

Amazon (AMZN US)

Structural margin improvement trend intact

Amazon released (1 Nov HKT) 3Q24 results: revenue was US\$158.9bn, up 11% YoY (3Q23: 13%), and was 2%/1% better than our estimates/Bloomberg consensus, while total operating profit was US\$17.4bn, up 56% YoY, 18/16% better than our estimates/consensus, driven by an all-round OPM margin beat for all three business segments (North America, International, and AWS). Management guided for US\$181.5bn-188.5bn revenue for 4Q24E, implying 7-11% YoY growth, and US\$16.0-20.0bn operating profit (consensus: US\$17.5bn). We believe Amazon's structural YoY margin expansion trend is on track, aided by the continued improvement in cost to serve, as well as increase in revenue contribution from relatively high-margin ads and AWS businesses. We roll over our valuation period to 4Q24-3Q25E, and our target price rises by 14% to US\$235.0 (was US\$207.0), based on 18.2x EV/EBITDA (was 18.8x), inline with the two-year trading average. Maintain BUY.

- **AWS: strong margin expansion well above consensus.** In 3Q24, AWS inked revenue of US\$27.5bn, up 19.1% YoY (3Q23: 12.3%; 2Q24: 18.7%), inline with consensus. Operating profit for AWS segment was US\$10.4bn in 3Q24, 15% ahead of consensus, and translating into a 38.1% OPM (3Q23: 30.3%; 2Q24: 35.5%), mainly driven by: 1) change in estimated useful life of servers (c. 2ppts positive impact YoY); 2) solid top line growth which aided the unleash of operating leverage; 3) continued cost control efforts, which includes a measured pace of hiring, and a focus on driving efficiencies on infrastructure. Management stressed that it believes more demand could be fulfilled if more capacity is available, and guided for US\$75bn Capex for 24E (9M24: US\$51.9bn) based on significant demand signals.
- **North America (NA) and International business saw ongoing margin expansion trend.** The ongoing improvement in cost to serve, as well as increase in revenue contribution from ads revenue continued driving YoY margin expansion for both NA and international business in 3Q24. Amazon is making progress in improving fulfillment network cost structure, driven in part by improved inventory placement, which in our view could support sustained margin expansion. In addition, the improvement in product selection and delivery speed could help drive better consumer demand. As of 3Q24, Amazon had improved its ability to spread inventory across fulfillment centres in NA by 25% YoY, and over 40mn customers experienced same-day delivery, also up 25% YoY. In 3Q, Amazon's NA business recorded revenue of US\$95.5bn, up 9% YoY, inline with consensus, while OPM expanded by 1ppt YoY to 5.9% (consensus: 5.5%). For international segment, revenue was US\$35.9bn, up 12% YoY, 4% ahead of consensus, and operating margin improved by 3.9ppts YoY to 3.6% (consensus: 1.2%).
- **Ads revenue contribution has potential to further expand.** In 3Q24, Amazon's advertising services revenue grew 19% YoY (3Q23: 26%; 2Q24: 20%) to US\$14.3bn, aided by strong performance in sponsored ads, as well as incremental revenue contribution generated from Amazon Prime Video ads. As a percentage of revenue, advertising services contributed 9.0% of the total in 3Q24, up from 8.4% in 3Q23.

BUY (Maintain)

Target Price US\$235.00
(Previous TP US\$207.00)
Up/Downside 18.7%
Current Price US\$197.93

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

Stock Data

Mkt Cap (US\$ mn)	2,076,681.6
Avg 3 mths t/o (US\$ mn)	2,757.3
52w High/Low (US\$)	200.00/138.07
Total Issued Shares (mn)	10492.0

Source: FactSet

Shareholding Structure

Jeffrey P. Bezos	9.6%
The Vanguard Group, Inc.	7.1%

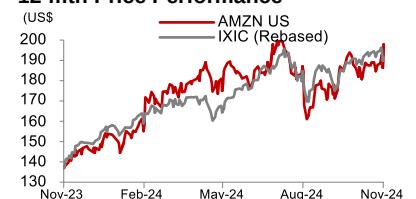
Source: Nasdaq

Share Performance

	Absolute	Relative
1-mth	6.9%	5.0%
3-mth	7.5%	1.4%
6-mth	10.6%	-5.4%

Source: FactSet

12-mth Price Performance



Source: FactSet

Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (US\$ mn)	513,983	574,785	637,141	705,513	771,822
YoY growth (%)	9.4	11.8	10.8	10.7	9.4
Net profit (US\$ mn)	(2,722.0)	30,425.0	54,662.0	65,815.2	82,209.2
YoY growth (%)	na	na	79.7	20.4	24.9
EPS (Reported) (US\$)	(0.27)	2.90	5.17	6.15	7.59
Consensus EPS (US\$)	na	na	4.72	5.85	7.39
P/E (x)	ns	68.3	38.3	32.2	26.1
P/B (x)	14.0	10.3	7.7	5.9	4.6

Source: Company data, Bloomberg, CMBIGM estimates

Figure 1: Amazon quarterly results review and comparison with consensus

(USDbn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	3Q24 Consensus	Diff%	CMBI estimates	Diff%
Online Stores	51.1	53.0	57.3	70.5	54.7	55.4	61.4	59.6	3.0%	58.1	5.7%
YoY Growth	-0.1%	4.2%	7.1%	9.3%	7.0%	4.6%	7.2%			1.5%	
Third-Party Seller Services	29.8	32.3	34.3	43.6	34.6	36.2	37.9	38.2	-0.9%	38.3	-1.2%
YoY Growth	17.7%	18.1%	19.8%	19.9%	16.0%	12.0%	10.3%			11.6%	
AWS	21.4	22.1	23.1	24.2	25.0	26.3	27.5	27.5	-0.1%	27.4	0.0%
YoY Growth	15.8%	12.2%	12.3%	13.2%	17.2%	18.7%	19.1%			19.0%	
Subscription Services	9.7	9.9	10.2	10.5	10.7	10.9	11.3	11.2	1.0%	11.2	1.0%
YoY Growth	14.8%	13.5%	14.2%	14.1%	11.0%	9.8%	10.9%			9.8%	
Advertising Services	9.5	10.7	12.1	14.7	11.8	12.8	14.3	14.2	0.6%	14.2	0.7%
YoY Growth	20.7%	22.0%	26.3%	26.8%	24.3%	20%	19%			18.0%	
Physical Stores	4.9	5.0	5.0	5.2	5.2	5.2	5.2	5.2	1.2%	5.2	1.5%
YoY Growth	6.6%	6.4%	5.6%	3.9%	6.3%	3.6%	5.4%			3.9%	
Other (New)	1.0	1.3	1.2	1.4	1.3	1.3	1.3	1.3	0.9%	1.2	7.1%
YoY Growth	55.4%	25.6%	-2.9%	8.6%	22.9%	-6.3%	7.1%			0.0%	
Total revenue	127.4	134.4	143.1	170.0	143.3	148.0	158.9	157.3	1.0%	155.7	2.1%
YoY Growth	9.4%	10.8%	12.6%	13.9%	12.5%	10.1%	11.0%			8.8%	
Gross profit	59.6	65.0	68.1	77.4	70.7	74.2	77.9	77.0	1.2%	76.1	2.4%
Operating profit	4.8	7.7	11.2	13.2	15.3	14.7	17.4	14.7	18.1%	15.0	16.1%
Net profit	3.2	6.8	9.9	10.6	10.4	13.5	15.3	12.4	23.6%	13.5	13.7%
Revenue breakdown by segment											
North America	76.9	82.5	87.9	105.5	86.3	90.0	95.5	95.2	0.3%	94.5	1.1%
YoY Growth	11.0%	10.9%	11.5%	13.0%	12.3%	9.1%	8.7%			7.5%	
% of total revenue	60.4%	61.4%	61.4%	62.1%	60.2%	60.8%	60.1%			60.7%	
International revenue	29.1	29.7	32.1	40.2	31.9	31.7	35.9	34.6	3.9%	33.7	6.3%
YoY Growth	1.3%	9.7%	15.9%	16.8%	9.7%	6.6%	11.7%			5.0%	
% of total revenue	22.9%	22.1%	22.5%	23.7%	22.3%	21.4%	22.6%			21.7%	
AWS	21.4	22.1	23.1	24.2	25.0	26.3	27.5	27.5	-0.1%	27.4	0.0%
YoY Growth	15.8%	12.2%	12.3%	13.2%	17.2%	18.7%	19.1%			19.0%	
% of total revenue	16.8%	16.5%	16.1%	14.2%	17.5%	17.8%	17.3%			17.6%	
OP breakdown by segment											
North America	0.9	3.2	4.3	6.5	5.0	5.1	5.7	5.2	8.6%	5.3	7.0%
OPM	1.2%	3.9%	4.9%	6.1%	5.8%	5.6%	5.9%	5.5%	0.5 ppt	5.6%	0.3 ppt
International	(1.2)	(0.9)	(0.1)	(0.4)	0.9	0.3	1.3	0.4	220.4%	0.1	1105.1%
OPM	-4.3%	-3.0%	-0.3%	-1.0%	2.8%	0.9%	3.6%	1.2%	2.5 ppt	0.3%	3.3 ppt
AWS	5.1	5.4	7.0	7.2	9.4	9.3	10.4	9.1	14.6%	9.6	8.8%
OPM	24.0%	24.2%	30.3%	29.6%	37.6%	35.5%	38.1%	33.2%	4.9 ppt	35.0%	3.1 ppt
YoY Growth	-21.4%	-6.1%	29.1%	37.7%	83.9%	74.0%	49.8%			37.7%	
Margins (%)											
GPM	46.8%	48.4%	47.6%	45.5%	49.3%	50.1%	49.0%	49.0%	0.1 ppt	48.9%	0.2 ppt
OPM	3.7%	5.7%	7.8%	7.8%	10.7%	9.9%	11.0%	9.4%	1.6 ppt	9.6%	1.3 ppt
NPM	2.5%	5.0%	6.9%	6.3%	7.3%	9.1%	9.6%	7.9%	1.8 ppt	9.1%	0.5 ppt

Source: CMBIGM estimates, Bloomberg

Changes in forecast and valuation

Figure 2: Amazon forecast revision

USD bn	Current			Previous			Change (%)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Revenue	637.1	705.5	771.8	629.8	690.5	750.3	1.2%	2.2%	2.9%
Gross Profit	310.7	348.9	386.0	306.6	339.9	373.5	1.3%	2.6%	3.3%
Operating Profit	65.9	81.2	99.3	62.6	78.4	97.2	5.2%	3.6%	2.2%
Net profit	54.7	65.8	82.2	51.3	68.2	88.2	6.7%	-3.5%	-6.8%
GPM	48.8%	49.5%	50.0%	48.7%	49.2%	49.8%	0.1 ppt	0.2 ppt	0.2 ppt
OPM	10.3%	11.5%	12.9%	9.9%	11.4%	12.9%	0.4 ppt	0.2 ppt	-0.1 ppt
NPM	8.6%	9.3%	10.7%	8.1%	9.9%	11.8%	0.4 ppt	-0.5 ppt	-1.1 ppt

Source: CMBIGM estimates

Figure 3: Amazon: CMBI forecast vs consensus

USD bn	Current			Consensus			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	637.1	705.5	771.8	635.7	704.6	780.9	0.2%	0.1%	-1.2%
Gross Profit	310.7	348.9	386.0	309.8	355.5	403.5	0.3%	-1.8%	-4.4%
Operating Profit	65.9	81.2	99.3	62.1	77.2	96.7	6.1%	5.2%	2.8%
Net profit	54.7	65.8	82.2	50.6	62.9	79.4	8.0%	4.6%	3.6%
GPM	48.8%	49.5%	50.0%	48.7%	50.5%	51.7%	0.0 ppt	-1.0 ppt	-1.7 ppt
OPM	10.3%	11.5%	12.9%	9.8%	11.0%	12.4%	0.6 ppt	0.6 ppt	0.5 ppt
NPM	8.6%	9.3%	10.7%	8.0%	8.9%	10.2%	0.6 ppt	0.4 ppt	0.5 ppt

Source: CMBIGM estimates, Bloomberg

Figure 4: Amazon: target price of US\$235.0 based on 18.2x EV/EBITDA

(USDmn)	
GAAP EBITDA (12-month forward)	136,009
GAAP EBITDA Margin %	19.9%
Target EV/EBITDA	18.2x
Enterprise Value	2,472,651
GAAP EBITDA CAGR (2023-2026E CAGR)	24%
Capital Structure Adjustments	
Adjusted Net Debt - 2025E	(130,816)
Shares Outstanding - 2025E	11,064
Valuation (USD)	235.0

Source: CMBIGM estimates

Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (US\$ mn)						
Revenue	469,822	513,983	574,785	637,141	705,513	771,822
Cost of goods sold	(272,344)	(288,831)	(304,739)	(326,483)	(356,585)	(385,851)
Gross profit	197,478	225,152	270,046	310,658	348,928	385,972
Operating expenses	(172,599)	(212,904)	(233,194)	(244,781)	(267,716)	(286,635)
Selling expense	(32,551)	(42,238)	(44,370)	(43,982)	(48,619)	(52,092)
Admin expense	(8,823)	(11,891)	(11,816)	(11,807)	(13,116)	(13,870)
R&D expense	(56,052)	(73,213)	(85,622)	(88,333)	(95,991)	(103,208)
Others	(75,173)	(85,562)	(91,386)	(100,659)	(109,990)	(117,465)
Operating profit	24,879	12,248	36,852	65,878	81,212	99,337
Interest income	448	989	2,949	4,589	4,522	7,061
Interest expense	(1,809)	(2,367)	(3,182)	(2,445)	(2,408)	(2,320)
Other income/expense	14,633	(16,806)	938	(2,718)	0	0
Pre-tax profit	38,151	(5,936)	37,557	65,303	83,326	104,077
Income tax	(4,791)	3,217	(7,120)	(10,557)	(17,498)	(21,856)
Others	4	(3)	(12)	(84)	(12)	(12)
After tax profit	33,364	(2,722)	30,425	54,662	65,815	82,209
Net profit	33,364	(2,722)	30,425	54,662	65,815	82,209

BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (US\$ mn)						
Current assets	161,580	146,791	172,351	200,362	273,438	382,121
Cash & equivalents	36,220	53,888	73,387	94,840	158,896	259,256
Restricted cash	60,080	24,093	32,328	36,661	41,608	46,648
Account receivables	32,640	34,405	33,318	34,431	36,467	38,108
Inventories	32,640	34,405	33,318	34,431	36,467	38,108
Contract obtaining costs	258,969	315,884	355,503	418,120	453,202	473,950
PP&E	160,281	186,715	204,177	247,203	282,285	303,033
Deferred income tax	0	0	0	0	0	0
Goodwill	15,371	20,288	22,789	23,081	23,081	23,081
Other non-current assets	420,549	462,675	527,854	618,483	726,640	856,072
Current liabilities	142,266	155,393	164,917	178,111	197,858	219,459
Account payables	78,664	79,600	84,981	92,082	103,329	114,213
Other current liabilities	11,827	13,227	15,227	16,751	18,604	20,308
Accrued expenses	51,775	62,566	64,709	69,278	75,924	84,938
Non-current liabilities	140,038	161,239	161,062	155,917	152,917	151,428
Long-term borrowings	48,744	67,150	58,314	46,872	44,621	44,621
Other non-current liabilities	91,294	94,089	102,748	109,045	108,296	106,807
Total liabilities	282,304	316,632	325,979	334,028	350,774	370,887
Share capital	5	108	109	110	110	110
Capital surplus	55,538	75,066	99,025	122,455	148,052	175,161
Retained earnings	85,915	83,193	113,618	168,280	234,095	316,304
Other reserves	(3,213)	(12,324)	(10,877)	(9,755)	(9,755)	(9,755)
Total shareholders equity	138,245	146,043	201,875	281,090	372,502	481,821
Total equity and liabilities	420,549	462,675	527,854	615,119	723,276	852,708

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (US\$ mn)						
Operating						
Profit before taxation	38,151	(5,936)	37,557	65,303	83,326	104,077
Depreciation & amortization	34,296	41,461	48,663	51,416	60,498	64,452
Tax paid	(4,791)	3,217	(7,120)	(10,557)	(17,498)	(21,856)
Change in working capital	(19,611)	(20,886)	(11,541)	(10,180)	13,660	16,843
Others	(1,718)	28,896	17,387	22,911	25,585	27,097
Net cash from operations	46,327	46,752	84,946	118,893	165,570	190,613
Investing						
Capital expenditure	(55,396)	(58,321)	(48,133)	(74,978)	(95,320)	(85,630)
Acquisition of subsidiaries/ investments	(1,985)	(8,316)	(5,839)	(4,547)	0	0
Others	(773)	29,036	4,139	(1,394)	(2,933)	(3,565)
Net cash from investing	(58,154)	(37,601)	(49,833)	(80,919)	(98,252)	(89,194)
Financing						
Net borrowings	17,616	23,907	(11,224)	(14,565)	(2,251)	0
Share repurchases	0	(6,000)	0	0	0	0
Others	(11,325)	(8,189)	(4,655)	(2,186)	(1,010)	(1,059)
Net cash from financing	6,291	9,718	(15,879)	(16,751)	(3,261)	(1,059)
Net change in cash						
Cash at the beginning of the year	41,466	35,566	53,342	72,979	94,151	158,208
Others	(364)	(1,093)	403	(51)	0	0
Cash at the end of the year	35,566	53,342	72,979	94,151	158,208	258,568
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Revenue	21.7%	9.4%	11.8%	10.8%	10.7%	9.4%
Gross profit	29.3%	14.0%	19.9%	15.0%	12.3%	10.6%
Operating profit	8.6%	(50.8%)	200.9%	78.8%	23.3%	22.3%
Net profit	56.4%	na	na	79.7%	20.4%	24.9%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Gross profit margin	42.0%	43.8%	47.0%	48.8%	49.5%	50.0%
Operating margin	5.3%	2.4%	6.4%	10.3%	11.5%	12.9%
Return on equity (ROE)	28.8%	(1.9%)	17.5%	22.6%	20.1%	19.2%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Current ratio (x)	1.1	0.9	1.0	1.1	1.4	1.7
Receivable turnover days	22.0	26.4	29.6	31.0	30.4	29.4
Inventory turnover days	37.3	41.8	40.0	37.4	35.8	34.8
Payable turnover days	104.0	99.2	100.4	101.5	104.3	106.6
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
P/E	60.0	ns	68.3	38.3	32.2	26.1
P/E (diluted)	61.6	ns	68.3	39.6	33.3	26.9
P/B	14.9	14.0	10.3	7.7	5.9	4.6
P/CFPS	ns	ns	56.4	49.3	31.2	21.1

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.