

ASK Automotive | BUY

All-round beat; Play on EV light-weighting opportunity

ASK Automotive (ASK) consol. revenue was 7% above JMFe. EBITDA margin at 12.0% was in line with JMFe. YoY margin improvement (+260bps) was led by favourable mix and positive operating leverage. Domestic 2W industry continues to remain healthy with an est. high single-digit vol. growth in FY25. ASK has been consistently outperforming growth of the underlying 2W industry led by expansion in product portfolio and increase in wallet share with existing and new customers. Backed by a) rising kit value in the ALP segment as the 2W/3W industry transitions to EVs, b) ramp-up of the 2W SCC business and c) expansion into PV and non-automotive segments by leveraging its capabilities, we believe ASK is well positioned to continue its healthy growth momentum. Mkt. share gain for its key customer augurs well for the company. We expect ASK to post a c.15% / 26% revenue / EPS CAGR over FY24-27E. We maintain our BUY rating with Mar'26 TP of INR 525 (30x Mar'27E EPS). Any slowdown in electrification of domestic 2W/3W remains a key monitorable.

- 2QFY25 – Strong operating performance:** ASK reported revenue of INR 9.7bn (+23% YoY, +13% QoQ), 7% above JMFe. EBITDA margin stood at 12.0% (+260bps YoY, +30bps QoQ), in line with JMFe. YoY margin improvement was led by favourable mix positive operating leverage and cost optimisation efforts. EBITDA came-in at INR 1.17bn (+57%YoY, +16%QoQ), c.7% above JMFe. Income from Fras-le JV stood at INR 10mn (-64% YoY). Adjusted PAT stood at INR 673mn (+63% YoY, +18% QoQ), 6% above JMFe.
- Operational update:** During 2QFY25, revenue from Advanced Braking Solutions (ABS) / Aluminium Light-Weighting (ALP) / Safety Control Cables (SCC) grew by c.18% / 27% / 18% YoY, significantly ahead of underlying 2W industry growth (c.12.5% YoY). This was led by ramp-up of new businesses from existing and new customers. Revenue from exports increased 17% YoY despite muted demand environment in EU and inventory correction at one of its key customers. ASK expects export business momentum to improve further going ahead led by new order execution (INR 750mn order to start from 4QFY25). Share of EV revenue is gradually increasing (4.2% in 2QFY25 vs. 3.7% YoY) led by increase in volumes and higher content per vehicle (higher by 30%-50% in E2Ws).
- Demand outlook:** 2W industry is on the path to recovery. Revival in rural spends led by above normal monsoon augur well for the 2Ws and the management expects demand momentum to continue. ASK is aiming to continue its outperformance with respect to the underlying industry led by new product introductions (driving content per vehicle) and increasing wallet share with new and existing customers through better efficiencies.
- Margin outlook:** Rajasthan plant is currently operating at 50-50% capacity utilisation and the company plans to further ramp-up the plant to over 70-75% utilisation during FY26. This is expected to further drive positive operating leverage. State incentive on this plant is expected to further support margins (to start from 4Q). Overall the company has guided for gradual improvement in EBITDA margins to ~12-13% over near-to-medium term.
- Other highlights:** 1) Bengaluru facility – HPDC Alloy Wheels - This technology is already proven and operational in Taiwan and is currently getting tested by Indian OEMs (at



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

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

(We acknowledge the support services of Dev Jogani and Sahil Malik in preparation of this report)

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	525
Upside/(Downside)	21.2%
Previous Price Target	475
Change	10.5%

Key Data – ASKAUTOL IN

Current Market Price	INR433
Market cap (bn)	INR85.4/US\$1.0
Free Float	21%
Shares in issue (mn)	197.1
Diluted share (mn)	197.1
3-mon avg daily val (mn)	INR185.9/US\$2.2
52-week range	485/240
Sensex/Nifty	79,942/24,341
INR/US\$	84.1

Price Performance

%	1M	6M	12M
Absolute	-1.3	40.0	0.0
Relative*	4.0	30.4	0.0

* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	25,552	29,945	35,186	40,982	45,965
Sales Growth (%)	26.9	17.2	17.5	16.5	12.2
EBITDA	2,414	3,006	4,150	5,086	5,793
EBITDA Margin (%)	9.4	10.0	11.8	12.4	12.6
Adjusted Net Profit	1,280	1,738	2,412	2,994	3,494
Diluted EPS (INR)	6.5	8.8	12.2	15.2	17.7
Diluted EPS Growth (%)	52.4	35.8	38.8	24.1	16.7
ROIC (%)	15.3	16.4	19.6	20.4	21.0
ROE (%)	20.1	23.8	26.4	26.5	25.2
P/E (x)	66.7	49.1	35.4	28.5	24.4
P/B (x)	13.3	10.5	8.5	6.8	5.6
EV/EBITDA (x)	36.7	29.5	21.5	17.4	15.1
Dividend Yield (%)	0.0	0.5	0.6	0.7	0.8

Source: Company data, JM Financial. Note: Valuations as of 30/Oct/2024

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.

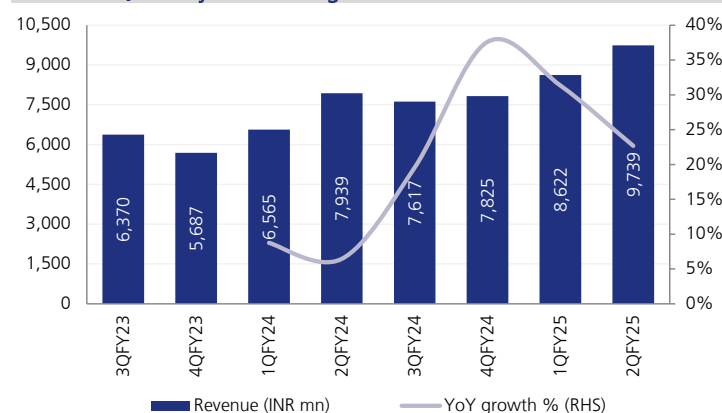
advance stage of discussion with 2 OEMs). **2)** With regards to aftermarket JV with AISIN, ASK expects product launches under the JV AISIN starting 4QFY25 and has revenue potential of INR 1-1.5bn over 2-3 years. **3)** Capex guidance for FY25 stands at INR 2.5-3bn largely towards Bengaluru plant which is expected to commence operations during 4QFY25 (on track). **4)** Debt during 1H increased by INR 394mn to INR 3.8bn. ASK plans to marginally reduce its debt by year-end.

Exhibit 1. Quarterly financial performance - consolidated

Financial Matrices (INR mn)	2QFY25	2QFY24	% YoY	1QFY25	% QoQ	2QFY25E	Var (%)
Sales	9,739	7,939	22.7	8,622	13.0	9,129	6.7
RM	6,695	5,512	21.5	5,850	14.4	6,185	8.2
as a % of sales	68.7	69.4	-70bps	67.8	90bps	67.7	100bps
Employee Exp	484	436	11.2	475	2.1	493	(1.7)
as a % of sales	5.0	5.5	-50bps	5.5	-50bps	5.4	-40bps
Other Costs	1,392	1,247	11.7	1,291	7.8	1,360	2.3
as a % of sales	14.3	15.7	-140bps	15.0	-70bps	14.9	-60bps
Expenditure	8,571	7,194	19.1	7,616	12.5	8,038	6.6
EBITDA	1,168	745	56.8	1,006	16.0	1,091	7.0
EBITDA Margin (%)	12.0	9.4	260bps	11.7	30bps	12.0	0bps
Other Income	21	46	(55.0)	27	(23)	30	(31.7)
Interest	88	79	10.2	84	4	85	3.1
Depreciation	216	170	27.2	202	7	210	2.7
PBT	885	541	63.5	746	19	826	7.1
Tax	222	156	42.0	191	16	208	7.0
Tax rate (%)	25.1	28.89		25.6		25.1	-25bps
Share of profit / (loss) of JV	10	28	(63.7)	13	(25)	15	(33.3)
PAT (Adjusted)	673	412	63.1	568	18.4	634	6.2
EPS (INR)	3.4	2.1	63.1	2.9	18.4	3.2	6.2

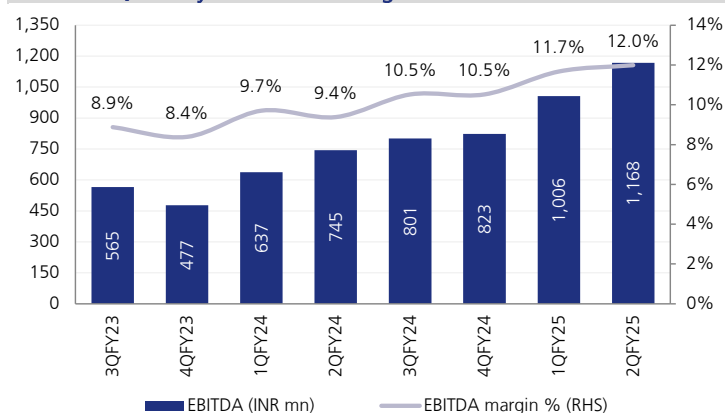
Source: Company, JM Financial

Exhibit 2. Quarterly revenue & growth trend



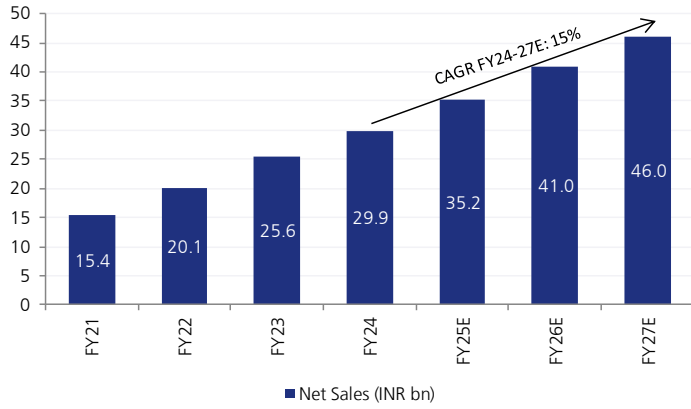
Source: Company, JM Financial

Exhibit 3. Quarterly EBITDA and margin trend



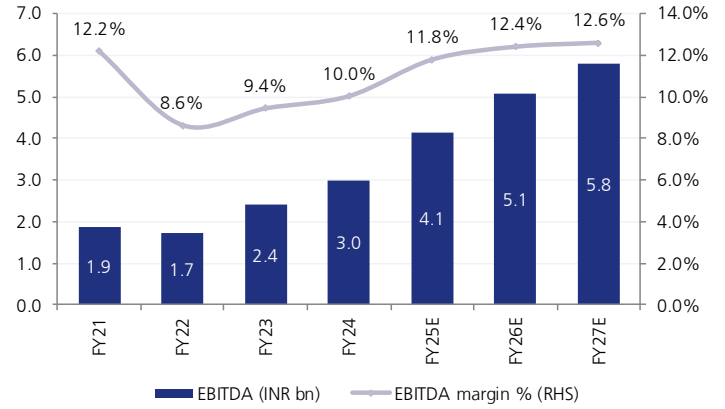
Source: Company, JM Financial

Exhibit 4. Expect revenue to grow at CAGR of 15% over FY24-27E



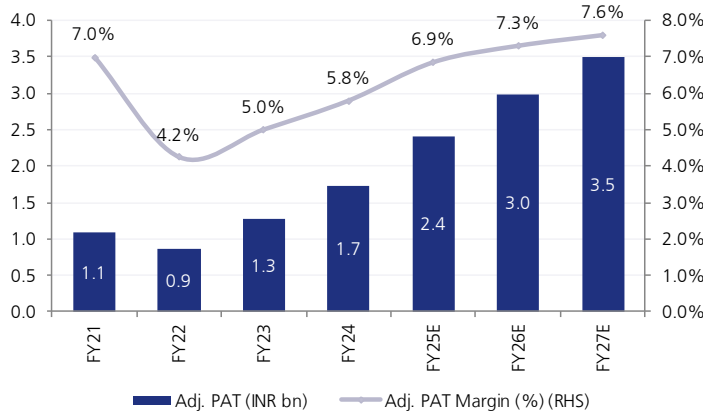
Source: Company, JM Financial

Exhibit 5. Expect EBITDAM to expand by c.260bps over FY24-27E



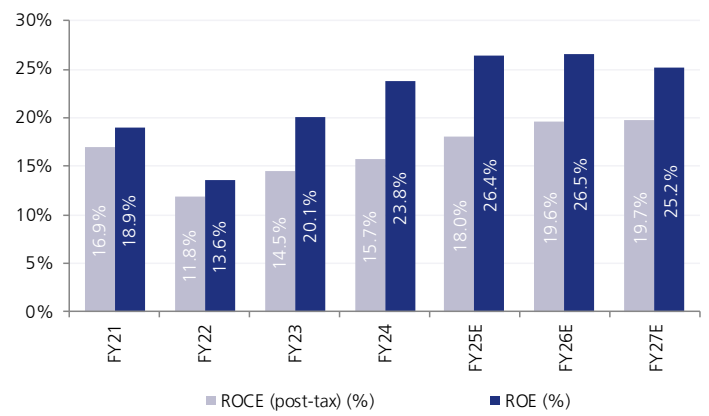
Source: Company, JM Financial

Exhibit 6. Expect PAT to grow at c.26% CAGR over FY24-27E



Source: Company, JM Financial

Exhibit 7. ROCE (post-tax) is expected to expand to ~20%



Source: Company, JM Financial

Exhibit 8. Change in estimates – Consolidated

ASK Automotive	New assumption			Old assumption			% Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue (INR mn)	35,186	40,982	45,965	35,173	40,117	45,167	0%	2%	2%
EBITDA (INR mn)	4,150	5,086	5,793	4,147	4,947	5,644	0%	3%	3%
EBITDA margin (%)	11.8%	12.4%	12.6%	11.8%	12.3%	12.5%	0bps	10bps	10bps
PAT (INR mn)	2,412	2,994	3,494	2,447	3,001	3,486	-1%	0%	0%
EPS (INR)	12.2	15.2	17.7	12.4	15.2	17.7	-1%	0%	0%

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	25,552	29,945	35,186	40,982	45,965
Sales Growth	26.9%	17.2%	17.5%	16.5%	12.2%
Other Operating Income	0	0	0	0	0
Total Revenue	25,552	29,945	35,186	40,982	45,965
Cost of Goods Sold/Op. Exp	17,818	20,426	23,930	27,810	31,123
Personnel Cost	1,394	1,705	1,910	2,101	2,353
Other Expenses	3,926	4,808	5,196	5,985	6,696
EBITDA	2,414	3,006	4,150	5,086	5,793
EBITDA Margin	9.4%	10.0%	11.8%	12.4%	12.6%
EBITDA Growth	38.8%	24.5%	38.0%	22.6%	13.9%
Depn. & Amort.	607	690	877	1,063	1,193
EBIT	1,807	2,316	3,273	4,023	4,601
Other Income	111	104	130	149	172
Finance Cost	112	286	326	332	281
PBT before Excep. & Forex	1,807	2,135	3,077	3,840	4,491
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	1,807	2,135	3,077	3,840	4,491
Taxes	468	562	772	964	1,127
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	-59	165	107	118	130
Reported Net Profit	1,280	1,738	2,412	2,994	3,494
Adjusted Net Profit	1,280	1,738	2,412	2,994	3,494
Net Margin	5.0%	5.8%	6.9%	7.3%	7.6%
Diluted Share Cap. (mn)	197.1	197.1	197.1	197.1	197.1
Diluted EPS (INR)	6.5	8.8	12.2	15.2	17.7
Diluted EPS Growth	52.4%	35.8%	38.8%	24.1%	16.7%
Total Dividend + Tax	0	394	493	591	690
Dividend Per Share (INR)	0.0	2.0	2.5	3.0	3.5

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Profit before Tax	1,698	2,300	3,185	3,958	4,621
Depn. & Amort.	607	690	877	1,063	1,193
Net Interest Exp. / Inc. (-)	111	283	326	332	281
Inc (-) / Dec in WCap.	-584	605	3	-180	-137
Others	-2	-216	0	0	0
Taxes Paid	-444	-629	-772	-964	-1,127
Operating Cash Flow	1,386	3,033	3,618	4,210	4,831
Capex	-1,499	-2,798	-3,500	-2,750	-2,500
Free Cash Flow	-113	235	118	1,460	2,331
Inc (-) / Dec in Investments	0	0	0	0	0
Others	-110	21	-5	-6	-6
Investing Cash Flow	-1,609	-2,777	-3,505	-2,756	-2,506
Inc / Dec (-) in Capital	-1,110	0	0	0	0
Dividend + Tax thereon	0	0	-493	-591	-690
Inc / Dec (-) in Loans	1,493	179	750	-600	-600
Others	-152	-334	-296	-299	-245
Financing Cash Flow	232	-155	-39	-1,490	-1,535
Inc / Dec (-) in Cash	9	100	74	-36	790
Opening Cash Balance	13	22	122	196	160
Closing Cash Balance	22	122	196	160	950

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Shareholders' Fund	6,438	8,167	10,087	12,489	15,293
Share Capital	394	394	394	394	394
Reserves & Surplus	6,043	7,773	9,692	12,095	14,899
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	3,279	3,459	4,209	3,609	3,009
Def. Tax Liab. / Assets (-)	273	229	229	229	229
Total - Equity & Liab.	9,989	11,855	14,524	16,327	18,531
Net Fixed Assets	8,441	10,564	13,187	14,874	16,181
Gross Fixed Assets	8,384	11,738	15,238	17,988	20,488
Intangible Assets	1,819	1,819	1,819	1,819	1,819
Less: Depn. & Amort.	2,945	3,635	4,511	5,574	6,767
Capital WIP	1,182	642	642	642	642
Investments	120	258	262	265	269
Current Assets	4,244	4,827	5,496	6,239	7,708
Inventories	1,536	1,768	1,940	2,254	2,523
Sundry Debtors	2,104	2,140	2,514	2,928	3,284
Cash & Bank Balances	24	127	201	164	954
Loans & Advances	27	27	29	31	34
Other Current Assets	554	766	812	861	913
Current Liab. & Prov.	2,816	3,795	4,421	5,051	5,627
Current Liabilities	1,699	2,477	2,968	3,449	3,860
Provisions & Others	1,117	1,317	1,453	1,602	1,767
Net Current Assets	1,428	1,032	1,075	1,188	2,081
Total - Assets	9,989	11,855	14,524	16,327	18,531

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Margin	5.0%	5.8%	6.9%	7.3%	7.6%
Asset Turnover (x)	2.7	2.7	2.6	2.6	2.6
Leverage Factor (x)	1.5	1.5	1.5	1.4	1.3
RoE	20.1%	23.8%	26.4%	26.5%	25.2%

Key Ratios					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
BV/Share (INR)	32.7	41.4	51.2	63.4	77.6
ROIC	15.3%	16.4%	19.6%	20.4%	21.0%
ROE	20.1%	23.8%	26.4%	26.5%	25.2%
Net Debt/Equity (x)	0.5	0.4	0.4	0.3	0.1
P/E (x)	66.7	49.1	35.4	28.5	24.4
P/B (x)	13.3	10.5	8.5	6.8	5.6
EV/EBITDA (x)	36.7	29.5	21.5	17.4	15.1
EV/Sales (x)	3.5	3.0	2.5	2.2	1.9
Debtor days	30	26	26	26	26
Inventory days	22	22	20	20	20
Creditor days	27	34	35	35	35

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
15-Apr-24	Buy	375	
21-May-24	Buy	375	0.0
29-Jul-24	Buy	475	26.7

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.