



Company report

AmInvestment Bank

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03 2036 2290

Orthopaedics for muscles of growth

BUY

(Initiation)

Rationale for report: Initiation

Price	RM3.35
Fair Value	RM3.82
52-week High/Low	RM4.55/RM1.77

Key Changes

Fair value	Initiation
EPS	Initiation

YE to Dec	FY19	FY20E	FY21F	FY22F
Revenue (RM mil)	688.8	714.7	755.6	805.6
Net Profit (RM mil)	49.6	54.1	59.6	69.5
EPS (sen)	10.5	11.4	12.6	14.7
EPS growth (%)	(13.3)	9.2	10.1	16.6
Consensus net (RM mil)	-	54.7	60.0	69.2
DPS (sen)	3.7	3.7	4.0	4.7
PE (x)	31.9	29.3	26.6	22.8
EV/EBITDA (x)	20.5	19.0	17.4	14.8
Div Yield (%)	1.1	1.1	1.2	1.4
ROE (%)	13.0	12.1	12.1	13.0
Net Gearing (%)	nm	nm	nm	nm

Stock and Financial Data

Shares Outstanding (million)	469.2
Market Cap (RMmil)	1,571.8
Book Value (RM/share)	0.90
P/BV (x)	3.7
ROE (%)	13.0
Net Gearing (%)	-

Major Shareholders	Apex Pharmacy Holdings (40.2%) Washington H. Soul Pattinson and Company Ltd. (29.9%)
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Free Float	29.9%
Avg Daily Value (RM mil)	0.5

Price performance	3mth	6mth	12mth
Absolute (%)	1.8	1.5	41.1
Relative (%)	(3.7)	3.4	38.5



Investment Highlights

- We initiate coverage on Apex Healthcare (Apex) with a BUY recommendation and fair value of RM3.82/share.** Our fair value for Apex is based on a PE of 26x on FY22F EPS. The PE of 26x is slightly higher than the regional pharmaceutical industry's average PE of 24.4x for FY22F.
- A pharmaceutical company with strong growth prospects in the orthopaedics segment.** Apex is involved in the development, manufacturing, marketing and distribution of pharmaceutical products. It is one of Malaysia's largest pharmaceutical wholesalers. However, what sets Apex apart from the other pharmaceutical outfits is its expansion in the orthopaedics segment. Although earnings contribution from this segment is still small at less than 10%, we believe that there is potential for growth. Apex's orthopaedic device contract-manufacturing arm, STRAITS, is well positioned to benefit from emerging markets' customer base. Rising price pressure in developed markets is also expected to benefit STRAITS, which specialises in cost-effective manufacturing solutions.
- Strong focus on R&D and new product launches.** Apex plans to continue widening its range of high margin-yielding in-house brands. Apex's product range is expected to be bolstered by the completion of the acquisition of SPP NOVO. Through SPP NOVO, Apex is venturing into the manufacturing of oral solid dosage products. Apex's current portfolio of products includes tablets, capsules, liquid medicine.
- Beneficiary of Covid-19 vaccine as it has cold chain facilities.** Apex recently expanded its cold chain facility in both Malaysia and Singapore, capable of storing vaccines. Coupled with a robust warehousing system, we predict that Apex will be a prominent player in the Covid-19 vaccine distribution.
- Solid track record.** Apex has been enjoying strong growth in the past three years, with revenue and core net profit rising at CAGRs of 5.8% and 12.0% respectively from FY16 to FY19. We attribute Apex's success to the continual expansion of its high margin-yielding manufacturing segment, which has a three-year sales CAGR of 31%. Apex's manufacturing division has a proven track record, boosted by quality manufacturing and distribution methods.
- Stable earnings growth.** We forecast a core net profit growth of 10.1% for Apex in FY21F on the back of recovery in healthcare provider demand and strong growth in its manufacturing segment.
- Positive long-term industry outlook.** This is expected to be underpinned by an ageing population, public health education advancement and steady healthcare expenditure increase.

COMPANY BACKGROUND

❑ Started as a retail pharmacy in 1962

Founded by Kee Tah Peng in 1962, Apex Healthcare (Apex) started off as a retail pharmacy outlet named Apex Pharmacy in Melaka.

In 1967, Apex began pharmaceutical manufacturing activities in Singapore, before forming a JV with Washington H. Soul Pattinson (Washington) in 1974.

Apex was listed on the Second Board of Bursa Malaysia in 2000 and subsequently transferred to the Main Board in 2003.

Today, Apex has operations in Malaysia, Singapore, Vietnam and Myanmar. With more than 1,400 employees, Apex operates two manufacturing plants in Melaka and Penang, as well as a network of distribution warehouses in Malaysia and Singapore.

❑ Apex has three main business divisions

Apex Healthcare is the investment holding company for a vertically integrated pharmaceutical group involved in the development, manufacturing, marketing, and distribution of pharmaceutical products.

1. Manufacturing and marketing (Xepa)

Xepa-Soul Pattinson (M) Sdn Bhd and its fully-owned sales and marketing subsidiary Xepa-Soul Pattinson (S) Pte Ltd (collectively known as Xepa) are involved in the development, manufacturing and marketing of Xepa branded off-patent generic pharmaceutical and medical devices.

A fraction of manufacturing income comes from contract manufacturing on behalf of third parties.

The division's products come in many forms: tablets, capsules, oral liquids and suspension, creams and sterile eye drops.

Best sellers include Provinace and Vencid in solid dosage form and Bena and Sedilix in liquid dosage form. Most recently, Xepa's new oral solid dosage manufacturing facility (SPP NOVO) was developed at its plant located in Melaka in 2019.

2. Wholesale and distribution (Apex & ABio)

Subsidiaries Apex Pharmacy Marketing Sdn Bhd (APM) and Apex Pharma Marketing Pte Ltd (APS) collectively provide specialist warehousing and distribution for over 5,200 in-house and third-party pharmaceuticals and healthcare products, including cold chain management for biological products from companies such as Merck KGaA and Kyowa Kirin.

Apex owns a network of depots that covers the whole country.

Apex's customers include clinics, pharmacies, hospitals, wholesalers and general stores. In 2017, Apex started its e-commerce pharmacy business to enhance consumer convenience, access and education.

ABio, developed to widen the reach of the group brands, manages another portfolio of group-branded healthcare products focused on primary healthcare practitioners – general practitioners, pharmacists and nurses – who act as the first point of consultation for patients.

3. Corporate

The corporate segment comprises retail pharmacies, e-commerce, group properties as well as contract manufacturing.

Apex began manufacturing orthopaedics devices through ABio Ortho in 2013 before acquiring a 40% equity stake in Straits Apex Sdn Bhd a year later (known collectively as STRAITS).

Currently, the business contract manufactures surgical grade orthopaedic devices, components and surgical instruments, including screws, plates, implants, intra-medullary nails, pins and external fixators used in musculoskeletal disorder surgery.

EXHIBIT 1: APEX HEALTHCARE'S 3 MAJOR BUSINESS OPERATIONS DIVISIONS

Reporting Segment	Business operations	Business units
Manufacturing and marketing	Manufacturing and marketing of pharmaceutical products	Xepa-Soul Pattinson (M) Sdn Bhd (Xepa)
		Xepa-Soul Pattinson (S) Pte Ltd (Xepa)
Wholesale and distribution	Wholesale, marketing and distribution of pharmaceutical, diagnostic and consumer healthcare products	Apex Pharmacy Marketing Sdn Bhd (APM)
		Apex Pharma Marketing Pte Ltd (APS)
		ABio Marketing Sdn Bhd (ABIO)
Corporate	E-commerce and group properties, contract manufacturing of orthopaedic devices	Apex Retail Sdn Bhd (ARSB)
		Straits Apex Sdn Bhd (SA)

Source: Company, AmInvestment Bank

MANAGEMENT

Apex Healthcare is helmed by chairman and CEO Dr Kee Kirk Chin, 58. Appointed to the board of directors on 15 February 2000, he became managing director of the company on 3 March 2000 and subsequently chairman and chief executive officer on 19 May 2010.

He obtained a Bachelor in Arts with Honours in 1985, a Bachelor of Medicine & Bachelor of Surgery in 1987 and a Master of Arts in 1989 from University of Cambridge, UK and a Master of Business Administration (MBA) with distinction in 1993 from University of Hull, UK.

He is a registered medical practitioner with the Singapore Medical Council and the General Medical Council, UK.

Kee began his career in Singapore as a house officer with National University Hospital and later joined United MediCorp Pte Ltd as director of business development in 1990. He became its CEO in 1996.

INVESTMENT THESIS

□ Stable earnings growth underpinned by consistent manufacturing segment expansion

We forecast Apex's core net profit to grow by 10.1% in FY21F and 16.6% in FY22F on the back of a strong recovery in healthcare provider demand and growth in its high-margin manufacturing sector.

From FY16 to FY19, Apex Healthcare's revenue and core net profit posted CAGRs of 5.8% and 12.0% respectively. Although Apex experienced lower-than-average profitability in FY19, this was mainly attributed to higher operating and finance costs for the start-up of SPP NOVO.

In terms of revenue, the wholesale & distribution segment contributes the most. In terms of earnings however, the bulk of Apex's profits comes from the manufacturing division due to its higher operating profit margin (see Exhibits 2 and 3).

In FY19, the manufacturing segment contributed 56% of total PBT, worth RM39mil. In contrast, the wholesale and distribution division generated 91% of group's revenue, providing RM623mil.

Going forward, we expect sales of the manufacturing division to grow at a faster rate than the wholesale and distribution unit. The manufacturing unit recorded a revenue CAGR of 31% from FY16 to FY19 supported by the continual expansion of the production facilities.

We believe that this trend will continue. The completion of the acquisition of SPP NOVO in 2HFY19 has not only doubled the current oral solid capacity, but also widened the products' target consumers.

SPP NOVO was designed to meet stringent regulatory requirements of developed countries. The completed facility is also likely accompanied by further contract manufacturing opportunities.

Ultimately, we view Apex's efforts in widening its range of in-house products favourably. Given that in-house contributions provide higher margins than third-party products, we forecast a rising trend in profit margins as Apex continues its shift towards in-house products.

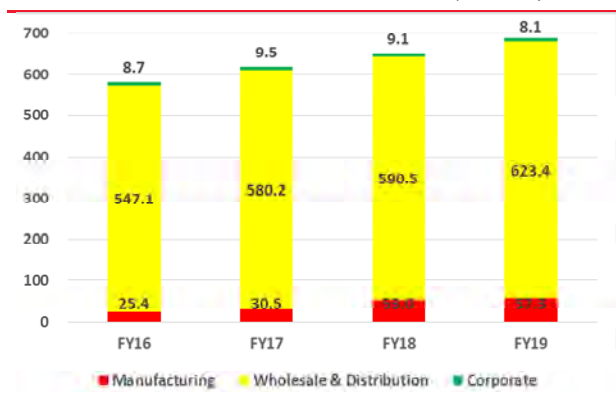
□ Apex to tap orthopaedic contract manufacturing market via STRAITS

In an effort to diversify earning streams from purely pharmaceutical sources, the group has developed STRAITS. This is a segment that specialises in the contract manufacturing of orthopaedic devices, components and surgical instruments for global multinational companies.

Straits specifically targets developed markets outside of Singapore and Malaysia. Changes in government reimbursement policies have intensified price pressure within many mature markets, raising a need for cost effective manufacturing solutions.

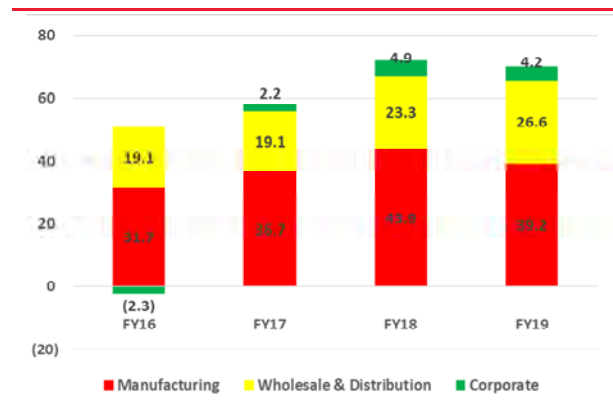
We estimate STRAIT's earnings contribution to boost the corporate division's earnings to 11% in FY23F from less than 6% currently.

EXHIBIT 2: REVENUE BY SEGMENT (RM 'MIL)

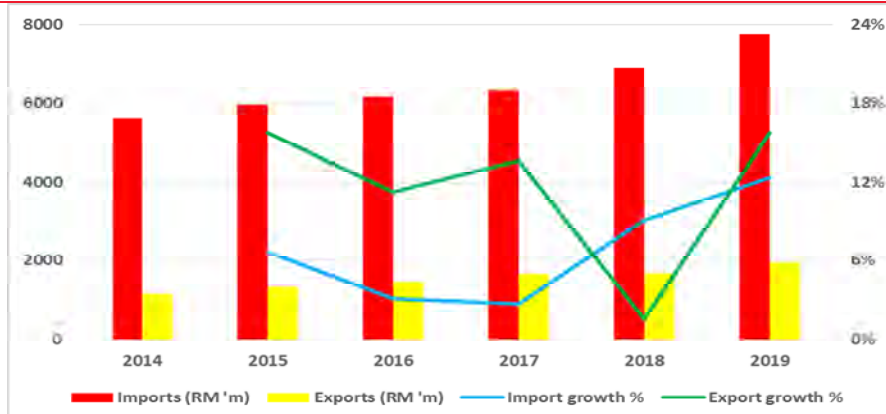


Source: Company, AmInvestment Bank

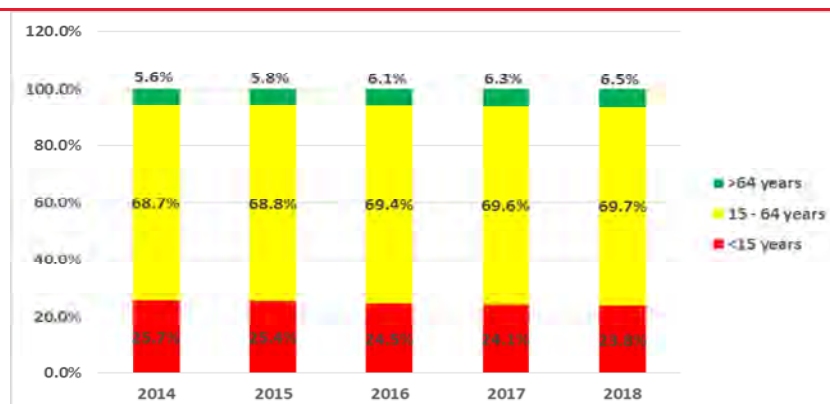
EXHIBIT 3: PROFIT BY SEGMENT (RM 'MIL)



Source: Company, AmInvestment Bank

EXHIBIT 4: MEDICINAL & PHARMACEUTICAL PRODUCT IMPORTS AND EXPORTS, VALUE (RM 'MIL) & YOY GROWTH (%)

Source: Company, AmInvestment Bank

EXHIBIT 5: MALAYSIAN POPULATION BY AGE (%)

Source: Company, AmInvestment Bank

STRAITS leverages the heightened price pressures as well as the comparative advantages of operating in Malaysia to provide cost-effective products for its customer base.

As such, we believe that the division is well-positioned to benefit from opportunities arising from the emerging markets due to its affordable products. In addition, rising affluence, an ageing world population and advances in surgical and medical technology are envisaged to contribute towards a widening emerging market.

Currently, STRAITS is working with a British company to manufacture a cardiovascular product for the Australian market.

Apex commissioned its third manufacturing facility for STRAITS' products in Penang in 4QFY19. Earnings contribution from this business segment is still expected to remain low in the short term as result of low surgery volumes fuelled by pandemic-related concerns.

We nevertheless remain highly positive on the segment's growth prospects, given its years of experience, competitively-priced products and widening market base.

□ Positive long-term industry outlook

The Malaysian pharmaceutical industry has enjoyed positive growth over the years. From 2014 to 2019, imports of pharmaceutical products grew at a CAGR of 6.7% while exports rose at a CAGR of 11.4%.

We believe that this trend is likely to continue, supported by a number of factors (see Exhibits 4 and 5):

1. An ageing population, as result of lower mortality rates and longer life expectancy;
2. Advances in public health education, accelerated by the Covid-19 pandemic containment measures;
3. Steady increase in total healthcare expenditure, which is expected to remain resilient due to the popularity of healthcare tourism and the rising demands of an ageing population.

❑ Established distribution division – beneficiary of Covid-19 vaccination

Apex is one of Malaysia's largest pharmaceutical wholesalers. In addition, the group has a growing presence in Singapore. In 2019, Apex distributed 50 types of vaccines in Malaysia and 25 in Singapore.

Apex's success can be attributed to robust warehousing, decades of experience and a comprehensive delivery network supported by a fully integrated SAP-ERP system.

Going forward, we believe that the group will play a role in the distribution of the Covid-19 vaccines in Malaysia. This is underpinned by Apex's excellent past record and recent efforts in expanding the capacity of its Singaporean cold chain facility. The expansion exercise for its Malaysian cold chain facility was completed at end-FY20.

Apex is expected to participate in the wholesale distribution process on behalf of other authorised distributors of government-procured vaccines, Duopharma and Pharmaniaga.

Notably, Apex would consider being a potential authorised distributor in its countries of operations on behalf of a number of vaccine manufacturers. However, the participation would depend on several factors such as price point of the products, storage duration and temperature requirements.

Also, Apex's e-commerce platform has improved accessibility and enabled a wider reach to customers. Established in 2017, www.apexpharmacy.com.my is complemented by two brick-and-mortar retail pharmacies located in Melaka and Johor Bahru.

❑ Proven track record backed by quality product range

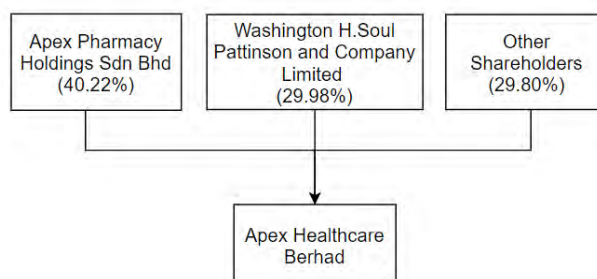
Apex's quality products, stringent manufacturing processes and distribution methods have allowed it to accumulate a wealth of accreditations.

We believe that this will help the company maintain its profit growth trajectory as it is able to venture into tightly regulated developed markets, providing it with a larger consumer base.

In 2019, Xepa secured the EN ISO 13485:2016 accreditation concerning the manufacture and distribution of sterile eye drops, certifying compliance with EU standards.

❑ Major shareholder in Washington H. Soul Pattinson & Company Limited

EXHIBIT 6: APEX HEALTHCARE'S MAJOR SHAREHOLDERS



Source: Company, AmlInvestment Bank

Washington is an Australian investment house listed on the ASX specialising in pharmaceuticals. It is the second largest shareholder of Apex with a 30% stake.

The relationship between Apex and Washington began in 1974 when they formed Xepa-Soul Pattinson, a generic pharmaceutical manufacturing company.

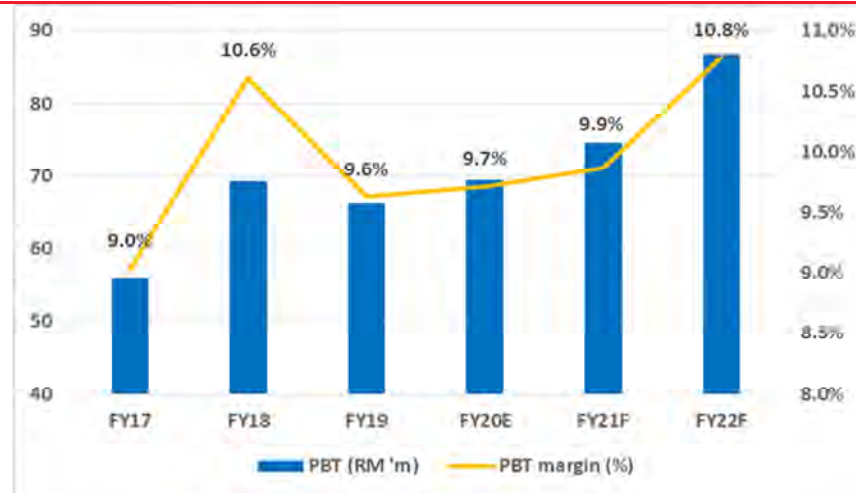
We view the long-lasting relationship positively as it is a testament to the company's excellent track record and management prowess.

EXHIBIT 7: APEX HEALTHCARE'S REVENUE & REVENUE GROWTH



Source: Company, AmlInvestment Bank

EXHIBIT 8: APEX HEALTHCARE'S PBT AND PBT MARGINS



Source: Company, AmInvestment Bank

FINANCIAL ANALYSIS

□ Revenue to grow by 5.7% in FY21F

We expect Apex's revenue growth to be a muted 3.8% in FY20E due to depressed clinic, hospital and export demand.

However looking ahead to FY21F and FY22F, we expect Apex's revenue growth rate to normalise to the 5% to 6% range.

We believe that a recovery in clinic and hospital demand will drive Apex's topline growth in FY21F and FY22F.

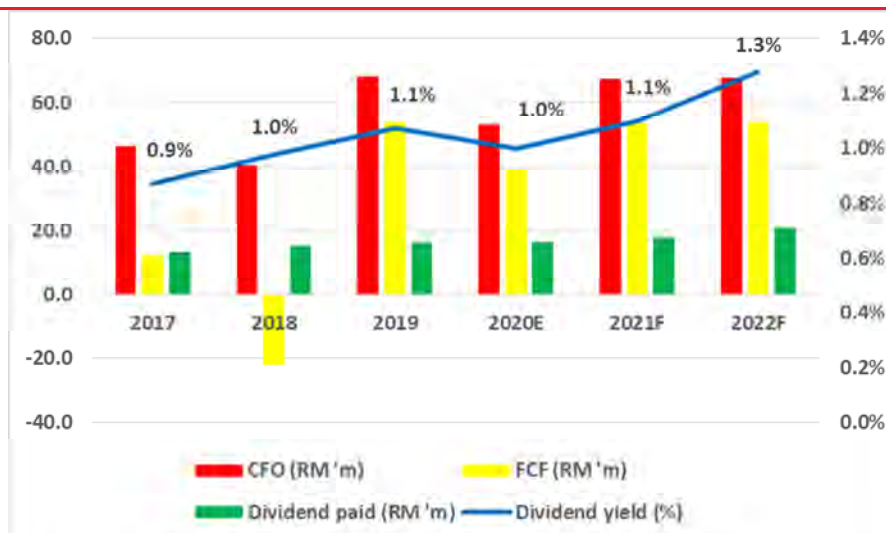
Apex has been experiencing steady revenue growth from FY16 to FY19, as reflected in the CAGR of 5.8%.

□ To sustain PBT margin in FY21F

We project PBT margins to range from 9.0% to 11.0% in FY21F and FY22F as Apex further streamlines its operating costs and ramps up its high-margin manufacturing segment.

PBT margins ranged from 9.0% to 10.6% from FY16 to FY19, supported by effective cost containment measures and a reliable management.

EXHIBIT 9: APEX HEALTHCARE'S CASH FLOW AND DIVIDEND YIELD



Source: Company, AmInvestment Bank

□ Strong balance sheet – net cash position

As at 2QFY20, Apex was in net cash position of RM123.5mil. Gross borrowings were RM21.3mil.

Apex records operational cash flows (OCF) of roughly RM50 mil per year. In contrast, capex is only about RM20mil per year if there are no major acquisitions or expansions.

A strong liquidity profile, low debts and decent operating cash flows place the group in a good position for further growth and to weather troubling periods.

□ Historical dividend payout of 30%

Although Apex does not adhere to any specific dividend policy, the group's dividend payout ratio has been about 30% in the past three years.

We anticipate the ratio to remain at around this level due to the lack of major projects in the next few years and the company's strong cash flow generation capability.

We forecast gross DPS of 3.8 sen for FY21F and 4.4 sen for FY22F, which translate into dividend yields of 1.1% and 1.3% respectively.

VALUATION

□ Buy with fair value of RM3.82/share

To arrive at our fair value of RM3.82/share for Apex, we ascribe a PE of 26.0x on the group's FY22F EPS of 14.7 sen.

The PE of 26.0x is slightly higher than the simple industry average of 24.4x (see Exhibit 10) for FY22F. We believe that Apex deserves a premium for its strong earnings visibility and potential for margin enhancements driven by high value-added products.

Based on FY21F earnings, Apex is currently trading at a 26.4x PE, which is lower than Duopharma Biotech's 32.5x but higher than Pharmaniaga's 17.7x.

KEY RISKS

□ Challenging short-term outlook due to Covid-19

Dragged by another wave of Covid-19 outbreak, patient visitation to clinics and hospitals has declined recently, driving down demand from this customer base.

As mentioned previously, there were also lower incidences of non-Covid-19 transmissible respiratory cases, leading to less demand for Apex's respiratory products (see Exhibit 11).

Apex's large portfolio of nearly 5,200 line items has provided it some buffer against the seasonal nature of certain illnesses. Originally, the group's bestsellers included cough and cold preparations Bena and Sedlilix.

As the incidence of cough and cold cases has declined, Apex is now shifting its marketing emphasis to cardiovascular and other therapeutic products.

Ultimately, the performance of the pharmaceutical industry depends on the Malaysia government's ability to contain and control the number of Covid-19 cases.

We believe that a stable and long-lasting recovery in the industry is dependent on the advent of vaccines, with visible effects in 2H2020.

□ Strict industry regulations may stifle growth and increase recall risk

The regulations of the pharmaceutical industry, whether local or abroad, may come in the form of more stringent product manufacturing and registration processes.

EXHIBIT 10: PEER COMPARISON TABLE

	Recomm.	Price (RM)	FV (RM)	Market Cap (RM mil)	FYE	Basic EPS (sen)*		EPS growth %		P/E (x)		ROE (%)*	DPS (sen)*	Div yield (%)*
						FY21F	FY22F	FY21F	FY22F	FY21F	FY22F	FY21F	FY21F	FY21F
Apex Healthcare	BUY	3.33	3.82	1,600	Dec	12.6	14.7	10	17	26.4	22.7	12.0	3.8	1.1
Duopharma	NR	3.51	-	2,470	Dec	10.8	12.8	27	19	32.5	27.4	13.1	5.4	1.5
Pharmaniaga	NR	4.87	-	1,280	Dec	27.5	29.3	34	7	17.7	16.6	17.6	12.5	2.6
India														
Sun Pharmaceutical	NR	33.77	-	78,627	Mar	138.4	142.2	7	3	24.4	23.8	11.9	16.3	0.5
Divi's Laboratories	NR	196.18	-	1,498	Mar	402.0	487.8	40	21	48.8	40.2	23.7	122.8	0.6
Eris Lifesciences	NR	33.72	-	4,503	Mar	142.1	158.3	18	11	23.7	21.3	25.4	31.6	0.9
Indonesia														
Kalbe Farma	NR	0.44	-	20,611	Dec	1.8	2.0	8	10	24.5	22.3	15.5	0.7	1.7
Thailand														
Mega Lifesciences	NR	5.26	-	4,759	Dec	22.4	25.1	8	12	23.5	21.0	20.6	10.3	2.0
Simple Average										27.7	24.4			

*Based on Bloomberg Consensus

Share price as at 2nd February 2021

Source: Bloomberg, AmlInvestment Bank

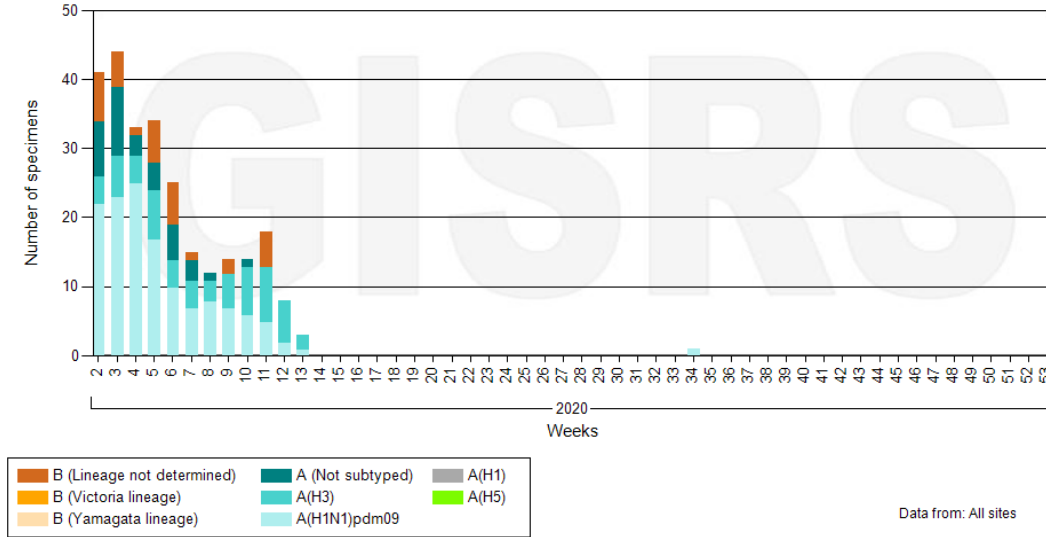
As a result, Apex may take longer to get drug approvals, leading to longer testing periods and less frequent product launches.

Intense pricing competition due to lack of product differentiation

As Apex manufactures generic off-patent pharmaceuticals, it may face intense price competition from numerous pharmaceutical peers in Malaysia and other countries.

Nonetheless, Apex has taken steps to diversify its earnings base, most notably with its contract manufacturing arm. Also, Apex has a proven manufacturing track record backed by various international accreditations.

EXHIBIT 11: NUMBER OF MALAYSIAN SPECIMENS POSITIVE FOR INFLUENZA BY SUBTYPE



Source: FluNet, AmInvestment Bank

EXHIBIT 12: PB BAND CHART



EXHIBIT 13: PE BAND CHART

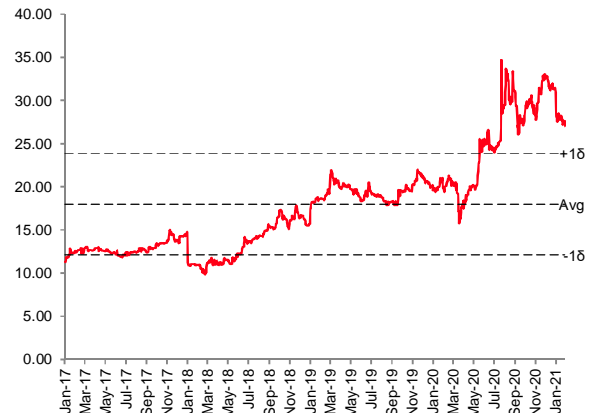


EXHIBIT 14: FINANCIAL DATA

Income Statement (RMmil, YE 31 Dec)	FY18	FY19	FY20E	FY21F	FY22F
Revenue	652.7	688.8	714.7	755.6	805.6
EBITDA	69.4	73.5	79.2	84.6	97.2
Depreciation	(9.4)	(16.1)	(14.6)	(15.1)	(15.5)
Operating income (EBIT)	60.0	57.4	64.5	69.5	81.8
Other income & associates	7.9	7.7	6.2	6.3	6.5
Net interest	(0.1)	(1.6)	(1.3)	(1.3)	(1.4)
Exceptional items	1.5	2.8	-	-	-
Pretax profit	69.3	66.3	69.4	74.5	86.9
Taxation	(10.6)	(13.6)	(15.3)	(14.9)	(17.4)
Minorities/pref dividends	(0.1)	-	-	(0.1)	-
Net profit	58.6	52.7	54.1	59.6	69.5
Core net profit	57.0	49.6	54.1	59.6	69.5
Balance Sheet (RMmil, YE 31 Dec)	FY18	FY19	FY20E	FY21F	FY22F
Fixed assets	177.2	176.1	172.2	167.9	162.2
Intangible assets	1.8	1.7	1.7	1.7	1.7
Other long-term assets	31.9	36.5	43.0	49.3	55.7
Total non-current assets	210.9	214.2	216.9	218.8	219.6
Cash & equivalent	81.2	120.4	115.1	146.2	171.0
Stock	83.1	86.5	98.1	98.7	106.6
Trade debtors	160.4	159.4	166.4	172.9	186.0
Other current assets	4.4	2.7	34.7	34.6	38.8
Total current assets	329.0	368.9	414.3	452.4	502.4
Trade creditors	117.7	120.1	128.3	132.8	141.4
Short-term borrowings	5.9	6.8	6.8	6.8	6.8
Other current liabilities	1.5	1.4	1.4	1.4	1.4
Total current liabilities	125.0	128.3	136.5	141.1	149.6
Long-term borrowings	24.0	23.4	17.8	12.8	7.8
Other long-term liabilities	4.4	5.9	5.4	5.4	5.4
Total long-term liabilities	28.5	29.4	23.2	18.2	13.2
Shareholders' funds	386.0	425.1	471.0	511.5	558.8
Minority interests	0.5	0.5	0.5	0.5	0.5
BV/share (RM)	0.82	0.90	1.00	1.08	1.18
Cash Flow (RMmil, YE 31 Dec)	FY18	FY19	FY20E	FY21F	FY22F
Pretax profit	69.3	66.3	69.4	74.5	86.9
Depreciation	9.1	15.7	14.2	14.7	15.1
Net change in working capital	(16.3)	0.5	(10.4)	(2.5)	(12.4)
Others	(21.6)	(14.2)	(20.4)	(19.3)	(21.7)
Cash flow from operations	40.5	68.3	52.8	67.4	67.8
Capital expenditure	(62.4)	(14.5)	(14.0)	(14.0)	(14.0)
Net investments & sale of fixed assets	-	-	-	-	-
Others	(3.4)	(8.5)	(2.0)	(2.0)	(2.0)
Cash flow from investing	(65.8)	(23.0)	(16.0)	(16.0)	(16.0)
Debt raised/(repaid)	29.9	(5.8)	(5.0)	(5.0)	(5.0)
Equity raised/(repaid)	-	-	-	-	-
Dividends paid	(15.2)	(16.3)	(17.3)	(19.1)	(22.2)
Others	1.2	5.9	0.2	0.2	0.2
Cash flow from financing	15.9	(16.1)	(22.1)	(23.9)	(27.0)
Net cash flow	(9.5)	29.2	14.7	27.5	24.8
Net cash/(debt) b/f	74.9	64.2	93.6	108.3	135.8
Net cash/(debt) c/f	64.2	93.6	108.3	135.8	160.6
Key Ratios (YE 31 Dec)	FY18	FY19	FY20E	FY21F	FY22F
Revenue growth (%)	5.2	5.5	3.8	5.7	6.6
EBITDA growth (%)	15.6	5.9	7.7	6.8	15.0
Pretax margin (%)	10.6	9.6	9.7	9.9	10.8
Net profit margin (%)	9.0	7.7	7.6	7.9	8.6
Interest cover (x)	653.9	36.2	49.6	52.4	60.5
Effective tax rate (%)	15.3	20.4	22.0	20.0	20.0
Dividend payout (%)	26.0	30.8	32.0	32.0	32.0
Debtors turnover (days)	84	85	83	82	81
Stock turnover (days)	43	45	47	48	47
Creditors turnover (days)	63	63	63	63	62

Source: Company, AmInvestment Bank Bhd estimates

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