

Baidu (BIDU US)

Eyeing on the pace of gen-AI rev generation

Baidu announced (28 Feb) its 4Q23 results: revenue was RMB35.0bn, up 5.7% YoY, in line with Bloomberg consensus estimates. Non-GAAP net income was RMB7.8bn, 22% ahead of consensus, primarily due to lower-than-expected tax paid stemming from one-off non-cash items, and also partly aided by a 4% beat on non-GAAP operating profit of Baidu Core, driven by better-than-expected operating efficiency gains. Leveraging generative AI to empower core business transformation and development remains management's top priority, and the pace of ramp-up in revenue generation from generative AI-related business remains the key thing to watch in 2024. By implementing stringent cost control on non-core business, the overall Baidu Core business will likely to maintain a stable margin profile on a YoY basis in 2024. We roll over our SOTP-based TP to 2024E, and lower TP to USD186.2 per ADS, to reflect a mixed impact from a more bullish view on gen-AI monetization, and a cut in valuation of Apollo Self Driving (ASD) business. Maintain BUY.

- Gen-AI cloud revenue ramped up more quickly than our expectation.** Non-ad revenue was up 9% YoY to RMB8.3bn and accounted for 30.3% of Baidu Core revenue (4Q22: 29.8%). Baidu Cloud revenue reached RMB5.7bn in 4Q23, up 11% YoY (3Q23: -2%; 4Q22: +4%), thanks to the wearing off of high-base effect for smart transportation segment, and the ramp-up in revenue generation from gen AI-related cloud revenue. Management highlighted that: 1) gen-AI and foundation model contributed 4.8% of AI cloud revenue in 4Q (~RMB274mn in absolute amount), slightly ahead of our expectation of a low-single-digit range; 2) total internal and external cloud revenue was RMB8.4bn in 4Q, and total internal and external revenue from gen-AI and foundation model was c. RMB656mn.
- AI-related ads to bring upside to ads revenue growth in 2024E.** In 4Q23, Baidu Core's online ads business revenue was RMB19.2bn, up 6.3% YoY (3Q23: 5.2%), in line with consensus. In Dec 2023, MAUs of Baidu app were 667mn, up 3% YoY (4Q22: 4%). Baidu highlighted that incremental AI-related ads revenue was c. RMB380mn, which was c. 2% of Baidu Core's total ads revenue in 4Q23, in line with our estimates. We believe that AI-related ads revenue could ramp up along with the migration of ads customers to new AI-related ads system, as the AI-related ads system bears a higher ROI compared with the previous ads putting platform. We forecast 6.9% YoY Baidu Core ads revenue growth in 2024E (2023: 8.1%).
- Expecting a relatively stable margin profile for Baidu Core in 2024E.** Baidu's GPM was 50.2% in 4Q23, up 1.4ppt YoY. Non-GAAP OPM for Baidu Core was 22.5%, 0.6ppt better than Bloomberg consensus, thanks to better-than-expected operating efficiency gains. Although the ramp-up of monetization of generative AI-related initiatives will likely bring additional cost, we expect Baidu Core to maintain a relatively stable margin profile by implementing stringent cost control. Also, the ramp-up in revenue generation from gen AI-related ads and cloud business shall bring additional operating leverage. We forecast Baidu Core non-GAAP OPM to reach 23.5%/24.1% in 1Q24E/2024E (1Q23/2023: 23.3%/23.9%).

Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	123,675	134,598	143,941	153,350	162,230
Adjusted net profit (RMB mn)	20,680.0	28,747.0	28,453.1	30,407.7	33,372.9
EPS (Adjusted) (RMB)	58.90	81.06	79.44	84.06	91.35
Consensus EPS (RMB)	na	76.32	75.69	81.69	98.95
P/E (x)	40.1	16.2	11.9	11.1	1.7

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	US\$186.20
(Previous TP)	US\$195.70)
Up/Downside	80.2%
Current Price	US\$103.31

China Internet

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

Ye TAO
 franktao@cmbi.com.hk

Wentao LU, CFA
 luwentao@cmbi.com.hk

Stock Data

Mkt Cap (US\$ mn)	37,001.5
Avg 3 mths t/o (US\$ mn)	313.0
52w High/Low (US\$)	159.96/99.72
Total Issued Shares (mn)	358.2

Source: FactSet

Shareholding Structure

Robin Yanhong Li	16.5%
------------------	-------

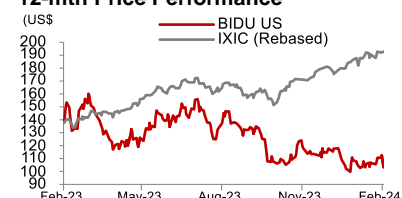
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-1.9%	-7.2%
3-mth	-12.9%	-22.8%
6-mth	-27.7%	-36.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Baidu: quarterly financial results

(RMBbn)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	4Q23 Consensus	Diff%
Baidu Group										
Online marketing	16.9	18.3	19.9	19.6	18.0	21.1	21.3	20.8	20.9	-0.6%
YoY growth (%)	-6.4%	-12.3%	-5.3%	-5.6%	6.2%	15.4%	7.0%	6.3%		
Other services	11.5	11.4	12.6	13.5	13.2	13.0	13.1	14.1	14.1	0.0%
YoY growth (%)	14.4%	8.1%	15.9%	9.2%	14.7%	14.0%	4.0%	4.7%		
Total revenue	28.4	29.6	32.5	33.1	31.1	34.1	34.4	35.0	35.0	-0.2%
YoY growth (%)	1.0%	-5.4%	1.9%	0.0%	9.6%	14.9%	5.9%	5.7%		
Gross profit	12.9	14.5	16.3	16.1	16.0	17.9	18.2	17.5	17.7	-1.0%
Operating profit	2.6	3.4	5.3	4.6	5.0	5.2	6.3	5.4	6.7	-19.7%
Non-GAAP net profit	3.9	5.5	5.9	5.4	5.7	8.0	7.3	7.8	6.4	21.6%
YoY growth (%)	-10%	3%	16%	32%	48%	44%	23%	44%		
GPM (%)	45.3%	48.8%	50.0%	48.8%	51.3%	52.5%	52.7%	50.2%	50.6%	-0.4 ppt
OPM (%)	9.2%	11.5%	16.3%	13.9%	16.0%	15.3%	18.2%	15.4%	19.2%	-3.7 ppt
Non-GAAP NPM (%)	13.7%	18.7%	18.1%	16.2%	18.4%	23.5%	21.1%	22.2%	18.2%	4.0 ppt
Baidu Core										
Revenue	21.4	23.2	25.2	25.7	23.0	26.4	26.6	27.5	27.3	0.7%
YoY growth (%)	4.4%	-3.7%	2.3%	-1.2%	7.6%	14.0%	5.3%	7.2%		
Baidu Core - online marketing	15.6	17.1	18.7	18.0	16.6	19.6	19.7	19.2	19.1	0.1%
YoY growth (%)	-3.6%	-10.1%	-3.6%	-5.5%	6.3%	14.7%	5.2%	6.3%		
Baidu Core - Others	5.8	6.1	6.5	7.6	6.4	6.8	6.9	8.3	8.2	2.0%
YoY growth (%)	34.4%	20.8%	24.1%	10.4%	11.1%	12.1%	5.5%	9.1%		
Non-GAAP OP	3.7	5.1	6.7	5.5	5.4	6.5	6.7	6.2	6.0	3.6%
Non-GAAP NP	3.8	5.4	5.8	4.9	5.3	7.7	7.0	7.5	5.7	30.8%
YoY growth (%)	-21.9%	-8.3%	-1.5%	6.3%	38.5%	41.2%	20.6%	52.6%		
Non-GAAP OPM (%)	17.2%	22.1%	26.4%	21.4%	23.3%	24.7%	25.1%	22.5%	21.9%	0.6 ppt
Non-GAAP NPM (%)	17.8%	23.5%	22.8%	19.2%	22.9%	29.1%	26.2%	27.3%	21.0%	6.3 ppt

Source: Company data, Bloomberg, CMBIGM

Changes in forecast and valuation

Figure 2: Baidu forecast revision

RMB bn	Current			Previous			Change (%)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Revenue	143.9	153.4	162.2	147.8	164.3	-	-2.6%	-6.7%	-
Gross Profit	74.9	80.2	85.3	77.2	87.7	-	-2.9%	-8.6%	-
Non-GAAP net profit	28.5	30.4	33.4	28.2	33.0	-	0.8%	-7.7%	-
Gross Margin	52.0%	52.3%	52.6%	52.2%	53.4%	-	-0.2 ppt	-1.1 ppt	-
Non-GAAP net margin	19.8%	19.8%	20.6%	19.1%	20.1%	-	0.7 ppt	-0.2 ppt	-

Source: CMBIGM estimates

SOTP valuation of US\$186.2 per ADS

We roll over our target valuation to 2024E, and our SOTP-based target price is lowered to USD186.2 from USD195.7, mainly due to the cut in valuation of ASD business. Our target price translates into 16.9x 2024E PE on a non-GAAP basis, or 11.0x if excluding net cash. Our new SOTP-based target price comprises, per ADS:

1) US\$72.3 for Baidu Core (main business, excluding Apollo and Baidu Cloud, mainly including the core search and feed ads business), based on unchanged 7.0x 2024E non-GAAP PE.

2) US\$1.8 for Apollo ASD, based on 2.0x 2030E revenue, and discounted back using a 13.0% WACC.

3) US\$35.2 for Baidu Cloud, based on unchanged 4.3x 2024E PS.

4) US\$64.9 net cash.

5) US\$12.1 (prior US\$13.0) for iQIYI and other investments, with a 30% holding discount applied to the share price of US\$17.2 as of 28 Feb market close.

Figure 3: Baidu: SOTP valuation

Segment	NOPAT (US\$mn)	Valuation method/multiple	Valuation (RMBmn)	Valuation (US\$mn)	Baidu's stake	Valuation of Baidu's stake (US\$mn)	USD/ADS	Valuation as % of total (%)
Core business and cash								
1) Baidu core (ex-Apollo and Cloud)	3,697	7.0x 2024E PE	186,317	25,877	100.0	25,877	72.3	38.8
2) Apollo ASD			4,740	658	100.0	658	1.8	1.0
3) Baidu Cloud (ex-ASD)		4.3x 2024E PS	90,687	12,595	100.0	12,595	35.2	18.9
4) Net cash			167,343	23,242	100.0	23,242	64.9	34.8
Valuation of core business and cash						62,373	174.1	93.5
iQIYI and strategic investment								
1) iQIYI		Market value	25,280	3,511	51.5	1,808	5.0	
2) Trip.com group		Market value	227,735	31,630	10.8	3,416	9.5	
3) Uxin		Market value	89	12	9.1	1	0.0	
4) HAND Enterprise Solutions		Market value	6,987	970	5.3	51	0.1	
5) Kuaishou		Market value	183,609	25,501	3.1	792	2.2	
6) Yusys Technologies		Market value	15,260	2,119	5.1	109	0.3	
Valuation of iQIYI and investments						6,177	17.2	
Valuation of iQIYI and investment (with 30% holding discount)						4,324	12.1	6.5
Total Baidu valuation (US\$mn)						66,697		
Number of ADS outstanding (mn)						358		
Valuation per ADS (US\$)						186.2		

Source: Company data, CMBIGM estimates

Note: 1) American depositary share (ADS); iQIYI (IQ US); Trip.com Group (TCOM US); Uxin (UXIN US); HAND Enterprise solution (300170 CH); Kuaishou (1024 HK); Yusys Technologies (300674 CH); 2) data as of 28 Feb 2024 market close.

Risks

- 1) Slower-than-expected ramp-up in revenue generation from gen-AI related business.
- 2) Slower-than-expected margin expansion

Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Revenue	124,493	123,675	134,598	143,941	153,350	162,230
Cost of goods sold	(64,314)	(63,935)	(65,031)	(69,047)	(73,183)	0
Gross profit	60,179	59,740	69,567	74,894	80,167	162,230
Operating expenses	(49,661)	(43,829)	(47,711)	(50,058)	(52,572)	0
SG&A expense	(24,723)	(20,514)	(23,519)	(24,902)	(26,223)	0
R&D expense	(24,938)	(23,315)	(24,192)	(25,156)	(26,349)	0
Operating profit	10,518	15,911	21,856	24,836	27,595	162,230
Share of (losses)/profits of associates/JV	(932)	(1,910)	(3,799)	(1,313)	(1,349)	0
Adjusted EBITDA	24,914	29,663	35,823	39,048	42,378	45,817
Net Interest income/(expense)	2,130	3,332	4,761	4,301	5,477	0
Foreign exchange gain/loss	100	(1,484)	595	0	0	0
Other income/expense	(1,038)	(5,737)	1,785	1,803	1,821	0
Pre-tax profit	10,778	10,112	25,198	29,627	33,543	162,230
Income tax	(3,187)	(2,578)	(3,649)	(6,134)	(8,036)	0
After tax profit	7,591	7,534	21,549	23,494	25,507	162,230
Minority interest	(2,635)	(25)	1,234	1,260	1,502	1,828
Net profit	10,226	7,559	20,315	22,233	24,006	160,401
Adjusted net profit	18,830	20,680	28,747	28,453	30,408	33,373
BALANCE SHEET						
YE 31 Dec (RMB mn)						
Current assets	213,315	212,850	230,255	260,529	291,456	323,828
Cash & equivalents	36,850	53,156	25,231	55,651	84,749	115,343
Restricted cash	10,821	11,330	11,503	11,503	11,503	11,503
Account receivables	9,981	11,733	10,848	10,648	11,344	12,001
Other current assets	155,663	136,631	182,673	182,727	183,860	184,981
Non-current assets	166,719	178,123	176,504	174,153	176,869	179,788
PP&E	23,027	23,973	27,960	32,018	36,109	40,418
Intangibles	8,947	8,095	7,848	1,439	64	(1,326)
Goodwill	22,605	22,477	22,586	22,586	22,586	22,586
Other non-current assets	112,140	123,578	118,110	118,110	118,110	118,110
Total assets	380,034	390,973	406,759	434,682	468,325	503,615
Current liabilities	74,488	79,630	76,451	81,741	81,747	81,102
Short-term borrowings	4,168	5,343	10,257	10,257	10,257	10,257
Account payables	41,384	38,014	37,717	42,591	41,594	40,002
Other current liabilities	28,936	36,273	28,477	28,893	29,896	30,843
Non-current liabilities	81,594	73,538	67,700	62,536	61,967	60,355
Long-term borrowings	12,629	13,722	14,223	0	0	0
Bond payables	55,772	49,461	43,134	52,193	51,624	50,012
Obligations under finance leases	5,569	4,810	5,040	5,040	5,040	5,040
Deferred income	129	159	200	200	200	200
Other non-current liabilities	7,495	5,386	5,103	5,103	5,103	5,103
Total liabilities	156,082	153,168	144,151	144,276	143,714	141,457
Share capital	0	0	0	0	0	0
Capital surplus	47,548	47,748	47,948	48,148	48,348	48,548
Retained earnings	163,911	175,730	195,678	223,275	257,281	294,629
Other reserves	7,148	8,393	9,465	9,465	9,465	9,465
Total shareholders equity	218,607	231,871	253,091	280,888	315,094	352,642
Minority interest	5,345	5,934	9,517	9,517	9,517	9,517
Total equity and liabilities	380,034	390,973	406,759	434,682	468,325	503,615

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	10,778	10,112	25,198	29,627	33,543	162,230
Depreciation & amortization	16,438	14,725	5,700	5,742	5,654	5,435
Tax paid	(3,187)	(2,578)	(3,649)	(6,134)	(8,036)	0
Change in working capital	(18,691)	(16,758)	541	5,436	(1,822)	(2,423)
Others	14,784	20,669	8,825	7,036	7,271	(126,109)
Net cash from operations	20,122	26,170	36,615	41,707	36,610	39,132
Investing						
Capital expenditure	(10,896)	(8,286)	(8,286)	(8,286)	(8,286)	(8,286)
Acquisition of subsidiaries/ investments	(247)	(14)	0	0	0	0
Net proceeds from disposal of short-term investments	0	0	0	0	0	0
Others	(20,301)	4,356	(42,111)	(104)	(84)	(67)
Net cash from investing	(31,444)	(3,944)	(50,397)	(8,390)	(8,370)	(8,353)
Financing						
Net borrowings	8,840	(6,813)	4,542	(14,223)	0	0
Share repurchases	(7,581)	(1,925)	0	0	0	0
Others	22,137	2,348	(18,704)	10,486	858	(185)
Net cash from financing	23,396	(6,390)	(14,162)	(3,737)	858	(185)
Net change in cash						
Cash at the beginning of the year	36,540	47,671	65,236	37,574	67,154	96,252
Exchange difference	(943)	1,729	282	0	0	0
Cash at the end of the year	47,671	65,236	37,574	67,154	96,252	126,846
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Revenue	16.3%	(0.7%)	8.8%	6.9%	6.5%	5.8%
Gross profit	15.9%	(0.7%)	16.4%	7.7%	7.0%	102.4%
Operating profit	(26.7%)	51.3%	37.4%	13.6%	11.1%	487.9%
Net profit	(54.5%)	(26.1%)	168.8%	9.4%	8.0%	568.2%
Adj. net profit	(14.5%)	9.8%	39.0%	(1.0%)	6.9%	9.8%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Gross profit margin	48.3%	48.3%	51.7%	52.0%	52.3%	100.0%
Operating margin	8.4%	12.9%	16.2%	17.3%	18.0%	100.0%
Adj. net profit margin	15.1%	16.7%	21.4%	19.8%	19.8%	20.6%
Return on equity (ROE)	5.1%	3.4%	8.4%	8.3%	8.1%	48.0%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Net debt to equity (x)	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)
Current ratio (x)	2.9	2.7	3.0	3.2	3.6	4.0
Receivable turnover days	27.0	31.6	29.0	25.8	25.8	25.9
Payable turnover days	218.6	223.5	220.6	219.7	207.1	190.9
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
P/E	42.3	40.1	16.2	11.9	11.1	1.7
P/E (diluted)	43.2	40.5	16.3	12.0	11.2	1.7
P/B	2.0	1.3	1.3	0.9	0.9	0.8
P/CFPS	47.9	17.1	11.7	8.0	9.5	8.8

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 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.