

Kweichow Moutai (600519 CH)

2021 growth target implies no increase in ex-factory price of Moutai

FY20 NP rose 13%, in line with consensus and our estimates. The Company targets a 10.5% YoY revenue growth to ~RMB108bn in FY21E, which is 5%/11% below consensus/our estimates. We assume the Company will postpone the ex-factory price increase to 1Q22E. Our TP is raised from RMB2,313.0 to RMB2,447.3, based on 53.7x average of FY21E and FY22E EPS. Given that wholesale price of Moutai trades at RMB2,460, the upside potential of ex-factory price is still large at >100%. Maintain Buy.

- **Results highlights.** Revenue rose 10% to RMB98.0bn, in line. Moutai revenue +12% to RMB84.8bn, driven by 13% ASP growth. The ASP growth was mainly led by increase of revenue mix in direct sales (from 9% of liquor revenue in FY19 to 14% in FY20), KA and e-commerce channels. Overall GPM widened 0.1ppt to 91.6%, attributable to 0.2ppt GPM expansion of Moutai revenue. EBIT margin expanded 1.3ppt to 67.8%, 1.4ppt above our estimates, due to 1.1ppt decrease of selling expenses ratio. In 4Q20, revenue increased 11% and NP rose 20%.
- **Unlikely to raise ex-factory price in 2021.** The 10.5% revenue growth target in FY21E implies Moutai ex-factory price would remain at RMB969. The production volume of Moutai base wine was 42,829 tonnes in FY17. Assuming 87% of base wine is converted into Moutai, 37,261 tonnes could be sold in FY21E. This implies a 9% Moutai volume growth at most in FY21E. Coupled with the improvement of direct sales mix and prices hikes of Moutai Zodiac (生肖酒), we think the Company could comfortably achieve its growth target.
- **Upside potential of ex-factory price still large.** News reported the Company raised ex-factory prices of Moutai Zodiac and series wine products by 53% and 10-40% in 2021. One of its 2021 goals is to strengthen management of distributors and maintain Moutai sales in order (维护茅台酒正常市场秩序). Given that wholesale price of Moutai trades at RMB2,460, the upside potential of ex-factory price is >100%.
- **Maintain Buy.** We lowered our FY21/22E NP estimates by 3%/6% as we assume the Company postpones the ex-factory price increase to 1Q22E. We lift TP from RMB2,313.0 to RMB2,447.3, at 53.7x average of FY21E and FY22E EPS, as we rolled forward our valuation basis. **Catalysts:** raise ex-factory price, better-than-expected revenue and margins. **Risks:** policy risk and food safety issues.

Earnings Summary

(YE 31 Dec)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue (RMB mn)	88,854	97,993	109,222	128,355	144,161
YoY growth (%)	15	10	11	18	12
Net income (RMB mn)	41,206	46,697	52,289	62,208	70,171
EPS (RMB)	32.80	37.17	41.62	49.52	55.86
YoY growth (%)	17	13	12	19	13
Consensus EPS (RMB)	na	na	43.47	51.20	58.18
P/E (x)	61.2	54.0	48.3	40.6	36.0
P/B (x)	18.6	15.6	13.3	11.2	9.6
Yield (%)	0.8	1.0	1.1	1.3	1.4
ROAE (%)	33.1	31.4	29.8	30.1	28.8
Net cash (RMB mn)	119,581	140,049	163,891	196,097	233,057

Source: Company data, Bloomberg, CMBIS estimates

BUY (Maintain)

Target Price	RMB2,447.30
(Previous TP)	RMB2,313.00
Up/Downside	+22%
Current Price	RMB2,009.00

China White Wine Sector

Albert Yip
 (852) 3900 0838
 albertyip@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	2,523,701
Avg 3 mths t/o (HK\$ mn)	10,036.03
52w High/Low (HK\$)	2627.88/ 1081.80
Total Issued Shares (mn)	1,256.2
Source:	Bloomberg

Shareholding Structure

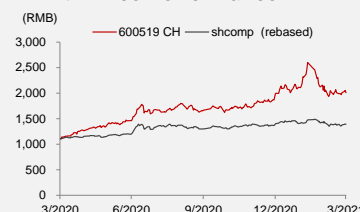
Guizhou Moutai Group	54.00%
Source:	Company

Share Performance

	Absolute	Relative
1-mth	-3.1%	-1.7%
3-mth	6.4%	5.1%
6-mth	23.2%	14.7%

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

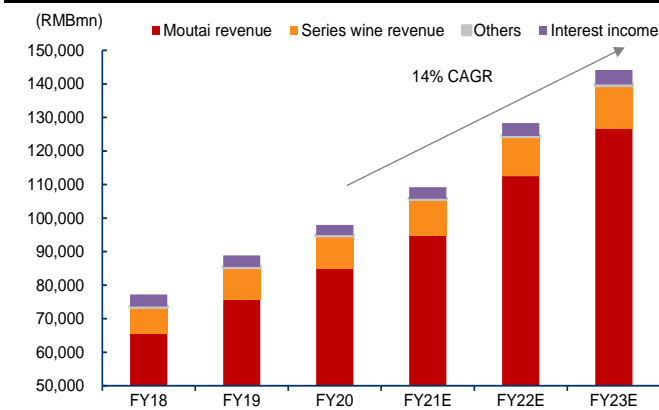
Auditor: Ernst & Young

Related reports

1. "China White Wine sector – Channel and product mix optimization as well as price hikes drive ASP growth" – 11 Jan 2021
2. "China Beer and White Wine Sector – Leaders to benefit from ASP growth and sector consolidation; top picks are Moutai and CR Beer" – 9 Nov 2020

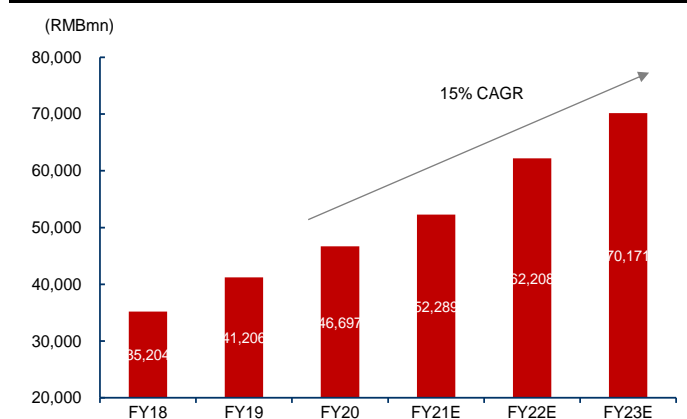
Focus Charts

Figure 1: Revenue to grow at 14% CAGR from FY20 to FY23E



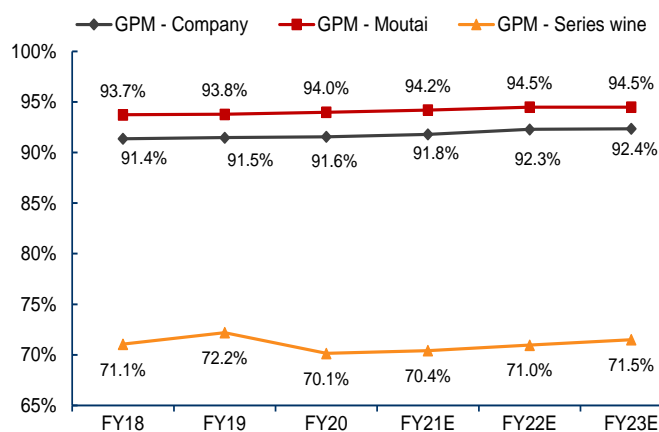
Source: Company data, CMBIS estimates

Figure 2: Net profit to grow at 15% CAGR from FY20 to FY23E



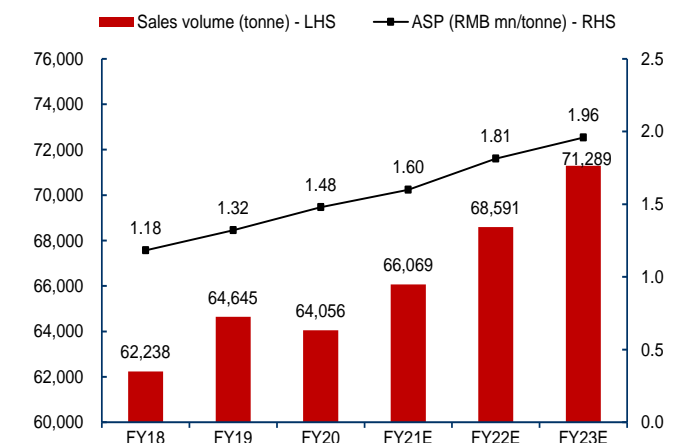
Source: Company data, CMBIS estimates

Figure 3: GPM expansion



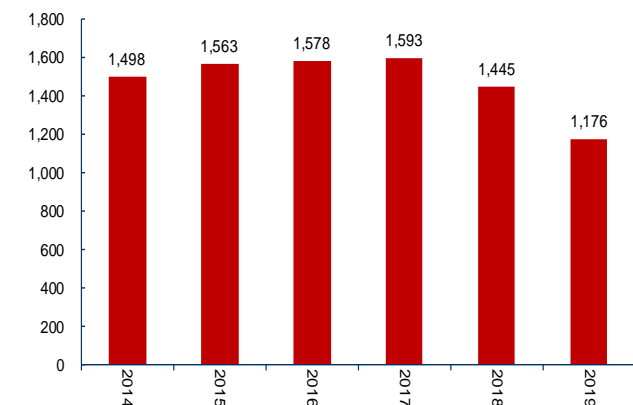
Source: Company data, CMBIS estimates

Figure 4: Sales volume and ASP estimates in FY20-23E



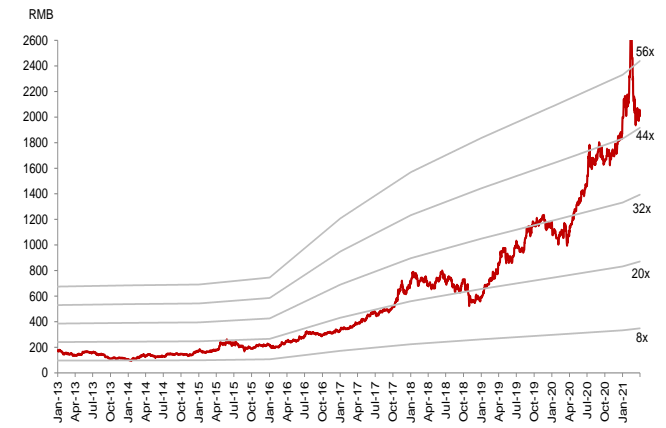
Source: Company data, CMBIS estimates

Figure 5: CR Beer and Heineken have unrivalled market leadership in China



Source: National Statistics Bureau, CMBIS

Figure 6: P/E band chart



Source: Company data, Bloomberg, CMBIS estimates

Figure 7: FY20 results review

Y/E Dec (RMB m)	FY20	FY19	YoY (%)	Remarks
Total revenue	97,993	88,854	10%	Total sales volume -1%, ASP +12%
Cost of sales	(8,265)	(7,576)	9%	
Gross profit	89,728	81,278	10%	
Other income	18	5	282%	
Selling expenses	(2,548)	(3,279)	-22%	
Administrative expenses	(6,790)	(6,168)	10%	
R&D expenses	(50)	(49)	4%	
Tax & surcharges	(13,887)	(12,733)	9%	
Others	(71)	(5)	1243%	
EBIT	66,400	59,049	12%	
Finance income, net	235	(7)	-3246%	
Non-operating income, net	(438)	(259)	69%	
Profit before tax	66,197	58,783	13%	
Tax expense	(16,674)	(14,813)	13%	
Profit after tax	49,523	43,970	13%	
Non-controlling interests	(2,826)	(2,764)	2%	
Net profit	46,697	41,206	13%	
Margin & Ratio (%)				
Gross margin	91.6	91.5	0.1	Moutai GPM +0.2ppt to 94.0%; series wine GPM -2.1ppt to 70.1%
EBIT margin	67.8	66.5	1.3	
SG&A expenses ratio	7.0	7.0	(0.0)	
Net margin	47.7	46.4	1.3	
Effective tax rate	25.2	25.2	(0.0)	
	FY20	FY19	change	
Inventory days	1,196	1,175	20	
A/C receivables days	6	4	2	
A/C payable days	63	65	(2)	
Net cash (RMB mn)	140,049	119,581	17%	

Source: Company data, CMBIS

Earnings Revision

Figure 8: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	109,222	128,355	144,161	114,733	138,187	na	-5%	-7%	na
Gross Profit	100,272	118,468	133,147	105,850	128,543	na	-5%	-8%	na
EBIT	74,117	88,222	99,521	77,555	95,076	na	-4%	-7%	na
Adj. Net profit	52,289	62,208	70,171	54,107	66,472	na	-3%	-6%	na
Gross Margin	91.8%	92.3%	92.4%	92.3%	93.0%	na	-0.5ppt	-0.7ppt	na
EBIT Margin	67.9%	68.7%	69.0%	67.6%	68.8%	na	+0.3ppt	-0.1ppt	na
Adj. Net Margin	47.9%	48.5%	48.7%	47.2%	48.1%	na	+0.7ppt	+0.4ppt	na

Source: CMBIS estimates

Figure 9: CMBIS estimates vs consensus

RMB mn	CMBIS			Consensus			Diff (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	109,222	128,355	144,161	113,109	130,624	152,484	-3%	-2%	-5%
Gross Profit	100,272	118,468	133,147	104,612	121,015	na	-4%	-2%	na
EBIT	74,117	88,222	99,521	77,048	92,647	104,650	-4%	-5%	-5%
Adj. Net profit	52,289	62,208	70,171	54,661	64,506	74,223	-4%	-4%	-5%
Gross Margin	91.8%	92.3%	92.4%	92.5%	92.6%	na	-0.7ppt	-0.3ppt	na
EBIT Margin	67.9%	68.7%	69.0%	68.1%	70.9%	68.6%	-0.2ppt	-2.2ppt	+0.4ppt
Adj. Net Margin	47.9%	48.5%	48.7%	48.3%	49.4%	48.7%	-0.4ppt	-0.9ppt	flat

Source: CMBIS estimates, Bloomberg estimates

Valuation

Figure 10: Peers valuation table

	Stock code	Rating	Price	Mkt cap (RMB/US\$mn)	Y/E	P/E (x)			EPS growth (%)			P/B (x)	ROAE (%)	FY0-3 EPS cagr	FY2 PEG
Kweichou Moutai	600519 CH	Buy	2009.00	2,523,701	Dec-19	54.0	48.3	40.6	13	12	19	15.6	31.4	14.7	3.3
Haitian Flavouring	603288 CH	NR	159.80	517,823	Dec-19	79.9	66.9	56.3	21	19	19	25.2	33.1	19.8	3.4
Yili	600887 CH	Buy	40.03	243,487	Dec-19	32.9	27.8	24.1	6	18	15	8.5	27.1	13.0	2.1
Tsingtao Brewery	600600 CH	Hold	84.64	98,056	Dec-19	49.0	42.5	37.8	18	15	12	5.5	11.7	15.3	2.8
Yonghui	601933 CH	NR	6.80	64,711	Dec-19	27.6	22.1	18.0	48	25	23	3.1	10.8	31.6	0.7
C&S Paper	002511 CH	NR	25.84	33,876	Dec-19	37.9	30.3	25.5	45	25	19	6.9	18.5	29.1	1.0
Shanghai Jahwa	600315 CH	NR	48.02	32,556	Dec-19	82.7	62.1	42.9	(30)	33	45	4.9	5.7	10.5	5.9
Segment leaders						51.7	42.0	34.1	18	23	22	9.0	17.8	19.9	2.7
Wuliangye	000858 CH	Buy	267.98	1,040,193	Dec-19	52.2	41.8	34.8	15	25	20	12.1	24.9	19.7	2.1
Jiangsu Yanghe	002304 CH	NR	164.70	248,201	Dec-19	33.1	29.6	25.4	1	12	16	6.2	19.2	9.7	3.0
Luzhou Laojiao	000568 CH	NR	225.02	329,599	Dec-19	56.8	46.2	38.2	25	23	21	14.4	26.3	22.9	2.0
Shanxi Fen Wine	600809 CH	NR	332.80	290,045	Dec-19	97.5	74.9	58.1	53	30	29	30.1	32.2	36.9	2.0
Anhui Gujing	000596 CH	NR	210.17	91,644	Dec-19	50.8	39.9	33.0	(1)	27	21	10.2	19.9	15.2	2.6
Sichuan Swellfun	600779 CH	NR	71.53	34,938	Dec-19	50.4	38.1	31.0	(16)	32	23	15.4	30.5	10.9	3.5
Jiangsu King's Luck	603369 CH	NR	49.05	61,533	Dec-19	39.8	32.0	26.0	6	24	23	7.4	18.7	17.4	1.8
Beijing Shunxin	000860 CH	NR	46.93	34,811	Dec-19	47.8	35.1	27.1	(10)	36	29	4.3	8.4	16.6	2.1
Anhui Kouzi	603589 CH	NR	62.00	37,200	Dec-19	27.1	22.5	19.7	(20)	20	14	4.9	17.8	3.1	7.2
White wine sector						50.6	40.0	32.6	6	26	22	11.7	22.0	16.9	2.9
Diageo	DGE LN	NR	3019.50	97,343	Jun-20	26.7	24.0	21.8	3	11	10	9.0	37.0	8.2	2.9
Remy Cointreau	RCO FP	NR	159.60	9,459	Mar-20	60.7	48.9	42.2	6	24	16	5.4	9.1	14.9	3.3
Pernod Ricard	RI FP	NR	160.90	49,447	Jun-20	28.8	24.9	22.2	5	16	12	2.8	10.0	10.9	2.3
Brown-Forman	BF/B US	NR	70.00	32,665	Apr-20	40.4	37.3	33.7	1	9	11	13.2	37.1	6.5	5.7
Constellation	STZ US	NR	233.95	45,220	Feb-20	23.8	22.4	19.4	8	7	15	3.1	14.5	9.7	2.3
Int'l wine sector						36.1	31.5	27.9	4	13	13	6.7	21.5	10.0	3.3
Int'l wine sector - excluding outliers														10.0	3.3
LVMH	MC FP	NR	565.30	334,905	Dec-19	70.6	37.1	31.8	(44)	90	17	7.5	11.1	7.7	4.8
Hermes	RMS FP	NR	945.20	117,097	Dec-19	87.9	56.4	49.2	(26)	56	14	14.0	16.4	9.7	5.8
Richemont	CFR SW	NR	91.14	55,472	Mar-20	58.5	31.7	25.7	(18)	85	23	3.0	4.6	22.9	1.4
Kering	KER FP	NR	591.10	86,719	Dec-19	36.8	26.4	22.6	(37)	39	17	6.5	18.2	0.7	38.3
Ferrari	RACE IM	NR	177.95	38,571	Dec-19	62.5	42.8	37.1	(23)	46	15	19.9	31.8	8.9	4.8
Prada	1913 HK	Buy	48.55	15,980	Dec-19	na	73.9	45.9	(118)	(500)	61	4.9	(1.8)	5.1	14.6
Int'l luxury goods sector						63.3	44.7	35.4	(44)	(31)	25	9.3	13.4	9.2	11.6
Int'l luxury goods sector - excluding outliers														12.3	4.2

Source: Bloomberg estimates, CMBIS estimates

Financial Summary

Income statement

YE 31 Dec (RMB mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue	88,854	97,993	109,222	128,355	144,161
Liquor	85,345	94,822	105,705	124,401	139,617
Others	3,510	3,171	3,517	3,954	4,545
Cost of sales	(7,576)	(8,265)	(8,950)	(9,887)	(11,014)
Gross profit	81,278	89,728	100,272	118,468	133,147
Other income	5	18	10	10	10
Selling expenses	(3,279)	(2,548)	(2,995)	(3,347)	(3,659)
Admin expenses	(6,168)	(6,790)	(7,521)	(8,550)	(9,518)
R&D expenses	(49)	(50)	(87)	(103)	(12)
Tax & surcharges	(12,733)	(13,887)	(15,557)	(18,252)	(20,444)
Others	(5)	(71)	(5)	(5)	(4)
EBIT	59,049	66,400	74,117	88,222	99,521
Finance costs, net	(7)	235	316	326	338
Non-operating items	(259)	(438)	(259)	(259)	(259)
Profit before tax	58,783	66,197	74,174	88,289	99,600
Income tax	(14,813)	(16,674)	(18,692)	(22,249)	(25,099)
Non-controlling interests	(2,764)	(2,826)	(3,193)	(3,832)	(4,330)
Net profit	41,206	46,697	52,289	62,208	70,171

Cash flow summary

YE 31 Dec (RMB mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Profit after tax	43,970	49,523	55,482	66,040	74,501
D&A	1,243	1,317	1,376	1,455	1,519
Net finance cost	0	0	(316)	(326)	(338)
Change in working capital	(23)	763	(426)	(655)	(621)
Others	20	66	(1,424)	(1,567)	(1,723)
Net cash from operating	45,211	51,669	54,692	64,946	73,338
Capex	(3,149)	(2,090)	(4,225)	(3,225)	(1,725)
Others	(17)	285	1,784	1,937	2,105
Net cash from investing	(3,166)	(1,805)	(2,441)	(1,288)	380
Interest paid	(0)	0	(44)	(44)	(44)
Dividend paid	(20,117)	(24,091)	(26,940)	(29,842)	(34,990)
Others	833	(37)	0	0	0
Net cash from financing	(19,284)	(24,128)	(26,984)	(29,886)	(35,034)
Net change in cash	22,761	25,736	25,267	33,772	38,684
Cash at the beginning	98,243	121,004	146,741	172,007	205,779
Exchange difference	0	0	0	0	0
Cash at the end	121,004	146,741	172,007	205,779	244,463

Balance sheet

YE 31 Dec (RMB mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Non-current assets	24,018	27,744	30,593	32,363	32,569
PPE	17,663	18,673	21,447	23,146	23,285
Intangible assets	4,728	4,817	4,903	4,984	5,062
Loans and advances	49	2,953	2,953	2,953	2,953
Other non-current assets	1,578	1,301	1,290	1,280	1,269
Current assets	159,024	185,652	214,088	251,517	294,092
Inventories	25,285	28,869	31,756	34,932	38,425
Trade receivables	1,463	1,533	1,708	2,008	2,255
Others	1,647	960	1,067	1,249	1,399
Placement with inst.	117,378	118,200	124,110	130,315	136,831
Cash balance	13,252	36,091	55,448	83,014	115,182
Current liabilities	41,093	45,674	48,417	51,418	54,688
Trade payables	1,514	1,342	1,454	1,606	1,789
Other payables	6,035	6,238	6,699	7,198	7,739
Customer deposits	13,740	14,931	15,678	16,462	17,285
Others	19,805	23,162	24,586	26,152	27,876
Non-current liabilities	73	1	1	1	1
Deferred tax liabilities	73	1	1	1	1
Total net assets	141,876	167,721	196,263	232,461	271,972
Shareholders' equity	136,010	161,323	189,376	224,446	262,331
Minority Interest	5,866	6,398	6,887	8,015	9,641

Key ratios

YE 31 Dec	FY19A	FY20A	FY21E	FY22E	FY23E
Sales mix (%)					
Liquor	96.0	96.8	96.8	96.9	96.8
Others	4.0	3.2	3.2	3.1	3.2
Margin & ratios (%)					
Gross margin	91.5	91.6	91.8	92.3	92.4
EBIT margin	66.5	67.8	67.9	68.7	69.0
Net margin	46.4	47.7	47.9	48.5	48.7
Payout ratio	51.9	51.9	51.9	51.9	51.9
Balance sheet ratios					
Current ratio (x)	3.9	4.1	4.4	4.9	5.4
Quick ratio (x)	3.3	3.4	3.8	4.2	4.7
A/C receivables days	4	6	5	5	5
A/C payables days	65	63	57	56	56
Inventory turnover days	1175	1196	1236	1231	1215
Net cash (RMB mn)	119,581	140,049	163,891	196,097	233,057
Returns (%)					
ROAE	33.1	31.4	29.8	30.1	28.8
ROAA	25.6	25.0	24.2	25.0	24.4
Per share					
EPS (RMB)	32.80	37.17	41.62	49.52	55.86
DPS (RMB)	17.03	19.29	21.60	25.70	28.99
BVPS (RMB)	108.27	128.42	150.75	178.67	208.83

Source: Company data, CMBIS estimates

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIS Ratings

BUY : Stock with potential return of over 15% over next 12 months
HOLD : Stock with potential return of +15% to -10% over next 12 months
SELL : Stock with potential loss of over 10% over next 12 months
NOT RATED : Stock is not rated by CMBIS

OUTPERFORM : Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM : Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Securities Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Securities Limited ("CMBIS") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIS does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIS recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIS, solely for the purpose of supplying information to the clients of CMBIS or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIS nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIS has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIS provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIS may issue other publications having information and/or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIS may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIS may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIS does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIS may have a conflict of interest that could affect the objectivity of this report and CMBIS will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIS.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIS.

For recipients of this document in the United States

CMBIS is not a registered broker-dealer in the United States. As a result, CMBIS is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.