招银国际
CMB INTERNATIONAL
招商银行全资附属机构
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Luckin Coffee (LKNCY US)

Sales are booming but costs are also rising

2Q25 results were a beat and the underlying picture, in our view, which was just exceptional, could fuel a decent sales growth in 2H25E. However, because the surge in delivery expenses may continue and some subsidies may be provided to the franchisees, OP margin in 2H25E may experience some pressure. However, overall speaking, a reasonably fast sales growth (CMBI est. 41%) and NP growth (CMBI est. 43%) in FY25E is still highly possible. Maintain BUY given the cheap valuation (trading only at 21x FY25E P/E vs 25% sales CAGR during FY24-27E).

- **We think the underlying performance in 2Q25 was actually very strong, namely: GP margin, new product launch and client acquisition and activation.**

  - GP margin improvement in 2Q25 was very impressive, because the Company should have experienced some headwinds like coffee bean price inflation (prices went up by about 70% YoY on average during 3Q24-1Q25, and assuming a 30% input cost hike for Luckin Coffee, this would have translated into about 1ppt drag in GP margin in 2Q25), but that was more than offset by a better product mix (sales mix of non-milk based coffee such as fruit-based Americano, fruit tea and veggies drinks has increased notably and their GP margin tend to be higher than group average) and more efficient supply chain. We believe these factors would still be able to drive up GP margin YoY in 2H25E.

  - New products were also quite successful, including the Kale Fruit & Veggies Tea/ 羽衣轻体果蔬茶 and Lychees from ChangAn/ 长安的荔枝. On top of those, various fruit-based Americano has been fairly hot-selling too; by offering the soda version lately, the popularity of this series shall easily sustain into 2H25E. Moreover, the introduction of veggies drinks (e.g. Kale Fruit & Veggies Tea/ 羽衣轻体果蔬茶) was quite promising as well, because it is actually fulfilling a new type of demand (non-coffee and afternoon), which could also become a strong growth driver in 2H25E.

  - Client acquisition and activation was massive. Thanks to numerous subsidies offered by different e-commerce platforms, delivery volume growth was impressive in Apr to Jul 2025. For Luckin Coffee, the customer dynamics are excellent, with a large number of new customers acquired (average monthly transacting customers increased by 17mn in just one quarter, those inactive customers started to buy again and old customers also purchased more frequently). We believe the delivery war is actually beneficial to Luckin Coffee, because its customer retention rate is higher than its peers, thanks to high quality products with a great variety and seamless customer experience, supported by much standardised workflows and efficient staff.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	24,903	34,475	48,641	58,960	67,220
YoY growth (%)	87.3	38.4	41.1	21.2	14.0
EBITDA (RMB mn)	3,630.2	4,728.1	6,871.4	8,628.3	10,143.9
Net profit (RMB mn)	2,847.9	2,931.7	4,199.2	5,255.2	6,205.0
EPS (Reported) (RMB)	1.12	1.15	1.63	2.03	2.39
YoY growth (%)	479.6	1.9	42.5	24.5	17.5
P/E (x)	30.5	30.0	21.0	16.9	14.4
EV/EBITDA (x)	3.2	2.4	1.6	1.3	1.0
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	34.9	25.8	27.7	26.4	24.2

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**US$44.95**
(Previous TP	US$40.61)
Up/Downside	**17.5%**
Current Price	**US$38.26**

China Consumer Discretionary

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Stock Data

Mkt Cap (US$ mn)	12,233.1
Avg 3 mths t/o (US$ mn)	20.1
52w High/Low (US$)	39.70/18.44
Total Issued Shares (mn)	2557.9

Source: FactSet

Shareholding Structure

Centurium Capital	32.4%
Joy Capital	4.7%

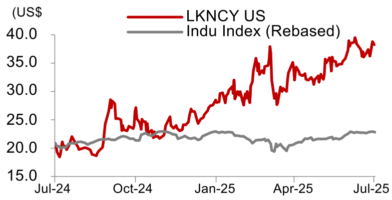
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	2.7%	1.4%
3-mth	19.5%	8.9%
6-mth	36.4%	36.1%

Source: FactSet

12-mth Price Performance



Source: FactSet

Recent reports:

Jiumaojiu (9922 HK) - SSS recovery and store revamp on track
(12 Jun 25)

Green Tea Group (6831 HK) - A casual Chinese cuisine leader of great value
(24 Jun 25)

Luckin Coffee (LKNCY US) - Management is prudent but long-term story intact
(30 Apr 25)

Jiumaojiu (9922 HK) - A better reform plan but more time is needed
(1 Apr 25)

DPC Dash (1405 HK) - Long-term story intact but let's just play safe
(31 Mar 25)

- **Maintain BUY and raise TP to US$ 44.95.** The new TP is based on 25x FY25E P/E (up from 23x due to faster sales growth in FY25E), supported by the Company's 25% sales CAGR and 23% net profit CAGR during FY24-27E. We have revised up FY25E/ 26E/ 27E net profit forecasts by 2%/ 8%/ 8%, in order to factor in: 1) faster sales growth, 2) stronger GP margin and also 3) higher-than-expected delivery fees, share-based compensation and tax rate. The stock is trading at 21x FY25E P/E, still very attractive given the solid fundamentals and huge long-term potential.
- **Sales growth outlook remain robust but margin pressure may occur in 2H25E.** On the sales growth front, we are still very confident, because: 1) SSSG is still fast (should be at least 15% and the average number of cups sold per store per day could be as high as 550 in Jul 2025, based on our channel check), 2) the base is low and the weather is hotter than last year, 3) of new product launches and category expansion, and 4) delivery war should likely sustain, in our view, as we think the top priority for Taobao and JD is to acquire more new users, hence we also see no sign of scaling back in terms of subsidies. But on the margin front, we are rather conservative. While the GP margin is likely to improve YoY in 2H25E, the overall OP margin and NP margin may experience YoY declines, because the delivery expenses shall continue to surge (we are now estimating 13% of sales for 2H25E vs 13.5% of sales in 2Q25) and Luckin Coffee might have started to subsidise its franchisees (we are now estimating about 2% of sales for 2H25E, in order to cope with the delivery war).
- **Store expansion was faster than expected, and we expect it to remain rapid in 2H25E.** The Company has opened 2,109 new stores in 2Q25, representing a 31% YoY growth and total store count has reached 26,206. We believe the new store opening target may further increase to around 7,000 (vs initial target of 4,000). And many of those new stores should be opened in the white space in the higher-tier cities or penetrate further into the lower-tier cities, hence the potential cannibalisation and drags for SSSG in FY26E could be less.
- **Laying the groundwork for US market expansion.** The U.S. market is currently in an early exploratory stage. Strategically, the company is taking a prudent and steady approach, focusing on validating U.S. consumers' acceptance of its brand positioning, product taste, and pricing strategy. The goal is to gain a deep understanding of local market demands and consumer habits, accumulate operational experience, and lay a solid foundation for future large-scale expansion.
- **2Q25 results beat, due to strong delivery, franchisee sales and solid GP margin improvement, but partly dragged by a surge in delivery fees, share-based compensation and higher tax rate.** For 2Q25, Luckin Coffee sales increased by 47% YoY to RMB 12.4bn, beating BBG/ CMBI est. by 11%/ 4%, thanks to: 1) accelerated SSSG, 2) robust delivery orders growth, 3) relatively faster franchisee business sales growth (including the sales of equipment and store construction related materials) and 4) faster-than-expected store openings. GP margin jumped to 62.8%, up 2.9ppt YoY and far better than CMBI est. of 60.5%, probably due to a better product mix (less milk-based coffee, more Americano and tea drinks) and more efficient supply chain (more bulk purchases, less wastage, reduced logistics costs). Store-level OP margin (for self-owned stores) dropped to 21.0% in 2Q25, by 0.5ppt YoY from 21.5% in 2Q24, likely because of the higher delivery sales mix and delivery related fees. But group-level OP margin still managed to improve to 13.8%, up 1.3ppt YoY, thanks to the relatively fixed headquarters costs, hence the operating profit can still go up by 62% and beat CMBI est. by 13%. GAAP net profit surged by 44% to RMB 12.5bn, 4% above CMBI est. Non GAAP net profit also rose by 44% to RMB 14.0bn, 5% above BBG/ CMBI est. Share-based compensation was at about RMB 154mn, higher than CMBI est. of RMB 120mn and effective tax rate was at 29%, also much higher than CMBI est. of 23%. If we exclude these two factors, net profit should have beat by much more.

Earnings revision

Figure 1: Earnings revision

	New			Old			Diff (%)		
RMB mn	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	48,641	58,960	67,220	45,263	51,669	57,838	7.5%	14.1%	16.2%
Gross profit	29,914	36,437	41,744	26,841	30,795	34,645	11.5%	18.3%	20.5%
EBIT	5,429	6,781	7,974	5,112	6,029	7,048	6.2%	12.5%	13.1%
Net profit att.	4,199	5,255	6,205	4,124	4,886	5,740	1.8%	7.5%	8.1%
Diluted EPS (RMB)	1.633	2.034	2.390	1.604	1.891	2.211	1.8%	7.5%	8.1%
Gross margin	61.5%	61.8%	62.1%	59.3%	59.6%	59.9%	2.2ppt	2.2ppt	2.2ppt
EBIT margin	11.2%	11.5%	11.9%	11.3%	11.7%	12.2%	-0.1ppt	-0.2ppt	-0.3ppt
Net profit att. margin	8.6%	8.9%	9.2%	9.1%	9.5%	9.9%	-0.5ppt	-0.5ppt	-0.7ppt

Source: Company data, CMBIGM estimates

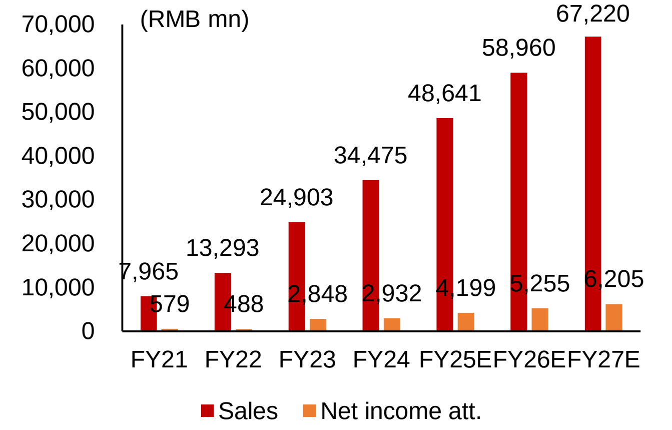
Figure 2: CMBIGM estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
RMB mn	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	48,641	58,960	67,220	44,679	52,537	58,006	8.9%	12.2%	15.9%
Gross profit	29,914	36,437	41,744	25,854	30,139	33,643	15.7%	20.9%	24.1%
EBIT	5,429	6,781	7,974	4,556	5,717	7,002	19.1%	18.6%	13.9%
Net profit att.	4,199	5,255	6,205	3,873	4,733	5,538	8.4%	11.0%	12.0%
Diluted EPS (RMB)	1.633	2.034	2.390	1.619	2.051	1.856	0.9%	-0.8%	28.8%
Gross margin	61.5%	61.8%	62.1%	57.9%	57.4%	58.0%	3.6ppt	4.4ppt	4.1ppt
EBIT margin	11.2%	11.5%	11.9%	10.2%	10.9%	12.1%	1ppt	0.6ppt	-0.2ppt
Net profit att. margin	8.6%	8.9%	9.2%	8.7%	9.0%	9.5%	0ppt	-0.1ppt	-0.3ppt

Source: Bloomberg, CMBIGM estimates

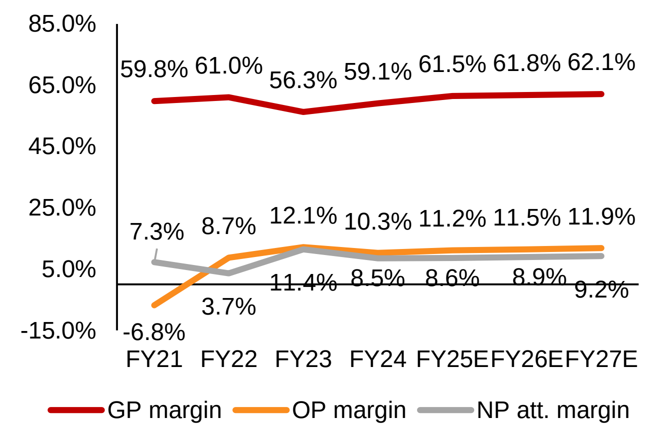
Focus Charts

Figure 3: Sales and net profit



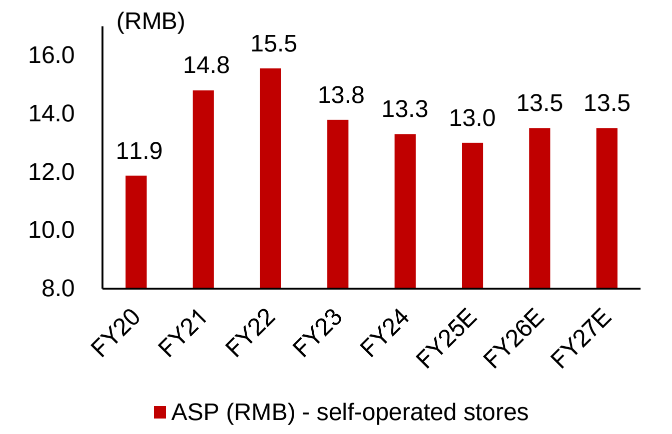
Source: Company data, CMBIGM estimates

Figure 4: GP, OP and NP att. margin



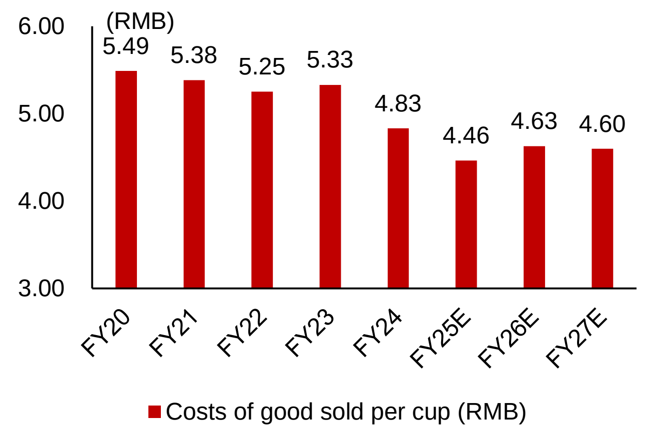
Source: Company data, CMBIGM estimates

Figure 5: ASP (self-operated stores)



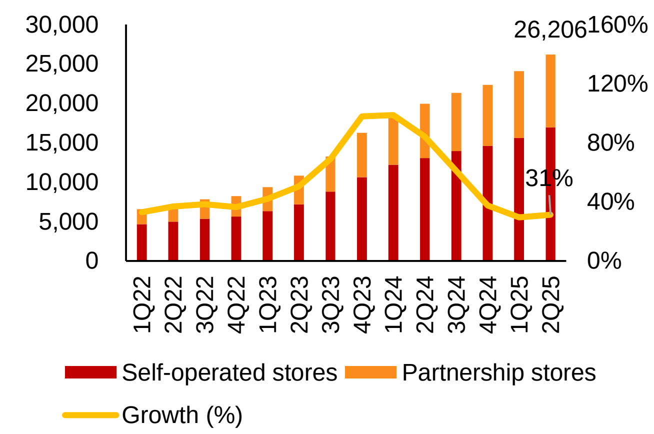
Source: Company data, CMBIGM estimates

Figure 6: Luckin Coffee's costs per cup



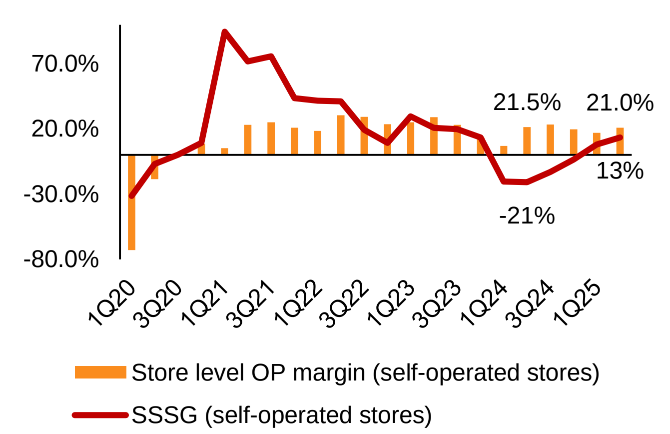
Source: Company data, CMBIGM estimates

Figure 7: Number of stores by channel and growth



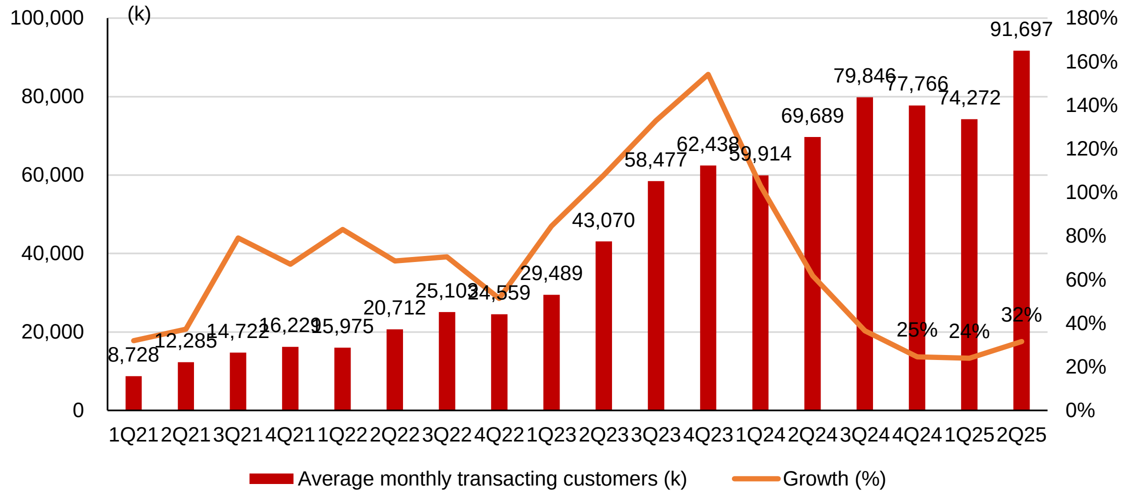
Source: Company data, CMBIGM

Figure 8: SSSG vs store-level OP margin (for self-operated stores)



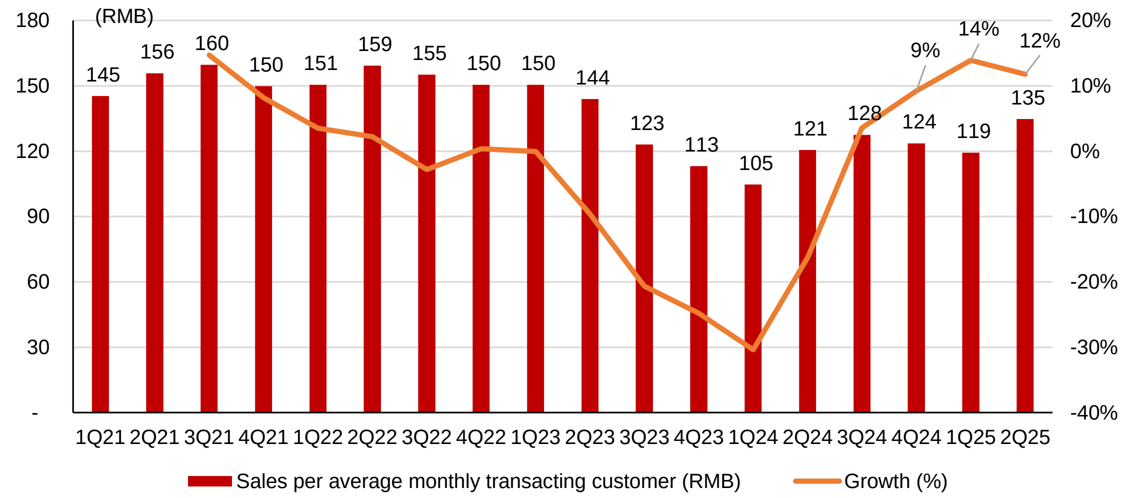
Source: Company data, CMBIGM

Figure 9: Average monthly transacting customers (k) and growth



Source: Company data, CMBIGM

Figure 10: Sales per average monthly transacting customer (RMB) and growth



Source: Company data, CMBIGM

Results review

Figure 11: Results review – quarterly

Half yearly (RMB mn)	3Q24	4Q24	1Q25	2Q25	3Q25E	4Q25E	1Q25 YoY	2Q25 YoY	3Q25 E YoY	4Q25 E YoY	2Q25E CMBI	Actual vs CMBI
Revenue	**10,181**	**9,613**	**8,865**	**12,359**	**14,466**	**12,951**	**41%**	**47%**	**42%**	**35%**	**11,865**	**4%**
Food and paper	-3,955	-3,847	-3,573	-4,600	-5,425	-5,129					-4,687	
Gross profit	6,225	5,766	5,292	7,758	9,042	7,822	**59%**	**54%**	**45%**	**36%**	7,179	8%
GP margins	***61.1%***	***60.0%***	***59.7%***	***62.8%***	***62.5%***	***60.4%***					***60.5%***	
Other income & gains	0	0	0	0	0	0					0	
Rental & other opex	-2,285	-2,372	-2,329	-2,665	-3,110	-3,167	**27%**	**30%**	**36%**	**33%**	-2,800	-5%
Store rental & other opex/ sales	***-22.4%***	***-24.7%***	***-26.3%***	***-21.6%***	***-21.5%***	***-24.5%***					-0	
D & A expenses	-310	-332	-338	-375	-362	-368	**30%**	**30%**	**17%**	**11%**	-380	-1%
D & A exp/ sales	***-5.0%***	***-5.8%***	***-6.4%***	***-4.8%***	***-4.0%***	***-4.7%***					-0	
Delivery expenses	-928	-839	-689	-1,670	-1,953	-1,614	**54%**	**175%**	**111%**	**92%**	-1,009	66%
Delivery expenses/ sales	***-9.1%***	***-8.7%***	***-7.8%***	***-13.5%***	***-13.5%***	***-12.5%***					***-8.5%***	
Sales & marketing expenses	-589	-573	-496	-592	-868	-850	**52%**	**37%**	**47%**	**48%**	-653	-9%
Sales & marketing exp/ sales	***-5.8%***	***-6.0%***	***-5.6%***	***-4.8%***	***-6.0%***	***-6.6%***					***-5.5%***	
Admin expenses	-637	-638	-681	-736	-752	-724	**22%**	**25%**	**18%**	**14%**	-771	-5%
Admin exp/ sales	***-6.3%***	***-6.6%***	***-7.7%***	***-6.0%***	***-5.2%***	***-5.6%***					***-6.5%***	
Store preopening & other expenses	-13	-14	-14	-18	-58	-104	**-49%**	**28%**	**330%**	**669%**	-59	-70%
Store preopening & other exp/ sales	***-0.2%***	***-0.2%***	***-0.3%***	***-0.2%***	***-0.6%***	***-1.3%***					***-0.8%***	
Other opex	94	-4	-7	-1	14	43					0	
Operating profit (EBIT)	1,557	995	737	1,700	1,953	1,038	**-1232%**	**62%**	**25%**	**4%**	1,507	13%
OP margins	***15.3%***	***10.4%***	***8.3%***	***13.8%***	***13.5%***	***8.0%***					***12.7%***	
Investment gain (loss)	75	-42	1	38	29	126					24	
Net finance income	23	33	36	43	43	7					36	20%
Net finance income / sales	***0.2%***	***0.3%***	***0.4%***	***0.3%***	***0.3%***	***0.1%***					***0.3%***	
Profit after financing costs	1,655	986	775	1,780	2,025	1,171					1,566	
Associated coms	0	0	0	0	0	0					0	
Jointly controlled coms	0	0	0	0	0	0					0	
Pre-tax profit	1,655	986	775	1,780	2,025	1,171	**-1619%**	**61%**	**22%**	**19%**	1,566	14%
Tax	-353	-145	-250	-530	-547	-226					-360	
Tax / sales	***-3.5%***	***-1.5%***	***-2.8%***	***-4.3%***	***-3.8%***	***-1.7%***					***-3.0%***	
Effective tax rate	***-21.3%***	***-14.7%***	***-32.3%***	***-29.8%***	***-27.0%***	***-19.3%***					***-23.0%***	
Minority interests	0	0	0	0	0	0					0	
NP att. (GAAP)	**1,303**	**841**	**525**	**1,251**	**1,478**	**945**	**-731%**	**44%**	**13%**	**12%**	**1,206**	**4%**
NP att. margins	***12.8%***	***8.7%***	***5.9%***	***10.1%***	***10.2%***	***7.3%***					***10.2%***	
NP att. (non-GAAP)	**1,401**	**928**	**649**	**1,399**	**1,606**	**1,071**	**-5066%**	**44%**	**15%**	**15%**	**1,326**	**5%**
NP att. margins	***13.8%***	***9.7%***	***7.3%***	***11.3%***	***11.1%***	***8.3%***					***11.2%***	

Source: Company data, CMBIGM estimates

Assumptions

Figure 12: Major assumptions

Major assumptions	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Sales by channel (RMB mn)						
Self-operated stores sales	10,224	18,677	26,730	37,484	45,460	52,032
Partnership stores sales	3,069	6,226	7,745	11,157	13,500	15,188
Total	13,293	24,903	34,475	48,641	58,960	67,220
Store network by channel						
Self-operated stores	5,652	10,628	14,591	19,091	22,591	26,091
Partnership stores	2,562	5,620	7,749	10,249	11,749	13,249
Total	8,214	16,248	22,340	29,340	34,340	39,340
Sales per avg. store by channel (RMB mn)						
Self-operated stores	2.0	2.3	2.1	2.2	2.2	2.1
Partnership stores	1.5	1.5	1.2	1.2	1.2	1.2
Total	1.9	2.0	1.8	1.9	1.9	1.8
Sales per avg. store growth by channel						
Self-operated stores	27%	13%	-8%	5%	-2%	-2%
Partnership stores	40%	4%	-24%	7%	-1%	-1%
Total	27%	9%	-12%	5%	-2%	-1%
Number of cups per day by channel						
Self-operated stores	359	456	437	469	443	434
Partnership stores	430	461	373	400	374	370
Total	380	458	415	445	419	412
ASP (RMB)						
Self-operated stores	15.5	13.8	13.3	13.0	13.5	13.5
Partnership stores	9.3	9.0	8.5	8.5	9.0	9.0
Total	13.5	12.2	11.8	11.6	12.1	12.1
SSSG (self-operated stores)	20.6%	21.0%	-16.7%	7.0%	2.0%	2.0%
Store level OP margin (self-operated stores)	26.0%	22.2%	18.9%	19.4%	19.5%	19.7%
GP margins	**61.0%**	**56.3%**	**59.1%**	**61.5%**	**61.8%**	**62.1%**
Opex breakdown						
Store rental/ sales	21.3%	20.8%	24.8%	23.2%	23.7%	24.2%
D&A expenses/ sales	2.9%	2.4%	3.5%	3.0%	3.1%	3.2%
Delivery expenses/ sales	10.3%	8.1%	8.2%	12.2%	12.0%	11.8%
Sales and marketing expenses/ sales	4.3%	5.2%	5.6%	5.8%	5.6%	5.4%
G&A expenses/ sales	11.0%	7.3%	7.0%	5.9%	5.5%	5.3%
Store preopening & other expenses/ sales	0.3%	0.4%	0.2%	0.4%	0.5%	0.5%
OP margins	**8.7%**	**12.1%**	**10.3%**	**11.2%**	**11.5%**	**11.9%**
Effective tax rate	-56.7%	-8.3%	-20.6%	-27.0%	-27.0%	-27.0%
NP margins	**3.7%**	**11.4%**	**8.5%**	**8.6%**	**8.9%**	**9.2%**
NP growth (%)	**-15.6%**	**483.3%**	**2.9%**	**43.2%**	**25.1%**	**18.1%**

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	**13,293**	**24,903**	**34,475**	**48,641**	**58,960**	**67,220**
Cost of goods sold	(5,179)	(10,892)	(14,115)	(18,727)	(22,523)	(25,476)
Gross profit	**8,114**	**14,011**	**20,360**	**29,914**	**36,437**	**41,744**
Operating expenses	**(6,958)**	**(10,985)**	**(16,821)**	**(24,486)**	**(29,656)**	**(33,769)**
Selling expense	(2,335)	(3,902)	(5,931)	(10,175)	(12,196)	(13,700)
Admin expense	(1,460)	(1,830)	(2,420)	(2,893)	(3,229)	(3,546)
Staff costs	(1,586)	(3,036)	(5,397)	(7,249)	(9,006)	(10,418)
Other rental related expenses	(900)	(1,482)	(2,318)	(3,003)	(3,754)	(4,428)
Others	(676)	(736)	(755)	(1,165)	(1,472)	(1,678)
Operating profit	**1,241**	**3,134**	**3,627**	**5,558**	**6,963**	**8,231**
Other income	0	0	0	0	0	0
Other gains/(losses)	(114)	(27)	67	195	236	269
EBITDA	**1,548**	**3,630**	**4,728**	**6,871**	**8,628**	**10,144**
EBIT	**1,042**	**2,999**	**3,605**	**5,623**	**7,017**	**8,243**
Interest income	85	109	89	129	182	257
Pre-tax profit	**1,127**	**3,107**	**3,694**	**5,752**	**7,199**	**8,500**
Income tax	(639)	(259)	(763)	(1,553)	(1,944)	(2,295)
After tax profit	**488**	**2,848**	**2,932**	**4,199**	**5,255**	**6,205**
Minority interest	(0)	0	0	0	0	0
Net profit	**488**	**2,848**	**2,932**	**4,199**	**5,255**	**6,205**
Adjusted net profit	**488**	**2,848**	**2,932**	**4,199**	**5,255**	**6,205**

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	**6,037**	**7,600**	**10,705**	**14,137**	**18,817**	**24,046**
Cash & equivalents	3,542	2,992	4,366	6,327	9,671	13,845
Restricted cash	0	464	1,128	1,128	1,128	1,128
Account receivables	211	295	550	596	722	823
Inventories	1,206	2,204	2,473	3,103	3,732	4,221
Prepayment	1,078	1,545	1,938	2,734	3,315	3,779
Other current assets	0	100	250	250	250	250
Non-current assets	**4,443**	**10,692**	**12,394**	**14,697**	**16,387**	**18,251**
PP&E	1,867	4,169	5,066	7,369	9,059	10,923
Right-of-use assets	2,004	5,187	5,937	5,937	5,937	5,937
Deferred income tax	208	350	272	272	272	272
Investment in JVs & assos	0	0	0	0	0	0
Intangibles	0	0	0	0	0	0
Goodwill	0	0	0	0	0	0
Financial assets at FVTPL	0	0	0	0	0	0
Other non-current assets	363	986	1,120	1,120	1,120	1,120
Total assets	**10,480**	**18,292**	**23,099**	**28,834**	**35,204**	**42,297**
Current liabilities	**2,829**	**5,463**	**6,682**	**8,218**	**9,333**	**10,221**
Short-term borrowings	0	0	300	300	300	300
Account payables	1,817	3,372	3,766	5,302	6,417	7,305
Tax payable	0	0	0	0	0	0
Other current liabilities	131	240	273	273	273	273
Lease liabilities	881	1,851	2,343	2,343	2,343	2,343
Non-current liabilities	**1,024**	**3,115**	**3,364**	**3,364**	**3,364**	**3,364**
Long-term borrowings	0	0	34	34	34	34
Convertible bonds	0	0	0	0	0	0
Other non-current liabilities	1,024	3,115	3,331	3,331	3,331	3,331
Total liabilities	**3,853**	**8,578**	**10,047**	**11,582**	**12,697**	**13,585**
Share capital	17,615	17,855	18,220	18,220	18,220	18,220
Retained earnings	(11,024)	(8,309)	(5,533)	(1,334)	3,921	10,126
Other reserves	36	168	366	366	366	366
Total shareholders equity	**6,627**	**9,714**	**13,053**	**17,252**	**22,507**	**28,712**
Minority interest	0	0	0	0	0	0
Total equity and liabilities	**10,480**	**18,292**	**23,099**	**28,834**	**35,204**	**42,297**

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**1,127**	**3,107**	**3,694**	**5,752**	**7,199**	**8,500**
Depreciation & amortization	421	523	1,034	1,119	1,429	1,644
Tax paid	494	(142)	(763)	(1,553)	(1,944)	(2,295)
Change in working capital	0	0	(640)	64	(220)	(167)
Others	(2,023)	(588)	904	324	418	526
Net cash from operations	**20**	**2,900**	**4,229**	**5,706**	**6,882**	**8,208**
Investing						
Capital expenditure	(782)	(2,750)	(3,210)	(3,745)	(3,538)	(4,033)
Acquisition of subsidiaries/ investments	0	(100)	0	0	0	0
Net proceeds from disposal of short-term investments	3	2	0	0	0	0
Others	(19)	(599)	0	0	0	0
Net cash from investing	**(798)**	**(3,447)**	**(3,210)**	**(3,745)**	**(3,538)**	**(4,033)**
Financing						
Dividend paid	0	0	0	0	0	0
Net borrowings	0	0	0	0	0	0
Proceeds from share issues	63	0	0	0	0	0
Share repurchases	0	0	0	0	0	0
Others	(2,340)	0	334	0	0	0
Net cash from financing	**(2,276)**	**0**	**334**	**0**	**0**	**0**
Net change in cash						
Cash at the beginning of the year	6,536	3,542	2,992	4,366	6,327	9,671
Exchange difference	77	7	15	0	0	0
Others	(3,071)	(558)	1,359	1,960	3,344	4,174
Cash at the end of the year	**3,542**	**2,992**	**4,366**	**6,327**	**9,671**	**13,845**

GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	66.9%	87.3%	38.4%	41.1%	21.2%	14.0%
Gross profit	70.2%	72.7%	45.3%	46.9%	21.8%	14.6%
Operating profit	na	152.5%	15.7%	53.2%	25.3%	18.2%
EBITDA	na	134.5%	30.2%	45.3%	25.6%	17.6%
EBIT	152.5%	187.8%	20.2%	56.0%	24.8%	17.5%
Net profit	(15.6%)	483.3%	2.9%	43.2%	25.1%	18.1%
Adj. net profit	(15.6%)	483.3%	2.9%	43.2%	25.1%	18.1%

PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	61.0%	56.3%	59.1%	61.5%	61.8%	62.1%
Operating margin	9.3%	12.6%	10.5%	11.4%	11.8%	12.2%
EBITDA margin	11.6%	14.6%	13.7%	14.1%	14.6%	15.1%
Adj. net profit margin	3.7%	11.4%	8.5%	8.6%	8.9%	9.2%
Return on equity (ROE)	8.3%	34.9%	25.8%	27.7%	26.4%	24.2%

GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.5	0.4	0.4	0.4	0.5	0.5
Current ratio (x)	2.1	1.4	1.6	1.7	2.0	2.4
Receivable turnover days	5.8	3.7	4.5	4.5	4.5	4.5
Inventory turnover days	63.4	57.1	60.5	60.5	60.5	60.5
Payable turnover days	25.9	21.0	20.1	20.1	20.1	20.1

VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	177.0	30.5	30.0	21.0	16.9	14.4
P/E (diluted)	177.0	30.5	30.0	21.0	16.9	14.4
P/B	13.1	9.0	6.7	5.1	3.9	3.1
P/CFPS	4,361.2	30.0	20.8	15.5	12.9	10.9
Div yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
EV	11,597.5	11,688.3	11,526.0	11,317.5	10,918.8	10,406.3
EV/Sales	0.9	0.5	0.3	0.2	0.2	0.2
EV/EBIT	11.1	3.9	3.2	2.0	1.6	1.3
EV/EBITDA	7.5	3.2	2.4	1.6	1.3	1.0

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

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