

WOOD PANELS

31 March 2022

MDF remains a strong growth driver

- **MDF growth continue to outpace plywood led by strong OEM demand, increasing applications and lower imports**
- **Underlying demand remains robust owing to traction in real estate, new construction and market share gains from the informal sector**
- **GREENP and CPBI – our top picks thus far – downgraded from BUY to HOLD as the recent rally prices in positives; maintain BUY on Greenply**

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Rising acceptance of MDF in India: Industry experts (Niveshaay) estimate India's MDF market size at 2.8mn cbm (Rs 30bn) in 2021 and expect it to grow at a 15-20% CAGR to Rs 60bn by 2026. Rising demand for branded, readymade and low-maintenance furniture is propelling growth in MDF. We believe the entry of Ikea in India is likely to widen the acceptability of factory-made furniture.

Lower imports aiding growth: MDF imports catered to ~30% of demand before Covid. However, imports have not picked up post pandemic due to a shortage of MDF in the international market (no new capacity, plant shutdowns) and high logistics cost. This has boosted export realisations from US\$ 190/cbm to US\$ 250-270/cbm. We expect MDF imports to remain limited for the next couple of quarters due to elevated global prices and freight costs, thus benefitting domestic players.

Organised plywood players to witness strong growth: In our view, organised plywood companies will continue to perform well over FY22-FY24 supported by demand from the real estate/replacement market, a narrowing price differential to unorganised players post GST (from ~25% pre-GST to 10-15% currently) and an enhanced distribution reach.

Q4 to see volume and margin stress: Weak demand in Jan'22 due to the third Covid wave is likely to subdue Q4FY22 MDF volumes QoQ. Still, underlying demand remains robust given strong OEM demand, wider distribution, lower imports, rising acceptance of readymade furniture and a shorter replacement cycle. On the margin front, raw material cost forms ~40% of revenue (of which chemical cost is 20-50% of RM cost) and is at elevated levels. Wood panel players have been hiking prices with a lag effect (2-2.5% for plywood in mid-Feb, 17% for MDF in Q3) to negate cost inflation. However, the rise in crude-derived chemical prices (Brent up 75% YTD) can exert margin pressure in Q4.

Recent rally prices in positives: GREENP (TP Rs 595) and CPBI (TP Rs 735) – our top picks in the wood panel space thus far – have rallied over 25% in the past month and achieved our target price. We thus cut both stocks from BUY to HOLD. Greenply's (GIL) upcoming foray into MDF should fortify valuations – retain BUY (TP Rs 260).

Recommendation snapshot

Ticker	Price	Target	Rating
CPBI IN	716	735	HOLD
GREENP IN	585	595	HOLD
MTLM IN	220	260	BUY

Price & Target in Rupees | Price as of 31 Mar 2022



MDF capacity expansion

GIL, CPBI and GREENP have all announced new MDF capacity expansion projects, scheduled for commissioning by FY24:

- **GIL:** New capacity of 800cbm/day in Gujarat by FY24 at a capex of Rs 5.5bn
- **CPBI:** Tripling of capacity to 0.57mn cbm through brownfield expansion in H1FY23. Another greenfield expansion of 950cbm/day in Andhra Pradesh by H2FY24 at a capex of Rs 6bn
- **GREENP:** Raising capacity from 0.56mn cbm to 0.66mn cbm by Q4FY22, with further plans to expand the Andhra Pradesh plant by 180,000cbm (tentative) at a capex of ~Rs 4bn by Q4FY24

Potential margin and realisation pressure in FY24

As per industry estimates, the domestic MDF industry will see three large capacity addition projects by GIL, GREENP and CPBI totaling 650,000cbm coming onstream in H2FY24. While this added capacity will have lower utilisation in the first 12-18 months, we estimate pressure on realisations and margins to the tune of 2-3%.

Stock recommendations

Gradual liquidation of high inventories in the real estate sector (resulting in better occupation rates), increasing new construction activity and home renovations post pandemic, rising acceptance of readymade furniture, distribution expansion and stronger balance sheets would continue to buoy growth in the wood panel sector.

Our hitherto top picks GREENP (biggest beneficiary of MDF industry tailwinds) and CPBI (capital allocation towards high-ROCE MDF business) have rallied over 25% in the past month and now offer limited upside potential. We thus downgrade both from BUY to HOLD but recommend that any weakness in these stocks be used as an opportunity to invest. We maintain BUY on GIL considering the anticipated revival in plywood demand and its upcoming MDF foray in FY24.

Century Plyboards, TP Rs 735, HOLD

We expect CPBI's growth momentum to sustain over the near-to-medium term with (a) estimated double-digit growth in plywood and laminates given a pickup in the housing sector alongside a gradual shift from unorganised to organised players, and (b) double-digit growth and better margins in the MDF/particle board segments amid buoyancy in demand for readymade furniture and exports. Overall, we believe its EBITDA margin will improve backed by higher MDF contribution, a superior product mix, operating leverage and cost rationalisation.

The stock is trading at ~34x FY24E P/E (vs. its five-year median of ~32x) and has rallied ~27% since Feb'22, meeting our TP on 23 Mar 2022. While we retain our TP at Rs 735 and continue to value the stock at 35x FY24E EPS, we find current valuations full and hence lower our rating from BUY to HOLD. Here too, any share price weakness can be used as an entry-point.

Greenpanel Industries, TP Rs 595, HOLD

GREENP has strong growth prospects due to its leadership position in India's fast-growing MDF market, an improving balance sheet and rising return ratios. With growth momentum likely to continue and no further large capex, we expect the company to turn net debt-free in FY23. We model for a revenue/EBITDA/PAT CAGR of 26%/37%/58% over FY21-FY24 aided by better capacity utilisation at the MDF facility and a higher EBITDA margin arising from operating leverage.

The stock is trading at 22.7x FY24E EPS after rallying ~27% in less than a month, and has achieved our TP of Rs 595 on 23 Mar 2022. We continue to value GREENP at 23x FY24E EPS (a 33% discount to CPBI) and retain our TP of Rs 595, but downgrade our rating from BUY to HOLD as positives appear priced in. That said, any weakness in the stock should be used as an opportunity to enter.

Greenply Industries, TP Rs 260, BUY

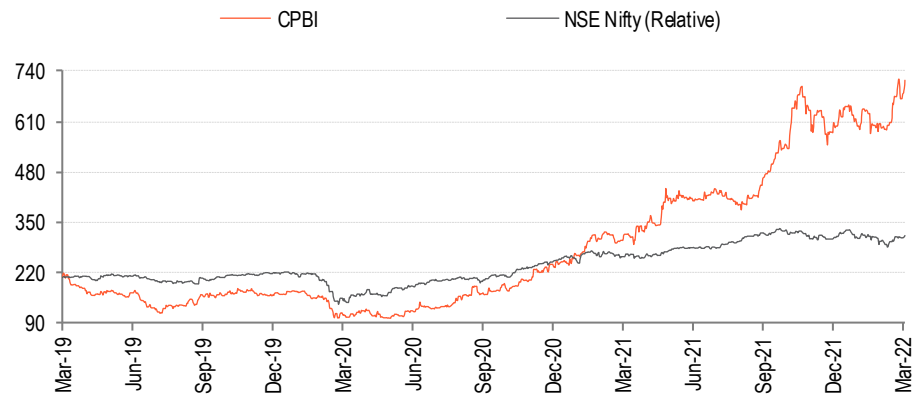
GIL is setting up an 800cbm/day MDF facility in Western India by FY24, giving the company a freight advantage over peers when catering to demand in the region. With this foray, the company will be able to broaden its wood panel portfolio and deepen its presence in a growing market.

This apart, GIL is geared for a rebound in plywood volumes aided by (a) considerable balance sheet strengthening post Covid driven by the company's stricter control on receivables (which is likely to continue in the near term), and (b) strong recovery in the secondary real estate market, resulting in higher occupation rates of premises, which will propel demand for plywood. We also expect its strong presence in the plywood industry to facilitate a smooth entry into MDF by FY24, aiding significant margin gains.

The stock is currently trading at 18.6x FY24E P/E compared to its five-year median of ~28x. We maintain our target FY24E P/E multiple at 22x for an unchanged TP of Rs 260 on the back of the anticipated revival in plywood, GIL's entry into the high-margin MDF business, strong brand and pan-India distribution network. Retain BUY.

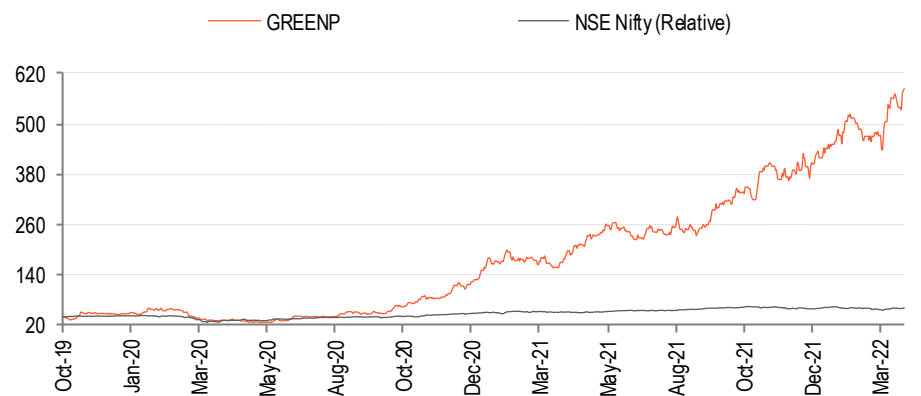
Stock performance

Fig 1 – CPBI



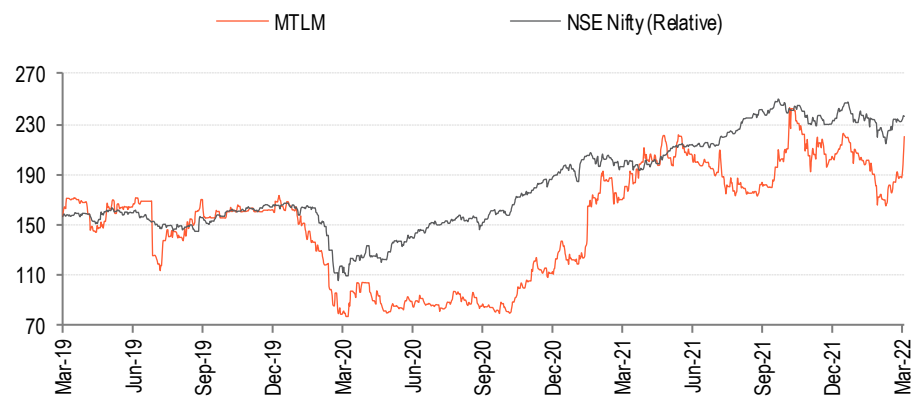
Source: NSE

Fig 2 – GREENP



Source: NSE

Fig 3 – MTLM



Source: NSE

Financials – CPBI

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	23,170	21,304	26,809	32,627	40,011
EBITDA	3,308	3,355	4,992	6,003	7,513
Depreciation	(763)	(687)	(810)	(861)	(1,115)
EBIT	2,545	2,669	4,181	5,142	6,397
Net interest inc./(exp.)	(389)	(128)	(95)	(96)	(82)
Other inc./(exp.)	43	173	88	61	43
Exceptional items	0	0	0	0	0
EBT	2,199	2,714	4,174	5,107	6,358
Income taxes	(519)	(690)	(1,069)	(1,307)	(1,602)
Extraordinary items	(427)	(112)	0	0	0
Min. int./Inc. from assoc.	253	2	(70)	(75)	(75)
Reported net profit	1,506	1,915	3,035	3,725	4,681
Adjustments	73	82	0	0	0
Adjusted net profit	1,579	1,996	3,035	3,725	4,681

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	1,515	2,089	2,057	2,324	2,850
Other current liabilities	1,284	1,617	1,689	2,056	2,521
Provisions	227	325	268	326	367
Debt funds	2,681	1,422	1,300	1,450	900
Other liabilities	0	0	0	0	0
Equity capital	223	223	223	223	223
Reserves & surplus	10,684	12,451	15,247	18,734	23,097
Shareholders' fund	10,906	12,674	15,470	18,957	23,319
Total liab. and equities	16,596	18,114	20,842	25,246	30,165
Cash and cash eq.	248	908	478	302	1,187
Accounts receivables	2,568	3,027	3,305	3,844	4,714
Inventories	3,980	3,692	4,774	5,810	7,125
Other current assets	1,217	1,476	1,689	2,056	2,521
Investments	63	1,169	64	64	64
Net fixed assets	7,777	7,551	10,240	12,879	14,264
CWIP	160	285	285	285	285
Intangible assets	9	8	8	8	8
Deferred tax assets, net	573	(1)	(1)	(1)	(1)
Other assets	0	0	0	0	0
Total assets	16,596	18,114	20,842	25,246	30,165

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	3,643	3,884	2,420	3,508	4,335
Capital expenditures	(235)	(535)	(3,500)	(3,500)	(2,500)
Change in investments	1	(1,106)	1,105	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(234)	(1,641)	(2,395)	(3,500)	(2,500)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(2,639)	(1,259)	(122)	150	(550)
Interest expenses	(389)	(128)	(95)	(96)	(82)
Dividends paid	(535)	(8)	(310)	(313)	(393)
Other financing cash flows	139	(187)	70	75	75
Cash flow from financing	(3,424)	(1,582)	(457)	(184)	(950)
Chg in cash & cash eq.	(15)	661	(431)	(176)	885
Closing cash & cash eq.	248	908	478	302	1,187

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	6.8	8.6	13.7	16.8	21.1
Adjusted EPS	7.1	9.0	13.7	16.8	21.1
Dividend per share	1.0	0.0	1.2	1.2	1.5
Book value per share	49.0	57.0	69.5	85.2	104.8

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	7.1	7.7	6.0	4.9	4.0
EV/EBITDA	49.8	48.6	32.1	26.6	21.3
Adjusted P/E	100.8	79.7	52.4	42.7	34.0
P/BV	14.6	12.6	10.3	8.4	6.8

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	71.8	73.6	72.7	72.9	73.6
Interest burden (PBT/EBIT)	86.4	101.7	99.8	99.3	99.4
EBIT margin (EBIT/Revenue)	11.0	12.5	15.6	15.8	16.0
Asset turnover (Rev./Avg TA)	133.5	122.8	137.6	141.6	144.4
Leverage (Avg TA/Avg Equity)	1.7	1.5	1.4	1.3	1.3
Adjusted ROAE	15.3	16.9	21.6	21.6	22.1

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	1.6	(8.1)	25.8	21.7	22.6
EBITDA	5.9	1.4	48.8	20.3	25.1
Adjusted EPS	2.4	26.4	52.1	22.7	25.7
Profitability & Return ratios (%)					
EBITDA margin	14.3	15.7	18.6	18.4	18.8
EBIT margin	11.0	12.5	15.6	15.8	16.0
Adjusted profit margin	6.8	9.4	11.3	11.4	11.7
Adjusted ROAE	15.3	16.9	21.6	21.6	22.1
ROCE	13.5	14.4	20.1	20.5	21.3
Working capital days (days)					
Receivables	44	48	43	40	39
Inventory	135	135	112	115	115
Payables	29	37	35	30	29
Ratios (x)					
Gross asset turnover	2.1	1.9	2.1	2.0	2.0
Current ratio	1.5	1.8	2.1	2.3	2.5
Net interest coverage ratio	6.5	20.9	43.9	53.4	77.8
Adjusted debt/equity	0.2	0.0	0.1	0.1	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – GREENP

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	8,766	10,208	15,265	18,348	20,542
EBITDA	1,432	2,077	3,750	4,684	5,301
Depreciation	(692)	(686)	(743)	(754)	(771)
EBIT	740	1,391	3,007	3,930	4,530
Net interest inc./(exp.)	(302)	(247)	(240)	(180)	(90)
Other inc./(exp.)	22	31	40	52	89
Exceptional items	(343)	(165)	0	0	0
EBT	460	1,175	2,808	3,803	4,529
Income taxes	28	(322)	(842)	(1,141)	(1,359)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	145	688	1,965	2,662	3,170
Adjustments	108	120	0	0	0
Adjusted net profit	253	808	1,965	2,662	3,170

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	1,207	1,297	1,924	2,312	2,589
Other current liabilities	1,036	1,186	1,757	2,111	2,364
Provisions	120	96	153	183	205
Debt funds	5,611	4,469	2,912	1,712	532
Other liabilities	69	202	202	202	745
Equity capital	123	123	123	123	123
Reserves & surplus	6,494	7,181	8,552	10,409	12,620
Shareholders' fund	6,616	7,304	8,675	10,531	12,743
Total liab. and equities	14,658	14,552	15,622	17,052	19,178
Cash and cash eq.	115	720	58	1,067	2,966
Accounts receivables	705	778	1,213	1,458	1,632
Inventories	1,539	1,494	2,300	2,765	3,095
Other current assets	1,131	783	1,255	1,508	1,688
Investments	0	0	0	0	0
Net fixed assets	11,107	10,741	10,733	10,191	9,732
CWIP	57	36	61	62	63
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	15,622	17,052	19,178

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	720	2,158	2,490	3,407	3,897
Capital expenditures	(242)	(127)	(761)	(212)	(313)
Change in investments	0	0	0	0	0
Other investing cash flows	0	0	0	0	544
Cash flow from investing	(242)	(127)	(761)	(212)	230
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(255)	(1,142)	(1,556)	(1,200)	(1,180)
Interest expenses	(302)	(247)	(240)	(180)	(90)
Dividends paid	(44)	(208)	(595)	(805)	(959)
Other financing cash flows	(4)	(37)	0	0	0
Cash flow from financing	(605)	(1,634)	(2,391)	(2,186)	(2,229)
Chg in cash & cash eq.	(127)	396	(662)	1,010	1,899
Closing cash & cash eq.	72	512	58	1,067	2,966

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	1.2	5.6	16.0	21.7	25.9
Adjusted EPS	2.1	6.6	16.0	21.7	25.9
Dividend per share	0.3	1.4	4.0	5.4	6.5
Book value per share	54.0	59.6	70.7	85.9	103.9

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	8.5	7.6	5.0	4.1	3.6
EV/EBITDA	52.1	37.2	20.4	16.0	13.9
Adjusted P/E	283.8	88.8	36.5	27.0	22.6
P/BV	10.9	9.8	8.3	6.8	5.6

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	216.0	80.0	70.0	70.0	70.0
Interest burden (PBT/EBIT)	15.8	72.6	93.4	96.7	100.0
EBIT margin (EBIT/Revenue)	8.4	13.6	19.7	21.4	22.1
Asset turnover (Rev./Avg TA)	60.0	69.9	101.2	112.3	113.4
Leverage (Avg TA/Avg Equity)	2.2	2.1	1.9	1.7	1.6
Adjusted ROAE	3.9	11.6	24.6	27.7	27.2

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	46.3	16.4	49.5	20.2	12.0
EBITDA	84.8	45.1	80.5	24.9	13.2
Adjusted EPS	11.0	219.4	143.2	35.4	19.1
Profitability & Return ratios (%)					
EBITDA margin	16.3	20.4	24.6	25.5	25.8
EBIT margin	8.4	13.6	19.7	21.4	22.1
Adjusted profit margin	2.9	7.9	12.9	14.5	15.4
Adjusted ROAE	3.9	11.6	24.6	27.7	27.2
ROCE	6.0	7.9	18.0	23.1	24.9
Working capital days (days)					
Receivables	24	27	24	27	27
Inventory	134	120	105	117	121
Payables	50	56	51	57	59
Ratios (x)					
Gross asset turnover	0.6	0.7	1.0	1.2	1.3
Current ratio	1.0	1.1	1.1	1.5	1.8
Net interest coverage ratio	2.5	5.6	12.5	21.8	50.4
Adjusted debt/equity	0.8	0.5	0.3	0.1	(0.2)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Financials – GIL

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Total revenue	14,204	11,653	14,217	16,230	21,436
EBITDA	1,562	1,167	1,617	2,088	2,959
Depreciation	(257)	(231)	(263)	(317)	(634)
EBIT	1,304	936	1,354	1,771	2,325
Net interest inc./(exp.)	(208)	(166)	(126)	(204)	(494)
Other inc./(exp.)	6	44	58	77	14
Exceptional items	(495)	0	0	0	0
EBT	1,102	814	1,287	1,644	1,844
Income taxes	(134)	(205)	(340)	(393)	(397)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	473	609	947	1,251	1,447
Adjustments	368	0	0	0	0
Adjusted net profit	841	609	947	1,251	1,447

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Accounts payables	2,317	2,043	2,365	2,705	3,637
Other current liabilities	389	500	516	608	841
Provisions	348	212	256	292	386
Debt funds	2,674	1,917	1,750	2,800	4,900
Other liabilities	115	112	107	103	99
Equity capital	123	123	123	123	123
Reserves & surplus	3,657	4,244	5,126	6,298	7,664
Shareholders' fund	3,779	4,367	5,248	6,421	7,787
Total liab. and equities	9,622	9,151	10,242	12,929	17,649
Cash and cash eq.	103	1,280	(122)	26	244
Accounts receivables	3,565	1,939	2,256	2,573	3,372
Inventories	1,771	1,792	2,045	2,290	2,965
Other current assets	646	704	740	845	1,116
Investments	238	225	225	225	225
Net fixed assets	3,076	3,070	5,019	6,892	9,648
CWIP	52	62	0	0	0
Intangible assets	67	15	15	15	15
Deferred tax assets, net	105	64	64	64	64
Other assets	0	0	0	0	0
Total assets	9,622	9,151	10,242	12,929	17,649

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash flow from operations	701	2,251	1,107	1,570	2,083
Capital expenditures	(559)	(177)	(2,150)	(2,190)	(3,390)
Change in investments	(16)	13	0	0	0
Other investing cash flows	(64)	41	0	0	0
Cash flow from investing	(639)	(123)	(2,150)	(2,190)	(3,390)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	174	(757)	(167)	1,050	2,100
Interest expenses	(208)	(166)	(126)	(204)	(494)
Dividends paid	(59)	(49)	(66)	(78)	(81)
Other financing cash flows	(72)	21	0	0	0
Cash flow from financing	(166)	(951)	(359)	769	1,525
Chg in cash & cash eq.	(103)	1,177	(1,402)	148	218
Closing cash & cash eq.	103	1,280	(122)	26	244

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22E	FY23E	FY24E
Reported EPS	3.9	5.0	7.7	10.2	11.8
Adjusted EPS	6.9	5.0	7.7	10.2	11.8
Dividend per share	0.4	0.4	0.4	0.5	0.5
Book value per share	30.8	35.6	42.8	52.4	63.5

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22E	FY23E	FY24E
EV/Sales	2.2	2.5	2.0	1.7	1.4
EV/EBITDA	20.2	25.2	17.7	13.5	9.9
Adjusted P/E	32.1	44.3	28.5	21.6	18.6
P/BV	7.1	6.2	5.1	4.2	3.5

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22E	FY23E	FY24E
Tax burden (Net profit/PBT)	138.5	74.8	73.6	76.1	78.5
Interest burden (PBT/EBIT)	46.5	86.9	95.0	92.8	79.3
EBIT margin (EBIT/Revenue)	9.2	8.0	9.5	10.9	10.8
Asset turnover (Rev./Avg TA)	153.6	124.1	146.6	140.1	140.2
Leverage (Avg TA/Avg Equity)	2.6	2.3	2.0	2.0	2.2
Adjusted ROAE	23.6	15.0	19.7	21.4	20.4

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22E	FY23E	FY24E
YoY growth (%)					
Revenue	0.6	(18.0)	22.0	14.2	32.1
EBITDA	3.6	(25.3)	38.5	29.1	41.7
Adjusted EPS	(1.3)	(27.6)	55.5	32.1	15.7
Profitability & Return ratios (%)					
EBITDA margin	11.0	10.0	11.4	12.9	13.8
EBIT margin	9.2	8.0	9.5	10.9	10.8
Adjusted profit margin	5.9	5.2	6.7	7.7	6.8
Adjusted ROAE	23.6	15.0	19.7	21.4	20.4
ROCE	16.5	11.0	15.0	16.6	16.7

Working capital days (days)

	FY20A	FY21A	FY22E	FY23E	FY24E
Receivables	85	86	54	54	51
Inventory	76	95	84	84	80
Payables	67	76	64	65	63

Ratios (x)

	FY20A	FY21A	FY22E	FY23E	FY24E
Gross asset turnover	3.6	2.6	2.5	2.1	2.0
Current ratio	1.2	1.4	1.4	1.5	1.5
Net interest coverage ratio	6.3	5.6	10.8	8.7	4.7
Adjusted debt/equity	0.7	0.1	0.4	0.4	0.6

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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.

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