Calamatta Cuschieri
INVESTMENT ADVISORS & STOCKBROKERS

Trident Estates plc

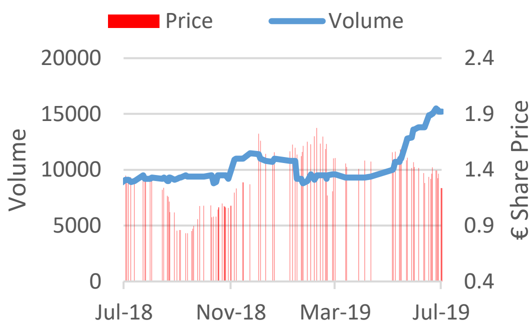
TRIDENT
ESTATES PLC

Stock Rating **Sell**
Price target (1Yr) **€1.46**

Country	Malta
Industry	Real Estate
Ticker	TRI
Price (as at 05/07/2019)	€1.92
Price Target (1 Year)	€1.46
Upside / downside to PT	-24.0%
Market Cap	€57.6million
Shares Outstanding	30million
Free Float	25%
Dividend Yield	0.35%
Current P/E*	74.3x
Forward P/E**	n/a

* Based on the results for January 19

Price and Volume Movement	Exchange: Malta Stock Exchange (''MSE'')
1 year Range (10 day moving average)	€1.25 - €2.00



Source: Bloomberg

Executive Summary:

We have reviewed our model and maintain our Sell recommendation on Trident Estates plc with a 12-month price target of €1.46. After revisiting the inputs in our valuation model, we increased our price target from €1.25 to €1.46. The increase in our price target is attributable to the additional revenue generated from the improved lease agreement relating to Scotsman Pub, the acquisition of the remaining 50% share capital of Sliema Fort Company Limited and the expected revenue to be derived from the newly discovered basement space concerning Trident Park project. However, despite these improvements, we maintain our sell recommendation because:

- We have assumed 75% occupancy level for FY 2022, reflecting both the timing of completion and the demand from potential tenants. Thereafter we are assuming full occupancy, at a rental rate of €260 per sqm, together with the full renting of the car park at €600 per parking space and a 50% occupancy level relating to the newly discovered basement space. Despite these optimistic rental rates, we are of the opinion that the Group's share price is overvalued.
- The difference between our price target and today's share price most likely relates to the perceived level of risk attached with the Trident Park project, as reflective in the discount rate.
- At a cost of equity of 8%, despite we feel it is relatively on the low side, takes into account the Group's high exposure to the Maltese property market. It also takes into account the fact that the Group has not yet generated any income from Trident Park and is currently still in the process of finding suitable tenants. In fact, the market is pricing a cost of equity of 6.7%, which we deemed to be too low.
- We have assumed that from 2022 onwards the Group will opt to tax their gross rental income at a final withholding tax of 15%, thus contributing towards a further increase in our one year price target. This is a tax advantage for property management companies that rent properties to third parties.
- As the medium term profitability of the Group is dependent upon the initiation of operations of Trident Park, which is expected to be completed by 2021, one of the main concerns is that until the project is finalised, the Group will experience a period of low profitability.
- Although during 2019 the Group issued their first net dividend payment amounting to €200,000, another concern is that there are still low prospects of a material dividend distribution until the Trident Park project is fully completed.
- **The project will be partly financed through a €15 million rights issue planned for 2019/2020, therefore investors need to keep in mind that they will be required to participate in the rights issue in order not to be diluted.**

Market Research

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Company Overview:

Trident Estates plc is a property investment company that owns, manages, acquires, develops and re-develops property for rental and investment purposes in Malta.

The Company's four subsidiaries comprise the following:

- Trident Park Limited – owns the Brewery Façade and has been entrusted to develop the Trident Park Project, consisting of an office complex and a car park.
- Neptune Properties Limited – owns a parcel of land in Marsa, better known as Trident House.
- Mensija Catering Company Limited – has an emphyteutical concession over a property currently housing Pizza Hut and Sardinella in St Julian's.
- Sliema Fort Company Limited – holds the title of a lease relating to Sliema Fort Point Battery, otherwise known as Il –Fortizza. In 2017, the Group acquired the control over the remaining 50% of the share capital of Sliema Fort Company Limited.

The Group has two major real estate projects to implement in the near and medium term –Trident Park Project and Trident House.

Following the permit approval to develop the Trident Park Project in Mriehel, the Group was spun-off from the Farsons Group (SFC) during December 2017 through the distribution of a dividend in kind to Farsons' shareholders. The Trident Park Project comprises of office space (spread over 15,000 sqm), a gymnasium, together with conference and parking facilities.

Company Update:

Dividends – In 2019, the Board declared the payment of a final net dividend of €200,000 or €0.0067 per share. (2018: Nil).

Recent developments and projects pipeline:

<u>Trident Park</u>

The Trident Park project has been identified as Trident Group's initial development and principal focus. This project will convert Farsons Group's old bottling factory and stores into a modern office complex establishing the identity of the new Central Business District. The building will be dismantled and rebuilt to house over 15,000 sqm of offices, conference facilities, a gymnasium and a separate 'above-ground' 700 car parking block that will be connected to the offices via walkways.

The Trident Park project is budgeted to cost in the region of €50 million, and is to be financed partly through an appropriate mix of debt and equity financing. The Company's three principal shareholder groups have signed an undertaking agreement to take up their proportional share of a two-stage rights issue of €15 million planned for 2019/2020, which will part-finance the development along with bank funding that has been secured. Trident Park will also be financed through a cash injection of €6.5 million transferred to the Group prior the spin-off from Farsons Group. This project will also be financed through bank funding amounting to €28.5 million which has been secured during the course of 2019.

The demolition and excavation processes relating to Trident Park commenced in May 2018, whereby preparation for the foundations started towards the end of August 2018. Throughout the demolition and excavation works a new 550 sqm basement space was created after the rock levels were found to be below that anticipated. Part of this area will be leased out and partly retained by Trident Park for storage purposes.

To date works are progressing in line with the Group's construction schedule and it is envisaged that Trident Park will welcome its first tenants in Q1 2021.

Trident House

Trident House in Marsa is another property that the Group believes offers significant development potential. This property comprises circa 13,215 sqm and is currently divided into three segments consisting of a warehouse facility with ancillary storage, offices and parking facilities and an undeveloped tract of land.

The SFC Group's food importation arm and the head office of the franchised foods business currently occupies approximately half of the footprint of this site, with the remaining part of the footprint currently vacant.

Given that the Group's current principal focus is the development of Trident Park, a detailed study on the potential development of this site is yet to be undertaken.

SWOT Analysis

Strengths

- ✓ The property sector in Malta has experienced strong growth over the recent years, and has proven to be a resilient market.
- ✓ Simond Farsons Cisk plc, currently the major tenant of the properties, is a large and financially sound organisation.
- ✓ Cash flows from rental income are regular and predictable and are expected to increase once the Trident Park Project is finalised. This may facilitate future potential dividend distribution.

Weaknesses

- × No business and geographical diversification. The Group is highly dependent on the real estate industry in Malta.
- × The profitability potential of the Group is mainly driven by the implementation of Trident Park project. As it is expected that this project will be finished by 2021, the Group is expected to be profitable in the medium term, while an initial significant cash outflow is required to sustain the project.
- × Low prospects of dividend distribution in the short-term.

Opportunities

- Trident House in Marsa is currently underdeveloped, with only half of the footprint of this site currently being utilised. The re-development of this site may positively impact the future profitability potential of the Group.
- The success of the real estate market in Malta, is dependent on Malta's ability to continue to attract Foreign Direct Investment (FDI). The FDI has increased over recent years, with a significant proportion being attributable to financial and insurance activities, both service sectors requiring quality office space.

Threats

- ! A potential downturn in the Real Estate industry in Malta.
- ! Natural disasters, such as floods and earthquakes could significantly affect the properties owned by the company.

Investment Stance

We have reviewed our model and maintain our Sell recommendation on Trident Estates plc with a 12-month price target of €1.46.

Given today's share price of €1.92, we are of the opinion that the Group's share price is overvalued. The difference between our price target and today's share price most likely relates to the perceived level of risk attached with the Trident Park project. At a cost of equity of 8%, despite we feel it is relatively on the low side for a business which is still largely in development, takes into account the Group's high exposure to the Maltese property market. It also takes into account the fact that the Group has not yet generated any income from Trident Park and is currently still in the process of finding suitable tenants. On another note, given Trident's spin-off from the Farsons Group, together with strong growth experienced within the property market in Malta over recent years, the general market deems to attach a lower level of risk with the project. In fact, the market is pricing a cost of equity of 6.7%, which we deemed to be too low.

We have assumed a 75% occupancy level for FY 2022, reflecting both the timing of completion and the demand from potential tenants. Thereafter we are assuming full occupancy, at a rental rate of €260 per sqm, together with the full renting out of parking spaces at €600 per parking space and a 50% occupancy level relating to the newly discovered basement space. Despite these optimistic rental rates, we are of the opinion that the Group's share price is overvalued.

After revisiting the inputs to our valuation model, we increased our price target from €1.25 to €1.46. The increase in our price target is attributable to additional revenue derived from the improved lease agreement relating to Scotsman Pub, the acquisition of the remaining 50% share capital of Sliema Fort Company Limited and the newly discovered basement space concerning Trident Park project, together with the project advancing in line with projections. In line with the Group's current negotiations to benefit from an advantageous tax rate, we have assumed that from 2022 onwards, the Group will opt to tax their gross rental income at a final withholding tax of 15%, thus being another important factor attributable to the increase in our price target. This is a tax advantage for property management companies that rent properties to third parties.

As the medium term profitability of the Group is dependent upon the initiation of operations of Trident Park, which is expected to be completed by 2021, one of the major concerns is that until the project is finalised, the Group will experience a period of low profitability.

Although during 2019 the Group issued their first net dividend payment amounting to €200,000, another concern is that there are still low prospects of material dividend distribution until the Trident Park project is fully completed. The project will be partly financed through a €15 million rights issue planned for 2019/2020, therefore investors need to keep in mind that they will be required to participate in the rights issue in order not to be diluted.

Additionally, the Group will be exposed to a number of risks associated with this project in the next two to three years, in the form of delays in the development of the project, uncertainty over the rental rates achievable upon completion due to increased competition in the central area and occupancy risk.

Valuation

Our one year price target, using a Free Cash Flow to Equity (FCFE) model and a cost of equity of 8% is of €1.46[1]. Due to the proposed €15 million rights issue to be implemented in the last quarter of 2019, the valuation is based on the assumption that current shareholders will participate in the rights issue, hence avoiding dilution. We applied a 3% terminal growth rate.

	FY 2018	FY2019	FY2020P	FY2021P	FY2022P	FY2023P
	€'000	€'000	€'000	€'000	€'000	€'000
Revenue	796	1,076	1,108	1,142	4,866	5,940
Cost of Sales	(79)	(196)	(202)	(208)	(487)	(416)
Gross Profit	**717**	**880**	**907**	**934**	**4,379**	**5,524**
Administrative Expenses	(456)	(582)	(598)	(616)	(876)	(832)
EBITDA	**261**	**298**	**308**	**317**	**3,503**	**4,693**
Depreciation & Amortisation	(5)	(10)	(4)	(4)	(4)	(4)
EBIT	**256**	**288**	**305**	**314**	**3,500**	**4,689**
Fair value gain on investment property	165	803	-	-	-	-
Loss/Gain on acquisitions and share of associate	11	-	-	-	-	-
Finance Income	41	-	-	-	-	-
Finance Costs	(56)	-	(428)	(849)	(838)	(826)
Profit Before Tax	**417**	**1,091**	**(123)**	**(535)**	**2,662**	**3,863**
Income tax expense	76	(316)	-	-	(730)	(891)
Profit Available to Ordinary Equity holders	**493**	**775**	**(123)**	**(535)**	**1,932**	**2,972**
Earnings Per Share	*0.016*	*0.026*	*-0.004*	*-0.018*	*0.064*	*0.099*

Source: Audited Financial Statements and CC Estimates

The table below illustrates the price target of the base scenario and of two additional scenarios depicting the rental rates which can be achieved at Trident Park.

	Bear Case	Base Case	Bull Case
Average rental rate per sqm	240	260	280
Price target (€)	1.33	1.46	1.59

Source: CC Estimates

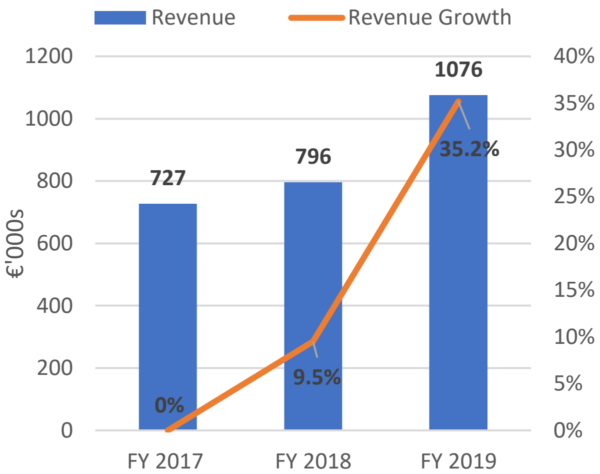
[1] Our price target is based on the current share capital of 30 million ordinary shares and therefore excludes the rights issue planned for 2019/2020.

Investment Thesis Variables

- **Revenue**

Current Revenue

The Group's revenue stream currently consists of rental income generated by the outlets rented out to Farsons Group and to other related third parties. The lease of one of these outlets, Scotsman Pub, expired in April 2018, whereby the Group refurbished the premises and entered into an improved lease agreement for a ten year period. The new tenant opened its doors in July 2018.



Source: Audited Financial Statements

Following the renegotiation of the lease agreement relating to Scotsman Pub and subsequent to the acquisition of the remaining 50% share capital of Sliema Fort Company Limited which was effective as of October 2017, revenue generated from rental income in 2019 increased by 35.2% to €1.1 million. Going forward, we expect rental income to increase by 3% per annum.

Trident Park

Upon completion, Trident Park will comprise of eight office blocks (A1, A2, A3, A4, B1, B2, B3 and B4), a conference facility (A4), a parking building (B4 below offices) and a gymnasium. With reference to the Planning Submission Trk 162479 submitted by Farsons Group to the Environmental Resources Authority relating to Trident Park Project's timing and specifications, the below information was gathered in order to derive the expected revenue from such project.

Blocks	Net internal area (sqm)	Completion date	Rate per sqm (€)
Offices: Block A1 - A4	7,454	Q4 - 21	260
Offices: Block B1 - B4	8,531	Q4 - 21	260
Basement Space	550	Q4 - 21	260
Gymnasium	313	Q4 - 21	260
Car Park	700 spaces	Q4 - 21	600/space

Source: Planning Submission Trk 162479 / CC Estimates

The demolition and excavation works relating to Trident Park have commenced and the project is scheduled to be completed within three years. Subsequently, we have assumed a 75% occupancy level for FY 2022, reflecting both the timing of completion and demand from potential tenants. Thereafter we are assuming fully occupancy, at a rental rate of €260 per sqm. The rental rate assumption was based on competing real estate development in the area.

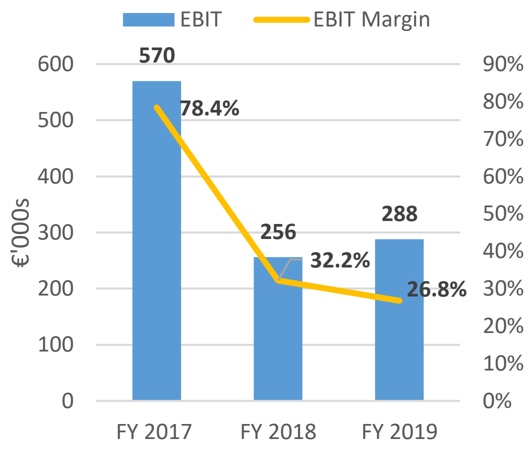
Assuming that a predetermined yearly rental increase will be included in the tenants' contracts, together with the current property market conditions in Malta, we are forecasting a further growth of 3% from 2023 onwards, relating to the revenue generated from Trident Park. We have also assumed that the parking spaces and the gymnasium will also be fully rented out once the project is completed and the offices are occupied by the respective tenants. In line with the Group's intention to retain part of the basement, we have applied a 50% occupancy level relating to the newly discovered basement space.

Revenue (€'000)	FY 2017	FY 2018	FY2019	FY2020P	FY2021P	FY2022P	FY2023P
Rental Income	727	796	1,076	1,108	1,142	1,176	1,211
Revenue - Trident Park	-	-	-	-	-	3,690	4,729
Total	727	796	1,076	1,108	1,142	4,866	5,940
% Growth - Rental Income	-	9.5%	35.2%	3.0%	3.0%	3.0%	3.0%
% Growth - Trident Park	-	-	-	-	-	100.0%	28.4%
Total Growth	**-**	**9.5%**	**35.2%**	**3.0%**	**3.0%**	**326.2%**	**22.1%**

Source: Audited Financial Statements and CC Estimates

- **EBIT –** EBIT in 2019 increased by 13% to €288,000. However, the increase in cost of goods sold (148%) coupled with the increase in administrative expenses (excl. depreciation) incurred in the year under review (28%) led to a fall in EBIT margin from 32.2% in 2018 to 26.8% in 2019.

  In line with lower expected growth in terms of cost of goods sold, we expect EBIT margin to increase to 27.5% in 2020 and 2021 and grow to 71.9% in 2022 following the commencement of operations of Trident Park.

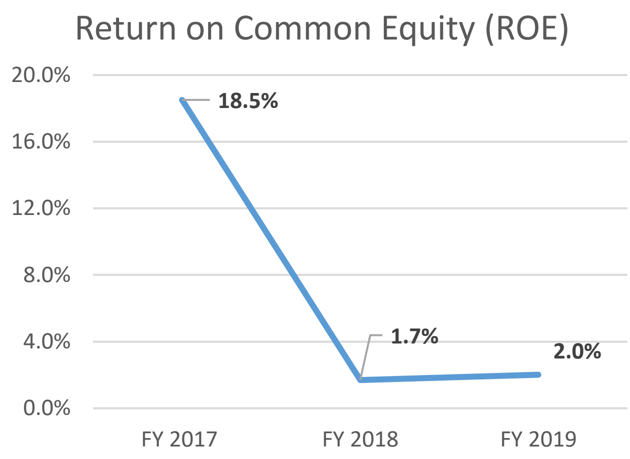


Source: Audited Financial Statements

- **Administrative Expenses** – These mainly comprise employee benefit expense and other related expenses. During 2018, the latter increased by 27.6% to €582,000 in line with additional expenses incurred relating to the development of Trident Park. We expect administrative expenses to increase to €598,000 in 2020 due to additional costs which are expected to be incurred upon the €15 million rights issue planned for 2019/2020. Thereafter, we expect a yearly marginal increase in administrative expenses reflecting the increase in revenue in which the Group is expected to generate once the Trident Park 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 –** During 2019 the Group incurred no finance costs. Moreover, we have assumed that as part of the Group's plan to finance Trident Park, half of the bank facilities in which the Group has secured during 2019, will be utilised in 2020 while the other half will be utilised in 2021. Consequently, we expect the Group to incur finance costs amounting to €427,500 in 2020 and €849,330 in 2021. It is expected that the latter will be reduced within the following years once the Group's available cash will be utilised to repay such bank loan facility.



Source: Audited Financial Statements

- **Net Profit and Earnings per Share –** Net profit increased from €0.5 million in 2018 to €0.8 million in 2019. This translates to an EPS of €0.017 in 2018 compared to €0.026 in 2019. It is key to note that the net profit and EPS in 2019 have benefited from the inclusion of a one-time far value gain on investment property following the refurbishment of Scotsman Pub, amounting to €0.8 million. Excluding such gain on investment property, the EPS in 2018 would decrease to €(0.001). Given that the current principal focus of the Group is the development of Trident Park, it is expected that the net profit will continue to diminish until the completion of the project. Thereafter, we expect net profit to increase on a yearly basis from € (0.1) million or € (0.04) per share in 2020 to €3.9 million or €0.1 per share in 2023. As shown in the graphical presentation above, return on common equity has marginally increased to 2% in 2019 following the gain on investment property relating to Scotsman Pub, albeit this is expected.

- **Taxation –** As it deemed to be more beneficial, we have assumed that from 2022 onwards, the Group will opt to tax their gross rental income at a final withholding tax of 15%.

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

- **Trident House –** As this site is currently underdeveloped, with only half of the footprint of the site currently being utilised, we have included 50% of Trident's House book value in our valuation.

Key Financial Indicators

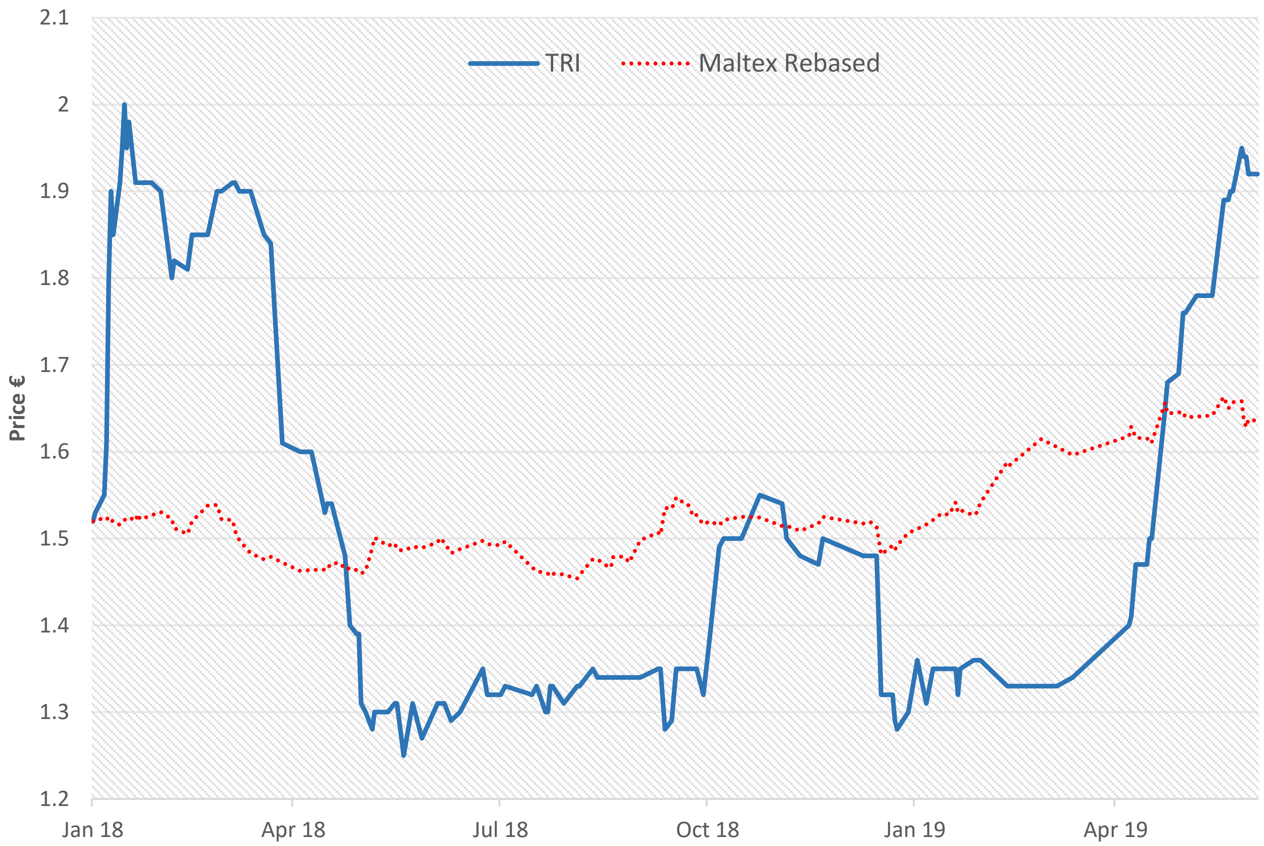
For the years ending 31st January	2017[2] €'000	2018 €'000	2019 €'000
Income Statement			
Revenue	727	796	1,076
Growth in Revenue (YoY)	-	9.5%	35.2%
EBITDA	575	261	298
EBITDA Margin (EBITDA / Revenue)	79.1%	32.8%	27.7%
Operating Income (EBIT)	570	256	288
Operating (EBIT) Margin (EBIT / Revenue)	78.4%	32.2%	26.8%
Net Income	4,357	513	755
Net Margin (Net Income / Revenue)	599.3%	64.4%	70.2%
Earnings per Share (EPS)	0.15	0.02	0.03
Growth in EPS (YoY)	-	-88.2%	47.2%
Sustainable Growth Rate in Dividends	0.19	0.02	0.01
Balance Sheet			
Cash and Cash Equivalents	20	6,228	4,004
Current Assets	6,158	6,668	4,435
Non-Current Assets	21,969	33,061	38,317
Total Assets	28,127	39,729	42,752
Current Liabilities	2,847	297	2,399
Non-Current Liabilities	1,742	2,378	2,524
Total Liabilities	4,589	2,675	4,923
Total Financial Debt	2,461	-	166
Total Equity	23,538	37,054	37,829
Net Debt	2,441	-	-
Shares Outstanding	30,000	30,000	30,000
Cash flow			
Cash Flow from Operating Activities (CFO)	(626)	2,362	912
Capex	-	(11,702)	(3,289)
Free Cash Flow (FCF)	(626)	(9,340)	(2,377)
Cash Flow from Investing Activities	646	(9,157)	(3,302)
Cash Flow from Financing Activities	-	13,003	-
Ratios			
Profitability			
Return on Common Equity (Net Income / Common Equity)	18.5%	1.7%	2.0%
Return on Assets (Net Income / Total Assets)	15.5%	1.3%	1.8%
Solvency			
Gearing Ratio Level 1 (Net Debt / Total Equity)	10.4%	0.0%	0.0%
Gearing Ratio Level 2 (Total Liabilities / Total Assets)	16.3%	6.7%	11.5%
Net Debt / EBITDA	4.2x	-	-
Current Ratio (Current Assets / Current Liabilities)	2.2x	22.5x	1.8x
Interest Coverage Ratio (EBITDA)	6.1x	4.7x	-
Cash from Operations / EBIT	(1.1)x	9.2x	3.2x

Source: Audited Financial Statements

[2] The Group's financial year ends on 31st January

Historical 1 Year Price Target

Reference	Date	Price	Price Target	Analyst	Recommendation
TRI	05.02.2018	€1.55	€1.25	Simon Psaila & Elisabetta Guadiano	Sell
TRI	14.01.2019	€1.48	€1.25	Simon Psaila & Andrew Fenech	Sell
TRI	03.07.2019	€1.92	€1.46	Simon Psaila & Andrew Fenech	Sell



Source: Bloomberg

Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group/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 Group'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 Group/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 Group/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 Group/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 Group/Company.
Cash Flow from Financing Activities	Cash generated from the activities that result in change in share capital and borrowings of the Group/Company.
Capex	Represents the capital expenditure incurred by the Group/Company in a financial year.
Free Cash Flows (FCF)	The amount of cash the Group/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 Group/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 Group/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 Group/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 Group/Company to refinance its debt by looking at the EBITDA.

Cash from Operations / EBIT	This ratio measures the ability of the Group/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, 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