CMB International Global Markets | Equity Research | Company Update

Goertek (002241 CH)

3Q23 weakness in line; Margin recovery on track into 4Q/FY24E

Goertek's 3Q23 revenue/net profit growth of -6%/-73% YoY (+37%/+49% QoQ) was largely in line with previous market expectations. Impressive QoQ revenue growth was driven by Meta Quest 3 and new smartphone launches in 3Q23, and GPM improved 2.5ppts QoQ to 10.2% given higher utilization and new product ramp-up. Looking into 2H23E, we expect margin recovery to continue with better utilization and product mix, and revenue will sustain QoQ growth on PS5/Quest 3 momentum. In the longer term, we believe Goertek is set to benefit from AR/VR opportunities and Watch share gains, delivering 58%/13% YoY EPS growth in FY24/25E. To reflect 1H23 results and better margins, we adjust FY23/24/25E EPS by -4%/+9%/+9% and raise TP to RMB19.2, based on the same 25x FY24E P/E (7-yr hist. avg). Maintain BUY.

- 3Q23 weakness expected; GPM recovery to accelerate in 3Q23. 3Q sales/net profit declined 6%/73% YoY and increased 37%/49% QoQ, largely in line, and 3Q GPM improved QoQ to 10.2% (vs. 7.7%/7.0% in 2Q/1Q23), boosted by improving product mix and better utilization on new product ramp-up (Quest 3, PS5). We expect GPM to continue to recover to 10.2%/10.5% in FY24/25E (vs 8.4% in FY23E), given improving utilization and favourable product mix in FY24/25E.
- Acquisition of UPhoton to strengthen optics product portfolio. Goertek announced its plan to acquire 100% of Uphoton by cash and share issuance. Uphoton is specialized in micro-nano optics (DOE, MLA), 3D structured light module, lighting vision/laser module and 3D sensing system solutions. We believe the acquisition will strengthen Goertek's vertical integration capability in global AR/VR/XR supply chain. The company also announced a RMB500-700mn share buyback plan for the employee share option incentive scheme, highlighting its confidence in long-term business outlook.
- 2024/25 outlook: PS5/Quest 3, TWS recovery and XR/gaming consoles. Riding on shipment momentum of PS5/ Quest 3, we believe Goertek's VR/AR and gaming segment will become major growth drivers in FY24/25E (64%/ 64% of FY24/25E sales), backed by new product launches and share gains in Meta, Pico and Sony supply chains. In the longer term, we believe Goertek is well-positioned to capture opportunities as a fully-integrated manufacturer in the global AR/VR/XR industry.
- Maintain BUY. We think Goertek's 3Q results reflected better-than-feared earnings recovery, and Goertek's industry leadership and product roadmap in TWS/XR/acoustics/gaming segments will allow it to benefit from industry recovery and new MR product cycle in FY24/25E. Upcoming catalysts include Meta/Pico XR products and continued margin recovery.

Earnings Summary

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	78,221	104,894	103,278	104,071	109,290
YoY growth (%)	35.5	34.1	(1.5)	0.8	5.0
Net profit (RMB mn)	4,274.7	1,749.2	1,464.4	2,629.8	2,950.3
EPS (Reported) (RMB)	1.29	0.52	0.43	0.77	0.86
YoY growth (%)	44.9	(59.7)	(17.7)	79.6	12.2
Consensus EPS (RMB)	N/A	N/A	0.55	0.88	1.09
P/E (x)	31.5	62.9	40.7	22.7	20.2
P/B (x)	5.0	3.7	1.9	1.8	1.6
Yield (%)	0.5	0.3	0.4	0.7	0.7
ROE (%)	17.9	6.0	4.7	8.0	8.4

Source: Company data, Bloomberg, CMBIGM estimates



BUY (Maintain)

Target Price RMB19.22 (Previous TP RMB17.59) Up/Downside 10.3%

RMB17.43

14.8%

8.4%

China Technology

Current Price

Alex NG (852) 3900 0881 alexng@cmbi.com.hk

Claudia LIU

claudialiu@cmbi.com.hk

Stock Data

Mkt Cap (RMB mn)	59,610.6
Avg 3 mths t/o (RMB mn)	1,059.4
52w High/Low (RMB)	24.46/14.42
Total Issued Shares (mn)	3420.0
Source: FactSet	

Shareholding Structure

Goertek Group Jiang Bin Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	13.9%	18.3%
3-mth	0.1%	9.7%
6-mth	1.3%	13.5%
Source: FactSet		

12-mth Price Performance



Related reports:

 Goertek (002241 CH)-1H23 weakness in-line; Lower TP on slower demand recovery-30 Aug 2023 (<u>link</u>)



3Q23 results review

Figure 1: 3Q23 review

RMB mn	FY22	1Q23	2Q23	3Q23	4Q23E	FY23E	FY24E
Revenue	104,894	24,122	21,050	28,775	29,330	103,278	109,333
YoY	34%	20%	-10%	-6%	-5%	-2%	6%
Cost of sales	(93,233)	(22,439)	(19,438)	(25,856)	(26,886)	(94,619)	(98,149)
Gross profit	11,661	1,683	1,612	2,919	2,445	8,659	11,184
GPM (%)	11.1%	7.0%	7.7%	10.1%	8.3%	8.4%	10.2%
YoY	5%	-39%	-44%	-29%	27%	-26%	29%
SG&A	(2,843)	(698)	(346)	(759)	(779)	(2,582)	(2,919)
% of rev	2.7%	2.9%	1.6%	2.6%	2.7%	2.5%	2.7%
R&D	(5,227)	(961)	(1,081)	(1,300)	(1,769)	(5,112)	(5,357)
% of rev	5.0%	4.0%	5.1%	4.5%	6.0%	5.0%	4.9%
Operating profit	1,610	(17)	268	486	395	1,132	2,760
OPM (%)	1.5%	-0.1%	1.3%	1.7%	1.3%	1.1%	2.5%
YoY	-66%	-102%	-80%	-75%	-115%	-30%	144%
Net profit	1,749	106	316	470	572	1,464	2,630
NPM (%)	1.7%	0.4%	1.5%	1.6%	2.0%	1.4%	2.4%
YoY	-59%	-88%	-73%	-73%	-127%	-16%	80%

Source: Company data, CMBIGM estimates

Earnings Revision

Figure 2: Earnings revision

		New			Old			Diff (%)	
RMB mn	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	103,278	109,333	117,167	99,756	104,071	109,290	4%	5%	7%
Gross profit	8,659	11,184	12,252	8,423	10,322	11,039	3%	8%	11%
Operating profit	1,132	2,760	3,180	1,159	2,434	2,756	-2%	13%	15%
Net profit	1,464	2,630	2,950	1,522	2,407	2,714	-4%	9%	9%
EPS (RMB)	0.43	0.77	0.86	0.44	0.70	0.79	-4%	9%	9%
Gross margin	8.4%	10.2%	10.5%	8.4%	9.9%	10.1%	-0.1 ppt	0.3 ppt	0.4 ppt
Operating margin	1.1%	2.5%	2.7%	1.2%	2.3%	2.5%	-0.1 ppt	0.2 ppt	0.2 ppt
Net margin	1.4%	2.4%	2.5%	1.5%	2.3%	2.5%	-0.1 ppt	0.1 ppt	0 ppt

Source: CMBIGM estimates

Figure 3: CMBIGM estimates vs consensus

Ū.		CMBIGM			Consensus			Diff (%)	
RMB mn	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	103,278	109,333	117,167	101,539	110,563	121,231	2%	-1%	-3%
Gross profit	8,659	11,184	12,252	9,974	11,707	13,262	-13%	-4%	-8%
Operating profit	1,132	2,760	3,180	1,919	3,299	4,143	-41%	-16%	-23%
Net profit	1,464	2,630	2,950	1,909	3,053	3,788	-23%	-14%	-22%
EPS (RMB)	0.43	0.77	0.86	0.55	0.88	1.09	-22%	-13%	-21%
Gross margin	8.4%	10.2%	10.5%	9.8%	10.6%	10.9%	-1.4 ppt	-0.4 ppt	-0.5 ppt
Operating margin	1.1%	2.5%	2.7%	1.9%	3.0%	3.4%	-0.8 ppt	-0.5 ppt	-0.7 ppt
Net margin	1.4%	2.4%	2.5%	1.9%	2.8%	3.1%	-0.5 ppt	-0.4 ppt	-0.6 ppt

Source: Bloomberg, CMBIGM estimates

Figure 4: Revenue breakdown

RMB mn	FY21	FY22	FY23E	FY24E	FY25E
Precision Components	13,840	14,004	14,413	15,006	15,623
YoY	13%	1%	3%	4%	4%
Speaker/receiver	8,151	8,396	8,563	8,820	9,085
MIC (ECM/MEMS)	3,618	3,726	3,801	3,915	4,032
MEMS sensor	417	430	451	474	498
Antenna	761	913	1,004	1,104	1,270
Optical component module	893	539	593	652	718
Hearable Products	30,297	25,881	19,924	21,112	21,592
YoY	14%	-15%	-23%	6%	2%
Airpods	19,365	16,854	10,860	11,520	11,76
Android TWS	3,900	4,680	4,500	4,800	4,80
Smart Speaker	2,380	2,856	2,999	3,149	3,30
Others	4,652	1,491	1,565	1,644	1,72
Smart Products	32,809	63,082	66,243	70,247	76,68
ҮоҮ	86%	92%	5%	6%	9%
Smart Watch	7,650	11,475	13,770	16,524	19,829
Gaming Console	2,016	6,842	7,137	6,250	6,250
AR/VR Headset	20,115	25,970	25,600	33,000	35,10
Robotics/UAV/smart light	3,028	18,796	19,736	20,723	21,759
Non-main business	1,275	1,927	2,698	2,968	3,26
ҮоҮ	5%	51%	40%	10%	10%
Total	78,221	104,894	103,278	109,333	117,167
YoY	35%	34%	-2%	6%	7%

Source: Company data, CMBIGM estimates

Figure 5: P&L forecast

RMB mn	FY21	FY22	FY23E	FY24E	FY25E
Revenue	78,221	104,894	103,278	109,333	117,167
YoY	35%	34%	-2%	6%	7%
Cost of sales	(67,168)	(93,233)	(94,619)	(98,149)	(104,915)
Gross profit	11,054	11,661	8,659	11,184	12,252
GPM (%)	14.1%	11.1%	8.4%	10.2%	10.5%
YoY	19%	5%	-26%	29%	10%
SG&A	(2,397)	(2,843)	(2,582)	(2,919)	(3,164)
% of rev	3.1%	2.7%	2.5%	2.7%	2.7%
R&D	(4,170)	(5,227)	(5,112)	(5,357)	(5,741)
% of rev	5.3%	5.0%	5.0%	4.9%	4.9%
Operating profit	4,683	1,610	1,132	2,760	3,180
OPM (%)	6.0%	1.5%	1.1%	2.5%	2.7%
YoY	44%	-66%	-30%	144%	15%
Net profit	4,275	1,749	1,464	2,630	2,950
NPM (%)	5.5%	1.7%	1.4%	2.4%	2.5%
YoY	50%	-59%	-16%	80%	12%

Source: Company data, CMBIGM estimates





Valuation

Maintain BUY with new TP of RMB19.22

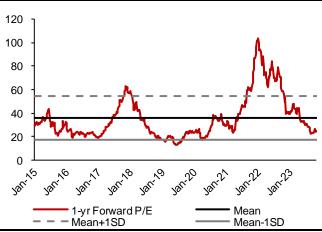
Our new TP of RMB19.22 is based on the same 25x FY24E P/E (7-year hist. avg.). Overall, we believe Goertek's industry leadership and product roadmap in TWS/XR/ acoustics/gaming segments will allow the company to benefit from industry recovery and market share gain in FY24/25E. Upcoming catalysts include Apple's product launches, Meta/Pico XR products and margin recovery.

Figure 6: Peers' valuation

		Market	Deter	TD	Up/	D/F	4-2	D/D	()	DOF	. (0/)
Tieker	Dating										· (%) FY24E
	Rating	00 (mm)	(LO)	(EO)	-Side	TIZUL	11276	11236		11236	11246
	RUV	9 / 99	17 /2	10.2	10%	40.7	22.7	1.0	1 0	47	8.0
	-	,	-	-		-		-			12.3
	-	,				21.0	17.2				
		,				-	-			`` '	(19.1)
		,					-			-	13.3
		,							1.0	-	8.7
002008 CH	NR	3,090	21.49	NA	NA	20.4	15.4	1.5	1.4	7.2	9.0
300433 CH	NR	8,982	13.19	NA	NA	21.0	15.9	1.4	1.3	6.8	8.5
300115 CH	NR	1,812	11.02	NA	NA	30.4	14.7	2.2	1.9	7.1	13.2
002217 CH	NR	1,452	3.41	NA	NA	-	-	-	-	-	-
		Average				27.2	17.3	3.2	3.0	2.4	6.8
onents											
6088 HK	BUY	997	1.07	2.1	93%	7.1	5.7	0.4	0.4	5.2	6.3
2018 HK	HOLD	2,237	14.60	14.0	-4%	25.7	14.7	0.7	0.7	2.7	4.6
2382 HK	HOLD	9,718	69.30	78.3	13%	37.4	24.3	2.9	2.7	7.8	11.2
698 HK	BUY	141	0.11	0.2	50%	6.3	3.9	0.1	0.1	2.3	3.5
285 HK	BUY	10,443	36.25	42.0	16%	21.1	17.1	2.5	2.2	11.9	13.0
1478 HK	BUY	615	4.06	3.6	-11%	14.6	7.6	0.9	0.8	5.9	10.3
2283 HK	BUY	144	1.35	3.1	129%	4.8	-	0.6	-	13.3	17.0
732 HK	NR	323	0.80	NA	NA	-	-	-	-	-	-
981 HK	NR	34,162	24.15	NA	NA	25.5	25.1	1.2	1.1	4.8	4.4
6869 HK	NR	2,243	10.34	NA	NA	5.6	5.0	0.7	0.6	11.1	11.3
		,			NA	31.6	18.1		3.9	15.2	22.9
		,				18.0	13.5	1.5	1.4	8.0	10.5
	300115 CH 002217 CH nents 6088 HK 2018 HK 2382 HK 698 HK 285 HK 1478 HK 2283 HK 732 HK 981 HK	nents 002241 CH BUY 002475 CH BUY 002475 CH BUY 002456 CH NR 300136 CH NR 000725 CH NR 002008 CH NR 300433 CH NR 300115 CH NR 002217 CH NR 002217 CH NR 00218 HK HOLD 2382 HK HOLD 698 HK BUY 285 HK BUY 285 HK BUY 285 HK BUY 283 HK BUY 732 HK NR 981 HK NR 6869 HK NR	Cap Ticker Rating US\$(mn) nents 002241 CH BUY 8,488 0022475 CH BUY 32,992 002475 CH BUY 32,992 002456 CH NR 4,763 300136 CH NR 3,504 000725 CH NR 20,809 002008 CH NR 8,982 300115 CH NR 1,812 002217 CH NR 1,452 Average nents 6088 HK BUY 997 2018 HK HOLD 2,237 2382 HK HOLD 9,718 698 HK BUY 10,443 1478 HK BUY 10,443 1478 HK BUY 615 2283 HK BUY 144 732 HK NR 323 981 HK NR 34,162 6869 HK NR 2,243	Cap Price (LC) Ticker Rating US\$(m) (LC) nents 002241 CH BUY 8,488 17.43 002475 CH BUY 32,992 33.78 002456 CH NR 4,763 10.70 300136 CH NR 3,504 26.50 000725 CH NR 20,809 4.02 002008 CH NR 3,090 21.49 300433 CH NR 8,982 13.19 300115 CH NR 1,812 11.02 002217 CH NR 1,452 3.41 Enents 6088 HK BUY 997 1.07 2018 HK HOLD 2,237 14.60 2382 HK HOLD 9,718 69.30 698 HK BUY 10,443 36.25 1478 HK BUY 10,443 36.25 1478 HK BUY 144 1.35 732 HK NR 323 0.80 <t< td=""><td>Cap Price TP Ticker Rating US\$(mn) (LC) (LC) nents 002241 CH BUY 8,488 17.43 19.2 002475 CH BUY 32,992 33.78 47.0 002456 CH NR 4,763 10.70 NA 300136 CH NR 3,504 26.50 NA 000725 CH NR 20,809 4.02 NA 002008 CH NR 3,090 21.49 NA 300433 CH NR 8,982 13.19 NA 300115 CH NR 1,812 11.02 NA 002217 CH NR 1,452 3.41 NA 002217 CH NR 1,452 3.41 NA 2382 HK HOLD 2,237 14.60 14.0 2382 HK BUY 10,443 36.25 42.0 1478 HK BUY 10,443 36.25 42.0 1478 HK BUY 144</td><td>Cap Price TP Down Ticker Rating US\$(mn) (LC) (LC) -side nents 002241 CH BUY 8,488 17.43 19.2 10% 002475 CH BUY 32,992 33.78 47.0 39% 002456 CH NR 4,763 10.70 NA NA 300136 CH NR 3,504 26.50 NA NA 000725 CH NR 20,809 4.02 NA NA 002008 CH NR 3,090 21.49 NA NA 300433 CH NR 1,812 11.02 NA NA 300115 CH NR 1,452 3.41 NA NA 002217 CH NR 1,452 3.41 NA NA 2382 HK HOLD 2,237 14.60 14.0 -4% 2382 HK HOLD 9,718 69.30 78.3 13% 698 HK BUY 10,443</td><td>Cap Price TP Down P/E Ticker Rating US\$(mn) (LC) (LC) -side FY23E nents 002241 CH BUY 8,488 17.43 19.2 10% 40.7 002475 CH BUY 32,992 33.78 47.0 39% 21.8 002456 CH NR 4,763 10.70 NA NA - 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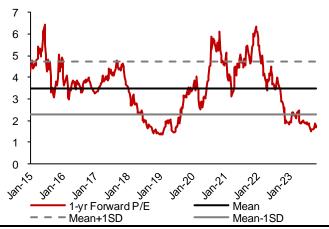
Source: Bloomberg, CMBIGM estimates. *TP under review.

Figure 7: 12M forward P/E band



Source: Bloomberg, CMBIGM

Figure 8: 12M forward P/B band



Source: Bloomberg, CMBIGM



Financial Summary

INCOME STATEMENT	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Revenue	57,743	78,221	104,894	103,278	104,071	109,290
Cost of goods sold	(48,484)	(67,168)	(93,233)	(94,619)	(93,749)	(98,251)
Gross profit	9,259	11,054	11,661	8,659	10,322	11,039
Selling expense	(476)	(445)	(548)	(516)	(416)	(437)
Admin expense	(1,630)	(1,952)	(2,295)	(2,066)	(2,290)	(2,404)
R&D expense	(3,426)	(4,170)	(5,227)	(5,112)	(4,891)	(5,137)
Other income	225	467	373	373	373	373
Other expense	(236)	(271)	(1,797)	186	(114)	(114)
Investment gain/loss	139	469	(36)	(36)	(36)	(36)
Other gains/(losses)	98	(80)	(105)	52	52	52
EBIT	3,261	4,683	1,610	1,132	2,434	2,756
Net Interest income/(expense)	(491)	(167)	(149)	(149)	(149)	(149)
Other income/expense	(39)	(77)	144	144	144	144
Pre-tax profit	3,222	4,606	1,509	1,276	2,904	3,325
Income tax	(370)	(299)	282	230	(232)	(332)
After tax profit	2,852	4,307	1,791	1,506	2,672	2,992
Minority interest	4	32	42	42	42	42
Net profit	2,848	4,275	1,749	1,464	2,630	2,950
net prom	2,040	4,210	1,140	1,404	2,000	2,550
BALANCE SHEET	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Current assets	28,129	35,162	45,563	46,913	48,582	51,043
Cash & equivalents	7,788	10,049	12,683	18,901	13,646	22,140
Account receivables	10,045	11,949	14,444	15,160	15,677	15,645
Inventories	9,171	12,082	17,349	11,765	18,092	12,139
Prepayment	296	98	51	51	51	51
Financial assets at FVTPL	251	119	339	339	339	339
Other current assets	579	850	698	698	698	698
Non-current assets	20,989	25,917	31,613	34,914	37,538	39,862
PP&E	16,753	20,250	23,884	27,503	30,128	32,452
Deferred income tax	276	495	1,370	1,370	1,370	1,370
Investment in JVs & assos	0	437	361	361	361	361
Intangibles	2,730	3,094	3,301	3,301	3,301	3,301
Goodwill	17	17	17	17	17	17
Financial assets at FVTPL	357	466	699	699	699	699
Other non-current assets	518	652	1,663	1,663	1,663	1,663
Total assets	49,118	61,079	77,176	81,827	86,120	90,906
Current liabilities	22,736	29,803	42,721	45,866	48,065	50,543
Short-term borrowings	3,190	4,285	7,121	9,121	11,121	13,121
Account payables	17,324	21,272	30,599	31,745	31,943	32,421
Tax payable	195	357	285	285	285	285
Other current liabilities	882	2,822	3,676	3,676	3,676	3,676
Accrued expenses	1,145	1,067	1,040	1,040	1,040	1,040
Non-current liabilities	6,648	3,345	4,197	4,197	4,197	4,197
Long-term borrowings	2,754	2,204	2,206	2,206	2,206	2,206
Bond payables	3,031	210	471	471	471	471
Deferred income	323	390	816	816	816	816
Other non-current liabilities Total liabilities	539 29,384	540 33,148	705 46,919	705 50,064	705 52,262	705 54,741
Share capital	3,275	3,416	3,420	3,420	3,420	3,420
Retained earnings	3,812	9,478	10,281	10,281	10,281	10,281
Other reserves	13,082	16,725	18,083	19,588	21,824	24,331
Total shareholders equity	19,734	27,931	30,258	31,763	33,858	36,165
Minority interest	80	604	766	766	766	766
Total equity and liabilities	49,118	61,079	77,176	81,827	86,120	90,906



Té 31 Dec (RMB m) Operating Porfibriore taxation 3.282 4.666 1.509 1.276 2.904 3.232 Depreciation & annotization 2.188 2.018 3.651 2.460 2.875 3.176 Tac paid (370) (299) 3.651 2.460 2.875 3.176 Tac paid (270) (280) 6.051 6.903 6.6865 6.309 Change in working capital 2.268 1.166 9.24 6.013 (6.685) 6.309 Net cash from operations 7.682 8.998 8.317 10.087 (1.211) 12.286 Capital operadius 0.65509 (6.622) (8.089) (5.500) (5.500) 6.500 Acquisition of subdiaries/investments (208) (3.003) (2.18) 0 0 0 0 Net cash from investing (5.500) (5.500) (5.500) (5.500) (5.500) (5.500) 0 0 0 0 0 0 0 0 0 0 0 0 </th <th>CASH FLOW</th> <th>2020A</th> <th>2021A</th> <th>2022A</th> <th>2023E</th> <th>2024E</th> <th>2025E</th>	CASH FLOW	2020A	2021A	2022A	2023E	2024E	2025E
Profit bare taxation 3.222 4.606 1.509 1.276 2.264 3.325 Deprecisiton & sometration 2.818 2.918 3.615 2.400 2.825 3.175 Drange in working capital 2.268 1.186 9.244 6.013 (6.885) 6.339 Others 3.74 1.77 1.961 1.44 1.49 1.49 Net cash from operations 3.74 1.77 1.961 1.087 (5.500) Accylation of subalidiated investments (208) (3.083) (2.118) 0 0 0 Accylation of subalidiated investments (208) (3.069) (5.500) (5.500) (5.500) Accylation of subalidiated investments (208) (3.02) 1.011 0 0 0 Net cash from inspects inspects 3.003 1.74 7.7 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	YE 31 Dec (RMB mn)						
Depreciation & amoritzation 2,183 2,218 3,851 2,400 2,875 3,176 Tax paid (370) (299) 282 230 (223) (333) Change in working capital 2,268 1,186 9,24 6,013 (6,865) 6,309 Met cash from operations 7,682 8,598 6,317 10,087 (1,211) 12,865 Investing Capital expenditure (5,599) (6,962) (8,030) (5,500) (5,500) Acquisition of subsidaries investments (208) (3,083) (2,118) 0 0 0 Net cash from investing (5,301) (6,768) (9,077) (5,500) (5,500) (5,500) Financing 10 0 0 0 0 0 0 Net contromings (1,102) 813 3,187 2,000 2,000 2,000 2,000 Proceeds from share issues 51 2,179 385 0 0 0 0 0 0 <td< td=""><td>Operating</td><td></td><td></td><td></td><td></td><td></td><td></td></td<>	Operating						
Tax japid (370) (290) 282 '200 (222) (322) Change in working capital 22.68 1.186 924 6.013 (6.865) 6.609 Change in working capital 374 187 1.851 1409 1409 1439 Net cash from operations 7.682 8.598 8.517 10.07 (1.21) 12.550 Capitalion of subcidaries investments (200) (3.033) (2.118) 0 0 0 Arcylastion of subcidaries investments (200) 3.002 1.061 0 0 0 Net cash from investing (5.501) (6.769) (9.077) (5.500) (5.500) Financing (5.301) (6.769) (9.077) (5.500) (0.00 0 Proceeds from investing (5.301) (6.769) (9.077) (5.500) (443) Net cash from investing (5.501) (6.757) (1.600) 10.010 0 Proceeds from share issues 51 2.179 335 0	Profit before taxation	3,222	4,606	1,509	1,276	2,904	3,325
Change in working capital 2.268 1,186 924 6.013 (6,865) 4.049 Net cash from operations 7,682 8,598 6,317 10.087 (1,211) 12,585 Investing (6,000) (5,500) (5,500) (5,500) Acquisition of subsidiaries/ investments (208) (3,083) (2,118) 0 0 0 Net proceeding 205 3,102 1,061 0 0 0 Net proceeding (5,001) (6,769) (9,9077) (5,500) (5,500) (5,500) Others 300 174 71 0 0 0 Net cash from investing (5,01) (6,769) (9,9077) (5,500) (5,500) Net cash from investing (1,002) 913 3,197 2,000 2,000 2,000 Proceeds from share issues 51 2,179 395 0 0 0 0 0 Others 3,166 (2,030) 6511	Depreciation & amortization	2,188	2,918	3,651	2,460	2,875	3,176
Chems 374 187 1,951 1,49 1,49 1,49 1,49 Net cash from operations 7,682 8,598 8,317 10,087 (1,211) 12,585 Investing Capital expenditure (5,509) (6,562) (8,000) (5,500) (5,500) Acquisition of subalidaties/ investments (208) (3,083) (2,118) 0 0 0 Capital expenditure (208) (3,083) (6,077) (5,500) (5,500) 0 0 0 0 Interpreteds from disposal of short-term 205 3,102 (1,047) 0 0 0 0 0 0 Interpreteds from disposal of short-term 2000 (2,000) (3,017) (5,500) (5,500) (5,500) (5,500) (5,500) (5,500) (5,500) (5,500) (5,500) (5,500) (6,500) (2,000) (2,000) (2,000) (2,000) (2,000) (2,000) (2,000) (2,000) (2,000) (2,000) (2,000) (2,000) (2,000) </td <td></td> <td>, ,</td> <td>. ,</td> <td></td> <td></td> <td>. ,</td> <td>· ,</td>		, ,	. ,			. ,	· ,
Net cash from operations 7,682 8,598 8,317 10.087 (1,211) 12,258 Investing	0 0 1		,		,	,	
Investing Investing Capital expenditure (5.559) (5.500) (5.500) (5.500) (5.500) Acquisition of subsidiaries' investments (208) (3,083) (2,118) 0 0 0 Acquisition of subsidiaries' investments 205 3,102 1,061 0 0 0 Others 300 174 71 0 0 0 0 Investments 205 3,102 1,061 0 0 0 0 Inters 300 174 71 0 0 0 0 Inters 300 174 71 0 0 0 0 Proceeds from investing (6,769) (953) (220) (394) (443) Net borrowings 1,1022 913 3,197 2,000 2,000 2,000 Proceeds from financing 1,642 387 2,008 1,631 1,408 Net cash from financing 1,642 387 2,00							
Capital openditure (5,599) (6,562) (6,500) (5,500) (5,500) Acquisition of subsidiaties/ investments (208) (3,083) (2,118) 0 0 Investments 300 1.74 7.11 0 0 0 Investments 300 1.74 7.11 0 0 0 Investments (5,301) (6,769) (9,077) (5,500) (5,500) (5,500) Investments 300 1.74 7.11 0 0 0 Investments (5,301) (6,77) (1,679) (6,93) (2,200) 2,000 2,000 Proceeds from share issues 5.1 2,179 3.95 0 0 0 0 Otcosts from financing 1,642 387 2,008 1,7,18 1,456 1,409 Net change in cash 5.913 9,138 10,800 17,018 11,764 20,275 Cash at the beigning of the year 6,913 9,138 10,800 17,018	Net cash from operations	7,682	8,598	8,317	10,087	(1,211)	12,585
Acquisition of subsidiances/ investments (208) (3,083) (2,118) 0 0 0 Net proceeds from disposal of short-term 205 3,102 1,061 0 0 0 Others 300 174 71 0 0 0 Others 300 174 71 0 0 0 Net cash from investing (6,769) (953) (220) (394) (443) Net cash from investing (1002) 913 3.197 2.000 2.000 2.000 Proceeds from share issues 51 2.179 395 0 0 0 Net cash from financing 1.642 387 2.008 1.631 1.465 1.408 Net cash from financing 1.642 387 2.008 1.511 1.764 20.252 Cash at the beginning of the year 3.095 6.913 9.138 10.800 17.018 11.764 20.252 VE 31 De Image and the end of the year 6.943 9.55% <td>-</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	-						
Net proceeds from disposal of short-term investments 2.05 3,102 1.061 0 0 Others 300 174 71 0 0 0 Net cash from investing (5,301) (6,768) (9,077) (5,500) (5,500) (5,500) Financing 104617 3,197 2,000 2,000 2,000 2,000 2,000 2,000 2,000 0		,	,	,		,	,
investments 2.03 5.02 1.04 0 0 0 0 Others 3.00 174 71 0 0 0 Net cash from investing (5.301) (6,768) (9,077) (5,500) (5,500) (5,500) Financing (1.002) (677) (953) (2.20) 2.000 2.000 Net borrowings (1.002) 913 3.197 2.000 2.000 2.000 Proceeds from share issues 51 2.179 335 0 0 0 Others 3.166 (2.030) (631) (1.49) (1.49) (1.49) Net cash from financing 1.642 387 2.008 1.631 1.456 1.408 Net change inference (205) 7 414 0 0 0 0 Cash at the edginning of the year 6,913 9,138 10,800 17,018 11,764 20.225 VE 31 Dac 1.080 17,018 <td< td=""><td>•</td><td>(208)</td><td>(3,083)</td><td>(2,118)</td><td>0</td><td>0</td><td>0</td></td<>	•	(208)	(3,083)	(2,118)	0	0	0
Net cash from investing (5,301) (6,768) (9,077) (5,500) (5,500) Financing		205	3,102	1,061	0	0	0
Financing Financing Financing Dividend paid (572) (675) (953) (220) (394) (443) Net borrowings (1,002) 913 3,197 2,000 2,000 2,000 Others 51 2,179 395 0 0 0 Others 3,166 (2,030) (631) (149) (149) (149) Net cash from financing 1,642 387 2,008 1,631 1,456 1,408 Net change in cash - - - - - - - - - - 0 0 0 0 0 - <t< td=""><td>Others</td><td>300</td><td>174</td><td>71</td><td>0</td><td>0</td><td>0</td></t<>	Others	300	174	71	0	0	0
Dividend paid (572) (675) (953) (220) (394) (443) Net borrowings (1,002) 913 3,197 2,000 2,000 2,000 Proceeds from share issues 51 2,179 395 0 0 0 Others 3,166 (2,030) (631) (149) (149) (149) Net cash from financing 1,642 387 2,008 1,631 1,456 1,468 Net cash from financing 1,642 387 2,008 1,631 1,456 1,468 Cash at the beginning of the year 3,095 6,913 9,138 10,800 17,018 11,764 20,257 GROWTH 2020A 2021A 2022A 2024E 2025E 2024E 2025E YE 31 Dec T 11,75% 34.1% (1.5%) 0.8% 5.0% Carso profit 122.4% 50.1% (59.1%) (14.3%) 79.6% 12.2% PROFITABLILTY 2020A 2021A <t< td=""><td>Net cash from investing</td><td>(5,301)</td><td>(6,768)</td><td>(9,077)</td><td>(5,500)</td><td>(5,500)</td><td>(5,500)</td></t<>	Net cash from investing	(5,301)	(6,768)	(9,077)	(5,500)	(5,500)	(5,500)
Net borrowings (1,002) 913 3,197 2,000 2,000 2,000 Proceeds from share issues 51 2,179 395 0 0 0 0 Others 3,166 (2,030) (631) (149) (149) (149) Net cash from financing 1,642 387 2,008 1,631 1,456 1,408 Net change in cash 2 387 2,008 1,531 1,7018 11,764 Exchange difference (205) 7 414 0 0 0 0 CROWTH 2020A 2021A 2022A 203E 2024E 2025E YE 31 Dec 70.8% 19.4% 5.5% (25.7%) 19.2% 6.9% EBIT 117.9% 43.6% (65.6%) (29.7%) 114.9% 13.3% Net profit 122.4% 50.1% (59.4%) (15.9%) 70.6% 12.2% Cross profit margin 16.0% 14.1% 11.1% <td>Financing</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Financing						
Proceeds from share issues 51 2,179 395 0 0 0 Others 3,166 (2,030) (631) (149) (149) (149) Net cash from financing 3,166 (2,030) (631) (149) (149) (149) Net cash art inb beginning of the year 3,095 6,913 9,138 10,800 17,018 11,764 Exchange difference (205) 7 414 0 0 0 Cash at the end of the year 6,913 9,138 10,800 17,018 11,764 Exchange difference (205) 7 414 0 0 0 Cash at the end of the year 6,913 9,138 10,800 17,018 11,764 20,255 YE 31 Dec T Revenue 64,3% 35,5% 34,1% (15,5%) 19,2% 6,9% EBIT 117,9% 43,65% (65,6%) (29,7%) 114,9% 13,3% Net profit 122,4% 2021A 2022A <td>Dividend paid</td> <td>(572)</td> <td>(675)</td> <td>(953)</td> <td>(220)</td> <td>(394)</td> <td>(443)</td>	Dividend paid	(572)	(675)	(953)	(220)	(394)	(443)
Others 3,166 (2,030) (631) (149) (149) (149) Net cash from financing 1,642 387 2,008 1,631 1,456 1,408 Net cash from financing 1,642 387 2,008 1,631 1,456 1,408 Cash at the beginning of the year 3,095 6,913 9,138 10,800 17,018 11,764 20,257 GROWTH 2020A 2021A 2022A 2023E 2024E 2025E YE 31 De Revenue 64.3% 35.5% 34.1% (1.5%) 0.8% 5.0% Gross profit 70.8% 19.4% 5.5% (25.7%) 19.2% 6.9% BelT 117.9% 43.6% (65.6%) (29.7%) 114.9% 13.3% PROFITABILITY 2020A 2021A 2022A 2023E 2024E 2025E YE 31 De 30.7 17.9% 43.6% 6.9% 4.7% 8.0% 8.4% Current ratio (x) 1.2 2.022A </td <td>Net borrowings</td> <td>(1,002)</td> <td>913</td> <td>3,197</td> <td>2,000</td> <td>2,000</td> <td>2,000</td>	Net borrowings	(1,002)	913	3,197	2,000	2,000	2,000
Net cash from financing 1,642 387 2,008 1,631 1,456 1,408 Net change in cash Cash at the beginning of the year 3,095 6,913 9,138 10,800 17,018 11,764 Cash at the beginning of the year 2,005 7 414 0 0 0 0 Cash at the end of the year 2,020A 2021A 2022A 2023E 2024E 2025E Cash at the end of the year 6,913 9,138 10,800 11,764 20,257 GROWTH 2020A 2021A 2022A 2023E 2024E 2025E YE 31 Dec Titrage 43.6% (65.6%) (25.7%) 19.2% 6.9% EBIT 117.9% 43.6% (65.6%) (29.7%) 114.9% 13.3% Net profit 12.2% 50.1% (59.1%) (16.3%) 79.6% 14.1% PROFITABILITY 2020A 2021A 2022A 2023E 2024E 2025E YE 31 Dec Titrage 11	Proceeds from share issues	51	,	395			
Net change in cash Net change in cash Net change in cash Net change in cash Cash at the beginning of the year 3,095 6,913 9,138 10,800 17,018 11,764 Exchange difference (205) 7 414 0 0 0 Cash at the end of the year 6,913 9,138 10,800 17,018 11,764 20,257 GROWTH 2020A 2021A 2022A 2023E 2024E 2025E YE 31 De 117,9% 35,5% 34,1% (1,5%) 0.8% 5.0% Gross profit 70,8% 19,4% 5.5% (25,7%) 19,2% 6.9% EBIT 117,9% 43,6% (65,6%) (29,7%) 114,9% 13,3% Net profit 12,24% 50,1% (16,3%) 79,9% 12,2% PROFITABILITY 2020A 2021A 2022A 2023E 2024E 2025E YE 31 De 15,9% 17,7% 6,0% 4,7% 8,0% <td></td> <td></td> <td> ,</td> <td>. ,</td> <td>. ,</td> <td>. ,</td> <td>. ,</td>			,	. ,	. ,	. ,	. ,
Cash at the beginning of the year 3,095 6,913 9,138 10,800 17,018 11,764 Exchange difference (205) 7 414 0 0 0 Cash at the end of the year 6,913 9,138 10,800 17,018 11,764 20,257 GROWTH 2020A 2021A 2022A 2023E 2024E 2025E YE 31 Dec 3,55% 34,1% (1.5%) 0.8% 5.0% Gross profit 70.8% 19,4% 5.5% (25,7%) 19,2% 6.69% BIT 117.9% 43,6% (65,6%) (29,7%) 114.9% 13,3% Net profit 122.4% 50.1% (59,1%) (16,3%) 79,6% 12,2% PROFITABILITY 2020A 2021A 2022A 2023E 2024E 2025E YE 31 Dec 11,9% 14,1% 11,1% 8.4% 9.9% 8.4% Gross profit margin 16.0% 17,9% 6.0% 4.7%	Net cash from financing	1,642	387	2,008	1,631	1,456	1,408
Exchange difference (205) 7 414 0 0 0 Cash at the end of the year 6,913 9,138 10,800 17,018 11,764 20,257 GROWTH 2020A 2021A 2022A 2023E 2024E 2025E YE 31 De	Net change in cash						
Cash at the end of the year6,9139,13810,80017,01811,76420,257GROWTH2020A2021A2022A2023E2024E2025EYE 31 DecRevenue64.3%35.5%34.1%(1.5%)0.8%5.0%Gross profit70.8%19.4%5.5%(25.7%)19.2%6.9%BBIT117.9%43.6%(65.6%)(29.7%)114.9%13.3%Net profit122.4%50.1%(59.1%)(16.3%)79.6%12.2%PROFITABILITY2020A2021A2022A2023E2024E2025EYE 31 DecT79.7%6.0%4.7%8.0%8.4%GEARING/LIQUIDITY/ACTIVITIES2020A2021A2022A2023E2024E2025EYE 31 DecT7.5%51.345.945.945.945.9Current ratio (x)1.21.21.11.01.01.01.0Receivable turnover days57.551.345.945.945.945.9Inventory turnover days57.551.345.945.945.945.9VALUATION2020A2021A2022A2023E2024E2025EYE 31 DecT57.657.657.657.657.657.657.657.6Pable turnover days101.6104.9101.5101.5101.5101.5101.5VALUATION2020A2021A2022A2023E2024E2025E	Cash at the beginning of the year	3,095	6,913	9,138	10,800	17,018	11,764
GROWTH2020A2021A2022A2023E2024E2025EYE 31 DecRevenue64.3%35.5%34.1%(1.5%)0.8%5.0%Gross profit70.8%19.4%5.5%(25.7%)19.2%6.9%EBIT117.9%43.6%(65.6%)(29.7%)114.9%13.3%Net profit122.4%50.1%(59.1%)(16.3%)79.6%12.2%PROFITABILITY2020A2021A2022A2023E2024E2025EYE 31 DecT16.0%14.1%11.1%8.4%9.9%10.1%Gross profit margin16.0%14.1%11.1%8.4%9.9%10.1%Return on equity (ROE)15.9%17.9%6.0%4.7%8.0%8.4%GEARING/LIQUIDITY/ACTIVITIES2020A2021A2022A2023E2024E2025EYE 31 DecCurrent ratio (x)1.21.11.01.01.0Current ratio (x)1.21.21.11.01.01.0Receivable turnover days57.551.345.945.945.945.9Inventory turnover days101.6104.9101.5101.5101.5101.5VALUATION2020A2021A2022A2022E2024E2025EYE 31 DecF51.551.562.940.722.720.2P/E34.551.550.33.71.91.81.6	0	, ,					
YE 31 Dec Revenue 64.3% 35.5% 34.1% (1.5%) 0.8% 5.0% Gross profit 70.8% 19.4% 5.5% (25.7%) 19.2% 6.9% EBIT 117.9% 43.6% (65.6%) (29.7%) 114.9% 13.3% Net profit 122.4% 50.1% (59.1%) (16.3%) 79.6% 12.2% PROFITABILITY 2020A 2021A 2022A 2023E 2024E 2025E YE 31 Dec Gross profit margin 16.0% 14.1% 11.1% 8.4% 9.9% 10.1% Return on equity (ROE) 15.9% 17.9% 6.0% 4.7% 8.0% 8.4% GEARING/LIQUIDITY/ACTIVITIES 2020A 2021A 2022A 2023E 2024E 2025E YE 31 Dec Inventory turnover days 57.5 51.3 45.9 45.9 45.9 Inventory turnover days 54.5 57.7 57.6 57.6 57.6 57.6 Payable turnover days 101	Cash at the end of the year	6,913	9,138	10,800	17,018	11,764	20,257
Revenue 64.3% 35.5% 34.1% (1.5%) 0.8% 5.0% Gross profit 70.8% 19.4% 5.5% (25.7%) 19.2% 6.9% EBIT 117.9% 43.6% (65.6%) (29.7%) 114.9% 13.3% Net profit 122.4% 50.1% (59.1%) (16.3%) 79.6% 12.2% PROFITABILITY 2020A 2021A 2022A 2023E 2024E 2025E YE 31 Dec T 11.1% 8.4% 9.9% 10.1% Return on equity (ROE) 15.9% 17.9% 6.0% 4.7% 8.0% 8.4% GEARING/LIQUIDITY/ACTIVITIES 2020A 2021A 2022A 2023E 2024E 2025E YE 31 Dec T 1.1 1.0 1.0 1.0 1.0 Current ratio (x) 1.2 1.2 1.1 1.0 1.0 1.0 Receivable turnover days 57.5 51.3 45.9 45.9 45.9 Inventor turnover da		2020A	2021A	2022A	2023E	2024E	2025E
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Div yield (%) 0.5 0.5 0.3 0.4 0.7 0.7							
	Div yield (%)	0.5	0.5	0.3	0.4	0.7	0.7

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.



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