INSTITUTIONAL RESEARCH

Sun Pharmaceutical Industries

Checkpoint acquisition to strengthen specialty business

Sun Pharma (SUNP) and Checkpoint Therapeutics Inc. (Checkpoint) have entered into an agreement under which SUNP will acquire Checkpoint, an immunotherapy and targeted oncology company. SUNP will pay a total consideration of ~USD 355 mn (~USD 4.1 per share) as upfront cash, plus an additional USD 0.7 per share as a non-transferable contingent value right upon achieving certain approval milestones in the European Union. This will add Unloxcyt (Cosibelimab-ipdl), an anti-PD-L1 treatment approved for cutaneous squamous cell carcinoma (cSCC), to SUNP's global onco-derm franchise, along with other pipeline products (four molecules under development for non-small cell lung cancer and solid tumour indications). We assume the US launch will occur only after the transaction is completed by September 2025 (the potential market opportunity in the US is ~USD 1 bn), and Checkpoint is also looking to file in the EU (global market of USD 40-50 bn). The acquisition of Checkpoint is in line with SUNP's capital allocation strategy to strengthen its specialty business, with a focus on dermatology, ophthalmology, and oncology. Unloxcyt (Cosibelimab; skin cancer) will complement its existing specialty products like Odomzo (sonidegib) and Yonsa (Abiraterone acetate) – both approved in the US, Nidlegy (awaiting approval in the EU), and the recently-acquired Fibromun (under Phase III). SUNP's progress on specialty molecules such as Ilumya (for psoriatic arthritis), GL0034 (obesity), MM-II (osteoarthritis), SCD-044 (atopic dermatitis/psoriasis), and Fibromun (for soft tissue sarcomas/glioblastoma) provides long-term growth visibility. Over FY19-24, SUNP delivered an 11% sales CAGR and a 15% EBITDA CAGR. Looking ahead, we expect a sales CAGR of 10% for FY24-27E, with margin improving to ~29.1% in FY27E (from 26.8% in FY24; 9MFY25 margin at 29.4%). This translates into an EBITDA CAGR of 13% and an EPS CAGR of 14% over FY24-27E. We reiterate our BUY rating and roll forward our target price to INR 1,970 (32x FY27E EPS). We will factor in the acquisition post-completion of the transaction.

- **Deal details:** SUNP will acquire all outstanding shares of Checkpoint for an upfront cash payment of USD 4.1 per share (~USD 355 mn; without interest), and a non-transferable contingent value right (CVR) entitling the stockholder to receive up to USD 0.70 in cash, if cosibelimab is approved prior to certain deadlines in the EU pursuant to the centralized approval procedure or in Germany, France, Italy, Spain or the United Kingdom, subject to the terms and conditions in the contingent value rights agreement.
- **Agreement with Fortress**: Fortress has the majority of voting power. SUNP and Fortress have entered into a royalty agreement, under which, after the closing of the transaction, Fortress will be entitled to receive royalty payments based on future sales of cosibelimab during a specified term.
- The acquisition of Checkpoint is in line with SUNP's capital allocation strategy to strengthen its specialty business and Unloxcyt (Cosibelimab; skin cancer) will be complementary addition to its existing specialty products basket with ready front-end infra (pre-launch related expenses to be limited) as it already has Odomzo and Yonsa approved and launched in the US.

Financial Summary (Sun Pharma)

YE March (INR bn)	FY21	FY22	FY23	FY24	FY24E	FY25E	FY27E
US sales (USD mn)	1,359	1,526	1,684	1,854	1,962	2,184	2,343
Net Sales	335	387	439	485	527	584	638
EBITDA	85	102	118	130	153	167	186
APAT	59	76	86	100	118	134	148
Diluted EPS (INR)	24.6	31.7	36.0	41.6	49.2	56.0	61.6
P/E (x)	65.4	50.8	44.6	38.7	32.7	28.7	26.1
EV / EBITDA (x)	45.3	36.9	32.4	28.8	24.2	21.6	19.1
RoCE (%)	13	17	16	17	20	21	21

Source: Company, HSIE Research

BUY

CMP *(as on 10 Mar 2025)*	INR 1,610
Target Price	INR 1,970
NIFTY	22,460

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2050	INR 1970
EPS %	FY25E	FY26E
	-	-

KEY STOCK DATA	
Bloomberg code	SUNP IN
No. of Shares (mn)	2,399
MCap (INR bn) / ($ mn)	3,866/44,272
6m avg traded value (INR mn)	3,614
52 Week high / low	INR 1,960/1,377

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(11.0)	(12.2)	0.4
Relative (%)	(1.9)	(2.7)	0.4

SHAREHOLDING PATTERN (%)	Sep-24	Dec-24
Promoters	54.48	54.48
FIs & Local MFs	18.61	18.56
FPIs	18.02	18.04
Public & Others	8.89	8.92
Pledged Shares	0.79	0.69

Source : BSE

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About Checkpoint Therapeutics

Checkpoint is the US-based (Waltham, MA) commercial-stage immunotherapy and targeted oncology company focused on the acquisition, development and commercialization of novel treatments for patients with solid tumor cancers. The company was founded by Fortress Biotech Inc. Checkpoint has received approval from the USFDA for Unloxcyt (Cosibelimab-ipdl) for the treatment of adults with metastatic cSCC or locally advanced cSCC who are not candidates for curative surgery or curative radiation. Additionally, it is evaluating its lead investigational small-molecule, targeted anti-cancer agent, olafertinib, a third-generation epidermal growth factor receptor (EGFR) inhibitor, as a potential new treatment for patients with EGFR mutation-positive non-small cell lung cancer.

Exhibit 1: Checkpoint - P&L highlights

USD mn	CY20	CY21	CY22	CY23	9MCY23	9MCY24
Revenue	1.07	0.27	0.19	0.10	0.10	0.04
R&D	**16.35**	**48.45**	**49.83**	**43.57**	**35.27**	**19.34**
Operating costs	7.92	8.54	8.70	8.69	6.81	8.04
Operating loss	**-23.2**	**-56.7**	**-58.3**	**-52.1**	**-42.0**	**-27.3**
Other income	0.1	0.1	-4.3	0.3	9.3	0.0
Net loss	**-23.1**	**-56.7**	**-62.6**	**-51.8**	**-32.7**	**-27.3**

Source: Company, HSIE Research

Exhibit 2: Checkpoint – Balance sheet highlights

USD mn	CY20	CY21	CY22	CY23	9MCY24
Cash and cash equivalents	40.8	54.7	12.1	4.9	4.7
Total Assets	**42.6**	**55.7**	**13.3**	**5.4**	**5.2**
Accounts payable and accrued expenses	6.4	24.9	20.3	15.5	15.6
Accounts payable and accrued expenses - related party	0.9	1.1	1.3	2.8	2.0
Total Liabilities	**42.6**	**55.7**	**13.3**	**5.4**	**5.2**

Source: Company, HSIE Research

Exhibit 3: Checkpoint Therapeutics: Portfolio

Candidate	Mechanism of action	Indication	Current phase	Next milestone
Unloxcyt (Cosibelimab-ipdl)	Anti-PD-L1 Antibody	Metastatic cSCC	Approved in Dec'24	Launch in the US; EMA/UK MAA submissions pending
		Locally advanced cSCC	Approved in Dec'24	Launch in the US; EMA/UK MAA submissions pending
Olafertinib	3rd Gen EGFRi	Non-small cell lung cancer (Olafertinib + cosibelimab)	Phase 1 monotherapy trial complete	Phase 1b/2 combo trial planned
CK-103	BET Inhibitor	Myelofibrosis and Solid Tumors	Preclinical stage	IND submission-ready
CK-302	Anti-GITR	Solid Tumors	Preclinical stage	Continue IND-enabling activities
CK-303	Anti-CAIX	Renal Cell Carcinoma/ Solid Tumors	Preclinical stage	Candidate selection and initiation of IND enabling activities

Source: Company, HSIE Research

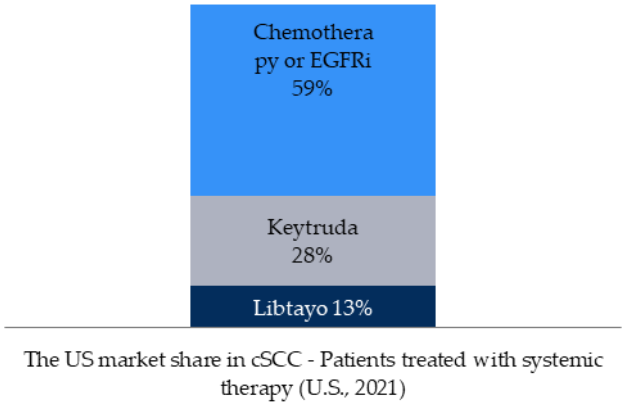
Unloxcyt (Cosibelimab-ipdl)

Checkpoint received the USFDA approval in Dec'24, as the first and only anti-PD-L1 mAb approved for the treatment of adults with metastatic or locally-advanced cutaneous squamous cell carcinoma (cSCC) who are not candidates for curative surgery or curative radiation. Efficacy results in cSCC show ≥ 50% objective response rates (ORRs) with robust complete response rates in both locally advanced and

metastatic cSCC. As per the company, the addressable market opportunity for cSCC in the US is ~USD 1+ bn and it is looking to file the product in the EMA and UK.

The company was looking for business/corporate transactions for the commercial launch in the US. Its strategy is to utilize a targeted approach to drive maximum uptake, with an estimated 25 sales reps, four key account directors, and five medical science liaisons (MSLs) to engage 1,900 prioritized oncologists covering ~7,000 cSCC patients in the US market. It is also focusing on digital outreach to cover the remaining HCPs covering ~4,500 cSCC patients. Its MSLs to focus on national KOLs at specialty centers and regional KOL development. It is aiming for 70% Medicare, 25% commercial, and 5% Medicaid.

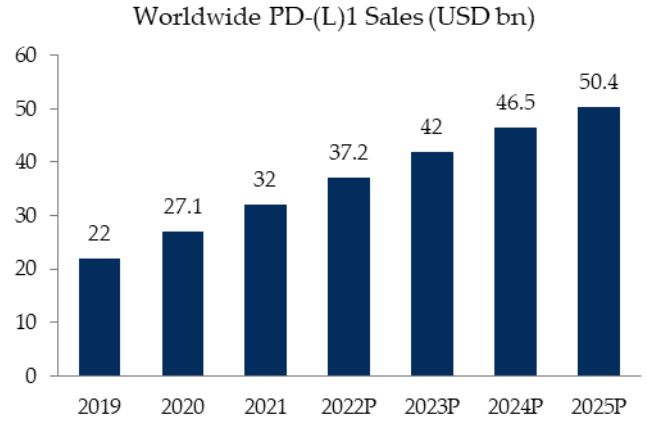
Exhibit 4: cSCC market opportunity in the US



The US market share in cSCC - Patients treated with systemic therapy (U.S., 2021)

Source: IQVIA, HSIE Research

Exhibit 5: cSCC global market opportunity



Source: IQVIA, HSIE Research

In the immuno-oncology area, several major pharma companies have a PD-1 and/or PD-L1 antibody on the market, including, without limitation, Keytruda (Merck, PD-1), Opdivo (Bristol-Myers Squibb, PD-1), Tecentriq (Roche, PD-L1), Imfinzi (AstraZeneca, PD-L1), Bavencio (Pfizer/Merck, PD-L1), Libtayo (Regeneron, PD-1), Jemperli (GlaxoSmithKline, PD-1) and Loqtorzi (Coherus, PD-1). There are several anti-GITR antibody development programs that are or were in preclinical or early clinical studies, including, without limitation, by Merck & Co., and an anti-CAIX antibody in clinical studies by Telix Pharma.

Also, other pipeline products like in the EGFR inhibitor space—Tarceva, Iressa, Gilotrif, Tagrisso and Vizimpro—are currently approved drugs for the treatment of first-line EGFR mutation-positive NSCLC in the US. AstraZeneca's Tagrisso is also approved by the USFDA for the treatment of patients with metastatic EGFR T790M mutation-positive NSCLC who have progressed on or after EGFR tyrosine kinase inhibitor therapy and for the adjuvant treatment of patients with early-stage EGFR mutation positive NSCLC. In addition, there are a number of products in development targeting cancer-causing mutant forms of EGFR for the treatment of NSCLC patients, including, Novartis' nazartinib, and Janssen's lazertinib. In the BET inhibitor space, there are several companies which have advanced to early-stage clinical trials, including MorphoSys AG's pelabresib, Bristol-Myers Squibb's trotabresib, Abbvie's mivebresib, Incyte's INCB57643 and Zenith Epigenetics's ZEN003694.

Exhibit 6: Revenue, EBITDA and PAT assumptions

(INR mn)	% of FY24 sales	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
India	31	97,102	1,03,432	1,27,593	1,36,031	1,48,893	1,69,142	1,91,130	2,14,066
% growth		32%	7%	23%	7%	9%	14%	13%	12%
US (USD mn)		1,487	1,359	1,526	1,684	1,854	1,962	2,184	2,343
% growth		-3%	-9%	12%	10%	10%	6%	11%	7%
Taro (USD mn)		496	384	377	363	396	379	388	397
% growth		-8%	-23%	-2%	-4%	9%	-4%	2%	2%
Specialty business (USD mn)*		404	442	595	738	900	1,032	1,193	1,345
% growth		26%	10%	35%	24%	22%	15%	16%	13%
Generics ex-Taro/ Specialty (USD mn)		588	533	555	583	558	551	603	601
% growth		-12%	-9%	4%	5%	-4%	-1%	9%	0%
US	32	1,05,425	1,00,921	1,13,737	1,35,353	1,53,493	1,64,813	1,85,627	1,99,162
% growth		(1)	(4)	13	19	13	7	13	7
Specialty business (USD mn)		429	475	673	871	1,039	1,220	1,365	1,551
% growth		33	11	42	29	19	17	12	14
Exports (ex-US)	32	1,00,253	1,06,796	1,21,976	1,39,402	1,53,323	1,65,539	1,76,890	1,92,810
% growth		14	7	14	14	10	8	7	9
Emerging markets	18	55,044	57,840	67,432	78,977	86,195	94,383	1,03,821	1,13,165
% growth		3	5	17	17	9	10	10	9
RoW	14	45,210	48,956	54,545	60,426	67,128	71,156	73,068	79,645
% growth		31	8	11	11	11	6	3	9
API	4	19,159	19,504	18,354	19,724	19,187	20,530	22,377	23,496
% growth		11	2	(6)	7	(3)	7	9	5
Others	1	1,312	1,679	2,604	2,279	2,690	1,480	1,701	1,770
% growth		11	28	55	(12)	18	(45)	15	4
Total sales	**100**	**3,23,252**	**3,32,331**	**3,84,264**	**4,32,789**	**4,77,585**	**5,21,503**	**5,77,726**	**6,31,304**
% growth		**13**	**3**	**16**	**13**	**10**	**9**	**11**	**9**
Other operating income		5,123	2,651	2,281	6,068	7,384	5,215	5,777	6,313
% growth		35	(48)	(14)	166	22	(29)	11	9
Total revenues		**3,28,375**	**3,34,981**	**3,86,545**	**4,38,857**	**4,84,969**	**5,26,718**	**5,83,503**	**6,37,617**
% growth		**13**	**2**	**15**	**14**	**11**	**9**	**11**	**9**
Gross profit		**2,36,071**	**2,48,081**	**2,83,030**	**3,32,235**	**3,78,342**	**4,19,268**	**4,65,052**	**5,05,630**
Gross margin		**71.9**	**74.1**	**73.2**	**75.7**	**78.0**	**79.6**	**79.7**	**79.3**
EBITDA		**69,742**	**84,677**	**1,02,438**	**1,17,729**	**1,29,870**	**1,52,748**	**1,67,465**	**1,85,546**
EBITDA margin		**21.2**	**25.3**	**26.5**	**26.8**	**26.8**	**29.0**	**28.7**	**29.1**
Adjusted PAT		**39,697**	**59,022**	**76,048**	**86,481**	**99,751**	**1,17,963**	**1,34,400**	**1,47,684**
% growth		**5**	**49**	**29**	**14**	**15**	**18**	**14**	**10**

Source: Company, HSIE Research, EBITDA/ PAT adjusted for forex and one-offs

Exhibit 7: US sales from multiple specialty assets can scale up

Specialty Business (USD mn)	Indication	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Absorica (Ranbaxy/Cipher)	Treat acne	175	174	155	100	80	65	60	60	60
Levulan	Thick actinic keratoses	97	98	51	70	76	83	94	109	122
Ilumya (Merck)	Plaque psoriasis, trials are ongoing for new indications of psoriatic arthritis (analysing ankylosing spondylitis)	10	64	141	285	395	489	542	580	623
Bromsite (In-Site)	Treat inflammation and prevent ocular pain during/post cataract surgery	5	8	11	11	12	20	30	45	55
Cequa (Ocular Tech)	Dry eye condition	-	14	34	61	73	81	96	111	132
Odomzo (Novartis)	Oncology/dermatology	4	20	26	25	30	45	55	70	80
Yonsa (Churchill Pharma)	Metastatic prostate cancer	30	25	25	28	38	40	45	60	70
Winlevi (Cassiopea)	Acne vulgaris	-	-	-	15	34	57	110	159	202
Total Specialty Sales in US		**321**	**404**	**442**	**595**	**738**	**900**	**1,032**	**1,193**	**1,345**
Specialty Sales ex-US		0	25	33	78	133	139	188	171	206
Global Specialty Sales		**321**	**429**	**475**	**673**	**871**	**1,039**	**1,220**	**1,365**	**1,551**

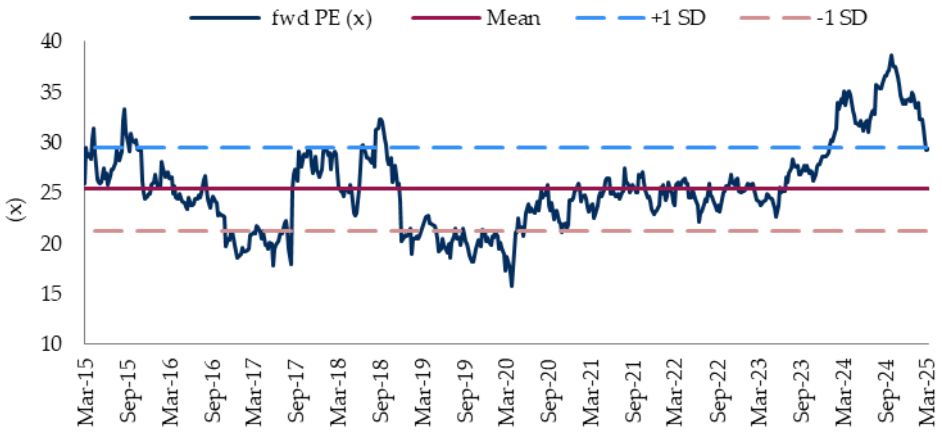
Source: Company, HSIE Research

Exhibit 8: SUNP's specialty R&D pipeline – current update

Candidate	Mechanism of action	Indication	Current phase	Next milestone
Leqselvi (Deuruxolitinib)	JAK Inhibitor	Alopecia areata	Approved in the US during Jul'24	Launch; under patent litigation
Nidlegy	Immunocytokines	Skin cancer	Partner with Philogen. Filed with EMA (EU) for treatment of locally advanced, fully resectable melanoma in the neoadjuvant setting.	Approval
Ilumya	IL-23 Antagonist	Psoriatic arthritis	Phase-3	Topline data during H2CY25
MM-II	Liposomal intra-articular lubrication	Pain in osteoarthritis	Phase-2 completed	Phase 3 to start in H2CY25
SCD-044	Selective SIPR1 Agonist	Atopic dermatitis	Phase 2	Topline data by H1CY25
		Psoriasis	Phase 2	Topline data by H1CY25
GL0034	GLP-1R Agonist	Obesity	Phase-1 completed	Phase 2 to start by H1CY25
Fibromun	Innovative anti-cancer immunotherapy	Soft tissue sarcoma	Phase 3	Regulatory filing
		Glioblastoma	Phase 2	Regulatory filing

Source: Company, HSIE Research

Exhibit 9: PE chart



Source: Bloomberg, HSIE Research

Financials (Consolidated)

Profit & loss (INR mn)

March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net sales	**3,23,252**	**3,32,331**	**3,84,264**	**4,32,789**	**4,77,585**	**5,21,503**	**5,77,726**	**6,31,304**
Other operating income	5,123	2,651	2,281	6,068	7,384	5,215	5,777	6,313
Total operating income	**3,28,375**	**3,34,981**	**3,86,545**	**4,38,857**	**4,84,969**	**5,26,718**	**5,83,503**	**6,37,617**
Cost of goods sold	-92,305	-86,901	-1,03,515	-1,06,622	-1,06,626	-1,07,451	-1,18,451	-1,31,987
Gross profit	2,36,071	2,48,081	2,83,030	3,32,235	3,78,342	4,19,268	4,65,052	5,05,630
Gross margin (%)	71.9	74.1	73.2	75.7	78.0	79.6	79.7	79.3
Total operating expenses	-1,66,329	-1,63,403	-1,80,592	-2,14,506	-2,48,472	-2,66,519	-2,97,587	-3,20,084
EBITDA	**69,742**	**84,677**	**1,02,438**	**1,17,729**	**1,29,870**	**1,52,748**	**1,67,465**	**1,85,546**
EBITDA margin (%)	21.2	25.3	26.5	26.8	26.8	29.0	28.7	29.1
Depreciation	-20,528	-20,800	-21,437	-25,294	-25,566	-25,575	-25,661	-25,879
EBIT	**49,214**	**63,878**	**81,000**	**92,435**	**1,04,304**	**1,27,173**	**1,41,804**	**1,59,668**
Net interest	-3,027	-1,414	-1,274	-1,720	-2,385	-2,337	-1,377	-924
Other income	6,360	8,355	9,215	6,345	13,542	18,157	19,656	19,254
Profit before tax	**50,096**	**27,994**	**44,813**	**94,084**	**1,10,879**	**1,38,774**	**1,60,083**	**1,77,998**
Total taxation	-8,228	-5,147	-10,755	-8,476	-14,395	-20,816	-25,613	-30,260
Tax rate (%)	16	18	24	9	13	15	16	17
Profit after tax	41,868	22,847	34,058	85,608	96,484	1,17,958	1,34,470	1,47,738
Minorities	4,070	-6,315	1,166	394	337	339	78	62
Profit/ Loss associate co(s)	-148	-123	-165	-479	-384	-52	8	8
Adjusted net profit	**39,697**	**59,022**	**76,048**	**86,481**	**99,751**	**1,17,963**	**1,34,400**	**1,47,684**
Adj. PAT margin (%)	12	18	20	20	21	23	23	23
Net non-recurring items	-2,048	-29,984	-43,321	-1,745	-3,987	-397	0	0
Reported net profit	**37,649**	**29,038**	**32,727**	**84,736**	**95,764**	**1,17,567**	**1,34,400**	**1,47,684**

Balance sheet (INR mn)

March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Paid-up capital	2,399	2,399	2,399	2,399	2,399	2,399	2,399	2,399
Reserves & surplus	4,50,245	4,62,229	4,77,713	5,57,555	6,34,268	6,84,706	7,75,949	8,76,490
Net worth	4,91,247	4,94,798	5,10,661	5,93,155	6,71,060	6,89,752	7,81,073	8,81,677
Borrowing	75,783	38,686	12,903	68,859	32,737	25,129	19,673	14,216
Other non-current liabilities	10,835	9,951	8,581	9,270	10,667	10,623	10,741	11,259
Total liabilities	**6,82,525**	**6,76,667**	**6,98,078**	**8,07,436**	**8,54,629**	**8,78,138**	**9,69,955**	**10,73,271**
Gross fixed assets	2,86,345	2,92,914	3,21,161	3,47,419	3,56,848	3,72,458	3,87,168	4,02,478
Less: Depreciation	-1,22,691	-1,40,260	-1,60,422	-1,90,345	-2,10,723	-2,36,298	-2,61,960	-2,87,838
Net fixed assets	1,63,655	1,52,653	1,60,739	1,57,074	1,46,124	1,36,159	1,25,208	1,14,639
Add: Capital WIP	12,203	15,668	12,868	49,732	53,539	64,346	64,346	64,346
Total fixed assets	1,75,858	1,68,322	1,73,607	2,06,806	1,99,663	2,00,505	1,89,554	1,78,985
Total Investment	1,01,431	96,125	1,28,486	1,48,243	1,50,258	1,52,216	1,52,312	1,52,410
Inventory	78,750	89,970	89,251	1,05,131	98,683	1,02,417	1,13,459	1,23,981
Debtors	94,212	90,614	1,04,846	1,14,385	1,12,494	1,30,216	1,44,255	1,57,633
Cash & bank	64,876	64,455	50,334	57,703	1,05,207	1,09,569	1,73,226	2,47,798
Loans & advances	1,492	567	1,707	419	659	641	710	775
Current liabilities	1,04,660	1,33,232	1,65,933	1,36,152	1,40,165	1,52,633	1,58,468	1,66,119
Total current assets	2,67,576	2,73,127	2,72,314	3,05,113	3,48,913	3,78,026	4,71,746	5,75,239
Net current assets	1,62,916	1,39,895	1,06,381	1,68,961	2,08,748	2,25,392	3,13,278	4,09,120
Other non-current assets	72,845	76,217	57,759	63,693	69,806	59,679	68,630	78,925
Total assets	**6,82,525**	**6,76,667**	**6,98,078**	**8,07,436**	**8,54,629**	**8,78,138**	**9,69,955**	**10,73,271**

Source: Company, HSIE Research

Cash flow (INR mn)

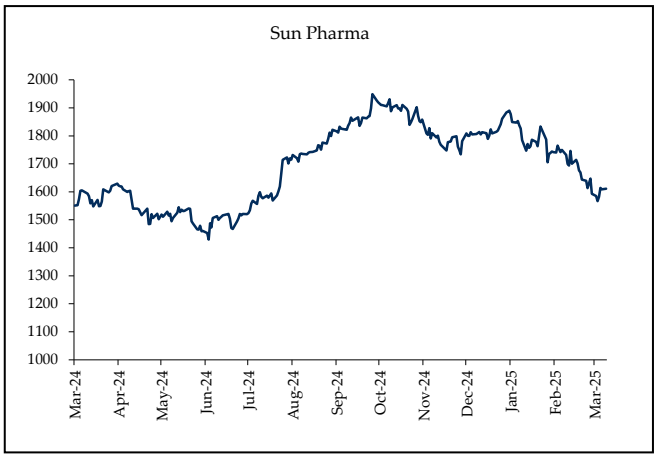
March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Profit before tax	50,096	27,994	44,813	94,084	1,10,879	1,38,774	1,60,083	1,77,998
Depreciation & Amortisation	-20,528	-20,800	-21,437	-25,294	-25,566	-25,575	-25,661	-25,879
Chg in working capital	8,986	25,641	15,591	-56,618	10,621	-9,956	-32,105	-32,118
CF from operations	**65,548**	**61,704**	**89,845**	**49,593**	**1,21,350**	**1,20,379**	**1,12,763**	**1,26,214**
Capital expenditure	-15,420	-12,317	-22,346	-67,714	-23,451	-15,610	-14,710	-15,310
CF from investing	**-25,888**	**5,362**	**-57,247**	**-79,437**	**-6,902**	**-1,122**	**-14,614**	**-15,212**
Debt raised/ (repaid)	-33,419	-41,992	-27,431	52,602	-35,329	-7,607	-5,457	-5,456
Dividend paid	-16,624	-15,591	-21,589	-25,193	-28,982	-35,270	-40,320	-44,305
CF from financing	**-57,151**	**-59,805**	**-51,935**	**23,761**	**-67,102**	**-45,214**	**-47,154**	**-50,686**
Net chg in cash	-17,492	7,261	-19,337	-6,083	47,346	74,043	50,994	60,316

Key ratios

March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OPERATIONAL								
FDEPS (INR)	16.5	24.6	31.7	36.0	41.6	49.2	56.0	61.6
CEPS (INR)	24.2	20.8	22.6	45.9	50.6	59.7	66.7	72.3
DPS (INR)	6.9	6.5	9.0	10.5	12.1	14.7	16.8	18.5
Dividend payout ratio (%)	44.2	53.7	66.0	29.7	30.3	30.0	30.0	30.0
GROWTH								
Net sales (%)	12.7	2.8	15.6	12.6	10.4	9.2	10.8	9.3
EBITDA (%)	9.0	21.4	21.0	14.9	10.3	17.6	9.6	10.8
Adj net profit (%)	5.4	48.7	28.8	13.7	15.3	18.3	13.9	9.9
FDEPS (%)	5.4	48.7	28.8	13.7	15.3	18.3	13.9	9.9
PERFORMANCE								
RoE (%)	8.8	12.9	16.1	16.6	16.7	17.8	18.3	17.8
RoCE (%)	9.6	12.9	16.8	16.4	17.0	20.2	21.0	20.8
EFFICIENCY								
Asset turnover (x)	1.2	1.1	1.3	1.3	1.4	1.4	1.5	1.6
Sales/ total assets (x)	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Working capital/ sales (x)	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Receivable days	106	100	100	96	86	91	91	91
Inventory days	111	131	115	119	101	100	100	100
Payable days	51	58	58	65	58	56	55	56
FINANCIAL STABILITY								
Total debt/ equity (x)	0.2	0.1	0.0	0.1	0.1	0.0	0.0	0.0
Net debt/ equity (x)	(0.1)	(0.1)	(0.2)	(0.1)	(0.3)	(0.3)	(0.3)	(0.4)
Current ratio (x)	2.6	2.1	1.6	2.2	2.5	2.5	3.0	3.5
Interest cover (x)	16.3	45.2	63.6	53.7	43.7	54.4	103.0	172.8
VALUATION								
PE (x)	97.2	65.4	50.8	44.6	38.7	32.7	28.7	26.1
EV/ EBITDA (x)	55.4	45.3	36.9	32.4	28.8	24.2	21.6	19.1
EV/ Net sales (x)	11.9	11.5	9.8	8.8	7.8	7.1	6.3	5.6
PB (x)	8.5	8.3	8.0	6.9	6.1	5.6	5.0	4.4
Dividend yield (%)	0.4	0.4	0.6	0.7	0.8	0.9	1.0	1.1
Free cash flow yield (%)	1.3	1.3	1.7	(0.5)	2.5	2.7	2.5	2.9

Source: Company, HSIE Research

1 Yr Price Movement



Rating Criteria

BUY:	>+15% return potential
ADD:	+5% to +15% return potential
REDUCE:	-10% to +5% return potential
SELL:	> 10% Downside return potential

Disclosure:

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