

Bilibili (BILI US)

Monetization improvement while driving for ecosystem growth

Bilibili announced 2Q23 financial results on 17 Aug: total revenue increased by 8% YoY to RMB5.3bn, in line with CMBI/consensus estimate. Adjusted net loss narrowed by 51% YoY to RMB964mn, in line with CMBI/consensus estimate of RMB1.02/1.04bn. Bili lowers its full-year total revenue guidance from RMB24.0-26.0bn (+10% to 19% YoY) to RMB22.5-23.5bn (+3% to 7% YoY), mainly reflecting the delay of key game launches and softer-than-expected performance of IP derivatives business. Looking into 3Q23E, we project total revenue to be flattish YoY at RMB5.8bn, driven by solid growth outlook of ad revenue (+25% YoY) but offset by decline in mobile games revenue (-30% YoY). We lower FY23 total revenue forecast by 5% mainly due to the softer mobile game outlook, but the company remains on track of achieving its breakeven target by FY24-end. We trim our SOTP-based TP by 6% to US\$25.5. Maintain BUY.

- **Strong ad business on monetization innovation.** Ad revenue increased by 36% YoY to RMB1.6bn in 2Q23 (30% of total revenue) and was ahead of our expectation by 9%, mainly due to strong growth of performance-based ad revenue (+60% YoY). Bili's ad revenue from e-commerce sector grew by 144% YoY in 2Q23, thanks to the introduction of video commerce ad product, which is expected to account for 10-15% of FY23 ad revenue per management. To further capture the commercial opportunities, Bili will introduce the shopping tab to its homepage in the coming months. VAS revenue grew 9% YoY to RMB2.3bn in 2Q23 (43% of total revenue), driven by 32% YoY growth of live streaming revenue. Mobile games revenue decreased by 15% YoY to RMB891mn in 2Q23 (17% of total revenue), mainly due to lack of new games, while the revenue from the top two titles Azure Lane and FGO remained stable. Bili has 7 games lined up for launch in 2H23, including highly-anticipated title Pretty Derby on 30 Aug, which already recorded pre-registration of 2mn players.
- **Quality growth of user community.** Bili continues to execute its strategy to achieve quality growth in user community. Average DAUs increased by 15% YoY to 96.5mn in 2Q23, with DAU/MAU ratio up by 2.5pct YoY to 29.8%. Average daily video views increased by 31% YoY in 2Q23, with Story Mode video views up by 76% YoY. Looking into 3Q23E, the management expect the average DAUs to surpass 100mn and the average daily time spend to reach a new record high.
- **Intact profitability improvement target.** Gross margin increased by 8.1pct YoY and 1.4pct QoQ to 23.1% in 2Q23, supported by the strengthening cost control. We expect GPM to further expand sequentially to 24/28% in 3Q23/4Q23E. Adjusted net loss margin narrowed from -40.0% in 2Q22 to -18.1% in 2Q23. We see the company remains on track of achieving its non-GAAP OP breakeven target by FY24-end, driven by both enhanced gross margin and control in operating expenses.

Earnings Summary

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	19,384	21,899	22,894	25,419	27,678
YoY growth (%)	61.5	13.0	4.5	11.0	8.9
Gross margin (%)	20.9	17.6	24.6	29.1	31.7
Adjusted net profit (RMB mn)	(5,478.1)	(6,691.7)	(3,349.8)	(1,417.7)	301.5
EPS (Adjusted) (RMB cents)	(1,442.44)	(1,700.40)	(810.20)	(342.89)	72.93
Consensus EPS (RMB cents)	(1,442.44)	(1,700.40)	(856.11)	(255.92)	240.00
P/S (x)	2.4	2.1	2.0	1.8	1.7

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price US\$25.50
(Previous TP) US\$27.20
Up/Downside 67.3%
Current Price US\$15.24

China Internet

Saiyi HE, CFA
(852) 3916 1739
hesaiyi@cmbi.com.hk

Wentao LU, CFA
luwentao@cmbi.com.hk

Ye TAO
franktao@cmbi.com.hk

Stock Data

Mkt Cap (US\$ mn)	6,300.9
Avg 3 mths t/o (US\$ mn)	82.7
52w High/Low (US\$)	29.20/8.92
Total Issued Shares (mn)	413.4

Source: FactSet

Shareholding Structure

Rui Chen	13.7%
Tencent	9.3%

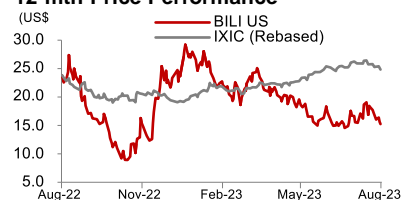
Source: Company data

Share Performance

	Absolute	Relative
1-mth	-8.4%	-3.2%
3-mth	-17.9%	-23.9%
6-mth	-30.9%	-39.5%

Source: FactSet

12-mth Price Performance



Source: FactSet

Business forecasts update and valuation

Figure 1: Bili: forecast revision

RMB mn	Current			Previous			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	22,894	25,419	27,678	24,149	26,334	28,622	-5.2%	-3.5%	-3.3%
Gross Profit	5,632	7,397	8,764	5,979	7,640	9,033	-5.8%	-3.2%	-3.0%
Operating Profit	(4,555)	(2,770)	(1,339)	(5,009)	(2,893)	(1,414)	na	na	na
Adjusted net profit	(3,350)	(1,418)	302	(3,669)	(1,495)	269	na	na	na
Adjusted EPS (RMB)	(8.2)	(3.5)	0.7	(8.9)	(3.6)	0.7	na	na	na
Gross Margin	24.6%	29.1%	31.7%	24.8%	29.0%	31.6%	-0.2 ppt	0.1 ppt	0.1 ppt
Operating Margin	-19.9%	-10.9%	-4.8%	-20.7%	-11.0%	-4.9%	0.8 ppt	0.1 ppt	0.1 ppt
Adjusted net margin	-14.6%	-5.6%	1.1%	-15.2%	-5.7%	0.9%	0.6 ppt	0.1 ppt	0.1 ppt

Source: CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	22,894	25,419	27,678	24,279	28,211	31,860	-5.7%	-9.9%	-13.1%
Gross Profit	5,632	7,397	8,764	5,921	8,042	9,987	-4.9%	-8.0%	-12.3%
Operating Profit	(4,555)	(2,770)	(1,339)	(4,306)	(1,712)	177	na	na	na
Adjusted net profit	(3,350)	(1,418)	302	(3,338)	(1,224)	926	na	na	na
Adjusted EPS (RMB)	(8.2)	(3.5)	0.7	(8.6)	(2.6)	2.4	na	na	na
Gross Margin	24.6%	29.1%	31.7%	24.4%	28.5%	31.3%	0.2 ppt	0.6 ppt	0.3 ppt
Operating Margin	-19.9%	-10.9%	-4.8%	-17.7%	-6.1%	0.6%	-2.2 ppt	-4.8 ppt	-5.4 ppt
Adjusted net margin	-14.6%	-5.6%	1.1%	-13.7%	-4.3%	2.9%	-0.9 ppt	-1.2 ppt	-1.8 ppt

Source: Bloomberg, CMBIGM estimates

Figure 3: Bili: Quarterly financial figures

(RMB mn)	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	Cons.	Diff%	CMBI	Diff%
Mobile games	1,295	1,358	1,046	1,471	1,146	1,132	891			940	-5.2%
YoY%	14.7%	16.0%	-15.2%	5.7%	-11.5%	-16.7%	-14.8%				
VAS	1,895	2,052	2,103	2,210	2,350	2,156	2,302			2,340	-1.7%
YoY%	51.9%	37.1%	28.7%	15.8%	24.0%	5.1%	9.4%				
Advertising	1,588	1,041	1,158	1,355	1,512	1,272	1,573			1,443	9.0%
YoY%	119.8%	45.6%	10.4%	15.6%	-4.7%	22.2%	35.8%				
IP derivatives and others	1,003	603	601	758	1,134	510	539			510	5.6%
YoY%	35.4%	16.2%	4.0%	3.2%	13.1%	-15.5%	-10.4%				
Total revenue	5,781	5,054	4,909	5,794	6,142	5,070	5,304	5,224	1.5%	5,233	1.4%
YoY%	50.5%	29.6%	9.2%	11.3%	6.3%	0.3%	8.1%				
Average MAUs	272	294	306	333	326	315	324				
YoY%	5.0%	7.0%	6.0%	3.9%	2.5%	1.6%	1.1%				
Gross profit margin	19.0%	16.0%	15.0%	18.2%	20.3%	21.8%	23.1%				
S&M ratio (%)	30.5%	24.8%	23.9%	21.2%	20.6%	17.4%	17.3%				
R&D ratio (%)	13.8%	20.0%	23.1%	19.5%	24.3%	20.3%	19.7%				
Adjusted net margin (%)	-28.6%	-32.7%	-40.0%	-30.4%	-21.4%	-20.3%	-18.1%				
Adjusted net profit	(1,652)	(1,653)	(1,964)	(1,763)	(1,312)	(1,029)	(963)	(1,036)		(1,018)	

Source: Company data, CMBIGM estimates

SOTP Valuation

Based on the SOTP valuation, our target price for Bili is US\$25.5 per ADS, which implies 3.2/2.9x 2023E/2024E PS. Our target price of US\$25.2 includes:

1) US\$11.2 for the advertising business (43.9% of the total valuation), based on a 20x 2023E PE. The target PE multiple is at a premium to the average PE of the mature advertising platforms (15x 2023E PE), to reflect Bili's unique value proposition in video advertising market and its strong growth outlook.

2) US\$8.4 for the VAS business (33.1% of the total valuation), based on a 2.5x 2023E PS. The target PS multiple is at a premium to the average PS of other video platforms (2.1x 2023E PS), mainly due to its growing user base and improving monetization efficiency.

3) US\$5.5 for mobile games (21.5% of the total valuation), based on an 18x 2023E PE. The target PE multiple has a discount over the industry average (21x 2023E PE), as Bili has yet to establish successful track record in in-house games development.

4) US\$0.4 for IP derivatives and others (1.5% of the total valuation, previously disclosed as e-commerce and others), based on a 0.5x 2023E PS. The target PS multiple is on par with the average PS of the other e-commerce platforms.

Figure 4: Bili: SOTP Valuation

(RMBmn)	2023E MAU	Revenue per MAU	2023E revenue	Net margin (%)	Target PS (x)	Target PE (x)	Target valuation	As of total valuation
VAS (Live streaming + Membership)	330.2	29.7	9,797		2.5		24,493	33.1%
Advertising	330.2	19.7	6,501	25%		20	32,504	43.9%
Mobile games	33.0	133.8	4,418	20%		18	15,903	21.5%
IP derivatives and others*	16.5	131.9	2,178		0.5		1,089	1.5%
Total valuation (RMBmn)							73,990	
Number of ADS (mn)							413	
Valuation per ADS (US\$)							25.5	

Note: IP derivatives and others previously disclosed as e-commerce and others

Source: Company data, CMBIGM estimates

Figure 5: Peer comparison: online games and advertising sector

Companies	Ticker	Price	EPS growth (YoY %)			PE (x)		
		(Local)	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Online games								
NetEase	NTES US	101.5	6	9	3	18	17	17
Activision Blizzard	ATVI US	90.9	37	4	6	22	21	20
Electronic Arts	EA US	120.7	(14)	13	13	20	18	16
Take Two Interactive	TTWO US	140.3	(27)	(10)	145	39	43	18
NetDragon	777 HK	14.0	(36)	26	15	8	6	5
Nexon	3659 JP	2,719.0	5	7	11	21	19	17
Nintendo	7974 JP	6,179.0	(9)	4	(13)	19	18	21
Bandai Namco	7832 JP	3,357.0	18	5	10	24	23	21
Perfect World	002624 CH	13.9	(5)	23	16	18	15	13
37 Interactive	002555 CH	25.7	12	15	14	17	15	13
Average PE						20	19	16
Online advertising								
Weibo	WB US	13.2	6	11	8	6	5	5
Baidu	BIDU US	130.6	24	3	9	14	14	12
Meta	Meta US	294.3	23	28	15	22	17	15
Google	GOOG US	129.1	14	16	20	22	19	16
Average PE						16	14	12

Source: Bloomberg, CMBIGM

Note: data as at the 16 Aug market close

Figure 6: Peer comparison: online video and first-party e-commerce

		Price	Revenue growth (YoY %)			PS (x)		
Companies	Ticker	(Local)	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Online video								
iQiyi	IQ US	5.5	5.2	7.5	6.7	1.2	1.1	1.0
Mango Excellent Media	300413 CH	30.7	7.5	12.9	10.3	3.6	3.2	2.9
Average PS						2.4	2.1	1.9
First-party e-commerce								
JD	JD US	34.9	(1.0)	9.6	9.2	0.4	0.3	0.3
Vipshop	VIPS US	15.7	4.5	5.7	4.2	0.6	0.5	0.5
Average PS						0.5	0.4	0.4

Source: Bloomberg, CMBIGM

Note: data as at the 16 Aug market close

Financial Summary

INCOME STATEMENT	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Revenue	11,999	19,384	21,899	22,894	25,419	27,678
Cost of goods sold	9,159	15,341	18,050	17,262	18,022	18,914
Gross profit	2,840	4,043	3,849	5,632	7,397	8,764
Operating expenses	5,981	10,472	12,207	10,188	10,168	10,103
Selling expense	3,492	5,795	4,921	3,892	3,813	3,875
Admin expense	976	1,838	2,521	2,175	2,288	2,214
R&D expense	1,513	2,840	4,765	4,121	4,067	4,013
Operating profit	(3,141)	(6,429)	(8,358)	(4,555)	(2,770)	(1,339)
Investment gain/loss	28	(194)	(532)	(56)	(56)	(58)
Other gains/(losses)	137	(5)	1,457	329	0	0
EBIT	(2,975)	(6,628)	(7,434)	(4,282)	(2,826)	(1,396)
Interest income	83	70	281	389	555	595
Interest expense	(109)	(155)	(251)	(168)	(356)	(416)
Pre-tax profit	(3,001)	(6,713)	(7,404)	(4,061)	(2,627)	(1,217)
Income tax	53	95	104	81	53	(183)
After tax profit	(3,054)	(6,809)	(7,508)	(4,142)	(2,679)	(1,034)
Minority interest	47	20	11	83	54	21
Others	(4)	0	0	0	0	0
Net profit	(3,012)	(6,789)	(7,497)	(4,059)	(2,626)	(1,014)
Adjusted net profit	(2,560)	(5,478)	(6,692)	(3,350)	(1,418)	302

BALANCE SHEET	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Current assets	15,740	36,447	24,453	34,175	36,617	37,843
Cash & equivalents	4,678	7,523	10,187	16,436	17,827	18,091
Account receivables	1,218	1,382	1,329	2,478	2,751	2,995
Prepayment	1,766	4,848	3,545	5,726	6,358	6,923
ST bank deposits	4,720	7,632	4,768	4,911	5,058	5,210
Other current assets	3,357	15,061	4,623	4,623	4,623	4,623
Non-current assets	8,126	15,606	17,378	17,018	17,291	17,468
PP&E	762	1,350	1,227	1,428	1,592	1,733
Investment in JVs & assos	2,233	5,503	5,651	5,710	5,654	5,597
Intangibles	2,357	3,836	4,327	4,439	4,475	4,426
Goodwill	1,296	2,338	2,725	2,725	2,725	2,725
Other non-current assets	1,478	2,580	3,448	2,716	2,845	2,987
Total assets	23,866	52,053	41,831	51,192	53,909	55,311
Current liabilities	7,392	12,071	17,093	20,454	21,514	22,548
Short-term borrowings	100	1,232	6,621	6,621	6,621	6,621
Account payables	3,074	4,361	4,292	5,912	6,172	6,478
Tax payable	100	1,232	6,621	6,621	6,621	6,621
Other current liabilities	2,880	2,613	(2,084)	(1,811)	(1,354)	(932)
Accrued expenses	1,238	2,633	1,643	3,110	3,453	3,760
Non-current liabilities	8,692	18,266	9,498	18,454	21,528	21,594
Long-term borrowings	8,341	17,784	8,683	17,784	20,784	20,784
Other non-current liabilities	351	482	814	670	743	810
Total liabilities	16,083	30,337	26,591	38,907	43,041	44,142
Share capital	0	0	0	0	0	0
Capital surplus	14,616	35,930	35,930	35,930	35,930	35,930
Retained earnings	(7,175)	(13,971)	(20,437)	(23,475)	(24,946)	(24,665)
Other reserves	159	(255)	(255)	(255)	(255)	(255)
Total shareholders equity	7,600	21,704	15,238	12,200	10,729	11,010
Minority interest	182	12	2	85	138	159
Total equity and liabilities	23,866	52,053	41,831	51,192	53,909	55,311

CASH FLOW	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(3,001)	(6,713)	(7,404)	(4,061)	(2,627)	(1,217)
Depreciation & amortization	327	539	755	462	532	589
Tax paid	53	95	104	81	53	(183)
Change in working capital	1,487	(9)	(1,246)	30	155	225
Others	1,887	3,442	3,878	3,617	4,200	4,972
Net cash from operations	753	(2,647)	(3,911)	130	2,313	4,386
Investing						
Capital expenditure	(2,239)	(3,687)	(2,738)	(3,472)	(3,646)	(3,828)
Acquisition of subsidiaries/ investments	(1,757)	(7,238)	(2,646)	(114)	0	0
Others	(4,911)	(13,652)	15,994	589	(276)	(293)
Net cash from investing	(8,907)	(24,578)	10,609	(2,998)	(3,922)	(4,122)
Financing						
Net borrowings	5,695	11,203	251	9,101	3,000	0
Proceeds from share issues	2,817	19,288	0	0	0	0
Others	(177)	(103)	(4,606)	0	0	0
Net cash from financing	8,335	30,389	(4,355)	9,101	3,000	0
Net change in cash						
Cash at the beginning of the year	4,963	4,678	7,523	10,187	16,436	17,827
Exchange difference	(466)	(319)	321	17	0	0
Cash at the end of the year	4,678	7,523	10,187	16,436	17,827	18,091
GROWTH	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
Revenue	77.0%	61.5%	13.0%	4.5%	11.0%	8.9%
Gross profit	138.6%	42.4%	(4.8%)	46.3%	31.3%	18.5%
PROFITABILITY	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
Gross profit margin	23.7%	20.9%	17.6%	24.6%	29.1%	31.7%
Operating margin	(26.2%)	(33.2%)	(38.2%)	(19.9%)	(10.9%)	(4.8%)
Adj. net profit margin	(21.3%)	(28.3%)	(30.6%)	(14.6%)	(5.6%)	1.1%
Return on equity (ROE)	(41.1%)	(46.3%)	(40.6%)	(29.6%)	(22.9%)	(9.3%)
GEARING/LIQUIDITY/ACTIVITIES	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
Net debt to equity (x)	0.5	0.5	0.3	0.7	0.9	0.8
Current ratio (x)	2.1	3.0	1.4	1.7	1.7	1.7
Receivable turnover days	37.1	26.0	22.1	39.5	39.5	39.5
Payable turnover days	122.5	103.8	86.8	125.0	125.0	125.0
VALUATION	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
P/B	12.4	10.8	4.1	3.8	4.3	4.2

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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 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 CMBIGM
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 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 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 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.