Pakistan Telecom (PTC PA)

Ufone – unlocking potential

Company Update: BUY

Target Price: Rs31

Telecommunication

March 2010

JS Global Capital Limited

Increasing regional M&A activity in the cellular segment and impressive broadband performance has led us to revisit our valuations and estimates for PTCL. With an increased volume of regional transactions providing price discovery, we have changed our valuation basis for Ufone to EV/Subscriber from DCF previously. As a result, our fair value of Ufone is upgraded to Rs31/share from Rs24/share earlier. Moreover, impressive growth in broadband (164% in 1HFY10) provides optimism on the revenue outlook, strengthening PTCL's ability to counter shrinking fixed line business. Further, with the TSF agreement with Etisalat ending in Oct 2011, gross margins will witness a 150bps jump FY12 onwards. Hence, we reiterate our 'Buy' call on the scrip. PTCL currently trades at an impressive FY10E and FY11F EV/EBITDA of 3.5x and 3.4x respectively, a 43-47% discount to the region. Moreover, the scrip also offers an attractive dividend yield of 8.4%. Nevertheless we do not rule out (1) significant deterioration in the fixed line subscriber base (2) intense competition in the broadband/WLL segments and (3) regulatory changes as key risk to our thesis.

Valuation: Ufone – unlocking potential, fair value revised to Rs31

We have revised upwards our target price for PTCL to Rs31/share from Rs24/share earlier, mainly attributable to the switch in valuation methodology for the cellular arm-Ufone. After the recent round of transactions providing pricing discovery, we have shifted our valuation basis for Ufone to EV/Subscriber from DCF earlier. We have used an average of two relevant transactions and applied a discount of 50% to account for penetration and ARPU differences with regional peers and a further discount of 20% to adjust for a minority stake – giving Ufone a value of Rs13/share (from Rs6/share earlier). We have also tweaked estimates for the broadband segment, as we now expect the subscribe base to grow at a 3-year CAGR (FY10-FY13) of 51%. The fair value offers an attractive upside of 49%.

Broadband– Aggressive strategy paying dividends

Given abysmally low penetration of ~0.4% currently (global penetration 7.8%), the broadband segment offers tremendous room for expansion to the telecom operators in Pakistan. This potential is reflected in the extraordinary subscriber growth of 150% in 1HFY10. PTCL in particular, has been aggressive in this segment and despite being a late entrant, has attained a market share of ~50%. Its monopolist position in the local loop segment has provided the necessary platform to go all out and promote the DSL broadband, which remains the most used technology for the provision of broadband services, not just in Pakistan but also regionally. In addition to this, PTCL has also actively participated in four USF broadband projects, three of which are projected to bring in ~159k subscribers by Dec 2010. Given this, we expect the share of broadband in total revenues to reach 12% by FY12 from 6% at present.

News flow hinting towards property resolution

Recent news flow suggests that a resolution may be round the corner, for the long deferred property dispute. Any agreement would release the pending US$800mn proceeds towards the GoP & lead to a possible property revaluation in the future.

KATS Code:
PTC

Bloomberg Code:
PTC PA

Reuters Code:
PTCA.KA

Market Price:
Rs20.80

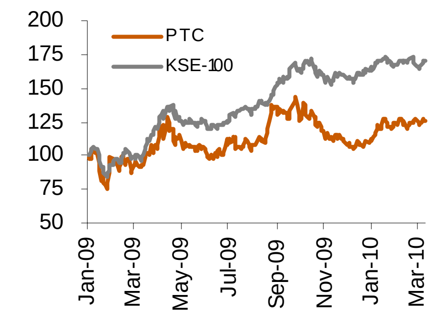
Market Cap:
Rs78.5bn
US$931mn

1-yr Avg. Daily Volume:
6.6mn shares
Rs125mn
US$1.5mn

1-yr High/Low:
Rs22.83/14.73

Estimated free float:
584mn shares (16%)

PTC vs KSE-100 index



Source: KSE, JS Research

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Ufone: Price discovery, unlocking potential

Ufone has been an outperformer in the local cellular sector, with strong 1HFY10 earnings of Rs1.3bn (up 175%YoY). This is impressive when compared to full year profits Rs1.8bn in FY09. We expect full year earnings (FY10) for Ufone to come in at Rs2.2bn (EPS share of Rs0.42), with an expected payout of Rs400mn to the parent. It is important to note that Ufone is presently the only operator among the five active providers with earnings in the green.

Ufone's competitive advantage in the market is down to its association with PTCL in the form of network sharing and access to cheap finances from PTCL's cash reserves. The company currently has two loans issued by the parent, worth Rs5bn with repayment starting 2013 onwards.

We have reviewed our valuation methodology for Ufone in light of the M&A theme prevalent in the sector across the region, and have opted to change the technique to EV/Subscriber from DCF earlier. With Pakistan's five active operators' based market deemed as unaccommodating in the current competitive scenario, we see a potential acquisition/takeover of at least one of the operators as an imminent event. However, the present financial scenario plus any regulatory setbacks could act as potential hindrances. Our discussions with various experts in the industry hint at the same.

Pakistan Cellular market snapshot

Operator	Subscribers (mn)	Market share (%)	1HFY10 additions
Mobilink	30.8	32%	1.7
Telenor	22.5	23%	1.6
Warid	18.8	19%	1.0
Ufone	18.5	19%	(1.5)
Zong	6.9	7%	0.5
Insta *	0.0	0%	(0.0)
Total	**97.6**	**100%**	**3.2**

Source: PTA, as of Dec 2009

** Inactive*

Regional activity boiling up…

This climate is also very much present in the regional space, as already established operators continue to hunt for new growth markets - providing a way of diversifying from their respective domestic markets. Bharti Airtel of India, the biggest telco listed at the BSE, is one of the key players leading the M&A pack. Bharti recently acquired a 70% stake in Warid's Bangladesh operations for a consideration of US$300mn, while the remaining 30% was retained by the Dhabi group. This transaction culminates in an impressive EV/Sub of US$153, indicating plenty of room for penetration. Since this acquisition, Bharti has been in discussions for Zain's African operations - a market where an earlier attempt to acquire MTN (Africa's largest operator) foiled - and has offered a consideration of US$10.7bn for a controlling stake. Etisalat is on the aggressive front as well, recently taking over Tigo (from Millicom) in Sri Lanka, a relatively new prepaid operator in the market since 2007. Telenor SA too has stepped in India by acquiring a 67% stake in Unitech India (operating under brand name Uninor) with equity injections totaling US$1.1bn.

Recent regional transactions

Date	Aquirer	Target	Detail	EV/Subscriber
Jan-10	Bharti Airtel	Warid Bangladesh	70% stake for US$300mn	US$153
Oct-09	Etisalat	Tigo Sri Lanka	100% stake for US$207mn	US$92
	Past local deals			
Jul-07	Singtel	Warid Telecom	30% stake for US$758mn	
Jun-07	Orascom	Mobilink	Remaining 11.3% stake for US$290mn	
May-07	China Mobile	Paktel	100% stake in Paktel for US$460mn	

Source: JS Research

Ufone: Valuation compelling on regional price discovery

We have used the regional transaction data available and applied relevant changes to derive a valuation for Ufone. Taking an average EV/Subscriber of US$122.5, we apply a 50% discount for lower ARPU's (US$2.5) prevailing in the market plus room for potential growth (current teledensity 60%). We have further applied a 20% discount for calculating a minority stake as the sample transactions are acquisitions of strategic stakes. This leads us to a conservative EV/Subscriber value of US$49, giving the subsidiary a total Enterprise value of Rs77bn, and translating into a fair value of Rs13/share (Rs6/share earlier).

Ufone Valuation (EV/subscriber)

Average EV/Subscriber (x)	122.5
Discount - For market penetration & lower ARPU	50%
Discount for minority shareholding	20%
Estimated EV/Subscriber for Ufone	49.0
Ufone subscribers (mn)	18.5
Exchange rate (US$/Rs)	84.5
Enterprise Value (Rs mn)	76,641
Adjustment for equity (Rs mn)	12,431
Equity Value for Ufone (Rs mn)	64,210
No of Shares (PTCL)	5,100
Ufone value per share	13

Source: JS Research

PTCL fair value Rs31: 49% upside at current levels

Our fair value for the scrip has risen to Rs31 breaking into Rs18 for PTCL and Rs13 for its 100% cellular subsidiary. The operator trades at an FY10E and FY11F EV/EBITDA of 3.5x and 3.4x, which is at a 43-47% substantial discount to other operators in the region.

PTCL historically did trade close to the regional multiples; however below par performance lately has led it to trade at a discount. Although earnings pressure does justify a certain discount, we believe the concerns have been overplayed and that multiples are in actuality, at an attractive level.

PTCL Valuation

(Rs)	FY10E	FY11F	FY12F	FY13F	FY14F
PAT (Ex. Ufone Div.)	9,798	10,318	11,689	12,705	13,451
Depreciation	13,557	14,648	15,353	16,066	16,786
Working Cap	(3,406)	42	(336)	118	666
CAPEX	12,098	13,308	13,441	13,575	13,711
Free cashflows	32,047	38,316	40,148	42,465	44,613
Discounted Cashflow	6,710	8,547	8,283	8,172	7,841
Valuation					
PV of Cash Flows	39,552				
Terminal Value	53,319				
Total Present Value	92,871				
No of shares	5,100				
Stand alone value	18				
Ufone Value	13				
Total Value	31				

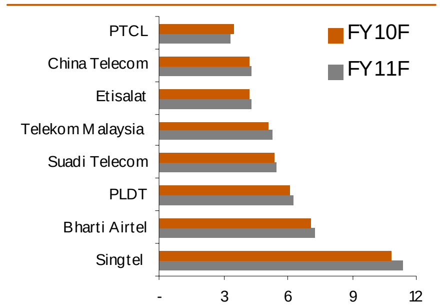
Source: JS Research

Revision in fair value

Old	
PTCL stand alone	18
Ufone	6
Total fair value	24
New	
PTCL stand alone	18
Ufone	13
Total fair value	31

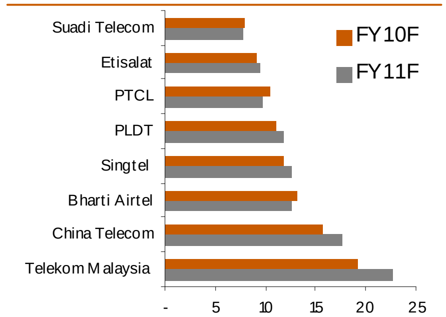
Source: JS Research

Regional EV/EBITDA(x)



Source: Reuters, JS Research

Regional PE(x)



Source: Reuters, JS Research

Assumptions

CAPM	17%
Risk Free Rate	11%
Risk Premium	6%
Beta	1

Source: JS Research

Broadband – good to grow

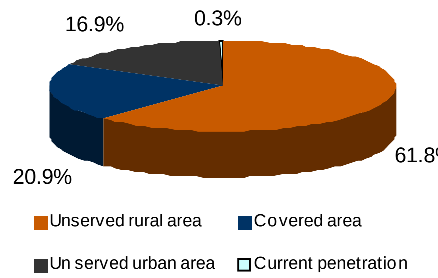
The broadband segment in our opinion will lead the growth trajectory in the company, with the management also increasingly focused towards capturing the largely un-penetrated market. Total broadband subscribers in the country stood at 644k as of Dec 09, growing by 56% in 1HFY10. PTCL is at the forefront, realizing the potential revenue on offer. The company has managed to increase its subscriber base from 56k in Jun 08, to 300k in Dec 09 - now enjoying a market share of 50%.

We expect PTCL's total subscribers to continue to rise and reach 1.6mn by FY13 on the back of rising users in the urban areas and increasing penetration in the rural districts. USF aims to achieve 1% penetration by the year end, while the regulator forecasts the total number to rise to 4.4mn by 2013.

Looking at regional data, the country's share is nearly negligible. According to broadband research firm Point Topic, total broadband subscribers in the world as of 3Q2009 totaled 452mn, up 3% from 2Q2009. South and East Asia however, constitutes of the largest share at 24.8%, followed by Western Europe (24.7%), North America (20.7%) and Asia Pacific (14.27%). China holds the largest chunk of subscribers at 99mn, while United States comes in second with 82mn subscribers. Interestingly, Pakistan in 3Q2009 ranked among the top ten growth markets in the world – supporting are upbeat stance on the segment.

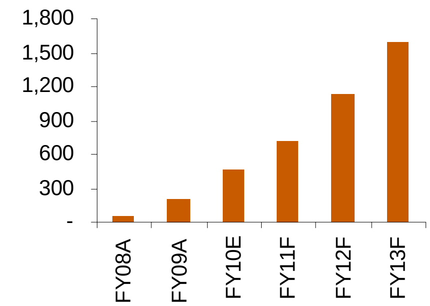
PTCL currently provides broadband service under its flagship product 'BroadBand Pakistan' via the DSL technology. This is the dominant technology used for broadband both internationally and domestically. The company's nationwide local loop network is expected to provide a competitive advantage over other local operators.

Broadband penetration



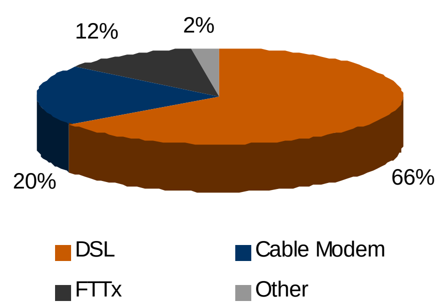
Source: USF

Broadband subscribers (000's)



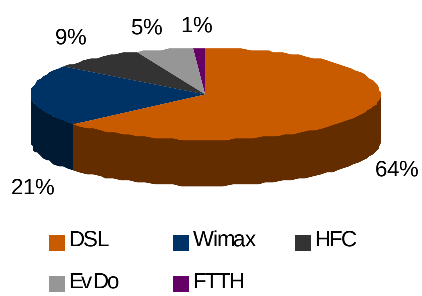
Source: PTC, JS Research

Broadband by tech - Worldwide



Source: Point Topic

Broadband by tech - Pakistan



Source: PTA

USF projects – pushing boundaries

Universal Service Fund (USF) is leading the way in promoting broadband technology in the un/underserved areas of the country via its subsidized projects initiative. Pak telecom has so far won four such projects, and with more in the pipeline, we expect penetration to grow steadily, going forward. We understand that laying down of infrastructure as part of the awarded projects is currently underway.

Each USF broadband project has a time line of ~18months, with the operator being subsidized for the infrastructure cost on a project completion basis, although no exclusivity of operations is guaranteed. We do not expect this be a serious concern, as any operator without the subsidy would not find it financially viable to cater to these relatively under populated areas. Pak telecom has so far won all four contracts and is expected to participate in new projects going forward as well. Three of the four projects undertaken are expected to gain it ~159K subscribers upon completion. Currently these projects have already added 43K subscribers.

Upcoming USF broadband projects

Southern Telecom Region V
Central Telecom Region (RTR)
Gujaranwala Telecom Region (GTR)
Northern Telecom Region (NTR - 1)

Source: USF

USF Broadband projects snapshot

Regions	PTCL subscriber projections	Contract Worth for PTCL ((000's)	Expected completion date	Already active subscribers
Faisalabad Telecom Region FTR-1	72,500	1,200 *	May-10	15,453
Southern Telecom Region STR-1	23,500	550	NA	6,188
Multan Telecom Region- MTR	63,000	1,200	Dec-10	16,812
Hazara Telecom Region- HTR	NA	NA	Jun-11	4,687

Source: USF

**Total Subsidy for FTR is Rs1400mn*

VAS – increasing revenue potential going forward

Our discussion with the management hint towards the company's increased interest towards Value Added Services (VAS) because of the potential revenue it offers. A broader portfolio for both high revenue corporate and government clientele plus carefully designed packages for home users, are bound to become an important contributor in the longer term.

Recently launched products such as I-Sentry (IP video monitoring and surveillance solution), Tele Presence (HD Video conference) and Data Centre (data back up plus solutions) have the potential to become top choice products with corporations, as these become increasingly aware of modern IT solutions.

Although other operators such as Wateen, Multinet and Cyber offer similar solutions, PTCL's nationwide network and existing base are expected to provide it a competitive edge.

Real Estate dilemma – Nearing an end…?

With positive news flow relating to the long stalled property issue, we believe a resolution may very well be on the cards. Statements from representatives of both Etisalat and GoP indicate a resolution, upon materialization of which, the remaining US$800mn due from Etisalat, in respect of the purchase of its 26% stake in the company in 2005 will be cleared towards the GoP. The transfer of property titles to Etisalat's name, was a requirement of the Share Purchase Agreement (SPA) and the delay in the task has resulted in the deferment of the payment. With the government in need of funds to meet revenue targets, more so on the back of delays in pledged funds from FoDP, we expect the government to be handling the matter at a faster pace..

As per news reports, approximately 160 properties are yet to be transferred to Etisalat's name, where as ~3200 transfers have already been completed. We understand, Etisalat's management may plan to redevelop these once this issue is resolved - which may boost non operating revenue going forward. However, we have not accounted for any such development in our models as yet.

Currently all of PTCL's land and buildings are recorded at historical cost. A resolution may further allow the company to consider revaluation going forward, which would strengthen the balance sheet significantly.

TSF, WLL and International revenue

End of TSF arrangement to boost margins

The five year Technical Service Fee (TSF) arrangement with Etisalat is expected to end in Oct 2011, which would give margins another boost. We expect gross margins to jump from 20% in FY11 to 21.9% and 22.7% in FY12 and FY13 respectively. The fee is charged at 3.5% of the group's consolidated revenue (after minor adjustments) and was introduced in Oct 2006.

However, there still remains a risk of the possible continuation of the arrangement post 2011- the situation is expected to become clearer in due time.

TSF payment history

	TSF (Rs mn)	EPS impact
FY07	1,498	0.19
FY08	2,186	0.28
FY09	1,887	0.24

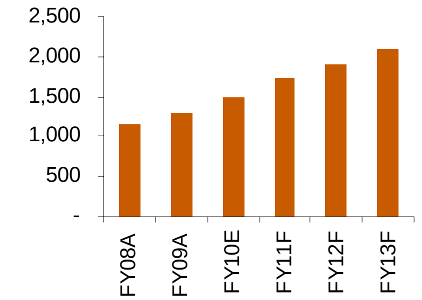
Source: PTCL

WLL subs consolidate

Wireless Local Loop has seen growth remain stagnant in the last 7months (-0.6%), but we remain positive over the long term. With new investment in FLL infrastructure not considered viable, WLL will provide room to grow in the relatively low density areas.

Latest PTA data shows total WLL subs at 2.6mn, with PTCL accounting for a 46% share or 1.2mn subs. We estimate these to grow at a 3 year CAGR (FY10-FY13) of 12% to 2.1mn by FY13 and increase its share in revenue from the current 7% to 9% by FY13.

WLL subscribers (000's)



Source: PTC, JS Research

International revenue to remain on growth trajectory

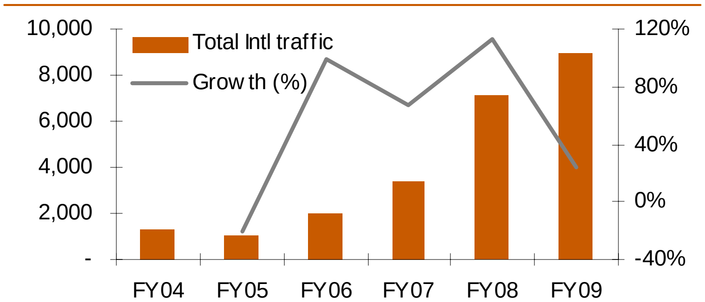
International revenues constitute ~12% (net of interconnect) share of the parent's revenue and we expect the share to gradually rise to ~15% in FY12. 1HFY10 net international revenue of Rs3.8bn (share of 13.7%) supports our view. With Approved Settlement Rate (ASR) currently at 10.5cents/min and strict monitoring by the regulator to check on illegal traffic, we reckon traffic will head upward in the future.

ASR and APC (US$ cents)

	ASR	APC	LDI
May-08	10.0	5.0	5.0
Feb-09	12.5	7.5	5.0
Jul-09	10.5	5.5	5.0

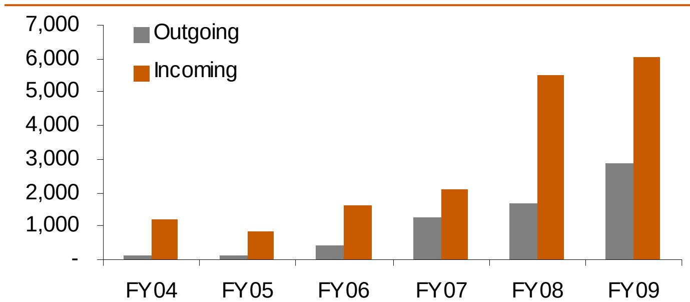
Source:PTA

Total International traffic (mn minutes)



Source: PTA

Breakup of International traffic (mn minutes)



Source: PTA

1HFY10 earnings in line with expectations

PTCL reported 1HFY10 unconsolidated earnings of Rs5.4bn as against earnings of Rs5.3bn in the corresponding period last year, a rise of 1%YoY. Revenues dipped on account of lower revenue from FLL and overall lower call rates. Domestic voice revenue dipped by 7% while international revenue rose by 3% to Rs3.8bn. Broadband revenue rose again to Rs1.7bn, compared to Rs658mn in 1HFY09.

Earnings growth in the period was mainly attributable to higher other income and lower finance costs. Higher average cash balance coupled with interest earned on loans to subsidiary, contributed to the increase in other income. Absence of short term loans (Rs1.2bn in 1HFY09) led finance costs to drop 74% to Rs217mn.

Our expectation for full year unconsolidated earnings stands at Rs10.2bn (EPS Rs2.0) and we anticipate the telco to announce a final cash dividend of 17.5%.

Key Financial Highlights (Rs mn)

QoQ	2QFY10	1QFY10	Δ%	Comments
Revenue	14,953	14,472	3%	Slight seasonal push in revenue due to holiday season
Operating cost	(9,291)	(9,380)	-1%	Cost conrtols help QoQ costs decrease 1%
Gross profit	5,661	5,092	11%	Increase in QoQ gross margins
Gross margin	*38%*	*35%*		
Admin & Gen expenses	(1,959)	(1,679)	17%	Inflationary pressure including rising fuel costs
Selling & Mkt expenses	(487)	(440)	11%	Increased media campaign pushing up expenses
Operating profit	3,215	2,973	8%	
Other operating income	1,123	1,109	1%	Relatively stable QoQ, Interest earned on loan to Ufone
Financial cost	(87)	(130)	-33%	Lower exchange losses
Profit before taxation	4,251	3,952	8%	PBT up 8%QoQ
Taxation	(1,466)	(1,383)	6%	
Profit after taxation	2,785	2,569	8%	PAT up 8% QoQ, Seasonal plus cost controls
EPS	0.55	0.50	8%	Same as above
YoY	**1HFY10**	**1HFY09**	**Δ%**	**Comments**
Revenue	29,425	31,128	-5%	Decline in FLL revenue, lower call rates
Operating cost	(18,672)	(18,586)	0%	Costs intact despite lower revenue
Gross profit	10,753	12,542	-14%	Dip in margins to 375bps in period
Gross margin	*37%*	*40%*		
Admin & Gen expenses	(3,638)	(4,417)	-18%	Effective cost controls keep expenses in check
Selling & Mkt expenses	(927)	(907)	2%	Increase in marketing activites
Operating profit	6,188	7,218	-14%	
Other operating income	2,232	1,881	19%	Increased interest earned on loan to Ufone
Financial cost	(217)	(841)	-74%	Absence of short term borrowings; lower exchange losses
Profit before taxation	8,203	8,257	-1%	PBT down 1%YoY
Taxation	(2,849)	(2,943)	-3%	
Profit after taxation	5,354	5,315	1%	PAT up 1%YoY
EPS	1.05	1.04	1%	Same as above

Source: PTC & JS Research

Risks

FLL still the real concern

The dwindling revenue stream from the fixed local loop segment continues to remain the key risk facing the company as it counters competition from other technologies mainly cellular. The subscriber base has been on a downward spiral, going from a high of 5.2mn to ~3.1mn in Dec 09. Apart from the substitution effect, relatively poor quality of service, backhaul issues, legacy infrastructure and lack of new investment continue to act as hindrances to the segment.

However, the management has recently been on the move to limit the depleting revenue from this segment via a nationwide media campaign and offering various bundled packages.

PTCL has also recently revised its on net call charge rate to Rs1 per min from Rs2 per 3min previously. This rise is applicable on all customers using the default package and not on the bundled and other specialized packages. We believe the rate hike could prove to be a cushion to the revenue stream going forward.

Intense competition in Broadband & WLL

We expect broadband to be an integral part of PTCL's revenue stream in the future and anticipate the subscriber base to grow at a 3yr CAGR (FY10-FY13) of 51%. Although, telecom services are prone to facing severe competition as seen in the cellular sector, a similar rivalry in broadband/WLL could trigger a price war and lead to downward adjustments in our ARPU forecasts.

Regulatory barriers

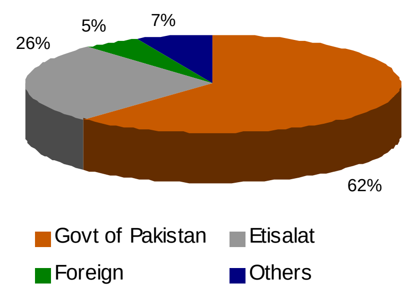
The telecom sector operates in a tightly regulated environment and any potential hurdles placed could pose a risk to our call, particularly relating to M&A activity.

About the company

Pakistan Telecommunication Company Limited (PTCL)

Pakistan Telecommunication Company Limited (PTCL) is the largest telecommunication service provider in the country, providing fixed line, cellular, broadband and a range of value added services in the country. The company provides cellular services through its 100% owned subsidiary, PTML. Etisalat, the U.A.E based telecom service provider acquired a 26% stake in the company for US$2.58bn in 2005. Govt. of Pakistan holds a 62.2% stake of the company.

Shareholding pattern



Source: Annual Report June 2009

Pakistan Telecom Mobile Limited (PTML-UFONE)

Pak Telecom Mobile Limited (PTML) was incorporated on July 18, 1998 as a public limited company to provide cellular mobile telephonic services in Pakistan. PTML commenced its commercial business in different phases starting Jan 2001, under the brand name Ufone. The company has witnessed a recent decrease in subscriber base (mainly on account of data correction) to 18.5mn subscribers as of December 2009.

Emirates Telecommunication (Etisalat)

Etisalat has been the premier telecommunications service provider in the UAE since 1976, building up a modern telecom infrastructure and establishing itself as an innovative and reliable operator. The company was listed on the Abu Dhabi Exchange in March 2002, and is amongst the leading telecom service provider in the Middle East region with operations spreading across 17 countries in Asia and Africa. The company provides cellular services through its subsidiary (27.5% stake), Etihad Etisalat - Mobily. The government of U.A.E owns 60% stake in the company.

Pakistan Telecommunication Authority (PTA)

Pakistan Telecommunication Authority is the regulator of the telecom industry in the country. The authority has been actively involved since the deregulation of the sector and has been praised for its effective role in developing the sector. PTA has its headquarters at Islamabad and zonal offices located in Karachi, Lahore, Peshawar, Quetta, Rawalpindi and Muzaffarabad.

Universal Service Fund (USF)

The company operates under the jurisdiction of Ministry of Information Technology, Govt. of Pakistan. USF promotes the development of telecommunication services in un-served and under-served areas throughout the length and breadth of the country. The company was established in the later part of 2006, and consists of contributions (1.5% of adjusted revenues) made by the telecom operators. The company then provides a subsidy to the bidding operators for infrastructure development in specific regions.

Ministry of Information Technology (MOIT)

Ministry of Information Technology (MoIT) is the national focal Ministry and the enabling arm of the Government of Pakistan for planning, coordinating and directing efforts to initiate and launch Information Technology and Telecommunications programs and projects aimed at economic development of the country.

Appendix I: Income statement & Balance sheet

Year ended June (Rs mn)	FY08A	FY09A	FY10E	FY11F	FY12F
Income Statement					
Revenue	66,336	59,239	59,056	61,924	64,979
Operating Costs	73,908	48,577	47,497	49,558	50,740
EBITDA	9,330	27,364	28,590	30,757	34,107
Operating Profit / (Loss)	**16,366**	**10,662**	**11,559**	**12,366**	**14,239**
Other income	3,958	4,267	4,466	4,833	5,220
PBIT	(3,615)	14,929	16,024	17,200	19,459
Financial Charges	848	909	406	487	483
PBT	(4,463)	14,021	15,618	16,713	18,975
Tax	(1,638)	4,870	5,466	5,850	6,641
PAT	**(2,825)**	**9,151**	**10,152**	**10,863**	**12,334**
Balance Sheet					
Issued, subscibed and paid-up capital	51,000	51,000	51,000	51,000	51,000
Reserves	46,888	48,390	49,616	51,555	54,964
Shareholder's Equity	**97,888**	**99,390**	**100,616**	**102,555**	**105,964**
Non current liabilities	21,914	18,572	19,071	19,753	19,886
Current Liabilities	21,914	34,132	33,876	34,749	36,485
Total Liabilities & Equity	**137,448**	**152,094**	**153,564**	**157,057**	**162,334**
Operating Fixed Assets	82,800	77,731	76,894	76,197	74,948
Other Assets	15,044	22,097	22,206	23,103	23,089
Total Current Assets	39,603	54,220	54,464	57,757	64,298
Total Assets	**137,448**	**154,048**	**153,564**	**157,057**	**162,334**

Source: JS Research & Company Accounts

Appendix II: Ratio Analysis

	FY08A	FY09A	FY10E	FY11F	FY12F
Earning / (Loss) per share	(0.55)	1.79	1.99	2.13	2.42
Dividend per share	-	1.50	1.75	1.75	2.00
Book value per share	19.2	19.5	19.7	20.1	20.8
Price to earning ratio (x)	NM	11.6	10.4	9.8	8.6
Dividend Yield (%)	0.0%	7.2%	8.4%	8.4%	9.6%
Price to book value (x)	1.1	1.1	1.1	1.0	1.0
EV/EBITDA (x)	6.8	3.2	3.5	3.4	3.0
Profitability					
Operating Margin	24.7%	18.0%	19.6%	20.0%	21.9%
EBITDA Margin	14.1%	46.2%	48.4%	49.7%	52.5%
Net margin	-4.3%	15.4%	17.2%	17.5%	19.0%
Return on assets	-2.1%	5.9%	6.6%	6.9%	7.6%
Return on equity	-2.9%	9.2%	10.1%	10.6%	11.6%
Momentum					
Sales growth	1.6%	-10.7%	-0.3%	4.9%	4.9%
EBIDTA growth	NM	NM	4.5%	7.6%	10.9%
Net profit growth	NM	NM	10.9%	7.0%	13.5%

Source: JS Research & Company Accounts

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ANALYST CERTIFICATION

I, Mustufa Bilwani, the author of this report, hereby certify that all of the views expressed in this research report accurately reflect my personal views about any and all of the subject issuer(s) or securities. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.