

# Thermo Fisher (TMO US)

## Broad-based growth in 3Q26 leading to another guidance raise

Thermo Fisher (TMO) reported 3Q26 revenue of US\$12.14bn, up 9.1% YoY, with organic growth of 6% YoY (the highest since 2021); adj. EPS came in at US\$6.68, up 15.4% YoY. 3Q26 revenue/ adj. EPS beat Bloomberg consensus by 1.49%/ 4.29%, respectively, driven by CDMO, clinical CRO, and research/ safety market channel. Notably, China market grew low double-digits in 3Q26, the fastest pace since 1H22. Mgmt. raised 2026 guidance for the third time this year, expecting revenue growth of 7.1–8.2% YoY (previously 6.4–8.0%) with organic revenue growth set at 4% (previously 3–4%) and adj. EPS growth of 9.9–11.2% YoY (previously 9.0–10.8%).

■ **Demand recovery remaining broad-based.** Bioproduction was again the fastest-growing business within Life Sciences. Despite muted demand for bioscience and genetic science reagents and tough comps, bioproduction remains positioned to deliver high-single-digit to low-double-digit growth over the long term, per mgmt. On the equipment side, semiconductor applications drove strong electron microscopy demand, while academic and government customers showed robust appetite for high-end instruments (such as chromatography and mass spectrometry). Backed by commercial demand, CDMO delivered nicely accelerated growth in 3Q26, acting as the single biggest driver of the earnings beat. Clinical CRO grew strongly in the quarter, as biotech first stepped up clinical R&D demand on the back of funding recovery. TMO is seeing rising spending confidence of healthcare customers. Biotech demand continues to improve alongside recovering funding, while large pharma confidence is strengthening as government negotiations proceed well and pipelines advance smoothly. 2026 capex of TMO is guided at US\$1.9–2.0bn, up ~28% YoY, underscoring mgmt's confidence in customer demand trend going forward.

■ **Continuing to build out AI capabilities.** AI-enabled software has been embedded in TMO's electron microscopes, reducing manual setup time by ~90%. Clinical CRO business is deploying agentic AI, improving clinical trial design and enrollment efficiency and freeing teams to focus on higher-value work. TMO opened an AI-Automation Innovation Center in South Korea. Mgmt also expects operation efficiency optimization brought by AI deployment within the company. Moreover, mgmt believes AI tools are bringing incremental value to enhance customers' ROI as well as spur more R&D investment, in turn driving demand for TMO's products and services.

■ **Maintain BUY.** To factor in the better-than-expected 3Q26 earnings and improved demand outlook, we raise forecasts on TMO's financials. We forecast revenue to grow by 8.0%/ 6.1%/ 6.9% YoY and adj. EPS to increase by 10.8%/ 7.0%/ 9.0% YoY in 2026E/ 27E/ 28E, respectively. Hence, we raise TP from US\$660 to US\$800 (based on a 10-year DCF model with WACC of 8.16% and terminal growth of 2.0%, both unchanged).

### Earnings Summary

| (YE 31 Dec)                   | FY24A  | FY25A  | FY26E  | FY27E  | FY28E  |
|-------------------------------|--------|--------|--------|--------|--------|
| Revenue (US\$ mn)             | 42,879 | 44,556 | 48,134 | 51,048 | 54,548 |
| YoY growth (%)                | 0.1    | 3.9    | 8.0    | 6.1    | 6.9    |
| Adjusted net profit (US\$ mn) | 8,381  | 8,643  | 9,404  | 9,948  | 10,845 |
| YoY growth (%)                | 0.2    | 3.1    | 8.8    | 5.8    | 9.0    |
| EPS (Adjusted) (US\$)         | 21.88  | 22.87  | 25.33  | 27.11  | 29.56  |
| YoY growth (%)                | 1.5    | 4.5    | 10.8   | 7.0    | 9.0    |
| Consensus EPS (US\$)          | na     | na     | 25.20  | 27.70  | 30.65  |
| P/E (Adjusted) (x)            | 30.9   | 29.6   | 26.7   | 25.0   | 22.9   |

Source: Company data, Bloomberg, CMBIGM estimates

**BUY (Maintain)**

**Target Price** US\$800.00  
 (Previous TP US\$660.00)  
**Up/Downside** 18.2%  
**Current Price** US\$676.54

### Healthcare

**Benchen HUANG, CFA**  
 huangbenchen@cmbi.com.hk

**Jill WU, CFA**  
 (852) 3900 0842  
 jillwu@cmbi.com.hk

### Stock Data

|                          |               |
|--------------------------|---------------|
| Mkt Cap (US\$ mn)        | 255,055.6     |
| Avg 3 mths t/o (US\$ mn) | 341.1         |
| 52w High/Low (US\$)      | 696.49/438.34 |
| Total Issued Shares (mn) | 377.0         |

Source: FactSet

### Shareholding Structure

|           |      |
|-----------|------|
| Vanguard  | 9.6% |
| BlackRock | 8.4% |

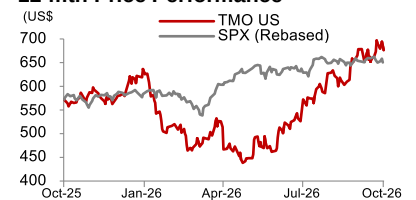
Source: Bloomberg

### Share Performance

|       | Absolute | Relative |
|-------|----------|----------|
| 1-mth | 1.7%     | 2.3%     |
| 3-mth | 18.2%    | 14.3%    |
| 6-mth | 45.0%    | 34.5%    |

Source: FactSet

### 12-mth Price Performance



Source: FactSet

**Figure 1: Earnings revision**

| US\$m               | New    |        |        | Old    |        |        | Diff (%) |          |          |
|---------------------|--------|--------|--------|--------|--------|--------|----------|----------|----------|
|                     | FY26E  | FY27E  | FY28E  | FY26E  | FY27E  | FY28E  | FY26E    | FY27E    | FY28E    |
| Revenue             | 48,134 | 51,048 | 54,548 | 48,036 | 50,924 | 54,410 | 0.20%    | 0.24%    | 0.25%    |
| Gross profit        | 20,095 | 21,565 | 23,290 | 19,771 | 20,967 | 22,520 | 1.64%    | 2.85%    | 3.42%    |
| Operating profit    | 8,810  | 9,612  | 10,708 | 8,634  | 9,175  | 10,111 | 2.04%    | 4.76%    | 5.91%    |
| Non-GAAP net profit | 9,404  | 9,948  | 10,845 | 9,210  | 9,615  | 10,464 | 2.11%    | 3.46%    | 3.64%    |
| Non-GAAP EPS (US\$) | 25.33  | 27.11  | 29.56  | 24.91  | 26.31  | 28.63  | 1.71%    | 3.05%    | 3.23%    |
| Gross margin        | 41.75% | 42.25% | 42.70% | 41.16% | 41.17% | 41.39% | +0.59ppt | +1.07ppt | +1.31ppt |
| Operating margin    | 18.30% | 18.83% | 19.63% | 17.97% | 18.02% | 18.58% | +0.33ppt | +0.81ppt | +1.05ppt |
| Net margin          | 19.54% | 19.49% | 19.88% | 19.17% | 18.88% | 19.23% | +0.36ppt | +0.61ppt | +0.65ppt |

Source: Company data, CMBIGM estimates

**Figure 2: CMBIGM estimates vs consensus**

| US\$m               | CMBIGM |        |        | Consensus |        |        | Diff (%) |          |          |
|---------------------|--------|--------|--------|-----------|--------|--------|----------|----------|----------|
|                     | FY26E  | FY27E  | FY28E  | FY26E     | FY27E  | FY28E  | FY26E    | FY27E    | FY28E    |
| Revenue             | 48,134 | 51,048 | 54,548 | 47,946    | 50,498 | 53,688 | 0.39%    | 1.09%    | 1.60%    |
| Gross profit        | 20,095 | 21,565 | 23,290 | 20,060    | 21,381 | 22,852 | 0.17%    | 0.86%    | 1.92%    |
| Operating profit    | 8,810  | 9,612  | 10,708 | 11,253    | 12,045 | 13,067 | -21.71%  | -20.20%  | -18.05%  |
| Non-GAAP net profit | 9,404  | 9,948  | 10,845 | 9,374     | 10,216 | 11,182 | 0.32%    | -2.62%   | -3.01%   |
| Non-GAAP EPS (US\$) | 25.33  | 27.11  | 29.56  | 25.20     | 27.70  | 30.65  | 0.52%    | -2.13%   | -3.55%   |
| Gross margin        | 41.75% | 42.25% | 42.70% | 41.84%    | 42.34% | 42.56% | -0.09ppt | -0.10ppt | +0.13ppt |
| Operating margin    | 18.30% | 18.83% | 19.63% | 23.47%    | 23.85% | 24.34% | -5.17ppt | -5.02ppt | -4.71ppt |
| Net margin          | 19.54% | 19.49% | 19.88% | 19.55%    | 20.23% | 20.83% | -0.01ppt | -0.74ppt | -0.95ppt |

Source: Bloomberg, CMBIGM estimates

**Figure 3: DCF valuation of Thermo Fisher**

| DCF Valuation (in US\$bn)         | 2026E        | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E | 2035E        |
|-----------------------------------|--------------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| EBIT                              | 8.9          | 9.6   | 10.6  | 12.9  | 15.5  | 18.6  | 22.2  | 26.5  | 31.4  | 37.0         |
| Tax rate                          | 10.1%        | 11.1% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6% | 11.6%        |
| EBIT*(1-tax rate)                 | 8.0          | 8.5   | 9.4   | 11.4  | 13.7  | 16.5  | 19.7  | 23.4  | 27.7  | 32.7         |
| + D&A                             | 3.1          | 3.2   | 3.2   | 3.7   | 4.4   | 5.1   | 6.0   | 6.9   | 8.0   | 9.2          |
| - Change in working capital       | (1.2)        | (0.7) | (0.8) | (1.0) | (1.2) | (1.4) | (1.6) | (1.9) | (2.1) | (2.5)        |
| - Capex                           | (12.0)       | (6.0) | (6.0) | (6.0) | (6.0) | (6.0) | (6.0) | (6.0) | (6.0) | (6.0)        |
| <b>FCFF</b>                       | (2.1)        | 5.0   | 5.7   | 8.1   | 10.9  | 14.2  | 18.0  | 22.5  | 27.6  | 33.4         |
| <b>Terminal value</b>             |              |       |       |       |       |       |       |       |       | <b>553.4</b> |
| <b>Terminal growth rate</b>       | <b>2.00%</b> |       |       |       |       |       |       |       |       |              |
| <b>WACC</b>                       | <b>8.16%</b> |       |       |       |       |       |       |       |       |              |
| Cost of equity                    | 10.50%       |       |       |       |       |       |       |       |       |              |
| Cost of debt                      | 3.00%        |       |       |       |       |       |       |       |       |              |
| Equity beta                       | 1.20         |       |       |       |       |       |       |       |       |              |
| Risk free rate                    | 4.50%        |       |       |       |       |       |       |       |       |              |
| Market risk premium               | 5.00%        |       |       |       |       |       |       |       |       |              |
| Target debt to asset ratio        | 30.00%       |       |       |       |       |       |       |       |       |              |
| Effective corporate tax rate      | 10.00%       |       |       |       |       |       |       |       |       |              |
| PV of terminal value (US\$bn)     | 252.5        |       |       |       |       |       |       |       |       |              |
| Total PV (US\$bn)                 | 332.8        |       |       |       |       |       |       |       |       |              |
| Net debt (US\$bn)                 | 35.8         |       |       |       |       |       |       |       |       |              |
| Non-controlling interest (US\$bn) | 0.0          |       |       |       |       |       |       |       |       |              |
| Equity value (US\$bn)             | 297.0        |       |       |       |       |       |       |       |       |              |
| # of shares (mn)                  | 371          |       |       |       |       |       |       |       |       |              |
| <b>Price per share (US\$)</b>     | <b>800.0</b> |       |       |       |       |       |       |       |       |              |

Source: CMBIGM estimates

**Figure 4: Valuation range based on sensitivity analysis**

| Price per share (US\$)      |             | WACC     |          |               |        |        |
|-----------------------------|-------------|----------|----------|---------------|--------|--------|
|                             |             | 7.16%    | 7.66%    | 8.16%         | 8.66%  | 9.16%  |
| <b>Terminal growth rate</b> | <b>3.0%</b> | 1,250.94 | 1,078.20 | 939.80        | 826.61 | 732.46 |
|                             | <b>2.5%</b> | 1,126.34 | 981.86   | 863.72        | 765.47 | 682.60 |
|                             | <b>2.0%</b> | 1,025.88 | 902.55   | <b>800.00</b> | 713.52 | 639.72 |
|                             | <b>1.5%</b> | 943.17   | 836.11   | 745.84        | 668.82 | 602.43 |
|                             | <b>1.0%</b> | 873.89   | 779.65   | 699.25        | 629.96 | 569.71 |

Source: CMBIGM estimates

**Risks:**

1) Uncertainties in the recovery trend of global biotech funding and demand from biotech clients; 2) uncertainties in the demand trend of global mid- and large-size pharmaceutical companies amid the uncertain macro and geopolitical environment; 3) slower-than-expected progress of PhIII and commercial projects, leading to slower revenue recognition in bioproduction, CDMO and clinical CRO business; 4) competition from Chinese CXO peers.

## Financial Summary

| INCOME STATEMENT     | 2023A    | 2024A    | 2025A    | 2026E    | 2027E    | 2028E    |
|----------------------|----------|----------|----------|----------|----------|----------|
| YE 31 Dec (US\$ mn)  |          |          |          |          |          |          |
| Revenue              | 42,857   | 42,879   | 44,556   | 48,134   | 51,048   | 54,548   |
| Cost of goods sold   | (25,757) | (25,177) | (26,318) | (28,039) | (29,483) | (31,258) |
| Gross profit         | 17,100   | 17,702   | 18,238   | 20,095   | 21,565   | 23,290   |
| Operating expenses   | (10,241) | (10,364) | (10,491) | (11,285) | (11,953) | (12,581) |
| SG&A expense         | (8,445)  | (8,595)  | (8,732)  | (9,573)  | (10,050) | (10,630) |
| R&D expense          | (1,337)  | (1,390)  | (1,397)  | (1,465)  | (1,503)  | (1,551)  |
| Others               | (459)    | (379)    | (362)    | (247)    | (400)    | (400)    |
| Operating profit     | 6,859    | 7,338    | 7,747    | 8,810    | 9,612    | 10,708   |
| Interest income      | 879      | 1,078    | 993      | 839      | 369      | 283      |
| Interest expense     | (1,375)  | (1,390)  | (1,419)  | (1,465)  | (1,248)  | (1,041)  |
| Other income/expense | (65)     | 12       | (12)     | 44       | (60)     | (60)     |
| Pre-tax profit       | 6,298    | 7,038    | 7,309    | 8,228    | 8,673    | 9,890    |
| Income tax           | (284)    | (657)    | (547)    | (831)    | (963)    | (1,147)  |
| Others               | (59)     | (42)     | (41)     | (46)     | (60)     | (100)    |
| After tax profit     | 5,955    | 6,339    | 6,721    | 7,351    | 7,650    | 8,643    |
| Minority interest    | 40       | (3)      | (17)     | (22)     | (23)     | (25)     |
| Net profit           | 5,995    | 6,336    | 6,704    | 7,329    | 7,627    | 8,617    |
| Adjusted net profit  | 8,364    | 8,381    | 8,643    | 9,404    | 9,948    | 10,845   |
| Gross dividends      | 540      | 596      | 600      | 704      | 732      | 827      |

| BALANCE SHEET                 | 2023A    | 2024A    | 2025A    | 2026E    | 2027E    | 2028E    |
|-------------------------------|----------|----------|----------|----------|----------|----------|
| YE 31 Dec (US\$ mn)           |          |          |          |          |          |          |
| Current assets                | 24,589   | 22,138   | 28,708   | 25,576   | 27,013   | 29,418   |
| Cash & equivalents            | 8,077    | 4,009    | 9,852    | 5,612    | 6,165    | 7,500    |
| Account receivables           | 8,221    | 8,191    | 8,900    | 9,891    | 10,490   | 11,209   |
| Inventories                   | 5,088    | 4,978    | 5,425    | 5,542    | 5,827    | 6,178    |
| Prepayment                    | 0        | 0        | 0        | 0        | 0        | 0        |
| Other current assets          | 1,760    | 3,525    | 2,865    | 2,865    | 2,865    | 2,865    |
| Contract assets               | 1,443    | 1,435    | 1,666    | 1,666    | 1,666    | 1,666    |
| Non-current assets            | 74,137   | 75,184   | 81,636   | 90,524   | 93,363   | 96,213   |
| PP&E                          | 9,448    | 9,306    | 10,565   | 11,416   | 12,233   | 12,973   |
| Intangibles                   | 16,670   | 15,533   | 15,838   | 16,875   | 16,097   | 15,407   |
| Goodwill                      | 44,020   | 45,853   | 49,362   | 56,362   | 59,162   | 61,962   |
| Other non-current assets      | 3,999    | 4,492    | 5,871    | 5,871    | 5,871    | 5,871    |
| Total assets                  | 98,726   | 97,322   | 110,344  | 116,100  | 120,376  | 125,631  |
| Current liabilities           | 14,012   | 13,332   | 15,189   | 15,537   | 15,720   | 15,946   |
| Short-term borrowings         | 3,609    | 2,214    | 3,533    | 3,933    | 3,933    | 3,933    |
| Account payables              | 2,872    | 3,079    | 3,622    | 3,570    | 3,753    | 3,979    |
| Other current liabilities     | 4,842    | 5,187    | 5,324    | 5,324    | 5,324    | 5,324    |
| Contract liabilities          | 2,689    | 2,852    | 2,710    | 2,710    | 2,710    | 2,710    |
| Non-current liabilities       | 37,990   | 34,438   | 41,740   | 43,140   | 42,940   | 42,740   |
| Long-term borrowings          | 31,308   | 29,061   | 35,852   | 37,452   | 37,452   | 37,452   |
| Other non-current liabilities | 6,682    | 5,377    | 5,888    | 5,688    | 5,488    | 5,288    |
| Total liabilities             | 52,002   | 47,770   | 56,929   | 58,677   | 58,660   | 58,686   |
| Share capital                 | 442      | 444      | 445      | 445      | 445      | 445      |
| Capital surplus               | 17,286   | 17,962   | 18,563   | 18,563   | 18,563   | 18,563   |
| Retained earnings             | 47,364   | 53,102   | 59,156   | 67,144   | 74,414   | 82,617   |
| Other reserves                | (18,357) | (21,923) | (24,757) | (28,757) | (31,757) | (34,757) |
| Total shareholders equity     | 46,735   | 49,585   | 53,407   | 57,395   | 61,665   | 66,868   |
| Minority interest             | (11)     | (33)     | 7        | 29       | 51       | 77       |
| Total equity and liabilities  | 98,726   | 97,322   | 110,343  | 116,100  | 120,376  | 125,631  |

| CASH FLOW                                | 2023A          | 2024A          | 2025A          | 2026E           | 2027E          | 2028E          |
|------------------------------------------|----------------|----------------|----------------|-----------------|----------------|----------------|
| <b>YE 31 Dec (US\$ mn)</b>               |                |                |                |                 |                |                |
| <b>Operating</b>                         |                |                |                |                 |                |                |
| Profit before taxation                   | 6,298          | 7,038          | 7,309          | 8,228           | 8,673          | 9,890          |
| Depreciation & amortization              | 3,406          | 3,108          | 2,780          | 3,062           | 3,161          | 3,151          |
| Tax paid                                 | (284)          | (657)          | (547)          | (831)           | (963)          | (1,147)        |
| Change in working capital                | (537)          | (379)          | (1,808)        | (1,160)         | (700)          | (844)          |
| Others                                   | (477)          | (443)          | 85             | 95              | 115            | 113            |
| <b>Net cash from operations</b>          | <b>8,406</b>   | <b>8,667</b>   | <b>7,819</b>   | <b>9,394</b>    | <b>10,285</b>  | <b>11,162</b>  |
| <b>Investing</b>                         |                |                |                |                 |                |                |
| Capital expenditure                      | (1,479)        | (1,400)        | (1,525)        | (1,950)         | (2,000)        | (2,000)        |
| Acquisition of subsidiaries/ investments | (3,660)        | (3,132)        | (4,037)        | (10,000)        | (4,000)        | (4,000)        |
| Others                                   | (3)            | (1,309)        | 1,515          | 1,021           | 0              | 0              |
| <b>Net cash from investing</b>           | <b>(5,142)</b> | <b>(5,841)</b> | <b>(4,047)</b> | <b>(10,929)</b> | <b>(6,000)</b> | <b>(6,000)</b> |
| <b>Financing</b>                         |                |                |                |                 |                |                |
| Dividend paid                            | (523)          | (583)          | (636)          | (704)           | (732)          | (827)          |
| Net borrowings                           | (155)          | (2,403)        | 5,347          | 2,000           | 0              | 0              |
| Proceeds from share issues               | 0              | 0              | 0              | 0               | 0              | 0              |
| Share repurchases                        | (3,000)        | (4,000)        | (3,000)        | (4,000)         | (3,000)        | (3,000)        |
| Others                                   | 56             | 195            | 90             | 0               | 0              | 0              |
| <b>Net cash from financing</b>           | <b>(3,622)</b> | <b>(6,791)</b> | <b>1,801</b>   | <b>(2,704)</b>  | <b>(3,732)</b> | <b>(3,827)</b> |
| <b>Net change in cash</b>                |                |                |                |                 |                |                |
| Cash at the beginning of the year        | 8,537          | 8,097          | 4,041          | 9,851           | 5,612          | 6,165          |
| Exchange difference                      | (82)           | (91)           | 267            | 0               | 0              | 0              |
| <b>Cash at the end of the year</b>       | <b>8,097</b>   | <b>4,041</b>   | <b>9,881</b>   | <b>5,612</b>    | <b>6,165</b>   | <b>7,500</b>   |
| GROWTH                                   | 2023A          | 2024A          | 2025A          | 2026E           | 2027E          | 2028E          |
| <b>YE 31 Dec</b>                         |                |                |                |                 |                |                |
| Revenue                                  | (4.6%)         | 0.1%           | 3.9%           | 8.0%            | 6.1%           | 6.9%           |
| Gross profit                             | (9.9%)         | 3.5%           | 3.0%           | 10.2%           | 7.3%           | 8.0%           |
| Operating profit                         | (18.3%)        | 7.0%           | 5.6%           | 13.7%           | 9.1%           | 11.4%          |
| Net profit                               | (13.7%)        | 5.7%           | 5.8%           | 9.3%            | 4.1%           | 13.0%          |
| Adj. net profit                          | (8.7%)         | 0.2%           | 3.1%           | 8.8%            | 5.8%           | 9.0%           |
| PROFITABILITY                            | 2023A          | 2024A          | 2025A          | 2026E           | 2027E          | 2028E          |
| <b>YE 31 Dec</b>                         |                |                |                |                 |                |                |
| Gross profit margin                      | 39.9%          | 41.3%          | 40.9%          | 41.7%           | 42.2%          | 42.7%          |
| Operating margin                         | 16.0%          | 17.1%          | 17.4%          | 18.3%           | 18.8%          | 19.6%          |
| Adj. net profit margin                   | 19.5%          | 19.5%          | 19.4%          | 19.5%           | 19.5%          | 19.9%          |
| Return on equity (ROE)                   | 13.2%          | 13.2%          | 13.0%          | 13.2%           | 12.8%          | 13.4%          |
| GEARING/LIQUIDITY/ACTIVITIES             | 2023A          | 2024A          | 2025A          | 2026E           | 2027E          | 2028E          |
| <b>YE 31 Dec</b>                         |                |                |                |                 |                |                |
| Net debt to equity (x)                   | 0.6            | 0.5            | 0.6            | 0.6             | 0.6            | 0.5            |
| Current ratio (x)                        | 1.8            | 1.7            | 1.9            | 1.6             | 1.7            | 1.8            |
| Receivable turnover days                 | 69.6           | 69.9           | 70.0           | 75.0            | 75.0           | 75.0           |
| Inventory turnover days                  | 76.0           | 73.0           | 72.1           | 72.1            | 72.1           | 72.1           |
| Payable turnover days                    | 44.3           | 43.1           | 46.5           | 46.5            | 46.5           | 46.5           |
| VALUATION                                | 2023A          | 2024A          | 2025A          | 2026E           | 2027E          | 2028E          |
| <b>YE 31 Dec</b>                         |                |                |                |                 |                |                |
| P/E                                      | 43.6           | 40.8           | 38.0           | 34.3            | 32.5           | 28.8           |
| P/E (diluted)                            | 43.8           | 40.9           | 38.1           | 34.3            | 32.5           | 28.8           |
| P/B                                      | 5.6            | 5.2            | 4.8            | 4.4             | 4.0            | 3.7            |
| P/CFPS                                   | 31.1           | 29.8           | 32.6           | 26.7            | 24.1           | 22.2           |
| Div yield (%)                            | 0.2            | 0.2            | 0.2            | 0.3             | 0.3            | 0.3            |

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

|                       |                                                                                                     |
|-----------------------|-----------------------------------------------------------------------------------------------------|
| <b>BUY</b>            | : Stock with potential return of over 15% over next 12 months                                       |
| <b>HOLD</b>           | : Stock with potential return of +15% to -10% over next 12 months                                   |
| <b>SELL</b>           | : Stock with potential loss of over 10% over next 12 months                                         |
| <b>NOT RATED</b>      | : Stock is not rated by CMBIGM                                                                      |
| <b>OUTPERFORM</b>     | : Industry expected to outperform the relevant broad market benchmark over next 12 months           |
| <b>MARKET-PERFORM</b> | : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months |
| <b>UNDERPERFORM</b>   | : 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, has been prepared and distributed in Hong Kong by CMBIGM under its regulatory framework for the regulated activities licensed and regulated by the Securities and Futures Commission of Hong Kong. The report is 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, directly or indirectly, to any other person, published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request. If there is any inconsistency between the Chinese and English versions of this Important Disclosure, the English version shall prevail.

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.