PINC RESEARCH

REDINGTON (INDIA) LTD.

Initiating Coverage BUY

Sector IT Hardware I CMP Rs 351 I Target Rs 445

STOCK DATA

Market Capitalisation	Rs27.4bn
Book Value per share	Rs80.3
Eq Shares O/S (F.V. Rs.10)	77.8mn.
Median Vol (12 mths)	173k (BSE+NSE)
52 Week High/Low	Rs444 /173
BSE Scrip Code	532805
NSE Scrip Code	REDINGTON
Bloomberg Code	REDI@IN
Reuters Code	REDI.BO

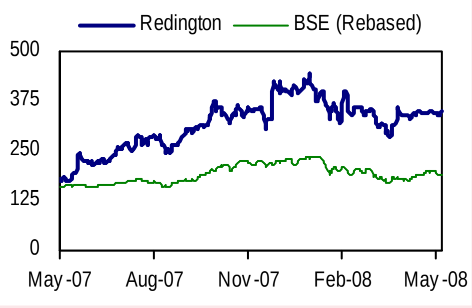
SHAREHOLDING PATTERN (%)

Qtr. Ended	Sep-07	Dec-07	Mar-08
Promoters	43.5	43.5	43.5
MFs/UTI/FIs	1.4	1.7	0.7
FIIs/NRIs/OCBs	10.6	49.2	50.5
PCBs	38.8	1.1	2.3
Indian Public	5.7	4.5	3.0

STOCK PERFORMANCE (%)

	1M	3M	12M
Absolute	4.8	1.6	95.6
Relative	(3.0)	(1.1)	60.0

STOCK PRICE PERFORMANCE



Redington (India) Ltd., a Chennai-based company, is a focused player in distribution and reselling of IT hardware and peripherals in India. Over the years, it has built up commendable supply chain management skills, expanded its footprint and also managed an explosive scale up in volumes. It has also forayed overseas by setting up an extensive marketing and post sales service infrastructure in Singapore, Middle East and Africa.

With a distribution network reaching out to ~17k resellers globally and backed by an efficient inventory and capital management system, Redington has not only evolved as an important partner for vendors, but is also viewed as a potential distributor of choice for new vendors.

Low market penetration of IT hardware and peripherals, strong growth in IT/ITES industry and rapid acceptance of IT as an enabling technology by industries is expected to propel the sector growth at a CAGR of ~14.3% in the coming 3 years. This offers strong scalability potential for players like Redington. Also, company's expertise in inventory and supply chain management, demand forecasting and working capital management imparts high revenue visibility with sustenance of margins.

At the CMP of Rs351, the stock trades at a P/E of 9.3x and an EV/EBIDTA of 7x FY10E earnings. Considering its scalable business model, prudent cash flow management and humongous market opportunity, Redington has the potential to post ~22.6% CAGR in revenues accompanied by a 42.7% CAGR in newt profits over FY07-10. Assuming a cost of equity of 13% and a terminal growth rate of 6%, we arrive at a DCF-based value of Rs445. Thus, we recommend a 'BUY' with a 12-month perspective.

INVESTMENT RATIONALE

- The company is strengthening its distribution capabilities by setting up four automated distribution centers in India and one abroad. The move into high-end repair activities should sustain the growth of high margin service segment.
- With enhanced infrastructure base, Redington would capitalise on robust domestic market and increase its market share. Its overseas foray has enable it to report strong business growth in last 3 years in Middle East, East & West Africa. Its plans to venture into North & South Africa, Vietnam and CIS countries would ensure additional impetus to growth.
- To capitalize on the growth opportunities without straining its balance sheet, Redington is scaling up its NBFC operations (100% subsidiary). This would not only improve its operational metrics, but also provide the potential to emerge as a profit centre.

KEY FINANCIALS (CONSOLIDATED) (Rs Mn)

Yr Ended (March)	Net Sales	YoY Gr (%)	Op Profits	Op Marg (%)	Net Profits	Dil. Eq Capital
2006	67,906	67.8	1281	1.9	743	631
2007	90,614	33.4	1927	2.1	1,017	779
2008E	110,346	21.8	2494	2.3	1,374	779
2009E	137,932	25.0	3228	2.3	2,105	779
2010E	166,898	21.0	4156	2.5	2,952	779

KEY RATIOS

Yr Ended (March)	Dil.EPS (Rs.)	ROCE (%)	RONW (%)	P/E (x)	EV/Sales (x)	EV/EBDIT (x)
2006	9.5	17.1	19.4	28.7	0.4	20.3
2007	13.1	17.3	19.2	22.9	0.4	16.3
2008E	17.6	19.7	20.1	19.9	0.3	12.8
2009E	27.0	24.8	25.2	13.0	0.2	9.5
2010E	37.9	29.9	27.7	9.3	0.2	7.0

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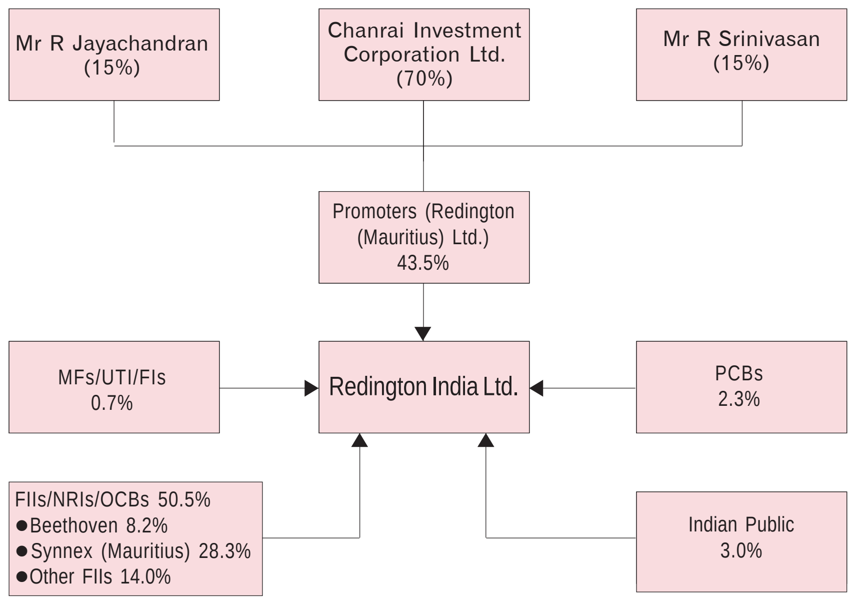
Background

Redington (India) Ltd. was established as G. Kewalram Private Limited in 1961. Commencing operations as a trading company, it ventured into distribution and services of IT products in 1993.

Redington has its footprints in India, Middle East, Africa and Singapore...

Holding Structure of Redington (India) Ltd.



Source: RHP, Company

Over a decade it has emerged as an expert in Supply Chain Management of IT products ...

In '96, *Redington (Mauritius) Ltd*, a company owned by the Singapore based NRI family i.e. Chanrai's, acquired a majority stake. While ownership vests with the NRI group, the daily operations are handled by a set of professionals.

The top management of the company consists of:

Prof. J. Ramachandran, Chairman: He is a professor of business strategies in IIM-Bangalore and has rich experience in corporate management. He is also an independent director in companies like Reliance Communication Ltd., Sasken Communication Technology Ltd. etc.

Mr. R. Srinivasan, M.D.: An engineering graduate from Madras University with a master in business management from IIM- Ahemdabad, he has over 30 years of management experience globally. He supervises daily operations of the company and formulates the strategy and oversees implementation.

Mr. Raj Shankar, Deputy M.D.: A post graduate from BITS-Pilani, he has 25 years of professional experience in diversified sectors. He joined Redington Gulf FZE in 2001 and is currently responsible for Redington Group operations in Middle East, Africa and Singapore.

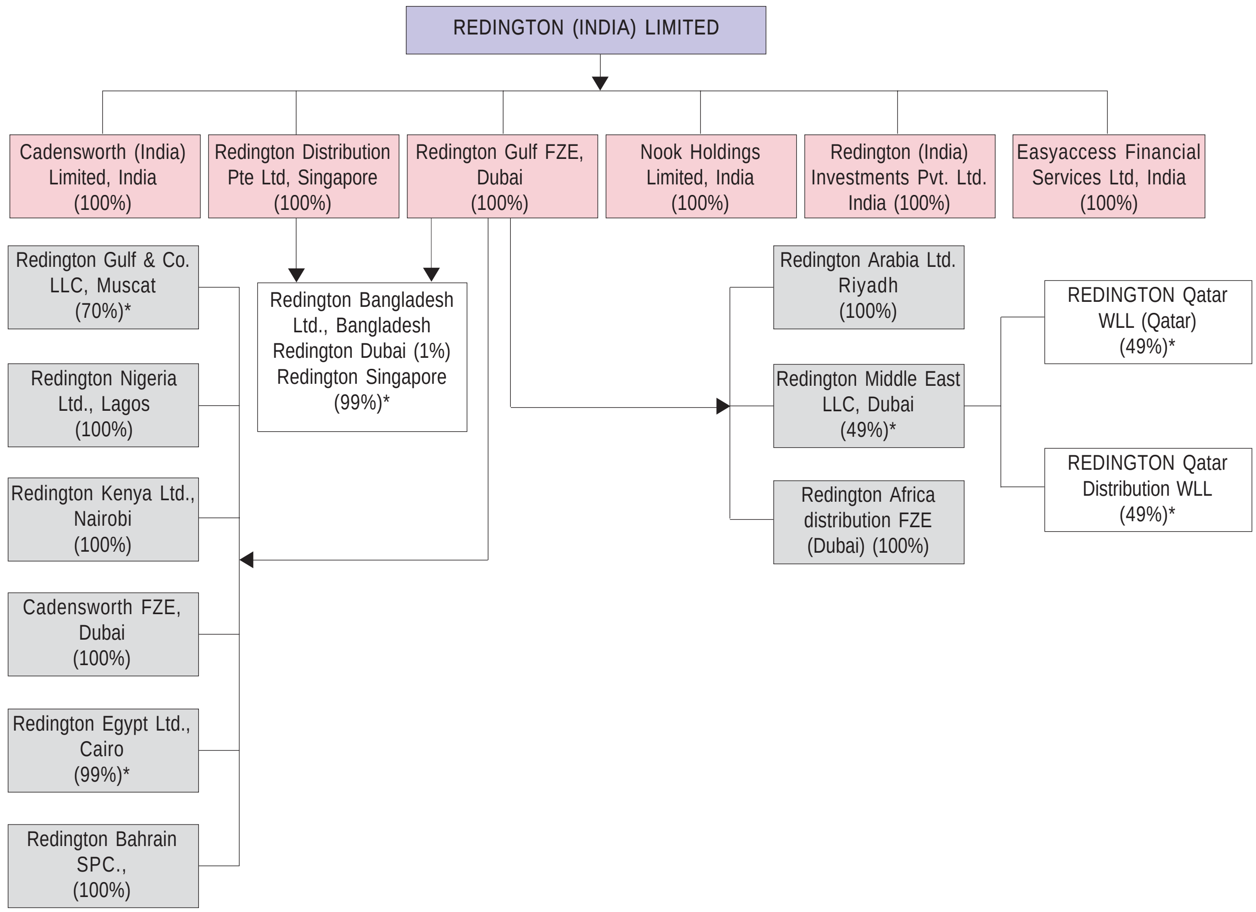
Additionally, the company has over 1,443 employees with varied skill sets and has developed strong managerial layers for multiple skills such as demand projection, working capital management, receivable and inventory handling etc.

Over the last decade, Redington has scaled up its operations substantially and has not only developed strong expertise in distribution of IT Hardware and peripherals, but also built up an efficient supply chain management system. In 1997, it also made a foray into international markets and has set up base in Middle East, Africa and Singapore.

The company has an extensive distribution network reaching out to ~17k resellers...

The company has expanded its geographical reach globally keeping in mind the trade environment, demand-supply dynamics, tax structure and logistics costs. It now has an infrastructure base of 57 sales offices, 66 warehouses, 58owned/191partner service centers and ~17k channel partners. Its revenue base is diversified across India, South Asia, Middle East and Africa. Starting off as a single brand company, it now has a repertoire of 40+ brands in domestic market and 19+ brands overseas. Its size can be inferred from the fact that it accounts for ~20% of HP's (Hewlett Packard) hardware revenues in India and ~10% of total Indian IT hardware market.

Company Structure



** Entities in which Redington (India) Limited holds beneficial shareholding interest to the extent of 100%*

Source: RHP

Redington has in country presence through various subsidiaries in international market to operate efficiently...

To capitalise on its SCM infrastructure, Redington has now begun to broad base its offerings and has expanded product range to include telecom products, gaming consoles and titles, digital lifestyle products and consumer durables.

To have a tax efficient structure and also manage currency risks better and also keeping in consideration the foreign ownership restrictions, the company has evolved a multi company structure for its overseas foray as given in the chart above. However, the key differentiation happens to be its efficient SCM infrastructure, which the company has managed to replicate overseas and the same is expected to help it in emerging as a formidable player in those countries.

The company went public in Feb'07...

To augment its infrastructure and working capital base, the company raised Rs1.5bn by issue of 13.2mn shares (17% equity dilution) of Rs113 each (FV Rs 10) in Feb'07. Post issue, its equity capital stands at 77.8mn shares of FV of Rs 10 each.

Domestic IT Industry

Indian IT (Software services) industry has transformed in last two decades and by moving up the value chain, has emerged as a globally recognized player. The industry in India started taking shape in 1985-95 (Phase-I) on a small scale. While the initial phase was in the form of 'body shopping', i.e. deploying Indian personnel at clients locales, offshoring trend picked up in mid nineties.

Domestic IT industry witnessed robust growth of 31% CAGR for FY04-08E...

Phase-II (1995-2000) was a high growth stage wherein offshoring took off in an exponential manner and the 'Y2K' business opportunity provided impetus for the industry to emerge as a billion dollar one. Many companies fine tuned the offshoring model and offered diversified services like ERP, e-business etc to large base of Fortune 500 players. Consistent scale up in operational size, moving up the value chain and higher productivity, transformed India's image from small exporter to value added software service provider. Even global software majors started setting up shop in India to capitalise on the locally available expertise, which was highly cost competitive to other countries.

Phase-III (2001 onwards) Indian companies expanded their presence across top 2,000 global entities offering varied services such as systems integration, network management, packaged software implementation and in areas of products and technological services. The offshore delivery model succeeded positioning Indian players as high quality, low cost solution provider with established credibility in project management. The peak contract size today has reached USD1bn, clearly indicating the scalability potential of Indian companies, with top 5 aiming to be recognized among global league of service providers.

Indian IT industry

(In USD Billion)	FY04	FY05	FY06	FY07	FY08E
Software and Services	**16.7**	**22.5**	**30.3**	**39.5**	**52.0**
Exports	12.9	17.7	23.6	31.3	40.3
Domestic	3.8	4.8	6.7	8.2	11.7
Hardware	**5.0**	**5.6**	**7.1**	**8.5**	**12.0**
Exports	n.a.	0.5	0.6	0.5	0.5
Domestic	n.a.	5.1	6.5	8.0	11.5
Total	**21.7**	**28.1**	**37.4**	**48.0**	**64.0**

Source: Nasscom

Robust IT industry growth

IT hardware market including package software to pace at 14.5 % CAGR till CY10...

With robust demand over last few years, India has emerged as the fastest growing IT market in Asia-Pacific region. The total IT industry (domestic+exports) including hardware has grown at a CAGR of 31% for the period FY04-08E at an estimated USD64bn in FY08. For the same period manpower employment has scaled up from 830k to an estimated 1.91mn in FY08 witnessing a 4 year CAGR of 23.2%.

Backed by buoyant economic environment and rapid acceptance of IT as an enabling tool for efficiency enhancement, the Indian IT hardware industry including package software posted a CAGR of 23.1% for last 3 years to Rs497bn in CY07 as per IDC estimates. The growth is expected to be at a CAGR of 14.5% for next 3 years and top Rs747bn by CY10.

Factors influencing IT demand

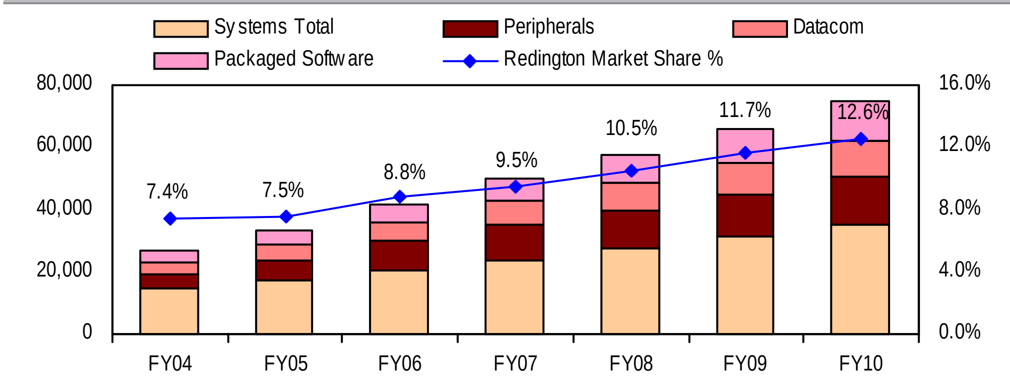
PC (Desktops+Notebooks) shipments rose sharply from 1.7mn units in FY01 to 6.3mn units in FY07, a 5-year CAGR of 29.8% and the IT Ministry has set a target to raise PC penetration in the country from 2.3% currently to 6% by 2012. Booming economy, rising income levels and disposable income, and lowering price curve is expected to have a strong influence on the PC market.

PC penetration in India expected to rise from 2% to 6% by 2012 ...

Tech savvy middle class, which constituted 4.5% of the total population in FY96 rose to 10.7% in FY02 and is further expected to reach 28.4% in FY10 as per NCAER. This is largely attributed to value for money proposition opportunities in IT hardware. The same has also facilitated a rise in adoption of IT by Small and Medium business, which is the most price sensitive segment. Another factor that has had an overwhelming influence has been a rising broadband penetration. However, at 0.22%, it is still well below the global average of 4.6% as per the Internet World Stats.

Redington's market share in India to improve from 9.5% in FY07 to 12.6% by FY10...

Indian IT Hardware Industry



Source: IDC, PINC Research

Initiatives like Microsoft assisting the Indian Government with 'Project Bhasha' initiative, which is focused on providing local interfaces for Microsoft's Windows and Office in 14 Indian languages will definitely help accelerate IT literacy across the nation.

Assuming PC industry as a growth indicator of IT hardware market globally, we have addressed the potential of Redington to propel its stellar growth in future.

- Worldwide PC unit shipments posted CAGR of 8.6% for last 5 years, with an installed base of 883mn in 2007 and PC penetration at 13.3%.
- Compared to the above, the robust economic environment in the last few years and healthy IT industry have helped the Indian market to outpace global growth. PC offtake registered a CAGR of 28.6% during 2002-07 with volumes of 26.4mn in 2007 and penetration at 2.3%, which is 11% less than global standards. Further, IT ministry's focus on increasing PC penetration to 6% in the next 4 years, offers attractive growth opportunities for players like Redington to exploit the market. Accordingly, post sale services will grow in proportion to industry growth, adding on benefits for the company, due to preference of vendor authorized service provider.
- PC units in Middle East and Africa reported a CAGR of 16.8% for 2002-07 to 45mn in CY07 and penetration at 3.9%, making it an under penetrated geography by 9.4% against 13.3% worldwide. Growth prospects in the region remain robust, with overall GDP growth forecast at 5-7% in FY09 and increasing IT spending would ensure growth of Redington in these markets.

The company plans to foray into Vietnam and CIS countries in long term...

- The company plans to foray into Vietnam and CIS countries in the long term, which currently is also under-penetrated at 5.6%. Redington's expertise in SCM of multiple products in multiple locations has helped creating a proven business model to replicate it in newer locations. The following table presents an overview of PC industry worldwide.

Worldwide Personal Computer Penetration (%)

Geography	2002	2003	2004	2005	2006	2007
World	**9.4**	**10.1**	**10.9**	**11.7**	**12.5**	**13.3**
Asia Pacific	**4.1**	**4.7**	**5.3**	**6.1**	**6.9**	**7.8**
Australasia	53.9	56.0	57.8	59.4	60.9	62.2
Eastern europe	7.9	9.5	11.1	12.7	14.3	15.9
Latin America	6.4	7.5	8.7	10.0	11.3	12.6
Middle East and Africa	**2.0**	**2.3**	**2.7**	**3.1**	**3.5**	**3.9**
North America	64.3	66.1	67.4	68.4	69.1	69.6
Western Europe	30.5	32.0	33.5	34.7	35.7	36.5
Singapore	62.0	65.2	67.3	68.2	68.1	68.7
Saudi Arabia	13.5	17.2	22.1	27.6	32.7	36.8
Mauritius	14.9	16.3	17.6	18.6	19.6	20.3
Bahrain	15.7	16.9	17.9	18.7	19.4	20.0
Qatar	16.0	16.4	16.6	16.8	17.0	17.2
United Arab Emirates	12.0	12.9	13.8	14.5	15.1	15.6
Kuwait	12.4	13.1	13.7	14.3	14.8	15.2
Lebanon	7.1	8.3	9.5	10.8	11.9	12.9
India	**0.7**	**0.9**	**1.2**	**1.5**	**1.9**	**2.3**

Redington's growth is ensured due to its presence in the under penetrated markets ...

Source: Global Information database

Distribution landscape in India

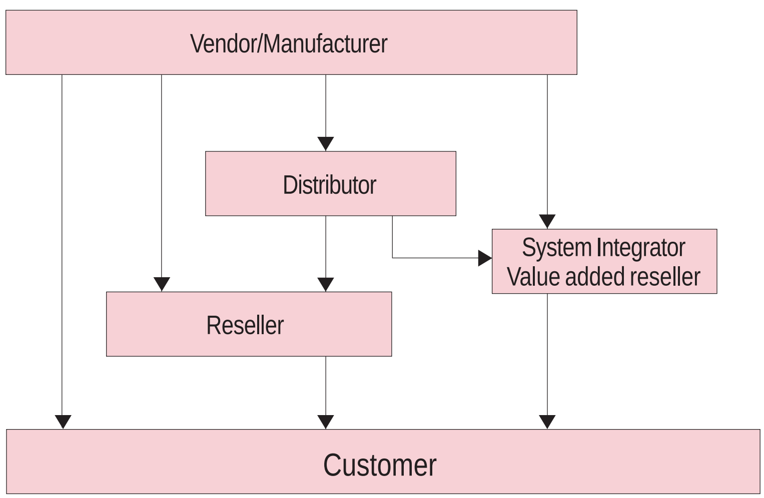
Indian retail market has high involvement of Wholesale distributors in value chain...

Traditionally, Indian retailing is characterized by high involvement of wholesale distributors linking manufacturers to retailers. The domestic electronic retailing market is also characterized by similar model, a large scale distributor supplying to several family owned retail outlets across length and breadth of the city. This strategy is an obvious route for most of the vendors. But, the scenario has now started changing with aggressive expansion by organized players and already in metro cities the small family owned stores have started feeling the heat.

In such a case, it has become important for manufacturers to choose an appropriate distribution channel, which would minimize the cost of logistics and impart better margins.

IT hardware, when it was launched in India in early 80's, was a low volume, high price and high margin game. Most of the hardware companies at that time were evolving and were selling through their own branches or via dealers. The increasing complexity of IT needs of users led to the emergence of another layer of technology vendors between manufacturers and users i.e. System integrators. At the same time sliding hardware prices led to commoditisation. Thus, the industry evolved to a stage where complex users were directly being served by vendor/manufacturer, while retail market is increasingly being served by organised retailing. However, organized players have been pricing higher than its unorganized counterparts.

Distribution Structure



Source: RHP, PINC Research

Globally, the main types of distribution channels are:

Indirect selling model is most prevalent in India and ensures deep penetration...

Indirect Model: In this, the manufacturer either sells through a single layer i.e. to a retailer/reseller who then sells to consumer or through a double layer in which, the company sells to a distributor who in turn handles the retailer/reseller.

This is the most efficient way of expanding geographical reach in context of the Indian trade environment, demand-supply dynamics, tax structure and logistics costs. In the dual layer structure, manufacturers also get insulated from numerous operational issues like post manufacturing services, demand forecasting, warehousing, inventory management, credit management, after sales service, payment collection, maintaining relationship with retailers etc. The model gives greater flexibility and benefits to manufacturers because the credit period (0-30 days depending on industry) given by them to distributors is far less than what distributors compulsorily have to give to small scale retailers (30-90days) in view of their weak financial capabilities.

Though the margins are affected due to indirect route, manufacturer's working capital risk is completely transferred to the distributor. In such a scenario, a distributor needs to have strong working capital and credit management capabilities to insulate him from rising interest rates and bad debts. This structure is most prevalent in India and ensures direct accessibility to newer players for penetrating in market through well established network of distributors.

Direct Model:

Direct selling model has proved to be an inefficient strategy for the Indian market ...

In this, the manufacturer directly sells the goods to the end customer. This is either by setting up infrastructure across locations or working out innovative shipment channels. This is highly technical and capital intensive as the company has to perform all the post manufacturing functions for all the regions. Thus, while the retailer's margins would accrue to the manufacturer, post manufacturing services would negate the benefits to some extent. This model was perfected by Dell in US at the lower end of the market and successfully replicated the same at the upper end of the market also. However, this model has not found acceptance amongst Indian consumers and Dell itself has been finding the going tough.

Others:

In this, the company sells to system integrators who in turn offer bundled solutions to large corporate buyers. As the IT needs of SMEs and large companies get more complex, system integrators are emerging as key influences in the entire sales/decision making cycle. However, in India, as of now, a large number of system integrators still prefer to deal with distributors as they usually offer multiple products from several manufacturers, which offer a higher flexibility for the integrators.

Business Model

Redington business model driven by distribution of IT products and allied services...

Over the years, Redington has emerged as a distributor of size & scale and expanded into performs post manufacturing functions. It has evolved as an efficient supply chain manager with expertise in procuring goods from multiple vendors, maintaining inventory across locations (4,000 Stock Keeping Units), forecasting demand, providing credit to resellers, post sale services. Indian retailing market is dominated by large number of localised family owned retail outlets, compelling manufacturers to route their offerings through distributors who excel with deeper market penetration and logistic capabilities. Though organized retailing is rapidly growing, it does not pose much threat to big national distributors because of the huge market size.

The company's business segments can be segregated into two types:

1) **Volume:** The category includes products, which get rolled over faster like hard disks, monitors, HP peripherals etc. These usually get channelised through resellers/retailers.

2) **Value:** This business involves multiple high-end, high-value products having longer selling cycle like networking & storage products from Cisco, Systimax and IBM, which provide IT infrastructure solution to corporate. The key deliverable here involves interference of skilled manpower at customer sites for proper execution and post-sale support. Thus, a large part of these are sold via system integrators.

To facilitate smooth operations despite handling multiple vendors and channel partners, Redington has formed 8 strategic business units across product verticals. Each SBU is led by a person responsible for performance of the product line in same and adapts the business to changing needs of the industry.

The company's SBU strategy enhance performance across products verticals...

Strategic Business Units	Infrastructure		
		Domestic	International
Services	Vendors	40+	19+
Peripherals & Consumer PC	Sales offices	43	14
Networking & Power Products	Warehouses	56	10
Systems	Service centres (Own/Partner)	45O/143P	13O/48P
Components	Channel partners	14,145	2,800
Enterprise Products			
Volume Software			
Digital Lifestyle Products			

Source: Company, PINC Research

The revenue model can be categorized into 4 segments:

1) Domestic distribution

2) Domestic services

3) Overseas distribution

4) Overseas services

Currently, a majority of its sales are accounted for by IT and consumer lifestyle products in both domestic and foreign markets, as services constitute a minuscule 1.5% in FY07. The company had started operations as predominantly domestically oriented and made a foray into overseas markets in 1997. Currently, on a consolidated basis, the domestic/ overseas break up is 52/48. While growth in the domestic business over the last 2 years has been 30.8%, traction overseas has been much higher at 67.7% in the last 2 years.

Domestic market contributes ~52% of the revenues...

In terms of consolidated net sales, Redington posted a 46.3% CAGR for the last 5 years at Rs90.6bn in FY07. The consistent growth was backed by scaling up operations along with infrastructure on a continuous basis across geographies in India, Middle East, Africa and Singapore.

Middle East and Africa IT market (ME&A)

Redington operates in Middle East through a 100% subsidiary Redington Gulf FZE (RGF). RGF started operations as a branch of a group company in 1997 at Jebel Ali for supplying HP products to Iran with 5,000sq.ft. office space, a warehouse and 3 employees. In '01, it was incorporated as a separate entity and finally became 100% subsidiary of Redington (India) Ltd in 2004. Today it has expanded operations across UAE, Kingdom of Saudi Arabia (KSA), Egypt, Oman, Bahrain, Qatar, Jordan & Lebanon for major IT brands.

The Africa Division provides SCM services for IT & Telecom products through local stock points and caters to Kenya, Tanzania, Ethiopia and Uganda in East Africa, Nigeria and Ghana in West Africa, and Libya in North Africa. It plans to scale up its operation in North and South Africa followed by CIS countries (Commonwealth of Independent States) over long term. Internationally, it has developed infrastructure base of 14 sales offices, 10 warehouses, and 13owned/ 48partner service centers offering 19+ brands to 2,800+ resellers.

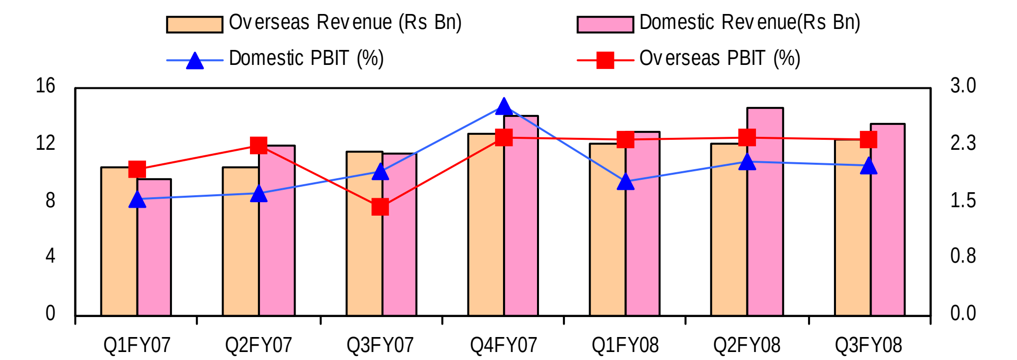
Redington's localised presence strategy in every foreign country kept it ahead of competition...

The ME&A market is dominated mostly by large enterprises and government sectors market share in excess of 75%. IT spending in the Middle East and Africa (MEA) will cross USD40bn in 2008 (IDC estimates). The growth is primarily driven by large-scale infrastructure investments in several sectors in the region. The significant expansion in IT spending over the next few years will be around health care, hospitality, retail and education.

ME&A market for hardware and package software should report a CAGR of 11% for 2007-2010 and top USD31.5bn in 2010. Setting up of ADC in Jebel Ali, Dubai to strengthen Middle East presence, targeting newer markets will help to sustain CAGR of 18.6% for the next 3 years.

Redington's success in ME&A was propelled by its strategic business model of presence across geographies which rationalized the distribution cost, better understanding of country specific trade terms, regulatory environment and duty structures. Tech Data, its competitor, failed in ME because of its operational strategy to distribute from single location Jebel Ali, Dubai and exporting to various countries. It exited the ME&A market by selling its units to rival Aptech(UAE).

Quarterly Financial Growth



Source: Company

Overseas business contributed 48% to net sales in FY07 and also have low effective tax rate at 5%...

The overseas business contributed 48% to net sales at Rs43.5bn in FY07, a CAGR growth of 67.7% for last two years. PBIT margins for the segment were up 50bps at 1.9% as result of increasing volumes and revenue growth. The company enjoys lower effective tax rates at 4-5% in overseas markets, because of Middle East being a tax free zone.

Service business

Post sales service plays a crucial role in creating customer loyalty in any industry. The IT industry faced a shortage of service centers in comparison to the growth in product. Traditionally support services were provided by unauthorized local players who specialized in a particular field. However changing consumer preferences for a vendor authorized service providers has created a significant opportunity for well established players.

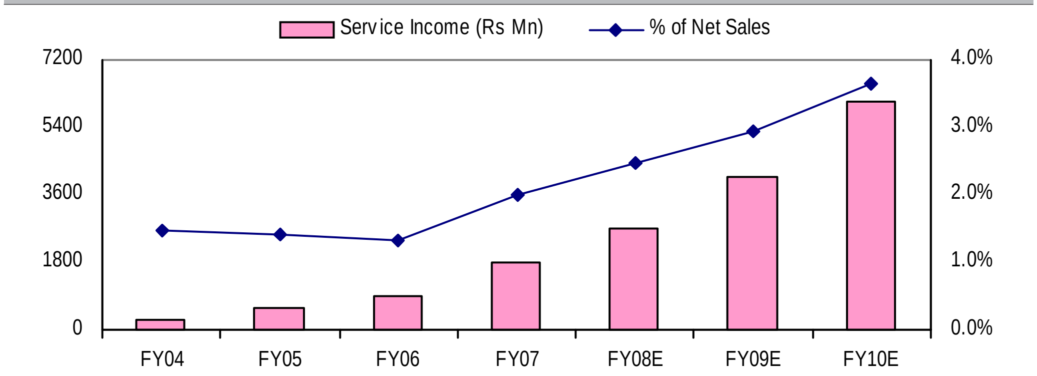
Business Model

Services, a high margin-higher growth business ...

To capitalize on the opportunity in same, Redington initiated support services for IT products with 3 service centers and has expanded its base to 45owned/ 143 partner service centers in domestic market and 13owned/ 48 partner centers overseas. Redington provides a range of services like warranty & post warranty services, testing and repairing, parts and packaged service sales, forward and reverse parts logistics.

Revenues from services business on a consolidated basis grew at a CAGR of 47.7% over the last 5 years from Rs258mn in FY02 to Rs1.8bn in FY07. The domestic/overseas break up is currently at 52%/48% and is expected to be 60%/40% over the next 3 years.

Service Income (Rs Mn)



Source: PINC Research

Contribution from service segment to go up from 2% to 3.7% of net sales in FY10 ...

The company has scaled up its service infrastructure at an expense of Rs90mn out of IPO proceeds. A sum of Rs59mn was utilized for setting up additional 68 (8 company owned and 60 partner) service repair centers for IT hardware and telecommunication repair facilities. The balance Rs31mn has been utilized for establishing repair facility for LCD, networking products and upgrading existing service units. With customized services benefiting both vendors and customers, Redington is well placed to grow the service revenues at CAGR of ~50% for next 3 years.

The company's revenue in the segment are driven by:

Event based model: Company gets paid by vendor for every service provided to customer on request during the warranty period. Post warranty it gets paid from customers as and when they use their services. In FY06, 32.6% of service revenues in India were accounted by this model.

Annuity model: The vendor pays the authorized service provider annual support charges for every unit sold. The services range from technical center, warehousing, forward and reverse logistics, and on-site service.

Annual maintenance contract model: Earning by entering into AMC with customers in post warrant period. The customers insulate him from any critical equipment failure and related repair costs.

Redington to benefit from rising preference of vendor authorised service providers...

Delivery model

Return to bench: The customers himself walk into the service centers and get its job of replacing or repairing part.

On site repairs: The services are rendered on customer request when the process involves high value immovable parts from customer site.

Facility management services: The support (help desk and service management) for complete IT facilities of customer is outsourced to company.

Technical response center: The Company runs a center for HP consumer PC support where in it provides telephonic support solutions for services which doesn't require engineer involvement.

Parts Management: Redington enables vendors to service parts management by stocking parts in their warehouses and provide logistic solutions for defective parts delivery to vendor if required.

Test and repair services: The facility undertakes faulty analysis and repair activities for defective parts on behalf of vendors. The process helps vendor to fulfill its service commitments under warranty period to customers.

The company faces high competiton in domestic market, but has evolved as a leader in ME&A market...

Peer Comparison

- Indian market is largely dominated by *Ingram Micro,* an international player of repute, followed by Redington, the two sizeable national level distributors.
- Ingram Micro services ~159K resellers by distributing and marketing thousands of IT products worldwide from nearly 1,300 suppliers in 150 countries. Ingram is the biggest competitor to Redington, both have been growing consistently and able to capture significant market share.
- Tech Data Corporation caters to 90,000 customers in over 100 countries. But the company does not operate in India and exited Middle East market in Q1FY08, as it was incurring losses and was undergoing restructuring. As a result, Redington is insulated from competition with Tech Data and also with Ingram Micro who is not present in ME&A market.
- Synnex Corporation distributes technology products from more than 100 global IT OEM suppliers to more than 15,000 resellers throughout the United States, Canada and Mexico. It is one of the major shareholders in Redington (India) Ltd. However its operational geography is completely different, and does not pose a competitive threat.
- Other competitors like Neoteric, Rashi Peripherals, Savex, IRIS, SES Technologies Limited etc are not sizeable and their operations are limited to specific regions.

Redington to witness higher growth compared to its competitors...

Peer Comparison

	Synnex Corporation (USD Mn)				Tech Data Corporation (USD Mn)			
	Nov-07	Nov-08	Nov-09	Nov-10	Jan-07	Jan-08	Jan-09	Jan-10
Sales	6,941	7,608	8457	-	21,246	23,387	24,299	25,697
Growth (%)	*10.0*	*9.6*	*11.2*	-	-	*10.1*	*3.9*	*5.8*
EBITDA	126	172	196	-	216	280	289	336
Net Profit	62	77	94	-	81	137	141	168
Growth (%)	*20.6*	*23.5*	*22.4*	-		*68.9*	*3.1*	*19.4*
OPM	1.8	2.3	2.3	-	1.0	1.2	1.2	1.3
NPM	0.9	1.0	1.1	-	0.4	0.6	0.6	0.7
P/E	11.7	9.8	8.7	-	28.7	14.5	13.9	11.5
P/BV	1.2	1.0	0.1	-	1.2	1.0	-	-
EV/EBITDA	7.7	5.6	4.9	-	8.5	6.5	6.3	5.4
EV/Sales	0.1	0.1	0.1	-	0.1	0.1	0.1	0.1
	Redington (USD Mn)				**Ingram Micro Inc. (USD Mn)**			
	Mar-07	**Mar-08**	**Mar-09**	**Mar-10**	**CY07**	**CY08**	**CY09**	**CY10**
Sales	2,265	2,759	3,448	4,172	34,893	35,926	37,986	39,706
Growth	*33.4*	*21.8*	*25.0*	*21.0*	*12.8*	*3.0*	*5.7*	*4.5*
EBITDA	48	62	81	104	545	558	623	670
Net Profit	25	34	53	75	307	298	342	382
Growth (%)	*36.8*	*35.1*	*55.1*	*40.9*	*34.1*	*-2.9*	*14.6*	*11.8*
OPM	2.1	2.3	2.3	2.5	1.6	1.6	1.6	1.7
NPM	1.1	1.2	1.5	1.8	0.9	0.8	0.9	1.0
P/E	22.9	19.9	13.0	9.3	10.2	10.3	9.0	8.7
P/BV	4.4	3.7	2.9	2.3	0.9	-	-	-
EV/EBITDA	16.3	12.8	9.5	7.0	5.5	5.4	4.9	4.5
EV/Sales	0.3	0.3	0.2	0.2	0.1	0.1	0.1	0.1

Source:PINC Research & Bloomberg, FY10 estimates for Synnex not available

Investment in NBFC (Non Banking Finance Company)

Redington initiated NBFC operations to aid channel partners with liberal financing options...

While there are plenty of opportunities in IT SCM, the real constraint is working capital. This is because while vendors extend a credit for 0-15 days, distributors have to extend credit ~21-30 days to its clients, thereby stretching its cycle and limiting ability to expand. Thus, scaling up the business is a linear function of working capital. Most hardware vendors have an NBFC arm, which performs the function of extending credit as hardware companies do not want to strain their balance sheets, and at the same time not lose out on opportunities. Taking a lesson from these players, Redington acquired Delhi based NBFC *Easyaccess Financial Services Private Limited (EAFSPL)* for ~Rs30mn in Q3FY08 and it has been converted into a public limited company EAFSL.

The company has been assessing credit worthiness of its resellers/ retailers for the last 10 years and its bad debts have been at a low .08%. This gave it the confidence to foray into NBFC operations, as its domain expertise in risk assessment could be monetised by its balance sheet. If credit terms are competitive, then extension of credit influences acceptance of a distributor amongst the channel partners.

Redington has invested equity of Rs800mn in the NBFC, which could be subsequently raised to Rs2bn in the next two years. The NBFC will operate as a separate entity and plans disbursements in excess of Rs12.5bn by FY10, with 50% business accruing from Redington's core business and balance from other credit opportunities. The NBFC is expected to achieve significant size in 3 years benefiting Redington with additional income stream.

NBFC would de-risk business model and boost Redington's core business ...

NBFC P&L Statement

Particulars (Rs Mn)	FY08E	FY09E	FY10E	FY11E
Operating Income	122	923	1281	1497
Interest Expenses	85	638	893	1063
Net Interest Income	**37**	**285**	**389**	**434**
Other Income	1	1	5	10
Operating Income	**38**	**286**	**394**	**444**
Employee cost	6	10	13	16
Other operating expense	6	10	13	16
Operating Expenditure	**12**	**20**	**25**	**32**
Operating profit	**26**	**266**	**369**	**412**
Provisions and contingencies	9	68	94	110
PBT	**17**	**199**	**275**	**303**
Provision for current tax	6	66	91	100
Net Profit	**12**	**133**	**184**	**203**
Equity capital	800	1,400	2,000	2,000
EPS (Rs)	0.1	0.9	0.9	1.0
OPM (%)	**21.5**	**28.8**	**28.8**	**27.5**
NPM (%)	9.5	14.4	14.4	13.5
NIM (%)	0.8	3.2	3.1	3.0
BV (Rs)	10.1	11.0	11.4	12.2

The company plans loan disbursements in excess of Rs12.5bn in next 3 years...

Balance Sheet

Particulars (Rs Mn)	FY08E	FY09E	FY10E	FY11E
Equity Share Capital	800	1,400	2,000	2,000
Reserves & Surplus	10	143	289	445
Net worth	**810**	**1,543**	**2,289**	**2,445**
Borrowings & other liability	4,000	7,500	10,500	12,500
Provisions	9	76	94	110
Capital Employed	**4,819**	**9,119**	**12,883**	**15,054**
Cash & balances	29	99	353	384
Advances	4,770	9,000	12,500	14,600
Fixed Assets	10	10	15	20
Other Assets	10	10	15	50
Total Assets	**4,819**	**9,119**	**12,883**	**15,054**

Source: PINC Research

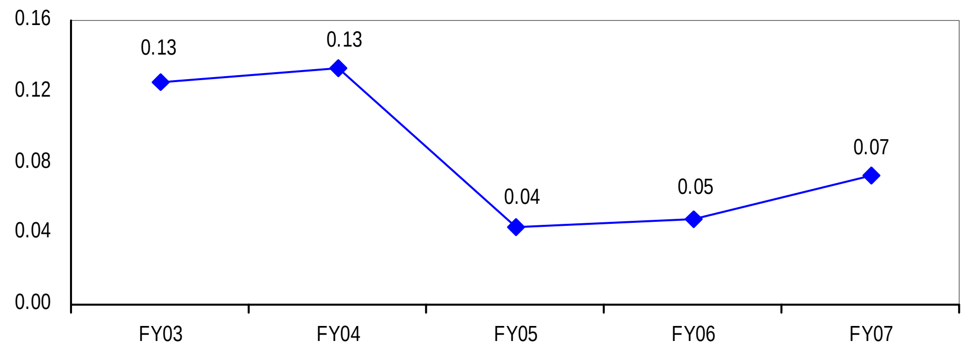
Strengths

Excellent working capital management

Redington's excellent working capital management kept its bad debts at .08% for last 5 years...

The company's business is working capital intensive and with low margins, management of the same has a high bearing on profitability. Redington's operations are fully automated and run on ERP (Enterprise Resource Planning) platform country wide enabling it to keep a consistent check on complete supply chain of operations, from vendor sourcing to customer deliveries. A dedicated team for credit and risk management ensure deep appraisal of credit worthiness of customers on a continuous basis. As a result, the company has managed to contain its average bad debts (including provision) at less than 8bps of sales for last 5 years.

Bad debts as a %age of sales (%)



Source: Company

Strong infrastructure footprint

The company will enhance its infrastructure by adding 4 ADCs in India and 1 in Dubai...

Anticipating infrastructure and logistics facilities to be key differentiators, Redington scaled up its infrastructure base globally from a 3 branch, 25 dealer operations in 1994 to 57 sales offices, 66 warehouses, 58owned/191partner service centers and ~17K channel partners till date. To leverage the SCM expertise it has built up, Redington is building 5 ADCs at a capex of Rs802mn (Automated distribution centers: Large size warehouse 100-300k sq.ft. in size employing advanced material handling system under centralised control) one each in 4 metro cities in India and one in Jebel Ali Free Zone in Dubai. While Indian ADCs will cater to internal operations and 3PL (third party logistics), Dubai facility will only be utilized for captive purposes. Post completion of these centers, the company would be placed strongly to tap the growing demand across its product verticals. Its customised MIS (Management Information System) enables trouble-free handling of operations involving high volumes of orders, product, and clients. Real time availability of information leads to effective decision making and enhanced operational efficiency.

Vendor/Client relationship

Initiating operations with single brand product, Redington has emerged as SCM solution provider to 40+ brands in domestic market and 19+ brands overseas as of FY07. The company has well established relationships with multiple vendors like HP, Microsoft, Intel, IBM, Lenovo (top 5 vendors) etc. The wholesalers, by their very nature, cannot be aggressive in products of a particular vendor and assures market penetration with their wider market reach. The brand promotion usually rests on vendors. The importance of Redington for vendors can be gauged from the fact that it accounts for around 20% of the total India sales of a formidable player like HP.

Weakness

Excessive dependence on IT products

Revenue concentration higher on IT products...

Redington's revenue from IT products currently stands in excess of 90%. Any slowdown in IT hardware spending in its operational geography would adversely impact its income growth. While there are no indication of the same currently, one should be conscious of the fact that IT hardware spend is the first casualty when a slowdown hits manufacturing and IT/ITES sector.

Vendor dependency for sourcing

The company's sourcing from top 5 vendors currently stands at 66% and thus represents concentration risk. Factors like global consolidation of vendors on a worldwide basis, bankruptcy or technological thirst could result in the vendors India strategy being redrawn impacting Redington's operations. While the concentration amongst top five vendors has eased from 72% two years back due to conscious efforts, HP still accounts for ~50% of its sales roster.

Opportunities

Non IT developments & Support services

Diversification into Non IT products and scaling up Services business poise attractive opportunity for growth...

Piggy backing on its SCM expertise in IT products, Redington has diversified into distribution of digital press, consumer, lifestyle and mobile products across geographies it operates. These offer higher margins as compared to IT products. Redington is developing niche in post sales service ability, by operating company owned and partnership service centers. The range of services such as warranty services, post warranty services, annual maintenance contracts, network & security solutions parts and accessories are actively provided. There is a shift in the trend from unauthorized to vendor authorized service providers. The latest vendor to be associated with Redington is Adobe Systems and Sonicwall. There is every possibility of adding newer products to its offering leveraging on its successful business model.

Expanding geographical presence

The company would exploit North and South African markets in short term...

Currently, the company is actively present in India, Middle East, East and West Africa, Singapore. Going forward it plans to foray into North and South Africa market in short term, and later to Vietnam and CIS countries. The company's expertise in SCM and established vendor relationship would help replicating effectively the business model in the newer markets and further de-risk its business.

Threat

Direct Selling Model

Redington's business model is completely dependent on the manufacturer's choice of routing its products and services into the market through the company. But direct selling model like of Dell, can play a spoil sport on its revenue streams. Though the model is in nascent stage in the Indian market, and have its own risks of being capital intensive but any aggressively planned strategic expansions can very well prove fruitful and fetch higher margins to the manufacturer.

Global Players

Globally established players with better financial muscle could act as a spoil sport to Redington's revenues...

The distribution business is highly dependent on the working capital management. Global players like Ingram Micro are better off than Redington in terms of wider market reach and financial muscle. Aggressive pricing policy by Ingram Micro or entry of a newer player powered by high financial capabilities can adversely affect the company's business leading to decline in revenues.

Our View

Outlook

Redington's net sales grew 14% YoY in Q3FY08 at Rs25.9bn...

For Q3FY08, Redington posted consolidated net sales of Rs25.9bn, a 14% YoY growth. This was on back of consistent growth in the distribution business across geographies. While domestic revenues (52% of net sales) grew 18.4% YoY at Rs13.5bn, overseas revenues rose 7.9% YoY to Rs12.4bn. Scale up in volumes has improved its operational metrics and its PBIT margins have expanded 50bps in two years to 2.3%.

Net profit contribution ratio from both markets is at 50/50, because of low effective tax rate overseas i.e. 5%, where as Indian business attracts highest tax rate at 35%. Going forward, we expect higher contribution from India because of higher growth prospects in same.

New initiative NBFC debuts as per expectations

The company's financial matrix to improve because of its NBFC's operations ...

During FY08, EAFSL recorded gross income of Rs36.1mn and net profits of Rs122mn at advances of Rs4.7bn. The NBFC's robust performance in less than few months of origination have demonstrated capabilities of diversified revenue stream with lending strong support to the core distribution business of the company.

Market share to expand

The size and scale of the company can be inferred from the fact that it accounts for around 9% of the market share in a fragmented industry. As the complexity of needs increases, the value proposition of system integrators and players like Redington would also increase. Thus we expect Redington to have a market share of 12.6% by FY10.

Considering the infrastructure scale up in leading metros across India, establishment of new service repair centers with up-gradation of existing ones and new initiative of operating NBFC should leverage its balance sheet and provide a huge scope in broadening its product portfolio. These along with the fact that it is an obvious partner of choice for manufacturers seeking to foray into India, hold huge scalability potential for the company. We expect the share of domestic business in net sales to accelerate to 56.5% by FY10.

The new ADC in Jebel Ali, Dubai will strengthen warehousing capabilities further for inventory management in alignment to growing demand in ME market . Additional benefits would accrue from replication of the Middle East business model to the neighboring countries offers strong growth opportunity.

Enhanced Infrastructure and new initiatives to boost performance

We expect net sales to grow at a CAGR of 22.6% for FY07-10...

We estimate Redington net sales to grow at a CAGR of 22.6% for the period FY07-FY10 based on the robust outlook for IT hardware market in India, ME&A.

Redington has a track record of exceeding industry growth and its increased focus on expanding warehouse area in leading cities and building advance capabilities in Service repair centers would enable it to do so for the foreseeable future.

Strong sales growth, changing product mix and lean business model by introduction of NBFC should ensure stable gross margins at around 4.7-4.9% for the next three years, with OPM expanding by 20bps at 2.5% by FY10. We expect interest cost to reduce from an estimated Rs742mn in FY08E to Rs346mn in FY10E due to reduction in loans from Redington's books by leveraging on NBFC's business. Consequently, Debt/Equity ratio will also reduce to 0.2 in FY10 against 1.1 in FY07.

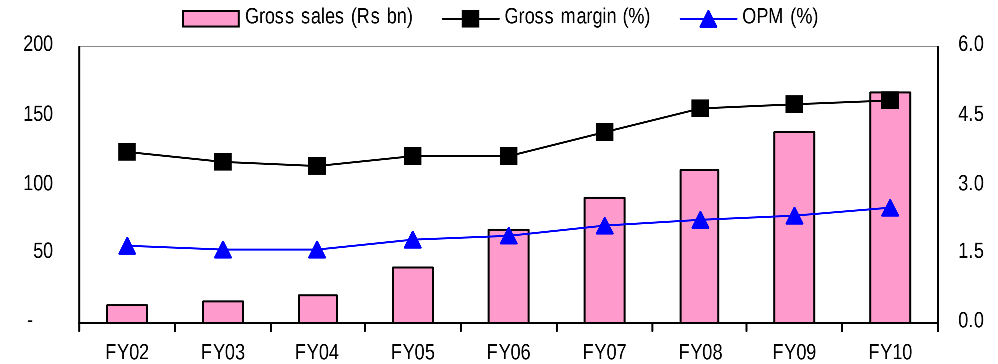
Net profits to grow at a CAGR of 42.7% over FY10...

Thus, we project net profits of the company (excluding NBFC) to witness a CAGR of 42.7% for the period FY07-FY10 at Rs2.9bn in FY10E.

Rationalizing of debt cost with reduction in debtor days from 31 in FY07 to 14 in FY10E, cash conversion cycle (inventory + debtor – creditor days) will significantly improve from 37 days in FY07 to 18 in FY10. Redington's business model ensures high sales/asset leverage which will expand by 409bps to 11.5% in FY10, resulting in higher ROCE at 29.9% in FY10 up 1257bps from FY07.

Gross margins to marginally improve to 4.8% by FY10...

Consolidated Financials



Source: PINC Research

The company has high operating leverage as its SCM capabilities and infrastructure can be used to offer services to multiple products, outside IT industry. While Redington has been able to diversify into consumer durables, lifestyle products etc, there is equally a huge potential in third party logistics for the consumer products.

VALUATIONS & RECOMMENDATION

Considering the track record and consistent ability to deliver SCM and support services solutions for IT and consumer lifestyle products, we believe Redington is well positioned to maintain its market share in highly competitive scenario. At CMP of Rs351, the stock is ruling at a P/E of 9.3x and EV/EBITDA of 7x in FY10E. Assuming a terminal growth rate of 6% and 13% cost of equity, we arrive at a DCF value of Rs445 for the stock excluding NBFC valuations. We initiate coverage with a 'BUY' recommendation on a 12-month perspective.

We initiate coverage with a 'BUY' recommendation ...

DCF Valuation

Particulars (mn)	2008E	2009E	2010E	2011E	2012E
PAT	1,374	2,105	2,952	3,733	4,394
Depreciation	158	194	222	269	317
Change in Working Capital	24	200	(437)	(898)	(677)
Capex	(1,020)	(321)	(322)	(523)	(524)
Additional Borrowing	(500)	(2,000)	(1,000)	(1,269)	0
FCFE	35	178	1,416	1,312	3,509

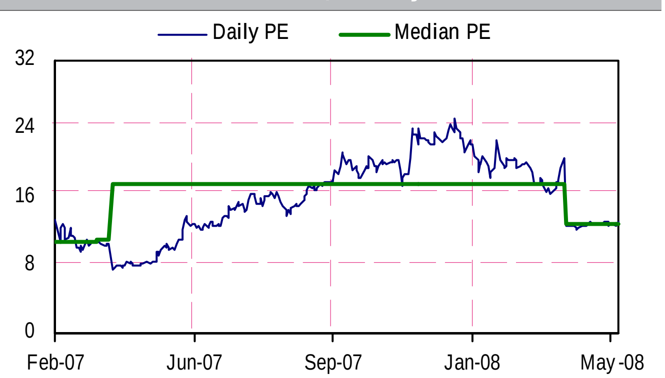
Price Sensitivity (Rs/share)

Cost of Equity (%)	Terminal Growth (%)			
	5%	6%	7%	8%
12%	460	529	624	767
13%	396	445	511	603
14%	346	383	431	495
15%	307	335	371	417

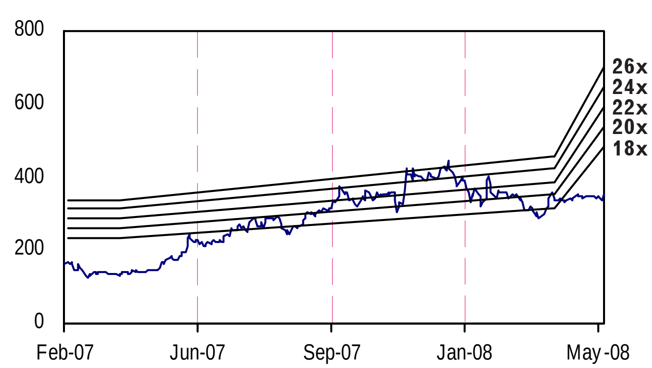
Financial Results for the quarter & nine months ended Dec'31, 2007

Particulars (Rs Mn)	Quarter Ended			Nine Months Ended			Year Ended
	31/12/07	31/12/06	Gr %	31/12/07	31/12/06	Gr %	31/03/07
Net Sales	**25,967**	**22,711**	**14.3**	**77,546**	**63,991**	**21.2**	**90,614**
Total Expenditure	**25,413**	**22,340**	**13.8**	**75,910**	**62,824**	**20.8**	**88,687**
Inc/Dec in stock	98	(1,122)	-	(2,194)	(2,649)	-	(1,666)
Purchases	24,551	22,983	6.8	76,059	63,996	18.8	88,260
Trading expenditure	-	-	-	-	-	-	255
Employee Cost	282	215	31.1	823	598	37.6	804
Other expenditure	481	265	81.9	1,221	880	38.9	1,034
Operating profit	**554**	**371**	**49.3**	**1,636**	**1,167**	**40.2**	**1,927**
Other Income	40	31	30.1	108	49	119.8	57
PBDIT	**594**	**402**	**47.8**	**1,744**	**1,216**	**43.4**	**1,985**
Interest	187	147	27.8	542	428	26.7	579
Depreciation	30	16	88.8	73	46	58.6	133
PBT	**377**	**240**	**57.3**	**1,129**	**742**	**52.1**	**1,272**
Provision for tax	79	58	35.6	239	163	46.4	250
Provision for FBT	-	-		-	-		(2)
Provision for deferred tax	-	-		-	-		8
Net Profit	**298**	**182**	**64.3**	**890**	**579**	**53.7**	**1,017**
Equity Capital (FV Rs 10)	779	646	20.5	779	646	20.5	779
Reserves (excl. reval. res.)	-	-		-	-		5477
EPS for the period (Rs)	**3.8**	**2.8**	**36.3**	**11.4**	**9.0**	**27.6**	**15.4**
Book Value (Rs)	-	-		-	-		80.3
OPM (%)	**2.2**	**2.0**		**2.1**	**1.8**		**2.1**
NPM (%)	1.2	1.1		1.1	0.9		1.1
Expend. (% of sales)							
Cost of Goods Sold	94.9	96.25		95.3	95.9		95.6
Trading expenditure	0.0	0.0		0.0	0.0		0.3
Employee Cost	1.1	0.95		1.1	0.9		0.9
Other expenditure	1.9	1.17		1.6	1.4		1.1

Median PE v/s Daily PE



PE Band



Year Ended March (Figures in Rs mn)

Income Statement	2005	2006	2007	2008E	2009E	2010E
Revenues	**40,480**	**67,906**	**90,614**	**110,346**	**137,932**	**166,898**
Growth (%)	106.2	67.8	33.4	21.8	25.0	21.0
Total Expenditure	**39,737**	**66,625**	**88,687**	**107,852**	**134,705**	**162,742**
Operating Profit	**743**	**1,281**	**1,927**	**2,494**	**3,228**	**4,156**
OPM (%)	1.8	1.9	2.1	2.3	2.3	2.5
Growth (%)	136.6	72.5	50.5	29.4	29.4	28.8
Other income	63	30	57	143	150	150
EBIDT	**806**	**1,311**	**1,985**	**2,637**	**3,378**	**4,306**
(-) Interest	233	361	579	742	519	346
(-) Depreciation	37	49	133	158	194	222
PBT & E/O items	**536**	**900**	**1,272**	**1,737**	**2,665**	**3,737**
(-) Tax provision	99	180	255	363	560	785
Net Profits	**437**	**743**	**1,017**	**1,374**	**2,105**	**2,952**
Growth (%)	192.3	70.3	36.8	35.1	53.2	40.2
Fully diluted Eq. sh. O/s (mn no)	60.7	63.1	77.9	77.9	77.9	77.9
Book Value (Rs)	42.7	55.6	80.3	95.1	119.3	154.4
Basic EPS (Rs)	7.2	12.2	15.4	17.6	27.0	37.9
Diluted EPS (Rs)	**5.6**	**9.5**	**13.1**	**17.6**	**27.0**	**37.9**

Balance Sheet	2005	2006	2007	2008E	2009E	2010E
Equity Share Capital	607	631	779	779	779	779
Reserves & Surplus	2,719	3,698	5,477	6,632	8,519	11,252
Net worth	**3,326**	**4,329**	**6,256**	**7,411**	**9,297**	**12,030**
Finance lease	-	2	-	-	-	-
Total Debt	2,295	4,784	6,013	5,513	3,513	2,513
Deferred Tax liability	16	13	9	9	9	9
Capital Employed	**5,636**	**9,128**	**12,278**	**12,933**	**12,819**	**14,552**
Goodwill	667	637	383	383	383	383
Fixed Assets	179	283	447	1,310	1,437	1,536
Net current assets	4,790	8,208	11,448	10,440	9,599	10,632
Investments	-	-	-	800	1,400	2,000
Total Assets	**5,636**	**9,128**	**12,278**	**12,933**	**12,819**	**14,552**

Year Ended March (Figures in Rs mn)

Cash Flow Statement	2005	2006	2007	2008E	2009E	2010E
PBT & Extraord. items	**536**	**924**	**1,272**	**1,737**	**2,665**	**3,737**
Depreciation	37	49	133	158	194	222
Interest & dividend inc.	(29)	(24)	(37)	(143)	(150)	(150)
Interest paid	233	361	579	742	519	346
Tax paid	(104)	(168)	(217)	(363)	(560)	(785)
(Inc/Dec in working capital	(2,022)	(2,686)	(2,612)	24	200	(437)
Other Items	2	(1)	52	-	-	-
Cash from operations	**(1,348)**	**(1,545)**	**(828)**	**2,154**	**2,868**	**2,934**
Net capital expenditure	(53)	(128)	(304)	(1,020)	(321)	(322)
Net investments	(0)	(0)	-	(800)	(600)	(600)
Interest recd	29	22	43	143	150	150
Acquisition of subsidiaries	117	31	-	-	-	-
Cash from investing activities	**93**	**(76)**	**(261)**	**(1,678)**	**(771)**	**(772)**
Issue of eq. shares	791	222	1,552	-	-	-
Change in debt	648	2,490	1,229	(500)	(2,000)	(1,000)
Dividend paid	-	-	-	(219)	(219)	(219)
Interest paid	(233)	(368)	(584)	(742)	(519)	(346)
other Adjustments	12	33	(80)	-	-	-
Cash from financing activities	**1,218**	**2,376**	**2,117**	**(1,461)**	**(2,738)**	**(1,566)**
Inc/Dec. in cash	**(36)**	**755**	**1,028**	**(984)**	**(641)**	**597**

Key Ratios	2005	2006	2007	2008E	2009E	2010E
EBIDT (%)	1.8	1.9	2.1	2.3	2.3	2.5
ROACE (%)	20.8	17.1	17.3	19.7	24.8	29.9
ROANW (%)	20.0	19.4	19.2	20.1	25.2	27.7
Sales/Total Assets (x)	7.2	7.4	7.4	8.5	10.8	11.5
Debt:Equity (x)	0.7	1.1	1.0	0.7	0.4	0.2
Current Ratio (x)	3.4	2.8	2.9	2.5	2.1	2.0
Debtors (days)	33.7	31.3	31.4	25.2	18.0	14.4
Inventory (days)	18.2	26.4	26.7	25.4	25.4	25.4
Net working capital (days)	36.5	35.4	36.9	29.2	22.0	18.4
EV/Sales (x)	0.6	0.4	0.3	0.3	0.2	0.2
EV/EBIDT (x)	31.5	20.3	16.3	12.8	9.5	7.0
P/E (x)	48.9	28.7	22.9	19.9	13.0	9.3
P/BV (x)	8.2	6.3	4.4	3.7	2.9	2.3

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