The Southeast Asia Opportunity
Trani, 12 July 2019

+some investment ideas to take advantage of SEA

florian.weidinger@hansabay.com
Important Information

This document has been prepared for investors who are legally eligible and suitable to invest in the type of investment described herein. This document is for information purposes only and should not be construed as legal, tax, investment or other advice. It should also not be construed as an offer to sell, or a solicitation of an offer to buy any product. This information is not intended to be complete or final and is qualified in its entirety by reference to detailed information upon request.

Certain information contained herein constitutes forward-looking statements or estimates, however, due to actual various uncertainties and events, actual results or performance of the investment may differ materially. Investors should not rely on such forward-looking statements or estimates in making their investment decisions. Hansabay and its affiliates have no duty to update or amend such forward-looking statements or estimates.

The information in this document is confidential and is intended only for the use of the person to whom it is given. The information shall not be reproduced or redistributed in any manner to any other person(s). If you have gained access to this document from any party other than Hansabay, please destroy it and all copies and provide notice to compliance@hansabay.com
Executive Summary

Alpha Investments Asia (Summary)

GDP $/capita
nominal | ppp
population
$38k | 44k
126m
$30k | 38k
51m
$10k | 18k
1.4b
$3k | 9k
107m
$11k | 31k
32m
$63k | 99k
6m
$4k | 13k
267m

$2k | 8k
1.3b
$2k | 5k
166m
$1k | 7k
53m
$7k | 19k
69m
$3k | 8k
7m
$1k | 4k
16m
$2k | 7k
96m
$1k
4k
16m
$11k | 31k
32m
$63k | 99k
6m
$4k | 13k
267m

florian.weidinger@hansabay.com
Executive Summary

Source: Hansabay & https://www.goodfreephotos.com/
Executive Summary

Southeast Asia is a lost asset class yet bigger than India; corporate/FDI investors are finding out, portfolio investors not yet … and the trade war is accelerating an already ongoing trend of capital flowing into the region

1. **Southeast Asia is a neglected asset class in capital markets but slowly being recognized**
   - Southeast Asia is the 5th largest economy in the world, yet under-represented in global capital markets with less than 9% of the MSCI Emerging & Frontier index.
   - 5k listed stocks with capital markets in transition
     - growing number of listings through e.g. IPOs
     - local bourses become sophisticated (e.g. short selling)
     - minimal and declining analyst coverage in the small/mid cap space with cheap valuations

2. **Long-term trend of capital moving south sustainable and different from 1997**
   - Emerging & frontier Southeast Asia is entering demographic sweet spot AND a sustainable regional investment cycle
     - growth of the underlying economies through demographic dividend
     - ageing North Asia becomes an exporter of capital seeking access to cheaper labour
   - Foreign direct investment (FDI) drives sustainable regional long-term cycle
     - well-diversified source & long-term commitment (not hot money!)

3. **Trade war is accelerating this trend with a geostrategic dimension**
   - SEA is not only a short-term winner from the trade war, but a sustainable and long-term winner
     - the investment trends have been in place way before the start of the trade war but are now seeing a catalyst, preponing long-term growth
   - Rather than being stuck in the middle, SEA is being courted by a multipolar world
     - the investment trends have been in place way before the start of the trade war but are now seeing a catalyst, preponing long-term growth
### Executive Summary

**Hansabay: unique partner to access Southeast Asia with a niche public markets strategy with absolute return elements, and long history of responsible investing.**

1. **niche strategy**
   - *with minimal competition to take advantage of the opportunity*
   - “we buy from local short-term investors and sell to Fidelity” – our target markets are dominated by local investors, and are growing to be attractive to foreign investors
   - very few Southeast Asia specialist investing teams around – and no one known to us employs our strategy:
     - the opportunity is bigger than India in GDP and market-terms, yet India is over-covered
   - long-only track record of lower market correlation, down-market outperformance yet full upside capture

2. **absolute return/valued added investing**
   - *de-risking through security selection & impact on portfolio companies/their business, not just buying paper*
   - “special situation”: seek superior risk-rewards across capital structure or events:
     - trusts at discounts, preference shares, GDRs
     - holdco, credit or convertible alternative
   - “activism”: engagement with portfolio companies to achieve better corporate governance and disclosures to public investors & successfully advocate for value-creating measures
   - “discovery”: among first to invest in less covered companies for an attractive return
   - integration of responsible investing elements in process throughout (UN PRI member)

3. **investor-ready alternative investment & and not an illiquid allocation**
   - *following 6 years of building a track record as a regulated entity*
   - Hansabay is a registered fund management company, regulated by Monetary Authority of Singapore
     - stable team of 4 ½ professionals managing total AUM >$100mn primarily on behalf of family offices from Germany, Italy, Hungary, Switzerland and the US + one US institution
   - Flagship fund (Luxemburg SIF) offers monthly-to-quarterly subscription and redemptions
     - only invests in publicly traded securities

---

Hansabay: unique partner to access Southeast Asia with a niche public markets strategy with absolute return elements, and long history of responsible investing.
Southeast Asia Opportunity
Long-term growth in emerging & frontier Asia

Southeast Asia is an undiscovered and inefficiently priced asset class, featuring some of the world’s most attractive long-term investment destinations such as Vietnam, Indonesia and the Philippines.

Source: MSCI & Bloomberg.
Southeast Asia: undiscovered large & growing economies

Southeast Asia’s almost 600mn people today generate close to $3 trillion in nominal GDP, about the size of the UK, the 5th largest economy in the world. PPP GDP is $8tn. Its MSCI market cap is only just over $600bn.

Sources: Hansabay estimates based on MSCI, Bloomberg, World Bank data.
An active value investor’s playground

<table>
<thead>
<tr>
<th></th>
<th>All Share Data</th>
<th>MSCI</th>
<th>Analyst Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% rep in MSCI</td>
<td>Traded Value $mn</td>
<td>avg rating per stock</td>
</tr>
<tr>
<td># Firms</td>
<td>Mkt $bn</td>
<td>Cap $bn</td>
<td>$</td>
</tr>
<tr>
<td>TH</td>
<td>794</td>
<td>$533</td>
<td>23%</td>
</tr>
<tr>
<td>PH</td>
<td>266</td>
<td>$269</td>
<td>22%</td>
</tr>
<tr>
<td>ID</td>
<td>649</td>
<td>$505</td>
<td>22%</td>
</tr>
<tr>
<td>MY</td>
<td>944</td>
<td>$419</td>
<td>28%</td>
</tr>
<tr>
<td>SG</td>
<td>649</td>
<td>$583</td>
<td>31%</td>
</tr>
<tr>
<td>VN</td>
<td>1,565</td>
<td>$191</td>
<td>10%</td>
</tr>
<tr>
<td>BD</td>
<td>312</td>
<td>$35</td>
<td>9%</td>
</tr>
</tbody>
</table>

Sources: Hansabay estimates based on MSCI, Bloomberg, World Bank data.
Why Asia Now?

1. Emerging & frontier Asia is entering demographic sweet spot AND a sustainable regional investment cycle.

2. Real Yields are moderately higher, and less affected by central banks – should attract capital; Asian countries with low real yields are at least high growth.

3. Hansabay’s typical target universe is historically cheap.

Sources: (1) ASEAN; (2,3) Bloomberg.
“the most interesting sub-asset class in global equities”

Small-Cap Southeast Asia is cheap in absolute and relative terms:
• other than China, the only region where higher growth small caps are a bargain
• one of the few regions not to have rallied hard these past few years, not benefitting from synchronized money printing

Source: MSCI & Bloomberg.
The “demographic sweet spot”

Southeast Asia has the necessary threshold conditions in hard (e.g. electricity generation) and soft (e.g. education levels) infrastructure to capitalize on its young populations – in the form of dramatic rises in FDI inflows, more and better jobs, urbanization and growing domestic economies.

Years during which percentage of population aged 0-14 below 30% & population aged 65+ below 15%

“good enough” infrastructure to facilitate development

Older net saver countries start exporting capital to younger economies

Seven southeast Asian nations in top-35 countries for ease of getting electricity as a business

Vietnam PISA rank for 15yr olds science scores, out of 72 countries

Educational Attainment % of 15+ population with at least primary education

Sources: UN.

florian.weidinger@hansabay.com
The long-term money has noticed, the short-term one hasn’t

Southeast Asia has been discovered by the conglomerates and industrial players of the world, increasingly so also from North Asia – but portfolio investors i.e. fund managers and banks are still massively underweight the region and ignoring the asset class

Foreign Direct Investment (FDI) drives sustainable regional long-term cycle, growing in size …

… while portfolio investors have not participated in a major way so far

Sources: ASEAN, World Bank.
Southeast Asia & The Trade War
Trade & Tech War is accelerating an existing trend

Foreign Direct Investment (FDI) drives sustainable regional long-term cycle, growing in size …

Sources: ASEAN, World Bank & https://www.goodfreephotos.com/
### Examples of trade-war related business activity

**Southeast Asia & The Trade War**

<table>
<thead>
<tr>
<th>Company</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amata</strong> (AMATA TB, $750mn, 15x P/E, 1.9x P/B)</td>
<td>A major Thai industrial park operator reporting more than 80% of 2018 bookings to have originated from Chinese businesses re-locating production, supporting overall growth in excess of 20% for the year.</td>
</tr>
<tr>
<td><strong>Sritex</strong> (SRIL IJ, $500mn, 7x P/E)</td>
<td>A fully integrated midstream textile company with capacities from upstream to midstream (yarn, greige, fabric and garment). Exported sales have doubled from 2016 to 2018.</td>
</tr>
<tr>
<td><strong>SITC</strong> (1308 HK, $2.6bn, 13x P/E)</td>
<td>A regional intra-Asian integrated logistics shipping company, most significant player with feeder-size fleet to access secondary ports in Southeast Asia. Opening a new shipping route every month currently.</td>
</tr>
<tr>
<td><strong>Noibai Cargo</strong> (NCT VN, $80mn, 8x P/E, 14% div yield)</td>
<td>Ground cargo handling at Noibai airport in Vietnam, majority-owned by Vietnam Airlines.</td>
</tr>
<tr>
<td><strong>Bekasi Fajar</strong> (BEST IJ, $160mn, 7x P/E &amp; 0.7x P/B)</td>
<td>A major Indonesian industrial park operator strongly geared towards Japanese FDI investment.</td>
</tr>
<tr>
<td><strong>Phu Tai Corp</strong> (PTB VN, $130mn, 8x P/E)</td>
<td>A conglomerate, manufacturer of stone &amp; wood products, overseas clients like Walmart, Carrefour and Kingfisher. US contribution to its furniture segment's export sales has increased from 25pct in 2017 to 40pct in 2018.</td>
</tr>
<tr>
<td><strong>Integra Cabinet</strong> (WOOD IJ, $380mn, 19x P/E)</td>
<td>A forest segment recorded &gt;150% growth in 2018 revenue as the company leveraged on the implementation of anti-dumping and anti-subsidy duties.</td>
</tr>
<tr>
<td><strong>Kelington Group</strong> (KGRB MK, $80mn, 18x P/E)</td>
<td>Gas delivery systems for industrial plants. Beneficiary of China’s push to build up semiconductor capacity as a hedge against the tech war.</td>
</tr>
</tbody>
</table>

**Sources:** ASEAN, World Bank.
Macro data evidence so far …

Sources: Maybank based on ITC data.
... and we haven’t even started yet

<table>
<thead>
<tr>
<th>Company/main business</th>
<th>Places to which production is planned to be shifted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>China</strong></td>
<td></td>
</tr>
<tr>
<td>Advanced Technology &amp; Materials, Metals, machine tools</td>
<td>Thailand</td>
</tr>
<tr>
<td>Goertek, Earphones</td>
<td>Vietnam</td>
</tr>
<tr>
<td>Hangzhou Great Star Industrial, Tools</td>
<td>Vietnam</td>
</tr>
<tr>
<td>Jiangsu General Science Technology, Tire</td>
<td>Thailand</td>
</tr>
<tr>
<td>KingClean Electric, Home electronics</td>
<td>Vietnam</td>
</tr>
<tr>
<td>Lenovo Group, Personal computers</td>
<td>Vietnam</td>
</tr>
<tr>
<td>Shenzhen H&amp;T Intelligent Control, Home appliances, electric devices</td>
<td>Vietnam</td>
</tr>
<tr>
<td>TCL, Home electronics</td>
<td>Vietnam</td>
</tr>
<tr>
<td>Zhejiang Chenfeng Technology, Lighting equipment</td>
<td>India</td>
</tr>
<tr>
<td>Zhejiang Hailide New Material, Chemicals</td>
<td>Vietnam</td>
</tr>
<tr>
<td>Zhejiang Henglin Chair Industry, Furniture</td>
<td>Vietnam</td>
</tr>
<tr>
<td>Zhejiang Jasan Holding Group, Textile</td>
<td>Vietnam</td>
</tr>
<tr>
<td><strong>Taiwan</strong></td>
<td></td>
</tr>
<tr>
<td>Compal Electronics, Routers, personal computers</td>
<td>Taiwan, Vietnam</td>
</tr>
<tr>
<td>Pegatron, Routers, personal computers</td>
<td>Taiwan, India, Indonesia</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td></td>
</tr>
<tr>
<td>Ricoh, Multifunctional copiers</td>
<td>Thailand</td>
</tr>
<tr>
<td><strong>U.S.</strong></td>
<td></td>
</tr>
<tr>
<td>Brooks Running, Running shoes</td>
<td>Vietnam</td>
</tr>
</tbody>
</table>

Plans include output increases and corporate buyouts
Source: Based on corporate announcements, local media reports or the like
Asia Public Markets: what we do & how we are different

1. Differentiated portfolio of shares and bonds issued by companies, of all sizes, operating in emerging Asia
   - systematic investment process to discover Emerging Asian “J-curve” companies
   - our portfolio and idea pipeline is typically very different from most funds covering the region
   - we specifically seek to invest time and money where we find fewer of our peers

2. Executing a methodology to access Asian growth, hopefully avoiding the traps
   - we know our businesses in detail and typically invest for a long time frame
   - adherence to internally developed frameworks emphasizing factors that make an Asian investment successful and that avoid value traps and frauds

3. Valued added investing
de-risking through security selection
& impact on portfolio companies and their business, not just buying a piece of paper
   - seek superior risk-rewards across capital structure
     - trusts at discounts, preference shares, GDRs
     - holdco, credit or convertible alternative
   - engagement with portfolio companies to achieve better corporate governance and disclosures to public investors
   - successfully advocate for value-creating measures

4. We have a track record in sustainable investing and we understand the communities we operate in
   - incorporation of ESG elements part of the investment process
   - mindful of potential to create impact
     - committed to corporate governance
     - business decisions in developing countries affect poor people

Sources: (1) CLSA; (2,3) Hansabay; (4) UN PRI.
Highly Differentiated Pan-Asian Portfolio

Demographics-led Themes: Food/Protein/Water + Consumption + Infrastructure

* = Pan-Asian Businesses

Note: portfolio is non-exhaustive.
Portfolio Highlight: Cosco Capital

Philippines / consumer

Description & Rationale

Assumptions:
- Puregold: 51% current market cap
- Property: see Note 30 in Q17 Report
- Liquor distribution: at 10x LTM EBITDA based on comparables
- Specialty Retail: Liquigaz at 10x LTM EBITDA based on comparables

Sources: Company and Hansabay unless stated.
Portfolio Highlight: MNC

Indonesia / media: MNCN IJ equity and BHITIJ credit

<table>
<thead>
<tr>
<th>Description</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dominant media conglomerate (simplified structure)</td>
<td>&gt;18% yield to maturity to 2018 in USD, creating an equity-like return</td>
</tr>
</tbody>
</table>

- MNC Bhakti Investama<br>mv $292mn<br>net debt $1,018mn (entity) / $1,796mn (consolidated)
- Ottawa Holding<br>$231mn 2021 Bonds
- MNC Land (26%)<br>mv $697mn<br>net debt $214mn
- MNC Kapital (88%)<br>mv $655mn
- Global Mediacom (53%)<br>mv $449mn<br>net debt $316mn (entity) / net debt $722mn (consolidated)
- Ottawa Holding $231mn 2021 Bonds
- MSKY (69%) pay-TV<br>mv $632mn<br>net debt $140mn
- Other value est. $50mn

- MNCN (66%) free-TV<br>mv $1,278mn<br>net debt $266mn
- MSKY (69%) pay-TV<br>mv $632mn<br>net debt $140mn
- Other value est. $50mn

in free-TV and pay-TV with 35-40% and 70% market shares

TV set penetration in Indonesia, with advertising rate cards at % discount to the Philippines

Sources: Company and Hansabay estimates unless stated. Outdated as it reflects the set-up of the investment.
## Portfolio Highlight: Macroasia

### Philippines / infrastructure

<table>
<thead>
<tr>
<th>Description</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="https://www.macroasiamc.com">Macroasia Airport Services Corporation</a></td>
<td>not cheap but “quality/growth at an acceptable price”</td>
</tr>
<tr>
<td><a href="https://www.lufthansa-technik.com">Lufthansa Technik Philippines</a></td>
<td>stake in Lufthansa Technik Philippines delivers German MRO quality/standard/brand with Western governance – but less in focus as associate income</td>
</tr>
<tr>
<td>16k deliveries in Asia over next 20 years vs. current fleet of 7k (vs 3k 10 years ago)</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Company and Hansabay unless stated.

---

*florian.weidinger@hansabay.com*
Thank You!
## Portfolio Highlight: San Miguel Pure Food

### Philippines / diversified food conglomerate

<table>
<thead>
<tr>
<th>Description</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agro Industrial</strong></td>
<td>#1/#2 market positions for its consumer brands and for its commercial agro-industrial business</td>
</tr>
<tr>
<td><strong>Value-added Foods</strong></td>
<td>asset light vertically integrated but contracted out farming operations</td>
</tr>
<tr>
<td><strong>Flour Milling</strong></td>
<td><strong>2015 ebitda entry valuation</strong> (low valuation highlighted by non-core disposals and refinancing of previously punitive preferred shares)</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>CP Foods case study in Thailand coming true in the Philippines with PureFoods</td>
</tr>
</tbody>
</table>

( est. 2014 operating profit share)  

<table>
<thead>
<tr>
<th>Source</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agro Industrial</strong></td>
<td>42%</td>
</tr>
<tr>
<td><strong>Value-added Foods</strong></td>
<td>23%</td>
</tr>
<tr>
<td><strong>Flour Milling</strong></td>
<td>29%</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>7%</td>
</tr>
</tbody>
</table>

**Sources:** Company and Hansabay unless stated.

---

**Appendix**

**#1/#2**

**market positions for its consumer brands and for its commercial agro-industrial business**

**asset light**

vertically integrated but contracted out farming operations

**2015 ebitda entry valuation**

(low valuation highlighted by non-core disposals and refinancing of previously punitive preferred shares)

**CPF**

CP Foods case study in Thailand coming true in the Philippines with PureFoods

---

**Sources:** Company and Hansabay unless stated.
Portfolio Highlight: CFG Investment SAC (Bond)

Singapore / pan-Asian fishery business (distressed situation)

<table>
<thead>
<tr>
<th>Description</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to quota-based supply of highly strategic fish species</td>
<td>&gt;20% expected yield, creating an equity-like return in bonds pari passu with bank debt</td>
</tr>
<tr>
<td>Anchovy business owns 17% of Pacific fishing quota, valued typically at around $100mn per 1% end-market is China domestic consumption of aquaculture and some hog products</td>
<td>1.2x MM if distressed situation realized within next twelve months as expected</td>
</tr>
</tbody>
</table>

Illustrative Recovery Analysis

Sources: Company and Hansabay unless stated.
**Portfolio Highlight: Beximco Pharma**

### Bangladesh / healthcare

<table>
<thead>
<tr>
<th>Description</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>analgesics</td>
<td>#2 pharma company selling to fragmented market of 55,000 pharmacies</td>
</tr>
<tr>
<td>branded generics</td>
<td>55,000</td>
</tr>
<tr>
<td>contract/export manufacturing</td>
<td>experienced management and the largest white collar employer in Bangladesh</td>
</tr>
<tr>
<td>injectables</td>
<td>P/E entry valuation into our position due to security selection of depositary receipts at a c. 60% discount</td>
</tr>
<tr>
<td><strong>Annual Healthcare Expenditure per capita</strong></td>
<td><strong>growth</strong> Export revenue opportunity following regulatory approval drive: first Bangladeshi company to export to US under FDA license</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>95</td>
<td>126</td>
<td>308</td>
<td>304</td>
<td>308</td>
</tr>
<tr>
<td>India</td>
<td>215</td>
<td>126</td>
<td>308</td>
<td>304</td>
<td>308</td>
</tr>
<tr>
<td>Pakistan</td>
<td>126</td>
<td>308</td>
<td>304</td>
<td>308</td>
<td>308</td>
</tr>
<tr>
<td>Vietnam</td>
<td>308</td>
<td>304</td>
<td>308</td>
<td>308</td>
<td>308</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>308</td>
<td>304</td>
<td>308</td>
<td>308</td>
<td>308</td>
</tr>
</tbody>
</table>

**Sources:** Company and Hansabay unless stated.
Portfolio Highlight: Myanmar Investments

Myanmar / diversified

<table>
<thead>
<tr>
<th>Description</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio</td>
<td>$50mn holding company, second largest for Burma/Myanmar</td>
</tr>
<tr>
<td></td>
<td>aim to grow asset base and market cap substantially with deal pipeline</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Myanmar is the second largest land mass in Southeast Asia (653,290 sq. km), with the 5th largest population (51mn), with 34% urban population, and 13% in large cities (&gt;200k)</td>
</tr>
<tr>
<td></td>
<td>Lowest nominal GDP/capita (~$1,000) in SE Asia, but growing rapidly at 8.5% in 2014, and &gt;7% p.a. since the dissolution of the military junta in 2010</td>
</tr>
</tbody>
</table>

Rationale

Mobile penetration still very low, i.e. Myanmar telecoms is a compelling greenfield opportunity, with a low risk anchor client in Norway's Telenor.

Country is more strongly endowed in natural resources than its comparable and neighbor Thailand, and at a highly strategic location, attracting the interest of China, India and the US.

MIL investment is a chance to invest in a very compelling medium-term growth profile (Myanmar cell towers) with a low risk off-take (Telenor and Ooredoo), experienced management (ex Orange CEO/Eaton Towers founder) and a co-shareholder interested in value creation and eventually an exit (TPG), with low transaction costs and high convenience (through existing listing) + access to attractive pipeline of other investments accessing Myanmar’s growth (e.g. MFIL microfinance, e.g. healthcare).

Sources: Company and Hansabay unless stated.

florian.weidinger@hansabay.com
Portfolio Highlight: ASEAN cement minorities event-driven

ASEAN / materials

Holcim Indonesia case study …

2018: LafargeHolcim sold Holcim Indonesia for a 270% premium

… successfully applied to the Philippines & Malaysia

LafargeHolcim had two other listed subsidiaries in Southeast Asia remaining, both undervaluing M&A scenarios

LafargeHolcim sold Holcim Philippines for a >100% premium

LafargeHolcim sold Lafarge Malaysia for a >100% premium

key insight: when a foreign-listed subsidiary of a multinational is sold, the purchaser pays the present value of future cash flows without the license fee expense that the public market valuation of course discounts. For a low 3-5% net margin business like cement, the effect can be dramatic.

Sources: Company and Hansabay unless stated.