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India | Equity Research | Q2FY24 result review

Tata Communication

Telecom

Confident on digital revenue growth despite hiccups in Q2

Tata Communications' (TCom) Q2FY24 data business revenue grew slower at 10% YoY / 0.7% QoQ due to a drag from G-SIP and fewer events in media. Data business net revenue grew even slower at 8.1% due to higher direct cost, which along with rise in other expenses hurt the underlying EBITDA margin. Company remains confident on continued strong growth in data business on the back of rise in contribution from the fast growing digital services and healthy sales funnel. Nonetheless, it has experienced some slowdown in decision making which is slowing deal conversion. Its game plan remains to improve position in the US market (same as tech companies), which is appreciable. We have downgraded the stock to **HOLD** (from Buy) on higher implied valuations and near term macro challenges potentially delaying tech spending.

Data revenue (organic) grew 10% YoY / 0.7% QoQ

Including The Switch Enterprises acquisition, data revenue rose 14.4% YoY / 2.1% QoQ to INR 40bn in Q2FY24. Data net revenue was down 1% QoQ / +8.1% YoY to INR 27bn. Orderbook has improved in H1FY24, but it is still tad below the management expectation. TCom has experienced slowdown in decision making which has decelerated conversion of sales funnel. The slower revenue growth in Q2FY24 was due to drag from G-SIP and fewer events in media, but the company remains confident of delivering consistent growth. The Switch and Kaleyra integration should help build synergies and improve TCom's position in the largest market - USA. Along with increased foot-on-the street, it anticipates faster revenue growth in digital services.

Digital revenue (organic) grew 16.4% YoY / down 1.1% QoQ

Including The Switch Enterprises, revenue rose 30.2% YoY / 3% QoQ to INR 14.6bn. Net revenue improved 18% YoY / down 7.6% QoQ to INR 6.4bn. Collaboration revenue increased 7.4% YoY (down 7.4% QoQ) to INR 4.1bn, dragged by flattish G-SIP revenue. Cloud, hosting and security grew 24.6% YoY / 6.4% QoQ to INR 3.7bn. Next-gen connectivity was up 47.2% YoY (+15.4% QoQ) to INR 2.6bn. Media services revenue (organic) grew 2.9% YoY (down 21.8% QoQ), and including The Switch merger, revenue was up 2.1x to INR 3.1bn. Incubation revenue dipped 2.9% YoY (+3.8% QoQ) to INR 1.2bn. Core connectivity net revenue was up 5.4% YoY / 1.3% QoQ to INR 20bn.

Financial Summary

Y/E March (INR mn)	FY22A	FY23A	FY24E	FY25E
Net Revenue	167,247	178,383	197,595	218,310
EBITDA	42,267	43,182	44,457	48,702
EBITDA Margin (%)	25.3	24.2	22.5	22.3
Net Profit	14,758	17,196	14,945	17,712
EPS (Rs)	52.0	63.0	52.4	62.1
EPS % Chg YoY	11.4	16.5	(13.1)	18.5
P/E (x)	33.0	28.3	32.6	27.5
EV/EBITDA (x)	13.1	12.6	12.2	11.0
RoCE (%)	15.7	19.5	18.6	21.1
RoE (%)	283.0	140.6	74.1	57.0

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Market Data

Market Cap (INR)	487bn
Market Cap (USD)	5,866mn
Bloomberg Code	TCOM IN
Reuters Code	TATA.BO
52-week Range (INR)	1,957 / 1,157
Free Float (%)	41.0
ADTV-3M (mn) (USD)	22.1

Price Performance (%)	3m	6m	12m
Absolute	6.6	40.6	43.3
Relative to Sensex	9.5	29.9	31.4

ESG Disclosure	2021	2022	Change
ESG score	63.5	67.3	3.8
Environment	42.3	51.1	8.8
Social	52.1	54.6	2.5
Governance	96.1	96.1	-

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: Bloomberg, I-sec research

Earnings Revisions (%)	FY24E	FY25E
Revenue	(0.3)	(0.2)
EBITDA	(2.1)	(6.6)
EPS	(15.7)	(19.2)

Previous Reports

20-07-2023: [Q1FY24 results review](#)

08-06-2023: [Company update](#)

Data EBITDA margin at 22.9%, down 90bps QoQ, on underlying basis, it has dipped 70bps

Data business EBITDA fell (9.3% YoY / 1.7% QoQ) to INR 9.1bn. EBITDA margin was impacted by rise in operating costs driven by: 1) Higher employee cost, which rose 2.8% QoQ and 23.2% YoY due to rise in employee count, and previous hike to curtail attrition; 2) network cost has increased by 7.6% QoQ and 15.2% YoY on higher pass through revenues, while other expenses fell 4.5% QoQ (+13.4% YoY) on one-off integration cost for The Switch merger, and some cost-related acquisition announcement of Kaleyra in Q1FY24. The company anticipates EBITDA margin to dip below 20% in Q3FY24 led by Kaleyra integration.

TCom has maintained its EBITDA margin guidance at 23-25% for consolidated business in medium term; however, integration of The Switch, and Kaleyra may be EBITDA dilutive, dragging consolidated EBITDA margin (under 20%) below the guidance for 1-2years. TCom expects scale and synergy benefits to help drive margin improvement for these businesses over the next couple of years. Further, major investments in employee costs are behind, and inflation may significantly decelerate; war-on-waste may help improve productivity.

FCF conversion was hurt from rise in working capital

TCom's capex was INR 5.3bn in Q2FY24 (10.9% of revenue); it maintains capex guidance of USD 250-300mn for FY24. However, the company will not shy away from further investments and project-related capex which is likely to have assured IRR, and help to accelerate revenue growth. Net debt increased by INR 9.6bn QoQ to INR 69.6bn (in Q2FY24) due to seasonality impact on working capital and delay in payment by one customer (VIL, in our view). It has received certain delayed payment in the first week of Oct'23.

The Switch acquisition – synergy benefits have started showing

The Switch financials have been integrated wef May 1, '23, and it contributed INR 1.54mn to revenue (under media segment), and INR 620mn net revenue. However, it has dragged EBITDA and PBT by INR 70mn and INR 380mn in Q2FY24, respectively. TCom has already started releasing the benefits of strong production capabilities from The Switch, and has started penetrating the European market.

Downgrade to HOLD

Our EBITDA margin assumption has been impacted due to the rise in direct cost for core connectivity. Our EPS estimates have been downgraded by 15.7% for FY24E and 19.2% for FY25E. Accordingly, our target price has been cut to INR 1,740 (from INR 1,850), valuing the company at 28x FY25E EPS (earlier: 24x). We downgrade the stock to HOLD (from Buy) on near-term macro challenges, and integration-related pressure on margins and EPS (rise in depreciation and finance cost). We remain confident on the company's ability to deliver strong and consistent revenue growth in digital services which can help the stock to further rerate on valuations.

Risks

1) Slower-than-expected execution in digital services revenue and **2)** continuous investments putting pressure on margins.

Q2FY24 result: Other highlights

Data business

- **Data revenue** rose 14.4% YoY (2.1% QoQ) to INR 40bn and net revenue 8.1% YoY down 1% QoQ) to INR 27bn (after deducting direct cost). Data revenue benefited from the merger of The Switch Enterprises wef May 1, '23 of INR 1.54mn. Adjusted for merger, data revenue rose 10% YoY (0.7% QoQ), which is a tad slower underlying revenue growth. Segmental EBITDA dipped 9.3% YoY (1.7% QoQ) to INR 9.1bn. EBITDA was impacted by the integration cost for The Switch merger, and cost related to Kaleyra acquisition. EBITDA margin came in at 22.9% in Q2FY24, down 90bps QoQ; however, The Switch acquisition underlined that data business EBITDA margin dropped 70bps QoQ.
- **Data revenue by geography:** Data revenue in India grew 14% YoY and 1.5% QoQ to INR 19.4bn. International revenue grew 2.7% QoQ / 14.7% YoY to INR 20.6bn (adjusted for merger, it was up 6.1% YoY).
- **Data revenue by customer:** Enterprise revenue grew 2.9% QoQ (+18.9% YoY) to INR 31bn and service providers' revenue dipped 0.5% QoQ (+0.8% YoY) to INR 8.8bn.
- **Data revenue by services:** Core connectivity revenue grew 1.6% QoQ / 6.9% YoY to INR 25.4bn.
- **Within core connectivity,** service providers' revenue was up 1.4% YoY / flat QoQ to INR 7.9bn, and enterprise revenue increased 9.6% YoY / 2.4% QoQ to INR 17.5bn.
- **Digital platform & services'** revenue rose 3% QoQ 30.2% YoY to INR 14.5bn. Adjusted for merger, revenue was up 16.4% YoY. Net revenue has grown 13% QoQ 41.5% YoY to INR 8.2bn.
- **Within digital services,** collaboration fell 7.4% QoQ (+7.4% YoY) to INR 4.1bn, partly helped by DIGO launch, and ramp up in Global Rapid and InstaCC, but G-SIP was a drag on revenue growth. Next-gen revenue jumped 15.4% QoQ and 47.2% YoY to INR 2.6bn. Cloud, hosting & security was up 6.3% QoQ (+24.6% YoY) to INR 3.7bn. Media rose 4.9% QoQ (+2.1x YoY) to INR 3.1bn on The Switch merger (underlying growth was 2.9% YoY).
- **Transformation services:** TCTS' revenue increased 9.9% YoY / 4.0% QoQ to INR 3.5bn; EBITDA was negative INR 12mn vs negative INR 17mn in Q1FY24.
- **ATM business:** Revenue in ATM business fell 14.2% YoY / 11.5% QoQ to INR 395mn, and segmental EBITDA was nil.
- **Capex** for the quarter stood at INR 5.3bn (10.9% of revenue); and INR 9.6bn (10% of revenue) in H1FY24.
- **Net debt** rose INR 9.6bn QoQ to INR 69.6bn in H1FY24. Net debt was adversely impacted by rise in working capital.

Voice business

- Revenue was down 18.2% YoY / +2.5% QoQ to INR 4.3bn. Net revenue fell 23.7% YoY / 2.2% QoQ to INR 1.1bn.
- EBITDA stood at INR 0.6bn, down 38.1% YoY / up 0.6% QoQ. EBITDA margin stood at 14.6%.

Exhibit 1: Q2FY24 result review (consolidated)

INR mn	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	QoQ (%)	YoY (%)
Revenue	44,307	45,283	45,687	47,714	48,725	2.1	10.0
Personnel cost	8,704	9,208	9,996	10,435	10,723	2.8	23.2
% of revenue	19.6	20.3	21.9	21.9	22.0		
Network Costs	15,629	16,160	16,387	16,733	18,007	7.6	15.2
% of revenue	35.3	35.7	35.9	35.1	37.0		
Operating & other Expenses	8,679	9,142	8,962	10,305	9,841	(4.5)	13.4
% of revenue	19.6	20.2	19.6	21.6	20.2		
EBITDA	11,296	10,774	10,342	10,240	10,155	(0.8)	(10.1)
EBITDA margin (%)	25.5	23.8	22.6	21.5	20.8		
Depreciation and amortisation	5,516	5,548	6,185	5,797	6,051	4.4	9.7
EBIT	5,780	5,225	4,157	4,443	4,103	(7.6)	(29.0)
Interest	978	1,227	1,321	1,310	1,374	4.9	40.5
Other income	366	308	618	1,886	254	(86.6)	(30.7)
PBT	5,168	4,306	3,454	5,019	2,983	(40.6)	(42.3)
Exceptional items	764	-	-	20	-		
Provision for tax	659	436	281	1,306	779	(40.4)	18.3
Minority interest	50	68	87	85	3		
Net income (reported)	5,323	3,939	3,260	3,817	2,207	(42.2)	(58.5)
EPS (INR)	18.7	13.8	11.4	13.4	7.7		

Source: I-Sec research, Company data

Exhibit 2: Segmental performance – data EBITDA down 9.3% YoY / 1.7% QoQ

INR mn	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	QoQ (%)	YoY (%)
Revenue							
Voice	5,240	5,060	4,620	4,183	4,287	2.5	(18.2)
Data	34,930	35,930	36,710	39,121	39,945	2.1	14.4
Subsidiaries	3,680	3,830	3,880	3,848	3,934	2.2	6.9
Real Estate	460	470	480	561	559	(0.4)	21.5
Core business	44,310	45,290	45,690	47,714	48,725	2.1	10.0
Net Revenue							
Voice	1,460	1,390	1,220	1,138	1,114	(2.2)	(23.7)
Data	24,680	25,040	25,750	26,945	26,684	(1.0)	8.1
Subsidiaries	520	680	850	513	612	19.2	17.7
Real Estate	460	470	470	564	558	(0.9)	21.3
Core business	27,120	27,580	28,290	29,160	28,967	(0.7)	6.8
EBITDA							
Voice	1,010	870	910	621	625	0.6	(38.1)
Data	10,070	9,480	8,820	9,285	9,130	(1.7)	(9.3)
Subsidiaries	30	170	340	(5)	(43)	766.7	(241.7)
Real Estate	180	260	270	339	443	30.4	145.9
Core business	11,290	10,780	10,340	10,240	10,154	(0.8)	(10.1)
EBITDA margin (%)							
Voice	19.3	17.2	19.7	14.8	14.6		
Data	28.8	26.4	24.0	23.7	22.9		
Subsidiaries	0.8	4.4	8.8	(0.1)	(1.1)		
Real Estate	39.1	55.3	56.3	60.5	79.2		
Core business	25.5	23.8	22.6	21.5	20.8		

Source: I-Sec research, Company data

Exhibit 3: India revenue rose 14% YoY

Data by geography - INR mn	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	QoQ (%)	YoY (%)
Revenue							
India	16,976	17,642	18,277	19,066	19,352	1.5	14.0
International	17,954	18,288	18,423	20,055	20,593	2.7	14.7
Total	34,930	35,930	36,700	39,121	39,945	2.1	14.4
Mix (%)							
India	48.6	49.1	49.8	48.7	48.4		
International	51.4	50.9	50.2	51.3	51.6		

Source: I-Sec research, Company data

Exhibit 4: Enterprise revenue grew 18.9% YoY

INR mn	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	QoQ (%)	YoY (%)
GDS revenue - by customer							
Service provider	8,733	9,126	9,102	8,848	8,803	(0.5)	0.8
Enterprise segment	26,198	26,804	27,598	30,273	31,142	2.9	18.9
Total	34,930	35,930	36,710	39,121	39,945	2.1	14.4
Mix (%)							
Service provider	25.0	25.4	24.8	22.6	22.0		
Enterprise segment	75.0	74.6	75.2	77.4	78.0		

Source: I-Sec research, Company data

Exhibit 5: Digital platform & services revenue rose 30.2% YoY, and excluding merger it was up 16.4%

Data by Services - INR mn	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	QoQ (%)	YoY (%)
Gross revenue							
Core connectivity	23,740	24,150	24,570	24,974	25,377	1.6	6.9
Digital platforms & services	11,190	11,780	12,140	14,148	14,569	3.0	30.2
Total	34,930	35,930	36,710	39,121	39,945	2.1	14.4
Direct cost							
Core connectivity	4,450	4,680	4,780	4,910	5,054	2.9	13.6
Digital platforms & services	5,800	6,210	6,180	7,266	8,207	13.0	41.5
Total	10,250	10,890	10,960	12,176	13,261	8.9	29.4
Net revenue							
Core connectivity	19,290	19,470	19,790	20,063	20,322	1.3	5.4
Digital platforms & services	5,390	5,570	5,960	6,882	6,362	(7.6)	18.0
Total	24,680	25,040	25,750	26,945	26,684	(1.0)	8.1

Source: I-Sec research, Company data

Exhibit 6: Within digital services, collaboration continues to be a drag on growth; media (ex-Switch) was impacted by fewer events

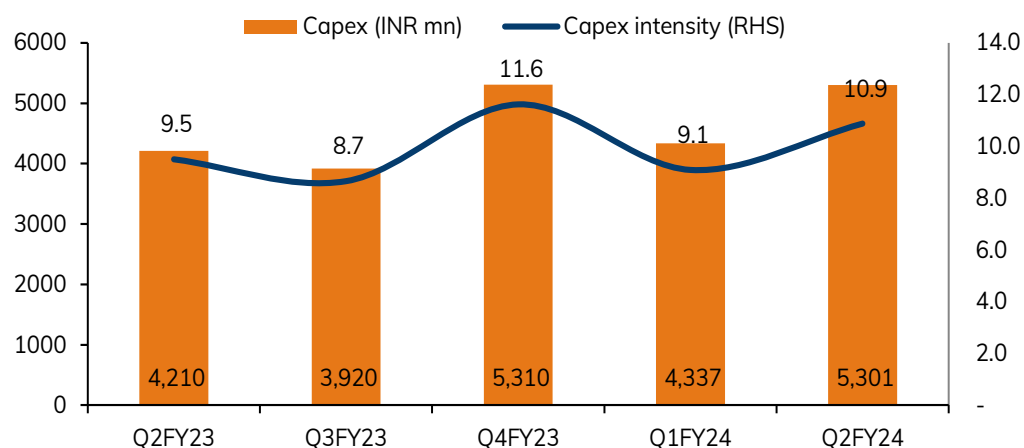
Data by Services - INR mn	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	QoQ (%)	YoY (%)
Core connectivity							
Service Provider	7,787	7,994	8,034	7,895	7,895	0.0	1.4
Enterprise	15,953	16,156	16,536	17,078	17,481	2.4	9.6
Digital platforms & services							
Collaboration & CPaaS	3,782	4,013	3,866	4,388	4,063	(7.4)	7.4
Cloud, Hosting and Security	2,974	3,242	3,564	3,487	3,705	6.3	24.6
Next Gen Connectivity	1,737	1,837	1,922	2,213	2,555	15.4	47.2
Media Services	1,487	1,468	1,436	2,928	3,070	4.9	106.4
Incubation	1,210	1,220	1,340	1,132	1,175	3.8	(2.9)

Source: I-Sec research, Company data

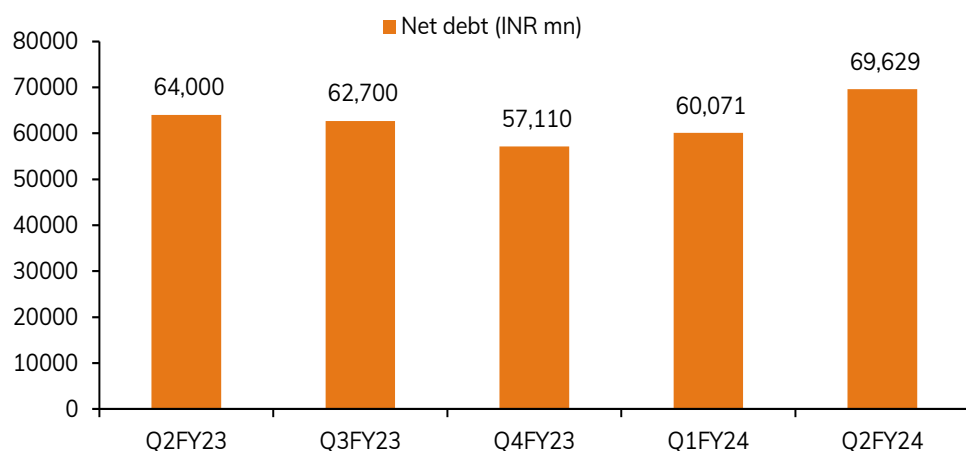
Exhibit 7: TCTS is a drag on EBITDA

OtheINR - INR mn	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	QoQ (%)	YoY (%)
TCTS (Transformation services)							
Gross Revenue	3,220	3,330	3,420	3,403	3,539	4.0	9.9
Net Revenue	410	540	570	390	499	27.9	21.8
EBITDA	50	150	130	(17)	(42)		
EBITDA (%)	1.6	4.5	3.8	(0.5)	(1.2)		
TCPS (ATM business)							
Gross Revenue	460	500	460	446	395	(11.5)	(14.2)
Net Revenue	110	140	280	123	113	(8.4)	2.4
EBITDA	(20)	20	210	12	(0)		
EBITDA (%)	(4.3)	4.0	45.7	2.8	(0.1)		
Real estate							
Gross Revenue	460	470	480	561	559	(0.4)	21.5
EBITDA	180	260	270	339	443	30.4	145.9
EBITDA (%)	39.1	55.3	56.3	60.5	79.2		

Source: I-Sec research, Company data

Exhibit 8: Capex intensity stood at 10.9% of revenue

Source: I-Sec research, Company data

Exhibit 9: Net debt rose by INR 9.6bn QoQ

Source: I-Sec research, Company data

Exhibit 10: Earnings revision

INR mn	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Segment revenue						
Voice	16,639	14,938	15,915	14,288	4.5	4.5
Data (incl subsidiary)	1,63,087	1,82,464	1,64,166	1,85,412	(0.7)	(1.6)
Segment EBITDA						
Voice	2,163	1,046	1,592	1,000	35.9	4.5
Data (incl subsidiary)	40,644	46,752	41,042	47,346	(1.0)	(1.3)
Consolidated						
Revenue	1,97,595	2,18,310	1,98,165	2,18,803	(0.3)	(0.2)
EBITDA	44,457	48,702	45,395	52,133	(2.1)	(6.6)
EBITDA margin (%)	22.5	22.3	22.9	23.8		
PAT	14,945	17,712	17,719	21,927	(15.7)	(19.2)
EPS (INR)	52	62	62	77	(15.7)	(19.2)

Source: I-Sec research, Company data

Exhibit 11: Shareholding pattern

%	Mar'22	Jun'23	Sep'23
Promoters	58.9	58.9	58.9
Institutional investors	31.0	31.3	31.1
MFs and other	9.6	10.0	10.1
Banks/ FIs	0.3	0.4	0.4
Insurance Cos.	4.1	3.7	2.5
FIs	17.0	17.2	18.1
Others	10.1	9.8	10.0

Source: Bloomberg, I-Sec research

Exhibit 12: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 13: Profit & Loss

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
Net Sales	167,247	178,383	197,595	218,310
Operating Expenses	124,980	135,200	153,139	169,608
EBITDA	42,267	43,182	44,457	48,702
EBITDA Margin (%)	2,527.2	2,420.8	2,249.9	2,230.9
Depreciation & Amortization	22,045	22,618	23,883	24,520
EBIT	20,222	20,564	20,574	24,182
Interest expenditure	3,603	4,325	5,404	4,422
Other Non-operating Income	3,321	3,632	2,546	1,746
Recurring PBT	20,000	20,635	17,715	21,506
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	5,221	2,966	3,189	4,301
PAT	14,779	17,668	14,527	17,205
Less: Minority Interest	(39)	(291)	(418)	(507)
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	14,818	17,960	14,945	17,712
Net Income (Adjusted)	14,758	17,196	14,945	17,712

Source Company data, I-Sec research

Exhibit 14: Balance sheet

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
Total Current Assets	60,968	65,993	63,540	67,388
of which cash & cash eqv.	7,434	10,626	1,669	(1,568)
Total Current Liabilities & Provisions	95,599	103,941	111,583	119,355
Net Current Assets	(34,631)	(37,948)	(48,043)	(51,968)
Investments	15,652	19,506	19,506	19,506
Net Fixed Assets	105,316	105,358	115,417	121,151
ROU Assets	11,488	9,968	9,968	9,968
Capital Work-in-Progress	8,723	11,481	11,481	11,481
Total Intangible Assets	1,083	1,151	1,151	1,151
Other assets	-	-	-	-
Deferred Tax assets	2,173	3,552	3,552	3,552
Total Assets	101,081	101,585	101,550	103,359
Liabilities				
Borrowings	78,968	75,335	65,335	55,335
Deferred Tax Liability	305	333	333	333
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Equity Share Capital	2,850	2,850	2,850	2,850
Reserves & Surplus	6,426	12,333	22,297	34,106
Total Net Worth	9,276	15,183	25,147	36,956
Minority Interest	285	303	303	303
Total Liabilities	101,081	101,585	101,550	103,359

Source Company data, I-Sec research

Exhibit 15: Quarterly trend

(INR mn, year ending March)

	Dec-22	Mar-22	Jun-23	Sep-23
Net Sales	45,283	45,687	47,714	48,725
% growth (YOY)	8.2	7.2	10.7	10.0
EBITDA	10,774	10,342	10,240	10,155
Margin %	23.8	22.6	21.5	20.8
Other Income	308	618	1,886	254
Extraordinaries	-	-	20	-
Adjusted Net Profit	3,939	3,260	3,817	2,207

Source Company data, I-Sec research

Exhibit 16: Cashflow statement

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
Operating Cashflow	46,090	44,395	41,686	44,908
Working Capital Changes	(4,052)	(552)	1,138	688
Capital Commitments	(18,198)	(15,755)	(31,250)	(27,563)
Free Cashflow	23,840	28,088	11,574	18,033
Other investing cashflow	9,249	(2,661)	2,546	1,746
Cashflow from Investing Activities	9,311	(2,580)	2,546	1,746
Issue of Share Capital	-	-	-	-
Interest Cost	(2,476)	(3,487)	(5,404)	(4,422)
Inc (Dec) in Borrowings	(24,179)	(9,464)	(10,000)	(10,000)
Dividend paid	(4,016)	(5,930)	(4,980)	(5,902)
Others	-	-	-	-
Cash flow from Financing Activities	(34,312)	(22,408)	(23,076)	(23,017)
Chg. in Cash & Bank balance	(1,162)	3,100	(8,957)	(3,237)
Closing cash & balance	6,272	13,726	(7,288)	(4,805)

Source Company data, I-Sec research

Exhibit 17: Key ratios

(Year ending March)

	FY22A	FY23A	FY24E	FY25E
Per Share Data (INR)				
Reported EPS	51.8	60.3	52.4	62.1
Adjusted EPS (Diluted)	52.0	63.0	52.4	62.1
Cash EPS	117.1	130.8	124.6	136.6
Dividend per share (DPS)	20.7	21.0	17.5	20.7
Book Value per share (BV)	32.5	53.3	88.2	129.7
Dividend Payout (%)	40.0	34.8	33.3	33.3
Growth (%)				
Net Sales	(2.2)	6.7	10.8	10.5
EBITDA	(0.8)	2.2	3.0	9.5
EPS (INR)	11.4	16.5	(13.1)	18.5
Valuation Ratios (x)				
P/E	33.0	28.3	32.6	27.5
P/CEPS	14.6	13.1	13.7	12.5
P/BV	52.5	32.1	19.4	13.2
EV / EBITDA	13.1	12.6	12.2	11.0
EV / Sales	3.3	3.1	2.8	2.5
Dividend Yield (%)	1.2	1.2	1.0	1.2
Operating Ratios				
Gross Profit Margins (%)	-	-	-	-
EBITDA Margins (%)	25.3	24.2	22.5	22.3
Effective Tax Rate (%)	26.2	14.9	18.0	20.0
Net Profit Margins (%)	8.8	9.6	7.6	8.1
NWC / Total Assets (%)	(4.0)	(0.5)	1.1	0.7
Net Debt / Equity (x)	7.2	3.8	2.2	1.3
Net Debt / EBITDA (x)	1.6	1.3	1.3	1.0
Profitability Ratios				
RoCE (%)	15.7	19.5	18.6	21.1
RoE (%)	283.0	140.6	74.1	57.0
RoC (%)	26.0	27.5	26.7	28.8
Fixed Asset Turnover (x)	0.5	0.5	0.5	0.5
Inventory Turnover Days	0.8	3.3	3.3	3.3
Receivables Days	56.4	56.0	57.0	58.0
Payables Days	65.6	67.1	65.1	63.1

Source Company data, I-Sec research

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