

BUY

TP: Rs 2,086 | ▲ 20%

SUN PHARMA

| Pharmaceuticals

| 01 February 2025

Strong performance to continue

- Domestic sales grew by 14% in Q3FY25 driven partially by volume/new launches and price hikes. Strong domestic sales growth to continue
- Global specialty sales grew to US\$ 325mn driven by 50% growth in both US and non-US sales. Ilumya performed well in Japan market too
- R&D cost guidance lowered; expect EBITDA margin closer to 30% to sustain. Upgrade to BUY, ascribing 38x P/E on Dec'26 rollover

Foram Parekh

research@bobcaps.in

All-round beat in 3QFY25 performance: SUNP's performance in Q3FY25 was above our estimates where sales/EBITDA/PAT rose by 10%/25%/38%. Revenue growth of 10% was led by 13.8% YoY growth in the India business and 23% in the ROW region driven by milestone income which was offset by 1% growth in US sales. A healthy product mix resulted in 80% gross margin and the lower SG&A expense contribution resulted in EBITDA margin of 30.7%. Healthy operations and lower tax rate of 14% resulted in PAT of Rs 34bn.

Global specialty sales at record high: Global specialty sales grew by 18% to US\$ 235mn. Growth of 18% was led by equal growth from both the US and non-US regions. Specialty brands like Winlevi, Cequa, and Ilumya continue to perform well. Emerging Markets region like Japan reported good growth due to Ilumya sales. As the US continues to remain the larger market for specialty sales (~90% of global specialty), we expect US specialty sales to grow at a CAGR of 10% from FY25-27E.

Continues to outperform IPM in terms of volume growth: SUNP's India sales grew by 14% in Q3FY25, outperforming the Indian Pharma Market (IPM) primarily in volume growth and new product launches. SUNP had 12 new launches in Q3FY25. The growth is driven by its number 1 position in the Rx count among 13 doctor specialists through its 14,000 medical representatives (MRs). SUNP's aims to outperform the IPM; hence we expect CAGR of 10% from FY25-27.

Lower R&D guidance to boost margins: In Q3, the R&D contribution was lower at 6.2% due to delays in clinical trials and management has guided for a lower R&D expense contribution of below 7% in FY25. Hence, we believe lower R&D, healthy product mix and stable employee expense can increase EBITDA margin to 30% in FY27E.

Valuation outlook: We raise our EPS estimates by 12% for FY25, 8% for FY26 and 6% for FY27 and upgrade our recommendation to BUY (from HOLD) and ascribe a P/E of 38x on Dec'26 roll forward to arrive at a TP of Rs 2,086 (from Rs 2,019).

Key changes

	Target	Rating
	▲	▲

Ticker/Price	SUNP IN/Rs 1,742
Market cap	US\$ 48.2bn
Free float	45%
3M ADV	US\$ 41.3mn
52wk high/low	Rs 1,960/Rs 1,377
Promoter/FPI/DII	54%/16%/20%

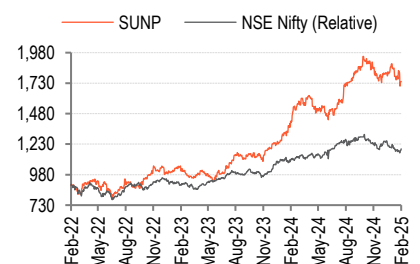
Source: NSE | Price as of 1 Feb 2025

Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	484,969	528,532	572,334
EBITDA (Rs mn)	129,884	155,376	168,253
Adj. net profit (Rs mn)	100,359	119,971	128,664
Adj. EPS (Rs)	41.8	50.0	53.6
Consensus EPS (Rs)	41.8	46.8	53.9
Adj. ROAE (%)	15.9	16.6	15.6
Adj. P/E (x)	41.7	34.8	32.5
EV/EBITDA (x)	31.0	25.7	23.3
Adj. EPS growth (%)	17.2	19.6	7.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Concall highlights

	Q2FY25	Q3FY25
India sales	Growth of 11%; 32% contribution	Growth of 13.8%; 32% contribution
Volume growth	Volume growth 5% vs IPM's 0.7%	
	28 brands in top 300	
Growth driver	Growth driven by volume and new product launches	50% of growth driven by volume and new product launches
	Launched 14 new products during the quarter	Launched 12 new products during the quarter
MR count	14,000 representatives	14,000 representatives
North America	Grew 20.3%; US\$ 517mn	Sales declined by 1%; US\$ 474mn
Growth driver	Generics business ex of Revlimid has grown	Specialty business offset the decline in the generics business
US Specialty	Ilumya, Winlevi, Odomzo and Cequa continue to do well	The underlying business and the prescription trend for key growth brands, including Ilumya, Cequa, Odomzo, and Winlevi, remain strong
Generic launches	2 new launches	4 new launches
Lenalidomide	Sales in Q2 was higher than in Q1 and Q2 last year	Sales in Q3 was lower than Q2
ROW market	US\$ 199 mn	US\$ 259 mn
R&D investment	6% of sales	6.3% of sales
Specialty R&D	38% of R&D	41% of R&D
Global specialty sales	19.2% YoY growth; US\$ 286mn	24.8% YoY growth; US\$ 370mn
	Entered into a global licensing agreement to commercialise Fibromun – a specialty product from Philogen	Q3 is a seasonally strong quarter. To continue focus on Dermatology and Ophthalmology. YoY growth came from both US and ex US in the ratio of 50:50
R&D guidance	7-8% for FY25	Expect less than 7% of sales because of delays in clinical spends
Specialty products		
Leqselvi	Awaiting court judgement	Oral arguments to begin in April, and then post that will await judgment
Winlevi	Did expect the fall in prescription post change in strategy. Strategy is to generate more profitable prescription. Lower base, so intends to grow QoQ	
Fibromun in-licensing from Philogen	Has not paid for it but has provided for it in the balance sheet	
Antibe acquisition		The lead drug is undergoing a clinical trial. The USFDA is expecting SUNP to undertake further studies and submit the results to the USFDA to evaluate the lift of clinical trial. Hence, SUNP believes this is an interesting asset which could then help it not only in the US but in the current global environment
Japanese Generic market		Generic market is very competitive. There is price pressure every year – a price decrease ranging from 5% to 7%
Regulatory compliance		Facilities back in compliance because SUNP expects to require new products to strengthen its ability to grow the business

Source: Company, BOBCAPS Research

Fig 2 – Financial highlights

(Rs mn)	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)	FY24	FY25	FY26	FY27
Net Sales	136,755	123,807	10.5	132,914	2.9	396,196	365,140	8.5	484,969	528,532	572,334	619,359
Total Expenses	94,831	90,284		94,805		279,583	266,185		355,085	373,156	404,081	434,185
(%) of net sales						71	73		73	71	71	70
Raw material consumed	27,405	27,369	0	26,942		81,102	82,822	(2)	100,784	110,992	117,329	123,872
(%) of net sales	20.0	22		20		20.5	22.7		20.8	21.0	20.5	20.0
Staff cost	25,523	23,633	8	24,777	3.0	74,846	71,297	5	94,291	100,118	108,415	117,323
(%) of net sales	18.7	19.1		18.6		18.9	19.5		19	19	19	19
R&D cost	8,450	8,245	2	7,929	6.6	24,141	22,487	7	31,776	34,355	40,063	43,355
(%) of net sales	6.2	6.7		6.0		6.1	6		6.6	6.5	7.0	7.0
SG&A	33,453	31,037	8	35,157	(4.8)	99,494	89,579	11	128,235	127,692	138,274	149,635
(%) of net sales	24.5	25.1		26.5		25.1	24.5		26.4	24.2	24.2	24.2
EBITDA	41,924	33,523	25.1	38,109	10.0	116,613	98,955	17.8	129,884	155,376	168,253	185,174
Depreciation	6,306	6,221	1.4	6,259	0.7	19,116	19,063		25,566	26,769	27,652	28,534
EBIT	35,618	27,301	30.5	31,850	11.8	97,497	79,892	22.0	104,317	128,607	140,601	156,639
Interest	515	347	48.3	692	(25.5)	1,822	1,649		2,385	1,094	1,044	998
Other Income	4,656	2,502	86.1	3,540	31.53	13,522	7,483		13,542	15,684	14,153	12,253
PBT	39,759	29,456	35.0	34,698	14.6	109,197	85,725		115,474	143,197	153,710	167,895
Less: Taxation	5,589	4,323		5,672		16,783	12,905		14,395	21,480	23,057	25,184
Less: Minority Interest	141	443		(95)		402	601		721	1,746	1,990	1,990
Recurring PAT	34,030	24,690	37.8	29,121	16.9	92,012	72,220	27.4	100,359	119,971	128,664	140,721
Exceptional items	(4,995)	548		1,281		(4,219)	(3,002)		(4,943)	0	0	0
Reported PAT	29,034	25,238	15.0	30,402	(4.5)	87,793	69,218	26.8	95,416	119,971	128,664	140,721
Key Ratios (%)												
Gross Margin	80.0	77.9	207	79.7	23	79.5	77.3	221	79.2	79.0	79.5	80.0
EBITDA Margin	30.7	27.1	358	28.7	198	29.4	27.1	233	26.8	29.4	29.4	29.9
Tax / PBT	14.1	14.7		16.3		15.4	15.1		12.5	15.0	15.0	15.0
NPM	24.9	19.9		21.9		23.2	19.8		20.7	22.7	22.5	22.7
EPS (Rs)	12.1	10.5		12.7		36.6	28.8		41.8	50.0	53.6	58.7

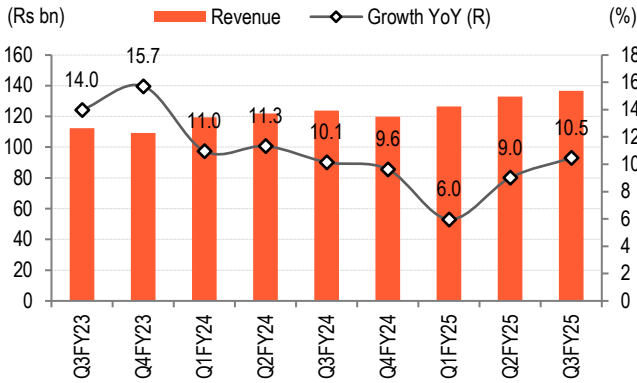
Source: Company, BOBCAPS Research

Fig 3 – Geographical revenue

(Rs mn)	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	9MFY25	9MFY24	YoY (%)	FY24	FY25	FY26	FY27
Formulation	128,258	116,264	10.3	127,078	0.9	375,184	342,447	9.6	455,708	498,610	540,784	586,081
Domestic	43,004	37,785	13.8	42,652	0.8	127,100	111,814	13.7	148,893	166,418	182,814	200,138
Exports	85,254	78,478	8.6	84,426	1.0	248,084	230,633	7.6	306,815	332,192	357,970	385,943
US	40,030	39,736	0.7	43,274	(7.5)	122,199	113,948	7.2	153,493	165,061	177,593	191,175
EM	23,384	20,946	11.6	24,519	(4.6)	71,598	65,847	8.7	86,195	94,814	104,295	114,725
ROW	21,840	17,797	22.7	16,633	31.3	54,286	50,838	6.8	67,128	72,317	76,081	80,043
APIs and others	6,112	5,305	15.2	5,564	9.8	17,073	17,004	0.4	21,877	24,199	25,352	26,571
Net Sales	134,369	121,569	10.5	132,642	1.3	392,257	359,451	9.1	477,585	522,809	566,136	612,652
OOI	1,500	2,238	(33.0)	1,300	15.4	4,082	5,688	(28.2)	7,384	5,724	6,198	6,707
Revenue	135,869	123,807	9.7	133,942	1.4	396,339	365,140	8.5	484,969	528,532	572,334	619,359

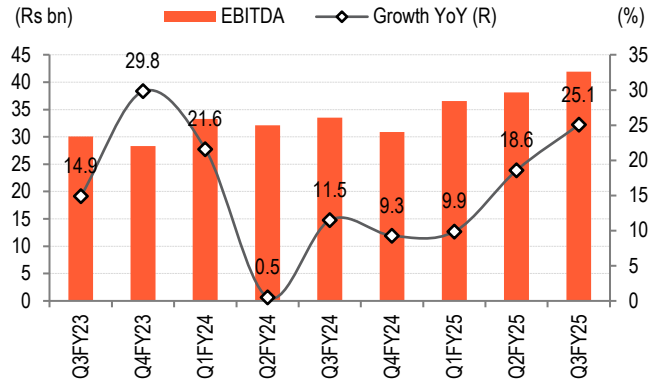
Source: Company, BOBCAPS Research

Fig 4 – Sales growth driven by higher domestic sales



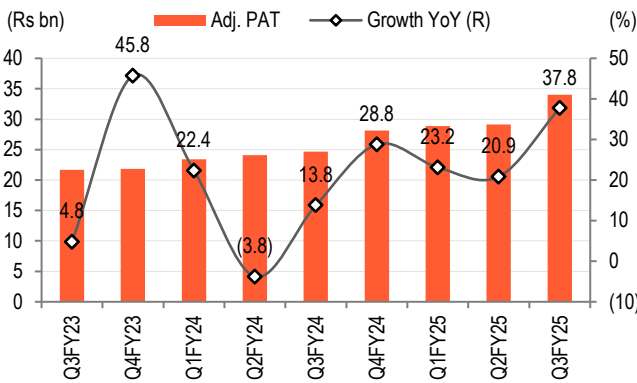
Source: Company, BOBCAPS Research

Fig 5 – EBITDA growth driven by higher specialty sales



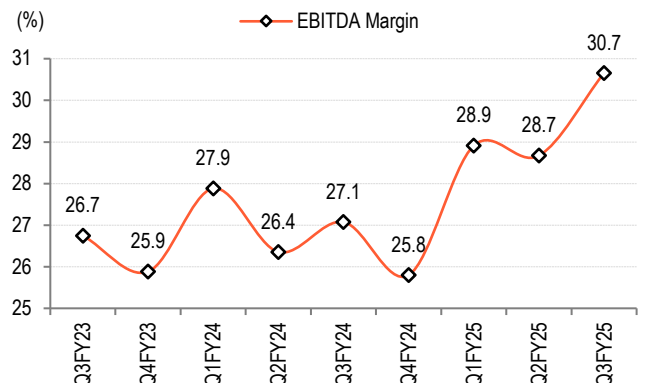
Source: Company, BOBCAPS Research

Fig 6 – PAT growth driven by healthy operations



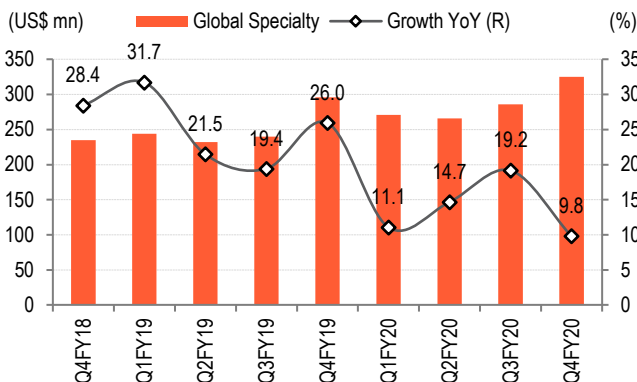
Source: Company, BOBCAPS Research

Fig 7 – EBITDAM increased due to higher specialty sales



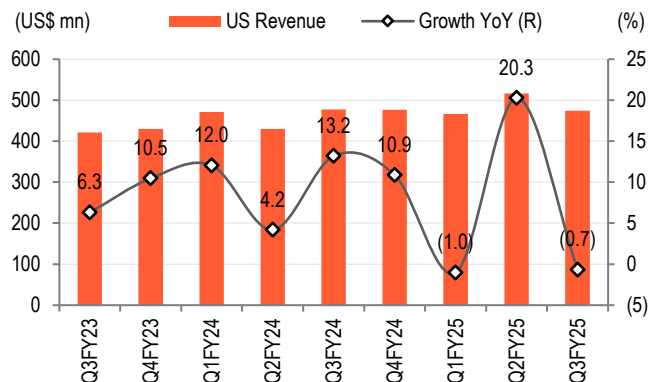
Source: Company, BOBCAPS Research

Fig 8 – Global specialty sales driven by ex-milestone income



Source: Company, BOBCAPS Research

Fig 9 – US sales growth lowered due to lower gRevlimid sales



Source: Company, BOBCAPS Research

Valuation methodology

SUNP reported healthy domestic and Emerging Market sales which offset lower US sales impacted by low Revlimid sales. EBITDA margin was higher due to higher gross margin, lower R&D sales and SG&A expense. We expect this growth momentum to continue, driven by (1) volume growth in the domestic region, (2) specialty sales uptick in the US region, (3) recovery in the ROW market in H2FY25, and (4) lowering of R&D costs.

In line with management's guidance, we factor in lower R&D spend resulting in earnings to grow at a CAGR of 8% from FY25-27E. SUNP has a healthy cash balance of Rs 3bn on a consolidated basis which it is utilising to acquire assets. Management is actively looking to acquire assets in the specialty side, hence we believe global specialty sales, currently 21% of sales, has room to grow further despite the delay in the launch of the USFDA-approved product Leqselvi. Hence, we raise our EPS estimates by 12% to Rs 50 for FY25, 8% to Rs 53.6 for FY26 and 6% to Rs 58.7 for FY27. In line with the EPS upgrade, we have a BUY rating (earlier HOLD) on SUNP and ascribe a P/E of 38x on Dec'26 roll forward to arrive at a TP of Rs 2,086 (from Rs 2,019).

Fig 10 – Change in Estimates

(Rs mn)	Actual	New			Old			Change (%)		
	FY24	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Sales	484,969	528,532	572,334	619,359	528,532	572,334	619,359	0.0	0.0	(0.0)
EBITDA	129,884	155,376	168,253	185,174	144,805	159,668	175,883.00	7.3	5.4	5.3
EBITDA margin (%)	26.8	29.4	29.4	29.9	27.4	27.9	28.4	200.01	150.00	150.01
EPS (Rs)	41.8	50.0	53.6	58.7	44.5	49.7	55.50	12.4	7.9	5.7

Source: Company, BOBCAPS Research

Fig 11 – Key assumptions

(Rs mn)	FY24	FY25	FY26	FY27
Formulation	455,708	498,610	540,784	586,081
Domestic	148,893	166,418	182,814	200,138
Exports	306,815	332,192	357,970	385,943
US	153,493	165,061	177,593	191,175
ROW	67,128	72,317	76,081	80,043
EM	86,195	94,814	104,295	114,725
APIs and others	21,877	24,199	25,352	26,571
Net Sales	477,585	522,809	566,136	612,652
Other Operating Income	7,384	5,724	6,198	6,707
Total Income	484,969	528,532	572,334	619,359

Source: Company, BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- continued regulatory hindrances to plants under USFDA scrutiny,
- deterioration in the US generic pricing environment, and
- reduced market share and heightened competition for gRevlimid.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Total revenue	438,857	484,969	528,532	572,334	619,359
EBITDA	121,740	129,884	155,376	168,253	185,174
Depreciation	25,294	25,566	26,769	27,652	28,534
EBIT	96,446	104,317	128,607	140,601	156,639
Net interest inc./(exp.)	(1,720)	(2,385)	(1,094)	(1,044)	(998)
Other inc./(exp.)	277	13,542	15,684	14,153	12,253
Exceptional items	0	0	0	0	0
EBT	95,003	115,474	143,197	153,710	167,895
Income taxes	8,476	14,395	21,480	23,057	25,184
Extraordinary items	(1,715)	(4,943)	0	0	0
Min. int./Inc. from assoc.	873	721	1,746	1,990	1,990
Reported net profit	83,940	95,416	119,971	128,664	140,721
Adjustments	1,715	4,943	0	0	0
Adjusted net profit	85,654	100,359	119,971	128,664	140,721

Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Accounts payables	56,815	56,533	53,292	56,335	59,476
Other current liabilities	31,628	36,579	36,734	36,904	37,092
Provisions	56,973	57,715	63,072	68,965	75,448
Debt funds	68,859	32,737	31,252	29,841	28,501
Other liabilities	0	0	0	0	0
Equity capital	2,399	2,399	2,399	2,399	2,399
Reserves & surplus	590,086	668,660	768,377	875,464	992,435
Shareholders' fund	592,485	671,060	770,777	877,863	994,834
Total liab. and equities	806,760	854,622	955,126	1,069,908	1,195,351
Cash and cash eq.	57,261	105,207	168,057	274,036	389,969
Accounts receivables	114,385	112,494	138,110	149,556	161,843
Inventories	105,131	98,683	122,645	132,809	143,721
Other current assets	87,984	102,335	102,335	102,335	102,335
Investments	148,301	150,258	150,258	150,258	150,258
Net fixed assets	103,670	101,917	89,992	77,185	63,495
CWIP	49,732	53,539	53,539	53,539	53,539
Intangible assets	140,297	130,191	130,191	130,191	130,191
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	806,760	854,622	955,126	1,069,908	1,195,351

Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash flow from operations	58,821	130,925	100,373	144,686	156,677
Capital expenditures	(81,520)	(17,514)	(14,845)	(14,845)	(14,845)
Change in investments	(19,815)	(1,957)	0	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(101,335)	(19,471)	(14,845)	(14,845)	(14,845)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	55,956	(36,122)	(1,485)	(1,411)	(1,340)
Interest expenses	(1,720)	(2,385)	(1,094)	(1,044)	(998)
Dividends paid	(15,125)	(17,192)	(21,617)	(23,183)	(25,355)
Other financing cash flows	10,347	(7,810)	1,517	1,776	1,793
Cash flow from financing	49,459	(63,509)	(22,678)	(23,862)	(25,900)
Chg in cash & cash eq.	6,945	47,945	62,850	105,979	115,933
Closing cash & cash eq.	57,261	105,207	168,057	274,036	389,969

Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25E	FY26E	FY27E
Reported EPS	35.0	39.8	50.0	53.6	58.7
Adjusted EPS	35.7	41.8	50.0	53.6	58.7
Dividend per share	6.3	7.2	9.0	9.7	10.6
Book value per share	233.1	265.4	306.4	350.4	398.4

Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25E	FY26E	FY27E
EV/Sales	9.2	8.3	7.6	6.9	6.2
EV/EBITDA	33.1	31.0	25.7	23.3	20.7
Adjusted P/E	48.8	41.7	34.8	32.5	29.7
P/BV	7.5	6.6	5.7	5.0	4.4

DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25E	FY26E	FY27E
Tax burden (Net profit/PBT)	90.2	86.9	83.8	83.7	83.8
Interest burden (PBT/EBIT)	98.5	110.7	111.3	109.3	107.2
EBIT margin (EBIT/Revenue)	22.0	21.5	24.3	24.6	25.3
Asset turnover (Rev./Avg TA)	14.6	14.6	14.6	14.1	13.7
Leverage (Avg TA/Avg Equity)	1.4	1.3	1.3	1.2	1.2
Adjusted ROAE	15.5	15.9	16.6	15.6	15.0

Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25E	FY26E	FY27E
YoY growth (%)					
Revenue	13.5	10.5	9.0	8.3	8.2
EBITDA	16.3	6.7	19.6	8.3	10.1
Adjusted EPS	11.5	17.2	19.6	7.2	9.4
Profitability & Return ratios (%)					
EBITDA margin	27.7	26.8	29.4	29.4	29.9
EBIT margin	22.0	21.5	24.3	24.6	25.3
Adjusted profit margin	19.5	20.7	22.7	22.5	22.7
Adjusted ROAE	15.5	15.9	16.6	15.6	15.0
ROCE	14.6	14.9	15.9	15.1	15.5
Working capital days (days)					
Receivables	92	85	95	95	95
Inventory	81	77	85	85	85
Payables	174	205	175	175	175
Ratios (x)					
Gross asset turnover	1.3	1.4	1.4	1.5	1.6
Current ratio	2.5	2.8	3.5	4.1	4.6
Net interest coverage ratio	56.1	43.7	117.6	134.6	157.0
Adjusted debt/equity	(0.2)	(0.3)	(0.4)	(0.4)	(0.5)

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%

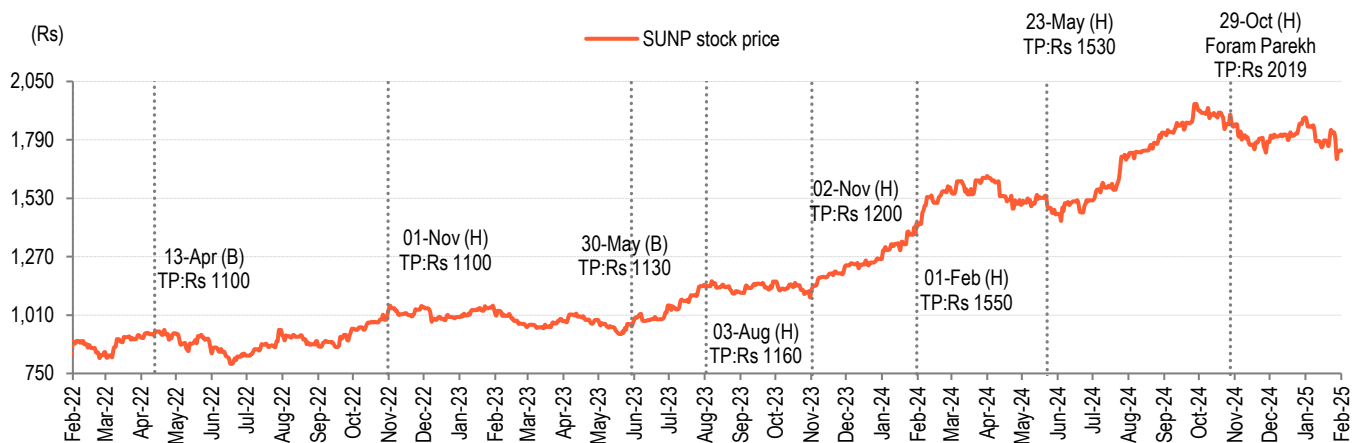
HOLD – Expected return from -6% to +15%

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): SUN PHARMA (SUNP 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.