

WCT Holdings (WCTHG MK)

Share Price: MYR2.09

MCap (USD): 0.7B

Malaysia

Target Price: MYR2.55 (+22%)

ADTV (USD): 1.7M

Construction

BUY

(unchanged)

Reaping fruits of diversification

- Property development key driver to WCT's future earnings growth.
- Negative factors have been priced in to share price.
- Maintain BUY at a lower TP of MYR2.55 (from MYR3.00).

What's New

4Q13 core net profit was actually in line, with 12M core net profit meeting 96% of our forecast, after adjusting for MYR40m provisions incurred at its construction division.

WCT's construction arm is facing stiffer competition locally and overseas. Nevertheless, it will continue to actively tender for both local and overseas construction jobs. On the other hand, WCT unveiled its robust MYR1.2b 2014 property sales target, buoyed by its MYR2.32b worth of new property launches.

What's Our View

WCT's near term earnings will be supported by its MYR2.1b outstanding construction orderbook and MYR575m unbilled property sales. Going forward, WCT's earnings growth will be driven by property development and property investments that should offset the construction division's benign earnings growth.

We cut our 2014/15 net profit forecasts by -9%/-14% due to: i) lower 2014/15 construction job win forecasts; ii) toned down 2015 property sales estimate; but slightly mitigated by iii) increased Gateway@KLIA2 earnings forecast on higher rental rates. Our TP is reduced to MYR2.55 (from MYR3.00) after we change our valuation basis to sum-of-parts from earnings multiple to better reflect its 'diversified-business' structure versus 'single product'.

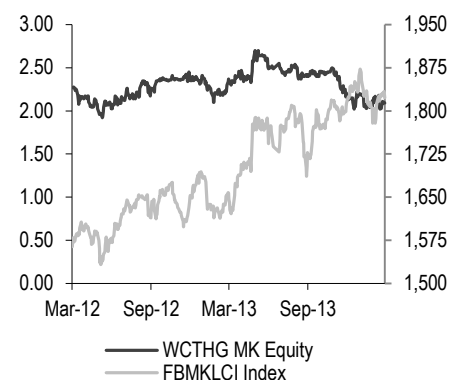
The bad news and risks are already priced in with the stock trading close to its 10-yr historical forward mean PER of 11x. Major job wins, clinching RRIM land tender and opening of Gateway@KLIA2 would re-rate the stock positively. Therefore, maintain BUY.

FYE Dec (MYR m)	2012A	2013A	2014F	2015F	2016F
Sales	1,560.4	1,672.4	1,661.3	1,712.1	1,740.5
EBITDA	240.6	310.1	294.8	326.2	369.5
Core net profit	158.7	200.5	188.7	201.5	235.2
Core EPS (sen)	36.3	17.7	17.5	18.4	20.8
Core EPS growth (%)	113.5	(51.4)	(1.0)	5.2	13.0
Net DPS (sen)	6.5	6.8	6.8	6.8	6.8
BVPS (MYR)	1.91	2.02	2.15	2.27	2.42
Core P/E (x)	5.8	11.8	12.0	11.4	10.1
EV/EBITDA (x)	16.6	12.9	13.5	12.2	10.8
Net dividend yield (%)	3.1	3.2	3.2	3.2	3.2
P/BV (x)	1.1	1.0	1.0	0.9	0.9
Net debt/equity (%)	41.0	40.1	22.8	18.1	12.6
ROAE (%)	19.8	9.0	8.0	8.1	8.9
ROAA (%)	7.2	3.6	3.4	3.5	4.1
Chg in net profit (%)			(9.3)	(14.0)	New

Key Data

Shariah status	YES
52w high/low (MYR)	2.74/1.99
Free float (%)	47.3
Issued shares (m)	1,091
Market capitalization	MYR2.3B
Major shareholders:	
WCT Capital	19.1%
EPF	10.9%
LTH	9.4%

Share Price Performance



	1 Mth	3 Mth	12 Mth
Absolute (%)	2.0	(7.1)	(10.7)
Relative to country (%)	1.2	(6.0)	(20.6)

Maybank vs Market

	Positive	Neutral	Negative
Market Recs	10	9	2
	Maybank	Consensus	% +/-
Target Price (MYR)	2.55	2.47	3.3
2013 Net Profit (MYR m)	189	197	(4.1)
2014 Net Profit (MYR m)	202	218	(7.5)

Source: Bloomberg; Maybank

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Reviewing 2013's performance

4Q13 results dragged by provisions

Management alluded that 4Q13 construction EBIT (-77% QoQ, -45% YoY) was weighed down by: i) MYR30m provisions for expected increase in existing construction projects' building material costs; and ii) MYR10m provision for doubtful debts for the completed Kudat water supply project. Therefore, 4Q13 core construction EBIT actually increased 46% QoQ and 252% YoY. We attribute the stellar earnings growth to lumpy recognition of construction works. Management also clarified that the slower QoQ construction works recognition and property progress billings in 4Q13 were due to labour shortage faced by its subcontractors.

WCT: Results Summary Table (Released on 26 Feb 2014)

FY Dec (MYR m)	Quarterly					Cumulative		
	4Q13	4Q12	% YoY	3Q13	% QoQ	2013	2012	% YoY
Turnover	280.4	380.2	(26.2)	418.5	(33.0)	1,672.4	1,560.4	7.2
EBIT	77.5	275.8	(71.9)	73.7	5.2	302.7	467.8	(35.3)
Interest expense	(19.9)	(18.9)	5.2	(17.1)	16.6	(67.6)	(68.9)	(1.8)
Associates	7.8	3.0	162.5	3.3	135.9	19.2	16.0	19.6
Pre-tax profits	65.4	259.8	(74.8)	59.9	9.2	254.2	414.9	(38.7)
Tax	(11.6)	(28.1)	(58.9)	(19.3)	(40.2)	(64.5)	(69.2)	(6.9)
Minority Interests	2.5	7.2	(65.5)	0.8	222.0	7.8	13.2	(40.7)
Net profit	56.4	239.0	(76.4)	41.3	36.4	197.5	358.9	(45.0)
Net profit (ex-forex, ex-EL)	(3.1)	25.7	(112.1)	38.4	(108.1)	156.2	154.4	1.2
	4Q13	4Q12	+/- ppt	3Q13	+/- ppt	2013	2012	+/- ppt
EBIT margin (%)	27.7	72.5	(44.9)	17.6	10.0	18.1	30.0	(11.9)
Pretax margin (%)	23.3	68.3	(45.0)	14.3	9.0	15.2	26.6	(11.4)
Tax rate (%)	17.7	10.8	6.9	32.3	(14.6)	25.4	16.7	8.7
Revenue:	4Q13	4Q12	% YoY	3Q13	% QoQ	2013	2012	% YoY
Construction	232.9	199.3	16.9	269.3	(13.5)	1,168.4	1,012.4	15.4
Property devt	32.9	152.7	(78.4)	135.2	(75.6)	442.5	463.0	(4.4)
Property investment	14.5	28.2	(48.5)	14.0	3.8	61.5	85.0	(27.6)
Total	280.4	380.2	(26.2)	418.5	(33.0)	1,672.4	1,560.4	7.2
EBIT								
Construction	7.5	13.5	(44.7)	32.6	(77.1)	129.3	110.0	17.6
Property devt	12.1	40.0	(69.7)	35.0	(65.4)	93.6	117.5	(20.3)
Property investment	58.0	222.4	(73.9)	6.0	862.7	79.7	240.4	(66.8)
Total	77.5	275.8	(71.9)	73.7	5.2	302.7	467.8	(35.3)
EBIT margin (%)	4Q13	4Q12	+/- ppt	3Q13	+/- ppt	2013	2012	+/- ppt
Construction	3.2	6.8	(3.6)	12.1	(8.9)	11.1	10.9	0.2
Property devt	36.8	26.2	10.6	25.9	10.9	21.2	25.4	(4.2)
Property investment	398.5	787.8	(389.3)	43.0	355.6	129.7	282.8	(153.1)
Total	27.7	72.5	(44.9)	17.6	10.0	18.1	30.0	(11.9)

Source: Company, Maybank KE

Strong core earnings growth in 2013

WCT's 2013 core net profit still chalked 26% YoY growth. The strong growth is mainly driven by its construction division core EBIT (+78% YoY) with 15% YoY growth in construction works recognition and 5.9ppt YoY higher construction margins.

This offset weaker EBIT contribution from its property division (-20% YoY) as progress billings nudged down 4% YoY and property EBIT margin declined 4 ppt YoY. The lower property margins were due to contribution from the first phase of OneMedini, Iskandar Malaysia that was launched at lower margins. Meanwhile, property investment EBIT also improved with strengthened earnings of Paradigm Mall Kelana Jaya and BBT Mall, Klang.

WCT: Results Summary Table (Amended after clarification with management post results)

FY Dec (MYR m)	Quarterly					Cumulative		
	4Q13	4Q12	% YoY	3Q13	% QoQ	2013	2012	% YoY
Turnover	280.4	380.2	(26.2)	418.5	(33.0)	1,672.4	1,560.4	7.2
EBIT	77.5	275.8	(71.9)	73.7	5.2	302.7	467.8	(35.3)
Interest expense	(19.9)	(18.9)	5.2	(17.1)	16.6	(67.6)	(68.9)	(1.8)
Associates	7.8	3.0	162.5	3.3	135.9	19.2	16.0	19.6
Pre-tax profits	65.4	259.8	(74.8)	59.9	9.2	254.2	414.9	(38.7)
Tax	(11.6)	(28.1)	(58.9)	(19.3)	(40.2)	(64.5)	(69.2)	(6.9)
Minority Interests	2.5	7.2	(65.5)	0.8	222.0	7.8	13.2	(40.7)
Net profit	56.4	239.0	(76.4)	41.3	36.4	197.5	358.9	(45.0)
Net profit (ex-forex, ex-EL)	41.9	30.3	38.5	38.3	9.4	200.5	158.8	26.2
	4Q13	4Q12	+/- ppt	3Q13	+/- ppt	2013	2012	+/- ppt
EBIT margin (%)	27.7	72.5	(44.9)	17.6	10.0	18.1	30.0	(11.9)
Pretax margin (%)	23.3	68.3	(45.0)	14.3	9.0	15.2	26.6	(11.4)
Tax rate (%)	17.7	10.8	6.9	32.3	(14.6)	25.4	16.7	8.7
Revenue:	4Q13	4Q12	% YoY	3Q13	% QoQ	2013	2012	% YoY
Construction	232.9	199.3	16.9	269.3	(13.5)	1,168.4	1,012.4	15.4
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Total	280.4	380.2	(26.2)	418.5	(33.0)	1,672.4	1,560.4	7.2
EBIT								
Construction	47.5	13.5	252.1	32.6	45.6	195.6	110.0	77.9
Property devt	12.1	40.0	(69.7)	35.0	(65.4)	93.6	117.5	(20.3)
Property investment	14.3	11.5	24.4	6.0	136.9	36.0	29.5	22.4
Total	73.8	64.9	13.8	73.7	0.2	325.3	256.9	26.6
EBIT margin (%)	4Q13	4Q12	+/- ppt	3Q13	+/- ppt	2013	2012	+/- ppt
Construction	20.4	6.8	13.6	12.1	8.3	16.7	10.9	5.9
Property devt	36.8	26.2	10.6	25.9	10.9	21.2	25.4	(4.2)
Property investment	98.1	40.6	57.4	43.0	55.1	58.6	34.7	24.0
Total	26.3	17.1	9.3	17.6	8.7	19.5	16.5	3.0

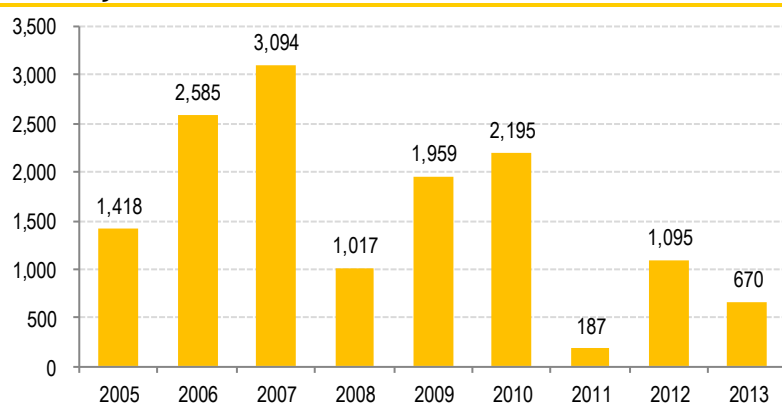
Source: Company, Maybank KE

A series of unfortunate events in 2013

Despite its strong core earnings growth, WCT was plagued with negative events in 2013 including: i) lackluster construction job replenishment in 2013; ii) delay in obtaining advertising permits for property projects; iii) labour shortage issue; and iv) postponed opening of Gateway@KLIA2 mall.

WCT's 2013 job replenishment of MYR670m (-39% YoY) was dismal due to continuous delays in jobs awarded in the Middle East and rising competition in the industry, both locally and overseas. WCT's tender for a road construction project in Qatar wasn't successful as another player underbid WCT. Meanwhile, the contract for the Putrajaya buildings construction Parcel F project has not been awarded yet but WCT believes that it is not the lowest bidder.

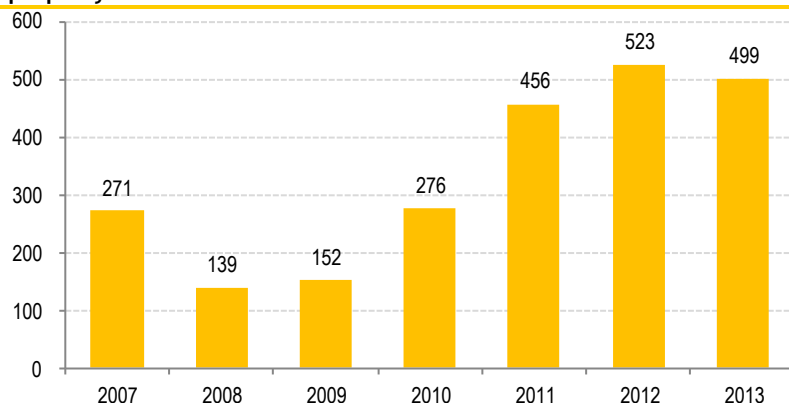
Construction job wins



Sources: Company, Maybank KE

WCT's new property sales achieved in 2013 was MYR499m (-5% YoY) which undershot its target sales of MYR775m. However, the underperformance was due to delays in obtaining advertising permits for two of its property projects including D'Laman and Paradigm Residences, Kelana Jaya which have already received pre-sales bookings worth MYR200m.

New property sales



Sources: Company, Maybank KE

Due to a crackdown on illegal immigrants in 2H13, WCT's subcontractors were hit with labour shortages. WCT has hired construction workers directly for its subcontractors to alleviate the problem.

Improving prospects

Actively tendering for construction jobs

In 2014, WCT is one of the potential beneficiaries of the burgeoning construction activities driven by the infrastructure projects, government land development and O&G projects in Malaysia. It is vying for (i) subcontracting jobs from the West Coast Expressway and (ii) KL Sentral Linkway construction works for KVMRT 1. West Coast Expressway's construction is expected to start in 2014 and job tenders should open in 3Q14. WCT is also eyeing earthworks for the RAPID, Pengerang (Johor) project and Rubber Research Institute (RRI) Land development at Sungai Buloh (Selangor). In addition, WCT has tendered for Putrajaya buildings construction at Parcel Z worth MYR400m and is currently waiting for the outcome of its bid.

WCT will also continue to bid for construction projects in the Middle East to leverage on its strong track record there. Currently, it is prequalified for two construction projects worth MYR1b each. WCT targets to clinch MYR1b of projects locally and MYR1b of projects overseas in 2014. Additionally, WCT's internal jobs from its property development and property investment are growing and will further enhance its orderbook. Internal jobs outstanding orderbook increased 155% YoY to MYR1.3b in 2013.

Targeting strong property sales

WCT targets to achieve record high sales of MYR1.2b within its property development division in 2014 (vs FY13's locked-in sales of MYR499m). The projects that were delayed due to issues regarding advertising approval permits will contribute MYR200m. In addition, WCT plans to launch MYR2.32b worth of properties in 2014. 70% of the new launches will be in the Klang Valley with the remaining 30% in Johor (refer to table on the right). WCT is also one of the 20 shortlisted property developers for the RRIM Land project - phase 1. For the longer run, WCT's property arm still has 829 acres of undeveloped property land bank in the Klang Valley and Johor with an estimated GDV of MYR18.4b.

Target new property launches in 2014

Property development	GDV (MYR m)
BBT2 - Shop + Serviced apartment	394.0
Bandar Parklands, Klang South	143.0
Laman Greenville @ Klang South	439.0
Skyz Jelutong @ Bkt Jelutong	146.0
Paradigm Residences, Kelana Jaya	483.0
A60, The Volt, Medini North	502.0
Paradigm JB, Serviced Apartment	193.0
One Medini Garden Villa	20.0
	2,320.0

Source: Company

Growing property investments

WCT also intends to strengthen recurring income from its property investments that currently consist of two shopping malls and one hotel. Upon the opening of Gateway@KLIA2, WCT will own three malls with a total 2m sq ft net lettable area (NLA). WCT targets to add 1.2m sq ft NLA in 2016 with Paradigm Johor Bahru and another 1.5m sq ft NLA with Paradigm OUG, KL in 2017. By then, the total NLA would be 4.7m sq ft. WCT also plans to add one new Premiere Hotel each year within 2015-2017. Total hotel rooms would increase to 1,232 in 2017 from current 250.

Earnings forecasts

Fine-tuning forecasts

We impute the lower-than-expected actual 2013 construction job wins and property sales and also accounted for the outstanding construction orderbook and unrecognised property sales as of end-2013.

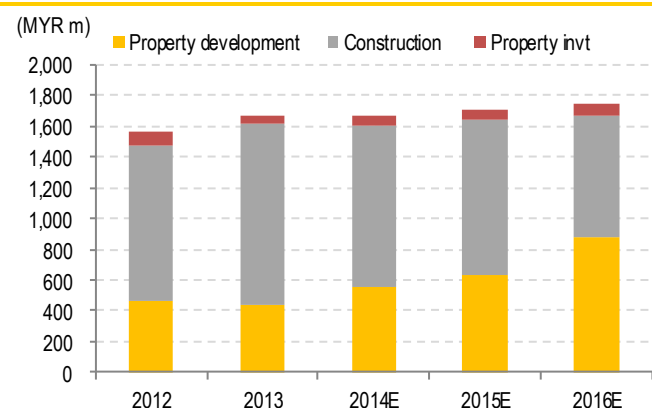
- Going forward, we tone down our FY14/15 construction job win forecast to MYR800m p.a. from MYR1b in view of the tough environment.
- Our MYR1b 2014 property sales forecast (below management target of MYR1.2b) is maintained while 2015 property sales estimate is cut to MYR800m from MYR1.2b. We also imputed lower margins for the OneMedini project.
- As for property investments, we account for a further delay in the opening of Gateway@KLIA2 to Oct 2014 (from May 2014) and higher rental rates of average MYR22 psf (from MYR10 psf).

Consequently, we cut our 2014/15 group net profit forecasts by -9%/-14%. We also introduced our 2016 earnings forecast.

Property development to drive earnings growth

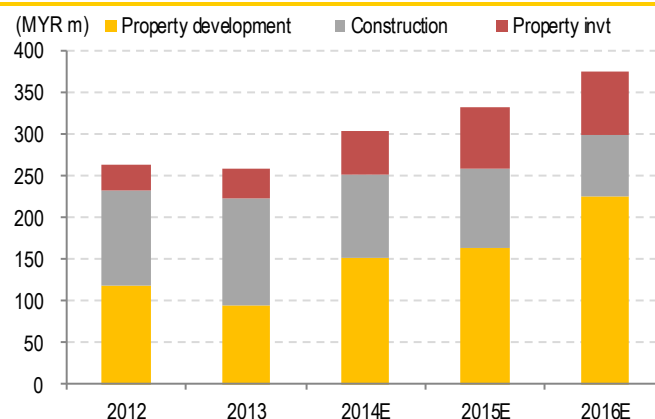
Going forward, we expect growth in construction earnings to be benign due to slower construction jobs replenishment. On the other hand, property development division earnings should grow strongly with the high locked in sales in the last two years and strong sales forecasts. Property investments earnings contribution should improve gradually as well.

Revenue breakdown



Sources: Company, Maybank KE

EBIT breakdown



Sources: Company, Maybank KE

Valuations

We change our valuation method to sum-of-parts from target PER as we believe it is now more appropriate to assess WCT on a 'diversified-business' versus a 'single product' basis. Importantly, the former factors in the development potential of WCT's strategic property landbank. We value its construction and property investment division using earnings multiple method. The property development division is valued based on 40% discount to realisable net asset value of its property landbank, in line with our valuation for Glomac (GLMC MK, BUY) given similarities in their landbank sizes and locations.

The earnings multiples applied are as follows: i) construction division is valued at 12x 2015 PER in line with average forward PER of the construction sector and ii) property investment division is valued at 12x 2015 PER, a 30% discount to REIT companies average PER of 16x since WCT offers lower dividend yields. Consequently, our TP is reduced to MYR2.55 (from MYR3.00).

Our new TP would imply 13.9x FY15 PER for the group, still not demanding.

WCT's Sum-Of-Parts valuation

	<i>2015F net profit</i>	<i>PER target</i>	<i>WCT's stake</i>	<i>Value</i>	
Construction	70.7	12.0	100.0%	848.4	12x 2015 PER
Property investment	31.5	12.0	100.0%	378.3	12x 2015 PER
		<i>DCF value</i>	<i>WCT's stake</i>	<i>Value</i>	
Property development		1,420.7	100.0%	1,420.7	40% discount on RNAV
Gateway@KLIA2 concession		398.7	70.0%	279.1	DCF

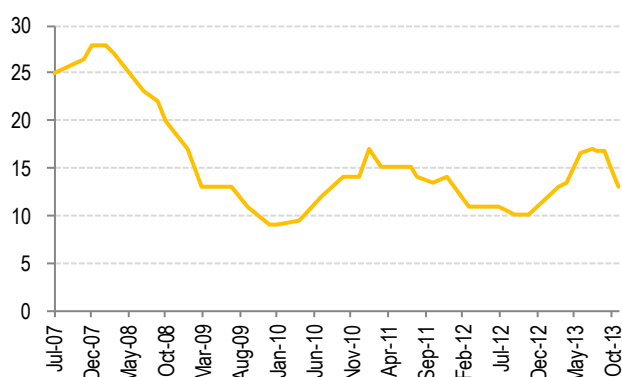
Total SOP				2,926.5	
Cash proceeds from warrants				688.5	

Fully Diluted (FD) SOP				3,615.0	
				=====	
SOP/sh (MYR)				2.78	
FD SOP/sh (MYR)				2.56	
FD SOP/sh (MYR) - Rounded				2.55	
<i>Number of shares</i>				<i>1,052.0</i>	
<i>FD number of shares</i>				<i>1,413.1</i>	

Source: Maybank KE

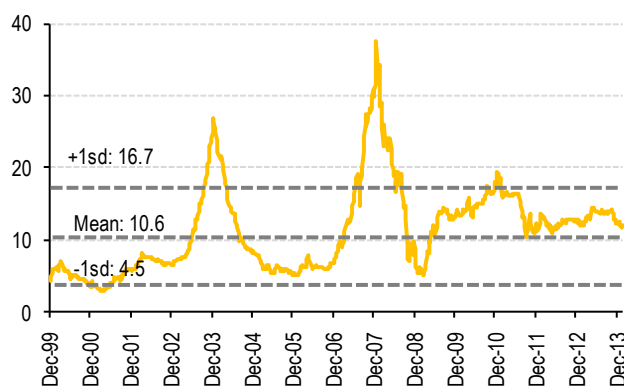
WCT's share price has declined 23% since its peak in May 2013, underperforming the KL Construction Index which was down 4% during the same period. We think the negative events and risks have been priced in. Currently, WCT trades at an undemanding forward PER of 11.4x, close to its 10-yr historical average forward PER. The stock would be re-rated upwards when (and if) WCT: i) clinches more new construction projects; ii) wins the RRI Land tender; or iii) Gateway@KLIA2 opens. We also believe the market has not factored in the value of its Gateway@KLIA2's 35-year concession into its share price.

WCT: Foreign shareholding (13% @ Dec 2013; +3ppts YoY)



Sources: Company, Maybank KE

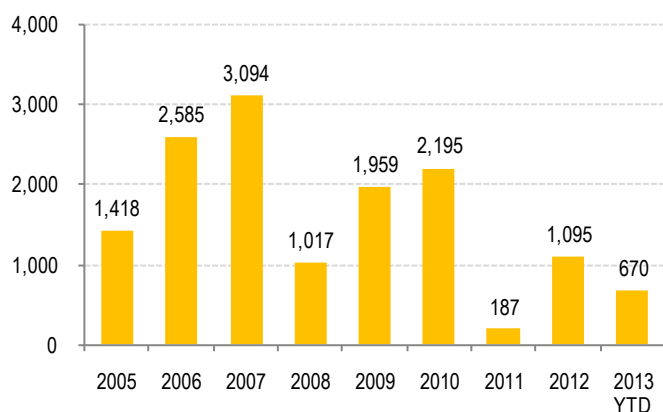
WCT: One-year forward rolling PER



Sources: Bloomberg, Maybank KE

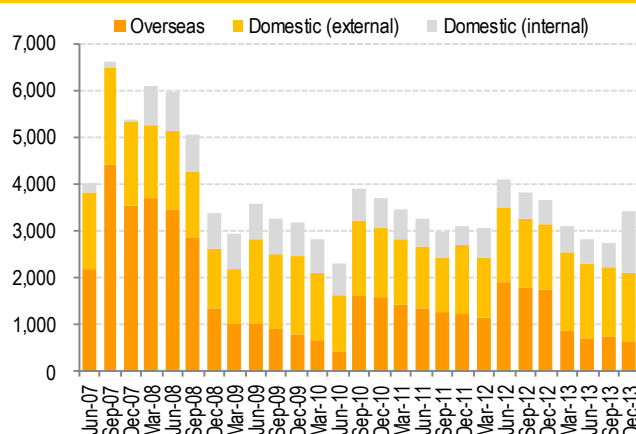
Highlights, in charts and tables...

WCT: Construction job win, MYR670m in 2013



Sources: Company, Maybank KE

WCT: Outstanding construction order book, MYR3.41b



Sources: Company, Maybank KE

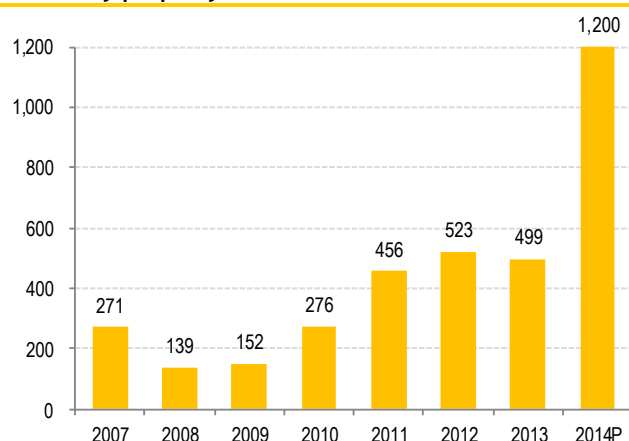
WCT: Outstanding construction order book, details

	Contract value (MYRm)		Outstanding (MYRm)			
	Total	WCT's shr	at Mar '13	at Jun '13	at Sep '13	at Dec '13
OVERSEAS						
Government Admin Office, Qatar *	1,360	1,360	844	704	727	628
New Doha Intl Airport, Qatar	3,270	1,600	20	12	2	2
44.75km Batinah Expressway, Pkg 2, Oman @	1,004	800	-	-	-	-
Total overseas (A)			864	716	729	630
DOMESTIC (external)						
<u>Civil engineering & infrastructure</u>						
Medini Iskandar Malaysia	766	766	-	-	-	-
LCCT earthworks EW1	363	363	3	3	3	-
Vale civil works, Perak #	115	115	3	3	-	-
Vale industrial civil works, Perak @	73	73	29	7	6	23
PLUS widening (Nilai-Seremban) @	391	391	366	349	349	322
Tun Razak Exchange %	169	169	169	168	167	162
Others			55	55	54	67
			625	585	579	574
<u>Building</u>						
KLIA2 Integrated Complex *	486	486	74	31	-	-
Tuaran Hospital, Sabah *	128	128	46	35	18	8
MITI HQ, Mukim Batu, KL @	300.5	300.5	265	261	251	237
KK Medical Centre & Riverson @	331	331	295	281	265	248
Putrajaya Commercial Office %	315	315	315	315	315	315
Others			68	68	67	75
			1,063	991	916	883
Total Domestic (external) (B)			1,688	1,576	1,495	1,457
TOTAL EXTERNAL (C=A+B)			2,552	2,292	2,224	2,087
INTERNAL: Paradigm & others (D)			541	538	519	1,322
TOTAL (C+D)			3,093	2,830	2,743	3,409

* New in 2010; # New in 2011; @ New in 2012; % New in 2013

Sources: Company, Maybank KE

WCT: Yearly property sales



Source: Company, Maybank KE

WCT: Land bank

Location	Total acres	Bal acres	GDV (MYRm)	Dev't type
BBT, Klang	1,336	126	5,228	Township
D'Laman, Klang #	56	56	450	Luxury homes
Paradigm, PJ	14	8	700	Mixed
Medini Biz Dist, Johor #	20.8	20.8	2600	Mixed
Bkt Jelutong, Shah Alam *	2.3	2.3	120	Mixed
Bdr Serendah, S'gor *	39	39	270	Industrial
Rawang, Selangor *	468	468	1,200	Township
OUG, OKR, KL @	57	57	4,900	Mixed
Lot A60, Medini @	18	18	1,500	Mixed
Inanam, KK, Sabah @	22	22	200	Luxury homes
Jln Skudai, Johor @	12	12	1200	Mixed
Total	2,045	829	18,368	

New in 2010; * New in 2011; @ New in 2012

Source: Company, Maybank KE

WCT: Property development projects

	GDV (MYR m)	Stake (%)	Total sales to date (MYR m)	Sales in 2009 (MYR m)	Sales in 2010 (MYR m)	Sales in 2011 (MYR m)	Sales in 2012 (MYR m)	Sales in 2013 (MYR m)	Billings to date (MYR m)	Unrecognised @ Dec '13 (MYR m)
Integrated township										
Bandar Bukit Tinggi 1	2,196	100	1,120	10	30	26	4	12	1,120	0
Bandar Bukit Tinggi 2	2,671	100	1,490	43	5	38	14	120	1,410	80
Bandar Parklands	4,382	100	1,165	81	162	315	186	166	1078	87
Rawang, Selangor #	1,200	100	-	-	-	-	-	-	-	-
Luxury homes										
D'Banyan Residency	269	100	258	18	79	77	3	21	253	5
D'Laman, Klang *	450	100	-	-	-	-	-	-	-	-
Inanam, KK, Sabah @	200	100	-	-	-	-	-	-	-	-
Retail & commercial										
The Paradigm, Kelana J	700	70	-	-	-	-	-	-	-	-
Medini Business District *	2,600	100	-	-	-	-	-	-	-	-
Bkt Jelutong comm #	120	100	-	-	-	-	-	-	-	-
A60 - Medini North @	1,500	100	-	-	-	-	-	-	-	-
Jln Skudai, Johor @	1,200	100	-	-	-	-	-	-	-	-
High-rise homes										
1Medini	778	70	496	-	-	-	316	180	93	403
DPN Land, HCMC	500	100	-	-	-	-	-	-	-	-
Industrial										
Bdr Serendah, Selangor #	270	100	-	-	-	-	-	-	-	-
Mixed										
OUG, Old Klang Rd @	4,900	100	-	-	-	-	-	-	-	-
Vietnam										
Platinum Plaza	1,000	67	-	-	-	-	-	-	-	-
Total			4,529	152	276	456	523	499	3,954	575

* New in 2010; # New in 2011; @ New in 2012; Sources: Company, Maybank KE

INCOME STATEMENT (MYR m)

FY Dec	2013A	2014F	2015F	2016F
Turnover	1,672.4	1,661.3	1,712.1	1,740.5
EBITDA	310.1	294.8	326.2	369.5
Depreciation & Amortisation	(9.9)	(10.4)	(11.0)	(11.5)
Operating Profit	300.1	284.3	315.2	358.0
Associates	12.1	20.2	21.2	22.2
Interest (Exp)/Inc	(34.5)	(46.8)	(51.9)	(49.0)
Exceptional Items	(34.6)	0.0	0.0	0.0
Pre-Tax Profit	254.2	257.7	284.5	331.2
Tax	(64.5)	(64.4)	(71.1)	(82.8)
Minority Interest	7.8	(4.5)	(11.9)	(13.2)
Net Profit	197.5	188.7	201.5	235.2
Recurring Net Profit	200.5	188.7	201.5	235.2
Revenue Growth %	7.2	(0.7)	3.1	1.7
EBITDA Growth (%)	28.9	(4.9)	10.7	13.3
EBIT Growth (%)	28.2	(5.3)	10.9	13.6
Net Profit Growth (%)	(45.0)	(4.5)	6.8	16.7
Recurring Net Profit Growth	26.3	(5.9)	6.8	16.7
Tax Rate %	22.6	25.0	25.0	25.0

CASH FLOW (MYR m)

FY Dec	2013A	2014F	2015F	2016F
Profit after taxation	254.2	257.7	284.5	331.2
Depreciation	9.9	10.4	11.0	11.5
Net interest	(31.2)	46.8	51.9	49.0
Working capital change	(830.0)	237.2	(12.4)	(18.2)
Cash tax paid	(64.6)	(64.4)	(71.1)	(82.8)
Others (incl'd exc. items)	(48.5)	0.0	0.0	0.0
Cash flow from operations	(710.1)	487.7	263.8	290.7
Capex	(23.1)	(30.0)	(30.0)	(30.0)
Disposal/(purchase)	122.4	0.0	0.0	0.0
Others	(119.2)	0.0	0.0	0.0
Cash flow from investing	(19.9)	(30.0)	(30.0)	(30.0)
Debt raised/(repaid)	406.6	(200.0)	(200.0)	(100.0)
Equity raised/(repaid)	259.6	1.0	1.0	1.0
Dividends (paid)	(72.9)	(73.7)	(73.7)	(73.7)
Interest payments	0.0	(65.9)	(70.0)	(66.2)
Others	0.0	0.0	0.0	0.0
Cash flow from financing	593.4	(338.6)	(342.7)	(239.0)
Change in cash	(136.7)	119.1	(108.9)	21.7

Source: Company, Maybank KE

BALANCE SHEET (MYR m)

FY Dec	2013A	2014F	2015F	2016F
Fixed Assets	271.7	291.2	310.3	328.8
Other LT Assets	2,493.2	2,513.4	2,534.5	2,556.8
Cash/ST Investments	1,039.1	1,187.3	1,074.3	1,090.1
Other Current Assets	1,730.7	1,740.0	1,774.6	1,792.6
Total Assets	5,534.6	5,731.8	5,693.7	5,768.1
ST Debt	369.1	269.1	169.1	69.1
Other Current Liabilities	862.2	1,108.7	1,131.0	1,130.7
LT Debt	1,553.1	1,453.1	1,353.1	1,353.1
Other LT Liabilities	493.9	493.9	493.9	493.9
Minority Interest	52.1	56.6	68.4	81.7
Shareholders' Equity	2,204.3	2,350.5	2,478.3	2,639.7
Total Liabilities-Capital	5,534.6	5,731.8	5,693.7	5,768.1
Share Capital (m)	1,092.5	1,092.5	1,092.5	1,092.5
Net Debt	883.0	534.8	447.8	332.1
Working Capital	887.9	650.7	663.1	681.3
Gross Gearing %	87.2	73.3	61.4	53.9

RATES & RATIOS

FY Dec	2013A	2014F	2015F	2016F
EBITDA Margin %	18.5	17.7	19.0	21.2
Op. Profit Margin %	17.9	17.1	18.4	20.6
Net Profit Margin %	11.8	11.4	11.8	13.5
ROE %	9.0	8.0	8.1	8.9
ROA %	3.6	3.4	3.5	4.1
Net Margin Ex. El %	12.0	11.4	11.8	13.5
Dividend Cover (x)	37.3	39.1	36.6	31.4
Interest Cover (x)	7.9	6.1	6.1	7.3
Asset Turnover (x)	0.3	0.3	0.3	0.3
Asset/Debt (x)	2.9	3.3	3.7	4.1
Debtors Turn (days)	175.3	150.0	150.0	150.0
Creditors Turn (days)	160.7	180.0	180.0	180.0
Inventory Turn (days)	20.0	20.2	20.1	20.4
Net Gearing (x)	0.4	0.2	0.2	0.1
Debt/ EBITDA (x)	6.2	5.8	4.7	3.8
Debt/ Market Cap (x)	0.9	0.8	0.7	0.6
EV/EBITDA (x)	12.9	13.6	12.3	10.8

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