

**BUY**

**TP: Rs 900 | ▲ 45%**

**SOMANY CERAMICS**

| Building Materials

| 15 May 2024

### Strong show in a challenging environment

- Beats our revenue/EBITDA estimate by 5%/14% due to better-than-expected tiles volume and improved margin
- Expect near-term pain but positive medium-term outlook on completion of large capex programme
- Maintain BUY with unchanged TP of Rs 900 on strong earnings growth prospects and reasonable valuations

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**Strong quarter:** SOMC beats our revenue/EBITDA estimates by 5%/14% due to better-than-expected tile volume (+7.3% YoY vs +5.5% estimate) and improved margin (+180bps YoY to 10.8% vs 9.9% estimate). Overall, SOMC revenue/EBITDA/APAT grew by 9%/30%/14% YoY in Q4FY24.

**Key highlights:** SOMC tiles volume grew at 4.2% on a 5Y CAGR basis in Q4FY24. Despite a higher share of GVT sales (+400bps YoY to 36%), gross margin fell sharply by 248bps YoY to 51.7% in Q4FY24 due to pricing pressure and higher discounts offered to dealers in weak market conditions. However, EBITDA margin improved by 180bps YoY to 10.8% in Q4FY24 due to benefit of lower energy cost.

**Guidance:** Management expects the domestic demand environment for tiles to remain weak in Q1FY25 due to the general elections, but expects it to pick up from H2FY25. SOMC aims to grow its tile volume at a low double-digit rate (vs 4-6% for the industry) in FY25. Management expects EBITDA margin to improve by 100-150bps YoY in FY25 in anticipation of better product mix (GVT share to rise by 200bps to 38%) and operating leverage benefit. It aims to increase the share of project sales from 20% in FY24 to 25-27% over the medium term. The company has a limited capex plan of Rs500mn-600mn for maintenance. The Nepal plant is expected to become operational by H2FY26 (Q3FY25 earlier).

**Maintain BUY:** We maintain our BUY rating on the stock as we see (a) strong earnings growth prospects (EPS to log 23% CAGR over FY24-FY26E); (b) better return ratios (ROE to rise from 11.4% in FY24 to 15.2% in FY26E) on improved margin profile due to the benefit of completion of major growth capex projects; and (c) reasonable valuation (trades at 22.1x on 1Y forward P/E vs 5Y average of 23.4x). We have cut our EPS estimates by 16.2%/19.1% for FY25/FY26 due to expected weak domestic demand in H1FY25, but we have kept our TP unchanged at Rs 900 as we roll forward our valuation from Sep'25 to Mar'26. Our target P/E remains unchanged at 25x Mar'26E EPS.

### Key changes

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

|                  |                |
|------------------|----------------|
| Ticker/Price     | SOMC IN/Rs 621 |
| Market cap       | US\$ 309.9mn   |
| Free float       | 45%            |
| 3M ADV           | US\$ 0.3mn     |
| 52wk high/low    | Rs 819/Rs 542  |
| Promoter/FPI/DII | 55%/1%/24%     |

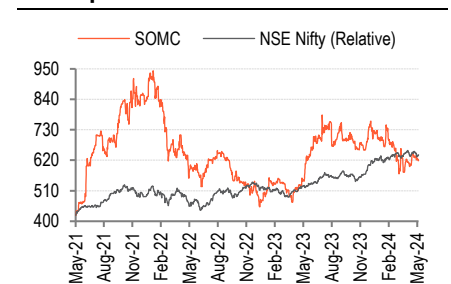
Source: NSE | Price as of 15 May 2024

### Key financials

| Y/E 31 Mar              | FY24A  | FY25E  | FY26E  |
|-------------------------|--------|--------|--------|
| Total revenue (Rs mn)   | 25,914 | 27,006 | 29,997 |
| EBITDA (Rs mn)          | 2,532  | 2,744  | 3,170  |
| Adj. net profit (Rs mn) | 983    | 1,085  | 1,481  |
| Adj. EPS (Rs)           | 24.0   | 26.5   | 36.1   |
| Consensus EPS (Rs)      | 24.0   | 34.0   | 42.8   |
| Adj. ROAE (%)           | 11.4   | 12.4   | 15.2   |
| Adj. P/E (x)            | 25.9   | 23.5   | 17.2   |
| EV/EBITDA (x)           | 8.9    | 8.3    | 7.4    |
| Adj. EPS growth (%)     | 37.0   | 10.4   | 36.5   |

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance



Source: NSE



**Fig 1 – Quarterly performance – Consolidated**

| Particulars (Rs mn)            | Q4FY24 | Q4FY23 | YoY (%)      | Q3FY24 | QoQ (%)      | FY24   | FY23   | YoY (%)      |
|--------------------------------|--------|--------|--------------|--------|--------------|--------|--------|--------------|
| Total operating income         | 7,375  | 6,792  | 8.6          | 6,121  | 20.5         | 25,914 | 24,785 | 4.6          |
| Raw-Material expense           | 3,561  | 3,111  | 14.5         | 2,728  | 30.5         | 11,979 | 10,694 | 12.0         |
| Gross Profit                   | 3,815  | 3,681  | 3.6          | 3,394  | 12.4         | 13,934 | 14,091 | (1.1)        |
| Employee expense               | 867    | 805    | 7.7          | 794    | 9.2          | 3,244  | 3,012  | 7.7          |
| Energy costs                   | 1,399  | 1,543  | (9.4)        | 1,252  | 11.7         | 5,219  | 6,523  | (20.0)       |
| Other expense                  | 754    | 723    | 4.3          | 757    | (0.4)        | 2,940  | 2,669  | 10.1         |
| EBITDA                         | 795    | 610    | 30.3         | 590    | 34.6         | 2,532  | 1,887  | 34.2         |
| D&A                            | 193    | 187    | 3.2          | 188    | 2.6          | 725    | 679    | 6.9          |
| EBIT                           | 602    | 423    | 42.3         | 402    | 49.6         | 1,807  | 1,209  | 49.5         |
| Interest cost                  | 134    | 116    | 15.4         | 109    | 23.4         | 465    | 404    | 15.1         |
| Non-operating expense/(income) | (49)   | (36)   | 36.9         | (41)   | 18.2         | (86)   | (124)  | (30.7)       |
| PBT                            | 516    | 342    | 50.9         | 334    | 54.3         | 1,428  | 929    | 53.8         |
| Tax                            | 177    | 98     | 81.0         | 100    | 76.5         | 434    | 259    | 67.4         |
| Reported PAT                   | 339    | 244    | 38.9         | 234    | 44.8         | 994    | 669    | 48.5         |
| Adjusted PAT                   | 287    | 252    | 13.7         | 213    | 34.7         | 983    | 741    | 32.7         |
| <b>As % of net revenues</b>    |        |        | <b>(bps)</b> |        | <b>(bps)</b> |        |        | <b>(bps)</b> |
| Gross margin                   | 51.7   | 54.2   | (248)        | 55.4   | (372)        | 53.8   | 56.9   | (308)        |
| Employee cost                  | 11.8   | 11.8   | (9)          | 13.0   | (122)        | 12.5   | 12.2   | 37           |
| Energy cost                    | 19.0   | 22.7   | (376)        | 20.5   | (150)        | 20.1   | 26.3   | (618)        |
| Other cost                     | 10.2   | 10.7   | (42)         | 12.4   | (214)        | 11.3   | 10.8   | 57           |
| EBITDA margin                  | 10.8   | 9.0    | 180          | 9.6    | 113          | 9.8    | 7.6    | 216          |
| Tax rate                       | 34.3   | 28.6   | 571          | 30.0   | 432          | 30.4   | 27.9   | 248          |
| APAT margin                    | 3.9    | 3.7    | 17           | 3.5    | 41           | 3.8    | 3.0    | 81           |

Source: Company, BOBCAPS Research

**Fig 2 – Segment financials**

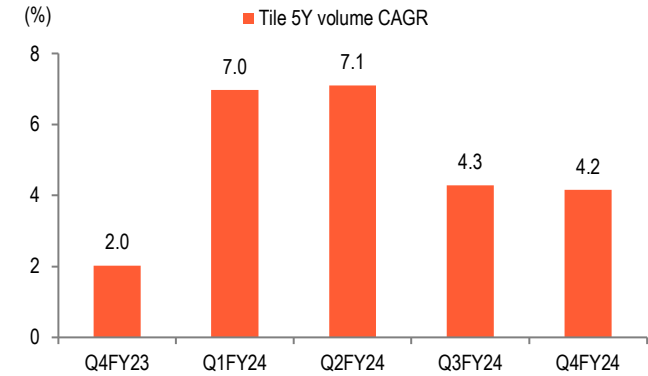
| Particulars                             | Q4FY24      | Q4FY23      | YoY (%)      | Q3FY24      | QoQ (%)      | FY24         | FY23         | YoY (%)      |
|---|-------------|-------------|--------------|-------------|--------------|--------------|--------------|--------------|
| <b>Tiles revenue (Rs mn)</b>            | 6,115       | 5,835       | 4.8          | 5,163       | 18.4         | 21,984       | 21,483       | 2.3          |
| - Own                                   | 2,100       | 2,153       | (2.5)        | 1,857       | 13.1         | 8,154        | 8,334        | (2.2)        |
| - JV                                    | 2,234       | 2,212       | 1.0          | 1,887       | 18.4         | 7,713        | 8,040        | (4.1)        |
| - Outsourced                            | 1,780       | 1,469       | 21.2         | 1,419       | 25.4         | 6,117        | 5,108        | 19.7         |
| Bathware                                | 796         | 742         | 7.2          | 653         | 21.9         | 2,671        | 2,450        | 9.0          |
| Adhesives                               | 183         | 107         | 70.4         | 153         | 19.8         | 597          | 332          | 79.6         |
| <b>Total</b>                            | <b>979</b>  | <b>849</b>  | <b>15.2</b>  | <b>806</b>  | <b>21.5</b>  | <b>3,267</b> | <b>2,782</b> | <b>17.4</b>  |
| <b>Tiles sales volume (MSM)</b>         |             |             |              |             |              |              |              |              |
| - Own                                   | 6.7         | 6.6         | 1.4          | 5.8         | 15.3         | 25.3         | 25.3         | 0.2          |
| - JV                                    | 6.7         | 6.4         | 5.2          | 5.6         | 20.9         | 22.6         | 23.1         | (2.3)        |
| - Outsourced                            | 5.5         | 4.6         | 18.6         | 4.4         | 24.5         | 19.0         | 15.5         | 22.9         |
| <b>Total</b>                            | <b>18.9</b> | <b>17.6</b> | <b>7.3</b>   | <b>15.8</b> | <b>19.9</b>  | <b>67.0</b>  | <b>63.9</b>  | <b>4.8</b>   |
| <b>Tiles Realisation (Rs/sqm)</b>       |             |             |              |             |              |              |              |              |
| - Own                                   | 314         | 326         | (3.8)        | 320         | (2.0)        | 322          | 330          | (2.4)        |
| - JV                                    | 333         | 347         | (4.0)        | 340         | (2.1)        | 341          | 348          | (1.8)        |
| - Outsourced                            | 325         | 318         | 2.2          | 323         | 0.7          | 321          | 330          | (2.6)        |
| <b>Blended</b>                          | <b>324</b>  | <b>332</b>  | <b>(2.3)</b> | <b>328</b>  | <b>(1.2)</b> | <b>328</b>   | <b>336</b>   | <b>(2.3)</b> |
| <b>Blended EBITDA per unit (Rs/sqm)</b> | <b>42.1</b> | <b>34.6</b> | <b>21.5</b>  | <b>37.5</b> | <b>12.3</b>  | <b>37.8</b>  | <b>29.5</b>  | <b>28.1</b>  |

Source: Company, BOBCAPS Research

## Earnings call highlights

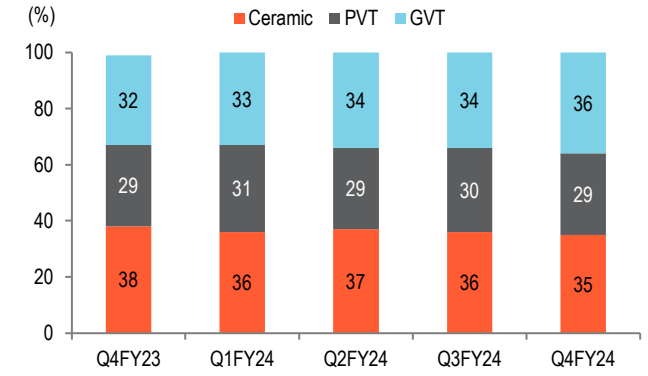
- **Tile demand:** Tile industry demand was quite sluggish in the domestic and export markets in Q4FY24. Demand is expected to remain weak in Q1FY25 due to elections, but to improve from H2FY25 due to good pick-up in real estate activity. The domestic tile market is expected to grow at 4-6% YoY in FY24.
- **Pricing scenario:** Domestic tile prices came under pressure in Q4FY24 due to weak demand in the domestic and export markets. However, management believes prices have bottomed out and does not expect them to fall further. SOMC's tile realisation is expected to improve due to the rising share of GVT sales.
- **Volume outlook:** SOMC targets to grow its tile volumes at a low double-digit rate in FY25.
- **Margin outlook:** SOMC expects its margin to improve by 100-150bps YoY in FY25, driven by better product mix and operating leverage benefit.
- **Product mix:** GVT share rose 200bps YoY to 34% in FY24 and is expected to improve further to 38% in FY25 and 40% going forward.
- **Large slab tiles:** SOMC commissioned its greenfield large slab GVT tile facility in the month of Jan'24. The plant is currently operating at 40-50% and is expected to improve to more than 80% by Mar'25.
- **Retail sales mix:** The share of government/private projects/retail sales is 12%:8%:80% for FY24. The company targets the share of project sales to increase from 20% in FY24 to 25-27% over the medium term.
- **Bathware:** Revenue grew by 7% YoY in Q4FY24 due to weak demand environment, but it is expected to grow at a double-digit rate in FY25.
- **Brand spend:** SOMC aims to increase ad spend from 2.5% in FY24 to 3.0% in FY25.
- **Dealers:** The company added 110 net dealers in FY24 and plans to add another 100-150 dealers in FY25.
- **Capex:** SOMC plans to spend Rs 500mn-600mn in FY25 on maintenance capex. The Nepal plant is expected to become operational by H2FY26 (vs earlier guidance of Q3FY25).

**Fig 3 – SOMC’s tile volumes grew by 7.3% YoY and 4.2% on a 5Y CAGR basis in Q4FY24**



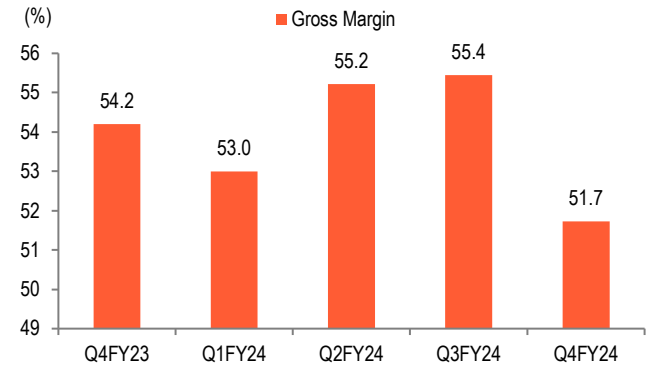
Source: Company, BOBCAPS Research

**Fig 4 – SOMC product mix improved due to rising share of GVT sales volume**



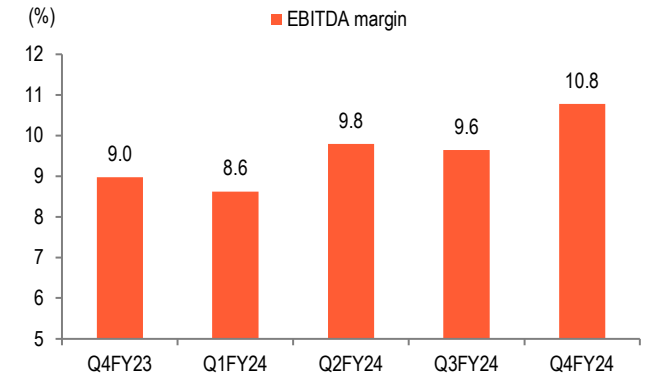
Source: Company, BOBCAPS Research

**Fig 5 – Gross margin contracted sharply in Q4FY24 due to pricing pressure in weak market conditions**



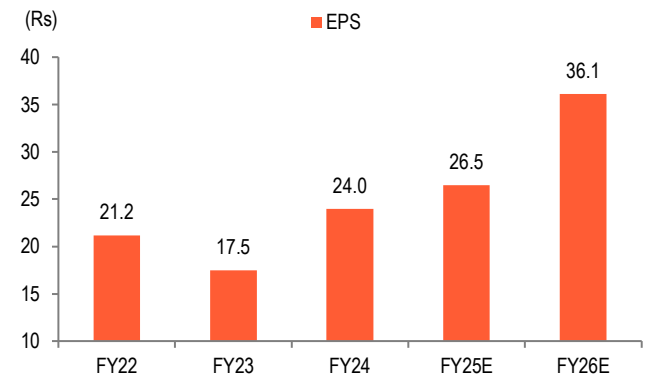
Source: Company, BOBCAPS Research

**Fig 6 – However, EBITDA margin improved in Q4FY24 on lower energy cost and operating leverage benefits**



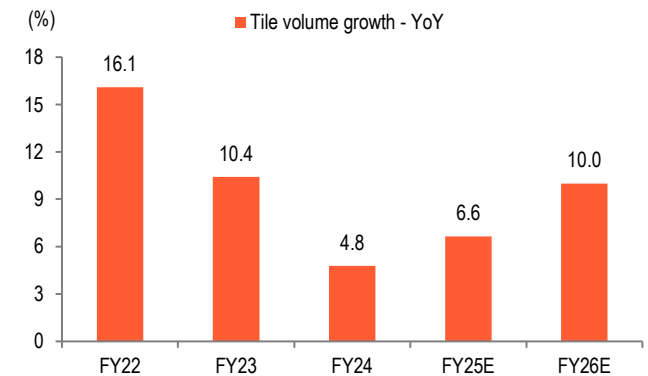
Source: Company, BOBCAPS Research

**Fig 7 – EPS projected to clock a healthy 23% CAGR over FY24-FY26...**



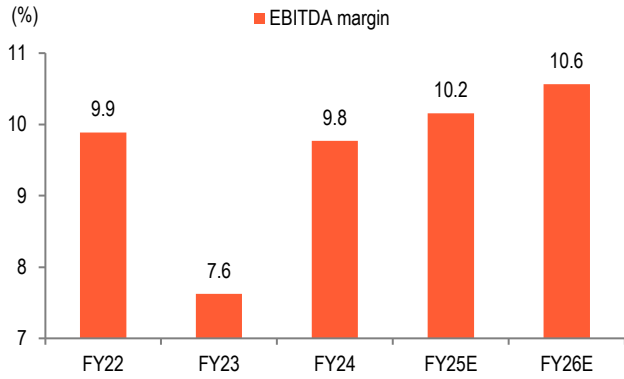
Source: Company, BOBCAPS Research

**Fig 8 – ... on expectation of reasonable 8.3% volume CAGR...**



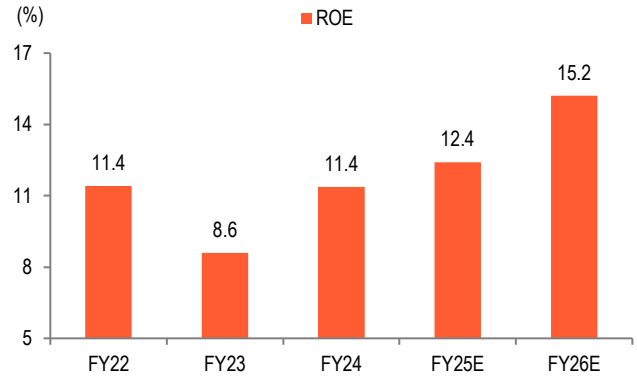
Source: Company, BOBCAPS Research

**Fig 9 – ... and improvement in EBITDA margin due to better mix and operating leverage**



Source: Company, BOBCAPS Research

**Fig 10 – ROE projected to improve on healthy earnings and completion of major growth capex**



Source: Company, BOBCAPS Research

## Valuation methodology

We maintain our BUY rating on the stock as we see (a) strong earnings growth prospects (EPS to log 23% CAGR over FY24-FY26); (b) better return ratios (ROE to rise from 11.4% in FY24 to 15.2% in FY26) on improved margin profile due to benefit of completion of major growth capex projects; and (c) reasonable valuation (trades at 22.1x on 1Y forward P/E vs 5Y average of 23.4x).

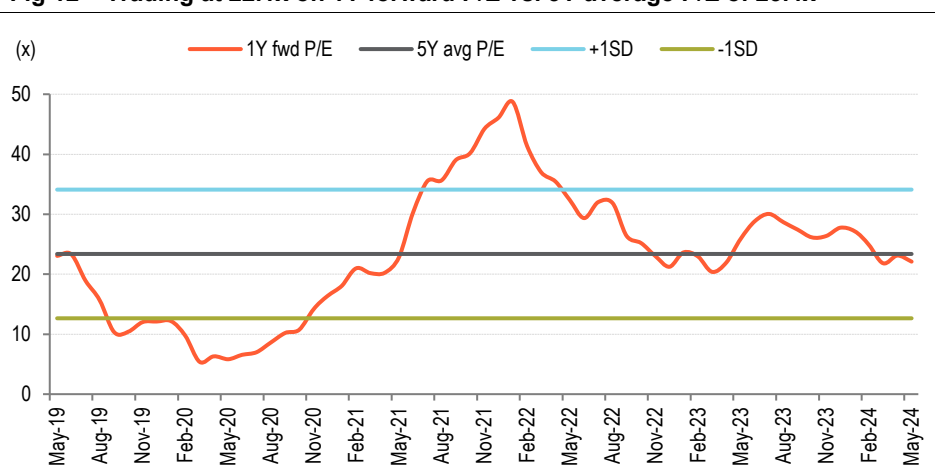
We have cut our EPS estimates by 16.2%/19.1% for FY25/FY26 due to expected weak domestic demand in H1FY25, but we have kept our TP unchanged at Rs 900 as we roll forward our valuation from Sep'25 to Mar'26. Our target P/E remains unchanged at 25x Mar'26E EPS.

**Fig 11 – Revised estimates**

| Consolidated (Rs bn)   | New   |       | Old   |       | Change (%) |         |
|------------------------|-------|-------|-------|-------|------------|---------|
|                        | FY25E | FY26E | FY25E | FY26E | FY25E      | FY26E   |
| Total operating income | 27.0  | 30.0  | 27.8  | 30.9  | (2.8)      | (2.8)   |
| EBITDA                 | 2.7   | 3.2   | 2.8   | 3.4   | (3.6)      | (6.9)   |
| EBITDA Margin          | 10.2  | 10.6  | 10.2  | 11.0  | (8bps)     | (46bps) |
| Adjusted PAT           | 1.1   | 1.5   | 1.3   | 1.8   | (16.1)     | (19.1)  |
| EPS                    | 26.5  | 36.1  | 31.6  | 44.7  | (16.2)     | (19.1)  |

Source: BOBCAPS Research

**Fig 12 – Trading at 22.1x on 1Y forward P/E vs. 5Y average P/E of 23.4x**



Source: Bloomberg, BOBCAPS Research

**Fig 13 – Key assumptions**

| Particulars (%)         | FY21A | FY22A | FY23A | FY24A | FY25E | FY26E |
|-------------------------|-------|-------|-------|-------|-------|-------|
| Tile Volume Growth      | 2.0   | 16.1  | 10.4  | 4.8   | 6.6   | 10.0  |
| Tile Realisation Growth | 0.5   | 10.0  | 6.0   | (2.3) | (0.7) | 0.3   |
| Tile Revenue Growth     | 2.6   | 27.7  | 17.0  | 2.3   | 5.9   | 10.3  |
| Non-Tile Revenue Growth | 0.7   | 23.4  | 23.8  | 17.4  | 13.9  | 16.0  |
| Non-Tile Revenue Share  | 11.2  | 10.9  | 11.5  | 12.9  | 13.8  | 14.4  |

Source: Company, BOBCAPS Research

## Key risks

Key downside risks to our estimates are:

- weak tiles exports from India on a sustained basis,
- poor offtake of the recently launched large slab GVT tiles, and
- below-expected recovery in operating margin.

## Sector recommendation snapshot

| Company                  | Ticker      | Market Cap (US\$ bn) | Price (Rs) | Target (Rs) | Rating |
|--------------------------|-------------|----------------------|------------|-------------|--------|
| Apollo Pipes             | APOLP IN    | 0.3                  | 610        | 600         | SELL   |
| Astral                   | ASTRA IN    | 7.2                  | 2,213      | 2,000       | HOLD   |
| Century Plyboards        | CPBI IN     | 1.8                  | 665        | 700         | HOLD   |
| Cera Sanitaryware        | CRS IN      | 1.1                  | 7,174      | 7,700       | HOLD   |
| Finolex Industries       | FNXP IN     | 2.3                  | 305        | 265         | HOLD   |
| Greenlam Industries      | GRLM IN     | 0.9                  | 588        | 500         | HOLD   |
| Greenpanel Industries    | GREENP IN   | 0.4                  | 295        | 340         | HOLD   |
| Greenply Industries      | MTLM IN     | 0.4                  | 241        | 300         | BUY    |
| Hindware Home Innovation | HINDWARE IN | 0.3                  | 370        | 600         | BUY    |
| Kajaria Ceramics         | KJC IN      | 2.3                  | 1,205      | 1,400       | BUY    |
| Prince Pipes & Fittings  | PRINCP IN   | 0.9                  | 648        | 650         | HOLD   |
| Somany Ceramics          | SOMC IN     | 0.3                  | 621        | 900         | BUY    |
| Supreme Industries       | SI IN       | 8.3                  | 5,394      | 4,650       | HOLD   |

Source: BOBCAPS Research, NSE | Price as of 15 May 2024

## Financials

### Income Statement

| Y/E 31 Mar (Rs mn)         | FY22A         | FY23A         | FY24A         | FY25E         | FY26E         |
|----------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Total revenue</b>       | <b>20,945</b> | <b>24,785</b> | <b>25,914</b> | <b>27,006</b> | <b>29,997</b> |
| EBITDA                     | 2,071         | 1,889         | 2,532         | 2,744         | 3,170         |
| Depreciation               | 640           | 679           | 725           | 739           | 767           |
| EBIT                       | 1,431         | 1,211         | 1,807         | 2,004         | 2,403         |
| Net interest inc./(exp.)   | (296)         | (404)         | (465)         | (497)         | (477)         |
| Other inc./(exp.)          | 134           | 145           | 106           | 108           | 130           |
| Exceptional items          | 5             | 2             | 0             | 0             | 0             |
| EBT                        | 1,264         | 950           | 1,449         | 1,615         | 2,055         |
| Income taxes               | 329           | 259           | 434           | 406           | 451           |
| Extraordinary items        | 0             | 22            | 21            | 0             | 0             |
| Min. int./Inc. from assoc. | (47)          | 46            | (25)          | (123)         | (123)         |
| <b>Reported net profit</b> | <b>887</b>    | <b>715</b>    | <b>969</b>    | <b>1,085</b>  | <b>1,481</b>  |
| Adjustments                | 12            | 28            | 14            | 0             | 0             |
| <b>Adjusted net profit</b> | <b>899</b>    | <b>743</b>    | <b>983</b>    | <b>1,085</b>  | <b>1,481</b>  |

### Balance Sheet

| Y/E 31 Mar (Rs mn)              | FY22A         | FY23A         | FY24A         | FY25E         | FY26E         |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| Accounts payables               | 2,602         | 3,777         | 5,593         | 5,860         | 6,509         |
| Other current liabilities       | 1,117         | 1,277         | 1,288         | 1,288         | 1,288         |
| Provisions                      | 17            | 52            | 48            | 50            | 56            |
| Debt funds                      | 4,765         | 4,884         | 3,351         | 3,396         | 3,520         |
| Other liabilities               | 1,082         | 1,176         | 1,229         | 1,229         | 1,229         |
| Equity capital                  | 85            | 85            | 82            | 82            | 82            |
| Reserves & surplus              | 7,178         | 7,785         | 7,119         | 8,067         | 9,360         |
| Shareholders' fund              | 8,339         | 8,945         | 8,330         | 9,154         | 10,325        |
| <b>Total liab. and equities</b> | <b>17,923</b> | <b>20,111</b> | <b>19,838</b> | <b>20,978</b> | <b>22,926</b> |
| Cash and cash eq.               | 2,086         | 1,864         | 855           | 1,630         | 2,007         |
| Accounts receivables            | 2,368         | 2,683         | 3,372         | 3,514         | 3,904         |
| Inventories                     | 2,737         | 3,915         | 3,466         | 3,802         | 4,191         |
| Other current assets            | 669           | 532           | 522           | 547           | 607           |
| Investments                     | 0             | 0             | 0             | 0             | 0             |
| Net fixed assets                | 7,102         | 9,647         | 10,750        | 10,611        | 10,344        |
| CWIP                            | 2,267         | 473           | 96            | 96            | 1,096         |
| Intangible assets               | 419           | 504           | 458           | 458           | 458           |
| Deferred tax assets, net        | 41            | 84            | 81            | 81            | 81            |
| Other assets                    | 235           | 409           | 238           | 238           | 238           |
| <b>Total assets</b>             | <b>17,923</b> | <b>20,111</b> | <b>19,838</b> | <b>20,978</b> | <b>22,926</b> |

### Cash Flows

| Y/E 31 Mar (Rs mn)                 | FY22A          | FY23A          | FY24A          | FY25E        | FY26E          |
|------------------------------------|----------------|----------------|----------------|--------------|----------------|
| <b>Cash flow from operations</b>   | <b>2,039</b>   | <b>1,566</b>   | <b>3,893</b>   | <b>1,980</b> | <b>2,412</b>   |
| Capital expenditures               | (2,753)        | (1,515)        | (1,406)        | (600)        | (1,500)        |
| Change in investments              | 0              | 0              | 0              | 0            | 0              |
| Other investing cash flows         | 129            | 121            | 86             | 108          | 130            |
| <b>Cash flow from investing</b>    | <b>(2,624)</b> | <b>(1,394)</b> | <b>(1,320)</b> | <b>(492)</b> | <b>(1,370)</b> |
| Equities issued/Others             | 0              | 0              | (3)            | 0            | 0              |
| Debt raised/repaid                 | 531            | 118            | (1,533)        | 45           | 124            |
| Interest expenses                  | (296)          | (404)          | (465)          | (497)        | (477)          |
| Dividends paid                     | (129)          | (132)          | (125)          | (138)        | (188)          |
| Other financing cash flows         | 130            | 70             | (1,482)        | (246)        | (246)          |
| <b>Cash flow from financing</b>    | <b>235</b>     | <b>(348)</b>   | <b>(3,607)</b> | <b>(835)</b> | <b>(787)</b>   |
| <b>Chg in cash &amp; cash eq.</b>  | <b>(350)</b>   | <b>(177)</b>   | <b>(1,034)</b> | <b>653</b>   | <b>254</b>     |
| <b>Closing cash &amp; cash eq.</b> | <b>2,086</b>   | <b>1,864</b>   | <b>855</b>     | <b>1,630</b> | <b>2,007</b>   |

### Per Share

| Y/E 31 Mar (Rs)      | FY22A | FY23A | FY24A | FY25E | FY26E |
|----------------------|-------|-------|-------|-------|-------|
| Reported EPS         | 20.9  | 16.8  | 23.6  | 26.5  | 36.1  |
| Adjusted EPS         | 21.2  | 17.5  | 24.0  | 26.5  | 36.1  |
| Dividend per share   | 3.0   | 3.0   | 3.0   | 3.4   | 4.6   |
| Book value per share | 171.1 | 185.4 | 175.6 | 198.8 | 230.3 |

### Valuations Ratios

| Y/E 31 Mar (x) | FY22A | FY23A | FY24A | FY25E | FY26E |
|----------------|-------|-------|-------|-------|-------|
| EV/Sales       | 1.1   | 0.9   | 0.9   | 0.8   | 0.8   |
| EV/EBITDA      | 10.8  | 12.3  | 8.9   | 8.3   | 7.4   |
| Adjusted P/E   | 29.3  | 35.5  | 25.9  | 23.5  | 17.2  |
| P/BV           | 3.6   | 3.4   | 3.5   | 3.1   | 2.7   |

### DuPont Analysis

| Y/E 31 Mar (%)               | FY22A | FY23A | FY24A | FY25E | FY26E |
|------------------------------|-------|-------|-------|-------|-------|
| Tax burden (Net profit/PBT)  | 71.1  | 78.2  | 67.9  | 67.2  | 72.1  |
| Interest burden (PBT/EBIT)   | 88.3  | 78.5  | 80.2  | 80.6  | 85.5  |
| EBIT margin (EBIT/Revenue)   | 6.8   | 4.9   | 7.0   | 7.4   | 8.0   |
| Asset turnover (Rev./Avg TA) | 116.9 | 123.2 | 130.6 | 128.7 | 130.8 |
| Leverage (Avg TA/Avg Equity) | 2.3   | 2.3   | 2.3   | 2.4   | 2.4   |
| Adjusted ROAE                | 11.4  | 8.6   | 11.4  | 12.4  | 15.2  |

### Ratio Analysis

| Y/E 31 Mar                                   | FY22A | FY23A  | FY24A | FY25E | FY26E |
|--|-------|--------|-------|-------|-------|
| <b>YoY growth (%)</b>                        |       |        |       |       |       |
| Revenue                                      | 26.9  | 18.3   | 4.6   | 4.2   | 11.1  |
| EBITDA                                       | 6.8   | (8.8)  | 34.0  | 8.3   | 15.5  |
| Adjusted EPS                                 | 23.8  | (17.3) | 37.0  | 10.4  | 36.5  |
| <b>Profitability &amp; Return ratios (%)</b> |       |        |       |       |       |
| EBITDA margin                                | 9.9   | 7.6    | 9.8   | 10.2  | 10.6  |
| EBIT margin                                  | 6.8   | 4.9    | 7.0   | 7.4   | 8.0   |
| Adjusted profit margin                       | 4.3   | 3.0    | 3.8   | 4.0   | 4.9   |
| Adjusted ROAE                                | 11.4  | 8.6    | 11.4  | 12.4  | 15.2  |
| ROCE   | 11.9  | 9.8    | 16.4  | 16.8  | 18.3  |
| <b>Working capital days (days)</b>           |       |        |       |       |       |
| Receivables                                  | 41    | 40     | 47    | 47    | 47    |
| Inventory                                    | 48    | 58     | 49    | 51    | 51    |
| Payables                                     | 45    | 56     | 79    | 79    | 79    |
| <b>Ratios (x)</b>                            |       |        |       |       |       |
| Gross asset turnover                         | 2.3   | 2.2    | 1.9   | 1.8   | 2.0   |
| Current ratio                                | 1.2   | 1.1    | 1.0   | 1.1   | 1.1   |
| Net interest coverage ratio                  | 4.8   | 3.0    | 3.9   | 4.0   | 5.0   |
| Adjusted debt/equity                         | 0.3   | 0.3    | 0.3   | 0.2   | 0.1   |

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



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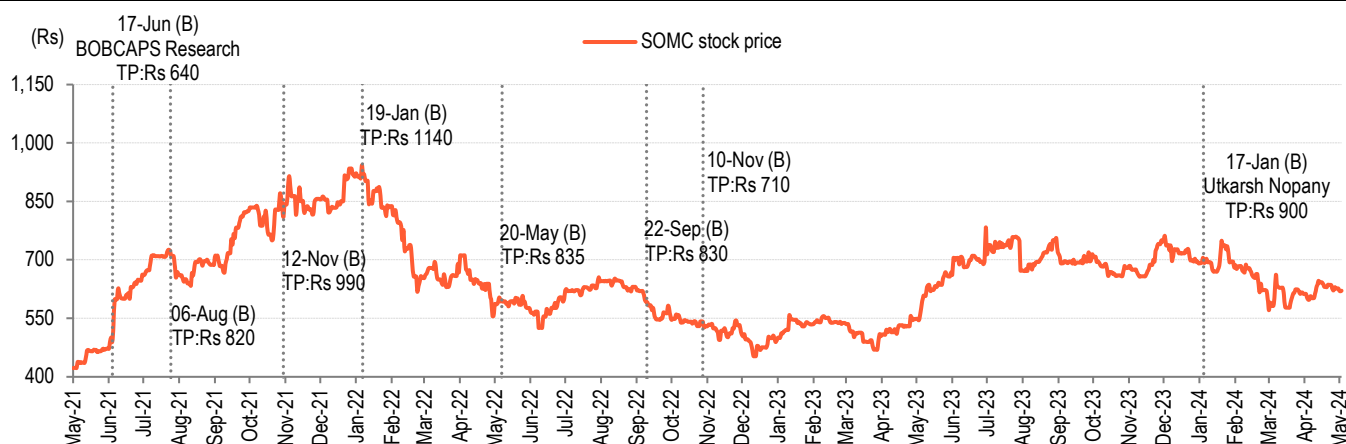
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**Note:** Recommendation structure changed with effect from 21 June 2021

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