

Malaysia
HOLD (previously ADD)

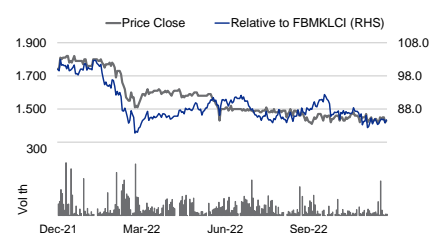
Consensus ratings*: Buy 1 Hold 1 Sell 0

| | |
|-------------------------|------------|
| Current price: | RM1.43 |
| Target price: | RM1.36 |
| Previous target: | RM1.60 |
| Up/downside: | -4.9% |
| CGS-CIMB / Consensus: | -11.1% |
| Reuters: | BESH.KL |
| Bloomberg: | BESHOM MK |
| Market cap: | US\$96.68m |
| | RM429.1m |
| Average daily turnover: | US\$0.01m |
| | RM0.03m |
| Current shares o/s: | 300.1m |
| Free float: | 46.0% |

*Source: Bloomberg

Key changes in this note

- FY23-25F EPS forecasts decreased by 34.7-40.6% on reduced revenue and operating margin assumptions.



Source: Bloomberg

| Price performance | 1M | 3M | 12M |
|-------------------|------|------|-------|
| Absolute (%) | -1.4 | -1.4 | -16.9 |
| Relative (%) | -2.4 | -2.5 | -14.9 |

Major shareholders

| | % held |
|------------------------------------|--------|
| The Estate of the late Tan Kai Hee | 10.8 |
| Akintan Sdn Bhd | 8.5 |
| Excellant Communication Sdn Bhd | 5.4 |

Analyst(s)

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Beshom Holdings Bhd

Weak outlook for its MLM segment

- Beshom's 1HFY4/23 core net profit of RM9.2m (-38.3% yoy) was below our expectations (24.0% of FY23F) and Bloomberg consensus (25.4%).
- We expect a tough operating environment for its MLM segment in 2HFY23F due to weaker consumer discretionary spending and increased competition.
- Downgrade to Hold with a lower TP of RM1.36 (14x CY24F P/E), supported by decent dividend yield of 5.6% (FY23-25F) and a healthy net cash position.

2QFY4/23 core net profit of RM3.9m (-52.3% yoy); below expectation

Beshom Holdings Bhd's (Beshom) 2QFY4/23 core net profit (CNP) plunged 52.3% yoy to RM3.9m. This brings 1HFY23 CNP to RM9.2m (-38.3% yoy), which was below expectations at 24.0% of our and 25.4% of Bloomberg consensus FY23F estimates. The earnings underperformance was mainly due to weaker-than-expected contributions from its multi-level marketing (MLM) segment, which more than offset the gradual recovery of its retail and wholesale segment in 2QFY23. Its MLM segment's 2QFY23 sales fell to RM20.6m (-42.0% yoy) while operating margin dropped to 11.6% (-8.4% pts yoy), as a result of its members' weaker consumer discretionary spending power, unfavourable product mix and higher marketing costs. Beshom also declared its first interim dividend of 3 sen/share on 21 Dec 22, representing a dividend payout of 43.4%, below expectations.

Lower 2QFY23 sales and CNP on a qoq basis due to seasonality

Beshom's 2QFY23 revenue fell 8.7% qoq due to lower sales contributions from its MLM (-4.2% qoq) and wholesale (-24.8% qoq) segments, partly due to seasonality post Hari Raya festive sales and sales promotions in 1QFY23, respectively. 2QFY23 EBITDA margin also narrowed to 15.3% (-3.6% pts qoq), owing to an unfavourable product mix, lower economies of scale and higher marketing costs (aggressive recruitment activities and incentives), in our view. As a result, 2QFY23 CNP came in at RM3.9m (-27.9% qoq).

Weak MLM segment could be a dampener to a stronger 2HFY23F

We expect Beshom to post stronger earnings in 2HFY23F, primarily on increased contributions from its retail and wholesale segments due to major festive sales (e.g. Christmas and Chinese New Year) and higher footfall. This is despite the tepid earnings outlook for the MLM segment given its members' weaker consumer discretionary spending power amid high inflationary pressures and rising interest rates. A weaker-than-expected recovery in MLM members could pose downside risks to our forecasts.

Downgrade to Hold with a lower TP of RM1.36

We cut our FY23-25F EPS by 34.7-40.6% to reflect lower revenue and margin assumptions due to rising marketing and input costs. In tandem with our EPS cuts, our TP drops to RM1.36 (14x CY24F P/E, its 5-year historical mean) as we roll over our valuation base year to CY24F. We downgrade the stock to Hold from Add on a more subdued earnings outlook as we expect the MLM segment to face a tough operating environment. However, we believe its share price will be supported by decent dividend yields of 5.6% (FY23-25F) and a healthy net cash position of RM114.9m (RM0.38/share).

Financial Summary

| | Apr-21A | Apr-22A | Apr-23F | Apr-24F | Apr-25F |
|--------------------------------|---------|---------|---------|---------|---------|
| Revenue (RMm) | 271.4 | 209.6 | 214.1 | 231.1 | 245.4 |
| Operating EBITDA (RMm) | 58.30 | 44.59 | 36.41 | 41.91 | 46.39 |
| Net Profit (RMm) | 38.82 | 28.57 | 23.44 | 27.03 | 30.19 |
| Core EPS (RM) | 0.13 | 0.09 | 0.08 | 0.09 | 0.10 |
| Core EPS Growth | 13.3% | (29.0%) | (15.0%) | 15.3% | 11.7% |
| FD Core P/E (x) | 11.04 | 15.55 | 18.31 | 15.88 | 14.22 |
| DPS (RM) | 0.090 | 0.080 | 0.080 | 0.080 | 0.080 |
| Dividend Yield | 6.29% | 5.59% | 5.59% | 5.59% | 5.59% |
| EV/EBITDA (x) | 6.61 | 8.60 | 10.82 | 9.32 | 8.32 |
| P/FCFE (x) | 9.15 | 14.67 | 51.55 | 12.22 | 11.22 |
| Net Gearing | (16.8%) | (17.4%) | (11.1%) | (12.1%) | (13.5%) |
| P/BV (x) | 1.37 | 1.35 | 1.35 | 1.34 | 1.32 |
| ROE | 12.7% | 8.8% | 7.4% | 8.5% | 9.3% |
| % Change In Core EPS Estimates | | | (39.2%) | (40.6%) | (34.7%) |
| CGS-CIMB/Consensus EPS (x) | | | 0.31 | 0.30 | 0.33 |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Weak outlook for its MLM segment

Key de-rating catalysts and key upside risks ►

Key de-rating catalysts: lower-than-expected MLM sales as a result of lower consumer discretionary spending power and lower-than-expected GP margin due to higher input costs and operating expenses that could lead to greater margin compression.

Key upside risks: Stronger-than-expected MLM sales, faster pace of recovery of its wholesale and retail segment, and higher-than-expected margin due to higher economies of scale and operating efficiency.

Figure 1: Results comparison

| FYE Apr (RM m) | 2QFY23 | 2QFY22 | yoy % chg | qoq % chg | 1HFY23 cum | 1HFY22 cum | yoy % chg | Prev FY23F | Comments |
|--------------------------|------------|-------------|---------------|---------------|---------------|---------------|--------------|---------------|---|
| Revenue | 44.1 | 55.7 | (20.9) | (8.7) | 92.3 | 104.9 | -12.0 | 273.6 | Group revenue lower yoy due to lower MLM division revenue (-42.0% yoy), which partially mitigated by the increase in retail revenue (+21.5% yoy), wholesale (+11.7% yoy) and others (+22.2%) revenue in 1QFY23. |
| Operating costs | -37.3 | -43.5 | (14.2) | (4.6) | -76.4 | -81.9 | -6.7 | -217.1 | |
| EBITDA | 6.8 | 12.3 | (45.0) | (26.2) | 15.9 | 23.0 | -30.7 | 56.6 | |
| <i>EBITDA margin (%)</i> | 15.3 | 22.0 | (6.7) | (3.6) | 17.2 | 21.9 | -4.7 | 20.7 | Lower EBITDA margin due to lower economies of scale, unfavourable product mix and higher marketing costs |
| Depn & amort. | -1.4 | -1.6 | (12.7) | (2.4) | -2.7 | -3.1 | -11.4 | -6.1 | |
| EBIT | 5.4 | 10.7 | (49.6) | (30.5) | 13.2 | 19.9 | -33.7 | 50.4 | |
| Interest expense | 0.0 | -0.1 | (25.0) | - | -0.1 | -0.1 | -24.4 | -0.1 | |
| Interest & invt inc | 0.2 | 0.1 | 15.0 | 8.8 | 0.3 | 0.3 | 0.3 | 1.0 | |
| Associates' contrib | 0.0 | 0.0 | n.m. | (82.4) | 0.0 | 0.0 | 122 | 0.0 | |
| Exceptionals | 0.0 | -0.3 | (101.0) | >100 | 1.7 | -0.2 | >100 | 0.0 | Included one-off gain from disposal of vintage tea amounting to RM1.7m and provision for write off and net forex gain |
| Pretax profit | 5.5 | 10.5 | (47.4) | (41.9) | 15.0 | 19.9 | -24.5 | 51.4 | |
| Tax | -1.5 | -2.6 | (41.8) | (37.4) | -3.9 | -4.9 | -21.0 | -12.9 | |
| Tax rate (%) | 27.1 | 24.5 | 2.6 | 1.9 | 25.9 | 24.7 | 4.7 | 25.0 | Higher tax rate due to certain expenses which were not deductible for tax purpose and losses of certain subsidiary companies which could not be off set against profits of certain subsidiaries |
| Minority interests | 0.1 | 0.1 | 37.5 | 93.2 | 0.2 | 0.2 | 44.7 | 0.0 | |
| Net profit | 3.9 | 7.8 | (50.4) | (44.8) | 10.9 | 14.8 | -26.4 | 38.6 | |
| Core net profit | 3.9 | 8.1 | (52.3) | (27.9) | 9.2 | 15.0 | -38.3 | 38.6 | Below our and Bloomberg's consensus expectations at 24.0% and 25.4% of FY23F forecasts respectively |
| <i>Core net margin %</i> | 8.8 | 14.6 | (5.8) | (2.3) | 13.0 | 14.3 | -1.3 | 14.1 | |
| EPS (sen) | 1.3 | 2.6 | (50.4) | (44.8) | 6.9 | 9.4 | -26.4 | 12.8 | |
| Core EPS (sen) | 1.3 | 2.7 | (52.3) | (27.9) | 5.9 | 9.5 | -38.3 | 12.8 | |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Earnings revision

| RM m | FY22 | FY23F | | | FY24F | | | FY25F | | |
|--------------------|-------|-------|-------|--------|-------|-------|--------|-------|-------|--------|
| | | Old | New | %chg | Old | New | %chg | Old | New | %chg |
| Revenue | 271.4 | 273.6 | 214.1 | -21.8% | 301.6 | 231.1 | -23.4% | 306.0 | 245.4 | -19.8% |
| EBITDA | 58.3 | 56.6 | 36.4 | -35.6% | 66.4 | 41.9 | -36.9% | 67.6 | 46.4 | -31.4% |
| Core pretax profit | 52.4 | 51.4 | 31.3 | -39.2% | 60.7 | 36.0 | -40.6% | 61.6 | 40.3 | -34.7% |
| Core net profit | 38.9 | 38.6 | 23.4 | -39.2% | 45.5 | 27.0 | -40.6% | 46.2 | 30.2 | -34.7% |
| Core EPS (sen) | 12.9 | 12.8 | 7.8 | -39.2% | 15.2 | 9.0 | -40.6% | 15.4 | 10.1 | -34.7% |

SOURCES: CGS-CIMB, COMPANY REPORTS

Figure 3: 2QFY23 segmental breakdown

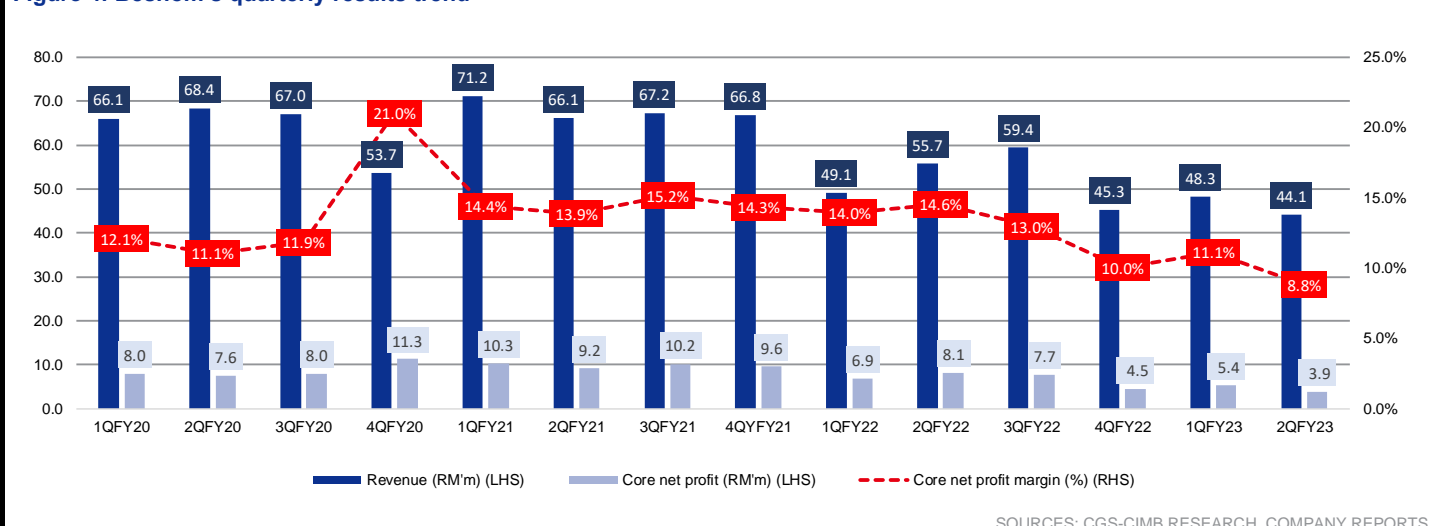
| Revenue (RM'm) | 2QFY23 | 2QFY22 | yoy % chg | 4QFY22 | qoq % chg | 1HFY23 cum | 1HFY22 cum | yoy % chg |
|-----------------------|--------|--------|-----------|--------|-----------|------------|------------|-----------|
| Multi-Level Marketing | 20.6 | 35.5 | -42.0% | 21.8 | -4.2% | 42.1 | 65.6 | -35.8% |
| Wholesale | 12.8 | 11.4 | 11.7% | 13.7 | -24.8% | 29.8 | 22.2 | 33.8% |
| Retail | 9.5 | 7.9 | 21.5% | 8.7 | 10.1% | 18.2 | 15.1 | 20.5% |
| Others | 1.2 | 1.0 | 22.2% | 1.0 | 5.5% | 2.3 | 2.0 | 17.2% |

| EBIT (RM'm) | 2QFY23 | 2QFY22 | yoy % chg | 4QFY22 | qoq % chg | 1HFY23 cum | 1HFY22 cum | yoy % chg |
|-----------------------|--------|--------|-----------|--------|-----------|------------|------------|-----------|
| Multi-Level Marketing | 2.4 | 7.1 | -66.3% | 3.5 | -11.6% | 5.1 | 13.3 | -61.7% |
| Wholesale | 1.9 | 2.0 | -7.6% | 4.8 | -67.2% | 7.5 | 3.4 | 121.0% |
| Retail | 0.8 | 0.6 | 26.2% | 0.4 | 50.5% | 1.4 | 1.0 | 31.2% |
| Others | 1.0 | 0.8 | 25.0% | 0.9 | 53.6% | 1.6 | 1.9 | -14.8% |


| Operating profit margin (%) | 2QFY23 | 2QFY22 | yoy % pts chg | 4QFY22 | qoq % pts chg | 1HFY23 cum | 1HFY22 cum | yoy % chg |
|-----------------------------|--------|--------|---------------|--------|---------------|------------|------------|-----------|
| Multi-Level Marketing | 11.6% | 20.0% | -8.4% | 16.1% | -1.0% | 12.1% | 20.3% | -8.2% |
| Wholesale | 14.5% | 17.5% | -3.0% | 35.0% | -18.8% | 25.2% | 15.3% | 10.0% |
| Retail | 8.5% | 8.2% | 0.3% | 4.9% | 2.3% | 7.4% | 6.8% | 0.6% |
| Others | 82.9% | 81.1% | 1.8% | 86.9% | 25.9% | 70.3% | 96.6% | -26.4% |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Beshom's quarterly results trend

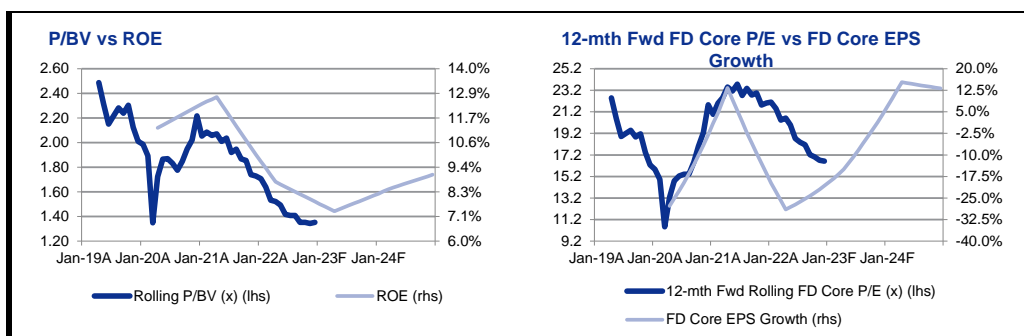


SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

|  | | Refinitiv ESG Scores | | | | | |
|---|--|----------------------|-------------------------|--------------------|------------------------------|-------------------------|-----------------------------|
| ESG in a nutshell | | B+ | A+ | B+ | C- | B+ | A- |
| | | ESG Score | ESG Controversies Score | ESG Combined Score | ESG Environment Pillar Score | ESG Social Pillar Score | ESG Governance Pillar Score |
| <p>In 2009, Beshom launched Hai-O Foundation to enhance its corporate social responsibility, focusing on reaching out to local communities, especially underprivileged groups, by championing educational and cultural causes. The foundation has since 2010 organised fundraising campaigns in aid of selected schools. Beshom also established the Hai-O Arts and Culture Grants to encourage the participation of all races in support of Malaysia’s arts and culture. Beshom also spearheaded programmes such as “21st Century Smart Classrooms Education”, which provided contemporary education tools and equipment to selected schools, and “Clothes of Confidence”, supplying school uniforms to underserved communities. In this respect, we believe Beshom has done relatively well in the social (S) pillar. We are also encouraged by its environmentally-friendly initiatives and corporate governance measures as highlighted below. That said, further improvements could be made to strengthen its environment (E) and governance (G) aspects, which could re-rate the stock from an ESG standpoint.</p> | | | | | | | |
| <p>Keep your eye on</p> <p>As disclosed in its FY22 annual report, only two out of nine (22%) Beshom directors are female. This is fewer than the Malaysian Code of Corporate Governance’s (MCCG) recommendation of at least 30% women directors. However, we take comfort from the fact that it had a higher proportion of female representation in its management team (64%) and MLM distributorship (76%) as at end-FY21.</p> | <p>Implications</p> <p>We view the board composition negatively. However, Beshom aims to make the necessary efforts to appoint additional female directors in the near future to close the gap. Meanwhile, we are positive on the better gender diversity at its management level and in its MLM membership.</p> | | | | | | |
| <p>ESG highlights</p> <p>As at end-FY22, Beshom had six independent directors out of its total nine board members (67%). This exceeded the Main Market Listing Requirement of at least one-third of the board comprising independent directors and the MCCG practice of having independent directors account for at least half the board.</p> <p>Note that Beshom has not been included in the FTSE4Good Bursa Malaysia Index nor has it been rated by ESG rating providers such as FTSE Russell and Refinitiv.</p> | <p>Implications</p> <p>We believe Beshom’s overall ESG performance is decent, especially in its governance (G) and social (S) aspects, given its high composition of independent directors and its long-term track record of substantial contribution to community development/wellbeing since the establishment of its corporate social responsibility arm, Hai-O Foundation, in 2009 (e.g. organising charity campaigns to raise funds for selected schools since 2010).</p> | | | | | | |
| <p>Trends</p> <p>Beshom has initiated various environmentally-friendly measures over the past years, such as launching its “Sweetality Flexi Pack” green packaging, which enable consumers to reuse their old bottles, in 2022; “LED lighting systems” project (since 2017) to replace the lighting at both its buildings and retail outlets to improve energy efficiency; and launch of “e-membership platform” in 2017 to reduce paper waste materials.</p> | <p>Implications</p> <p>We are positive on the company’s efforts in environmental sustainability. As of FY22, the group recorded electricity savings of >50,000kWh from LED lighting systems, with 580 LED lights installed during the year. As of 30 Apr 2022, 10 out of the group’s total 55 retail outlets were fully fitted with LED lighting systems. In FY22, 99.9% of its new members joined via its e-membership platform, resulting in 10% savings in the number of A4 paper reams ordered in FY22 vs. FY21. Nonetheless, we have not ascribed an ESG premium to Beshom’s valuations at this juncture as we see room for further improvements in its packaging materials as consumer-packaged goods constitute a large portion of its sales.</p> | | | | | | |

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS



Profit & Loss

| (RMm) | Apr-21A | Apr-22A | Apr-23F | Apr-24F | Apr-25F |
|---|--------------|--------------|--------------|--------------|--------------|
| Total Net Revenues | 271.4 | 209.6 | 214.1 | 231.1 | 245.4 |
| Gross Profit | 105.2 | 86.3 | 78.8 | 86.7 | 92.0 |
| Operating EBITDA | 58.3 | 44.6 | 36.4 | 41.9 | 46.4 |
| Depreciation And Amortisation | (6.3) | (6.0) | (6.1) | (6.5) | (6.8) |
| Operating EBIT | 52.0 | 38.5 | 30.3 | 35.4 | 39.6 |
| Financial Income/(Expense) | 0.4 | 0.4 | 1.0 | 0.6 | 0.7 |
| Pretax Income/(Loss) from Assoc. | (0.0) | (0.1) | 0.0 | 0.0 | 0.0 |
| Non-Operating Income/(Expense) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit Before Tax (pre-EI) | 52.4 | 38.8 | 31.3 | 36.0 | 40.3 |
| Exceptional Items | (0.1) | 1.3 | 0.0 | 0.0 | 0.0 |
| Pre-tax Profit | 52.3 | 40.1 | 31.3 | 36.0 | 40.3 |
| Taxation | (13.4) | (10.9) | (7.8) | (9.0) | (10.1) |
| Exceptional Income - post-tax | | | | | |
| Profit After Tax | 38.9 | 29.2 | 23.4 | 27.0 | 30.2 |
| Minority Interests | (0.1) | (0.7) | (0.0) | 0.0 | 0.0 |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Net Profit | 38.8 | 28.6 | 23.4 | 27.0 | 30.2 |
| Recurring Net Profit | 38.9 | 27.6 | 23.4 | 27.0 | 30.2 |
| Fully Diluted Recurring Net Profit | 38.9 | 27.6 | 23.4 | 27.0 | 30.2 |

Cash Flow

| (RMm) | Apr-21A | Apr-22A | Apr-23F | Apr-24F | Apr-25F |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| EBITDA | 58.30 | 44.59 | 36.41 | 41.91 | 46.39 |
| Cash Flow from Invt. & Assoc. | | | | | |
| Change In Working Capital | 2.48 | -2.72 | -14.26 | 3.62 | 1.27 |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | 16.91 | 1.84 | 1.00 | 1.00 | 2.00 |
| Other Operating Cashflow | | | | | |
| Net Interest (Paid)/Received | 0.43 | -0.22 | 0.98 | 0.59 | 0.65 |
| Tax Paid | -9.22 | -14.28 | -7.81 | -9.01 | -10.06 |
| Cashflow From Operations | 68.89 | 29.21 | 16.33 | 38.12 | 40.25 |
| Capex | -1.80 | -1.14 | -8.00 | -3.00 | -2.00 |
| Disposals Of FAs/subsidiaries | 1.19 | 2.91 | 0.00 | 0.00 | 0.00 |
| Acq. Of Subsidiaries/investments | -19.50 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Investing Cashflow | | | | | |
| Cash Flow From Investing | -20.11 | 1.77 | -8.00 | -3.00 | -2.00 |
| Debt Raised/(repaid) | -1.87 | -1.73 | 0.00 | 0.00 | 0.00 |
| Proceeds From Issue Of Shares | | | | | |
| Shares Repurchased | -2.53 | -0.19 | 0.00 | 0.00 | 0.00 |
| Dividends Paid | -31.98 | -24.21 | -24.01 | -24.01 | -24.01 |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | -0.69 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash Flow From Financing | -37.07 | -26.12 | -24.01 | -24.01 | -24.01 |
| Total Cash Generated | 11.71 | 4.86 | -15.68 | 11.11 | 14.24 |
| Free Cashflow To Equity | 46.91 | 29.25 | 8.33 | 35.12 | 38.25 |
| Free Cashflow To Firm | 49.04 | 31.19 | 8.38 | 35.17 | 38.30 |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

| (RMm) | Apr-21A | Apr-22A | Apr-23F | Apr-24F | Apr-25F |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Cash And Equivalents | 54.3 | 57.4 | 35.8 | 39.1 | 44.6 |
| Total Debtors | 21.7 | 21.8 | 16.4 | 17.1 | 17.5 |
| Inventories | 89.3 | 89.3 | 82.3 | 83.1 | 81.9 |
| Total Other Current Assets | 58.9 | 59.9 | 73.4 | 73.6 | 79.8 |
| Total Current Assets | 224.1 | 228.5 | 207.9 | 212.9 | 223.9 |
| Fixed Assets | 84.6 | 81.4 | 81.7 | 81.8 | 81.5 |
| Total Investments | 44.2 | 44.1 | 44.6 | 44.7 | 44.8 |
| Intangible Assets | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Total Other Non-Current Assets | 17.4 | 16.8 | 22.6 | 22.6 | 21.1 |
| Total Non-current Assets | 146.2 | 142.3 | 149.0 | 149.2 | 147.5 |
| Short-term Debt | 0.0 | 0.0 | 0.5 | 0.5 | 0.5 |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | 37.0 | 33.3 | 31.5 | 33.6 | 35.7 |
| Other Current Liabilities | 7.0 | 5.3 | 5.3 | 5.3 | 5.3 |
| Total Current Liabilities | 44.0 | 38.6 | 37.3 | 39.4 | 41.5 |
| Total Long-term Debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | 2.6 | 2.3 | 2.3 | 2.3 | 2.3 |
| Total Non-current Liabilities | 2.6 | 2.3 | 2.3 | 2.3 | 2.3 |
| Total Provisions | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 |
| Total Liabilities | 46.9 | 41.3 | 40.0 | 42.1 | 44.2 |
| Shareholders' Equity | 313.1 | 317.5 | 317.0 | 320.0 | 326.2 |
| Minority Interests | 10.3 | 11.9 | 0.0 | 0.0 | 1.0 |
| Total Equity | 323.4 | 329.4 | 317.0 | 320.0 | 327.2 |

Key Ratios

| | Apr-21A | Apr-22A | Apr-23F | Apr-24F | Apr-25F |
|---------------------------|---------|---------|---------|---------|---------|
| Revenue Growth | 6.4% | (22.8%) | 2.2% | 8.0% | 6.2% |
| Operating EBITDA Growth | 17.2% | (23.5%) | (18.3%) | 15.1% | 10.7% |
| Operating EBITDA Margin | 21.5% | 21.3% | 17.0% | 18.1% | 18.9% |
| Net Cash Per Share (RM) | 0.18 | 0.19 | 0.12 | 0.13 | 0.15 |
| BVPS (RM) | 1.04 | 1.06 | 1.06 | 1.07 | 1.09 |
| Gross Interest Cover | 196.9 | 179.3 | 605.5 | 709.0 | 792.0 |
| Effective Tax Rate | 25.5% | 27.2% | 25.0% | 25.0% | 25.0% |
| Net Dividend Payout Ratio | 68% | 88% | 102% | 89% | 80% |
| Accounts Receivables Days | 30.32 | 37.89 | 32.61 | 26.54 | 25.72 |
| Inventory Days | 200.5 | 264.6 | 231.5 | 209.5 | 196.4 |
| Accounts Payables Days | 89.1 | 104.2 | 87.4 | 82.5 | 82.5 |
| ROIC (%) | 24.6% | 16.9% | 13.1% | 14.8% | 16.5% |
| ROCE (%) | 16.6% | 12.0% | 9.7% | 11.3% | 12.4% |
| Return On Average Assets | 10.5% | 7.4% | 6.2% | 7.4% | 8.1% |

Key Drivers

| | Apr-21A | Apr-22A | Apr-23F | Apr-24F | Apr-25F |
|-----------------------------------|---------|---------|---------|---------|---------|
| SG&A (% of revenue) | 10.0% | 12.0% | 13.5% | 13.0% | 12.5% |
| MLM segment yoy revenue growth | 0.1 | (0.2) | (0.2) | 0.1 | 0.1 |
| MLM segment online sales growth | 0.6 | 0.1 | 0.2 | 0.1 | - |
| Whole segment yoy revenue growth | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 |
| Retail segment yoy revenue growth | (0.0) | (0.0) | 0.1 | 0.1 | 0.0 |
| MLM member assumption ('000) | 890.0 | 770.0 | 1,000.0 | 1,200.0 | 1,100.0 |
| MLM member yoy growth | (0.2) | (0.1) | 0.3 | 0.2 | (0.5) |
| Revenue per member | 1,937.6 | 1,791.7 | 1,062.3 | 973.8 | 1,168.5 |
| Revenue per member yoy growth | 0.4 | (0.1) | (0.4) | (0.1) | 0.2 |

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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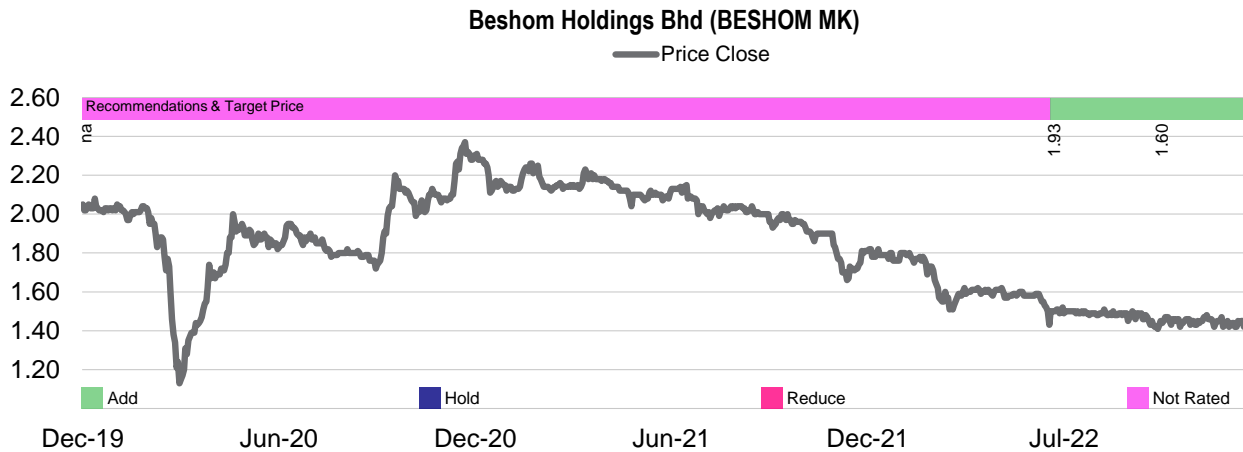
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| Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2022 | | |
|---|-------------------------|--------------------------------|
| 646 companies under coverage for quarter ended on 30 September 2022 | | |
| | Rating Distribution (%) | Investment Banking clients (%) |
| Add | 66.7% | 0.6% |
| Hold | 25.2% | 0.2% |
| Reduce | 8.0% | 0.2% |

Spitzer Chart for stock being researched (2 year data)



Recommendation Framework

Stock Ratings

Definition:

Add The stock's total return is expected to exceed 10% over the next 12 months.

Hold The stock's total return is expected to be between 0% and positive 10% over the next 12 months.

Reduce The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.

Neutral A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.

Underweight An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.

Neutral A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.

Underweight An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.