

BUY

TP: Rs 595 | ▲ 25%

**GREENPANEL
INDUSTRIES**

| Construction Materials

| 09 June 2022

On a strong MDF-led growth trajectory – raise to BUY

- Well placed to capitalise on near-term MDF demand traction, with strong guidance of 15-18%/15% volume growth in FY23/FY24
- We retain revenue/EBITDA/PAT CAGR estimates at ~13%/11%/15% over FY22-FY24 backed by better MDF utilisation and operating leverage
- Current valuations appear attractive at 18.4x FY24E EPS – upgrade from HOLD to BUY, post correction with an unchanged TP of Rs 595

Ruchitaa Maheshwari
research@bobcaps.in

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

MDF volume growth guided at 15-18%/15% in FY23E/FY24E: Management expects MDF volume growth of 15-18% in FY23 and 15% in FY24. The company is poised to capitalise on steady near-term demand growth from the rising acceptance of MDF in India's readymade furniture market and the absence of major capacity additions in the industry during FY23 (beyond Rushil Décor's 240,000cbm expansion which has already been absorbed and CPBI's upcoming 130,000cbm addition in H1FY23). EBITDA margin is guided at 31-32% for FY23 vs. 31% in FY22.

Brownfield expansion planned at AP plant: The company plans to expand MDF capacity at its Andhra Pradesh plant by a tentative 180,000-240,000cbm and is in talks with vendors to finalise the capacity and capex in a month's time. The expansion is scheduled to come onstream by Q4FY24 or Q1FY25. GREENP expects the plant to reach ~60% capacity utilisation in FY25 and generate revenue of ~Rs 4bn, rising to Rs 5.5bn in FY26. Per management, this new capacity will generate revenue to the tune of Rs 7bn at optimal utilisation, targeted in FY27.

Plywood margin to remain at 10-11%: In order to counter higher raw material costs, GREENP took a 3% price hike in Jun'22. The company expects to have sale volumes of 10mn sqm in FY23 with a revenue potential of Rs 3bn, rising to 10.8mn sqm and Rs 3.2bn-3.3bn respectively in FY24. Management believes plywood operating margins will remain steady in the range of 10-11%.

Robust growth outlook with attractive valuations; upgrade to BUY: We expect ROCE to rise 200bps to 22.2% over FY22-FY24 led by better utilisation, sharp profit improvement, higher FCF generation and subsequent debt reduction. We continue to model for a revenue/EBITDA/PAT CAGR of ~13%/11%/15% over FY22-FY24. The stock is currently trading at 18.4x FY24E EPS and looks attractive in the wake of the recent correction. We upgrade our rating from HOLD to BUY while retaining our TP at Rs 595, based on 23x FY24E EPS – a 34% discount to CPBI.

Key changes

Target	Rating
◀ ▶	▲

Ticker/Price	GREENP IN/Rs 476
Market cap	US\$ 751.0mn
Free float	47%
3M ADV	US\$ 2.6mn
52wk high/low	Rs 626/Rs 215
Promoter/FPI/DII	53%/6%/41%

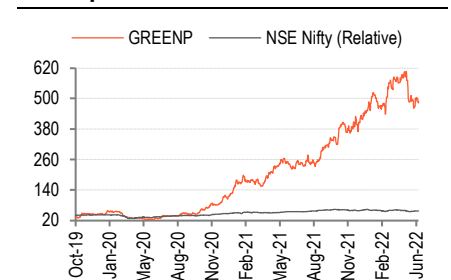
Source: NSE | Price as of 9 Jun 2022

Key financials

Y/E 31 Mar	FY22P	FY23E	FY24E
Total revenue (Rs mn)	16,250	18,543	20,553
EBITDA (Rs mn)	4,304	4,700	5,302
Adj. net profit (Rs mn)	2,405	2,673	3,171
Adj. EPS (Rs)	19.6	21.8	25.9
Consensus EPS (Rs)	19.6	22.3	25.6
Adj. ROAE (%)	28.6	25.6	25.4
Adj. P/E (x)	24.3	21.8	18.4
EV/EBITDA (x)	14.6	12.9	11.0
Adj. EPS growth (%)	197.6	11.2	18.6

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

Stock performance



Source: NSE



Other management meet takeaways

- **MDF exports to remain strong:** GREENP expects its MDF export share to remain high, at 20-22% of segmental volumes in FY23, totalling 125,000cbm (100,000cbm in FY24). The company estimates exports at 35,000cbm for Q1FY23. GREENP has significant exposure to the Middle East, South East Asia and Korea, among other markets. The UK accounts for >5% of its total exports. Going forward, exports will account to 15% once new capacity comes on-stream.
- **Near-term MDF export realisations to remain high:** Per management, export realisations have risen to Rs 23,700-23,800/cbm in Q1FY23 vs. Rs 22,240/cbm in Q4FY22. Management sees strong near-term trends and expects to close FY23 at Rs 23,700-24,000/cbm on the back of elevated but stable RM prices. If RM cost climbs, GREENP will take price hikes to counter the inflation which will raise realisations further going forward.
- **MDF imports negligible:** The company is witnessing negligible MDF imports at 6,000-7,000cbm per month. It does not expect any anti-dumping duty owing to the low level of imports.
- **3% price hike in plywood but none in MDF in Q1 to date:** Raw material accounts for ~40% of GREENP's revenue. Owing to relatively stable RM cost in Q1FY23, the company has not taken any price hikes in MDF. However, it raised plywood prices by 3% in June. Management indicated that if RM cost remains stable, it will refrain from hiking prices going forward.
- **Dealer additions:** As on Mar'22, the company's MDF dealers numbered at 1,784 and plywood dealers at 751. By FY23, it plans to add ~400 dealers in MDF and 40-50 in plywood.
- **Strong readymade furniture demand outlook:** As per management, direct institutional sales form 15% of total revenue, of which two-third comes from laminators and a third from furniture manufacturers. Of the balance 85% of revenue, 70% of demand comes from the commercial segment and 30% from residential. With the rising acceptance of readymade furniture among buyers, the company has witnessed strong demand in Q1FY23 thus far and expects the traction to continue.

Management highlighted that companies such as IKEA, Pepperfry, Urban Ladder, etc depend on imported furniture for 80-90% of their sales as very few vendors manufacture readymade furniture domestically. Once these companies start domestic manufacturing, GREENP believes it will further bolster demand and acceptability of MDF.

- **India's MDF capacity on the rise:** Per GREENP, total MDF capacity in India has risen from 1.9mn cbm in FY21 (demand: 1.5mn cbm) to 2.3mn cbm currently (demand: 1.7-1.8mn cbm). Capacity is expected to increase further to 2.43mn cbm in FY23 (demand: ~2mn cbm) and to 3mn cbm by FY24/FY25, with demand of ~2.5mn cbm.

- **Rising capacities could dampen margins in FY24:** As per management, the domestic MDF industry will see three large capacity addition projects totalling 650,000cbm coming onstream in H2FY24. While this added capacity will have lower utilisation in the first 12-18 months, there may be pressure on realisation and margins to the tune of ~3% in FY24.

Management reiterated that it does not anticipate any margin pressure in the near term as the industry has already absorbed Rushil Décor's recent 240,000cbm capacity add. Further, the company is hopeful that demand will be strong enough to absorb Century Plyboards' (CPBI) upcoming 130,000cbm capacity (H1FY23). With no other major capacity additions in FY23, GREENP does not foresee any margin or realisation pressure on MDF in the near term.

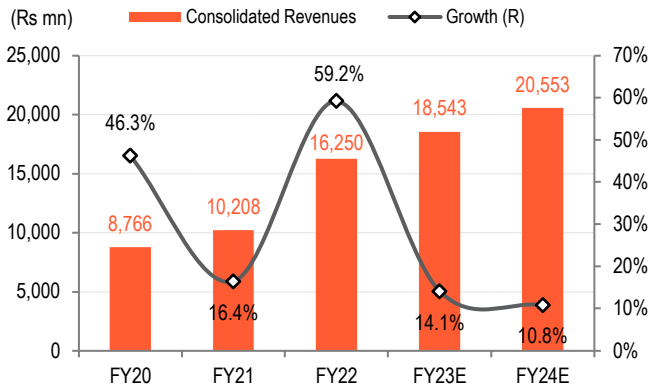
- **Debt position improving:** In FY22, GREENP's net debt stood at Rs 0.61bn. Management expects the company to be net debt-free in Jun'22 vs. the earlier guided range of Jun-Sep'22.
- **Working capital cycle to remain prudent:** The company has successfully strengthened its working capital cycle. Management expects FY23 inventory/debtor/creditor days at 43-45/10-12/30-35 with net working capital cycle at 12-22 days. Inventory days are likely to be slightly higher compared to FY22 as the company is stocking up RM inventory due to volatility in prices.

In FY21, inventory/debtor/creditor days stood at 55/28/47 days and the net working capital cycle was at 36 days. In FY22, this reduced to 38/10/32 days with the net working capital cycle at 16 days.

- **Foreign borrowings of EUR 19.6mn:** GREENP has foreign borrowings of EUR 19.6mn (EUR 22mn before payment of one instalment in Apr'22) from a German bank which are unhedged and will be paid over five years. The company intends to keep the positions unhedged.

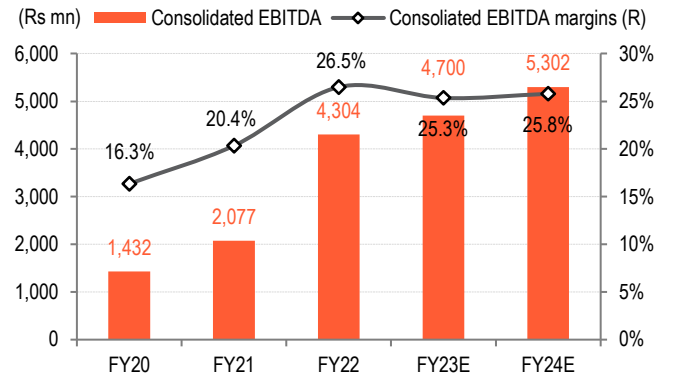
Growth trends

Fig 1 – Consolidated revenue growth



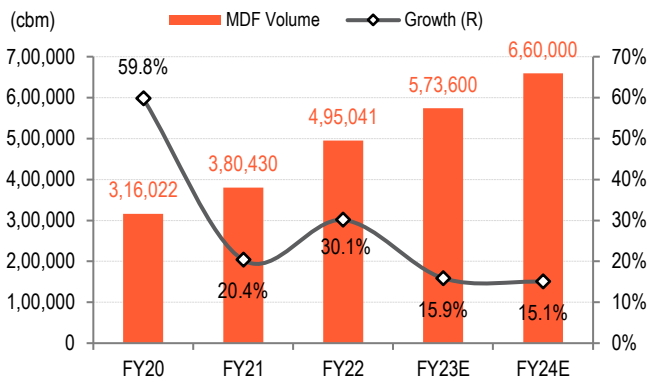
Source: Company, BOBCAPS Research

Fig 2 – Consolidated EBITDA margin



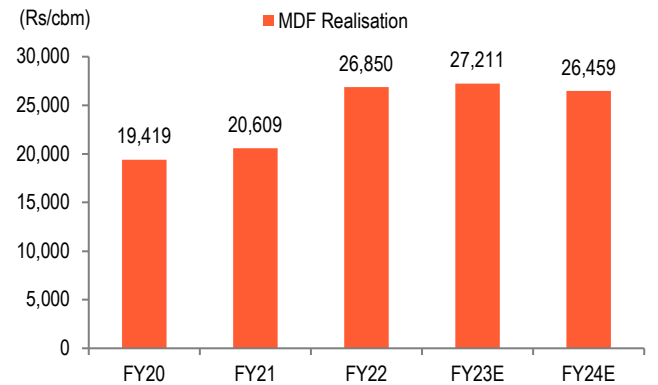
Source: Company, BOBCAPS Research

Fig 3 – MDF volumes



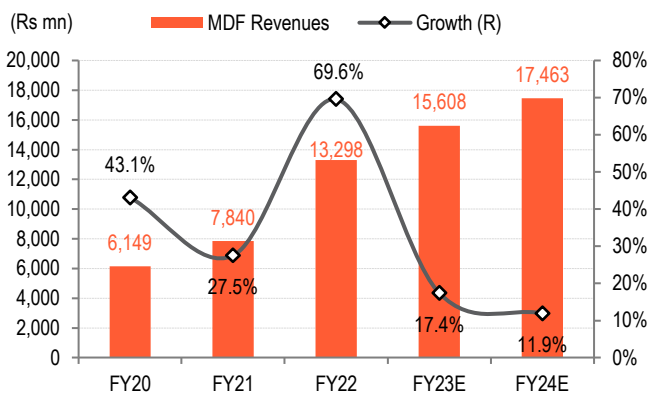
Source: Company, BOBCAPS Research

Fig 4 – MDF realisations



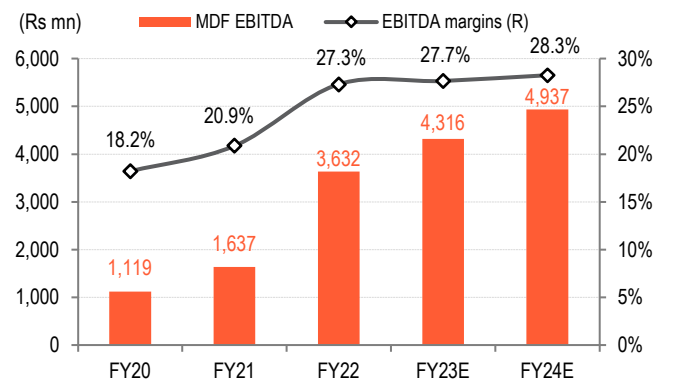
Source: Company, BOBCAPS Research

Fig 5 – MDF revenue growth



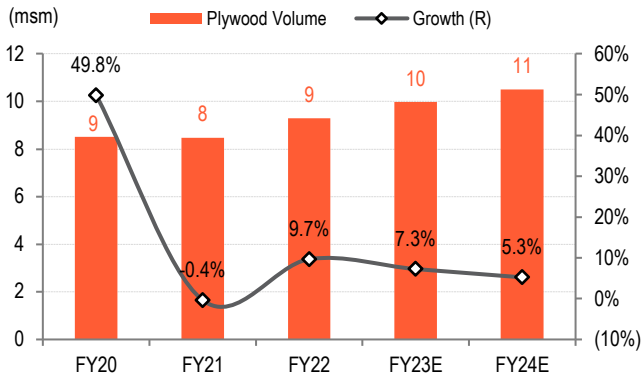
Source: Company, BOBCAPS Research

Fig 6 – MDF EBITDA margin



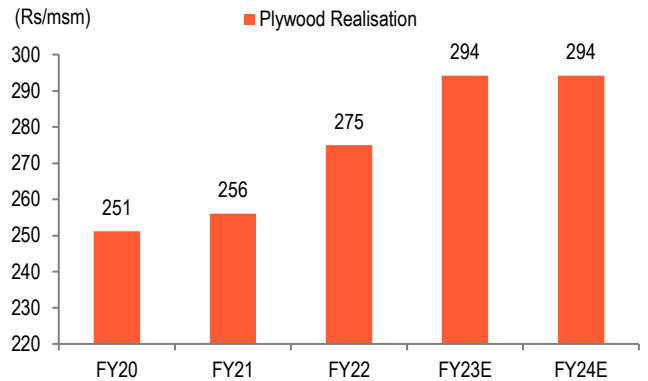
Source: Company, BOBCAPS Research

Fig 7 – Plywood volumes



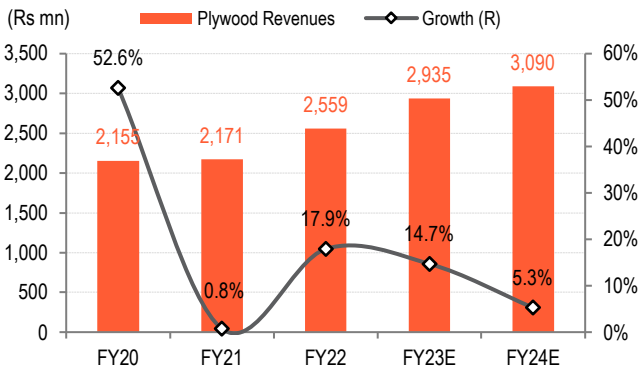
Source: Company, BOBCAPS Research

Fig 8 – Plywood realisations



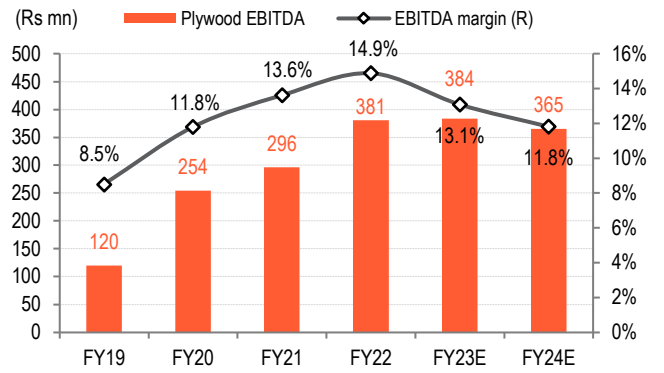
Source: Company, BOBCAPS Research

Fig 9 – Plywood revenue growth



Source: Company, BOBCAPS Research

Fig 10 – Plywood EBITDA margin



Source: Company, BOBCAPS Research

Valuation methodology

GREENP has strong growth prospects due to its leadership position in India's fast-growing MDF market, improving balance sheet and rising return ratios. We continue to model for a revenue/EBITDA/PAT CAGR of ~13%/11%/15% over FY22-FY24. The stock is currently trading at 18.4x FY24E EPS and looks attractive in the wake of the recent correction. We upgrade our rating from HOLD to BUY while retaining our TP at Rs 595, based on 23x FY24E EPS – a 34% discount to CPBI.

Fig 11 – Peer comparison

Company	Ticker	Rating	Target Price (Rs)	Revenue CAGR FY22-24E (%)	EPS (Rs)		ROCE (%)		Target P/E (x)
					FY23E	FY24E	FY23E	FY24E	
Kajaria Ceramics	KJC IN	BUY	1,460	15.9	29.6	36.5	19.7	23.1	40
Somany Ceramics	SOMC IN	BUY	835	13.8	23.6	36.1	9.7	14.0	23
Greenply Ind	MTLM IN	BUY	260	17.1	8.6	11.8	12.2	13.5	22
Century Plyboard	CPBI IN	BUY	735	16.9	18.1	21.0	20.9	20.5	35
Greenpanel Ind	GREENP	BUY	595	12.4	21.8	25.9	20.9	22.2	23
Cera Sanitaryware	CRS IN	BUY	5,715	16.5	138.5	163.3	14.9	15.8	35
Astral	ASTRA IN	BUY	2,205	16.5	29.1	35.5	21.6	21.7	62
Finolex Ind	FNXP IN	BUY	180	5.1	9.9	10.0	17.2	16.6	18
Supreme Ind	SI IN	BUY	2,400	6.4	76.4	82.1	19.1	18.1	29

Source: Company, BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- increasing competition from the informal sector,
- slowdown in economic revival and in housing demand,
- significant pick-up in MDF imports,
- steep fall in MDF margins and export realisations,
- sharp uptick in chemical and wood costs, and
- forex volatility given unhedged foreign borrowings.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Century Plyboards	CPBI IN	1.6	555	735	BUY
Cera Sanitaryware	CRS IN	0.7	4,183	5,715	BUY
Greenpanel Industries	GREENP IN	0.8	476	595	BUY
Greenply Industries	MTLM IN	0.3	179	260	BUY
Kajaria Ceramics	KJC IN	2.0	955	1,460	BUY
Pidilite Industries	PIDI IN	13.7	2,097	1,870	SELL
Somany Ceramics	SOMC IN	0.3	580	835	BUY

Source: BOBCAPS Research, NSE | Price as of 9 Jun 2022

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22P	FY23E	FY24E
Total revenue	8,766	10,208	16,250	18,543	20,553
EBITDA	1,432	2,077	4,304	4,700	5,302
Depreciation	(692)	(686)	(734)	(754)	(771)
EBIT	740	1,391	3,571	3,947	4,531
Net interest inc./(exp.)	(302)	(247)	(171)	(180)	(90)
Other inc./(exp.)	22	31	90	52	89
Exceptional items	(343)	(165)	0	0	0
EBT	460	1,175	3,489	3,819	4,530
Income taxes	28	(322)	(1,085)	(1,146)	(1,359)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	145	688	2,405	2,673	3,171
Adjustments	108	120	0	0	0
Adjusted net profit	253	808	2,405	2,673	3,171

Balance Sheet

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22P	FY23E	FY24E
Accounts payables	1,207	1,297	1,378	2,337	2,590
Other current liabilities	1,036	1,186	879	2,134	2,365
Provisions	120	96	141	185	206
Debt funds	5,611	4,469	2,826	1,712	532
Other liabilities	69	202	682	682	1,226
Equity capital	123	123	123	123	123
Reserves & surplus	6,494	7,181	9,394	11,258	13,470
Shareholders' fund	6,616	7,304	9,516	11,381	13,593
Total liab. and equities	14,658	14,552	15,424	18,432	20,512
Cash and cash eq.	115	720	2,226	2,802	4,714
Accounts receivables	705	778	414	1,473	1,633
Inventories	1,539	1,494	1,658	2,794	3,097
Other current assets	1,131	783	743	1,524	1,689
Investments	0	0	0	0	0
Net fixed assets	11,107	10,741	10,380	9,776	9,315
CWIP	57	36	0	60	61
Intangible assets	4	2	2	2	2
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	14,658	14,552	15,424	18,432	20,512

Cash Flows

Y/E 31 Mar (Rs mn)	FY20A	FY21A	FY22P	FY23E	FY24E
Cash flow from operations	720	2,158	3,368	2,889	3,909
Capital expenditures	(242)	(127)	(337)	(210)	(311)
Change in investments	0	0	0	0	0
Other investing cash flows	0	0	481	0	544
Cash flow from investing	(242)	(127)	144	(210)	232
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(255)	(1,142)	(1,642)	(1,114)	(1,180)
Interest expenses	(302)	(247)	(171)	(180)	(90)
Dividends paid	(44)	(208)	(1,698)	(809)	(959)
Other financing cash flows	(4)	(37)	0	0	0
Cash flow from financing	(605)	(1,634)	(3,512)	(2,103)	(2,229)
Chg in cash & cash eq.	(127)	396	0	576	1,912
Closing cash & cash eq.	72	512	720	2,802	4,714

Per Share

Y/E 31 Mar (Rs)	FY20A	FY21A	FY22P	FY23E	FY24E
Reported EPS	1.2	5.6	19.6	21.8	25.9
Adjusted EPS	2.1	6.6	19.6	21.8	25.9
Dividend per share	0.3	1.4	4.9	5.5	6.5
Book value per share	54.0	59.6	77.6	92.8	110.8

Valuations Ratios

Y/E 31 Mar (x)	FY20A	FY21A	FY22P	FY23E	FY24E
EV/Sales	7.0	6.3	3.9	3.3	2.8
EV/EBITDA	42.8	30.8	14.6	12.9	11.0
Adjusted P/E	230.9	72.3	24.3	21.8	18.4
P/BV	8.8	8.0	6.1	5.1	4.3

DuPont Analysis

Y/E 31 Mar (%)	FY20A	FY21A	FY22P	FY23E	FY24E
Tax burden (Net profit/PBT)	216.0	80.0	68.9	70.0	70.0
Interest burden (PBT/EBIT)	15.8	72.6	97.7	96.8	100.0
EBIT margin (EBIT/Revenue)	8.4	13.6	22.0	21.3	22.0
Asset turnover (Rev./Avg TA)	60.0	69.9	108.4	109.5	105.5
Leverage (Avg TA/Avg Equity)	2.2	2.1	1.8	1.6	1.6
Adjusted ROAE	3.9	11.6	28.6	25.6	25.4

Ratio Analysis

Y/E 31 Mar	FY20A	FY21A	FY22P	FY23E	FY24E
YoY growth (%)					
Revenue	46.3	16.4	59.2	14.1	10.8
EBITDA	84.8	45.1	107.2	9.2	12.8
Adjusted EPS	11.0	219.4	197.6	11.2	18.6
Profitability & Return ratios (%)					
EBITDA margin	16.3	20.4	26.5	25.3	25.8
EBIT margin	8.4	13.6	22.0	21.3	22.0
Adjusted profit margin	2.9	7.9	14.8	14.4	15.4
Adjusted ROAE	3.9	11.6	28.6	25.6	25.4
ROCE	6.0	7.9	20.4	21.7	23.3
Working capital days (days)					
Receivables	24	27	13	19	28
Inventory	134	120	86	103	124
Payables	50	56	41	49	59
Ratios (x)					
Gross asset turnover	0.6	0.7	1.1	1.2	1.4
Current ratio	1.0	1.1	1.4	1.8	2.1
Net interest coverage ratio	2.5	5.6	20.9	21.9	50.5
Adjusted debt/equity	0.8	0.5	0.1	(0.1)	(0.3)

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

Disclaimer

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

BUY – Expected return >+15%

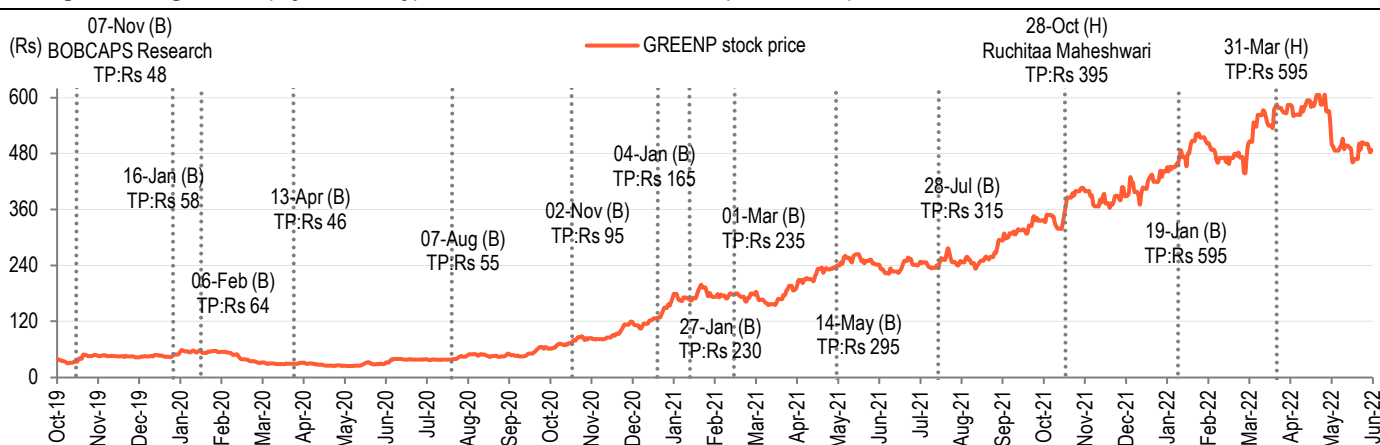
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): GREENPANEL INDUSTRIES (GREENP IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

Rating distribution

As of 31 May 2022, out of 116 rated stocks in the BOB Capital Markets Limited (BOBCAPS) coverage universe, 69 have BUY ratings, 25 have HOLD ratings, 5 are rated ADD*, 1 is rated REDUCE* and 16 are rated SELL. One company rated ADD has been an investment banking client in the last 12 months. (*Our ADD and REDUCE ratings are in the process of being migrated to the new recommendation structure.)

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 BOBCAPS.

General disclaimers

BOBCAPS is engaged in the business of Institutional 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 where such an offer or solicitation would be illegal. 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.

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 act as market makers or 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.

In the US, this material is only for Qualified Institutional Buyers as defined under rule 144(a) of the Securities Act, 1933. No part of this document may be distributed in Canada or used by private customers in the United Kingdom.

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 in the past 12 months. 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.