



Calgro M3 – 1H FY27 Results

Key message: Trading out of non-core developments should release cash in the medium-term.

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- Calgro released H1 FY27 results. HEPS declined 5% to 79c on a 1.2% increase in revenue, but this includes a R12.7m non-cash IFRS 9 modification loss. Excluding this, HEPS would have risen about 7% to approx. 89c. Group gross margin was 29.5%. This remains above the 20-25% target range.
- **Key takeaways from the results:** Revenue has moved to core projects. Fleurhof, South Hills and Belhar produced 86% of residential revenue (H1 FY26: 47%), while non-core Scottsdale, Jabulani and mid-to-high-end revenue fell to R57m from R202m. Residential gross margin held at 26.6%.
- Bankenveld Phase 1 bulk and link infrastructure is due for completion in Q1 of FY28, after which internal infrastructure starts. The Johannesburg council has recommended approval of the USDG agreement which paves the way for the recovery of Phase 1 infrastructure costs.
- Cash utilised in operations was R110m and the net operating cash outflow R160m (H1 FY26: R88m) as construction contracts rose 14% to R2.40bn. 77% of revenue was recognised over time (H1 FY26: 43%), which builds contract assets ahead of transfers and cash. Cash fell to R52m from R184m in February 2026.
- Net debt increased to R1.4bn, taking net debt/equity to 0.86x (max 1.5x) and DSCR to 1.35x (min 1.2x). The higher gearing relates to Bankenveld and to the capital needed to complete and sell non-core projects. Debt levels should reduce to approx. R1bn over the next 2-3 years. Finance costs fell to R14.8m (H1 FY26: R33.1m) as 82% of the gross finance cost of R81.6m was capitalised (H1 FY26: 54%).
- Memorial Parks revenue rose 20% to R47.8m at a 54.8% gross margin, cash collections rose 18% to R60.8m and the lay-by book reached R76.4m (Feb-26: R59.7m).
- Non-core disposals are in progress. An offer to purchase Cornubia has been accepted; an MoU has been received on Vredehoek. The programme as a whole is now targeted for completion within five years.
- Calgro remains well positioned in the property market with a well-developed pipeline. We reduce our Target Price for Calgro to R7.30 (from R9.50), a forward 3.9 times FY27E PE on diluted HEPS of 188c. The residential discount in that value is 50%, widened from 40% for election risk. Calgro is trading at a significant discount to realisable NAV.

Price (20/10/2026): R3.70
Target Price: R7.30
Dividend yield: 2.7%
Total return: 100%

Market cap R353m
Shares in issue 95.4mn

Financial summary

ZARmn (year to February)	FY25	FY26	1H FY27	2H FY27	FY27E	FY28E	FY29E
Revenue	869	893	466	465	930	1003	1083
EBITDA	170	175	81	94	176	222	246
Net income	165	160	76	107	182	203	231
Headline EPS (diluted)	168	154	78	110	188	209	238
PE Ratio	3.0	3.4			2.0	1.8	1.6
Dividend	9	9	0	10	10	11	12
Dividend yield (%)	1.7%	1.5%			2.5%	2.8%	3.2%

Source: Factset, Company data, Chronux Research estimates

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Figure 1 Financial summary

Financial year to February	FY25	FY26	1H FY27	2H FY27	FY27E	FY28E	FY29E
Per share data							
Earnings (diluted)	168.0	164.9	77.8	110.0	187.8	209.0	237.9
Headline earnings (diluted)	167.7	154.5	77.8	110.0	187.8	209.0	237.9
<i>HEPS growth</i>		<i>-7.9%</i>	<i>-4.4%</i>	<i>50.5%</i>	<i>21.6%</i>	<i>11.3%</i>	<i>13.8%</i>
NAV	14.60	16.17			17.73	19.15	20.68
Dividend	9	9	0	10	10	11	12
Valuation ratios							
P/E ratio	3.0	3.4			2.0	1.8	1.6
EV/EBITDA	9.1	11.6			10.1	8.0	7.2
P/B	0.34	0.34			0.21	0.20	0.18
Dividend yield	1.7%	1.5%			2.5%	2.8%	3.2%
ROE	11.5%	9.6%			10.6%	10.9%	11.5%
ROCE	6.5%	5.8%			5.3%	6.9%	8.0%
Income Statement (ZARmn)							
Sales	869	893	466	465	930	1,003	1,083
<i>Sales growth</i>		<i>2.8%</i>	<i>1.2%</i>	<i>7.3%</i>	<i>4.2%</i>	<i>7.9%</i>	<i>7.9%</i>
Cost of Goods Sold (COGS)	613	650	328	333	662	701	754
Gross Income	256	243	137	131	269	303	329
<i>Gross margin</i>	<i>29.4%</i>	<i>27.2%</i>	<i>29.5%</i>	<i>28.3%</i>	<i>28.9%</i>	<i>30.2%</i>	<i>30.4%</i>
SG&A Expense	(95)	(99)	(46)	(55)	(102)	(105)	(108)
Other Operating Income/Expense	5	27	(12)	16	5	20	21
EBITDA	170	175	81	94	176	222	246
<i>EBITDA margin</i>	<i>19.6%</i>	<i>19.6%</i>	<i>17.5%</i>	<i>20.3%</i>	<i>18.9%</i>	<i>22.2%</i>	<i>22.7%</i>
Depreciation & Amortisation	4	4	2	2	4	4	4
EBIT (Operating Income)	166	171	79	92	172	218	242
<i>EBIT margin</i>	<i>19.1%</i>	<i>19.2%</i>	<i>17.0%</i>	<i>19.9%</i>	<i>18.5%</i>	<i>21.8%</i>	<i>22.4%</i>
Nonoperating Income - Net	15	18	18	18	18	18	18
Net Interest Expense	4	13	10	16	26	(9)	6
Equity in Earnings of Affiliates	43	24	12	38	50	70	70
PBT	228	226	119	165	266	297	336
Income Taxes	(46)	(47)	(25)	(39)	(64)	(75)	(86)
<i>Tax rate</i>	<i>20.4%</i>	<i>21.0%</i>	<i>21.4%</i>	<i>23.6%</i>	<i>24.2%</i>	<i>25.4%</i>	<i>25.6%</i>
Consolidated Net Income	166	160	76	108	183	204	232
Minority Interest	(1)	0	(0)	(1)	(1)	(1)	(1)
Net Income	165	160	76	107	182	203	231
Cash flow statement (ZARmn)							
Changes in working capital	(147)	(181)	0	0	17	260	(11)
Cash from operating activities	34	(99)	(160)	284	124	333	105
Capital expenditure	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Other	(132)	(122)	(27)	(39)	(66)	171	286
Investing cash flow	(133)	(122)	(28)	(40)	(67)	170	285
Changes in borrowings	147	269	67	(13)	54	(210)	(515)
Dividend paid	0	0	0	0	0	0	0
Other	(16)	(18)	(11)	(3)	(14)	(14)	(16)
Financing cash flow	131	251	56	(16)	40	(224)	(531)
Change in cash	32	29	(131)	229	97	279	(140)
Balance sheet (ZARmn)							
Total assets	3,274	3,691	3,875	4,016	4,016	3,978	3,852
Cash and equivalents	155	184	52	281	281	560	420
Other current assets	2,881	3,261	3,576	3,296	3,296	3,068	3,114
Non-current assets	239	246	246	439	439	350	319
Total liabilities	1,840	2,120	2,232	2,294	2,294	2,118	1,843
Long-term liabilities	1,106	1,380	1,454	1,500	1,500	1,300	1,000
Current liabilities	735	739	779	794	794	818	843
Total shareholders' funds	1,434	1,571	1,642	1,723	1,723	1,860	2,009
Net debt/(cash)	951	1,197	1,401	1,219	1,219	740	580

Source: Factset, Company data, Chronux Research estimates

Figure 2 H1 FY27 interim results at a glance

Metric	H1 FY27 / Aug-26	H1 FY26 / Feb-26	Change
Group revenue (Rm)	465.7	460.0	+1.2%
Residential Property Development (Rm)	417.9	420.2	−0.6%
Memorial Parks (Rm)	47.8	39.8	+20.0%
Gross margin: Residential / Memorial Parks	26.6% / 54.8%	26.3% / 50.4%	+0.3pp / +4.4pp
Profit before tax (Rm)	101.1	105.9	−4.6%
of which Memorial Parks (Rm)	17.2	18.9	−9.3%
HEPS (cents)	78.99	82.86	−4.7%
HEPS excl. R12.7m modification loss (cents, Chronux est.)	c.88.7	82.86	c.+7%
Interim dividend	Nil	Nil	Policy to be reassessed at year end
Revenue recognised over time (% of Group)	77%	43%	+34pp
Net operating cash flow (Rm)	(159.9)	(88.4)	Outflow up R72m
Gross finance cost / % capitalised (Rm)	81.6 / 82%	71.5 / 54%	+14%
NAV per share (R), vs Feb-26	17.21	16.47	+4.5%
Net debt, company definition (Rm), vs Feb-26	1,401	1,167	+20%
Net debt/equity, vs Feb-26 (covenant max 1.5x)	0.86x	0.74x	+0.12x
DSCR, vs Feb-26 (covenant min 1.2x)	1.35x	1.54x	−0.19x
Cash and cash equivalents (Rm), vs Feb-26	52.3	183.7	−72%

Source: Company data, Sharenet, Chronux Research estimates

Valuation

- We value Calgro M3 on a Sum-of-the-Parts basis, using a combination of NAV (residential property development portfolio) and EBITDA multiples (Memorial Parks) to value the operational divisions.

Figure 3 Valuation (using FY28 EBITDA)

ZARm	Comment	FY28 EBITDA	EV/EBITDA Multiple	Enterprise Value
Memorial parks	3-5X multiple for annuity-type income	63	4.0x	251
Enterprise Value		63	4.0	251
		<u>NAV</u>	<u>Discount</u>	
Residential Property	NAV	2929	50%	1464
Other investments	From balance sheet			220
Minorities	From balance sheet			-3
Net (debt)/cash	From balance sheet			-1,219
Equity value				713
Number of shares ('m)				97.1
Valuation (ZAR per share)				7.34

Source: Company data, Chronux Research estimates

- **Residential Property Developments:** we value this division on a NAV basis given the nature of the property development model. Calgro is traditionally very conservative on accounting for book value – everything is on the balance sheet at cost, and this does undervalue the property portfolio resulting in a very conservative book value.
- **Memorial Parks:** we value the Memorial Parks on an EBITDA multiple basis as the business follows a simpler inventory/sales model. We believe that the relatively stable and growing revenue stream should attract at least a 4x EBITDA multiple.
- The market-adjusted valuation for the property portfolio appears below. We believe that the values provided are realistic and based on recent sales experience.

Figure 4 Residential Property Development NAV

Opportunities	Total No.	JV share	Effective No.	Market Value (ZAR)	Total (ZAR)
Completed stock	1724		2058	500,000	1,029,000,000
Serviced integrated and affordable housing opportunities	5823		5823	119,670	696,838,410
Mid to High portfolio (serviced and partially serviced)	16		16	349,236	5,587,776
Partially and non-serviced land - where development is underway	23979	-2248	21731	48,000	1,043,088,000
Total	31542		29628	1,016,906	2,774,514,186
Expected value of commercial and retail land at 50-60% discount					120,000,000
Value of non-core assets					600,000,000
Total property portfolio					3,494,514,186
Construction contracts					(1,483,758,964)
Investment in joint ventures (excluding Residential Rental Investments)					(167,144,000)
Loans to JV's and associates					(397,441,000)
Balance sheet costs of property portfolio					(2,048,343,964)
Additional value not in balance sheet					1,446,170,222
Discount to real NAV					-41%
Current equity value					1,642,286,249
Minus intangible assets - integrated housing concept					(159,651,000)
Added valuation difference					1,446,170,222
Tangible fair value of assets					2,928,805,471

Source: Company data, Chronux Research estimates

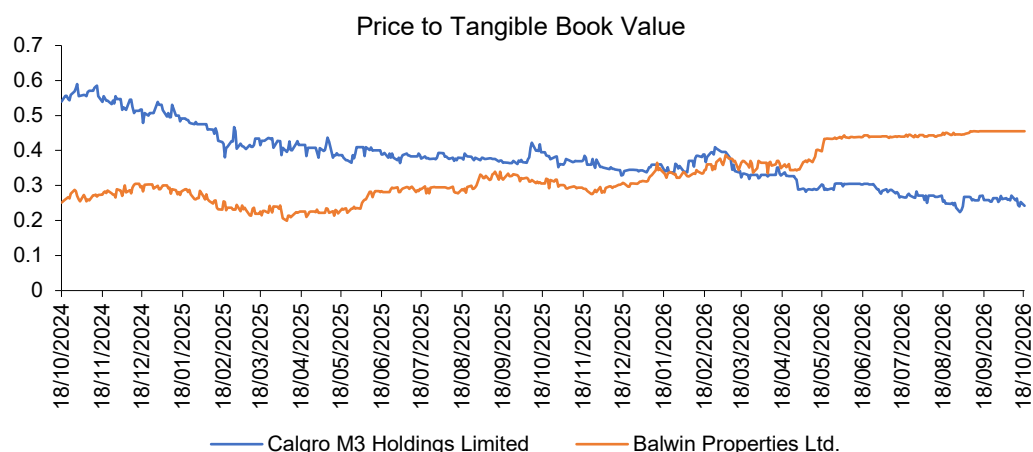
- We believe that a 50% discount (increased from 40% due to election risk) to the market-adjusted NAV of R2.93bn is appropriate for Calgro's property portfolio.
- We reduce our Target Price for Calgro to R7.30 (from R9.50), a forward 3.9 times FY27E PE on diluted HEPS of 188c. The residential discount in that value is 50%, widened from 40% for election risk. Calgro is trading at a significant discount to realisable NAV.
- On a PE basis Calgro is trading at very low levels. On a forward PE multiple of three times Calgro is undervalued relative to its organic growth opportunities at relatively low risk for a development company. We believe an appropriate PE multiple range to be 4-5 times.

Figure 5 Price to Earnings Ratio

	FY26	FY27E	FY28E	FY29E
Diluted HEPS	154	188	209	238
CGR PE	2.4	2.0	1.8	1.6
TP exit PE	4.7	3.9	3.5	3.1

Source: Company data, Chronux Research estimates

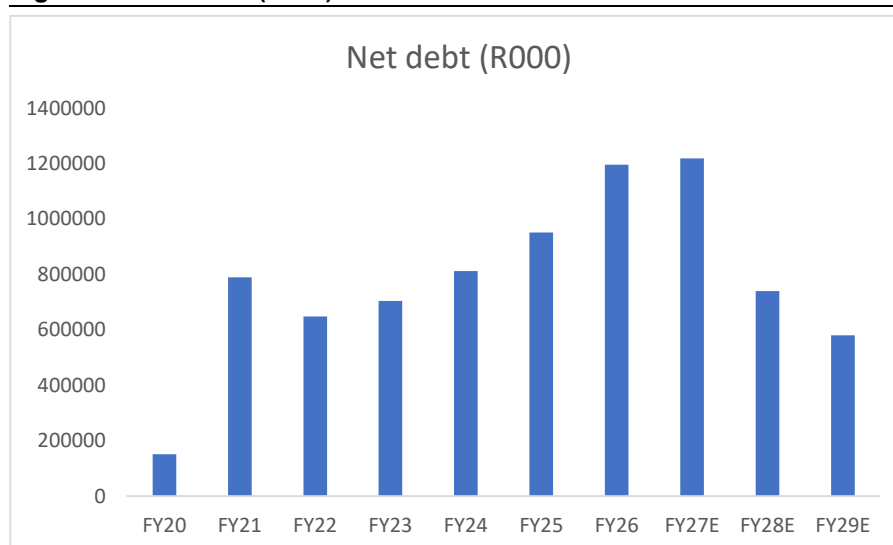
- The Price/Tangible Book Value for Calgro and peer Balwin Properties is shown in the following chart. The declining ratio for Calgro is not backed by fundamental concerns, in our opinion, and Calgro deserves to trade at a higher multiple. The Balwin chart is a useful peer marker.

Figure 6 Price to Tangible Book Value

Source: Company data, Chronux Research estimates

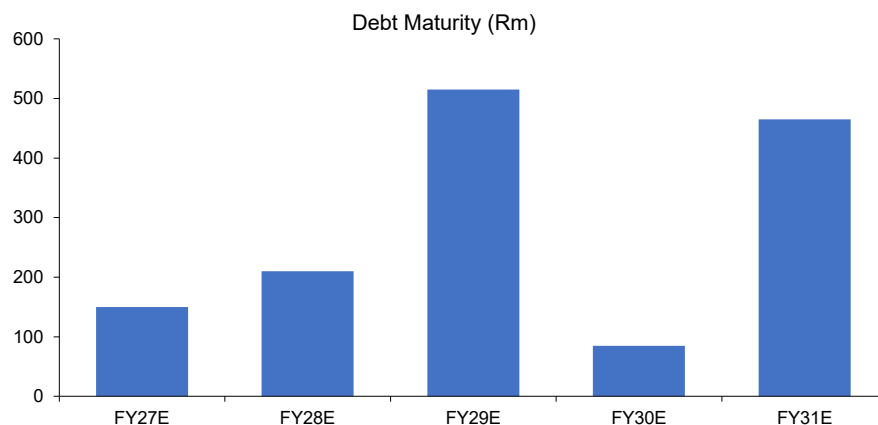
Debt

- While Bankenveld can be internally funded, facilities for an extra R200-300m will be raised as a contingency as the project is developed. Debt levels are likely to rise steadily in the short term, but a debt reduction is targeted with the approx. R600m of non-core asset sales.

Figure 7 Net Debt (R000)

Source: Company data, Chronux Research estimates

- Net debt increased to R1.4bn, taking net debt/equity to 0.86x (max 1.5x) and DSCR to 1.35x (min 1.2x). Gross debt is R1.45bn. The higher gearing relates to Bankenveld and to the capital needed to complete and sell non-core projects. The net debt-to-equity ratio increased to 0.86x from 0.74x at February 2026 (February 2025: 0.65x). The ratio should reduce once the refinanced maturities are repaid.

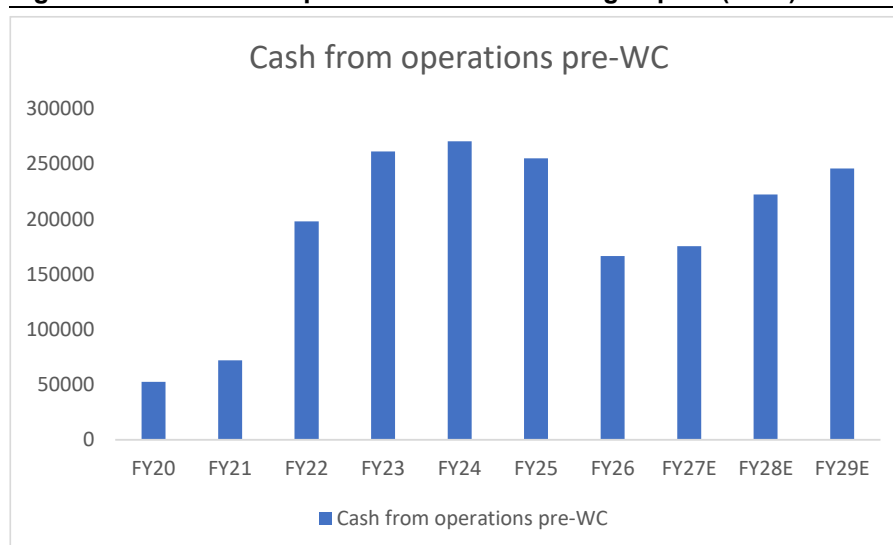
Figure 8 Debt Maturity

Source: Company data, Chronux Research estimates

- All debt is accounted for as a current liability due to the accounting treatment of the operating cycle (working capital, construction contracts and work in progress up to 10 years).
- Calgro is well within Net debt/ Equity and DSCR covenants with little risk of breach.

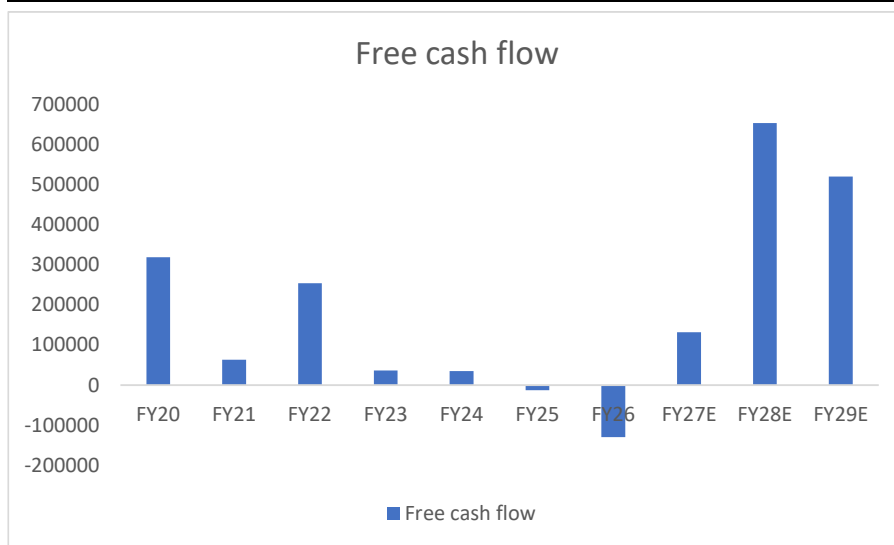
Cash Flow

- Cash flow from operating activities is shown in the following figure.

Figure 9 Cash from operations before working capital (R000)

Source: Company data, Chronux Research estimates

- Free cash flow should increase over the next 2-3 years as non-core developments are sold and cash-intensive sectional title developments under construction are sold.

Figure 10 Free Cash Flow (R000)

Source: Company data, Chronux Research estimates

Strategic Focus

- Calgro is repositioning through four strategic key pillars.
 - Sale of non-core assets
 - Focusing on integrated developments
 - Reduction in debt in LT
 - Staff strategic skills development

Sale of non-core assets

Short term

- Cornubia: an offer has been accepted to purchase the property. The buyer is within the due diligence period, after which the sale will become unconditional and be recognised in the Group's accounting records.
- Vredehoek: A memorandum of understanding has been received. Finalisation of the due diligence process is expected in the latter half of the financial year. This is a shovel-ready project, with all approvals obtained.
- Other non-core projects: Three Group held land portions are under investigation/application for burial opportunities.

Medium term

- Kwa-Nobuhle: The process to reinstatement of the rights is progressing, with completion anticipated towards the end of the financial year. The project will be actively marketed for sale once the rights process is complete unlocking maximum value.
- Other non-core projects (remaining portion): The land portion is in the process of subdivision, after which a buyer will be sought for the developable land.

Long term

- Witpoortjie: The project requires the installation of electrical bulk infrastructure, which competes for capital with the Group's core integrated property development pipeline. Separately, the municipal road leading to the property's entrance sustained damage. As these repairs fall within the jurisdiction of the relevant municipal authorities, the Group continues to engage the relevant municipal offices to expedite both budget allocation and repair works. Once the municipality completes these works, we will accelerate marketing initiatives for the sale.
- It is estimated that these properties can generate sales of approx. R600m, which will be used to pay down debt.
- Further sales of commercial and retail land are expected to yield approx. R120m.

Figure 11 Sale of Non-Core Assets

Bucket	Development	Period	Progress update
Bucket 1 Short term	Cornubia	Short-term	- Offer to purchase accepted - Deal will become unconditional
	Vredehoek	Short-term	- Memorandum of understanding - Due diligence to be finalised in t
Bucket 2 Medium term	Other non-core projects	Short/Medium term	- Three land parcels investigated - Subdivision process commence
	Kwa-Nobuhle	Medium-term	- Reinstatement of rights is in pro - Property will be actively markete
Bucket 3 Long term	Witpoortjie	Long-term	- Entrance road sustained damag - fund the repairs, once complete - sale.

Given the size, developmental stage and nature of the non-core assets, the disp completion within the next five years.

Source: Company data, Chronux Research estimates

Focusing on integrated developments

Trade-out of non-core developments

- Scottsdale – 140 units of the 220 units above, are currently under construction, with a guaranteed off-take agreement to a rental investor in place on completion. These units are expected to be completed in the second half of the current financial year.
- Vista Park – This project is structured to sell serviced land. The Group does not carry construction risk for top-structure units. Phase 1 services have been installed, unlocking 2 021 opportunities. Serviced land sales will commence once clearance is obtained from the local municipality.
- Jabulani – Construction activities are still to commence for 704 units, contracted for sale to the Provincial Government. The Group awaits budget allocation from the Provincial Government before construction work commences.
- Stock on hand in the mid-to-high segment (which includes La Vie Nouvelle, South Hills Lifestyle and 32-on-Pine) has reduced over the past 12 months.

Figure 12 Trade-out of non-core assets

Development	Number of units (August 2025)	Number of units (August 2026)	Progress update
Scottsdale	386	220	140 units under construction with guaranteed offtake agreement to rental investor
Vista Park	4,870	4,870	Phase 1 services completed, unlocking 2,021 opportunities. Sales of serviced stands will commence once clearance is obtained from the local municipality.
Jabulani	1,076	997	- Construction activities are still to commence on 704 units which are contracted for sale to Provincial Government. - Budget allocation still to be finalised.
Other non-core projects (remaining portions)	159	107	Unit sales remain ongoing.

Expansion of Memorial Parks business

- Strategically re-purposing Group owned land for new Memorial Parks.
- Objective remains the opening of a new Memorial Park every two years.

Source: Company data, Chronux Research estimates

Core developments

- The strategic objective of the Residential Property Development segment remains the optimisation of its project portfolio, with a long-term objective to deliberately shift focus towards a maximum of five large-scale integrated housing developments, while maintaining geographic diversification across provinces, currently being the Western Cape and Gauteng. The business continues to prioritise the delivery of value-for-money homes within integrated developments, catering to a broad spectrum of market segments, with particular emphasis on addressing housing demand in underserved communities.

Figure 13 Core Developments

Development	Number of units	Duration (years)
Bankenveld District City (Gauteng)	20,000	20
Fleurhof (Gauteng)	4,707	>10
South Hills (Gauteng)	4,490	5 – 7
Belhar (Western Cape)	1,310	<5
Western Cape	Actively working on replacement projects to maintain diversification	

Source: Company data, Chronux Research estimates

- The pipeline of development projects is shown in the following figure.

Figure 14 Residential Developments - Pipeline

Project	Municipality	Region	Government /private	Progress	Total remaining units	Life	
32 On Pine	JHB	Gauteng	Private	Under development	16	5 yrs	Reducing stock
Jabulani	JHB	Gauteng	Private/public	Under development	997	5 yrs	Waiting to start on 704 units for govt
La Vie Nouvelle	JHB	Gauteng	Private	Under development	50	5 yrs	Reducing stock
Scottsdene	Cape Town	Western Cape	Private/public	Under development	220	5 yrs	140 under construction for rental investor
Vista Park	JHB	Gauteng	Private	Under development	4870		Sell serviced land
Belhar	Cape Town	Western Cape	Private/public	Under development	1310	<5 yrs	
South Hills	JHB	Gauteng	Private/public	Under development	4490	5-7 yrs	
Fleurhof	JHB	Gauteng	Private/public	Under development	4707	>10 yrs	
Bankenveld	JHB	Gauteng	Private	Under development	20000	>15 yrs	
Total					36660		

Source: Company data, Chronux Research estimates

- There are a number of projects that will be traded out over the next five years, leaving a core of longer-lasting projects. New projects will be sought adjacent to existing projects.
- With the Bankenveld project, Calgro has in excess of 15 years of project pipeline.
- The strategy is to reduce the number of projects under development and increase the Memorial Parks business footprint to diversify revenue.

Memorial Parks

- Strategically grow the Memorial Parks business through further footprint expansion and attain sustainable growth.
- The Memorial Parks pipeline is shown below. At a gross margin of over 50% the Memorial Park division should generate good consistent cashflow with a pipeline life of well over 20 years.

Figure 15 Memorial Parks – Pipeline

	Graves		
Project	Quantity	Anticipated revenue (R'000)	Revenue per site (R'000)
Nasrec Memorial Park	26,859	819,719	30.5
Fourways Memorial Park	5,400	289,827	53.7
Enokuthula Memorial Park	9,463	144,394	15.3
Bloemfontein Memorial Park	45,856	748,492	16.3
Durbanville Memorial Park	4,340	129,333	29.8
Platinum City Memorial Park	25,553	422,484	16.5
Total	117,471	2,554,249	21.7

Source: Company data, Chronux Research estimates

Reduction in debt in LT

- The short-term expectation for debt increases remains for the current reporting period, which allows for the execution of the strategic objective of completing non-core projects, commencing new extensions and phases within core projects, and attaining the required approvals for sale of non-core assets.
- Once these strategic objectives are achieved the Group anticipates a reduction in debt levels.

Business Primer

Business overview

- Calgro M3 is a Johannesburg-based developer of large-scale integrated residential developments and an owner-operator of private memorial parks. The Group reports two segments.
- Residential Property Development
 - Master-planned, mixed-typology developments in Gauteng and the Western Cape spanning subsidised, FLISP/GAP, social, affordable, rental and student accommodation, plus a residual mid-to-high-end portfolio. Calgro installs bulk, link and internal infrastructure and sells serviced stands, units and infrastructure contracts. Construction of top structures is largely outsourced after the internal construction operation was closed in 2020.
- Memorial Parks
 - Development and management of private burial parks (Nasrec, Fourways, Enokuthula, Bloemfontein, Durbanville and Platinum City/Rustenburg). Revenue comes from burial rights, interments and related products, with a growing layby (instalment) book.
- Management's FY26 strategy rests on four pillars: dispose of non-core assets, accelerate the completion of non-core projects while expanding Memorial Parks, reduce net debt in the medium term, and build a talent pipeline.

Figure 16 Calgro M3 at a glance (FY26)

Metric	Residential Property Development	Memorial Parks	Group
Revenue (Rm)	807.0	86.2	893.2
Gross profit (Rm)	195.6	47.3	242.9
Gross margin	24.2%	54.9%	27.2%
Profit before tax (Rm)	170.1	46.6	207.6 (after –9.1 holdings)
Share of segment revenue	90%	10%	100%
Share of segment PBT	78%	22%	100%
Remaining pipeline	31,874 opportunities (R29.4bn)	114,827 graves (R2.4bn)	R31.8bn

Source: Company data, Chronux Research

Discount to NAV

Why book NAV understates value

- Historical-cost accounting. Inventories (land) are carried at the lower of cost and net realisable value, and construction contracts at cost plus recognised margin. No fair-value uplift is booked on development land; only R32.5m of Memorial Parks investment property is at fair value.
- Infrastructure largely expensed or already absorbed. Costs on subsidised infrastructure are expensed to cost of sales when incurred, and non-unit-specific land development costs are allocated to units as contracts are signed. On the legacy projects (Fleurhof, South Hills, Belhar, Jabulani) the bulk and link infrastructure was funded in earlier years, so the remaining serviced opportunities carry little land cost. This is why FY26 residential gross margin (24%) (H1 FY27: 26.6%) still sat in or above the 20–25% target despite the low-margin non-core trade-out.

- Past write-downs reset the base. The FY19–FY21 period included net realisable value write-downs (e.g. R54m at La Vie Nouvelle in FY19) and IFRS 15 transition adjustments that reduced construction contract balances. There were no land or development-cost write-downs in FY25 or FY26, so the current balance sheet is clean but low.
- Offsetting factor – capitalised interest. Not all costs are expensed. Development costs for future contract assets rose to R852m (FY25: R587m), and to R952m at August 2026, and R102m of FY26 interest was capitalised into construction contracts (FY25: R76m including inventory); a further R66.8m was capitalised in H1 FY27. This cost layer is building up in book NAV and will flow through future cost of sales, so it slightly overstates the “hidden value” argument for newer projects such as BDC.

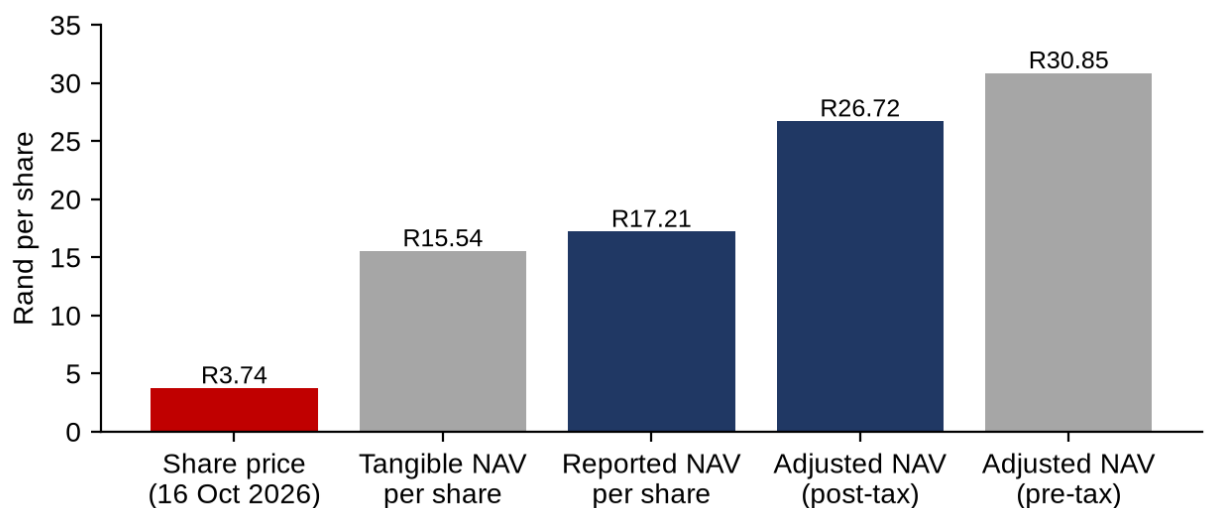
Adjusted NAV

Figure 17 From reported NAV to market-adjusted NAV

Item	Rm	R per share
Reported net asset value (Aug-26)	1,642	17.21
Less: intangible asset (integrated housing concept)	(160)	(1.67)
Tangible NAV	1,483	15.54
Market value of residential property portfolio (Feb-26)	3,495	
Less: balance-sheet cost of portfolio (Feb-26) (construction contracts, JV investment, JV loans)	(2,034)	
Add: uplift not in balance sheet (held at Feb-26 level)	1,460	15.31
Adjusted NAV (pre-tax)	2,943	30.85
Less: deferred tax on uplift at 27% (Chronux Research estimate)	(394)	(4.13)
Adjusted NAV (post-tax)	2,549	26.72
Share price (20/10/2026)		3.70
Discount to reported / tangible / post-tax adjusted NAV		78% / 76% / 86%

Source: Company data, Sharenet, Chronux Research

Figure 18 Share price versus NAV measures (R per share)



Source: Calgro M3 FY2026 AFS, Sharenet, Chronux Research estimates, H1 FY2027 interim results

What the share price implies

- Working back from the market value of the equity gives a clearer read of what investors are paying for the land bank.

Figure 19 Implied value of the residential portfolio (approximate)

Item	Rm
Market cap (95.4mn shares at R3.70)	353
Add: net debt (company definition), Aug-26	1,401
Add: minorities	3
Enterprise value	1,757
Less: Memorial Parks at 4x FY27E EBITDA of R50m	(198)
Implied value of residential portfolio and other net assets	1,559
As % of balance-sheet cost of residential portfolio (R2,359m: Feb-26 cost of R2,034m plus the H1 increase in construction contracts and JV balances)	66%
As % of market value of residential portfolio (R3,820m: Feb-26 value plus H1 investment at cost)	41%

Source: Company data, Sharenet, Chronux Research estimates

- In other words, the market values the residential portfolio at roughly two-thirds of what it cost and about 40% of management's market value – even though the book cost already benefits from expensed infrastructure and old land prices.

Why the discount persists

- **Earnings do not convert to cash.** Revenue recognised over time on infrastructure and subsidised contracts builds contract assets ahead of cash. Over FY22–FY26 net operating cash flow totalled R158m against net income of R840m. FY26 operating cash flow was –R99m. In H1 FY27 net operating cash flow was –R160m.
- **Returns on book are modest.** FY26 ROE was 10.7% and management-reported ROIC 4%. H1 FY27 annualised ROE was about 9.4% and management's rolling ROIC –3.67%, against a target ROIC of 15% within five years. Using a simple justified P/B of $(ROE - g)/(COE - g)$ with an 18% cost of equity and 5% growth gives about 0.44x book (≈R7.55 on August 2026 NAV). The current 0.22x implies the market expects a sustainable ROE of about 8%. The 0.44x uses FY26 ROE of 10.7%, not the H1 annualised ROE of 9.4%, which would justify about 0.34x, or roughly R5.85.
- **Debt is large relative to the equity value.** Net debt of R1,401m (Aug-26) is 4.0x the market cap. Management itself lists the relationship between net debt and market capitalisation as a strategic objective.
- **Long realisation period.** BDC alone is a 15+ year project; with 1,377 opportunities under construction across the Group in FY26 (August 2026: more than 1,418 under construction or in stock), a 20,000-opportunity land bank takes many years to realise, so its present value is well below headline market value.
- **Size, liquidity and governance overhang.** At R353m market cap the stock is outside most institutional mandates. Shareholders voted against the remuneration policy at the June 2026 AGM, prompting an engagement session on 8 October 2026. The board has said it will revert to shareholders with a remuneration formula.
- **Signals of value support.** An associate of non-executive director Dr Mduduzi Gama bought 1.59mn shares at R3.99 (R6.3m) on 27 August 2026, HANSAINVEST disclosed a 5.03% holding on 2 October 2026, and the company repurchased 1.33mn shares at an average R5.01 in FY26. There were no buybacks in H1 FY27.

Figure 20 Valuation sensitivity: value per share at different discounts to post-tax adjusted NAV

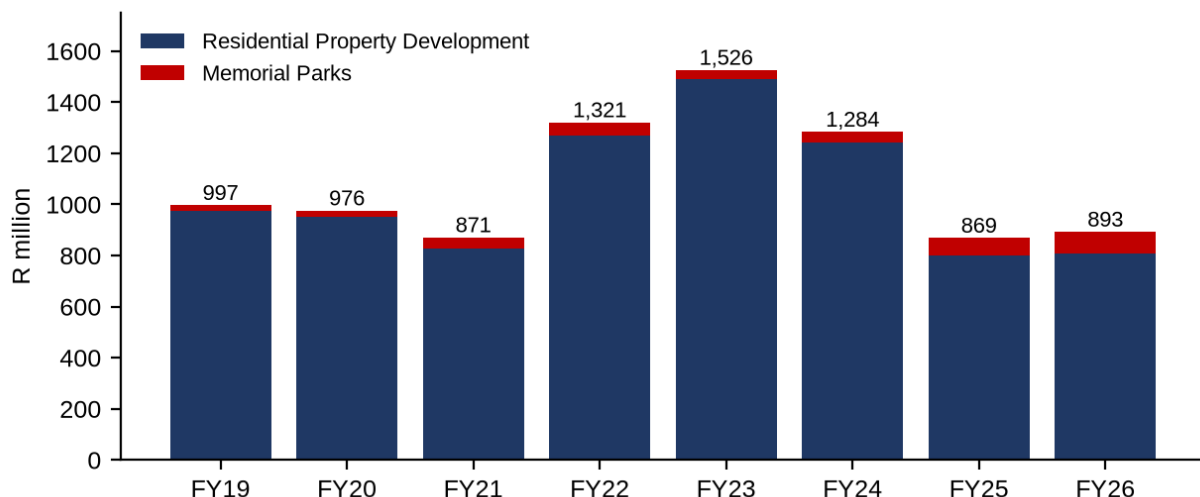
Discount to adjusted NAV (R26.72)	40%	50%	60%	70%	80%
Implied value per share (R)	16.03	13.36	10.69	8.02	5.34
Upside to R3.70	333%	261%	189%	117%	44%

Source: Chronux Research estimates

- Even an 80% discount to adjusted NAV is above the current price. The revised R7.30 target price equates to a 73% discount to post-tax adjusted NAV and 0.42x August 2026 reported NAV. The previous R9.50 target was a 64% discount and 0.55x reported NAV.

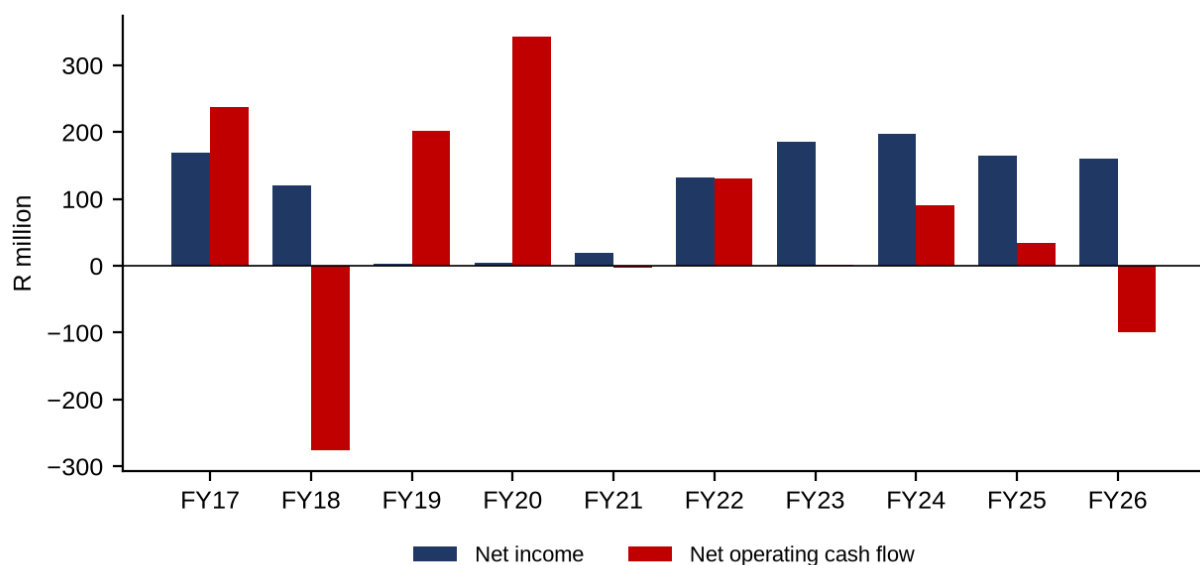
Revenue stability

Figure 21 Group revenue by segment (Rm, years to February)



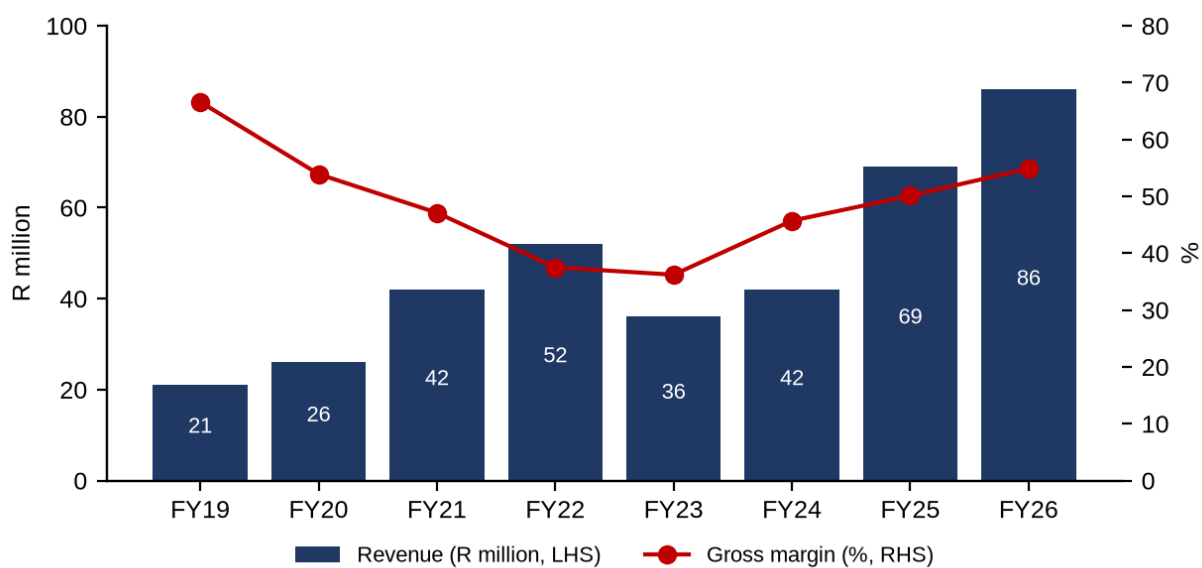
Source: Company data, Chronux Research FY26 results note

- **Two stable years, not a stable cycle.** Revenue was R869m in FY25 and R893m in FY26 (+2.8%), and the two FY26 halves were similar (R460m and R433m). H1 FY27 revenue was R466m (+1.2%). Over FY19–FY26, however, revenue averaged R1.09bn with a coefficient of variation of about 21%, ranging from R869m to R1.53bn.
- **Mix shift masks the underlying run-rate.** 70% of FY26 units transferred came from non-core developments (Scottsdale, La Vie Nouvelle, South Hills Lifestyle Estate, Jabulani, 32-on-Pine), mainly mid-to-high-end product. These are being deliberately run down, so they are not a recurring source of revenue. In H1 FY27 non-core projects contributed only R57m (13%) of residential revenue, down from R202m (48%), as Fleurhof (R176m), South Hills (R99m) and Belhar (R86m) took over.
- **Accounting changes cut reported and combined revenue.** Combined revenue including joint ventures fell to R942m (FY25: R1.1bn) after BDC was reclassified from a joint venture to a joint operation from 1 September 2025, and JV activity slowed.
- **The bridge to BDC.** BDC bulk and link infrastructure began in FY26, with Phase 1 expected to yield about 6,000 serviced opportunities over five years. Phase 1 bulk and link infrastructure is now due for completion in Q1 FY28, with internal infrastructure to follow, so BDC sales are unlikely to contribute in FY27. Revenue in FY27–FY28 therefore depends on legacy core projects (Fleurhof, South Hills, Belhar) filling the gap between the end of non-core sales and BDC volumes.
- **Where stability does exist.** Demand is supported by affordable housing near job nodes, stable bond approvals and bank appetite for the segment, and Memorial Parks adds a growing annuity-like base (R86m in FY26; R48m in H1 FY27). Revenue recognised over time on infrastructure contracts also smooths reported revenue – but, as shown above, not cash.

Figure 22 Net income versus net operating cash flow (Rm)

Source: FactSet, company data, Chronux Research FY26 results note

Memorial Parks

Figure 23 Memorial Parks revenue and gross margin

Source: Company data, Chronux Research

Figure 24 Memorial Parks key performance indicators

Metric	FY26	FY25	Change
Revenue (Rm)	86.2	68.8	+25%
Gross margin	54.9%	50.1%	+4.8pp
Operating profit (Rm)	49.0	28.7	+71%
of which other income incl. R10.0m investment-property revaluation (Rm)	16.3	7.2	
Profit before tax (Rm)	46.6	26.1	+79%
Total cash received (Rm)	107	96	+11%
Layby sales (Rm)	45	28	+59%
Active layby book (Rm)	59.7	46.0	+30%
Maintenance provision (Rm)	66.3	57.7	+15%
Remaining graves	114,827		

Source: Company data

Impact on the Group

- **Overhead cover.** Memorial Parks cash receipts of R107m exceed Group administrative costs of roughly R90–100m. Management's stated objective is for the division to cover Group overheads now and Group finance costs in the medium term – a meaningful de-risking for a developer whose residential cash flows are lumpy.
- **H1 FY27 update.** Revenue rose 20% to R47.8m at a 54.8% gross margin (H1 FY26: 50.4%), and cash collections rose 17.8% to R60.8m, led by Nasrec (R28.4m), Fourways (R18.5m) and Durbanville (R9.2m). Grave sales grew 16% and burials 19%. Lay-by cash sales rose 23% to R29.2m (42% of transactions) and the lay-by book reached R76.4m. Profit before tax fell 9% to R17.2m as administrative costs rose 30% to R9.6m and other income was lower, so the R50m FY27E EBITDA in our valuation needs a strong second half. Remaining graves were 113,309, and management targets a new park every two years.
- **Quality of earnings.** Revenue on laybys is only recognised once the full price has been collected, so reported revenue lags cash and is conservative. Defaults are within 5% of sign-up value. Underlying operating profit excluding the R10m revaluation gain was about R39m.
- **Long inventory life.** At an average of roughly R21,000 per grave, FY26 revenue equates to about 4,000 graves, implying close to 30 years of inventory across 114,827 remaining graves (Chronux Research estimate), before new parks. The FY26 launch of Platinum City (Rustenburg) is performing ahead of comparable parks at the same stage.
- **Points to watch.** The division paid only R0.7m tax on R46.6m of profit before tax; the reason is not disclosed and the rate may normalise. In H1 FY27 the segment recorded a tax credit of R1.0m on R17.2m of profit before tax. The maintenance provision (R66m; Group R71m at August 2026) is a long-dated, debt-like obligation.

Figure 25 Memorial Parks value relative to the market cap

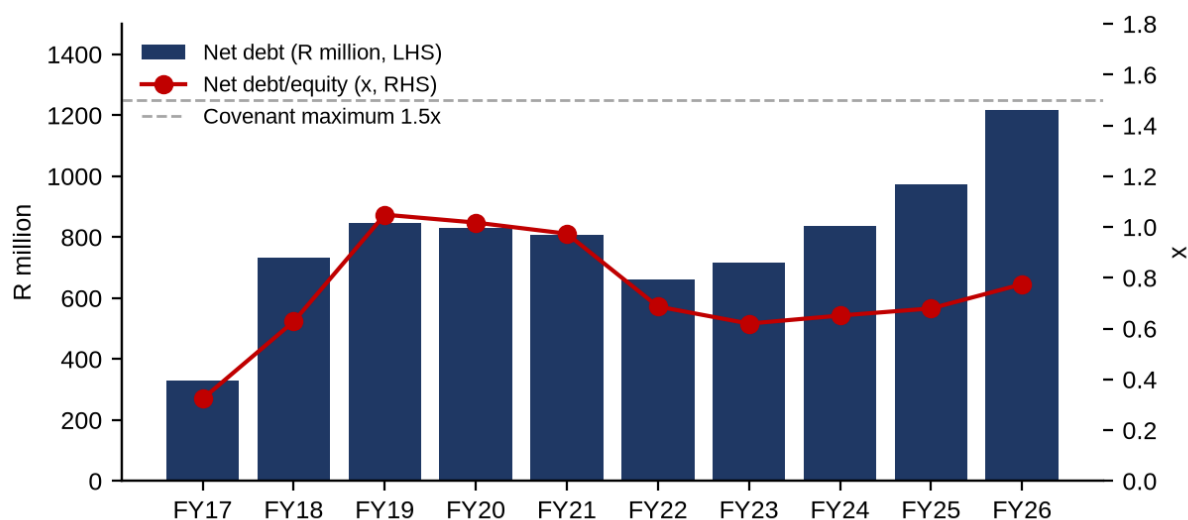
EV/EBITDA multiple on FY27E EBITDA of R50m	4x	6x	8x
Memorial Parks value (Rm)	198	297	396
% of current market cap (R353m)	56%	84%	112%
Value per share (R)	2.08	3.11	4.15

Source: Chronux Research estimates

- Listed death-care businesses generally trade at higher multiples, so 4x is conservative. At 8x, Memorial Parks alone would exceed the market cap, leaving the residential land bank in the price at a negative value after debt.

Debt levels

Figure 26 Net debt and net debt to equity

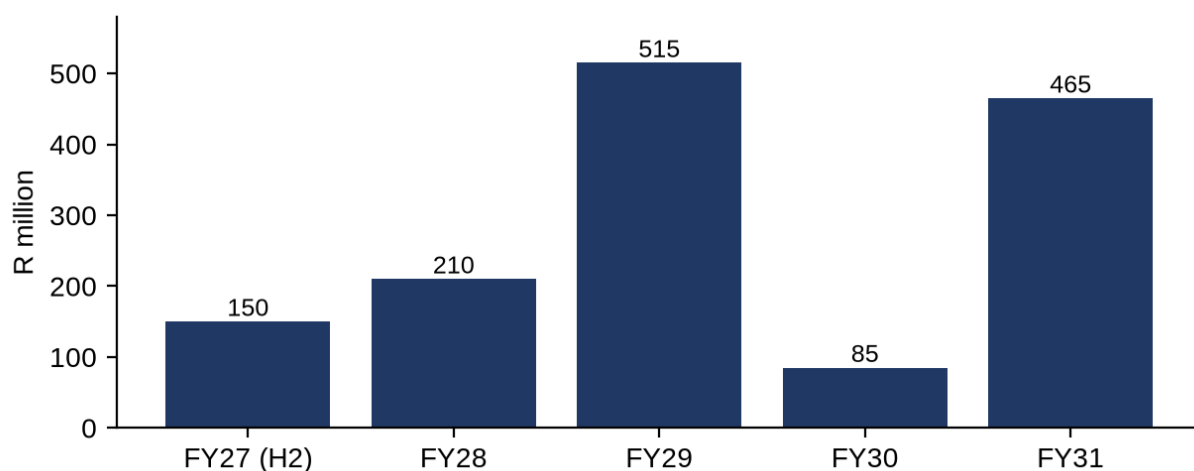


Source: FactSet, Chronux Research

Figure 27 Borrowing facilities at 31 August 2026

Facility	Pricing	Maturity	Capital (Rm)
NHFC (refinanced into revolving facility)	Prime + 0.5%	Mar-2030 per interim note (FY26 AFS: Jun-2030, nine instalments from May-26)	215
Stanlib	ZARONIA + 4.3%	Jun-2030 (eight instalments from Sep-28)	250
ABSA 2	JIBAR + 4.25%	Nov-2028 (eight instalments from Mar-28)	200
ABSA 1	JIBAR + 4.5%	Apr-2028 (four instalments from Sep-27)	155
Prescient	JIBAR + 5.0%	Oct-2027	100
Standard Bank	Prime – 0.3%	Sep-2026 (R75m) and Nov-2026 (R25m)	100
DMTN floating rate notes (CGR54–CGR63)	JIBAR + 3.9–4.5%; CGR63 ZARONIA + 4.06%	Oct-2026 to Dec-2029	405
Total capital outstanding (all unsecured)			1,425

Source: Company data, Chronux Research

Figure 28 Debt maturity profile (Rm), August 2026, by final expiry date

Source: Company data, Chronux Research

Figure 29 Covenants and debt-service metrics

Metric	Aug-26 / H1 FY27	FY26	Covenant / comment
Net debt/equity	0.86x	0.74x	Maximum 1.5x
Debt service cover ratio	1.35x	1.54x	Minimum 1.2x
Liquidity ratio	1.93x	1.93x	Minimum 1.2x
Gross finance cost (Rm)	81.6 (H1)	145.6	Of which capitalised: R66.8m, 82% (FY26: R102m, 70%)
Finance cost in profit or loss (Rm)	14.8 (H1)	43.5	Flattered by capitalisation
Interest paid in cash (Rm)	72.6 (H1)	135.6	H1 operating profit of R79m covers it 1.1x (1.3x excluding the non-cash modification loss); FY26: about 1.3x EBITDA of R175m
Net debt/EBITDA	c.7.6x	6.7x	Chronux Research calculation; H1 annualised, excluding the modification loss
Net debt/market cap	4.0x	3.2x	At R3.70 (FY26 column at R3.88)
Average cost of borrowing	c.11%	c.11%	Interest on borrowings / average capital outstanding

Source: Company data, Chronux Research estimates

Assessment

- **Balance-sheet leverage is comfortable.** On a net debt/equity basis Calgro has about R1.05bn of headroom at August 2026 to the 1.5x covenant. Gearing has been steady at 0.6–0.8x since FY22 after peaking near 1.0x in FY19–FY21. It rose to 0.86x at August 2026. All borrowings are classified within the operating cycle, which is why they appear as current liabilities in some data sets.
- **Cash-flow leverage is tight.** The real constraint is the debt-service burden: cash interest of R136m absorbs most of EBITDA, and DSCR has slipped from 1.74x to 1.54x in FY26 and to 1.35x at August 2026. Rising interest capitalisation (70% of gross interest in FY26 and 82% in H1 FY27) keeps reported earnings up but does not reduce the cash cost.

- **Refinancing risk is manageable but front-loaded.** On the interim maturity profile, which allocates each facility to its final expiry date, R150m falls due in H2 FY27 (Standard Bank R75m in September and R25m in November 2026, and the R50m CGR55 note on 2 October 2026) and R210m in FY28, against August cash of R52m. The FY26 presentation showed R636m (47%) maturing in FY27–FY28; we believe it included amortising instalments, so the two profiles are not directly comparable. CGR56 (R33m) was repaid early from a new R50m CGR63 note (ZARONIA + 4.06%), which matures on 29 January 2029 rather than in August 2029 as we previously noted. JIBAR ceases after 31 December 2026; the transition to ZARONIA is not expected to have a material financial impact. Stanlib and CGR63 are already priced off ZARONIA.
- **Deleveraging lever.** We estimate about R600m from non-core property sales (Kwa-Nobuhle, Umhlanga, Witpoortjie, Vista Park and mid-to-high properties) plus about R120m from commercial and retail land. Illustratively, applying R715m to debt would cut August 2026 net debt of R1,401m to roughly R690m (about 0.4x equity and 2.0x the current market cap), before BDC spending. This is the single most important catalyst for re-rating the NAV discount. Management now targets completing the non-core programme within five years, so proceeds are likely to be staggered.
- **BDC funding.** Calgro's share of the initial BDC infrastructure spend is expected to be funded internally, with R200–300m of contingency facilities to be arranged. Debt is likely to rise in the short term before non-core proceeds come through. The interims confirm that BDC infrastructure is currently funded from working capital and external debt; recovery of phase 1 costs under the USDG agreement starts once the implementation agreements are signed.

Catalysts and risks

Figure 30 Catalysts and risks

Catalysts	Risks
Completion of the Cornubia sale and the Vredehoek due diligence (H2 FY27)	Slow non-core disposals keep net debt elevated and the discount wide
Non-core asset sales and visible debt reduction	BDC delays (municipal approvals, bulk services) extend the revenue gap in FY27–FY28; phase 1 bulk and link completion is now due in Q1 FY28
Signing of the BDC USDG implementation agreements, starting recovery of phase 1 infrastructure costs	Persistently negative operating cash flow as contract assets and development costs build
Continued Memorial Parks growth and new parks	Workmanship complaints at South Hills (Fever Tree) and a 2025 provincial inspection at Fleurhof requiring remedial work
Further buybacks or director buying; dividend-policy review at FY27 year end	Remuneration dissent and governance concerns; low share liquidity
Lower interest rates easing debt service and bond affordability	Interest rate, fuel-price and political risk affecting affordable-housing buyers
Continued shift of revenue to core projects (86% of H1 FY27 residential revenue)	Municipal elections and local government budget uncertainty delaying approvals; DSCR of 1.35x leaves limited headroom to the 1.2x minimum

Source: Company data, GroundUp, Department of Human Settlements parliamentary reply, Chronux Research

Figure 31 Divisional Forecast

Total Segment Revenue	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Fleurhof	328778	379497	231378	402934	587819	566405	543286	257963			
		15%	-39%	74%	46%	-4%	-4%	-53%			
Jabulani	51182	28379	96104	67020	161885	127711	44567	74449			
		-45%	239%	-30%	142%	-21%	-65%	67%			
Scottsdene					73299	51242	64758	135101			
						-30%	26%	109%			
Witpoortjie	30813	41230	22024	26728	0	0	0				
		34%	-47%	21%							
South Hills	311935	88632	107800	219562	201939	187759	48742	81920			
		-72%	22%	104%	-8%	-7%	-74%	68%			
Belhar	141433	229038	315941	464443	202435	231285	58535	148628			
		62%	38%	47%	-56%	14%	-75%	154%			
South Hills Lifestyle Estate								33981			
Mid to high projects					139817	65698	39567	74920			
						-53%	-40%	89%			
Third parties	112003	183566	55854	88640	122579	12035	612	0			
		63.9%	-69.6%	58.7%	38.3%	-90.2%	-94.9%	-100.0%			
Total Residential	976144	950342	829101	1269327	1489773	1242135	800067	806962	831170	889352	951607
% change		-2.6%	-12.8%	53.1%	17.4%	-16.6%	-35.6%	0.9%	3.0%	7.0%	7.0%
Memorial parks	20920	25692	42452	52268	35544	42405	68839	86213	99144	114016	131119
% change		22.8%	65.2%	23.1%	-32.0%	19.3%	62.3%	25.2%	15.0%	15.0%	15.0%
Residential Rental		8096	7593								
Total	997064	984130	879146	1321595	1525317	1284540	868906	893174	930315	1003369	1082726
% change		-1.3%	-10.7%	50.3%	15.4%	-15.8%	-32.4%	2.8%	4.2%	7.9%	7.9%
Point in time	114013	395698	277944	349917	457776	455183	266828	324960			
Over time	883051	588432	551158	971676	1037541	829357	602078	482002			
	997064	984130	829102	1321593	1495317	1284540	868906	806962	0	0	0
Gross revenue	963957	958752	820536	1320785	1525317	1284540	868906	893174	930315	1003369	1082726
Reversal of unrealised profit	33107	25378	8566	808	0	0	0	0	0	0	0
	997064	984130	829102	1321593	1525317	1284540	868906	893174	930315	1003369	1082726
Cost of sales	868374	883521	771123	1039747	1167623	934511	613187	650261	661664	700535	753677
Residential Property	861396	866920	741807	1007090	1144929	911502	578828	611383	615066	649227	694673
		1%	-14%	36%	13.7%	-20.4%	-36.5%	5.6%	0.6%	5.6%	7.0%
Memorial parks	6978	11840	22451	32657	22694	23009	34359	38878	46598	51307	59003
		70%	90%	45%	-30.5%	1.4%	49.3%	13.2%	19.9%	10.1%	15.0%
Residential Rental		4761	6865								
Revenue	997064	984130	879146	1321595	1525317	1284540	868906	893174	930315	1003369	1082726
Residential Property	976144	950342	829101	1269327	1489773	1242135	800067	806962	831170	889352	951607
Memorial parks	20920	25692	42452	52268	35544	42405	68839	86213	99144	114016	131119
Residential Rental		8096	7593								
Gross Profit	128690	100609	108023	281848	357694	350029	255719	242913	268651	302834	329049
Residential Property	114748	83422	87294	262236	344844	330633	221240	195579	216104	240125	256934
Memorial parks	13942	13852	20001	19611	12850	19396	34480	47335	52547	62709	72115
Residential Rental		3335	728	0	0	0	0	0	0	0	0
Gross profit margin	12.9%	10.2%	12.3%	21.3%	23.5%	27.2%	29.4%	27.2%	28.9%	30.2%	30.4%
Residential Property	11.8%	8.8%	10.5%	20.7%	23.1%	26.6%	27.7%	24.2%	26.0%	27.0%	27.0%
Memorial parks	66.6%	53.9%	47.1%	37.5%	36.2%	45.7%	50.1%	54.9%	53.0%	55.0%	55.0%

Source: Company data, Chronux Research estimates

Figure 32 Income Statement - Forecast

Calgro M3 Holdings Limited	02/2017	02/2018	02/2019	02/2020	02/2021	02/2022	02/2023	02/2024	02/2025	02/2026	02/2027	02/2028	02/2029
Sales	1555	1743	997	984	879	1322	1525	1285	869	893	930	1003	1083
Cost of Goods Sold (COGS) incl. D&A	1222	1474	870	888	776	1044	1172	939	617	654	662	701	754
Gross Income	333	269	127	96	103	278	354	346	252	239	269	303	329
SG&A Expense	117	131	188	85	82	86	100	93	94	87	102	105	108
Other Operating Expense	0	0	0	-31	-2	3	2	3	1	4	13	0	0
EBIT (Operating Income)	216	138	-61	42	23	189	252	250	157	147	154	198	221
Nonoperating Income - Net	37	42	83	41	68	33	41	67	71	64	74	76	77
Interest Expense	22	17	59	65	73	47	44	57	60	44	30	65	50
Unusual Expense - Net	4	1	2	4	-4	6	2	0	-2	-17	0	0	0
Income Taxes	63	51	-25	8	8	47	66	73	46	47	64	75	86
Equity in Earnings of Affiliates	6	10	14	-1	3	10	5	9	43	24	50	70	70
Consolidated Net Income	170	121	1	5	18	132	186	197	166	160	183	204	232
Minority Interest	1	0	-2	0	0	0	0	0	1	0	1	1	1
Net Income	169	120	3	5	19	132	186	197	165	160	182	203	231
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income available to Common	169	120	3	5	19	132	186	197	165	160	182	203	231
Per Share													
EPS (recurring)	1.31	0.93	0.03	0.06	0.13	1.09	1.49	1.89	1.66	1.53	1.91	2.12	2.41
EPS (diluted)	1.29	0.92	0.02	0.04	0.16	1.06	1.47	1.89	1.68	1.65	1.88	2.09	2.38
Earnings Persistence	89.17	71.35	84.05	88.53	91.04	95.81	81.50	82.72	82.58	80.87			
Dividends per Share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.09	0.09	0.10	0.11	0.12
EBITDA													
EBITDA	217	139	-59	46	28	193	256	254	161	151	176	222	246

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

Calgro M3 Holdings Limited	02/2017	02/2018	02/2019	02/2020	02/2021	02/2022	02/2023	02/2024	02/2025	02/2026	02/2027	02/2028	02/2029
Rental Expense	6	6	6	0	0	0	0	0	0	0			
Stock Option Comp Exp (Net of Tax)	21	17	32	3	6	3	3	6	5	6			
Foreign Currency Translation Gains/Losses	-	-	-	-	-	-	-	-	-	-			
Tax Rate	27.8	31.4	-	56.8	33.4	27.8	26.8	28.0	27.4	25.8	26.0	27.0	27.0
Headline EPS	1.33	0.90	-0.19	0.02	-0.15	1.06	1.53	2.61	1.71	1.57	1.91	2.12	2.41
Headline EPS (diluted)	1.29	0.88	-0.19	0.02	-0.15	1.03	1.47	2.57	1.68	1.55	1.88	2.09	2.38

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

Calgro M3 Holdings Limited	02/2017	02/2018	02/2019	02/2020	02/2021	02/2022	02/2023	02/2024	02/2025	02/2026	02/2027	02/2028	02/2029
Price / Sales	1.5	0.9	1.1	0.4	0.3	0.3	0.2	0.4	0.6	0.6	0.4	0.4	0.3
Price / Earnings	13.2	13.2	345.8	72.9	12.2	3.3	1.7	2.4	3.0	3.4	2.0	1.8	1.6
Price / Book Value	2.2	1.4	1.4	0.4	0.3	0.5	0.3	0.3	0.3	0.3	0.2	0.2	0.2
Price / Tangible Book Value	2.6	1.6	1.7	0.5	0.3	0.5	0.3	0.4	0.4	0.4	0.2	0.2	0.2
Price / Cash Flow	9.6	-5.9	5.6	1.1	-76.7	3.5	159.9	5.2	14.7	-5.5			
Price / Free Cash Flow	9.7	-	5.7	1.1	-	3.5	380.1	5.3	15.1	-			
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.1	1.7	1.5	2.5	2.8	3.2
Enterprise Value / EBIT	11.9	16.8	-32.5	28.5	45.0	5.8	4.1	5.1	9.4	11.9	11.5	8.9	8.0
Enterprise Value / EBITDA	11.9	16.7	-33.2	25.6	37.5	5.7	4.0	5.0	9.1	11.6	10.1	8.0	7.2
Enterprise Value / Sales	1.7	1.3	2.0	1.2	1.2	0.8	0.7	1.0	1.7	2.0	1.9	1.8	1.6
EBIT / Interest Expense (Int. Coverage)	3.3	1.7	-0.4	0.3	0.2	2.1	2.7	1.9	1.2	1.0	5.1	3.0	4.4

Source: Factset, Company data, Chronux Research estimates

Figure 33 Balance Sheet and Cash Flow - Forecast

	02/2017	02/2018	02/2019	02/2020	02/2021	02/2022	02/2023	02/2024	02/2025	02/2026	02/2027	02/2028	02/2029
Assets													
Cash & Short-Term Investments	241	157	123	255	155	191	173	123	155	184	281	560	420
Short-Term Receivables	1701	2185	1815	1353	1360	1340	1697	1898	2224	2655	163	179	198
Inventories	600	554	568	719	644	616	499	503	520	456	2565	2309	2324
Other Current Assets	18	98	12	24	20	3	4	12	1	1	568	580	592
Total Current Assets	2560	2994	2518	2351	2178	2149	2373	2535	2899	3296	3577	3628	3533
Net Property, Plant & Equipment	6	6	12	27	23	20	17	29	26	23	22	22	22
Total Investments and Advances	19	51	178	178	70	80	87	107	178	202	53	53	53
Long-Term Note Receivable	-	-	-	-	-	-	-	-	-	-	0	0	0
Intangible Assets	160	160	160	160	160	160	160	160	160	160	160	160	160
Deferred Tax Assets	0	16	43	38	37	30	23	5	11	10	12	12	12
Other Assets	0	0	0	0	0	0	0	0	0	0	193	104	73
Total Assets	2745	3226	2911	2755	2468	2439	2659	2836	3274	3691	4016	3978	3852
Liabilities & Shareholders' Equity													
ST Debt & Curr. Portion LT Debt	177	193	157	290	124	209	294	236	163	154	150	210	515
Accounts Payable	238	302	161	178	150	186	161	116	223	166	285	305	327
Income Tax Payable	137	199	123	124	118	84	128	106	0	0	0	0	0
Other Current Liabilities	610	513	758	458	319	222	188	150	122	143	72	76	80
Total Current Liabilities	1161	1207	1199	1050	712	701	772	608	509	463	508	592	922
Long-Term Debt	395	697	812	794	837	644	594	723	966	1247	1350	1090	485
Provision for Risks & Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Tax Liabilities	165	155	94	96	91	130	140	221	366	409	436	436	436
Other Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	1722	2059	2105	1940	1640	1476	1505	1552	1840	2120	2294	2118	1843
Common Equity	1023	1167	806	814	828	963	1153	1283	1430	1568	1719	1857	2006
Total Shareholders' Equity	1023	1167	806	814	828	963	1153	1283	1430	1568	1719	1857	2006
Accumulated Minority Interest	0	0	0	1	0	1	1	1	3	3	3	3	3
Total Equity	1023	1168	807	815	828	964	1154	1284	1434	1571	1723	1860	2009
Total Liabilities & Shareholders' Equity	2745	3226	2911	2755	2468	2439	2659	2836	3274	3691	4016	3978	3852
Per Share													
Book Value per Share	7.98	9.11	6.29	6.36	6.82	7.93	9.50	13.36	14.83	16.44	17.73	19.15	20.68
Tangible Book Value per Share	6.74	7.86	5.05	5.11	5.50	6.62	8.19	11.70	13.17	14.76	16.09	17.51	19.04
	02/2017	02/2018	02/2019	02/2020	02/2021	02/2022	02/2023	02/2024	02/2025	02/2026	02/2027	02/2028	02/2029
Operating Activities													
Net Income / Starting Line	233	172	-24	13	26	179	252	270	213	208	172	218	242
Depreciation, Depletion & Amortization	1	1	1	5	5	4	4	4	4	4	4	4	4
Other Funds	-21	-62	-32	-111	-106	-73	-74	-62	-116	-129	-68	-149	-130
Funds from Operations	213	111	-55	-93	-75	110	182	211	101	82	107	73	116
Changes in Working Capital	25	-387	257	436	72	20	-180	-120	-67	-181	17	260	-11
Net Operating Cash Flow	238	-276	202	343	-3	130	2	91	34	-99	124	333	105
Investing Activities													
Capital Expenditures	-1	-2	-3	-1	0	-1	-1	-1	-1	-1	-1	-1	-1
Net Assets from Acquisitions	-98	-3	-41	-28	-23	-9	0	0	0	0	0	0	0
Sale of Fixed Assets & Businesses	0	0	0	0	0	0	0	0	0	0	0	200	300
Purchase/Sale of Investments	-18	-126	-270	-145	-50	27	-52	-120	-132	-122	0	0	0
Other Funds	0	0	0	0	0	0	0	0	0	0	-59	-29	-14
Net Investing Cash Flow	-117	-130	-314	-174	-74	16	-53	-121	-133	-122	-61	170	285
Financing Activities													
Cash Dividends Paid	0	0	0	0	0	0	0	0	-11	-7	-8	-9	-10
Change in Capital Stock	7	-2	-25	0	-14	0	0	-73	0	-7	0	0	0
Issuance/Reduction of Debt, Net	33	324	80	-12	-7	-107	35	55	147	269	48	-215	-520
Other Funds	0	0	23	-23	0	0	0	0	0	0	0	0	0
Net Financing Cash Flow	39	322	78	-37	-23	-110	32	-20	131	251	40	-224	-531
Exchange Rate Effect	-	-	-	-	-	-	-	-	-	-	0	0	0
Net Change in Cash	161	-84	-34	132	-101	37	-18	-50	32	29	104	279	-140
Free Cash Flow	237	-278	199	343	-3	129	1	91	33	-100	123	333	104
Free Cash Flow per Share	1.81	-2.12	1.53	2.56	-0.03	1.03	0.01	0.87	0.34	-1.03	1.27	3.42	1.07
Free Cash Flow Yield (%)	10.3	-17.1	17.5	91.6	-1.5	28.4	0.3	18.9	6.6	-18.2	33.8	91.3	28.6

Source: Factset, Company data, Chronux Research estimates

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