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Initiating coverage

Capital Goods

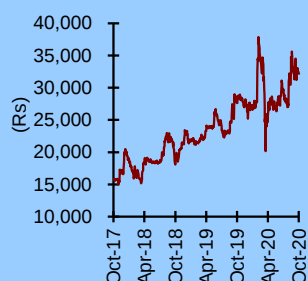
Target price Rs31,400

Shareholding pattern

	Dec '19	Mar '20	Jun '20
Promoters	75.0	75.0	75.0
Institutional investors	14.7	14.6	14.6
MFs and other	14.0	13.6	13.0
FIs/Banks	0.0	0.0	0.0
Insurance Cos.	0.0	0.3	0.8
FII	0.0	0.7	0.8
Others	10.3	10.4	10.4

Source: BSE

Price chart



INDIA

Honeywell Automation India

HOLD

Unique play in domestic automation – initiate
with **HOLD**

Rs32,200

Honeywell Automation India (HAIL) is a domestic leader in process automation and pioneer in related technologies. HAIL also has presence in building automation and has built a global engineering services business, which caters largely to the parent (US-based Honeywell International Inc.) and its overseas subsidiaries. Leveraging on the parent's expertise, HAIL has market leadership in the domestic oil & gas space, both in the refinery segment and retail stations. Export segment has become a major growth driver and this is likely to sustain. Taking cognisance of the differentiated nature of the export and the domestic automation segments, we value HAIL at an SoTP-based target price of Rs31,400 and initiate coverage with a HOLD rating.

- **Top in India oil & gas automation:** Leveraging on the parent's expertise, HAIL has leadership in upstream, downstream and retail automation solutions in the domestic market. It also has leadership in the gas segment and CNG stations. As per our Oil & Gas analyst Vidyadhar Ginde, around Rs5tn of investments are expected to take place in Indian oil & gas sector over the next 5 years in E&P, refining, marketing, petrochemical, pipelines and CGD.
- **Leadership in domestic process automation:** HAIL is also engaged in 'smart city' solutions in areas of traffic management, etc. Company also has healthy market share in automation solutions for other process industries such as chemicals, paper, sugar, metals, thermal power, etc.
- **Secular growth in exports:** Exports witnessed strong growth at 17% CAGR during FY16-FY20 and contributed 44% to FY20 revenues. Majority of these exports are towards overseas entities related to the parent comprising global engineering services. We believe, given the low-cost advantage of outsourcing to the Indian entity by the parent, HAIL's export growth trend is likely to continue.
- **Tapping into building automation:** HAIL is one of the major players in the domestic building automation market. This segment is expected to witness healthy growth given the focus on security and safety. Additionally, energy optimisation solutions are evolving as a potential growth area.
- **Initiate with HOLD given rich valuation:** Given the outsourcing nature of the export segment, we assign a different multiple for this segment than the domestic segment. Hence, we value the stock by SoTP methodology. Given the long-term secular growth drivers in process automation, diversification towards building and cyber security, and constant improvement in the company's technical portfolio, we initiate coverage on HAIL with a **HOLD** rating despite rich valuation. We assign an SoTP based target price of Rs31,400 implying a multiple of 60x FY22E earnings to the domestic business and 30x FY22E to the export business. We assume the percentage contribution of exports in the earnings to be similar as in the revenues

Market Cap	Rs285bn/US\$3.9bn
Reuters/Bloomberg	HONE.BO/HWA IN
Shares Outstanding (mn)	8.8
52-week Range (Rs)	37857/20149
Free Float (%)	25.0
FII (%)	0.8
Daily Volume (US\$'000)	2,042
Absolute Return 3m (%)	9.3
Absolute Return 12m (%)	16.9
Sensex Return 3m (%)	9.0
Sensex Return 12m (%)	7.4

Year to Mar	FY19	FY20	FY21E	FY22E
Revenue (Rs mn)	31,747	32,900	33,435	37,536
EBITDA (Rs mn)	5,034	6,364	6,517	7,361
Net Income (Rs mn)	3,588	4,915	5,207	6,024
EPS (Rs)	405.9	556.0	589.0	681.5
P/E (x)	56.4	41.2	38.9	33.6
CEPS (Rs)	423.9	601.9	637.2	732.1
EV/E (x)	37.8	29.4	27.9	23.8
Dividend Yield	0.2	0.3	0.2	0.2
RoCE (%)	22.8	25.3	21.7	20.6
RoE (%)	22.7	25.0	21.5	20.5

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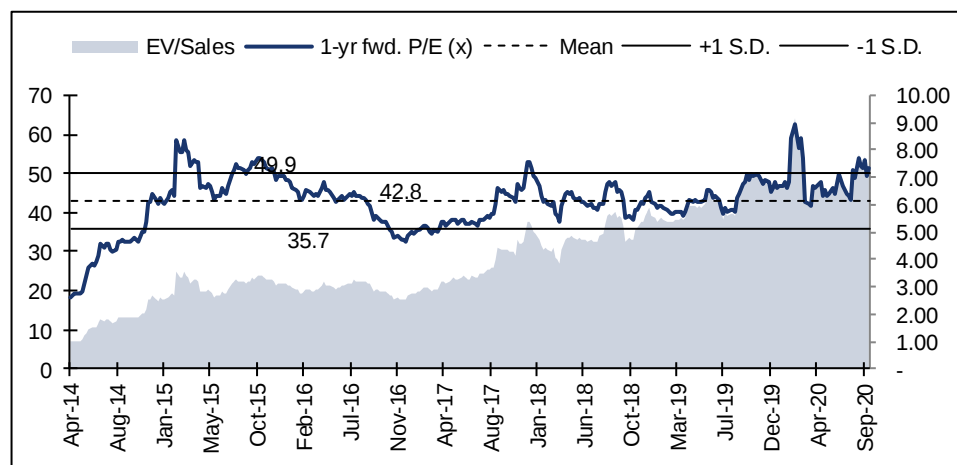
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Outlook and valuation

Honeywell Automation India (HAIL) is in a unique position as a secular play in the domestic process automation opportunity. Exports, majorly global engineering services, account for 44% of revenues in FY20. Company is also trying to hedge itself from oil & gas segment by focusing on other areas such as building automation, smart city solutions, cyber security, etc. Exports have been a major growth driver in the past 4-5 years and this trend is expected to continue. The three major focus areas in the near term are: (i) Healthcare and pharma (ii) Air quality and hygiene products and solutions, and (iii) Products and systems to ease remote working & connected buildings. Long term risk to business includes entry of Chinese and other Asian players into this market, which may increase the competition and reduce the scope of improvement in revenues and profitability. We believe the risk from aggressive pricing strategy by Chinese is likely to get mitigated because of the recent anti-china stance by the government of India.

Given the diverse nature of its businesses, capabilities and returns of the outsourcing-based export segment and technology-based domestic process automation segment, we value the company by SoTP methodology. We assume the percentage contribution of exports in the earnings to be similar as in the revenues (the company does not share these data points separately). We assign a multiple of 60x FY22E earnings for the domestic automation segment and 30x FY22E earnings for the outsourcing-based export business.

Chart 1: 1-year forward P/E



Source: Bloomberg, I-Sec research

Contribution of 'other income' to PBT was 14% in FY20 and is likely to increase going forward due to high cash balance. Hence we believe the stock is fairly valued at present. Our valuation for the domestic automation business is at a premium to Siemens (41.6x FY22E earnings) given the contribution from pure automation is at ~25% for Siemens. While for the outsourcing business we assign a premium in comparison to Infosys (22x FY22E earnings) and TCS (26x FY22E earnings) given the consultancy and technical heavy nature of the business.

Table 1: SoTP valuation

SoTP	Contribution (%)	FY22E EPS (Rs)	Multiple (x)	Target price
Domestic	54	365	60	21,913
Export	46	316	30	9,487
Total		681		31,400

Source: Company data, I-Sec research

Table 2: 10-year reverse DCF implies EBITDA CAGR of 23.8% vs. historical CAGR of 17.5%

Particulars	
Cost of Equity (%)	11.5
Terminal growth rate (%)	5.0
Discounted interim cash flows (Rs mn)	92,249
Discounted terminal value (Rs mn)	1,92,751
Total equity value (Rs mn)	2,85,000
Value per share (Rs)	32,200
EBITDA CAGR growth to achieve over FY20-30E (%)	23.8
EBITDA CAGR growth over CY10-FY20 (%)	17.5

Source: Company, I-Sec research

After assuming cost of equity of 11.5% and terminal growth of 5%, for 10-year reverse DCF, we arrive at discounted cash flows of Rs92bn and terminal value of Rs193bn and for 20-year reverse DCF, we arrive at discounted cash flows of Rs143bn and terminal value of Rs142bn resulting in total equity value at Rs285bn.

Table 3: 20-year reverse DCF implies EBITDA CAGR of 15.5%

Particulars	
Cost of Equity (%)	11.5
Terminal growth rate (%)	5.0
Discounted interim cash flows (Rs mn)	1,42,748
Discounted terminal value (Rs mn)	1,42,252
Total equity value (Rs mn)	2,85,000
Value per share (Rs)	32,200
EBITDA CAGR growth to achieve over FY20-40E (%)	15.5

Source: Company, I-Sec research

By reverse DCF methodology, the current market capitalization of ~Rs285bn implies EBITDA growth of 15.5% over FY20-FY40E and 23.8% over FY20-FY30E, which we believe is very optimistic. Historically, over a low base, EBITDA CAGR has been 17.5% during CY10-FY20.

Process plant ownership aids HAIL in determining the exact industry challenges

Industrial automation encompasses several classes of equipment across many industries. Products are oriented along three categories:

- **Process** – Continuous process control applications as in chemical, oil & gas, power generation, waste water management, etc.
- **Discrete** – Job work and batch production applications as in automotive industry, electronics, fabricated metals, plastics and packaging, etc.

Table 4: Industry classification

Process Industries	Hybrid Industries	Discrete Industries
Oil and Gas	Glass	Automotive
Chemicals	Pharma	Electronics
Water and wastewater	Food and Beverages	Packaging machinery
Cement	Pulp & Paper	Machine building
Metals and Mining	Fiber	Additive manufacturing
Power Generation	Tire	Robotics
Refineries	Batteries	Machine tools
		Material handling equipment
		Aerospace
		Textile machinery

Source: I-Sec research

Table 5: Industrial automation equipment

Motor & Motor Control Equipment	Automation Equipment	
Motors & Generators	Discrete Controllers & Visualisation	Process Control
Fractional AC Motors	Computer Numerical Controllers	Distributed Controller
Fractional Brushed DC Motors	I/O Modules	Process & Temperature Controllers
Fractional Brushless DC Motors	PLCs	Process Instrumentation Devices
Integral AC Motors (LV)	Embedded Computer	Process Safety Equipment
Integral DC Motors (LV)	Boards, Modules & Systems	
Low power Generators	Networking Infrastructure Devices	Switchgear
Medium power Generators	Industrial PCs	MCB & RCDs
High Power Generators	Operator Terminals	Electro-Mechanical Relays
Medium Voltage Motors	Position Control Hardware	Solid State Relays
Servo Motors	Remote Terminal Units	Electronic Control Relays
Stepper DC Motors	Machine Vision Hardware	Industrial Pushbuttons
	Discrete Safety Equipment	Air Circuit Breakers & Moulded Case Circuit Breakers
Motor Controls		
AC Drives (LV)		
Brushed DC Drives		
Brushless DC Drives		
Medium Voltage Drives		
Servo Drives		
Stepper DC Drives		
Soft Starters & MCCs		

Source: IHS Markit, I-Sec research

Process automation: Process automation reduces the need for plant operators to physically monitor performance values and the quality of outputs to determine the best settings on which the production equipment can run. Process automation **involves using sensors, actuators, computer technology and software engineering** to help power plants and factories in oil & gas, chemicals, paper, mining and cement sectors to operate more efficiently and safely.

- Sensors are installed around the plant that collect data on variables such as temperatures, pressures, flows, liquid analysis, gas analysis.
- The information is stored and analysed and the entire plant, or each piece of production equipment, can be monitored from a control room. A computer program

uses measurements to show not only how the plant is working, but to simulate different operating modes and find the optimal strategy for the plant.

- The controls are done using PLC, SCADA or DCS and communication is either through wire or wireless.
- PLM software is used to automate the management of product-related data and integrate the data with other business processes such as enterprise resource planning (ERP) and manufacturing execution system (MES).
- Indian public sector companies prefer to store data in their own servers rather than on cloud to safeguard from data protection-related risks.

Key players in the domestic process automation market are: Honeywell Automation India, Emerson, Endress + Hauser, Yokogawa, Siemens India.

Discrete automation: Discrete automation is used for processes in which the finished component can be measured and each process creates a quantifiable or countable part. This type of automation focuses on assembling high-quality engineered components (sub-assemblies) into a more-efficient final product. Materials are often moved manually in such a 'high touch' manpower environment. The main task in a continuous plant is process regulation while for discrete plants the main task is represented by plant command. At the 'control level', different types of controllers / supervisors (such as IPCs or PLCs) are connected together and the underlying 'sensor level' provides the link with individual devices. Key players in discrete automation in domestic market are Siemens India, Rockwell Automation, B&R Automation, Beckhoff, Mitsubishi Electric.

HAIL is more focused on process automation than discrete and has its own process plant overseas, hence it knows exactly what the challenges faced by the industry are.

Consequently, the company has introduced new process solution offerings like IIoT-based unified suite of software operations. Its offerings include distributed control systems (DCS), transmitters, programmable logic controllers, emergency shutdown systems (ESD), quality control systems (QCS), advanced software solutions, IIoT solutions, and comprehensive lifecycle services.

Strongly placed in oil & gas industry: Honeywell is strongly positioned in the oil & gas industry, hence its domestic growth is expected to witness good traction supported by a healthy oil & gas project pipeline in terms of LNG terminals, refinery / petchem capex, gas pipelines, etc. Greenfield opportunities from refining and petrochemicals are better and the management expects good opportunities from the government's BS-IV to BS-VI fuel regulation projects.

- While most of the industries served by HAIL are capital-intensive, the top sectors for the company are oil & gas, construction, infrastructure and transportation.
- Whereas Siemens's strengths are in power plant and transmission, HAIL's is in hydrocarbon processes, hence it is more focused on process automation than discrete. In oil & gas process industries, HAIL competes with Japan's Yokogawa.
- Of a typical refinery order value of US\$4bn-5bn, automation accounts for 0.5-1%.
- Approximately 50% of HAIL's employees are software engineers. This plays into its key strength of being experts in O&G industry having strong domain knowledge. Company has done some large O&G orders in the Middle East.

Honeywell Process Solution (HPS) business

This segment provides Industrial automation products and solutions including process control, process safety, process optimisation, process simulation, connected IIoT solutions, and industrial cyber security. The segment serves the core industrial sectors of refining, oil & gas, pulp and paper, metal and cement, etc. Apart from its core industry, the company also plans to explore new industries including pharmaceuticals and specialty chemicals

Chart 2: HPS offerings



Source: Company data, I-Sec research

- Automation and control systems for process industries
- Lifecycle services
- Advanced solutions – simulation, optimisation
- Field instrumentation and solutions

Table 6: Honeywell International Inc. (HON) presence in HPS (Honeywell Process Solution) and UOP (Universal oil products)

	Upstream	Midstream	Downstream & Petrochemicals	
	 Reservoir Modeling Wellhead Off-Shore	 Gas Processing Pipeline LNG Liquefaction	 Refining Petrochemicals	
UOP	• Natural gas cleaning and separation	• Clean, separate, condition gas for liquefaction • Modular plants for gas production	• Refinery of the future for petchem integration • Catalysts and absorbents • Process licensing and key equipment	• Heavy oil upgrading • Clean fuels technology • Advanced fuels platform • Outcome based services
HPS	• Productivity and safety • Automation control systems	• Storage and pipeline SCADA solutions • Fiscal metering • Marine and terminal storage, metering and information systems	• Leading automation and safety solutions • Fire and gas solutions • Infinite longevity/migration services	
Connected outcomes	• Process optimisation diagnostics and services • Lifecycle technology planning and support • Asset performance monitoring • Mobile business productivity tools and services • Risk reduction • Cyber security services			

Source: Company data, I-Sec research

Honeywell International Inc. (HON) is present in both UOP (Universal oil products) and Honeywell process solutions (HPS) businesses, however HAIL is present only in HPS. UOP operates as a separate private entity in India. **HAIL continues to be the beneficiary of HPS Global's investment in technology for new products and solutions, which invariably helps HPS India to strengthen its competitive position.**

Honeywell Connected Plant (HCP) – This is an IIoT-based unified suite of software applications, which enable manufacturers and process industries leverage data and insights to improve the efficiency and profitability of their operations.

HCP offerings include distributed control systems (DCS), transmitters, programmable logic controllers, emergency shutdown systems (ESD), quality controls systems (QCS), advanced software solutions, IIoT solutions, and comprehensive lifecycle services. Introduced in 2017, HCP portfolio enables:

- **Industrial cyber security:** It is a solution that provides a single view for operations, IT and leadership teams to monitor, measure and manage cyber security across the enterprise. It includes *Secure Media Exchange (SMX)*, which gives operators control and visibility into the secure use of USB and removable storage by personnel and contractors, reducing cyber risk to process control networks.
- **Automated change management software:** A documentation and change management software that improves customers' industrial control system integrity. *Honeywell Trace* replaces paper-based records and spreadsheets with an automated solution to reduce errors from changes in configurations, improve worker productivity, and simplify automation asset management by providing a single integrated view of complex system interactions.
- **Data acquisition and analytics:** *Uniformance Suite* software provides real-time digital intelligence through advanced process and event data collection, asset-centric analytics and powerful visualisation technology, turning plant data into actionable information to enable smart operations.
- **Plant performance:** Honeywell Connected Plant applications that leverage the IIoT to tap HAIL's deep process knowledge, design expertise and understanding of catalysis with next-generation software platforms from Honeywell Process Solutions. The software-based service enables refiners and petrochemical and gas processing plants to improve their performance.

The entire collaboration to provide a common technical support to a host of companies is based on a cloud-based solution — the **Honeywell Sentience platform**. Company is partnered with more than 20 OEMs.

Given that HCP is a relatively new offering, the initial target market for HCP will be the leading industries as they provide HAIL a platform to test its concepts. Once these solutions are implemented successfully in these leading industries, the company plans to provide this solution to SME sector.

Diversifying to other industries while maintaining strength in core

Under process solutions, apart from the core industries, HAIL has been exploring opportunities to create new products for mass mid-market and for new industries such as pharmaceuticals and specialty chemicals. Most of the spending is taking place through operational expenditure, providing an opportunity for service, upgrades and migrations. The demand for process automation products in FY19 was primarily driven by pharmaceutical sector, a trend we expect to continue in the near term.

Targeting industrial customers: Company plans to include more industrial customers for which a dedicated channel management team has been deployed. Verticals such as industrial, transportation, military, aerospace and medical equipment are expected to remain in focus for the company.

Building automation: Building automation largely includes electronic security & safety, heating ventilation and air conditioning (HVAC) and lighting control equipment, home comfort solutions and fire safety. The market can be segmented in four categories: i) building automation & control system (BACS), ii) heating ventilation and air conditioning (HVAC), iii) lighting control solutions, and iv) home control solutions.

BACS plays a vital role in integrated building planning. The system provides energy savings, greater comfort, safety and better operational efficiency. In India, the rising concern for greenhouse gases along with rapidly increasing power demand-supply gap are contributing to the growing adoption of the automation & control systems in buildings. The demand for BACS is majorly driven by the commercial building segment due to increasing number of shopping malls, office buildings, educational institutes, hotels, hospitals, etc. The market is further supported by mandatory regulation of energy efficiency in commercial buildings in cities such as Delhi. Policy and regulatory support such as building codes, incentive schemes and labeling schemes (such as LEED and BEE Star rating scheme) are expected to continue driving the BACS market over the next five years.

In HVAC, thermostats, zone and climate controls, sensors and keypads are spurring the demand for *building automation & control systems* market, while the emerging carbon dioxide & combined sensors segment is projected to further boost market growth over the next five years. The lighting control *building automation & control systems* market in India is witnessing increasing demand for relay systems, controllable breakers, dimming systems, switching solutions and sensors.

Key players in domestic building automation market are: Siemens India, HAIL, Johnson Controls, Carrier.

Smart cities, railways and building automation are other key growth areas: Infrastructure investment by government in 100 'smart cities' and other public sector projects continues to be the key growth driver for HAIL's building solutions business. Bhubaneswar is a smart city executed by HAIL. About seven smart cities are already in execution by HAIL, which includes assistance to traffic police, fire department, etc. Modernisation of railway stations, building of metro lines in major cities, expansion of existing airports and establishment of new ones, all are also seeing a big push. Indian

Railway Station Development Corporation (IRSDC) has planned modernisation of the stations and metro projects too are coming up at cities like Kanpur, Bhopal and Indore.

Other growth areas

- HAIL is providing technologies to Indian refiners for transition from BS IV to BS VI.
- In preparation for the move to BS VI, automotive industries would need to modify engines, which use fuel, so that emissions can be further reduced. To address this, HAIL is working on turbochargers, which are fit on diesel and petrol engines, reducing the emissions and improving efficiency of the engines.
- As India moves towards a gas-based economy, the need for equipment to measure, regulate and transfer gas to industrial and residential facilities will increase. Hence, we can expect increase in demand for HAIL's gas sensor portfolio that goes into the distribution of gas.
- Demand is coming from safety and productivity of industry (avoidance of accidents), productivity improvement of assets in terms of 1. asset sweating 2. improvement of efficiency and, 3. maintaining same production with lower cost.
- Cybersecurity has been a recent addition to the portfolio. Honeywell International Inc. has globally acquired an Israeli company called 'Next 9', which focuses on industrial cyber security.

Honeywell Building Solutions (HBS) business

This segment provides automation and control technologies for buildings including building management systems, fire detection and alarm systems, access control systems, video surveillance systems and integrated security systems. It also provides aftermarket services for control systems and utilities' O&M services for mechanical and electrical systems in buildings. Company plans to provide analytics services in this segment.

Table 7: Honeywell Building Solutions (HBS) business offerings

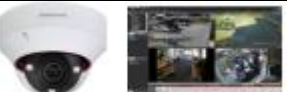
Install	Building Projects Critical Infrastructure Smart cities	
Services	Service contracts Retrofits and upgrades	
Government programs	Energy saving performance contracts (energy solutions include building controls, field products, combustion controls)	



Source: Company data, I-Sec research

The business serves verticals like infrastructure, transportation, smart cities, IT, pharmaceutical and commercial sectors. Markets catered include airports, metros, data centres, healthcare, commercial offices, government, education, hospitality, retail, industrials and pharmaceuticals. We expect strong performance from the business in future given continued government thrust on building core infrastructure such as airports, metro and railways.

Table 8: Fire and security product portfolio

Fire and life safety product portfolio		
Commercial fire systems	Fire control panel and detection systems	
Advanced detection	Advanced sensing technologies including aspirating and beam detection	
Building notification	Emergency notification systems including public address and voice alarm systems	
Software and services	Software and services enabling remote installation programming and O&M	
Security business product portfolio		
Video	Cyber secure and GDPR-compliant video surveillance and analytics	
Access control	Global ID management, access control and compliance solutions	
Intrusion	Intrusion detection products and solutions for commercial and critical applications	
Enterprise software and solutions	Software and professional services for commercial and critical applications	

Source: Company data, I-Sec research

Honeywell International Inc., parent, facilitated the first phase of the expansion of Terminal 3 of Delhi Airport to have 100mn passenger capacity by 2030:

- The HBS business deployed 'enterprise building integrator' as the master supervisory monitoring system across all facilities at Delhi airport.
- Integrated airfield ground lightning (AGL) into a SCADA system on the airside.
- Installed CAT IIIB airfield solutions that enabled better remote monitoring and diagnosis of faults.
- HBS also provided solutions for management of parking and stand availability.

The HBS business delivered city surveillance solutions to 11 cities in Madhya Pradesh in FY17.

Building Management Systems (BMS) business

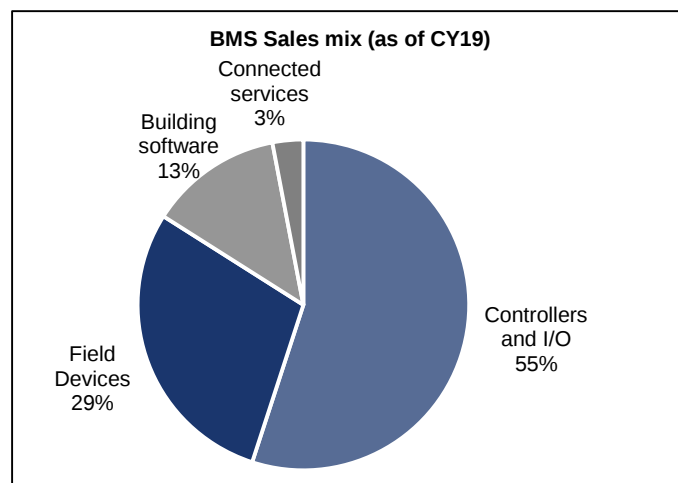
This segment includes products like mechanical PICVs, variable frequency drives (VFDs) and piston type pressure relief valves (PRVs). The products in this segment serve verticals like airports, stadiums, metro stations, IT, residential, industrial and hospital buildings.

Table 9: BMS business offerings / product portfolio

Field devices	Advanced device controls for local operations and collection of data for monitoring	
Controllers and I/O	Internet protocol (IP) based controller and input/output (I/O)	
Building automated software	Controls and monitors mechanical and electrical equipments of buildings	 Powered by Honeywell Forge
Connected services	Software and services enabling remote installation programming and O&M	 Powered by Honeywell Forge

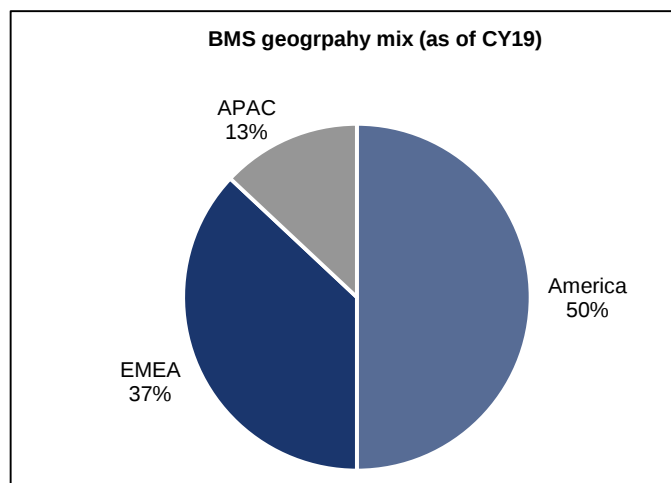
Source: Company data, I-Sec research

Chart 3: Honeywell International's (HON) BMS business sales mix



Source: Company data, I-Sec research

Chart 9: Honeywell International's (HON) BMS business geography mix



New initiatives in BMS segment include connected buildings – One such offering is *Outcome-Based Service*, which enables Honeywell service engineers to watch building assets around the clock, identifying anomalies faster than traditional maintenance.

The service combines advanced automation and data analytics and provides the following actionable insights:

- **Real-Time Analytics** – Honeywell's analytics evaluates facility data real-time to find issues faster, improve performance and efficiency, thereby decreasing maintenance time.

- **Dynamic Tasking** – Instead of routine scheduled inspections, analytics prioritise maintenance of higher-impact activities, mitigating downtime and improving operational efficiencies.
- **Performance Dashboards and Reports** – The easy-to-use, cloud-based interface monitors building performance against an organisation's key performance indicators.
- **Lifecycle Management** – An actionable roadmap with predictable costs keeps systems current and IT-compliant, providing efficient antivirus and patch updates.
- **Continuous Service Improvement** – Systematic reviews prevent and eradicate problems, reduce critical incidents and downtime.

Table 10: Connected building's Go-to-market channel strategy focusses on recurring monthly revenue (RMR)

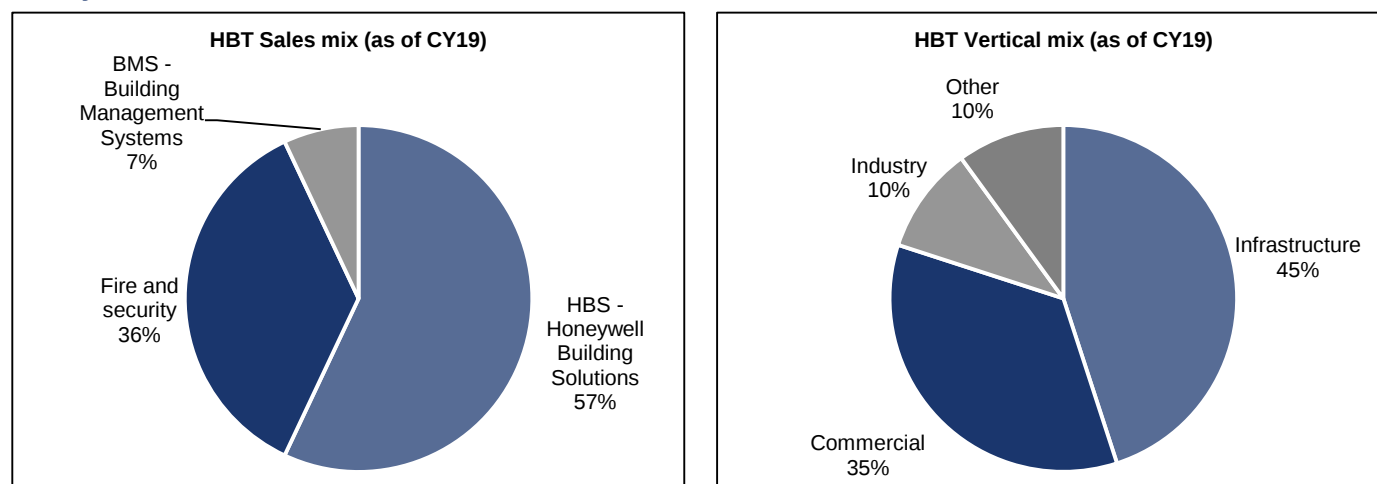
Channel	Enterprise Direct	HBS	BMS
Model	Software RMR Corporate or commercial	Software RMR	Software RMR
Sample customers	portfolios	Large, complex buildings	Hotels, SMB, systems, integrators, OEM, ISV
Channel capability	Developing	Mature	Mature

Source: Company data, I-Sec research

Till FY17, HAIL had an **Environmental and Energy Solutions** segment, which had three verticals: 1) commercial, which included building control systems; 2) residential, which included solar water heaters, thermostats and residential combustion; and 3) industrial (air & water) verticals, which included valves.

From FY18, the company introduced BMS segment in addition to the already existing HBS segment. However, for Honeywell International (HON), both HBS and BMS form a part of Honeywell Building Technologies (HBT) segment. Honeywell Building Technologies as classified by Honeywell International includes HBS, BMS and Fire and Safety equipment. As of CY19, HBT India portfolio constituted BMS which contributed 7%, HBS 57% and fire and safety 36%.

Chart 4: Honeywell Building Technologies segment's India sales and vertical mix as classified by Honeywell International Inc.

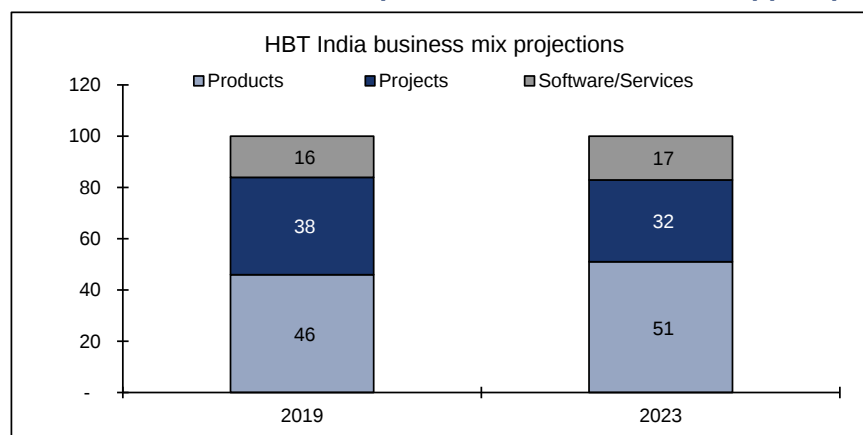


Source: Company data, I-Sec research

HBT India has two manufacturing facilities – one each in Dehradun and Gurugram, and three R&D sites at Bengaluru, Pune and Madurai.

The parent entity estimates overall investments of US\$3bn in data centres, US\$7bn in airports and US\$7bn in metros over 2019-2023. Of the total US\$17bn investments, the HBS and BMS segments are estimated to have an addressable market of US\$2bn.

Chart 5: Increased share of products and services to support profitability



Source: Honeywell International, Company data, I-Sec research

Table 11: Honeywell Building Technologies (HBT) segmentation by Honeywell International Inc. (HON)

Building solutions	Honeywell building solutions	Precise controls and optimisation of energy usage, heating, cooling, humidity, space utilisation, and related building management software		
	Building management systems	Building portfolio optimisation, space utilisation, and occupant experience solutions		
Fire, security, and others	Connected buildings	Integrated software and hardware offering for complex buildings and structures, focusing on installation, integration, and service		
	Fire and Life safety	Controls and related software including fire panels, smoke / CO detectors, public address systems and alarms, aspirating fire detection and voice alarms		
	Security	Detection systems and related software including intrusion, access control, video surveillance and alarm verification for critical buildings and infrastructure		
	Electrical products	Electrical wiring devices and cable management systems		

Source: Company data, I-Sec research

Sensing and IoT business

This business provides various sensors and switches to manufacturing and automobile industry. It serves primarily OEMs in various manufacturing industries such as auto, medical instrumentation, IT, etc.

HAIL continues to remain focused on market verticals such as industrial, transportation, military, aerospace and medical equipment.

- Electronic sensing portfolio – Pressure sensors, limit switches, construction equipment shifters, pressure switches and basic switches for vehicle body controls
- Gas sensor portfolio – Gas instruments and pollution monitoring equipment (environment and combustion control)
- OEM scan engine portfolio – Growth in automated vending machines and other automation devices
- Packaged products portfolio – Limit switches, construction equipment shifters, pressure switches and basic switches for vehicle body controls
- Test and measurement line of products

New products include temperature sensors, basic/limit switches, and particle sensors.

Products sold by parent, Honeywell International Inc., in SPS portfolio (safety and productivity solutions) include: airflow sensors, current sensors, magnetic position sensors, humidity sensors, micro switch, power relays, vacuum switches, pressure sensors, speed sensors, thermostats, temperature sensors hearing protection, respiratory protection, eye & face protection, hand/foot/head protection, first aid, fall protection.

Chart 6: Sensing and IIoT product portfolio



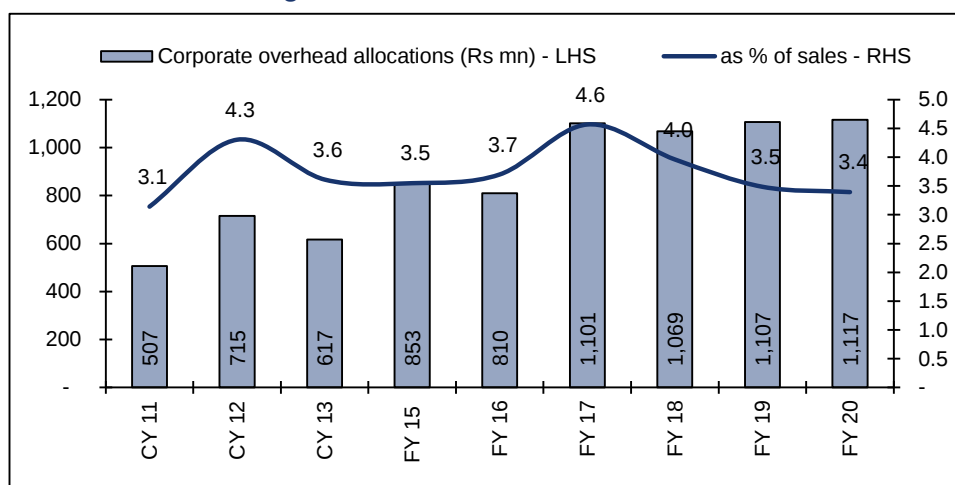
Source: Company data, I-Sec research

Stable exports supported by parent

HAIL's exports are largely to entities related to the parent across the globe and the company does not foresee any decline in the same, though the growth rate can taper down a bit given the high base. Global services business is making investments in talent development and retention strategies in the consultancy space for accelerated growth through newer verticals, software and IIoT

- Exports have grown from 19% of revenues in 2005 to 43.8% in FY20
- Top export geographies are the Middle East, North America and Africa.
- Strong support from parent, with emphasis on innovation (the Indian entity has benefited from global product development and acquisitions)
- Each of the company's four businesses – aerospace, building technologies, safety and productivity solutions and performance materials and technologies – enjoy global standards and are well accepted by customers worldwide
- One of the key R&D centres of the parent is Honeywell Technology Centre, based in Minneapolis, having an employee base of 6,500. HAIL gets considerable R&D-related support from this group entity
- Although the parent does not charge royalty, HAIL has corporate overhead allocation (under 'other expenses'), which is charged for each subsidiary as per the benefits derived from the global R&D centre. For FY20, while revenues grew 3.6% YoY, corporate overhead allocation at Rs1.1bn was up 0.9% YoY (3.4% of sales).

Chart 7: Corporate overhead allocation as proportion of sales to continue in 3-5% range



Source: Company data, I-Sec research

Global services / Manufacturing business

This business is mainly focused on delivering high-quality products, project engineering services, product customisation, and software development to global Honeywell entities as well as the India market. Honeywell exports these services to non-Honeywell entities too. It operates out of the Pune facility.

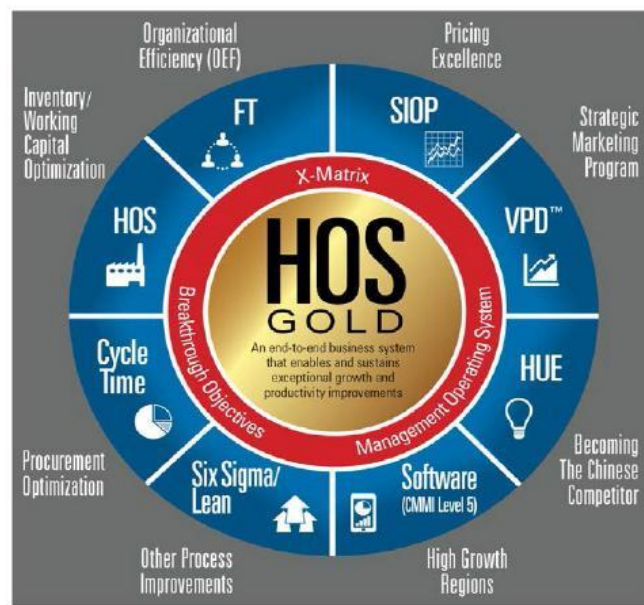
Though there has been some impact on the Global Engineering Services (GES) business given the travel restrictions, the company has been able to shift majority of this work to digital mode, hence we don't foresee a medium to long term impact of the pandemic on GES.

Honeywell Operating System (HOS)

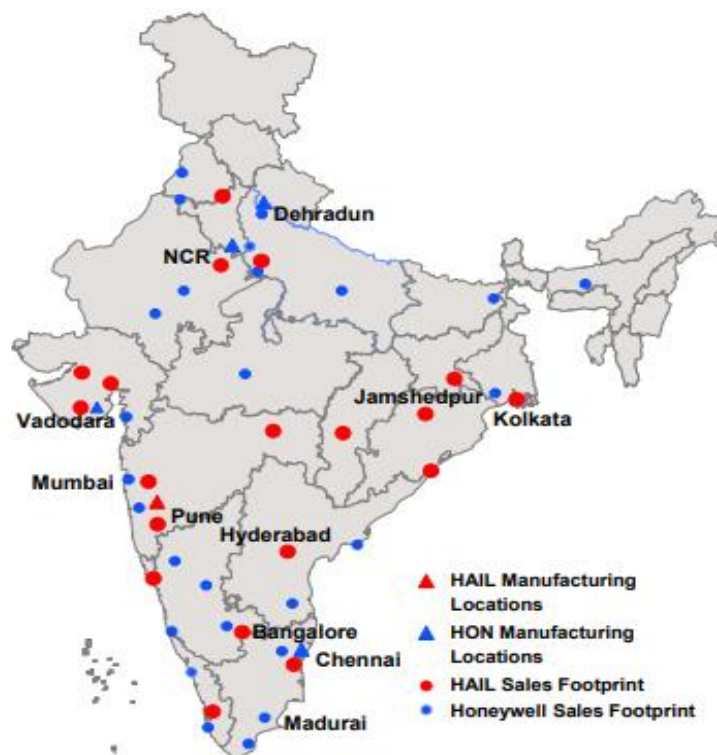
HOS encompasses end-to-end business system institutionalisation to enable and sustain growth along with productivity improvements through total customer experience, new product introduction, order to cash and integrated business planning.

The Honeywell Operating System has three stages of compliance: *Bronze*, *Silver*, and *Gold*. Much of the *Bronze* stage is restricted to improving productivity within the four walls of the factory. *Silver* stage further improves production process by integrating sales and procurement while working with customers and suppliers. The *HOS Gold* stage drives growth and agility at the enterprise level. The Fulgaon, Pune, factory and Global Services are at the *Silver* level.

Chart 8: HOS – three stages of compliance

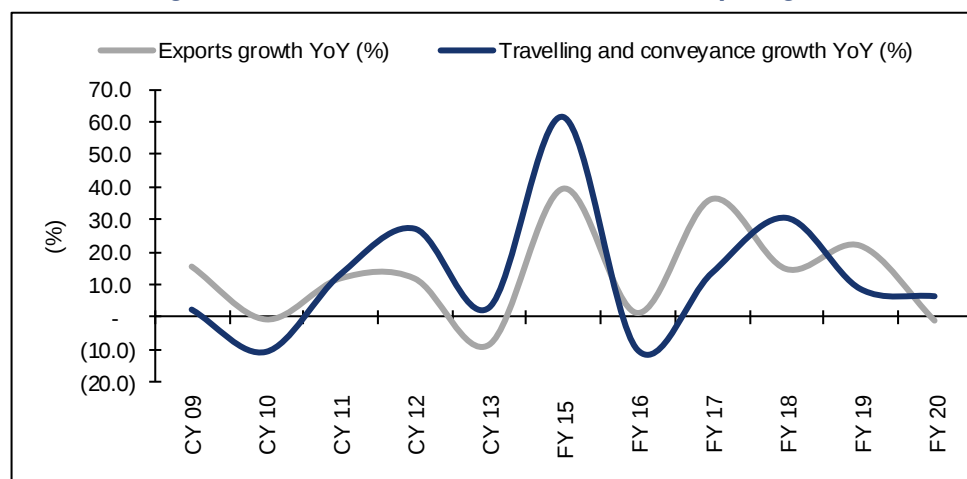


Source: Company data, I-Sec research

Chart 9: Plant locations of HAIL and Honeywell International (HON)

Source: Company data, I-Sec research

HAIL has automation and turbocharger manufacturing facility based out of Fulgaon, Pune, which was built with an investment of Rs5bn in 2014. The facility has now been extended to include an additional 76,000-sqft to the existing 75,000-sqft built. The facility expansion is for a customer integration centre (CIC), warehouse, Honeywell thermal solutions factory, smart metering factory, and *Intelligrated* demo. To streamline the business and drive operational efficiencies, the CIC and warehouse were consolidated in Apr'18. Company has put up a facility to manufacture N-95 masks in Fulgaon to support the government push towards *Atmanirbhar*.

Chart 10: High correlation between travel cost and export growth

Source: Company data, I-Sec research

During FY16-FY20, exports growth was 17% CAGR and exports contributed 44% to FY20 revenues. Through the global engineering services and global manufacturing segments, majority of these exports have been towards overseas entities related to the parent (fellow subsidiaries). Consequently, the growth in travel and conveyance cost grew by 14.4% CAGR, which is largely proportional to the growth in exports. This implies that the majority of the export growth was led by outsourcing and not by products or other services.

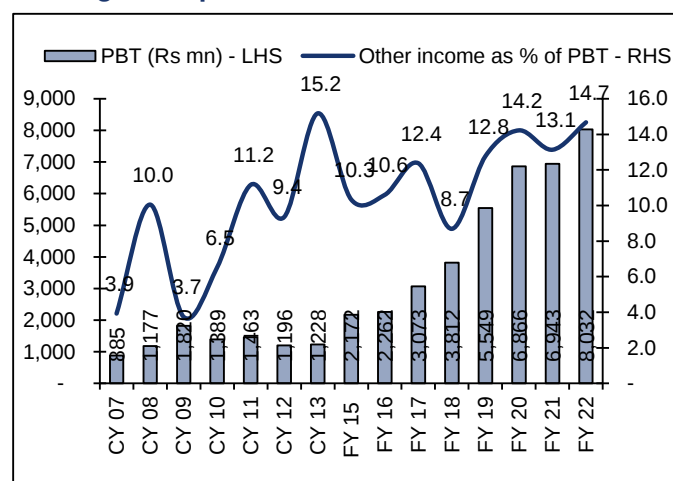
Table 12: Related party transactions

(Rs mn, year ending March 31)

	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
Honeywell International Inc. - Parent						
Sale, purchase or supply of any goods or materials	1,750	1,750	2,500	675	835	900
Sale of engineering services, purchase of services	2,140	3,700	5,000	3,011	3,340	3,365
Fellow Subsidiaries						
Sale, purchase or supply of any goods or materials			6,700	1,875	2,656	2,654
Sale of engineering services, purchase of services			3,300	1,210	1,228	703
Honeywell Measurex (Ireland) Ltd.						
Sale, purchase or supply of any goods or materials			4,700	1,552	2,351	2,106
Sale of engineering services, purchase of services			600	12	-	-
Honeywell Turki-Arabia Limited						
Sale, purchase or supply of any goods or materials			2,000	323	304	548
Sale of engineering services, purchase of services			2,700	1,197	1,228	703

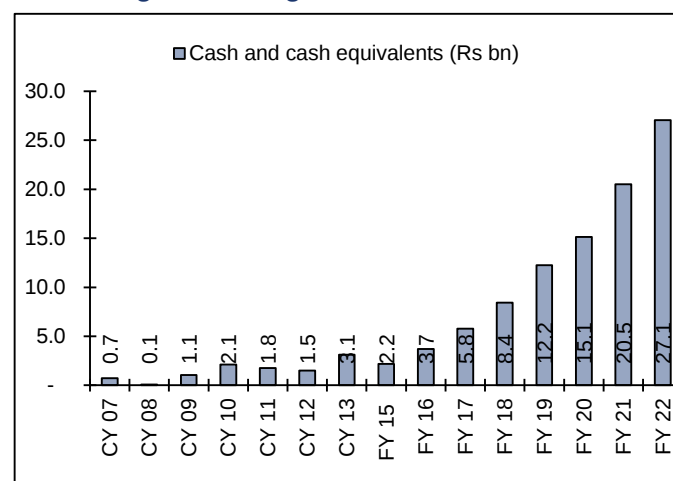
Source: Company data, I-Sec research

Chart 11: Higher contribution of other income to earnings is expected to continue



Source: Company data, I-Sec research

Chart 12: High cash on balance sheet will continue generate high other income



The cash on balance sheet has grown 4x from Rs3.7bn in FY16 to Rs15.1bn in FY20. Other income as proportion of PBT has also been steadily increasing (14.2% of PBT in FY20 vs 10.6% in FY16). We believe, the company will have to either increase the dividend payout or should look at expansion of capacity or any inorganic growth opportunities to utilize the cash effectively.

As per the FY20 AGM, the company considers three major focus areas for growth: 1) healthcare and pharma; 2) products and solutions related to air quality, hygiene and ensuring safety and control; 3) products and systems to ease remote working and connected buildings, etc. The factors that will aid margin improvement will be: 1) higher adoption of digital tools; (2) remote working of engineers, etc.

Company overview

Honeywell Automation India Limited (HAIL) is engaged in the manufacture of electronic systems and components, repair and maintenance, and trading of machinery, equipments and supplies. HAIL was incorporated in January 1984 as Tata Process Controls Private Ltd in Maharashtra. It became a public limited company in May 1987. Initially, the company promoted by the Tata group. Thereafter it was promoted as a 40:40 JV between Tata group and Honeywell Asia Pacific Inc, USA. In 2004, the Tata group sold its shareholding (40.62%) in favour of its foreign JV partner.

HAIL operates through two geographical segments: domestic and exports. Its business units include: 1) Honeywell Process Solutions, which serves industrial sectors, such as refining, oil and gas, pulp and paper, metal and cement; 2) Honeywell Building Solutions, which provides solutions and services for commercial and industrial buildings, IT and IT-enabled service industry, hospitals, hotels and airports; 3) Environmental & Energy Solutions, which offers environmental and combustion products and solutions; 4) Sensing & IoT business which provides sensors and switches, and 5) Exports – Global Services (GS) and Global Manufacturing (GM), which through manufacturing and engineering service supports Honeywell's global growth.

Table 13: Key managerial personnel

Mr. Ashish Gaikwad	Managing Director, Head – Process Solutions
Mr. Amit Tantia	Chief Financial Officer
Ms. Farah Irani	Company Secretary
Mr. Vikas Chadha	Director
Ms. Nisha Gupta	Director
Mr. Brian Buffington	Director
Mr. Aseem Joshi	Head – Building Solutions
Mr. Rahul Sharma	Head – Global Services
Mr. Gajanan Lahane	Head – Global Manufacturing
Mr. Hemant Khattar	Building Management System Leader
Mr. S. Sreekanth	Sensing & IOT Leader

Source: Company data, I-Sec research

Table 14: Historical trend of orders

	CY05	CY06	CY07	CY08	CY09	CY10	CY11	CY12	CY13	FY15	FY16
Orders (Rs mn)	7,800	4,769	5,150	6,592	8,834	9,982	10,481	11,110	14,220	14,789	16,416
YoY growth (%)	71%	-39%	8%	28%	34%	13%	5%	6%	28%	4%	11%

Note: Order intake is pro-rated for FY15 and growth is pro-rated for FY15 and FY16. Company has stopped providing order data post FY16

Source: Company data, I-Sec research

Table 15: Key historical orders clientele

Year	Honeywell Process Solutions - HPS	Honeywell Building Solutions – HBS	Environmental Combustion & Control (ECC)	Sensing & Control – S&C
CY05	Retail Automation contracts from IOCL and HPCL, Automation contract for Tata Chemicals – Soda Ash Plant, Automation contract for refinery expansion at HPCL Mumbai, Contract for Automation for some of ONGC's platforms	Contracts from Nokia, Rashtrapati Bhavan, RBI, ONGC (for surveillance system), Voltas for the Hyderabad International Airport (GMR Group), DMRC project for which automation was supplied		Orders for automotive sensors from Tata Motors
CY06	Reliance Jamnagar Refinery, HPCL, Bongaigaon Refinery and Petrochemicals Ltd., IPCL, Hindustan Zinc, SAIL, Reliance Energy etc. In Sugar industry – Renuka Sugars, Dalmia Sugars, etc.	Tata Consultancy Services, Mandke Research, Magus, IBM, Flextronics, Regenesis, etc.	Voltas, Prestige Builders, and Parle Products.	Indfoss, Delta Engineer, Terex Vectra, Ashok Leyland and Escorts. Company started supplying crank sensors and pressure sensors to Tata Motors.
CY07	Reliance Industries, Hindustan Zinc, L&T, BHEL, EID Parry, HPCL, IOCL, ONGC, Tata Steel Limited, Haldia Petrochemicals, etc.	Reliance Group, Tata group, Indian Oil Corporation, Delhi Metro Rail Corporation (DMRC), VSNL, Ruby Hall Clinic	BMS order from Claridges Hotel in Delhi. GVK Mall, Sahara Hospital, etc.	
CY08	HPCL, IOCL, BPCL, Larsen & Toubro, Tata Power, ACC, BORL, JSW, ONGC, Hindustan Zinc.	Delhi Airport T3 BMS, DMRC Tunnel Ventilation Control System, several AAI projects, Tata Communications, TCS, Tech Mahindra, RNA Builders, Lodha Builders, SKF.		
CY09	Major wins included two large power projects from NTPC in addition to large orders from Essar, Tata Steel, Reliance Power, General Electric, Reliance Industries, RCF,	Intelligent buildings space – ICICI Bank, Delhi Metro, HCL Tech, TCS, Bharti Airtel. Aftermarket services Contracts from ICICI Bank, TCS, TTSL and Hyderabad Airport Utilities O&M contracts from Bharti Airtel. Energy Efficiency contracts from Renaissance, Titan, Thermax, Rahejas, Tata Steel, and SKF.	Launched solar water heaters & halo series digital thermostats in Indian market	
CY10	Greenfield Refinery Project (Paradip) IOCL, petchem project from ONGC, two large Terminal Automation projects from HPCL and HMEL, several mid-size orders from Bhushan Steel, JSPL, L&T, Tata Steel, etc.	Tata Consultancy Services, Cognizant Technology Solutions, Chennai Airport, Mumbai Airport, Mumbai and Pune Stadia, ICICI Bank, IOCL, Nokia, Bharti Airtel, TCL, Dr. Reddy's Laboratories, and Jindal Saw.	ITC Grand Chola, JW Marriot – Bangalore, Royal Bank of Scotland, Naya Raipur Development Authority (NRDA), Delhi International Airport Limited (DIAL) and DMRC.	Electromechanical Sensing and Test and Measurement contributed significantly
CY11	Key order wins were from OPAL Petrochemicals, Reliance Industries and NOCL.	Kolkata Airport, TCS, Cognizant Technology Solutions, AIIMS, Sahyadri Hospital, Dr. Reddy's Laboratories, and Royal Bank of Scotland	ITC Hotel, Formula 1 racing track, ESIC hospitals, etc.	Mahindra and Mahindra, Kirloskar Oil Engines, etc.
CY12	Key order wins were from BPCL, HPCL, IOCL, NTPC and Reliance Industries	Bharti Airtel, Cognizant Technology Solutions, DIAL, IOCL, Kolkata Airport, Leighton Welspun, Reliance Industries, TCS.	Vansthali Vidyapeeth, Wipro, and Samsung.	Major order wins from customers like PHA India, Caterpillar India, Voltas, and Hindustan Aeronautics

Source: Company data, I-Sec research

Table 16: Quarterly financials

(Rs mn, year ending March 31)

	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Net Sales	6,637	6,732	7,215	6,398	7,704	7,823	8,118	8,103	8,570	8,275	9,012	7,043	7,362
Growth (%)	16	14	7	13	16	16	13	27	11	6	11	(13)	(14)
EBITDA	799	1,072	924	802	1,205	1,325	1,182	1,245	1,687	1,505	1,886	1,286	1,279
Margin	12	16	13	13	16	17	15	15	20	18	21	18	17
Other Income	87	91	66	125	247	213	177	150	186	261	192	337	174
PBT	848	1,129	954	882	1,413	1,499	1,320	1,317	1,766	1,666	1,944	1,489	1,323
Tax	294	391	332	298	496	525	463	476	625	463	497	378	342
tax rate	35	35	35	34	35	35	35	36	35	28	26	25	26
Reported PAT	554	737	623	584	917	974	856	841	1,141	1,202	1,447	1,111	981
Margin(%)	8.3	11.0	8.6	9.1	11.9	12.4	10.5	10.4	13.3	14.5	16.1	15.8	13.3
EPS (Rs)	63	83	70	66	104	110	97	95	129	136	164	126	111

Source: Company data, I-Sec research

Table 17: Key assumptions

(Rs mn)	CY 10	CY 11	CY 12	CY 13	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21E	FY 22E
Exports	4.8	5.4	6.0	5.5	7.6	7.7	10.5	12.0	14.6	14.4	15.1	17.4
Growth YoY (%)	(0.9)	11.7	11.6	(8.8)	39.2	1.0	36.0	14.6	21.7	(1.3)	5.0	15.0
as % of total sales	35.6	33.3	36.1	32.1	31.7	35.2	43.5	44.5	46.0	43.8	45.3	46.4
Domestic	8.7	10.8	10.6	11.6	16.4	14.2	14.0	15.0	17.1	18.3	18.3	20.1
Growth YoY (%)	26.8	23.2	(1.4)	9.3	41.6	(13.7)	(1.4)	7.2	14.3	6.8	-	10.0
as % of total sales	64.4	66.7	63.9	67.9	68.3	64.8	57.9	55.5	53.9	55.6	54.7	53.6
Manufactured products and jobs	8,501	10,286	9,903	10,539	15,250	13,395	13,680	15,053	18,134	18,315		
as % of total sales	61.9	62.9	58.5	60.7	62.5	60.3	56.0	55.8	57.1	56.0		
Traded products	1,605	1,809	1,898	2,080	2,668	2,587	3,041	3,634	4,269	4,183		
as % of total sales	11.7	11.1	11.2	12.0	10.9	11.6	12.4	13.5	13.5	12.8		
Sale of services	3,635	4,264	5,132	4,753	6,493	6,223	7,716	8,282	9,331	10,216		
as % of total sales	26.4	26.1	30.3	27.4	26.6	28.0	31.6	30.7	29.4	31.2		

Source: Company data, I-Sec research

Revenues CAGR for the period CY10-FY20 was 10%, wherein exports CAGR was 12.6% and domestic revenue CAGR 8.3%. Within products and services, for CY10-FY20, CAGR has been 11.8% for services, 11% for traded products and 8.7% for manufactured products and jobs.

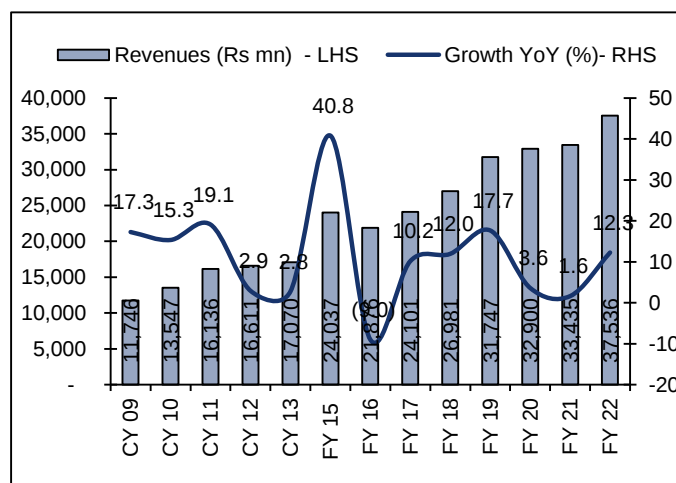
Given that export contribution has been increasing steadily (from 35% in FY16 to 44% in FY20), we expect exports to be a major growth driver in near to medium term. For FY20-FY22E, we expect an overall revenue CAGR of 6.8% with export CAGR of 10% and domestic revenue CAGR 5%.

Key risks

- Increased volatility in oil prices (high dependency on O&G sector) as geopolitical uncertainties grow (this would impact capital investment plans of upstream and downstream companies).
- Inventory in the residential real estate sector continues to be high and prolonged sluggish growth in the sector; impacting the overall business of the company.
- Long term risk to business includes increased competition from entry of Chinese and other Asian players into the market

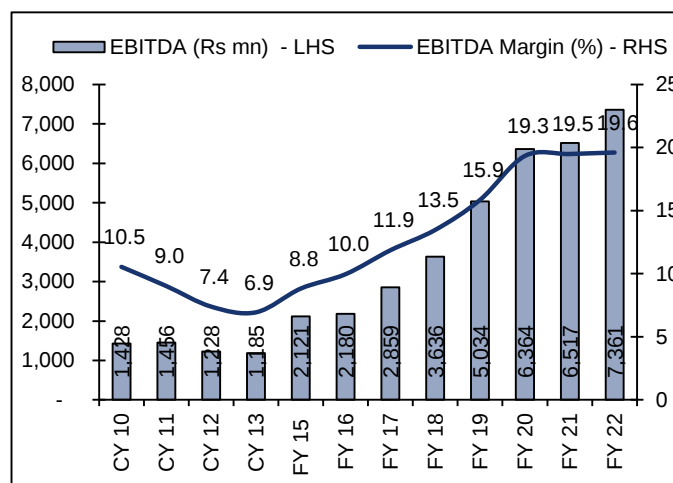
Financial highlights

Chart 13: Revenue CAGR of 6.8% over FY20-FY22E



Source: Company data, I-Sec research

Chart 14: EBITDA margins to remain stable in the near term

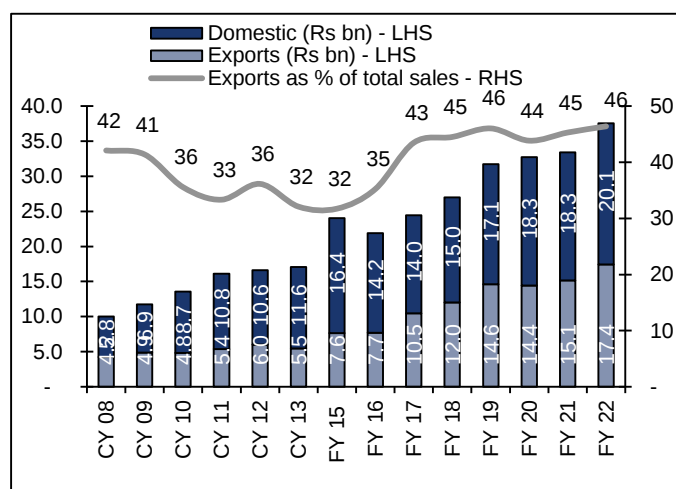


For FY20, domestic market contributed 56% of overall revenues while exports, majorly global engineering services, accounted for 44%. Factoring-in an export CAGR of 10% over FY20-FY22E, we expect export revenue contribution to increase to 46.4% in FY22E. For domestic revenues, we expect revenue CAGR of 5% over FY20-FY22E, hence its contribution to decrease from 55.6% in FY20 to 53.6% in FY22E.

EBITDA CAGR over CY10-FY20 was 17.5%. Given the slowdown due to pandemic, we expect EBITDA CAGR of 7.6% for FY20-FY22E.

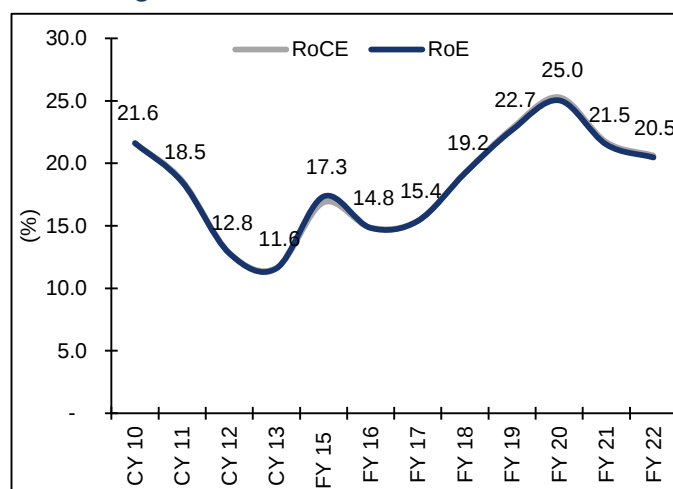
Although, we expect APAT CAGR of 10.7% for FY20-FY22 (APAT margin improving to 16% in FY22 from 15% in FY20), given the increasing cash on balance sheet, RoCE are expected to stabilize to 20.5% in FY22E from 25% in FY20.

Chart 15: Increasing share of exports in overall revenue mix



Source: Company data, I-Sec research

Chart 16: RoCE and RoE profile to stabilise given increasing cash on balance sheet



Financial summary

Table 18: Profit & loss statement
(Rs mn, year ending March 31)

	FY19	FY20	FY21E	FY22E
Total Income	31,747	32,900	33,435	37,536
Operating Expenses	26,714	26,537	26,919	30,176
EBITDA	5,034	6,364	6,517	7,361
% margins	15.9	19.3	19.5	19.6
Depreciation & Amortisation	159	406	426	447
EBIT	4,875	5,958	6,091	6,913
Gross Interest	35	69	60	60
Other Income	709	977	912	1,179
PBT before exceptional	5,549	6,866	6,943	8,032
Add: Extraordinaries	-	-	-	-
/Exceptionals	-	0	-	-
Add: Share in associates	-	-	-	-
PBT	5,549	6,866	6,943	8,032
Less: Taxes	1,961	1,951	1,736	2,008
Less: Minority Interests	-	-	-	-
Net Income (Reported)	3,588	4,915	5,207	6,024
Adjusted Net Income	3,588	4,915	5,207	6,024

Source: Company data, I-Sec research

Table 19: Balance sheet
(Rs mn, year ending March 31)

	FY19	FY20	FY21E	FY22E
Assets				
Total Current Assets	25,144	29,567	36,837	44,353
of which cash & cash eqv.	12,245	15,139	20,518	27,065
Total Current Liabilities & Provisions	11,431	12,792	14,983	16,670
Net Current Assets	13,713	16,774	21,854	27,683
Investments	-	-	-	-
Other Non-Current Assets	2,830	2,936	2,936	2,936
Net Fixed Assets	932	2,072	1,846	1,599
Goodwill	-	-	-	-
Total Assets	17,475	21,783	26,636	32,218
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	-	-	-	-
Minority Interest	-	-	-	-
Equity Share Capital	88	88	88	88
Face Value per share (Rs)	10	10	10	10
Reserves & Surplus	17,386	21,694	26,547	32,129
Net Worth	17,475	21,783	26,636	32,218
Total Liabilities	17,475	21,783	26,636	32,218

Source: Company data, I-Sec research

Table 20: Cashflow statement
(Rs mn, year ending March 31)

	FY19	FY20	FY21E	FY22E
Operating Cashflow	3,410	4,195	4,781	5,353
Working Capital Changes	-292	-895	299	718
Capital Commitments	-198	-509	-200	-200
Free Cashflow	2,920	2,791	4,880	5,871
Cashflow from Investing Activities	424	654	912	1,179
Issue of Share Capital	-	-	-	-
Buyback of shares	-	-	-	-
Inc (Dec) in Borrowings	-	-	-	-
Interest paid	-35	-69	-60	-60
Dividend paid	-398	-663	-354	-442
Extraordinary Items/Others	141	181	0	0
Chg. in Cash & Bank balance	3,053	2,894	5,379	6,548

Source: Company data, I-Sec research

Table 21: Key ratios
(Year ending March 31)

	FY19	FY20	FY21E	FY22E
Per Share Data (in Rs.)				
Diluted adjusted EPS	406	556	589	681
Recurring Cash EPS	424	602	637	732
Dividend per share (DPS)	45	75	40	50
Book Value per share (BV)	1,977	2,464	3,013	3,645
Growth Ratios (%)				
Operating Income	17.7	3.6	1.6	12.3
EBITDA	38.4	26.4	2.4	13.0
Recurring Net Income	43.7	37.0	5.9	15.7
Diluted adjusted EPS	43.7	37.0	5.9	15.7
Diluted Recurring CEPS	41.4	42.0	5.9	14.9
Valuation Ratios				
P/E	56.4	41.2	38.9	33.6
P/CEPS	54.0	38.0	35.9	31.3
P/BV	11.6	9.3	7.6	6.3
EV / EBITDA	37.8	29.4	27.9	23.8
EV / Operating Income	6.0	5.7	5.4	4.7
EV / Op. FCF (pre -Capex)	61.0	56.7	35.8	28.9
Operating Ratios				
Raw Material/Sales (%)	51.9	49.9	50.5	51.0
SG&A/Sales (%)	15.2	13.9	13.1	12.8
Other Income / PBT (%)	12.8	14.2	13.1	14.7
Effective Tax Rate (%)	35.3	28.4	25.0	25.0
NWC / Total Assets (%)	0.1	0.1	0.1	0.0
Inventory Turnover (days)	12.1	13.4	14.2	14.2
Receivables (days)	59.4	80.3	80.0	69.9
Payables (days)	184.8	189.2	223.6	221.4
Net D/E Ratio (x)	-0.7	-0.7	-0.8	-0.8
Return/Profitability Ratios (%)				
Recurring Net Income Margins	11.3	14.9	15.6	16.0
RoCE	22.8	25.3	21.7	20.6
RoNW	22.7	25.0	21.5	20.5
Dividend Payout Ratio	0.1	0.1	0.1	0.1
Dividend Yield (%)	0.2	0.3	0.2	0.2
EBITDA Margins	15.9	19.3	19.5	19.6

Source: Company data, I-Sec research

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