

JD.com (JD US)

Expecting an upbeat bottom line for 2Q results

Although the high base in air conditioner category and industrywide soft performance of PC category are likely to weigh on JD's revenue growth on electronic and home appliance (E&HA) in 2Q24E, its strategies to focus on ROI and quality growth may drive a beat on earnings. We forecast JD has logged 2Q24E revenue of RMB290.9bn (up 1.0% YoY), and non-GAAP net income of RMB9.9bn, which translates into non-GAAP net margin of 3.4% and was 16% better than Bloomberg consensus. With a normalization in revenue growth of both E&HA and platform business, we expect YoY revenue growth for JD to reaccelerate in 3Q24E, and the GMV growth of JD Retail (JDR) can still outperform that of total retail sales in 2024E. Amid fierce industry competition, the steady profitability and enhancement of shareholder return could provide support for JD's valuation, while further rerating may hinge on consumption recovery, and JD's ability to prove the market that its core category could maintain stable market share over the medium to long term. Maintain BUY with unchanged DCF-based TP of US\$51.9.

- **JD Retail: remains committed to drive for user growth.** We estimate JD Retail (JDR) inked revenue of RMB254.2bn in 2Q24, up 0.3% YoY, 5.8% short of Bloomberg consensus, owing to the soft performance of E&HA revenue due to a high base in air conditioner category, as well as an industrywide soft performance of PC category. However, driven by the high ROI target and the strategy to drive for revenue growth in an efficient way, we estimate JDR has recorded non-GAAP operating profit of RMB9.2bn, up 12% YoY, and was 1% better than Bloomberg consensus, translating into non-GAAP OPM of 3.6% (2Q23: 3.2%).
- **2Q24 results preview: expecting an upbeat bottom line.** For 2Q24E, we estimate JD logged revenue of RMB290.9bn, up 1.0% YoY, 5% shy of consensus estimates. However, we forecast JD to have recorded non-GAAP net income of RMB9.9bn, 16% better than Bloomberg consensus estimates, due to more stringent than expected cost control when driving for business development. Our non-GAAP net income forecast implies a non-GAAP net margin of 3.4% in 2Q24E (2Q23: 3.0%).
- **Revision in revenue and earnings forecast.** We revise down 2024-2026E revenue forecast by 0.6-0.9%, driven by a lowered forecast for E&HA revenue, while we lift non-GAAP net income forecast by 4-5% thanks to likely more efficient than expected spending in driving for revenue growth. JD's current valuation of 8/7x 2024/2025E non-GAAP PE is not demanding versus 11% non-GAAP earnings CAGR over 2023-2026E, in our view. Key catalysts include: 1) further enhancement of shareholder return; and 2) consumption recovery to drive a better outlook in revenue and earnings growth.

Earnings Summary

| (YE 31 Dec) | FY22A | FY23A | FY24E | FY25E | FY26E |
|------------------------------|-----------|-----------|-----------|-----------|-----------|
| Revenue (RMB mn) | 1,046,236 | 1,084,662 | 1,150,566 | 1,217,581 | 1,274,194 |
| YoY growth (%) | 9.9 | 3.7 | 6.1 | 5.8 | 4.6 |
| Net profit (RMB mn) | 10,380.0 | 24,167.0 | 33,209.0 | 39,307.0 | 43,150.0 |
| Adjusted net profit (RMB mn) | 28,220.0 | 35,200.0 | 38,456.6 | 43,812.8 | 47,894.4 |
| EPS (Adjusted) (RMB) | 11.75 | 22.20 | 24.26 | 27.63 | 30.21 |
| Consensus EPS (RMB) | | | 21.82 | 24.36 | 26.74 |
| P/E (x) | 29.3 | 12.7 | 9.2 | 7.8 | 7.1 |

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price US\$51.90
 Up/Downside 93.9%
 Current Price US\$26.76

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) | 42,428.0 |
| Avg 3 mths t/o (US\$ mn) | 87.1 |
| 52w High/Low (US\$) | 41.31/21.44 |
| Total Issued Shares (mn) | 1585.5 |

Source: FactSet

Shareholding Structure

| | |
|-----------------------|-------|
| Richard Qiangdong Liu | 13.8% |
| Max Smart Limited | 13.3% |

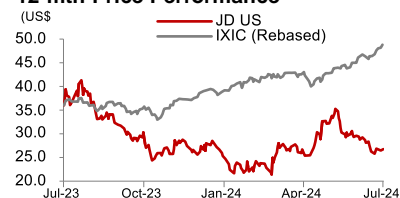
Source: HKEx

Share Performance

| | Absolute | Relative |
|-------|----------|----------|
| 1-mth | -9.0% | -15.4% |
| 3-mth | -0.9% | -12.6% |
| 6-mth | 5.4% | -15.4% |

Source: FactSet

12-mth Price Performance



Source: FactSet

Revision in financial forecast with target price unchanged at US\$51.9

Figure 1: JD: forecast revision

| RMB bn | Current | | | Previous | | | Change (%) | | |
|---------------------|---------|---------|---------|----------|---------|---------|------------|---------|---------|
| | 2024E | 2025E | 2026E | 2024E | 2025E | 2026E | 2024E | 2025E | 2026E |
| Revenue | 1,150.6 | 1,217.6 | 1,274.2 | 1,161.0 | 1,226.4 | 1,281.8 | -0.9% | -0.7% | -0.6% |
| Gross profit | 173.6 | 186.1 | 196.1 | 173.6 | 185.9 | 196.7 | 0.0% | 0.1% | -0.3% |
| Non-GAAP net profit | 38.5 | 43.8 | 47.9 | 36.6 | 41.8 | 46.2 | 5.1% | 4.8% | 3.8% |
| Gross margin | 15.1% | 15.3% | 15.4% | 15.0% | 15.2% | 15.3% | 0.1 ppt | 0.1 ppt | 0.0 ppt |
| Non-GAAP net margin | 3.3% | 3.6% | 3.8% | 3.2% | 3.4% | 3.6% | 0.2 ppt | 0.2 ppt | 0.2 ppt |

Source: CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

| RMB bn | Current | | | Consensus | | | Diff (%) | | |
|---------------------|---------|---------|---------|-----------|---------|---------|----------|---------|---------|
| | 2024E | 2025E | 2026E | 2024E | 2025E | 2026E | 2024E | 2025E | 2026E |
| Revenue | 1,150.6 | 1,217.6 | 1,274.2 | 1,162.6 | 1,237.3 | 1,313.0 | -1.0% | -1.6% | -3.0% |
| Gross profit | 173.6 | 186.1 | 196.1 | 174.6 | 187.8 | 201.6 | -0.6% | -0.9% | -2.7% |
| Non-GAAP net profit | 38.5 | 43.8 | 47.9 | 37.0 | 40.7 | 44.4 | 4.0% | 7.7% | 7.9% |
| Gross margin | 15.1% | 15.3% | 15.4% | 15.0% | 15.2% | 15.4% | 0.1 ppt | 0.1 ppt | 0.0 ppt |
| Non-GAAP net margin | 3.3% | 3.6% | 3.8% | 3.2% | 3.3% | 3.4% | 0.2 ppt | 0.3 ppt | 0.4 ppt |

Source: Bloomberg, CMBIGM estimates

DCF-based target price of US\$51.9

Our target price is US\$51.9, based on DCF valuation methodology (WACC of 11.8% and terminal growth of 1.5%; both unchanged). Our target price translates into 15x 2024E PE (non-GAAP).

Figure 3: JD: DCF valuation (WACC of 11.8% and terminal growth of 1.5%)

| (RMBbn) | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|
| Total revenue | 1,151 | 1,218 | 1,274 | 1,320 | 1,356 | 1,385 | 1,408 |
| NPV of FCF | 212 | 211 | | | | | |
| Discounted terminal value | 266 | 298 | | | | | |
| Total equity valuation | 575 | 648 | | | | | |
| No. of shares (diluted, mn) | 1,586 | 1,586 | | | | | |
| Valuation per share (USD) | 50.3 | 56.6 | | | | | |
| TP per share (USD) | 51.9 | | | | | | |

Source: Bloomberg, CMBIGM estimates

Note: Our target price is based on the weighted average of 9-month target price in 2024E and 3-month target price in 2025E

Financial Summary

| INCOME STATEMENT | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
|--|-----------|-----------|-----------|-----------|-------------|-------------|
| YE 31 Dec (RMB mn) | | | | | | |
| Revenue | 951,592 | 1,046,236 | 1,084,662 | 1,150,566 | 1,217,581 | 1,274,194 |
| Cost of goods sold | (822,525) | (899,163) | (924,958) | (976,998) | (1,031,450) | (1,078,126) |
| Gross profit | 129,067 | 147,073 | 159,704 | 173,569 | 186,131 | 196,068 |
| Operating expenses | (124,926) | (127,350) | (132,663) | (134,616) | (140,996) | (146,405) |
| Selling expense | (38,743) | (37,772) | (40,133) | (40,845) | (43,224) | (44,979) |
| Admin expense | (11,562) | (11,053) | (9,710) | (8,629) | (9,741) | (10,194) |
| R&D expense | (16,332) | (16,893) | (16,393) | (16,108) | (16,437) | (16,947) |
| Others | (58,288) | (61,632) | (66,427) | (69,034) | (71,594) | (74,286) |
| Operating profit | 4,141 | 19,723 | 27,041 | 38,952 | 45,135 | 49,663 |
| Other gains/(losses) | (590) | (1,555) | 7,496 | 6,796 | 6,796 | 6,796 |
| Share of (losses)/profits of associates/JV | (4,918) | (2,195) | 1,010 | 0 | 0 | 0 |
| EBIT | (1,367) | 15,973 | 35,547 | 45,748 | 51,931 | 56,459 |
| Interest income | (1,213) | (2,106) | (2,881) | (2,463) | (1,754) | (1,478) |
| Others | 0 | 0 | (1,016) | (730) | 0 | 0 |
| Pre-tax profit | (2,581) | 13,867 | 31,650 | 42,555 | 50,178 | 54,981 |
| Income tax | 1,887 | 4,176 | 8,393 | 8,511 | 10,036 | 10,996 |
| After tax profit | (4,467) | 9,691 | 23,257 | 34,044 | 40,142 | 43,985 |
| Minority interest | (924) | (697) | (910) | 835 | 835 | 835 |
| Discontinued operations | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | (16) | (8) | 0 | 0 | 0 | 0 |
| Net profit | (3,560) | 10,380 | 24,167 | 33,209 | 39,307 | 43,150 |
| Adjusted net profit | 17,207 | 28,220 | 35,200 | 38,457 | 43,813 | 47,894 |

| BALANCE SHEET | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
|-------------------------------|---------|---------|---------|---------|---------|---------|
| YE 31 Dec (RMB mn) | | | | | | |
| Current assets | 299,672 | 351,074 | 307,810 | 355,762 | 405,303 | 458,514 |
| Cash & equivalents | 70,767 | 78,861 | 71,892 | 105,744 | 149,375 | 197,541 |
| Restricted cash | 5,926 | 6,254 | 7,506 | 7,506 | 7,506 | 7,506 |
| Account receivables | 11,900 | 20,576 | 20,302 | 25,218 | 26,687 | 27,928 |
| Inventories | 75,601 | 77,949 | 68,058 | 77,111 | 81,409 | 85,092 |
| Prepayment | 11,456 | 15,156 | 15,639 | 15,639 | 15,639 | 15,639 |
| Other current assets | 124,023 | 152,278 | 124,413 | 124,544 | 124,688 | 124,808 |
| Non-current assets | 196,835 | 244,176 | 321,148 | 317,187 | 326,203 | 334,153 |
| PP&E | 32,944 | 55,080 | 70,035 | 66,074 | 75,090 | 83,040 |
| Right-of-use assets | 19,987 | 22,267 | 20,863 | 20,863 | 20,863 | 20,863 |
| Deferred income tax | 1,111 | 1,536 | 1,744 | 1,744 | 1,744 | 1,744 |
| Investment in JVs & assos | 63,222 | 57,641 | 56,746 | 56,746 | 56,746 | 56,746 |
| Intangibles | 5,837 | 9,139 | 6,935 | 6,935 | 6,935 | 6,935 |
| Goodwill | 12,433 | 23,123 | 19,979 | 19,979 | 19,979 | 19,979 |
| Other non-current assets | 61,300 | 75,390 | 144,846 | 144,846 | 144,846 | 144,846 |
| Total assets | 496,507 | 595,250 | 628,958 | 672,948 | 731,506 | 792,667 |
| Current liabilities | 221,636 | 266,561 | 265,650 | 276,027 | 287,426 | 297,151 |
| Short-term borrowings | 4,368 | 12,146 | 5,034 | 5,034 | 5,034 | 5,034 |
| Account payables | 140,484 | 160,607 | 166,167 | 172,579 | 182,198 | 190,443 |
| Tax payable | 2,568 | 5,926 | 7,313 | 7,313 | 7,313 | 7,313 |
| Other current liabilities | 33,083 | 37,624 | 35,848 | 39,812 | 41,593 | 43,073 |
| Lease liabilities | 6,665 | 7,688 | 7,755 | 7,755 | 7,755 | 7,755 |
| Accrued expenses | 34,469 | 42,570 | 43,533 | 43,533 | 43,533 | 43,533 |
| Non-current liabilities | 28,087 | 54,566 | 66,928 | 78,128 | 79,731 | 81,480 |
| Long-term borrowings | 9,386 | 10,224 | 10,411 | 21,611 | 23,214 | 24,963 |
| Deferred income | 1,297 | 1,107 | 964 | 964 | 964 | 964 |
| Other non-current liabilities | 17,404 | 43,235 | 55,553 | 55,553 | 55,553 | 55,553 |
| Total liabilities | 249,723 | 321,127 | 332,578 | 354,155 | 367,158 | 378,632 |
| Share capital | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital surplus | 208,912 | 213,366 | 231,858 | 220,332 | 226,580 | 233,117 |
| Retained earnings | 0 | 0 | 0 | 33,939 | 73,246 | 116,396 |
| Other reserves | 1,212 | 590 | 614 | 614 | 614 | 614 |
| Total shareholders equity | 210,124 | 213,956 | 232,472 | 254,885 | 300,440 | 350,127 |
| Minority interest | 36,661 | 60,167 | 63,908 | 63,908 | 63,908 | 63,908 |
| Total equity and liabilities | 496,507 | 595,250 | 628,958 | 672,948 | 731,506 | 792,667 |

| CASH FLOW | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| YE 31 Dec (RMB mn) | | | | | | |
| Operating | | | | | | |
| Profit before taxation | (2,581) | 13,867 | 31,650 | 42,555 | 50,178 | 54,981 |
| Depreciation & amortization | 6,232 | 7,236 | 5,257 | 5,751 | 6,203 | 6,704 |
| Tax paid | (1,887) | (4,176) | (8,393) | (8,511) | (10,036) | (10,996) |
| Change in working capital | 18,948 | 22,119 | 20,639 | (3,722) | 5,489 | 4,680 |
| Others | 21,588 | 18,773 | 10,368 | 5,777 | 5,413 | 5,702 |
| Net cash from operations | 42,301 | 57,819 | 59,521 | 41,850 | 57,246 | 61,071 |
| Investing | | | | | | |
| Capital expenditure | (19,057) | (38,165) | (16,270) | (16,108) | (15,220) | (14,653) |
| Acquisition of subsidiaries/ investments | (181,916) | (184,792) | 0 | 0 | 0 | 0 |
| Net proceeds from disposal of short-term investments | 126,934 | 171,853 | 0 | 0 | 0 | 0 |
| Others | (209) | (2,922) | (43,273) | 0 | 0 | 0 |
| Net cash from investing | (74,248) | (54,026) | (59,543) | (16,108) | (15,220) | (14,653) |
| Financing | | | | | | |
| Net borrowings | (2,975) | 7,027 | (6,925) | 11,200 | 1,604 | 1,749 |
| Proceeds from share issues | 22,478 | (5,847) | 0 | 0 | 0 | 0 |
| Others | 0 | 0 | 1,117 | 0 | 0 | 0 |
| Net cash from financing | 19,503 | 1,180 | (5,808) | 11,200 | 1,604 | 1,749 |
| Net change in cash | | | | | | |
| Cash at the beginning of the year | 87,376 | 73,550 | 82,013 | 76,308 | 113,250 | 156,881 |
| Exchange difference | (1,382) | 3,490 | 125 | 0 | 0 | 0 |
| Cash at the end of the year | 73,550 | 82,013 | 76,308 | 113,250 | 156,881 | 205,047 |
| GROWTH | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
| YE 31 Dec | | | | | | |
| Revenue | 27.6% | 9.9% | 3.7% | 6.1% | 5.8% | 4.6% |
| Gross profit | 18.3% | 14.0% | 8.6% | 8.7% | 7.2% | 5.3% |
| Operating profit | (55.0%) | 376.3% | 37.1% | 44.0% | 15.9% | 10.0% |
| EBIT | na | na | 122.5% | 28.7% | 13.5% | 8.7% |
| Net profit | na | na | 132.8% | 37.4% | 18.4% | 9.8% |
| Adj. net profit | 25.7% | 64.0% | 24.7% | 9.3% | 13.9% | 9.3% |
| PROFITABILITY | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
| YE 31 Dec | | | | | | |
| Gross profit margin | 13.6% | 14.1% | 14.7% | 15.1% | 15.3% | 15.4% |
| Operating margin | 0.4% | 1.9% | 2.5% | 3.4% | 3.7% | 3.9% |
| Adj. net profit margin | 1.8% | 2.7% | 3.2% | 3.3% | 3.6% | 3.8% |
| Return on equity (ROE) | (1.7%) | 4.9% | 10.8% | 13.6% | 14.2% | 13.3% |
| GEARING/LIQUIDITY/ACTIVITIES | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
| YE 31 Dec | | | | | | |
| Net debt to equity (x) | (0.3) | (0.3) | (0.2) | (0.3) | (0.4) | (0.5) |
| Current ratio (x) | 1.4 | 1.3 | 1.2 | 1.3 | 1.4 | 1.5 |
| Receivable turnover days | 3.6 | 5.7 | 6.9 | 7.2 | 7.8 | 7.8 |
| Inventory turnover days | (29.9) | (31.2) | (28.8) | (27.1) | (28.0) | (28.2) |
| Payable turnover days | (54.9) | (61.1) | (64.5) | (63.3) | (62.8) | (63.1) |
| VALUATION | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
| YE 31 Dec | | | | | | |
| P/E | ns | 29.3 | 12.7 | 9.2 | 7.8 | 7.1 |
| P/E (diluted) | ns | 29.8 | 12.8 | 9.3 | 7.9 | 7.2 |
| P/B | 1.4 | 1.4 | 1.3 | 1.2 | 1.0 | 0.9 |

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.