Rakon Limited
1H24 — Sector Weakness Deepens

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Rakon (RAK) reported a subdued 1H24 with cyclicality evident as its Positioning and Telecommunications revenues slowed considerably. A -30% fall in group revenue from 1H23, gross margin erosion from 49.9% to 42.6%, and significant operating deleverage saw underlying EBITDA dive -81% to NZ$5.3m, including >NZ$2m of non-recurring costs. While we had anticipated a weak result, given recent peer updates, the magnitude of the decline surpassed our expectations. RAK updated its FY24 underlying EBITDA guidance to a new range of between NZ$13m to NZ$19m. Incorporating the NZ$10m of downside risk RAK flagged to the market on 17 July 2023, this represents a further downgrade from the previous implied guidance range of NZ$16m to NZ$24m. The updated guidance reflects a weaker-for-longer demand outlook in Telecommunications and continued customer delays in Positioning as the economy slows. RAK is investing in R&D for the long-term outlook with the potential to expand into new and rapidly growing market segments, like AI, data centres and NewSpace. Net cash sits at a respectable NZ$13.4m. We make further cuts to our estimates, and our blended spot valuation falls by -10% to NZ$0.83, representing ~16.6x FY25 PE estimates.

NZX Code	RAK
Share price	NZ$0.64
Spot Valuation	NZ$0.83 (from 0.92)
Risk rating	High
Issued shares	229.8m
Market cap	NZ$147m
Avg daily turnover	67.9k (NZ$60k)

Financials: Mar/	23A	24E	25E	26E
Rev (NZ$m)	180.7	141.8	162.1	193.5
NPAT* (NZ$m)	23.2	4.4	11.6	20.9
EPS* (NZc)	10.1	1.9	5.0	9.1
DPS (NZc)	1.5	1.5	1.5	1.5
Imputation (%)	100	100	100	100
*Based on normalised profits				

Valuation (x)	23A	24E	25E	26E
PE	6.3	33.1	12.7	7.0
EV/EBIT	n/a	n/a	n/a	n/a
EV/EBITDA	n/a	n/a	n/a	n/a
Price / NTA	1.0	1.0	0.9	0.8
Cash div yld (%)	2.3	2.3	2.3	2.3
Gross div yld (%)	3.3	3.3	3.3	3.3

What's changed?

- **Earnings:** Our FY24 underlying EBITDA estimate falls -28% to NZ$13.9m, FY25 and FY26 fall -10% and -11% respectively, and NPAT estimates fall -37%/-5%/-9% over FY24/FY25/FY26 respectively as we continue to flatten out our earnings recovery.
- **Spot valuation:** Falls -9cps to NZ$0.83.

Weaker-for-longer in Telecommunications

The telecommunications sector continues to face headwinds, with global mobile operators adopting a more conservative stance towards network investment. Soft demand saw 1H24 revenue in RAK's Telecommunications segment fall -28% from 1H23 to NZ$34.2m. Weakness in Telecommunications was the driving force behind RAK warning of up to -NZ$10m in downside risk to its FY24 underlying EBITDA guidance in July 2023. Revised guidance likely reflects the prolonged impact on this sector.

Positioning segment softens materially

RAK's Positioning segment witnessed a significant decline in the first half revenues, with revenue falling -56% to NZ$7.2m. This downturn is partly attributable to the roll-off of one-off contracts but is notable given segment weakness was less well-signalled than in Telecommunications.

Space and Defence holding the line

The Space and Defence segment has been a silver lining, achieving growth amidst broader challenges. While +18% segment revenue growth was positive, given the segment only represents 24% of total 1H24 revenues it is not large enough to counterbalance against the downturns in other segments.

Rakon Limited (RAK)

Market Data (NZ$)	
Priced as at 23 Nov 2023	**0.64**
52 week high / low	1.28 / 0.64
Market capitalisation (NZ$m)	147.1

Key WACC assumptions	
Risk free rate	5.25%
Equity beta	1.35
WACC	11.8%
Terminal growth	2.0%

Profit and Loss Account (NZ$m)	2022A	2023A	2024E	2025E	2026E
Revenue	173.6	180.7	141.8	162.1	193.5
Normalised EBITDA	**50.4**	**41.1**	**13.3**	**23.5**	**35.8**
Depreciation and amortisation	(8.9)	(7.8)	(7.2)	(8.3)	(8.8)
Normalised EBIT	**41.4**	**33.3**	**6.1**	**15.2**	**27.1**
Net interest	(1.9)	(0.5)	(0.3)	(0.5)	(0.5)
Associate income	2.4	(1.5)	0.1	0.8	1.3
Tax	(8.8)	(8.1)	(1.5)	(3.9)	(7.0)
Minority interests	0	0	0	0	0
Normalised NPAT	**33.1**	**23.2**	**4.4**	**11.6**	**20.9**
Abnormals/other	0	0	0	0	0
Reported NPAT	**33.1**	**23.2**	**4.4**	**11.6**	**20.9**
Normalised EPS (cps)	14.5	10.1	1.9	5.0	9.1
DPS (cps)	0	1.5	1.5	1.5	1.5

Growth Rates	2022A	2023A	2024E	2025E	2026E
Revenue (%)	32.7	4.1	-21.6	14.4	19.3
EBITDA (%)	>100	-18.3	-67.6	76.7	52.4
EBIT (%)	>100	-19.5	-81.6	>100	78.3
Normalised NPAT (%)	>100	-29.9	-80.8	>100	80.5
Normalised EPS (%)	>100	-29.9	-80.9	>100	80.5
Ordinary DPS (%)	n/a	n/a	0.0	0.0	0.0

Cash Flow (NZ$m)	2022A	2023A	2024E	2025E	2026E
EBITDA	**50.4**	**41.1**	**13.3**	**23.5**	**35.8**
Working capital change	(15.3)	(18.2)	5.1	5.3	(13.6)
Interest & tax paid	(2.3)	(10.5)	(1.8)	(4.3)	(7.5)
Other	(2.6)	(1.3)	0.1	0.8	1.3
Operating cash flow	**30**	**11.1**	**16.7**	**25.2**	**16.1**
Capital expenditure	(10.2)	(18.7)	(17.0)	(14.8)	(6.5)
(Acquisitions)/divestments	0	0	0	0	0
Other	(2.6)	(2.5)	(2.1)	(2.1)	(2.2)
Funding available/(required)	**17.4**	**(10.1)**	**(2.4)**	**8.3**	**7.4**
Dividends paid	0	0	(3.4)	(3.4)	(5.7)
Equity raised/(returned)	0	0	0	0	0
(Increase)/decrease in net debt	**17.4**	**(10.1)**	**(5.8)**	**4.8**	**1.7**

Balance Sheet (NZ$m)	2022A	2023A	2024E	2025E	2026E
Working capital	65.8	84.1	79.0	73.7	87.3
Fixed assets	21.4	34.4	45.2	52.7	51.3
Intangibles	7.2	7.7	8.3	9.1	10.0
Right of use asset	4.8	3.4	12.2	15.5	13.8
Other assets	25.5	26.0	26.0	26.0	26.0
Total funds employed	**124.6**	**155.6**	**170.8**	**177.0**	**188.3**
Net debt/(cash)	(23.2)	(16.5)	(10.6)	(15.5)	(17.2)
Lease liability	3.4	2.5	10.9	13.8	11.6
Other liabilities	9.3	12.7	12.7	12.7	10.4
Shareholder's funds	135.2	156.9	157.9	166.0	183.5
Minority interests	0	0	0	0	0
Total funding sources	**124.6**	**155.6**	**170.8**	**177.0**	**188.3**

* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend** Information on Forsyth Barr's Carbon and ESG (CESG) ratings can be found at www.forsythbarr.co.nz/corporate-news-events/cesg-report

Spot valuation (NZ$)	**0.83**
DCF	0.92
PE driven comparables valuation	0.70

DCF valuation summary (NZ$m)	
Total firm value	226
(Net debt)/cash	16
Less: Capitalised operating leases	-28
Value of equity	215

Valuation Ratios	2022A	2023A	2024E	2025E	2026E
EV/Sales (x)	0.8	0.7	1.0	0.9	0.8
EV/EBITDA (x)	2.7	3.2	10.5	6.3	4.1
EV/EBIT (x)	3.3	3.9	22.9	9.7	5.4
PE (x)	4.4	6.3	33.1	12.7	7.0
Price/NTA (x)	1.1	1.0	1.0	0.9	0.8
Free cash flow yield (%)	11.9	-6.8	-1.6	5.6	5.0
Adj. free cash flow yield (%)	18.8	5.9	9.9	15.7	9.5
Net dividend yield (%)	0.0	2.3	2.3	2.3	2.3
Gross dividend yield (%)	0.0	3.3	3.3	3.3	3.3

Capital Structure	2022A	2023A	2024E	2025E	2026E
Interest cover EBIT (x)	21.7	64.1	20.7	31.4	55.1
Interest cover EBITDA (x)	26.4	79.1	44.9	48.7	72.9
Net debt/ND+E (%)	-20.8	-11.7	-7.2	-10.3	-10.3
Net debt/EBITDA (x)	n/a	n/a	n/a	n/a	n/a

Key Ratios	2022A	2023A	2024E	2025E	2026E
Return on assets (%)	20.7	16.1	2.9	6.9	11.5
Return on equity (%)	24.5	14.8	2.8	7.0	11.4
Return on funds employed (%)	16.6	11.2	2.1	5.4	9.2
EBITDA margin (%)	29.0	22.8	9.4	14.5	18.5
EBIT margin (%)	23.9	18.4	4.3	9.4	14.0
Capex to sales (%)	5.9	10.3	12.0	9.2	3.4
Capex to depreciation (%)	143	286	277	205	86
Imputation (%)	0	100	100	100	100
Pay-out ratio (%)	0	15	78	30	16

Segment Revenue (NZ$m)	2022A	2023A	2024E	2025E	2026E
Telecommunications	86.0	101.6	78.7	93.7	113.4
Positioning	28.1	33.8	18.3	21.0	26.1
Space and Defence	24.5	28.9	35.4	37.9	44.3
IoT, Emerging and Other	33.4	17.0	9.4	9.5	9.7
Other revenues	-1.0	0.4	0.0	0.0	0.0
Total Revenue	**171.0**	**181.7**	**141.8**	**162.1**	**193.5**

Segment Gross Margin (%)	2022A	2023A	2024E	2025E	2026E
Telecommunications	43.6	42.3	37.0	41.0	41.5
Positioning	58.4	53.5	47.8	44.0	45.0
Space and Defence	69.4	68.0	62.0	66.0	64.5
IoT, Emerging and Other	57.3	47.7	54.0	49.0	49.0

Segment Gross Margin (NZ$m)	2022A	2023A	2024E	2025E	2026E
Telecommunications	37.5	42.9	29.1	38.4	47.0
Positioning	16.4	18.1	8.7	9.2	11.7
Space and Defence	17.0	19.7	22.0	25.0	28.6
IoT, Emerging and Other	19.2	8.1	5.1	4.7	4.8

"Underlying EBITDA" (NZ$m)	2022A	2023A	2024E	2025E	2026E
Underlying EBITDA estimates	54.4	42.2	13.9	25.5	38.9

1H24 results review

RAK's 1H24 was weak, with revenue falling -30% to NZ$61.3m, gross profit down -40% to NZ$26.1m, underlying EBITDA dropping -81% to NZ$5.3m, and NPAT down -97% to NZ$0.5m. The result can be attributed to: 1) difficult market conditions, 2) the end of one-off chip shortage contracts at high margins, and 3) a NZ$4m revenue reduction from FX hedging. Overall gross margin was 42.6%, down from 49.0% in FY23. Operating expenses grew +2% year-on-year as RAK continued to invest in R&D despite cutting global employee numbers by -10% over the period. RAK has pointed out that there was at least $2m of non-recurring costs incurred during the period, and that it has changed the allocation of some expenses across its classifications. As with many of RAK's customers, the company has been focused on reducing its inventory levels, which fell -17% (compared to 1H23) to NZ$60.0m. Net cash at the end of 1H24 was NZ$13.4m.

Segment performance summary:

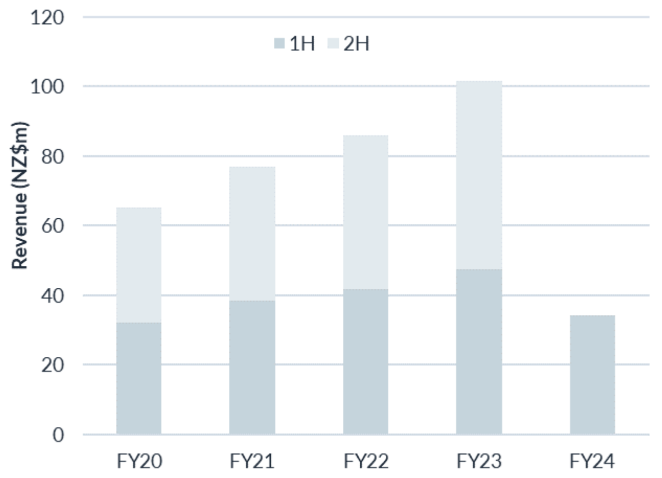
- **Telecommunications**: Segment revenue was down -36% to NZ$34.2m. RAK stated it continues to grow market share, despite general sector weakness. Gross profit fell -53% to $10.9m, representing a gross margin of 31.9% compared to FY23 gross margin of 42.3%. Most of the one-off transitional expenses sit within the Telecommunications segment, and a more normalised gross margin would be 39.5%.
- **Positioning**: 1H24 revenues were down -56% to NZ$7.2m due to, 'customers drawing down stockpiled inventories, particularly for higher gross margin precise Positioning segment', and, 'the end of TCXO chip shortage one-off business'. Gross profit was down -67% to NZ$3.1m, representing a margin of 43.2% and compared to FY23 gross margin of 53.5%. Some of the one-off transitional expenses are associated with the Positioning segment and a more normalised gross margin would be 46.0%.
- **Space and Defense**: Segment revenue was up +24% to NZ$15.3m and, 'reflects expansion of Space product portfolio into higher value subsystems/equipment', but also, 'increased demand across all products'. Gross profit was up +12% to NZ$9.6m, representing a margin of 66.3% and compared to FY23 gross margin of 68.0%.
- **Other**: The segment produced revenues of NZ$5.4m and gross profit of NZ$2.5m.

Figure 1. RAK—HY23 & HY24 results comparison

30 September half year end	1H23	1H24	Change
Revenue	**87.2**	**61.3**	**-30%**
Cost of sales	(43.6)	(35.1)	-19%
Gross Profit	**43.5**	**26.1**	**-40%**
Other operating income	0.3	0.1	n/a
Operating expenses			
Selling and marketing costs	(5.6)	(5.8)	+4%
Research and development	(8.5)	(8.9)	+4%
General and administration	(14.2)	(14.1)	-1%
Total operating expenses	**(28.3)**	**(28.8)**	**+2%**
Other gains/(losses) – net	7.4	3.4	n/a
Operating profit	22.9	0.8	-97%
Finance income	0.1	0.3	n/a
Finance costs	(0.5)	(0.3)	n/a
Share of net profits of associates	(0.0)	(0.6)	n/a
Profit before income tax	22.4	0.2	-99%
Income tax expense	(6.4)	0.3	-105%
Net profit after tax for the period	**16.0**	**0.5**	**-97%**
Profit before income tax	22.4	0.2	-99%
Depreciation and amortisation	(3.9)	(3.5)	n/a
Finance costs – net	(0.5)	0.0	n/a
Adjustments (associates, tax, depreciation)	(1.1)	(1.2)	n/a
Other non-cash items	(0.3)	(0.4)	n/a
Underlying EBITDA	**28.1**	**5.3**	**-81%**

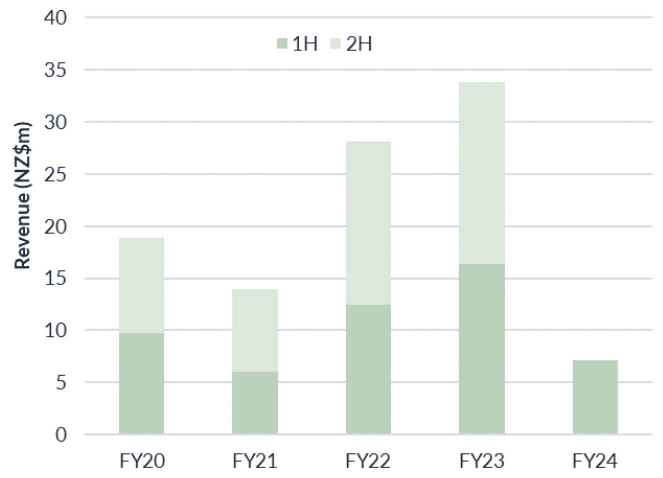
Source: Company data, Forsyth Barr analysis

Figure 2. RAK—Telecommunications revenues (half years)



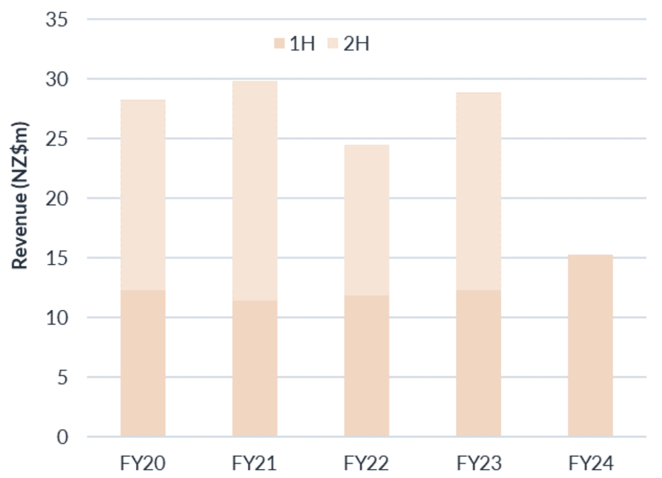
Source: Company data, Forsyth Barr analysis

Figure 3. RAK—Positioning revenues (half years)



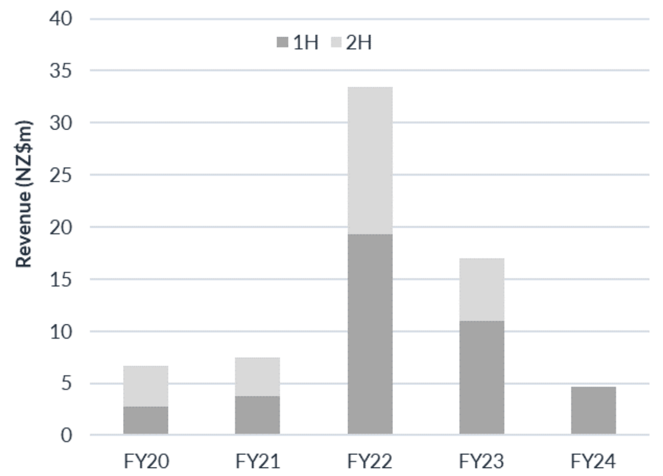
Source: Company data, Forsyth Barr analysis

Figure 4. RAK—Space and Defence revenues (half years)



Source: Company data, Forsyth Barr analysis

Figure 5. RAK—Other revenues (half years)



Source: Company data, Forsyth Barr analysis

Earnings revisions

RAK has revised its FY24 underlying EBITDA guidance to a new range of NZ$13m to NZ$19m. The revised outlook reflects prolonged challenges in the Telecommunications sector, further inventory adjustment, and ongoing delays from Positioning customers amidst the global economic slowdown. We make cuts to our Positioning segment revenues and make minor downward revisions to Telecommunication and Other revenues, while lifting our estimates for Space and Defence. To reflect changes to how RAK classifies some expenses, we also adjust the composition of our operating expenses*. RAK is ~74% hedged against the US dollar for FY24 at 0.6460, 45% in FY25 at 0.6150, and 6% in FY26 at 0.6098. The company noted the first green shoots were tentatively appearing and also that market share over this time has been increasing despite the weak sales. We view both of these comments positively.

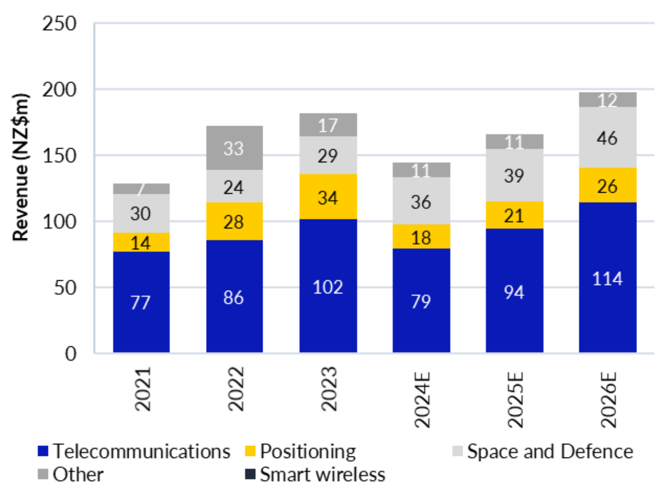
Figure 6. Earnings revisions

	FY24E			FY25E			FY26E		
	Old	New	Change	Old	New	Change	Old	New	Change
Revenue	**147.5**	**141.8**	**-4%**	**169.7**	**162.1**	**-4%**	**205.3**	**193.5**	**-6%**
Cost of sales	(79.0)	(76.9)	-3%	(90.9)	(84.8)	-7%	(109.3)	(101.3)	-7%
Gross Profit	**68.5**	**64.9**	**-5%**	**78.9**	**77.3**	**-2%**	**95.9**	**92.1**	**-4%**
Total operating expenses*	(59.1)	(58.7)	-1%	(63.1)	(62.2)	-1%	(66.2)	(65.1)	-2%
Other gains/(losses)-net	-	-		-	-		-	-	
Operating profit	9.4	6.1	-35%	15.8	15.2	-4%	29.8	27.1	-9%
Finance income	0.4	0.4	n/a	0.4	0.3	n/a	0.2	0.2	n/a
Finance costs	(0.6)	(0.6)	n/a	(0.7)	(0.8)	n/a	(0.6)	(0.7)	n/a
Share of net profits of associates	0.1	0.1	+0%	0.8	0.8	+0%	1.3	1.3	+0%
Profit before income tax	9.4	5.9	-37%	16.2	15.4	-5%	30.6	27.9	-9%
Income tax expense	(2.3)	(1.5)	-37%	(4.1)	(3.9)	-5%	(7.7)	(7.0)	-9%
Net profit for the period	**7.0**	**4.4**	**-37%**	**12.2**	**11.6**	**-5%**	**23.0**	**20.9**	**-9%**
Profit before income tax	9.4	5.9	-37%	16.2	15.4	-5%	30.6	27.9	-9%
Depreciation and amortisation	(9.3)	(7.2)	n/a	(10.4)	(8.3)	n/a	(10.8)	(8.8)	n/a
Finance costs – net	(0.1)	(0.3)	n/a	(0.3)	(0.5)	n/a	(0.4)	(0.5)	n/a
Adjustments for associate share of interest, tax and depreciation	(0.1)	(0.1)	n/a	(0.8)	(0.8)	n/a	(1.3)	(1.3)	n/a
Other non-cash items	(0.4)	(0.4)	n/a	(0.4)	(0.4)	n/a	(0.5)	(0.5)	n/a
Underlying EBITDA	**19.3**	**13.9**	**-28%**	**28.2**	**25.5**	**-10%**	**43.6**	**38.9**	**-11%**

Source: Forsyth Barr analysis

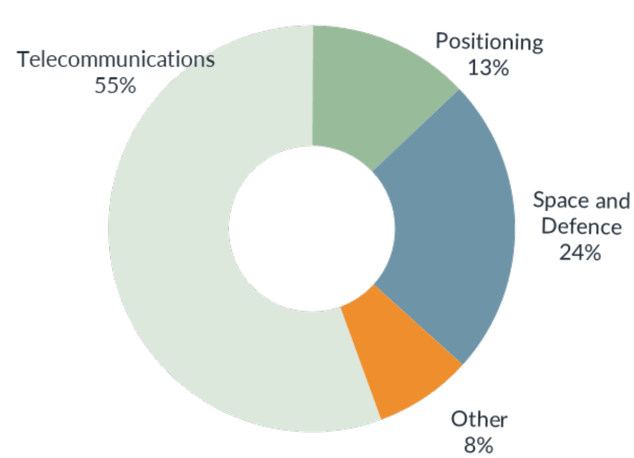
* In RAK's Interim Report the company noted, 'For the NZ segment, research and development expenses was previously aligned to the R&D grant claim. With the change in the grant scheme introduced by New Zealand Government (which was adopted for 31 March 2023 reporting), the research and development calculation was reassessed for the period ending 30 September 2022, resulting in a reclassification of $2,010,000 from general and administration expenses to research and development expenses. Change in classification of selling and marketing expenses in France HiRel led to the reassessment of prior year costs, which resulted in a reclassification of $1,138,000 from general and administration expenses to selling and marketing expenses.'

Figure 7. RAK—Revenue stack by division



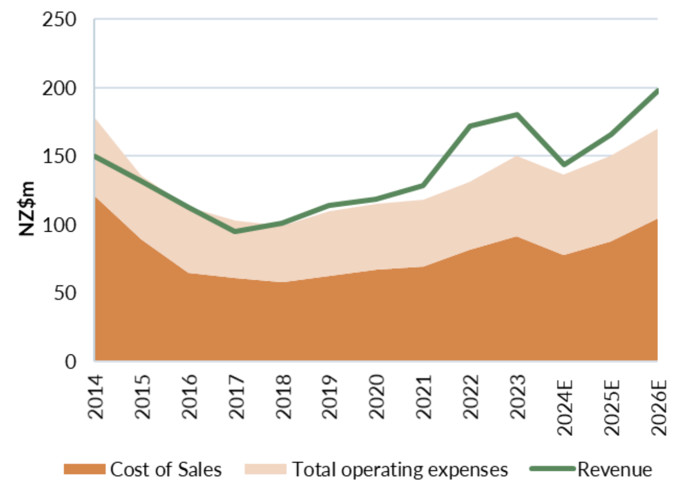
Source: Company data, Forsyth Barr analysis

Figure 8. RAK—Revenue by division (FY24 estimate)



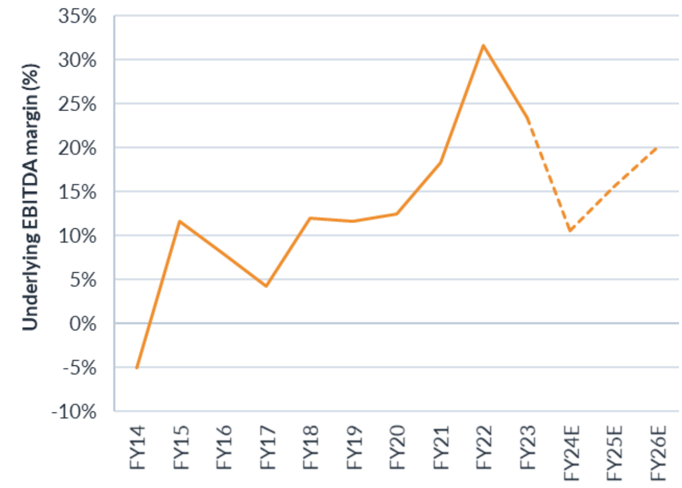
Source: Company data, Forsyth Barr analysis

Figure 9. RAK—Operating leverage



Source: Company data, Forsyth Barr analysis

Figure 10. RAK—Underlying EBITDA margin



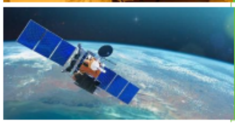
Source: Company data, Forsyth Barr analysis

Figure 11. RAK—Building long-term value

Source: Company

RAK is actively positioning itself in emerging high-growth markets, leveraging its expertise and new products to address these sectors' evolving needs. The company's recent launch of the Niku™ semiconductor chip marks a significant step into the AI computing hardware market, reflecting RAK's strategic focus on diversifying into new, dynamic markets. This move aligns with the company's broader growth strategy, which includes continued innovation and expansion into areas like cloud computing, data centres, autonomous vehicles, and AI. The company's efforts in these domains are expected to provide meaningful revenues in twelve to eighteen months. The company, over time, may split out these revenues to improve visibility.

Figure 12. RAK—Three year growth roadmap

		FY 2023	FY 2024	FY 2025
	NEW MANUFACTURING FACILITY IN INDIA	• Construction completed • Fitout / capacity expansion • Existing manufacturing transfer	• India facility transfer of select NZ products • India facility transfer of select NewSpace products	• India facility transfer of select Space subsystems
	RAKON DESIGNED SEMICONDUCTOR CHIPS	• Substantial increase in R&D and chip design capability • Release of Niku™ next generation chip	• Launch of enhanced MercuryX™ • Chip based product revenue growing to over 60%	• Chip based product revenue growing • Release of Vulcan™ next generation chip
	XMEMS® NANOTECHNOLOGY MANUFACTURING	• Continued investment in XMEMS® capability • Release of initial XMEMS® based products	• Volume production of XMEMS® • XMEMS® products qualified into key 5G platforms	• Leadership in targeted market segments • Expansion into other product categories
	NEWSPACE BUSINESS	• R&D and supply chain investment • Strategic relationships established	• Recognised player in the NewSpace ecosystem • Significant orders secured	• Become a top 3 player in subsystems • Delivery of orders

Source: Company

Appendix

SiTime 3Q23 result

SiTime (SITM), a Nasdaq-listed manufacturer of precision timing chips, and critical RAK peer, reported its 3Q23 result on 1 November 2023. Group revenue fell -51% from the prior comparable period to US$35.5m as SITM continues to contend with elevated customer inventory levels. 3Q23 gross margin was ~56% (~65% in 3Q22), flowing through to a gross profit of US$19.9m. Operating deleverage meant SITM reported a net loss of -US$18.1m, equating to a loss per share of US$0.81, a steep decline from the US$5.8m net profit (US$0.27 EPS) reported in 3Q22. SITM's financial position remains robust, with cash and cash equivalents and short-term investments totalling US$568.1m, and only US$37.3m in total liabilities.

While 3Q23 was a challenging period for SITM, it did mark the first quarter of sequential revenue growth since 2Q22. Revenue rose +28.1% from 2Q22, driven by +72% growth in mobile IoT and consumer sales to US$17.9m. However, sales to one customer (US$13.2m in 3Q23) were responsible for most of this growth. Revenue in the Industrial, automotive and aerospace segment declined marginally to US$11.7m, while Communications and enterprise sales rose +20% to US$5.9m.

SITM's outlook commentary suggested improving trading conditions. CFO Art Chadwick said, 'for some customers, including our largest customer, channel inventory is back to normal. But for other customers, it will take them until the end of this year or into 2024 to get back to more normalised levels'. SITM commented that it had received an uptick in demand and is forecasting sequential revenue growth of 15% to 20% for 4Q23. SITM expects 4Q23 Non-GAAP EPS to be between US$0.18 and US$0.22. Positively, while a single customer led 3Q23 growth, 4Q23 growth is expected to be steered by a range of customers across the Communications and enterprise, Industrial and aero markets.

Figure 13. Price performance

Source: Forsyth Barr analysis

Figure 14. Substantial shareholders

Shareholder	Latest Holding
Brent John Robinson	15.2%
Siward Crystal Technology	12.2%
Wairahi Investments and Wairahi Holdings Limited	5.1%

Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 15. International valuation comparisons

Company	Code	Price	Mkt Cap	PE		EV/EBITDA		EV/EBIT		Cash Yld
(metrics re-weighted to reflect RAK's balance date - March)			(m)	2024E	2025E	2024E	2025E	2024E	2025E	2025E
Rakon	**RAK NZ**	**NZ$0.64**	**NZ$147**	**33.1x**	**12.7x**	**n/a**	**n/a**	**n/a**	**n/a**	**2.3%**
Txc Corp	3042 TT	TWD100.00	TWD30,976	17.2x	14.5x	10.8x	8.9x	16.9x	13.6x	5.4%
Sitime Corp	SITM US	US$115.41	US$2,592	>75x	>50x	<0x	>75x	<0x	>75x	n/a
Microchip Technology Inc	MCHP US	US$82.43	US$44,598	15.3x	17.1x	12.8x	14.3x	14.0x	15.8x	2.4%
Siward Crystal Technology Co	2484 TT	TWD33.35	TWD5,317	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Daishinku Corp	6962 T	¥745.00	¥26,967	15.2x	13.0x	5.9x	5.0x	18.4x	13.7x	3.8%
Nihon Dempa Kogyo Co	6779 T	¥1229.00	¥28,425	6.8x	6.3x	4.5x	3.6x	7.2x	5.7x	1.6%
Seiko Epson Corp	6724 JP	¥2149.50	¥827,605	10.6x	10.7x	4.9x	4.9x	8.4x	8.2x	3.6%
			Compco Average:	**13.0x**	**12.3x**	**7.8x**	**7.4x**	**13.0x**	**11.4x**	**3.4%**
EV = Mkt cap+net debt+lease liabilities+min interests-investments			**RAK Relative:**	**154%**	**3%**	**n/a**	**n/a**	**n/a**	**n/a**	**-30%**

Source: *Forsyth Barr analysis, Bloomberg Consensus, Compco metrics re-weighted to reflect headline (RAK) companies fiscal year end

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