

Green Tea Group (6831 HK)

1H25E profit comes as surprise with positive 2H25E outlook

■ **What is new? Green Tea released a positive profit alert and foresees its net profit to grow by 32%-36% YoY in 1H25E, better than expected.** Management is now foreseeing the net profit to be around RMB 230mn-237mn in 1H25E, representing 32%-36% YoY growth. Moreover, they are also expecting its adjusted net profit to be around RMB 247mn-254mn, implying 38%-42% YoY growth (after adjusting for listing fees of around RMB 15mn-20mn). The major drivers include: 1) acceleration in sales growth (sales are likely to grow by 21%-25% YoY to RMB 2.25bn-2.33bn in 1H25E), 2) rapid store expansion (store count growth may be at about 25%, according CMBI estimates), and 3) improvement in store-level profitability as well as operational efficiency.

■ **Catalysts/ Our view: 1H25E was better-than-expected, meaningfully easing investors' worries about SSSG turnaround and potential margin dilution from the delivery business.**

1) 1H25E results were certainly a beat. The announced 32%-36% net profit growth or 38%-42% adj. net profit growth in 1H25E are both much stronger than our 28% net profit growth forecast for FY25E.

2) The SSSG was resilient and on track so fast, but it is just inline with our estimates of 2% in FY25E. According to the management, the SSSG in 1H25E could be about LSD decline in 1H25E (made up of HSD drop in 1Q25E and MSD increase in 2Q25E).

3) In our view, the beat in results was primarily driven by the margin expansion, as the NP margin may have improved to about 10.2% in 1H25E (implied by the announced sales and net profit numbers), which was a big jump vs 9.4% in 1H24 and also much stronger than our estimates of 9.5% NP margin for FY25E.

4) Such a margin improvement is actually quite critical, because some investors do worried about the potential margin dilution from robust delivery sales order growth (boosting sales in the delivery channel is one of the focuses of the Company, and there are some industry tailwinds as well).

5) Our outlook for 2H25E is still positive, because the pace of store opening is still on track. SSSG has remained strong even in Jul 2025 (likely to sustain due to low base), and the Company's two key strategies are still working (opening smaller but more efficient new stores and ramping up its delivery business).

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	3,589	3,838	4,752	5,924	7,422
YoY growth (%)	51.1	6.9	23.8	24.7	25.3
Operating profit (RMB mn)	425.5	452.9	578.8	737.1	968.3
Net profit (RMB mn)	295.5	350.2	449.2	578.3	768.1
Adjusted net profit (RMB mn)	303.3	360.9	468.2	590.1	768.1
EPS (Reported) (RMB)	0.53	0.63	0.73	0.86	1.14
YoY growth (%)	1,682.6	18.5	16.0	17.5	32.8
P/E (x)	13.2	11.1	9.6	8.2	6.2
P/B (x)	9.4	5.1	4.5	3.4	2.6
Yield (%)	9.0	4.6	5.2	6.1	8.1
ROE (%)	67.0	59.1	49.6	48.0	47.7
Net gearing (%)	79.9	32.1	43.0	48.1	51.5

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price HK\$10.54
 (Previous TP) HK\$9.73)
Up/Downside 38.0%
Current Price HK\$7.64

China Consumer Discretionary

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Stock Data

Mkt Cap (HK\$ mn)	5,145.2
Avg 3 mths t/o (HK\$ mn)	35.5
52w High/Low (HK\$)	NA/NA
Total Issued Shares (mn)	673.5

Source: FactSet

Shareholding Structure

Mr. Wang & Ms. Lu	54.3%
Partners Gourmet	15.8%

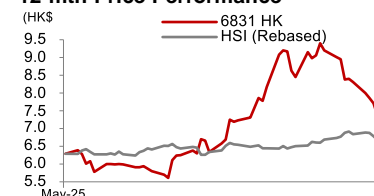
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	4.5%	2.7%
3-mth	NM	NM
6-mth	NM	NM

Source: FactSet

12-mth Price Performance



Source: FactSet

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- **Maintain BUY but raise TP to HK\$ 10.54, based on 13x FY25E adj. P/E (up from 12x, due to better-than-expected net profit growth).** We apply a 13x FY25E adj. P/E for Green Tea, a 29% discount to Greater China peers' median of 18.2x (compared to Xiaocaiyuan's 14.2x, Haidilao's 14.0x, Yum China's 18.5x, Jiumaojiu's 22.2x). The valuation is still fairly attractive, in our view, because it is just trading at 10x FY25E adj. P/E and an about 9.6% effective forward 12 months yield (4.5% FY24 plus 5.1% FY25E yield).

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	4,752	5,924	7,422	4,752	5,924	7,422	0.0%	0.0%	0.0%
Gross profit	3,288	4,111	5,158	3,288	4,111	5,158	0.0%	0.0%	0.0%
EBIT	587	750	987	587	750	987	0.0%	0.0%	0.0%
Net profit att.	449	578	768	449	578	768	0.0%	0.0%	0.0%
Diluted EPS (RMB)	0.731	0.859	1.140	0.731	0.859	1.140	0.0%	0.0%	0.0%
Gross margin	69.2%	69.4%	69.5%	69.2%	69.4%	69.5%	0ppt	0ppt	0ppt
EBIT margin	12.4%	12.7%	13.3%	12.4%	12.7%	13.3%	0ppt	0ppt	0ppt
Net profit att. margin	9.5%	9.8%	10.3%	9.5%	9.8%	10.3%	0ppt	0ppt	0ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	4,752	5,924	7,422	4,673	5,745	7,085	1.7%	3.1%	4.8%
Gross profit	3,288	4,111	5,158	3,254	4,007	4,947	1.1%	2.6%	4.3%
EBIT	587	750	987	590	739	932	-0.5%	1.5%	5.9%
Net profit att.	449	578	768	470	592	748	-4.3%	-2.3%	2.8%
Diluted EPS (RMB)	0.731	0.859	1.140	0.713	0.880	1.110	2.6%	-2.4%	2.7%
Gross margin	69.2%	69.4%	69.5%	69.6%	69.8%	69.8%	-0.4ppt	-0.4ppt	-0.3ppt
EBIT margin	12.4%	12.7%	13.3%	12.6%	12.9%	13.2%	-0.3ppt	-0.2ppt	0.1ppt
Net profit att. margin	9.5%	9.8%	10.3%	10.0%	10.3%	10.6%	-0.6ppt	-0.5ppt	-0.2ppt

Source: Bloomberg, CMBIGM estimates

Assumptions

Figure 3: Major assumptions

Major assumptions	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Sales by segment (RMB mn)						
Restaurant operation	1,977	3,060	3,099	3,650	4,495	5,611
Delivery service	397	517	723	1,085	1,410	1,791
Others	2	12	16	18	19	20
Total	2,375	3,589	3,838	4,752	5,924	7,422
Sales by region (RMB mn)						
Eastern China	710	1,108	1,264	1,534	1,937	2,300
Guangdong province	622	815	762	802	847	903
Northern China	517	708	627	731	772	945
Other regions and other sales	526	958	1,185	1,685	2,369	3,274
Total	2,375	3,589	3,838	4,752	5,924	7,422
Sales growth by region						
Eastern China	14.9%	56.0%	14.2%	21.3%	26.2%	18.8%
Guangdong province	-4.1%	31.0%	-6.5%	5.2%	5.6%	6.6%
Northern China	-14.7%	37.0%	-11.5%	16.7%	5.5%	22.5%
Other regions and other sales	25.1%	82.1%	23.6%	42.2%	40.6%	38.2%
Total	3.6%	51.1%	6.9%	23.8%	24.7%	25.3%
Store network						
Eastern China	84	115	155	193	246	308
Guangdong province	63	72	83	96	109	119
Northern China	55	56	58	76	89	108
Other regions and other sales	74	117	167	243	354	463
Total	276	360	465	615	815	1,028
Sales per store* (RMB mn)						
Eastern China	8.5	9.6	8.2	7.9	7.9	7.5
Guangdong province	9.9	11.3	9.2	8.3	7.8	7.6
Northern China	9.4	12.7	10.8	9.6	8.7	8.8
Other	7.1	8.1	7.0	6.7	6.2	6.3
Total	8.6	9.9	8.2	7.7	7.2	7.2
Sales per store* growth						
Eastern China	-1.5%	13.9%	-15.3%	-2.6%	-1.0%	-5.1%
Guangdong province	-13.2%	14.6%	-18.9%	-9.1%	-7.0%	-2.4%
Northern China	-19.3%	34.6%	-14.6%	-11.0%	-9.9%	0.9%
Other	-7.1%	14.1%	-13.9%	-4.4%	-6.9%	1.7%
Total	-11.4%	15.5%	-17.3%	-6.3%	-5.9%	-0.6%

Source: Company data, CMBIGM estimates. *Sales per store = full year sales/ number of stores at year end

Figure 4: Major assumptions (continued)

Major assumptions	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Daily sales per store (RMB k) - delivery						
Eastern China	3.7	4.8	5.3	5.9	5.8	5.7
Guangdong province	5.7	5.4	5.3	5.8	5.7	5.6
Northern China	7.0	6.1	6.9	7.5	7.3	7.2
Other	3.0	3.4	4.2	4.9	4.8	4.8
Total	4.7	4.7	5.1	5.7	5.5	5.5
Daily sales per store (RMB k) - dine in						
Eastern China	23.9	27.2	21.9	19.7	18.1	16.9
Guangdong province	24.5	28.6	20.8	18.7	17.1	16.0
Northern China	21.7	28.9	25.1	22.5	20.6	19.3
Other	22.4	25.0	21.0	18.9	17.3	16.2
Total	23.2	27.2	21.9	19.8	18.2	17.2
Average spending per guest (RMB)						
Eastern China	62.6	63.0	57.5	56.9	56.4	56.4
Guangdong province	63.5	61.8	53.1	52.6	52.0	52.0
Northern China	62.7	61.8	57.3	56.7	56.2	56.2
Other	62.8	60.4	56.2	55.6	55.1	55.1
Total	62.9	61.8	56.2	56.0	56.0	56.6
Table turnover rate (times/day) - dine in						
Eastern China	2.7	3.1	2.8	2.7	2.7	2.6
Guangdong province	3.1	3.4	2.9	2.8	2.8	2.7
Northern China	2.8	3.5	3.4	3.2	3.2	3.1
Other	2.7	3.3	3.0	2.9	2.9	2.8
Total	2.8	3.3	3.0	2.9	2.8	2.8
GP margins	63.7%	66.4%	68.9%	69.2%	69.4%	69.5%
Opex breakdown						
Staff costs	-26.4%	-25.4%	-25.8%	-25.2%	-25.5%	-25.8%
Depreciation of right-of-use assets	-6.8%	-4.9%	-5.3%	-5.3%	-5.2%	-5.1%
Other rentals & related expenses	-2.4%	-2.2%	-2.0%	-1.9%	-1.8%	-1.7%
D & A of other assets	-6.9%	-5.4%	-5.7%	-5.5%	-5.1%	-4.6%
Delivery service fees	-2.6%	-2.3%	-3.2%	-3.8%	-4.0%	-4.0%
Utilities expenses	-3.8%	-3.4%	-3.7%	-3.7%	-3.7%	-3.7%
Other expenses	-13.0%	-11.7%	-12.2%	-12.2%	-12.0%	-11.8%
Total	-61.8%	-55.4%	-57.7%	-57.6%	-57.4%	-56.9%
EBIT margins	3.2%	12.1%	12.0%	12.4%	12.7%	13.3%
Effective tax rate*	61.6%	23.8%	16.4%	17.0%	17.0%	17.0%
NP att. margins	0.7%	8.2%	9.1%	9.5%	9.8%	10.3%
NP att. growth (%)	-85.4%	1682.6%	18.5%	28.3%	28.7%	32.8%
Adj. NP margins	1.1%	8.5%	9.4%	9.9%	10.0%	10.3%
Adj. NP growth (%)	-81.8%	1102.8%	19.0%	29.7%	26.1%	30.2%

Source: Company data, CMBIGM estimates

Valuation

Figure 5: Peers valuation

Company	Ticker	Rating	12M TP	Price	Up/down-side	Mkt cap	Year	PER (x)		PBR (x)	ROE (%)	3yrs PEG(x)	Yield (%)	YTD performance (%)
			HK\$/LC	HK\$/LC	(%)	HK\$ mn	End	FY1	FY2	FY2	FY0	FY1	FY1	
Greater China Catering														
Green Tea	6831 HK	BUY	10.54	7.64	38%	5,145	Dec-24	9.8	8.4	3.5	59.1	0.4	5.1	n/a
Mixue	2097 HK	NR	n/a	463.00	n/a	175,764	Dec-24	30.2	25.5	5.8	34.8	1.8	0.7	n/a
Guming	1364 HK	NR	n/a	22.95	n/a	54,579	Dec-24	25.0	20.7	8.7	111.6	1.3	4.2	n/a
Sichuan Baicha Baidao	2555 HK	NR	n/a	9.44	n/a	13,949	Dec-24	15.7	13.6	2.6	n/a	0.5	5.0	(13.3)
Nayuki	2150 HK	BUY	3.43	1.48	132%	2,523	Dec-24	n/a	n/a	0.6	(21.0)	n/a	0.0	8.8
Haidilao	6862 HK	BUY	20.20	13.86	46%	77,256	Dec-24	14.0	12.7	4.4	42.9	1.8	6.1	(12.8)
Super Hi	9658 HK	NR	n/a	15.32	n/a	9,963	Dec-24	27.9	23.5	2.7	n/a	0.7	0.0	(30.4)
Xiabuxiabu	520 HK	BUY	4.89	0.78	527%	847	Dec-24	n/a	n/a	0.9	(40.6)	n/a	4.2	(22.0)
Dpc Dash	1405 HK	BUY	118.57	84.15	41%	11,018	Dec-24	71.3	42.0	3.9	2.5	0.9	0.0	7.9
Xiaocaizhuan	999 HK	NR	n/a	9.35	n/a	11,000	Dec-24	14.2	11.8	3.0	38.9	0.9	3.7	2.4
Jiumaojiu	9922 HK	HOLD	2.56	2.84	-10%	3,969	Dec-24	22.2	14.8	1.0	1.7	0.3	2.5	(16.6)
Helens	9869 HK	NR	n/a	1.27	n/a	1,607	Dec-24	5.6	8.6	2.0	(5.3)	(0.0)	15.5	(46.1)
Cafe De Coral	341 HK	HOLD	6.52	7.20	-9%	4,176	Mar-25	18.0	15.8	1.4	8.3	1.6	5.6	(7.8)
Gourmet Master	2723 TT	NR	n/a	80.30	n/a	3,785	Dec-24	17.6	13.5	1.2	5.6	0.5	4.9	(17.0)
Yum China - H	9987 HK	BUY	418.25	367.80	14%	135,968	Dec-24	18.5	16.3	2.9	15.7	1.6	2.0	(1.7)
Yum China - ADR	YUMC US	BUY	53.53	46.69	15%	135,494	Dec-24	18.5	16.2	2.9	15.7	1.6	2.0	(3.1)
Avg.								22.0	17.4	3.0	19.3	1.0	3.8	(11.7)
Med.								18.2	15.3	2.8	12.0	0.9	3.9	(12.8)
International Catering														
Yum! Brands	YUM US	NR	n/a	145	n/a	317,179	Dec-24	24.0	21.5	n/a	n/a	1.8	2.0	8.3
McDonald's Corp	MCD US	NR	n/a	303	n/a	1,700,124	Dec-24	24.7	22.8	n/a	n/a	2.9	2.4	4.5
Starbucks Corp	SBUX US	NR	n/a	87	n/a	775,060	Sep-24	38.3	31.4	n/a	n/a	30.4	2.8	(4.8)
Restaurant Brands	QSR US	NR	n/a	68	n/a	243,063	Dec-24	18.4	16.9	5.7	31.2	1.7	3.6	4.4
Wingstop Inc	WING US	NR	n/a	362	n/a	79,450	Dec-24	90.7	70.8	n/a	n/a	4.2	0.3	27.5
Shake Shack	SHAK US	NR	n/a	112	n/a	37,477	Dec-24	81.1	64.2	7.3	4.2	0.7	n/a	(13.8)
Chipotle Mexican Grill	CMG US	NR	n/a	43	n/a	447,563	Dec-24	35.0	29.9	12.9	42.6	2.4	0.0	(29.5)
Darden Restaurants	DRI US	NR	n/a	203	n/a	186,949	May-25	19.1	17.8	9.2	46.1	1.6	2.9	9.0
Domino's Pizza	DPZ US	NR	n/a	466	n/a	124,234	Dec-24	26.4	23.9	n/a	n/a	3.1	1.5	11.1
Dutch Bros	BROS US	NR	n/a	57	n/a	73,223	Dec-24	96.0	68.7	9.7	8.6	2.1	n/a	8.3
Wendy's	WEN US	NR	n/a	10	n/a	15,014	Dec-24	10.6	9.6	28.0	90.4	1.7	6.9	(38.9)
Avg.								42.2	34.3	12.1	37.2	4.8	2.5	(1.3)
Med.								26.4	23.9	9.5	36.9	2.1	2.4	4.5

Source: Bloomberg, Company data, CMBIGM estimates. Data as of 3 Aug 2025

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	2,375	3,589	3,838	4,752	5,924	7,422
Cost of goods sold	(862)	(1,205)	(1,193)	(1,464)	(1,813)	(2,264)
Gross profit	1,513	2,384	2,645	3,288	4,111	5,158
Operating expenses	(1,468)	(1,989)	(2,215)	(2,738)	(3,398)	(4,220)
Staff costs	(626)	(911)	(989)	(1,199)	(1,509)	(1,916)
Other rental related expenses	(57)	(80)	(76)	(91)	(108)	(128)
Others	(460)	(627)	(730)	(937)	(1,166)	(1,449)
Operating profit	70	425	453	579	737	968
Other income	25	30	23	29	24	30
EBITDA	395	795	874	1,091	1,352	1,694
Depreciation	(164)	(193)	(218)	(261)	(304)	(344)
Depreciation of ROU assets	(161)	(177)	(203)	(251)	(310)	(382)
Interest income	6	9	9	8	13	19
Interest expense	(42)	(43)	(45)	(46)	(54)	(62)
Other income/expense	8	(4)	2	0	0	0
Pre-tax profit	43	388	419	541	697	925
Income tax	(27)	(92)	(68)	(92)	(118)	(157)
Minority interest	0	0	0	0	0	0
Net profit	17	296	350	449	578	768
Adjusted net profit	25	303	361	468	590	768

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	474	877	673	971	1,305	1,754
Cash & equivalents	134	356	247	447	659	952
Account receivables	18	36	23	36	45	57
Inventories	56	60	67	78	96	120
Prepayment	222	278	310	383	478	599
ST bank deposits	0	25	0	0	0	0
Other current assets	43	122	26	26	26	26
Non-current assets	1,340	1,544	1,791	1,886	2,026	2,239
PP&E	519	649	725	820	960	1,172
Investment in JVs & assos	0	0	0	0	0	0
Intangibles	2	2	3	3	3	3
Other non-current assets	819	893	1,063	1,063	1,063	1,063
Total assets	1,814	2,421	2,464	2,857	3,331	3,993
Current liabilities	562	1,178	738	862	1,005	1,187
Short-term borrowings	31	50	0	0	0	0
Account payables	193	248	221	288	357	446
Tax payable	6	8	0	0	0	0
Other current liabilities	332	872	517	574	648	742
Non-current liabilities	783	829	955	955	955	955
Long-term borrowings	0	0	0	0	0	0
Other non-current liabilities	783	829	955	955	955	955
Total liabilities	1,346	2,006	1,693	1,817	1,960	2,143
Share capital	0	0	0	0	0	0
Retained earnings	0	0	0	23	312	696
Other reserves	468	414	771	1,017	1,059	1,154
Total shareholders equity	468	415	771	1,039	1,371	1,850
Minority interest	0	0	0	0	0	0
Total equity and liabilities	1,814	2,421	2,464	2,857	3,331	3,993

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	43	388	419	541	697	925
Depreciation & amortization	164	193	218	261	304	344
Tax paid	(17)	(60)	(105)	(92)	(118)	(157)
Change in working capital	(33)	56	(42)	26	20	27
Others	190	216	244	46	53	62
Net cash from operations	348	793	734	782	956	1,201
Investing						
Capital expenditure	(220)	(306)	(336)	(356)	(444)	(557)
Acquisition of subsidiaries/ investments	0	(1)	(2)	0	0	0
Others	4	(73)	90	0	0	0
Net cash from investing	(216)	(380)	(248)	(356)	(444)	(557)
Financing						
Dividend paid	0	0	(350)	(180)	(246)	(289)
Net borrowings	31	(6)	(25)	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	0	0	0	0	0	0
Others	(158)	(185)	(220)	(46)	(54)	(62)
Net cash from financing	(128)	(191)	(595)	(226)	(300)	(351)
Net change in cash						
Cash at the beginning of the year	131	134	356	247	447	659
Exchange difference	(1)	(0)	0	0	0	0
Others	4	222	(109)	199	212	293
Cash at the end of the year	134	356	247	447	659	952
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	3.6%	51.1%	6.9%	23.8%	24.7%	25.3%
Gross profit	4.6%	57.6%	11.0%	24.3%	25.0%	25.5%
Operating profit	(59.4%)	505.1%	6.4%	27.8%	27.4%	31.4%
EBITDA	(10.7%)	101.4%	9.8%	24.9%	23.9%	25.3%
Net profit	(85.4%)	1,682.6%	18.5%	28.3%	28.7%	32.8%
Adj. net profit	(81.8%)	1,102.8%	19.0%	29.7%	26.1%	30.2%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	63.7%	66.4%	68.9%	69.2%	69.4%	69.5%
Operating margin	3.0%	11.9%	11.8%	12.2%	12.4%	13.0%
EBITDA margin	16.6%	22.2%	22.8%	23.0%	22.8%	22.8%
Adj. net profit margin	1.1%	8.5%	9.4%	9.9%	10.0%	10.3%
Return on equity (ROE)	3.6%	67.0%	59.1%	49.6%	48.0%	47.7%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.2	0.8	0.3	0.4	0.5	0.5
Current ratio (x)	0.8	0.7	0.9	1.1	1.3	1.5
Receivable turnover days	2.6	2.8	2.8	2.8	2.8	2.8
Inventory turnover days	21.9	17.6	19.4	19.4	19.4	19.4
Payable turnover days	85.4	66.9	71.9	71.9	71.9	71.9
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	235.2	13.2	11.1	9.6	8.2	6.2
P/E (diluted)	235.2	13.2	11.1	9.6	8.2	6.2
P/B	8.3	9.4	5.1	4.5	3.4	2.6
P/CFPS	11.2	4.9	5.3	5.5	4.9	3.9
Div yield (%)	0.0	9.0	4.6	5.2	6.1	8.1
EV	4,141.4	3,913.6	3,997.6	4,698.5	4,486.2	4,193.3
EV/Sales	1.7	1.1	1.0	1.0	0.8	0.6
EV/EBITDA	10.5	4.9	4.6	4.3	3.3	2.5

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

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