

BUY
 TP: Rs 2,895 | ▲ 17%

HINDUSTAN UNILEVER

Consumer Staples

20 January 2024

Volume growth subdued in a challenging environment

- Delayed rural recovery and elevated competition from regional players impacted volume recovery in Q3
- Gross margin up 400bps YoY but higher A&P spend depletes EBITDA margin
- Maintain BUY with revised TP of Rs 2,895 (earlier Rs 3,069), assigning a target P/E of 51.5x on FY26E (earlier 52.5x on FY25E)

Vikrant Kashyap
 research@bobcaps.in

Volume growth fails to pick up: HUVR’s underlying volume growth (UVG) was flat sequentially at 2% in Q3FY24 as heightened competition from regional players and delayed recovery in rural markets constrained sales. Consolidated revenue was also flat at Rs 155.7bn, below our expectations of 2.1% YoY growth largely due to price corrections taken in key portfolios. Urban volumes continued to grow ahead of rural and premium products and clocked 2.5x higher growth than the mass category as on 9MFY24. The company’s gross margin expanded 400bps YoY, but EBITDA margin slipped 20bps amid a spike in brand investments, with A&P spend stepped up by 270bps.

Key categories deliver modest growth: On a YoY basis in Q3, HUVR’s home care (HC) and beauty & personal care (BPC) segment volumes grew in mid-single-digits, while foods & refreshment (F&R) declined in low-single-digits, though underlying sales growth for both segments stayed flat. Household care and fabric wash reported low- to mid-single-digit volume growth. Skin cleansing declined due to price cuts, and oral care reported mid-single-digit growth led by *Closeup* toothpaste. The tea business saw a muted performance owing to continuous downtrading in the category.

Innovation remains a focus area: HUVR continues to strengthen its core portfolio by launching new products across segments. In the BPC segment, its launches during Q3 included *Glow & Lovely Powder* finish crème, a new active skin barrier care range by *Simple*, *Sunsilk* hair serums, a *Closeup* naturals range and *Lakme*’s range of make-up products. In F&R, HUVR strengthened its portfolio by launching *Knorr* Korean K-Pot noodles and *Bru Gold* in three flavours.

Maintain BUY: HUVR’s volume and value growth remained weak in a challenging environment amid elevated regional competition and delayed rural recovery. We cut our FY24/FY25 EPS expectations by 12%/14% to build in slower volumes and lower margins. We now introduce FY26 estimates and roll valuations forward, translating to a new TP of Rs 2,895 (earlier Rs 3,069), based on a target P/E 51.5x on FY26E (vs. 52.5x on FY25E earlier), and retain BUY. Our multiple is in-line with the long-term mean.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	HUVR IN/Rs 2,469
Market cap	US\$ 70.6bn
Free float	38%
3M ADV	US\$ 47.4mn
52wk high/low	Rs 2,770/Rs 2,393
Promoter/FPI/DII	62%/14%/24%

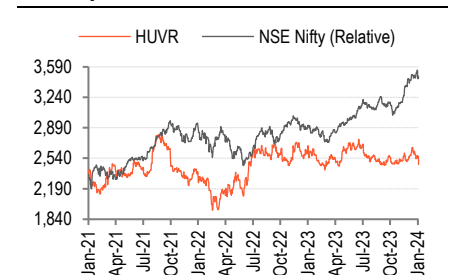
Source: NSE | Price as of 20 Jan 2024

Key financials

Y/E 31 Mar	FY23A	FY24E	FY25E
Total revenue (Rs mn)	605,800	621,718	673,056
EBITDA (Rs mn)	141,490	148,446	166,661
Adj. net profit (Rs mn)	101,600	104,643	117,759
Adj. EPS (Rs)	43.2	44.5	50.1
Consensus EPS (Rs)	43.2	44.8	50.7
Adj. ROAE (%)	20.4	20.5	22.6
Adj. P/E (x)	57.1	55.4	49.3
EV/EBITDA (x)	41.0	39.1	34.8
Adj. EPS growth (%)	14.1	2.7	13.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

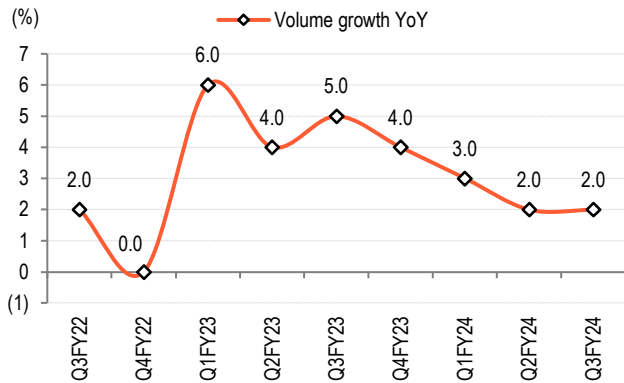


Fig 1 – Financial performance

(Rs mn)	Q3FY24	Q2FY24	Q3FY23	QoQ (%)	YoY (%)	Estimates	Variance (%)
Revenue	155,670	156,230	155,970	(0.4)	(0.2)	159,312	(2.3)
EBITDA	36,660	37,970	36,940	(3.5)	(0.8)	37,120	(1.2)
Adj. PAT	25,380	26,610	25,770	(4.6)	(1.5)	26,262	(3.4)
Gross Margin (%)	52.0	53.0	48.0	(100bps)	400bps	51.6	40bps
EBITDA Margin (%)	23.5	24.3	23.7	(80bps)	(20bps)	23.3	20bps
Adj. PAT Margin (%)	16.3	17	16.5	(70bps)	(20bps)	16.5	(20bps)

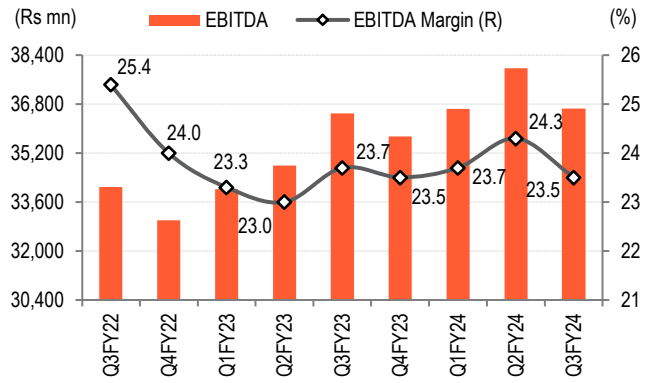
Source: Company, BOBCAPS Research

Fig 2 – Underlying volume growth



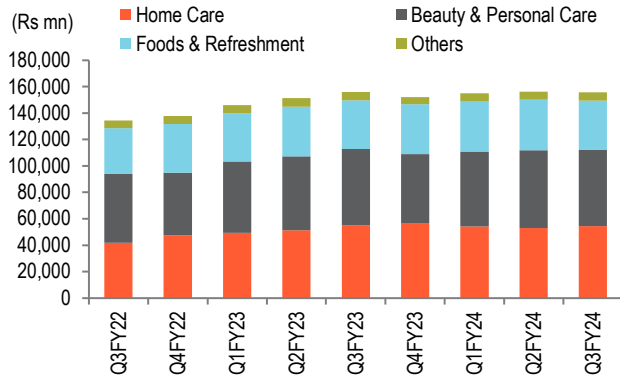
Source: Company, BOBCAPS Research

Fig 3 – EBITDA and margin



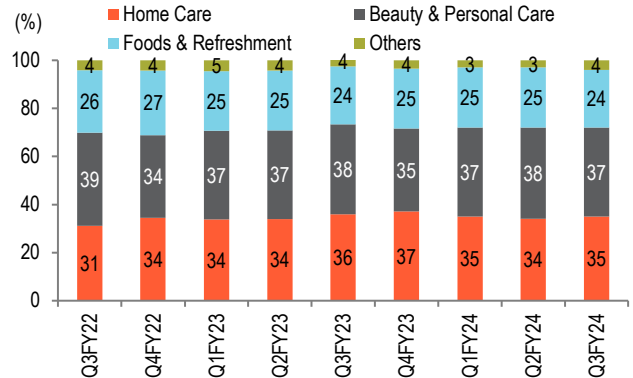
Source: Company, BOBCAPS Research

Fig 4 – Segment revenue



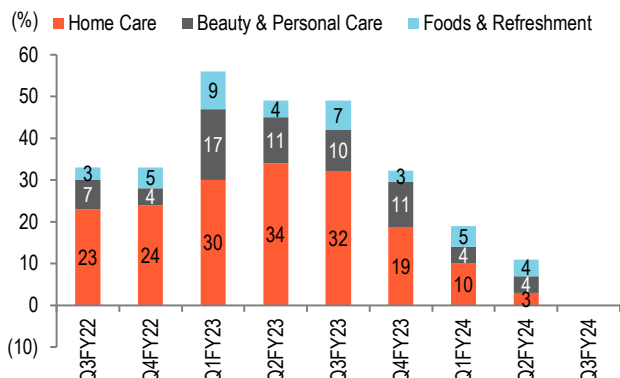
Source: Company, BOBCAPS Research

Fig 5 – Segment revenue contribution



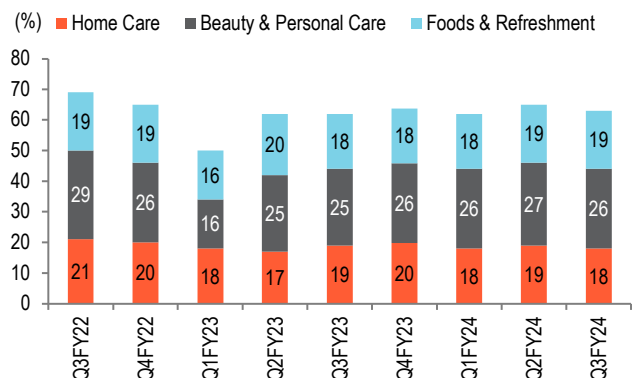
Source: Company, BOBCAPS Research

Fig 6 – Segment growth YoY



Source: Company, BOBCAPS Research

Fig 7 – Segment EBIT margin



Source: Company, BOBCAPS Research

Earnings call highlights

- HUVR expects gradual recovery in demand driven by increased government spending, recovery in winter crop sowing and better crop realisation. Rural income growth and winter crop yields will be key factors to determine the pace of recovery.
- The company continues to focus on driving competitive volume growth whilst stepping up investments behind brands and long-term strategic priorities. Management remains confident of the mid- to long-term potential of the Indian FMCG sector and believes HUVR remains well positioned to unlock this opportunity while navigating the short-term challenges.
- Volumes sold through the modern trade channel grew in double digits during Q3FY24, continuing to outpace general trade. The company's premium product volumes grew at 2.5x that of mass products. [assume this data is for HUVR not for industry – if for industry, pls specify]
- HUVR posted UVG of 2% YoY and QoQ in Q3. HC and BPC which constitute ~75% of the business continued to see volume recovery with mid-single-digit UVG YoY.
- F&R, on the other hand, saw a low-single-digit YoY decline in UVG primarily due to pricing corrections during the year to offset the impact of higher commodity cost.
- Fabric wash volumes grew in mid-single digits YoY driven by outperformance in the premium portfolio. Household care volumes grew in low single digits led by dishwash.
- Skin cleansing revenue declined due to the impact of price reductions taken to pass on the benefits of lower commodity costs to consumers. Market development actions in bodywash continue to yield good results.
- A delayed winter impacted the performance of the skin care business during Q3 while the premium non-winter portfolio continued to do well. Hair care delivered double-digit volume growth YoY with a broad-based performance across brands and future formats continuing to gain traction.
- Deflation in tea continued during Q3. Consumers continued to downtrade, though HUVR maintained its value and volume leadership as well as market share.
- Coffee volumes grew in double digits YoY driven by pricing. The health food drinks (HFD) segment delivered competitive, modest price-led growth driven by the *Plus* range. Foods solutions, mayonnaise and peanut butter continued to clock strong growth while ice cream grew in mid-single digits on a high base.
- Beginning Q1FY25, the BPC business will transition into two independent business units, namely (i) beauty and well-being and (ii) personal care, in order to help scale up the businesses, improve efficiency and develop a full portfolio of prestige brands.
 - Beauty and well-being will house skin care, premium beauty, hair care, colour cosmetics, and the health and well-being categories.
 - Personal care will include skin cleansing, oral care, and deodorants.

- Market penetration of *Horlicks* and *Boost* has increased by 600bps YoY. Both brands had witnessed a drop in consumption due to higher milk prices which HUVR expects to improve as milk rates have softened. The company is also focusing on driving HFD consumption in monsoon and winter.
- HUVR's *Plus* versions are doing well in the premium HFD segment. In the south and east, penetration is at 40%, though it is lower in the north and west.
- The company has changed its margin structure to incentivise distributors in large cities to improve sales & services and ensure faster delivery with a focus on market development, which could result in better volumes and distributor earnings.

Valuation methodology

HUVR's volume and value growth remained weak during Q3FY24 in a challenging environment marked by elevated regional competition and delayed rural recovery. However, the company continues to drive category development, innovation and premiumisation across product categories.

We cut our FY24/FY25 revenue expectations by 3%/5% and EPS expectations by 12%/14% to build in slower volume recovery and lower margins owing to increased spending on advertising and promotions. We also introduce FY26 estimates and roll valuations forward, translating to a new TP of Rs 2,895 (vs. Rs 3,069), based on a target P/E 51.5x on FY26E (vs. 52.5x on FY25E) – in-line with the long-term mean. The stock is currently trading at 49.3x/43.9x FY25E/FY26E EPS. Maintain BUY.

Fig 8 – Revised estimates

(Rs mn)	New			Old		Change (%)	
	FY24E	FY25E	FY26E	FY24E	FY25E	FY24E	FY25E
Revenue	621,718	673,056	744,415	641,512	710,474	(3.1)	(5.3)
EBITDA	148,446	166,661	187,226	166,730	193,320	(11.0)	(13.8)
PAT	104,643	117,759	132,111	118,302	137,386	(11.5)	(14.3)
EPS (Rs)	44.2	50.1	56.2	50.2	58.5	(12.0)	(14.4)

Source: BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- continued stress in underlying volume growth, and
- sustained food inflation.

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
Britannia Industries	BRIT IN	15.1	5,166	5,844	BUY
Dabur India	DABUR IN	11.6	538	669	BUY
Hindustan Unilever	HUVR IN	70.6	2,469	2,895	BUY
ITC	ITC IN	70.8	468	523	BUY
Marico	MRCO IN	8.2	524	646	BUY
Nestle India	NEST IN	2.9	2,480	2,826	BUY
Zydus Wellness	ZYWL IN	1.3	1,620	1,556	HOLD

Source: BOBCAPS Research, NSE | Price as of 20 Jan 2024

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Total revenue	524,460	605,800	621,718	673,056	744,415
EBITDA	128,570	141,490	148,446	166,661	187,226
Depreciation	10,910	11,370	11,802	12,658	14,083
EBIT	117,660	130,120	136,644	154,003	173,143
Net interest inc./(exp.)	1,060	1,140	2,595	2,724	2,860
Other inc./(exp.)	2,580	5,120	7,480	7,854	8,247
Exceptional items	(440)	(640)	(730)	0	0
EBT	118,740	133,460	140,799	159,133	178,529
Income taxes	29,870	32,010	36,856	41,375	46,418
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	130	230	30	32	33
Reported net profit	88,740	101,220	103,913	117,759	132,111
Adjustments	(440)	(640)	(730)	0	0
Adjusted net profit	89,180	101,600	104,643	117,759	132,111

Balance Sheet

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Accounts payables	90,680	95,740	90,554	97,551	107,638
Other current liabilities	6,650	7,640	7,841	8,488	9,388
Provisions	19,260	17,520	17,878	19,033	20,639
Debt funds	0	980	980	980	980
Other liabilities	97,710	103,770	106,414	114,942	126,795
Equity capital	2,350	2,350	2,350	2,350	2,350
Reserves & surplus	488,520	502,870	513,291	525,067	538,278
Shareholders' fund	490,870	505,220	515,641	527,417	540,628
Total liab. and equities	705,170	730,870	739,309	768,411	806,068
Cash and cash eq.	38,460	46,780	43,246	60,747	82,809
Accounts receivables	22,360	30,790	31,599	34,208	37,835
Inventories	40,960	42,510	40,208	43,314	47,793
Other current assets	25,190	28,680	29,430	31,851	35,215
Investments	35,210	28,820	38,839	38,899	38,982
Net fixed assets	61,690	69,490	71,798	73,947	76,241
CWIP	13,130	11,320	11,320	11,320	11,320
Intangible assets	279,070	282,630	282,630	282,630	282,630
Deferred tax assets, net	110	100	103	111	123
Other assets	188,990	189,750	190,137	191,385	193,120
Total assets	705,170	730,870	739,309	768,411	806,068

Cash Flows

Y/E 31 Mar (Rs mn)	FY22A	FY23A	FY24E	FY25E	FY26E
Cash flow from operations	90,480	99,910	116,409	141,075	160,284
Capital expenditures	(12,250)	(11,740)	(13,678)	(14,807)	(16,377)
Change in investments	(7,910)	(3,670)	(10,000)	0	0
Other investing cash flows	1,580	2,600	0	0	0
Cash flow from investing	(17,280)	(14,940)	(23,696)	(14,867)	(16,461)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	780	0	0	0
Interest expenses	(820)	(880)	(2,595)	(2,724)	(2,860)
Dividends paid	(75,260)	(84,740)	(93,522)	(105,983)	(118,900)
Other financing cash flows	(4,070)	(4,690)	0	0	0
Cash flow from financing	(80,150)	(89,530)	(96,116)	(108,707)	(121,761)
Chg in cash & cash eq.	(6,950)	(4,560)	(3,404)	17,500	22,063
Closing cash & cash eq.	11,470	7,010	3,606	21,107	43,169

Per Share

Y/E 31 Mar (Rs)	FY22A	FY23A	FY24E	FY25E	FY26E
Reported EPS	37.8	43.1	44.2	50.1	56.2
Adjusted EPS	37.9	43.2	44.5	50.1	56.2
Dividend per share	32.0	36.0	39.8	45.1	50.6
Book value per share	208.9	215.0	219.4	224.4	230.1

Valuations Ratios

Y/E 31 Mar (x)	FY22A	FY23A	FY24E	FY25E	FY26E
EV/Sales	11.1	9.6	9.3	8.6	7.8
EV/EBITDA	45.1	41.0	39.1	34.8	31.0
Adjusted P/E	65.1	57.1	55.4	49.3	43.9
P/BV	11.8	11.5	11.3	11.0	10.7

DuPont Analysis

Y/E 31 Mar (%)	FY22A	FY23A	FY24E	FY25E	FY26E
Tax burden (Net profit/PBT)	74.7	75.8	73.8	74.0	74.0
Interest burden (PBT/EBIT)	100.9	102.6	103.0	103.3	103.1
EBIT margin (EBIT/Revenue)	22.4	21.5	22.0	22.9	23.3
Asset turnover (Rev./Avg TA)	74.4	82.9	84.1	87.6	92.4
Leverage (Avg TA/Avg Equity)	1.4	1.4	1.4	1.5	1.5
Adjusted ROAE	18.1	20.0	20.2	22.3	24.4

Ratio Analysis

Y/E 31 Mar	FY22A	FY23A	FY24E	FY25E	FY26E
YoY growth (%)					
Revenue	11.5	15.5	2.6	8.3	10.6
EBITDA	10.6	10.0	4.9	12.3	12.3
Adjusted EPS	11.0	14.1	2.7	13.3	12.2
Profitability & Return ratios (%)					
EBITDA margin	24.5	23.4	23.9	24.8	25.2
EBIT margin	22.4	21.5	22.0	22.9	23.3
Adjusted profit margin	17.0	16.8	16.8	17.5	17.7
Adjusted ROAE	18.4	20.4	20.5	22.6	24.7
ROCE	15.1	16.4	16.3	17.9	19.5
Working capital days (days)					
Receivables	14	16	18	18	18
Inventory	54	48	50	47	47
Payables	127	107	113	106	105
Ratios (x)					
Gross asset turnover	0.7	0.8	0.8	0.8	0.8
Current ratio	1.4	1.4	1.5	1.6	1.7
Net interest coverage ratio	111.0	114.1	52.7	56.5	60.5
Adjusted debt/equity	0.0	0.2	0.2	0.2	0.2

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

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

Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**



Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

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

BUY – Expected return >+15%

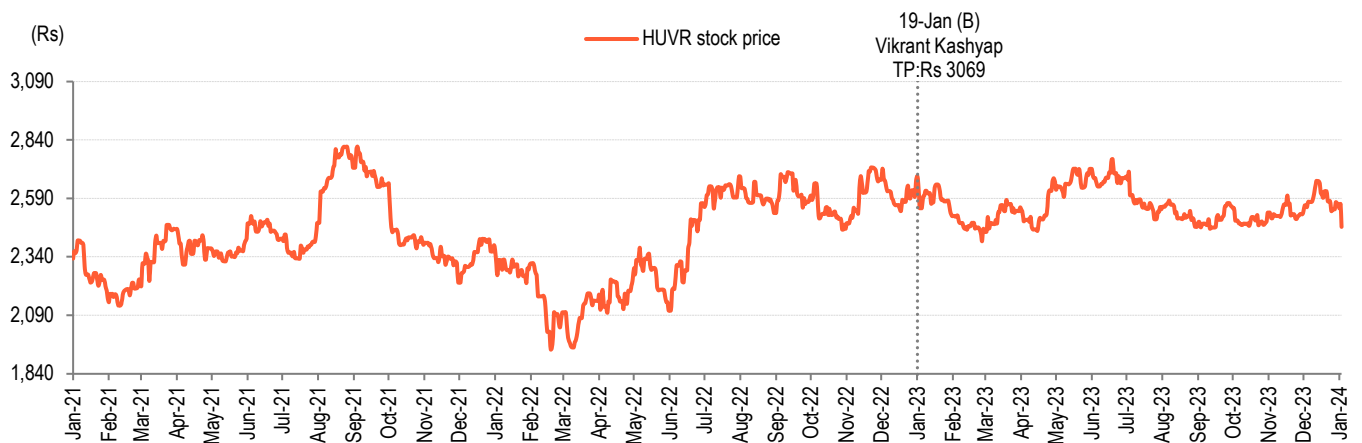
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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

Ratings and Target Price (3-year history): HINDUSTAN UNILEVER (HUVR 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 Malaysian 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.