

# Kuaishou (1024 HK)

## A solid start into 2023E

Kuaishou delivered upbeat 4Q22, with stronger ads & livestreaming and better margin. Looking ahead, we are confident on KS's ads recovery, as well as share gain in ecommerce and livestreaming. After the current price correction, it would be a good time to accumulate, given: 1) resilient 1Q23E guidance (forecasting rev +15% YoY), with decent ads and livestreaming; 2) external ads demand to recover in 2Q23E; and 3) group breakeven in sight. We believe its solid guidance in FY23E would alleviate market concern on ecommerce slowdown and ads recovery pace. We slightly raised FY23-24E rev by 1.6-1.8% with higher margin (+0.2-0.8ppts), to reflect better livestreaming and effective cost control. Our SOTP-based TP was unchanged at HK\$94, considering slightly higher topline to offset FX change.

- **Another upbeat quarter.** As stated in our preview report, Kuaishou delivered upbeat 4Q22, with rev +16% YoY (4% above consensus and our estimates) and narrowing net loss at RMB45mn (vs. -RMB303/247mn of consensus/our estimate). Such strong topline was mainly driven by better-than-expected ads (+14% YoY, 4% above our estimate) and livestreaming (+14% YoY, 6% above our estimate), while ecommerce was largely in line (GMV +30% YoY). Margin beat on lower S&M/Rev ratio and higher other income.
- **Expecting solid start with strong livestreaming and ads.** KS is well positioned to capture ads recovery post China's reopening, and deliver above-industrial growth of livestreaming & ecommerce. 1Q23E would be a good start, with rev +15% YoY (vs. consensus of +10%) and bottom line at -RMB502mn (vs. consensus -RMB1.3bn). By segment, we forecast ads to rise +15%/20% YoY in 1Q23E/FY23E, in which external ads recovery might needs time, but internal ads and brand ads will keep strong momentum. Thanks to rising paying users with effective operation, livestreaming would keep solid growth, forecasting +12%/6% YoY in 1Q23E/FY23E (vs. prior +3%/2%). For ecommerce, despite macro uncertainty and fierce competition, we see high visibility for KS to deliver high-twenties YoY growth for GMV in 1Q23E/FY23E. Take rate would be relatively stable YoY, for lower returns after reopening to offset merchants support.
- **Margin enhancement with disciplined S&M.** We turn more positive on KS's margin expansion (expect profit at RMB1.1bn in FY23E, with adj. NPM at 1%), considering disciplined S&M and narrowing loss of overseas biz. We expect GPM at 46% in 1Q23E/FY23E, and S&M expenses to stay flat YoY in FY23E.
- **Maintain BUY.** To factor in resilient growth and better margin, we slightly raised FY23-24E rev by 1.6-1.8%, with higher margin by +0.2-0.8ppts. Our TP is HK\$94, with unchanged multiple assigned.

### Earnings Summary

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	81,082	94,183	108,212	122,005	136,669
YoY growth (%)	37.9	16.2	14.9	12.7	12.0
Adj. net income (RMB mn)	(18,852)	(5,751)	1,076	5,262	11,273
Adj. EPS (RMB)	(4.7)	(1.3)	0.4	1.4	3.2
YoY growth (%)	NA	NA	NA	389	114
Consensus EPS (RMB)	NA	NA	0.1	2.1	4.6
P/E (x)	NA	NA	199	41	19
P/S (x)	2.6	2.3	2.0	1.8	1.6
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

**BUY (Maintain)**

**Target Price** HK\$94  
**(Previous TP)** HK\$94)  
**Up/Downside** +33.0%  
**Current Price** HK\$56.3

### China Internet Sector

**Sophie HUANG**  
 (852) 3900 0889  
 sophiehuang@cmbi.com.hk

**Eason XU**  
 easonxu@cmbi.com.hk

**Saiyi HE**  
 hesaiyi@cmbi.com.hk

**Ye TAO**  
 franktao@cmbi.com.hk

**Wentao LU**  
 luwentao@cmbi.com.hk

### Stock Data

Mkt Cap (HK\$ mn)	242,603
Avg 3 mths t/o (HK\$ mn)	1,542.88
52w High/Low (HK\$)	91.50/31.75
Total Issued Shares (mn)	3,566
Source: Bloomberg	

### Shareholding Structure

Tencent	20.5%
Morningside Venture Cap	15.8%
DCM LP	6.8%
Source: Bloomberg	

### Share Performance

	Absolute	Relative
1-mth	2.2%	4.2%
3-mth	-20.1%	-20.0%
6-mth	-1.3%	-9.9%

Source: Bloomberg

### 12-mth Price Performance



Source: Bloomberg

**Auditor: PwC**

**Figure 1: 4Q22 financial review**

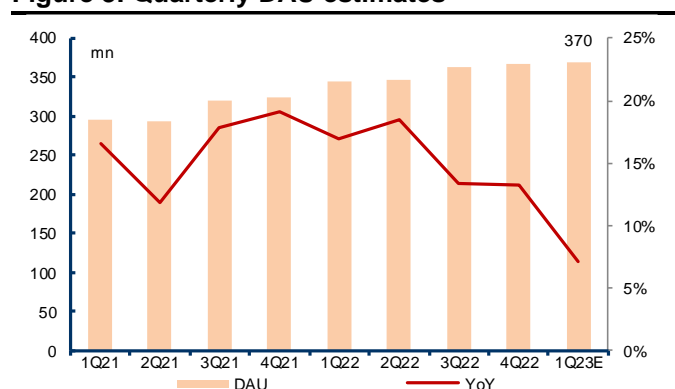
RMB mn	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	QoQ	YoY	Consensus	Diff %	CMBI	Diff %
Revenue	17,019	19,139	20,493	24,430	21,067	21,695	23,128	28,292	22%	16%	27,270	4%	27,116	4%
Operating Profit	(7,292)	(7,215)	(7,404)	(5,790)	(5,643)	(3,059)	(2,612)	(1,243)	NA	NA	(1,827)	NA	(1,580)	NA
Net profit	(57,750)	(7,035)	(7,086)	(6,202)	(6,254)	(3,176)	(2,712)	(1,547)	NA	NA	(1,842)	NA	(1,625)	NA
Adj. net profit	(5,896)	(4,770)	(4,616)	(3,569)	(3,722)	(1,312)	(672)	(45)	NA	NA	(303)	NA	(247)	NA
<b>Margin (%)</b>														
Gross Margin	41.1%	43.8%	41.5%	41.5%	41.7%	45.0%	46.3%	45.5%			46.1%		45.8%	
Operating Margin	-42.8%	-37.7%	-36.1%	-23.7%	-26.8%	-14.1%	-11.3%	-4.4%			-6.7%		-5.8%	
Adj. net margin	-34.6%	-24.9%	-22.5%	-14.6%	-17.7%	-6.0%	-2.9%	-0.2%			-1.1%		-0.9%	
<b>Growth (%)</b>														
Revenue (YoY)	36.6%	48.8%	33.4%	35.0%	23.8%	13.4%	12.9%	15.8%			11.6%		11.0%	
Revenue (QoQ)	-6.0%	12.5%	7.1%	19.2%	-13.8%	3.0%	6.6%	22.3%			17.9%		17.2%	
Operating Profit	NA	NA	NA	NA	NA	NA	NA	NA			NA		NA	
Adj. net profit	NA	NA	NA	NA	NA	NA	NA	NA			NA		NA	

Source: Company data, Bloomberg, CMBIGM estimates

**Figure 2: 4Q22 revenue breakdown**

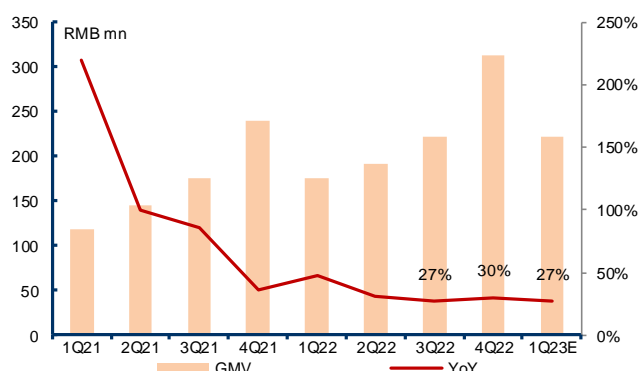
RMB mn	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	QoQ	YoY
<b>Total revenue</b>	<b>17,019</b>	<b>19,139</b>	<b>20,493</b>	<b>24,430</b>	<b>21,067</b>	<b>21,695</b>	<b>23,128</b>	<b>28,292</b>	<b>22%</b>	<b>16%</b>
Online marketing services	8,558	9,962	10,909	13,236	11,351	11,006	11,590	15,094	30%	14%
Live streaming	7,250	7,193	7,724	8,827	7,842	8,565	8,947	10,034	12%	14%
Other services	1,211	1,983	1,860	2,367	1,873	2,124	2,592	3,164	22%	34%

Source: Company data

**Figure 3: Quarterly DAU estimates**

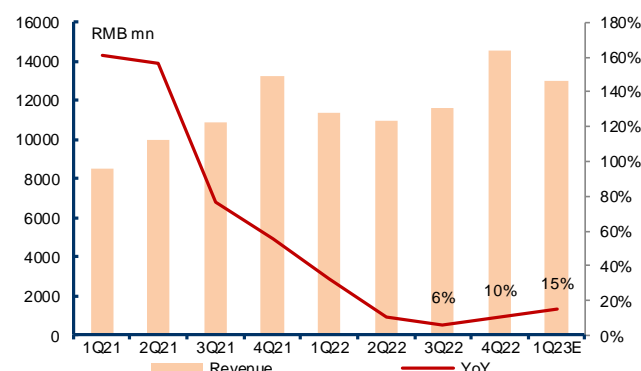
Source: Company data, CMBIGM estimates

Figure 4: Quarterly GMV estimates



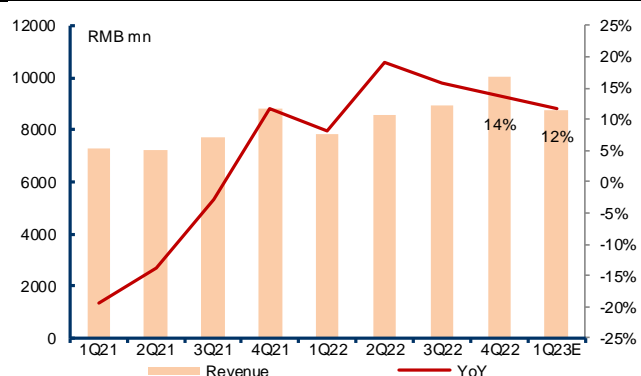
Source: Company data, CMBIGM estimates

Figure 5: Quarterly ads rev estimates



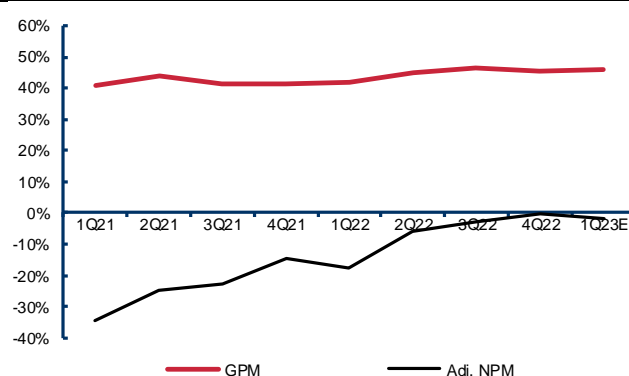
Source: Company data, CMBIGM estimates

Figure 6: Quarterly livestreaming rev estimates



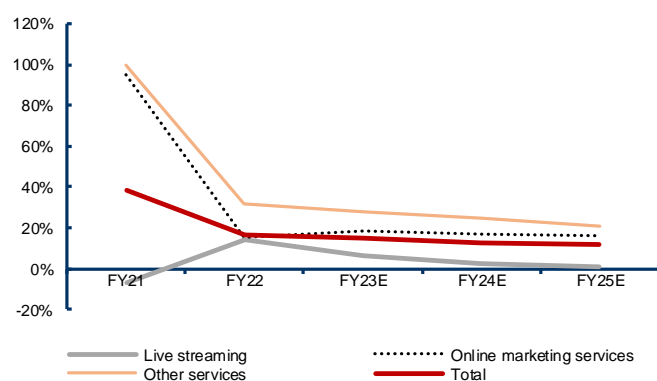
Source: Company data, CMBIGM estimates

Figure 7: Quarterly margin estimates



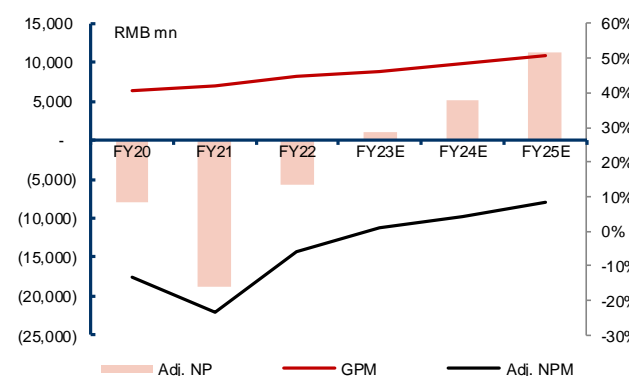
Source: Company data, CMBIGM estimates

Figure 8: Yearly revenue growth estimates



Source: Company data, CMBIGM estimates

Figure 9: Yearly margin estimates



Source: Company data, CMBIGM estimates

## Maintain BUY with TP at HK\$94

To factor in stronger livestreaming, we slightly raised FY23-24E rev forecast by 1.6-1.8%. We also lifted its adj. NPM by 0.2-0.8ppt in FY23-24E, to reflect effective cost control in S&M.

**Figure 10: CMBIGM estimates vs consensus**

RMB mn, Dec-YE	CMBIGM			Consensus			Diff (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	108,212	122,005	136,669	108,190	125,360	142,494	0.0%	-2.7%	-4.1%
Gross Profit	49,764	59,110	69,158	51,775	63,532	78,382	-3.9%	-7.0%	-11.8%
Operating Profit	(6,084)	(198)	9,762	(5,787)	2,423	13,622	NA	NA	-28.3%
Adj. net profit	1,076	5,262	11,273	923	9,278	19,635	16.6%	-43.3%	-42.6%
Adj. EPS (RMB)	0.41	1.41	3.21	0.1	2.1	4.6	549.1%	-32.1%	-30.8%
Gross Margin	46.0%	48.4%	50.6%	47.9%	50.7%	55.0%	-1.9ppts	-2.2ppts	-4.4ppts
Operating Margin	-5.6%	-0.2%	7.1%	-5.3%	1.9%	9.6%	-0.3ppts	-2.1ppts	-2.4ppts
Adj. net margin	1.0%	4.3%	8.2%	0.9%	7.4%	13.8%	+0.1ppts	-3.1ppts	-5.5ppts

Source: CMBIGM estimates, Bloomberg

**Figure 11: Earnings revision**

RMB mn, Dec-YE	New			Old			Diff (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	108,212	122,005	136,669	106,317	120,109	NA	1.8%	1.6%	NA
Gross Profit	49,764	59,110	69,158	49,706	59,162	NA	0.1%	-0.1%	NA
Operating Profit	(6,084)	(198)	9,762	(7,766)	(2,044)	NA	NA	NA	NA
Adj. net profit	1,076	5,262	11,273	220	4,896	NA	389.1%	7.5%	NA
EPS (RMB)	0.41	1.41	3.21	0.05	1.06	NA	745.8%	33.4%	NA
Gross Margin	46.0%	48.4%	50.6%	46.8%	49.3%	NA	-0.8ppts	-0.8ppts	NA
Operating Margin	-5.6%	-0.2%	7.1%	-7.3%	-1.7%	NA	+1.7ppts	+1.5ppts	NA
Net Margin	1.0%	4.3%	8.2%	0.2%	4.1%	NA	+0.8ppts	+0.2ppts	NA

Source: Company data, CMBIGM estimates

We maintain our SOTP-based TP of HK\$94 (implying 3.3x FY23E P/S) and barely changed our forecasts, with slightly higher rev to offset FX change (multiple assigned unchanged). We assigned 2x FY23E EV/sales to ad biz (unchanged, still below industrial average), 1x FY23E EV/sales to livestreaming biz (unchanged), and 1.6x FY23E P/GMV to ecommerce biz (unchanged). Sub segments multiple assigned are below industrial average, considering its low margin currently. Our TP-implied multiple of 3.3x FY23E P/S is slightly above industrial average of 2.6x (for ecommerce with P/GMV multiple), but we think KS deserves premium multiple given its share gain and better margin outlook.

Figure 12: SOTP Valuation

Business (RMB mn)	'23E Rev or GMV	Methodology	Multiple	Valuation	Stakes	Value
Live streaming	37,592	EV/Sales	1.0x	37,592	100%	37,592
Advertising	58,141	EV/Sales	2.0x	116,282	100%	116,282
Ecommerce	1,144,469	P/GMV	0.16x	183,115	100%	183,115
Enterprise Value						336,989
(+) Net Cash						22,533
Equity Value						359,522
FX						0.88
Valuation (HK\$ mn)						408,548
TP (HK\$) based on SOTP						94

Source: CMBIGM estimates

Figure 13: Comps table

Company	Ticker	Mkt cap (USD mn)	Currency	Price	CMBI Rating	CMBI TP	PE			PS			FY23-25 EPS CAGR
							FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	
<b>Kuaishou</b>	1024 HK	31,043	HKD	56	BUY	94	199.2	40.8	19.0	2.0	1.8	1.6	224%
<b>Game</b>													
Tencent	700 HK	469,037	HKD	385	BUY	455	22.4	19.1	16.4	5.2	4.6	4.2	17%
NetEase	NTES US	59,565	USD	91	BUY	116	17.5	15.7	14.1	3.9	3.6	3.2	10%
XD Inc.	2400 HK	1,714	HKD	28	NA	NA	NA	NA	34.2	3.6	2.7	2.1	NA
Average							20.0	17.4	21.6	4.2	3.6	3.2	13%
<b>Livestreaming &amp; VAS</b>													
Bilibili	BILI US	10,290	USD	25	BUY	30	NA	NA	56.9	2.8	2.4	2.1	NA
Momo	MOMO US	1,735	USD	9	HOLD	14	6.0	5.6	5.3	1.0	0.9	0.9	6%
YY	YY US	2,145	USD	30	BUY	46	14.4	11.1	9.1	0.9	0.8	0.7	25%
Huya	HUYA US	803	USD	3	BUY	7	NA	62.7	27.2	0.7	0.6	0.6	NA
Douyu	DOYU US	359	USD	1	NA	NA	NA	NA	NA	0.5	0.4	0.4	NA
TME	TME US	13,814	USD	8	BUY	11	17.5	15.9	14.2	3.2	3.0	2.8	12%
Mango	300413 CH	10,107	CNY	37	NA	NA	35.4	28.5	24.4	4.9	4.3	3.8	21%
iQIYI	IQ US	6,627	USD	7	BUY	9	21.6	14.2	11.3	1.4	1.3	1.2	38%
Average							14.9	15.1	20.2	1.9	1.7	1.6	16%
<b>Advertising</b>													
Baidu	BIDU US	55,922	USD	160	BUY	196	17.4	14.7	13.0	2.8	2.6	2.4	41%
Weibo	WB US	4,547	USD	19	BUY	22	8.6	7.7	7.0	2.3	2.1	2.0	12%
Average							13.0	11.2	10.0	2.6	2.3	2.2	26%
<b>Ecommerce</b>													
Alibaba	BABA US	254,610	USD	98	BUY	156	12.6	11.0	9.7	2.0	1.8	1.6	7%
JD.com	JD US	65,635	USD	42	BUY	74	14.5	11.4	9.6	0.4	0.3	0.3	21%
Pinduoduo	PDD US	92,098	USD	73	BUY	106	15.2	11.9	9.5	3.8	3.2	2.7	23%
Vipshop	VIPS US	8,923	USD	15	NA	NA	8.7	8.2	7.7	0.6	0.5	0.5	5%
Average							12.7	10.6	9.1	1.7	1.5	1.3	14%
<b>Global entertainment</b>													
Meta Platforms	META US	520,291	USD	201	NA	NA	18.8	15.6	14.2	4.3	3.8	3.4	20%
Netflix	NFLX US	144,079	USD	324	NA	NA	26.2	21.3	17.6	4.2	3.8	3.4	21%
Snapchat	SNAP US	17,490	USD	11	NA	NA	NA	63.3	28.2	3.7	3.2	2.7	301%
Average							22.5	18.4	15.9	4.1	3.6	3.2	17%
Average							15.8	14.1	12.4	2.6	2.3	2.1	17%

Source: Bloomberg, CMBIGM estimates

## Financial Summary

### Income statement

YE 31 Dec (RMB mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Revenue</b>	81,082	94,183	108,212	122,005	136,669
Live streaming	30,995	35,388	37,592	38,344	38,699
Online marketing services	42,665	49,042	58,141	68,101	79,224
Other services	7,421	9,753	12,478	15,560	18,745
<b>COGS</b>	(52,051)	(56,399)	(62,895)	(67,511)	(72,035)
<b>Gross profit</b>	29,030	37,783	45,317	54,494	64,634
S&M	(44,176)	(37,121)	(36,891)	(39,604)	(41,119)
Admin.Exp.	(3,400)	(3,921)	(4,375)	(4,633)	(4,842)
R&D	(14,956)	(13,784)	(15,390)	(17,117)	(18,807)
Other gains	801	137	366	354	457
<b>Operating profit</b>	(32,701)	(16,906)	(10,974)	(6,505)	324
Other income/(exp)	(51,314)	166	97	153	247
<b>Pre-tax Income</b>	(79,102)	(12,531)	(6,442)	(1,740)	5,094
Income Tax	1,025	(1,158)	(57)	(929)	(1,989)
<b>Net profit</b>	(78,077)	(13,689)	(6,498)	(2,668)	3,105
<b>Adj. net profit</b>	(18,852)	(5,751)	1,076	5,262	11,273

### Cash flow summary

YE 31 Dec (RMB mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Net income</b>	(78,077)	(13,689)	(6,498)	(2,668)	3,105
D&A	6,885	6,306	7,418	8,559	9,309
Change in WC	2,444	(2,631)	3,055	1,964	2,029
Others	63,229	12,203	7,282	9,156	13,001
<b>Operating CF</b>	(5,519)	2,189	11,257	17,010	27,443
Capex	(5,789)	(9,181)	(11,210)	(10,802)	(13,228)
Purchase of investments	-	-	-	-	-
Others	(12,572)	(8,367)	47	47	47
<b>Investing CF</b>	(18,361)	(17,548)	(11,163)	(10,755)	(13,180)
Equity raised	39,386	-	-	-	-
Change of Debts	-	-	-	-	-
Cash from CB raised	-	-	-	-	-
Others	(2,885)	(4,482)	-	-	-
<b>Financing CF</b>	36,500	(4,482)	-	-	-
<b>Net change in cash</b>	12,620	(19,841)	95	6,256	14,263
Cash (beg of yr)	20,392	32,612	13,274	13,863	20,613
FX	(399)	494	494	494	494
<b>Cash (end of yr)</b>	32,612	13,274	13,863	20,613	35,370

### Balance sheet

YE 31 Dec (RMB mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Non-current assets</b>	39,505	43,449	48,545	50,246	53,623
Property and equipment	11,051	13,215	11,543	14,485	19,380
Right-of-use assets	12,562	10,806	18,572	17,795	16,743
Intangible assets	1,172	1,123	1,336	1,413	1,489
Others	14,720	18,305	17,094	16,553	16,011
<b>Current assets</b>	53,011	45,859	47,455	54,251	71,496
Cash	32,612	13,274	14,156	19,680	35,370
Prepayments	3,278	4,106	4,611	4,962	5,292
Financial assets at fair value through profit or loss	8,842	13,087	13,087	13,087	13,087
Trade receivables	4,450	6,288	7,224	8,145	9,124
Others	3,828	9,103	8,377	8,377	8,623
<b>Current liabilities</b>	37,256	40,710	45,206	48,442	51,572
Accounts payables	20,021	22,868	25,679	27,633	29,471
Other payables and accruals	9,123	10,190	11,442	12,312	13,131
Advances from customers	3,503	3,240	3,674	4,085	4,526
Others	4,608	4,411	4,411	4,411	4,444
	10,108	8,744	8,744	8,744	8,760
<b>Non-current liabilities</b>	-	-	-	-	-
Convertible redeemable preferred shares	10,108	8,744	8,744	8,744	8,760
Others	-	-	-	-	-
MI	45,096	39,838	40,914	46,176	63,668
Total Equity	45,096	39,838	40,914	46,176	63,668
<b>Shareholders' equity</b>	39,505	43,449	48,545	50,246	53,623

### Key ratios

YE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Sales mix (%)</b>					
Live streaming	38.2	37.6	34.7	31.4	28.3
Online marketing services	52.6	52.1	53.7	55.8	58.0
Other services	9.2	10.4	11.5	12.8	13.7
<b>Total</b>	100.0	100.0	100.0	100.0	100.0
<b>Growth rate (%)</b>					
Revenue	37.9	16.2	14.9	12.7	12.0
Gross profit	42.9	23.8	18.7	19.1	23.1
EBIT	NA	NA	NA	NA	NA
Adj. net profit	NA	NA	NA	388.9	114.2
<b>P&amp;L ratios (%)</b>					
Operating margin	(40.3)	(18.0)	(10.1)	(5.3)	0.2
Pre-tax margin	(97.6)	(13.3)	(6.0)	(1.4)	3.7
Adj. net margin	(23.3)	(6.1)	1.0	4.3	8.2
Effective tax rate	(1.3)	9.2	0.9	15.0	15.0
<b>Returns (%)</b>					
ROE	NA	NA	NA	12.1	20.5

Source: Company data, CMBIGM 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.

CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months.

## CMBIGM Ratings

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

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

## CMB International Global Markets Limited

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

**CMB International Global Markets Limited ("CMBIGM") 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. CMBIGM 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. CMBIGM 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 CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM 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 CMBIGM 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. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM 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. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM 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 CMBIGM 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 CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM 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 CMBIGM.

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 CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM 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.