

Trip.com (TCOM US)

Looking beyond release of pent-up demand to globalization

Trip.com Group (TCOM) released (21 May) 1Q24 results: net revenue was RMB11.9bn, up 29.4% YoY, 3% ahead of both our forecast and Bloomberg consensus estimates, aided by better-than-expected revenue generation from both accommodation reservation and Others segments. Non-GAAP operating income (OP) was RMB3.8bn, better than our forecast/consensus at RMB3.2/3.1bn, thanks to a better-than-expected GPM aided by better-than-expected scale effect, and better-than-expected marketing spend driven by a stringent ROI target. Although the strong release of pent-up demand in travel industry has been largely priced in, we suggest investors look beyond pent-up demand to TCOM's globalization potential. Aided by its one-stop shop business model, strong mobile app experience, superior customer services capability and continuously enhanced supply chain, TCOM is well positioned to tap into the underpenetrated online travel market in other Asia markets, in our view. To account for the better-than-expected earnings in 1Q and TCOM's continuously enhanced global expansion prospects, we lift our DCF-based TP to US\$65.8 (was US\$49.0), translating into 24/20x 2024/25E PE (non-GAAP). BUY.

- Solid 2Q bookings growth trajectory albeit on high base.** Management highlighted that business growth on its platform remains solid QTD in 2Q24: 1) TCOM's domestic travel bookings achieved double-digit growth YoY, as compared to a roughly on-par YoY flight passenger volume for overall industry; 2) overall international flight capacity rebounded to 70% of pre-pandemic level in 1Q24, while TCOM consistently outpaced the industry by 20-30%; 3) Trip.com platform sustained robust revenue growth at high double-digit percentage range (1Q24: 80% YOY), driven by strong bookings growth in the international market. For 2Q24E, we estimate TCOM to record revenue of RMB12.9bn, up 15% YoY.
- International expansion to support long-term revenue and earnings growth.** Management highlighted that the total addressable market (TAM) of travel market in Asia is 1.5x that of China but with significantly lower online penetration. The company will focus on the developed market in Asia first, leveraging its one-stop shop business model, good mobile experience, and superior customer services to ride on the tide of a potential increase in online penetration, and drive market share gains. Management targets a 20% revenue contribution from pure international business over a 3-5 years' horizon, and a better-than-domestic business' OPM profile at steady state given higher AOV for international hotels and higher take rate for international ticketing business. Also, the ramp-up of inbound travel revenue, which accounted for c.20% of Trip.com revenue and c.2% of TCOM Group revenue in 1Q24, will likely provide additional support for revenue growth.
- More efficient-than-expected sales and marketing spend drove a beat on OPM.** TCOM's non-GAAP OPM for 1Q24 was 31.6%, 4.4ppt better than our forecast, aided by 1.9ppt beat on GPM and 2.9ppt beat on S&M expense ratio, thanks to more disciplined spend than we expected. Management will maintain efficient sales and marketing spend with a focus on ROI, as well as solid revenue growth, which in our view should help maintain a stable non-GAAP OPM despite a high base. We forecast non-GAAP OPM to expand to 30.0% in 2024E (2023: 29.6%). For 2Q24E, we estimate non-GAAP OP of RMB4.0bn, translating into 30.9% non-GAAP OPM, flat YoY.

BUY (Maintain)

Target Price **US\$65.80**
 (Previous TP) US\$49.00
Up/Downside **17.9%**
Current Price **US\$55.83**

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)	36,685.5
Avg 3 mths t/o (US\$ mn)	89.6
52w High/Low (US\$)	57.05/31.21
Total Issued Shares (mn)	657.1

Source: FactSet

Shareholding Structure

Baidu Entities	10.8%
Morgan Stanley	5.8%

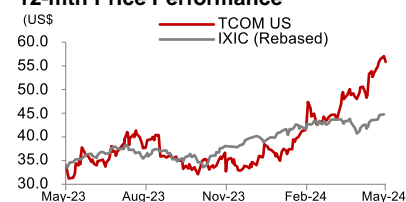
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	13.1%	3.8%
3-mth	25.0%	19.1%
6-mth	59.8%	35.5%

Source: FactSet

12-mth Price Performance



Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	20,055	44,562	52,821	59,502	65,835
YoY growth (%)	0.1	122.2	18.5	12.6	10.6
Net profit (RMB mn)	1,403.0	9,918.0	12,622.7	14,816.2	16,710.1
Adjusted net profit (RMB mn)	1,294.0	13,071.0	13,870.1	16,898.8	18,751.0
YoY growth (%)	(4.6)	910.1	6.1	21.8	11.0
EPS (Adjusted) (RMB)	1.97	19.48	19.80	23.42	25.99
P/E (x)	186.7	26.6	20.8	17.8	15.7

Source: Company data, Bloomberg, CMBIGM estimates

Key takeaways from 1Q24 results call

International business on track to support long-term revenue and earnings growth

Management highlighted that total revenue generated from TCOM's global OTA platform, Trip.com, increased by c. 80% YoY and contributed c.10% of total group-level revenue in 1Q24. We estimate international business (Trip.com & Skyscanner) contributed c. high-teens level of total revenue in 1Q24. Management highlighted that the TAM of travel market in Asia is 1.5x that of China but with significantly lower online penetration, and it will leverage its one-stop shop business model, good mobile experience, enhanced supply chain capabilities, and superior customer services to ride on the tide of a potential increase in online penetration, and drive market share gains.

Management targets over 20% revenue contribution from the pure international business over a 3-5 years' horizon, and better-than-domestic business' OPM profile at steady state given higher AOV for international hotels and a higher take rate for international ticketing business.

In addition, inbound business has become an increasingly important driver for TCOM's international business. Management noted that revenue contribution from inbound related business to Trip.com was c. 20% in 1Q24, which increased from c. a teens level in 1Q23, and implied c. 2% revenue contribution to overall TCOM group's revenue.

Domestic and outbound business growth continue to outpace overall industry albeit on a high base

Regarding outbound travel business, based on management's observation, in 1Q24, the international flight capacity across the industry rebounded to around 70% of pre-pandemic level, while TCOM's outbound travel bookings consistently outpaced the overall market by 20-30%, aided by its strong supply chain capability and continuously enhanced consumer mindshare. According to the Civil Aviation Administration of China (CAAC) estimates, China outbound travel is anticipated to rebound to 80% of pre-pandemic levels by end-2024, and TCOM remains confident in leading overall industry recovery.

For domestic business, although overall industry is seeing a high-base effect in 2Q24, and the market-level domestic hotel occupancy rate and flight passenger volume have been roughly on par with 2023 in recent weeks, TCOM has seen its domestic travel bookings achieve double-digit growth QTD, outpacing the market in terms of booking volume growth.

Results comparison and changes in forecast

Figure 1: TCOM: quarterly financial results

(RMBbn)	1Q23	2Q23	3Q23	4Q23	1Q24E	CMBI estimates	Diff%	Consensus	Diff%
Total revenue	9.2	11.3	13.8	10.3	11.9	11.6	2.6%	11.6	2.6%
YoY growth (%)	123.9%	180.4%	99.4%	105.4%	29.4%				
Accommodation reservation	3.5	4.3	5.6	3.9	4.5	4.4	2.1%	4.4	2.2%
YoY growth (%)	140.0%	215.8%	92.5%	131.1%	29.2%				
Transportation ticketing	4.2	4.8	5.4	4.1	5.0	5.0	0.0%	5.0	0.2%
YoY growth (%)	149.9%	173.1%	104.6%	86.3%	20.3%				
Packaged tour	0.4	0.7	1.3	0.7	0.9	0.9	3.4%	0.8	4.1%
YoY growth (%)	211.3%	491.8%	243.2%	329.3%	128.8%				
Corporate travel	0.4	0.6	0.6	0.6	0.5	0.5	1.3%	0.5	1.9%
YoY growth (%)	100.5%	178.1%	59.7%	128.9%	14.8%				
Others	0.7	0.9	0.9	1.0	1.0	0.9	20.5%	0.9	20.9%
YoY growth (%)	14.1%	52.0%	42.9%	42.2%	38.6%				
Gross profit	7.6	9.2	11.3	8.3	9.7	9.2	5.1%	9.3	4.1%
Operating profit	2.2	3.0	3.9	2.2	3.3	2.7	24.4%	2.7	23.3%
Non-GAAP operating profit	2.6	3.5	4.4	2.6	3.8	3.2	19.1%	3.1	19.9%
Non-GAAP net profit	2.1	3.4	4.9	2.7	4.1	2.6	56.0%	2.8	45.2%
Expense ratio and margins									
GPM (%)	82.1%	82.0%	82.0%	80.4%	81.1%	79.2%	1.9 ppt	79.9%	1.2 ppt
OPM (%)	24.3%	26.4%	28.4%	21.3%	27.8%	22.9%	4.9 ppt	23.1%	4.7 ppt
Non-GAAP OPM (%)	28.4%	30.8%	32.1%	25.6%	31.6%	27.2%	4.4 ppt	27.0%	4.6 ppt
Non-GAAP P&D expense ratio	27.1%	24.2%	24.3%	26.2%	24.3%	23.9%	0.4 ppt	24.2%	0.1 ppt
Non-GAAP S&M expense ratio	18.7%	20.5%	19.8%	22.2%	19.1%	22.0%	-2.9 ppt	22.2%	-3.1 ppt
Non-GAAP G&A expense ratio	7.8%	6.5%	5.9%	6.5%	6.1%	6.1%	0.0 ppt	6.4%	-0.2 ppt
Adjusted NPM (%)	22.4%	30.5%	35.6%	25.9%	34.0%	22.4%	11.6 ppt	24.0%	10.0 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 2: TCOM: forecast revision

RMB bn	Current			Previous			Diff (%)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Revenue	52.8	59.5	65.8	52.3	58.2	63.7	0.9%	2.2%	3.4%
Gross profit	42.9	48.2	53.4	41.8	46.5	50.9	2.6%	3.7%	4.9%
Operating profit	13.9	15.8	17.9	12.4	14.1	15.8	11.8%	12.1%	13.2%
Non-GAAP net profit	13.9	16.9	18.8	12.1	13.7	15.4	14.3%	23.6%	21.7%
Gross margin	81.3%	81.1%	81.1%	79.9%	79.9%	79.9%	1.3 ppt	1.1 ppt	1.1 ppt
Operating margin	26.2%	26.6%	27.2%	23.7%	24.3%	24.9%	2.5 ppt	2.3 ppt	2.3 ppt
Non-GAAP net margin	26.3%	28.4%	28.5%	23.2%	23.5%	24.2%	3.1 ppt	4.9 ppt	4.3 ppt

Source: CMBIGM estimates

Figure 3: CMBIGM estimates vs consensus

RMB bn				Consensus					
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Revenue	52.8	59.5	65.8	52.7	60.9	68.6	0.2%	-2.4%	-4.1%
Gross Profit	42.9	48.2	53.4	42.2	48.9	55.3	1.6%	-1.4%	-3.5%
Non-GAAP net profit	13.9	16.9	18.8	13.0	15.1	17.7	6.5%	11.7%	5.8%
Gross Margin	81.3%	81.1%	81.1%	80.1%	80.3%	80.6%	1.2 ppt	0.8 ppt	0.5 ppt
Non-GAAP net margin	26.3%	28.4%	28.5%	24.7%	24.8%	25.8%	1.6 ppt	3.6 ppt	2.7 ppt

Source: Bloomberg, CMBIGM estimates

DCF based target price of US\$65.8

Our DCF-based target price is lifted to US\$65.8 (WACC of 10.5% and terminal growth of 2.0%; both unchanged), to account for better-than-expected revenue growth aided by better-than-expected domestic business revenue growth, as well as better-than-expected earnings growth, thanks to a better-than-expected GPM driven by better-than-expected scale effect, and more controlled-than-expected marketing spend guided by a stringent ROI target. Our target price translates into 24/20x 2024/25E PE (non-GAAP). Our previous target price of US\$49.0 translated into 20.4x 2024E PE.

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

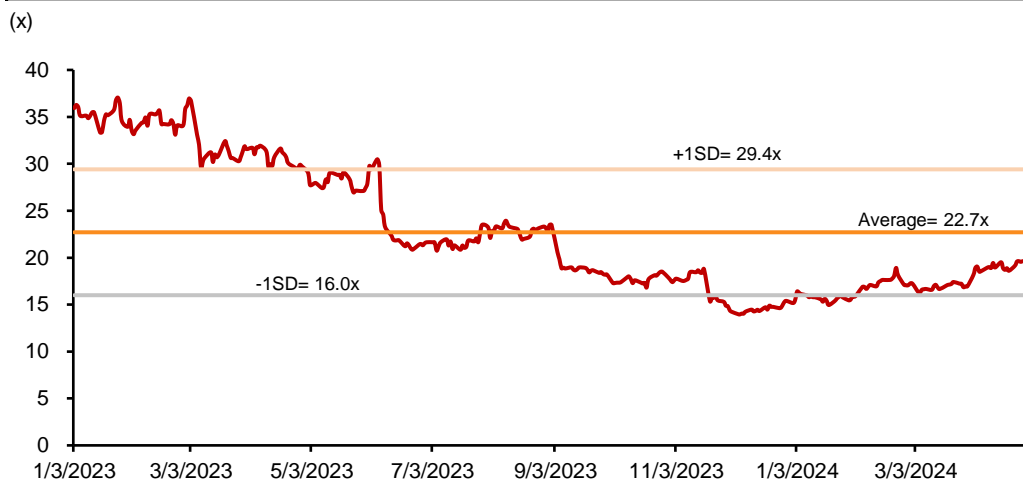
(RMBbn)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Total revenue	52.8	59.5	65.8	71.6	76.6	81.2	85.2	88.7	91.7
NPV of FCF	140.7								
Discounted terminal value	134.3								
Total equity valuation	327.0								
No. of shares (diluted, mn)	700								
Valuation per share (USD)	65.8								

Source: CMBIGM estimates

Note: Our USD:RMB exchange rate assumption is 1:7.2.

Risks

1) Slower-than-expected recovery in outbound travel; 2) slower-than-expected margin expansion.

Figure 5: TCOM: one-year forward PE

Source: Bloomberg, CMBIGM

Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Revenue	20,029	20,055	44,562	52,821	59,502	65,835
Cost of goods sold	(4,598)	(4,513)	(8,121)	(9,841)	(11,205)	(12,399)
Others	(6)	(16)	(52)	(56)	(58)	(57)
Gross profit	15,425	15,526	36,389	42,924	48,239	53,379
Operating expenses	(16,836)	(15,438)	(25,065)	(29,073)	(32,397)	(35,454)
SG&A expense	(7,844)	(7,097)	(12,945)	(15,460)	(17,358)	(19,010)
R&D expense	(8,992)	(8,341)	(12,120)	(13,613)	(15,040)	(16,445)
Operating profit	(1,411)	88	11,324	13,851	15,842	17,925
Interest income	2,132	2,046	2,090	2,198	2,712	2,757
Interest expense	(1,565)	(1,514)	(2,067)	(2,248)	(2,248)	(2,248)
Other income/expense	373	2,015	(667)	1,055	1,189	1,316
Pre-tax profit	(471)	2,635	10,680	14,856	17,495	19,749
Income tax	(270)	(682)	(1,750)	(2,971)	(3,499)	(3,950)
Others	96	(586)	1,072	822	904	995
Minority interest	95	36	(84)	(84)	(84)	(84)
Net profit	(550)	1,403	9,918	12,623	14,816	16,710
Adjusted net profit	1,356	1,294	13,071	13,870	16,899	18,751
BALANCE SHEET						
YE 31 Dec (RMB mn)						
Current assets	66,108	61,435	88,732	124,847	151,111	178,234
Cash & equivalents	19,818	17,000	41,592	75,406	97,960	121,313
Restricted cash	1,378	1,487	2,391	3,697	4,165	4,608
Account receivables	4,649	5,486	11,410	10,564	11,900	13,167
Prepayment	9,032	10,169	12,749	17,431	19,338	21,396
Other current assets	31,231	27,293	20,590	17,748	17,748	17,749
Non-current assets	125,751	130,256	130,405	129,757	129,709	129,695
PP&E	5,534	5,204	5,142	5,617	5,711	5,840
Investment in JVs & assos	44,961	50,177	49,342	49,342	49,342	49,342
Intangibles	12,960	12,742	12,644	11,371	11,179	10,986
Goodwill	59,353	59,337	59,372	59,372	59,372	59,372
Other non-current assets	2,943	2,796	3,905	4,055	4,105	4,155
Total assets	191,859	191,691	219,137	254,604	280,820	307,929
Current liabilities	66,218	61,239	72,411	92,801	101,687	109,761
Short-term borrowings	39,866	32,674	25,857	25,857	25,857	25,857
Account payables	6,019	7,569	16,459	21,649	24,652	27,278
Tax payable	1,065	835	0	4,457	5,248	5,925
Other current liabilities	18,868	19,765	30,095	40,149	45,258	50,081
Accrued expenses	400	396	0	689	672	620
Non-current liabilities	15,185	17,433	23,720	24,235	24,500	24,619
Long-term borrowings	11,093	13,177	19,099	19,099	19,099	19,099
Obligations under finance leases	400	534	477	477	477	477
Other non-current liabilities	3,692	3,722	4,144	4,659	4,924	5,043
Total liabilities	81,403	78,672	96,131	117,036	126,188	134,380
Share capital	6	6	6	6	6	6
Capital surplus	93,829	95,196	97,248	99,402	101,685	103,926
Retained earnings	18,823	20,135	28,806	41,394	56,175	72,851
Other reserves	(2,981)	(3,054)	(3,876)	(4,056)	(4,056)	(4,056)
Total shareholders equity	109,677	112,283	122,184	136,746	153,810	172,726
Minority interest	779	736	822	822	822	822
Total equity and liabilities	191,859	191,691	219,137	254,604	280,820	307,929

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(375)	2,049	11,752	15,678	18,399	20,744
Depreciation & amortization	1,021	875	817	861	907	958
Change in working capital	177	(800)	9,256	16,554	5,643	4,749
Others	1,652	517	179	(2,173)	(2,572)	(3,065)
Net cash from operations	2,475	2,641	22,004	30,920	22,377	23,386
Investing						
Capital expenditure	(570)	(497)	(606)	(718)	(809)	(895)
Acquisition of subsidiaries/ investments	(3,585)	1,039	(5,326)	0	0	0
Others	7	594	11,851	2	3	3
Net cash from investing	(4,148)	1,136	5,919	(716)	(807)	(892)
Financing						
Net borrowings	5,615	4,938	5,721	0	0	0
Proceeds from share issues	7,984	0	0	0	0	0
Others	(9,680)	(11,655)	(8,268)	4,916	1,451	1,302
Net cash from financing	3,919	(6,717)	(2,547)	4,916	1,451	1,302
Net change in cash						
Cash at the beginning of the year	19,415	21,196	18,487	43,983	79,104	102,125
Exchange difference	(465)	231	120	0	0	1
Others	2,246	(2,940)	25,376	35,121	23,021	23,796
Cash at the end of the year	21,196	18,487	43,983	79,104	102,125	125,921
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Revenue	9.3%	0.1%	122.2%	18.5%	12.6%	10.6%
Gross profit	8.0%	0.7%	134.4%	18.0%	12.4%	10.7%
Operating profit	na	na	12,768.2%	22.3%	14.4%	13.1%
Net profit	na	na	606.9%	27.3%	17.4%	12.8%
Adj. net profit	na	(4.6%)	910.1%	6.1%	21.8%	11.0%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Gross profit margin	77.0%	77.4%	81.7%	81.3%	81.1%	81.1%
Operating margin	(7.0%)	0.4%	25.4%	26.2%	26.6%	27.2%
Adj. net profit margin	6.8%	6.5%	29.3%	26.3%	28.4%	28.5%
Return on equity (ROE)	(0.5%)	1.3%	8.5%	9.7%	10.2%	10.2%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Current ratio (x)	1.0	1.0	1.2	1.3	1.5	1.6
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
P/E	ns	186.7	26.6	20.8	17.8	15.7
P/B	2.3	2.4	2.2	1.9	1.7	1.5
P/CFPS	139.4	123.8	12.4	8.8	12.3	11.8

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.