12th April 2019

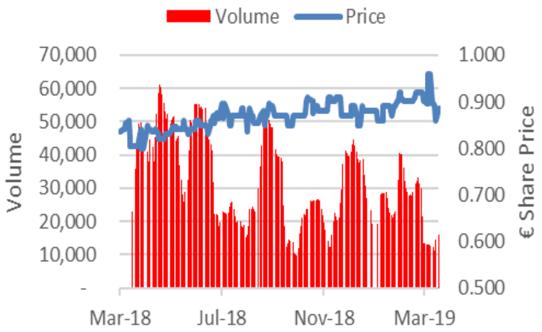
Malita Investments p.l.c.

Stock Rating Hold
Price target (1Yr) €0.86

Country	Malta
Industry	Real Estate
Ticker	MLT
Price (as at 05/04/2019)	€0.85
Price Target (1 Year)	€0.86
Upside / downside to PT	1.2%
Market Cap	€125.9million
Shares Outstanding	148.1million
Free Float	20.3%
Current P/E	28.3x
Forward P/E*	25.9x

* CC estimates

1 year Range:	Exchange: MSE
Price and Volume Movement (20 day moving average)	Lowest Price: €0.80
	Highest Price: €0.96



Source: Bloomberg

Executive Summary:

''We are downgrading our stance from a Buy to a Hold on Malita Investments p.l.c. (the "Company"). After revisiting the inputs to our valuation model, we reduced our 12-month price target from €0.94 to €0.86. The reason for the drop in price target relates to the fact that the Company had to suspend its development works on the Cospicua project after coming across a historical tunnel. The site is in the process of being cleared from excavation works whereby an investigation will be conducted in order to inspect and assess whether or not the company could build the 68 apartments, 100 parking spaces, a child care centre and a community centre on that particular land. Since the outcome is of a binary nature, the only logical option was to remove the 68 units and the consequent developments from our valuation model.

Our base case scenario assumes that the 68 units (out of the 680 units projected income stream in our valuation model) will not be built resulting in a 12-month price target of €0.86 per share. In fact, after the news, the share price corrected to our new price target, thus confirming our concern relating to the 68 units not being developed. However, if the company had to be given the go ahead to build the 68 units, our price target will increase to €0.92. We are assuming the units would not be built because the outcome is binary in nature and we do not have any comfort at this stage from management that the units will be built.

On a positive note, we like the Company because its rental income streams are secured through long-term rental agreements with relatively low risk tenants. (However, unfortunately we cannot split the revenue figure because revenue segmental analysis is not disclosed by the Company).

Malta International Airport (MIA), the Valletta Cruise Port p.l.c. (VCP) the Open-Air Theatre and the new Parliament Building in Valletta are all land on which Malita has been granted the dominium directum (beneficial ownership) from the Government of Malta (GoM) and consequently receives rental income on the land.

In 2017, the Company entered into an emphyteutical deed with the Housing Authority for a period of 28 years to acquire sixteen property sites across various locations in Malta for the purpose of constructing a number of affordable housing units.

Market Research

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We also feel that the Affordable Housing Project will play a crucial role in enhancing and improving the Company's existing revenues, whereby it is projected that from 2021, the revenue generated from the new residential units will amount to approximately 30% of the Company's total revenue, thus potentially facilitating a further increase in dividend distribution. We are also assuming full occupancy on completion given the high demand for affordable housing.

Although we like the business model of the Group, we believe the current market price fully reflects future rental income expected to be generate from future disclosed projects. Given the low risk of the business model and the potential for increasing dividends once additional revenue streams start to come in, we rate the shares as a Hold''.

Company Overview:

Malita Investments p.l.c. is a property investment company that owns, develops and manages immovable properties in Malta, which is the parent company of the "Group". The Group has been capitalised by the Government of Malta (GoM) through a €25 million cash injection as well as through the transfer of the dominium directum (beneficial ownership) of the Malta International Airport (MIA) and the Valletta Cruise Port p.l.c. (VCP).

The GoM also granted the Company with the title of temporary emphyteusis over the Open-Air Theatre and the new Parliament Building in Valletta. Both projects have been completed in October 2013 and November 2017 respectively.

In 2017, the Company implemented additional improvements to the Parliament Building, which have consequently resulted into additional lease payments receivable by the Company. These improvements amounted to €7 million.

Following the completion of the above-mentioned projects, the Company has identified a shortage in affordable housing within the Maltese housing market. In this regard, the latest project being undertaken by the Company relates to the development of the Affordable Housing project.

Company Update:

Dividends – The Board declared the payment of a final net dividend of €2,098,691 or €0.01417 per share, in addition to the interim net dividend of €1,270,767 or €0.00858 per share, equating to a total net dividend of €3,369,458 or €0.02275 per share. The latter represents a decrease of 17.96% in comparison to the previous financial year, where total net dividend stood at €4,107,036 or €0.02773 per share.

The underlying reason for the overall drop in net dividends is a result of the Company incurring a 35% corporate tax rate on its gross dividend distribution, whereas in 2017, the Company benefited from a tax rebate. Otherwise, the gross dividend payment in 2018 is equivalent to that of 2017.

SWOT Analysis

Strengths

- ✓ Low risk and stable current revenue streams due to both the long term nature of the rent agreements, together with the profile of the respective tenants. The Group's tenants currently comprise of MIA, VCP and the GoM.
- ✓ The property sector in Malta has experienced strong growth over the recent years, and has proven to be a resilient market.
- ✓ Cash flows from rental income are regular, predictable and are expected to increase once the Affordable Housing Project is fully finalised. This may facilitate an increase in future dividend distribution.

Weaknesses

- ✗ No business and geographical diversification. The Company is highly dependent on the real estate industry in Malta.
- ✗ The Company operates in a capital intensive industry.
- ✗ Limited internal growth opportunities.
- ✗ Very low liquidity relating to the Company's stock.

Opportunities

- ✓ The development of the new residential units is expected to further improve and enhance the Group's profitability potential.
- ✓ Potential increase in dividend distribution once the development of the new residential units is fully completed.

Threats

- × A potential downturn in the Real Estate industry in Malta. This may possible lead to a depreciation of the Company's assets.
- × Delays in the development of the new residential properties.

Investment Stance

We are downgrading our stance from a Buy to a Hold on Malita Investments p.l.c.. After revisiting the inputs to our valuation model, we reduced our 12-month price target from €0.94 to €0.86. The reason for the drop in price target relates to the fact that the Company had to suspend its development works on the Cospicua project after coming across a historical tunnel. The site is in the process of being cleared from excavation works whereby an investigation will be conducted in order to inspect and assess whether or not the company could build the 68 apartments, 100 parking spaces, a child care centre and a community centre on that particular land. Since the outcome is of a binary nature, the only logical option was to remove the 68 units from our valuation model.

Our base case scenario assumes that the 68 units (out of the 680 units projected income stream in our valuation model) will not be built resulting in a 12-month price target is that of €0.86 per share. However, if the company had to be given the go ahead to build the 68 units our price target will increase to €0.92. We are assuming the units would not be built because the outcome is binary in nature and we do not have any comfort at this stage from management that the units will be built.

The Company's properties are located in prime locations and their rental income streams are secured through long-term rental agreements with relatively low risk tenants. The revenue and profitability potential of the Company was primarily boosted through additional rental income generated from the implementation of a number of improvements to the Parliament Building as well as from Valletta Cruise Port p.l.c., the operator of the cruise port terminal.

We also feel that the Affordable Housing Project will play a crucial role in enhancing and improving the Company's existing revenues, whereby it is projected that from 2021, the revenue generated from the new residential units will amount to approximately 30% of the Company's total revenue, thus potentially facilitating a further increase in dividend distribution. We are also assuming full occupancy on completion given the high demand for affordable housing.

The Affordable Housing project is to be fully financed through additional debt whereby the Company has entered into two credit facility agreements with the European Investment Bank and the Council of Europe Development Bank for the purpose of financing the construction of affordable housing units in Malta. This debt was attained at very favourable rates, significantly lowering the cost of capital. The Group's main risk associated with this project in the next two to three years, is in the form of delays in the development and construction of the project.

Although we like the business model of the group, we believe the current market price full reflects future rental income generate from future disclosed projects. Given the low risk of the business model and the potential for increasing dividends once additional revenue streams start to come in, we rate the shares a HOLD.

Affordable Housing Project

The latest project being undertaken by the Company is the development of the Affordable Housing project. The Company has identified a shortage in affordable housing in the market and has leased land from the Government to develop 680 apartments, 270 garages and 350 car park spaces.

In 2017, the company entered into two credit facility agreements with the European Investment Bank and the Council of Europe Development Bank for the purpose of financing the construction of a number of affordable housing units in Malta. The facility has been granted for a 25-year term and amounts to €53.7million. An additional amount of €4.3 million was required to finance the VAT amount on the project which will be financed through a bank loan provided by a local bank.

In 2017, the Company entered into an emphyteutical deed with the Housing Authority for a period of 28 years to acquire sixteen property sites across various locations in Malta for the purpose of constructing a number of affordable housing units. Consequently, in 2018 the Company entered into sixteen agreements with the Government whereby the Company will lease these residential units for affordable housing purposes. Of note, all sixteen property sites have been included and accounted for accordingly within our valuation model.

Following completion, the Company will lease these apartments directly to persons in possession of a certificate from the Housing Authority. The subsidy granted by the Housing Authority will in turn be directly payable to the Company, thus minimising the credit risk exposure relating to the project.

Developments on these property sites have started and are currently in initial construction stages. The capitalised cost on this project as at 31st December 2018 amounts to €5,566,308.

Valuation

Our one year price target is €0.86. The price target is calculated using a Free Cash Flow to the Firm (''FCFF'') model and a Free Cash Flow to the Equity (''FCFE'') model applied separately to the Company's current operations and to the affordable housing project respectively. The consolidated results are demonstrated through the projections below.

In terms of the Company's current operations we used a cost of equity of 8% and a weighted average cost of capital (WACC) of 6%. The applied WACC reflects the Company's low financial leverage and finance costs as well as the low risk relating to the cash flow from current operations. We applied a 3% terminal value growth rate.

With regards the new residential units we used a cost of equity of 6.5% which is in line with the discount rate utilised by the Company relating to its investment properties. The discount rate also reflects the construction risk associated with the project as well as the high financial leverage and the low finance costs involved. Due to the fact that at the end of the 28 years emphyteutical agreement the properties will be returned back to the Housing Authority, we did not apply a terminal growth rate.

€'s unless otherwise indicated	FY 2017	FY 2018	FY2019F[1]	FY2020P	FY2021P	FY2022P
Rental Income	7,472,533	8,012,326	8,252,696	8,500,277	8,755,285	9,017,944
Affordable Housing Project	-	-	-	403,800	4,252,589	4,872,035
Total Revenue	7,472,533	8,012,326	8,252,696	8,904,077	13,007,874	13,889,978
Administrative Expenses (less depreciation)	(389,342)	(505,893)	(515,136)	(550,676)	(758,926)	(806,183)
EBITDA	**7,083,191**	**7,506,433**	**7,737,559**	**8,353,400**	**12,248,948**	**13,083,795**
Depreciation & Amortisation	(1,792)	(3,090)	(3,469)	(3,469)	(3,469)	(3,469)
EBIT	**7,081,399**	**7,503,343**	**7,734,090**	**8,349,931**	**12,245,478**	**13,080,325**
Finance Income	964	652	250	250	250	250
Finance Costs	(1,270,530)	(1,426,331)	(1,519,523)	(1,464,281)	(2,285,550)	(2,179,240)
Fair value gain on investment property	16,687,000	7,661,000	-	-	-	-
Profit Before Tax	22,498,833	13,738,664	6,214,817	6,885,900	9,960,178	10,901,335
Income tax expense	(9,514,719)	(2,064,013)	(2,475,809)	(2,570,273)	(2,839,215)	(2,948,985)
Profit Available to Ordinary Equity holders	**12,984,114**	**11,674,651**	**3,739,009**	**4,315,627**	**7,120,964**	**7,952,351**
Earnings Per Share	0.088	0.079	0.025	0.029	0.048	0.054
Normalised Per Share	0.032	0.031	0.025	0.029	0.048	0.054

Source: Financial Statements / CC

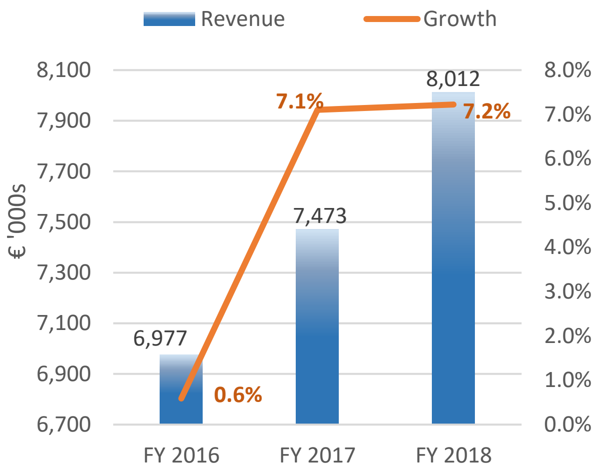
[1] Our forecasted figures do not take into account the implications brought about by the adoption of IFRS 16, where all leases will be capitalised as from 1st January 2019.

Investment Thesis Variables

- **Revenue**

Current Revenue

The Company's revenue stream currently consists of the consideration payable by MIA and VCP in respect of properties on which the Company owns the dominium directum (beneficial ownership). The Company additionally receives lease income in respect of the Open Air Theatre and the Parliament Building in Valletta. Additionally, the Company also started receiving additional rental income following the implementation of a number of improvements to the Parliament Building in 2017. No segmental revenue breakdown has been issued by management and as such it has been estimated that the Company generates 75% of its revenue from the Parliament Building and Open Air Theatre, while the remaining 25% are deemed to be generated from the MIA and VCP properties.



Source: Financial Statements / CC Estimates

Subsequent to the aforementioned developments, the Company's latest financial results (31st December 2018) demonstrate a growth in revenue of 7.2% or €539,793 from €7,472,533 in 2017 to €8,012,326 in 2018. In line with a yearly rental increase included in the tenants' contracts, together with the current property market conditions in Malta, we expect the current rental income excluding the Affordable Housing Project to increase at an average rate of 3% per annum.

Affordable Housing Project

Upon completion, the Affordable Housing Project will comprise of 680 apartments, 270 garages and 350 car park spaces. The demolition and excavation works relating to this project have commenced and the project is scheduled to be completed within three years. Consequent to several delays concerning the overall project, the Company has updated their schedule of completion relating the project and now expects the new residential units to be completed as follows:

Year	Number of Units	CC Estimates[2]
2020	122	54
2021	489	489
2022	69	69
Total	**680**	**612**

Source: 2018 Presentation to Financial Intermediaries and CC Estimates

In line with recent difficulties experienced throughout the development of new residential units in Cospicua, whereby the Company was expected to start receiving rental income from such units in 2020,

[2] CC Estimates take into account that 68 apartments in Cospicua will not be eventually developed in 2020.

68 apartments were removed from our valuation. Furthermore, we have assumed a 100% occupancy level in line with the schedule of completion relating to new residential units as presented in the table above. In furtherance, we have assumed that these new residential units will be rented out at an average annual rate of €7200 per apartment. The rental rate assumption was based on the subsidy available to the individuals who are in possession of the required certificate granted by the Housing Authority.

In addition, we have assumed that the garages and the car park spaces complementing the new residential units will be rented out at an annual rate of €1000 and €600 respectively. The rental rate assumption regarding the garages and the car park spaces was based on similar real estate developments across several locations in Malta.

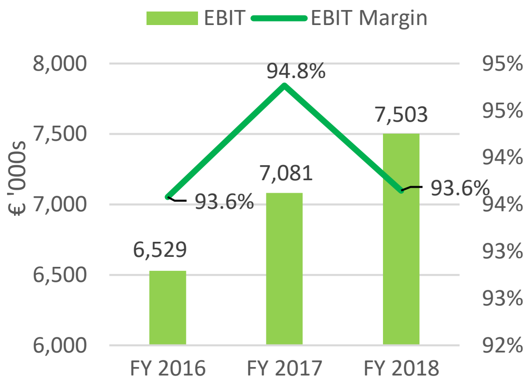
Moreover, we are forecasting a further growth of 1.5% from 2020 onwards, relating to the revenue generated from the Affordable Housing Project. This is deemed to be in line with a yearly rental increase which may be included in the tenants' contracts of the respective new residential units.

Revenue - €	2017	2018	2019	2020	2021	2022
Rental Income	7,472,533	8,012,326	8,252,696	8,500,277	8,755,285	9,017,944
Housing Project	-	-	-	403,800	4,252,589	4,872,035
Total Revenue	**7,472,533**	**8,012,326**	**8,252,696**	**8,904,077**	**13,007,874**	**13,716,143**
Rental Income - %	7.11%	7.22%	3.00%	3.00%	3.00%	3.00%
Housing Project - %	0.00%	0.00%	0.00%	100%	953%	1.5%
Total - % Growth	**7.11%**	**7.22%**	**3.00%**	**7.89%**	**46.09%**	**6.78%**

Source: Financial Statements / CC Estimates

- **EBIT** – The increase in administrative expenses excluding depreciation charge incurred in the year under review increased at a higher rate (29.9%) than revenue (7.2%), which eventually led to a fall in EBIT margin from 94.8% in 2017 to 93.6% in 2018.

  We expect EBIT margin to remain at a constant level in 2019 and 2020 and increase to 94.2 % in 2022 due to the capitalisation of costs relating to the Affordable Housing Project.



Source: Financial Statements / CC Estimates

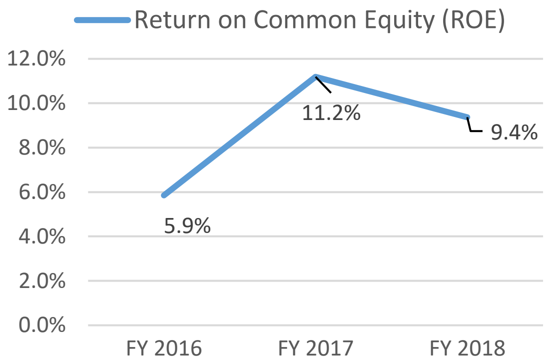
- **Administrative Expenses** – These comprise ground rent payments, directors' emoluments, professional fees, printing and advertising expenses and other expenses respectively. The latter increased by 30% or €116,551 from €389,342 in 2017 to €505,893 in 2018. Unlike in year under review, administrative expenses incurred in 2017 in relation to the Affordable Housing Project have been capitalised. Otherwise, administrative expenses incurred in 2017 and 2018 are deemed to be in line with the Company's budget. Going forward, we expect a yearly marginal increase in administrative expenses once the Affordable Housing project is fully finalised.

- **Depreciation –** Property that is held by the Group for long-term rental yields or for capital appreciation or both, is classified as investment property and is measured at fair value. Subsequently, low levels of depreciation are forecasted.

- **Finance Costs –** Finance costs incurred in 2018 mainly relate to a loan facility that the Company has with the European Investment Bank in part satisfaction of the acquisition of the Parliament Building and the Open Air Theatre. The latter have increased by €155,801 or 12% from €1,270,530 in 2017 to €1,426,331 in 2018. This upsurge in finance costs relates to an additional €7 million revolving loan facility undertaken by the Company in connection to the improvements to the Parliament Building.

  Due to the fact that the Affordable Housing project will be financed entirely through debt, primarily with the €53.7 million credit facility from the European Investment Bank and the Council of Europe Development Bank together with the €4.3 million VAT loan from a local bank, going forward we expect the Company to incur additional finance costs.

- **Net Profit and Earnings per Share –** Net profit decreased from €12,984,114 in 2017 to €11,674,651 in 2018. This translates to an EPS of €0.0788 in comparison to €0.0877 in 2017. It is key to note that the net profit and EPS in both 2017 and 2018 have been inflated through the inclusion of a positive fair value gain on the Company's investment property. Excluding such gain on investment property, the EPS in 2017 and 2018 will decrease to €0.0323 and €0.0312 respectively. Given the Company's current developments relating to the new residential units, we expect net profit to increase on a yearly basis from €3,739,009 or €0.025 in 2019 to €7,952,351 or €0.054 in 2022. As highlighted below, the main reason why the net profit and the EPS are forecasted to be lower than in previous years, is due to our assumption that there will be no fair value movement in our valuation. As shown in the chart above above, return on common equity has declined from 11.2% in 2017 to 9.4% in 2018 due to a drop in fair value gain on the Company's investment property from 2017 to 2018 respectively.



Source: Financial Statements / CC Estimates

- **Taxation –** As it is deemed to be more beneficial, we have assumed that from 2019 onwards, the Company will opt to tax their gross ground rental income at a final withholding tax of 15%. It is also assumed that a final withholding tax of 5% and 35%[3] will be applied on the rental income derived from the Affordable Housing project and the Parliament Building respectively.

- **Fair Value Movements –** We assumed that there will be no fair value movements in our valuation.

[3] The tax rate relating to the revenue generated from the Parliament Building was disclosed by management in the Company's 2018 presentation to financial intermediaries.

Key Financial Indicators

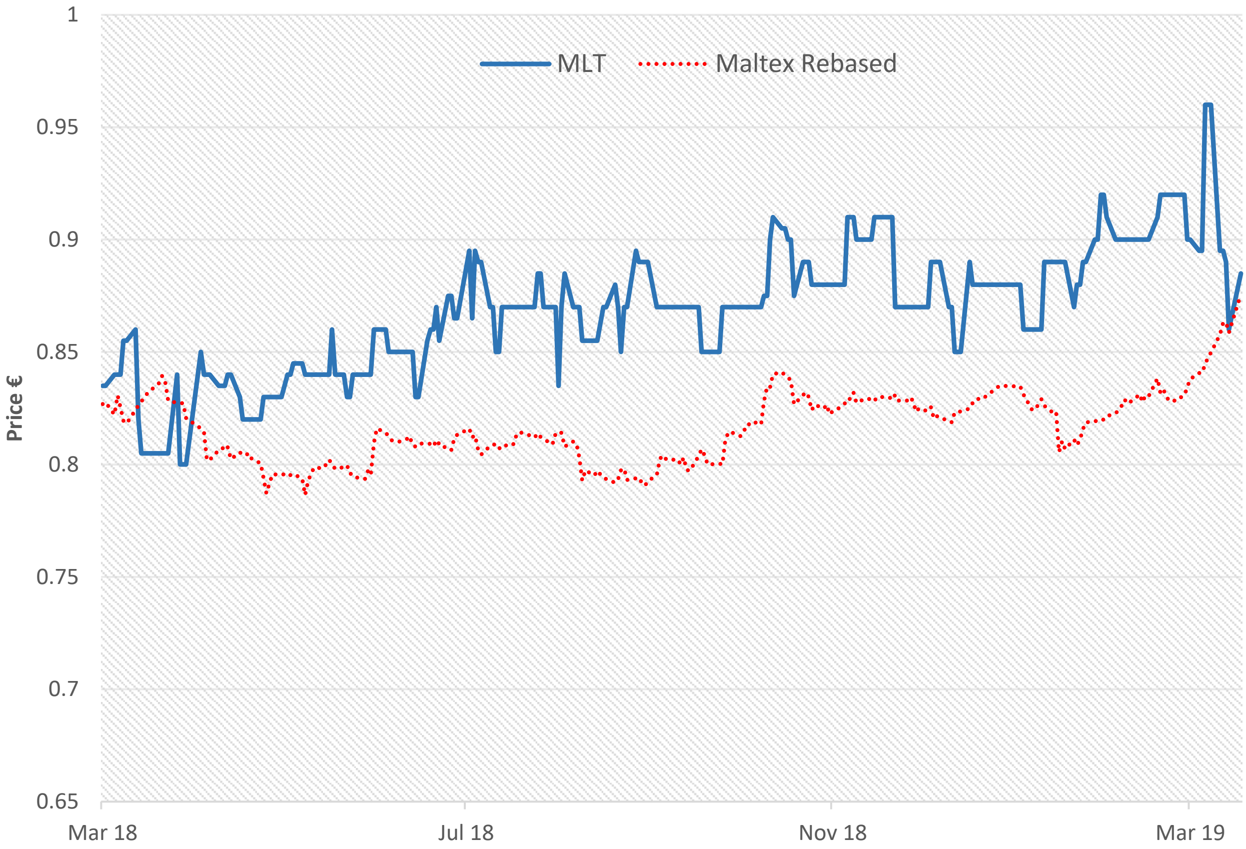
€'s unless otherwise indicated	2016[4]	2017	2018
Income Statement			
Revenue	6,976,714	7,472,533	8,012,326
Growth in Revenue (YoY)	0.6%	7.1%	7.2%
EBITDA	6,530,699	7,083,191	7,506,433
EBITDA Margin (EBITDA / Revenue)	93.6%	94.8%	93.7%
Operating Income (EBIT)	6,528,732	7,081,399	7,503,343
Operating (EBIT) Margin (EBIT / Revenue)	93.6%	94.8%	93.6%
Net Income	6,423,805	12,984,114	11,674,651
Net Margin (Net Income / Revenue)	92.1%	173.8%	145.7%
Earnings per Share (EPS)	0.0434	0.0877	0.0788
Growth in EPS (YoY)	-61.2%	102.1%	-10.1%
Sustainable Growth Rate in Dividends	2.7%	7.7%	6.7%
Balance Sheet			
Cash and Cash Equivalents	3,427,250	1,049,421	-
Current Assets	3,828,458	2,120,187	780,647
Non-Current Assets	152,546,725	177,743,321	189,482,161
Total Assets	156,375,183	179,863,508	190,262,808
Current Liabilities	2,366,343	6,718,488	6,961,321
Non-Current Liabilities	42,686,902	52,396,524	54,893,549
Total Liabilities	45,053,245	59,115,012	61,854,870
Total Financial Debt	38,529,090	44,073,957	44,802,031
Total Equity	111,321,938	120,748,496	128,407,938
Net Debt	35,101,840	43,024,536	44,802,031
Shares Outstanding	148,108,064	148,108,064	148,108,064
Cash flow			
Cash Flow from Operating Activities (CFO)	3,655,784	4,146,249	5,434,446
Capex	(311)	(4,623,460)	(6,296,659)
Free Cash Flow (FCF)	3,655,473	(477,211)	(862,213)
Cash Flow from Investing Activities	(311)	(4,623,460)	(6,296,659)
Cash Flow from Financing Activities	(4,762,495)	(1,900,618)	(1,071,406)
Ratios			
Profitability			
Return on Common Equity	5.9%	11.2%	9.4%
Return on Assets	4.1%	7.2%	6.1%
Solvency			
Gearing Ratio Level 1 (Net Debt / Total Equity)	31.5%	35.6%	34.9%
Gearing Ratio Level 2 (Total Liabilities / Total Assets)	28.8%	32.9%	32.5%
Net Debt / EBITDA	5.4	6.1	6.0
Current Ratio	1.62	0.32	0.11
Quick Ratio	1.62	0.32	0.11
Interest Coverage Ratio (EBITDA)	5.0	5.5	5.2
Cash from Operations / EBIT	56%	59%	72%

Source: Audited Financial Statements

[4] The Company's financial year ends on 31st December.

Historical 1 Year Price Target

Reference	Date	Price	Price Target	Analyst	Recommendation
MLT	07.02.2018	€0.84	€1.03	Simon Psaila & Elisabetta Guadiano	Buy
MLT	22.03.2018	€0.805	€0.94	Simon Psaila & Elisabetta Guadiano	Buy
MLT	09.04.2019	€0.85	€0.86	Simon Psaila & Andrew Fenech	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 share-holder 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