

BUY

TP: Rs 2,802 | ▲ 18%

VST TILLERS TRACTORS | Automobiles

09 November 2022

Gaining momentum slowly but surely

- Q2 net revenue per vehicle grew ~5% YoY to Rs 0.22mn though volumes fell 4% due to poor tractor sales
- Gross margin took a hit YoY but rose 200bps QoQ, indicating easing input cost pressure
- Expect EBITDA/PAT CAGR of 11%/13% each over FY22-FY25 led by tillers and premium launches; assume coverage with BUY, TP Rs 2,802

Milind Raginwar

research@bobcaps.in

Q2 performance steady: VSTT's Q2FY23 revenue stayed flat YoY and QoQ, but gross margin continued to expand sequentially, rising 200bps to 29% (34% in Q2FY22) as commodity prices softened. Raw material cost at 71% of sales reduced from 73% in Q1FY23 (69% in Q2FY22). EBITDA margin thus surged QoQ to ~14% vs. 7% in Q1FY23 (16% in Q2FY22), and PAT doubled QoQ to Rs 227mn (-29% YoY).

Value-added tillers remain key earnings driver: Management expects the power tiller segment to continue its healthy contribution with growth in the high teens over the next couple of years. EBITDA margin is accordingly guided to rise to 13-14% in FY23 from 11% in H1FY23. Contribution from export markets (currently subdued) will add a cushion to earnings.

Focus to shift toward high-powered tractors: VSTT intends to launch high-end products in the 28HP, 36HP, 45HP and 49HP segments that will boost tractor volumes. Further, a shift from compact range tractors will help the company tap the North Indian markets, adding to volumes and realisations while aiding margins in the medium term. The company will launch 'Zetor' tractors (50HP) by FY23-end, with the full effective contribution reflecting from FY24.

Working capital pressure to ease: VSTT held higher inventory during Q2 to tap the busy season, unlike the previous year when the company lost potential sales. Receivables were also elevated due to institutional sales of power tillers that carry low default risk. Management expects a return to normalcy and an easing of working capital pressure over the next two quarters

BUY, TP Rs 2,802: We expect VSTT to log an EBITDA/PAT CAGR of 11%/13% each over FY22-FY25 backed by a focus on high-end launches, healthy contribution from power tillers, and an uptick in exports. Easing commodity prices is another key positive. We estimate EPS of Rs 114/Rs 140/Rs 166 in FY23/FY24/FY25 and assume coverage with BUY for a TP of Rs 2,802, assigning a 20x P/E multiple on FY24E EPS – in line with the 10Y average.

Key changes

Target	Rating
▲	▲

Ticker/Price	VSTT IN/Rs 2,385
Market cap	US\$ 254.5mn
Free float	45%
3M ADV	US\$ 0.4mn
52wk high/low	Rs 3,368/Rs 2,028
Promoter/FPI/DII	55%/5%/15%

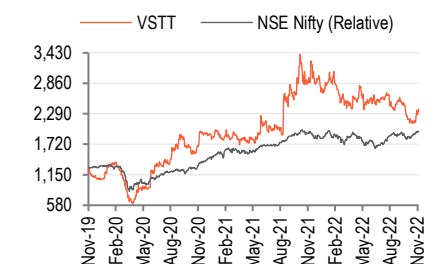
Source: NSE | Price as of 9 Nov 2022

Key financials

Y/E 31 Mar	FY22A	FY23E	FY24E
Total revenue (Rs mn)	8,539	9,499	10,883
EBITDA (Rs mn)	1,242	1,147	1,432
Adj. net profit (Rs mn)	993	987	1,211
Adj. EPS (Rs)	114.9	114.2	140.1
Consensus EPS (Rs)	114.9	126.0	166.0
Adj. ROAE (%)	13.2	12.1	13.4
Adj. P/E (x)	20.7	20.9	17.0
EV/EBITDA (x)	16.3	17.8	14.3
Adj. EPS growth (%)	(4.8)	(0.6)	22.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Earnings call takeaways

- VSTT's revenue mix remains tilted towards farm equipment, with tillers contributing Rs 1.4bn in Q2FY23 (Rs 1.5bn in Q1FY23), followed by tractors at Rs 632mn (Rs 640mn) and spares at Rs 235mn (Rs 260mn).
- Management has guided for 15-20% revenue growth in the power tiller business in FY24e and high-single-digit growth in tractors. The company has hiked tiller prices by Rs 2,000 a unit in Q2.
- EBITDA margin guidance remains unchanged at 13-14% for FY24.
- A presence in the compact tractor segment and logistic issues have curtailed volume growth for VSTT. However, management is addressing the same by launching high-end products in the 28HP, 36HP, 45HP and 49HP segments. Currently, 80-90% of VSTT's sales are in the compact range, targeting the markets of Maharashtra and Gujarat. The company expects the sales mix to shift in the medium term without any impact on margins.
- Exports were subdued due to weaker European business, but management expects a revival in H2FY23.
- Zetor tractors will be launched towards the end of FY23 and hence fully reflected in FY24 sales. Management expects volume of 1.5k-2.0k in FY24 (ex-Africa market).
- Inventory at dealers was higher at 35 days in Q2 (50-60 days for tillers vs. 45-50 normally) to tap the busy season, unlike the previous year when the company lost potential sales.
- H1FY23 saw capex of Rs 150mn and Rs 450mn will be spent in H2.

Fig 1 – Quarterly performance (Standalone)

(Rs mn)	Q2FY23	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	H1FY23	H1FY22	YoY (%)
Volume	10,507	10,951	(4.1)	8,777	19.7	19,284	19,728	(2.3)
Avg. Realisation per Vehicle	222,851	213,186	4.5	268,862	(17.1)	243,793	216,474	12.6
Net Revenues	2,342	2,335	0.3	2,360	(0.8)	4,701	4,271	10.1
Total Income (A)	2,342	2,335	0.3	2,360	(0.8)	4,701	4,271	10.1
Operating Expenses:								
Raw materials consumed	1,660	1,538	7.9	1,714	(3.1)	3,374	2,878	17.2
Employee Expenses	199	180	10.9	187	6.5	386	362	6.5
Other Expenses	160	233	(31.4)	289	(44.7)	449	392	14.5
Total Expenditure (B)	2,019	1,951	3.5	2,190	(7.8)	4,209	3,633	15.9
EBITDA (A-B)	322	384	(16.0)	170	89.4	493	638	(22.8)
Other Income	83	106	(21.4)	23	264.9	106	224	(52.7)
Depreciation	66	58	13.0	64	3.1	130	117	11.6
EBIT	340	431	(21.3)	129	163.3	469	745	(37.1)
Finance Costs	2	3	(31.3)	2	0.0	4	5	(13.7)
Exceptional items (less)	-	-						
PBT after exceptional items	337	428	(21.2)	127	166.1	464	740	(37.3)
Tax expense	110	107	3.1	26	318.3	136	179	(23.7)
Reported PAT	227	322	(29.3)	101	126.3	328	562	(41.6)
Adjusted PAT	227	322	(29.3)	101	126.3	328	562	(41.6)
Adj EPS (Rs)	26.3	37.2	(29.3)	11.6	126.3	38.0	65.0	(41.6)

Source: Company, BOBCAPS Research

Valuation methodology

We expect VSTT to log a robust EBITDA/PAT CAGR of 11/13%% each over FY22-FY25 backed by a focus on high-end launches, healthy contribution from power tillers, and an uptick in exports. The softening of commodity prices is another key positive. Effectively the margin profile of the company will gradually shift back to the 13-14% trajectory from the current low teens. We estimate EPS of Rs 114/Rs 140/Rs 166 in FY23/FY24/FY25 contributing to movement towards healthy return ratios.

We assume coverage with a BUY rating for a TP of Rs 2,802 factoring the above profile shift and assign a 20x P/E multiple on FY24E EPS – in line with the stock's 10-year average.

Fig 2 – Key assumptions

Key Parameters	FY23E	FY24E	FY25E
Power Tillers sales (nos)	35,587	40,658	46,757
YoY (%)	12.0	14.3	15.0
Tractors sales (nos)	8,151	8,558	9,072
YoY (%)	2.0	5.0	6.0
Total Volumes	43,738	49,216	55,829
YoY (%)	10.0	12.5	13.4
Revenues (Rs mn)	9,499	10,883	12,579
YoY (%)	11.2	14.6	15.6
EBITDA margins (%)	12.1	13.2	13.4

Source: Company, BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- below-expected volume growth due to macroeconomic reasons,
- delayed product launches, and
- input cost inflation beyond our estimates.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Total revenue	7,642	8,539	9,499	10,883	12,579
EBITDA	1,053	1,242	1,147	1,432	1,687
Depreciation	171	216	230	244	266
EBIT	1,343	1,332	1,334	1,632	1,914
Net interest inc./(exp.)	(15)	(10)	(16)	(18)	(18)
Other inc./(exp.)	461	341	416	444	494
Exceptional items	(135)	0	0	0	0
EBT	1,192	1,322	1,318	1,614	1,896
Income taxes	285	329	331	404	474
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	1	1
Reported net profit	908	993	987	1,211	1,422
Adjustments	135	0	0	0	0
Adjusted net profit	1,043	993	987	1,211	1,422

Balance Sheet

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Accounts payables	831	1,273	1,070	1,217	1,419
Other current liabilities	864	824	940	1,114	1,252
Provisions	47	52	57	63	69
Debt funds	0	0	0	0	0
Other liabilities	434	0	0	0	0
Equity capital	86	86	86	86	86
Reserves & surplus	6,724	7,409	8,100	8,947	9,943
Shareholders' fund	6,811	7,495	8,186	9,034	10,029
Total liab. and equities	8,988	9,644	10,254	11,427	12,769
Cash and cash eq.	448	313	351	348	498
Accounts receivables	818	676	781	954	1,103
Inventories	1,069	1,006	1,171	1,372	1,551
Other current assets	723	750	807	954	1,086
Investments	3,343	4,136	4,186	4,686	5,186
Net fixed assets	2,260	2,304	2,675	2,831	2,965
CWIP	254	120	300	300	400
Intangible assets	0	494	0	0	0
Deferred tax assets, net	6	(16)	(17)	(18)	(19)
Other assets	67	0	0	0	0
Total assets	8,988	9,783	10,254	11,427	12,769

Cash Flows

Y/E 31 Mar (Rs mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Cash flow from operations	1,808	960	377	798	1,064
Capital expenditures	(369)	(516)	(425)	(400)	(500)
Change in investments	(1,555)	(793)	(50)	(500)	(500)
Other investing cash flows	461	341	416	444	494
Cash flow from investing	(1,463)	(968)	(59)	(456)	(506)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	(15)	(10)	(16)	(18)	(18)
Dividends paid	(173)	(173)	(296)	(363)	(427)
Other financing cash flows	3	0	1	1	1
Cash flow from financing	(185)	(183)	(311)	(380)	(444)
Chg in cash & cash eq.	160	(191)	7	(39)	114
Closing cash & cash eq.	448	313	351	348	498

Per Share

Y/E 31 Mar (Rs)	FY21A	FY22A	FY23E	FY24E	FY25E
Reported EPS	120.7	114.9	114.2	140.1	164.6
Adjusted EPS	120.7	114.9	114.2	140.1	164.6
Dividend per share	20.0	20.0	34.3	42.0	49.4
Book value per share	788.3	867.6	947.5	1,045.6	1,160.8

Valuations Ratios

Y/E 31 Mar (x)	FY21A	FY22A	FY23E	FY24E	FY25E
EV/Sales	2.7	2.4	2.1	1.9	1.6
EV/EBITDA	19.5	16.3	17.8	14.3	12.1
Adjusted P/E	19.8	20.7	20.9	17.0	14.5
P/BV	3.0	2.7	2.5	2.3	2.1

DuPont Analysis

Y/E 31 Mar (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Tax burden (Net profit/PBT)	87.5	75.1	74.9	75.0	75.0
Interest burden (PBT/EBIT)	88.8	99.2	98.8	98.9	99.1
EBIT margin (EBIT/Revenue)	17.6	15.6	14.0	15.0	15.2
Asset turnover (Rev./Avg TA)	113.8	115.9	121.1	126.4	132.0
Leverage (Avg TA/Avg Equity)	1.1	1.0	1.0	1.0	1.0
Adjusted ROAE	16.6	13.9	12.6	14.1	14.9

Ratio Analysis

Y/E 31 Mar	FY21A	FY22A	FY23E	FY24E	FY25E
YoY growth (%)					
Revenue	40.6	11.7	11.2	14.6	15.6
EBITDA	506.4	18.0	(7.6)	24.8	17.8
Adjusted EPS	481.8	(4.8)	(0.6)	22.7	17.5
Profitability & Return ratios (%)					
EBITDA margin	13.8	14.5	12.1	13.2	13.4
EBIT margin	17.6	15.6	14.0	15.0	15.2
Adjusted profit margin	13.6	11.6	10.4	11.1	11.3
Adjusted ROAE	15.3	13.2	12.1	13.4	14.2
ROCE	15.2	13.6	12.7	14.2	15.1
Working capital days (days)					
Receivables	42	32	28	29	30
Inventory	50	44	42	43	42
Payables	50	66	65	56	55
Ratios (x)					
Gross asset turnover	0.4	0.4	0.4	0.4	0.4
Current ratio	1.8	1.3	1.5	1.5	1.5
Net interest coverage ratio	87.2	127.5	83.4	90.7	106.3
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%

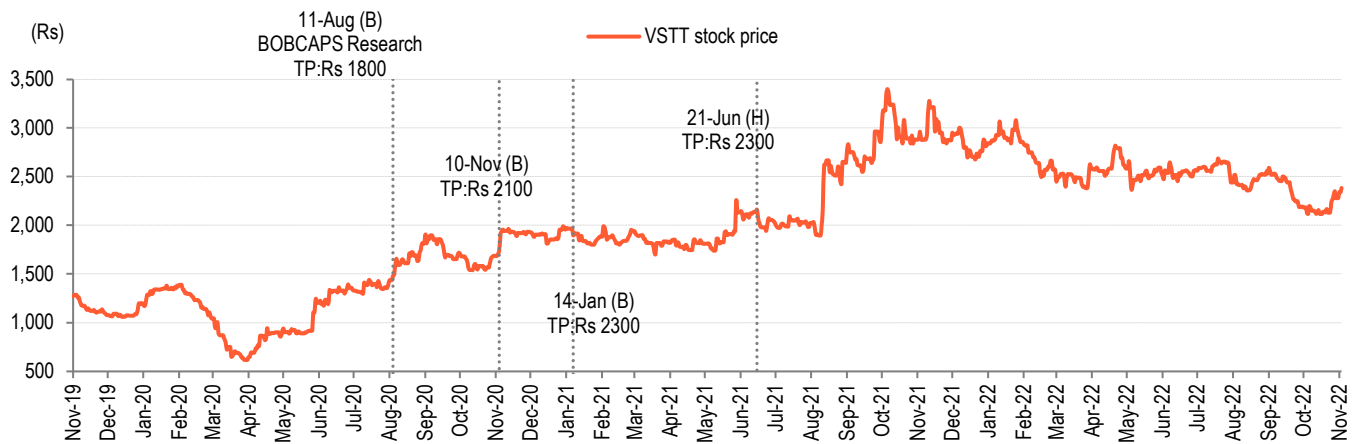
HOLD – Expected return from -6% to +15%

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): VST TILLERS TRACTORS (VSTT 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.