

BUY

TP: Rs 595 | ▲ 54%

**GREENPANEL
INDUSTRIES**

Construction Materials

06 December 2022

Long runway before takeoff

- Increase in MDF imports could pose a threat to domestic price realisation, if not curbed
- MDF export realisation strained but volumes picked up in Oct-Nov'22; guidance at ~30,000cbm for Q3FY23 (+12% QoQ)
- Near-term hindrances but structural drivers intact. Valuations attractive at 15x FY24E EPS; maintain BUY with an unchanged TP of Rs 595

Ruchitaa Maheshwari
 research@bobcaps.in

We interacted with GREENP CFO V Venkatramani to gain a perspective on the company's growth prospects and sector outlook. Key takeaways:

Rise in MDF imports: MDF imports have risen during the last couple of months as (i) Vietnam, Malaysia and Indonesia flooded the global market with plain MDF supplies following a decline in their furniture exports to the US & Europe, and (ii) ocean freight has fallen to US\$ 600/cbm vs. US\$ 1,450-1,500 during Covid and US\$ 850 pre-Covid.

MDF imports into India were in the range of 2,000-3,000cbm per month from April to August, which has swelled to 13,600cbm and 17,800cbm in September and October respectively and could be at similar or higher levels in November. Per management, GREENP is comfortable with imports below 20,000cbm per month and will prefer to maintain pricing, instead taking a hit on volumes if needed.

MDF export volumes picking up: Management expects to post MDF export volumes of ~30,000cbm in Q3FY23 vs. 26,736cbm in Q2FY23 and ~21,000cbm in Q3FY22. Guidance for domestic MDF volume growth is now at 7-8% (earlier 12%) and export volume growth at 8-10% (earlier flat) in FY23, implying a blended increase of 7-8% for the year. EBITDA margin is expected to be similar to Q2 levels of 30% for FY23 (with stability over Dec-Mar'23) and at 27-28% in the long term.

Shutdown of Singapore arm: Due to accumulated losses in the subsidiary (Rs 310mn), onerous documentation and bank charges, GREENP has shut down its Singapore operations, the full impact of which will be visible on the P&L in Q3FY23. Going forward, its Singapore office will be limited to procuring orders from export countries.

Maintain BUY: GREENP is trading at ~15x FY24E EPS which is attractive given GREENP's strong growth prospects, leadership position in MDF, and an improving balance sheet and return ratios. Management expects Q3 to be a dull quarter given increasing MDF imports and a lull in plywood demand, but is hopeful of demand recovery in Q4. We continue to value GREENP at 23x FY24E EPS (a 34% discount to CPBI) and retain BUY rating with TP of Rs 595.

Key changes

Target	Rating
◀ ▶	◀ ▶

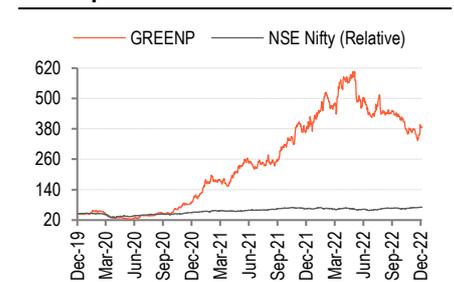
Ticker/Price	GREENP IN/Rs 385
Market cap	US\$ 577.4mn
Free float	47%
3M ADV	US\$ 1.6mn
52wk high/low	Rs 626/Rs 330
Promoter/FPI/DII	53%/6%/41%

Source: NSE | Price as of 5 Dec 2022

Key financials

Y/E 31 Mar	FY22A	FY23E	FY24E
Total revenue (Rs mn)	16,250	18,543	20,553
EBITDA (Rs mn)	4,304	4,700	5,302
Adj. net profit (Rs mn)	2,405	2,673	3,171
Adj. EPS (Rs)	19.6	21.8	25.9
Consensus EPS (Rs)	19.6	22.3	25.6
Adj. ROAE (%)	28.6	25.6	25.4
Adj. P/E (x)	19.7	17.7	14.9
EV/EBITDA (x)	12.1	10.5	8.9
Adj. EPS growth (%)	197.6	11.2	18.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance

Source: NSE



Management meet takeaways

- **Dull Q3 for plywood segment:** Historically, the December-ending quarter is a dull period for the plywood segment while Q4 is the strongest. This year is no different, though the plywood business has been struggling over the past few quarters due to lower demand, input cost inflation and an inability to take the desired pricing action. GREENP hiked prices by 2% in Q2FY23 which was insufficient to absorb the input cost inflation.

During Q3 thus far, plywood demand is at its lowest compared to the industry's surplus capacity. In addition, GREENP has not taken any price hikes during the quarter, in keeping with the market leader. Though management expects a dull Q3, it anticipates a revival in plywood demand during Q4 as dealers increase inventory to avail of higher annual incentives toward the close of the financial year (in turn, impacting Q1 volumes). Per management, plywood margins can move below 10% in FY23 (vs. 10-10.5% guided earlier) in the absence of demand recovery in Q4.

Notably, plywood forms just ~16% of total revenue for GREENP and hence will not have a major impact on the company's financials.

- **MDF export realisation down 15-16% vs. Q2:** During Q2FY23, export realisation declined 4.3% QoQ to Rs 22,906/cbm and has further decreased by 15-16% over October-November. According to the company, a slowdown in furniture exports from Vietnam, Indonesia and Malaysia to the US and Europe (which are experiencing recessionary trends) has prompted the three exporters to raise supply of plain MDF in the global market, overtaking demand and taking a toll on export realisation.
- **Increasing imports may put pressure on domestic realisation:** Rising imports have impacted the volumes of domestic MDF companies. Taking cognizance of this, Rushil Décor recently reduced its prices by ~5%. However, GREENP and other MDF companies have kept pricing intact.
- **Currency headwinds in Q3:** About 65-70% of GREENP's export revenue comes from the Middle East and the balance is contributed by Sri Lanka, South Korea, Indonesia and Malaysia. As per management, the company will incur a currency loss in Q3 (loss at Rs 70mn during Oct-Nov'22) owing to an appreciating Euro.
- **Customs duty likely if MDF imports increase:** Owing to the rising MDF imports, GREENP and other industry veterans are in discussions with the government for imposing an anti-dumping duty (ADD), countervailing duty (CVD) or basic customs duty on ASEAN countries. Management believes this duty could be in the range of 10-12%, though the timeline of implementation remains uncertain as discussions are still in an early stage.
- **Brownfield MDF expansion:** GREENP plans to expand MDF capacity at its Andhra Pradesh plant by 231,000cbm at a capex of Rs 6bn. Commercial production is scheduled to start by Q2FY25. Orders for the required machinery have been placed and will be delivered to the company by Jun'23. Management expects the new capacity to generate revenue to the tune of Rs 7.7bn at optimal utilisation, targeted in FY27. Post expansion, MDF capacity will rise to 891,000cbm and the company hopes to attain a revenue target of ~Rs 27bn in FY27.

- **Raw material prices for MDF:** Resin prices has been softening while timber remains stable. Per management, this will result in savings of Rs 5mn per month. As MDF continues to earn higher margins than historical 25-27% levels, we believe the industry will refrain from price hikes in the near future, in turn safeguarding volumes.
- **Domestic MDF capacity:** Per management, total MDF capacity in India operated by GREENP, GIL, CPBI and Action Tesa is expected to increase from ~2.34mn cbm in FY22 (demand: ~2mn cbm) to 2.43mn cbm in FY23 and ~3.4mn cbm by FY25 (demand: ~2.5mn cbm). GREENP expects the increase in capacity to be fully absorbed by FY26/FY27.

According to management, MDF margins could witness pressure to the tune of 300-500bps during FY24/FY25 owing to additional bulk capacity coming into the market, but believes this can be absorbed through operating leverage. The company does not anticipate any price war amongst competitors during this period and expects demand pressure to ease from FY26 onwards once the additional capacity is absorbed.

- **Dealer additions:** GREENP plans to add ~400 dealers in the MDF business and 40-50 in plywood by end-FY23.
- **Capex:** The company will incur capex to the tune of Rs 6bn for new MDF brownfield capacity, which will be spread out as follows – FY23: Rs 0.6bn, FY24: Rs 4.5bn, FY25: Rs 0.9bn, plus additional maintenance capex of ~Rs 100mn per year.
- **Tax rate:** GREENP expects a 34% tax rate (17.5% direct and 16.5% deferred tax) in FY23 and a 25% rate under the new tax regime in FY24.

Valuation methodology

GREENP has strong growth prospects due to its leadership position in India's fast-growing MDF market coupled with an improving balance sheet and return ratios. While the MDF and plywood businesses have slowed during Oct-Nov'22 due to the festival season, increasing MDF imports, lower MDF export realisations and an inability to hike plywood prices, management is hopeful of a demand recovery in Dec-Mar'23 amid a seasonally strong fourth quarter.

We continue to model for a revenue/EBITDA/PAT CAGR of 13%/11%/15% over FY22-FY24 aided by better capacity utilisation at the MDF facility and better EBITDA margins arising from operating leverage. The stock is trading at an attractive valuation of ~15x FY24E EPS. We continue to value GREENP at 23x FY24E EPS (a 34% discount to peer CPBI) and retain our TP of Rs 595 with a BUY rating.

Key risks

Key downside risks to our estimates are:

- increasing competition from the informal sector,
- slowdown in economic revival and in housing demand,
- significant pickup in MDF imports,
- steep fall in MDF margins and export realisations, and
- sharp uptick in chemical and wood costs.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Century Plyboards	CPBI IN	1.6	571	735	BUY
Cera Sanitaryware	CRS IN	0.9	5,419	5,225	HOLD
Greenpanel Industries	GREENP IN	0.6	385	595	BUY
Greenply Industries	MTLM IN	0.2	160	215	BUY
Kajaria Ceramics	KJC IN	2.3	1,185	1,325	BUY
Pidilite Industries	PIDI IN	17.0	2,734	2,380	SELL
Somany Ceramics	SOMC IN	0.3	525	710	BUY

Source: BOBCAPS Research, NSE | Price as of 5 Dec 2022

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22A	FY23E	FY24E
Total revenue	8,766	10,208	16,250	18,543	20,553
EBITDA	1,432	2,077	4,304	4,700	5,302
Depreciation	(692)	(686)	(734)	(754)	(771)
EBIT	740	1,391	3,571	3,947	4,531
Net interest inc./(exp.)	(302)	(247)	(171)	(180)	(90)
Other inc./(exp.)	22	31	90	52	89
Exceptional items	(343)	(165)	0	0	0
EBT	460	1,175	3,489	3,819	4,530
Income taxes	28	(322)	(1,085)	(1,146)	(1,359)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	145	688	2,405	2,673	3,171
Adjustments	108	120	0	0	0
Adjusted net profit	253	808	2,405	2,673	3,171

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22A	FY23E	FY24E
Accounts payables	1,207	1,297	1,378	2,337	2,590
Other current liabilities	1,036	1,186	879	2,134	2,365
Provisions	120	96	141	185	206
Debt funds	5,611	4,469	2,826	1,712	532
Other liabilities	69	202	682	682	1,226
Equity capital	123	123	123	123	123
Reserves & surplus	6,494	7,181	9,394	11,258	13,470
Shareholders' fund	6,616	7,304	9,516	11,381	13,593
Total liab. and equities	14,658	14,552	15,424	18,432	20,512
Cash and cash eq.	115	720	2,226	2,802	4,714
Accounts receivables	705	778	414	1,473	1,633
Inventories	1,539	1,494	1,658	2,794	3,097
Other current assets	1,131	783	743	1,524	1,689
Investments	0	0	0	0	0
Net fixed assets	11,107	10,741	10,380	9,776	9,315
CWIP	57	36	0	60	61
Intangible assets	4	2	2	2	2
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	14,658	14,552	15,424	18,432	20,512

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22A	FY23E	FY24E
Cash flow from operations	720	2,158	3,368	2,889	3,909
Capital expenditures	(242)	(127)	(337)	(210)	(311)
Change in investments	0	0	0	0	0
Other investing cash flows	0	0	481	0	544
Cash flow from investing	(242)	(127)	144	(210)	232
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(255)	(1,142)	(1,642)	(1,114)	(1,180)
Interest expenses	(302)	(247)	(171)	(180)	(90)
Dividends paid	(44)	(208)	(1,698)	(809)	(959)
Other financing cash flows	(4)	(37)	0	0	0
Cash flow from financing	(605)	(1,634)	(3,512)	(2,103)	(2,229)
Chg in cash & cash eq.	(127)	396	0	576	1,912
Closing cash & cash eq.	72	512	720	2,802	4,714

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22A	FY23E	FY24E
Reported EPS	1.2	5.6	19.6	21.8	25.9
Adjusted EPS	2.1	6.6	19.6	21.8	25.9
Dividend per share	0.3	1.4	4.9	5.5	6.5
Book value per share	54.0	59.6	77.6	92.8	110.8

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22A	FY23E	FY24E
EV/Sales	5.7	5.2	3.2	2.7	2.3
EV/EBITDA	35.0	25.4	12.1	10.5	8.9
Adjusted P/E	186.8	58.5	19.7	17.7	14.9
P/BV	7.1	6.5	5.0	4.2	3.5

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22A	FY23E	FY24E
Tax burden (Net profit/PBT)	216.0	80.0	68.9	70.0	70.0
Interest burden (PBT/EBIT)	15.8	72.6	97.7	96.8	100.0
EBIT margin (EBIT/Revenue)	8.4	13.6	22.0	21.3	22.0
Asset turnover (Rev./Avg TA)	60.0	69.9	108.4	109.5	105.5
Leverage (Avg TA/Avg Equity)	2.2	2.1	1.8	1.6	1.6
Adjusted ROAE	3.9	11.6	28.6	25.6	25.4

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22A	FY23E	FY24E
YoY growth (%)					
Revenue	46.3	16.4	59.2	14.1	10.8
EBITDA	84.8	45.1	107.2	9.2	12.8
Adjusted EPS	11.0	219.4	197.6	11.2	18.6
Profitability & Return ratios (%)					
EBITDA margin	16.3	20.4	26.5	25.3	25.8
EBIT margin	8.4	13.6	22.0	21.3	22.0
Adjusted profit margin	2.9	7.9	14.8	14.4	15.4
Adjusted ROAE	3.9	11.6	28.6	25.6	25.4
ROCE	6.0	7.9	20.4	21.7	23.3
Working capital days (days)					
Receivables	24	27	13	19	28
Inventory	134	120	86	103	124
Payables	50	56	41	49	59
Ratios (x)					
Gross asset turnover	0.6	0.7	1.1	1.2	1.4
Current ratio	1.0	1.1	1.4	1.8	2.1
Net interest coverage ratio	2.5	5.6	20.9	21.9	50.5
Adjusted debt/equity	0.8	0.5	0.1	(0.1)	(0.3)

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%

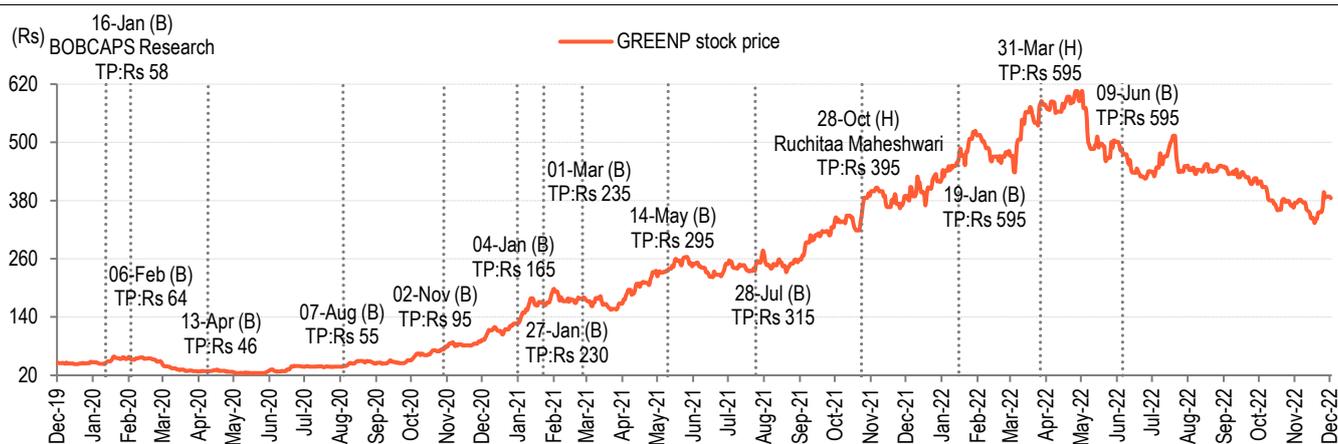
HOLD – Expected return from -6% to +15%

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): GREENPANEL INDUSTRIES (GREENP 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. 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.