

Baidu (BIDU US)

Ads business still takes time to recover while Robotaxi and cloud are ramping up nicely

Baidu announced (20 Aug) better-than-feared 2Q25 results amid its proactive and ambitious business transformation: Baidu Core revenue was RMB26.3bn, down 2% YoY, but was 1.6% better than Bloomberg consensus estimates; non-GAAP OP of Baidu Core reached RMB4.4bn, down 37% YoY, but was 12% ahead of consensus. Although the recovery in ads revenue growth is likely to take longer than we previously expected owing to more aggressive-than-expected business transformation plan, new initiatives such as Apollo Go and Baidu Cloud are ramping up nicely to serve as incremental long-term drivers for revenue and earnings growth. Baidu's move to enhance shareholder return should provide support for valuation amid the business transformation, and more positive update on Robotaxi business development could serve as a catalyst for stock price given the current undemanding valuation (~4x 2025E non-GAAP PE on ex-cash basis). After considering the share reduction impact from share repurchase, we fine-tune our SOTP-based target price to US\$132.0 (was US\$130.3). Maintain BUY.

- **Cloud revenue delivered solid growth.** Baidu Cloud's revenue reached RMB6.5bn in 2Q25, up 27% YoY (2Q24: 14%; 1Q25: 42%), and was 1% better than consensus. This lifted its revenue contribution to Baidu Core to 25% (2Q24: 19%). Given the strong demand for both AI and digitalization, we maintain 2025E Baidu Cloud rev growth forecast of 25.8% unchanged.
- **Apollo Go saw strong order volume growth.** Apollo Go provided 2.2mn fully driverless rides in 2Q25, up 148% YoY (1Q25: 75%; 2Q24: 26%), driven by the expansion in vehicle fleets, and we expect the strong order volume growth to sustain in 2H25 given Baidu's strong determination in business expansion. Apollo Go has achieved breakeven in Wuhan by end-2024 aided by scale effect and increases in order density. Leveraging the deployment of new-generation vehicle RT6 and the exploration of an asset-light operating model with partners, management maintained its target to narrow operating loss while achieving rapid business scale expansion for Apollo Go in 2025E.
- **Remains committed to driving ads business transformation and turning point likely to emerge in 4Q25E.** In 2Q25, Baidu Core's online ads revenue was RMB16.2bn, down 15% YoY, inline with consensus. In July, c. 64% of Baidu's search results were filled with Gen-AI generated results which are not monetized, up from 35%/50% in Apr/Jun, and we expect the contribution to grow to 70-80% by end-Sep, which shall continue weighing on near-term ads revenue growth, but we are anticipating a recovery trend in 4Q25E along with the gradual ramp-up in monetization. Baidu noticed some signs of improvement in user engagement in 2Q25: MAUs/daily average time spent per user of Baidu App increased by 5/4% in 2Q25, which in our view should support the unleashing of monetization in the coming quarters. We expect Baidu Core ads revenue to decline 22.5% YoY in 3Q25E, but the decline to narrow to 15% YoY in 4Q25E, and we are now looking for a 14.9% YoY decline in Baidu Core ads revenue in 2025E (was 13.9%).
- **Short-term margin pressure to sustain, but could recover along with ads business.** Non-GAAP OPM for Baidu Core was 16.7% in 2Q25, down 9.5ppts YoY but was 1.6ppts better than consensus. We estimate 3Q25E non-GAAP OP of RMB2.2bn (3Q24: RMB6.7bn) for Baidu Core, due to the decline in ads revenue, but could be partly offset by the solid OP growth of cloud business. For 2025E, we are anticipating non-GAAP OPM of 13.3% (2024: 22.8%).
- **Update on share repurchase program.** Baidu has repurchased US\$677mn worth of shares YTD (c.2.2% of market cap). We believe such move to enhance shareholder return should provide support for valuation amid business transformation.

BUY (Maintain)

Target Price US\$132.00
(Previous TP) US\$130.30
Up/Downside 52.1%
Current Price US\$86.76

China Internet

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

Ye TAO, CFA
franktao@cmbi.com.hk

Wentao LU, CFA
luwentao@cmbi.com.hk

Joanna Ma
(852) 3761 8838
joannama@cmbi.com.hk

Stock Data

Mkt Cap (US\$ mn)	29,737.4
Avg 3 mths t/o (US\$ mn)	101.3
52w High/Low (US\$)	115.13/76.86
Total Issued Shares (mn)	342.8

Source: FactSet

Shareholding Structure

Handsome Reward Limited	16.1%
BlackRock, Inc.	4.6%

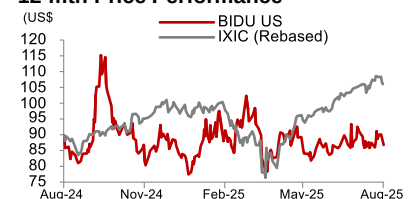
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-2.3%	-3.2%
3-mth	1.5%	-9.5%
6-mth	-5.0%	-12.4%

Source: FactSet

12-mth Price Performance



Source: FactSet

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	134,598	133,125	131,046	137,382	142,900
YoY growth (%)	8.8	(1.1)	(1.6)	4.8	4.0
Adjusted net profit (RMB mn)	28,747.0	27,002.0	17,824.1	22,234.7	24,264.3
YoY growth (%)	39.0	(6.1)	(34.0)	24.7	9.1
EPS (Adjusted) (RMB)	81.06	77.20	52.00	66.19	73.71
Consensus EPS (RMB)	na	76.85	60.57	68.44	79.31
P/E (x)	10.8	9.1	11.1	11.5	10.1
ROE (%)	8.4	9.0	6.7	5.8	6.0

Source: Company data, Bloomberg, CMBIGM estimates

Quarterly results and estimates

Figure 1: Baidu: quarterly financial results

(RMBbn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	2Q25 Consensus	Diff%
Baidu Group												
Online marketing	18.0	21.1	21.3	20.8	18.5	20.6	20.1	19.3	17.3	17.5	17.5	-0.1%
YoY growth (%)	6.2%	15.4%	7.0%	6.3%	2.9%	-2.2%	-5.8%	-7.0%	-6.4%	15.2%		
Other services	13.2	13.0	13.1	14.1	13.0	13.3	13.4	14.8	15.1	15.2	15.2	0.0%
YoY growth (%)	14.7%	14.0%	4.0%	4.7%	-1.1%	2.6%	2.7%	4.5%	16.3%	14.4%		
Total revenue	31.1	34.1	34.4	35.0	31.5	33.9	33.6	34.1	32.5	32.7	32.7	-0.1%
YoY growth (%)	9.6%	14.9%	5.9%	5.7%	1.2%	-0.4%	-2.6%	-2.4%	3.0%	-3.6%		
Gross profit	16.0	17.9	18.2	17.5	16.2	17.5	17.2	16.1	15.0	14.4	14.8	-2.7%
Operating profit	5.0	5.2	6.3	5.4	5.5	5.9	5.9	3.9	4.5	3.3	3.9	15.4%
Non-GAAP net profit	5.7	8.0	7.3	7.8	7.0	7.4	5.9	6.7	6.5	4.8	4.5	5.6%
YoY growth (%)	48%	44%	23%	44%	22%	-8%	-19%	-13%	-8%	-35%		
GPM (%)	51.3%	52.5%	52.7%	50.2%	51.5%	51.7%	51.1%	47.2%	46.1%	43.9%	45.1%	-1.2 ppt
OPM (%)	16.0%	15.3%	18.2%	15.4%	17.4%	17.5%	17.7%	11.5%	13.9%	10.0%	11.8%	-1.8 ppt
Non-GAAP NPM (%)	18.4%	23.5%	21.1%	22.2%	22.2%	21.8%	17.5%	19.7%	19.9%	14.7%	13.9%	0.8 ppt
Baidu Core												
Revenue	23.0	26.4	26.6	27.5	23.8	26.7	26.5	27.7	25.5	26.3	25.8	1.6%
YoY growth (%)	7.6%	14.0%	5.3%	7.2%	3.5%	1.1%	-0.2%	0.8%	7.0%	-1.6%		
Baidu Core - online marketing	16.6	19.6	19.7	19.2	17.0	19.2	18.8	17.9	16.0	16.2	16.2	0.2%
YoY growth (%)	6.3%	14.7%	5.2%	6.3%	2.7%	-2.2%	-4.6%	-6.5%	-6.1%	15.4%		
Baidu Core - Others	6.4	6.8	6.9	8.3	6.8	7.5	7.8	9.8	9.5	10.0	9.6	4.1%
YoY growth (%)	11.1%	12.1%	5.5%	9.1%	5.7%	10.3%	12.4%	17.5%	39.6%	33.4%		
Non-GAAP OP	5.4	6.5	6.7	6.2	5.6	7.0	6.7	4.6	4.9	4.4	3.9	12.3%
Non-GAAP NP	5.3	7.7	7.0	7.5	6.6	7.3	5.7	6.7	6.3	4.8	4.5	5.5%
YoY growth (%)	38.5%	41.2%	20.6%	52.6%	25.8%	-5.3%	18.4%	10.1%	-4.5%	34.3%		
Non-GAAP OPM (%)	23.3%	24.7%	25.1%	22.5%	23.5%	26.2%	25.1%	16.8%	19.1%	16.7%	15.1%	1.6 ppt
Non-GAAP NPM (%)	22.9%	29.1%	26.2%	27.3%	27.8%	27.3%	21.4%	24.3%	24.9%	18.3%	17.6%	0.7 ppt

Source: Company data, Bloomberg, CMBIGM

Changes in forecast and valuation

Figure 2: Baidu forecast revision

RMB bn	Current			Previous			Change (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	131.0	137.4	142.9	132.4	138.2	143.6	-1.0%	-0.6%	-0.5%
Gross profit	57.9	64.1	67.2	60.1	64.7	67.6	-3.7%	-1.0%	-0.6%
Non-GAAP net profit	17.8	22.2	24.3	18.9	22.3	24.2	-5.5%	-0.5%	0.3%
Gross margin	44.2%	46.6%	47.0%	45.4%	46.8%	47.1%	-1.2 ppt	-0.2 ppt	-0.1 ppt
Non-GAAP net margin	13.6%	16.2%	17.0%	14.3%	16.2%	16.9%	-0.7 ppt	0.0 ppt	0.1 ppt

Source: CMBIGM estimates

SOTP valuation of US\$132.0 per ADS

Our new SOTP-based target price comprises, per ADS:

- 1) US\$35.3 (was US\$36.6) for Baidu Core (mainly including the core ads business, excluding Apollo and Baidu Cloud), based on an unchanged 5.0x 2025E non-GAAP PE;
- 2) US\$0.3 for Apollo ASD (unchanged), based on unchanged 2.0x 2030E revenue, and discounted back using a 13.0% WACC;
- 3) US\$38.3 for Baidu Cloud (was US\$37.5), based on an unchanged 3.4x 2025E PS;
- 4) US\$58.2 for net cash, iQIYI and other investments (was US\$57.1), with a 30% holding discount applied to the per share valuation of US\$83.1.

We fine-tune the share base assumption to 343mn from 350mn, propelled by Baidu's share repurchase initiative.

Figure 3: Baidu: SOTP valuation

Segment	NOPAT (USDmn)	Valuation method/multiple	Valuation (RMBmn)	Valuation (USDmn)	Baidu's stake	Valuation of Baidu's stake (USDmn)	USD/ADS	Valuation as % of total (%)
Core business and cash								
1) Baidu core (ex-Apollo and Cloud)	2,418	5.0	87,047	12,090	100.0	12,090	35.3	26.7
2) Apollo ASD			714	99	100.0	99	0.3	0.2
3) Baidu Cloud (ex-ASD)		3.4	94,516	13,127	100.0	13,127	38.3	29.0
Valuation of core business						25,316	73.9	55.9
iQIYI, strategic investment, and net cash								
1) iQIYI		Market value	15,808	2,196	45.4	997	2.9	
2) Trip.com group		Market value	329,510	45,765	10.8	4,943	14.4	
3) Uxin		Market value	5,478	761	9.1	69	0.2	
4) HAND Enterprise Solutions		Market value	12,271	2,736	5.3	144	0.4	
5) Kuaishou		Market value	286,324	39,767	3.1	1,235	3.6	
6) Yusys Technologies		Market value	15,260	2,119	5.1	109	0.3	
4) Net cash		CMBI estimates	151,053	20,980	100.0	20,980	61.2	
Valuation of iQIYI, investments, and net cash						28,476	83.1	
Valuation of iQIYI, investment, and net cash (with 30% holding discount)						19,933	58.2	44.1
Total Baidu valuation (US\$mn)						45,249		
Number of ADS outstanding (mn)						343		
Valuation per ADS (US\$)						132.0		

Source: Company data, CMBIGM estimates

Note: American depositary share (ADS); iQIYI (IQ US); Trip.com Group (TCOM US); Uxin (UXIN US); HAND Enterprise solution (300170 SH); Kuaishou (1024 HK); Yusys Technologies (300674 SH)

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	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	123,675	134,598	133,125	131,046	137,382	142,900
Cost of goods sold	(63,935)	(65,031)	(66,102)	(73,118)	(73,311)	(75,710)
Gross profit	59,740	69,567	67,023	57,928	64,071	67,191
Operating expenses	(43,829)	(47,711)	(45,753)	(47,164)	(48,371)	(48,894)
SG&A expense	(20,514)	(23,519)	(23,620)	(24,768)	(25,828)	(26,151)
R&D expense	(23,315)	(24,192)	(22,133)	(22,397)	(22,543)	(22,744)
Operating profit	15,911	21,856	21,270	10,764	15,700	18,296
Share of (losses)/profits of associates/JV	(1,910)	(3,799)	(691)	1,268	1,589	1,937
Adjusted EBITDA	29,663	35,824	33,077	23,706	29,084	32,075
Net Interest income/(expense)	3,332	4,761	5,138	5,655	5,044	5,084
Foreign exchange gain/loss	(1,484)	595	1,076	(631)	(505)	(404)
Other income/expense	(5,737)	1,785	1,829	5,794	2,283	2,306
Pre-tax profit	10,112	25,198	28,622	22,850	24,112	27,220
Income tax	(2,578)	(3,649)	(4,447)	(3,595)	(5,417)	(6,313)
After tax profit	7,534	21,549	24,175	19,255	18,694	20,906
Minority interest	(25)	1,234	415	38	565	692
Net profit	7,559	20,315	23,760	19,217	18,130	20,214
Adjusted net profit	20,680	28,747	27,002	17,824	22,235	24,264
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	212,850	230,255	168,849	173,967	183,556	193,768
Cash & equivalents	53,156	25,231	24,832	37,414	45,691	54,703
Restricted cash	11,330	11,503	11,697	11,697	11,697	11,697
Account receivables	11,733	10,848	10,104	9,694	10,163	10,571
Other current assets	136,631	182,673	122,216	115,162	116,005	116,797
Non-current assets	178,123	176,504	258,931	272,326	282,124	292,112
PP&E	23,973	27,960	30,102	51,135	62,323	73,715
Intangibles	8,095	7,848	7,702	64	(1,326)	(2,730)
Goodwill	22,477	22,586	22,586	22,586	22,586	22,586
Other non-current assets	123,578	118,110	198,541	198,541	198,541	198,541
Total assets	390,973	406,759	427,780	446,293	465,679	485,879
Current liabilities	79,630	76,451	80,953	73,720	72,727	71,152
Short-term borrowings	5,343	10,257	10,669	10,669	10,669	10,669
Account payables	38,014	37,717	41,443	35,544	33,875	31,712
Other current liabilities	36,273	28,477	28,841	27,507	28,183	28,771
Non-current liabilities	73,538	67,700	63,215	60,708	57,421	53,341
Long-term borrowings	13,722	14,223	15,596	0	0	0
Bond payables	49,461	43,134	36,347	49,436	46,149	42,069
Obligations under finance leases	4,810	5,040	4,973	4,973	4,973	4,973
Deferred income	159	200	231	231	231	231
Other non-current liabilities	5,386	5,103	6,068	6,068	6,068	6,068
Total liabilities	153,168	144,151	144,168	134,428	130,148	124,493
Share capital	0	0	0	0	0	0
Capital surplus	79,855	87,099	87,146	87,193	87,240	87,287
Retained earnings	143,623	156,527	176,474	204,680	228,299	254,107
Other reserves	8,393	9,465	9,870	9,870	9,870	9,870
Total shareholders equity	231,871	253,091	273,490	301,743	325,409	351,264
Minority interest	5,934	9,517	10,122	10,122	10,122	10,122
Total equity and liabilities	390,973	406,759	427,780	446,293	465,679	485,879

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	10,112	25,198	28,622	22,850	24,112	27,220
Depreciation & amortization	14,725	14,908	14,628	6,335	6,372	6,167
Tax paid	(2,578)	(3,649)	(4,447)	(3,595)	(5,417)	(6,313)
Change in working capital	(16,758)	(13,067)	(27,512)	231	(2,305)	(2,775)
Others	20,669	13,225	9,943	4,836	4,884	4,860
Net cash from operations	26,170	36,615	21,234	30,657	27,644	29,159
Investing						
Capital expenditure	(8,286)	(11,190)	(8,134)	(15,632)	(16,101)	(16,101)
Acquisition of subsidiaries/ investments	(14)	(115)	0	0	0	0
Net proceeds from disposal of short-term investments	0	0	0	0	0	0
Others	4,356	(39,092)	(421)	(84)	(67)	(54)
Net cash from investing	(3,944)	(50,397)	(8,555)	(15,716)	(16,169)	(16,155)
Financing						
Net borrowings	(6,813)	(13,093)	(2,914)	(15,596)	0	0
Share repurchases	(1,925)	(4,764)	(6,324)	0	0	0
Others	2,348	3,695	(4,521)	13,177	(3,199)	(3,992)
Net cash from financing	(6,390)	(14,162)	(13,759)	(2,419)	(3,199)	(3,992)
Net change in cash						
Cash at the beginning of the year	47,671	65,236	37,574	36,589	49,111	57,388
Exchange difference	1,729	282	95	0	0	0
Cash at the end of the year	65,236	37,574	36,589	49,111	57,388	66,400
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(0.7%)	8.8%	(1.1%)	(1.6%)	4.8%	4.0%
Gross profit	(0.7%)	16.4%	(3.7%)	(13.6%)	10.6%	4.9%
Operating profit	51.3%	37.4%	(2.7%)	(49.4%)	45.9%	16.5%
Net profit	(26.1%)	168.8%	17.0%	(19.1%)	(5.7%)	11.5%
Adj. net profit	9.8%	39.0%	(6.1%)	(34.0%)	24.7%	9.1%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	48.3%	51.7%	50.3%	44.2%	46.6%	47.0%
Operating margin	12.9%	16.2%	16.0%	8.2%	11.4%	12.8%
Adj. net profit margin	16.7%	21.4%	20.3%	13.6%	16.2%	17.0%
Return on equity (ROE)	3.4%	8.4%	9.0%	6.7%	5.8%	6.0%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.5)	(0.5)	(0.2)	(0.5)	(0.5)	(0.5)
Current ratio (x)	2.7	3.0	2.1	2.4	2.5	2.7
Receivable turnover days	31.6	29.0	26.8	26.8	26.0	26.1
Payable turnover days	223.5	220.6	220.7	184.5	170.4	155.9
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	28.7	10.8	9.1	11.1	11.5	10.1
P/E (diluted)	28.9	10.9	9.2	11.1	11.5	10.1
P/B	0.9	0.9	0.8	0.7	0.6	0.6
P/CFPS	12.2	8.7	16.6	14.2	18.1	15.7

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.