



## TOKYO CEMENT COMPANY (LANKA) PLC

**STRONG BUY**

TKYO.N/ TKYO.X

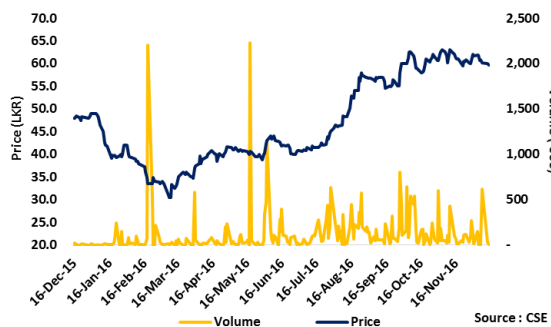
Current Price – LKR 59.6/48.6

Fair Value – LKR 86.0/69.0

2QFY17 Earnings ↑ 118%YoY

| KEY DATA   |             |        |         |
|--|-------------|--------|---------|
| Share Price (LKR)                                  | 59.6/48.6   |        |         |
| 52w High/Low (LKR) (Voting)                        | 63.0/30.4   |        |         |
| 52w High/Low (LKR) (Non-Voting)                    | 53.6/25.0   |        |         |
| Average Daily Volume (Shares '000) V/NV            | 124.9/134.1 |        |         |
| Average Daily Turnover (LKR 'Mn) V/NV              | 6.1/5.8     |        |         |
| Issued Share Capital (Shares mn)                   | 334.1       |        |         |
| Market Capitalisation (LKR mn)                     | 18,689      |        |         |
| Price Performance (%)                              | 1 mth       | 3 mths | 12 mths |
| TKYO.N   | -2.5%       | 8.4%   | 24.2%   |
| TKYO.X   | -1.4%       | 10.7%  | 33.9%   |
| ASPI   | -1.0%       | -2.6%  | -8.0%   |
| Major Shareholders as at 30th Sep 2016             |             |        |         |
| Voting   |             |        |         |
| St. Anthony's Consolidated (Pvt) Ltd               | 27.5%       |        |         |
| South Asian Investment (Pvt) Ltd                   | 20.1%       |        |         |
| Nippon Coke & Engineering Co. Ltd                  | 17.7%       |        |         |
| Capital City Holdings (Private) Limited            | 3.0%        |        |         |
| The Ceylon Guardian Investment Trust Plc A/C # 02  | 2.4%        |        |         |
| Non - Voting                                       |             |        |         |
| Hini-jpmcb-Butterfield Trust ( Bermuda ) Limited   | 11.4%       |        |         |
| J.B. Cocoshell (Pvt) Ltd                           | 10.8%       |        |         |
| Citibank Newyork S/A Norges Bank Account 2         | 5.6%        |        |         |
| Hsbc Intl Nom Ltd-State Street Luxembourg C/O Ssbt | 5.1%        |        |         |
| Employees Provident Fund                           | 4.2%        |        |         |
| Public Holdings (%) V/NV                           | 31.42/ 100  |        |         |

### Price – Volume Chart



### Disclosure on Shareholding:

First Capital Group and its affiliates hold 152,584 shares in TKYO.N and will not trade in this share for the three trading days following the issue of this document.

## “Defining the Indistinctive Leadership”

| V/E 31 Mar                      | FY15   | FY16   | FY17E  | FY18E  | FY19E  |
|---------------------------------|--------|--------|--------|--------|--------|
| Revenue (LKR mn)                | 29,674 | 30,117 | 35,871 | 50,105 | 54,531 |
| YoY % Growth                    | 3%     | 1%     | 19%    | 40%    | 9%     |
| Net Profit (LKR Mn)             | 1,642  | 1,931  | 2,861  | 3,551  | 4,091  |
| EPS (LKR)                       | 4.9    | 5.8    | 8.6    | 10.6   | 12.2   |
| YoY % Growth                    | -23%   | 18%    | 48%    | 24%    | 15%    |
| Valuations                      |        |        |        |        |        |
| Voting - PER (x)                | 12.1x  | 10.3x  | 7.0x   | 5.6x   | 4.9x   |
| Voting - PBV (x)                | 2.0x   | 1.7x   | 1.5x   | 1.2x   | 1.0x   |
| Voting - Dividend Yield (%)     | 2.0%   | 2.3%   | 3.4%   | 4.5%   | 5.1%   |
| Non-Voting - PER (x)            | 9.9x   | 8.4x   | 5.7x   | 4.6x   | 4.0x   |
| Non-Voting - PBV (x)            | 1.6x   | 1.4x   | 1.2x   | 1.0x   | 0.8x   |
| Non-Voting - Dividend Yield (%) | 2.4%   | 2.8%   | 4.2%   | 5.5%   | 6.3%   |
| NAVPS                           | 29.9   | 34.2   | 40.7   | 48.7   | 57.8   |
| Adjusted DPS (LKR)              | 1.2    | 1.4    | 2.1    | 2.7    | 3.1    |
| Dividend Payout                 | 24%    | 23%    | 24%    | 25%    | 25%    |

| LKR (Mn)         | 2QFY17 | 2QFY16 | YoY   | 1QFY17 | QoQ  |
|------------------|--------|--------|---|--------|--|
| Revenue          | 9,848  | 7,962  | 23.7% <span style="color: green;">↑</span>  | 7,559  | 30.3% <span style="color: green;">↑</span> |
| Gross Profit     | 2,403  | 1,696  | 41.7% <span style="color: green;">↑</span>  | 1,807  | 32.9% <span style="color: green;">↑</span> |
| Operating Profit | 1,331  | 681    | 95.5% <span style="color: green;">↑</span>  | 883    | 50.6% <span style="color: green;">↑</span> |
| PBT              | 1,210  | 608    | 99.1% <span style="color: green;">↑</span>  | 763    | 58.7% <span style="color: green;">↑</span> |
| Net Profit       | 1,068  | 490    | 118.1% <span style="color: green;">↑</span> | 644    | 65.9% <span style="color: green;">↑</span> |

| LKR(Mn)          | 3QFY16 | 4QFY16 | 1QFY17 | 2QFY17 |
|------------------|--------|--------|--------|--------|
| Revenue          | 7,011  | 8,215  | 7,559  | 9,848  |
| Gross profit     | 1,339  | 2,076  | 1,807  | 2,403  |
| Gross margin     | 19%    | 25%    | 24%    | 24%    |
| Operating profit | 536    | 992    | 883    | 1,331  |
| Operating margin | 8%     | 12%    | 12%    | 14%    |
| PBT              | 431    | 896    | 763    | 1,210  |
| NP - equity      | 339    | 691    | 644    | 1,068  |
| Net margin       | 5%     | 8%     | 9%     | 11%    |

### Earnings Performance

**Earnings up by 118% YoY:** TKYO's earnings for the 2QFY17 was recorded at LKR 1.1Bn oppose to LKR 490Mn recorded in comparative quarter in FY16 registering a 118%YoY. On a QoQ basis the earnings saw a 66% growth compared to LKR 644Mn recorded in 1QFY17. During the 1HFY17, TKYO generated an earnings of LKR 1.7Bn as opposed to LKR 956Mn recorded in 1HFY16 registering an impressive YoY growth of 79%.

**Revenue generation grows by 24%YoY:** Resultant to the boom in the construction sector coupled with the company's investment into capacity enhancement to reach total plant capacity to 2.8Mn MT that's coming into effect towards the latter part of the year 2016, topline was recorded at LKR 9.8Bn during the 2QFY17 with a 24%YoY growth in comparison to LKR 8Bn recorded in 2QFY16 while on a QoQ basis the same was recorded a growth of 30% as opposed to LKR 7.6Bn recorded in 1QFY17. During the 1HFY17 the topline was recorded at LKR 17.4Bn with a YoY growth of LKR 14.9Bn during 1HFY16. LKR 60.0 increase in Maximum Retail Price (MRP) to LKR 930.0 per 50kg of cement bag towards the latter part of the 1H2016 also impacted favourably on the revenue.

**GP Margin improved to 24%:** On the back of lower cost of production deriving from the improved demand for cement stemming from the booming construction sector and increased manufacture volumes coupled with the comparatively lower commodity prices that are yet to recover and cost savings resulting from the increase in renewable energy generation Gross margin of TKYO improved during the 2QFY17 recording



at 24.4% compared to 23.9% recorded in 1QFY17 and 21.3% in 2QFY16.

**EBIT improves amidst cost efficacies:** Resultant to the better cost management leading to improved efficacies enabled the EBIT to surpass the LKR 1.0Bn mark by recording at LKR 1.3Bn in 2QFY17 with a YoY growth of 95% while QoQ the same registered an improvement of 51% as opposed to LKR 681Mn and LKR 883Mn recorded in 2QFY16 and 1QFY17 respectively. Total operating expenses improved by a marginal 4%YoY in comparison to the 24%YoY growth in the topline.

**Improved NP Margin:** Stemming from the improved GP margins coupled with the effects of the efficient cost management practices led to an earnings of LKR 1.1Bn in 2QFY17 registering an improved NP margin of 11% in 2QFY17 when compared to 6% and 9% registered in 2QFY16 and 1QFY17.

### Future Outlook

**Boom in construction sector led by Government led Infrastructure projects:** With the recommencement of the construction of the Government led Infrastructure projects coupled with the Port City project and the initiation of the Western Region Megapolis development project undertaken by the government are likely to lead to a boom in the overall construction sector which is expected to boost the volumes of TKYO which in turn would increase the topline. TKYO revenue is expected to reach c.LKR 34.8Bn in FY17E registering a 15%YoY growth while the same for FY18E expected to reach c.LKR 40.8Bn.

**Capital investments to increase volume and improve margins:** Investment of USD 50Mn in construction of a new cement manufacturing plant in Trincomalee is expected to add 1.0Mn metric ton enhancing the overall capacity to 2.8Mn metric ton per annum. This would enable TKYO to increase volume thus benefit from the boom created in the industry. Further, newly built 8MW biomass plant would enable to meet the energy requirement of the increase capacity. These investments are expected to increase cost efficiencies and improve the GP margin to c.24% and c.25% in FY17E and FY18E respectively. TKYO invested USD 2Mn investment in a Joint Venture to manufacture 300,000 MT of sand per annum locally which would bring down the cost further.

### Recommendation

**Total return of 32% for both TKYO.N and TKYO.X:** FC recommends a STRONG BUY on TKYO.N with a fair value of LKR 86.0 [LKR 87.3 on DCF based and LKR 85.0 on PER based] providing a total return of 32% and STRONG BUY on TKYO.X with a fair value of LKR 69.0 providing a total return of 32% for FY18E.

For FY17E we expect a fair value of LKR 78.0 on TKYO.N while LKR 62.0 for TKYO.X.

### Investment risks

**Exchange Rate Risk:** TKYO imports cement as well as imports raw material for the manufacture of cement which exposes the company to the exchange rate risk thus drastic fluctuations in the exchange rate would impact the margins as well as earnings of the company.

**Change in Government Policy:** Government has imposed a Maximum Retail Price (MRP) on cement which is likely to shrink the margins in the event of escalation of raw material prices. Government policy changes relating to the recommencement of construction of mega development projects and infrastructure projects would impact the topline.

**Rivalry Competition:** Thailand's second-largest cement manufacturer Siam City Cement acquiring Holcim Lanka Limited, the only other cement manufacturer in the country is likely to intensify the competition in the industry thus impacting the TKYO's market share.

**Escalation in Commodity Prices:** The main raw material Clinker prices declined 14.6%YoY to end 2015 while slag, gypsum and fly ash prices experienced a YoY decline of 20.2%, 21.7% and 3.4% respectively in 2015. Conversely, during the same period price of limestone spiked by 15.3%YoY. In the event of an escalation in the commodity prices is likely to increase the cost of production thus contracting the margins.



### Valuation Summary

| Expected TKYO.N Price     | FY18E |
|---------------------------|-------|
| DCF based Valuation       | 87.3  |
| PER DCF based Valuation   | 85.0  |
| Average Target Price      | 86.2  |
| Target Price (Rounded Up) | 86.0  |

| TKYO - Voting             |            |
|---------------------------|------------|
| Return                    | FY18E      |
| Target Price              | 86.00      |
| Current Price             | 59.60      |
| Capital Gain (LKR)        | 26.40      |
| Dividend(LKR)             | 4.71       |
| Capital Gain %            | 44%        |
| Dividend Yield %          | 8%         |
| <b>Total Return %</b>     | <b>52%</b> |
| <b>Annulised Return %</b> | <b>32%</b> |

| Expected TKYO.X Price     | FY18E |
|---------------------------|-------|
| DCF based Valuation       | 87.3  |
| PER based Valuation       | 85.0  |
| Average Target Price      | 86.2  |
| Voting Non-voting Spread  | 20%   |
| Target Price              | 68.9  |
| Target Price (Rounded Up) | 69.0  |

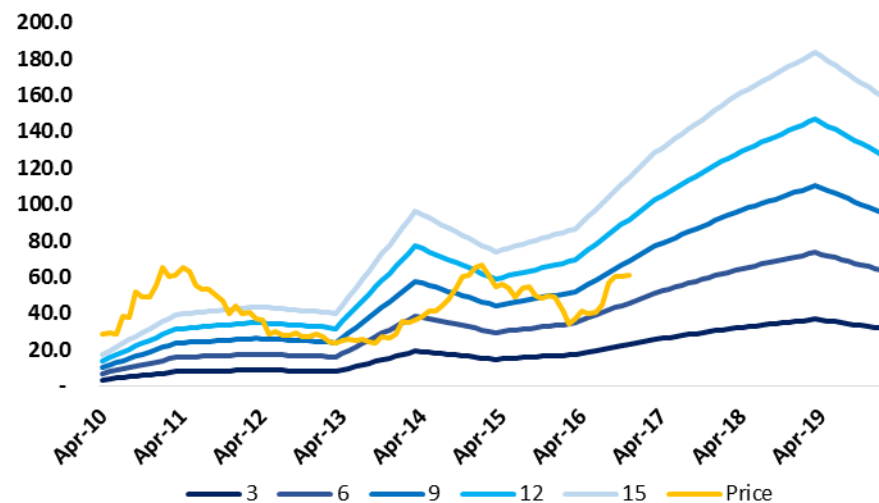
| TKYO Non-Voting           |            |
|---------------------------|------------|
| Return                    | FY18E      |
| Target Price              | 69.00      |
| Current Price             | 48.60      |
| Capital Gain (LKR)        | 20.40      |
| Dividend(LKR)             | 4.71       |
| Capital Gain %            | 42%        |
| Dividend Yield %          | 10%        |
| <b>Total Return %</b>     | <b>52%</b> |
| <b>Annulised Return %</b> | <b>32%</b> |

### DCF Valuation

| Valuations             | FY18E       |
|------------------------|-------------|
| FCFF                   | 31,288      |
| Equity value           | 29,180      |
| Number of shares(Mn)   | 334         |
| <b>Value per share</b> | <b>87.3</b> |

| FY18E | Terminal Growth (%) | WACC |     |     |     |     |
|-------|---------------------|------|-----|-----|-----|-----|
|       |                     | 13%  | 14% | 15% | 16% | 17% |
| 1%    |                     | 89   | 82  | 74  | 71  | 67  |
| 2%    |                     | 96   | 88  | 79  | 75  | 70  |
| 3%    |                     | 105  | 95  | 85  | 81  | 75  |
| 4%    |                     | 115  | 104 | 91  | 86  | 80  |
| 5%    |                     | 128  | 114 | 99  | 93  | 86  |

### PER Valuation



Source: CSE and FC Research Estimates

| PER based Valuation    | FY18E       |
|------------------------|-------------|
| Earnings (LKR Mn)      | 3,551       |
| No of shares (Mn)      | 334.1       |
| EPS                    | 10.6        |
| Expected PER           | 8.0         |
| <b>Price per share</b> | <b>85.0</b> |

### Recommendation criteria

| Categorization | Company Category                       | Strong Buy           | Buy                  | Hold                | Sell              |
|----------------|--|----------------------|----------------------|---------------------|-------------------|
| Grade A        | S&P SL20 Companies                     | T.Bill + 10% & Above | T.Bill + 5% & Above  | T.Bill + 1% & Above | Below T.Bill + 1% |
| Grade B        | Rest of the Companies                  | T.Bill + 13% & Above | T.Bill + 8% & Above  | T.Bill + 3% & Above | Below T.Bill + 3% |
| Grade C        | Companies less than LKR 1Bn Market Cap | T.Bill + 16% & Above | T.Bill + 11% & Above | T.Bill + 6% & Above | Below T.Bill + 6% |

\*1 Year T Bill rate as of 14-12-2016 - 10.11%



## Annex I – Income Statement

| Profit & Loss Statement (LKR Mn) |              |              |              |               |               |
|----------------------------------|--------------|--------------|--------------|---------------|---------------|
| Y/E 31 March                     | FY15         | FY16         | FY17E        | FY18E         | FY19E         |
| Revenue                          | 29,674       | 30,117       | 35,871       | 50,105        | 54,531        |
| Cost of Sales                    | 23,267       | 23,191       | 27,380       | 37,526        | 41,377        |
| <b>Gross Profit</b>              | <b>6,407</b> | <b>6,926</b> | <b>8,491</b> | <b>12,579</b> | <b>13,154</b> |
| Other Income                     | 227          | 156          | 161          | 169           | 177           |
| Total Operating Income           | 6,634        | 7,082        | 8,652        | 12,748        | 13,331        |
| Distribution Cost                | 2,917        | 2,914        | 3,228        | 5,011         | 5,180         |
| Administrative Expenses          | 1,171        | 1,292        | 1,076        | 2,505         | 2,181         |
| Total Operating Expenses         | 4,088        | 4,207        | 4,305        | 7,516         | 7,362         |
| <b>Operating Profit</b>          | <b>2,546</b> | <b>2,875</b> | <b>4,347</b> | <b>5,232</b>  | <b>5,969</b>  |
| Finance Cost                     | 467          | 466          | 583          | 561           | 442           |
| Finance Income                   | 86           | 77           | 1            | 1             | 1             |
| Profit Before Taxation           | 2,165        | 2,487        | 3,765        | 4,672         | 5,528         |
| Income Tax Expenses/(Income)     | 476          | 556          | 904          | 1,121         | 1,437         |
| <b>Profit for the Year</b>       | <b>1,690</b> | <b>1,931</b> | <b>2,861</b> | <b>3,551</b>  | <b>4,091</b>  |
| <b>EPS</b>                       | <b>5.06</b>  | <b>5.78</b>  | <b>8.56</b>  | <b>10.63</b>  | <b>12.24</b>  |

Source: Annual Reports and FC Research Estimates

## Annex II – Balance Sheet

| Balance Sheet (LKR Mn)                |               |               |               |               |               |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| As at 31 March                        | FY15          | FY16          | FY17E         | FY18E         | FY19E         |
| <b>Assets</b>                         |               |               |               |               |               |
| <b>Non-Current Assets</b>             |               |               |               |               |               |
| Property, Plant & Equipment           | 12,426        | 12,892        | 13,836        | 14,448        | 14,648        |
| Capital Work-in-Progress              | 372           | 4,352         | 4,352         | 4,352         | 4,352         |
| Investment In Fixed Deposit           | 102           | 83            | 75            | 68            | 60            |
| Operating Lease Prepayment            | 68            | 63            | 59            | 54            | 50            |
| <b>Total Non-Current Assets</b>       | <b>12,967</b> | <b>17,391</b> | <b>18,322</b> | <b>18,922</b> | <b>19,110</b> |
| <b>Current Assets</b>                 |               |               |               |               |               |
| Inventories                           | 1,619         | 1,542         | 2,875         | 2,627         | 2,069         |
| Trade and other Receivables           | 2,702         | 2,719         | 3,463         | 2,870         | 4,509         |
| Operating Lease Prepayment            | 5             | 5             | 5             | 5             | 5             |
| Tax Receivable                        | 34            | 16            | 16            | 16            | 16            |
| Cash and Cash Equivalents             | 521           | 572           | 84            | 2,085         | 3,203         |
| Financial Investment                  | 1,888         | 6             | 8             | 11            | 14            |
| <b>Total Current Assets</b>           | <b>6,769</b>  | <b>4,859</b>  | <b>6,451</b>  | <b>7,613</b>  | <b>9,816</b>  |
| <b>Total Assets</b>                   | <b>19,737</b> | <b>22,250</b> | <b>24,773</b> | <b>26,535</b> | <b>28,926</b> |
| <b>Equity and Liabilities</b>         |               |               |               |               |               |
| <b>Equity</b>                         |               |               |               |               |               |
| Stated Capital                        | 2,894         | 2,894         | 2,894         | 2,894         | 2,894         |
| Reserves                              | -             | -             | -             | -             | -             |
| Retained Earnings                     | 7,089         | 8,528         | 10,703        | 13,366        | 16,434        |
| <b>Attributed to Equity Holders</b>   | <b>9,982</b>  | <b>11,422</b> | <b>13,597</b> | <b>16,260</b> | <b>19,328</b> |
| Minor Interest                        | -             | 49            | 49            | 49            | 49            |
| <b>Total Equity</b>                   | <b>9,982</b>  | <b>11,471</b> | <b>13,646</b> | <b>16,309</b> | <b>19,377</b> |
| <b>Non-Current Liabilities</b>        |               |               |               |               |               |
| Interest Bearing Borrowings           | 3,061         | 2,858         | 2,869         | 2,794         | 2,744         |
| Deferred Tax                          | 1,732         | 2,207         | 2,207         | 2,207         | 2,207         |
| Retirement Benefits Obligation        | 108           | 112           | 123           | 140           | 160           |
| <b>Total Non-Current Liabilities</b>  | <b>4,901</b>  | <b>5,177</b>  | <b>5,198</b>  | <b>5,141</b>  | <b>5,110</b>  |
| <b>Current Liabilities</b>            |               |               |               |               |               |
| Trade & Other Payables                | 2,247         | 1,850         | 2,190         | 3,002         | 3,310         |
| Current Tax Liabilities               | 5             | -             | 181           | 260           | 340           |
| Short Term Loan                       | 2,600         | 3,752         | 3,558         | 1,823         | 789           |
| <b>Total Current Liabilities</b>      | <b>4,853</b>  | <b>5,602</b>  | <b>5,929</b>  | <b>5,086</b>  | <b>4,439</b>  |
| <b>Total Equity &amp; Liabilities</b> | <b>19,737</b> | <b>22,250</b> | <b>24,773</b> | <b>26,535</b> | <b>28,926</b> |
| <b>NAVPS</b>                          | <b>29.88</b>  | <b>34.18</b>  | <b>40.69</b>  | <b>48.66</b>  | <b>57.85</b>  |

Source: Annual Reports and FC Research Estimates



## Annex III – Cash Flow Statement

| Consolidated Cashflow Statement (LKR Mn)                      | FY15           | FY16           | FY17E          | FY18E          | FY19E          |
|---|----------------|----------------|----------------|----------------|----------------|
| Cash flow from operating activities                           | 2,165          | 2,487          | 3,765          | 4,672          | 5,528          |
| Net Profit before Taxation                                    |                |                |                |                |                |
| Adjustments for:  |                |                |                |                |                |
| Depreciation  | 934            | 993            | 1,043          | 1,137          | 1,216          |
| Retirement Benefit Obligations                                | 21             | 21             | 17             | 25             | 28             |
| Profit on Disposal of Property Plant & Equipment              | 2              | 19             | 8              | 8              | 8              |
| Lease Interest  | 467            | 466            | 583            | 561            | 442            |
| Interest Income   | 5              | 5              | 5              | 5              | 5              |
| ESC Write Off   | (86)           | (77)           | (1)            | (1)            | (1)            |
| <b>Operating Profit Before Working Capital Changes</b>        | <b>3,365</b>   | <b>3,921</b>   | <b>5,420</b>   | <b>6,406</b>   | <b>7,225</b>   |
| (Increase)/Decrease in Inventory                              | 251            | 77             | (1,333)        | 248            | 558            |
| (Increase)/Decrease in Receivables                            | (733)          | 15             | (745)          | 594            | (1,640)        |
| Increase/ (Decrease) in Payables                              | 462            | (448)          | 341            | 812            | 308            |
| <b>Cash generated from Operations</b>                         | <b>3,345</b>   | <b>3,564</b>   | <b>3,683</b>   | <b>8,059</b>   | <b>6,451</b>   |
| Interest Paid   | (467)          | (479)          | (583)          | (561)          | (442)          |
| Income Tax Paid   | (94)           | (42)           | (723)          | (1,042)        | (1,358)        |
| Retirement Benefit Obligation Paid                            | (6)            | (6)            | (6)            | (7)            | (8)            |
| <b>Net Cash from Operating Activities</b>                     | <b>2,778</b>   | <b>2,903</b>   | <b>2,371</b>   | <b>6,449</b>   | <b>4,643</b>   |
| Cash Flow from Investing Activities                           |                |                |                |                |                |
| Purchase of Property, Plant & Equipment                       | (583)          | (1,094)        | (1,987)        | (1,749)        | (1,416)        |
| Interest Received   | 86             | 77             | 1              | 1              | 1              |
| Investment/Withdrawals on Short-term Deposits                 | (475)          | 1,617          | (2)            | (2)            | (3)            |
| <b>Net Cash from/ (Used) Investing Activities</b>             | <b>(1,999)</b> | <b>(3,717)</b> | <b>(1,989)</b> | <b>(1,750)</b> | <b>(1,419)</b> |
| Cash Flow From Financing Activities                           |                |                |                |                |                |
| Net of Interest Bearing Loans & Borrowings                    | 20             | 821            | (183)          | (1,810)        | (1,084)        |
| Dividend Paid   | (501)          | (398)          | (687)          | (888)          | (1,023)        |
| <b>Net Cash from/ (Used) In Financing Activities</b>          | <b>(485)</b>   | <b>472</b>     | <b>(870)</b>   | <b>(2,697)</b> | <b>(2,107)</b> |
| Net Income/ (Decrease) in Cash & Cash Equivalents             | 294            | (342)          | (488)          | 2,002          | 1,118          |
| Cash & Cash equivalents at beginning of the period            | 370            | 787            | 490            | 148            | (340)          |
| <b>Cash &amp; Cash equivalents at beginning of the period</b> | <b>663</b>     | <b>444</b>     | <b>2</b>       | <b>2,150</b>   | <b>777</b>     |
| Bank Overdrafts   | (297)          | (424)          | (424)          | (424)          | (424)          |
|   | <b>367</b>     | <b>21</b>      | <b>(422)</b>   | <b>1,726</b>   | <b>354</b>     |

Source: Annual Reports and FC Research Estimates

## Annex III – Key ratios

|                | FY15              | FY16 | FY17E | FY18E | FY19E |     |
|----------------|-------------------|------|-------|-------|-------|-----|
| <b>Growth</b>  | Revenue           | 3%   | 1%    | 19%   | 40%   | 9%  |
|                | Cost of Sales     | 7%   | 0%    | 18%   | 37%   | 10% |
|                | Gross Profit      | -11% | 8%    | 23%   | 48%   | 5%  |
|                | EBIT              | -20% | 13%   | 51%   | 20%   | 14% |
|                | Net Profit        | -22% | 14%   | 48%   | 24%   | 15% |
| <b>Margins</b> | GP Margin         | 22%  | 23%   | 24%   | 25%   | 24% |
|                | EBIT Margin       | 9%   | 10%   | 12%   | 10%   | 11% |
|                | NP Margin         | 6%   | 6%    | 8%    | 7%    | 8%  |
| <b>Gearing</b> | Debt/Equity       | 57%  | 58%   | 47%   | 28%   | 18% |
|                | Debt/Debt+Equity  | 29%  | 30%   | 26%   | 17%   | 12% |
|                | Debt/Total assets | 29%  | 30%   | 26%   | 17%   | 12% |

Source: Annual Reports and FC Research Estimates



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|--|---|--|

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