

Li Ning (2331 HK)

2Q25 roughly inline and transition in progress

2Q25 retail sales were inline, but the margin was likely a miss. Together with the deteriorated outlook for 2H25E (even though the FY25E guidance was maintained), we should be more cautious. However, given Li Ning's efforts for turnaround and the intrinsic value of the brand, as well as its undemanding valuation at 15x FY25E P/E, we maintain our BUY rating.

- **Even though management has reiterated the FY25E guidance, we tend to be more conservative.** While management is still trying their best to achieve the FY25E guidance (flatish sales growth and HSD NP margin, on the listed co level), we do see quite a few headwinds, namely: 1) sluggish retail sales trend MTD in Jul 2025 (retail sales growth was negative in Jun 2025 for both offline and online), 2) potential miss in store openings (and this may dampen the wholesale business sales growth), 3) rising pressure for more retail discounts to destock, esp. when the industry becomes more promotional (this may lead to YoY drop in GP margin, and this is also confirmed by the management), 4) operating leverage to be kicked in, if SSS drop occurs in 2H25E, 5) climb in A&P expenses associated with the COC sponsorships (more expenses will be incurred in 2H25E and FY26E, as marketing events are all back-loaded in 2H), etc.. Therefore, we now revise down the net profit forecasts by around 4% to 3% in FY25E-27E.
- **Number of stores remained largely stable, but there are some deviations from projected guidance.** Li Ning has 6,099 stores as of 2Q25. It closed 19 direct retail stores and opened 1 wholesale store, compared with FY24. However, this is slightly behind the Company's FY25E guidance of 10 to 20 direct retail store closures and 30 to 40 new wholesale stores openings.
- **Maintain BUY but trim TP to HK\$ 18.95, based on 18x FY25E P/E (unchanged).** We have revised down the net profit forecasts in FY25E/ 26E/ 27E by 4%/ 4%/ 3%, in order to factor in the: 1) weaker sales outlook, 2) increases in discounts (hence drop in GP margin) and 3) potential operating leverage. It is true that the 2Q25 retail sales were roughly inline but the margins may have missed, and the outlook in 2H25E is likely to be worse. However, we do believe the market should have certain expectations. And given Li Ning's continual efforts on product innovation, branding and channel upgrades, together with Chinese government's increasing desire to boost consumption, we tend to think the turnaround is around the corner, and bottoming out is still likely in FY25E or FY26E. We maintain BUY on the Company. The stock is trading at 15x FY25E P/E, not too demanding, esp. when compared to its 10-year average of 25x.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	27,598	28,676	28,676	30,518	32,485
YoY growth (%)	7.0	3.9	0.0	6.4	6.4
Operating profit (RMB mn)	3,559.1	3,678.2	3,177.9	3,686.4	4,267.7
Net profit (RMB mn)	3,187.0	3,012.9	2,557.5	2,980.4	3,470.8
EPS (Reported) (RMB)	1.23	1.17	0.99	1.15	1.34
YoY growth (%)	(20.5)	(5.0)	(15.1)	16.5	16.5
P/E (x)	12.0	12.6	14.8	12.7	10.9
P/B (x)	1.6	1.5	1.4	1.3	1.2
Yield (%)	3.7	3.7	3.2	3.7	4.3
ROE (%)	13.1	12.0	9.6	10.6	11.6
Net gearing (%)	34.1	36.0	37.1	40.3	42.9

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price **HK\$18.95**
(Previous TP **HK\$19.81**)
Up/Downside **18.0%**
Current Price **HK\$16.06**

China Consumer Discretionary

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Stock Data

Mkt Cap (HK\$ mn)	42,021.7
Avg 3 mths t/o (HK\$ mn)	307.0
52w High/Low (HK\$)	20.85/12.92
Total Issued Shares (mn)	2616.5

Source: FactSet

Shareholding Structure

Viva China Holdings	11.3%
GIC Pte Ltd.	5.0%

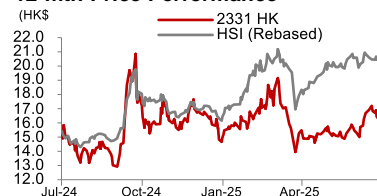
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	3.7%	2.4%
3-mth	3.7%	-8.2%
6-mth	7.1%	-15.0%

Source: FactSet

12-mth Price Performance



Source: FactSet

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- **2Q25 retail sales were roughly inline with expectations.** Li Ning's retail sales grew by LSD (about 1, according to management) in 2Q25, roughly inline with CMBI estimates of 3% and investors' expectations (esp. after a fairly weak Jun 2025). Such a growth rate is below Li Ning's internal target, because of: 1) low consumer spending appetite, 2) intensified industry competition, 3) decline in offline foot traffic, 4) weaker-than-expected 618 sales and 5) lack of product innovations. Retail sales in the offline channel have fallen by LSD (MSD drop for direct retail, due to quite a number of store closures last year, LSD increases for wholesale) while e-commerce channel retail sales have increased by MSD. In terms of sports categories, retail sales growth for running (HSD increase) remained strong, but lifestyle was moderate (flattish) and basketball was extremely weak (around 20% drop), while other sports like outdoor and badminton have all shown rather healthy growth. Performance in the lower tier cities has outpaced that in the higher tier cities. Retail sales growth was also faster in outlets, than that in regular price stores.
- **Inventory level remained healthy, but retail discounts definitely a miss in 2Q25.** Inventory to sales ratio was very healthy at around 4 months in 1Q25, improved remarkably from that of 5 months in 1Q25. However, the retail discounts have not only widened QoQ but also decreased YoY in 2Q25, for both offline and online channel. This is inline with CMBI estimates but still somewhat weaker than the Company's guidance announced after the FY24 results in Mar 2025.
- **Yang Hansen, a basketball player sponsored by Li Ning, has been selected as the 16th overall pick in the 2025 NBA draft by the Portland Trail Blazers.** This has made him the 3rd Chinese player ever drafted in the first round, following Yao Ming and Yi Jianlian. Li Ning has planned to provide full support throughout Yang's NBA career. The Company will launch relevant product series featuring his personal logos (signature shoes will not be out yet), and conduct marketing campaigns on each key events such as the summer league, NBA regular seasons and the All-Star Game, etc. However, even though this is certainly a positive surprise for Li Ning, we do think it is just way too early to generate any material sales and profit contribution for the group or even for the basketball segment.

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	28,676	30,518	32,485	28,676	30,518	32,485	0.0%	0.0%	0.0%
Gross profit	14,080	15,054	16,025	14,223	15,186	16,165	-1.0%	-0.9%	-0.9%
EBIT	3,178	3,686	4,268	3,333	3,812	4,381	-4.7%	-3.3%	-2.6%
Net profit att.	2,558	2,980	3,471	2,673	3,077	3,560	-4.3%	-3.1%	-2.5%
Diluted EPS (RMB)	0.99	1.15	1.34	1.03	1.19	1.38	-4.3%	-3.1%	-2.5%
Gross margin	49.1%	49.3%	49.3%	49.6%	49.8%	49.8%	-0.5ppt	-0.4ppt	-0.4ppt
EBIT margin	11.1%	12.1%	13.1%	11.6%	12.5%	13.5%	-0.5ppt	-0.4ppt	-0.3ppt
Net profit att. margin	8.9%	9.8%	10.7%	9.3%	10.1%	11.0%	-0.4ppt	-0.3ppt	-0.3ppt

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	28,676	30,518	32,485	28,974	30,517	32,174	-1.0%	0.0%	1.0%
Gross profit	14,080	15,054	16,025	14,297	15,123	16,008	-1.5%	-0.5%	0.1%
EBIT	3,178	3,686	4,268	3,172	3,599	4,032	0.2%	2.4%	5.9%
Net profit att.	2,558	2,980	3,471	2,685	3,014	3,356	-4.8%	-1.1%	3.4%
Diluted EPS (RMB)	0.99	1.15	1.34	1.04	1.17	1.30	-4.9%	-1.2%	3.6%
Gross margin	49.1%	49.3%	49.3%	49.3%	49.6%	49.8%	-0.2ppt	-0.2ppt	-0.4ppt
EBIT margin	11.1%	12.1%	13.1%	10.9%	11.8%	12.5%	0.1ppt	0.3ppt	0.6ppt
Net profit att. margin	8.9%	9.8%	10.7%	9.3%	9.9%	10.4%	-0.3ppt	-0.1ppt	0.3ppt

Source: Company data, CMBIGM estimates

Operating numbers

Figure 3: Historical sales growth trend, by brand

Operating numbers	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25E	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		7%	6%	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				
FILA brand's retail sales	+ve MSD	-ve HSD	+ve Low-teens	-ve Low-teens	+ve HSD	+ve High-teens	+ve Low-teens	25%-30%	+ve HSD	+ve MSD	-ve LSD	+ve HSD	+ve HSD		5%	5%	5%
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%				
Other brands	40%-45%	20%-25%	40%-45%	+ve Low-teens	75%-80%	70%-75%	45%-50%	55%-60%	25%-30%	40%-45%	45%-50%	50%-55%	65%-70%				
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%				
Kolon	40%-45%	Over 20%	Over 55%	+ve High-teens	100%	100%	60%-65%	65%-70%	50%	60%	65%-70%	60%-65%	100%				
Li Ning group's SSSG	+ve Low 20%	-ve Low-teens	+ve HSD	-ve High-teens	-ve HSD	+ve LSD	-ve MSD	+ve Low-teens	-ve MSD	-ve HSD	-ve HSD						
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		4%	7%	7%
Saucony's retail sales											Over 50%	50.0%	Over 40%				
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				

Source: Company data, CMBIGM estimates, *Nike's year end is at 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	13,389	14,300	14,546	15,681	16,907
Clothes	12,411	12,050	11,689	12,273	12,887
Equipment	1,799	2,325	2,441	2,563	2,692
Others	0	0	0	0	0
Total	27,598	28,676	28,676	30,518	32,485
Sales by segment growth (%)					
Shoes	-0.7%	6.8%	1.7%	7.8%	7.8%
Clothes	15.9%	-2.9%	-3.0%	5.0%	5.0%
Equipment	11.3%	29.3%	5.0%	5.0%	5.0%
Others	n/a	n/a	n/a	n/a	n/a
Total	7.0%	3.9%	0.0%	6.4%	6.4%
Sales by channel growth (%)					
Franchises	0.6%	2.6%	-3.0%	5.0%	5.0%
Self-owned	29.6%	-0.3%	-4.0%	7.5%	7.5%
E-commerce	0.9%	10.3%	8.0%	8.0%	8.0%
International	16.6%	-0.1%	0.0%	0.0%	0.0%
Total	7.0%	3.9%	0.0%	6.4%	6.4%
Sales network by segment					
Self-owned	1,498	1,297	1,282	1,267	1,252
Franchise	4,742	4,820	4,898	4,976	5,054
Sub-total	6,240	6,117	6,180	6,243	6,306
LN Young	1,428	1,468	1,508	1,548	1,588
Total	7,668	7,585	7,688	7,791	7,894
GP margins	48.4%	49.4%	49.1%	49.3%	49.3%
Opex breakdown					
A & P/ sales	9.0%	9.5%	10.4%	10.3%	10.2%
Labour/ sales	8.7%	8.6%	8.6%	8.6%	8.6%
Rental/ sales	7.0%	6.5%	6.8%	6.7%	6.7%
D & A/ sales	3.9%	4.0%	5.6%	6.0%	5.1%
R & D/ sales	2.2%	2.4%	2.4%	2.4%	2.4%
Provision/ sales	1.2%	1.0%	0.5%	0.0%	0.0%
Selling & distribution costs / sales	32.9%	32.1%	33.9%	33.7%	32.8%
Admin expenses / sales	4.6%	5.0%	5.2%	5.0%	4.8%
OP margins	12.9%	12.8%	11.1%	12.1%	13.1%
Effective tax rate	25.1%	26.7%	26.7%	26.7%	26.7%
Net profit margins	11.5%	10.5%	8.9%	9.8%	10.7%
Net profit att. growth (%)	-21.6%	-5.5%	-15.1%	16.5%	16.5%

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	25,803	27,598	28,676	28,676	30,518	32,485
Cost of goods sold	(13,319)	(14,246)	(14,520)	(14,596)	(15,463)	(16,460)
Gross profit	12,485	13,352	14,156	14,080	15,054	16,025
Operating expenses	(8,428)	(10,336)	(10,627)	(11,204)	(11,811)	(12,229)
Selling expense	(7,314)	(9,080)	(9,199)	(9,721)	(10,271)	(10,659)
Admin expense	(579)	(638)	(752)	(807)	(820)	(804)
R&D expense	(534)	(618)	(676)	(676)	(719)	(766)
Operating profit	4,887	3,559	3,678	3,178	3,686	4,268
Other income	829	543	149	302	443	472
Share of (losses)/profits of associates/JV	201	378	256	256	273	290
EBITDA	5,668	4,642	5,039	4,786	5,508	5,940
Depreciation	(732)	(1,016)	(1,307)	(1,564)	(1,787)	(1,651)
Other amortisation	(49)	(67)	(54)	(44)	(34)	(22)
Interest income	448	501	430	309	360	430
Interest expense	(121)	(181)	(254)	(254)	(254)	(254)
Other income/expense	0	0	0	0	0	0
Pre-tax profit	5,415	4,256	4,110	3,488	4,065	4,734
Income tax	(1,351)	(1,069)	(1,097)	(931)	(1,085)	(1,263)
Minority interest	0	0	0	0	0	0
Net profit	4,064	3,187	3,013	2,558	2,980	3,471

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	12,395	13,653	14,828	15,592	17,444	19,336
Cash & equivalents	7,382	5,444	6,484	7,235	8,787	10,346
Account receivables	1,020	1,206	1,253	1,253	1,333	1,419
Inventories	2,428	2,493	2,541	2,554	2,706	2,881
Prepayment	920	1,016	1,056	1,056	1,123	1,196
ST bank deposits	644	3,494	3,494	3,494	3,494	3,494
Other current assets	0	0	0	0	0	0
Non-current assets	21,252	20,555	21,149	21,497	21,757	22,300
PP&E	3,235	4,124	4,612	4,842	4,965	5,347
Investment in JVs & assos	0	0	161	322	493	676
Intangibles	217	221	167	122	87	63
Other non-current assets	17,800	16,210	16,210	16,211	16,212	16,214
Total assets	33,647	34,208	35,977	37,089	39,201	41,636
Current liabilities	7,241	7,268	7,459	7,303	7,785	8,324
Short-term borrowings	0	0	0	0	0	0
Account payables	1,584	1,790	1,824	1,834	1,943	2,068
Tax payable	1,037	915	943	777	931	1,109
Other current liabilities	4,619	4,563	4,692	4,692	4,912	5,147
Non-current liabilities	2,074	2,533	2,533	2,533	2,533	2,533
Long-term borrowings	0	0	0	0	0	0
Other non-current liabilities	2,074	2,533	2,533	2,533	2,533	2,533
Total liabilities	9,315	9,801	9,992	9,835	10,318	10,857
Share capital	240	240	240	240	240	240
Retained earnings	2	0	1,099	2,440	4,002	5,820
Other reserves	24,089	24,167	24,647	24,574	24,641	24,719
Total shareholders equity	24,332	24,407	25,986	27,253	28,882	30,779
Minority interest	0	0	0	0	0	0
Total equity and liabilities	33,647	34,208	35,977	37,089	39,201	41,636

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	5,415	4,256	4,110	3,488	4,065	4,734
Depreciation & amortization	782	1,082	1,361	1,608	1,821	1,672
Tax paid	(1,316)	(1,155)	(1,069)	(1,097)	(931)	(1,085)
Change in working capital	(1,133)	(31)	28	(4)	29	27
Others	167	535	(431)	(311)	(379)	(466)
Net cash from operations	3,914	4,688	3,999	3,685	4,606	4,883
Investing						
Capital expenditure	(1,757)	(1,727)	(1,795)	(1,795)	(1,910)	(2,033)
Acquisition of subsidiaries/ investments	(74)	(88)	0	0	0	0
Others	(7,651)	(634)	525	404	462	538
Net cash from investing	(9,481)	(2,449)	(1,270)	(1,391)	(1,448)	(1,494)
Financing						
Dividend paid	(1,195)	(2,175)	(1,434)	(1,290)	(1,351)	(1,574)
Net borrowings	0	0	0	0	0	0
Proceeds from share issues	97	7	0	0	0	0
Share repurchases	(159)	(1,159)	0	0	0	0
Others	(1,826)	(3,066)	(1,688)	(1,544)	(1,606)	(1,828)
Net cash from financing	(3,082)	(6,392)	(3,122)	(2,834)	(2,957)	(3,402)
Net change in cash						
Cash at the beginning of the year	14,745	7,382	5,444	6,484	7,235	8,787
Exchange difference	93	40	0	0	0	0
Others	(7,455)	(1,978)	1,040	750	1,552	1,560
Cash at the end of the year	7,382	5,444	6,484	7,235	8,787	10,346
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	14.3%	7.0%	3.9%	0.0%	6.4%	6.4%
Gross profit	4.3%	6.9%	6.0%	(0.5%)	6.9%	6.4%
Operating profit	(4.9%)	(27.2%)	3.3%	(13.6%)	16.0%	15.8%
EBITDA	(1.7%)	(18.1%)	8.6%	(5.0%)	15.1%	7.9%
Net profit	1.3%	(21.6%)	(5.5%)	(15.1%)	16.5%	16.5%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	48.4%	48.4%	49.4%	49.1%	49.3%	49.3%
Operating margin	18.9%	12.9%	12.8%	11.1%	12.1%	13.1%
EBITDA margin	22.0%	16.8%	17.6%	16.7%	18.0%	18.3%
Return on equity (ROE)	17.9%	13.1%	12.0%	9.6%	10.6%	11.6%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.3	0.3	0.4	0.4	0.4	0.4
Current ratio (x)	1.7	1.9	2.0	2.1	2.2	2.3
Receivable turnover days	14.4	15.9	15.9	15.9	15.9	15.9
Inventory turnover days	66.5	63.9	63.9	63.9	63.9	63.9
Payable turnover days	43.4	45.9	45.9	45.9	45.9	45.9
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	9.5	12.0	12.6	14.8	12.7	10.9
P/E (diluted)	9.5	12.0	12.6	14.8	12.7	10.9
P/B	1.6	1.6	1.5	1.4	1.3	1.2
P/CFPS	9.9	8.1	9.5	10.3	8.2	7.8
Div yield (%)	3.2	3.7	3.7	3.2	3.7	4.3
EV	34,513.9	33,710.6	32,670.2	31,919.8	30,367.8	28,808.1
EV/Sales	1.3	1.2	1.1	1.1	1.0	0.9
EV/EBITDA	6.1	7.3	6.5	6.7	5.5	4.8

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

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