

Max Healthcare Institute

Growth priced-in; valuation rich, time for breather

We downgrade Max Healthcare (MAXHEALTH) to REDUCE (from ADD earlier) with a TP of INR 880, based on a 29x blended Q1FY27E EV/EBITDA (vs. FY26E EV/E), as we believe that the strong run-up in the stock price (up 28%/51% in last 6/12 months) factors most of the growth triggers. The valuation has turned rich (trades at 39/31/27x on FY25/26/27E EV/E vs. its average of ~26x) and provides limited upside. While its capex plan is largely on track (to add 3,000+ bed capacity over FY25-27 with capex outlay of ~INR 47 bn) to support long-term growth, near-term concerns exist on limited headroom for volume growth for its existing hospital network (occupancy at 75-76%) and moderate ARPOB growth as it is already at a higher level of INR 76,000+. Factoring in the commissioning timeline change for the few hospitals, we cut EBITDA estimates by 3% for FY25/26E. We estimate ~9/10% revenue/ EBITDA CAGRs over FY24-27E for its existing hospital network (of ~3,400+ beds) with a steady margin of ~28.5%. We see incremental sales from recently acquired hospitals (at Lucknow and Nagpur) to support near-term growth. Still, the commissioning of planned bed capacities will take a couple of years to start contributing to the EBITDA (assuming a gestation period for EBITDA break-even of ~1 year for brownfield and 2-3 years for greenfield bed capacities). For MAXHEALTH's overall business, we estimate 21% revenue and 20% EBITDA CAGR over FY24-27E, but the EBITDA margin could slip to ~26.8% in FY27E (from 27.5% in FY24) due to the integration impact of the new hospitals. Progress on the capex plan for bed addition is the key monitorable for the next 2-3 years.

Expansion plan to drive long-term growth: MAXHEALTH's outlaid its bed capacity expansion to add 3,000+ beds over FY25-27 in a phased manner which will drive the next leg of growth (460+ in FY25, 1,340+ in FY26, and 1,210+ in FY27)—largely in metros/tier-1 cities, brownfield, and some greenfield expansions—with a capex of ~INR 47 bn to be spent over same period. Moreover, it has plans for the potential addition of 2,850+ beds from FY28 onwards (~500 beds at Max Smart Saket complex and ~1,950 beds on its available land bank), taking the total bed capacity to 9,800+ in the long term.

Existing network provide limited growth visibility: With occupancy hitting a peak of 75-76% in its existing network, we see limited headroom for volume growth in its existing hospital network and moderate in ARPOB growth as it is already at a higher level in the industry at INR 76,000+ (we assume 5-7% growth over FY25-27E). We estimate ~9%/10% sales/EBITDA CAGR over FY24-27E for its existing network with a steady margin of 28.5-28.8%. The recently acquired hospitals (at Lucknow and Nagpur) will support near-term growth.

Outlook and valuation: We expect MAXHEALTH to see 21/20% sales/EBITDA CAGRs over FY24-27E but the margin is in a declining trend at ~26.8% in FY27E (vs ~27.5% in FY24) due to commissioning of new hospitals. We have downgraded to REDUCE and assigned (1) EV/E of 29x to the hospital business and (2) EV/E of 23x to Max Lab, to arrive at SoTP of INR 880 (blended 29x Q1FY27E EV/EBITDA). A key risk factor to consider is delay in capex execution.

Financial Summary

YE March (INR bn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	36	52	59	68	84	104	121
EBITDA	3	13	16	18	23	28	32
APAT	1	9	11	13	16	20	23
Diluted EPS (INR)	1.4	9.1	11.5	13.8	16.4	20.7	23.7
P/E (x)	649.0	100.0	79.2	66.0	55.6	44.2	38.6
EV / EBITDA (x)	311.6	69.1	56.2	49.3	39.1	31.2	27.0
RoCE (%)	1	14	16	16	18	20	20

Source: Company, HSIE Research

REDUCE

CMP (as on 5 July 2024)	INR 914
Target Price	INR 880
NIFTY	24,324

KEY CHANGES	OLD	NEW
Rating	ADD	REDUCE
Price Target	INR 880	INR 880
	FY25E	FY26E
EPS %	(2.5)	(3.2)

KEY STOCK DATA

Bloomberg code	MAXHEALT IN
No. of Shares (mn)	972
MCap (INR bn) / (\$ mn)	888/10,637
6m avg traded value (INR mn)	2,312
52 Week high / low	INR 980/509

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	13.5	27.8	51.4
Relative (%)	5.8	16.8	29.1

SHAREHOLDING PATTERN (%)

	Dec-23	Mar-24
Promoters	23.75	23.75
FIs & Local MFs	11.57	14.96
FPIs	60.69	57.33
Public & Others	3.99	3.96
Pledged Shares	-	-

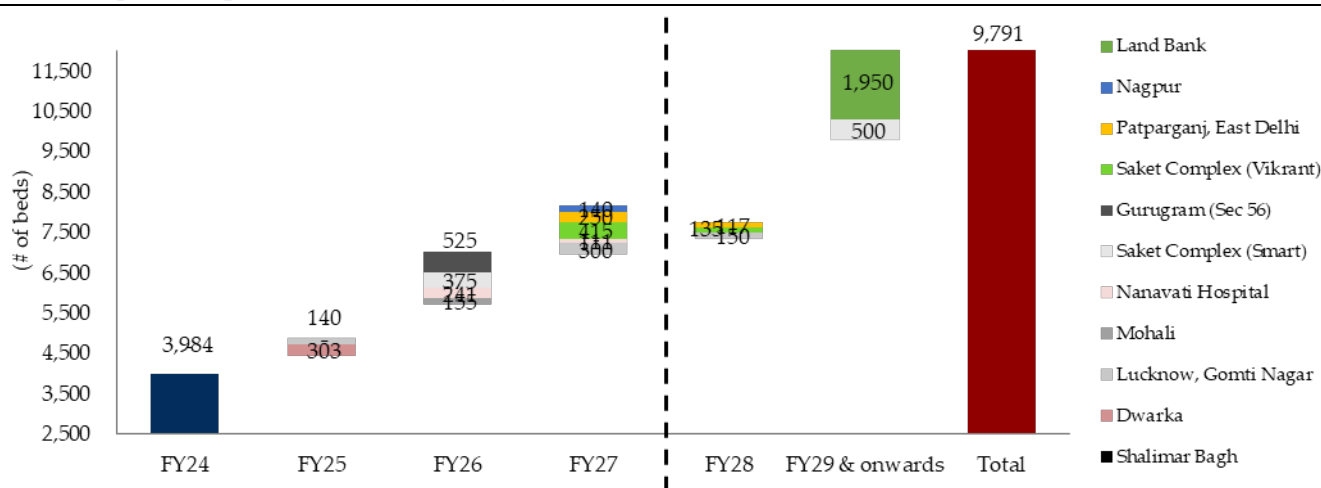
Source : BSE

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Capex outlay for the next leg of growth

MAXHEALTH plans to de-risk the capacity constraints at its existing network of 3,400+ beds (with a 75-77% occupancy level, it has limited headroom for volume growth); it has outlaid its bed capacity expansion of 3,000+ beds over FY25-27 in a phased manner which will drive the next leg of growth (460+ in FY25, 1,340+ in FY26, and 1,210+ in FY27)—metros/tier 1 (like Delhi NCR and Mumbai) through brownfield (Saket, Vikrant, Mohali, Mumbai) as well as some greenfield expansions (South West Delhi—Dwarka—and Gurgaon)— with a capex of ~INR 47 bn to be spent over the same period. Moreover, it has plans for the potential addition of 2,850+ beds from FY28 onwards (~500 beds at Saket complex Max Smart and ~1,950 beds on its available land bank), taking the total bed capacity to 9,800+ in the long term.

Exhibit 1: Capacity expansion for long-term growth



Source: Company, HSIE Research. Note: Expansion plan excludes bed additions through internal reconfiguration. Nanavati Hospital - 160 beds need to be demolished before commencement of Phase 2. No. of beds may vary subject to configuration of ward beds. The Company has land parcels in Greater Noida, Lucknow, Sector-53 Gurugram and Mullanpur with potential to add ~400-500 beds at each of these locations. Beds shown under FY29 & onwards only indicate the expansion potential. However, no plans have been formalized yet for such expansion by the company.

Hospital-wise update:

- **Dwarka—303 beds:** Application of OC has been submitted in October 2023. Lift installation and other finishing work are in progress. All key functional heads are in place and middle-level staff is being recruited. Expected commissioning in Q2FY25, subject to the developer obtaining the OC.
- **Mohali—155 beds:** Total built-up area (BUA) of ~3.2 lakh sq. ft. Building configuration: three basements + ground + eight floors. Slab work for the three basements is underway and the base raft was completed in May'25. Project completion is expected by Q1FY26.
- **Nanavati— 241 beds in Phase I:** Total BUA: ~7.5 lakh sq. ft. Building configuration: three basements + ground + 11 floors. The hospital structure will be up by mid-July 2024. The project is on schedule, with expected completion by Q4FY25.
- **Sector 56, Gurugram—525 beds:** Total BUA: ~9.1 lakh sq. ft. Building configuration: three basements + lower ground + ground + 10 floors. Slab work for the three basements is in progress. The project is expected to be completed by Q2FY26.
- **Saket Complex (Max Smart)—375:** Total BUA: ~5.0 lakh sq. ft. Building configuration: one basement + ground + 5 floors. This project has been fast-tracked and is expected to be completed by Q1FY26.
- **Saket Complex (Vikrant) – 415 beds:** Total BUA: ~7.1 lakh sq. ft. Building configuration: four basements (including bunker) + ground + 11 floors. Environmental clearance and consent to establish have been received. Tendering work has been initiated.
- **Patparganj (Nirogi) – 250 beds in Phase I:** Total BUA: ~6.3 lakh sq. ft. Building configuration: three basements + lower ground + ground + 10 floors. Environmental clearance and municipal approval for the building plan are in process. Tendering work has been initiated and the project is largely on schedule.

Exhibit 2: Capex estimates over the next 3-5 years

Capex (INR mn)	FY24	FY25E	FY26E	FY27E	FY28E	Nos. of beds
Muthoot Hospital at Dwarka, Delhi in Q2FY25	2,084	340	-	-	-	303
Alexis Hospital, Nagpur (Acquired asset)	3,950	-	-	-	-	200
- Alexis Hospital, Nagpur (Acquired asset) Q4FY27	-	-	1,100	580	-	140
Sahara Hospital, Lucknow (Acquired asset)	9,930	-	-	-	-	550
- Sahara Hospital, Lucknow (Acquired asset) Q3FY25	-	2,100	-	-	-	140
- Sahara Hospital, Lucknow (Acquired asset) Q1FY27	-	-	2,900	1,600	-	300
- Sahara Hospital, Lucknow (Acquired asset) Q1FY28	-	-	-	1,200	1,050	150
Max Nanavati Hospital, Mumbai 1 in Q1FY26	800	1,100	1,200	2,532	-	352
Saket Complex (Max Smart) in Q1FY26	700	4,810	300	3,833	5,232	875
Max Mohali, Punjab in Q1FY26	550	1,400	220	155	-	155
Gurugram (Sec 56) in Q2FY26	1,500	3,800	3,100	-	-	525
Eqova Healthcare at Patparganj, Delhi in Q4FY26	160	540	3,050	250	-	250
- Eqova Healthcare at Patparganj, Delhi in Q1FY28	-	-	-	1,600	155	117
Saket Complex (Vikrant) in Q2FY27	200	50	5,790	3,250	60	550
Land parcel in Lucknow	1,670	-	-	-	-	-
Regular capex	200	200	200	200	200	-
Total	21,744	14,340	17,860	15,200	6,697	

Source: Company, HSIE Research

Focus on the Lucknow market to drive future growth

In Q4FY24, the company acquired Sahara Hospital in Lucknow to foray into UP – a total of 550 beds of which 250 are operational. It has plans to expand bed capacity over the next 3 years with an addition of 140 beds by Q3FY25, 50 beds through internal reconfiguration by Q2FY26, a new tower of 300 beds by Q1FY27 and 150 by Q1FY28 – taking the total bed count to 890 by FY28. In FY24, the hospital clocked revenues of INR 2.07 bn and an EBITDA of INR 420 mn which implies the margin at 20.3%; Sahara Hospital had an occupancy at 57% and ARPOB was at INR 47,000/day. Moreover, it has acquired a land parcel in Lucknow (for INR 1.67 bn for 21,946 sq. meter) to build a hospital with ~500+ bed capacity for long-term growth (FY29 onwards). The company plans to create a Lucknow cluster as a key long-term driver of growth with potential bed capacities of ~1,350+ beds.

Gradual expansion in Alexis Hospital at Nagpur

The company acquired Alexis Hospital in Nagpur in Q4FY24. The hospital has a bed capacity of ~200 operational beds. Strategic location in the affluent area of Mankapur (North Nagpur) which attracts patients from MP and Chhattisgarh. The company plans to add 25 beds through internal reconfiguration by Q3FY25 and plans to augment infrastructure by another 140 beds by Q4FY27. In FY24, the hospital clocked revenues of INR 1.69 bn and EBITDA of INR 240 mn which implies the margin at 14.2%; the hospital had occupancy at 60% and ARPOB was at INR 46,000/day.

Existing network to see steady growth; new hospital to drag the margin

MAXHEALTH's existing network of 3,900+ beds has already reached the peak occupancy level of 75-76%; hence, we see limited scope for the volume growth in its existing hospital network and moderation in ARPOB growth as it is already at the higher level (industry leader) at INR 76,000+. We estimate ~9%/10% sales/EBITDA CAGR over FY24-27E for its existing network (of ~3,400+ beds) with a steady margin of 28.5-28.8%.

However, the recently acquired hospitals (at Lucknow and Nagpur) support near-term sales growth but these hospitals have lower than the company level margin. Moreover, the commissioning of new hospitals over FY25-27 across Dwarka (Delhi), Mohali,

Nanavati (Mumbai), Gurugram, Saket Complex (Max Smart and Vikrant, Delhi) etc. could be a drag on the overall margin over the next few years.

Exhibit 3: Hospital business break-up

INR mn	FY24	FY25E	FY26E	FY27E
Existing hospitals				
Revenues	66,636	75,398	81,953	86,294
EBITDA	18,590	21,485	23,589	24,921
EBITDA margin	28%	28%	29%	29%
Acquired hospitals				
Revenues	424	5,488	8,401	9,512
EBITDA	31	1,160	2,403	2,730
EBITDA margin	7%	21%	29%	29%
New hospitals				
Revenues	-	1,677	11,753	22,054
EBITDA	-	-168	1,986	4,290
EBITDA margin	-	-10%	17%	19%
Total hospitals				
Revenues	67,060	82,563	1,02,107	1,17,860
EBITDA	18,621	22,477	27,978	31,941
EBITDA margin	27.8%	27.2%	27.4%	27.1%

Source: Company, HSIE Research

Exhibit 4: Hospital bed addition timeline

Bed addition outlay	FY24	FY25E	FY26E	FY27E
Existing beds	3,412	10	10	10
Shalimar Bagh (Brownfield)	122			
Alexis Hospital, Nagpur (Acquired asset)	200			
- Alexis Hospital, Nagpur (Acquired asset) brownfield in Q3FY25		25		
- Alexis Hospital, Nagpur Q4FY27				140
Sahara Hospital, Lucknow (Acquired asset)	250			
- Sahara Hospital, Lucknow (Acquired asset) Q3FY25		140		
- Sahara Hospital, Lucknow through internal reconfiguration by Q2FY26			50	
- Sahara Hospital, Lucknow new tower by Q1FY27				300
Muthoot Hospital at Dwarka, Delhi in Q2FY25		303		
Max Nanavati Hospital, Mumbai in Q1FY26			241	111
Saket Complex (Max Smart) in Q1FY26			375	
Max Mohali, Punjab in Q1FY26			155	
Gurugram (Sec 56) in Q2FY26			525	
Eqova Healthcare at Patparganj, Delhi in Q4FY26				250
Saket Complex (Vikrant) in Q2FY27				415
Total bed count	3,984	4,462	5,818	7,044

Source: Company, HSIE Research

Exhibit 5: Revenue and EBITDA assumptions

INR mn	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Operational beds (Nos)	3,250	3,271	3,291	3,798	4,428	5,727	6,857
Occupancy (%)	65%	75%	74%	66%	69%	63%	59%
ARPOB (Rs/Day)	50,800	58,500	67,386	75,818	77,299	80,599	82,681
YoY growth	-1%	15%	15%	13%	2%	4%	3%
Hospital net sales	35,361	48,320	57,610	67,060	82,563	1,02,107	1,17,860
YoY growth	-10%	37%	19%	16%	23%	24%	15%
% of sales	98%	93%	98%	98%	98%	98%	98%
Hospital EBITDA	5,578	12,578	16,103	18,621	22,477	27,978	31,941
YoY growth	0%	125%	28%	16%	21%	24%	14%
EBITDA margin %	15.8%	26.0%	28.0%	27.8%	27.2%	27.4%	27.1%
Max Labs	659	1,030	1,120	1,430	1,788	2,234	2,793
YoY growth	61%	56%	9%	28%	25%	25%	25%
% of sales	2%	2%	2%	2%	2%	2%	2%
Max Labs EBITDA	67	12	-33	109	188	257	363
YoY growth	343%	-82%	P/L	L/P	72%	37%	41%
EBITDA margin %	10.1%	1.2%	-2.9%	7.6%	10.5%	11.5%	13.0%
Vaccination sales	-	2,360	20	-	-	-	-
% of sales		5%	0%				
Vaccination EBITDA	-	850	0	-	-	-	-
EBITDA margin %		36.0%	2.0%				
Total revenues	36,020	51,710	58,750	68,490	84,351	1,04,341	1,20,653
YoY growth	-10%	44%	14%	17%	23%	24%	16%
EBITDA	5,645	13,440	16,070	18,730	22,665	28,235	32,305
YoY growth	1%	138%	20%	17%	21%	25%	14%
EBITDA margin	15.7%	26.0%	27.4%	27.3%	26.9%	27.1%	26.8%

Source: Company, HSIE Research. Merger of Radiant and Max Healthcare effective from August 2020.

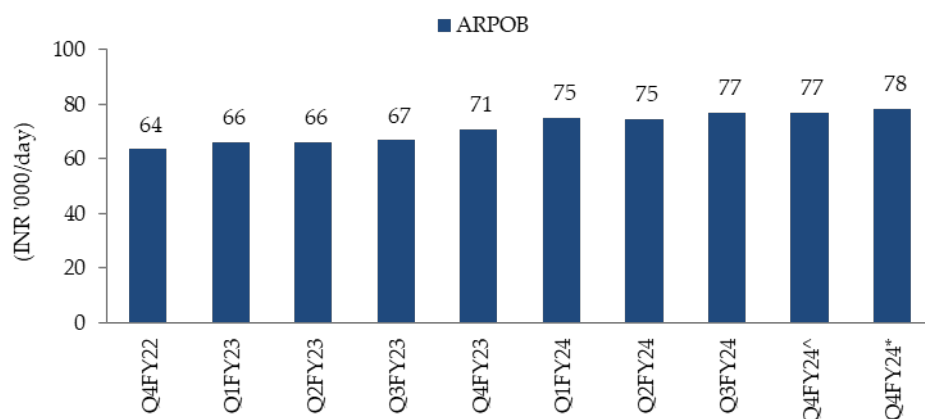
Exhibit 6: SoTP valuation snapshot

SOTP valuation	Q1FY27E		
	EBITDA (INR mn)	Multiple (x)	EV (INR mn)
Hospitals EBITDA	28,969	29	8,40,091
Labs EBITDA	283	23	6,520
Total EBITDA	29,252	29	8,46,611
Less: Net Debt (INR mn)			(8,984)
Equity Value (INR mn)			8,55,595
TP (INR/ sh)			880

Source: Company, HSIE Research

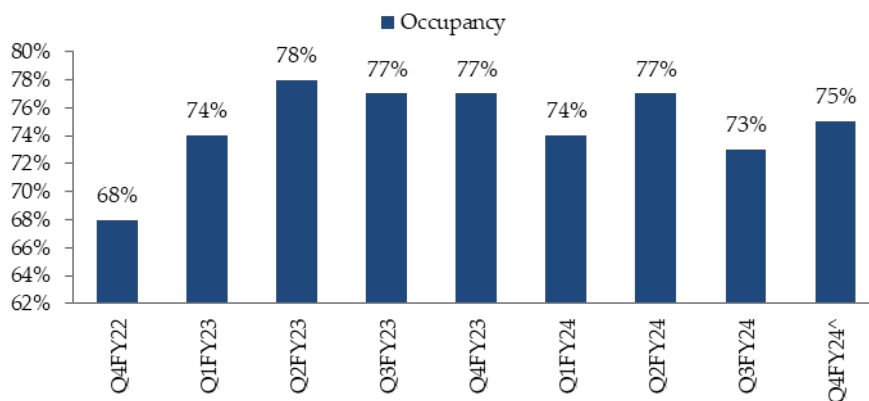
Appendix – Operating metrics highlights

Exhibit 7: Steady growth in the ARPOB



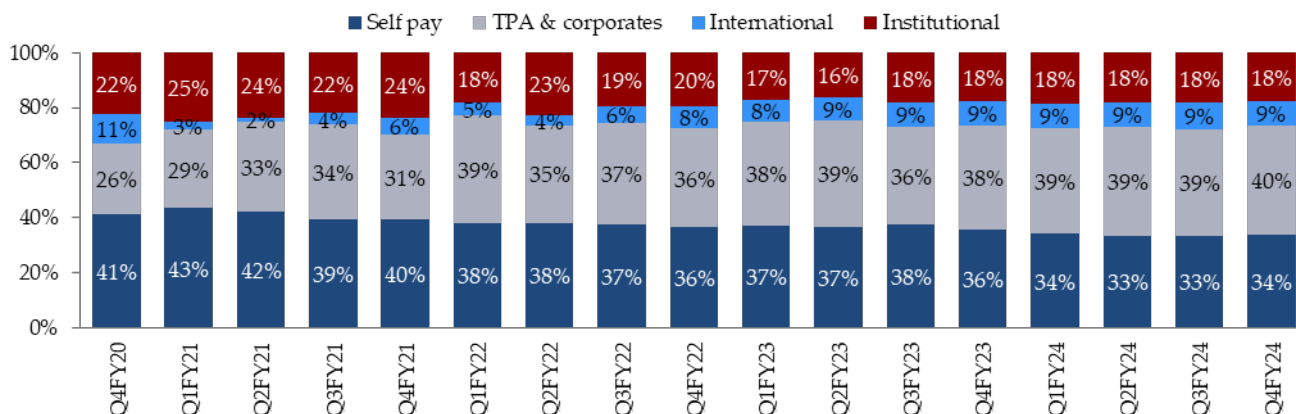
Source: Company, HSIE Research. Note: ^ for overall business and * for existing network excluding Lucknow and Nagpur

Exhibit 8: Occupancy was muted



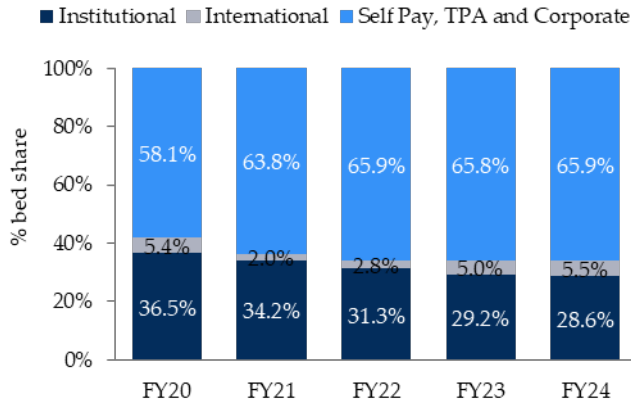
Source: Company, HSIE Research. Note: ^ for existing network excluding Lucknow and Nagpur

Exhibit 9: Payor mix steady; cash and insurance share at 73%



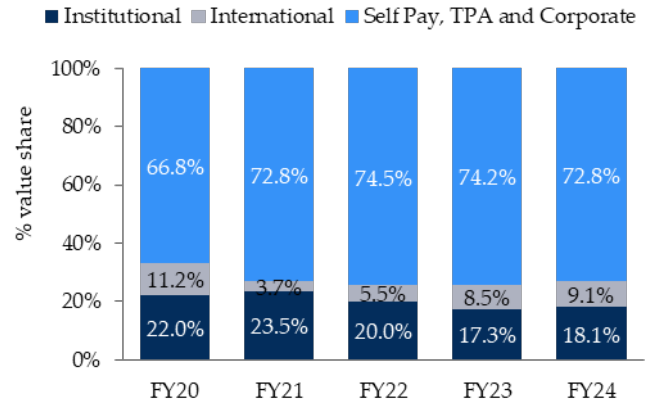
Source: Company, HSIE Research

Exhibit 10: Reducing institutional bed share as well as...



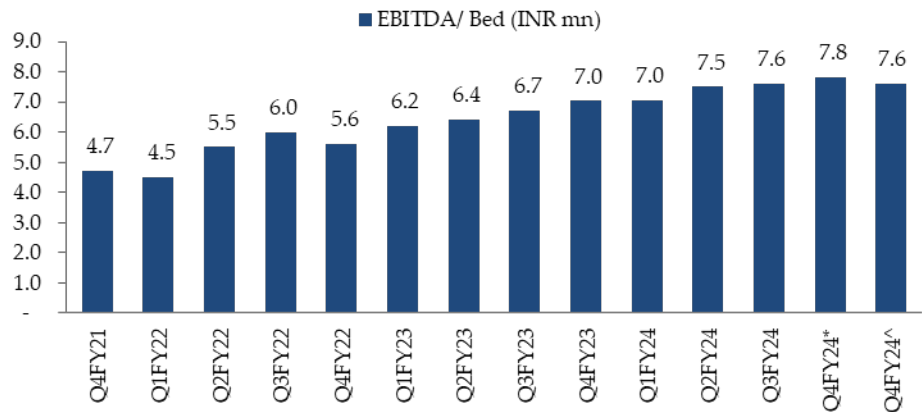
Source: Companies, HSIE Research

Exhibit 11: ...value share over the last few years



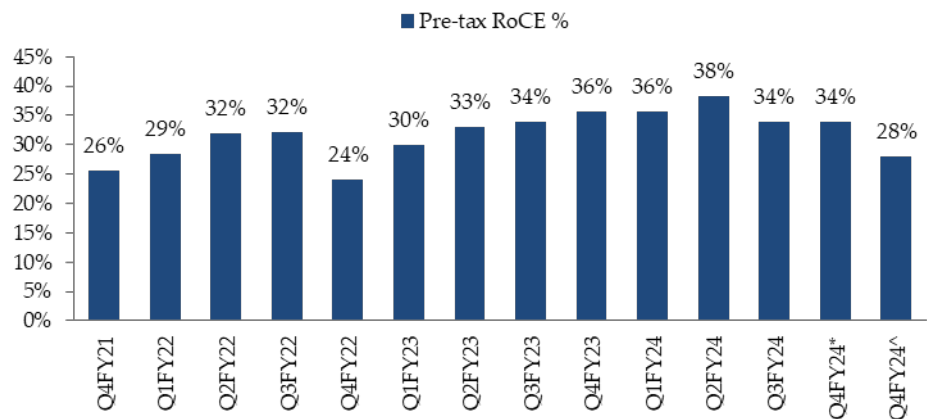
Source: Companies, HSIE Research

Exhibit 12: EBITDA per bed for existing network saw steady growth



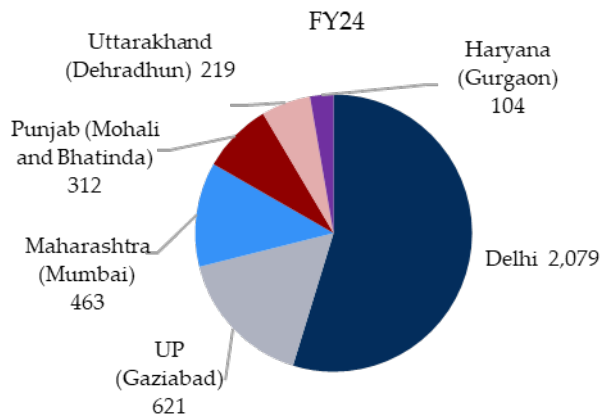
Source: Company, HSIE Research. Note: ^ for overall business and * for existing network excluding Lucknow and Nagpur

Exhibit 13: RoCE was steady



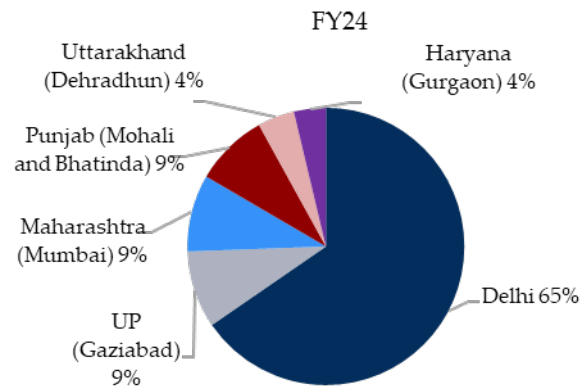
Source: Company, HSIE Research. Note: ^ for overall business and * for existing network excluding Lucknow and Nagpur

Exhibit 14: Hospital bed region split



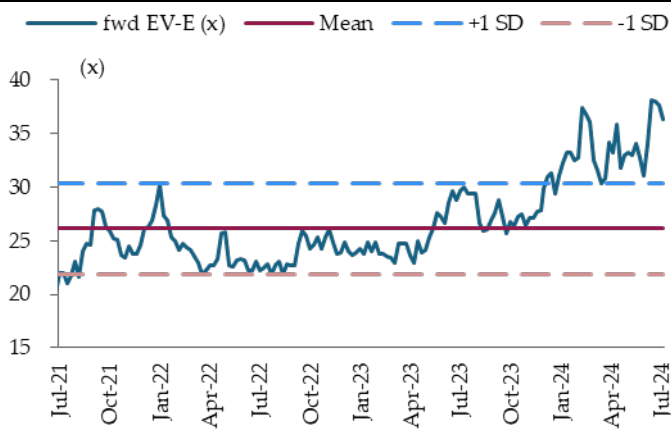
Source: Companies, HSIE Research

Exhibit 15: Hospital revenue region split



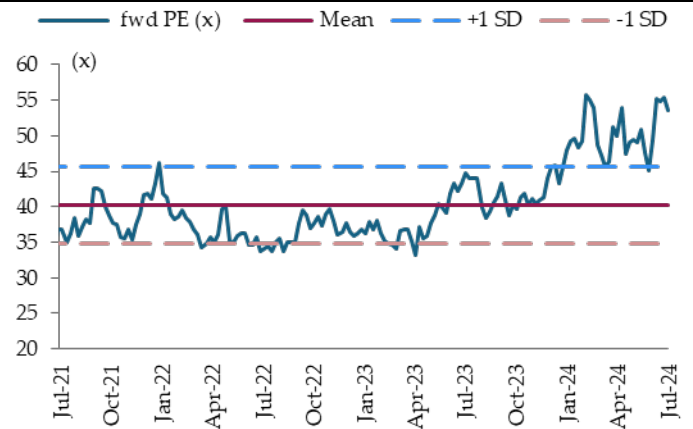
Source: Companies, HSIE Research

Exhibit 16: EV/ EBITDA chart



Source: Bloomberg, HSIE Research

Exhibit 17: PE chart



Source: Bloomberg, HSIE Research

Financials (Consolidated)

Profit & loss (INR mn)

March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net sales	39,907	36,020	51,710	58,750	68,150	84,351	1,04,341	1,20,653
Other operating income	0	0	0	0	0	0	0	0
Total operating income	39,907	36,020	51,710	58,750	68,150	84,351	1,04,341	1,20,653
Cost of goods sold	-8,957	-9,728	-13,500	-13,920	-16,350	-20,244	-25,042	-28,957
Gross profit	30,950	26,292	38,210	44,830	51,800	64,107	79,299	91,696
Gross margin (%)	78	73	74	76	76	76	76	76
Total operating expenses	-25,784	-23,417	-25,270	-29,140	-33,740	-41,442	-51,065	-59,391
EBITDA	5,166	2,875	12,940	15,690	18,060	22,665	28,235	32,305
EBITDA margin (%)	12.9	8.0	25.0	26.7	26.5	26.9	27.1	26.8
Depreciation	-2,067	-2,150	-2,480	-2,600	-2,840	-3,263	-3,906	-4,453
EBIT	3,099	725	10,460	13,090	15,220	19,402	24,329	27,852
Net interest	-2,166	-1,883	-1,120	-390	380	0	0	0
Other income	325	280	470	290	350	437	611	753
Profit before tax	1,258	-878	9,810	12,990	15,950	19,839	24,940	28,605
Total taxation	-29	-523	-1,430	-290	-3,160	-3,869	-4,863	-5,578
Tax rate (%)	2	-60	15	2	20	20	20	20
Profit after tax	1,287	-1,401	8,380	13,280	12,790	15,970	20,077	23,027
Minorities	0	0	0	0	0	0	0	0
Profit/ Loss associate co(s)	0	0	0	0	0	0	0	0
Adjusted net profit	1,692	1,369	8,880	11,220	13,460	15,970	20,077	23,027
Adj. PAT margin (%)	4	4	17	19	20	19	19	19
Net non-recurring items	-405	-2,770	-500	2,060	-670	0	0	0
Reported net profit	1,287	-1,401	8,380	13,280	12,790	15,970	20,077	23,027

Balance sheet (INR mn)

March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Paid-up capital	9,045	9,660	9,696	9,709	9,719	9,719	9,719	9,719
Reserves & surplus	24,815	47,721	57,484	70,991	83,231	98,344	1,17,235	1,38,839
Net worth	33,860	57,380	67,180	80,700	92,950	1,08,063	1,26,954	1,48,559
Borrowing	27,570	14,080	12,590	9,710	14,370	7,787	6,305	5,322
Other non-current liabilities	0	1,580	1,850	500	-370	-377	-381	-385
Total liabilities	63,880	77,320	85,870	94,310	1,12,300	1,22,085	1,40,886	1,62,645
Gross fixed assets	34,130	43,467	53,127	57,647	76,287	90,627	1,08,487	1,23,687
Less: Depreciation	-6,997	-9,147	-11,627	-14,227	-17,067	-20,330	-24,235	-28,688
Net fixed assets	27,132	34,320	41,500	43,420	59,220	70,297	84,252	94,999
Add: Capital WIP	1,578	0	0	0	0	0	0	0
Total fixed assets	28,710	34,320	41,500	43,420	59,220	70,297	84,252	94,999
Total Investment	21,380	20	20	20	660	660	660	660
Inventory	940	740	830	1,040	1,060	1,406	1,739	2,011
Debtors	2,605	4,691	4,900	4,340	6,000	7,498	9,275	10,725
Cash & bank	4,110	6,660	6,150	15,650	12,860	9,826	12,664	22,058
Loans & advances	0	0	0	0	0	0	0	0
Current liabilities	2,450	4,280	4,250	4,400	4,610	5,858	7,246	8,379
Total current assets	9,201	18,931	17,140	28,920	30,090	29,001	34,052	45,272
Net current assets	6,751	14,651	12,890	24,520	25,480	23,144	26,807	36,893
Other non-current assets	0	0	0	0	0	0	0	0
Total assets	63,880	77,320	85,870	94,310	1,12,300	1,22,085	1,40,886	1,62,645

Source: Company, HSIE Research

Cash flow (INR mn)

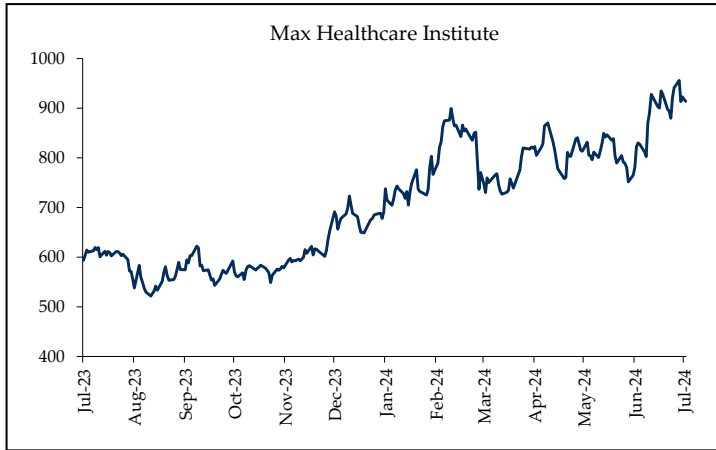
March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Profit before tax	1,258	-878	9,810	12,990	15,950	19,839	24,940	28,605
Depreciation & Amortisation	-2,067	-2,150	-2,480	-2,600	-2,840	-3,263	-3,906	-4,453
Chg in working capital	-749	6,820	-1,640	780	1,680	-487	-615	-481
CF from operations	4,771	9,452	10,340	17,050	16,930	18,746	23,367	26,998
Capital expenditure	-5,859	-9,338	-9,660	-4,520	-18,640	-14,340	-17,860	-15,200
CF from investing	-2,888	-8,634	-8,472	-8,706	-13,070	-14,340	-17,860	-15,200
Equity raised/ (repaid)	0	-615	-37	-13	-10	0	0	0
Debt raised/ (repaid)	3,830	-12,570	-1,570	-1,620	3,980	-6,617	-1,517	-1,018
Dividend paid	-257	-140	-838	-1,328	-970	-1,278	-1,606	-1,842
CF from financing	-9,095	-3,402	-7,916	-6,330	3,010	-7,895	-3,124	-2,860
Net chg in cash	-7,212	-2,584	-6,048	2,014	6,870	-3,489	2,383	8,938

Key ratios

March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OPERATIONAL								
FDEPS (Rs)	1.7	1.4	9.1	11.5	13.8	16.4	20.7	23.7
CEPS (Rs)	3.5	0.8	11.2	16.3	16.1	19.8	24.7	28.3
DPS (Rs)	0.3	0.1	0.9	1.4	1.0	1.3	1.7	1.9
Dividend payout ratio (%)	20.0	(10.0)	10.0	10.0	7.6	8.0	8.0	8.0
GROWTH								
Net sales (%)	10.9	(9.7)	43.6	13.6	16.0	23.8	23.7	15.6
EBITDA (%)	72.8	(44.4)	350.1	21.3	15.1	25.5	24.6	14.4
Adj net profit (%)	(1,531.0)	(19.1)	548.8	26.4	20.0	18.7	25.7	14.7
FDEPS (%)	(1,531.0)	(19.1)	548.8	26.4	20.0	18.7	25.7	14.7
PERFORMANCE								
RoE (%)	5.0	3.0	14.3	15.2	15.5	15.9	17.1	16.7
RoCE (%)	5.6	1.5	14.1	15.6	15.8	17.7	20.0	19.9
EFFICIENCY								
Asset turnover (x)	1.3	0.9	1.1	1.1	1.0	1.0	1.0	1.0
Sales/ total assets (x)	0.7	0.5	0.6	0.7	0.7	0.7	0.8	0.8
Working capital/ sales (x)	0.0	0.1	0.1	0.1	0.2	0.2	0.1	0.1
Receivable days	24	48	35	27	32	32	32	32
Inventory days	10	8	8	9	8	8	8	8
Payable days	26	47	40	37	34	35	35	35
FINANCIAL STABILITY								
Total debt/ equity (x)	1.1	0.3	0.2	0.1	0.2	0.1	0.1	0.0
Net debt/ equity (x)	0.1	0.2	0.1	(0.1)	0.0	(0.0)	(0.1)	(0.1)
Current ratio (x)	3.8	4.4	4.0	6.6	6.5	5.0	4.7	5.4
Interest cover (x)	1.4	0.4	9.3	33.6	-	-	-	-
VALUATION								
PE (x)	524.9	649.0	100.0	79.2	66.0	55.6	44.2	38.6
EV/ EBITDA (x)	172.3	311.6	69.1	56.2	49.3	39.1	31.2	27.0
EV/ Net sales (x)	22.3	24.9	17.3	15.0	13.1	10.5	8.5	7.2
PB (x)	26.2	15.5	13.2	11.0	9.6	8.2	7.0	6.0
Dividend yield (%)	0.0	0.0	0.1	0.1	0.1	0.1	0.2	0.2
Free cash flow yield (%)	(0.1)	0.0	0.1	1.4	(0.2)	0.5	0.6	1.3

Source: Company, HSIE Research

1 Yr Price Movement



Rating Criteria

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: > 10% Downside return potential

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