

GLENMARK PHARMACEUTICALS

PHARMACEUTICALS

BUY

Target Price: Rs 840

Strong Q1; R&D monetization to drive next rerating

Q1FY18 PAT at Rs 3.33 bn (+47% YoY) beat consensus estimate on strong growth in the US (55% YoY) and India business (15% YoY). gZetia sales was ~USD 55 mn (achieving guidance of ~USD 170-180 mn during exclusivity) and helped reduce net debt by Rs 3 bn. Company expects higher R&D (13% of sales) in Q2 given Ph-2 trials for GBR 830 and Ph-3 trials for GSP 304, only to normalize to 11% in FY18. It expects US base business growth to improve (more so in H2) on 3-4 derma products. It expects 8-10% sales growth with 22% margin in FY18 (in line with our expectations).

We maintain **BUY** and FY18/19E estimates. Raise TP to Rs 840 (18x FY19E EPS; vs. 800 earlier at 17x) given debt reduction, its strong R&D pipeline in US, steady India and improving EM# business. NCE[^] licensing income critical to further improve B/S and C/F in our view.

CMP : Rs 718
Potential Upside : 17%

MARKET DATA

No. of Shares : 282 mn
Free Float : 53%
Market Cap : Rs 203 bn
52-week High / Low : Rs 993 / Rs 600
Avg. Daily vol. (6mth) : 1.1 mn shares
Bloomberg Code : GNP IB Equity
Promoters Holding : 47%
FII / DII : 34% / 5%

- ◆ **US drives Q1:** Revenue grew 20% YoY led by US (~44% of revenue) sales at USD 162 mn (up 55%YoY/ 9%QoQ in USD terms) on continued traction in gZetia (~USD 55 mn in Q1FY18 – resulting in sales of USD 170-180 mn during exclusivity period) and ~7% QoQ growth to ~USD 107 mn in US base business (ex-gZetia) led by limited competition launch of gStrattera, etc. Glenmark (GNP) expects 3-4 significant launches in Q2FY18 to drive US base revenue to USD 125 mn and much higher in Q3/Q4. India business (~26% of revenue) posted strong 15% YoY growth on strong performance by cardiac, respiratory and dermatology therapeutic segments. The company expects 15% YoY growth in the India business in FY18. GNP's Russia subsidiary grew 16% YoY (in cc@ terms)
- ◆ **Strong margin performance:** Gross margin improved 110 bps YoY/QoQ to 69.5% on higher US/India formulation sales. EBITDA margin also expanded ~520 bps YoY/640 bps QoQ to 24.4% on lower other expenses (18% of Q1'18 sales vs. 20.1% of Q1'17 sales, 19.9% of Q4'17 sales). EBITDA grew 52% YoY to Rs 5.77 bn. PAT grew 47% YoY/81% QoQ to Rs 3.33 bn, 14% above consensus estimate

Financial summary (Consolidated)

Y/E March	FY16	FY17	FY18E	FY19E
Sales (Rs mn)	76,496	91,857	96,480	106,803
Adj PAT (Rs mn)	7,021	11,757	11,581	13,203
Con. EPS* (Rs)	-	-	41.5	48.8
EPS (Rs)	24.8	41.6	41.0	46.7
Change YOY (%)	(16.1)	67.4	(1.5)	14.0
P/E (x)	28.9	17.3	17.5	15.4
RoE (%)	19.3	25.5	21.2	20.0
RoCE (%)	15.2	19.3	17.2	17.9
EV/E (x)	16.3	11.8	11.7	10.2
DPS (Rs)	2.0	2.0	2.8	2.8

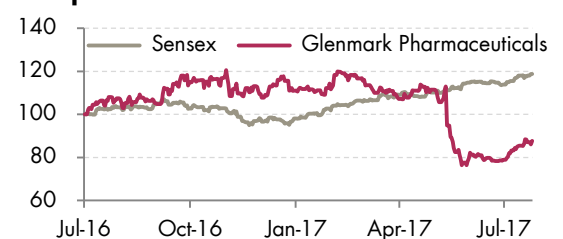
Source: *Consensus broker estimates, Company, Axis Capital

EM: Emerging market ^NCE: New chemical entity @Constant Currency

Key drivers

Growth (%)	FY17	FY18E	FY19E
core US (USD)	433	486	553
India	9	15	15
Core EBITDA margin (%)	23.0	19.1	21.2
core EPS (Rs/ sh)	27	38	47
core-EPS (%)	(22)	41	24

Price performance



(...continued from page 1)

- ◆ **R&D:** Guidance for 11% of sales in FY18 (vs. 10.8% in Q1'18). Expects R&D to increase sequentially by Rs 0.9 bn-Rs 1 bn (vs. Rs 2.55 bn in Q1FY18) to 13% of sales in Q2FY18 with expenses towards Phase II trials for GBR 830 and Phase III trials for GSP 304. Expects lower R&D spends in H2FY18. Glenmark filed 2 ANDAs in Q1FY18 and got 5 approvals (launched 3 in Q1FY18); plans to file 5 ANDAs in Q2'18. It has 67 pending ANDAs (of which 27 are Para IVs). Development of Inhalation pipeline remains on track, with expected US filings in FY19/20 (incl gAdvair). **GNP expects to out license at least 1 novel molecule in FY18** of GBR 830 – Phase 2 data expected in near term, GSP 301– expected NDA filing (505 (b)2) in Q4FY18, GBR 1342 – to imitate ph-1 studies in Q2-Q3FY18 , GBR 310 – Biosimilar XolAir – expected filing in Q4CY20
- ◆ **Other key highlights:** (1) **Net debt** declined to Rs 33.6 bn in Q1'18 (vs. Rs 36.6 bn as at FY17); (2) **Revenue guidance:** Expects 8-10% YoY revenue growth in FY18 (vs. 12% guidance earlier, on account of USD-INR depreciation); (3) **US:** Expects US business to marginally grow in FY18 on the high FY17 gZetia base. Expects 10-12% YoY pricing erosion in FY18; (4) **LATAM:** Business segment expected to be EBITDA positive, cash positive in FY18; (5) **Tax:** Expects effective tax of 25% in FY18. Expects cash tax of less than Rs 5 bn in FY18 (vs. Rs 1.1 bn in Q1FY18); (6) **Working Capital:** Inventory at Rs 20.8 bn (vs. Rs 21.4 bn at end FY17); Receivables at Rs 25.1 bn (vs. Rs 24 bn at end FY17) and Payables at Rs 20.25 bn (vs. Rs 19 bn at FY17)

Exhibit 1: Strong growth in the US, India

(Rs mn)	% of Q1 Sales	Q1'17	Q4'17	Q1'18	YoY (%)	QoQ (%)
US (USD mn)		104	150	162	55	9
US	44%	6,982	10,004	10,450	50	4
India	26%	5,350	5,769	6,164	15	7
Rest of the World (ROW)	10%	1,949	2,889	2,265	16	(22)
Europe	7%	1,500	2,298	1,621	8	(29)
Latin America	4%	1,556	1,340	845	(46)	(37)
API	9%	1,963	1,997	2,048	4	3
Consolidated Revenue		19,694	24,572	23,630	20	(4)

Source: Company

Exhibit 2: Significant improvement in EBITDA margin led by better business mix

(Rs mn)	Q1'17	Q4'17	Q1'18	YoY (%)	QoQ (%)
Net sales	19,694	24,572	23,630	20	(4)
Net sales	19,694	21,226	20,089	2	(5)
Gross margin	68.3	68.4	69.5	113 bps	109 bps
Staff	3,720	3,847	3,844	3	(0)
% to sales	18.9	18.1	19.1	25 bps	101 bps
Other expenses	3,967	4,880	4,247	7	(13)
% to sales	20.1	19.9	18.0	-217 bps	-189 bps
R&D expense	1,980	3,637	2,550	29	(30)
% to sales	10.1	14.8	10.8	74 bps	-401 bps
EBITDA	3,791	4,438	5,774	52	30
EBITDA margin	19.2	18.1	24.4	519 bps	637 bps
Depreciation/Amortisation	642	689	777	21	13
Interest charge	430	697	709	65	2
Other income	759	(513)	153	(80)	(130)
PBT	3,477	2,540	4,441	28	75
Tax	1,209	(107)	1,108	(8)	(1,132)
Tax rate (%)	34.8	(4.2)	24.9	-984 bps	2916 bps
Reported PAT	2,268	1,838	3,334	47	81

Source: Company, As per IND-AS Q4'17 PAT impacted by Impairment loss (Rs 809mn), forex loss (Rs 1.35bn)

Exhibit 3: Net debt declined by Rs 3.05 bn to Rs 33.6 bn in Q1FY18

(Rs mn)	Mar'16	Jun'16	Sept'16	Dec'16	Mar'17	Jun'17
Gross Debt	32,747	42,680	52,217	54,950	47,235	43,900
Cash	8,571	8,950	20,377	17,450	10,564	10,280
Net Debt	24,176	33,730	31,840	37,500	36,672	33,620

Source: Company As per IND-AS

Conference call highlights
FY18 guidance

- ◆ **Revenue:** Expects 8-10% YoY revenue growth in FY18 (vs. 12% guidance earlier, on account of USD-INR depreciation)
- ◆ **US:** Expects US business to marginally grow in FY18 on the high FY17 gZetia base. Apart from gStrattera launch in Q1, expects 3-4 significant launches in Q2FY18. Has 3-4 derma products in the pipeline with each product having USD 150 to 300 mn opportunity
- ◆ **Price erosion:** Expects 10-12% YoY pricing erosion in FY18
- ◆ **India:** Expects 10-15%YoY growth in Q2FY18 and 15% YoY growth in FY18
- ◆ **Margin:** 22% EBITDA margin in FY18 (vs. 22.2% in FY17)
- ◆ **R&D spends:** ~11% of sales for FY18 (vs. 10.8% in Q1'18). Expects R&D to increase sequentially by Rs 0.9 bn-Rs 1 bn (vs. Rs 2.55 bn in Q1FY18) to 13% of sales in Q2FY18 towards phase 2 trials for GBR 830 and Phase 3 trials for GSP 304. Expects lower R&D spends in H2FY18
- ◆ **Tax:** Expects effective tax of 25% in FY18
- ◆ **Net debt reduction** in Q1'18 was ~Rs 3.05 bn with net debt now at Rs 33.62 bn (vs. Rs 36.67 bn as at FY17). Gross debt also declined to Rs 43.9 bn in Q1'18, vs Rs 47.3 bn as at FY17. Expects net debt to increase in Q2'18 to Rs 36 bn on account of higher R&D towards Phase 2 trials for GBR 830 and Phase 3 trials for GSP 304. **Expects net debt to reduce to Rs 33.5-34 bn by end FY18**

US business (USD 162 mn +55% YoY/ +9% QoQ) led by increased traction in gZetia (FTF exclusivity till early June 2017) and limited competition launch of gStrattera. Base business for Q2 will be at ~USD 125 mn level with the remaining coming maybe from new launches (which could extend into Q3-Q4), which would see FY18 US business at the same level or marginally higher YoY

- ◆ **gZetia:** Achieved sales of USD 170-180 mn during exclusivity period, ~USD 50-60 mn in Q1FY18
- ◆ **Price erosion:** Expects 10-12% YoY pricing erosion in FY18
- ◆ **gRenvela & gWelchol:** Was among the first filers, no outstanding queries from USFDA

India formulations (Rs 6,164 mn, +15% YoY/ +7% QoQ)

- ◆ India business posted strong 15% YoY growth, despite destocking at the distributor end owing to GST transition. As per IMS MAT June 2017, Glenmark with a market share of 2.25% is now ranked 14th vs. 16th in MAT June 2016. Glenmark also improved its market share in the Cardiac segment from 3.9% to 4%; Respiratory segment market share rose from 4.1% to 4.6%; and the Derma segment market share improved from 8.8% to 9.2%
- ◆ Undertook some initiatives to incentivize stockists in Q1, which impacted margin
- ◆ Expects 10-15%YoY growth in Q2FY18 and 15% YoY growth in FY18

RoW (Rs 2,889 mn, -3% YoY/15% QoQ)

- ◆ **Russia:** Russia subsidiary grew 16% YoY in constant currency in Q1. As per IMS May 2017 data, Glenmark Russia recorded growth of 33.3% in value vis-à-vis overall market growth of 13.8%. In Dermatology segment, Glenmark Russia grew 39.6% vs. the segment growth of 14.5%
- ◆ During Q1, the Asia region recorded secondary sales growth of 6%
- ◆ Subsidiaries of Malaysia, Myanmar and Philippines registered a growth of 30%, 21% and 5% respectively

EU (Rs 1,621 mn, 8% YoY): The business recorded a growth of over 25% YoY in constant currency. Western Europe recorded constant currency growth of 18% YoY.

- ◆ **gSeretide:** Expects to launch in Europe by end FY18
- ◆ Launched 4 products in the UK and 1 product each in Germany and Spain. 5 products were launched in Czech Republic and Slovakia

Latin America (Rs 845 mn, -46% YoY/-37% QoQ): Sales affected by high base of Venezuela in Q1'17. No Venezuela sales will be seen in the base from Q3'18 onwards

- ◆ Expects it to be EBITDA positive, cash positive in FY18
- ◆ Ex-Venezuela, the region grew in excess of 15% in constant currency
- ◆ Mexico subsidiary recorded good sales growth of +60% YoY in constant currency terms

R&D (Rs 2.55 bn 10.8% of Q1'18 sales vs 10.1% of Q1'17 sales)

- ◆ GNP filed 2 ANDAs in Q1FY18 and got 5 approvals (launched 3 in Q1FY18); plans to file 5 ANDAs in Q2'18. It has 67 pending ANDA (of which 27 are Para IVs).
- ◆ **GSP 301 (Mometasone /Olopatadine Fixed-Dose Combination Nasal Spray):** Expects to file a 505 (b)2 application in early CY18. GNP received confirmation that the data from its phase 3 trial for GSP 301 is sufficient to support an NDA filing. GSP 301 will be its first NDA to be filed in the US. GNP had announced positive Phase 3 clinical trial results for GSP 301 for treatment of Seasonal Allergic Rhinitis in end Q4'17
- ◆ **GBR 1342:** GNP plans to initiate Phase 1 in Q2-Q3 FY18 as it received USFDA IND clearance in May 2017 – GBR 1342 is the second clinical candidate based on BEAT platform. GBR 1342 has exhibited superior efficacy in pre-clinical studies vs. Daratumumab for multiple myeloma. Daratumumab was given breakthrough therapy drug status in 2013 for multiple myeloma, and was approved by the USFDA in Nov 2015 for treatment of multiple myeloma. GBR 1342 like Daratumumab targets CD38, a proven target in multiple myeloma, and the CD3 molecule on T cells
- ◆ **Inhalation pipeline** on track, with expected filing in the US in FY19/20 (gAdvair/2 ICS)
- ◆ **Out licensing: 4 novel molecules being considered for out licensing**
 - GBR 830: Phase 2 data expected in a week. 7-8 companies expressed interest in licensing the molecule on positive phase 2 data
 - GSP 301 – Looking for a partner in the OTC space
 - GBR 1342 – Currently in clinic
 - GBR 310 – Biosimilar XoAir; looking to bring in a partner

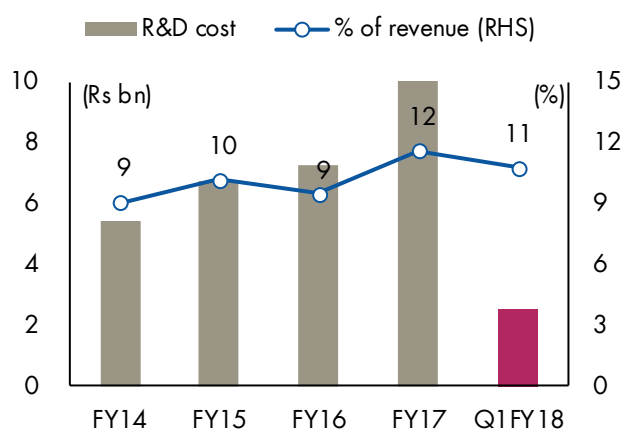
P&L and balance sheet highlights

- ◆ Lower cash tax of Rs 1.1 bn. Expects cash tax of less than Rs 5bn in FY18
- ◆ Inventory at Rs 20.8 bn (vs. Rs 21.4 bn at end FY17); Receivables at Rs 25.1 bn (vs. Rs 24 bn at end FY17) and Payables at Rs 20.25 bn (vs. Rs 19 bn at FY17)
- ◆ Forex gain of Rs 70 mn in Q1FY18
- ◆ Asset addition of Rs 1.95 bn in Q1FY18, of which capex towards tangible assets stood at Rs 1.43 bn

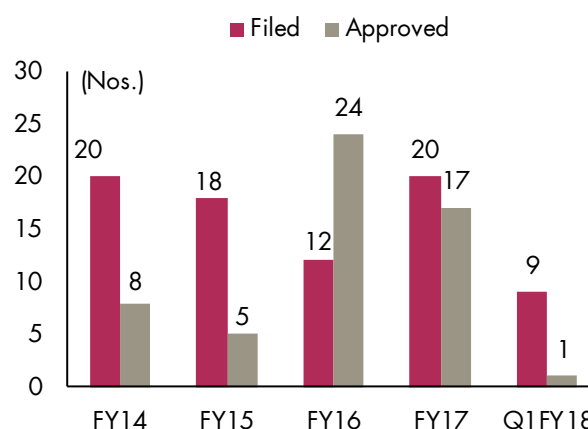
Exhibit 4: Market share in key products improving

Generic name	Brand name	Brand sales / mkt size (USD mn)	#No. of players	Market share (%)					
				Mar'16	Jun'16	Sep'16	Dec'16	Mar'17	Jun'17
Atomoxetine HCL	Strattera	452	4	-	-	-	-	-	10%
Ezetimibe*	Zetia	2,300	2	-	-	-	20%	48%	53%
Rosuvastatin Calcium	Crestor	6,780	>10	-	-	10%	11%	7%	7%
Calcipotriene cream	Dovonex	93	3	26%	33%	38%	41%	52%	55%
Nystatin-Triam cream	Mycalog - II	145	3	-	-	-	3%	7%	13%
Nystatin-Triam Ointment	Kenalog	38	4	-	-	-	2%	7%	11%
Diclofenac Sodium Gel	Solaraze	297	4	-	-	-	10%	9%	11%
Trandolapril + Verampil Hcl	Tarka	24	2	46%	45%	41%	44%	47%	48%
Raloxifene Hcl	Evista	337	7	-	2%	6%	10%	10%	10%
Mupirocin ointment	Bactroban	55	6	21%	27%	27%	27%	28%	29%
Mupirocin cream	Bactroban	55	2	87%	98%	99%	99%	99%	99%

Source: Bloomberg

Exhibit 5: R&D expense to be higher in H1FY18


Source: Company

Exhibit 6: Filed 9 ANDAs in Q1'18


Source: Company

Exhibit 7: Increasing focus on niche segments

Pending ANDA	Jun-13	Apr-14	Dec-14	Mar-15	Dec-15	Jun-16	Sep-16
Immediate Release	12	29	31	31	28	31	31
Hormones	5	13	14	11	8	5	6
Dermatology	5	8	10	15	12	15	11
Others*	5	7	6	6	6	5	5
Injectables	3	7	13	13	8	7	8
Total	53	64	74	76	62	63	61
Para IVs	23	29	39	33	26	22	23

Source: Company *Note: Others include Modified release, Controlled substance, immunosuppressants

Exhibit 8: Key complex generic products in pipeline

Product	Market Size (USD bn)	Source	Filing Status			
			Filed	CY17	CY18	CY19
gWelchol	0.6	In-House	✓			
gRenagel	2.1	In-House	✓			
gVagifem	0.4	In-House		✓		
gConcerta	1.8	In-License			✓	
gAbraxane	0.7	In-License				✓
gSuboxone	1.6	In-License				✓
gNuvaring	0.8	In-License				✓
GSP 101 (Gx Inhaler)	~4.5	In-House			✓	
GSP 103 (Gx Inhaler)	~1.0	In-House			✓	
GSP 104 (Gx Inhaler)	~0.8	In-House				✓

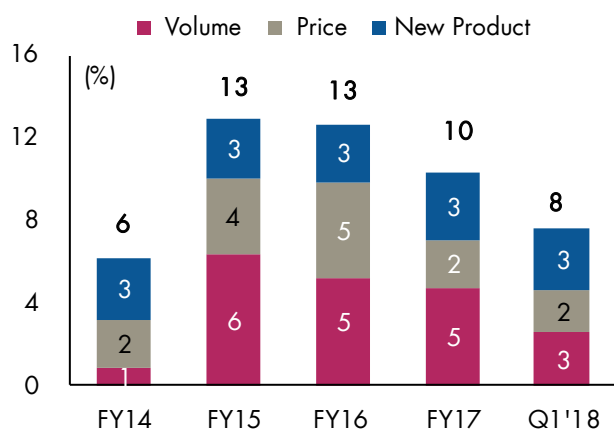
Source: Company

Exhibit 9: Expects to file 9 NDA/BLA in next decade across NME and specialty portfolio

Therapy Area	Molecule	Status	Filing Timelines (NDA/BLA)				
			2019	2020	2021	2022	2023+
Respiratory	GSP 301	Phase 3	✓				
	GSP 304	Phase 2	✓				
	GBR 310	Pre Clinical		✓			
	GRC 388XX	Pre Clinical					✓
Dermatology	GBR 830	Phase 2				✓	
	GBR 1302	Phase 1				✓	
Oncology	GBR 1342	Pre Clinical					✓
	GBR 1372	Pre Clinical					✓
	GBR 8383	Pre Clinical					✓
							✓

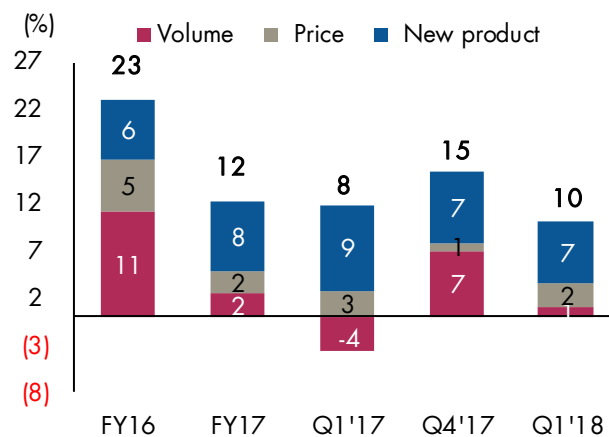
Source: Company

Exhibit 10: IPM posted lower volume growth in Q1



Source: AIOCD IPM = India Pharma market

Exhibit 11: GNP growth slowed on lower volumes



Source: AIOCD

Exhibit 12: Strong growth seen in Cardiac and Anti-Infective segments in Q1

YoY growth	% of sales	FY16	FY17	Q1'17	Q4'17	Q1'18
Derma	28%	25%	13%	17%	12%	0%
Cardiac	22%	23%	8%	8%	9%	13%
Respiratory	16%	23%	19%	4%	19%	13%
Anti-Infectives	14%	15%	13%	-3%	24%	23%
Anti-Diabetic	7%	26%	-16%	-7%	-6%	-3%
Gastro Intestinal	3%	24%	56%	8%	68%	50%
Vitamin/ Min / Nut	2%	16%	2%	36%	-9%	-30%
Pain / Analgesics	2%	7%	-2%	7%	-10%	-18%
Gynaecological	3%	13%	30%	15%	30%	39%
Ophthal/Otologicals	1%	23%	2%	-8%	6%	-2%
Total (Rs bn)	27	23%	12%	8%	15%	10%

Source: AIOCD

Financial summary (Consolidated)

Profit & loss (Rs mn)

Y/E March	FY16	FY17	FY18E	FY19E
Net sales	76,496	91,857	96,480	106,803
Other operating income	-	-	-	-
Total operating income	76,496	91,857	96,480	106,803
Cost of goods sold	(23,026)	(26,143)	(28,462)	(31,080)
Gross profit	53,470	65,714	68,018	75,723
<i>Gross margin (%)</i>	<i>69.9</i>	<i>71.5</i>	<i>70.5</i>	<i>70.9</i>
Total operating expenses	(39,142)	(45,347)	(47,799)	(53,082)
EBITDA	14,328	20,367	20,219	22,641
<i>EBITDA margin (%)</i>	<i>18.7</i>	<i>22.2</i>	<i>21.0</i>	<i>21.2</i>
Depreciation	(2,691)	(3,168)	(3,352)	(3,809)
EBIT	11,636	17,199	16,867	18,831
Net interest	(1,789)	(2,373)	(1,809)	(1,624)
Other income	200	373	383	396
Profit before tax	10,047	15,199	15,441	17,604
Total taxation	(3,026)	(3,442)	(3,860)	(4,401)
<i>Tax rate (%)</i>	<i>30.1</i>	<i>22.6</i>	<i>25.0</i>	<i>25.0</i>
Profit after tax	7,021	11,757	11,581	13,203
Minorities	-	-	-	-
Profit/ Loss associate co(s)	-	-	-	-
Adjusted net profit	7,021	11,757	11,581	13,203
<i>Adj. PAT margin (%)</i>	<i>9.2</i>	<i>12.8</i>	<i>12.0</i>	<i>12.4</i>
Net non-recurring items	-	-	-	-
Reported net profit	7,021	11,757	11,581	13,203

Balance sheet (Rs mn)

Y/E March	FY16	FY17	FY18E	FY19E
Paid-up capital	282	282	282	282
Reserves & surplus	42,420	49,112	59,740	71,990
Net worth	42,702	49,394	60,022	72,273
Borrowing	40,244	47,662	42,781	38,405
Other non-current liabilities	1,456	572	572	572
Total liabilities	84,399	97,624	103,371	111,245
Gross fixed assets	51,460	55,764	62,764	69,764
Less: Depreciation	(11,810)	(14,978)	(18,330)	(22,139)
Net fixed assets	39,650	40,787	44,435	47,625
Add: Capital WIP	-	-	-	-
Total fixed assets	39,650	40,787	44,435	47,625
Total Investment	172	157	157	157
Inventory	15,678	21,390	22,468	23,409
Debtors	24,926	24,043	25,111	26,335
Cash & bank	8,571	10,564	9,248	10,541
Loans & advances	10,289	13,265	14,538	16,094
Current liabilities	23,961	24,496	26,354	28,443
Net current assets	35,504	44,766	45,012	47,935
Other non-current assets	9,073	11,914	13,767	15,528
Total assets	84,399	97,624	103,371	111,245

Source: Company, Axis Capital

Cash flow (Rs mn)

Y/E March	FY16	FY17	FY18E	FY19E
Profit before tax	10,047	15,199	15,441	17,604
Depreciation & Amortisation	2,691	3,168	3,352	3,809
<i>Chg in working capital</i>	<i>(6,077)</i>	<i>(6,074)</i>	<i>(2,457)</i>	<i>(1,293)</i>
Cash flow from operations	3,448	8,213	12,048	15,186
<i>Capital expenditure</i>	<i>(8,903)</i>	<i>(7,000)</i>	<i>(7,000)</i>	<i>(7,000)</i>
Cash flow from investing	(8,802)	(7,000)	(7,000)	(7,000)
<i>Equity raised/ (repaid)</i>	<i>18,944</i>	-	-	-
<i>Debt raised/ (repaid)</i>	<i>110</i>	<i>7,418</i>	<i>(4,881)</i>	<i>(4,376)</i>
<i>Dividend paid</i>	<i>(679)</i>	<i>(681)</i>	<i>(953)</i>	<i>(953)</i>
Cash flow from financing	16,575	4,364	(7,643)	(6,952)
Net chg in cash	11,222	5,578	(2,594)	1,234

Key ratios

Y/E March	FY16	FY17	FY18E	FY19E
OPERATIONAL				
FDEPS (Rs)	24.8	41.6	41.0	46.7
CEPS (Rs)	34.4	52.8	52.8	60.2
DPS (Rs)	2.0	2.0	2.8	2.8
Dividend payout ratio (%)	8.0	4.8	6.8	6.0
GROWTH				
Net sales (%)	15.1	20.1	5.0	10.7
EBITDA (%)	17.0	42.2	(0.7)	12.0
Adj net profit (%)	(12.5)	67.4	(1.5)	14.0
FDEPS (%)	(16.1)	67.4	(1.5)	14.0
PERFORMANCE				
RoE (%)	19.3	25.5	21.2	20.0
RoCE (%)	15.2	19.3	17.2	17.9
EFFICIENCY				
Asset turnover (x)	1.1	1.1	1.1	1.1
Sales/ total assets (x)	0.7	0.8	0.8	0.8
Working capital/ sales (x)	0.3	0.3	0.4	0.3
Receivable days	118.9	95.5	95.0	90.0
Inventory days	92.0	109.2	107.5	101.5
Payable days	113.9	97.2	97.0	94.2
FINANCIAL STABILITY				
Total debt/ equity (x)	1.1	1.0	0.8	0.6
Net debt/ equity (x)	0.9	0.8	0.6	0.4
Current ratio (x)	2.5	2.8	2.7	2.7
Interest cover (x)	6.5	7.2	9.3	11.6
VALUATION				
PE (x)	28.9	17.3	17.5	15.4
EV/ EBITDA (x)	16.3	11.8	11.7	10.2
EV/ Net sales (x)	3.1	2.6	2.4	2.2
PB (x)	4.8	4.1	3.4	2.8
Dividend yield (%)	0.3	0.3	0.4	0.4
Free cash flow yield (%)	-	-	-	-

Source: Company, Axis Capital

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