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HOLD
TP: Rs 175 | ⮝ 7%

TATA STEEL | Metals & Mining | 02 August 2024

Project delivery and transition to support earnings growth

- **Q1 results confirmed a rebound in Netherlands for recovery from losses in Europe and stable profitability in India operations**
- **TATA is gearing to deliver India expansion in H2, progressing on TSUK transition and has initiated discussions on TSN transition**
- **Retain HOLD on TATA with TP of Rs 175, structural resolution of China's surplus capacity is a key upside trigger for the sector**

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In-line India and Europe operations in Q1: While EBITDA was 9%/12% ahead of Bloomberg consensus and our forecasts, both India and Europe operations were broadly in line with our forecasts and the difference was due to consolidation and other operations. India operations pullback was due to softer demand during the election period. Europe operations losses remained stable as improvement in TSN offset widening losses in TSUK.

Contingent liabilities: TATA highlighted its Rs 184bn contingent liabilities related to erstwhile demand on royalty from the state. While the Supreme Court has clarified that the MMDRA Act does not limit the state's right to levy, it has reserved judgement for its applicability. We will need to watch for steps taken by the central government to resolve this issue to limit the tax burden on industry.

UK transition on track: TSUK has been progressing with closures as per the plan. The new UK government remains supportive of transition to EAF to improve sustainability of the UK steel industry. It is engaging with TSUK to analyse feasibility of expanding scope of downstream operations in UK.

India projects on track: TATA maintained the start-up of the TSK-2 blast furnace by Sep, which could add 1.4mt of volumes in H2FY25 and operate at close to full 5mtpa capacity in FY26. TATA plans to start up an annealing line in Aug and a galvanising line later this year at its 2.2mtpa CRM complex.

Return to growth: We believe earnings bottomed out in FY24. On a weaker base of FY24, we build in a 24% EBITDA CAGR for TATA over FY24-FY27E. We look for ~50% recovery in FY25 as TATA arrests losses in Europe and another ~25% growth in FY26 on the back of the ramp-up of TSK-2.

Maintain HOLD: We broadly maintain our forecasts and TP of Rs 175. With a ~40% run-up since the lows in Nov'23, we believe risk-reward has turned unfavourable. The stock has been trading close to 1 standard deviation above historical mean/median valuation over the past 10 years.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	TATA IN/Rs 163
Market cap	US$ 23.9bn
Free float	67%
3M ADV	US$ 94.3mn
52wk high/low	Rs 185/Rs 115
Promoter/FPI/DII	33%/20%/24%

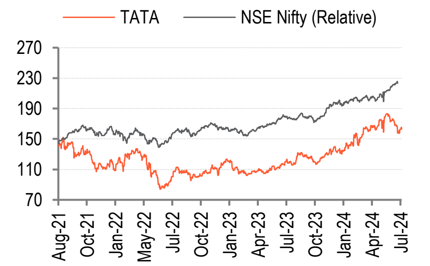
Source: NSE | Price as of 1 Aug 2024

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs bn)	2,273	2,304	2,545
EBITDA (Rs bn)	223	333	422
Adj. net profit (Rs bn)	(44)	122	188
Adj. EPS (Rs)	(3.6)	9.9	15.3
Consensus EPS (Rs)	(3.6)	10.3	14.4
Adj. ROAE (%)	(4.5)	12.8	17.9
Adj. P/E (x)	(45.1)	16.4	10.6
EV/EBITDA (x)	11.6	8.2	6.6
Adj. EPS growth (%)	(150.4)	(374.4)	54.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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In-line India and Europe operations in Q1

Q1 results: While the consolidated revenue at Rs 548bn was 3% below Bloomberg consensus, adjusted EBITDA at Rs 70bn was 9% ahead of consensus and 12% of our forecast. While India and Europe EBITDA forecasts were in line, the difference was due to a consolidation effect and other operations contributing a positive delta. The reported net profit at Rs 9bn was lower than consensus of Rs 12bn but higher than our estimate of Rs 8bn.

Fig 1 – TATA Q1 vs consensus and our forecasts

(Rs bn)	Q1FY25	Consensus	Delta	BOBCAPS	Delta
Revenue from operations	547.7	563.4	(2.8)	568.1	(3.6)
Adj. EBITDA	69.5	63.8	8.9	62.1	12.0
Net income to owners	9.6	12.2	(21.0)	7.6	26.7

Source: Company, Bloomberg, BOBCAPS Research

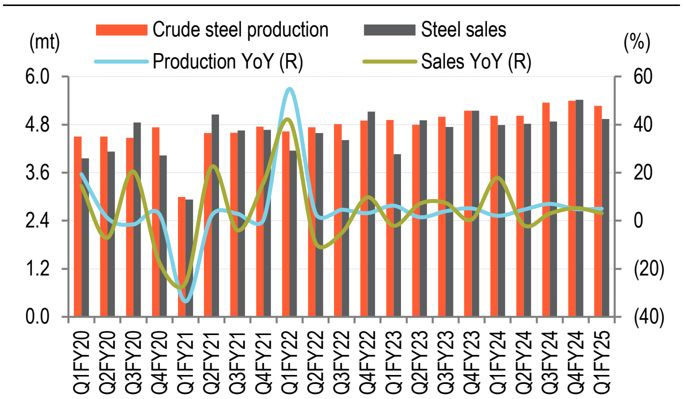
India operations were in line: The EBITDA at Rs 70bn was 2% above our forecasts. The 15% sequential decline was primarily driven by seasonal and election-driven pullback in volumes (-9%) and its consequent impact on EBITDA margin (-5%). India EBITDA/t was down Rs 1.0k/t to Rs 14.3k/t driven by decline in standalone operations of Rs 1.5k/t QoQ.

Europe recovering from losses: TSN (Netherlands) EBITDA recovered GBP 48/t QoQ with ramp-up in utilisation of relined blast furnace and contributed Rs 4.5bn. UK EBITDA loss widened to US$ 170/t or -Rs 9.5bn with increase in purchases of finished and semi-finished goods and impairment of coal stocks upon closure of coke ovens.

Exceptional charge: The company booked an exceptional charge of Rs 3.6bn relating to electoral fund in India and increase in redundancy in UK (Rs 1.8bn additional).

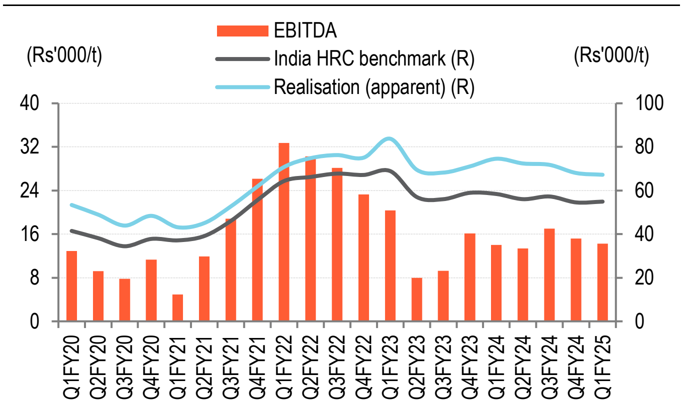
Net debt increased: The net debt increased by Rs 46bn to Rs 821.6bn, with the net debt to EBITDA ratio at 3.3x. The buildup of inventories in India ahead of the monsoon and UK ahead of blast furnace closure resulted in working capital build of Rs 54bn.

Fig 2 – India sales were soft in Q1



Source: Company, BOBCAPS Research

Fig 3 – India EBITDA margin was sequentially lower with pullback in volume



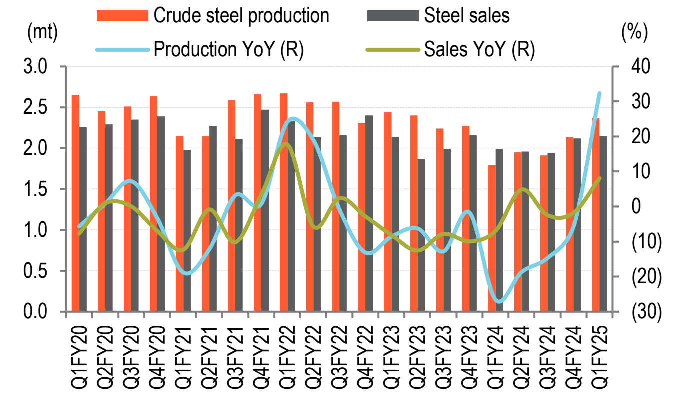
Source: Company, BOBCAPS Research

Fig 4 – Quarterly performance

(Rs bn)	Q1FY25	Q4FY24	QoQ (%)	Q1FY24	YoY (%)
Consolidated P&L					
Revenue from operations	548	587	(6.7)	595	(7.9)
Adj. EBITDA	**70**	**70**	**(0.3)**	**53**	**30.3**
EBIT	42	40	3.1	28	50.6
PBT before exceptionals	27	24	13.8	18	48.5
PAT	9	6	65.6	5	75.0
Net income to owners	**10**	**6**	**56.9**	**6**	**51.4**
EPS (Rs)	0.8	0.5	57.1	0.5	48.1
Effective tax rate (%)	53.3	52.2		72.2	
Adj. EBITDA break-up					
Standalone (incl BSL)	68	82	(17.4)	67	1.5
India	**70**	**82**	**(14.7)**	**67**	**5.5**
Europe	**(5)**	**(7)**	**24.3**	**(16)**	**68.2**
Others	4	(6)	167.5	2	76.7
Consolidated	**70**	**70**	**(0.3)**	**53**	**30.3**
India business operational parameters					
Production (mt)	5.3	5.4	(2.4)	5.0	5.0
Sales (mt)	4.9	5.4	(8.9)	4.8	3.1
Apparent realisation (Rs'000/t)	67.2	68.0	(1.2)	73.8	(9.0)
Adj. EBITDA (Rs'000/t)	**14.2**	**15.2**	**(6.4)**	**13.9**	**2.3**
TSN business operational parameters					
Production (mt)	1.7	1.5	14.2	0.9	79.8
Sales (mt)	1.5	1.4	2.8	1.4	7.3
Apparent realisation (Rs'000/t)	96.4	97.3	(0.9)	109.7	(12.1)
Adj. EBITDA (Rs'000/t)	3.1	(2.1)	248.9	(8.6)	136.0
Adj. EBITDA (US$/t)	**37**	**(25)**	**248.2**	**(104)**	**135.5**
TSUK business operational parameters					
Production (mt)	0.7	0.7	3.0	0.9	(20.0)
Sales (mt)	0.7	0.7	(1.4)	0.8	(9.3)
Apparent realisation (Rs'000/t)	100.1	98.6	1.6	103.2	(2.9)
Adj. EBITDA (Rs'000/t)	(14.0)	(5.6)	(149.8)	(5.3)	(164.7)
Adj. EBITDA (US$/t)	**(168)**	**(68)**	**(148.6)**	**(65)**	**(161.0)**
Consolidated operational parameters					
Production (mt)	8.0	7.9	1.0	7.1	12.2
Sales (mt)	7.4	8.0	(7.4)	7.2	2.6
Apparent realisation (Rs'000/t)	74.1	73.5	0.8	82.6	(10.3)
Adj. EBITDA (Rs'000/t)	**9.4**	**8.7**	**7.7**	**7.4**	**26.9**

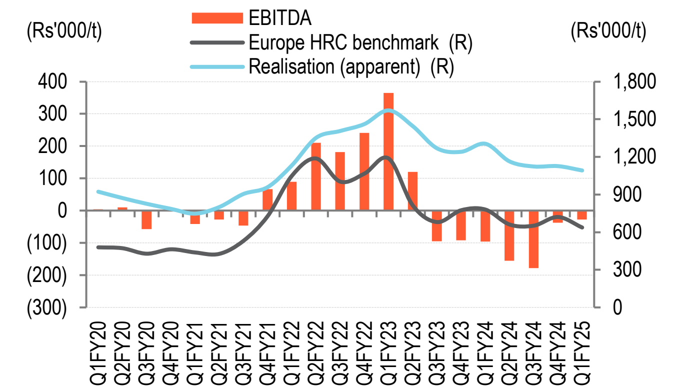
Source: Company, BOBCAPS Research

Fig 5 – Europe sales recovered with ramp-up of blast furnace in Netherlands



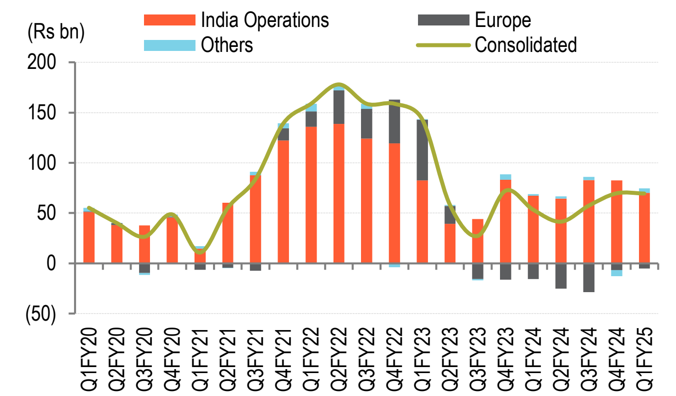
Source: Company, BOBCAPS Research

Fig 6 – ~~Europe~~ EBITDA recovery in TSN offset widening losses in UK



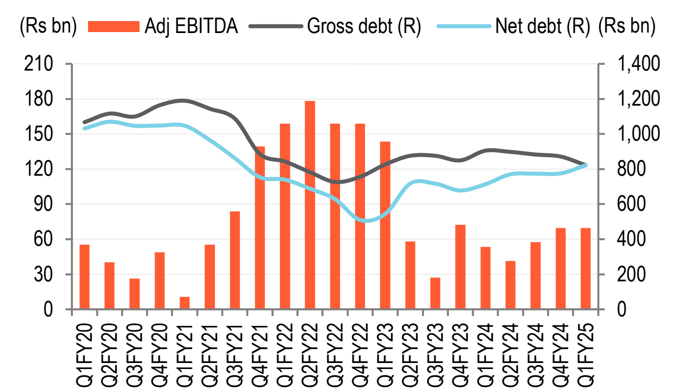
Source: Company, BOBCAPS Research

Fig 7 – Consolidated EBITDA declined sequentially



Source: Company, BOBCAPS Research

Fig 8 – Net debt increased sequentially on working capital build up in India and UK



Source: Company, BOBCAPS Research

Guidance ahead

Q2 guidance: TATA's Q2 guidance suggests a flat margin in India operations and decline in margin in Netherlands operations.

Fig 9 – TATA: Q2 guidance

Operation	Realisation	Coking coal cost	Iron ore cost	Implication on Q2 margin
India	Rs 1.5k/t lower	US$ 15/t lower	-	Flat QoQ
TSN	GBP 60/t lower	US$ 26/t lower	US$ 17/t lower	Marginal decline QoQ
TSUK	Flat QoQ	-	US$ 7/t lower	Will depend on transition cost

Source: Company, BOBCAPS Research

India projects on track: TATA reaffirmed guidance of Sep start-up for the TSK-2 blast furnace. TATA previously guided for 70% utilisation in H2FY25. Tata aims to complete relining of 0.5mt blast furnace at the erstwhile Usha Martin operations. TATA aims to start the annealing line in Aug and galvanising line by the end of FY25.

Capex: The capital expenditure spend was Rs 37.8bn in Q1 against annual guidance of Rs 160bn.

40mt still possible by FY30: TATA is working to approve NINL expansion (1mt to 5mt) by H2FY25 and then follow-up with approval for TSK 3 expansion (8mt to 13mt) upon completion of TSK-2 expansion. That would be followed by approval of TSM expansion (5mt to 6.5mt). Separately TATA has approved 0.75mt EAF at Ludhiana and is targeting commissioning by Mar'26. These projects support ramp-up of capacity from 25mt to 37mt. Additional EAFs and brownfield expansion could help TATA reach its goal of 40mt by FY30.

Contingent liability related to legacy demands on royalty

TATA has highlighted its disclosure of Rs 173.4bn of contingent liability relating to erstwhile demand from Odisha for royalty at the rate of 15% of value arrived by average of past two years production and IBM price.

After Odisha state notified this, the Hon'ble High Court held that the state does not have the authority to levy tax on minerals. Recently, a nine judge bench of the Supreme Court clarified that there is no limitation in the MMRDA Act to limit the state from levying royalty on minerals. However, the Supreme Court has reserved its judgment for deciding on its applicability on a retrospective basis. After the clarification from the Supreme Court, various courts will have to decide pending cases in this regard.

The dispute can potentially be resolved if the Centre steps in to clarify the role of states under the MMDRA (Mines and Minerals Development Act) or move towards working out equitable distribution of levies with the state.

TSUK transition

Closures underway: Tata Steel UK (TSUK) closed a coke oven unit in Q4, a blast furnace (BF) in early Jul and plans to close BF-2 by Sep'24, and gradually wind down heavy end assets thereafter with the shutdown of the Continuous Annealing Processing Line (CAPL) by Mar'25.

EAF transition not at risk: The new government in UK is supportive of the planned transition to EAF to improve sustainability of steel operations. They are currently discussing expansion of scope into further downstream operations supported by additional aids.

Requirement of slabs: TATA is working with the UK government to work out an arrangement to import slabs into the UK without levy of tariff. After the shutdown of the blast furnaces, TSUK will require 1.7mt of slabs in H2FY25 and 3mt in FY26 to continue running downstream operations. In FY25, TATA will supply 0.6mt of slabs from TSN and 1.1mt from India. For FY26, TATA may look at external suppliers to bridge the gap.

TSN transition

TSN to be net debt free soon: While TSN net debt increased to GBP 600mn-800mn due to disruption of operation due to blast furnace relining, TSN will turn net debt free over the next 15 months.

Transition timeline: While TSN started engaging with the government, the start of transition may be a year behind the TSUK transition.

Transition to be locally funded: TSN Is working with the government to support the transition with internal accruals, state aid and related project funding.

Funding of subsidiaries

NINL equity funding: TATA has planned an infusion of Rs 60bn of equity into Neelachal Ispat Nigam to redeem existing non-convertible redeemable preference shares.

Overseas funding: TATA has planned for US$ 2.1bn to fund UK losses during transition (US$ 600mn), repayment of loan with TSUK (U$ 200mn), repayment of ABJA funding (US$ 800mn) and repayment of Singapore loan (US$ 750mn). TATA aims to utilise the India business as its main vehicle to park debt due to its tax efficiency.

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Valuation methodology

Forecast changes

Accounting for the Q1FY25 results and changes to our commodity price forecasts, we tweak our FY25 EBITDA estimates by -2.3% and FY26 by -0.2%.

We introduce our FY27 forecasts, and build in EBITDA CAGR of 25% over FY24-27E. We believe earnings have bottomed out in FY24 and expect EBITDA to recover by 53% in FY25, surpassing FY23 levels as TATA stems losses in Europe and gradually ramps up capacity at TSK-2. Further, we expect TATA to clock another 26% in growth in FY26 as TSK-2 expansion contributes for a full year. We model in the following assumptions:

- **Europe operations:** We now assume a modest EBITDA profit of Rs 7bn in FY25 (loss of Rs 77bn in FY24), factoring in a positive EBITDA in TSN from Q1 and breakeven in TSUK in H2. We expect Europe EBITDA to further improve to a modest profit of Rs 34bn (US$ 46/t) in FY26, with UK operations breaking even for the full year and recovery in Europe supporting improvement in profitability.
- **2.2mtpa CRM complex:** With the CRM complex scaling up gradually through FY24, we continue with our assumption of a US$ 100-150/t improvement over HRC realisation on 1-2mt of cold rolled and related flat products gradually over FY25-FY26 as the entire CRM complex is commissioned.
- **1mt NINL plant:** EBITDA margin for NINL was above Rs 10k/t in Q1FY25. We build in profitability of Rs 8k-10k/t gradually over FY25-FY27 as TATA fully integrates the NINL plant with its long products operations.
- **5mtpa TSK-2 expansion:** We maintain our utilisation assumptions for TSK-2 to ~35%/ 85%/ 92% for FY25/ FY26/ FY27 based on the company's guidance of operation of a new BF at a utilisation level of 70% in H2FY25 despite the startup occurring by Sep'25.
- **0.75mtpa EAF in Ludhiana:** While TATA is now targeting completion of the Ludhiana EAF by Mar'26, we are not yet factoring in incremental production in FY27 at this stage as it could take time to develop a scrap-based chain in the region.

Fig 10 – Revised estimates

(Rs bn)	Actual	New			Old		Change (%)	
	FY24	FY25E	FY26E	FY27E	FY25E	FY26E	FY25E	FY26E
Revenue	2,273	2,304	2,545	2,528	2,323	2,507	(0.8)	1.5
EBITDA	**223**	**333**	**422**	**437**	**341**	**422**	**(2.3)**	**(0.2)**
EBITDA growth (%)	(31)	49	27	4	53	24	-	-
Net income	(44)	122	188	198	128	189	(4.6)	(0.2)

Source: BOBCAPS Research

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Fig 11 – Key assumptions

Key Drivers (Rs bn)	FY24A	FY25E	FY26E	FY27E
Sales India business (mt)	20.7	22.0	24.9	25.2
Sales Europe (mt)	7.7	8.0	9.0	9.0
India HRC benchmark price (US$/t)	684	632	614	595
EBITDA/t India business (Rs'000/t)	14.4	14.7	15.4	15.4
EBITDA/t Europe (US$/t)	(121)	10	46	60

Source: Company, BOBCAPS Research

Maintain HOLD with a TP of Rs 175

We maintain our SOTP-based TP for TATA at Rs 175 and reiterate our HOLD rating given 7% upside and 40% run-up in stock price since the lows in Nov'23. While we remain confident of TATA's ability to deliver earnings-accretive growth, we consider the risk-reward unfavourable at the current valuation. The stock is now trading close to 1 standard deviation above its historical mean/median valuation over the past 10 years.

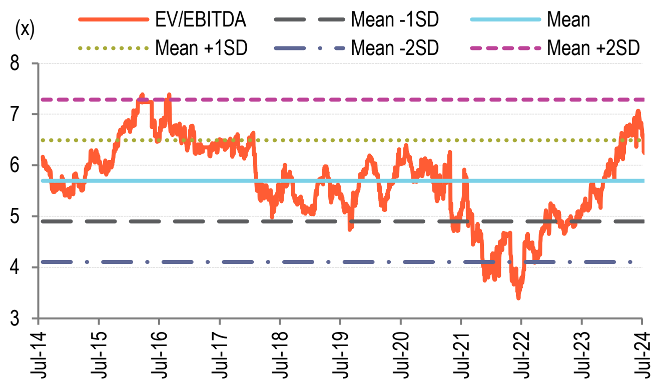
- **India:** We maintain our target multiple for India operations at 6.5x, above the mid-cycle sector multiple of 6.0x, to allow for multiple expansion during the early recovery phase as we expect the western world to move into a phase of recovery at some stage in CY24.
- **Europe:** We value the European business at an unchanged multiple of 5.5x, while continuing to bake in an incremental fair value of Rs 6.1/sh for the proposed UK restructuring. Please refer to our note of 25 Sep'23, **UK transition to dispel overhang**, for details.
- **FY26 valuation base:** We use FY26 earnings as a valuation base to arrive at Mar'25 fair value and then roll forward our valuation to Jun'25 to arrive at one-year forward TP.

Fig 12 – TATA: Valuation summary

(Rs bn)	Tata Steel India	Tata Steel Europe	Tata Steel
FY26E EBITDA	387	34	422
Target EV/EBITDA (x)	6.5	5.5	6.7
Incremental valuation from full ramp-up of TSK2- Kalinganagar expansion	33	-	33
Incremental EV from UK transition	0	70	70
EV Mar'25E	2,550	260	2,810
FY25E Net debt	-	-	748
Equity value Mar'25E	**-**	**-**	**2,062**
Fair value Mar'25E (Rs)	-	-	169
Fair value Jun'25E (Rs)	-	-	173
Target price Jun'25 (rounded to nearest Rs 5)	**-**	**-**	175

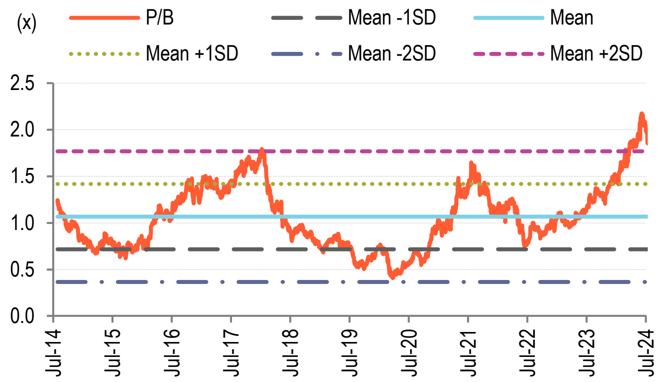
Source: Company, BOBCAPS Research

Fig 13 – TATA 2Y fwd EV/EBITDA



Source: Bloomberg, BOBCAPS Research

Fig 14 – TATA 1Y fwd P/B



Source: Bloomberg, BOBCAPS Research

Key risks

Key upside/downside risks to our estimates are:

- Steel producer valuations are highly sensitive to product and raw material prices. Key downside risks to our estimates are unfavourable changes in global demand-supply balance for steel and its raw materials, leading to lower prices and margins than assumed. Conversely, key upside risks to our estimates are favourable changes in global dynamics, leading to higher prices and margins than assumed.
- TATA is exposed to the risk of delays in the implementation of its capital investment plan, including expansion, which could impact earnings growth. The company is targeting completion of margin enhancement projects, such as the cold rolled mill at Kalinganagar plant and annealing and galvanising lines over FY25. It is expanding Kalinganagar capacity by 5mtpa to raise total India capacity to 25mt by FY25. Conversely, upside risks would arise from faster stabilisation of these expansions.
- TATA is exposed to the risk of delays in implementation of the UK decarbonisation plan, higher restructuring costs for transition and higher operational costs during the transition period.

Sector recommendation snapshot

Company	Ticker	Market Cap (US$ bn)	Price (Rs)	Target (Rs)	Rating
Jindal Steel & Power	JSP IN	12.0	983	975	HOLD
JSW Steel	JSTL IN	27.3	935	925	HOLD
SAIL	SAIL IN	7.4	150	110	SELL
Tata Steel	TATA IN	23.9	163	175	HOLD

Source: BOBCAPS Research, NSE | Price as of 1 Aug 2024

Financials

Income Statement

Y/E 31 Mar (Rs bn)	FY23A	FY24A	FY25E	FY26E	FY27E
Total revenue	**2,416**	**2,273**	**2,304**	**2,545**	**2,528**
EBITDA	323	223	333	422	437
Depreciation	(93)	(99)	(105)	(112)	(120)
EBIT	230	124	228	309	317
Net interest inc./(exp.)	(63)	(75)	(74)	(67)	(60)
Other inc./(exp.)	10	18	18	22	22
Exceptional items	1	(78)	(17)	(8)	0
EBT	182	(11)	154	255	277
Income taxes	(102)	(38)	(46)	(77)	(83)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	4	(1)	(1)	(1)	(1)
Reported net profit	**88**	**(44)**	**110**	**182**	**198**
Adjustments	0	0	12	6	0
Adjusted net profit	**88**	**(44)**	**122**	**188**	**198**

Balance Sheet

Y/E 31 Mar (Rs bn)	FY23A	FY24A	FY25E	FY26E	FY27E
Accounts payables	378	354	351	378	372
Other current liabilities	279	282	284	313	311
Provisions	39	38	38	38	38
Debt funds	849	871	871	791	711
Other liabilities	283	265	285	309	307
Equity capital	12	12	12	12	12
Reserves & surplus	1,019	908	972	1,107	1,245
Shareholders' fund	1,052	924	986	1,117	1,252
Total liab. and equities	**2,880**	**2,734**	**2,814**	**2,946**	**2,991**
Cash and cash eq.	170	94	123	153	157
Accounts receivables	83	63	63	70	69
Inventories	544	492	486	524	516
Other current assets	70	57	58	58	58
Investments	48	55	55	55	55
Net fixed assets	1,187	1,235	1,285	1,363	1,433
CWIP	312	344	349	328	308
Intangible assets	279	253	253	253	253
Deferred tax assets, net	0	0	0	0	0
Other assets	235	197	197	197	197
Total assets	**2,880**	**2,734**	**2,814**	**2,946**	**2,991**

Cash Flows

Y/E 31 Mar (Rs bn)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash flow from operations	**252**	**176**	**271**	**349**	**353**
Capital expenditures	(318)	(152)	(160)	(170)	(170)
Change in investments	10	(7)	0	0	0
Other investing cash flows	140	64	18	22	22
Cash flow from investing	**(168)**	**(96)**	**(142)**	**(148)**	**(148)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	93	22	0	(80)	(80)
Interest expenses	(63)	(75)	(74)	(67)	(60)
Dividends paid	(63)	(44)	(44)	(56)	(56)
Other financing cash flows	(127)	(59)	18	32	(5)
Cash flow from financing	**(159)**	**(156)**	**(100)**	**(171)**	**(202)**
Chg in cash & cash eq.	**(74)**	**(76)**	**29**	**30**	**3**
Closing cash & cash eq.	**170**	**94**	**123**	**153**	**157**

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25E	FY26E	FY27E
Reported EPS	7.2	(3.6)	9.0	14.9	16.1
Adjusted EPS	7.2	(3.6)	9.9	15.3	16.1
Dividend per share	5.1	3.6	3.6	4.5	4.6
Book value per share	84.4	75.0	80.2	91.2	102.5

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25E	FY26E	FY27E
EV/Sales	1.1	1.1	1.2	1.1	1.1
EV/EBITDA	8.2	11.6	8.2	6.6	6.2
Adjusted P/E	22.7	(45.1)	16.4	10.6	10.1
P/BV	1.9	2.2	2.0	1.8	1.6

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	48.3	(66.6)	71.3	71.4	71.4
Interest burden (PBT/EBIT)	78.9	53.7	75.1	85.2	87.6
EBIT margin (EBIT/Revenue)	9.5	5.5	9.9	12.2	12.5
Asset turnover (Rev./Avg TA)	84.3	81.0	83.1	88.4	85.1
Leverage (Avg TA/Avg Equity)	2.6	2.9	2.9	2.7	2.5
Adjusted ROAE	8.1	(4.5)	12.8	17.9	16.7

Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25E	FY26E	FY27E
YoY growth (%)					
Revenue	(0.3)	(5.9)	1.4	10.4	(0.7)
EBITDA	(49.1)	(30.9)	49.1	26.7	3.5
Adjusted EPS	(78.4)	(150.4)	(374.4)	54.5	5.2
Profitability & Return ratios (%)					
EBITDA margin	13.4	9.8	14.4	16.6	17.3
EBIT margin	9.5	5.5	9.9	12.2	12.5
Adjusted profit margin	3.6	(2.0)	5.3	7.4	7.8
Adjusted ROAE	8.1	(4.5)	12.8	17.9	16.7
ROCE	11.0	6.7	11.7	15.2	15.1
Working capital days (days)					
Receivables	12	10	10	10	10
Inventory	82	79	77	75	74
Payables	65	63	65	65	65
Ratios (x)					
Gross asset turnover	0.8	0.8	0.8	0.9	0.9
Current ratio	0.9	0.7	0.7	0.8	0.8
Net interest coverage ratio	3.6	1.7	3.1	4.6	5.2
Adjusted debt/equity	0.6	0.8	0.8	0.6	0.4

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

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BUY – Expected return >+15%
HOLD – Expected return from -6% to +15%
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Note: Recommendation structure changed with effect from 21 June 2021

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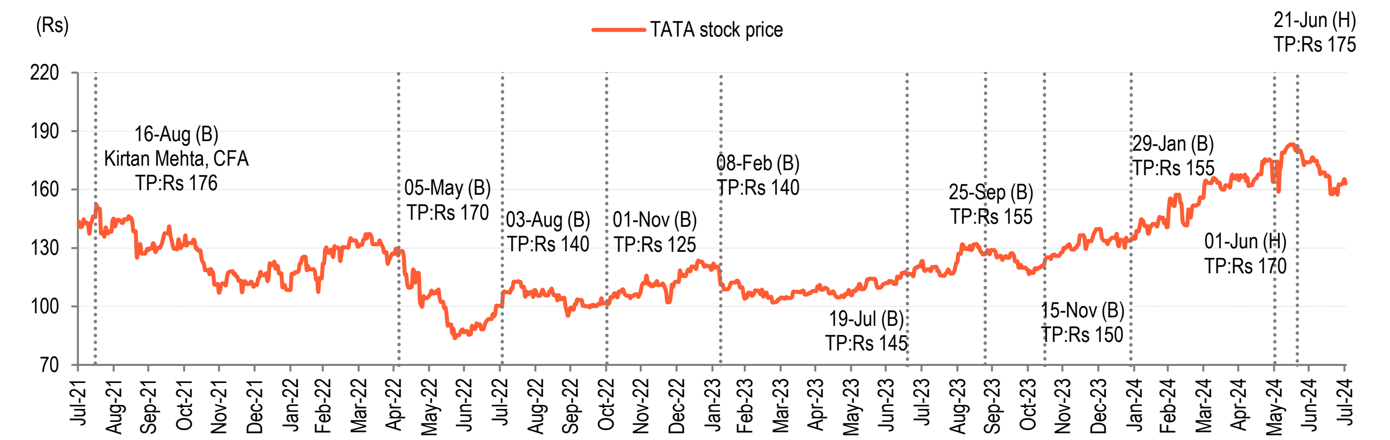

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