

HOLD

TP: Rs 925 | ▼ 5%

UTI AMC

| NBFC

| 27 April 2024

Core profit in line; maintain HOLD

- Q4 QAAUM grew 22% YoY to Rs 2.9tn, but equity and hybrid schemes combined saw sustained outflows
- Yields increased in Q4; core net profit in line with the estimate
- We tweak FY25/FY26 earnings projections, leading to a new TP of Rs 925 (vs. Rs 909); maintain HOLD

Mohit Mangal

research@bobcaps.in

AUM grew 22% YoY: UTI AMC's QAAUM grew 22% YoY to Rs 2.9tn in Q4FY24. ETFs constituted 40% of the total and grew 39% YoY whereas debt schemes grew 23% YoY. Equity schemes were up 17% YoY to Rs 1.1tn though it lost 90bps in market share. Gross inflow mobilised through SIPs stood at Rs 17.7bn for the quarter, with SIP AUM rising 43% YoY to Rs 307bn. B30 MAAUM formed 21% of the mix vs. 18% for the industry at end-Mar'24. We raise our FY24-FY26 AUM estimates by 5%/3% for FY25/FY26 to Rs 3.3tn/ Rs 3.6tn.

Overall flows positive but equity outflow continues: UTI AMC registered overall outflows of Rs 43bn in Q4, with ETFs and index funds attracting inflows of Rs 32bn and debt schemes drawing Rs 2bn. However, the company saw sustained outflows in equity and hybrid schemes combined at Rs 14bn. This is a concern at a time when the industry is able to attract large equity inflows. Liquid funds outflow of Rs 64bn was due to banks exit towards end of quarter and return at the start of quarter.

In line core earnings: Core PAT at Rs 963mn in Q4 was in line with our estimate. Core revenue grew 18% YoY (+10% QoQ) to Rs 3.2bn. Operating expenses increased 5% YoY to Rs 1.9bn. Due to UTI International team, insurance costs, and gratuities (a one-time item), employee expenses increased by 9% YoY to Rs 1.2bn. Baking in the Q4 print, we raise FY25E/FY26E revenue/PAT by 3%/2%. A final dividend of Rs 47 per share was paid for FY24 (including special dividend of Rs 23).

Yields increased: Q4 yield (calc.) grew 1bps QoQ to 35bps with improvement across all categories. On equity, (i) management fees increased due to over-estimation of commission. (ii) Securities and Exchange Board of India's Feb'23 halt on B-30 commission payout requiring additional trail commission payment for one more year – no commission was needed after the one-year period ended.

Maintain HOLD: We value the stock at an unchanged 17x FY26E P/E – a 10% discount to mean. Following our earnings revision, our TP moves to Rs 925 (from Rs 909), which is a 5% downside – maintain HOLD. Growth in equity AUM, net inflows and subsidiaries performance are key monitorables for the stock.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	UTIAM IN/Rs 974
Market cap	US\$ 1.5bn
Free float	65%
3M ADV	US\$ 2.8mn
52wk high/low	Rs 1,005/Rs 639
Promoter/FPI/DII	0%/6%/60%

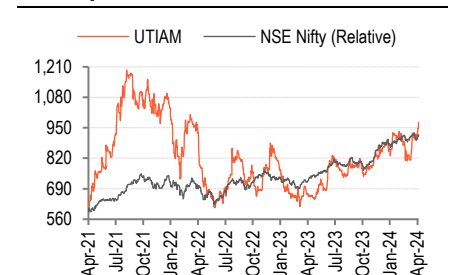
Source: NSE | Price as of 26 Apr 2024

Key financials

Y/E 31 Mar	FY24P	FY25E	FY26E
Core PBT (Rs mn)	4,249	5,183	5,542
Core PBT (YoY)	(0.2)	22.0	6.9
Adj. net profit (Rs mn)	8,020	6,367	6,905
EPS (Rs)	60.2	50.1	54.3
Consensus EPS (Rs)	60.2	53.0	56.0
MCap/AAAUM (%)	4.3	3.8	3.4
ROAAAUM (bps)	27.6	19.6	19.2
ROE (%)	18.1	12.5	12.9
P/E (x)	16.2	19.5	17.9

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

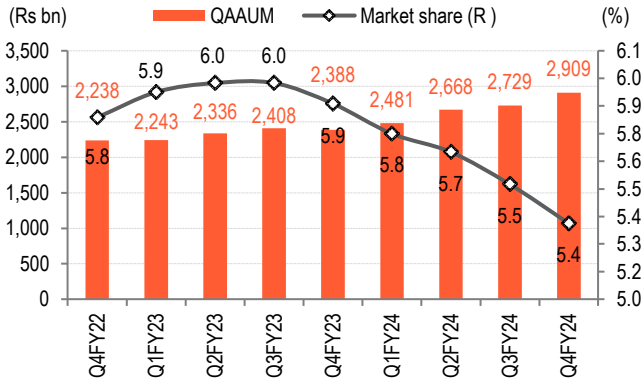
Stock performance



Source: NSE

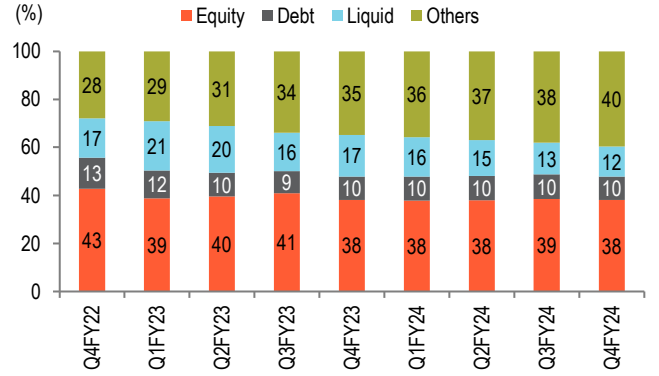


Fig 1 – QAAUM grew 22% YoY in Q4FY24; market share continues to slide



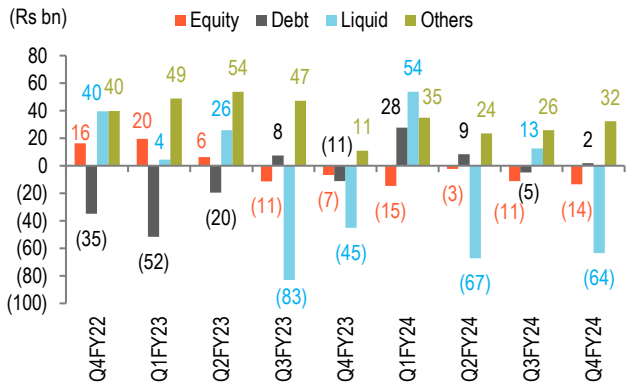
Source: Company, BOBCAPS Research

Fig 2 – Equity QAAUM share in the mix stable at 38%



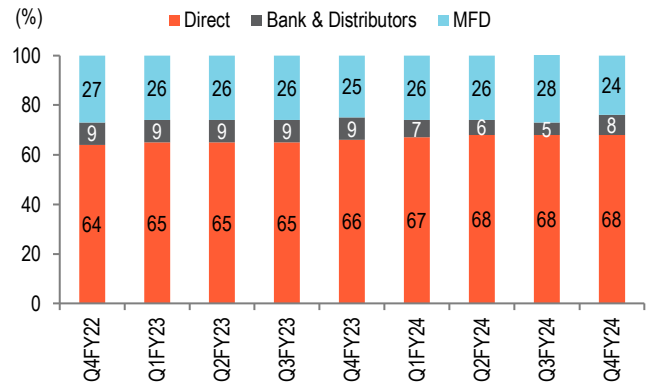
Source: Company, BOBCAPS Research

Fig 3 – Net equity sales remain weak



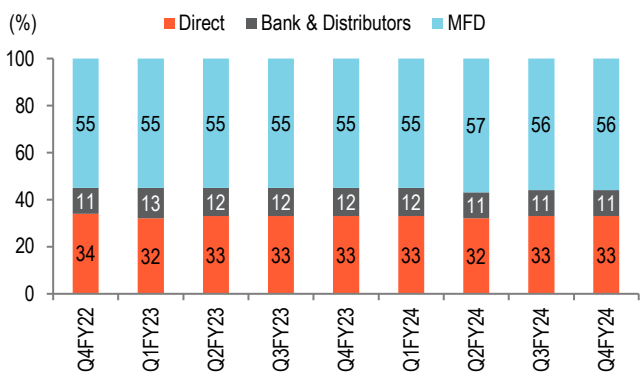
Source: Company, BOBCAPS Research

Fig 4 – Direct channel key for QAAUM distribution



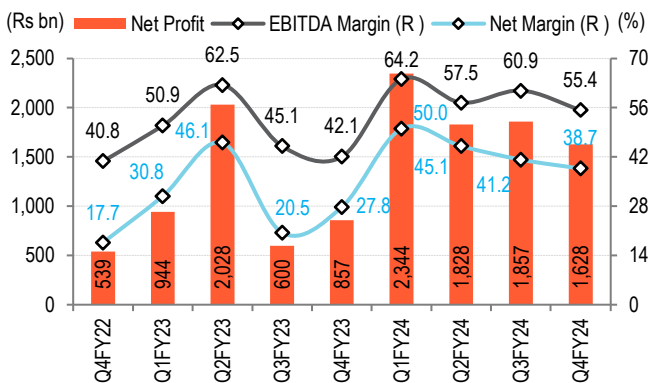
Source: Company, BOBCAPS Research | MFD: Mutual Fund Distributors

Fig 5 – Equity QAAUM largely dependent on MFDs



Source: Company, BOBCAPS Research

Fig 6 – Margins grew YoY but fell QoQ basis



Source: Company, BOBCAPS Research

Fig 7 – Income statement – Consolidated

Particulars (Rs mn)	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	FY24	FY23	YoY (%)
Revenue from Operations								
Asset Management Services	3,180	2,695	18.0	2,900	9.7	11,820	11,302	4.6
Other Income	1,023	392	161.1	1,602	(36.1)	5,619	1,587	254.0
Total Income	4,203	3,087	36.2	4,502	(6.6)	17,439	12,889	35.3
Expenses								
Fees and Commission Expenses	6	9	(25.9)	5	34.0	19	29	(36.0)
Employee Benefits Expenses	1,165	1,064	9.5	1,053	10.6	4,393	4,145	6.0
Other Expenses	704	715	(1.4)	704	0.0	2,624	2,376	10.4
Total Operating Expenses	1,876	1,787	5.0	1,762	6.5	7,036	6,550	7.4
EBITDA	2,327	1,300	79.1	2,740	(15.1)	10,403	6,339	64.1
Depreciation, Amortisation and Impairment	118	101	16.2	104	12.8	423	399	5.8
Finance Costs	30	24	24.9	29	4.5	113	96	18.0
Profit Before Tax	2,180	1,174	85.6	2,607	(16.4)	9,868	5,845	68.8
Tax Expense								
Current Tax	406	288	41.1	374	8.4	1,548	1,364	13.5
Deferred Tax Charge/(Credit)	(41)	30	(236.2)	199	(120.4)	301	96	214.3
Total Tax Expense	365	317	15.1	573	(36.3)	1,848	1,459	26.6
Profit After Tax	1,814	857	111.7	2,034	(10.8)	8,020	4,385	82.9
PAT (Owners)	1,628	857	89.9	1,857	(12.4)	7,657	4,374	75.1
PAT non-controlling interest)	187	-	NA	177	5.7	363	12	NA

Source: Company, BOBCAPS Research

Fig 8 – QAAUM and net sales

Particulars	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	FY24	FY23	YoY (%)
QAAUM (Rs bn)	2,909	2,388	21.8	2,729	6.6	2,909	2,388	21.8
Equity and Hybrid	1,108	911	21.6	1,052	5.3	1,108	911	21.6
Debt	284	231	22.8	278	2.4	284	231	22.8
Liquid	363	417	(13.0)	361	0.4	363	417	(13.0)
ETF	1,154	829	39.3	1,039	11.1	1,154	829	39.3
Net sales (Rs bn)	(43)	(52)	NA	22	NA	43	(5)	NA
Equity and Hybrid	(14)	(7)	NA	(11)	NA	(42)	8	NA
Debt	2	(11)	NA	(5)	NA	33	(75)	NA
Liquid	(64)	(45)	NA	13	NA	(64)	(98)	NA
ETF	32	11	193.9	26	24.9	117	161	(27.3)

Source: Company, BOBCAPS Research

Fig 9 – Margin indicators

Particulars	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	FY24	FY23	YoY (%)
EBITDA margin – consolidated (%)	55.4	42.1	1,327bps	60.9	(549bps)	59.7	49.2	1,047bps
Net margin – consolidated (%)	38.7	27.8	1,096bps	41.2	(252bps)	46.0	34.0	1,197bps
Revenue yield – calculated (bps)	35.3	35.8	(1bps)	33.9	1bps	34.5	37.7	(322bps)

Source: BOBCAPS Research

Valuation methodology

UTI AMC is among the top 10 fund houses in India and enjoys considerable moats in the form of a sizeable AUM base, credibility from more than five decades of fund management, a differentiated non-mutual fund business, and well-diversified distribution channels. Of late, however, continued underperformance of the equity mutual fund business has been a key concern.

The business continued the downward trend of the previous few quarters with net outflows of Rs 43bn from equity (including hybrid) schemes in Q4FY24, notwithstanding the industry’s achievement in drawing in equity inflows. Consequently, it has lost market share in overall QAAUM by 52bps YoY and 17bps QoQ in Q4.

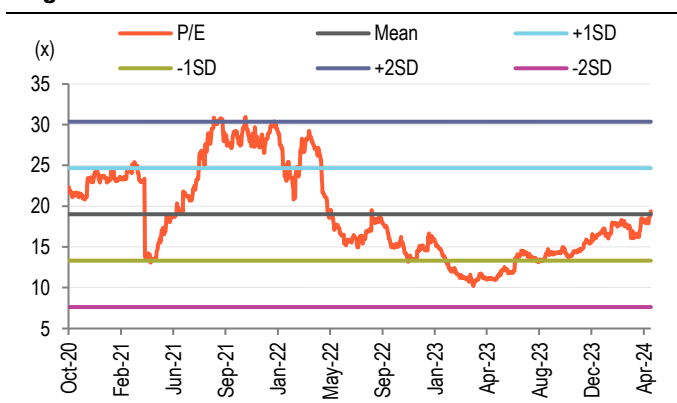
Though quarterly net profit was ahead of our estimate, core PAT was in line in Q4. The AUM beat our estimate by 6% and thus we increase our AUM estimate by 5%/3% for FY25/FY26. Therefore, we raise FY25/FY26 estimates for revenue and PAT by 3%/2%. We continue to value the stock at an unchanged 17x FY26E P/E – a 10% discount to mean. Following our earnings revision, our TP moves up to Rs 925 (from Rs 909). Our TP carries 5% downside – maintain HOLD.

Fig 10 – Revised estimates

(Rs mn)	New		Old		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Total Income/ Revenue	16,240	17,482	15,790	17,170	2.8	1.8
EBITDA	8,653	9,381	8,489	9,280	1.9	1.1
Profit After Tax (PAT)	6,367	6,905	6,200	6,788	2.7	1.7
AUM (Rs bn)	3,253	3,601	3,100	3,492	4.9	3.1
EBITDA Margin (%)	53.3	53.7	53.8	54.0	(48bps)	(38bps)
Net Margin (%)	39.2	39.5	39.3	39.5	(6bps)	(4bps)

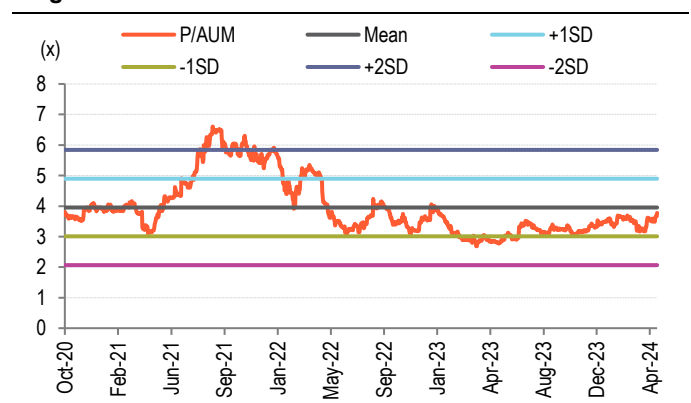
Source: BOBCAPS Research

Fig 11 – P/E band 1Y fwd



Source: Bloomberg, BOBCAPS Research

Fig 12 – P/AUM band 1Y fwd



Source: Bloomberg, BOBCAPS Research

Key risks

Upside risks

- **Substantial increase in equity AUM:** Higher-than-expected equity AUM growth could take revenue and profitability ahead of our expectations. Moreover, the market share decline would be arrested.

Downside risks

- **Decline in AUM growth due to increased competition:** Intense competitive pressure has impacted UTI AMC's market share. Continued market share loss would dampen AUM growth and hurt revenue.
- **Prolonged weakness in equity markets:** Equity assets constitute a significant portion of the company's AUM. Thus, a fall in Indian equity markets would cause AUM to decline directly as the value of underlying securities falls, and indirectly as securities investments become less attractive for investors, resulting in net outflows or redemptions. Any decrease in AUM will impact fees and consequently net profit.
- **Regulatory risks:** AMC's are regulated by SEBI and could be adversely affected in the event of unfavourable policy changes. For instance, should the regulator mandate a further decline in total expense ratio, yields could weaken even more.
- **Covid-like disruptions:** While Covid-related lockdowns are unlikely to be unduly harsh in future, we believe that any such lockdowns/disruptions due to any pandemic/virus mutations would be a risk to retail customer acquisition and could also result in higher redemptions.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Aditya Birla Sun Life AMC	ABSLAMC IN	2.0	555	500	HOLD
HDFC AMC	HDFCAMC IN	9.7	3,718	3,675	HOLD
Nippon Life India AMC	NAM IN	4.5	580	675	BUY
UTI AMC	UTIAM IN	1.5	974	925	HOLD

Source: BOBCAPS Research, NSE | Price as of 26 Apr 2024

Glossary

Glossary			
AUM	Assets Under Management	MFD	Mutual Fund Distributor
AAAUM	Average Annual Assets Under Management	MF	Mutual Fund
AIF	Alternate Investment Fund	NFO	New Fund Offer
B30	Beyond the Top 30 cities	PMS	Portfolio Management Services
eKYC	Electronic Know Your Customer	QAAUM	Quarterly Average Assets Under Management
EPFO	Employees' Provident Fund Organisation	SIP	Systematic Investment Plan
ETF	Exchange Traded Funds	T30	Top 30 cities
MAAUM	Monthly Average Assets Under Management	TER	Total Expense Ratio

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24P	FY25E	FY26E
Investment mgmt. fees	11,190	11,302	11,820	13,260	14,172
YoY (%)	38.7	1.0	4.6	12.2	6.9
Operating expenses	6,211	6,550	7,036	7,587	8,101
Core operating profits	4,979	4,752	4,784	5,673	6,071
Core operating profits growth (%)	77.2	(4.6)	0.7	18.6	7.0
Depreciation and Interest	460	495	535	491	528
Core PBT	4,519	4,257	4,249	5,183	5,542
Core PBT growth (%)	90.5	(5.8)	(0.2)	22.0	6.9
Other income	2,084	1,587	5,619	2,980	3,310
PBT	6,603	5,845	9,868	8,162	8,852
PBT growth (%)	9.4	(11.5)	68.8	(17.3)	8.5
Tax	1,256	1,459	1,848	1,796	1,948
Tax rate (%)	19.0	25.0	18.7	22.0	22.0
Reported PAT	5,347	4,385	8,020	6,367	6,905

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24P	FY25E	FY26E
Equity capital	1,270	1,270	1,273	0	0
Reserves & surplus	34,932	37,409	42,609	0	0
Net worth	36,316	38,678	49,732	52,279	55,041
Borrowings	0	0	0	0	0
Other liab. & provisions	3,515	3,071	3,678	3,889	3,785
Total liab. & equities	39,830	41,749	53,410	56,167	58,826
Cash & bank balance	33,930	36,051	47,483	51,641	54,328
Fixed & Other assets	5,379	5,201	5,492	4,043	4,016
Total assets	39,830	41,749	53,410	56,167	58,826

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24P	FY25E	FY26E
EPS	42.0	34.4	60.2	50.1	54.3
Dividend per share	21.0	22.0	47.0	30.1	32.6
Book value per share	285.0	304.6	391.1	411.2	432.9

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24P	FY25E	FY26E
P/E	23.2	28.3	16.2	19.5	17.9
P/BV	3.4	3.2	2.5	2.4	2.3
Dividend yield (%)	2.2	2.3	4.8	3.1	3.3

DuPont Analysis

Y/E 31 Mar (bps of AAAUM)	FY22A	FY23A	FY24P	FY25E	FY26E
Operating income	50.0	47.3	40.6	40.8	39.4
Operating expenses	27.7	27.4	24.2	23.3	22.5
EBITDA	31.6	26.5	35.8	26.6	26.0
Depreciation and Others	2.1	2.1	1.8	1.5	1.5
Core PBT	20.2	17.8	14.6	15.9	15.4
Other income	9.3	6.6	19.3	9.2	9.2
PBT	29.5	24.5	33.9	25.1	24.6
Tax	5.6	6.1	6.4	5.5	5.4
ROAAAUM	23.9	18.4	27.6	19.6	19.2

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24P	FY25E	FY26E
YoY growth (%)					
Investment mgmt. fees	38.7	1.0	4.6	12.2	6.9
Core operating profit	77.2	(4.6)	0.7	18.6	7.0
EPS	82.0	7.7	(17.9)	74.9	(16.9)
Profitability & Return ratios (%)					
Operating income to Total inc.	84.3	87.7	67.8	81.7	81.1
Cost to Core income ratio	55.5	58.0	59.5	57.2	57.2
EBITDA margin	53.2	49.2	59.7	53.3	53.7
Core PBT margin	34.0	33.0	24.4	31.9	31.7
PBT margin (on total inc.)	49.7	45.3	56.6	50.3	50.6
ROE	15.5	11.7	18.1	12.5	12.9
Dividend payout ratio	50.0	63.9	78.0	60.0	60.0

Annual Average AUM

Y/E 31 Mar	FY22A	FY23A	FY24P	FY25E	FY26E
AAAUM (Rs bn)	2,238	2,388	2,909	3,253	3,601
YoY Growth (%)	22.4	6.7	21.8	11.8	10.7
% of AAAUM					
Equity	43	40	38	37	36
Debt	8	10	10	10	10
Liquid	21	16	12	11	9
Others	28	35	40	43	45

Source: Company, BOBCAPS Research

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.

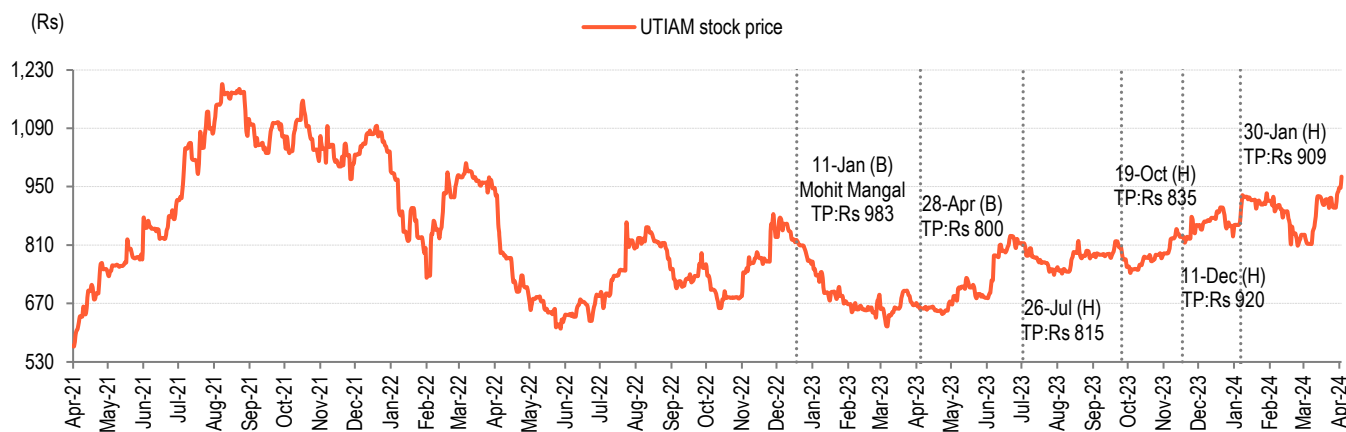
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

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): UTI AMC (UTIAM 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.