

# Hikvision (002415 CH)

## Taking time to recover

Hikvision delivered a weaker than expected FY1Q23 with revenue of RMB16.2bn (-2% YoY) and net profit of RMB1.81bn (-21% YoY). Sequential improvement in top-line (vs -9% YoY in FY4Q22) and GPM (+1.4 pts YoY) were the bright spots. Hikvision will focus on quality growth in FY23E with better control on project profitability, headcount (+10% YoY in FY22, stable in FY23E) and opex. We think recent share price rebound has reflected the positives in earnings recovery and the RMB2.0bn share repurchase. Downgrade to HOLD.

### ■ FY1Q23 miss although revenue decline narrowed and GPM improved.

Hikvision reported in-line FY22 with revenue of RMB83.17bn (+2% YoY) and net profit of RMB12.84bn (-24% YoY). The weakness in net profit was due to 1) GPM erosion (-2 pts YoY to 42.3%) and 2) higher opex (+17% YoY) as headcount grew +10% YoY to 58,280. FY1Q23 results remained muted with revenue of RMB16.2bn (-2% YoY) and net profit of RMB1.81bn (-21% YoY). A sequentially narrowed decline in top-line (-2% YoY vs. -9% YoY in FY4Q22) and GPM improvement (+1.4 pct pts YoY) were yet to offset the higher opex (+16% YoY).

### ■ Positive on the innovative businesses growth prospect but yet to see a rebound in PBG/ SMBG/ overseas segments.

Post-COVID recovery was slower than expected that only EBG (Large Enterprise-focused) resumed positive growth in FY1Q23. Rebound in PBG (Public Security), SMBG (SME) and overseas business is not in sight yet. That said, we are positive on the revenue diversification with innovative businesses (e.g. Smart Home AIoT/ Robotics, etc.) revenue contribution rose to 18% in FY22 vs. 10% in FY20. Non-surveillance business will remain as the core growth driver (FY22 revenue grew +22.8% YoY to RMB15.07bn).

### ■ Focus on quality growth in FY23E. Management believes Hikvision business has bottomed out from the pandemic with FY4Q22 being the trough. We expect to see sequential improvement in top-line and margin as the company focuses on quality growth in FY23E with tighter control on project profitability, headcount and opex. We estimate Hikvision net margin to improve from 15.4% in FY22 to 17.7% in FY23E.

### ■ Lack near-term catalysts, downgrade to HOLD. We trimmed FY23-24E net profit by 7-9% to reflect a slow recovery from COVID. Share price has rebounded by 66% since its bottom in Oct 2022. We think the existing price level has reflected the near-term positives (earnings recovery and the RMB2bn share repurchase is completed). Downgrade to HOLD with new target price of RMB47.29, based on higher 27x (prior 20x) FY23E P/E, in-line with 3-year mean as business bottomed out from COVID.

### Earnings Summary

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	81,420	83,166	92,675	109,289	126,346
YoY growth (%)	28.2	2.1	11.4	17.9	15.6
Net profit (RMB mn)	16,800.4	12,837.3	16,400.9	18,468.0	24,775.1
EPS (Reported) (RMB)	1.80	1.36	1.75	1.97	2.65
YoY growth (%)	25.6	(24.4)	28.7	12.6	34.2
Consensus EPS (RMB)	1.80	1.42	1.78	2.11	na
P/E (x)	31.8	26.6	25.4	22.6	16.8
P/B (x)	8.4	5.0	5.3	4.7	4.0
Yield (%)	1.4	2.5	1.6	2.0	2.3
ROE (%)	28.7	19.5	22.3	22.1	25.7
Net gearing (%)	(42.2)	(41.3)	(62.5)	(59.6)	(60.0)

Source: Company data, Bloomberg, CMBIGM estimates

**HOLD (Down)**
**Target Price** RMB47.29

(Previous TP RMB37.44)

**Up/Downside** 6.1%

**Current Price** RMB44.56

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**Stock Data**

Mkt Cap (RMB mn)	417,256.8
Avg 3 mths t/o (RMB mn)	2,240.9
52w High/Low (RMB)	48.44/26.80
Total Issued Shares (mn)	9363.9

Source: FactSet

**Shareholding Structure**

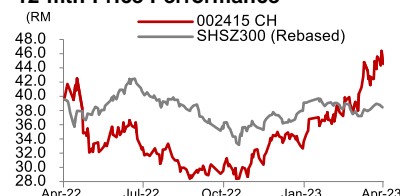
CETC	36.4%
Kung Hung Ka	10.3%

Source: Company data

**Share Performance**

	Absolute	Relative
1-mth	14.6%	11.5%
3-mth	32.5%	33.9%
6-mth	47.2%	38.2%

Source: FactSet

**12-mth Price Performance**


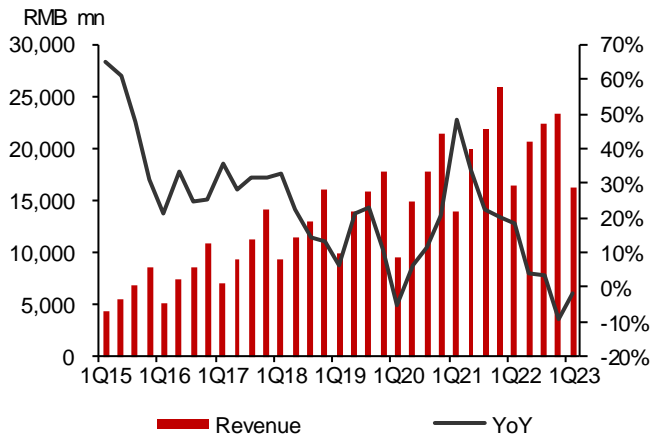
Source: FactSet

**Related Reports**

- “China AI – Margin under pressure amid weakening demand” – 31 Oct 2022 ([link](#))
- “China AI – Public security demand remained weak in 3Q22, limited near term impact from new US export rules” – 20 Oct 2022 ([link](#))

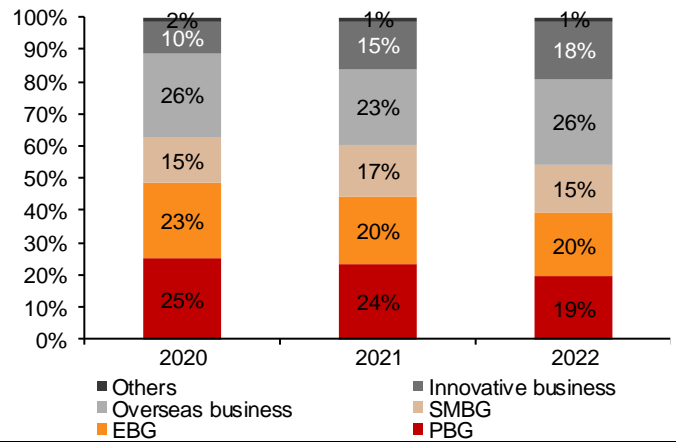
## Focus Charts

**Figure 1: Quarterly revenue and YoY growth**



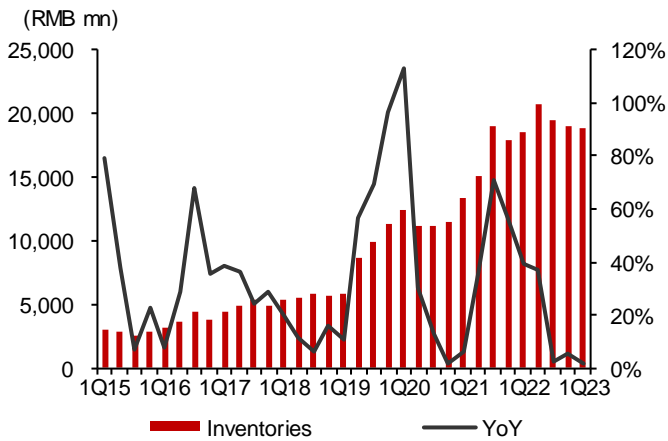
Source: Company data, CMBIGM estimates

**Figure 2: Revenue breakdown (2022)**



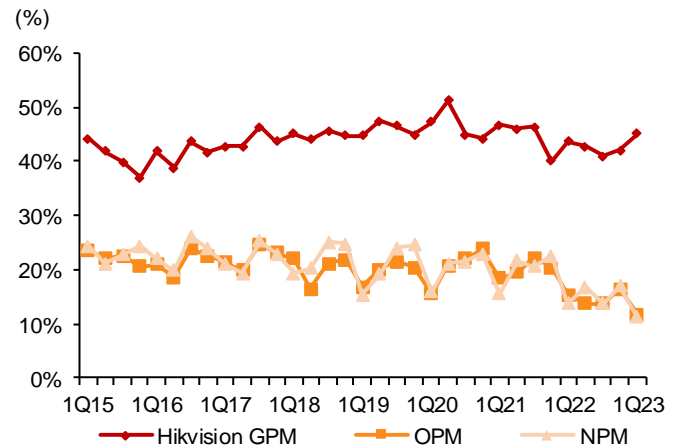
Source: Company data, CMBIGM estimates

**Figure 3: Quarterly inventory and YoY growth**



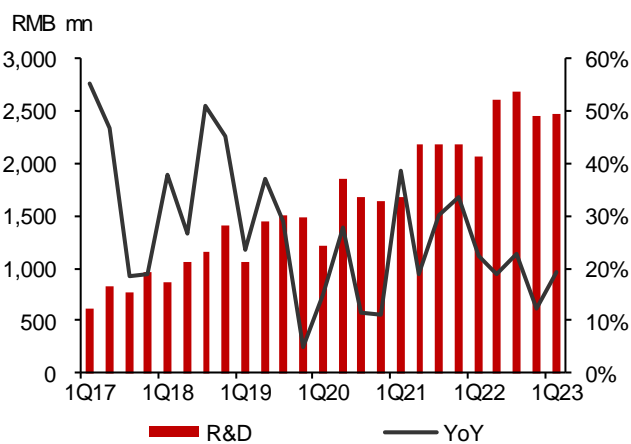
Source: Company data, CMBIGM estimates

**Figure 4: Margin trend**



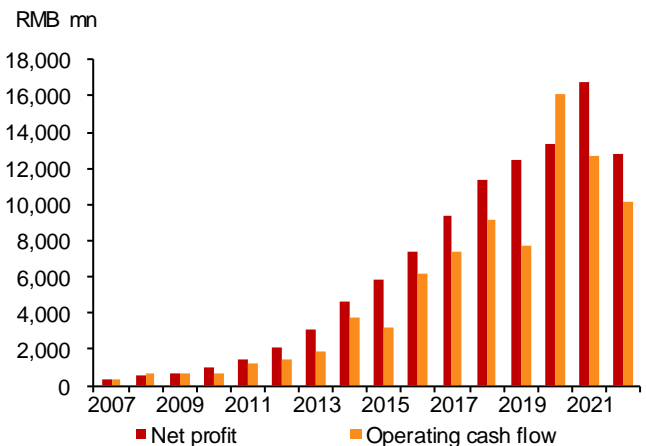
Source: Company data, CMBIGM estimates

**Figure 5: R&D**



Source: Company data

**Figure 6: Net profit vs. operating cash flow**



Source: Company data

## FY22 results review

- **Revenue** was RMB83,166mn (+2% YoY), largely in-line with our and consensus estimates. (*pre-announced revenue: RMB81,174mn*)
- **Gross profit** was RMB35,170mn (-3% YoY), largely in-line with our and consensus estimates.
- **Gross margin** was 42.3%, (-2 pct pts YoY), above our estimate by 0.5 pct pts and consensus by 0.8 pct pts.
- **Operating profit** was RMB12,358mn (-25% YoY), below our estimate by 8% and consensus by 13%.
- **Operating margin** was 14.9% (-5.5 pct pts YoY), below our estimate by 0.6 pct pts and consensus by 2 pct pts.
- **Net profit** was RMB12,837mn (-24% YoY), below our estimate by 7% and consensus by 4%. (*pre-announced net profit: RMB12,827mn*)
- **EPS** was RMB1.36 (-24% YoY).

Figure 7: FY22 results review

	FY 2021	FY 2022		FY 2022	versus CMBI	FY 2022	versus consensus
<b>RMBm</b>	<b>actual</b>	<b>actual</b>	<b>YoY</b>	<b>CMBI</b>		<b>consensus</b>	<b>consensus</b>
Revenue	81,420	83,166	2%	86,749	-4%	84,831	-2%
Gross profit	36,091	35,170	-3%	36,283	-3%	35,187	0%
Gross margin	44.3%	42.3%	-2 pct pts	41.8%	0.5 pct pts	41.5%	0.8 pct pts
Operating profit (adjusted)	16,559	12,358	-25%	13,373	-8%	14,267	-13%
Operating margin (adjusted)	20.3%	14.9%	-5.5 pct pts	15.4%	-0.6 pct pts	16.8%	-2 pct pts
Net non-op	1,909	2,497		2,788		1,050	
PBT	18,468	14,855	-20%	16,161	-8%	15,317	-3%
Tax	-957	-1,298		-1,674		-1,911	
Minorities	-710	-720		-716			
Net income	16,800	12,837	-24%	13,770	-7%	13,406	-4%
EPS RMB	1.80	1.36	-24%	1.46	-7%	1.43	-5%

Source: Company data, CMBIGM

## FY1Q23 results review

- **Revenue** was RMB16,201mn (-2% YoY, -31% QoQ), missed our estimate by 7% and consensus by 10%.
- **Gross profit** was RMB7,317mn (+1% YoY, -26% QoQ), largely in-line with our and consensus estimates.
- **Gross margin** was 45.2%, (+1.4 pct pts YoY, +3 pct pts QoQ), beat our estimate by 1.7 pct pts and consensus by 2.9 pct pts.
- **Operating profit** was RMB1,902mn (-25% YoY, -51% QoQ), missed our and consensus estimates by 30%.
- **Operating margin** was 11.7% (-3.7 pct pts YoY, -4.7 pct pts QoQ), below our estimate by 4 pct pts and consensus by 3.4 pct pts.
- **Net profit** was RMB1,811mn (-21% YoY, -55% QoQ), below our estimate by 28% and consensus by 43%.
- **EPS** was RMB0.19 (-21% YoY, -55% QoQ), below our estimate by 28% and consensus by 4%.

Figure 8: FY1Q23 results review

	Mar-22	Dec-22	Mar-23			Mar-23		Mar-23	
	1Q22	4Q22	1Q23			1Q23	versus	1Q23	versus
RMB mn	actual	actual	actual	YoY	QoQ	CMBI	CMBI	consensus	consensus
Revenue	16,522	23,445	16,201	-2%	-31%	17,336	-7%	18,076	-10%
Gross profit	7,224	9,877	7,317	1%	-26%	7,543	-3%	7,636	-4%
Gross margin	43.7%	42.1%	45.2%	1.4 pct pts	3 pct pts	43.5%	1.7 pct pts	42.2%	2.9 pct pts
Operating profit (adjusted)	2,548	3,865	1,902	-25%	-51%	2,731	-30%	2,736	-30%
Operating margin (adjusted)	15.4%	16.5%	11.7%	-3.7 pct pts	-4.7 pct pts	15.8%	-4 pct pts	15.1%	-3.4 pct pts
Net non-op	318	479	387			318		521	
PBT	2,866	4,344	2,290	-20%	-47%	3,049	-25%	3,257	-30%
Tax	-450	-160	-342			-305		-107	
Minorities	-132	-186	-137			-230			
Net income	2,284	3,997	1,811	-21%	-55%	2,514	-28%	3,151	-43%
EPS RMB	0.24	0.42	0.19	-21%	-55%	0.27	-28%	0.20	-4%

Source: Company data, CMBIGM

## Earnings revision

Figure 9: Hikvision earnings revision

RMB mn	2023E			2024E		
	New	Old	Diff	New	Old	Diff
Sales	92,675	95,369	-3%	109,289	113,414	-4%
Gross profit	41,307	41,009	1%	48,791	50,481	-3%
Operating profit	16,675	17,458	-4%	20,205	22,112	-9%
Profit before tax	19,301	20,663	-7%	21,569	23,706	-9%
Net profit	16,401	17,661	-7%	18,468	20,306	-9%
EPS	1.75	1.87	-6%	1.97	2.15	-8%
<b>Margins</b>						
GM	44.6%	43.0%	157 bps	44.6%	44.5%	13 bps
OPM	18.0%	18.3%	-31 bps	18.5%	19.5%	-101 bps
PBT margin	20.8%	21.7%	-84 bps	19.7%	20.9%	-117 bps
NPM	17.7%	18.5%	-82 bps	16.9%	17.9%	-101 bps

Source: Company data, CMBIGM

Figure 10: Hikvision CMBI estimates vs. consensus

RMB mn	2023E			2024E		
	CMBI	Street	Diff	CMBI	Street	Diff
Sales	92,675	97,183	-5%	109,289	112,142	-3%
Gross profit	41,307	41,180	0%	48,791	48,209	1%
Operating profit	16,675	18,525	-10%	20,205	22,212	-9%
Profit before tax	19,301	19,271	0%	21,569	23,045	-6%
Net profit	16,401	16,755	-2%	18,468	20,114	-8%
EPS	1.75	1.80	-2%	1.97	2.14	-8%
<b>Margins</b>						
GM	44.6%	42.4%	220 bps	44.6%	43.0%	165 bps
OPM	18.0%	19.1%	-107 bps	18.5%	19.8%	-132 bps
PBT margin	20.8%	19.8%	100 bps	19.7%	20.5%	-81 bps
NPM	17.7%	17.2%	46 bps	16.9%	17.9%	-104 bps

Source: Company data, CMBIGM, Bloomberg

## Operating model

Figure 11: Operating model

RMB mn	2021	2022	2023E	2024E	2025E
Revenues	81,420	83,166	92,675	109,289	126,346
Cost of sales	(45,329)	(47,996)	(51,368)	(60,498)	(67,218)
Gross Profit	36,091	35,170	41,307	48,791	59,129
<i>Gross margin</i>	<i>44.3%</i>	<i>42.3%</i>	<i>44.6%</i>	<i>44.6%</i>	<i>46.8%</i>
R&D	(8,252)	(9,814)	(10,621)	(12,300)	(13,631)
SG&A	(10,719)	(12,416)	(13,313)	(15,514)	(17,140)
Operating Income	16,559	12,358	16,675	20,205	27,482
<i>Operating margin</i>	<i>20.3%</i>	<i>14.9%</i>	<i>18.0%</i>	<i>18.5%</i>	<i>21.8%</i>
Non-Operating Income	1,909	2,497	2,626	1,364	1,447
Profit Before Tax	18,468	14,855	19,301	21,569	28,929
Income tax (expense) gain	(957)	(1,298)	(2,043)	(2,157)	(2,893)
Minorities	(710)	(720)	(857)	(944)	(1,261)
Net Income to Shareholders	16,800	12,837	16,401	18,468	24,775
<i>Net margin</i>	<i>20.6%</i>	<i>15.4%</i>	<i>17.7%</i>	<i>16.9%</i>	<i>19.6%</i>
EPS (RMB)	1.80	1.36	1.75	1.97	2.65
DPS (RMB)	0.80	0.90	0.70	0.89	1.01
<b>Revenue breakdown</b>					
Core camera solution	65,146	65,874	72,340	85,361	98,165
New business	4,004	2,223	2,500	2,750	3,025
Others	12,271	15,070	17,835	21,178	25,156
PBG	19,161	16,135			
EBG	16,629	16,505			
SMBG	13,490	12,497			
Domestic	59,435	56,891			
Export	21,985	26,275			
<b>Gross margin breakdown</b>					
Core camera solution	46.4%	43.7%	45.9%	46.1%	48.3%
New business	23.0%	24.7%	24.2%	25.1%	25.9%
Others	40.5%	38.6%	41.4%	41.1%	43.4%
Domestic	44.5%	41.8%			
Export	44.0%	43.3%			
<b>Growth YoY</b>					
Revenues	28%	2%	11%	18%	16%
Gross profit	22%	-3%	17%	18%	21%
Operating Income	22%	-25%	35%	21%	36%
EPS	26%	-24%	29%	13%	34%

Source: Company data, CMBIGM

**Figure 12: Quarterly operating model**

RMB mn	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23E
Revenues	19,914	21,727	25,791	16,522	20,736	22,464	23,445	16,201	22,463
Gross Profit	9,148	10,078	10,316	7,224	8,851	9,219	9,877	7,317	10,329
Operating profit	3,899	4,826	5,266	2,548	2,855	3,090	3,865	1,902	4,121
Net profit (loss)	4,312	4,484	5,835	2,284	3,475	3,081	3,997	1,811	4,258
EPS (RMB)	0.46	0.48	0.62	0.24	0.37	0.33	0.42	0.19	0.45
<b>Margins</b>									
Gross margin	45.9%	46.4%	40.0%	43.7%	42.7%	41.0%	42.1%	45.2%	46.0%
Operating margin	19.6%	22.2%	20.4%	15.4%	13.8%	13.8%	16.5%	11.7%	18.3%
Net margin	21.7%	20.6%	22.6%	13.8%	16.8%	13.7%	17.0%	11.2%	19.0%
<b>Growth (QoQ)</b>									
Revenues	42%	9%	19%	-36%	26%	8%	4%	-31%	39%
Gross Profit	40%	10%	2%	-30%	23%	4%	7%	-26%	41%
Operating profit	52%	24%	9%	-52%	12%	8%	25%	-51%	117%
Net profit (loss)	99%	4%	30%	-61%	52%	-11%	30%	-55%	135%
<b>Growth (YoY)</b>									
Revenues	34%	22%	20%	18%	4%	3%	-9%	-2%	8%
Gross Profit	20%	26%	9%	10%	-3%	-9%	-4%	1%	17%
Operating profit	26%	24%	3%	-1%	-27%	-36%	-27%	-25%	44%
Net profit (loss)	38%	18%	18%	5%	-20%	-32%	-32%	-21%	23%

Source: Company data, CMBIGM

## Valuation

### Hikvision (002415 CH, HOLD, TP: RMB47.29)

We downgrade Hikvision from BUY to HOLD with new target price of RMB47.29 (prior RMB37.44). We derived our target price from higher 27x (prior 20x) FY23E P/E, in-line with its three-year mean. We use a high multiple as we think business has bottomed out from COVID. Also, spin-off of HikRobotics to be listed on A-share should be positive to Hikvision.

Figure 13: Peers' valuation

Company	Ticker	Rating	Mkt Cap (US\$ mn)	Price (LC)	TP (LC)	P/E FY23E	EV/sales FY23E	ROE FY23E	ROE FY24E	Sales CAGR FY21-24E	EPS CAGR FY21-24E
Hikvision	002415 CH	BUY	60,929	44.56	47.29	25.4	4.1	22.3	22.1	10%	3%
Dahua	002236 CH	HOLD	11,910	24.52	11.07	22.0	2.4	11.7	12.9	4%	2%
SenseTime	20 HK	BUY	12,492	2.93	3.45	n.a.	13.5	n.a.	n.a.	11%	n.a.
AlInnovation	2121 HK	NR	1,429	20.05	N/A	n.a.	3.5	n.a.	n.a.	62%	n.a.
Cambricon Tech	688256 CH	NR	11,413	195.00	N/A	n.a.	64.5	n.a.	n.a.	32%	n.a.
Arcsoft	688088 CH	NR	2,162	36.47	N/A	54.4	17.5	7.8	13.1	18%	40%
					<b>Mean</b>	<b>33.7</b>	<b>17.6</b>	<b>13.8</b>	<b>16.2</b>	<b>23%</b>	<b>16%</b>
					<b>Median</b>	<b>24.7</b>	<b>8.8</b>	<b>11.7</b>	<b>13.1</b>	<b>15%</b>	<b>6%</b>

Source: Bloomberg, CMBIGM

Figure 14: Hikvision 12M forward P/E chart



Source: Bloomberg, CMBIGM

Figure 15: Hikvision 12M forward P/E band



Source: Bloomberg, CMBIGM



## Financial Summary

INCOME STATEMENT	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
<b>Revenue</b>	<b>63,503</b>	<b>81,420</b>	<b>83,166</b>	<b>92,675</b>	<b>109,289</b>	<b>126,346</b>
Cost of goods sold	(33,958)	(45,329)	(47,996)	(51,368)	(60,498)	(67,218)
<b>Gross profit</b>	<b>29,546</b>	<b>36,091</b>	<b>35,170</b>	<b>41,307</b>	<b>48,791</b>	<b>59,129</b>
<b>Operating expenses</b>	<b>(15,963)</b>	<b>(19,531)</b>	<b>(22,812)</b>	<b>(24,632)</b>	<b>(28,586)</b>	<b>(31,647)</b>
Selling expense	(7,378)	(8,586)	(9,773)	(10,517)	(12,233)	(13,528)
Admin expense	(1,790)	(2,132)	(2,642)	(2,796)	(3,281)	(3,612)
R&D expense	(6,379)	(8,252)	(9,814)	(10,621)	(12,300)	(13,631)
Others	(416)	(561)	(582)	(698)	(771)	(876)
<b>Operating profit</b>	<b>13,583</b>	<b>16,559</b>	<b>12,358</b>	<b>16,675</b>	<b>20,205</b>	<b>27,482</b>
<b>Net Interest income/(expense)</b>	<b>(396)</b>	<b>133</b>	<b>990</b>	<b>871</b>	<b>1,431</b>	<b>1,493</b>
Other income/expense	2,086	1,776	1,506	1,754	(67)	(46)
<b>Pre-tax profit</b>	<b>15,273</b>	<b>18,468</b>	<b>14,855</b>	<b>19,301</b>	<b>21,569</b>	<b>28,929</b>
Income tax	(1,595)	(957)	(1,298)	(2,043)	(2,157)	(2,893)
<b>After tax profit</b>	<b>13,678</b>	<b>17,511</b>	<b>13,557</b>	<b>17,258</b>	<b>19,412</b>	<b>26,036</b>
Minority interest	(293)	(710)	(720)	(857)	(944)	(1,261)
<b>Net profit</b>	<b>13,386</b>	<b>16,800</b>	<b>12,837</b>	<b>16,401</b>	<b>18,468</b>	<b>24,775</b>
BALANCE SHEET	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
<b>Current assets</b>	<b>74,763</b>	<b>86,019</b>	<b>97,907</b>	<b>118,633</b>	<b>137,303</b>	<b>162,629</b>
Cash & equivalents	35,460	34,722	40,012	58,736	63,580	74,763
Account receivables	24,098	28,563	33,478	35,055	42,491	51,196
Inventories	11,478	17,974	18,998	19,595	24,924	29,137
Other current assets	3,727	4,760	5,419	5,247	6,308	7,533
<b>Non-current assets</b>	<b>13,939</b>	<b>17,845</b>	<b>21,327</b>	<b>23,043</b>	<b>24,288</b>	<b>25,337</b>
PP&E	7,301	9,019	12,311	13,868	15,114	16,163
Intangibles	1,634	1,665	1,940	2,202	2,202	2,202
Other non-current assets	5,003	7,162	7,076	6,972	6,972	6,972
<b>Total assets</b>	<b>88,702</b>	<b>103,865</b>	<b>119,233</b>	<b>141,676</b>	<b>161,592</b>	<b>187,967</b>
<b>Current liabilities</b>	<b>31,225</b>	<b>33,292</b>	<b>34,356</b>	<b>47,264</b>	<b>56,366</b>	<b>66,273</b>
Short-term borrowings	7,507	4,672	4,211	3,133	3,477	4,026
Account payables	14,631	17,230	17,233	30,639	36,492	42,834
Other current liabilities	2,914	3,502	3,637	4,525	4,953	5,910
Accrued expenses	6,173	7,888	9,275	8,967	11,445	13,503
<b>Non-current liabilities</b>	<b>2,997</b>	<b>5,178</b>	<b>11,907</b>	<b>11,016</b>	<b>11,736</b>	<b>12,859</b>
Long-term borrowings	1,961	3,284	7,522	6,597	7,318	8,441
Other non-current liabilities	1,036	1,894	4,385	4,419	4,419	4,419
<b>Total liabilities</b>	<b>34,222</b>	<b>38,470</b>	<b>46,263</b>	<b>58,280</b>	<b>68,103</b>	<b>79,132</b>
Share capital	9,343	9,336	9,431	9,364	9,364	9,364
Capital surplus	5,179	5,404	10,141	8,362	8,362	8,362
Retained earnings	40,479	49,821	54,176	64,020	74,114	89,459
Other reserves	(1,207)	(1,100)	(5,359)	(3,293)	(3,293)	(3,293)
<b>Total shareholders equity</b>	<b>53,794</b>	<b>63,461</b>	<b>68,389</b>	<b>78,453</b>	<b>88,547</b>	<b>103,892</b>
Minority interest	685	1,934	4,581	4,943	4,943	4,943
<b>Total equity and liabilities</b>	<b>88,702</b>	<b>103,865</b>	<b>119,233</b>	<b>141,676</b>	<b>161,592</b>	<b>187,967</b>

<b>CASH FLOW</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	15,273	18,468	14,855	19,301	21,569	28,929
Depreciation & amortization	845	892	1,089	2,018	2,250	2,421
Tax paid	(1,595)	(957)	(1,298)	(2,043)	(2,157)	(2,893)
Change in working capital	597	(7,081)	(5,094)	11,972	(5,068)	(4,785)
Others	967	1,386	612	589	0	0
<b>Net cash from operations</b>	<b>16,088</b>	<b>12,709</b>	<b>10,164</b>	<b>31,837</b>	<b>16,594</b>	<b>23,672</b>
<b>Investing</b>						
Capital expenditure	(2,004)	(3,098)	(3,756)	(3,299)	(3,495)	(3,470)
Others	(551)	(58)	30	(101)	0	0
<b>Net cash from investing</b>	<b>(2,555)</b>	<b>(3,156)</b>	<b>(3,725)</b>	<b>(3,401)</b>	<b>(3,495)</b>	<b>(3,470)</b>
<b>Financing</b>						
Dividend paid	(6,542)	(7,475)	(8,490)	(6,555)	(8,374)	(9,430)
Net borrowings	2,049	(1,842)	3,574	(2,262)	1,065	1,672
Others	(189)	(791)	3,538	(867)	(944)	(1,261)
<b>Net cash from financing</b>	<b>(4,681)</b>	<b>(10,108)</b>	<b>(1,377)</b>	<b>(9,684)</b>	<b>(8,254)</b>	<b>(9,019)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	27,072	35,460	34,722	40,012	58,736	63,580
Exchange difference	(464)	(182)	229	(28)	0	0
<b>Cash at the end of the year</b>	<b>35,460</b>	<b>34,722</b>	<b>40,012</b>	<b>58,736</b>	<b>63,580</b>	<b>74,763</b>
<b>GROWTH</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>YE 31 Dec</b>						
Revenue	10.1%	28.2%	2.1%	11.4%	17.9%	15.6%
Gross profit	11.4%	22.2%	(2.6%)	17.4%	18.1%	21.2%
Operating profit	17.7%	21.9%	(25.4%)	34.9%	21.2%	36.0%
Net profit	7.8%	25.5%	(23.6%)	27.8%	12.6%	34.2%
<b>PROFITABILITY</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>YE 31 Dec</b>						
Gross profit margin	46.5%	44.3%	42.3%	44.6%	44.6%	46.8%
Operating margin	21.4%	20.3%	14.9%	18.0%	18.5%	21.8%
Return on equity (ROE)	27.1%	28.7%	19.5%	22.3%	22.1%	25.7%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>YE 31 Dec</b>						
Net debt to equity (x)	(0.5)	(0.4)	(0.4)	(0.6)	(0.6)	(0.6)
Current ratio (x)	2.4	2.6	2.8	2.5	2.4	2.5
Receivable turnover days	135.8	118.0	136.1	135.0	129.5	135.3
Inventory turnover days	65.4	66.0	81.1	76.0	74.3	78.1
Payable turnover days	157.3	138.7	131.1	120.7	121.9	123.7
<b>VALUATION</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>YE 31 Dec</b>						
P/E	25.5	31.8	26.6	25.4	22.6	16.8
P/B	6.3	8.4	5.0	5.3	4.7	4.0
Div yield (%)	1.9	1.4	2.5	1.6	2.0	2.3

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

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