# PPC – Trading Update

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***Key message**: A remarkable operational turnaround continues to boost EBITDA margins despite a weak cement market.*

| | |
|---|---|
| Price (22/09/2025): | R5.14 |
| Target Price: | R5.90 |
| Dividend yield: | 2.7% |
| Total return: | 10% |
| Market cap | R7.74bn |
| Shares in issue | 1500m |

- PPC released a Trading Update for the four months to July 2025.
- **Key takeaways from the update:** PPC has continued to improve its margins despite the weak cement market. The steady increase in margins has been impressive a market where price increases are continually eroded by competitive pressure and overall volume growth still appears to be negative.
- In South Africa and Botswana, volumes increased by 2% which we believe indicates market share growth (although clinker was exported to Zimbabwe with Colleen Bawn down for maintenance). The EBITDA margin increased to 17.7% (from 10.3%) and is expected to be at approx. 17% for the six-month period.
- Volumes in Zimbabwe increased by 22% with strong consumer demand and the imposition of import tariffs of 30%. Good cash extraction continues with US$20m extracted in 1H FY26. The sale of vacant land in Zimbabwe will realise a further US$30m – this could possibly be paid as a special dividend in line with the policy of paying all cash from Zimbabwe to shareholders.
- The new RK3 project in the Western Cape remains on track.
- On the back of this update we increase for earnings forecast for FY26 to 63c (from 55c). We consequently increase our Target Price to R5.90 (from R5.60).

## Financial summary

| ZARmn (year to March) | FY24A | FY25A | FY25E | FY25E | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|---|---|
| Revenue | 10058 | 9871 | 5289 | 5691 | 10980 | 11972 | 13299 |
| EBITDA | 1242 | 1593 | 970 | 1087 | 2057 | 2293 | 2547 |
| Net income | 290 | 466 | 420 | 510 | 930 | 1077 | 1152 |
| Headline EPS (diluted) | 19 | 40 | 29 | 35 | 63 | 73 | 78 |
| PE Ratio | 23.7 | 14.5 | | | 8.7 | 7.6 | 7.1 |
| Dividend | 14 | 50 | 0 | 16 | 16 | 15 | 24 |
| Dividend yield (%) | 0.0% | 0.0% | | | 2.9% | 2.7% | 4.3% |

*Source: Factset, Company data, Chronux Research estimates*

*Sponsored Research: Chronux Research is compensated by certain corporates to produce objective and impartial research. A Recommendation is not provided. Earnings forecasts and a Target Price are the independent view of the analyst, based on his/her view of all factors that could influence earnings and peer comparisons. Management has no editorial input.*

**Figure 1 Financial summary**

| Financial year to March | FY24A | FY25A | FY25E | FY25E | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|---|---|
| ZAR/USD exchange rate | 18.68 | 18.28 | 18.24 | 18.09 | 18.17 | 18.26 | 18.49 |
| **Per share data** | | | | | | | |
| Earnings (diluted) | 27 | 32 | 29 | 35 | 63 | 73 | 78 |
| **Headline earnings (diluted)** | **19** | **40** | **29** | **35** | **63** | **73** | **78** |
| NAV | 3.98 | 3.93 | | | 4.35 | 4.78 | 5.17 |
| Dividend | 14 | 50 | 0 | 16 | 16 | 15 | 24 |
| **Valuation ratios** | | | | | | | |
| P/E ratio | 23.7 | 14.5 | | | 8.7 | 7.6 | 7.1 |
| EV/EBITDA | 3.9 | 4.2 | | | 3.8 | 3.4 | 3.1 |
| P/B | 0.83 | 1.17 | | | 1.27 | 1.16 | 1.07 |
| Dividend yield | | 0.0% | | | 2.9% | 2.7% | 4.3% |
| ROE | 9.3% | 10.2% | | | 14.6% | 15.3% | 15.2% |
| ROCE | 9.6% | 15.5% | | | 18.5% | 18.7% | 21.2% |
| **Income Statement (ZARmn)** | | | | | | | |
| Sales | 10,058 | 9,871 | 5,289 | 5,691 | 10,980 | 11,972 | 13,299 |
| *Sales growth* | | *-1.9%* | *4.4%* | *18.5%* | *11.2%* | *9.0%* | *11.1%* |
| Cost of Goods Sold (COGS) | (8,409) | (7,922) | (4,232) | (4,553) | (8,784) | (9,577) | (10,639) |
| **Gross Income** | **1,649** | **1,949** | **1,058** | **1,138** | **2,196** | **2,394** | **2,660** |
| *Gross margin* | *16.4%* | *19.7%* | *20.0%* | *20.0%* | *20.0%* | *20.0%* | *20.0%* |
| SG&A Expense | 1,035 | (950) | 385 | 328 | 713 | 683 | 702 |
| Other Operating Income/Expense | (292) | (182) | 0 | 0 | 0 | 0 | 0 |
| **EBITDA** | **1,242** | **1,593** | **970** | **1,087** | **2,057** | **2,293** | **2,547** |
| *EBITDA margin* | *12.3%* | *16.1%* | *18.3%* | *19.1%* | *18.7%* | *19.2%* | *19.2%* |
| Depreciation & Amortisation | 587 | 574 | 297 | 278 | 574 | 582 | 589 |
| **EBIT (Operating Income)** | **358** | **817** | **673** | **810** | **1,483** | **1,711** | **1,958** |
| *EBIT margin* | *3.6%* | *8.3%* | *12.7%* | *14.2%* | *13.5%* | *14.3%* | *14.7%* |
| Nonoperating Income - Net | 42 | 63 | 22 | 22 | 44 | 67 | 41 |
| Net Interest Expense | (131) | (106) | (61) | (61) | (122) | (155) | (263) |
| Equity in Earnings of Affiliates | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **PBT** | **269** | **774** | **634** | **771** | **1,404** | **1,624** | **1,737** |
| Income Taxes | 145 | 308 | 214 | 260 | 474 | 547 | 584 |
| *Tax rate* | *-53.9%* | *-39.8%* | *-33.8%* | *-33.8%* | *-33.8%* | *-33.7%* | *-33.6%* |
| Consolidated Net Income | 290 | 466 | 420 | 510 | 930 | 1,077 | 1,152 |
| Minority Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Net Income** | **290** | **466** | **420** | **510** | **930** | **1,077** | **1,152** |
| **Cash flow statement (ZARmn)** | | | | | | | |
| Changes in working capital | (283) | 407 | (44) | (44) | (88) | (77) | (107) |
| **Cash from operating activities** | **806** | **1,410** | **673** | **716** | **1,388** | **1,537** | **1,748** |
| Capital expenditure | (376) | (361) | (820) | (820) | (1,639) | (2,279) | (532) |
| Other | 619 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Investing cash flow** | **243** | **(361)** | **(820)** | **(820)** | **(1,639)** | **(2,279)** | **(532)** |
| Changes in borrowings | (150) | (275) | 998 | 0 | 998 | 500 | (500) |
| Dividend paid | 0 | (705) | (238) | 0 | (238) | (232) | (219) |
| Other | (454) | (45) | (20) | (20) | (39) | (39) | (39) |
| **Financing cash flow** | **(604)** | **(1,025)** | **741** | **(20)** | **721** | **229** | **(758)** |
| Change in cash | 445 | 24 | 594 | (123) | 471 | (513) | 457 |
| **Balance sheet (ZARmn)** | | | | | | | |
| **Total assets** | **9,555** | **9,016** | **9,785** | **9,466** | **9,466** | **8,931** | **9,404** |
| Cash and equivalents | 857 | 872 | 1,466 | 1,343 | 1,343 | 830 | 1,287 |
| Other current assets | 2,336 | 2,118 | 2,182 | 2,267 | 2,267 | 2,408 | 2,582 |
| Non-current assets | 6,362 | 6,026 | 6,137 | 5,856 | 5,856 | 5,693 | 5,535 |
| **Total liabilities** | **3,658** | **3,328** | **3,737** | **3,076** | **3,076** | **1,907** | **1,808** |
| Long-term liabilities | 1,637 | 1,656 | 1,653 | 1,197 | 1,197 | (36) | (202) |
| Current liabilities | 2,021 | 1,672 | 2,083 | 1,879 | 1,879 | 1,943 | 2,010 |
| **Total shareholders' funds** | **5,897** | **5,688** | **6,048** | **6,390** | **6,390** | **7,024** | **7,596** |
| Net debt/(cash) - excl ROU assets | (78) | (370) | 34 | 157 | 157 | 1,170 | 213 |

*Source: Factset, Company data, Chronux Research estimates*

## Valuation

- We use FY26 as the base year for our sum-of-the-parts valuation.

**Figure 2 Sum-of-the-Parts Valuation (FY26 Base)**

| Rm | Methodology/Comment | FY26E EBITDA (Rm) | Multiple applied (x) | Value ($m) | Value (Rm) |
|---|---|---|---|---|---|
| Cement - Southern Africa | EV/EBITDA | 1149 | 5.0 | | 5746 |
| Aggregates&Readymix | EV/EBITDA | 67 | 4.0 | | 268 |
| | | **1216** | **4.9** | | **6014** |
| Cement - Zimbabwe | Dividend discount on US$12m/yr @8% | | | | 2625 |
| **Enterprise value** | | | | | **8639** |
| (Net debt)/cash | | | | | 372 |
| **Equity value** | | | | | **9011** |
| **Shares in issue (m)** | | | | | **1470** |
| **Valuation (R/share)** | | | | | **5.91** |

*Source: Company data, Chronux Research estimates*

- We consider a 4-5 times EBITDA multiple suitable for a manufacturing business and 3-4 for the materials business. We maintain the Cement Southern Africa multiple at 5 times and increase the Materials multiple from 3 to 4 times with the recovery seen in the construction materials market.
- We use a dividend discount model to value the Zimbabwean business with USD10-12m being extracted from Zimbabwe per year as a dividend. We use an 8% discount rate on the current dividend to get a value of R2.625bn for Zimbabwe.
- The cement market remains very competitive. Sensitivity to volumes and prices increases is high but we expect continued price increases and a moderate recovery in cement demand. Cement imports remain high with cement from Mozambique coming into the Limpopo and N KZN markets adding to existing imports (mainly from Vietnam). Government support of the local cement industry remains almost non-existent. The cement industry is now focussing on quality standards to try and even the playing fields against some unscrupulous blenders and importers.
- The new management team is making significant changes to the organisational and operational structures. This is focussed on a simplified organisational structure, reduction in costs, internalised supply chain management, operational efficiencies, improved data collection to manage key variables and ensuring the right people are in place. The improved group EBITDA margin is starting to show the benefits of the cost discipline.
- On the back of this update we increase for earnings forecast for FY26 to 63c (from 55c). We consequently increase our Target Price to R5.90 (from R5.60).
- Our valuation on a PE basis is shown in the following table.

**Figure 3 PE Valuation**

| | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|
| **Diluted HEPS** | 40 | 63 | 73 | 78 |
| **PPC PE** | 12.6 | 7.9 | 6.8 | 6.4 |
| **TP exit PE** | 14.9 | 9.3 | 8.1 | 7.5 |

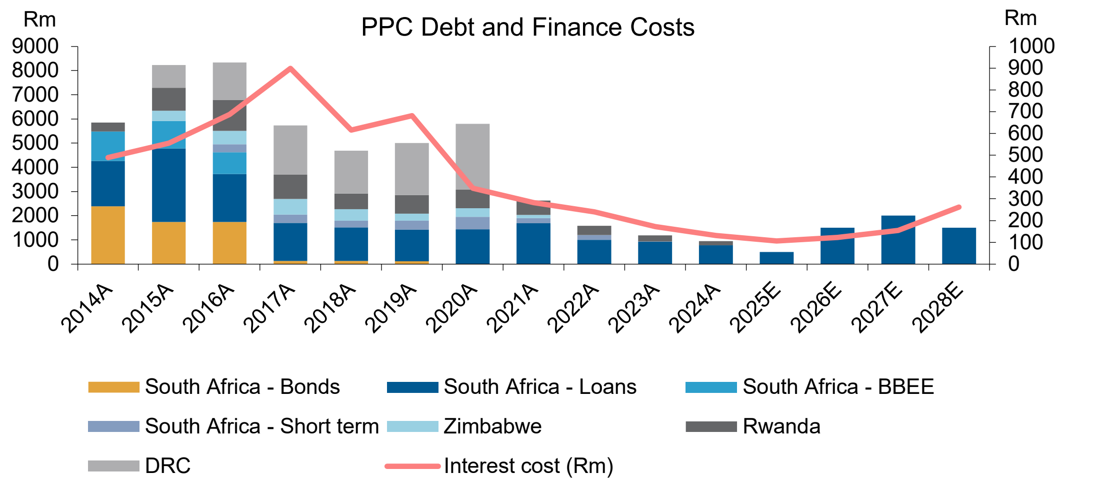
*Source: Company data, Chronux Research estimates*

- We believe that PPC should trade at an 8-10x PE multiple as the construction sector starts to recover, supported by a high dividend payout regime (possible now that the African businesses have been sold and debt levels are declining). Cement demand has been declining for a number of years but we believe the bottom has passed and volumes will increase going forward based on higher economic growth in the region and increased business sentiment post the elections.

## Debt

- Debt levels are shown in the following chart. Debt has declined significantly as the African projects have been exited (DRC, Ethiopia, Rwanda) and cash generation has been strong.
- The new plant will be funded through debt (approx. R1.5bn) and cash flows. The net debt:EBITDA covenant will be increased to 2.5 times over the peak funding period of FY27 – but we do not expect PPC to exceed the 2 times level.

**Figure 4 Debt and Interest Cost**

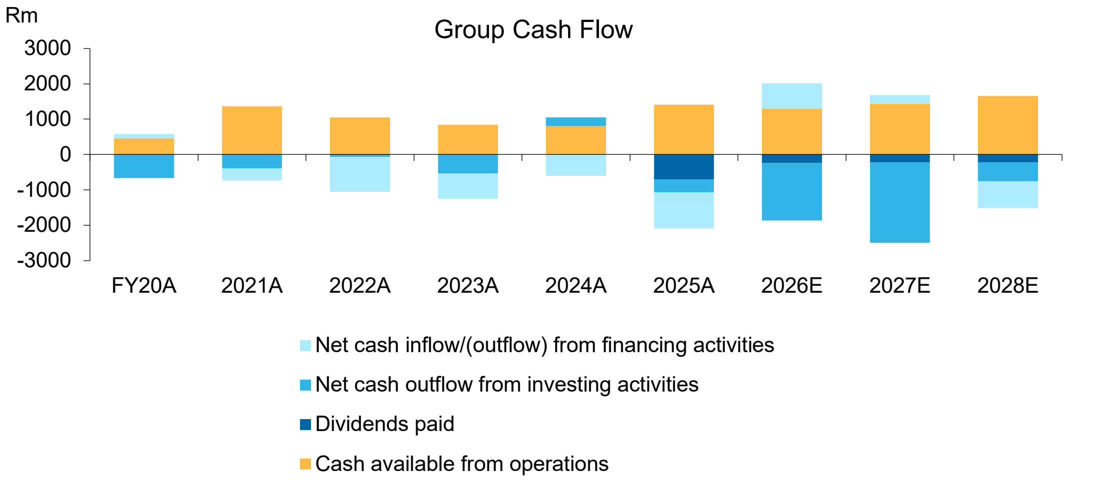



*Source: Company data, Chronux Research estimates*

## Dividends

- PPC has a dividend policy to allow payments linked to two factors:
  - a distribution in an amount that would result in the target leverage range for the SA and Botswana group being net debt at or below 1,3x – 1,5x the SA and Botswana EBITDA, before dividends from Zimbabwe; plus
  - a distribution of an amount up to the gross dividend received by PPC from Zimbabwe.
- A special dividend of R521 was paid in the period – 66% of the proceeds of the Cimerwa sale in Rwanda. This will added a dividend of 33.5c to the FY25 dividend.
- Subsequent to year-end, PPC Zimbabwe declared a dividend of US$6 million, to be paid in July 2025.

**Figure 5 Group Cash Flow**

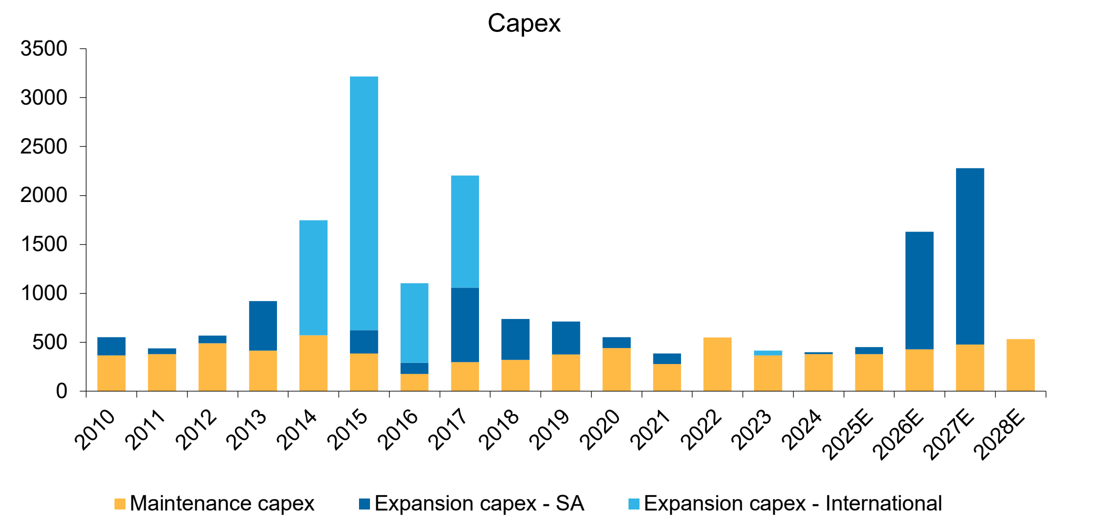



*Source: Company data, Chronux Research estimates*

## Capex

- Maintenance capex is running at approx. 4% of revenue.
- The capital cost of the new plant will be US$134m (approx. R2.5bn). The bulk of the capex will be incurred in FY27. Interest costs associated with the new build will be capitalised until completion.

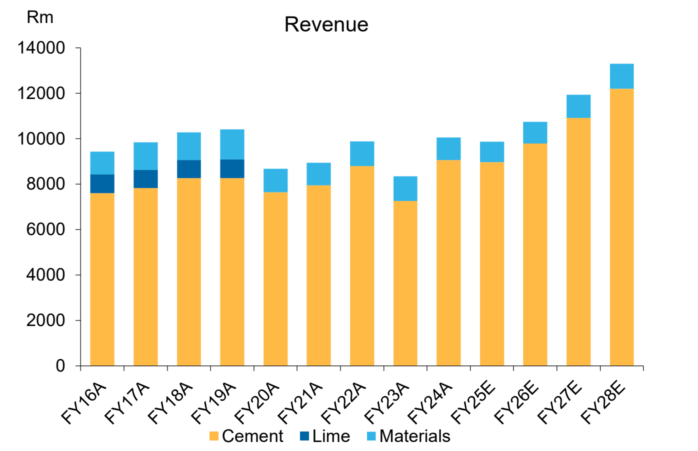
**Figure 6 Group Capex**




*Source: Company data, Chronux Research estimates*

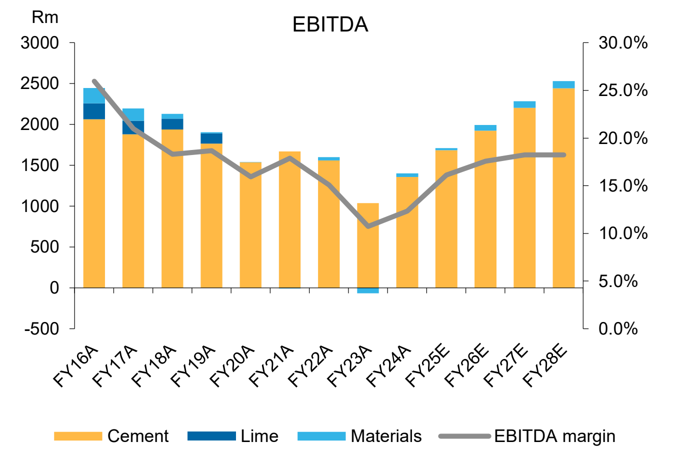
## Divisional Forecast

### Figure 7 PPC Revenue



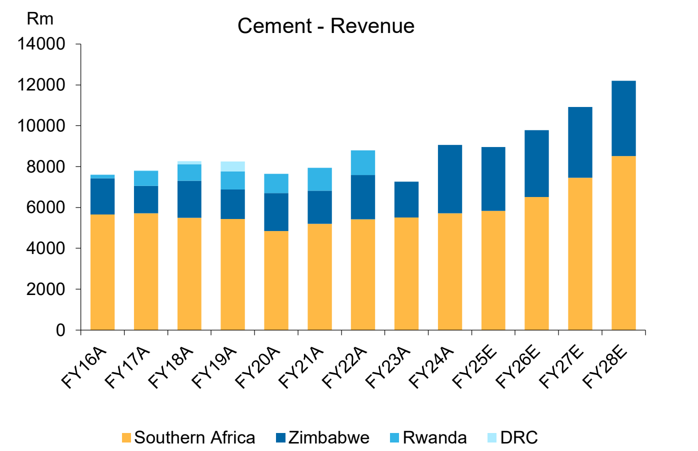

Source: Chronux Research

### Figure 8 PPC EBITDA



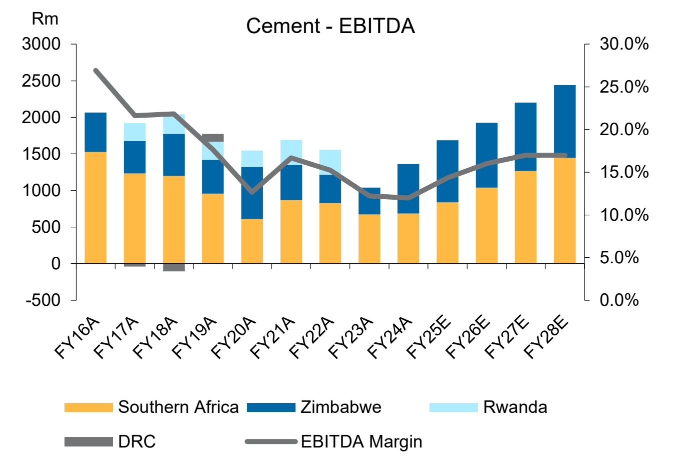

Source: Chronux Research

### Figure 9 Cement Revenue



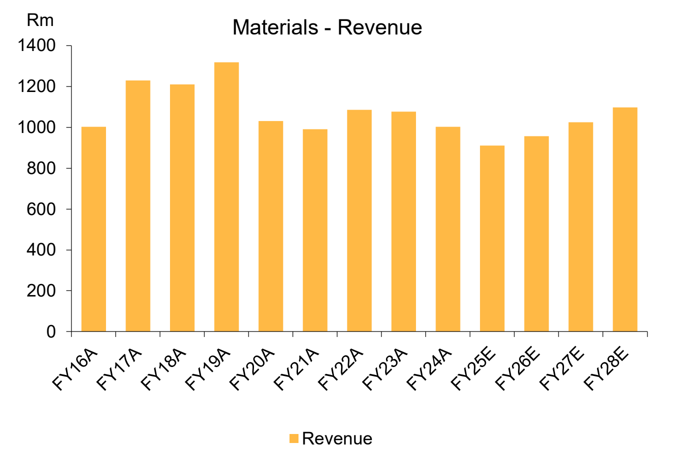

Source: Chronux Research

### Figure 10 Cement EBITDA



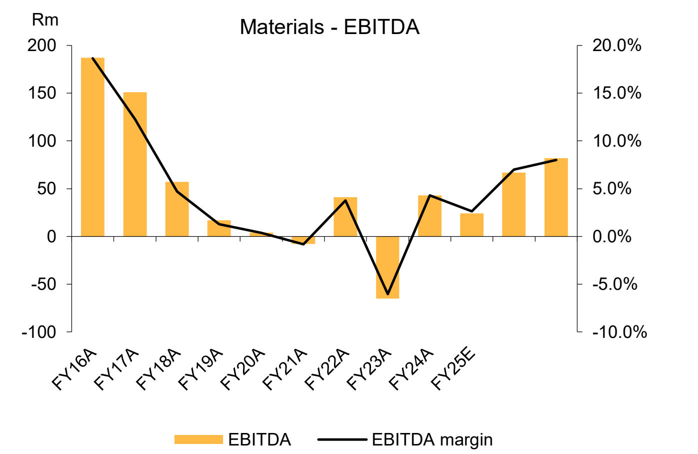

Source: Chronux Research

### Figure 11 Aggregates & Readymix Revenue




Source: Chronux Research

### Figure 12 Aggregates & Readymix EBITDA




Source: Chronux Research

## Figure 13 Divisional Forecasts

| *ZARm* | FY16A | FY17A | FY18A | FY19A | FY20A | FY21A | FY22A | FY23A | FY24A | FY25E | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **PPC** | | | | | | | | | | | | | |
| Revenue | 9187 | 9845 | 10271 | 10409 | 8671 | 8938 | 9882 | 8339 | 10058 | 9871 | 10980 | 11972 | 13299 |
| EBITDA | 2385 | 2065 | 1881 | 1946 | 1381 | 1598 | 1492 | 896 | 1242 | 1593 | 2057 | 2293 | 2547 |
| *EBITDA margin* | *26.0%* | *21.0%* | *18.3%* | *18.7%* | *15.9%* | *17.9%* | *15.1%* | *10.7%* | *12.3%* | *16.1%* | *18.7%* | *19.2%* | *19.2%* |
| | | | | | | | | | | | | | |
| **Cement** | | | | | | | | | | | | | |
| **Revenue** | **7605** | **7830** | **8261** | **8257** | **7640** | **7947** | **8796** | **7262** | **9055** | **8961** | **10024** | **10948** | **12202** |
| *Southern Africa* | *5659* | *5712* | *5499* | *5431* | *4843* | *5196* | *5415* | *5509* | *5709* | *5839* | *6384* | *7103* | *8112* |
| *Zimbabwe* | *1773* | *1352* | *1813* | *1447* | *1861* | *1623* | *2172* | *1753* | *3346* | *3122* | *3640* | *3845* | *4090* |
| *Rwanda* | *173* | *733* | *804* | *885* | *936* | *1128* | *1209* | | | | | | |
| *DRC* | *0* | *24* | *144* | *494* | | | | | | | | | |
| *Other* | *3* | *6* | *-1* | *0* | | | | | | | | | |
| **EBITDA** | **2064** | **1880** | **1937** | **1767** | **1536** | **1669** | **1559** | **1039** | **1359** | **1686** | **2096** | **2317** | **2565** |
| *Southern Africa* | *1524* | *1235* | *1200* | *957* | *613* | *866* | *825* | *674* | *684* | *837* | *1149* | *1278* | *1460* |
| *Zimbabwe* | *540* | *438* | *573* | *461* | *707* | *481* | *393* | *365* | *675* | *849* | *946* | *1038* | *1104* |
| *Rwanda* | *0* | *250* | *270* | *246* | *226* | *342* | *341* | | | | | | |
| *DRC* | *0* | *-39* | *-105* | *108* | *0* | *0* | | | | | | | |
| *Other* | *0* | *-4* | *-1* | *-5* | *-7* | *-20* | | | | | | | |
| **EBITDA Margin** | **26.9%** | **21.6%** | **21.8%** | **17.6%** | **12.7%** | **16.7%** | **15.2%** | **12.2%** | **12.0%** | **14.3%** | **18.0%** | **18.0%** | **18.0%** |
| *South Africa* | *26.9%* | *21.6%* | *21.8%* | *17.6%* | *12.7%* | *16.7%* | *15.2%* | *12.2%* | *12.0%* | *14.3%* | *18.0%* | *18.0%* | *18.0%* |
| *Zimbabwe* | *30.5%* | *32.4%* | *31.6%* | *31.9%* | *38.0%* | *29.6%* | *18.1%* | *20.8%* | *20.2%* | *27.2%* | *26.0%* | *27.0%* | *27.0%* |
| *Rwanda* | *-0.3%* | *34.1%* | *33.6%* | *27.8%* | *24.1%* | *30.3%* | *28.2%* | | | | | | |
| *DRC* | | *-162.5%* | *-72.9%* | *21.9%* | | | | | | | | | |
| | | | | | | | | | | | | | |
| **Lime** | | | | | | | | | | | | | |
| Revenue | 817 | 786 | 801 | 834 | | | | | | | | | |
| EBITDA | 196 | 165 | 135 | 123 | | | | | | | | | |
| *EBITDA Margin* | *24.0%* | *21.0%* | *16.9%* | *14.7%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* | *0.0%* |
| | | | | | | | | | | | | | |
| **Materials** | | | | | | | | | | | | | |
| Revenue | 1002 | 1229 | 1209 | 1318 | 1031 | 991 | 1086 | 1077 | 1003 | 910 | 956 | 1024 | 1097 |
| EBITDA | 187 | 151 | 57 | 17 | 4 | -8 | 41 | -65 | 43 | 24 | 67 | 82 | 88 |
| *EBITDA Margin* | *18.7%* | *12.3%* | *4.7%* | *1.3%* | *0.4%* | *-0.8%* | *3.8%* | *-6.0%* | *4.3%* | *2.6%* | *7.0%* | *8.0%* | *8.0%* |

*Source: Company data, Chronux Research estimates*

## Figure 14 Income Statement - Forecast

| PPC Limited | 03/2016 | 03/2017 | 03/2018 | 03/2019 | 03/2020 | 03/2021 | 03/2022 | 03/2023 | 03/2024 | 03/2025 | 03/2026 | 03/2027 | 03/2028 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **9002** | **9641** | **10271** | **10409** | **10241** | **8938** | **9882** | **9902** | **10058** | **9871** | **10980** | **11972** | **13299** |
| Cost of Goods Sold (COGS) incl. D&A | 6596 | 7498 | 8045 | 8520 | 8365 | 6970 | 8665 | 8433 | 8484 | 7968 | 8784 | 9577 | 10639 |
| **Gross Income** | **2406** | **2143** | **2226** | **1889** | **1876** | **1968** | **1217** | **1469** | **1574** | **1903** | **2196** | **2394** | **2660** |
| SG&A Expense | 914 | 1097 | 1108 | 981 | 1143 | 887 | 687 | 994 | 0 | 929 | 1288 | 1265 | 1292 |
| Other Operating Expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **EBIT (Operating Income)** | **1492** | **1046** | **1118** | **908** | **733** | **1081** | **530** | **475** | **653** | **974** | **909** | **1130** | **1368** |
| Nonoperating Income - Net | 120 | -144 | -119 | 46 | 788 | -577 | -116 | -54 | -18 | 101 | 44 | 67 | 41 |
| Interest Expense | 596 | 695 | 593 | 614 | 632 | 271 | 224 | 162 | 125 | 99 | 122 | 155 | 263 |
| Unusual Expense - Net | 2 | 28 | 104 | 123 | 3181 | -1530 | 4 | 189 | 277 | 202 | 0 | 0 | 0 |
| Income Taxes | 312 | 153 | 205 | 6 | 97 | 742 | 207 | 242 | 145 | 308 | 474 | 547 | 584 |
| Equity in Earnings of Affiliates | 0 | 1 | -60 | -67 | 1 | 2 | 0 | 23 | 0 | 0 | 0 | 0 | 0 |
| **Consolidated Net Income** | **702** | **27** | **37** | **144** | **-2388** | **1023** | **-21** | **-149** | **88** | **466** | **356** | **495** | **563** |
| Minority Interest | -36 | -66 | -112 | -91 | -516 | 40 | 50 | 101 | 0 | 0 | 0 | 0 | 0 |
| **Net Income** | **738** | **93** | **149** | **235** | **-1872** | **983** | **-71** | **-250** | **88** | **466** | **356** | **495** | **563** |
| Discontinued Operations | 0 | 0 | 0 | 0 | 0 | -794 | -16 | 12 | 121 | 0 | 0 | 0 | 0 |
| Net Income available to Common | 738 | 93 | 149 | 235 | -1872 | 189 | -87 | -238 | 209 | 466 | 356 | 495 | 563 |
| **Per Share** | | | | | | | | | | | | | |
| EPS (recurring) | 0.92 | 0.10 | 0.14 | 0.21 | 0.24 | -0.58 | -0.05 | -0.07 | 0.27 | 0.41 | 0.63 | 0.73 | 0.78 |
| EPS (diluted) | 0.92 | 0.08 | 0.10 | 0.15 | -1.24 | 0.12 | -0.06 | -0.16 | 0.14 | 0.32 | 0.63 | 0.73 | 0.78 |
| Earnings Persistence | - | 85.33 | 86.70 | 85.27 | 84.86 | 78.38 | 82.71 | 85.07 | 79.74 | 84.53 | | | |
| Dividends per Share | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.14 | 0.00 | 0.16 | 0.15 | 0.24 |
| **EBITDA** | | | | | | | | | | | | | |
| EBITDA | 2278 | 1878 | 1994 | 1926 | 1750 | 1628 | 1501 | 1378 | 1276 | 1548 | 2057 | 2293 | 2547 |

All figures in millions of South African Rand except per share items.

| PPC Limited | 03/2016 | 03/2017 | 03/2018 | 03/2019 | 03/2020 | 03/2021 | 03/2022 | 03/2023 | 03/2024 | 03/2025 | 03/2026 | 03/2027 | 03/2028 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Rental Expense | 13 | 27 | 37 | 39 | 12 | 8 | 3 | 13 | 1 | 0 | | | |
| Stock Option Comp Exp (Net of Tax) | 13 | 148 | 35 | 32 | 12 | 0 | - | - | - | - | | | |
| Foreign Currency Translation Gains/Losses | - | - | -100 | 32 | 190 | -376 | 2 | 69 | - | - | | | |
| Tax Rate | 30.8 | 85.5 | 67.9 | 2.8 | - | 42.1 | 111.3 | 345.7 | 62.2 | 39.8 | 33.8 | 33.7 | 33.6 |
| Headline EPS | 0.35 | 0.07 | 0.15 | 0.20 | 0.27 | -0.15 | -0.13 | -0.09 | 0.27 | 0.40 | 0.63 | 0.73 | 0.78 |
| Headline EPS (diluted) | 0.35 | 0.07 | 0.15 | 0.20 | 0.27 | -0.15 | -0.13 | -0.09 | 0.27 | 0.40 | 0.63 | 0.73 | 0.78 |

All figures in millions of South African Rand except per share items.

| PPC Limited | 03/2016 | 03/2017 | 03/2018 | 03/2019 | 03/2020 | 03/2021 | 03/2022 | 03/2023 | 03/2024 | 03/2025 | 03/2026 | 03/2027 | 03/2028 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Price / Sales | 0.7 | 0.8 | 1.2 | 0.7 | 0.3 | 0.4 | 0.7 | 0.4 | 0.5 | 0.7 | 0.7 | 0.6 | 0.5 |
| Price / Earnings | 8.7 | 81.4 | 78.5 | 30.2 | -1.4 | 19.2 | -75.4 | -18.7 | 23.7 | 14.5 | 7.9 | 6.8 | 6.4 |
| Price / Book Value | 2.1 | 1.2 | 1.5 | 0.8 | 0.3 | 0.5 | 0.9 | 0.8 | 0.8 | 1.2 | 1.1 | 1.0 | 1.0 |
| Price / Tangible Book Value | 3.2 | 1.4 | 1.7 | 0.8 | 0.4 | 0.5 | 1.0 | 0.8 | 0.8 | 1.2 | 1.2 | 1.1 | 1.0 |
| Price / Cash Flow | 19.5 | 8.8 | 8.4 | 5.7 | 5.5 | 2.7 | 6.3 | 5.3 | 6.1 | 4.8 | | | |
| Price / Free Cash Flow | - | - | 23.6 | 14.9 | - | 3.7 | 13.3 | 10.4 | 12.2 | 6.5 | | | |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.2 | 0.0 | 3.2 | 3.0 | 4.8 |
| Enterprise Value / EBIT | 10.5 | 14.3 | 14.2 | 12.9 | 10.7 | 5.3 | 14.1 | 12.4 | 7.6 | 6.6 | 7.7 | 6.2 | 5.1 |
| Enterprise Value / EBITDA | 6.9 | 7.9 | 7.9 | 6.1 | 4.5 | 3.5 | 5.0 | 4.3 | 3.9 | 4.2 | 3.4 | 3.1 | 2.8 |
| Enterprise Value / Sales | 1.7 | 1.5 | 1.5 | 1.1 | 0.8 | 0.6 | 0.8 | 0.6 | 0.5 | 0.7 | 0.6 | 0.6 | 0.5 |
| EBIT / Interest Expense (Int. Coverage) | 1.8 | 1.1 | 1.8 | 1.5 | 1.2 | 4.0 | 2.4 | 2.9 | 5.2 | 9.8 | 7.4 | 7.3 | 5.2 |

*Source: Factset, Company data, Chronux Research estimates*

## Figure 15 Balance Sheet and Cash Flow - Forecast

| | 03/2016 | 03/2017 | 03/2018 | 03/2019 | 03/2020 | 03/2021 | 03/2022 | 03/2023 | 03/2024 | 03/2025 | 03/2026 | 03/2027 | 03/2028 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | | | | | |
| Cash & Short-Term Investments | 460 | 990 | 836 | 452 | 398 | 457 | 577 | 424 | 857 | 872 | 1343 | 830 | 1287 |
| Short-Term Receivables | 1092 | 1547 | 1129 | 1194 | 1082 | 942 | 891 | 918 | 857 | 706 | 992 | 1082 | 1202 |
| Inventories | 1121 | 1163 | 1182 | 1276 | 1596 | 1111 | 1085 | 1287 | 1355 | 1219 | 1268 | 1319 | 1373 |
| Other Current Assets | 95 | 105 | 115 | 149 | 313 | 166 | 158 | 130 | 127 | 194 | 0 | 0 | 0 |
| **Total Current Assets** | **2768** | **3805** | **3262** | **3071** | **3389** | **2676** | **2711** | **2759** | **3196** | **2991** | **3603** | **3231** | **3862** |
| Net Property, Plant & Equipment | 11716 | 12569 | 11393 | 12587 | 12389 | 9645 | 9324 | 7399 | 6038 | 5705 | 5371 | 5205 | 5043 |
| Total Investments and Advances | 329 | 357 | 322 | 872 | 371 | 246 | 198 | 185 | 208 | 223 | 277 | 277 | 278 |
| Long-Term Note Receivable | 319 | 210 | 59 | 91 | 105 | 0 | - | 24 | 3 | 16 | 0 | 0 | 0 |
| Intangible Assets | 1021 | 914 | 787 | 794 | 506 | 232 | 150 | 85 | 68 | 61 | 63 | 66 | 69 |
| Deferred Tax Assets | 52 | 142 | 245 | 220 | 26 | 24 | 26 | 27 | 42 | 20 | 20 | 20 | 20 |
| Other Assets | 184 | 38 | 138 | 193 | 307 | 2984 | 2458 | 8 | 0 | 0 | 0 | 0 | 0 |
| **Total Assets** | **16389** | **18035** | **16206** | **17828** | **17093** | **15807** | **14867** | **10487** | **9555** | **9016** | **9334** | **8799** | **9272** |
| **Liabilities & Shareholders' Equity** | | | | | | | | | | | | | |
| ST Debt & Curr. Portion LT Debt | 4557 | 2183 | 604 | 938 | 5074 | 1673 | 452 | 365 | 591 | 42 | 0 | 0 | 0 |
| Accounts Payable | 994 | 944 | 991 | 1368 | 1103 | 707 | 855 | 946 | 887 | 955 | 1582 | 1646 | 1713 |
| Income Tax Payable | 18 | 152 | 71 | 3 | 65 | 30 | 61 | 57 | 95 | 103 | 250 | 250 | 250 |
| Other Current Liabilities | 528 | 745 | 743 | 551 | 691 | 513 | 413 | 357 | 448 | 572 | 0 | 0 | 0 |
| **Total Current Liabilities** | **6097** | **4024** | **2409** | **2860** | **6933** | **2923** | **1781** | **1725** | **2021** | **1672** | **1833** | **1897** | **1963** |
| Long-Term Debt | 4614 | 3558 | 4084 | 4066 | 856 | 1015 | 1188 | 894 | 342 | 601 | 1500 | 2000 | 1500 |
| Provision for Risks & Charges | 408 | 545 | 526 | 427 | 450 | 219 | 211 | 187 | 164 | 138 | 152 | 168 | 185 |
| Deferred Tax Liabilities | 1178 | 1073 | 1042 | 844 | 1255 | 1621 | 1654 | 1338 | 1131 | 917 | 954 | 993 | 1033 |
| Other Liabilities | 529 | 450 | 257 | 291 | 46 | 3299 | 3122 | 1 | 0 | 0 | -1510 | -3297 | -3020 |
| **Total Liabilities** | **12826** | **9650** | **8318** | **8488** | **9540** | **9077** | **7956** | **4145** | **3658** | **3328** | **2929** | **1760** | **1661** |
| Common Equity | 3028 | 8051 | 7768 | 9225 | 7780 | 6883 | 7032 | 5725 | 5970 | 5763 | 6465 | 7099 | 7671 |
| Total Shareholders' Equity | 3028 | 8051 | 7768 | 9225 | 7780 | 6883 | 7032 | 5725 | 5970 | 5763 | 6465 | 7099 | 7671 |
| Accumulated Minority Interest | 535 | 334 | 120 | 115 | -227 | -153 | -121 | 617 | -73 | -75 | -75 | -75 | -75 |
| Total Equity | 3563 | 8385 | 7888 | 9340 | 7553 | 6730 | 6911 | 6342 | 5897 | 5688 | 6390 | 7024 | 7596 |
| **Total Liabilities & Shareholders' Equ** | **16389** | **18035** | **16206** | **17828** | **17093** | **15807** | **14867** | **10487** | **9555** | **9016** | **9319** | **8784** | **9256** |
| **Per Share** | | | | | | | | | | | | | |
| Book Value per Share | 3.81 | 5.33 | 5.13 | 6.13 | 5.16 | 4.56 | 4.57 | 3.76 | 3.98 | 3.93 | 4.35 | 4.78 | 5.17 |
| Tangible Book Value per Share | 2.53 | 4.73 | 4.61 | 5.60 | 4.83 | 4.41 | 4.47 | 3.70 | 3.94 | 3.88 | 4.30 | 4.73 | 5.12 |

| | 03/2016 | 03/2017 | 03/2018 | 03/2019 | 03/2020 | 03/2021 | 03/2022 | 03/2023 | 03/2024 | 03/2025 | 03/2026 | 03/2027 | 03/2028 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating Activities** | | | | | | | | | | | | | |
| Net Income / Starting Line | 507 | 180 | 242 | 150 | -2291 | 1765 | 186 | 93 | 233 | 774 | 902 | 1032 | 1265 |
| Depreciation, Depletion & Amortization | 393 | 832 | 876 | 1019 | 1016 | 547 | 971 | 903 | 623 | 574 | 574 | 582 | 589 |
| Other Funds | -242 | 903 | -99 | 25 | 2186 | -764 | -50 | 119 | 233 | -269 | 0 | 0 | 0 |
| **Funds from Operations** | **658** | **1083** | **1019** | **1194** | **911** | **1548** | **1107** | **1115** | **1089** | **1079** | **1476** | **1614** | **1854** |
| Changes in Working Capital | -324 | -230 | 411 | 63 | -448 | -184 | -62 | -274 | -283 | 331 | -88 | -77 | -107 |
| **Net Operating Cash Flow** | **334** | **853** | **1430** | **1257** | **463** | **1364** | **1045** | **841** | **806** | **1410** | **1388** | **1537** | **1748** |
| **Investing Activities** | | | | | | | | | | | | | |
| Capital Expenditures | -1188 | -2077 | -927 | -797 | -670 | -383 | -571 | -433 | -408 | -377 | -1639 | -2279 | -532 |
| Net Assets from Acquisitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sale of Fixed Assets & Businesses | 4 | 4 | 29 | 9 | 8 | 10 | 27 | 5 | 680 | 12 | 0 | 0 | 0 |
| Purchase/Sale of Investments | 78 | -18 | -42 | -324 | 0 | 0 | 0 | 15 | 0 | 2 | 0 | 0 | 0 |
| Other Funds | -177 | 0 | 28 | 12 | 0 | -19 | 472 | -121 | -29 | 2 | 0 | 0 | 0 |
| **Net Investing Cash Flow** | **-1283** | **-2091** | **-912** | **-1100** | **-662** | **-392** | **-72** | **-534** | **243** | **-361** | **-1639** | **-2279** | **-532** |
| **Financing Activities** | | | | | | | | | | | | | |
| Cash Dividends Paid | -185 | -8 | 0 | -4 | 0 | 0 | 0 | 0 | 0 | -703 | -238 | -232 | -219 |
| Change in Capital Stock | 0 | 4689 | 20 | -41 | 0 | 0 | 60 | -36 | -223 | -5 | -39 | -39 | -39 |
| Issuance/Reduction of Debt, Net | 849 | -2984 | -597 | -310 | 152 | -288 | -970 | -443 | -150 | -275 | 998 | 500 | -500 |
| Other Funds | 0 | 137 | 0 | 0 | 0 | -10 | -39 | -210 | -197 | -3 | 0 | 0 | 0 |
| **Net Financing Cash Flow** | **664** | **1834** | **-577** | **-355** | **119** | **-337** | **-979** | **-718** | **-604** | **-1025** | **721** | **229** | **-758** |
| Exchange Rate Effect | 27 | -70 | -95 | -186 | 26 | -163 | -100 | 71 | -12 | -9 | 0 | 0 | 0 |
| Net Change in Cash | -258 | 526 | -154 | -384 | -54 | 472 | -106 | -340 | 433 | 15 | 471 | -513 | 457 |
| **Free Cash Flow** | **-842** | **-1205** | **509** | **484** | **-187** | **997** | **492** | **426** | **406** | **1037** | **1494** | **1530** | **1738** |
| Free Cash Flow per Share | -1.05 | -1.05 | 0.33 | 0.32 | -0.12 | 0.66 | 0.32 | 0.28 | 0.27 | 0.71 | 1.02 | 1.04 | 1.18 |
| Free Cash Flow Yield (%) | -12.9 | -16.1 | 4.2 | 6.7 | -7.3 | 27.4 | 7.5 | 9.6 | 8.2 | 15.3 | 20.4 | 20.9 | 23.7 |

*Source: Factset, Company data, Chronux Research estimates*

## Disclaimer: