

Tencent (700 HK)

Upbeat on games business and earnings growth outlook

We are upbeat on Tencent 2H24 earnings growth outlook, supported by the reacceleration of games revenue growth and incremental revenue contribution from high-margin businesses (e.g. Video Account and Mini Games). In the longer term, China's potential policy stimulus to boost economic growth and consumption may benefit Tencent's FBS (fintech and business services) and advertising businesses. However, in 3Q24, overall consumption sentiment remains relatively soft and continues to weigh on Tencent's fintech business. Thus, we slightly lower 3Q24E FBS revenue/FY24 total revenue forecast by 2%/1% respectively. We now estimate total revenue to grow by 8% YoY to RMB166.8bn and non-IFRS net income to increase by 24% YoY to RMB55.6bn in 3Q24E. Despite the recent rally, Tencent's current valuation of 14x FY25E PE (excl. strategic investments) remains attractive given its earnings growth outlook and shareholder return. We roll forward our valuation window to FY25E and raise our SOTP-derived target price to HK\$525.0 (previous: HK\$480.0). Maintain BUY.

■ **Expect games revenue growth reacceleration in 2H24E.** We forecast games revenue to grow by 13% YoY to RMB51.8bn in 3Q24E (1Q24/2Q24: -1%/+9% YoY), mainly driven by the incremental contribution from *DnF Mobile*, steady performance of legacy games, and solid growth of international games business. *DnF Mobile* continued to rank among the top 5 in China iOS games grossing chart since its launch in May. We expect its strong grossing performance to be gradually reflected in the company's 2H24 games revenue growth. Regarding product pipeline: 1) the launch of *Delta Force: Hawk Ops* in September achieved early success and attracted over 25mn registered users; 2) *One Piece Mobile* launched its final test on Sept 26, which has attracted over 400k registrations on TapTap.

■ **Macro uncertainty continues to weigh on FBS and advertising business.** We forecast FBS revenue to grow by 3% YoY to RMB53.7bn in 3Q24E (1Q24/2Q24: +7%/+4% YoY), mainly due to soft payment volume growth amid weak consumption sentiment. We expect advertising business to maintain resilient revenue growth of 15% YoY in 3Q24E, mainly driven by strong growth of Video Account ads, but partially offset by normalization of Tencent Video ads and mobile ads network revenue growth. Looking ahead, the potential consumption stimulus policy may benefit Tencent's FBS and ad businesses, but we expect it will take time to see tangible results.

■ **Driving resilient earnings growth.** Tencent remains committed to its quality growth strategy, and we expect its overall GPM to rise by c.4ppt YoY to 53.6% in 3Q24E, underpinned by incremental contribution from high-margin revenue streams (e.g. Video Account and Mini Games). Tencent will continue to unleash operating leverage. We forecast total revenue/gross profit/non-IFRS operating income to grow by 8/17/19% YoY in 3Q24E.

Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	554,552	609,015	654,490	704,904	752,837
YoY growth (%)	(1.0)	9.8	7.5	7.7	6.8
Gross margin (%)	43.1	48.1	53.3	53.7	54.2
Adjusted net profit (RMB mn)	115,649.0	157,688.0	213,272.4	231,294.4	249,029.0
YoY growth (%)	(6.6)	36.4	35.2	8.5	7.7
EPS (Adjusted) (RMB)	12.13	16.66	22.02	23.88	25.71
Consensus EPS (RMB)	12.13	16.66	22.40	24.60	27.33
P/E (x)	59.4	34.8	22.8	19.7	19.5

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price HK\$525.00

(Previous TP) HK\$480.00

Up/Downside 20.9%

Current Price HK\$434.20

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Stock Data

Mkt Cap (HK\$ mn)	4,049,892.0
Avg 3 mths t/o (HK\$ mn)	8,602.0
52w High/Low (HK\$)	478.40/262.20
Total Issued Shares (mn)	9327.3

Source: FactSet

Shareholding Structure

MIH TC	24.4%
Advance Data Services Limited	7.6%

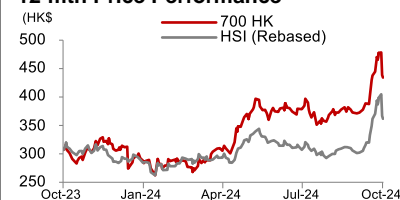
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	17.0%	-2.5%
3-mth	14.0%	-3.2%
6-mth	42.4%	16.1%

Source: FactSet

12-mth Price Performance



Source: FactSet

Business forecasts update and valuation

Figure 1: Tencent: forecast revision

RMB bn	Current			Previous			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	654.5	704.9	752.8	658.2	709.8	758.0	-0.6%	-0.7%	-0.7%
Gross profit	348.8	378.2	408.1	350.7	380.7	410.7	-0.5%	-0.6%	-0.6%
Adjusted net profit	213.3	231.3	249.0	214.6	232.4	251.3	-0.6%	-0.5%	-0.9%
Adjusted EPS (RMB)	22.0	23.9	25.7	22.2	24.0	26.0	-0.6%	-0.5%	-0.9%
Gross margin	53.3%	53.7%	54.2%	53.3%	53.6%	54.2%	0.0 ppt	0.0 ppt	0.0 ppt
Adjusted net margin	32.6%	32.8%	33.1%	32.6%	32.7%	33.2%	0.0 ppt	0.1 ppt	-0.1 ppt

Source: CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB bn	CMBIGM			Consensus			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	654.5	704.9	752.8	660.5	720.9	783.0	-0.9%	-2.2%	-3.9%
Gross profit	348.8	378.2	408.1	352.4	390.5	428.6	-1.0%	-3.1%	-4.8%
Adjusted net profit	213.3	231.3	249.0	213.2	236.0	259.8	0.1%	-2.0%	-4.2%
Adjusted EPS (RMB)	22.0	23.9	25.7	22.4	24.6	27.3	-1.7%	-2.9%	-5.9%
Gross margin	53.3%	53.7%	54.2%	53.3%	54.2%	54.7%	0.0 ppt	-0.5 ppt	-0.5 ppt
Adjusted net margin	32.6%	32.8%	33.1%	32.3%	32.7%	33.2%	0.3 ppt	0.1 ppt	-0.1 ppt

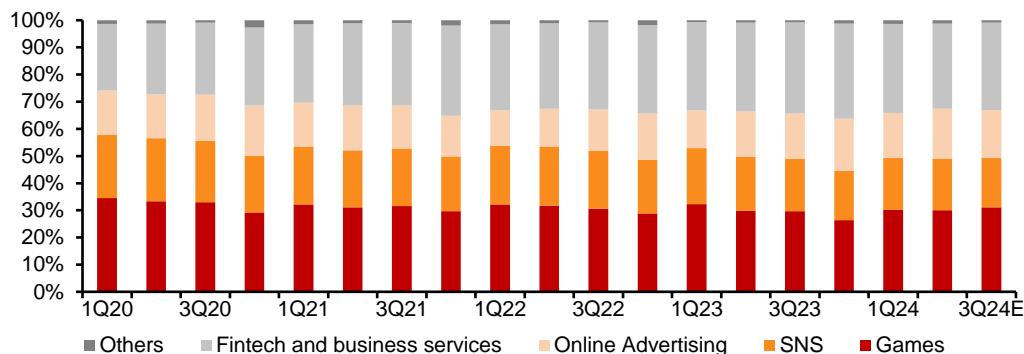
Source: Bloomberg, CMBIGM estimates

Figure 3: Tencent: quarterly financials

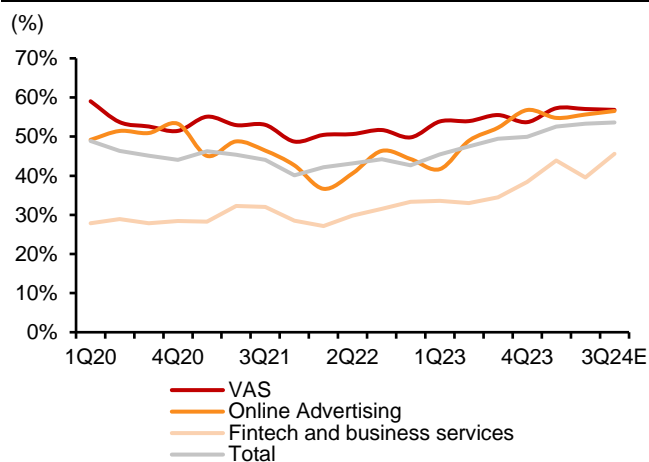
(RMB bn)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24E
SNS revenue	29.1	29.2	29.9	28.6	31.0	29.7	29.7	28.2	30.5	30.3	30.3
YoY %	1.0%	0.6%	-1.4%	-1.7%	6.3%	1.6%	-0.4%	-1.5%	-1.4%	2.2%	1.9%
Games revenue	43.6	42.5	42.9	41.8	48.4	44.5	46.0	40.9	48.1	48.5	51.8
YoY %	0.0%	-1.2%	-4.6%	-2.3%	10.9%	4.8%	7.4%	-2.2%	-0.5%	8.9%	12.7%
Online ad revenue	18.0	18.6	21.4	24.7	21.0	25.0	25.7	29.8	26.5	29.9	29.4
YoY %	-17.6%	-18.4%	-4.7%	14.6%	16.5%	34.2%	20.0%	20.8%	26.4%	19.5%	14.5%
FBS revenue	42.8	42.2	44.8	47.2	48.7	48.6	52.0	54.4	52.3	50.4	53.7
YoY %	9.6%	0.8%	3.5%	-1.5%	13.9%	15.2%	16.1%	15.1%	7.4%	3.7%	3.1%
Total revenue	135.5	134.0	140.1	145.0	150.0	149.2	154.6	155.2	159.5	161.1	166.8
YoY %	0.1%	-3.1%	-1.6%	0.5%	10.7%	11.3%	10.4%	7.1%	6.3%	8.0%	7.9%
Gross profit margin	42.1%	43.2%	44.2%	42.6%	45.5%	47.5%	49.5%	50.0%	52.6%	53.3%	53.6%
G&A%	19.7%	19.6%	18.9%	18.8%	16.4%	17.0%	17.0%	17.5%	15.6%	17.1%	16.9%
S&M%	5.9%	5.9%	5.1%	4.2%	4.7%	5.6%	5.1%	7.1%	4.7%	5.7%	5.2%
Non-IFRS net margin	16.6%	21.6%	24.7%	20.5%	21.7%	25.2%	29.1%	27.5%	31.5%	35.6%	33.3%
Non-IFRS net profit	22.5	28.9	34.6	29.7	32.5	37.5	44.9	42.7	50.3	57.3	55.6
YoY %	-32.2%	-15.1%	8.9%	19.4%	44.9%	29.9%	30.0%	43.7%	54.5%	52.6%	23.7%

Source: Company data, CMBIGM estimates

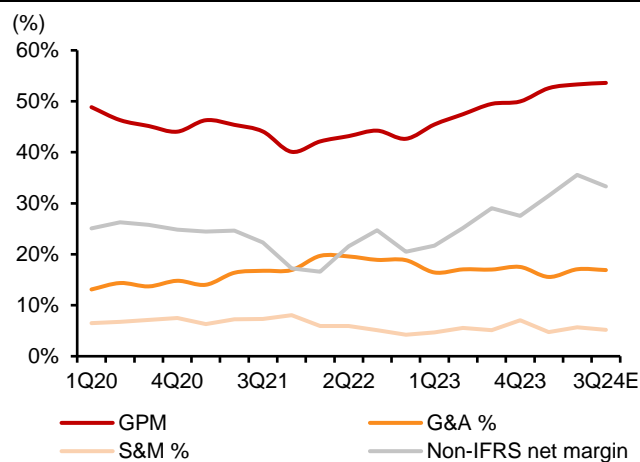
Tencent remains committed to its quality growth strategy, and we expect its overall GPM to rise by c.4ppt YoY to 53.6% in 3Q24E, underpinned by incremental contribution from high-margin revenue streams (e.g. Video Account and Mini Games). Tencent will continue to unleash operating leverage. We forecast total revenue/gross profit/non-IFRS operating income to grow by 8/17/19% YoY in 3Q24E. Looking ahead in FY25E, we expect GPM and operating margin to gradually stabilize, and earnings growth should gradually align with revenue growth, in our view.

Figure 4: Tencent: quarterly revenue mix


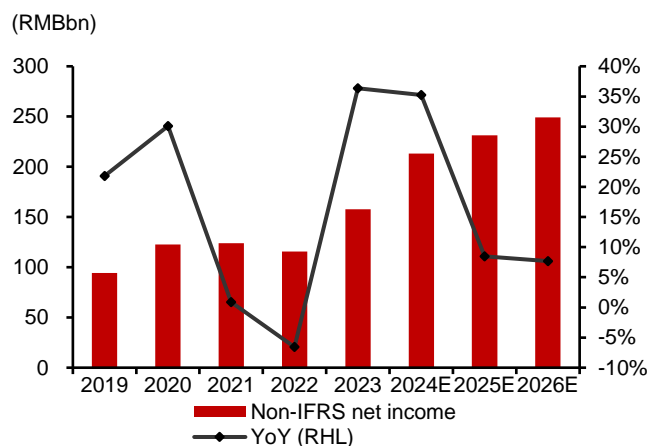
Source: Company data, CMBIGM estimates

Figure 5: Tencent: quarterly segment GPM


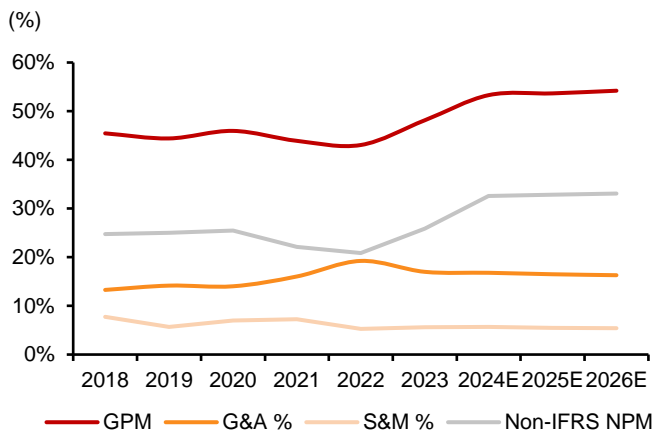
Source: Company data, CMBIGM estimates

Figure 6: Tencent: quarterly margin trend


Source: Company data, CMBIGM estimates

Figure 7: Tencent: Non-IFRS net income


Source: Company data, CMBIGM estimates

Figure 8: Tencent: annual margin trend


Source: Company data, CMBIGM estimates

Our SOTP-derived target price of HK\$525.0 comprises, per share:

- 1) HK\$200.6 for the online games business, based on an 18x 2025E PE, which is on par with the average PE for its global gaming peers.
- 2) HK\$31.4 for the SNS business, including the market cap of Tencent's stake in its subsidiaries, the valuation of Tencent Video (based on a 2.5x 2025E PS, at a premium to the 1.7x average PS of its peers given its content and user traffic leadership), and the valuation of other membership services (based on a 2.0x 2025E PS).
- 3) HK\$101.2 for the advertising business, based on an 18x 2025E PE, which is at a premium to the industry average (17x). This reflects Tencent's more resilient ad revenue growth outlook, supported by the solid performance of Weixin Video Account and Mini Program.
- 4) HK\$84.9 for the fintech business, based on a 4.0x 2025E PS, at a premium to the peer average (2.0x). This mainly reflects Tencent's strong leadership in China's digital payment market and its potential to capture other fintech business opportunities.
- 5) HK\$22.7 for the cloud business, based on a 4.0x 2025E PS, at a discount to the industry average (5.2x) as Tencent's current offerings mainly involve the lower-margin IaaS business.
- 6) HK\$73.2 for strategic investments, based on the current market value of Tencent's listed investments and the book value of its unlisted investments. We apply a 30% holding company discount to the fair value of Tencent's equity investments.
- 7) HK\$11.1 for net cash.

Figure 9: Tencent: SOTP valuation

	2025E net profit (RMBmn)	2025E revenue (RMBmn)	2025E PE (x)	2025E PS (x)	Market cap (RMBmn)	Valuation to Tencent (RMBmn)	As % of total valuation	Per share valuation (HK\$)
Online games	94,274		18x			1,696,937	38.2	200.6
Social network services (SNS)		120,958				266,011	6.0	31.4
Tencent Music (TME)					149,680	82,474	1.9	9.7
China Literature					26,802	15,862	0.4	1.9
Huya					7,221	3,423	0.1	0.4
Online video – subscription		20,700		2.5x		51,750	1.2	6.1
Others		56,251		2.0x		112,503	2.5	13.3
Online advertising	47,543		18x			855,782	19.3	101.2
Fintech		179,569		4.0x		718,276	16.2	84.9
Cloud (business services)		47,976		4.0x		191,904	4.3	22.7
Net cash						93,606	2.1	11.1
Valuation of core business						3,822,515		
RMB/HK\$						0.91		
Valuation of core business (HK\$mn)						4,214,460		
Valuation per share – core business (HK\$)						451.8		
Valuation per share – investments (HK\$)						73.2	13.9	
Valuation per share – Tencent (HK\$)						525.0		

Source: Company data, CMBIGM estimates

Figure 10: Peer comparison: online games and advertising sector

		Price	EPS growth (YoY %)			PE (x)		
Companies	Ticker	(Local)	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Online games								
NetEase	NTES US	89.1	4	7	5	12	11	10
Electronic Arts	EA US	143.7	19	4	12	20	19	17
Take Two Interactive	TTWO US	153.9	(37)	12	189	NA	NA	20
Nexon	3659 JP	2,747.0	(4)	10	6	17	17	15
Nintendo	7974 JP	7,916.0	16	(24)	22	20	28	23
Bandai Namco	7832 JP	3,465.0	(14)	23	6	29	22	22
37 Interactive	002555 CH	16.7	(8)	12	14	14	12	11
Average PE						19	18	17
Online advertising								
Focus Media	002027 CH	7.1	9	10	8	19	17	16
Baidu	BIDU US	104.1	4	2	10	9	9	8
Meta	Meta US	590.5	45	14	15	27	24	21
Google	GOOG US	163.1	30	13	15	21	18	16
Average PE						19	17	15

Source: Bloomberg, CMBIGM estimates

Note: data as of market close on 9 Oct; earnings and earnings growth forecasts based on Bloomberg consensus

Figure 11: Peer comparison: online video, fintech, and cloud sectors

		Price	Revenue growth (YoY %)			PS (x)		
Companies	Ticker	(Local)	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Online video								
iQiyi	IQ US	2.7	(3.1)	5.2	4.4	0.6	0.6	0.5
Mango Excellent Media	300413 CH	25.1	9.4	10.0	8.1	3.0	2.8	2.6
Average PS						1.8	1.7	1.6
Cloud								
Microsoft	MSFT US	417.5	14.6	15.4	16.0	11.1	9.6	8.3
Google	GOOG US	163.1	17.4	9.8	11.5	6.7	6.1	5.5
Salesforce	CRM US	287.9	8.8	8.9	0.0	7.3	6.7	6.7
Kingsoft Cloud	KC US	3.5	7.7	9.2	10.1	0.8	0.8	0.7
Amazon	AMZN US	185.2	11.3	10.8	11.0	3.1	2.8	2.5
Average PS						5.8	5.2	4.7
Fintech								
PayPal	PYPL US	81.7	7.8	7.8	7.9	2.6	2.4	2.2
Square	SQ US	68.3	13.0	11.2	9.9	1.7	1.5	1.4
Average PS						2.2	2.0	1.8

Source: Bloomberg, CMBIGM estimates

Note: data as of market close on 9 Oct; earnings and earnings growth forecasts based on Bloomberg consensus

Our calculation of the valuation of Tencent's strategic investments is based on the current market value of Tencent's listed investments and the book value of its unlisted investments. We apply a 30% holding company discount to the fair value of Tencent's equity investments.

Figure 12: Tencent: valuation of strategic investments

Name	Ticker	Tencent's stake %	Mkt cap (US\$m)	Value to Tencent (HK\$m)
PDD Holdings Inc	PDD US	15.5	196,469	237,378
Sea Ltd	SE US	18.5	55,214	79,630
Spotify Technology SA	SPOT US	8.4	75,098	49,146
Kuaishou Technology	1024 HK	15.7	28,206	34,453
Futu Holdings Ltd	FUTU US	21.6	15,631	26,347
NU Holdings Ltd/Cayman Islands	NU US	5.2	63,837	25,942
Snap Inc	SNAP US	17.5	17,723	24,234
KE Holdings Inc	BEKE US	11.3	26,211	23,102
Meituan	3690 HK	1.7	151,009	20,259
JD.com Inc	9618 HK	2.7	69,662	14,454
Krafton Inc	259960 KS	13.5	11,593	12,199
Bilibili Inc	9626 HK	13.4	9,430	9,864
Tongcheng Travel Holdings Ltd	780 HK	21.1	5,366	8,815
Vipshop Holdings Ltd	VIPS US	11.5	8,861	7,962
Warner Music Group Corp	WMG US	4.9	16,071	6,167
Kanzhun Ltd	BZ US	9.9	7,526	5,794
Netmarble Corp	251270 KS	17.5	3,817	5,216
Tuhu Car Inc	9690 HK	18.7	2,262	3,299
Yixin Group Ltd	2858 HK	53.9	697	2,928
ZhongAn Online P&C Insurance C	6060 HK	8.1	2,863	1,807
Kadokawa Corp	9468 JP	6.9	3,160	1,691
Paradox Interactive AB	PDX SS	9.1	1,890	1,343
Maoyan Entertainment	1896 HK	13.7	1,084	1,161
Oxford Nanopore Technologies P	ONT LN	7.7	1,855	1,107
Lilium NV	LILM US	29.3	480	1,099
Tuya Inc	2391 HK	11.7	1,124	1,024
DHC Software Co Ltd	002065 CH	4.9	2,662	1,018
Other listed entities as a whole			60,282	25,249
Listed investments (current value)				632,686
Unlisted investments (book value)				356,964
Total investment value				989,651
Holdco discount				30%
Valuation of strategic investments				692,755
Valuation of strategic investments per share				73.2

Source: Bloomberg, company data, CMBIGM

Note: data as of the market close on 9 Oct

Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Revenue	560,118	554,552	609,015	654,490	704,904	752,837
Cost of goods sold	(314,174)	(315,806)	(315,906)	(305,651)	(326,662)	(344,743)
Gross profit	245,944	238,746	293,109	348,839	378,242	408,094
Operating expenses	19,026	(127,919)	(133,035)	(142,418)	(150,092)	(158,229)
Selling expense	(40,594)	(29,229)	(34,211)	(37,306)	(38,770)	(40,653)
Admin expense	(89,847)	(106,696)	(103,525)	(109,954)	(116,309)	(122,712)
Others	149,467	8,006	4,701	4,842	4,987	5,137
Operating profit	264,970	110,827	160,074	206,420	228,151	249,865
Share of (losses)/profits of associates/JV	(16,444)	(16,129)	5,800	20,056	20,056	5,014
Interest income	6,650	8,592	13,808	14,550	14,147	3,842
Interest expense	(7,114)	(9,352)	(12,268)	(11,776)	(2,867)	(3,157)
Pre-tax profit	241,412	85,346	153,606	214,701	245,340	251,722
Income tax	(20,252)	(21,516)	(43,276)	(50,148)	(54,889)	(59,457)
After tax profit	221,160	63,830	110,330	164,553	190,451	192,265
Minority interest	(2,988)	(466)	(2,832)	(3,200)	(3,503)	(3,794)
Net profit	218,172	63,364	107,498	161,353	186,949	188,471
Adjusted net profit	123,788	115,649	157,688	213,272	231,294	249,029
Gross dividends	12,704	20,256	28,485	40,157	43,954	47,611
BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Current assets	484,812	565,989	518,446	543,464	618,605	789,585
Cash & equivalents	167,966	156,739	172,320	172,126	202,430	330,795
Account receivables	49,331	45,467	46,606	47,990	50,136	51,939
Inventories	1,063	2,333	456	897	947	991
Prepayment	65,390	76,685	88,411	86,050	89,898	96,364
ST bank deposits	83,813	104,776	185,983	213,880	245,321	280,662
Financial assets at FVTPL	10,573	27,963	14,903	15,648	16,431	17,252
Other current assets	106,676	152,026	9,767	6,872	13,442	11,582
Non-current assets	1,127,552	1,012,142	1,058,800	1,117,625	1,194,888	1,253,610
PP&E	61,914	53,978	53,232	73,017	91,660	106,601
Deferred income tax	26,068	29,882	29,017	24,689	33,154	28,622
Investment in JVs & assos	323,188	252,715	261,665	273,109	284,919	297,084
Intangibles	171,376	161,802	177,727	205,785	236,450	264,332
Financial assets at FVTPL	192,184	206,085	211,145	211,145	211,145	211,145
Other non-current assets	352,822	307,680	326,014	329,880	337,560	345,826
Total assets	1,612,364	1,578,131	1,577,246	1,661,089	1,813,493	2,043,195
Current liabilities	403,098	434,204	352,157	344,478	366,042	389,146
Short-term borrowings	19,003	22,026	55,698	53,616	57,015	59,874
Account payables	109,470	92,381	100,948	92,591	97,967	106,641
Tax payable	12,506	13,488	17,664	16,749	17,542	18,143
Other current liabilities	256,673	299,955	171,693	175,368	187,365	198,335
Lease liabilities	5,446	6,354	6,154	6,154	6,154	6,154
Non-current liabilities	332,573	361,067	351,408	370,779	382,421	395,144
Long-term borrowings	136,936	163,668	155,819	156,074	156,150	156,173
Bond payables	145,590	148,669	137,101	139,672	140,981	141,642
Deferred income	4,526	3,503	3,435	12,226	13,066	13,790
Other non-current liabilities	45,521	45,227	55,053	62,807	72,223	83,539
Total liabilities	735,671	795,271	703,565	715,256	748,463	784,290
Retained earnings	669,911	705,981	813,911	974,862	1,150,557	1,340,637
Other reserves	136,388	15,410	(5,320)	(97,320)	(157,320)	(157,320)
Total shareholders equity	806,299	721,391	808,591	877,542	993,237	1,183,317
Minority interest	70,394	61,469	65,090	68,290	71,793	75,588
Total equity and liabilities	1,612,364	1,578,131	1,577,246	1,661,089	1,813,493	2,043,195

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	241,412	85,346	153,606	214,701	245,340	251,722
Depreciation & amortization	56,818	60,230	55,298	58,620	63,062	74,788
Tax paid	(20,252)	(21,516)	(43,276)	(50,148)	(54,889)	(59,457)
Change in working capital	(2,844)	(28,405)	16,661	(4,147)	11,328	11,332
Others	(99,948)	50,437	39,673	14,550	5,068	19,267
Net cash from operations	175,186	146,091	221,962	233,576	269,910	297,652
Investing						
Capital expenditure	(34,931)	(33,892)	(36,477)	(38,416)	(40,548)	(42,439)
Acquisition of subsidiaries/ investments	(117,642)	59,711	(105,332)	(36,730)	(66,747)	(50,202)
Net proceeds from disposal of short-term investments	0	0	0	0	0	0
Others	(25,976)	(130,690)	16,648	(68,046)	(71,822)	(75,172)
Net cash from investing	(178,549)	(104,871)	(125,161)	(143,192)	(179,118)	(167,813)
Financing						
Net borrowings	45,239	31,982	30,834	7,582	14,994	15,460
Proceeds from share issues	0	0	0	0	0	0
Others	(23,619)	(91,935)	(113,407)	(98,161)	(75,481)	(16,934)
Net cash from financing	21,620	(59,953)	(82,573)	(90,578)	(60,487)	(1,474)
Net change in cash						
Cash at the beginning of the year	152,798	167,966	156,739	172,320	172,126	202,430
Exchange difference	(3,089)	7,506	1,353	0	0	0
Cash at the end of the year	167,966	156,739	172,320	172,126	202,430	330,795
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Revenue	16.2%	(1.0%)	9.8%	7.5%	7.7%	6.8%
Gross profit	11.0%	(2.9%)	22.8%	19.0%	8.4%	7.9%
Operating profit	49.5%	(58.2%)	44.4%	29.0%	10.5%	9.5%
Net profit	42.7%	(71.0%)	69.7%	50.1%	15.9%	0.8%
Adj. net profit	0.9%	(6.6%)	36.4%	35.2%	8.5%	7.7%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Gross profit margin	43.9%	43.1%	48.1%	53.3%	53.7%	54.2%
Operating margin	47.3%	20.0%	26.3%	31.5%	32.4%	33.2%
Adj. net profit margin	22.1%	20.9%	25.9%	32.6%	32.8%	33.1%
Return on equity (ROE)	28.9%	8.3%	14.1%	19.1%	20.0%	17.3%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Net debt to equity (x)	0.2	0.2	0.2	0.2	0.2	0.0
Current ratio (x)	1.2	1.3	1.5	1.6	1.7	2.0
Receivable turnover days	32.1	29.9	27.9	26.8	26.0	25.2
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
P/E	17.2	59.4	34.8	22.8	19.7	19.5
P/E (diluted)	17.5	60.3	35.3	23.1	19.9	19.8
P/B	4.7	5.2	4.6	4.2	3.7	3.1

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

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