from/(used in) financing activities  Net increase/(decrease) in cash and cash equivalents Cash and cash equivalent at 1 January Cash and cash equivalent at 1 December	226 936 -131 -218 926 -237 481 754 1235	270 572 -339 -691 856 -442 -560 1235 675	383 950 -332 -615 1327 -461 -126 675 549	386 931 -286 -467 1194 -451 12 549 562	388 912 -246 -355 1075 -456 101 562 663	
PAT margin       7.7%       8.5%       10.3%       10.1%       10.1%         Core PATAMI margin       11.3%       12.3%       10.3%       10.2%       10.2%         ROE       4.9%       5.7%       5.8%       5.9%       6.0%         ROA       2.5%       3.1%       3.0%       3.0%       3.0%	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities Addition to inventories Net cash used in investing activities  Cash flows from financing activities  Drawdown of bank borrowings Net cash from/(used in) financing activities  Net increase/(decrease) in cash and cash equivalents Cash and cash equivalent at 1 January Cash and cash equivalent at 1 December  Profitability Margins	226 936 -131 -218 926 -237 481 754 1235	270 572 -339 -691 856 -442 -560 1235 675	383 950 -332 -615 1327 -461 -126 675 549	386 931 -286 -467 1194 -451 12 549 562 <b>2025F</b>	388 912 -246 -355 1075 -456 101 562 663	
Core PATAMI margin         11.3%         12.3%         10.3%         10.2%         10.2%           ROE         4.9%         5.7%         5.8%         5.9%         6.0%           ROA         2.5%         3.1%         3.0%         3.0%         3.0%	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities Addition to inventories Net cash used in investing activities  Cash flows from financing activities  Drawdown of bank borrowings Net cash from/(used in) financing activities  Net increase/(decrease) in cash and cash equivalents Cash and cash equivalent at 1 January Cash and cash equivalent at 1 December  Profitability Margins Core EBIT margin	226 936 -131 -218 926 -237 481 754 1235	270 572 -339 -691 -691 -560 -442 -560 1235 675	383 950 -332 -615 1327 -461 -126 675 549 <b>2024F</b> 10.1%	386 931 -286 -467 1194 -451 12 549 562 <b>2025F</b> 9.7%	388 912 -246 -355 1075 -456 101 562 663 <b>2026F</b> 9.6%	
ROE       4.9%       5.7%       5.8%       5.9%       6.0%         ROA       2.5%       3.1%       3.0%       3.0%       3.0%	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities Addition to inventories Net cash used in investing activities  Cash flows from financing activities  Drawdown of bank borrowings Net cash from/(used in) financing activities  Net increase/(decrease) in cash and cash equivalents Cash and cash equivalent at 1 January Cash and cash equivalent at 1 December  Profitability Margins Core EBIT margin Core PBT margin	226 936 -131 -218 -218 -237 -481 -754 1235 -2022A 16.4% 14.7%	270 572 -339 -691 -856 -442 -560 1235 675 <b>2023A</b> 17.5% 15.9%	383 950 -332 -615 1327 -461 -126 675 549 <b>2024F</b> 10.1% 14.1%	386 931 -286 -467 1194 -451 12 549 562 <b>2025F</b> 9.7% 13.8%	388 912 -246 -355 1075 -456 101 562 663 <b>2026F</b> 9.6% 13.6%	
ROA 2.5% 3.1% 3.0% 3.0% 3.0%	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities Addition to inventories Net cash used in investing activities  Cash flows from financing activities  Drawdown of bank borrowings Net cash from/(used in) financing activities  Net increase/(decrease) in cash and cash equivalents Cash and cash equivalent at 1 January Cash and cash equivalent at 1 January Cash and cash equivalent at 1  December  Profitability Margins Core EBIT margin Core PBT margin PAT margin	226 936 -131 -218 -218 -237 -481 -754 1235 -2022A 16.4% 14.7% 7.7%	270 572 -339 -691 856 -442 -560 1235 675 <b>2023A</b> 17.5% 15.9% 8.5%	383 950 -332 -615 1327 -461 -126 675 549 <b>2024F</b> 10.1% 14.1% 10.3%	386 931 -286 -467 1194 -451 12 549 562 <b>2025F</b> 9.7% 13.8% 10.1%	388 912 -246 -355 1075 -456 101 562 663 <b>2026F</b> 9.6% 13.6% 10.1%	
	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities Addition to inventories Net cash used in investing activities  Cash flows from financing activities  Drawdown of bank borrowings Net cash from/(used in) financing activities  Net increase/(decrease) in cash and cash equivalents Cash and cash equivalent at 1 January Cash and cash equivalent at 1 December  Profitability Margins Core EBIT margin Core PATAMI margin	226 936 -131 -218 -218 -237 -481 -754 1235 -2022A 16.4% 14.7% 7.7% 11.3%	270 572 -339 -691 856 -442 -560 1235 675 <b>2023A</b> 17.5% 15.9% 8.5% 12.3%	383 950 -332 -615 1327 -461 -126 675 549 <b>2024F</b> 10.1% 14.1% 10.3% 10.3%	386 931 -286 -467 1194 -451 12 549 562 <b>2025F</b> 9.7% 13.8% 10.1% 10.2%	388 912 -246 -355 1075 -456 101 562 663 <b>2026F</b> 9.6% 13.6% 10.1% 10.2%	
	Cash flows from operating activities Net income before taxation Net cash from operating activities  Cash flows from investing activities Addition to inventories Net cash used in investing activities  Cash flows from financing activities  Drawdown of bank borrowings Net cash from/(used in) financing activities  Net increase/(decrease) in cash and cash equivalents Cash and cash equivalent at 1 January Cash and cash equivalent at 1 December  Profitability Margins Core EBIT margin Core PATAMI margin ROE	226 936 -131 -218 -218 -237 -481 -754 1235 -2022A 16.4% 14.7% 7.7% 11.3% 4.9%	270 572 -339 -691 856 -442 -560 1235 675 <b>2023A</b> 17.5% 15.9% 8.5% 12.3% 5.7%	383 950 -332 -615 1327 -461 -126 675 549 <b>2024F</b> 10.1% 14.1% 10.3% 10.3% 5.8%	386 931 -286 -467 1194 -451 12 549 562 <b>2025F</b> 9.7% 13.8% 10.1% 10.2% 5.9%	388 912 -246 -355 1075 -456 101 562 663 <b>2026F</b> 9.6% 13.6% 10.1% 10.2% 6.0%	



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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS			
STOCK RECOMMENDATIONS			
BUY	Total return is expected to be >10% over the next 12 months.		
TRADING BUY	Stock price is expected to $\textit{rise}$ by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.		
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.		
SELL	Total return is expected to be <-10% over the next 12 months.		
TRADING SELL	Stock price is expected to $fall$ by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.		
SECTOR RECOMMENDATIONS			
POSITIVE	The sector is expected to outperform the overall market over the next 12 months.		
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.		
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.		
ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell			
<b>☆☆☆</b> ☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell		
***	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell		
<b>☆</b> ☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell		
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell		

<sup>\*</sup> ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology