

# Strategy

## 1QFY26 Nifty50 EPS growth at 9.5% YoY

In 1QFY26, Nifty50 EPS grew 9.5% YoY (vs. expectation of +10.3% YoY). Ex-financials, Nifty EPS grew 14% YoY (vs. expectation of +14.2% YoY). Following the 1QFY26 results, our Nifty50 EPS for FY26E and FY27E has been cut by 1.3% and 0.7% respectively. Consequently, our Nifty50 EPS growth for FY26E now stands at 9.3% (vs. 11.1% earlier), and for FY27E it stands at 15.6% (14.4% earlier) and the ask rate for the balance 9 months of FY26 stands at 9.3%. In FY26, sectors that are expected to do the heavy lifting are: Oil & Gas, Metals and Mining, Consumer, Telecom and Infrastructure. Further, as we split 1QFY26 performance in terms of market capitalisation, we see that the proportion of misses in small caps was the largest, followed by large caps and midcaps; 43% of small-cap companies missed expectations, while the misses were relatively lower in midcaps and large caps at 28% and 29% respectively.

- **1QFY26 Nifty50 EPS growth at 9.5% YoY:** In 1QFY26, Nifty50 EPS grew 9.5% YoY (vs. expectation of +10.3% YoY). Ex-financials, Nifty EPS grew 14% YoY (vs. expectation of +14.2% YoY). On a YoY basis, amongst key sectors, (1) Automobiles declined 1.8%, (2) Utilities declined 6%, and (3) Consumer declined 1%. Further, on a YoY basis, sectors that saw the highest YoY EPS growth were: (1) Oil and Gas (+54.7%), (2) Consumer Retail (+41.7%), (3) Telecom (+37.5%), (4) Cement (+31.8%), (5) Infrastructure (+29.8%) and (6) Industrials (+24.9%).
- **Sectoral beats and misses amongst the Nifty50:** As we compare beats and misses vs. estimates, oil and gas, automobiles, metals & mining, consumer retail and industrials stood out with a beat of 36.7%, 14.9%, 13.3%, 11.9% and 11.4% respectively vs. estimates, while Internet at -68.2%, Telecom at -53.9%, Infrastructure at -43.5%, Cement at -18.2% and Pharmaceuticals at -6.5% were key misses.
- **EPS estimates cut for FY26E and FY27E:** Following the 1QFY26 results, our Nifty50 EPS for FY26E and FY27E have been cut by 1.3% and 0.7% respectively. Consequently, our Nifty50 EPS growth for FY26E now stands at 9.3% (vs. 11.1% earlier), and for FY27E it stands at 15.6% (14.4% earlier). With this, the ask rate for the balance 9 months of FY26 stands at 9.3%.
- **Which sectors have to do the heavy lifting in FY26E?** We forecast a 9.3% Nifty50 EPS growth in FY26. Sectors that are expected to do the heavy lifting are: Oil & Gas (+22% YoY growth, and 11.2% weight in Nifty50 PAT); Metals and Mining (+42% YoY growth and 5.1% weight in Nifty50 PAT); Consumer (+13% YoY and 5.8% weight in Nifty50 PAT); Telecom (+85% YoY growth and 3.0% weight in Nifty50 PAT); and Infrastructure (+24% YoY growth and 4.0% weight in Nifty50 PAT)
- **JMFL coverage universe EPS grows 9.5% YoY in 4QFY25:** The JM Financial coverage universe 1QFY26 EPS grew 11.2% YoY. Sectors that saw the highest YoY EPS growth were: (1) Hotels (+66% YoY), (2) Oil and Gas (+53% YoY), (3) Cement (+48% YoY) and (4) EMS (+42% YoY). Sectors that saw the weakest YoY EPS performance included: (1) Consumer Durables (-34% YoY), (2) Building Materials (-26% YoY), and (3) Auto Ancillaries (-17% YoY). Compared to estimates, the largest beats were seen in Hotels, followed by Textiles and Automobiles. Among the misses, Telecom and Building Materials led the pack.
- **Small caps had higher share of misses:** Out of the 50 companies in the Nifty50, 26% of them missed estimates in 1Q while 32% beat estimates and the rest reported an in-line quarter. Further, as we split 1QFY26 performance in terms of market capitalisation, we see that the proportion of misses in small caps was the largest, followed by large caps and then lastly, midcaps; 43% of small-cap companies missed expectations, while the misses were relatively lower in midcaps and large caps at 28% and 29% respectively.



Venkatesh Balasubramaniam  
venkatesh.balasubramaniam@jmfl.com | Tel: (91 22) 66303081

Shalin Choksy  
shalin.choksy@jmfl.com | Tel: (91 22) 66303380

We acknowledge the contribution of Dharmendra Sahu and Shanay Mehta in preparation of this report.

### Nifty Valuation table (JMFL Estimates)

Particulars	FY25	FY26E	FY27E
Nifty Index	24,642	24,642	24,642
EPS (INR)	1,015	1,109.3	1,281.9
YoY (%)	3.0	9.3	15.6
BPS (INR)	6,907	7,524	8,235
YoY (%)	6.2	8.9	9.4
PE (x)	24.3	22.2	19.2
PB (x)	3.6	3.3	3.0
ROE (%)	15.1	15.4	16.3

Source: Bloomberg, JM Financial

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.

## 1QFY26 Nifty50 EPS growth at 9.5% YoY

- In 1QFY26, Nifty50 EPS grew 9.5% YoY (vs. expectation of +10.3% YoY). Ex-financials, EPS grew 14% YoY (vs. expectation of +14.2% YoY). Ex Financials and Oil & Gas, EPS grew 5.2% YoY (expectation of +13.3% YoY).
- On a YoY basis, amongst key sectors, (1) Automobiles declined 1.8%, (2) Utilities declined 6%, and (3) Consumer declined 1%.
- Further, on a YoY basis, sectors that saw the highest YoY EPS growth were: (1) Oil and Gas (+54.7%), (2) Consumer Retail (+41.7%), (3) Telecom (+37.5%), (4) Cement (+31.8%), (5) Infrastructure (+29.8%) and (6) Industrials (+24.9%).
- As we compare beats and misses vs. estimates, oil and gas, automobiles, metals & mining, consumer retail and industrials stood out with a beat of 36.7%, 14.9%, 13.3%, 11.9% and 11.4% respectively, while Internet at -68.2%, Telecom at -53.9%, Infrastructure at -43.5%, Cement at -18.2% and Pharmaceuticals at -6.5% were key misses.

**In 1QFY26, Nifty50 EPS grew 9.5% YoY (vs. expectation of 10.3% YoY)**

### Exhibit 1. Nifty50 – 1QFY26 PAT performance

Sector	Vs. estimate	YoY	QoQ
Automobiles	14.9%	-1.8%	-20.5%
Cement	-18.2%	31.8%	0.7%
Consumer	-2.9%	-1.0%	2.2%
Consumer Retail	11.9%	41.7%	25.4%
Industrials	11.4%	24.9%	-54.0%
Infrastructure	-43.5%	29.8%	-28.0%
Internet	-68.2%	-90.1%	-35.9%
IT Services	-0.7%	5.9%	-2.3%
Metals and Mining	13.3%	15.7%	15.1%
Oil and Gas	36.7%	54.7%	36.6%
Pharmaceuticals	-6.5%	6.9%	2.8%
Ports and Logistics	9.8%	1.3%	4.6%
Telecom	-53.9%	37.5%	-49.6%
Utilities	-0.7%	-6.0%	-8.7%
<b>Financials</b>	<b>-1.4%</b>	<b>4.4%</b>	<b>2.0%</b>
NBFC	-38.1%	19.5%	9.1%
Private Sector Banks	3.0%	1.2%	1.2%
SOE Banks	14.8%	12.5%	2.8%
Insurance	-0.7%	14.2%	-10.2%
<b>Nifty Index</b>	<b>-0.8%</b>	<b>9.5%</b>	<b>-1.1%</b>
<b>Nifty excl. Financials &amp; Oil &amp; Gas</b>	<b>-8.1%</b>	<b>5.2%</b>	<b>-11.6%</b>
<b>Nifty excl. Financials</b>	<b>-0.2%</b>	<b>14.0%</b>	<b>-3.4%</b>

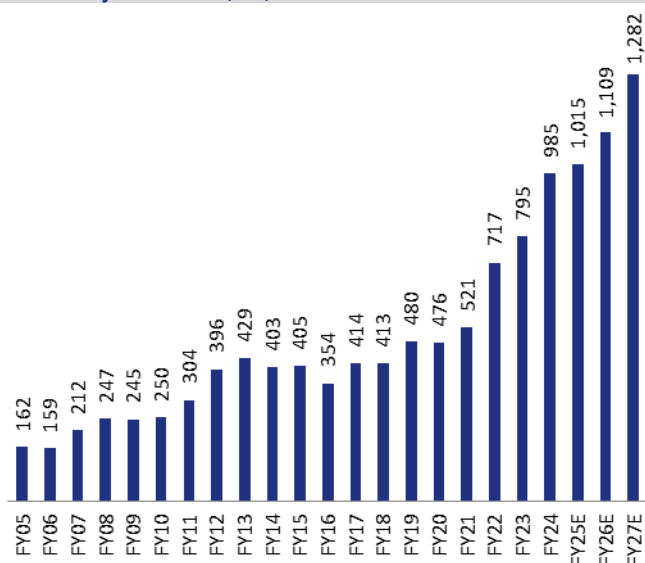
Source: Company, JM Financial

## Change in Nifty50 FY26E and FY27E EPS post 1Q results

Following the 1QFY26 results, our Nifty50 EPS for FY26E and FY27E have been cut by 1.3% and 0.7% respectively. Consequently, our Nifty50 EPS growth for FY26E now stands at 9.3% (vs. 11.1% earlier), and for FY27E it stands at 15.6% (14.4% earlier).

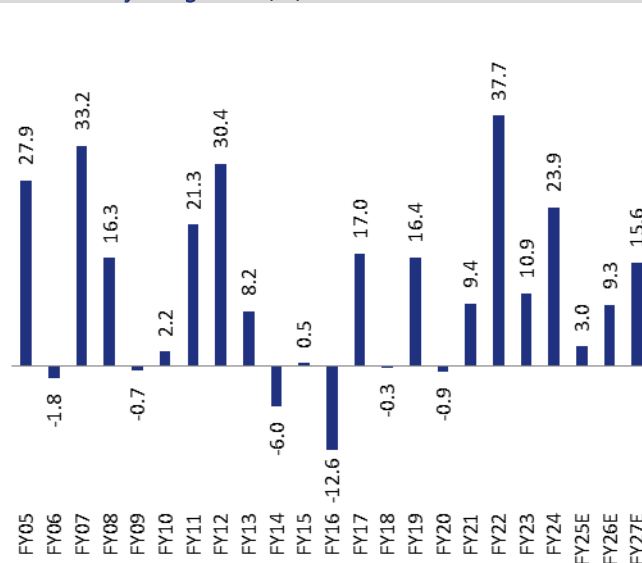
We now expect Nifty50 EPS growth of 9.3% and 15.6% for FY26E and FY27E respectively.

Exhibit 2. Nifty EPS trend (INR)



Source: Company, JM Financial

Exhibit 3. Nifty EPS growth (%)



Source: Company, JM Financial

Exhibit 4. Drivers of Nifty50 FY26 EPS growth (highest contributors highlighted)

Name	FY25 PAT	FY26E PAT	FY27E PAT	FY26 yoy growth	FY27 yoy growth	PAT weight
Automobiles	361	343	388	-5.0%	13.2%	6.7%
Cement	31	37	51	19.8%	39.5%	0.9%
<b>Consumer</b>	<b>254</b>	<b>285</b>	<b>335</b>	<b>12.5%</b>	<b>17.4%</b>	<b>5.8%</b>
Industrials	26	28	33	9.1%	16.4%	0.6%
<b>Infrastructure</b>	<b>160</b>	<b>197</b>	<b>235</b>	<b>23.5%</b>	<b>18.9%</b>	<b>4.0%</b>
IT Services	498	532	576	6.8%	8.3%	9.9%
<b>Metals and Mining</b>	<b>171</b>	<b>243</b>	<b>296</b>	<b>41.9%</b>	<b>22.1%</b>	<b>5.1%</b>
<b>Oil and Gas</b>	<b>460</b>	<b>559</b>	<b>653</b>	<b>21.6%</b>	<b>16.8%</b>	<b>11.2%</b>
Pharmaceuticals	107	119	141	11.1%	18.6%	2.4%
<b>Telecom</b>	<b>69</b>	<b>129</b>	<b>176</b>	<b>85.4%</b>	<b>37.0%</b>	<b>3.0%</b>
Utilities	321	338	349	5.4%	3.1%	6.0%
Financials	2,138	2,222	2,581	3.9%	16.2%	44.4%
Private Sector Banks	1,522	1,581	1,860	3.9%	17.6%	32.0%
SOE Banks	304	295	324	-3.0%	9.7%	5.6%
NBFC	292	323	370	10.6%	14.7%	6.4%
Insurance	20	23	27	15.4%	20.2%	0.5%
Nifty Index	4,594	5,031	5,814	9.5%	15.6%	
Nifty (ex-Financials)	2,456	2,809	3,233	14.4%	15.1%	55.6%
Nifty (ex Oil & Gas)	4,134	4,472	5,161	8.2%	15.4%	88.8%

Source: Company, JM Financial

We forecast 9.3% YoY growth in FY26E Nifty50 EPS.

Sectors which are expected to do the heavy lifting are:

Oil & Gas (+22% YoY growth, and 11.2% weight in Nifty50 PAT)

Metals and Mining (+42% YoY growth and 5.1% weight in Nifty50 PAT)

Consumer (+13% YoY and 5.8% weight in Nifty50 PAT)

Telecom (+85% YoY growth and 3.0% weight in Nifty50 PAT)

Infrastructure (+24% YoY growth and 4.0% weight in Nifty50 PAT)

## 1QFY26 review: What happened with the JMFL universe?

### Sectoral beats and misses

- Out of 293 companies covered by the JM Financial research team, 36% missed estimates while 34% beat expectations. The balance 30% reported an in-line quarter. It is pertinent to note that, here, our criterion of a beat or a miss is a variance of 5% vs. the estimated number.
- Key sectors that saw the highest proportion of misses included – Consumer Durables (78%), SOE Banks (75%), Media (75%), Building Materials (71%), Infrastructure (69%), Small Finance Banks (67%), Telecom (60%), Real Estate (58%), Cement (56%), Pharmaceuticals (50%), Hotels (50%) and General Insurance (50%).
- Amongst sectors performing better than expectations, the ones that stood out were – Metals & Mining (75%), Electronics Manufacturing (75%), Textiles (75%) and Healthcare (53%).

36% of companies missed our expectations. If we split 1QFY26 performance in terms of market capitalisation, 43% of small-cap companies missed expectations. Meanwhile, the misses were lower in midcaps and large caps at 28% and 29% respectively.

### Exhibit 5. Sectors with the highest proportion of beats and misses

Sector	% of misses	Sector	% of beats
Consumer Durables	78%	Electronic Manufacturing Services	75%
Media	75%	Metals and Mining	75%
SOE Banks	75%	Textile	75%
Building Materials	71%	Healthcare	53%
Infrastructure	69%	Hotels	50%
Small Finance Banks	67%	General Insurance Cos	50%
Telecom	60%	Internet	47%
Real Estate	58%	Utilities	46%
Cement	56%	Automobiles	44%
Hotels	50%	Chemicals	42%
Pharmaceuticals	50%	Oil and Gas	42%
General Insurance Cos	50%	Industrials	40%

Source: Company, JM Financial

### Proportion of misses larger in small caps

- Out of the 50 companies in the Nifty50, 26% missed estimates in 1Q while 32% beat estimates and the rest reported an in-line quarter.
- Further, if we split 1QFY26 performance in terms of market capitalisation, we see that the proportion of misses in small caps was the largest, followed by large caps and then midcaps; 43% of small-cap companies missed expectations, while the misses were lower in midcaps and large caps at 28% and 29% respectively.

### Exhibit 6. Beats and misses across market capitalizations

Market Capitalization	Beats	In-line	Miss	Total Companies	% of misses
Nifty50	16	21	13	50	26.0%
Large Caps	24	27	21	72	29.2%
Mid-caps	24	24	19	67	28.4%
Small-caps	50	36	64	150	42.7%

Source: Company, JM Financial. Note – 4 INVTs excluded as per AMFI classification

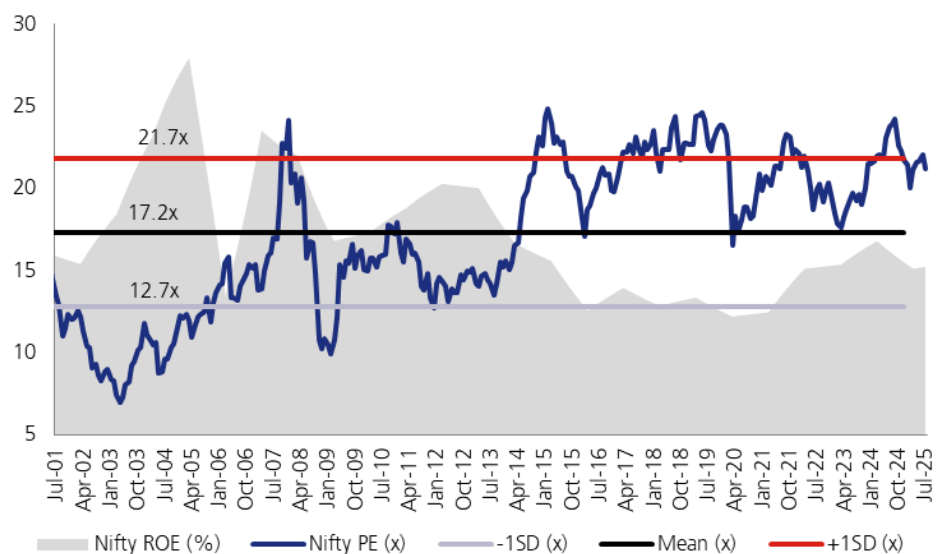
The JM Financial coverage universe 1QFY26 EPS grew 11.2% YoY. Sectors that saw the highest YoY EPS growth were: (1) Hotels (+66% YoY), (2) Oil and Gas (+53% YoY), (3) Cement (+48% YoY) and (4) EMS (+42% YoY). Sectors that saw the weakest YoY EPS performance included: (1) Consumer Durables (-34% YoY), (2) Building Materials (-26% YoY), and (3) Auto Ancillaries (-17% YoY). Compared to estimates, the largest beats were seen in Hotels, followed by Textiles and Automobiles. Among the misses, Telecom and Building Materials led the pack.

## Exhibit 7. JMFL coverage universe – 1QFY26 PAT performance

Sector	Vs. estimate	YoY	QoQ
Auto Ancillaries	-18.0%	-16.9%	-16.8%
Automobiles	13.8%	-1.9%	-21.8%
Aviation	-13.4%	-20.2%	-29.1%
Building Materials	-23.3%	-26.1%	-32.0%
Cement	3.0%	47.7%	-3.2%
Chemicals	12.9%	23.6%	-3.6%
Consumer	-1.3%	-1.3%	7.9%
Consumer Durables	-17.4%	-33.8%	-17.4%
Consumer Retail	2.8%	17.1%	25.6%
Depository	-58.3%	-67.9%	-57.0%
Diversified Services	3.1%	3.1%	-4.1%
Electronic Manufacturing Services	11.6%	41.9%	-39.2%
Healthcare	11.9%	35.1%	-18.3%
Hotels	83.7%	65.6%	-28.5%
Industrials	0.8%	29.3%	-49.3%
Infrastructure	-37.9%	21.0%	-30.2%
Internet	NM	NM	-92.8%
IT Services	0.9%	6.2%	-1.0%
Media	-12.9%	14.7%	39.0%
Metals and Mining	10.8%	17.2%	19.6%
Oil and Gas	6.4%	52.5%	23.2%
Pharmaceuticals	-12.5%	13.6%	5.4%
Real Estate	2.1%	11.3%	-16.9%
Sugar	-54.9%	-33.3%	-80.4%
Telecom	-83.2%	307.7%	-82.9%
Textile	31.6%	-8.1%	-21.3%
Utilities	0.8%	-1.0%	-14.2%
<b>Financials</b>	<b>-1.9%</b>	<b>0.0%</b>	<b>-8.5%</b>
NBFC	0.5%	14.3%	3.3%
NBFC - MFI	NM	-132.5%	NM
Private Sector Banks	1.8%	-9.8%	5.7%
Small Finance Banks	-28.3%	-44.5%	-26.8%
SOE Banks	-7.8%	3.4%	-8.8%
Asset Management	1.5%	16.2%	25.4%
General Insurance Cos	14.7%	12.3%	97.9%
Life Insurance	1.6%	7.7%	-39.2%
<b>JM Financial</b>	<b>-1.6%</b>	<b>11.2%</b>	<b>-5.3%</b>
<b>JM Financial excl. Financials</b>	<b>-1.5%</b>	<b>16.8%</b>	<b>-3.9%</b>

Source: Company, JM Financial

Exhibit 8. Nifty50 – 1-yr P/E band chart



Source: Bloomberg, JM Financial

## 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, Cnergy, 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.