

PSP Projects | BUY

Strong performance; Maintains guidance

PSP Projects' (PSP) 1QFY24 PAT at INR 367mn was in-line with estimate of INR 359mn (consensus: INR 419mn). Revenue grew by 48% YoY to INR 5.1bn and was below estimate of INR 5.5bn. EBITDA grew by 37% YoY to INR 646mn (estimate: INR 635mn). EBITDA margin declined by 90bps YoY on a high base to 12.7% but was above our estimate of 11.5%. Margin beat was on account of better revenue mix. Gross debt rose sharply from INR 1.45bn in Mar-23 to INR 2.81bn in June-23 due to rise in inventory levels at UP project. Debt levels are expected to reduce by the year end with normalization of working capital. PSP received order inflows of INR 7.6bn in 1QFY24 taking its order backlog to INR 53.2bn (2.5x TTM revenues). Bid pipeline remains healthy at INR 60bn though a large prospect was lost to competition recently. We like PSP given its strong execution track record and superior return ratios. We value PSP at 15x FY25E EPS to arrive at price target of INR 860. Maintain BUY.

- Execution missed estimates; margins better led by revenue mix:** Revenue grew by 48% YoY to INR 5.1bn and was below estimate of INR 5.5bn due to weaker than expected execution in few big-ticket projects. EBITDA grew by 37% YoY to INR 646mn (estimate: INR 635mn). EBITDA margin at 12.7% (down 90bps YoY on high base) was above estimate of 11.5% led by improved revenue mix (supported by advance stage of work in UP project). Interest costs grew sharply by 62% YoY to INR 91mn (estimate: INR 100mn) due to higher debt levels. PAT grew sharply by 29% YoY to INR 367mn (in-line).
- Healthy inflows in 1Q boosts backlog; bid pipeline remains at INR 60bn:** PSP received order inflows of INR 7.6bn in 1QFY24 taking its order backlog to INR 53.2bn (2.5x TTM revenues). PSP's bid pipeline stays at INR 60bn spread across Gujarat, Mumbai, Chennai etc. PSP lost the Gems and Jewellery park project of INR 25bn in Mumbai to competition. However, the Ahmedabad railway station redevelopment project of INR 26bn in added to the prospects pipeline. Additionally, PSP is also evaluating Delhi station redevelopment project worth INR 47bn. PSP will have to bid in JV for above station redevelopment projects where its share would be c.50%.
- Maintains FY24 guidance; debt to reduce by year end:** PSP has guided for revenue of INR 26bn (+35% YoY) with EBITDA margins in the range of 11-13% in FY24. It expects order inflows of INR 30bn+ (YTD inflows: INR 7.6bn). PSP's gross debt rose sharply from INR 1.45bn in Mar-23 to INR 2.81bn in June-23 due to rise in inventory levels at UP project. PSP expects debt levels to reduce by year end with normalization of working capital.
- Expect 24% EPS CAGR over FY23-25; Maintain BUY:** We like PSP for its track record of delivering robust growth while preserving its balance sheet health. Over 10 years the company has grown at an impressive Revenue/EPS CAGR of 22%/27% with operating cashflows funding commitments in capex and investments. We expect EPS CAGR of 24% over FY23-25E with potential for upside from stronger order intake. Valuations remain reasonable at 12.9x FY25E earnings. We value PSP at 15x FY25E earnings and arrive at a price target of INR 860 (unchanged). Maintain BUY.



Ashish Shah
ashish.shah@jmfl.com | Tel: (91 22) 66303085

Vaibhav Shah
vaibhav.shah@jmfl.com | Tel: (91 22) 66303068

Gaurav Uttrani
gaurav.uttrani@jmfl.com | Tel: (91 22) 66303372

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	860
Upside/(Downside)	16.6%
Previous Price Target	860
Change	0.0%

Key Data – PSPL IN

Current Market Price	INR737
Market cap (bn)	INR26.5/US\$0.3
Free Float	34%
Shares in issue (mn)	36.0
Diluted share (mn)	36.0
3-mon avg daily val (mn)	INR86.5/US\$1.1
52-week range	799/560
Sensex/Nifty	66,267/19,660
INR/US\$	81.9

Price Performance

%	1M	6M	12M
Absolute	1.1	7.9	18.2
Relative*	-2.5	-3.4	1.4

* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY21A	FY22A	FY23A	FY24E	FY25E
Net Sales	12,409	17,488	19,266	25,046	29,555
Sales Growth (%)	-17.2	40.9	10.2	30.0	18.0
EBITDA	1,348	2,565	2,250	3,006	3,547
EBITDA Margin (%)	10.9	14.7	11.7	12.0	12.0
Adjusted Net Profit	835	1,624	1,330	1,752	2,057
Diluted EPS (INR)	23.2	45.1	36.9	48.7	57.1
Diluted EPS Growth (%)	-35.4	94.4	-18.1	31.7	17.4
ROIC (%)	20.3	30.1	16.5	18.2	18.4
ROE (%)	16.8	26.6	17.9	19.9	19.6
P/E (x)	17.5	10.5	16.7	15.2	12.9
P/B (x)	2.7	2.5	2.8	2.8	2.3
EV/EBITDA (x)	9.7	6.3	9.4	8.6	7.1
Dividend Yield (%)	1.0	1.1	0.4	0.7	0.8

Source: Company data, JM Financial. Note: Valuations as of 27/Jul/2023

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

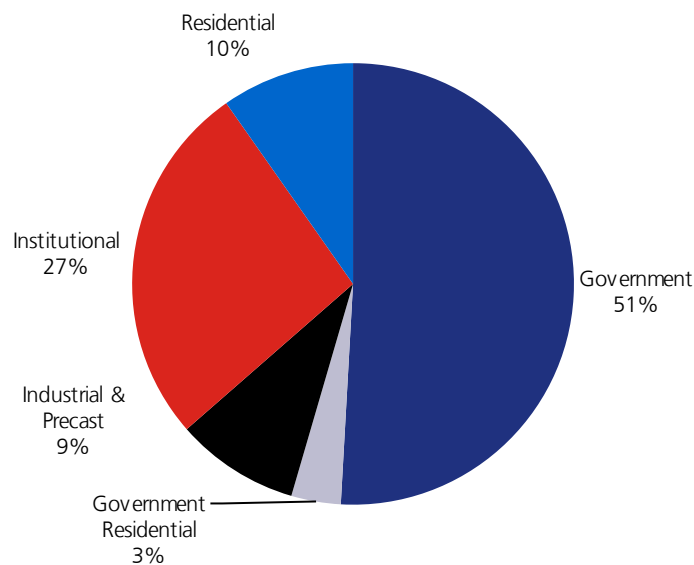
Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. Standalone Quarterly results

INR mn	1QFY23	2QFY23	3QFY23	4QFY23	FY23	1QFY24	1QFY24E	Variance (%)	FY24E	FY25E
Revenue	3,452	3,566	4,974	7,274	19,266	5,096	5,500	-7.4%	25,046	29,555
Raw Materials	2,710	2,904	4,088	6,119	15,820	4,085	4,510	-9.4%	20,523	24,229
Staff Cost	218	225	235	257	935	282	270	4.4%	1,177	1,378
Other Expenses	54	51	35	122	261	83	85	-2.7%	340	401
EBITDA	471	386	616	777	2,250	646	635	1.8%	3,006	3,547
EBITDA margin (%)	13.6%	10.8%	12.4%	10.7%	11.7%	12.7%	11.5%		12.0%	12.0%
Other Income	56	83	65	67	271	57	70	-18.5%	292	318
Depreciation	87	91	98	124	400	118	125	-5.2%	496	581
Interest	56	70	101	92	320	91	100	-9.2%	460	536
PBT	384	308	482	628	1,801	494	480	3.0%	2,341	2,748
Tax	99	79	129	164	471	127	121	5.1%	589	692
Effective Tax Rate (%)	25.8%	25.6%	26.7%	26.2%	26.2%	25.7%	25.2%		25.2%	25.2%
Adjusted PAT	285	229	353	463	1,330	367	359	2.2%	1,752	2,057
Exceptional Items	-	-	-	-	-	-	-		-	-
Reported PAT	285	229	353	463	1,330	367	359	2.2%	1,752	2,057
YoY growth										
Revenue	8.8%	-8.7%	2.4%	31.0%	10.2%	47.6%	54.2%		30.0%	18.0%
EBITDA	19.6%	-29.5%	-16.8%	-11.9%	-12.3%	37.2%	64.5%		33.6%	18.0%
Other Income	48.1%	80.5%	-14.8%	23.0%	27.5%	1.6%	-16.0%		7.6%	9.1%
Depreciation	61.0%	28.9%	4.9%	21.1%	24.8%	35.8%	38.0%		24.0%	17.2%
Interest	64.0%	87.2%	3.8%	-2.9%	21.1%	62.4%	41.9%		44.0%	16.4%
PBT	11.8%	-36.5%	-23.0%	-15.1%	-17.9%	28.7%	55.7%		30.0%	17.4%
Adjusted PAT	13.6%	-37.4%	-24.8%	-13.9%	-18.1%	28.9%	56.7%		31.7%	17.4%
Reported PAT	13.6%	-37.4%	-24.8%	-13.9%	-18.1%	28.9%	56.7%		31.7%	17.4%

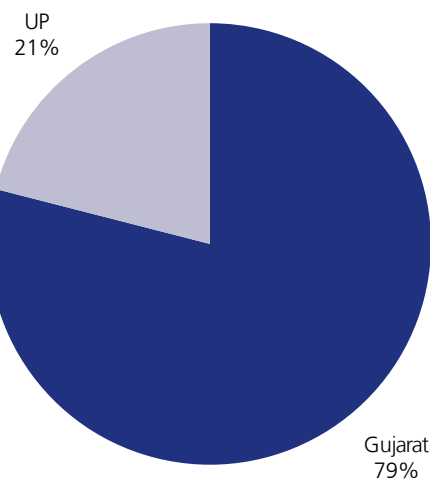
Source: Company, JM Financial

Exhibit 2. Segment mix of order backlog (INR 53.2bn as of June'23)



Source: Company, JM Financial

Exhibit 3. Geographical mix of order backlog as of June'23



Source: Company, JM Financial

Exhibit 4. Key assumptions

INR mn	FY21	FY22	FY23	FY24E	FY25E
Order inflows	24,410	18,020	34,020	30,000	40,000
EBITDA margin	10.9%	14.7%	11.7%	12.0%	12.0%
NWC* days	103	113	113	115	115
Capex	756	816	900	750	800

Source: Company, JM Financial; *: ex free cash and ex L&A to subs/JVs

Exhibit 5. Moderate dependence on new orders for FY25E revenue

INR bn	Order value	FY24E revenue	FY25E revenue
Mar-23 order backlog	50.5	23.9	19.3
Share of total revenue		95%	65%
Orders already won in YTD FY24	7.6	0.9	2.7
Share of total revenue		4%	9%
Incremental order inflows in FY24E	22.4	0.2	7.6
Share of total revenue		1%	26%
Total revenues		25.0	29.6

Source: Company, JM Financial

Exhibit 6. Price target of INR 860

Particulars	Rationale	Adjusted PAT	Multiple (x)	Value (INR mn)	Value per share (INR)
PSP Projects standalone	PEx FY25E PAT	2,057	15	30,943	860
Target Price					860

Source: Company, JM Financial

Key conference call takeaways

- **FY24 Guidance:** Revenue: INR 26bn (FY23: INR 19.3bn), EBITDA margin: 11-13% (FY23: 11.7%), Order inflow: Rs30bn+ (FY23: INR 34bn)
- **Bid pipeline** stays at INR 60bn. It comprises of Ahmedabad station redevelopment (INR 26bn), Central Vistas project (INR 12.5bn), IT Park in Chennai (INR 4bn) among others. PSP is L2 in Gems and Jewellery park project (INR 25bn) and is not likely to get the order. Additionally, PSP is evaluating Delhi station redevelopment order (INR 47bn).
- **Debt rises sharply:** Gross debt rose sharply from INR 1.45bn in Mar-23 to INR 2.81bn in June-23 due to rise in inventory levels at UP project. It is likely to reduce by year end with normalization of working capital
- **Margins at 12.7% in 1QFY24** were supported by better revenue mix. Management has maintained its FY24 margin guidance of 11-13%.
- **To enhance total limits to support business growth:** PSP to increase total limits to INR 15bn (Fund based: INR 1.4bn; non-fund based: INR 13.6bn). Currently, total limits are INR 10.5bn (Fund based: INR 1.2bn, non-fund based: INR 9.3bn).

Financial Tables (Standalone)

Income Statement		(INR mn)				
Y/E March	FY21A	FY22A	FY23A	FY24E	FY25E	
Net Sales	12,409	17,488	19,266	25,046	29,555	
Sales Growth	-17.2%	40.9%	10.2%	30.0%	18.0%	
Other Operating Income	0	0	0	0	0	
Total Revenue	12,409	17,488	19,266	25,046	29,555	
Cost of Goods Sold/Op. Exp	10,402	13,913	15,820	20,523	24,229	
Personnel Cost	509	723	935	1,177	1,378	
Other Expenses	150	286	261	340	401	
EBITDA	1,348	2,565	2,250	3,006	3,547	
EBITDA Margin	10.9%	14.7%	11.7%	12.0%	12.0%	
EBITDA Growth	-29.4%	90.3%	-12.3%	33.6%	18.0%	
Depn. & Amort.	256	321	400	496	581	
EBIT	1,092	2,245	1,850	2,510	2,966	
Other Income	169	213	271	292	318	
Finance Cost	147	264	320	460	536	
PBT before Excep. & Forex	1,114	2,193	1,801	2,341	2,748	
Excep. & Forex Inc./Loss(-)	-27	0	0	0	0	
PBT	1,087	2,193	1,801	2,341	2,748	
Taxes	279	569	471	589	692	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	808	1,624	1,330	1,752	2,057	
Adjusted Net Profit	835	1,624	1,330	1,752	2,057	
Net Margin	6.7%	9.3%	6.9%	7.0%	7.0%	
Diluted Share Cap. (mn)	36.0	36.0	36.0	36.0	36.0	
Diluted EPS (INR)	23.2	45.1	36.9	48.7	57.1	
Diluted EPS Growth	-35.4%	94.4%	-18.1%	31.7%	17.4%	
Total Dividend + Tax	144	180	90	175	206	
Dividend Per Share (INR)	4.0	5.0	2.5	4.9	5.7	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY21A	FY22A	FY23A	FY24E	FY25E	
Profit before Tax	1,114	2,193	1,801	2,341	2,748	
Depn. & Amort.	256	321	400	496	581	
Net Interest Exp. / Inc. (-)	147	264	320	460	536	
Inc (-) / Dec in WCap.	-44	-1,493	-608	-1,575	-1,009	
Others	0	0	0	0	0	
Taxes Paid	-304	-571	-499	-589	-692	
Operating Cash Flow	1,170	713	1,414	1,134	2,165	
Capex	-756	-816	-900	-750	-800	
Free Cash Flow	414	-103	515	384	1,365	
Inc (-) / Dec in Investments	36	1	0	0	0	
Others	100	23	-89	0	0	
Investing Cash Flow	-620	-792	-989	-750	-800	
Inc / Dec (-) in Capital	0	0	0	0	0	
Dividend + Tax thereon	-144	-180	-90	-175	-206	
Inc / Dec (-) in Loans	61	187	453	650	0	
Others	-147	-264	-320	-460	-536	
Financing Cash Flow	-230	-257	44	15	-741	
Inc / Dec (-) in Cash	320	-336	469	398	623	
Opening Cash Balance	1,967	2,288	1,952	2,421	2,819	
Closing Cash Balance	2,288	1,952	2,421	2,819	3,443	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY21A	FY22A	FY23A	FY24E	FY25E	
Shareholders' Fund	5,380	6,847	7,998	9,575	11,426	
Share Capital	360	360	360	360	360	
Reserves & Surplus	5,020	6,487	7,638	9,215	11,066	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	810	997	1,450	2,100	2,100	
Def. Tax Liab. / Assets (-)	-92	-94	-122	-122	-122	
Total - Equity & Liab.	6,098	7,750	9,326	11,553	13,404	
Net Fixed Assets	1,578	2,074	2,573	2,827	3,046	
Gross Fixed Assets	2,342	3,574	4,135	4,885	5,685	
Intangible Assets	0	0	0	0	0	
Less: Depn. & Amort.	1,180	1,500	1,740	2,236	2,817	
Capital WIP	416	0	177	177	177	
Investments	8	7	7	7	7	
Current Assets	8,318	10,491	14,860	18,212	21,555	
Inventories	892	806	1,516	1,968	2,522	
Sundry Debtors	2,220	3,118	4,342	5,490	6,478	
Cash & Bank Balances	2,288	1,952	2,421	2,819	3,443	
Loans & Advances	343	59	44	44	44	
Other Current Assets	2,575	4,556	6,537	7,891	9,069	
Current Liab. & Prov.	3,806	4,822	8,114	9,493	11,204	
Current Liabilities	2,599	2,576	3,676	4,573	5,398	
Provisions & Others	1,207	2,246	4,438	4,920	5,806	
Net Current Assets	4,511	5,669	6,746	8,719	10,351	
Total - Assets	6,098	7,750	9,326	11,553	13,404	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY21A	FY22A	FY23A	FY24E	FY25E	
Net Margin	6.7%	9.3%	6.9%	7.0%	7.0%	
Asset Turnover (x)	2.2	2.5	2.3	2.4	2.4	
Leverage Factor (x)	1.1	1.1	1.2	1.2	1.2	
RoE	16.8%	26.6%	17.9%	19.9%	19.6%	

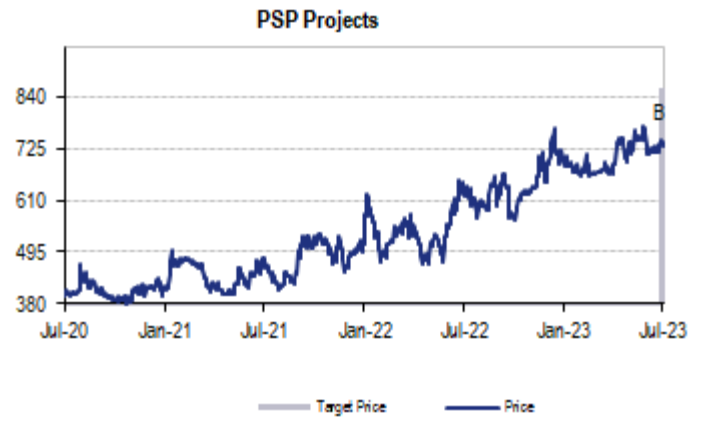
Key Ratios						
Y/E March	FY21A	FY22A	FY23A	FY24E	FY25E	
BV/Share (INR)	149.4	190.2	222.2	266.0	317.4	
ROIC	20.3%	30.1%	16.5%	18.2%	18.4%	
ROE	16.8%	26.6%	17.9%	19.9%	19.6%	
Net Debt/Equity (x)	-0.3	-0.1	-0.1	-0.1	-0.1	
P/E (x)	17.5	10.5	16.7	15.2	12.9	
P/B (x)	2.7	2.5	2.8	2.8	2.3	
EV/EBITDA (x)	9.7	6.3	9.4	8.6	7.1	
EV/Sales (x)	1.1	0.9	1.1	1.0	0.9	
Debtor days	65	65	82	80	80	
Inventory days	26	17	29	29	31	
Creditor days	86	63	79	76	76	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
20-Jul-23	Buy	860	

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.