# Zhejiang Dingli - A (603338 CH)

## Net profit in 3Q20 +16% YoY; Growth trajectory remains solid

Dingli's net profit in 3Q20 grew 16% YoY RMB212mn. While the ramp-up of new capacity, higher spending on R&D and FX loss partially offset the strong revenue growth of 63%, we believe Dingli's growth trajectory remains solid. We expect production efficiency will be enhanced along with the rising output from the new production line. On the other hand, we understand that Dingli's overseas sales at present is not disrupted by the latest city lockdown measures introduced in Europe. We continue to like Dingli as rising penetration of aerial working platform (AWP) in China remains a structural growth story. We left our earnings forecast unchanged. Maintain **BUY** with TP of RMB117 (42x 2021E P/E multiple).

- **3Q20 results highlight:** Revenue surged 63% YoY to RMB212mn in 3Q20, suggesting strong demand for AWP. Gross margin contracted 4.1ppt YoY and 1.9ppt QoQ to 35.5%, due to the ramp-up of new capacity of boom lift. Selling and distribution expense ratio was maintained at 3.5%. While R&D expense surged 107% YoY to RMB28mn, we believe R&D spending is essential for the continuous launch of new products in future. Finance expense of RMB13mn was reported in 3Q20, versus finance income over the past few quarters, due to the depreciation of US$ against RMB. In 9M20, net profit grew 40% YoY to RMB620mn, representing 64.6% of our full year estimates (run rate in 9M19: 63.9%).
- **Potential improvement of gross margin.** Dingli's new production line for boom lift (monthly capacity: 250 units) is currently at the ramp-up stage. We expect the operating leverage will be achieved with the gradual ramp-up of production. We see potential improvement in gross margin over the coming quarters.
- **Fast-growing AWP fleet size by Far East Horizon (3360 HK, NR).** Far East Horizon, the major customer of Dingli, owned a total of 50k units of AWP as at end-Sep 2020. The fleet size significantly increased from only 19k units in 2019. We expect Far East Horizon's AWP fleet size will continue to expand in the foreseeable future, which will provide Dingli with consistent growth opportunity.
- **Major risk factors:** (1) Potential price competition due to more new entrants in the AWP market; (2) prolonged impact of COVID-19 in overseas; (3) unexpected slowdown of construction activities in China.

### Earnings Summary

| (YE 31 Dec) | FY18A | FY19A | FY20E | FY21E | FY22E |
|---|---|---|---|---|---|
| Revenue (RMB mn) | 1,708 | 2,389 | 3,622 | 5,038 | 6,031 |
| YoY growth (%) | 49.9 | 39.9 | 51.6 | 39.1 | 19.7 |
| Net income (RMB mn) | 480 | 694 | 960 | 1,348 | 1,627 |
| EPS (RMB) | 0.99 | 1.43 | 1.98 | 2.78 | 3.35 |
| YoY growth (%) | 62.7 | 44.5 | 38.3 | 40.4 | 20.7 |
| Consensus EPS (RMB) | n/a | n/a | 2.01 | 2.75 | 3.49 |
| EV/EBITDA (x) | 92.9 | 65.9 | 44.9 | 31.8 | 26.3 |
| P/E (x) | 99.8 | 69.0 | 49.9 | 35.6 | 29.5 |
| P/B (x) | 18.4 | 14.9 | 11.8 | 9.2 | 7.2 |
| Yield (%) | 0.2 | 0.3 | 0.4 | 0.5 | 0.6 |
| ROE (%) | 20.0 | 23.9 | 26.5 | 29.1 | 27.5 |
| Net gearing (%) | Net cash | Net cash | Net cash | Net cash | Net cash |

Source: Company data, Bloomberg, CMBIS estimates

**BUY (Maintain)**

| | |
|---|---|
| **Target Price** | **RMB117.00** |
| (Previous TP | RMB117.00) |
| **Up/Downside** | **+19%** |
| **Current Price** | **RMB98.69** |

**China Capital Goods**

**Wayne Fung, CFA**
(852) 3900 0826
waynefung@cmbi.com.hk

**Stock Data**

| | |
|---|---|
| Mkt Cap (RMB mn) | 47,913 |
| Avg 3 mths t/o (RMB mn) | 279 |
| 52w High/Low (RMB) | 113.55/38.93 |
| Total Issued Shares (mn) | 485.5 |

Source: Bloomberg

**Shareholding Structure**

| | |
|---|---|
| XU Shugen | 47.5% |
| Deqing Zhongding Equity Investment Management | 12.1% |
| CCASS (Hong Kong) | 8.4% |
| National Social Security Fund | 1.6% |
| Others | 30.4% |

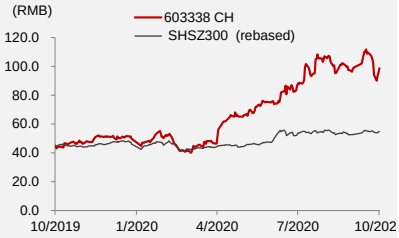
Source: Shanghai Stock Exchange

**Share Performance**

| | Absolute | Relative |
|---|---|---|
| 1-mth | -0.8% | -4.1% |
| 3-mth | 10.6% | 6.7% |
| 6-mth | 105.7% | 67.1% |

Source: Bloomberg

**12-mth Price Performance**




Source: Bloomberg

**Auditor: BDO**

**Recent report:**
Zhejiang Dingli – A (603338 CH, BUY) – 2Q20 profit +78% YoY in line; Strong operating cash flow – 18 Aug 2020

Zhejiang Dingli – A (603338 CH, BUY) – Riding on the strong momentum; Raised earnings est. & TP – 8 Jun 2020

## Figure 1: 3Q20 results highlight

| (RMB mn) | 1Q19 | 1Q20 | Change YoY | 2Q19 | 2Q20 | Change YoY | 3Q19 | 3Q20 | Change YoY |
|---|---|---|---|---|---|---|---|---|---|
| **Total revenue** | **384** | **411** | ***6.9%*** | **464** | **1,090** | ***134.8%*** | **597** | **973** | ***63.0%*** |
| Cost of sales | -220 | -247 | *12.3%* | -275 | -682 | *148.0%* | -360 | -627 | *74.1%* |
| **Gross profit** | **165** | **164** | ***-0.3%*** | **189** | **408** | ***115.6%*** | **236** | **346** | ***46.2%*** |
| Other income | -3 | -4 | *6.4%* | -2 | -4 | *119.7%* | -3 | -1 | *-69.5%* |
| S&D expenses | -17 | -18 | *5.2%* | -27 | -49 | *79.1%* | -21 | -34 | *64.9%* |
| Administrative expenses | -20 | -23 | *15.5%* | -31 | -51 | *65.5%* | -24 | -44 | *85.1%* |
| Asset impairment | -2 | 1 | *n/a* | -1 | 5 | *n/a* | 0 | -5 | *n/a* |
| **EBIT** | **122** | **121** | ***-0.8%*** | **128** | **309** | ***141.3%*** | **189** | **261** | ***38.0%*** |
| Net finance income/(cost) | -6 | 6 | *n/a* | 24 | 21 | *n/a* | 20 | -13 | *n/a* |
| Other gains/(losses) | 1 | 9 | *641.1%* | 29 | 7 | *-75.4%* | 5 | 3 | *-34.3%* |
| Share of profit of JV and associates | 3 | 10 | *212.5%* | 9 | 1 | *-86.3%* | 0 | -3 | *n/a* |
| **Pretax profit** | **120** | **146** | ***21.6%*** | **190** | **339** | ***78.5%*** | **215** | **249** | ***15.8%*** |
| Income tax | -19 | -21 | *11.4%* | -30 | -55 | *80.3%* | -31 | -37 | *17.8%* |
| **After tax profit** | **101** | **125** | *23.6%* | **159** | **284** | *78.1%* | **183** | **212** | *15.5%* |
| MI | 0 | 0 | *n/a* | 0 | 0 | *n/a* | 0 | 0 | *n/a* |
| **Net profit** | **101** | **125** | ***23.6%*** | **159** | **284** | ***78.1%*** | **183** | **212** | ***15.5%*** |
| | | | ppt | | | ppt | | | ppt |
| *Gross margin* | *42.9%* | *40.0%* | *-2.9* | *40.8%* | *37.4%* | *-3.3* | *39.6%* | *35.5%* | *-4.1* |
| *S&D expense ratio* | *4.5%* | *4.5%* | *-0.1* | *5.9%* | *4.5%* | *-1.4* | *3.5%* | *3.5%* | *0.0* |
| *Administrative expense ratio* | *5.2%* | *5.6%* | *0.4* | *6.6%* | *4.6%* | *-1.9* | *4.0%* | *4.6%* | *0.5* |
| *Effective tax rate* | *15.8%* | *14.5%* | *-1.3* | *16.1%* | *16.2%* | *0.2* | *14.6%* | *14.9%* | *0.2* |

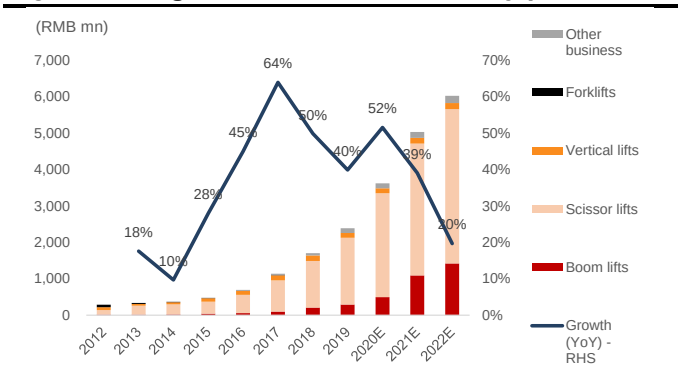
Source: Company data, CMBIS

## Figure 2: Key assumptions for Dingli

| (RMB mn) | 2018 | 2019 | 2020E | 2021E | 2022E |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Boom lifts | 207 | 291 | 495 | 1,093 | 1,420 |
| Scissor lifts | 1,283 | 1,839 | 2,855 | 3,626 | 4,243 |
| Vertical lifts | 151 | 127 | 140 | 154 | 169 |
| **Revenue (core business)** | **1,641** | **2,257** | **3,491** | **4,873** | **5,832** |
| Other business | 67 | 132 | 132 | 165 | 199 |
| **Total revenue** | **1,708** | **2,389** | **3,622** | **5,038** | **6,031** |
| | | | | | |
| ***Revenue growth*** | | | | | |
| Boom lifts | *103.2%* | *40.4%* | *70.2%* | *120.6%* | *30.0%* |
| Scissor lifts | *50.3%* | *43.3%* | *55.3%* | *27.0%* | *17.0%* |
| Vertical lifts | *5.0%* | *-15.6%* | *10.0%* | *10.0%* | *10.0%* |
| ***Revenue (core business)*** | ***49.3%*** | ***37.5%*** | ***54.7%*** | ***39.6%*** | ***19.7%*** |
| *Other business* | *66.3%* | *98.8%* | *-0.5%* | *25.1%* | *20.5%* |
| ***Total revenue*** | ***49.9%*** | ***39.9%*** | ***51.6%*** | ***39.1%*** | ***19.7%*** |
| | | | | | |
| ***Gross margin*** | | | | | |
| Boom lifts | *34.6%* | *27.7%* | *29.0%* | *34.0%* | *34.0%* |
| Scissor lifts | *40.9%* | *39.8%* | *38.0%* | *37.5%* | *37.3%* |
| Vertical lifts | *41.7%* | *39.7%* | *38.0%* | *37.5%* | *37.3%* |
| ***Gross margin (core business)*** | ***40.2%*** | ***38.2%*** | ***36.7%*** | ***36.7%*** | ***36.5%*** |
| *Other business* | *74.2%* | *68.0%* | *67.0%* | *67.0%* | *67.0%* |
| ***Average gross margin*** | ***41.5%*** | ***39.9%*** | ***37.8%*** | ***37.7%*** | ***37.5%*** |

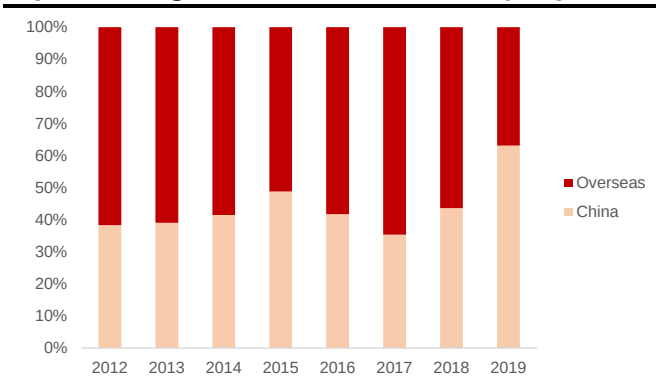
Source: Company data, CMBIS estimates

**Figure 3: Dingli's revenue breakdown by product**



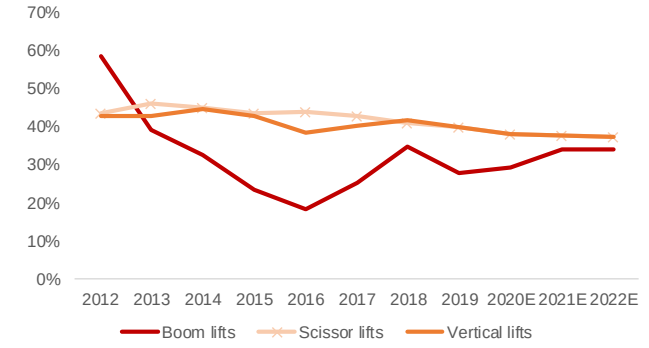

Source: Company data, CMBIS estimates

**Figure 4: Dingli's revenue breakdown by region**



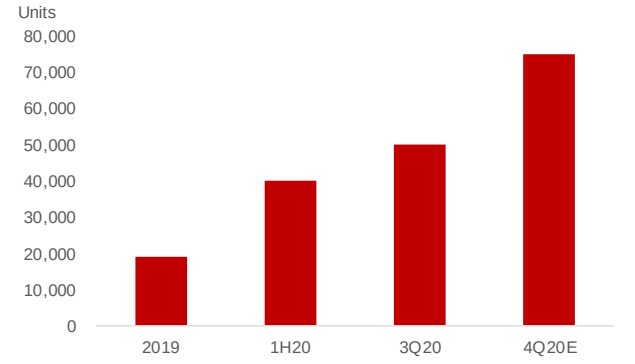

Source: Company data, CMBIS

**Figure 5: Gross margin by product**



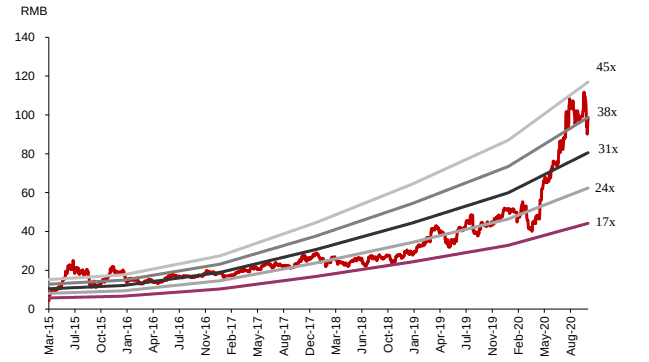

Source: Company data, CMBIS estimates

**Figure 6: Far East Horizon's AWP fleet size**



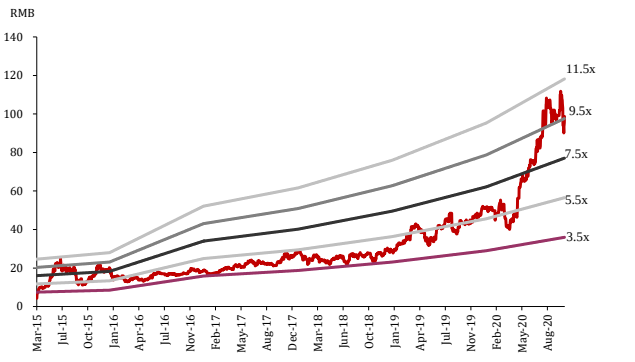

Source: Company data, CMBIS estimates

**Figure 7: Dingli 12M forward P/E band**




Source: Bloomberg, Company data, CMBIS estimates

**Figure 8: 12M forward P/B band**




Source: Bloomberg, Company data, CMBIS estimates

# Financial Summary

## Income statement

| YE 31 Dec (RMB mn) | FY18A | FY19A | FY20E | FY21E | FY22E |
|---|---|---|---|---|---|
| **Total revenue** | **1,708** | **2,389** | **3,622** | **5,038** | **6,031** |
| Cost of sales | (999) | (1,437) | (2,252) | (3,138) | (3,769) |
| **Gross profit** | **709** | **952** | **1,370** | **1,900** | **2,262** |
| Surcharge | (10) | (10) | (18) | (25) | (30) |
| S&D expenses | (92) | (105) | (163) | (222) | (265) |
| Administrative expenses | (118) | (136) | (181) | (242) | (283) |
| Asset impairment | (7) | (15) | (4) | (10) | (12) |
| **EBIT** | **482** | **686** | **1,004** | **1,401** | **1,671** |
| Net finance income/(cost) | 36 | 39 | 47 | 77 | 110 |
| Finance income | 37 | 42 | 52 | 83 | 115 |
| Finance expenses | (2) | (3) | (5) | (5) | (6) |
| Other gains/(losses) | 60 | 41 | 36 | 50 | 60 |
| Profit of JV & associates | (13) | 39 | 29 | 38 | 51 |
| **Pretax profit** | **565** | **805** | **1,116** | **1,567** | **1,891** |
| Income tax | (85) | (111) | (156) | (219) | (265) |
| **After tax profit** | **480** | **694** | **960** | **1,348** | **1,627** |
| MI | 0 | 0 | 0 | 0 | 0 |
| **Net profit** | **480** | **694** | **960** | **1,348** | **1,627** |
| | | | | | |
| D&A | 25 | 28 | 44 | 80 | 119 |
| **EBITDA** | **507** | **714** | **1,049** | **1,481** | **1,790** |

## Cash flow summary

| YE 31 Dec (RMB mn) | FY18A | FY19A | FY20E | FY21E | FY22E |
|---|---|---|---|---|---|
| Pretax profit | 565 | 805 | 1,116 | 1,567 | 1,891 |
| Finance cost | 0 | 3 | 5 | 5 | 6 |
| Interest income | (22) | (14) | (52) | (83) | (115) |
| Profit / loss of associates | 13 | (39) | (29) | (38) | (51) |
| Depreciation and amortization | 25 | 28 | 44 | 80 | 119 |
| Income tax paid | (72) | (101) | (156) | (219) | (265) |
| Change in working capital | (82) | (6) | 152 | (188) | (428) |
| Others | (12) | 20 | 0 | 0 | 0 |
| **Cash flow from operation** | **416** | **696** | **1,080** | **1,124** | **1,158** |
| Net capex on PP&E | (199) | (285) | (330) | (300) | (300) |
| Interest received | 27 | 6 | 52 | 83 | 115 |
| Others | 329 | (392) | 0 | 0 | 0 |
| **Cash flow from investing** | **157** | **(666)** | **(278)** | **(217)** | **(185)** |
| Proceeds from equity | 0 | 0 | 0 | 0 | 0 |
| Net bank borrowings | 163 | 252 | 40 | 30 | 50 |
| Dividend paid | (71) | (87) | (121) | (168) | (236) |
| Interest paid | (9) | (17) | (5) | (5) | (6) |
| Others | (0) | (0) | 0 | 0 | 0 |
| **Cash flow from financing** | **83** | **147** | **(86)** | **(143)** | **(192)** |
| Change in cash | 656 | 177 | 716 | 763 | 781 |
| Cash at beginning of the year | 751 | 1,045 | 874 | 1,590 | 2,353 |
| FX gains/(losses) & others | (362) | (349) | 0 | 0 | 0 |
| Cash at the end of the year | 1,045 | 874 | 1,590 | 2,353 | 3,134 |

## Balance sheet

| YE 31 Dec (RMB mn) | FY18A | FY19A | FY20E | FY21E | FY22E |
|---|---|---|---|---|---|
| **Non-current assets** | **1,027** | **1,471** | **1,848** | **2,238** | **2,605** |
| PP&E | 232 | 245 | 534 | 757 | 941 |
| JV/associates | 206 | 89 | 118 | 156 | 207 |
| LT trade receivables | 278 | 465 | 527 | 660 | 794 |
| Intangible assets | 143 | 140 | 137 | 134 | 131 |
| AFS investments | 0 | 0 | 0 | 0 | 0 |
| Others | 167 | 529 | 529 | 529 | 529 |
| Deferred tax assets | 0 | 2 | 2 | 2 | 2 |
| **Current assets** | **2,607** | **3,389** | **4,398** | **5,525** | **6,852** |
| Inventories | 359 | 461 | 625 | 750 | 1,046 |
| Trade and bill receivables | 899 | 1,325 | 1,454 | 1,693 | 1,942 |
| Prepayment | 5 | 11 | 11 | 11 | 11 |
| Others | 298 | 718 | 718 | 718 | 718 |
| Cash | 1,045 | 874 | 1,590 | 2,353 | 3,134 |
| | | | | | |
| **Current liabilities** | **882** | **1,450** | **1,977** | **2,305** | **2,607** |
| Trade and bill payables | 521 | 783 | 1,290 | 1,599 | 1,851 |
| Bank borrowings | 150 | 369 | 389 | 409 | 459 |
| Tax payable | 70 | 107 | 107 | 107 | 107 |
| Advance from customers | 11 | 7 | 7 | 7 | 7 |
| Others | 129 | 183 | 183 | 183 | 183 |
| **Non-current liabilities** | **151** | **202** | **222** | **232** | **232** |
| Bank borrowings | 75 | 109 | 129 | 139 | 139 |
| Deferred tax liabilities | 2 | 1 | 1 | 1 | 1 |
| Deferred income | 64 | 73 | 73 | 73 | 73 |
| Others | 10 | 19 | 19 | 19 | 19 |
| **Equity** | **2,601** | **3,207** | **4,046** | **5,226** | **6,617** |
| Shareholders' equity | 2,601 | 3,207 | 4,046 | 5,226 | 6,617 |
| MI | 0 | 0 | 0 | 0 | 0 |

## Key ratios

| YE 31 Dec | FY18A | FY19A | FY20E | FY21E | FY22E |
|---|---|---|---|---|---|
| **Revenue mix (%)** | | | | | |
| Boom lifts | 12 | 12 | 14 | 22 | 24 |
| Scissor lifts | 75 | 77 | 79 | 72 | 70 |
| Vertical lifts | 9 | 5 | 4 | 3 | 3 |
| Others | 4 | 6 | 4 | 3 | 3 |
| Total | 100 | 100 | 100 | 100 | 100 |
| **Profit & loss ratio (%)** | | | | | |
| Gross margin | 41.5 | 39.9 | 37.8 | 37.7 | 37.5 |
| EBITDA margin | 29.7 | 29.9 | 28.9 | 29.4 | 29.7 |
| EBIT margin | 28.2 | 28.7 | 27.7 | 27.8 | 27.7 |
| Net profit margin | 28.1 | 29.0 | 26.5 | 26.8 | 27.0 |
| **Growth (%)** | | | | | |
| Revenue | 49.9 | 39.9 | 51.6 | 39.1 | 19.7 |
| Gross profit | 48.2 | 34.4 | 43.9 | 38.6 | 19.1 |
| EBITDA | 39.2 | 41.0 | 46.8 | 41.2 | 20.9 |
| EBIT | 41.6 | 42.4 | 46.4 | 39.5 | 19.3 |
| Net profit | 69.6 | 44.5 | 38.3 | 40.4 | 20.7 |
| **Balance sheet ratio** | | | | | |
| Current ratio (x) | 3.0 | 2.3 | 2.2 | 2.4 | 2.6 |
| Receivable turnover days | 143 | 170 | 140 | 114 | 110 |
| Inventory turnover days | 110 | 104 | 88 | 80 | 87 |
| Payable turnover days | 152 | 166 | 168 | 168 | 167 |
| Net debt / total equity (%) | Net cash | Net cash | Net cash | Net cash | Net cash |
| **Profitability (%)** | | | | | |
| ROA | 15.0 | 16.3 | 17.3 | 19.2 | 18.9 |
| ROE | 20.0 | 23.9 | 26.5 | 29.1 | 27.5 |
| **Per share data** | | | | | |
| EPS (RMB) | 0.99 | 1.43 | 1.98 | 2.78 | 3.35 |
| BVPS (RMB) | 5.36 | 6.61 | 8.33 | 10.76 | 13.63 |
| DPS (RMB) | 0.18 | 0.25 | 0.35 | 0.49 | 0.59 |

Source: Company data, CMBIS estimates

# 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.

## CMBIS 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 CMBIS |
| | |
| **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 Securities Limited*

**Address:** 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

**CMB International Securities Limited ("CMBIS") 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. CMBIS 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. CMBIS 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 CMBIS, solely for the purpose of supplying information to the clients of CMBIS 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 CMBIS 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. CMBIS has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIS provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIS 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. CMBIS may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIS 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 CMBIS 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 CMBIS may have a conflict of interest that could affect the objectivity of this report and CMBIS 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 CMBIS.

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 CMBIS.

For recipients of this document in the United States

CMBIS is not a registered broker-dealer in the United States. As a result, CMBIS 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-6under 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.