

Xtep (1368 HK)

2Q25 was weak but guidance remained intact

2Q25 was a slight miss (but the market has been cautious since Jun 2025), and we are also cautious about 2H25E. However, because Xtep's FY25E guidance has been conservative and its inventory level has been low and healthy, we tend to believe its sales growth, inventory and discount condition could at least sustain into 2H25E. Hence, given its undemanding valuation, we maintain BUY with TP of HK\$ 7.20, based on 14x FY25E P/E. The stock is now trading at 10x.

■ **FY25E guidance remained intact.** Even though retail sales growth slowed down in 2Q25, the overall growth in 1H25 was still fairly on track (MSD for Xtep and 30%+ for Saucony). Therefore, management has kept the FY25E guidance (positive group-level sales growth and 30%-40% Saucony sales growth, as well as the 10%+ group-level net profit growth).

For Xtep brand, we are still quite confident that it will achieve its guidance in FY25E, thanks to the robust growth in the running segment (professional products sales recorded a 30%+ YoY growth in 1H25E and accounted for about 15% of the total running segment sales). We believe even if the lifestyle products may register a negative growth in FY25E (a rather bearish case), the strong growth in running segment (perhaps we can assume a 30%+ for professional products and an around 5% for mass-market products) can still more than offset that and lead to an overall positive sales growth for the Xtep core brand in FY25E. Xtep brand will launch the newer version of its flagship running shoes (160X 7.0) in Aug 2025. Moreover, we are also confident about Xtep brand's e-commerce sales growth in 2H25E, because: 1) the Company is likely to learn from this recent 618 and form a more suitable plan and strategy for the Double 11 Festival and 2) the base of Double 11 Festival last year was actually not high.

For Saucony brand, management is still very confident, as they think the slowdown in e-commerce is only temporary and the rapid offline expansion has only just started (SSSG should stay healthy and more stores will be opened, including the flagship and high-ranked ones). Also, growth from product category expansion is still intact, more items for the OG series and apparel will be launched, and there will be more crossover products as well.

■ **Maintain BUY with TP of HK\$ 7.20, based on 14x FY25E P/E (unchanged).** The industry has become more promotional and competitive in 2Q25 and we will monitor those in 2H25E, and see if there is any more policy support to the consumer sector (to counter the drags from the trade war). Given Xtep's industry-leading inventory level and high wholesale sales mix, plus management's reiteration of the FY25E guidance, we maintain our forecasts and BUY with TP of HK\$7.20, based on 14x FY25E P/E. The stock is trading at 10x FY25E P/E, still fairly undemanding vs its 8-year average of 15x.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	14,346	13,577	14,312	15,249	16,363
YoY growth (%)	10.9	(5.4)	5.4	6.5	7.3
Operating profit (RMB mn)	1,579.9	1,965.5	1,965.5	2,187.6	2,441.2
Net profit (RMB mn)	1,033.0	1,305.5	1,372.0	1,569.5	1,839.2
EPS (Reported) (RMB)	0.39	0.47	0.48	0.54	0.64
YoY growth (%)	9.4	19.4	3.6	12.6	17.2
P/E (x)	12.5	10.5	10.1	9.0	7.7
P/B (x)	1.4	1.5	1.6	1.4	1.3
Yield (%)	4.0	12.7	4.9	5.5	6.5
ROE (%)	12.0	14.8	15.8	17.3	18.3
Net gearing (%)	7.1	7.9	2.3	5.1	7.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price **HK\$7.20**
 (Previous TP) HK\$7.20
Up/Downside **34.8%**
Current Price **HK\$5.34**

China Consumer Discretionary

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Stock Data

Mkt Cap (HK\$ mn)	14,070.1
Avg 3 mths t/o (HK\$ mn)	72.0
52w High/Low (HK\$)	6.98/4.14
Total Issued Shares (mn)	2634.8

Source: FactSet

Shareholding Structure

Mr Ding Shui Po & Family	49.2%
JPMorgan Chase & Co	4.6%

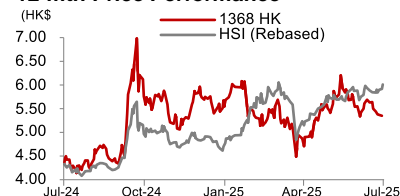
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-3.8%	-5.6%
3-mth	13.4%	-2.6%
6-mth	-6.0%	-25.1%

Source: FactSet

12-mth Price Performance



Source: FactSet

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- **2Q25 retail sales missed CMBI est., but on track with the Company's guidance and the market view has already been cautious since Jun 2025.** Xtep reported a LSD retail sales growth in 2Q25, slightly below CMBI est. of 6%, also slowing down from the MSD in 1Q25, but we believe this is not totally a surprise given the weak industry trend in Jun 2025. In fact, the LSD growth is still inline with management's FY25E guidance (about LSD to MSD retail sales growth for Xtep core brand, deduced by the positive group-level sales growth and 30%-40% Saucony sales growth). The slight miss was mostly due to: 1) intense industry competition (some brands did provide more discounts to clear inventory) and 2) weaker-than-expected e-commerce sales growth (including the 618 Festival). By channel, e-commerce sales growth was still at around 10% while offline sales growth was slower (kids growth continued to outperform adults). By product category, running was still growing fast (10%+) and outperformed lifestyle and others.
- **Xtep's inventory level and retail discounts remained fairly healthy in 2Q25.** Inventory to sales ratio was at about 4 to 4.5 months in 2Q25, up mildly both QoQ and YoY vs 4 months in 1Q25 and 2Q24. But this is still a very healthy and industry-leading level, in our view. Retail discounts were still at 25% to 30% off in 2Q25, flattish QoQ vs 1Q25 but deepened YoY by 2-3ppt vs 25% off in 2Q24. Thanks to this healthy and controllable inventory condition, management is still expecting the inventory to sales ratio and retail discounts to stay stable for FY25E, at around 4 to 4.5 months and 25% to 30% off.
- **Retail sales growth in Jul 2025 MTD has improved vs 2Q25.** According to management, retail sales growth for Xtep brand has already accelerated in Jul 2025 MTD, with better e-commerce sales, driven by increased summer demand and more promotional activities. Saucony brand has also re-accelerated growth in Jul 2025 MTD, but more supported by offline SSSG and store openings, because of the shift in e-commerce business strategy in FY25E (some lower-priced product offerings have been removed and less discounts given).
- **The DTC transformation is still on-going, as planned.** The Company will repurchase 100 to 200 stores in 4Q25E (unchanged) and 300 to 400 stores (previously mentioned 200 to 400) in FY26E. The capex needed for this repurchase is about RMB 400mn and will all be funded by internal cash flow. The Company is also ready to upgrade its management system for products and members, as these are the key to boost efficiency under the DTC model.

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	14,312	15,249	16,363	14,312	15,249	16,363	0.0%	0.0%	0.0%
Gross profit	6,266	6,765	7,355	6,266	6,765	7,355	0.0%	0.0%	0.0%
EBIT	1,966	2,188	2,441	1,966	2,188	2,441	0.0%	0.0%	0.0%
Net profit att.	1,372	1,569	1,839	1,372	1,570	1,839	0.0%	0.0%	0.0%
Diluted EPS (RMB)	0.483	0.544	0.637	0.483	0.544	0.637	0.0%	0.0%	0.0%
Gross margin	43.8%	44.4%	44.9%	43.8%	44.4%	44.9%	0ppt	0ppt	0ppt
EBIT margin	13.7%	14.3%	14.9%	13.7%	14.3%	14.9%	0ppt	0ppt	0ppt
Net profit att. margin	9.6%	10.3%	11.2%	9.6%	10.3%	11.2%	0ppt	0ppt	0ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	14,312	15,249	16,363	14,408	15,463	16,571	-0.7%	-1.4%	-1.3%
Gross profit	6,266	6,765	7,355	6,300	6,840	7,418	-0.5%	-1.1%	-0.9%
EBIT	1,966	2,188	2,441	2,009	2,195	2,400	-2.1%	-0.4%	1.7%
Net profit att.	1,372	1,569	1,839	1,383	1,523	1,670	-0.8%	3.1%	10.2%
Diluted EPS (RMB)	0.483	0.544	0.637	0.511	0.565	0.615	-5.4%	-3.7%	3.6%
Gross margin	43.8%	44.4%	44.9%	43.7%	44.2%	44.8%	0.1ppt	0.1ppt	0.2ppt
EBIT margin	13.7%	14.3%	14.9%	13.9%	14.2%	14.5%	-0.2ppt	0.1ppt	0.4ppt
Net profit att. margin	9.6%	10.3%	11.2%	9.6%	9.8%	10.1%	0ppt	0.4ppt	1.2ppt

Source: Company data, Bloomberg, CMBIGM estimates

Operating numbers

Figure 3: Sportswear brands sales growth trend

Operating numbers	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25E	3Q25E	4Q25E
Nike China sales	-8%	-20%	-13%	6%	1%	25%	12%	8%	6%	7%	-3%	-11%	-15%	-20%	-5%	2%
Adidas China sales	-35%	-35%	-27%	-50%	-9%	16%	6%	37%	8%	9%	9%	10%	13%	11%	12%	13%
Anta brand's SSSG																
Anta brand's retail sales	+ve High-teens	-ve MSD	+ve MSD	-ve HSD	+ve MSD	+ve HSD	+ve HSD	+ve High-teens	+ve MSD	+ve HSD	+ve MSD	+ve HSD	+ve HSD	+ve LSD	4%	7%
Core brand	+ve Mid-teens	-ve Low-teens	+ve LSD	-ve Mid-teens	+ve HSD	+ve HSD	+ve HSD	25%-30%	+ve LSD	+ve LSD	-ve LSD	+ve MSD				
Kids	20%-25%	+ve LSD	+ve HSD	-ve High-teens	+ve MSD	+ve HSD	+ve HSD	30%-35%	Flat	-ve LSD	-ve HSD	+ve HSD				
Online	Over 30%	+ve HSD	+ve HSD	+ve MSD	-ve LSD	+ve MSD	+ve LSD	+ve MSD	20%-25%	20%-25%	20%-25%	+ve High-teens	+ve Low-teens	+ve LSD		
FILA brand's retail sales																
Classic/ Core brand	-ve MSD	-ve DD	-ve LSD	-ve Mid-teens	+ve LSD	+ve MSD	+ve HSD	40%-45%	+ve MSD	+ve HSD	-ve MSD	+ve LSD				
Kids	+ve Mid-teens	+ve HSD	+ve LSD	-ve Low-teens	-ve HSD	+ve LSD	+ve HSD	30%-35%	-ve LSD	-ve LSD	-ve Low-teens	Flat				
Fusion	Over 20%	-ve MSD	+ve LSD	+ve HSD	-ve HSD	+ve LSD	+ve HSD	20%-25%	-ve MSD	+ve MSD	-ve HSD	+ve Low-teens				
Online	Over 20%	+ve MSD	Over 65%	Over 40%	Over 40%	60%-65%	-ve Mid-teens	+ve Mid-teens	20%	20%	+ve HSD	+ve Mid-teens	Over 20%	+ve Low-teens		
Other brands																
Descente	40%-45%	Over 20%	Over 35%	+ve Low-teens	70%-75%	60%-65%	40%-45%	50%-55%	20-25%	35%-40%	35%-40%	45%-50%	60%	40%-45%		
Kolon	40%-45%	Over 20%	Over 55%	+ve High-teens	100%	100%	60%-65%	65%-70%	50%	60%	65%-70%	60%-65%	100%	70%-75%		
Li Ning group's SSSG																
Direct retail	+ve Mid 20%	-ve High-teens	+ve MSD	-ve High 20%	-ve LSD	+ve HSD	+ve MSD	+ve High 30%	-ve LSD	-ve MSD	-ve MSD					
Wholesales	+ve Low-teens	-ve High-teens	+ve HSD	-ve Low 20%	-ve LSD	+ve LSD	-ve Low-teens	+ve MSD	-ve Mid-teens	-ve High-teens	-ve HSD					
E- Commerce	+ve Mid 30%	+ve LSD	+ve Low-teens	-ve LSD	-ve Low 20%	+ve LSD	-ve LSD	+ve MSD	+ve Low 20%	+ve Low-teens	+ve MSD					
Li Ning group's retail sa	+ve High 20%	-ve HSD	+ve Mid-teens	-ve Low-teens	+ve MSD	+ve Mid-teens	+ve MSD	+ve Low 20%	+ve LSD	-ve LSD	-ve MSD	+ve HSD	+ve LSD	+ve LSD	2%	2%
Direct retail	+ve Mid 30%	-ve HSD	+ve Low 20%	-ve Mid-teens	+ve Mid-teens	+ve High 20%	+ve Low 20%	+ve Low 50%	+ve MSD	Flat	-ve MSD	-ve LSD	-ve LSD	-ve MSD		
Wholesales	+ve Low 20%	-ve HSD	+ve Low-teens	-ve Low 20%	+ve MSD	+ve Mid-teens	+ve LSD	+ve High-teens	-ve MSD	-ve HSD	-ve HSD	+ve MSD	+ve LSD	+ve LSD		
E- Commerce	+ve Mid 30%	+ve MSD	+ve Mid 20%	+ve MSD	-ve Low-teens	+ve Low-teens	-ve LSD	+ve MSD	+ve Low 20%	+ve HSD	+ve MSD	+ve Mid-teens	+ve Low-teens	+ve MSD		
Xtep brand's SSSG																
Xtep brand's retail sales	30%-35%	+ve Mid-teens	20%-25%	-ve HSD	20%	+ve High-teens	+ve High-teens	30%-35%	+ve HSD	10%	+ve MSD	+ve HSD	+ve MSD	+ve LSD	4%	5%
Saucony's retail sales																
												Over 50%	50.0%	Over 40%	Over 20%	
361 Degree brand's SSSG																
361 Degree brand's offli	+ve High-teens	+ve Low-teens	+ve Mid-teens	Flat	+ve Low-teens	+ve Low-teens	15.0%	20.0%	+ve High-teens	10.0%	10.0%	10.0%	10%-15%	10.0%		
Kids	20%-25%	20%-25%	20%-25%	+ve LSD	20%-25%	20%-25%	25%-30%	40%	20%-25%	+ve Mid-teens	10%	10%-15%	10%-15%	10%		
E- Commerce	50%	40%	45%	25%	35%	30%	30%	Over 30%	20%-25%	30%-35%	Over 20%	30%-35%	35%-40%	10%		
Pou Sheng's SSSG	-21%	-25%	-10%	-27%	0%	13%	-3%	12%	-17%	-16%	-18%	-14%				
Pou Sheng's sales	-25%	-24%	-8%	-20%	7%	17%	-1%	9%	-7%	-11%	-11%	-3%	-5%	-8%	2%	4%
Topsports' retail sales	-ve High-teens	-ve High 20%	-ve LSD	-ve High-teens	-ve Low-teens	+ve Low 20%	-ve LSD	+ve Low-teens	+ve LSD	-ve MSD	-ve Low-teens	-ve MSD	-ve MSD	-3%	2%	6%
Dong Xiang's SSSG	-ve MSD	-ve Low to Mid-teens	-ve Low to Mid SD	-ve Mid-teens	+ve Low to Mid-teens	+ve Low to Mid-teens	+ve Low to Mid SD	25% to 30%	-ve HSD	-ve MSD	-ve HSD	-ve HSD				
Dong Xiang's retail sale	-ve MSD	-ve Mid to High-teens	+ve LSD	-ve Mid 20% to 30%	+ve Low to Mid-teens	+ve Mid-teens	+ve MSD	Mid 40% to 50%	-ve Low 10% to 20%	-ve LSD to MSD	-ve Low 10% to 20%	-ve MSD	-ve MSD to HSD			
Direct retail																
E- Commerce																

Source: Company data, CMBIGM estimates, *Nike's year end is in May (e.g. 4Q18 calendar year = 2Q19 fiscal year = Sep-Nov 2018)

Assumptions

Figure 4: Major assumptions

Major assumptions	FY23A	FY24A	FY25E	FY26E	FY27E
Sales by segment (RMB mn)					
Shoes	8,172	8,054	8,560	9,094	9,777
Apparels	5,904	5,226	5,435	5,816	6,223
Accessories	270	297	317	340	363
Total	14,346	13,577	14,312	15,249	16,363
Sales by segment growth (%)					
Shoes	5.3%	-1.4%	6.3%	6.2%	7.5%
Apparels	20.6%	-11.5%	4.0%	7.0%	7.0%
Accessories	-1.2%	9.8%	7.0%	7.0%	7.0%
Total	10.9%	-5.4%	5.4%	6.5%	7.3%
Sales by segment (RMB mn)					
Mass market	11,947	12,340	12,670	13,094	13,592
Athleisure	1,603	0	0	0	0
Professional sports	796	1,237	1,642	2,155	2,771
Total	14,346	13,577	14,312	15,249	16,363
Sales by segment growth (YoY)					
Mass market	7.4%	3.3%	2.7%	3.3%	3.8%
Athleisure	14.3%	-100.0%	n/a	n/a	n/a
Professional sports	98.9%	55.5%	32.7%	31.3%	28.6%
Total	10.9%	-5.4%	5.4%	6.5%	7.3%
Sales network					
Xtep	4,568	4,498	4,453	4,408	4,364
Xtep kids	1,703	1,584	1,584	1,584	1,584
Oversea stores	300	300	300	300	300
Total	6,571	6,382	6,337	6,292	6,248
GP margin	42.2%	43.2%	43.8%	44.4%	44.9%
Opex breakdown					
A&P / sales	13.7%	13.4%	13.2%	13.2%	13.2%
Staff costs/ sales	10.1%	10.0%	9.8%	10.0%	10.0%
R&D / sales	2.8%	2.9%	2.8%	2.8%	2.8%
D&A / sales	2.1%	1.9%	1.8%	1.8%	1.7%
Provisions (write-backs) / sales	0.1%	0.2%	0.1%	0.0%	0.0%
Rental / sales	0.2%	0.2%	0.2%	0.2%	0.2%
Selling & distribution costs / sales	23.5%	21.1%	22.6%	22.6%	22.6%
Admin expenses / sales	10.7%	10.5%	10.3%	10.3%	10.3%
Total	34.2%	31.6%	33.0%	32.9%	32.9%
OP margin	11.0%	14.5%	13.7%	14.3%	14.9%
Effective tax rate	28.7%	31.3%	29.5%	29.0%	28.0%
Net profit att. margins	7.2%	9.1%	9.6%	10.3%	11.2%
Net profit att. growth (%)	11.8%	20.2%	10.8%	14.4%	17.2%

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	12,930	14,346	13,577	14,312	15,249	16,363
Cost of goods sold	(7,639)	(8,296)	(7,712)	(8,046)	(8,484)	(9,008)
Gross profit	5,292	6,050	5,865	6,266	6,765	7,355
Operating expenses	(4,144)	(4,909)	(4,295)	(4,718)	(5,022)	(5,390)
Selling expense	(2,690)	(3,369)	(2,868)	(3,241)	(3,450)	(3,703)
Admin expense	(1,155)	(1,142)	(1,034)	(1,076)	(1,145)	(1,229)
R&D expense	(299)	(398)	(393)	(401)	(427)	(458)
Others	0	0	0	0	0	0
Operating profit	1,464	1,580	1,966	1,966	2,188	2,441
Other income	317	439	396	417	444	477
Share of (losses)/profits of associates/JV	(12)	15	33	70	113	201
EBITDA	1,595	1,740	2,151	2,163	2,332	2,528
Depreciation	(117)	(145)	(124)	(127)	(123)	(112)
Other amortisation	(14)	(16)	(61)	(71)	(21)	25
Interest income	25	41	37	32	31	34
Interest expense	(117)	(187)	(135)	(121)	(121)	(121)
Other income/expense	0	0	0	0	0	0
Pre-tax profit	1,361	1,449	1,901	1,946	2,211	2,554
Income tax	(449)	(416)	(596)	(574)	(641)	(715)
Minority interest	9	(3)	0	0	0	0
Net profit	912	1,033	1,306	1,372	1,569	1,839
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	12,338	12,044	11,230	11,139	11,941	12,794
Cash & equivalents	3,414	3,295	2,979	2,491	2,784	3,032
Account receivables	4,213	4,975	5,011	5,283	5,628	6,040
Inventories	2,287	1,794	1,596	1,665	1,755	1,864
Prepayment	1,371	1,112	1,046	1,103	1,175	1,261
ST bank deposits	1,047	862	590	590	590	590
Other current assets	6	7	7	7	7	7
Non-current assets	4,155	5,281	4,738	4,944	5,269	5,764
PP&E	1,368	1,592	1,669	1,876	2,108	2,378
Investment in JVs & assos	439	751	736	805	918	1,119
Intangibles	723	723	17	(56)	(78)	(54)
Other non-current assets	1,626	2,214	2,317	2,319	2,320	2,321
Total assets	16,494	17,325	15,968	16,083	17,209	18,558
Current liabilities	6,645	5,851	5,283	5,468	5,707	5,993
Short-term borrowings	2,231	954	1,161	1,161	1,161	1,161
Account payables	2,772	2,531	2,195	2,291	2,415	2,565
Tax payable	108	144	77	77	77	77
Other current liabilities	1,534	2,222	1,849	1,939	2,053	2,190
Non-current liabilities	1,542	2,552	1,983	1,983	1,983	1,983
Long-term borrowings	193	1,691	867	867	867	867
Other non-current liabilities	1,349	860	1,116	1,116	1,116	1,116
Total liabilities	8,187	8,402	7,266	7,451	7,690	7,976
Share capital	23	23	24	24	24	24
Retained earnings	5,126	5,281	(209)	(793)	30	993
Other reserves	3,157	3,620	8,888	9,402	9,466	9,566
Total shareholders equity	8,307	8,923	8,703	8,632	9,520	10,583
Minority interest	0	0	0	0	0	0
Total equity and liabilities	16,494	17,325	15,968	16,083	17,209	18,558

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,361	1,449	1,901	1,946	2,211	2,554
Depreciation & amortization	131	161	186	198	144	87
Tax paid	(431)	(531)	(469)	(574)	(641)	(715)
Change in working capital	(688)	(21)	(439)	(212)	(269)	(320)
Others	199	197	48	(70)	(113)	(201)
Net cash from operations	572	1,255	1,228	1,288	1,331	1,406
Investing						
Capital expenditure	(365)	(389)	(317)	(334)	(356)	(382)
Acquisition of subsidiaries/ investments	(5)	(6)	(5)	0	0	0
Others	(503)	(520)	973	0	0	0
Net cash from investing	(873)	(915)	651	(334)	(356)	(382)
Financing						
Dividend paid	(550)	(469)	(1,444)	(1,442)	(682)	(776)
Net borrowings	466	189	(651)	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	0	0	0	0	0	0
Others	(152)	(182)	(102)	0	0	0
Net cash from financing	(236)	(461)	(2,197)	(1,442)	(682)	(776)
Net change in cash						
Cash at the beginning of the year	3,930	3,414	3,295	2,979	2,491	2,784
Exchange difference	21	2	2	0	0	0
Others	(537)	(122)	(317)	(488)	293	248
Cash at the end of the year	3,414	3,295	2,979	2,491	2,784	3,032
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	29.1%	10.9%	(5.4%)	5.4%	6.5%	7.3%
Gross profit	26.7%	14.3%	(3.0%)	6.8%	8.0%	8.7%
Operating profit	4.9%	7.9%	24.4%	(0.0%)	11.3%	11.6%
EBITDA	7.8%	9.1%	23.6%	0.6%	7.8%	8.4%
Net profit	2.6%	13.2%	26.4%	5.1%	14.4%	17.2%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	40.9%	42.2%	43.2%	43.8%	44.4%	44.9%
Operating margin	11.3%	11.0%	14.5%	13.7%	14.3%	14.9%
EBITDA margin	12.3%	12.1%	15.8%	15.1%	15.3%	15.5%
Return on equity (ROE)	11.2%	12.0%	14.8%	15.8%	17.3%	18.3%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.1	0.1	0.1	0.0	0.1	0.1
Current ratio (x)	1.9	2.1	2.1	2.0	2.1	2.1
Receivable turnover days	118.9	126.6	134.7	134.7	134.7	134.7
Inventory turnover days	109.3	78.9	75.5	75.5	75.5	75.5
Payable turnover days	132.4	111.3	103.9	103.9	103.9	103.9
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	13.7	12.5	10.5	10.1	9.0	7.7
P/E (diluted)	13.7	12.5	10.5	10.1	9.0	7.7
P/B	1.5	1.4	1.5	1.6	1.4	1.3
P/CFPS	22.0	10.3	10.6	10.8	10.6	10.0
Div yield (%)	3.6	4.0	12.7	4.9	5.5	6.5
EV	12,765.3	13,394.0	13,565.5	14,536.2	14,243.3	13,995.4
EV/Sales	1.0	0.9	1.0	1.0	0.9	0.9
EV/EBITDA	8.0	7.7	6.3	6.7	6.1	5.5

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

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