24th September 2019

Calamatta Cuschieri
INVESTMENT ADVISORS & STOCKBROKERS

International Hotel Investments p.l.c.

INTERNATIONAL HOTEL INVESTMENTS P.L.C.

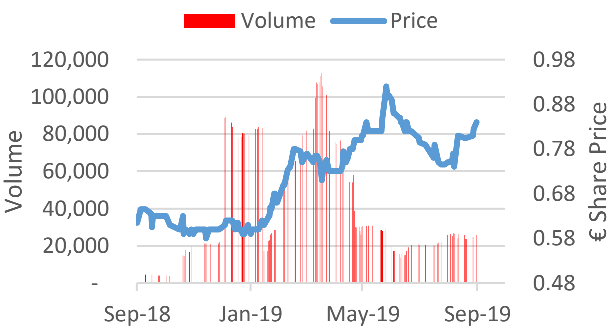
Stock Rating Hold
Price target (1Yr) €0.83

Country	Malta
Industry	Hospitality / Real Estate / Catering
Ticker Symbol	IHI
Price (as at 23/09/2019)	€0.84
Price Target (1 Year)	€0.83
Downside to PT	-1.2%
Market Cap	€517.18 million
Shares Outstanding	615.68 million
Free Float	9.65%
Net Dividend Yield *	2.4%
Current EV/EBITDA *	17.8x
Forward EV/EBITDA **	18.0x

*** Based on the last twelve months (LTM) as of June 2019**
**** CC estimates**

1-Year Range: Exchange: MSE
Lowest Price: €0.58
Highest Price: €0.92

Price Movement and Volume Movement (20 day moving average)



Source: Bloomberg

Executive Summary:

"We are initiating our coverage on International Hotel Investments p.l.c. with a Hold recommendation and a 12-month price target of €0.83. The Group's diversified property portfolio was key in enabling it to grow its EBITDA year-on-year, despite the breakout of the Libyan Civil War.

The capital intensive industry, which IHI operates in, coupled with the eminent financing costs incurred on its leveraged position is impinging on the Group's profitability (LTM 2019: FCF/Total Assets 1.4%). This consequently has restricted the distribution of dividends and dampened the share price growth potential.

Nonetheless, the Group has put one of its properties on sale, and should the deal go through, it will enable it to crystallise the capital appreciation of this property and reduce the overall depreciation costs. Management indicated a potential special dividend following the sale of this property. This may indicate a new trend whereby IHI cash-in the value of its owned properties and focus on growing its Corinthia brand through managed hotels.

In arriving at our price target, we factored in the expected downturn in the local luxury accommodation market, combined with the recent escalated tensions in Libya, which worsened the contribution of the Tripoli properties. Albeit, this is anticipated to be outweighed by the positive outlook for the remaining properties in the Group's portfolio. Investors should be aware of the illiquidity of the stock due to the relatively small free float (9.65% of the total market cap)."

Company Overview:

International Hotel Investments plc's ("**IHI**" or the "**Group**") principal activities is the ownership, development and operation of hotels, the management of real estate properties and the provision of catering services. The Group currently has an ownership stake in thirteen hotel properties, five of which are located in Malta and the rest in Europe, Russia and Libya. IHI has full ownership in ten out of these thirteen hotels. The Group currently has an overall room capacity of 3,651. This is going to increase to 3,830 once the redevelopment of the Grand Hotel Astoria in Brussels (126-rooms) and the Moscow Project are completed, where the latter will include a 53-room luxury boutique.

Hotel management operations are conducted through a fully owned subsidiary, CHI Limited, which currently manages six third parties' hotels worldwide. The Group intends to expand more in the segment of management of third parties' hotels, and indeed it has entered into three new management agreements, of which one is in Romania, one is in Dubai and one is in Qatar.

Market Research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The Group owns and manages two main commercial properties, one in Tripoli and one in St Petersburg as well as two other residential apartments' blocks in London (50% owned) and in Budapest. IHI is also involved in the catering business, through the Corinthia Caterers and the Costa Coffee franchise in Malta and Spain. Through QP Management, the Group has expanded its operations in the project management business.

Company Update:

Dividends – In June 2019, IHI declared and subsequently paid a net dividend of €0.02 per share, in line with the latest net dividend paid in 2018 of €0.02 per share.

Detailed Operations of the Group:

Description	Location	Owned - %	Rooms
Owned and Managed Hotels:			
Corinthia Hotel Budapest & 26 Luxury Apartments	Hungary	100	437
Corinthia Hotel St Petersburg	Russia	100	388
Corinthia Hotel Lisbon	Portugal	100	518
Corinthia Hotel Prague	Czech Republic	100	539
Corinthia Hotel Tripoli	Libya	100	299
Corinthia Hotel St George's Bay	Malta	100	249
Marina Hotel St George's Bay	Malta	100	200
Radisson Blu Resort St Julians	Malta	100	252
Radisson Blu Resort & Spa Golden Sands	Malta	50	338
Corinthia Palace Hotel & Spa (from April'18)	Malta	100	147
Corinthia Hotel & 12 Luxury Residences London	UK	50	284
Hotels/Property Under Development:			
Corinthia Grand Astoria Hotel Brussels (To be fully operational from 2022)	Belgium	50	126
Medina Tower Libya (Mixed-use property, project currently on hold)	Libya	25	N/A
Oasis at Hal Ferh Malta Vacant site (project currently on hold)	Malta	100	N/A
Moscow Project (will include 53-room boutique Corinthia hotel, residential apartments, high end retail & commercial outlets and underground parking, development to commence later in 2019)	Russia	10	53
Managed Hotels:			
Corinthia Hotel Prague	Czech Republic	N/A	440
Corinthia Hotel Aquincum	Hungary	N/A	310
Corinthia Hotel Tunis	Tunisia	N/A	309
Corinthia Hotel Khartoum	Sudan	N/A	230
Corinthia Hotel Meydan Dubai	Dubai	N/A	284
Corinthia Hotel Bab Al Shams	Dubai	N/A	115
Managed Hotels Under Development:			
Corinthia Hotel Bucharest (Opening 2020)	Romania	N/A	33
Corinthia Hotel Meydan Beach Dubai (Opening mid-2020)	Dubai	N/A	360
Corinthia Hotel Doha (Opening 2022)	Qatar	N/A	118
Commercial Properties:			
Commercial property St Petersburg	Russia	100	N/A
Commercial property Tripoli	Libya	100	N/A
Subsidiaries Companies:			
Corinthia Hotels Limited Malta Hotel management	Malta	100	N/A
QP Limited Malta Project management	Malta	100	N/A
CDI Limited Malta Project development	Malta	100	N/A
Corinthia Caterers	Malta	100	N/A
Costa Coffee Malta/Spain Retail catering	Malta/Spain	100	N/A

SWOT Analysis

Strengths

- ✓ IHI has a wide portfolio of hotels, both owned and managed spread over several countries, therefore its dependence on any single hotel and/or market is limited.
- ✓ Ownership of a strong, international, reputable brand name.
- ✓ The hotel segment, which is the Group's main source of income, operates in a favourable environment in most of the countries where IHI's hotels are located.
- ✓ Through the operations of the commercial properties and the project management business, the Group is diversifying its main source of income, being the Hotel segment.
- ✓ Hotel revenues have constantly increased in the last 5 years, and this is mainly expected to continue, albeit at a measured pace, in line with the broader economic trends in Europe.
- ✓ The Group has issued a dividend during the last two years and this is expected to be maintained going forward.

Weaknesses

- ✗ Despite the Group's constant improvement in the EBITDA generation during the last 5 years, IHI's profitability was not constant, with marginal profitability or losses.
- ✗ The Group has a low level of shares currently floated (9.65% of issued shares), which has a negative impact on liquidity.
- ✗ During 2019, tensions in Libya escalated and this negatively affected the performance of the Group's properties situated in Tripoli.
- ✗ Malta, being the largest sector for the Group, experienced a decrease in occupancy in the 5-star segment, which negatively impacted IHI.
- ✗ IHI operates in a capital-intensive industry, which results in significant annual investment cash outflows combined with a high depreciation cost that eats away the Group's profitability.
- ✗ The Group has a substantial level of debt, which consequently result in material finance costs.
- ✗ IHI's performance is sensitive to exchange rates movements.

Opportunities

- o The Group is eyeing the potential sale of some of its owned properties, which will enable IHI to crystallise the capital appreciation of such properties, with the possibility of ad-hoc dividends.
- o Management is committed to developing the business by engaging in hotel management agreements, which do not require large capital commitment.
- o In 2016, the Group acquired the Grand Hotel Astoria in Brussels and it expects the Hotel to commence operations from 2022.
- o Recently, the Group acquired a 10% stake in the Moscow Project, amongst a mixed-use retail outlet, IHI will manage a 53-room luxury Corinthia Hotel.
- o The Group has a number of owned properties that currently do not render any return, but this can significantly change once these are developed.
- o IHI intends to develop a luxury complex in Malta (St George's Bay), comprising of commercial facilities, apartments, offices and a luxury 6-star hotel.

Threats

- ! The future performance of the local luxury accommodation sector is uncertain, with all hotel operators reporting lower occupancies and concern about the lower spend per tourist.
- ! During the recent years, Malta experienced a significant increase in tourist accommodation, which might result in excess supply and a general decrease in prices.
- ! The future performance of the Group in Libya is largely dependent on how soon the political situation in Libya will return to normality.
- ! During 2017 and 2018, the Chairman of IHI has bought back 6.1% of the free-floated shares, adding to the stock liquidity problem.
- ! The Group is exposed to geopolitical risk in countries such as Russia and Hungary.
- ! A potential downturn in Europe's property market and hospitality industry.
- ! The increasing popularity of online private accommodation platforms, such as Airbnb might hinder the Group's operations.

Investment Stance

We are initiating our coverage on International Hotel Investments p.l.c. with a Hold recommendation and a 12-month price target of €0.83. During the last five years, IHI has continuously increased its EBITDA generation, despite experiencing a significant downturn in Libya due to the breakout of the Civil War, which is still ongoing. This is attributable to the successful investment program aimed towards diversifying the Group's geographical revenue streams.

The capital intensive industry, which IHI operates in, coupled with the eminent financing costs incurred on its leveraged position is impinging on the Group's profitability (LTM 2019: FCF/Total Assets 1.4%). This consequently has restricted the distribution of dividends and dampened the share price growth potential.

Nonetheless, the Group is looking to dispose one of its properties, and anticipates to finalise the deal by end of this year. This will benefit the Group twofold; (i) it will crystallise the capital appreciation of this property, with the potential to book a gain on disposal given management's recurring rhetoric that the book value of the Group's assets are undervalued, and (ii) reduce the overall depreciation cost and utilise the proceeds to further expand its Corinthia brand through managed hotels. Management also indicated that it is considering an ad hoc dividend based on the sale of this property. This may indicate a new trend whereby IHI cash-in the value of its owned properties and focus on growing its Corinthia brand through managed hotels.

We remain cautious about the fact that IHI is still exposed to the current turmoil in Libya, which might hinder the positive EBITDA generated (H1 2019: €1.8 million vs H1 2018: €2.2 million), as well as potentially incurring an impairment charge on the value of the properties. Additionally, in the first half of 2019 the Group has experienced strain on the occupancy levels of its Maltese hotels. The latter was true across the island, with all luxury hotel owners expressing concern about the continuously decreasing average spend per tourist and the abundant increase in private tourist accommodation, which is soaking much of the local tourism growth.

In arriving at our price target, we factored in the expected downturn in the local luxury accommodation market, combined with the recent escalated tensions in Libya, which worsened the contribution of the Tripoli properties. Albeit, this is anticipated to be outweighed by the positive outlook for the remaining properties in the Group's portfolio, in addition to current ongoing projects, which are expected to boost IHI's EBITDA. Investors should be aware of the illiquidity of the stock due to the relatively small free float, which amounts to only 9.65% of the total market cap.

IHI is currently trading at an enterprise value (EV) to EBITDA multiple of 17.8x as at the LTM of June 2019. Based on our FY2019 projected EBITDA, IHI is trading on a forward EV/EBITDA ratio of 18.0x.

In this respect, we view IHI as fairly valued at the current price and as such, we rate the stock as a Hold.

Valuation

Our one-year price target is €0.83. This price is calculated using an Enterprise Value to EBITDA model with an EV to EBITDA multiple of 17.0x, discounted with a weighted average cost of capital of 9.2%. The multiple and discount rate utilised are comparable to other European peers operating in the hospitality segment, including amongst others InterContinental Hotels Group PLC (19.5x) and Hilton Worldwide Holdings Inc (18x).

IHI Financials - In €'Millions	FY2017	FY2018	LTM2019[1]	FY2019F[2]	FY2020P	FY2021P
	€	€	€	€	€	€
Revenue	242.4	256.3	261.9	272.0	281.6	288.6
Total Operating Costs	(178.5)	(188.8)	(194.0)	(204.6)	(211.2)	(215.9)
EBITDA	**63.9**	**67.5**	**67.9**	**67.5**	**70.4**	**72.7**
Radisson Blu Resort & Spa Golden Sands (50% owned by Joint Venture)	1.7	1.4	1.4	1.0	1.0	1.0
Adjusted EBITDA	**65.6**	**68.9**	**69.3**	**68.5**	**71.4**	**73.7**

Ratio Analysis:	FY2017	FY2018	LTM2019	FY2019F	FY2020P	FY2021P
Revenue Growth (YoY)	53.5%	5.7%	2.2%	3.9%	3.5%	2.5%
EBITDA Margin	26.4%	26.3%	25.9%	24.8%	25.0%	25.2%

Source: Audited Financial Statements and CC Estimates

Key Assumptions:

St. George's Bay luxury complex

IHI acquired 100% of the issued share capital of Island Hotels Group Holdings p.l.c. (IHGH), owner of the Radisson Blu Resort St Julians in 2015. Management subsequently initiated the design process to consolidate the three hotel properties situated in St George's Bay, St Julians, Malta, namely, the Radisson Blue Resort St Julians, the Corinthia Hotel St George's Bay and the Marina Hotel. These are expected to make way for a mixed-use development that will feature a luxury hotel, attracting high net leisure and corporate guests, as well as high-end residential, office, retail and commercial facilities targeting a six-star market. The impact of this project on the Group's operations was not taken into account since the commencement of the project is not yet outlined and limited information is publicly available as at today.

Corinthia Grand Astoria Hotel Brussels

The Grand Astoria Hotel was built in 1909 and will be undergoing an extensive redeveloping and restoration project. Works will commence by end of 2019, and the project is expected to be completed by 2021. Given that the Hotel will be fully operational in 2022, which falls outside our projected period, we have valued the property at its current asset cost as per the 2018 financials, which amounts to €23.7 million.

Moscow Project

In January 2019, the Group acquired 10% share in a prime property located in Moscow. The project will include a 53-room boutique Corinthia hotel, 4,700m^2 of retail and public amenity areas for rent, as well as 16,000m^2 in high-end branded residential apartments for sale. Works are expected to commence later in 2019. The project's completion date is currently unknown and as such in our model, we valued it at the initial investment amounting to US $5.5 million.

Oasis at Hal Ferh Malta

Upon acquisition of IHGH, the Group also acquired a plot of land measuring 83,530m^2, situated adjacent to Radisson

[1] LTM 2019 is calculated by adding the interim results (H1) of 2019 with the audited results of financial year 2018, less H1 2018.

[2] Our forecasted figures do not take into account the implications brought about by the adoption of IFRS 16, where most leases were capitalised as from 1st January 2019.

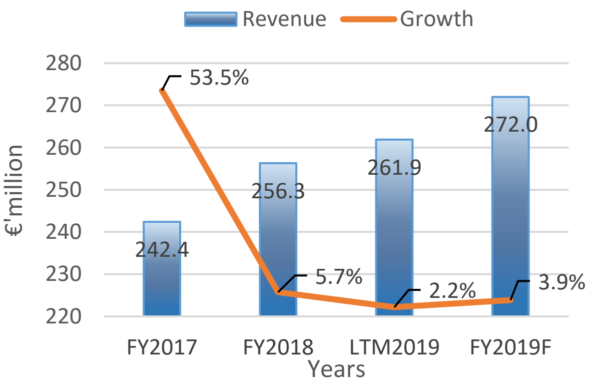
Blu Resort & Spa Golden Sands Hotel. IHI is currently assessing the design of this land and no further public information was provided. Accordingly, our valuation model takes into account the land's current value of €21.8 million based on the 2018 financials.

Medina Tower Libya

IHI owns 25% of the Medina Tower, in Tripoli. It will consist of a total gross floor area of 199,000m^2 compromising of a mix of residential, retail, commercial and conference space, including a curved tower, where a double height restaurant will complete the property. The Group has to date injected €13 million in the project, with the current carrying amount of €12.8 million. We have excluded this from our valuation as the project is currently on hold for the foreseeable future, until the situation of Libya improves.

Investment Thesis Variables

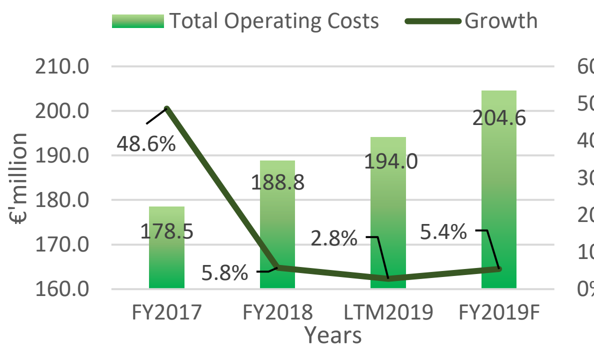
- **Revenue -** As of the LTM 2019, revenue generated amounted to €261.9 million, an increase of €5.6 million or 2.2%, from FY 2018 where revenue stood at €256.3 million. The owned and managed hotel segment represents the Group's main revenue stream, where in FY 2018 this represented 81.8% of the total revenue. The main contributors to the increase in revenue in FY 2018 were Malta and Libya. In April 2018, IHI acquired the Corinthia Palace Hotel and should this be excluded revenue generated from Malta in 2018 was in-line with that generated in FY 2017. During FY 2018, the Tripoli Hotel experienced a growth in its food and beverage activity, which resulted in an increase of €1.8 million in turnover generated from this hotel. Noticeable organic increase in revenue during FY 2018 was registered in the Portugal and London hotels. The revenue growth registered in FY 2017 is not comparable, given that it captures the full consolidated performance of the London hotel (IHI owns 50%), which previously was excluded.



Source: Financial Statements / CC Workings

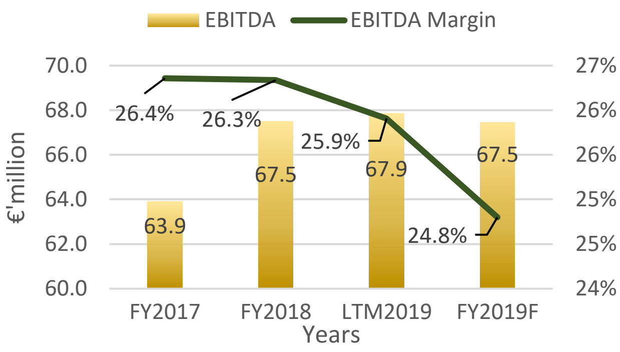
  We are projecting the Group's revenue to increase to €272.0 million in FY 2019, representing an increase of 3.9% or €10.1 million from the LTM2019. This is mainly as a result of the Group plans to consolidate various catering operations, which is expected to increase revenue by €6.9 million. Despite this, EBITDA for this segment is expected to remain at breakeven level. The remaining €3.2 million growth represents the anticipated net increase in the revenue generated from the Group's hotel segment.

- **Total Operating Costs -** Stood at €194.0 million in the LTM2019, representing an increase of 2.8% or €5.2 million from FY 2018. This is mainly characterised by an increase in the direct costs and the administrative expenses. In FY 2018, total operating costs increased by 5.8% or €10.3 million from FY 2017.



Source: Financial Statements / CC Workings

  We are forecasting total operating costs to increase to €204.6 million in FY 2019, translating to an increase of 5.4% or €10.6 million. During the last two years, the growth in operating costs has overpassed the growth in revenue, which contributed to a declining EBITDA margin as further analysed below. We expect this to hold true in FY 2019, where the growth in total operating costs is expected to be 5.4% compared to the growth in revenue of 3.9%.



Source: Financial Statements / CC Workings

- **EBITDA -** Increased to €67.9 million in the LTM 2019, representing an increase of €0.3 million or 0.5% from FY 2018. The EBITDA growth has slowed down in H1 2019, when compared to the YoY growth of FY 2018, which amounted to €3.6 million or 5.6%. This is mainly attributed to the decrease in EBITDA margin, which stood at 26.3% in FY 2018 and decreased to 25.9% in LTM 2019.

  The decreasing growth in EBITDA during H1 2019 is due to two main geographical regions that are underperforming when compared to FY 2018, being Libya and Malta. In the beginning of 2019, tensions in Libya escalated and this negatively affected the Group performance. The EBITDA contribution of the Tripoli properties decreased to €1.8 million in H1 2019 when compared to H1 2018 contribution of €2.2 million. We do not expect the performance in Libya to improve in the near future, subsequently contributing to a lower forecasted total EBITDA in FY 2019 of €67.5 million, when compared to LTM 2019.

  In Malta, the Group's performance is also underperforming when compared to FY 2018, with management indicating lower occupancy and a strain on the Maltese hotels EBITDA generation. All local luxury hotel owners are expressing concern about the continuously decreasing average spend per tourist and the abundant increase in private tourist accommodation, which is soaking much of the local tourism growth. This is negatively affecting IHI and consequently contributing to a lower EBITDA in FY 2019.

  We expect that the remaining properties of the Group, located in Budapest, St Petersburg, Lisbon, Prague and London will experience growth in their EBITDA generation. Albeit, on comparative basis the hotel in St. Petersburg is expected to generate a lower EBITDA, given that last year's results included the one off effect of the world cup. Nonetheless, should this be excluded we expect the contribution of the hotel to improve.

  Our forecasted EBITDA for FY 2019 does not take into account the positive effect amounting to approximately €2 million that will be brought about by IFRS 16 on the operations of the Costa Coffee franchise. Given that, most Costa Coffee outlets are on a lease, and as per the new standard these leases are to be capitalised as from 1 January 2019. Thus, resulting in previous lease expenses to be reclassified under depreciation and finance costs, both of which are under the EBITDA level.

  We expect that the positive contribution from most of the Group's properties will be marginally outweighed by the unfavourable environment of the Malta and Libya properties, with the EBITDA in FY 2019 to be comparable to FY 2018. In arriving at the EBITDA contribution for FY 2020 we also took into account two new managed hotels that should commence operations in FY 2020, being the Corinthia Hotel Bucharest and the Corinthia Hotel Meydan Beach Dubai.

  Our model does not capture the change in the EBITDA contribution of the potential property that is currently on sale. To date, there is no public information which property will be sold.

- **Dividends -** The Group has distributed a dividend during the last two years, which amounted to €0.02 per share or €12.3 million annually. IHI's management indicated that it has set a floor dividend of €0.02, subject to the Group registering a profitability. As further discussed above, the Group is also considering a special dividend should it be successful in selling one of its properties.

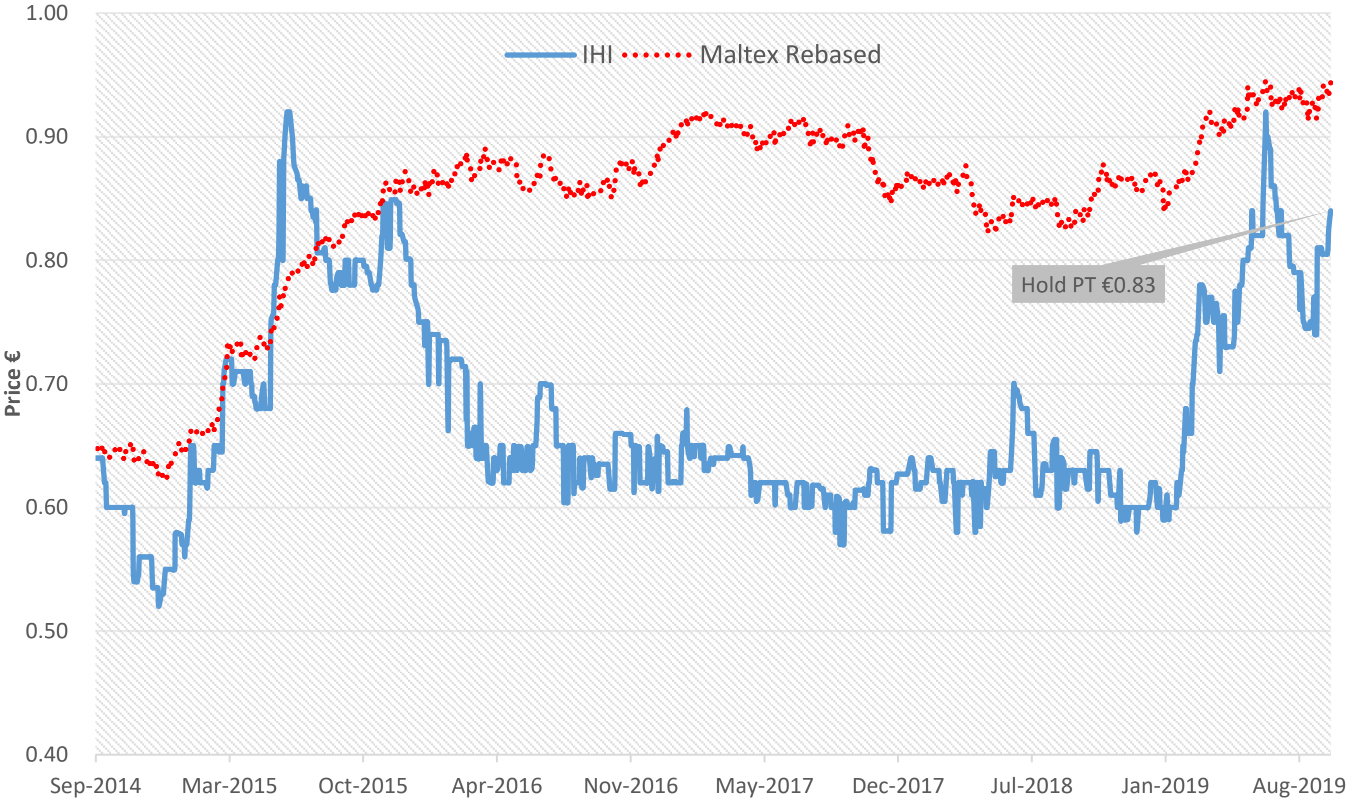
Key Financial Indicators

IHI Historic Financials (€'Millions unless otherwise indicated)	Dec-2017	Dec-2018	LTM-2019
Income Statement			
Revenue	242.41	256.31	261.90
Growth in Revenue (YoY)	53.5%	5.7%	2.2%
EBITDA	63.90	67.50	67.85
EBITDA Margin (EBITDA / Revenue)	26.4%	26.3%	25.9%
Operating Profit (EBIT)	32.83	34.30	33.17
Operating (EBIT) Margin (EBIT / Revenue)	13.5%	13.4%	12.7%
Net Income	11.91	8.46	15.54
Net Margin (Net Income / Revenue)	4.9%	3.3%	5.9%
Earnings per Share (EPS)	0.014	0.018	0.029
Growth in EPS (YoY)	214.0%	30.0%	55.6%
Dividend per Share (Net Dividends / Shares Outstanding)	-	0.020	0.020
Dividends Yield as at Year-end (Dividend per Share / Share Price)	N/A	3.2%	2.4%
Balance Sheet			
Cash and Cash Equivalents	50.80	50.19	64.40
Current Assets	137.86	127.53	137.94
Non-Current Assets	1,454.01	1,490.33	1,521.70
Total Assets	1,591.87	1,617.85	1,659.64
Current Liabilities	89.72	117.56	115.07
Non-Current Liabilities	637.18	622.68	666.54
Total Equity	864.97	877.62	878.03
Shares Outstanding	615.68	615.68	615.68
Cash flow			
Cash Flow from Operating Activities (CFO)	36.46	38.16	44.51
Capex	(14.14)	(27.64)	(21.75)
Free Cash Flow (FCF)	22.32	10.52	22.76
Cash Flow from Investing Activities	(15.58)	(35.15)	(29.77)
Cash Flow from Financing Activities	1.60	(0.02)	2.29
Ratios			
Profitability			
Return on Common Equity (Net Income / Common Equity)	1.6%	1.0%	1.8%
Return on Assets (Net Income / Total Assets)	0.7%	0.5%	0.9%
Solvency			
Gearing Ratio Level 1 (Net Debt / Total Equity)	58.4%	58.7%	59.7%
Gearing Ratio Level 2 (Total Liabilities / Total Assets)	45.7%	45.8%	47.1%
Net Debt / EBITDA	7.9x	7.6x	7.7x
Current Ratio (Current Assets / Current Liabilities)	1.5x	1.1x	1.2x
Interest Coverage Ratio (EBITDA / Cash Interest Paid)	2.7x	3.2x	3.3x
Cash from Operations / EBIT	1.1x	1.1x	1.3x

Source: Audited Financial Statements and CC Workings

Historical 1-Year Price Target

Reference	Date	Price	Price Target	Analyst	Recommendation
IHI	24.09.2019	€0.84	€0.83	Simon Psaila and Rowen Bonello	Hold



Source: Bloomberg

Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Company/Company from its principal business activities during the financial year.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. It reflects the Company's/Company's earnings purely from operations.
Operating Profit (EBIT)	EBIT is an abbreviation for earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the decrease in the monetary value of an asset over time and the eventual cost to replace the asset once fully depreciated.
Net Finance Costs	The interest accrued on debt obligations less any interest earned on cash bank balances and from intra-group companies on any loan advances.
Net Income	The profit made by the Company/Company during the financial year net of any income taxes incurred.
Profitability Ratios	
Growth in Revenue (YoY)	This represents the growth in revenue when compared with previous financial year.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating (EBIT) Margin	Operating margin is the EBIT as a percentage of total revenue.
Net Margin	Net income expressed as a percentage of total revenue.
Return on Common Equity	Return on common equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing the net income by the average common equity (average equity of two years financial performance).
Return on Assets	Return on assets (ROA) is computed by dividing net income by total assets.
Earnings per Share (EPS)	Earnings per share (EPS) is the amount of earnings per outstanding share of a Group's/Company's share capital. It is computed by dividing net income by total shares outstanding as at statement of financial position date.
Growth in EPS (YoY)	This represents the growth in Earnings per Share (EPS) when compared with previous financial year.
Dividends Ratios	
Net Dividends	Net dividends represent the net amount of dividends in respect of a Group's/Company's fiscal year.
Dividend per Share	Dividend per Share is the amount of dividends per outstanding share of a Group's/Company's share capital. It is computed by dividing net dividends by total shares outstanding as at statement of financial position date.
Growth in Dividends (YoY)	This represents the growth in dividends when compared with previous financial year.
Sustainable Growth Rate in Dividends	This ratio indicates the sustainable growth rate of dividends given the profitability of the Company/Company and the respective level of dividends distribution.
Dividends Yield as at year-end	This ratio indicates how much a Group/Company pays out in dividends each fiscal year relative to its share price. It is computed by the dividing the Dividend per Share by the share price as at year-end.
Cash Flow Statement	
Cash Flow from Operating Activities (CFO)	Cash generated from the principal revenue producing activities of the Company/Company.
Cash Flow from Investing Activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Company/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Company/Company.
Capex	Represents the capital expenditure incurred by the Company/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Company/Company has after it has met its financial obligations. It is calculated by taking Cash Flow from Operating Activities less the Capex of the same financial year.

Balance Sheet	
Total Assets	What the Company/Company owns which can de further classified into Non-Current Assets and Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Inventory	Inventory is the term for the goods available for sale and raw materials used to produce goods available for sale.
Cash and Cash Equivalents	Cash and cash equivalents are Group/Company assets that are either cash or can be converted into cash immediately.
Total Equity	Total Equity is calculated as total assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.
Total Liabilities	What the Company/Company owes which can de further classified into Non-Current Liabilities and Current Liabilities.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Total Debt	All debt obligations inclusive of long and short-term debt.
Net Debt	Total debt of a Group/Company less any cash and cash equivalents.
Current Liabilities	Obligations which are due within one financial year.
Shares Outstanding	Outstanding shares refer to the Company/Company stock currently held by all its shareholders.
Financial Strength Ratios	
Current Ratio	The Current ratio (also known as the Liquidity Ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares current assets to current liabilities.
Quick Ratio (Acid Test Ratio)	The quick ratio measures a Group's/Company's ability to meet its short-term obligations with its most liquid assets. It compares current assets (less inventory) to current liabilities.
Interest Coverage Ratio	The interest coverage ratio is calculated by dividing EBITDA of one period by cash interest paid of the same period.
Gearing Ratio Gearing Ratio Level 1 Gearing Ratio Level 2	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance total assets. Is calculated by dividing Net Debt by Total Equity. Is calculated by dividing Total Liabilities by Total Assets.
Net Debt / EBITDA	The Net Debt / EBITDA ratio measures the ability of the Company/Company to refinance its debt by looking at the EBITDA.
Cash from Operations / EBIT	This ratio measures the ability of the Company/Company to convert its earnings into cash.

Explanation of Equity Research Ratings

Buy: Based on a current 12- month view of total shareholder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield), we recommend that investors buy the stock.

Sell: Based on a current 12-month view of total shareholder return, we recommend that investors sell the stock.

Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, we do not recommend either a Buy or Sell. Current shareholders should consider buying on dips and selling on peaks.

Newly issued research recommendations and target prices supersede previously published research.

Disclaimer