

# LONGi – A (601012 CH)

## 2Q20 results beat; shipment growth to offset pricing and costs impacts in 2H20

LONGi delivered outstanding 1H20 results. 2Q20 net profit was RMB2,252mn, up 61.1% YoY, refreshing quarter earnings new high. Strong earnings was mostly driven by module external shipment growth by 140.2% to 4.7GW during the quarter, while we estimate GPM of mono-wafer sales were above 30% despite continuous price cut in Apr-May. Looking ahead to 2H20, though uncertainties appear to increase with pricing and costs fluctuation, we think LONGi will likely offset those impacts through accelerating shipment growth. We raise FY20-22E EPS forecast by 39.9% - 54.8% to RMB2.08/2.58/3.12. **Our TP is lifted to RMB72.40 based on 28.1x FY21E PER. Upgrade to BUY rating.**

■ **2Q20 results beat.** 2Q external module shipment surged 106.2% YoY to 4,708MW, while external wafer shipment stay relatively flat at 1,112mn pieces, down 5.0% YoY. The Company recognized RMB406mn impairment losses mainly from RMB427mn for Taizhou and Chuzhou plants, and largely offset by RMB296mn gain from solar farm disposal and RMB153mn financial income from excess cash management. Net interests gain was recorded for the consecutive second quarter, as LONGi maintained in a net cash position. For 1H20, net profit was RMB4,116mn, up 104.8% YoY, significantly higher than ours and market estimates.

■ **Strong overseas module shipment sustained excellent profitability.** LONGi realized wafer/module external shipment of 2.47bn piece/6.58GW in 1H20, up 14.9%/106.2% YoY. Module sales was a highlight as LONGi had 52% module shipped to overseas market, and US module sales offered explicit high margin with significantly higher ASP (+RMB30-50cents vs. domestic spot price.) Wafer sales recorded high GPM at ~40% in 1Q20, and we estimate wafer sales GPM was above 33% though experienced continuous price cut in Apr-May. In a challenging environment came with impacts from COVID-19, LONGi still maintained smooth sales with limited impacts on profitability, in our view.

■ **Price/costs impacts to be offset by shipment growth.** Recent price/costs fluctuate along the PV supply chain had brought impacts to wafer margin and module demand uncertainties. Based on current pricing structure, wafer GPM declined to ~24% by end-Aug, according to our estimate. We are not over concern on the short term turbulence, as LONGi has state of the art PERC cell (efficiency at 23%), leading product costs structure, and strong overseas module sales network. In 2H20, we expect LONGi to meet its sales target, implying 74.8%/156.4%, which we see strong enough to offset price/costs impacts.

### Earnings Summary

| (YE 31 Dec)         | FY18A  | FY19A    | FY20E    | FY21E    | FY22E    |
|---------------------|--------|----------|----------|----------|----------|
| Revenue (RMB mn)    | 21,988 | 32,897   | 49,847   | 69,207   | 91,415   |
| YoY growth (%)      | 34.4   | 49.6     | 51.5     | 38.8     | 32.1     |
| Net income (RMB mn) | 2,558  | 5,280    | 7,846    | 9,717    | 11,770   |
| EPS (RMB)           | 0.93   | 1.47     | 2.08     | 2.58     | 3.12     |
| YoY growth (%)      | (27.9) | 58.1     | 41.5     | 23.8     | 21.1     |
| Consensus EPS(RMB)  | N/A    | N/A      | 1.76     | 2.18     | 2.58     |
| P/E (x)             | 67.7   | 42.8     | 30.3     | 24.4     | 20.2     |
| P/B (x)             | 10.7   | 8.6      | 6.8      | 5.4      | 4.4      |
| Yield (%)           | 0.2    | 0.3      | 0.5      | 0.6      | 0.7      |
| ROE (%)             | 15.8   | 20.1     | 22.3     | 22.2     | 21.7     |
| Net gearing (%)     | 0.2    | Net Cash | Net Cash | Net Cash | Net Cash |

Source: Company data, Bloomberg, CMBIS estimates

**BUY (Up)**

|               |           |
|---------------|-----------|
| Target Price  | RMB72.40  |
| (Previous TP) | RMB31.23) |
| Up/Downside   | +15.0%    |
| Current Price | RMB62.96  |

### China Solar Sector

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### Stock Data

|                          |             |
|--------------------------|-------------|
| Mkt Cap (RMB mn)         | 237,486     |
| Avg 3 mths t/o (RMB mn)  | 2,625.      |
| 52w High/Low (RMB)       | 63.65/20.97 |
| Total Issued Shares (mn) | 3,772       |
| 4Source: Bloomberg       |             |

### Shareholding Structure

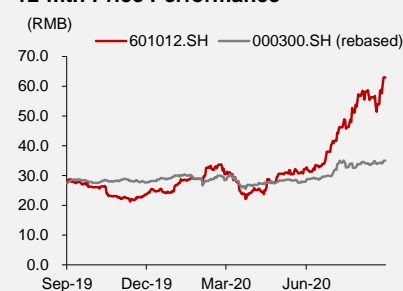
|                   |       |
|-------------------|-------|
| Li Zhenguo        | 15.0% |
| Li Chunan         | 11.0% |
| Free float        | 50.4% |
| Source: Bloomberg |       |

### Share Performance

|        | Absolute | Relative |
|--------|----------|----------|
| 1-mth  | 9.8%     | 5.6%     |
| 3-mth  | 95.5%    | 56.0%    |
| 6-mth  | 106.4%   | 67.8%    |
| 12-mth | 129.1%   | 79.7%    |

Source: Bloomberg

### 12-mth Price Performance



Source: Wind

Auditor: PwC

- **Raise TP to RMB72.40, upgrade to BUY.** We overestimate price and margin impacts to LONGi brought by COVID-19 in our previous estimate. In extremely challenging context in 2018-2020 (such as Chinese government's 5.31 policy in 2018, project approval delay in 2019, and COVID-19 disruption in 2020), solar demand was resilient on the track with continuous improving cost competitiveness comparing with other energy type. We expect global solar demand to restore its booming track from 2H20. Based on 1H20 operating and financial updates, we raise LONGi's FY20-22E EPS estimates by 39.9%/42.9%/54.8% to RMB2.08/2.58/3.12. Our TP, based on FY21E 28.1x, is raised to RMB72.40. We upgrade LONGi from Hold to **BUY**.
- **Risk factors:** 1) cell technology upgrade to HJT at faster-than-expected pace; and 2) short of Poly-Si to support capacity expansion in 2021E.

**Figure 1: LONGi's wafer and module shipment statistics and our est.**

| Operating figures                | 1Q19         | 2Q19         | 1H19         | 1Q20         | YoY    | 2Q20         | YoY    | 1H20         | YoY    | FY20E         |
|----------------------------------|--------------|--------------|--------------|--------------|--------|--------------|--------|--------------|--------|---------------|
| <b>Wafer shipment - mn piece</b> | <b>1,363</b> | <b>1,584</b> | <b>2,943</b> | <b>1,963</b> | 44.0%  | <b>1,995</b> | 25.9%  | <b>3,958</b> | 106.9% | <b>10,234</b> |
| Run rate                         | 20.8%        | 24.2%        | 44.9%        | 19.2%        | n/a    | 19.5%        | n/a    | 38.7%        | n/a    | 100.0%        |
| External sales                   | 982          | 1,170        | 2,148        | 1,357        | 38.2%  | 1,112        | -5.0%  | 2,469        | 14.9%  | 6,933         |
| Run rate                         | 20.9%        | 24.9%        | 45.7%        | 19.6%        | n/a    | 16.0%        | n/a    | 35.6%        | n/a    | 147.4%        |
| Internal use                     | 381          | 414          | 795          | 606          | 59.1%  | 883          | 113.3% | 1,489        | 131.6% | 3,300         |
| Run rate                         | 20.6%        | 22.4%        | 43.1%        | 18.4%        | n/a    | 26.8%        | n/a    | 45.1%        | n/a    | 178.8%        |
| <b>Modules Shipment - MW</b>     |              |              |              |              |        |              |        |              |        |               |
| External sales                   | 1,240        | 1,960        | 3,190        | 1,870        | 50.8%  | 4,708        | 140.2% | 6,578        | 106.2% | 17,359        |
| Run rate                         | 16.8%        | 26.5%        | 43.1%        | 10.8%        | n/a    | 27.1%        | n/a    | 37.9%        | n/a    | 100.0%        |
| Internal use                     | 72           | 300          | 260          | 180          | 150.0% | 42           | -86.0% | 222          | -44.6% | 800           |
| Run rate                         | 7.4%         | 30.9%        | 26.8%        | 22.5%        | n/a    | 5.3%         | n/a    | 27.8%        | n/a    | 100.0%        |

Source: Company data, CMBIS estimates

**Figure 2: LONGi's 2Q20 and 1H20 results summary**

| (RMB mn)                   | 1Q19         | 2Q19         | 1H19           | 1Q20         | YoY           | 2Q20           | YoY          | 1H20           | YoY           | FY20E          |
|----------------------------|--------------|--------------|----------------|--------------|---------------|----------------|--------------|----------------|---------------|----------------|
| <b>Revenue</b>             | <b>5,710</b> | <b>8,401</b> | <b>14,111</b>  | <b>8,599</b> | <b>50.6%</b>  | <b>11,542</b>  | <b>37.4%</b> | <b>20,141</b>  | <b>97.4%</b>  | <b>49,847</b>  |
| COGS                       | (4,366)      | (6,045)      | (10,411)       | (5,859)      | 34.2%         | (8,394.1)      | 38.9%        | (14,253.3)     | 104.6%        | (36,563)       |
| <b>Operating profit</b>    | <b>1,344</b> | <b>2,356</b> | <b>3,700</b>   | <b>2,740</b> | <b>103.9%</b> | <b>3,148</b>   | <b>33.6%</b> | <b>5,888.0</b> | <b>81.8%</b>  | <b>13,284</b>  |
| Gross profit margin        | 23.5%        | 28.0%        | 26.2%          | 31.9%        | 8.3ppt        | 27.3%          | -0.8ppt      | 29.2%          | 3.0ppt        | 26.6%          |
| <b>Operating expenses</b>  | <b>(579)</b> | <b>(716)</b> | <b>(1,296)</b> | <b>(657)</b> | <b>13.5%</b>  | <b>(1,089)</b> | <b>52.0%</b> | <b>(1,746)</b> | <b>38.4%</b>  | <b>(4,919)</b> |
| Taxes & Surcharges         | (27)         | (37)         | (64)           | (40)         | 50.1%         | (39.1)         | 5.3%         | (79.4)         | -7.0%         | (333)          |
| Selling expenses           | (214)        | (332)        | (546)          | (114)        | -46.6%        | (215.7)        | -35.1%       | (330.1)        | -33.7%        | (1,894)        |
| as % to revenue            | -3.8%        | -4.0%        | -3.9%          | -1.3%        | 2.4ppt        | -1.9%          | 2.1ppt       | -1.6%          | 3.2ppt        | -3.8%          |
| Admin expenses             | (187)        | (212)        | (399)          | (267)        | 42.8%         | (318.5)        | 50.2%        | (585.9)        | 79.4%         | (1,471)        |
| as % to revenue            | -3.3%        | -2.5%        | -2.8%          | -3.1%        | 0.2ppt        | -2.8%          | -0.2ppt      | -2.9%          | 0.3ppt        | -3.0%          |
| R&D expenses               | (56)         | (61)         | (117)          | (76)         | 36.1%         | (109.8)        | 80.5%        | (186.3)        | 74.7%         | (498)          |
| Impairment loss            | (95)         | (74)         | (169)          | (159)        | 67.4%         | (405.5)        | 447.6%       | (564.4)        | 129.9%        | (723)          |
| <b>Operating profit</b>    | <b>765</b>   | <b>1,640</b> | <b>2,405</b>   | <b>2,083</b> | <b>172.4%</b> | <b>2,059.1</b> | <b>25.5%</b> | <b>4,142</b>   | <b>109.6%</b> | <b>8,364</b>   |
| Other income               | 24           | 48           | 72             | 53           | 123.7%        | 88.4           | 83.6%        | 141.7          | 46.7%         | 299            |
| Investment income          | 108          | 37           | 145            | 115          | 6.0%          | 426.9          | 1058.8%      | 541.6          | -2428.5%      | 570            |
| Asset disposal gain/(loss) | (8)          | (9)          | (17)           | (1)          |               | (6.8)          |              | (7.4)          |               | -              |
| Finance expenses, net      | (148)        | (12)         | (160)          | 18           | -112.3%       | 41.3           | -449.2%      | 59.5           | -200.3%       | (133)          |
| Others                     | -            | -            | -              | -            |               |                |              |                |               | (1)            |
| Non-Operating Income, net  | 2            | (35)         | (33)           | (8)          | -532.8%       | (22.7)         | -35.1%       | (31.1)         | 168.3%        | (10)           |
| <b>Profit Before Tax</b>   | <b>743</b>   | <b>1,670</b> | <b>2,412</b>   | <b>2,260</b> | <b>204.4%</b> | <b>2,586</b>   | <b>54.9%</b> | <b>4,846</b>   | <b>139.9%</b> | <b>9,089</b>   |
| Income tax                 | (72)         | (208)        | (280)          | (295)        | 308.6%        | (305.9)        | 47.0%        | (601.1)        | 301.7%        | (1,000)        |
| Effective tax rate         | 9.7%         | 12.5%        | 11.6%          | 13.1%        | 3.3ppt        | 11.8%          | -0.6ppt      | 12.4%          | 5.0ppt        | -2.0%          |
| Profit for the period      | 670          | 1,461        | 2,132          | 1,965        | 193.1%        | 2,280          | 56.0%        | 4,245          | 126.9%        | 8,089          |
| Less: Minority Interest    | 59           | 63           | 122            | 101          | 70.9%         | 27.8           | -56.0%       | 128.8          | 69.7%         | 243            |
| <b>Net profit</b>          | <b>611</b>   | <b>1,398</b> | <b>2,010</b>   | <b>1,864</b> | <b>205.0%</b> | <b>2,252</b>   | <b>61.1%</b> | <b>4,116</b>   | <b>104.8%</b> | <b>7,846</b>   |
| Net profit margin          | 10.7%        | 16.6%        | 14.2%          | 21.7%        | 11.0ppt       | 19.5%          | 2.9ppt       | 20.4%          | 2.8ppt        | 15.7%          |

Source: Company data, CMBIS estimates

**Figure 3: Earnings revision**

|                     | Old    |        |        | New    |        |        | Change(%) |       |       |
|---------------------|--------|--------|--------|--------|--------|--------|-----------|-------|-------|
|                     | 2020   | 2021   | 2022   | 2020   | 2021   | 2022   | 2020      | 2021  | 2022  |
| Revenue (RMB mn)    | 46,407 | 59,390 | 63,764 | 49,847 | 69,207 | 91,415 | 7.4%      | 16.5% | 43.4% |
| Net Income (RMB mn) | 5,610  | 6,798  | 7,603  | 7,846  | 9,717  | 11,770 | 39.9%     | 42.9% | 54.8% |
| EPS (RMB)           | 1.49   | 1.80   | 2.02   | 2.08   | 2.58   | 3.12   | 39.9%     | 42.9% | 54.8% |

Source: CMBIS estimates

## Financial Summary

### Income statement

| YE 31 Dec (RMB mn)         | FY18A          | FY19A          | FY20E           | FY21E           | FY22E           |
|----------------------------|----------------|----------------|-----------------|-----------------|-----------------|
| <b>Revenue</b>             | <b>21,988</b>  | <b>32,897</b>  | <b>49,847</b>   | <b>69,207</b>   | <b>91,415</b>   |
| Mono-module                | 13,091         | 14,570         | 26,732          | 44,154          | 67,404          |
| Wafer                      | 6,116          | 12,913         | 19,135          | 20,472          | 18,825          |
| Others                     | 2,781          | 5,415          | 3,980           | 4,581           | 5,187           |
| <b>COGS</b>                | <b>(4,892)</b> | <b>(9,508)</b> | <b>(13,284)</b> | <b>(17,192)</b> | <b>(21,172)</b> |
| Gross profit               | 4,892          | 9,508          | 13,284          | 17,192          | 21,172          |
| <b>Operating expenses</b>  | <b>2,687</b>   | <b>3,405</b>   | <b>4,919</b>    | <b>6,736</b>    | <b>8,546</b>    |
| Taxes & surcharges         | 117            | 178            | 333             | 402             | 546             |
| Selling expenses           | 1,017          | 1,330          | 1,894           | 2,630           | 3,291           |
| Admin expenses             | 623            | 971            | 1,471           | 2,043           | 2,698           |
| R&D expenses               | 202            | 304            | 498             | 692             | 914             |
| Impairment loss            | 728            | 621            | 723             | 969             | 1,097           |
| <b>Operating profit</b>    | <b>3,593</b>   | <b>2,205</b>   | <b>6,104</b>    | <b>8,364</b>    | <b>12,626</b>   |
| Other income               | 142            | 204            | 299             | 415             | 548             |
| Investment income          | 794            | 240            | 570             | 570             | 570             |
| Asset disposal gain/(loss) | (4)            | -              | -               | -               | -               |
| Finance expenses, net      | (267)          | (250)          | (133)           | (165)           | (84)            |
| Others                     | -              | -              | (1)             | -               | -               |
| Non-operating income, net  | (2)            | (51)           | (10)            | (21)            | 14              |
| <b>Profit Before Tax</b>   | <b>2,867</b>   | <b>6,247</b>   | <b>9,089</b>    | <b>11,256</b>   | <b>13,634</b>   |
| Income tax                 | (301)          | (690)          | (1,000)         | (1,238)         | (1,500)         |
| Less: minority interest    | (9)            | (278)          | (243)           | (301)           | (364)           |
| <b>Net profit</b>          | <b>2,558</b>   | <b>5,280</b>   | <b>7,846</b>    | <b>9,717</b>    | <b>11,770</b>   |

### Cash flow summary

| YE 31 Dec (RMB mn)                 | FY18A          | FY19A          | FY20E          | FY21E          | FY22E          |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Net income</b>                  | <b>2,558</b>   | <b>5,280</b>   | <b>7,846</b>   | <b>9,717</b>   | <b>11,770</b>  |
| DD&A                               | 1,129          | 1,488          | 2,000          | 2,162          | 2,315          |
| Working capital change             | (1,558)        | 8,184          | (4,313)        | (490)          | (1,064)        |
| Tax adjustments                    | 85             | 150            | 77             | 83             | 88             |
| Others                             | (1,040)        | (6,943)        | (1,619)        | (3,001)        | (3,442)        |
| <b>Net cash from operation</b>     | <b>1,173</b>   | <b>8,158</b>   | <b>3,991</b>   | <b>8,471</b>   | <b>9,667</b>   |
| Capex & investments                | (3,652)        | (6,015)        | (7,019)        | (2,355)        | (2,366)        |
| Others                             | 483            | 3,262          | -              | -              | -              |
| <b>Net cash from investment</b>    | <b>(3,169)</b> | <b>(2,753)</b> | <b>(7,019)</b> | <b>(2,355)</b> | <b>(2,366)</b> |
| Equity raised                      | -              | 6,215          | 438            | -              | -              |
| Change of debts                    | 769            | (1,815)        | 2,549          | 1,049          | 1,049          |
| Dividend paid                      | (359)          | (362)          | (754)          | (1,122)        | (1,390)        |
| Others                             | (143)          | 522            | 157            | 170            | 85             |
| <b>Net cash from financing</b>     | <b>267</b>     | <b>4,560</b>   | <b>2,389</b>   | <b>97</b>      | <b>(256)</b>   |
| Net change in cash                 | (1,728)        | 9,965          | (638)          | 6,213          | 7,044          |
| Cash at the beginning              | 7,356          | 5,665          | 15,560         | 14,922         | 21,134         |
| Exchange difference                | 38             | (70)           | -              | -              | -              |
| <b>Cash at the end of the year</b> | <b>5,665</b>   | <b>15,560</b>  | <b>14,922</b>  | <b>21,134</b>  | <b>28,179</b>  |
| Less: pledged cash                 | 2,043          | 3,775          | 4,985          | 6,921          | 9,142          |
| <b>Cash at the balance sheet</b>   | <b>7,708</b>   | <b>19,336</b>  | <b>19,907</b>  | <b>28,055</b>  | <b>37,320</b>  |

### Balance sheet

| YE 31 Dec (RMB mn)             | FY18A         | FY19A         | FY20E         | FY21E         | FY22E         |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Non-current Assets</b>      | <b>16,758</b> | <b>21,937</b> | <b>27,056</b> | <b>27,369</b> | <b>27,564</b> |
| Fixed Assets                   | 13,260        | 15,467        | 21,816        | 21,925        | 21,894        |
| Construction in Progress       | 856           | 2,882         | 1,468         | 1,468         | 1,468         |
| LT Deferred Expenses           | 959           | 971           | 986           | 998           | 1,009         |
| Others                         | 1,683         | 2,617         | 2,786         | 2,977         | 3,194         |
| <b>Current Assets</b>          | <b>22,901</b> | <b>37,367</b> | <b>46,856</b> | <b>65,466</b> | <b>86,731</b> |
| Cash & Equivalents             | 7,708         | 19,336        | 19,907        | 28,055        | 37,320        |
| Account Receivables            | 8,453         | 8,379         | 12,462        | 17,302        | 22,854        |
| Inventories                    | 4,283         | 6,356         | 9,720         | 13,495        | 17,826        |
| Others                         | 2,457         | 3,295         | 4,768         | 6,614         | 8,731         |
| <b>Current Liabilities</b>     | <b>14,878</b> | <b>24,620</b> | <b>27,382</b> | <b>35,204</b> | <b>43,636</b> |
| Account Payables               | 8,507         | 13,714        | 14,954        | 19,378        | 24,682        |
| Advanced Payment               | 962           | 3,680         | 3,062         | 3,276         | 3,012         |
| Short-term Borrowings          | 688           | 854           | 848           | 953           | 1,058         |
| Current Portion of LT Debt     | 1,137         | 1,571         | 1,272         | 1,429         | 1,586         |
| Others                         | 3,585         | 4,801         | 7,246         | 10,168        | 13,298        |
| <b>Non-current Liabilities</b> | <b>7,956</b>  | <b>6,389</b>  | <b>10,671</b> | <b>13,006</b> | <b>15,569</b> |
| Long-term Payables             | 1,306         | 1,528         | 2,492         | 3,460         | 4,571         |
| Long-term Borrowings           | 2,659         | 2,509         | 5,364         | 6,150         | 6,937         |
| Bond Payables                  | 3,262         | 996           | 996           | 996           | 996           |
| Others                         | 729           | 1,357         | 1,819         | 2,400         | 3,066         |
| <b>Total net assets</b>        | <b>16,825</b> | <b>28,295</b> | <b>35,860</b> | <b>44,625</b> | <b>55,091</b> |
| <b>Minority interests</b>      | <b>373</b>    | <b>666</b>    | <b>679</b>    | <b>849</b>    | <b>934</b>    |
| <b>Shareholders' equity</b>    | <b>16,452</b> | <b>27,629</b> | <b>35,181</b> | <b>43,776</b> | <b>54,157</b> |

### Key ratios

| YE 31 Dec                   | FY18A         | FY19A         | FY20E         | FY21E         | FY22E         |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Sales mix (%)</b>        |               |               |               |               |               |
| Mono-module                 | 59.5%         | 44.3%         | 53.6%         | 63.8%         | 73.7%         |
| Mono-wafer                  | 27.8%         | 39.3%         | 38.4%         | 29.6%         | 20.6%         |
| Others                      | 12.6%         | 16.5%         | 8.0%          | 6.6%          | 5.7%          |
| <b>Total</b>                | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>P&amp;L ratios (%)</b>   |               |               |               |               |               |
| Gross profit margin         | 22.2%         | 28.9%         | 26.6%         | 24.8%         | <b>13.8%</b>  |
| Operating margin            | 10.0%         | 18.6%         | 16.8%         | 15.1%         | 14.9%         |
| Net margin                  | 11.6%         | 16.0%         | 15.7%         | 14.0%         | 12.9%         |
| Effective tax rate          | 10.5%         | 11.0%         | 11.0%         | 11.0%         | 11.0%         |
| <b>Balance sheet ratios</b> |               |               |               |               |               |
| Current ratio (x)           | 1.54          | 1.52          | 1.71          | 1.86          | 1.99          |
| Inventory turnover days     | 71.1          | 83.0          | 80.2          | 81.5          | 81.4          |
| Creditor's turnover days    | 131.6         | 123.3         | 105.0         | 90.5          | 88.0          |
| Debtors turnover days       | 121.1         | 93.4          | 76.3          | 78.5          | 80.2          |
| Liabilities/Assets (%)      | 57.6          | 52.3          | 51.5          | 51.9          | 51.8          |
| Net debt/ equity ratio (%)  | 0.22          | Net Cash      | Net Cash      | Net Cash      | Net Cash      |
| <b>Returns (%)</b>          |               |               |               |               |               |
| ROE                         | 15.55         | 19.11         | 22.30         | 22.20         | 21.73         |
| ROA                         | 6.45          | 8.90          | 10.62         | 10.47         | 10.30         |
| <b>Per share</b>            |               |               |               |               |               |
| EPS (RMB)                   | 0.93          | 1.47          | 2.08          | 2.58          | 3.12          |
| DPS (RMB)                   | 0.10          | 0.20          | 0.30          | 0.37          | 0.45          |
| BVPS (RMB)                  | 5.89          | 7.32          | 9.33          | 11.61         | 14.36         |

Source: Company data, CMBIS estimates

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