RELIGARE INSTITUTIONAL RESEARCH
Values that bind

Company Update
INDIA
CONSUMER STAPLES

11 November 2012

BUY
TP: INR 2,100.00
▲ 54.4%

United Spirits

UNSP IN

Big re-rating on the cards; maintain BUY, TP Rs 2,100

Diageo PLC has acquired a controlling stake (27.4%) in UNSP for Rs 1,440/sh, which is a significant positive for minority shareholders. UNSP is likely to receive a cash infusion of Rs 33bn, which would improve its capital structure as well as margin profile in the medium to long term through premiumisation and operational efficiencies. We upgrade FY14/FY15 earnings by ~50% each and maintain BUY with a revised Septeber'13 TP of Rs 2,100 (30x Sep'14 EPS, 54% upside) from Rs 750 earlier.

- **Diageo, the global liquor giant, takes control:** Diageo's acquisition of a controlling stake with board control and management rights is a key positive for minority shareholders. It would help re-rate the company as it eliminates the key overhang of UB group debt concerns. It would also allow UNSP to compete more effectively at the premium end of the IMFL market where Diageo could bring in its expertise. Diageo would look to raise operating margins back to 19-20% over the medium term driven by increased focus on premiumisation and operational efficiencies.
- **Balance sheet and return ratios to improve sharply:** Diageo will pay Rs 57.2bn for a 27.4% stake in UNSP (with Rs 33bn likely to be injected into UNSP). We believe a majority of the cash infusion into UNSP would go toward servicing its debt with the D/E ratio likely to improve from 1.6x in FY12 to ~0.4x in FY14. We expect return ratios for the company to improve from 4-5% levels currently to 14-15% in the next two years.
- **EPS upgraded by ~50%, TP raised to Rs 2,100 – maintain BUY**: We upgrade our earnings estimates for UNSP by ~50% each for FY14/FY15 on account of improvement in leverage, which would be earnings accretive, and gradual margin expansion from depressed levels currently. We believe there is potential for a sharp re-rating of the business given the company's market positioning and PE premium for a cleaner structure. We raise our Sep'13 TP to Rs 2,100 based on 30x Sep'14 EPS.

Financial Highlights

Y/E 31 Mar	FY11A	FY12A	FY13E	FY14E	FY15E
Revenue (INR mln)	73,762	91,865	1,08,206	1,25,968	1,45,381
EBITDA (INR mln)	11,525	10,603	14,161	17,551	21,187
Adjusted net profit (INR mln)	4,312	1,987	3,621	9,144	12,010
Adjusted EPS (INR)	34.3	15.8	28.8	62.9	82.7
Adjusted EPS growth (%)	71.0	(53.9)	82.2	118.8	31.3
DPS (INR)	2.6	2.8	3.0	3.2	3.4
ROIC (%)	7.6	4.7	6.7	8.5	10.5
Adjusted ROAE (%)	10.8	4.5	7.5	12.9	12.4
Adjusted P/E (x)	29.9	38.4	47.3	21.6	16.5
EV/EBITDA (x)	16.1	13.7	17.4	13.1	10.2
P/BV (x)	3.1	1.6	3.4	2.2	1.9

Source: Company, Bloomberg, RCML Research

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PRICE CLOSE (09 Nov 12)
INR 1,360.50

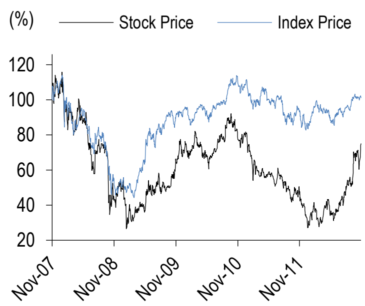
MARKET CAP
INR 1,71,246 mln
USD 3,127 mln

SHARES O/S
125.9 mln

FREE FLOAT
72.0%

3M AVG DAILY VOLUME./VALUE
5.6 mln/ USD 114.1 mln

52 WK HIGH	52 WK LOW
INR 1,360.50	INR 491.90



Diageo-UNSP deal: Our view

Win-win for both Diageo and UB Group; UNSP minority shareholders the biggest beneficiary

We believe the deal is well structured and offers positives for most concerned parties. Diageo clearly gets a much sought-after leading market position in a key emerging market. The deal would help Diageo maintain a lead over global rival, Pernod Ricard, which was a big success in India. The valuation multiple of 20x trailing EBITDA seems quite reasonable given the current margin profile is depressed due to higher input prices and has scope to improve significantly over the medium term. The acquisition would also provide a fillip to Diageo's international spirits business in India (not to be merged with UNSP) as it could leverage UNSP's distribution and manufacturing capability.

For UBHL, though it may seem prima-facie that it has parted with a significant value driver, we believe the value creation potential with Diageo is much higher given UNSP's weak balance sheet. In our view, UBHL's 14.9% stake would be far more valuable in future compared to the 27.8% it held in UNSP without Diageo.

However, the biggest beneficiary of this transaction is the minority shareholder of UNSP as a significant part of the total consideration (Rs 33bn of Rs 57bn) would be injected into UNSP and would help deleverage the balance sheet and improve return ratios. In addition, the potential risk of royalty payment to UBHL hasn't materialised which is a positive for UNSP shareholders.

Are there any significant hurdles to final approval of the deal?

We see a very high probability of the deal going through. It would require exchange and SEBI approvals in India. In all likelihood, this will be a Form 1 filing with CCI which should be approved given the precedent in India. Diageo or UNSP shareholders/creditors are unlikely to have any objections. The deal would also require UK Fair Trade Commission approval where queries on W&M may be raised. However, Diageo has highlighted that W&M is not the swing factor and it would go ahead with the deal in the current form without W&M if necessary. Diageo's key interest and valuation driver here is the Indian domestic business. It continues to pursue its own capex plans for bulk scotch supplies.

What would Diageo's key targets from UNSP be over the next 2-3 years?

- Focus on premiumisation – we note a brand focus within the UNSP portfolio could lead to a dip in overall volume growth. Diageo highlighted that 20% of UNSP's volumes generate 50% of revenues.
- Increase marketing spends on focus brands to compete more effectively with Pernod Ricard in the Rs 500-1,500/bottle segments.
- Increase in-sourcing and distillation capacity to ensure backward integration of raw materials. This has been a key reason for the dip in margins over the last few years.
- Reduce trade spends and leverage higher bargaining power in trade.
- Reduce the working capital cycle through better terms of trade (debtors, creditors). Based on our channel checks, Diageo India functions at very low working capital versus UNSP despite much lower market share due to its focus on ROCE.

Will Diageo's international spirits business be merged into UNSP?

Diageo would continue to run its international spirits business (brands such as Smirnoff, VAT 69, Johnie Walker) separately from UNSP at this stage. While it would continue to bring foreign brands into India through its 100% subsidiary, UNSP could benefit from new product development at the premium end helped by Diageo's expertise. In the medium term, we don't see any significant positives for UNSP from new premium brands. However, there might be a possibility of merging the two businesses in future which would benefit the company.

What would be the shareholding post the deal?

Diageo is unlikely to gain significant shares from the open offer given the upside potential from current levels and thus might end up with 27.4% stake, followed by 14.9% with UBHL and the balance ~58% with the public. However, Diageo has board control and management rights (voting rights of UBHL in its favour) and thus would be treating UNSP as a subsidiary and consolidating the company into Diageo PLC.

Will UNSP be de-listed?

Diageo has highlighted that it has no intention of delisting UNSP. It would strive to increase ownership gradually to ~50% if it doesn't get shares in the open offer.

Will UNSP have a new management team?

Though Diageo has the right to appoint the CEO and CFO at UNSP while retaining Dr. Vijay Mallya as Chairman, we believe it won't opt for big changes initially. It would like to see the business run smoothly during transition and gradually take over management control.

Key transaction highlights

Diageo to acquire controlling stake

Diageo will acquire an aggregate 27.4% stake in UNSP at a price of Rs 1,440/sh. The acquisition would be as follows:

- 12.8% interest in the current share capital of UNSP from UBHL and other members of its group;
- 6.5% interest in the current share capital of UNSP from the UNSP Benefit Trust, two subsidiaries of UNSP and SWEW Benefit Trust;
- The shareholders of UNSP will be asked to approve preferential allotment to Diageo of new shares amounting to 10% of the post issue enlarged share capital of UNSP.

Post issuance of the 27.4% stake, Diageo would be required to launch a mandatory tender offer which will be for 26% of the enlarged shareholding of UNSP at a price of Rs 1,440/sh.

Completion of the acquisition is subject to a number of conditions, including release of all security interests over the UNSP shares and receipt of mandatory regulatory approvals.

Following the transactions above, if Diageo's stake is less than 50.1%, the share purchase agreement obliges UBHL to vote in favour of all UNSP resolutions proposed by Diageo for four years.

Transaction structure highlights

- Proceeds from the preferential allotment and sale of treasury shares will be used for the benefit of UNSP, including debt repayment.
- Additional UNSP shares may be acquired from UBHL, at a price of Rs 1,440/sh, in certain circumstances where the preferential allotment does not ensure Diageo holds a minimum shareholding of 25.1% of UNSP.
- If the open offer does not result in Diageo acquiring a majority interest in UNSP, UBHL has agreed to vote its remaining UNSP shareholding as directed by Diageo until Diageo reaches a majority position or the end of the fourth full financial year of Diageo after closing the deal, whichever is earlier.
- Diageo will have the right of first offer over the remaining stake of UBHL if a member of the UBHL group proposes to transfer any UNSP shares other than to a permitted transferee.
- UBHL will also have an option to Put some or all of its remaining stake in UNSP to Diageo at a price of Rs 1,440/sh, provided no further mandatory tender offer is triggered; this Put will start once Diageo has first consolidated a full financial year's results for UNSP and terminate on the 7th anniversary of that date.
- The Tender Offer will be subject of a review process by SEBI; Diageo intends to commence this SEBI review process promptly.
- Assuming that that process is completed within a reasonable timeframe, Diageo would expect to post the tender offer documentation to UNSP shareholders during the first quarter of 2013. The company is targeting the open offer in January'13.
- It is expected that the preferential allotment, the tender offer and the share purchase will be implemented during the first quarter of 2013.

Other highlights

- Diageo will be able to nominate, propose or recommend directors to the UNSP board and appoint its nominees to the roles of CEO and CFO; Dr Vijay Mallya would continue as the Chairman of the company.
- UBHL will be able to nominate one director (who would be Dr Vijay Mallya) and recommend a second non-executive director who will, to the extent feasible, be an independent director, to the UNSP board. The right to recommend the second director falls away if the UBHL group no longer holds 5% or more of UNSP's current share capital, and both appointment rights fall away if its holding falls below 1% of ÚNSPs current share capital. These rights of UBHL are also subject to Dr Mallya continuing to control UBHL, and in certain circumstances where Dr Mallya ceases to control UBHL he would succeed to the right to nominate himself as a director of UNSP subject to his holding at least 1% of UNSP's current share capital;
- Diageo (through its wholly-owned subsidiary, Diageo Bidco) has also announced its intention, subject to successful completion of the tender offer, to launch a mandatory tender offer to the public shareholders of Pioneer Distilleries Limited (a subsidiary of UNSP) to acquire up to 18.42% of Pioneer's outstanding share capital. Pioneer shareholders would be entitled to receive Rs 60 for each Pioneer share. This values Pioneer at ~Rs 803mn (£9.2mn).

- Diageo and Dr Vijay Mallya have also signed a memorandum of understanding to establish a 50:50 joint venture in respect of United National Breweries, a major sorghum business in South Africa. Diageo's investment under this non-binding MOU, is expected to be ~£25mn.
- Diageo and Dr Mallya are also considering the possibility of extending their joint venture relationship by establishing a joint venture in respect of certain emerging markets in Africa and Asia (excluding India). If established, it is expected that the South African joint venture would be contributed to it.

Investment rationale

Focus on premium brands

In recent times, UNSP has been focusing on growing its premium portfolio (lower volumes but higher margins) as against chasing growth in the regular portfolio. For FY12, UNSP reported 7% YoY volume growth, with the premium segment outgrowing the company at 15% YoY. For Q2FY13, the company has seen a 1% YoY volume decline, even as the premium segment grew 14% YoY.

With Diageo coming on board, the focus on premium brands is expected to continue; hence, we believe the company would temper its overall volume growth target to 6–7% (rather than 12–13%) by defocussing on the regular segment. Amidst high inflation, this had also resulted in margin dilution and higher working capital requirements, affecting the FY12 performance.

Fig 1 - Volume (in mn cases)

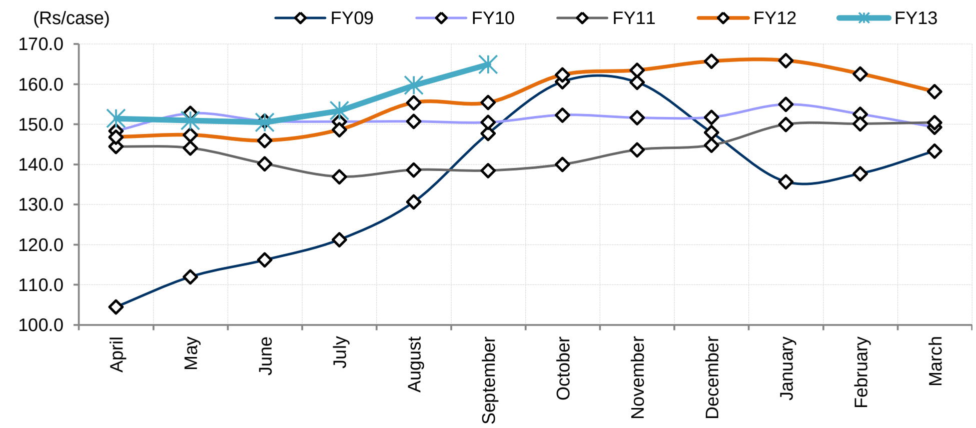
Segment	Q2FY12	Q2FY13	Growth (%)
Prestige & Above	6.5	7.4	14.1
Regular	19.2	17.7	(7.9)
I line	25.7	25.1	(2.3)
II line	2.4	2.7	11.8
Franchise	0.7	0.7	5.7
UNSP	28.7	28.4	(1.0)

Source: RCML Research, Company

EBITDA margins to expand 340bps over FY12-FY15 on low base and Diageo synergies

ENA prices for UNSP have increased by ~3.5% YoY in H1FY13. We believe the company could see some improvement in gross margins on account of lower inflation in ENA prices as well as the benefits of full ramp-ups at own distilleries.

Fig 2 - UNSP - ENA price trend

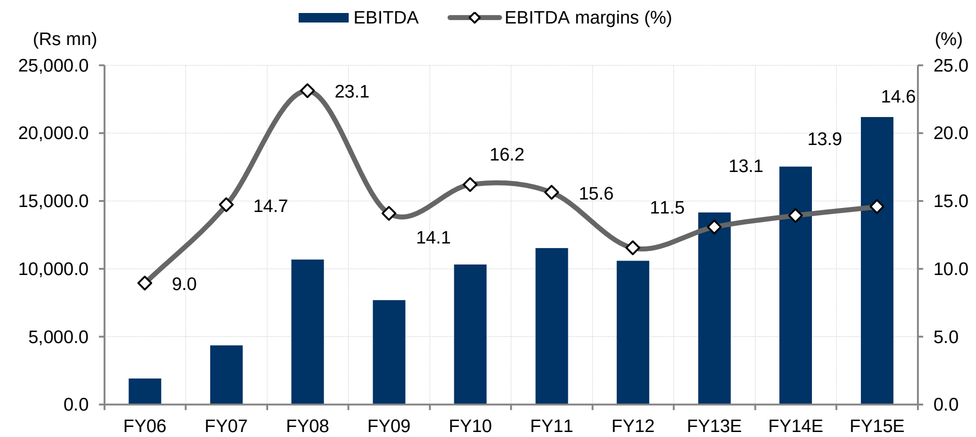


Source: RCML Research

Glass costs have increased by ~8% from February, with manufacturers asking for a further hike. However, we do not foresee any near-term increases given that crude prices have come off their recent highs.

We also believe there is a potential for Diageo to improve margins in the business as certain cost synergies kick in. We expect gradual margin expansion in the business, to ~15% by FY15. Over the medium term, the business has potential to improve its margin profile to ~18-20%.

Fig 3 - UNSP EBITDA and EBITDA margins trend



Source: RCML Research

We expect ~160bps EBITDA margin expansion for FY13 (given the depressed nature of margins in FY12 which were down 410bps from FY11 levels) and further 80bps and 70bps improvement in FY14 and FY15 respectively, led by better gross margins and other cost synergies with Diageo.

Stronger balance sheet – one of the biggest positives

UNSP's debt levels have increased significantly over the past two years from Rs 30bn to Rs 78bn as on September'12. The company's D/E ratio at ~1.8x and Debt/EBITDA at more than 5x were the biggest concerns, with return ratios being depressed at 7-8%. We expect debt levels to come down to Rs 38bn/Rs 33bn at the end of FY14/FY15 led by the capital infusion from Diageo and strong operating cash flow generation. Average interest costs are likely to be at 11.5% (14% for domestic debt, 9% for foreign).

Working capital increases in FY12 were unprecedented due to the combination of several factors (higher input prices, in-house distilleries, UP state elections build-up, TN issue). We expect increases in working capital from FY13 onwards to be in line with sales growth, and do not see any significant spike going ahead. We see some benefit in terms of working capital in FY14/FY15 as Diageo would focus on working capital efficiencies. UNSP has outlined capex of ~Rs 3bn for FY13. We expect similar levels of capex in FY14/FY15.

Valuation

Global distillers trade at 20-25x PE

Global distillers trade at 20-25x forward PE due to low capital intensity and a strong brand franchise. Given UNSP's dominance in the Indian market and scope for margin and ROE expansion, we believe it would trade at a premium to global peers. Steady state, UNSP should generate ROEs of 20%+ coupled with at least 15-20% EPS CAGR which deserves a 25-30x PE.

Fig 4 - Global Spirits cos valuation snapshot

Company	M-cap (USD mn)	EPS CAGR	ROE (%)			P/E (x)			EV/EBITDA (x)		
		FY12-14E	FY12E	FY13E	FY14E	FY12E	FY13E	FY14E	FY12E	FY13E	FY14E
Constellation Brand INC-A	6,468	16.1	16.0	14.0	16.9	16.6	15.1	16.5	11.7	11.9	8.4
Brown-Forman Corp-Class B	13,464	11.3	24.4	25.8	25.0	27.0	26.0	23.6	15.9	14.8	13.5
Davide Campari-Milano SPA	4,597	9.8	13.2	12.3	13.0	20.2	19.9	19.9	12.6	12.4	10.8
Hite Jinro Co Ltd	2,025	(2.2)	11.4	8.3	9.9	21.8	19.7	17.7	15.8	11.7	10.0
Diageo PLC	71,899	11.9	38.3	38.3	35.3	22.1	19.8	17.4	15.4	13.8	12.7
Pernod-Ricard SA	28,119	12.6	12.4	12.1	12.7	17.8	18.4	16.0	14.1	12.3	11.3
Remy Cointreau	5,378	27.1	11.9	15.7	17.2	34.1	33.1	24.4	20.8	16.0	13.6

Source: RCML Research, Bloomberg

Indian consumer stocks trading at ~30x forward PE

Most Indian consumer stocks are trading at 25-35x one-year forward PE multiples. Given the quality of UNSP's management, newfound balance sheet health and leading market position, we believe it should trade at least at similar multiples.

Fig 5 - FMCG - Staples valuation snapshot

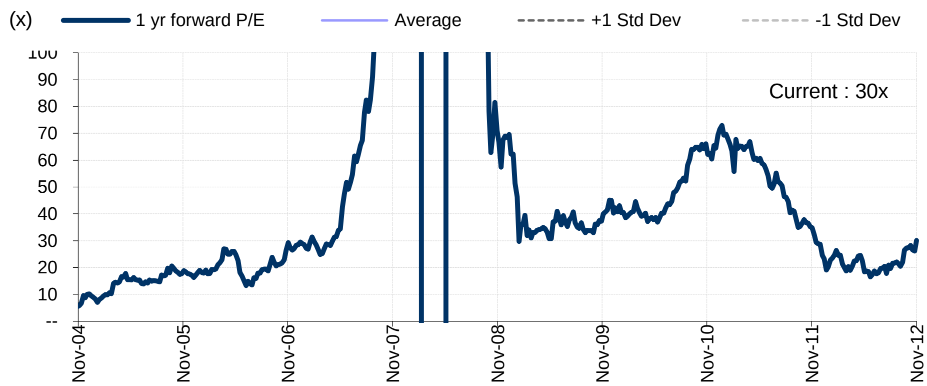
Company	CMP (Rs)	Target (Rs)	EPS CAGR	ROE (%)			P/E (x)			EV/EBITDA (x)		
			FY12-14E	FY12	FY13E	FY14E	FY12	FY13E	FY14E	FY12	FY13E	FY14E
Asian Paints	4,114	3,610	17.3	40.1	36.8	35.5	39.9	34.8	29.0	26.8	22.7	18.9
Bajaj Corp	196	190	18.6	29.9	31.3	31.8	24.1	20.1	17.1	24.8	19.1	16.0
Britannia	466	500	25.5	54.3	54.7	42.9	27.9	22.8	17.7	19.9	15.7	12.4
Colgate	1,328	1,110	16.5	109.0	104.1	93.7	40.4	35.2	29.8	34.9	29.5	24.5
Dabur	128	140	19.9	41.5	39.1	38.0	34.8	29.5	24.2	26.4	22.1	18.5
Emami	598	635	16.4	34.8	31.2	29.2	33.0	28.7	24.4	30.1	25.5	21.0
GCPL	693	660	23.9	26.1	23.2	22.5	39.8	31.4	25.9	28.6	21.9	17.9
GSK Consumer	3,052	3,300	21.0	33.8	35.2	36.9	36.1	29.9	24.7	27.7	24.1	20.0
HUL	529	540	18.5	85.1	75.9	71.2	40.8	34.5	29.1	37.0	30.4	25.5
ITC	288	295	19.2	34.8	37.0	40.7	36.0	30.2	25.3	25.3	20.9	17.4
Jyothy Labs	178	100	64.8	5.5	9.3	14.2	42.0	24.8	15.5	41.7	28.6	22.3
Marico	212	205	19.9	32.4	27.4	23.0	38.6	31.4	26.9	29.2	21.5	17.9
Nestle	4,864	4,500	17.9	91.3	73.0	68.6	48.2	42.8	34.7	31.6	27.5	22.3
United Breweries	792	400	50.8	11.8	15.7	19.3	151.5	95.6	66.6	52.4	43.4	33.7
United Spirits	1,361	2,100	114.0	7.5	12.9	12.4	86.1	47.3	21.6	25.2	18.8	15.2

Source: RCML Research

Significant potential for stock re-rating

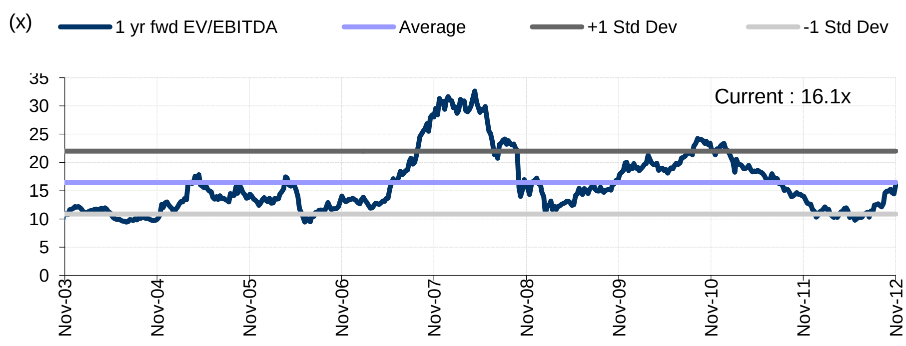
We believe there is significant potential for a re-rating of the stock given that the business has been de-rated over the past few years on account of issues with the promoter group and deteriorating balance sheet health. We upgrade FY14-FY15 earnings by ~50% each and raise our TP to Rs 2,100 based on ~30x forward P/E. We expect significant value accretion to shareholders in the next 12-18 months as Diageo takes control of the business. Maintain BUY.

Fig 6 - UNSP 1-year fwd P/E



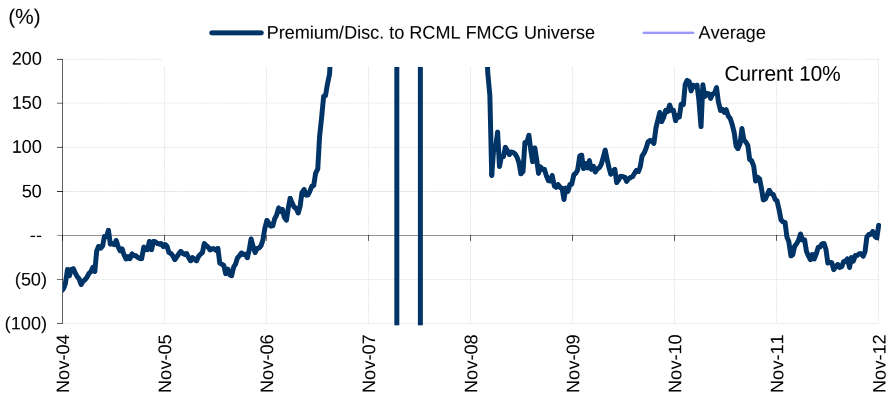
Source: RCML Research, Bloomberg

Fig 7 - UNSP 1-year fwd EV/EBITDA



Source: RCML Research, Bloomberg

Fig 8 - UNSP – 1 year fwd P/E prem/(disc) to FMCG universe



Source: RCML Research, Bloomberg

Per Share Data

Y/E 31 Mar (INR)	FY11A	FY12A	FY13E	FY14E	FY15E
Reported EPS	45.2	14.9	28.8	62.9	82.7
Adjusted EPS	34.3	15.8	28.8	62.9	82.7
DPS	2.6	2.8	3.0	3.2	3.4
BVPS	332.0	370.4	395.6	629.5	708.2

Valuation Ratios

Y/E 31 Mar (x)	FY11A	FY12A	FY13E	FY14E	FY15E
EV/Sales	2.5	1.6	2.3	1.8	1.5
EV/EBITDA	16.1	13.7	17.4	13.1	10.2
Adjusted P/E	29.9	38.4	47.3	21.6	16.5
P/BV	3.1	1.6	3.4	2.2	1.9

Financial Ratios

Y/E 31 Mar	FY11A	FY12A	FY13E	FY14E	FY15E
Profitability & Return Ratios (%)					
EBITDA margin	15.6	11.5	13.1	13.9	14.6
EBIT margin	14.2	9.9	11.6	12.5	13.2
Adjusted profit margin	5.8	2.2	3.3	7.3	8.3
Adjusted ROAE	10.8	4.5	7.5	12.9	12.4
ROCE	7.2	4.5	6.4	8.2	9.7
YoY Growth (%)					
Revenue	15.9	24.5	17.8	16.4	15.4
EBITDA	11.7	(8.0)	33.6	23.9	20.7
Adjusted EPS	71.0	(53.9)	82.2	118.8	31.3
Invested capital	15.7	14.7	7.3	(0.5)	(1.3)
Working Capital & Liquidity Ratios					
Receivables (days)	70	69	73	69	63
Inventory (days)	183	175	187	182	168
Payables (days)	97	118	138	134	135
Current ratio (x)	1.8	1.3	1.3	1.3	1.3
Quick ratio (x)	1.2	0.8	0.8	0.8	0.9
Turnover & Leverage Ratios (x)					
Gross asset turnover	3.7	3.6	3.5	3.7	3.9
Total asset turnover	0.6	0.6	0.7	0.7	0.8
Net interest coverage ratio	2.1	1.1	1.4	3.8	5.1
Adjusted debt/equity	1.5	1.6	1.6	0.4	0.3

DuPont Analysis

Y/E 31 Mar (%)	FY11A	FY12A	FY13E	FY14E	FY15E
Tax burden (Net income/PBT)	51.7	59.3	64.5	66.8	67.2
Interest burden (PBT/EBIT)	79.4	36.7	44.8	86.7	92.9
EBIT margin (EBIT/Revenue)	14.2	9.9	11.6	12.5	13.2
Asset turnover (Revenue/Avg TA)	60.7	63.9	66.0	72.6	78.5
Leverage (Avg TA/Avg equities)	305.9	325.5	340.3	245.8	190.5
Adjusted ROAE	10.8	4.5	7.5	12.9	12.4

Income Statement

Y/E 31 Mar (INR mln)	FY11A	FY12A	FY13E	FY14E	FY15E
Total revenue	**73,762**	**91,865**	**1,08,206**	**1,25,968**	**1,45,381**
EBITDA	11,525	10,603	14,161	17,551	21,187
EBIT	10,501	9,128	12,538	15,788	19,254
Net interest income/(expenses)	(4,985)	(8,360)	(8,737)	(4,184)	(3,741)
Other income/(expenses)	1,436	2,692	1,816	2,088	2,372
Exceptional items	1,383	(108)	0	0	0
EBT	8,336	3,353	5,617	13,691	17,885
Income taxes	(2,652)	(1,481)	(1,996)	(4,547)	(5,875)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from associates	12	7	0	0	0
Reported net profit	**5,695**	**1,879**	**3,621**	**9,144**	**12,010**
Adjustments	(1,383)	108	0	0	0
Adjusted net profit	**4,312**	**1,987**	**3,621**	**9,144**	**12,010**

Balance Sheet

Y/E 31 Mar (INR mln)	FY11A	FY12A	FY13E	FY14E	FY15E
Accounts payables	18,331	34,119	36,926	42,856	48,758
Other current liabilities	0	0	0	0	0
Provisions	1,771	2,451	3,932	5,477	7,154
Debt funds	63,811	75,231	78,715	37,697	33,703
Other liabilities	3,471	146	146	146	146
Equity capital	1,259	1,259	1,259	1,453	1,453
Reserves & surplus	40,527	45,359	48,539	90,010	1,01,443
Shareholders' fund	41,786	46,618	49,798	91,463	1,02,896
Total liabilities and equities	**1,29,170**	**1,58,565**	**1,69,516**	**1,77,638**	**1,92,657**
Cash and cash eq.	6,370	3,632	1,851	3,157	12,159
Accounts receivables	14,825	19,729	23,296	24,059	26,020
Inventories	21,168	27,548	33,158	34,984	35,822
Other current assets	19,479	24,820	27,052	30,232	31,984
Investments	1,544	2,358	2,303	2,303	2,303
Net fixed assets	14,027	20,188	21,406	22,452	23,919
CWIP	1,291	1,080	1,241	1,241	1,241
Intangible assets	49,693	58,618	58,618	58,618	58,618
Deferred tax assets, net	325	592	592	592	592
Other assets	448	0	0	0	0
Total assets	**1,29,170**	**1,58,565**	**1,69,517**	**1,77,638**	**1,92,658**

Cash Flow Statement

Y/E 31 Mar (INR mln)	FY11A	FY12A	FY13E	FY14E	FY15E
Net income + Depreciation	6,718	3,353	5,244	10,908	13,944
Interest expenses	4,985	8,360	8,737	4,184	3,741
Non-cash adjustments	0	0	0	0	0
Changes in working capital	(9,513)	(5,036)	(7,121)	1,704	3,030
Other operating cash flows	1,637	9,243	8,737	4,184	3,741
Cash flow from operations	**3,827**	**15,919**	**15,597**	**20,981**	**24,455**
Capital expenditures	(2,308)	(6,934)	(3,002)	(2,809)	(3,400)
Change in investments	(1,175)	(4,473)	55	0	0
Other investing cash flows	377	704	0	0	0
Cash flow from investing	**(3,106)**	**(10,702)**	**(2,947)**	**(2,809)**	**(3,400)**
Equities issued	0	378	0	33,064	0
Debt raised/repaid	8,685	11,270	3,484	(41,018)	(3,994)
Interest expenses	(4,985)	(8,360)	(8,737)	(4,184)	(3,741)
Dividends paid	(357)	(385)	(441)	(543)	(577)
Other financing cash flows	(5,381)	(11,046)	(8,737)	(4,184)	(3,741)
Cash flow from financing	**(2,207)**	**(8,142)**	**(14,432)**	**(16,866)**	**(12,053)**
Changes in cash and cash eq	**(1,486)**	**(2,925)**	**(1,782)**	**1,306**	**9,003**
Closing cash and cash eq	**6,370**	**3,633**	**1,851**	**3,157**	**12,159**

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