

# Del Monte Pacific (DELM SP)

Share Price: SGD0.61

MCap (USD): 625M

Singapore

Target Price: SGD0.85(+39%)

ADTV (USD): 1M

Consumer Staples

**BUY**

(Unchanged)

## Patience is bitter, but its fruit is sweet

- We hosted Del Monte Pacific (DMP) for post-result NDR. Interest level remains high as the company completes its USD1.675b bid to acquire Del Monte Foods (DMF). We digest the FY13 results and revise our acquisition scenario analysis.
- 4QFY13 results minor disappointment as competition in the Philippines heats up. Losses at Indian JV continue to narrow, but break-even likely to be behind earlier schedule.
- Latest financial details from Del Monte Foods US are lower than our earlier assumptions. Despite several quick wins for synergies, the more meaningful ones will be several years down the road. We maintain BUY with lower TP of SGD0.85.

### NDR take-aways

With the entry of strategic investors (USD75m), funding requirements are complete and there will be no dilutive equity exercises. Immediate cost savings for DMF include non-working marketing costs and IT rationalization which should yield around USD20m a year. In terms of personnel, a highly capable and newly-motivated team has remained on board. Key plans to execute over the next few years include 1) Entry into fruit beverages; 2) Entry into South America; and 3) Expansion of product range. Management targets to bring EBITDA from USD164m to USD260m, (DMF's record year in 2011), over the next 3-4 years.

### What's Our View

We still believe this is a long-term positive deal, though investors will have to be patient. Key risks are execution and interest rates. Even assuming a bear case, the stock only trades at a post-transaction P/E of 12.6x versus global peers of 15.3x. Our new TP of SGD0.85 (previously SGD1.00) remains pegged to 12.5x FY15E base case EPS.

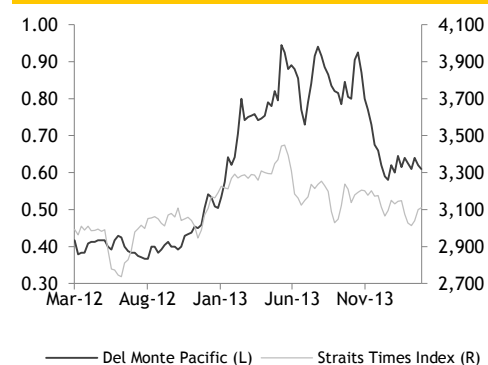
FYE Dec (USD m)	FY12A	FY13A	FY14E	FY15E	FY16E
Revenue	459.7	492.2	525.3	561.9	617.1
EBITDA	65.5	47.0	80.0	94.5	104.7
Core net profit	32.1	32.7	42.3	55.1	64.2
Core EPS (cts)	3.0	2.8	3.3	4.2	5.0
Core EPS growth (%)	16.9	(7.4)	18.4	30.2	16.6
Net DPS (cts)	2.2	0.6	1.1	1.4	1.6
Core P/E (x)	16.2	17.5	14.8	11.3	9.7
P/BV (x)	2.0	2.8	2.5	2.1	1.9
Net dividend yield (%)	4.6	1.3	2.2	2.9	3.4
ROAE (%)	13.3	13.7	17.8	20.4	20.8
ROAA (%)	7.0	5.9	7.5	10.3	11.4
EV/EBITDA (x)	8.7	15.3	9.5	7.9	6.9
Net debt/equity (%)	45.9	65.0	54.2	41.8	31.3

Our summary and financial tables do not include consolidation of DMF, nor the change in FY to April. See page 6 of our report for consolidation forecasts.

### Key Data

52w high/low (SGD)	0.96/0.58
Free float (%)	22.1
Issued shares (m)	1,298
Market capitalization	SGD791.5M
Major shareholders:	
-Nutriasia Holdings Ltd.	67%
-Lee Family /OCBC	8%
-Mirae Asset Global (HK)	1%

### Share Price Performance



	1 Mth	3 Mth	12 Mth
Absolute(%)	(2.4)	(7.6)	(19.1)
Relative to country (%)	(5.0)	(5.6)	(15.0)

### Maybank vs Market

	Positive	Neutral	Negative
Market Recs	4	0	0
	<b>Maybank Consensus</b>		<b>% +/-</b>
Target Price (SGD)	0.85	0.92	(7.3)
2014 PATMI(USDm)	42	37	14.8
2015 PATMI(USDm)	55	58	(5.6)

Source: FactSet; Maybank

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## FY13 results highlight

4QFY13 results were a minor disappointment, with sales in the Philippines down 8% YoY. This was partly the result of a change in product mix as well as the lower Peso value against the USD (reporting currency). Overall volumes were down 2% YoY. In terms of mix, the company sold more promo packs for 4Q13.

However, we understand that overall competition is heating up, making it difficult for the company to raise prices. Going forward, management is now guiding for 10% sales growth in the Philippines (previously 15%). On a positive note, S&W sales continue to grow (up 18% YoY) and fresh fruits will likely help to improve overall margins from here.

### Results Summary

#### Yearly Profit & Loss

FYE Dec (USD'm)	FY13	FY12	% YoY Δ	MBKE 2013F	% FY forecast	Comments
Sales	492.2	459.7	7.1	524.6	93.8	Higher branded and non-branded growth
Cost of sales	(376.6)	(346.9)	8.5	(394.9)	95.4	
Gross profit	115.6	112.8	2.5	129.7	89.1	
SG&A	(88.1)	(62.8)	40.4	(75.3)	117.1	Due to one-off transaction fee in relation to acquisition of Del Monte Foods and stock listing in Philippines
Operating profit	27.5	50.0	(45.1)	54.4	50.4	
Net finance	(5.1)	(3.1)	66.1	(6.0)	84.6	
JV & Associates	(4.9)	(6.1)	(19.4)	(5.5)	89.3	
Pretax profit	17.5	40.9	(57.3)	42.9	40.7	
Taxation	(1.7)	(9.1)	(81.3)	(9.7)	17.7	Lower income
Minorities	0.3	0.5	(27.7)	0.5	67.2	
Reported Net income	16.1	32.2	(50.1)	33.7	47.7	
Recurring NP	33.9	32.2	5.4	40.9	82.9	One-off acquisition-related fees of \$18m as described above
EPS (US cents)	2.5	3.0	(17.2)	2.6	94.5	
DPS (USD cents)	0.6	2.2	(72.2)	2.0	31.8	
			PPT Change			
Gross margin (%)	23.5	24.5	(1.1)	24.7	0.0	
Operating margin (%)	3.5	10.9	(7.3)	8.2	0.0	
Net margin (%)	6.9	7.0	(0.1)	7.8	0.0	

Source: Company, Maybank KE

#### Quarterly Profit & Loss

FYE Dec (USD'm)	4Q13	3Q13	4Q12	% QoQ Δ	% YoY Δ	Comments
Sales	156.8	127.0	159.5	23.5	(1.7)	Lower Philippine Sales
Cost of sales	(121.0)	(95.3)	(120.8)	27.0	0.1	
Gross profit	35.8	31.7	38.7	13.1	(7.5)	Product sales mix shifted more to value packs than fresh produce
SG&A	(39.6)	(18.5)	(19.5)	113.8	102.8	
Operating profit	(3.8)	13.1	19.2	(128.9)	(119.8)	One-off transaction fees in relation to acquisition of Del Monte Foods
Net finance	(0.8)	(2.0)	(0.7)	(60.4)	11.6	
JV & Associates	(1.1)	(1.2)	(1.1)	(15.1)	0.3	
Pretax profit	(5.6)	9.9	17.4	(156.9)	(132.4)	
Taxation	3.8	(2.8)	(4.0)	n.m	(195.4)	Lower income
Minorities	0.1	0.1	(0.1)	(14.8)	(200.0)	
Reported Net income	(1.7)	7.2	13.3	(124.1)	(113.0)	
Recurring NP	13.2	8.9	13.3	48.3	(0.9)	One-off acquisition-related fees of \$15m as described above
EPS (US cents)	1.0	0.6	1.3	85.1	(18.6)	
DPS (USD cents)	0.0	0.0	1.5	n.m	n.m	Company opted not to pay a final dividend
				PPT Change		
Gross margin (%)	22.8	24.9	24.2	(2.1)	(1.4)	
Operating margin (%)	(2.4)	10.3	12.0	(12.8)	(14.4)	
Net margin (%)	8.4	7.0	8.4	1.4	0.1	

Source: Company, Maybank KE

## Acquisition transaction highlights

### No equity placements

With the entry of strategic investors (USD75m) and the upsizing of company debt, funding requirements are complete and there will be no dilutive equity exercises. In the next stage, some of this will be converted into preference shares and equity (through a rights issue). By our own estimates, this is expected to reduce net gearing from 550% to 150%, which is in-line with the capital structure of many major global foods company.

### Short-term pain

Management will prioritise the paying down of debt, and accordingly, dividends will be reduced, likely to a 33% payout from 75% in previous years. In the meantime, company financials will be consolidated, and the financial year-end will be changed to April. With acquisition costs and additional spending, earnings may be negatively affected in the immediate term, and a pick up is only expected from FY April 2015.

## Stage 1

Transaction Funding	Total (USD)	Estimated %	Remarks	Estimated cost (USD m)
Company existing credit lines (a)	115	1.5%		(1.7)
Bank loan (b )	165	4.0%	To be repaid via rights issue at a later date	(6.6)
Bank loan (c)	350	3.5%	To be converted into preference shares at 6-8% later	(12.3)
Strategic investors (d)	75		10% minority stake at Del Monte US level	
Equity portion (a+b+c+d)	705			
Debt financing at acquired company level	970	5.6%	Syndicated loan, Floating-rate based on Libor	(54.3)
Total Price (Equity+Debt)	1675			

USD m	Del Monte Pacific FY13	Acquired Business	Combined entity	Remarks
Sales	492.2	1,830	2,322.2	
Recurring EBITDA	72.3	180	252.3	Acquired business assumes one-off costs of USD16m are deducted
Depreciation & amort	(19.5)	(68.7)	(88.2)	Acquired business based on FY13
pre-deal Interest Exp	(5.5)	0.0	(5.5)	Acquired business based on FY13
New Interest Exp	(26.1)	(54.3)	(80.4)	
PBT	26.7	57.0	83.7	
Tax	(5.9)	(17.1)	(23.0)	DMPL based on 22%, Acquired based on 30%
JV/ Associates	(4.9)	0.0	(4.9)	
Less Minority	0.0	(4.0)	(4.0)	10% minority to strategic investors
Recurring net profit	16.0	35.9	51.9	
Net profit to ordinary shareholders			51.9	
EPS to ordinary shareholders (USD cents)			4.0	

## Share price assumption

Current Shareprice (SGD)	0.61
Number of shares (m)	1297.0
Market cap (SGD m)	791.2
Market cap (USD m)	623.0
Immediate Post transaction PER (x)	12.0
Immediate Post transaction EV/ EBITDA (x)	9.4

Exchange Rate 1.27

## Gearing analysis

Del Monte Pacific FY13 net debt (USD m)	146.7
Consolidated new total debt (USD m)	1746.7
Del Monte Pacific FY13 equity (USD m)	225.6
Combined entity equity (USD m)	306.7
New Net-Debt/ Equity (x)	5.7
Interest Cover (x)	4.2
Net debt/ EBITDA (x)	6.9
EBITDA/ Interest Expense (x)	3.1

Source: Maybank, Company

## Stage 2

Transaction Funding	Total (USD)	Estimated %	Remarks	Estimated cost (USD m)
Company existing credit lines (a)	115	1.5%		(1.7)
Rights Issue	165			
Preference Shares	350	7.0%	To be converted into preference shares at 6-8% later	(24.5)
Strategic investors	75			
Equity portion (a+b+c+d)	705			
Debt financing at acquired company level	970	5.6%	Syndiated loan, Floating-rate based on Libor	(54.3)
Total Price (Equity+Debt)	1675			

USD m	Del Monte Pacific FY13	Acquired Business	Combined entity	Remarks
Sales	492.2	1,830	2,322.2	
Recurring EBITDA	72.3	180	252.3	Acquired business assumes one-off costs of USD16m are deducted
Depreciation & amort	(19.5)	(68.7)	(88.2)	Acquired business based on FY13
pre-deal Interest Exp	(5.5)	0.0	(5.5)	Acquired business based on FY13
New Interest Exp	(7.2)	(54.3)	(61.5)	
PBT	45.6	57.0	102.6	
Tax	(10.0)	(17.1)	(27.1)	DMPL based on 22%, Acquired based on 30%
JV/ Associates	(4.9)	0.0	(4.9)	
Less Minority	0.0	(4.0)	(4.0)	10% minority to strategic investors
Recurring net profit	30.6	35.9	66.5	
Pref share dividends			(24.5)	
Net profit to ordinary shareholders			42.0	
EPS to ordinary shareholders (USD cents)			3.2	

## Share price assumption

Current Shareprice (SGD)	0.61
Number of shares pre-rights (m)	1,297.0
Market cap (SGD m)	791.2
Market cap (USD m)	623.0
2nd stage PER (X)	14.8
2nd stage EV/ EBITDA (x)	7.4

Exchange Rate 1.27

## Gearing analysis

Del Monte Pacific FY13 net debt (USD m)	146.7
Consolidated new total debt (USD m)	1231.7
Del Monte Pacific FY13 equity (USD m)	225.6
Combined entity equity (USD m)	821.7
New Net-Debt/ Equity (x)	1.5
Interest Cover (x)	3.3
Net debt/ EBITDA (x)	4.9
EBITDA/ Interest Expense (x)	4.1

Source: Maybank, Company

## Case Scenarios in FY15F

	Target business	Target business	Target business	Remarks
Target Business (USD m)	Bear	Base	Bull	
Revenue	1,647.0	1,830.0	2104.5	Base case assumes no major improvements, Bull case assumes 15% higher
EBITDA	162.0	180.0	207.0	
Depreciation	(69.7)	(68.7)	(67.7)	
Interest Expense	(64.0)	(54.3)	(54.3)	Bear Case assumes 100bp higher interest cost , as well as 10% reduction in revenue
PBT	28.3	57.0	85.0	
Tax	(8.5)	(17.1)	(25.5)	
Minority	(2.0)	(4.0)	(5.9)	
Net Income	17.8	35.9	53.5	
Del Monte Pacific				
Revenue	561.9	561.9	561.9	
EBITDA	94.5	94.5	94.5	
Depreciation	(21.3)	(21.3)	(21.3)	
Interest Expense	(3.9)	(3.9)	(3.9)	
PBT	69.3	69.3	69.3	
Tax	(13.0)	(13.0)	(13.0)	
JV/ associates	(1.0)	(1.0)	(1.0)	
Net Income	56.3	56.3	56.3	
Combined Entity				
Revenue	2,208.9	2,391.9	2,666.4	
EBITDA	256.5	274.5	301.5	
Depreciation	(91.0)	(90.0)	(89.0)	
Interest Expense	(67.9)	(58.2)	(58.2)	
PBT	97.6	126.3	154.3	
Tax	(21.5)	(30.1)	(38.5)	
JV/ associates	(1.0)	(1.0)	(1.0)	
Minority	(2.0)	(4.0)	(5.9)	
Net Income	74.1	92.2	109.8	
Dividend to preference shares at 7%	(24.5)	(24.5)	(24.5)	
Net income to ordinary shareholders	49.6	67.7	85.3	
Total new shares (m)	1297.0	1297.0	1297.0	
Ordinary EPS (USD)	3.8	5.2	6.6	

Source: Maybank

## Peer Comparisons

	BB Code	Rating	Share price (lcl curr)	Target Price (lcl curr)	Market cap (USD m)	2014 (x)	PE 2015 (x)	2016 (x)	3-yr EPS CAGR (%)	EV/ EBITDA 2014 (x)	PB 2014 (x)	ROE 2014 (%)	2015 (%)	Div Yield 2014 (%)
<b>Singapore-listed F&amp;B</b>														
SUPER GROUP	SUPER SP	Buy	3.69	4.45	1,625	20.7	18.4	17.3	13	14.8	4.1	18	19	2.4
YEO HIAP SENG	YHS SP	Hold	2.18	2.55	989	38.9	31.1	NA	NA	24.6	1.6	4	5	0.8
DEL MONTE PACIFIC	DELM SP	Buy	0.61	1.00	625	14.5	11.2	NA	NA	9.3	2.3	16	20	2.7
PETRA FOODS	PETRA SP	NR	3.61	NA	1,742	24.5	20.6	19.0	65	14.9	4.4	18	19	1.8
<i>Average</i>						24.7	20.3	18.2	38.8	15.9	3.1	14.1	15.6	1.9
<b>ASEAN-listed F&amp;B</b>														
NESTLE (MYR)	NESZ MK	Hold	66.80	62.00	4,781	25.7	22.3	21.4	9	17.4	19.4	75	83	3.7
OLD TOWN	OTB MK	Buy	1.88	2.67	260	14.2	12.1	NA	6	7.8	2.4	17	18	3.9
DUTCH LADY MILK	DLM MK	NR	47.46	NA	927	20.8	19.9	NA	NA	14.2	14.0	67	NA	4.8
INDOFOOD CBP	ICBP IJ	Hold	11,175	12,000	5,613	22.9	20.7	NA	NA	13.9	4.5	19	19	1.8
NIPPON INDOSARI	ROTI IJ	NR	1,150	NA	501	26.8	20.8	20.6	22	15.8	4.4	16	18	0.7
ULTRAJAYA	ULTJ IJ	NR	4,495	NA	1,118	NA	NA	NA	NA	NA	NA	NA	NA	NA
MAYORA INDAH	MYOR IJ	NR	30,100	NA	2,319	28.1	23.3	NA	NA	15.9	5.7	20	20	0.9
CHAROEN POKPHAND	CPF TB	Buy	27.25	35.75	6,467	16.8	12.7	10.6	39	15.8	1.7	10	13	2.9
MALEE SAMPRAN	MALEE TE	Buy	32.75	47.00	141	8.9	6.0	5.1	47	6.9	3.2	35	41	6.3
THAI UNION FROZEN	TUF TB	Underweight	68.00	64.00	2,392	15.9	13.7	10.7	37	12.7	1.8	12	12	2.4
THAI PRESIDENT	TF TB	NR	167.00	NA	921	NA	NA	NA	NA	NA	NA	NA	NA	NA
SERMSUK	SSC TB	NR	85.00	NA	693	NA	NA	NA	NA	NA	NA	NA	NA	NA
PRESIDENT BAKERY	PB TB	NR	42.25	NA	583	NA	NA	NA	NA	NA	NA	NA	NA	NA
OISHI GROUP	OISHI TB	NR	82.00	NA	471	25.7	18.5	NA	NA	10.8	4.3	17	21	2.0
UNIVERSAL ROBINA	URC PM	Buy	140	160	6,842	28.9	25.2	21.9	12	17.6	5.7	20	21	2.2
SAN MIGUEL PF	PF PM	Buy	229	310	855	12.2	6.6	NA	NA	4.9	0.9	10	12	2.1
PEPSI-COLA (PHIL)	PIP PM	Buy	5.06	6.05	419	18.1	15.8	12.7	12	6.3	2.5	15	16	3.2
RFM CORP	RFM PM	Buy	5.75	6.65	407	21.3	18.0	NA	NA	12.2	2.7	13	13	1.2
VIETNAM DAIRY	VNM VN	Buy	141,000	185,700	5,570	15.2	12.9	10.9	18	10.0	6.1	40	42	3.2
KINH DO CORP	KDC VN	NR	57,000	NA	446	19.1	16.5	NA	NA	9.2	1.8	10	11	3.9
<i>Average</i>						20.0	16.6	14.2	22.5	12.0	5.1	24.8	24.1	2.8
<b>Total Average</b>						<b>21.0</b>	<b>17.3</b>	<b>15.0</b>	<b>25.5</b>	<b>12.8</b>	<b>4.7</b>	<b>22.7</b>	<b>22.3</b>	<b>2.6</b>
<b>Global F&amp;B</b>														
DEL MONTE FRESH	FDP US	NR	26.46	NA	1,488	13.7	12.2	NA	NA	8.3	NA	NA	NA	NA
DOLE FOOD	DOLE US	NR	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
CAMPBELL	CPB US	NR	43.31	NA	13,643	17.1	16.4	15.4	2	11.0	8.5	50	44	2.9
KELLOGG	K US	NR	60.69	NA	21,951	15.2	14.3	13.4	6	10.6	5.4	35	32	3.1
MONDELEZ	MDLZ US	NR	34.03	NA	59,681	20.0	17.8	15.8	13	13.4	1.7	9	10	1.7
TYSON FOODS	TSN US	NR	39.45	NA	13,424	13.7	12.9	10.6	19	6.9	2.1	15	14	0.7
HERSHEY	HSY US	NR	105.82	NA	23,683	25.6	23.2	20.8	11	14.4	12.9	50	45	1.9
CONAGRA FOODS	CAG US	NR	28.40	NA	11,940	12.0	10.4	9.5	8	9.1	1.8	15	16	3.6
<i>Average</i>						16.7	15.3	14.2	9.9	10.5	5.4	29.1	26.9	2.3

FYE 31 Dec (USD m)	FY12A	FY13A	FY14E	FY15E	FY16E
<b>Key Metrics</b>					
P/E (reported) (x)	16.2	35.5	14.8	11.3	9.7
Core P/E (x)	16.2	17.5	14.8	11.3	9.7
P/BV (x)	2.0	2.8	2.5	2.1	1.9
P/NTA (x)	2.2	3.0	2.6	2.3	1.9
Net dividend yield (%)	4.6	1.3	2.2	2.9	3.4
FCF yield (%)	2.2	0.9	3.3	5.5	6.4
EV/EBITDA (x)	8.7	15.3	9.5	7.9	6.9
EV/EBIT (x)	11.4	26.1	12.9	10.2	8.9
<b>Income Statement</b>					
Revenue	459.7	492.2	525.3	561.9	617.1
Gross profit	112.8	115.6	131.9	151.7	168.7
EBITDA	65.5	47.0	80.0	94.5	104.7
Depreciation	(15.1)	(19.5)	(20.7)	(21.5)	(22.1)
Amortisation	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
EBIT	49.9	27.5	58.7	72.5	82.0
Net interest income / (exp)	(3.1)	(5.1)	(2.8)	(3.9)	(3.4)
Associates & JV	(6.1)	(4.9)	(3.5)	(1.0)	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	40.7	17.5	52.4	67.6	78.6
Income tax	(9.1)	(1.7)	(10.6)	(13.0)	(14.9)
Minorities	0.5	0.3	0.5	0.5	0.5
Reported net profit	32.1	16.1	42.3	55.1	64.2
Core net profit	32.1	32.7	42.3	55.1	64.2
<b>Balance Sheet</b>					
Cash & Short Term Investments	24.6	132.9	25.0	25.0	25.0
Property, Plant & Equip (net)	93.4	94.5	98.7	102.2	105.2
Intangible assets	15.4	14.9	14.3	13.7	13.1
Investment in Associates & JVs	21.5	20.2	16.7	15.7	15.7
Other assets	340.7	343.1	366.6	389.5	424.6
Total assets	495.5	605.6	521.3	546.2	583.6
ST interest bearing debt	125.9	265.4	147.6	131.6	114.6
LT interest bearing debt	15.7	14.2	15.0	15.0	15.0
Other liabilities	100.6	102.6	107.6	111.9	122.9
Total Liabilities	242.2	382.2	270.1	258.6	252.5
Shareholders Equity	255.2	225.6	254.0	290.9	333.9
Minority Interest	(1.9)	(2.3)	(2.8)	(3.3)	(3.8)
Total shareholders equity	253.3	223.4	251.2	287.6	330.1
<b>Cash Flow</b>					
Pretax profit	40.7	17.5	52.4	67.6	78.6
Depreciation & amortisation	15.7	20.1	21.3	22.0	22.7
Adj net interest (income)/exp	0.0	0.0	0.0	0.0	0.0
Change in working capital	(46.2)	(11.6)	(25.3)	(18.5)	(23.1)
Cash taxes paid	(6.2)	(10.8)	(10.6)	(13.0)	(14.9)
Other operating cash flow	24.7	14.1	7.8	1.0	2.0
Cash flow from operations	28.6	29.2	45.6	59.1	65.2
Capex	(17.1)	(24.3)	(25.0)	(25.0)	(25.0)
Free cash flow	11.5	5.0	20.6	34.1	40.2
Dividends paid	(23.4)	(24.3)	(14.0)	(18.2)	(21.2)
Equity raised / (purchased)	0.0	(2.2)	0.0	0.0	0.0
Change in Debt	22.5	146.7	(117.0)	(15.9)	(17.0)
OTH investing/financing cash flow	(7.1)	(6.5)	2.5	0.0	2.0
Effect of exch rate changes	9.3	(8.4)	0.0	0.0	0.0
Net cash flow	12.8	110.3	(107.9)	0.0	4.0



FYE 31 Dec (USD m)	FY12A	FY13A	FY14E	FY15E	FY16E
<b>Key Ratios</b>					
<b>Growth ratios (%)</b>					
Revenue growth	8.1	7.1	6.7	7.0	9.8
EBITDA growth	13.3	(28.2)	70.1	18.2	10.7
EBIT growth	12.6	(44.9)	113.5	23.5	13.2
Pretax growth	26.8	(57.1)	199.8	28.9	16.4
Reported net profit growth	16.9	(49.8)	162.4	30.2	16.6
Core net profit growth	16.9	2.0	29.3	30.2	16.6
<b>Profitability ratios (%)</b>					
EBITDA margin	14.3	9.6	15.2	16.8	17.0
EBIT margin	10.8	5.6	11.2	12.9	13.3
Pretax profit margin	8.9	3.6	10.0	12.0	12.7
Payout ratio	75.0	45.7	33.0	33.0	33.0
<b>DuPont analysis</b>					
Net profit margin (%)	7.0	3.3	8.1	9.8	10.4
Revenue/Assets (x)	0.9	0.8	1.0	1.0	1.1
Assets/Equity (x)	1.9	2.7	2.1	1.9	1.7
ROAE (%)	13.3	13.7	17.8	20.4	20.8
ROAA (%)	7.0	5.9	7.5	10.3	11.4
<b>Liquidity &amp; Efficiency</b>					
Cash conversion cycle	nm	nm	nm	nm	nm
Days receivable outstanding	72.6	78.2	77.7	76.3	75.4
Days inventory outstanding	nm	nm	nm	nm	nm
Days payables outstanding	nm	nm	nm	nm	nm
Dividend cover (x)	1.3	2.2	3.0	3.0	3.0
Current ratio (x)	1.5	1.2	1.5	1.6	1.8
<b>Leverage &amp; Expense Analysis</b>					
Asset/Liability (x)	2.0	1.6	1.9	2.1	2.3
Net debt/equity (%)	45.9	65.0	54.2	41.8	31.3
Net interest cover (x)	16.3	5.4	21.3	18.6	24.2
Debt/EBITDA (x)	2.2	5.9	2.0	1.6	1.2
Capex/revenue (%)	3.7	4.9	4.8	4.4	4.1
Net debt/ (net cash)	117.0	146.7	137.6	121.6	104.6

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<b>HOLD</b>	Return is expected to be between - 10% to +10% in the next 12 months (excluding dividends)
<b>SELL</b>	Return is expected to be below -10% in the next 12 months (excluding dividends)

### Applicability of Ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.


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