

Hayleys Fabric PLC (MGT.N)

Research Note

July 2024

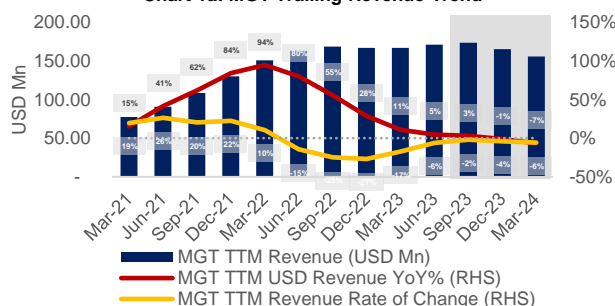
Rating changed to “Hold” and Price Target Lowered to LKR 50/-

MGT is facing significant headwinds from fast deteriorating consumer sentiment in key markets and negative sales outlook for global brands that comprise its main buyers. The recovery in sales is expected to be slower than previously anticipated leading us to downgrade our forward estimates.

Revenue contraction expected to bottom out, but recovery may be slower than previously anticipated

MGT is one of the largest designers/ manufacturers of knit fabrics in the South Asian region supplying leading global fashion brands. At the time of our last update in Oct 2023 (refer Annex 2 for previous coverage), the financial results of MGT up to 1Q FY2023/24 indicated that the revenue slowdown in FY23 and FY24 was potentially bottoming out with the rate of change nearing zero (see Chart 1a). However, the subsequent quarters have shown continued weakness in sales, reportedly compounded by lost orders from the impact of shipping disruptions in the last quarter. We expect that as Sri Lankan apparel & textile exports gradually recover (see Annex 1a), MGT's revenue in USD basis will likely bottom out in the coming quarters. Nevertheless, revenue growth in the short to medium may be weaker than previously expected on account of softer demand in key markets leading us to downgrade our forecast expectations.

Chart 1a: MGT Trailing Revenue Trend



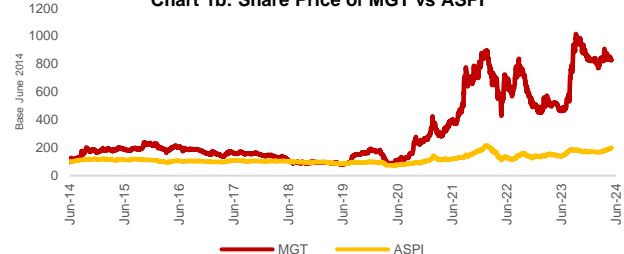
US consumer sentiment has reversed and expected sales outlook for key clothing brands looks mostly bleak

The US market accounted for 65% of MGT's sales/ end customers in FY24. US consumer sentiment which was on an improving trend in 2H 2023 in the backdrop of robust growth supported by high fiscal stimulus saw a sharp reversal in the last two months (refer Annex 1b).

CMP as of 4 July 2024 (LKR)	LKR 44.90
Bloomberg Ticker	MGT SL Equity MGT.N
Market Cap (LKR Bn) USD (Mn)	19.03 Bn 58.27 Mn
No. of Shares (Mn)	415 Mn
Estimated Free Float	36.78%
ADT (LKR Mn USD k) - 3M	41.89 Mn 130 k
ADT (volume) - 3M	1.05 Mn
52 week High /Low (LKR)	49.70 20.00
Industry and Year End	Consumer Durables & Apparel 31st March
Beta and Sharpe Ratio	1.27 0.32

Rating Summary/ Change		
Rating as of	Revised (04-Jul-24)	Last (12-Oct-23)
Rating	Hold	Buy
12M Target price (LKR)	50.00	67.00
Potential upside (%)	11%	46%
FY25E DPS (LKR)	2.00	1.50
Total return (%)	16%	50%
Industry view: Materials	In-Line	In-Line

Chart 1b: Share Price of MGT vs ASPI



Furthermore, current year sales expectations for key global clothing brands has deviated from guidance levels given at the end last year.

Consensus revenue forecasts for key buyers of Sri Lankan apparel & textiles now indicate negative revenue growth in the current year and largely stagnant sales in the following year (refer Table 2).

Table 1a: MGT Quarterly Financial Summary

In USD 000s	4Q 2022/23	1Q 2023/24	2Q 2023/24	3Q 2023/24	4Q 2023/24	QoQ %	YoY %
Revenue	39,583	45,114	47,979	31,973	30,260	-5.36%	-23.55%
Gross profit	5,767	8,718	8,421	5,887	6,150	4.47%	6.65%
Gross profit margin (%)	14.57%	19.33%	17.55%	18.41%	20.33%	192 bps	576 bps
EBIT / Operating profit	3,309	5,974	5,012	3,276	3,603	9.98%	8.88%
Operating profit margin (%)	8.36%	13.24%	10.45%	10.25%	11.91%	166 bps	355 bps
Finance cost	-3,199	-2,617	-568	-807	-2,125	-163.36%	33.58%
Profit attributable to Shareholders	155	2,849	2,806	1,644	565	-65.60%	264.50%
Net profit margin (%)	0.39%	6.32%	5.85%	5.14%	1.87%	-327 bps	148 bps
Diluted EPS (LKR)	0.13	2.17	2.24	1.33	0.39	-70.68%	200.00%
TTM EPS (LKR)	1.00	-0.71	0.33	5.87	6.13	4.43%	513.00%
DPS (LKR)	2.50	0.10	1.85	2.35	2.60	10.64%	4.00%

Source: Annual and interim reports, Bloomberg

Table 1b: MGT Cumulative YTD Financial Summary

In USD 000s	FY2022/23	FY2023/24	YoY %
Revenue	166,631	155,326	-6.78%
Gross Profit	21,396	29,177	36.37%
Gross Profit Margin (%)	13%	19%	600 bps
EBIT / Operating Profit	11,479	17,864	55.62%
Operating Profit Margin (%)	7%	12%	500 bps
Finance cost	-3,097	-6,117	97.51%
Net Profit	1,133	7,865	594.17%
Net Profit Margin (%)	1%	5%	400 bps
Diluted EPS (LKR)	1.00	6.13	513.00%
TTM EPS (LKR)	1.00	6.13	513.00%
DPS (LKR)	2.50	2.60	4.00%

Chart 2a: US Unemployment Rate: SAHM Rule (3M MA Unemployment Rate - Previous 12M Low)

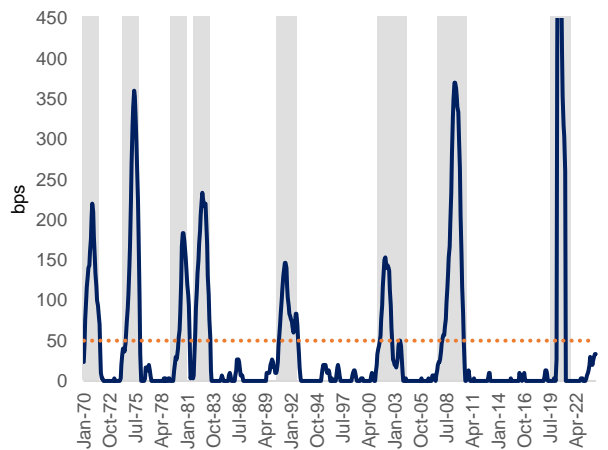


Table 2: Analyst Consensus Revenue Growth Estimate

Apparel Brand/ Brand Owners	Revenue Guidance* for 2024E	Analyst Consensus Current Year	Analyst Consensus Next Year
Nike	1.0%	-4.8%	4.8%
Victoria's Secret	-2.0%	-3.2%	1.5%
PVH Corp	-1.0%	-6.1%	2.8%
GAP	-5.0%	0.2%	1.8%

Source: Bloomberg

* Revenue guidance as at end 2023

Inventory at normalized levels

US clothing inventory levels currently appear at normalized levels (see Annex 1c). However, we believe that declining consumer confidence and adverse economic indicators will prompt clothing brands to hold back on new orders placed with their suppliers. Supply chain challenges from shipping disruptions on the Red Sea creates further uncertainty. Brands may choose to temporarily nearshore their supply chains even at higher costs to overcome potential supply chain disruptions, whilst elevated shipping costs will likely pressure margins across the supply chain.

Low demand is possibly due to softening labor market conditions and a selective recession

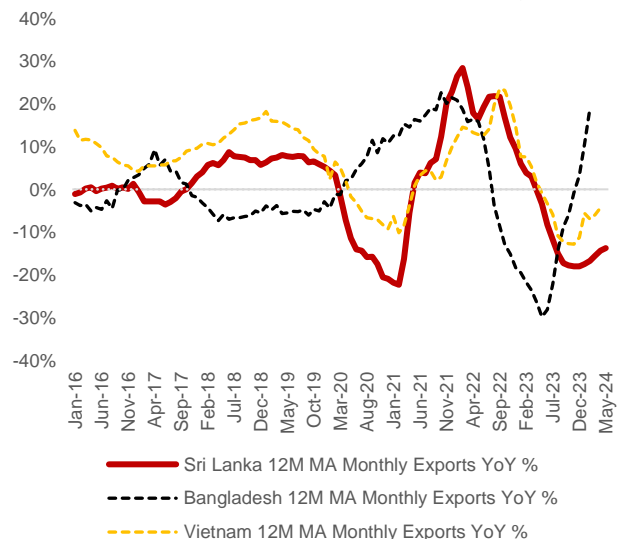
Tight US labor market conditions in early 2023 is seen to be softening. The SAHM rule (latest 3m moving average unemployment rate minus lowest 3m moving average unemployment over the past 12m) indicator is approaching the 50-bps benchmark typically associated with a recession (see Chart 2a). Many other datapoints including in relation to housing sales, excess savings and credit card debt also point to a weakening US economy and possibly a selective recession impacting a sizeable proportion of younger households. Softening economic conditions in the US reinforces the weak sales outlook for key apparel brands pointing to potentially lower order volumes for suppliers. The available order volumes from clothing brands could also shift to more discount/ affordable brands as retailers struggle to cater to more price sensitive buyers and/ or pressure margins of suppliers as brands compete to sell their products profitably at lower price points.

The outlook for the Eurozone (c. 30% of MGT's sales/ end customers in FY24) also remains subdued with generally stagnant growth and no significant consumer impulse seen in the current year.

Sri Lankan textile & apparel exports are lagging peers, possibly reflecting pricing pressure and softer demand

Whilst MGT supplies global fashion brands that source apparel both from Sri Lankan and regional apparel factories, the outlook for the domestic apparel industry has a significant bearing on MGT's prospects. Global brands, where possible, will source fabrics from mills close to their apparel supplying factories to minimize lead times and simplify logistics. The decline in Sri Lanka's trailing monthly average apparel & textile export value is gradually tapering off (see Annex 1a and Chart 2b). However, Sri Lanka is lagging the recovery seen in Bangladesh (export values on a trailing 12m basis are now positive on a YoY basis cf. the same period in the previous year) and Vietnam (refer Chart 2b). The slower recovery in Sri Lanka is likely due to the local industry operating at reduced capacity and factories selectively taking on only higher margin orders where possible, compared to Bangladesh and Vietnam which have a higher capacity and greater ability to take on high volume low margin orders.

Chart 2b: Sri Lanka and Peers: 12M Moving Average Monthly Textile & Apparel Exports (YoY % Change)

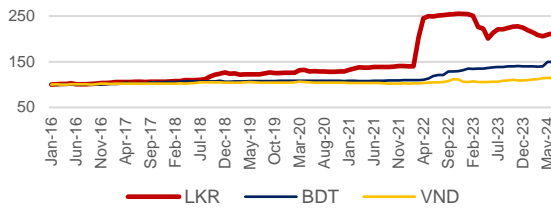


Currency volatility is an added challenge for LKR earnings in the backdrop of low/ negative growth in USD revenues

Whilst the moderate appreciation of the LKR against the USD over the last year may present some challenges both from a competitiveness standpoint and for earnings on an LKR basis, we believe this is unlikely to significantly undermine competitiveness in the longer term.

Whilst the LKR has paired back some of the losses since the aftermath of the economic crisis, the currency has depreciated substantially more than currencies of peer countries (see Chart 3a). We believe that its likely that wages and other LKR denominated costs would not have escalated at the same rate as the exchange rate, whilst lower fuel and electricity rates will help to mitigate some of the adverse impact from the appreciation of the LKR.

Chart 3a: Sri Lanka and Peer Country Local Currencies vs USD (2016 =100)

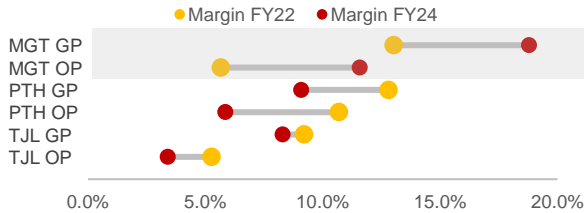


Margins expected to be pressured by the weak demand

Notwithstanding negative growth in revenue, elevated margins and lower deferred tax charges supported higher profitability in FY24. GP margins increased to 19% in FY24, ostensibly through successful sourcing strategies.

MGT has achieved significant margin expansion post the acquisition and integration of South Asia Textiles in FY2021/22 (see Chart 3c). MGT's margins on a TTM basis as at the last quarter was well above leading local and international peers (see Chart 3b).

Chart 3b: MGT & Peer Profit Margins in FY2022 and FY2024



PTH = Pacific Textiles, TJL = Teejay Lanka

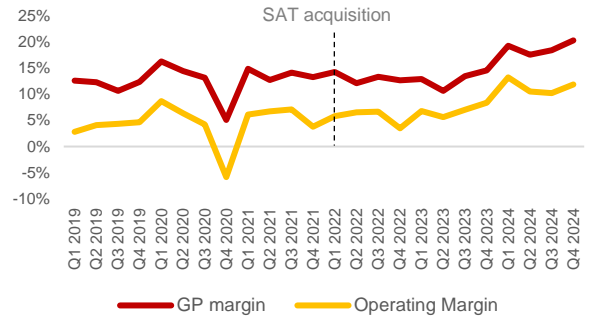
We expect that currently elevated gross margins (c. 2.5 standard deviations above the last 10 years average value) will be hard to sustain in the current climate. We believe that margins will likely be pressured in FY25E based on the challenging business environment stemming from the significant downturn in consumer sentiment/ sales outlook for global apparel brands. Higher shipping costs which are expected to prevail through much of the current year in response to continuing tensions in the Red Sea will further exacerbate pressure on margins. Comparison of peak to lowest quarterly revenue over the last two years shows that MGT, notwithstanding peak to trough revenue drawdowns of over 30%, has defended peak to trough margins more successfully than its peers (see Chart 3d).

Table 3: Estimate Revisions

In USD 000s	FY23 – A	FY24 – A	% Δ	FY24E – O	FY24– A	% Δ2	FY25E – O	FY25E – R	% Δ3
Revenue	166,631	155,326	-6.78%	178,295	155,326	-12.88%	190,776	149,114	-21.84%
EBIT	11,479	17,864	55.62%	18,112	17,864	-1.37%	20,835	10,419	-35.59%
EBIT margin (%)	6.90%	11.50%	460 bps	10.20%	11.50%	130 bps	10.90%	9.00%	-190 bps
PAT	1,133	7,864	594.09%	10,218	7,864	-23.0%	12,615	7,398	-41.36%
PAT margin (%)	0.70%	5.06%	436 bps	5.70%	5.06%	-64 bps	6.60%	4.96%	-164 bps
Recurring Net Profit	1,133	7,864	594.09%	10,218	7,864	-23.04%	12,615	7,398	-41.36%
Recurring EPS (LKR)	1.00	6.12	512.00%	8.39	6.12	-27.06%	10.88	5.53	-49.17%
DPS (LKR)	2.50	2.60	4.00%	1.50	2.60	73.33%	2.00	2.00	0.00%

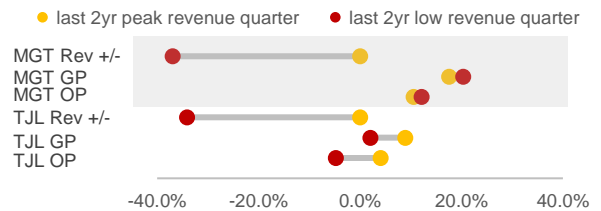
O – Original estimate, R – Revised estimate, A – Actual

Chart 3c: MGT Profit Margins



	FY24	10yr Avg	SD	SD of FY24
GP Margin	18.8%	12.8%	2.3%	2.54
EBIT Margin	11.9%	5.1%	3.0%	2.29

Chart 3d: Peak to Low Revenue Drawdown and Margins



We believe that MGT will likely continue to adopt similar sourcing strategies to mitigate pressure on GP margins and possibly tradeoff some potential revenue growth for higher margin orders to limit the adverse impact on overall profitability until business conditions recover. However, some negative impact on margins may be inevitable in the next two years. We assume that GP margins will compress by c. 200 bps in FY25E.

We expect that MGT's quarterly revenue which fell to c. USD 30.3 Mn in Q4 FY24 will gradually pick up in 2H FY25E. However, given the peak revenues reported in 1H FY24 with over USD 45 Mn per quarter in sales, we anticipate that overall revenue in FY25E will likely record a further contraction cf. FY24.

Chart 4a: TTM Revenue

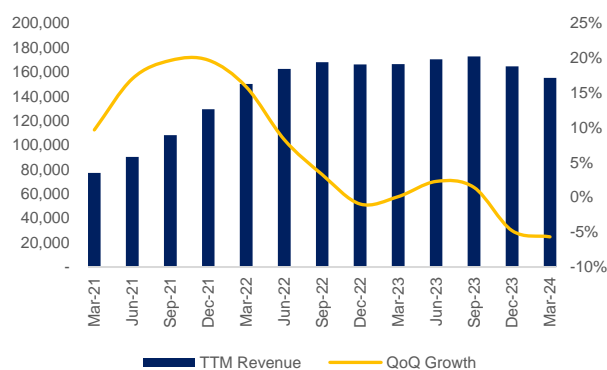


Chart 4b: TTM EBIT

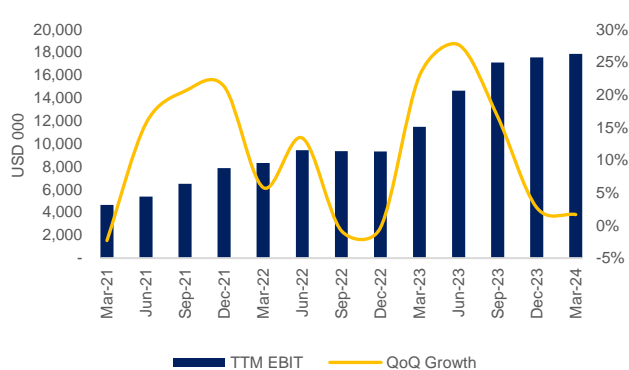


Chart 4c: Earnings per Share

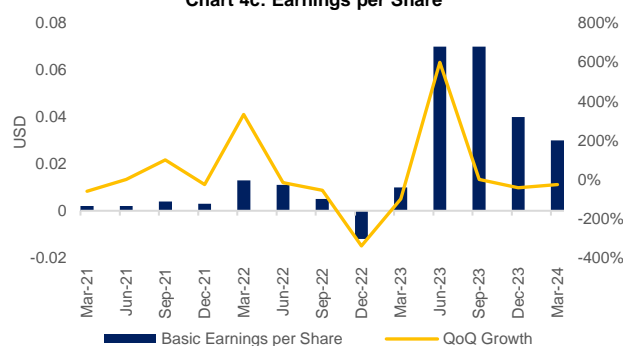
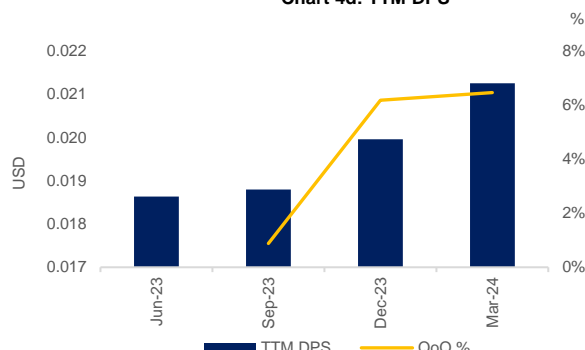


Chart 4d: TTM DPS



We forecast MGT's revenue in USD terms to post negative growth of c. -4% growth YoY in FY25E to c. USD 149 Mn and average a 4% USD revenue CAGR thereafter in FY26E through FY29E. We further expect LKR revenue in FY25E to come in lower at c. LKR 46.2 Bn based on the likelihood that LKR/ USD exchange rate for the year will average c. LKR 310/- compared with an average exchange rate of LKR 324/- in FY24. Given the impact of potentially further revenue contraction in the current

year alongside margin compression and adverse exchange rate impact cf. the previous year, we expect EPS in both USD and LKR basis to come in lower in FY25E at USD 0.018 and LKR 5.53 respectively (-5% in USD basis and -10% in LKR cf. FY24).

Table 4: Financial Summary and Key Forecast Assumptions

For the year ended 31-March	Actual					Forecast	
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025E	FY2026E
Revenue (USD 000s)	67,116	77,281	150,219	166,631	155,327	149,114	155,078
USD Revenue Growth (%)	-4.04%	15.15%	94.38%	10.93%	-6.78%	-4.00%	4.00%
EBIT (LKR Mn)	2,469	4,656	8,333	11,479	17,864	13,420	13,957
EBIT Margin (%)	3.68%	6.02%	5.55%	6.89%	11.50%	9.00%	9.00%
Effective Tax Rate(%)	10.41%	0.76%	14.68%	86.49%	33.05%	29.00%	29.00%
Capital Expenditure (LKR Mn)	2,864	4,894	8,508	5,132	3,836	2,267	2,386
Sales to Capital (X)	(0.99)	2.08	8.57	3.20	(2.95)	2.50	2.50
Exchange Rate (LKR/ USD)	182.15	191.11	210.71	365.77	300.00	310.50	326.03
Investor Ratios							
Earnings per Share (LKR)	0.55	1.77	6.48	0.99	6.12	5.53	6.15
Earnings per Share Growth (%)	-38.84%	203.20%	231.68%	-91.14%	596.99%	-9.40%	11.67%
Gross Dividend per Share (LKR)	0.30	0.60	1.20	2.50	2.60	2.00	2.00
Net Book Value per Share (LKR)	8.38	9.95	21.92	22.84	24.11	27.65	31.86
Market Price per Share (LKR) *	4.35	14.10	29.50	25.10	41.50	44.90	44.90

* For historical period ratio / price is based on FY end price and forecast period ratio is based on CMP as of 04th July 2024.

Table 5: Valuation Summary

Summarized DCF Valuation						Last estimate (12-Oct-23)
LKR Mn	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E	
EBIT	4,167	4,550	4,969	5,426	5,925	
FCFF	2,255	2,453	2,679	2,925	3,194	
PV of Terminal Value					24,930	
Discounted FCFF (WACC @ 10.6%)	2,039	2,005	1,979	1,954	1,929	
Enterprise Value/ Sum of PV					34,836	44,632
Net Debt					8,214	12,879
Equity Value					26,621	31,754
Equity Value (net of NCI)					26,621	31,754
# of shares (Mn)					415	415
DCF based Intrinsic Value (LKR) per share					64.07	76.43
12M Target Price based on probable (historical / estimated) PER of 9.0x on estimated TTM EPS of LKR 5.53 in Mar 2025					50.00	67.00
CMP as of 4 July 2024 (LKR)					44.90	47.50
Potential Upside / (downside) to 12M Target Price					11%	41%

We value MGT at LKR 64.07 per share and downgrade the stock to a "Hold"

Based on our DCF valuation and expected market trading multiples, we assign a **12M forward price target of LKR 50.00 per share** for MGT which is a 11% upside to CMP (LKR 44.90 as of 04 July 2024), while we estimate a DPS of LKR 2.00 per share for FY25E resulting in a total return of c. 16%. The share is currently trading at 7.34x of FY24 EPS (TTM) and 8.12x of FY25E forward EPS. Our 12m forward price target is based on the share trading at c. 9.0x of estimated

EPS (TTM) in FY25E of LKR 5.53. This is slightly higher than MGT's current trailing PE, but we believe multiple expansion is warranted by overall market rerating and lower expected interest rates going forward.

Net insider interest shows marginal overall net selling over the last year (see Chart 5b). Refer Table 6 for risk factors that may negatively impact our ratings and price targets in the next 1-2 years.

Chart 5a: MGT Share Price & 12M Target Price



Chart 5b: MGT Net Insider Buying/ Selling

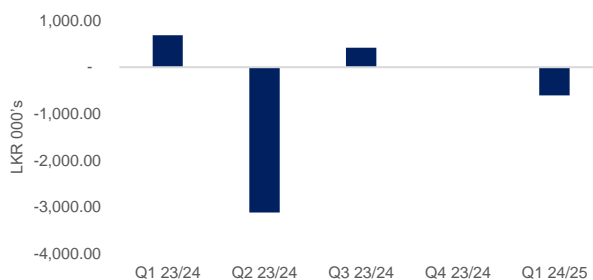


Table 6: Summarized P&L Forecast

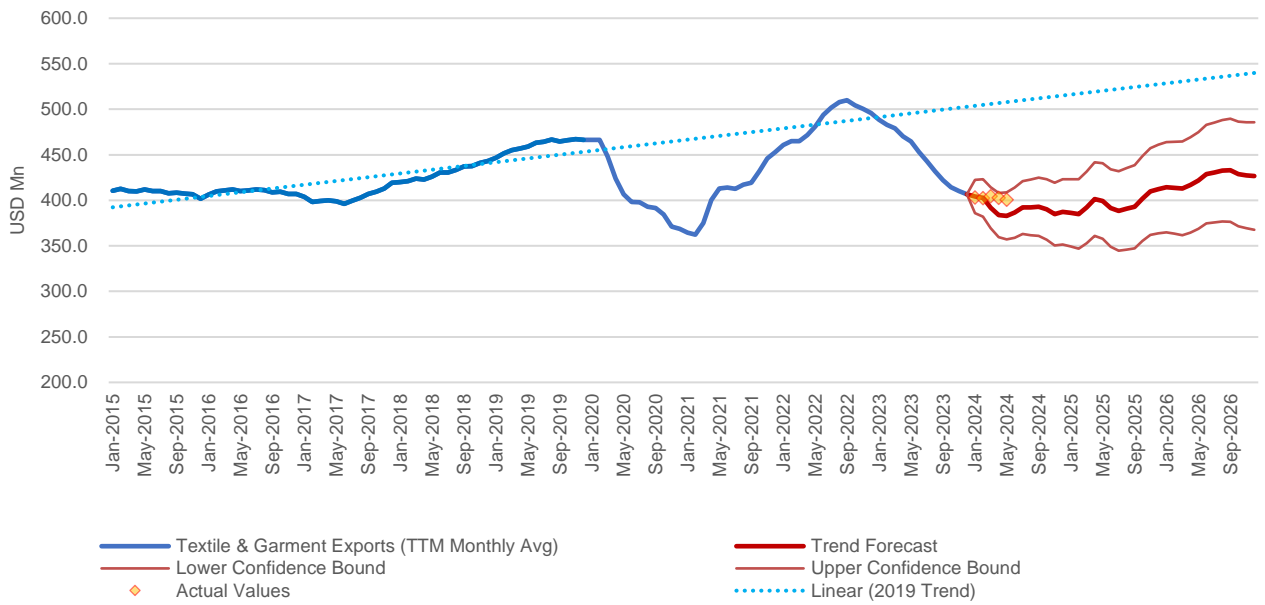
For the year ended 31-March in USD 000s	Actual					Forecast	
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025E	FY2026E
Revenue	67,116	77,281	150,219	166,631	155,327	149,114	155,078
COGS	58,416	66,714	130,658	145,236	126,150	123,764	128,715
Gross Profit	8,700	10,567	19,560	21,396	29,177	25,349	26,363
EBIT	2,877	4,643	8,381	12,412	18,515	13,420	13,957
Net Interest Cost	898	736	(6,643)	3,097	6,117	3,001	2,910
PBT	3,822	3,823	14,977	8,382	11,748	10,419	11,047
Tax	398	(29)	2,199	7,250	3,883	3,022	3,204
Recurring Net Profit	3,424	3,852	12,778	1,133	7,865	7,398	7,843
Earnings per share (LKR)	0.56	1.77	6.48	1.00	6.12	5.53	6.16
Dividends per share (LKR)	0.30	0.60	1.20	2.50	2.60	2.00	2.00
Dividend Yield (%)	6.90%	4.26%	4.07%	9.96%	6.27%	4.50%	4.50%
Price / Earnings Ratio (X) *	7.81	7.96	4.55	25.17	6.78	8.12	7.30
Price / Book Value (X) *	0.52	1.42	1.35	1.10	1.72	1.65	1.46
Return on Equity (%)	7.0%	19.6%	49.7%	3.9%	25.4%	20.0%	19.5%

* For historical period ratio / price is based on FY end price and forecast period ratio is based on CMP as of 04th July 2024.

Table 6: Risk Factors

Risk Factors	Likelihood of Negative Impact on Ratings in Next 1-2 years	Negative Impact on Ratings	Positive Impact on Ratings
Global Economic/ Market Conditions	Moderate	Prolonged deterioration in global economic conditions in key markets and/ or prolonged adverse conditions in the global market for textiles & apparel.	Sustained improvement in global economic conditions in key markets and/ or prolonged favourable conditions in the global market for textiles & apparel.
Market Share	Moderate	Sustained loss of global market share in the medium term.	Sustained gain in global market share in the medium term.
Revenue Growth	Moderate	Sustained decline in USD revenue growth rates below the growth rates assumed in our forecast.	Sustained increase in USD revenue growth rates above the growth rates assumed in our forecast.
Margins	Moderate	Prolonged margin compression from unfavourable economic/ industry conditions or company specific factors.	Sustained margin expansion from favourable economic/ industry conditions or company specific factors.
Capital Expenditure/ ROIC	Moderate	Increase in capital intensity of the business or decline in ROIC from adverse competitive forces or company specific factors.	Decrease in capital intensity of the business or increase in ROIC from favourable competitive forces or company specific factors.
Inflation/ Cost Pressures	Moderate	Increase in localised inflationary pressures or raw material costs which cannot be passed on to end customers.	Decrease in localised inflationary pressures or raw material costs possibly leading to margin expansion.
Devaluation of Reporting Currency	Moderate	Sustained appreciation of the reporting currency against the functional currency can lower reported revenue/ earnings and our valuations/ price targets in LKR.	Devaluation of the reporting currency against the functional currency surpassing our forecast assumption of on avg. 5% p.a. can increase reported revenue/ earnings and our valuations/ price targets in LKR.
Changes to WACC	Moderate	Increase in market interest rates/ equity risk premium or beta values and accordingly the cost of capital can negatively impact our valuations and ratings.	Decrease in market interest rates/ equity risk premium or beta values and accordingly the cost of capital or lower market valuation multiples can positively impact our valuations and ratings.
Loss of Human Capital	Low	Sustained loss in talent/ key personnel.	N.A.
Regulatory & Taxation	Low	Adverse regulatory or taxation changes which impact the long-term viability/ competitiveness of the business.	Positive regulatory or taxation changes including in the ease of doing business which favourably impact the long-term viability of the business.

Annex 1a: Sri Lanka Textile & Garment Exports & Forecast Fan Chart

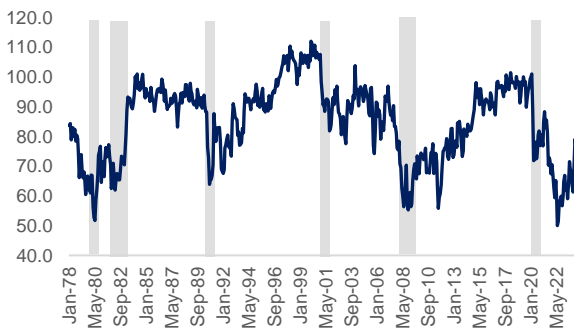


Source: CBSL, Acuity Research

Sri Lanka exports of textiles & garments continue to weaken although the rate of decline has slowed down. YTD trailing 12m monthly average export values are between the average trend forecast and the higher end of the confidence band based on our fan chart of textile & apparel products exports (see Annex 1a). Our current projections show that Sri Lankan textile & apparel products export may take a couple of years to

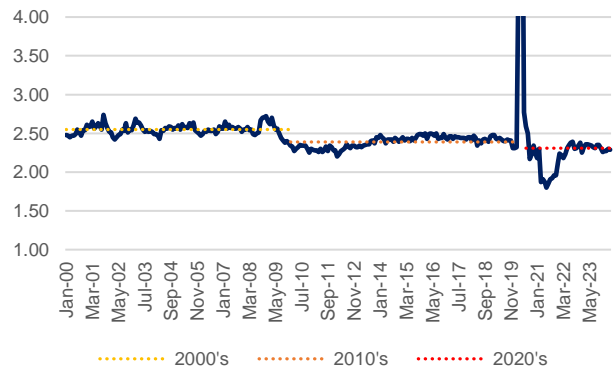
catch up with the 2019 trendline unless we see a stronger consumer impulse from key importing countries in the year ahead translate into higher order volumes for local exporters.

Annex 1b: US Michigan Consumer Sentiment Index



Source: FRED

Annex 1c: US Retail Inventories/ Sales Ratio for Clothing & Clothing Accessory Stores



Annex 2: Previous Coverage of MGT

Date	Report
October 2023	Initiation Report

Research Team**Shehan Cooray**

(+94) 112 206 256
shehan@acuitystockbrokers.com

Arun Sarweswaran

(+94) 112 206 251
arun@acuitystockbrokers.com

Isumi De Silva

(+94) 112 206 254
Isumi@acuitystockbrokers.com

Manidu Rabel

(+94) 112 206 253
manidu@acuitystockbrokers.com

Chenitha Wijesundara

(+94) 112 206 253
chenitha@acuitystockbrokers.com

Lakshika Kodagoda

(+94) 112 206 254
lakshika@acuitystockbrokers.com

Sales Team**Prashan Fernando**

(+94) 112 206 222
prashan@acuitystockbrokers.com
(+94) 77 225 0609

Kapila Pathirage

(+94) 112 206 227/228
kapila.p@acuitystockbrokers.com
(+94) 77 766 0131

Dhammika Wanniarachchi

(+94) 112 206 229
dhammika.w@acuitystockbrokers.com
(+94) 77 106 3754

Kumar Dias Desinghe

(+94) 814 474 443
kumar@acuitystockbrokers.com
(+94) 77 780 1713

Susil Fernando

(+94) 112 206 234
susil@acuitystockbrokers.com
(+94) 77 243 2110

Buddhenia Narangoda

(+94) 112 206 248
buddhenia@acuitystockbrokers.com
(+94) 77 745 3640

Thushintha Hettige

(+94) 112 206 232
thushintha@acuitystockbrokers.com
(+94) 76 703 4613

Auburn Senn

(+94) 112 206 239
auburn@acuitystockbrokers.com
(+94) 71 494 3304

S. Vasanthakumar

(+94) 112 206 250/251
vasantha.k@acuitystockbrokers.com
(+94) 77 361 3285

Prasanna Semasinghe

(+94) 814 474 443
prasanna@acuitystockbrokers.com
(+94) 77 361 3284

Warana Sumanasena

(+94) 112 206 231
warana@acuitystockbrokers.com
(+94) 71 955 3617

Dinuk Subasinghe

(+94) 112 206 237
dinuk@acuitystockbrokers.com
(+94) 77 587 7878

Danuksha Koralage

(+94) 112 206 233
danuksha@acuitystockbrokers.com
(+94) 77 728 1221

Rusdi Abdeen

(+94) 112 206 230
rusdi@acuitystockbrokers.com
(+94) 77 744 1672

Shamintha De Silva

(+94) 112 206 243
shamintha@acuitystockbrokers.com
(+94) 76 603 6476

Disclaimer:

"Distributed in Sri Lanka and abroad by Acuity Stockbrokers (Private) Limited (ASB) and its authorized representatives. ASB is fully owned by Acuity Partners (Pvt) Ltd (APL) and APL is a joint venture of DFCC Bank and Hatton National Bank PLC. The Information contained herein has been compiled from sources that ASB ("The Research Institution") believes to be reliable but None of the Research Institution holds itself responsible for its completeness or accuracy. It is not an offer to sell or a solicitation of an offer to buy any securities. The Research Institution and its affiliates and its officers and employees may or may not have a position in or with respect to the securities mentioned herein.

The Research Institution and its affiliates may from time to time have consulting relationship with any company, which is being reported upon. This may involve the Research Institution providing significant corporate finance services or acting as the company's official or sponsoring broker.

All opinions and estimates included in this report constitute judgment as of this date of the Research Institution and are subject to change or amendment without notice. The Research Institution has the copyright for this report and the views herein cannot be reproduced and/or distributed in any form without the explicit (written or otherwise) permission from Research Institution.