# Mekophar Chemical Pharmaceutical JSC (MKP-OTC)

## New prospect from the PIC/S factory

- **Stem cell blood bank has huge potential**
- **High growth prospect for upcoming new factory**
- **Revenue structure changes will improve profit margins**

### Outlook and recommendation

*Five years after delisting, Mekophar is now back as a listed company with a Japanese strategic partner, Nipro. With the support of Nipro, Mekophar expects to complete building a new PIC/S standard factory at the end of 2018 to manufacture pharmaceutical products under the Nipro brand and start exporting to Japan as well as other Asian markets. Stem cell blood bank with high growth potential is one of the company's strength. Mekophar is the only company in Vietnam that is capable of storaging cord tissue stem cell.*

*At the moment, Mekophar is still behind the industry's leading companies in terms of revenue growth, net income as well as profitability ratios. We expect that from 2019, when the new factory is in operation, the company's performance will improve considerably and help Mekophar catch up with the top firms. However, considering the high investment cost of this new factory, we estimate that it will only be by 2020 that this new untit will contribute to bottom line profits.*

*We consider a P/E of 15x suitable for the company in 2018 which is a discount to the industry where the average P/E is 20x. Using the FCF method, we forecast a target price for Mekophar's of* ***VND94,000 /share.*** *Adding a cash dividend of VND2,000 per share, the total return is estimated at* ***37%****. We have a* ***BUY*** *on this stock.*

### Key financials

| Year end December (VND billion) | FY2015 | FY2016 | FY2017E | FY2018F |
|---|---|---|---|---|
| Net revenue | 1,076 | 1,262 | 1,348 | 1,387 |
| *% growth* | -6.0% | 17.2% | 6.9% | 2.8% |
| Profit after tax | 101 | 120 | 141 | 138 |
| *% growth* | -37.9% | 18.8% | 17.9% | -2.0% |
| PAT margin (%) | 9.4% | 9.5% | 10.5% | 10.0% |
| ROA (%) | 11.3% | 10.4% | 10.1% | 9.3% |
| ROE (%) | 14.5% | 12.2% | 13.2% | 12.0% |
| EPS (VND) | 6.659 | 6.161 | 6.756 | 6.499 |
| Book value (VND) | 46.047 | 50.400 | 54.856 | 59.335 |
| Cash dividend (VND) | 2.500 | 2.300 | 2.000 | 1.000 |
| P/E (x) | N/A | N/A | N/A | 14.0 |
| P/CF (x) | N/A | N/A | N/A | 6.5 |

*Source: MKP, RongViet Securities*

## BUY

| | |
|---|---|
| Initial price (VND) | 70,000 |
| Target price (VND) | 94,000 |
| Dividend yield (%) * | 3% |

*(*) Forecast for the next 12 months*

### Major shareholders (%)

| | |
|---|---|
| Nipro Pharma | 20 |
| Vinapharm | 18 |
| An Sinh hospital | 10 |
| Lan Huynh Thi (Chairman) | 7 |
| *Float available for foreign investors* | 20 |

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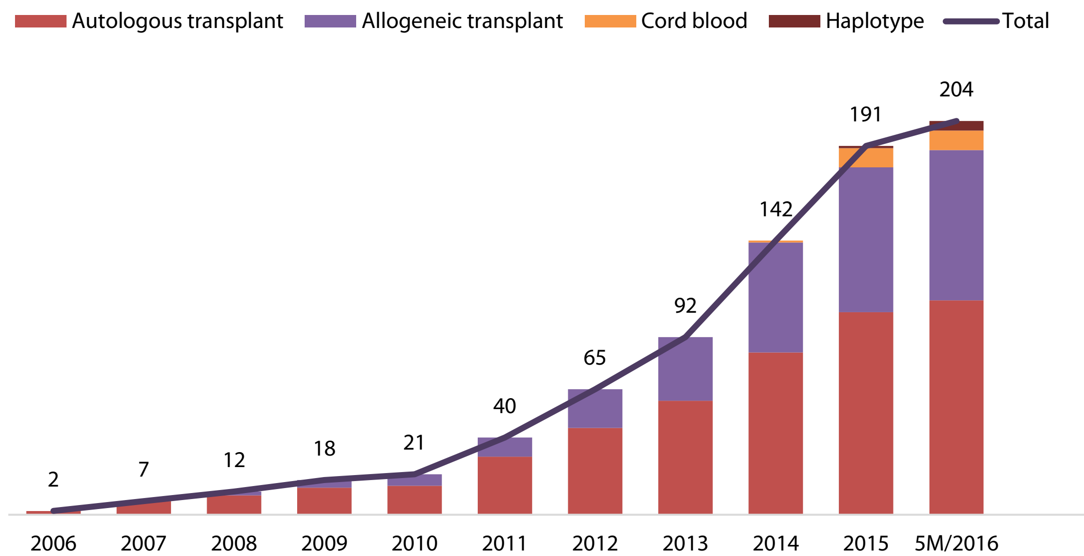
## Stem cell banking has huge potential

Stem cell technology (read more in the appendix) is the process of using young cells that are able to transform into various types of cells to replace cells which are dead of damaged. Stem cell therapy can be used to treat many incurable diseases like spinal cord injury, stroke, Alzheimer's disease, Parkinson's disease or other neurological problems. Stem cell banking is a promising business in Vietnam, in part due to rising income per capita.

**Figure 1: Number of stem cell transplant at Vietnam's Blood Transfusion Hematology Hospital from 2006 to 2016**




*Source: Vietnam Blood Transfusion Hematology Hospital*

Today there are five cord blood banks in Vietnam: HCMC State Blood Transfusion Hematology Hospital, Vietnam National Children's Hospital, Vietnam Blood Transfusion Hematology Hospital, Mekophar (with Mekostem bank) and Vinmec's international hospital. With exclusive technology from Cell Research from Singapore, Mekostem (a unit of Mekophar) can collect cord blood and cord tissue that allows it to storage more data and helps increase treatment opportunities.

The current price for stem cell collecting and storaging at Mekostem is 25.7 VND million (for cord blood) and 16 VND million (for cord tissue). It will gradually rise by VND 2.1 million and VND 2.3million, respectively, each year thereafter. Total collected fees in 18 years will be VND 62 million and VND 52 million, which is not that expensive for middle-class families. Mekostem's storaging fees are significantly cheaper than its competitors. **Mekostem is the only place that provides collecting and processing of cord tissue cells.** At the moment cord blood is still more popular and has proven to be able to treat more than 80 diseases. Cord tissue is still in an experimental phase but has more treatment potential in the future.

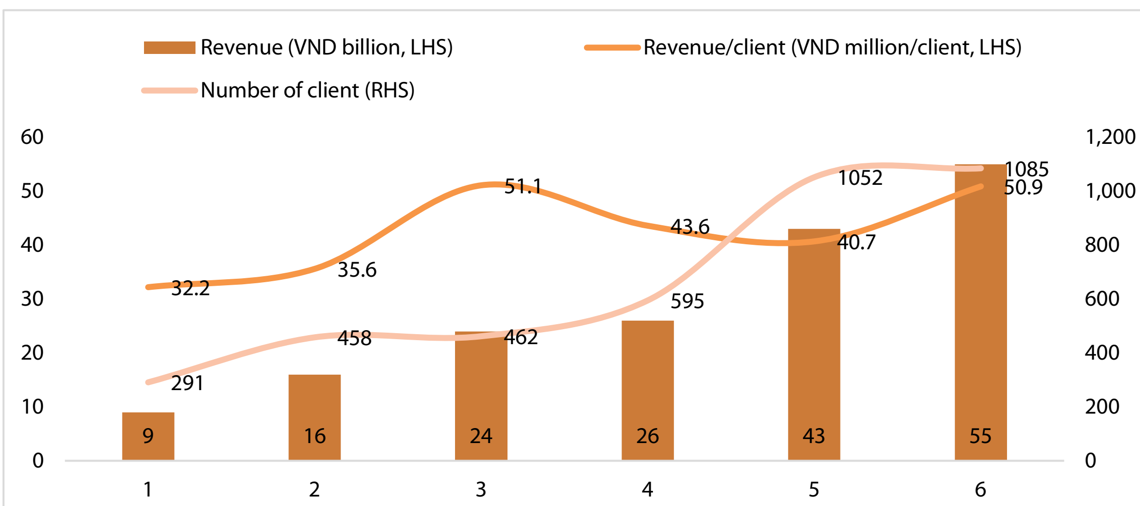
**Table 1: Stem cell service fees (unit: VND million)**

| Cell types | Company | Collecting and storaging fee in first year | Delivery fee (in TPHCM) | 1 year storaging fee | 5 years storaging fee | 10 years storaging fee | 17 years storaging fee |
|---|---|---|---|---|---|---|---|
| Cord blood | Mekostem cord blood bank | 25.7 | 0 | N/A | 11.5 | 22.0 | 35.7 |
| | HCMC State Blood Transfusion Hematology Hospital | 25.0 | 0 | N/A | 10.0 | 23.0 | 42.0 |
| | Vinmec international hospital | 25.0 | 2.0 | 5.0 | 15.0 | 29.0 | 55.0 |
| | Vietnam Blood Transfusion Hematology Hospital | 25.5 | 0 | 2.6 | 12.3 | 25.0 | 42.2 |
| | Vietnam National Children's Hospital | 18.5 | 0 | 2.55 per year or 38.25 in 15 years | | | |
| Cord tissue | Mekostem cord blood bank | 16.0 | 0 | N/A | 11.5 | 22.0 | 35.7 |
| Both types | Mekostem cord blood bank | 41.7 | 0 | N/A | 17.0 | 33.0 | 52.7 |

*Source: RongViet Securities*

Despite off being a new business and only contributing 4.4% of total revenue, cord blood bank is a promising division with gross margin of 82% and making up 17% of gross profit for Mekophar. Growth in the sector should remain robust. The company is currenctly projecting to obtain its certificate from AABB, the American Association of Blood Banks.

**Figure 2: Mekostem's operating data**




*Source: MKP, RongViet Securities*

## Upcoming factory will boost growth

MKP's revenues still depend entirely on its WHO-GMP factory in HCMC. Even though the factory is operating at 80% capacity it will be shut down in 2020 because the lending contract on the land on which it is located will expire. New workshops will be added to the new factory in order to replace the closed one.

**Table 2: Mekophar's products**

| Drug type | Unit | Standard | Designed capacity |
|---|---|---|---|
| **HCMC's factory** | | **WHO-GMP** | |
| Injection | 1,000 vial | | 7,000 |
| Intravenous fluid | 1,000 bottle | | 5,500 |
| Orally tablet | 1,000 tablet | | 1,800,000 |
| Granulated medicine | 1,000 bag | | 50 |
| Liquid drug | 1,000 bottle | | 1,000 |
| Oily solution | 1,000 tube | | 6,000 |
| Antibiotic materials | 1,000 kg | | 100 |
| Pharma-chemical materials | 1,000 kg | | 30 |
| **Non-betalactam factory (late 2018)** | | **PIC/S-GMP** | |
| Orally tablet | 1,000 tablet | | 2,000,000 |

*Source: MKP, RongViet Securities*

In late 2018 Mekophar will start production at its newly built facility in Saigon's high-tech park. It will use Japanese PIC/S-GMP standards. The factory has a designed capacity of 2 billion tablets /year, which will produce non-beta lactam drugs for Nipro. We estimate MKP might produce 500 million tablets for Nipro in 2019. The remaining amount will be sold domestically. Japanese PIC/S technology and training from Nipro will help MKP to gain advantages in medicine auction compared to the current GMP-WHO which is out-of-date.

**Table 3: EU-GMP and PIC/S GMP standard manufacturers in Vietnam**

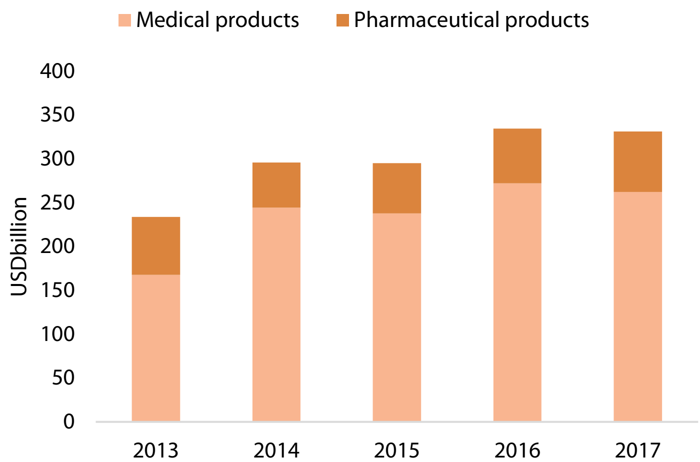
<table>
<tr><th>Manufacturer</th><th>Certificated range</th><th>GMP standard</th><th>Country</th><th>Drug tier</th></tr>
<tr><td rowspan="2">Imexpharm</td><td>Sterile and nonsterile drugs: beta-lactam antibiotic</td><td rowspan="2">EU-GMP</td><td rowspan="2">Spain</td><td>2</td></tr>
<tr><td>Imetoxim 1g (Cefotaxim 1g)</td><td>1</td></tr>
<tr><td rowspan="2">Pymephaco</td><td>Nonsterile drugs: cefalosporin antibiotics</td><td rowspan="2">EU-GMP</td><td rowspan="2">Germany</td><td>2</td></tr>
<tr><td>Cefaclor Stada (Cefaclor 500 mg)<br>Cepoxitil 200 (Cefpodoxime 200 mg)</td><td>1</td></tr>
<tr><td rowspan="2">Stada – Vietnam Joint venture</td><td>Nonsterile drugs</td><td rowspan="2">EU-GMP</td><td rowspan="2">Germany</td><td>2</td></tr>
<tr><td>Bisoprodol, Pantostad 40, Paracetam 800 & 1200, etc.</td><td>1</td></tr>
<tr><td>Sanofi Synthelabo Vietnam</td><td>Nonsterile liquid drugs</td><td>PIC/S GMP</td><td>Malaysia</td><td>2</td></tr>
<tr><td>Korea United Pharm</td><td>Nonsterile drugs, Metformin HCl 500mg</td><td>PIC/S GMP</td><td>Korea</td><td>2</td></tr>
<tr><td>Medochemie Far East</td><td>Sterile and nonsterile drugs</td><td>EU-GMP</td><td>Cyprus</td><td>2</td></tr>
<tr><td>Tenamyd Pharmaceutical</td><td>Sterile drugs: beta-lactam injections</td><td>EU-GMP</td><td>Slovakia</td><td>2</td></tr>
</table>

*Source: DAV, RongViet Securities*

Nipro is currently the biggest contract manufacturing organization (CMO) in Japan with a 90% market share. CMOs are companies that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing. This allows major pharmaceutical companies to outsource those aspects of the business, which can help with scalability or can allow the major company to focus instead on drug discovery and drug marketing. Services offered by CMOs include, but are not limited to: pre-formulation, formulation development, stability studies, method development, pre-clinical and Phase I clinical trial materials, late-stage clinical trial materials, formal stability, scale-up, registration batches and commercial production

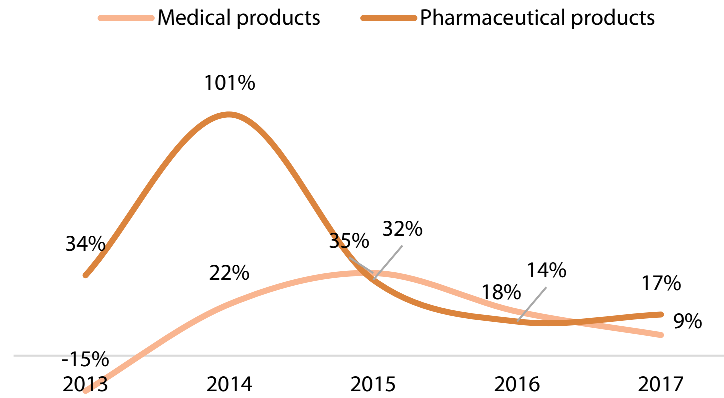
Nipro has three main business segments: medical products, pharmaceutical products and pharma packaging products. In the event that growth in medical and pharma packaging products slows down, the pharmaceutical product segment takes the relay. At the moment, the pharmaceutical segment only makes up 21% of total revenues but contributes 33% of profits and is growing at over 10% per year.

**Figure 3: Nipro's revenue structure 2013-2017**




*Source: Bloomberg, RongViet Securities*

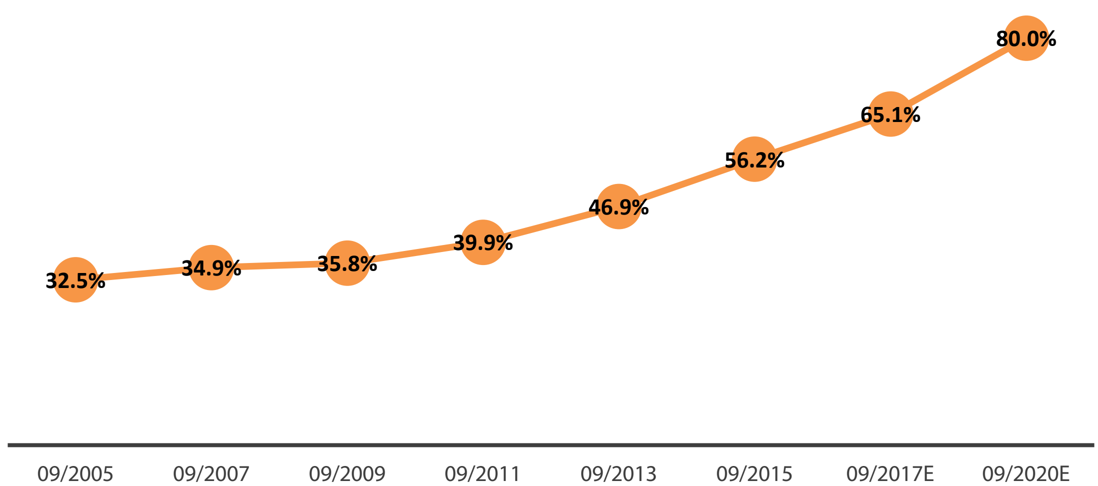
**Figure 4: Nipro's profit structure 2013-2017**




*Source: Bloomberg, RongViet Securities*

**Nipro has 8 factories in Japan and 1 in Hai Phong city/ Vietnam. There are only 3 factories in Japan producing pharmaceutical products** while the rest produces medical equipment and do research. Nipro just completed the expansions of these 3 factories in July 2017 and is planning to build new workshops in its Hai Phong plant to produce medicines. **Mekophar's new factory will play an important role in Nipro's strategy** to increase generic drug production at low prices in order to meet the demand of the domestic market as well as to supply drugs at competitive prices for the Asian market. This is in-line with the Japanese government's policy to strongly support generic drugs, aiming to rise its market share of the general drug market to 80% by September 2020.

**Figure 5: Market share of generic drugs and target for Japan by 2020**



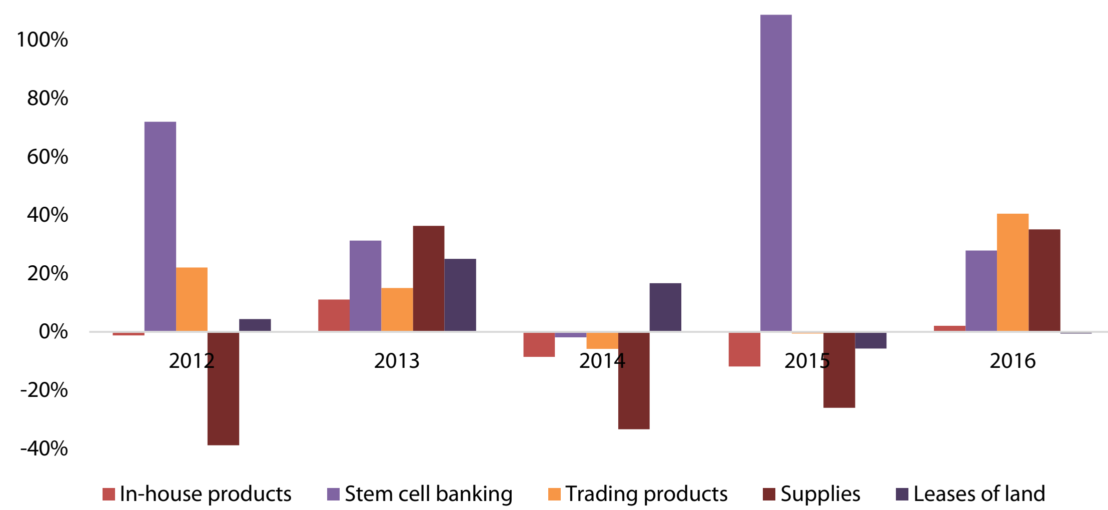

*Source: Ministry of Health, Labor and Welfare*

The new factory will start exporting from 2019 but with a limited volume and high depreciation cost. Therefore, we expect the factory's 2019 profit to be low. From 2020 onwards, when operations stabilizes while capacity reach 70%, Mekophar's revenue and profit margin will considerably improve.

## Revenue structure

The current factory is pretty old and its unique product portfolio are the reasons why CAGR is negative (2012-2016 at -2.3%). Meanwhile, material supplies from China account for 70% of Mekophar's input costs. Inconsistency in pricing has been the cause for margins to drop in the last few years.

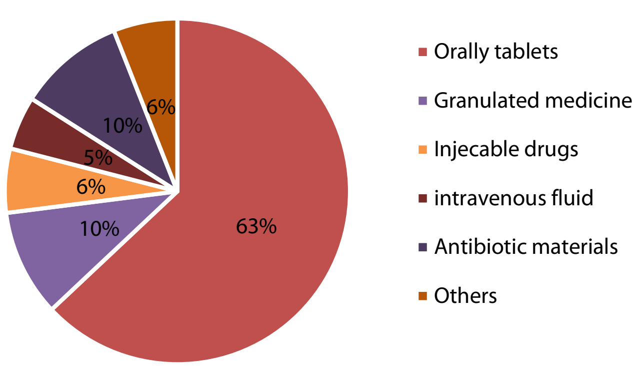
**Figure 6: Revenue growth by segment**




*Source: MKP*

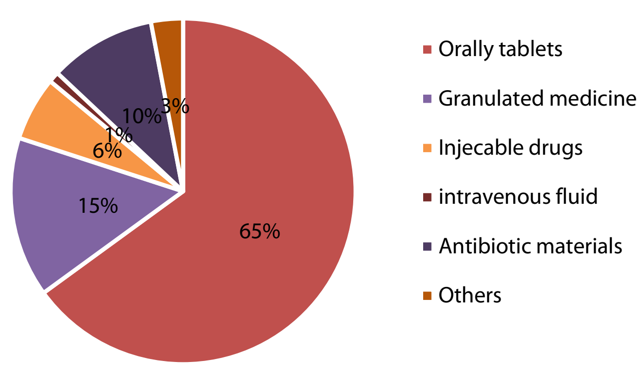
In order to maintain revenue growth, Mekophar had to increase trading of products but profit margin of this sector is very low. Trading products are mostly medicines, pharmaceutical materials and equipment which are aimed to meet clients' demands and maintain relationships with distributors. Overall, these two sectors make up 95% of operating revenues (figures 7 to 10).

**Figure 7: Revenue contribution by product type in 2010**



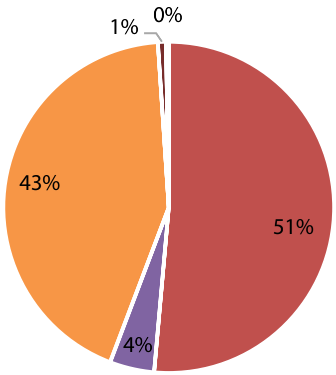

*Source: MKP*

**Figure 8: Profit contribution by product type in 2010**



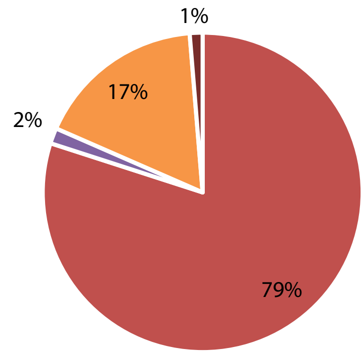

*Source: MKP*

**Figure 9: 2016 revenue contribution**




*Source: MKP*

**Figure 10: 2016 net profit contribution**




*Source: MKP*

With the new factory coming up, Mekophar will steadily reduce its exposure to trading activities and stop producing products that have low margins. We estimate that in-house products sales will grow from VND667 billion in 2017 to VND 1,161 billion in 2020. Gross margin is estimated to be stable at around 21% in 2019 then increase to 24% in 2020 due to the contribution of the new factory. We also expect the stem cell segment to grow at 20% annually and contribute to 20% of Mekophar's profits by 2020.

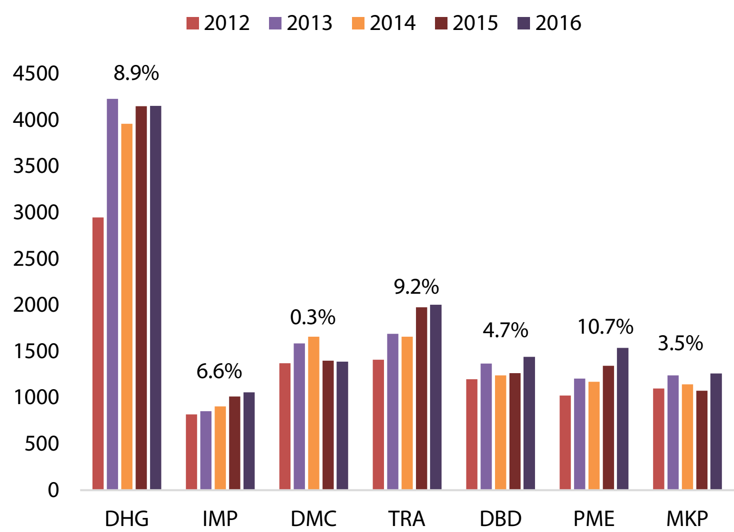
**Table 4: Estimation of segments' revenues and gross margins by 2020**

| Revenue (VND bn) | 2014 | 2015 | 2016 | 2017E | 2018F | 2019F | 2020F |
|---|---|---|---|---|---|---|---|
| In-house products | 721 | 635 | 648 | 667 | 681 | 865 | 1,161 |
| *Growth* | *-9%* | *-12%* | *2%* | *3%* | *2%* | *27%* | *34%* |
| Trading products | 390 | 387 | 544 | 604 | 616 | 629 | 641 |
| *Growth* | *-6%* | *-1%* | *40%* | *11%* | *2%* | *2%* | *2%* |
| Stem cell bank | 20 | 42 | 55 | 58 | 69 | 83 | 100 |
| *Growth* | *-2%* | *111%* | *29%* | *5%* | *20%* | *20%* | *20%* |

| Gross margin (%) | 2014 | 2015 | 2016 | 2017E | 2018F | 2019F | 2020F |
|---|---|---|---|---|---|---|---|
| In-house products | 31% | 31% | 33% | 35% | 35% | 30% | 33% |
| Trading products | 0.6% | 0.7% | 0.8% | 0.8% | 0.8% | 0.8% | 0.8% |
| Stem cell bank | 67% | 80% | 82% | 76% | 77% | 78% | 78% |
| Overall gross margin | 21% | 22% | 21% | 21% | 22% | 21% | 24% |

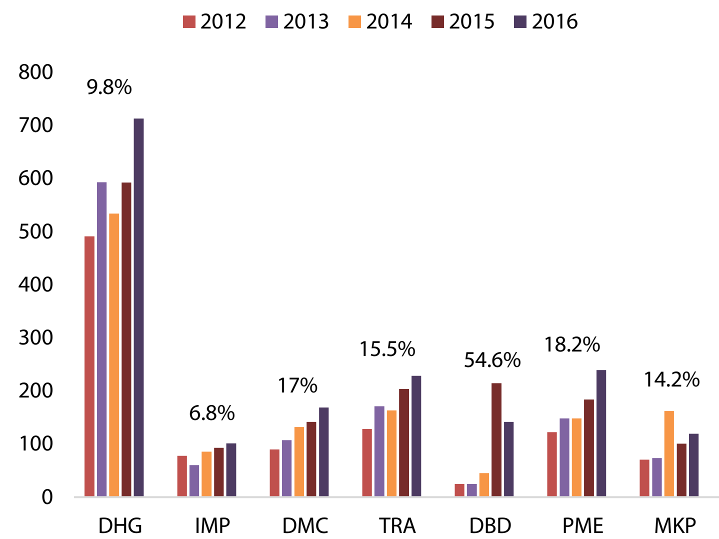
*Source: MKP, RongViet Securities*

**Figure 11: Peers revenues (VND billion, LHS) and CAGR (%)**




*Source: RongViet Securities*

**Figure 12: Peers NPAT (VND billion, LHS) and CAGR (%)**




*Source: RongViet Securities*

**Table 5: Comparison with domestic peers**

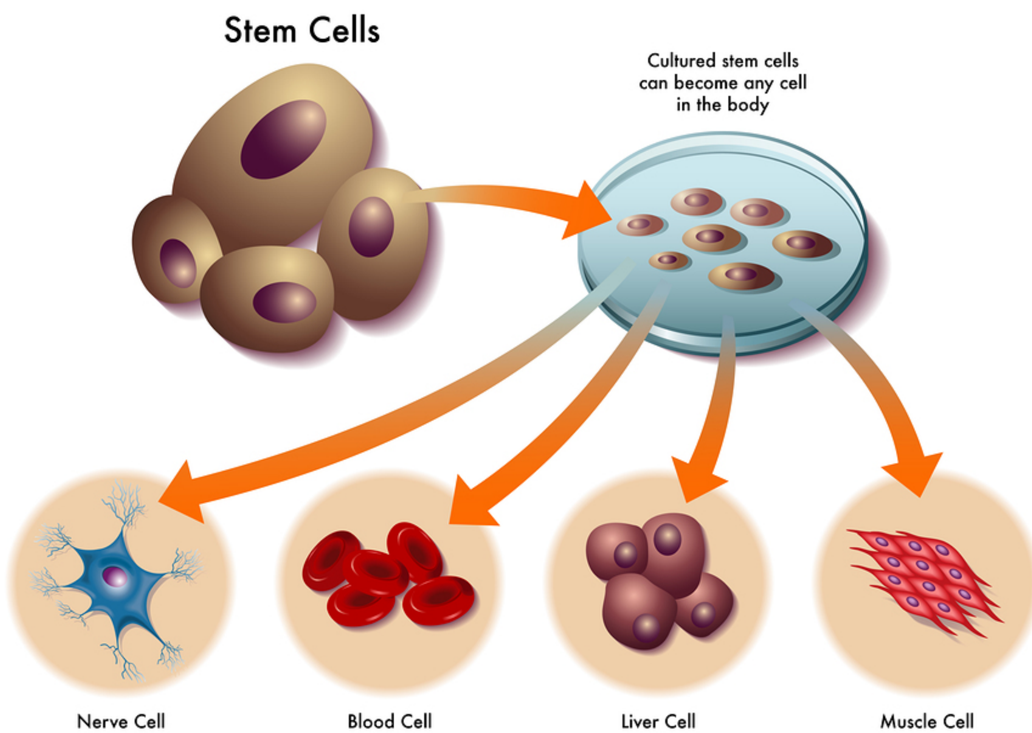
| Company | Capitalisation (VND billion) | 2016 Revenue (VND billion) | 2016 ROE (%) | 2016 Profit (VND billion) | 2016 profit margin (%) | Trailing P/E | Inventory days | CAGR Revenue 2012-2016 | CAGR after-tax profit 2012-2016 |
|---|---|---|---|---|---|---|---|---|---|
| MKP | 1,359 | 1,261 | 12.2 | 120 | 9% | N/A | 77 | 4% | 14% |
| **Top pharmaceutical firms** | | | | | | | | | |
| DHG | 13,336 | 3,783 | 19.4 | 713 | 19% | 23.4 | 121 | 11% | 14% |
| TRA | 4,713 | 1,998 | 15.8 | 211 | 11% | 21.2 | 113 | 17% | 24% |
| DMC | 3,692 | 1,289 | 16.3 | 169 | 13% | 17.8 | 138 | 3% | 20% |
| IMP | 2,809 | 1,010 | 9.0 | 101 | 10% | 27.4 | 145 | 7% | 7% |
| PME | 5,479 | 1,508 | 16.0 | 239 | 16% | 19.1 | 135 | 11% | 18% |
| **Other pharmaceutical firms** | | | | | | | | | |
| DBD | 2,771 | 1,385 | 11.3 | 149 | 10% | 19.0 | 85 | 5% | 5% |
| DCL | 1,290 | 738 | 11.1 | 90 | 12% | 13.1 | 142 | 4% | 5% |
| VDP | 470 | 392 | 12.5 | 58 | 15% | 7.9 | 109 | 14% | 18% |
| OPC | 1,476 | 790 | 11.4 | 79 | 10% | 19.2 | 205 | 18% | 12% |
| DP3 | 452 | 236 | 12.1 | 23 | 10% | 12.5 | 167 | 18% | 44% |
| PMC | 635 | 414 | 26.5 | 74 | 18% | 11.5 | 103 | 12% | 18% |
| DHT | 754 | 1,205 | 11.3 | 57 | 4% | 10.8 | 90 | 18% | 34% |
| **Industry average** | **2,933** | **1,174** | **13.9** | **151** | **13%** | **16.8** | **127** | **10%** | **18%** |

*Source: Bloomberg, RongViet Securities*

## Appendix

### What are stem cells?

Stem cells are young and "immature" cells that have the ability to transform themselves into various types of cells like liver cells, blood cells or nerve cells to replace those cells which are dead or damaged.




Stem cell therapy can be used to treat many incurable diseases like spinal cord injury, stroke, Alzheimer's disease, Parkinson's disease or other neurological problems.

### The history of stem cell therapy

The development of the atomic bomb during World War II brought the unprecedented devastation to the two Japanese cities, namely Hiroshima and Nagasaki. However, this tragedy also stimulated a wave of biomedical research aimed at both understanding the effects of radiation and developing treatments for radiation exposure. This research ultimately led to the development of the bone marrow transplant, which has saved countless lives and is the most popular stem cell therapy in use today.

The first bone marrow transplant was performed in 1956. Today, this technology has been developing dramatically, stem cells are not only collected from bone marrow but also from different parts of body like infant teeth, umbilical cord, muscle and fat. Among these, cord blood stem cells are the optimal cells for treatments. The biggest advantage for cord blood is the "immaturity" of the cells, which means transplants do not require an exact match. For bone marrow and peripheral blood transplants, donors need to match the patient's cellular structure. However, cord blood cells can adapt to a wide variety of patients, and don't require donor matching. Chances for graft-versus-host disease are also much lower for cord blood transplants.

In Vietnam, stem cell therapy already has a long time of development. In 1995, The Blood Transfusion Hematology Hospital performed the first stem cell transplant to cure an anemia patient. However, in the last ten years, there were only 400 transplants performed. As previously mentioned, there are two major limitations of stem cell therapy in Vietnam.

**Lack of stem cell supply**

For example, at Hanoi Hospital of Obstetrics and Gynecology, while there are hundreds of newborn babies every day, only 4 or 5 blood cord samples are collected. The reason for this is the cost of stem cell banking. At the moment, the average cost of stem cell banking is about VND25 million/sample in the first year and VND2.5 million every year later.

**High cost of stem cell treatment**

For a stem cell treatment, with 60% health insurance coverage taken into account, a patient still has to pay over VND200 million which is a large amount for many Vietnamese families.

However, in the near future, the demand for stem cell banking will increase when there are more families highly valuate the importance of stem cell for future treatments. In addition, the increasing average income and the fact that the cost of buying stem cell in Vietnam is relatively cheap in comparison to the global price (USD7,000–USD8,000/sample compared to USD50,000/sample) will be the main factors to push up the development of the stem cell market.

Unit: VND billion

| PROFIT & LOSS STATEMENT | 2015 | 2016 | 2017F | 2018F |
|---|---|---|---|---|
| Revenue | 1,076 | 1,262 | 1,348 | 1,387 |
| COGS | 837 | 995 | 1,055 | 1,082 |
| **Gross profit** | 239 | 267 | 293 | 304 |
| Selling expenses | 60 | 64 | 70 | 73 |
| G&A expenses | 73 | 96 | 87 | 91 |
| Financial income | 18 | 29 | 26 | 22 |
| Financial expense | -1 | 1 | 1 | 6 |
| Other income/loss | 9 | 1 | 1 | 1 |
| Gain/(loss) from joint | 0 | 15 | 15 | 15 |
| **Profit Before Tax** | 135 | 152 | 176 | 173 |
| Tax expense | 34 | 33 | 35 | 35 |
| Minority interests | 0 | 0 | 0 | 0 |
| **Profit After Tax** | 101 | 120 | 141 | 138 |
| EBIT | 106 | 107 | 136 | 140 |
| EBITDA | 121 | 122 | 182 | 198 |

| FINANCIAL RATIOS | 2015 | 2016 | 2017F | 2018F |
|---|---|---|---|---|
| **Growth** | | | | |
| Revenue | -6.0% | 17.2% | 6.9% | 2.8% |
| EBITDA | -2.8% | 0.2% | 49.6% | 8.5% |
| EBIT | -1.9% | 1.0% | 26.1% | 3.2% |
| PAT | -37.9% | 18.8% | 17.9% | -2.0% |
| Total assets | 24.0% | 29.0% | 21.4% | 7.0% |
| Total equity | 19.5% | 40.6% | 8.8% | 8.2% |
| **Profitability** | | | | |
| Gross margin | 22.2% | 21.2% | 21.7% | 21.9% |
| EBITDA margin | 11.3% | 9.6% | 13.5% | 14.2% |
| EBIT margin | 9.9% | 8.5% | 10.1% | 10.1% |
| Net margin | 9.4% | 9.5% | 10.5% | 10.0% |
| ROA | 11.3% | 10.4% | 10.1% | 9.3% |
| ROCE | 13.6% | 10.0% | 10.6% | 10.4% |
| ROE | 14.5% | 12.2% | 13.2% | 12.0% |
| **Efficiency** | | | | |
| Receivables turnover | 8.0 | 4.2 | 6.1 | 8.3 |
| Inventories turnover | 3.6 | 4.7 | 4.0 | 4.0 |
| Payables turnover | 7.6 | 12.4 | 8.8 | 8.8 |
| **Liquidity** | | | | |
| Current | 7.0 | 11.6 | 4.3 | 4.7 |
| Quick | 5.0 | 8.9 | 2.1 | 2.8 |
| **Finance Structure** | | | | |
| Total debt/equity | 0.0% | 0.0% | 9.4% | 8.7% |
| ST debt/equity | 0.0% | 0.0% | 0.0% | 1.7% |
| LT debt/equity | 0.0% | 0.0% | 9.4% | 6.9% |

Unit: VND billion

| BALANCE SHEET | 2015 | 2016 | 2017F | 2018F |
|---|---|---|---|---|
| Cash and cash equivalents | 93 | 230 | -18 | 212 |
| Short-term investments | 317 | 171 | 0 | 10 |
| Accounts receivable | 134 | 301 | 222 | 166 |
| Inventories | 231 | 210 | 264 | 271 |
| Other current assets (inc. non-trade receivables) | 3 | 12 | 47 | 15 |
| Property, plant & equipment | 80 | 161 | 817 | 759 |
| Acquired intangible assets (Inc. Goodwill) | 8 | 7 | 5 | 2 |
| Long term investments | 25 | 57 | 57 | 57 |
| Other non-current assets | 0 | 0 | 2 | 0 |
| **Total assets** | **891** | **1,150** | **1,395** | **1,493** |
| | | | | |
| Accounts payable | 111 | 80 | 120 | 123 |
| Short-term borrowings | 0 | 0 | 0 | 20 |
| Long-term borrowings | 0 | 0 | 100 | 80 |
| Other non-current liabilities | 54 | 68 | 78 | 73 |
| Bonus and Welfare fund | 31 | 22 | 32 | 44 |
| Technology-science development fund | 0 | 0 | 0 | 0 |
| **Total liabilities** | **195** | **171** | **330** | **340** |
| | | | | |
| Common stock and APIC (additional paid in capital) | 307 | 489 | 489 | 489 |
| Treasury stock (enter as -) | -14 | -14 | -14 | -14 |
| Retained earnings / accumulated deficit | 0 | 101 | 142 | 176 |
| Other comprehensive income / (loss) | 0 | 0 | 0 | 0 |
| Investment and Development Fund | 404 | 404 | 448 | 502 |
| **Total equity** | **696** | **979** | **1,065** | **1,153** |
| | | | | |
| **Minority Interest** | **0** | **0** | **0** | **0** |

| CASH FLOW STATEMENT | 2015 | 2016 | 2017F | 2018F |
|---|---|---|---|---|
| *Profit before tax* | 135 | 152 | 176 | 173 |
| Depreciation | 11 | 13 | 47 | 58 |
| *Adjustments* | -27 | -44 | | |
| Change in Working capital | -76 | -182 | -6 | 49 |
| **Net Operating CFs** | 43 | -60 | 217 | 280 |
| Change in Fixed Asset | 24 | (8) | -602 | -198 |
| Change in Deposit, equity investment | -57 | 57 | 171 | -10 |
| Interest, dividend, cash profit received | | 15 | | |
| **Net Investing CFs** | -33 | 64 | -431 | -208 |
| Change in Capital | 20 | 43 | | |
| Change in Debt | | | 100 | |
| Dividend paid & other | 9 | 90 | -134 | 159 |
| **Net Financing CFs** | 29 | 133 | -34 | 149 |
| | | | | |
| **Beginning cash & equivalents** | 51 | 93 | 230 | -18 |
| Change in cash & equivalents | 39 | 138 | -248 | 230 |
| **Ending cash & equivalents** | 93 | 230 | -18 | 212 |

## Company Report

This report is created for the purpose of providing investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information with the objective that is to determine the reasonable value of the stock at the time such analyses are performed. Through this report, we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedbacks and/or receive more information, investors may contact the assigned analyst or our client support department.

**RATING GUIDANCE**

| Ratings | BUY | NEUTRAL | SELL |
|---|---|---|---|
| Total Return including Dividends in 12-month horizon | >20% | -20% to 20% | <-20% |

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