

# Trip.com (TCOM US)

## Pent-up demand boosts revenue recovery

Trip.com Group (TCOM) announced 4Q22 results on 7 Mar: net revenue was RMB5.0bn, up 7% YoY, 3/4% ahead of our/Bloomberg consensus estimates, and was 60% of the 4Q19 level. Non-GAAP net income was RMB498mn, better than our forecast/consensus estimate of loss at RMB140/152mn, thanks to better-than-expected cost saving. Recovery in both domestic and outbound travel in 1Q23 was better than our expectation, aided by the release of pent-up demand, especially for business travel. The cost saving measures adopted by TCOM amid industry headwind could aid rapid margin recovery when revenue generation normalizes, in our view. To account for better-than-expected revenue and earnings recovery, we lifted our DCF-based target price by 12% to US\$44.6 per ADS, translating into 37x/23x 2023/2024E PE (non-GAAP). Maintain BUY.

■ **Recovery in both outbound travel and international travel business is better than expectation.** Although the industry level international flight capacity has only recovered to 15-20% of pre-pandemic level, management highlighted recent outbound travel bookings on TCOM's platform has recovered more than 40% of pre-pandemic level despite capacity limitation, which management attributed to TCOM's deeper ties with suppliers. In addition, management noted that overall air ticket revenue from TCOM's global platform has fully recovered compared to pre-pandemic level, and hotel bookings on global platform has hit a record high in 4Q22.

■ **Domestic hotel and air bookings have surpassed 2019 level in 1Q23.** In 4Q22, TCOM's revenue from transportation-ticketing (TT) services was RMB2.2bn, up 45% YoY and reached 64% of the 4Q19 level. Revenue from accommodation reservation (AR) business was RMB1.7bn, down 12% YoY and was 57% of the 4Q19 level. Management noted a rapid recovery trend post the relaxation of pandemic prevention policy, and highlighted that quarter-to-date domestic hotel and air booking volume in 1Q23 has surpassed the 2019 level. Driven by the release of pent-up demand, improvement of macro, and steady development of international business, we forecast TCOM to record RMB3.0bn AR revenue in 1Q23, flat compared to 1Q19 level, and achieve RMB3.7bn in TT revenue, up 11% compared to 1Q19 level. We lifted TCOM's 2023E total revenue forecast by 11% to RMB34.0bn, indicating a YoY growth of 69%, and was 95% of 2019 level.

■ **Cost control measures could aid rapid margin recovery when revenue recovers.** TCOM's non-GAAP OPM for 4Q22 was 1.4%, 4.5pp better than our forecast, mainly on better-than-expected cost saving. TCOM has adopted stringent cost reduction and saving measures amid industry headwind, which should aid strong margin expansion when revenue generation normalizes. Recovery in revenue generation from relative high-margin outbound travel business could aid further margin recovery. We forecast non-GAAP OPM to expand to 19.0% in 1Q23E (1Q19: 16.8%; 1Q22: -3.3%), and estimate it to recover to 19.2% in 2023E (2019: 18.9%; 2022: 6.4%).

### Earnings Summary

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	20,029	20,055	33,952	42,894	47,259
YoY growth (%)	9.3	0.1	69.3	26.3	10.2
Net profit (RMB mn)	(550.0)	1,403.0	3,870.1	7,034.3	8,812.4
Adjusted net profit (RMB mn)	1,356.0	1,294.0	5,465.9	8,964.6	10,891.8
Adj. NP (Consensus; RMBmn)			4,960.5	8,291.5	9,321.8
EPS (Adjusted) (RMB)	2.14	1.97	8.32	13.64	16.58
P/E (x)	na	79.9	44.8	24.6	19.7

Source: Company data, Bloomberg, CMBIGM estimates

## BUY (Maintain)

**Target Price** US\$44.60  
 (Previous TP US\$40.00)  
**Up/Downside** 15.5%  
**Current Price** US\$38.61

### China Internet

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

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

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

### Stock Data

Mkt Cap (US\$ mn)	25,370.4
Avg 3 mths t/o (US\$ mn)	36.4
52w High/Low (US\$)	40.06/16.75
Total Issued Shares (mn)	657.1

Source: FactSet

### Shareholding Structure

Baidu Entities	10.8%
Morgan Stanley	5.8%

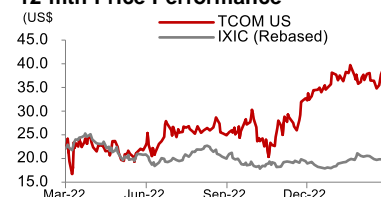
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	6.8%	8.6%
3-mth	16.6%	9.9%
6-mth	55.0%	53.1%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

Figure 1: TCOM: quarterly financial results

(RMBbn)	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	CMBI estimates	Diff%
<b>Total revenue</b>	<b>5.5</b>	<b>5.0</b>	<b>4.1</b>	<b>5.9</b>	<b>5.3</b>	<b>4.7</b>	<b>4.1</b>	<b>4.0</b>	<b>6.9</b>	<b>5.0</b>	<b>4.9</b>	<b>2.7%</b>
YoY growth (%)	47.9%	40.4%	-13.2%	86.5%	-2.2%	-5.7%	0.0%	31.9%	29.0%	7.4%	4.5%	
Accommodation reservation	2.5	2.2	1.6	2.5	2.2	1.9	1.5	1.4	2.9	1.7	1.7	1.4%
YoY growth (%)	39.8%	24.4%	36.8%	95.8%	11.5%	14.5%	-8.2%	44.7%	32.4%	12.0%	-13.2%	
Transportation ticketing	1.9	1.7	1.5	2.1	1.8	1.5	1.7	1.8	2.6	2.2	2.1	4.3%
YoY growth (%)	48.8%	51.0%	-37.1%	79.7%	-4.6%	10.8%	10.4%	14.7%	44.4%	45.4%	39.4%	
Packaged tour	0.3	0.3	0.2	0.4	0.4	0.2	0.1	0.1	0.4	0.2	0.2	8.5%
YoY growth (%)	80.1%	67.3%	-67.7%	182.3%	20.2%	32.4%	26.6%	66.8%	-1.3%	-7.3%	1.2%	
Corporate travel	0.3	0.3	0.3	0.4	0.3	0.4	0.2	0.2	0.4	0.3	0.3	1.9%
YoY growth (%)	15.8%	17.7%	100.0%	140.7%	19.9%	19.5%	11.9%	46.2%	9.5%	24.5%	-23.1%	
Others	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.6	0.6	0.7	0.7	6.1%
YoY growth (%)	31.3%	38.0%	11.9%	31.8%	27.9%	54.8%	8.3%	-8.1%	1.3%	-0.9%	-6.5%	
Gross profit	4.4	4.1	3.1	4.7	4.1	3.6	3.0	3.0	5.6	3.8	3.6	4.9%
Operating profit	0.8	0.0	-0.8	0.3	-0.2	-0.7	-0.4	-0.2	0.9	-0.2	-0.5	N.A.
<b>Non-GAAP net profit</b>	<b>1.4</b>	<b>1.1</b>	<b>-0.2</b>	<b>0.7</b>	<b>0.5</b>	<b>0.3</b>	<b>0.0</b>	<b>-0.2</b>	<b>1.0</b>	<b>0.5</b>	<b>-0.1</b>	<b>N.A.</b>
GPM (%)	81.1%	81.6%	74.8%	79.2%	77.1%	76.1%	74.0%	75.6%	81.5%	76.1%	74.5%	1.6 ppt
OPM (%)	14.5%	-0.3%	-19.2%	5.5%	-4.6%	15.0%	-8.7%	-4.2%	12.4%	-4.8%	-10.4%	5.6 ppt
Adjusted NPM (%)	25.6%	21.4%	-5.0%	12.4%	9.8%	6.6%	-0.9%	-5.1%	15.0%	9.9%	-2.9%	12.8 ppt

Source: Company data, CMBIGM estimates

## Revision of forecast and valuation

Key changes in our forecast are set out below, and we introduced our 2025E forecast.

1. We lifted 2023/2024E revenue forecast by 11/11%, driven by better-than-expected recovery in both domestic business and outbound travel business, aided by the relaxation of pandemic prevention policy, release of pent-up demand, and recovery in macro environment.
2. We lifted our 2023/2024E non-GAAP net profit by 10/12%, driven by the lift in revenue forecast; in addition, TCOM's stringent cost reduction and saving measures amid industry headwind should aid robust margin expansion when revenue generation normalize, in our view.

**Figure 2: TCOM: forecast revision**

RMB bn	Current			Previous			Change (%)		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Revenue	34.0	42.9	47.3	30.7	38.8		10.6%	10.7%	
Gross Profit	26.9	34.0	37.5	23.9	30.7		12.5%	10.8%	
Operating Profit	4.9	8.0	10.0	3.2	6.5		52.7%	23.9%	
Non-GAAP net profit	5.5	9.0	10.9	5.0	8.0		9.7%	11.6%	
Gross Margin	79.2%	79.3%	79.5%	77.9%	79.2%		1.3 ppt	0.1 ppt	
Operating Margin	14.5%	18.7%	21.2%	10.5%	16.7%		4.0 ppt	2.0 ppt	
Non-GAAP net margin	16.1%	20.9%	23.0%	16.2%	20.7%		-0.1 ppt	0.2 ppt	

Source: CMBIGM estimates

**Figure 3: CMBIGM estimates vs consensus**

RMB bn	CMBI			Consensus			Diff (%)		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Revenue	34.0	42.9	47.3	30.1	39.2	45.0	12.7%	9.4%	5.0%
Gross Profit	26.9	34.0	37.5	23.5	30.8	35.4	14.4%	10.4%	5.9%
Non-GAAP net profit	5.5	9.0	10.9	5.0	8.3	9.3	10.2%	8.1%	16.8%
Gross Margin	79.2%	79.3%	79.5%	78.0%	78.6%	78.7%	1.2 ppt	0.7 ppt	0.7 ppt
Non-GAAP net margin	16.1%	20.9%	23.0%	16.5%	21.1%	20.7%	-0.4 ppt	-0.2 ppt	2.3 ppt

Source: Bloomberg, CMBIGM estimates

**DCF based target price of US\$44.6**

Our DCF-based target price was lifted to US\$44.6 (WACC of 10.5% and terminal growth of 2.0%; both unchanged). Our target price translates into 37.1x 2023E PE and 22.6x 2024E PE (non-GAAP). Our previous DCF-based target price of US\$40.0 translates into 35.2x 2023E PE (non-GAAP).

TCOM is currently trading at 38/23x 2023/2024E PE (non-GAAP) based on Bloomberg consensus estimate, higher than industry average of both 18x (Fig.5). We think TCOM's valuation premium could be justified by its strong earnings recovery post pandemic. We forecast TCOM to achieve 2022-2024E non-GAAP net profit CAGR of 163%.

TCOM is one of the key beneficiaries of consumption recovery in post pandemic era, in our view, and future catalysts on stock price could come from: 1) better-than-expected recovery of outbound travel that accounts for c.25% of TCOM's pre-COVID revenue generation; 2) stronger-than-expected domestic long-haul travel recovery, aided by release of pent-up demand; and 3) better-than-expected margin expansion aided by the recovery in revenue generation.

**Figure 4: TCOM: DCF valuation (WACC of 10.5%, terminal growth of 2.0%)**

(RMBbn)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Total revenue	34.0	42.9	47.3	51.4	55.3	58.9	62.1	65.1	67.7	70.0
NPV of FCF	96.5	86.7								
Discounted terminal value	81.3	89.9								
Total equity valuation	199.3	214.2								
No. of shares (diluted, mn)	657	657								
Valuation per share (USD)	44.6									

Source: CMBIGM estimates

Note: 1) our USD:RMB exchange rate assumption is 1:6.925; 2) our target price is based on weighted average of 9-month target price in 2023E and 3-month target price in 2024E.

**Figure 5: Industry valuation comps**

Company name	Ticker	Price (Local)	PE (x)		PS(x)	
			2023E	2024E	2023E	2024E
Platform						
Alibaba Group	BABA US	89.6	10.3	10.5	1.7	1.5
Tencent	700 HK	357.0	21.6	18.4	4.9	4.3
Baidu	BIDU US	149.5	15.6	13.5	2.6	2.4
Meituan	3690 HK	137.4	NA	26.8	2.7	2.2
JD.com	JD US	47.9	17.3	13.7	0.4	0.4
Average			16.2	16.6	2.5	2.2
E-commerce and local life services						
Alibaba Group	BABA US	89.6	10.3	10.5	1.7	1.5
JD.com	JD US	47.9	17.3	13.7	0.4	0.4
Pinduoduo	PDD US	93.8	22.0	17.8	5.0	4.1
Meituan	3690 HK	137.4	NA	26.8	2.7	2.2
VIPShop	VIPS US	14.5	9.3	8.8	0.5	0.5
Average			14.7	15.5	2.1	1.7
Online games						
Tencent	700 HK	357.0	21.6	18.4	4.9	4.3
NetEase	NTES US	86.5	18.9	16.6	3.8	3.4
Kingsoft	3888 HK	27.3	NA	29.6	3.6	3.1
XD Inc	2400 HK	24.4	NA	29.9	2.3	1.9
Average			20.2	23.6	3.6	3.2
Social entertainment						
Kuaishou	1024 HK	55.6	NA	23.5	2.0	1.7
Bilibili	BILI US	21.6	NA	NA	2.4	2.0
TME	TME US	8.0	18.4	16.2	3.2	2.9
Cloud Village	9899 HK	89.0	NA	23.9	1.6	1.4
China Literature	772 HK	36.3	20.8	17.9	3.7	3.3
Average			19.6	20.4	2.6	2.3
Online ads						
Baidu	BIDU US	149.5	15.6	13.5	2.6	2.4
Weibo	WB US	18.3	8.2	7.2	2.2	2.1
Average			11.9	10.4	2.4	2.2
OTA						
Trip.com Group	TCOM US	38.6	37.7	23.0	5.7	4.4
TCEL	780 HK	16.8	25.4	19.6	3.7	3.0
Average			31.6	21.3	4.7	3.7
Online healthcare						
Ali Health	241 HK	5.8	NA	NA	2.2	1.8
JD Health	6618 HK	59.0	NA	NA	2.8	2.2
Pingan Healthcare	1833 HK	18.8	NA	NA	2.4	2.1
Average			NA	NA	2.5	2.0
Total average			18.1	18.2	2.8	2.4

Source: Bloomberg, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Revenue	18,327	20,029	20,055	33,952	42,894	47,259
Cost of goods sold	(4,031)	(4,598)	(4,513)	(7,022)	(8,830)	(9,682)
Others	(11)	(6)	(16)	(27)	(30)	(28)
Gross profit	14,285	15,425	15,526	26,902	34,034	37,548
Operating expenses	(15,708)	(16,836)	(15,438)	(21,983)	(26,019)	(27,535)
SG&A expense	(8,041)	(7,844)	(7,097)	(12,077)	(14,274)	(15,208)
R&D expense	(7,667)	(8,992)	(8,341)	(9,906)	(11,745)	(12,327)
Operating profit	(1,423)	(1,411)	88	4,919	8,016	10,013
Interest income	2,187	2,132	2,046	1,233	1,811	1,959
Interest expense	(1,716)	(1,565)	(1,514)	(1,409)	(1,266)	(1,226)
Other income/expense	(273)	373	2,015	50	0	0
Pre-tax profit	(1,225)	(471)	2,635	4,793	8,560	10,745
Income tax	(355)	(270)	(682)	(959)	(1,712)	(2,149)
Others	(1,689)	96	(586)	0	150	180
Minority interest	62	95	36	36	36	36
Net profit	(3,207)	(550)	1,403	3,870	7,034	8,812
Adjusted net profit	(913)	1,356	1,294	5,466	8,965	10,892

BALANCE SHEET	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Current assets	58,011	66,108	61,435	79,407	99,910	115,729
Cash & equivalents	18,096	19,818	17,083	33,151	48,628	62,065
Restricted cash	1,319	1,378	1,404	2,377	3,003	3,308
Account receivables	4,119	4,649	5,486	6,790	8,579	9,452
Prepayment	7,855	9,032	11,917	11,544	14,155	15,359
Other current assets	26,622	31,231	25,545	25,545	25,545	25,545
Non-current assets	129,238	125,751	130,256	127,873	127,952	128,397
PP&E	5,780	5,534	5,204	5,655	5,940	6,251
Investment in JVs & assos	47,943	44,961	50,177	47,533	47,184	47,259
Intangibles	13,256	12,960	12,825	11,856	11,785	11,713
Goodwill	59,353	59,353	59,337	59,337	59,337	59,337
Other non-current assets	2,906	2,943	2,713	3,491	3,707	3,838
Total assets	187,249	191,859	191,691	207,280	227,862	244,127
Current liabilities	58,369	66,218	57,035	71,539	81,783	86,486
Short-term borrowings	33,665	39,866	28,470	28,470	28,470	28,470
Account payables	4,506	6,019	7,569	10,183	12,450	13,265
Tax payable	1,217	1,065	0	1,917	2,568	3,224
Other current liabilities	18,503	18,868	20,996	30,407	37,677	40,946
Accrued expenses	478	400	0	562	618	581
Non-current liabilities	27,313	15,185	21,637	16,898	18,105	18,611
Long-term borrowings	22,718	11,093	17,381	11,093	11,093	11,093
Obligations under finance leases	618	400	534	534	534	534
Other non-current liabilities	3,977	3,692	3,722	5,271	6,478	6,984
Total liabilities	85,682	81,403	78,672	88,436	99,889	105,097
Share capital	6	6	6	6	6	6
Capital surplus	83,960	93,829	95,067	97,013	99,143	101,422
Retained earnings	19,470	18,823	20,191	24,026	31,026	39,803
Other reserves	(3,082)	(2,981)	(2,981)	(2,981)	(2,981)	(2,981)
Total shareholders equity	100,354	109,677	112,283	118,064	127,194	138,251
Minority interest	1,213	779	736	779	779	779
Total equity and liabilities	187,249	191,859	191,691	207,280	227,862	244,127

CASH FLOW	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
<b>Operating</b>						
Profit before taxation	(2,914)	(375)	2,049	4,793	8,710	10,925
Depreciation & amortization	1,217	1,021	836	917	1,010	1,108
Change in working capital	(6,934)	177	(1,509)	13,573	5,845	2,625
Others	4,808	1,652	446	577	158	(130)
<b>Net cash from operations</b>	<b>(3,823)</b>	<b>2,475</b>	<b>1,822</b>	<b>19,860</b>	<b>15,723</b>	<b>14,529</b>
<b>Investing</b>						
Capital expenditure	(532)	(570)	(571)	(966)	(1,221)	(1,345)
Acquisition of subsidiaries/ investments	(2,861)	(3,585)	0	0	0	0
Others	(428)	7	0	0	0	0
<b>Net cash from investing</b>	<b>(3,821)</b>	<b>(4,148)</b>	<b>(571)</b>	<b>(966)</b>	<b>(1,221)</b>	<b>(1,345)</b>
<b>Financing</b>						
Net borrowings	18,209	5,615	(11,396)	0	0	0
Proceeds from share issues	0	7,984	0	0	0	0
Others	(12,184)	(9,680)	7,435	(1,853)	1,600	559
<b>Net cash from financing</b>	<b>6,025</b>	<b>3,919</b>	<b>(3,961)</b>	<b>(1,853)</b>	<b>1,600</b>	<b>559</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	21,747	19,415	21,196	18,487	35,528	51,631
Exchange difference	(713)	(465)	0	0	0	0
Others	(1,619)	2,246	(2,709)	17,041	16,103	13,743
<b>Cash at the end of the year</b>	<b>19,415</b>	<b>21,196</b>	<b>18,487</b>	<b>35,528</b>	<b>51,631</b>	<b>65,373</b>
GROWTH	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
Revenue	(48.7%)	9.3%	0.1%	69.3%	26.3%	10.2%
Gross profit	(49.5%)	8.0%	0.7%	73.3%	26.5%	10.3%
Operating profit	na	na	na	5,489.9%	62.9%	24.9%
Net profit	na	na	na	175.8%	81.8%	25.3%
Adj. net profit	na	na	(4.6%)	322.4%	64.0%	21.5%
PROFITABILITY	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
Gross profit margin	77.9%	77.0%	77.4%	79.2%	79.3%	79.5%
Operating margin	(7.8%)	(7.0%)	0.4%	14.5%	18.7%	21.2%
Adj. net profit margin	(5.0%)	6.8%	6.5%	16.1%	20.9%	23.0%
Return on equity (ROE)	(3.1%)	(0.5%)	1.3%	3.4%	5.7%	6.6%
GEARING/LIQUIDITY/ACTIVITIES	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
Current ratio (x)	1.0	1.0	1.1	1.1	1.2	1.3
VALUATION	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
P/E	na	na	79.9	44.8	24.6	19.7
P/B	1.2	1.2	1.0	1.5	1.4	1.3
P/CFPS	na	73.4	90.8	9.3	12.1	13.3

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

## 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.