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Rakon Limited
Post Strong 1H23 Result, Outlook Softens

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Rakon (RAK) reported underlying EBITDA of NZ$28.1m for 1H23, up +6% from 1H22 and ahead of our expectations of NZ$19.9m. The significant uplift relative to expectations was due to a net +NZ$7.4m foreign exchange gain. RAK's management upgraded FY23 guidance for underlying EBITDA, now between NZ$38m and NZ$44m (up from the prior NZ$36m and NZ$44m). We lift our underlying estimate for EBITDA by +2% for FY23 from NZ$40m to NZ$41m, remaining at the midpoint of the guidance range. We lower our FY24 and FY25 estimates on the back of weaker global economies, further cost inflation and delaying the initiation of material low-earth-orbit (LEO) revenues by a year. The changes see our spot valuation fall from NZ$2.00 to NZ$1.86.

NZX Code	RAK
Share price	NZ$1.19
Spot Valuation	NZ$1.86 (from 2.00)
Risk rating	High
Issued shares	229.1m
Market cap	NZ$273m
Avg daily turnover	117.0k (NZ$196k)

Financials: Mar/	22A	23E	24E	25E
NPAT* (NZ$m)	33.1	19.9	18.6	26.9
EPS* (NZc)	14.5	8.7	8.1	11.7
EPS growth* (%)	n/a	-39.9	-6.7	44.7
DPS (NZc)	0.0	0.0	0.0	5.9
Imputation (%)	0	0	0	100
*Based on normalised profits				

Valuation (x)	22A	23E	24E	25E
PE	8.2	13.7	14.7	10.1
EV/EBIT	6.3	9.1	10.6	7.4
EV/EBITDA	4.8	6.2	6.4	5.0
Price / NTA	2.1	1.9	1.6	1.5
Cash div yld (%)	0.0	0.0	0.0	4.9
Gross div yld (%)	0.0	0.0	0.0	6.8

What's changed?
- **Earnings:** We increase our FY23 EBITDA estimate by +2%, decrease FY24 by -11%, and FY25 down by -7%.
- **Spot valuation:** Our spot valuation falls NZ14cps or -7% to NZ$1.86.

Strong growth in core businesses during 1H23

RAK's core business operations delivered strong performances with rising revenues and margins. Telecommunications led this with revenue growing +14%, driven by increased market share and 5G infrastructure rollout, while the division's gross margin was up +14% to NZ$20m. Space and Defence increased revenue by +19% due to solid demand for high-reliability space applications, and gross margins rose +26% to NZ$8.5m. Positioning showed steady industrial growth supported by locator beacon resurgence, with revenue rising +16%, and gross margin +14% higher at NZ$9.3m. As expected, RAK's Emerging and Other division fell due to the completion of the sizable chip-shortage orders during the period. Management commented that the forward order book looks strong.

Indian factory nearing completion, but planning sees elevated inventories

The new Indian facility remains on track for completion by the end of FY23, costing ~NZ$12–14m, and will substantially increase capacity and manufacturing flexibility for RAK. Undertaken to build safety stocks of raw materials/finished products, further mitigating supply chain risks and planning for a smooth Indian plant transfer. Inventory rose +NZ$14.7m over the six months to NZ$72.0m.

FY23 guidance lifted but in FY24 and beyond we reduce estimates

Management upgraded its FY23 underlying EBITDA guidance to NZ$38m–NZ$44m, implying a weaker EBITDA 2H23 figure. The one-off chip-shortage contracts are now complete, and we estimate that RAK has been running at or near capacity for 18 months. Any spare capacity from consumer deals rolling off will be replaced with orders within RAK's core business operations, as seen within 1H23. We take a more cautious approach to outer years, given weaker global economies and recent industry peer results, with cuts to FY24 and beyond revenues while holding cost estimates. This results in our FY24 NPAT estimates falling by -24% and FY25 by -16%.

Rakon Limited (RAK)

Market Data (NZ$)	
Priced as at 24 Nov 2022	**1.19**
52 week high / low	2.22 / 1.08
Market capitalisation (NZ$m)	272.6

Key WACC assumptions	
Risk free rate	4.50%
Equity beta	1.13
WACC	9.9%
Terminal growth	2.5%

Profit and Loss Account (NZ$m)	2021A	2022A	2023E	2024E	2025E
Sales revenue	130.9	173.6	179.5	185.7	217.5
Normalised EBITDA	**23.5**	**54.4**	**41.0**	**40.3**	**51.6**
Depreciation and amortisation	(13.4)	(13.2)	(8.9)	(11.0)	(12.8)
Normalised EBIT	**11.3**	**41.4**	**27.9**	**24.3**	**34.9**
Net interest	(1.6)	(1.9)	(1.3)	(0.8)	(0.6)
Associate income	1.4	2.4	1.0	1.3	1.5
Tax	(1.5)	(8.8)	(7.7)	(6.2)	(9.0)
Minority interests	0	0	0	0	0
Normalised NPAT	**9.6**	**33.1**	**19.9**	**18.6**	**26.9**
Abnormals/other	0	0	0	0	0
Reported NPAT	**9.6**	**33.1**	**19.9**	**18.6**	**26.9**
Normalised EPS (cps)	4.2	14.5	8.7	8.1	11.7
DPS (cps)	0	0	0	0	5.9

Growth Rates	2021A	2022A	2023E	2024E	2025E
Revenue (%)	10.0	32.7	3.4	3.5	17.1
EBITDA (%)	58.8	>100	-24.6	-1.7	28.0
EBIT (%)	>100	>100	-32.6	-12.9	43.8
Normalised NPAT (%)	>100	>100	-39.9	-6.7	44.7
Normalised EPS (%)	>100	>100	-39.9	-6.7	44.7
Ordinary DPS (%)	n/a	n/a	n/a	n/a	n/a

Cash Flow (NZ$m)	2021A	2022A	2023E	2024E	2025E
EBITDA	**23.5**	**54.4**	**41.0**	**40.3**	**51.6**
Working capital change	7.2	(15.3)	(12.8)	1.5	(8.9)
Interest & tax paid	(1.8)	(2.3)	(9.0)	(7.0)	(9.6)
Other	(8.8)	(6.7)	(1.9)	(2.1)	(2.3)
Operating cash flow	**20.1**	**30.2**	**17.3**	**32.7**	**30.8**
Capital expenditure	(5.1)	(10.2)	(21.9)	(11.8)	(9.6)
(Acquisitions)/divestments	0	0	0	-""	-""
Other	(3.0)	(2.6)	(2.8)	(2.4)	(2.5)
Funding available/(required)	**12.0**	**17.4**	**(7.4)**	**18.5**	**18.8**
Dividends paid	0	0	0	0	(5.7)
Equity raised/(returned)	0	0	0	0	0
(Increase)/decrease in net debt	**12.0**	**17.4**	**(7.4)**	**18.5**	**13.0**

Balance Sheet (NZ$m)	2021A	2022A	2023E	2024E	2025E
Working capital	50.6	65.8	78.6	77.1	86.0
Fixed assets	18.3	21.4	34.9	36.7	35.8
Intangibles	7.6	7.2	7.8	8.3	9.0
Right of use asset	7.2	4.8	2.4	14.8	11.7
Other assets	29.6	25.5	25.5	25.5	25.5
Total funds employed	**113.3**	**124.6**	**149.1**	**162.3**	**168.0**
Net debt/(cash)	(5.0)	(23.2)	(15.8)	(34.3)	(47.4)
Lease liability	5.4	3.4	0.6	13.7	11.2
Other liabilities	9.0	9.3	9.3	9.3	17.0
Shareholder's funds	103.9	135.2	155.1	173.6	187.1
Minority interests	0	0	0	0	0
Total funding sources	**113.3**	**124.6**	**149.1**	**162.3**	**168.0**

* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend

Spot valuation (NZ$)	**1.86**
DCF	1.86

DCF valuation summary (NZ$m)	
Total firm value	451
(Net debt)/cash	23
Less: Capitalised operating leases	(48)
Value of equity	426

Valuation Ratios	2021A	2022A	2023E	2024E	2025E
EV/EBITDA (x)	11.9	4.8	6.2	6.4	5.0
EV/EBIT (x)	24.7	6.3	9.1	10.6	7.4
PE (x)	28.3	8.2	13.7	14.7	10.1
Price/NTA (x)	2.8	2.1	1.9	1.6	1.5
Free cash flow yield (%)	5.5	7.4	-1.7	7.7	7.8
Net dividend yield (%)	0.0	0.0	0.0	0.0	4.9
Gross dividend yield (%)	0.0	0.0	0.0	0.0	6.8

Capital Structure	2021A	2022A	2023E	2024E	2025E
Interest cover EBIT (x)	7.1	21.7	22.0	31.3	57.0
Interest cover EBITDA (x)	14.7	28.6	32.4	52.0	84.2
Net debt/ND+E (%)	-5.1	-20.8	-11.4	-24.6	-33.9
Net debt/EBITDA (x)	n/a	n/a	n/a	n/a	n/a

Key Ratios	2021A	2022A	2023E	2024E	2025E
Return on assets (%)	7.3	20.7	13.5	10.3	13.5
Return on equity (%)	9.3	24.5	12.8	10.7	14.4
Return on funds employed (%)	6.2	16.6	9.6	8.4	10.9
EBITDA margin (%)	17.9	31.4	22.9	21.7	23.7
EBIT margin (%)	8.6	23.9	15.5	13.1	16.1
Capex to sales (%)	3.9	5.9	12.2	6.4	4.4
Capex to depreciation (%)	45	89	309	131	90
Imputation (%)	0	0	0	0	100
Pay-out ratio (%)	0	0	0	0	50

Segment Revenue (NZ$m)	2021A	2022A	2023E	2024E	2025E
Telecommunications	77.0	86.2	98.3	110.6	131.7
Positioning	14.0	27.1	32.2	25.3	29.1
Space and Defence	29.8	26.3	30.5	33.7	40.1
IoT, Emerging and Other	7.4	32.3	15.6	16.1	16.6
Other revenues	2.5	1.6	2.9	0.0	0.0
Total Revenue	**130.8**	**173.6**	**179.5**	**185.7**	**217.5**

Segment Gross Margin (%)	2021A	2022A	2023E	2024E	2025E
Telecommunications	40	44	43	43	43
Positioning	48	55	57	57	57
Space and Defence	68	69	69	69	67
IoT, Emerging and Other	14	56	28	14	14

Underlying EBITDA	2021A	2022A	2023E	2024E	2025E
Profit before income tax	11.2	41.9	27.6	24.8	35.8
Depreciation and amortisation	(8.7)	(8.9)	(10.2)	(12.6)	(12.9)
Finance costs - net	(1.6)	(1.9)	(1.3)	(0.8)	(0.6)
Adjustments	(1.8)	(2.2)	(1.9)	(2.1)	(2.3)
Other non-cash items	(0.2)	(0.1)	0	0	0
Underlying EBITDA	**23.5**	**54.4**	**41.0**	**40.3**	**51.6**
Revenue Growth (%)	8	34	3	5	17
Underlying EBITDA Growth (%)	59	132	-25	-2	28

Strong 1H23 result across core divisions

RAK's 1H23 showed continued strong growth in the core businesses; Telecommunications, Space and Defence, and Positioning. All divisions grew both revenues and gross margins relative to 1H22. RAK's CEO commented, *"Last year was a significant step up in revenue as we took advantage of short-term market opportunities. With that business now tailing off, it is pleasing to see that the higher levels of revenue and margins were maintained in the first half through growth in our core business".*

Revenue was up +2% to NZ$87.2m for 1H23 from $85.4m in 1H22. Group total revenue growth was less than experienced in the core divisions due to the one-off chip-shortage contracts ending during the period. Overall gross profit remained flat at NZ$43.5m with a gross margin of 50%, down from the 51% achieved in 1H22. Operating expenses rose +15% in 1H23 relative to 1H22 but less than expected. RAK continued to invest in research and development with NZ$6.8m spent in the first half, although this was -29% below our expectations. Selling and marketing also came in lower than expected, but these were offset by a larger-than-expected increase in general and administrative expenses, primarily driven by salary increases.

In addition to operational activities, the result contained NZ$7.4m of other one-off gains. This included a NZ$10.5m gain due to a portion of unhedged cash and receivables held in USD. Given the sizable -20% fall in the NZDUSD seen between half-year balance dates, this corresponded to a significant revaluation gain. This was offset by a NZ$3.1m loss in financial assets re-valued at fair value. Approximately NZ$4m of this is still unrealised, with the possibility of a reversal on these gains in 2H23 as the NZDUSD spot rate has climbed +12% since 30 September 2022.

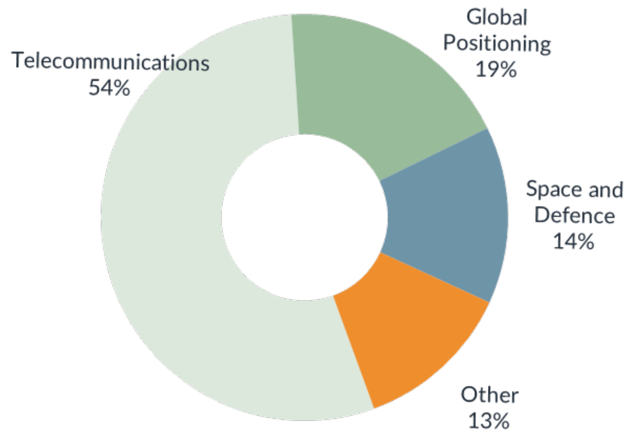
Despite higher operating earnings, after including the one-off gains, net profit after tax fell -15% to NZ$16.0 million due to a higher tax expense after accumulated NZ tax losses were fully used in FY22, some months earlier than our expectations. Underlying EBITDA was strong at NZ$28.1m, up +6% on 1H22 and well ahead of our forecast, given the aforementioned one-off gains. Operating cash flow fell NZ$4.5m to NZ$0.0m in 1H23 from the pcp on poorer cash conversion.

Figure 1. RAK — HY22 & HY23 results comparison

30 September half year end	1H22	1H23	Growth (%)	FB 1H23E	Deviation (%)
Revenue	85.4	87.2	+2%	84.4	+3%
Cost of sales	(41.9)	(43.6)	+4%	(41.6)	+5%
Gross Profit	**43.5**	**43.5**	**+0%**	**42.8**	**+2%**
Other operating income	0.6	0.3	-55%	-	
Selling and marketing costs	(3.9)	(4.5)	+15%	(5.1)	-12%
Research and development	(6.5)	(6.6)	+2%	(9.3)	-29%
General and administration	(14.3)	(17.3)	+21%	(15.9)	+9%
Total operating expenses	**(24.6)**	**(28.4)**	**+15%**	**(30.2)**	**-6%**
Other gains/(losses) - net	(0.4)	7.4		-	
Operating profit	**19.1**	**22.9**	**+20%**	**12.6**	**+81%**
Finance income	0.0	0.1		0.0	
Finance costs	(1.3)	(0.5)	-57%	(0.5)	+10%
Share of net profits of associates	1.6	(0.0)		1.1	-102%
Profit before income tax	**19.5**	**22.4**	**+15%**	**13.3**	**+69%**
Income tax expense	(0.5)	(6.4)		(1.2)	
Net profit after tax for the period	**18.9**	**16.0**	**-15%**	**12.1**	**+33%**
Profit before income tax	**19.5**	**22.4**	**+15%**	**13.3**	**+69%**
Depreciation and amortisation	(4.6)	(3.9)	-15%	(5.0)	-23%
Finance costs - net	(1.3)	(0.5)	-64%	(0.5)	-5%
Adjustments (associates, tax, depreciation)	(1.0)	(1.1)	+6%	(1.1)	-4%
Other non-cash items	(0.1)	(0.3)		-	
Underlying EBITDA	**26.4**	**28.1**	**+6%**	**19.9**	**+41%**

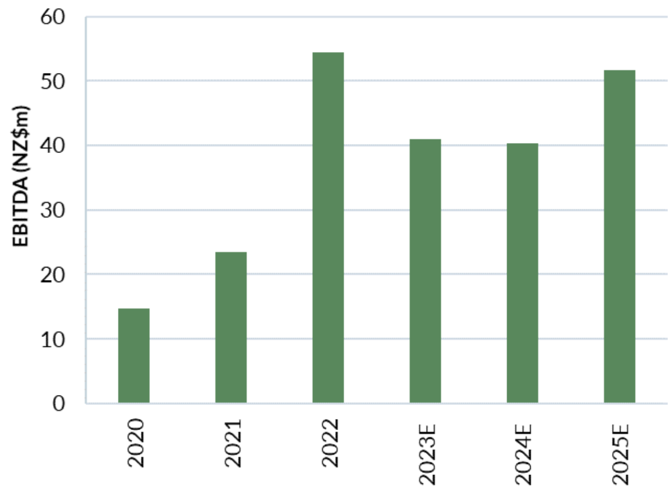
Source: Company data, Forsyth Barr analysis

Figure 2. RAK — Revenue by division (1H23)



Source: Company data, Forsyth Barr analysis

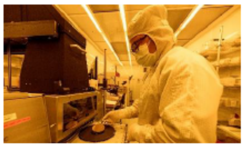
Figure 3. RAK — EBITDA (NZ$m)



Source:Company data, Forsyth Barr analysis

RAK updated the market on its three-year roadmap. See the Figure 4 below.

Figure 4. RAK — 3-year growth roadmap

		FY23	FY24	FY25
	New manufacturing facility in India	• Construction completed • Fitout / capacity expansion • Existing manufacturing transfer	• Select NZ products transferred • Select NewSpace products transferred	• Select French NewSpace subsystem modules transferred
	New Rakon designed semiconductor chips	• Substantial increase in R&D and chip design capability in NZ & UK • Release of Niku™ next generation chip	• Release of Vulcan next generation chip • Chip based product revenue growing to over 60%	• Chip based product revenue growing • Release of Caduceus & Kepler chips
	Commercialisation of XMEMS® nanotechnology manufacturing capability	• Continued investment in XMEMS® capability • Release of initial XMEMS® based products	• Volume production of XMEMS® based products	• 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 ecosystem • Significant orders secured	• Become a top 3 player in subsystems • Delivery of orders

Source: Company

Earnings revision

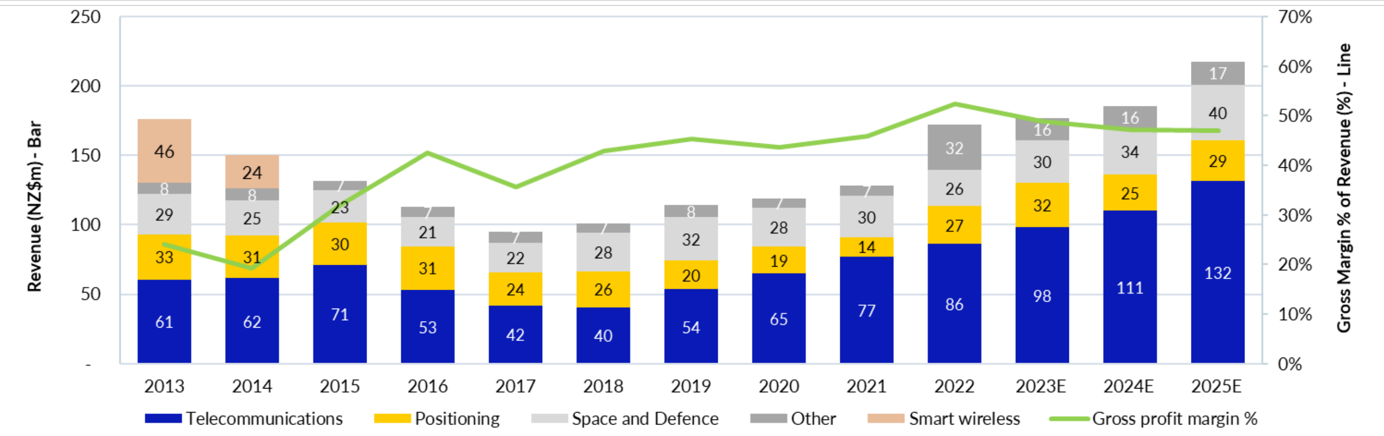
RAK's management upgraded FY23 guidance for underlying EBITDA to be between NZ$38m and NZ$44m (up from the prior NZ$36m and NZ$44m). We increase our FY23 EBITDA +2% to NZ$41m, the midpoint of the new range. Given a weakening global macro backdrop, we take the opportunity to reduce our estimates for FY24 and FY25. Additionally, we push out the timing of new low-earth-orbit (LEO) contracts. These assumptions reduce revenue -7% and -6% in FY24 and FY25 respectively. Minor changes are also made to operating expenses, with increases to general and administrative expenses offset by lower research and development costs, continuing the trend in 1H23. Across the forecast period we mildly increase gross margins at the divisional level. As a result of lower revenue forecasts, our operating profit and underlying EBITDA forecasts are reduced, with FY24 EBITDA decreasing by -11% and -7% in FY25. At the bottom line, these changes see our FY24 NPAT estimates fall by -24% and -16% in FY25.

Figure 5. Underlying earnings revisions

	FY23E			FY24E			FY25E		
	Old	New	Change	Old	New	Change	Old	New	Change
Revenue	**175.8**	**176.6**	**+0%**	**199.9**	**185.7**	**-7%**	**230.8**	**217.5**	**-6%**
Cost of sales	(88.8)	(90.3)	+2%	(106.9)	(98.0)	-8%	(125.2)	(115.1)	-8%
Gross Profit	**87.0**	**86.3**	**-1%**	**93.0**	**87.6**	**-6%**	**105.6**	**102.4**	**-3%**
Operating expenses									
Selling and marketing costs	(10.3)	(10.2)	-2%	(10.8)	(10.6)	-2%	(11.1)	(11.0)	-1%
Research and development	(18.6)	(17.8)	-4%	(19.0)	(18.0)	-5%	(21.2)	(20.9)	-2%
General and administration	(31.9)	(33.2)	+4%	(34.0)	(34.7)	+2%	(34.9)	(35.6)	+2%
Total operating expenses	**(60.8)**	**(61.2)**	**+1%**	**(63.8)**	**(63.4)**	**-1%**	**(67.2)**	**(67.5)**	**+0%**
Other gains/(losses)-net	-	2.9		-	-		-	-	
Operating profit	**26.2**	**27.9**	**+7%**	**29.2**	**24.3**	**-17%**	**38.4**	**34.9**	**-9%**
Finance income	0.0	0.0		0.0	0.0		0.0	0.0	
Finance costs	(1.3)	(1.3)		(0.8)	(0.8)		(0.7)	(0.7)	
Share of net profits of associates	1.7	1.0	-41%	1.7	1.3	-28%	1.8	1.5	-15%
Profit before income tax	**26.6**	**27.6**	**+4%**	**30.2**	**24.8**	**-18%**	**39.6**	**35.8**	**-9%**
Income tax expense	(6.9)	(7.7)	+12%	(5.7)	(6.2)	+8%	(7.7)	(9.0)	+16%
Net profit for the period	**19.7**	**19.9**	**+1%**	**24.5**	**18.6**	**-24%**	**31.9**	**26.9**	**-16%**
Profit before income tax	**26.6**	**27.6**	+4%	**30.2**	**24.8**	-18%	**39.6**	**35.8**	-9%
Depreciation and amortisation	(10.0)	(10.2)		12.4	12.6		**12.8**	12.9	
Finance costs - net	(1.3)	(1.3)		(0.7)	(0.8)		(0.6)	(0.6)	
Adjustments for associate share of interest, tax and depreciation	(2.1)	(1.9)		(2.2)	(2.1)		(2.3)	(2.3)	
Underlying EBITDA	**40.0**	**41.0**	+2%	**45.5**	**40.3**	-11%	**55.3**	**51.6**	-7%

Source: Company data, Forsyth Barr analysis

Figure 6. RAK – Revenue stack by division (NZ$m) and gross margin (%) reported and estimated



Source: Company data, Forsyth Barr analysis

Appendices

Appendix 1: SiTime 3Q22 Result

SiTime Corporation, a company specialising in producing precision silicon timing solutions, reported its Q3 results on 2 November 2022. SiTime's high-performance, small, low-power and timing chips have applications in automated driving, 5G and data centres, with SiTime estimating the timing market at US$10b. Net revenue rose to US$73.1m, representing a +16% lift from 3Q21, though an -8% fall from the prior quarter. Revenue growth was strongest in the communications and enterprise segments while weak in the consumer and industrial segments. Gross margin was 64.7%, which is expected to fall to 63% in Q4.

SiTime noted current market conditions in the semiconductor industry are weak, with the CEO stating, *"In 40 years of industry experience, I have not seen a downturn as rapid or as deep as this one"*. As a result of this and last quarter's results, SiTime have reduced expectations for the year. SiTime saw end customer demand slowing, first in consumer then in industrial markets and now in communication & data centres, primarily due to customer inventory build-ups, which SiTime expects to take the next two quarters to work through. Inventory rose to US$45m at the quarter end, up +US$11m over the quarter, providing a cushion in the event of more geopolitical or supply chain issues.

SiTime has delivered eight consecutive quarters of growth in its average selling price. SiTime report seeing no loss in business to competitors, even though the availability of competition has risen, lead times shortened, and quartz prices lowered.

While SiTime sees a variety of positive indicators for their business, a more cautious tone was struck with respect to the industry due to the prevailing challenges and macro headwinds. SiTime continues to see a sizable timing market and expect its served markets rising in size from US$1bn in 2021 to US$4bn in 2024 through sector growth and the introduction of new products.

More information can be found here: https://www.sitime.com/

Appendix 2: Microchip 2Q23 Result

Microchip Technology reported its record Q2 results on 3 November 2022, with revenue rising +26% from a year ago to US$2.07bn for the quarter. This was up +5.6% on the prior quarter and is a quarterly record for the company. Net income for the quarter rose +126% to US$546m. Gross margin set another record at 67.4%. Cash flow from operations were sizeable at +US$793m, and the company continued to pay down debt. Microchip is a leading provider of smart, connected and secure embedded control systems with two operating segments; semiconductor and technology licensing.

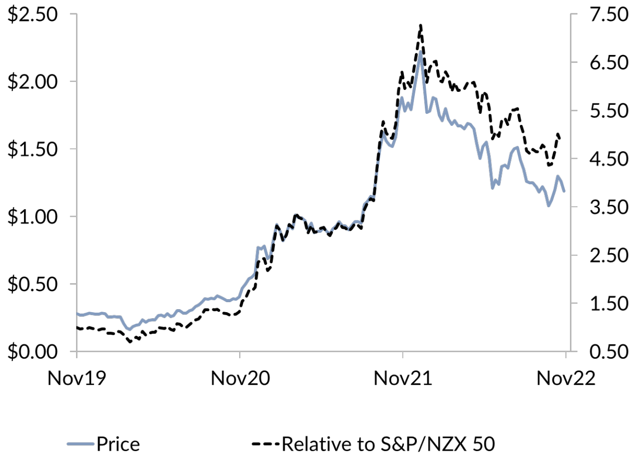
Microchip CEO saw continued strong demand for the company's products, saying, *"Amid changing economic conditions and ongoing global supply disruption, our business remains strong as we exited the September quarter with the highest unsupported backlog ever. While we see encouraging signs of the supply chain loosening, many of our technology corridors remain constrained despite the careful capacity ramps we continue to implement. As such, we expect capacity to remain tight for specialized, trailing-edge technologies throughout 2022 and into 2023"*. Adding *"Demand continues to outpace supply, and we have considerable backlog requested by customers in the December quarter that we currently cannot fulfil until later quarters, despite growing capacity from last quarter"*.

While management is aware of inventory build-up at some customers and *"crosscurrents of strong internal business indicators and some uncertainty in the macro environment"*, it believes it can avoid any material impact on the business due to:

- The vast majority of sales are generated from the industrial, automotive, aerospace & defence, data centre and communication sectors where demand remains strong, pointing to durable earnings.
- Continued constraints of supply for produced specialised products.
- Organic growth focus through higher-growth megatrends giving increased design win momentum.

More information can be found here: https://www.microchip.com/

Figure 7. Price performance



Source: Forsyth Barr analysis

Figure 8. 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 9. 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)	2023E	2024E	2023E	2024E	2023E	2024E	2024E
Rakon	**RAK NZ**	**NZ$1.19**	**NZ$273**	**13.7x**	**14.7x**	**6.2x**	**6.4x**	**9.1x**	**10.6x**	**0.0%**
Txc Corp	3042 TT	TWD81.20	TWD25,152	8.6x	9.0x	5.3x	5.3x	8.4x	8.0x	8.6%
Sitime Corp	SITM US	US$101.22	US$2,166	34.8x	49.5x	22.9x	32.7x	28.1x	42.8x	n/a
Microchip Technology Inc	MCHP US	US$76.53	US$42,092	12.9x	13.1x	11.9x	12.6x	12.6x	13.2x	2.2%
Siward Crystal Technology Co	2484 TT	TWD35.35	TWD5,636	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Daishinku Corp	6962 T	¥863.00	¥31,238	5.9x	6.3x	4.3x	3.7x	6.9x	6.2x	3.3%
Nihon Dempa Kogyo Co	6779 T	¥1636.00	¥37,838	7.0x	6.5x	6.1x	5.5x	8.4x	7.5x	2.0%
Seiko Epson Corp	6724 JP	¥2140.00	¥855,218	9.2x	9.6x	4.3x	4.4x	7.0x	7.0x	3.5%
			Compco Average:	**13.1x**	**15.6x**	**9.1x**	**10.7x**	**11.9x**	**14.1x**	**3.9%**
EV = Mkt cap+net debt+lease liabilities+min interests-investments			**RAK Relative:**	**5%**	**-6%**	**-32%**	**-40%**	**-23%**	**-25%**	**-100%**

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

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