

# Tata Communications | BUY

## Digital portfolio growth robust; one-off impacts core connectivity

Tata Communications' (TCOM) consolidated revenue was 1-2% lower vs. JMFe/consensus at INR 59.6bn (down 0.5% QoQ but up 5.8% YoY) vs. JMFe/consensus of INR 61bn/INR 60.4bn. Data revenue was lower than JMFe at INR 51bn due to lower core connectivity revenue, while digital portfolio revenue was robust and largely in line. However, the management indicated that order book saw healthy double-digit QoQ growth with multiple deal wins, and the sales funnel also remains healthy and diversified. Consolidated EBITDA was also 2.1% lower than JMFe/cons at INR 11.4bn on lower revenue while higher network and staff costs were offset by lower other opex. Net debt was up QoQ at INR 101bn at end-1QFY26, implying net debt to EBITDA of 2.2x (vs. INR 93.8bn at end 4QFY24 or net debt to EBITDA of 2.1x), primarily due to seasonal working capital effect. However, the management expects net debt to EBITDA to fall below 2x by 2HFY26. We maintain our BUY rating on TCOM (unchanged TP of INR 2,000/share) based on 11x FY27 EV/EBITDA multiple for the data segment, (vs. 5-year historical average of 10.6x) as we expect data segment EBITDA to grow at a robust CAGR of ~24% over FY25-28E.

- **Data revenue lower than JMFe at INR 51bn due to lower core connectivity revenue, while digital portfolio revenue was robust and largely in line:** Consolidated revenue was 1-2% lower vs. JMFe/consensus at INR 59.6bn (down 0.5% QoQ but up 5.8% YoY) vs. JMFe/consensus of INR 61bn/INR 60.4bn. This was due to data revenue being 1.4% lower than JMFe at INR 51.3bn (up 0.7% QoQ and 9.4% YoY) primarily led by lower core connectivity revenue at INR 26.2bn (down 1.4% QoQ but up 2.7% YoY) due to SAARC region related issues (difficulty in recoverability of dues from few clients in SAARC region, leading to subsequent exits). However, digital portfolio revenue grew largely in line with JMFe, up 2.9% QoQ and 17.4% YoY at INR 25.1bn. This healthy digital portfolio revenue growth was led by robust growth in media (up 11% QoQ and 15.8% YoY), next-gen connectivity (up 5.2% QoQ and 30.7% YoY), cloud and cyber-security (up 2.7% QoQ and 26.9% YoY) and Collaboration & CPaaS (up 2.4% QoQ and 12.1% YoY). However, incubation portfolio revenue was down 13.2% QoQ but up 13% YoY). Separately, voice revenue increased 5.5% QoQ to INR 3.9bn in 1QFY26.
- **Cons EBITDA also 2.1% lower than JMFe/cons at INR 11.4bn on lower revenue while higher network and staff costs were offset by lower other opex:** Network cost was higher at INR 27.3bn (up 0.6% QoQ and 15.5% YoY), being 45.8% of revenue (vs. 45.3% of revenue in 4QFY25); staff cost was also higher at INR 12.2bn (up 7.2% QoQ and up 6.4% YoY); but this was largely offset by lower other operating costs at INR 8.8bn (down 14.1% QoQ and down 12.5% YoY). Hence, reported EBITDA was 2.1% lower at INR 11.4bn (up 1.3% QoQ and up 1.1% YoY) vs. JMFe/consensus of INR 11.6bn, resulting in EBITDA margin of 19.1% in 1QFY26 (vs. 18.7% in 4QFY25). Further, PAT was even lower at INR 1.9bn vs. JMFe/consensus of INR 3.2bn due to lower other income (at INR 0.2bn vs. JMFe of INR 0.5bn) and one-off expenses: a) staff optimisation cost of INR 0.2bn; and b) loss of INR 0.4bn related to sale of its subsidiary. PAT was down 74% QoQ on a high base of 4QFY25 (which included exceptional gain of INR 6.6bn on sale of property



**Dayanand Mittal**

dayanand.mittal@jmfl.com | Tel: (91 22) 66303063

**Shivam Gupta**

shivam.gupta@jmfl.com | Tel: (91 22) 66303082

(We acknowledge the support services of Anupam Jakhotia in preparation of this report)

### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,000
Upside/(Downside)	15.5%
Previous Price Target	2,000
Change	0.0%

### Key Data – TCOM IN

Current Market Price	INR1,732
Market cap (bn)	INR493.5/US\$5.7
Free Float	40%
Shares in issue (mn)	285.0
Diluted share (mn)	285.0
3-mon avg daily val (mn)	INR811.8/US\$9.4
52-week range	2,175/1,291
Sensex/Nifty	82,259/25,111
INR/US\$	86.1

### Price Performance

%	1M	6M	12M
Absolute	1.3	2.0	-6.5
Relative*	0.3	-5.0	-7.5

\* To the BSE Sensex

### Financial Summary

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	2,07,847	2,31,086	2,42,717	2,68,858	3,01,251
Sales Growth (%)	16.5	11.2	5.0	10.8	12.0
EBITDA	43,172	45,690	53,398	61,300	71,698
EBITDA Margin (%)	20.8	19.8	22.0	22.8	23.8
Adjusted Net Profit	13,591	9,338	16,508	22,264	28,644
Diluted EPS (INR)	47.7	32.8	57.9	78.1	100.5
Diluted EPS Growth (%)	-21.0	-31.3	76.8	34.9	28.7
ROIC (%)	17.4	10.5	15.4	18.8	22.4
ROE (%)	82.3	38.8	46.8	47.2	45.7
P/E (x)	36.3	52.9	29.9	22.2	17.2
P/B (x)	27.6	16.3	12.2	9.2	6.9
EV/EBITDA (x)	13.6	13.1	11.0	9.4	7.8
Dividend Yield (%)	1.0	1.4	1.3	1.7	2.3

Source: Company data, JM Financial. Note: Valuations as of 17/Jul/2025

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

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

situated at Ambattur, Chennai; and one-time gain of INR 3.1bn on sale of white-label ATM business subsidiary (TCPSTL)).

- **Capex moderated QoQ to INR 4.4bn (vs. INR 6bn in 4QFY25); while net debt up QoQ to INR 101bn:** Capex moderated QoQ to INR 4.4bn in 1QFY26 or 7.3% of revenue (vs. INR 6.0bn or 10% of revenue in 4QFY25). Separately, net debt was up QoQ at INR 101bn at end-1QFY26 or net debt to EBITDA of 2.2x (vs INR 93.8bn at end 4QFY24 or net debt to EBITDA of 2.1x) due to seasonal working capital effect (in 1Q) and as the credit period was extended for 5-10 key accounts. However, the management expects net debt to EBITDA to come down to less than 2x by 2HFY26.
- **Maintain BUY rating on TCOM with unchanged TP of INR 2,000:** We have marginally tweaked our FY26-FY28 revenue/EBITDA estimates, factoring in the 1QFY26 results; while our TP is unchanged at INR 2,000. We are building in a robust ~24% data segment EBITDA CAGR over FY25–28E driven by **a)** strong growth in digital portfolio, positioned strongly across key megatrends like cloud, AI, IoT, etc.; **b)** overall EBITDA margin improving from current ~19% to ~23% by FY27 (lower end of management guidance of 23%-25%) as operating leverage and acquisition synergies are likely to be partly offset by adverse revenue mix. Hence, we reiterate our BUY rating on TCOM with unchanged target price of INR 2,000/share, based on an 11x FY27 EV/EBITDA multiple for the data segment (vs. 5-year historical average of 10.6x). Key risks: **a)** weak global macro leading to deferment in discretionary tech spends; **b)** significant delay beyond FY27 to get to positive EBITDA margin in Digital portfolio segment; **c)** adverse AGR ruling.

## 1QFY26 concall takeaways

1) Order book sees healthy double-digit QoQ growth with multiple deal wins, sales funnel also healthy and diversified:

a) Order book witnessed healthy double digit QoQ growth in 1QFY26;

b) **Deal wins:** i) Multi-million dollar cybersecurity deal in India to establish and manage a full-fledged captive SOC (security operations centre); ii) Multi-million dollar connectivity deal from a leading technology player for diverse network connectivity solutions for DC to DC connectivity; iii) order for a greenfield Wi-Fi 6 network deployment for a global battery player at their new factory location in India and iv) multi-year deal with a prominent broadcaster in India for the playout services

c) **Sales funnel continues to be healthy and diversified** across core connectivity and digital services;

2) **The management attributed the 0.5% QoQ decline in consolidated revenue** to i) SAARC region related issues in core connectivity (difficulty in recoverability of dues from few clients in SAARC region, leading to subsequent exits) ii) exits from onerous deals in TCTS and iii) non-renewal of less-profitable contracts by TCOM in CPaaS, focussing on profitable growth. The management shared that there is **some impact left related to SAARC issue in core connectivity**. However, it also highlighted that **large DC-to-DC connectivity** deal (secured in 1QFY25) is expected to **translate into revenue later in FY26**.

3) **Digital portfolio getting good traction across all sub-segments:** The management shared that the company secured deal wins in Media and Cloud & Cybersecurity. It added that there exists room for consistent growth in Cloud & Cybersecurity and highlighted the benefits of its cloud offerings (RBI regulations compliant, integrated security advantage, transparent pricing etc.). Separately, it also sees opportunity in Wi-Fi 6 and LAN solutions under next-gen connectivity.

4) **EBITDA margin improvement from 18.7% in 4QFY25 to 19.1% in 1QFY26 was primarily due to a) exit from onerous contract by TCTS and aided by b) non-renewal of less-profitable contracts by TCOM in CPaaS.** Further, the management reiterated that **digital portfolio profitability will be driven by operating leverage, cost efficiencies and improved product mix** (e.g., shifting focus from SMS to lucrative non-SMS communication channel in CPaaS).

5) **Expect net-debt to EBITDA to reach target of under 2x by 2HFY26:** Net debt was up QoQ at INR 101bn at end-1QFY26 or net debt to EBITDA of 2.2x (vs. INR 93.8bn at end 4QFY24 or net debt to EBITDA of 2.1x) due to seasonal working capital effect (in 1Q) and as the credit period was extended for 5-10 key accounts. Further, the management expects net debt to EBITDA to down to under 2x by 2HFY26.

## 1QFY26 result review

## Exhibit 1. Consolidated quarterly snapshot

INR mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
<b>Revenue</b>	<b>56,334</b>	<b>57,279</b>	<b>57,981</b>	<b>59,904</b>	<b>59,599</b>	<b>-0.5%</b>	<b>5.8%</b>
Operating costs	45,092	45,985	46,171	48,683	48,230	-0.9%	7.0%
-Netw ork Expenses	23,638	24,600	25,134	27,125	27,291	0.6%	15.5%
-Staff Expenses	11,446	11,748	11,240	11,361	12,178	7.2%	6.4%
-Other costs	10,008	9,637	9,797	10,197	8,762	-14.1%	-12.5%
<b>Reported EBITDA</b>	<b>11,242</b>	<b>11,294</b>	<b>11,810</b>	<b>11,221</b>	<b>11,368</b>	<b>1.3%</b>	<b>1.1%</b>
Depreciation & Amortization	6,474	6,482	6,371	6,725	6,657	-1.0%	2.8%
EBIT	4,768	4,812	5,438	4,496	4,711	4.8%	-1.2%
Net interest cost	1,722	1,894	1,869	1,824	1,765	-3.2%	2.5%
Other Income	263	100	287	688	171		
Extraordinary	857	429	-149	5,778	-626		
Profit Before Tax	4,167	3,447	3,707	9,137	2,491	-72.7%	-40.2%
Tax	868	976	1,262	1,759	654		
PAT from discontinued operations		-238	-207	-319	0		
Share in profit of associates	29	40	121	232	64		
<b>Reported PAT</b>	<b>3,328</b>	<b>2,272</b>	<b>2,360</b>	<b>7,291</b>	<b>1,900</b>	<b>-73.9%</b>	<b>-42.9%</b>
Reported EPS	11.7	8.0	8.3	25.6	6.7	-73.9%	-42.9%
Tax/PBT (%)	21%	28%	34%	19%	26%		
Reported EBITDA margin (%)	20.0%	19.7%	20.4%	18.7%	19.1%		
Netw ork Opex (as % of revenue)	42.0%	42.9%	43.3%	45.3%	45.8%		

Source: Company, JM Financial.

## Exhibit 2. Net debt increased QoQ by INR 7bn to INR 101bn in 1QFY26; Net Debt to EBITDA stood at 2.2X at end 1QFY26

INR bn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
<b>Gross Debt</b>	<b>106</b>	<b>113</b>	<b>110</b>	<b>109</b>	<b>113</b>
Foreign Currency Loans	77	80	77	76	70
INR Loans	30	33	33	33	43
<b>Cash &amp; Cash Equivalent</b>	<b>10</b>	<b>8</b>	<b>5</b>	<b>15</b>	<b>12</b>
<b>Net Debt</b>	<b>96</b>	<b>105</b>	<b>105</b>	<b>94</b>	<b>101</b>
Net Debt to EBITDA (X)	2.1	2.3	2.2	2.1	2.2
Weighted Average Cost of Debt (%)	5.9%	5.8%	5.6%	5.3%	4.3%

Source: Company, JM Financial.

## Exhibit 3. Segment-wise capex break-up and capex intensity

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
<b>Capex (INR Mn)</b>							
Voice	6	26	31	3	11	309.0%	73.7%
Data	3,927	4,754	6,981	5,359	3,775	-29.6%	-3.9%
Core Connectivity	2,073	3,415	3,750	2,774	2,377	-14.3%	14.7%
Digital Portfolio	1,854	1,339	3,231	2,585	1,398	-45.9%	-24.6%
Others	627	499	521	609	579	-4.8%	-7.6%
<b>Total</b>	<b>4,560</b>	<b>5,278</b>	<b>7,533</b>	<b>5,970</b>	<b>4,365</b>	<b>-26.9%</b>	<b>-4.3%</b>
<b>Capex intensity (i.e. capex as % of gross revenue)</b>							
Voice	0.2%	0.6%	0.7%	0.1%	0.3%		
Data	8.4%	9.9%	14.2%	10.5%	7.4%		
Core Connectivity	8.1%	13.1%	14.5%	10.4%	9.1%		
Digital Portfolio	8.7%	6.1%	14.0%	10.6%	5.6%		
Others	12.0%	10.5%	10.8%	11.7%	13.3%		
<b>Total</b>	<b>8.1%</b>	<b>9.2%</b>	<b>13.0%</b>	<b>10.0%</b>	<b>7.3%</b>		

Source: Company, JM Financial.

## Exhibit 4. Segmental KPIs snapshot

INR mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
<b>Geography wise Data Revenue Mix</b>							
India	43.5%	42.6%	40.7%	42.0%	42.4%	40bps	-104bps
International	56.5%	57.4%	59.3%	58.0%	57.6%	-40bps	104bps
<b>Customer wise Data Revenue Mix</b>							
Service provider	23.1%	22.6%	22.2%	23.5%	26.5%	302bps	336bps
Enterprise	76.9%	77.4%	77.8%	76.5%	73.5%	-302bps	-336bps
<b>Customer wise Core Connectivity Revenue Mix</b>							
Service provider	31.3%	29.6%	29.4%	28.6%	32.9%	422bps	153bps
Enterprise	68.7%	70.4%	70.6%	71.4%	67.1%	-422bps	-153bps

Source: Company, JM Financial.

## Exhibit 5. Consolidated segmental performance quarterly snapshot

INR mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ (%)	YoY (%)
<b>Gross Revenue</b>							
Voice	4,227	4,255	4,105	3,741	3,945	5.5%	-6.7%
<b>Data</b>	<b>46,878</b>	<b>48,262</b>	<b>49,032</b>	<b>50,961</b>	<b>51,302</b>	<b>0.7%</b>	<b>9.4%</b>
Core connectivity	25,502	26,134	25,903	26,562	26,198	-1.4%	2.7%
Digital portfolio	21,377	22,128	23,130	24,399	25,105	2.9%	17.4%
Collaboration & CPaaS	10,447	11,140	11,773	11,437	11,715	2.4%	12.1%
Cloud and cyber security	4,157	4,151	4,320	5,139	5,276	2.7%	26.9%
Next Gen Connectivity	2,078	2,172	2,485	2,581	2,716	5.2%	30.7%
Media Services	3,367	2,889	3,083	3,513	3,898	11.0%	15.8%
Incubation Services	1,328	1,775	1,468	1,729	1,501	-13.2%	13.0%
Others	5,228	4,761	4,843	5,201	4,351	-16.3%	-16.8%
Rentals	571	573	577	438	491	12.1%	-14.1%
TCTSL	2,793	2,604	2,561	2,955	1,967	-33.5%	-29.6%
TCR	1,454	1,584	1,705	1,808	1,893	4.7%	30.2%
Total	56,334	57,279	57,981	59,904	59,599	-0.5%	5.8%
<b>Net Revenue (i.e. Gross Profit)</b>							
Voice	976	957	981	916	832	-9.1%	-14.7%
<b>Data</b>	<b>29,022</b>	<b>29,399</b>	<b>29,453</b>	<b>29,102</b>	<b>29,731</b>	<b>2.2%</b>	<b>2.4%</b>
Core connectivity	20,669	21,142	20,902	21,008	20,663	-1.6%	0.0%
Digital portfolio	8,353	8,257	8,551	8,093	9,067	12.0%	8.5%
Others	2,642	2,838	2,908	3,287	2,337	-28.9%	-11.6%
Rentals	571	572	576	437	490	12.1%	-14.2%
TCTSL	758	834	788	1,205	130	-89.2%	-82.9%
TCR	1,313	1,431	1,544	1,646	1,717	4.3%	30.8%
Total	32,640	33,194	33,342	33,305	32,900	-1.2%	0.8%
<b>Gross Margin (%)</b>							
Voice	23.1%	22.5%	23.9%	24.5%	21.1%	-339bps	-199bps
<b>Data</b>	<b>61.9%</b>	<b>60.9%</b>	<b>60.1%</b>	<b>57.1%</b>	<b>58.0%</b>	<b>85bps</b>	<b>-396bps</b>
Core connectivity	81.0%	80.9%	80.7%	79.1%	78.9%	-22bps	-217bps
Digital portfolio	39.1%	37.3%	37.0%	33.2%	36.1%	295bps	-296bps
Others	50.5%	59.6%	60.0%	63.2%	53.7%	-950bps	318bps
Rentals	100%	100%	100%	100%	100%	-1bps	-6bps
TCTSL	27%	32%	31%	41%	7%	-3417bps	-2055bps
TCR	90%	90%	91%	91%	91%	-34bps	37bps
Overall	57.9%	58.0%	57.5%	55.6%	55.2%	-40bps	-274bps
<b>EBITDA</b>							
Voice	462	478	483	440	436	-0.8%	-5.6%
<b>Data</b>	<b>9,237</b>	<b>8,957</b>	<b>9,413</b>	<b>8,910</b>	<b>8,813</b>	<b>-1.1%</b>	<b>-4.6%</b>
Others	1,543	1,860	1,913	1,871	2,119	13.3%	37.3%
Rentals	324	352	364	207	279	34.7%	-13.7%
TCTSL	229	312	215	350	471	34.7%	105.9%
TCR	1,115	1,196	1,334	1,314	1,369	4.2%	NA
Total	11,242	11,294	11,810	11,221	11,368	1.3%	1.1%
<b>EBITDA Margin (%)</b>							
Voice	10.9%	11.2%	11.8%	11.7%	11.1%	-69bps	12bps
<b>Data</b>	<b>19.7%</b>	<b>18.6%</b>	<b>19.2%</b>	<b>17.5%</b>	<b>17.2%</b>	<b>-31bps</b>	<b>-253bps</b>
Others	29.5%	39.1%	39.5%	36.0%	48.7%	1273bps	1919bps
Rentals	57%	61%	63%	47%	57%	953bps	27bps
TCTSL	8%	12%	8%	12%	24%	1211bps	1575bps
TCR	77%	75%	78%	73%	72%	-39bps	-439bps
Overall	20.0%	19.7%	20.4%	18.7%	19.1%	34bps	-88bps
<b>Gross revenue growth YoY (%)</b>							
Voice	1.1%	-0.7%	-3.0%	-12.8%	-6.7%		
<b>Data</b>	<b>20.0%</b>	<b>21.0%</b>	<b>6.3%</b>	<b>9.6%</b>	<b>9.4%</b>		
Core connectivity	2.1%	2.9%	2.8%	3.2%	2.7%		
Digital portfolio	51.6%	52.5%	10.5%	17.5%	17.4%		
Collaboration & CPaaS	138.1%	174.2%	11.7%	8.8%	12.1%		
Cloud and cyber security	9.3%	-0.8%	12.5%	28.8%	26.9%		
Next Gen Connectivity	13.3%	7.7%	9.2%	23.6%	30.7%		
Media Services	12.6%	-7.6%	-2.0%	13.9%	15.8%		
Incubation Services	21.9%	58.9%	29.2%	57.4%	13.0%		
Others	17.4%	4.9%	-12.3%	-15.0%	-16.8%		
Overall	18.1%	17.6%	3.8%	5.2%	5.8%		
<b>EBITDA growth YoY (%)</b>							
Voice	-25.5%	-23.5%	-3.6%	-0.2%	-5.6%		
<b>Data</b>	<b>-3.1%</b>	<b>-4.5%</b>	<b>-4.4%</b>	<b>1.0%</b>	<b>-4.6%</b>		
Others	1631.0%	1096.4%	62.3%	43.7%	37.3%		
Overall	9.8%	11.2%	2.4%	6.2%	1.1%		

Source: Company, JM Financial

## Assumptions and Estimates

## Exhibit 6. TCOM – Key operational assumptions

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY25-28E CAGR (%)	Comments
<b>Consolidated Financials (INR Bn)</b>												
Revenue	164	171	171	167	178	208	231	243	269	301	9%	
YoY Growth (%)		3.9%	0.2%	-2.2%	6.7%	16.5%	11.2%	5.0%	10.8%	12.0%		
Reported EBITDA	25.3	32.9	42.6	42.3	43.2	43.2	45.7	53.4	61.3	71.7	16%	Assumed EBITDA margin to improve to 22.8% in FY27 vs company's ambition of 23-25% margin in FY27
Reported EBITDA Margin (%)	15.4%	19.3%	24.9%	25.3%	24.2%	20.8%	19.8%	22.0%	22.8%	23.8%		
YoY Growth (%)		25.0%	29.3%	1.4%	-4.2%	-14.2%	-4.8%	11.3%	3.6%	4.4%		
Cash EBITDA	25.3	29.6	38.8	38.8	39.9	39.6	42.0	49.7	57.5	67.9	17%	
Cash EBITDA Margin (%)	15.4%	17.4%	22.7%	23.2%	22.4%	19.1%	18.2%	20.5%	21.4%	22.5%		
YoY Growth (%)		12.6%	30.7%	2.2%	-3.6%	-14.7%	-4.6%	12.5%	4.5%	5.3%		
Cash Capex	17.3	16.6	13.5	16.5	14.9	20.3	13.4	23.2	24.3	25.5		
Cash Capex Intensity (% of Revenue)	11%	10%	8%	10%	8%	10%	6%	10%	9%	8%		
FCF	1.1	8.6	18.3	25.5	29.0	11.5	15.7	23.2	29.4	34.4	30%	
YoY Growth (%)		669%	112%	39.7%	13.5%	-60.4%	37%	47.5%	26.3%	17.1%		
Net Debt	84.9	91.5	77.5	67.2	57.1	91.3	93.8	86.3	73.6	57.2		
Net Debt/Reported EBITDA (x)	3.3	2.8	1.8	1.6	1.3	2.1	2.1	1.6	1.2	0.8		
Net Debt/Cash EBITDA (x)	3.3	3.1	2.0	1.7	1.4	2.3	2.2	1.7	1.3	0.8		
<b>Segmental Revenue and EBITDA break-up</b>												
<b>1) Voice</b>												
Revenue	38.7	33.8	27.9	22.9	20.5	17.0	16.3	15.8	15.2	14.6	-4%	
EBITDA	3.3	2.6	1.7	1.5	3.4	2.2	1.9	1.7	1.7	1.6	-5%	
EBITDA Margin (%)	8.6%	7.8%	6.2%	6.7%	16.6%	12.9%	11.4%	11.0%	11.0%	11.0%		
<b>2) Data</b>												
Revenue	111	119	126	128	141	172	195	214	240	273	12%	Assumed revenue of INR 241bn in FY27 vs company's ambition of INR 280bn in FY27 (of which 60% revenue expected from Digital portfolio)
EBITDA	26.5	34.4	43.6	43.5	42.6	37.6	36.5	47.2	57.5	69.9	24%	
EBITDA Margin (%)	23.9%	28.9%	34.6%	34.1%	30.2%	21.9%	18.7%	22.0%	24.0%	25.7%		
<b>i) Core Connectivity</b>												
Revenue	82.1	85.8	89.1	90.4	95.6	101	104	109	115	122	5%	
EBITDA	27.0	32.4	39.4	39.7	42.5	45.2	45.4	49.6	53.1	56.0	7%	
EBITDA Margin (%)	32.9%	37.7%	44.1%	43.9%	44.4%	44.7%	43.6%	45.3%	46.0%	46.1%		
<b>ii) Digital Portfolio</b>												
Revenue	28.5	32.9	36.8	37.4	45.4	70.3	91.0	105	125	151	18%	
EBITDA	-0.5	2.0	4.3	3.9	0.1	-7.7	-8.9	-2.4	4.5	13.9	NM	
EBITDA Margin (%)	-1.8%	6.0%	11.6%	10.3%	0.3%	-10.9%	-9.7%	-2.3%	3.6%	9.2%		

Source: Company, JM Financial.

## Exhibit 7. Consolidated revenue breakup for TCOM

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Revenue break-up (INR Bn)</b>										
Voice	38.7	33.8	27.9	22.9	20.5	17.0	16.3	15.8	15.2	14.6
Data - Core Connectivity	82.1	85.8	89.1	90.4	95.6	101.3	104.1	109.5	115.3	121.5
Data - Digital Portfolio	28.5	32.9	36.8	37.4	45.4	70.3	91.0	104.7	124.9	151.0
Others	15	18	17	17	17	19	20	13	13	14
<b>Total</b>	<b>164</b>	<b>171</b>	<b>171</b>	<b>167</b>	<b>178</b>	<b>208</b>	<b>231</b>	<b>243</b>	<b>269</b>	<b>301</b>
<b>Revenue proportion (%)</b>										
Voice	24%	20%	16%	14%	12%	8%	7%	7%	6%	5%
Data - Core Connectivity	50%	50%	52%	54%	54%	49%	45%	45%	43%	40%
Data - Digital Portfolio	17%	19%	22%	22%	25%	34%	39%	43%	46%	50%
Others	9%	11%	10%	10%	9%	9%	8%	5%	5%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Revenue growth (%)</b>										
Voice		-13%	-17%	-18%	-10%	-17%	-4%	-3%	-4%	-4%
Data - Core Connectivity		5%	4%	1%	6%	6%	3%	5%	5%	5%
Data - Digital Portfolio		16%	12%	1%	21%	55%	29%	15%	19%	21%
Others		20%	-6%	-3%	2%	14%	2%	-35%	5%	5%
<b>Total</b>		<b>4%</b>	<b>0%</b>	<b>-2%</b>	<b>7%</b>	<b>17%</b>	<b>11%</b>	<b>5%</b>	<b>11%</b>	<b>12%</b>

Source: Company, JM Financial.

**Exhibit 8. Consolidated EBITDA breakup for TCOM**

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>EBITDA break-up (INR Bn)</b>										
Voice	3.3	2.6	1.7	1.5	3.4	2.2	1.9	1.7	1.6	1.5
Data - Core Connectivity	27.0	32.4	39.4	39.7	42.5	45.2	45.4	49.8	53.3	56.3
Data - Digital Portfolio	-0.5	2.0	4.3	3.9	0.1	-7.7	-8.9	-1.0	4.5	13.9
Others	-4.5	-4.1	-2.7	-2.8	-2.8	3.4	7.3	3.1	2.2	0.2
<b>Total</b>	<b>25.3</b>	<b>32.9</b>	<b>42.6</b>	<b>42.3</b>	<b>43.2</b>	<b>43.2</b>	<b>45.7</b>	<b>53.6</b>	<b>61.5</b>	<b>71.9</b>
<b>EBITDA proportion (%)</b>										
Voice	13%	8%	4%	4%	8%	5%	4%	3%	3%	2%
Data - Core Connectivity	107%	98%	92%	94%	98%	105%	99%	93%	87%	78%
Data - Digital Portfolio	-2%	6%	10%	9%	0%	-18%	-19%	-2%	7%	19%
Others	-18%	-12%	-6%	-7%	-7%	8%	16%	6%	4%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>EBITDA growth (%)</b>										
Voice		-21%	-34%	-11%	122%	-36%	-15%	-9%	-6%	-5%
Data - Core Connectivity		20%	22%	1%	7%	7%	0%	10%	7%	6%
Data - Digital Portfolio		NM	114%	-10%	-96%	NM	NM	NM	NM	210%
Others		NM	NM	NM	NM	NM	114%	-57%	-30%	-89%
<b>Total</b>		<b>30%</b>	<b>30%</b>	<b>-1%</b>	<b>2%</b>	<b>0%</b>	<b>6%</b>	<b>17%</b>	<b>15%</b>	<b>17%</b>
<b>EBITDA Margin (%)</b>										
Voice	9%	8%	6%	7%	17%	13%	11%	11%	11%	11%
Data - Core Connectivity	33%	38%	44%	44%	44%	45%	44%	45%	46%	46%
Data - Digital Portfolio	-2%	6%	12%	10%	0%	-11%	-10%	-1%	4%	9%
Others	-30%	-23%	-16%	-17%	-17%	18%	37%	22%	15%	2%
<b>Total</b>	<b>15%</b>	<b>19%</b>	<b>25%</b>	<b>25%</b>	<b>24%</b>	<b>21%</b>	<b>20%</b>	<b>22%</b>	<b>23%</b>	<b>24%</b>

Source: Company, JM Financial.

**Exhibit 9. Change in estimates and TP**

	New	Old	Divergence
<b>TP (INR)</b>	2,000	2,000	0.0%
<b>Rating</b>	BUY	BUY	
<b>Revenue (INR bn)</b>			
FY26	242.7	243.9	-0.5%
FY27	268.9	270.0	-0.4%
FY28	301.3	302.3	-0.4%
<b>EBITDA (INR bn)</b>			
FY26	53.4	53.7	-0.5%
FY27	61.3	61.6	-0.4%
FY28	71.7	72.0	-0.4%
<b>PAT (INR bn)</b>			
FY26	16.5	16.4	0.8%
FY27	22.3	22.3	-0.3%
FY28	28.6	28.5	0.5%
<b>EPS (INR)</b>			
FY26	57.9	57.5	0.8%
FY27	78.1	78.4	-0.3%
FY28	100.5	100.0	0.5%

Source: JM Financial



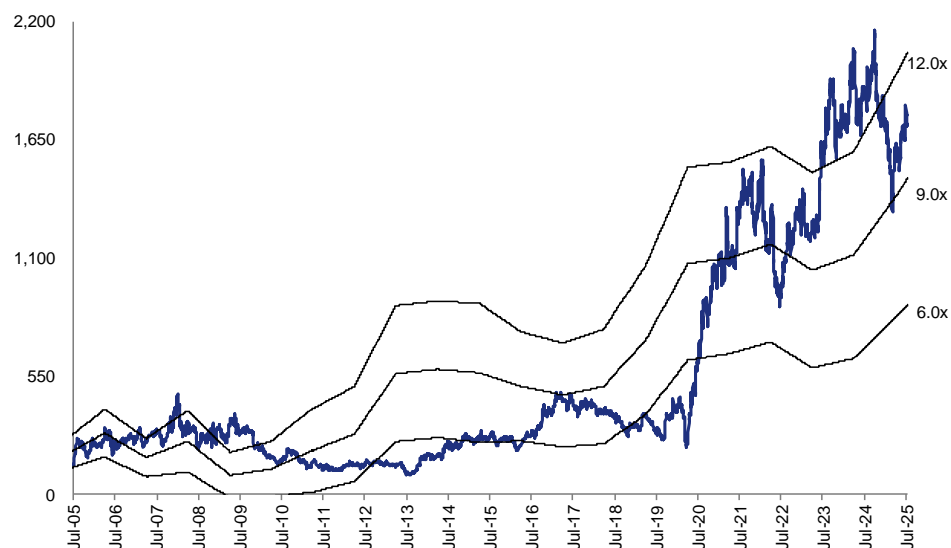
## Valuation

**Exhibit 10. TCOM's SOTP valuation of INR 2,000/share**

	FY27E Reported EBITDA (INR Bn)	EV/EBITDA multiple (x)	Enterprise Value (INR Bn)	Per Share Value (INR)
Data Business	57.5	11.0	633	2,221
Voice and Other Business	9.6	1.0	10	34
Value of Investment in Data Center Business (26% Stake)	9.7	16.0	40	142
<b>Total Firm Value</b>			<b>683</b>	<b>2,396</b>
Less: Net debt			74	258
Less: AGR Contingent Liability (Assumed 50% Probability of actualisation)			39	136
<b>Equity value</b>			<b>570</b>	<b>2,000</b>

Source: Company, JM Financial.

**Exhibit 11. TCOM one-year forward EV/EBITDA chart**



Source: Company, JM Financial

## Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	2,07,847	2,31,086	2,42,717	2,68,858	3,01,251
Sales Growth	16.5%	11.2%	5.0%	10.8%	12.0%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>2,07,847</b>	<b>2,31,086</b>	<b>2,42,717</b>	<b>2,68,858</b>	<b>3,01,251</b>
Cost of Goods Sold/Op. Exp	80,787	1,00,478	1,01,941	1,10,232	1,20,501
Personnel Cost	43,428	45,573	48,543	53,772	60,250
Other Expenses	40,459	39,345	38,835	43,555	48,803
<b>EBITDA</b>	<b>43,172</b>	<b>45,690</b>	<b>53,398</b>	<b>61,300</b>	<b>71,698</b>
EBITDA Margin	20.8%	19.8%	22.0%	22.8%	23.8%
EBITDA Growth	0.0%	5.8%	16.9%	14.8%	17.0%
Depn. & Amort.	23,974	25,921	27,217	28,430	30,099
EBIT	19,199	19,769	26,180	32,870	41,599
Other Income	2,641	1,303	1,353	1,405	1,460
Finance Cost	6,301	7,291	7,239	6,416	5,158
PBT before Excep. & Forex	15,539	13,782	20,294	27,859	37,901
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	15,539	13,782	20,294	27,859	37,901
Taxes	2,135	4,865	4,262	6,129	9,854
Extraordinary Inc./Loss(-)	-2,357	10,027	0	0	0
Assoc. Profit/Min. Int.(-)	-188	-421	-476	-533	-597
Reported Net Profit	11,235	19,365	16,508	22,264	28,644
<b>Adjusted Net Profit</b>	<b>13,591</b>	<b>9,338</b>	<b>16,508</b>	<b>22,264</b>	<b>28,644</b>
Net Margin	6.5%	4.0%	6.8%	8.3%	9.5%
Diluted Share Cap. (mn)	285.0	285.0	285.0	285.0	285.0
<b>Diluted EPS (INR)</b>	<b>47.7</b>	<b>32.8</b>	<b>57.9</b>	<b>78.1</b>	<b>100.5</b>
Diluted EPS Growth	-21.0%	-31.3%	76.8%	34.9%	28.7%
Total Dividend + Tax	4,760	7,125	6,405	8,638	11,114
Dividend Per Share (INR)	16.7	25.0	22.5	30.3	39.0

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	13,182	23,808	20,294	27,859	37,901
Depn. & Amort.	24,697	26,283	27,217	28,430	30,099
Net Interest Exp. / Inc. (-)	9,211	9,203	7,239	6,416	5,158
Inc (-) / Dec in WCap.	-11,004	-10,113	-3,215	-2,035	-2,531
Others	-517	-10,692	-1,353	-1,405	-1,460
Taxes Paid	-3,749	-9,381	-3,786	-5,596	-9,257
<b>Operating Cash Flow</b>	<b>31,820</b>	<b>29,108</b>	<b>46,397</b>	<b>53,669</b>	<b>59,909</b>
Capex	-20,327	-13,358	-23,159	-24,317	-25,532
Free Cash Flow	11,493	15,750	23,239	29,353	34,377
Inc (-) / Dec in Investments	-6,388	-8,630	0	0	0
Others	275	201	1,353	1,405	1,460
<b>Investing Cash Flow</b>	<b>-26,440</b>	<b>-21,788</b>	<b>-21,806</b>	<b>-22,912</b>	<b>-24,072</b>
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-6,014	-4,772	-6,405	-8,638	-11,114
Inc / Dec (-) in Loans	6,680	5,040	5,000	-15,000	-15,000
Others	-8,248	-10,139	-10,739	-9,441	-8,244
<b>Financing Cash Flow</b>	<b>-7,581</b>	<b>-9,871</b>	<b>-12,145</b>	<b>-33,079</b>	<b>-34,358</b>
<b>Inc / Dec (-) in Cash</b>	<b>-2,201</b>	<b>-2,550</b>	<b>12,447</b>	<b>-2,322</b>	<b>1,479</b>
Opening Cash Balance	10,626	8,425	5,874	18,321	15,999
Closing Cash Balance	8,425	5,874	18,321	15,999	17,478

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	17,864	30,212	40,315	53,940	71,470
Share Capital	2,850	2,850	2,850	2,850	2,850
Reserves & Surplus	15,014	27,362	37,465	51,090	68,620
Preference Share Capital	0	0	0	0	0
Minority Interest	39	31	31	31	31
Total Loans	1,01,178	1,08,801	1,13,801	98,801	83,801
Def. Tax Liab. / Assets (-)	0	0	0	0	0
<b>Total - Equity &amp; Liab.</b>	<b>1,19,081</b>	<b>1,39,043</b>	<b>1,54,146</b>	<b>1,52,772</b>	<b>1,55,302</b>
Net Fixed Assets	1,47,944	1,50,189	1,49,630	1,48,543	1,47,063
Gross Fixed Assets	1,16,837	1,19,864	1,19,306	1,18,219	1,16,739
Intangible Assets	17,837	19,325	19,325	19,325	19,325
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	13,270	10,999	10,999	10,999	10,999
Investments	0	0	0	0	0
Current Assets	97,669	1,15,657	1,32,522	1,39,445	1,52,381
Inventories	835	1,578	1,658	1,836	2,058
Sundry Debtors	37,584	40,061	42,742	48,082	54,701
Cash & Bank Balances	8,425	5,874	18,321	15,999	17,478
Loans & Advances	0	0	0	0	0
Other Current Assets	50,826	68,144	69,801	73,527	78,145
Current Liab. & Prov.	1,26,533	1,26,803	1,28,006	1,35,216	1,44,142
Current Liabilities	49,975	51,872	52,338	54,759	57,757
Provisions & Others	76,557	74,931	75,668	80,457	86,386
Net Current Assets	-28,864	-11,145	4,516	4,229	8,239
<b>Total - Assets</b>	<b>1,19,081</b>	<b>1,39,043</b>	<b>1,54,147</b>	<b>1,52,772</b>	<b>1,55,302</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	6.5%	4.0%	6.8%	8.3%	9.5%
Asset Turnover (x)	1.8	1.6	1.5	1.6	1.8
Leverage Factor (x)	7.1	6.0	4.6	3.6	2.7
RoE	82.3%	38.8%	46.8%	47.2%	45.7%

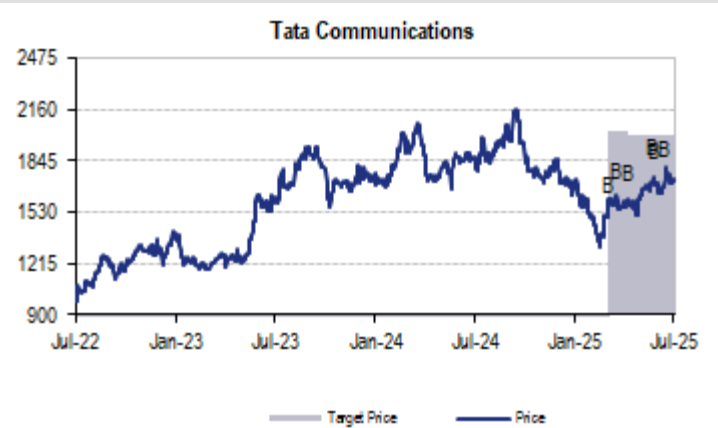
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	62.7	106.0	141.5	189.3	250.8
ROIC	17.4%	10.5%	15.4%	18.8%	22.4%
ROE	82.3%	38.8%	46.8%	47.2%	45.7%
Net Debt/Equity (x)	5.2	3.4	2.4	1.5	0.9
P/E (x)	36.3	52.9	29.9	22.2	17.2
P/B (x)	27.6	16.3	12.2	9.2	6.9
EV/EBITDA (x)	13.6	13.1	11.0	9.4	7.8
EV/Sales (x)	2.8	2.6	2.4	2.1	1.9
Debtor days	66	63	64	65	66
Inventory days	1	2	2	2	2
Creditor days	81	70	70	68	66

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
18-Mar-25	Buy	2,030	
4-Apr-25	Buy	2,030	0.0
23-Apr-25	Buy	2,000	-1.5
9-Jun-25	Buy	2,000	0.0
11-Jun-25	Buy	2,000	0.0
1-Jul-25	Buy	2,000	0.0

Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Chenergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: [jmfinancial.research@jmfl.com](mailto:jmfinancial.research@jmfl.com) | [www.jmfl.com](http://www.jmfl.com)Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: [sahil.salastekar@jmfl.com](mailto:sahil.salastekar@jmfl.com)Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1743 | Email: [instcompliance@jmfl.com](mailto:instcompliance@jmfl.com)

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

**Research Analyst(s) Certification**

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

**Important Disclosures**

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

This report is not directed or intended for distribution to, or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject JM Financial Institutional Securities and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

**Additional disclosure only for U.S. persons:** JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1325 Avenue of the Americas, 27th Floor, Office No. 2715, New York, New York 10019. Telephone +1 (332) 900 4958 which is registered with the SEC and is a member of FINRA and SIPC.

**Additional disclosure only for U.K. persons:** Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

**Additional disclosure only for Canadian persons:** This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.