

30 March 2009

Produced and issued by: RBS Equities (Australia) Limited⁺

Buy

Target price
A\$1.40 (from A\$1.45)

Price
A\$0.80

Short term (0-60 days)
n/a

Price performance



Market capitalisation
A\$91.37m (US\$63.93m)

Average (12M) daily turnover
A\$0.10m (US\$0.08m)

RIC: MSB.AX, MSB AU
Priced at close of business 25 Mar 2009.
Source: Bloomberg

Analysts

Dr David Stanton

Zara Lyons

RBS Equities (Australia) Limited, ABN 84 002 768 701, AFS Licence 240530
Level 29, RBS Tower, 88 Phillip Street,
Sydney NSW 2000, Australia

<http://www.abnamroresearch.com>

Mesoblast

Completes equity raising

MSB has announced the successful closure of the equity raising that forms the funding package for the expansion of MSB's clinical programs focusing on bone and cartilage regenerative programs for spinal vertebral disc disease. Our EPS forecasts decrease by 0.4c in FY09F and 0.6c in FY10F. Buy maintained.

Key forecasts

	FY07A	FY08A	FY09F	FY10F	FY11F
EBITDA (A\$m)	-7.90	-8.69	-9.07	-9.86	8.57
Reported net profit (A\$m)	-8.73	-10.1	-10.8	-11.5	4.07 ▼
Normalised net profit (A\$m) ¹	-8.73	-10.1	-10.8	-11.5	4.07 ▼
Normalised EPS (c) ¹	-8.20	-8.81	-8.70	-8.02 ▼	2.69
Normalised EPS growth (%)	-7.61	7.45	-1.23	-7.79	n/a
Dividend per share (c)	0.00	0.00	0.00	0.00	0.00
Dividend yield (%)	0.00	0.00	0.00	0.00	0.00
Normalised PE (x)	n/m	n/m	n/m	n/m	29.70
EV/EBITDA (x)	n/m	n/m	n/m	n/m	7.26
Price/net oper. CF (x)	-10.4	-17.0	-12.1	-12.9 ▲	14.90
ROIC (%)	-135	-73.0	-53.3	-71.4	67.90

Use of ▲ ▼ indicates that the line item has changed by at least 5%.

1. Pre non-recurring items and post preference dividends

Accounting standard: IFRS

Source: Company data, ABN AMRO forecasts

year to Jun, fully diluted

MSB closes equity raising

MSB has announced the successful closure of the equity raising that forms the funding package for the expansion of MSB's clinical programs focusing on bone and cartilage regenerative programs for spinal vertebral disc disease. The final price was A\$0.72 per share. A total of 15.02m ordinary shares are to be issued to raise A\$10.81m.

EPS decreases by 0.4cps in FY09F and by 0.6cps in FY10F

The major near-term opportunity for MSB relates to an indication for MSB's osteoinductive adult mesenchymal precursor cells (MPCs). MSB has issued data showing that MSB's MPCs achieved a statistically significant improvement in cervical fusion rates compared to Medtronic's osteoconductive bulking agent (MasterGraft Granules). This has also been presented recently at a number of prestigious orthopaedic meetings. Given the recent issues with Medtronic's osteoinductive rhBMP product (also used in cervical fusion operations), we continue to believe a significant opportunity exists with MSB's MPCs being potentially useful over the medium term in anterior cervical interbody fusion operations. In our previous forecasts for MSB we had assumed a A\$20m capital raising in FY09F. As a result of this capital raising, EPS decreases by 0.4cps in FY09F and by 0.6cps in FY10F.

Buy maintained, target price declines 3.4% to A\$1.40

We have also updated our healthcare comparables. As a result of our changes, our DCF-based valuation and 12-month target price for MSB have fallen by 3.4% to A\$1.40.

Important disclosures can be found in the Disclosures Appendix.

⁺RBS Equities (Australia) Limited is a subsidiary undertaking of The Royal Bank of Scotland Group plc.

MSB's MPCs may address the gap in the market for cervical fusion

In July 2008, the US FDA issued a statement that the safety and effectiveness of Medtronic's rhBMP in the cervical spine had not been demonstrated and as a result these products were not approved by the FDA for this use. We estimate the anterior interbody cervical spine fusion market for BMPs is worth cUS\$325m. As a result of the FDA decision, we believe there is currently no synthetic bone graft approved for anterior interbody cervical spine fusions. For the medium term, MSB's MPCs may address this gap in the market.

EPS decreases by 0.4cps in FY09F and by 0.6cps in FY10F

We have updated our healthcare comparables. As a result of our changes, our DCF-based valuation and 12-month target price for MSB have fallen 3.4% to A\$1.40, and EPS decreases by 0.4cps in FY09F and by 0.6cps in FY10F. Changes to our forecasts are seen below.

Table 1 : Changes to forecasts

	FY09F			FY10F			FY11F		
	Prev	Rev	Diff	Prev	Rev	Diff	Prev	Rev	Diff
EBIT (A\$m)	-9.2	-9.2	0.0	-10.0	-10.0	0.0	7.0	7.0	0.0
NPAT (A\$m)	-10.6	-10.8	-0.2	-11.1	-11.5	-0.3	4.3	4.1	-0.2
EPS (c)	-8.3	-8.7	-0.4	-7.4	-8.0	-0.6	2.7	2.7	-0.0
DPS (c)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net op cash flow (A\$m)	-8.8	-8.8	0.0	-9.5	-9.5	0.0	9.0	9.0	0.0

Source: RBS estimates

Target price and risks

On an industry-wide basis, the chances of getting a product to market from the Phase II stage have shown to be in the order of 30%. Hence, we believe the risk that MSB will be unable to get a product to market is considerable. MSB's patent position is strong, but we think the company is unlikely to be cash-flow-positive before FY11. Hence, we see MSB as an opportunity for investors with a higher risk appetite.

Table 2 : Updated timeline and probability of MSB's opportunities

Trial stage	Preclinical	Investigational New Drug application	Phase II trials	Clinical III trials
General time until cashflow				
General probability of product getting to market	7 years+ c10% cA\$1m	5-7 years c10-20% cA\$2-3m	3-5 years c30% cA\$10m	1-2 years c70% cA\$50m
MSB products - indications and stages of development				
Spinal Fusion (cervical/lumbar)				
Long bone fractures				
Congestive Heart failure (via Angioblast)				
Heart attack (via Angioblast)				
Osteoarthritis knee				
Knee cartilage tears				
Peripheral arterial disease (via Angioblast)				
Other indications				

Source: Company data, ABN AMRO estimates

MSB – financial summary

Year to 30 Jun (A\$m)	AIFRS 2007A	AIFRS 2008A	AIFRS 2009F	AIFRS 2010F	AIFRS 2011F	Closing price (A\$)	0.80	Price target (A\$)	1.40	
Income statement										
Divisional sales	0.0	0.0	0.0	0.0	30.7	Preferred methodology				
Total revenue	0.7	0.0	0.2	0.2	30.8	DCF valuation inputs	DCF	Val'n (A\$)	\$ 1.40	
EBITDA	-7.9	-8.7	-9.1	-9.9	8.6	Rf	5.25%	10-year rate	5.25%	
Associate income	-1.7	-2.1	-2.1	-2.1	-2.1	Rm-Rf	6.00%	Margin	2.0%	
Depreciation	-0.1	-0.2	-0.2	-0.2	-1.5	Beta	1.50	Kd	7.25%	
EBITA	-8.0	-8.8	-9.2	-10.0	7.0	CAPM (Rf+Beta(Rm-Rf))	14.2%	Ke	14.2%	
Amortisation/impairment	0.0	0.0	0.0	0.0	0.0	E/EV*Ke+D/EV*Kd(1-t)		NPV cash flow (A\$m)	160.1	
EBIT	-8.0	-8.8	-9.2	-10.0	7.0	Equity (E/EV)	100.0%	Minority interest (A\$m)	0.0	
EBIT(incl associate profit)	-9.7	-11.0	-11.3	-12.1	4.9	Debt (D/EV)	0.0%	Net debt (A\$m)	-14.1	
Net interest expense	0.9	0.9	0.5	0.7	0.9	Interest rate	7.25%	Investments (A\$m)	0.0	
Pre-tax profit	-8.7	-10.1	-10.8	-11.5	5.8	Tax rate (t)	30.0%	Equity market value (A\$m)	174.2	
Income tax expense	0.0	0.0	0.0	0.0	-1.7	WACC	14.2%	Diluted no. of shares (m)	124.2	
After-tax profit	-8.7	-10.1	-10.8	-11.5	4.1			DCF valuation (A\$)	1.40	
Minority interests	0.0	0.0	0.0	0.0	0.0					
NPAT pre significant items	-8.7	-10.1	-10.8	-11.5	4.1	Multiples	2008A	2009F	2010F	2011F
Significant items	0.0	0.0	0.0	0.0	0.0	Enterprise value (A\$m)	77.3	75.0	68.9	62.3
Reported NPAT	-8.7	-10.1	-10.8	-11.5	4.1	EV/Sales (x)				2.0
						EV/EBITDA (x)	-8.9	-8.3	-7.0	7.3
						EV/EBIT (x)	-8.7	-8.1	-6.9	8.9
						PE (normalised) (x)	-9.1	-9.2	-10.0	29.7
						PEG (normalised) (x)				
Cash flow statement										
EBITDA	-7.9	-8.7	-9.1	-9.9	8.6	At target price	2008A	2009F	2010F	2011F
Change in working capital	0.0	0.0	0.3	0.3	0.4	EV/EBITDA (x)	-16.8	-15.8	-13.9	15.3
Net interest (pd)/rec	0.9	0.8	0.5	0.7	0.9	PE (normalised) (x)	-15.9	-16.1	-17.4	52.1
Taxes paid	0.0	0.0	0.0	0.0	-1.7	Comparable company data (x)	2009F	2010F	2011F	
Other oper cash items	0.0	0.0	0.0	0.0	0.0	Alchemya	EV/EBITDA	-4.8	-12.5	7.4
Cash flow from ops (1)	-8.2	-5.4	-8.2	-8.8	8.1	Year to 30 Jun	EV/EBIT	-4.0	-8.6	11.0
Capex (2)	-0.1	-0.1	-0.1	-0.1	-1.5		PE	-5.5	-5.1	3.7
Disposals/(acquisitions)	-3.9	-6.4	-0.2	0.0	0.0		PEG	-1.6	-1.5	1.1
Other investing cash flow	-0.3	0.3	0.0	0.0	0.0	Tissue Therapies	EV/EBITDA	-3.8	-7.8	17.2
Cash flow from invest (3)	-4.3	-6.2	-0.3	-0.1	-1.5	Year to 30 Jun	EV/EBIT	-3.8	-7.8	17.2
Incr/(decr) in equity	16.8	13.6	10.8	15.0	0.0		PE	-2.8	-8.0	12.2
Incr/(decr) in debt	0.0	0.0	0.0	0.0	0.0		PEG			
Ordinary dividend paid	0.0	0.0	0.0	0.0	0.0					
Preferred dividends (4)	0.0	0.0	0.0	0.0	0.0					
Other financing cash flow	0.0	0.0	0.0	0.0	0.0					
Cash flow from fin (5)	16.8	13.6	10.8	15.0	0.0					
Forex and disc ops (6)	0.0	0.0	0.0	0.0	0.0					
Inc/(decr) cash (1+3+5+6)	4.3	2.0	2.3	6.1	6.6	Per share data	2008A	2009F	2010F	2011F
Equity FCF (1+2+4)	-8.3	-5.5	-8.3	-8.9	6.6	No. shares	114.2	134.3	151.3	151.3
						EPS (cps)	-8.8	-8.7	-8.0	2.7
						EPS (normalised) (c)	-8.8	-8.7	-8.0	2.7
						Dividend per share (c)	0.0	0.0	0.0	0.0
						Dividend payout ratio (%)	0.0	0.0	0.0	0.0
						Dividend yield (%)	0.0	0.0	0.0	0.0
Balance sheet										
Cash & deposits	12.1	14.1	16.4	22.5	29.1	Growth ratios	2008A	2009F	2010F	2011F
Trade debtors	0.5	0.1	0.1	0.2	0.2	Sales growth	na	na	na	na
Inventory	0.0	0.0	0.0	0.0	0.0	Operating cost growth	10.0%	4.3%	8.7%	124.1%
Investments	7.7	12.8	13.0	13.0	13.0	EBITDA growth	10.0%	4.3%	8.7%	na
Goodwill	0.0	0.0	0.0	0.0	0.0	EBITA growth	11.1%	4.2%	8.6%	na
Other intangible assets	0.8	0.5	0.4	0.3	0.3	EBIT growth	11.1%	4.2%	8.6%	na
Fixed assets	0.2	0.2	0.2	0.2	0.2	Net profit growth	11.1%	4.2%	8.6%	na
Other assets	0.0	0.1	0.1	0.1	0.1	Norm. NPAT growth (pre GW)	15.3%	7.4%	6.0%	-135.5%
Total assets	21.2	27.8	30.2	36.3	42.9	Norm. NPAT growth	15.3%	7.4%	6.0%	-135.5%
Short-term borrowings	0.0	0.0	0.0	0.0	0.0	Norm. EPS growth (pre GW)	7.4%	-1.2%	-7.8%	na
Trade payables	0.7	1.6	1.9	2.3	2.7	Norm. EPS growth	7.4%	-1.2%	-7.8%	na
Long-term borrowings	0.0	0.0	0.0	0.0	0.0	Norm. EPS growth	7.4%	-1.2%	-7.8%	na
Provisions	0.0	0.0	0.0	0.0	0.0					
Other liabilities	0.0	0.0	2.1	4.2	6.4					
Total liabilities	0.7	1.6	4.0	6.5	9.1	Operating performance	2008A	2009F	2010F	2011F
Preference shares						Asset turnover (%)	0.0	0.0	0.0	19.4
Hybrid equity	0.0	0.0	0.0	0.0	0.0	EBITDA margin (%)	na	na	na	28.0
Share capital	37.4	51.0	61.8	76.8	76.8	EBIT margin (%)	na	na	na	22.9
Other reserves	1.6	3.8	3.8	3.8	3.8	Net profit margin (%)	na	na	na	13.3
Retained earnings	-18.5	-28.6	-39.4	-50.8	-46.8	Return on net assets (%)	-33.8	-35.2	-33.7	20.8
Other equity	0.0	0.0	0.0	0.0	0.0	Net debt (A\$m)	-14.1	-16.4	-22.5	-29.1
Total equity	20.5	26.2	26.2	29.8	33.8	Net debt/equity (%)	-53.8	-62.6	-75.6	-86.1
Minority interest	0.0	0.0	0.0	0.0	0.0	Net interest/EBIT cover (x)	9.7	17.3	14.7	-7.8
Total shareholders' equity	20.5	26.2	26.2	29.8	33.8	ROIC (%)	-73.0	-53.3	-71.4	67.9
Total liabilities & SE	21.2	27.8	30.2	36.3	42.9					
						Internal liquidity	2008A	2009F	2010F	2011F
						Current ratio (x)	9.1	4.1	3.5	3.2
						Receivables turnover (x)	na	0.0	0.0	156.3
						Payables turnover (x)	na	5.2	4.7	8.9

Source: RBS estimates, company data

Recommendation structure

Absolute performance, short term (trading) recommendation: A Trading Buy recommendation implies upside of 5% or more and a Trading Sell indicates downside of 5% or more. The trading recommendation time horizon is 0-60 days. For Australian coverage, a Trading Buy recommendation implies upside of 5% or more from the suggested entry price range, and a Trading Sell recommendation implies downside of 5% or more from the suggested entry price range. The trading recommendation time horizon is 0-60 days.

Absolute performance, long term (fundamental) recommendation: The recommendation is based on implied upside/downside for the stock from the target price. A Buy/Sell implies upside/downside of 10% or more and a Hold less than 10%. For UK Small/Mid-Cap Analysis a Buy/Sell implies upside/downside of 10% or more, an Add/Reduce 5-10% and a Hold less than 5%. For UK-based Investment Funds research the recommendation structure is not based on upside/downside to the target price. Rather it is the subjective view of the analyst based on an assessment of the resources and track record of the fund management company. For listed property trusts (LPT) or real estate investment trusts (REIT) the recommendation is based upon the target price plus the dividend yield, ie total return.

Performance parameters and horizon: Given the volatility of share prices and our pre-disposition not to change recommendations frequently, these performance parameters should be interpreted flexibly. Performance in this context only reflects capital appreciation and the horizon is 12 months. Sector relative to market: The sector view relative to the market is the responsibility of the strategy team. Overweight/Underweight implies upside/downside of 10% or more and Neutral implies less than 10% upside/downside. Target price: The target price is the level the stock should currently trade at if the market were to accept the analyst's view of the stock and if the necessary catalysts were in place to effect this change in perception within the performance horizon. In this way, therefore, the target price abstracts from the need to take a view on the market or sector. If it is felt that the catalysts are not fully in place to effect a re-rating of the stock to its warranted value, the target price will differ from 'fair' value.

Distribution of recommendations

The tables below show the distribution of ABN AMRO's recommendations (both long term and trading). The first column displays the distribution of recommendations globally and the second column shows the distribution for the region. Numbers in brackets show the percentage for each category where ABN AMRO has an investment banking relationship.

Long Term recommendations (as at 30 Mar 2009)

	Global total (IB%)	Asia Pacific total (IB%)
Buy	469 (5)	306 (0)
Add	0 (0)	0 (0)
Hold	383 (1)	236 (0)
Reduce	0 (0)	0 (0)
Sell	170 (1)	102 (1)
Total (IB%)	1022 (3)	644 (0)

Source: ABN AMRO

Trading recommendations (as at 30 Mar 2009)

	Global total (IB%)	Asia Pacific total (IB%)
Trading Buy	3 (0)	3 (0)
Trading Sell	3 (0)	3 (0)
Total (IB%)	6 (0)	6 (0)

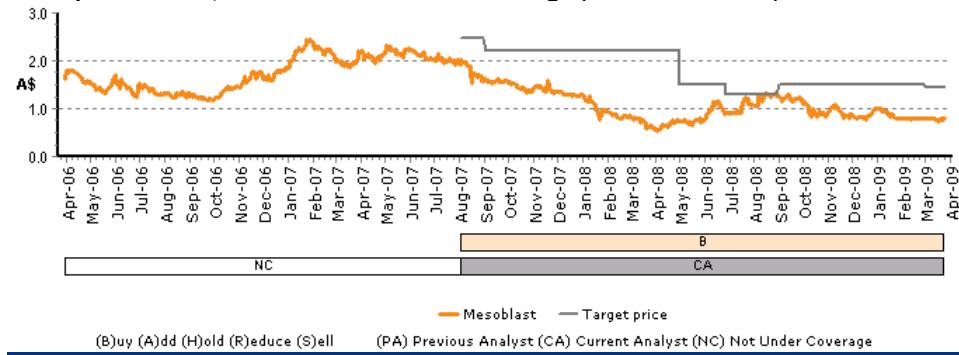
Source: ABN AMRO

Valuation and risks to target price

Mesoblast (RIC: MSB.AX, Rec: Buy, CP: A\$0.800, TP: A\$1.400): Our valuation of MSB is based on a discounted cash flow model, from which we derive our target price. Upside risks include the faster-than-expected progression to production of MSB's MPC technology, while downside risks include the lack of scalability of the manufacturing process.

Mesoblast coverage data

Stock performance, recommendations and coverage (as at 29 Mar 2009)



Trading recommendation history (as at 30 Mar 2009)

Date	Rec	Analyst
	n/a	

Source: ABN AMRO

Regulatory disclosures

Subject companies: **MSB.AX**

Global disclaimer

© Copyright 2009 ABN AMRO Bank N.V. and affiliated companies ("ABN AMRO"). All rights reserved.

This material was prepared by the ABN AMRO affiliate named on the cover or inside cover page. It is provided for informational purposes only and does not constitute an offer to sell or a solicitation to buy any security or other financial instrument. While based on information believed to be reliable, no guarantee is given that it is accurate or complete. While we endeavour to update on a reasonable basis the information and opinions contained herein, there may be regulatory, compliance or other reasons that prevent us from doing so. The opinions, forecasts, assumptions, estimates, derived valuations and target price(s) contained in this material are as of the date indicated and are subject to change at any time without prior notice. The investments referred to may not be suitable for the specific investment objectives, financial situation or individual needs of recipients and should not be relied upon in substitution for the exercise of independent judgement. The stated price of any securities mentioned herein is as of the date indicated and is not a representation that any transaction can be effected at this price. Neither ABN AMRO nor other persons shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way from the information contained in this material. This material is for the use of intended recipients only and the contents may not be reproduced, redistributed, or copied in whole or in part for any purpose without ABN AMRO's prior express consent. In any jurisdiction in which distribution to private/retail customers would require registration or licensing of the distributor which the distributor does not currently have, this document is intended solely for distribution to professional and institutional investors.

Australia: Any report referring to equity securities is distributed in Australia by RBS Equities (Australia) Limited (ABN 84 002 768 701, AFS Licence 240530), a participant of the ASX Group. Any report referring to fixed income securities is distributed in Australia by ABN AMRO Bank NV (Australia Branch) (ABN 84 079 478 612, AFS Licence 238266). Australian investors should note that this document was prepared for wholesale investors only.

Brazil: This document was not elaborated by securities analysts registered at Comissao de Valores Mobiliarios - CVM. Investors resident in Brazil who receive this report should rely only on research prepared by research analysts registered at CVM. In addition to other representations contained in this report, research analysts who prepared this report state that the views expressed and attributed to them accurately reflect solely and exclusively their personal opinions about the subject securities and issuers and/or other subject matter as appropriate, having such opinion(s) been produced freely and independently from any party, including from The Royal Bank of Scotland or any of its affiliates.

Canada: The securities mentioned in this material are available only in accordance with applicable securities laws and many not be eligible for sale in all jurisdictions. Persons in Canada requiring further information should contact their own advisors.

EEA: This material constitutes "investment research" for the purposes of the Markets in Financial Instruments Directive and as such contains an objective or independent explanation of the matters contained in the material. Any recommendations contained in this document must not be relied upon as investment advice based on the recipient's personal circumstances. In the event that further clarification is required on the words or phrases used in this material, the recipient is strongly recommended to seek independent legal or financial advice.

Denmark: ABN AMRO Bank N.V. is authorised and regulated in the Netherlands by De Nederlandsche Bank. In addition, ABN AMRO Bank N.V., Copenhagen Branch is subject to local supervision by Finanstilsynet, the Danish Financial Supervisory Authority. All analysts located in Denmark follow the recommendations from the Danish Securities Dealers Association.

Finland: ABN AMRO Bank N.V. is authorised and regulated in the Netherlands by De Nederlandsche Bank. In addition, ABN AMRO Bank N.V., Helsinki Branch is subject to local supervision by Rahoitustarkastus, the Finnish Financial Supervision Authority.

Hong Kong: This document is being distributed in Hong Kong by, and is attributable to, ABN AMRO Asia Limited which is regulated by the Securities and Futures Commission of Hong Kong.

India: Shares traded on stock exchanges within the Republic of India may only be purchased by different categories of resident Indian investors, Foreign Institutional Investors registered with The Securities and Exchange Board of India ("SEBI") or individuals of Indian national origin resident outside India called Non Resident Indians ("NRIs") and Overseas Corporate Bodies ("OCBs"), predominantly owned by such persons or Persons of Indian Origin (PIO). Any recipient of this document wanting additional information or to effect any transaction in Indian securities or financial instrument mentioned herein must do so by contacting a representative of ABN AMRO Asia Equities (India) Limited.

Italy: Persons in Italy requiring further information should contact ABN AMRO Bank N.V. Milan Branch.

Japan: This report is being distributed in Japan by ABN AMRO Securities Japan Ltd to institutional investors only.

Malaysia: ABN AMRO research, except for economics and FX research, is not for distribution or transmission into Malaysia.

New Zealand: This document is distributed in New Zealand to institutional investors by ABN AMRO Securities NZ Limited, an NZX accredited firm, and to retail investors by ABN AMRO Craigs Limited, an NZX accredited firm. ABN AMRO Craigs Limited and/or its partners and employees may, from time to time, have a financial interest in respect of some or all of the matters discussed.

Russia: The Russian securities market is associated with several substantial risks, legal, economic and political, and high volatility. There is a relatively high measure of legal uncertainty concerning rights, duties and legal remedies in the Russian Federation. Russian laws and regulations governing investments in securities markets may not be sufficiently developed or may be subject to inconsistent or arbitrary interpretation or application. Russian securities are often not issued in physical form and registration of ownership may not be subject to a centralised system. Registration of ownership of certain types of securities may not be subject to standardised procedures and may even be effected on an ad hoc basis. The value of investments in Russian securities may be affected by fluctuations in available currency rates and exchange control regulations.

Singapore: Any report referring to equity securities is distributed in Singapore by ABN AMRO Asia Securities (Singapore) Pte Limited (RCB Regn No. 198703346M) to clients who fall within the description of persons in Regulation 49 of the Securities and Futures (Licensing and Conduct of Business) Regulations and Regulations 34 and 35 of the Financial Advisers Regulations. Any report referring to non-equity securities is distributed in Singapore by ABN AMRO Bank NV (Singapore Branch) Limited to clients who fall within the description of persons in Regulations 34 and 35 of the Financial Advisers Regulations. Investors should note that this material was prepared for accredited investors only. Recipients who do not fall within the description of persons under Regulation 49 of the Securities and Futures (Licensing and Conduct of Business) Regulations or Regulations 34 and 35 of the Financial Advisers Regulations should seek the advice of their independent financial advisor prior to taking any investment decision based on this document or for any necessary explanation of its contents.

Sweden: ABN AMRO Bank N.V. is authorised and regulated in the Netherlands by De Nederlandsche Bank. In addition, ABN AMRO Bank N.V., Stockholm Branch is subject to local supervision by the Swedish Financial Supervisory Authority.

Thailand: Pursuant to an agreement with Asia Plus Securities Public Company Limited (APS), reports on Thai securities published out of Thailand are prepared by APS but distributed outside Thailand by ABN AMRO Bank NV and affiliated companies. Responsibility for the views and accuracy expressed in such documents belongs to APS.

United Kingdom: All research is distributed by ABN AMRO Bank NV, London Branch, which is authorised by De Nederlandsche Bank. The investments and services contained herein are not available to private customers in the United Kingdom.

UAE and Qatar: This report is produced by ABN AMRO N.V. and is being distributed to professional and institutional investors only in the United Arab Emirates and Qatar in accordance with the regulatory requirements governing the distribution of investment research in these jurisdictions.

United States: Except for any documents relating to foreign exchange, FX or global FX, distribution of this document in the United States or to US persons is intended to be solely to major institutional investors as defined in Rule 15a-6(a)(2) under the US Securities Act of 1934. All US persons that receive this document by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities. Any US recipient of this document wanting additional information or to effect any transaction in any security or financial instrument mentioned herein, must do so by contacting a registered representative of ABN AMRO Incorporated, 600 Steamboat Road, Greenwich, CT 06830, +1 201 427 4000.

- Material means all research information contained in any form including but not limited to hard copy, electronic form, presentations, e-mail, SMS or WAP.

The Royal Bank of Scotland plc is authorised and regulated in the UK by the Financial Services Authority.

The research analyst or analysts responsible for the content of this research report certify that: (1) the views expressed and attributed to the research analyst or analysts in the research report accurately reflect their personal opinion(s) about the subject securities and issuers and/or other subject matter as appropriate; and, (2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views contained in this research report. On a general basis, the efficacy of recommendations is a factor in the performance appraisals of analysts.

For a discussion of the valuation methodologies used to derive our price targets and the risks that could impede their achievement, please refer to our latest published research on those stocks at www.abnamroresearch.com.

Disclosures regarding companies covered by ABN AMRO group can be found on ABN AMRO's research website at www.abnamroresearch.com.

ABN AMRO's policy on managing research conflicts of interest can be found at <https://www.abnamroresearch.com/Disclosure/Disclosure.AspX?MI=5>.

Should you require additional information please contact the relevant ABN AMRO research team or the author(s) of this report.