

Meituan (3690 HK)

3Q results beat; driving earnings growth in a more holistic perspective

Meituan reported (29 Nov) its 3Q24 results: revenue was RMB93.6bn, up 22% YoY, 2% higher than both our estimate and Bloomberg consensus estimate. Adj. NP reached RMB12.8bn, 4%/10% better than our estimate/consensus, due to both better-than-expected operating profit (OP) generated from core local commerce (CLC) business, aided by subsidy optimization for food delivery (FD) business, and narrower-than-expected loss generated from new business, aided by better-than-expected operating efficiency improvement. Amid macro headwinds, and aiming to improve engagement of core consumer base, Meituan is proactively fostering business operation integration within CLC business, and driving quality earnings growth in a more holistic perspective. The additional investment to enhance benefits of couriers and merchant support, as well as for international expansion of FD business in the Middle East may slightly offset robust earnings growth of CLC, but should benefit long-term platform ecosystem enhancement and earnings growth. We lift 24-26E non-IFRS NP forecast by 5-9%, and our DCF-based TP is lifted by 26% to HK\$199.2 after factoring in the impact of rolling over valuation period to 2025E.

- **Expecting CLC to sustain mid-40s YoY OP growth in 4Q.** CLC segment revenue/OP was RMB69.4bn/14.6bn in 3Q24, up 20%/44% YoY, 1/6% better than our estimates and 2%/14% better than consensus. Segmental OPM was also 1.0/2.3ppts better than our forecast/consensus, which we attributed to better-than-expected increase in per order delivery services revenue, and better-than-expected operating efficiency improvement aided by optimization of user subsidies of FD business. Driven by continuous operating efficiency improvement and business operation optimization, we forecast CLC to ink revenue/OP of RMB65.2bn/11.6bn, up 18%/44% in 4Q24E, and our 24E CLC OP forecast is lifted by 4% to RMB51.1bn.
- **New initiatives saw continuous operating efficiency improvement.** Revenue generated from new initiatives was RMB24.2bn in 3Q24, up 29% YoY, driven by Kuailv and Xiaoxiang Supermarket. Operating loss was RMB1.0bn, narrower than our/consensus estimates of both RMB1.8bn, implying a loss margin of 4.2% (3Q23: -27.2%), driven by better-than-expected earnings generation from both retail business and other business (such as bike sharing and power bank) on favourable seasonality. We estimate that operating loss generated from Meituan Select was RMB1.7bn, narrowed from RMB5.0bn/RMB2.0bn in 3Q23/2Q24, and was better than our previous estimate at RMB1.8bn. This also implied other new business excluding Meituan Select has achieved OP of c. RMB700mn in 3Q24.
- **Incremental investment on international expansion to support long-term development.** In 4Q24, we forecast operating loss generated from Meituan Select to further optimize to RMB1.6bn (4Q23: RMB4.4bn), while other business to see YoY loss expansion to RMB555mn due to the FD business expansion in the Middle East as expected. Our 4Q24E operating loss forecast for new initiatives was largely unchanged at RMB2.2bn (4Q23: RMB4.8bn in loss), while full-year loss forecast is cut to RMB7.3bn (was RMB8.1bn) due to the beat in 3Q. International expansion of FD business will bring full-year financial impact in 2025 (vs two months' impact in 2024), but we are positive on the long-term development prospect, as steady-state GTV margin should be higher than that of domestic FD business aided by higher AOV and per order delivery service fee charge.

BUY (Maintain)

Target Price HK\$199.20
(Previous TP) HK\$157.80
Up/Downside 18.1%
Current Price HK\$168.70

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 (HK\$ mn)	1,038,617.6
Avg 3 mths t/o (HK\$ mn)	7,507.1
52w High/Low (HK\$)	213.40/62.55
Total Issued Shares (mn)	6156.6

Source: FactSet

Shareholding Structure

Huai River Investment Limited	10.1%
Crown Holdings Asia Limited	7.9%

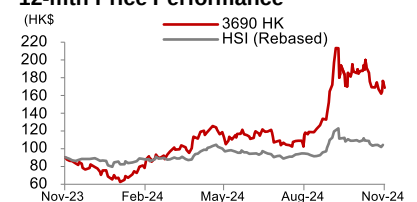
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-10.9%	-5.0%
3-mth	45.8%	33.5%
6-mth	49.7%	42.4%

Source: FactSet

12-mth Price Performance



Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	219,955	276,745	336,969	392,901	447,028
YoY growth (%)	22.8	25.8	21.8	16.6	13.8
Net profit (RMB mn)	(6,686.1)	13,856.1	38,720.2	43,263.1	55,637.9
Adjusted net profit (RMB mn)	2,827.2	23,253.4	45,042.1	51,687.3	64,752.3
YoY growth (%)	na	722.5	93.7	14.8	25.3
EPS (Adjusted) (RMB)	0.46	3.74	7.18	8.16	10.12
P/E (x)	ns	70.5	25.5	23.0	18.1
ROE (%)	(5.3)	9.9	23.0	20.5	20.7

Source: Company data, Bloomberg, CMBIGM estimates

Key takeaways from the results

- **OPM of CLC business expanded by 3.5ppts to 21.0%, and was 1.0/2.3ppts better than our forecast/consensus.**
 - **Revenue/OP of CLC** segment increased by 20/44% YoY to RMB69.4bn/14.6bn in 3Q24, and OPM was expanded by 3.5ppts, primarily attributable to operating efficiency improvement.
 - **Total order volume** of food delivery and Meituan Instashopping reached 7.08bn in 3Q24, up 14.5% YoY and was inline with both our forecast and Bloomberg consensus.
 - **Delivery services revenue growth was faster than order volume growth for CLC segment, as:** 1) user incentive deducted from delivery service revenue decreased with the nationwide rollout of Shen Hui Yuan (神会员); 2) a growing number of merchants shifted to Meituan's delivery services, due to higher cost efficiency; and 3) the percentage of large ticket size, nighttime, and long-distance orders continued to increase.
 - **Progress update on the business operation integration of CLC:** Shen Hui Yuan has received positive response from and active participation of merchants, with over 50% of Meituan's merchants having already joined the program as of 3Q24, and merchants have seen improvement in traffic conversion efficiency. Also, user traffic directed through FD members to in-store business continued to grow, and purchase frequency of existing users saw solid growth.
- **Loss reduction of new initiatives better than expected.** Operating loss from new initiatives segment narrowed to RMB1.0bn for 3Q24 (3Q23: loss of RMB5.1bn), and operating loss margin narrowed by 23ppts to 4.2%, mainly driven by efforts in improving operating efficiency in goods retail business.
- **Update on share repurchase:** During the three months ended 30 Sep 2024, Meituan repurchased a total of 120mn Class B shares on the stock exchange at the aggregate consideration of HK\$14.2bn before expenses, which equals to c.1.9% of the outstanding shares as of 30 Jun 2024.

Figure 1: Meituan: quarterly financial results and consensus comparison

(RMB mn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	Consensus	Diff (%)	CMBI estimates	Diff (%)
Revenue	58,617	67,965	76,467	73,696	73,276	82,251	93,577	91,988	1.7%	92,140	1.6%
YoY	26.7%	33.4%	22.1%	22.6%	25.0%	21.0%	22.4%				
By segment											
1. CLC	42,885	51,200	57,691	55,131	54,626	60,682	69,373	68,334	1.5%	68,670	1.0%
YoY	25.5%	39.2%	24.5%	26.8%	27.4%	18.5%	20.2%				
1.1 Delivery services	16,905	20,375	22,984	21,927	21,065	23,021	27,784	26,965	3.0%		
YoY	18.8%	27.7%	14.3%	10.9%	24.6%	13.0%	20.9%				
1.2 Commission	15,815	18,402	20,987	19,427	20,034	22,108	26,080	23,210	12.4%		
YoY	32.4%	47.5%	30.5%	32.7%	26.7%	20.1%	24.3%				
1.3. Online marketing services	7,747	10,244	11,370	10,907	10,307	12,263	13,424	14,069	-4.6%		
YoY	10.6%	40.4%	31.6%	40.8%	33.1%	19.7%	18.1%				
1.4. Other services and sales	2,418	2,179	2,351	2,870	3,219	3,289	2,085	2,865	-27.2%		
YoY	143.6%	106.7%	56.4%	117.6%	33.1%	51.0%	-11.3%				
2. New initiatives	15,732	16,765	18,776	18,565	18,650	21,569	24,204	23,295	3.9%	23,470	3.1%
YoY	30.1%	18.4%	15.3%	11.5%	18.5%	28.7%	28.9%				
Operating profit	3,586	4,713	3,359	1,758	5,209	11,257	13,685	9,656	41.7%	10,301	32.9%
By segment											
CLC	9,445	11,139	10,096	8,019	9,699	15,234	14,582	12,826	13.7%	13,737	6.2%
New initiatives	-5,029	-5,193	-5,112	-4,833	-2,757	-1,314	-1,026	-1,782	na	-1,801	na
Non-IFRS net profit	5,491	7,660	5,727	4,375	7,488	13,606	12,829	11,656	10.1%	12,290	4.4%
OPM (%)	6.1%	6.9%	4.4%	2.4%	7.1%	13.7%	14.6%	10.5%	4.1 ppt	11.2%	3.4 ppt
CLC	22.0%	21.8%	17.5%	14.5%	17.8%	25.1%	21.0%	18.8%	2.3 ppt	20.0%	1.0 ppt
New initiatives	-32.0%	-31.0%	-27.2%	-26.0%	-14.8%	-6.1%	-4.2%	-7.6%	3.4 ppt	-7.7%	3.4 ppt
Non-IFRS NPM (%)	9.4%	11.3%	7.5%	5.9%	10.2%	16.5%	13.7%	12.7%	1.0 ppt	13.3%	0.4 ppt

Source: Company data, Bloomberg, CMBIGM estimates. Note: CLC: core local commerce

4Q24 outlook: lift earnings forecast driven by better-than-expected UE expansion of FD business

- **CLC business:** we estimate CLC revenue growth of 18.2% YoY in 4Q24E, with total revenue to reach RMB65.2bn, driven by 26.7% YoY revenue growth in ISHT (in-store, hotel and travel) business and 14.0% YoY revenue growth in FD business; and we forecast operating profit for CLC business to grow 44% YoY in 4Q24E, to reach RMB11.6bn, implying 17.7% OPM (up 3.2ppts YoY), driven by UE expansion of FD business, as well as solid operating profit growth of ISHT business.
- **New initiatives:** we forecast new initiatives segment revenue growth of 22% YoY in 4Q24E, with total revenue to reach RMB22.7bn. In 4Q24, we forecast Meituan Select to see further loss reduction to RMB1.6bn (4Q23: loss of RMB4.4bn), while other new business on a combined basis to deteriorate YoY to record RMB550mn in loss (from c. RMB430mn in loss in 4Q23) due to: 1) weak seasonality for power bank and bike sharing business; and 2) increase in investment to support FD business expansion into the Middle East market.

Revision of forecast and valuation

Key changes in our estimates include: 1) we lift 2024E/2025E revenue forecast by 0.2%/0.4% to factor in better-than-expected FD revenue growth; 2) we lift 2024E/2025E operating profit by 14.0%/6.2% to account for better-than-expected UE expansion of FD business, driven by the increase in estimate of per order delivery services revenue generation, and optimization in user subsidy.

Figure 2: Meituan: forecast revision

RMB bn	Current			Previous			Change (%)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Revenue	337.0	392.9	447.0	336.1	391.4	441.3	0.2%	0.4%	1.3%
CLC	249.9	288.7	328.0	249.3	287.6	322.7	0.2%	0.4%	1.7%
New initiatives	87.1	104.2	119.0	86.8	103.8	118.7	0.3%	0.4%	0.3%
OP	39.4	49.4	63.2	34.6	46.5	57.0	14.0%	6.2%	11.0%
CLC	51.1	59.1	68.7	49.2	57.5	66.2	3.7%	2.7%	3.9%
New initiatives	(7.3)	(5.3)	(0.1)	(8.1)	(6.2)	(3.4)	na	na	na
Non-IFRS NP	45.0	51.7	64.8	42.1	49.4	59.6	6.9%	4.7%	8.7%
OPM	11.7%	12.6%	14.1%	10.3%	11.9%	12.9%	1.4 pp	0.7 pp	1.2 pp
Non-IFRS NPM	13.4%	13.2%	14.5%	12.5%	12.6%	13.5%	0.8 pp	0.5 pp	1.0 pp

Source: CMBIGM estimates

DCF-based target price of HK\$199.2

To account for the impact of earnings forecast upgrades and rollover of valuation period to 2025E, our DCF-based target price is lifted by 26% to HK\$199.2, assuming WACC of 11.0% and terminal growth of 2.5% (both unchanged), translating into 25x/22x 2024E/2025E PE (non-IFRS).

Figure 3: Meituan: DCF valuation, WACC of 11.0%, terminal growth of 2.5%

(RMBmn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
NPV of FCF	381,950	354,932	361,904	328,981	296,707	238,051	176,120	89,460
Discounted terminal value	520,312							
Total equity valuation	1,121,021							
Total equity valuation (HKDmn)	1,262,666							
No. of shares (diluted, mn)	6,338							
Valuation per share (HKD)	199.2							

Source: Company data, CMBIGM estimates

Note: our TP is based on 2025E valuation

We also have an SOTP valuation cross-check for Meituan below, in which we assign 20.0x/17.0x 2025E PE for FD/ISHT business, and 1.0x 2025E PS for new initiatives and others. After considering net cash in hand, we reached total valuation of HK\$230.0 per share for Meituan.

Figure 4: Meituan: 2025E SOTP valuation cross-check

(RMBmn)	2023- 2026E revenue CAGR	2023- 2026E OP CAGR	Valuation method	2025E NP/sales	Target PE/PS	Implied 2025E PS	2025E valuation	As % of total valuation	Per share valuation
Food delivery	11%	16%	2025E PE	28,551	20.0	3.1	571,030	44.6	102.5
In-store/hotel/travel	24%	22%	2025E PE	20,508	17.0	5.0	348,634	27.2	62.6
New initiatives and others	23%			140,989.9	1.0	-	140,990	11.0	25.3
Cash and short-term investment (2025E)							218,759	17.1	39.3
Total valuation (RMBmn)							1,279,413		
Total valuation (HKDmn)							1,441,072		
Valuation per share (HKD)							230		

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Revenue	179,128	219,955	276,745	336,969	392,901	447,028
Cost of goods sold	(136,654)	(158,202)	(179,554)	(200,125)	(228,675)	(254,568)
Gross profit	42,474	61,753	97,191	136,845	164,226	192,460
Operating expenses	(65,601)	(67,573)	(83,776)	(97,446)	(114,810)	(129,255)
SG&A expense	(49,296)	(49,517)	(67,989)	(79,444)	(95,232)	(107,640)
R&D expense	(16,676)	(20,740)	(21,201)	(21,500)	(23,590)	(25,327)
Others	370	2,683	5,414	3,498	4,012	3,713
Operating profit	(23,127)	(5,820)	13,415	39,399	49,416	63,205
Share of (losses)/profits of associates/JV	146	36	1,213	1,263	1,263	1,263
Interest income	546	658	819	1,228	1,351	2,121
Interest expense	(1,131)	(1,629)	(1,425)	(1,130)	(1,130)	(1,130)
Others	0	0	0	0	0	0
Pre-tax profit	(23,566)	(6,756)	14,022	40,760	50,900	65,459
Income tax	30	70	(165)	(2,038)	(7,635)	(9,819)
After tax profit	(23,536)	(6,686)	13,857	38,722	43,265	55,640
Minority interest	2	1	1	2	2	2
Net profit	(23,538)	(6,686)	13,856	38,720	43,263	55,638
Adjusted net profit	(15,572)	2,827	23,253	45,042	51,687	64,752
BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Current assets	147,829	143,145	183,116	221,467	302,019	347,028
Cash & equivalents	32,513	20,159	33,340	45,354	92,664	99,505
Restricted cash	13,277	14,606	19,373	21,311	23,442	25,786
Inventories	682	1,163	1,305	1,580	1,649	1,877
Other current assets	101,357	107,218	129,099	153,224	184,264	219,860
Non-current assets	92,825	101,336	109,913	106,941	106,478	113,552
PP&E	22,814	22,201	25,978	27,416	28,539	29,748
Intangibles	31,049	30,643	30,398	31,602	31,916	32,283
Other non-current assets	38,962	48,491	53,538	47,923	46,023	51,521
Total assets	240,653	244,481	293,030	328,408	408,497	460,580
Current liabilities	68,593	76,430	100,874	103,061	131,296	95,565
Short-term borrowings	11,565	17,562	19,322	26,903	27,515	2,816
Account payables	26,117	29,812	46,779	36,663	56,590	45,004
Tax payable	30,911	29,056	34,774	39,494	47,190	47,746
Non-current liabilities	46,504	39,345	40,199	40,330	40,666	63,898
Long-term borrowings	12,220	1,549	610	849	869	24,285
Other non-current liabilities	34,284	37,796	39,589	39,481	39,798	39,613
Total liabilities	115,097	115,775	141,073	143,391	171,962	159,463
Share capital	0	0	0	0	0	0
Capital surplus	311,221	316,743	325,579	319,916	328,166	337,105
Retained earnings	(182,742)	(189,466)	(175,617)	(136,895)	(93,630)	(37,990)
Other reserves	(2,867)	1,484	2,051	2,051	2,051	2,051
Total shareholders equity	125,613	128,762	152,013	185,073	236,587	301,167
Minority interest	(57)	(56)	(57)	(55)	(53)	(51)
Total equity and liabilities	240,653	244,481	293,030	328,408	408,497	460,580

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(23,566)	(6,756)	13,857	38,722	43,265	55,640
Depreciation & amortization	8,928	9,730	7,820	8,089	8,574	8,921
Change in working capital	7,209	(813)	19,557	(16,049)	26,148	(18,918)
Others	3,418	9,250	(713)	7,750	8,251	8,941
Net cash from operations	(4,011)	11,411	40,522	38,512	86,238	54,584
Investing						
Capital expenditure	(9,010)	(5,731)	(9,963)	(9,705)	(9,618)	(10,049)
Net proceeds from disposal of short-term investments	(44,744)	(7,782)	(25,062)	(24,278)	(29,550)	(35,965)
Others	(4,737)	(1,201)	10,361	(337)	(393)	(447)
Net cash from investing	(58,492)	(14,714)	(24,664)	(34,320)	(39,561)	(46,462)
Financing						
Dividend paid	0	0	0	0	0	0
Net borrowings	15,768	(6,859)	821	7,821	631	(1,284)
Proceeds from share issues	45,286	0	0	0	0	0
Others	17,544	(3,131)	(3,602)	2	2	2
Net cash from financing	78,598	(9,990)	(2,781)	7,822	633	(1,281)
Net change in cash						
Cash at the beginning of the year	17,094	32,513	20,159	33,340	45,354	92,664
Exchange difference	(675)	938	104	0	0	0
Others	0	0	0	0	0	0
Cash at the end of the year	32,513	20,159	33,340	45,354	92,664	99,505
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Revenue	56.0%	22.8%	25.8%	21.8%	16.6%	13.8%
Gross profit	24.7%	45.4%	57.4%	40.8%	20.0%	17.2%
Operating profit	na	na	na	193.7%	25.4%	27.9%
Net profit	na	na	na	179.4%	11.7%	28.6%
Adj. net profit	na	na	722.5%	93.7%	14.8%	25.3%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Gross profit margin	23.7%	28.1%	35.1%	40.6%	41.8%	43.1%
Operating margin	(12.9%)	(2.6%)	4.8%	11.7%	12.6%	14.1%
Adj. net profit margin	(8.7%)	1.3%	8.4%	13.4%	13.2%	14.5%
Return on equity (ROE)	(21.1%)	(5.3%)	9.9%	23.0%	20.5%	20.7%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Net debt to equity (x)	(0.6)	(0.6)	(0.7)	(0.8)	(0.9)	(0.9)
Current ratio (x)	2.2	1.9	1.8	2.1	2.3	3.6
Receivable turnover days	2.8	3.1	3.1	2.7	2.5	2.4
Inventory turnover days	1.5	2.1	2.5	2.6	2.5	2.5
Payable turnover days	35.7	37.0	40.5	40.5	40.5	40.5
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
P/E	ns	ns	70.5	25.5	23.0	18.1
P/E (diluted)	ns	ns	70.5	25.3	22.9	18.0
P/B	7.7	7.5	6.4	5.3	4.2	3.3
P/CFPS	ns	170.4	31.7	33.6	12.6	21.7
EV	872,196.7	874,181.8	838,110.0	807,701.1	729,341.6	682,907.4
EV/Sales	4.9	4.0	3.0	2.4	1.9	1.5

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.