

BUY

TP: Rs 3,300 | ▲ 27%

AIA ENGINEERING

| Capital Goods

| 27 January 2023

Stellar quarter despite challenging macro

- **Strong all-round beat; Q3 EBITDA margin boosted to 29.8% by a better mix and one-offs, with 20-22% levels seen as sustainable**
- **Volume guidance maintained at 294-300k mt for FY23 and an added 30-35k mt for FY24**
- **FY23/FY24 EPS raised 30%/14% to bake in the Q3 beat; TP revised to Rs 3,300 (vs. Rs 3,100) post rollover – retain BUY**

Vinod Chari | Tanay Rasal
Nilesh Patil
research@bobcaps.in

Q3 above estimates: AIAE's Q3FY23 print exceeded our estimates with robust revenue growth of 45% YoY to Rs 12.3bn (Rs 11bn est.), backed by volume/realisation growth of 23%/18% YoY. EBITDA margin spiked 11ppt YoY to 29.8% thanks to a favourable product mix and a Rs 400mn one-off gain in treasury income. Management pegs sustainable margins in the range of 20-22%. PAT grew 155% YoY to Rs 3.5bn, well ahead of our estimate of Rs 2.1bn.

Guidance retained: AIAE maintained its earlier forecast of achieving incremental sales volume of 30,000-35,000mt for FY24, totaling ~330,000mt. The majority of this increase is expected to come from new customers. Additionally, management has reiterated its guidance for FY23, which predicts sales of 294,000-300,000mt.

Unfazed by weak macro environment: AIAE indicated that core industries remain strong and it does not anticipate any major macroeconomic challenges for its customers in the next 12 months. The company's strategy has undergone a paradigm shift, with a focus on enhancing productivity via downstream efficiencies and mill lining solutions, rather than predatory pricing.

Disciplined capex to capture further growth: To capitalise on the mining industry's conversion of forged media to high chrome mill internals, AIAE plans to expand capacity from 440,000mt to 520,000mt by FY24, through brownfield capex of Rs 2bn. The company has a healthy balance sheet (net cash of Rs 22bn) with negligible leverage and strong free cash flow generation. We believe this will help ROCE sustain above 15%.

Retain BUY: We upgrade our FY23/FY24 EPS estimates by 30%/14% to incorporate the Q3 beat and also roll forward to Dec'24E valuations, translating to a revised TP of Rs 3,300 (from Rs 3,100). Our target is set at an unchanged 32x P/E multiple – a 30% premium to the 5Y average. We retain BUY as we remain positive on AIAE's structural growth story, with expectations of a revenue/PAT CAGR of 12%/17% over FY22-FY25.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	AIAE IN/Rs 2,599
Market cap	US\$ 3.0bn
Free float	42%
3M ADV	US\$ 2.0mn
52wk high/low	Rs 2,875/Rs 1,475
Promoter/FPI/DII	59%/18%/21%

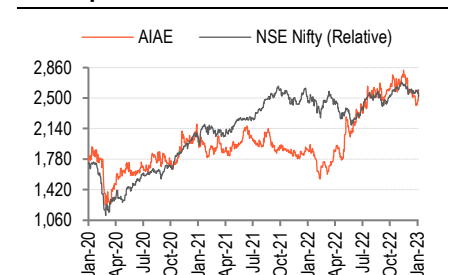
Source: NSE | Price as of 27 Jan 2023

Key financials

Y/E 31 Mar	FY22A	FY23E	FY24E
Total revenue (Rs mn)	35,665	48,584	51,725
EBITDA (Rs mn)	7,209	12,181	11,777
Adj. net profit (Rs mn)	6,196	10,224	9,804
Adj. EPS (Rs)	65.7	108.4	103.9
Consensus EPS (Rs)	65.7	84.9	93.0
Adj. ROAE (%)	13.8	19.8	16.6
Adj. P/E (x)	39.6	24.0	25.0
EV/EBITDA (x)	33.7	20.1	20.8
Adj. EPS growth (%)	9.4	65.0	(4.1)

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance

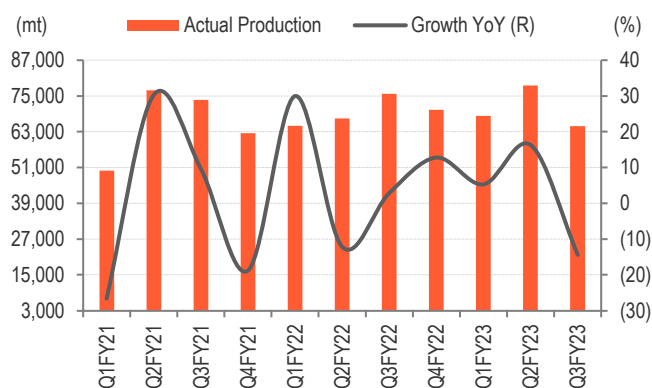
Particulars (Rs mn)	Q3FY23	Q3FY22	YoY (%)	Q2FY23	QoQ (%)
Revenue	12,269	8,481	44.7	13,287	(7.7)
EBITDA	3,657	1,612	126.9	3,120	17.2
EBITDA margin (%)	29.8	19.0	1,080bps	23.5	630bps
Depreciation	244	249	(1.9)	246	(0.5)
Interest	52	25	108.3	39	35.4
Other Income	1,180	423	178.8	321	267.0
PBT	4,540	1,761	157.8	3,157	43.8
Tax	1,015	376	170.3	708	43.4
Adjusted PAT	3,525	1,382	155.1	2,448	44.0
Exceptional item	0	0	-	0	-
Reported PAT	3,525	1,382	155.1	2,448	44.0
Adj. PATM (%)	28.7	16.3	1,244.0	18.4	1,030.5
EPS (Rs)	37.4	14.7	154.5	26.0	43.9

Source: Company, BOBCAPS Research

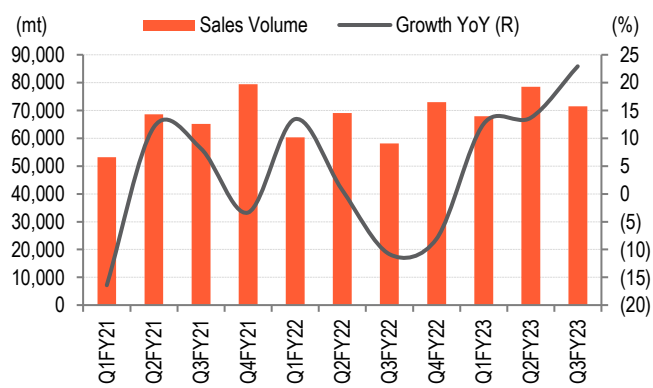
Fig 2 – Actual vs. Estimates

Particulars (Rs mn)	Actual	Estimate	Variance (%)
Revenue	12,269	11,208	9.5
EBITDA	3,657	2,679	36.5
EBITDA margin (%)	29.8	23.9	590bps
Adj. PAT	3,525	2,058	71.3

Source: Company, BOBCAPS Research

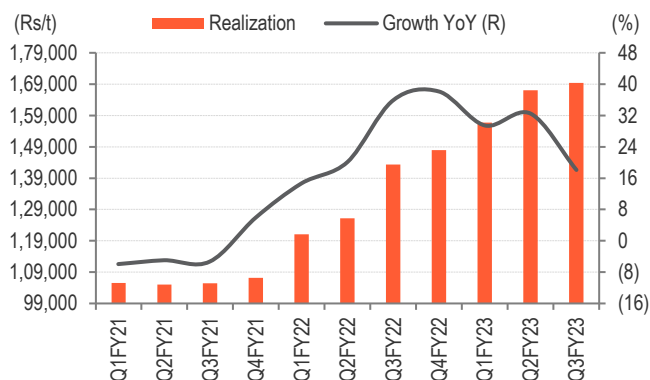
Fig 3 – Production volume trend

Source: Company, BOBCAPS Research

Fig 4 – Sales volume trend

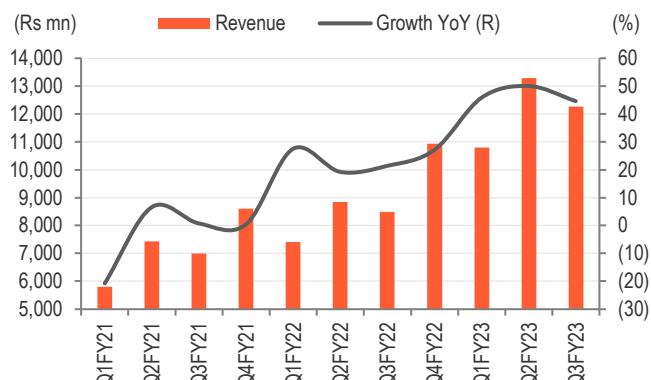
Source: Company, BOBCAPS Research

Fig 5 – Realisation trend



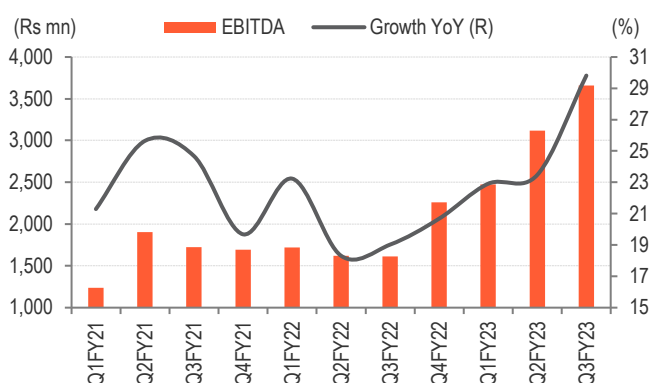
Source: Company, BOBCAPS Research

Fig 6 – Revenue trend



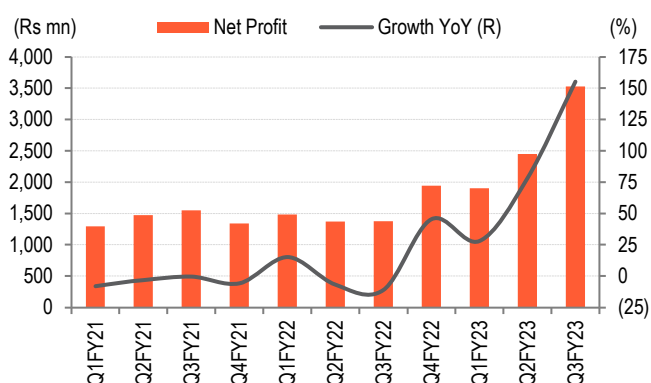
Source: Company, BOBCAPS Research

Fig 7 – EBITDA trend



Source: Company, BOBCAPS Research

Fig 8 – Adj. PAT trend



Source: Company, BOBCAPS Research

Other result highlights

- Volumes from the newly operational mill lining plant are guided at 6,000mt in FY23 (of the total of 24,000mt for the year) and 10,000-15,000mt in FY24.
- FY23 capex is estimated at Rs 2bn. For FY24, AIAE envisages capex at Rs 3bn, of which (i) Rs 2bn would be spent on grinding media expansion to the tune of 80k mt, (ii) Rs 0.3bn of land, and (iii) Rs 0.7bn towards maintenance capex and capacity rationalisation.
- Net cash stood at Rs 22.3bn. The company had a forex gain of Rs 750mn in Q3FY23. Benefit from the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme stood at Rs 169mn.
- Management highlighted that the anti-dumping duty imposed by Brazil will be up for review in mid-2023.

Valuation methodology

As a leading global manufacturer of high chrome mill internals (HCMI), AIAE is well placed to expand amid the transition from forged media to HCMI, particularly in the mining industry. Current low penetration of HCMI globally (~20% of the total grinding media) provides a multi-year growth story. Notably, AIAE has a single manufacturing base which enables relatively cheaper production and hence competitive pricing. We expect the company to carve out additional market share from the industry leader due to its cost competitiveness and improved supply chain mechanisms.

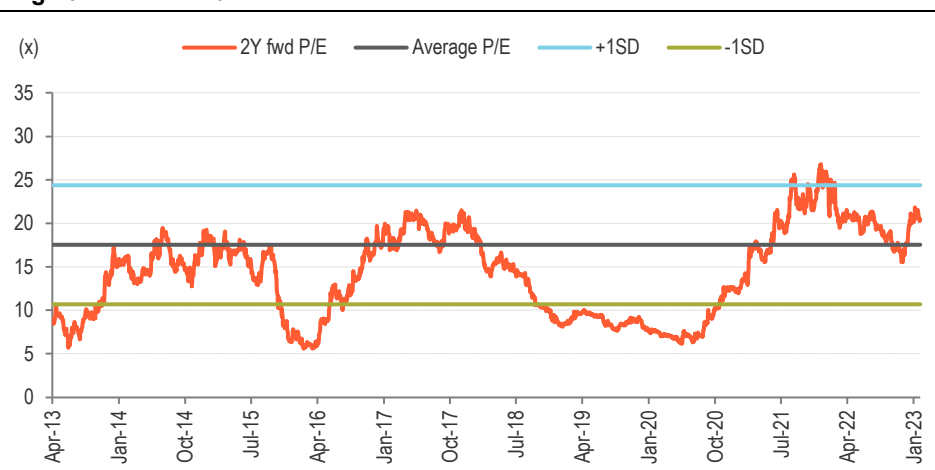
In light of the strong Q3FY23 beat, we upgrade our FY23/FY24 EPS estimates by 30%/14%. Upon rolling valuations forward to Dec'24E, our TP stands revised to Rs 3,300 (from Rs 3,100), based on an unchanged 32x P/E multiple – a 30% premium to the five-year average. We retain BUY as we remain positive on AIAE's structural growth story, with expectations of a revenue/PAT CAGR of 12%/17% over FY22-FY25.

Fig 9 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Sales	48,584	51,725	50,180	45,823	48,388	50,839	6.0	6.9	(1.3)
EBITDA	12,181	11,777	11,710	10,395	11,312	12,176	17.2	4.1	(3.8)
PAT	10,224	9,804	9,797	7,877	8,642	9,432	29.8	13.5	3.9
EPS (Rs)	108.4	103.9	103.9	83.5	91.6	100.0	29.8	13.5	3.9
EBITDA Margin (%)	25.1	22.8	23.3	22.7	23.4	23.9	240bps	(60bps)	(60bps)

Source: Company, BOBCAPS Research

Fig 10 – P/E 2Y fwd



Source: Company, BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- continued protectionist measures leading to anti-dumping duties, and
- a slowdown in mining capex.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
ABB India	ABB IN	7.3	2,803	3,100	HOLD
AIA Engineering	AIAE IN	3.0	2,599	3,300	BUY
Cummins India	KKC IN	4.7	1,382	1,300	HOLD
Hitachi Energy	POWERIND IN	1.6	3,019	3,600	BUY
KEC International	KECI IN	1.5	465	500	BUY
Larsen & Toubro	LT IN	37.2	2,160	2,390	BUY
Siemens India	SIEM IN	12.9	2,958	3,500	BUY
Thermax	TMX IN	2.8	1,905	2,100	HOLD

Source: BOBCAPS Research, NSE | Price as of 27 Jan 2023

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Total revenue	28,815	35,665	48,584	51,725	50,180
EBITDA	6,552	7,209	12,181	11,777	11,710
Depreciation	935	921	968	1,085	1,260
EBIT	5,617	6,288	11,213	10,692	10,450
Net interest inc./(exp.)	43	39	135	120	140
Other inc./(exp.)	1,722	1,563	2,200	2,530	2,783
Exceptional items	0	0	0	0	0
EBT	7,296	7,813	13,278	13,102	13,093
Income taxes	1,639	1,617	3,054	3,298	3,295
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	4	0	0	0	0
Reported net profit	5,661	6,196	10,224	9,804	9,797
Adjustments	0	0	0	0	0
Adjusted net profit	5,661	6,196	10,224	9,804	9,797

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Accounts payables	1,658	1,967	2,662	2,834	2,750
Other current liabilities	943	1,057	1,997	2,126	2,062
Provisions	0	0	0	0	0
Debt funds	1,845	28	21	23	22
Other liabilities	693	654	860	910	885
Equity capital	189	189	189	189	189
Reserves & surplus	42,255	47,361	55,540	62,403	69,262
Shareholders' fund	42,443	47,550	55,729	62,592	69,450
Total liab. and equities	47,582	51,256	61,269	68,485	75,169
Cash and cash eq.	19,468	15,610	18,523	22,069	30,074
Accounts receivables	6,410	8,001	10,648	11,337	10,998
Inventories	7,548	12,260	12,379	12,754	12,373
Other current assets	1,191	1,395	2,529	2,693	2,612
Investments	2,572	5	7	7	7
Net fixed assets	8,114	8,000	9,032	10,947	10,686
CWIP	1,609	2,102	2,864	3,049	2,958
Intangible assets	0	0	0	0	0
Deferred tax assets, net	0	0	0	0	0
Other assets	669	3,882	5,287	5,629	5,461
Total assets	47,582	51,256	61,269	68,485	75,169

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Cash flow from operations	5,985	(392)	8,928	9,964	11,710
Capital expenditures	(1,231)	(1,253)	(2,000)	(3,000)	(1,000)
Change in investments	(2,572)	1,490	(763)	(186)	91
Other investing cash flows	289	762	(1,200)	(292)	144
Cash flow from investing	(3,513)	999	(3,963)	(3,477)	(765)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	755	(1,816)	(7)	1	(1)
Interest expenses	0	0	0	0	0
Dividends paid	0	0	0	0	0
Other financing cash flows	(90)	(859)	(2,045)	(2,941)	(2,939)
Cash flow from financing	665	(2,676)	(2,052)	(2,940)	(2,940)
Chg in cash & cash eq.	3,137	(2,069)	2,913	3,546	8,005
Closing cash & cash eq.	19,468	15,610	18,523	22,069	30,074

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23E	FY24E	FY25E
Reported EPS	60.0	65.7	108.4	103.9	103.9
Adjusted EPS	60.0	65.7	108.4	103.9	103.9
Dividend per share	9.0	9.0	21.7	31.2	31.2
Book value per share	450.0	504.1	590.8	663.6	736.3

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23E	FY24E	FY25E
EV/Sales	8.5	6.8	5.0	4.7	4.9
EV/EBITDA	37.3	33.7	20.1	20.8	20.9
Adjusted P/E	43.3	39.6	24.0	25.0	25.0
P/BV	5.8	5.2	4.4	3.9	3.5

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Tax burden (Net profit/PBT)	77.6	79.3	77.0	74.8	74.8
Interest burden (PBT/EBIT)	129.9	124.2	118.4	122.5	125.3
EBIT margin (EBIT/Revenue)	19.5	17.6	23.1	20.7	20.8
Asset turnover (Rev./Avg TA)	64.6	72.2	86.4	79.7	69.9
Leverage (Avg TA/Avg Equity)	1.1	1.1	1.1	1.1	1.1
Adjusted ROAE	14.2	13.8	19.8	16.6	14.8

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23E	FY24E	FY25E
YoY growth (%)					
Revenue	(3.3)	23.8	36.2	6.5	(3.0)
EBITDA	(3.7)	10.0	69.0	(3.3)	(0.6)
Adjusted EPS	(4.1)	9.4	65.0	(4.1)	(0.1)
Profitability & Return ratios (%)					
EBITDA margin	22.7	20.2	25.1	22.8	23.3
EBIT margin	19.5	17.6	23.1	20.7	20.8
Adjusted profit margin	19.6	17.4	21.0	19.0	19.5
Adjusted ROAE	14.2	13.8	19.8	16.6	14.8
ROCE	13.0	13.0	19.8	16.8	14.9
Working capital days (days)					
Receivables	81	82	80	80	80
Inventory	96	125	93	90	90
Payables	21	20	20	20	20
Ratios (x)					
Gross asset turnover	1.8	2.2	2.8	2.6	2.3
Current ratio	7.8	12.3	9.4	9.8	11.6
Net interest coverage ratio	130.8	163.3	83.1	89.1	74.6
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

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

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

Disclaimer

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

BUY – Expected return >+15%

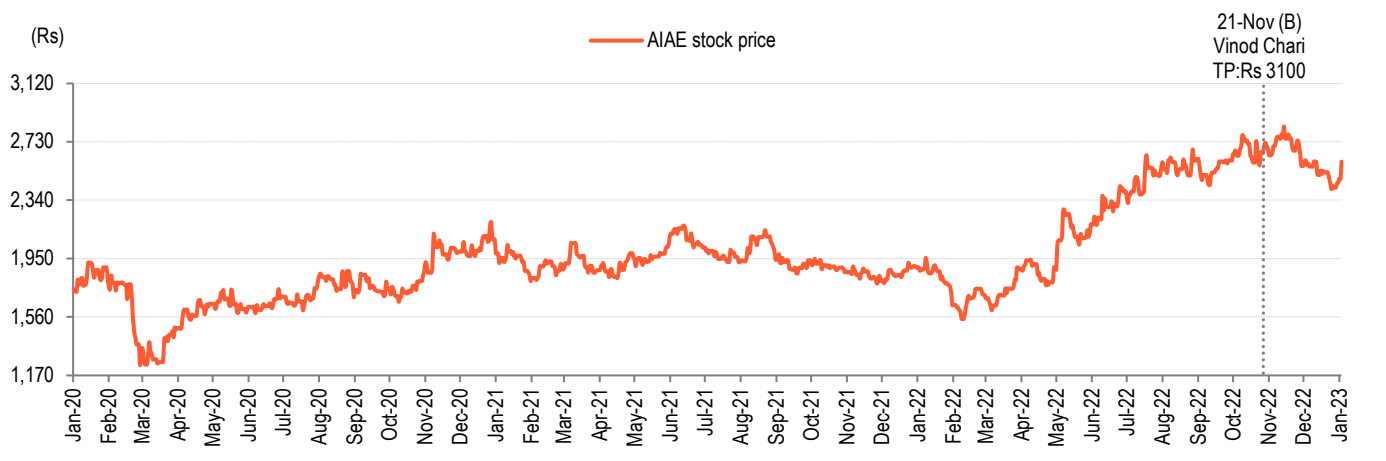
HOLD – Expected return from -6% to +15%

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): AIA ENGINEERING (AIAE 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, except for Research Analyst Vinod Chari having 55 shares of Larsen & Toubro (LT IN). 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.