PINC RESEARCH

# MARUTI SUZUKI LTD.

Q4 FY 2008 update BUY

Sector Four Wheelers | CMP Rs 801 | Target Rs 1,075

## STOCK DATA

| | |
|---|---|
| Market Cap | Rs 232 bn. |
| Book Value per share | Rs 292 |
| Eq Shares O/S (F.V. Rs. 5) | 289 mn. |
| Median Volumes (12 mths) | 720,860 (BSE+NSE) |
| 52 Week High/Low | Rs 1,252 / 700 |
| Bloomberg Code | MUL.IN |
| Reuters Code | MRTI.BO |

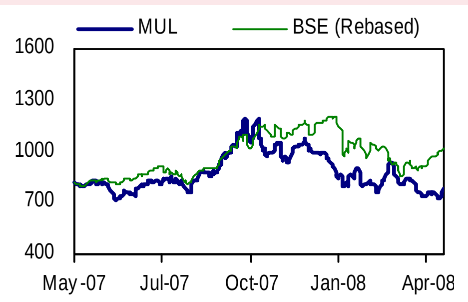
## SHAREHOLDING PATTERN (%)

| Qtr. Ended | Sep-07 | Dec-07 | Mar-08 |
|---|---|---|---|
| Promoters | 54.2 | 54.2 | 54.2 |
| MFs/UTI/FIs | 26.3 | 23.8 | 23.1 |
| FIIs/NRIs/OCBs | 14.2 | 15.8 | 15.8 |
| PCB | 2.9 | 3.6 | 3.9 |
| Indian Public | 2.4 | 2.6 | 2.9 |

## STOCK PERFORMANCE (%)

| | 1M | 3M | 12M |
|---|---|---|---|
| Absolute | (5.8) | (5.0) | (3.2) |
| Relative | (13.3) | (0.9) | (28.3) |

## STOCK PRICE PERFORMANCE




## KEY HIGHLIGHTS

**Net sales rose by only 7.5% YoY to Rs47.6bn due to a one-time compensation of Rs545mn to dealers for reduction in excise duty. While volumes were higher by 1% YoY to 202k units, realisations improved by 6.4% to Rs236k/unit due to a richer product-mix.**

- **OPM below expectations, down 290 bps at 13.1%**

Despite 6.4% improvement in realisations, RM costs rose by 50bps due to a rise in steel prices. Also, other expenditure surged by 240bps due to higher royalty, power & fuel cost, sales promotion expenses as well as Rs505mn notional M-T-M forex derivatives loss.

- **Higher depreciation & other income**

The company has reduced life of tooling & equipment assets from 13 years to 8 years and dies from 5 years to 4 years for calculating depreciation. As a result, the company has written down an additional Rs2.1bn during the quarter. Also, the company had higher than expected other income of Rs1.2bn due to reversal of provisions (Rs583mn) & transaction gains on import/export (Rs619mn).

- **Capacity constraints in *Swift/SX4***

MSL's *Swift* platform *& SX4* manufactured at Manesar continue to face capacity constraints. The plant has a capacity of 100k units pa and is currently running at 120% capacity. In FY09, supply constraints should ease as the company has ramped up Manesar's capacity to 170k units p.a. in Apr'08 to meet the shortfall in the domestic markets and for export of production model of concept *A-Star* to Europe. The capacity at this plant will be further hiked to 300k units in Oct'08.

## VALUATIONS AND RECOMMENDATION

*At the CMP of Rs801, MSL is quoting at a P/E of 11.3x and 9.7x FY09E and FY10E earnings. MSL has demonstrated its ability to weather competition especially during industry slowdown in the last 2-3 quarters. Key factors that contributed were models placed favorably on the price-value matrix supported by a strong dealer & service network, lower cost of ownership and higher resale value for its models. We expect growth backed by new launches & a surge in exports. We reiterate our 'BUY' recommendation with a revised price target of Rs1,075.*

## KEY FINANCIALS (STANDALONE)

| Rs mn | Quarter Ended | | | Yr Ended (March) | | | | |
|---|---|---|---|---|---|---|---|---|
| | Sep-07 | Dec-07 | Mar-08 | 2006 | 2007 | 2008E | 2009E | 2010E |
| Net Sales | 45,474 | 46,741 | 47,629 | 120,034 | 146,538 | 178,987 | 209,556 | 248,681 |
| *YoY Gr. (%)* | *33.7* | *27.0* | *7.5* | *10.0* | *22.1* | *22.1* | *17.1* | *18.7* |
| Op. Profits | 5,978 | 6,133 | 4,556 | 15,632 | 19,904 | 22,258 | 27,201 | 31,469 |
| *Op. Marg.(%)* | *13.1* | *13.1* | *9.6* | *13.0* | *13.6* | *12.4* | *13.0* | *12.7* |
| Net Profits | 4,665 | 4,670 | 2,977 | 11,891 | 15,619 | 17,326 | 20,399 | 23,845 |
| Eq. Capital | 1,445 | 1,445 | 1,445 | 1,445 | 1,445 | 1,445 | 1,445 | 1,445 |

## KEY RATIOS

| | Yr Ended (March) | | | | |
|---|---|---|---|---|---|
| | 2006 | 2007 | 2008E | 2009E | 2010E |
| Dil. EPS (Rs) | 41.1 | 54.0 | 60.0 | 70.6 | 82.5 |
| ROCE (%) | 34.6 | 36.6 | 30.9 | 29.7 | 28.7 |
| RONW (%) | 24.2 | 25.4 | 22.6 | 21.8 | 20.9 |
| P/E (x) | 19.5 | 14.8 | 13.4 | 11.3 | 9.7 |
| EV/Sales (x) | 1.5 | 1.3 | 1.1 | 1.0 | 0.8 |
| EV/EBDIT (x) | 10.6 | 8.6 | 7.6 | 6.5 | 5.7 |

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## INDUSTRY OVERVIEW

*Growth in domestic PV industry tapered off to 8% in Q4FY08…*

*In Q4FY08, growth in the domestic passenger vehicles further tapered off, rising by only 8% YoY to 432k units. While passenger cars (PC) grew by 8% to 336k units, utility vehicles (UV) grew 6% to 96k units.*

### Passenger Cars (PCs) & Utility Vehicles (UVs)

MSL's overall volumes rose by 1% to 202k units. While domestic volumes were marginally higher by 0.7% YoY at 187k units, exports were higher by 5.8% YoY at 15k units. This resulted in a fall in MSL's market share by 300bps YoY & 620 bps QoQ to 43.3%.

Growth in domestic markets was led by the 'C' segment (*SX4 & Swift Dzire*), which grew by 82% to 12k units. MSL became the 2nd largest player in 'C' segment with a market share of 18% in Q4FY08. This was due to incremental volumes from launch of *Swift Dzire* in Mar'08, which clocked volumes of 5.6k units in Q4FY08. In the 'B' segment, MSL's volumes declined 2% to 132k units in Q4FY08. This was due to drop in sales of *Alto* (1.5%) & *Zen Estilo* (49%). On the other hand, volumes of *WagonR* rose by 10% to 34k units, while volumes of *Swift* surged 30% to 27k units. The share of UV's in total PV industry has been ranging between 20-25% and the same was 22% in Q4FY08. MSL's UV segment volumes were stagnant at 25k units.

## PERFORMANCE OVERVIEW

The performance was below expectations on volumes, revenues, margins & profitability fronts. While volumes expanded by 1% to 202k units, realisations improved by 6.5% to Rs235k/vehicle resulting in net sales growing by 7.5% YoY to Rs47.6bn. There was a one-time compensation of Rs545mn to dealers for the reduction in excise duty deducted from net sales. Adjusting for the same, net sales were 0.2% below our expectations.

Raw material cost surged by 50bps YoY to 76.5% (of sales) despite a better product-mix & sourcing policy of 12-month contracts for steel and an average of 3-6 months for other raw materials. If not for these contracts the impact on margins would have been higher. Staff costs were stagnant at 1.8%. Other expenditure jumped by 240bps due to higher royalty outgo alongwith Rs505mn MTM notional forex derivatives loss. Due to pressure from input costs & higher other expenditure, OPM dropped by 290bps to 9.6%. However, adjusting for the one-time notional MTM forex derivatives loss of Rs505mn, operating margins were 200bps below our expectations of 12.5%.

*MSL has changed depreciation policy, reducing life of assets…*

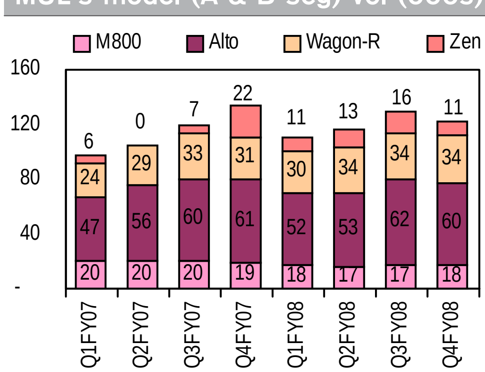
Also, other income was higher than expectations, rising by 50% to Rs3.1bn due to better yield on treasury, transaction gain on imports/exports of Rs619mn as well as reversal of provisions to the tune of Rs583mn. While interest cost was higher by 4% at Rs161mn, depreciation was higher by 333% at Rs3.1bn due to change in depreciation policy, as a result of which, there was a one-time write-off of Rs2.1bn. While the life of equipment & tooling assets has been reduced from 13 to 8 years, the same for dies is reduced from 5 to 4 years. Tax rate was in line with expectations at 31.6%, which resulted in net profits plunging 34% to Rs2.9bn.

### Capex Plans

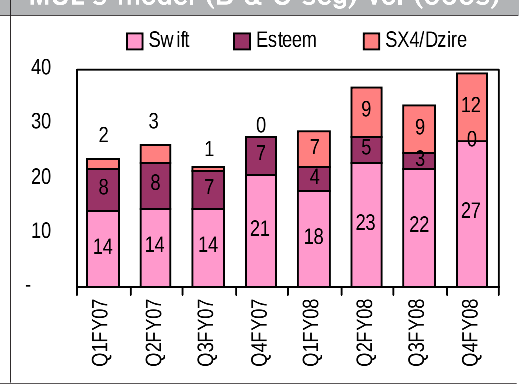
*MSL has envisaged a capex of Rs90bn over the next 3-5 years…*

MSL operated at more than 100% capacity utilisation in FY08. In order to overcome its constraint, MSL has outlined a capex of Rs90bn over FY07-11. Of this, Rs40bn will be invested at the Gurgaon plant for capacity expansion (from 600K to 700K units), automation and new product development & Rs27bn would be at Manesar for capacity

**MUL's model (A & B seg) vol (000s)**




**MUL's model (B & C seg) vol (000s)**




Source: Cris Infac, Pinc Research

expansion to 300k units. This will take the overall capacity of the company from 700k units currently to 1mn units by FY10. As witnessed already, MSL has the ability to operate its plants at 110-115% capacity. We believe the company can ramp-up production to 1.1-1.15mn units.

**INVESTMENT INCENTIVES**

*Key demand drivers in place...*

While 400-500bps hike in interest rates over the past 3-4 quarters have impacted automobile sales, PV's registered the best growth among automobiles. This was due to a slew of new product launches alongwith subventions by vehicle manufacturers & financiers which helped maintain momentum. While the key demand drivers viz. rising disposable incomes, growing number of middle and high income households and easy access to credit are intact, higher interest costs could dampen growth rates in the near term.

*We expect MSL's domestic growth to slowdown to 8-9% CAGR over FY08-10...*

While the PV industry grew by 11% in FY08, MSL's domestic volumes registered a growth of 12% in the same period beating competition and improving market share. This was on back of a good response to its new launches viz. *Swift, WagonR Duo, Zen Estilo & SX4.* This, alongwith no major launches in the 'B' segment by other players has helped MSL outperform the industry. However, it is facing capacity constraints in *Swift* platform*, SX4 & WagonR* which could restrict volumes. Also, launches in 'B' segment and the debut of Tata's *Nano* will intensify competition going forward. Hence MSL's growth in domestic markets could slow down to 8-9% CAGR over FY08-10.

In the 'B' segment, there is strong competition from GM, Hyundai & Tata Motors. While GM has launched its small car *Spark*, the Tata-Fiat combine is also expected to launch a slew of new products including a new *Indica* platform and a replacement of *Palio* among others. Hyundai's recently launched *i10* is providing stiff competition garnering market share of 13% of the compact segment in Q4FY08.

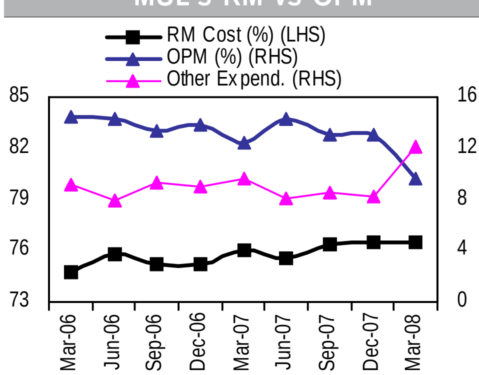
MSL's strategy to beat competition hinges on new product launches coupled with greater market share across products, which is not being adequately leveraged owing to capacity constraints. Despite increase in capacity to ~7k units/month for *Swift* & ~3k units/month for *SX4*, it is short of potential demand.

Among the new model launches, MSL launched *Swift Dzire* in Mar'08, to replace *Esteem*. It expects to redo *SX4* with this launch. Another model lined up in B+ will be *Splash* showcased by parent Suzuki Motors (Japan) as the 4th World Strategic Model. SMC plans to manufacture and launch the same in India through MSL, though this is expected only in FY10.

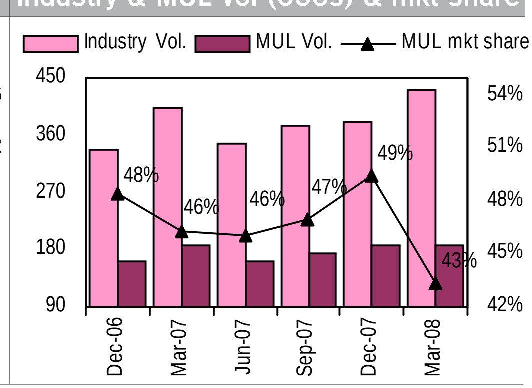
MSL's *WagonR* has penetrated the alternate fuels market and clocked volumes of 34k units in Q4FY08 & 133k units in FY08. The biggest factor contributing to the vehicle's success has been its improved fuel efficiency. We expect the rise in fuel costs to boost demand for alternate fuel cars with MSL being a key beneficiary.

The company has renewed its focus on exports after witnessing a slowdown in FY07 due to discontinuation of Alto exports to Europe. As a result, exports declined in 9MFY07. However, in Q4FY07, MSL initiated plans to ramp-up Non-European exports which seems to have paid off. While exports surged by 75% to 14k units in Q4FY07, they have risen by further 35% to 53k units in FY08.

**MUL's RM vs OPM**




**Industry & MUL vol (000s) & mkt share**




Source: SIAM, Pinc Research

While exports contribution to volumes is currently low at 7%, MSL plans to ramp this up to 15% by FY10. It will do this by augmenting its geographical spread and from big outsourcing opportunities from Suzuki & Nissan-Suzuki JV.

*MSL plans to step-up presence in 'C' segment to retain existing customers...*

In case of parent SMC, the recently showcased World Strategic Model *A-Star* at the Auto Expo 2008 is to be produced by MSL and exported to Europe under the Suzuki brand name starting Q3FY09. Though volume details are not available, going by Suzuki's track record the same could be 50K/year in case the product succeeds. Besides, MSL will also manufacture a vehicle for the Nissan-Suzuki JV for the international markets, which could provide further impetus to exports. Though specific model details are not known, MSL is looking at volumes of 100K for Nissan-Suzuki JV.

**INVESTMENT RISKS**

High interest rates, rising inflation & slowdown in service industry due to a possible recession in US & appreciating rupee could lead to a further slowdown in the automotive industry. Besides, increasing competition from new product launches especially in the 'B' segment coupled with capacity constraints for MSL could prove to be a significant dampener on the volumes going forward.

Also, a rise in input costs of steel, aluminum & rubber could be a drag on margins going forward with only a part of the hike being passed on to customers. Although the company is looking at hedging strategies for sourcing of raw materials, volatility in prices could be a dampener on the margins.

**OUTLOOK**

*We expect competition to intensify from new product launches in 'B' segment by various players...*

We expect growth in MSL's overall volumes to taper off to 13-14% CAGR over FY08-10 as its domestic volumes slowdown to 8-9% CAGR due to higher base, slew of new launches by competition in the 'B' segment alongwith launch of Tata's *Nano*. We have factored in a market share loss in the domestic markets for MSL where we expect volumes to be driven by new launches (one new model every year). We also expect 15-16% CAGR in the 'C' segment led by *SX4* & *Swift Dzire*. We expect volumes to be driven by 60-65% CAGR in exports.

We expect realisations to improve by ~3-4% per vehicle, due to a richer product mix & thus expect revenues of the company to rise by 19-20% CAGR to Rs249bn in FY10. While improving product mix will help better realisations, we expect higher input costs & rise in selling & product development expenses to be a drag on the margins. We anticipate other income to edge up by 18-20% on account of an investment book of ~Rs25bn and increasing sales of scrap.

However, we foresee capital charges to be higher by 28-30% on back of capex for new product launches & increased capacities as well as change in depreciation policy, reducing the life of assets. Consequently, we expect net profits to expand by 14-15% CAGR to Rs23.8bn in FY10 (revised downwards by 4%).

**VALUATIONS AND RECOMMENDATION**

*We reiterate our 'BUY' recommendation with a revised price target of Rs1,075...*

*At the CMP of Rs801, MSL is quoting at a PE of 11.3x and 9.7x FY09E and FY10E earnings. MSL is an attractive play on the growing car market with its models placed favorably on the price-value matrix supported by a strong dealer & service network. Also, the cost of ownership continues to be lower and resale value higher for MSL's models. We expect growth backed by new launches & surge in exports. Hence, we reiterate our 'BUY' recommendation with a revised price target of Rs1,075.*

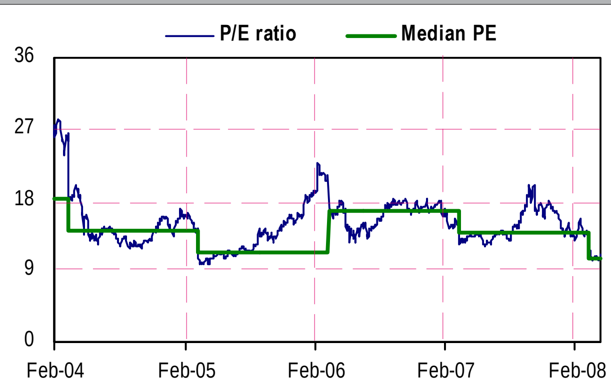
**Company description**

Maruti Suzuki is the largest manufacturer of passenger vehicles in India. It was formed in 1981 as a JV between Government of India & Suzuki (Japan) with GOI selling its stake in FY08. It has 2 manufacturing facilities located at Gurgaon & Manesar with an annual capacity of 700k units to be scaled upto 1mn units by 2010. MSL commands almost 50% of the passenger vehicles market in India with *800, Alto, Zen* & *WagonR* as its flagship models.

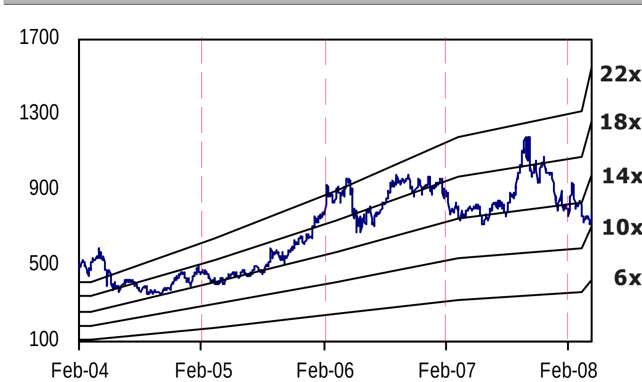
## Financial Results for the quarter & year ended 31 March 2008 (Standalone)

| Particulars (Rs Mn) | Quarter Ended | | | Year Ended | | |
|---|---|---|---|---|---|---|
| | 31/03/08 | 31/03/07 | Gr % | 31/03/08 | 31/03/07 | Gr % |
| **Net Sales** | **47,629** | **44,298** | **7.5** | **178,987** | **146,538** | **22.4** |
| **Total Expenditure** | **43,073** | **38,787** | **11.0** | **156,738** | **126,635** | **23.8** |
| (Inc.)/dec. in stock-in-trade | (2,447) | (249) | | (2,701) | 2,186 | |
| Materials | 38,861 | 33,915 | 14.6 | 139,168 | 108,307 | 28.5 |
| Staff Cost | 880 | 807 | 9.1 | 3,562 | 2,884 | 23.5 |
| Other expenditure | 5,778 | 4,315 | 33.9 | 16,709 | 13,257 | 26.0 |
| **Operating Profit** | **4,556** | **5,510** | **(17.3)** | **22,243** | **19,904** | **13.5** |
| Income from Services | 210 | - | | 381 | 301 | 26.9 |
| Other Income | 2,861 | 2,050 | 39.6 | 8,684 | 5,984 | 45.1 |
| **PBIDT** | **7,626** | **7,560** | **0.9** | **31,309** | **25,888** | **20.9** |
| Gross Interest | 161 | 156 | 3.7 | 596 | 376 | 58.4 |
| Depreciation | 3,111 | 718 | 333.2 | 5,682 | 2,714 | 109.4 |
| **PBT & Extra Ord. Items** | **4,354** | **6,686** | **(34.9)** | **25,031** | **22,798** | **9.8** |
| Extra ordinary items | - | - | | - | - | |
| **PBT** | **4,354** | **6,686** | **(34.9)** | **25,031** | **22,798** | **9.8** |
| Provision for tax | 1,377 | 1,721 | | 7,736 | 6,214 | |
| Provision for deferred tax | - | 463 | | (30) | 897 | |
| Provision for FBT | - | 17 | | 17 | 68 | |
| **Net Profit** | **2,977** | **4,486** | **(33.6)** | **17,326** | **15,619** | **10.8** |
| Equity Capital (FV Rs 10) | 1,445 | 1,445 | | 1,445 | 1,445 | |
| Reserves (excl. rev. res.) | - | - | | 82,896 | 67,217 | |
| **EPS for the period (Rs)** | **10.3** | **15.5** | | **59.9** | **54.1** | |
| Book Value (Rs) | - | - | | 292 | 238 | |
| **OPM (%)** | **9.6** | **12.4** | **(2.9)** | **12.4** | **11.1** | **1.3** |
| NPM (%) | 6.2 | 10.1 | (3.9) | 9.7 | 8.7 | 1.0 |
| **Sales Volumes (Units)** | **202,225** | **200,112** | **1.1** | **764,758** | **674,894** | **13.3** |
| **Exports** | 15,034 | 14,213 | 5.8 | **53,024** | **39,295** | 34.9 |
| M 800 | 17,568 | 19,117 | (8.1) | 69,553 | 79,245 | (12.2) |
| Omni/Versa | 24,170 | 24,333 | (0.7) | 89,729 | 83,091 | 8.0 |
| Zen/Alto/Wagon-R/Swift | 131,885 | 134,717 | (2.1) | 499,190 | 440,375 | 13.4 |
| Esteem / Baleno/ SX4 | 12,433 | 6,827 | 82.1 | 49,335 | 29,667 | 66.3 |
| Gypsy/ Vitara | 1,135 | 905 | 25.4 | 3,927 | 3,221 | 21.9 |
| **Domestic** | **187,191** | **185,899** | 0.7 | **711,734** | **635,599** | 12.0 |
| **Expend. (% of net sales)** | | | | | | |
| Raw materials | 76.5 | 76.0 | 0.5 | 76.2 | 75.6 | 0.7 |
| Staff costs | 1.8 | 1.8 | 0.0 | 2.0 | 2.0 | 0.0 |
| Other expenses | 12.1 | 9.7 | 2.4 | 9.3 | 9.1 | 0.3 |

## Median PE v/s Daily PE




## PE Band



Year Ended March (Figures in Rs mn)

| **Income Statement** | **2005** | **2006** | **2007** | **2008E** | **2009E** | **2010E** |
|---|---|---|---|---|---|---|
| **Revenues** | **109,108** | **120,034** | **146,538** | **178,987** | **209,556** | **248,681** |
| *Growth (%)* | *20.1* | *10.0* | *22.1* | *22.1* | *17.1* | *18.7* |
| **Total Expenditure** | 95,785 | 104,402 | 126,634 | 156,729 | 182,355 | 217,211 |
| **Operating Profit** | 13,323 | 15,632 | 19,904 | 22,258 | 27,201 | 31,469 |
| Other Income | 3,868 | 4,872 | 5,984 | 9,066 | 9,216 | 10,116 |
| **EBDIT** | 17,191 | 20,504 | 25,888 | 31,324 | 36,417 | 41,585 |
| (-) Depreciation | 4,568 | 2,854 | 2,714 | 5,680 | 6,235 | 6,550 |
| (-) Interest | 360 | 204 | 376 | 596 | 610 | 695 |
| **PBT & Minority Interest** | **12,263** | **17,446** | **22,798** | **25,048** | **29,572** | **34,341** |
| (-) Tax Provision | 4,465 | 5,609 | 7,179 | 7,722 | 9,172 | 10,646 |
| (+) Prior Period Adj. | 738 | 54 | - | - | - | - |
| **Net Profits** | **8,536** | **11,891** | **15,619** | **17,326** | **20,399** | **23,845** |
| Fully Diluted Eq. Sh. O/S (mn nos.) | 289 | 289 | 289 | 289 | 289 | 289 |
| Book Value (Rs) | 152 | 189 | 238 | 292 | 357 | 434 |
| **Basic E.P.S. (Rs)** | **29.5** | **41.1** | **54.0** | **60.0** | **70.6** | **82.5** |
| Diluted E.P.S. (Rs) | 29.5 | 41.1 | 54.0 | 60.0 | 70.6 | 82.5 |

| **Balance Sheet** | **2005** | **2006** | **2007** | **2008E** | **2009E** | **2010E** |
|---|---|---|---|---|---|---|
| *Equity Share Capital* | 1,445 | 1,445 | 1,445 | 1,445 | 1,445 | 1,445 |
| *Reserves & Surplus* | 42,343 | 53,081 | 67,217 | 82,896 | 101,648 | 123,846 |
| **Net Worth** | **43,788** | **54,526** | **68,662** | **84,341** | **103,093** | **125,291** |
| Total Borrowings | 3,076 | 717 | 5,430 | 9,030 | 9,530 | 10,430 |
| Deferred Tax Liability (Net) | 1,100 | 779 | 1,676 | 1,646 | 1,521 | 1,371 |
| **Capital Employed** | **47,964** | **56,022** | **75,769** | **95,017** | **114,144** | **137,092** |
| Fixed Assets | 18,669 | 16,880 | 25,961 | 31,801 | 41,776 | 56,931 |
| Capital WIP | 421 | 920 | 2,500 | 2,500 | 3,000 | 3,500 |
| Goodwill | - | - | - | - | - | - |
| Net Current Assets | 13,708 | 17,709 | 22,011 | 8,903 | 15,893 | 20,126 |
| Investments | 15,166 | 20,512 | 25,296 | 51,813 | 53,476 | 56,535 |
| Misc. Exp (not w/off) | - | - | - | - | - | - |
| **Total Assets** | **47,964** | **56,022** | **75,768** | **95,017** | **114,144** | **137,092** |

Year Ended March (Figures in Rs mn)

| Cash Flow Statement | 2005 | 2006 | 2007 | 2008E | 2009E | 2010E |
|---|---|---|---|---|---|---|
| **PBT & extra-ordinary items** | **12,263** | **17,500** | **22,798** | **25,048** | **29,572** | **34,341** |
| Depreciation | 4,568 | 2,854 | 2,714 | 5,680 | 6,235 | 6,550 |
| Interest & Div. Income | (3,868) | (1,659) | (5,984) | (9,066) | (9,216) | (10,116) |
| Interest Paid | 360 | 204 | 376 | 596 | 610 | 695 |
| Tax Paid | (5,198) | (5,804) | (6,281) | (7,752) | (9,297) | (10,646) |
| Misc Exp & Extra ordinary items | 738 | (54) | - | - | - | - |
| (Inc.)/Dec. in WC | (877) | (815) | (2,886) | 845 | (6,130) | (3,533) |
| **Cash from Operations** | **7,986** | **12,226** | **10,737** | **15,351** | **11,773** | **17,290** |
| Net Capital exp. | (4,536) | (1,788) | (13,375) | (11,520) | (16,710) | (22,205) |
| Net Investment | 1,607 | (5,247) | (4,784) | (26,517) | (1,662) | (3,059) |
| Interest & Div Recd. | 3,868 | 1,727 | 5,984 | 9,066 | 9,216 | 10,116 |
| **Cash from Investing Act.** | **939** | **(5,308)** | **(12,175)** | **(28,971)** | **(9,156)** | **(15,148)** |
| Issue of Equity shares | - | - | - | - | - | - |
| Share Premium | - | - | - | - | - | - |
| Change in Loans (incl. FCCBs) | (43) | (2,359) | 4,713 | 3,600 | 500 | 900 |
| Interest paid | (360) | (260) | (376) | (596) | (610) | (695) |
| Equity Div. paid (incl. tax) | (660) | (577) | (1,483) | (1,647) | (1,647) | (1,647) |
| **Cash from Financing Act.** | **(1,063)** | **(3,196)** | **2,854** | **1,357** | **(1,757)** | **(1,442)** |
| **Inc/(Dec) in Cash** | 7,862 | 3,722 | 1,416 | (12,263) | 860 | 700 |

| Key Ratios | 2005 | 2006 | 2007 | 2008E | 2009E | 2010E |
|---|---|---|---|---|---|---|
| EBIDTA Margins (%) | 15.8 | 17.1 | 17.7 | 17.5 | 17.4 | 16.7 |
| ROACE (%) | 28.7 | 34.6 | 36.6 | 30.9 | 29.7 | 28.7 |
| ROANW (%) | 21.4 | 24.2 | 25.4 | 22.6 | 21.8 | 20.9 |
| Sales/Total Assets (x) | 2.8 | 2.6 | 2.3 | 2.2 | 2.2 | 2.1 |
| Debt:Equity (x) | 0.1 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| Current Ratio (x) | 1.9 | 1.9 | 2.1 | 1.3 | 1.6 | 1.7 |
| Debtors (Days) | 16.2 | 16.0 | 15.4 | 13.9 | 14.1 | 13.7 |
| Inventory (Days) | 25.1 | 30.4 | 22.7 | 21.9 | 22.0 | 21.2 |
| Working Capital (Days) | 37.1 | 43.4 | 46.1 | 15.3 | 23.2 | 24.8 |
| EV/Sales (x) | 1.7 | 1.5 | 1.3 | 1.1 | 1.0 | 0.8 |
| EV/EBIDT (x) | 13.0 | 10.6 | 8.6 | 7.6 | 6.5 | 5.7 |
| P/E (x) | 27.1 | 19.5 | 14.8 | 13.4 | 11.3 | 9.7 |
| P/BV (x) | 5.3 | 4.2 | 3.4 | 2.7 | 2.2 | 1.8 |

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