

RESULTS

Results Update

Century Plyboards (BUY)

Higher sales drive earnings beat

**Please refer to our website for
complete coverage universe**

<http://research.ambitcapital.com>

Century Plyboards

Higher sales drive earnings beat

Century Plyboards' higher-than-expected revenue growth (+11% YoY; 8% divergence) is likely due to higher sales of face veneer. EBITDA margin contraction (-70bps YoY) is due to lower plyboard margins (ply EBIT margin declined 470bps YoY). Laminate segment maintained strong performance (14% YoY revenue growth and 670bps YoY margin expansion). PAT declined 15% YoY, cash conversion cycle reduced marginally (121 days vs 125 days in FY16) and D/E reduced to 0.8x (1.2x in FY15). Our estimates imply 17%/18%/17% revenue/EBITDA/PAT CAGR over FY15-18 (RoE at 30% over FY17-18 vs 34% in FY16). The stock trades at 23x FY17E EPS; our target price implies 19x FY18E EPS. We do not see any scope for further multiple expansion since: (a) volume recovery remains uncertain, (b) mega MDF capex will increase leverage and earnings volatility if demand does not pick up; (c) rising unpredictability with increasing capital deployment outside India; and (d) stretched cash conversion cycle (121 days).

Stronger than expected revenue growth, marginal EBITDA margin miss

Century's sales grew by 11% YoY, due to 10% plyboard growth, 15% growth in laminates and 37% growth in the CFS business. EBITDA margin (ex-forex) declined by 70bps YoY to 16.7%. PAT declined 15% YoY due to 6% YoY EBIT decline and a higher tax rate (26% as against 19% last year).

Plyboard segment: Sales grew by 10% YoY, which seems like a result of higher face veneer sales due to scale-up of Laos timber peeling units. EBIT margin in this segment declined by 470bps YoY likely due to lower margins for face veneer and increasing mix of mid-segment ply. Whilst the management is yet to share the volume details, we think volume growth will be in low single digits.

Laminate segment: Laminate revenue increased by 15% YoY. The company has significantly ramped up utilisation and is operating at near-full utilisation; it has also started operating the plant for seven days a week to increase utilisation by ~15%. EBIT margin in this segment improved by 670bps YoY, which is a function of lower ad expenses (last year had one-off advertisement expenses), savings in crude-linked RM costs (40% of overall RM cost for the company) and superior realisation due to improving brand recall post aggressive marketing for the last year.

CFS segment: Revenue grew by 37% YoY, EBIT margin expanded by 237bps and absolute EBIT grew by 46%. However, growth is from a low base of last year and despite strong growth, container terminals are operating at sub-50% utilisation.

Cash flow and balance sheet: Century's cash conversion cycle improved marginally to 121 days as against 125 days last year (still materially higher than other building material categories). The company generated CFO (post-tax) of Rs2.5bn and invested Rs1.6bn for capex. D/E of the company receded to 0.8x from 1.2x in FY16.

Where do we go from here? Risks emanating

Our preference for Century Plyboards despite an evident slowdown in building materials is premised on the company's initiatives, such as scale and channel expansion, continuous improvement in marketing and distribution architecture, and securing long-term availability of raw material. The company has built the largest capacity of face veneer by an Indian player in Myanmar (32,000 CBM) and Laos (currently 48,000 CBM, likely to double over the next 2-3 years) with low capital intensity (Rs500mn invested in Laos); it has strategically partnered with a local player in Laos for physical infrastructure (barring machinery) and to manage production.

However, our concerns emanate from the company's high capex in the next two years (Rs4.5bn-5bn), which will require debt of ~Rs2.5bn. This could lead to earnings erosion (high interest charge) if demand fails to pick up. Moreover, post Century's and Greenply's expansion in MDF, the installed capacity of the industry will exceed demand, which will hinder capacity utilisation of Century and could lead to price wars and margin erosion.

BUY

Result Update

Stock Information

Bloomberg Code:	CPBI IN
CMP (Rs):	183
TP (Rs):	205
Mcap (Rs bn/US\$ bn):	41/0.6
3M ADV (Rs mn/US\$ mn):	43.1/0.6

Stock Performance (%)

	1M	3M	12M	YTD
Absolute	7	26	4	8
Rel. to Sensex	2	18	9	9

Source: Bloomberg, Ambit Capital research

Ambit Estimates (Rs bn)

	FY16	FY17	FY18
Revenues	16.5	18.0	24.1
EBITDA	2.9	3.1	4.2
EPS (Rs)	7.5	8.0	10.9

Source: Bloomberg, Ambit Capital research

Research Analysts

Achint Bhagat, CFA
 achintbhagat@ambitcapital.com
 Tel: +91 22 3043 3178

Nitin Bhasin
 nitinbhasin@ambitcapital.com
 Tel: +91 22 3043 3241

We expect the company to post 17%/18%/17% revenue/EBITDA/PAT CAGR and 30% RoEs over FY17-18 vs 34% in FY16.

Valuation

We continue to believe ply is a large addressable market whose unorganised share is shrinking; this bodes well for a market leader like Century Plyboards. Stock trades at 23x FY17E EPS, which is at a significant discount to leading franchises in other building material categories like tiles, paints and electricals (20-35% discount). Our target price implies 19x FY18E EPS; multiples expansion could be hindered by stretched working capital cycles, low predictability of timber regulations, possibilities of disruptions to the product category, and rising capex needs for MDF expansion.

Questions for the management

We urge investors to understand the following from the management in the earnings conference call to be held on Thursday at 4PM Dial in details: +91 22 6746 5878.

- The company is setting up a large face veneer capacity in Laos and also contemplating expansions in Indonesia. How is this business progressing and is the company committing further capital in expanding its face veneer capacities? Does the company see the face veneer business as an alternate revenue source or a raw material linkage – what is the long-term plan here? Is there a likelihood of disruption in raw material sources such as Myanmar and Laos and the company's strategy to combat that?
- How is the particle board business progressing – has the company managed to scale up this business and are the company's revenues in-line with management's initial estimates (Rs800-1,000mn annual revenues)?
- What has resulted in low EBIT margin for plyboards for the second consecutive quarter? Has the margin on face veneer sales reduced materially?
- What is the current forex exposure of the company and what is the unhedged Buyers credit? Why is the company not hedging its forex exposure, despite volatile INR?
- The company has a large capex commitment in the next two years (Rs4.5-5bn), how does it plan to fund it, especially given that internal accruals might remain weak if demand weakness persists? Is the company looking to add capacities in the laminates business as well?
- It appears that the company's working capital cycle improved marginally in FY16, what led to the improvement, despite weak demand and most companies reporting deteriorating in working capital cycle?

Exhibit 1: Quarterly summary

(Rs mn, unless mentioned)	4QFY15	3QFY16	4QFY16	YoY (%)	QoQ (%)	Ambit Est	Dev (%)
Net Sales	4,049	3,886	4,512	11.4	16.1	4,173	8.1
Operating costs	3,299	3,210	3,774	14.4	17.6	3,485	8.3
EBITDA	793	696	773	(2.5)	11.1	709	9.1
EBITDA margin	19.6	17.9	17.1	-246 bps	-77 bps	17.0	16 bps
EBITDA (ex-forex)	710	665	760	7.0	14.3	709	7.3
EBITDA margin (ex-forex)	17.5	17.1	16.9	-69 bps	-28 bps	17.0	-13 bps
Other income	9	7	1	(89.9)	(87.9)	10	(91.3)
Depreciation	119	116	122	3.0	5.1	120	1.8
EBIT	684	587	638	(6.6)	8.8	599	6.6
Interest cost	90	107	103	14.3	(3.5)	150	(31.3)
PBT	593	480	549	(7.5)	14.4	449	22.4
Tax	114	64	144	26.6	124.7	90	
PAT	480	416	405	(15.5)	(2.6)	359	12.9
PAT (adjusted for forex gains/losses)	429	390	396	(7.7)	1.5	367	7.9
EPS	2.2	1.9	1.8	(15.5)	(2.6)	2	12.9

Source: Company, Ambit Capital research

Exhibit 2: Segmental performance

Segmental Sales (Rs mn)	4QFY15	3QFY16	4QFY16	YoY (%)	QoQ (%)
Plyboard	2,918	2,753	3,207	9.9	16.5
Laminates	805	774	923	14.7	19.2
CFS	174	235	238	36.6	1.3
Others	160	134	150	(6.3)	12.0
Segmental EBIT (Rs mn)					
Plyboard	576	408	482	(16.3)	18.2
Laminates	65	104	136	110.4	30.9
CFS	60	84	87	46.1	3.3
Others	(8)	(1)	(11)	32.2	1,760.6
Segmental EBIT (%)					
Plyboard	19.8	14.8	15.0	-471 bps	21 bps
Laminates	8.0	13.4	14.7	670 bps	131 bps
CFS	34.2	35.9	36.6	237 bps	71 bps
Others	(5.0)	(0.4)	(7.0)	-205 bps	-660 bps
Capital Employed (Rs mn)					
Plyboard	5,598	5,547	5,017	(10.4)	(9.6)
Laminates	1,705	1,633	1,572	(7.8)	(3.7)
CFS	600	631	595	(0.8)	(5.7)
Others	31	153	118	276.9	(23.2)
Segmental RoCE (TTM EBIT/CE)					
Plyboard	33.3	34.8	36.6	323 bps	180 bps
Laminates	13.5	23.0	28.4	1,497 bps	542 bps
CFS	36.3	40.3	47.3	1,104 bps	708 bps

Source: Company, Ambit Capital research

Balance Sheet

Rs mn unless mentioned	FY14	FY15	FY16E	FY17E	FY18E
Total Networth	2,931	3,894	5,275	6,740	8,732
Loans	5,276	4,677	4,527	5,827	6,577
Of which Buyers credit	2,002	1,500	1,100	800	800
Sources of funds	8,314	8,564	9,804	12,578	15,331
Net block	3,164	2,456	3,478	6,567	8,038
Total Current Assets	6,793	7,819	8,004	7,875	9,875
Current liabilities and provisions	1,914	2,041	2,036	2,221	2,939
Net current assets	4,879	5,777	5,968	5,654	6,935
Application of funds	8,314	8,564	9,804	12,578	15,331

Source: Company, Ambit Capital research

Income statement

Rs mn unless mentioned	FY14	FY15	FY16	FY17E	FY18E
Revenue	13,477	15,727	16,469	18,022	24,101
Plyboards	10,480	12,458	12,364	13,661	16,371
MDF/particle board	-	-	-	600	3,552
Laminates	2,587	3,213	3,947	4,602	5,811
Total expenses	11,961	13,326	13,709	15,056	20,083
EBITDA	1,766	2,559	2,875	3,074	4,210
EBITDA margin	13.1%	16.1%	17.3%	16.4%	16.7%
Depreciation	387	485	446	690	787
EBIT	1,416	2,251	2,445	2,598	3,626
Other income	37	177	16	214	204
Adj PBT	629	1,795	1,978	2,229	3,028
Provision for taxation	124	338	297	446	606
Adjusted PAT	786	1,491	1,672	1,774	2,412
EPS basic (Rs)	4	7	8	8	11

Source: Company, Ambit Capital research

Cash flow statement

Rs mn unless mentioned	FY14	FY15	FY16E	FY17E	FY18E
PBT	629	1,796	1,978	2,229	3,028
Change in working capital	(1,168)	(877)	311	64	(1,499)
Direct taxes paid	(117)	(337)	(297)	(446)	(606)
CFO	338	1,488	2,889	2,692	2,106
Net capex	643	(68)	1,468	3,779	2,259
CFI	(706)	128	(1,479)	(3,565)	(2,055)
Interest & finance charges paid	(287)	(335)	(467)	(369)	(598)
Dividends paid	(60)	(462)	(291)	(309)	(420)
CFF	(281)	(1,577)	(908)	623	(268)
Net increase in cash	(649)	39	502	(250)	(217)
FCF	(305)	1,556	1,421	(1,087)	(153)
Opening cash balance	983	334	374	875	625
Closing cash balance	334	374	875	625	408

Source: Company, Ambit Capital research

Ratio analysis / Valuation parameters

	FY14	FY15	FY16E	FY17E	FY18E
RoCE	19	22	21	18	21
RoIC	23	23	20	22	23
RoE	36	43	36	29	31
Working capital turnover	2.5	3.0	2.8	3.1	3.8
Debt/Equity(x)	1.7	1.2	0.8	0.9	0.7
Net debt/Equity(x)	1.6	1.1	0.7	0.8	0.7
P/E (x)	51.2	27.0	24.1	22.7	16.7
P/B(x)	13.2	10.2	7.5	5.9	4.6
EV/EBITDA(x)	25.6	17.4	15.3	14.8	11.0

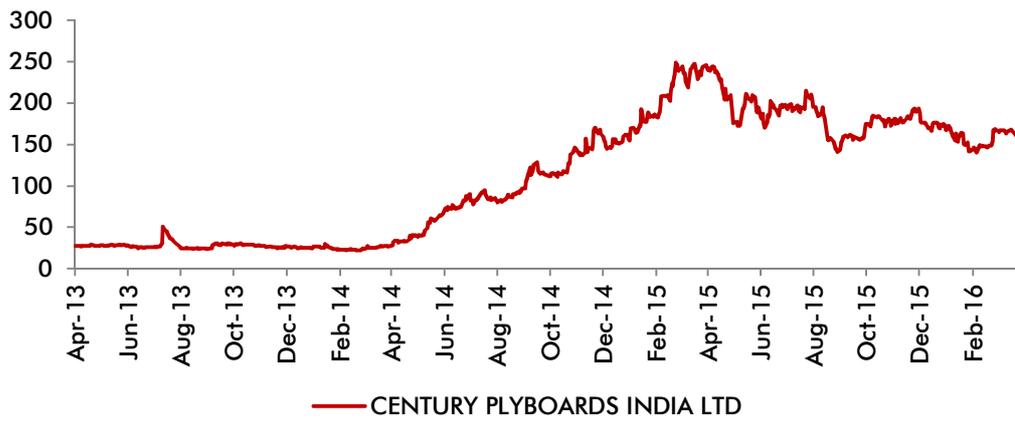
Source: Company, Ambit Capital research

Institutional Equities Team

Saurabh Mukherjea, CFA	CEO, Institutional Equities	(022) 30433174	saurabhmukherjea@ambitcapital.com
Research Analysts			
Name	Industry Sectors	Desk-Phone	E-mail
Nitin Bhasin - Head of Research	E&C / Infra / Cement / Industrials	(022) 30433241	nitinbhasin@ambitcapital.com
Aadesh Mehta, CFA	Banking / Financial Services	(022) 30433239	aadeshmehta@ambitcapital.com
Aakash Adukia	Oil & Gas / Chemicals / Agri Inputs	(022) 30433273	aakashadukia@ambitcapital.com
Abhishek Ranganathan, CFA	Retail / Mid-caps	(022) 30433085	abhishekr@ambitcapital.com
Achint Bhagat, CFA	Cement / Roads / Home Building	(022) 30433178	achintbhagat@ambitcapital.com
Ashvin Shetty, CFA	Automobile	(022) 30433285	ashvinshetty@ambitcapital.com
Bhargav Buddhadev	Power Utilities / Capital Goods	(022) 30433252	bhargavbuddhadev@ambitcapital.com
Deepesh Agarwal, CFA	Power Utilities / Capital Goods	(022) 30433275	deepeshagarwal@ambitcapital.com
Dhiraj Mistry, CFA	Consumer	(022) 30433264	dhirajmistry@ambitcapital.com
Gaurav Khandelwal, CFA	Automobile	(022) 30433132	gauravkhandelwal@ambitcapital.com
Girisha Saraf	Mid-caps / Small-caps	(022) 30433211	girishasaraf@ambitcapital.com
Karan Khanna, CFA	Strategy	(022) 30433251	karankhanna@ambitcapital.com
Kushank Poddar	Technology	(022) 30433203	kushankpoddar@ambitcapital.com
Pankaj Agarwal, CFA	Banking / Financial Services	(022) 30433206	pankajagarwal@ambitcapital.com
Paresh Dave, CFA	Healthcare	(022) 30433212	pareshdave@ambitcapital.com
Parita Ashar, CFA	Metals & Mining	(022) 30433223	paritaashar@ambitcapital.com
Prashant Mittal, CFA	Derivatives	(022) 30433218	prashantmittal@ambitcapital.com
Rahil Shah	Banking / Financial Services	(022) 30433217	rahilshah@ambitcapital.com
Rakshit Ranjan, CFA	Consumer	(022) 30433201	rakshitranjan@ambitcapital.com
Ravi Singh	Banking / Financial Services	(022) 30433181	ravisingh@ambitcapital.com
Ritesh Gupta, CFA	Oil & Gas / Chemicals / Agri Inputs	(022) 30433242	riteshgupta@ambitcapital.com
Ritesh Vaidya, CFA	Consumer	(022) 30433246	riteshvaidya@ambitcapital.com
Ritika Mankar Mukherjee, CFA	Economy / Strategy	(022) 30433175	ritikamankar@ambitcapital.com
Ritu Modi	Automobile	(022) 30433292	ritumodi@ambitcapital.com
Sagar Rastogi	Technology	(022) 30433291	sagarrastogi@ambitcapital.com
Sumit Shekhar	Economy / Strategy	(022) 30433229	sumitshekhar@ambitcapital.com
Utsav Mehta, CFA	E&C / Industrials	(022) 30433209	utsavmehta@ambitcapital.com
Vivekanand Subbaraman, CFA	Media	(022) 30433261	vivekanands@ambitcapital.com
Sales			
Name	Regions	Desk-Phone	E-mail
Sarojini Ramachandran - Head of Sales	UK	+44 (0) 20 7614 8374	sarojini@panmure.com
Dharmen Shah	India / Asia	(022) 30433289	dharmenshah@ambitcapital.com
Dipti Mehta	India / USA	(022) 30433053	diptimehta@ambitcapital.com
Hitakshi Mehra	India	(022) 30433204	hitakshimehra@ambitcapital.com
Krishnan V	India / Asia	(022) 30433295	krishnanv@ambitcapital.com
Nityam Shah, CFA	USA / Europe	(022) 30433259	nityamshah@ambitcapital.com
Parees Purohit, CFA	UK / USA	(022) 30433169	pareespurohit@ambitcapital.com
Praveena Pattabiraman	India / Asia	(022) 30433268	praveenapattabiraman@ambitcapital.com
Shaleen Silori	India	(022) 30433256	shaleensilori@ambitcapital.com
Singapore			
Pramod Gubbi, CFA – Director	Singapore	+65 8606 6476	pramodgubbi@ambitpte.com
Shashank Abhisheik	Singapore	+65 6536 1935	shashankabhisheik@ambitpte.com
USA / Canada			
Ravilochan Pola - CEO	Americas	+1(646) 361 3107	ravipola@ambitpte.com
Production			
Sajid Merchant	Production	(022) 30433247	sajidmerchant@ambitcapital.com
Sharoz G Hussain	Production	(022) 30433183	sharozghussain@ambitcapital.com
Jestin George	Editor	(022) 30433272	jestingeorge@ambitcapital.com
Nikhil Pillai	Database	(022) 30433265	nikhilpillai@ambitcapital.com

E&C = Engineering & Construction

Century Plyboards India Ltd (CPBI IN, BUY)



Source: Bloomberg, Ambit Capital research

Explanation of Investment Rating

Investment Rating	Expected return (over 12-month)
BUY	>10%
SELL	≤10%
NO STANCE	We have forward looking estimates for the stock but we refrain from assigning valuation and recommendation
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
NOT RATED	We do not have any forward looking estimates, valuation or recommendation for the stock
POSITIVE	We have a positive view on the sector and most of stocks under our coverage in the sector are BUYS
NEGATIVE	We have a negative view on the sector and most of stocks under our coverage in the sector are SELLS

Disclaimer

This report or any portion hereof may not be reprinted, sold or redistributed without the written consent of Ambit Capital. AMBIT Capital Research is disseminated and available primarily electronically, and, in some cases, in printed form.

Additional information on recommended securities is available on request.

Disclaimer

1. AMBIT Capital Private Limited ("AMBIT Capital") and its affiliates are a full service, integrated investment banking, investment advisory and brokerage group. AMBIT Capital is a Stock Broker, Portfolio Manager and Depository Participant registered with Securities and Exchange Board of India Limited (SEBI) and is regulated by SEBI
2. AMBIT Capital makes best endeavours to ensure that the research analyst(s) use current, reliable, comprehensive information and obtain such information from sources which the analyst(s) believes to be reliable. However, such information has not been independently verified by AMBIT Capital and/or the analyst(s) and no representation or warranty, express or implied, is made as to the accuracy or completeness of any information obtained from third parties. The information, opinions, views expressed in this Research Report are those of the research analyst as at the date of this Research Report which are subject to change and do not represent to be an authority on the subject. AMBIT Capital may or may not subscribe to any and/ or all the views expressed herein.
3. This Research Report should be read and relied upon at the sole discretion and risk of the recipient. If you are dissatisfied with the contents of this complimentary Research Report or with the terms of this Disclaimer, your sole and exclusive remedy is to stop using this Research Report and AMBIT Capital or its affiliates shall not be responsible and/ or liable for any direct/consequential loss howsoever directly or indirectly, from any use of this Research Report.
4. If this Research Report is received by any client of AMBIT Capital or its affiliate, the relationship of AMBIT Capital/its affiliate with such client will continue to be governed by the terms and conditions in place between AMBIT Capital/ such affiliate and the client.
5. This Research Report is issued for information only and the 'Buy', 'Sell', or 'Other Recommendation' made in this Research Report such should not be construed as an investment advice to any recipient to acquire, subscribe, purchase, sell, dispose of, retain any securities and should not be intended or treated as a substitute for necessary review or validation or any professional advice. Recipients should consider this Research Report as only a single factor in making any investment decisions. This Research Report is not an offer to sell or the solicitation of an offer to purchase or subscribe for any investment or as an official endorsement of any investment.
6. This Research Report is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied in whole or in part, for any purpose. Neither this Research Report nor any copy of it may be taken or transmitted or distributed, directly or indirectly within India or into any other country including United States (to US Persons), Canada or Japan or to any resident thereof. The distribution of this Research Report in other jurisdictions may be strictly restricted and/ or prohibited by law or contract, and persons into whose possession this Research Report comes should inform themselves about such restriction and/ or prohibition, and observe any such restrictions and/ or prohibition.
7. Ambit Capital Private Limited is registered as a Research Entity under the SEBI (Research Analysts) Regulations, 2014. SEBI Reg.No.- INH000000313.

Conflict of Interests

8. In the normal course of AMBIT Capital's business circumstances may arise that could result in the interests of AMBIT Capital conflicting with the interests of clients or one client's interests conflicting with the interest of another client. AMBIT Capital makes best efforts to ensure that conflicts are identified and managed and that clients' interests are protected. AMBIT Capital has policies and procedures in place to control the flow and use of non-public, price sensitive information and employees' personal account trading. Where appropriate and reasonably achievable, AMBIT Capital segregates the activities of staff working in areas where conflicts of interest may arise. However, clients/potential clients of AMBIT Capital should be aware of these possible conflicts of interests and should make informed decisions in relation to AMBIT Capital's services.
9. AMBIT Capital and/or its affiliates may from time to time have or solicit investment banking, investment advisory and other business relationships with companies covered in this Research Report and may receive compensation for the same.

Additional Disclaimer for U.S. Persons

10. The research report is solely a product of AMBIT Capital
11. AMBIT Capital is the employer of the research analyst(s) who has prepared the research report
12. Any subsequent transactions in securities discussed in the research reports should be effected through Enclave Capital LLC. ("Enclave").
13. Enclave does not accept or receive any compensation of any kind for the dissemination of the AMBIT Capital research reports.
14. The research analyst(s) preparing the email / Research Report/ attachment is resident outside the United States and is/are not associated persons of any U.S. regulated broker-dealer and that therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.
15. This report is prepared, approved, published and distributed by the Ambit Capital located outside of the United States (a non-US Group Company"). This report is distributed in the U.S. by Enclave Capital LLC, a U.S. registered broker dealer, on behalf of Ambit Capital only to major U.S. institutional investors (as defined in Rule 15a-6 under the U.S. Securities Exchange Act of 1934 (the "Exchange Act")) pursuant to the exemption in Rule 15a-6 and any transaction effected by a U.S. customer in the securities described in this report must be effected through Enclave Capital LLC (19 West 44th Street, suite 1700, New York, NY 10036).
16. As of the publication of this report Enclave Capital LLC, does not make a market in the subject securities.
17. This document does not constitute an offer of, or an invitation by or on behalf of Ambit Capital or its affiliates or any other company to any person, to buy or sell any security. The information contained herein has been obtained from published information and other sources, which Ambit Capital or its Affiliates consider to be reliable. None of Ambit Capital accepts any liability or responsibility whatsoever for the accuracy or completeness of any such information. All estimates, expressions of opinion and other subjective judgments contained herein are made as of the date of this document. Emerging securities markets may be subject to risks significantly higher than more established markets. In particular, the political and economic environment, company practices and market prices and volumes may be subject to significant variations. The ability to assess such risks may also be limited due to significantly lower information quantity and quality. By accepting this document, you agree to be bound by all the foregoing provisions.

Additional Disclaimer for Canadian Persons

18. AMBIT Capital is not registered in the Province of Ontario and /or Province of Québec to trade in securities and/or to provide advice with respect to securities.
19. AMBIT Capital's head office or principal place of business is located in India.
20. All or substantially all of AMBIT Capital's assets may be situated outside of Canada.
21. It may be difficult for enforcing legal rights against AMBIT Capital because of the above.
22. Name and address of AMBIT Capital's agent for service of process in the Province of Ontario is: Torys LLP, 79 Wellington St. W., 30th Floor, Box 270, TD South Tower, Toronto, Ontario M5K 1N2 Canada.
23. Name and address of AMBIT Capital's agent for service of process in the Province of Montréal is Torys Law Firm LLP, 1 Place Ville Marie, Suite 1919 Montréal, Québec H3B 2C3 Canada.

Additional Disclaimer for Singapore Persons

24. This Report is prepared and distributed by Ambit Capital Private Limited and distributed as per the approved arrangement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of the First Schedule to the Financial Advisors Act (CAP 110) provided to Ambit Singapore Pte. Limited by Monetary Authority of Singapore.
25. This Report is only available to persons in Singapore who are institutional investors (as defined in section 4A of the Securities and Futures Act (Cap. 289) of Singapore (the "SFA")." Accordingly, if a Singapore Person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform Ambit Singapore Pte. Limited.

Disclosures

26. The analyst (s) has/have not served as an officer, director or employee of the subject company.
27. There is no material disciplinary action that has been taken by any regulatory authority impacting equity research analysis activities.
28. All market data included in this report are dated as at the previous stock market closing day from the date of this report.

Analyst Certification

Each of the analysts identified in this report certifies, with respect to the companies or securities that the individual analyses, that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report.

© Copyright 2015 AMBIT Capital Private Limited. All rights reserved.