Company In-Depth

17 November 2006 | 9 pages

Raymond Ltd (RYMD.BO)

Buy: Poised for Sustained Growth

Rating change ☐
Target price change ☑
Estimate change ☐

- Reiterate Buy — With growth fundamentals intact, expanding store network offering a proxy to play domestic retailing story, and the company's strong balance sheet with cash reserves of Rs4bn, we reiterate Buy with a lower target price of Rs570 based on 16.5x Sept 07E P/E ascribed to leaders, which is more conservative than the 2x EV/Sales assigned earlier; implied 31% ETR.
- Improved earnings growth visibility — With most expansions in worsted fabric, denim, shirting-carded woolen fabric and garmenting commissioned – we see improved earnings growth visibility due to focus on richer product mix and higher operating leverage; we forecast earnings CAGR of 28% over FY06-09E.
- Thrust on branded retailing — The company plans to expand its premium brand portfolio and existing network of around 400 retail outlets by adding 75 new stores. We estimate revenue growth of 15% over FY06-09E and higher EBITDA margins of 14% (vs. 6-7% for peers) given its premium positioning, which should contribute towards earnings growth.
- Garment operations in ramp-up mode — We see rapid growth in export garment operations of suits, trousers, jeans and shirts (all 100% subs), after initial hiccups, to account for 13% of total revenues by FY09E from 4% in FY06. Healthy order flow in exports and improving capacity utilization to drive earnings of Rs316m for FY09E vs. an Rs183m loss in FY06.
- Other catalysts — 1) Leadership and strong brand franchise in domestic branded retail market; 2) Management's focus on inorganic initiatives for growth; and 3) any developments on unlocking of real estate assets.

See page 7 for Analyst Certification and important disclosures.

Buy/Low Risk	**1L**
Price (16 Nov 06)	Rs438.60
Target price	Rs570.00
from Rs625.00	
Expected share price return	30.0%
Expected dividend yield	1.3%
Expected total return	**31.2%**
Market Cap	Rs26,922M
	US$595M

Price Performance (RIC: RYMD.BO, BB: RW IN)

Figure 1. Consolidated Statistical Abstract

Year to 31-Mar	Net Profit (Rs.Mn)	FD EPS (Rs)	EPS Gr. (%)	P/E (x)	EV/EBITDA (x)	P/BV (x)	ROCE (%)
2005	906	14.8	(34.2)	29.7	17.0	2.3	6.1
2006	1,361	22.2	50.2	19.8	12.0	2.1	7.3
2007E	1,847	30.1	35.7	14.6	9.0	1.9	9.0
2008E	2,396	39.0	29.7	11.2	7.3	1.7	10.5
2009E	2,823	46.0	17.8	9.5	6.2	1.4	11.4

Source: Company Reports and Citigroup estimates

Ashish Jagnani[1]

Supriya Gupte[1**]

Fiscal year end 31-Mar	2005	2006	2007E	2008E	2009E
Valuation Ratios					
P/E adjusted (x)	29.7	19.8	14.6	11.2	9.5
EV/EBITDA adjusted (x)	16.7	11.7	9.3	7.5	6.4
P/BV (x)	2.3	2.1	1.9	1.7	1.4
Dividend yield (%)	0.9	1.1	1.3	1.3	1.4
Per Share Data (Rs)					
EPS adjusted	14.76	22.17	30.09	39.03	45.99
EPS reported	14.76	22.17	30.09	39.03	45.99
BVPS	191.42	207.52	232.11	265.64	305.63
DPS	4.00	5.00	5.50	5.50	6.00
Profit & Loss (RsM)					
Net sales	14,401	17,106	19,862	22,921	25,012
Operating expenses	-13,530	-15,518	-17,487	-19,783	-21,183
EBIT	**871**	**1,588**	**2,376**	**3,138**	**3,828**
Net interest expense	-307	-390	-380	-365	-350
Non-operating/exceptionals	869	826	684	751	761
Pre-tax profit	**1,432**	**2,024**	**2,680**	**3,524**	**4,240**
Tax	-277	-610	-833	-1,128	-1,417
Extraord./Min.Int./Pref.div.	-250	-54	0	0	0
Reported net income	**906**	**1,361**	**1,847**	**2,396**	**2,823**
Adjusted earnings	906	1,361	1,847	2,396	2,823
Adjusted EBITDA	1,578	2,463	3,281	4,148	4,888
Growth Rates (%)					
Sales	14.3	18.8	16.1	15.4	9.1
EBIT adjusted	18.2	82.4	49.6	32.1	22.0
EBITDA adjusted	11.3	56.1	33.2	26.4	17.8
EPS adjusted	-34.2	50.2	35.7	29.7	17.8
Cash Flow (RsM)					
Operating cash flow	**1,721**	**1,961**	**1,758**	**2,681**	**2,636**
Depreciation/amortization	707	875	905	1,010	1,060
Net working capital	108	-274	-994	-725	-1,247
Investing cash flow	**-2,895**	**-4,707**	**-1,212**	**-2,060**	**-1,519**
Capital expenditure	-2,887	-5,120	-1,574	-3,129	-1,892
Acquisitions/disposals	0	0	0	0	0
Financing cash flow	**1,345**	**2,852**	**-619**	**-614**	**-1,143**
Borrowings	1,433	3,002	-361	-302	-800
Dividends paid	-246	-307	-338	-338	-368
Change in cash	**170**	**107**	**-73**	**7**	**-26**
Balance Sheet (RsM)					
Total assets	**21,906**	**27,191**	**28,018**	**30,549**	**30,921**
Cash & cash equivalent	494	576	415	422	201
Accounts receivable	2,645	3,022	3,377	4,011	4,252
Net fixed assets	6,904	11,196	11,865	13,984	14,816
Total liabilities	**10,033**	**14,230**	**13,477**	**13,909**	**11,876**
Accounts payable	1,525	2,296	2,156	2,441	2,415
Total Debt	6,411	9,413	9,052	8,750	7,950
Shareholders' funds	**11,873**	**12,961**	**14,541**	**16,640**	**19,045**
Profitability/Solvency Ratios (%)					
EBITDA margin adjusted	11.0	14.4	16.5	18.1	19.5
ROE adjusted	7.9	11.1	13.7	15.7	16.1
ROIC adjusted	5.2	6.7	8.6	9.9	10.6
Net debt to equity	49.8	68.2	59.4	50.0	40.7
Total debt to capital	35.1	42.1	38.4	34.5	29.5

For further data queries on Citigroup's full coverage universe please contact CIR Data Services Asia Pacific at CitiResearchDataServices@citigroup.com or +852-2501-2791

Powered by: dataCentral

Key Points

Branded retailing the focus

Raymond is among the few highly profitable players in the domestic branded apparel business. Management has aggressive plans to expand its premium brand portfolio and widen its existing distribution network of around 400 retail outlets (10% are owned, which should increase). This retail build-out is positive, however, with most peers in branded retailing scaling up, new international brands queuing up to enter India, and real-estate prices spiraling, risk of delays in rolling out new stores is high. Additionally, consumer stickiness will be critical for growth, a challenge for retailing business in general.

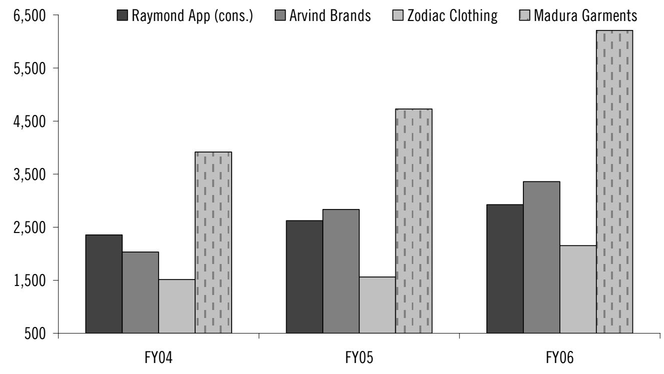
Raymond's strong brand penetration across India would help it tide over these challenges giving it an edge over peers. The company is considering widening its portfolio of brands to focus more on jeans and women's wear, which we believe should enhance customer base. It recently entered into a 50:50 joint venture with Grotto S.p.A of Italy to launch the 'GAS' brand in casual apparels and accessories, particularly jeans wear. The company has also recently acquired the remaining 25.9% stake in Colorplus Fashions, making it a wholly owned subsidiary. It plans to add 75 new stores in FY07 investing Rs450m and is targeting revenue CAGR of 25% over next two years. We forecast healthy revenue growth of 15% over FY06-09E and higher EBITDA margins of c.14% (vs. 6-7% for peers) given its premium positioning, which should contribute towards earnings CAGR of 28%.

Figure 2. Brand Portfolio & Exclusive Store Network of Key Branded Apparel Retailers in India

Company	Key Brands	No of Exclusive Stores
Raymond Apparels	Park Avenue, Parx, Colorplus, Manzoni	75
	Raymond (Fabric retail outlets)	300
Arvind Brands - Intl Brands	Arrow, Lee, Wrangler, Tommy Hilfiger	173
- Own Brands	Flying Machine, Newport, Ruf & Tuf, Excalibur	38
Zodiac Clothing	Zodiac, Zod	50
Madura Garments	Louis Philippe, Allen Solly, Van Heusen, SF Jeans, Peter England	59

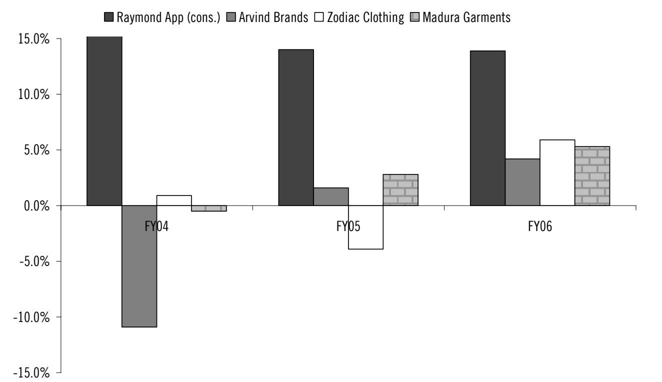
Source: Citigroup Investment Research

Figure 3. 3-yr Revenues of Key Indian Branded Apparel Players



Source: Company, Citigroup Investment Research

Figure 4. 3-yr EBITDA Margins of Key Indian Branded Apparel Players

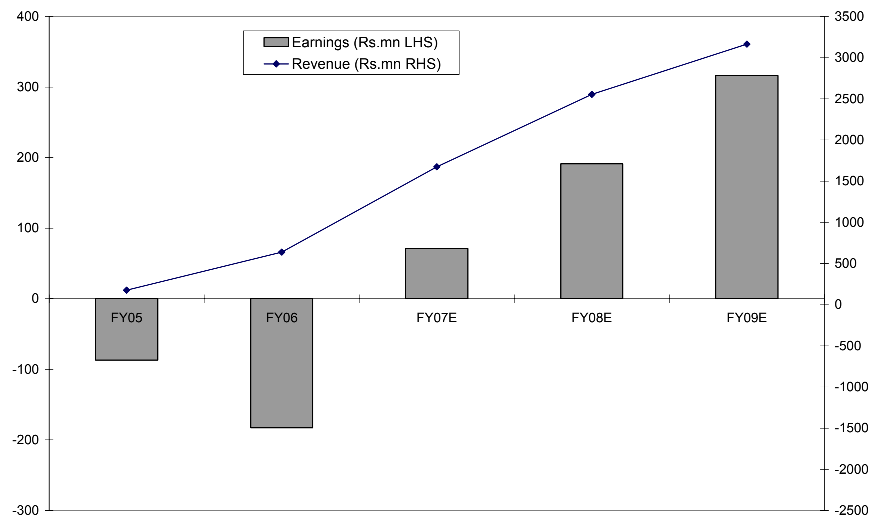


Source: Company, Citigroup Investment Research

Rapid growth prospects in garment exports

We see rapid growth in export garment operations of suits, trousers, jeans and shirts (all 100% subs) after initial hiccups. On our forecasts, garment exports' share of total revenues will rise from 4% in FY06 to 13% by FY09E. With export orders picking up and capacity utilizations expected to increase from 29% in FY06 to 60%-plus levels by FY08E (the company recently renewed its formal men's suits outsourcing arrangement for 150,000 suits per annum with Konaka & Co, largest menswear retailer in Japan), we expect garment operations to turn around and contribute earnings of Rs316m for FY09E vs. a Rs183m loss in FY06.

Figure 5. Garment operations turning around



Source: Company, Citigroup Investment Research estimates

Most of the expansion is operational

Most of expansion in worsted fabric (3m mtrs), denim (10m mtrs), shirting (11.7m mtrs) – carded woolen fabric (1m mtrs) and files has been commissioned. We believe timely scale up of production will be the key growth driver. In addition, the company has announced additional expansion of 3m meters in worsted fabric at VAPI (due 1QFY08) with investment of Rs2bn and plans to further ramp up garmenting capacities. Management is also exploring inorganic growth opportunities

Raymond Ltd

Company description

Raymond is among the top three worsted fabric players in the world, with capacity of 28m meters per annum. In India it is a leader with 60% market share, strong brand equity and a distribution network of 400 retail outlets. It also has a presence in denim and branded apparel garments, which it is looking to ramp-up. In files & tools, a non core engineering business, it is one of the largest producers with a 30% share, and dominates the domestic market with a 70% share. Its thrust on garmenting is a step toward vertically integrating its business model, leveraging off its fabric capacity. It is the flagship company of the Singhania Group, which owns a 35% stake in the company.

Investment thesis

We maintain a Buy (1L) rating on Raymond with lower target price of Rs570 based on 16.5x Sept 07E P/E at premium to sector valuations of 10x. This implies total return of 31% over a 12-month horizon. The premium is attributed to: 1) robust business model with strong brand; 2) a play on domestic branded retailing with wide network of stores; and 3) sustained earnings CAGR of 28% over FY06-09E.

With most of new expansions now operational, its JV in denim set to significantly scale up business, its thrust on vertical integration into garments, and partnerships with global players post quota removals, we believe Raymond offers a robust business model for growth. With growth fundamentals intact, cash reserves of Rs4bn, and potential unlocking of real estate value, we believe Raymond offers multiple growth triggers – and hence is our top sector pick.

Valuation

We are lowering our target price from Rs625 to Rs570. Our revised target price is based on 16.5x Sept 07E P/E. We believe P/E is a suitable valuation tool and more conservative compared to 2x EV/Sales assumed earlier, because it best captures the company's strong earnings growth potential. Our target multiple still places the stock at significant premium to our India textile universe valuations of 10x building for: 1) robust business model with strong brand; 2) a play on domestic branded retailing (45% of FY06 revenues) with wide network of stores; and 3) sustained earnings CAGR of 28% over FY06-09E

The stock is trading at 12.7x Sept 07E P/E towards the lower end of last 2-years trading band of 12-17.5x, which in our view does not completely discount its robust business model. With its premium brand positioning allowing some pricing power, improved earnings growth visibility, we believe the stock offers a re-rating potential and expect valuations to appreciate.

Risks

We rate Raymond Low Risk based on our quantitative risk rating system that measures the stock volatility over a 260-day period. The main company-specific risks are detailed below.

- High priced acquisitions to dilute cash reserves and adversely impact ROCE's. Acquisitions in non-core business would hinder re-rating;

- Delay in ramp up of production at export garment operations would adversely impact our earnings growth estimates;
- Sharp increase in cotton prices by 10-12% from current levels of Rs52/kg and any decline in denim price realization would impact profitability of the denim business (17% of FY06 sales), with cotton costs constituting (43% of denim revenues);
- Strong appreciation of over 5% in Rupee from levels of Rs45.4 would lower export price realizations (18% of FY06 revenues); and
- Any large VRS costs for reducing the work force would reduce its cash surplus of Rs4bn and the returns generated.

If any of these risk factors plays out, Raymond's share price will likely have difficulty attaining our target price.

Analyst Certification Appendix A-1

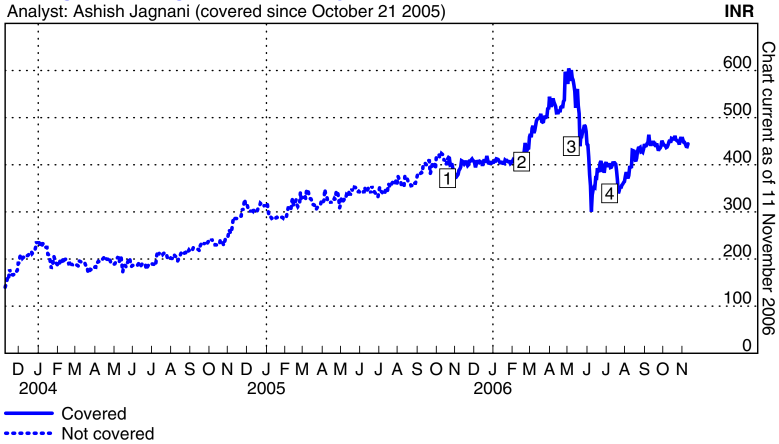
I, Ashish Jagnani, research analyst and the author of this report, hereby certify that all of the views expressed in this research report accurately reflect my personal views about any and all of the subject issuer(s) or securities. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

IMPORTANT DISCLOSURES

Raymond Ltd (RYMD.BO)

Ratings and Target Price History - Fundamental Research

Analyst: Ashish Jagnani (covered since October 21 2005)



#	Date	Rating	Target Price	Closing Price
1:	20 Oct 05	1L	500.00	412.40
2:	16 Feb 06	1L	*540.00	416.05
3:	8 May 06	*2L	*625.00	601.00
4:	7 Jul 06	*1L	625.00	403.25

*Indicates change.

Citigroup Global Markets Inc. or an affiliate received compensation for products and services other than investment banking services from Raymond Ltd in the past 12 months.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following company(ies) as clients, and the services provided were non-investment-banking, securities-related: Raymond Ltd.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following company(ies) as clients, and the services provided were non-investment-banking, non-securities-related: Raymond Ltd.

Analysts' compensation is determined based upon activities and services intended to benefit the investor clients of Citigroup Global Markets Inc. and its affiliates ("the Firm"). Like all Firm employees, analysts receive compensation that is impacted by overall firm profitability, which includes revenues from, among other business units, the Private Client Division, Institutional Sales and Trading, and Investment Banking.

For important disclosures (including copies of historical disclosures) regarding the companies that are the subject of this Citigroup Investment Research product ("the Product"), please contact Citigroup Investment Research, 388 Greenwich Street, 29th Floor, New York, NY, 10013, Attention: Legal/Compliance. In addition, the same important disclosures, with the exception of the Valuation and Risk assessments and historical disclosures, are contained on the Firm's disclosure website at www.citigroupgeo.com. Private Client Division clients should refer to www.smithbarney.com/research. Valuation and Risk assessments can be found in the text of the most recent research note/report regarding the subject company. Historical disclosures (for up to the past three years) will be provided upon request.

Citigroup Investment Research Ratings Distribution

Data current as of 30 September 2006	Buy	Hold	Sell
Citigroup Investment Research Global Fundamental Coverage (2914)	46%	40%	14%
% of companies in each rating category that are investment banking clients	44%	43%	32%
India -- Asia Pacific (105)	59%	16%	25%
% of companies in each rating category that are investment banking clients	52%	65%	38%

Guide to Fundamental Research Investment Ratings:

Citigroup Investment Research's stock recommendations include a risk rating and an investment rating.

Risk ratings, which take into account both price volatility and fundamental criteria, are: Low (L), Medium (M), High (H), and Speculative (S).

Investment ratings are a function of Citigroup Investment Research's expectation of total return (forecast price appreciation and dividend yield within the next 12 months) and risk rating.

For securities in emerging markets (Asia Pacific, Emerging Europe/Middle East/Africa, and Latin America), investment ratings are: Buy (1) (expected total return of 15% or more for Low-Risk stocks, 20% or more for Medium-Risk stocks, 30% or more for High-Risk stocks, and 40% or more for Speculative stocks); Hold (2) (5%-15% for Low-Risk stocks, 10%-20% for Medium-Risk stocks, 15%-30% for High-Risk stocks, and 20%-40% for Speculative stocks); and Sell (3) (5% or less for Low-Risk stocks, 10% or less for Medium-Risk stocks, 15% or less for High-Risk stocks, and 20% or less for Speculative stocks).

Investment ratings are determined by the ranges described above at the time of initiation of coverage, a change in investment and/or risk rating, or a change in target price (subject to limited management discretion). At other times, the expected total returns may fall outside of these ranges because of market price movements and/or other short-term volatility or trading patterns. Such interim deviations from specified ranges will be permitted but will become subject to review by Research Management. Your decision to buy or sell a security should be based upon your personal investment objectives and should be made only after evaluating the stock's expected performance and risk.

OTHER DISCLOSURES

The subject company's share price set out on the front page of this Product is quoted as at 16 November 2006 04:00 PM on the issuer's primary market.

Citigroup Global Markets Inc. or its affiliates holds a long position in any class of common equity securities of Raymond Ltd.

For securities recommended in the Product in which the Firm is not a market maker, the Firm is a liquidity provider in the issuers' financial instruments and may act as principal in connection with such transactions. The Firm is a regular issuer of traded financial instruments linked to securities that may have been recommended in the Product. The Firm regularly trades in the securities of the subject company(ies) discussed in the Product. The Firm may engage in securities transactions in a manner inconsistent with the Product and, with respect to securities covered by the Product, will buy or sell from customers on a principal basis.

Securities recommended, offered, or sold by the Firm: (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution (including Citibank); and (iii) are subject to investment risks, including the possible loss of the principal amount invested. Although information has been obtained from and is based upon sources that the Firm believes to be reliable, we do not guarantee its accuracy and it may be incomplete and condensed. Note, however, that the Firm has taken all reasonable steps to determine the accuracy and completeness of the disclosures made in the Important Disclosures section of the Product. The Firm's research department has received assistance from the subject company(ies) referred to in this Product including, but not limited to, discussions with management of the subject company(ies). Firm policy prohibits research analysts from sending draft research to subject companies. However, it should be presumed that the author of the Product has had discussions with the subject company to ensure factual accuracy prior to publication. All opinions, projections and estimates constitute the judgment of the author as of the date of the Product and these, plus any other information contained in the Product, are subject to change without notice. Prices and availability of financial instruments also are subject to change without notice. Notwithstanding other departments within the Firm advising the companies discussed in this Product, information obtained in such role is not used in the preparation of the Product. Although Citigroup Investment Research does not set a predetermined frequency for publication, if the Product is a fundamental research report, it is the intention of Citigroup Investment Research to provide research coverage of the/those issuer(s) mentioned therein, including in response to news affecting this issuer, subject to applicable quiet periods and capacity constraints. The Product is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Any decision to purchase securities mentioned in the Product must take into account existing public information on such security or any registered prospectus.

Investing in non-U.S. securities, including ADRs, may entail certain risks. The securities of non-U.S. issuers may not be registered with, nor be subject to the reporting requirements of the U.S. Securities and Exchange Commission. There may be limited information available on foreign securities. Foreign companies are generally not subject to uniform audit and reporting standards, practices and requirements comparable to those in the U.S. Securities of some foreign companies may be less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, exchange rate movements may have an adverse effect on the value of an investment in a foreign stock and its corresponding dividend payment for U.S. investors. Net dividends to ADR investors are estimated, using withholding tax rates conventions, deemed accurate, but investors are urged to consult their tax advisor for exact dividend computations. Investors who have received the Product from the Firm may be prohibited in certain states or other jurisdictions from purchasing securities mentioned in the Product from the Firm. Please ask your Financial Consultant for additional details. Citigroup Global Markets Inc. takes responsibility for the Product in the United States. Any orders by US investors resulting from the information contained in the Product may be placed only through Citigroup Global Markets Inc.

The Citigroup legal entity that takes responsibility for the production of the Product is the legal entity which the first named author is employed by. The Product is made available in Australia to wholesale clients through Citigroup Global Markets Australia Pty Ltd. (ABN 64 003 114 832 and AFSL No. 240992) and to retail clients through Citigroup Wealth Advisors Pty Ltd. (ABN 19 009 145 555 and AFSL No. 240813), Participants of the ASX Group and regulated by the Australian Securities & Investments Commission. Citigroup Centre, 2 Park Street, Sydney, NSW 2000. If the Product is being made available in certain provinces of Canada by Citigroup Global Markets (Canada) Inc. ("CGM Canada"), CGM Canada has approved the Product. Citigroup Place, 123 Front Street West, Suite 1100, Toronto, Ontario M5J 2M3. The Product may not be distributed to private clients in Germany. The Product is distributed in Germany by Citigroup Global Markets Deutschland AG & Co. KGaA, which is regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin). Frankfurt am Main, Reuterweg 16, 60323 Frankfurt am Main. If the Product is made available in Hong Kong by, or on behalf of, Citigroup Global Markets Asia Ltd., it is attributable to Citigroup Global Markets Asia Ltd., Citibank Tower, Citibank Plaza, 3 Garden Road, Hong Kong. Citigroup Global Markets Asia Ltd. is regulated by Hong Kong Securities and Futures Commission. If the Product is made available in Hong Kong by The Citigroup Private Bank to its clients, it is attributable to Citibank N.A., Citibank Tower, Citibank Plaza, 3 Garden Road, Hong Kong. The Citigroup Private Bank and Citibank N.A. is regulated by the Hong Kong Monetary Authority. The Product is made available in India by Citigroup Global Markets India Private Limited, which is regulated by Securities and Exchange Board of India. Bakhtawar, Nariman Point, Mumbai 400-021. If the Product was prepared by Citigroup Investment Research and distributed in Japan by Nikko Citigroup Ltd., it is being so distributed under license. Nikko Citigroup Limited is regulated by Financial Services Agency, Securities and Exchange Surveillance Commission, Japan Securities Dealers Association, Tokyo Stock Exchange and Osaka Securities Exchange. Akasaka Park Building, 2-20, Akasaka 5-chome, Minato-ku, Tokyo 107-6122. The Product is made available in Korea by Citigroup Global Markets Korea Securities Ltd., which is regulated by Financial Supervisory Commission and the Financial Supervisory Service. Hungkuk Life Insurance Building, 226 Shinmunno 1-GA, Jongno-Gu, Seoul, 110-061. The Product is made available in Malaysia by Citigroup Global Markets Malaysia Sdn Bhd, which is regulated by Malaysia Securities Commission. Menara Citibank, 165 Jalan Ampang, Kuala Lumpur, 50450. The Product is made available in Mexico by Acciones y Valores Banamex, S.A. De C. V., Casa de Bolsa, which is regulated by Comision Nacional Bancaria y de Valores. Reforma 398, Col. Juarez, 06600 Mexico, D.F. In New Zealand the Product is made available through Citigroup Global Markets New Zealand Ltd., a Participant of the New Zealand Exchange Limited and regulated by the New Zealand Securities Commission. Level 19, Mobile on the Park, 157 lambton Quay, Wellington. The Product is made available in Poland by Dom Maklerski Banku Handlowego SA an indirect subsidiary of Citigroup Inc., which is regulated by Komisja Papierów Wartosciowych i Gield. Bank Handlowy w Warszawie S.A. ul. Senatorska 16, 00-923 Warszawa. The Product is made available in the Russian Federation through ZAO Citibank, which is licensed to carry out banking activities in the Russian Federation in accordance with the general banking license issued by the Central Bank of the Russian Federation and brokerage activities in accordance with the license issued by the Federal Service for Financial Markets. Neither the Product nor any information contained in the Product shall be considered as advertising the securities mentioned in this report within the territory of the Russian Federation or outside the Russian Federation. The Product does not constitute an appraisal within the meaning of the Federal Law of the Russian Federation of 29 July 1998 No. 135-FZ (as amended) On Appraisal Activities in the Russian Federation. 8-10 Gasheka Street, 125047 Moscow. The Product is made available in Singapore through Citigroup Global Markets Singapore Pte. Ltd., a Capital Markets Services Licence holder, and regulated by Monetary Authority of Singapore. 1 Temasek Avenue, #39-02 Millenia Tower, Singapore 039192. Citigroup Global Markets (Pty) Ltd. is incorporated in the Republic of South Africa (company registration number 2000/025866/07) and its registered office is at 145 West Street, Sandton, 2196, Saxonwold. Citigroup Global Markets (Pty) Ltd. is regulated by JSE Securities Exchange South Africa, South African Reserve Bank and the Financial Services Board. The investments and services contained herein are not available to private customers in South Africa. The Product is made available in Taiwan through Citigroup Global Markets Inc. (Taipei Branch), which is regulated by Securities & Futures Bureau. No portion of the report may be reproduced or quoted in Taiwan by the press or any other person. No. 8 Manhattan Building, Hsin Yi Road, Section 5, Taipei 100, Taiwan. The Product is made available in Thailand through Citicorp Securities (Thailand) Ltd., which is regulated by the Securities and Exchange Commission of Thailand. 18/F, 22/F and 29/F, 82 North Sathorn Road, Silom, Bangrak, Bangkok 10500, Thailand. The Product is made available