

Amazon vs. Alibaba: The Next Decade of Disruption



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Executive Summary

Amazon vs. Alibaba: The Next Decade of Disruption

12 of our global research teams analyze **1)** How AMZN and BABA's business models are evolving and converging; **2)** The companies' still-expanding "home country" addressable markets; **3)** Emerging market strategies...and AMZN's larger long-term need for global expansion; and **4)** Which EM companies are most/least exposed to potential AMZN/BABA disruption.

Strategies Converging around Omnichannel and Logistics: While AMZN/BABA's core businesses have different foundations (AMZN focusing on customer first, BABA also focusing on consumers but more through empowering merchants), we show how their offerings and revenue bases are converging... as eCommerce becomes more omnichannel and logistics focused.

AMZN/BABA Now Drive ~66%/33% of Incremental Addressable Consumer Expenditure in US/China, respectively... as each has established its retail leadership. That said, their investment-first focus (logistics, advertising, healthcare, China new retail, etc) is expanding their ecosystems and potentially doubling their home country addressable markets, with AMZN's US TAM growing from \$3tn to \$6tn and BABA's China TAM growing from \$5tn to \$11tn.

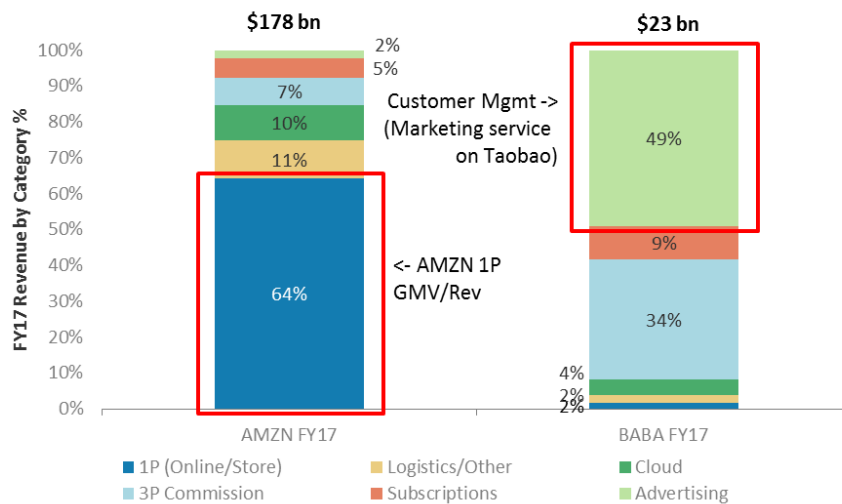
By 2027, BABA's China Opportunity Set to Be 3X Larger Than AMZN's US Addressable Spend: We see BABA's expansive investments combined with China's rapid economic growth/emerging online population growing **BABA's addressable China market** at a 6% '17-'27 CAGR, **reaching ~\$19tn by 2027**. This will be over 3X larger than AMZN's addressable US TAM in 2027... **as AMZN could be 2-3X more dependent on new/emerging market growth than BABA**. While AMZN/BABA geographic-level sum of parts valuations look similar (~10-15% of value coming from int'l) this, combined with slowing US AMZN prime sub growth, could speak to AMZN's higher need to penetrate new markets. It also re-affirms the importance of AMZN's rapidly-growing high-margin revenue streams (advertising, AWS, subscriptions) to drive profitability higher.

AMZN/BABA Now Colliding in Emerging Market Battlegrounds: We analyze the companies' efforts to attack the \$5tn consumer spend opportunity across India, LATAM, ASEAN, and Australia. For now, we see **AMZN ahead in India, BABA ahead in ASEAN, and both players planting seeds in LATAM/Australia**. From a local perspective, we highlight Flipkart and Snapdeal (in India), Matahari and SEA (in ASEAN) as most exposed to AMZN/BABA disruption risk, with more protected sectors being Consumer and Travel (in India) and FMCG/Tobacco, and Banks (in ASEAN).

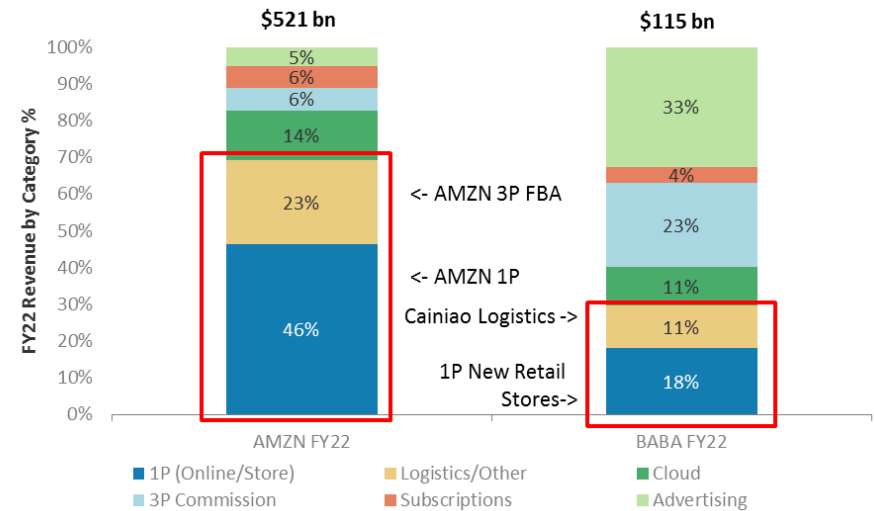
Five Key Summary Slides (1 of 5)

Amazon's and Alibaba's Business Models Are Slowly Converging

AMZN Is Still Primarily a 1P Platform, While BABA Runs on Advertising...



...but We See the Business Models and Revenue Mixes Converging



Note: Revenue definitions

1P = AMZN (1P GMV, WFM) and BABA (Hema, Intime, Other);

Logistics/Other = AMZN (FBA and shipping revenues, credit card) and BABA (Cainiao, Ele.me, and Initiatives)

Cloud = AMZN (AWS) and BABA (AliCloud)

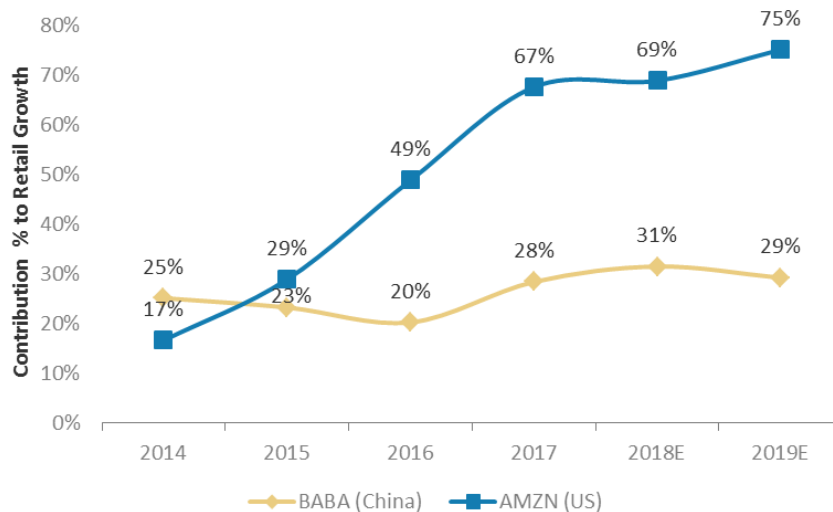
3P Commission = AMZN (3P take rate) and BABA (China retail commissions, Int'l retail, and China/Int'l wholesale)

Subscriptions = AMZN (Subscription revenue: Prime, Audible, Music, Twitch) and BABA (Digital Media: Youku, UCWeb)

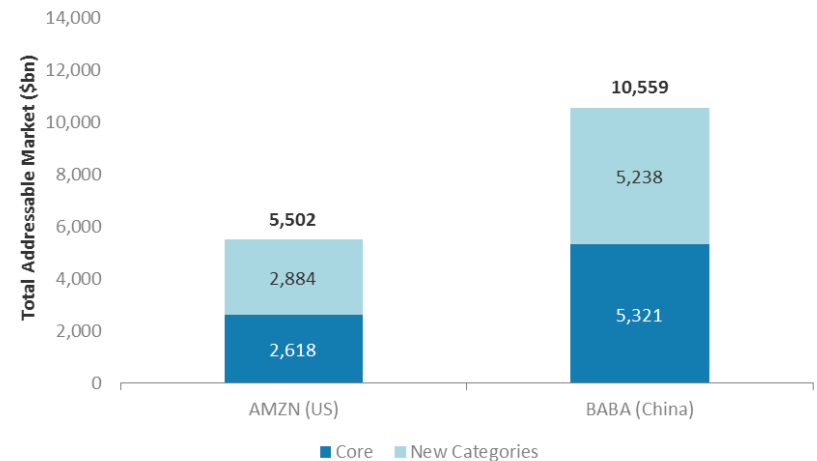
Advertising = AMZN (Majority of Other Revenue: Sponsored Listings and Display Ads) and BABA (China Retail Customer Management fees)

Both Have Leading Businesses in Their “Home Markets” and Are Investing to Expand Their Offerings...

AMZN Driving 2/3 of US Retail Growth... While BABA Contributes ~1/3 to China Retail Growth



But Investments Could Potentially Double the Companies' TAMs in Their “Home Markets”



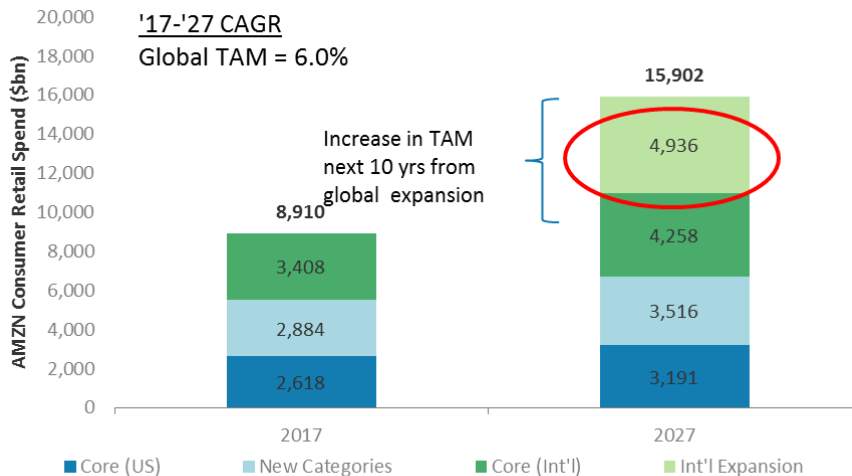
Note: Excludes Whole Foods and Hema/TP Stores

Sources: BEA PCE, NBS China, Company Data, Morgan Stanley Research

...But China's Faster Economic Growth Gives BABA a Much Larger Long-term Opportunity

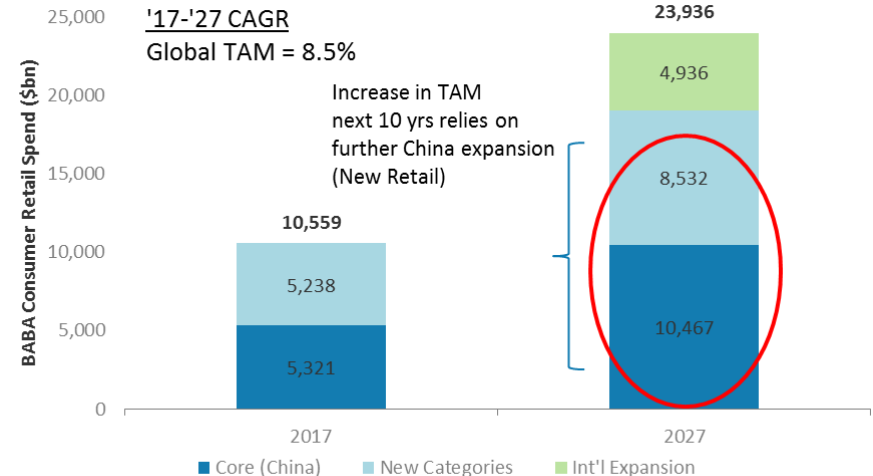
- We see BABA's China Addressable Spend adding \$8.4tn over Next Decade, ~7X More than AMZN's US Addressable Opportunity...
- ...as BABA's China TAM will be Larger than AMZN's Total Global TAM by 2027

We See AMZN Investing in New Int'l Markets to Continue Expanding its TAM to \$16tn...



Core/New Categories: US; Global Core: Western Europe and Japan
Global Expansion: India, ASEAN, Australia, Latin America

...as BABA Will Likely Focus More on China's \$19tn Offline/Online (New Retail) Opportunity

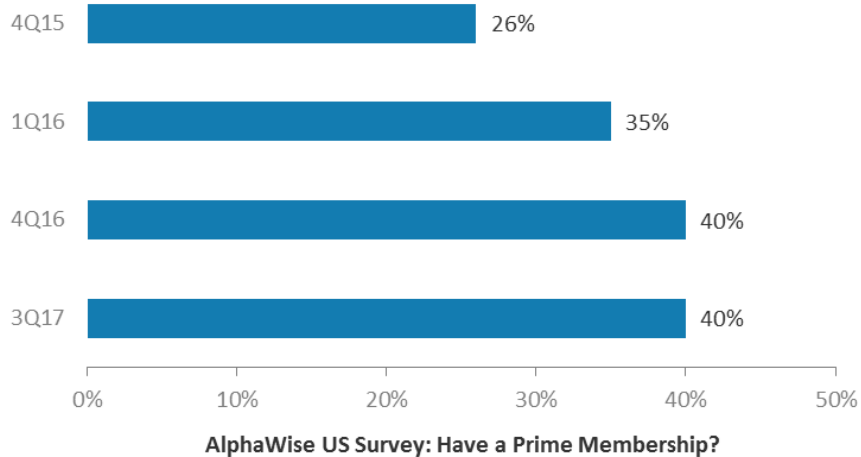


Core/New Categories: China
Global Expansion: India, ASEAN, Australia, Latin America

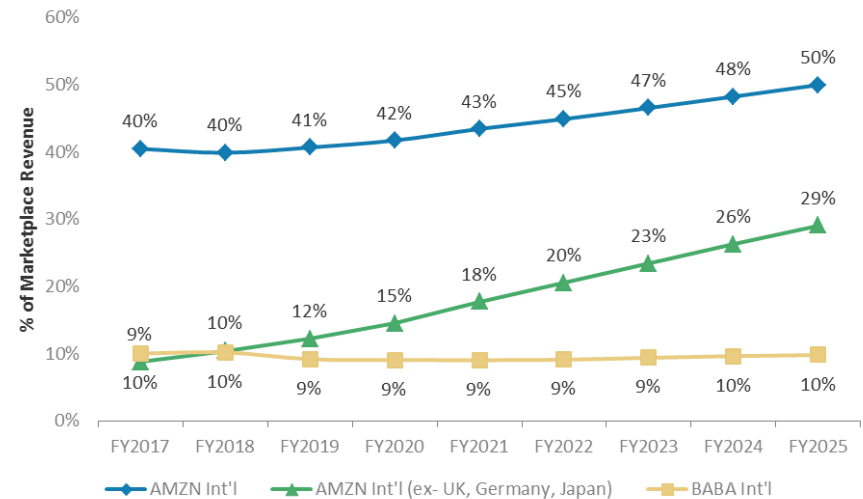
Five Key Summary Slides (4 of 5)

Meaning Amazon Could Be More Dependent on Emerging Markets than BABA

Our AlphaWise Data Show US Prime Growth Is Slowing...



...as AMZN's Long-term Topline Is ~2-3X More Dependent on Emerging Markets than BABAs



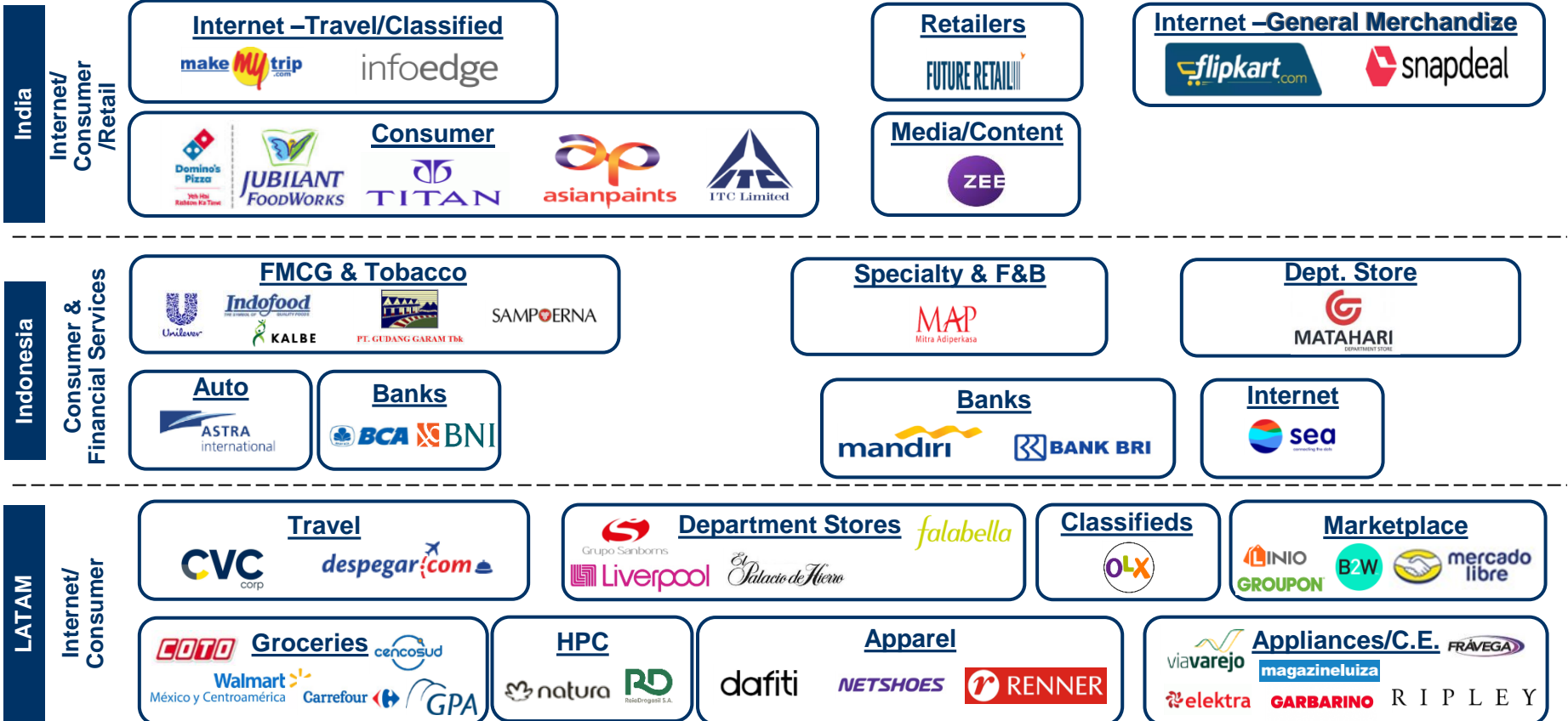
Five Key Summary Slides (5 of 5)

Disruption Summary of Emerging Markets: India, ASEAN, and LATAM



Most Protected

Most Exposed



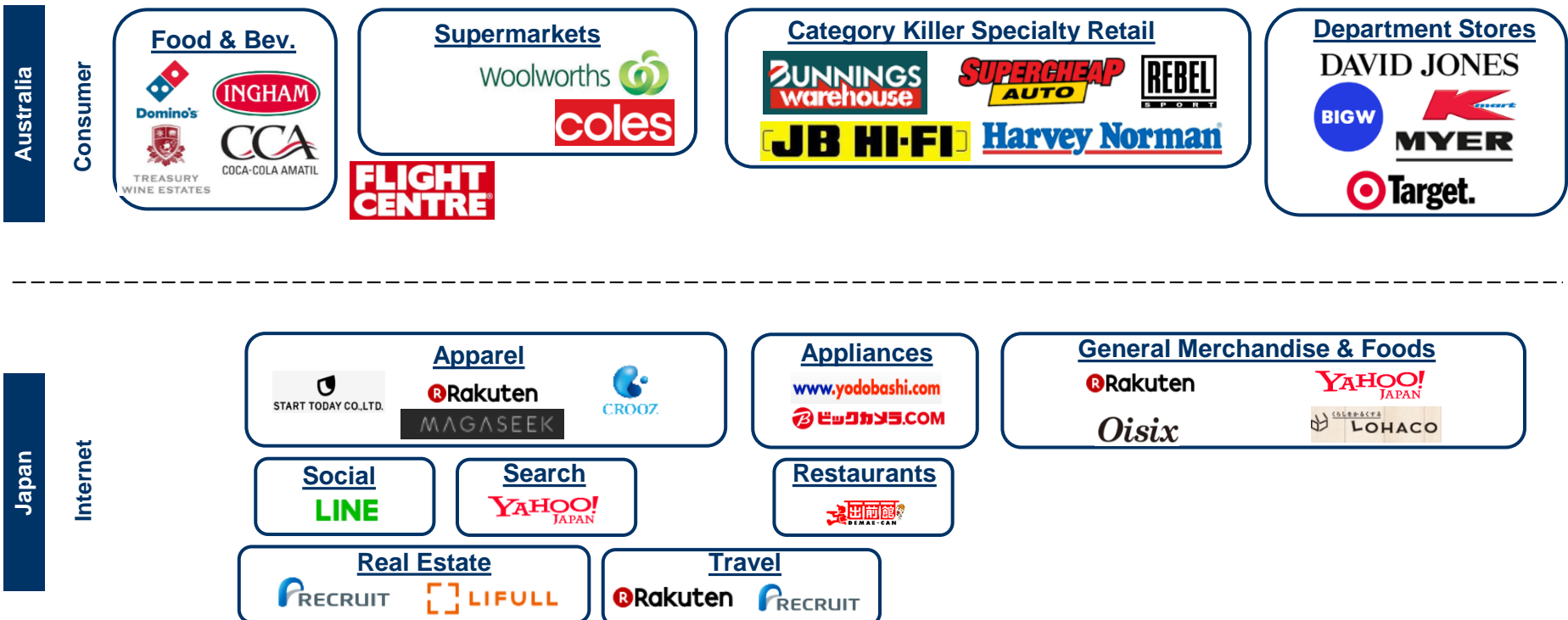
Five Key Summary Slides (5 of 5)

Disruption Summary of Emerging Markets: Australia and Japan



Most Protected

Most Exposed



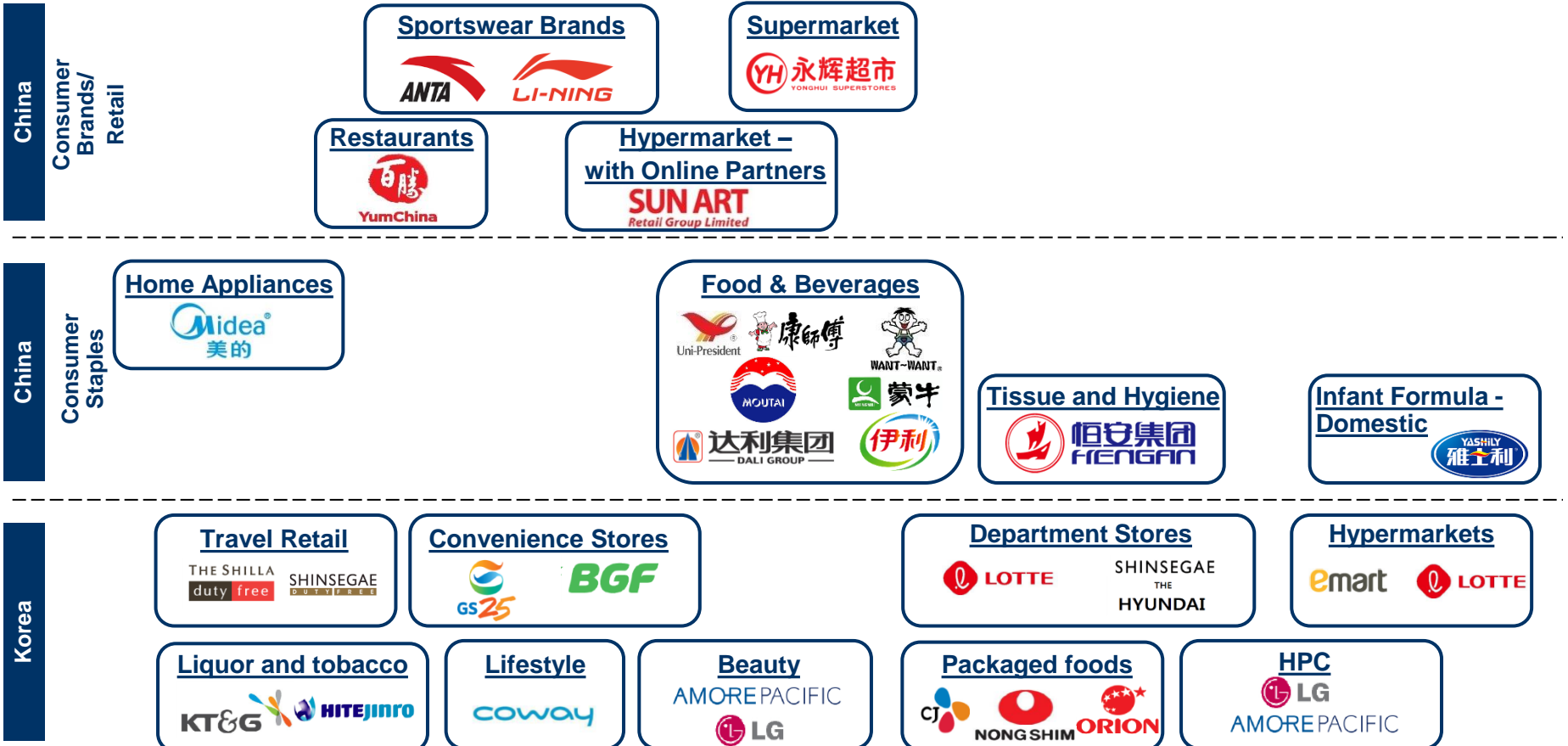
Five Key Summary Slides (5 of 5)

Disruption Summary of Consumer Sectors in China and Korea



Most Protected

Most Exposed



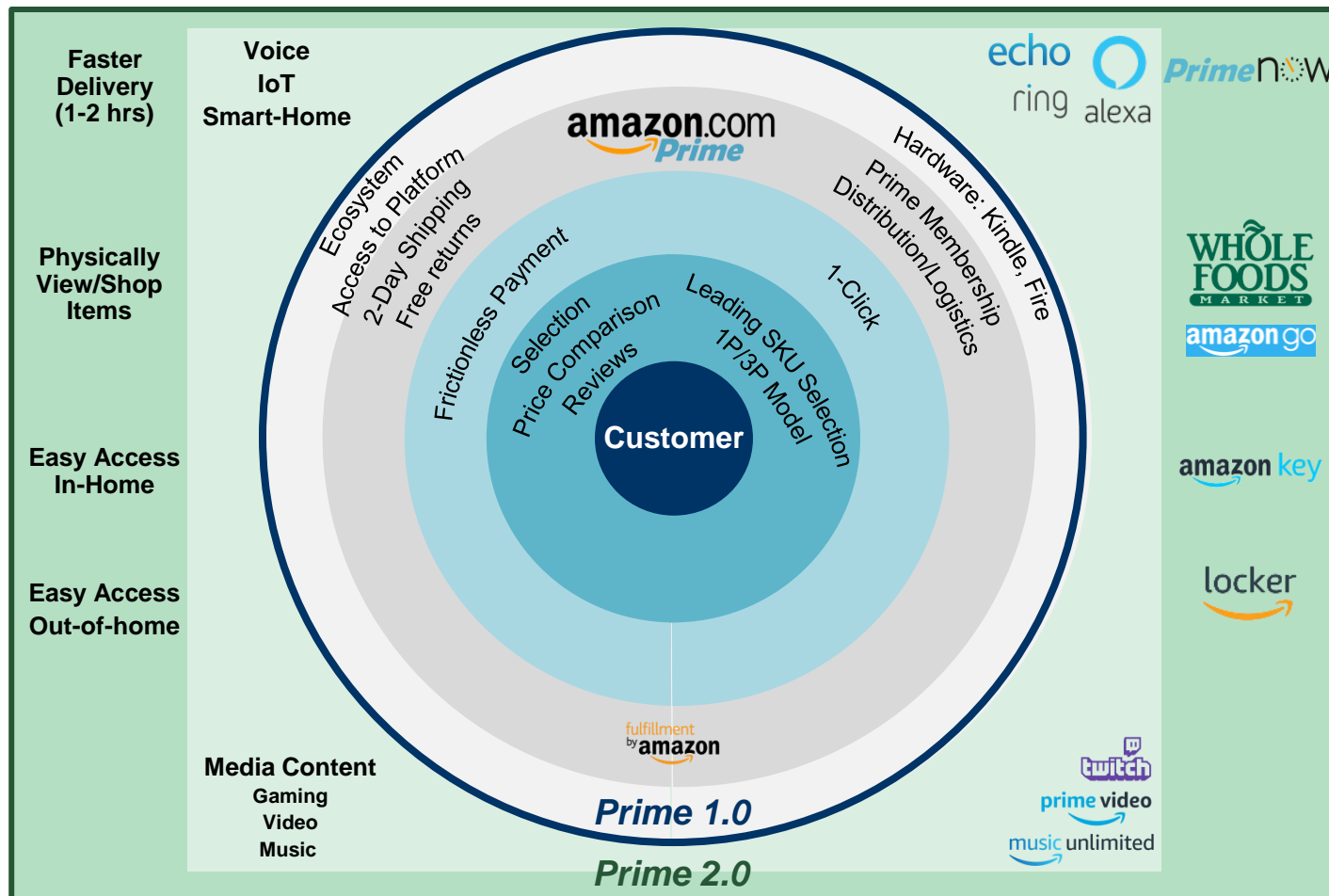
Amazon vs. Alibaba: The Next Decade of Disruption



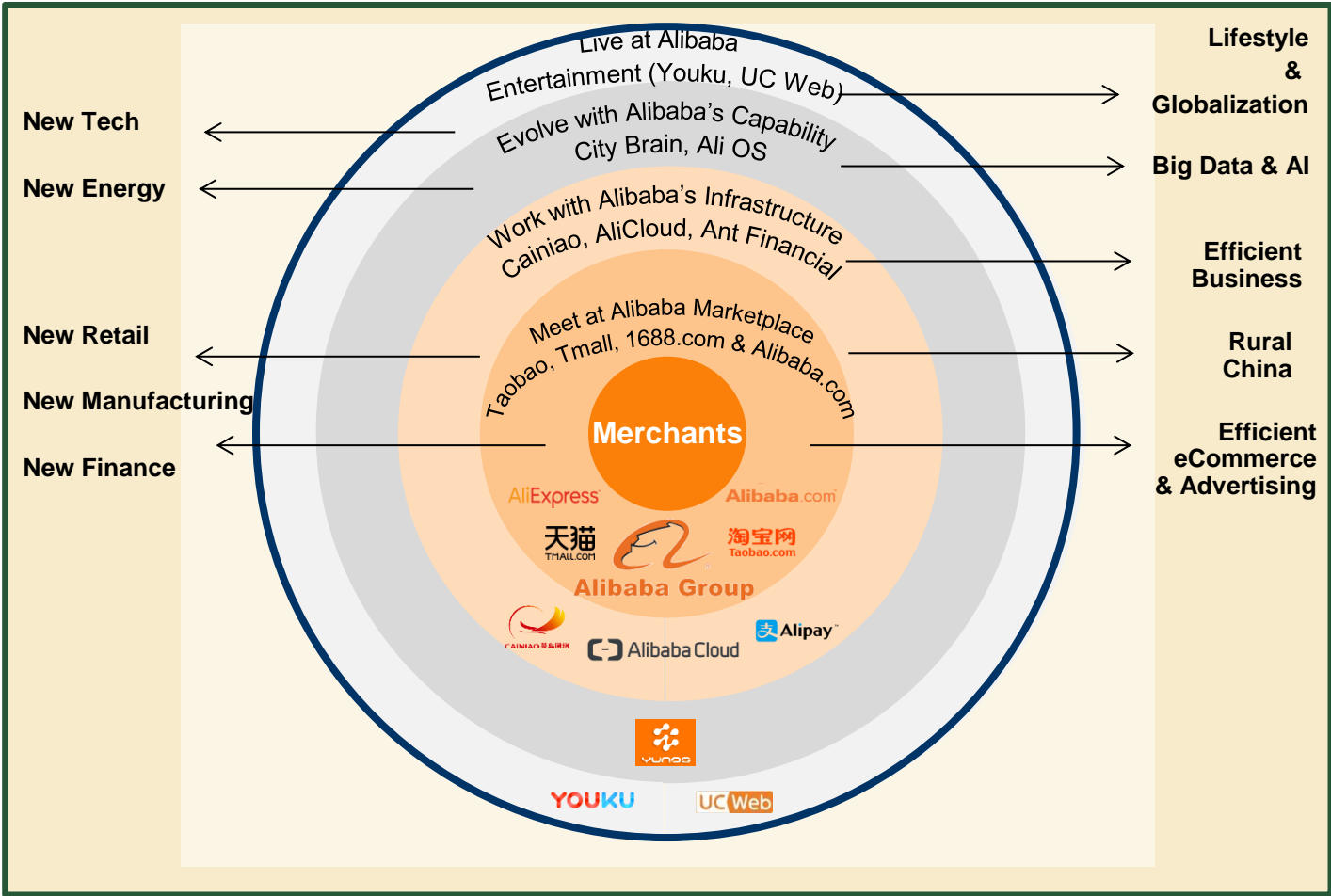
Section I

Amazon and Alibaba: Where Did They Start...and Where Are They Heading?

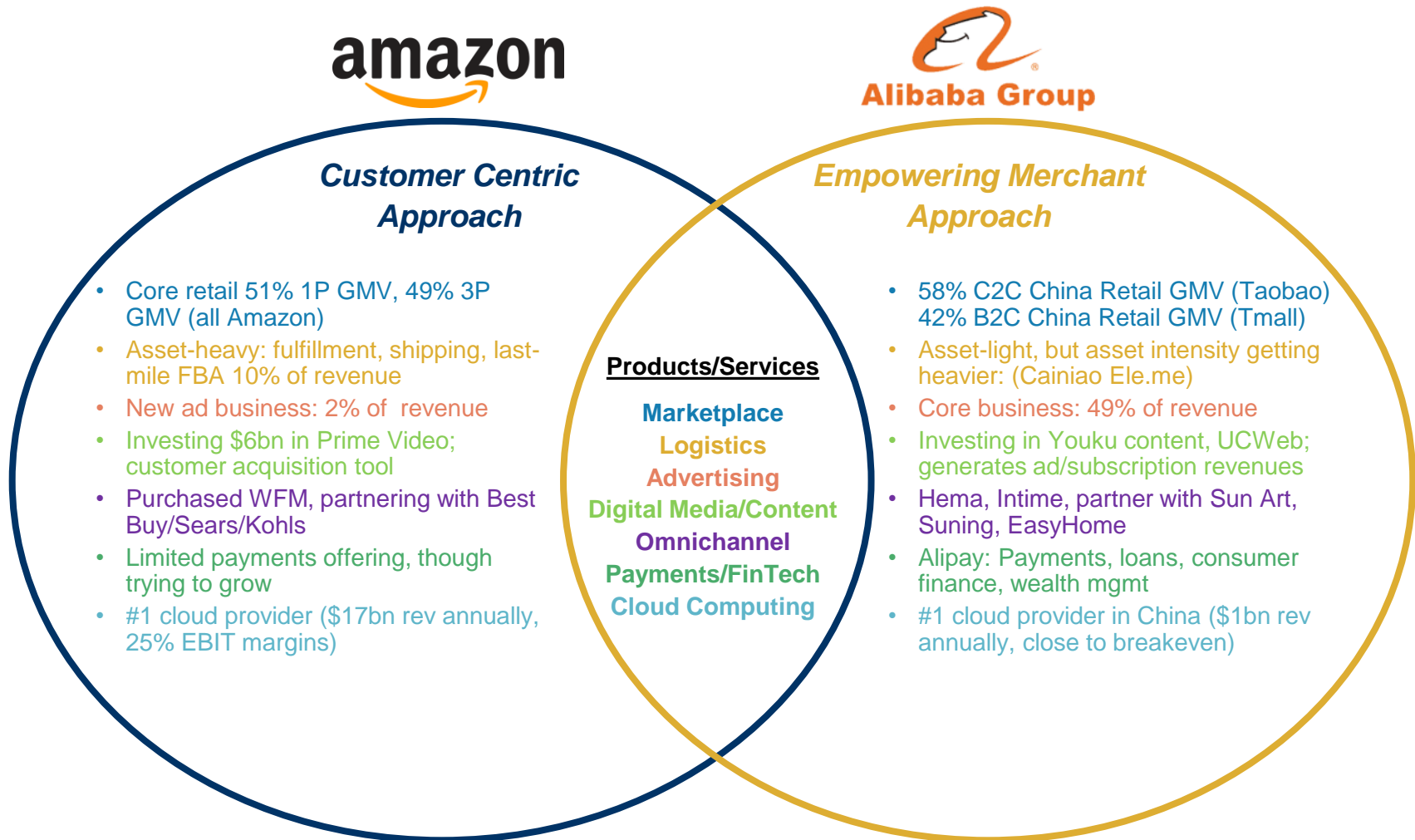
Philosophically for Amazon, It All Starts with the Customer (Ecosystem Around Customer)...



... While Alibaba Also Focuses on Customer but More Through Empowering Merchants

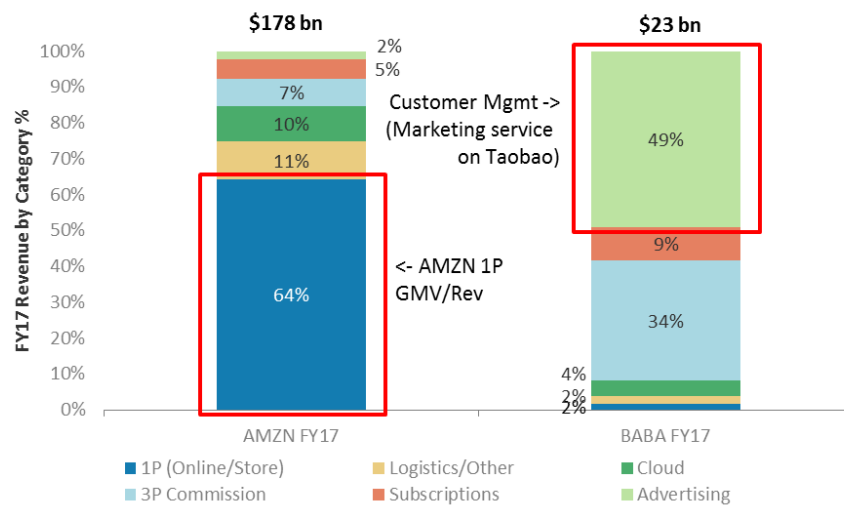


Multiple Core Offerings...with Different Approaches and Product Mixes

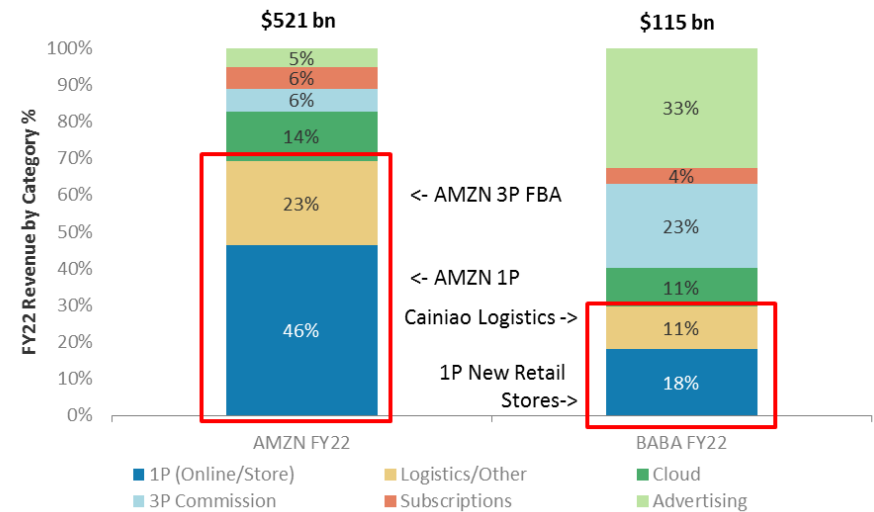


But, the Business Models Are Slowly Converging

**AMZN Built First as a 1P Platform,
While BABA Runs Primarily on Advertising...**



**...but We See the Business Models and
Revenue Mixes Converging**



Note: Revenue definitions

1P = AMZN (1P GMV, WFM) and BABA (Hema, Intime, Other);

Logistics/Other = AMZN (FBA and shipping revenues, credit card) and BABA (Cainiao, Ele.me, and Initiatives)

Cloud = AMZN (AWS) and BABA (AliCloud)

3P Commission = AMZN (3P take rate) and BABA (China retail commissions, Int'l retail, and China/Int'l wholesale)

Subscriptions = AMZN (Subscription revenue: Prime, Audible, Music, Twitch) and BABA (Digital Media: Youku, UCWeb)

Advertising = AMZN (Majority of Other Revenue: Sponsored Listings and Display Ads) and BABA (China Retail Customer Management fees)

As the World Is Becoming More 1P and Omnichannel

- Alibaba Logistics/1P Set to Grow at 90%+ CAGR from ~\$900mn to \$34bn Over Next 5 Years

1P + Logistics Will Drive 66% of AMZN's Forward Revenue...

AMAZON				Contrib to
Revenue Category (\$mn)	FY2017	FY2022	5Y CAGR	Growth
1P (Online/Store)	114,153	241,416	16%	37%
Logistics/Other	19,043	118,818	44%	29%
Cloud	17,458	70,570	32%	15%
3P Commission	13,292	32,174	19%	6%
Subscriptions	9,722	30,302	26%	6%
Advertising	4,198	27,253	45%	7%
Total	177,866	520,531	24%	100%

...and 36% of BABA's Forward Business

ALIBABA				Contrib to
Revenue Category (\$mn)	FY2017	FY2022	5Y CAGR	Growth
Advertising	11,264	37,509	27%	28%
3P Commission	7,712	26,213	28%	20%
Subscriptions	2,140	5,093	19%	3%
Cloud	968	12,216	66%	12%
Logistics/Other	545	13,235	89%	14%
1P (Online/Store)	365	20,897	125%	22%
Total	22,994	115,162	38%	100%

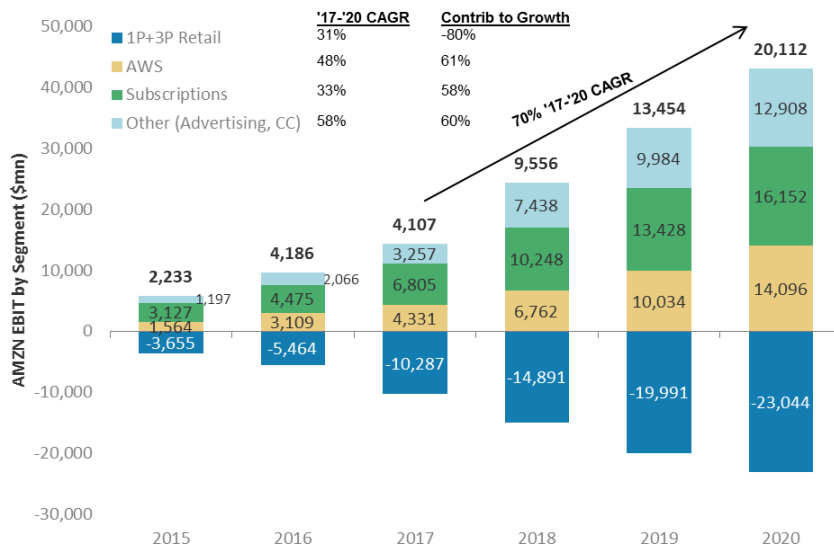
Note: Excludes Whole Foods

Sources: BEA PCE, Company Data, Morgan Stanley Research

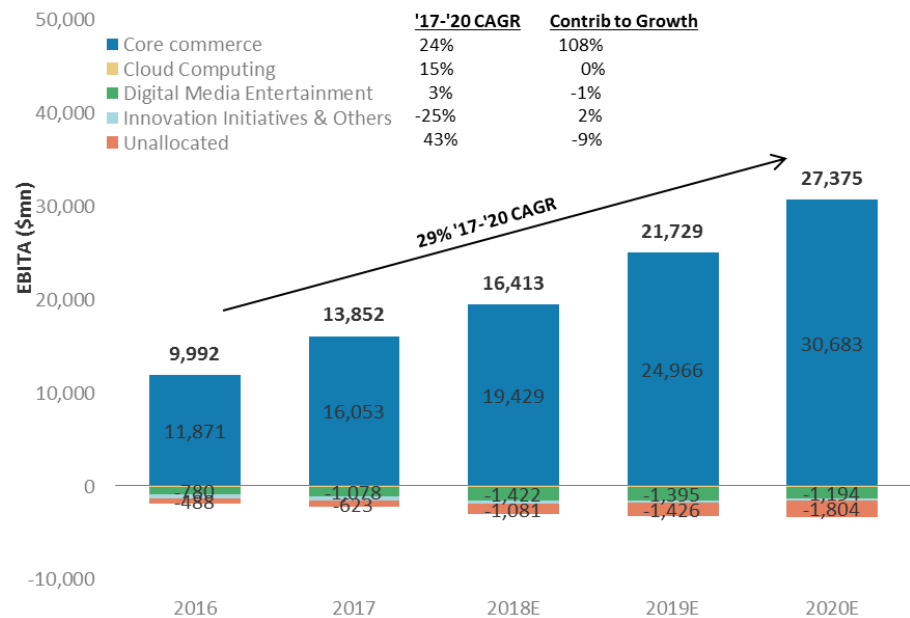
Assumptions:

Both Also Benefitting from Large and Rapidly-Growing High Margin Revenue Streams Enabling Record Investment

For Amazon, It Is AWS, Subscriptions, and Advertising Revenues...

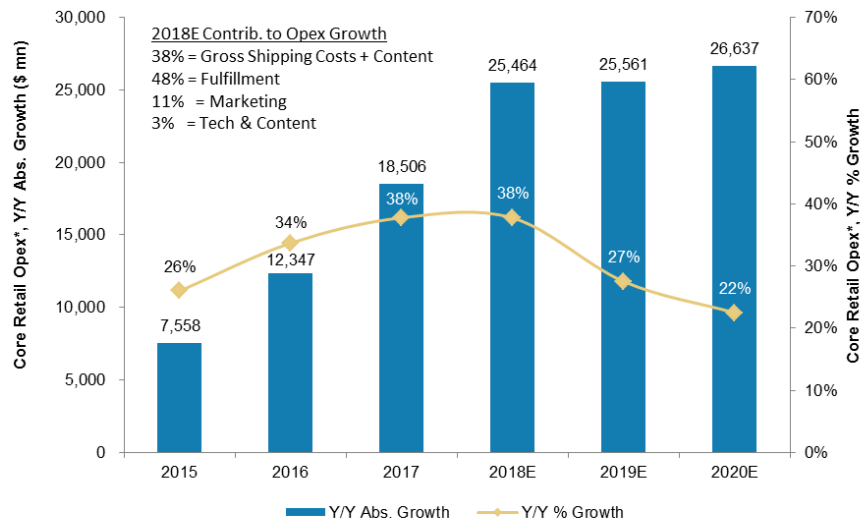


...while BABA's Core Advertising Business Fuels Its Growth



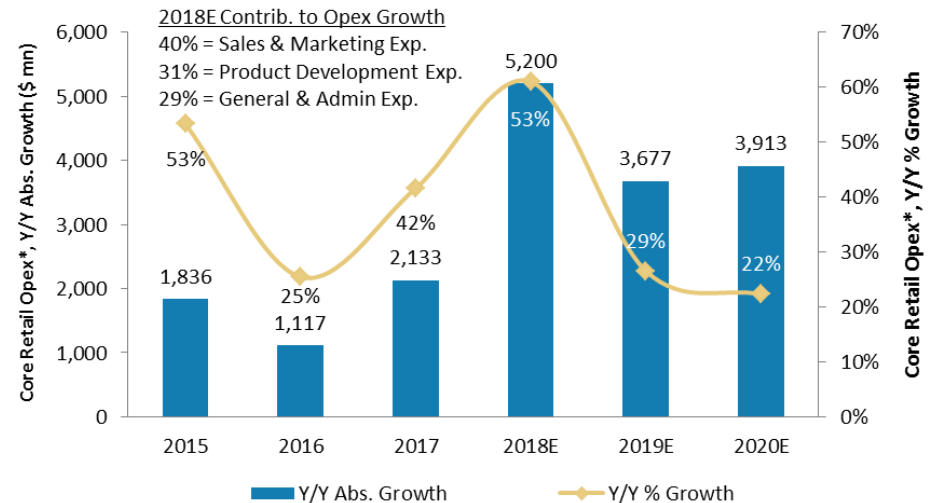
And Both Are Investing... at Record Levels

We Estimate AMZN '18 Retail Investment Will Increase \$25bn+ Driven by Fulfillment...



*Gross Shipping Costs, Prime Video Content, Fulfillment, Marketing, Technology & Content (ex AWS, 1P COGS)

...with BABA Increasing '18 Opex by 53%, Investing \$3bn in S&M and Product Innovation



* Product development, Sales & marketing, General & administrative

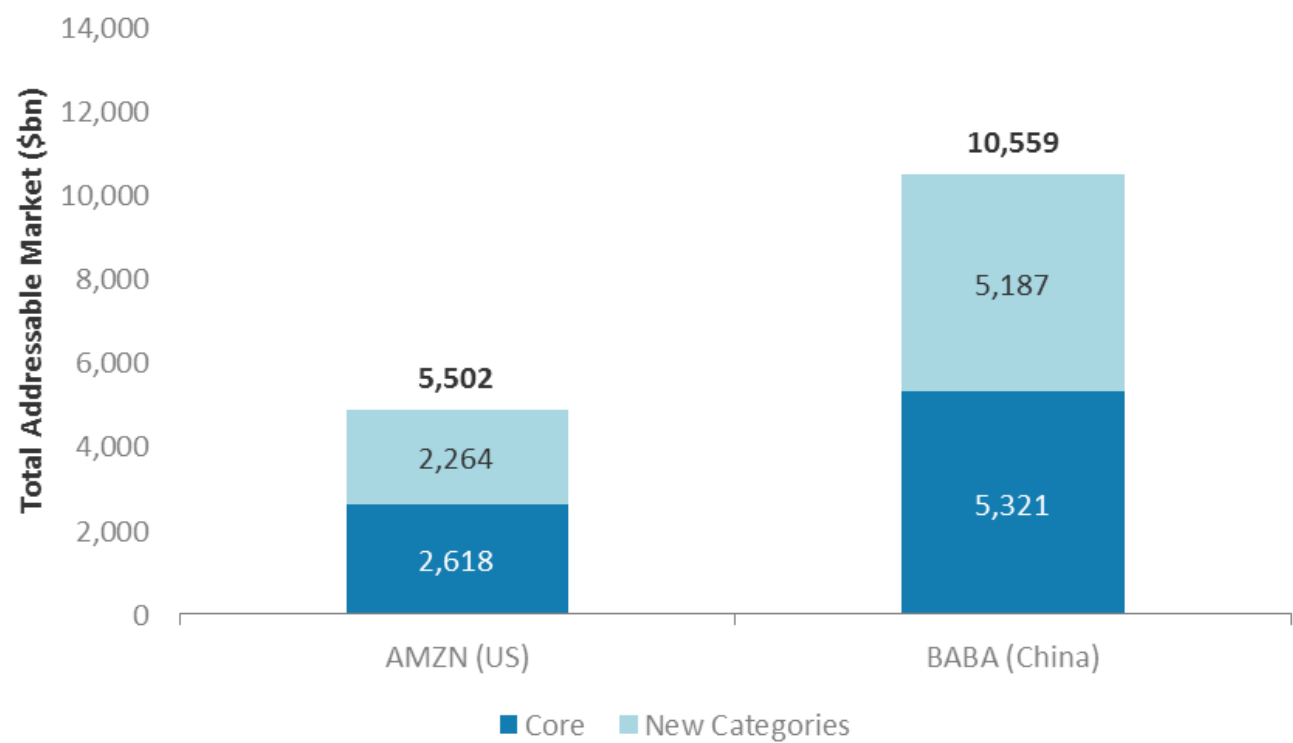
And Core Investment Themes Are Converging as Well

Investments



Omnichannel	<ul style="list-style-type: none"> Acquired WFM for ~\$13bn Opened cashier-less Amazon Go store in Seattle, with up to 6 more in 2018 Sears/Kohl's/Best Buy retail partnerships 	<ul style="list-style-type: none"> "New Retail" initiatives Covering four major product categories first, with TAM at US\$5.3bn by 2020E
Logistics	<ul style="list-style-type: none"> ~\$1.5bn air hub in Kentucky AMZN has added a fleet of planes, trains, trucks, freight licenses, etc. Prime Now 2-hour delivery available in 50+ US cities 	<ul style="list-style-type: none"> Cainiao: logistics data platform covers 70%+ parcels in China. Planned investment of \$15bn over 5 years O2O/Food delivery: acquisition of Ele.me (~\$9.5bn latest valuation)
Video/Content	<ul style="list-style-type: none"> \$6bn in content spend in 2018 In 4Q16, launched Prime Video to 200 countries around the world 	<ul style="list-style-type: none"> China: Youku Tudou #3 largest online video platform In'tl: UCWeb gaining popularity in India and Indonesia
Voice/IoT/Hardware	<ul style="list-style-type: none"> 5,000 AI engineers on Alexa and potentially looking for 1,000+ more in 2018 Echo devices promotions, sold near cost Acquired Ring (\$900mn) / Blink (\$90mn) 	<ul style="list-style-type: none"> AI: Alibaba's smart speaker Tmall Genie, powered by its own voice interaction system AliGenie Autonomous Driving: YunOS, in-car smart system
Payments/Financial Svcs	<ul style="list-style-type: none"> 5% back on Amazon Prime rewards card on marketplace and Whole Foods stores SME financing to 3P sellers (>\$1bn in 2017) 	<ul style="list-style-type: none"> AliPay: #1 mobile payment tool; also provides comprehensive financial services (consumer credit, SME loan, wealth management)

With These Investments Potentially Doubling the Addressable Dollars for Both Companies in Their “Home Markets” as They Enter New Categories



Note: AMZN US Core (Adjusted PCE) and New Categories (autos, cloud, advertising, etc)
BABA China Core (Adjusted PCE) and New Categories (Internet financing, food delivery, etc)
Sources: BEA PCE, NBS China, Company Data, Morgan Stanley Research

Amazon – Omnichannel

Last-Mile Acquisition + Prime Now 1-2hr Delivery to Penetrate US Grocery...



- Last mile acquired: no need to spend next 5 years brick building
- Opens new doors: Pharma, private label, SKU intensive sectors, next-gen stores with machine vision

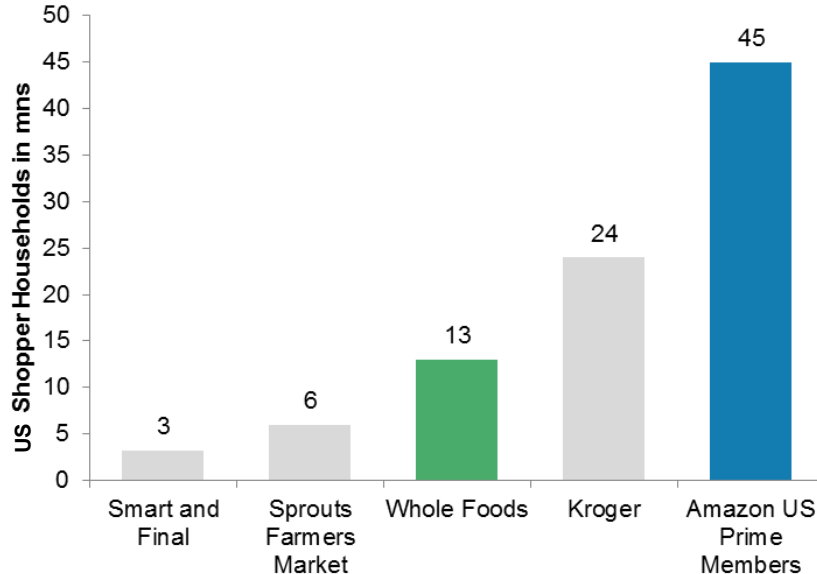
Source: Morgan Stanley Research, Company Data

Assumptions: \$18 wage/hr, 12.5 mins pick & pack, 3 deliveries/hr, \$100 overhead/day, \$3 gas per gallon, 3 miles per delivery, 15mpg, trucks used 8 hour of 12 hour delivery day

Amazon – Omnichannel

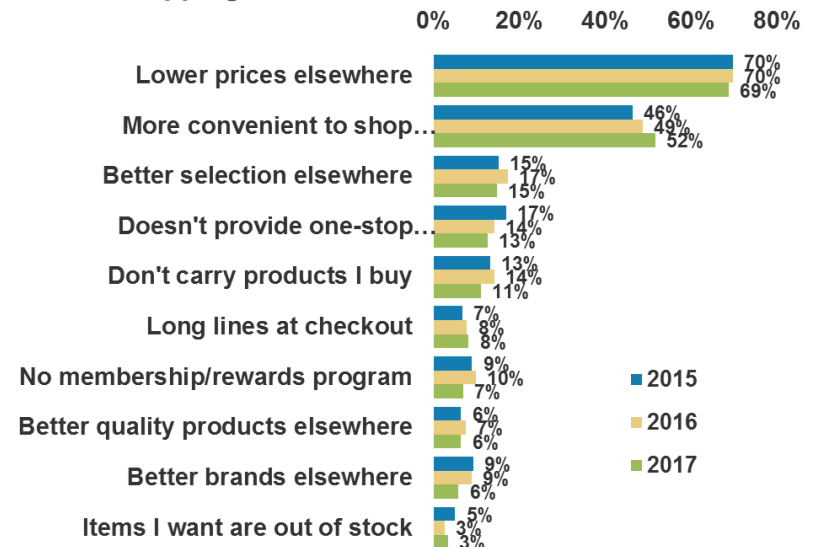
...by Working to Change Consumer Behavior and Offer Additional Value to Prime Members

Our US Survey Shows ~13mn HHs Shop at WFM vs. 45mn AMZN Prime and ~24mn for Kroger...



...and Pricing Continues to Be the Primary Reason Consumers Don't Shop at Whole Foods

Barriers to Shopping at Whole Foods Market



Alibaba – Omnichannel

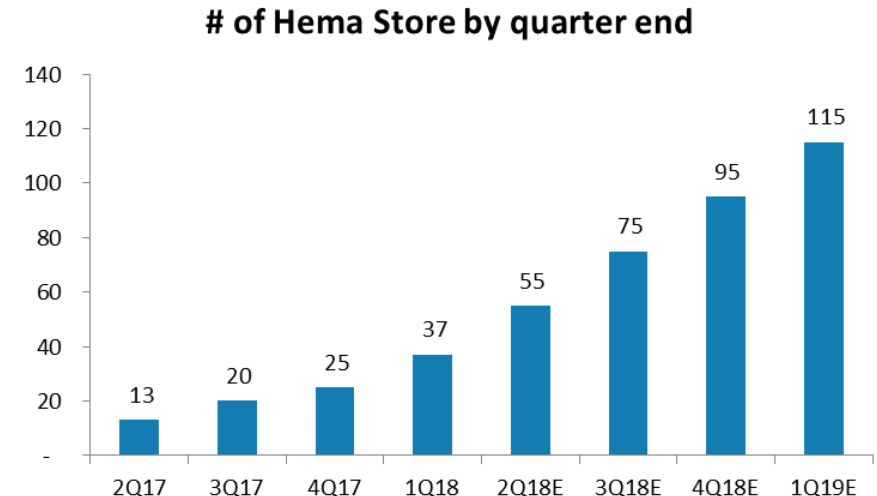
BABA's Layout of Its New Retail Ecosystem to Bridge Offline-to-Online

- Alibaba laid out its New Retail ecosystem by different consumption scenarios and product categories, with several other innovative trials
- Hema is a next-gen grocer that BABA opened as an in-house trial that now generates over 60% of orders online and is 3-5x more productive per sq ft than offline Chinese grocers (*~2x more productive than a \$600/sq ft average US food retailer*)

Alibaba's New Retail Ecosystem Tailors to Specific Categories and Consumer Preferences

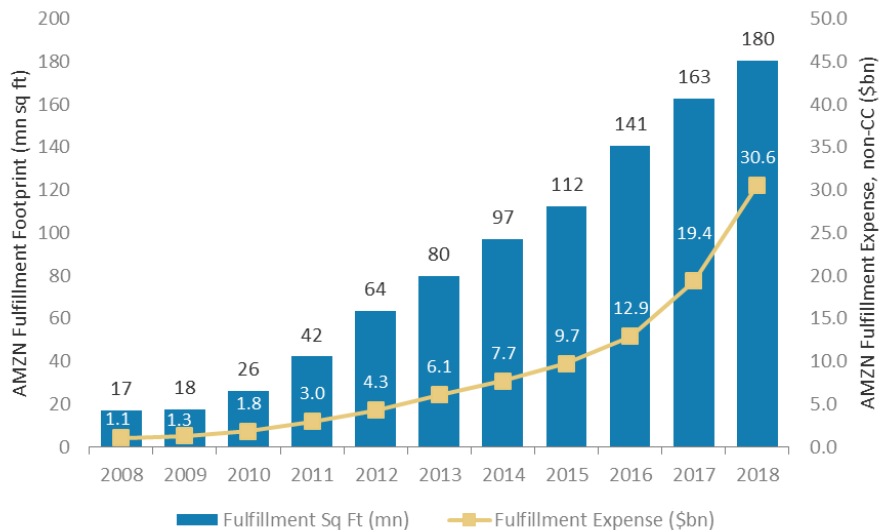


We See Hema Rapidly Expanding in 2018E

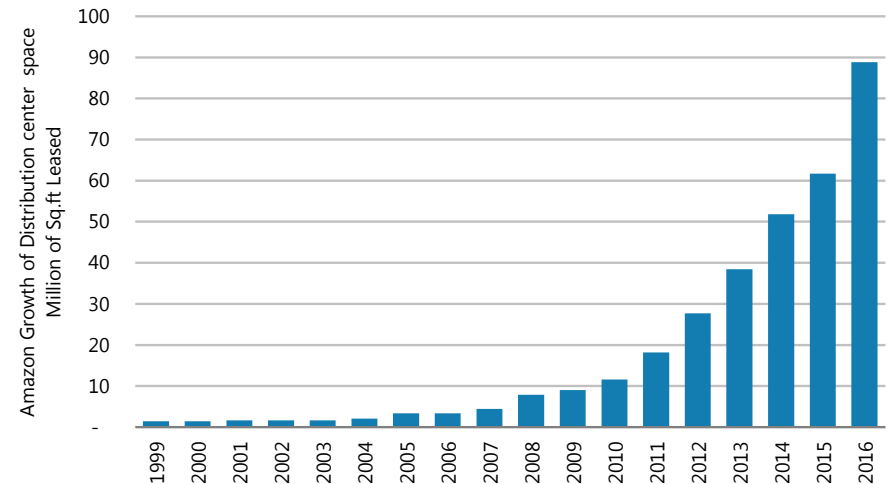


Amazon – Logistics Logistics Remain AMZN's Core Competency...

AMZN Has Steadily Invested in Fulfillment over the Last Decade...



...with Its Warehouse Expansion Representing over 10% of US Warehouse Leasing Since 2010

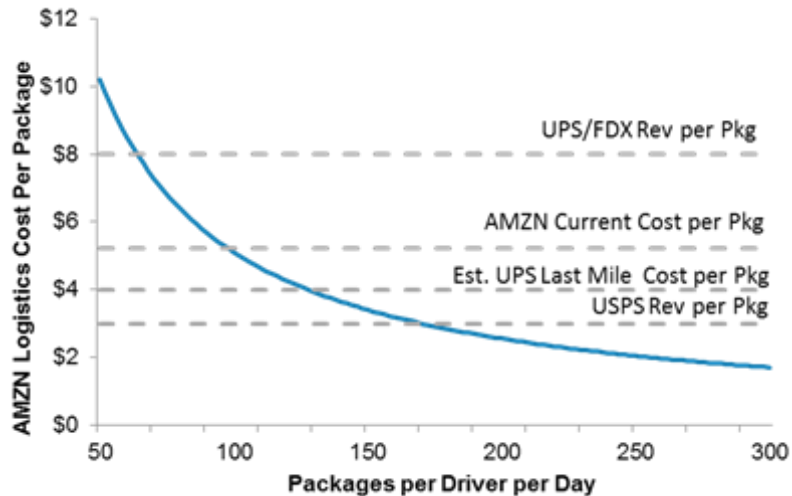


Amazon – Logistics

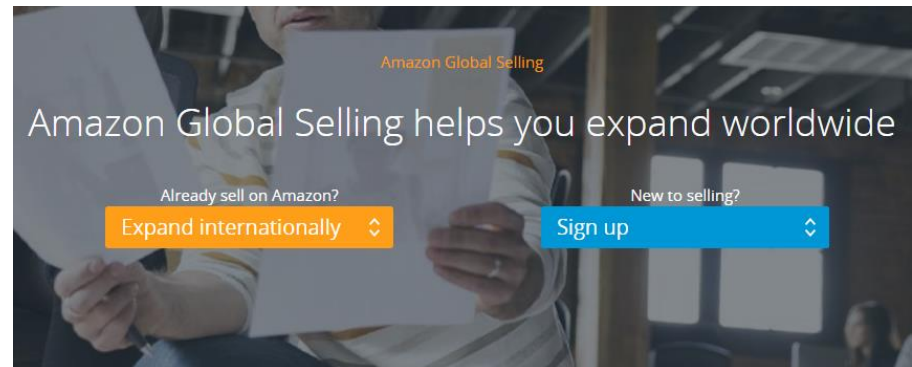
... as It Builds Its Own Last-Mile and Expands into Cross-Border

- DHL Estimates Cross-border eCommerce to Reach \$900bn (20% of global market) by 2020E

AMZN Acquired Trucks, Planes, and Freight Licenses as it Deploys Last-mile in the US/EU



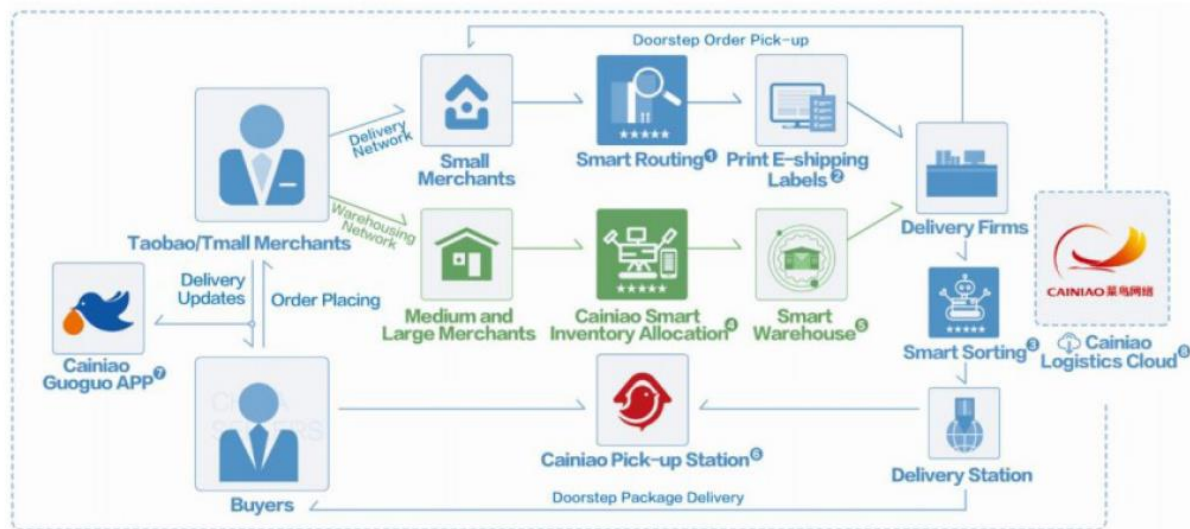
Global Selling 2Q18 Event to Connect 400+ Chinese Manufacturers to US/EU consumers



Alibaba – Logistics

BABA's Cainiao Is Consolidated and Set to Expand

- Cainiao is a 3P logistics platform (not a logistics company) and doesn't engage in delivery itself. Its data-powered platform connects logistics partners and provides solutions to improve efficiency
- Alibaba gained majority share in Sept. 2017 and has pledged to invest \$15bn over the next 5 yrs to realize its vision of “fulfilling orders throughout China/the World within 24hrs/72hrs”



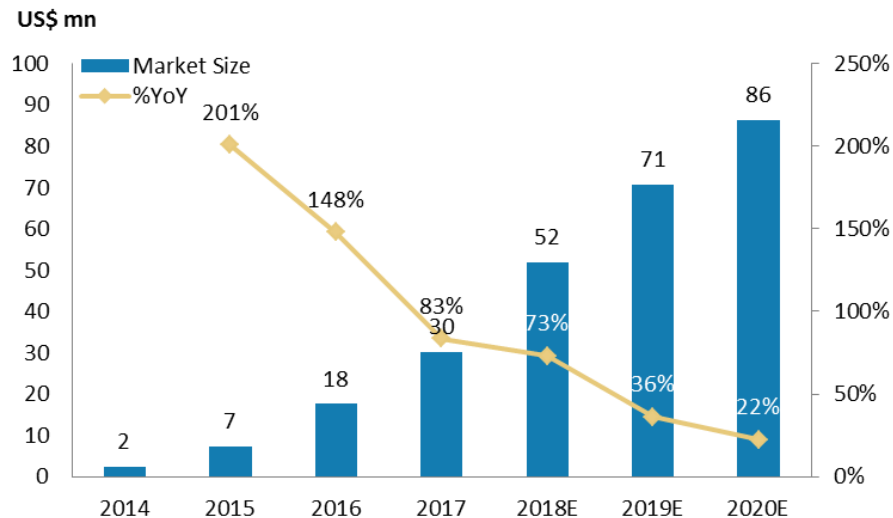
- ① Real-time recommendation to merchants on the best delivery option;
- ② E-shipping labels for easy package identification and tracking;
- ③ Smart sorting provides delivery firms with the best route option;
- ④ Based on past sales data, smart inventory allocation helps merchants stock up products in the nearest warehouse;
- ⑤ Cainiao partners' smart warehouses enhance efficiency in packaging and despatching;
- ⑥ Cainiao pick-up stations provide the last-mile delivery solution;
- ⑦ Cainiao Guoguo App provides one-stop order placing, package tracking and other logistics services;
- ⑧ Cainiao collects data throughout the logistics chain and share it with partners on its cloud platform;

Alibaba – Logistics

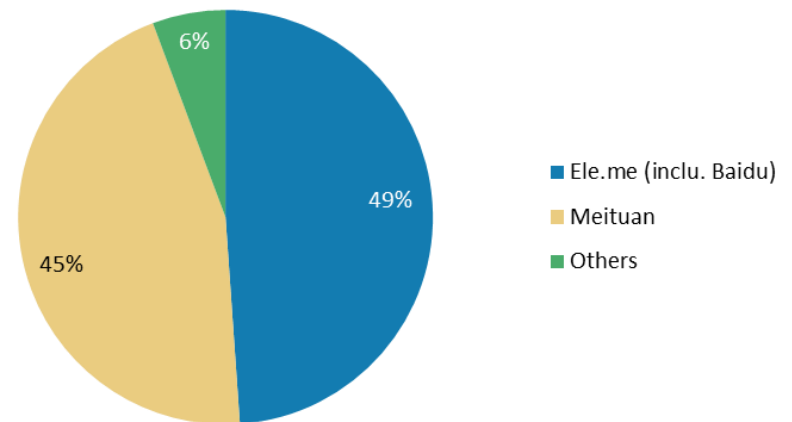
BABA's Acquisition of Ele.me Gives It Access to a Large Food Delivery TAM in China

- In 2017, more than 300mn people used online food ordering service in China with an estimated market size of \$30bn. Based on the trend, the market is estimated to expand to \$86bn by 2020.
- Ele.me, combined with the acquired Baidu Deliveries, is the largest player in China food delivery market, with 49% market share as of 1Q18
- Ele.me in Chinese means “are you hungry” and it has provided takeaway ordering service for more than 1/10 people in China, with over 9mn daily orders (3.2bn annualized orders)
...for perspective: Grubhub, food delivery leader in the US, had 121mn orders in 2017

Food Delivery Market Size and Growth in China

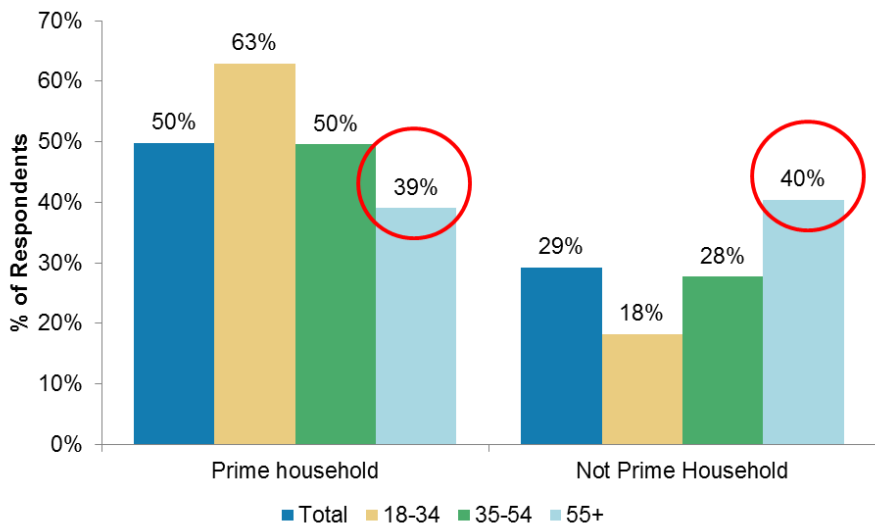


China Food Delivery Market Share (by Volume)

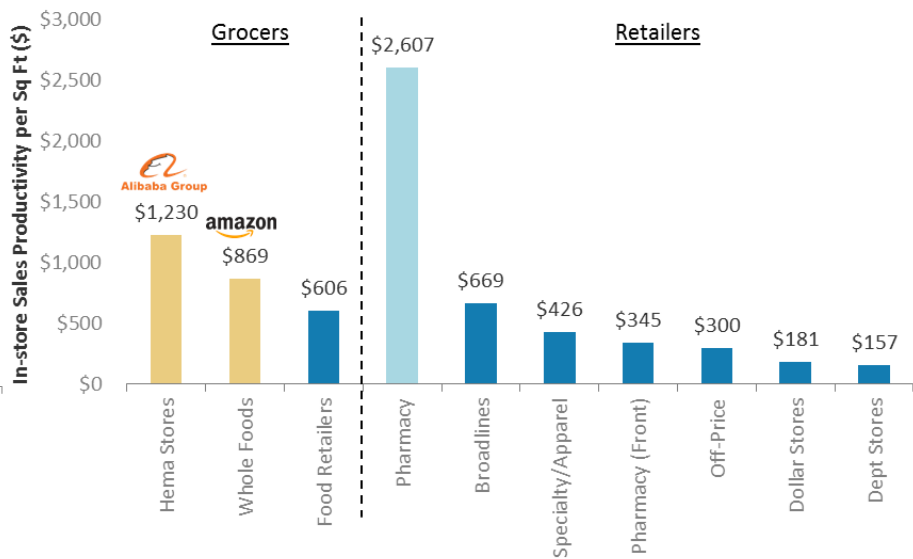


Amazon – Healthcare
Pharmacy is an Opportunity to Drive Prime Membership and WFM Productivity

Expands Prime Sub Base into 55+ Demographic

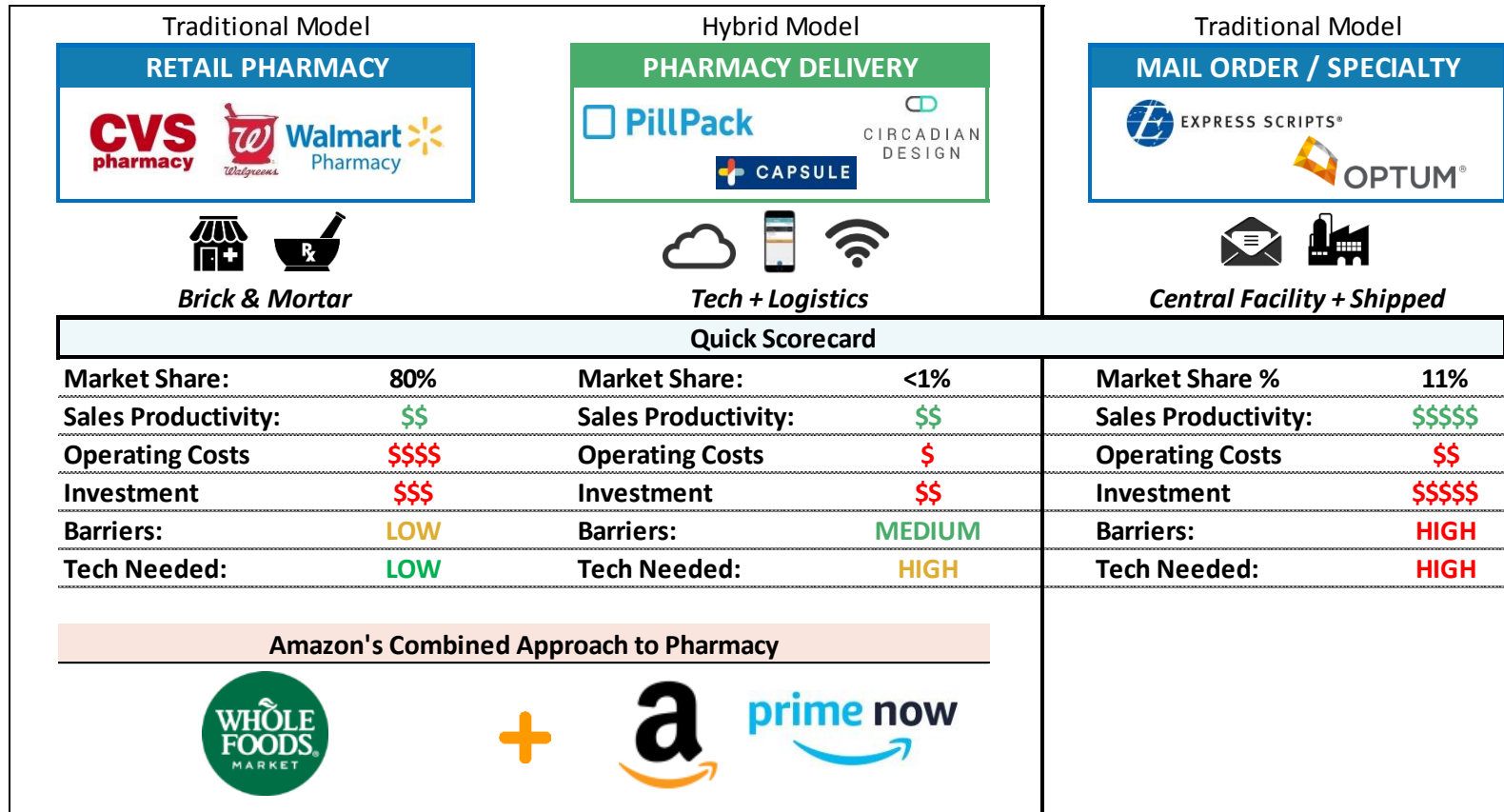


Pharmacy Could Drive WFM Sales Productivity Higher for AMZN



Amazon – Healthcare

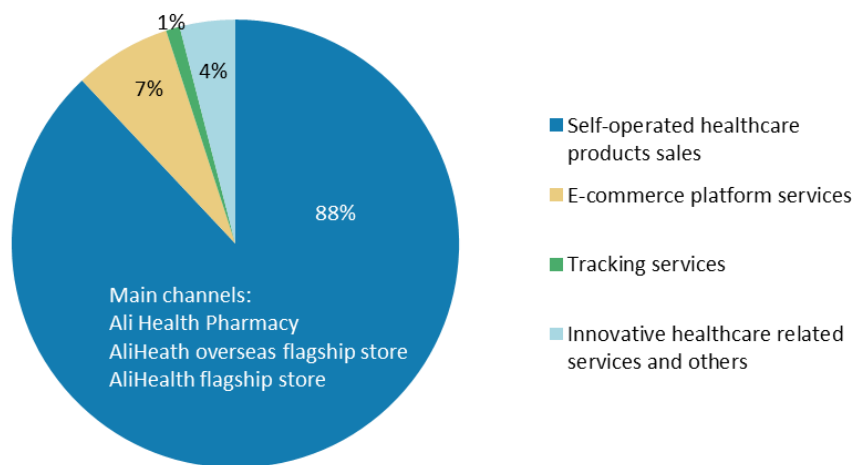
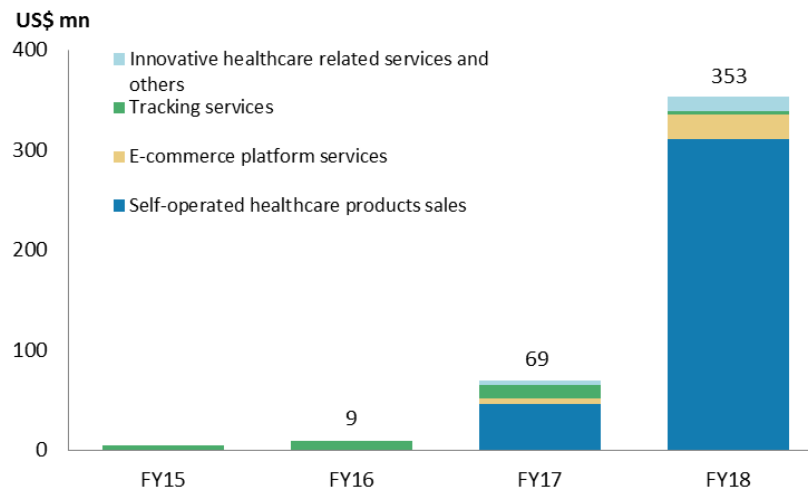
As Pharmacy + Prime Now Could Be a Blueprint for the Future



Alibaba – Healthcare

AliHealth Is the Healthcare Flagship Platform in China Under the Alibaba Group

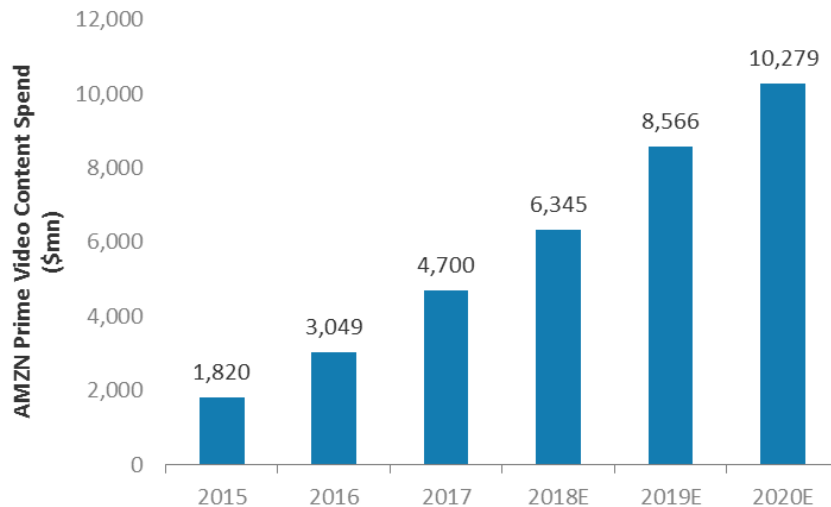
- AliHealth vision is to provide fair, affordable, and accessible healthcare services to 1bn people
- The company has been actively utilizing Internet technologies to build a medical and healthcare product and service supply system that covers the whole industry chain and every supply channel
- As of March 31, 2018:
 - More than 7,500 enterprises had signed up with AliHealth to join the tracking platform
 - 2,865 pharmaceutical manufacturers had signed up, more than 80% of the total in China

AliHealth Revenue by Segment (F2018)**AliHealth Revenue by Segment**

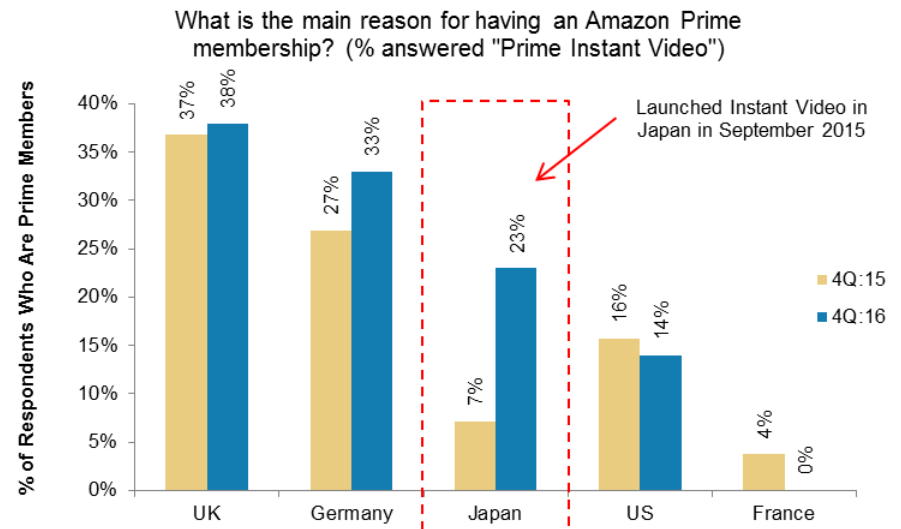
Amazon – Content and Digital Media

We See AMZN Continuing to Invest in Prime Video as a Customer Acquisition Channel

We See Amazon Content Spend Reaching \$10bn by 2020



Prime Video Is a Popular Reason Why Shoppers Sign Up for Prime in the UK, Germany and Japan



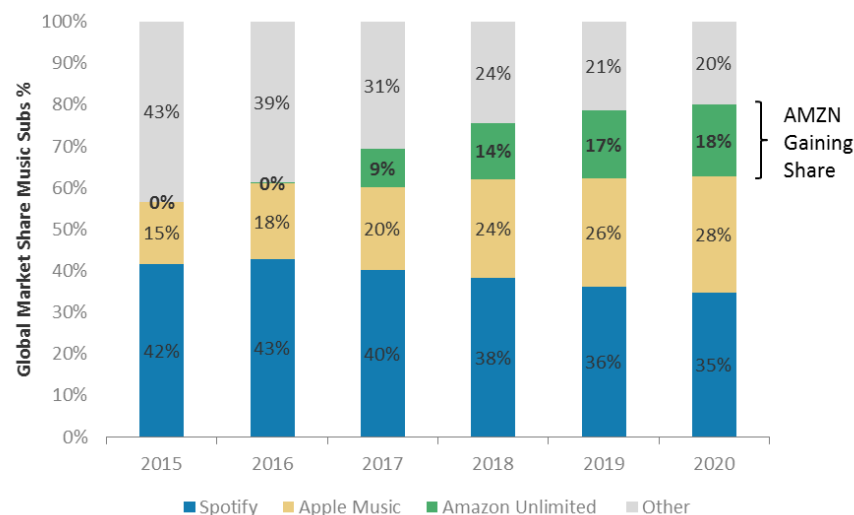
Amazon – Content and Digital Media

Amazon Music Subscriptions Continue to Grow Globally

We See Amazon Music Growing 64% from '17-'20, Outpacing Its Peers...

Global Music Subs (mn)	2015	2016	2017	2018	2019	2020	17-'20 CAGR
Spotify	28	48	71	94	117	141	26%
Apple Music	10	21	35	59	83	113	48%
Amazon Unlimited	0	0	16	33	53	71	64%
Pandora Premium	0	0	1	3	4	5	54%
Pandora Plus	4	4	4	4	4	4	-2%
YouTube Music		5	8	11	14	18	33%
Napster (former Rhapsody)	4	5	5	5	5	6	3%
TIDAL	1	1	1	1	2	2	15%
Other	21	29	35	36	40	47	11%
Total YE, mm	67	112	176	246	322	407	32%
Total Average, mm	54	90	144	211	284	364	36%

...and Continuing to Take Share, Reaching ~18% Share of 2020 Global Music Subscriptions



Alibaba – Content and Digital Media

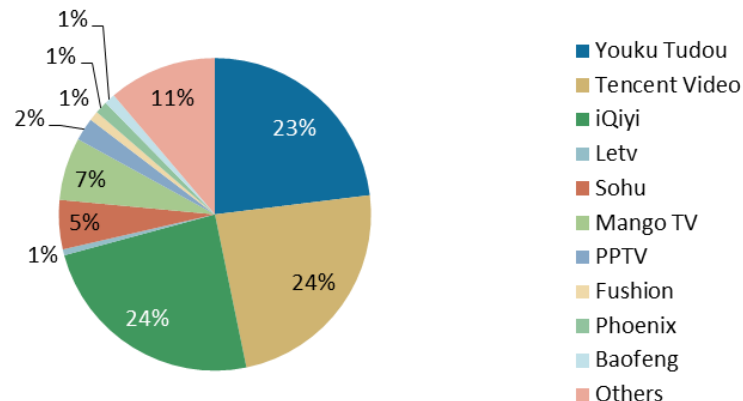
BABA Is Investing in Content to “Live at Alibaba” w/ the Top 3 Video Platform & Browser



Domestic

- Top 3 online video platform in China
- 446mn MAUs (Youku 414mn and Tudou 32mn) as of Apr '18
- ~30mn paying users as of 2016

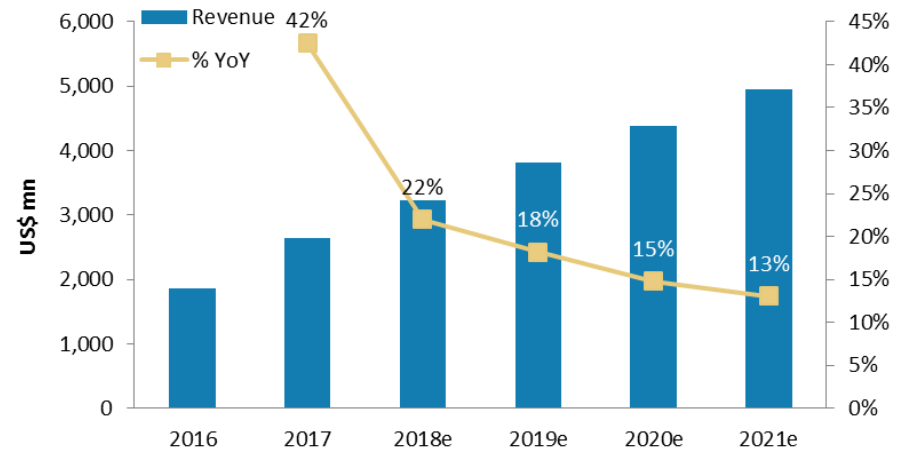
Market Share by Online Video Ad Rev



International

- Top 3 mobile browser in the world
- Captures 33% mkt share in India (Apr '18)
- 21% mkt share in Indonesia (Apr '18)
- Over 100mn users overseas

Digital Media and Entertainment Revenue



Amazon – Voice/IoT/AI

AMZN Pushing Alexa to Drive New Prime Subs, Engagement, and Spend per Buyer

AMZN Investing in Alexa Through R&D (over 5K engineers), \$900mn/\$90mn on Ring/Blink acquisitions, Echo/Ring hardware promotional activity



amazon alexa



**Compatible
Accessories/Wearables**
4,000 Smart Devices



**Smart Home IoT
(RING Video Doorbell)**
2mn Customers
(2016)



**Family of
Echo Devices**
10s of Millions Sold
(2017)



**Alexa App on
iOS/Android**
40K Skills
10mn+ downloads



**Appliances/Electronics
Partnerships**
1,200 Unique Brands

- Acquiring more customers = **buyers + GMV**
- Penetrating more households = **Prime subscriptions**
- Deepening Amazon ecosystem = **voice commerce + search**

Alibaba – Voice/IoT/AI

...as BABA Follows Behind Amazon Echo with Launch of Its Tmall Genie

Alibaba launched its first smart home speaker in Aug 2017, Tmall Genie X1, with functions similar to those of global peers

	Tmall Genie	Echo	Google Home	HomePod
				
Developer	Alibaba	Amazon	Google	Apple
Release date	August 2017	November 2014	November 2016	December 2017
Price	Rmb 499 (~USD73)	USD 179.99	USD 129	USD 349
Color	Black / White	Black / White	Body: white; Base: slate fabric with 7 colors	White / Space Grey
Dimensions	128mm x 82mm x 82mm	235mm x 84mm x 84mm	142.8mm x 96.4mm x 96.4mm	172mm x 142mm x 142mm
Number of units sold	NA	11 million	1 million	NA
Functions	<ul style="list-style-type: none"> • Voiceprint payment for online shopping at Tmall • Multi-user support, distinguishing voices from up to 6 people • Music player • Smart home control hub • Answers questions, reads the news, reports traffic and weather, provides information and calendar schedules, order food, add credit to phone 	<ul style="list-style-type: none"> • Support online shopping at Amazon • Alexa calling and messaging • Multi-user support by explicitly saying to switch user; voice distinguishing technology to be rolled out soon • Music player • Smart home control hub • Answers questions, reads the news, reports traffic and weather, provides information and calendar schedules 	<ul style="list-style-type: none"> • Hands-free calling to be rolled out within this year • Multi-user support, distinguishing voices from up to 6 people • Music player • Smart home control hub • Answers questions, reads the news, reports traffic and weather, provides information and calendar schedules 	<ul style="list-style-type: none"> • Quality speaker powered by smart voice-enabled assistant • Music player which requires Apple Music subscription • Smart home control hub • Answers questions, reads the news, reports traffic and weather, provides information and calendar schedules

- Tmall Genie is enabled by AliGenie, BABA's first human-machine communication system supporting Chinese language
 - AliGenie has NLP, conversation context, and multi-round communication capabilities

Note: number of units sold for Echo is an estimated number between mid-2015 and December 1, 2016 by Morgan Stanley Research; number of units sold for Google Home is an estimated number by Strategy Analytics.

Sources: Company Data, Morgan Stanley Research

Alibaba – Voice/IoT/AI

An Open-source Cloud-Based OS in the Age of IoT Is Available with AliOS

- “AliOS”, previously named “YunOS”, is an operating system offering OS solutions for mobile, industrial and IoT devices
- Alibaba announced in Oct 17 that it will be releasing AliOS-enabled cars with strategic partners Banma Network Technology, a joint venture between Alibaba Group and SAIC Motor Corp., China’s largest automaker, starting in 2018. AliOS also formed partnership with NXP Semiconductor in Mar 2018 on Internet-connected cars
- Number of auto vehicles equipped with AliOS reached 500k by 2017

AliOS Key Partners



Demonstration Model of Internet-connected Car Equipped with AliOS



Amazon vs. Alibaba: The Next Decade of Disruption

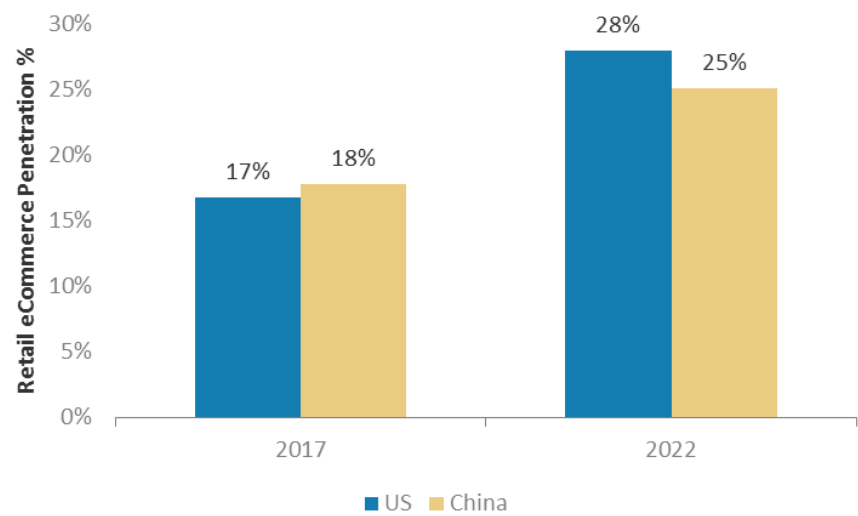


Section II

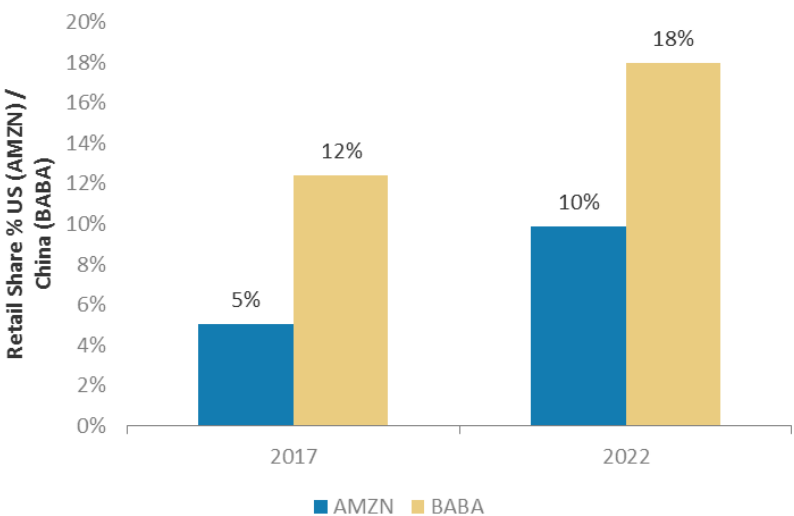
US and China: How Are Amazon/Alibaba Doubling Their TAMs to \$2tn/\$4tn?

Where Are We In Each Companies' Core "Home Market" Online Retail Opportunity?

US/China eComm Penetration Is Rising with AMZN/BABA at 30%/70% Share of '17 eComm...

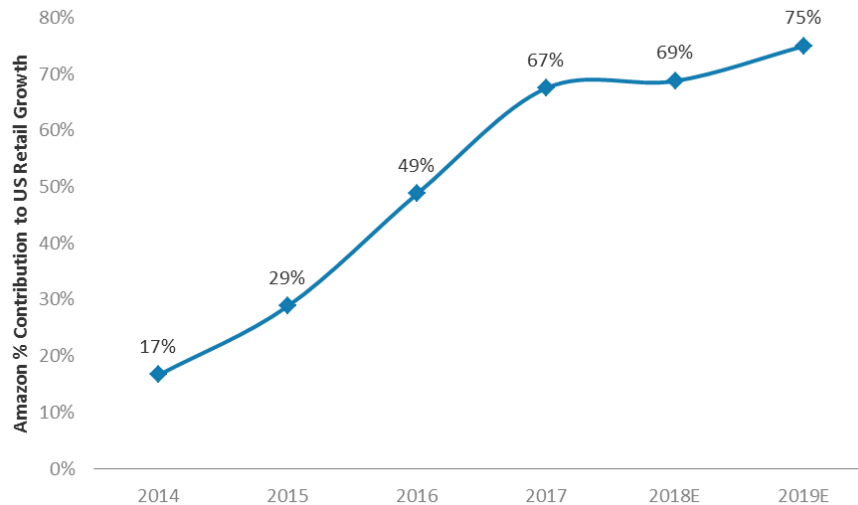


...as AMZN/BABA Make Up 5%/12% of '17 Total Retail Spend in US/China



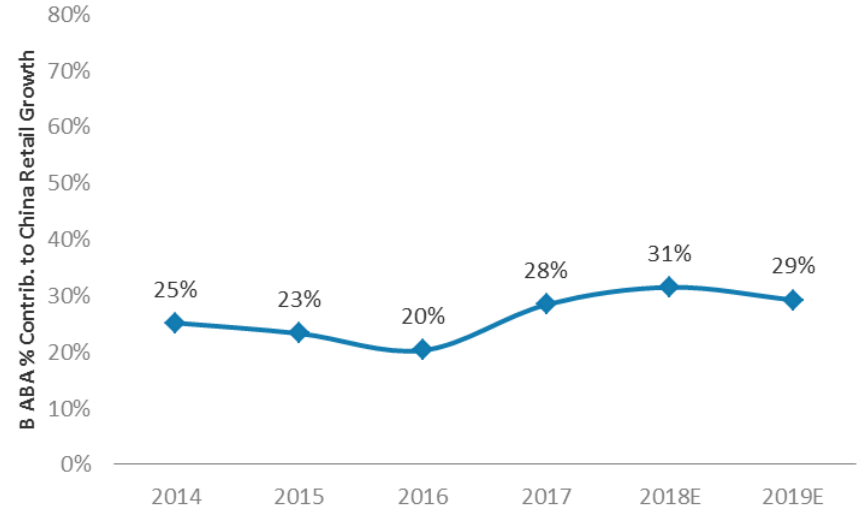
As Each Have Built Leading Businesses on Its “Home Turf”...

Amazon Driving ~2/3 of US Retail Growth...



Note: Excludes Whole Foods

... While Alibaba Makes Up only ~1/3 of China Retail Growth



Note: Excludes Hema and 1P stores

And Demographics and Economic Growth Tailwinds Favor BABA

China Total Retail and Online Spend Are Growing Materially Faster than US

US/China Macro Estimates	2017	2022	'17-'22 CAGR	Abs. Growth
Population (mn)				
US	326	338	0.7%	11
China	1,340	1,412	1.1%	72
Population Online (mn)				
US	251	268	1.3%	17
China	720	802	2.2%	82
Retail Spend (\$mn)				
US	2,654,499	2,845,590	1.4%	191,091
China	5,323,576	8,403,839	9.6%	3,080,264
Retail Spend per Capita (\$)				
US	8,135	8,011	-0.3%	-124
China	3,973	5,994	8.6%	2,021
Online Spend (\$mn)				
US	446,069	796,188	12.3%	350,118
China	947,307	2,112,323	17.4%	1,165,016

Note: Total PCE = **ex Services, Energy Goods, Motor Vehicles, Boats/Aircrafts/Motorcycles, Newspapers, Prescription Drugs and Medical Products

Sources: BEA PCE, NBS China, Company Data, Morgan Stanley Research

As BABA's Core Home Market Retail Runway Is ~2X Larger Than AMZN's

We See Amazon Attacking a Core \$2.6tn Bucket of US Consumer Expenditure...

in \$ millions (U.S. Only)	2016	
US Retail Product Categories	Spend (\$ mn)	% of Total
Grocery	779,956	30%
Personal care & household products	313,293	12%
Clothing	306,998	12%
Home furnishings & accessories	251,787	10%
Consumer electronics	225,923	9%
Jewelry & Watches	80,886	3%
Shoes	76,558	3%
Sporting goods	74,865	3%
Auto parts & accessories	68,369	3%
Eye Glasses/Contacts/Orthopedic Appliances	72,161	3%
Children's Toys and Children's Durables	67,026	3%
Pet food & pet supplies	63,727	2%
Home improvement items & tools	52,453	2%
Office & school supplies for home use	48,367	2%
Large home appliances	41,735	2%
Books	44,220	2%
Luggage	36,167	1%
Other	13,358	1%
Adj. Retail Spend (Core Categories)*	2,617,849	100%

...as Alibaba Goes After over \$5tn of China Consumer Spend

in \$ millions (U.S. Only)	2017	
China Retail Product Categories	Spend (\$ mn)	% of Total
Offline Retail Market	4,278,693	41%
Others (Physical)	263,863	2%
Others (Non-Physical)	246,179	2%
Fashion & Beauty	216,980	2%
3C & Home Appliance	191,999	2%
FMCG/Grocery	102,963	1%
Home & Garden	20,423	0%
Adj. Retail Spend (Core Categories)	5,321,101	50%

Note: Total PCE = **ex Services, Energy Goods, Motor Vehicles, Boats/Aircrafts/Motorcycles, Newspapers, Prescription Drugs and Medical Products

Sources: BEA PCE, NBS China, Company Data, Morgan Stanley Research

And Expansive Investments Could Double Their Home Market TAMs... But Here Again, BABA's Opportunity Still Almost ~2X Larger

We See AMZN Entering Categories Outside of Core Retail...Pushing Its US TAM to ~\$5.5tn

in \$ millions (U.S. Only)	2016	
US Retail Product Categories	Spend (\$ mn)	% of Total
Grocery	779,956	14%
Personal care & household products	313,293	6%
Clothing	306,998	6%
Home furnishings & accessories	251,787	5%
Consumer electronics	225,923	4%
Jewelry & Watches	80,886	1%
Shoes	76,558	1%
Sporting goods	74,865	1%
Auto parts & accessories	68,369	1%
Eye Glasses/Contacts/Orthopedic Appliances	72,161	1%
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Office & school supplies for home use	48,367	1%
Large home appliances	41,735	1%
Books	44,220	1%
Luggage	36,167	1%
Other	13,358	0%
Adj. Retail Spend (Core Categories)*	2,617,849	48%
in \$ millions (U.S. Only)	2016	
US New/Emerging Categories	Spend (\$ mn)	% of Total
New/Used Motor Vehicles (Autos)	1,200,000	22%
Cloud Computing Market	620,000	11%
Pharmacy/Prescription Drugs	430,621	8%
Online Restaurant Delivery	221,606	4%
Total Advertising (Traditional and Online)	192,205	3%
Industrial Supply/B2B	150,000	3%
Postal & Delivery (Transports)	70,000	1%
Total New/Emerging Categories	2,884,432	52%
TOTAL US OPPORTUNITY	5,502,281	100%

As BABA Expands into New Retail and Rural China to Address ~\$10.6tn

in \$ millions (U.S. Only)	2017	
China Retail Product Categories	Spend (\$ mn)	% of Total
Offline Retail Market	4,278,693	41%
Others (Physical)	263,863	2%
Others (Non-Physical)	246,179	2%
Fashion & Beauty	216,980	2%
3C & Home Appliance	191,999	2%
FMCG/Grocery	102,963	1%
Home & Garden	20,423	0%
Adj. Retail Spend (Core Categories)	5,321,101	50%
in \$ millions (U.S. Only)	2017	
China New/Emerging Categories	Spend (\$ mn)	% of Total
Internet Financing	2,798,258	27%
China Travel Market	770,862	7%
China Restaurant Delivery	569,501	5%
China Auto Market	502,383	5%
China Pharmacy/Prescription Drugs	413,470	4%
China Entertainment Market	89,068	1%
China Public Cloud Market	51,433	0%
China Logistics	43,000	0%
Total New/Emerging Categories	5,237,975	50%
TOTAL CHINA OPPORTUNITY	10,559,076	100%

Note: Total PCE = *ex Services, Energy Goods, Motor Vehicles, Boats/Aircrafts/Motorcycles, Newspapers, Prescription Drugs and Medical Products

Sources: BEA PCE, NBS China, Company Data, Morgan Stanley Research

And Profit Pools Speak to ~\$2tn/\$4tn Revenue Opportunities for AMZN/BABA

AMZN Is Focused on Top 3 (Cloud, Grocery, Ads), Which Make Up 40% of Profit Pool...

in \$ millions (U.S. Only)	2016	Gross	Gross	
US Retail Categories (Core/Emerging)	Revenue	Margin %	Profit	% of Total
Grocery	779,956	25%	194,989	11%
New/Used Motor Vehicles (Autos)	1,200,000	14%	163,178	9%
Personal care & household products	313,293	40%	125,317	7%
Clothing	306,998	40%	122,799	7%
Home furnishings & accessories	251,787	40%	100,715	6%
Online Restaurant Delivery	221,606	30%	66,482	4%
Consumer electronics	225,923	25%	56,481	3%
Pharmacy/Prescription Drugs	430,621	20%	86,124	5%
Jewelry & Watches	80,886	55%	44,487	3%
Auto parts & accessories	68,369	50%	34,185	2%
Eye Glasses/Contacts/Orthopedic Appliances	72,161	40%	28,864	2%
Postal & Delivery (Transports)	70,000	20%	14,000	1%
Children's Toys and Children's Durables	67,026	35%	23,459	1%
Shoes	76,558	30%	22,967	1%
Sporting goods	74,865	25%	18,716	1%
Pet food & pet supplies	63,727	30%	19,118	1%
Home improvement items & tools	52,453	35%	18,359	1%
Large home appliances	36,167	35%	12,658	1%
Luggage	44,220	40%	17,688	1%
Books	41,735	30%	12,521	1%
Office & school supplies for home use	48,367	25%	12,092	1%
Other	13,358	30%	4,007	0%
Consumer Profit Pool (Core and Emerging)	4,540,076	26%	1,199,206	70%
US Enterprise/Services	Revenue	GM %	GP\$	% of Total
Cloud Computing Market	620,000	100%	300,000	17%
Total Advertising (Traditional + Online)	192,205	100%	192,205	11%
Industrial Supply/B2B	150,000	19%	28,500	2%
Enterprise Profit Pool	962,205	54%	520,705	30%
TOTAL PROFIT POOL	5,502,281	31%	1,719,911	100%
Top 3 Categories	1,592,161	43%	687,194	40%

...as BABA's New Retail Attacks a \$1tn Gross Profit Opportunity, ~25% of TAM Profit Pool

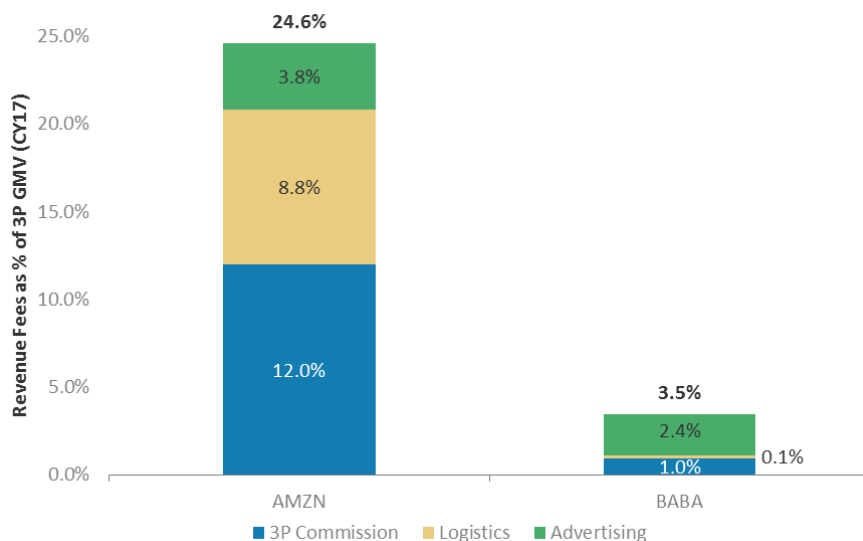
in \$ millions (U.S. Only)	2017	Gross	Gross	
China Retail Categories (Core/Emerging)	Revenue	Margin %	Profit	% of Total
Offline Retail Market	4,278,693	25%	1,069,673	25%
China Pharmacy/Prescription Drugs	413,470	50%	206,735	5%
China Travel Market	770,862	20%	154,172	4%
China Auto Market	502,383	25%	125,596	3%
China Restaurant Delivery	569,501	20%	113,900	3%
Fashion & Beauty	216,980	45%	97,641	2%
Others (Physical)	263,863	22%	58,050	1%
3C & Home Appliance	191,999	30%	57,600	1%
Others (Non-Physical)	246,179	22%	54,159	1%
China Entertainment Market	89,068	30%	26,720	1%
FMCG/Grocery	102,963	25%	25,741	1%
China Logistics	43,000	20%	8,600	0%
Home & Garden	20,423	25%	5,106	0%
Consumer Profit Pool (Core and Emerging)	7,709,385	26%	2,003,694	47%
China Enterprise/Services	Revenue	GM%	GP\$	% of Total
Internet Financing	2,798,258	80%	2,238,606	52%
China Cloud Market	51,433	80%	41,146	1%
Enterprise Profit Pool	2,849,691	80%	2,279,753	53%
TOTAL PROFIT POOL	10,559,076	41%	4,283,446	100%

Note: Profit Pools are defined as the gross profits from potential 3P sellers for marketplace revenues and enterprise opex for services revenue (cloud, advertising, etc)

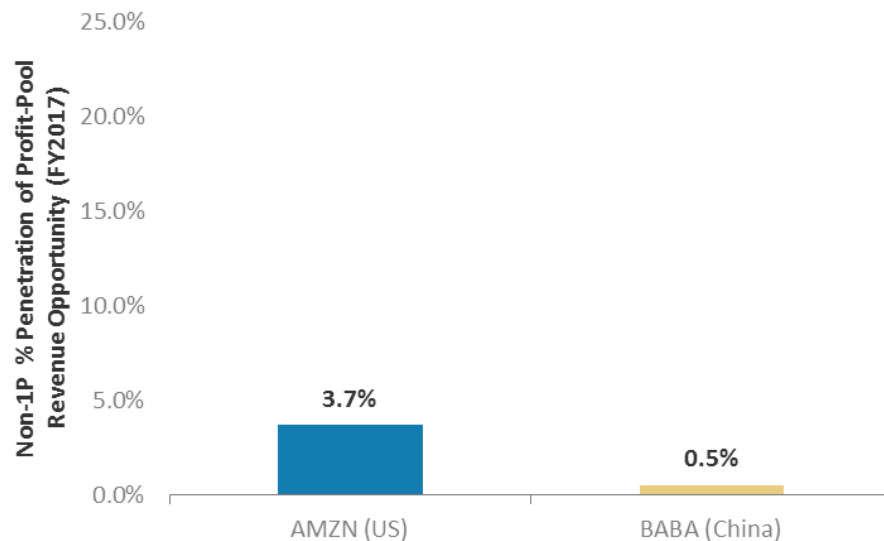
Sources: BEA PCE, NBS China, Company Data, Morgan Stanley Research

As We View Profit Pools to Be More Representative of AMZN/BABA's Growth Runway... and See "Take Rates" as More of an Output

Some Would Argue 3P Take Rates for AMZN Appear to Be ~7X Higher than BABA, but...



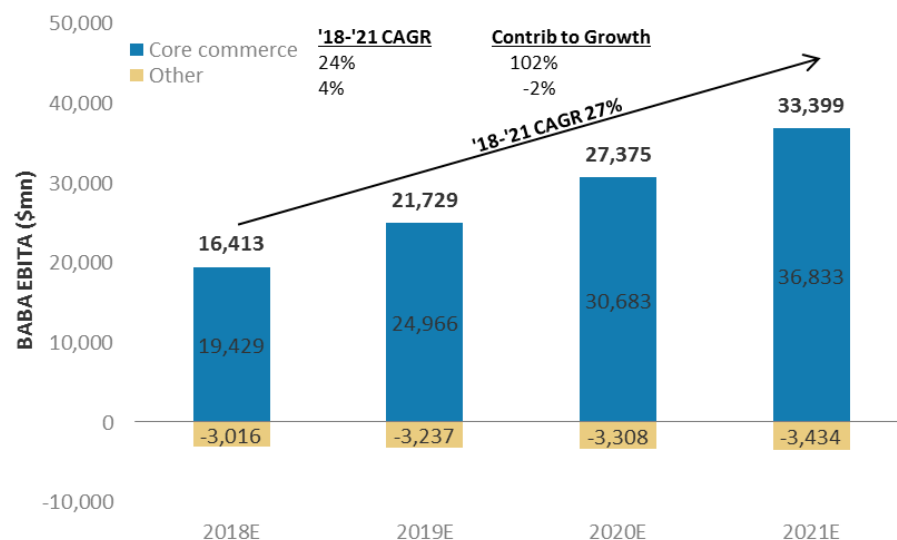
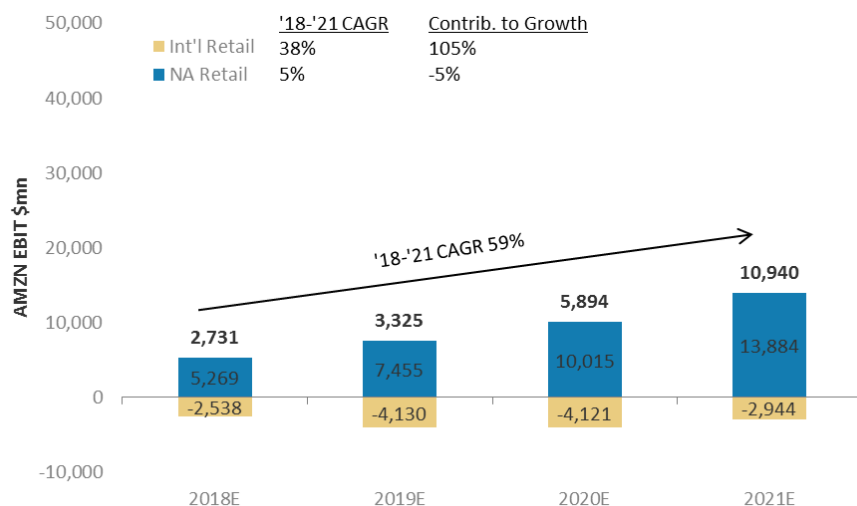
...More Importantly AMZN/BABA Non-1P Rev Is Only 4%/1% of Their \$2tn/\$4tn Rev Opportunities



Note: Profit Pools are defined as the gross profits from potential 3P sellers for marketplace revenues and enterprise opex for services revenue (cloud, advertising, etc)

Sources: BEA PCE, NBS China, Company Data, Morgan Stanley Research

In Effect, “Home Market” Businesses Are ‘Cash Cows’ and Int’l Businesses Are the Next Areas of Investment



Amazon vs. Alibaba: The Next Decade of Disruption

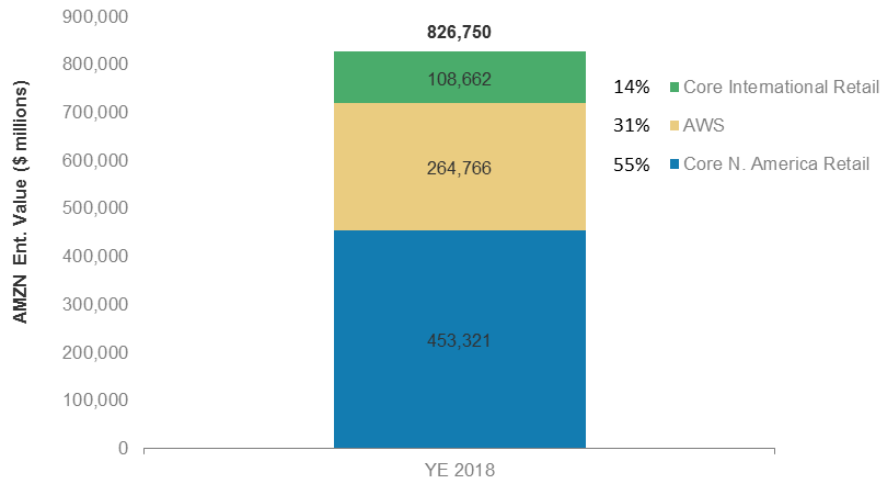


Section III

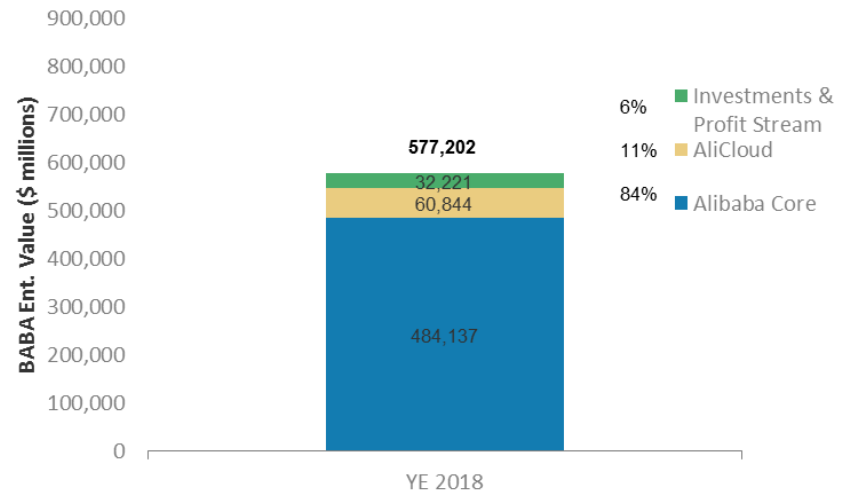
Emerging Markets: The Next \$5tn Battleground and Why Amazon Needs It More

What's in the Stocks? Sum-of-Parts Valuations Fairly Consistent as Int'l Makes Up Only 10-15%

AMZN NA Retail Makes up 55% of Our Total \$827bn EV Price Target...



...While ~90% of BABA's Value Is Derived from Its Core China-based Businesses

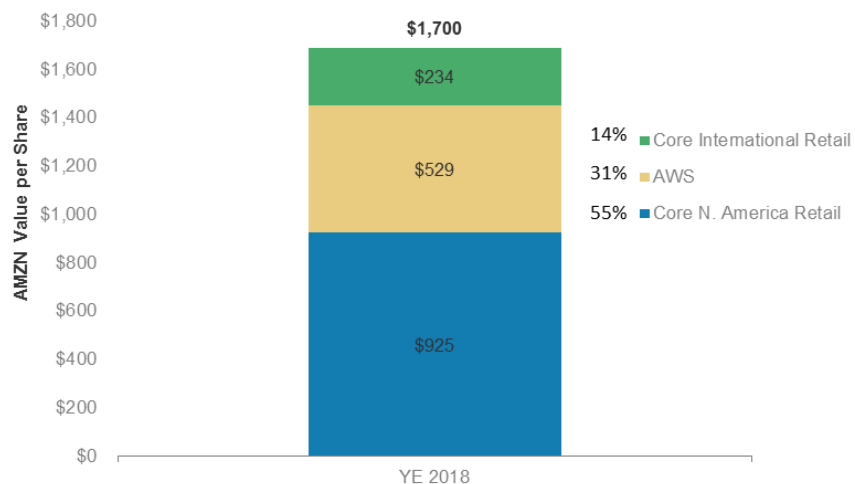


Sensitivity

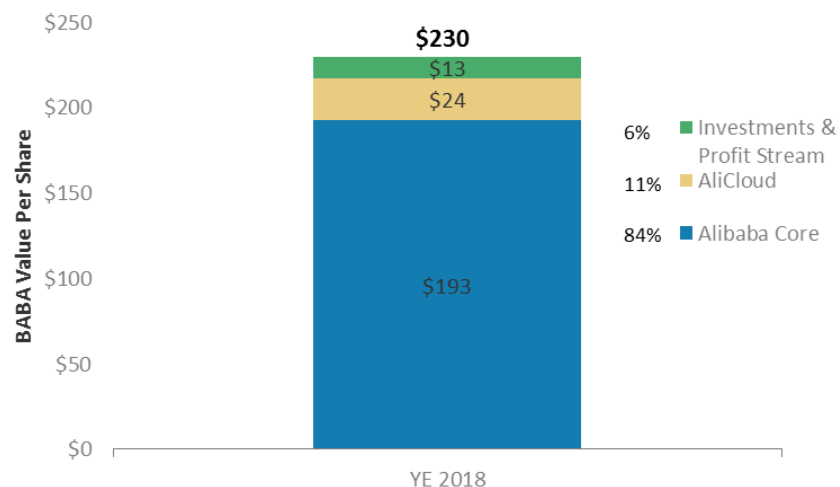
- Every 1% change in China-revenue would impact EV valuation by \$6bn (1% of our PT)
- Every 1% change in International-revenue would impact EV valuation by \$1bn (0.2% of our PT)

And on a Per Share Basis

AMZN NA Retail Makes up 55% of Our \$1,700 Price Target...



...While 90% of BABA's Value Is Derived from Its Core China-based Businesses



Sensitivity

- Every 1% change in China-revenue would impact EV valuation by \$6bn (1% of our PT)
- Every 1% change in International-revenue would impact EV valuation by \$1bn (0.2% of our PT)

But Footprints Are Expanding...Around the Globe

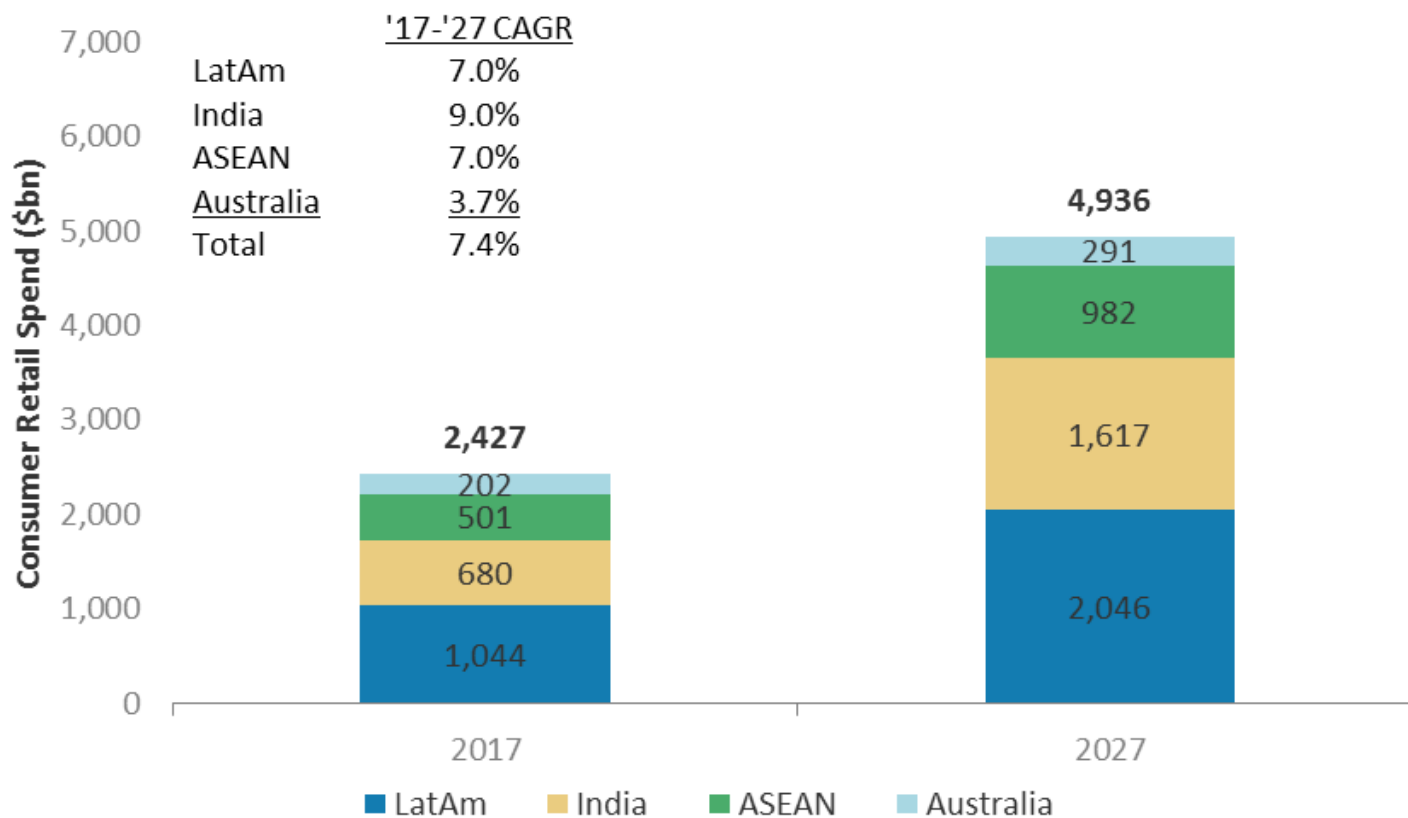
Region	amazon	Alibaba Group
India	<ul style="list-style-type: none"> Launched Amazon marketplace (June 2013), Prime (July 2016) and Video (Dec 2016) Pledged \$2bn investment in 2014 and increased it to \$5bn in 2016 Offered a 50% promo Prime rate for lowest all-in price in world (~1/10th of US price) Prime Video Indian content spend of \$300mn 50% new Amazon customers use Video Over 60 FCs across 10+ states, covering 14mn+ cubic ft 	<ul style="list-style-type: none"> BigBasket (largest online Indian superstore) Feb 2018, US\$146mn, Alibaba became biggest shareholder Snapdeal (leading eCommerce platform in India): Aug 2015, US\$200mn Paytm (eCommerce/payment platform): Mar 2017, US\$177mn, 36.31% stake One97 (Paytm's parent): Alibaba becomes the largest shareholder
ASEAN	<ul style="list-style-type: none"> Possibility that AMZN has been looking to invest ~\$600mn in Indonesia Launched "International Shopping Experience" app in 2Q18 (Thailand) that offers 45mn SKUs that can be purchased and are shipped from the US Amazon launched Prime, Video, and Twitch in Singapore (2017) Prime Now made available to the entire country of Singapore (a first for Amazon) 	<ul style="list-style-type: none"> Lazada (#1 eComm in ASEAN): acq. majority stake (2016), increased share to 83% (2017) Tokopedia (Indonesia's largest marketplace): 8/2017, US\$1.1bn, minority stake Eastern Economic Corridor: 2Q18, invested US\$322mn to digitalize SMEs, develop supply chain & tourism in Thailand Aim to digitalize SMEs, develop supply chain, eCommerce, and tourism in Thailand May 2017, launched digital free trade zone (e-hub), to develop logistics system in Malaysia Daraz (Pakistani online shopping outlet): May 2018, fully acquired Telenor Microfinance Bank (Pakistani digital payments): Mar 2018, US\$184.5mn, 45% stake
LATAM	<ul style="list-style-type: none"> Opened 50k sq ft FC in Sao Paulo, Brazil (4X its prior footprint) in 1Q18 Mexico was first int'l market in which AMZN launched all categories Offered first-ever debit card (Amazon Rechargeable) in Mexico in 1Q18 	<ul style="list-style-type: none"> AliExpress available with Brazil as one of its top markets (top 6 in traffic and top 3 ecommerce platform)
Australia	<ul style="list-style-type: none"> Launched: AWS in 2012, Kindle 2013, Marketplace & Prime 2017, and FBA in 2018 Fulfillment by Amazon made available with launch of FC in Melbourne in 2018 Partnered with Australia Post for last-mile delivery 	<ul style="list-style-type: none"> Alipay accepted by 1,000 offline stores Logistics partnership with Australia Post Lazada network-based ecomm platform to be developed
Japan	<ul style="list-style-type: none"> Launched Echo/Alexa in 3Q17 and improved ML/AI for language translation Launched Prime Now, Amazon Fresh, and Amazon Business 	<ul style="list-style-type: none"> Alipay payments offering tailored to Japanese market AliCloud available

And Emerging Markets Could Add ~\$4.9tn of Retail Spend by 2027

We See AMZN Expanding Its Ecosystem Globally... as BABA Strategically Partners and Acquires International Marketplaces/Payments Platforms



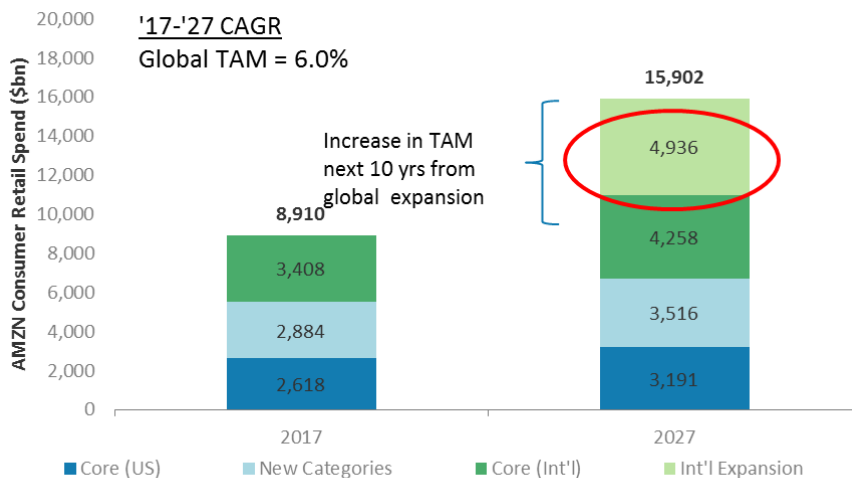
Retail Spend for These 4 Int'l Regions Grows at ~7% CAGR Over the Next 10 Years...



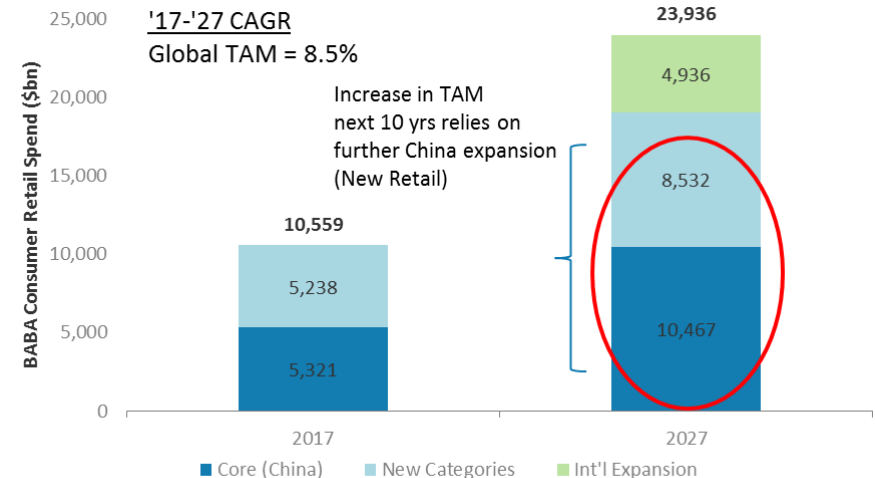
...Which Matters More for Amazon than Alibaba

- **BABA's Home Market Adds \$8.4tn During the Next 10 Years, Over 4X AMZN's US and Global Core Incremental Growth Opportunity (ex-Global Expansion)**
- **Said Another Way, BABA's China TAM Is Larger than AMZN's Total Global Opportunity**

We See AMZN Investing in New Int'l Markets to Continue Expanding its TAM to \$16tn...

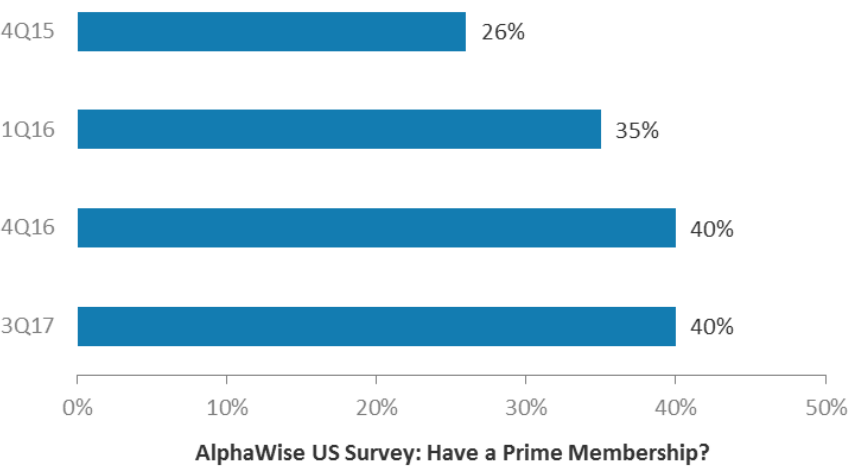


...as BABA Capitalizes on China's \$19tn Offline/Online (New Retail) Opportunity

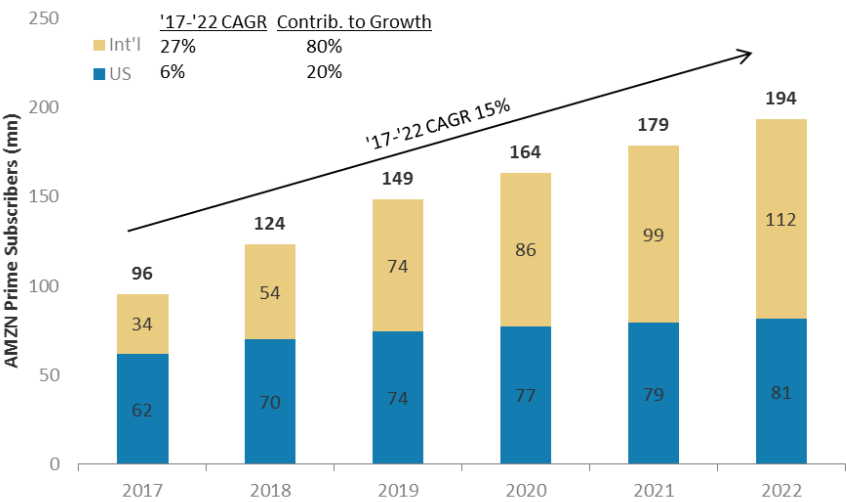


Particularly in a World Where (We Think) US Prime Sub Growth Is Slowing

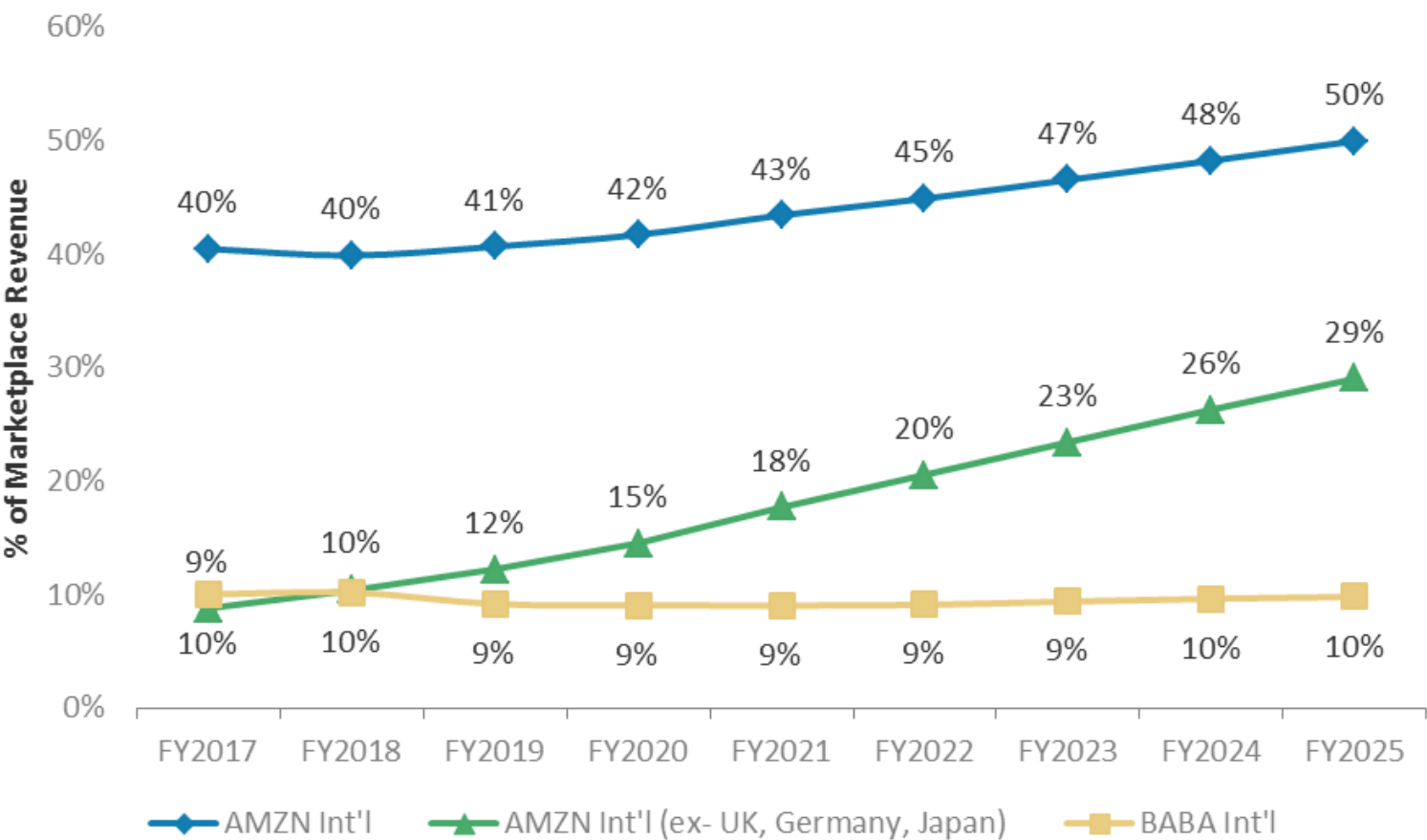
Our AlphaWise Data Show US Prime Growth Is Slowing...



...as We Estimate Global Prime Growth to Be 80% Driven by International Subscribers



As AMZN’s Topline Is ~2-3X More Dependent on Emerging Markets than BABA’s



Amazon vs. Alibaba: The Next Decade of Disruption



Section IV

Amazon vs. Alibaba: Mapping Out the New Battlegrounds

International Expansion Strategies and Milestones

Region



India	<ul style="list-style-type: none"> Built 60+ sortation and fulfillment centers Prime, Video, producing local content Partner with offline retailers (over 6k stores) 	<ul style="list-style-type: none"> Investment of \$222mn in Paytm (payments) and \$200mn in Snapdeal (eCommerce) Expanding Paytm into eCommerce w/ Paytm Mall
ASEAN	<ul style="list-style-type: none"> Build: fulfillment center in Singapore Prime benefits (Prime Now, Twitch, Video) in Singapore to organically acquire buyers 	<ul style="list-style-type: none"> Acquired Lazada, the largest marketplace in 6 ASEAN countries
LATAM	<ul style="list-style-type: none"> Built first fulfillment center in Brazil (1Q18) Marketplaces in Brazil (only Kindle/books) and Mexico (all categories) 	<ul style="list-style-type: none"> AliExpress available in Brazil as one of its top markets (top 6 in traffic and top 3 ecommerce platform)
Australia	<ul style="list-style-type: none"> Launched Amazon marketplace in 4Q17 Built first FC in Melbourne in early 2018 Logistics partnership with Australia Post to help with last-mile delivery 	<ul style="list-style-type: none"> Alipay accepted by 1,000 offline stores Logistics partnership with Australia Post Lazada network-based ecomm platform to be developed
Japan	<ul style="list-style-type: none"> Prime benefits (Prime Now, Fresh) and Business available Alexa/Echo devices available in Japanese 	<ul style="list-style-type: none"> Alipay payments offering tailored to Japanese market AliCloud available

As AMZN/BABA Expand into New Markets, We See Their Strategies Converging

Strategic Approach	amazon	Convergence	Alibaba Group
Expansion: Buy/Partner vs Build	<ul style="list-style-type: none"> Build: slowly and methodically enters new markets; extends Amazon/Prime brand globally; perhaps stemmed from failure of 2004 Joyo acquisition (\$75mn) to enter China market? 	<ul style="list-style-type: none"> AMZN spent \$600mn on Souq (Middle East ecomm), ~\$13bn on WFM (US grocery), and ~\$1bn on Ring/Blink (Home IoT) BABA is building its Hema stores and New Retail 	<ul style="list-style-type: none"> Buy/Partner: spent \$4bn/\$1bn on Lazada/Tokopedia (ASEAN), \$222mn/\$200mn on Paytm/Snapdeal (India), acquired Ele.me val. at ~9.5bn (China food delivery), and ~\$2.9bn on Sun Art (China offline retailer)
Capital: Asset-light vs Asset-heavy	<ul style="list-style-type: none"> Asset-heavy: won't enter a market without investing in FCs, has over 175 globally; takes on massive 1P inventory 	<ul style="list-style-type: none"> AMZN partnering w/ offline stores; Prime Video in 200 countries; Flex drivers BABA is investing \$15bn in global logistics next 5 years 	<ul style="list-style-type: none"> Asset-light: holds almost no 1P inventory, leverages 3P logistics network with partners to handle fulfillment
Supply: Hands-on vs Hands-off	<ul style="list-style-type: none"> Hands-on: starts with 1P and fulfills as much of 3P inventory as possible, controlling the UX 	<ul style="list-style-type: none"> AMZN is building its cross-border and reached out to 400 Chinese manufacturers BABA is holding 1P inv. as builds New Retail stores 	<ul style="list-style-type: none"> Hands-off: mostly 3P through B2C, C2C, and B2B; able to leverage support from import/export of Chinese goods around the world
Key Value Proposition Consumers / Merchants	<ul style="list-style-type: none"> Fast shipping: 2-hr to 2-day for customers & FBA for merchants Quality selection: high quality items from a mix of 1P/3P Content: award-winning Video Twitch video gaming; #3 Music streaming platform; Audible 	<ul style="list-style-type: none"> AMZN is trying to build up Amazon Pay in India and low prices on Prime Days BABA is investing in its digital media content across film, gaming, esports, and music 	<ul style="list-style-type: none"> Low prices for buyers: China exports Merchant access to China users: global brands have a channel to sell to growing Chinese buyer base Payments: leading solutions for digital/mobile payments

For Starters, We Don't Expect Amazon to Gain Material Share in China...

Amazon's Proven Expansion Strategy Didn't Work in China's Market...

China Efforts	Details/Outcome
Joyo Acquisition	<ul style="list-style-type: none"> Amazon acquired Joyo for \$75mn (2014), an online bookstore in China It has since changed the name to Amazon.cn
Amazon.cn	<ul style="list-style-type: none"> Amazon's marketplace in China has struggled to gain traction (at <1% eComm share per Statista) after more than a decade in the country Management admitted that strategies that worked well in the US, Japan, and Europe didn't work in China, which needed "more local market customization"
Cloud in China	<ul style="list-style-type: none"> AWS ended up selling "certain physical assets" in August 2016, as Chinese law forbids non-Chinese companies from owning certain tech
Geo-Political	<ul style="list-style-type: none"> China is a tough market for foreign companies with government protectionism and regulatory scrutiny

...and Its Joyo Acquisition Over a Decade Ago Wasn't Enough to Gain Traction

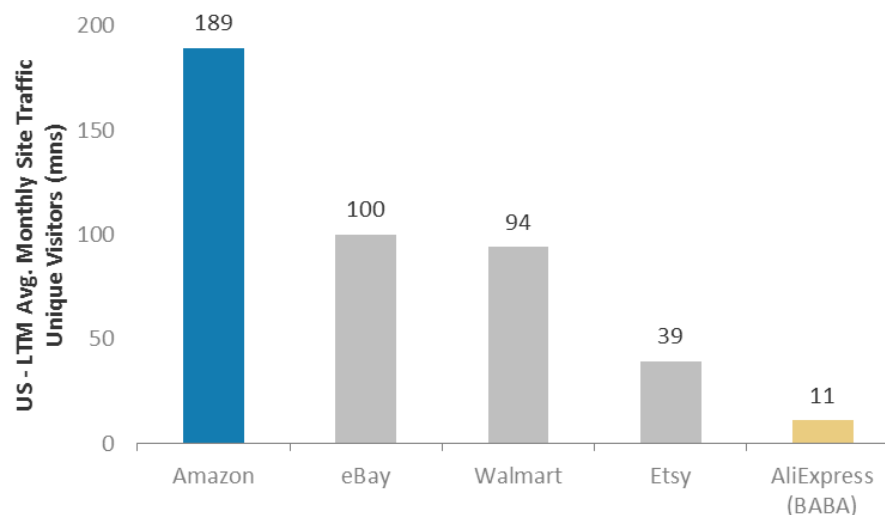


...Just as Alibaba Hasn't Been Able to Make an Impact in the US, Amazon's Home Turf

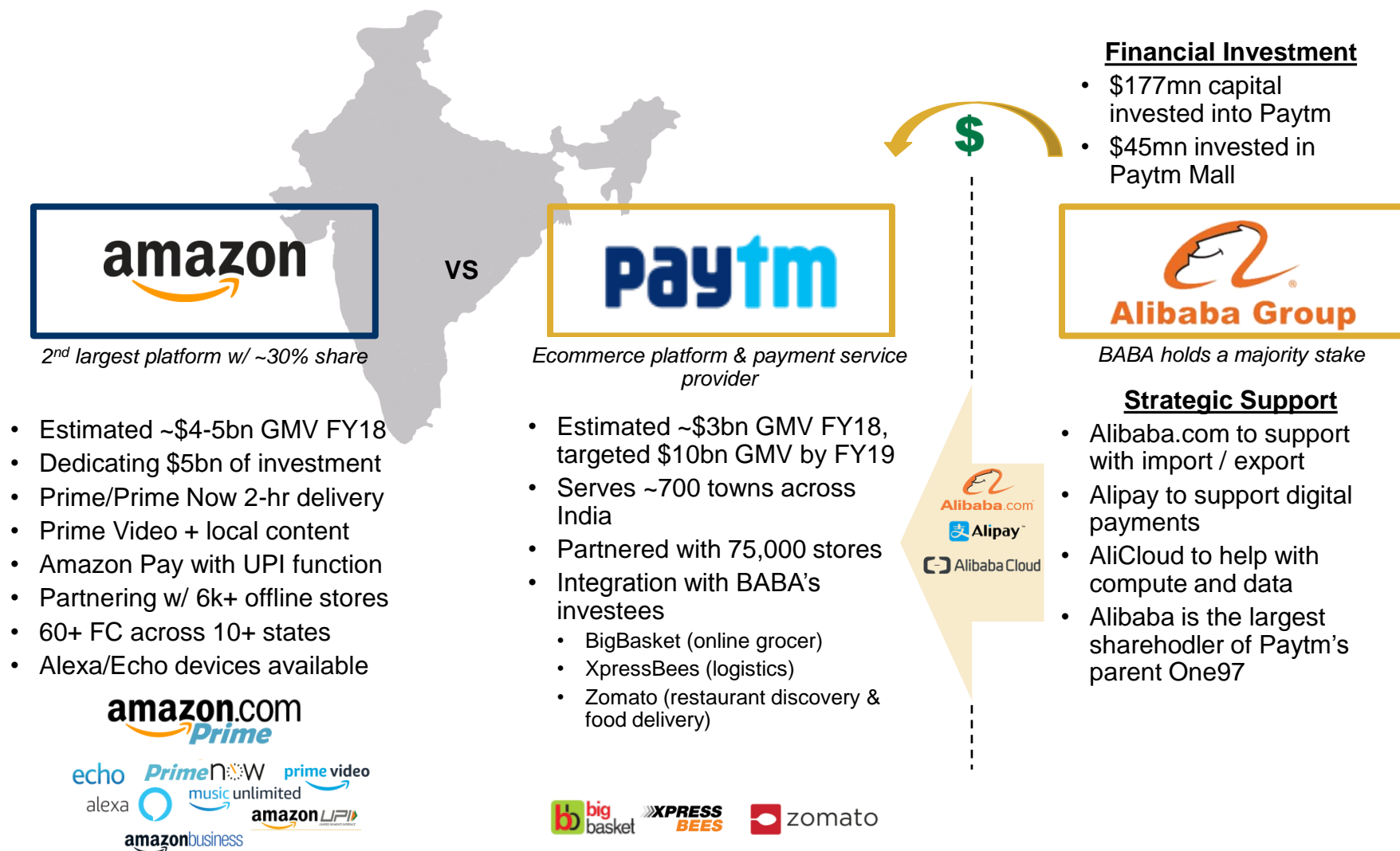
Alibaba's Strategies Haven't Resonated with US Consumers' Behaviors and Preferences...

China Efforts	Details/Outcome
11 Main	<ul style="list-style-type: none"> Launched US ecomm site in 2014 but closed after only 1 year in business
AliExpress	<ul style="list-style-type: none"> AliExpress marketplace is active and the US offering consumers low-priced Chinese imports It hasn't scaled or gained traffic (see right chart)
Investments	<ul style="list-style-type: none"> 6%/9% stakes in Groupon/Zulily haven't yielded much benefit, while investments in US startups (Lyft, Shoprunner, Tango) are TBD
Geo-Political	<ul style="list-style-type: none"> Alibaba has pledged to create 1mn jobs in the US to help with China-US relations US govt will make it hard for BABA to make any material US acquisitions

...and It's Been Tough for AliExpress to Gain Scale as WMT/AMZN Have 9X/17X More US Traffic

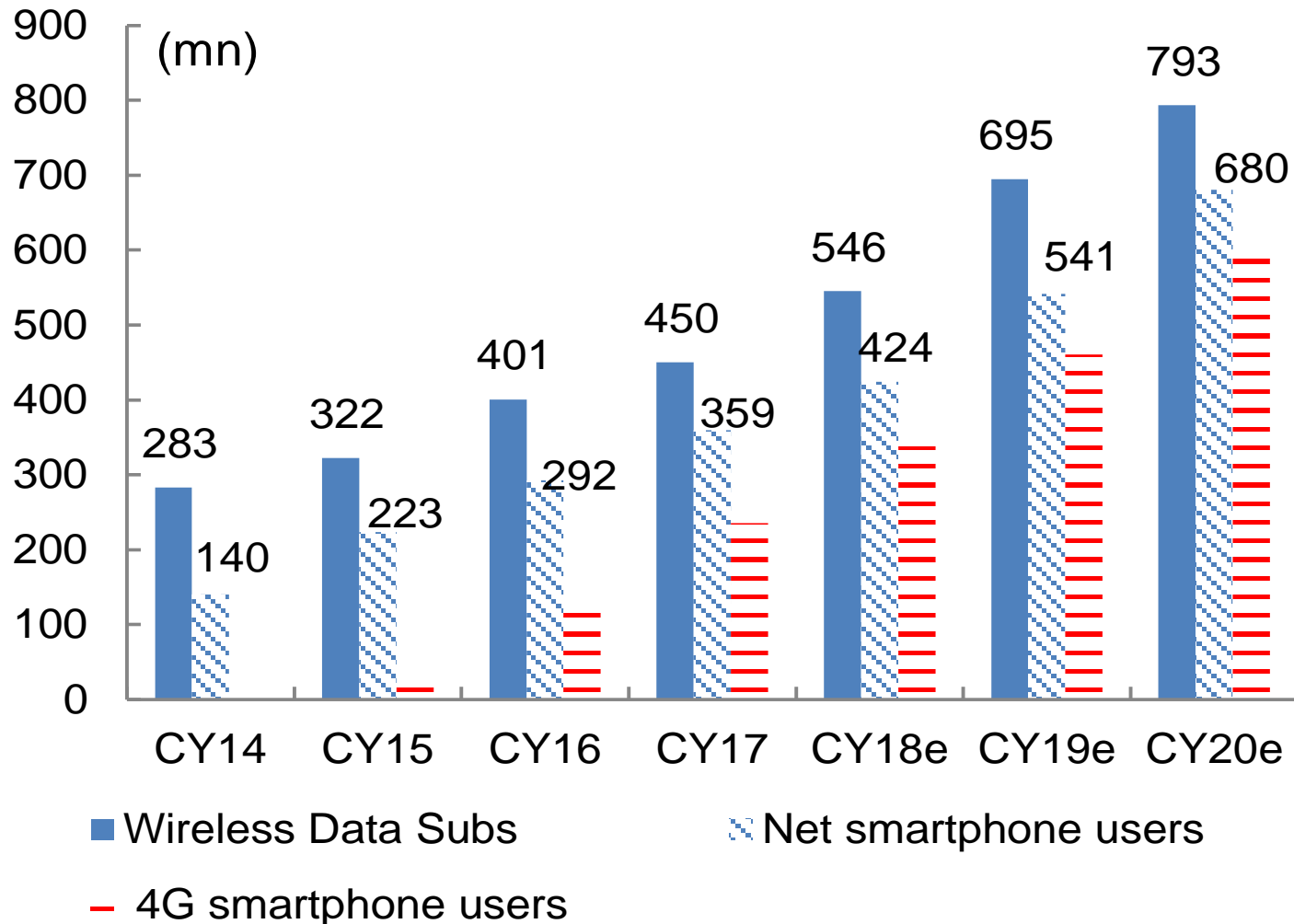


But AMZN/BABA Are Focused Intensely on India, Where Both Compete for the First-Time on a New Battleground



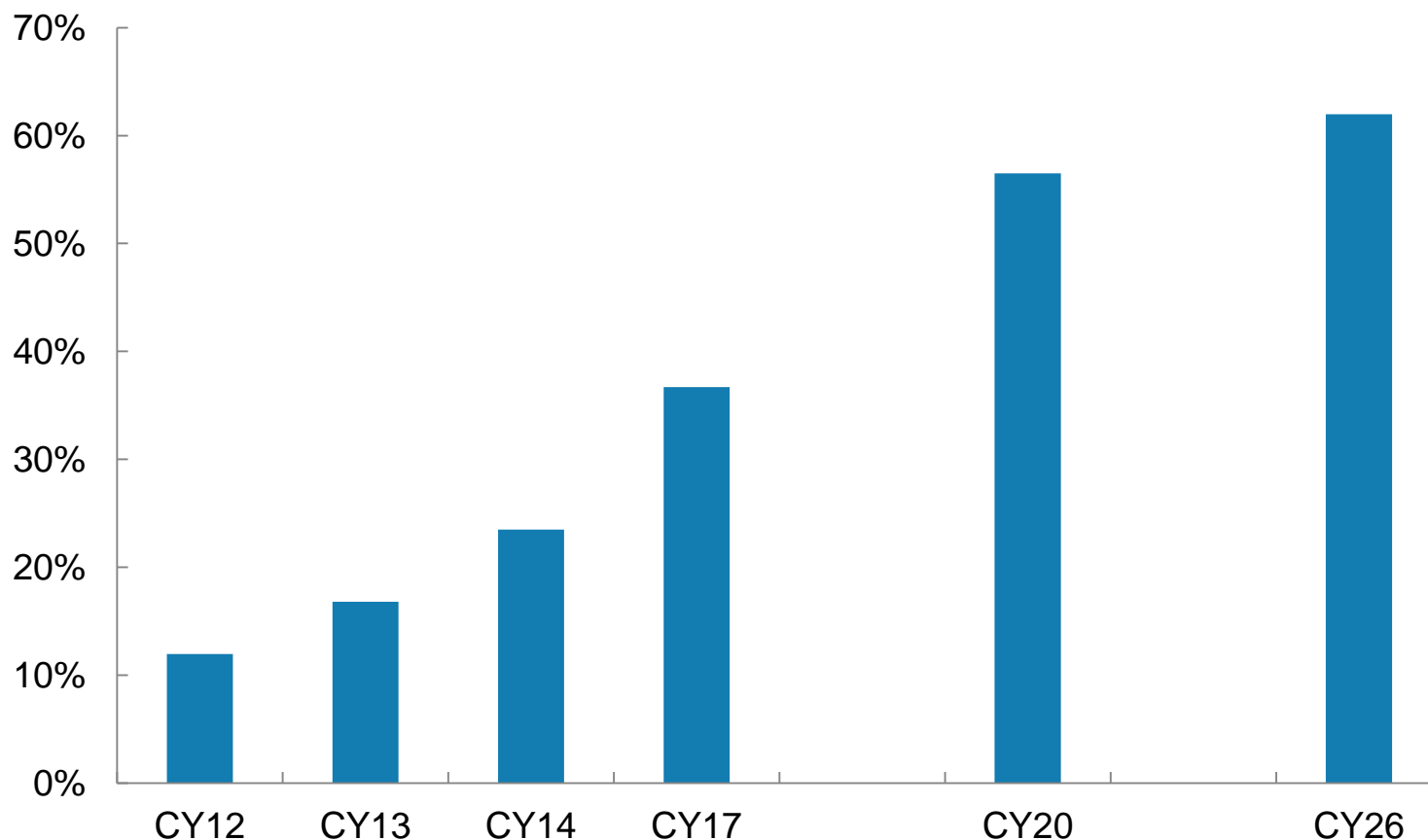
India

Smartphone Base +2x Last 3 years, Likely to Grow ~1.9x Current Size in Next 3 Years...



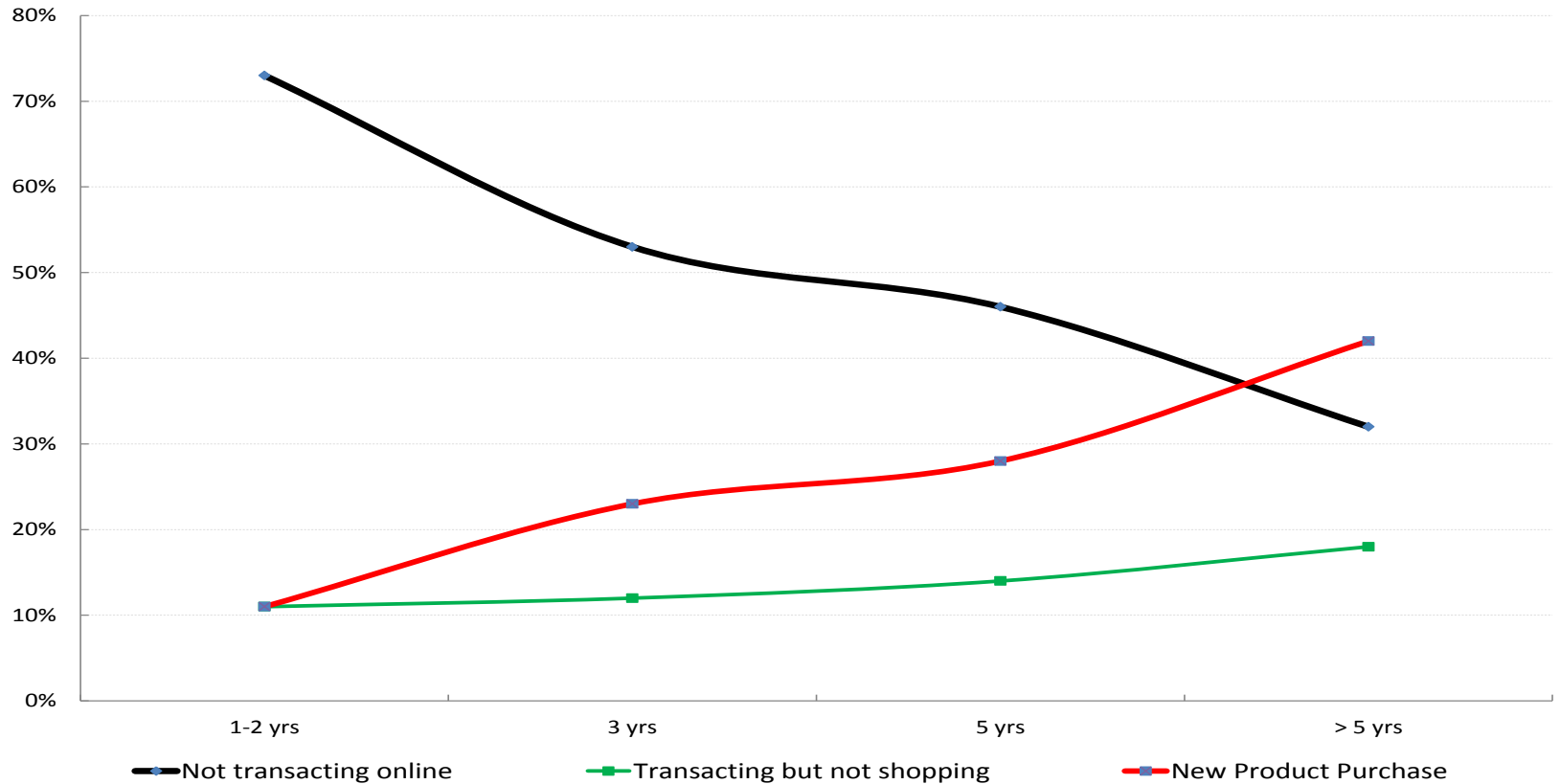
India

...Resulting in Significant Shift in India's Internet Penetration (We Expect 62% by F27e)

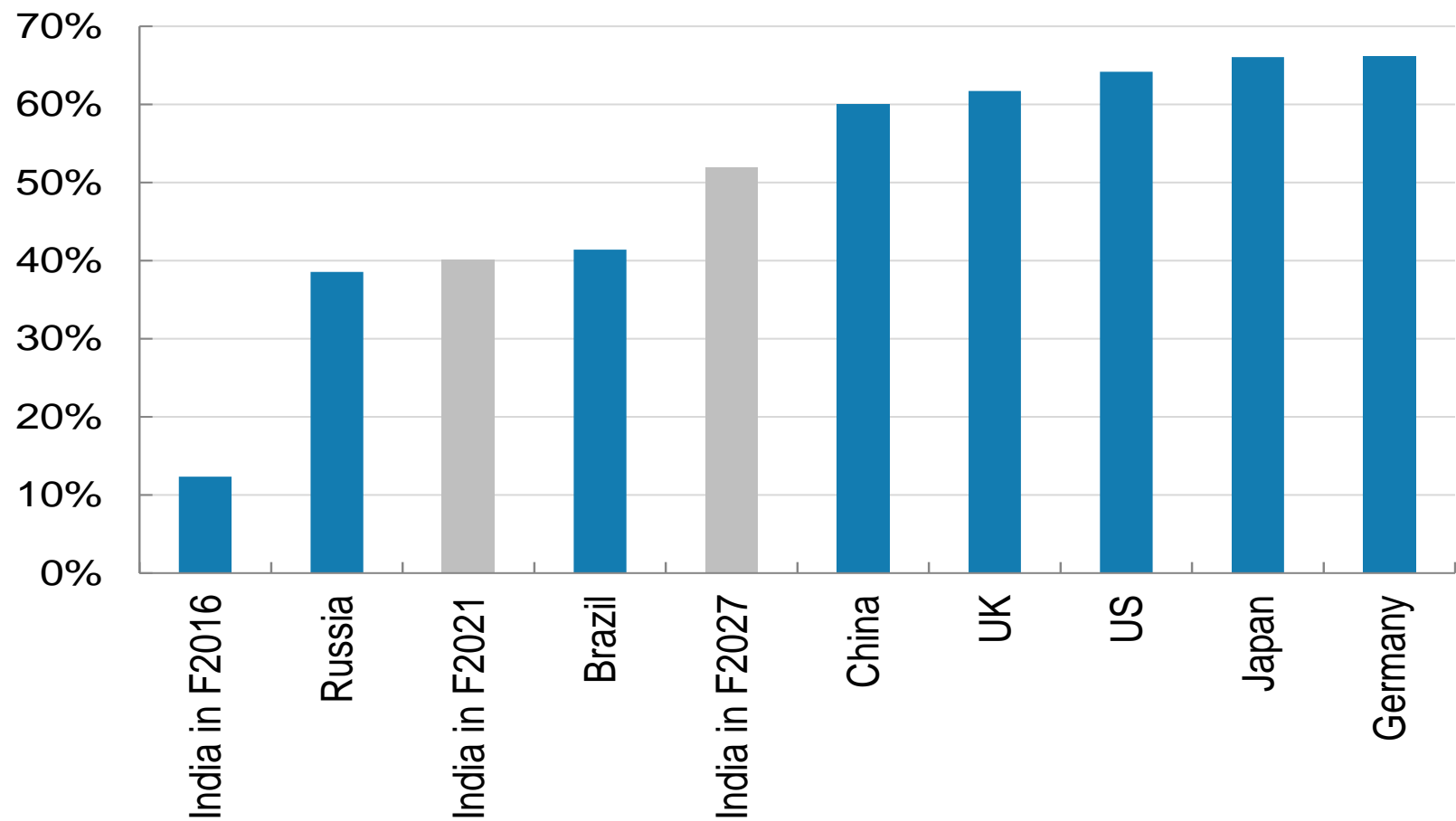


India

>5-year Internet Users More Likely to Transact Online Based on AlphaWise Survey ('15)

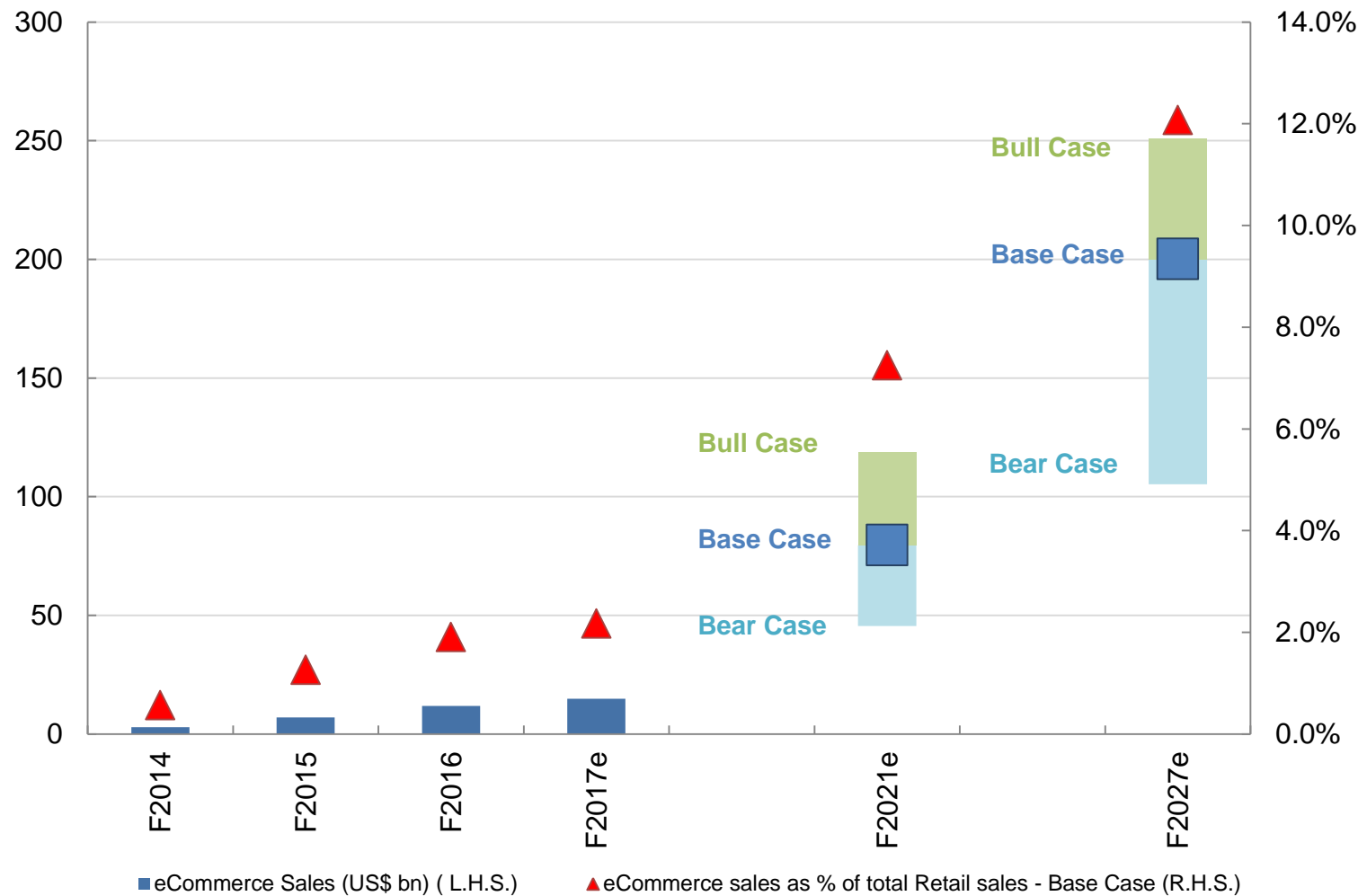


India
Expect Shopper Penetration Growth in Next 5-10yrs as Many Users Came Online Last 3yrs



Sources: CNNIC (China Internet Network Information Center), IDC (International Data Corporation), Forrester, IAMA (Internet and Mobile Association of India), Morgan Stanley Research estimates for India in F2021 and F2027. Data as of 2015. Please note that F2027 represents calendar year C2026 ending December 2026 and so on for the previous years

India
eCommerce Sales to Cross US\$200bn by '26, Reach 12% of Retail Sales in Base (US\$bn, %)



India

Scenario Analysis for eCommerce Sales Suggests Market Can Compound Significantly

Scenarios for India online retail market	F2017	F2027e		
		BASE	BULL	BEAR
Total Internet users (million)	432	915	1,010	841
Internet Penetration (%)	33%	62%	68%	57%
Total Online shoppers (million)	60	475	630	378
Online shoppers as % of total internet users	14%	52%	62%	45%
Total online retail market size including food delivery (US\$ bn)	15	200	251	105
Total online retail as % of total retail (%)	2.2%	12.1%	14.0%	7.7%

Sources: IAMAI, Morgan Stanley Research (e) Estimates. Please note that F2027 represents calendar year C2026 ending December 2026 and so on for the previous years; For F2017 online retail market size is based on Morgan Stanley Research estimates and is an approximate figure.

India

Key Players Along with Key Investors in Indian eCommerce Sector



- Walmart
- Microsoft
- Tiger Global
- Tencent



- Publicly Listed Stock in the US



- SoftBank
- Alibaba
- SAIF Partners



- SoftBank
- Kalaari Capital
- eBay
- Nexus Venture Partners
- Bessemer Venture Partners

India

Comparison of Operating and Financial Metrics of eCommerce Players






Metrics	Amazon	Flipkart	Paytm Mall
Registered Users (mn)	115	>100	80
Active Users (mn)	N/A	54	N/A
Monthly Unique Visitors (mn)	154	110	22
Sellers ('000)	~300	>100	~75
GMV (US\$ mn)	(FY17) ~4,800	(FY18) ~7,500	(Annualized FY18) ~3,000
Product listed (mn)	168	80	N/A
Warehousing Space (million cubic feet)	13.5	12	N/A
Key Categories	Smartphones/Electronics Fashion FMCG	Mobile/Electronics Fashion Large Appliances	Electronics Grocery Fashion
Captive Payment Options	Amazon Pay	PhonePe	Paytm

Sources: Economic Times, VC Circle, Inc42.com, Crunchbase, ComScore, Company data, Morgan Stanley Research

Note: Registered users for Amazon dated April 2018, Monthly Unique Visitors as on March 2018, Sellers for Amazon as on Feb 2018, NA- Not Available.

India

AMZN/BABA (via Paytm) Have Entered UPI Payments Ecosystem, Both w/ Large User Bases

	 PhonePe	 Tez	 paytm	 WhatsApp	 amazon pay
Key Stakeholders	-Flipkart -Walmart -Tiger Global -Naspers -Microsoft -Tencent -Steadview Accel India	-Alphabet	-Softbank -Alibaba Group -SAIF Partners -Silicon Valley Bank	-Facebook	-Amazon
UPI Launch Date	Aug-16	Sep-17	Nov-17	Feb-18	Feb-18
Users/Engagement	75 million	16 million	330 million	250 million	160 million
Digital Wallet	Yes	No	Yes	No	Yes
Payment Service Provider	-Yes Bank	-ICICI Bank -Axis Bank -State Bank of India -HDFC Bank	-Paytm Payments Bank	-ICICI Bank -Axis Bank -State Bank of India -HDFC Bank	-N/A
Merchant Partners	0.06 million	0.5 million	7 million	N/A	0.3 million

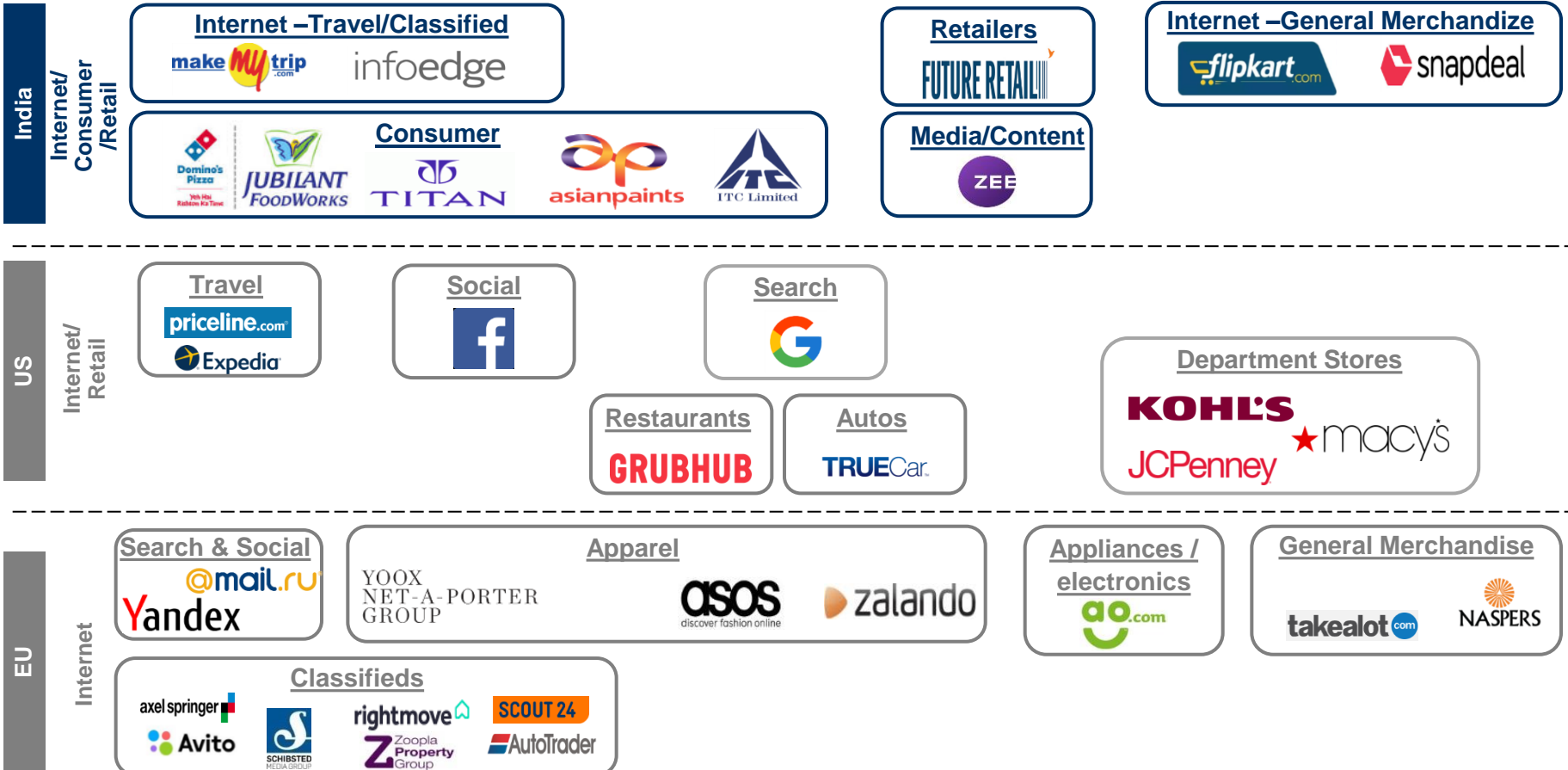
India

Amazon/Alibaba Disruption: Internet, Consumer, and Retail Sectors



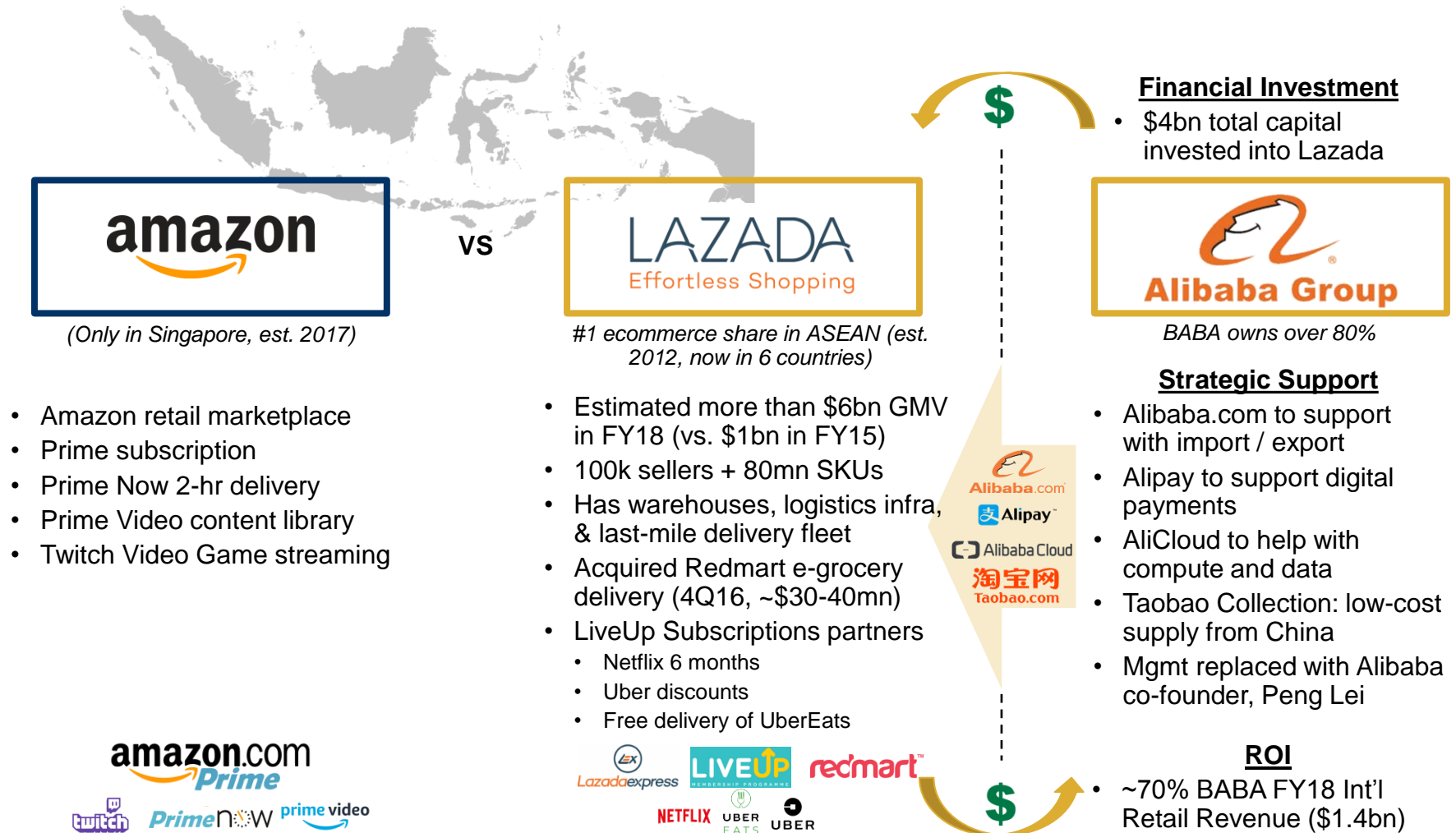
Most Protected

Most Exposed



ASEAN

Amazon Competing Against BABA-Owned Lazada in Southeast Asia



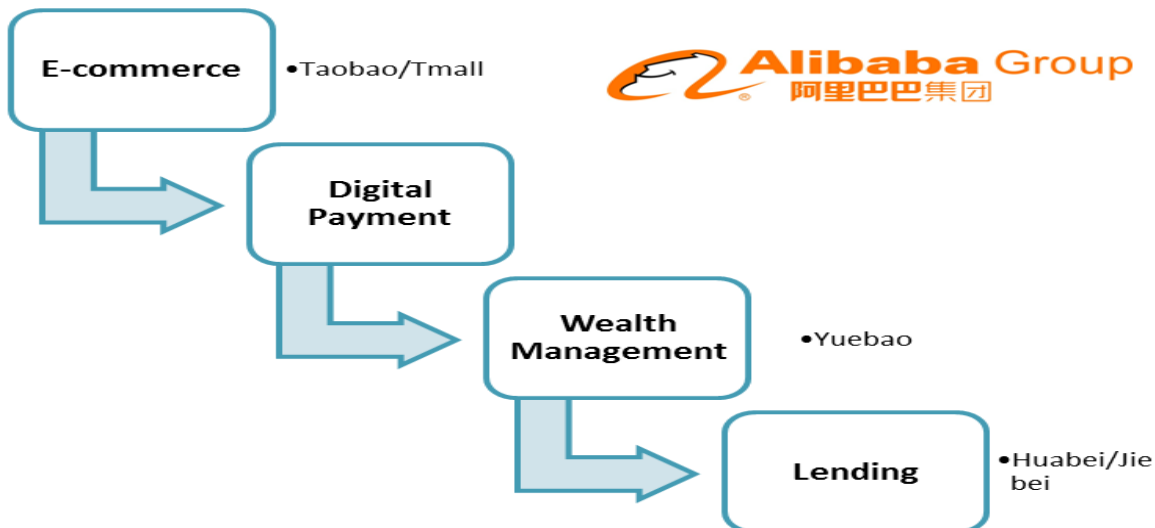
ASEAN

Expansion to Fintech

Alibaba's presence in Indonesia can be traced through their investments in Tokopedia and Lazada.

- Supported by its sticky e-commerce ecosystem, **Tokopedia** is building its e-money payment platform (TokoCash), which could track Alibaba's evolutions in fintech business.
- On April 2017, Alibaba group also formed a joint-venture with Emtek to develop digital payment service, named **Dana**, to build payment platform in Blackberry Messenger (BBM) network.

Alibaba's evolution in fintech in China can be customized for Indonesia case



ASEAN

Disrupting Incumbent Players

Disruptive forces:

- The emerging payment platforms could take away some transaction fees and float from banks. We estimate system e-money transactions would grow from 2% of non-cash transactions in 2017 to 24% in 2027e. Our scenario simulations suggest 1.1-4.2ppt ROE disruptions to banks, which correspond to US\$73-210bn of float opportunity for fintechs as a whole.
- Should the payment models evolve to lending models, as Alibaba has done in China, banks could experience another opportunity loss on their ROEs, by 0.5-3.2ppt by 2027e, according to our scenario simulations. This corresponds to US\$34-205bn of lending opportunity.

More disrupted: BBRI.JK (UW)

We expect BBRI to be among the most disrupted major banks by Alibaba-inspired fintech models, considering BBRI's slower adoption of technology.

BBRI also has a bigger target market overlap with lending fintech.

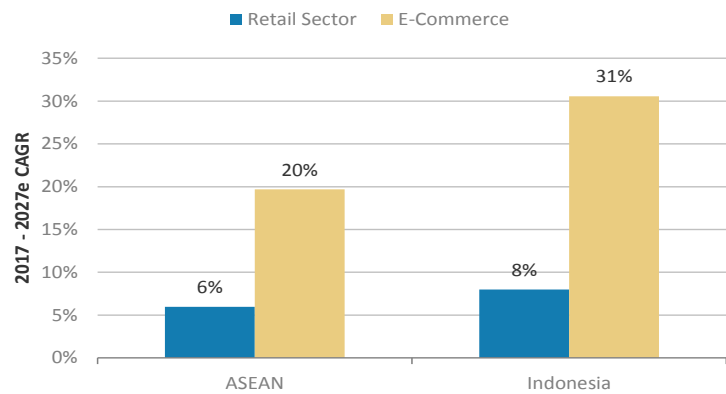
Less disrupted: BBKA.JK (OW)

Backed by more adaptive environment and group synergy, BCA has been evolving its banking operational system ahead of peers to preempt the disruption.

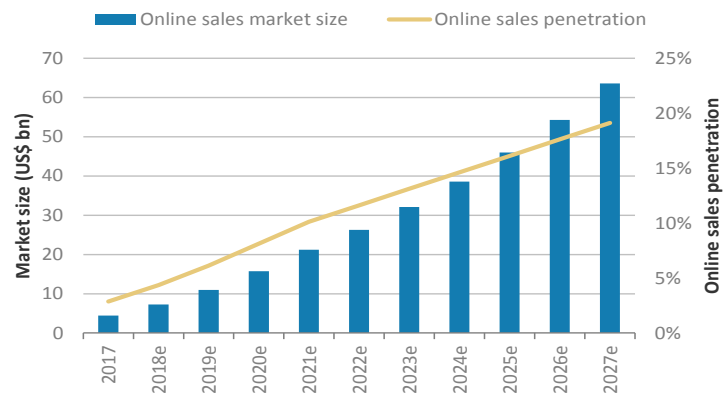
ASEAN

Indonesia: The Largest and Fastest Growing eCommerce Market in ASEAN

Indonesia has the largest and fastest growing eCommerce market in ASEAN



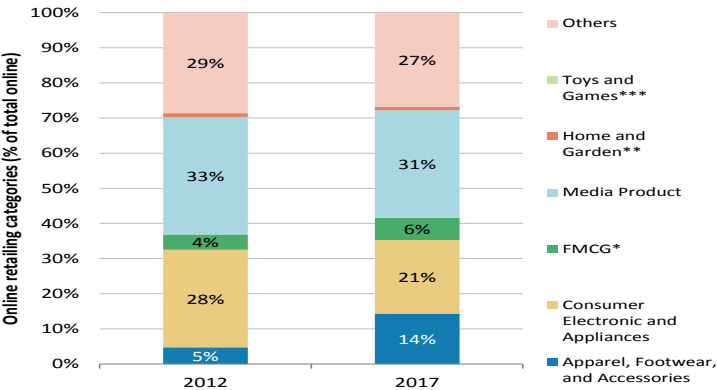
We expect online sales penetration to reach 20% in 2027 from the current low single digit level



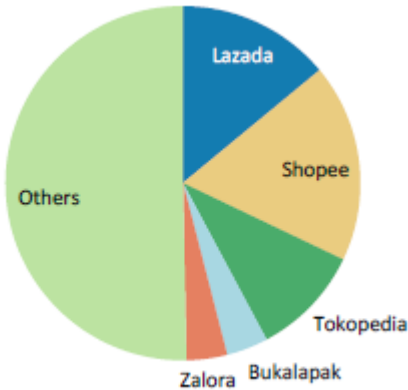
Source: Euromonitor International, Morgan Stanley Research

ASEAN
Indonesia: The Largest and Fastest Growing eCommerce Market in ASEAN

Apparel has been the fastest growing category within online sales in Indonesia



Market is still relatively fragmented, with no player commanding more than 25-30% of the market



Source: Euromonitor International, Morgan Stanley Research







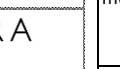


ASEAN

Key Players in Indonesia

Who Are The Key Investors?



Traditional Players Are Also Rolling Out Their Initiatives

Matahari	MatahariStore.com	Unilever	 
	MATAHARI mall .COM	Kalbe Farma	 
	BIG DATA		 
			 
MAP	MAP E MALL .COM	Indofood	 
	ZALORA		 
Ramayana	Ramayana	Alfamart	 
	 	Indomaret	 
Ace Hardware	ruparupa	Matahari Hypermart	 
	let's get more		 

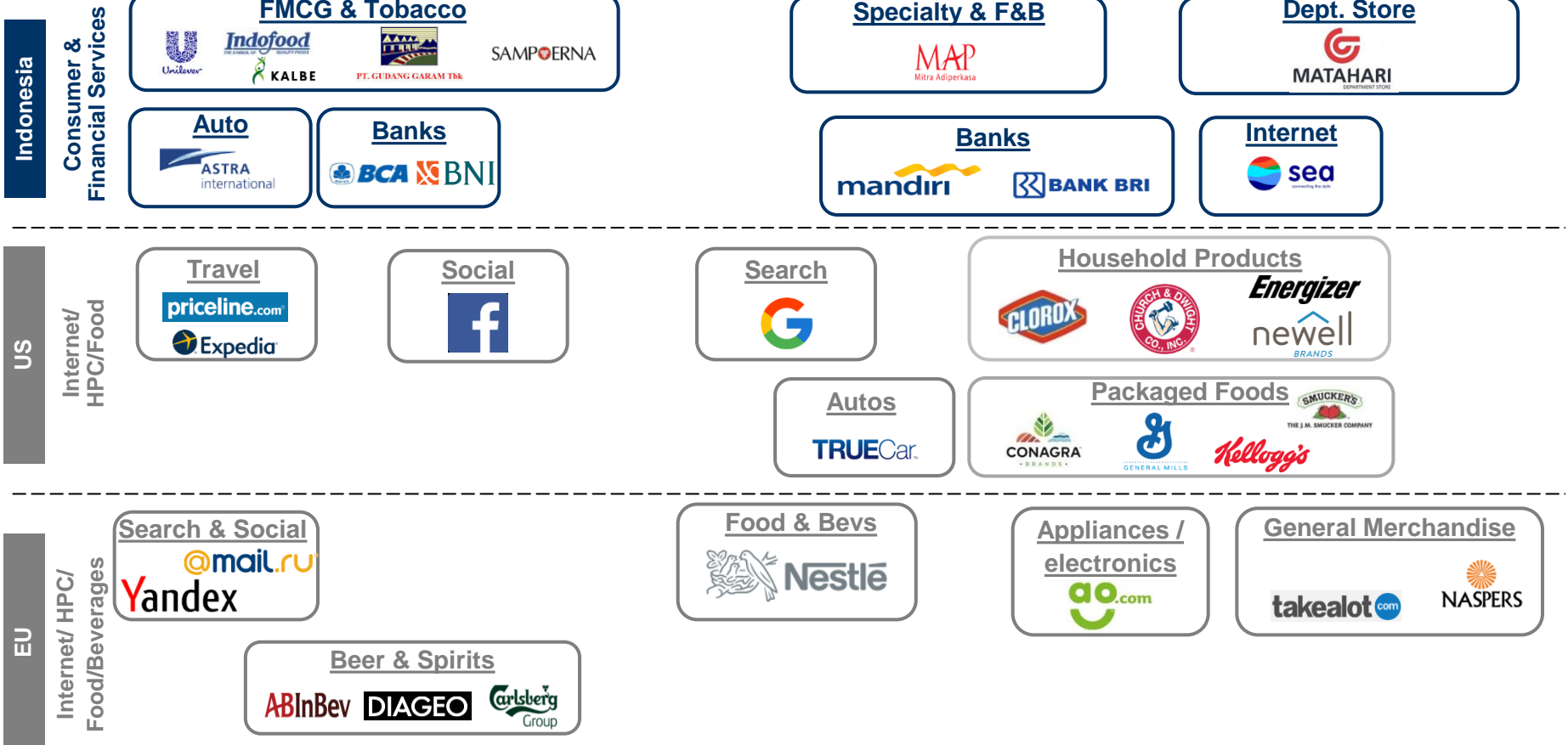
ASEAN

Amazon/Alibaba Disruption: Consumer, Retail, and Financial Services Sectors



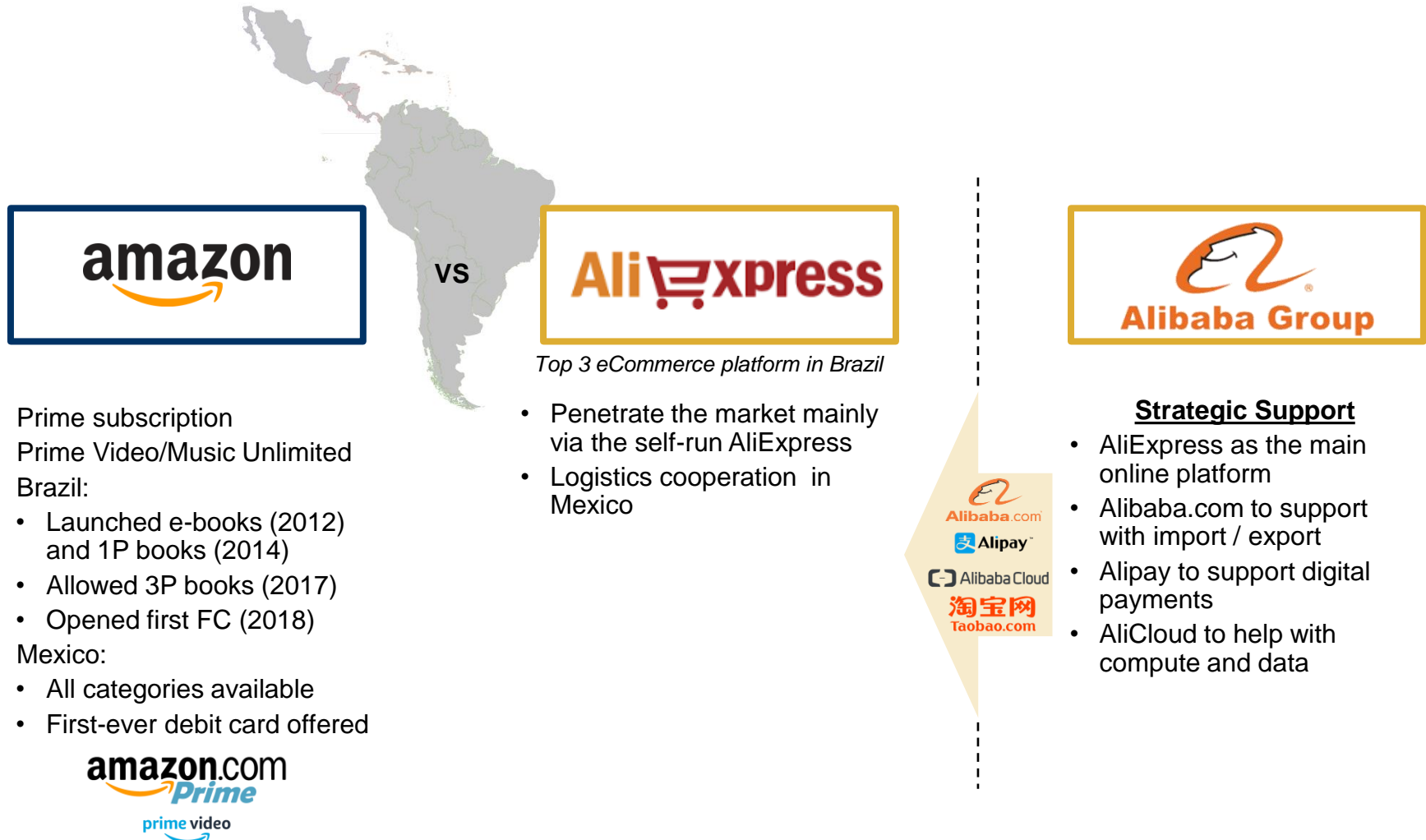
Most Protected

Most Exposed



LATAM

Amazon Competing Against BABA's AliExpress...

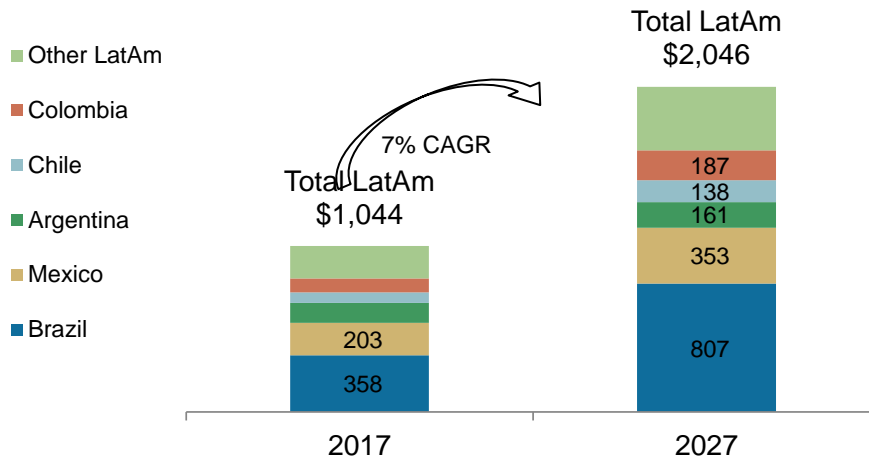


LATAM

Latin America eCommerce Overview

- LatAm is a \$1 trillion Retail market opportunity today, and can double in 10 years.
- eCommerce penetration still low in the region: around 4.5% of total retail (\$47 billion market)
- Brazil has the highest penetration today (~6%) and is almost half of LatAm eCommerce

LatAm Retail Spend, \$bn



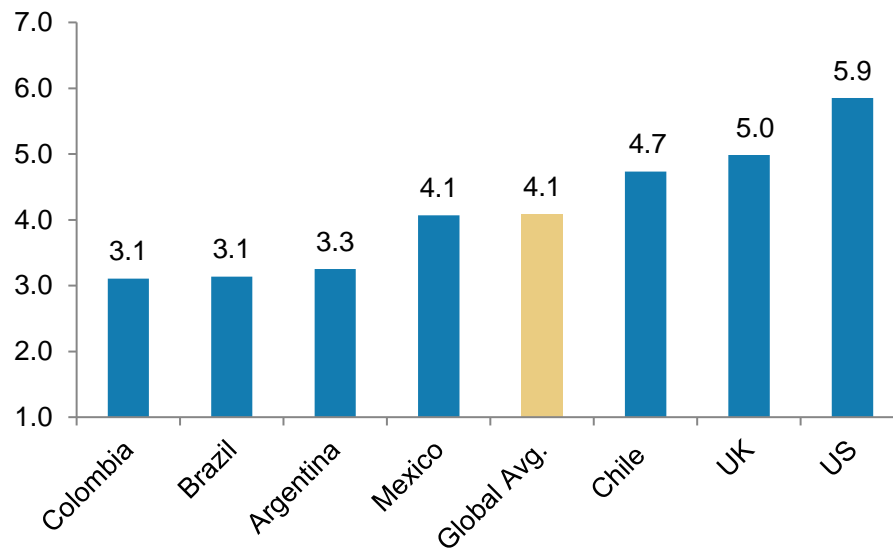
	Online Spend (\$bn)			Penetration	
	2017	2027	10y CAGR	2017	2027
LatAm	47.3	206.6	16%	4.5%	10.1%
Brazil	22.3	94.9	16%	6.3%	11.8%
Mexico	6.6	34.9	18%	3.2%	9.9%
Argentina	5.9	18.2	12%	4.7%	11.3%
Chile	2.1	9.0	16%	3.2%	6.5%
Colombia	3.1	18.1	19%	3.6%	9.7%
Other LatAm	7.2	31.5	16%	3.5%	7.9%

LATAM

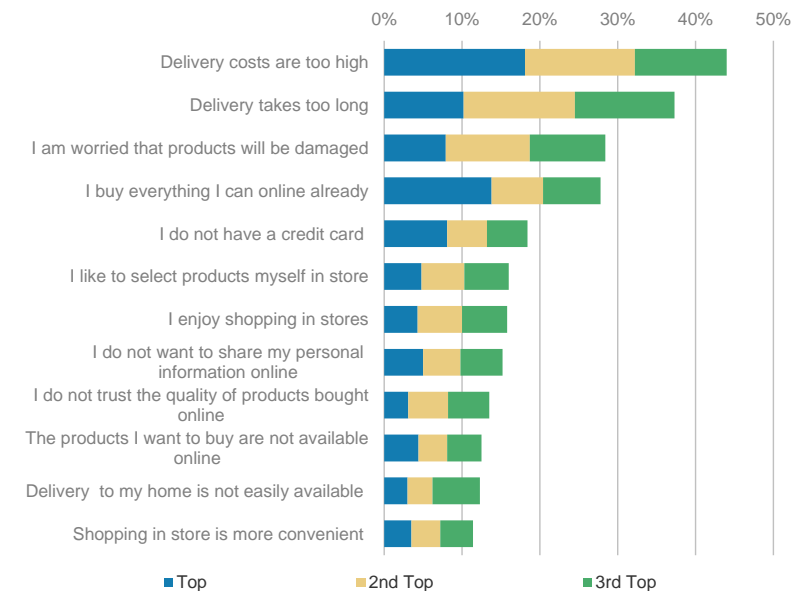
Logistics/Distribution Is the Main Barrier for eCommerce in LATAM

- Brazil, Argentina, Colombia are in the worst quadrant of overall infrastructure
- In Brazil, 42% of online orders have free shipping, but almost half of deliveries take 6+ days

Quality of Overall Infrastructure (1=worst, 7=best)



Most Important Reasons Why Not Shopping More Online

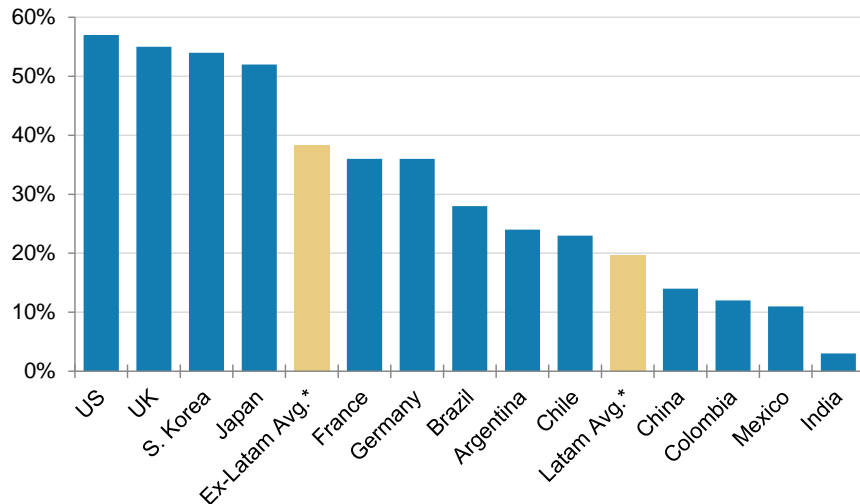


LATAM

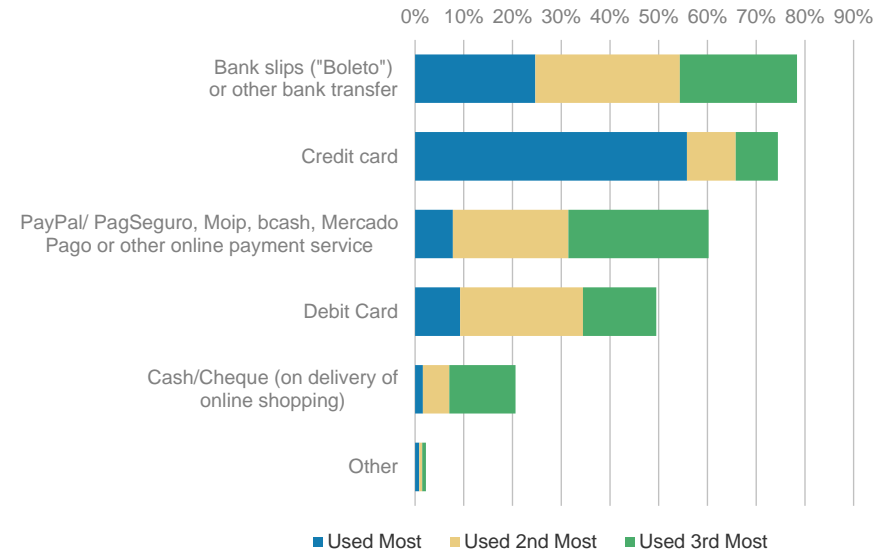
Payment Is Both a Challenge and an Opportunity in the Region

- Credit card penetration is <20% and retailers (rather than banks) offer most of the consumer credit
- 50% of online sales are in installments (mostly interest-free); “boleto” (bank slip) is almost as used as credit cards

Credit Card Penetration



Most Used Payment Options

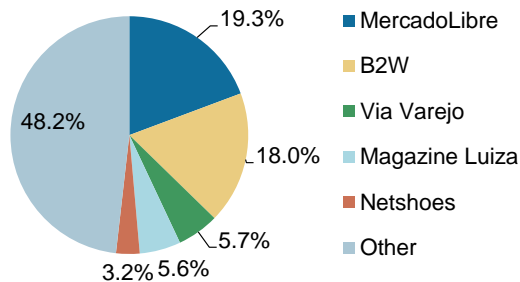


LATAM

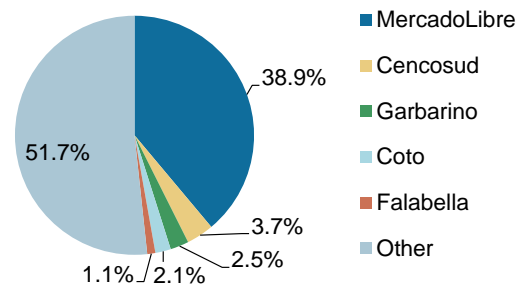
Local Retailers Have Invested in Their Online Platforms and in Omnichannel Initiatives

- LatAm has one large pure player (MELI), but not a clear leader: local retailers have strong online presence

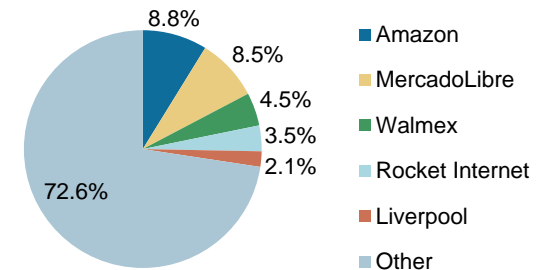
Brazil E-Commerce Market Share



Argentina E-Commerce Market Share



Mexico E-Commerce Market Share

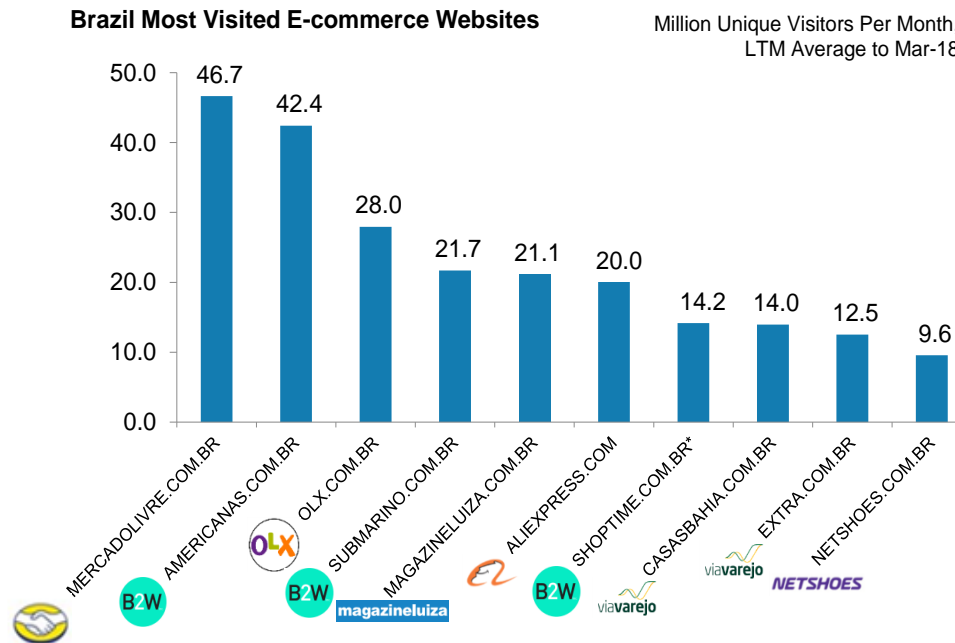


- In Brazil**, B2W (online arm of Lojas Americanas) has invested heavily in technology and logistics over the past 5-6 years, and launched a marketplace platform that reached 46% of GMV and grew 100% in L12M.
- In Mexico**, Amazon launched a local website in 2015 and became quickly one of the market leaders together with MELI. Also, Wal-mart is investing \$1.3bn in logistics to ramp-up its ecommerce channel
- In the region**, MELI accelerated growth over the past 12-18 months by offering free shipping extensively, with negative impact to operating margins (to record-low level of -9% in 1Q18 from >20% until 2016).

LATAM

Global Players Have Grown Rapidly over the Past 2-3 years in Brazil and Mexico

- **AMZN** is a relevant player in Mexico (top 5), but small in Brazil (1% market share)
- **BABA** does not have local presence, but is among top 6 websites in traffic in Brazil, Mexico, and Argentina, selling cross-border (through AliExpress)
- **MELI** leads the 3 main countries in a LTM average basis, but was surpassed by **Americanas.com** in Brazil in the latest data point



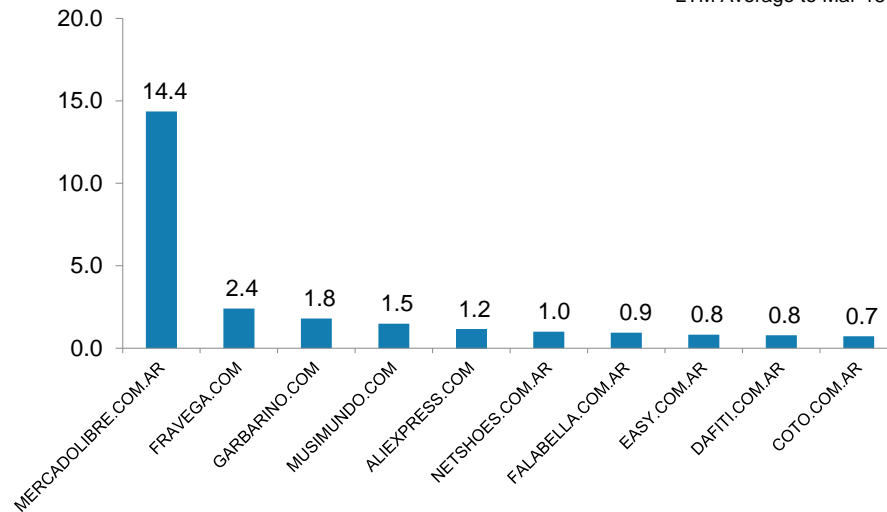
LATAM

Global Players Have Grown Rapidly over the Past 2-3 years in Brazil and Mexico

- In Argentina, MELI is the clear leader with more traffic than the following 10 websites together
- In Mexico, despite MELI showing the largest traffic, Amazon has a similar GMV due to higher average ticket and by adding in its US website (that delivers in Mexico as well).

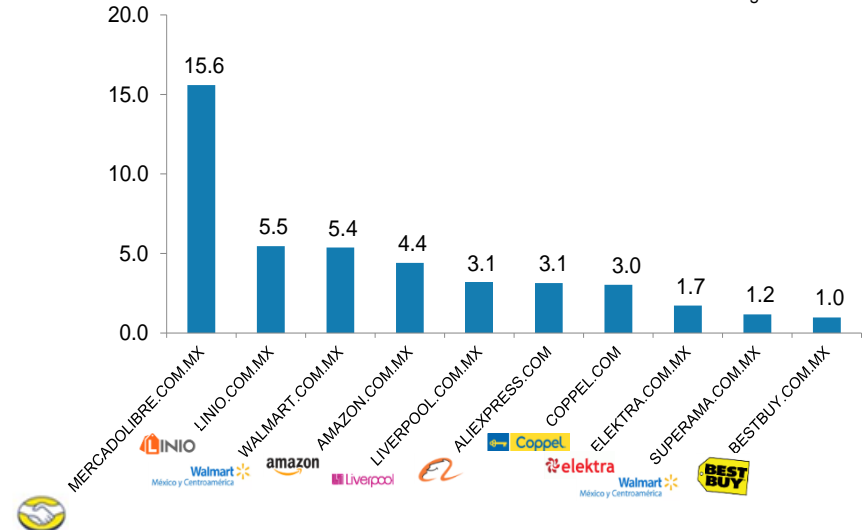
Argentina Most Visited E-commerce Websites

Million Unique Visitors Per Month,
LTM Average to Mar-18



Mexico Most Visited E-commerce Websites

Million Unique Visitors Per Month,
LTM Average to Mar-18



LATAM

Amazon/Alibaba Disruption: Internet and Consumer Sectors



Most Protected

Most Exposed

LATAM

Internet/
Consumer

Travel



Classifieds



Marketplace



Groceries



Department Stores



Appliances/Electronics



Pharma/Beauty/Personal Care



Apparel



US

Internet/ Beauty/
Retail/Grocers

Travel



Dollar Stores



Food Retail



Prestige Beauty



ESTÉE LAUDER

Autos

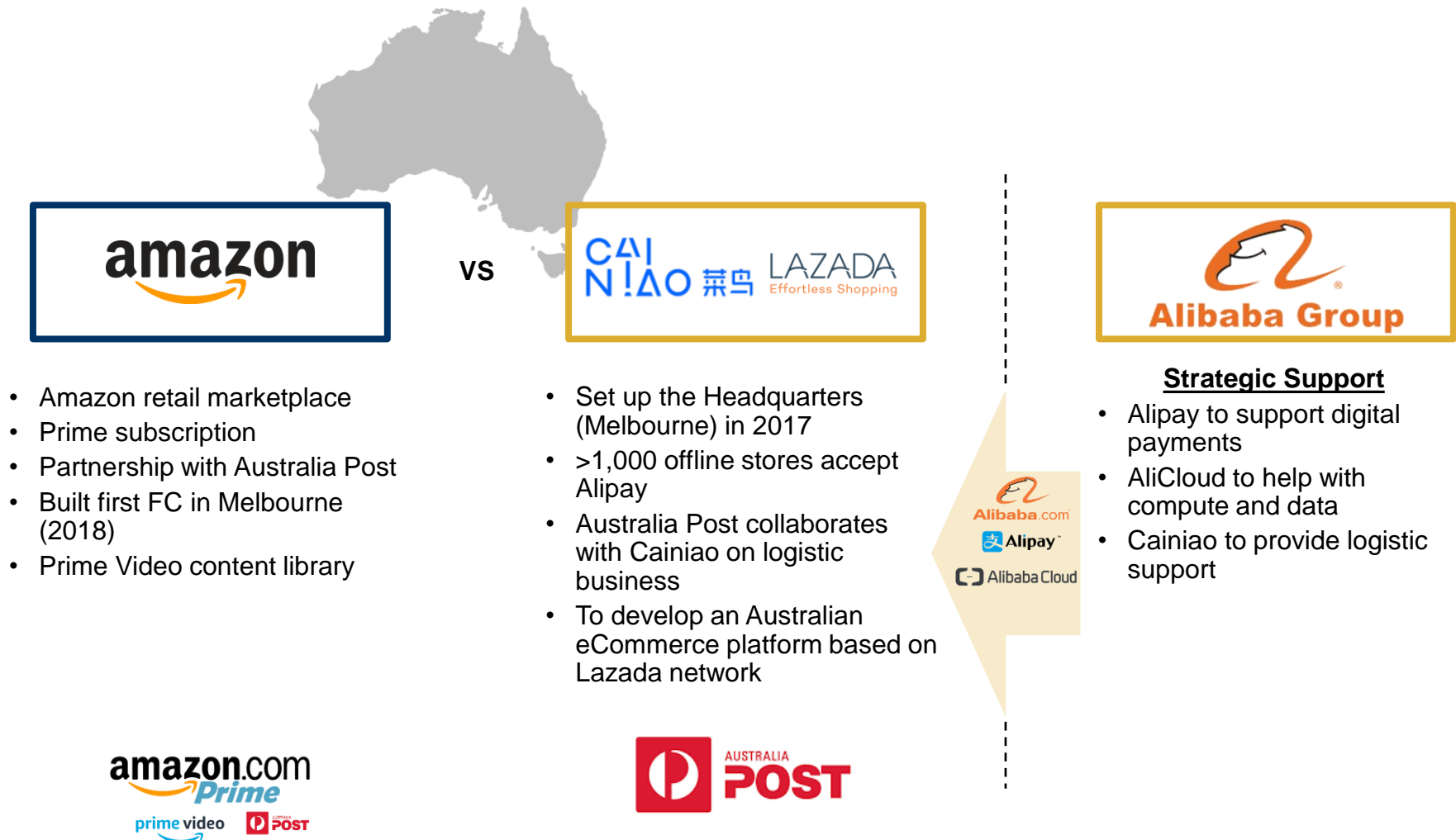


Department Stores



Australia

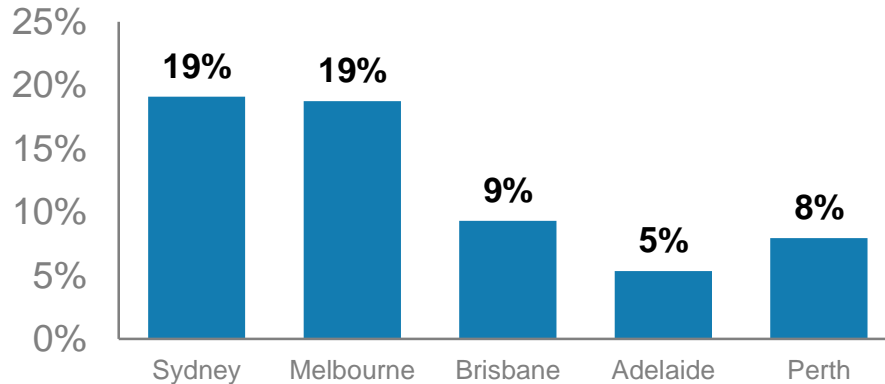
Amazon Competing Against BABA's AliPay, AliExpress/Taobao, and Tmall, etc...



Australia

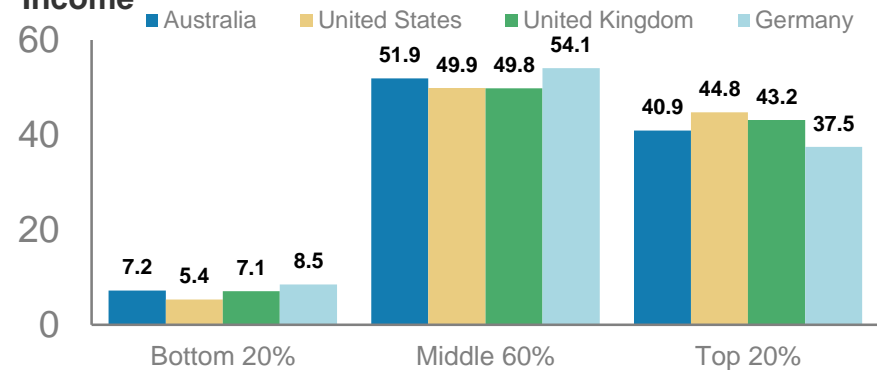
Why AMZN Will Work: High Pop. Concentration, Huge Middle Class, Low Online Adoption

Where Australia Lives: % of Population



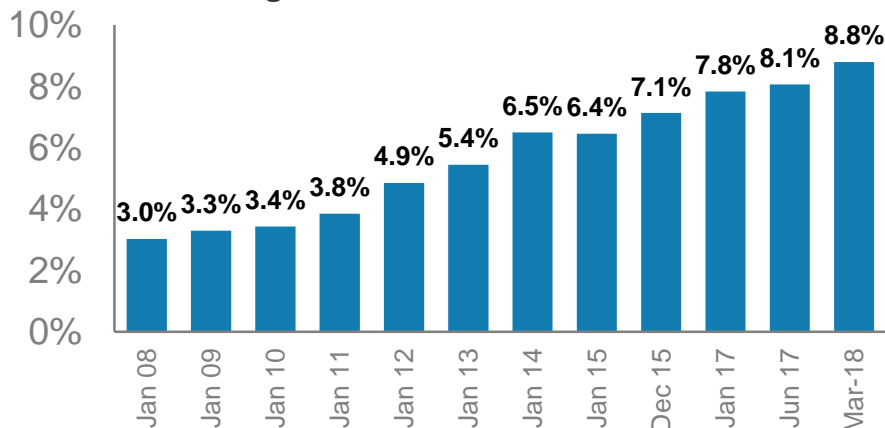
Source: ABS, Morgan Stanley Research

Australia's huge middle class: % share of Income



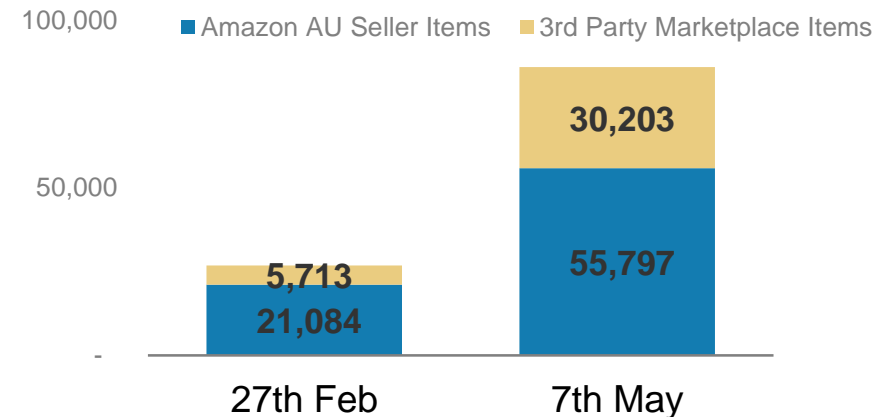
Source: OECD, Morgan Stanley Research

Online is Building: % of total retail sales



Source: NAB, ABS, Morgan Stanley Research

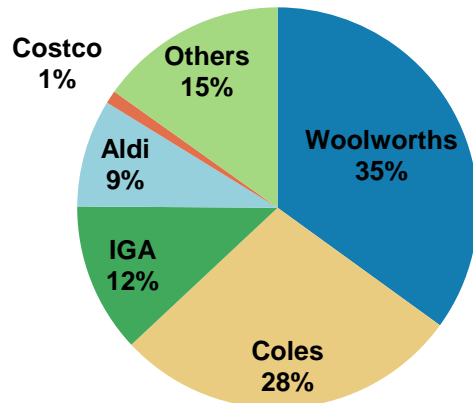
Amazon's Offering is Improving: Items eligible for free delivery (2018)



Source: Amazon Australia website

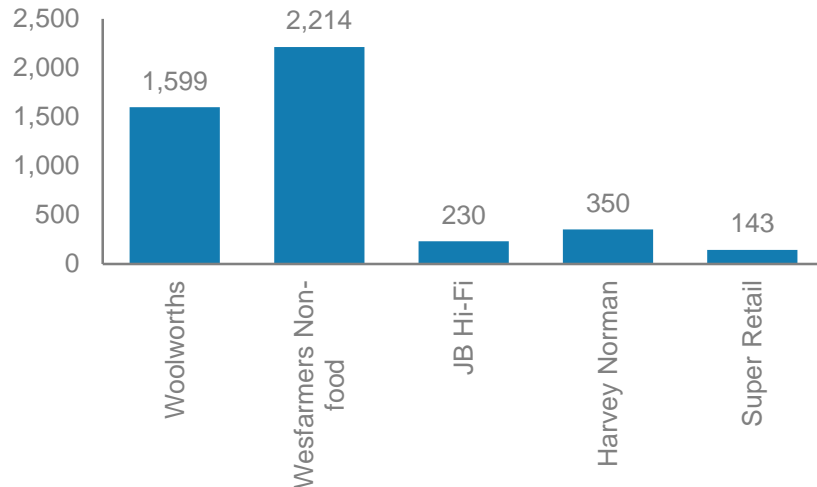
AMZN Faces Local Challenges: Consolidated Retail Market and High Wage Costs... But the Opportunity Is There

FY18E Australian Supermarket Market Share



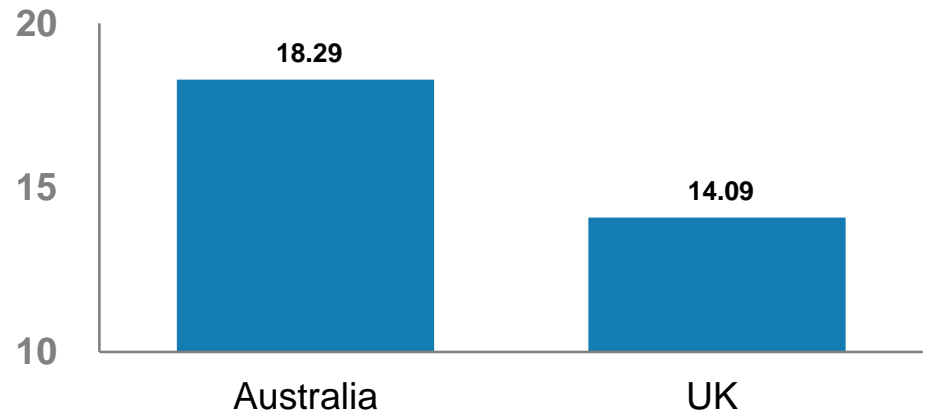
Source: Morgan Stanley Research estimates

FY18 A\$m Normalised NPAT

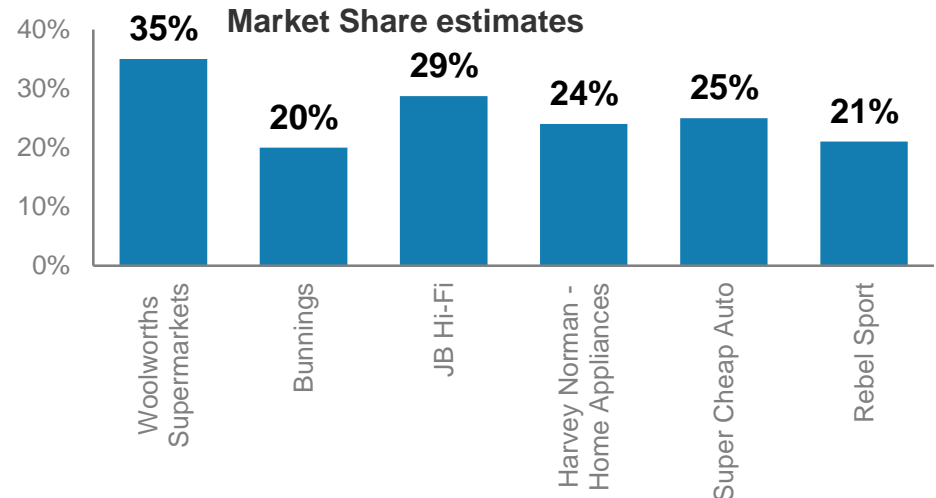


Source: Morgan Stanley Research estimates

Minimum wage A\$ per hour



Source: Fair Work Australia, UK Government



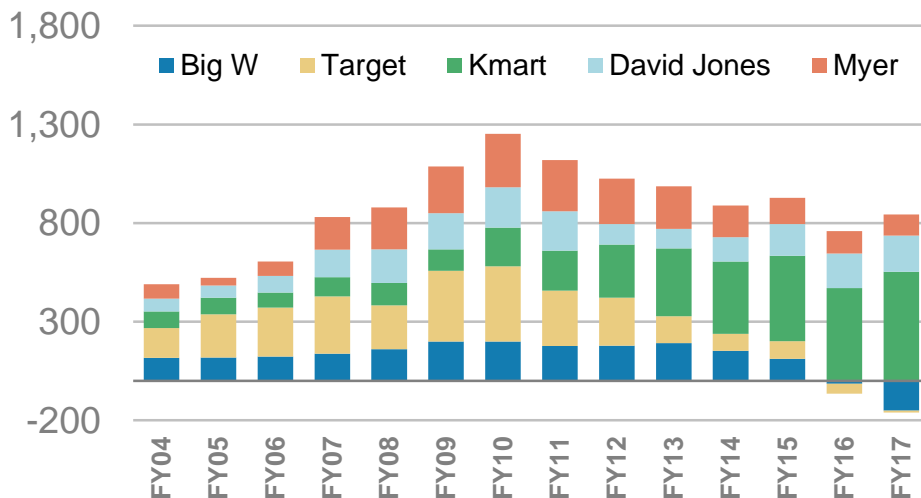
Source: Company Data, Morgan Stanley Research estimates

Australia

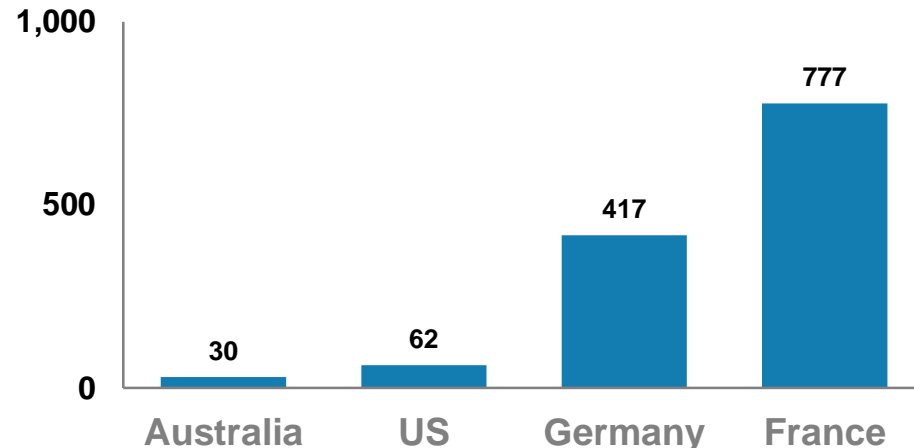
Most Insulated and Exposed Australian Companies

- **Most exposed: Department stores. Why? Low Online Penetration, Overstored, Limited Ability to Close Stores Given Nearly 100% Leased, High Apparel/Homewares Exposure, and Little Customer Service**
- **Stocks: Wesfarmers – Kmart/Target, Woolworths – Big W**
- **Most Insulated: Category Killers Formats with High Existing Market Shares Why? Low Cost Operators and Leverage With Local Suppliers**
- **Stocks: JB Hi-Fi and Super Retail Group**

Australian Department Store EBIT A\$m



People per Department Store '000



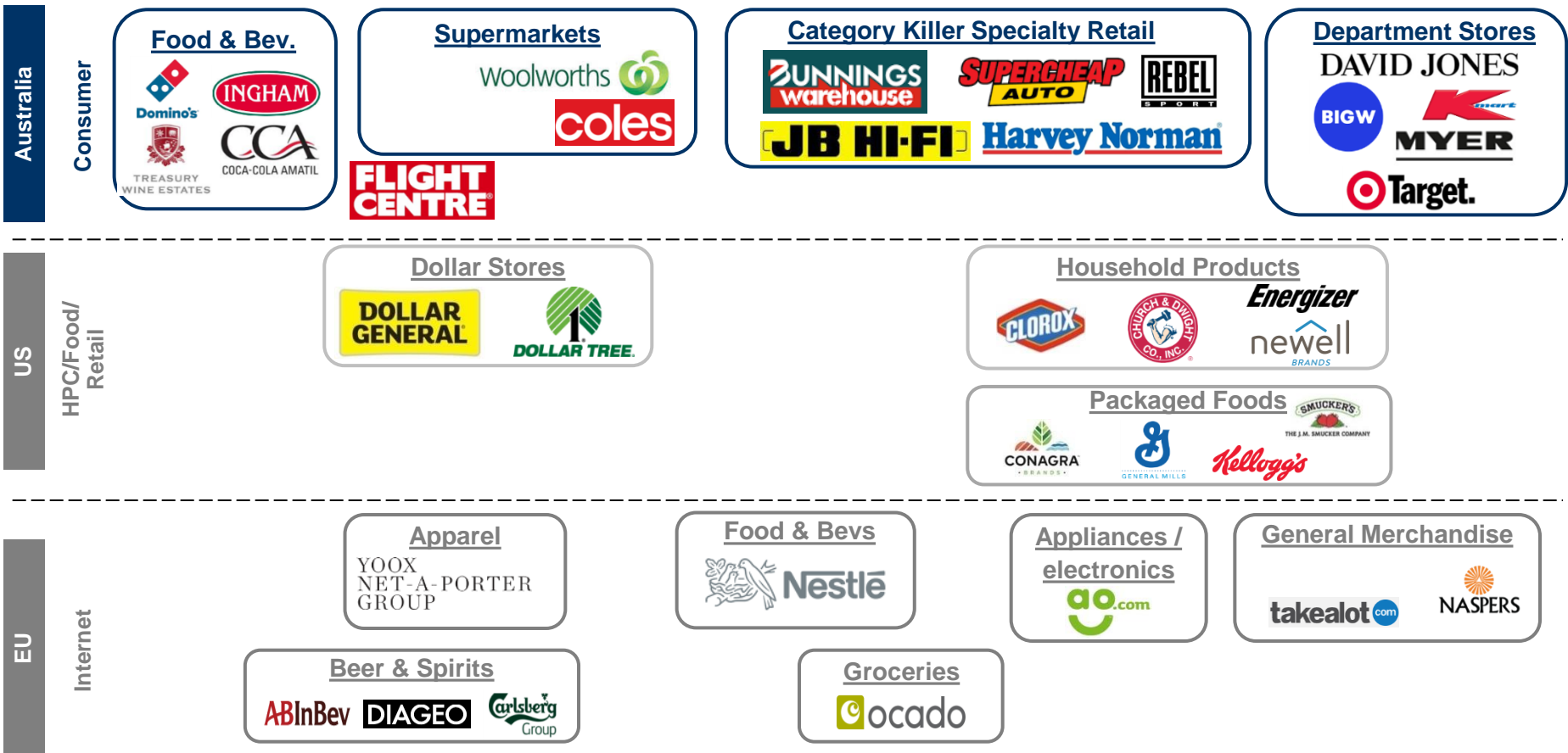
Australia

Amazon/Alibaba Disruption: Consumer Sector



Most Protected

Most Exposed



Japan

Amazon Competing Against? ... Is BABA Here and in What Manner?

amazon

VS

Alibaba JAPAN
Global trade starts here.

Alibaba Group

- \$12bn revenue, 7% total retail
- Amazon retail marketplace
- Prime subscription
- Prime Now 2-hr delivery
- Prime Video content library
- Twitch Video Game streaming
- Amazon Music
- Alexa/Echo Devices
- Amazon Business

- ~40k merchants accept Alipay
- 4,100 taxis in Tokyo accept Alipay
- Developing Alipay customized features for Japanese market
- AliCloud Data Center opened in 4Q16
- SB Cloud (JV with SoftBank)

Strategic Support

- Alipay to support digital payments
- AliCloud to help with compute and data
- Alibaba.com to support with import / export

Alibaba.com
Alipay
Alibaba Cloud

SB Cloud

FamilyMart

BIC CAMERA
ビカム

LAWSON

Takashimaya

amazon.com
Prime
twitch
Prime Now
prime video
echo
alexa
music unlimited
amazon business

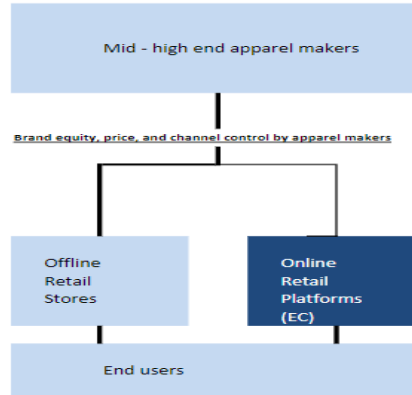
Japan

Start Today (3092.T): OW, PT 4,000 yen - Fashion EC Fields Have High Barriers to Entry

- Apparel makers select the sales channels for its products to have control over brand promotion, prices, and channel strategy.
- Fashion field is an EC category which can be leveraged in ways that go beyond the maker's own distribution network and buying power, as is the case with products assigned with model numbers.
- Additionally, the company aims to (1) enhance user convenience by distributing a large number of ZOZOSUIT body measurement suits free of charge and (2) expand its user base and intensify user engagement by releasing low-priced, high-quality private brands.
- In its medium-term business plan, the company has set a 3-year (2017-20) GMV CAGR target of 38%. This is an ambitious target and well above the ~10% growth rate for domestic e-commerce as a whole.

Distribution channel

Mid - high end apparel

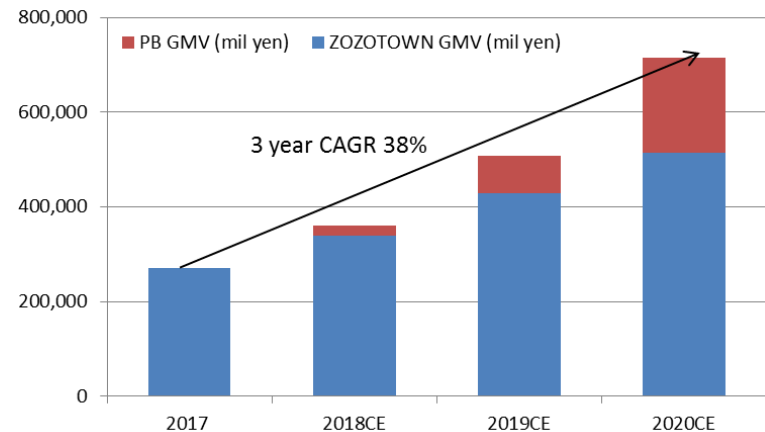


Promotion with ZOZOSUIT



Source: Morgan Stanley Research.

ST Mid-term plan looks ambitious

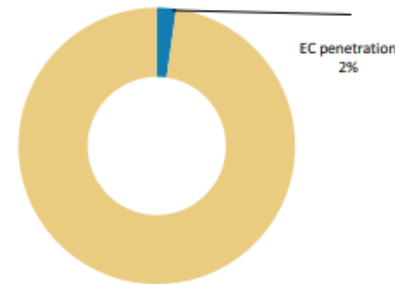


Japan

ASKUL (2678.T): OW w/ PT 4,000 yen - Unique Strategy Makes the Platform Stronger

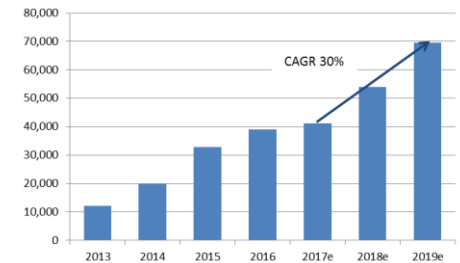
- ASKUL is operating B2B EC (as a leader in office supply) and B2C EC (LOHACO) growing around 30% yoy – We see its business PF combining B2B online sales as steady CF generator, and high growth potential of B2C EC as attractive.
- ASKUL has finished its lead investments in distribution infrastructure for B2C business, focusing on the rapidly expanding FMCG space, and with delivery service capabilities on par with Amazon.
- ASKUL operates on a unique EC (LOHACO) seeking marketing collaborations with FMCG makers and product development in collaboration with manufacturers.

EC penetration in FMCG market (2017)



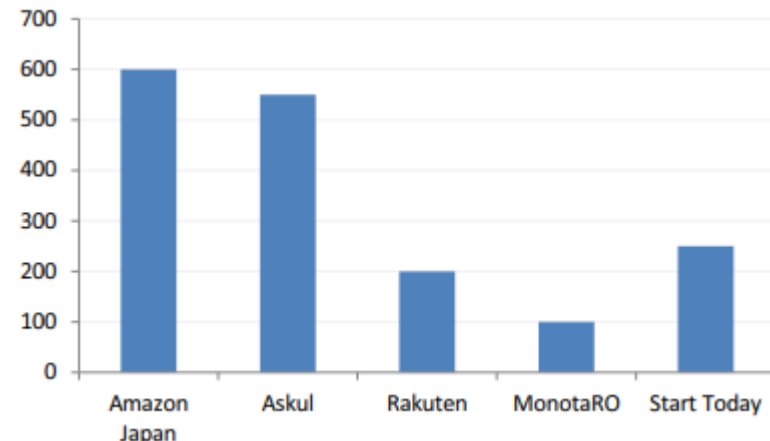
Source: METI, Morgan Stanley Research

LOHACO GMV (mil yen)



Source: Company data, Morgan Stanley Research
e = Morgan Stanley Research estimates

Fulfillment centers - Amazon Japan vs. domestic EC companies (1000 sq. m)

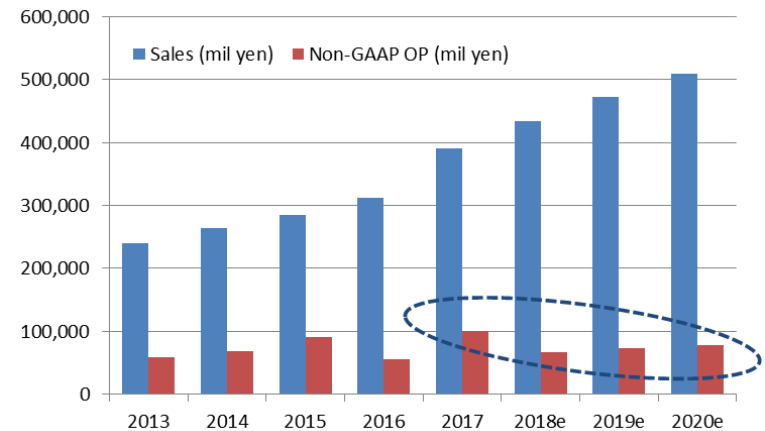


Japan

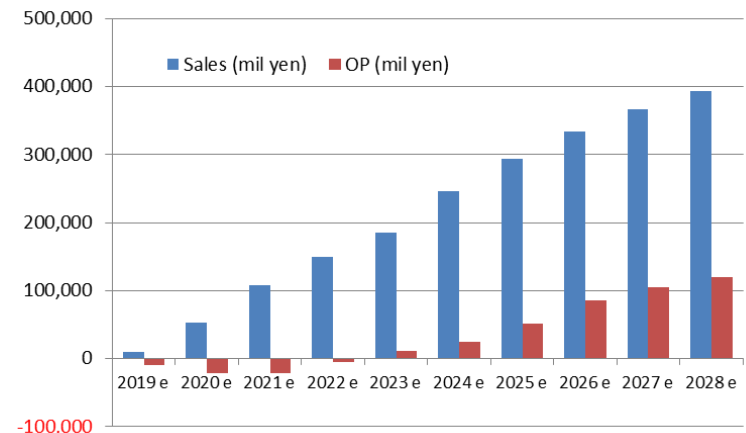
Rakuten (4755.T): EW w/ PT 800 yen, Prioritizing Vision 2020 Targets Over Near-Term Profits

- Rakuten is focusing on expanding the scale of its business for future earnings growth - higher upfront investments likely to increase fixed costs from 2018, and then support consolidated profit growth from around 2022
- In domestic EC business, Rakuten intends to differentiate via "One Pay & One Delivery" system to boost customer satisfaction and maintain position as Japan's top e-commerce platform
- Regarding mobile carrier business, our first concern is containing facilities investments by making full use of Docomo's roaming support. In addition, We expect that after mobile carrier operations are launched in 2019 2H, annual operating losses will peak at more than ¥25bn in 2020.

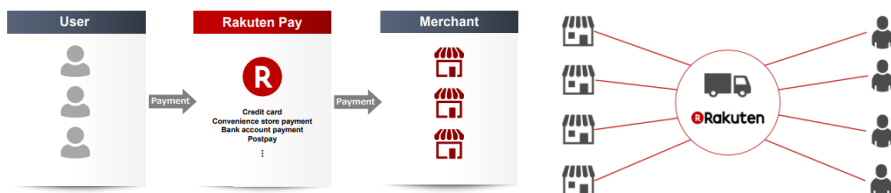
Our forecast on domestic EC business (mil yen)



Our forecast on mobile business (mil yen)



Rakuten's "One Pay & One Delivery"



Japan

Amazon/Alibaba Disruption: Internet Sector

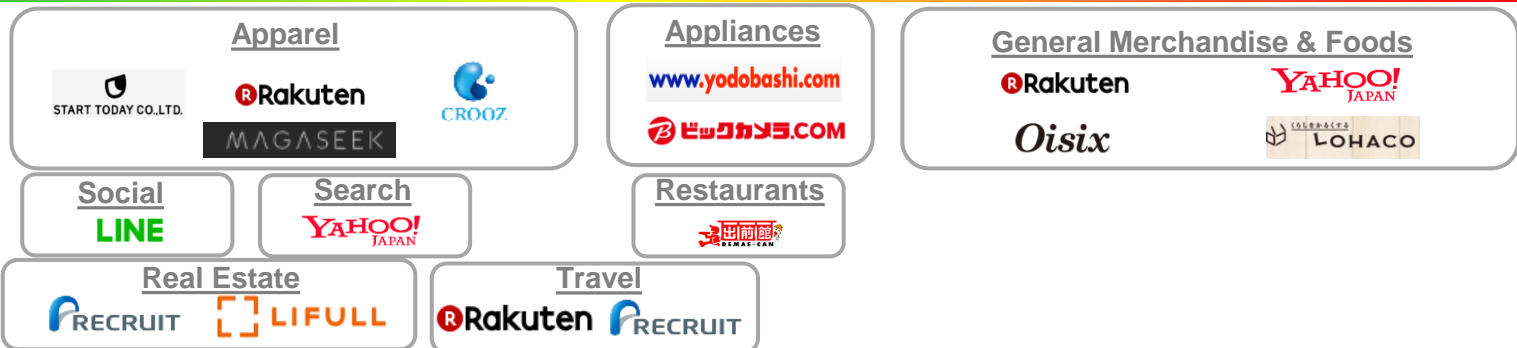


Most Protected

Most Exposed

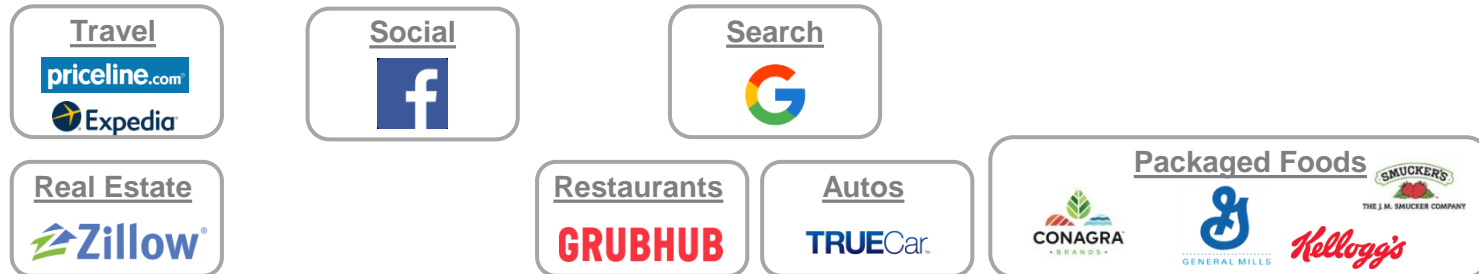
Japan

Internet



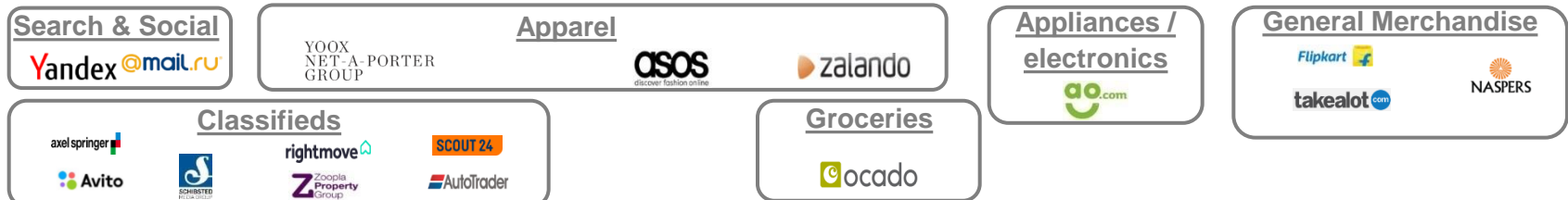
US

Internet/
Food



EU

Internet



China Consumer: The Value Chain



Areas of impact from BABA's Initiatives

• Omnichannel initiative

- Additional channel to leverage to get access to consumers
- Might make industry more fragmented
- New way of brand building/product development

• Omnichannel • Logistics • Payment Initiatives

- New way of doing business
- Digital payment to free up capital (savings in store space and labor cost)
- Membership
- Delivery

• Omnichannel • Logistics • Payment Initiatives

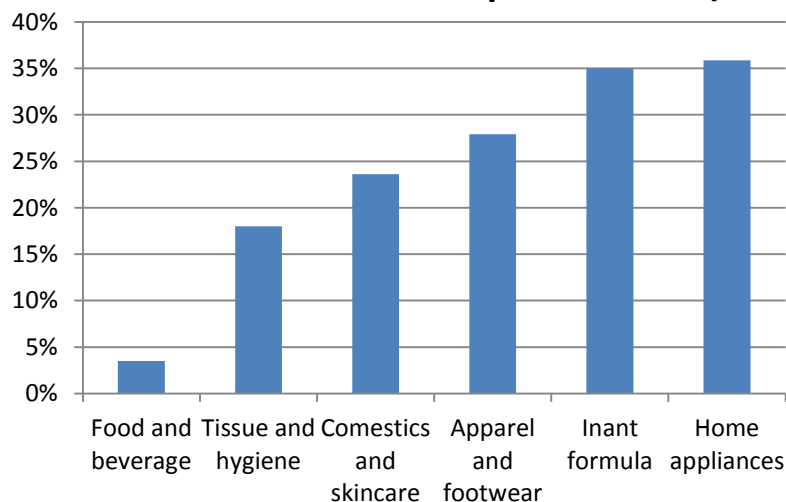
- New way of doing business
- Digital payment to free up capital (savings in store space and labor cost)
- Membership
- Delivery

China

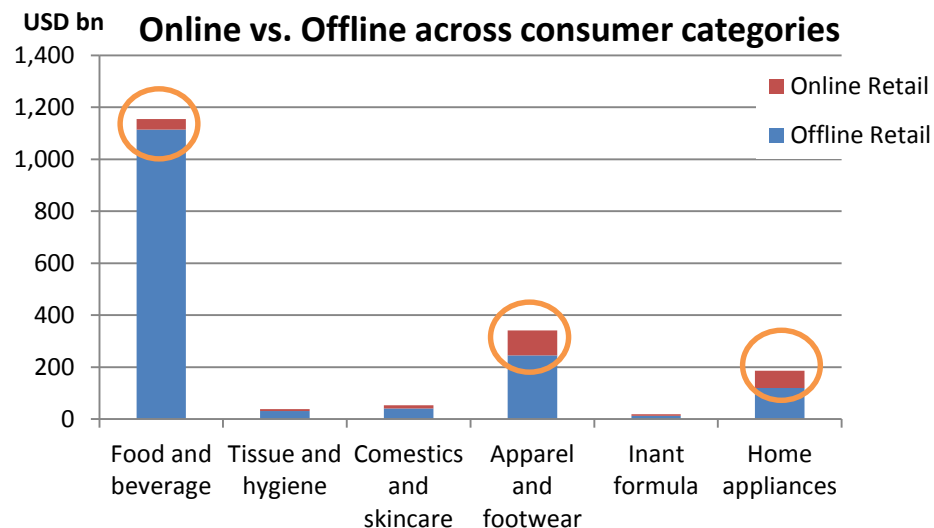
Consumer: Brands and Manufacturers

- New channel
- Some category market share getting more fragmented
- New media exposure, new branding activities, word of mouth

B2C e-commerce penetration (2017)



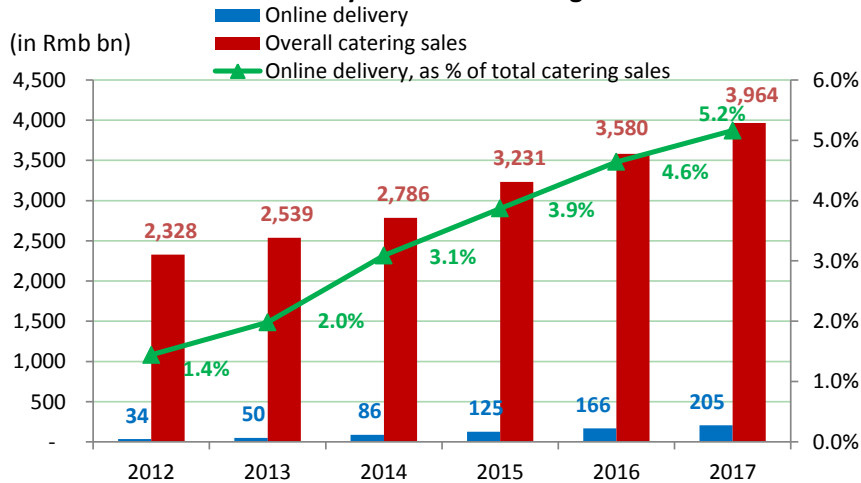
Online vs. Offline across consumer categories



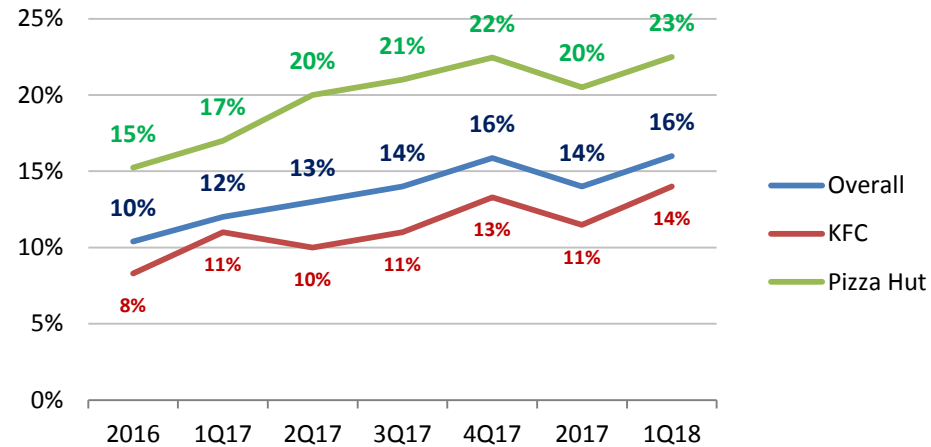
China Consumer: Brands + Retail; Restaurants

Delivery: Industry and YUMC

Contribution of online delivery vs. overall catering sales



Sales contribution from delivery services



China

Consumer: Brands + Retail; Restaurants

YUMC's economic model for delivery

	Carry out	Restaurant self-sourced and delivered	Food aggregator (favorable take rate) - restaurant self delivered	Food aggregator sourced and delivered
Restaurant Economics				
Order size	¥50	¥50	¥50	¥50
Delivery fee	0	0-9	9	9
Total order revenue	¥50	¥50-59	¥59	¥59
Incremental food cost @ 50%	¥25	¥25	¥25	¥25
Margin after food/paper and after payroll				
Delivery Cost (to restaurant)		6-8	6-8	9
Service commission/take rate			0-2.5	7.5-10
Service commission/take rate %			0-5%	15-20%
Restaurant incremental profit	¥25	¥17-28	¥24-28	¥15-18
Incremental Margin on Order	50%	34% - 56%	47%-56%	30%-35%

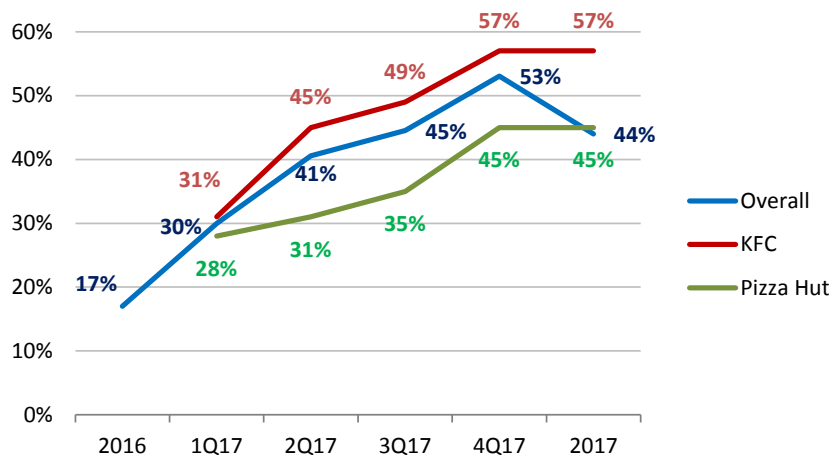
China

Consumer: Brands + Retail; Restaurants

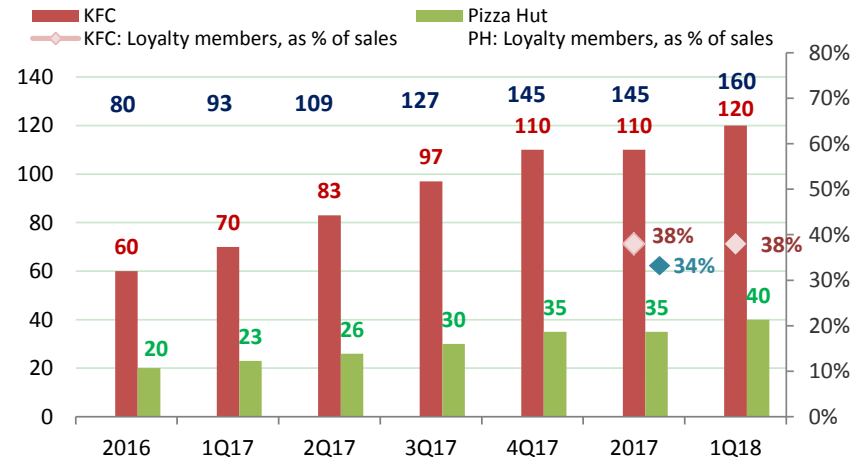
Mobile payment

Membership program

Mobile payment, as % of brand sales



of loyalty members, and sales contribution



China

Consumer: Brands + Retail; Brands

- Online shoppers remain price sensitive
- Online and offline prices largely the same, but minimal SKU overlap
- Online margin in general higher than offline, but expense ratio increasing
- 11.11 a key focus, as results largely influence traffic allocation in the following year

China

Consumer: Retail; Food Retail

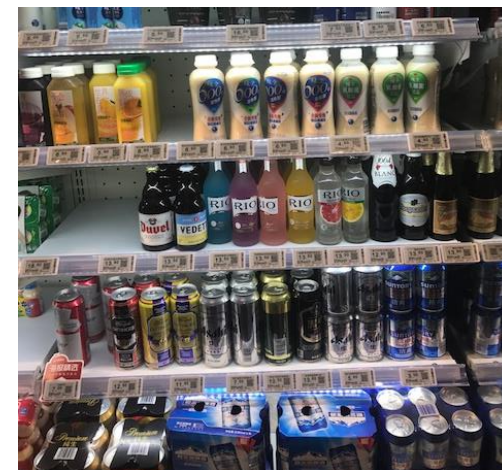
- **Omni-channel food retailers**
 - Will outgrow pure online supermarkets and O2O platform and xxxx
 - Are better positioned to gain operating leverage
- **Yonghui**
 - New small formats, targeted at high traffic area: residential properties or CBD
 - Focused on O2O delivery
 - Super Species: A combination of restaurant and supermarket
 - YH Life: A neighborhood supermarket
- **Sun Art**
 - Using BABA Taoxianda to grow O2O for fresh and grocery
 - By end of 2018, becomes the biggest sales network in grocery/FMCG O2O

China

Small Format – Super Species and YH Life: New Offline Model Creating New Demand

Key Metrics (MSe)

Store Size:	150 - 200 sqms
No. of SKU:	800 - 1,000
Operating Hours:	7 a.m. - 10 p.m. / 24/7
Catchment Area:	< 300m
Daily Order No.:	300
Ticket Size	Rmb30
Annual Sales	Rmb3.3mn
No. of Stores (1Q18):	247
Store Productivity	Rmb20,000 per sqm
Online Sales % (2017):	40%



China

Small Format – Yonghui's Super Species: New Offline Model Creating New Demand

Key Metrics (MSe)

Store Size:	500 - 1,000 sqms
No. of SKU:	800 - 1,000
Operating Hours:	9 a.m. - 11 p.m.
Catchment Area:	< 3km
Daily Order No.:	1,500
Ticket Size	Rmb100
Annual Sales	Rmb50mn
No. of Stores:	39
Store Productivity	Rmb50,000 per sqm
Online Sales % (2017):	27%



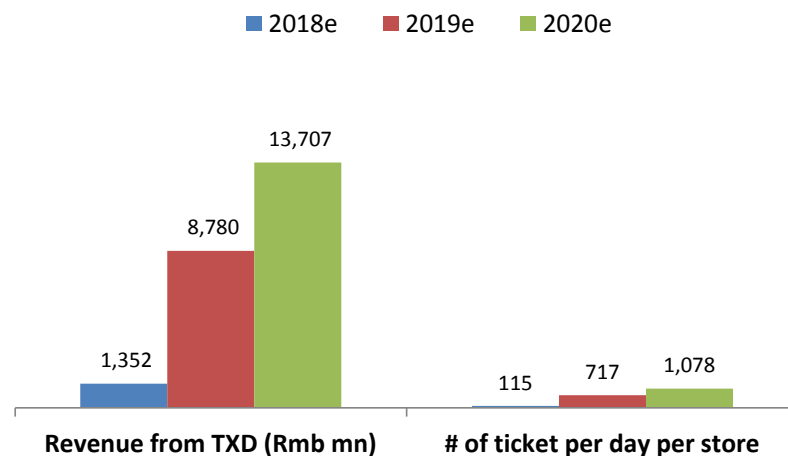
China

Big Format: Sun Art + Taoxianda, Offline Store + Delivery

Key Metrics (MSe)	Per Ticket (Rmb)	% of ticket
Ticket Size	65	
GPM	13	20.0%
Operating Expense	14	21.2%
Last mile delivery	7	10.8%
In-store pick 'n' pack	2	2.3%
TXD Commission 3.5%	2	3.5%
Overheads	3	4.6%
EBIT	-0.8	-1.2%

O2O's profitability is highly geared to 1) gross margin and 2) delivery fee charges to consumers.

	Delivery Fee Charged to Consumers (Rmb per ticket)					
	0	1	2	3	4	5
Gross Margin						
20%	-0.8	0.2	1.2	2.2	3.2	4.2
21%	-0.1	0.9	1.9	2.9	3.9	4.9
22%	0.5	1.5	2.5	3.5	4.5	5.5
23%	1.2	2.2	3.2	4.2	5.2	6.2
24%	1.8	2.8	3.8	4.8	5.8	6.8
25%	2.5	3.5	4.5	5.5	6.5	7.5



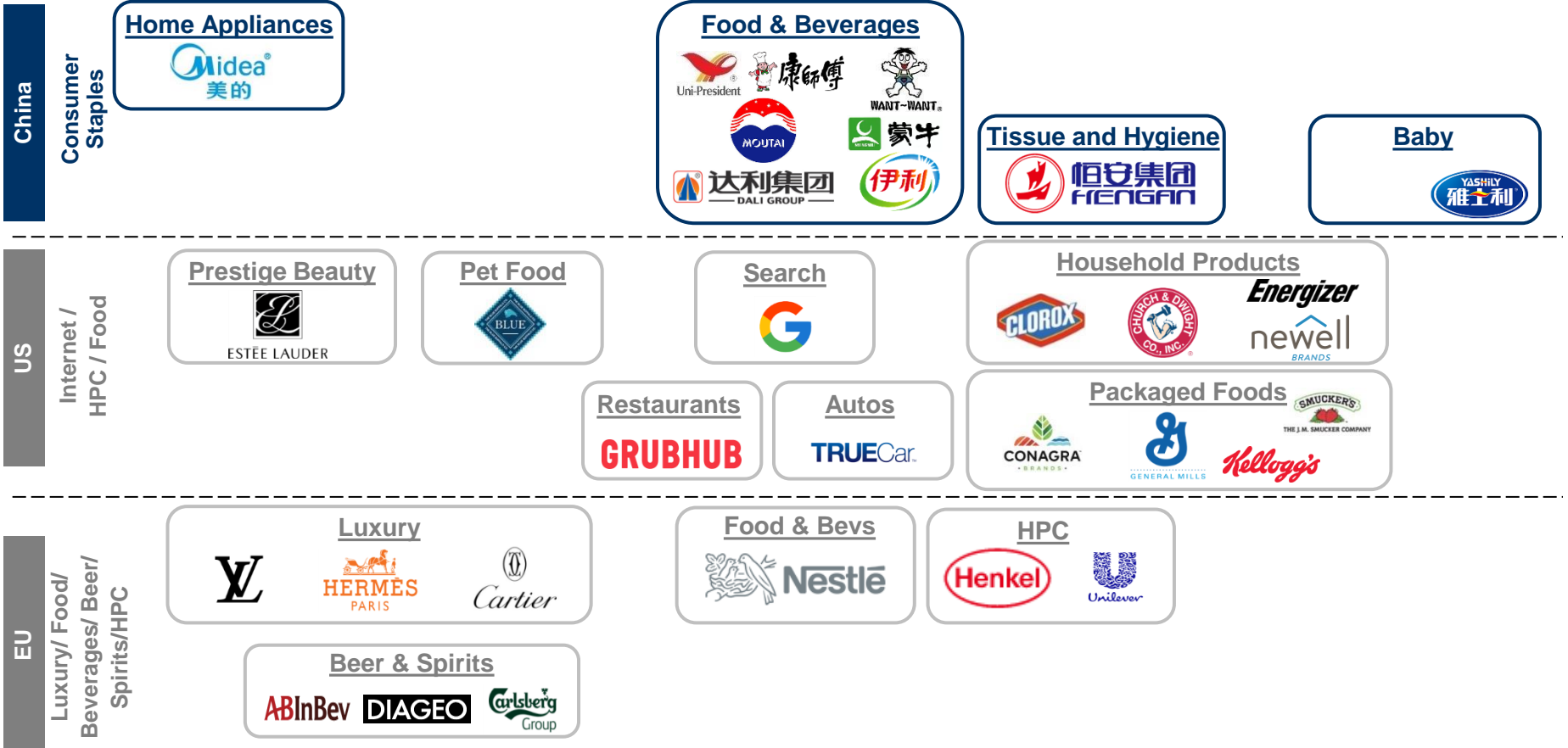
China

Amazon/Alibaba Disruption: Consumer Staples



Most Protected

Most Exposed



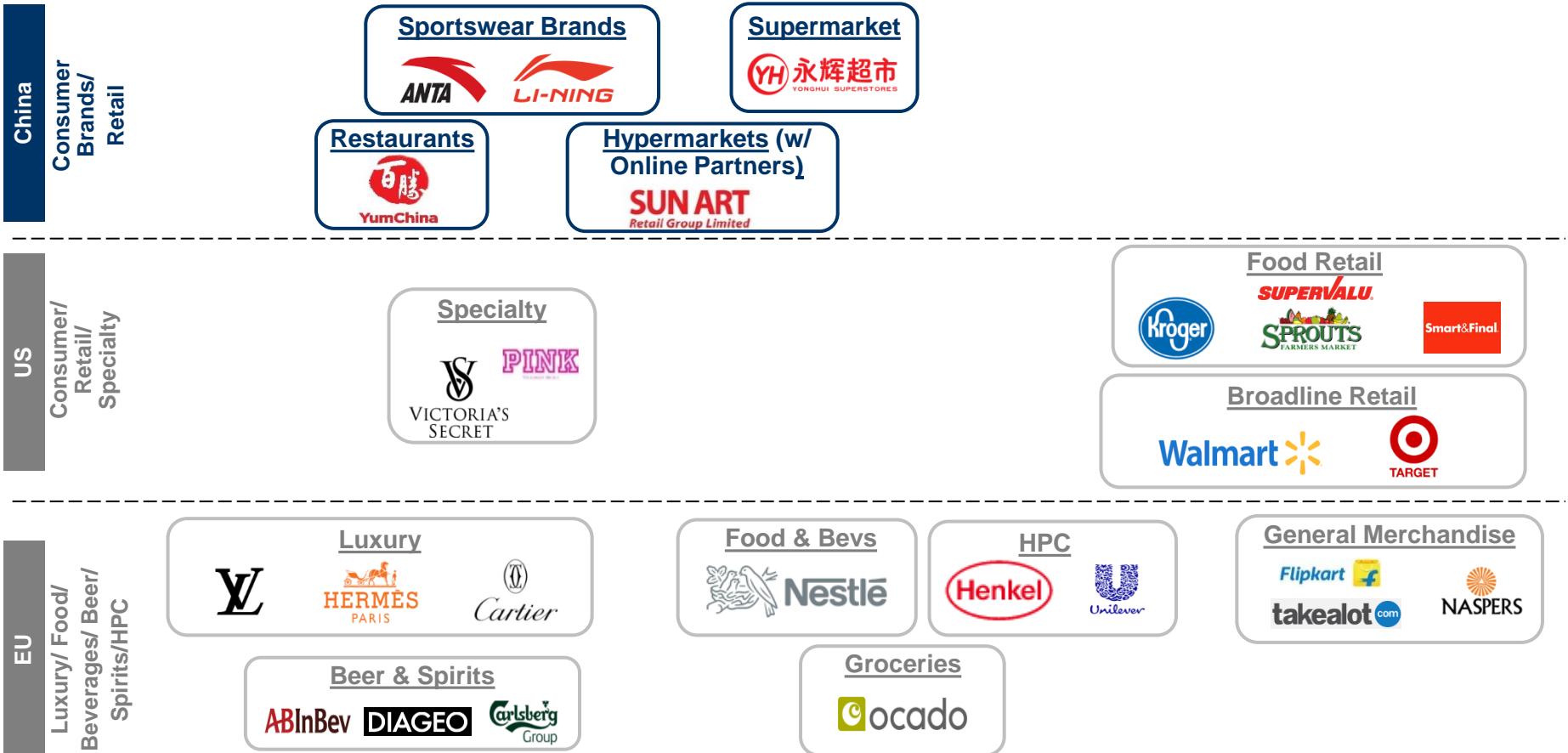
China

Amazon/Alibaba Disruption: Consumer Brands and Retail Sectors



Most Protected

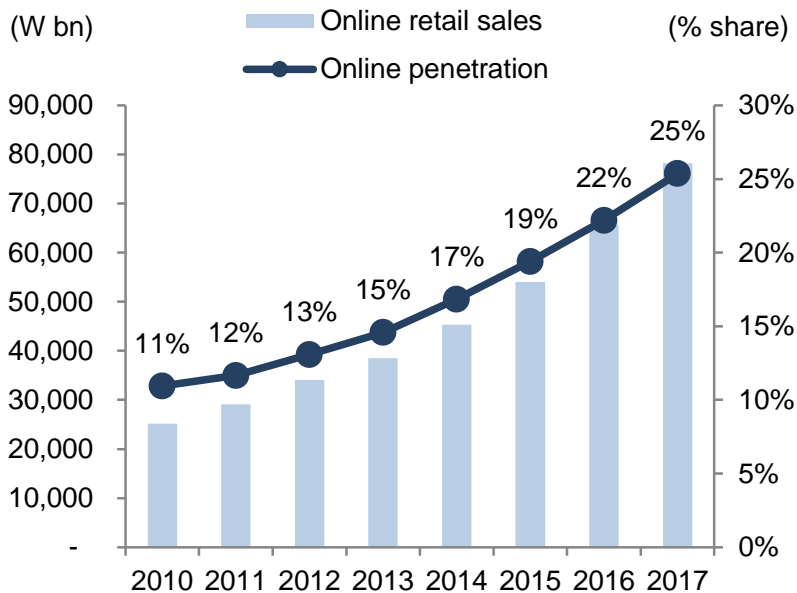
Most Exposed



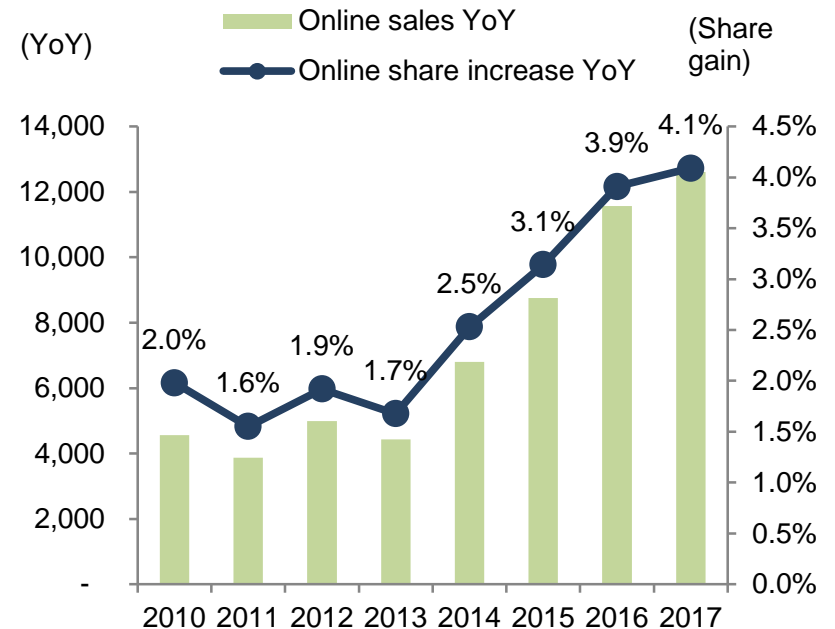
Korea

Online Comprises 25% of Total Retail... and Its Disruption Is Increasing

**Online Retailing Rapidly Growing in Korea,
Already Generating 25% of Total Retail Sales**

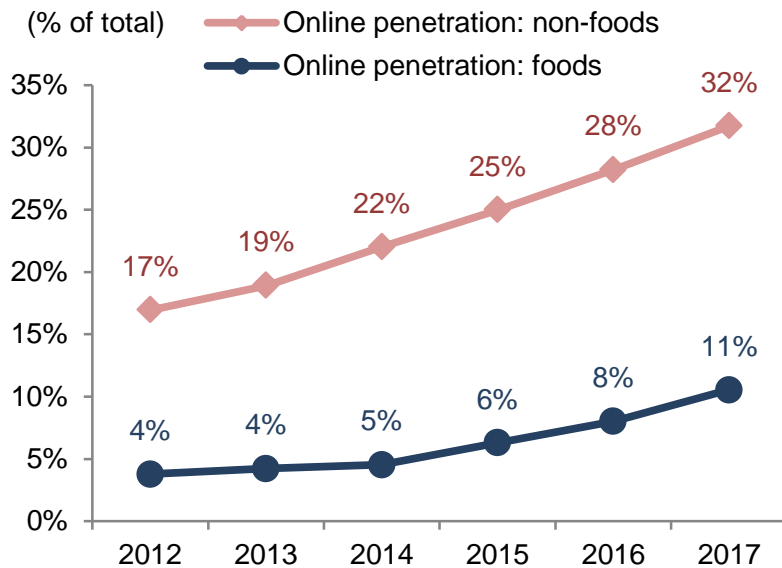


**Its Disruption Continues...Taking 3-4% Share per
Annum from Offline Retail Channels**

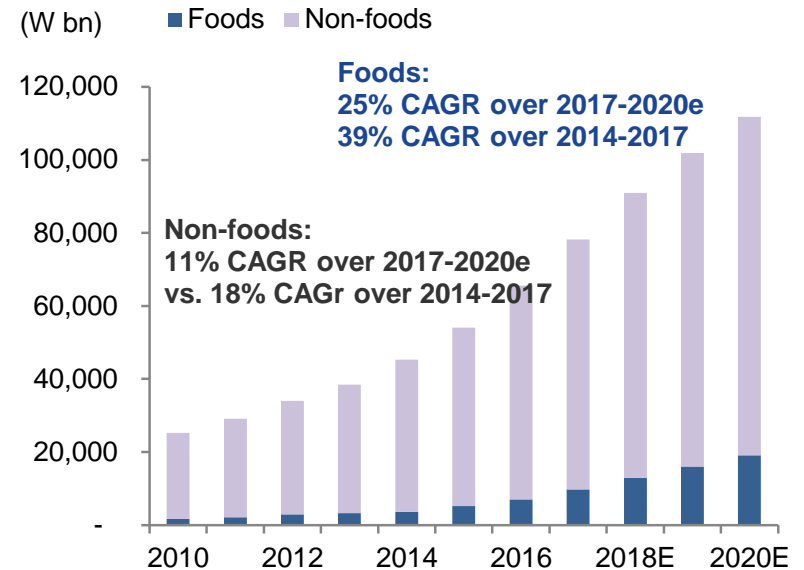


Korea Online Grocery Is Still an Untapped Market

Online Penetration Is Only 11% for Food Category...



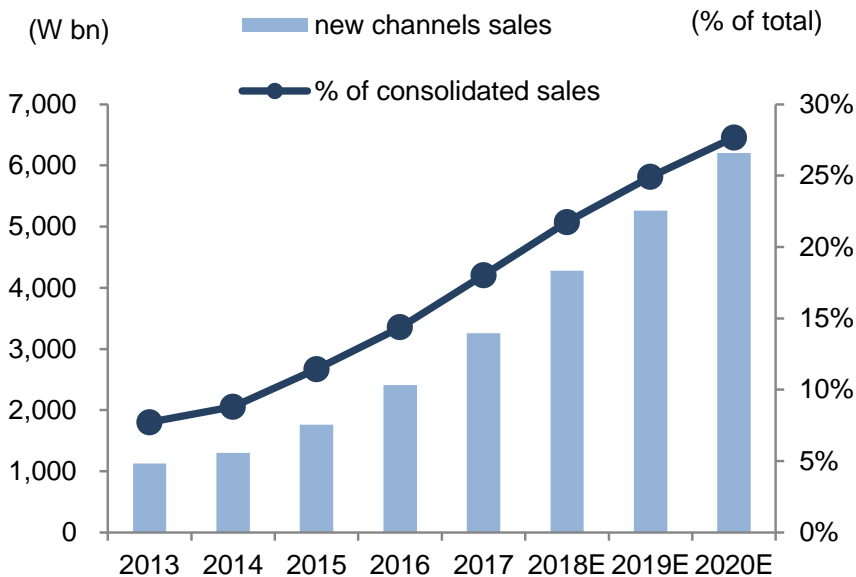
Where We See Plenty of Room for Potential Growth in Coming Years



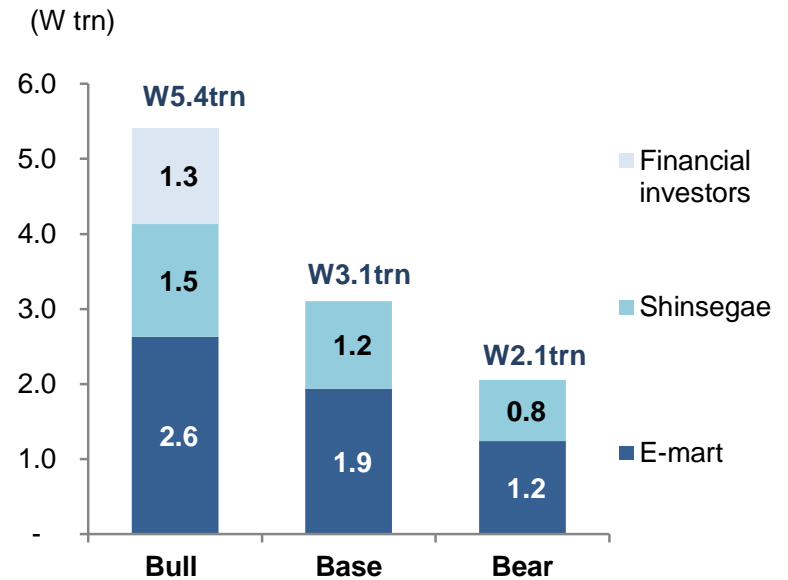
Korea

Emerging Omni-Channel Players: How Offline Retailers Evolve to Embrace Disruptions

E-mart: Rising Sales Contribution from New Channels, including Online



Online JV to Trigger Valuation Re-rating – How Much Could Online JV Be Worth?



Korea

Amazon/Alibaba Disruption: Consumer Staples



Most Protected

Most Exposed

Korea

Stapes/F&B Retailing

Travel Retail



Convenience Stores



Department Stores



Hypermarkets



Liquor and tobacco



Lifestyle



Beauty



Packaged foods



HPC



US

Beauty/HPC/
Food

Prestige Beauty



Pet Food



Household Products



Packaged Foods



EU

Luxury/Food/
Beverages/ Beer/
Spirits/HPC

Luxury



Food & Bevs



HPC



Beer & Spirits



In Case You Missed It: Top Research Reports on Amazon, Alibaba, and Disruption



North America

[Amazon Disruption Symposium Where so Far? Where to Next? Who is Safe?](#)

September 18, 2017



North America | Europe

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December 7, 2017



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[Alexa, How Much Is This Going to Hurt? Calibrating Amazon's Entry Into Healthcare](#)

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[How Big Is Amazon's Trade Spend Opportunity? Raise Bull Case to \\$2,100](#)

January 26, 2018



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[Sun Art and Alibaba Is Win-Win Too Good to Be True?](#)

March 16, 2018



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[Alibaba Group Holding Evolution of a Game-changer](#)

December 7, 2016



Asia Pacific

[India's Digital Leap – The Multi-Trillion Dollar Opportunity](#)

September 26, 2017



Asia Pacific

[Indonesia: Digital Disruption](#)

April 16, 2018

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(as of April 30, 2018)

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STOCK RATING CATEGORY	COVERAGE UNIVERSE		INVESTMENT BANKING CLIENTS (IBC)			OTHER MATERIAL INVESTMENT SERVICES CLIENTS (MISC)	
	COUNT	% OF TOTAL	COUNT	% OF TOTAL IBC	% OF RATING CATEGORY	COUNT	% OF TOTAL OTHER MSC
Overweight/Buy	1168	38%	305	40%	26%	550	39%
Equal-weight/Hold	1337	43%	371	49%	28%	641	46%
Not-Rated/Hold	53	2%	5	1%	9%	7	0%
Underweight/Sell	539	17%	83	11%	15%	207	15%
TOTAL	3,097		764			1405	

Disclosure section (cont.)

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Overweight (O or Over) - The stock's total return is expected to exceed the total return of the relevant country MSCI Index or the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis over the next 12-18 months.

Equal-weight (E or Equal) - The stock's total return is expected to be in line with the total return of the relevant country MSCI Index or the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis over the next 12-18 months.

Not-Rated (NR) - Currently the analyst does not have adequate conviction about the stock's total return relative to the relevant country MSCI Index or the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U or Under) - The stock's total return is expected to be below the total return of the relevant country MSCI Index or the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

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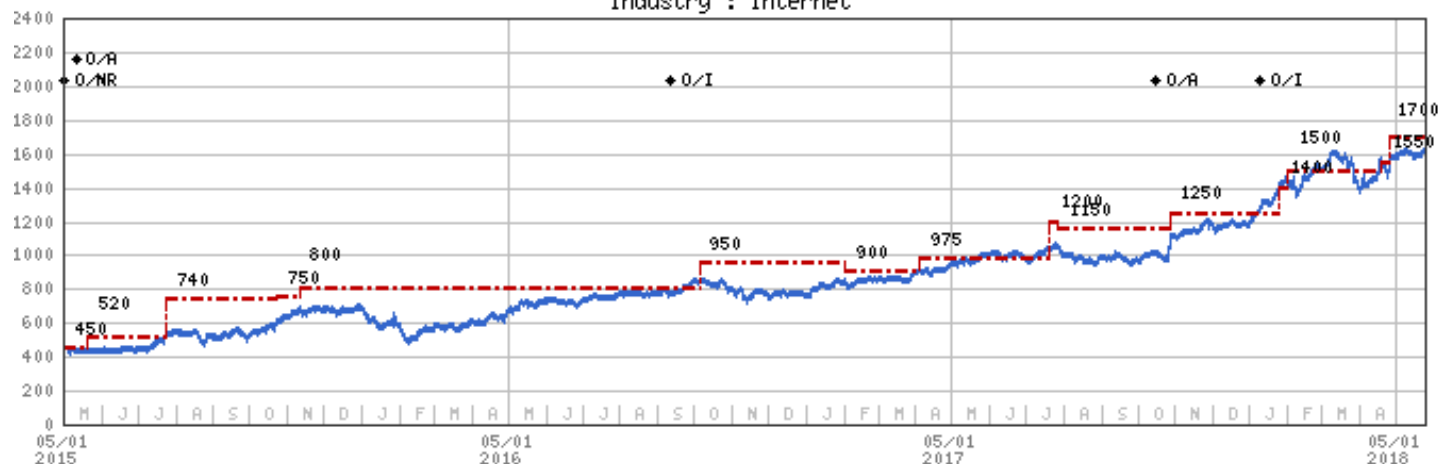
Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Disclosure section (cont.)

Stock Price, Price Target and Rating History (See Rating Definitions)

Amazon.com Inc (AMZN.O) - As of 5/24/18 in USD
Industry : Internet



Stock Rating History: 5/1/15 : 0/NR; 5/11/15 : 0/A; 9/12/16 : 0/I; 10/16/17 : 0/A; 1/10/18 : 0/I

Price Target History: 4/24/15 : 450; 5/21/15 : 520; 7/24/15 : 740; 10/23/15 : 750; 11/11/15 : 800; 10/05/16 : 950;
2/2/17 : 900; 4/05/17 : 975; 7/20/17 : 1200; 7/27/17 : 1150; 10/27/17 : 1250; 1/26/18 : 1400; 2/1/18 : 1500;
4/19/18 : 1550; 4/27/18 : 1700

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target --- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) —
Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Ratings/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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Disclosure section (cont.)

INDUSTRY COVERAGE: Internet

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/24/2018)
Brian Nowak, CFA		
Activision Blizzard Inc (ATVI.O)	O (09/23/2016)	\$70.80
Alphabet Inc. (GOOGL.O)	O (08/11/2015)	\$1,085.45
Amazon.com Inc (AMZN.O)	O (04/24/2015)	\$1,603.07
Blue Apron Holdings Inc (APRN.N)	E (07/24/2017)	\$3.08
Booking Holdings Inc (BKNG.O)	O (06/30/2016)	\$2,088.28
Criteo SA (CRTO.O)	E (01/26/2016)	\$25.39
Despegar.com Corp (DESP.N)	E (10/16/2017)	\$23.01
eBay Inc (EBAY.O)	O (04/18/2018)	\$37.79
Electronic Arts Inc (EA.O)	E (01/12/2018)	\$131.48
Etsy Inc (ETSY.O)	U (01/12/2018)	\$29.50
Expedia Inc. (EXPE.O)	O (01/10/2018)	\$116.99
Facebook Inc (FB.O)	O (04/27/2016)	\$185.93
GrubHub Inc. (GRUB.N)	E (04/18/2018)	\$103.09
Snap Inc. (SNAP.N)	U (11/09/2017)	\$10.60
Take-Two Interactive Software (TTWO.O)	O (02/01/2018)	\$112.07
TRIVAGO NV (TRVG.O)	E (09/28/2017)	\$4.80
Twitter Inc (TWTR.N)	E (04/17/2018)	\$33.52
Yelp Inc (YELP.N)	E (07/29/2015)	\$43.41
Zynga Inc (ZNGA.O)	O (06/08/2017)	\$4.14
Jonathan Lanterman, CFA		
Groupon, Inc. (GRPN.O)	E (03/05/2018)	\$4.67
TrueCar Inc (TRUE.O)	E (01/12/2018)	\$9.74
Zillow Group Inc (Z.O)	E (04/18/2018)	\$56.00

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.

INDUSTRY COVERAGE: China Internet and Other Services

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/25/2018)
Alex Poon		
Bilibili Inc (BILI.O)	O (04/23/2018)	\$13.85
Changyou.Com Ltd (CYOU.O)	U (03/28/2018)	\$17.96
Kingsoft Corp Ltd (3888.HK)	O (03/28/2018)	HK\$23.15
Momo Inc. (MOMO.O)	O (03/28/2018)	\$39.31
NetEase, Inc (NTES.O)	E (09/24/2015)	\$223.03
Sohu.Com Inc (SOHU.O)	U (03/28/2018)	\$36.41
YY Inc. (YY.O)	E (03/28/2018)	\$106.95
Eddy Wang, CFA		
Autohome Inc (ATHM.N)	O (12/13/2017)	\$101.71
Bitauto Holdings Ltd (BITA.N)	O (12/13/2017)	\$22.68
Grace Chen		
Alibaba Group Holding (BABA.N)	O (12/08/2016)	\$197.37
Baidu Inc (BIDU.O)	O (02/15/2018)	\$240.28
China Literature Ltd (0772.HK)	E (12/12/2017)	HK\$70.00
Ctrip.Com International Ltd (CTRP.O)	E (01/05/2018)	\$45.93
JD.com, Inc. (JD.O)	E (11/14/2017)	\$36.70
Tencent Holdings Ltd. (0700.HK)	O (01/09/2017)	HK\$404.00
Weibo Corp (WB.O)	O (01/05/2018)	\$102.40

Stock Ratings are subject to change. Please see latest research for each company.

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Disclosure section (cont.)

INDUSTRY COVERAGE: S. Korea Consumer

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/25/2018)
Daniel S. Oh		
BGF Retail (282330.KS)	E (03/13/2018)	₩185,500
GS Retail Co Ltd (007070.KS)	O (07/14/2017)	₩37,800
Kelly H Kim, CFA		
Amorepacific (090430.KS)	E (07/27/2017)	₩335,000
CJ Cheil Jedang Corp (097950.KS)		₩337,000
Coway (021240.KS)	O (10/22/2014)	₩87,000
E-mart (139480.KS)	O (03/10/2016)	₩262,000
Hite Jinro (000080.KS)	E (09/15/2017)	₩20,100
Hotel Shilla (008770.KS)	O (11/22/2017)	₩121,500
Hyundai Department Store (069960.KS)	E (07/31/2017)	₩104,000
KT&G (033780.KS)	U (03/16/2017)	₩99,200
LG Household & Health Care (051900.KS)	O (05/30/2017)	₩1,320,000
Lotte Shopping (023530.KS)	U (11/07/2016)	₩217,000
Nong Shim (004370.KS)	O (09/15/2017)	₩316,500
Orion Corp (271560.KS)	U (09/07/2017)	₩130,500
Shinsegae (004170.KS)	O (02/28/2018)	₩49,000

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.

INDUSTRY COVERAGE: ASEAN Consumer

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/25/2018)
Divya Gangahar Kothiyal		
Astra International Tbk PT (ASII.JK)	E (05/25/2018)	Rp7,250
CP All PCL (CPALL.BK)	O (01/16/2018)	Bt80.50
Gudang Garam Tbk PT (GGRM.JK)	E (04/10/2018)	Rp68,900
Hanjaya Mandala Sampoerna Tbk PT (HMSF.JK)	E (01/16/2018)	Rp3,770
Indofood CBP Sukses Makmur Tbk PT (ICBP.JK)	E (01/16/2018)	Rp8,300
Indofood Sukses Makmur Tbk PT (INDF.JK)	O (01/16/2018)	Rp7,025
Jollibee Foods Corp (JFC.PS)	O (01/16/2018)	PP281.20
Kalbe Farma Tbk PT (KLBF.JK)	U (01/16/2018)	Rp1,370
Matahari Department Store Tbk PT (LPPF.JK)	E (01/16/2018)	Rp9,400
Mitra Adiperkasa Tbk PT (MAPL.JK)	O (01/16/2018)	Rp8,425
Thai Beverage PCL (TBEV.SI)	E (01/16/2018)	฿50.77
Unilever Indonesia Tbk PT (UNVR.JK)	E (01/16/2018)	Rp46,800
Universal Robina Corp (URC.PS)	U (01/16/2018)	PP135.70

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.

INDUSTRY COVERAGE: Australia Consumer

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/25/2018)
Monique Rooney		
Ingham's Group Ltd (ING.AX)	E (12/21/2016)	A\$3.90
Thomas Kierath		
Coca-Cola Amatil (CCL.AX)	U (07/07/2017)	A\$8.70
Domino's Pizza Enterprises (DMP.AX)	O (04/04/2016)	A\$45.82
Flight Centre Limited (FLT.AX)	E (02/22/2018)	A\$62.36
Harvey Norman (HMN.AX)	U (03/03/2014)	A\$3.55
JB Hi-Fi (JBH.AX)	O (01/11/2018)	A\$23.69
Metcash (MTS.AX)	O (11/30/2015)	A\$3.68
Super Retail Group (SUL.AX)	E (02/20/2018)	A\$8.32
Treasury Wine Estates (TWE.AX)	O (01/17/2017)	A\$16.68
Wesfarmers (WES.AX)	U (06/01/2017)	A\$45.52
Woolworths (WOW.AX)	U (08/27/2012)	A\$28.98

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* Historical prices are not split adjusted.

INDUSTRY COVERAGE: Internet & Media

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/25/2018)
Ai Furukawa		
Asul (2678.T)	O (04/13/2018)	¥3,195
PERSOL HOLDINGS (2181.T)	O (05/09/2017)	¥2,399
Tetsuro Tsusaka, CFA		
Dentsu (4324.T)	E (07/21/2016)	¥5,310
Digital Garage (4819.T)	NR (09/04/2012)	¥4,575
GMO Internet (9449.T)	E (07/20/2017)	¥2,883
GMO Payment Gateway (3769.T)	E (05/02/2017)	¥12,030
Hakuhodo DY Holdings (2433.T)	U (11/15/2014)	¥1,661
Kakaku.com (2371.T)	E (05/27/2013)	¥2,331
Line Corp (3938.T)	E (03/31/2017)	¥3,945
Macromill, Inc. (3978.T)	E (04/24/2017)	¥2,528
MonotaRO (3064.T)	E (10/24/2017)	¥4,210
Rakuten (4755.T)	E (10/24/2017)	¥742
Recruit Holdings (6098.T)	O (11/16/2014)	¥3,032
START TODAY (3092.T)	O (07/20/2017)	¥3,675
Yahoo Japan (4689.T)	O (07/21/2016)	¥389

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Disclosure section (cont.)

INDUSTRY COVERAGE: India Financials

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/25/2018)
Anil Agarwal		
Axis Bank (AXBK.NS)	O (10/25/2017)	Rs538.50
HDFC Bank (HDBK.NS)	O (07/25/2017)	Rs2,008.70
HDFC Bank (HDB.N)	O (07/25/2017)	\$95.98
ICICI Bank (IBN.N)	O (01/13/2018)	\$8.62
ICICI Bank (ICBK.NS)	O (10/25/2017)	Rs295.65
State Bank of India (SBI.NS)	O (10/25/2017)	Rs266.95
Subramanian Iyer		
Aditya Birla Capital Ltd (ADTB.NS)	U (03/06/2018)	Rs142.95
Bajaj Finance Limited (BJFN.NS)	O (07/29/2016)	Rs2,116.00
Bharat Financial Inclusion Ltd (BHA.FNS)	++	Rs1,159.20
Edelweiss Financial Services Ltd. (EDEL.NS)	O (09/27/2017)	Rs310.55
HDFC (HDFC.NS)	O (01/10/2018)	Rs1,819.75
IDFC Bank (IDFB.NS)	U (03/21/2017)	Rs40.85
Indiabulls Housing Finance (INBF.NS)	U (03/06/2018)	Rs1,172.10
LIC Housing Finance Ltd. (LICH.NS)	O (04/26/2017)	Rs482.90
Mahindra and Mahindra Financial Services (MMFS.NS)	O (05/30/2017)	Rs473.80
Multi Commodity Exchange of India Ltd (MCEI.NS)	E (11/13/2017)	Rs817.80
PNB Housing Finance Ltd (PNBH.NS)	U (02/20/2017)	Rs1,254.25
Shriram City Union Finance Ltd (SHCU.NS)	E (11/13/2017)	Rs2,165.70
Shriram Transport Finance Co. Ltd. (SRTR.NS)	O (05/30/2017)	Rs1,497.25
Sumeet Kariwala		
AU Small Finance Bank Ltd (AUFL.NS)	O (11/02/2017)	Rs695.95
Bank of Baroda (BOB.NS)	E (10/25/2017)	Rs141.30
Bank of India (BOI.NS)	U (06/08/2015)	Rs103.05
Canara Bank (CNBK.NS)	U (09/19/2014)	Rs253.20
Federal Bank (FED.NS)	E (03/21/2017)	Rs84.40
HDFC Standard Life Insurance Company Ltd (HDFS.NS)	E (04/19/2018)	Rs481.50
ICICI Prudential Life Insurance (ICIR.NS)	O (11/01/2016)	Rs420.00
IndusInd Bank (INBK.NS)	++	Rs1,914.95
Kotak Mahindra Bank (KTKM.NS)	O (05/18/2014)	Rs1,295.85
Punjab National Bank (PNBK.NS)	O (10/25/2017)	Rs83.35
RBL Bank Limited (RATB.NS)	E (10/03/2016)	Rs515.05
Yes Bank (YESB.NS)	O (03/10/2014)	Rs339.40

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* Historical prices are not split adjusted.

INDUSTRY COVERAGE: ASEAN Financials

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/25/2018)
Mulya Chandra, CFA		
Bank Central Asia (BBKA.JK)	O (08/13/2013)	Rp22,550
Bank Danamon Indonesia (BDMN.JK)	E (12/27/2017)	Rp6,125
Bank Mandiri (BMRI.JK)	U (09/27/2016)	Rp7,000
Bank Negara Indonesia (BBNI.JK)	U (06/05/2014)	Rp7,975
Bank Rakyat Indonesia (BBRI.JK)	U (08/13/2013)	Rp3,120
Bank Tabungan Negara (BBTN.JK)	E (09/06/2017)	Rp3,000
Nick Lord		
Bangkok Bank Public Company Limited (BBL.BK)	O (01/09/2017)	Bt193.50
Bank of the Philippine Islands (BPI.PS)	O (12/08/2017)	PP97.00
BDO Unibank (BDO.PS)	E (12/08/2017)	PP129.80
CIMB Group (CIMB.KL)	E (02/15/2017)	RM6.12
DBS Group Holdings (DBS.SI)	O (05/11/2017)	S\$28.94
Kasikorn Bank Public Company (KBANK.BK)	U (11/14/2017)	Bt192.00
Krung Thai Bank Public Company (KTB.BK)	E (03/18/2014)	Bt17.60
Maybank (MBBM.KL)	O (01/05/2018)	RM10.26
Metropolitan Bank & Trust Company (MBT.PS)	E (05/18/2018)	PP82.00
Oversea-Chinese Banking Corp (OCBC.SI)	E (02/02/2018)	S\$12.97
Public Bank (PUBM.KL)	E (06/24/2016)	RM24.92
Security Bank Corporation (SECB.PS)	U (12/08/2017)	PP192.00
Singapore Exchange Ltd (SGX.SI)	E (02/12/2018)	S\$7.39
The Siam Commercial Bank Public Company (SCB.BK)	E (02/12/2016)	Bt137.50
United Overseas Bank (UOBH.SI)	U (12/14/2015)	S\$29.33

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Disclosure section (cont.)

INDUSTRY COVERAGE: India Consumer

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/25/2018)
Nilai Shah		
Asian Paints (ASPN.NS)	O (09/21/2016)	Rs1,292.35
Coffee Day Enterprises (CODE.NS)	O (11/29/2015)	Rs304.95
Colgate-Palmolive India (COLG.NS)	U (01/25/2013)	Rs1,257.40
Dabur India (DABU.NS)	E (09/21/2016)	Rs378.30
Future Consumer Ltd (FTRE.NS)	O (12/08/2017)	Rs54.25
Future Retail (FRTL.NS)	O (02/28/2017)	Rs587.75
Godrej Consumer Products Limited (GOCP.NS)	E (10/15/2015)	Rs1,123.65
Hindustan Unilever (HLL.NS)	U (09/21/2016)	Rs1,575.75
ITC Ltd. (ITC.NS)	O (09/27/2017)	Rs272.30
Jubilant Foodworks Ltd (JUBI.NS)	O (10/06/2017)	Rs2,662.05
Marico Limited (MRCO.NS)	U (09/21/2016)	Rs317.75
Nestle India (NEST.NS)	U (10/15/2015)	Rs9,734.80
Tata Global Beverages Ltd (TAGL.NS)	U (06/11/2014)	Rs257.85
Titan Company Ltd (TTTN.NS)	E (04/17/2018)	Rs924.40
United Spirits Ltd (UNSP.NS)	E (01/17/2018)	Rs3,250.30

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INDUSTRY COVERAGE: Latin America Retail

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/24/2018)
Franco T Abelardo		
Mercadolibre Inc. (MELI.O)	U (03/22/2018)	\$314.93

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* Historical prices are not split adjusted.

INDUSTRY COVERAGE: Chile Retail

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/24/2018)
Franco T Abelardo		
Cencosud SA (CEN.SN)	E (10/09/2015)	Ch\$1,718.70
S.A.C.I. Falabella (FAL.SN)	E (05/04/2017)	Ch\$6,000.20

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INDUSTRY COVERAGE: China Consumer Staples

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/25/2018)
Dustin Wei		
Beingmate (002570.SZ)	U (07/15/2015)	Rmb5.06
Hengan International Group (1044.HK)	O (02/16/2017)	HK\$72.70
Sun Art Retail Group Limited (6808.HK)	O (08/01/2017)	HK\$9.10
Yashili (1230.HK)	U (08/17/2016)	HK\$2.01
Yonghui Superstores (601933.SS)	E (08/01/2017)	Rmb9.45
Zhou Hei Ya International Holdings (1458.HK)	E (05/24/2018)	HK\$6.62
Lillian Lou		
China Agri-Industries (0606.HK)	E (06/02/2014)	HK\$3.50
China Foods Limited (0506.HK)	E (09/22/2015)	HK\$3.89
China Mengniu Dairy (2319.HK)	O (09/14/2017)	HK\$26.25
COFCO Meat Holdings Ltd (1610.HK)	E (01/29/2018)	HK\$1.35
Dali Foods (3799.HK)	O (01/03/2016)	HK\$6.07
Foshan Haitian Flavouring and Food (603288.SS)	E (01/28/2016)	Rmb69.37
Kweichow Moutai Company Ltd. (600519.SS)	O (10/17/2014)	Rmb716.86
Luzhou Lao Jiao Co. Ltd (000568.SZ)	O (02/16/2017)	Rmb66.05
Shuanghui Development (000895.SZ)	E (02/01/2015)	Rmb26.40
Tingyi (Cayman Islands) (0322.HK)	U (03/11/2016)	HK\$16.50
Uni-President China (0220.HK)	U (03/11/2016)	HK\$8.79
Want Want China Holdings Ltd (0151.HK)	E (04/11/2013)	HK\$7.16
WH Group (0288.HK)	O (09/08/2014)	HK\$8.57
Wuliangye Yibin Company Ltd. (000858.SZ)	O (07/24/2017)	Rmb74.30
Yanghe Brewery (002304.SZ)	O (05/12/2015)	Rmb129.00
Yanjing Brewery (000729.SZ)	U (09/02/2015)	Rmb9.03
Yili Industrial (600887.SS)	O (01/29/2014)	Rmb26.00

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INDUSTRY COVERAGE: Mexico Retail

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/24/2018)
Franco T Abelardo		
El Puerto de Liverpool SAB de CV (LIVEPOLC1.MX)	E (04/08/2016)	M\$113.05
Grupo Sanborns SAB de CV (GSNBRB1.MX)	E (10/29/2014)	M\$20.38
Organizacion Soriana (SORIANAB.MX)	O (09/02/2016)	M\$33.48
Wal-Mart de Mexico (WALMEX.MX)	E (10/29/2014)	M\$50.39

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* Historical prices are not split adjusted.

Disclosure section (cont.)

INDUSTRY COVERAGE: Brazil Retail

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/24/2018)
Franco T Abelardo		
Atacadão (Carrefour Brasil) (CRFB3.SA)	E (01/08/2018)	R\$15.43
B2W Companhia Digital (BTOW3.SA)	E (10/29/2014)	R\$26.33
Cia. Brasileira de Dist. (PCAR4.SA)	E (12/08/2016)	R\$80.15
Cia. Hering (HGTX3.SA)	U (10/22/2015)	R\$18.15
CVC Brasil (CVCB3.SA)	O (01/09/2017)	R\$51.77
Hypera S.A. (HYPE3.SA)	U (10/22/2015)	R\$27.90
Lojas Americanas (LAME4.SA)	O (11/10/2017)	R\$18.89
Lojas Renner (LREN3.SA)	U (10/22/2015)	R\$31.90
Natura Cosmeticos SA (NATU3.SA)	E (10/29/2014)	R\$35.00

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.

INDUSTRY COVERAGE: India Technology

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/25/2018)
Gaurav Rateria		
Cyient Ltd (CYIENT.S)	O (04/05/2017)	R\$777.90
Genpact Limited (G.N)	U (08/10/2016)	\$30.44
Hexaware Technologies Limited (HEXT.NS)	U (01/16/2018)	R\$443.80
Mindtree Ltd. (MINT.NS)	O (01/18/2018)	R\$1,023.60
Mphasis Limited (MBFL.NS)	O (01/16/2018)	R\$1,118.00
Persistent Systems Ltd. (PERS.NS)	O (07/05/2017)	R\$836.10
Parag Gupta		
HCL Technologies (HCLT.NS)	O (01/16/2018)	R\$916.00
Info Edge (India) Ltd. (INED.NS)	O (01/12/2018)	R\$1,169.50
Infosys Limited (INFY.NS)	O (01/16/2018)	R\$1,228.30
Just Dial (JUST.NS)	U (10/30/2015)	R\$507.65
MakeMyTrip Limited (MMYT.O)	O (12/14/2016)	\$35.60
Tata Consultancy Services (TCS.NS)	O (04/20/2018)	R\$3,585.80
Tech Mahindra Limited (TEML.NS)	O (01/16/2018)	R\$702.75
Wipro Ltd. (WIPR.NS)	U (04/21/2016)	R\$264.60

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.

INDUSTRY COVERAGE: India Telecoms

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/25/2018)
Amruta Pabalkar		
Tata Communications Ltd (TATANS)	E (05/15/2018)	R\$631.80
Parag Gupta		
Bharti Airtel Ltd (BRTL.NS)	++	R\$376.95
Bharti Infratel Ltd (BHRI.NS)	++	R\$314.85

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.

INDUSTRY COVERAGE: India Discretionary

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/25/2018)
Parag Gupta		
Dish TV India Ltd (DSTV.NS)		R\$74.75
Hathway Cable and Datacom Ltd. (HAWY.NS)	O (01/20/2015)	R\$30.40
Zee Entertainment Enterprise Limited (ZEE.NS)	O (05/11/2017)	R\$562.75
Satyam Thakur		
Indian Hotels Company Ltd (IHIL.NS)	O (06/15/2016)	R\$136.65

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.

Disclosure section (cont.)

INDUSTRY COVERAGE: ASEAN Property

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/25/2018)
Mulya Chandra, CFA		
Alam Sutera Realty (ASRI.JK)	U (10/08/2015)	Rp344
Bumi Serpong Damai (BSDE.JK)	O (01/08/2015)	Rp1,720
Cipta Development (CTRA.JK)	O (04/19/2016)	Rp1,000
Lippo Karawaci (LPKR.JK)	E (04/19/2016)	Rp378
Pakuwon Jati (PWON.JK)	E (01/09/2018)	Rp535
Summarecon Agung (SMRA.JK)	E (05/09/2017)	Rp930
Wilson W Ng, CFA		
Ascendas Real Estate Investment Trust (AEMN.SI)	O (06/04/2013)	S\$2.65
Ascott Residence Trust (ASRT.SI)	E (01/02/2018)	S\$1.13
Ayala Land (ALI.PS)	O (10/26/2017)	PP41.30
Capitaland (CATL.SI)	O (06/10/2014)	S\$3.55
Capitaland Commercial Trust (CACT.SI)	O (02/08/2017)	S\$1.71
Capitaland Mall Trust (CMLT.SI)	E (02/08/2017)	S\$2.10
CDL Hospitality Trusts (CDLT.SI)	O (06/15/2017)	S\$1.66
City Developments (CTDMSI)	O (03/31/2016)	S\$11.60
Frasers Logistics and Industrial Trust (FRAE.SI)	E (07/20/2016)	S\$1.03
Keppel REIT (KASA.SI)	U (03/25/2015)	S\$1.19
Megaworld Corporation (MEG.PS)	E (10/06/2016)	PP4.71
Robinsons Land Corporation (RLC.PS)	E (04/16/2018)	PP20.30
SMP Prime Holdings (SMPH.PS)	E (02/08/2017)	PP38.00
Suntec REIT (SUNT.SI)	E (05/21/2015)	S\$1.80
UOL Group Limited (UTOS.SI)	E (03/31/2016)	S\$8.39

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.

INDUSTRY COVERAGE: Telecommunications

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/25/2018)
Tetsuro Tsusaka, CFA		
KDDI (9433.T)	E (07/24/2014)	¥2,942
NTT (9432.T)	O (11/17/2012)	¥5,138
NTT DOCOMO (9437.T)	E (07/23/2015)	¥2,834
Softbank Group (9984.T)	++	¥7,889

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