

### COMPANY UPDATE

## Alibaba Group (9988 HK)

### 2QFY23 Results Preview And APSARA Conference Takeaways

The company is seeing a weaker-than-expected recovery in consumer spending due to disruptions by the ongoing implementation of lockdown measures. We remain cautiously optimistic on Alibaba given disruptions from periodic lockdowns weighing on 2QFY23 performance. Alibaba still offers an attractive risk-reward opportunity given the encouraging sentiment on the Single's Day pre-sales. Maintain BUY with target price lowered to HK\$127.00 (US\$120.00).

### WHAT'S NEW

- 2QFY23 results preview.** Alibaba Group's (Alibaba) 2QFY23 total revenue is estimated to grow 5% yoy to Rmb210.7b. We forecast customer management revenue to decline by 2% yoy, driven by weaker GMV growth in Sep 22 given weakened consumer sentiment. We expect to see a decline in total GMV given its exposure to the weak demand for discretionary items. The Local Consumer Services (LCS) segment is guided to deliver an accelerated growth of 29% yoy compared to +8% yoy in the same period last year. We estimate cloud revenue to deliver decelerated growth of 10% yoy to Rmb22b (vs 2QFY22: +22% yoy). Adjusted EBITDA is expected to improve with a 3% yoy growth from the previous -27%/-16% yoy plunge in 1QFY23/2QFY22, translated to an EBITDA margin of 17%. The improved profitability is mainly attributable to reduced losses from new strategic initiatives and the continued trend of cost optimisation.
- Better 3QFY23 underpinned by 11.11 shopping festival.** The company reported swift Singles' Day pre-sales despite soft recovery and weakening consumer sentiment. 102 brands on Taobao and Tmall surpassed Rmb100m in an hour after the first round of sales. Taobao Live surged 600% yoy in the first hour while the live-streaming channel on Tmall exceeded Rmb100b in the first 20 minutes, outperforming its peers. The strong sales are continuously driven by unfulfilled demand for smartphone devices and essential goods. Amid the intense market competition, Alibaba can leverage on its strengthening customer loyalty to seize and secure market share from rivals such as short-form video platforms.
- At the AliCloud Summit and APSARA Conference ("云栖大会"),** management blamed the latest growth slowdown in the cloud industry on less government spending, as well as the slower growth and policy impact on internet gaming and education industries. Alicloud expects the manufacturing industry and the increased content needs driven by Metaverse to be its next revenue growth engine. Management believes the impact of the CHIPS act for AliCloud is limited in the near term, as customers' high-end and massive computing power needs is limited in China currently. However, with the increase in demand for advanced cloud services in China, the management expect some challenges in the future, with current products becoming outdated if the global chip industry continues to develop at the current pace in the next few years.

### KEY FINANCIALS

| Year to 31 Mar (Rmbm)         | 2021      | 2022      | 2023F     | 2024F       | 2025F       |
|-------------------------------|-----------|-----------|-----------|-------------|-------------|
| Net turnover                  | 717,289.0 | 853,062.0 | 922,360.4 | 1,026,273.3 | 1,101,554.6 |
| EBITDA                        | 128,494.0 | 110,201.0 | 137,095.4 | 171,437.5   | 183,360.6   |
| Operating profit              | 89,678.0  | 69,638.0  | 91,163.6  | 126,792.2   | 140,133.8   |
| Net profit (rep./act.)        | 150,308.0 | 54,696.0  | 91,813.3  | 119,874.5   | 130,996.0   |
| Net profit (adj.)             | 171,985.0 | 136,388.0 | 130,210.8 | 164,640.1   | 180,476.0   |
| EPS (Fen)                     | 810.3     | 636.2     | 601.4     | 752.8       | 813.1       |
| PE (x)                        | 7.9       | 10.1      | 10.7      | 8.5         | 7.9         |
| P/B (x)                       | 1.5       | 1.5       | 1.3       | 1.2         | 1.0         |
| EV/EBITDA (x)                 | 10.4      | 12.2      | 9.8       | 7.8         | 7.3         |
| Dividend yield (%)            | 0.0       | 0.0       | 0.0       | 0.0         | 0.0         |
| Net margin (%)                | 21.0      | 6.4       | 10.0      | 11.7        | 11.9        |
| Net debt/(cash) to equity (%) | (29.5)    | (14.9)    | (21.8)    | (27.9)      | (33.7)      |
| Interest cover (x)            | n.a.      | 5.3       | n.a.      | n.a.        | n.a.        |
| ROE (%)                       | 17.6      | 5.7       | 9.0       | 10.3        | 9.8         |
| Consensus net profit          | -         | -         | 136,753   | 162,210     | 182,556     |
| UOBKH/Consensus (x)           | -         | -         | 0.95      | 1.01        | 0.99        |

Source: Alibaba Group, Bloomberg, UOB Kay Hian

## BUY

(Maintained)

|               |            |
|---------------|------------|
| Share Price   | HK\$69.70  |
| Target Price  | HK\$127.00 |
| Upside        | +82.2%     |
| (Previous TP) | HK\$129.00 |

### COMPANY DESCRIPTION

Alibaba Group is the largest e-commerce marketplace operator in China.

### STOCK DATA

|                                 |                        |
|---------------------------------|------------------------|
| GICS sector                     | Consumer Discretionary |
| Bloomberg ticker:               | 9988 HK Equity         |
| Shares issued (m):              | 21,180.3               |
| Market cap (HK\$m):             | 1,476,265.9            |
| Market cap (US\$m):             | 188,061.7              |
| 3-mth avg daily t'over (US\$m): | 493.5                  |

### Price Performance (%)

52-week high/low HK\$165.20/HK\$61.45

| 1mth   | 3mth   | 6mth   | 1yr    | YTD    |
|--------|--------|--------|--------|--------|
| (14.3) | (25.0) | (22.9) | (56.4) | (41.4) |

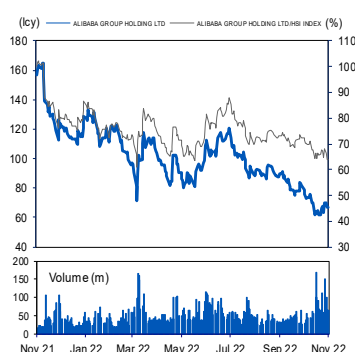
### Major Shareholders

| Major Shareholders | %   |
|--------------------|-----|
| Softbank           | 25  |
| Vanguard Group     | 2.7 |
| BlackRock Inc      | 2.5 |

FY23 NAV/Share (RMB) 48.95

FY23 Net Cash/Share (RMB) 10.75

### PRICE CHART



Source: Bloomberg

### ANALYST(S)

**Julia Pan Meng Yao**  
 +8621 5404 7225 ext 808  
 juliapan@uobkayhian.com

### ESSENTIALS

**Key takeaways from Alibaba Cloud Analyst Summit & APSARA Conference.** Remarks by Alibaba's CEO, Daniel Zhang:

- **Development of core competitiveness of Alicloud brought by debut of self-developed CIPU.** The special processor CIPU aims to replace CPUs in managing and accelerating computing, storage and network resources. The integrated performance of "Feitian+CIPU" generally outpaced similar products in the industry by 20%. The CIPU architecture has laid a solid foundation for the full-stack of self-developed Alicloud infrastructure to be extensively built.
- **Cloud-native processor "Yitian 710" was unveiled in Oct 21.** At present, the Yitian 710 cloud instance has been broadly adopted by many internet companies and the smartphone industry. The cost performance ratio of computing power has improved by more than 30%, while the power consumption per unit of computing power has been reduced by 60%. This is the first self-developed CPU for large-scale cloud application in China. During the Double 11 festival in 2021, the core trading system of Tmall's Double 11 was shifted smoothly to Yitian 710.
- **AliCloud is developing software to automate AI.** A serverless framework gets rid of operation and maintenance issues while reducing the threshold of software development, rendering more pre-fabricated modules which sequentially improve software productivity. In the past, open-source has promoted the progress of software architecture. In the future, open-source will accelerate the progress and development of AI applications' basic models.
- **Ample room for growth.** AliCloud now has paying customers of 4m and has achieved profitability for the last seven consecutive quarters. According to Alicloud, over 62% of A-share listed companies are AliCloud's customers and 21m companies and organisations use DingTalk. The management remains optimistic as the China cloud market is far from saturated. AliCloud is undertaking business restructuring to shift its customer base from the internet sector to retail and financial services, which currently accounts for 53% of the cloud revenue. The transition in customer mix will likely benefit the company as non-internet consumers are less-price sensitive. With this, we reckon the transition will bode well for Alicloud's top-line and bottom line in the upcoming quarters.
- **Our forecasts.** Cloud computing and internet infrastructure is expected to deliver a decelerated growth of 10% yoy to Rmb 22b (vs 2QFY22: +22% yoy). The company will streamline its non-profitable business offerings such as CDN (content delivery network) while emphasising more on higher margin products such as AI solutions. We forecast Alicloud's adjusted EBITA at Rmb400m for 2QFY23, with adjusted EBITA margin of 2%.
- **11.11 key focus lies in enhancing customer experience and customer loyalty amid weak GMV environment.** For Alibaba, brand loyalty memberships allow brands to interact most directly with consumers and ensure a higher degree of certainty over sales. During the pre-sale period, over 4000 brands achieved >100% of member-led GMV yoy growth while brand members accounted for >50% of the GMV for 2700 prominent brands. Given the company's greater exposure to non-essential goods, it focuses on serving the consumer groups with higher spending power, while providing a matrix of consumer offerings with diversified value proposition for various user segments. Enhancement of customer loyalty and integration of offline and online offerings helped Alibaba to capture consumers' mind share and generate high-quality growth for the long term.

### EARNINGS REVISION/RISK

- We lowered our 2QFY23 revenue estimate slightly by 3%, as our previous forecast had not factored in the soft recovery pace in consumer demand. FY23 revenue growth is estimated to be moderated at 6% yoy vs FY22's 19% yoy given that the near-term visibility remains unclear. We lower our FY23 net profit forecast by 1%, representing non-GAAP net margin of 16%, down from 17% in FY22.
- **Risks:** a) Increasing e-commerce competition with PDD and JD.com, and newcomers such as Douyin, and b) increasing merchants' acquisition channels.

### VALUATION/RECOMMENDATION

- **Maintain BUY with a lower target price of HK\$127.00 (US\$120.00),** as we roll forward our valuation to FY23. Our target price implies 16.5x FY23F forward PE against 19% EPS CAGR from FY23-26. The company is currently trading at 8.9x 12-month forward PE, 2.4SD lower than its historical mean of 24.4x.

### SHARE PRICE CATALYST

- a) Successful listing of Ant Group, b) continued improvement in profitability of its cloud business, and c) continued growth from business expansion, particularly in the Southeast Asia market/lower-tier cities.

### ALIBABA PE BAND



Source: Bloomberg, UOB Kay Hian

### SOTP VALUATION (BASED ON 12-MONTH FORWARD)

|                                   | FY23 Revenue (HK\$,b) | EBITA (HK\$,bn) | EV / Revenue | EV / EBITA |
|-----------------------------------|-----------------------|-----------------|--------------|------------|
| Core+initiatives                  |                       |                 |              |            |
| Core commerce business            | 845                   | 150             | 1            | 8          |
| Online marketing service          | 267                   | 160             |              |            |
| Commission                        | 109                   | 65              |              |            |
| New retail + Alihealth            | 368                   | -77             |              |            |
| International commerce            | 77                    | 2               |              |            |
| Cainiao                           | 64                    |                 | 3            |            |
| Ele.me                            | 62                    |                 | 3            |            |
| Cloud Computing, other            | 101                   |                 | 8            |            |
| Youku Tudou and other initiatives | 42                    |                 | 1            |            |
| Total Core+initiatives valuation  |                       |                 |              |            |
| Total investees valuation         |                       |                 |              |            |
| Net cash                          |                       |                 |              |            |
| <b>Total</b>                      | <b>845</b>            | <b>150</b>      | <b>1</b>     | <b>8</b>   |

|                                   | Value (HK\$,bn) | Value to BABA (HK\$,b) | HK\$ per share | % of NAV      |
|-----------------------------------|-----------------|------------------------|----------------|---------------|
| Core+initiatives                  |                 |                        |                |               |
| Core commerce business            | 1,196           | 1,196                  | 54             | 43%           |
| Online marketing service          |                 |                        |                |               |
| Commission                        |                 |                        |                |               |
| New retail + Alihealth            |                 |                        |                |               |
| International commerce            |                 |                        |                |               |
| Cainiao                           | 192             | 98                     | 4              | 3%            |
| Ele.me                            | 186             | 186                    | 8              | 7%            |
| Cloud Computing, other            | 805             | 805                    | 37             | 29%           |
| Youku Tudou and other initiatives | 42              | 42                     | 2              | 1%            |
| Total Core+initiatives valuation  |                 | 2,326.1                | 106            | 83%           |
| Total investees valuation         |                 | 112                    | 5              | 4%            |
| Net cash                          |                 | 354                    | 16             | 13%           |
| <b>Total</b>                      | <b>1,196</b>    | <b>2,792</b>           | <b>127</b>     | <b>100.0%</b> |

Source: UOB Kay Hian

### PROFIT & LOSS

| Year to 31 Mar (RMBm)            | 2022          | 2023F          | 2024F          | 2025F          |
|----------------------------------|---------------|----------------|----------------|----------------|
| Net turnover                     | 853,062       | 922,360        | 1,026,273      | 1,101,555      |
| EBITDA                           | 110,201       | 137,095        | 171,437        | 183,361        |
| Deprec. & amort.                 | 40,563        | 45,932         | 44,645         | 43,227         |
| EBIT                             | 69,638        | 91,164         | 126,792        | 140,134        |
| Total other non-operating income | 10,523        | 109            | 0              | 0              |
| Associate contributions          | 14,344        | 12,701         | 18,362         | 13,629         |
| Net interest income/(expense)    | (20,611)      | 5,325          | 1,700          | 5,827          |
| <b>Pre-tax profit</b>            | <b>73,894</b> | <b>109,298</b> | <b>146,854</b> | <b>159,590</b> |
| Tax                              | (26,815)      | (24,670)       | (33,418)       | (36,659)       |
| Minorities                       | 7,907         | 7,468          | 6,721          | 8,065          |
| Preferred dividends              | (290)         | (283)          | (283)          | 0              |
| <b>Net profit</b>                | <b>54,696</b> | <b>91,813</b>  | <b>119,874</b> | <b>130,996</b> |
| Net profit (adj.)                | 136,388       | 130,211        | 164,640        | 180,476        |

### CASH FLOW

| Year to 31 Mar (RMBm)                       | 2022             | 2023F           | 2024F            | 2025F            |
|---|------------------|-----------------|------------------|------------------|
| <b>Operating</b>                            | <b>142,759</b>   | <b>146,816</b>  | <b>166,981</b>   | <b>186,307</b>   |
| Pre-tax profit                              | 73,894           | 109,298         | 146,854          | 159,590          |
| Tax   | (26,815)         | (24,670)        | (33,418)         | (36,659)         |
| Deprec. & amort.                            | 40,563           | 45,932          | 44,645           | 43,227           |
| Associates                                  | (6,093)          | (5,518)         | 549              | (3,282)          |
| Working capital changes                     | (120,156)        | 16,255          | 8,899            | 20,149           |
| Non-cash items                              | 0                | 0               | 0                | 0                |
| Other operating cashflows                   | 181,366          | 5,518           | (549)            | 3,282            |
| <b>Investing</b>                            | <b>(198,592)</b> | <b>(96,470)</b> | <b>(101,503)</b> | <b>(105,072)</b> |
| Capex (growth)                              | (42,028)         | (40,830)        | (40,299)         | (37,747)         |
| Capex (maintenance)                         | 0                | 0               | 0                | 0                |
| Investments                                 | 0                | 0               | 0                | 0                |
| Proceeds from sale of assets                | 0                | 0               | 0                | 0                |
| Others                                      | (156,564)        | (55,640)        | (61,204)         | (67,324)         |
| <b>Financing</b>                            | <b>(64,449)</b>  | <b>47,096</b>   | <b>49,363</b>    | <b>54,299</b>    |
| Dividend payments                           | n.a.             | n.a.            | n.a.             | n.a.             |
| Issue of shares                             | (11,056)         | 43,272          | 45,156           | 49,671           |
| Proceeds from borrowings                    | 1,332            | 3,824           | 4,207            | 4,628            |
| Loan repayment                              | 0                | 0               | 0                | 0                |
| Others/interest paid                        | (54,725)         | 0               | 0                | 0                |
| <b>Net cash inflow (outflow)</b>            | <b>(120,282)</b> | <b>97,441</b>   | <b>114,840</b>   | <b>135,534</b>   |
| <b>Beginning cash &amp; cash equivalent</b> | <b>319,014</b>   | <b>189,898</b>  | <b>287,339</b>   | <b>402,180</b>   |
| Changes due to forex impact                 | (8,834)          | 0               | 0                | 0                |
| <b>Ending cash &amp; cash equivalent</b>    | <b>189,898</b>   | <b>287,339</b>  | <b>402,180</b>   | <b>537,713</b>   |

### BALANCE SHEET

| Year to 31 Mar (RMBm)                 | 2022             | 2023F            | 2024F            | 2025F            |
|---------------------------------------|------------------|------------------|------------------|------------------|
| Fixed assets                          | 171,806          | 178,220          | 183,150          | 185,143          |
| Other LT assets                       | 885,212          | 929,337          | 981,264          | 1,041,116        |
| Cash/ST investment                    | 189,898          | 287,339          | 402,180          | 537,713          |
| Other current assets                  | 448,637          | 475,900          | 510,174          | 540,028          |
| <b>Total assets</b>                   | <b>1,695,553</b> | <b>1,870,796</b> | <b>2,076,767</b> | <b>2,304,000</b> |
| ST debt                               | 8,841            | 8,841            | 8,841            | 8,841            |
| Other current liabilities             | 374,943          | 418,461          | 461,634          | 511,637          |
| LT debt                               | 38,244           | 42,068           | 46,275           | 50,903           |
| Other LT liabilities                  | 191,332          | 191,332          | 191,332          | 191,332          |
| Shareholders' equity                  | 958,134          | 1,086,034        | 1,244,627        | 1,417,229        |
| Minority interest                     | 124,059          | 124,059          | 124,059          | 124,059          |
| <b>Total liabilities &amp; equity</b> | <b>1,695,553</b> | <b>1,870,796</b> | <b>2,076,767</b> | <b>2,304,000</b> |

### KEY METRICS

| Year to 31 Mar (%)        | 2022   | 2023F  | 2024F  | 2025F  |
|---------------------------|--------|--------|--------|--------|
| <b>Profitability</b>      |        |        |        |        |
| EBITDA margin             | 12.9   | 14.9   | 16.7   | 16.6   |
| Pre-tax margin            | 8.7    | 11.8   | 14.3   | 14.5   |
| Net margin                | 6.4    | 10.0   | 11.7   | 11.9   |
| ROA                       | 3.2    | 5.1    | 6.1    | 6.0    |
| ROE                       | 5.7    | 9.0    | 10.3   | 9.8    |
| <b>Growth</b>             |        |        |        |        |
| Turnover                  | 18.9   | 8.1    | 11.3   | 7.3    |
| EBITDA                    | (14.2) | 24.4   | 25.0   | 7.0    |
| Pre-tax profit            | (57.2) | 47.9   | 34.4   | 8.7    |
| Net profit                | (63.6) | 67.9   | 30.6   | 9.3    |
| Net profit (adj.)         | (20.7) | (4.5)  | 26.4   | 9.6    |
| EPS                       | (21.5) | (5.5)  | 25.2   | 8.0    |
| <b>Leverage</b>           |        |        |        |        |
| Debt to total capital     | 4.2    | 4.0    | 3.9    | 3.7    |
| Debt to equity            | 4.9    | 4.7    | 4.4    | 4.2    |
| Net debt/(cash) to equity | (14.9) | (21.8) | (27.9) | (33.7) |
| Interest cover (x)        | 5.3    | n.a.   | n.a.   | n.a.   |

## Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

**This report is prepared for general circulation.** It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

**IMPORTANT DISCLOSURES FOR U.S. PERSONS**

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

### Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries by the respective entities and are subject to the additional restrictions listed in the following table.

|                                   |   |
|-----------------------------------|---|
| General                           | This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.  |
| Hong Kong                         | This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note:<br>(i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and<br>(ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law. |
| Indonesia                         | This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.  |
| Malaysia                          | Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.  |
| Singapore                         | This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note:<br>(i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and<br>(ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.   |
| Thailand                          | This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.  |
| United Kingdom                    | This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.   |
| United States of America ('U.S.') | This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.   |

Copyright 2022, UOB Kay Hian Pte Ltd. All rights reserved.

<http://research.uobkayhian.com>

RCB Regn. No. 197000447W