EQUITY RESEARCH REPORT

November 16, 2022

ASBISC ENTERPRISES PLC
(WSE: ASB)

Founded in 1990, Cyprus-based ASBISc Enterprises PLC is a leading Value Add Distributor, developer and provider of IT, IoT products, solutions and services to markets in Europe, the Middle East and Africa (EMEA) with local operations in Central and Eastern Europe, the Baltic republics, the former Soviet Union, the Middle East and North Africa.

COMPANY HIGHLIGHTS

* ASB: A Leading Global Technology Product Distributor
* In our view, ASBISc has implemented and executed on a growth strategy that is focused on selling private-label and premium products, providing value-added distribution services, establishing distribution efficiencies, and increasing the use of e-commerce. The company achieved all-time highs in revenues, gross margins, and net income in 2021 -- increasing revenues by 30%, expanding gross margin by more than 200 basis points, and increasing net income by 111%, year-over-year.
* During 2022, its business has been challenged by the conflict in Russia and Ukraine; combined, those countries accounted for approximately one-third of 2021 revenues. However, ASBISc has mitigated these disruptions by expanding sales efforts in unaffected regions across Central Europe, conflict-free former Soviet Union (FSU) countries, and the Middle East and Africa. In doing so, the company has recovered much of the lost revenues resulting from war-related disruptions, while maintaining improved operating margins.
* We view positively the company's forecast to maintain positive operational cash flow in 2022, and expect continued organic growth, supported by a robust and expanding Apple product-reselling unit, which has seen strong pricing power, supporting the improving gross margin profile. In addition, we expect ASBISc to launch multiple innovative, internally developed brands, with a focus on the likes of gaming products and Innovative Solutions.

(continued on next page)

PRICE CHART

KEY STATISTICS

Key Stock Statistics	
Recent price (11/15/22), (PLN)	23.18
Fair Value Estimate (PLN)	68.00
52 week high/low (PLN)	25.45 - 8.60
Shares oustanding (M)	55.5
Market cap (M, PLN)	1286.5
Dividend ($)	0.3
Yield	5.9%

Sector Overview	
Sector	Information Technology
Sector % of S&P 500	26.3%

Financials ($M, as of 9/30/22)	
Cash & Mkt Securities	157.3
Debt	200.1
Working Capital ($M)	183,3
Current Ratio	1.3
Total Debt/Equity (%)	87.7
Payout ratio	0.3
Revenue (M) TTM	2858.0
Net Income (M) TTM	75.8
Net Margin TTM	2.7%

Risk	
Beta	0.68
Inst. ownership	3%

Valuation	
P/E forward EPS	4.2
Price/Sales (TTM)	0.1
Price/Book (TTM)	1.3

Top Holders

Dimensional Fund Advisors LP
Santander Towarzystwo Funduszy Inwestycyjnych S.A.
BNPP Asset Management Holding

Management	
CEO	Mr. Siarhei Kostevitch
Deputy CEO	Mr. Constantinos Tziamalis
CFO	Mr. Marios Christou
Company website	https://www.asbis.com

COMPANY SPONSORED REPORT. SEE LAST PAGE FOR DISCLOSURES.

* In 2021, ASBISc entered the WIG-ESG index that includes WSE-listed companies cited as socially responsible, specifically in the fields of environmental, social, economic, and corporate governance. We think such recognitions could lead to inclusion in more ESG investor portfolios over time.

* As of September 30, 2022, ASBISc had $157.3 million in cash and equivalents on its balance sheet, down from $184.6 million at the end of 2021. However, with a strengthening cash flow outlook, ASBISc should be able to maintain dividend payments and continue making investments in new products.

* Prior to the Russia-Ukraine war, ASBISc's valuation had begun to narrow its gap from peer levels, but still, in our opinion, not reflecting its strong underlying fundamentals. We note the company's recent market capitalization of approximately $280 million -- 1.29 billion Polish zloty (PLN) -- implies a multiple of approximately 0.1-times our 2022 revenue estimate. That is well below the average multiple of 0.4X for our group of global electronics-distribution peers. At current levels, the P/E multiple is roughly 4-times our 2022 EPS estimate, which is also well below the peer average of approximately 11-times.

* We think ASBISc warrants a valuation closer to the industry average, despite near-term uncertainties. Applying a multiple of 10 to our 2023 EPS estimate of $1.43 (6.8 PLN), we arrive at a fair value estimate for ASB of approximately 68 PLN per share (applying a one-month average 4.75: PLN to U.S. dollar exchange rate), which is significantly higher than its current price near 23 PLN.

INVESTMENT THESIS

Founded in 1990, Cyprus-based ASBISc Enterprises PLC specializes in the distribution of computer hardware and software, mobile solutions, and other IT products and digital equipment. ASBISc currently sells products in 56 countries, including those purchased from leading global technology manufacturers, including Apple, Intel, AMD, Samsung, Microsoft, Acer and Lenovo. As of the end of 2021, ASBISc was the official distributor of Apple products in 11 countries of the former Soviet Union (FSU). ASBISc also generates revenue from the sale of private-label products, including Prestigio (tablets, external storage, GPS devices, car-DVRs, multiboards, etc.), Canyon (power banks, networking products, and other peripheral devices), and Perenio (IoT products, and building control and security systems). ASBISc has subsidiaries in 26 countries and approximately 20,000 customers worldwide.

Former Soviet Union countries, including Russia, Ukraine and Kazakhstan accounted for approximately 58% of revenue in 2021, up from 54.5% in 2020. Central and Eastern Europe (21%), Middle East and Africa (11%), Western Europe (9%), and Other (2%) accounted for the balance of 2021 sales. Due to the disruption of operations in Russia and Ukraine, first-nine-month 2022 revenues shifted towards unaffected markets, including Central Europe (24.1%, up from 21.9% in 2021) and Middle East/Africa (15.7%, over 11.4% in 2021). In contrast, FSU countries accounted for 51.8% of YTD sales in 2022, down from 54.8% in 2021. ASBISc also has focused on markets in which it is an authorized distributor of Apple products. We are encouraged by ASBISc resuming sales in Ukraine in April 2022, and by its reporting of subsequent month-over-month sales growth.

In our view, ASBISc benefits from the strong relationships it has developed with key IT vendors over the past 30 years, and is well positioned to source high-demand products thanks to its robust distribution network that has enabled a strong presence in multiple fast-growing markets. The company has a centralized distribution platform that allows for greater efficiency and lower transport costs, thus boosting margins. Its two distribution centers in the Czech Republic and the United Arab Emirates receive products from vendors, and then distribute these products in individual countries. The company is also expanding warehouse space in Poland. We think this infrastructure is pivotal, as the company adjusts its distribution mix to mitigate disruptions in its Russian and Ukrainian markets.

Margins also have benefited from the increase in online transactions, and from an automated system that coordinates supply-chain management activities. At the end of 2021, ASBISc cited 60% of its transactions taking place online. In 2021, the company reported a gross margin of 7.1%, up from 5.8% and 5.4% for the full-year in 2020 and 2019, respectively. During the second quarter of 2022, gross margin reached 9.4%. That represented an all-time high level, driven by changes to the geographic sales mix and favorable pricing of Apple products. We expect gross margins to exceed 8% over the next few years, further narrowing the gap with the long-term average near 9% for a global technology distributor peer group that we believe has been under-appreciated by investors.

In recent years, a majority of ASBISc's sales have comprised three product categories: smartphones (29% in 2021, consistent with 2020), CPU's (14% in 2021, 17% in 2020) and laptops (10% in 2021, 8% in 2020). The smartphone category has been supported by strong demand for Apple products and we like its status as an authorized distributor of Apple products in 11 countries of the Former Soviet Union (excluding Russia), and operator of 21 stores (17 reseller and 4 Apple monobrand) in high-growth markets including Kazakhstan (seven) and Georgia (four).

(continued on next page)

PEER COMPARISON

Company	Ticker	Recent Price ($)	52-Week High ($)	52-Week Low ($)	Mkt. Cap ($MIL)	1-yr Price Change (%)	1-yr Rev Growth (%)	1 YR EPS Growth (%)	P/E Ratio	Beta	Yield (%)
ASBISC ENTERPRISES PLC	**WSE: ASB**	**23.18***	**25.45***	**8.60***	**1278***	**-8**	**30**	**111**	**3.8**	**0.68**	**5.9**
ARROW ELECTRONICS INC	NYSE: ARW	111.31	137.95	89.38	6850	-13	20	103	5.2	1.38	NA
AVNET INC	NASDAQ: AVT	45.27	50.19	35.45	4140	14	11	NM	NM	1.34	2.6
INSIGHT ENTERPRISES INC	NASDAQ: NSIT	100.84	111.02	81.11	3510	-4	13	22	14	1.56	NA

** Stock Statistics in PLN*

During the first nine months of 2022, smartphones accounted for 35.5% of revenues, up from 28.3% in the prior-year period. CPUs declined to 9.5%, from 10.25%, and laptops declined to 9.2%, from 14.9%. The company's Apple resale effort operates under its Breezy subsidiary, which purchases used Apple products in exchange for discounts on new purchases, and then resells the older products, which retain substantial value in secondary markets.

Besides Apple, ASBISc's growth has enabled the company to achieve authorized distributor status with leading international suppliers, which has resulted in enhanced commercial terms and its distribution of higher margin products.

Over the past few years, the company's strategy to focus more on expanding gross margins and profitability has been evident in the development of new internally developed private label brands, thus complementing its legacy Prestigio and Canyon brands. Supporting this commitment to new product growth and innovation, ASBIS opened a technology hub in Cyprus. In 2018, the company introduced its Perenio smart-home and smart-security sensor brand, which launched an internally developed and manufactured Perenio Ionic Shield, which is a portable ion air diffuser designed to protect against known coronaviruses, including COVID-19.

In late 2021, the company launched a new brand of appliances called AENO under a small household appliances segment, contributing to a "smart home" concept. Initial products in this category were launched during the first quarter of 2022, including an eco-friendly smart heater with energy-saving infrared and convection heating method and low power consumption. We are encouraged by retailer feedback about the product line. Other AENO products will include air purifiers and humidifiers, robot vacuum cleaners, cooking appliances, and personal hygiene products. In our view, such products are poised for solid commercial uptake, given ASBIS's strong existing distribution channels and vendor relationships. Similarly, in late 2021, the company launched gaming brand Lorgar, featuring a new line of gaming accessories including mice, keyboards, chairs, microphones, web cameras, headsets, and other peripherals.

We believe that ASBISc has also made great strides to expand its gross margin profile by investing in value-added distributor (VAD) capabilities. For example, its servers are certified to support cloud-based services through the Microsoft Azure platform, which enable customers to transfer data centers to the cloud. The company is focused on expanding its product portfolios to support customers that are upgrading their digitization and remote capabilities, which we view as a high growth priority across many countries in its areas of operation.

Recently, ASBISc made a strategic investment of €1m in privately-held EMBIO Diagnostics Ltd, an emerging biotechnology company that recently completed development of its innovative biosensor-based, breakthrough device B.EL.D., for rapid diagnostics in the field of food safety, air quality testing and environmental research. EMBIO has also developed portable devices for the medical industry for the fast detection and diagnosis of SARS-CoV-2. Given its applicability in both professional (B2B) and individual (B2C) settings, we see this investment potentially representing new avenues of growth for ASBISc.

We also view positively ASBISc's recognition as a socially responsible company, which we think should lead to its inclusion in global ESG investor portfolios over time. To that end, in September 2021, ASBISc entered the WIG-ESG index, which includes WSE-listed companies cited as socially responsible companies, in particular in the field of environmental, social, economic, and corporate governance issues.

Further, ASBISc was among seven WSE-listed companies with the highest ratings and cited as a "Climate Aware Company," in the exchange's the third edition of the Companies Climate Awareness Survey. Finally, we view positively the company's commitment to humanitarian efforts, with its launch of an aid fund called UkraineHelpFund, which supplied needed medical, industrial and food products to Ukraine throughout the ongoing conflict. ASBISc has allocated more than two million euros, including the delivery of 20 ambulances to and five medical cars to hospitals in the region.

RECENT DEVELOPMENTS

ASBISc shares trade on the Warsaw Stock Exchange (WSE) under the ticker ABS. In 2021, the stock rose 169%, compared to a 14% increase for the WIG 20 Index, which consists of the 20 largest companies on the WSE. Year-to-date in 2022, the stock has risen 10%, after more than doubling from its February 2022 low upon the onset of the Russia-Ukraine war, versus a 23% decline for the WIG 20.

In November 2022, ASBISc reported first-nine-month 2022 revenues of $1.9 billion, down approximately 10% over the previous-year period. We note that during the third quarter, revenues declined only 2.5% from the prior-year period, compared with approximately 25% in the second quarter. For the nine-month period in 2022, net income after tax was only 2.4% below nine-month 2021 levels, as strong gross margin improvement (8.2% vs 6.9%) partially offset revenue declines.

In November 2022, ASBISc reiterated its target for 2022 revenues of $2.2 billion-$2.4 billion, and net income of $48 million-$52 million.

During the third quarter of 2022, ASBISc opened a new iSpace salon in Almaty, the largest city in Kazakhstan, with the status of Apple Premium Partner. This opening marked the seventh Apple store operated by ASBISc in Kazakhstan and the 21st Apple store overall.

In August 2022, ASBISc announced the opening of an Apple Store in Batumi, Georgia. The store represents the first in western Georgia, and fourth overall in Georgia.

In September 2021, ASBISc was added to the WIG-ESG index, which recognizes Warsaw Stock Exchange companies as socially responsible, highlighting fields including environmental, social, economic and corporate governance issues.

EARNINGS & GROWTH ANALYSIS

We forecast revenue of $2.73 billion in 2022 and $3.05 billion in 2023, representing 11% decline and 12% growth, respectively. We expect former-period results to reflect the conflict between Russia and Ukraine, which combined for nearly one-third of 2021 revenues. However, we note that ASBISc resumed a positive sequential revenue trajectory by the third quarter of 2022, mitigating these challenges by diversifying its geographic mix, in countries including Kazakhstan, Poland, and Slovakia. It also focused on the smartphone product line, which continues to experience higher growth compared with other product categories. In addition, sales resumed in Ukraine, during the second quarter of 2022. We expect expansion of its product portfolio to include new, private-label brands such as AENO and Lorgar, to support the long-term growth profile.

The company is emphasizing margin expansion, and raised its gross margin to over 7% in 2021, over 5.8% in 2020. Given its focus on private-label product sales, value-added services, and an optimized geographic sales mix, we project gross margins of 8.2% in 2022 and 2023. We see SG&A expenses increasing as a percentage of sales to 4.5% in 2022 and 4.3% in 2023, with the former period impacted by higher administrative costs amid the geopolitical conflicts in its operating markets.

We forecast EPS of $1.20 in 2022 and $1.43 in 2023, which would represent a 13% decline from 2021's EPS of $1.39, but 19% growth in 2023. Despite an outlook for near-term volatility in its financial results, we expect ASBISc to maintain positive cash flow from its operations, driven by its geographic and product diversification strategy.

FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating for ASBISc is High. The company had $157.3 million in cash and equivalents on its balance sheet as of September 30, 2022, down from $184.6 million at the end of 2021. However, we note that the fourth quarter is typically the strongest for the company, and view positively its full-year cash flow outlook, despite the disruptions to its business.

As of September 30, 2022, ASBISc had a current ratio of 1.3. This ratio has been stable since 2015 and is below the average of 1.7 for peers. As of September 30, 2022, the total debt/capital ratio was 46.7%, down from 53% and 62% at the end of 2021 and 2020, respectively. We view the company's liquidity position as strong and underappreciated, as nearly all of its balance sheet liabilities relate to short-term borrowing to help finance the expansion of inventory and product distribution.

We believe that the company's cash conversion metrics underscore the efficiency of its selling infrastructure and strong relationships with suppliers. The average cash conversion cycle was approximately 33 days as of December 31, 2021, well below the average of 34 days for peers. Average days sales outstanding (DSO) was 38 days, less than half the peer average of 65. Days sales of inventory (DSI) was 38.4 days, roughly in line with the peer average of 41, which we view as important given that tech products can quickly become obsolete as new products reach the market. Lastly, average days payable outstanding (DPO) was roughly 44 days, down from nearly 50 days last year, and compared to 63 days for the peer group.

The weighted-average cost of debt (cash lines and factoring lines) was 6.0% in 2021, down from 8% in 2020. We note that despite recent uncertainties in its primary regions of operations, ASBISc has negotiated improved terms with lenders, and we expect continued favorable lending terms, supported by its enhanced financial position.

Net cash inflows from operating activities in 2021 were $41.4 million, compared with $42.2 million in 2020. Net cash outflows from investing activities were $15.0 million in 2021, up from $4.8 million in 2020. Net cash inflows from financing activities were $10.9 million, compared to outflows of $2.0 million in 2020. In August 2022, ASBISc reiterated its goal to maintain positive operational cash flow for 2022.

In addition to investing in growth initiatives, ASBISc has focused on shareholder returns, which we view as a strong positive. It currently distributes up to 50% of net profits as dividends. The company paid a total dividend of $0.30 for 2021. In November 2022, ASBISc announced it would pay an interim dividend of $0.20 in December 2022. We note that the 2021 dividend implies a yield of approximately 6.2%, at the current valuation.

In 2019, ASBISc also began a share-repurchase program and bought back more than 300,000 shares. With liquidity supported by growing revenue, positive operating cash flow, growing net income, and access to borrowed capital, we believe that ASBISc is well capitalized for the foreseeable future.

MANAGEMENT

Siarhei Kostevitch is the founder, president and CEO of ASBISc. Mr. Kostevitch received a Master's degree in radio engineering design at the Radio Engineering University of Minsk in 1987. Between 1987 and 1992, he worked at the Research Centre at the Radio Engineering University. Mr. Kostevitch, through KS Holdings, Ltd., holds approximately 37% of the company's shares and voting power.

ASBISc's board currently has six members. Although the board has only two independent directors, we note that they chair the company's audit and compensation committees.

RISKS

Risks for ASBISc include increased competition from both established companies and new entrants; the potential for economic and political developments that are currently impacting business conditions in major markets such as Russia and Ukraine possibly limiting the ability to expand to new countries; periodic shortages of specific IT components, particularly semiconductors and microchips, and the potential for unfavorable changes to its products selection and quality, inventory, price, customer services and credit availability; and changes in foreign exchange rates.

ASBISc's reporting currency is the U.S. dollar, which accounted for 50% of revenues in 2021 and about 80% of trade payable balances. As such, a stronger U.S. dollar so far in 2022 has pressured revenue and gross profit. In its industry, we see potential for customer concentration risk, but view ASBISc positively in this regard, as no customer accounted for more than 3% of its revenues in 2021.

COMPANY DESCRIPTION

Founded in 1990, Cyprus-based ASBISc Enterprises PLC Founded in 1990, Cyprus-based ASBISc Enterprises PLC is a leading Value Add Distributor, developer and provider of IT, IoT products, solutions and services to the markets of Europe, the Middle East and Africa (EMEA) with local operations in Central and Eastern Europe, the Baltic republics, the former Soviet Union, the Middle East and North Africa.

VALUATION

In our view, ASBISc's current valuation remains compelling based on multiple metrics and does not fairly reflect the company's strong underlying fundamentals, near-term uncertainties notwithstanding. The company's recent market capitalization of approximately $280 million (1.29 billion PLN) implies a multiple of near 0.1-times our 2022 revenue estimate. That is below the average multiple of 0.4 for our group of global electronics-distribution peers. The stock also trades at a 2021 enterprise value/EBITDA multiple of 2.7-times, below the peer average of 10-times. Despite more than doubling in 2021, ASBISc's peak valuation during the year traded at a forward P/E around 5-times its 2021 EPS result, well below the peer average of 14 to 15-times.

We think that recent initiatives, including reselling Apple products and focusing on marketing innovative, private-label products under the Perenio, and newly launched ANEO and Lorgar brands, are likely to leverage ASBIS's robust infrastructure network across Europe, and should enhance the company's reputation among investors over time. Further, we view the company's overall liquidity position as strong, as nearly all of its debt relates to short-term borrowing to help finance inventory purchases and product distribution. As such, these obligations are mitigated by the company's supply-chain efficiency and strong revenue and cash flow.

Based on these factors, we believe that ASBISc warrants a discount to the industry average, albeit a narrow one. Applying a multiple of 10-times to our 2023 EPS estimate of $1.43 (PLN 6.8, using a one-month average PLN-to-USD exchange rate near 4.75:1), we arrive at a fair value estimate for ASB of 68 PLN per share, significantly higher than the current price near 23 PLN.

Steve Silver,
Argus Research Analyst

INCOME STATEMENT

Growth Analysis ($MIL)	2018	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022E	2022E	Q1 2023E	Q2 2023E	Q3 2023E	Q4 2023E	2023E
Revenue	2069.6	1914.9	2366.4	3078.0	694.6	516.4	698.7	825.0	2734.7	825.0	665.0	700.0	860.0	3050.0
Gross Profit	98.1	104.1	138.3	218.5					225.4					250.5
SG&A	68.7	71.1	81.6	104.8					121.2					132.2
R&D	NA	NA	NA	NA					NA					NA
Operating Income	29.4	33.1	56.7	113.7					104.2					118.3
Interest Expense	-13.6	-12.7	-11.6	-17.0					-22.4					-21.0
Pretax Income	15.5	19.4	44.7	94.3					81.8					97.3
Tax Rate (%)	21	19	18	18					18					19
Net Income	12.0	15.2	36.5	77.1					66.7					79.3
Diluted Shares	55.5	55.4	55.5	55.5					55.5					55.5
EPS	0.22	0.28	0.66	1.39	0.29	0.20	0.36	0.35	1.20	0.38	0.31	0.32	0.42	1.43
Dividend	0.10	0.14	0.30	0.30					NA					NA
Growth Rates (%)														
Revenue	39	-7	24	30					-11					12
Operating Income	20	13	71	101					NM					14
Net Income	74	27	140	111					NM					19
EPS	69	27	136	111					NM					19
Valuation Analysis														
Price (PLN): High	3.64	3.56	8.08	28.2					NA					NA
Price (PLN):Low	2.34	2.05	1.77	6.1					NA					NA
PE: High	NA	NA	NA	NA					NA					NA
PE: Low	NA	NA	NA	NA					NA					NA
PS: High	NA	NA	NA	NA					NA					NA
PS: Low	NA	NA	NA	NA					NA					NA
Yield: High	NA	NA	NA	NA					NA					NA
Yield: Low	NA	NA	NA	NA					NA					NA
Financial & Risk Analysis ($MIL)														
Cash	101.4	103.7	158.9	184.6					NA					NA
Working Capital	70.7	79.4	105.3	147.5					NA					NA
Current Ratio	1.2	1.2	1.2	1.2					NA					NA
LTDebt/Equity (%)	0.1	3.1	4.2	2.7					NA					NA
Total Debt/Equity (%)	148	129	161	112					NA					NA
Ratio Analysis														
Gross Profit Margin	4.7%	5.4%	5.8%	7.1%					8.2%					8.2%
Operating Margin	1.4%	1.7%	2.4%	3.7%					3.8%					3.9%
Net Margin	0.6%	0.8%	1.5%	2.5%					2.4%					2.6%
Return on Assets (%)	3.6	3.6	5.0	8.3					NA					NA
Return on Equity (%)	12.4	14.7	30.0	47.4					NA					NA
Op Inc/Int Exp	2.2	2.6	4.9	6.7					4.7					5.6
Div Payout	45%	50%	45%	22%					NA					NA

DISCLAIMER

Argus Research Co. has received a flat fee from the company discussed in this report as part of a "Sponsored Research" agreement between Argus and the company. No part of Argus Research's compensation is directly or indirectly related to the content of this assessment or to other opinions expressed in this report. Argus Research provides a suite of Sponsored Research services including but not limited to initial reports with ongoing coverage and updates; proprietary Argus Research earnings estimates; distribution to Argus Research's clients; a license to enable the company to proactively use and distribute the report ; a press release announcing our initial coverage and updates; and access to the Vickers Research database. The price for this suite of services generally ranges from $22,000 to $35,000 depending on the level of services selected. Argus Research receives no part of its compensation in the form of stock or other securities issued by the company discussed in this report, and has no long equity position or short sale position in the company's stock. Argus Research is not involved in underwriting securities for the subject company, and will receive no proceeds or other financial benefit from any securities offering by the company. Argus Research; its officers, directors, and affiliates; and the author of this report have no financial interest in, or affiliation with, the subject firm. The report is disseminated primarily in electronic form and is made available at approximately the same time to all eligible recipients.

Argus Research Co. (ARC) is an independent investment research provider whose parent company, Argus Investors' Counsel, Inc. (AIC), is registered with the U.S. Securities and Exchange Commission. Argus Investors' Counsel is a subsidiary of The Argus Research Group, Inc. Neither The Argus Research Group nor any affiliate is a member of the FINRA or the SIPC. Argus Research is not a registered broker dealer and does not have investment banking operations. The Argus trademark, service mark and logo are the intellectual property of The Argus Research Group, Inc.

The information contained in this research report is produced and copyrighted by Argus Research Co., and any unauthorized use, duplication, redistribution or disclosure is prohibited by law and can result in prosecution. The content of this report may be derived from Argus research reports, notes, or analyses. The opinions and information contained herein have been obtained or derived from sources believed to be reliable, but Argus makes no representation as to their timeliness, accuracy or completeness or for their fitness for any particular purpose. This report is not an offer to sell or a solicitation of an offer to buy any security. The information and material presented in this report are for general information only and do not specifically address individual investment objectives, financial situations or the particular needs of any specific person who may receive this report. Investing in any security or investment strategies discussed may not be suitable for you and it is recommended that you consult an independent investment advisor. Nothing in this report constitutes individual investment, legal or tax advice. Argus may issue or may have issued other reports that are inconsistent with or may reach different conclusions than those represented in this report, and all opinions are reflective of judgments made on the original date of publication. Argus is under no obligation to ensure that other reports are brought to the attention of any recipient of this report. Argus shall accept no liability for any loss arising from the use of this report, nor shall Argus treat all recipients of this report as customers simply by virtue of their receipt of this material. Investments involve risk and an investor may incur either profits or losses. Past performance should not be taken as an indication or guarantee of future performance.

Argus has provided independent research since 1934. Argus Investors' Counsel (AIC), a portfolio management business based in Stamford, Connecticut, is a customer of Argus Research Co. (ARC), based in New York. Argus Investors' Counsel pays Argus Research Co. for research used in the management of the AIC core equity strategy and model portfolio and UIT products, and has the same access to Argus Research Co. reports as other customers. However, clients and prospective clients should note that Argus Investors' Counsel and Argus Research Co., as units of The Argus Research Group, have certain employees in common, including those with both research and portfolio management responsibilities, and that Argus Research Co. employees participate in the management and marketing of the AIC core equity strategy and UIT and model portfolio products.