

CUSTOMER INDUSTRY OUTLOOK/TRENDS

- BUSINESS SLOTTING B2B B2C ASSET HEAVY ASSET LIGHT INTELLECTUAL PROP.
 PRICE-TAKER PRICE SETTING OLIGOPOLY MONOPOLY/DUOPOLY
ABILITY WHEN CONDUCIVE

INDUSTRY TAILWINDS HEADWINDS CONVICTION UNDERVALUATION

ELEVATOR PITCH

- SCREAMING HIGH FAIR

LED BY EARNINGS TRAJECTORY

- VALUE MIGRATION RE-RATING

OPERATING LEVERAGE LED BY

- GROSS MARGIN ASSET TURNS
 PRODUCT MIX TECHNOLOGY

ALLOCATION

- OPPORTUNISTIC STRATEGIC
 50-100% POP 2-3x in 2-3yrs
 10x in 10 yrs

OVERHANG

- PSU NOT UNDERSTOOD SECTOR APATHY
 REGULATORY POLITICAL
 CORP. GOVERNANCE SUCCESSION PLAN
 HIGH SALARIES

SUPPORT

- DIVIDEND YIELD LOW FLOAT

RISK COVERED IN MULTIPLES

- EVERYTHING 20% DOWNSIDE
 2-3x UPSIDE in 2-3 yrs

LIQUIDITY STRESS TEST

- CAN SIT TIGHT FOR 1-2 YRS, DESPITE
 EXECUTION DELAY
 BUSINESS TEMPORARY ISSUE

KEY MONITORABLES

ATTRACTIVENESS

BUSINESS

- STRONGLY DIFFERENTIATED BUSINESS MODEL
 COMPETITIVE POSITION GETTING STRONGER/WEAKER
 NEXT LEVEL FOR THE BUSINESS
 VALUE MIGRATION CURVE
 QUALITY OF EARNINGS

K | H | M | L

CANT SAY

KEY GROWTH DRIVERS

A | S | H | M | L

KEY PROFITABILITY DRIVERS

CAPITAL INTENSITY

GROWTH/SCALABILITY

- LINEAR
 INDUSTRY MKT SHARE
 MARGINS PRICE INCREASES
 EXPANSIONARY
 VALUE MIGRATION NEW GEOG
 NEW REVENUE STREAM

K | H | M | L

BUSINESS MODEL VULNERABILITY/STRENGTH

MANAGEMENT QUALITY

- SPECIAL DNA of BUSINESS
 COST EFFICIENCY FOCUS
 PRODUCTION EFFICIENCY
 CAPITAL EFFICIENCY
 INNOVATIONS
 NEW REV STREAM/GEOGRAPHY
 VALUE CHAIN MIGRATIONS
 STRATEGIC THINKING
 ABILITY TO MANAGE DOWNTURNS

H | M | L

EXECUTION SKILLS

- WORKFORCE HANDLING
 CUSTOMER TRUST WIN
 DEEPER/BROADER CUST PENETRATION
 REPUTATION
 FAMILY/BUSINESS
 MIN. SHOLDER TREATMENT
 CORP GOVERNANCE

H | M | L

RISK MITIGATION

- SUPPLY/DEMAND DISRUPTION
 SINGLE PT of FAILURE
 ENVIRONMENTAL
 REGULATORY
 BUYER
 COMPETITION

H | M | L

MEDIUM TERM VISIBILITY ↘

☑ EARNINGS

- ☐ CAPEX COMPLETION
- ☐ ORDER BOOK / SALES

☑ MARGINS

- ☐ PRICING
- ☐ RAW MATERIAL

☑ EFFICIENCY

- ☐ ASSET TURNS
- ☐ CAPITAL TURNS

Q18

AXTEL INDUSTRIES LTD

Some key figures extracted/highlighted automatically from Excel that will tell a more complete story?

	TTM Sales	TTM Net Profit	TTM EBIT	ROIC	Invested Cap	EPA /Sales	Mkt Cap	P/B	P/S	P/E	P/CFO	Div Yield	EV/EBITDA	
	106.34	12.31	17.66	35%	38.32	7.85%	147.25	2.83	1.38	11.96	0.00	1.64%	9.33	
10Yr Incr FA Invest Rate	11.35%	18.67%	7.73%	13%	24.89%	26%	1.31	6.99	5.5	14.9	12.96	9.15	3.42	8.36%
10Yr Incr Wcap Invest Rate	13.84%													
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019				
RoE	4%	13%	14%	14%	10%	-29%	16%	19%	14%	25%				
CC Cycle	87	162	105	34	-69	-65	34	55	12	-11				
Gr Margin	25%	32%	37%	49%	51%	32%	57%	56%	47%	50%				
Eq Dilution	0	0	0	0	0	0.615	0	0	0	0				

Execution efficiency not coming out

6. Include CONTROL OVER VARIABLES in Business Attractiveness.
7. Include Walking The Talk in MQ.