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*CLSA India Private Limited

7 February 2024

India Media

Reuters NAZA.NS
Bloomberg NAZARA IS

Priced on 6 February 2024
CNX Nifty @ 21,929.4

12M hi/lo Rs968.05/485.90

12M price target Rs570.00
±% potential -34%

Shares in issue 73.3m
Free float (est.) 79.3%

Market cap US\$768m

3M ADV US\$5.2m

Major shareholders

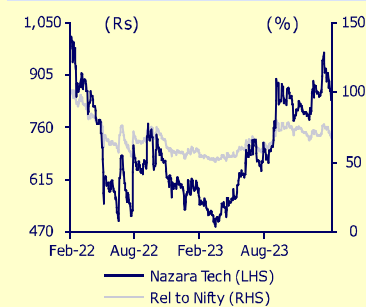
Promoters 17.2%
Mutual Funds\ Institutions 23.8%

Blended ESG Score (%)*

Overall 51.5
Country average 59.4
GEM sector average 43.4
*Click to visit company page on cls.com for details

Stock performance (%)

	1M	3M	12M
Absolute	2.0	6.3	56.3
Relative	1.0	(5.9)	26.6
Abs (US\$)	2.0	6.5	55.7



Source: Bloomberg

Revenue miss and Nodwin loss

3Q below estimate and Nodwin's Ebitda loss; seeking deal in RMG

Consol. revenue of Rs3.2bn in 3QFY24 was up 8% QoQ/2% YoY but below our estimate. Gamified e-learning/Kiddopia subscribers were down 7% QoQ/-12% YoY. This business revenue, excluding the Wildworks acquisition, was down 4% YoY. Consol. Ebitda at Rs377m also missed our estimate. Nazara's esports subsidiary Nodwin posted an Ebitda loss due to the gaming accessories business while Sportskeeda was boosted by the NFL season in the US and the Cricket World Cup in India. With Rs15bn in cash, Nazara is seeking acquisition opportunities incl. in RMG. We cut FY24-26CL forecasts by 10-24%, and with the stock expensive at 53x FY25CL PE, we retain SELL with a new target price of Rs570 (from Rs590).

3QFY24 revenue and Ebitda below our estimates

Consolidated revenue of Rs3.2bn was up 8% QoQ/2% YoY but 13% below our estimate. The miss was driven by gamified e-learning, e-sports and ad tech. E-sports revenue (60% of consol.) was up 13% QoQ/27% YoY while gamified e-learning (25% of consol.) was up 4% QoQ/1% YoY to Rs815m. Consol. Ebitda was up 35% QoQ/24% YoY to Rs377m but also missed our estimates despite 11.8% margin (up 2ppt QoQ/YoY). However PAT of Rs258m was up 30% QoQ/57% YoY, ahead of our estimate, with other income jumping 46% YoY/56% YoY led by Nazara's Rs15bn cash.

Subscriber loss for Kiddopia; fall in ad tech revenue

Kiddopia's 3QFY24 e-learning subscribers at 273,249 were down another 7% QoQ/-12% YoY but Arpu was up 3% QoQ/flat YoY at US\$6.8. E-learning revenue of Rs815m including Rs268m from Wildworks (acquired in 2QFY23) was up 1% YoY, but excl. Wildworks, it was down 4% YoY. Ad tech revenue was up 16% QoQ but dropped 44% YoY versus Rs466m in 3QFY23.

Nodwin leads e-sports ramp-up but posts Ebitda loss

Esports revenue of Rs1,937m was up 13%QoQ/ 27%YoY led by ~55% subsidiary Nodwin, which accounted for a 69% share. However, Nodwin posted an Ebitda loss (Rs22m in 3QFY24) due to the gaming accessories business (laptops etc) in a subsidiary (Brandscale) in which Nodwin plans to relinquish control. Nazara's esports Ebitda margin of 13% was led by Sportskeeda, which saw its margin surge to 45% benefiting from the NFL season in the US and the Cricket World Cup.

Targeting acquisitions in RMG; we cut our forecasts and retain SELL

Nazara post a Rs7.6bn fundraising and with Rs15bn consolidated cash is seeking acquisition opportunities including in real money gaming (RMG) despite the 28% GST tax levied on RMG. Given the big revenue miss in 3QFY24, we cut FY24/26CL revenue and Ebitda by 10-24%; a FY24CL profit upgrade is due to higher other income. With the stock expensive at 53x FY25CL PE, we retain SELL with a rolled forward target price (to Mar-26) of Rs570 (previously Rs590).

Financials

Year to 31 March	22A	23A	24CL	25CL	26CL
Revenue (Rsm)	6,217	10,910	12,107	15,443	20,071
Rev forecast change (%)	-	-	(12.7)	(12.0)	(9.6)
Ebitda (Rsm)	946	1,097	1,402	2,317	3,244
Net profit (Rsm)	284	394	868	1,259	1,739
NP forecast change (%)	-	-	16.2	(4.3)	(4.2)
EPS (Rs)	4.3	5.9	11.3	16.5	22.7
CL/consensus (8) (EPS%)	-	-	111	126	130
EPS growth (% YoY)	187.8	37.1	91.5	45.1	38.1
PE (x)	200.6	146.3	76.4	52.7	38.1

Source: www.cls.com

Change in target price

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Revenue at Rs3.2bn was up
2% YoY/ 8% QoQ

Ebitda at Rs377m was up
24% YoY/35% QoQ

Margins were up 208bps
YoY/ 239bps QoQ to 11.8%

The company reported PAT
of Rs258m

Revenue was up 2% YoY
with esports revenue
growing 27% YoY

Total expenses were down
1% YoY

Figure 1

Nazara 3QFY24 results

(Rsm)	3QFY23	2QFY24	3QFY24	QoQ%	YoY%	9MFY23	9MFY24	YoY%
Revenue from operations	3,148	2,972	3,204	8%	2%	8,017	8,721	9%
Total expenses	2,843	2,694	2,827	5%	(1%)	7,198	7,734	7%
Ebitda	305	279	377	35%	24%	819	987	20%
Ebitda margin (%)	9.7%	9.4%	11.8%	239bps	208bps	10.2%	11.3%	110bps
Depreciation	154	163	166	2%	8%	469	481	3%
Ebit	151	116	211	82%	40%	350	505	44%
Other income	115	123	179	46%	56%	413	419	2%
Finance costs	5	27	20	(23%)	308%	18	60	232%
PBT	261	212	370	74%	42%	745	865	16%
Exceptional/ discontinued ops	-	17	5	(71%)	nm	nm	22	nm
Tax	60	(13)	80	(731%)	33%	210	141	(33%)
Net profit / (loss)	201	242	295	22%	47%	535	746	39%
Non-controlling interest	37	44	38	(14%)	1%	154	95	(39%)
Net profit / (loss)	164	198	258	30%	57%	381	651	71%

Source: Company, CLSA

Figure 2

Nazara revenue breakdown

Revenue (Rsm)	3QFY23	2QFY24	3QFY24	QoQ%	YoY%	9MFY23	9MFY24	YoY%
Telco subscription	132	74	70	(6%)	(47%)	399	252	(37%)
Gamefied e learning	804	783	815	4%	1%	1,927	2,393	24%
Freemium	70	54	54	0%	(23%)	199	180	(10%)
eSports	1,525	1,720	1,937	13%	27%	3,914	4,836	24%
Real money gaming	151	132	77	(42%)	(49%)	436	329	(25%)
Ad tech	466	225	261	16%	(44%)	1,142	757	(34%)
Total	3,148	2,972	3,204	8%	2%	8,017	8,721	9%

Source: Company, CLSA

Figure 3

Expense breakdown

(Rsm)	3QFY23	2QFY24	3QFY24	QoQ%	YoY%	9MFY23	9MFY24	YoY%
Purchase/ changes in stock	130	458	205	(55%)	58%	463	769	66%
Content, event and web server	1,303	847	1,238	46%	(5%)	2,710	2,842	5%
Advertising and promotion	563	474	411	(13%)	(27%)	1,926	1,342	(30%)
Commission	142	167	178	6%	25%	399	523	31%
Employee benefits	436	489	475	(3%)	9%	1,064	1,418	33%
Others	269	258	320	24%	19%	636	840	32%
Total Expenses	2,843	2,694	2,827	5%	(1%)	7,198	7,734	7%

Source: Company, CLSA

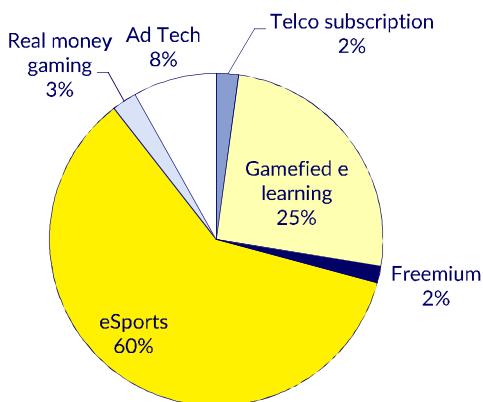
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Esports and gamified early learning contributed over 80% of total revenue

Figure 4

Revenue breakdown - 3QFY24

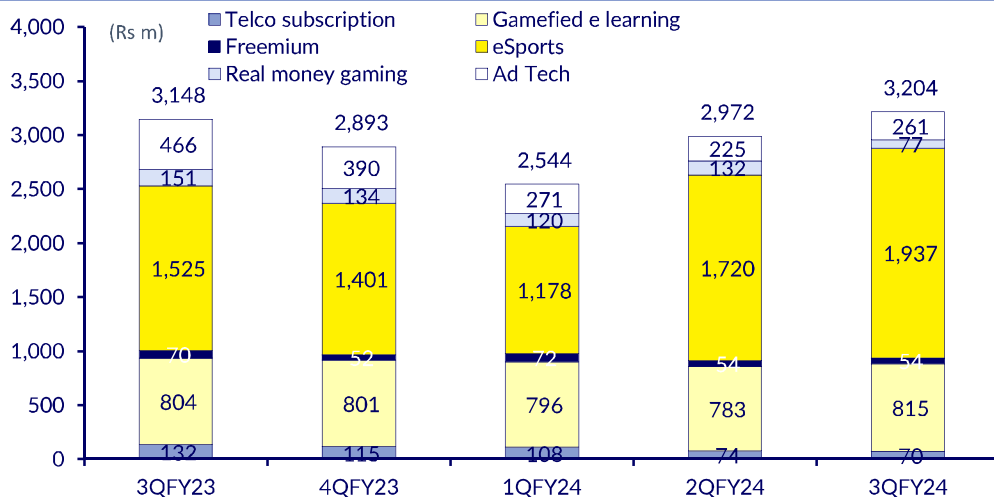


Source: Company, CLSA

In 3QFY24, Nazara esport revenue was up 27%YoY and ad tech was down 44%YoY

Figure 5

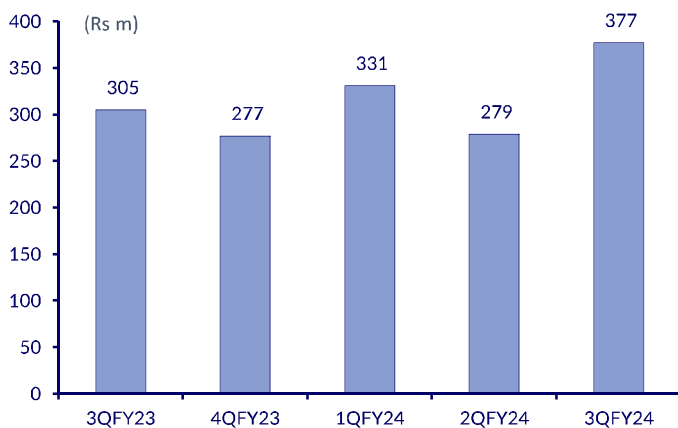
Quarterly revenue trends



Source: Company, CLSA

Figure 6

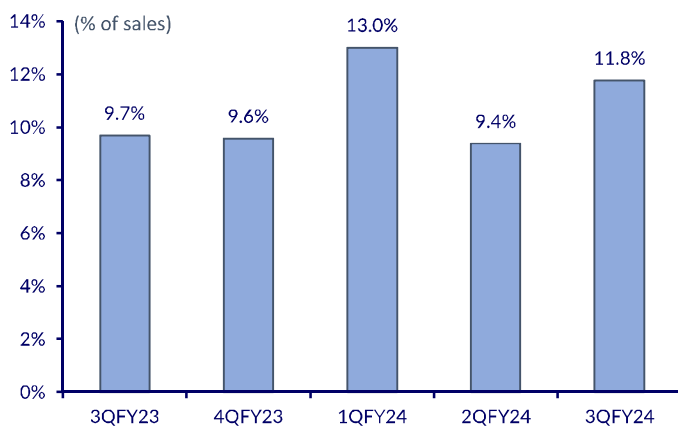
Quarterly trend in consolidated Ebitda



Source: Company, CLSA

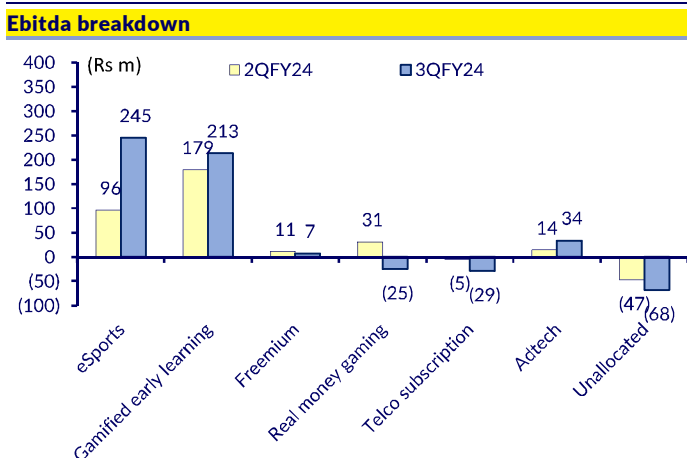
Figure 7

Ebitda margin at 11.8%



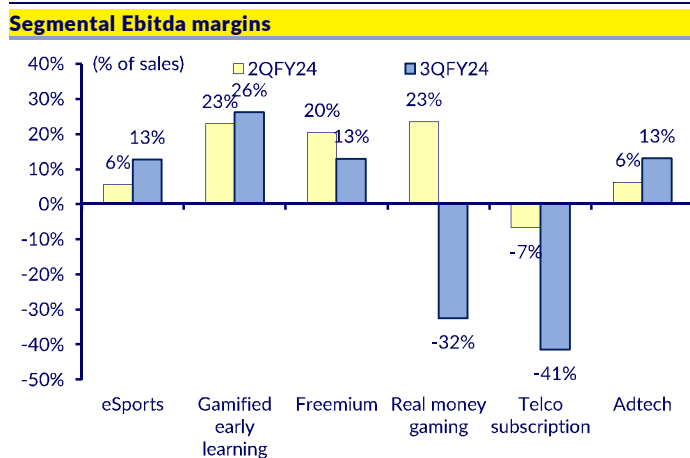
Source: Company, CLSA

Figure 8



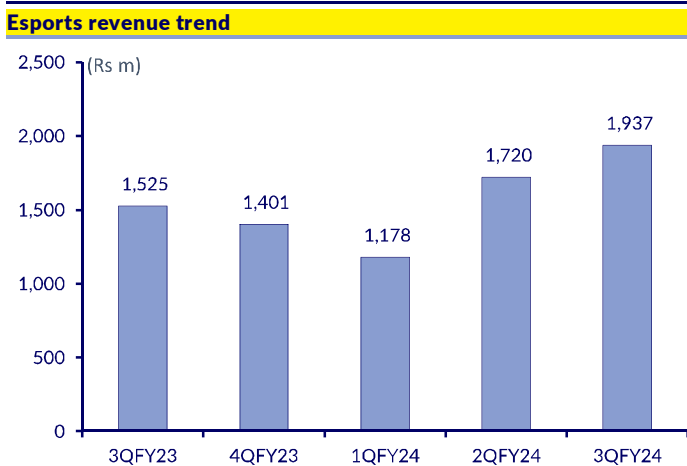
Source: Company, CLSA

Figure 9



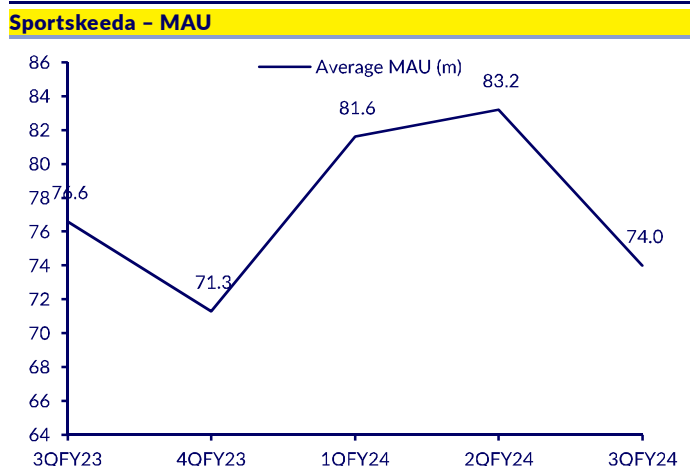
Source: Company, CLSA

Figure 10



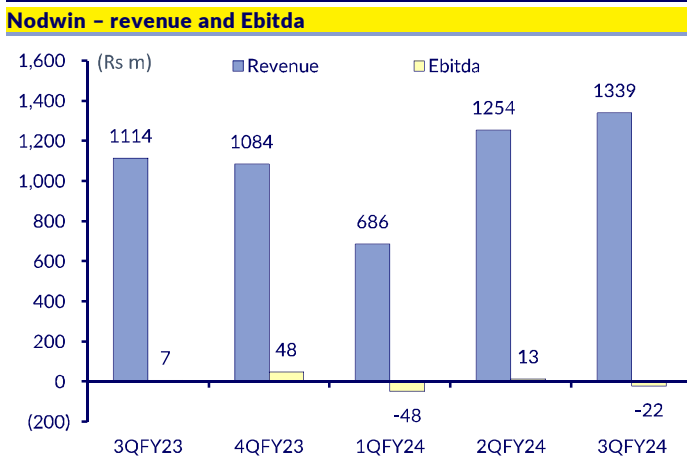
Source: Company, CLSA

Figure 11



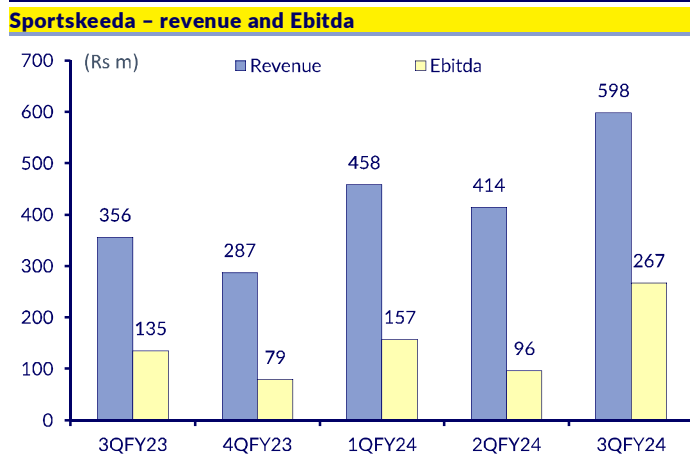
Source: Company, CLSA

Figure 12



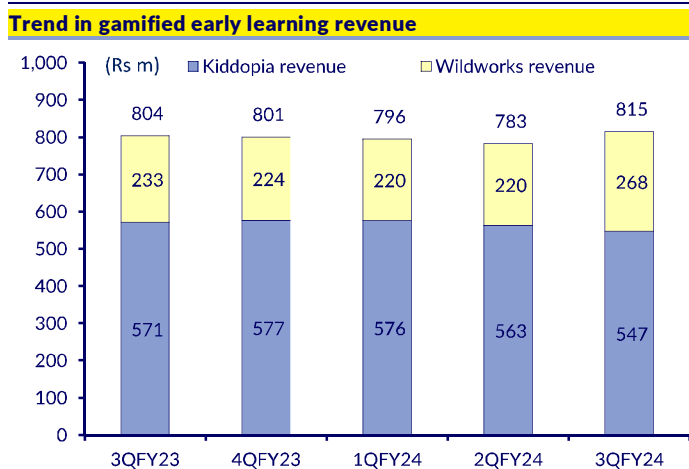
Source: Company, CLSA

Figure 13



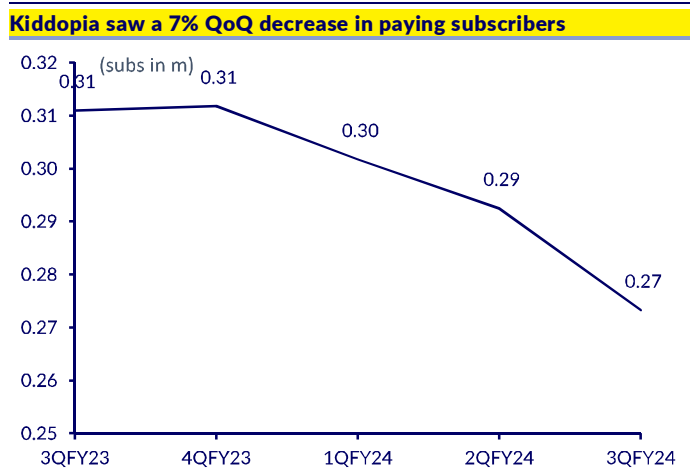
Source: Company, CLSA

Figure 14



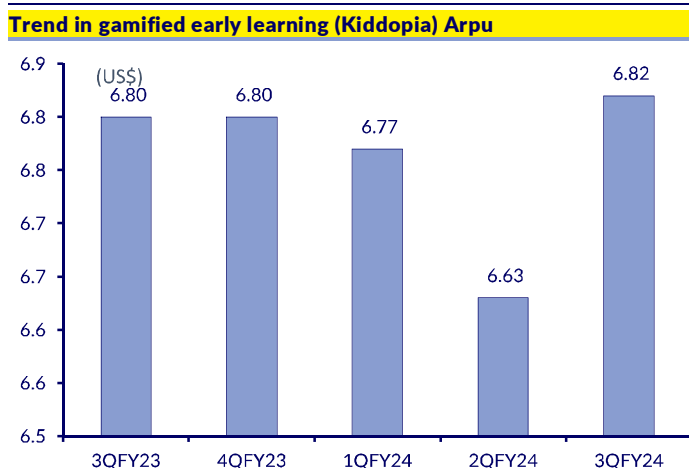
Source: Company, CLSA Note: Includes revenue from Wildworks acquisition from 2QFY23

Figure 15



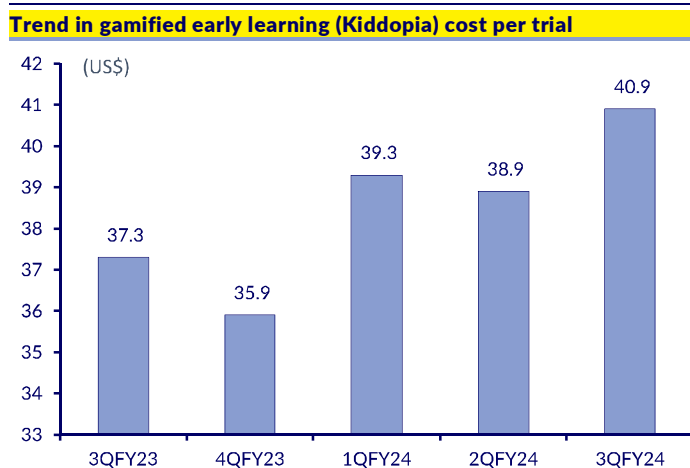
Source: Company, CLSA

Figure 16



Source: Company, CLSA

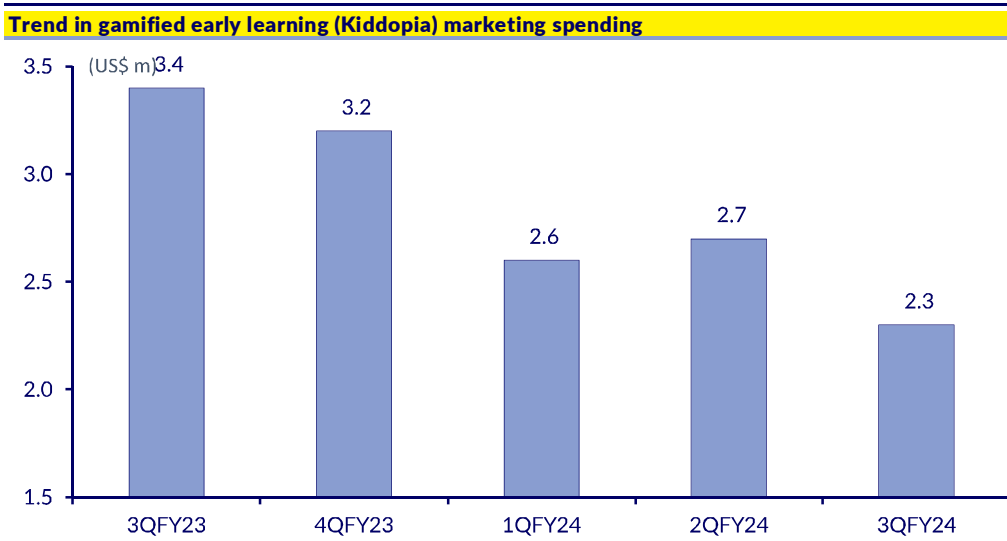
Figure 17



Source: Company, CLSA

Marketing spending was down 15% QoQ

Figure 18



Source: Company

In Jan-24, Nodwin announced the 100% acquisition of Comi Con for Rs550m

In Jan-24, Nodwin announced the 13.5% equity acquisition of Freaks 4U Gaming for Eur8m

Figure 20

Key acquisitions done by Nazara/ Nodwin in 2024

Comic Con India Private Limited (Rsm)	
Primary business segment	Gaming & Pop Culture Entertainment
	FY23
Revenue	162.6
Acquisition price	550

Freaks 4U Gaming GmbH (EURm)	
Primary business segment	Gaming & Sports Entertainment
	CY22
Revenue	38.3
Acquisition price	EUR 8m

Source: Company, CLSA

Figure 21

Summary of estimate changes

Rsm	FY24CL			FY25CL			FY26CL		
	Old	New	% change	Old	New	% change	Old	New	% change
Revenue									
Gamefied e learning	3,754	3,244	(14%)	4,896	3,893	(20%)	6,397	5,181	(19%)
eSports	6,861	6,707	(2%)	8,880	8,908	0%	11,410	11,492	1%
Telco subscription	488	360	(26%)	464	396	(15%)	441	435	(1%)
Freemium	301	251	(17%)	331	276	(17%)	364	304	(17%)
Real money gaming	776	473	(39%)	903	576	(36%)	1,055	707	(33%)
Ad Tech	1,685	1,072	(36%)	2,064	1,394	(32%)	2,529	1,952	(23%)
Revenue from operations	13,866	12,107	(13%)	17,539	15,443	(12%)	22,196	20,071	(10%)
Ebitda	1,838	1,402	(24%)	2,888	2,317	(20%)	3,813	3,244	(15%)
Ebitda margin (%)	13.3%	11.6%	(1.7%)	16.5%	15.0%	(1.5%)	17.2%	16.2%	(1.0%)
Net Profit / (Loss) after minority interest	747	868	16%	1,316	1,259	(4%)	1,815	1,739	(4%)

Source: CLSA

Figure 22

Nazara consolidated financial summary

(Rsm)	FY22	FY23	FY24CL	FY25CL	FY26CL
Revenue					
Gamefied e learning	2,044	2,728	3,244	3,893	5,181
eSports	3,039	5,315	6,707	8,908	11,492
Telco subscription	624	514	360	396	435
Freemium	213	251	251	276	304
Real money gaming	297	570	473	576	707
Ad Tech	-	1,532	1,072	1,394	1,952
Revenue from operations	6,217	10,910	12,107	15,443	20,071
Ebitda	946	1,097	1,402	2,317	3,244
Ebitda margin (%)	15.2%	10.1%	11.6%	15.0%	16.2%
Net Profit / (Loss)	507	614	1,046	1,799	2,558
Net Profit / (Loss) after minority interest	284	394	868	1,259	1,739

Source: Company, CLSA

Detailed financials

Profit & Loss (Rsm)

Year to 31 March	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Revenue	2,475	4,542	6,217	10,910	12,107	15,443	20,071
Cogs (ex-D&A)	(507)	(524)	(1,396)	(4,509)	(4,955)	(6,092)	(7,888)
Gross Profit (ex-D&A)	1,968	4,018	4,821	6,401	7,152	9,351	12,183
Research & development costs	-	-	-	-	-	-	-
Selling & marketing expenses	(1,401)	(2,766)	(2,521)	(2,938)	(3,079)	(3,695)	(4,803)
Other SG&A	(305)	(318)	(473)	(876)	(972)	(1,317)	(1,812)
Other Op Expenses ex-D&A	(319)	(487)	(881)	(1,490)	(1,699)	(2,021)	(2,325)
Op Ebitda	(57)	447	946	1,097	1,402	2,317	3,244
Depreciation/amortisation	(263)	(396)	(477)	(657)	(648)	(701)	(756)
Op Ebit	(320)	51	469	440	755	1,616	2,487
Interest income	155	143	241	495	547	801	944
Interest expense	(12)	(4)	(6)	(47)	(12)	(12)	(12)
Net interest inc/(exp)	142	139	235	448	535	789	932
Associates/investments	-	-	-	-	-	-	-
Forex/other income	-	-	-	-	-	-	-
Asset sales/other cash items	-	-	0	0	-	-	-
Provisions/other non-cash items	(18)	(24)	(5)	(20)	-	-	-
Asset revaluation/Exceptional items	-	-	-	-	-	-	-
Profit before tax	(196)	166	699	868	1,290	2,405	3,419
Taxation	(72)	(30)	(192)	(254)	(244)	(606)	(862)
Profit after tax	(268)	136	507	614	1,046	1,799	2,558
Preference dividends	-	-	-	-	-	-	-
Profit for period	(268)	136	507	614	1,046	1,799	2,558
Minority interest	0	(44)	(223)	(220)	(178)	(540)	(818)
Net profit	(268)	92	284	394	868	1,259	1,739
Extraordinaries/others	0	0	0	0	0	0	0
Profit available to ordinary shares	(268)	92	284	394	868	1,259	1,739
Dividends	-	-	-	-	-	-	-
Retained profit	(268)	92	284	394	868	1,259	1,739
Adjusted profit	(268)	92	284	394	868	1,259	1,739
EPS (Rs)	(4.8)	1.5	4.3	5.9	11.3	16.5	22.7
Adj EPS [pre excep] (Rs)	(4.8)	1.5	4.3	5.9	11.3	16.5	22.7
Core EPS (Rs)	(4.8)	1.5	4.3	5.9	11.3	16.5	22.7
DPS (Rs)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Profit & loss ratios

Year to 31 March	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Growth (%)							
Revenue growth (% YoY)	45.9	83.5	36.9	75.5	11.0	27.6	30.0
Ebitda growth (% YoY)	(134.6)	nm	111.6	16.0	27.8	65.2	40.0
Ebit growth (% YoY)	nm	nm	820.0	(6.2)	71.5	114.1	53.9
Net profit growth (%)	(498.9)	nm	207.2	38.7	120.3	45.1	38.1
EPS growth (% YoY)	(491.4)	nm	187.8	37.1	91.5	45.1	38.1
Adj EPS growth (% YoY)	(491.4)	nm	187.8	37.1	91.5	45.1	38.1
DPS growth (% YoY)	-	-	-	-	-	-	-
Core EPS growth (% YoY)	(491.4)	nm	187.8	37.1	91.5	45.1	38.1
Margins (%)							
Gross margin (%)	79.5	88.5	77.5	58.7	59.1	60.6	60.7
Ebitda margin (%)	(2.3)	9.8	15.2	10.1	11.6	15.0	16.2
Ebit margin (%)	(12.9)	1.1	7.5	4.0	6.2	10.5	12.4
Net profit margin (%)	(10.8)	2.0	4.6	3.6	7.2	8.2	8.7
Core profit margin	(10.8)	2.0	4.6	3.6	7.2	8.2	8.7
Op cashflow margin	(1.2)	14.6	8.6	(2.4)	12.3	13.4	13.6
Returns (%)							
ROE (%)	(5.9)	1.6	3.3	3.7	5.7	6.3	8.0
ROA (%)	(6.9)	0.5	2.8	2.0	2.8	4.4	6.2
ROIC (%)	(9.9)	0.7	4.1	2.8	5.2	10.6	16.6
ROCE (%)	(10.8)	1.6	12.2	7.2	10.2	22.9	36.3
Other key ratios (%)							
Effective tax rate (%)	(36.8)	18.0	27.5	29.3	18.9	25.2	25.2
Ebitda/net int exp (x)	-	-	-	-	-	-	-
Exceptional or extraord. inc/PBT (%)	-	-	-	-	-	-	-
Dividend payout (%)	-	0.0	0.0	0.0	0.0	0.0	0.0

Source: www.clsa.com



Great



Solid



Meh

Balance sheet (Rsm)

Year to 31 March	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Cash & equivalents	721	1,400	2,081	1,421	10,466	12,502	15,227
Accounts receivable	681	686	847	1,536	1,704	2,174	2,826
Inventories	-	-	-	-	-	-	-
Other current assets	861	1,314	980	2,461	2,742	3,106	3,580
Current assets	2,263	3,399	3,908	5,418	14,911	17,782	21,633
Fixed assets	1,643	1,302	1,619	2,424	1,986	1,495	949
Investments	216	122	325	652	652	652	652
Goodwill	1,688	1,684	2,632	3,407	3,407	3,407	3,407
Other intangible assets	0	0	0	0	0	0	0
Other non-current assets	1,734	3,720	5,614	5,117	5,117	5,117	5,117
Total assets	7,544	10,227	14,098	17,018	26,074	28,453	31,758
Short term loans/OD	-	-	-	-	-	-	-
Accounts payable	693	640	499	767	829	998	1,256
Accrued expenses	-	-	-	-	-	-	-
Taxes payable	20	88	116	102	112	123	136
Other current liabs	711	1,397	1,083	2,145	2,472	2,860	3,322
Current liabilities	1,424	2,125	1,698	3,014	3,414	3,982	4,714
Long-term debt/leases/other	80	17	43	382	382	382	382
Convertible bonds	-	-	-	-	-	-	-
Provisions/other LT liabs	339	295	374	456	466	479	494
Total liabilities	1,844	2,437	2,115	3,852	4,262	4,843	5,590
Share capital	112	122	130	265	305	305	305
Retained earnings	4,899	6,460	10,283	10,784	19,212	20,471	22,211
Reserves/others	0	0	0	0	0	0	0
Shareholder funds	5,011	6,582	10,413	11,049	19,517	20,776	22,515
Minorities/other equity	690	1,208	1,570	2,117	2,295	2,835	3,653
Total equity	5,700	7,790	11,983	13,166	21,812	23,611	26,168
Total liabs & equity	7,544	10,227	14,098	17,018	26,074	28,453	31,758
Total debt	80	17	43	382	382	382	382
Net debt	(641)	(1,382)	(2,038)	(1,039)	(10,084)	(12,120)	(14,845)
Adjusted EV	48,292	53,047	56,163	58,058	57,865	56,369	54,461
BVPS (Rs)	89.5	106.9	158.4	166.1	255.1	271.5	294.2

Balance sheet ratios

Year to 31 March	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Key ratios							
Current ratio (x)	1.6	1.6	2.3	1.8	4.4	4.5	4.6
Growth in total assets (% YoY)	46.6	35.6	37.9	20.7	53.2	9.1	11.6
Growth in capital employed (% YoY)	48.0	(15.1)	56.9	61.1	(5.3)	(3.3)	(2.4)
Net debt to operating cashflow (x)	-	-	-	-	-	-	-
Gross debt to operating cashflow (x)	(2.7)	0.0	0.1	(1.5)	0.3	0.2	0.1
Gross debt to Ebitda (x)	(1.4)	0.0	0.0	0.3	0.3	0.2	0.1
Net debt/Ebitda (x)	-	-	-	-	-	-	-
Gearing							
Net debt/equity (%)	(11.2)	(17.7)	(17.0)	(7.9)	(46.2)	(51.3)	(56.7)
Gross debt/equity (%)	1.4	0.2	0.4	2.9	1.8	1.6	1.5
Interest cover (x)	(13.4)	48.6	118.3	19.9	108.4	201.3	285.8
Debt cover (x)	(0.4)	38.6	12.4	(0.7)	3.9	5.4	7.2
Net cash per share (Rs)	11.4	22.4	31.0	15.6	131.8	158.4	194.0
Working capital analysis							
Inventory days	-	-	-	-	-	-	-
Debtor days	83.2	54.9	45.0	39.9	48.8	45.8	45.5
Creditor days	339.1	463.9	148.9	51.2	58.8	54.7	52.1
Working capital/Sales (%)	4.7	(2.8)	2.1	9.0	8.5	8.4	8.4
Capital employed analysis							
Sales/Capital employed (%)	70.2	151.7	132.3	144.1	168.8	222.7	296.6
EV/Capital employed (%)	1,369.8	1,771.7	1,195.2	766.9	806.8	812.8	804.8
Working capital/Capital employed (%)	3.3	(4.2)	2.7	13.0	14.4	18.7	25.0
Fixed capital/Capital employed (%)	46.6	43.5	34.5	32.0	27.7	21.6	14.0
Other ratios (%)							
PB (x)	9.7	8.1	5.5	5.2	3.4	3.2	2.9
EV/Ebitda (x)	(852.9)	118.7	59.4	52.9	41.3	24.3	16.8
EV/OCF (x)	(1,611.9)	79.8	105.2	(224.2)	38.8	27.3	19.9
EV/FCF (x)	(482.3)	83.8	136.3	(169.8)	45.2	30.4	21.6
EV/Sales (x)	19.5	11.7	9.0	5.3	4.8	3.7	2.7
Capex/depreciation (%)	26.7	9.0	31.3	14.5	32.4	30.0	27.8

Source: www.clsa.com

Cashflow (Rsm)

Year to 31 March	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Operating profit	(320)	51	469	440	755	1,616	2,487
Operating adjustments	-	-	-	-	-	-	-
Depreciation/amortisation	263	396	477	657	648	701	756
Working capital changes	87	306	(280)	(856)	(203)	(435)	(580)
Interest paid / other financial expenses	(8)	(4)	(5)	(71)	535	789	932
Tax paid	(72)	(160)	(190)	(260)	(244)	(606)	(862)
Other non-cash operating items	20	75	63	(169)	0	0	0
Net operating cashflow	(30)	665	534	(259)	1,491	2,065	2,734
Capital expenditure	(70)	(32)	(122)	(83)	(210)	(210)	(210)
Free cashflow	(100)	633	412	(342)	1,281	1,855	2,524
Acq/inv/disposals	(357)	(1,021)	(3,622)	(688)	-	-	-
Int, invt & associate div	516	(1,623)	249	(181)	-	-	-
Net investing cashflow	89	(2,675)	(3,495)	(952)	(210)	(210)	(210)
Increase in loans	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0
Net equity raised/others	42	2,180	3,435	487	7,764	181	201
Net financing cashflow	42	2,180	3,435	487	7,764	181	201
Incr/(decr) in net cash	101	169	474	(724)	9,044	2,036	2,726
Exch rate movements	88	509	208	63	0	0	0
Opening cash	533	721	1,399	2,081	1,420	10,465	12,501
Closing cash	721	1,399	2,081	1,420	10,465	12,501	15,227
OCF PS (Rs)	(0.5)	10.8	8.1	(3.9)	19.5	27.0	35.7
FCF PS (Rs)	(1.8)	10.3	6.3	(5.1)	16.7	24.2	33.0

Cashflow ratio analysis

Year to 31 March	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Growth (%)							
Op cashflow growth (% YoY)	(116.6)	nm	(19.7)	(148.5)	nm	38.5	32.4
FCF growth (% YoY)	(182.1)	-	(34.9)	(183.0)	-	44.8	36.1
Capex growth (%)	19.1	(54.6)	283.3	(32.0)	153.0	0.0	0.0
Other key ratios (%)							
Capex/sales (%)	2.8	0.7	2.0	0.8	1.7	1.4	1.0
Capex/op cashflow (%)	(234.2)	4.8	22.8	(32.0)	14.1	10.2	7.7
Operating cashflow payout ratio (%)	-	0.0	0.0	-	0.0	0.0	0.0
Cashflow payout ratio (%)	-	-	-	-	-	-	-
Free cashflow payout ratio (%)	-	-	-	-	-	-	-

DuPont analysis

Year to 31 March	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Ebit margin (%)	(12.9)	1.1	7.5	4.0	6.2	10.5	12.4
Asset turnover (x)	0.4	0.5	0.5	0.7	0.6	0.6	0.7
Interest burden (x)	0.6	3.3	1.5	2.0	1.7	1.5	1.4
Tax burden (x)	1.4	0.8	0.7	0.7	0.8	0.7	0.7
Return on assets (%)	(6.9)	0.5	2.8	2.0	2.8	4.4	6.2
Leverage (x)	1.3	1.3	1.2	1.2	1.2	1.2	1.2
ROE (%)	(5.9)	1.6	3.3	3.7	5.7	6.3	8.0

EVA® analysis

Year to 31 March	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Ebit adj for tax	(437)	42	340	311	612	1,209	1,860
Average invested capital	4,436	5,881	8,287	10,962	11,737	11,430	11,241
ROIC (%)	(9.9)	0.7	4.1	2.8	5.2	10.6	16.6
Cost of equity (%)	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Cost of debt (adj for tax)	13.7	8.2	7.3	7.1	8.1	7.5	7.5
Weighted average cost of capital (%)	12.2	10.4	10.1	10.0	10.4	10.2	10.2
EVA/IC (%)	(22.1)	(9.7)	(6.0)	(7.2)	(5.2)	0.4	6.4
EVA (Rsm)	(980)	(570)	(496)	(788)	(605)	47	718

Source: www.clsa.com

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