genial | Equity Research

JBS

Company Note: The year is 2024 and opportunity is knocking.

LatAm Meatpackers

Analysts

Igor Guedes
+55 (11) 3206-8248
igor.guedes@genial.com.vc

Lucas Bonventi
+55 (11) 3206-8246
lucas.bonventi@genial.com.vc

Renan Rossi
+55 (11) 3206-8245
renan.rossi@genial.com.vc

Company

JBSS3 BZ Equity
Buy

Price: R$ 19.97 (25-Oct-2023)
Target Price 12M: R$ 30.00

Main takeaways:

(i) We believe that the approval of the dual listing process could be an interesting short-term trigger, but it should only happen in the beginning of 2024; **(ii)** We see the cattle cycle in the US improving only in 2025; **(iii)** The company's geographical diversification should enable a gradual recovery of margins, despite the compressed margins at JBS Beef North America; **(iv)** We reiterate our **BUY rating** with a **12M Target Price** of **R$30.00**, implying a **upside** of **+50,23%.**

We **spoke with Christiane Assis**, JBS's I.R. director, **in a round discussion with institutional investors**. The conversation was very fruitful and dealt with the progress of the dual listing of JBS shares and the **outlook for 2024 and on the long run**. In our view, although JBS is likely to face difficulties in the coming quarters in the JBS Beef North America segment, in others we should see sequentially better margins. In addition, we see the approval of the dual listing process as a trigger for stock appreciation in the short term.

We still see a considerable upside to be captured when we consider the current screen price of the company's shares. We therefore reiterate our **BUY rating**, with a **12M Target Price** of **R$30.00**.

Dual listing

SEC approval. In the coming weeks, the market should see a position from the SEC (Securities Exchange Commission), the regulator of the American capital markets, on the effectiveness of the transaction, which could be a "green light" for the company to call a meeting.

Between the convening of the meeting and its eventual occurrence, 45 days must pass, unlike the usual 30 days, given that the company's ADR holders can also vote and that there is a bureaucratic issue for foreign brokers to exercise their voting rights.

We believe that the dual listing process should be approved. We are optimistic that the dual listing process will be approved at the meeting, despite the great uncertainty surrounding the vote by BNDES, which holds ~21% of the shares. Around 70% of JBS's institutional investor base is made up of foreign investors, who usually exercise their voting rights at shareholders' meetings, and are generally looking favorably on the dual listing and its effects in the medium to long term.

In addition, the company has also been talking to local investors in order to demonstrate the potential unlocking of value that dual listing should generate, which, in our view, is also interesting, given that listing abroad contributes to **(i)** an improvement in corporate governance, given that it is subject to two regulatory bodies, CVM and SEC; **(ii)** a broadening of the company's investor base, both institutional and retail; **(iii)** a reduction in the cost of capital; **(iv)** greater flexibility to use equity as funding and **(v)** the possibility of an eventual re-rating of the company with improved visibility.

Doubts about liquidity have emerged. Some doubts about liquidity have arisen on the part of certain investors, as the dual listing should lead to JBS being delisted from ~15 passive funds in Brazil. However, it should be noted that Pilgrim's Pride Corporation (PPC), a subsidiary of JBS in the US, is present in ~75 passive funds in the US. In our view, the same should happen with JBS when its shares are listed abroad. Thus, we don't see any potential for a lack of liquidity in the shares.

We could see a conclusion by the end of December. Finally, we believe that the dual listing process should be concluded by the end of this year, and we reinforce our assessment that listing abroad is very interesting in the medium to long term from a value unlocking perspective, in addition to the approval and eventual conclusion of the process being a trigger for the appreciation of the shares in the short term.

JBS Beef North America

Scenario still quite complicated. The scenario in this segment continues to be difficult, with low cat availability implying very high costs. Both in 2H23 and throughout 2024, we should continue to see the unit delivering a low single digit margin, although next year we may see a slight expansion in margins.

But it's not that bad. On the positive side, we see demand for beef remaining quite resilient in the US, which leads us to see room for the cutout to rise in 2024, but even so, margins should remain compressed due to the low supply of cattle. Therefore, we see the inflection of the cattle supply curve in the country taking two years to occur.

We expect a gradual return to greater availability of cattle in the US, and consequently margins, only in 2025. Until then, we see the company focusing on applying operational improvements to its plants in the country and importing a larger volume of beef into the US from Brazil and Australia, countries where the cattle cycle is favorable.

Geographical diversification and the company's good financial health are helping it get through this difficult time in the US beef operation. Also on the positive side, we see the company well-prepared to get through this difficult time at JBS Beef North America, given that its other segments are facing more favorable winds and that the company is in good financial health.

The company has extended its debt to ~11 years, postponed its first maturity to 2027 and maintains a solid balance sheet with high liquidity (~US$6bn net of cash and revolvers). It should also be noted that, in 2022, JBS issued ~US$16bn in bonds, and, in September 2023, it issued US$2.5bn in additional bonds.

Pilgrim's Pride Corporation (PPC)

Gradual recovery in the United States driven by the drop in grains and better prices in big bird. After seeing margins under pressure in 4Q22, we are seeing a gradual recovery, especially in the big bird operation, which accounts for ~33% of the segment's revenues in the US and is marked by greater margin volatility than the other PPC US operations (small bird and retail).

It should also be noted that grains are down -25-30% y/y and represent ~45% of the COGS of chicken production operations. Therefore, we should see sequentially better margins in 2H23. Over the last 9 months, we have already seen a gradual expansion, which should have intensified in August and September (especially due to the big bird operation).

In 4Q23, the cost reduction should be even more pronounced than in 3Q23, given the tailwind in relation to grains and a potentially better average price in big bird. Thus, we believe that the EBITDA margin in 4Q23 will be sequentially higher.

Gradual recovery trend should continue in Europe driven by lower costs and expenses. We expect to see a gradual recovery of margins in PPC Europe throughout 1H23 and we should see a continuation of this trend in 2H23, driven more by cost and expense reductions than by a recovery in demand in the region.

JBS has been improving operational efficiency in Europe over the last 2 years, taking measures such as closing 3 of its plants (produced pork, chicken and prepared meats), which has already taken place, and including new items that the company negotiates with retailers for better SG&A control (such as electricity and labor). It's worth noting that contracts in Europe are usually negotiated on a cost-plus basis, i.e. a margin negotiated with retailers is added to the costs of the operation.

We should continue to see attractive margins in Mexico. Mexico is a very commoditized region, which follows a similar dynamic to the big bird US, with considerably volatile margins. As in the US, there is an additional component of volatility in relation to Europe, which is the health issue related to cases of avian influenza due to migratory birds, especially in 2Qs. In 2Q23, in particular, there was no impact, and we saw attractive margins in Mexico. We project margins to remain interesting in the country in 3Q23.

On a consolidated basis, we project sequentially better margins in 2H23. Overall, on a PPP basis, we should see sequentially better margins in 3Q23, and given grain tailwind and possibly better big bird prices in 4Q23, we could see an even better 4Q23 than 3Q23.

JBS Australia

Calm after the storm. After the segment spent the last ~2.5 years with tight margins in beef, which represents ~65% of the operation, the country has become one of JBS's most positive highlights, given the favorability of the cycle. In the year to date, the cost of cattle in Australia has already fallen by ~50%. As a result, margins in cattle have sought a high single digit, helping to offset the drop in EBITDA generation at JBS Beef North America.

We are bullish about the segment. We expect very attractive margins in all segments of Australia business unit (beef, Primo's prepared products and recovery of the pork business), and we project margins in the high single digit to double digit range for the next two years.

JBS Brazil

Favorable cattle cycle, but still not delivering margins as good as those of JBS Australia. In Brazil, the cattle cycle is also at a favorable moment, with Friboi, the operation that accounts for ~70% of the segment's revenues, having reached high single digit, driven by the reduction in the cost of cattle in the country. However, even with the favorable cycle, JBS Brasil's EBITDA margin has been below that seen at JBS Australia (in 2Q23, JBS Brasil achieved an EBITDA margin of 4.8% vs. 9.5% at JBS Australia).

Some factors contribute to this. This is due to lower-than-expected Chinese demand, which led to lower export prices and somewhat damage Friboi's operations, and factors that hurt the remaining ~30% of the operation (JBS Brasil ex-Friboi), such as **(i)** Swift in Brazil, which is at a time of great expansion and has stores that are still maturing (at a breakeven stage in relation to EBITDA); **(ii)** and the leather business, which has been suffering from the weakening of the automotive industry and the Asian economy, and consequently delivering low margins.

Seara

Lower costs and better volumes should contribute to a sequential recovery. We expect a sequential recovery in margins, driven by lower costs and better export volumes, with a normalization of the global chicken oversupply scenario, which had been hurting Seara (as well as affecting PPC) and its margins. We already saw this normalization in August and September. In 4Q23, we should have a tailwind in relation to grains, combined with stronger seasonality, which should contribute to a quarter with even better margins.

Our Take on JBS

We expect a sequential recovery in consolidated margins in 3Q23 and 4Q23, driven by **(i)** normalization of global chicken supply and demand; **(ii)** improvements in margins driven by better dynamics on US pork supply; **(iii)** resilient US beef demand and **(iv)** a favorable cattle cycle in Brazil and Australia.

It's 2024 and opportunity is knocking. Considering that we are at the end of October, given the procedures we have mentioned, and the 45 days after the SEC's green light for the meeting between ADR shareholders, we believe it is possible that the dual listing will only become a reality in 2024. We noticed that the shares also gave back part of their gains after the announcement to the market that the company was in the process of making the dual listing possible.

So, there is still upside to be captured in this regard. Investors seem to be counting down the next few steps, but those who take too long to go long on the shares could miss out on a good opportunity. Our take the is that the process of dual listing of the company's shares is interesting for unlocking value in the medium and long term, and its approval is a potential trigger for the appreciation of the shares in the short term.We see the company trading at **5.1x EBITDA 24E**, below the historical average of 5.5x, and we continue to see a high upside. We therefore reiterate our **BUY rating** with a **12M Target Price** of **R$30.00**.

Appendix: JBS

Figure 1. JBS – Income Statement in R$ Millions (Genial Est. 2023-2028)

Income Statement	2023E	2024E	2025E	2026E	2027E	2028E
Net Revenue	**366.791**	**374.002**	**394.316**	**455.465**	**463.609**	**481.169**
(-) COGS	(324.608)	(317.344)	(333.332)	(384.967)	(388.460)	(400.258)
Gross Profit	**42.183**	**56.658**	**60.984**	**70.498**	**75.149**	**80.911**
(-) Expenses	(22.197)	(29.491)	(33.647)	(41.007)	(46.155)	(45.672)
Adjusted EBITDA	**19.986**	**27.167**	**27.336**	**29.492**	**28.994**	**35.238**
(-) D&A	(10.817)	(9.770)	(7.816)	(6.595)	(2.443)	(2.443)
EBIT	**9.169**	**17.397**	**19.520**	**22.897**	**26.551**	**32.796**
(+/-) Financial Result	2.698	5.758	5.863	7.837	7.896	7.983
(-) Taxes	(4.160)	(7.873)	(8.630)	(10.450)	(11.712)	(13.865)
Net income	**7.708**	**15.282**	**16.753**	**20.284**	**22.735**	**26.914**
Profitability						
Net margin (%)	2,10%	4,09%	4,25%	4,45%	4,90%	5,59%

Figure 2. JBS– Cash Flow in R$ Million (Genial Est. 2023-2028)

Cash Flow (FCFF)	2023E	2024E	2025E	2026E	2027E	2028E
Net Revenue	**366.791**	**374.002**	**394.316**	**455.465**	**463.609**	**481.169**
(-) COGS	(324.608)	(317.344)	(333.332)	(384.967)	(388.460)	(400.258)
Adjusted EBITDA	**19.986**	**27.167**	**27.336**	**29.492**	**28.994**	**35.238**
EBIT	**9.169**	**17.397**	**19.520**	**22.897**	**26.551**	**32.796**
(-) Taxes	(4.160)	(7.873)	(8.630)	(10.450)	(11.712)	(13.865)
(+) D&A	10.817	9.770	7.816	6.595	2.443	2.443
(+/-) Δ WK	178	(418)	(2.200)	(2.657)	(363)	(794)
(-) Capex	(8.814)	(9.770)	(7.816)	(6.595)	(2.443)	(2.443)
FCFF	**7.190**	**9.106**	**8.690**	**9.790**	**14.476**	**18.137**

Disclosure Section

1. GENERAL DISCLAIMER

This report has been produced by the research department ("Genial Institutional Research") of Genial Institutional Corretora de Câmbio, Títulos e Valores Mobiliários S.A. ("GENIAL INSTITUTIONAL CCTVM"). Genial Institutional is a brand name of Genial Investimentos CCTVM.

Genial Rating

	Definition	Coverage
Buy	Expected return above +10% in relation to the Company's sector average	**49%**
Neutral	Expected return between +10% and -10% relative to the Company's industry average	**41%**
Sell	Expected return below -10% in relation to the Company's sector average	**5%**
under Review	Under review	**5%**

This report may not be reproduced or redistributed to any other person, in whole or in part, for any purpose, without the prior written consent of GENIAL INSTITUTIONAL CCTVM. GENIAL INSTITUTIONAL CCTVM accepts no liability whatsoever for the actions of third parties in this respect.

This research report is for distribution only under such circumstances as may be permitted by applicable law. This research report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This research report is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither GENIAL INSTITUTIONAL CCTVM nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this research report or lack of care in this research report's preparation or publication, or any losses or damages which may arise from the use of this research report

GENIAL INSTITUTIONAL CCTVM may rely on information barriers, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups, or affiliates of GENIAL INSTITUTIONAL CCTVM.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States.

The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by GENIAL INSTITUTIONAL CCTVM with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

The locally listed shares of Brazilian companies may only be purchased by investors outside of Brazil who are "eligible investors" within the meaning of applicable laws and regulations.

2. ANALYST(S) DISCLOSURES AND CERTIFICATION

The principal analyst, IGOR GUEDES, is responsible for the content of this report and for meeting the requirements of Securities and Exchange Commission of Brazil (CVM) Instruction 598/2018.

The analysts hereby certify that the views expressed in this research report accurately reflect their personal views about the subject securities or issuers and it was prepared in an independent manner, including with respect to the person and to GENIAL INSTITUTIONAL.

The analyst hereby certifies that he (she) has no connection with any individual who works for the issuer(s) discussed in this report.

The analyst hereby certifies that he (she), or his (her) spouse or companion, either directly or indirectly, in his or her own name or on behalf of a third party, does not hold any of the securities covered in this report.

The analyst hereby certifies that he (she), or his (her) spouse or companion, is not directly or indirectly involved in the purchase, disposal or brokering of the securities covered in this report.

The analyst hereby certifies that he (she), or the his (her) spouse or companion, has no direct or indirect financial interest in the issuer covered in this report (other than trading shares in investment funds, in which the analyst cannot control, directly or indirectly, the administration or management of the fund, or which do not concentrate investments in sectors or companies that are covered by reports produced by the analyst).

The analyst's compensation is, directly or indirectly, determined by income from GENIAL INSTITUTIONAL´s business and financial operations.

In addition, the analysts certify that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

The compensation of the analyst who prepared this report is determined by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues, however, compensation may relate to the revenues of GENIAL INSTITUTIONAL CCTVM, its affiliates and/or subsidiaries as a whole, of which investment banking, sales and trading are a part. Compensation paid to analysts is the sole responsibility of GENIAL INSTITUTIONAL CCTVM.

The analyst hereby certifies that he (she), or his (her) spouse or companion, does not serve as an officer, director, or advisory board member of the subject company.

The principal analyst is responsible for the content of this report and for meeting the requirements of Securities and Exchange Commission of Brazil (CVM) Instruction 598/2018.

Unless otherwise stated, the individuals listed on the cover page of this report are research analysts.

3. ADDITIONAL DISCLOSURE

(i) This document was prepared by GENIAL INSTITUTIONAL Research and is hereby supplied for the sole purpose of providing information about companies and their securities.

(ii) The information contained herein is provided for informational purposes only and does not constitute an offer to buy or sell, and should not be construed as a solicitation to acquire, any securities in any jurisdiction. The opinions expressed herein regarding the purchase, sale or holding of securities, or with respect to the weighting of such securities in a real or hypothetical portfolio, are based on careful analysis by the analysts who prepared this report and should not be construed by current or future investors as recommendations for any particular investment decision or action. The investor's final decision should be made considering all of the risks and fees involved. This report is based on information obtained from primary or secondary public sources, or directly from companies, and is combined with estimates and calculations prepared by GENIAL INSTITUTIONAL CCTVM. This report does not purport to be a complete statement of all material facts related to any company, industry, security or market strategy mentioned. The information has been obtained from sources believed to be reliable, but GENIAL INSTITUTIONAL CCTVM does not make any express or implied representation or warranty as to the completeness, reliability or accuracy of such information. The information, opinions, estimates and projections contained in this document are based on current data and are subject to change. Prices and availability of financial instruments are indicative only and subject to change without notice. GENIAL INSTITUTIONAL CCTVM is under no obligation to update or revise this document or to advise of any changes in such data.

(iii) The securities discussed in this report, as well as the opinions and recommendations contained herein, may not be appropriate for every type of investor. This report does not take into account the investments objectives, financial situation or particular needs of any particular investor. Investors who wish to buy, sell or invest in securities that are covered in this report should seek independent financial advice that takes individual characteristics and needs into consideration, before making any investment decision with respect to the securities in question. Each investor should make independent investment decisions after carefully analyzing the risks, fees and commissions involved. If a financial instrument is denominated in a currency other than an investor's currency, changes in exchange rates may adversely affect the price or value of, or the income derived from the financial instrument, and the reader of this report assumes all foreign exchange risks. Income from financial instruments may vary, and therefore their price or value may rise or fall, either directly or indirectly. The information, opinions and recommendations contained in this report do not constitute and should not be interpreted as a promise or guarantee of a particular return on any investment. Past performance does not necessarily indicate future results, and no representation or warranty, express or implied, is made herein regarding future performance. Therefore, GENIAL INSTITUTIONAL CCTVM, its affiliated companies, and the analysts involved in this report take no responsibility for any direct, indirect or consequential loss resulting from the use of the information contained in this report, and anyone using this report undertakes to irrevocably indemnify GENIAL INSTITUTIONAL CCTVM and its affiliates from any claims and demands.

(iv) Prices in this report are believed to be reliable as of the date on which this report was issued and are derived from one or more of the following: (i) sources as expressly specified alongside the relevant data; (ii) the quoted price on the main regulated market for the security in question; (iii) other public sources believed to be reliable; or (iv) GENIAL INSTITUTIONAL CCTVM's proprietary data or data available to GENIAL INSTITUTIONAL CCTVM.

(v) No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, except with respect to information concerning GENIAL INSTITUTIONAL CCTVM, its subsidiaries and affiliates. In all cases, investors should conduct their own investigation and analysis of such information before taking or omitting to take any action in relation to securities or markets that are analyzed in this report.

(vi) GENIAL INSTITUTIONAL CCTVM makes no representations herein that investors will obtain profits. GENIAL INSTITUTIONAL CCTVM will not share with investors any investment profits nor accept any liability for any investment losses. Investments involve risks and investors should exercise prudence in making their investment decisions. GENIAL INSTITUTIONAL CCTVM accepts no fiduciary duties on behalf of recipients of this report and in communicating this report is not acting in a fiduciary capacity. This report is not to be relied upon in substitution for the exercise of recipient's independent judgment. Opinions, estimates, and projections expressed herein constitute the current judgment of the analyst responsible for the substance of this report as of the date on which the report was issued and are therefore subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of GENIAL INSTITUTIONAL CCTVM as a result of using different assumptions and criteria. The information, opinions and recommendations contained in this report do not constitute and should not be interpreted as a promise or guarantee of a particular return on any investment.

(vii) Because the personal views of analysts may differ from one another, GENIAL INSTITUTIONAL CCTVM, its subsidiaries and affiliates may have issued or may issue reports that are inconsistent with, and/or reach different conclusions from, the information presented herein. Any such opinions, estimates, and projections must not be construed as a representation that the matters referred to therein will occur. Prices and availability of financial instruments are indicative only and subject to change without notice. Income from financial instruments may vary, and therefore their price or value may rise or fall, either directly or indirectly.

(viii) This document may not be: (a) photocopied or duplicated in any manner, in whole or in part, and/or (b) distributed without GENIAL INSTITUTIONAL CCTVM's prior written consent. GENIAL INSTITUTIONAL CCTVM accepts no liability whatsoever for the actions of third parties in this respect.

(ix) Neither GENIAL INSTITUTIONAL CCTVM nor any of its affiliates, nor any of their respective directors, employees or agents, accepts any liability for any loss or damage arising out of the use of all or any part of this report.

(x) GENIAL INSTITUTIONAL CCTVM (or its affiliates, officers, directors or employees) may, to the extent permitted by law, have acted upon or used the information herein contained before the publication of this report and may have a position in securities issued by the companies mentioned herein and may make a market or act as a principal in any transactions in any such securities. Genial Institutional may from time to time perform investment banking or other services to, or solicit investment banking or other business from, the companies mentioned herein.

4. IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by Genial Institutional CCTVM, a company authorized to engage in securities activities in Brazil. Genial Institutional CCTVM is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to “major U.S. institutional investors” in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”) and is not being provided pursuant to a soft-dollar arrangement.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Brasil Plural Securities LLC, a registered broker dealer in the United States with an office at 545 Madison Ave., New York, NY 10022, (212) 897-3737. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through Genial Institutional CCTVM.

Brasil Plural Securities LLC accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority (“FINRA”) and may not be an associated person of Brasil Plural Securities LLC and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

The disclosures contained in research reports produced by GENIAL INSTITUTIONAL CCTVM and distributed by Brasil Plural Securities LLC in the U.S. shall be governed by and construed in accordance with U.S. law. This report may not be reproduced or redistributed to any other person, in whole or in part, for any purpose, without the prior written consent of GENIAL INSTITUTIONAL CCTVM. Additional information relative to the financial instruments discussed in this report is available upon request.

UK Disclaimer:

(i) This document is STRICTLY CONFIDENTIAL to the recipient, may not be distributed to the press or other media and may not be reproduced in any form. this document is directed only at persons who are “INVESTMENT PROFESSIONALS” falling within article 19(5) of the FSMA 2000 (FINANCIAL PROMOTION) ORDER 2005, or HIGH NET WORTH BODIES falling within ARTICLE 49(2) of that order (together THE “RELEVANT PERSONS”). This document must not be acted on or relied on by persons who are not RELEVANT PERSONS.

(ii) The distribution of this document in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdiction.