NEW ZEALAND EQUITY RESEARCH | TECHNOLOGY | ELECTRONIC EQUIPMENT & PARTS
18 JULY 2023

Rakon Limited
Demand and Inventory Led Softness Continues

JAMES LINDSAY
James.Lindsay@forsythbarr.co.nz
+64 9 368 0145

WILL TWISS
will.twiss@forsythbarr.co.nz
+64 9 368 0129

Rakon (RAK) has provided a downbeat market update, warning of up to NZ$10m downside risk to its FY24 EBITDA guidance range of NZ$26m to NZ$34m (though it did not withdraw existing guidance). Despite 1Q24 tracking slightly above its expectations, RAK now expects a slowdown in 5G network deployments as its tier-1 telecom customers are taking a more conservative stance on deployment. The continued unwinding of built-up inventory is extending longer than initially anticipated, suppressing demand within RAK's Telecoms business. RAK noted its Space and Defence division continues to perform above expectations and the Positioning segment is tracking in line with forecasts. In light of this trading update, we reduce our revenue forecasts for the Telecoms segment in FY24 and FY25 and make minor upwards revisions for Space and Defence revenues. In aggregate, this sees our estimates of revenue fall -7% in FY24 and -5% in FY25. We also take this opportunity to marginally increase our estimates for R&D spending in FY24 and FY25 as RAK looks to capitalise on a series of Indian government incentives post the inauguration of its new India facility. Operating de-leverage from reduced revenues and basically flat operating costs means our underlying EBITDA forecasts fall in FY24 and in FY25, with FY26 virtually unchanged. Our blended spot valuation falls from NZ$1.32 to NZ$1.23.

NZX Code	RAK
Share price	NZ$0.86
Spot Valuation	NZ$1.23 (from 1.32)
Risk rating	High
Issued shares	229.1m
Market cap	NZ$197m
Avg daily turnover	62.4k (NZ$68k)

Financials: Mar/	23A	24E	25E	26E
Rev (NZ$m)	180.7	159.3	183.9	214.3
NPAT* (NZ$m)	23.2	11.2	17.4	26.6
EPS* (NZc)	10.1	4.9	7.6	11.6
DPS (NZc)	1.5	1.5	1.5	3.0
Imputation (%)	100	100	100	100

*Based on normalised profits

Valuation (x)	23A	24E	25E	26E
PE	8.5	17.6	11.3	7.4
EV/EBIT	n/a	n/a	n/a	n/a
EV/EBITDA	n/a	n/a	n/a	n/a
Price / NTA	1.3	1.3	1.2	1.0
Cash div yld (%)	1.7	1.7	1.7	3.5
Gross div yld (%)	2.4	2.4	2.4	4.8

What has changed?

- **Earnings:** Our FY24 and FY25 underlying EBITDA estimates fall by -20% to NZ$24.9m and -10% to NZ$35.2m, respectively.
- **Spot valuation:** Our spot valuation falls -7% to NZ$1.23, partially attributed to a lift in our WACC assumptions.

External factors and industry dynamics placing short-term pressure on industry revenues

RAK operates in an industry with intense competition, price sensitivity, and rapid technological change. It has been able to partially insulate itself from short-term weakness in the consumer space by focusing on less cyclical market segments in Telecoms, Space and Defence, and Positioning. A reputation for producing high-performance products has also helped to weather the downturn and RAK's customers have confirmed that the company has not lost market share. However, these factors have not immunised RAK completely from the challenging environment. We anticipate industry destocking should normalise over the next 6–9 months, whereas economy-led weakness may drag into FY25. We have seen similar dynamics in recent updates from Ericsson and Nokia.

A further cut to estimates is necessary

Due to industry and management concerns about the demand outlook, we reduce our FY24 and FY25 revenue estimates and our underlying EBITDA estimates fall by -20% and -10%, respectively. This sees our FY24 normalised EBITDA estimate fall from ~NZ$31m to ~NZ$24.9m, placing it marginally below management's guidance of between NZ$26m and NZ$34m. RAK did not withdraw its guidance range, citing heightened uncertainty surrounding the revenue impact of market weakness with three quarters left in FY24. However, if 50% of the NZ$10m of downside risk is realised, the implied midpoint of the EBITDA guidance range would be NZ$25m, in line with our new estimate. We expect further clarity from RAK at its upcoming ASM.

Rakon Limited (RAK)

Market Data (NZ$)	
Priced as at 17 Jul 2023	**0.86**
52 week high / low	1.57 / 0.83
Market capitalisation (NZ$m)	197.0

Key WACC assumptions	
Risk free rate	4.50%
Equity beta	1.15
WACC	10.1%
Terminal growth	2.0%

Profit and Loss Account (NZ$m)	2022A	2023A	2024E	2025E	2026E
Revenue	173.6	180.7	159.3	183.9	214.3
Normalised EBITDA	**50.4**	**41.1**	**24.3**	**33.3**	**45.7**
Depreciation and amortisation	(8.9)	(7.8)	(9.3)	(10.6)	(11.1)
Normalised EBIT	**41.4**	**33.3**	**15.0**	**22.7**	**34.5**
Net interest	(1.9)	(0.5)	(0.1)	(0.3)	(0.4)
Associate income	2.4	(1.5)	0.1	0.8	1.3
Tax	(8.8)	(8.1)	(3.7)	(5.8)	(8.9)
Minority interests	0	0	0	0	0
Normalised NPAT	**33.1**	**23.2**	**11.2**	**17.4**	**26.6**
Abnormals/other	0	0	0	0	0
Reported NPAT	**33.1**	**23.2**	**11.2**	**17.4**	**26.6**
Normalised EPS (cps)	14.5	10.1	4.9	7.6	11.6
DPS (cps)	0	1.5	1.5	1.5	3.0

Growth Rates	2022A	2023A	2024E	2025E	2026E
Revenue (%)	32.7	4.1	-11.9	15.5	16.5
EBITDA (%)	>100	-18.3	-41.0	37.3	37.2
EBIT (%)	>100	-19.5	-55.1	51.6	52.3
Normalised NPAT (%)	>100	-29.9	-51.7	54.8	53.2
Normalised EPS (%)	>100	-29.9	-51.7	54.8	53.2
Ordinary DPS (%)	n/a	n/a	0.0	0.0	100.0

Cash Flow (NZ$m)	2022A	2023A	2024E	2025E	2026E
EBITDA	**50.4**	**41.1**	**24.3**	**33.3**	**45.7**
Working capital change	(15.3)	(18.2)	9.0	(7.9)	(12.3)
Interest & tax paid	(2.3)	(10.5)	(3.8)	(6.1)	(9.2)
Other	(2.6)	(1.3)	0.1	0.8	1.3
Operating cash flow	**30**	**11.1**	**29.5**	**20.1**	**25.4**
Capital expenditure	(10.2)	(18.7)	(18.1)	(17.1)	(7.5)
(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)**	**9.3**	**0.9**	**15.8**
Dividends paid	0	0	(3.4)	(3.4)	(6.9)
Equity raised/(returned)	0	0	0	0	0
(Increase)/decrease in net debt	**17.4**	**(10.1)**	**5.9**	**(2.6)**	**8.9**

Balance Sheet (NZ$m)	2022A	2023A	2024E	2025E	2026E
Working capital	65.8	84.1	75.1	83.0	95.3
Fixed assets	21.4	34.4	45.3	53.8	51.9
Intangibles	7.2	7.7	7.8	8.2	8.8
Right of use asset	4.8	3.4	11.1	13.8	11.4
Other assets	25.5	26.0	26.0	26.0	26.0
Total funds employed	**124.6**	**155.6**	**165.4**	**184.8**	**193.4**
Net debt/(cash)	(23.2)	(16.5)	(22.4)	(19.8)	(28.7)
Lease liability	3.4	2.5	10.4	13.3	11.1
Other liabilities	9.3	12.7	12.7	12.7	12.7
Shareholder's funds	135.2	156.9	164.6	178.6	198.3
Minority interests	0	0	0	0	0
Total funding sources	**124.6**	**155.6**	**165.4**	**184.8**	**193.4**

* 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$)	**1.23**
DCF	1.35
PE driven comparables valuation	1.05

DCF valuation summary (NZ$m)	
Total firm value	338
(Net debt)/cash	16
Less: Capitalised operating leases	-44
Value of equity	310

Valuation Ratios	2022A	2023A	2024E	2025E	2026E
EV/Sales (x)	1.1	1.0	1.2	1.0	0.9
EV/EBITDA (x)	3.7	4.4	7.6	5.6	4.1
EV/EBIT (x)	4.5	5.4	12.3	8.2	5.4
PE (x)	5.9	8.5	17.6	11.3	7.4
Price/NTA (x)	1.5	1.3	1.3	1.2	1.0
Free cash flow yield (%)	8.9	-5.1	4.7	0.4	8.0
Adj. free cash flow yield (%)	14.0	4.4	13.9	9.1	11.8
Net dividend yield (%)	0.0	1.7	1.7	1.7	3.5
Gross dividend yield (%)	0.0	2.4	2.4	2.4	4.8

Capital Structure	2022A	2023A	2024E	2025E	2026E
Interest cover EBIT (x)	21.7	64.1	>100x	86.1	96.1
Interest cover EBITDA (x)	26.4	79.1	>100x	>100x	>100x
Net debt/ND+E (%)	-20.8	-11.7	-15.7	-12.5	-16.9
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	6.9	9.7	13.6
Return on equity (%)	24.5	14.8	6.8	9.7	13.4
Return on funds employed (%)	16.6	11.2	5.3	7.7	10.9
EBITDA margin (%)	29.0	22.8	15.2	18.1	21.3
EBIT margin (%)	23.9	18.4	9.4	12.3	16.1
Capex to sales (%)	5.9	10.3	11.4	9.3	3.5
Capex to depreciation (%)	143	286	247	199	83
Imputation (%)	0	100	100	100	100
Pay-out ratio (%)	0	15	31	20	26

Segment Revenue (NZ$m)	2022A	2023A	2024E	2025E	2026E
Telecommunications	86.0	101.6	87.4	106.6	127.9
Positioning	28.1	33.8	28.8	30.2	32.8
Space and Defence	24.5	28.9	32.1	36.1	42.6
IoT, Emerging and Other	33.4	17.0	11.1	11.1	11.1
Other revenues	2.5	0.4	0.0	0.0	0.0
Total Revenue	**174.5**	**181.7**	**159.3**	**183.9**	**214.3**

Segment Gross Margin (%)	2022A	2023A	2024E	2025E	2026E
Telecommunications	43.6	42.3	41.5	42.3	42.5
Positioning	58.4	53.5	52.5	51.0	52.5
Space and Defence	69.4	68.0	68.0	66.5	64.5
IoT, Emerging and Other	57.3	47.7	15.0	15.0	15.0

Segment Gross Margin (NZ$m)	2022A	2023A	2024A	2025A	2026A
Telecommunications	37.5	42.9	36.3	45.0	54.4
Positioning	16.4	18.1	15.1	15.4	17.2
Space and Defence	17.0	19.7	21.8	24.0	27.5
IoT, Emerging and Other	19.2	8.1	1.7	1.7	1.7

"Underlying EBITDA" (NZ$m)	2022A	2023A	2024A	2025A	2026A
Underlying EBITDA estimates	54.4	42.2	24.9	35.2	48.7

Earnings revision

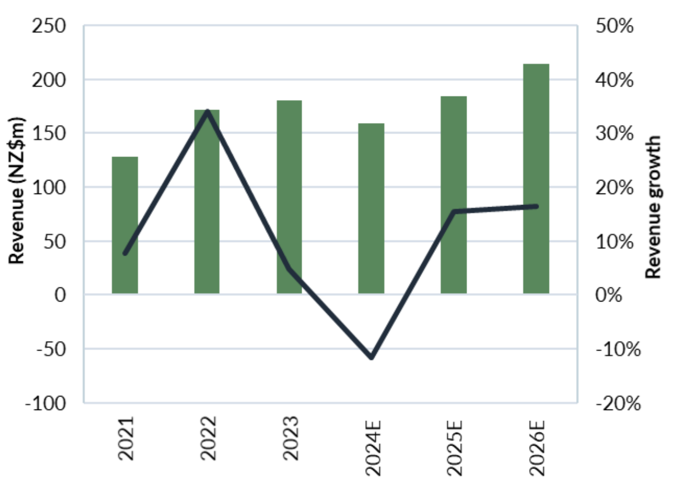
Given weakness from the Telecoms sector and customers pulling back forward orders to reduce inventory levels, RAK has warned of downside risks to FY24 earnings. We revise our FY24 revenue and normalised EBITDA estimates down by -7% and -20%, or EBITDA from ~NZ$31m to ~NZ$24.9m. This places our estimate below management's guidance of between NZ$26m and NZ$34m before the up to ~NZ$10m potential downside risk is considered. We are, therefore, ~NZ$6.1m below the midpoint of guidance or ~NZ$9.1m below the upper end of the range. We consider sector weakness, driven by the inventory adjustments and general global economic weakness, to continue into FY25, with our revenue and normalised EBITDA estimates falling by -5% and -10%, respectively. Additionally, we gradually increase R&D spending in India to take advantage of the 'Make in India' subsidies available to RAK. The capital subsidies of up to 50% make it attractive enough for RAK to invest ahead of the curve to take advantage of this (see Appendix 2).

Figure 1. Earnings revision table (NZ$m)

	FY24E			FY25E			FY26E		
	Old	New	Change	Old	New	Change	Old	New	Change
Revenue	**171.1**	**159.3**	**-7%**	**194.0**	**183.9**	**-5%**	**220.2**	**214.3**	**-3%**
Cost of sales	(92.2)	(84.4)	-8%	(103.9)	(97.8)	-6%	(117.6)	(113.6)	-3%
Gross Profit	78.9	74.8	-5%	90.1	86.1	-4%	102.7	100.7	-2%
Selling and marketing costs	(11.1)	(11.1)	+0%	(11.4)	(11.4)	+0%	(11.7)	(11.7)	+0%
Research and development	(17.3)	(17.4)	+0%	(19.8)	(20.0)	+1%	(22.2)	(21.9)	-2%
General and administration	(31.5)	(31.5)	-0%	(32.2)	(31.9)	-1%	(32.8)	(32.6)	-1%
Total operating expenses	**(59.9)**	**(59.9)**	**+0%**	**(63.4)**	**(63.4)**	**+0%**	**(66.8)**	**(66.2)**	**-1%**
Operating profit	**19.0**	**15.0**	**-21%**	**26.8**	**22.7**	**-15%**	**35.9**	**34.5**	**-4%**
Finance income	0.5	0.5	n/a	0.7	0.4	n/a	0.4	0.3	n/a
Finance costs	(0.6)	(0.6)	n/a	(0.7)	(0.7)	n/a	(0.6)	(0.6)	n/a
Share of net profits of associates	0.5	0.1	-80%	1.0	0.8	-25%	1.3	1.3	-2%
Profit before income tax	19.5	15.0	-23%	27.8	23.2	-17%	37.0	35.5	-4%
Income tax expense	(4.9)	(3.7)	-23%	(6.9)	(5.8)	-17%	(9.2)	(8.9)	-4%
Net profit for the period	**14.6**	**11.2**	**-23%**	**20.8**	**17.4**	**-17%**	**27.7**	**26.6**	**-4%**
Profit before income tax	19.5	15.0	-23%	27.8	23.2	-17%	37.0	35.5	-4%
Depreciation and amortisation	(9.4)	(9.3)	n/a	(9.6)	(10.6)	n/a	(9.7)	(11.1)	n/a
Finance costs – net	(0.0)	(0.1)	n/a	0.0	(0.3)	n/a	(0.3)	(0.4)	n/a
Adjustments for associate share of interest, tax and depreciation	(1.6)	(0.1)	n/a	(1.3)	(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	**31.0**	**24.9**	**-20%**	**39.0**	**35.2**	**-10%**	**48.7**	**48.7**	**+0%**

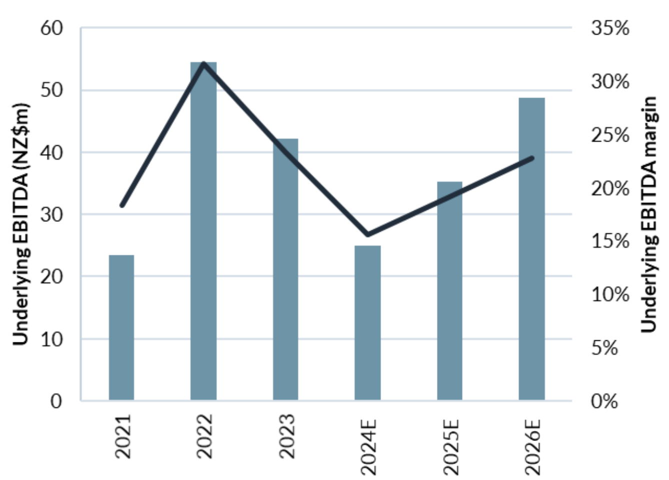
Source: Company data, Forsyth Barr analysis

Figure 2. RAK — Revenues (NZ$m)



Source: Company data, Forsyth Barr analysis

Figure 3. RAK — Underlying EBITDA



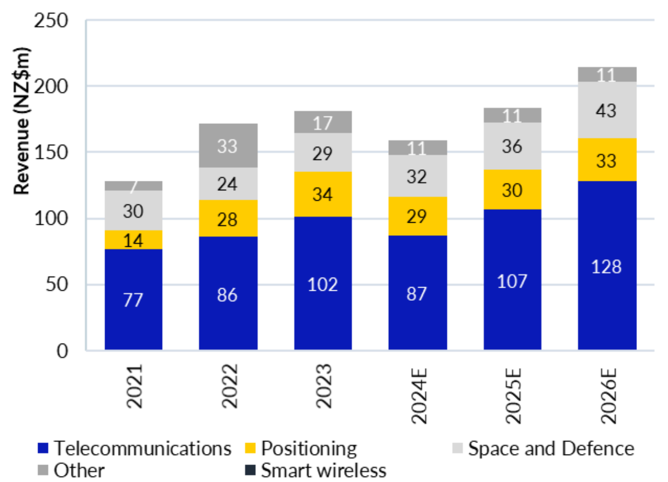
Source: Company data, Forsyth Barr analysis

Appendices

Appendix 1: Telecoms sector weakness

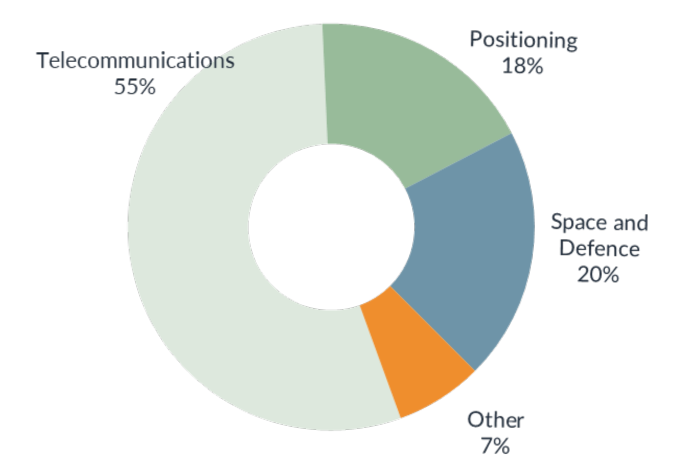
RAK's Telecoms segment is crucial to its success, representing ~55% of total revenue in our FY24 estimates. Given the segment's importance and market weakness in Telecoms driving downside risk to RAK's FY24 underlying EBITDA guidance, we analyse several recent results from industry players to provide more context to the ongoing downturn.

Figure 4. RAK — Revenue stack by division (NZ$m)



Source: Company data, Forsyth Barr analysis

Figure 5. RAK — revenue by division (FY24)



Source: Company data, Forsyth Barr analysis

Ericsson 2Q23 result analysis

Ericsson (ERIC), a multinational telecommunications company headquartered in Stockholm, Sweden, is one of the world's leading providers of communication technology and services. On 14 July 2023, ERIC reported that group organic sales for its 2Q23 ending 30 June 2023 were down -9% from 2Q22. The weakness came from the Networks division, which saw a -13% decline in sales over the period. ERIC's Network segment primarily focuses on serving communication service providers (CSPs) that build, operate, and manage public networks. Although the Networks division had a disappointing quarter, one geographic area experiencing solid growth was India, which saw record build-out. ERIC CEO Börje Ekholm highlighted this achievement, saying "sales growth in India partly offset the expected softening we saw in other markets, notably in North America." The downturn in Networks was counterbalanced by +20% growth in sales from the Enterprise division, which targets a wide range of industries and companies across sectors such as manufacturing, transportation, utilities, healthcare, public safety, and more. Adjusted gross margin, excluding restructuring charges, improved from 36.7% in 2Q22 to 38.6% in 2Q23, primarily due to cost reductions and beneficial effects from currency hedge contracts. EBITA margin fell from 12.0% in 2Q22 to 5.7% in 2Q23. Cash flow from operating activities turned negative. The market pushed ERIC shares down -9% post-release.

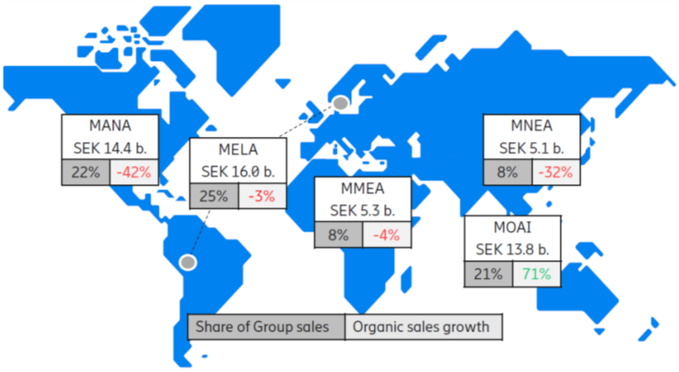
ERIC anticipates a "*gradual recovery*" by late 2023 and significant improvements by 2024, based on a continued focus on cost efficiencies, product leadership, and targeted growth investments. Ekholm noted that they have secured another "*important*" 5G licensing agreement. Additionally, the company expects 5G subscriptions to exceed 1.5bn by the end of 2023 and to reach 4.6bn by 2028, implying solid growth. Management commented "*we remain focused on three priorities: 1) bolstering our leadership in mobile networks; 2) growing our enterprise business; and 3) driving our cultural transformation.*" Gross margin in 3Q23 is expected to be 38–40% (from 38.3% in 2Q23). ERIC aims to reach the lower end of the 15–18% EBITA margin long-term target range by 2024.

Figure 6. Ericsson's financial performance

SEK$bn	2Q23	2Q22	Change	1Q23
Net sales	**64.4**	**62.5**	**+3.0%**	**62.6**
Organic and FX adjusted sales			-9.0%	
Gross Income	**24.7**	**26.3**	**-6.1%**	**24.9**
Gross margin	*38.3%*	*42.2%*		*39.8%*
R&D expenses	(12.1)	(11.5)		(11.9)
SG&A expenses	(9.7)	(7.9)		(9.0)
Other op. income & expenses	0.3	0.4		0.0
EBITA	**3.7**	**7.5**	**-50.7%**	**4.8**
EBITA margin	*5.7%*	*12.0%*		*7.7%*
EBIT	**2.8**	**7.4**	**-62.1%**	**4.0**
EBIT margin	*4.4%*	*11.8%*		*6.4%*
Net income	**(0.6)**	**4.7**		**1.6**
Free cash flow b. M&A	(5.0)	4.4		(8.0)

Source: Company, Forsyth Barr analysis

Figure 7. Ericsson's regional performance



Source: Company, Forsyth Barr analysis

Nokia 2Q23 quarterly update analysis

Nokia Corporation (NOKIA) is a Finnish telecommunications and technology company that provides a range of services including infrastructure solutions for wireless networks such as 4G and 5G. On 21 July, NOKIA released its quarterly trading update for its 2Q23 ended 30 June 2023, with sales falling short of analysts' expectations. The company warned that a slowdown was impacting profits and sales as the cost of living crisis hit consumer spending. The Finnish group reported preliminary second-quarter sales of €5.7bn, -3% down from 2Q22 (€5.9bn). This was below the estimated analyst average of €6.0bn, equating to a miss of ~5%. Despite this, NOKIA recorded an operating profit margin of 11%, +1.4% higher than in 2Q22.

This subdued performance led NOKIA to adjust its full-year outlook. The adjustments to NOKIA's projections are reportedly linked to its Network Infrastructure and Mobile Networks business groups. The firm anticipates FY23 sales to range from €23.2bn to €24.6bn, down from the previous forecast of €24.6bn–26.2bn. At the midpoint of the range, FY23 sales are anticipated to be down -4% on the €24.9bn NOKIA reported in FY22. The operating margin range outlook has also been narrowed to 11.5–13.0% from the earlier 11.5–14% (FY22: 9.3%).

In response to the preliminary 2Q23 results, NOKIA's shares closed down -9%, the biggest fall in two years. NOKIA is set to publish its full second-quarter earnings report on 20 July 2023, providing a more comprehensive review of its performance and outlook.

Appendix 2: Make in India driving investments

India is increasingly becoming a manufacturing hub for global companies as they look to diversify their supply chains and reduce their reliance on China. In recent years, there has been a growing trend of companies moving manufacturing from China to India, driven by several factors, including:

- Rising labour costs in China
- Increased trade tensions between the United States and China
- India's growing domestic market
- India's government's pro-business policies.

As a result of these factors, several major industrial companies have announced plans to move manufacturing to India in recent months. These include: Apple, Samsung, Boeing and Foxconn.

These companies are attracted to India's large and growing workforce, low labour costs, and strategic location. India is also a member of the World Trade Organization (WTO), which gives it access to many markets around the world. The trend of companies moving manufacturing to India will likely continue in years to come. As trade tensions between the United States and China remain high, and as China's labour costs continue to rise, India is well-positioned to become a central manufacturing hub for global companies.

According to a report by the consulting firm Kearney, India is expected to attract $1 trillion in manufacturing investment by 2025. This would make India the third-largest manufacturing destination in the world, after China and the United States. The growth of manufacturing in India is creating jobs and boosting the economy. It is also helping to diversify India's economy and reduce its reliance on agriculture. As India continues to grow as a manufacturing hub, it will significantly impact the global economy. Helping drive the move to India is the government's 'Make in India' development plan. See more information here.

Given that RAK has already opened its new world-class manufacturing site, it could be argued that it is ahead of the game. This site will be expanded to take advantage of the heavy 'Make in India' ranging from subsidies of 25% to 50% for capital investments. This new site should allow for (1) lower-cost manufacturing, (2) enhanced manufacturing flexibility across RAK's global sites, and (3) better risk management. Further, the building has been structurally designed to allow for two further floors to be added at a later date if needed.

Figure 8. RAK's new 100,000-square-foot facility in the SEZ Aerospace Park in Bengaluru, India

Source: Company

Appendix 3: Turkey's earth observation satellite launched with Rakon's GNSS receiver

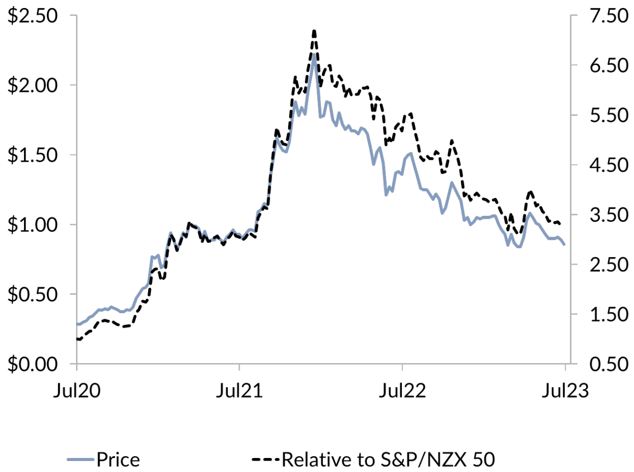
Plan-S, Turkey's rapidly growing private space technology company has successfully launched its third satellite, Connecta T2.1, into orbit using SpaceX's Falcon 9 Transporter-7 mission. Significantly larger than its predecessors, Connecta T2.1 is twice the size of the previous Connecta T1.1 and T1.2 satellites. It was explicitly designed for earth observation missions, including remote sensing and edge computing tests.

The Connecta T2.1 is outfitted with a high-resolution, multi-spectral earth observation camera and RAK's NewSpace GNSS Receiver. This tiny, low-power receiver provides multi-band and multi-constellation support and simultaneously processes signals from up to 448 channels to deliver precise position, velocity and timing.

Since reaching orbit the satellite has successfully transmitted positioning readings, marking an important step in RAK's in-orbit validation process. This endeavour showcases RAK's commitment to developing advanced solutions for the next-generation Space industry, further solidifying its position as a global leader in frequency control products and timing solutions.

For more information see here.

Figure 9. Price performance



Source: Forsyth Barr analysis

Figure 10. Substantial shareholders

Shareholder	Latest Holding
Siward Crystal Technology	12.2%
Ahuareka Trust	10.9%
Wairahi Investments and Wairahi Holdings Limited	5.1%

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

Figure 11. 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$0.86**	**NZ$197**	**17.6x**	**11.3x**	**n/a**	**n/a**	**n/a**	**n/a**	**1.7%**
Txc Corp	3042 TT	TWD86.80	TWD26,887	14.1x	11.6x	8.1x	7.3x	13.0x	10.2x	6.8%
Sitime Corp	SITM US	US$115.81	US$2,542	>75x	>50x	<0x	>75x	<0x	>75x	n/a
Microchip Technology Inc	MCHP US	US$86.62	US$47,241	13.8x	13.5x	12.0x	12.3x	12.9x	12.9x	2.2%
Siward Crystal Technology Co	2484 TT	TWD34.70	TWD5,532	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Daishinku Corp	6962 T	¥651.00	¥23,564	13.1x	9.8x	5.0x	4.2x	15.3x	11.2x	3.4%
Nihon Dempa Kogyo Co	6779 T	¥1198.00	¥27,708	6.1x	4.9x	4.6x	3.9x	7.1x	5.8x	2.2%
Seiko Epson Corp	6724 JP	¥2192.00	¥843,969	11.0x	10.7x	5.1x	5.0x	8.7x	8.4x	3.5%
			Compco Average:	**11.6x**	**10.1x**	**7.0x**	**6.5x**	**11.4x**	**9.7x**	**3.6%**
EV = Mkt cap+net debt+lease liabilities+min interests-investments			**RAK Relative:**	**51%**	**12%**	**n/a**	**n/a**	**n/a**	**n/a**	**-52%**

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

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