

# Xtep (1368 HK)

## Huge boost in short run growth with high yield

Overall, we find the arrangement accretive (thus revising up FY24E-26E NP by 2% to 5%) for Xtep in the short run and turn more positive on its near-term outlook. With its rather undemanding valuation (10x FY24E P/E and 14% yield), we maintain BUY with a new TP of HK\$7.63, based on 14x FY24E P/E.

■ **What is new? Mr. Ding has proposed to buy K&P and reshuffle the deal with Hillhouse; special dividend will also be paid.** Xtep has announced a series of actions: 1) Mr. Ding will buy K&P from Xtep, at a price of US\$151mn (at around 0.7x FY23 P/S), 2) all the consideration will be paid as special dividend (at HK\$ 0.447 per share, about 8% of current market cap), 3) Xtep will redeem Hillhouse's CB of K&P (issued back in Jun 2021) at full price, which was worth US\$65mn (0% coupon rate, 10 years, strike price at US\$4,333 for 20% of K&P ownership), 4) Xtep will issue a new CB of Xtep to Hillhouse, which was worth RMB500mn (3.5% coupon rate, 6 years, strike price at HK\$ 5.5 for 4.07% of enlarged share capital of Xtep (fully diluted, including the interest income)), 5) Mr. Ding will also issue an option of K&P to Hillhouse, to buy back 20% of K&P ownership, at the same price of US\$65mn, and 6) Mr. Ding will sell a CB of K&P of Xtep, for US\$ 154mn (3.5% coupon rate, 8 years, strike price at US\$5,988.95 for 30% of enlarged share capital of K&P).

■ **Our view: Positive in short run as the risk of impairment has been removed.** 1) It is positive for Xtep to dispose of K&P, because in the short run, K&P is likely to incur more losses (from opening more flagship stores and increased marketing) and there is also risk of impairment (as real result is slower than the projected growth) and in the long run, the industry landscape may become tougher for the high-end fashion brand in China. Also, the original losses in FY24E/ 25E/ 26E (CMBI est. were at HK\$ -171mn/ -47mn/ -7mn) could be reduced (will consolidate only 8 months in FY24E) but will partly be offset by the CB dilution (around 4% of Xtep share capital). So all in all, we revise up FY24E-26E by 2%- 5%.

2) It is also positive because Xtep's cash flow will be improved and it will focus more resources on its mass-market and running products and expansion of Saucony could be accelerated afterwards (both Saucony and Merrell are already breakeven and shall make positive contribution onwards).

3) Some investors are concerned about the selling prices of K&P (0.7x FY23 P/S) vs the buying price of (1.2x FY18 P/S), the dilution of ownership (can only buyback 30% of K&P shares if it turns out to be successful) and the strike price implied valuation (priced at US\$513mn in FY32E). However, we have to consider the overall risk-reward as Mr. Ding is taking a bigger risk and bearing all the short-term losses here for the long-term story of K&P.

### Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	12,930	14,346	15,371	15,713	17,298
YoY growth (%)	29.1	10.9	7.1	2.2	10.1
Operating profit (RMB mn)	1,464.3	1,579.9	1,976.2	2,218.2	2,557.2
Net profit (RMB mn)	912.3	1,033.0	1,283.7	1,489.4	1,775.7
EPS (Reported) (RMB)	0.36	0.39	0.48	0.56	0.67
YoY growth (%)	0.6	9.4	23.5	16.0	19.2
P/E (x)	14.1	12.9	10.4	9.0	7.5
P/B (x)	1.6	1.5	1.5	1.4	1.3
Yield (%)	3.5	3.8	13.6	5.5	6.6
ROE (%)	11.2	12.0	14.4	16.5	18.3
Net gearing (%)	14.8	7.1	14.3	13.7	13.6

Source: Company data, Bloomberg, CMBIGM estimates

## BUY (Maintain)

**Target Price** **HK\$7.63**  
(Previous TP HK\$6.31)  
**Up/Downside** **40.4%**  
**Current Price** **HK\$5.43**

### China Consumer Discretionary

#### Walter WOO

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#### Stock Data

Mkt Cap (HK\$ mn)	14,307.2
Avg 3 mths t/o (HK\$ mn)	66.9
52w High/Low (HK\$)	9.07/3.68
Total Issued Shares (mn)	2634.8

Source: FactSet

#### Shareholding Structure

Mr Ding Shui Po & Family	49.0%
China Universal Asset Management	4.1%

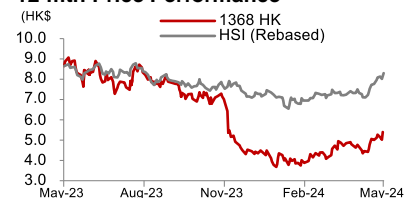
Source: HKEx

#### Share Performance

	Absolute	Relative
1-mth	13.8%	2.9%
3-mth	39.9%	16.2%
6-mth	-20.8%	-28.2%

Source: FactSet

#### 12-mth Price Performance



Source: FactSet

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■ **Maintain BUY with TP of HK\$7.63, based on 14x FY24E P/E (up from 12x).**

Thanks to the strategic disposal of K&P, we are now forecasting a 6%/ 20% sales/ NP CAGR during FY23-26E. We have revised up FY24E/ 25E/ 26E NP by 4%/ 2%/ 5% to factor in: 1) the absence of sales and net losses from K&P and 2) the improved cash flow and dividend payout. The stock is now trading at 10x FY24E P/E, still rather attractive vs its 8-year average of 15x, let alone the 14% FY24E dividend yield.

## Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	15,371	15,713	17,298	15,913	17,587	19,322	-3.4%	-10.7%	-10.5%
Gross profit	6,508	6,653	7,366	6,758	7,518	8,321	-3.7%	-11.5%	-11.5%
EBIT	1,976	2,218	2,557	1,902	2,170	2,453	3.9%	2.2%	4.3%
Net profit att.	1,275	1,479	1,763	1,230	1,447	1,685	3.6%	2.2%	4.6%
Diluted EPS (RMB)	0.483	0.560	0.668	0.466	0.548	0.638	3.6%	2.2%	4.6%
Gross margin	42.3%	42.3%	42.6%	42.5%	42.7%	43.1%	-0.1ppt	-0.4ppt	-0.5ppt
EBIT margin	12.9%	14.1%	14.8%	12.0%	12.3%	12.7%	0.9ppt	1.8ppt	2.1ppt
Net profit att. margin	8.3%	9.4%	10.2%	7.7%	8.2%	8.7%	0.6ppt	1.2ppt	1.5ppt

Source: Company data, CMBIGM estimates

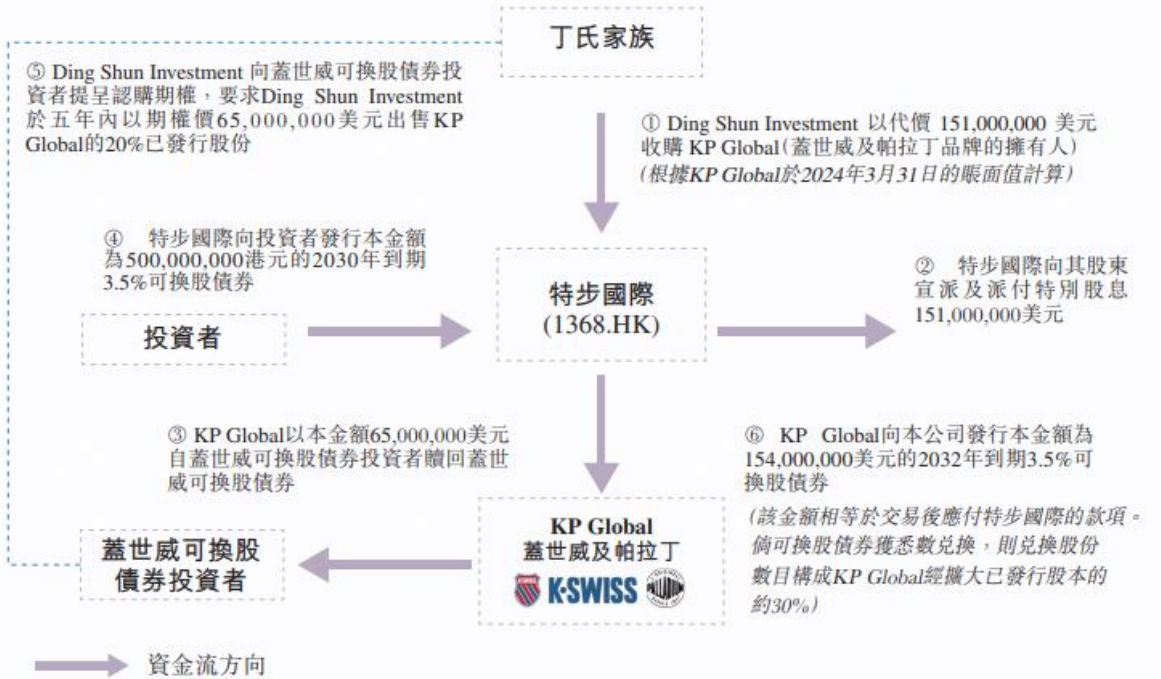
Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	15,371	15,713	17,298	16,469	18,748	19,996	-6.7%	-16.2%	-13.5%
Gross profit	6,508	6,653	7,366	6,896	7,901	8,340	-5.6%	-15.8%	-11.7%
EBIT	1,976	2,218	2,557	1,841	2,168	2,678	7.4%	2.3%	-4.5%
Net profit att.	1,275	1,479	1,763	1,238	1,472	1,295	2.9%	0.5%	36.2%
Diluted EPS (RMB)	0.483	0.560	0.668	0.477	0.562	0.415	1.1%	-0.3%	60.7%
Gross margin	42.3%	42.3%	42.6%	41.9%	42.1%	41.7%	0.5ppt	0.2ppt	0.9ppt
EBIT margin	12.9%	14.1%	14.8%	11.2%	11.6%	13.4%	1.7ppt	2.6ppt	1.4ppt
Net profit att. margin	8.3%	9.4%	10.2%	7.5%	7.9%	6.5%	0.8ppt	1.6ppt	3.7ppt

Source: Company data, Bloomberg, CMBIGM estimates

Focus Charts

Figure 3: Summary of the fund flow of the transactions within the Group and with the Ding Family



Source: Company data, CMBIGM

Figure 4: Impacts on the shareholding structure of the Company

股東	於本公佈日期		悉數兌換特步可換股債券後		悉數兌換特步可換股債券後		悉數兌換特步可換股債券 (包括於特步可換股債券到期日按每年 3.5% 利息的最高每季應計利息) 及悉數兌換 2021 年可換股債券後 (定義見下文)	
	(不包括每年 3.5% 利息)		(包括於特步可換股債券到期日的最高每季應計利息每年 3.5%)		(包括於特步可換股債券到期日的最高每季應計利息每年 3.5%)		(包括於相關到期日每年 1.8% 利息的最高季度應計利息)	
	股份數目	概約%	股份數目	概約%	股份數目	概約%	股份數目	概約%
群成投資有限公司	1,230,059,500	46.57	1,230,059,500	45.02	1,230,059,500	44.67	1,230,059,500	43.81
丁水波	71,977,500	2.72	71,977,500	2.63	71,977,500	2.61	71,977,500	2.56
丁美清	2,000,000	0.076	2,000,000	0.073	2,000,000	0.073	2,000,000	0.071
丁明忠	2,800,000	0.11	2,800,000	0.10	2,800,000	0.10	2,800,000	0.10
陳偉成	283,068	0.011	283,068	0.010	283,068	0.010	283,068	0.010
投資者	—	—	90,909,090	3.33	112,050,154	4.07	166,412,603 <sup>(3)</sup>	5.93
公眾股東	1,334,337,139	50.51	1,334,337,139	48.84	1,334,337,139	48.47	1,334,337,139	47.52
總計：	2,641,457,207	100.00	2,732,366,297	100.00	2,753,507,361	100.00	2,807,869,810	100.00

Source: Company data, CMBIGM

## Operating numbers

Figure 5: Sportswear brands sales growth trend

Operating numbers	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24E	2Q24E	3Q24E	4Q24E
Nike China sales	42%	9%	1%	-24%	-8%	-20%	-13%	6%	1%	25%	12%	8%	6%	9%	9%	9%
Adidas China sales	156%	-16%	-15%	-24%	-35%	-35%	-27%	-50%	-9%	16%	6%	37%	5%	5%	5%	5%
Anta brand's SSSG																
Anta brand's retail sales	40%-45%	35%-40%	+ve Low-teens	+ve Mid-teens	+ve High-teens	-ve MSD	+ve MSD	-ve HSD	+ve MSD	+ve HSD	+ve HSD	+ve High-teens	+ve MSD	3%	14%	18%
Core brand	35%-40%	35%-40%	+ve HSD	+ve MSD	+ve Mid-teens	-ve Low-teens	+ve LSD	-ve Mid-teens	+ve HSD	+ve HSD	+ve HSD	25%-30%	+ve LSD			
Kids	45%-50%	Over 20%	+ve MSD	+ve Mid-teens	20%-25%	+ve LSD	+ve HSD	-ve High-teens	+ve MSD	+ve HSD	+ve HSD	30%-35%	Flat			
Online	Over 60%	Over 45%	25%-30%	30%-35%	Over 30%	+ve HSD	+ve HSD	+ve MSD	-ve LSD	+ve MSD	+ve LSD	+ve MSD	20%-25%			
FILA brand's retail sales																
Classic/ Core brand	80% Over 20%	Flat	Flat	-ve MSD	-ve DD	-ve LSD	-ve Mid-teens	+ve LSD	+ve MSD	+ve HSD	40%-45%	+ve MSD				
Kids	100% Over 40%	+ve Mid-teens	+ve Mid-teens	+ve Mid-teens	+ve HSD	+ve LSD	-ve Low-teens	-ve HSD	+ve LSD	+ve HSD	30%-35%	-ve LSD				
Fusion	150% Over 80%	+ve Mid-teens	+ve Low-teens	Over 20%	-ve MSD	+ve LSD	+ve HSD	-ve HSD	+ve LSD	+ve HSD	20%-25%	-ve MSD				
Online	Over 40%	Over 40%	20%-25%	25%-30%	Over 20%	+ve MSD	Over 65%	Over 40%	Over 40%	60%-65%	-ve Mid-teens	+ve Mid-teens	20%			
Other brands																
Descente	150%	100%	50%	40%-45%	40%-45%	Over 20%	Over 35%	+ve Low-teens	70%-75%	60%-65%	40%-45%	50%-55%	20-25%			
Kolon	Over 75%	40%	30%	-ve High-teens	40%-45%	Over 20%	Over 55%	+ve High-teens	100%	100%	60%-65%	65%-70%	50%			
Li Ning group's SSSG																
Direct retail	n/a	+ve Low 90%	+ve Low 30%	+ve Mid 20%	+ve Mid 20%	-ve High-teens	+ve MSD	-ve High 20%	-ve LSD	+ve HSD	+ve MSD	+ve High 30%	-ve LSD			
Wholesales	n/a	+ve Low 70%	+ve Mid 20%	+ve High-teens	+ve Low-teens	-ve High-teens	+ve HSD	-ve Low 20%	-ve LSD	+ve LSD	-ve Low-teens	+ve MSD	-ve Mid-teens			
E- Commerce	n/a	+ve High 80%	+ve Mid 30%	+ve High 20%	+ve Mid 30%	+ve LSD	+ve Low-teens	-ve LSD	-ve Low 20%	+ve LSD	-ve LSD	+ve MSD	+ve Low 20%			
Li Ning group's retail sa	+ve High 80%	+ve Low 90%	+ve Low 40%	+ve Low 30%	+ve High 20%	-ve HSD	+ve Mid-teens	-ve Low-teens	+ve MSD	+ve Mid-teens	+ve MSD	+ve Low 20%	+ve LSD	6%	5%	17%
Direct retail	+ve Low 90%	+ve High 80%	+ve Mid 30%	+ve High 30%	+ve Mid 30%	-ve HSD	+ve Low 20%	-ve Mid-teens	+ve Mid-teens	+ve High 20%	+ve Low 20%	+ve Low 50%	+ve MSD			
Wholesales	+ve Low 80%	+ve Low 90%	+ve High 30%	+ve High 20%	+ve Low 20%	-ve HSD	+ve Low-teens	-ve Low 20%	+ve MSD	+ve Mid-teens	+ve LSD	+ve High-teens	-ve MSD			
E- Commerce	100%	+ve High 90%	+ve Mid 50%	+ve Low 40%	+ve Mid 30%	+ve MSD	+ve Mid 20%	+ve MSD	-ve Low-teens	+ve Low-teens	-ve LSD	+ve MSD	+ve Low 20%			
Xtep brand's SSSG																
Xtep brand's retail sales	Mid 50%-60%	30%-35%	+ve Mid-teens	20%-25%	30%-35%	+ve Mid-teens	20%-25%	-ve HSD	20%	+ve High-teens	+ve High-teens	30%-35%	+ve HSD	11%	10%	16%
361 Degree brand's SSSG																
361 Degree brand's retail	+ve High-teens	15%-20%	+ve Low-teens	+ve High-teens	+ve High-teens	+ve Low-teens	+ve Mid-teens	Flat	+ve Low-teens	+ve Low-teens	15.0%	20.0%	+ve High-teens	15%	13%	12%
Kids	20%-25%	30%-35%	15%-20%	25%-30%	20%-25%	20%-25%	20%-25%	+ve LSD	20%-25%	20%-25%	25%-30%	40%	20%-25%			
E- Commerce				35%-40%	50%	40%	45%	25%	35%	30%	30%	Over 30%	20%-25%			
Pou Sheng's SSSG																
Pou Sheng's sales	32%	-11%	-25%	-29%	-21%	-25%	-10%	-27%	0%	13%	-3%	12%				
Topsports' retail sales	48%	-15%	-25%	-27%	-25%	-24%	-8%	-20%	7%	17%	-1%	9%	-7%	5%	3%	6%
Dong Xiang's SSSG	+ve HSD	+ve Mid to High SD	-ve High-teens	-ve Mid to High-teens	-ve MSD	-ve Low to Mid-teens	-ve Low to Mid SD	-ve Mid-teens	+ve Low to Mid-teens	+ve Low to Mid-teens	+ve Low to Mid SD	25% to 30%				
Dong Xiang's retail sale	60%-70%	+ve Low to Mid-teens	-ve Mid to High-teens	-ve Mid-teens	-ve MSD	-ve Mid to High-teens	+ve LSD	-ve Mid 20% to 30%	+ve Low to Mid-teens	+ve Mid-teens	+ve MSD	Mid 40% to 50%				
Direct retail	70%-75%															
E- Commerce	35%-40%															

Source: Company data, CMBIGM estimates, \*Nike's year end is in May (e.g. 4Q18 calendar year = 2Q19 fiscal year = Sep-Nov 2018)

## Assumptions

Figure 6: Major assumptions

Major assumptions	FY22A	FY23A	FY24E	FY25E	FY26E
<b>Sales by segment (RMB mn)</b>					
Shoes	7,760	8,172	8,532	8,788	9,624
Apparels	4,897	5,904	6,553	6,618	7,346
Accessories	273	270	286	306	328
Total	12,930	14,346	15,371	15,713	17,298
<b>Sales by segment growth (%)</b>					
Shoes	30.9%	5.3%	4.4%	3.0%	9.5%
Apparels	26.0%	20.6%	11.0%	1.0%	11.0%
Accessories	38.3%	-1.2%	6.0%	7.0%	7.0%
Total	29.1%	10.9%	7.1%	2.2%	10.1%
<b>Sales by segment (RMB mn)</b>					
Mass market	11,128	11,947	13,043	14,208	15,419
Athleisure	1,403	1,603	1,202	0	0
Professional sports	400	796	1,126	1,505	1,880
Total	12,930	14,346	15,371	15,713	17,298
<b>Sales by segment growth (YoY)</b>					
Mass market	25.9%	7.4%	9.2%	8.9%	8.5%
Athleisure	44.5%	14.3%	-25.0%	-100.0%	#DIV/0!
Professional sports	99.0%	98.9%	41.6%	33.7%	24.8%
Total	29.1%	10.9%	7.1%	2.2%	10.1%
<b>Sales network</b>					
Xtep	4,493	4,568	4,659	4,753	4,848
Xtep kids	1,520	1,703	1,805	1,895	1,990
Oversea stores	300	300	300	300	300
Total	6,313	6,571	6,765	6,948	7,138
GP margins	40.9%	42.2%	42.3%	42.3%	42.6%
<b>Opex breakdown</b>					
A&P / sales	11.9%	13.7%	12.3%	11.8%	11.8%
Staff costs/ sales	11.3%	10.1%	9.5%	9.2%	9.0%
R&D / sales	2.3%	2.8%	2.8%	2.8%	2.8%
D&A / sales	1.9%	2.1%	2.1%	2.1%	2.0%
Provisions (write backs) / sales	0.4%	0.1%	0.1%	0.1%	0.0%
Rental / sales	0.1%	0.2%	0.2%	0.2%	0.2%
Selling & distribution costs / sales	20.8%	23.5%	21.7%	20.9%	20.6%
Admin expenses / sales	11.2%	10.7%	10.0%	9.5%	9.4%
Total	32.0%	34.2%	31.7%	30.4%	30.0%
<b>OP margins</b>	<b>11.3%</b>	<b>11.0%</b>	<b>12.9%</b>	<b>14.1%</b>	<b>14.8%</b>
Effective tax rate	33.0%	28.7%	30.0%	29.5%	29.0%
<b>Net profit att. margins</b>	<b>7.1%</b>	<b>7.2%</b>	<b>8.3%</b>	<b>9.4%</b>	<b>10.2%</b>
<b>Net profit att. growth (%)</b>	<b>1.5%</b>	<b>11.8%</b>	<b>23.7%</b>	<b>16.0%</b>	<b>19.2%</b>

Source: Company data, CMBIGM estimates



## Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Revenue	10,013	12,930	14,346	15,371	15,713	17,298
Cost of goods sold	(5,835)	(7,639)	(8,296)	(8,863)	(9,061)	(9,932)
Gross profit	4,178	5,292	6,050	6,508	6,653	7,366
Operating expenses	(3,081)	(4,144)	(4,909)	(4,870)	(4,780)	(5,189)
Selling expense	(1,891)	(2,690)	(3,369)	(3,331)	(3,284)	(3,565)
Admin expense	(937)	(1,155)	(1,142)	(1,108)	(1,056)	(1,140)
R&D expense	(252)	(299)	(398)	(430)	(440)	(484)
Others	0	0	0	0	0	0
Operating profit	1,396	1,464	1,580	1,976	2,218	2,557
Other income	299	317	439	338	346	381
Share of (losses)/profits of associates/JV	(46)	(12)	15	11	45	94
EBITDA	1,480	1,595	1,740	2,162	2,416	2,701
Depreciation	(71)	(117)	(145)	(124)	(127)	(123)
Other amortisation	(13)	(14)	(16)	(61)	(71)	(21)
Interest income	21	25	41	40	43	44
Interest expense	(85)	(117)	(187)	(194)	(194)	(194)
Other income/expense	0	0	0	0	0	0
Pre-tax profit	1,287	1,361	1,449	1,834	2,113	2,501
Income tax	(397)	(449)	(416)	(550)	(623)	(725)
Minority interest	19	9	(3)	(9)	(11)	(13)
Net profit	889	912	1,033	1,284	1,489	1,776

BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Current assets	10,432	12,338	12,044	13,239	13,417	14,404
Cash & equivalents	3,930	3,414	3,295	3,931	3,922	4,048
Account receivables	3,528	4,213	4,975	5,331	5,450	5,999
Inventories	1,497	2,287	1,794	1,916	1,959	2,148
Prepayment	1,443	1,371	1,112	1,191	1,218	1,341
ST bank deposits	33	1,047	862	862	862	862
Other current assets	1	6	7	7	7	7
Non-current assets	4,183	4,155	5,281	4,343	4,615	5,034
PP&E	1,119	1,368	1,592	1,884	2,182	2,527
Investment in JVs & assos	365	439	751	763	808	902
Intangibles	671	723	723	(520)	(593)	(614)
Other non-current assets	2,028	1,626	2,214	2,216	2,218	2,219
Total assets	14,615	16,494	17,325	17,581	18,033	19,438
Current liabilities	4,053	6,645	5,851	6,143	6,243	6,692
Short-term borrowings	405	2,231	954	954	954	954
Account payables	2,352	2,772	2,531	2,704	2,764	3,030
Tax payable	123	108	144	144	144	144
Other current liabilities	1,173	1,534	2,222	2,341	2,381	2,565
Non-current liabilities	2,580	1,542	2,552	2,552	2,552	2,552
Long-term borrowings	1,375	193	1,691	1,691	1,691	1,691
Other non-current liabilities	1,205	1,349	860	860	860	860
Total liabilities	6,633	8,187	8,402	8,694	8,794	9,244
Share capital	23	23	23	23	23	23
Retained earnings	5,020	5,126	5,281	4,553	5,300	6,191
Other reserves	2,940	3,157	3,620	4,301	3,895	3,948
Total shareholders equity	7,982	8,307	8,923	8,878	9,219	10,162
Minority interest	0	0	0	9	20	32
Total equity and liabilities	14,615	16,494	17,325	17,581	18,033	19,438

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	1,287	1,361	1,449	1,834	2,113	2,501
Depreciation & amortization	84	131	161	186	198	144
Tax paid	(329)	(431)	(531)	(550)	(623)	(725)
Change in working capital	(447)	(688)	(21)	(266)	(88)	(411)
Others	107	199	197	(11)	(45)	(94)
<b>Net cash from operations</b>	<b>701</b>	<b>572</b>	<b>1,255</b>	<b>1,193</b>	<b>1,554</b>	<b>1,414</b>
<b>Investing</b>						
Capital expenditure	(414)	(365)	(389)	(416)	(426)	(468)
Acquisition of subsidiaries/ investments	(3)	(5)	(6)	1,180	0	0
Others	89	(503)	(520)	0	0	0
<b>Net cash from investing</b>	<b>(329)</b>	<b>(873)</b>	<b>(915)</b>	<b>764</b>	<b>(426)</b>	<b>(468)</b>
<b>Financing</b>						
Dividend paid	(356)	(550)	(469)	(1,320)	(1,138)	(820)
Net borrowings	(312)	466	189	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	0	0	0	0	0	0
Others	764	(152)	(182)	0	0	0
<b>Net cash from financing</b>	<b>96</b>	<b>(236)</b>	<b>(461)</b>	<b>(1,320)</b>	<b>(1,138)</b>	<b>(820)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	3,472	3,930	3,414	3,295	3,931	3,922
Exchange difference	(11)	21	2	0	0	0
Others	469	(537)	(122)	636	(9)	126
<b>Cash at the end of the year</b>	<b>3,930</b>	<b>3,414</b>	<b>3,295</b>	<b>3,931</b>	<b>3,922</b>	<b>4,048</b>
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
Revenue	22.5%	29.1%	10.9%	7.1%	2.2%	10.1%
Gross profit	30.6%	26.7%	14.3%	7.6%	2.2%	10.7%
Operating profit	52.1%	4.9%	7.9%	25.1%	12.2%	15.3%
EBITDA	48.6%	7.8%	9.1%	24.2%	11.7%	11.8%
Net profit	76.1%	2.6%	13.2%	24.3%	16.0%	19.2%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
Gross profit margin	41.7%	40.9%	42.2%	42.3%	42.3%	42.6%
Operating margin	13.9%	11.3%	11.0%	12.9%	14.1%	14.8%
EBITDA margin	14.8%	12.3%	12.1%	14.1%	15.4%	15.6%
Return on equity (ROE)	11.6%	11.2%	12.0%	14.4%	16.5%	18.3%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
Net debt to equity (x)	0.2	0.1	0.1	0.1	0.1	0.1
Current ratio (x)	2.6	1.9	2.1	2.2	2.1	2.2
Receivable turnover days	128.6	118.9	126.6	126.6	126.6	126.6
Inventory turnover days	93.7	109.3	78.9	78.9	78.9	78.9
Payable turnover days	147.1	132.4	111.3	111.3	111.3	111.3
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
P/E	14.1	14.1	12.9	10.4	9.0	7.5
P/E (diluted)	14.1	14.1	12.9	10.4	9.0	7.5
P/B	1.6	1.6	1.5	1.5	1.4	1.3
P/CFPS	18.3	22.7	10.5	11.1	8.5	9.4
Div yield (%)	4.3	3.5	3.8	13.6	5.5	6.6
EV	12,404.6	13,081.5	13,710.9	13,074.6	13,084.0	12,957.8
EV/Sales	1.2	1.0	1.0	0.9	0.8	0.7
EV/EBITDA	8.4	8.2	7.9	6.0	5.4	4.8

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

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