BUY
TP: Rs 1,491 | ⮝ 21%

DR REDDY'S LABS

| Pharmaceuticals | 25 October 2026

Healthy earnings – the worst for margins is behind

- **Sales/PAT reported in-line with our estimates. EBITDA Margin reported 879 bps above our estimates at 20%**
- **North America quarterly sales of USD 260mn are sustainable. We reckon big new launches every year from FY27 to FY30.**
- **We roll forward to Sep'28 EPS of Rs 71 per share and continue to ascribe a PE of 21x to arrive at a PT of Rs 1491 (earlier PT Rs 1471)**

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Earnings in-line with our estimates - Sales declined by 1.5% YoY but grew 7% QoQ to Rs 86.7bn, driven by 24% YoY growth in the RoW region (19% YoY excluding milestone income) and 17% YoY growth in the India business, which was offset by 1% YoY growth in the Europe region and a 23% YoY decline in the North America region (which grew 13% QoQ in cc terms). A healthy business mix and R&D cost rationalisation (6% of sales, due to lower generic development cost) led to a 16% YoY decline in EBITDA (gRevlimid in the base). Consequently, EBITDA margin was reported at 20%, a 335 bps decline YoY and a 948 bps increase QoQ. The company reported interest expense of Rs 329 mn, a 66% YoY decline in other income to Rs 912 mn, and a 23% YoY decline in tax to Rs 3.1bn (higher tax rate of 25% in 2QFY27 vs 22% in 2QFY26), leading to a 36% YoY decline in PAT to Rs 9.2bn (in line with our estimate of Rs 9,279 mn).

North America sales increased due to new product launches - In 2QFY27, DRRD's US sales declined by 29% YoY due to lenalidomide in the base but grew by 13% QoQ to USD 260mn. In INR terms, North America sales declined by 23% YoY and grew by 13% QoQ. The sequential growth was due to new launches like bosutinib (exclusivity in 400mg) and sugammadex injectable. The company is on track to resume commercial supplies of semaglutide from Nov'26, and of the earlier-mentioned 5-6mn pens, the company aims to sell the majority in Canada. Thus, we expect North America sales to grow at a CAGR of 2% from FY26 to FY29E, reaching Rs 119.8bn in FY29E.

Branded business to drive margins - In 2QFY27, the branded business contributed 53% of sales and grew by 16% YoY and 9% QoQ to Rs 45.7bn. Going forward, domestic business growth momentum is likely to continue, and the NRT business, post normalization of the business model i.e in FY28E, is likely to report high single-digit to low double-digit growth, thus leading to a surge in margins. Currently, the margins in branded business is higher than the average company level margins.

Valuation – We lower FY27 EPS by 3% to factor lower Europe sales. We roll forward to Sep'28 EPS and ascribe a PE of 21x to arrive a PT of Rs 1491.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	DRRD IN/Rs 1,230
Market cap	US$ 10.8bn
Free float	73%
3M ADV	US$ 22.6mn
52wk high/low	Rs 1,415/Rs 1,101
Promoter/FPI/DII	27%/27%/23%

Source: NSE | Price as of 23 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	335,933	350,945	389,661
EBITDA (Rs mn)	67,049	66,836	83,777
Adj. net profit (Rs mn)	45,851	42,305	54,297
Adj. EPS (Rs)	55.6	51.3	65.3
Consensus EPS (Rs)	51.4	43.3	58.5
Adj. ROAE (%)	13.1	10.9	12.4
Adj. P/E (x)	22.1	24.0	18.8
EV/EBITDA (x)	15.4	15.7	12.8
Adj. EPS growth (%)	(26.1)	(0.7)	27.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Meaningful new product launches in North America to continue till FY30 The company received approval for rituximab (in partnership with Fresenius Kabi) and is hopeful of receiving approval for abatacept (IV) in Dec'26. The subcutaneous version is expected to be filed in Feb'27 (approval expected in 4QFY28). The company mentioned meaningful pipeline products (pembrolizumab and daratumumab) in the next 5 years and a few complex injectables in the short term. We notice that the company has a healthy pipeline of products every year: Semaglutide (on track to increase pen capacity to 12-15 mn) in FY27, Abatacept (IV) in FY28 (expected 15-20% market share), Abatacept subcutaneous version in FY29, Pembrolizumab (TAM ~USD 20bn) in FY30, and Daratumumab (TAM ~USD 12bn) by ~FY31. However, we have not factored in the sales of Abatacept as we are awaiting approval.

Domestic business to continue its growth momentum – In 2QFY27, the domestic business grew by 17% to Rs 18.5bn. The growth was driven by new launches like Nivolumab and 3 others. The company also outperformed the IPM in secondary sales, growing by 21% vs IPM growth of 14% on a Moving Quarterly Total (MQT) basis and 19.4% vs IPM growth of 13.2% on a Moving Annual Total (MAT) basis. In H1FY27, the company launched 11 new products. Overall, with the increase in IPM growth due to all 3 factors (price, volume and new launches) performing well, we expect DRRD's domestic sales to grow at a CAGR of 16% from FY26 to FY29E, reaching Rs 96.2bn in FY29E.

Fig 1 – Segmental mix trend

(Rs mn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	Q2FY27
Global generics	89%	89%	91%	88%	89%	90%
North America	40%	37%	34%	23%	27%	29%
Europe	15%	16%	17%	19%	18%	16%
India	17%	18%	18%	21%	21%	21%
EMs	16%	19%	22%	24%	23%	24%
PSAI	10%	11%	9%	12%	11%	10%
Proprietary Products	2%	0%	0%	0%	0%	1%
Branded products	41%	45%	49%	54%	52%	53%
Total	100%	100%	100%	100%	100%	100%

Source: BOBCAPS Research, Company

CDMO business to grow rapidly - DRRD, through its subsidiary Aurigene Pharma, reported CDMO sales of USD 100mn+ in the last 12 months. The CDMO sales are primarily driven by double-digit growth in the discovery business. The company also has a few projects from big pharma companies that want to transfer their production to DRRD's lines, and a few projects where DRRD runs phase 2-3 trials for innovative companies. In view of all these projects, DRRD expects its CDMO sales to grow 2-3x in the next 5 years.

Quarterly snapshot

Fig 2 – Financial highlights

(Rs Mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Q2FY27E	Var (%)	H1FY27	H1FY26	YoY (%)
Net Sales	**86708**	**88051**	**-2%**	**80705**	**7%**	**87283**	**-1%**	**167413**	**173503**	**-4%**
Total Expenses	69545	67498	3%	72379	-4%	77682	-10%	141924	131449	8%
(%) of net sales	80	76.7		89.7		89		84.8	75.8	
Raw material consumed	41504	39911	4%	43165	-4%	46260	-10%	84669	76736	10%
(%) of net sales	48	45.3		53.5		53.0		50.6	44.2	
R&D cost	5235	6202	-16%	5,766	-9%	6110	-14%	11,001	12,446	-12%
(%) of net sales	6	7.0		7.1		7.0		6.6	7.2	
SG&A	22806	21385	7%	23448	-3%	25312	-10%	46254	42267	9%
(%) of net sales	26	24.3		29.1		29.0		27.6	24.4	
EBITDA	**17163**	**20553**	**-16%**	**8326**	**106%**	**9601**	**79%**	**25489**	**42054**	**-39%**
Depreciation	5269	5051		5372		6110	-14%	10641	9816	
EBIT	11894	15502		2954	303%	3491	241%	14848	32238	-54%
Interest	329	(774)		(1734)		(873)	-138%	(1405)	(2344)	
Other Income	912	2673	-66%	845	8%	3055	-70%	1757	3412	-49%
PBT	**12477**	**18949**	**-34%**	**5533**	**126%**	**7419**	**68%**	**18010**	**37994**	-53%
Less: Taxation	3143	4082	-23%	1178	167%	1781	77%	4321	9033	
Recurring PAT	**9373**	**15034**	**-38%**	**4450**	**111%**	**9279**	**1%**	**13823**	**29212**	**-53%**
Exceptional items	(123)	(662)		(15)		0		(138)	(662)	
Reported PAT	**9250**	**14372**	**-36%**	**4435**	**109%**	**9279**	**0%**	**13685**	**28550**	**-52%**
Key Ratios (%)			**bps**		**bps**		**bps**			**bps**
Gross Margin	52.1	54.7	(254)	46.5	562	47.0	513	49.4	55.8	(634.7)
EBITDH Margin	19.8	23.3	(355)	10.3	948	11.0	879	15.2	24.2	(901.3)
Tax / PBT	25.2	21.5	365	21.3	390	24.0	119	24.0	23.8	21.7
NPM	10.8	17.1	(626)	5.5	530	10.6	18	8.3	16.8	(858.0)
Adj. EPS (Rs)	11.3	18.1	-38%	5.3	111%	11.2	0	16.6	35.1	-53%

Source: BOBCAPS Research, Company

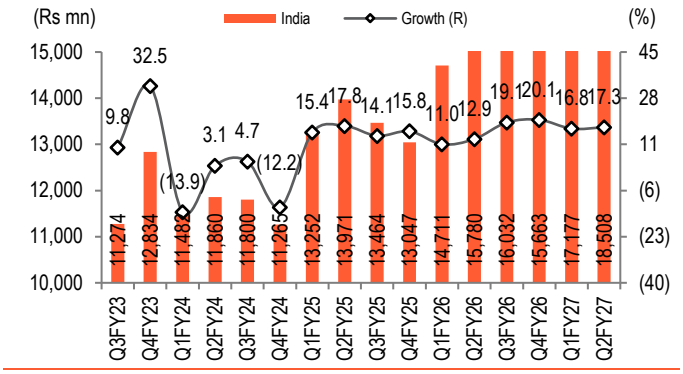
Fig 3 – Revenue mix

(Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Q2FY27E	Var (%)	H1FY27	H1FY26	YoY (%)
Global generics	**77928**	**78,498**	**-1%**	**71993**	**8.243857**	**77444**	**1%**	**149921**	**154118**	**-3%**
North America	24890	32408	-23%	22,048	12.890058	22947	8%	46938	66531	-29%
Europe	13935	13762	1%	14440	(3.49723)	15150	-8%	28375	26506	7%
India	18508	15780	17%	17177	7.7487338	18305	1%	35685	30491	17%
EMs	20595	16548	24%	18328	12.369053	21042	-2%	38923	30590	27%
PSAI	**8310**	**9450**	**-12%**	**8519**	**(2.45334)**	**9639**	**-14%**	**16829**	**17631**	**-5%**
Proprietary Products	**471**	**103**	**357%**	**193**	**144.04145**	**200**	**136%**	**664**	**1754**	**-62%**
Net Sales	**86709**	**88051**	**-2%**	**80705**	**7.4394399**	**87283**	**-1%**	**167414**	**173503**	**-4%**

Source: Company, BOBCAPS Research

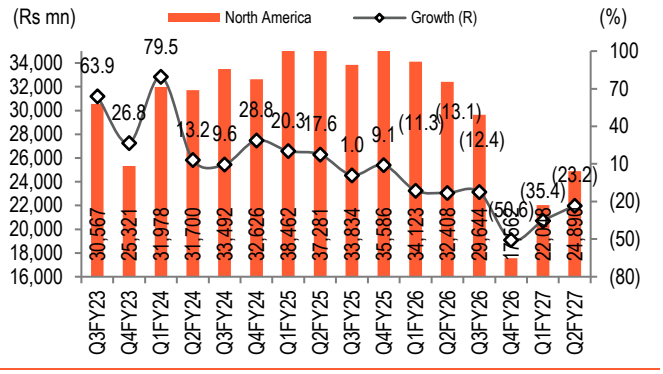
Financial Charts

Fig 4 – Domestic sales growth sustained at higher levels due to growth in both organic and inorganic business



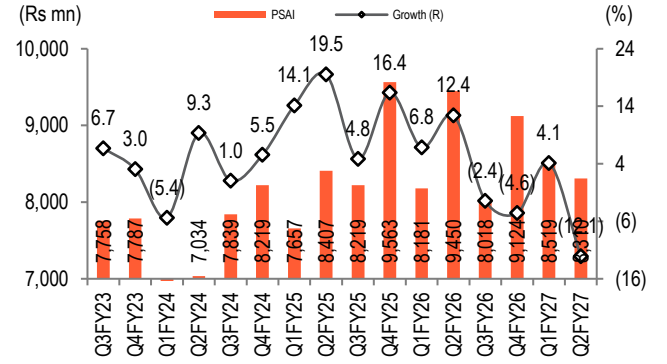
Source: Company, BOBCAPS Research

Fig 5 – North America sales grew sequentially due to new launches



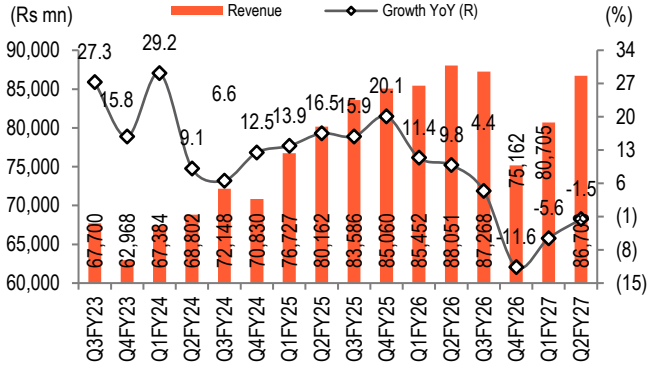
Source: Company, BOBCAPS Research

Fig 6 – PSAI sales lowered due to lower traction in API business



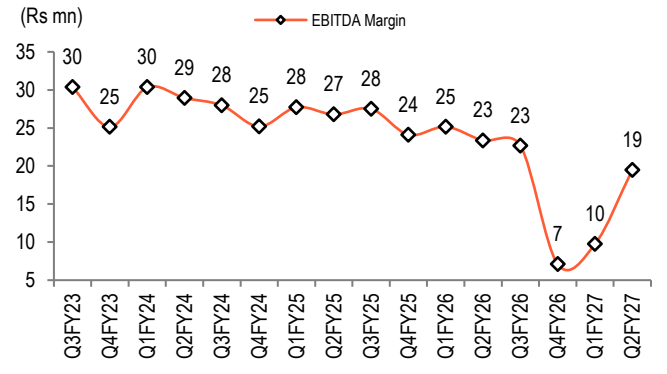
Source: Company, BOBCAPS Research

Fig 7 – Overall sales growth driven by pick up in India and EMs



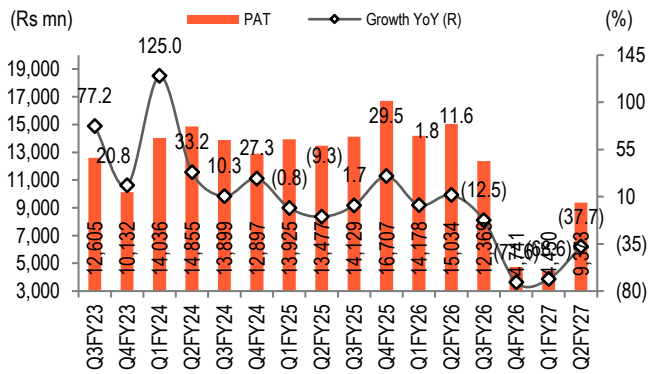
Source: Company, BOBCAPS Research

Fig 8 – EBITDA Margin increased due to increase traction in Branded business and high value launches in the US



Source: Company, BOBCAPS Research

Fig 9 – Healthy operations led to healthy PAT sequentially



Source: Company, BOBCAPS Research

Earnings call highlights

North America

Performance

- **Growth** - The underlying base business, excluding lenalidomide, continued to deliver strong double-digit growth, driven by new product launches during the quarter.
- **Launches -** launched 6 new products, including the first-to-market launch of sugammadex injection. On track to launch additional products, including complex injectables, during the year. These complex generics depend on FDA approval, not IP outcomes.Have a few interesting, meaningful products in pipeline, and more will be known by the end of the year.
- **Sugammadex** – on price erosion, whatever initial contract DRRD signed is continuing. The exact figure was to be followed up.
- The bendamustine deal is included in US revenue. Rights were given to a partner for better overall economics.

Outlook

- **US** numbers are sustainable. One SKU will go down after 6 months, but we will be able to absorb it without a problem.
- Growth will come from abatacept, semaglutide (which is included in North America sales although not sold in the US) and the complex generics.

Semaglutide (Canada)

- Most of the quantities will go to Canada.
- **Existing generic player in Canada:** As of today there is only one generic in Canada. The Canadian market will love to get us back.

Abatacept (US)

- The plant went for the inspection. DRRDD is still waiting for the approval, and the goal date is December 22nd.
- feel good about the product, the inspection and the correspondence with the US FDA. There is a chance of a CRL.
- At the moment, assuming that to get approval, DRRD is alone, so it's them and the innovator.
- It is a medical benefit product, so sensitivity to price and market share is not as big as in the pharmacy benefit.
- A fair market share can be any number from 15 to 25%, initially on the IV.
- The ramp-up will be after 6 months, but we can initially sell smaller quantities from day one.

- The sub-Q filing is in February 2027, and the sub-Q US approval timeline is consistent with earlier calls.
- There's not much incremental cost. The main framework of sales and marketing in North America has been there for 3 years, and shall hire a couple more sales teams.

Rituximab (US)

- Received US FDA approval for the rituximab biosimilar, which will be commercialized in the US through Fresenius Kabi.

India

- Growth was driven by recent launches, including acquired brands, along with price increases and higher volumes.
- According to IQVIA September 2026 data, our IPM rank improved to 8 for the quarter and 9 for the year.
- DRRD outperformed IPM, with moving quarterly total growth of 21% versus 14.7% for IPM, and MAT growth of 19.4% versus 13.2% for the market.
- Four of the brands feature in the IPM top 50 new launches, and DRRD launched four new brands during the quarter.
- DRRD partnered with Takeda to bring India's first approved dengue vaccine to the private market in the first half of 2027.
- Launched nivolumab in India, marking entry into biosimilar immuno-oncology.
- Generic semaglutide is approved in India.
- **Outlook**, growth will stay at a high level of double digit, maybe a little less or a little more. We want our growth to be higher than the market growth by a few basis points.

Emerging Markets

Performance

- New product launches across markets, including acquisitions, coupled with favourable currency movement, drove growth.
- We introduced 27 new products across countries in Q2 FY27.
- The Russia milestones are part of emerging markets revenue.

Semaglutide

- Generic semaglutide is approved in 10 countries across Latin America, Africa, the Middle East, as well as Canada and India.
- Quantities will go primarily to Latin America and a little bit to Africa.
- Brazil is likely at the beginning of Q4.

- Smaller markets will launch between the end of Q3 and the beginning of Q4, some in December, some in January.
- The right number of target markets is now 89. The scale-up issue had nothing to do with the regulatory process, and approvals continued.
- Some approvals in other markets got delayed because samples needed to be shipped, and those samples will now be sent.

Europe

- The decline was on account of price erosion in generics, partially offset by revenues from new product launches. Growth was further affected by the continued impact of the operating model changes post-NRT integration.
- We launched 6 new generic products across markets.
- The year-over-year comparison stays distorted for 2 more quarters. NRT will grow from high single digit to maybe even double digit, and profitability is way above expectations.
- On Europe overall: the next quarter should be better, but it will not be significant growth this year.
- **Ex-NRT** Europe should grow, probably single digit this year.
- **For rituximab**, DRRD has a low single-digit market share in Europe. DRRD was constrained by capacity, and with high capacity, wouldn't expect a significant change.
- **For abatacept**, it will launch a little after the United States, and believe Europe is a significant market. Manufacturing would be done at the Bachupally plant. Non-US approvals for both indications are consistent with earlier timelines.

Margin and cost commentary

- Gross margin guidance is 50 to 55%, and it will only go better from here.
- The branded franchise (India, emerging markets, NRT) was 53% of revenue and is more profitable than the company average.
- War-related increases in KSMs, solvents and freight cost close to 100 bps of EBITDA, and the trend will continue in Q3 and Q4.
- DRRD will have 20%+ EBITDA, 21+ if semaglutide launches successfully, and we are aiming for 25%.

PSAI, API and CDMO

- The CDMO business delivered double-digit growth and generated over $100 million in the last 12 months.
- CDMO should reach 2 to 3 times current numbers in 3 to 4 years.
- The API merchant part is declining because people prefer to buy finished goods.
- DRRD filed 28 drug master files globally.

Semaglutide (global)

- DRRD expects to relaunch directly and through partners in November 2026, subject to validation. Drug product validation takes about 3 weeks.
- The 6 to 7 million device guidance for this fiscal year stays.
- A run rate of 12 to 15 million pens is still my estimate for the 12 months from April, but it is very tentative.

Pipeline and other

- Pembrolizumab and daratumumab biosimilars should come within 5 years.
- Our approach to biosimilars is both in-house development and licensing from partners.
- The CRISIL ESG score improved to 73 from 66.

Valuation methodology

DRRD reported a good set of numbers, where: 1) US sales grew sequentially to USD 260mn, 2) the domestic business grew by 17%, 3) the branded business contribution increased to 53%, and 4) cost rationalisation led to an EBITDA margin of 20%.

Going forward, the company has many growth prospects, like 1) resumption of semaglutide supplies at large scale in 3QFY27, and 2) launch of abatacept, both the IV and subcutaneous versions, in FY28 and FY29 respectively in the US region. The company intends to shift focus from the generic's portfolio to peptides, biosimilars, consumer health and innovation for the next leg of growth. The NRT business is likely to grow from FY28E with a normalized business model, while we believe domestic sales shall continue to grow in double digits in FY28E. The company also has a healthy net cash of Rs 2500 mn, which can be utilized for inorganic activities and for organically increasing R&D spend.

We believe the low margin is behind DRRD, as Q3 would again witness full quarter of bosutinib exclusivity (margin higher than the company-level margin), domestic and EMs continuing to grow in double digits, followed by cost rationalization. From 4QFY27, the company would have no lenalidomide in the base, and would have meaningful new launches to support growth and profitability followed by healthy net cash. Thus, we continue to maintain BUY on DRRD and continue to maintain it as our top pick.

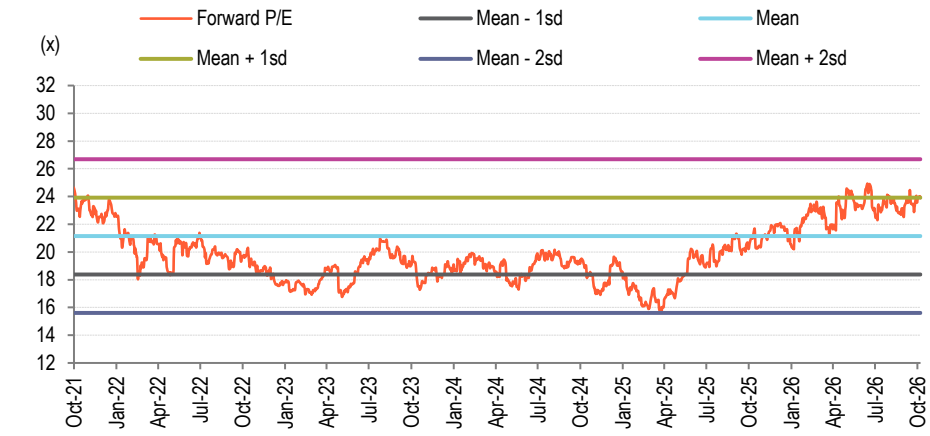
We marginally lower our EPS by 3%, factoring in lower Europe sales, lower other income and lower finance income. Thus, DRRD's sales/EBITDA/PAT are expected to grow at a CAGR of 8%/13%/11% respectively. On rolling forward to a Sep'28 EPS of Rs 71, the stock at CMP is trading at a PE of 17.2x, and we continue to ascribe a PE of 21x, in line with the 10-year mean PE of 21x, to arrive at a PT of Rs 1,491 (earlier PT of Rs 1,471).

Fig 10 – Change in estimates

Rs mn	New			Old			Variance (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Sales	350945	389661	428459	353963	396321	441653	-1%	-2%	-3%
EBITDA	66836	83777	96403	67253	83227	97164	-1%	1%	-1%
EBITDA Margin(%)	19%	22%	23%	19%	21%	22%			
EPS (Rs)	51.2	65.3	76.7	52.6	65.8	77.5	-3%	-1%	-1%

Source: , BOBCAPS Research, Company

Fig 11 – 1 year forward PE band



Source: Bloomberg

Key downside risks are

- No clearance of semaglutide API by the partner
- No clearance of abatacept by the goal date
- Price erosion pressure on the generics portfolio
- Higher input prices due to the war
- Adverse forex movement leading to lower other income

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**325,534**	**335,933**	**350,945**	**389,661**	**428,459**
EBITDA	86,235	67,049	66,836	83,777	96,403
Depreciation	17,058	20,606	23,488	23,153	22,730
EBIT	69,177	46,443	43,348	60,624	73,674
Net interest inc./(exp.)	4,724	4,132	3,805	3,451	3,020
Other inc./(exp.)	4,358	7,627	9,098	8,321	8,437
Exceptional items	0	0	0	0	0
EBT	78,259	58,202	56,251	72,396	85,130
Income taxes	19,539	12,351	13,946	18,099	21,282
Extraordinary items	(1,476)	(3,385)	(138)	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**57,244**	**42,466**	**42,167**	**54,297**	**63,847**
Adjustments	(1,476)	(3,385)	(138)	0	0
Adjusted net profit	**58,720**	**45,851**	**42,305**	**54,297**	**63,847**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	35,523	33,411	38,460	42,703	46,954
Other current liabilities	53,102	64,910	42,113	38,966	38,561
Provisions	6,324	7,659	8,001	8,884	9,769
Debt funds	46,766	77,341	65,740	49,305	36,979
Other liabilities	0	0	0	0	0
Equity capital	832	835	835	835	835
Reserves & surplus	331,932	372,754	411,148	461,270	520,943
Shareholders' fund	332,764	373,589	411,983	462,105	521,778
Total liab. and equities	**474,479**	**556,910**	**566,297**	**601,963**	**654,041**
Cash and cash eq.	14,652	15,368	31,569	33,011	55,853
Accounts receivables	90,420	101,219	96,149	128,108	152,602
Inventories	71,085	76,531	81,727	92,878	105,647
Other current assets	33,492	41,096	49,132	54,553	59,984
Investments	58,456	88,814	88,814	88,814	88,814
Net fixed assets	97,761	115,930	108,442	101,289	94,559
CWIP	0	0	0	0	0
Intangible assets	108,613	117,952	110,464	103,311	96,581
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	**474,479**	**556,910**	**566,297**	**601,963**	**654,041**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**54,719**	**46,506**	**36,684**	**27,448**	**45,594**
Capital expenditures	(27,504)	(27,000)	(16,000)	(16,000)	(16,000)
Change in investments	21,162	(30,358)	0	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(6,342)**	**(57,358)**	**(16,000)**	**(16,000)**	**(16,000)**
Equities issued/Others	0	3	0	0	0
Debt raised/repaid	26,746	30,575	(11,601)	(16,435)	(12,326)
Interest expenses	4,724	4,132	3,805	3,451	3,020
Dividends paid	(4,160)	(4,175)	(4,175)	(4,175)	(4,175)
Other financing cash flows	(68,140)	(18,967)	7,488	7,153	6,730
Cash flow from financing	**(40,830)**	**11,568**	**(4,483)**	**(10,005)**	**(6,752)**
Chg in cash & cash eq.	**7,547**	**716**	**16,201**	**1,442**	**22,842**
Closing cash & cash eq.	**14,652**	**15,368**	**31,569**	**33,011**	**55,853**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	68.0	51.5	51.2	65.3	76.7
Adjusted EPS	69.7	55.6	51.3	65.3	76.7
Dividend per share	5.0	5.0	5.0	5.0	5.0
Book value per share	400.9	450.1	496.4	556.8	628.6

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	3.3	3.1	3.0	2.7	2.6
EV/EBITDA	12.3	15.4	15.7	12.8	11.4
Adjusted P/E	17.6	22.1	24.0	18.8	16.0
P/BV	3.1	2.7	2.5	2.2	2.0

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	75.0	78.8	75.2	75.0	75.0
Interest burden (PBT/EBIT)	113.1	125.3	129.8	119.4	115.6
EBIT margin (EBIT/Revenue)	21.3	13.8	12.4	15.6	17.2
Asset turnover (Rev./Avg TA)	24.3	20.2	18.9	19.7	20.0
Leverage (Avg TA/Avg Equity)	1.1	1.2	1.2	1.1	1.1
Adjusted ROAE	19.2	13.1	10.9	12.4	13.0

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	16.6	3.2	4.5	11.0	10.0
EBITDA	10.0	(22.2)	(0.3)	25.3	15.1
Adjusted EPS	4.2	(26.1)	(0.7)	27.6	17.6
Profitability & Return ratios (%)					
EBITDA margin	26.5	20.0	19.0	21.5	22.5
EBIT margin	21.3	13.8	12.4	15.6	17.2
Adjusted profit margin	18.0	13.6	12.1	13.9	14.9
Adjusted ROAE	19.2	13.1	10.9	12.4	13.0
ROCE	21.9	13.0	11.3	13.9	15.3
Working capital days (days)					
Receivables	101	110	100	120	130
Inventory	80	83	85	87	90
Payables	40	36	40	40	40
Ratios (x)					
Gross asset turnover	1.3	1.2	1.2	1.2	1.3
Current ratio	2.2	2.2	2.9	3.4	3.9
Net interest coverage ratio	(14.6)	(11.2)	(11.4)	(17.6)	(24.4)
Adjusted debt/equity	0.0	0.0	0.0	(0.1)	(0.1)

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

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BUY – Expected return >+15%

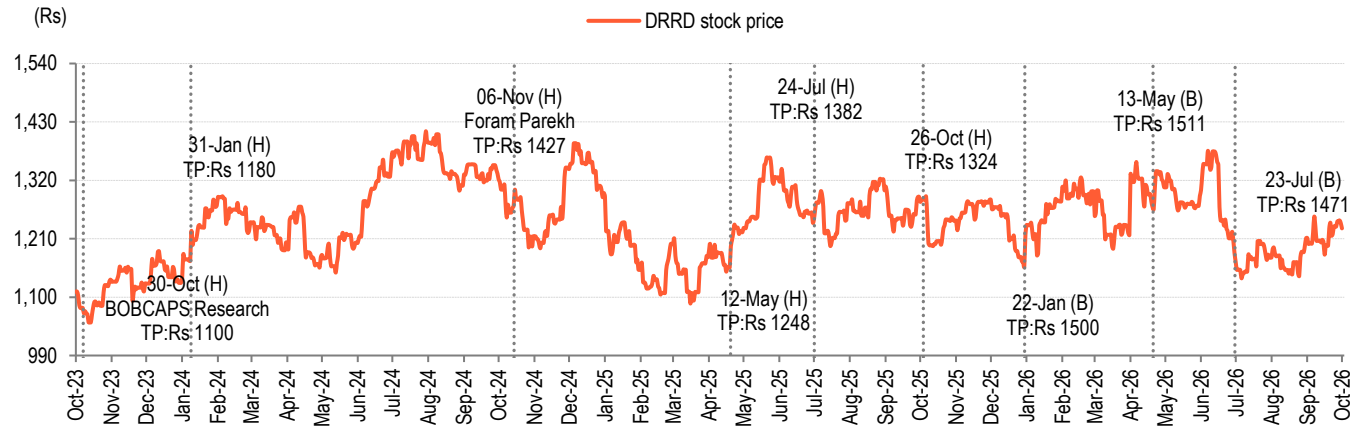
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Note: Recommendation structure changed with effect from 21 June 2021

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