

# Zoomlion (1157 HK)

## 1H24 earnings below expectation; Growth of emerging markets on track

Zoomlion's overseas sales remained strong in 2Q24 but were more than offset by the weakness in China. We calculate that the core profit in 1H24 (after excluding gains on asset disposal) dropped 18% YoY to RMB1.65bn. We revise down our 2024E-26E earnings forecast by 9.6-10.0%, after incorporating the weak demand for concrete machinery and cranes in China, as well as higher distribution expenses due to overseas expansion. That said, we remain positive on Zoomlion's overseas strategy with priorities on emerging economies such as the Middle East, South America and Southeast Asia. Our TP for Zoomlion A/H is revised down to RMB10.5/HK\$6.8 with 2024E target P/E multiple unchanged at 22x/13x. Maintain **BUY**.

■ **2Q24 earnings helped by gains on disposal of assets.** Revenue in 2Q24 dropped 7% YoY to RMB12.7bn, as the decline in China's revenue (-29% YoY to RMB6.4bn) offset the growth overseas (+37% YoY to RMB6.3bn). Overseas revenue accounted for 50% of revenue in 2Q24 (up from 34% in 2Q23), reaching a record high. Blended gross margin contracted 1ppt YoY to 28%. Selling & distribution expense ratio increased 0.7ppt YoY to 8.1%, due to more overseas and emerging businesses. R&D expense ratio dropped 1.9ppt YoY to 5%. Administrative expense ratio increased 2.5ppt to 7.8% due to the recognition of share incentive expenses. Net profit grew 12% YoY to RMB1.37bn, but was largely helped by an RMB636mn gain on asset disposal due to plant relocation. In 1H24, revenue grew 2% YoY to RMB24.5bn. We estimate the adjusted net profit (excluding the disposal gain) in 1H24 dropped 18% YoY to RMB1.65bn.

■ **Overseas growth remains exciting.** Overseas revenue surged 44% YoY to RMB12bn in 1H24, driven by (1) ~33% growth of concrete, tower crane and truck crane, and (2) ~100% growth of emerging business. Zoomlion sees Southeast Asia, the Middle East and Russia as the **tier-one markets** (20% YoY growth in 1H24, 60% of total overseas sales), as these regions are similar to China in the way that products are subject to less modification. **Tier-two markets** include South America, India and Africa, where growth doubled in 1H24 (25% of overseas sales). **Tier-three markets** include Europe, North America, Australia and New Zealand (double YoY in 1H24 on low base, 15% of overseas sales). These developed markets have higher requirements on brand, products and after-sales services.

■ **13 factories outside China.** Zoomlion's construction of factories in Turkey, Mexico and India has been gradually completed. Zoomlion currently has 13 factories overseas, with a potential annual output value of RMB10bn.

### Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	41,631	47,075	52,384	61,449	70,524
YoY growth (%)	(38.0)	13.1	11.3	17.3	14.8
Adjusted net profit (RMB mn)	2,347.0	3,550.0	3,946.3	4,488.1	5,131.7
EPS (Reported) (RMB)	0.28	0.43	0.48	0.54	0.62
YoY growth (%)	(63.3)	54.9	11.2	13.7	14.3
Consensus EPS (RMB)	na	na	0.53	0.67	0.80
P/E (x)	13.3	8.6	7.7	6.8	5.9
P/B (x)	0.6	0.6	0.6	0.5	0.5
Yield (%)	8.4	8.7	8.6	9.8	11.2
ROE (%)	4.4	6.9	7.5	8.3	9.2
Net gearing (%)	7.3	12.2	19.5	22.1	23.5

Source: Company data, Bloomberg, CMBIGM estimates

**BUY (Maintain)**

**Target Price** HK\$6.80  
(Previous TP) HK\$7.50  
**Up/Downside** 67.1%  
**Current Price** HK\$4.07

### China Capital Goods

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### Stock Data

Mkt Cap (HK\$ mn)	35,319.5
Avg 3 mths t/o (HK\$ mn)	43.1
52w High/Low (HK\$)	6.35/3.75
Total Issued Shares (mn)	8678.0

Source: FactSet

### Shareholding Structure

SASAC of Hunan Province	14.5%
Management team	7.9%

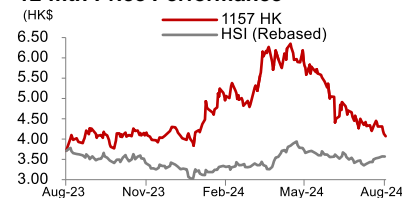
Source: HKEx, SSE

### Share Performance

	Absolute	Relative
1-mth	-4.7%	-9.9%
3-mth	-29.3%	-28.4%
6-mth	-19.6%	-26.2%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

### Related Reports

- Capital Goods sector - RMB300bn capital to finance equipment replacement – 26 Jul 2024 ([link](#))
- Capital Goods – Domestic excavator sales +29% YoY in May – 7 Jun 2024 ([link](#))
- Zoomlion - Right strategy on product & global expansion; expect structural growth ahead; U/G to BUY - 2 May 2024 (A: [link](#)) (H: [link](#))

**Figure 1: Revenue and gross profit breakdown**

(RMB mn)	1H23	1H24	Change (YoY)
<b>Revenue</b>			
Construction machinery	22,747	21,987	-3.3%
Concrete machinery	4,555	4,210	-7.6%
Crane machinery	9,979	8,228	-17.5%
Aerial work platform	3,355	3,953	17.8%
Excavator	2,932	3,516	19.9%
Others	1,926	2,080	8.0%
Agricultural machinery	1,101	2,341	112.6%
Financial services	227	207	-8.8%
<b>Total revenue</b>	<b>24,075</b>	<b>24,535</b>	<b>1.9%</b>
<b>Gross profit</b>			
Construction machinery	6,405	6,426	0.3%
Concrete machinery	1,057	925	-12.5%
Crane machinery	2,978	2,667	-10.4%
Aerial work platform	885	1,084	22.5%
Excavator	885	1,134	28.1%
Others	600	616	2.7%
Agricultural machinery	94	319	239.4%
Financial services	217	201	-7.4%
<b>Total gross profit</b>	<b>6,716</b>	<b>6,946</b>	<b>3.4%</b>
<b>Gross margin</b>			
			<b>Change (ppt)</b>
Construction machinery	28.2%	29.2%	1.1
Concrete machinery	23.2%	22.0%	(1.2)
Crane machinery	29.8%	32.4%	n/a
Aerial work platform	26.4%	27.4%	1.0
Excavator	30.2%	32.3%	2.1
Others	31.2%	29.6%	(1.5)
Agricultural machinery	8.5%	13.6%	5.1
Financial services	95.6%	97.1%	1.5
<b>Average gross margin</b>	<b>27.9%</b>	<b>28.3%</b>	<b>0.4</b>

Source: Company data, CMBIGM

**Figure 2: Key financials in 1H24**

(RMB mn)	1H23	1H24	Change (YoY)
<b>Total revenue</b>	<b>24,075</b>	<b>24,535</b>	<b>1.9%</b>
Cost of sales	-17,359	-17,589	1.3%
<b>Gross profit</b>	<b>6,716</b>	<b>6,946</b>	<b>3.4%</b>
Other income	129	937	626.4%
S&D expenses	-1,695	-1,902	12.2%
Administrative expenses	-1,294	-1,717	32.7%
R&D expenses	-1,585	-1,306	-17.6%
<b>EBIT</b>	<b>2,271</b>	<b>2,958</b>	<b>30.3%</b>
Net finance income/(cost)	123	-119	n/a
Finance income	387	320	-17.3%
Finance expenses	-264	-439	66.3%
Other gains/(losses)	0	0	n/a
Share of profit of JV and associate	75	25	-66.7%
Pretax profit	<b>2,469</b>	<b>2,864</b>	<b>16.0%</b>
Income tax	-249	-322	29.3%
<b>After tax profit</b>	<b>2,220</b>	<b>2,542</b>	<b>14.5%</b>
MI	-180	-254	41.1%
<b>Net profit</b>	<b>2,040</b>	<b>2,288</b>	<b>12.2%</b>
Recurring net profit	<b>2,026</b>	<b>1,652</b>	<b>-18.5%</b>
D&A	676	679	0.4%
<b>EBITDA</b>	<b>2,947</b>	<b>3,637</b>	<b>23.4%</b>
<b>Key ratios</b>			
			<b>Change (ppt)</b>
Gross margin	27.9%	28.3%	0.4
S&D expenses ratio	7.0%	7.8%	0.7
Administrative expense ratio	5.4%	7.0%	1.6
R&D expense ratio	6.6%	5.3%	-1.3
Net margin	9.2%	10.4%	1.1
Effective tax rate	10.1%	11.2%	1.2

Source: Company data, CMBIGM

**Figure 3: Zoomlion's 2Q24 results**

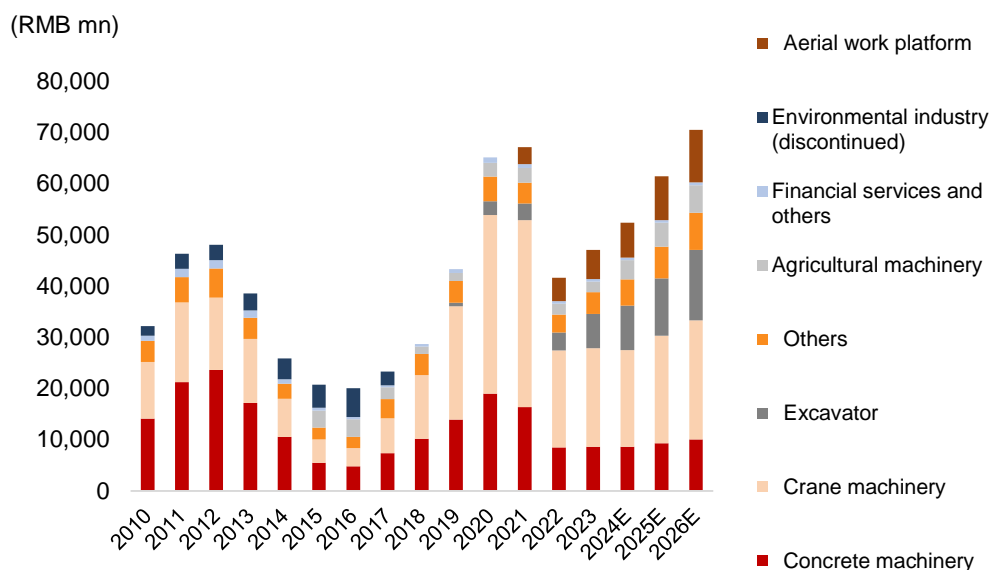
(RMB mn)	1Q23	1Q24	Change YoY	2Q23	2Q24	Change YoY	3Q22	3Q23	Change YoY	4Q22	4Q23	Change YoY
<b>Revenue breakdown</b>												
China	6,695	6,071	-9%	9,008	6,417	-29%	6,738	6,783	1%	7,487	6,541	-13%
Overseas	3,731	5,703	53%	4,641	6,345	37%	2,611	4,656	78%	3,495	5,020	44%
<b>Total revenue</b>	<b>10,426</b>	<b>11,773</b>	<b>13%</b>	<b>13,650</b>	<b>12,762</b>	<b>-7%</b>	<b>9,350</b>	<b>11,439</b>	<b>22%</b>	<b>10,982</b>	<b>11,561</b>	<b>5%</b>
Cost of sales	-7,674	-8,400	9%	-9,685	-9,189	-5%	-7,348	-8,298	13%	-8,322	-8,452	2%
<b>Gross profit</b>	<b>2,752</b>	<b>3,373</b>	<b>23%</b>	<b>3,964</b>	<b>3,573</b>	<b>-10%</b>	<b>2,002</b>	<b>3,141</b>	<b>57%</b>	<b>2,660</b>	<b>3,109</b>	<b>17%</b>
Other income	-6	-51	697%	135	988	630%	-78	276	n/a	388	530	37%
S&D expenses	-677	-866	28%	-1,018	-1,036	2%	-728	-875	20%	-751	-987	31%
Administrative expenses	-567	-719	27%	-727	-998	37%	-578	-617	7%	-1,230	-1,157	-6%
R&D expenses	-645	-665	3%	-940	-641	-32%	-668	-983	47%	-717	-873	22%
<b>EBIT</b>	<b>856</b>	<b>1,072</b>	<b>25%</b>	<b>1,415</b>	<b>1,886</b>	<b>33%</b>	<b>-51</b>	<b>942</b>	<b>n/a</b>	<b>351</b>	<b>622</b>	<b>77%</b>
Net finance income/(cost)	-124	-54	-57%	247	-65	n/a	322	22	-93%	-247	139	n/a
Other gains/(losses)	180	119	-34%	-180	-119	-34%	244	-97	n/a	-244	97	n/a
Share of profit of JV and associates	32	39	22%	43	-14	n/a	15	40	174%	47	38	-19%
<b>Pretax profit</b>	<b>944</b>	<b>1,177</b>	<b>25%</b>	<b>1,525</b>	<b>1,687</b>	<b>11%</b>	<b>531</b>	<b>906</b>	<b>71%</b>	<b>-93</b>	<b>897</b>	<b>n/a</b>
Income tax	-86	-156	82%	-163	-166	2%	-73	-64	-13%	303	-144	n/a
<b>After tax profit</b>	<b>859</b>	<b>1,020</b>	<b>19%</b>	<b>1,361</b>	<b>1,522</b>	<b>12%</b>	<b>457</b>	<b>843</b>	<b>84%</b>	<b>210</b>	<b>752</b>	<b>258%</b>
MI	-49	-105	115%	-131	-149	14%	-4	-28	539%	-32	-57	81%
<b>Net profit</b>	<b>810</b>	<b>916</b>	<b>13%</b>	<b>1,230</b>	<b>1,372</b>	<b>12%</b>	<b>453</b>	<b>815</b>	<b>80%</b>	<b>178</b>	<b>695</b>	<b>290%</b>
<b>Key ratios</b>												
	Change (ppt)			Change (ppt)			Change (ppt)			Change (ppt)		
Gross margin	26.4%	28.7%	2.3	29.0%	28.0%	-1.0	21.4%	27.5%	6.1	24.2%	26.9%	2.7
S&D expenses ratio	6.5%	7.4%	0.9	7.5%	8.1%	0.7	7.8%	7.6%	-0.1	6.8%	8.5%	1.7
Administrative expense ratio	5.4%	6.1%	0.7	5.3%	7.8%	2.5	6.2%	5.4%	-0.8	11.2%	10.0%	-1.2
R&D expense ratio	6.2%	5.7%	-0.5	6.9%	5.0%	-1.9	7.1%	8.6%	1.4	6.5%	7.6%	1.0
Net margin	8.2%	8.7%	0.4	10.0%	11.9%	1.9	4.9%	7.4%	2.5	1.9%	6.5%	4.6
Effective tax rate	9.1%	13.3%	4.2	10.7%	9.8%	-0.9	13.8%	7.0%	-6.8	325.6%	16.1%	-309.5

Source: Company data, CMBIGM

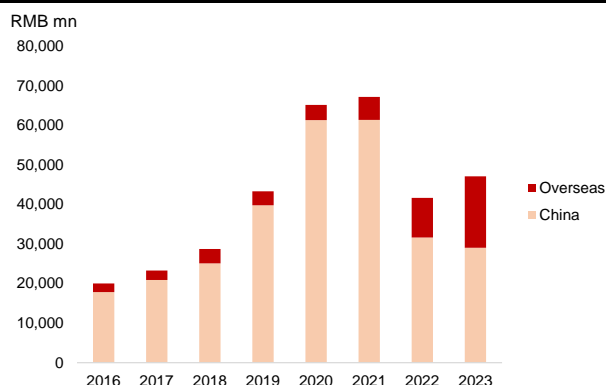
**Figure 4: Change in key assumptions**

	2024E	Old 2025E	2026E	2024E	New 2025E	2026E	2024E	Change 2025E	2026E
<b>Revenue</b>									
Construction machinery	51,282	59,784	68,491	48,127	56,226	64,569	-6%	-6%	-6%
Concrete machinery	9,028	9,750	10,531	8,598	9,286	10,029	-5%	-5%	-5%
Crane machinery	20,063	22,069	24,276	18,905	20,985	23,293	-6%	-5%	-4%
Aerial work platform	7,419	9,274	11,128	6,848	8,560	10,272	-8%	-8%	-8%
Excavator	9,640	12,532	15,289	8,643	11,235	13,707	-10%	-10%	-10%
Others	5,133	6,159	7,268	5,133	6,159	7,268	0%	0%	0%
Agricultural machinery	2,615	3,007	3,308	3,765	4,707	5,413	44%	57%	64%
Financial services and others	522	548	575	492	516	542	-6%	-6%	-6%
<b>Total revenue</b>	<b>54,419</b>	<b>63,339</b>	<b>72,374</b>	<b>52,384</b>	<b>61,449</b>	<b>70,524</b>	<b>-4%</b>	<b>-3%</b>	<b>-3%</b>
<b>Gross margin</b>									
	Change in ppt								
Construction machinery	28.5%	28.8%	29.1%	28.5%	28.7%	29.0%	-0.03	-0.06	-0.14
Concrete machinery	23.5%	23.8%	24.0%	22.5%	22.6%	22.8%	-1.00	-1.20	-1.20
Crane machinery	33.0%	33.3%	33.8%	33.0%	33.3%	33.8%	0.00	0.00	0.00
Aerial work platform	23.5%	23.6%	23.9%	24.0%	24.0%	24.0%	0.50	0.40	0.10
Excavator	28.5%	29.0%	29.5%	28.8%	29.3%	29.5%	0.30	0.30	0.00
Others	27.3%	28.0%	28.2%	27.5%	28.0%	28.2%	0.20	0.00	0.00
Agricultural machinery	17.0%	19.0%	20.0%	14.5%	15.0%	15.5%	-2.50	-4.00	-4.50
Financial services	96.0%	96.0%	96.0%	97.0%	97.0%	97.0%	1.00	1.00	1.00
<b>Blended gross margin</b>	<b>28.6%</b>	<b>28.9%</b>	<b>29.2%</b>	<b>28.1%</b>	<b>28.3%</b>	<b>28.5%</b>	<b>-0.49</b>	<b>-0.66</b>	<b>-0.77</b>
S&D expense ratio	7.8%	7.8%	7.8%	7.9%	7.8%	7.8%	0.1	0.0	0.0
Administrative expense ratio	6.5%	6.4%	6.4%	7.0%	6.6%	6.4%	0.5	0.2	0.0
R&D expense ratio	7.2%	7.2%	7.2%	7.0%	6.9%	6.8%	(0.2)	(0.3)	(0.4)
<b>Net profit</b>	<b>4,365</b>	<b>4,983</b>	<b>5,677</b>	<b>3,946</b>	<b>4,488</b>	<b>5,132</b>	<b>-9.6%</b>	<b>-9.9%</b>	<b>-9.6%</b>

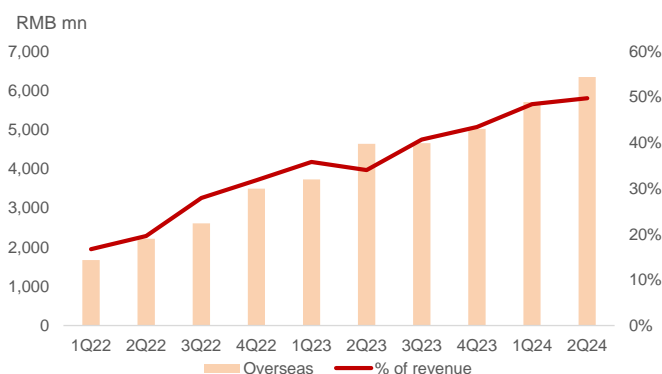
Source: Company data, CMBIGM estimates

**Figure 5: Zoomlion's revenue breakdown**

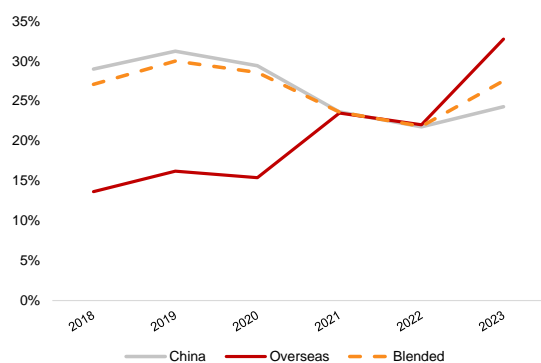
Source: Company data, CMBIGM estimates

**Figure 6: Zoomlion revenue breakdown by region**

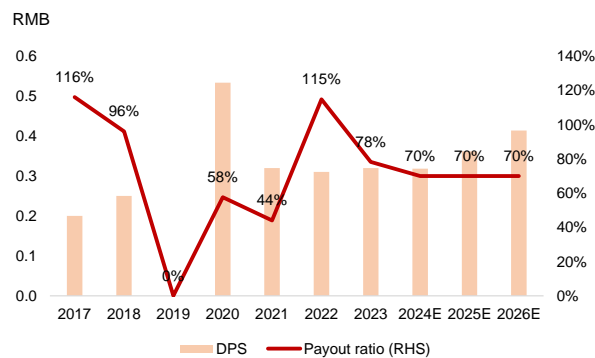
Source: Company data, CMBIGM estimates

**Figure 7: Overseas revenue ratio hit 50% in 2Q24**

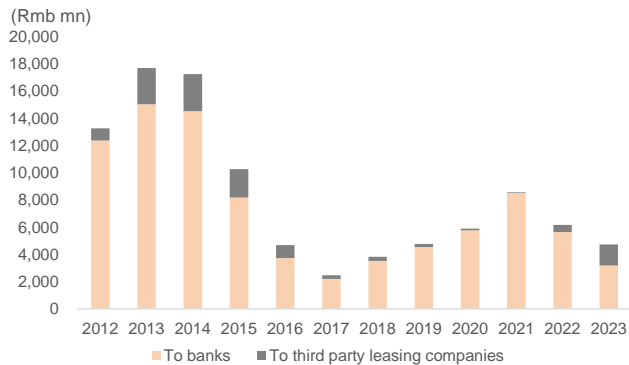
Source: Company data, CMBIGM

**Figure 8: Gross margin overseas exceeded that in China in 2023**

Source: Company data, CMBIGM

**Figure 9: Zoomlion's DPS and payout ratio**

Source: Company data, CMBIGM estimates

**Figure 10: Zoomlion's financial guarantee issued (max. exposure as of year-end)**


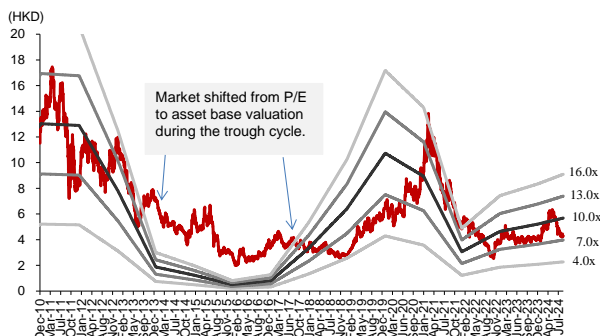
Source: Company data, CMBIGM

**Figure 11: Zoomlion's payment due to default of customers**

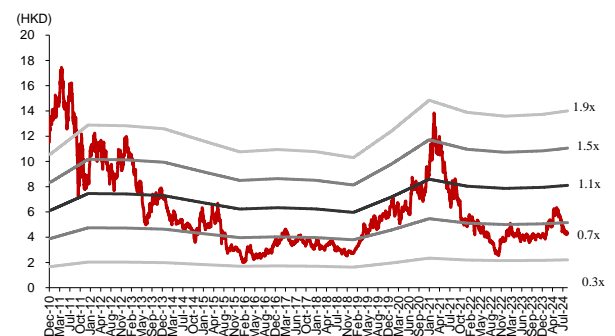

Source: Company data, CMBIGM

## Valuation

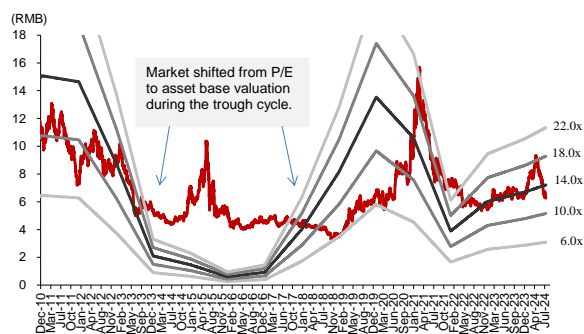
Our new TP for A-share (RMB10.5) is based on 22x 2024E P/E, equivalent to the peak valuation in 2021. We believe the solid overseas expansion story will serve as the re-rating driver. Our new TP for H-share (HK\$6.8) is based on a 40% H/A discount (3-year historical average).

**Figure 12: Zoomlion - H 12M forward P/E band**


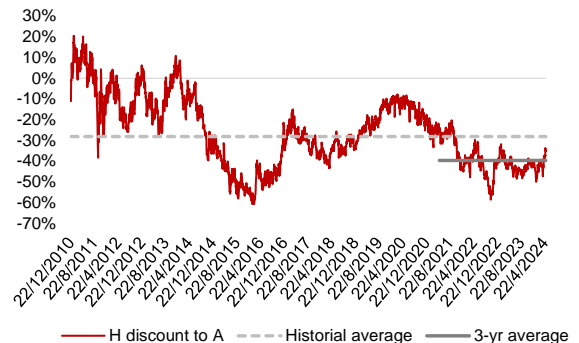
Source: Bloomberg, company data, CMBIGM estimates

**Figure 13: Zoomlion - H 12M forward P/B band**


Source: Bloomberg, company data, CMBIGM estimates

**Figure 14: Zoomlion - A 12M forward P/E band**


Source: Bloomberg, company data, CMBIGM estimates

**Figure 15: Zoomlion - H/A discount**


Source: Bloomberg, CMBIGM estimates

**Major risk factors:** (1) Weaker-than-expected property investment in China; (2) a slowdown of overseas demand; (3) increase in freight rates.

## Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Revenue	67,131	41,631	47,075	52,384	61,449	70,524
Cost of goods sold	(51,280)	(32,543)	(34,109)	(37,644)	(44,084)	(50,441)
<b>Gross profit</b>	<b>15,851</b>	<b>9,088</b>	<b>12,966</b>	<b>14,741</b>	<b>17,365</b>	<b>20,083</b>
Selling expense	(3,473)	(2,635)	(3,557)	(4,138)	(4,793)	(5,501)
Admin expense	(2,729)	(2,846)	(3,068)	(3,667)	(4,056)	(4,514)
R&D expense	(3,865)	(2,507)	(3,441)	(3,667)	(4,240)	(4,796)
Other income	1,413	982	935	1,239	1,039	939
Other gains/(losses)	0	0	0	0	0	0
Share of (losses)/profits of associates/JV	154	130	153	137	165	171
<b>EBITDA</b>	<b>8,096</b>	<b>3,116</b>	<b>5,135</b>	<b>5,940</b>	<b>6,799</b>	<b>7,730</b>
Depreciation	899	1,034	1,300	1,433	1,485	1,518
<b>EBIT</b>	<b>7,197</b>	<b>2,082</b>	<b>3,835</b>	<b>4,507</b>	<b>5,315</b>	<b>6,212</b>
Interest income	970	989	914	873	707	634
Interest expense	(964)	(689)	(630)	(670)	(673)	(676)
<b>Net Interest income/(expense)</b>	<b>6</b>	<b>300</b>	<b>284</b>	<b>203</b>	<b>34</b>	<b>(42)</b>
<b>Pre-tax profit</b>	<b>7,357</b>	<b>2,512</b>	<b>4,272</b>	<b>4,847</b>	<b>5,514</b>	<b>6,340</b>
Income tax	(938)	(86)	(457)	(557)	(662)	(793)
Minority interest	(116)	(79)	(265)	(343)	(364)	(416)
<b>Net profit</b>	<b>6,419</b>	<b>2,426</b>	<b>3,815</b>	<b>4,289</b>	<b>4,852</b>	<b>5,548</b>
<b>Adjusted net profit</b>	<b>6,303</b>	<b>2,347</b>	<b>3,550</b>	<b>3,946</b>	<b>4,488</b>	<b>5,132</b>
Gross dividends	2,777	2,694	2,777	2,762	3,142	3,592

BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
<b>Current assets</b>	<b>72,714</b>	<b>73,602</b>	<b>78,006</b>	<b>75,155</b>	<b>86,411</b>	<b>88,183</b>
Cash & equivalents	13,190	13,791	13,606	9,326	7,552	6,333
Account receivables	32,108	33,962	32,033	36,856	38,903	46,113
Inventories	13,501	14,203	22,504	18,749	28,355	24,160
ST bank deposits	1,775	1,708	2,265	2,265	2,265	2,265
Financial assets at FVTPL	6,408	4,011	1,767	1,767	1,767	1,767
Other current assets	5,732	5,927	5,831	6,191	7,569	7,545
<b>Non-current assets</b>	<b>49,268</b>	<b>49,915</b>	<b>52,819</b>	<b>59,795</b>	<b>62,509</b>	<b>65,569</b>
PP&E	9,740	13,903	17,364	20,249	20,589	20,399
Deferred income tax	1,148	1,907	2,303	2,303	2,303	2,303
Investment in JVs & assos	4,190	4,476	4,497	4,634	4,799	4,970
Intangibles	1,850	1,926	1,988	1,820	1,645	1,367
Goodwill	1,908	2,562	2,641	2,641	2,641	2,641
Financial assets at FVTPL	2,418	2,263	2,669	2,669	2,669	2,669
Other non-current assets	28,014	22,878	21,357	25,479	27,863	31,220
<b>Total assets</b>	<b>121,982</b>	<b>123,517</b>	<b>130,825</b>	<b>134,949</b>	<b>148,920</b>	<b>153,752</b>
<b>Current liabilities</b>	<b>49,675</b>	<b>48,393</b>	<b>49,996</b>	<b>52,608</b>	<b>64,489</b>	<b>66,915</b>
Short-term borrowings	11,011	11,018	7,377	7,477	7,577	7,677
Account payables	36,600	35,259	40,513	43,025	54,806	57,132
Tax payable	97	107	154	154	154	154
Other current liabilities	1,967	2,009	1,952	1,952	1,952	1,952
<b>Non-current liabilities</b>	<b>14,047</b>	<b>18,185</b>	<b>21,698</b>	<b>21,698</b>	<b>21,698</b>	<b>21,698</b>
Long-term borrowings	7,894	10,962	14,922	14,922	14,922	14,922
Other non-current liabilities	6,153	7,223	6,776	6,776	6,776	6,776
<b>Total liabilities</b>	<b>63,722</b>	<b>66,578</b>	<b>71,694</b>	<b>74,306</b>	<b>86,187</b>	<b>88,613</b>
<b>Total shareholders equity</b>	<b>56,831</b>	<b>54,705</b>	<b>56,371</b>	<b>57,540</b>	<b>59,266</b>	<b>61,256</b>
Minority interest	1,429	2,234	2,760	3,103	3,467	3,883
<b>Total equity and liabilities</b>	<b>121,982</b>	<b>123,517</b>	<b>130,825</b>	<b>134,949</b>	<b>148,920</b>	<b>153,752</b>

<b>CASH FLOW</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	7,357	2,512	4,272	4,847	5,514	6,340
Depreciation & amortization	899	1,034	1,300	1,433	1,485	1,518
Tax paid	(1,361)	(436)	(457)	(557)	(662)	(793)
Change in working capital	(4,602)	(2,015)	(2,837)	(3,088)	(3,684)	(4,071)
Others	12,421	3,929	6,266	7,059	8,375	9,686
<b>Net cash from operations</b>	<b>2,189</b>	<b>1,951</b>	<b>2,292</b>	<b>2,295</b>	<b>2,454</b>	<b>2,866</b>
<b>Investing</b>						
Capital expenditure	(1,401)	(1,027)	(803)	(4,000)	(1,500)	(1,000)
Acquisition of subsidiaries/ investments	0	(191)	0	0	0	0
Others	4	2,259	946	773	607	634
<b>Net cash from investing</b>	<b>(1,397)</b>	<b>1,041</b>	<b>143</b>	<b>(3,227)</b>	<b>(893)</b>	<b>(366)</b>
<b>Financing</b>						
Dividend paid	(3,041)	(2,777)	(2,694)	(2,777)	(2,762)	(3,142)
Net borrowings	76	2,751	319	100	100	100
Proceeds from share issues	6,088	(1,556)	(1,085)	0	0	0
Others	(703)	(912)	816	(670)	(673)	(676)
<b>Net cash from financing</b>	<b>2,420</b>	<b>(2,494)</b>	<b>(2,644)</b>	<b>(3,347)</b>	<b>(3,336)</b>	<b>(3,718)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	10,086	13,190	13,791	13,606	9,326	7,552
Exchange difference	(108)	103	24	0	0	0
<b>Cash at the end of the year</b>	<b>13,190</b>	<b>13,791</b>	<b>13,606</b>	<b>9,326</b>	<b>7,552</b>	<b>6,333</b>
<b>GROWTH</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
Revenue	3.1%	(38.0%)	13.1%	11.3%	17.3%	14.8%
Gross profit	(14.9%)	(42.7%)	42.7%	13.7%	17.8%	15.7%
EBITDA	(14.5%)	(61.5%)	64.8%	15.7%	14.5%	13.7%
EBIT	(16.7%)	(71.1%)	84.2%	17.5%	17.9%	16.9%
Net profit	(12.9%)	(62.2%)	57.3%	12.4%	13.1%	14.3%
Adj. net profit	(13.6%)	(62.8%)	51.3%	11.2%	13.7%	14.3%
<b>PROFITABILITY</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
Gross profit margin	23.6%	21.8%	27.5%	28.1%	28.3%	28.5%
EBITDA margin	12.1%	7.5%	10.9%	11.3%	11.1%	11.0%
Adj. net profit margin	9.4%	5.6%	7.5%	7.5%	7.3%	7.3%
Return on equity (ROE)	12.4%	4.4%	6.9%	7.5%	8.3%	9.2%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
Net debt to equity (x)	(0.0)	0.1	0.1	0.2	0.2	0.2
Current ratio (x)	1.5	1.5	1.6	1.4	1.3	1.3
Receivable turnover days	235.3	413.2	343.9	328.0	313.0	308.0
Inventory turnover days	100.2	155.4	196.4	200.0	195.0	190.0
Payable turnover days	274.0	403.0	405.4	405.0	405.0	405.0
<b>VALUATION</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
P/E	4.9	13.3	8.6	7.7	6.8	5.9
P/B	0.6	0.6	0.6	0.6	0.5	0.5
Div yield (%)	8.7	8.4	8.7	8.6	9.8	11.2

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



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