

HOLD
 TP: Rs 4,724 | ▲ 3%

EICHER MOTORS

| Automobiles

| 09 August 2024

Steady performance; new launches to drive growth momentum

- Q1 revenue increased ~9% YoY to Rs 42.3bn, driven by realisation gains of 9.3% YoY to Rs 187.2k per motorcycle
- Motorcycle segment gross margin rose 347bps YoY (54bps QoQ) to 46.8%, supported by better pricing
- FY25E/FY26E earnings unchanged, introduce FY27E earnings. We revise our SOTP-based TP to Rs 4,724 (from Rs 4,633). Retain HOLD

Milind Raginwar

research@bobcaps.in

Revenue growth driven by realisation gains: EIM's Q1FY25 revenue grew 9% YoY (0.9% QoQ) to Rs 42.3bn, backed by realisation gains of 9.3%/2% YoY/QoQ to Rs 187.2k per motorcycle, as newly launched products improved the product mix and exports volume. Volume growth was flat YoY/QoQ with ~226k units. This helped gross margin improve to ~47% vs. 43% YoY (flat QoQ).

Product-mix driven realisation gains and cost control drive margins: Gross margin rose 347bps/54bps YoY/QoQ aided by lower inventory-adjusted raw material cost at 53.2% of sales (-350bps/-54bps YoY/QoQ). Other expenses increased 11%/4% YoY/QoQ to Rs 4.8bn as launch-related marketing spend continued. EBITDA grew by 16.4%/2.0% YoY/QoQ to Rs 11.8bn. EBITDA margin grew 190bps/30bps YoY/QoQ to 27.9%. Adj PAT jumped 19.1%/10.6% YoY/QoQ to Rs 10.8bn.

Strong push on launches: In the 2W business, EIM launched the Guerrilla 450 on the Sherpa (K) platform and is ready to launch the 2024 Classic in the near term. The Himalayan 450 has also been launched across APAC, EU, UK and Mexico. EIM launched the Super Meteor in Brazil, Bullet 350 in Thailand/South Korea and Shotgun in Australia/Malaysia, keeping the launch push strong across regions.

CV segment revival on cards: EIM gained market share across its commercial vehicle sub-segments with the aggregate market share at ~17% in Q1. It gained Light & Medium vehicles market share of ~37% from 34% in Q1FY24. It consolidated its volume in the Heavy & Medium segment at 8.5%. H1FY25 is likely to be weak, but pick up is expected in 2H following budgetary allocations and replacement demand that will help lower discounts.

Maintain HOLD: We keep our FY25/FY26 EBITDA estimates unchanged, factoring in better high-end variant sales, a healthy product mix and easing costs. We introduce FY27 estimates with revenue/EBITDA/PAT CAGR at 10-11% over FY24-FY27E. We continue to value EIM at 27x P/E to factor in better growth prospects in the RE and VECV segments. We arrive at a higher SOTP-based TP of Rs 4,724 (vs. Rs 4,633) that includes Rs 150/sh for VECV. Maintain HOLD for right valuations.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	EIM IN/Rs 4,577
Market cap	US\$ 14.9bn
Free float	51%
3M ADV	US\$ 37.9mn
52wk high/low	Rs 5,059/Rs 3,275
Promoter/FPI/DII	49%/30%/9%

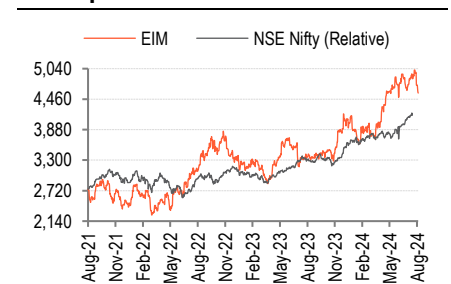
Source: NSE | Price as of 8 Aug 2024

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	1,60,782	1,79,447	1,98,668
EBITDA (Rs mn)	43,802	49,550	55,834
Adj. net profit (Rs mn)	37,683	39,625	45,234
Adj. EPS (Rs)	137.4	144.5	165.0
Consensus EPS (Rs)	137.4	150.1	169.7
Adj. ROAE (%)	24.0	21.4	20.7
Adj. P/E (x)	33.3	31.7	27.7
EV/EBITDA (x)	28.7	25.2	21.9
Adj. EPS growth (%)	43.0	5.1	14.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Earnings call highlights

Parameter	Q1FY25	Q4FY24	Our view
Royal Enfield (RE) volumes	In Q1FY25, Royal Enfield recorded sales of 227k units of motorcycles compared to 225k units of motorcycles in Q1FY24. RE's volume in the international market was 77k units, where its market share in Europe was ~9%, ~8% in America and ~9% in Asia Pacific in FY24. Himalayan 450 continued to garner volumes of ~6K units/month and the Guerilla 450 gathered ~2.0k units/month taking the cumulative count of the Sherpa (K) platform to ~8.0K units/month.	EIM's domestic sales volume grew 6% YoY to ~204.5k units in Q4FY24. The newly launched Himalayan 450 in India received an encouraging response with 200 vehicles sold per day. RE's market share in Europe was ~9% in FY24, ~8% in America and ~9% in the Asia Pacific.	Intense competition had some initial impact on decision making especially on first-time users, but walk-ins and conversions have started improving yet again for EIM which will be helpful in the medium term.
VECV market share	In Q1FY25, EIM's market share in Volvo trucks India (market share in high-end premium segment) were at 95.3%, buses at 20.3%, light & medium trucks at 34% and heavy-duty trucks at 9%.	In 4Q/FY24, EIM's market share in heavy-duty trucks stood at 8.9%/8.3% and in light- and medium-duty trucks at 35.8%/34.6%.	We observe a continued healthy revival in demand for the commercial vehicle heavy-duty (CV HD) segment. This may strengthen once the demand picks up meaningfully
VECV volumes	The VE Commercial Vehicles (VECV) segment sold ~19.7k units in Q1FY25, growing 0.7% YoY. Heavy-duty truck sales were ~4.7k units, (+0.6% YoY), light- & medium-duty trucks ~7.8k units (-5.6% YoY) and buses ~5.2k units, (+8.1% YoY). Exports in Q1FY25 grew 57.5% YoY to 1.19k units vs. 0.75k in Q1FY24.	The commercial vehicle (CV) segment sold ~25.7k units in Q4FY24. Heavy-duty truck sales totalled ~6.4k units, light- & medium-duty trucks ~11k units and buses ~5.9k units. Powertrain unit sales grew flat YoY to ~15.7k units. Parts segment revenue grew 24% YoY to Rs 5.7bn.	With the budget allocations gathering pace we expect the commercial vehicle revival to be on a firm track.
Margins	Realisation increased by 9.3% driven by product mix and the exports market due to EIM's focus on the 350cc+ segment. Average selling prices were higher despite no price hikes. EIM saw 60bps benefit from softening of commodity prices but most launches were done so with lower materials impact.	Realisations grew 5% YoY backed by 4% volume gains in the motorcycle segment and aided by newly launched products. It helped alter the realisation mix without major price hikes. The commodity basket neither offers respite nor is a challenge as indicated by management.	Better product mix, tilting towards the >+350cc segment, and export volume boosted realisations. Without any meaningful price hikes, this only leaves more room for margin improvements.
Capacity	The aggregate production capacity at EIM's two plants (Oragadam, and Vallam in Tamil Nadu) is ~1.2mn units/year in the 2W segment. There are no major challenges in capacity to cater to demand.	The aggregate production capacity of the company's two plants (Oragadam, Chennai, and Vallam, Tamil Nadu) is ~1.2mn units per annum in the 2W segment.	EIM's CV and 2W capacities have enough headroom to cater to incremental demand.
Other key points	Other expenses increased 11%/4% YoY/QoQ to Rs 4.8bn as launch marketing spend continued.	Other expenses normalised after higher spending in the previous quarters for brand spends aided EBITDA margins.	Other expenses likely to stay elevated with strong launches planned by EIM. However, this will help gather volume momentum.

Source: Company, BOBCAPS Research

Fig 2 – Quarterly performance (standalone)

(Rs mn)	Q1FY25	Q1FY24	YoY (%)	Q4FY24	QoQ (%)	Q1FY25E	Deviation (%)
Volume	2,26,021	2,27,706	(0.7)	2,27,673	(0.7)	2,26,021	0.0
Avg. Realisation per Vehicle	1,87,207	1,71,325	9.3	1,84,127	1.7	1,88,730	(0.8)
Net Revenues	42,313	39,012	8.5	41,921	0.9	42,657	(0.8)
Total Income (A)	42,313	39,012	8.5	41,921	0.9	42,657	(0.8)
Operating Expenses							
Raw materials consumed	22,513	22,110	1.8	22,529	(0.1)	22,847	(1.5)
Employee Expenses	3,291	2,710	21.5	3,077	7.0	3,241	1.5
Other Expenses	4,722	4,065	16.2	4,761	(0.8)	4,616	2.3
Total Expenditure (B)	30,527	28,885	5.7	30,368	0.5	30,704	(0.6)
EBITDA (A-B)	11,786	10,127	16.4	11,553	2.0	11,953	(1.4)
Other Income	4,173	3,352	24.5	3,075	35.7	3,325	25.5
Depreciation	1,583	1,352	17.1	1,548	2.3	1,618	(2.2)
EBIT	14,376	12,126	18.6	13,080	9.9	13,660	5.2
Finance Costs	45	34	31.2	59	(23.1)	61	(26.2)
PBT after excep items	14,331	12,092	18.5	13,021	10.1	13,599	5.4
Tax expense	3,451	2,953	16.8	3,188	8.2	3,298	4.6
Reported PAT	10,880	9,139	19.1	9,833	10.6	10,301	5.6
Adjusted PAT	10,880	9,139	19.1	9,833	10.6	10,301	5.6
EPS (Rs)	39.8	33.4	19.1	36.0	10.6	37.7	5.6
Key Ratios (%)			(bps)		(bps)		(bps)
Gross Margin	46.8	43.3	346.9	46.3	53.5	46.4	35.4
EBITDA Margin	27.9	26.0	189.6	27.6	29.6	28.0	(16.6)
EBIT Margin	34.0	31.1	289.2	31.2	277.5	32.0	195.4
PBT Margin	33.9	31.0	287.3	31.1	280.8	31.9	199.0
Tax Rate	24.1	24.4	(34.4)	24.5	(40.4)	24.3	(17.0)
Adj PAT Margin	25.7	23.4	228.8	23.5	225.7	24.1	156.5

Source: Company, BOBCAPS Research

Valuation methodology

We keep our FY25/FY26 EBITDA estimates unchanged, factoring in better high-end variant sales, healthy product mix and easing costs. We introduce FY27 estimates with revenue/EBITDA/PAT CAGR at 10-11% over FY24-FY27E.

We continue to value EIM at 27x P/E to factor in better growth prospects in the RE and VECV segments. The revival in the domestic and exports markets in motorcycles and VECV businesses helps us to maintain the P/E multiple even in the sluggish phase currently underway. Further, electric vehicle initiatives will cater to growth only in the near/medium term. We revise our SOTP-based TP to Rs 4,724 from Rs 4,633 which includes Rs 150/sh for VECV. Maintain HOLD for right valuations as currently the stock seems to have limited headwinds or tailwinds.

Fig 3 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	1,79,447	1,98,668	2,13,639	1,79,447	1,98,668	NA	(0.0)	(0.0)	NA
EBITDA	49,550	55,834	60,088	49,550	55,834	NA	(0.0)	0.0	NA
Adj PAT	39,625	45,234	49,447	39,889	45,512	NA	(1.2)	(1.1)	NA
Adj EPS (Rs)	144	165	180	145.5	166.0	NA	(0.7)	(0.6)	NA

Source: BOBCAPS Research

Fig 4 – Key assumptions

Parameter	FY24	FY25E	FY26E	FY27E
Volumes (nos)	9,12,000	9,42,000	9,69,600	9,98,400
Revenues (Rs mn)	1,60,782	1,79,447	1,98,668	2,13,639
Realisation per vehicle (Rs)	1,51,193	1,62,100	1,72,758	1,79,025
EBITDA (Rs mn)	43,802	49,550	55,834	60,088
EBITDA margin (%)	27.2	27.6	28.1	28.1
Adj. PAT (Rs mn)	37,683	39,625	45,234	49,447
EPS (Rs)	137	144	165	180

Source: Company, BOBCAPS Research

Fig 5 – Valuation summary

Business (Rs)	1-year forward EPS (Rs)	Target P/E (x)	Value (Rs)
Standalone Business	169	27.0	4,574
VECV Business	-	-	150
Total	-	-	4,724

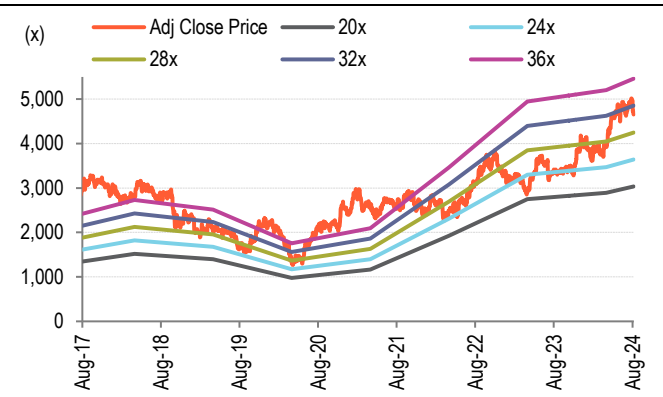
Source: BOBCAPS Research

Fig 6 – Peer comparison

Company	Ticker	Rating	Target Price (Rs)	EPS (Rs)		ROE (%)	
				FY25E	FY26E	FY25E	FY26E
Eicher Motors	EIM IN	HOLD	4,724	144.5	165.0	23.1	22.3
TVS Motor Company	TVSL IN	HOLD	2,363	57.7	74.0	30.5	29.7
Bajaj Auto	BJAUT IN	HOLD	9,286	309.0	367.5	25.0	25.5

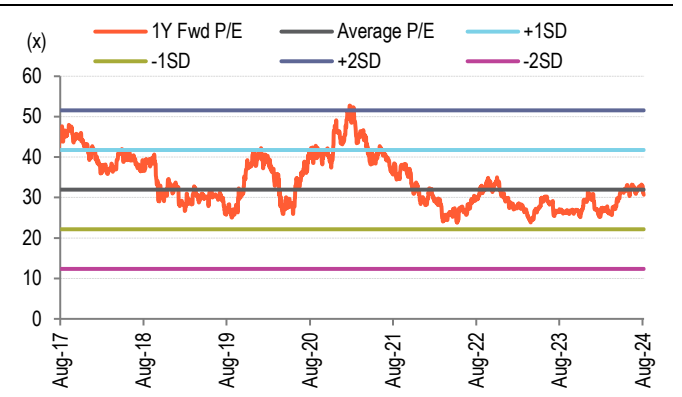
Source: BOBCAPS Research

Fig 7 – P/E band: Limited scope for valuation expansion



Source: Bloomberg, BOBCAPS Research

Fig 8 – P/E 1Y fwd: We believe EIM is at fair valuations



Source: Bloomberg, BOBCAPS Research

Key risks

Key risks to our estimates:

- A strong response to high-end launches, faster-than-expected revival in rural demand and healthy export revenue are key upside risks to our estimates.
- Higher-than-anticipated margin pressure due to growing competitive intensity, alongside slower revival in export markets are key downside risks.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Total revenue	1,40,666	1,60,782	1,79,447	1,98,668	2,13,639
EBITDA	33,935	43,802	49,550	55,834	60,088
Depreciation	5,121	5,591	6,065	6,692	7,323
EBIT	35,212	49,892	52,407	59,841	65,422
Net interest inc./(exp.)	(130)	(192)	(199)	(231)	(261)
Other inc./(exp.)	6,398	11,681	8,922	10,699	12,656
Exceptional items	0	0	0	0	0
EBT	35,082	49,700	52,208	59,610	65,161
Income taxes	8,857	12,206	12,791	14,604	15,964
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	163	0	0	0	0
Reported net profit	26,388	37,683	39,625	45,234	49,447
Adjustments	0	0	0	0	0
Adjusted net profit	26,388	37,683	39,625	45,234	49,447

Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Accounts payables	19,484	22,918	24,988	27,930	30,089
Other current liabilities	13,823	15,625	11,661	12,676	13,947
Provisions	2,557	2,722	4,986	5,235	5,235
Debt funds	988	1,723	1,743	1,763	1,783
Other liabilities	0	0	0	0	0
Equity capital	273	273	273	273	273
Reserves & surplus	1,28,595	1,56,662	1,84,545	2,18,638	2,56,922
Shareholders' fund	1,28,867	1,56,934	1,84,817	2,18,911	2,57,195
Total liab. and equities	1,65,719	1,99,922	2,28,195	2,66,515	3,08,249
Cash and cash eq.	7,959	12,631	25,679	26,886	37,580
Accounts receivables	7,020	5,727	8,972	10,331	11,216
Inventories	9,109	10,686	11,664	13,410	14,634
Other current assets	11,183	29,340	18,151	22,080	24,818
Investments	1,02,796	1,13,069	1,33,069	1,62,069	1,87,069
Net fixed assets	29,946	31,174	31,609	31,917	32,095
CWIP	742	2,100	4,096	5,120	6,400
Intangible assets	0	0	0	0	0
Deferred tax assets, net	(3,034)	(4,805)	(5,045)	(5,297)	(5,562)
Other assets	0	0	0	0	0
Total assets	1,65,721	1,99,923	2,28,195	2,66,515	3,08,249

Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash flow from operations	28,173	18,121	43,904	38,169	42,435
Capital expenditures	(6,759)	(8,178)	(8,495)	(8,024)	(8,780)
Change in investments	(43,296)	(10,273)	(20,000)	(29,000)	(25,000)
Other investing cash flows	6,398	11,681	8,922	10,699	12,656
Cash flow from investing	(43,658)	(6,769)	(19,573)	(26,325)	(21,124)
Equities issued/Others	166	619	(619)	0	0
Debt raised/repaid	928	735	20	20	20
Interest expenses	(130)	(192)	(199)	(231)	(261)
Dividends paid	(5,742)	(10,129)	(10,912)	(10,912)	(10,912)
Other financing cash flows	805	1,771	240	252	265
Cash flow from financing	(3,972)	(7,196)	(11,470)	(10,871)	(10,888)
Chg in cash & cash eq.	(19,457)	4,156	12,861	973	10,423
Closing cash & cash eq.	7,959	12,631	25,679	26,886	37,580

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25E	FY26E	FY27E
Reported EPS	96.1	137.4	144.5	165.0	180.3
Adjusted EPS	96.1	137.4	144.5	165.0	180.3
Dividend per share	21.0	37.1	40.0	40.0	40.0
Book value per share	472.4	575.3	677.5	802.5	942.8

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25E	FY26E	FY27E
EV/Sales	8.6	7.8	7.0	6.2	5.7
EV/EBITDA	35.6	28.7	25.2	21.9	20.3
Adjusted P/E	47.6	33.3	31.7	27.7	25.4
P/BV	9.7	8.0	6.8	5.7	4.9

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	74.8	75.4	75.5	75.5	75.5
Interest burden (PBT/EBIT)	99.6	99.6	99.6	99.6	99.6
EBIT margin (EBIT/Revenue)	25.0	31.0	29.2	30.1	30.6
Asset turnover (Rev./Avg TA)	118.3	111.5	104.0	97.6	89.1
Leverage (Avg TA/Avg Equity)	1.0	1.0	1.0	1.0	1.0
Adjusted ROAE	22.1	26.2	23.1	22.3	20.7

Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25E	FY26E	FY27E
YoY growth (%)					
Revenue	39.0	14.3	11.6	10.7	7.5
EBITDA	60.6	29.1	13.1	12.7	7.6
Adjusted EPS	65.3	43.0	5.1	14.2	9.3
Profitability & Return ratios (%)					
EBITDA margin	24.1	27.2	27.6	28.1	28.1
EBIT margin	25.0	31.0	29.2	30.1	30.6
Adjusted profit margin	18.8	23.4	22.1	22.8	23.1
Adjusted ROAE	20.5	24.0	21.4	20.7	19.2
ROCE	22.1	26.1	22.9	22.2	20.6
Working capital days (days)					
Receivables	16	14	15	18	18
Inventory	23	22	23	23	24
Payables	88	89	88	87	89
Ratios (x)					
Gross asset turnover	0.4	0.4	0.4	0.4	0.4
Current ratio	1.0	1.4	1.5	1.6	1.8
Net interest coverage ratio	271.5	259.9	263.4	259.1	250.7
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

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:  **BOBCAPS**
TRUST | INNOVATION | EXCELLENCE

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%

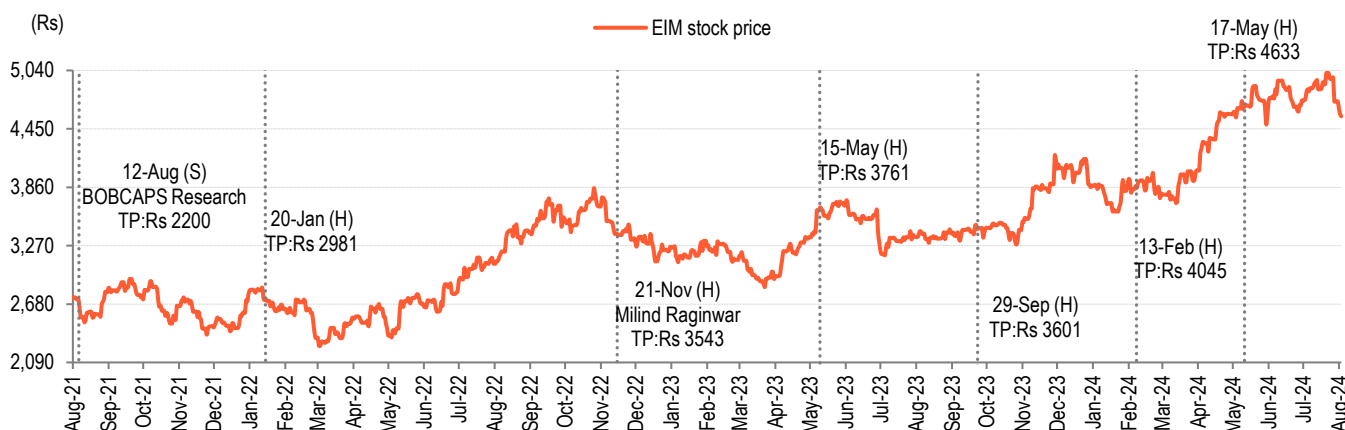
HOLD – Expected return from -6% to +15%

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): EICHER MOTORS (EIM 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.