

# Greenply Industries | BUY

## Margins impacted due to MDF, expect strong performance in H2

In Q2FY25, Greenply Industries posted revenue at INR 6.4bn, up 5% YoY and 10% QoQ (In-line JMFe), 5 year CAGR +11%. The growth was mainly driven by MDF followed by Plywood. EBITDA was at INR 576mn up 12% YoY and down 1% QoQ. (5 year CAGR +5%). OPM was at 9.0% vs 8.4% YoY and 9.9% QoQ (JMFe OPM at 9.6%). Miss on margins mainly due to temporary shutdowns of MDF plant. PAT at INR 176mn up 26% YoY and down 47% QoQ.

- Soft demand in Plywood continues to impact growth:** In Q2; Plywood revenue was at INR 5.1bn up 8% YoY and 14% QoQ. Volumes up 6% YoY to 20.2msm while realisations were up 2% YoY. EBITDA was at INR 429mn up 18% YoY and OPM at 8.3% vs 7.6% YoY. Timber prices was at c.INR 10.5/kg up 13% YoY and 8% QoQ; however Greenply has taken a price hike of c.2-3% in August and September. Management maintains the plywood volume growth of c.9-10% for FY25 with improvement in demand from Q4 onwards.
- MDF impacted due to plant shutdown:** MDF revenue was at INR 1.2bn up 42% YoY and down 4% QoQ. Sales volume up 31% YoY and down by 5% QoQ to 40,553 CBM. Sequentially lower volumes mainly due to plant shut down for maintenance. Realisation up 8% YoY and 9% QoQ to INR 31,169/CBM mainly driven by improved product mix. EBITDA margin was at 11.8% vs 13.5 YoY and 16.7% QoQ impacted mainly because of negative operating leverage, increased timber prices and one time employee expenses. Timber used in MDF was at INR 6.5/kg up 6% YoY and 3% QoQ. Greenply has taken price hike of c.1-1.5% in October. Also, it expects to double the Pre-lam sales by launching new product portfolios which will also led to improve realisations. Management has guide for 17-18% volume growth for H2 and overall revenue growth of c.50% in FY25 along with margins of c.16%.
- New capex on cards:** Expect capex of c.INR 450-500mn in H2 mainly towards setting up the Glue (used in MDF) manufacturing plant and Flooring lines. It has spent INR c.250mn in H1. Also to procure raw material it has created an LC amounting to INR 700mn resulting overall debt to be above INR 4.5bn.
- Outlook and Valuation:** Short Term: Weak consumer sentiments, increasing timber prices and intense competition in MDF may impact volumes/margins for Plywood and MDF. Mid-Long term: **For MDF:** we expect revenue CAGR of c.40% over FY24-26 and margins of c.15.5%/15.8% in FY25/26 ( H1FY25 OPM at 14.3%) due to improving demand along with capacity utilisation, increasing the share of value added products, no new large capacity in place, import been slowdown and geographical expansion. **For Plywood;** with pickup in real estate activities and private capex + product development will support the growth. We expect Plywood rev CAGR of c. 12% over next 2 years. Greenply trades at a P/E of 36x/24x (vs Centuryply 57x/36x) over FY25/26 and we value it at 30x (unchanged) mainly because of strong leadership position in plywood industry and ramping up MDF along with improvement in return ratios. We maintain BUY with a target price of INR 450.



Deepak Agarwal

deepak.agarwal@jmfl.com | Tel: (91 22) 66303037

Bhavanishankar Kumawat

bhavanishankar.kumawat@jmfl.com | Tel: (91 22) 69703621

### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	450
Upside/(Downside)	26.7%
Previous Price Target	460
Change	-2.2%

### Key Data – MTLM IN

Current Market Price	INR355
Market cap (bn)	INR44.0/US\$0.5
Free Float	52%
Shares in issue (mn)	122.8
Diluted share (mn)	122.8
3-mon avg daily val (mn)	INR202.4/US\$2.4
52-week range	412/157
Sensex/Nifty	80,369/24,467
INR/US\$	84.1

### Price Performance

%	1M	6M	12M
Absolute	-6.0	37.3	119.3
Relative*	-1.4	27.2	74.9

\* To the BSE Sensex

Financial Summary	(INR mn)				
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E
Net Sales	15,628	16,631	21,799	25,872	29,682
Sales Growth (%)	34.1	6.4	31.1	18.7	14.7
EBITDA	1,503	1,541	1,867	2,577	3,203
EBITDA Margin (%)	9.6	9.3	8.6	10.0	10.8
Adjusted Net Profit	921	1,184	764	1,224	1,835
Diluted EPS (INR)	7.5	9.6	6.2	10.0	14.9
Diluted EPS Growth (%)	45.6	28.5	-35.5	60.2	49.9
ROIC (%)	15.5	11.0	7.7	13.4	17.8
ROE (%)	18.9	20.0	11.3	16.0	20.4
P/E (x)	47.3	36.8	57.1	35.6	23.8
P/B (x)	8.1	6.8	6.1	5.3	4.5
EV/EBITDA (x)	30.5	32.4	26.1	18.4	14.2
Dividend Yield (%)	0.1	0.1	0.1	0.3	0.5

Source: Company data, JM Financial. Note: Valuations as of 29/Oct/2024

JM Financial Institutional Securities Limited

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.

## Exhibit 1. Change in Estimates

Particulars	Old Estimates		New Estimates		Change in Estimates	
	FY25	FY26	FY25	FY26	FY25	FY26
Revenue	26,058	29,612	25,872	29,682	-1%	0%
EBITDA	2,604	3,188	2,577	3,203	-1%	0%
%Margin	10.0%	10.8%	10.0%	10.8%		
PAT*	1,281	1,876	1,224	1,835	-4%	-2%
EPS	10.4	15.3	10.0	14.9	-4%	-2%

Source: JM Financial, Company, \*PAT cut is more because of increased JV losses.

## Exhibit 2. Quarterly performance

INR mn	2Q24	2Q25	YoY	5yr CAGR	1Q25	QoQ	2Q25E	Var
Net Sales	6,077	6,405	5%	11%	5,839	10%	6,599	-3%
India Plywood and Allied	4,780	5,140	8%		4,520	14%	5,339	
Volume (msm)	19.1	20.2	6%		17.7	14%	20.9	
Realisation (INR/sqm)	250	254	2%		255	0%	255	
MDF Revenue	890	1,264	42%		1,317	-4%	1,260	
Volume (CBM)	31,019.0	40,553	31%		42,724	-5%	42,000	
Realisation (INR/sqm)	NA	31,169	NA		30,826	1%	30,000	
Raw Material Cost	3,657	3,904	7%		3,461	13%	4,066	
Gross Profit	2,420	2,501	3%		2,378	5%	2,533	
Gross Margin	39.8%	39.1%	-80 bps		40.7%	-170 bps	38.4%	
Employee cost	780	825	6%		734	12%	824	
% of sales	12.8%	12.9%	10 bps		12.6%	30 bps	12.5%	
Other expenses	1,127	1,100	-2%		1,065	3%	1,078	
% of sales	18.6%	17.2%	-140 bps		18.2%	-110 bps	16.3%	
Total Expenditure	5,565	5,829	5%		5,260	11%	5,968	
EBITDA	513	576	12%	5%	579	-1%	631	-9%
EBITDA margin	8.4%	9.0%	60 bps		9.9%	-90 bps	9.6%	-60 bps
India Plywood and Allied	365	429	18%		355	21%	427	
Margin	7.6%	8.3%	70 bps		7.9%	50 bps	8.0%	
MDF	120	149	NA		220	-32%	204	
% margin	13.5%	11.8%	NA		16.7%	NA	16.2%	
Depreciation	162	151	-7%		150	1%	155	
EBIT	351	425	21%		429	-1%	476	
Other Income	37	20	-46%		57	-66%	45	
PBIT	388	445	15%		487	NM	521	
Interest	178	145	-19%		104	39%	105	
PBT	210	301	43%		383	-21%	416	
Tax Expense	70	81			5	1442%	92	
Tax Rate	33.2%	26.9%			1.4%	2550 bps	22.0%	
Share of profit in Associate	-1	-44			-45		-5	
Adjusted Net Profit	139	176	26%	-7.8%	332	-47%	320	-45%
Adj. EPS	1.1	1.4	26%	-7.8%	2.7	-47%	2.6	-45%

Source: JM Financial, Company

## Financial Tables (Consolidated)

Income Statement		(INR mn)			
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E
Net Sales	15,628	16,631	21,799	25,872	29,682
Sales Growth	34.1%	6.4%	31.1%	18.7%	14.7%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>15,628</b>	<b>16,631</b>	<b>21,799</b>	<b>25,872</b>	<b>29,682</b>
Cost of Goods Sold/Op. Exp	9,353	10,328	13,156	15,559	16,922
Personnel Cost	1,933	2,175	2,791	3,133	3,371
Other Expenses	2,839	2,588	3,985	4,602	6,186
<b>EBITDA</b>	<b>1,503</b>	<b>1,541</b>	<b>1,867</b>	<b>2,577</b>	<b>3,203</b>
EBITDA Margin	9.6%	9.3%	8.6%	10.0%	10.8%
EBITDA Growth	28.7%	2.6%	21.1%	38.1%	24.3%
Depn. & Amort.	258	260	545	631	658
EBIT	1,244	1,282	1,322	1,946	2,545
Other Income	99	172	139	170	87
Finance Cost	119	91	433	445	290
PBT before Excep. & Forex	1,224	1,363	1,027	1,671	2,342
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	1,224	1,363	1,027	1,671	2,342
Taxes	303	192	297	347	528
Extraordinary Inc./Loss(-)	0	-68	127	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	921	1,104	856	1,324	1,815
<b>Adjusted Net Profit</b>	<b>921</b>	<b>1,184</b>	<b>764</b>	<b>1,224</b>	<b>1,835</b>
Net Margin	5.9%	7.1%	3.5%	4.7%	6.2%
Diluted Share Cap. (mn)	122.8	122.8	122.8	122.8	122.8
<b>Diluted EPS (INR)</b>	<b>7.5</b>	<b>9.6</b>	<b>6.2</b>	<b>10.0</b>	<b>14.9</b>
Diluted EPS Growth	45.6%	28.5%	-35.5%	60.2%	49.9%
Total Dividend + Tax	49	61	61	147	220
Dividend Per Share (INR)	0.4	0.5	0.5	1.2	1.8

Source: Company, JM Financial

Cash Flow Statement		(INR mn)			
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E
Profit before Tax	1,250	1,106	997	1,671	2,342
Depn. & Amort.	258	365	636	631	658
Net Interest Exp. / Inc. (-)	69	250	653	275	203
Inc (-) / Dec in WCap.	-444	-1,952	349	695	297
Others	105	890	-1,150	-13	0
Taxes Paid	-321	-36	-376	-347	-528
<b>Operating Cash Flow</b>	<b>916</b>	<b>622</b>	<b>1,109</b>	<b>2,912</b>	<b>2,972</b>
Capex	-2,293	-4,153	-1,337	-850	-550
Free Cash Flow	-1,377	-3,532	-228	2,062	2,422
Inc (-) / Dec in Investments	950	-65	-167	-190	-40
Others	49	133	77	170	87
<b>Investing Cash Flow</b>	<b>-1,294</b>	<b>-4,085</b>	<b>-1,427</b>	<b>-870</b>	<b>-503</b>
Inc / Dec (-) in Capital	10	26	24	-100	20
Dividend + Tax thereon	-49	-61	-62	-147	-220
Inc / Dec (-) in Loans	972	3,862	1,958	-800	-2,000
Others	-129	-649	-1,450	-445	-290
<b>Financing Cash Flow</b>	<b>804</b>	<b>3,178</b>	<b>471</b>	<b>-1,492</b>	<b>-2,490</b>
<b>Inc / Dec (-) in Cash</b>	<b>426</b>	<b>-286</b>	<b>153</b>	<b>550</b>	<b>-21</b>
Opening Cash Balance	1,280	726	314	224	774
Closing Cash Balance	1,706	440	467	774	753

Source: Company, JM Financial

Balance Sheet		(INR mn)			
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E
Shareholders' Fund	5,382	6,438	7,094	8,171	9,786
Share Capital	123	123	124	124	124
Reserves & Surplus	5,259	6,315	6,970	8,048	9,662
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	2,919	6,634	5,246	4,446	2,446
Def. Tax Liab. / Assets (-)	-73	10	9	-5	-5
<b>Total - Equity &amp; Liab.</b>	<b>8,228</b>	<b>13,082</b>	<b>12,349</b>	<b>12,613</b>	<b>12,227</b>
Net Fixed Assets	4,621	9,721	8,774	8,993	8,886
Gross Fixed Assets	5,224	6,553	11,160	12,084	12,634
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	1,698	1,965	2,510	3,141	3,799
Capital WIP	1,096	5,133	124	50	50
Investments	258	64	381	571	611
Current Assets	6,636	7,025	7,430	8,008	8,409
Inventories	2,256	2,784	3,478	3,898	4,066
Sundry Debtors	1,864	2,287	2,490	2,835	3,090
Cash & Bank Balances	726	314	224	774	753
Loans & Advances	1,789	1,640	1,239	500	500
Other Current Assets	0	0	0	0	0
Current Liab. & Prov.	3,288	3,728	4,237	4,959	5,679
Current Liabilities	2,164	2,427	3,329	3,898	4,473
Provisions & Others	1,124	1,301	908	1,061	1,206
Net Current Assets	3,348	3,297	3,193	3,048	2,730
<b>Total - Assets</b>	<b>8,228</b>	<b>13,082</b>	<b>12,349</b>	<b>12,613</b>	<b>12,227</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E
Net Margin	5.9%	7.1%	3.5%	4.7%	6.2%
Asset Turnover (x)	2.2	1.6	1.7	2.1	2.4
Leverage Factor (x)	1.5	1.8	1.9	1.6	1.4
RoE	18.9%	20.0%	11.3%	16.0%	20.4%

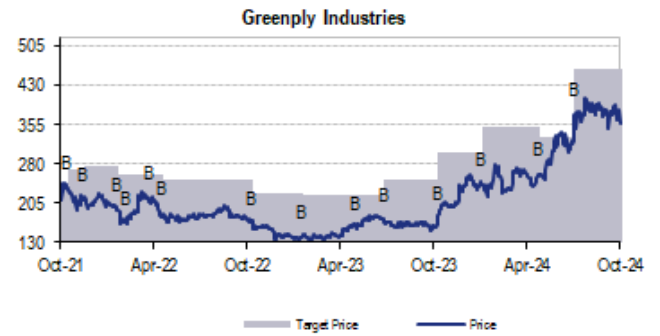
Key Ratios					
Y/E March	FY22A	FY23A	FY24A	FY25E	FY26E
BV/Share (INR)	43.8	52.4	57.7	66.5	79.7
ROIC	15.5%	11.0%	7.7%	13.4%	17.8%
ROE	18.9%	20.0%	11.3%	16.0%	20.4%
Net Debt/Equity (x)	0.4	1.0	0.7	0.4	0.2
P/E (x)	47.3	36.8	57.1	35.6	23.8
P/B (x)	8.1	6.8	6.1	5.3	4.5
EV/EBITDA (x)	30.5	32.4	26.1	18.4	14.2
EV/Sales (x)	2.9	3.0	2.2	1.8	1.5
Debtor days	44	50	42	40	38
Inventory days	53	61	58	55	50
Creditor days	56	59	61	61	62

Source: Company, JM Financial

## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
9-Nov-20	Buy	120	
15-Jan-21	Buy	160	33.3
11-Feb-21	Buy	200	25.0
4-Mar-21	Buy	210	5.0
15-Jun-21	Buy	260	23.8
6-Aug-21	Buy	240	-7.7
11-Nov-21	Buy	270	12.5
13-Dec-21	Buy	275	1.9
15-Feb-22	Buy	260	-5.5
7-Mar-22	Buy	260	0.0
22-Apr-22	Buy	260	0.0
17-May-22	Buy	250	-3.8
9-Nov-22	Buy	224	-10.4
13-Feb-23	Buy	220	-1.8
31-May-23	Buy	220	0.0
25-Jul-23	Buy	250	13.6
7-Nov-23	Buy	300	20.0
2-Feb-24	Buy	350	16.7
23-May-24	Buy	330	-5.7
1-Aug-24	Buy	460	39.4

## 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: +91 22 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% for 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.

\* REITs 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 their immediate relatives 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 immediate 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.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

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 1325 Avenue of the Americas, 28th Floor, Office No. 2821, New York, New York 10019. Telephone +1 (332) 900 4958 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.