

Star Cement

Result Update

07 June 2017

Cement

Profitability rebounds on better pricing, cost reduction

Star Cement delivered a strong quarter as its consolidated EBITDA rose 34% YoY led by price recovery, operating cost moderation and one-off excise write-back which more than offset volume decline impact. With reduced competition in the NE region, improving demand outlook, lower fuel cost and Star's cost rationalisation, we expect Star to deliver 13% EBITDA CAGR during FY17-19E. Strong op cashflow, higher expected subsidy receipt and low capex during FY18/19 would reduce Star's net D:E to 0.1x in FY18E. Improving pricing outlook in the east, expected subsidy dues clearance, and the recent simplification of corporate structure should drive valuation re-rating. We maintain BUY and revise our TP to Rs129. Star Cement is expected to get listed in June 2017.

- Unitary EBITDA (adjusted) rebounds to Rs1,788/MT in Q4FY17:** Star Cement reported 34% YoY EBITDA growth in Q4FY17 led by better pricing in the NE region (reported NSR increase of 10% QoQ/9% YoY, adjusted NSR increase of 3% QoQ/2% YoY), one-off excise credit in Q4FY17 (worth ~Rs370/MT), and steady opex reduction (down 6% YoY and 4% QoQ) which more than offset Star's 16% YoY volume decline (demonetisation drag and focus on better margin sales). Thus, unitary EBITDA surged 59% YoY to Rs2,158/MT and adjusted for one-off excise credit by 32% YoY to Rs1,788/MT. The company is benefiting from lower local coal prices (against the usual YoY inflationary trend seen across the cement industry in H2FY17). Further, Star is reducing its lead distance, promotional and overhead expenses, thus driving lower costs YoY.
- Margin should firm up on better pricing & demand and further cost rationalisation:** Reduction in competition in the NE region and improving demand outlook (across east and NE region) should boost Star's realisation and utilisation. Further, lower coal prices in NE region and Star's effort to further trim its promotional and overhead expenses should aid margin expansion in FY18E. In FY19E, we estimate opex to increase by ~Rs436/MT, largely led by the exhaustion of freight subsidy in FY18 (both inward and outward). However, we expect the drop in unitary EBITDA to be restricted at Rs220/MT in FY19, cushioned by better realisation and operating leverage gains. Thus, we expect EBITDA to grow 27% YoY in FY18E and to remain flat YoY in FY19E. Factoring in improvement in price and opex (as shown during H2FY17), we upgrade our FY18/19 EBITDA estimates by 13%/10% respectively. Star's debtor days/cash conversion days reduced by ~11days/12days YoY in FY17 to 84days/99days.

- Smaller capex, expected subsidy receipts to boost balance sheet:** Star is currently doing smaller capex – debottlenecking at Meghalaya to increase its total cement capacity by 10% in Q1FY18 and clinker capacity by 15% by FY19. The 1mn MT Siliguri grinding unit is expected by end of FY19E. These would entail total capex of ~Rs2.4bn during FY18-19. Star's total subsidy backlog currently stands at ~Rs8bn. The management is hopeful of receiving ~Rs3-4bn in FY18 on higher fund allocation (for subsidy disbursement) by the central government. It received Rs0.6bn in Q1FY18. We model in Rs3.7bn/Rs2.7bn receipts for FY18/19. Higher profits, subsidy receipts and low capex outgo over the next two years should reduce Star's net debt to 0.1x in FY18, boosting its capability for next round of capacity expansion.

- Maintain BUY:** We expect Star to deliver 13% EBITDA CAGR during FY17-19E despite freight subsidy getting exhausted by FY18E as pricing outlook has improved and as the company is rationalising its costs. With the completion of the reverse merger of Star Ferro & Cement in Star Cement, its corporate structure has been simplified and promoter holding has increased to 75%, thus boosting its valuation outlook. Thus, we maintain our Buy rating on Star, with a revised TP of Rs129, valuing it at 9.5x its FY19E EBITDA (Our earlier unadjusted TP stood at Rs125 (@7.5x FY19E) which implied TP of Rs95/share when adjusted for the reverse merger).

Y/E Mar (Rsmn)	Q4FY17	Q4FY16	YoY (%)	Q3FY17	QoQ (%)	Q4FY17E	Variance %
Net Sales	5,192	5,631	(7.8)	3,938	31.9	5,225	(0.6)
Op. cost	3,491	4,363	(20.0)	3,057	14.2	3,891	(10.3)
EBITDA	1,700	1,267	34.2	881	93.1	1,333	27.5
EBITDA margin (%)	32.8	22.5	1,024bps	22.4	1,039 bps	25.5	723 bps
Depreciation	355	440	(19.1)	355.9	(0.2)	360	(1.3)
Interest	186	216	(14.2)	186.0	(0.3)	190	(2.3)
PBT	1,174	615	90.8	339.5	245.8	788	48.9
Taxes Paid	124	30	307.7	0.1		158	(21.6)
Minority Interest	17	16	5.4	12.8	34.4	213	(91.9)
Adjusted PAT	1,033	569	81.7	326.6	216.3	418	147.3

Source: Company, Centrum Research Estimates; Consolidated financials

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	APAT	YoY (%)	DEPS Rs.	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY15	14,304	21.9	4,351	30.4	834	1,091.9	3.8	12.3	10.7	19.7	8.2
FY16	17,150	19.9	3,994	23.3	1,346	61.3	3.2	13.2	11.1	22.9	10.1
FY17P	17,280	0.8	4,088	23.7	1,716	27.5	4.1	14.8	12.0	18.2	9.7
FY18E	19,208	11.2	5,199	27.1	2,716	58.2	6.5	19.6	15.6	16.3	8.9
FY19E	22,801	18.7	5,208	22.8	2,931	7.9	7.0	17.8	15.5	15.1	7.7

Source: Company, Centrum Research Estimates, Consolidated Financials.

Target Price	Rs129	Key Data
CMP ^{AA}	Rs105	Bloomberg Code SFCL IN
Upside	22%	Curr Shares O/S (mn) 419.2
Previous Target ^{AA}	Rs95	Diluted Shares O/S(mn) 419.2
Previous Rating	Buy	Mkt Cap (Rsbn/USDmn) 44.1/679
Price Performance (%)*)	52 Wk H / L (Rs) 145/86.5	
1M	6M	1Yr 5 Year H / L (Rs) 189/13.3
SFCL IN	NA	NA Daily Vol. (3M NSE Avg.) NA
NIFTY	3.8	18.3 17.5

*as on 6 June 2017; Source: Bloomberg, Centrum Research

^Star Ferro & Cement's (SFCL IN) last traded price (Rs140) and previous TP (Rs125) have been adjusted for reverse merger of SFCL into Star Cement. SFCL got delisted wef 31st Mar 2017. Hence its price data is not available since then. The new entity Star Cement is expected to get listed in first half of June 2017.

Shareholding pattern (%)*)

	Dec-16	Sep-16	Jun-16	Mar-16
Promoter	64.4	64.4	66.7	66.6
FII's	0.1	0.1	0.1	0.1
Dom. Inst.	1.7	1.8	0.0	0.0
Public & Others	33.7	33.7	33.2	33.2

Source: BSE, *as on 31st March 2017

Operational performance trends

	Q4FY17	Q4FY16	YoY (%)	Q3FY17	QoQ (%)
Sales Vol (Cement +Clinker)					
Net sales (mn MT)	0.79	0.93	(15.5)	0.66	20.2
Gross sales (mn MT)	0.84	0.99	(15.4)	0.70	19.4
NSR (Rs/MT) ^	6,195	5,687	8.9	5,610	10.4
RM & Traded Goods	1,314	1,500	(12.4)	1,582	(16.9)
Power & Fuel	644	576	11.7	428	50.6
Employee	340	272	24.8	411	(17.2)
Freight	881	1,099	(19.8)	882	(0.1)
Other expenses	987	959	2.9	1,054	(6.4)
Opex (Rs/MT) ^	4,166	4,407	(5.5)	4,356	(4.3)
EBITDA (Rs/MT) **	2,158	1,358	58.9	1,343	60.7

Source: Company, Centrum Research

Gross sales imply total cement and clinker sales including clinker sold to on-lease GUs in West Bengal and includes cement purchased from these units and resold BY SFCL

Net sales is excluding clinker sales to on-lease GUs

^ NSR and Op costs items calculated on gross sales volume

** EBITDA per MT calculation on net sales volume

Earning Revisions

Particulars (Rs bn)	FY18E			FY19E		
	New	Old	Chg (%)	New	Old	Chg (%)
Sales	19.2	19.8	(3.0)	22.8	23.0	(0.8)
EBITDA	5.2	4.6	12.9	5.2	4.7	9.7
Ebitda margin (%)	27.1	23.3		22.8	20.7	
Adj PAT	2.7	1.6	65.0	2.9	1.9	53.9

Source: Centrum Research Estimates

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Con-call highlights

- **Production and sales details:** Star's cement sales (from owned and on-leased units) dipped 16% YoY (+17% QoQ) to 0.75mn MT on account of continued drag of demonetisation in Q4FY17. Total clinker production dipped 7% YoY (+19% QoQ) to 0.56mn MT. Star's gross sales volume of cement and clinker (including sales to on-lease GUs) declined 15% YoY (+19% QoQ) to 0.84mn MT. External sales volume (excluding clinker sales to on-lease units) was down 15% YoY (+20% QoQ) to 0.79 mn MT. In FY17, total external sales volume rose a modest 2% YoY to 2.82mn MT impacted by offtake decline in H2FY17 as well as on account of a fall in clinker sales.
- **Star's regional sales mix:** During the quarter, NE Region accounted for 68% of Star's cement sales vs 69% YoY and 63% QoQ. Star continues to be a market leader in NE region with ~28% market share. Star's cement sales in NER declined 18% YoY and outside NE region sales fell 13% YoY during Q4FY17. In FY17, Star's cement sales in NE region rose 2% YoY and outside the NE region it rose 8% YoY, thus boosting its cement sales by 4% YoY.
- **Realisation continues to recover:** Star's reported NSR jumped 9% YoY and 10% QoQ in Q4FY17. Adjusted for one-off excise duty credit of ~Rs312mn (i.e. ~Rs370/MT), adjusted NSR rose 3% QoQ/2% YoY driven by improvement in supply discipline in the eastern region.
- **Operating cost reduction and working capital improvement:** Star cut its marketing/promotional expenses by 33% YoY in absolute terms during FY17 to Rs543mn as its market positioning outside NE region has stabilised. This helped reduce unitary cost by Rs56/MT YoY in FY17. Further, it has seen cost savings in its fuel (driven by coal cost reduction in NE region) and packaging costs. Management highlighted that it will continue to witness lower fuel cost in FY18 on increased local coal supply and that it would further tighten its overheads/promotion expense to improve profitability. Star has also lowered its reported debtor days by ~11days in FY17 to 84days. Adjusted for external freight subsidy receivables pile up in FY17, its business debtor days have declined by ~25days YoY to 29days in FY17 (in-line with industry). Star also trimmed its inventory days by 11days YoY to 34days. However, the benefit of the same was offset by 10days YoY fall in payable days to 20days in FY17.
- **Star's consolidated gross and net debt** stood at Rs8bn/ Rs7.7bn at the end of FY17 – a decline of Rs1.4bn/Rs1.4bn YoY.
- **Star's total subsidy receivable** stood at ~Rs8bn at the end of FY17 (Rs6bn of freight subsidy and Rs2bn of capital subsidy). It received a modest Rs250mn in Q1FY17 and another Rs610mn in Q1FY18. The management is hopeful of receiving another ~Rs3bn in FY18 on higher fund allocation (for subsidy disbursement) by the central government. We have modelled in Rs3.7bn/Rs2.7bn receipts for FY18/19.
- **Expansion plans:** Star expanded the Meghalaya grinding unit by 0.3mn MT through debottlenecking, thus expanding its owned grinding capacity to 3.7mn MT currently. It is currently working on 0.4mn MT clinker expansion in Meghalaya through debottlenecking and this is expected to be completed in FY19E. This will expand clinker capacity to 3mn MT in FY19E. The pending Siliguri grinding unit (1mn MT) is also expected to be commissioned in FY19E. These will lead to clinker/cement capacity at 2.6/3.7 mn MT in FY18E and 3.0/4.7 mn MT in FY19E. These projects including maintenance capex would entail total capex of ~Rs2.4bn during FY18-19E.
- **Simplification of the corporate structure to be completed in FY17E:** The erstwhile listed entity Star Ferro & Cement (SFCL) has reverse merged with its subsidiary Star Cement. Star Cement will eventually get listed during June 2017. All the shareholders of SFCL will get 1.33 shares of Star Cement and with this re-organisation, promoter holding in listed Star Cement will increase to 75% vs 64% promoter holding in SFCL. The re-organisation has simplified the corporate structure without any equity dilution. The new entity truly reflects the cement business and the layers of subsidiaries have reduced to one from the earlier two layers of subsidiaries in case of SFCL.

Valuations and key assumptions

Exhibit 1: 1 year forward EV/EBITDA chart

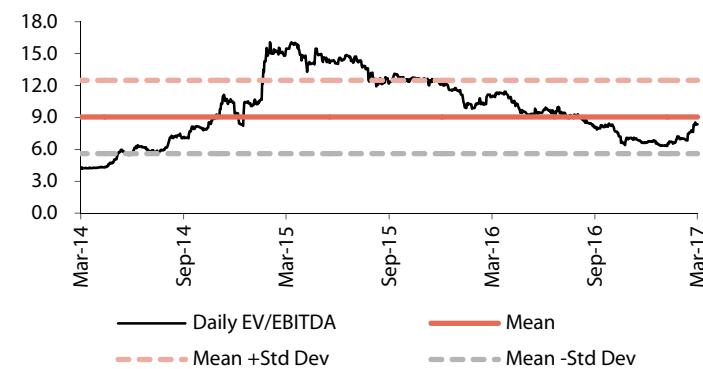


Exhibit 2: 1 year forward EV/MT chart

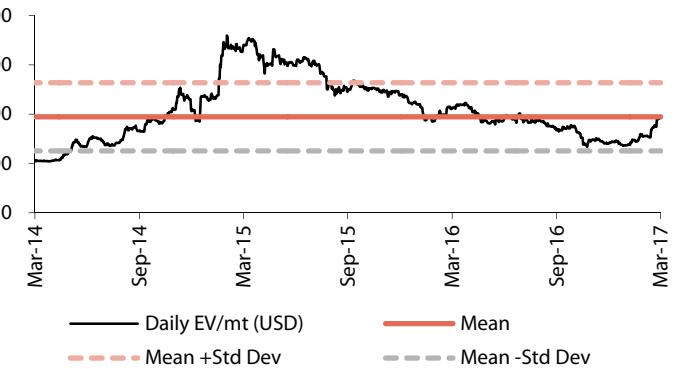


Exhibit 3: Comparative Valuations

Company	Mkt Cap (Rs bn)	CAGR FY17-19E (%)			EBITDA margin (%)			RoCE (%)			RoE (%)			EV/EBITDA (x)			EV/MT(USD)		
		Rev.	EBITDA	PAT	FY17E	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E
SFCL	44.1	14.9	12.9	30.7	23.7	27.1	22.8	12.0	15.6	15.5	14.8	19.6	17.8	9.7	8.9	7.7	179	193	132
UltraTech Cement	1,131.3	23.2	32.3	25.3	20.8	22.3	23.9	9.3	9.4	10.4	12.0	11.8	15.0	19.5	19.2	14.0	220	219	203
Shree Cement	632.6	16.7	19.5	12.3	28.1	29.4	29.4	19.4	21.1	17.1	20.4	22.8	18.0	21.4	21.1	17.5	286	339	239
JK Lakshmi	57.7	9.4	27.2	69.1	12.6	14.9	17.0	7.8	7.5	9.6	6.0	9.4	14.5	17.5	15.6	12.3	94	104	104
JK Cement	75.1	11.5	21.1	57.3	18.4	20.2	21.7	8.1	11.1	13.6	13.2	19.9	23.9	10.6	11.0	8.7	85	107	100
Orient Cement	31.4	34.3	77.2	NM	9.5	15.9	16.5	1.4	6.8	7.3	(3.2)	2.2	7.2	24.8	13.9	10.4	85	86	83

Source: Company, Centrum Research Estimates

Exhibit 4: Key Operational Assumptions

Particulars	FY14	FY15	FY16	FY17P	FY18E	FY19E
Total Cement Capacity (mn MT)	3.1	3.1	3.1	3.4	3.7	4.7
Total Sales Volume (mn MT)	1.8	2.4	2.7	2.8	3.0	3.5
YoY change (%)	64.4	34.5	15.9	2.1	7.9	15.0
(Rs/ MT trend)						
NSR	5,854	5,845	5,804	5,759	5,960	6,199
YoY change (%)	5.4	(0.2)	(0.7)	(0.8)	3.5	4.0
RM & Traded goods	855	944	1,169	1,381	1,409	1,559
Power & Fuel	941	730	729	638	638	651
Freight costs	1,086	998	1,002	899	908	1,258
Employee cost	419	375	365	395	394	379
Other expense	832	740	1,187	1,083	998	936
Total Opex	4,570	4,093	4,452	4,396	4,347	4,783
EBITDA per MT	1,284	1,846	1,448	1,452	1,712	1,491

Source: Company, Centrum Research Estimates

Exhibit 5: Quarterly financials trend - Consolidated

Y/E Mar (Rs mn)	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
Net Sales	4,087	3,115	4,287	5,631	4,491	3,658	3,938	5,192
Total Expenditure	2,874	2,563	3,370	4,363	3,575	3,069	3,057	3,491
Raw Materials	549	463	958	1,485	980	952	1,110	1,101
Employee	231	305	278	270	293	319	288	285
Others	834	825	908	950	848	834	740	827
EBITDA	1,213	552	917	1,267	915	589	881	1,700
Depreciation	417	428	430	440	342	358	356	355
EBIT	796	124	487	828	573	230	525	1,345
Interest	202	216	199	216	210	199	186	186
Other Income	17	12	13	4	4	5	1	15
PBT	611	(81)	301	615	367	37	340	1,174
Taxes	5	16	8	30	5	14	0	124
Adjusted PAT (before minority)	605	(96)	293	585	362	23	339	1,050
Exceptional expense/ (income)	(0)	2	(5)	(2)	0	3	(6)	3
Minority Interest	190	(16)	102	16	126	19	13	17
Reported PAT	415	(79)	186	567	236	7	321	1,036
Adjusted PAT	415	(80)	190	569	236	4	327	1,033
Adj EPS (Rs)	1.9	(0.4)	0.9	1.4	0.6	0.0	0.8	2.5
YoY Growth (%)								
Revenue	26.7	18.6	26.8	11.1	9.9	17.4	(8.2)	(7.8)
EBITDA	8.3	9.9	(22.3)	(18.1)	(24.5)	6.6	(4.0)	34.2
PBT	68.6	n/m	(25.3)	(16.6)	(39.8)	n/m	12.8	90.8
Adj PAT	70.3	n/m	(22.2)	3.9	(43.2)	n/m	71.6	81.7
Margins (%)								
EBITDA	29.7	17.7	21.4	22.5	20.4	16.1	22.4	32.8
EBIT	19.5	4.0	11.4	14.7	12.8	6.3	13.3	25.9
PBT	14.9	(2.6)	7.0	10.9	8.2	1.0	8.6	22.6
Adj PAT	14.8	(3.1)	6.8	10.4	8.1	0.6	8.6	20.2
Operational Trend								
Cement & clinker Sales Vol								
Gross sales volume (mn MT)	0.69	0.53	0.74	0.99	0.80	0.66	0.70	0.84
YoY growth (%)	29.4	18.0	28.3	14.0	15.6	24.2	(5.2)	(15.4)
Net sales volume (mn MT)	0.65	0.50	0.67	0.93	0.76	0.61	0.66	0.79
YoY growth (%)	22.2	10.2	19.8	15.3	16.1	23.3	(2.7)	(15.5)
NSR (Rs/ MT) ^^	5,914	5,844	5,790	5,687	5,624	5,526	5,610	6,195
Opex (Rs/MT) ^^	4,159	4,808	4,551	4,407	4,477	4,637	4,356	4,166
EBITDA (Rs per MT) **	1,858	1,109	1,361	1,358	1,208	959	1,343	2,158

Source: Company, Centrum Research

^^ NSR and Op costs items calculated on gross sales which include clinker sales to the on-lease GUs in West Bengal for conversion to cement for sale

** EBITDA per MT calculation on total external cement and clinker sales (excluding clinker sales to on-lease GUs)

Financials - Consolidated

Exhibit 6: Income Statement

Y/E March (Rsmn)	FY15	FY16	FY17	FY18E	FY19E
Revenues	14,304	17,150	17,280	19,208	22,801
Materials cost	2,296	3,455	4,144	4,539	5,733
% of revenues	16.0	20.1	24.0	23.6	25.1
Employee Cost	913	1,078	1,185	1,268	1,395
% of revenues	6.4	6.3	6.9	6.6	6.1
Others	6,745	8,623	7,863	8,201	10,465
% of revenues	47.2	50.3	45.5	42.7	45.9
EBITDA	4,351	3,994	4,088	5,199	5,208
EBIDTA Margins (%)	30.4	23.3	23.7	27.1	22.8
Depreciation & Amortisation	2,237	1,715	1,412	1,344	1,317
EBIT	2,113	2,279	2,676	3,856	3,891
Interest expenses	874	834	780	550	300
PBT from operations	1,239	1,445	1,896	3,306	3,591
Other Income	8	13	22	70	200
Exceptional loss/(gain)	0	(5)	-	-	-
PBT	1,247	1,453	1,918	3,376	3,791
Taxes	48	60	143	600	800
Effective tax rate (%)	3.8	4.1	7.4	17.8	21.1
Net Profit	1,199	1,393	1,775	2,776	2,991
Minority + Associates	(365)	(53)	(59)	(60)	(60)
Reported Net Profit	834	1,340	1,716	2,716	2,931
Adj Net Profit	834	1,346	1,716	2,716	2,931

Source: Company, Centrum Research Estimates

Exhibit 7: Key Ratios

Y/E March	FY15	FY16	FY17P	FY18E	FY19E
Growth ratios (%)					
Revenues	21.9	19.9	0.8	11.2	18.7
EBIDTA	70.6	(8.2)	2.4	27.2	0.2
Adj Net Profit	1,091.9	61.3	27.5	58.2	7.9
Margin ratios (%)					
EBITDA Margin	30.4	23.3	23.7	27.1	22.8
PBT from operations Margin	8.7	8.4	11.0	17.2	15.7
Adj PAT Margin	5.8	7.8	9.9	14.1	12.9
Return Ratios (%)					
RoE	12.3	13.2	14.8	19.6	17.8
RoCE	10.7	11.1	12.0	15.6	15.5
RoIC	10.7	11.2	12.0	16.8	19.8
Turnover Ratios (days)					
Gross block turnover (x)	0.9	1.0	1.0	1.1	1.2
Debtors	79	96	84	66	49
Inventory	28	45	34	35	33
Creditors	20	30	20	27	26
Cash conversion cycle	87	110	99	74	56
Solvency Ratio					
Net debt-equity	0.9	0.8	0.6	0.1	(0.2)
Debt-equity	0.9	0.8	0.6	0.3	0.1
Interest coverage ratio	2.4	2.7	3.4	7.0	13.0
Gross debt/EBITDA	2.0	2.4	1.9	0.9	0.5
Current Ratio	3.8	3.7	4.1	4.0	3.4
Per Share (Rs)					
Adjusted EPS	3.8	3.2	4.1	6.5	7.0
BVPS	30.6	25.2	29.3	35.2	41.6
CEPS	13.8	7.3	7.5	9.7	10.1
DPS	-	0.5	-	0.5	0.5
Dividend payout %	8.0	16.6	-	9.1	8.4
Valuations (x)(Avg Mkt Cap)					
P/E (adjusted)	19.7	22.9	18.2	16.3	15.1
P/BV	2.4	2.9	2.5	3.0	2.5
EV/EBITDA	8.2	10.1	9.7	8.9	7.7
EV/ton (1 USD \$=Rs 65)	177	201	179	193	132
Dividend yield %	-	0.7	-	0.5	0.5
5 Yr Avg AOCF/EV yield %	0.3	0.5	1.6	5.4	9.6

Source: Company, Centrum Research Estimates

Exhibit 8: Balance Sheet

Y/E March (Rsmn)	FY15	FY16	FY17P	FY18E	FY19E
Equity Share Capital	222	419	419	419	419
Reserves & surplus	6,578	10,134	11,860	14,329	17,013
Total Shareholders' Fund	6,800	10,553	12,280	14,749	17,432
Total Debt	8,805	9,398	7,950	4,705	2,676
Def tax liab. (net)	87	117	163	263	363
Minority Interest	3,231	530	589	649	709
Total Liabilities	18,922	20,599	20,982	20,366	21,181
Gross Block	16,124	16,733	17,586	18,286	20,486
Less:- Accumulated Depreciation	5,845	7,547	8,959	10,303	11,620
Net Block	10,280	9,186	8,627	7,983	8,866
Capital WIP	410	490	549	649	49
Net Fixed assets	10,689	9,675	9,175	8,631	8,914
Investments	15	15	17	17	17
Inventories	1,091	2,092	1,612	1,825	2,052
Sundry Debtors	3,098	4,488	3,995	3,457	3,078
Cash & bank balances	204	245	206	3,320	7,183
Loans & Advances	6,802	8,140	9,735	7,011	5,016
Other Assets	4	5	3	2	2
Total current assets	11,200	14,970	15,551	15,615	17,332
Trade payables	770	1,404	938	1,402	1,619
Other current liabilities	2,114	2,616	2,774	2,439	3,397
Provisions	98	43	49	55	65
Net current assets	8,218	10,908	11,790	11,718	12,250
Total Assets	18,922	20,599	20,982	20,366	21,181

Source: Company, Centrum Research Estimates

Exhibit 9: Cash Flow

Y/E March (Rsmn)	FY15	FY16	FY17P	FY18E	FY19E
Op profit before WC changes	4,139	3,682	4,001	4,699	4,508
Working capital changes	(1,532)	(2,384)	(921)	3,185	3,331
Cash from Operations	2,606	1,297	3,080	7,885	7,839
Adj. OCF (OCF-Interest)	1,732	464	2,300	7,335	7,539
Net capex	(434)	(808)	(912)	(800)	(1,600)
Adj. FCF (AOCF-Capex)	1,299	(344)	1,388	6,535	5,939
Cash from investing	(407)	(796)	(891)	(730)	(1,400)
Cash from financing	(2,170)	(461)	(2,228)	(4,041)	(2,576)
Net change in cash	29	40	(39)	3,114	3,863

Source: Company, Centrum Research Estimates

Appendix A

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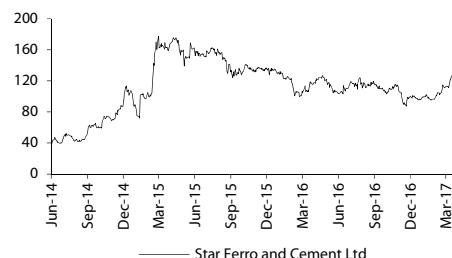
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Star price chart (SFCL till Mar 2017)



Source: Bloomberg, Centrum Research

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