

VICONSHIP JSC (HSX: VSC)

Expecting Profit Margins Expansion

(VND bn)	Q1-FY20	Q4-FY19	+/- qoq	Q1-FY19	+/- yoy
Net revenue	409	437	-6.6%	423	-3.5%
PAT	57	85	-33.0%	40	41.8%
EBIT	80	95	-15.2%	78	3.0%
EBIT margin	19.6%	21.6%	-2.0pps	18.4%	1.2pps

Source: VSC, Rong Viet Securities

Q1-FY20 – Earnings trailed our expectations as volume declined

- **Normalized PBT (excluding non-recurring losses) was VND 81 Bn (+9.3% YoY), completing 23.1% of our full year estimates.** The growth in earnings was attributable to the profit margin expansion, following cost-cutting measures, and a reduction in financial expenses due to accelerated borrowings payback.
- **Container throughput declined 7.2% YoY to 263,000 TEUs, making up 24.1% of our full year estimates.** Green Port's throughput dipped by 23.0% YoY while VIP Green Port's volume decreased by 3.0% YoY. This lower throughput partially drove net sales down by 3.5% YoY.

FY20 Outlook – Expect profit margins improvement to tackle the downturn in the volume throughput

- We forecast that container volume throughput will come at 1,089,000 TEUs (vs FY20 Guidance of 950,000 TEUs), down by 7.3% YoY, amid the subdued trading activities due to Covid-19.
- Forecasted GPM and EBIT margins are expected to increase by 1.7 pps and 1.5 pps respectively. We see scope for margins improvement, following the historic low levels witnessed in FY19, owing to the company's drastic measures to cut operating costs and lesser berthing schedule issues. Besides, we expect new BOD members, with their experience, to strengthen corporate governance, which should further improve operational efficiency.
- Forecasted FY20F NPAT-MI rose by 6.7% YoY despite lower throughput volume to VND 250 Bn, lowered by 3.8% from the previous forecast in the 2020 Strategy report. This is owing to wider profit margins, lower financial expenses, and large one-off tax penalties in Q2-FY19.

Valuation and recommendation

Along with recovery in investor sentiment as the Covid-19 seems to be successfully contained in Vietnam, the share price has rallied more than 40% from its low (vs 28% for the VN Index). This makes the current valuation, FY20F/FY21F P/E of 6.8x/6.3x, rather less rewarding given the impact on earnings brought about by the ongoing Covid-19, unresolved trade disputes and, especially, competition going forward. Hence, we recommend **ACCUMULATE** on VSC. We are revising our target price to VND **28,000** from VND 28,200 previously, in line with our downward adjustment in earnings forecast. Our target price is based on P/E, with a target multiple of 6.5x, and DCF valuation (terminal growth: 0.4%, WACC: 15.0%). Based on its current market price of VND 27,400 as of July 2nd, 2020 and an expected cash dividend of VND 2,000, the potential total return is **9%**.

ACCUMULATE +9%

Target price (VND)	28,000
Current market price (VND)	26,800

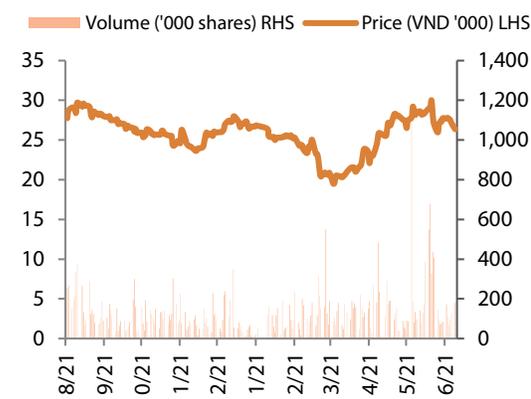
Expected cash dividend (VND)	2,000
------------------------------	-------

Stock Info

Sector	Seaport
Market Cap (VND billion)	1,472
Current Shares O/S	55.1
Avg. Daily Volume (in 20 sessions)	216,532
Free float (%)	80.4
52 weeks High	31,142
52 weeks Low	19,500
Beta	0.83

	FY2019	Current T12M
EPS	3,778	4,064
EPS Growth (%)	-22.1	-10.7
Diluted EPS	3,778	4,064
P/E	7.2	6.7
P/B	0.7	0.7
EV/EBITDA	2.8	2.8
Cash dividend yield (%)	7.3	7.3
ROE (%)	13.5	11.7

Price performance



Major Shareholders (%)

KWE BETEILIGUNGEN AG	11.1
SEA AND AIR FREIGHT INT'L (SAFI)	6.8
SAO A D.C JSC	5.7
Foreign ownership room remaining (%)	16.2

Tung Do

(084) 028- 6299 2006 – Ext 1521

tung.dt@vdsc.com.vn

Exhibit 1: Q1-FY20 Results

(VND Bn)	Q1-FY20	Q4-FY19	+/- qoq	Q1-FY19	+/- yoy
Net revenue	409	437	-6.6%	423	-3.5%
Gross profit	102	116	-12.2%	100	1.7%
SG&A	21	21	0.9%	22	-2.7%
Operating income	80	95	-15.2%	78	3.0%
EBITDA	134	153	-12.8%	132	1.6%
EBIT	80	95	-15.2%	78	3.0%
Financial expenses	1	1	53.1%	6	-80.9%
- Interest Expenses	1	1	94.6%	6	-81.1%
Dep. and amortization	54	59	-8.9%	54	-0.3%
Non-recurring items (*)				-14	
Extraordinary items (*)					
PBT	81	111	-26.8%	61	34.2%
PAT	57	85	-33.0%	40	41.8%
(*) Adjusted PBT	81	111	-26.8%	74	9.3%

Source: VSC, Rong Viet Securities

Exhibit 2: Q1-FY20 Performance Analysis

Particulars	Q1-FY20	Q4-FY19	+/- qoq	Q1-FY19	+/- yoy
Profitability Ratios (%)					
Gross Margin	24.9%	26.5%	-1.6 pps	23.6%	1.3 pps
EBITDA Margin	32.8%	35.1%	-2.3 pps	31.1%	1.7 pps
EBIT Margin	19.6%	21.6%	-2.0 pps	18.4%	1.2 pps
Net Margin	14.0%	19.5%	-5.5 pps	9.5%	4.5 pps
Adjusted PBT Margin	19.9%	25.4%	-5.5 pps	17.6%	2.3 pps
Turnover *(x)					
-Inventories	49	49	0.4	63	-13.6
-Receivables	6.3	8.3	-2.0	7.3	-1.0
-Payables	1.4	1.4	0.1	1.4	0.1
Leverage (%)					
Total Debt/ Equity	10.6%	12.5%	-1.9 pps	14.7%	-4.2 pps

Source: Rong Viet Securities, * Annualized

Exhibit 3: Q2-FY20 Performance Forecast

(VND Bn)	Q2-FY20	+/- qoq	+/- yoy	Comments
Revenue	399	-2.3%	-15.7%	• Estimated Q2-FY20 container throughput: 258,000 TEUs (-17.4% YoY), translating to a decline of 15.7% in revenue.
Gross profit	109	6.8%	4.1%	• We expect the company will barely record any financial expenses thanks to the repayment of all outstanding borrowings in Q2-FY20.
EBIT	85	6.4%	4.3%	
NPAT-MI	67	17.3%	55.3%	• Low base earnings in Q2-FY19 due to large amount of non-recurring tax penalties will significantly affect this year's Q2 NPAT-MI annual growth.

Source: Rong Viet Securities

Q1-FY20 Update

Q1-FY20 total container throughput of the group declined by 7% YoY to 263,000 TEUs. The VIP Green Port handled 147,000 TEUs (-3% YoY) while throughput at Green Port dropped by 23% to 50,000 TEU. Outsourcing volume was maintained at 66,000 TEUs. On average, estimated weekly calls in Q1-FY20 at both Green Port and VIP Green Port were reduced to barely one call per week. We believe this decrease was the result of blank sailing implemented by international shipping lines as Chinese ports halted their operations in February and lower demand in the market in the wake of the Covid-19 pandemic. In spite of the fact that container handling revenue fell in line with container volume, the healthy growth in transportation revenue helped total revenue decline by only 3.5% YoY.

Meanwhile, NPAT-MI soared by 41.8% YoY on the back of (1) low base in last year's Q1 results caused by other losses, (2) wider profit margins owing to better costs management and (3) lower interest expenses as VSC has repaid the majority of its outstanding borrowings.

Table 1: Q1-FY20 Financial results

Unit: VND Bn	Q1-FY19	Q1-FY20	YoY %	Q1-FY20/FY20G	Q1-FY20/FY20E
Net sales	423	409	-3.5%	26.4%	24.9%
Gross profit	100	102	1.7%		
SG&A expenses	-22	-21	-2.7%		
EBIT	78	80	3.0%		23.9%
Financial income	2	2	2.6%		
Financial expenses	-6	-1	-80.9%		
Net other income/expenses	-14	0			
PBT	61	81	34.2%	30.6%	23.1%
NPAT-MI	40	57	41.8%		22.9%
GPM	23.6%	24.9%	1.3 pps		
EBIT margin	18.4%	19.6%	1.2 pps		
PBT margin	14.3%	19.9%	5.6 pps		
Net margin	9.5%	14.0%	4.5 pps		

Source: VSC, Rong Viet Securities

FY20 AGM Update

The AGM approved a new BOD for the FY20-25 period. Four new directors were voted in, two of which are external directors and holding CEO position at SAFI JSC (owns 6.8% stake in VSC) Sao A D.C JSC (owns 5.1% stake in VSC). While Sao A D.C JSC operates a 14 ha depot yard in Dinh Vu Industrial Park, Hai Phong, SAFI JSC is well-known for its sea/air freight forwarding services. Additionally, SAFI currently acts as a shipping/boarding agency for COSCO Group – 3rd largest ocean carrier in the world in terms of shipping capacity. Both companies' core business can potentially support VSC's port operation, in our view. Furthermore, we expect that the valuable experience of the new directors can make a positive impact on current operation efficiency through better cost control. This, coupled with drastic actions to cut costs as seen in the Q1-FY20, we expect FY20 GPM and EBIT margins to increase by 1.7 pps and 1.5 pps respectively, easing the burden of expected volume contraction on earnings.

Conservative targets for FY20 were set on expectations of depressed volume throughput. FY20 total throughput volume plan was set for a collapse of 19.1% YoY, translating into cautious FY20 financial guidance with revenue of VND 1,550 (-13.5% YoY) and PBT of VND 266 (-22.3% YoY). While FY20 sales target is relatively in line with our expectations, the profit plan was pretty conservative, in our view, as 5M-FY20 PBT came at VND 135 Bn and fulfilled 50.8% of the full year target. Meanwhile, our forecasted PBT is 27.8% higher than the company's guidance.

Table 2: FY20 Plan

Indicators	FY20G	YoY %	VDSC FY20E	YoY %
Container volume throughput ('000 TEU)	950	-19.1%	1,089	-7.3%
Net sales (VND Bn)	1,550	-13.5%	1,640	-8.5%
PBT (VND Bn)	266	-22.3%	352	2.9%

Source: VSC, Rong Viet Securities

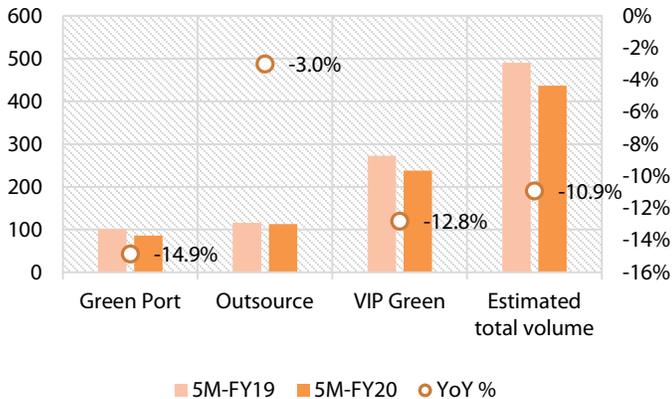
FY20 dividend rate maintained. The AGM approved a FY20 dividend distribution policy that equals last year's rate – 20% on par value. The dividend yield should be 7.3% based on the share price as of July 2nd, 2020.

FY20 outlook

Container volume throughput to face strong headwinds

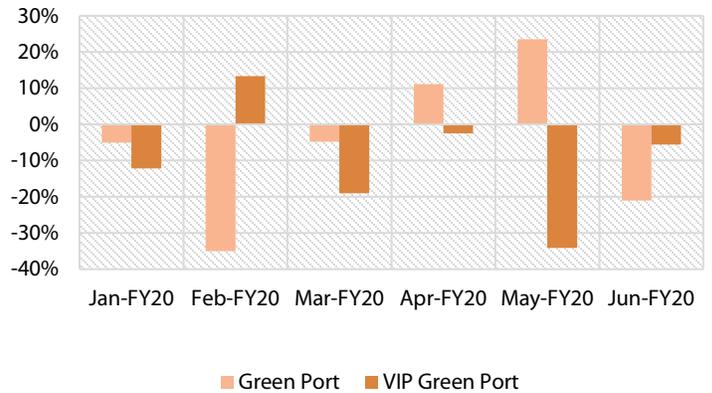
The Covid-19's impact on container volume to be fully felt in Q2-FY20. Accordingly, the number of container ships calling at VSC's port seems weak in Q2 (Green port +3.7% YoY, VIP Green Port -15.0% YoY). We estimate that container volume handled directly at VSC's ports dropped by 7.3% YoY and 30.1% YoY in Apr and May, respectively. For 5M-FY20, estimated total box volume, including outsourcing volume, reached 437,000 TEUs (-10.9% YoY), completing 40.1% of our full year forecast.

Figure 1: Total container volume Thousand TEU) at VSC's ports declined by 10.9% in 5M-FY20



Source: VPA, Rong Viet Securities

Figure 2: Annual growth in vessel calls at VSC's VIP Green Port seems to have bottomed out in May



Source: Hai Phong Maritime Administration, Rong Viet Securities

Going forward, although we expect the volume to bottom out by May, followed by a sluggish recovery in 2H-FY20 as countries reopen economies, competition risk will linger on the company's long-term prospect. Accordingly, the deep-water port HICT has successfully attracted some clients that have direct services at the company's ports, including Maersk-Sealand, Yang Ming and Evergreen Lines – strategic investor and anchor client at VSC's VIP-Green Port. While management indicated that these container lines will maintain their shipping services at VSC's ports in the foreseeable future, we expect a portion of cargo to be shared with HICT. Hence, the volume throughput for the rest of this year should be lower when compared with FY19. **We now forecast FY20F volume throughput to drop by -7.3% YoY to 1.09 mn TEU.**

	VND Billion			
INCOME STATEMENT	FY2018	FY2019	FY2020F	FY2021F
Revenue	1,694	1,793	1,640	1,564
COGS	1,198	1,356	1,213	1,134
Gross profit	496	437	427	430
Selling Expense	27	31	31	30
G&A Expense	63	66	60	60
Finance Income	9	9	8	19
Finance Expense	35	16	4	0
Other profits	1	-3	0	0
PBT	388	342	352	371
Prov. of Tax	34	56	44	44
Minority's Interest	54	52	58	54
PAT to Equity S/H	300	234	250	273
EBIT	406	340	337	340
EBITDA	633	572	577	601

	%			
FINANCIAL RATIO	FY2018	FY2019	FY2020F	FY2021F
Growth (%)				
Revenue	30.1	5.8	-8.5	-4.7
Operating Income	19.6	-9.6	0.8	4.1
EBITDA	22.3	-16.2	-1.1	1.1
PAT	26.6	-22.1	6.7	9.4
Total Assets	0.4	-3.9	3.3	8.3
Equity	11.9	5.3	8.0	8.7
Profitability (%)				
Gross margin	29.3	24.4	26.1	27.5
EBITDA margin	37.4	31.9	35.2	38.4
EBIT margin	24.0	19.0	20.5	21.8
Net margin	17.7	13.1	15.2	17.5
ROA	12.1	9.8	10.1	10.2
ROE	18.3	13.5	14.7	13.6
Efficiency				(times)
Receivable Turnover	8.4	8.5	8.3	8.3
Inventory Turnover	58.4	51.3	100.0	100.0
Payable Turnover	5.4	6.2	6.7	6.7
Liquidity				(times)
Current	2.5	2.8	4.3	6.4
Quick	2.5	2.6	4.3	6.3
Finance Structure (%)				
Total Debt/Equity	17.5	4.4	0.0	0.0
Current Debt/Equity	0.9	0.7	0.0	0.0
Long-term Debt/Equity	16.6	3.7	0.0	0.0

	VND Billion			
BALANCE SHEET	FY2018	FY2019	FY2020F	FY2021F
Cash and cash equivalents	279	297	337	446
Short-term investments	3	3	150	350
Accounts receivable	201	211	197	188
Inventories	21	26	12	11
Other current assets	99	98	90	85
Property, plant & equipment	1,186	1,074	1,033	972
Acquired intangible assets	11	9	9	10
Long-term investments	112	117	117	117
Other non-current assets	577	558	528	498
Total assets	2,489	2,393	2,473	2,678
Accounts payable	223	219	182	170
Short-term borrowings	14	12	0	0
Long-term borrowings	273	64	0	0
Other non-current liabilities	0	0	0	0
Bonus and Welfare fund	34	29	27	30
Technology-science, dev. fund	0	0	0	0
Total liabilities	545	323	209	200
Common stock and APIC	537	587	587	587
Treasury stock (enter as -)	0	0	0	0
Retained earnings	382	378	518	680
Other comprehensive income	0	0	0	0
Inv. and Dev. Fund	725	766	766	766
Total equity	1,644	1,731	1,870	2,033
Minority Interest	300	339	393	445

VALUATION RATIO (*)	FY2018	FY2019	FY2020F	FY2021F
EPS (dong)	4,850	3,778	4,029	4,407
P/E (x)	7.1	7.2	6.7	6.1
BV (dong)	32,808	31,405	33,933	36,884
P/B (x)	0.9	0.7	0.8	0.7
DPS (dong/cp)	2,500	2,000	2,000	2,000
Dividend yield (%)	7.3%	7.3%	7.3%	7.3%

VALUATION MODEL	Price	Weight	Average
DCF (Terminal growth 0.5%, WACC 15%)	29,800	50%	14,900
P/E @ 6.5x FY20F EPS	26,200	50%	13,100
Target price (VND)			28,000

VALUATION HISTORY	Price	Recommendation	Period
Dec 2019	28,200	BUY	Long-term
Dec 2018	40,600	ACCUMULATE	Long-term

RESULT UPDATE

This report is created for the purpose of providing investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information with the objective that is to determine the reasonable value of the stock at the time such analyses are performed. Through this report, we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedbacks and/or receive more information, investors may contact the assigned analyst or our client support department.

RATING GUIDANCE

Ratings	BUY	ACCUMULATE	REDUCE	SELL
Total Return including Dividends in 12-month horizon	>20%	5% to 20%	-20% to -5%	<-20%

ABOUT US

RongViet Securities Corporation (RongViet) was established in 2007, licensed to perform the complete range of securities services including brokerage, financial investment, underwriting, financial and investment advisory and securities depository. RongViet now has an operating network that spreads across the country. Our major shareholders, also our strategic partners, are reputable institutions, i.e Eximbank, Viet Dragon Fund Management, etc... Along with a team of the professional and dynamic staffs, RongViet has the man power as well as the financial capacity to bring our clients the most suitable and efficient products and services. Especially, RongViet was one of the very first securities firms to pay the adequate attention to the development of a team of analysts and the provision of useful research report to investors.

The **Analysis and Investment Advisory Department** of RongViet Securities provides research reports on the macro-economy, securities market and investment strategy along with industry and company reports and daily and weekly market reviews.

ANALYSIS & INVESTMENT ADVISORY DEPARTMENT
Lam Nguyen
Head of Research

lam.ntp@vdsc.com.vn
+ 84 28 6299 2006 (1313)

Duong Lai
Senior Analyst

duong.ld@vdsc.com.vn
+ 84 28 6299 2006 (1522)

- Real Estate
- Building Materials

Vu Tran
Senior Analyst

vu.thx@vdsc.com.vn
+ 84 28 6299 2006 (1518)

- Oil & Gas
- Fertilizer

Trinh Nguyen
Senior Analyst

trinh.nh@vdsc.com.vn
+ 84 28 6299 2006 (1551)

- Steel
- Construction
- Utilities

Tu Vu
Analyst

tu.va@vdsc.com.vn
+ 84 28 6299 2006 (1511)

- Macroeconomics

Tung Do
Analyst

tung.dt@vdsc.com.vn
+ 84 28 6299 2006 (1521)

- Logistics
- Aviation

Tam Pham
Analyst

tam.ptt@vdsc.com.vn
+ 84 28 6299 2006 (1530)

- Insurance
- Fishery

Anh Nguyen
Analyst

anh2.ntt@vdsc.com.vn
+ 84 28 6299 2006 (1531)

- Banking

Hoang Nguyen
Analyst

hoang.nt@vdsc.com.vn
+ 84 28 6299 2006 (1538)

- Market Strategy

Hoang Bui
Analyst

hoang.bh@vdsc.com.vn
+ 84 28 6299 2006 (1514)

- Natural Rubber
- Agriculture

Tu Pham
Analyst

tu.pm@vdsc.com.vn
+ 84 28 6299 2006 (1536)

- Steel

Khoa Ngo
Analyst

khoa.nc@vdsc.com.vn
+ 84 28 6299 2006 (1519)

- Retails

Bernard Lapointe
Senior Consultant

bernard.lapointe@vdsc.com.vn
+ 84 28 6299 2006

Ha Tran
Assistant

ha.ttn@vdsc.com.vn
+ 84 28 6299 2006 (1526)

Vi Truong
Assistant

vi.ttt@vdsc.com.vn
+ 84 28 6299 2006 (1517)

DISCLAIMERS

This report is prepared in order to provide information and analysis to clients of Rong Viet Securities only. It is and should not be construed as an offer to sell or a solicitation of an offer to purchase any securities. No consideration has been given to the investment objectives, financial situation or particular needs of any specific. The readers should be aware that Rong Viet Securities may have a conflict of interest that can compromise the objectivity this research. This research is to be viewed by investors only as a source of reference when making investments. Investors are to take full responsibility of their own decisions. VDSC shall not be liable for any loss, damages, cost or expense incurring or arising from the use or reliance, either full or partial, of the information in this publication.

The opinions expressed in this research report reflect only the analyst's personal views of the subject securities or matters; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or opinions expressed in the report.

The information herein is compiled by or arrived at Rong Viet Securities from sources believed to be reliable. We, however, do not guarantee its accuracy or completeness. Opinions, estimations and projections expressed in this report are deemed valid up to the date of publication of this report and can be subject to change without notice.

This research report is copyrighted by Rong Viet Securities. All rights reserved. Therefore, copy, reproduction, republish or redistribution by any person or party for any purpose is strictly prohibited without the written permission of VDSC. Copyright 2020 Viet Dragon Securities Corporation.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by Viet Dragon Securities Corp. ("VDSC"), a company authorized to engage in securities activities in Vietnam. VDSC is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act").

Additional Disclosures

This research report is for distribution only under such circumstances as may be permitted by applicable law. This research report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This research report is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither VDSC nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this research report or lack of care in this research report's preparation or publication, or any losses or damages which may arise from the use of this research report.

VDSC may rely on information barriers, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups, or affiliates of VDSC. Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States.

The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by VDSC with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior.

RESEARCH DISCLOSURES**Third Party Research**

This is third party research. It was prepared by Rong Viet Securities Corporation (Rong Viet), with headquarters in Ho Chi Minh City, Vietnam. Rong Viet is authorized to engage in securities activities according to its domestic legislation. This research is not a product of Tellimer Markets, Inc., a U.S. registered broker-dealer. Rong Viet has sole control over the contents of this research report. Tellimer Markets, Inc. does not exercise any control over the contents of, or the views expressed in, research reports prepared by Rong Viet.

Rong Viet is not registered as a broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" and other "U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act").

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Tellimer Markets, Inc., located at 575 Fifth Avenue, 27th Floor, New York, NY 10017. A representative of Tellimer Markets, Inc. is contactable on +1 (212) 551 3480. Under no circumstances should any U.S. recipient of this research report effect any transaction to buy or sell securities or related financial instruments through Rong Viet. Tellimer Markets, Inc. accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor.

None of the materials provided in this report may be used, reproduced, or transmitted, in any form or by any means, electronic or mechanical, including recording or the use of any information storage and retrieval system, without written permission from.

Rong Viet is the employer of the research analyst(s) responsible for the content of this report and research analysts preparing this report are resident outside the U.S. and are not associated persons of any U.S. regulated broker-dealer. The analyst whose name appears in this research report is not registered

or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of Tellimer Markets, Inc. and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Tellimer Markets, Inc. or its affiliates has not managed or co-managed a public offering of securities for the subject company in the past 12 months, has not received compensation for investment banking services from the subject company in the past 12 months, and does not expect to receive or intend to seek compensation for investment banking services from the subject company in the next three months. Tellimer Markets, Inc. has never owned any class of equity securities of the subject company. There are no other actual, or potential, material conflicts of interest of Tellimer Markets, Inc. at the time of the publication of this report. As of the publication of this report, Tellimer Markets, Inc. does not make a market in the subject securities.

About Tellimer

Tellimer is a registered trade mark of Exotix Partners LLP. Exotix Partners LLP and its subsidiaries ("Tellimer") provide specialist investment banking services to trading professionals in the wholesale markets. Tellimer draws together liquidity and matches buyers and sellers so that deals can be executed by its customers. Tellimer may at any time, hold a trading position in the securities and financial instruments discussed in this report. Tellimer has procedures in place to identify and manage any potential conflicts of interests that arise in connection with its research. A copy of Tellimer's conflict of interest policy is available at www.tellimer.com/regulatory-information.

Distribution

This report is not intended for distribution to the public and may not be reproduced, redistributed or published, in whole or in part, for any purpose without the written permission of Tellimer. Tellimer shall accept no liability whatsoever for the actions of third parties in this respect. This report is for distribution only under such circumstances as may be permitted by applicable law.

This report may not be used to create any financial instruments or products or any indices. Neither Tellimer, nor its members, directors, representatives, or employees accept any liability for any direct or consequential loss or damage arising out of the use of all or any part of the information herein.

United Kingdom: Distributed by Exotix Partners LLP only to Eligible Counterparties or Professional Clients (as defined in the FCA Handbook). The information herein does not apply to, and should not be relied upon by, Retail Clients (as defined in the FCA Handbook); neither the FCA's protection rules nor compensation scheme may be applied.

UAE: Distributed in the Dubai International Financial Centre by Exotix Partners LLP (Dubai) which is regulated by the Dubai Financial Services Authority ("DFSA"). Material is intended only for persons who meet the criteria for Professional Clients under the Rules of the DFSA and no other person should act upon it.

Other distribution: The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restriction.

Disclaimers

Tellimer and/or its members, directors or employees may have interests, or long or short positions, and may at any time make purchases or sales as a principal or agent of the securities referred to herein. Tellimer may rely on information barriers, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups of Tellimer.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States. The value of any investment or income from any securities or related financial instruments discussed in this report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Frontier and Emerging Market laws and regulations governing investments in securities markets may not be sufficiently developed or may be subject to inconsistent or arbitrary interpretation or application. Frontier and Emerging Market securities are often not issued in physical form and registration of ownership may not be subject to a centralised system. Registration of ownership of certain types of securities may not be subject to standardised procedures and may even be effected on an ad hoc basis. The value of investments in Frontier and Emerging Market securities may also be affected by fluctuations in available currency rates and exchange control regulations. Not all of these or other risks associated with the relevant company, market or instrument which are the subject matter of the report are necessarily considered.