

**BUY**

TP: Rs 4,100 | ▲ 25%

**DIXON TECHNOLOGIES**

Consumer Durables

23 May 2023

**In-line quarter; strong guidance reiterated**

- Q4 topline of Rs 30.7bn in line with our estimate while improved ODM contribution aided a margin beat
- Above-industry growth guided for FY24; mobile segment client addition continues
- FY24/FY25 EPS adjusted by +13%/-6%; on rollover, our TP stays at Rs 4,100 – maintain BUY

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**Revenue in line, margin a surprise:** Dixon's Q4FY23 topline at Rs 30.7bn (+4% YoY) met our expectations while EBITDA margin at 5.1% (4.7% est.) came as a positive surprise due to a higher share of margin-accretive ODM-led business. EBIT margins expanded across verticals led by the home appliances segment at 11% (+310bps YoY). Adj. PAT at Rs 806mn (Rs 808mn est.) grew 28% YoY. Home appliances and mobiles aided topline growth while the consumer electronics and lighting divisions remained weak YoY.

**Upbeat growth guidance:** Management remains optimistic on the opportunities in the electronics manufacturing space (EMS) and expects to deliver growth significantly ahead of the industry in FY24, backed by a strong order book, new client addition and resultant incremental capacity. EBITDA margin is guided to expand 30-40bps given an increasing contribution from ODM business and backward integration.

**Mobiles business outlook promising:** Though delayed client addition clouded the outlook for the mobiles business in Q3FY23, management has partly allayed concerns by announcing major orders from Jio and Nokia. Additionally, the company indicated that it is in final discussions to add two more significant clients that can generate Rs 40bn-50bn in revenue in FY24 itself.

**Lighting and electronics performance to improve:** Dixon expects a better performance in the lighting and electronics divisions for FY24 underpinned by concerted efforts towards product launches, client additions, ODM buildout and cost efficiency via backward integration, apart from higher export opportunities.

**Maintain BUY:** We adjust our FY24/FY25 EPS estimates by +13%/-6% to incorporate the growth guidance and FY23 print. We continue to value the stock at an unchanged P/E multiple of 55x – an 20% premium to the 5Y average on 2Y forward basis, accounting for Dixon's better positioning in the EMS space than peers and growing ODM revenue share. On rollover of valuations to Mar'25E, our TP remains unchanged at Rs 4,100. BUY.

**Key changes**

| Target | Rating |
|--------|--------|
| ◀ ▶    | ◀ ▶    |

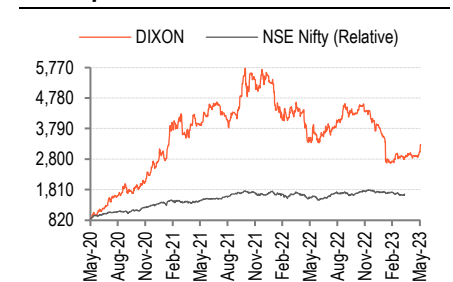
|                  |                   |
|------------------|-------------------|
| Ticker/Price     | DIXON IN/Rs 3,276 |
| Market cap       | US\$ 2.4bn        |
| Free float       | 66%               |
| 3M ADV           | US\$ 12.8mn       |
| 52wk high/low    | Rs 4,670/Rs 2,553 |
| Promoter/FPI/DII | 34%/12%/24%       |

Source: NSE | Price as of 23 May 2023

**Key financials**

| Y/E 31 Mar              | FY23P   | FY24E   | FY25E   |
|-------------------------|---------|---------|---------|
| Total revenue (Rs mn)   | 121,920 | 176,886 | 209,182 |
| EBITDA (Rs mn)          | 5,128   | 7,556   | 8,409   |
| Adj. net profit (Rs mn) | 2,555   | 4,086   | 4,460   |
| Adj. EPS (Rs)           | 42.9    | 68.6    | 74.9    |
| Consensus EPS (Rs)      | 42.9    | 69.9    | 92.0    |
| Adj. ROAE (%)           | 22.4    | 27.5    | 23.5    |
| Adj. P/E (x)            | 76.3    | 47.7    | 43.7    |
| EV/EBITDA (x)           | 38.0    | 25.8    | 23.2    |
| Adj. EPS growth (%)     | 34.3    | 59.9    | 9.2     |

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

**Stock performance**

Source: NSE



**Fig 1 – Quarterly performance**

| Particulars (Rs mn) | Q4FY23 | Q4FY22 | YoY (%) | Q3FY23 | QoQ (%) | FY23    | FY22    | YoY (%) |
|---------------------|--------|--------|---------|--------|---------|---------|---------|---------|
| Revenue             | 30,655 | 29,528 | 3.8     | 24,047 | 27.5    | 121,920 | 106,971 | 14.0    |
| EBITDA              | 1,563  | 1,181  | 32.3    | 1,112  | 40.6    | 5,128   | 3,791   | 35.3    |
| EBITDA Margin (%)   | 5.1    | 4.0    | 110bps  | 4.6    | 50bps   | 4.2     | 3.5     | 70bps   |
| Depreciation        | 325    | 191    | -       | 290    | -       | 1,146   | 840     | -       |
| Interest            | 151    | 139    | -       | 152    | -       | 606     | 442     | -       |
| Other Income        | 18     | 18     | -       | 28     | -       | 56      | 38      | -       |
| PBT                 | 1,105  | 869    | 27.2    | 698    | 58.3    | 3,432   | 2,548   | 34.7    |
| Tax                 | 315    | 238    | -       | 186    | -       | 897     | 644     | -       |
| Adjusted PAT        | 806    | 630    | 28.0    | 519    | 55.3    | 2,555   | 1,902   | 34.4    |
| Exceptional item    | -      | -      | -       | 0      | -       | 0.0     | 0.0     | -       |
| Reported PAT        | 806    | 630    | 28.0    | 519    | 55.3    | 2,555   | 1,902   | 34.4    |
| Adj. PAT Margin (%) | 2.6    | 2.1    | 50bps   | 2.2    | 50bps   | 2.1     | 1.8     | 30bps   |
| EPS (Rs)            | 13.3   | 10.6   | 25.2    | 8.6    | 54.4    | 42.6    | 32.0    | 33.1    |

Source: Company, BOBCAPS Research

**Fig 2 – Actuals vs. Estimates**

| Particulars (Rs mn) | Actuals | Estimates | Variance (%) |
|---------------------|---------|-----------|--------------|
| Revenue             | 30,655  | 31,261    | (1.9)        |
| EBITDA              | 1,563   | 1,469     | 6.4          |
| EBITDA Margin (%)   | 5.1     | 4.7       | 40bps        |
| Adj. PAT            | 806     | 808       | (0.2)        |

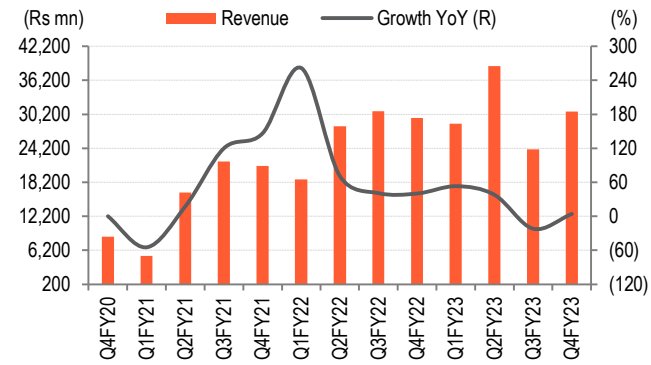
Source: Company, BOBCAPS Research

**Fig 3 – Segment-wise performance**

| Particulars (Rs mn)  | Q4FY20 | Q1FY21 | Q2FY21 | Q3FY21 | Q4FY21 | Q1FY22 | Q2FY22 | Q3FY22 | Q4FY22 | Q1FY23 | Q2FY23 | Q3FY23 | Q4FY23 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Revenue</b>       |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Consumer electronics | 3,930  | 3,487  | 9,605  | 13,643 | 11,786 | 12,623 | 14,865 | 14,104 | 10,104 | 9,322  | 15,007 | 8,640  | 9,810  |
| Lighting products    | 2,548  | 777    | 2,957  | 3,486  | 3,817  | 1,535  | 3,957  | 4,304  | 3,046  | 2,312  | 2,904  | 2,630  | 2,700  |
| Home appliances      | 900    | 241    | 1,454  | 1,152  | 1,465  | 706    | 2,240  | 1,801  | 2,341  | 2,556  | 3,629  | 2,440  | 2,810  |
| Mobile & EMS         | 603    | 531    | 1,974  | 2,992  | 2,899  | 3,059  | 5,986  | 9,397  | 12,941 | 13,049 | 15,944 | 9,150  | 14,100 |
| Security systems     | 546    | 134    | 397    | 555    | 1,092  | 751    | 990    | 1,127  | 1,096  | 1,311  | 1,183  | 1,184  | 1,240  |
| <b>EBIT</b>          |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Consumer electronics | 98     | 86     | 265    | 394    | 282    | 297    | 318    | 303    | 284    | 248    | 428    | 260    | 370    |
| EBIT margin (%)      | 2.5    | 2.5    | 2.8    | 2.9    | 2.4    | 2.4    | 2.1    | 2.1    | 2.8    | 2.7    | 2.9    | 3.0    | 3.8    |
| Lighting products    | 254    | 58     | 277    | 332    | 307    | 69     | 333    | 280    | 217    | 167    | 238    | 239    | 260    |
| EBIT margin (%)      | 10.0   | 7.4    | 9.4    | 9.5    | 8.1    | 4.5    | 8.4    | 6.5    | 7.1    | 7.2    | 8.2    | 9.1    | 9.6    |
| Home appliances      | 99     | 4      | 173    | 118    | 103    | 44     | 199    | 121    | 186    | 207    | 327    | 250    | 310    |
| EBIT margin (%)      | 11.0   | 1.7    | 11.9   | 10.2   | 7.0    | 6.3    | 8.9    | 6.7    | 7.9    | 8.1    | 9.0    | 10.2   | 11.0   |
| Mobile & EMS         | 85     | 20     | 163    | 138    | 74     | 42     | 179    | 303    | 457    | 328    | 423    | 330    | 590    |
| EBIT margin (%)      | 14.1   | 3.8    | 8.2    | 4.6    | 2.5    | 1.4    | 3.0    | 3.2    | 3.5    | 2.5    | 2.7    | 3.6    | 4.2    |

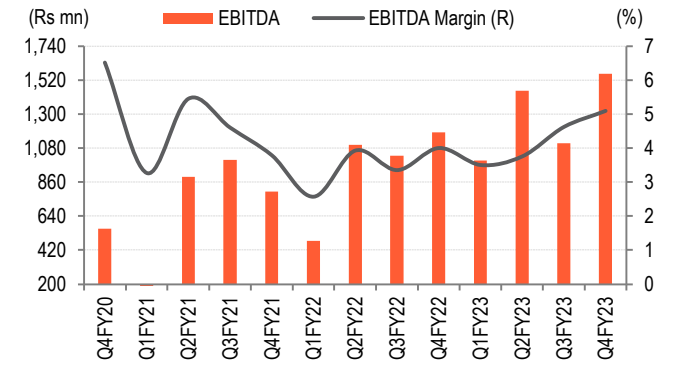
Source: Company, BOBCAPS Research

**Fig 4 – Revenue growth trend**



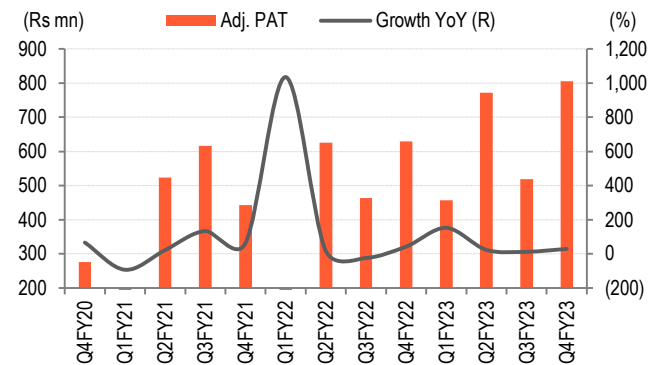
Source: Company, BOBCAPS Research

**Fig 5 – EBITDA growth trend**



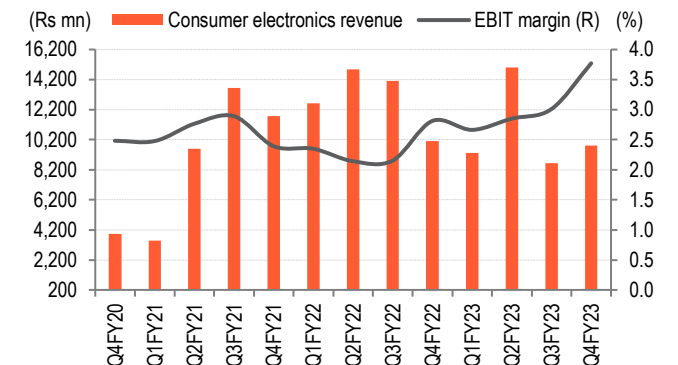
Source: Company, BOBCAPS Research

**Fig 6 – Profitability growth trend**



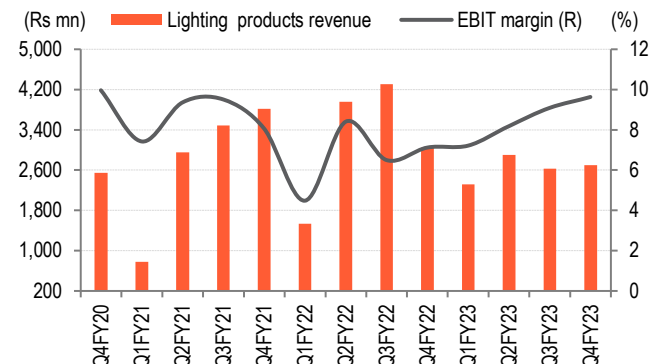
Source: Company, BOBCAPS Research

**Fig 7 – Consumer Electronics division growth trend**



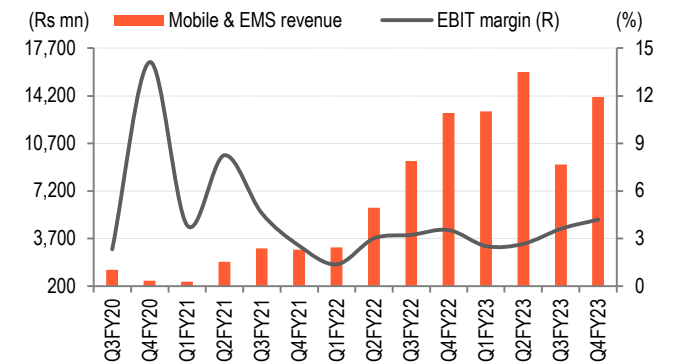
Source: Company, BOBCAPS Research

**Fig 8 – Lighting division growth trend**

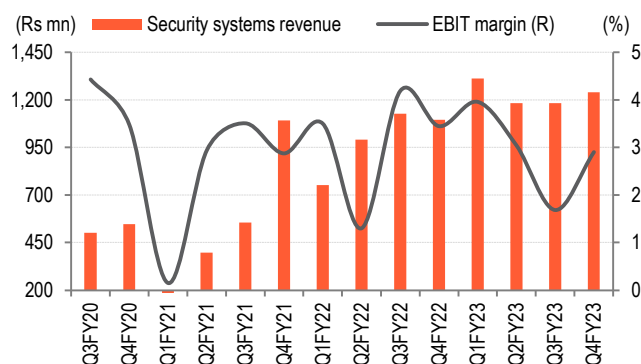


Source: Company, BOBCAPS Research

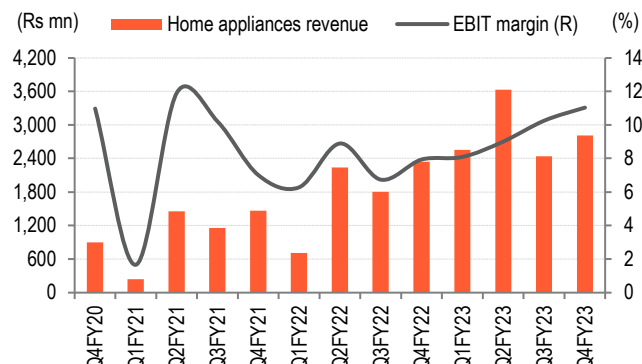
**Fig 9 – Mobile division growth trend**



Source: Company, BOBCAPS Research

**Fig 10 – Security systems division revenue growth trend**

Source: Company, BOBCAPS Research

**Fig 11 – Home appliances division revenue growth trend**

Source: Company, BOBCAPS Research

## Earnings call highlights

- Margins:** Dixon's Q4FY23 EBITDA margin at 5.1% rose 110bps YoY (+70bps to 4.2% in FY23), led by a better sales mix, operational leverage, cost optimisation and efficiency measures. The company is making concerted efforts to raise its original direct manufacturing (ODM) share which is boosting margins across verticals.
- Guidance:** Dixon aims to grow significantly above the industry in FY24 along with 30-40bps EBITDA margin expansion led by a higher ODM share and cost reduction. The company plans to incur Rs 4bn in capex for FY24. Q4 outlay of ~Rs 1.7bn was largely towards the refrigerator business.
- Volumes:** FY23 segmental sale volumes were as follows – televisions: 3.43mn vs. 3mn in FY22; LED bulbs: ~170mn; semi auto smartphones: 3.5mn, +40% YoY; CCTVs: 74lk (flat); and set-top boxes: 14lk. Volumes for Samsung stood at 9.4mn vs. 8.4mn in FY22 (+12%), with a decline in its feature phones.
- Durables:** The demand for durables has been mixed in Q4 but Dixon expects a good festive season in Q2FY24. Demand in the mobiles business remains healthy, and hearables and wearables enjoy strong traction with management citing a request from the anchor customer for a doubling of capacity.
- Consumer Electronics:** Dixon's consumer electronics business reported good sequential revenue growth in Q4 but was flat YoY. Operating profit grew on account of operating leverage, continued backward integration and higher ODM contribution, aiding an estimated margin of 3.5-4% for the quarter. Dixon aims to launch new products for commercial displays in coming quarters.

In the television business, the company sold 2.9mn/3.4mn units in FY22/FY23 and is targeting 3.8mn units in FY24 (~10% growth). ODM share in the electronics business at 38% in Q4 (23% in FY23) has the potential to increase up to 45%, per management.

- Lighting:** The lighting division reported flattish in Q4 amidst the challenging business environment. A change in technology and pricing actions along with higher competition affected the performance. Even so, management anticipates 10-

15% growth for the division in FY24 on account of aggressive product launch plans and higher export opportunities.

Dixon began its first export orders to Germany, added customers in the UAE, and indicated that it is in talks with potential customers from the US and UK.

Additionally, the backward integration project and new plant for LED lighting are likely to be commissioned in FY24.

- **Home appliances:** The home appliances segment recorded strong growth for the quarter on account of new products, pass-along of higher cost, cost optimisation and operating leverage. The company is adding a new facility for home appliances in Dehradun by July and indicated that the order book is strong.
- **Mobiles:** Dixon has received large orders from Jio and Nokia and has commenced 4G phone production for Jio during May'23, producing half a million units each month. Further, management indicated that it is in the final stages of adding two large brands carrying revenue potential of Rs 40bn-50bn in FY24 itself, for which operations are likely to start in 5-6 months. In anticipation of securing these deals, the company is setting up a facility in Noida which is likely to become operational by the end of Q2FY24.

Management is guiding for strong revenue from the mobile segment and expects to comfortably cross the production-linked incentive (PLI) threshold of Rs 60bn in FY24.

- **Telecom & IT:** The telecom facility at Noida is operational and Dixon has passed the PLI threshold. The IT division had revenue of Rs 0.9bn in Q4 and Rs 1.6bn in FY23. Acer is the anchor customer and the company stated that it is in active discussions to add more large clients. Dixon aims to participate in the new PLI scheme announced for the IT sector.
- **Rexxam Japanese Diakin JV:** Per management, the joint venture business for electronic devices related to air conditioning has large revenue and margin potential, and is eligible for PLI benefits.
- **Refrigerators:** The Noida facility is getting ready in near term. The company indicated that it has already finalised some clients and expects final discussions with other large brands to be closed soon.
- **Washing machines:** The business grew 29% YoY in Q4 and Dixon has an internal target of selling 150,000-170,000 units in FY24.

## Valuation methodology

We adjust our FY24/FY25 EPS estimates by +13%/-6% to incorporate the growth guidance and FY23 print. We continue to value the stock at an unchanged P/E multiple of 55x – an 20% premium to the five-year average on a two-year forward basis, accounting for Dixon's better positioning in the EMS space than peers and growing ODM revenue share. On rollover of valuations to Mar'25E, our TP remains unchanged at Rs 4,100. Maintain BUY.

**Fig 12 – Revised estimates**

| Particulars (Rs mn) | New     |         | Old     |         | Change (%) |       |
|---------------------|---------|---------|---------|---------|------------|-------|
|                     | FY24E   | FY25E   | FY24E   | FY25E   | FY24E      | FY25E |
| Sales               | 176,886 | 209,182 | 182,627 | 217,905 | (3.1)      | (4.0) |
| EBITDA              | 7,556   | 8,409   | 7,161   | 8,806   | 5.5        | (4.5) |
| PAT                 | 4,086   | 4,460   | 3,620   | 4,702   | 12.9       | (5.2) |
| EPS (Rs)            | 68.6    | 74.9    | 61.0    | 79.2    | 12.5       | (5.5) |
| EBITDA Margin (%)   | 4.3     | 4.0     | 3.9     | 4.0     | 40bps      | 0bps  |

Source: Company, BOBCAPS Research

## Key risks

Key downside risks to our estimates are:

- volatility in mobile business revenue,
- persisting weakness in the lighting and electronics divisions, and
- margins reverting to lower levels on reduced ODM contribution.

## Sector recommendation snapshot

| Company            | Ticker      | Market Cap (US\$ bn) | Price (Rs) | Target (Rs) | Rating |
|--------------------|-------------|----------------------|------------|-------------|--------|
| Amber Enterprises  | AMBER IN    | 0.8                  | 2,035      | 2,260       | HOLD   |
| Blue Star          | BLSTR IN    | 1.6                  | 1,389      | 1,650       | BUY    |
| Crompton Greaves   | CROMPTON IN | 2.1                  | 266        | 370         | BUY    |
| Dixon Technologies | DIXON IN    | 2.4                  | 3,276      | 4,100       | BUY    |
| Havells India      | HAVL IN     | 9.5                  | 1,250      | 1,500       | BUY    |
| KEI Industries     | KEII IN     | 2.2                  | 1,994      | 2,130       | BUY    |
| Orient Electric    | ORIENTEL IN | 0.6                  | 219        | 240         | HOLD   |
| Polycab India      | POLYCAB IN  | 6.1                  | 3,375      | 3,900       | BUY    |
| Syrma SGS          | SYRMA IN    | 0.8                  | 360        | 440         | BUY    |
| V-Guard Industries | VGRD IN     | 1.3                  | 250        | 260         | HOLD   |
| Voltas             | VOLT IN     | 3.2                  | 806        | 900         | HOLD   |

Source: BOBCAPS Research, NSE | Price as of 23 May 2023

## Financials

### Income Statement

| Y/E 31 Mar (Rs mn)         | FY21A         | FY22A          | FY23P          | FY24E          | FY25E          |
|----------------------------|---------------|----------------|----------------|----------------|----------------|
| <b>Total revenue</b>       | <b>64,482</b> | <b>106,971</b> | <b>121,920</b> | <b>176,886</b> | <b>209,182</b> |
| EBITDA                     | 2,866         | 3,791          | 5,128          | 7,556          | 8,409          |
| Depreciation               | 437           | 840            | 1,146          | 1,414          | 1,922          |
| EBIT                       | 2,429         | 2,952          | 3,981          | 6,142          | 6,488          |
| Net interest inc./(exp.)   | (274)         | (442)          | (606)          | (742)          | (593)          |
| Other inc./(exp.)          | 16            | 38             | 56             | 62             | 68             |
| Exceptional items          | 0             | 0              | 0              | 0              | 0              |
| EBT                        | 2,170         | 2,548          | 3,432          | 5,462          | 5,962          |
| Income taxes               | 572           | 644            | 897            | 1,376          | 1,502          |
| Extraordinary items        | 0             | 0              | 0              | 0              | 0              |
| Min. int./Inc. from assoc. | 0             | 0              | 16             | 0              | 0              |
| <b>Reported net profit</b> | <b>1,598</b>  | <b>1,903</b>   | <b>2,555</b>   | <b>4,086</b>   | <b>4,460</b>   |
| Adjustments                | 0             | 0              | 0              | 0              | 0              |
| <b>Adjusted net profit</b> | <b>1,598</b>  | <b>1,903</b>   | <b>2,555</b>   | <b>4,086</b>   | <b>4,460</b>   |

### Balance Sheet

| Y/E 31 Mar (Rs mn)              | FY21A         | FY22A         | FY23P         | FY24E         | FY25E         |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Accounts payables               | 17,097        | 23,137        | 24,519        | 38,285        | 45,275        |
| Other current liabilities       | 898           | 2,615         | 4,341         | 4,324         | 5,113         |
| Provisions                      | 0             | 0             | 0             | 0             | 0             |
| Debt funds                      | 1,513         | 4,580         | 4,531         | 5,298         | 4,944         |
| Other liabilities               | 1,576         | 2,472         | 555           | 806           | 954           |
| Equity capital                  | 117           | 119           | 119           | 119           | 119           |
| Reserves & surplus              | 7,256         | 9,849         | 12,730        | 16,696        | 21,037        |
| Shareholders' fund              | 7,373         | 9,968         | 12,849        | 16,816        | 21,156        |
| <b>Total liab. and equities</b> | <b>28,457</b> | <b>42,772</b> | <b>46,794</b> | <b>65,529</b> | <b>77,442</b> |
| Cash and cash eq.               | 1,641         | 3,174         | 2,592         | 3,042         | 6,025         |
| Accounts receivables            | 10,891        | 13,564        | 17,155        | 23,658        | 28,705        |
| Inventories                     | 7,432         | 11,557        | 9,579         | 16,504        | 17,976        |
| Other current assets            | 1,946         | 3,176         | 2,068         | 3,000         | 3,548         |
| Investments                     | 0             | 0             | 0             | 0             | 0             |
| Net fixed assets                | 5,403         | 9,542         | 9,425         | 12,011        | 13,089        |
| CWIP                            | 724           | 220           | 1,197         | 1,737         | 2,054         |
| Intangible assets               | 122           | 494           | 3,012         | 3,012         | 3,012         |
| Deferred tax assets, net        | 0             | 0             | 0             | 0             | 0             |
| Other assets                    | 297           | 1,045         | 1,768         | 2,565         | 3,034         |
| <b>Total assets</b>             | <b>28,457</b> | <b>42,772</b> | <b>46,794</b> | <b>65,529</b> | <b>77,442</b> |

### Cash Flows

| Y/E 31 Mar (Rs mn)                 | FY21A          | FY22A          | FY23P          | FY24E          | FY25E          |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Cash flow from operations</b>   | <b>1,701</b>   | <b>2,728</b>   | <b>7,258</b>   | <b>4,887</b>   | <b>7,094</b>   |
| Capital expenditures               | (1,680)        | (4,174)        | (4,502)        | (4,000)        | (3,000)        |
| Change in investments              | (949)          | (452)          | 984            | 0              | 0              |
| Other investing cash flows         | (26)           | (19)           | (38)           | (1,085)        | (638)          |
| <b>Cash flow from investing</b>    | <b>(2,654)</b> | <b>(4,645)</b> | <b>(3,556)</b> | <b>(5,085)</b> | <b>(3,638)</b> |
| Equities issued/Others             | 269            | 642            | 336            | 0              | 0              |
| Debt raised/repaid                 | 688            | 2,174          | (2,776)        | 767            | (354)          |
| Interest expenses                  | 0              | 0              | 0              | 0              | 0              |
| Dividends paid                     | (322)          | 228            | (856)          | (119)          | (119)          |
| Other financing cash flows         | 0              | 0              | 0              | 0              | 0              |
| <b>Cash flow from financing</b>    | <b>635</b>     | <b>3,043</b>   | <b>(3,296)</b> | <b>648</b>     | <b>(473)</b>   |
| <b>Chg in cash &amp; cash eq.</b>  | <b>(318)</b>   | <b>1,126</b>   | <b>406</b>     | <b>450</b>     | <b>2,983</b>   |
| <b>Closing cash &amp; cash eq.</b> | <b>1,641</b>   | <b>3,174</b>   | <b>2,592</b>   | <b>3,042</b>   | <b>6,025</b>   |

### Per Share

| Y/E 31 Mar (Rs)      | FY21A | FY22A | FY23P | FY24E | FY25E |
|----------------------|-------|-------|-------|-------|-------|
| Reported EPS         | 26.8  | 32.0  | 42.9  | 68.6  | 74.9  |
| Adjusted EPS         | 26.8  | 32.0  | 42.9  | 68.6  | 74.9  |
| Dividend per share   | 1.0   | 2.0   | 3.0   | 2.0   | 2.0   |
| Book value per share | 123.8 | 167.4 | 215.8 | 282.4 | 355.3 |

### Valuations Ratios

| Y/E 31 Mar (x) | FY21A | FY22A | FY23P | FY24E | FY25E |
|----------------|-------|-------|-------|-------|-------|
| EV/Sales       | 3.0   | 1.8   | 1.6   | 1.1   | 0.9   |
| EV/EBITDA      | 68.1  | 51.5  | 38.0  | 25.8  | 23.2  |
| Adjusted P/E   | 122.1 | 102.5 | 76.3  | 47.7  | 43.7  |
| P/BV           | 26.5  | 19.6  | 15.2  | 11.6  | 9.2   |

### DuPont Analysis

| Y/E 31 Mar (%)               | FY21A | FY22A | FY23P | FY24E | FY25E |
|------------------------------|-------|-------|-------|-------|-------|
| Tax burden (Net profit/PBT)  | 73.6  | 74.7  | 74.5  | 74.8  | 74.8  |
| Interest burden (PBT/EBIT)   | 89.4  | 86.3  | 86.2  | 88.9  | 91.9  |
| EBIT margin (EBIT/Revenue)   | 3.8   | 2.8   | 3.3   | 3.5   | 3.1   |
| Asset turnover (Rev./Avg TA) | 11.9  | 11.2  | 12.9  | 14.7  | 16.0  |
| Leverage (Avg TA/Avg Equity) | 0.8   | 1.1   | 0.8   | 0.8   | 0.7   |
| Adjusted ROAE                | 25.0  | 22.0  | 22.4  | 27.5  | 23.5  |

### Ratio Analysis

| Y/E 31 Mar                                   | FY21A | FY22A | FY23P | FY24E | FY25E |
|--|-------|-------|-------|-------|-------|
| <b>YoY growth (%)</b>                        |       |       |       |       |       |
| Revenue                                      | 46.5  | 65.9  | 14.0  | 45.1  | 18.3  |
| EBITDA                                       | 28.5  | 32.3  | 35.3  | 47.4  | 11.3  |
| Adjusted EPS                                 | 32.6  | 19.1  | 34.3  | 59.9  | 9.2   |
| <b>Profitability &amp; Return ratios (%)</b> |       |       |       |       |       |
| EBITDA margin                                | 4.4   | 3.5   | 4.2   | 4.3   | 4.0   |
| EBIT margin                                  | 3.8   | 2.8   | 3.3   | 3.5   | 3.1   |
| Adjusted profit margin                       | 2.5   | 1.8   | 2.1   | 2.3   | 2.1   |
| Adjusted ROAE                                | 25.0  | 22.0  | 22.4  | 27.5  | 23.5  |
| ROCE   | 23.8  | 19.1  | 18.8  | 23.5  | 20.3  |
| <b>Working capital days (days)</b>           |       |       |       |       |       |
| Receivables                                  | 62    | 46    | 51    | 49    | 50    |
| Inventory                                    | 42    | 39    | 29    | 34    | 31    |
| Payables                                     | 97    | 79    | 73    | 79    | 79    |
| <b>Ratios (x)</b>                            |       |       |       |       |       |
| Gross asset turnover                         | 11.3  | 11.8  | 10.1  | 12.1  | 11.6  |
| Current ratio                                | 1.2   | 1.2   | 1.1   | 1.1   | 1.1   |
| Net interest coverage ratio                  | 8.9   | 6.7   | 6.6   | 8.3   | 10.9  |
| Adjusted debt/equity                         | 0.2   | 0.5   | 0.4   | 0.3   | 0.2   |

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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**BUY** – Expected return >+15%

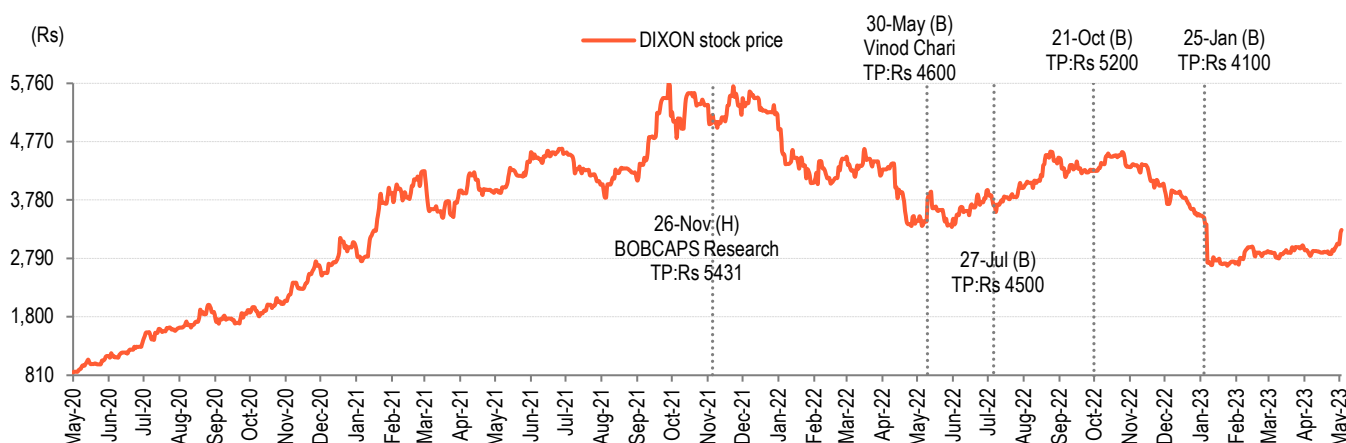
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

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### Ratings and Target Price (3-year history): DIXON TECHNOLOGIES (DIXON IN)



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