Capgemini SE (CAP SE)

Information Technology | 1QCY24 Result Update

Not Rated

CMP: €198 | Target Price (TP): NA | Upside: NA

May 01, 2024

Strong exit rate in 4QCY24 is iffy..

Key Points

- Capgemini (CAP SE) announced its 1QCY24 results on 30 April 2024 with topline down by 3.3% YoY in CC terms. While organic growth was (-)3.6%, it was in line with expectations of a negative 1QCY24 due to the challenging demand environment coupled with traditional seasonality. It has called this a trough quarter with gradual improvement in growth and a mid-to-high single digit exit rate for 4QCY24.
- Revenue guidance for CY24 remains unchanged with organic growth estimated at +1% at the midpoint, which is a deceleration vs CY23 (3.9% growth). It has also left the EBIT margin guidance of 13.3-13.6% unchanged for CY24.
- The lower end of the 0-3% guidance assumes a very low pick-up in discretionary spending while the upper end assumes that discretionary spending by customers is almost back to normal. Under the current macro environment of "higher for longer fed funds rate" and uncertainty around likely outcome of the US elections, we believe discretionary spending coming back to normal looks highly unlikely and hence believe that CAP will possibly land up at the lower end of its guidance.
- While 1QCY24 YoY growth started in the negative, 2Q is also expected to be soft without indicating whether it will be a mildly negative. The North American market according to CAP is slowly turning around.
- CAP seemed optimistic about growth pick-up through each quarter of CY24, setting the stage for acceleration in CY25 as it is expecting improvement in sectors like Financial Services and North America.
- 1QCY24 order booking (we guess this includes both renewals & net new and deals of all sizes, comparable to the numbers of Accenture and TCS) was €5.7bn (down 3.5% YoY in CC terms). It believes that the order booking was better than expected and it is seeing higher number of larger deals in the pipeline. There is clear shortage of small deals and discretionary projects as highlighted by CAP. The trajectory of order inflow growth on a TTM basis does bring into question the mid-high single digit exit rate by end CY2024.
- Much of the demand related commentary sounded a little more optimistic in comparison to that given by many of its large Indian IT peers though the number do not reflect that. We reiterate our 24+ month old 'underweight' call on the Indian IT Services sector.

Demand environment: In a macro environment which remains soft, large corporations and organizations are still prioritizing operational agility and cost efficiency programs with fast payback, at the expense of non-strategic and discretionary deals. Capgemini's high value-added service offerings, mainly in the Intelligent Industry as well as in activities driven by Cloud, Data & Artificial Intelligence enjoyed a solid traction in 1QCY24.

Why is Capgemini relevant: Capgemini by its size is a ~US$24bn (~20% larger than Infosys) with ~340,000 employees with ~180,000 based out of India. Infact, Salil Parekh, current CEO of Infosys had spent 25 years at CAP and was CEO of UK, North America, Asia and Global Financial Services before joining Infosys. Thierry Delaporte, ex CEO of Wipro had also spent 25 years at CAP. He was the COO before he joined Wipro.

Gen AI seems to be hyped: CAP is one of the few players who has said that Gen AI benefits, productivity gains and cost savings may not be as high as was expected 12 months ago. While savings of 50-60% were anticipated a year ago, now the number has fallen to 15-20%. It also indicated that projects are being signed, although they are very small in comparison to the transformational & digital work and the biggest deal signed in Gen AI by CAP is worth €6mn.

Key Links-

Latest Sector update: Sector Update

Last results note: Confirms a slow CY2024. Hope for a 2H pick up

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Highlights from the 1QCY24 analyst call

Revenue in line with expectation

- Revenue for 1QCY24 came in at €5.53bn. It was down by 3.3% YoY in CC terms. Organic growth was a negative 3.6% YoY.
- CAP was expecting negative growth in 1QFY24 due to traditional seasonality and market slowdown.

Demand environment and guidance for 2024

- CAP's guidance for CY24 is 0-3% YoY growth in CC terms and is unchanged from what was given a quarter ago. This assumes marginal inorganic contribution at the lower end of the guidance and ~100bps at the upper end of the guidance.
- It indicated that meeting either end of the guidance depends mainly on the speed of client decision making and how fast the discretionary spending can bounce back.
- EBIT margin guidance too remains unchanged at 13.3-13.6% for CY24.
- It indicated that 1QCY24 should be seen as a trough quarter as there was slowdown in the market, but it expects a gradual pick-up toward an attractive exit growth rate in 4QCY24 (mid to high single digit), setting the stage for growth acceleration in FY25.
- The market remained soft but stable in 1QCY24. It indicated that in North America, the portfolio mix led to a decline, although it expects 2QCY24 to also remain a little soft but better than 1QCY24.
- Digital transformation programs are seeing strong traction with focus on operational efficiencies and cost optimization. It indicated that non-strategic and discretionary spending continues to remain soft as whatever is discretionary in nature is being put on hold by clients.
- It indicated that Financial Services was impacted by the Banking sector and some seasonality, but overall impact for CY24 will remain limited. It may not see strong growth acceleration. It expects stabilization in this sector and has been hiring in India to support growth.
- Within the Manufacturing sector, it is seeing slowdown in Aerospace as well as Auto sub-sectors. While investments in the Auto sector continue, the intensity has moderated. It sees the softness in Manufacturing as temporary.

Order booking

- CAP indicated that booking for 1QCY24 at €5,655mn (book to bill of 1.02) was down by 3.5% YoY in CC terms. TTM bookings stood at €23.7bn (down 1.8% YoY in CC terms).
- It indicated that the pick-up in deal pipeline over the last three months was better than expected and the pipeline has a lot of large deals, some of which are being ramped up, although smaller deals continue to remain low in volume.
- CAP said that it saw its pipeline increasing. It said that there are a lot of cost transformation deals in the pipeline and not cost avoidance. Clients are looking at how to improve their agility and effectiveness. It said it saw a significant increase in the number of large deals in the pipeline. On AI and Gen AI the focus is around the front end, around sales, customer service, marketing. It also said that it saw larger deals around mainframe modernization.

Verticals, geographies, and service lines

- For 1QCY24, in YoY CC terms, Energy & Utilities led growth at 3.5% YoY followed by Public Sector at 2.4% YoY. TMT led the decline at 11.1% YoY followed by Financial Services at 7.3% YoY, Consumer Goods & Retail at 3.8% YoY, Services at 2.3% YoY and Manufacturing at 1.5% YoY.

- For 1QCY24, in YoY CC terms, North America declined by 7.1% YoY. The Financial Services and TMT sectors contributed the most to this decline, partly offset by growth in the Manufacturing sector.
- For 1QCY24, in YoY CC terms, the UK and Ireland were down by 3.2% YoY, mostly driven by Financial Services and TMT. Conversely, Services and Energy & Utilities sectors enjoyed solid momentum as did Manufacturing to a lesser extent.
- For 1QCY24, in YoY CC terms, France declined by 2.8% YoY with some softness in Manufacturing and Financial Services and a dynamic Public Sector.
- For 1QCY24, in YoY CC terms, the Rest of Europe was flat at -0.5%. There was good momentum in Energy & Utilities and Public Sector while a visible contraction was seen in TMT.
- For 1QCY24, in YoY CC terms, Asia-Pacific and Latin America were down by 1.7% YoY - almost entirely driven by Financial Services and TMT while Consumer Goods & Retail performed well.
- For 1QCY24, in YoY CC terms, Strategy and Transformation Services was up by 1.6% YoY while Applications & Technology Services declined by 4% YoY and Operations & Engineering declined by 3% YoY.
- Growth in Strategy and Transformation reflects client focus on strategic initiatives to transform, optimize and adapt their business and operations to a challenging economic environment as well as investment in Gen AI.

Gen AI

- CAP launched a new platform in Gen AI to enable clients to experiment with industry-specific use cases and to industrialize them at a controlled cost.
- It indicated that Gen AI will be used as a productivity lever for optimization and performance and it will also offer support for complex issues like automating tasks and streamlining software development life cycles.
- Gen AI has become a part of all client conversations and CAP will keep investing in it to create more solutions and capabilities for clients. Maximum amount of deployment is being seen around sales, customer service and marketing.
- Some use cases are being used in specific areas in specific industries, although not at scale. It indicated that the pipeline remains strong with many small deals being signed. Last week, it signed one larger deal of €6mn.
- It indicated that people are over anticipating productivity and efficiency gains from Gen AI and are expecting this to happen too fast. Gen AI is going to require more value creation. Many analysts who were expecting 50-60% productivity gains and cost savings from Gen AI 12 months ago have now brought that number down to 15-20%.

Employee Metrics

- As of 1QFY24, headcount stood at 337,200 and was lower by ~550bps YoY. This comes after a total net reduction of 22,400 over the past five quarters.
- As compared to 1QFY23, offshore employees were down by 15,300 and onsite employees were down by 4,500. This was in line with the strategy to focus on productivity and improve utilization.
- The offshore mix stands at 57% of the total headcount.

- Utilization in the Strategy & Transformation vertical stood at 67% for the quarter. In Applications & Technology, it stood at 79%. It does not see a lot of improvement in utilization in the short term as it looks for scalability and expects some hiring over the coming quarters.
- Attrition for 1QCY24 came in at 15.9%, down by 700bps compared to 1QCY23 attrition of 22.9%. This is the lowest level of attrition in the last 11 quarters.
- Attrition in Strategy & Transformation stood at 13.9%, down by 610bps YoY. Applications & Technology attrition stood at 14.7%, down by 730bps YoY and attrition in Operations & Engineering stood at 17.9%, down by 640bps.

View on the Indian IT Services sector: We downgraded Indian IT Services to UW through a report on 10th April, 2022 (Positive surprises likely low in FY23; Tier-2 risky) and continued to remain underweight through our notes on 19th May, 2022 (Customer stress shows up), 8th July, 2022 (Negatives not in price), 10th October, 2022 (Growth expectations too high), 20th March, 2023 (Sell into delayed landing outperformance), 14th June 2023 (Too early to be positive), 26th September, 2023(Cut FY25 estimates; Slower for longer; Sell into the FOMO rally), 15th December, 2023(A No/Soft landing) and 20th March 2024 (Continued uncertainty to keep a lid on spending)

Nifty IT index's TSR from 31st Dec, 2019 till 14th March, 2024 has been 163% with a 70 percentage point outperformance vs the Nifty. But, the outperformance was front-loaded in the first two years of the period (CY2020 and CY2021). Since 31st December 2021, Nifty IT TSR has underperformed Nifty by 29 percentage points.

The massive outperformance of Nifty IT in 2020 and 2021 was on the back of pandemic-driven Digital Transformation (DT) services-based earnings acceleration and significant multiple expansion on unprecedented monetary stimulus in the US and in Europe. While DT services will continue to remain a key theme over the long term, we believe that IT spends will be curtailed by an 'ability-to-spend' problem as enterprise customers battle earnings pressure from wage inflation, reduced end customer spending power, higher interest rates and likely below-trend growth in western developed economies. Customers, we believe, had pulled forward spending into the compressed transformation phase of FY20-FY23 from future years. We believe customers are now evaluating ROIs on those projects and on spending normalization.

Macro environment now has one good and two bad scenarios:

The good scenario is obviously the soft-landing scenario where inflation, economy and employment cool, thereby allowing the Fed to lower Fed funds rate to what is considered a neutral rate – which is widely believed to 2.5% (we are currently at 5.25-5.5%). The two bad scenarios are: (1) some sort of a recession in 2024 or (2) a strong economic growth scenario with higher than 2% inflation, which keeps fed funds rate 'high for longer'.

We persist with our 'UW' stance. This is because:

(1) Valuations for most IT stocks in our coverage universe are expensive in relation to their 5-year or 10-year histories and we see no material upside to FY25/FY26 earnings for our coverage in the next 12 months

(2) As things stand today, while our earlier base case of a shallow recession sometime in 2024 seems to have a low probability (though professional forecasters still give a probability of 40% for a recession in the next 12 months based on Bloomberg consensus), chances of a no landing with hotter inflation with 'higher rates for longer' scenario seems to have a better probability and is also not a positive scenario for customers.

A 'higher for longer' rates scenario could mean tepid growth in both FY25 and FY26; a shallow recession could mean a significant deceleration in demand and consequently in revenue & earnings growth for the sector.

Even if one were to ignore the next 12–18 months' risks around a recession/the 'higher for longer' interest rate regime and take a 5-year view, we believe that starting valuations are expensive and can at best deliver mid to high single-digit total stock returns (including capital return to shareholders) for TCS/Infosys, as we believe that structural revenue/earnings growth is being overestimated by the street. We believe that USD revenue growth over a 5-year period (FY23-FY28) for Tier-1 set in aggregate will at best be at par with the FY15-FY20 period (~7%). We also expect margins for most coverage companies to remain in a narrow band at around FY24 levels and not see a material expansion (except for Tech Mahindra where it starts from a very low base). *Ceteris Paribus,* this has valuation/return implications.

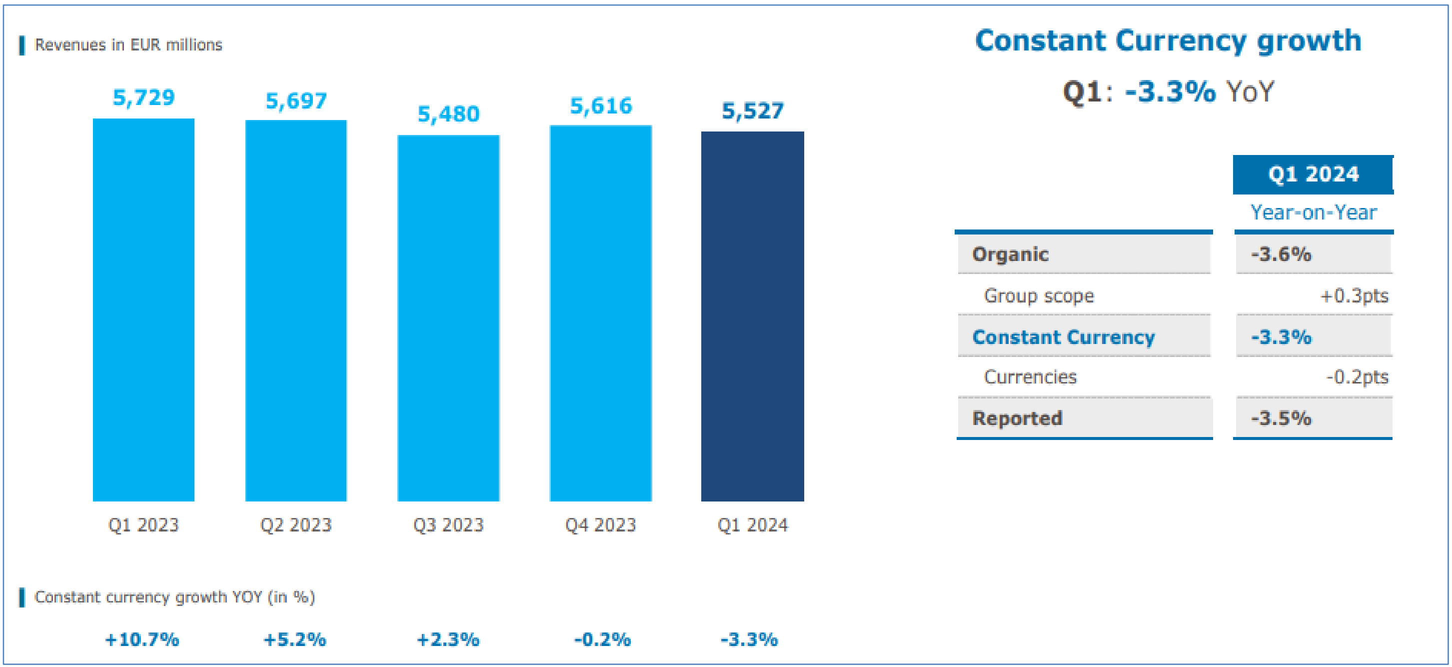
We continue to maintain TCS as our industry valuation benchmark: We are valuing TCS at target 12-month forward PE of 23.7x, which represents 1SD below the 5-year historical mean. This has been raised from the 20x that we had assigned earlier (10-year mean less 0.5SD). Target multiples for others are at a premium/discount to TCS. If one were to look back in history, our Target PE multiples are not overly pessimistic as PE multiples of many Tier-1 IT stocks are in fact at the higher end of the pre-pandemic PE range. We have used a higher target PE multiple not because we think that a material earnings upgrade cycle is on the cards for FY25/FY26, but to acknowledge the higher domestic inflows into equities, which have lifted valuations of the entire Indian market and particularly that of Mid-cap and Small-cap stocks.

The Tier-2 pack has held out better than anticipated: Growth for well-run Tier-2 IT companies has materially decelerated from their FY22/FY23 levels but has not been as bad as we had expected. That we believe is because the US macro held up better than we/consensus had anticipated. Had we seen a shallow recession (our earlier base case scenario), growth in both Tier-1 and Tier-2 set would have come off a lot more than it eventually did in FY24.

Tier-2 still faces significant risks: Tier-2 set has a less diversified revenue mix (client, service line and vertical), which could throw up negative growth surprises (as has been seen in case of Mphasis in the last 12-18 months), and a larger exposure to non-Global 1000 clientele, whose profits are more vulnerable in a weaker macro environment. Indian Tier-2 IT pack is now at a PE premium of ~27% to Tier-1 compared to a discount of 25% on 1st January 2020. The premium is at the highest ever level, driven by strong flows into SMID stocks by the Indian mutual funds.

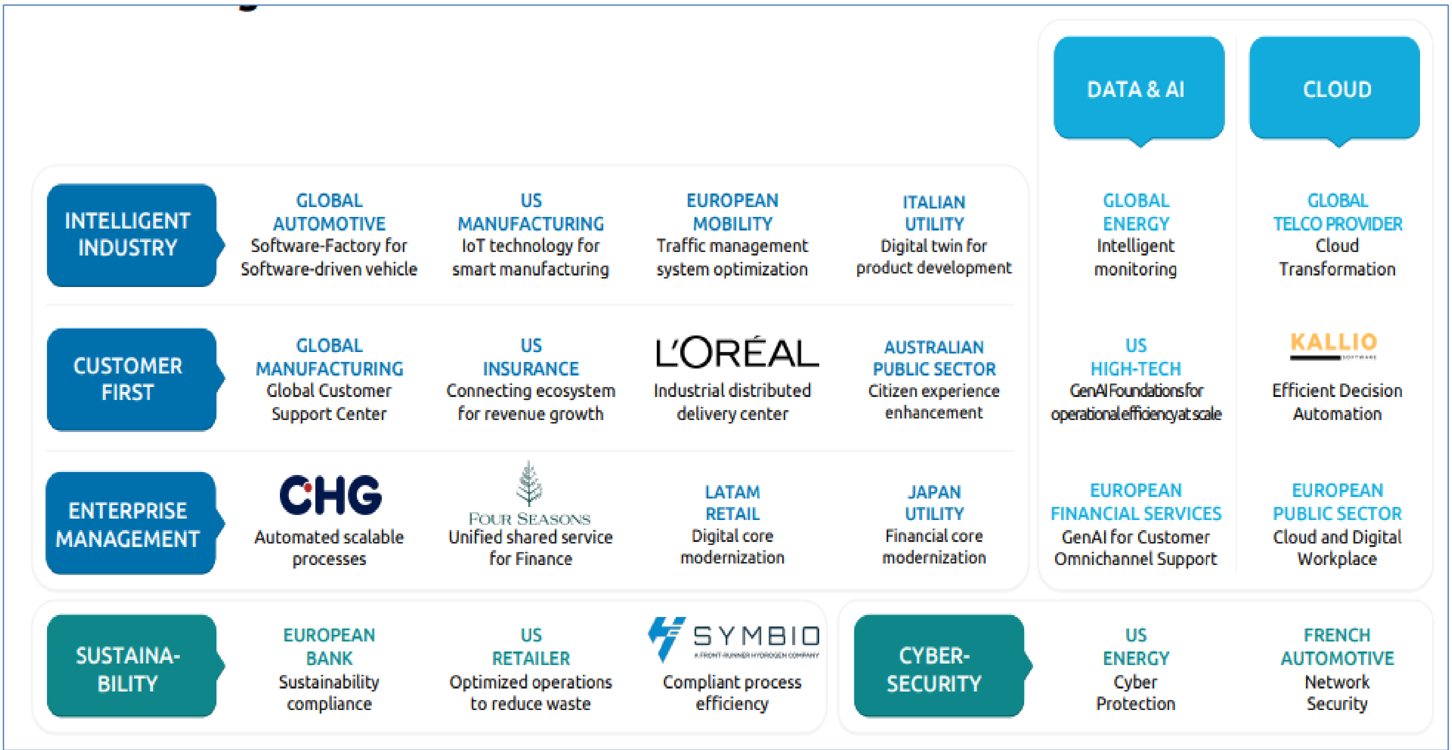
This premium reflects expectations of a big positive earnings growth gap between Tier-2 and Tier-1 IT companies over FY21-FY23 and improving return ratios sustaining beyond FY23. We do not agree with that view. We think that the earnings growth gap will compress due to slower revenue growth and next-to-no margin expansion from current levels for most Tier-2 IT companies. The high PE multiples are also a reflection of the market's view that some Tier-2 IT companies will become US$5-10bn enterprises in the next 10-20 years. Once the 'Digital' high tide recedes, it remains to be seen which of the current Tier-2 set will continue to show promise. In the initial phase of any new tech cycle, customers tend to be open to new vendors, but as the cycle matures (post FY23 in our view), vendors that have scale – Tier-1 - tend to do better. We think customers are looking for revolutionary transformation, which Tier-1 companies with multi-vertical exposure and deeper domain/technology skills are best placed to deliver.

Exhibit 1: 1QCY24 revenue picture



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 2: Transformational projects done in CY23

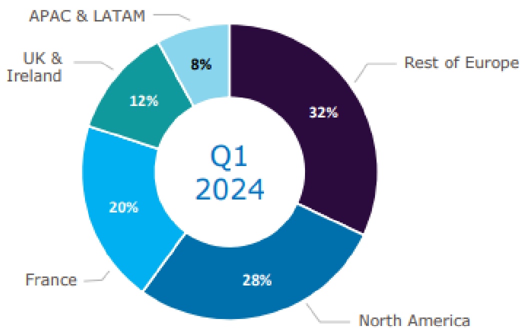


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 3: Geographic picture in 1QFY24

Q1 2024 Revenues by Region

	Q1 2023	Q1 2024	Variation	
	Revenues		Year-on-Year	
	(in €m)	(in €m)	Reported	Constant Currency
North America	1,663	1,527	-8.2%	-7.1%
UK & Ireland	686	684	-0.4%	-3.2%
France	1,163	1,131	-2.8%	-2.8%
Rest of Europe	1,739	1,729	-0.6%	-0.5%
APAC & LATAM	478	456	-4.5%	-1.7%
TOTAL	5,729	5,527	-3.5%	-3.3%

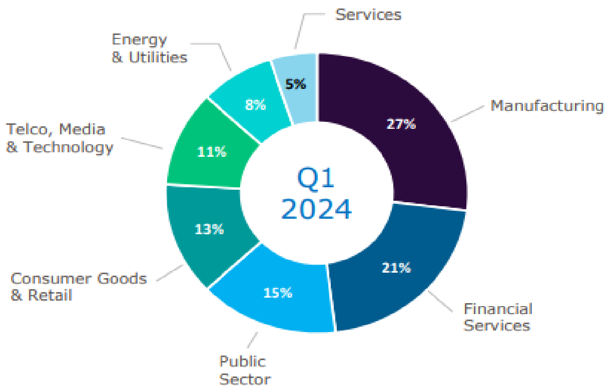


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 4: Vertical picture in 1QCY24

Q1 2024 Revenues by Sector

	Q1 2024
	Year-on-Year Constant Currency
Financial Services	-7.3%
Energy & Utilities	+2.5%
Manufacturing	-1.5%
Consumer Goods & Retail	-3.8%
Public Sector	+2.4%
Telco, Media & Technology	-11.1%
Services	-2.3%
TOTAL	-3.3%

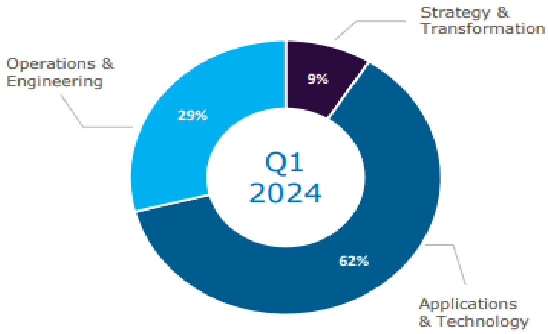


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: Offerings picture 1QCY24

Q1 2024 Revenues by Business

	Q1 2024
	Year-on-Year Constant Currency
Strategy & Transformation	+1.6%
Applications & Technology	-4.0%
Operations & Engineering	-3.0%



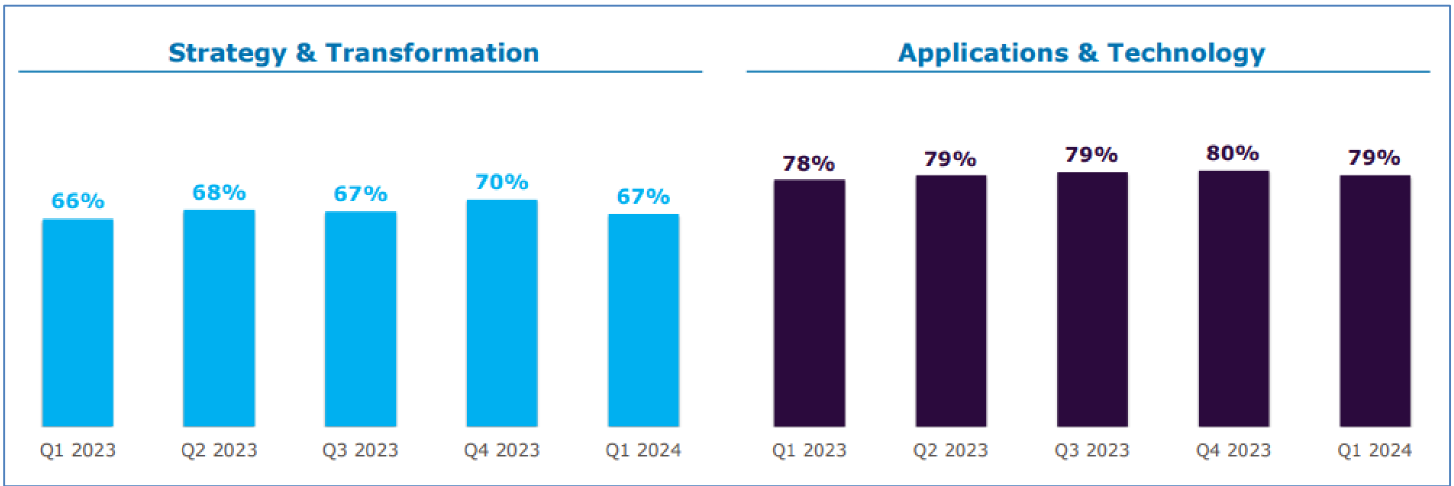
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 6: Quarterly evolution of revenue

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Revenues (in €m)	**5,729**	**5,697**	**5,480**	**5,616**	**5,527**
Year-on-Year organic growth	**+10.1%**	**+4.7%**	**+2.0%**	**-0.9%**	**-3.6%**
Year-on-Year CC growth	**+10.7%**	**+5.2%**	**+2.3%**	**-0.2%**	**-3.3%**
Year-on-Year CC growth by Region					
North America	+6.1%	0.0%	-4.0%	-6.6%	-7.1%
UK & Ireland	+13.9%	+10.2%	+5.0%	+2.7%	-3.2%
France	+12.4%	+6.2%	+3.7%	+2.5%	-2.8%
Rest of Europe	+13.8%	+9.0%	+5.4%	+2.7%	-0.5%
APAC & LATAM	+8.4%	+1.4%	+7.6%	+1.1%	-1.7%
Year-on-Year CC growth by Sector					
Financial Services	+9.4%	+2.9%	-3.4%	-4.3%	-7.3%
Energy & Utilities	+5.9%	+4.4%	+3.4%	+5.9%	+2.5%
Manufacturing	+16.8%	+11.2%	+4.3%	+0.5%	-1.5%
Consumer Goods & Retail	+6.8%	+0.2%	+2.5%	-1.6%	-3.8%
Public Sector	+13.1%	+8.7%	+14.0%	+7.0%	+2.4%
Telco, Media & Technology	+3.1%	-1.3%	-6.7%	-8.0%	-11.1%
Services	+10.7%	+3.9%	+1.0%	+0.9%	-2.3%
Year-on-Year CC growth by Business					
Strategy & Transformation	+15.6%	+9.1%	+5.1%	+4.9%	+1.6%
Applications & Technology	+10.7%	+5.6%	+2.8%	-0.6%	-4.0%
Operations & Engineering	+9.2%	+3.2%	+0.9%	-1.3%	-3.0%
Year-on-Year reported growth	**+10.9%**	**+3.2%**	**-1.3%**	**-2.4%**	**-3.5%**

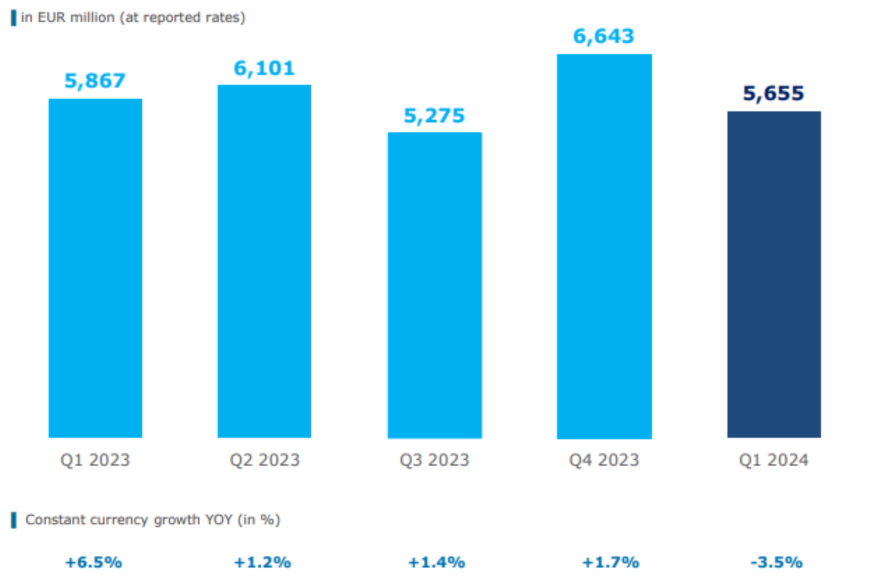
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 7: Offshore leverage evolution



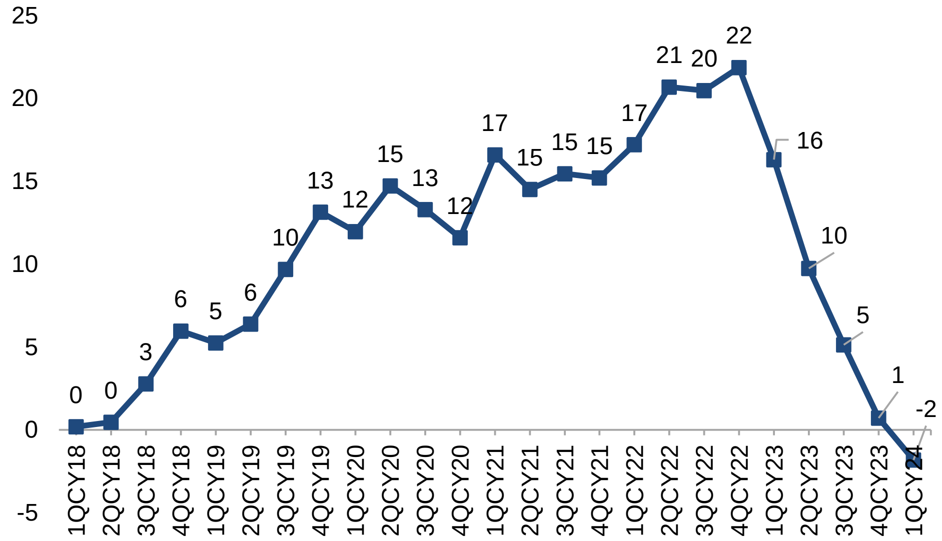
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 8: Bookings evolution



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 9: TTM order inflow growth (% YoY)



Source: Company, Nirmal Bang Institutional Equities Research

Financials

Exhibit 10: Income statement

Y/E December (Euro mn)	2019	2020	2021	2022	2023
Net Sales	**14,125**	**15,848**	**18,160**	**21,995**	**22,522**
YoY Growth (%)	*7.0*	*12.2*	*14.6*	*21.1*	*2.4*
Cost of services rendered	(10,274)	(11,712)	(13,368)	(16,163)	(18,318)
Selling expenses	(1,123)	(1,113)	(1,196)	(1,518)	(322)
General and administrative expenses (860	(987)	(1,144)	(1,256)	(1,447)	(891)
Operating expenses	(12,384)	(13,969)	(15,820)	(19,128)	(19,531)
Operating margin	**1,741**	**1,879**	**2,340**	**2,867**	**2,991**
% of sales	***12.3***	***11.9***	***12.9***	***13.0***	***13.3***
Other operating income and expense	(308)	(377)	(501)	(474)	(645)
Operating profit	**1,433**	**1,502**	**1,839**	**2,393**	**2,346**
Net finance costs	(3)	(82)	(117)	(67)	(42)
Other financial income and expense	(76)	(65)	(42)	(62)	-
Net financial expense	(79)	(147)	(159)	(129)	(42)
PBT	**1,354**	**1,355**	**1,680**	**2,264**	**2,304**
Income tax income (expense)	(502)	(400)	(526)	(710)	(626)
Share in profit of associates	4	2	3	(7)	(15)
Effective tax rate (%)	*(37.1)*	*(29.5)*	*(31.3)*	*(31.4)*	*(27.2)*
Net profit	**856**	**957**	**1,157**	**1,547**	**1,663**
-Growth (%)	*18.2*	*11.8*	*20.9*	*33.7*	*7.5*
-Net profit margin (%)	*6.1*	*6.0*	*6.4*	*7.0*	*7.4*

Source: Company, Nirmal Bang Institutional Equities Research, Note: Based on Igaap

Exhibit 11: Cash Flow

Y/E December (Euromn)	2019	2020	2021	2022	2023
EBIT	1,741	1,879	2,340	2,867	2,991
(Inc.)/dec. in working capital	(481)	421	618	(205)	218
Cash flow from operations	1,260	2,300	2,958	2,662	3,209
Other income	(308)	(377)	(501)	(474)	(645)
Depreciation & amortisation	545	649	672	672	672
Tax paid	(502)	(400)	(526)	(710)	(626)
Dividends paid	(224)	-	(405)	(553)	(583)
Net cash from operations	**771**	**2,172**	**2,198**	**1,597**	**2,027**
Capital expenditure	(401)	(23)	(671)	(673)	(772)
Net cash after capex	1,172	2,195	2,869	2,270	2,799
Inc./(dec.) in debt	(76)	4,797	(1,337)	108	(92)
Equity issue/(buyback)	(150)	277	587	587	587
Cash from financial activities	(226)	5,074	(750)	695	495
Others	2,168	(3,755)	1,562	1,971	1,552
Opening cash	2,006	2,461	2,836	3,129	2,403
Closing cash	5,120	5,975	6,517	8,065	7,249
Change in cash	3,114	3,514	3,681	4,936	4,846

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Balance sheet

Y/E December (Euro mn)	2019	2020	2021	2022	2023
Shareholders equity	8,419	6,115	8,479	9,743	10,473
Provisions	1,063	1,409	996	704	658
Borrowings	2,564	7,127	6,654	5,655	5,071
Other non-current liabilities	969	1,328	1,387	1,312	1,249
Total non-current liabilities	**13,015**	**15,979**	**17,516**	**17,414**	**17,451**
Intangible assets (incl goodwill)	8,307	10,895	11,636	11,996	12,011
Property, Plant and Equipment (incl ROU assets)	1,500	1,692	1,703	1,597	1,571
Other non-current assets	1,765	1,528	1,695	1,544	1,374
Total non-current assets	**11,572**	**14,115**	**15,034**	**15,137**	**14,956**
Trade receivables	3,380	3,938	4,606	5,253	5,088
Other current assets	722	1,065	1,264	1,287	1,120
Cash and cash equivalents	2,461	2,836	3,129	3,802	3,536
Total Current assets	**6,563**	**7,839**	**8,999**	**10,342**	**9,744**
Total Current liabilites	**5,120**	**5,975**	**6,517**	**8,065**	**7,249**
Net Assets	**13,015**	**15,979**	**17,516**	**17,414**	**17,451**

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: Key ratios

Y/E December	2019	2020	2021	2022	2023
Per Share (Euro)					
EPS	5.2	5.7	6.9	9.1	9.7
FDEPS	5.2	5.7	6.9	9.1	9.7
Dividend Per Share	1.4	0.0	2.4	3.3	3.4
Book Value	51	36	50	57	61
Dividend Payout Ratio (%) (inl DDT)	26	0	35	36	35
Return ratios (%)					
RoE	10.2	15.7	13.6	15.9	15.9
RoCE	14.9	13.2	15.4	17.4	18.4
Pre Tax ROIC (%)	18.8	16.5	19.4	22.6	23.6
Tunover Ratios					
Asset Turnover Ratio	0.8	0.7	0.8	0.9	0.9
Debtor Days (incl. unbilled Rev)	87	91	93	87	82
Working Capital Cycle Days	37	43	50	38	40
Valuation ratios (x)					
PER	40.2	36.3	30.2	22.8	21.4
P/BV	4.1	5.7	4.1	3.6	3.4
EV/EBITDA	20.3	21.3	16.5	13.3	12.6
EV/Sales	2.5	2.5	2.1	1.7	1.7
M-cap/Sales	2.4	2.2	1.9	1.6	1.6
Dividend Yield	0.7%	0.0%	1.2%	1.6%	1.6%

Source: Company, Nirmal Bang Institutional Equities Research

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BUY > 15%

ACCUMULATE -5% to15%

SELL < -5%

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