BUY

TP: Rs 175 | 16%

TATA STEEL | Metals & Mining | 08 November 2024

Look beyond transient issues, upgrade to BUY

- **Q2 call highlighted transient issues like delay in break-even at TSK, weaker margin outlook extending to Q3 and lower profitability at TSN**
- **However, structural earnings growth from TSK-2 expansion and TSUK transition is intact, we maintain 25% EBITDA CAGR over FY24-27E**
- **Upgrade to BUY from HOLD with an unchanged TP of Rs 175 with 16% upside**

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Weak Q2 ahead of us: While Q2 EBITDA was broadly in line with consensus, it was 15% ahead of our forecasts on 13% beat in India operations largely driven by lower conversion costs (not entirely recurring) and 9% lower losses in European operation.

Transient issues extend: (a) UK transition losses to taper by Q1FY26 from earlier guidance of break-even in H1FY25, (b) EBITDA margin decline to continue into Q3, (c) net debt increase by Rs 113bn in H1 to Rs 888bn, (d) indication of lower profit potential at TSN (Netherlands) at the lower end of EUR 60-80/t of previous through-the cycle EBITDA margin range on increase in regulatory costs.

Structural growth intact…: (a) TATA broadly maintained its ramp-up guidance for TSK-2 expansion over the next two years, (b) TSUK is still set to achieve break-even in FY26 resolving legacy issues and transition to being a competitive plant in Europe with implementation of EAF, (c) capex to ease in FY26 on an interim basis allowing resumption of deleveraging ahead of pick up in expansion capex for NINL and TSUK, (d) TSK-2 expansion to improve profitability of entire 8mtpa TSK plant by Rs 3k-4k/t and make it the most competitive plant within the TATA portfolio.

… driving earnings growth: We believe earnings bottomed out in FY24. On a weaker base of FY24, we build in a 25% EBITDA CAGR over FY24-FY27E. While EBITDA recovery is likely to slow in FY25E to ~20% (~50% earlier), it would be largely delivered in FY26E with ~50% YoY growth in EBITDA. While we cut our EBITDA estimates for FY25 by 21% and FY26 by 6%, we largely maintain our FY27E EBITDA on full ramp-up of TSK-2 expansion.

Upgrade to BUY: We maintain our TP at Rs 175 as we now base our valuation on FY27 earnings to account for structural earnings expansion and discount it back to Dec'25 (from Jun'25), We continue to apply 1Y fwd target EV/EBITDA of 6.5x for India operations and 5.5x for Europe. With 17% correction since our downgrade to HOLD in Jun'24 and 16% upside to our TP, we upgrade the rating on the stock to BUY from HOLD. Timely delivery on TSK-2 expansion, UK transition and initiation of new growth projects (NINL expansion) are key triggers for the stock.

Key changes

Target	Rating
◀ ▶	▲

Ticker/Price	TATA IN/Rs 151
Market cap	US$ 22.3bn
Free float	67%
3M ADV	US$ 80.7mn
52wk high/low	Rs 185/Rs 119
Promoter/FPI/DII	33%/20%/23%

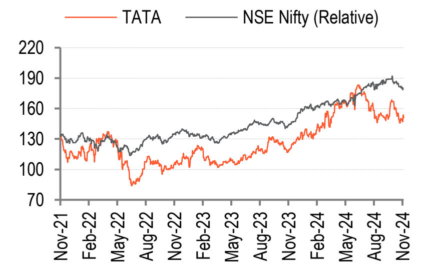
Source: NSE | Price as of 7 Nov 2024

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs bn)	2,273	2,204	2,446
EBITDA (Rs bn)	223	264	398
Adj. net profit (Rs bn)	(44)	64	158
Adj. EPS (Rs)	(3.6)	5.2	12.9
Consensus EPS (Rs)	(3.6)	7.5	13.0
Adj. ROAE (%)	(4.5)	6.9	16.0
Adj. P/E (x)	(41.7)	28.8	11.7
EV/EBITDA (x)	11.1	9.9	6.8
Adj. EPS growth (%)	(150.4)	(245.0)	146.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Result review

Weak Q2 broadly in line with consensus but ahead of us: While the consolidated revenue at Rs 539bn was 2% above Bloomberg consensus and in line with us, adjusted EBITDA at Rs 55bn was 3% ahead of consensus and 15% of our forecast. The beat was driven by 13% beat to our India forecasts and 9% beat to our Europe EBITDA forecast. The beat to our India forecasts was primarily due to higher margin on lower conversion costs due in part to a one-off tax settlement. The reported net profit at Rs 8bn was higher than consensus of Rs 5bn and our estimate of Rs 2bn.

Fig 1 – TATA Q2 vs consensus and our forecasts

(Rs bn)	Q2FY25	Consensus	Delta	BOBCAPS	Delta
Revenue from operations	539.1	531.0	1.5	539.4	(0.1)
Adj. EBITDA	**55.2**	**53.5**	**3.3**	**47.9**	**15.3**
Net income to owners	8.3	4.9	68.9	(2.0)	(524.5)

Source: Company, Bloomberg, BOBCAPS Research

India operations were ahead: The EBITDA at Rs 69bn was 13% above our forecasts on higher EBITDA margin of Rs 13.5k/t against our forecasts of Rs 12k/t, driven by lower conversion costs due to lower royalty related to chrome ore inventory and one-off lower rates and taxes (Rs 4bn or Rs 800/t). TATA was largely successful in arresting a sequential decline as a 5% drop in EBITDA margin was offset by 3% increase in volumes. India EBITDA/t was down Rs 0.7k/t to Rs 13.5k/t driven by decline in standalone operations of Rs 0.6k/t QoQ.

Europe losses widened: TSUK EBITDA loss widened to US$ 301/t or Rs 15.9bn amid continuing high level of fixed costs during closure of operations. TSN (Netherlands) EBITDA declined by GBP 14/t QoQ with the decline in realisation and contributed Rs 2.4bn.

Net debt increased: The net debt increased by Rs 113bn in H1 to Rs 888.2bn, with the net debt to EBITDA ratio at 3.4x. The buildup of inventories in India and UK resulted in working capital build.

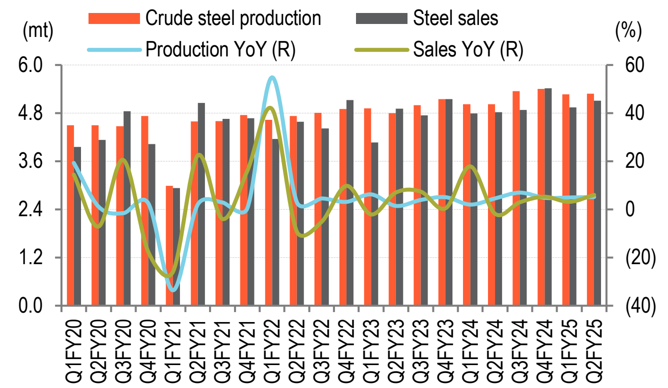
Fig 2 – Quarterly performance

(Rs bn)	Q2FY25	Q1FY25	QoQ (%)	Q2FY24	YoY (%)	H1FY25	H1FY24	YoY (%)
Consolidated P&L								
Revenue from operations	539	548	(1.6)	557	(3.2)	1,087	1,152	(5.6)
Adj. EBITDA	**55**	**70**	**(20.5)**	**41**	**33.2**	**125**	**95**	**31.5**
EBIT	35	42	(14.8)	18	98.2	77	45	69.3
PBT before exceptionals	21	27	(21.5)	2	1,241.3	49	20	143.8
PAT	8	9	(17.4)	(65)	111.7	17	(60)	128.0
Net income to owners	**8**	**10**	**(13.1)**	**(62)**	**113.5**	**18**	**(56)**	**132.2**
EPS (Rs)	0.7	0.8	(13.0)	(5.1)	113.2	1.4	(4.6)	131.6
Effective tax rate (%)	65.5	53.3	-	(142.8)	-	58.7	55.1	-
Adj. EBITDA breakdown								
Standalone (incl BSL)	67	68	(0.7)	66	2.1	135	132	1.8
India	**69**	**70**	**(2.1)**	**65**	**6.1**	**139**	**132**	**5.8**
Europe	**(13)**	**(5)**	**(169.4)**	**(25)**	**46.5**	**(18)**	**(41)**	**54.8**
Others	0	4	(105.5)	2	(113.9)	4	4	(2.8)
Consolidated	**55**	**70**	**(20.5)**	**41**	**33.2**	**125**	**95**	**31.5**

(Rs bn)	Q2FY25	Q1FY25	QoQ (%)	Q2FY24	YoY (%)	H1FY25	H1FY24	YoY (%)
India business operational parameters								
Production (mt)	5.3	5.3	0.2	5.0	5.2	10.6	10.0	5.1
Sales (mt)	5.1	4.9	3.4	4.8	6.0	10.1	9.6	4.6
Apparent realisation (Rs'000/t)	63.9	67.2	(4.9)	72.4	(11.7)	65.5	73.1	(10.4)
Adj. EBITDA (Rs'000/t)	**13.5**	**14.2**	**(5.4)**	**13.5**	**0.0**	**27.7**	**27.4**	**1.2**
TSN business operational parameters								
Production (mt)	1.7	1.7	(1.8)	1.2	39.5	3.4	2.1	57.3
Sales (mt)	1.5	1.5	2.0	1.2	22.0	3.0	2.6	14.2
Apparent realisation (Rs'000/t)	94.0	96.4	(2.5)	105.4	(10.8)	95.2	107.6	(11.6)
Adj. EBITDA (Rs'000/t)	1.6	3.1	(47.4)	(9.3)	117.4	2.3	(8.9)	126.3
Adj. EBITDA (US$/t)	**19**	**37**	**(47.7)**	**(113)**	**117.2**	**28**	**(108)**	**125.9**
TSUK business operational parameters								
Production (mt)	0.4	0.7	(42.6)	0.8	(48.7)	1.1	1.6	(33.5)
Sales (mt)	0.6	0.7	(7.4)	0.7	(13.7)	1.3	1.5	(11.5)
Apparent realisation (Rs'000/t)	103.4	100.1	3.3	99.8	3.6	101.7	101.5	0.2
Adj. EBITDA (Rs'000/t)	(25.2)	(14.0)	(79.6)	(18.7)	(34.7)	(19.4)	(11.9)	(62.8)
Adj. EBITDA (US$/t)	**(301)**	**(168)**	**(78.8)**	**(227)**	**(32.9)**	**(232)**	**(145)**	**(60.6)**
Consolidated operational parameters								
Production (mt)	7.7	8.0	(3.9)	7.3	5.2	15.7	14.4	8.7
Sales (mt)	7.5	7.4	1.8	7.1	6.4	14.9	14.3	4.5
Apparent realisation (Rs'000/t)	71.7	74.1	(3.3)	78.8	(9.0)	72.9	80.7	(9.7)
Adj. EBITDA (Rs'000/t)	**7.3**	**9.4**	**(21.9)**	**5.9**	**25.2**	**8.4**	**6.6**	**25.9**

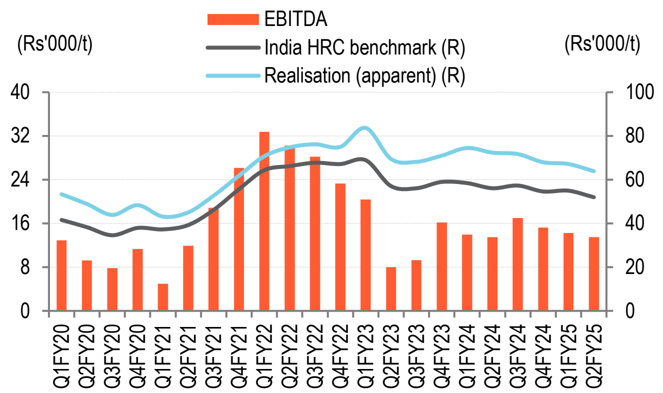
Source: Company, BOBCAPS Research

Fig 3 – India sales and production increased YoY



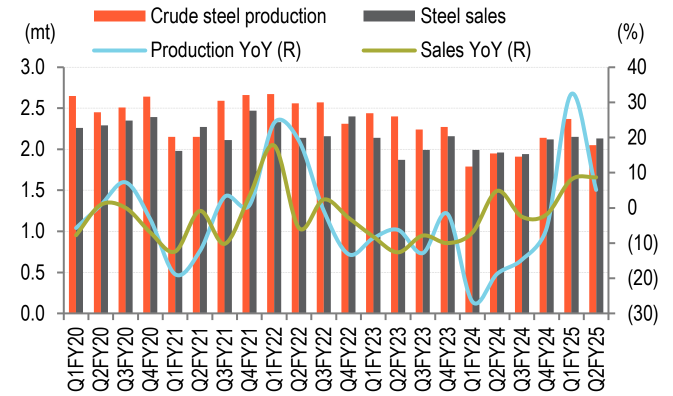
Source: Company, BOBCAPS Research

Fig 4 – India EBITDA margin decline was arrested by lower other expenses



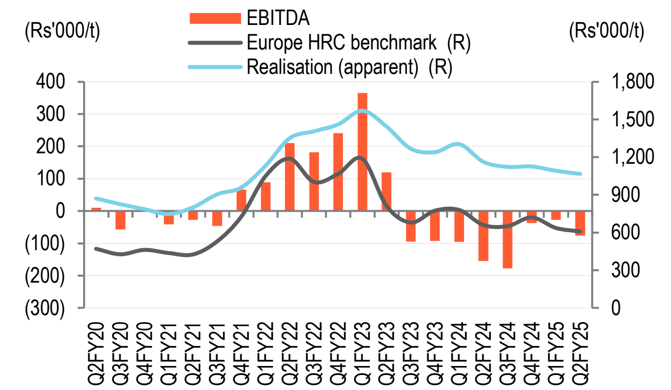
Source: Company, BOBCAPS Research

Fig 5 – Europe sales and production stable



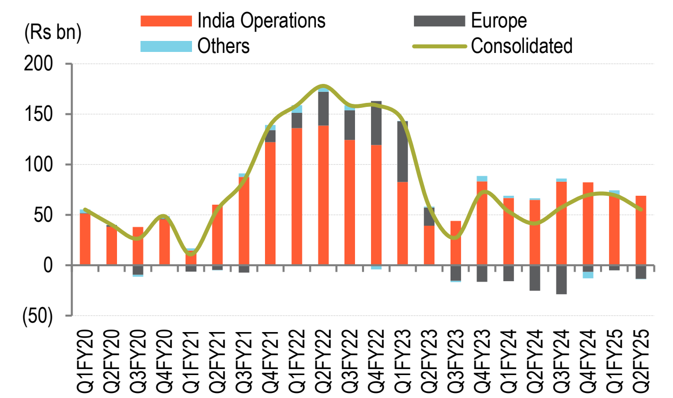
Source: Company, BOBCAPS Research

Fig 6 – EBITDA loss widened during closure of UK operations



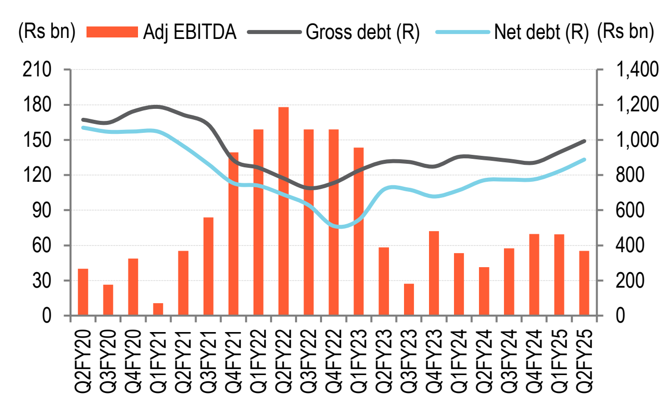
Source: Company, BOBCAPS Research

Fig 7 – Consolidated EBITDA sequential decline continued



Source: Company, BOBCAPS Research

Fig 8 – Net debt continued to increase on working capital build-up



Source: Company, BOBCAPS Research

Guidance ahead

Q3 guidance: TATA's Q3 guidance suggests a sequential decline in margin in the India and Netherlands operations.

Fig 9 – TATA: Q3 guidance

Operation	Realisation	Coking coal cost	Iron ore cost	Implication on Q2 margin
India	Rs 2k/t lower	US$ 20/t lower	-	Decline QoQ
TSN	GBP 70/t lower	US$ 10/t lower	US$ 10/t lower	Decline QoQ
TSUK	GBP 50/t lower	-	-	Will depend on cost take-out

Source: Company, BOBCAPS Research

FY25 production guidance lowered: TATA tapers production growth guidance to 1-1.4mt for FY25 with 1-1.5mt contribution from the 5mtpa TSK-2 expansion. TATA plans to adjust timing for relining of 0.5mt blast furnace at the erstwhile Usha Martin operations to partly compensate for volume loss elsewhere.

TSK-2 expansion ramp-up on track: After start-up of the 5mtpa blast furnace (BF) in Sep'24, the operation has already ramped up the BF to 7.5kt/day and targeting ramp-up to 10kt/day as a next step and then to full capacity of 15kt/ day by the end of Q4.

Management guides for contribution of 1-1.5mt crude steel in FY25, 3.5-4mt in FY26 and 5mt in FY27 from the expansion. Slower ramp-up in FY26 is due to commissioning of castor in Sep'25. TATA aims to start the annealing line in Q3 and galvanising line 1 by the end of FY25 and galvanising line 2 by Jun'25. TATA has spent Rs 200bn of cash capex on this expansion including iron ore circuit.

TSK-2 to improve profitability for the entire plant by Rs3-4k/t: As TSK was designed for 8mtpa with expansion, labour productivity (8mt with 4,000 workers), and better infrastructure usage over 8mt, lower coke rate for a larger BF, captive pellet plant and CRM complex will help improve plant profitability.

Capex to ease in FY26: With TSK-2 capex spend shifting to completion payments, UK capex is likely to be lower during the first year of execution and with 40% support from capital grant, and only initial commitments on NINL expansion, capex is likely to ease from FY25 capex run-rate of Rs 160bn. This should help TATA to restart deleveraging.

TSUK transition losses to continue until Q1FY26: TATA is attributing four months of delay to UK elections and is now planning a reduction of GBP 100/t in fixed costs across four buckets, ie, contract termination, plant maintenance, hire and lease charges, and people charges. Charges towards redundancies are likely to be spread over three quarters.

TSN mid-cycle profitability potential lower: TATA believes that mid-cycle margin potential for TSN operations has dropped to the lower end of the prior range of EUR 60-80/t due to the increase in regulatory costs including carbon costs.

Contingent liability related to legacy demands on royalty not provided: These demands are not legally applicable at this stage with pending judicial appeals. TATA previously 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 (Indian Bureau of Mines) price.

Valuation methodology

Forecast changes

Accounting for the weaker Q2FY25 results, shift of profit break-even for the UK operations to Q1FY26 and softer margin recovery in H2FY25 than our prior assumptions, we cut our FY25 EBITDA estimates by 21%. Factoring in weaker profit guidance for Netherlands operations and marginally slower ramp-up of TSK-2 expansion, we cut FY26 EBITDA by 6%. Assuming contribution of TSK-2 expansion at the full capacity in FY27, we largely maintain our FY27 EBITDA forecasts.

Our forecasts translate to an EBITDA CAGR of 25% over FY24-27E. We believe earnings have bottomed out in FY24 and now expect a slower EBITDA recovery of ~20% in FY25, and a 50% jump in FY26 as TSK-2 expansion ramps up utilisation and the UK loss is arrested. We model in the following assumptions:

- **Europe operations:** We now assume an EBITDA profit of Rs 29bn in FY25 (vs loss of Rs 77bn in FY24), factoring in the shift of profit break-even for the UK operations to Q1FY26 from H2FY25 and slower EBITDA recovery in TSN amid challenging market conditions. Also, we taper Europe EBITDA recovery to Rs 22bn (US$ 30/t) in FY26 and to Rs 35bn (US$ 47/t) in FY27 factoring in lower profit guidance for the Netherlands operation accounting for increase in regulatory costs including carbon costs.
- **2.2mtpa CRM complex:** With the CRM complex scaling up gradually through FY26, 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-FY27 as the entire CRM complex is commissioned.
- **1mt NINL plant:** EBITDA margin for NINL was close to Rs 10k/t in H1FY25. 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 tweak our utilisation assumptions for TSK-2 to ~30%/ 75%/ 92% for FY25/ FY26/ FY27 based on the company's guidance of contribution of 1-1.5mt in FY25, 3.5-4mt in FY26 and full capacity during FY27.
- **0.75mtpa electric arc furnace 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	FY27E	FY25E	FY26E	FY27E
Revenue	2,273	2,204	2,446	2,511	2,304	2,545	2,528	(4.3)	(3.9)	(0.6)
EBITDA	**223**	**264**	**398**	**433**	**333**	**422**	**436**	**(20.5)**	**(5.5)**	**(0.8)**
EBITDA growth (%)	(31)	19	51	9	49	27	4	-	-	-
Net income	(44)	64	158	183	122	188	198	(47.1)	(15.8)	(7.7)

Source: Company, BOBCAPS Research

Fig 11 – Key assumptions

Key Drivers (Rs bn)	FY24A	FY25E	FY26E	FY27E
Sales India business (mt)	20.7	22.2	24.5	25.3
Sales Europe (mt)	7.7	7.8	9.0	9.0
India HRC benchmark price (US$/t)	684	634	620	595
EBITDA/t India business (Rs'000/t)	14.5	13.1	15.2	15.6
EBITDA/t Europe (US$/t)	(121)	(44)	30	47

Source: Company, BOBCAPS Research

Upgrade to BUY with an unchanged TP of Rs 175

We maintain our SOTP-based TP for TATA at Rs 175 and upgrade our rating to BUY from HOLD given 16% upside after 10% correction in stock price since the recent peak at the end of Sep'24. While Tata's guidance suggests slower recovery in profit during the transition phase, we look beyond the same at the structural improvement in profit generation ability with a clear focus on delivering growth in India operations. The stock is now trading at around 0.5 standard deviation above its historical mean/median valuation over the past 10 years. With structural improvement in the UK position, the stock deserves to trade above the historical mean multiple.

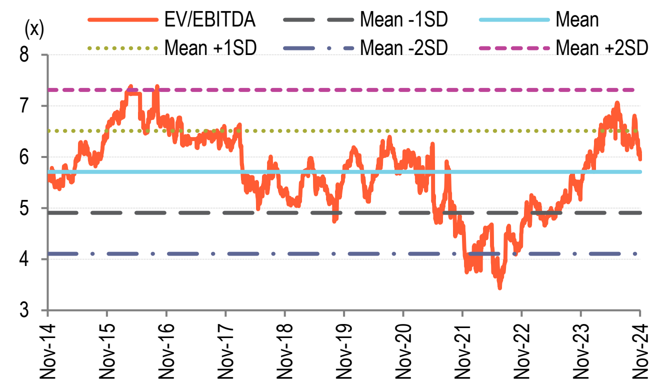
- **India:** We maintain our target multiple for India operations at 6.5x, above the mid-cycle sector multiple of 6.0x, to allow for multiple expansion during the early recovery phase as we expect the western world to move into a phase of recovery over the next 6-12 months.
- **Europe:** We value the 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.
- **FY27 valuation base:** We now shift to use FY27 earnings as a valuation base as they are more representative of earnings potential and arrive at Mar'26 fair value and then discount our valuation to Dec'25 (from Jun'25) to arrive at one-year forward TP.

Fig 12 – TATA: Valuation summary

(Rs bn)	Tata Steel India	Tata Steel Europe	Tata Steel
FY27E EBITDA	398	35	433
Target EV/EBITDA (x)	6.5	5.5	6.6
Incremental EV from UK transition	0	74	74
EV Mar'26E	**2,585**	**268**	**2,853**
FY26E Net debt	-	-	694
Equity value Mar'25E	**-**	**-**	**2,158**
Fair value Mar'26E (Rs)	-	-	177
Fair value Dec'25E (Rs)	-	-	173
Target price Dec'25 (rounded to nearest Rs 5)	**-**	**-**	**175**

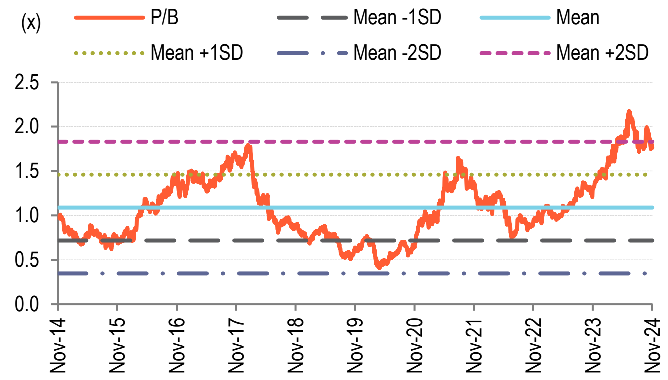
Source: Company, BOBCAPS Research

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 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.
- TATA is exposed to the risk of delays in the implementation of its capital investment plan, including expansion, which could impact earnings growth.
- 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	11.5	948	1,010	HOLD
JSW Steel	JSTL IN	28.7	990	975	HOLD
SAIL	SAIL IN	6.0	123	110	SELL
Tata Steel	TATA IN	22.3	151	175	BUY

Source: BOBCAPS Research, NSE | Price as of 7 Nov 2024

Financials

Income Statement

Y/E 31 Mar (Rs bn)	FY23A	FY24A	FY25E	FY26E	FY27E
Total revenue	**2,416**	**2,273**	**2,204**	**2,446**	**2,511**
EBITDA	323	223	264	398	433
Depreciation	(93)	(99)	(105)	(112)	(120)
EBIT	230	124	159	286	313
Net interest inc./(exp.)	(63)	(75)	(80)	(73)	(67)
Other inc./(exp.)	10	18	11	10	10
Exceptional items	1	(78)	(5)	(13)	0
EBT	182	(11)	86	209	256
Income taxes	(102)	(38)	(26)	(63)	(77)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	4	(1)	(1)	(1)	(1)
Reported net profit	**88**	**(44)**	**61**	**149**	**183**
Adjustments	0	0	3	9	0
Adjusted net profit	**88**	**(44)**	**64**	**158**	**183**

Balance Sheet

Y/E 31 Mar (Rs bn)	FY23A	FY24A	FY25E	FY26E	FY27E
Accounts payables	378	354	345	365	370
Other current liabilities	279	282	271	301	309
Provisions	39	38	45	45	45
Debt funds	849	871	995	915	835
Other liabilities	283	265	277	302	308
Equity capital	12	12	12	12	12
Reserves & surplus	1,019	908	924	1,033	1,162
Shareholders' fund	1,052	924	939	1,046	1,171
Total liab. and equities	**2,880**	**2,734**	**2,873**	**2,973**	**3,039**
Cash and cash eq.	170	94	137	221	285
Accounts receivables	83	63	60	67	69
Inventories	544	492	532	533	512
Other current assets	70	57	56	56	56
Investments	48	55	60	60	60
Net fixed assets	1,187	1,235	1,285	1,363	1,433
CWIP	312	344	349	278	228
Intangible assets	279	253	253	253	253
Deferred tax assets, net	0	0	0	0	0
Other assets	235	197	202	202	202
Total assets	**2,880**	**2,734**	**2,873**	**2,973**	**3,039**

Cash Flows

Y/E 31 Mar (Rs bn)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash flow from operations	**252**	**176**	**187**	**363**	**388**
Capital expenditures	(318)	(152)	(160)	(120)	(140)
Change in investments	10	(7)	(5)	0	0
Other investing cash flows	140	64	11	10	10
Cash flow from investing	**(168)**	**(96)**	**(154)**	**(110)**	**(130)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	93	22	124	(80)	(80)
Interest expenses	(63)	(75)	(80)	(73)	(67)
Dividends paid	(63)	(44)	(37)	(50)	(54)
Other financing cash flows	(127)	(59)	2	34	7
Cash flow from financing	**(159)**	**(156)**	**9**	**(169)**	**(194)**
Chg in cash & cash eq.	**(74)**	**(76)**	**43**	**84**	**64**
Closing cash & cash eq.	**170**	**94**	**137**	**221**	**285**

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25E	FY26E	FY27E
Reported EPS	7.2	(3.6)	5.0	12.2	14.9
Adjusted EPS	7.2	(3.6)	5.2	12.9	14.9
Dividend per share	5.1	3.6	3.0	4.1	4.4
Book value per share	84.4	75.0	76.3	85.2	95.7

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25E	FY26E	FY27E
EV/Sales	1.0	1.1	1.2	1.1	1.1
EV/EBITDA	7.8	11.1	9.9	6.8	6.1
Adjusted P/E	21.0	(41.7)	28.8	11.7	10.1
P/BV	1.8	2.0	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	71.3	71.4
Interest burden (PBT/EBIT)	78.9	53.7	56.6	77.5	81.8
EBIT margin (EBIT/Revenue)	9.5	5.5	7.2	11.7	12.5
Asset turnover (Rev./Avg TA)	84.3	81.0	78.6	83.7	83.6
Leverage (Avg TA/Avg Equity)	2.6	2.9	3.0	2.9	2.7
Adjusted ROAE	8.1	(4.5)	6.9	16.0	16.5

Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25E	FY26E	FY27E
YoY growth (%)					
Revenue	(0.3)	(5.9)	(3.0)	11.0	2.7
EBITDA	(49.1)	(30.9)	18.6	50.7	8.7
Adjusted EPS	(78.4)	(150.4)	(245.0)	146.1	15.4
Profitability & Return ratios (%)					
EBITDA margin	13.4	9.8	12.0	16.3	17.2
EBIT margin	9.5	5.5	7.2	11.7	12.5
Adjusted profit margin	3.6	(2.0)	2.9	6.5	7.3
Adjusted ROAE	8.1	(4.5)	6.9	16.0	16.5
ROCE	11.0	6.7	8.0	13.2	14.1
Working capital days (days)					
Receivables	12	10	10	10	10
Inventory	82	79	88	80	74
Payables	65	63	65	65	65
Ratios (x)					
Gross asset turnover	0.8	0.8	0.8	0.8	0.8
Current ratio	0.9	0.7	0.8	0.9	0.9
Net interest coverage ratio	3.6	1.7	2.0	3.9	4.7
Adjusted debt/equity	0.6	0.8	0.9	0.7	0.5

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

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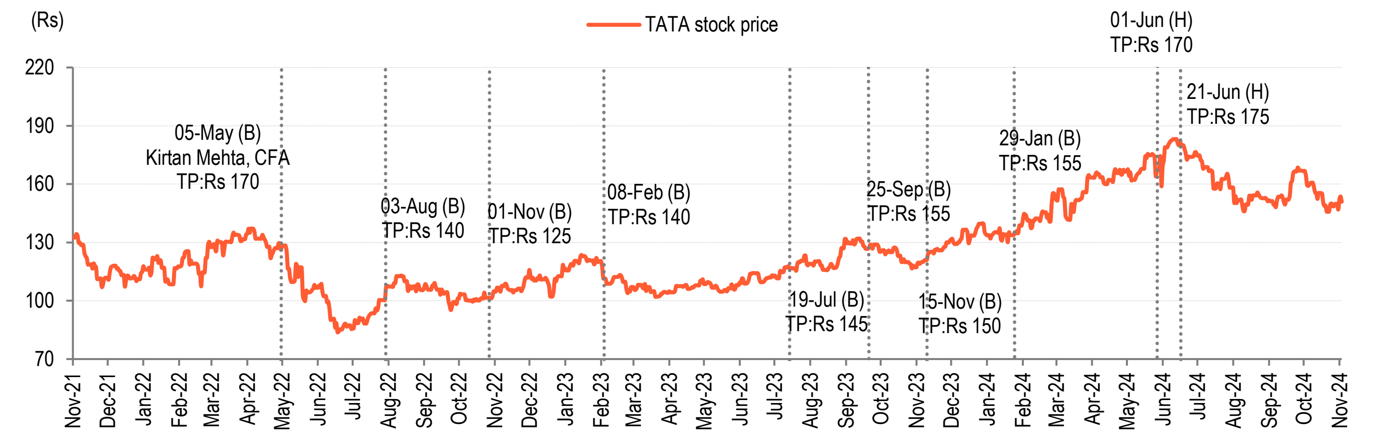

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