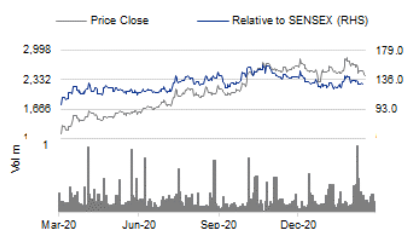


India
HOLD (Initiating coverage)

Consensus ratings*: Buy 13 Hold 4 Sell 1

Current price:	Rs2,437
Target price: ▲	Rs2,599
Previous target:	NA
Up/downside:	6.6%
EIP Research / Consensus:	-7.8%
Reuters:	NAFL.NS
Bloomberg:	NFIL IN
Market cap:	US\$1,664m Rs1,20,638m
Average daily turnover:	US\$5.3m Rs386.2m
Current shares o/s:	49.5m
Free float:	69.5%

*Source: Bloomberg



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(4.2)	(4.4)	88.7
Relative (%)	(4.1)	(7.2)	14.8

Major shareholders	% held
Promoter & Promoter Group	30.5
Sundaram Mutual Fund	2.7
Nippon Life India	2.5

Analyst(s)

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Navin Fluorine International Ltd

Solid but fairly valued

- We forecast revenue CAGR of 27% and PAT CAGR of 26% over FY21F-23F. RoE will improve to 19.3% in FY23F from 12.8% in FY21F, in our view.
- Navin Fluorine is present in fluorocarbons, fluorine intermediaries and inorganics, and catered to about 83% of the global market in CY19.
- We value Navin Fluorine at 35x FY23F EPS, +1.5SD of the long-term mean. We initiate coverage with a Hold rating and TP of Rs2,599.

A leader in fluorine chemistry

Navin Fluorine has been a leader in fluorine compounds. It is positioned strongly in the domestic fluorochemicals market with a 19% share in CY19 (Source: Laxmi Organic draft red herring prospectus [DRHP]) and grew at 12.1% CAGR over CY14-19. The global fluorine-based chemicals market grew at 5.9% CAGR over CY14-CY19 (Source: Laxmi Organic DRHP). Exports are likely to increase as high-performance product (HPP) production capacity ramps up. We forecast 27% revenue CAGR, 35% EBITDA CAGR and 26% EPS CAGR over FY21-23F. We value Navin Fluorine at 35x FY23F EPS to arrive at TP of Rs2,599. We initiate coverage with a Hold rating as positives appear to be priced in.

A wide portfolio of fluorine-based products

In value terms, Navin Fluorine's (NFIL IN) global market was about US\$18.7bn in CY19 (Source: Laxmi Organic DRHP). Navin Fluorine's dependence on R-22 and BF3 has fallen over the years, but they still form the majority of NFIL IN's export basket (66% in FY14 to 28% in FY20). The success of (1r)-1-(2-(Trifluoromethyl) Pyrimidin-5-yl) Ethanamide HCL, 3-(3 3 3-trifluoro -2 2-dimethylpropoxy) -1h-pyrazole-4-carboxylic acid and 2-fluoro 6-trifluoro methyl pyridine is testament to deepening relations with its clients. Based on this success, NFIL has been contracted to manufacture HPP – a pharmaceutical intermediary.

We value NFIL at 35x FY23F EPS; initiate coverage with Hold rating

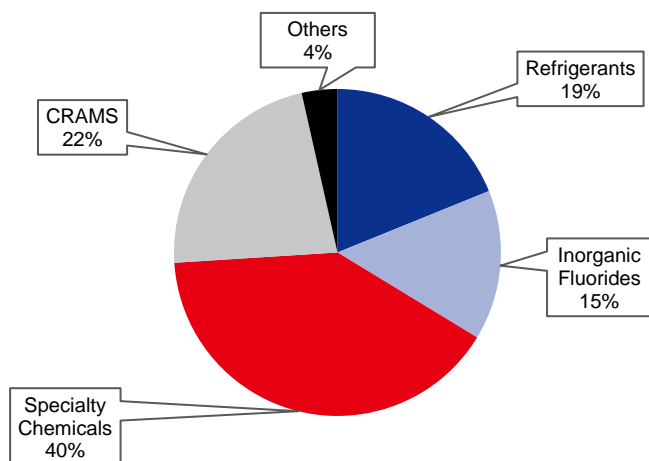
We value Navin Fluorine at 35x FY23F EPS which is in line with PI and SRF, at +1.5SD of the long-term mean. Key risks: 1) Delay in commissioning HPP capacity is the biggest downside risk to our earnings estimate. While we have built in a slow ramp up of HPP projects, plant stabilisation could take time which could be a further downside risk to our EPS estimates. 2) Winning any big contract like HPP will further rerate the stock and present upsides to our TP and rating. Note that contract wins will not lead to any immediate earnings revisions, but earnings visibility could improve potentially rerating the stock further.

Financial Summary

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue (Rsm)	9,959	10,616	11,490	13,716	18,602
Operating EBITDA (Rsm)	2,203	2,635	2,918	3,694	5,337
Net Profit (Rsm)	1,491	4,086	2,317	2,576	3,674
Core EPS (Rs)	30.2	45.7	38.6	52.1	74.3
Core EPS Growth	(17.5%)	51.5%	(15.6%)	34.9%	42.7%
FD Core P/E (x)	80.74	29.50	52.04	46.82	32.82
DPS (Rs)	7.8	11.0	13.2	14.6	20.9
Dividend Yield	0.32%	0.45%	0.54%	0.60%	0.86%
EV/EBITDA (x)	52.64	43.95	40.16	32.29	22.65
P/FCFE (x)	210.05	50.43	(337.20)	(180.92)	122.04
Net Gearing	(20.6%)	(24.8%)	(15.9%)	(2.5%)	5.8%
P/BV (x)	11.24	8.54	7.64	6.84	5.94
ROE	14.5%	18.2%	12.8%	15.4%	19.4%
% Change In Core EPS Estimates					
EIP Research/Consensus EPS (x)			0.96	0.90	0.86

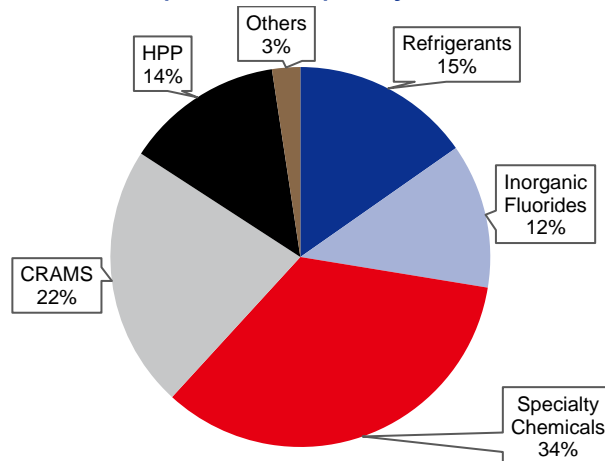
SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS, PRICED AS AT 29 MAR 2021

Figure 1: In the first 9M of FY21, specialty chemicals formed 40% of sales



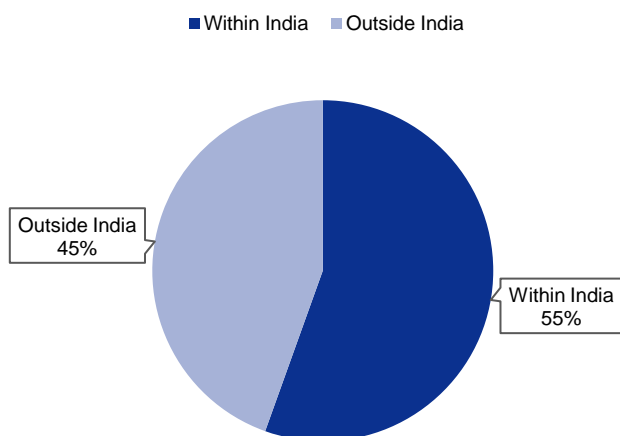
CRAMS= CONTRACT RESEARCH AND MANUFACTURING SERVICES
SOURCES: EIP RESEARCH, COMPANY REPORTS

Figure 2: HPP will likely form 14% of FY23F sales, lowering Navin Fluorine's dependence on specialty chemicals



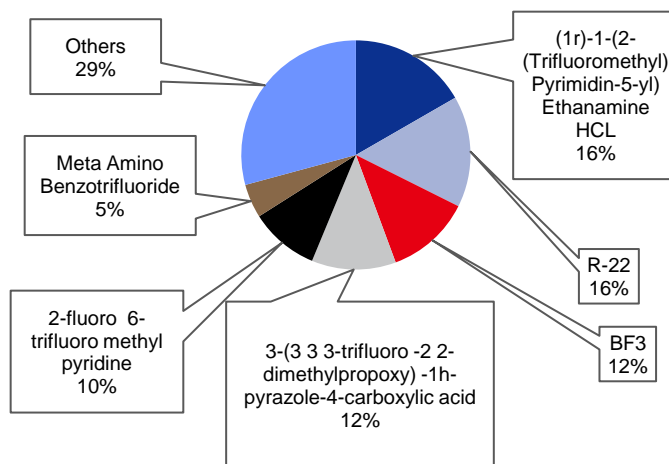
HPP= HIGH PERFORMANCE PRODUCTS
SOURCES: EIP RESEARCH, COMPANY REPORTS

Figure 3: Exports formed 45% of NFIL's FY20 sales. As HPP production commences, export % will rise over 50%



SOURCES: EIP RESEARCH, COMPANY REPORTS

Figure 4: Molecule-wise export split (FY21 YTD Dec 2020)



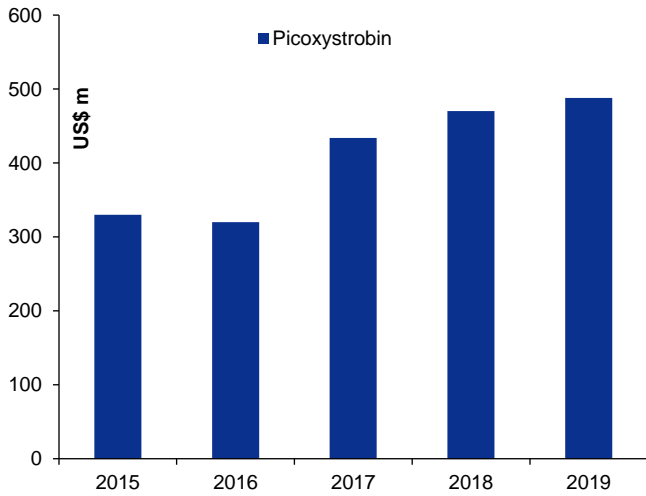
SOURCES: EIP RESEARCH, COMPANY REPORTS

Figure 5: Barring commodity-grade molecules (R-22 and BF3), 3 molecules among the top 5 have established long-term customers. They form critical intermediaries of the end molecules

Product	Used as or Intermediary of	Customer
R-22	Refrigerant	Various
2-fluoro 6-trifluoro methyl pyridine	Picoxystrobin	Corteva
3-(3,3,3-Trifluoro-2,2-Dimethylpropoxy)-1H-Pyrazole 4-Carboxylic acid	Cystic fibrosis medicine	Vertex Pharmaceuticals
(1r)-1 (2-(Trifluoromethyl) Pyrimidin-5yl) Ethan amide HCL	Agrochemical intermediary	Bayer
BF3 Gas	Gas	Various

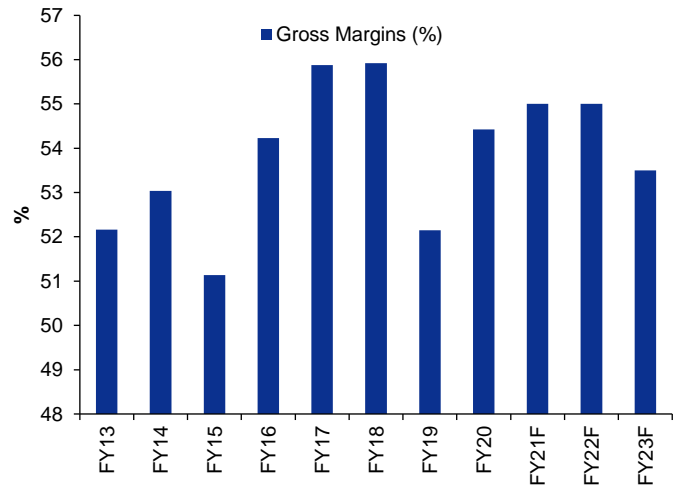
SOURCES: EIP RESEARCH, CORPINESS GLOBAL PRIVATE LIMITED

Figure 6: 2-fluoro 6-trifluoro methyl pyridine is an intermediary of fungicide Picoxystrobin. Global sales in value terms grew at 10.3% CAGR over CY14-19



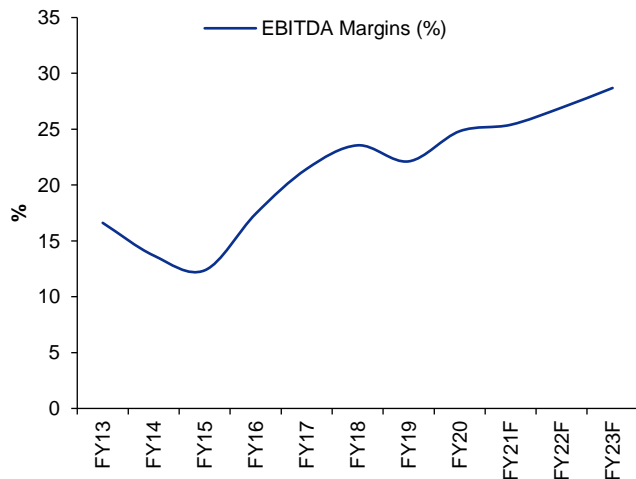
SOURCES: EIP RESEARCH, IHS MARKIT

Figure 7: We forecast NFIL's GMs to expand to 55% in FY21F. It will likely fall by 150bp in FY23F as HPP ramps up



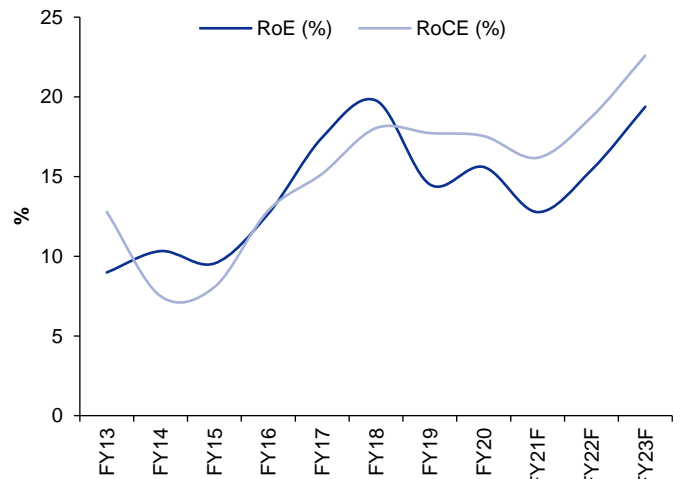
SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 8: GM is likely to decline in FY23F but EBITDA margins will expand to 28.7% as operational leverage kicks in



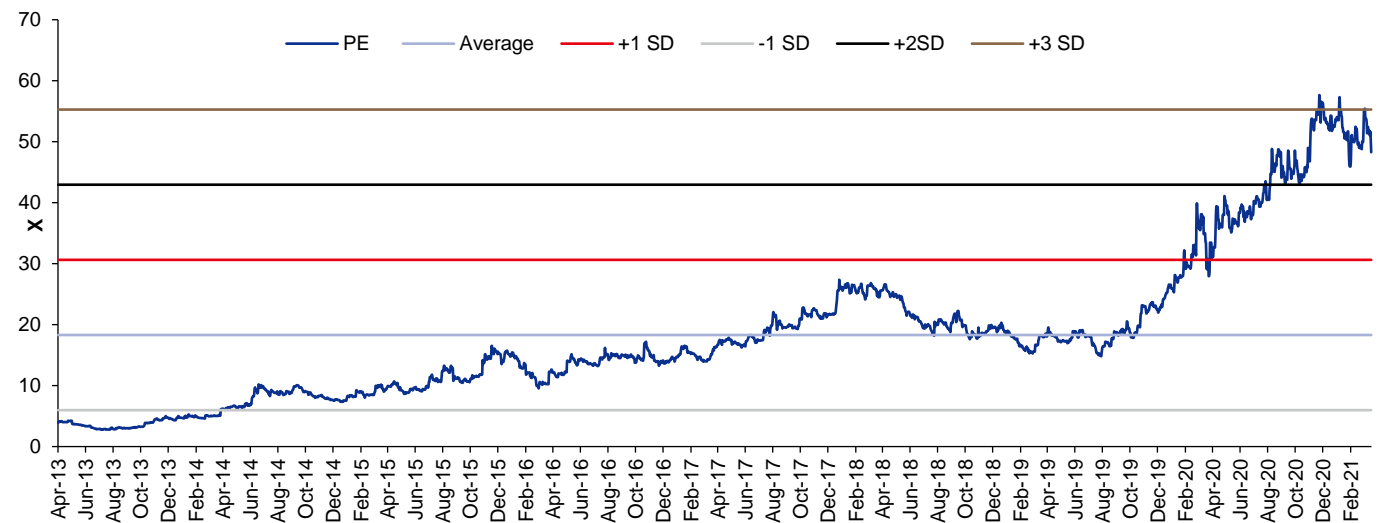
SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 9: As asset utilisation goes up, NFIL's RoE and RoCE will increase



SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: Stock trades at +2.5SD of long-term mean P/E valuations, leaving little upside



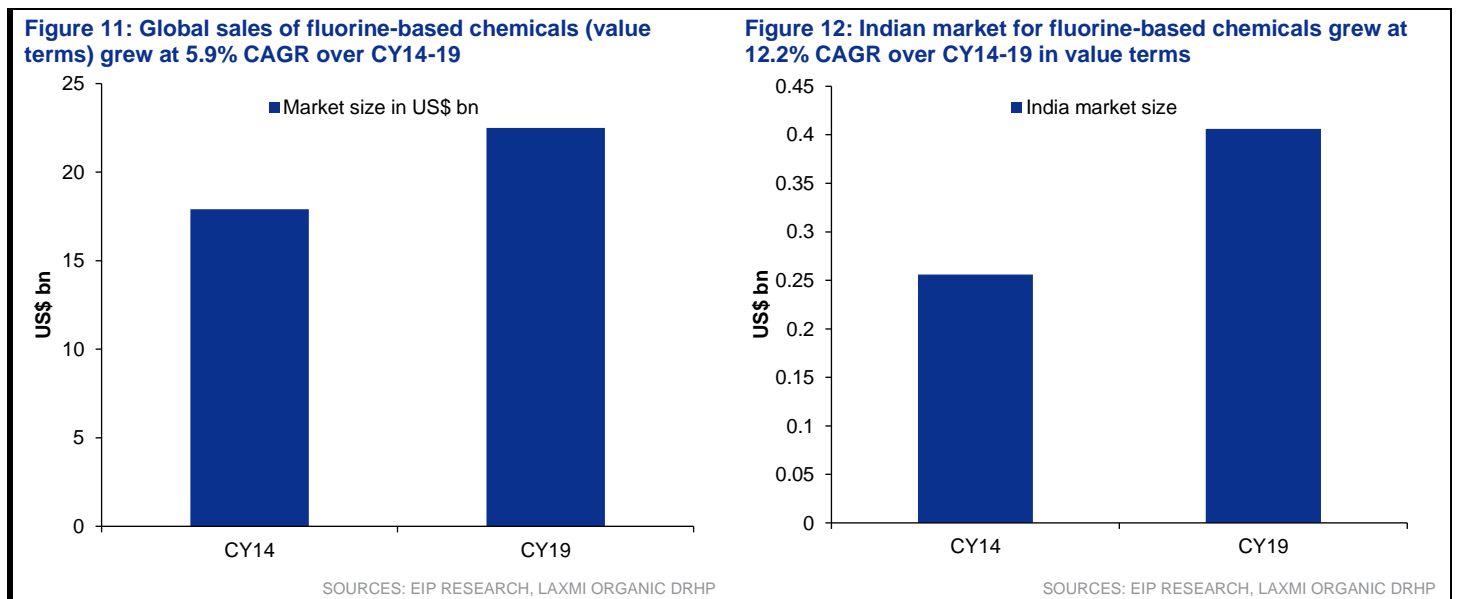
SOURCES: EIP RESEARCH, COMPANY REPORTS, BLOOMBERG

Solid, but fairly valued

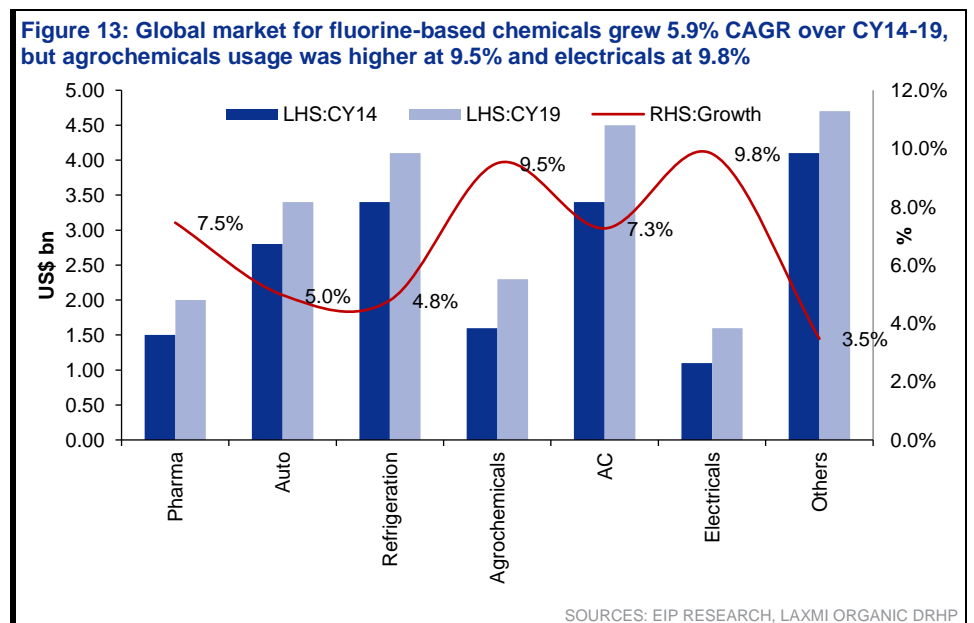
Navin Fluorine is a dominant player in the fluorine chemicals segment. It is strongly positioned in the Indian market fluorochemicals market with a 19% share in CY19 (Source: Laxmi Organic DRHP) and the domestic market grew at 12.1% CAGR over CY14-19 (Source: Laxmi Organic DRHP). The global market for fluorine-based chemicals grew at 5.9% CAGR over CY14-CY19 (Source: Laxmi Organic DRHP). Exports are likely to increase as HPP production ramps up. We forecast 27% revenue CAGR, 35% EBITDA CAGR and 26% EPS CAGR over FY21F-23F. We value Navin Fluorine at 35x FY23F EPS to arrive at a TP of Rs2,599. We initiate coverage on Navin Fluorine with a Hold rating, as high valuations encompass all the positives.

Business analysis

Fluorine-based chemicals are growing fast in India & globally >



Fluorine is finding new usage in agrochemicals & electricals >

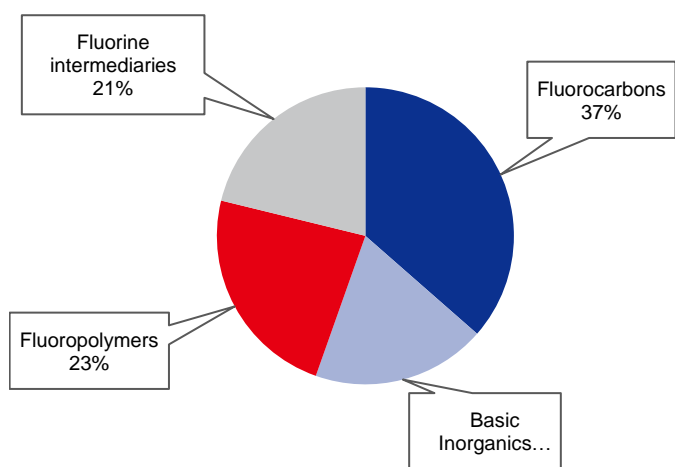


Within agrochemicals fluorine is finding increased usage in fungicides, which is good for Navin Fluorine ➤

Fluorine increases the reactivity of the molecules, making it more effective. Hence, innovators are increasingly using fluorine for fungicides. Indian companies like Navin Fluorine have become partners with innovators in their research and product development endeavours. This has two-fold benefits for Navin: 1) it becomes an integral and sometimes irreplaceable part of the supply chain; 2) organisational learning is high, helping Navin in future innovation.

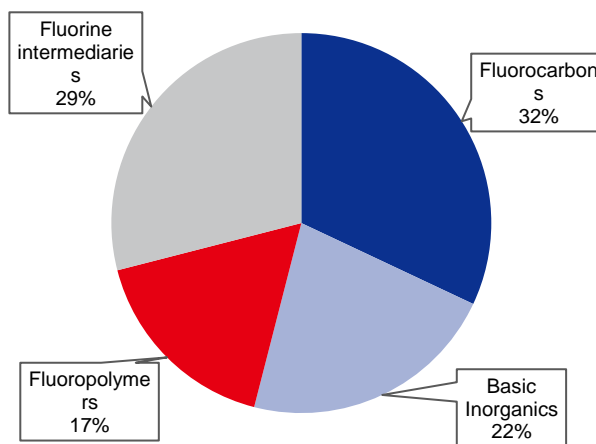
In India and globally fluorocarbons and fluorine intermediaries are principal fluorine products ➤

Figure 14: In India, fluorocarbons, fluorine intermediaries and inorganics form 77% of the fluorine-based chemicals market in value terms (CY19)



SOURCES: COMPANY REPORTS, LAXMI ORGANIC DRHP

Figure 15: Globally 83% of the fluorine-based chemicals market (in value terms) is dominated by fluorocarbons, fluorine intermediaries and inorganics (CY19)



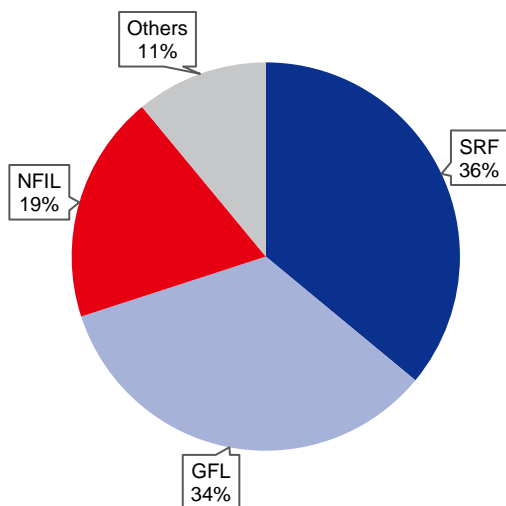
SOURCES: COMPANY REPORTS, LAXMI ORGANIC DRHP

Navin Fluorine is present in fluorocarbons, fluorine intermediaries and inorganics ➤

Navin Fluorine is present in fluorocarbons, fluorine intermediaries and inorganics, catering to ~83% of the global market in CY19 (Source: Laxmi Organic DRHP). In value terms, Navin Fluorine can cater to an approximately US\$18.7bn market (data for CY19, Source: Laxmi Organic DRHP).

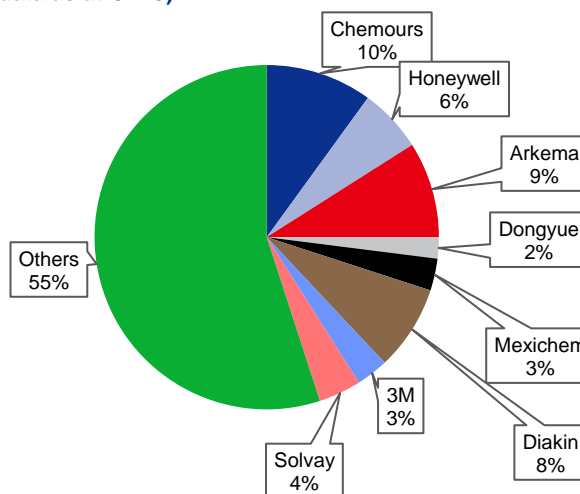
Market leader in India, but fringe player globally ➤

Figure 16: Navin Fluorine (NFIL) had a 19% market share in India in CY19



SOURCES: EIP RESEARCH, COMPANY REPORTS, LAXMI ORGANIC DRHP

Figure 17: No Indian company has a significant global market share (data as at CY19)

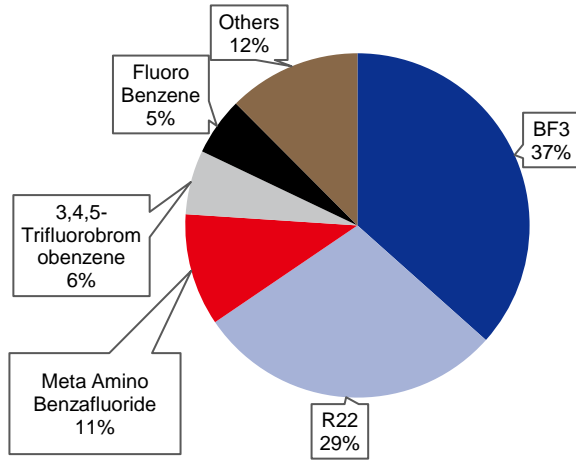


SOURCES: EIP RESEARCH, COMPANY REPORTS, LAXMI ORGANIC DRHP

Product-wise Navin Fluorine depends a lot on R-22 and BF3

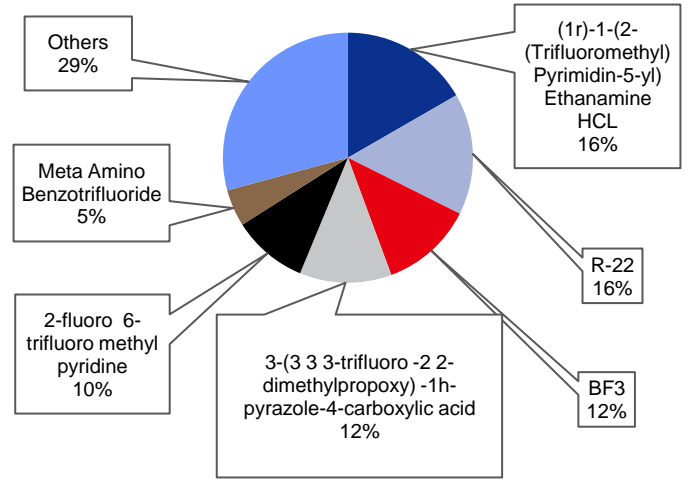
While Navin Fluorine’s dependence on R-22 and BF3 has fallen over the years, they still form the majority of its exports basket.

Figure 18: R-22 & BF3 formed 2/3rd of NFIL’s FY14 export basket



SOURCES: EIP RESEARCH, COMPANY REPORTS

Figure 19: R-22 and BF3 formed only 28% of the FY21 (till Dec 2020) export basket

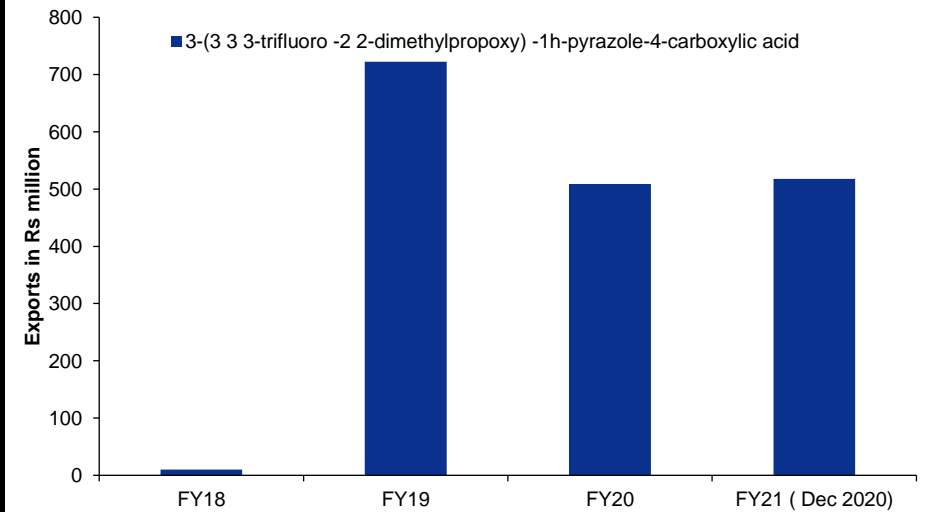


SOURCES: EIP RESEARCH, COMPANY REPORTS

Products like 3-(3,3,3-trifluoro-2,2-dimethylpropoxy)-1h-pyrazole-4-carboxylic acid have been successful for Navin

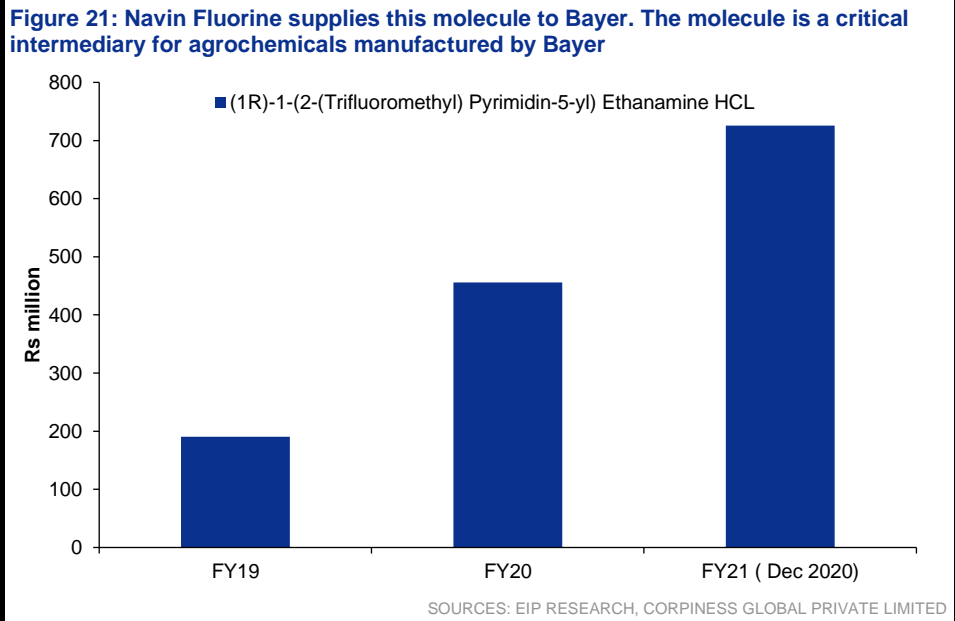
3-(3,3,3-trifluoro-2,2-dimethylpropoxy)-1h-pyrazole-4-carboxylic acid is a major intermediary used in cystic fibrosis medicine. Navin Fluorine is one of the main suppliers of Vertex Pharmaceuticals.

Figure 20: NFIL ramped up this product to nearly US\$10m in exports in FY21 (till Dec 2020) from US\$150k in FY18

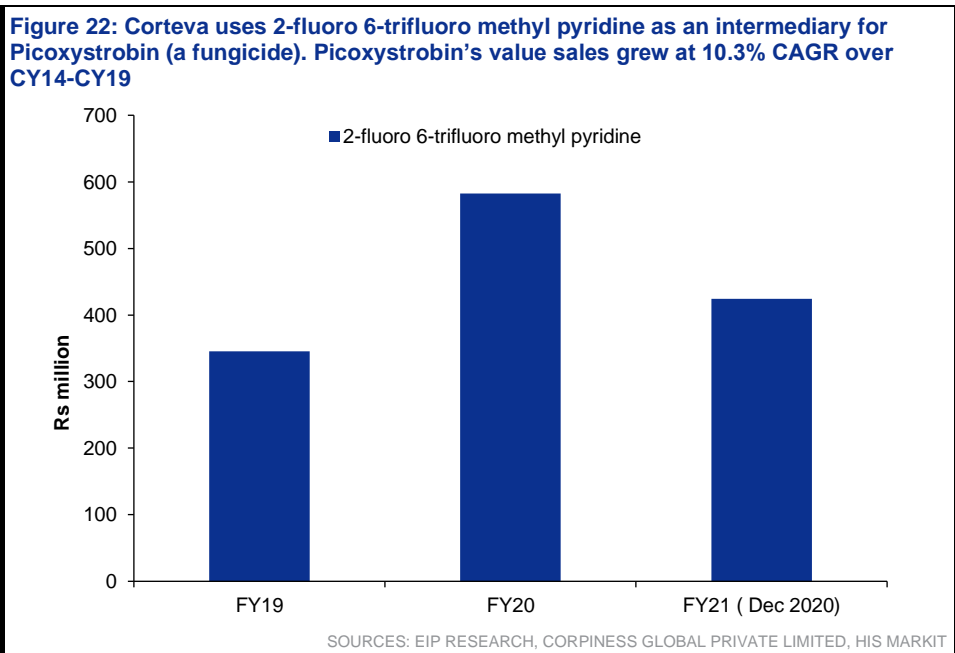


SOURCES: EIP RESEARCH, CORPINNESS GLOBAL PRIVATE LIMITED

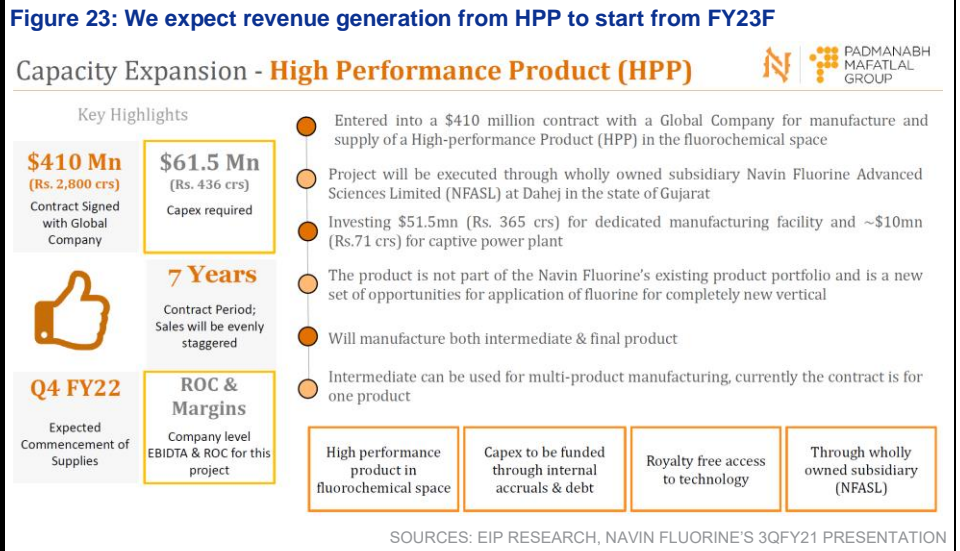
(1R)-1-(2-(Trifluoromethyl)Pyrimidin-5-yl) Ethan amide HCL is another success story for Navin Fluorine ➤



2-fluoro 6-trifluoro methyl pyridine is used as an intermediary for Picoxystrobin (a fungicide) ➤

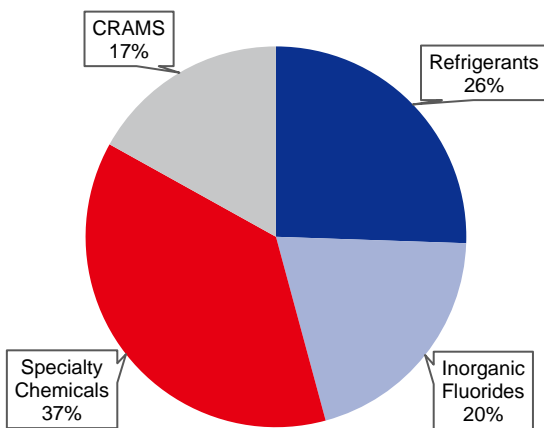


Through the success of these products Navin Fluorine has gained an HPP contract from a pharma major ➤



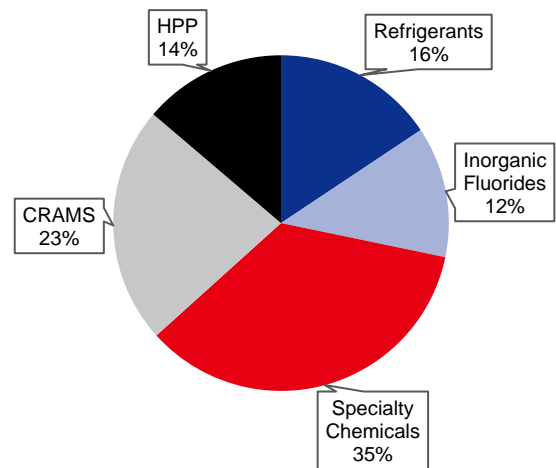
HPP will diversify Navin Fluorine's portfolio ➤

Figure 24: Specialty chemicals and CRAMS formed 54% of NFIL's FY20 sales



SOURCES: EIP RESEARCH, COMPANY REPORTS

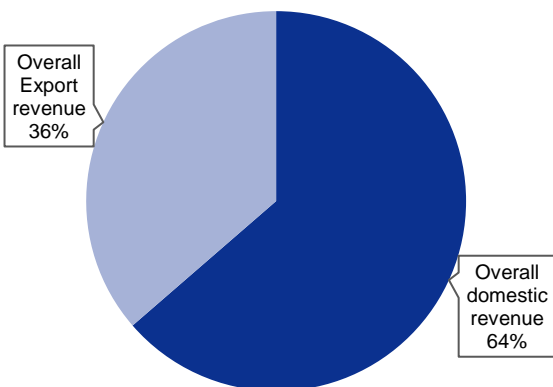
Figure 25: In FY23F, we expect HPP will form 14% of sales, diversifying NFIL's product portfolio



SOURCES: EIP RESEARCH, COMPANY REPORTS

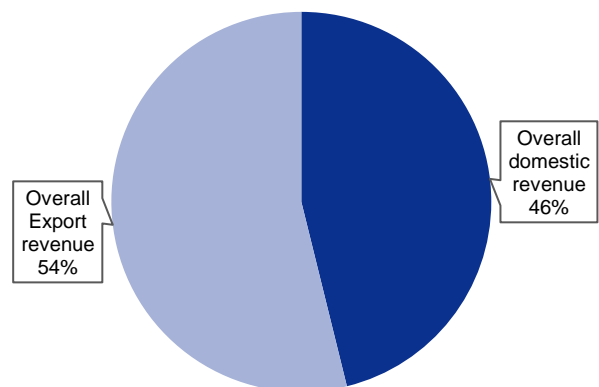
Navin Fluorine increasingly depending on exports ➤

Figure 26: Domestic sales were 64% of NFIL's overall revenue in FY14



SOURCES: EIP RESEARCH, COMPANY REPORTS

Figure 27: Exports to be 54% of NFIL's revenue by FY23F



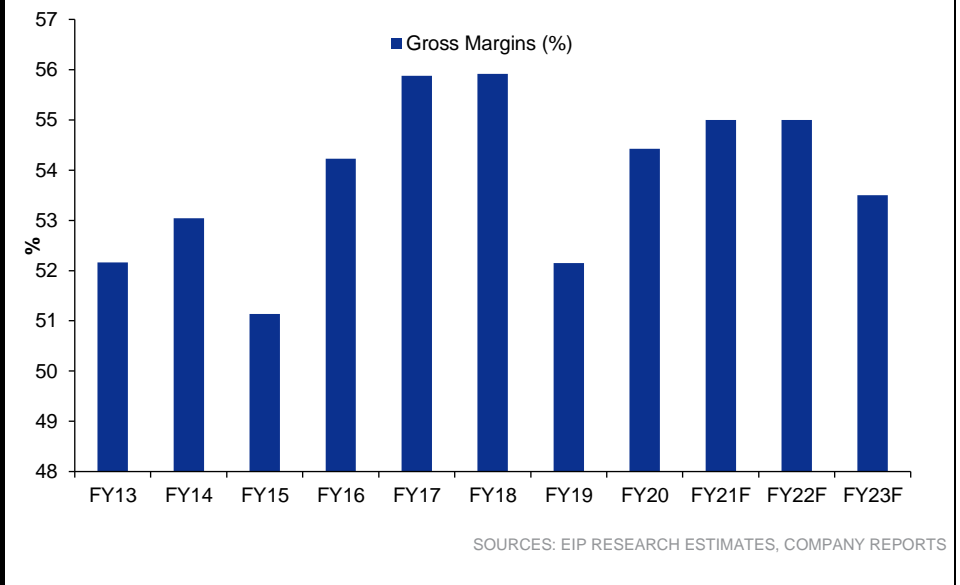
SOURCES: EIP RESEARCH, COMPANY REPORTS

Earnings and valuation

We forecast revenue CAGR of 27% and PAT CAGR of 26% over FY21F-23F. We expect higher CRAMS and HPP revenue to drive revenue growth. HPP should start contributing from FY23F. We have built in a graded ramp up in HPP revenue starting from Rs25bn in FY23F. The key for revenue ramp up will be the timely commissioning of HPP capacity.

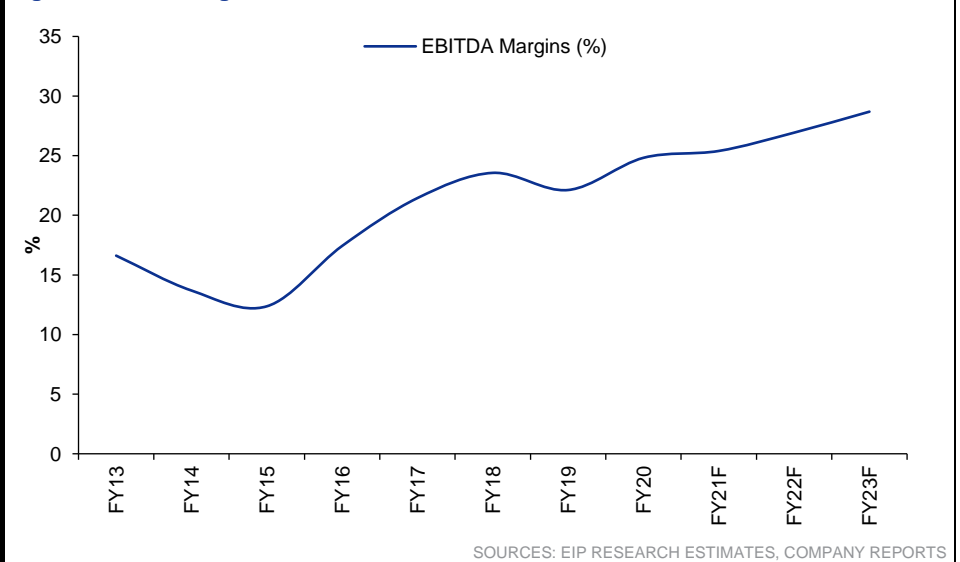
GMs likely to remain elevated till FY22F, may fall in FY23F as HPP capacity is ramped up ➤

Figure 28: We expect GM of 55% in FY21F to fall to 53.5% in FY23F

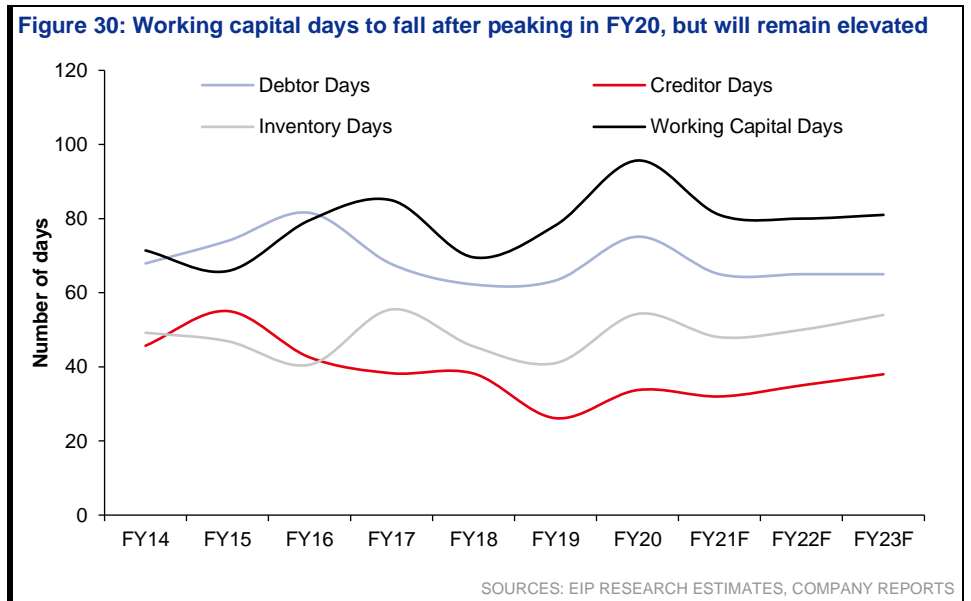


Operational leverage to expand EBITDA margin in FY23F ➤

Figure 29: While GMs may decline in FY23F, operational leverage will likely drive higher EBITDA margins

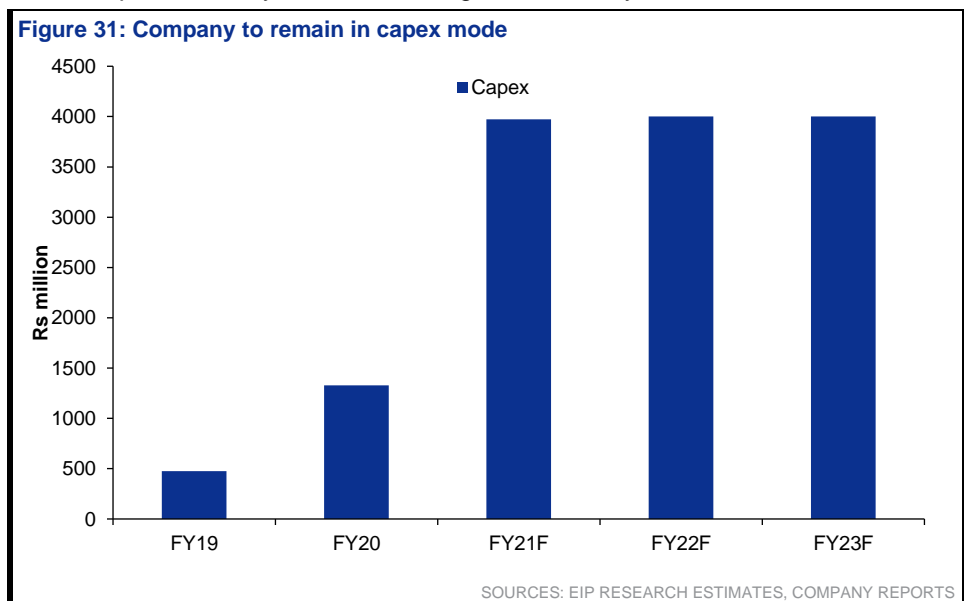


Expect working capital days to normalise after the high of FY20 ➤

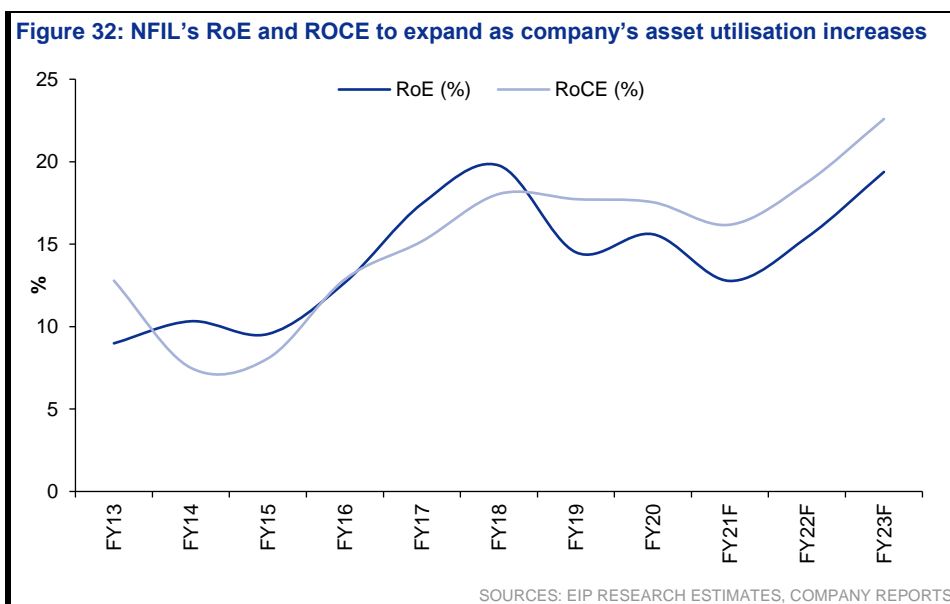


Navin’s business model demands it remain in capex mode ➤

Navin Fluorine is essentially a contract manufacturing company which means that for every contract it will have to put in capex. Normally these businesses do not initiate capex until they have contract/ growth visibility.



RoE and RoCE to expand as asset utilisation increases ➤



DuPont analysis reveals importance of higher asset utilisation & journey from commodity player to preferred client partner ➤

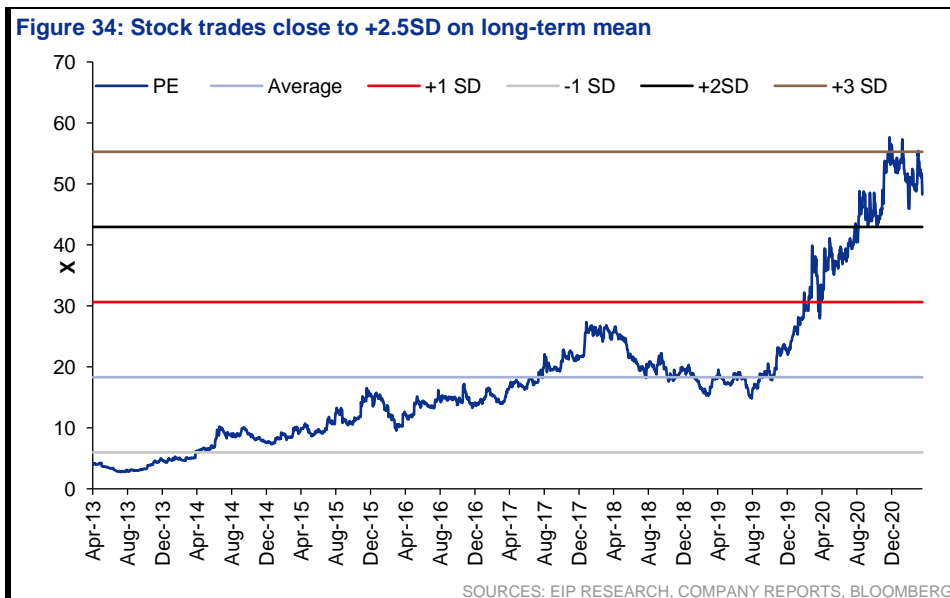
Figure 33: RoE will improve in FY23F. However, as asset turnover ratio will remain subpar (compared to FY10), RoE will remain well below the FY10 peak, in our view

DuPont Analysis	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21F	FY22F	FY23F
Profitability (%)	20.88	16.57	29.71	8.02	11.25	9.22	12.29	18.42	19.70	14.97	18.25	16.62	18.78	19.75
Asset turnover (x)	0.92	0.83	0.95	0.76	0.62	0.69	0.69	0.63	0.73	0.76	0.65	0.63	0.67	0.73
Financial leverage (x)	1.57	1.54	1.60	1.44	1.40	1.45	1.34	1.41	1.28	1.22	1.15	1.16	1.16	1.25
ROE (%)	30.1	21.1	45.1	8.7	9.8	9.3	11.4	16.4	18.3	13.9	13.7	12.1	14.6	18.1

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

- In its initial days Navin was a manufacturer of R-22 and BF3, selling them in the spot market. Hence, its profitability used to be volatile, resulting in much RoE variability.
- In FY15-16, the company started going in for long-term contracts which increased its asset intensity but lowered its profitability variability.
- Navin's asset turnover ratio may remain below 1x post FY23F as well as growth will require continued capex.
- We expect the company's RoE to remain in the 18-20% range from FY23F.

Stock trades at high valuation due to high revenue and EPS visibility ➤



Prefer P/E (to DCF & EV/EBITDA) to value NFIL ►

We value NFIL on a P/E basis as we consider it a more appropriate valuation method for agrochemical companies than the DCF or EV/EBITDA. In our view, DCF is not a suitable valuation method for NFIL as the earnings of chemical companies are highly cyclical and forecasting longer-term earnings is difficult. Also, we think a balance sheet-based valuation is inappropriate as short-term debt may rise because of inventory cycles, distorting the balance sheet for a short period (in many cases, for only one quarter).

We value stock at 35x FY23F EPS (+1.5SD). Initiate with Hold ►

Figure 35: Target price valuation

FY22F EPS (Rs)	52.1
FY23F EPS (Rs)	74.3
One-year forward P/E (x)	35
Target price (Rs)	2,599

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

We value Navin Fluorine at 35x FY23F EPS which is at par with peers:

- We forecast revenue CAGR of 27% and PAT CAGR of 26% over FY21F-23F. The company's RoE will improve to 19.3% in FY23F from a low of 12.8% in FY21F. The rise in RoE in FY23F will be led by higher asset utilisation, in our view.
- However, the most important aspect of Navin's higher P/E is continued and strong relations with its customers.
- The success of (1r)-1-(2-(Trifluoromethyl) Pyrimidin-5-yl) Ethanamine HCL, 3-(3,3-trifluoro-2,2-dimethylpropoxy)-1H-pyrazole-4-carboxylic acid and 2-fluoro-6-trifluoro methyl pyridine are testament of deepening relations with its clients. On the back of this success, it has been contracted to manufacture HPP – a pharmaceutical intermediary.
- Navin has the potential to get more contracts like HPP (worth US\$410m, to be supplied over the next seven years). In our view, these contracts provide revenue and earnings visibility which leads to higher P/E ratios.
- While business fundamentals are strong and PAT / revenue are likely to grow at 26%/27% CAGR over FY21-23F, valuations at 34x FY23F encompass all the positives. Hence, we initiate coverage on NFIL with a Hold rating.

Peer comparison

Figure 36: Sector Peer Comparison

Company	Bloomberg Ticker	Closing Price (LC)	Target Price* (LC)	% Upside	Rating	Market cap (US\$ m)	EV/EBITDA (x)		P/BV (x)		RoE (%)		P/E (x)	
							CY21F	CY22F	CY21F	CY22F	CY21F	CY22F	CY21F	CY22F
UPL Ltd	UPLL IN	621	578	-7%	HOLD	6,535	9.3	8.4	2.0	1.7	14.4	13.9	18.3	15.1
Rallis India Ltd	RALI IN	269	355	32%	ADD	720	13.3	12.0	3.3	2.9	16.5	15.7	21.4	19.8
SRF Limited	SRF IN	5,348	6,227	16%	ADD	4,365	18.9	16.3	4.9	4.2	18.8	17.6	29.8	25.8
PI Industries Limited	PI IN	2,316	2,505	8%	ADD	4,841	30.6	23.2	6.2	5.7	17.9	15.6	45.2	38.0
Vinati Organics Ltd	VO IN	1,419	1,603	13%	ADD	2,009	40.9	29.7	10.0	8.4	20.1	23.3	53.2	39.0
Dhanuka Agritech	DAGRI IN	701	689	-2%	REDUCE	450	13.0	11.9	4.2	3.5	26.3	22.7	17.1	16.8
Heranba Industries Ltd	HERANBA IN	637	457	-28%	REDUCE	351	17.5	17.8	6.0	4.9	34.5	24.9	24.2	25.4
Anupam Rasayan India Ltd	ANURAS IN	542	379	-30%	REDUCE	745	44.1	40.8	3.8	3.4	3.7	6.7	136.8	53.4
Laxmi Organic Ltd	LXCHEM IN	184	110	-40%	REDUCE	671	15.9	16.5	3.6	3.2	12.3	10.5	38.6	32.3
Aarti Industries	ARTO IN	1,368	1,087	-21%	REDUCE	3,282	23.2	21.7	6.2	5.0	16.1	13.1	34.6	22.0
Navin Fluorine International Ltd	NFIL IN	2,501	2,599	4%	HOLD	1,706	41.7	33.5	7.9	7.1	12.8	15.4	54.0	48.6
Bayer	BAYN GR	53	NR	NR	NR	61,977	7.7	7.1	1.2	1.1	7.7	7.7	9.1	8.3
BASF	BAS GR	69	NR	NR	NR	74,826	8.6	8.4	1.5	1.5	2.8	2.8	16.5	15.5
Corteva	CTVA US	46	NR	NR	NR	34,088	13.0	11.5	1.4	1.3	3.4	3.4	25.0	21.0

NR COMPANY ESTIMATES ARE FROM BLOOMBERG CONSENSUS

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG. PRICED AS AT 25 MAR 2021

Risks

- Delay in commissioning HPP capacity is the biggest downside risk to our earnings estimates. While we have built in a slow ramp up of HPP project capacities, plant stabilisation could take a lot of time which can be a further downside risk to our EPS estimates.
- While NFIL dependence on R-22 and BF3 has reduced, it still forms a significant portion of exports (28% in FY20, Source: Corpiness Global Private Limited). Any fall in the price of R-22 will lead to lower EPS and, in turn, stock price.
- Winning a big contract like in HPP will further rerate the stock and present an upside to our TP and rating. Note that a contract win will not lead to any immediate earnings revision, but earnings visibility will likely improve further potentially rerating the stock.
- Fluorine-based products are finding multiple uses across the pharmaceuticals and agrochemicals segments. Any new usage of Navin's product will increase revenue and EPS, in our view. This will also present an upside to our TP.

SWOT Analysis

Figure 37: Navin Fluorine	
Strengths	Weakness
Proven chemistry skills in fluorine.	The company has not been able to venture into a new class of fluorine-based refrigerants.
Opportunities	Threats
Size of the company is still small at US\$150m revenue currently, whereas the global market size was US\$22.5bn in CY19. This presents a big growth opportunity.	Concentration of customers in key products is its biggest risk.

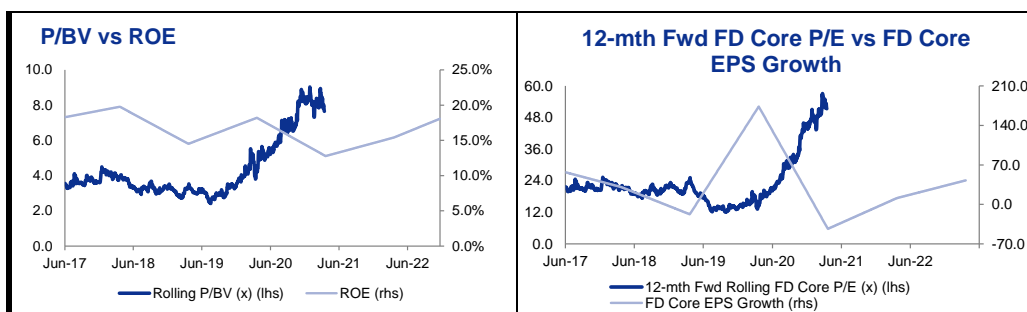
SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Annexure

Navin Fluorine International Ltd (NFIL) is one of the largest and the most respected Indian manufacturers of speciality fluorochemicals. It belongs to the Padmanabh Mafatlal Group – one of India's oldest industrial houses. Established in 1967, NFIL operates one of the largest integrated fluorochemicals complexes in India with manufacturing locations at Surat and Dahej in Western India and Dewas in Central India. Navin Research Innovation Centre (NRIC), the company's R&D centre, is located in Surat, India.

Figure 38: Key management profiles	
Mr. Radhesh R. Welling, Managing Director, Navin Fluorine International Ltd	Mr Radhesh Welling has 22 years of work experience and has handled functions ranging from innovation to sales & marketing to corporate strategy to manufacturing across geographies. He was previously CEO and Executive Director of Laxmi Organic Industries Ltd – a Rs1,400cr specialty chemicals company. Earlier, he worked with J.M. Huber Corporation for eight years and was based out of its head office in Atlanta, USA. He has a Mechanical Engineering degree from the National Institute of Technology, India, and has a Master of International Business from IIFT, New Delhi. He has also done an MBA from IMD, Lausanne, Switzerland.
Ms. Jeyamalini Natesan, President & Chief Human Resources Officer, Navin Fluorine International Ltd	Ms Jeyamalini has a Bachelor of Commerce from Madras Christian College and an MBA from Loyola Institute of Business Administration. She is a postgraduate in Human Resources Management from XLRI. Her experience spans such industries as consulting, automotive, banking & financial services, real estate & infrastructure, chemicals and pharmaceuticals. Prior to joining Navin Fluorine, she was with AstraZeneca Pharma India Ltd as Director & Head of Human Resources for its India operations. Prior assignments include leadership positions at PI Industries, S&P, Citigroup and Siemens.

SOURCE: COMPANY WEBSITE

BY THE NUMBERS

Profit & Loss

(Rs mn)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	9,959	10,616	11,490	13,716	18,602
Gross Profit	5,194	5,777	6,319	7,544	9,952
Operating EBITDA	2,203	2,635	2,918	3,694	5,337
Depreciation And Amortisation	(275)	(370)	(434)	(486)	(789)
Operating EBIT	1,928	2,265	2,484	3,208	4,548
Financial Income/(Expense)	(8)	(20)	(1)		(71)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	324	333	305	234	204
Profit Before Tax (pre-EI)	2,244	2,578	2,788	3,442	4,681
Exceptional Items	2,148	595			
Pre-tax Profit	2,244	4,726	3,382	3,442	4,681
Taxation	(770)	(712)	(1,065)	(866)	(1,006)
Exceptional Income - post-tax					
Profit After Tax	1,474	4,014	2,317	2,576	3,674
Minority Interests	17	72			
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	1,491	4,086	2,317	2,576	3,674
Recurring Net Profit	1,491	2,262	1,909	2,576	3,674
Fully Diluted Recurring Net Profit	1,491	2,262	1,909	2,576	3,674

Cash Flow

(Rs mn)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	2,203	2,635	2,918	3,694	5,337
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(615)	(991)	597	(414)	(1,062)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(292)	51	(112)	11	15
Other Operating Cashflow	333	353	900	234	275
Net Interest (Paid)/Received	(8)	(20)	(1)		(71)
Tax Paid	(719)	(462)	(1,065)	(866)	(1,006)
Cashflow From Operations	902	1,566	3,236	2,658	3,488
Capex	(616)	(1,077)	(3,973)	(4,000)	(4,000)
Disposals Of FAs/subsidiaries	4	98			
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	369	1,830	397	675	
Cash Flow From Investing	(243)	851	(3,577)	(3,325)	(4,000)
Debt Raised/(repaid)	(85)	(27)	(18)		1,500
Proceeds From Issue Of Shares	21	12			
Shares Repurchased					
Dividends Paid	(611)	(714)	(651)	(723)	(1,032)
Preferred Dividends					
Other Financing Cashflow	(8)	(80)	(1)		(71)
Cash Flow From Financing	(683)	(809)	(669)	(723)	397
Total Cash Generated	(25)	1,609	(1,009)	(1,390)	(115)
Free Cashflow To Equity	573	2,390	(358)	(666)	988
Free Cashflow To Firm	667	2,438	(339)	(666)	(441)

SOURCES: EIP RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	2,253	3,513	2,504	439	323
Total Debtors	1,727	2,185	2,046	2,442	3,313
Inventories	1,119	1,579	1,511	1,879	2,752
Total Other Current Assets	508	559	520	530	551
Total Current Assets	5,607	7,836	6,581	5,290	6,939
Fixed Assets	3,817	4,798	8,338	11,852	15,063
Total Investments	2,391	1,279	882	882	882
Intangible Assets	878	878	878	878	878
Total Other Non-Current Assets	379	1,495	1,617	1,619	1,619
Total Non-current Assets	7,465	8,449	11,714	15,230	18,441
Short-term Debt	41	14			
Current Portion of Long-Term Debt					
Total Creditors	713	981	1,007	1,315	1,937
Other Current Liabilities	1,010	774	1,099	1,150	1,231
Total Current Liabilities	1,765	1,769	2,106	2,465	3,168
Total Long-term Debt	4	4			1,500
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	145	289	289	289	289
Total Non-current Liabilities	148	292	289	289	1,789
Total Provisions	434	103	113	126	141
Total Liabilities	2,348	2,164	2,508	2,880	5,097
Shareholders Equity	10,724	14,122	15,788	17,640	20,283
Minority Interests					
Total Equity	10,724	14,122	15,788	17,640	20,283

Key Ratios					
	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	9.1%	6.6%	8.2%	19.4%	35.6%
Operating EBITDA Growth	2.5%	19.6%	10.7%	26.6%	44.5%
Operating EBITDA Margin	22.1%	24.8%	25.4%	26.9%	28.7%
Net Cash Per Share (Rs)	44.66	70.65	50.60	8.86	(23.78)
BVPS (Rs)	216.88	285.42	319.10	356.53	409.94
Gross Interest Cover	233.15	112.99	2,978.36		63.83
Effective Tax Rate	34.3%	15.1%	31.5%	25.2%	21.5%
Net Dividend Payout Ratio	25.9%	28.1%	37.8%	28.1%	28.1%
Accounts Receivables Days	60.16	67.26	67.20	59.73	56.46
Inventory Days	86.45	101.77	109.06	100.23	97.70
Accounts Payables Days	63.90	63.92	70.18	68.67	68.61
ROIC (%)	21.6%	28.7%	17.5%	18.7%	21.3%
ROCE (%)	18.0%	17.9%	16.6%	19.2%	23.1%
Return On Average Assets	11.5%	12.8%	10.0%	13.3%	16.3%

SOURCES: EIP RESEARCH, COMPANY REPORTS

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Score Range:	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2019, Anti-Corruption 2019

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BPCG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, n/a, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** – Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** – Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TNR** – Very Good, Certified, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TIPIP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI)

Recommendation Framework

Stock Ratings

Definition:

Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.