SELL
TP: Rs 3,500 | ∀ 12%

AMBER ENTERPRISES | Consumer Durables | 18 May 2024

Ongoing challenges; maintain SELL

- **Subdued Q4 topline with EBITDA margin expansion of 110bps on better product mix**
- **RAC business faces ongoing challenges as customers shift production in-house, prompting diversification to manage risk**
- **We pare FY25/FY26 EPS estimates by 4%/5%. We roll over valuation to Mar'26E and raise TP to Rs 3,500. Maintain SELL**

Arshia Khosla
research@bobcaps.in

Subdued quarter: Amber's topline declined 7% YoY to Rs 28bn in Q4FY24, while EBITDA surged to Rs 2.2bn, with margin expanding 110bps due to a shift in product mix towards margin-accretive products. Operating margin edged up 60bps to 6.1%, possibly due to a favourable change in product mix with increased contributions from components. The company reported a net profit of Rs 990mn. FY24 revenue at Rs 67bn represents degrowth of 2% YoY.

Mobility poised to grow: The Consumer Durables segment contracted by 11%, while Electronics grew by 17% YoY to Rs 21bn and Rs 4.8bn QoQ in Q4. Mobility revenue grew 9% YoY to Rs 1.2bn. Sidwal's mobility order book touched Rs 20bn by the end of the quarter, with additional visibility of Rs 30bn from the upcoming Vande Bharat sleeper trains over the next 5-6 years. Management foresees an accelerated surge in the electronics and mobility segments, propelled by growing business prospects.

Headwinds continue to impact core RAC business: Amber has recognised a notable transformation in the room AC (RAC) market landscape, observing that a majority of its customers have shifted to in-house production. Consequently, Amber anticipates a subdued topline, but expects margins to expand due to the strategic shift to more margin-accretive products in the product mix. The company foresees two more customers adopting this trend in the upcoming quarters. In response to this market shift, Amber has redirected its focus to non-RAC components, with the goal of securing a market share of 27%, a target it is successfully maintaining.

Maintain SELL: We cut our FY25/FY26 EPS estimates by 4%/5% given Amber's FY24 performance and management's soft near-term commentary. Maintaining our valuation of the stock at an unchanged P/E of 29x, 40% discount to the 3Y mean, and rolling valuations forward to Mar'26E, we arrive at a revised TP of Rs 3,500 (previously Rs 3,200). Maintain SELL.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	AMBER IN/Rs 3,963
Market cap	US$ 1.6bn
Free float	60%
3M ADV	US$ 7.5mn
52wk high/low	Rs 4,614/Rs 2,013
Promoter/FPI/DII	40%/24%/14%

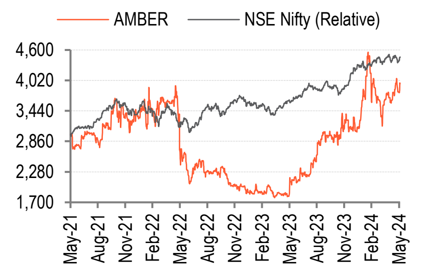
Source: NSE | Price as of 18 May 2024

Key financials

Y/E 31 Mar	FY24P	FY25E	FY26E
Total revenue (Rs mn)	67,293	87,801	122,722
EBITDA (Rs mn)	4,919	6,180	8,650
Adj. net profit (Rs mn)	1,329	2,208	4,017
Adj. EPS (Rs)	39.4	65.5	119.2
Consensus EPS (Rs)	39.4	76.0	120.0
Adj. ROAE (%)	6.7	10.2	16.3
Adj. P/E (x)	100.5	60.5	33.2
EV/EBITDA (x)	27.1	21.6	15.4
Adj. EPS growth (%)	(15.5)	66.2	81.9

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance



Source: NSE

Fig 1 – Quarterly performance

Particulars (Rs mn)	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	FY24	FY23	YoY (%)
Revenue	28,055	30,026	(6.6)	12,948	116.7	67,293	69,271	(2.9)
EBITDA	2,219	2,035	9.0	785	182.7	4,919	4,179	17.7
EBITDA Margin (%)	7.9	6.8	110bps	6.1	180bps	7	6	130bps
Depreciation	515	388		466		1,865	1,391	
Interest	483	375		369		1,670	1,118	
Other Income	180	187		52		553	527	
PBT	1,402	1,459	(3.9)	3	47,322.5	1,937	2,197	(11.8)
Tax	388	378		Q3		519	559	
Adjusted PAT	990	1,040	(4.8)	(5)	(19,427.9)	1,418	1,638	(13.4)
Exceptional item	-	-		0		0	0	
Reported PAT	990	1,040	(4.8)	(5)	(19,427.9)	1,329	1,572	(15.5)
Adj. PAT Margin (%)	3.5	3.5	10bps	0.0	360bps	2	2	(30bps)
EPS (Rs)	30.1	32.1	(6.2)	(0.2)	(19,770.4)	39	47	(15.5)

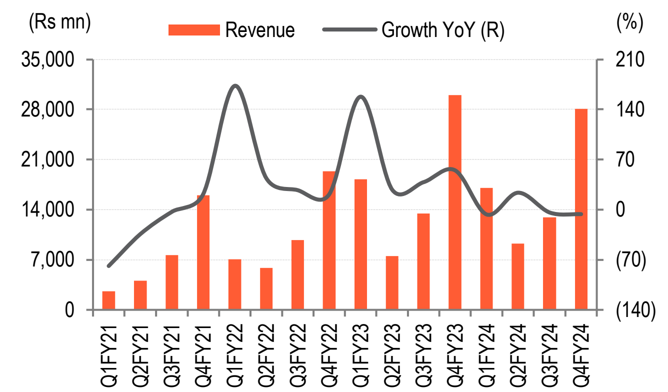
Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

Particulars (Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Revenue								
Mobility	950	1,050	1,100	1,130	1,040	1,320	1,220	1,230
Growth YoY (%)	428	110	75	38	9	26	11	9
Electronics	2,080	2,410	2,610	4,150	2,670	2,480	2,410	4,840
Growth YoY (%)	478	503	226	69	28	3	(8)	17
Consumer Durables	15,230	4,040	10,970	24,760	13,310	5,470	9,320	21,990
Growth YoY (%)	133	(19)	34	54	(13)	35	(15)	(11)
EBIT								
Mobility	260	250	200	280	210	310	240	220
EBIT Margin (%)	27.4	23.8	18.2	24.8	20.2	23.5	19.7	17.9
Electronics	90	80	130	210	110	130	120	330
EBIT Margin (%)	4.3	3.3	5.0	5.1	4.1	5.2	5.0	6.8
Consumer Durables	960	170	550	1,560	1,060	210	460	1,790
EBIT Margin (%)	6.3	4.2	5.0	6.3	8.0	3.8	4.9	8.1

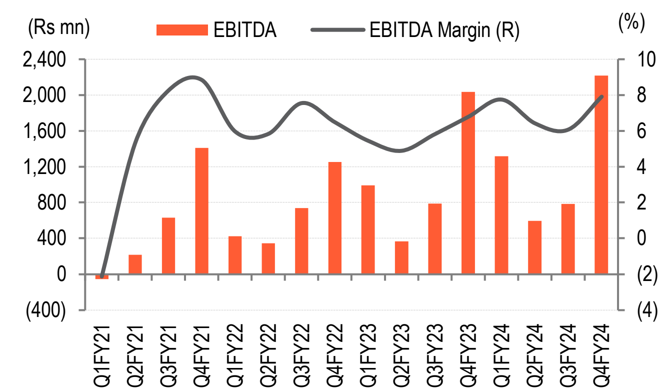
Source: Company, BOBCAPS Research

Fig 3 – Revenue growth



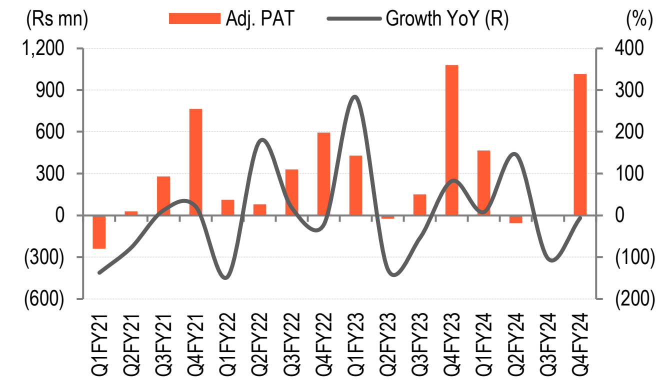
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth



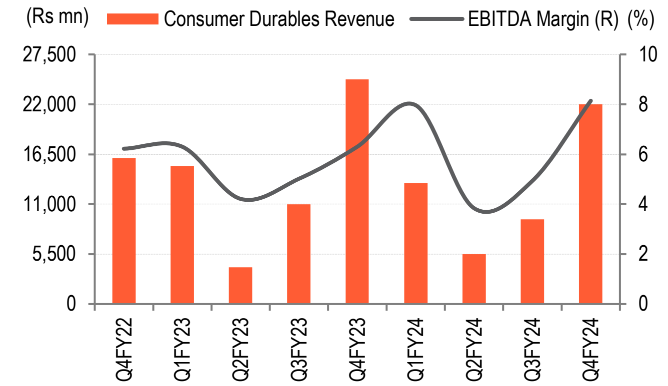
Source: Company, BOBCAPS Research

Fig 5 – PAT trend



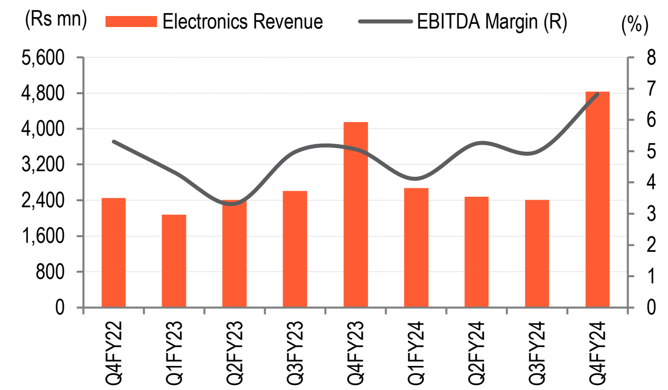
Source: Company, BOBCAPS Research

Fig 6 – Consumer durables business growth



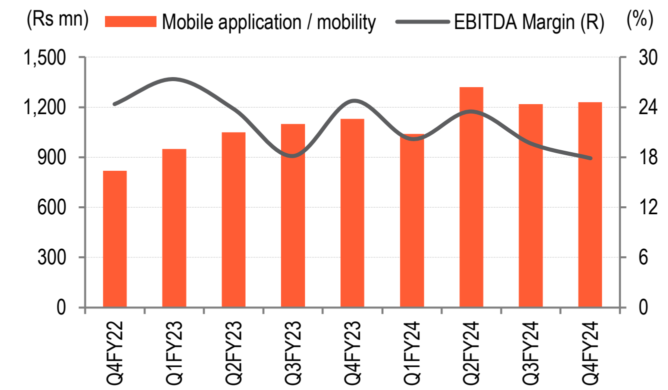
Source: Company, BOBCAPS Research

Fig 7 – Electronics business growth



Source: Company, BOBCAPS Research

Fig 8 – Mobile application business growth



Source: Company, BOBCAPS Research

Valuation methodology

We cut our FY25/FY26 EPS estimates by 4%/5% given Amber's FY24 performance and management's soft near-term commentary.

Maintaining our valuation of the stock at an unchanged P/E of 29x, a 40% discount to the 3Y mean, and rolling forward valuations to Mar'26E, we arrive at a higher TP of Rs 3500 (previously Rs 3,200). Industry headwinds and the shifting of brands towards in-house manufacturing are significant factors contributing to Amber's challenges, particularly since a substantial portion of its revenue is derived from RAC components. We expect Amber's performance to improve once this mix becomes favourable; however, until then, we maintain a SELL rating.

Fig 9 – Revised estimates

Particulars (Rs mn)	New		Old		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Sales	87,801	122,722	86,582	120,794	1.4	1.6
EBITDA	6,180	8,650	6,031	8,638	2.5	0.1
PAT	2,208	4,017	2,297	4,237	(3.9)	(5.2)
EPS (Rs)	65.5	119.2	68.2	125.8	(3.9)	(5.2)
EBITDA Margin (%)	7.0	7.0	7.0	7.2	10bps	(10bps)

Source: Company, BOBCAPS Research

Key risks

Key upside risks to our estimates are:

- Better-than-expected margins resulting from changed product mix, and
- better-than-anticipated growth in newer verticals.

Sector recommendation snapshot

Company	Ticker	Market Cap (US$ bn)	Price (Rs)	Target (Rs)	Rating
Amber Enterprises	AMBER IN	1.6	3,963	3,500	SELL
Dixon Technologies	DIXON IN	6.5	8,949	9,400	BUY
Havells India	HAVL IN	13.9	1,823	1,780	HOLD
KEI Industries	KEII IN	4.6	4,227	3,680	HOLD
Orient Electric	ORIENTEL IN	0.6	228	230	HOLD
Syrma SGS	SYRMA IN	0.9	413	420	HOLD
V-Guard Industries	VGRD IN	1.9	368	390	HOLD
Voltas	VOLT IN	5.2	1,297	1,260	HOLD

Source: BOBCAPS Research, NSE | Price as of 18 May 2024

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24P	FY25E	FY26E
Total revenue	**42,064**	**69,271**	**67,293**	**87,801**	**122,722**
EBITDA	2,754	4,179	4,919	6,180	8,650
Depreciation	1,079	1,391	1,865	2,181	2,343
EBIT	1,675	2,788	3,054	3,999	6,306
Net interest inc./(exp.)	(464)	(1,118)	(1,670)	(1,624)	(1,646)
Other inc./(exp.)	332	527	553	664	796
Exceptional items	0	0	0	0	0
EBT	1,543	2,197	1,937	3,039	5,457
Income taxes	429	559	519	765	1,373
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	(23)	0	0
Reported net profit	**1,092**	**1,572**	**1,329**	**2,208**	**4,017**
Adjustments	0	0	0	0	0
Adjusted net profit	**1,092**	**1,572**	**1,329**	**2,208**	**4,017**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24P	FY25E	FY26E
Accounts payables	17,021	23,039	21,671	35,602	49,761
Other current liabilities	2,263	3,778	3,525	4,724	6,603
Provisions	0	0	0	0	0
Debt funds	10,318	13,437	14,332	12,490	16,464
Other liabilities	2,180	3,091	5,761	7,358	10,079
Equity capital	337	337	337	337	337
Reserves & surplus	17,005	18,751	20,307	22,414	26,330
Shareholders' fund	17,342	19,088	20,644	22,751	26,667
Total liab. and equities	**49,125**	**62,433**	**65,932**	**82,925**	**109,574**
Cash and cash eq.	5,626	5,594	6,913	12,546	24,631
Accounts receivables	13,149	17,631	15,693	21,411	29,273
Inventories	8,408	10,913	8,408	12,402	16,334
Other current assets	2,497	4,227	2,531	3,302	4,616
Investments	0	0	0	0	0
Net fixed assets	10,791	17,891	20,919	20,738	20,395
CWIP	1,056	130	243	318	444
Intangible assets	4,487	4,698	7,997	7,997	7,997
Deferred tax assets, net	0	0	0	0	0
Other assets	3,110	1,350	3,226	4,209	5,882
Total assets	**49,125**	**62,433**	**65,931**	**82,923**	**109,572**

Cash Flows

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24P	FY25E	FY26E
Cash flow from operations	**1,418**	**3,206**	**9,648**	**9,036**	**9,292**
Capital expenditures	(4,137)	(6,535)	(3,977)	(2,000)	(2,000)
Change in investments	(1,482)	1,337	(2,625)	0	0
Other investing cash flows	(1,365)	310	(3,743)	540	920
Cash flow from investing	**(6,984)**	**(4,888)**	**(10,345)**	**(1,460)**	**(1,080)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	6,031	3,025	352	(1,842)	3,973
Interest expenses	0	0	0	0	0
Dividends paid	(476)	(1,097)	(1,567)	(101)	(101)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	**5,555**	**1,928**	**(1,216)**	**(1,943)**	**3,872**
Chg in cash & cash eq.	**(11)**	**246**	**(1,913)**	**5,633**	**12,084**
Closing cash & cash eq.	**5,626**	**5,594**	**6,913**	**12,546**	**24,631**

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24P	FY25E	FY26E
Reported EPS	32.4	46.7	39.4	65.5	119.2
Adjusted EPS	32.4	46.7	39.4	65.5	119.2
Dividend per share	1.6	0.0	0.0	3.0	3.0
Book value per share	514.7	566.5	612.7	675.2	791.5

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24P	FY25E	FY26E
EV/Sales	3.2	1.9	2.0	1.5	1.1
EV/EBITDA	48.5	31.9	27.1	21.6	15.4
Adjusted P/E	122.3	84.9	100.5	60.5	33.2
P/BV	7.7	7.0	6.5	5.9	5.0

DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24P	FY25E	FY26E
Tax burden (Net profit/PBT)	70.8	71.6	68.6	72.7	73.6
Interest burden (PBT/EBIT)	92.1	78.8	63.4	76.0	86.5
EBIT margin (EBIT/Revenue)	4.0	4.0	4.5	4.6	5.1
Asset turnover (Rev./Avg TA)	3.9	3.9	3.2	4.2	6.0
Leverage (Avg TA/Avg Equity)	0.6	1.0	1.1	1.0	0.8
Adjusted ROAE	6.5	8.6	6.7	10.2	16.3

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24P	FY25E	FY26E
YoY growth (%)					
Revenue	38.8	64.7	(2.9)	30.5	39.8
EBITDA	25.0	51.8	17.7	25.6	40.0
Adjusted EPS	31.1	44.0	(15.5)	66.2	81.9
Profitability & Return ratios (%)					
EBITDA margin	6.5	6.0	7.3	7.0	7.0
EBIT margin	4.0	4.0	4.5	4.6	5.1
Adjusted profit margin	2.6	2.3	2.0	2.5	3.3
Adjusted ROAE	6.5	8.6	6.7	10.2	16.3
ROCE	5.9	7.9	7.5	9.6	13.2
Working capital days (days)					
Receivables	114	93	85	89	87
Inventory	73	58	46	52	49
Payables	148	121	118	148	148
Ratios (x)					
Gross asset turnover	3.2	3.6	2.6	3.0	3.9
Current ratio	1.1	1.1	1.0	1.0	1.1
Net interest coverage ratio	3.6	2.5	1.8	2.5	3.8
Adjusted debt/equity	0.6	0.7	0.7	0.5	0.6

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

Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**
Brand Name: **BOBCAPS**
Trade Name: **www.barodaetrade.com**
CIN: **U65999MH1996GOI098009**

Logo:

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.
Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

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

BUY – Expected return >+15%

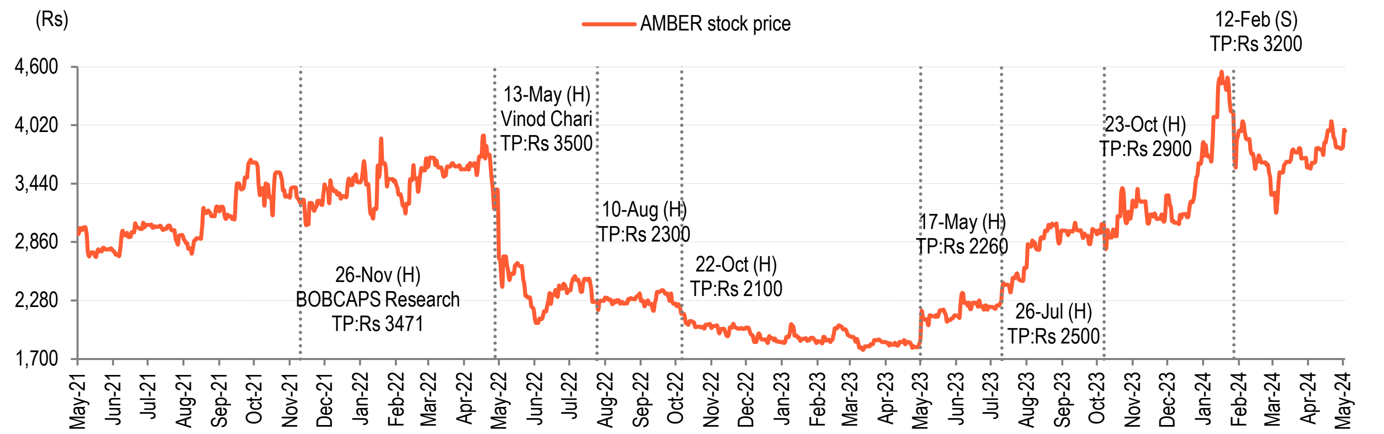
HOLD – Expected return from -6% to +15%

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): AMBER ENTERPRISES (AMBER 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 is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

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. 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.