

# Samsonite (1910 HK)

## Another high growth year for Asia

China's reopening is not only the last missing puzzle to global travel recovery, but also serves as another solid driver to extend Samsonite's earnings upcycle, subsequent to that in the first two months of the year. We forecast the event will provide a strong boost to Asia revenue for the year with 1) 55% YoY growth that looks to be another new high, subsequent to 20%/ 33% growth in 2020-21, and 2) a more accretive regional mix that leads an expanded GPM. Speaking of the latter, a higher TUMI contribution (currently c.25%) would also be helpful as the brand has historically been strong in the region. These drivers should aid management to attain its target for the year, and Samsonite's upcoming 1Q reporting is likely to be just one of the robust quarters along this re-rating trajectory. In the medium term, a neat operation structure, a more focused product offering and an increasing brand awareness should continue to make Samsonite relevant to the China story in which we see ample potential for the region's market share (mid-single digit) to catch up with that of Samsonite's global share (mid-teen). We initiate Samsonite at BUY, and consider the resumption of dividend payout an event-driven catalyst to our TP.

- Management guidance.** Management targets low-to-mid teen sales growth for 2023. Compared to that of 2019, the indication should translate to 10-15% stacked growth, or cFX 30%-ish YoY growth vs 2022. Management also looks for GPM to expand and hence a 17%+ adjusted EBITDA margin. Meanwhile, our revenue estimate represents c.110% vs 2019 and our adjusted EBITDA margins is set as 17.3%, respectively. Our forecasts are relatively conservative, considering 2M23 revenue already tracking 17% above pre- COVID level. We see upside in our forecasts with more solid data point from Samsonite's 1Q release.
- Inventory/ marketing expense.** A potentially strong 1Q matches well with a slightly high inventory level by end-22, and we think management is diligent to plan for the quarter. While an imminently higher marketing budget looks to be systematic across brands in China post-COVID, we expect Samsonite to spend 6.5% of revenue to cater a more aggressive launch schedule, as almost 40% of the existing SKUs were new since 2022.
- Valuation.** Our TP is DCF-based. In our model, we assume WACC of 8.2%, risk-free rate of 3.5%, risk premium of 5% and beta of 1.5. Our TP implies 17.2x end-23E P/E.

### Earnings Summary

| (YE 31 Dec)           | FY21A   | FY22A   | FY23E | FY24E | FY25E |
|-----------------------|---------|---------|-------|-------|-------|
| Revenue (US\$ mn)     | 2,021   | 2,880   | 3,938 | 4,425 | 4,884 |
| YoY growth (%)        | 31.5    | 42.5    | 36.8  | 12.3  | 10.4  |
| Net profit (US\$ mn)  | 14.3    | 312.7   | 322.5 | 379.5 | 431.6 |
| YoY growth (%)        | na      | 2,086.7 | 3.1   | 17.7  | 13.7  |
| EPS (Reported) (US\$) | 0.01    | 0.22    | 0.22  | 0.26  | 0.30  |
| P/E (x)               | 2,864.5 | 101.8   | 13.3  | 11.3  | 9.9   |
| P/B (x)               | 56.4    | 29.5    | 3.0   | 2.3   | 1.9   |
| ROE (%)               | 2.2     | 36.3    | 27.0  | 24.6  | 22.1  |
| Net gearing (%)       | 406.4   | 291.3   | 231.4 | 177.3 | 127.2 |

Source: Company data, Bloomberg, CMBIGM estimates

**BUY**

Target Price **HK\$30.18**  
 Up/Downside **29.0%**  
 Current Price **HK\$23.40**

### China Consumer

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### Stock Data

Mkt Cap (HK\$ mn) 33,639.3  
 Avg 3 mths t/o (HK\$ mn) 470.5  
 52w High/Low (HK\$) 222.83/23.40  
 Total Issued Shares (mn) 1437.6

Source: FactSet

### Shareholding Structure

Schroders PLC 5.9%  
 Bank of New York Mellon Cor 5.9%

Source: HKEx

### Share Performance

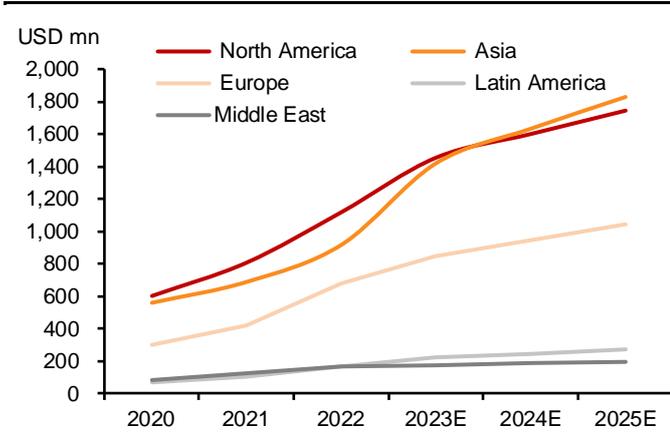
|       | Absolute | Relative |
|-------|----------|----------|
| 1-mth | -81.2%   | NM       |
| 3-mth | -82.8%   | NM       |
| 6-mth | -85.7%   | NM       |

Source: FactSet

## Financial analysis

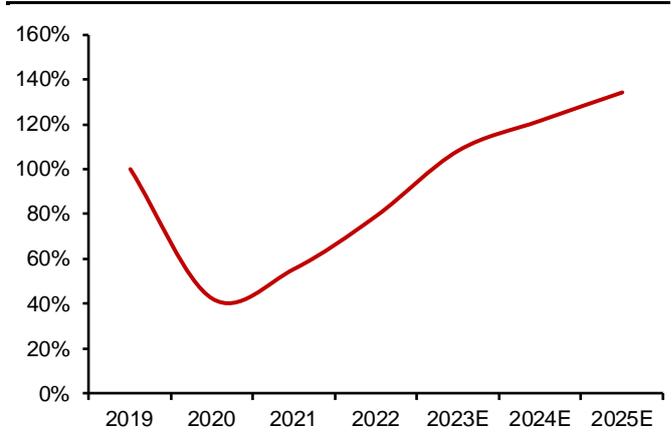
- Revenue:** We project Samsonite to grow at a 3-year revenue CAGR of 19% to US\$4.9bn between 2022-25E. 2023 will be the first full year for a global post-COVID normalization. In particular, we forecast that China's re-opening will provide a strong boost to Asia revenue for the year with 55% YoY growth that looks to be another new high, subsequent to 20%/ 33% growth in 2020-21. Management remains upbeat and looks for revenue this year to achieve 15% stacked growth to (roughly US\$ 4.2bn) compared to that of 2019. Our forecasts are conservative, considering 2M23 already tracking 17% above pre-Covid levels. We see upside in our revenue forecasts with more solid data point from Samsonite's 1Q release.

**Figure 1: Asia revenue grows to a new high**



Source: Company data, CMBIGM estimates

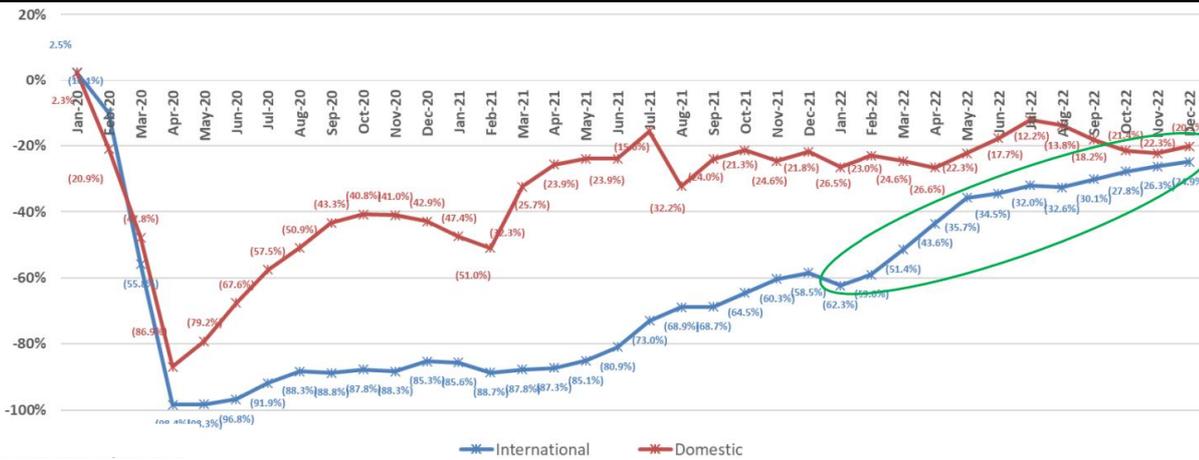
**Figure 2: Revenue growth relative to 2019**



Source: Company data, CMBIGM estimates

By region, the growth will be driven mainly by 26% CAGR in Asia, followed by 16% each in Latin America, Europe and North America. By consumption purpose, we continue to expect travel will dominate the buying decision with over 60% of total sales. Within non-travel, we envisage business purpose will see higher growth this year given the resumption of business travel to China (50% of non-travel). Meanwhile, we see steady growth within the casual and accessories categories.

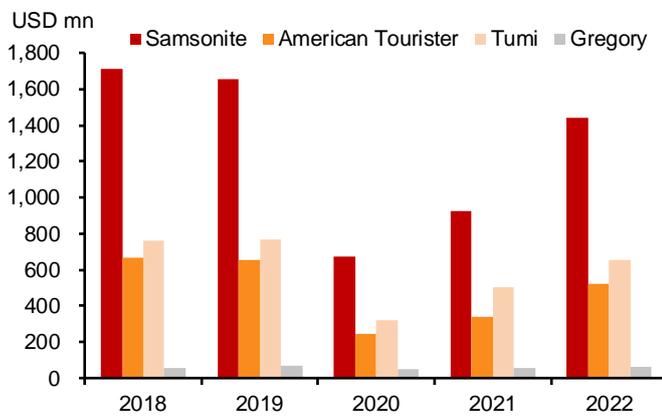
**Figure 3: RPKs is improving since mid-20, with China's reopening being the next clear catalyst to the trend**



Source: Company data, IATA, CMBIGM

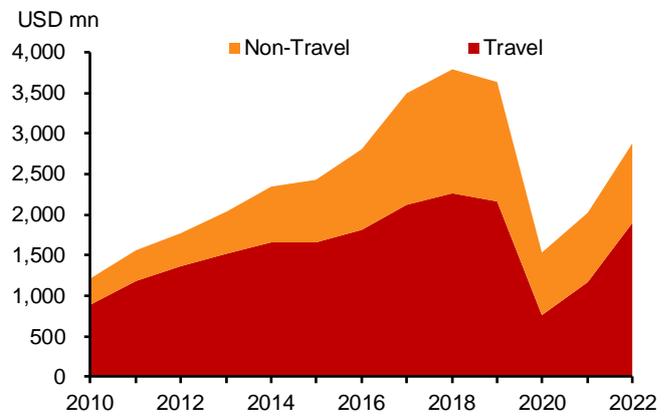
Samsonite has been a major brand and a major revenue contributor with approximately 50% of the total. It follows a premium pricing strategy, and meanwhile, American Tourister is mass market positioned. Tumi is the luxury brand among all. The recovering Asia travel momentum should prompt for a higher TUMI contribution (currently c.25%) to revenue within our forecast period, since the brand has historically been strong in the region.

**Figure 4: Revenue breakdown by major brands 2018-22**



Source: Company data, CMBIGM

**Figure 5: Revenue by consumption purpose**



Source: Company data, CMBIGM

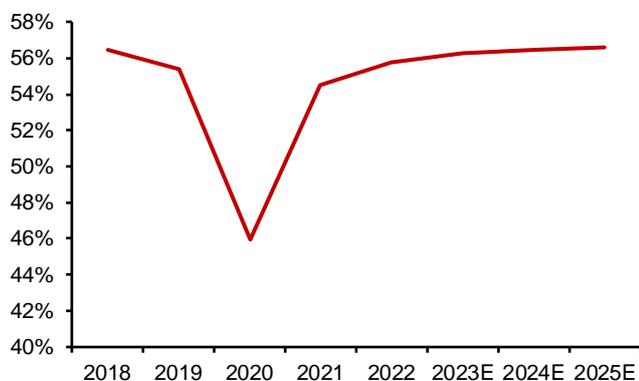
Figure 6: Major revenue assumptions 2016-25E

|                                   | 2016           | 2017           | 2018           | 2019           | 2020           | 2021           | 2022           | 2023E          | 2024E          | 2025E          |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Sales - by region</b>          | <b>2,810.5</b> | <b>3,490.9</b> | <b>3,797.0</b> | <b>3,638.8</b> | <b>1,536.7</b> | <b>2,020.8</b> | <b>2,879.6</b> | <b>3,938.4</b> | <b>4,424.5</b> | <b>4,883.6</b> |
| North America                     | 1,027.2        | 1,392.4        | 1,483.0        | 1,363.4        | 602.5          | 807.5          | 1,117.3        | 1,452.5        | 1,597.7        | 1,741.5        |
| Asia                              | 1,028.6        | 1,196.2        | 1,324.2        | 1,313.4        | 558.6          | 687.5          | 916.4          | 1,420.4        | 1,633.5        | 1,829.5        |
| Europe                            | 615.3          | 734.8          | 809.9          | 792.2          | 302.5          | 419.1          | 675.7          | 844.6          | 946.0          | 1,040.6        |
| Latin America                     | 130.6          | 158.5          | 176.4          | 166.7          | 71.2           | 104.7          | 168.8          | 219.4          | 245.8          | 270.4          |
| Corporate                         | 8.9            | 9.1            | 3.5            | 3.1            | 2.0            | 2.0            | 1.4            | 1.5            | 1.5            | 1.6            |
| <b>Sales growth - reported</b>    | <b>15.5%</b>   | <b>24.2%</b>   | <b>8.8%</b>    | <b>-4.2%</b>   | <b>-57.8%</b>  | <b>31.5%</b>   | <b>42.5%</b>   | <b>36.8%</b>   | <b>12.3%</b>   | <b>10.4%</b>   |
| North America                     | 26.6%          | 35.6%          | 6.5%           | -8.1%          | -55.8%         | 34.0%          | 38.4%          | 30.0%          | 10.0%          | 9.0%           |
| Asia                              | 8.5%           | 16.3%          | 10.7%          | -0.8%          | -57.5%         | 23.1%          | 33.3%          | 55.0%          | 15.0%          | 12.0%          |
| Europe                            | 13.0%          | 19.4%          | 10.2%          | -2.2%          | -61.8%         | 38.5%          | 61.2%          | 25.0%          | 12.0%          | 10.0%          |
| Latin America                     | 8.4%           | 21.4%          | 11.3%          | -5.5%          | -57.3%         | 47.1%          | 61.2%          | 30.0%          | 12.0%          | 10.0%          |
| Corporate                         | 6.4%           | 2.3%           | -61.5%         | -11.4%         | -35.5%         | 0.0%           | -30.0%         | 5.0%           | 5.0%           | 5.0%           |
| <b>Sales breakdown - reported</b> | <b>100.0%</b>  |
| North America                     | 36.5%          | 39.9%          | 39.1%          | 37.5%          | 39.2%          | 40.0%          | 38.8%          | 36.9%          | 36.1%          | 35.7%          |
| Asia                              | 36.6%          | 34.3%          | 34.9%          | 36.1%          | 36.4%          | 34.0%          | 31.8%          | 36.1%          | 36.9%          | 37.5%          |
| Europe                            | 21.9%          | 21.0%          | 21.3%          | 21.8%          | 19.7%          | 20.7%          | 23.5%          | 21.4%          | 21.4%          | 21.3%          |
| Latin America                     | 4.6%           | 4.5%           | 4.6%           | 4.6%           | 4.6%           | 5.2%           | 5.9%           | 5.6%           | 5.6%           | 5.5%           |
| Corporate                         | 0.3%           | 0.3%           | 0.1%           | 0.1%           | 0.1%           | 0.1%           | 0.0%           | 0.0%           | 0.0%           | 0.0%           |

Source: Company data, CMBIGM estimates

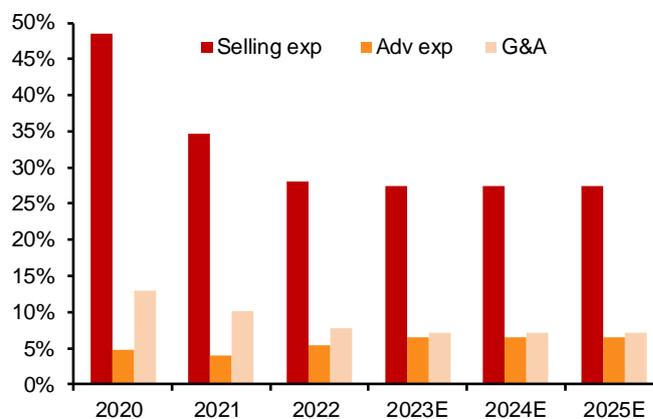
- **GPM:** On average, we assume GPM to edge up by 0.2pp within 2023-25E, with regional mix improvement (more from Asia) and a higher TUMI sales as the major drivers. With these, we envisage GPM to revert back to its historical high (last seen in 2018) by 2024E. Historically, Samsonite offered a very stable GPM except in 2020 when the outbreak of COVID put a full stop on global travel demand.

Figure 7: Gross margins trajectory 2018-25E



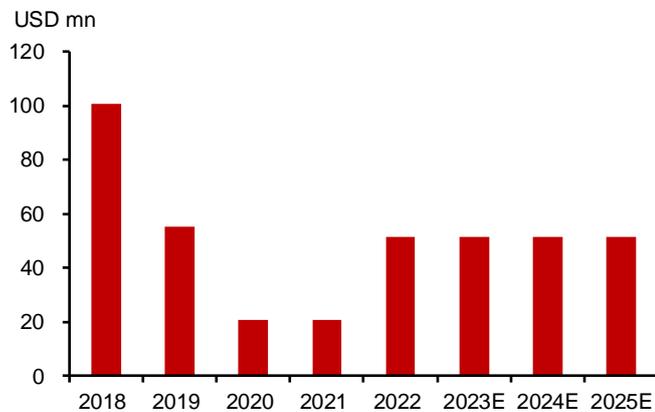
Source: Company data, CMBIGM estimates

Figure 8: Opex ratio breakdown 2020-25E

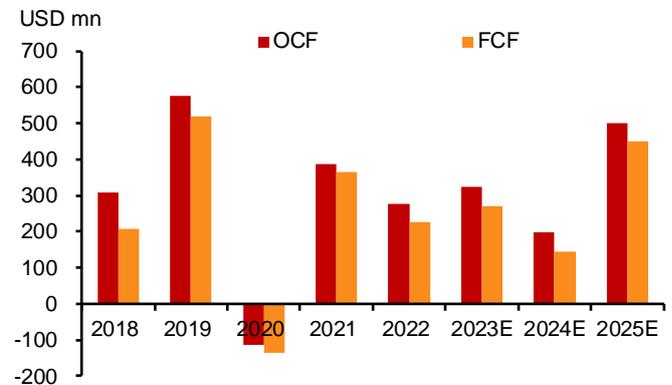


Source: Company data, CMBIGM estimates

- **EBITDA:** We forecast a climb in EBITDA margins from 16.4% in 2022 to 17.3% in 2023E by factoring in the following:
  - 1) Continuous R&D investments, even during the pandemic, that nurture the complete travel and non-travel product portfolio. The initiative is further substantiated as management intended to trim unpopular SKUs and dedicate resources to popular items;
  - 2) Retail outlets restructuring, and Samsonite has continued to invest in Asia and Tumi Europe, where most of the new outlets have been/ will be added;
  - 3) A higher advertising spending, which amounts to 6.5% of sales, to support growth across brands upon the vigorous travel recovery;
  - 4) Working closely with global suppliers on supply chain bottlenecks and cost savings.
  
- **Cash and dividend:** Samsonite's capex cycle has peaked and in recent years, in view of the halt of global travelling, it has a very disciplined capex plan. Judging from the strong OCF it derives from the retail business, we expect the Company to upkeep a strong free cashflow within our forecast period. Hopefully, this could further be monetized into the resumption of dividend to shareholders, which has ceased paying since 2019.

**Figure 9: Capex outlay 2018-25E**

Source: Company data, CMBIGM estimates

**Figure 10: OCF and FCF 2018-25E**

Source: Company data, CMBIGM estimates

## Key management outlook for 2023

- 2022 was a strong finish compared to that of 2019. As global travel continues to rebound, Samsonite is well-positioned to further grow its business with a fundamentally higher operating margin. In the medium term, Samsonite targets high single digit revenue growth that comes in slightly above industry average.
- Inflationary and recessionary concerns will continue to impact global economy, and thus sentiment to travel. However, long-term travel demand remains robust and data point from 2M23 (already 17% above 2019 level) indicates a likely strong start for 1Q23, and hence the remainder of 2023.
- Management is dedicated to maintain its GPM to its historical level through disciplined discount activities. By working closely with its suppliers and couriers, Samsonite is looking to operate at a more efficient environment and thus an ongoing higher adjusted EBITDA margins.
- The end of China's social distancing measure will provide a strong boost to Samsonite's Asia business.

## Valuation

Given a stable growth outlook and hence a steady cash generation from the global retail business, our TP is DCF-based. In our model, we assume WACC of 8.2%, risk-free rate of 3.5%, risk premium of 5% and beta of 1.5. Our TP implies c.17.0x end-23E P/E.

**Figure 11: DCF assumptions**

| <b>Present value calculation</b>  |               |
|-----------------------------------|---------------|
| Net Present Value                 | 3,213         |
| + Terminal Value                  | 3,793         |
| <b>= Enterprise value</b>         | <b>7,005</b>  |
| - Net debt                        | 1,450         |
| <b>= Total Equity value</b>       | <b>5,555</b>  |
| Number of shares (mn)             | 1,438         |
| <b>DCF value per share (HK\$)</b> | <b>30.1</b>   |
| <b>WACC assumptions</b>           |               |
| Debt %                            | 55.8%         |
| Equity %                          | 44.2%         |
| Tax rate                          | 25.0%         |
| Borrowing premium                 | 4.5%          |
| <b>Post-tax cost of debt</b>      | <b>6.0%</b>   |
| Risk free rate                    | 3.5%          |
| Risk Premium                      | 5.0%          |
| Beta                              | 1.5           |
| <b>Cost of equity</b>             | <b>11.0%</b>  |
| <b>WACC</b>                       | <b>8.208%</b> |
| Long-term growth                  | 2.0%          |
| 1 USD =                           | 7.78          |

Source: CMBIGM estimates

**Figure 12: Earnings revisions**

| US\$ mn      | New   |       |       | Old   |       |       | Diff (%) |       |       |
|--------------|-------|-------|-------|-------|-------|-------|----------|-------|-------|
|              | FY23E | FY24E | FY25E | FY23E | FY24E | FY25E | FY23E    | FY24E | FY25E |
| Revenue      | 3,938 | 4,425 | 4,884 | na    | na    | na    | na       | na    | na    |
| Gross Profit | 2,217 | 2,500 | 2,764 | na    | na    | na    | na       | na    | na    |
| EBIT         | 595   | 677   | 752   | na    | na    | na    | na       | na    | na    |
| Net profit   | 323   | 380   | 432   | na    | na    | na    | na       | na    | na    |
| Gross Margin | 56.3% | 56.5% | 56.6% | na    | na    | na    | na       | na    | na    |
| EBIT margin  | 15.1% | 15.3% | 15.4% | na    | na    | na    | na       | na    | na    |
| Net margin   | 8.2%  | 8.6%  | 8.8%  | na    | na    | na    | na       | na    | na    |

Source: Company data, CMBIGM estimates

**Figure 13: CMBIGM estimates vs consensus**

| US\$ mn      | CMBIGM |       |       | Consensus |       |       | Diff (%) |         |         |
|--------------|--------|-------|-------|-----------|-------|-------|----------|---------|---------|
|              | FY23E  | FY24E | FY25E | FY23E     | FY24E | FY25E | FY23E    | FY24E   | FY25E   |
| Revenue      | 3,938  | 4,425 | 4,884 | 3,739     | 4,110 | 4,442 | 5.3%     | 7.7%    | 9.9%    |
| Gross Profit | 2,217  | 2,500 | 2,764 | 2,098     | 2,322 | 2,530 | 5.7%     | 7.7%    | 9.3%    |
| EBIT         | 595    | 677   | 752   | 610       | 685   | 730   | -2.5%    | -1.2%   | 3.0%    |
| Net profit   | 323    | 380   | 432   | 327       | 385   | 420   | -1.4%    | -1.4%   | 2.8%    |
| Gross Margin | 56.3%  | 56.5% | 56.6% | 56.1%     | 56.5% | 57.0% | 0.2ppt   | 0ppt    | -0.4ppt |
| EBIT margin  | 15.1%  | 15.3% | 15.4% | 16.3%     | 16.7% | 16.4% | -1.2ppt  | -1.4ppt | -1ppt   |
| Net margin   | 8.2%   | 8.6%  | 8.8%  | 8.7%      | 9.4%  | 9.5%  | -0.6ppt  | -0.8ppt | -0.6ppt |

Source: Company data, CMBIGM estimates

**Key investment risks**

- Forex fluctuation
- Deteriorating brand equity
- Unexpected global economy downturn
- Intensifying competition particularly that from China
- Supply-chain disruption

## Company background

Founded in 1910 by Jesse Shwayder, Samsonite manufactures and distributes luggage, suitcases and bags globally under various brand names such as Samsonite, American Tourister, Tumi, Gregory, High Sierra and Lipault etc. Subsequent to a few relocations and business ownership transactions, the Company grew to be the largest luggage producer globally, sharing approximately 15%+ of the market. In June 2011, Samsonite raised US\$1.25bn and listed in the HK Stock Exchange.

Figure 14: Samsonite's brand portfolio



Source: Company data, CMBIGM

## Financial Summary

| INCOME STATEMENT                     | 2020A          | 2021A        | 2022A          | 2023E          | 2024E          | 2025E          |
|--------------------------------------|----------------|--------------|----------------|----------------|----------------|----------------|
| YE 31 Dec (US\$ mn)                  |                |              |                |                |                |                |
| <b>Revenue</b>                       | <b>1,537</b>   | <b>2,021</b> | <b>2,880</b>   | <b>3,938</b>   | <b>4,425</b>   | <b>4,884</b>   |
| Cost of goods sold                   | (830)          | (919)        | (1,274)        | (1,721)        | (1,925)        | (2,119)        |
| <b>Gross profit</b>                  | <b>706</b>     | <b>1,102</b> | <b>1,605</b>   | <b>2,217</b>   | <b>2,500</b>   | <b>2,764</b>   |
| <b>Operating expenses</b>            | <b>(1,018)</b> | <b>(988)</b> | <b>(1,185)</b> | <b>(1,623)</b> | <b>(1,823)</b> | <b>(2,012)</b> |
| Selling expense                      | (818)          | (782)        | (963)          | (1,339)        | (1,504)        | (1,660)        |
| Admin expense                        | (200)          | (206)        | (222)          | (284)          | (319)          | (352)          |
| <b>Operating profit</b>              | <b>(1,266)</b> | <b>133</b>   | <b>492</b>     | <b>595</b>     | <b>677</b>     | <b>752</b>     |
| <b>EBITDA</b>                        | <b>(1,011)</b> | <b>330</b>   | <b>668</b>     | <b>761</b>     | <b>810</b>     | <b>864</b>     |
| Depreciation                         | (66)           | (46)         | (35)           | (36)           | (40)           | (42)           |
| Goodwill amortisation                | (189)          | (152)        | (141)          | (130)          | (93)           | (69)           |
| <b>Net Interest income/(expense)</b> | <b>(116)</b>   | <b>(165)</b> | <b>(130)</b>   | <b>(130)</b>   | <b>(130)</b>   | <b>(130)</b>   |
| Other income/expense                 | 0              | 0            | 0              | 0              | 0              | 0              |
| <b>Pre-tax profit</b>                | <b>(1,382)</b> | <b>(33)</b>  | <b>363</b>     | <b>465</b>     | <b>547</b>     | <b>623</b>     |
| Income tax                           | 94             | 56           | (24)           | (116)          | (137)          | (156)          |
| <b>After tax profit</b>              | <b>(1,288)</b> | <b>24</b>    | <b>338</b>     | <b>349</b>     | <b>411</b>     | <b>467</b>     |
| Minority interest                    | 10             | (9)          | (26)           | (26)           | (31)           | (35)           |
| <b>Net profit</b>                    | <b>(1,278)</b> | <b>14</b>    | <b>313</b>     | <b>323</b>     | <b>380</b>     | <b>432</b>     |
| <b>Core net profit</b>               | <b>(311)</b>   | <b>(10)</b>  | <b>223</b>     | <b>323</b>     | <b>380</b>     | <b>432</b>     |
| Net dividends                        | 0              | 0            | 0              | 0              | 0              | 0              |
| BALANCE SHEET                        | 2020A          | 2021A        | 2022A          | 2023E          | 2024E          | 2025E          |
| YE 31 Dec (US\$ mn)                  |                |              |                |                |                |                |
| <b>Current assets</b>                | <b>2,174</b>   | <b>1,940</b> | <b>1,695</b>   | <b>2,258</b>   | <b>2,737</b>   | <b>3,292</b>   |
| Cash & equivalents                   | 1,495          | 1,325        | 636            | 608            | 654            | 1,003          |
| Account receivables                  | 141            | 206          | 291            | 863            | 1,212          | 1,338          |
| Inventories                          | 456            | 348          | 688            | 707            | 791            | 871            |
| Other current assets                 | 82             | 60           | 80             | 80             | 80             | 80             |
| <b>Non-current assets</b>            | <b>2,988</b>   | <b>2,915</b> | <b>3,027</b>   | <b>2,912</b>   | <b>2,830</b>   | <b>2,770</b>   |
| PP&E                                 | 188            | 155          | 162            | 177            | 189            | 198            |
| Deferred income tax                  | 55             | 124          | 174            | 174            | 174            | 174            |
| Intangibles                          | 1,418          | 1,392        | 1,459          | 1,435          | 1,412          | 1,390          |
| Goodwill                             | 850            | 829          | 824            | 824            | 824            | 824            |
| Other non-current assets             | 78             | 66           | 94             | 94             | 94             | 94             |
| <b>Total assets</b>                  | <b>5,162</b>   | <b>4,854</b> | <b>4,721</b>   | <b>5,170</b>   | <b>5,568</b>   | <b>6,063</b>   |
| <b>Current liabilities</b>           | <b>731</b>     | <b>918</b>   | <b>1,213</b>   | <b>1,614</b>   | <b>1,700</b>   | <b>1,828</b>   |
| Short-term borrowings                | 81             | 107          | 119            | 119            | 119            | 119            |
| Account payables                     | 413            | 529          | 779            | 1,179          | 1,266          | 1,394          |
| Tax payable                          | 35             | 57           | 77             | 77             | 77             | 77             |
| Other current liabilities            | 57             | 93           | 120            | 120            | 120            | 120            |
| <b>Non-current liabilities</b>       | <b>3,762</b>   | <b>3,210</b> | <b>2,428</b>   | <b>2,128</b>   | <b>2,028</b>   | <b>1,928</b>   |
| Long-term borrowings                 | 3,110          | 2,682        | 1,893          | 1,593          | 1,493          | 1,393          |
| Other non-current liabilities        | 266            | 225          | 278            | 278            | 278            | 278            |
| <b>Total liabilities</b>             | <b>4,493</b>   | <b>4,128</b> | <b>3,642</b>   | <b>3,742</b>   | <b>3,729</b>   | <b>3,757</b>   |
| Share capital                        | 14             | 14           | 14             | 14             | 14             | 14             |
| Retained earnings                    | 620            | 675          | 1,017          | 1,340          | 1,719          | 2,151          |
| <b>Total shareholders equity</b>     | <b>634</b>     | <b>690</b>   | <b>1,032</b>   | <b>1,354</b>   | <b>1,734</b>   | <b>2,165</b>   |
| Minority interest                    | 35             | 37           | 48             | 74             | 105            | 141            |
| <b>Total equity and liabilities</b>  | <b>669</b>     | <b>727</b>   | <b>1,080</b>   | <b>1,429</b>   | <b>1,839</b>   | <b>2,306</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 (US\$ mn)</b>                           |                |              |              |              |              |              |
| <b>Operating</b>                                     |                |              |              |              |              |              |
| <b>Profit before taxation</b>                        | <b>(1,382)</b> | <b>(33)</b>  | <b>363</b>   | <b>465</b>   | <b>547</b>   | <b>623</b>   |
| Depreciation & amortization                          | 99             | 78           | 57           | 60           | 63           | 65           |
| Tax paid   | (28)           | 2            | (51)         | (116)        | (137)        | (156)        |
| Change in working capital                            | 120            | 203          | (175)        | (192)        | (346)        | (78)         |
| Others   | 1,078          | 137          | 83           | 106          | 70           | 47           |
| <b>Net cash from operations</b>                      | <b>(114)</b>   | <b>387</b>   | <b>278</b>   | <b>323</b>   | <b>198</b>   | <b>501</b>   |
| <b>Investing</b>                                     |                |              |              |              |              |              |
| Capital expenditure                                  | (21)           | (21)         | (52)         | (52)         | (52)         | (52)         |
| Net proceeds from disposal of short-term investments | 0              | 0            | 0            | 0            | 0            | 0            |
| Others   | (6)            | 30           | (11)         | 0            | 0            | 0            |
| <b>Net cash from investing</b>                       | <b>(26)</b>    | <b>9</b>     | <b>(63)</b>  | <b>(52)</b>  | <b>(52)</b>  | <b>(52)</b>  |
| <b>Financing</b>                                     |                |              |              |              |              |              |
| Dividend paid  | 0              | 0            | 0            | 0            | 0            | 0            |
| Net borrowings                                       | 1,413          | (386)        | (741)        | (300)        | (100)        | (100)        |
| Others   | (39)           | (8)          | (9)          | 0            | 0            | 0            |
| <b>Net cash from financing</b>                       | <b>1,158</b>   | <b>(551)</b> | <b>(881)</b> | <b>(300)</b> | <b>(100)</b> | <b>(100)</b> |
| <b>Net change in cash</b>                            |                |              |              |              |              |              |
| Cash at the beginning of the year                    | 463            | 1,495        | 1,325        | 636          | 608          | 654          |
| Exchange difference                                  | 14             | (16)         | (23)         | 0            | 0            | 0            |
| <b>Cash at the end of the year</b>                   | <b>1,495</b>   | <b>1,325</b> | <b>636</b>   | <b>608</b>   | <b>654</b>   | <b>1,003</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  | (57.8%)        | 31.5%        | 42.5%        | 36.8%        | 12.3%        | 10.4%        |
| Gross profit   | (65.0%)        | 56.0%        | 45.7%        | 38.1%        | 12.7%        | 10.6%        |
| Operating profit                                     | na             | na           | 270.8%       | 20.9%        | 13.8%        | 11.1%        |
| EBITDA   | na             | na           | 102.0%       | 14.0%        | 6.5%         | 6.6%         |
| Net profit   | na             | na           | 2,086.7%     | 3.1%         | 17.7%        | 13.7%        |
| <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                                  | 46.0%          | 54.5%        | 55.8%        | 56.3%        | 56.5%        | 56.6%        |
| Operating margin                                     | (82.4%)        | 6.6%         | 17.1%        | 15.1%        | 15.3%        | 15.4%        |
| EBITDA margin  | (65.8%)        | 16.3%        | 23.2%        | 19.3%        | 18.3%        | 17.7%        |
| Return on equity (ROE)                               | (98.9%)        | 2.2%         | 36.3%        | 27.0%        | 24.6%        | 22.1%        |
| <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)                               | 4.7            | 4.1          | 2.9          | 2.3          | 1.8          | 1.3          |
| Current ratio (x)                                    | 3.0            | 2.1          | 1.4          | 1.4          | 1.6          | 1.8          |
| Receivable turnover days                             | 14.1           | 49.0         | 52.5         | 80.0         | 100.0        | 100.0        |
| Inventory turnover days                              | 102.6          | 153.1        | 273.0        | 150.0        | 150.0        | 150.0        |
| Payable turnover days                                | 92.9           | 232.5        | 309.1        | 250.0        | 240.0        | 240.0        |
| <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  | na             | 2,864.5      | 101.8        | 13.3         | 11.3         | 9.9          |
| P/E (diluted)  | na             | na           | 143.0        | 13.3         | 11.3         | 9.9          |
| P/B  | na             | 56.4         | 29.5         | 3.0          | 2.3          | 1.9          |

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

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