ZJ Research

Investment Report for Mid & Small Cap Research Scheme

BURSA MidS

**COVERAGE INITIATION** **20 July 2017**

# Scicom (MSC) Bhd

**Bursa / Bloomberg Code: SCICOM / SCIC MK**
**Stock is Shariah-compliant.**

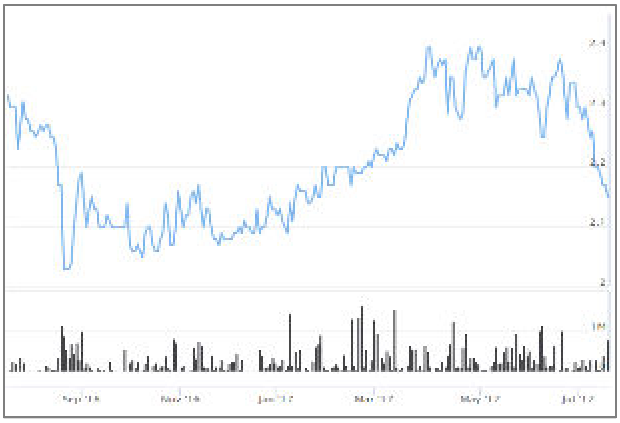
| | |
|---|---|
| **Price :** | **RM2.15** |
| **Market Cap :** | **RM764.2 m** |
| **Listing :** | **Main Market** |
| **Sector :** | **Trading & Services** |
| **Recommendation :** | **Hold** |

| **Key financials (FYE Jun)** | **FY16** | **FY17F** | **FY18F** |
|---|---|---|---|
| Revenue (RMm) | 196.3 | 214.0 | 228.4 |
| EBITDA (RMm) | 49.3 | 54.9 | 58.5 |
| EBITDA margin | 25.1% | 25.7% | 25.6% |
| Core net profit (RMm) | 41.9 | 46.9 | 44.3 |
| FD EPS (sen) | 11.8 | 13.2 | 12.4 |
| FD EPS growth | 20.9% | 11.8% | -5.7% |
| DPS (sen) | 9.0 | 9.0 | 9.0 |
| Payout ratio | 76.3% | 68.2% | 72.3% |
| FCFE/share (sen) | 11.6 | 11.0 | 11.2 |
| Net cash (debt)/share (sen) | 10.4 | 12.4 | 14.6 |
| **Key valuation metrics** | | | |
| P/E (X) | 18.2 | 16.3 | 17.3 |
| EV/EBITDA (X) | 14.8 | 13.1 | 12.2 |
| P/BV (X) | 8.2 | 7.1 | 6.4 |
| Dividend yield (%) | 4.2% | 4.2% | 4.2% |
| FCFE yield (%) | 5.4% | 5.1% | 5.2% |
| ROE (%) | 48.5% | 46.9% | 38.9% |
| ROAA (%) | 41.0% | 39.8% | 33.7% |

| | |
|---|---|
| Shares oustanding (m) | 355.5 |
| 52-week Hi-Low (RM) | 2.00-2.42 |

| **Major Shareholders:** | |
|---|---|
| Dato Leo Suresh Ariyanayakam | 24.7% |
| Netinsat Asia Sdn Bhd | 19.3% |
| EPF | 5.2% |

**Last 12-month share price**



## Summary


- **Exposure to Malaysia's competitive advantages.** Scicom offers an exposure to Malaysia's strengths in business process outsourcing (BPO) and inbound international tertiary education. The group provides customer care and technical support services to diversified corporations with customers -in 37 countries -regionally and globally. It also provides the back end solution to the government's one-stop visa center for foreign students which is called Education Malaysia Global Services (EMGS)

- **Consistent growth.** Revenue and net profit have grown consistently since 2003. Revenue was flattish between 2009 and 2013 due to the withdrawal of a large customer but this was made up for when EMGS started contributing.

- **Potential to export business model.** We understand Scicom is bidding for e-government contracts in Nepal, Sri Lanka and Cambodia. While details are scant with little visibility, we gather that each contract should contribute significantly to net profit if they are secured.

- **Enviable financials.** Its capex is low, while margins, ROEs and dividend payouts are high. With no debt, it has cash amounting to RM0.10 per share.

- **Risks.** Changes in government policy on international student intake and the licensing of education institutions may affect international student inflow. Scicom may see an attrition of BPO customers during an economic downturn.

- **Initiate coverage with HOLD recommendation and fair value of RM2.28**, based on 18.1x calendarised 2018 EPS, which is a 10% premium to the KLCI's forward PE of 16.5x. The premium is to factor in potential e-government contract wins. The stock lacks any major re-rating catalysts unless it secures large contracts.

## Background

**Corporate profile.**
**History.** Scicom was founded in 1997 as a call centre provider by five individuals including its current CEO Leo Suresh Ariyanayakam. It has since transitioned from a contact centre outsourcing company to that of an integrated solutions player in customer life cycle management, education, e-government and associated e-commerce.

Listed on the Malaysian Exchange of Securities Dealing and Automated Quotation (MESDAQ, now renamed ACE Market) Market on 26 September 2005, Scicom was transferred to the Mainboard in 2010.

**Business process outsourcing.** Scicom has 45-50 customers in diverse industries such as gaming, consumer electronics, telecommunications and food franchises in the Asia Pacific from the company's operation centres in Kuala Lumpur and Colombo, Sri Lanka. Servicing about 50 customers with a staff size of 2800, it is the largest BPO player in Malaysia and Sri Lanka.

**E-government.** It secured a multi-year concession from Malaysia's Ministry of Higher Education in 2012 to provide Education Malaysia Global Services (EMGS, which is a wholly owned subsidiary of the Malaysian Ministry of Higher Education) the back-end solutions which processes visa applications for inbound international students. EMGS charges a fee of RM1,000 to process each student application and Scicom earns an undisclosed share of this amount.

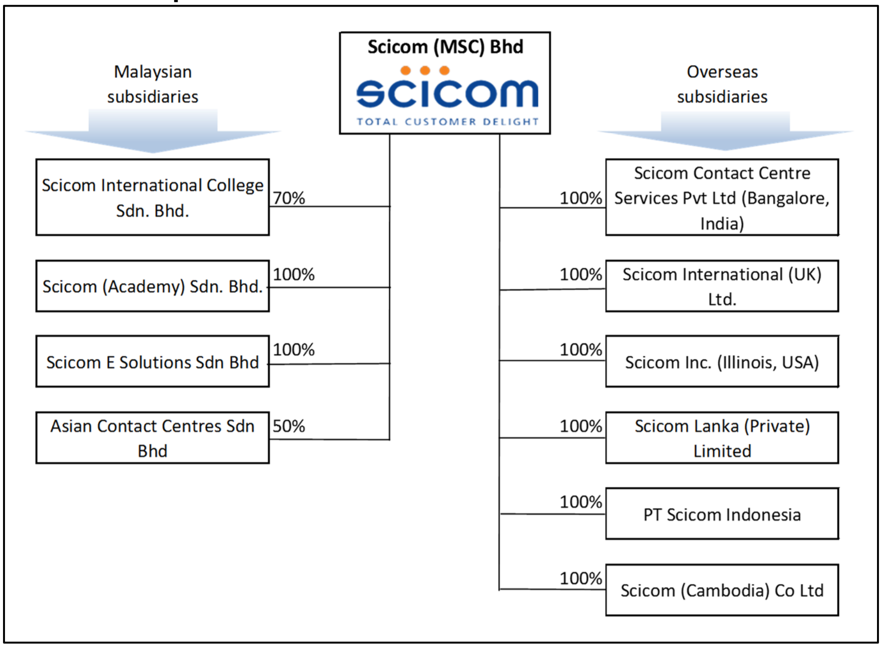
The key services provided by EMGS services include:

- Managing and processing international student applications for a student pass/visa for study in public and private higher education institutions, language schools, and skills training centres in Malaysia.
- Managing and processing of the annual renewals of student passes/visas.
- Enhancing the management of international student welfare & engagement
- Promoting Malaysia as an international Education Hub.

We estimate E-government contributed to about 33% of total FY16 revenue while BPO makes up the balance. The higher margins from EMGS has doubled EBITDA and core net profit margin from 10.5% and 12.6% in FY12 to 21.0% and 25.1% respectively in FY16.

70% of Scicom's revenues are derived from overseas customers and are almost entirely in ringgit. This includes EMGS where revenues are drawn from international applicants.

**Exhibit 1. Corporate structure.**




*Source: Scicom*

**Senior management.** Among its senior executives are:

**Jayakumar Narayana Pillai Sreedharan Nair, Chief Financial Officer, Scicom (MSC) Berhad.** A Malaysian, joined Scicom on 16 April 1998. He has over 30 years of experience in financial management and corporate services. Prior to joining Scicom, he previously worked in Sime Darby Berhad and the Halim Rasip Group (Integrax Berhad). Jayakumar is an associate of Association of Chartered Certified Accountants and Institute of Chartered Secretaries and Administrators.

**Benny Philip, Chief Operating Officer, Outsourcing.** An Indian national with a Malaysian permanent residence status, 48, joined Scicom on 21 July 2004. He manages Scicom's Outsourcing business and is responsible for overall Service Delivery and Client management across all operations. Benny has a Master's degree in Human Resources Management and a Bachelor's degree in Mathematics and previously worked with Global organizations such as Unilever, Panasonic, Ford Motor Company and HSBC.

**Jasim Puthucheary, Chief Operating Officer, Scicom E Solutions.** A Malaysian, aged 46, joined Scicom on the 15th of January, 2009, as COO for Scicom E Solutions. Jasim is responsible for Scicom's focus on digital government services and solutions. He previously worked for RHB Securities and Usaha Tegas in corporate finance division and was the COO of Commerce Dot Com, a company involved in building and operating the Government e-procurement system. He holds a degree in Law (LLb) from the University of London.

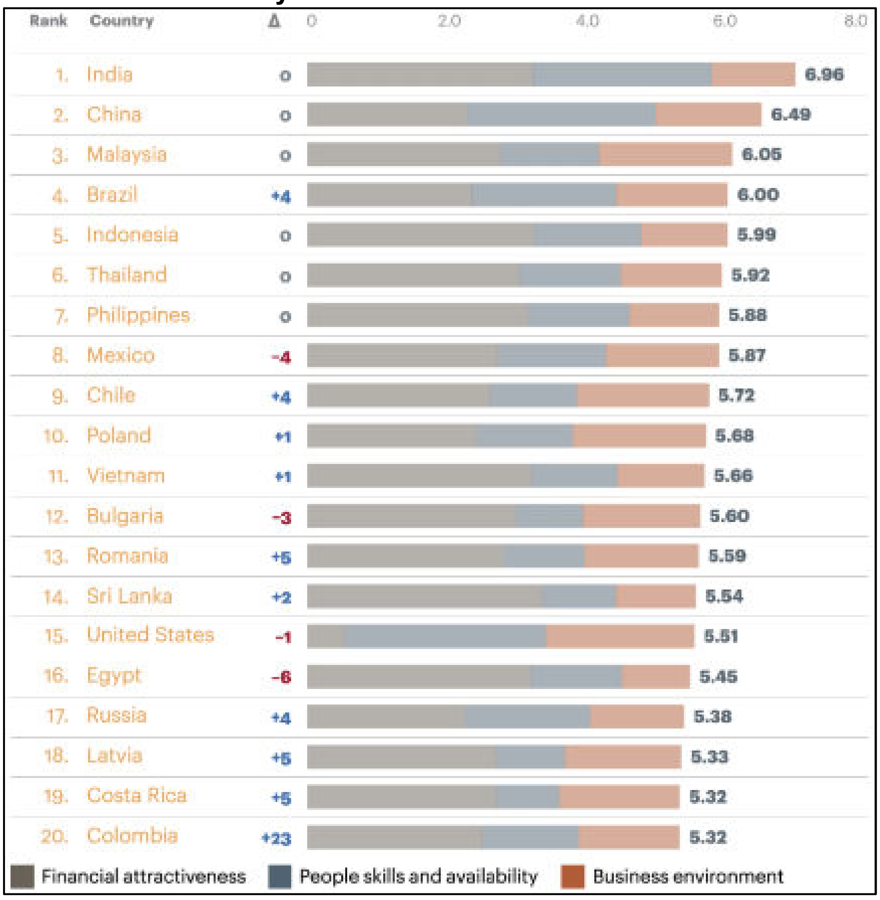
**Chandima C Hemachandra, Chief Technology Officer, Scicom (MSC) Berhad.** A Sri Lankan, joined Scicom on 20 January 2011. He is an information technology professional with over 26 years of experience. He worked as a systems analyst with British Hartford-Fairmount Engineering, UK, Chief Manager ICT at Commercial Bank of Ceylon, the Head of ICT and Banking Operations at Hatton National Bank in Sri Lanka and the Head of ICT at CfCStanbic Bank, in Kenya. He holds an Honours degree in Mathematics & Computer Science from the University of Middlesex, UK.

**Shareholding.** Scicom is controlled by: 1) its CEO Leo Suresh Ariyanayakam who owns 24.7% of the company; and 2) its non-independent, non-executive director & chairman Krishnan A/L C K Menon and Sreekumar A/L Narayana Pillai who collectively own 19.3% via Netinsat Asia Sdn Bhd. The remaining 56% of shares are held by the public.

## Investment highlights

**Malaysia is a competitive location for BPO**
AT Kearney has placed Malaysia as the third most attractive location for global business outsourcing, as illustrated in Exhibit 2 below. According to Outsourcing Malaysia, Malaysia's global business services sector will see CAGR of 10-15% over the next five years.

**Exhibit 2. A.T. Kearney Global Services Location Index**




*Source: A.T. Kearney*

**Well-entrenched in BPO.**
**Scicom has a strong niche** in smaller, high-value added, multi-lingual business process outsourcing contracts to customers in the Asia Pacific region. Operating in Malaysia gives Scicom a compelling competitive advantage: Its multi-racial composition and fairly high standard of living enables it to attract foreign expatriates which allows Scicom to provide a

multi-lingual BPO solution. This combination of factors make it difficult for BPO companies in other countries to compete inthis niche.

Scicom's contract sizes range from tens to hundreds of seats compared to BPOs in the Philippine and Indian BPO which secure jobs for up to thousands of seats. The length of each contract is typically 2-3 years. It typically has 6 months to ramp up each contract.

In Sri Lanka, Scicom's customers are among the largest companies in the republic, including Sri Lankan Airlines.

**Inbound international students**

**E-government contract.** Scicom has a multi-year contract from the Malaysian government to provide the back-end engine of Education Malaysia Global Services (EMGS), a one-stop visa centre for inbound international students. It also performs the functions of marketing, promotions and management of international student recruitment into Malaysia. Wholly-owned by the Malaysian Ministry of Education, EMGS began operations on 1 Feb 2013. Prospective students pay RM1000 to process its visa application and Scicom receives a share of this fee.

**Rapid growth in global student mobility.** According to ICEF Monitor, the number of students studying abroad will rise from 5m in 2015 to 7m by 2022. It expects Asian students to represent 53% of all higher education international students with China, India & South Korea as the largest supply markets.

**Malaysia well-position.** Malaysia is an attractive destination for higher education given the:

- Good range of local and international higher learning institutions. There are numerous private colleges/universities in Malaysia that offer full-fledge degree programmes as well as twinning with overseas institutions. In addition the Malaysia is also home to 11 international university branch campuses (see Exhibit 3), thanks to strong government support to attract these institutions.
- Affordability, both in terms of tuition fees and living expenses. Kuala Lumpur has been voted as "Most Affordable City in The World for Students" by Quacquarelli Symonds Best Student Cities 2016. The weaker ringgit also enhanced the affordability, in our view.
- The multi-racial makeup of Malaysia appeals to Muslim students as well as those from China and India.
- Political stability,
- Fairly well developed infrastructure, and
- Good quality of life.

The above factors make Malaysia very appealing among Southeast Asian and even Asia Pacific countries to attract students.

**Exhibit 3. Foreign universities with branch campus in Malaysia**

**United Kingdom**
University of Nottingham, Semenyih
Newcastle University, Johor
University of Reading, Iskandar EduCity
University of Southampton, Johor
Herriot-Watt University, Putrajaya

**Australia**
University of Curtin, Sarawak
Monash University, Sunway
Swinburne University, Sarawak

**Singapore**
Management Development Institute of Singapore
Raffles University Iskandar, Educity,

**China**
Xiamen University, Sepang

**India**
Manipal International University, Nilai

**The Netherlands**
Netherlands Maritime Institute of Technology, Educity

*Source: Scicom, Websites of respective universities*

As a result of the above factors, international student numbers have swelled 48.6% or 14.1% CAGR between 2013 and 2016. The government targets to have 200,000 students and 250,000 students by 2020 and 2025 respectively from 172,886 in 2016.

**Public universities are opening up to foreign students.** Starting 2017, public universities must set aside 5% of the places on their medical, pharmacy, and dentistry programs for international students. In addition, the Prime Minister recently announced that Malaysia will set aside 15% of places in public universities for foreign students as part of its plan to liberalise the education system. We believe this is done to help public universities plug their funding deficit after the government cut their operating budgets for 2017 by 19% or RM1.5bn.

**Potentially benefiting from the UK's tighter policies.** Malaysia may benefit from United Kingdom tightening up its student intake. The UK government is reportedly planning to slash the number of overseas student numbers, with one option to cut the current 300,000 to 170,000 a year. Those denied of a visa may be diverted to one of the give UK universities with branches here.

**Potential to export its business**
With its expertise and experience, Scicom is eyeing e-government opportunities in the region, particularly Sri Lanka, Nepal, Cambodia and Laos. These include programmes to provide services electronically to the public such as tax, land management, business registration, e-health, e-procurement, border management and electronic payment. We believe Scicom needs to overcome domestic lobby groups as well as changes in government

## Investment Risks

**Competition.** Scicom competes with domestic competitors such as VADS (owned by Telekom Malaysia), and international BPO companies located in Malaysia such as Aegis and in the region such as Teletech, Sykes, and Teleperformance. Despite the numerous players in the industry, Scicom has been able to maintain an enviable track record of continuous growth over the years.

**Economic downturn and loss of customers.** An economic downturn may reduce the demand for BPO services or reduce the number of seats per contract. However, we note that during the global financial crisis in 2007/08, Scicom's revenue continued to grow. We believe this could be driven by companies outsourcing it client contact functions to save cost.

**Revocation of EMGS contract**. While details are scant, we understand that Scicom's 21-year contract is revocable and it will be compensated this happens but the terms are not known. We think this is unlikely to happen given that the government has to replace Scicom with another service provider which has the technology and expertise to run EMGS.

**Slowdown in foreign student inflow.** Multiples factors could affect the flow of students to Malaysia:

- Stricter conditions set by the government. In end-2016, the government said it is tightening the conditions for granting of visas to curb terrorist activities among foreign students in the country. This followed the arrest of two foreign students for alleged links to terrorism.
- Closure of educational institutions, either due to license revocation or financial reasons.
- Political instability, civil unrest or terrorism.

**Tax holiday ending.** Scicom's income tax exemption was revised down from 100% to 70% for the remainder of its MSC status term from 7 November 2015. We expect Scicom's effective tax to rise from % it has enjoyed in the past to 7% and 18% in FY17 and FY18. That said, on 12 October 2016, the Malaysian government awarded its fully-owned subsidiary Scicom E Solutions MSC Status, which qualifies it for 100% income tax exemption on statutory income derived from MSC Malaysia's Qualifying Activities for a period of 10 years.

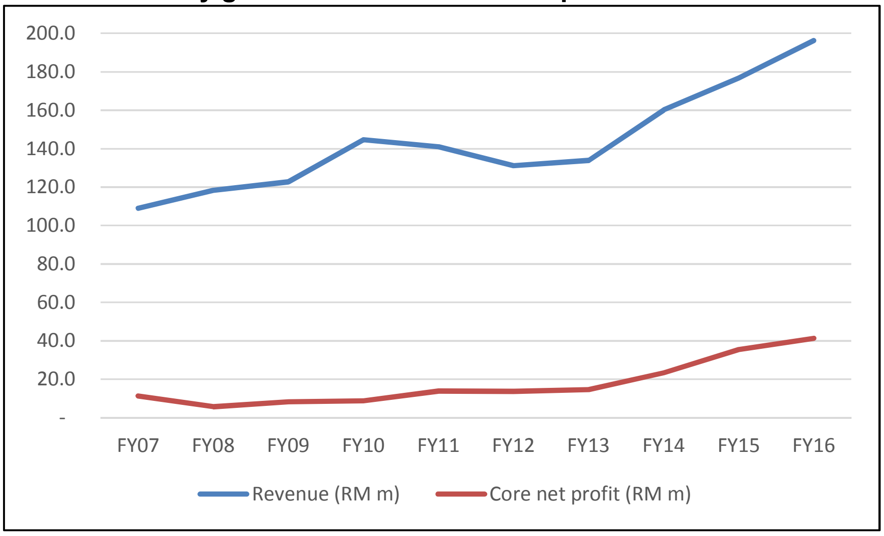
## Financial Analysis

**Steady growth over time.** Scicom's revenue, EBITDA and core net profit grew steadily over the last 10 years (Exhibit 4), with a CAGR of 10%, 12% and 16% respectively. Core net profit has risen every year since FY07 except for FY08. Revenue declined in FY11 to FY12 as a large customer decided to insource, but solid cost control enabled it to squeeze out higher profits.

From a standing start in FY12, e-government revenue surged to about 33% of FY16 revenue while BPO makes up the balance. However, we estimate e-government contributes to almost 2/3 of EBITDA.

The higher margins from EMGS has doubled EBITDA and core net profit margin from 10.5% and 12.6% in FY12 to 21.0% and 25.1% respectively in FY16. (Exhibit 4 below)

**Exhibit 4. Steady growth in revenue and net profit over time**

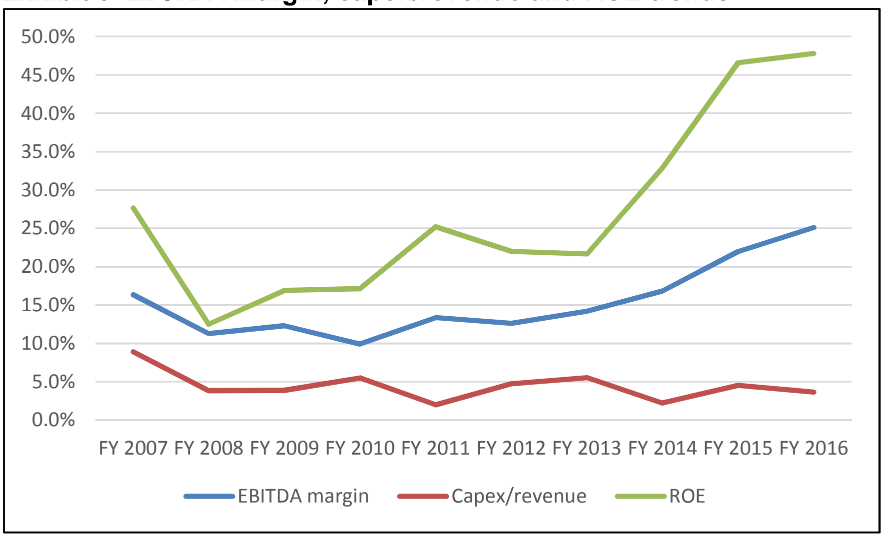



*Source: JZ Research, Bloomberg*

**Asset-light, high dividend payout and ROE.** Scicom stands out in many measures here. Its capex is low while margins, ROEs and dividends are high, has no debt but instead is RM0.10 in net cash per share.

- Capex/revenue has more than halved from 8.9% in FY07 to only 3.7% in FY16.
- EBITDA margins rose rapidly from the low to mid-teens in FY08-13 to 25% between FY14 to FY16 when contributions from the e-government contract kicked in.
- With an asset-light business, Scicom paid out a large part of its earnings. Dividend payout rose from about 50% in FY07 to 76-77% in FY15-16.
- The rising margins coupled with high dividend payouts drove ROE from 15-20% before FY10 to well over 40% in FY15-16.

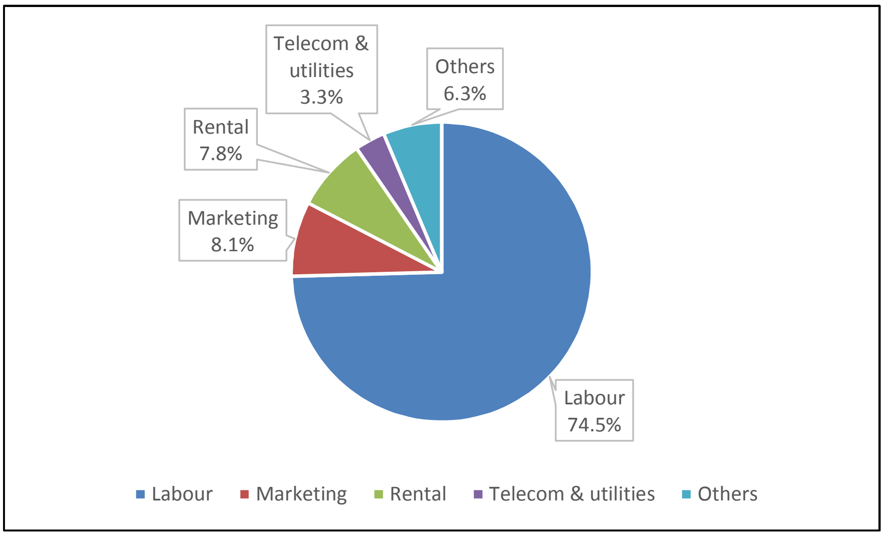
**Exhibit 5. EBITDA margin, capex/revenue and ROE trends**




*Source: JZ Research, Bloomberg*

**Cost breakdown**. At 75%, labour is by far the largest component of its operating cost, reflecting its nature as a service-oriented company. This is followed by marketing and rental costs at about 8% each.

**Exhibit 6. Cost breakdown**




*Source: Scicom*

**Dividend policy**. Despite being light on capex, Scicom does not have a dividend policy. But dividend payout has risen steadily, from a range of between 50% and 60% in FY07-11 to 76-89% in FY14-16. Assuming FY16 DPS of 9 sen, it yields a modest 3.9%.

## Peer comparison

There are no listed BPO services provider in Malaysia. Other e-government service providers include MyEG Services and Prestariang.

**MY E.G. Services Berhad** (MYEG) which is the largest an e-Government services provider in terms of revenue and functions. Its key online services include some of the functions of the following Government agencies, namely: i) Road Transport Department (RTD) to test, issue and renew driver's license, renew road taxes; transfer ownership of vehicles, ii) Immigration Department to register foreign workers; and iii) Royal Malaysian Customs Department to collect tax data. It also provides a platform for the Royal Malaysia Police, National Registration Department, and Kuala Lumpur City Hall, and Malaysia Department of Insolvency. The company enjoyed a very health net profit margin of 50.6% in FY16. (Exhibit 7).

**Prestariang** announced in November 2016 that it secured a contract from the Home Affairs Ministry to modernise the core applications and infrastructure of the national immigration system with the aim of enhancing the border security, also known as "Sistem Kawalan & Imigresen Nasional" (SKIN). The concession is for 15 years including 3 years of deployment and 12 years of maintenance and operations where it will receive an average annual payment of RM294.7m which amounts to RM3.5bn over the tenure of the contract..

**Exhibit 7. Peer comparison**

| | MyEG FY6/16 | Prestariang FY12/16 | Scicom FY6/16 |
|---|---|---|---|
| Revenue | 281.6 | 132.1 | 196.3 |
| Net profit | 142.5 | 9.0 | 41.3 |
| Net profit margin | 50.6% | 6.8% | 21.0% |
| ROAE | 42.30% | 5.30% | 48.5% |
| ROAA | 24.30% | 4.90% | 41.0% |

*Source: Scicom*

## Forecast and valuation

**Slower earnings growth going forward**. On the back of higher effective tax due to the expiry of its tax holiday, we forecast FY17 and FY18 core net profit growth to decline in the coming months. We expect effective tax to rise from 0% in previous years to 7% and 18% in FY17 and FY18 respectively.

Stricter requirements imposed by the government in 3QFY17 will likely affect student intake over coming quarters; we project revenue growth to slow 9% and 7% in FY17 and FY18 from 11% in FY16.

Our forecast does not assume Scicom securing an e-government contract, which would probably change its earnings profile as dramatically as EMGS did. Its core earnings surged 60% and 51% in FY14 and FY15 after securing the contract in Feb 2013 (FY6/13).

**Flattish free cashflow.** Free cashflow to equity is projected to be circa RM39m-40m in FY17 and FY18, broadly unchanged from RM41m in FY16. We assume FY17-19 capex to be similar to FY16, i.e. RM7.2m p.a., which implies capex/revenue falling to 3% by FY19 from 3.7% in FY16. But capex could rise should it secure another e-government contract.

Similarly, we expect Scicom to maintain a DPS of 9 sen going forward.

## Valuation and recommendation

**Fair value of RM2.28.** Based on 18.1x calendarised 2018 EPS, which is a 10% premium to the KLCI's forward PE of 16.5x, we value the stock at RM2.28. The premium is to factor in potential e-government contract wins.

We initiate coverage on Scicom with a **HOLD** recommendation as we believe it lacks re-rating catalysts given slowing revenue growth due mainly to anticipated lower student numbers and higher effective tax. Unless it secures a large contract, we believe the share price reflects is current fundamentals and outlook. Scicom's fairly attractive dividend yield of 4.2% should provide a cushion for share price.

## P&L Summary

| FYE June (RMm) | FY14 | FY15 | FY16 | FY17E | FY18E |
|---|---|---|---|---|---|
| Revenue | 160.1 | 176.8 | 196.3 | 214.0 | 228.4 |
| *Growth %* | *19.6%* | *10.4%* | *11.0%* | *9.0%* | *6.8%* |
| EBITDA | 26.9 | 38.9 | 49.3 | 54.9 | 58.5 |
| *EBITDA margin* | *16.8%* | *22.0%* | *25.1%* | *25.7%* | *25.6%* |
| Depreciation | (5.7) | (5.1) | (5.6) | (5.8) | (6.1) |
| EBIT | 21.3 | 33.7 | 43.7 | 49.1 | 52.5 |
| - Interest income | 0.4 | 0.6 | 0.8 | 0.9 | 1.1 |
| - interest expense | (0.0) | - | - | - | - |
| - forex/EI | 0.7 | (0.3) | 0.5 | - | - |
| Pretax Income | 22.3 | 34.0 | 44.9 | 50.0 | 53.6 |
| Tax Benefit (expenses) | 0.1 | 0.1 | (3.3) | (3.6) | (9.9) |
| *Eff tax rate* | *-0.4%* | *-0.4%* | *7.4%* | *7.2%* | *18.4%* |
| Minority interests | 0.8 | 0.5 | 0.3 | 0.5 | 0.5 |
| **Net profit** | **23.2** | **34.7** | **41.9** | **46.9** | **44.3** |
| *Growth %* | *56.2%* | *49.5%* | *20.9%* | *11.8%* | *-5.7%* |
| *Margin* | *14.5%* | *19.6%* | *21.4%* | *21.9%* | *19.4%* |

*Source: Company, ZJ Research*

## Balance Sheet Summary

| FYE June (RMm) | FY14 | FY15 | FY16 | FY17E | FY18E |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash/near cash | 26.8 | 24.1 | 37.0 | 44.0 | 51.8 |
| Accounts receivable | 37.1 | 44.0 | 43.2 | 49.8 | 53.2 |
| Inventories | - | - | - | - | - |
| Other current assets | 6.5 | 7.0 | 8.1 | 8.1 | 8.1 |
| **Total current assets** | **70.4** | **75.1** | **88.2** | **101.9** | **113.1** |
| | | | | | |
| Net fixed assets | 11.3 | 14.2 | 15.8 | 17.2 | 18.3 |
| Other long-term assets | 3.2 | 5.2 | 6.2 | 6.2 | 6.2 |
| **Total long-term assets** | **14.5** | **19.5** | **22.0** | **23.4** | **24.5** |
| **Total assets** | **85.0** | **94.5** | **110.3** | **125.3** | **137.6** |
| | | | | | |
| **Liabilities & Shareholders' Equity** | | | | | |
| Accounts payable | 13.0 | 0.2 | 0.1 | 0.2 | 0.2 |
| Borrowings | - | - | - | - | - |
| Other short-term liabilities | - | 14.0 | 17.5 | 17.5 | 17.5 |
| Total current liabilities | 13.0 | 14.2 | 17.6 | 17.7 | 17.7 |
| Other long-term liabilities | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| **Total long-term liabilities** | **0.1** | **0.1** | **0.0** | **0.0** | **0.0** |
| | | | | | |
| Total Liabilities | 13.1 | 14.3 | 17.6 | 17.7 | 17.7 |
| Minority interest | (0.5) | (0.5) | (0.8) | (0.8) | (0.8) |
| Share capital | 31.6 | 35.5 | 35.5 | 35.5 | 35.5 |
| Retained earnings | 40.8 | 45.1 | 57.9 | 72.8 | 85.1 |
| **Total Equity** | **71.9** | **80.2** | **92.7** | **107.6** | **119.8** |
| **Total liabilities & equity** | **85.0** | **94.5** | **110.3** | **125.3** | **137.6** |

*Source: Company, ZJ Research*

## Cashflow Summary

| FYE June (RMm) | FY14 | FY15 | FY16 | FY17E | FY18E |
|---|---|---|---|---|---|
| Net income | 23.2 | 34.7 | 41.9 | 46.9 | 44.3 |
| Depreciation & amortization | 5.7 | 5.5 | 6.3 | 5.8 | 6.1 |
| Other non-cash adjustments | (0.4) | 0.2 | 1.6 | - | - |
| Changes in working capital | 7.2 | (7.1) | 1.5 | (6.5) | (3.4) |
| **Cash from operations** | **35.7** | **33.3** | **51.4** | **46.2** | **47.0** |
| | | | | | |
| Disposal of fixed assets | 0.1 | 0.0 | 0.1 | - | - |
| Capital Expenditures | (3.5) | (8.0) | (7.2) | (7.2) | (7.2) |
| Increase in investments | - | - | - | - | - |
| Decrease in investments | - | - | - | - | - |
| Other investing activities | (0.7) | (2.4) | (2.8) | - | - |
| **Cash from investing activities** | **(4.1)** | **(10.4)** | **(9.9)** | **(7.2)** | **(7.2)** |
| | | | | | |
| Dividends paid | (20.7) | (25.5) | (28.4) | (32.0) | (32.0) |
| Change in borrowings | - | - | - | - | - |
| Change in capital stocks | - | - | - | - | - |
| Other financing activities | 0.1 | (0.1) | (0.2) | - | - |
| **Cash from financing activities** | **(20.6)** | **(25.6)** | **(28.6)** | **(32.0)** | **(32.0)** |
| **Net Changes in Cash** | **10.9** | **(2.7)** | **12.9** | **7.0** | **7.8** |

*Source: Company, ZJ Research*

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## RATING GUIDE

| | |
|---|---|
| BUY | Price appreciation expected to exceed 15% within the next 12 months |
| SELL | Price depreciation expected to exceed 15% within the next 12 months |
| HOLD | Price movement expected to be between -15% and +15% over the next 12 months from current level |

## DISCLAIMER



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