

China Software & IT Services

Property weakness may slow digitalization pace

We think weakening property sales data will not affect MYC/Glodon SaaS business but non-SaaS construction mgmt. projects could be delayed given softened new starts data. Meanwhile, Glodon delivered strong sets of FY3Q21 on better-than-expected SaaS conversion in the 4 newly added regions. We continue to like property SaaS but prefer Glodon over MYC as we see higher downside risk to MYC consensus forecast.

- Property sector digitalization trend could slow down.** China property sector data started to turn unappealing since Aug 2021. Commercial buildings newly started GFA declined by 17%/ 14% YoY in Aug/ Sep respectively. Property sales in volume and revenue were both weak at -13%/ -16% YoY in Sep 2021. Without easing policy in sight, we are concerned that property sector digitalization trend could slow down.
- Weakness in project-based construction mgmt. solutions could be seen in FY2H22E.** We think weakening sales data has limited near term impact to MYC as its core product CRM Cloud is paid on annual subscription basis. However, the softened new starts data could result in non-SaaS construction mgmt. projects delay. The impact may be reflected in FY2H22E, as suggested by Hikvision (providing smart construction mgmt. hardware). In FY1H21, Glodon derived 54% of revenue from SaaS while MYC number was at 57%.
- Glodon FY3Q21 topline beat on better SaaS conversion.** Glodon delivered strong FY3Q21 with revenue growth of +45% YoY to RMB1,423mn, beat our estimate by 18%. Excluding the tax credit impact, operating profit was in-line at RMB191mn (+58% YoY). We think the results highlight goes to better SaaS migration in the 4 regions added this year. SaaS revenue grew at +55% YoY to RMB668mn (47% of FY3Q21 revenue). Construction management grew at +91% YoY to RMB354mn but we believe there is low base effect (-25% YoY in FY3Q20). Although Glodon focuses on project delivery in 2H21, we think Glodon's full year target of 30% YoY growth in construction mgmt. could miss as 4Q20 was a high base (+25% YoY). We expect Glodon construction mgmt. FY21 revenue growth of +25% YoY (9M21 +29% YoY vs. 9M20 +1% YoY).
- Prefer Glodon over MYC.** We raised Glodon FY21-23E earnings by 2-4% to reflect better-than-expected SaaS transition in new regions. Maintain BUY with new target price of RMB95.18 (prior RMB91.36). Meanwhile, we cut MYC FY21-23E earnings by 2 to 10% to reflect weaker digitalization demand from property developers. New target price is HK\$35.75 (prior HK\$43.56). We think there is more downside to consensus estimate on MYC (consensus FY22E revenue +39% YoY) than Glodon (consensus FY22E revenue +22% YoY). Prefer Glodon > MYC.

Valuation Table

Company	Ticker	Rating	Market Cap (US\$ mn)	EV/sales (x)		FCF margin (%)		Sales CAGR FY20-23E
				FY21E	FY22E	FY21E	FY22E	
Glodon	002410 CH	BUY	13,466	15.7	13.5	20%	17%	18%
MYC	909 HK	BUY	6,808	16.9	13.2	24%	16%	31%

Source: Company data, Bloomberg, CMBIS estimates

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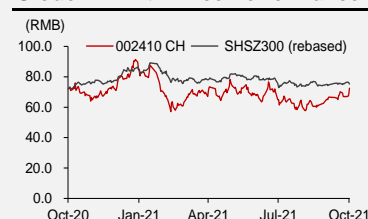
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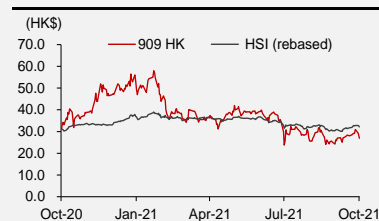
libowen@cmbi.com.hk

Glodon 12-mth Price Performance



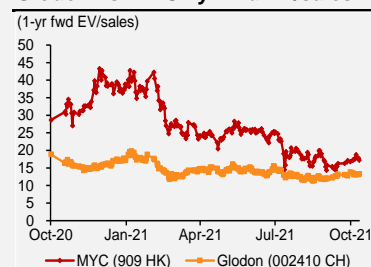
Source: Bloomberg, CMBIS

MYC 12-mth Price Performance



Source: Bloomberg, CMBIS

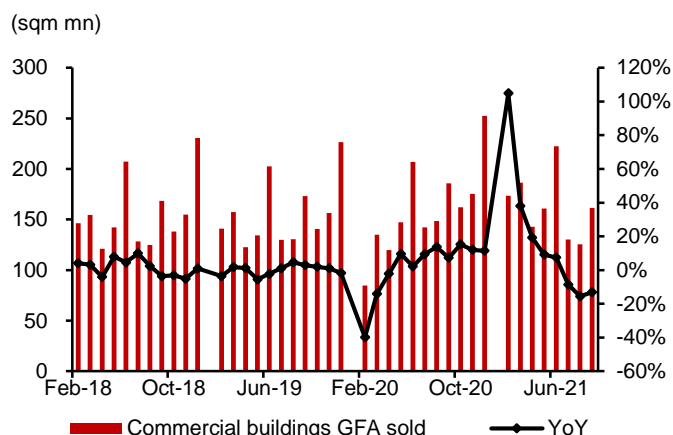
Glodon vs. MYC 1yr fwd EV/sales



Source: Bloomberg, CMBIS

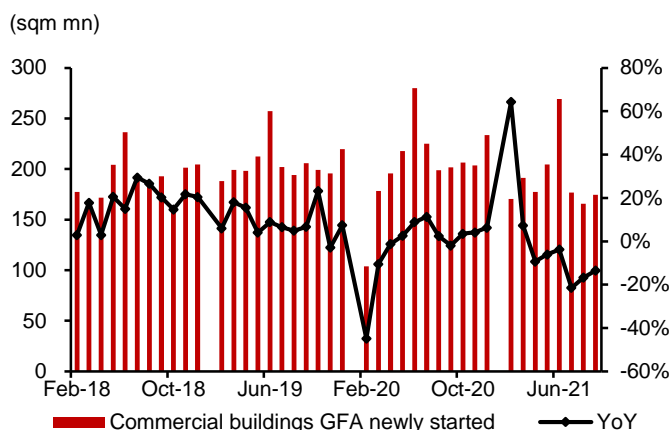
Focus Charts

Figure 1: China commercial building GFA sold



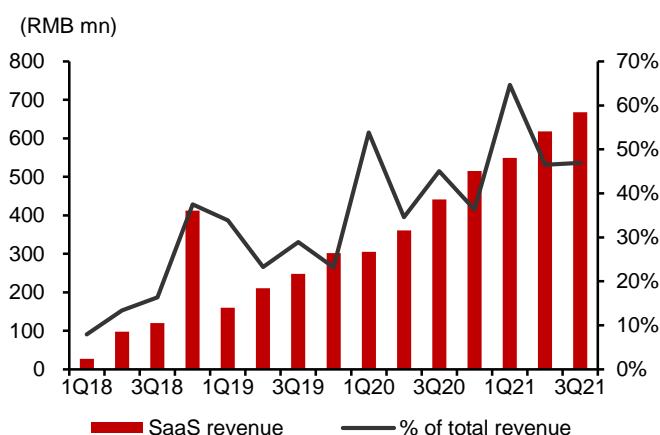
Source: NBS, CMBIS

Figure 2: China commercial buildings newly started



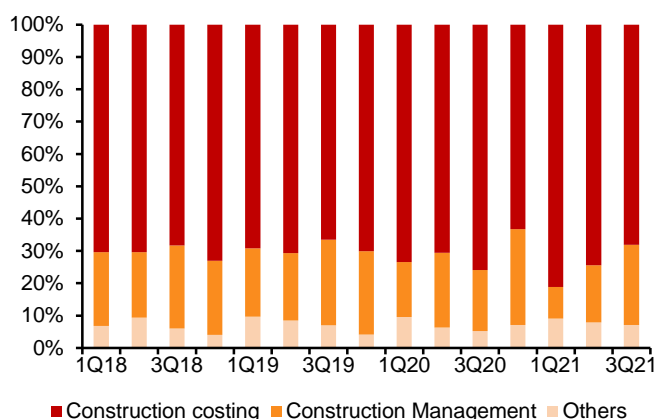
Source: NBS, CMBIS

Figure 3: Glodon SaaS revenue



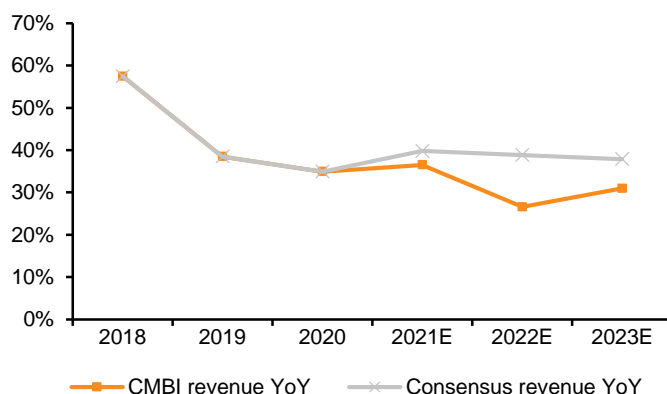
Source: Company data, CMBIS estimates

Figure 4: Glodon revenue breakdown



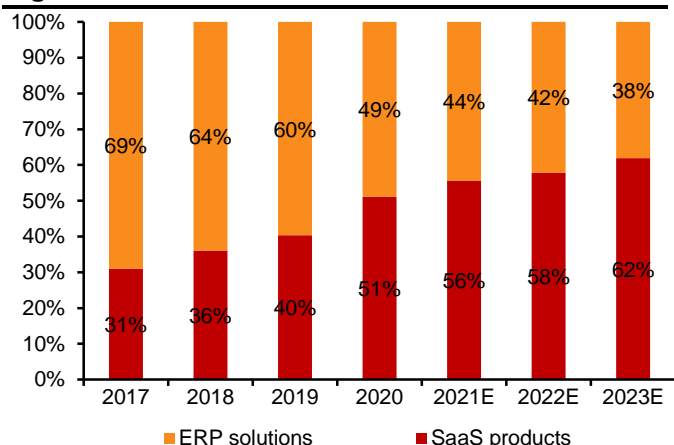
Source: Company data, CMBIS estimates

Figure 5: MYC SaaS revenue



Source: Company data, CMBIS estimates

Figure 6: MYC revenue breakdown



Source: Company data, CMBIS estimates

Dimming property sector outlook

Property companies could slow down digitalization

China property sector data started to turn unappealing since Aug 2021. Commercial buildings newly started GFA declined by 17%/ 14% YoY in Aug/ Sep 2021 respectively. For property sales, China commercial buildings sales/ GFA remained weak in Sep, -16%/ -13% YoY respectively (vs. Aug -19%/ -16% YoY). Without easing policy, we are concerned that property developers' financials will deteriorate in FY22E and take a more cautious approach in digitalization spending. In FY1H21, Glodon derived 54% of revenue from SaaS while MYC number was 57%.

Weakening property sales has limited near term impact...

We believe the weakening property sales has limited near term impact to MYC as its core product CRM Cloud is paid on subscription basis. MYC CRM Cloud revenue is not directly related to property sales volume/ value. MYC contract liabilities as of FY1H21 was at RMB658mn (+54% YoY).

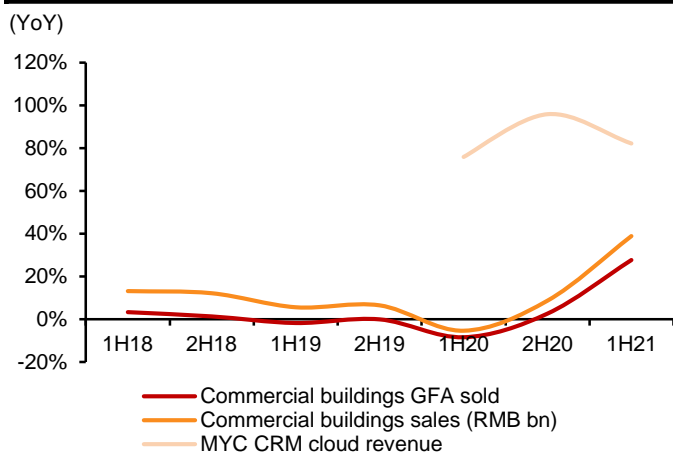
But lower new starts could affect construction mgmt. business

However, we also saw softer new starts data since Aug. This could affect MYC and Glodon non-SaaS construction management products which are charged on project base. In FY1H21, Glodon derived 15% of revenue from Construction Management business (targeting construction companies) while MYC derived 8% of revenue from Construction Cloud business (targeting property developers).

Readthrough from smart construction hardware: property sector impact to be reflected in FY2H22E

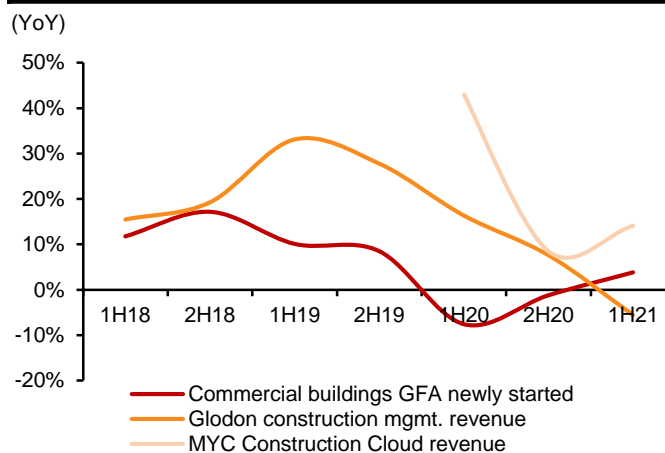
Hikvision provides smart construction hardware (AI cameras/ sensors). Hikvision is a strategic partner of Glodon to co-develop and deliver smart construction solutions. During Hikvision FY3Q21 call, company mentioned that as it is getting more difficult for property developers to acquire new land, the actual impact to smart construction business could start to be seen in FY2H22E.

Figure 7: Weak property sales has limited impact to SaaS as MYC charges on annual subscription



Source: NBS, Company data, CMBIS

Figure 8: Lower new starts could affect project-based construction management software solutions



Source: NBS, Company data, CMBIS

Glodon 3Q21 results review

- **Revenue** was at RMB1,423mn (+45% YoY, +7% QoQ), beat our estimate by 18% and consensus by 21%.
- **Gross profit** was at RMB1,220mn (+39% YoY, +4% QoQ), beat our estimate by 17% and consensus by 19%.
- **Gross margin** was at 85.7%, (-4.1 pct pts YoY, -2.4 pct pts QoQ), below our estimate by 0.8 pct pts and consensus by 1.6 pct pts.
- **Operating profit** was at RMB191mn (+58% YoY, -22% QoQ), in-line with our estimate.
- **Operating margin** was at 13.5% (+1.1 pct pts YoY, -4.9 pct pts QoQ), below our estimates by 2.1 pct pts.
- **Net profit** was at RMB189mn (+89% YoY, -10% QoQ), beat our estimate by 13% and consensus by 39%.

Figure 9: FY3Q21 results review

	Sep-20 3Q20	Jun-21 2Q21	Sep-21 3Q21			Sep-21 3Q21	versus	Sep-21 3Q21	versus
RMB mn	actual	actual	actual	YoY	QoQ	CMBI	CMBI	consensus	consensus
Revenue	979	1,329	1,423	45%	7%	1,207	18%	1,174	21%
Gross profit	879	1,171	1,220	39%	4%	1,044	17%	1,025	19%
Gross margin	89.8%	88.1%	85.7%	-4.1 pct pts	-2.4 pct pts	86.5%	-0.8 pct pts	87.3%	-1.6 pct pts
Operating profit	121	244	191	58%	-22%	188	2%	129	48%
Operating margin	12.4%	18.4%	13.5%	1.1 pct pts	-4.9 pct pts	15.5%	-2.1 pct pts	11.0%	2.4 pct pts
Net non-op	4	-5	3	-22%	171%	8	-59%	7	-50%
PBT	126	239	195	55%	-19%	196	-1%	136	43%
Net income	100	209	189	89%	-10%	168	13%	136	39%
EPS RMB	0.08	0.18	0.16	89%	-10%	0.14	13%	0.11	42%

Source: Company data, Bloomberg, CMBIS

Glodon 3Q21 revenue breakdown

- **Construction costing SaaS revenue** was at RMB668mn (+51% YoY, +8% QoQ). SaaS revenue accounted for 47% of total FY3Q21 revenue.
- **Construction costing non-SaaS revenue** was at RMB301mn (+0% YoY, -19% QoQ).
- **Newly signed SaaS contract** was at RMB812mn, (+50% YoY, -22% QoQ).
- **Unearned SaaS revenue** was at RMB1,854mn (+37% YoY, +9% QoQ).
- **Construction management revenue** was at RMB354mn (+91% YoY, +50% QoQ).

Figure 10: FY1Q21 revenue breakdown

RMB mn	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21
Revenue breakdown											
Construction costing	327	641	570	914	416	736	743	896	689	990	969
...SaaS	160	211	248	302	305	361	441	515	549	618	668
...non-SaaS	167	430	322	612	111	375	302	381	140	372	301
Construction Management	100	190	227	336	96	241	185	421	83	235	354
Others	46	77	60	53	54	66	51	100	77	104	100
Total	473	907	857	1,303	566	1,043	979	1,417	849	1,329	1,423
Revenue YoY											
Construction costing	36%	25%	14%	14%	27%	15%	30%	-2%	66%	34%	30%
...SaaS	493%	115%	107%	-27%	91%	71%	78%	71%	80%	71%	51%
...non-SaaS	-21%	3%	-15%	57%	-34%	-13%	-6%	-38%	26%	-1%	0%
Construction Management	28%	28%	20%	33%	-4%	27%	-19%	25%	-14%	-2%	91%
Others	100%	12%	37%	22%	18%	-14%	-15%	88%	42%	58%	97%
Total	39%	24%	17%	19%	20%	15%	14%	9%	50%	27%	45%
SaaS metrics											
Newly signed contract	131	498	329	442	159	869	543	663	330	1,040	812
YoY	75%	183%	95%	88%	21%	74%	65%	50%	108%	20%	50%
Unearned revenue	385	672	754	894	748	507	1,357	1,506	1,288	1,708	1,854
YoY	145%	163%	136%	116%	94%	-25%	80%	68%	72%	237%	37%

Source: Company data, CMBIS

Glodon (002410 CH) - Earnings revision

Figure 11: Earnings revision

RMBm	2021E			2022E			2023E		
	New	Old	%Diff	New	Old	%Diff	New	Old	%Diff
Sales	5,203	4,984	4%	5,987	5,751	4%	6,609	6,518	1%
Gross profit	4,495	4,326	4%	5,173	4,999	3%	5,588	5,623	-1%
OP Profit	621	617	1%	1,019	1,013	1%	1,167	1,172	-0%
PBT	639	637	0%	1,066	1,043	2%	1,234	1,216	1%
Net profit	570	546	4%	862	836	3%	1,027	1,004	2%
EPS	0.48	0.46	4%	0.73	0.70	3%	0.86	0.84	2%
Margins									
GM	86.4%	86.8%	-39 bps	86.4%	86.9%	-53 bps	84.6%	86.3%	-171 bps
OPM	11.9%	12.4%	-45 bps	17.0%	17.6%	-60 bps	17.7%	18.0%	-32 bps
PBT margin	12.3%	12.8%	-49 bps	17.8%	18.1%	-33 bps	18.7%	18.7%	1 bps
Net margin	11.0%	10.9%	1 bps	14.4%	14.5%	-14 bps	15.5%	15.4%	14 bps

Source: Company data, CMBIS

Figure 12: CMBI vs. consensus forecast

RMBm	2021			2022			2023		
	CMBI	Street	Diff	CMBI	Street	Diff	CMBI	Street	Diff
Sales	5,203	5,080	2%	5,987	6,188	-3%	6,609	7,462	-11%
Gross profit	4,495	4,473	0%	5,173	5,426	-5%	5,588	6,489	-14%
OP Profit	621	787	-21%	1,019	1,092	-7%	1,167	1,485	-21%
PBT	639	765	-16%	1,066	1,155	-8%	1,234	1,543	-20%
Net profit	570	654	-13%	862	960	-10%	1,027	1,332	-23%
EPS	0.5	0.6	-13%	0.7	0.8	-10%	0.9	1.1	-23%
Margins									
GM	86.4%	88.1%	-167 bps	86.4%	87.7%	-129 bps	84.6%	87.0%	-240 bps
OPM	11.9%	15.5%	-355 bps	17.0%	17.6%	-63 bps	17.7%	19.9%	-223 bps
PBT margin	12.3%	15.1%	-277 bps	17.8%	18.7%	-86 bps	18.7%	20.7%	-201 bps
Net margin	11.0%	12.9%	-193 bps	14.4%	15.5%	-112 bps	15.5%	17.8%	-231 bps

Source: Company data, CMBIS

MYC (909 HK) - Earnings revision

Figure 13: Earnings revision

RMB mn	2021E			2022E			2023E		
	New	Old	%Diff	New	Old	%Diff	New	Old	%Diff
Sales	2,328	2,311	1%	2,946	3,060	-4%	3,858	3,998	-4%
Gross profit	1,846	1,834	1%	2,354	2,463	-4%	3,106	3,247	-4%
OP Profit	215	225	-4%	393	454	-13%	678	773	-12%
PBT	441	451	-2%	615	676	-9%	902	998	-10%
Net profit	384	393	-2%	538	591	-9%	771	853	-10%
EPS	0.21	0.21	-2%	0.29	0.32	-9%	0.42	0.46	-10%
Margins									
GM	79.3%	79.3%	-5 bps	79.9%	80.5%	-58 bps	80.5%	81.2%	-71 bps
OPM	9.2%	9.7%	-50 bps	13.3%	14.8%	-148 bps	17.6%	19.3%	-176 bps
PBT margin	18.9%	19.5%	-57 bps	20.9%	22.1%	-120 bps	23.4%	25.0%	-157 bps
Net margin	16.5%	17.0%	-50 bps	18.3%	19.3%	-105 bps	20.0%	21.3%	-134 bps

Source: Company data, CMBIS

Figure 14: CMBI estimates vs consensus

RMB mn	2021			2022			2023		
	CMBI	Street	Diff	CMBI	Street	Diff	CMBI	Street	Diff
Sales	2,328	2,384	-2%	2,946	3,310	-11%	3,858	4,563	-15%
Gross profit	1,846	1,897	-3%	2,354	2,664	-12%	3,106	3,709	-16%
Operating profit	215	298	-28%	393	489	-20%	678	803	-16%
Profit before tax	441	370	19%	615	568	8%	902	888	2%
Core net profit	384	365	5%	538	491	10%	771	815	-5%
EPS	0.21	0.19	10%	0.29	0.27	6%	0.42	0.41	1%
Margins									
GM	79.3%	79.6%	-27 bps	79.9%	80.5%	-60 bps	80.5%	81.3%	-78 bps
OPM	9.2%	12.5%	-327 bps	13.3%	14.8%	-143 bps	17.6%	17.6%	-3 bps
Profit before tax margin	18.9%	15.5%	341 bps	20.9%	17.2%	371 bps	23.4%	19.5%	392 bps
Net margin	16.5%	15.3%	119 bps	18.3%	14.8%	342 bps	20.0%	17.9%	213 bps

Source: Company data, CMBIS

Valuation

Glodon (002410 CH, BUY, TP RMB95.18)

We maintain BUY with new target price of RMB95.18 (prior RMB91.36), based on unchanged 18x FY22E EV/Sales (50% above its 3-year average). We believe Glodon deserves re-rating as free cash flow continues to expand with increasing SaaS revenue contribution and operating leverage from SaaS transition is emerging.

MYC (909 HK, BUY, TP HK\$35.75)

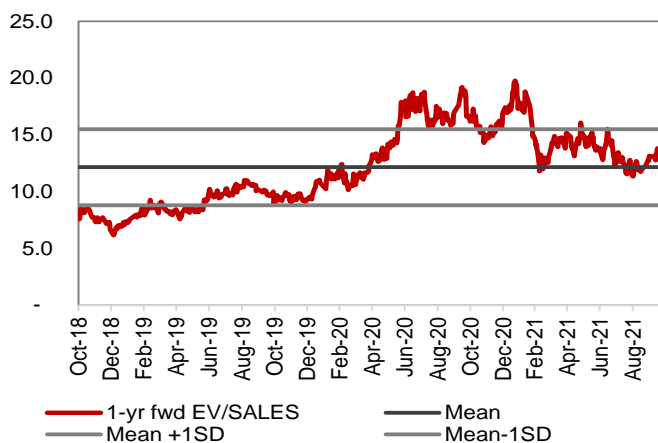
We derived our target price of HK\$35.75 (prior HK\$43.56) on lowered 20x (prior 22x) FY22E fully diluted P/S. We think there is downside to consensus FY22-23E growth estimates, considering weak property sales and property developers could slow digitalization roadmap. We use P/S as the valuation methodology as earnings cannot reflect operating profitability during SaaS ramp-up stage as operating leverage is not obvious with high S&M and R&D cost.

Figure 15: Peers' valuation

Company	Ticker	Rating	Market Cap (US\$ mn)	Price (LC)	TP (LC)	EV/sales (x)		FCF margin (%)		Sales CAGR FY20-23E	EPS CAGR FY20-23E
						FY21E	FY22E	FY21E	FY22E		
Glodon	002410 CH	BUY	13,466	72.50	95.18	16.3	13.4	20%	17%	22%	52%
MYC	909 HK	BUY	6,808	26.90	35.75	15.5	11.2	24%	16%	38%	31%
Kingdee	268 HK	NR	15,639	30.57	N/A	10.1	7.8	12%	9%	22%	29%
Yonyou	600588 CH	NR	18,236	252.89	N/A	32.7	23.9	58%	44%	39%	34%
Kingsoft Office	688111 CH	NR	11,871	26.60	N/A	17.1	13.6	2%	5%	27%	-186%
Autodesk	ADSK US	NR	68,769	312.80	N/A	18.6	16.0	36%	30%	17%	36%
CoStar	CSGP US	NR	39,393	99.74	N/A	18.9	16.4	22%	23%	17%	24%
					Mean	18.5	14.6	25%	20%	26%	3%
					Median	17.1	13.6	22%	17%	22%	31%

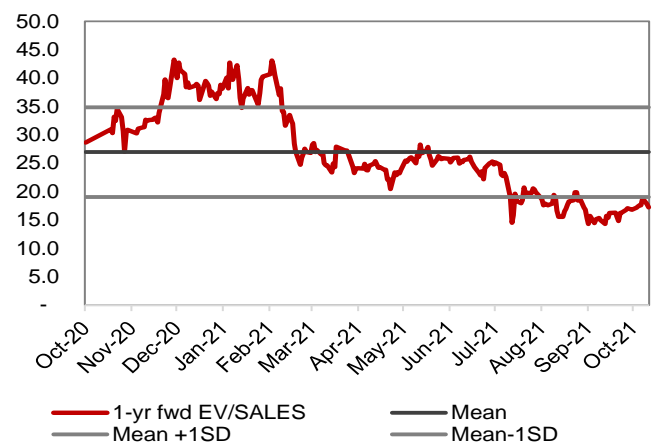
Source: Bloomberg, CMBIS

Figure 16: Glodon (002410 CH) 12M forward EV/sales



Source: Company data, Bloomberg, CMBIS

Figure 17: MYC (909 HK) 12M EV/sales



Source: Company data, Bloomberg, CMBIS

Financial Summary – Glodon (002410 CH)

Income statement

YE 31 Dec (RMB mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	3,541	4,005	5,203	5,987	6,609
Cost of sales	(371)	(454)	(708)	(814)	(1,021)
Gross profit	3,170	3,550	4,495	5,173	5,588
Selling exp	(1,102)	(1,256)	(1,492)	(1,614)	(1,710)
Admin exp	(820)	(879)	(1,076)	(1,155)	(1,229)
R&D exp	(969)	(1,083)	(1,344)	(1,423)	(1,524)
Other operating exp.	59	75	39	38	42
Operating profit	338	408	621	1,019	1,167
Finance income/ (costs)	(41)	17	69	91	105
Other non-oper exp.	(14)	(15)	(50)	(43)	(38)
Pre-tax profit	284	410	639	1,066	1,234
Income tax expense	(29)	(29)	(18)	(91)	(88)
Minority interests	(20)	(51)	(51)	(113)	(119)
Net profit to shareholders	235	330	570	862	1,027

Cash flow summary

YE 31 Dec (RMB mn)	FY19	FY20	FY21E	FY22E	FY23E
Net profit	235	330	570	862	1,027
Depreciation/amortization	187	134	153	189	222
Change in working capital	312	784	431	380	326
Others	(93)	628	263	113	119
Net cash from operating	641	1,876	1,416	1,545	1,694
Capex	(243)	(439)	(535)	(515)	(529)
Other	16	(257)	(787)	0	0
Net cash from investing	(227)	(697)	(1,322)	(515)	(529)
Net borrowings	(112)	(1,088)	(3)	(0)	(0)
Dividend paid	(301)	(157)	(297)	(238)	(238)
Other	23	2,645	(164)	(113)	(119)
Net cash from financing	(389)	1,400	(463)	(351)	(357)
Net change in cash	24	2,580	(369)	679	808
Cash at beginning of the year	2,212	2,231	4,797	4,417	5,096
Exchange difference	(5)	(14)	(11)	0	0
Cash at the end of the year	2,231	4,797	4,417	5,096	5,904

Balance sheet

YE 31 Dec (RMB mn)	FY19	FY20	FY21E	FY22E	FY23E
Current assets	2,950	5,420	5,680	6,319	7,072
Cash & equivalents	2,231	4,797	4,417	5,096	5,904
Account receivables	591	475	558	514	454
Inventory	21	26	35	40	45
Other current assets	106	121	669	669	669
Non-current assets	3,217	4,127	4,734	5,060	5,367
PPE	860	994	1,198	1,605	1,993
Intangible assets	1,148	1,664	1,830	1,749	1,668
Other non-current assets	1,209	1,470	1,706	1,706	1,706
Total assets	6,167	9,547	10,414	11,379	12,439
Current liabilities	2,809	2,858	3,450	3,791	4,062
ST borrowings	1,089	3	0	0	0
Account payables	1,068	1,740	2,263	2,604	2,875
Accrued expense	0	0	0	0	0
Unearned revenue	653	1,115	1,187	1,187	1,187
Non-current liabilities	9	131	192	192	192
LT borrowings	0	0	0	0	0
Other non-current liabilities	9	131	191	191	191
Total liabilities	2,818	2,989	3,642	3,983	4,253
Share capital	1,129	1,186	1,188	1,188	1,188
Capital surplus	509	3,135	3,301	3,301	3,301
Retained earnings	1,709	1,957	2,330	2,954	3,743
Other reserves	(78)	125	(528)	(528)	(528)
Minority interest	80	156	482	482	482
Total equity	3,349	6,558	6,772	7,396	8,186
Total liabilities and equity	6,167	9,547	10,414	11,379	12,439

Key ratios

YE 31 Dec	FY19	FY20	FY21E	FY22E	FY23E
Revenue mix					
Engineering costing	69%	70%	71%	71%	67%
- SaaS	26%	41%	49%	54%	52%
Engineering construction	24%	24%	23%	22%	26%
Overseas	4%	4%	3%	3%	3%
Others	1%	2%	2%	2%	2%
Finance income	2%	1%	1%	1%	1%
Growth (%)					
Revenue	22%	13%	30%	15%	10%
Operating profit	-39%	21%	52%	64%	15%
EPS	-47%	34%	72%	51%	19%
Profit & loss ratio (%)					
Gross margin	89.5%	88.7%	86.4%	86.4%	84.6%
Operating margin	9.5%	10.2%	11.9%	17.0%	17.7%
Net profit margin	6.6%	8.3%	11.0%	14.4%	15.5%
Balance sheet ratio					
Receivable turnover days	47	49	36	33	27
Unearned revenue days	67	81	81	72	66
Payable turnover days	110	159	159	159	159
Current ratio (x)	1.05	1.90	1.65	1.67	1.74
Net debt to equity	net cash	net cash	net cash	net cash	net cash
Profitability (%)					
ROE	7%	7%	9%	13%	14%
ROIC	14%	18%	27%	37%	44%
Per share data (RMB)					
EPS (RMB)	0.21	0.28	0.48	0.73	0.86
DPS (RMB)	0.10	0.25	0.20	0.20	0.20
BVPS (RMB)	2.90	5.40	5.30	5.82	6.49

Source: Company data, CMBIS estimates

Financial Summary – MYC (909 HK)

Income statement						Cash flow summary					
YE 31 Dec (RMB mn)	FY19	FY20	FY21E	FY22E	FY23E	YE 31 Dec (RMB mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	1,264	1,705	2,328	2,946	3,858	Net profit	242	(650)	441	615	902
Cost of sales	(269)	(366)	(482)	(592)	(752)	Depreciation/amortization	28	34	11	12	14
Gross profit	995	1,340	1,846	2,354	3,106	Change in working capital	95	108	73	103	48
Selling exp	(441)	(590)	(848)	(1,043)	(1,322)	Others	(27)	914	(19)	(47)	(88)
Admin exp	(108)	(208)	(217)	(285)	(331)	Net cash from operating	339	406	505	684	876
R&D exp	(286)	(356)	(566)	(632)	(776)	Capex	(16)	(44)	(23)	(29)	(39)
Other operating exp.	0	0	0	0	0	Others	(67)	(2,007)	0	0	0
Operating profit	159	186	215	393	678	Net cash from investing	(83)	(2,051)	(23)	(29)	(39)
Finance income/ (costs)	(2)	12	96	101	109	Net borrowings	0	0	0	0	0
Other non-oper exp.	85	(848)	130	121	116	Dividend paid	0	0	(135)	(158)	(221)
Pre-tax profit	242	(650)	441	615	902	Others	30	5,889	(2)	(2)	(2)
Income tax expense	(11)	(18)	(21)	(49)	(90)	Net cash from financing	30	5,889	(137)	(160)	(223)
Minority interests	(15)	(36)	(35)	(28)	(41)	Net change in cash	286	4,243	344	494	614
Net profit to shareholders	216	(704)	384	538	771	Cash at beginning of the year	448	732	4,759	5,104	5,598
Core net profit	216	328	384	538	771	Exchange difference	(1)	(216)	0	0	0

Balance sheet						Key ratios					
YE 31 Dec (RMB mn)	FY19	FY20	FY21E	FY22E	FY23E	YE 31 Dec	FY19	FY20	FY21E	FY22E	FY23E
Current assets	988	7,210	7,670	8,346	9,241	Revenue mix					
Cash & equivalents	732	4,759	5,104	5,598	6,212	SaaS product	36%	40%	51%	56%	58%
Account receivables	21	30	25	32	42	Procurement Cloud	1%	2%	2%	2%	2%
Contract acquisition cost	103	191	318	472	717	CRM Cloud	28%	39%	45%	47%	52%
Contract assets	25	48	59	72	85	Asset Management Cloud	2%	2%	2%	2%	2%
Other receivables	16	51	34	42	56	Construction Cloud	9%	8%	7%	6%	6%
Others	91	2,130	2,130	2,130	2,130	ERP solutions	60%	49%	44%	42%	38%
Non-current assets	246	262	275	292	317	Growth (%)					
PPE	118	150	163	180	205	Revenue	38%	35%	36%	27%	31%
Intangible assets	2	3	3	3	3	Operating profit	67%	17%	16%	83%	72%
Other non-current assets	126	109	109	109	109	Core net profit	40%	49%	17%	40%	43%
Total assets	1,235	7,472	7,945	8,638	9,558	Profit & loss ratio (%)					
Current liabilities	915	843	1,022	1,297	1,614	Gross margin	78.7%	78.6%	79.3%	79.9%	80.5%
ST borrowings	0	0	0	0	0	Operating margin	12.6%	10.9%	9.2%	13.3%	17.6%
Account payables	24	43	33	41	52	Core net profit margin	17.1%	19.3%	16.5%	18.3%	20.0%
Contract liabilities	378	549	760	981	1,221	Balance sheet ratio					
Others	513	252	229	275	342	Receivable turnover days	4	4	4	4	4
Non-current liabilities	49	59	69	79	90	Payable turnover days	16	25	25	25	25
LT borrowings	0	0	0	0	0	Current ratio (x)	1.08	8.55	7.51	6.44	5.72
Contract liabilities	18	25	35	45	56	Net debt to equity	net cash	net cash	net cash	net cash	net cash
Other non-current liabilities	31	34	34	34	34	Profitability (%)					
Total liabilities	964	903	1,091	1,376	1,705	FCF margin	26%	21%	21%	22%	22%
Share capital	0.1	0.2	0.2	0.2	0.2	ROE	n.a.	-11%	6%	7%	10%
Capital surplus	0.0	0.0	0.0	0.0	0.0	Per share data (RMB)					
Retained earnings	254	(463)	(213)	167	717	Core EPS (RMB)	0.15	0.22	0.21	0.29	0.42
Other reserves	13	7,001	7,001	7,001	7,001	DPS (RMB)	0.00	0.07	0.09	0.12	0.17
Minority interest	254	(463)	(213)	167	717	BVPS (RMB)	0.18	4.48	3.69	3.91	4.23
Total equity	271	6,570	6,854	7,262	7,853						
Total liabilities and equity	1,235	7,472	7,945	8,638	9,558						

Source: Company data, CMBIS estimates

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