

# Jiangsu Hengli (601100 CH)

## 2Q25 earnings growth accelerated; Staying positive on both existing and new business

Hengli's net profit in 1H25 grew 11% YoY to RMB1.43bn, which implies an acceleration of 2Q25 earnings growth (+18% YoY to RMB813mn). It is encouraging that the gross margin in 2Q expanded to 44% despite a high base last year. We have left our earnings forecast unchanged as our forecast has been ahead of consensus. We are staying positive on Hengli as (1) the replacement-driven excavator upcycle is solid; (2) humanoid robot components such as ball screws will serve as a structural growth driver. Our TP is unchanged at RMB92 (based on 41x 2025E P/E, equivalent to historical average + 1SD). Reiterate **BUY**.

- **Key highlights in 2Q25 results:** Revenue in 2Q25 grew 11% YoY to RMB2.75bn. Blended gross margin expanded 0.9ppt YoY and 4.6ppt QoQ to 44%, which is resilient in our view. EBIT grew 17% YoY, as SG&A expenses and R&D ratio were under good control, which offset the increase in administrative expenses arising from the commencement of Mexico production base. Net profit grew 18% YoY to RMB812mn. Operating cash inflow increased 26% YoY to RMB568mn.
- **Solid growth of hydraulic cylinders in 1H25 driven by upcycle of excavators.** For excavator cylinders, sales volume grew 15% YoY to 308k units. We estimate that Hengli had a market share of 64% in China (based on domestic sales of excavators and exports from China) in 1H25.
- **Strong growth of non-excavator components in 1H25.** The segment sales volume in 1H25 surged 30% YoY, driven by compact valves, motors as well as components for AWP's, wheel loaders and agricultural machines.
- **Risk factors:** (1) Slowdown of demand for hydraulic components; (2) slower-than-expected new business development.

### Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	8,985	9,390	10,961	12,540	14,204
YoY growth (%)	9.6	4.5	16.7	14.4	13.3
Adjusted net profit (RMB mn)	2,498.7	2,508.7	3,007.1	3,432.7	3,883.9
EPS (Reported) (RMB)	1.86	1.87	2.24	2.56	2.90
YoY growth (%)	3.8	0.4	19.9	14.2	13.1
Consensus EPS (RMB)	na	na	2.08	2.42	na
P/E (x)	45.0	44.8	37.4	32.7	28.9
P/B (x)	7.8	7.1	6.3	5.6	4.9
Yield (%)	0.8	0.8	1.0	1.2	1.3
Net gearing (%)	(55.0)	(49.8)	(46.9)	(50.6)	(50.8)

Source: Company data, Bloomberg, CMBIGM estimates

**BUY (Maintain)**

**Target Price** RMB92.00  
**Up/Downside** 9.8%  
**Current Price** RMB83.80

### China Capital Goods

**Wayne FUNG, CFA**

(852) 3900 0826

waynefung@cmbi.com.hk

### Stock Data

Mkt Cap (RMB mn)	112,360.7
Avg 3 mths t/o (RMB mn)	739.2
52w High/Low (RMB)	95.00/46.48
Total Issued Shares (mn)	1340.8

Source: FactSet

### Shareholding Structure

WANG's family	66.7%
CCASS (Hong Kong)	12.1%

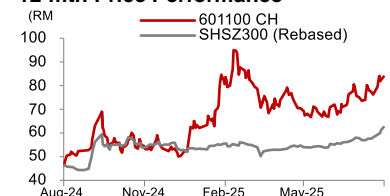
Source: SSE

### Share Performance

	Absolute	Relative
1-mth	10.8%	4.5%
3-mth	20.1%	5.9%
6-mth	3.8%	-6.9%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

### Related Reports

Capital Goods – Strong domestic sales and export of excavators in Jul – 8 Aug 2025 ([link](#))

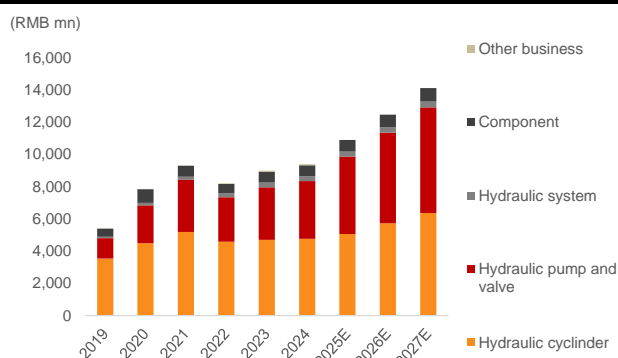
Capital Goods – Upgrade of rural highways could become a trillion yuan market – 23 Jul 2025 ([link](#))

Jiangsu Hengli – Higher expenses are transitory; eyes on new products – 29 Apr 2025 ([link](#))

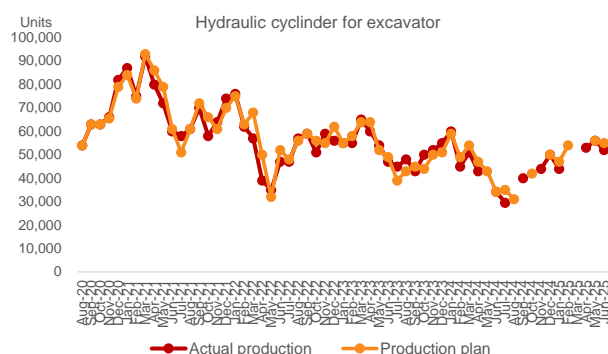
**Figure 1: Quarterly results highlights**

(RMB mn)	1Q24	1Q25	Change YoY	2Q24	2Q25	Change YoY	3Q23	3Q24	Change YoY	4Q23	4Q24	Change YoY
<b>Total revenue</b>	<b>2,362</b>	<b>2,422</b>	<b>2.6%</b>	<b>2,471</b>	<b>2,749</b>	<b>11.2%</b>	<b>1,892</b>	<b>2,103</b>	<b>11.1%</b>	<b>2,640</b>	<b>2,454</b>	<b>-7.1%</b>
Cost of sales	(1,415)	(1,468)	3.8%	(1,406)	(1,539)	9.5%	(1,079)	(1,240)	14.9%	(1,426)	(1,308)	-8.3%
<b>Gross profit</b>	<b>947</b>	<b>954</b>	<b>0.8%</b>	<b>1,066</b>	<b>1,210</b>	<b>13.5%</b>	<b>813</b>	<b>863</b>	<b>6.1%</b>	<b>1,215</b>	<b>1,146</b>	<b>-5.6%</b>
Other income	(24)	(27)	13.4%	(24)	(26)	6.5%	(17)	(21)	24.9%	(21)	(22)	1.7%
S&D expenses	(49)	(58)	19.0%	(52)	(46)	-11.8%	(43)	(43)	-0.5%	(66)	(73)	10.4%
Administrative expenses	(116)	(137)	18.2%	(107)	(159)	48.7%	(97)	(156)	60.5%	(140)	(213)	52.3%
R&D expense	(106)	(149)	39.9%	(228)	(208)	-8.9%	(169)	(201)	18.8%	(189)	(193)	1.9%
Asset impairment	(16)	(4)	-72.6%	(11)	(19)	69.6%	(16)	3	n/a	(45)	(42)	-7.6%
<b>EBIT</b>	<b>636</b>	<b>579</b>	<b>-8.9%</b>	<b>644</b>	<b>753</b>	<b>16.9%</b>	<b>471</b>	<b>445</b>	<b>-5.6%</b>	<b>753</b>	<b>604</b>	<b>-19.8%</b>
Net finance income/(cost)	55	199	261.9%	47	69	45.9%	21	64	204.8%	50	(35)	n/a
Other gains/(loss)	25	(59)	n/a	50	65	28.8%	32	58	78.7%	55	208	275.6%
Profit of JV & associates	0	0	n/a	0	0	n/a	0	0	n/a	0	0	n/a
<b>Pretax profit</b>	<b>716</b>	<b>719</b>	<b>0.5%</b>	<b>741</b>	<b>886</b>	<b>19.6%</b>	<b>525</b>	<b>567</b>	<b>8.1%</b>	<b>858</b>	<b>776</b>	<b>-9.6%</b>
Income tax	(113)	(100)	-10.9%	(54)	(73)	34.8%	(50)	(63)	26.9%	(111)	(58)	-47.4%
<b>After tax profit</b>	<b>603</b>	<b>619</b>	<b>2.7%</b>	<b>687</b>	<b>813</b>	<b>18.4%</b>	<b>475</b>	<b>504</b>	<b>6.1%</b>	<b>747</b>	<b>718</b>	<b>-3.9%</b>
MI	(1)	(1)	38.5%	(1)	(2)	77.2%	(1)	(1)	54.5%	(2)	(1)	-64.1%
<b>Net profit</b>	<b>602</b>	<b>618</b>	<b>2.6%</b>	<b>686</b>	<b>812</b>	<b>18.3%</b>	<b>475</b>	<b>504</b>	<b>6.1%</b>	<b>745</b>	<b>717</b>	<b>-3.8%</b>
<b>Key ratios</b>			ppt			ppt			ppt			ppt
Gross margin	40.1%	39.4%	-0.7	43.1%	44.0%	0.9	43.0%	41.0%	-1.9	46.0%	46.7%	0.7
S&D expense ratio	2.1%	2.4%	0.3	2.1%	1.7%	-0.4	2.3%	2.1%	-0.2	2.5%	3.0%	0.5
Administrative exp ratio	4.9%	5.6%	0.7	4.3%	5.8%	1.5	5.1%	7.4%	2.3	5.3%	8.7%	3.4
R&D exp ratio	4.5%	6.1%	1.6	9.2%	7.6%	-1.7	8.9%	9.5%	0.6	7.2%	7.8%	0.7
Effective tax rate	15.8%	14.0%	-1.8	7.3%	8.2%	0.9	9.5%	11.1%	1.6	12.9%	7.5%	-5.4

Source: Company data, CMBIGM

**Figure 2: Hengli's revenue breakdown**

Source: Company data, CMBIGM estimates

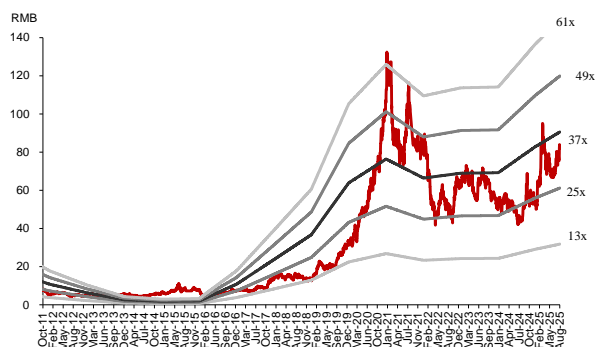
**Figure 3: Hengli's hydraulic cylinders monthly production**

Source: Company data, CMBIGM

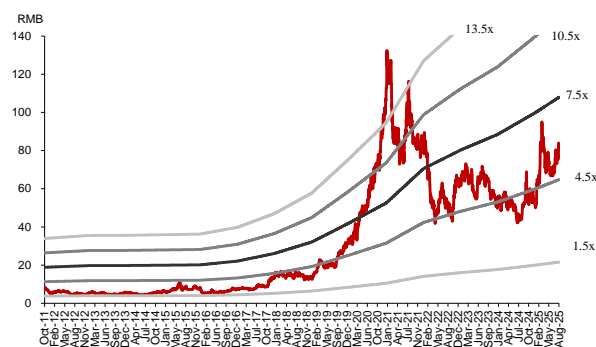
**Figure 4: Key assumptions on Hengli**

(RMB mn)	2020	2021	2022	2023	2024	2025E	2026E	2027E
<b>Revenue</b>								
Hydraulic cylinder	4,497	5,187	4,584	4,693	4,761	5,054	5,734	6,361
Hydraulic pump and valve	2,338	3,236	2,755	3,268	3,583	4,805	5,612	6,551
Hydraulic system	157	196	253	292	296	311	336	363
Component	845	677	574	672	684	718	776	838
<b>Revenue (hydraulic business)</b>	<b>7,838</b>	<b>9,295</b>	<b>8,167</b>	<b>8,926</b>	<b>9,325</b>	<b>10,888</b>	<b>12,458</b>	<b>14,113</b>
Other business	17	14	30	59	65	73	82	91
<b>Total revenue</b>	<b>7,855</b>	<b>9,309</b>	<b>8,197</b>	<b>8,985</b>	<b>9,390</b>	<b>10,961</b>	<b>12,540</b>	<b>14,204</b>
<b>Revenue growth</b>								
Hydraulic cylinder	27.0%	15.3%	-11.6%	2.4%	1.4%	6.2%	13.5%	10.9%
Hydraulic pump and valve	85.2%	38.4%	-14.9%	18.6%	9.6%	34.1%	16.8%	16.7%
Hydraulic system	82.9%	25.1%	29.1%	15.1%	1.6%	5.0%	8.0%	8.0%
Component	68.8%	-20.0%	-15.2%	17.1%	1.8%	5.0%	8.0%	8.0%
<b>Revenue (hydraulic business)</b>	<b>45.4%</b>	<b>18.6%</b>	<b>-12.1%</b>	<b>9.3%</b>	<b>4.5%</b>	<b>16.8%</b>	<b>14.4%</b>	<b>13.3%</b>
Other business	-23.1%	-19.6%	119.1%	96.0%	10.2%	12.0%	12.0%	12.0%
<b>Total revenue</b>	<b>45.1%</b>	<b>18.5%</b>	<b>-12.0%</b>	<b>9.6%</b>	<b>4.5%</b>	<b>16.7%</b>	<b>14.4%</b>	<b>13.3%</b>
<b>Gross margin</b>								
Hydraulic cylinder	46.8%	44.2%	40.1%	41.2%	42.6%	43.3%	43.4%	43.4%
Hydraulic pump and valve	52.3%	52.0%	48.2%	47.6%	47.9%	48.0%	48.0%	48.0%
Hydraulic system	45.7%	45.2%	44.9%	38.7%	38.1%	38.0%	38.0%	38.0%
Component	6.2%	3.5%	2.9%	15.9%	14.5%	15.0%	15.0%	15.0%
<b>Gross margin (hydraulic business)</b>	<b>44.0%</b>	<b>44.0%</b>	<b>40.4%</b>	<b>41.6%</b>	<b>42.5%</b>	<b>43.4%</b>	<b>43.6%</b>	<b>43.7%</b>
Other business	74.3%	70.9%	92.7%	91.1%	93.9%	90.0%	90.0%	90.0%
<b>Blended gross margin</b>	<b>44.1%</b>	<b>44.0%</b>	<b>40.6%</b>	<b>41.9%</b>	<b>42.8%</b>	<b>43.7%</b>	<b>43.9%</b>	<b>44.0%</b>

Source: Company data, CMBIGM estimates

**Figure 5: Hengli's P/E band**

Source: Bloomberg, company data, CMBIGM estimates

**Figure 6: Hengli's P/B band**

Source: Bloomberg, company data, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	8,197	8,985	9,390	10,961	12,540	14,204
Cost of goods sold	(4,873)	(5,220)	(5,368)	(6,175)	(7,040)	(7,951)
Gross profit	3,324	3,765	4,021	4,786	5,500	6,253
Selling expense	(124)	(186)	(217)	(252)	(288)	(327)
Admin expense	(275)	(404)	(592)	(680)	(777)	(881)
R&D expense	(650)	(694)	(728)	(844)	(966)	(1,094)
Others	(116)	(150)	(156)	(169)	(183)	(198)
Operating profit	2,159	2,330	2,328	2,841	3,286	3,754
Share of (losses)/profits of associates/JV	0	0	0	0	0	0
EBITDA	2,553	2,744	2,758	3,334	3,832	4,349
Depreciation	394	413	430	492	547	595
Interest income	352	382	146	285	325	381
Interest expense	(20)	(13)	(14)	(1)	(1)	(1)
Net interest income/(expense)	332	369	131	284	324	380
Other income/expense	137	131	341	219	251	284
Pre-tax profit	2,629	2,830	2,800	3,345	3,861	4,418
Income tax	(280)	(326)	(288)	(334)	(425)	(530)
Minority interest	(6)	(5)	(4)	(3)	(3)	(4)
Adjusted net profit	2,343	2,499	2,509	3,007	3,433	3,884

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	12,327	12,994	13,830	15,727	17,517	20,450
Cash & equivalents	6,886	8,124	7,883	8,391	10,199	11,561
Account receivables	2,982	2,767	2,756	3,850	3,708	4,854
Inventories	1,766	1,692	1,765	2,059	2,184	2,609
Prepayment	141	156	157	157	157	157
Other current assets	552	255	1,270	1,270	1,270	1,270
Non-current assets	3,874	4,901	5,808	6,521	6,879	7,089
PP&E	2,836	2,851	3,889	4,614	4,985	5,208
Deferred income tax	54	58	139	139	139	139
Investment in JVs & assos	0	0	0	0	0	0
Intangibles	436	467	439	426	413	401
Goodwill	0	0	0	0	0	0
Financial assets at FVTPL	0	0	0	0	0	0
Other non-current assets	548	1,526	1,342	1,342	1,342	1,342
Total assets	16,201	17,896	19,639	22,248	24,397	27,539
Current liabilities	3,144	3,099	3,379	3,917	3,772	4,331
Short-term borrowings	329	203	19	19	19	19
Account payables	1,323	1,297	1,136	1,673	1,529	2,088
Tax payable	73	154	160	160	160	160
Other current liabilities	1,419	1,445	2,064	2,064	2,064	2,064
Non-current liabilities	379	353	431	431	431	431
Long-term borrowings	0	0	0	0	0	0
Deferred income	198	175	212	212	212	212
Other non-current liabilities	181	179	219	219	219	219
Total liabilities	3,523	3,453	3,810	4,348	4,203	4,762
Total shareholders equity	12,630	14,391	15,775	17,843	20,133	22,713
Minority interest	48	52	54	57	60	64
Total equity and liabilities	16,201	17,896	19,639	22,248	24,397	27,539

<b>CASH FLOW</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	2,629	2,830	2,800	3,345	3,861	4,418
Depreciation & amortization	394	413	430	492	547	595
Tax paid	(280)	(326)	(288)	(334)	(425)	(530)
Change in working capital	(476)	(225)	(195)	(851)	(126)	(1,012)
Others	(203)	(15)	(269)	1	1	1
<b>Net cash from operations</b>	<b>2,064</b>	<b>2,677</b>	<b>2,479</b>	<b>2,652</b>	<b>3,857</b>	<b>3,472</b>
<b>Investing</b>						
Capital expenditure	(642)	(1,309)	(1,072)	(1,200)	(900)	(800)
Acquisition of subsidiaries/ investments	0	0	0	0	0	0
Others	563	(1,742)	(2,028)	(5)	(5)	(5)
<b>Net cash from investing</b>	<b>(80)</b>	<b>(3,051)</b>	<b>(3,100)</b>	<b>(1,205)</b>	<b>(905)</b>	<b>(805)</b>
<b>Financing</b>						
Dividend paid	(953)	(831)	(939)	(939)	(1,143)	(1,304)
Net borrowings	(313)	(126)	(185)	0	0	0
Proceeds from share issues	2,000	0	0	0	0	0
Others	216	77	336	(1)	(1)	(1)
<b>Net cash from financing</b>	<b>949</b>	<b>(880)</b>	<b>(788)</b>	<b>(940)</b>	<b>(1,144)</b>	<b>(1,305)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	3,643	6,886	8,124	7,883	8,391	10,199
Exchange difference	310	2,492	1,167	0	0	0
<b>Cash at the end of the year</b>	<b>6,886</b>	<b>8,124</b>	<b>7,883</b>	<b>8,391</b>	<b>10,199</b>	<b>11,561</b>
<b>GROWTH</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Revenue	(12.0%)	9.6%	4.5%	16.7%	14.4%	13.3%
Gross profit	(18.9%)	13.3%	6.8%	19.0%	14.9%	13.7%
Operating profit	(28.0%)	7.9%	(0.1%)	22.0%	15.6%	14.3%
EBITDA	(24.9%)	7.5%	0.5%	20.9%	14.9%	13.5%
Adj. net profit	(13.0%)	6.7%	0.4%	19.9%	14.2%	13.1%
<b>PROFITABILITY</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Gross profit margin	40.6%	41.9%	42.8%	43.7%	43.9%	44.0%
Operating margin	26.3%	25.9%	24.8%	25.9%	26.2%	26.4%
EBITDA margin	31.1%	30.5%	29.4%	30.4%	30.6%	30.6%
Adj. net profit margin	28.6%	27.8%	26.7%	27.4%	27.4%	27.3%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Net debt to equity (x)	(0.5)	(0.6)	(0.5)	(0.5)	(0.5)	(0.5)
Current ratio (x)	3.9	4.2	4.1	4.0	4.6	4.7
Receivable turnover days	123.4	116.8	107.4	110.0	110.0	110.0
Inventory turnover days	126.3	120.9	117.5	113.0	110.0	110.0
Payable turnover days	94.0	91.6	82.7	83.0	83.0	83.0
<b>VALUATION</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
P/E	46.7	45.0	44.8	37.4	32.7	28.9
P/B	8.9	7.8	7.1	6.3	5.6	4.9
Div yield (%)	0.7	0.8	0.8	1.0	1.2	1.3

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, 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.