

BUY
 TP: Rs 510 | ▲ 37%

CROMPTON GREAVES

Consumer Durables

15 November 2024

In-line Q2, margins to sustain due to prompt pricing actions

- Decent Q2 topline from strong B2B lighting and pump sales, and gross margin expansion of 140bps driven by strategic pricing actions
- Premiumisation & buildout of presence across alternative channels on track; e-commerce sales topped Rs 2bn in Q2 – the highest in a quarter
- We cut FY25/FY26/FY27 EPS estimates by ~8% each post Q2; TP cut to Rs 510 upon rollover. Maintain BUY on reasonable valuations

Arshia Khosla

research@bobcaps.in

Decent quarter: CROMPTON's consolidated topline grew ~6% YoY to Rs 19bn, lower than our estimate of Rs 19.6bn. The company's gross margin expanded by 140bps to 32.7%, driven by strategic pricing actions. EBITDA margin also improved by 80bps to 10.7%. APAT stood at Rs 1.3bn. Promotional expenditure for standalone revenue rose to 3.5%, from 2.3% in the previous year.

Growth across segments; BGAL declines: The ECD segment's topline grew a robust 13% in Q2, due to broad-based growth. Fans grew 5% with margin improvement, Pumps grew 20% YoY led by the residential and solar business. Management said it was the market leader in the mixer-grinder segment and saw strong growth led by the e-commerce and modern trade channels. EBIT margin rose by 60bps YoY to 14.8%. The lighting sector delivered steady performance, with B2B lighting experiencing strong volume growth and modest revenue increase of about 6% YoY for Q2FY25. BGAL's revenue declined 18% YoY with EBIT at Rs 177mn.

Strategies driving success: CROMPTON's cost savings initiatives, premiumisation efforts, and focus on alternative channels are starting to yield results. Alternative channels grew 37% YoY, with growth led largely by the e-commerce channel which crossed Rs 2bn in business in Q2 – delivering the highest-ever sales in a quarter.

BGAL may be a dampener now, to be accretive in the long term: CROMPTON is repositioning the Butterfly brand and was able to make it EBIT positive in the past two quarters, in line with the long-term growth strategy. The brand has had a strong presence in South India, and CROMPTON aims to improve its presence in the North and West India markets as synergies between the two companies materialise.

Maintain BUY: CROMPTON is a market leader in fans, and has tackled the ongoing price erosion in the lighting industry well. However, BGAL is facing industry-related issues, which we expect will subside over the next 2-3 quarters. To incorporate BGAL's dampness we cut FY25/FY26/FY27 EPS estimates by ~8% each. On the rollover to Sep'26E, we cut TP to Rs 510 (from Rs 520), based on 36x P/E in line with the 5Y average. Given the stock's reasonable valuations, we maintain BUY.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	CROMPTON IN/Rs 371
Market cap	US\$ 2.8bn
Free float	100%
3M ADV	US\$ 14.6mn
52wk high/low	Rs 484/Rs 261
Promoter/FPI/DII	0%/40%/44%

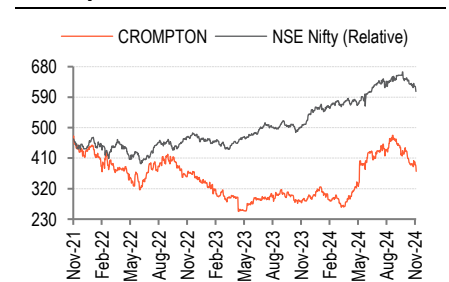
Source: NSE | Price as of 14 Nov 2024

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	73,128	85,169	99,857
EBITDA (Rs mn)	7,137	9,330	11,284
Adj. net profit (Rs mn)	4,399	6,257	7,817
Adj. EPS (Rs)	6.9	9.8	12.3
Consensus EPS (Rs)	6.9	9.5	12.0
Adj. ROAE (%)	15.5	19.5	21.0
Adj. P/E (x)	53.7	37.7	30.2
EV/EBITDA (x)	32.4	24.6	20.7
Adj. EPS growth (%)	(5.0)	42.2	24.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance

(Rs mn)	Q2FY25	Q2FY24	YoY (%)	Q1FY25	QoQ (%)	H1FY25	H1FY24	YoY (%)	Q2FY25E	Variance (%)
Revenue	18,960	17,823	6.4	21,377	(11.3)	40,337	36,591	10.2	19,605	3.4
Gross Profit	6,204	5,582	11.1	6,816	(9.0)	13,020	11,368	14.5	6,215	0.2
Gross Margin (%)	32.7	31.3	140bps	31.9	80bps	32.3	31.1	80bps	31.7	(3.1)
EBITDA	2,034	1,745	16.6	2,324	(12.5)	4,358	3,603	21.0	2,027	(0.4)
EBITDA Margin (%)	10.7	9.8	90bps	10.9	(10bps)	10.8	9.8	100bps	10.3	(3.7)
Depreciation	382	321		372		753	613			
Interest	120	215		155		753	421			
Other Income	175	149		238		276	347			
PBT	1,707	1,358	25.8	2,035	(16.1)	3,742	2,916	28.3		
Tax	427	349		511		938	687			
Adjusted PAT	1,281	1,009	27.0	1,524	(15.9)	2,842	2,156	31.8	1,344	4.9
Exceptional item	-	-		0		-	-			
Reported PAT	1,281	1,009	27.0	1,524	(15.9)	2,842	2,156	31.8		
Adj. PAT Margin (%)	6.8	5.7	110bps	7.1	(40bps)	7.0	5.9	120bps		
EPS (Rs)	2.0	1.6	26.6	2.4	(16.1)	4.4	3.5	25.5		

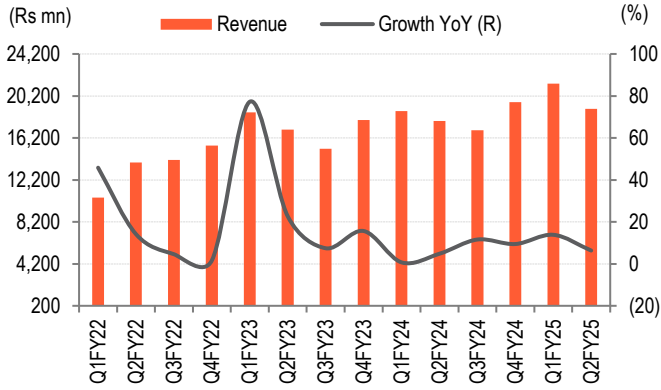
Source: Company, BOBCAPS Research

Fig 2 – Segmental performance

(Rs mn)	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Revenue													
Electrical Consumer Durables	10,964	10,993	12,309	13,472	10,622	10,201	13,257	14,290	12,380	12,093	15,160	17,266	13,927
YoY growth (%)	17.7	6.1	3.2	52.3	(3.1)	(7.2)	7.7	6.1	16.5	18.5	14.3	20.8	12.5
Lighting Products	2,887	3,113	3,170	2,623	2,696	2,477	2,786	2,290	2,387	2,494	2,811	2,333	2,531
YoY growth (%)	2.6	(0.3)	(3.7)	57.9	(6.6)	(20.4)	(12.1)	(12.7)	(11.5)	0.7	0.9	1.9	6.0
Butterfly Gandhimathi				2,535	3,677	2,484	1,867	2,189	3,056	2,341	1,639	1,777	2,502
YoY growth (%)								(13.7)	(16.9)	(5.8)	(12.2)	(18.8)	(18.1)
EBIT													
Electrical Consumer Durables	2,300	2,130	2,279	2,285	1,814	1,617	2,177	1,816	1,755	1,642	2,533	2,587	2,064
Margin (%)	21.0	19.4	18.5	17.0	17.1	15.8	16.4	12.7	14.2	13.6	16.7	15.0	14.8
Lighting Products	329	324	448	232	215	255	303	273	250	280	251	209	271
Margin (%)	11.4	10.4	14.1	8.8	8.0	10.3	10.9	11.9	10.5	11.2	8.9	8.9	10.7
Butterfly Gandhimathi				219	403	181	37	160	202	-19	-261	41	177
Margin (%)				8.6	11.0	7.3	2.0	7.3	6.6	(0.8)	(15.9)	2.3	7.1

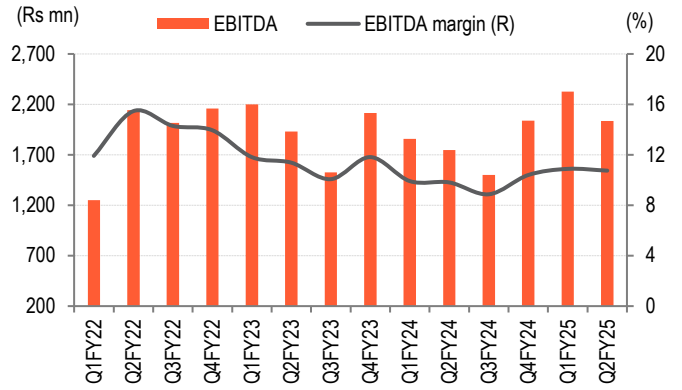
Source: Company, BOBCAPS Research

Fig 3 – Revenue growth



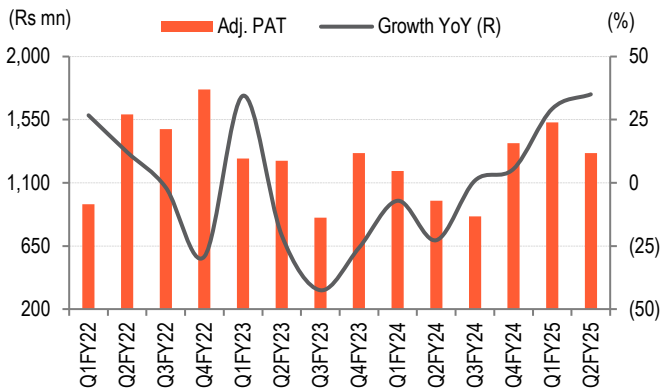
Source: Company, BOBCAPS Research

Fig 4 – EBITDA growth



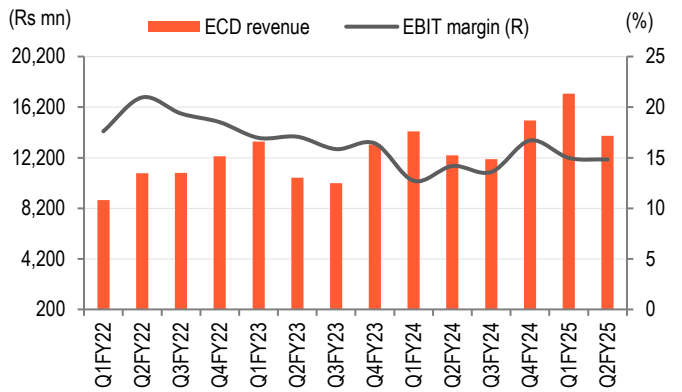
Source: Company, BOBCAPS Research

Fig 5 – Profit growth



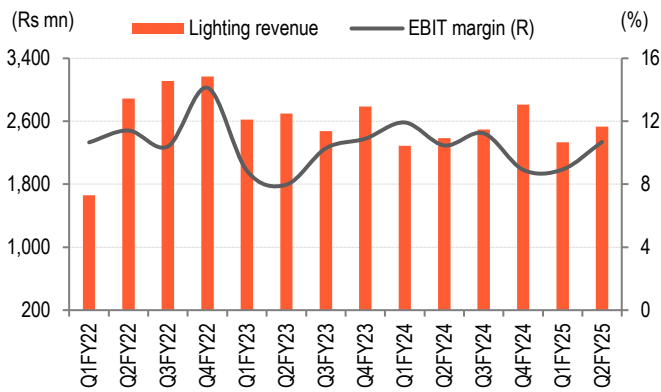
Source: Company, BOBCAPS Research

Fig 6 – ECD business performance



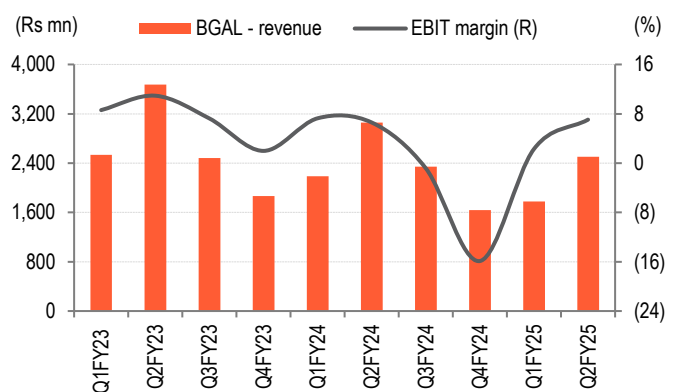
Source: Company, BOBCAPS Research

Fig 7 – Lighting business performance



Source: Company, BOBCAPS Research

Fig 8 – BGAL's performance



Source: Company, BOBCAPS Research | BGAL: Butterfly Gandhimati Appliances

Earnings call highlights

Electrical Consumer Durables segment performance

- **Fans:** CROMPTON grew 5% YoY in the fan segment, driven by both volume and price hikes. The company continues to benefit from premium fan models, especially TPW (table, pedestal, wall) fans, with price hikes improving margin.
- **Pumps:** Solar and residential pumps reported strong growth, with solar pumps contributing Rs 420mn in orders in Q2FY25. CROMPTON is also co-bidding for solar projects in Haryana and Maharashtra.
- **Appliances:** Appliances grew by 23% YoY, driven by water heaters, room heaters, and air coolers, despite Q2 typically being a lean season. Strong performance in mixer grinders, along with continued growth in large kitchen appliances, contributed to a solid EBIT margin improvement.

Lighting

- Under the Crompton 2.0 initiative, the lighting business is seeing consistent growth, with both B2B and B2C segments performing well.
- New product launches, such as ceiling and outdoor lighting, have driven demand, particularly outdoor lighting, which is highly profitable.
- CROMPTON executed a major project for NHAI, providing LED street lights, while focusing on converting its order book and launching new lighting solutions.

BGAL

- The integration of Butterfly Gandhimathi Appliances (BGAL) continues to show strong results, aided by pricing actions and a favourable festive season.
- CROMPTON is focused on strengthening the brand's market position in Southern India through separate retail channels. Efforts in pricing strategies, improving brand awareness, and channel expansion have led to margin improvements.
- Products like gas stoves and pressure cookers have seen strong demand.
- Moving forward, CROMPTON plans to boost Butterfly's margins through strategic pricing, cost reductions, and improved unit economics.

Other highlights

- CROMPTON witnessed broad-based growth across product categories in Q2FY25. The company invested Rs 580mn in advertising & promotions, up 69% YoY, to enhance brand visibility. The focus is also on continuous innovation, with 20 new SKUs launched, contributing meaningfully to overall sales.
- The e-commerce channel showed significant growth, with a 37% YoY increase and Rs 1bn in sales for the fifth consecutive quarter.
- Channel inventories remain healthy, and Rs 1bn is being allocated annually to R&D and new product development.

Valuation methodology

CROMPTON continues to lead the market in fans and has effectively managed the ongoing price erosion in the lighting sector. The successful launch of solar pumps this year further strengthened the ECD business. Despite these positives, BGAL is currently facing industry-related and internal challenges. However, management expects to resolve these issues over the next two to three quarters, as BGAL's strategy to build brand equity progresses. We expect a turnaround in the segment in the coming quarters, which should positively impact overall performance.

Given this dampness in BGAL, we cut our EPS estimates for FY25/FY26/FY27 by about 8% each. With the roll over in valuations to Sep'26E, we cut our TP to Rs 510 (from Rs 520), based on 36x P/E which is in line with the 5Y average. Given the stock's reasonable valuations, we maintain our BUY rating.

Fig 9 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales	85,169	99,857	120,183	89,082	107,110	130,646	(4.4)	(6.8)	(8.0)
EBITDA	9,330	11,284	13,941	10,050	12,103	15,155	(7.2)	(6.8)	(8.0)
PAT	6,257	7,817	9,926	6,812	8,449	10,860	(8.1)	(7.5)	(8.6)
EPS (Rs)	9.8	12.3	15.6	10.7	13.3	17.1	(8.1)	(7.5)	(8.6)
EBITDA Margin (%)	11.0	11.3	11.6	11.3	11.3	11.6	(30bps)	0bps	0bps

Source: Company, BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- continued weakness in Butterfly Gandhimathi vis-à-vis its peers, and
- higher advertising expenses eating away at margins.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Total revenue	68,696	73,128	85,169	99,857	120,183
EBITDA	7,705	7,137	9,330	11,284	13,941
Depreciation	1,159	1,288	1,278	1,286	1,295
EBIT	6,546	5,849	8,052	9,998	12,647
Net interest inc./(exp.)	1,092	792	735	735	735
Other inc./(exp.)	668	674	809	890	979
Exceptional items	0	0	0	0	0
EBT	6,122	5,731	8,127	10,153	12,891
Income taxes	1,358	1,313	1,869	2,335	2,965
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	4,632	4,399	6,257	7,817	9,926
Adjustments	0	0	0	0	0
Adjusted net profit	4,632	4,399	6,257	7,817	9,926

Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Accounts payables	10,354	13,145	15,309	17,949	21,603
Other current liabilities	3,496	4,174	4,861	5,699	6,859
Provisions	-	-	-	-	-
Debt funds	10,051	6,832	6,500	6,500	6,500
Other liabilities	1,567	2,177	2,535	2,973	3,578
Equity capital	1,272	1,286	1,286	1,286	1,286
Reserves & surplus	29,805	33,204	37,521	43,384	50,829
Shareholders' fund	31,077	34,490	38,807	44,670	52,115
Total liab. and equities	56,544	60,817	68,013	77,791	90,655
Cash and cash eq.	1,095	2,608	5,338	9,727	15,222
Accounts receivables	6,706	7,209	8,396	9,844	11,848
Inventories	7,439	8,304	9,672	11,340	13,648
Other current assets	7,344	8,927	10,397	12,190	14,671
Investments	-	-	-	-	-
Net fixed assets	32,710	32,439	32,661	32,875	33,080
CWIP	55	114	133	156	188
Intangible assets	0	0	0	0	0
Deferred tax assets, net	-	-	-	-	-
Other assets	1,197	1,216	1,416	1,660	1,998
Total assets	56,544	60,817	68,013	77,791	90,655

Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash flow from operations	5,526	8,434	6,362	7,673	9,241
Capital expenditures	(708)	(805)	(1,500)	(1,500)	(1,500)
Change in investments	-	-	-	-	-
Other investing cash flows	3,340	(1,264)	139	170	235
Cash flow from investing	2,632	(2,069)	(1,361)	(1,330)	(1,265)
Equities issued/Others	416	893	0	0	0
Debt raised/repaid	9,250	(4,394)	(332)	0	0
Interest expenses	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other financing cash flows	(18,771)	(1,912)	(1,940)	(1,954)	(2,481)
Cash flow from financing	(9,105)	(5,413)	(2,272)	(1,954)	(2,481)
Chg in cash & cash eq.	(948)	952	2,730	4,389	5,495
Closing cash & cash eq.	1,095	2,608	5,338	9,727	15,222

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25E	FY26E	FY27E
Reported EPS	7.3	6.9	9.8	12.3	15.6
Adjusted EPS	7.3	6.9	9.8	12.3	15.6
Dividend per share	3.0	3.0	3.0	3.1	3.9
Book value per share	41.8	47.2	53.9	63.2	74.9

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25E	FY26E	FY27E
EV/Sales	3.5	3.2	2.7	2.3	2.0
EV/EBITDA	31.3	32.4	24.6	20.7	17.0
Adjusted P/E	51.0	53.7	37.7	30.2	23.8
P/BV	8.9	7.9	6.9	5.9	5.0

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	75.7	76.8	77.0	77.0	77.0
Interest burden (PBT/EBIT)	93.5	98.0	100.9	101.6	101.9
EBIT margin (EBIT/Revenue)	9.5	8.0	9.5	10.0	10.5
Asset turnover (Rev./Avg TA)	2.1	2.2	2.6	3.0	3.6
Leverage (Avg TA/Avg Equity)	1.3	1.2	1.0	0.9	0.8
Adjusted ROAE	18.1	15.5	19.5	21.0	22.6

Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25E	FY26E	FY27E
YoY growth (%)					
Revenue	27.4	6.5	16.5	17.2	20.4
EBITDA	0.1	(7.4)	30.7	20.9	23.6
Adjusted EPS	(21.7)	(5.0)	42.2	24.9	27.0
Profitability & Return ratios (%)					
EBITDA margin	11.2	9.8	11.0	11.3	11.6
EBIT margin	9.5	8.0	9.5	10.0	10.5
Adjusted profit margin	6.7	6.0	7.3	7.8	8.3
Adjusted ROAE	18.1	15.5	19.5	21.0	22.6
ROCE	16.9	15.9	20.7	22.9	25.1
Working capital days (days)					
Receivables	36	36	36	36	36
Inventory	40	41	41	41	41
Payables	55	66	66	66	66
Ratios (x)					
Gross asset turnover	2.0	2.1	2.3	2.6	3.0
Current ratio	1.3	1.3	1.4	1.6	1.7
Net interest coverage ratio	6.0	7.4	11.0	13.6	17.2
Adjusted debt/equity	0.2	0.1	0.0	0.0	(0.1)

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**



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%

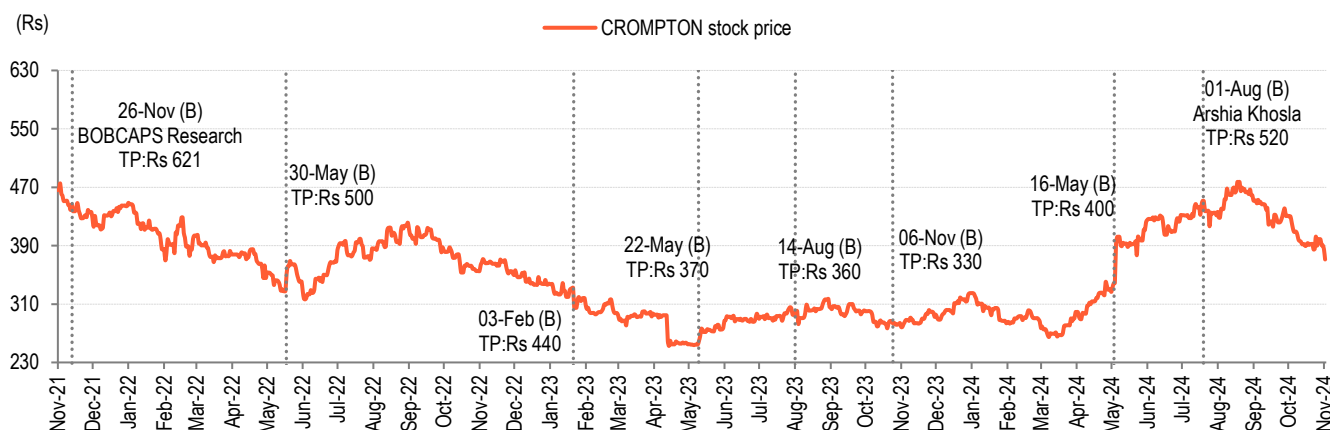
HOLD – Expected return from -6% to +15%

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): CROMPTON GREAVES (CROMPTON 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.