

# HCL Technologies

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR1,072 TP: INR1,270 (+18%) Buy**

## Good 3Q performance, valuation attractive

### Defensive portfolio to drive outperformance

- HCLT delivered a strong revenue growth of 5% QoQ CC in 3QFY23 (in line), led by seasonal gains in HCL Software (P&P), which was up 30.5% QoQ in CC terms. IT Services grew by 2.2% in CC terms with a robust new deal TCV of USD2.3b (flat QoQ/+10% YoY). The company maintained its FY23 USD revenue growth guidance of 13.5-14.0% in CC.
- Further, it delivered a strong beat in EBIT margin at 19.6% (+165bp QoQ, 110bp above our estimate), led by HCL Software, which was up 12.3pp. Services margin was largely flat QoQ (in line). HCLT narrowed its EBIT margin guidance to lower side at 18-18.5% from 18-19%.
- Despite seasonality and a tough demand environment, HCLT maintained its growth momentum in both IT Services and ER&D verticals. HCL Software delivered strong growth, ahead of expectations on seasonality. The deal wins remained strong (book to bill of 0.7x). While there is visible weakness in macro, especially in Europe, increased vendor consolidation deals, a strong pipeline of cost-take out deals, and favorable pricing should help HCLT tackle any softness in discretionary spending and weak macro.
- Strong revenue growth guidance of 16-16.5% YoY in CC terms for the services should address investor concerns on the company's growth.
- HCLT's margin improvement over 2QFY23 and 3QFY23 despite wage hikes has been reassuring, and the company should continue to improve margins in FY24 as well. We expect HCLT to deliver FY23 margin near the mid-point of its guidance, and further improve to 18.7% in FY24.
- The strong growth guidance and margin performance in an environment, where demand for IT services is expected to be incrementally weaker, should boost investor confidence on HCLT's business and lower the valuation gap with larger Tier-1 peers. We continue to see HCLT's defensive business as positive in a demand-constrained environment.
- On a combined basis, HCLT is expected to deliver USD revenue growth of 11% and a corresponding PAT CAGR of 13.2% over FY22-25E. HCLT is currently trading at an inexpensive 15x FY24E EPS.
- We have largely maintained our estimates. We reiterate our **Buy** rating with a TP of INR1,270 (20x FY24E EPS).

### In-line revenue but big margin beat in Q3, guidance maintained

- Revenue grew by 5% QoQ CC (in line). Q3 new deal TCV stood at USD2.3bn (flat QoQ/+10% YoY). ACV was up 2% YoY.
- For 9MFY23, HCLT delivered USD Revenue/INR EBIT/INR PAT growth of 10%/13%/10% YoY.
- Revenue growth guidance has been retained at 13.5-14.0% YoY CC. IT Services is expected to grow by 16-16.5% YoY in CC terms.

Bloomberg	HCLT IN
Equity Shares (m)	2,714
M.Cap.(INRb)/(USDb)	2908.8 / 35.7
52-Week Range (INR)	1359 / 876
1, 6, 12 Rel. Per (%)	8/4/-19
12M Avg Val (INR M)	4039

### Financials & Valuations (INR b)

Y/E Mar	2023E	2024E	2025E
Sales	1,020	1,158	1,294
EBIT Margin (%)	18.2	18.7	19.1
PAT	148	172	196
EPS (INR)	54.6	63.4	72.2
EPS Gr. (%)	9.5	16.2	13.9
BV/Sh. (INR)	226	223	219

### Ratios

RoE (%)	24.0	28.3	32.7
RoCE (%)	21.5	25.5	29.4
Payout (%)	90.0	90.0	90.0

### Valuations

P/E (x)	19.6	16.9	14.8
P/BV (x)	4.7	4.8	4.9
EV/EBITDA (x)	12.4	10.8	9.5
Div Yield (%)	4.6	5.3	6.1

### Shareholding pattern (%)

As On	Sep-22	Jun-22	Sep-21
Promoter	60.7	60.7	60.3
DII	16.5	15.6	12.5
FII	17.4	18.1	22.3
Others	5.3	5.6	4.9

FII Includes depository receipts

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Q3 EBIT margin was a big beat at 19.6%, up 165bp QoQ and 110bp above our estimate, driven by gains from HCL Software (P&P). PAT of INR 41b, up 17% QoQ, beat our estimate by 4%.
- On LTM basis, OCF to Net Income stood at 111%. Cash and Cash equivalents stood at USD 1.95b.
- LTM attrition was down 210bp QoQ to 21.7%. HCLT added 5.8k freshers in 3QFY23; net adds were at 2.9k employees.
- HCLT declared a dividend of INR10/share.

#### Key highlights from management commentary

- HCLT sees a strong opportunity for vendor consolidation, which forms a significant part of its bookings.
- HCLT is seeing a large number of cost optimization deals in the unqualified pipeline, which would help offset the impact on discretionary spends. The Financial Services segment is lagging behind in cloud migration, but strong growth is expected there.
- Overall, 4QFY23 is expected to be weak due to seasonality in HCL Software, while IT Services should see better growth.
- Management expects FY23 margin at 18-18.5% vs 18-19% earlier. It has reiterated its medium-term margin aspiration of 19-20%.

#### Valuations offer a margin of safety

- Higher exposure to Cloud, which comprises a larger share of non-discretionary spends, offers a better resilience to its portfolio in the current context, with higher demand for Cloud, Network, Security, and Digital workplace services.
- Strong sequential growth within Services, robust headcount addition, healthy deal wins, and a solid pipeline indicate an improved outlook.
- An easing supply scenario and a strong margin trajectory provide comfort on margins.
- Given its capabilities in the IMS and Digital space and strategic partnerships and investments in Cloud, we expect HCLT to emerge stronger on the back of an expected increase in enterprise demand for these services. The stock is trading at ~15x FY24E EPS, which offers a margin of safety. Our TP is based on 20x FY24E EPS. We reiterate our **Buy** rating.

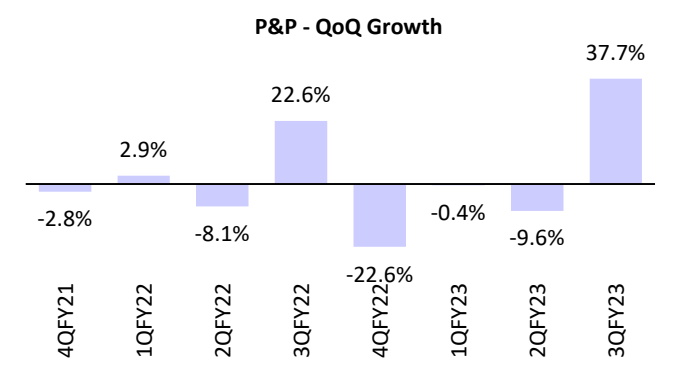
#### Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E	FY23	(INR b)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Var. (%/bp)
Revenue (USD m)	2,720	2,791	2,978	2,993	3,025	3,082	3,244	3,295	11,481	12,646	3,248	-0.1
QoQ (%)	0.9	2.6	6.7	0.5	1.1	1.9	5.3	1.6	12.8	10.1	5.4	-13bp
Revenue (INR b)	201	207	223	226	235	247	267	272	857	1,020	267	0.0
YoY (%)	12.5	11.1	15.7	15.0	16.9	19.5	19.6	20.3	13.6	19.1	19.6	0bp
GPM (%)	39.2	38.2	38.2	36.8	35.8	35.8	37.4	36.4	38.1	36.4	36.3	108bp
SGA (%)	12.8	13.0	12.4	12.7	12.9	12.2	12.0	12.6	12.7	12.4	12.3	-31bp
EBITDA	49	50	54	52	50	55	64	60	202	228	60	5.6
EBITDA margin (%)	24.5	24.0	24.1	23.1	21.2	22.1	23.8	22.2	23.6	22.4	22.5	127bp
EBIT	39	39	43	41	40	44	52	49	162	185	49	6.1
EBIT margin (%)	19.6	19.0	19.1	18.0	17.0	17.9	19.6	18.0	18.9	18.2	18.5	112bp
Other income	2	2	2	3	3	2	1	3	8	9	3	-46.4
ETR (%)	21.7	20.5	22.2	16.7	24.3	23.9	23.8	24.0	20.3	24.0	24.0	-25bp
Adjusted PAT	32	33	34	36	33	35	41	39	135	148	40	3.7
QoQ (%)	34.7	1.5	5.5	4.4	-8.7	6.3	17.4	-4.2			13.2	417bp
YoY (%)	10.0	3.9	0.3	50.6	2.1	6.9	19.0	9.2	13.7	9.4	14.8	423bp
EPS	11.8	12.0	12.7	13.3	12.1	12.9	15.1	14.5	49.8	54.6	14.6	3.6

## Key performance indicators

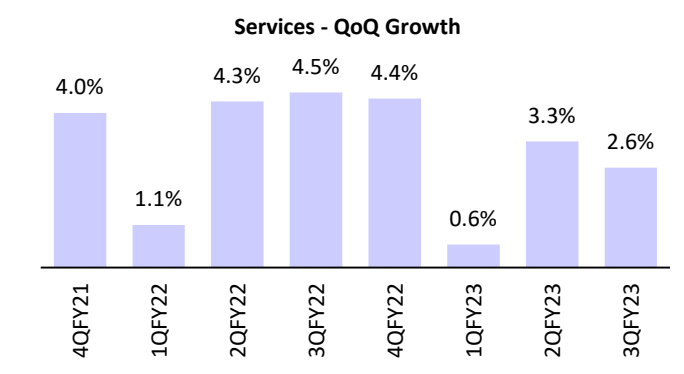
Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (QoQ CC %)	0.7	3.5	7.6	1.1	2.7	3.8	5.0		12.7	
<b>Costs (as a percentage of revenue)</b>										
COGS	60.8	61.8	61.8	63.2	64.2	64.2	62.6	63.6	61.9	63.6
SGA	12.8	13.0	12.4	12.7	12.9	12.2	12.0	12.6	12.7	12.4
<b>Margins</b>										
Gross margin	39.2	38.2	38.2	36.8	35.8	35.8	37.4	36.4	38.1	36.4
EBIT margin	19.6	19.0	19.1	18.0	17.0	17.9	19.6	18.0	18.9	18.2
Net margin	16.0	15.8	15.4	15.9	14.0	14.1	15.3	14.4	15.8	14.5
<b>Operating metrics</b>										
Headcount (k)	176	188	198	209	211	219	222		209	
Attrition (%)	11.8	15.7	19.8	21.9	23.8	23.8	21.7		21.9	
<b>Key verticals (YoY CC %)</b>										
BFSI	8.8	6.3	13.5	10.2	16.4	15.4	8.8		9.6	
Manufacturing	5.3	11.9	12.2	16.6	19.1	21.8	21.2		10.8	
<b>Key geographies (YoY CC %)</b>										
North America	13.5	10.7	15.0	13.0	17.5	18.2	12.3		13.0	
Europe	5.1	9.0	12.0	13.6	22.5	21.8	23.3		10.1	

Exhibit 1: QoQ growth in the P&amp;P segment



Source: MOFSL, Company

Exhibit 2: QoQ growth in the Services



Source: MOFSL, Company



## Key highlights from management commentary

### Demand and industry outlook

- Growth was led by HCL Software (P&P), which grew by 30.5% in CC on seasonality. IT Services grew by 2.2% in CC.
- Among geographies, growth was led by Europe (+7.2% QoQ CC), while the US was weak (0.5%CC).
- HCLT sees a strong opportunity for vendor consolidation, which forms a significant part of its bookings.
- HCL Software saw strong momentum with 10 large deal wins and 26 SaaS deals. It is also providing synergies for the Services business.
- A good number of clients added in 3QFY23 belong to the G-2,000 category.
- Overall, HCLT won 17 large deals in 3QFY23 (7 in services). Top-3 large deals (1 in operating model transformation, 2 relating to vendor consolidation) totaled to ~USD1b in TCV. The pipeline remains well-diversified, with a good mix of large and medium-sized deals. It sees a reasonable opportunity to improve TCV by 10%.
- Many customers have made large commitments on cloud. Migration should only accelerate as there is an urgency to migrate in order to rationalize the cost.
- HCLT is seeing a large number of cost optimization deals in the unqualified pipeline, which would help offset the impact on discretionary spends. The Financial Services segment is lagging behind in cloud migration, but strong growth is expected there.
- Financial Services and Technology verticals were affected by higher furloughs. Though Technology clients are optimizing costs (took hit on some large clients), which would have a near-term impact, management sees a strong opportunity in the medium term with increased propensity to offshore and vendor consolidation deals. Growth in Financial Services is expected to come back, driven by large deals (USD500m in current quarter and one deal in last quarter).
- In Retail and CPG, clients are stressed. HCLT saw a ramp-down in one client.
- In ER&D, there is some slowness in decision-making. Technology is facing some headwinds, though the asset-heavy part is not affected.
- Growth in Telecom was driven by a large deal. It had a significant decline on a big telecom client, which neutralized this growth. Growth should come back in 2QFY24-3QFY24.
- Overall, 4QFY23 is expected to be weak due to seasonality in HCL Software, while IT Services should see better growth.
- In CC terms, management has maintained the revenue growth guidance at 13.5-14.5%. It has guided to 16-16.5% CC growth in the Services business.

### Margin performance

- Margin saw good improvement on the back of seasonal gains from HCL Software. Though margin was impacted by 70bp on increments at the middle management level and 60bp by higher furloughs, it improved by 165bp on a 70bp tailwind from favorable Forex, 157bp improvement in HCL Software margins, fresher deployment and pyramid (40bp), and 30bp from improved realizations.

- Management expects FY23 margin at 18-18.5% vs 18-19% earlier. It has reiterated its medium-term margin aspiration of 19-20%.
- Management is seeing moderation in attrition and a reduction in talent costs.

#### Other highlights

- HCLT hired ~5.8k freshers in 3QFY23.
- LTM attrition moderated to 21.7%, down 210bp QoQ, and is expected to moderate further.

#### Exhibit 3: Strong growth in Europe

Geographies	Contribution to revenue (%)	CC QoQ growth (%)	CC YoY growth (%)
Americas	63.5	0.5	12.3
Europe	29.1	7.2	23.3
RoW	7.4	-1.2	11.6

Source: Company, MOFSL

#### Exhibit 4: Life sciences, Manufacturing, and Telecom drove the growth in 3QFY23

Verticals	Contribution to revenue (%)	CC QoQ growth (%)	CC YoY growth (%)
Financial Services	19.9	-1.7	8.8
Manufacturing	19.7	4.9	21.2
Technology	14.8	0.1	19.3
Life Sciences and Healthcare	17.1	5.5	19.5
Telecom MP&E	9.4	4.5	27.9
Retail and CPG	8.9	-0.6	-3.8
Public Services	10.2	3.0	16.7

Source: Company, MOFSL

#### Exhibit 5: HCL Software (P&P) led the growth in 3QFY23 on seasonality

Segments	Contribution to revenue (%)	CC QoQ growth (%)	CC YoY growth (%)
IT and Business Services	71.7	2.1	15.3
Engineering and R&D Services	16.6	2.5	16.0
HCL Software (P&P)	12.3	30.5	-1.5

Source: Company, MOFSL

### Valuations offer a margin of safety

- Higher exposure to Cloud, which comprises a larger share of non-discretionary spend, offers a better resilience to its portfolio in the current context, with higher demand for Cloud, Network, Security, and Digital workplace services.
- Strong sequential growth within Services, robust headcount additions, healthy deal wins, and a solid pipeline indicate an improved outlook.
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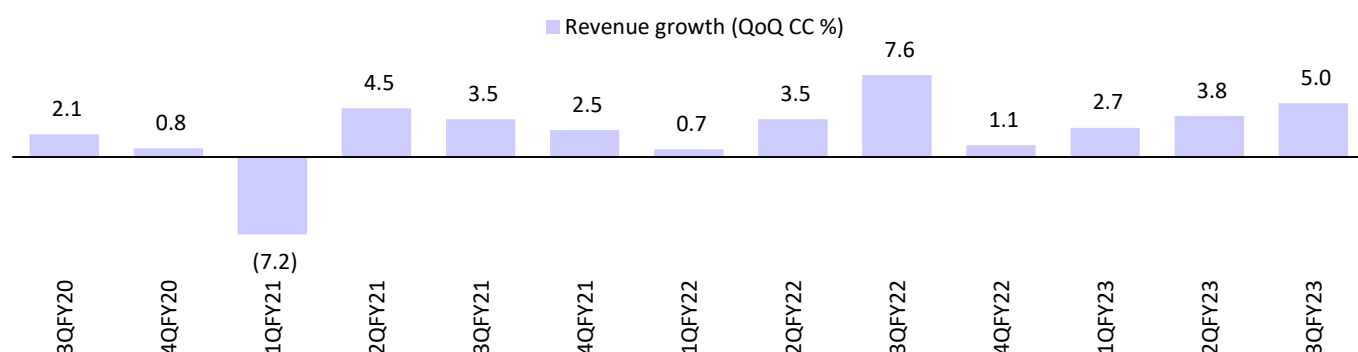
#### Exhibit 6: Revisions to our estimates

	Revised			Earlier			Change		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
USD:INR	80.6	82.5	82.5	80.7	82.8	82.8	0.0%	-0.4%	-0.4%
Revenue (USD m)	12,646	14,034	15,685	12,676	14,183	15,290	-0.2%	-1.1%	2.6%
Growth (%)	10.1	11.0	11.8	10.4	11.9	7.8	-30bps	-90bps	400bps
EBIT margin (%)	18.2	18.7	19.1	18.2	18.9	19.3	0bps	-10bps	-20bps
PAT (INR b)	148	172	196	149	173	191	-0.9%	-0.5%	2.6%
EPS	54.6	63.4	72.2	55.1	63.8	70.5	-0.9%	-0.6%	2.5%

Source: MOFSL

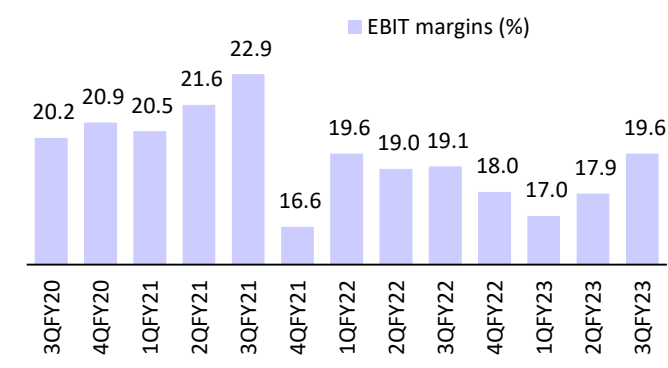
## Story in charts

**Exhibit 7: HCLT reports strong 5% sequential CC growth**



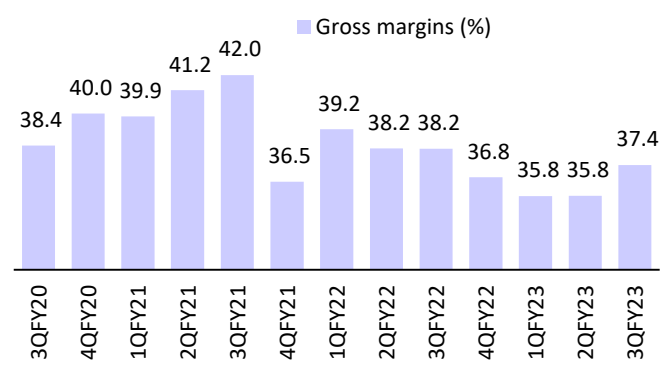
Source: Company, MOFSL

**Exhibit 8: Margin saw strong jump of 165bp QoQ in 3QFY23**

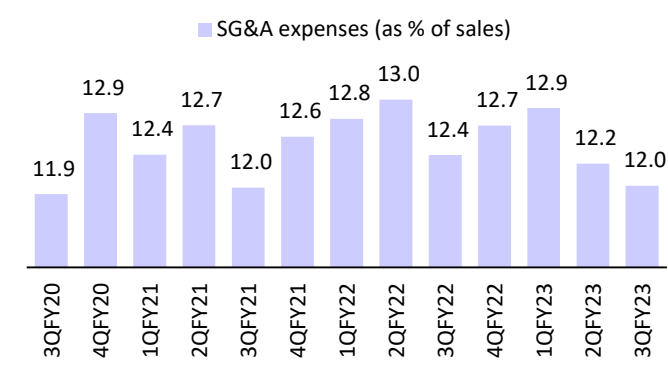


Source: Company, MOFSL

**Exhibit 9: Gross margins improved 160bp QoQ**

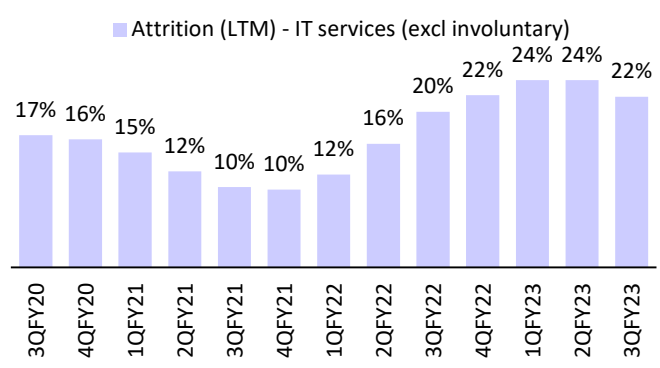


**Exhibit 10: SG&A expenses moderated further in 3QFY23**



Source: Company, MOFSL

**Exhibit 11: Attrition moderated 210bp in 3QFY23**



Source: Company, MOFSL

## Operating metrics

Exhibit 12: Operating metrics

	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
<b>Service-wise (%)</b>									
IT and Business Services	70.4	71.9	71.6	72.6	70.6	73.4	72.8	73.6	71.7
Engineering and R&D Services	15.5	14.8	15.3	15.7	15.9	16.4	16.6	17.0	16.6
Products and Platform	14.1	13.3	13.1	11.7	13.5	10.2	11.0	9.8	12.3
<b>Vertical-wise (%)</b>									
BFSI	21.4	21.6	22.1	21.3	21.1	20.9	21.1	20.6	19.9
Manufacturing	18.1	17.7	17.2	17.9	17.5	18.0	18.3	18.3	18.3
Technology and Services	17.8	17.2	17.3	17.2	18.4	17.5	15.4	15.4	15.4
Retail and CPG	10.5	10.1	10.0	9.8	10.1	9.4	9.4	9.2	8.9
Telecom MP&E	8.3	8.1	7.9	7.9	8.1	8.6	9.2	9.2	9.4
Life Sciences	13.6	14.1	14.7	15.3	14.4	14.9	16.4	16.5	17.1
Public Services	10.4	11.2	10.8	10.6	10.4	10.7	10.2	10.2	10.2
<b>Geography-wise (%)</b>									
US	62.5	62.0	63.1	62.8	63.1	62.8	64.2	64.8	63.5
Europe	29.5	29.1	27.9	28.3	28.3	28.3	27.8	27.5	29.1
RoW	8.0	8.9	9.0	8.9	8.7	8.9	8.0	7.7	7.4
<b>Client-wise (%)</b>									
Top five clients	13.5	13.2	13.0	12.7	12.2	11.6	11.2	10.7	10.3
Top 10 clients	21.0	20.9	20.8	20.7	20.3	19.8	19.4	18.8	18.2
Top 20 clients	30.9	30.8	30.4	29.9	29.4	29.1	28.9	28.6	28.2

Source: Company, MOFSL:



## Financials and valuations

Income Statement						(INR b)		
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
<b>Sales</b>	<b>506</b>	<b>604</b>	<b>707</b>	<b>754</b>	<b>857</b>	<b>1,020</b>	<b>1,158</b>	<b>1,294</b>
Change (%)	8.2	19.5	17.0	6.7	13.6	19.1	13.5	11.8
Cost of Goods Sold	332	393	453	467	546	665	749	829
<b>Gross Profit</b>	<b>173</b>	<b>212</b>	<b>254</b>	<b>287</b>	<b>311</b>	<b>355</b>	<b>409</b>	<b>465</b>
Selling and Admin Exp.	59	72	87	93	109	127	145	163
<b>EBITDA</b>	<b>114</b>	<b>140</b>	<b>167</b>	<b>193</b>	<b>202</b>	<b>228</b>	<b>264</b>	<b>302</b>
As a percentage of Net Sales	22.6	23.1	23.6	25.6	23.6	22.4	22.8	23.3
Depreciation	15	21	28	40	40	43	47	54
<b>EBIT</b>	<b>100</b>	<b>118</b>	<b>139</b>	<b>153</b>	<b>162</b>	<b>185</b>	<b>217</b>	<b>247</b>
As a percentage of Net Sales	19.8	19.6	19.6	20.4	18.9	18.2	18.7	19.1
Other Income	11	8	2	7	8	9	9	10
<b>PBT</b>	<b>111</b>	<b>126</b>	<b>140</b>	<b>160</b>	<b>170</b>	<b>195</b>	<b>226</b>	<b>258</b>
Tax	23	25	29	41	34	47	54	62
Rate (%)	20.9	19.6	20.9	25.4	20.3	24.0	24.0	24.0
<b>PAT</b>	<b>88</b>	<b>101</b>	<b>111</b>	<b>119</b>	<b>136</b>	<b>148</b>	<b>172</b>	<b>196</b>
<b>Net Income</b>	<b>88</b>	<b>101</b>	<b>111</b>	<b>119</b>	<b>135</b>	<b>148</b>	<b>172</b>	<b>196</b>
Change (%)	3.8	15.3	9.3	7.4	13.7	9.4	16.3	13.9

Balance Sheet						(INR b)		
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Reserves	368	422	517	615	620	612	603	593
<b>Net Worth</b>	<b>368</b>	<b>422</b>	<b>517</b>	<b>615</b>	<b>620</b>	<b>612</b>	<b>603</b>	<b>593</b>
Loans	4	40	51	39	39	39	39	39
Other liabilities	13	15	55	55	43	50	54	58
<b>Capital Employed</b>	<b>385</b>	<b>477</b>	<b>623</b>	<b>709</b>	<b>703</b>	<b>701</b>	<b>697</b>	<b>690</b>
Gross Block	274	335	511	546	560	601	647	699
Less: Depreciation	78	100	128	168	208	251	298	352
<b>Net Block</b>	<b>196</b>	<b>235</b>	<b>383</b>	<b>378</b>	<b>352</b>	<b>350</b>	<b>350</b>	<b>347</b>
Other assets	40	57	65	69	57	65	70	74
Investments	83	55	105	140	85	85	85	85
<b>Curr. Assets</b>	<b>165</b>	<b>243</b>	<b>279</b>	<b>291</b>	<b>397</b>	<b>426</b>	<b>447</b>	<b>469</b>
Debtors	123	146	178	175	207	244	275	305
Cash and Bank Balance	17	59	38	65	105	120	103	87
Other Current Assets	25	37	64	50	85	61	69	78
<b>Current Liab. and Prov.</b>	<b>99</b>	<b>111</b>	<b>209</b>	<b>168</b>	<b>188</b>	<b>224</b>	<b>254</b>	<b>284</b>
<b>Net Current Assets</b>	<b>66</b>	<b>131</b>	<b>70</b>	<b>123</b>	<b>209</b>	<b>202</b>	<b>193</b>	<b>185</b>
<b>Application of Funds</b>	<b>385</b>	<b>477</b>	<b>623</b>	<b>709</b>	<b>703</b>	<b>702</b>	<b>697</b>	<b>691</b>

## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
<b>Diluted (INR)</b>								
<b>EPS</b>	<b>31.3</b>	<b>36.8</b>	<b>40.7</b>	<b>43.8</b>	<b>49.8</b>	<b>54.6</b>	<b>63.4</b>	<b>72.2</b>
Cash EPS	36.4	44.6	51.2	58.5	64.6	70.4	80.6	92.3
Book Value	131.4	153.5	190.4	226.7	228.6	226.2	222.9	219.1
DPS	6.0	4.0	8.0	26.0	44.0	49.1	57.1	65.0
Payout (%)	23.1	50.4	19.6	59.4	88.3	90.0	90.0	90.0
<b>Valuation (x)</b>								
P/E	34.3	29.2	26.3	24.5	21.5	19.6	16.9	14.8
Cash P/E	29.4	24.1	20.9	18.3	16.6	15.2	13.3	11.6
EV/EBITDA	26.2	21.0	17.5	14.9	14.1	12.4	10.8	9.5
EV/Sales	5.9	4.8	4.1	3.8	3.3	2.8	2.5	2.2
Price/Book Value	8.2	7.0	5.6	4.7	4.7	4.7	4.8	4.9
Dividend Yield (%)	0.6	0.4	0.7	2.4	4.1	4.6	5.3	6.1
<b>Profitability Ratios (%)</b>								
RoE	25.0	25.6	23.6	21.0	21.9	24.0	28.3	32.7
RoCE	22.2	22.8	21.3	18.7	19.6	21.5	25.5	29.4
<b>Turnover Ratios</b>								
Debtors (Days)	88	88	92	85	88	87	87	86
Asset Turnover (x)	2.6	2.6	1.8	2.0	2.4	2.9	3.3	3.7

### Cash Flow Statement

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
CF from Operations	102	123	149	166	174	191	219	250
Chg. in Working Capital	-35	-34	-16	30	-5	21	-10	-9
<b>Net Operating CF</b>	<b>68</b>	<b>88</b>	<b>134</b>	<b>196</b>	<b>169</b>	<b>211</b>	<b>209</b>	<b>242</b>
Net Purchase of FA	-49	-61	-18	-18	-16	-41	-46	-52
Net Purchase of Invest.	30	29	-105	-40	30	0	0	0
<b>Net Cash from Inv.</b>	<b>-19</b>	<b>-32</b>	<b>-124</b>	<b>-57</b>	<b>15</b>	<b>-40</b>	<b>-46</b>	<b>-51</b>
Issue of shares/other adj.	0	0	0	0	0	0	0	0
Proceeds from LTB/STB	-1	35	-15	-79	-31	0	0	0
Dividend Payments	-20	-51	-16	-33	-114	-156	-181	-206
<b>Net CF from Finan.</b>	<b>-21</b>	<b>-16</b>	<b>-32</b>	<b>-112</b>	<b>-145</b>	<b>-156</b>	<b>-181</b>	<b>-206</b>
Free Cash Flow	18	28	115	179	153	171	163	190
<b>Net Cash Flow</b>	<b>27</b>	<b>41</b>	<b>-22</b>	<b>27</b>	<b>39</b>	<b>15</b>	<b>-18</b>	<b>-16</b>
Forex difference	-27	5	0	1	1	0	0	0
<b>Opening Cash Balance</b>	<b>13</b>	<b>13</b>	<b>60</b>	<b>38</b>	<b>66</b>	<b>106</b>	<b>121</b>	<b>103</b>
<b>Closing Cash Balance</b>	<b>13</b>	<b>60</b>	<b>38</b>	<b>66</b>	<b>106</b>	<b>121</b>	<b>103</b>	<b>88</b>

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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