MOTILAL OSWAL
FINANCIAL SERVICES

26 October 2023
2QFY24 Result Update | Sector: Technology

Tech Mahindra

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	TECHM IN
Equity Shares (m)	919
M.Cap.(INRb)/(USDb)	1114.2 / 13.4
52-Week Range (INR)	1320 / 981
1, 6, 12 Rel. Per (%)	-9/7/-3
12M Avg Val (INR M)	2972

Financials & Valuations (INR b)

Y/E Mar	2023	2024E	2025E
Sales	533	519	559
EBIT Margin (%)	11.4	8.7	10.7
Adj. PAT	50.7	39.1	48.5
Adj. EPS (INR)	57.3	44.1	54.7
PAT	48.3	31.6	48.5
EPS (INR)	54.6	35.7	54.7
EPS Gr. (%)	(12.8)	(34.7)	53.4
BV/Sh. (INR)	317.3	324.1	333.1
Ratio			
RoE (%)	18.5	13.8	16.8
RoCE (%)	18.6	13.6	17.6
Payout (%)	87.3	85.0	85.0
Valuation			
P/E (x)	19.8	25.8	20.7
P/BV (x)	3.6	3.5	3.4
EV/EBITDA (x)	12.2	15.7	12.7
Div Yield (%)	4.4	3.3	4.1

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	35.1	35.2	35.2
DII	27.3	27.1	24.0
FII	26.2	25.7	28.2
Others	11.3	12.0	12.6

FII Includes depository receipts

CMP: INR1,142 TP: INR1,040 (-9%) Neutral

Weak FY24 margin limits the ability to accelerate in FY25

Internal restructuring pressure to add to the macro headwinds

- Tech Mahindra (TECHM) reported another quarter of weak performance, with revenue declining 2.4% QoQ in constant currency (CC) to USD1.6b, which missed our estimate of a 1.1% decline. The weakness was primarily caused by a continued slowdown in CME, which was down 4.9% QoQ and BFSI, which was down 2.8% QoQ. However, Manufacturing showed continued strength with 2.3% QoQ growth. EBIT margin (adjusted for organizational restructuring) contracted 150bp QoQ to 7.3% in 2QFY24, below our estimate of 8.7%. TCV of USD640m (+78% QoQ/-10.6% YoY) improved in 2QFY24 after reporting two consecutive quarters of decline.
- Weakness in the key Communications vertical, along with an internal restructuring exercise (deprioritizing a few business lines and non-strategic accounts), led to another notable decline in TECHM's revenue performance (-5.9% YoY in CC). Management expects this pain to continue in the Communications vertical, especially in relation to 5G-related investments. With weakness in the BFSI sector and the need to rationalize low-margin accounts, we anticipate that the company will experience a decline in FY24 (MOFSLe at -4.6% YoY), before returning to growth in the following year. Moreover, while realigning the vertical and horizontal service lines should benefit the company in streamlining its execution, we expect the process to take most of FY25 before starting to yield results for the company. Our estimates indicate a flat FY23-25 USD revenue CAGR of 1.0%.
- Due to the ongoing challenges in revenue growth and restructuring efforts, TECHM witnessed a significant decline in profitability. This decline was further worsened by a 110bp contraction due to a one-off (vs. 200bp one-time impact caused by a client's bankruptcy). We expect the company's profitability to improve from 3Q onward, partially through the reversal of one-off expenses and progress made in organizational restructuring. We expect FY24 (adj)/FY25 EBIT margins to be 8.7%/10.7%, which will lead to a slight decrease in INR PAT from FY23 to FY25E, despite a low base in FY23 (PAT -8.9% YoY).
- While we expect a potential benefit to come from the overhaul exercise, we believe that it will take time due to macro headwinds and limited opportunities to participate in the transformation initiatives.
- We are staying on the sidelines because we believe that the current valuation adequately accounts for the uncertainties surrounding growth and margin. We reduce our FY24/FY25 EPS estimates by 2-10% due to sluggish growth and a subdued outlook. **Reiterate Neutral with a TP of INR1,040 (premised on 19x FY25E EPS).**

Big miss on revenue and PAT

- Revenue stood at USD1.6b, down 2.4% QoQ CC (est. -1.1% QoQ CC) in 2Q.
- IT Service decelerated 4.1% QoQ, while BPO was muted (-0.7% QoQ).

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- CME witnessed a further decline of 4.9% QoQ (vs. -9.4% in 1Q), followed by BFSI (-3.0% QoQ). Retail and Technology were flat QoQ. Manufacturing was up 2.2% QoQ though.
- EBIT margin contracted 150bp QoQ/410bp YoY to 7.3% (est. 8.7%).
- Net employee additions improved by 2,300, after three consecutive quarters of more than 15,000 (collectively) headcount reduction. Utilization (ex. trainees) was up by 120bp QoQ at 86%, LTM attrition improved 140bp QoQ to 11.4%
- NN Deal TCV was strong at USD640m, up 78.3% QoQ/ down 10.6% YoY.
- Adj. PAT stood at INR9.8b (up 2.3% QoQ), above our estimate of INR9.0b, due to lower ETR at 10% vs. 22% in 1Q.
- FCF conversion to PAT stood at 357.6% vs. 126.3% in 1QFY24.

Key highlights from the management commentary

- The company has taken definitive actions in 2QFY24 to prioritize its core business and functions, while deprioritizing certain service lines. It has terminated/closed down a few projects for realignment purpose, leading to a drag in the 2Q revenue growth.
- For large deals, the company is building capabilities in each SBU with deal advisory relationships to pursue significant deals in the areas of Digitization, Transformation, GenAI, and Cloud migration. The company has also set margin aspiration and it would continue to evaluate every large deal wins.
- The sector is undergoing significant challenges, while major telcos remain under stress as they have invested heavily in 5G infrastructure and are awaiting outcomes from those projects.
- The adjusted EBIT margin in 2Q was 7.3% (down 150bp QoQ). Apart from restructuring, the additional costs incurred in 2Q were related to multiple stakeholder dependencies, which are leading to a drag in operating margin.

Valuation and view

- Although its 2QFY24 performance was weak, TECHM's high exposure to the Communications vertical offers a potential opportunity, since a broader 5G rollout is likely to result in a new spending cycle in this space.
- Near-term growth remains weak and we await greater comfort on margins. We value the stock at 19x FY25E EPS. **We maintain our Neutral rating on the stock.**

Quarterly performance (INR b)

Y/E March	FY23				FY24				FY23	FY24E	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%/bp)
Revenue (USD m)	1,633	1,638	1,668	1,668	1,601	1,555	1,539	1,573	6,607	6,268	1,582	-1.7
QoQ (%)	1.5	0.3	1.8	0.0	-4.0	-2.8	-1.0	2.2	10.1	-5.1	-1.1	-170bp
Revenue (INR b)	127	131	137	137	132	129	128	131	533	519	131	-1.6
YoY (%)	24.6	20.7	19.9	13.2	3.5	-2.0	-7.0	-4.8	19.4	-2.7	-0.4	-163bp
GPM (%)	28.3	27.9	28.7	28.9	25.7	22.5	24.5	25.9	28.5	24.7	25.5	-304bp
SGA (%)	13.5	12.8	13.1	14.2	13.5	11.5	12.6	12.4	13.4	12.5	13.4	-188bp
Adj. EBITDA	19	20	21	20	16	14	15	18	80	63	16	-11.1
EBITDA Margin (%)	14.8	15.1	15.6	14.7	12.2	10.9	11.9	13.5	15.1	12.1	12.1	-116bp
Adj. EBIT	14	15	16	15	12	9	11	13	61	45	11	-17.3
EBIT Margin (%)	11.0	11.4	12.0	11.2	8.8	7.3	8.5	10.0	11.4	8.7	8.7	-138bp
Other income	1	2	1	2	1	2	1	1	6	5	1	134.5
ETR (%)	22.8	21.4	27.3	22.9	21.8	9.9	25.0	25.0	23.7	20.9	25.0	-1507bp
Adj. PAT	11	13	13	13	10	10	9	11	51	39	9	8.3
QoQ (%)	-24.9	15.8	-1.0	2.6	-28.2	2.3	-7.8	19.0			-5.5	788bp
YoY (%)	-16.4	-2.2	-5.3	-11.6	-15.5	-25.3	-30.4	-19.4	-8.9	-22.9	-31.1	575bp
Extra-Ordinary Item	0.0	-0.2	0.0	-2.1	-2.6	-4.8	0.0	0.0	-2.4	-7.5	-5.8	
Reported PAT	11	13	13	11	7	5	9	11	48	32	3	52.6
EPS (INR)	12.8	14.8	14.7	15.0	10.8	11.0	10.2	12.1	57.3	44.1	10.2	8.2

E: MOFSL estimates

Key Performance Indicators

Y/E March	FY23				FY24				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Revenue (QoQ CC %)	3.5	2.9	0.2	0.3	-4.2	-2.4				
Margins (%)										
Gross Margin	28.3	27.9	28.7	28.9	25.7	22.5	24.5	25.9	28.5	24.7
Adj. EBITDA margin	14.8	15.1	15.6	14.7	12.2	10.9	11.9	13.5	15.1	12.1
Adj. EBIT Margin	11.0	11.4	12.0	11.2	8.8	7.3	8.5	10.0	11.4	8.7
Adj. Net Margin	8.9	10.0	9.4	9.7	7.3	7.6	7.1	8.2	9.5	7.5
Operating Metrics										
Headcount (k)	158	164	157	152	148	151			152	
Util excl. trainees (%)	83.3	84.9	86.4	86.5	87.2	86.0			85.3	
Attrition (%)	22.2	19.6	17.3	14.8	12.8	11.4			14.8	
Deal TCV (USD m)	802	716	795	592	359	640			2,905	
Key Verticals (QoQ %)										
Communication	1.0	-1.4	2.1	0.7	-9.5	-4.9			9.0	
Enterprise	1.8	1.5	1.7	-0.5	-0.3	-1.4			10.9	
Key Geographies (QoQ%)										
North America	4.2	2.8	-0.4	-0.2	-0.5	0.7			14.6	
Europe	-2.0	-3.6	1.4	3.6	-6.7	-6.8			4.7	

Highlights from the management commentary

Organizational restructuring

- TECHM is undergoing a rigorous organizational restructuring exercise at present. As a result, there is a temporary decrease in revenue from certain regions, business lines, and clients that are not meeting the established standards set during the restructuring activities. The new structure will be effective in Jan'24
- Management is confident that the new structure will improve efficiency, enhance the customer experience, promote innovation, and drive modernization on a large scale. Additionally, the new structure would: 1) be doubling down focus on top accounts; and 2) augment the sector as it has tremendous rights to win (Communications and Manufacturing), and then gradually build upon other sectors (BFSI and Consumer).
- The company has taken definitive actions in 2QFY24 to prioritize its core business and functions, while deprioritizing certain service lines. It has

terminated/closed down a few projects for realignment purpose, leading to a drag in the 2Q revenue growth.

- As a part of the restructuring exercise, TECHM is utilizing its inherent strength in Communication (core) and Manufacturing (through its Parent), which will continue to be the key focus areas of its new structure.
- For large deals, the company is building capabilities in each SBU with deal advisory relationships to pursue significant deals in the areas of Digitization, Transformation, GenAI, and Cloud migration. The company has also set margin aspiration and it would continue to evaluate every large deal wins.

Demand and industry outlook

- Telecom – The sector is undergoing significant challenges, while major telcos remain under stress as they have invested heavily in 5G infrastructure and are awaiting outcomes from those projects. TECHM has established labs and use-cases in 5G and is building close relationships with these OEMs. They are also applying their expertise in Enterprise, specifically in the areas of Manufacturing and Travel. However, management does not anticipate any immediate recovery in the Communications vertical.
- Manufacturing – The momentum continues in 2Q as the segment is under-invested in technology. It continues to gain traction in: a) remote engineering from developers' perspective, and b) customer experience from sales perspective.
- BFSI – TECHM has a deep presence in Insurance in the US and Europe. The company is benefiting from this and is plugging the gap that is being created on the Banking vertical. Within banking, selective capabilities such as mortgages and asset management continue to do well in Europe. TECHM is actively forming partnerships and developing a go-to-market (GTM) strategy to tap into the existing accounts and acquire new ones.

Margin performance

- TECHM is strategically utilizing various methods to enhance its margins and firmly believes that FY25 is poised for significant margin improvement. The company is: 1) changing the service mix while leveraging upon high-realization horizontal line (digital product engineering vs. service assurance); (2) realigning the cost structure of acquired entities; 3) driving Automation; and (4) optimizing sub-contractor expenses. However, no meaningful measures have been taken on optimizing SG&A costs.
- The adjusted EBIT margin in 2Q was 7.3% (down 150bp QoQ). Apart from restructuring, the additional costs incurred in 2Q were related to multiple stakeholder dependencies, which are leading to a drag in operating margin.

Exhibit 1: CME saw a further drag in 2QFY24 vs. 9.4% decline in 1Q

Verticals	Contribution to revenue (%)	Growth (QoQ %)
Comm., Media, and Ent.	37.0	-4.9
Manufacturing	17.8	2.3
Technology	11.0	-0.1
BFSI	16.1	-2.8
Retail, Transport, and Logistics	8.2	0.8
Others	9.9	-9.3

Exhibit 2: Europe & ROW saw a sharp decline in 2QFY24

Geographies	Contribution to revenue (%)	Growth (QoQ %)
Americas	53.3	0.7
Europe	23.6	-6.8
Rest of the World	23.2	-6.1

Valuation and view

- Although its 2QFY24 performance was weak, TECHM's high exposure to the Communications vertical offers a potential opportunity, since a broader 5G rollout is likely to result in a new spending cycle in this space.
- Near-term growth remains weak and we await greater comfort on margins. We value the stock at 19x FY25E EPS. **We maintain our Neutral rating on the stock.**

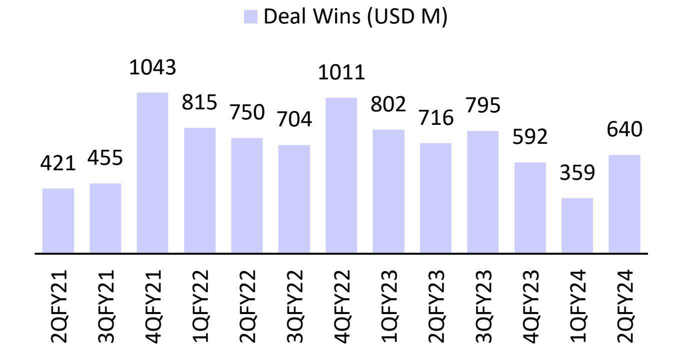
Exhibit 3: Revisions to our estimates

	Revised estimate		Earlier estimate		Change	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
USD:INR	82.7	83.0	82.7	83.0	0.0%	0.0%
Revenue (USD m)	6,268	6,730	6,401	6,944	-2.1%	-3.1%
Growth (%)	(5.1)	7.4	-3.1	8.5	-200bps	-110bps
EBIT margin (%)	8.7	10.7	9.4	11.9	-70bps	-120bps
PAT (INR b)	39	49	40	54	-1.7%	-9.7%
EPS	44.1	54.7	44.9	60.7	-1.8%	-9.8%

Source: MOFSL, Company

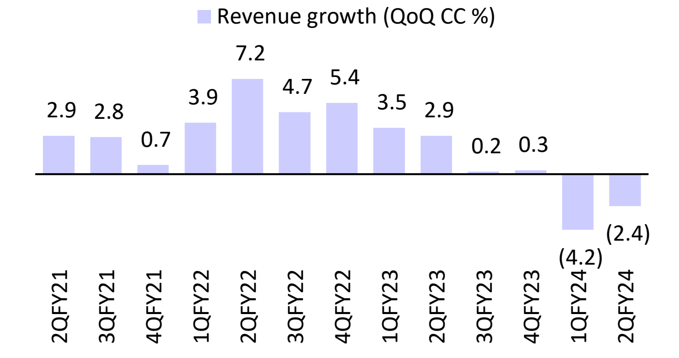
Story in charts

Exhibit 4: Deal wins improved in 2QFY24



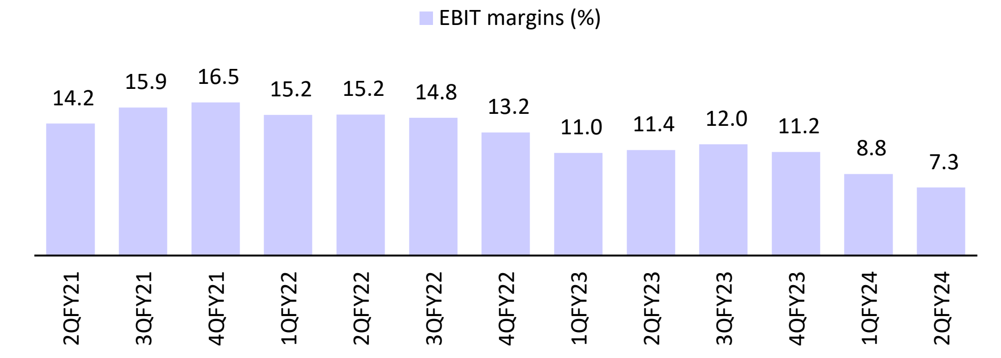
Source: Company, MOFSL

Exhibit 5: Another quarter of revenue decline



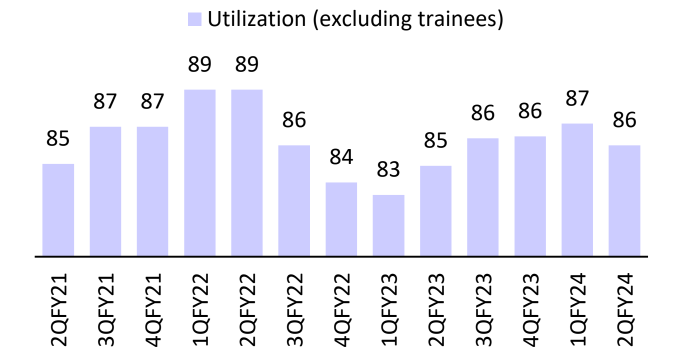
Source: Company, MOFSL

Exhibit 6: Adj. EBIT margin saw a further decline of 150bp QoQ in 2QFY24



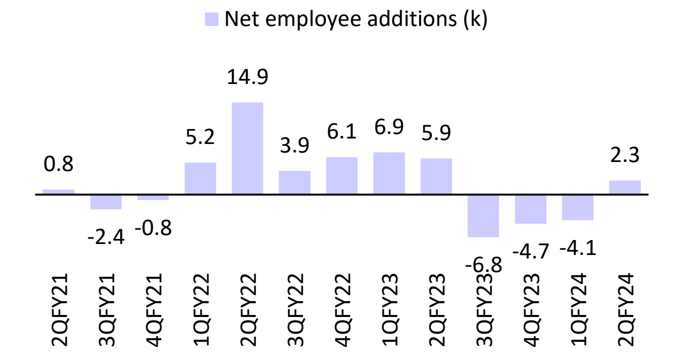
Source: Company, MOFSL

Exhibit 7: Utilization reduced by 120bp in 2QFY24 (%)



Source: Company, MOFSL

Exhibit 8: Headcount improved in 2QFY24



Source: Company, MOFSL

Exhibit 9: Operating metrics

	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
Revenue by Geography (%)									
Americas	47.8	48.9	48.3	49.6	50.8	49.7	49.6	51.4	53.3
Europe	25.9	25.5	26.4	25.5	24.5	24.4	25.3	24.6	23.6
Rest of World	26.3	25.6	25.3	24.9	24.7	25.9	25.1	24.0	23.2
Vertical Split (%)									
Telecom	40.1	40.9	40.6	40.4	39.7	39.8	40.1	37.8	37.0
Manufacturing	16.0	15.8	14.9	15.3	16.0	15.7	15.9	16.9	17.8
Tech | Media | Entertainment	9.0	8.4	9.3	9.7	10.1	10.3	10.3	10.7	11.0
BFSI	16.3	15.4	17.4	16.7	16.3	15.9	15.9	16.1	16.1
Retail | Transport | Logistics	7.8	8.5	7.6	7.9	8.1	8.5	7.6	7.9	8.2
Others	10.8	11.0	10.2	10.0	9.8	9.8	10.2	10.6	9.9
Client Metrics									
No. of active clients	1,123	1,191	1,224	1,262	1,262	1,290	1,297	1,255	1252
% of repeat business	93.0	92.0	87.0	98.0	98.0	93.0	92.0	98.0	96
No. of Million $ clients									
USD1m+	488	502	524	549	549	574	582	580	568
USD5m+	169	173	174	176	176	185	186	190	186
USD10m+	90	96	97	104	104	109	112	115	114
USD20m+	50	50	54	60	60	65	65	62	61
USD50m+	22	22	23	23	23	24	24	26	26
Client concentration (%)									
Top 5 Clients	22.0	23.0	22.0	21.0	19.0	18.0	18.0	17.0	17
Top 6-10	9.0	8.0	9.0	9.0	9.0	9.0	9.0	10.0	10.0
Top 11-20	12.0	11.0	12.0	11.0	12.0	13.0	13.0	12.0	12.0
Headcount									
Software professionals	76,800	81,115	85,830	88,030	86,776	84,874	83,789	81,521	81,200
BPO	57,058	56,297	57,315	61,392	68,388	63,568	60,102	58,079	60,985
Sales and support	7,335	7,655	8,028	8,613	8,748	8,626	8,509	8,697	8,419
Total	**1,41,193**	**1,45,067**	**1,51,173**	**1,58,035**	**1,63,912**	**1,57,068**	**1,52,400**	**1,48,297**	**1,50,604**
IT Attrition (LTM %)	21	24	24	22	20	17	15	13	11
IT Utilization (%)	87	84	83	83	85	86	86	87	86
IT Utilization (excl. trainees)	89	86	84	83	85	86	86	87	86
DSO - incl. unbilled	92	101	97	100	98	98	96	98	97
Borrowings (USD m)	206.0	210.0	209.0	220.0	207.0	212.0	192.0	185.0	187
Cash and Cash Equivalent (USD m)	1,626.0	1,346.0	1,140.7	1,114.0	947.0	780.0	905.0	939.0	784
Capital Expenditure (USD m)	23.0	26.0	46.0	20.0	19.0	31.0	32.0	25.0	26

Source: Company, MOFSL

Financials and valuations

Income Statement								(INR b)
Y/E March	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**
Sales	**308**	**347**	**369**	**379**	**446**	**533**	**519**	**559**
Change (%)	5.6	12.9	6.1	2.7	17.9	19.4	-2.7	7.7
COGS	215	234	260	259	310	381	391	410
SGA expenses	45	50	52	52	57	71	65	70
Total Expenses	261	284	311	310	366	453	456	480
Adj. EBITDA	**47**	**63**	**57**	**68**	**80**	**80**	**63**	**79**
As a percentage of Net Sales	15.3	18.2	15.5	18.1	18.0	15.1	12.1	14.1
Depreciation	11	11	14	15	15	20	18	19
Other Income	12	3	10	6	10	6	5	6
Adj. PBT	**49**	**55**	**53**	**60**	**75**	**67**	**50**	**65**
Tax	11	13	12	15	18	16	10	16
Rate (%)	22.4	22.6	22.0	25.3	24.4	23.7	20.9	25.0
Adj. PAT	**38**	**43**	**41**	**45**	**56**	**51**	**39**	**49**
Minority interest	0	0	-1	-1	1	1	0	0
Share from associates	0	0	0	0	0	0	0	0
PAT before EO	**38**	**43**	**43**	**46**	**56**	**51**	**39**	**49**
Change (%)	33.9	13.1	-1.1	7.2	22.1	-8.9	-22.9	24.1
Extraordinary Items (EO)	0	0	-2	-1	0	-2	-7	0
Reported PAT	**38**	**43**	**40**	**44**	**56**	**48**	**32**	**49**
Change (%)	33.9	13.1	-6.2	9.8	25.7	-13.2	-34.6	53.4

Balance Sheet								(INR b)
Y/E March	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**
Share Capital	4	4	4	4	4	4	4	4
Reserves	184	198	214	244	264	275	281	289
Net Worth	**188**	**203**	**218**	**249**	**269**	**279**	**286**	**294**
Minority Interest	5	5	4	4	5	5	5	5
Loans	17	14	24	17	16	16	16	16
Other long-term liabilities	12	9	28	28	36	31	29	31
Amount pending invest.	12	12	12	12	12	12	12	12
Capital Employed	**235**	**243**	**287**	**309**	**338**	**343**	**348**	**357**
Applications								
Assets	**79**	**73**	**89**	**91**	**149**	**149**	**146**	**145**
Investments	15	12	2	6	4	6	6	6
Other non-current assets	30	33	50	47	50	62	60	65
Curr. Assets	**181**	**216**	**232**	**253**	**245**	**244**	**250**	**262**
Debtors	65	70	76	65	75	81	80	86
Cash and Bank Balance	20	20	30	27	38	41	35	22
Investments	75	98	57	98	46	30	55	80
Other Current Assets	22	28	68	63	86	93	80	75
Current Liab. and Prov.	**70**	**91**	**87**	**88**	**111**	**119**	**114**	**121**
Net Current Assets	**111**	**124**	**145**	**165**	**134**	**126**	**136**	**142**
Application of Funds	**235**	**243**	**287**	**309**	**338**	**343**	**348**	**357**

Financials and valuations

Ratios								
Y/E March	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**
Basic (INR)								
EPS	**43.0**	**48.5**	**48.7**	**52.1**	**63.2**	**57.6**	**44.3**	**55.0**
Diluted EPS	**42.7**	**47.7**	**48.3**	**51.7**	**62.6**	**57.3**	**44.1**	**54.7**
Cash EPS	54.8	60.3	62.3	66.7	79.7	76.7	56.0	76.1
Book Value	213.4	228.7	249.9	284.4	305.2	317.3	324.1	333.1
DPS	14.0	14.0	15.0	45.0	45.0	50.0	37.5	46.5
Payout (%)	32.8	29.3	31.0	87.1	71.9	87.3	85.0	85.0
Valuation (x)								
P/E ratio	26.5	23.6	23.5	21.9	18.1	19.8	25.8	20.7
Cash P/E ratio	20.8	18.9	18.3	17.1	14.3	14.9	20.4	15.0
EV/EBITDA ratio	21.3	15.9	17.3	14.4	12.3	12.2	15.7	12.7
EV/Sales ratio	3.3	2.9	2.7	2.6	2.2	1.8	1.9	1.8
Price/Book Value	5.4	5.0	4.6	4.0	3.7	3.6	3.5	3.4
Dividend Yield (%)	1.2	1.2	1.3	3.9	3.9	4.4	3.3	4.1
Profitability Ratios (%)								
RoE	21.5	22.0	20.2	19.5	21.5	18.5	13.8	16.8
RoCE	17.2	22.8	17.3	19.3	21.0	18.6	13.6	17.6
Turnover Ratios								
Debtors (Days)	77	73	75	62	61	56	56	56
Fixed Asset Turnover (x)	3.9	4.7	4.1	4.1	3.0	3.6	3.6	3.9
Leverage Ratio								
Debt/Equity Ratio (x)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

Cash Flow Statement								(INR b)
Y/E March	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**
CF from Operations	43	55	49	65	67	74	58	68
Change in Working Capital	-8	-11	-5	16	-14	-18	10	2
Net Operating CF	**36**	**44**	**44**	**81**	**53**	**56**	**67**	**70**
Net Purchase of FA	-8	-8	-8	-6	-8	-10	-15	-18
Free Cash Flow	**28**	**37**	**35**	**75**	**45**	**46**	**53**	**52**
Net Purchase of Invest.	-26	-13	19	-49	13	7	-25	-25
Net Cash from Invest.	**-34**	**-21**	**10**	**-55**	**5**	**-3**	**-40**	**-43**
Inc./(Dec.) in Equity	0	0	0	1	1	0	0	0
Proceeds from LTB/STB	6	-6	-20	-13	-8	-9	0	0
Dividend Payments	-9	-17	-25	-18	-40	-43	-33	-41
Cash Flow from Fin.	**-3**	**-23**	**-45**	**-30**	**-47**	**-51**	**-33**	**-41**
Other adjustments	0	0	1	0	0	1	0	0
Net Cash Flow	**0**	**1**	**10**	**-3**	**11**	**3**	**-5**	**-14**
Opening Cash Balance	**20**	**20**	**20**	**30**	**27**	**38**	**41**	**35**
Add: Net Cash	0	1	10	-3	11	3	-5	-14
Closing Cash Balance	**20**	**20**	**30**	**27**	**38**	**41**	**35**	**22**

NOTES

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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