

COMPANY UPDATE

Thursday, March 02, 2023 FBMKLCI: 1,450.20 Sector: Consumer

THIS REPORT IS STRICTLY FOR INTERNAL CIRCULATION ONLY*

Leong Hup International Bhd

Less Capex Expected For 2023

TP: RM0.72 (+48.5%) Last Traded: RM0.485

Buy (ESG: ***) Tel: +603-2167 9730 thong@ta.com.my

Share Information

Bloomborg Code

www.taonline.com.my

Key takeaways from the virtual analyst briefing:
i) Less capex expected for FY23;
<i>ii)</i> Poultry capacity expansion unlikely in the near term;
iii) The group expects a challenging year ahead.

After factoring in higher sales and lower input costs assumptions, we raise our FY23/FY24/FY25 earnings forecasts by 4.8%/0.3%/4.3% respectively. Reiterate Buy with higher target price of RM0.72/share based on 10x CY24 EPS.

Less Capex Expected for FY23

Ong Tze Hern

Leong Hup International Bhd (LHI) plans to reduce its capital expenditure (capex) in FY23 to below RM200mn in view of the increasing uncertainties in the outlook and rising interest rate environment. The latest net gearing ratio stands at 0.85x and we gather that the group is planning to deleverage to mitigate the impact of increasing borrowing costs. The focus of capex will be on few key areas including the Philippines where the growth prospect is bright and downstream capacity expansion in Malaysia (Baker's Cottage).

Poultry Capacity Expansion in Malaysia Unlikely in the Near Term

The revised Budget 2023 has new tax incentives for capex on chicken rearing in closed house system. However, LHI does not expect to carry out capacity expansion in Malaysia in the near term pending more clarity on the outlook, for instance the lifting of broiler chickens' ceiling prices. The farm prices of broiler chickens are still at ceiling price of RM6.00/kg due to high demand.

Challenging Year Ahead

Prices of key raw materials remain volatile with soybean meal prices up c.16.8% while corn prices are down c.5.2% since middle of November 2022. After delivering a stellar performance in 2022 following the lifting of lockdowns, management believes that 2023 will be a challenging year. The Indonesian operation is expected to be tough moving forward but management is upbeat on the growth prospect in the Philippines. We believe the profitability for Malaysia's operations will continue be supported by government subsidies in the near term while the planned lifting of ceiling prices after June 2023 will further improve the group's bottom-line.

Impact

After factoring in higher sales and lower input costs assumptions, we raise our FY23/FY24/FY25 earnings forecasts by 4.8%/0.3%/4.3% respectively.

Valuation

We roll forward the base year to CY24 and lower the P/E valuation to 10xfrom 12x previously in view of challenging outlook for the group. Reiterate Buy with higher target price of RM0.72/share (from RM0.70/share previously) based on 10x CY24 EPS.

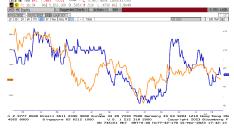
Bloomberg Code		LHIB MK
Stock Code		6633
Listing		Main Market
Share Cap (mn)		3650.0
Market Cap (RMmn)		1770.3
52-wk Hi/Lo (RM)		0.57/0.44
12-mth Avg Daily Vol ('000	shrs)	732.5
Estimated Free Float (%)		16.7
Beta		0.2
Major Shareholders (%))	
	Emerging	Glory - 52.8%
C	larinden Inve	estment - 8.6%
Amai	nah Saham N	lasional - 7.1%
Forecast Revision		
	FY23	FY24
Forecast Revision (%)	4.8	0.3
Net profit (RMm)	224.6	262.5
Consensus	191.6	218.4
TA's / Consensus (%)	117.2	120.2

uy (I*iaii 0.78 Consensus Target Price (RM) Financial Indicators

i manciai mulcacor s		
	FY23	FY24
Net Debt / Equity (x)	0.7	0.6
ROE (%)	11.0	12.0
ROA (%)	3.4	4.0
NTA/Share (RM)	0.5	0.6
Price/NTA (x)	0.9	0.8

Share Performance (%)		
Price Change	LHI	FBM KLCI
l mth	(2.0)	(2.4)
3 mth	(8.5)	(2.8)
6 mth	0.0	(2.8)
12 mth	(6.7)	(9.2)

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

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TA SECURITIES

Earnings Summary

Profit and Loss Stat		' Y					Balance Sheet
FYE 31 Dec (RM m		FY21	FY22	FY23E	FY24F	FY25F	FYE 31 Dec (RM
Revenue		7,153.5	9,042.7	9,178.3	9,591.4	9,907.9	PPE
EBITDA		521.6	752.2	806.8	857.7	870.6	Intangible Asset
Depreciation		(283.7)	(301.2)	(326.1)	(334.9)	(330.8)	Associate
Net finance cost		(98.0)	(124.8)	(143.9)	(129.2)	(114.4)	Others
Associate		0.4	0.4	0.5	0.5	0.6	Non-current ass
EI		0.0	0.0	0.0	0.0	0.0	Inventories
PBT		140.3	326.6	337.3	394.1	426.0	Trade receivables
Taxation		(44.4)	(82.7)	(87.7)	(102.5)	(110.8)	Cash and Bank Bala
MI		(10.5)	(25.0)	(25.0)	(29.2)	(31.5)	Others
Net profit		85.4	218.9	224.6	262.5	283.7	Current assets
Core net profit		85.4	218.9	224.6	262.5	283.7	Total Assets
Core EPS	(sen)	2.3	6.0	6.2	7.2	7.8	LT Borrowings
Diluted EPS	(sen)	2.3	6.0	6.2	7.2	7.8	Others
DPS	(sen)	0.7	0.0	3.7	2.2	2.3	Non-Current liab
Book Value	(RM)	0.5	0.5	0.6	0.6	0.7	Trade payables
NTA	(RM)	0.5	0.5	0.5	0.6	0.7	ST Borrowings
							Others
Ratios							Current liabilitie
FYE 31 Dec (RM m	n)	FY21	FY22	FY23E	FY24F	FY25F	Shareholders funds
Valuations							MI
Core PER	(x)	20.7	8.1	7.9	6.7	6.2	Total Equity
Div. Yield	(%)	1.4	0.0	7.6	4.4	4.8	
P/BV	(x)	1.0	0.9	0.8	0.8	0.7	Total E&L
Profitability ratios							Cash Flow State
EBITDA margin	(%)	7.3	8.3	8.8	8.9	8.8	FYE 31 Dec (RM
PBT margin	(%)	2.0	3.6	3.7	4.1	4.3	Pretax profit
Core Net Margin	(%)	1.2	2.4	2.4	2.7	2.9	Depreciation
Core ROE	(%)	4.9	11.5	11.0	12.0	11.9	Net interest
Core ROA	(%)	1.4	3.4	3.4	4.0	4.4	Associaties
							Changes in WC
Liquidity ratios							Tax
Current ratio	(x)	1.1	1.2	1.3	1.4	1.5	Others
Quick ratio	(x)	0.7	0.8	0.8	0.9	1.0	Operational cash
Lovorago ratios							Capax
Leverage ratios Equity/total liabilities	(v)	0.6	0.6	0.7	0.8	0.9	Capex Interest income
	(x)	0.6 1.0	0.8	0.7	0.8	0.9	Others
Net debt / equity	(x)	1.0	0.8	0.7	0.6	0.5	Others Investing cash flo
Growth ratios							count cush no
Revenue	(%)	18.4	26.4	1.5	4.5	3.3	Net share issue
PBT	(%)	(10.7)	132.7	3.3	16.8	8.1	Net borrowings
Core Net Profit	(%)	(19.2)	156.3	2.6	16.8	8.1	Dividend paid
	. ,						Interest paid

PFE 2.770.3 2.784.5 2.638.4 2.503.4 2.472.6 Inangibie Asset 9.6.1 99.2 99.2 99.2 99.2 Associate 1.7 1.6 1.7 1.7 1.8 Others 54.1 54.5 546.5 546.5 546.5 Non-current assets 3.411.2 3.431.8 3.285.8 3.150.9 3.120.1 Inventories 973.5 1.025.9 1.052.5 1.097.4 1.136.2 Cash and Bank Balance 764.6 840.3 755.7 791.5 752.1 Others 555.7 644.3 644.3 644.3 644.3 Current assets 2.918.6 3.160.3 3.206.9 3.321.5 3.346.9 Total Assets 6.329.8 6.592.1 6.492.7 6.472.4 6.467.1 LT Brorowings 1.054.6 1.033.0 94.7 81.7 1.070.6 Trade payables 284.2 318.8 31.78 31.78 31.78 Tarde payables	FYE 31 Dec (RM mn)	FY21	FY22	FY23E	FY24F	FY25F
Associate 1.7 1.6 1.7 1.7 1.8 Others 543.1 546.5 546.5 546.5 546.5 Non-current assets 3,411.2 3,431.8 3,285.8 3,150.9 3,120.1 Inventories 973.5 1,025.9 1,052.5 1,074.4 1,83.2 Trade receivables 624.7 649.9 755.4 788.3 814.3 Cash and Bank Balance 764.6 840.3 755.7 791.5 752.1 Others 555.7 644.3 644.3 644.3 644.3 Current assets 2,918.6 1,030.0 947.8 862.7 777.5 Others 266.9 293.17.4 456.1 Stra	PPE	2,770.3	2,784.5	2,638.4	2,503.4	2,472.6
Others 543.1 546.5 546.5 546.5 546.5 Non-current assets 3,411.2 3,431.8 3,285.8 3,150.9 3,120.1 Inventories 973.5 1.025.9 1.025.5 1.097.4 1.136.2 Trade receivables 624.7 649.9 754.4 788.3 814.3 Cash and Bank Balance 764.6 840.3 37557 771.5 757.1 771.5 757.1 777.5 Others 535.7 644.3 644.3 644.3 644.3 644.3 Current assets 2,918.6 1,033.0 947.8 862.7 777.5 Others 2,66.9 293.1 293.1 293.1 293.1 Trade payables 1,321.4 1,326.0 1,240.9 1,155.7 1,070.6 Trade payables 2,470.1 1,999.7 1,814.9 1,557.8 1,849 1,557.8 1,772.8 Shareholders funds 1,807.1 2,005.0 2,947.4 2,349.4 2,249.1 Shareolders f	Intangible Asset	96.1	99.2	99.2	99.2	99.2
Non-current assets 3,411.2 3,431.8 3,285.8 3,150.9 3,120.1 Inventories 973.5 1.025.9 1.052.5 1.097.4 1.136.2 Trade receivables 624.7 649.9 754.4 788.3 814.3 Cash and Bank Balance 764.6 840.3 755.7 791.5 752.1 Others 2,918.6 3,160.3 3,206.9 3,321.5 3,346.9 Total Assets 2,918.6 1,033.0 947.8 862.7 777.5 Others 2,66.9 293.1 293.1 293.1 293.1 Non-Current liabilities 1,321.4 1,326.0 1,240.9 1,155.7 1,070.6 Trade payables 2,470.1 1,999.7 1,834.9 1,505.2 1,055.2 Others 2,070.1 1,999.7 1,834.9 1,670.0 1,505.2 Others 2,070.1 1,999.7 1,834.9 1,670.2 2,278.6 2,477.2 MI 552.8 5,84.5 609.5 638.7	Associate	1.7	1.6	1.7	1.7	1.8
Inventories 973.5 1.025.9 1.025.5 1.097.4 1.136.2 Trade receivables 624.7 649.9 754.4 788.3 814.3 Cash and Bank Balance 764.6 840.3 755.7 791.5 752.1 Others 555.7 644.3 644.3 644.3 644.3 Current assets 2,918.6 3,160.3 3,206.9 3,321.5 3,34.7 Total Assets 6,329.8 6,592.1 6,492.7 6,472.4 6,467.1 Non-Current liabilities 1,321.4 1,326.0 1,240.9 1,155.7 1,070.6 Trade payables 2,842. 317.8 317.8 317.8 317.8 St Borrowings 2,070.1 1,997.7 1,834.9 1,670.0 1,505.2 Others 2,94.2 317.8 317.8 317.8 317.8 Stareholders funds 1,807.1 2005.0 2,074.4 2,917.3 3,147.4 Total E&L 6,329.8 6,592.1 6,492.7 6,472.4 6,467.1 <td>Others</td> <td>543.I</td> <td>546.5</td> <td>546.5</td> <td>546.5</td> <td>546.5</td>	Others	543.I	546.5	546.5	546.5	546.5
Trade receivables 624.7 649.9 754.4 788.3 814.3 Cash and Bank Balance 764.6 840.3 755.7 791.5 752.1 Others 555.7 644.3 644.3 644.3 644.3 Current assets 2,918.6 3,160.3 3,206.9 3,321.5 3,346.9 Total Assets 6,329.8 6,592.1 6,492.7 6,472.4 6,467.1 LT Borrowings 1,054.6 1,033.0 947.8 862.7 777.5 Others 266.9 293.1 293.1 293.1 293.1 293.1 Trade payables 284.2 358.9 394.7 411.5 426.1 ST Borrowings 2,070.1 1,999.7 1,834.9 1,670.0 1,505.2 Others 2,94.2 317.8 317.8 317.8 317.8 Stareholders funds 1,807.1 2,005.0 2,94.9 2,278.6 2,477.2 Total E&L 6,329.8 6,592.1 6,492.7 6,472.4 6,467.1 Pretax profit 140.3 326.6 337.3 394.1 <t< td=""><td>Non-current assets</td><td>3,411.2</td><td>3,431.8</td><td>3,285.8</td><td>3,150.9</td><td>3,120.1</td></t<>	Non-current assets	3,411.2	3,431.8	3,285.8	3,150.9	3,120.1
Cash and Bank Balance 764.6 840.3 755.7 791.5 752.1 Others 555.7 644.3 644.3 644.3 644.3 Current assets 2,918.6 3,160.3 3,206.9 3,321.5 3,346.9 Total Assets 6,329.8 6,592.1 6,492.7 6,472.4 6,467.7 It Borrowings 1,054.6 1.033.0 947.8 862.7 777.5 Others 266.9 293.1 293.1 293.1 293.1 Non-Current liabilities 1,321.4 1,326.0 1,240.9 1,155.7 1,070.6 Trade payables 2,472.1 317.8	Inventories	973.5	1,025.9	1,052.5	1,097.4	1,136.2
Others 555.7 644.3 644.3 644.3 Current assets 2,918.6 3,160.3 3,206.9 3,321.5 3,346.9 Total Assets 6,329.8 6,592.1 6,492.7 6,472.4 6,467.1 LT Borrowings 1,054.6 1,033.0 947.8 862.7 777.5 Others 266.9 293.1 293.1 293.1 293.1 Non-Current liabilities 1,321.4 1,326.0 1,240.9 1,155.7 1,070.6 Trade payables 284.2 358.9 394.7 411.5 426.1 ST Borrowings 2,070.1 1,999.7 1,834.9 1,670.0 1,552.2 Others 2,942.2 317.8 317.8 317.8 317.8 Starbolders funds 1,807.1 2,005.0 2,094.9 2,278.6 2,477.2 MI 552.8 584.5 609.5 6,472.4 6,467.1 Freats profit 140.3 326.6 337.3 394.1 426.0 Deprec	Trade receivables	624.7	649.9	754.4	788.3	814.3
Current assets 2,918.6 3,160.3 3,206.9 3,321.5 3,346.9 Total Assets 6,329.8 6,592.1 6,492.7 6,472.4 6,467.1 LT Borrowings 1,054.6 1,033.0 947.8 862.7 777.5 Others 266.9 293.1 293.1 293.1 293.1 Non-Current liabilities 1,321.4 1,326.0 1,240.9 1,155.7 1,070.6 Trade payables 284.2 358.9 394.7 411.5 426.1 ST Borrowings 2,070.1 1,999.7 1,834.9 1,670.0 1,552.2 Others 294.2 317.8 317.8 317.8 317.8 Stareholders funds 1,807.1 2,005.0 2,094.9 2,278.6 2,477.2 Total Equity 2,359.8 2,589.6 2,704.4 2,917.3 3,147.4 Cash Flow Statement E FYE 21 FY24E FY24F FY25F Pretax profit 140.3 326.6 337.3 394.1 426.0 </td <td>Cash and Bank Balance</td> <td>764.6</td> <td>840.3</td> <td>755.7</td> <td>791.5</td> <td>752.1</td>	Cash and Bank Balance	764.6	840.3	755.7	791.5	752.1
Total Assets 6,329.8 6,592.1 6,492.7 6,472.4 6,467.1 LT Borrowings 1,054.6 1,033.0 947.8 862.7 777.5 Others 266.9 293.1 242.1 317.8 317.8 317.8 317.8 317.8 317.8 317.8 317.8 277.2 MI 552.8 584.5 609.5 638.7 670.2 Total Equity 2,359.8 2,589.6 2,704.4 2,917.3 3,147.4 6,467.1 Cash Flow Statement FY24 FY24F FY24F FY24F FY	Others	555.7	644.3	644.3	644.3	644.3
LT Borrowings 1,054.6 1,033.0 947.8 862.7 777.5 Others 266.9 293.1 293.1 293.1 293.1 293.1 Non-Current liabilities 1,321.4 1,326.0 1,240.9 1,155.7 1,070.6 Trade payables 284.2 358.9 394.7 411.5 426.1 ST Borrowings 2,070.1 1,999.7 1,834.9 1,670.0 1,505.2 Current liabilities 2,648.5 2,676.5 2,547.4 2,399.4 2,249.1 Shareholders funds 1,807.1 2,005.0 2,094.9 2,278.6 2,477.2 MI 552.8 584.5 609.5 638.7 670.2 Total Equity 2,359.8 2,589.6 2,704.4 2,917.3 3,147.4 Cash Flow Statement E FY2.1 FY2.2 FY2.4F FY2.5F Pretax profit 140.3 326.6 337.3 394.1 426.0 Depreciation 283.7 301.2 326.1 334.9 33	Current assets	2,918.6	3,160.3	3,206.9	3,321.5	3,346.9
Others 266.9 293.1 293.1 293.1 293.1 Non-Current liabilities 1,321.4 1,326.0 1,240.9 1,155.7 1,070.6 Trade payables 284.2 358.9 394.7 411.5 426.1 ST Borrowings 2,070.1 1,999.7 1,834.9 1,670.0 1,505.2 Others 2,94.2 317.8 317.8 317.8 317.8 Current liabilities 2,648.5 2,676.5 2,597.4 2,399.4 2,249.1 Shareholders funds 1,807.1 2,005.0 2,094.9 2,278.6 2,470.1 Total Equity 2,359.8 5,495.6 6,38.7 670.2 Total Equity 2,359.8 2,589.6 2,704.4 2,917.3 3,147.4 Total E&L 6,329.8 6,592.1 6,492.7 6,472.4 6,467.1 PYE 31 Dec (RM mn) PY21 PY22 PY24E PY24F PY25F Pretax profit 140.3 326.6 337.3 394.1 426.0	Total Assets	6,329.8	6,592.1	6,492.7	6,472.4	6,467.1
Others 266.9 293.1 293.1 293.1 293.1 Non-Current liabilities 1,321.4 1,326.0 1,240.9 1,155.7 1,070.6 Trade payables 284.2 358.9 394.7 411.5 426.1 ST Borrowings 2,070.1 1,999.7 1,834.9 1,670.0 1,505.2 Others 2,94.2 317.8 317.8 317.8 317.8 Current liabilities 2,648.5 2,676.5 2,597.4 2,399.4 2,249.1 Shareholders funds 1,807.1 2,005.0 2,094.9 2,278.6 2,470.1 Total Equity 2,359.8 5,495.6 6,38.7 670.2 Total Equity 2,359.8 2,589.6 2,704.4 2,917.3 3,147.4 Total E&L 6,329.8 6,592.1 6,492.7 6,472.4 6,467.1 PYE 31 Dec (RM mn) PY21 PY22 PY24E PY24F PY25F Pretax profit 140.3 326.6 337.3 394.1 426.0						
Non-Current liabilities 1,321.4 1,326.0 1,240.9 1,155.7 1,070.6 Trade payables 284.2 358.9 394.7 411.5 426.1 ST Borrowings 2,070.1 1,999.7 1,834.9 1,670.0 1,505.2 Others 294.2 317.8 317.8 317.8 317.8 Current liabilities 2,648.5 2,676.5 2,547.4 2,399.4 2,249.1 Shareholders funds 1,807.1 2,005.0 2,094.9 2,278.6 2,477.2 MI 552.8 584.5 609.5 638.7 670.2 Total Equity 2,359.8 2,589.6 2,704.4 2,917.3 3,147.4 Total Edut 6,329.8 6,592.1 6,492.7 6,472.4 6,467.1 Cash Flow Statement E FY2.1 FY2.2 FY2.4F FY2.5F Pretax profit 140.3 326.6 337.3 394.1 426.0 Deprecitation 283.7 301.2 326.1 334.9 330.8	LT Borrowings	1,054.6	1,033.0	947.8	862.7	777.5
Trade payables 284.2 358.9 394.7 411.5 426.1 ST Borrowings 2.070.1 1.999.7 1.834.9 1.670.0 1.505.2 Others 294.2 317.8 317.8 317.8 317.8 Current liabilities 2,648.5 2,676.5 2,547.4 2,399.4 2,249.1 Shareholders funds 1,807.1 2,005.0 2,094.9 2,278.6 2,477.2 MI 552.8 584.5 609.5 638.7 670.2 Total Equity 2,359.8 2,589.6 2,704.4 2,917.3 3,147.4 Cash Flow Statement FYE 31 Dec (RM mn) FY21 FY22 FY23E FY24F FY25F Pretax profit 140.3 326.6 337.3 394.1 426.0 Depreciation 283.7 301.2 326.1 334.9 330.8 Net interest 98.0 124.8 143.9 129.2 114.4 Associaties (0.4) (0.4) (0.5) (0.5) (0.6) Changes in VVC (414.4) (60.5) (95.4) (62.0)	Others	266.9	293.I	293.1	293.1	293.1
ST Borrowings 2,070.1 1,999.7 1,834.9 1,670.0 1,505.2 Others 294.2 317.8 317.8 317.8 317.8 Current liabilities 2,648.5 2,676.5 2,547.4 2,399.4 2,249.1 Shareholders funds 1,807.1 2,005.0 2,094.9 2,278.6 2,477.2 MI 552.8 584.5 609.5 638.7 670.2 Total Equity 2,359.8 2,589.6 2,704.4 2,917.3 3,147.4 Total E&L 6,329.8 6,592.1 6,492.7 6,472.4 6,467.1 Cash Flow Statement FYE 31 Dec (RM mn) FY2.1 FY2.2 FY2.8E FY2.4F FY2.5F Pretax profit 140.3 326.6 337.3 394.1 426.0 Depreciation 283.7 301.2 326.1 334.9 330.8 Net interest 98.0 124.8 143.9 129.2 114.4 Associaties (0.4) (0.5) (0.5) (0.6) Changes in VVC (414.4) (60.5) (95.4) (62.0) (50.3	Non-Current liabilities	1,321.4	1,326.0	1,240.9	1,155.7	1,070.6
Others 294.2 317.8 317.8 317.8 317.8 Current liabilities 2,648.5 2,676.5 2,547.4 2,399.4 2,249.1 Shareholders funds 1,807.1 2,005.0 2,094.9 2,278.6 2,477.2 MI 552.8 584.5 609.5 638.7 670.2 Total Equity 2,359.8 2,589.6 2,704.4 2,917.3 3,147.4 Total E&L 6,329.8 6,592.1 6,492.7 6,472.4 6,467.1 Cash Flow Statement FY21 FY22 FY23E FY24F FY25F Pretax profit 140.3 326.6 337.3 394.1 426.0 Depreciation 283.7 301.2 326.1 334.9 330.8 Net interest 98.0 124.8 143.9 129.2 114.4 Associaties (0.4) (0.45) (05.3) (0.6.9) Charges in WC (414.4) (65.5) (95.4) (62.0) (50.3) Others 12.1<	Trade payables	284.2	358.9	394.7	411.5	426.1
Current liabilities 2,648.5 2,676.5 2,547.4 2,399.4 2,249.1 Shareholders funds 1,807.1 2,005.0 2,094.9 2,278.6 2,477.2 MI 552.8 584.5 609.5 638.7 670.2 Total Equity 2,359.8 2,589.6 2,704.4 2,917.3 3,147.4 Total E&L 6,329.8 6,592.1 6,492.7 6,472.4 6,467.1 Cash Flow Statement FY2.1 FY2.2 FY2.8E FY2.4F FY2.5F Pretax profit 140.3 326.6 337.3 394.1 426.0 Depreciation 283.7 301.2 314.9 310.8 Net interest 98.0 124.8 143.9 129.2 114.4 Associaties (0.4) (0.5) (0.6.0 (0.6.0) (0.6.0) Charges in WC (414.4) (65.7 (62.7) (102.5) (110.8) Others 12.1 22.3 0.0 0.0 0.0 0.0 Others <td>ST Borrowings</td> <td>2,070.1</td> <td>1,999.7</td> <td>1,834.9</td> <td>1,670.0</td> <td>1,505.2</td>	ST Borrowings	2,070.1	1,999.7	1,834.9	1,670.0	1,505.2
Shareholders funds 1,807.1 2,005.0 2,094.9 2,278.6 2,477.2 MI 552.8 584.5 609.5 638.7 670.2 Total Equity 2,359.8 2,589.6 2,704.4 2,917.3 3,147.4 Cash Flow Statement 6,329.8 6,592.1 6,492.7 6,472.4 6,467.1 Cash Flow Statement 140.3 326.6 337.3 394.1 426.0 Depreciation 283.7 301.2 326.1 334.9 330.8 Net interest 98.0 124.8 143.9 129.2 114.4 Associaties (0.4) (0.4) (0.5) (0.5) (0.6) Charges in WC (414.4) (60.5) (95.4) (62.0) (50.3) Tax (75.0) (88.9) (87.7) (102.5) (110.8) Others 12.1 22.3 0.0 0.0 0.0 Others (74.2) (9.5) 0.4 0.5 0.5 Interest income 14.4 13.1 16.0 17.0 18.0 Others (Others	294.2	317.8	317.8	317.8	317.8
MI 552.8 584.5 609.5 638.7 670.2 Total Equity 2,359.8 2,589.6 2,704.4 2,917.3 3,147.4 Total E&L 6,329.8 6,592.1 6,492.7 6,472.4 6,467.1 Cash Flow Statement FYE 31 Dec (RM mn) FY21 FY22 FY23E FY24F FY25F Pretax profit 140.3 326.6 337.3 394.1 426.0 Depreciation 283.7 301.2 326.1 334.9 330.8 Net interest 98.0 124.8 143.9 129.2 114.4 Associaties (0.4) (0.4) (0.5) (0.5) (0.6) Charges in WC (414.4) (60.5) (95.4) (62.0) (50.3) Tax (75.0) (88.9) (87.7) (102.5) (110.8) Others 12.1 22.3 0.0 0.0 0.0 Others (74.2) (9.5) 0.4 0.5 0.5 <t< td=""><td>Current liabilities</td><td>2,648.5</td><td>2,676.5</td><td>2,547.4</td><td>2,399.4</td><td>2,249.1</td></t<>	Current liabilities	2,648.5	2,676.5	2,547.4	2,399.4	2,249.1
Total Equity2,359.82,589.62,704.42,917.33,147.4Total E&L6,329.86,592.16,492.76,472.46,467.1Cash Flow StatementFYE 31 Dec (RM mn)FY21FY22FY23EFY24FFY25FPretax profit140.3326.6337.3394.1426.0Depreciation283.7301.2326.1334.9330.8Net interest98.0124.8143.9129.2114.4Associaties(0.4)(0.4)(0.5)(0.5)(6.6)Charges in WC(414.4)(60.5)(95.4)(62.0)(50.3)Tax(75.0)(88.9)(87.7)(102.5)(110.8)Others12.122.30.00.00.0Operational cash flow44.2625.2623.7693.2709.6Capex(332.8)(285.9)(180.0)(200.0)(300.0)Interest income14.413.116.017.018.0Others(74.2)(9.5)0.40.50.5Investing cash flow(392.6)(282.2)(163.6)(182.5)(281.5)Net share issue0.00.00.00.00.0Net share issue0.00.00.00.00.0Dividend paid(26.3)(0.7)(134.8)(78.7)(85.1)Interest paid(110.0)(133.0)(159.9)(146.2)(132.4)Others(26.2)(31.3) <td>Shareholders funds</td> <td>1,807.1</td> <td>2,005.0</td> <td>2,094.9</td> <td>2,278.6</td> <td>2,477.2</td>	Shareholders funds	1,807.1	2,005.0	2,094.9	2,278.6	2,477.2
Total E&L6,329.86,592.16,492.76,472.46,467.1Cash Flow Statement FYE 31 Dec (RM mn)FY21FY22FY23EFY24FFY25F Pretax profit140.3326.6337.3394.1426.0Depreciation283.7301.2326.1334.9330.8Net interest98.0124.8143.9129.2114.4Associaties(0.4)(0.4)(0.5)(0.5)(0.6)Changes in WC(414.4)(60.5)(95.4)(62.0)(50.3)Tax(75.0)(88.9)(87.7)(102.5)(110.8)Others12.122.30.00.00.0Operational cash flow44.2625.2623.7693.2709.6Capex(332.8)(285.9)(180.0)(200.0)(300.0)Interest income14.413.116.017.018.0Others(74.2)(9.5)0.40.50.5Investing cash flow(392.6)(282.2)(163.6)(182.5)(281.5)Net share issue0.00.00.00.00.0Dividend paid(26.3)(0.7)(134.8)(78.7)(65.1)Interest paid(110.0)(133.0)(159.9)(146.2)(132.4)Others(26.2)(31.3)0.00.00.0Financial cash flow264.3(362.5)(544.7)(474.9)(467.5)Net cash flow(84.1)(MI	552.8	584.5	609.5	638.7	670.2
Cash Flow Statement FYE 31 Dec (RM mn) FY21 FY22 FY23E FY24F FY25F Pretax profit 140.3 326.6 337.3 394.1 426.0 Depreciation 283.7 301.2 326.1 334.9 330.8 Net interest 98.0 124.8 143.9 129.2 114.4 Associaties (0.4) (0.5) (0.5) (0.6) Changes in WC (414.4) (60.5) (95.4) (62.0) (50.3) Tax (75.0) (88.9) (87.7) (102.5) (110.8) Others 12.1 22.3 0.0 0.0 0.0 Operational cash flow 44.2 625.2 623.7 693.2 709.6 Capex (332.8) (285.9) (180.0) (200.0) (300.0) Interest income 14.4 13.1 16.0 17.0 18.0 Others (74.2) (9.5) 0.4 0.5 0.5 Investing cash flo	Total Equity	2,359.8	2,589.6	2,704.4	2,917.3	3,147.4
Cash Flow Statement FYE 31 Dec (RM mn) FY21 FY22 FY23E FY24F FY25F Pretax profit 140.3 326.6 337.3 394.1 426.0 Depreciation 283.7 301.2 326.1 334.9 330.8 Net interest 98.0 124.8 143.9 129.2 114.4 Associaties (0.4) (0.5) (0.5) (0.6) Changes in WC (414.4) (60.5) (95.4) (62.0) (50.3) Tax (75.0) (88.9) (87.7) (102.5) (110.8) Others 12.1 22.3 0.0 0.0 0.0 Operational cash flow 44.2 625.2 623.7 693.2 709.6 Capex (332.8) (285.9) (180.0) (200.0) (300.0) Interest income 14.4 13.1 16.0 17.0 18.0 Others (74.2) (9.5) 0.4 0.5 0.5 Investing cash flo						
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FYE 31 Dec (RM mn) FY21 FY22 FY23E FY24F FY25F Pretax profit 140.3 326.6 337.3 394.1 426.0 Depreciation 283.7 301.2 326.1 334.9 330.8 Net interest 98.0 124.8 143.9 129.2 114.4 Associaties (0.4) (0.4) (0.5) (0.5) (0.6) Changes in WC (414.4) (60.5) (95.4) (62.0) (50.3) Tax (75.0) (88.9) (87.7) (102.5) (110.8) Others 12.1 22.3 0.0 0.0 0.0 Operational cash flow 44.2 625.2 623.7 693.2 709.6 Capex (332.8) (285.9) (180.0) (200.0) (300.0) Interest income 14.4 13.1 16.0 17.0 18.0 Others (74.2) (9.5) 0.4 0.5 0.5 Investing cash flow (392.6) (
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Interest income I 4.4 I 3.1 I 6.0 I7.0 I8.0 Others (74.2) (9.5) 0.4 0.5 0.5 Investing cash flow (392.6) (282.2) (163.6) (182.5) (281.5) Net share issue 0.0 0.0 0.0 0.0 0.0 Net share issue 0.0 0.0 0.0 0.0 0.0 Dividend paid (26.3) (0.7) (134.8) (78.7) (85.1) Interest paid (110.0) (133.0) (159.9) (146.2) (132.4) Others (26.2) (31.3) 0.0 0.0 0.0 Financial cash flow (84.1) (19.5) (84.6) 35.8 (39.4) Beginning Cash 645.8 575.1 556.1 471.5 507.3 Forex & others 13.4 0.4 0.0 0.0 0.0	Capav	(222.0)	(205.0)	(190.0)	(200.0)	(200.0)
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Beginning Cash 645.8 575.1 556.1 471.5 507.3 Forex & others 13.4 0.4 0.0 0.0 0.0	i mancial casil iluw	204.3	(302.3)	(,,,,,)	(1.7.7)	(-107.3)
Beginning Cash 645.8 575.1 556.1 471.5 507.3 Forex & others 13.4 0.4 0.0 0.0 0.0	Net cash flow	(84 1)	(195)	(84.6)	35.8	(39 4)
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			0.1	0.0	0.0	0.0
	Ending Cash	575 1	556 1	471 5	507 3	467 9

FY22

FY23E

FY2I

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Stock Recommendation Guideline

 BUY :
 Total return within the next 12 months exceeds required rate of return by 5%-point.

 HOLD :
 Total return within the next 12 months exceeds required rate of return by between 0-5%-point.

 SELL :
 Total return is lower than the required rate of return.

 Not Rated:
 The company is not under coverage. The report is for information only.

Total Return is defined as expected share price appreciation plus gross dividend over the next 12 months. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

Required Rate of Return of 7% is defined as the yield for one-year Malaysian government treasury plus assumed equity risk premium.

ESG Scoring & Guideline

	Environmental	Social	Governance	Average
Scoring	***	***	***	***
Remark	Compliant towards waste management on both hazardous and non-hazardous waste. However, score is muted owing to absence of quantifiable goal for near future.	products helps to meet protein needs and encourage balance diet.		
*** (60	-79%) : Above adequate integration of ES	G factors into most aspects of operation		directions.
★★★ (40	-59%) : Adequate integration of ESG fact	ors into operations, management and fut	ture directions.	
** (20	-39%) : Have some integration of ESG fac	ctors in operations and management but a	are insufficient.	

(<20%) : Minimal or no integration of ESG factors in operations and management.

Disclaimer

The information in this report has been obtained from sources believed to be reliable. Its accuracy and/ or completeness is not guaranteed and opinions are subject to change without notice. This report is for information only and not to be construed as a solicitation for contracts. We accept no liability for any direct or indirect loss arising from the use of this document. We, our associates, directors, employees may have an interest in the securities and/or companies mentioned herein.

As of Thursday, March 02, 2023, the analyst, Ong Tze Hern, who prepared this report, has interest in the following securities covered in this report:

(a) nil

Kaladher Govindan – Head of Research

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