

**BUY**

TP: Rs 1,760 | ▲ 27%

**INFOSYS**

| Technology & Internet

| 13 April 2023

**All-round miss; sentiments worsening but Cobalt to drive growth**

- Q4 revenue declined 2.3% QoQ CC, weighed down by project cancellations
- EBIT margin flat QoQ at 21%, below our forecast; large order book robust with 40% contribution from net new deal wins
- Maintain BUY with unchanged TP of Rs 1,760, set at 20.5x FY25E EPS

**Saptarshi Mukherjee**  
research@bobcaps.in

**Revenue disappoints; FY24 growth guidance at 4-7% CC YoY:** INFO reported a revenue decline of 2.3% QoQ CC to US\$ 4.5bn in Q4FY23 due to one-off project cancellations across verticals, unplanned project ramp-downs by clients and elongated decision-making. Digital business contributed US\$ 2.9bn (62.9% of total revenue), rising 15% YoY CC. Management indicated that it saw accelerated deal wins backed by increased demand for cost efficiency programmes and automation, but INFO is seeing weakness in the retail, hi-tech, financial (mortgage & investment bank), and telecom verticals. Manufacturing and life science grew materially by 26.5% and 15.7% YoY CC respectively, with strong numbers in Europe as well as India.

**Strong traction in large deal TCV despite global macro weakness:** Large deal TCV during the quarter stood at US\$ 2.1bn (40% from net new deals), aided by a strong pickup in cost optimisation-related work, automation and digital analytics (including infrastructure services, cybersecurity and AI). INFO has achieved the guided target of ~50,000 fresher recruitments by the year-end. The emphasis on fresher hiring has significantly increased the company’s bench strength and should support the cost of the employee pyramid in the long run.

**FY24 margin guidance cut 100bps at the lower end to 20-22%:** The Q4 EBIT margin dipped 47bps QoQ to 21%, which was partly offset by utilisation gains (70bps) and one-off lower revenue volume. Management reduced its FY24 margin guidance from 21-22% to 20-22%, and we believe that the upper end is achievable by H2FY24.

**Maintain BUY:** The stock is trading at 19.0x/16.2x FY24E/FY25E EPS. Despite INFO’s cautious outlook on a few verticals, we believe its strength in managing the twin journeys of digital transformation (Cobalt) and cost takeout will drive growth leadership. We maintain our BUY rating and continue to value the stock at 20.5x FY25E EPS, translating to an unchanged TP of Rs 1,760.

**Key changes**

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	INFO IN/Rs 1,389
Market cap	US\$ 71.4bn
Free float	3,319%
3M ADV	US\$ 110.7mn
52wk high/low	Rs 1,758/Rs 1,355
Promoter/FPI/DII	15%/36%/49%

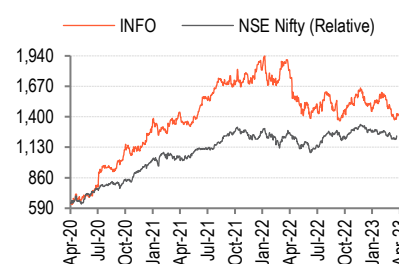
Source: NSE | Price as of 13 Apr 2023

**Key financials**

Y/E 31 Mar	FY22A	FY23E	FY24E
Total revenue (Rs mn)	12,16,410	14,93,753	17,29,592
EBITDA (Rs mn)	3,14,820	3,57,354	4,39,059
Adj. net profit (Rs mn)	2,21,210	2,47,056	3,07,276
Adj. EPS (Rs)	52.8	58.7	73.0
Consensus EPS (Rs)	52.8	58.7	69.3
Adj. ROAE (%)	29.0	30.6	33.5
Adj. P/E (x)	26.3	23.7	19.0
EV/EBITDA (x)	17.9	15.8	12.8
Adj. EPS growth (%)	15.9	11.3	24.4

Source: Company, Bloomberg, BOBCAPS Research

**Stock performance**



Source: NSE

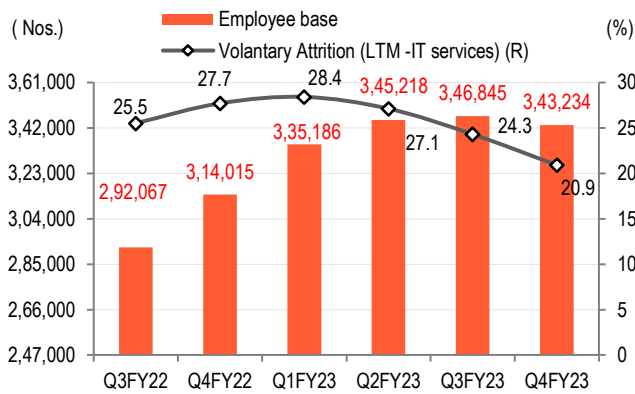


**Fig 1 – Quarterly performance**

(Rs mn)	Q4FY23	Q3FY23	Q4FY22	QoQ (%)	YoY (%)	Estimates	Variance (%)
US\$ Revenue (US\$ mn)	4,554	4,659	4,280	(2.3)	6.4	4,730	(3.7)
INR Revenue	374,410	383,180	322,760	(2.3)	16.0	391,171	(4.3)
EBIT	78,770	82,420	69,716	(4.4)	13.0	83,515	(5.7)
PAT	61,280	65,860	56,860	(7.0)	7.8	66,108	(7.3)
EBIT Margin (%)	21.0	21.5	21.6	(47bps)	(56bps)	21.3	(31bps)
PAT Margin (%)	16.4	17.2	17.6	(82bps)	(125bps)	16.9	(53bps)

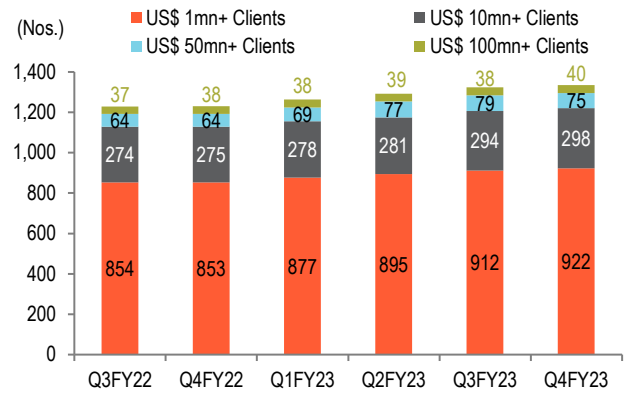
Source: Company, BOBCAPS Research

**Fig 2 – Employee base & Attrition**



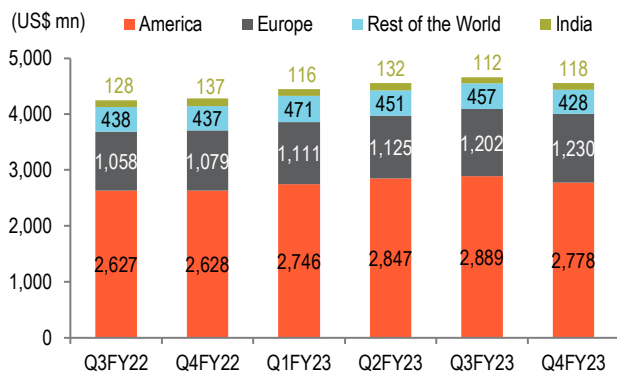
Source: Company, BOBCAPS Research

**Fig 3 – Client contribution**



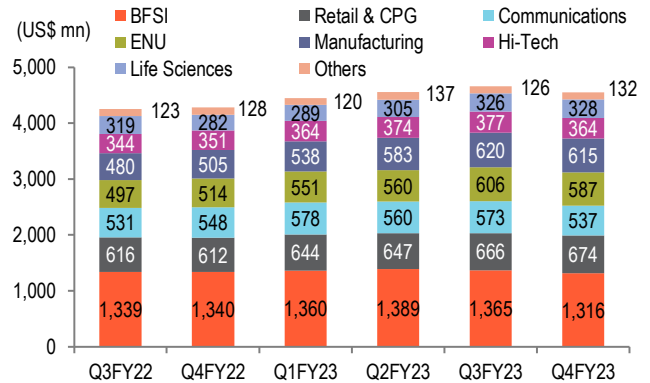
Source: Company, BOBCAPS Research

**Fig 4 – Revenue contribution by geography**



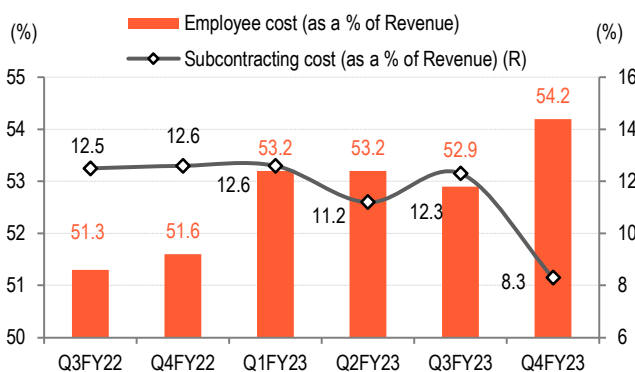
Source: Company, BOBCAPS Research

**Fig 5 – Revenue contribution by vertical**



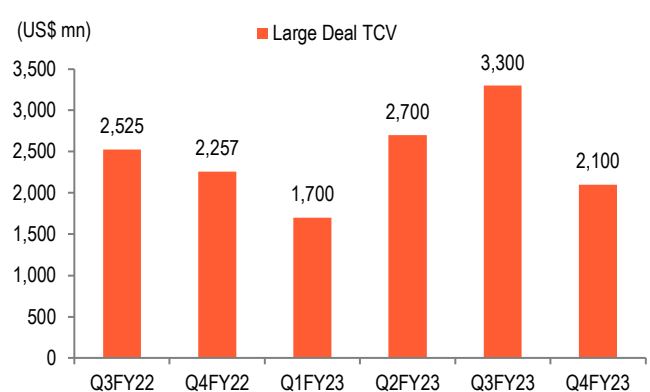
Source: Company, BOBCAPS Research

**Fig 6 – Employee cost and Subcontracting cost**



Source: Company, BOBCAPS Research

**Fig 7 – Order book (large deal TCV)**



Source: Company, BOBCAPS Research

## Earnings call highlights

- INFO reported strong total contract value (TCV) of US\$ 2.1bn in Q4FY23, of which 40% came from net new wins. The company won a total of 95 large deals in FY23 that were broad-based across verticals. The deal pipeline remains robust, with a higher focus on cost programmes and big-ticket contracts.
- Though the third and fourth quarters are seasonally weak, resulting in softer margins, INFO expects easing supply-side issues and lower subcontracting cost to offset pressures going ahead.
- The company indicated that it is facing unplanned project ramp-downs and elongated client decision-making cycles in the telecom, hi-tech, retail and BFSI (especially asset management, investment banking and mortgage) verticals, in the form of reduced spends towards discretionary programmes.
- Per management, new deal flow in the manufacturing space is steady with sustained spending on security, cloud migration, smart factories and smart products. However, macro concerns are putting pressure on traditional services in the telecom space. Hi-tech clients too are cautious on discretionary spends, and management expects some delays in deal closures.
- The board has recommended a final dividend of Rs 17.5/sh in Q4FY23, totalling to Rs 34/sh for FY23.

## Valuation methodology

The stock is trading at 19.0x/16.2x FY24E/FY25E EPS. Despite INFO's cautious outlook on a few verticals, we believe its strength in managing the twin journeys of digital transformation (Cobalt) and cost takeout will drive growth leadership. We maintain our BUY rating and continue to value the stock at 20.5x FY25E EPS, translating to an unchanged TP of Rs 1,760.

**Fig 8 – Peer comparison**

Company	Ticker	Rating	Target Price (Rs)	Revenue CAGR FY23E-25E (%)	EPS (Rs)		ROE (%)		Target P/E (x)
					FY23E	FY24E	FY23E	FY24E	
TCS	TCS IN	HOLD	3,580	10.7	131.4	143.3	41.3	38.7	25.0
Infosys	INFO IN	BUY	1,760	14.9	58.7	73.0	30.6	33.5	20.5
HCL Tech	HCLT IN	BUY	1,240	10.4	52.0	59.8	21.7	22.3	18.7
Wipro	WPRO IN	HOLD	440	9.9	20.1	23.9	16.7	19.5	16.0
Tech Mahindra	TECHM In	HOLD	1,160	12.4	60.5	77.9	18.4	21.4	12.5

Source: Company, BOBCAPS Research

## Key risks

A further rise in interest rates would be a key downside risk to our estimates as deal wins could soften due to longer client decision-making cycles, especially in the financial services, retail, hi-tech and telecom verticals

## Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
HCL Technologies	HCLT IN	35.5	1,072	1,240	BUY
Infosys	INFO IN	71.4	1,389	1,760	BUY
Tata Consultancy Services	TCS IN	142.6	3,189	3,580	HOLD
Tech Mahindra	TECHM IN	11.6	1,087	1,160	HOLD
Wipro	WPRO IN	24.7	368	440	HOLD

Source: BOBCAPS Research, NSE | Price as of 13 Apr 2023

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Total revenue</b>	<b>10,04,730</b>	<b>12,16,410</b>	<b>14,93,753</b>	<b>17,29,592</b>	<b>19,71,116</b>
EBITDA	2,79,350	3,14,820	3,57,354	4,39,059	5,02,757
Depreciation	32,680	34,770	39,015	45,520	38,178
EBIT	2,46,670	2,80,050	3,18,339	3,93,539	4,64,578
Net interest inc./(exp.)	16,150	16,570	17,227	19,079	20,271
Other inc./(exp.)	19,960	21,050	20,547	21,699	23,511
Exceptional items	0	0	0	0	0
EBT	2,66,630	3,01,100	3,38,886	4,15,238	4,88,090
Income taxes	72,050	79,640	91,830	1,07,962	1,26,903
Extraordinary items	0	0	0	0	1
Min. int./Inc. from assoc.	590	250	0	0	0
<b>Reported net profit</b>	<b>1,93,990</b>	<b>2,21,210</b>	<b>2,47,056</b>	<b>3,07,276</b>	<b>3,61,186</b>
Adjustments	0	0	0	0	1
<b>Adjusted net profit</b>	<b>1,93,990</b>	<b>2,21,210</b>	<b>2,47,056</b>	<b>3,07,276</b>	<b>3,61,187</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Accounts payables	0	0	0	0	1
Other current liabilities	3,08,910	4,11,740	4,29,710	4,50,168	4,86,028
Provisions	7,130	9,750	10,231	11,847	13,501
Debt funds	0	0	0	0	1
Other liabilities	0	0	0	0	0
Equity capital	21,240	20,980	20,980	20,980	20,980
Reserves & surplus	7,46,580	7,36,370	8,34,760	9,57,133	11,00,975
Shareholders' fund	7,67,820	7,57,350	8,55,740	9,78,113	11,21,955
<b>Total liab. and equities</b>	<b>10,83,860</b>	<b>11,78,840</b>	<b>12,95,681</b>	<b>14,40,127</b>	<b>16,21,486</b>
Cash and cash eq.	2,47,140	1,74,720	2,64,334	3,86,644	5,44,225
Accounts receivables	1,92,940	2,26,980	2,37,363	2,46,408	2,48,415
Inventories	0	0	0	0	0
Other current assets	75,270	1,15,680	1,18,682	1,23,204	1,24,207
Investments	1,47,990	2,12,640	2,12,640	2,12,640	2,12,640
Net fixed assets	2,65,680	2,63,040	2,74,025	2,78,505	2,90,327
CWIP	47,940	48,230	48,230	48,230	48,230
Intangible assets	0	0	0	0	1
Deferred tax assets, net	10,980	12,660	12,660	12,660	12,660
Other assets	1,43,860	1,73,120	1,75,976	1,80,067	1,89,011
<b>Total assets</b>	<b>10,83,860</b>	<b>11,78,840</b>	<b>12,95,681</b>	<b>14,40,127</b>	<b>16,21,485</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Cash flow from operations</b>	<b>2,27,791</b>	<b>1,00,360</b>	<b>2,67,733</b>	<b>3,35,514</b>	<b>4,01,415</b>
Capital expenditures	(41,570)	(21,610)	(50,000)	(50,000)	(50,000)
Change in investments	(28,798)	(42,580)	0	0	0
Other investing cash flows	19,960	18,980	20,547	21,699	23,511
<b>Cash flow from investing</b>	<b>(50,408)</b>	<b>(45,210)</b>	<b>(29,453)</b>	<b>(28,301)</b>	<b>(26,489)</b>
Equities issued/Others	0	210	0	0	0
Debt raised/repaid	0	0	0	0	1
Interest expenses	0	(1,260)	0	0	0
Dividends paid	(1,16,733)	(1,26,520)	(1,48,666)	(1,84,903)	(2,17,344)
Other financing cash flows	0	0	0	0	1
<b>Cash flow from financing</b>	<b>(1,16,733)</b>	<b>(1,27,570)</b>	<b>(1,48,666)</b>	<b>(1,84,903)</b>	<b>(2,17,342)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>60,650</b>	<b>(72,420)</b>	<b>89,614</b>	<b>1,22,310</b>	<b>1,57,584</b>
<b>Closing cash &amp; cash eq.</b>	<b>2,47,140</b>	<b>1,74,720</b>	<b>2,64,334</b>	<b>3,86,644</b>	<b>5,44,225</b>

### Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23E	FY24E	FY25E
Reported EPS	45.5	52.8	58.7	73.0	85.8
Adjusted EPS	45.5	52.8	58.7	73.0	85.8
Dividend per share	22.8	26.3	29.4	36.5	42.9
Book value per share	180.2	179.9	203.3	232.4	266.5

### Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23E	FY24E	FY25E
EV/Sales	5.6	4.6	3.8	3.3	2.8
EV/EBITDA	20.3	17.9	15.8	12.8	11.0
Adjusted P/E	30.5	26.3	23.7	19.0	16.2
P/BV	7.7	7.7	6.8	6.0	5.2

### DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Tax burden (Net profit/PBT)	72.8	73.5	72.9	74.0	74.0
Interest burden (PBT/EBIT)	108.1	107.5	106.5	105.5	105.1
EBIT margin (EBIT/Revenue)	24.6	23.0	21.3	22.8	23.6
Asset turnover (Rev./Avg TA)	99.9	107.5	120.7	126.4	128.8
Leverage (Avg TA/Avg Equity)	1.4	1.5	1.5	1.5	1.5
<b>Adjusted ROAE</b>	<b>27.2</b>	<b>29.0</b>	<b>30.6</b>	<b>33.5</b>	<b>34.4</b>

### Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23E	FY24E	FY25E
<b>YoY growth (%)</b>					
Revenue	10.7	21.1	22.8	15.8	14.0
EBITDA	25.4	12.7	13.5	22.9	14.5
Adjusted EPS	16.7	15.9	11.3	24.4	17.5
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	27.8	25.9	23.9	25.4	25.5
EBIT margin	24.6	23.0	21.3	22.8	23.6
Adjusted profit margin	19.3	18.2	16.5	17.8	18.3
Adjusted ROAE	27.2	29.0	30.6	33.5	34.4
ROCE	36.3	37.3	39.5	40.6	41.2
<b>Working capital days (days)</b>					
Receivables	69	63	57	51	46
Inventory	0	0	0	0	0
Payables	144	146	135	124	116
<b>Ratios (x)</b>					
Gross asset turnover	3.9	4.6	5.6	6.3	6.9
Current ratio	2.1	1.6	1.8	2.0	2.2
Net interest coverage ratio	15.3	16.9	18.5	20.6	22.9
<b>Adjusted debt/equity</b>	<b>(0.3)</b>	<b>(0.2)</b>	<b>(0.3)</b>	<b>(0.4)</b>	<b>(0.5)</b>

Source: Company, BOBCAPS Research | Note: TA = Total Assets

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA (“US”) OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

## Disclaimer

**Recommendation scale: Recommendations and Absolute returns (%) over 12 months**

**BUY** – Expected return >+15%

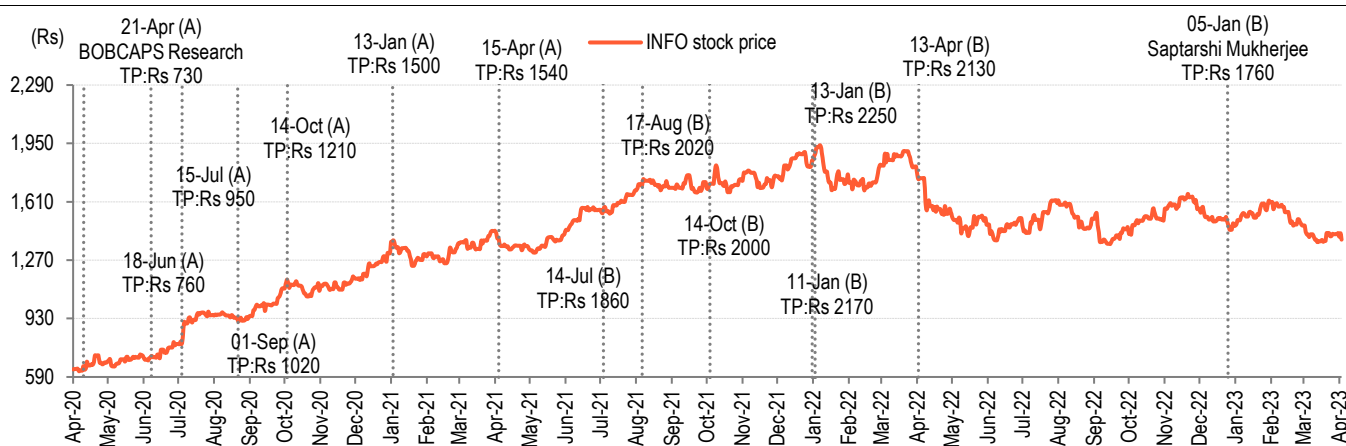
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### Ratings and Target Price (3-year history): INFOSYS (INFO IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

#### Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

#### General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS’s activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS has obtained registration as a Research Entity under SEBI (Research Analysts) Regulations, 2014, having registration No.: INH000000040 valid till 03 February 2025. BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017. BOBCAPS CIN Number: U65999MH1996GOI098009.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction. We are not soliciting any action based on this material. It is for the general information of BOBCAPS’s clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

#### **Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014**

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company, except for Research Analyst Saptarshi Mukherjee having 20 shares of Infosys (INFO IN). BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

#### **Other disclaimers**

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "Losses") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

#### **Distribution into the United Kingdom ("UK"):**

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd ("MSL") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as "**MAYBANK**"). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

#### **No distribution into the US:**

This report will not be distributed in the US and no US person may rely on this communication.

#### **Other jurisdictions:**

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.