

Lower profit estimates on higher Opex; HOLD rating retained

Nigerian Breweries (NB) announced a 1.0% y/y decline in Net Revenue to N235.7bn in gM 2019 from N238.1bn in gM 2018. Reported Net Revenue came in slightly below our gM forecast of N241.7bn. While Gross Revenue recovered, implementation of the second phase of the advalorem excise regime impacted Net Revenue significantly. On a q/q basis, the impact of seasonality weighed on Net Revenue, resulting in a 24.7% q/q decline to N65.5bn in Q3 2019 from N86.9bn in Q2 2019.

While we retain our Revenue and Cost of Sales estimates, we raise our forecast for Operating Expenses due to expectation of a faster uptick in Marketing & Advertising Expenses. Nigerian Breweries Revenue performance in the first nine months of the year has remained in line with our forecast for the year. Our underlying Revenue drivers (Industry sales and Market share) remain in line, thus, we leave our forecasts for the year unchanged. However, Marketing spend in 2019 has outpaced our modelled run rate, thus, we have raised our estimates for Marketing & Distribution Expenses.

We lower our target price slightly to N59.16/s from N61.60/s previously reflecting the mild downward revision on key profit lines and retain our hold recommendation. Our target price implies an upside potential of 21% on yesterday's closing price of N49.0/s. We arrive at our target price using a combination of the DCF valuation relying on a 5-Year FCFF valuation methodology and Relative valuation which uses Forward EV/EBITDA multiples for our EM peers while applying a 60:40 weighting with the greater weighting on DCF valuation.

NB in its recently released gM 2019 financials reported marginal 1.0% y/y decline in Net Revenue (Gross Revenue less excise duty payments) to N235.7bn from N238.1bn in gM 2018. Reported Net Revenue came in slightly below our gM forecast of N241.7bn. The decline in Net Revenue was due to increase in excise duties following implementation of the second phase of the advalorem excise duty system. Gross Revenue was higher by 1.9% y/y, but excise payments grew 43.2% y/y to N24.2bn thus denting the modest growth in Gross Revenue. Excise duties to Gross Revenue ratio came in at 9.3% in gM 2019 compared with 6.6% in gM 2018. On a q/q basis, seasonality impact weighed as Net Revenue fell 24.7% q/q to N65.5bn in Q3 2019 from N86.9bn in Q2 2019.

Cost of Sales adjusted for depreciation fell 3.8% y/y to N123.1bn in gM 2019 from N127.9bn in gM 2018. The decline in Cost of Sales was driven by a 4.4% y/y decline in raw materials cost despite high price environment for raw materials like barley. We believe NB's weighted average inventory valuation principle helped to even out the recent surge in barley prices. The faster decline in Cost of Sales fed into gross margin, as it strengthened 1.5ppts to 47.8% as at gM 2019. Gross Profit edged higher by 2.2% y/y to N112.6bn in gM 2019 from N110.2bn in gM 2018. On a q/q basis, Gross Profit declined 28.5% to N30.1bn in Q3 2019 from N42.1bn in Q2 2019.

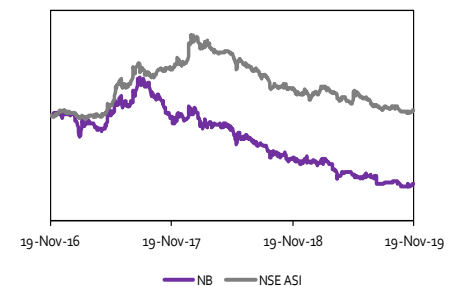
Recommendation	Hold
Target Price	N59.16
Closing Price	N49.00

*Price as at 19 Nov

Key data

Year to December, Nbn	2018	2019e	2020e	2021e
Sales	324.4	322.2	327.1	333.6
EBITDA	66.9	67.7	68.7	70.1
Net Profits	19.4	17.9	18.2	17.1
EPS, N	2.43	2.24	2.28	2.14
PE Ratio	20.2x	21.9x	21.5x	22.9x
EV/EBITDA	6.3x	6.2x	6.3x	6.1x
Dividend yield	5.0%	4.6%	4.6%	4.4%
Market cap.	N391.8bn (US\$1.08bn)			
Free float	46.8%			
Bloomberg	NB NL			
Reuters	NIBR.LG			

Three-year graph



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NB, 9M 2019

Nm, except where mentioned otherwise	9M'19	9M'18	y/y	Q3'19	Q2'19	q/q
Gross Revenue	259,925	254,998	1.9%	73,222	95,315	-23.2%
Excise Duty Expense	(24,246)	(16,932)	43.2%	(7,734)	(8,402)	-8.0%
Net Revenue	235,679	238,066	-1.0%	65,488	86,913	-24.7%
Cost of Sales (Ex-Dep)	(123,054)	(127,850)	-3.8%	(35,372)	(44,795)	-21.0%
Gross Profit	112,626	110,216	2.2%	30,117	42,118	-28.5%
Marketing and Distribution Expenses (Ex-Dep)	(54,137)	(48,207)	12.3%	(20,178)	(20,490)	-1.5%
Administrative Expenses (Ex-Dep)	(9,591)	(11,755)	-18.4%	(3,249)	(3,268)	-0.6%
EBITDA	48,898	50,254	-2.7%	6,689	18,360	-63.6%
Depreciation and Amortization	(24,500)	(23,171)	5.7%	(6,333)	(8,220)	-23.0%
Operating Profit	24,397	27,083	-9.9%	357	10,140	-96.5%
Other Income	775	658	17.8%	353	265	33.0%
EBIT	25,173	27,742	-9.3%	710	10,406	-93.2%
Net Finance Income/(Expense)	(7,951)	(5,267)	51.0%	(2,897)	(2,453)	18.1%
Profit before tax	17,222	22,474	-23.4%	(2,188)	7,953	-127.5%
Tax Expense/Credit	(4,947)	(7,685)	-35.6%	1,145	(2,656)	-143.1%
Net Profit	12,275	14,790	-17.0%	(1,043)	5,297	-119.7%
Margins:	9M'19	9M'18	y/y	Q3'19	Q2'19	q/q
Gross margin	47.8%	46.3%	1.5ppts	46.0%	48.5%	-2.5ppts
EBITDA Margin	20.7%	21.1%	-0.4ppts	10.2%	21.1%	-10.9ppts
PBT Margin	7.3%	9.4%	-2.1ppts	-3.3%	9.2%	-12.5ppts
Net margin	5.2%	6.2%	-1.0ppts	-1.6%	6.1%	-7.7ppts

Source: Company, CSL Research.

Operating Expenses (adjusted for depreciation) increased 6.3% y/y to N63.7bn in 9M 2019 from N60.0bn in 9M 2018. The rise in Operating Expenses was driven by a 12.3% y/y rise in Marketing & Distribution Expenses (adjusted for depreciation) to N54.1bn in 9M 2019. We believe the increase in Marketing & Distribution costs was largely due to NB's drive to reclaim lost market share amidst intense competition evidenced in the 21.7% y/y growth in Advertising Expenses. The effect of the growth in Advertising expenses was limited by a decline in Administrative Expenses (adjusted for depreciation), which was down 18.4% y/y to N9.6bn in 9M 2019 from N11.8bn in 9M 2018 due to reduction in staff headcount following the right-sizing exercise done last year.

On the back of higher Operating Expenses, EBITDA came in lower, down 2.7% y/y to N48.9bn in 9M 2019 from N50.3bn in 9M 2018. In Q3, EBITDA fell 63.6% q/q to N6.7bn due to lower Gross Profits occasioned by the seasonality effect on Revenue. EBITDA margin slipped lower by 0.4ppts y/y to 20.7% in 9M 2019 from 21.1% in 9M 2018. A 5.7% rise in Depreciation & Amortisation Charge caused a higher decline in Operating Profit, which was down 9.9% y/y to N24.4bn for 9M 2019 from N27.1bn in 9M 2018.

Net Finance Cost grew significantly, up 51.0% y/y to N8.0bn in 9M 2019 from N5.3bn in 9M 2018 on the back of lower Interest Income (down 4.2% y/y to N0.2bn) and higher Interest Expense (up 48.6% y/y to N8.2bn). NB's higher Interest Expense was driven by higher Interest-Bearing Liabilities (up 70.9% y/y to N72.8bn) due to the recent Commercial Paper issuance done by the company to finance working capital.

While, Tax Expense declined 35.6% y/y to N4.9bn, Net Income was down 17.0% y/y to N12.3bn in 9M 2019 from N14.8bn in 9M 2018. We note the company recorded a loss of N1.0bn in Q3 2019 which was lower than the loss made in Q3 2018 (N3.6bn). EPS stood at N1.53/s in 9M 2019 compared to N1.85/s in 9M 2018.

Our Outlook: Profit forecast weakens on higher Opex

Nigerian Breweries Revenue performance in the first nine months of the year has remained in line with our forecast for the year. Our underlying Revenue drivers (Industry sales and Market share) remain in line and thus we leave our forecasts for the year unchanged. Furthermore, in line with our expectations, NB raised its prices to distributors effective November. Main rival, International Breweries announced it most likely would not follow suit, but we struggle to see that happening. Our 2019e Revenue forecast of N322.2bn implies 0.7% y/y decline in Revenue from 2018.

Barley prices remained pressured in the first nine months of the year. Our benchmark price tracker for barley prices is up 19.8% y/y for 9M 2019. However, this has not impacted NB's Cost of Sales significantly with the company's weighted average cost flow assumption smoothening out the recent high costs. While bumper harvests due to improving yields on grain were expected in the last 3 months of the year, this has not been the case. Thus, we think NB may face some raw material cost pressures in Q4, but we expect the firm's inventory valuation method to limit the impact on FY 2019e Gross Profit. We retain our modelled Cost Margin (adjusted for depreciation) of 52.5%. Consequently, we expect a faster decline in Cost of Sales to improve Gross profit (2019e Forecast – N153.1bn, up 2.7% y/y).

NB, 2019e- 2021e Forecast Changes

	Previous forecast	New Forecast	Change
Sales 2019e, Nm	322,236	322,236	0%
Sales 2020e, Nm	327,070	327,070	0%
Sales 2021e, Nm	333,611	333,611	0%
Gross Profits 2019e, Nm	153,062	153,062	0%
Gross Profits 2020e, Nm	155,358	155,358	0%
Gross Profits 2021e, Nm	156,797	156,797	0%
EBITDA 2019e, Nm	70,892	67,670	-5%
EBITDA 2020e, Nm	71,955	68,685	-5%
EBITDA 2021e, Nm	73,394	70,058	-5%
Net Profits 2019e, Nm	19,339	17,905	-7%
Net Profits 2020e, Nm	20,464	18,240	-11%
Net Profits 2021e, Nm	19,352	17,083	-12%
Earnings per Share 2019e, N	2.42	2.24	-7%
Earnings per Share 2020e, N	2.56	2.28	-11%
Earnings per Share 2021e, N	2.42	2.13	-12%

Source: Company, CSL Research.

NB's rightsizing exercise has yielded fruits in 2019 with Administrative Expenses declining. However, higher Marketing Costs have erased the cost savings from Administrative Expenses as competition heats up. Marketing spend in 2019 has outpaced our modelled run rate, thus we raise our Marketing & Distribution Expenses to N70.9bn (Prior forecast – N67.7bn). Overall, we expect any increase in Marketing Costs to be offset by cost savings in Administrative Expenses. Thus, we project a sub-inflationary growth of 4.0% in Operating Expenses to N85.4bn. Against this backdrop, we lower our EBITDA forecast to N67.7bn for 2019e, implying a marginal growth of 1.1% over FY 2018 EBITDA of N66.9bn.

In 2019, NB aggressively made use of commercial paper issuances to finance its working capital needs. Following the revision we made to Finance Costs to accommodate the higher Interest Expense from the CP issuances, our modelled finance costs remain in line with annualised gM numbers. Thus, we retain our Net Finance Cost forecast for 2019e at N10.4bn. Nonetheless, we expect the higher Net Interest Expense (2019f; N10.4bn vs N7.5bn in FY 2018) to drag on Pre-Tax Profits. Consequently, we have lowered our 2019 Pre-Tax profit to N25.2bn (Prior Forecast – N28.4bn). gM 2019 numbers presents a lower Effective Tax Rate of 28.7% compared to our modelled tax rate of 32.0%, thus we lower our Effective Tax Rate by 3.0ppts to 29.0%. Nevertheless, we lower our Net Profit forecast by 7.4% to N17.1bn from our previous forecast, implying a 7.9% y/y decline from FY 2018 Net Profit of N19.4bn. Our EPS forecast comes in lower at N2.24/s for FY 2019e compared to our prior forecast of N2.42/s.

Valuation: Depressed valuations but HOLD rating maintained

We lower our target price slightly to N59.16/s from our previously communicated N61.60/s reflecting the mild downward revision on key profit lines. Our target price implies an upside potential of 21% on yesterday's closing price of N49.0/s. Despite relatively high upside potential, we retain our HOLD recommendation on the stock as the long-term industry outlook remains bleak. Our valuation model makes use of the DCF valuation relying on a 5-Year FCFF valuation methodology and Relative valuation which uses Forward EV/EBITDA multiples for our EM peers. We applied a weighting of 60:40 with the greater weighting on DCF valuation.

Nigerian Breweries

Nigerian Breweries

Nm (unless otherwise stated)

Income Statement	2016	2017	2018	2019E	2020E	2021E	2022E
Revenues	313,743	344,563	324,389	322,236	327,070	333,611	341,951
Cost of Sales*	(157,014)	(176,495)	(175,361)	(169,174)	(171,712)	(176,814)	(182,944)
Gross Profit	156,729	168,068	149,028	153,062	155,358	156,797	159,007
Total Operating Expenses (Opex)*	(74,700)	(79,038)	(82,104)	(85,393)	(86,673)	(86,739)	(88,907)
EBITDA	82,029	89,029	66,924	67,670	68,685	70,058	70,100
Depreciation & Amortisation	(29,742)	(34,127)	(30,857)	(33,028)	(35,320)	(37,658)	(40,054)
Other Income	616	2,219	885	1,000	1,000	1,000	1,000
EBIT	52,903	57,121	36,952	35,642	34,365	33,400	31,046
Net Interest Expense	(13,229)	(10,491)	(7,530)	(10,423)	(7,541)	(8,278)	(6,648)
PBT	39,675	46,630	29,422	25,218	26,824	25,123	24,398
Taxation	(11,258)	(13,581)	(9,984)	(7,313)	(8,584)	(8,039)	(7,807)
Net Profits	28,417	33,049	19,438	17,905	18,240	17,083	16,590
Earnings per Share, N	3.58	4.13	2.43	2.24	2.28	2.14	2.07
Dividend per Share, N	3.58	4.13	2.43	2.24	2.28	2.13	2.07
Dividend Payout Ratio	100%	100%	100%	100%	100%	100%	100%
Number of Shares Outstanding	7,929	7,997	7,997	7,997	7,997	7,997	7,997

*Cost of Sales and Total Opex adjusted for Depreciation & Amortisation

Balance Sheet	2016	2017	2018	2019E	2020E	2021E	2022E
Fixed Assets	191,182	195,230	203,493	204,053	202,807	199,880	195,393
Intangible Assets	99,478	98,277	97,136	95,964	94,793	93,624	92,456
Other Non-current Assets	1,928	1,228	1,350	1,350	1,350	1,350	1,350
Non-Current Assets	292,587	294,735	301,979	301,367	298,951	294,854	289,200
Inventories	31,245	42,729	32,507	35,527	37,777	42,435	40,248
Trade & Other Receivables	19,974	20,384	35,153	35,446	35,978	36,697	37,615
Cash and Cash Equivalents	12,156	15,867	14,793	6,403	(16,631)	(10,777)	(7,606)
Other Current Assets	11,184	8,513	3,830	3,830	3,830	3,830	3,830
Current Assets	74,559	87,493	86,284	81,205	60,953	72,186	74,087
Total Assets	367,146	382,228	388,263	382,573	359,904	367,040	363,287
Creditors & Accruals	111,184	127,947	114,152	104,405	105,971	109,024	112,707
Current Portion of Term Loan	-	-	-	-	-	-	-
Taxation	19,024	19,606	14,579	14,579	14,579	14,579	14,579
Commercial Papers	-	-	-	15,000	-	-	-
Bank Overdraft	871	471	1,470	1,030	787	752	826
Other Current Liabilities	13,176	8,029	9,495	9,495	9,495	9,495	9,495
Current Liabilities	144,255	156,053	139,696	144,509	130,831	133,850	137,608
Non-current liabilities	56,978	47,877	81,739	71,217	62,205	66,304	58,775
Total Liabilities	201,233	203,930	221,435	215,725	193,037	200,154	196,383
Called up Share capital	3,965	3,998	3,998	3,998	3,998	3,998	3,998
Share premium Account	64,950	73,770	73,770	73,770	73,770	73,770	73,770
Share Based Reserve	571	748	750	750	748	749	750
Retained Earnings	96,344	99,693	88,217	88,237	88,256	88,275	88,293
Shareholders' Funds	165,829	178,210	166,736	166,755	166,774	166,793	166,812
Minority Interests	84	89	92	92	92	92	92

Cash Flow	2016	2017	2018	2019E	2020E	2021E	2022E
Operating Cash Flow	70,101	72,051	38,419	44,891	55,222	54,775	61,066
Investing Cash Flow	(18,809)	(32,065)	(18,917)	(19,055)	(20,254)	(21,905)	(22,752)
Financing Cash Flow	(25,951)	(35,875)	6,990	(37,367)	(33,170)	(16,358)	(27,463)
Free Cash Flow	32,487	37,942	52,633	52,014	39,576	41,407	33,901

Source: Company, CSL estimates.

Nigerian Breweries

Profitability Ratios	2016	2017	2018	2019E	2020E	2021E	2022E
Gross Profit Margin	50.0%	48.8%	45.9%	47.5%	47.5%	47.0%	46.5%
Opex/Sales	23.8%	22.9%	25.3%	26.5%	26.5%	26.0%	26.0%
EBITDA Margin	26.1%	25.8%	20.6%	21.0%	21.0%	21.0%	20.5%
Operating Profit Margin	16.9%	16.6%	11.4%	11.1%	10.5%	10.0%	9.1%
PBT Margin	12.6%	13.5%	9.1%	7.8%	8.2%	7.5%	7.1%
Net Profit Margin	9.1%	9.6%	6.0%	5.6%	5.6%	5.1%	4.9%
ROAA	43.0%	40.8%	22.4%	21.4%	25.7%	25.7%	22.7%
ROCE	15.8%	17.8%	9.8%	8.8%	9.4%	8.9%	8.8%
ROAE	16.8%	19.2%	11.3%	10.7%	10.9%	10.2%	9.9%
Dividend Yield	7.3%	8.4%	5.0%	4.6%	4.6%	4.4%	4.2%
Activity Ratios	2016	2017	2018	2019E	2020E	2021E	2022E
Inventory Turnover	5.3x	4.8x	4.7x	5.0x	4.7x	4.4x	4.4x
Days of Inventory on Hand	69	76	78	73	78	83	82
Receivables Turnover	17.2x	17.1x	11.7x	9.1x	9.2x	9.2x	9.2x
Days of Sales Outstanding	21	21	31	40	40	40	40
Payables Turnover	1.6x	1.5x	1.4x	1.5x	1.6x	1.6x	1.7x
Payable Days	228	247	252	236	224	222	221
Operating Performance Ratios	2016	2017	2018	2019E	2020E	2021E	2022E
Total Asset Turnover	0.9x	0.9x	0.8x	0.8x	0.9x	0.9x	0.9x
Fixed Asset Turnover	1.6x	1.8x	1.6x	1.6x	1.6x	1.7x	1.7x
Current Asset Turnover	4.8x	4.3x	3.7x	3.8x	4.6x	5.0x	4.7x
Cash Turnover	467.2x	514.3x	270.9x	237.6x	241.2x	246.0x	252.1x
Liquidity Ratios	2016	2017	2018	2019E	2020E	2021E	2022E
Current Ratio	52%	56%	62%	56%	47%	54%	54%
Quick Ratio	22%	23%	36%	29%	15%	19%	22%
Cash Ratio	8%	10%	11%	4%	-13%	-8%	-6%
Solvency Ratios	2016	2017	2018	2019E	2020E	2021E	2022E
Debt-to-Capital Ratio	9.7%	4.5%	20.3%	15.9%	11.8%	13.7%	10.2%
Debt-to-Equity Ratio	10.8%	4.8%	25.5%	19.0%	13.4%	15.9%	11.4%
Net Debt-to-Equity Ratio	3.4%	-4.2%	16.7%	15.1%	23.4%	22.3%	15.9%
Debt-to-Assets Ratio	4.9%	2.2%	11.0%	8.3%	6.2%	7.2%	5.2%
Financial Leverage	2.2x	2.1x	2.3x	2.3x	2.2x	2.2x	2.2x
Investment Valuation Ratios	2016	2017	2018	2019E	2020E	2021E	2022E
Price-to-Earnings Ratio	13.7x	11.9x	20.2x	21.9x	21.5x	22.9x	23.6x
Price-to-Book Ratio	2.3x	2.2x	2.4x	2.3x	2.3x	2.3x	2.3x
Price-to-Sales Ratio	1.2x	1.1x	1.2x	1.2x	1.2x	1.2x	1.1x
EV/EBITDA	4.8x	4.3x	6.3x	6.2x	6.3x	6.1x	6.0x
EV/Sales	1.3x	1.1x	1.3x	1.3x	1.3x	1.3x	1.2x
Free Cash Flow Yield	0.1x	0.1x	0.0x	0.1x	0.1x	0.1x	0.1x
Y/y growth	2016	2017	2018	2019E	2020E	2021E	2022E
Revenues	6.7%	9.8%	-5.9%	-0.7%	1.5%	2.0%	2.5%
Gross Profit	-3.6%	7.2%	-11.3%	2.7%	1.5%	0.9%	1.4%
Total Opex	3.0%	5.8%	3.9%	4.0%	1.5%	0.1%	2.5%
EBITDA	-9.0%	8.5%	-24.8%	1.1%	1.5%	2.0%	0.1%
EBIT	-15.0%	8.0%	-35.3%	-3.5%	-3.6%	-2.8%	-7.0%
PBT	-15.0%	8.0%	-35.3%	-3.5%	-3.6%	-2.8%	-7.0%
Net Profits	-25.3%	16.3%	-41.2%	-7.9%	1.9%	-6.3%	-2.9%
Earnings per Share	-25.6%	15.3%	-41.2%	-7.9%	1.9%	-6.3%	-2.9%
Dividend per Share	-23.8%	15.3%	-41.2%	-7.9%	1.9%	-6.3%	-2.9%

Source: Company, CSL estimates.

Analyst Certification

Each research analyst(s) principally responsible for the preparation and content of all or any identified portion of this research report hereby certifies that all of the views expressed in this research report accurately reflect their personal views about those issuer(s) or securities that the research analyst covers in this research report. Each research analyst(s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this research report.

Important disclosures

Ratings and Target Price History

Nigerian Breweries

Date	Price (N)	Old Target (N)	New Price Target (N)	Old recommendation	New recommendation
12-May-14	149.0	121.2	Under Review	Sell	Under Review
14-May-14	155.0	Under Review	121.2	Under Review	Sell
21-Jul-14	177.1	121.2	121.2	Sell	Sell
18-Sep-14	177.2	121.1	121.2	Sell	Sell
24-Oct-14	169.9	121.2	121.2	Sell	Sell
13-Feb-15	129.0	121.2	121.2	Sell	Sell
24-Apr-15	153.0	121.2	127.7	Sell	Sell
23-Oct-15	137.0	127.7	127.7	Sell	Sell
21-Apr-16	103.1	127.7	Under Review	Sell	Under Review
15-Sep-16	141.8	Under Review	98.1	Sell	Sell
29-Sep-17	165.0	98.1	98.1	Sell	Sell
27-Nov-17	130.1	98.1	113.4	Sell	Sell
15-Jan-18	131.0	113.4	126.9	Sell	Sell
19-Feb-18	131.0	113.6	105.4	Sell	Hold
29-Oct-18	88.0	105.4	101.7	Hold	Hold
28-Feb-19	83.9	101.7	87.9	Hold	Hold
26-Aug-19	50.7	87.9	61.6	Hold	Hold
19-Nov-19	49.0	61.6	59.2	Hold	Hold

CSL Research Ratings Distribution

	BUY	HOLD	SELL	Not Rated	Total
Coverage universe	16	11	3	3	33
% distribution	48%	33%	9%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

Explanation of CSL Research's equity research rating system

- Buy:** The analyst expects the stock to outperform the Benchmark over the next 12 months or the stated investment horizon.
- Hold:** The analyst expects the stock to perform in line with the Benchmark over the next 12 months or the stated investment horizon.
- Sell:** The analyst expects the stock to underperform the Benchmark over the next 12 months or the stated investment horizon.
- Not Rated:** The rating and price target have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when FCMB Bank UK or the Group is acting in an advisory capacity in a merger or strategic transaction involving the company or due to factors which limits the analysts ability to provide forecasts for the company in question.



Benchmark:	The benchmark is the trailing three year average yield of the 12 month T-Bill plus one standard deviation rounded to the nearest percent.
Price targets:	Price targets, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any price target may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market and may not occur if the company's earnings fall short of estimates.
Asset allocation:	Asset allocation is the responsibility of the strategy team. The recommended weight (Buy, Hold and Sell) for equities, cash and fixed income instruments is based on a number of metrics and does not relate to a particular size change in one variable.

Other disclosures

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- I. CSL Stockbrokers Limited (CSLS) or the Group has received compensation for investment banking services from the company within the last 12 months.
- J. CSL Stockbrokers Limited (CSLS) or the Group expects to receive, or intends to seek, compensation for investment banking services from the company during the next 3 months.

Companies from which CSL Stockbrokers Limited (CSLS) or the Group's investment banking division has received compensation in the last 12 months

	Buy	Hold	Sell	Not Rated	Total
% distribution	0 0%	0 0%	1 100%	0 0%	1



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