

## Key takeaways from Investor Day 2024

Tata Motors (TTMT) recently hosted its investor meet highlighting future strategy for domestic businesses. In the PV/EV business, the company plans to launch 5-6 new models over next 2 years across alternate powertrains. Investments in the EV business are expected to be INR 160-180bn over next 6 years, largely towards developing new products, powertrain, regulatory changes etc. Overall, TTMT targets 200bps market share gain in PV segment by FY26 led by these launches. In respect of CV business, industry is expected to grow by single-digit during FY25. TTMT is targeting strong double-digit EBITDA margin for its CV business and expects PV-EV business to be EBITDA breakeven (ex. PLI) in the medium-term. Net-cash position in domestic business drives comfort. We maintain BUY with unchanged with Mar'25 SoTP of INR 1,200 (standalone / JLR valued at 12x /3x EV/EBITDA). Slowdown in key global markets remains a monitorable.

- Targets 18-20% market share for PVs and EBITDA breakeven for EVs:** In the domestic PV business, TTMT plans to launch 5-6 new models (1-2 ICE and 4 EVs) over next 2 years starting with Curv (in FY25). Further, the company plans to introduce multiple new nameplates (incl. mid-cycle refreshes) during FY27-30 to cover ~80% of the addressable PV market by FY30 (currently covering 53%). Focus will be on differentiated product offerings across alternative powertrains (EVs, CNG, Petrol, Diesel). **With these launches, TTMT is targeting for 16% / 18-20% market share by FY27 / FY30 (currently at 14%).** In EV segment, TTMT's focus is on driving EV penetration (20% for industry and 30%+ for self by FY30) through a) expanding EV product portfolio, b) facilitating charging infrastructure, c) driving price parity for EVs (with ICE) and d) expanding EV-exclusive retail channel. **Overall, the company targets ~10% EBITDA margin for its PV + EV business in the medium-term** led by better mix, higher operating leverage, VAVE and other cost reduction initiatives. **For its EV business, the company is targeting EBITDA breakeven by FY26. Capex for PV business is expected to remain steady at 6-8% of revenue and for EV business it is expected to be INR 160-180bn between FY25-30.**
- Domestic CV remains healthy:** The company expects domestic CV volumes to grow at 4-5% CAGR and total freight traffic to grow at 6-8% CAGR during FY24-29. Government spend on infrastructure development, sustained growth in GDP, steady fuel prices and vehicle scrappage policy are the positive catalyst expected to drive CV upcycle for longer period this time. Bus segment is witnessing strong demand from STUs and private operators (order backlog of 3k+ E-buses). In the HCV segment, TTMT has maintained its market share at c.54% during FY24. And, market share recovery is underway for ILMCV and SCV segments post taking corrective measures. During the past 6 quarters, focus has been on improving realisation across segments (by 11%/7%/16%/9% for HCV/ILMCV/Bus/SCV) through value-selling and cost reduction efforts (on employee, variable and fixed marketing spends). Currently, the share of non-vehicle (spares and service) and international business (both are relatively higher margin businesses) stands at mid-teens and the company aspires to increase it to 20% in the medium-term. **Overall, TTMT is targeting strong double-digit margins and generate healthy positive FCF going ahead.**
- India business is now net-debt free; targets JLR to turn net-debt free in FY25:** TTMT

Financial Summary	(INR mn)				
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E
Net Sales	27,84,536	34,59,670	43,79,278	48,17,122	51,81,875
Sales Growth (%)	11.5	24.2	26.6	10.0	7.6
EBITDA	3,39,440	4,25,954	7,05,450	6,91,785	7,57,039
EBITDA Margin (%)	12.2	12.3	16.1	14.4	14.6
Adjusted Net Profit	-1,08,119	8,238	3,24,241	2,13,964	2,50,925
Diluted EPS (INR)	-28.2	2.2	84.6	55.8	65.5
Diluted EPS Growth (%)	0.0	0.0	3,833.6	-34.0	17.3
ROIC (%)	-0.1	3.0	28.8	16.1	17.1
ROE (%)	-21.7	1.8	49.8	22.6	21.8
P/E (x)	-34.4	451.5	11.5	17.4	14.8
P/B (x)	8.3	8.2	4.4	3.6	3.0
EV/EBITDA (x)	13.5	10.7	6.1	6.0	5.3
Dividend Yield (%)	0.0	0.0	0.6	0.5	0.7

Source: Company data, JM Financial. Note: Valuations as of 11/Jun/2024

Vivek Kumar  
vivek.kumar@jmfl.com | Tel: (91 22) 66303019

Ronak Mehta  
ronak.mehta@jmfl.com | Tel: (91 22) 66303125

we acknowledge the support services of Dev Jogani in preparation of this report

#### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,200
Upside/(Downside)	21.6%
Previous Price Target	1,200
Change	0.0%

#### Key Data – TTMT IN

Current Market Price	INR987
Market cap (bn)	INR3,619.9/US\$43.3
Free Float	49%
Shares in issue (mn)	3,830.1
Diluted share (mn)	3,832.5
3-mon avg daily val (mn)	INR12,346.6/US\$147.7
52-week range	1,066/557
Sensex/Nifty	76,457/23,265
INR/US\$	83.6

#### Price Performance

%	1M	6M	12M
Absolute	-5.7	36.9	75.5
Relative*	-10.4	24.6	44.0

\* To the BSE Sensex

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

indicated that despite step-up in investments to INR 83bn (all-time high) during FY24, India business has delivered FCFs of INR 49bn led by reduction in WC and divestment of non-core assets. Net Debt (Auto) for India biz. currently stands at -ve INR10bn. Further, the company targets JLR to turn net-debt free during FY25 led by improved profitability, reduction in WC and strong FCF generation.

- **Other points:** 1) Demerger into PV and CV business is owing to limited synergies between the two. Expect NCLT approval in next 1 month. Demerger process is expected to complete 12 months post this approval. 2) TTMT is not investing on Hybrids as it believes PV industry to eventually transition towards EVs. However, if required, the company can evaluate Hybrids at a later stage. Currently, the company is able to comfortably meet CAFÉ 2 norms with its EVs+CNG portfolio. 3) Total PV capacity post addition of Sanand facility stands at 1mn+ units p.a. This facility commenced operation in Jan'24 and is currently producing 6-7k units/month which the company plans to ramp up to 13-14k units/month in the near-term. 4) CV export demand has not recovered post Covid esp. in few of the export markets like SAARC, Middle-East and Africa which are witnessing macro headwinds. 5) Capex for CV segment to remain steady at 2-4% of its revenue. 45-50% of this will be towards alternative and zero emission technologies (FCEV, LNG etc).

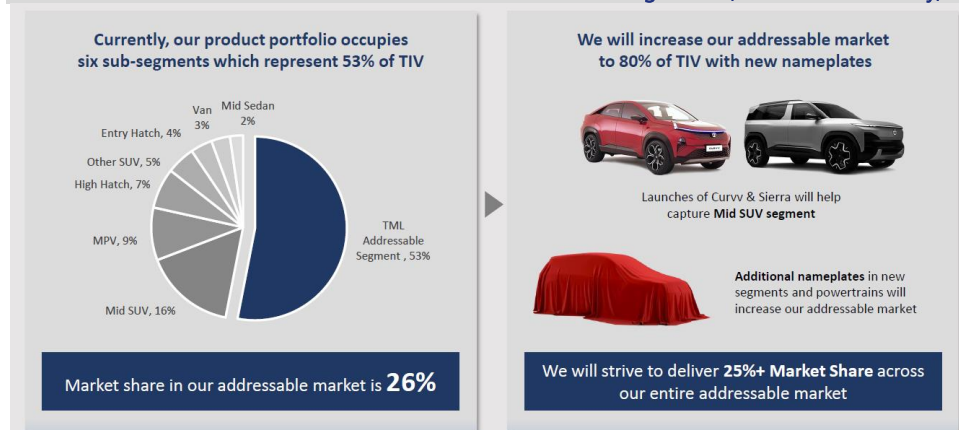
## Key charts

Exhibit 1. Medium-term target / aspiration across segments

Area	CV	PV	EV
Market Shares / Growth	Gradually increasing shares; Market beating revenue growth	Volume growth well ahead of market 16% market share by FY27 18-20% in another 2-3 years	Continued leadership Penetration of EV – 30%+ by FY30
EBITDA	Strong double-digit EBITDA	Double Digit EBITDA	Breakeven EBITDA (FY26)
Capex	2-4% of Revenue	~6-8% Revenue	As necessary (₹ 16KCr- ₹ 18KCr between FY25- FY30)
Cash / Returns	FCF 6%-8% of revenue, Strong ROCE Reduced volatility	Positive & growing cash flows	Near term – Negative (funded); Med term – Neutral

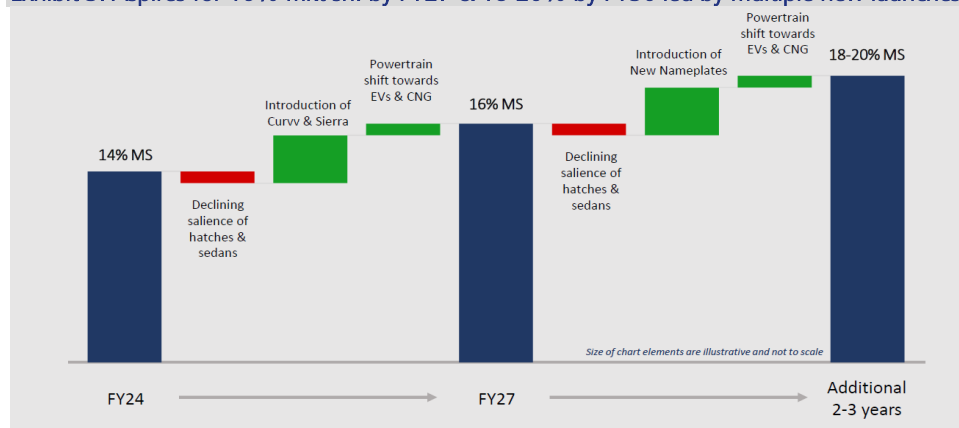
Source: Company, JM Financial

Exhibit 2. Plans to cover c.80% of addressable domestic PV segments (from 53% currently)



Source: Company, JM Financial

## Exhibit 3. Aspires for 16% mkt sh. by FY27 &amp; 18-20% by FY30 led by multiple new launches



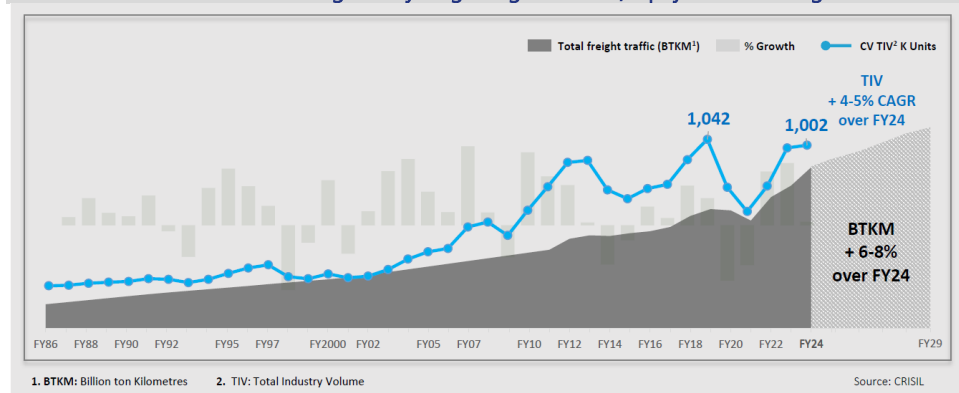
Source: Company, JM Financial

## Exhibit 4. Strategy for domestic PV/EV business



Source: Company, JM Financial

## Exhibit 5. Domestic CV vols. to grow by single-digit in FY25; Upcycle to be longer this time



Source: Company, JM Financial

## Exhibit 6. TTMT fair value @ INR 1,200/share - SOTP

Parameter	Multiple (x)	EBITDA, Sales (INR bn)	Total value (INR bn)	Value / Share (INR)
<b>JLR</b>				
JLR	3.0	543	1,629	425
CJLR (50% share)	0.5	92	46	15
<b>Total JLR enterprise value</b>			<b>1,674</b>	<b>440</b>
Less: JLR net debt			78	20
<b>JLR equity value</b>			<b>1,596</b>	<b>420</b>
<b>Domestic business enterprise value</b>	12	160	<b>1,914</b>	<b>503</b>
Less: Domestic automotive net debt			(10)	(2)
<b>Domestic business equity value</b>			<b>1,924</b>	<b>505</b>
<b>Domestic PV EV business enterprise value</b>			<b>819</b>	<b>215</b>
Sum of investments @ 25% discount (incl. stake in Tata Technologies)			57	60
<b>TTMT fair value</b>			<b>4,396</b>	<b>1,200</b>

Source: JM Financial

## Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E	
Net Sales	27,84,536	34,59,670	43,79,278	48,17,122	51,81,875	
Sales Growth	11.5%	24.2%	26.6%	10.0%	7.6%	
Other Operating Income	0	0	0	0	0	
<b>Total Revenue</b>	<b>27,84,536</b>	<b>34,59,670</b>	<b>43,79,278</b>	<b>48,17,122</b>	<b>51,81,875</b>	
Cost of Goods Sold/Op. Exp	18,08,858	22,64,696	27,27,557	30,18,407	32,45,235	
Personnel Cost	3,08,085	3,36,547	4,24,866	4,17,805	4,40,876	
Other Expenses	3,28,152	4,32,472	5,21,405	6,89,124	7,38,725	
<b>EBITDA</b>	<b>3,39,440</b>	<b>4,25,954</b>	<b>7,05,450</b>	<b>6,91,785</b>	<b>7,57,039</b>	
EBITDA Margin	12.2%	12.3%	16.1%	14.4%	14.6%	
EBITDA Growth	-9.5%	25.5%	65.6%	-1.9%	9.4%	
Depn. & Amort.	3,40,452	3,55,223	3,82,289	4,07,818	4,43,290	
EBIT	-1,011	70,731	3,23,161	2,83,967	3,13,749	
Other Income	30,536	46,332	59,499	66,639	74,636	
Finance Cost	93,263	1,02,392	99,858	75,947	66,947	
PBT before Excep. & Forex	-63,738	14,670	2,82,803	2,74,659	3,21,438	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	-63,738	14,670	2,82,803	2,74,659	3,21,438	
Taxes	42,313	7,041	-38,516	64,545	75,538	
Extraordinary Inc./Loss(-)	-6,296	15,905	-10,250	0	0	
Assoc. Profit/Min. Int.(-)	2,068	-608	-2,921	-3,849	-5,025	
Reported Net Profit	-1,14,415	24,143	3,13,991	2,13,964	2,50,925	
<b>Adjusted Net Profit</b>	<b>-1,08,119</b>	<b>8,238</b>	<b>3,24,241</b>	<b>2,13,964</b>	<b>2,50,925</b>	
Net Margin	-3.9%	0.2%	7.4%	4.4%	4.8%	
Diluted Share Cap. (mn)	3,829.0	3,830.1	3,832.5	3,832.5	3,832.5	
<b>Diluted EPS (INR)</b>	<b>-28.2</b>	<b>2.2</b>	<b>84.6</b>	<b>55.8</b>	<b>65.5</b>	
Diluted EPS Growth	0.0%	0.0%	3,833.6%	-34.0%	17.3%	
Total Dividend + Tax	0	0	26,535	22,113	30,958	
Dividend Per Share (INR)	0.0	0.0	6.0	5.0	7.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E	
Profit before Tax	-63,738	14,670	2,82,803	2,74,659	3,21,438	
Depn. & Amort.	3,40,452	3,55,223	3,82,289	4,07,818	4,43,290	
Net Interest Exp. / Inc. (-)	93,263	1,02,392	99,858	75,947	66,947	
Inc (-) / Dec in WCap.	-3,36,986	44,983	1,51,322	17,161	45,622	
Others	18,612	46,580	1,654	8,538	10,416	
Taxes Paid	-42,313	-7,041	38,516	-64,545	-75,538	
<b>Operating Cash Flow</b>	<b>9,290</b>	<b>5,56,808</b>	<b>9,56,441</b>	<b>7,19,578</b>	<b>8,12,175</b>	
Capex	-2,34,767	-3,27,366	-4,88,388	-5,00,379	-5,14,478	
Free Cash Flow	-2,25,477	2,29,442	4,68,053	2,19,199	2,97,697	
Inc (-) / Dec in Investments	-11,012	-8,705	-11,770	-8,718	-9,590	
Others	-93,263	-1,02,392	-99,858	-75,947	-66,947	
<b>Investing Cash Flow</b>	<b>-3,39,043</b>	<b>-4,38,464</b>	<b>-6,00,016</b>	<b>-5,85,043</b>	<b>-5,91,014</b>	
Inc / Dec (-) in Capital	0	2	5	0	0	
Dividend + Tax thereon	0	0	-26,535	-22,113	-30,958	
Inc / Dec (-) in Loans	2,54,474	-1,23,356	-2,68,509	-1,20,000	-1,20,000	
Others	14,045	-31,526	26,526	0	0	
<b>Financing Cash Flow</b>	<b>2,68,519</b>	<b>-1,54,880</b>	<b>-2,68,514</b>	<b>-1,42,113</b>	<b>-1,50,958</b>	
<b>Inc / Dec (-) in Cash</b>	<b>-61,233</b>	<b>-36,536</b>	<b>87,911</b>	<b>-7,578</b>	<b>70,203</b>	
Opening Cash Balance	4,67,925	4,06,692	3,70,156	4,58,067	4,50,489	
Closing Cash Balance	4,06,691	3,70,156	4,58,067	4,50,489	5,20,692	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E	
Shareholders' Fund	4,45,612	4,53,218	8,49,180	10,41,031	12,60,998	
Share Capital	7,658	7,660	7,665	7,665	7,665	
Reserves & Surplus	4,37,954	4,45,558	8,41,515	10,33,366	12,53,333	
Preference Share Capital	0	0	0	0	0	
Minority Interest	42,711	72,777	81,759	86,447	91,838	
Total Loans	14,64,490	13,41,134	10,72,625	9,52,625	8,32,625	
Def. Tax Liab. / Assets (-)	-23,124	-37,777	-1,19,557	-1,19,557	-1,19,557	
<b>Total - Equity &amp; Liab.</b>	<b>19,29,688</b>	<b>18,29,352</b>	<b>18,84,008</b>	<b>19,60,547</b>	<b>20,65,905</b>	
Net Fixed Assets	14,82,994	14,55,137	15,61,236	16,53,797	17,24,985	
Gross Fixed Assets	32,91,386	34,71,899	36,36,460	41,70,245	45,45,157	
Intangible Assets	0	0	0	0	0	
Less: Depn. & Amort.	19,10,903	21,59,507	24,32,208	27,24,960	30,47,429	
Capital WIP	1,02,511	1,42,745	3,56,984	2,08,512	2,27,258	
Investments	2,93,795	2,63,792	2,29,711	2,38,429	2,48,018	
Current Assets	14,90,702	15,90,039	17,84,702	19,21,841	21,14,287	
Inventories	3,52,403	4,07,554	4,77,883	5,27,904	5,67,877	
Sundry Debtors	3,45,375	3,91,553	4,10,213	4,61,916	4,96,892	
Cash & Bank Balances	4,06,692	3,70,156	4,58,067	4,50,489	5,20,692	
Loans & Advances	3,78,160	4,12,371	4,29,937	4,72,931	5,20,224	
Other Current Assets	8,072	8,406	8,603	8,603	8,603	
Current Liab. & Prov.	13,37,802	14,79,615	16,91,642	18,53,520	20,21,385	
Current Liabilities	5,99,704	7,20,558	9,39,785	10,17,206	10,91,055	
Provisions & Others	7,38,098	7,59,057	7,51,857	8,36,314	9,30,329	
Net Current Assets	1,52,900	1,10,424	93,061	68,321	92,902	
<b>Total - Assets</b>	<b>19,29,689</b>	<b>18,29,352</b>	<b>18,84,008</b>	<b>19,60,547</b>	<b>20,65,905</b>	

Source: Company, JM Financial

Dupont Analysis		FY22A	FY23A	FY24A	FY25E	FY26E
Net Margin		-3.9%	0.2%	7.4%	4.4%	4.8%
Asset Turnover (x)		1.5	1.8	2.3	2.4	2.4
Leverage Factor (x)		3.7	4.2	3.0	2.2	1.9
RoE		-21.7%	1.8%	49.8%	22.6%	21.8%

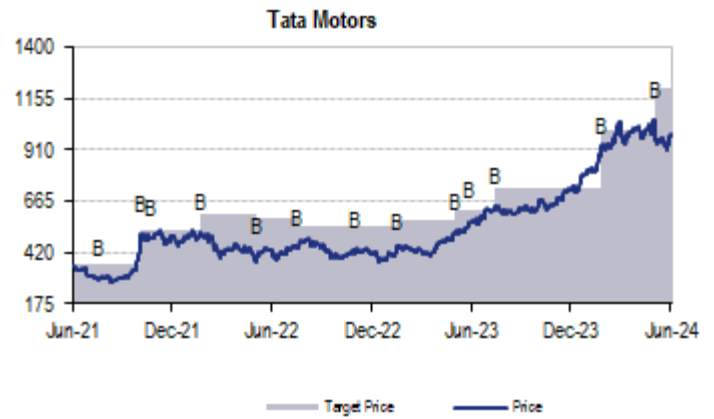
Key Ratios		FY22A	FY23A	FY24A	FY25E	FY26E
BV/Share (INR)		116.4	118.3	221.6	271.6	329.0
ROIC		-0.1%	3.0%	28.8%	16.1%	17.1%
ROE		-21.7%	1.8%	49.8%	22.6%	21.8%
Net Debt/Equity (x)		1.9	1.7	0.6	0.3	0.1
P/E (x)		-34.4	451.5	11.5	17.4	14.8
P/B (x)		8.3	8.2	4.4	3.6	3.0
EV/EBITDA (x)		13.5	10.7	6.1	6.0	5.3
EV/Sales (x)		1.6	1.3	1.0	0.9	0.8
Debtor days		45	41	34	35	35
Inventory days		46	43	40	40	40
Creditor days		90	87	93	90	90

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
13-Apr-20	Buy	120	
16-Jun-20	Buy	120	0.0
2-Aug-20	Buy	125	4.2
28-Oct-20	Buy	170	36.0
31-Jan-21	Buy	320	88.2
28-Feb-21	Buy	350	9.4
19-May-21	Buy	365	4.3
27-Jul-21	Buy	365	0.0
13-Oct-21	Buy	525	43.8
2-Nov-21	Buy	525	0.0
31-Jan-22	Buy	600	14.3
13-May-22	Buy	585	-2.5
28-Jul-22	Buy	550	-6.0
9-Nov-22	Buy	550	0.0
26-Jan-23	Buy	575	4.5
14-May-23	Buy	625	8.7
7-Jun-23	Buy	625	0.0
26-Jul-23	Buy	730	16.8
4-Feb-24	Buy	1,000	37.0
12-May-24	Buy	1,200	20.0

Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +9122 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REIT refers to Real Estate Investment Trusts.

**Research Analyst(s) Certification**

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

**Important Disclosures**

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and members of their household are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.



While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

**Additional disclosure only for U.S. persons:** JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at Harborside Financial Center, 2500 Plaza 5, 25th Floor, Office No. 2558, Jersey City, NJ 07311. Telephone +1 (201) 633-3610 which is registered with the SEC and is a member of FINRA and SIPC.

**Additional disclosure only for U.K. persons:** Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) 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, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

**Additional disclosure only for Canadian persons:** This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.