

BUY

TP: Rs 210 | ▲ 26%

NTPC

| Power

| 30 January 2023

Another strong quarter

- Q3 revenue (+43% YoY) a beat and PAT in line; on track for 18GW capacity addition over 3Y at projected Rs 750bn capex
- Renewable energy monetisation likely by end-FY23; valuation multiple the key monitorable
- Under-recoveries targeted to halve next quarter; retain NTPC as top pick with unchanged TP of Rs 210

Anupam Goswami
research@bobcaps.in

Strong results: NTPC reported robust standalone Q3FY23 revenue growth of 43% YoY to Rs 414bn (Rs 397bn including regulated income), beating our estimates, led by a 3% increase in units sold and a 1% rise in realisation. Higher revenue also included a one-time reversal of the regulatory deferral account. Standalone net profit stood at Rs 44.8bn (+8% YoY). Consolidated revenue was at Rs 446bn (+34% YoY) and net profit at Rs 48bn (+5%).

Operational performance flat: During the quarter, NTPC sold 73BU, an increase of 3% YoY. For 9MFY23, the company's PLF stood at 74.5% while the all-India average was at 63%. Coal consumption during Q3 was down 2.6% YoY to 54MT.

Lower under-recoveries: The company has brought fixed cost under-recovery down to Rs 6bn in 9MFY23 vs. Rs 6.9bn in 9MFY22, with a deeper reduction to Rs 3bn targeted in Q4FY23. We expect this to improve profitability and return ratios.

Steady growth in capacity addition: Installed capacity at the group level has increased by 3.1GW YoY and 630MW QoQ. The company indicated that it is on track to meet its previous guidance of adding 18GW of capacity over the next three years at a capex of ~Rs 750bn (12GW brownfield thermal, 4.8GW renewable and 1.2GW hydro). The company is also contemplating a foray into nuclear energy and aims to set up 4.2GW of nuclear capacity by 2035.

Maintain BUY: NTPC's strong Q3 print exceeded our revenue estimate and was in-line at the net profit level. Apart from near-term triggers, we believe the company is well placed to tap growth opportunities over the long term, mainly given its competitive, low-cost debt. NTPC remains our top pick in the utility space as the best transition play from the regulated (bulk thermal power) business to the green energy business. The stock is currently trading at 1x FY25E P/B. We maintain BUY with an unchanged SOTP-based TP of Rs 210, implying an FY25E P/B of 1.25x, based on improving ROE and transition to cleaner energy.

Key changes

Target	Rating
◀▶	◀▶

Ticker/Price	NTPC IN/Rs 166
Market cap	US\$ 19.8bn
Free float	49%
3M ADV	US\$ 22.8mn
52wk high/low	Rs 183/Rs 124
Promoter/FPI/DII	51%/16%/33%

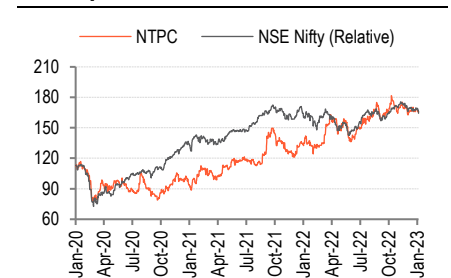
Source: NSE | Price as of 27 Jan 2023

Key financials

Y/E 31 Mar	FY22A	FY23E	FY24E
Total revenue (Rs mn)	13,41,558	15,74,736	16,11,718
EBITDA (Rs mn)	4,17,660	4,56,131	4,55,618
Adj. net profit (Rs mn)	1,66,759	1,75,963	1,79,983
Adj. EPS (Rs)	17.2	18.1	18.6
Consensus EPS (Rs)	17.2	18.7	19.1
Adj. ROAE (%)	12.3	12.2	11.8
Adj. P/E (x)	9.7	9.2	9.0
EV/EBITDA (x)	8.6	8.0	8.4
Adj. EPS growth (%)	14.2	5.5	2.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance

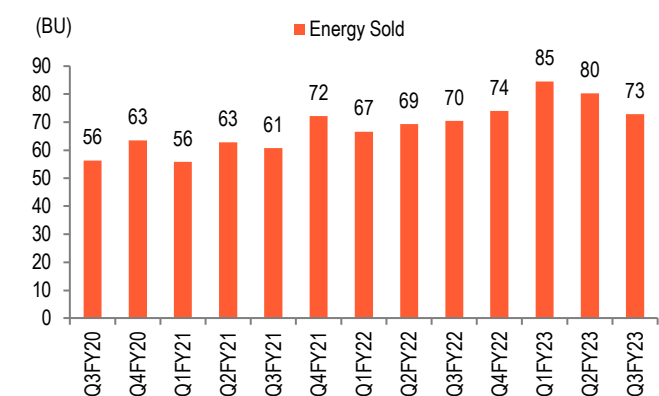
Particulars (Rs mn)	Q3FY23	Q3FY22	YoY (%)	Q2FY23	QoQ (%)
Revenue	3,96,770	2,88,077	37.7	4,18,273	(5.1)
EBITDA	1,15,057	90,048	27.8	1,03,338	11.3
EBITDA margin (%)	29.0	31.3	(226bps)	24.7	429bps
Depreciation	33,121	28,914	14.6	32,872	0.8
Interest	28,744	17,338	65.8	27,371	5.0
Other Income	7,383	9,723	(24.1)	7,958	(7.2)
Exceptional item	-	-	-	-	0.0
PBT	60,575	53,520	13.2	51,053	18.7
Tax	15,812	12,200	29.6	17,741	(10.9)
Reported PAT	44,763	41,320	8.3	33,312	34.4
Adjusted PAT	44,763	41,320	8.3	33,312	34.4
Adj. PAT margin (%)	11.3	14.3	(-306bps)	8.0	332bps
EPS (Rs)	6.4	4.4	45.8	2.6	146.2

Source: Company, BOBCAPS Research

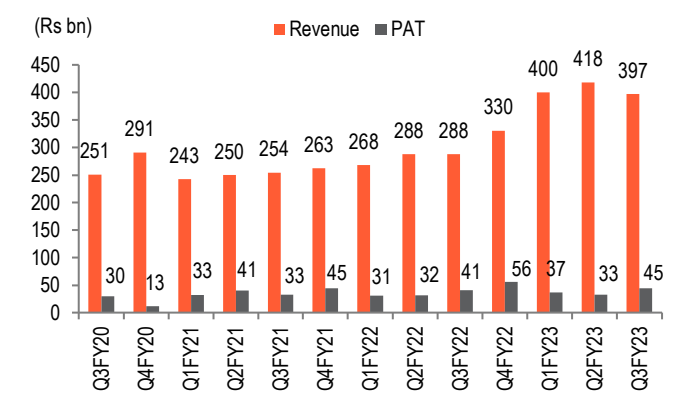
Fig 2 – Actual vs. Estimates

Particulars (Rs mn)	Actual	Estimate	Variance (%)
Revenue	3,96,770	3,74,528	5.9
EBITDA	1,15,057	96,743	18.9
EBITDA margin (%)	29.0	25.8	317bps
Adjusted PAT	44,763	45,303	(1.2)

Source: Company, BOBCAPS Research

Fig 3 – Energy sold

Source: Company, BOBCAPS Research

Fig 4 – Operating performance

Source: Company, BOBCAPS Research

Earnings call highlights

- Management indicated that NTPC is on track to add 18GW of capacity over the next three years. This includes ~12GW of brownfield thermal energy, 4.8GW of renewable energy and 1.2GW of hydropower. Capex is planned at ~Rs 250bn each year for a total of Rs 750bn. Furthermore, ~42GW of additional capacity is in the planning stage, of which 36GW will comprise renewable energy.
- NTPC is foraying into nuclear energy and aims to set up 4.2GW of capacity by 2035.
- Monetisation of subsidiary NTPC Green Energy is on track, and management expects completion by end-FY23. Currently, 2GW is operational and 5GW is under construction.
- Fixed cost under-recovery has decreased slightly in 9MFY23 to Rs 6bn compared to Rs 7bn in the corresponding year-ago period. Management is targeting a sharp reduction to Rs 3bn by end-FY23.
- Subsidiary profit has dipped to Rs 13bn in Q3FY23 due to high gas prices in joint venture company Hindustan Urvarak & Rasaya (HURL). Owing to lower late payment surcharge, overall JV profit came in at Rs 4.8bn in Q3 compared to Rs 8.3bn in the corresponding period last year.
- Management believes peak power demand could cross 230GW in Q1FY24 but sees no risk to its coal supplies as yet.

Valuation methodology

Apart from near-term triggers, we believe NTPC is well placed to tap growth opportunities over the long term, mainly given its competitive, low-cost debt and cash-generating unit (CGU) status. The company remains our top pick in the utility space as the best transition play from the regulated (bulk thermal power) business to the green energy business.

NTPC aims to monetise its 7GW renewable energy portfolio by selling 10-20% stake in subsidiary NTPC Green Energy. The valuation for this transaction would be a key monitorable. Higher profit visibility post brownfield project commissioning in the regulated thermal business, implementation of flue gas desulphurisation (FGD) through FY22-FY25, and future growth potential in renewables give the company a strong advantage over other Indian power generation players, in our view.

The stock is currently trading at 1.0x FY25E P/B. We maintain BUY with an unchanged SOTP-based TP of Rs 210, implying an FY25E P/B of 1.25x, based on improving ROE and transition to cleaner energy.

Fig 5 – SOTP valuation

Segment (Rs mn)	FY25E regulated equity (NTPC's share; Rs mn)	Stake (%)	ROE (%)	P/BV (x)	Equity Value (Rs mn)	Value/share (Rs)
Standalone	9,66,050	100	16.0	1.4	13,71,791	141
NEEPCO	54,122	100	12.5	1.2	64,946	7
Kanti Bijlee	13,411	100	14.0	1.2	16,094	2
Nabinagar	23,121	100	12.0	1.1	25,433	3
THDC	25,805	74	18.5	1.5	38,708	4
RGPPL	4,871	86	(11.5)	(1.2)	(5,845)	(1)
Patratu	6,495	74	5.0	0.7	4,546	0
BRBCL	20,620	74	13.5	1	20,620	2
Meja	18,022	50	7.5	0.8	14,418	1
APCL	12,989	50	22.0	1.8	23,381	2
NTECL	14,613	50	14.5	1.2	17,535	2
NTPC-SAIL	5,304	50	19.5	1.5	7,956	1
Maitree	-	50	15.5	1	-	0
Equity part-Standalone CWIP - post FY24E	1,05,919	-	-	0.3	31,776	3
NVVN	-	-	-	-	8,588	1
NTPC Renewable Energy Subsidiary	-	-	-	-	-	39
Add: Cash and equivalents	-	-	-	-	22,290	2
Total	-	-	-	-	-	210

Source: Company, BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- delays in project execution,
- supply chain constraints in renewable energy modules, and
- adverse regulatory policies

Sector recommendation snapshot

Company	Ticker	Market Cap (US\$ bn)	Price (Rs)	Target (Rs)	Rating
CESC	CESC IN	1.2	73	108	BUY
NTPC	NTPC IN	19.8	166	210	BUY
Power Grid Corp	PWGR IN	18.8	219	251	HOLD
Tata Power	TPWR IN	7.9	202	271	BUY

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	11,34,343	13,41,558	15,74,736	16,11,718	16,94,008
EBITDA	3,58,770	4,17,660	4,56,131	4,55,618	4,84,116
Depreciation	(1,24,503)	(1,37,878)	(1,37,116)	(1,45,730)	(1,49,661)
EBIT	2,34,267	2,79,782	3,19,014	3,09,888	3,34,455
Net interest inc./(exp.)	(92,241)	(93,160)	(1,04,546)	(1,17,034)	(1,29,062)
Other inc./(exp.)	40,157	23,250	29,483	31,017	37,153
Exceptional items	(15,122)	0	0	0	0
EBT	1,67,061	2,09,873	2,43,951	2,23,872	2,42,546
Income taxes	(24,205)	(50,471)	(74,507)	(51,363)	(47,336)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(3,228)	(7,357)	(6,519)	(7,474)	(8,535)
Reported net profit	1,46,083	1,66,759	1,75,963	1,79,983	2,03,745
Adjustments	0	0	0	0	0
Adjusted net profit	1,46,083	1,66,759	1,75,963	1,79,983	2,03,745

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Accounts payables	88,064	1,13,620	1,21,834	1,23,773	1,31,642
Other current liabilities	4,05,317	2,95,666	2,39,824	2,78,263	2,70,978
Provisions	91,560	95,309	88,866	82,125	77,450
Debt funds	19,72,365	21,07,066	23,37,272	24,45,853	25,22,265
Other liabilities	1,74,971	1,99,770	2,54,968	2,97,439	3,34,495
Equity capital	96,967	96,967	96,967	96,967	96,967
Reserves & surplus	11,60,418	12,56,771	13,50,312	14,33,328	15,30,409
Shareholders' fund	12,57,385	13,53,737	14,47,278	15,30,294	16,27,376
Total liab. and equities	39,89,662	41,65,167	44,90,042	47,57,749	49,64,205
Cash and cash eq.	43,880	44,581	42,734	42,623	41,973
Accounts receivables	1,77,181	2,73,421	2,08,376	2,06,543	2,16,505
Inventories	98,096	1,01,393	1,50,114	1,52,522	1,62,341
Other current assets	2,44,018	1,62,552	1,59,794	1,64,322	1,72,780
Investments	1,05,893	1,06,262	1,16,652	1,28,097	1,40,688
Net fixed assets	20,25,980	22,43,438	26,48,847	29,97,720	32,55,966
CWIP	9,74,042	9,10,252	8,87,002	7,41,081	5,98,234
Intangible assets	7,490	6,803	5,846	5,846	5,846
Deferred tax assets, net	10,759	9,957	10,214	10,214	10,214
Other assets	3,02,324	3,06,508	2,60,463	3,08,781	3,59,659
Total assets	39,89,662	41,65,167	44,90,042	47,57,749	49,64,205

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Cash flow from operations	3,24,441	4,17,882	4,83,622	4,65,436	4,36,314
Capital expenditures	(2,32,820)	(2,43,309)	(5,18,318)	(3,48,682)	(2,65,060)
Change in investments	(4,921)	9,999	(10,389)	(11,446)	(12,590)
Other investing cash flows	27,396	4,928	0	0	0
Cash flow from investing	(2,10,345)	(2,28,382)	(5,28,707)	(3,60,128)	(2,77,651)
Equities issued/Others	(27,638)	0	0	0	0
Debt raised/repaid	1,08,575	6,683	2,30,207	1,08,581	76,412
Interest expenses	(1,33,644)	(1,27,329)	(1,04,546)	(1,17,034)	(1,29,062)
Dividends paid	(57,784)	(71,069)	(82,422)	(96,967)	(1,06,663)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(1,10,491)	(1,91,716)	43,239	(1,05,420)	(1,59,314)
Chg in cash & cash eq.	3,605	(2,216)	(1,846)	(111)	(650)
Closing cash & cash eq.	9,500	7,286	5,438	5,327	4,677

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23E	FY24E	FY25E
Reported EPS	15.1	17.2	18.1	18.6	21.0
Adjusted EPS	15.1	17.2	18.1	18.6	21.0
Dividend per share	5.7	8.0	8.5	10.0	11.0
Book value per share	129.7	139.6	149.3	157.8	167.8

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23E	FY24E	FY25E
EV/Sales	3.1	2.7	2.3	2.4	2.4
EV/EBITDA	9.8	8.6	8.0	8.4	8.3
Adjusted P/E	11.0	9.7	9.2	9.0	7.9
P/BV	1.3	1.2	1.1	1.1	1.0

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Tax burden (Net profit/PBT)	87.4	79.5	72.1	80.4	84.0
Interest burden (PBT/EBIT)	77.8	75.0	76.5	72.2	72.5
EBIT margin (EBIT/Revenue)	20.7	20.9	20.3	19.2	19.7
Asset turnover (Rev./Avg TA)	28.4	32.2	35.1	33.9	34.1
Leverage (Avg TA/Avg Equity)	3.2	3.1	3.1	3.1	3.1
Adjusted ROAE	12.7	12.3	12.2	11.8	12.5

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23E	FY24E	FY25E
YoY growth (%)					
Revenue	1.9	19.0	18.2	2.0	5.5
EBITDA	7.7	18.6	11.8	(1.4)	7.8
Adjusted EPS	25.8	14.2	5.5	2.3	13.2
Profitability & Return ratios (%)					
EBITDA margin	31.6	31.1	29.0	28.3	28.6
EBIT margin	20.7	20.9	20.3	19.2	19.7
Adjusted profit margin	12.9	12.4	11.2	11.2	12.0
Adjusted ROAE	11.6	12.3	12.2	11.8	12.5
ROCE	7.3	8.1	8.4	7.8	8.1
Working capital days (days)					
Receivables	56	73	48	46	46
Inventory	31	27	34	34	34
Payables	28	30	28	28	28
Ratios (x)					
Gross asset turnover	0.6	0.6	0.6	0.5	0.5
Current ratio	1.1	1.4	1.6	1.4	1.5
Net interest coverage ratio	2.5	3.0	3.1	2.6	2.6
Adjusted debt/equity	1.6	1.6	1.6	1.6	1.5

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%

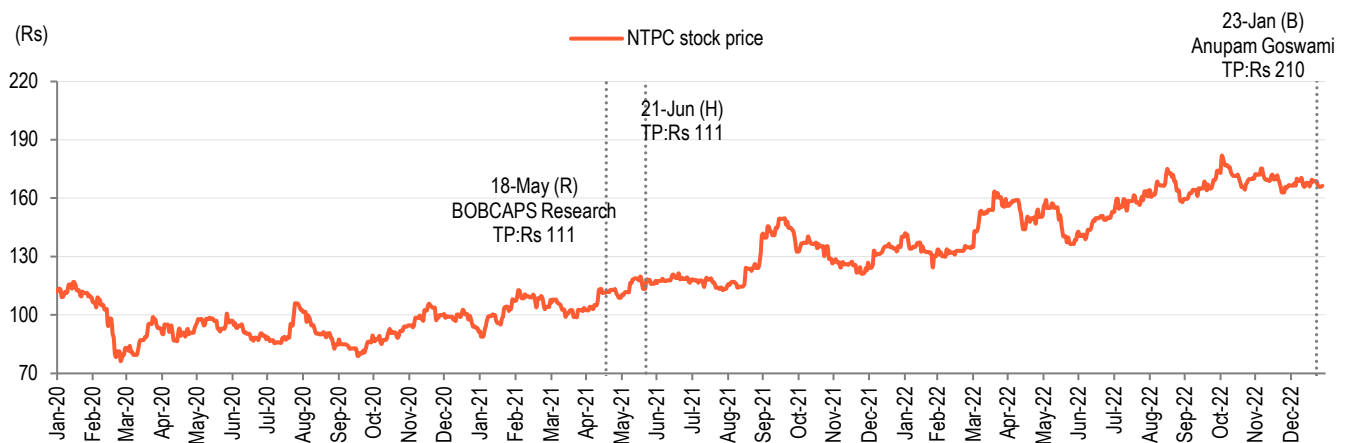
HOLD – Expected return from -6% to +15%

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): NTPC (NTPC 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. 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.