

Chinasoft (354 HK)

On a slow road to recovery

Chinasoft delivered a weak set of FY22 results with revenue of RMB20.0bn (+9% YoY) and net profit of RMB759mn (-33% YoY) mainly due to GPM erosion (-3.7 ppts to 23.0%) despite better opex control (opex -2% YoY). We think the road to recovery will be slow but 1) lower reliance on Huawei (49% of FY22 revenue vs. 54% in FY21), 2) continued workforce restructuring (-11% YoY in FY22) will help margin recovery. Key catalyst being Huawei's new product launch related to MetaERP and Pangu large AI model. Maintain BUY.

■ FY22 missed on GPM erosion but opex control better than feared.

Chinasoft delivered moderate revenue growth of +9% YoY to RMB20.0bn in FY22. Net profit was down 33% YoY to RMB759mn, missing our/consensus estimates by 35%/ 37% respectively. In terms of revenue mix, Cloud intelligent services grew at +24% YoY to RMB6.62bn while traditional IT service business was up merely 2% YoY to RMB13.4bn. GPM remained under pressure, down 3.7 pct pts YoY to 23.0% mainly due to 1) COVID-19 and 2) extra staff costs related to demand fluctuations from Huawei. Meanwhile, opex control was better than expected (-2% YoY to RMB4bn).

■ On-going customer diversification since Huawei business faces headwinds.

As we [highlighted](#) earlier, US export restrictions have affected Huawei's product development roadmap as well as revenue and margin to Chinasoft. Huawei's revenue contribution to Chinasoft decreased to 49% in FY22 (vs. 54% in FY21) and we expect it to decline further to 35% in FY25E with the ramp-up of SOE customers such as China Mobile (revenue +25% YoY in FY22) and China Telecom (+39% YoY).

■ FY23E focus on profitability and cash flow improvement.

Chinasoft highlighted in the results conference call that profitability and cash flow management will be the focus in FY23E. Chinasoft has 82,140 employees in FY22 (-11% YoY) and we expect workforce restructuring to continue (-3% YoY to 80k by end of FY23E). Lower opex will help net margin recover to 4.3% in FY23E (vs. 3.8% in FY22), implying +20% YoY in net profit.

■ Maintain BUY.

We cut FY23-24E net profit forecast by 34-37% to reflect 1) slow top-line recovery post COVID-19 and 2) lower opex ratio. Maintain BUY with new target price of HK\$6.08 (prior HK\$9.14), based on unchanged 15x FY24E P/E. We think gradual improvement in net margin will drive re-rating. Key catalyst is Huawei's new product launch related to MetaERP and Pangu large AI model as Chinasoft provides IT services to assist Huawei in new product development.

Earnings Summary

| (YE 31 Dec) | FY21A | FY22A | FY23E | FY24E | FY25E |
|---------------------|---------|--------|--------|---------|---------|
| Revenue (RMB mn) | 18,398 | 20,005 | 21,069 | 23,264 | 25,888 |
| YoY growth (%) | 30.5 | 8.7 | 5.3 | 10.4 | 11.3 |
| Net profit (RMB mn) | 1,136.9 | 759.4 | 909.9 | 1,099.5 | 1,377.4 |
| Diluted EPS (RMB) | 0.36 | 0.25 | 0.29 | 0.36 | 0.45 |
| YoY growth (%) | 12.9 | (31.8) | 19.8 | 20.8 | 25.3 |
| Consensus EPS (RMB) | 0.36 | 0.25 | 0.49 | 0.61 | na |
| P/E (x) | 12.4 | 18.2 | 15.2 | 12.6 | 10.0 |
| EV/Sales (x) | 0.5 | 0.5 | 0.3 | 0.3 | 0.2 |
| Yield (%) | 0.3 | 0.9 | 0.5 | 0.6 | 0.8 |
| ROE (%) | 11.2 | 6.4 | 7.3 | 8.2 | 9.4 |
| Net gearing (%) | (31.2) | (25.4) | (47.5) | (48.0) | (48.6) |

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

| | |
|----------------------|-----------------|
| Target Price | HK\$6.08 |
| (Previous TP) | HK\$9.14) |
| Up/Downside | 19.5% |
| Current Price | HK\$5.09 |

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Stock Data

| | |
|--------------------------|-----------|
| Mkt Cap (HK\$ mn) | 15,407.5 |
| Avg 3 mths t/o (HK\$ mn) | 152.6 |
| 52w High/Low (HK\$) | 8.17/4.83 |
| Total Issued Shares (mn) | 3027.0 |

Source: FactSet

Shareholding Structure

| | |
|-----------------------|-------|
| Chen Yuhong- Chairman | 10.8% |
| UBS Group AG | 9.0% |

Source: HKEx

Share Performance

| | Absolute | Relative |
|-------|----------|----------|
| 1-mth | -9.6% | -11.9% |
| 3-mth | -25.0% | -27.0% |
| 6-mth | 5.4% | -10.6% |

Source: FactSet

12-mth Price Performance



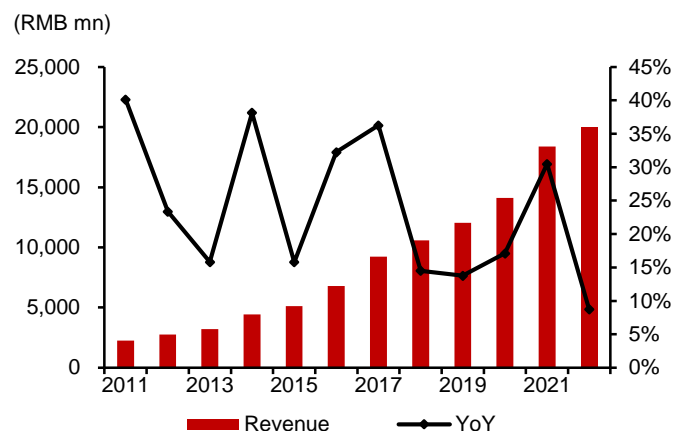
Source: FactSet

Related Reports

- China Software & IT Services – “Implications of Huawei MetaERP” – 20 Mar 2023 ([link](#))
- Chinasoft (354 HK) – “US is reviewing Huawei export license policy” – 2 Mar 2023 ([link](#))
- Chinasoft (354 HK) – “Benefiting from localization trend with KaihongOS” – 11 Jan 2023 ([link](#))

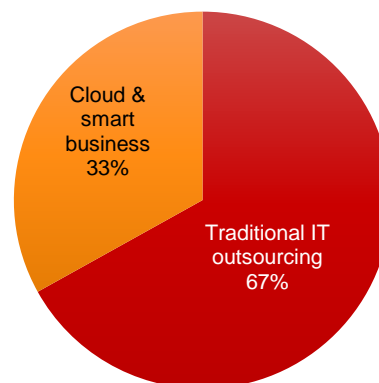
Focus Charts

Figure 1: Revenue and growth



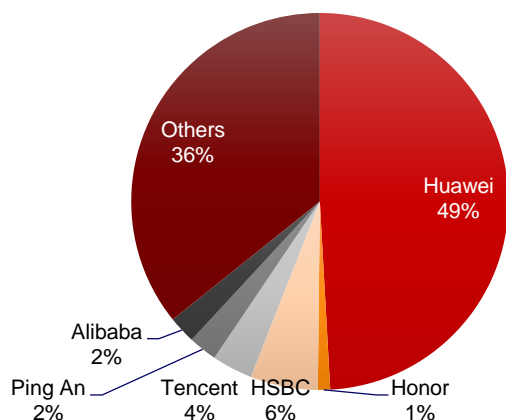
Source: Company data, CMBIGM estimates

Figure 2: Revenue mix (2022)



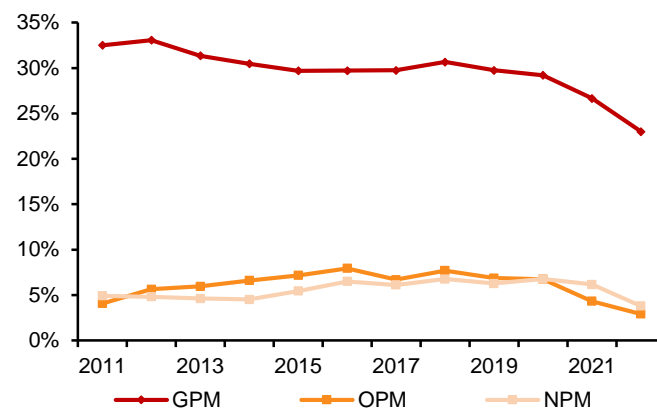
Source: Company data, CMBIGM estimates

Figure 3: Customer breakdown (FY22)



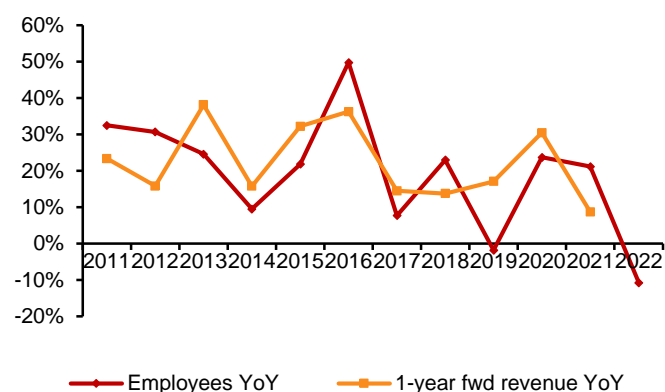
Source: Company data, CMBIGM estimates

Figure 4: Margins



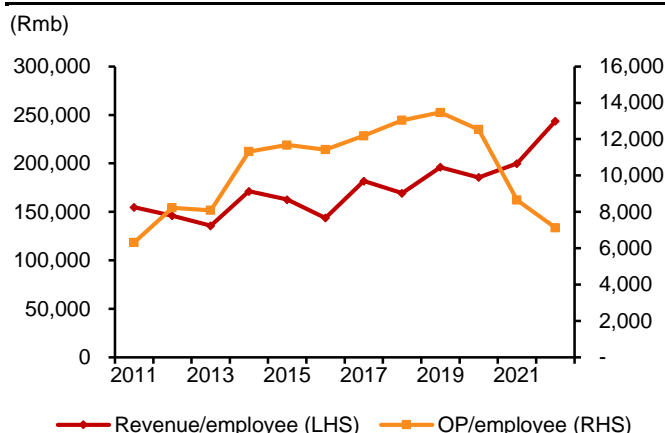
Source: Company data, CMBIGM

Figure 5: Forward revenue and employees



Source: Company data, CMBIGM

Figure 6: Revenue & operating profit per employee



Source: Company data, CMBIGM

FY22 results review

- **Revenue** was at RMB20,005mn (+9% YoY), **below** our estimates by -4% and consensus by -9%.
 - **Cloud intelligent services** was up +24% YoY to RMB6.6bn.
 - **Traditional IT Services** was up +2% YoY to RMB13.4bn.
- **Gross profit** was at RMB4,600mn (-6% YoY), **below** our estimates by -9% and consensus by -16%.
- **Gross margin** was at 23.0%, (-3.7 pct pts YoY), **below** our estimate by -1.3 pct pts and consensus by -2.0 pct pts.
 - Company attributed the decline to:
 - 1) The COVID-19 impact.
 - 2) Increased one-time costs caused by fluctuations in demand from major customers.
- **Operating profit** was at RMB586mn (-26% YoY), **below** our estimates by -35% and consensus by -47%.
- **Operating margin** was at 2.9% (-1.5 pct pts YoY), **below** our estimate by -1.4 pct pts and consensus by -2.2 pct pts.
- **Net profit** was at RMB759mn (-33% YoY), **below** our estimates by -35% and consensus by -37%.
- **EPS** was at RMB0.26 (-36% YoY).

Figure 7: FY22 results review

| 354 HK | 2021 | 2022 | | 2022 | versus | 2022 | versus |
|------------------|--------------|--------------|---------------------|--------------|---------------------|--------------|---------------------|
| RMB mn | Actual | Actual | YoY | CMBI | CMBI | Consensus | Consensus |
| Revenue | 18,398 | 20,005 | 9% | 20,865 | -4% | 21,947 | -9% |
| Gross profit | 4,904 | 4,600 | -6% | 5,062 | -9% | 5,481 | -16% |
| GPM | 26.7% | 23.0% | -3.7 pct pts | 24.3% | -1.3 pct pts | 25.0% | -2 pct pts |
| Operating profit | 796 | 586 | -26% | 897 | -35% | 1,111 | -47% |
| OPM | 4.3% | 2.9% | -1.5 pct pts | 4.3% | -1.4 pct pts | 5.1% | -2.2 pct pts |
| PBT | 1,252 | 830 | -34% | 1,248 | -33% | 1,336 | -38% |
| Tax | (115) | (71) | -38% | (78) | -9% | (132) | -46% |
| Net income | 1,137 | 759 | -33% | 1,171 | -35% | 1,205 | -37% |
| NPM | 6.2% | 3.8% | -2.4 pct pts | 5.6% | -1.9 pct pts | 5.5% | -1.7 pct pts |
| EPS RMB cents | 40.9 | 26.1 | -36% | 38.7 | -33% | 40.8 | -36% |

Source: Company data, CMBIGM

Earnings revision

Figure 8: Earnings revision

| RMB mn | 2023E | | | 2024E | | |
|----------------|--------|--------|----------|--------|--------|----------|
| | New | Old | %Diff | New | Old | %Diff |
| Sales | 21,069 | 24,436 | -14% | 23,264 | 27,773 | -16% |
| Gross profit | 4,564 | 5,760 | -21% | 4,862 | 6,688 | -27% |
| OP Profit | 715 | 1,175 | -39% | 910 | 1,372 | -34% |
| PBT | 1,006 | 1,557 | -35% | 1,219 | 1,812 | -33% |
| Net profit | 910 | 1,435 | -37% | 1,100 | 1,674 | -34% |
| EPS (RMB) | 0.30 | 0.47 | -37% | 0.36 | 0.55 | -34% |
| Margins | | | | | | |
| GM | 21.7% | 23.6% | -191 bps | 20.9% | 24.1% | -318 bps |
| OPM | 3.4% | 4.8% | -141 bps | 3.9% | 4.9% | -103 bps |
| PBT margin | 4.8% | 6.4% | -160 bps | 5.2% | 6.5% | -129 bps |
| Net margin | 4.3% | 5.9% | -155 bps | 4.7% | 6.0% | -130 bps |

Source: Company data, CMBIGM estimates

Figure 9: CMBI estimates vs consensus

| RMB mn | 2023E | | | 2024E | | |
|----------------|--------|--------|----------|--------|--------|----------|
| | CMBI | Street | Diff | CMBI | Street | Diff |
| Sales | 21,069 | 26,529 | -21% | 23,264 | 31,754 | -27% |
| Gross profit | 4,564 | 6,717 | -32% | 4,862 | 8,225 | -41% |
| OP Profit | 715 | 1,463 | -51% | 910 | 1,897 | -52% |
| PBT | 1,006 | 1,655 | -39% | 1,219 | 2,063 | -41% |
| Net profit | 910 | 1,480 | -39% | 1,100 | 1,815 | -39% |
| EPS (RMB) | 0.30 | 0.48 | -37% | 0.36 | 0.58 | -37% |
| Margins | | | | | | |
| GM | 21.7% | 25.3% | -366 bps | 20.9% | 25.9% | -500 bps |
| OPM | 3.4% | 5.5% | -212 bps | 3.9% | 6.0% | -206 bps |
| PBT margin | 4.8% | 6.2% | -146 bps | 5.2% | 6.5% | -126 bps |
| Net margin | 4.3% | 5.6% | -126 bps | 4.7% | 5.7% | -99 bps |

Source: Company data, CMBIGM estimates, Bloomberg

Operating model

Figure 10: Operating model

| RMB mn | 2021 | 2022 | 2023E | 2024E | 2025E |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| Revenues | 18,398 | 20,005 | 21,069 | 23,264 | 25,888 |
| Cost of sales | (13,494) | (15,405) | (16,504) | (18,401) | (20,521) |
| Gross Profit | 4,904 | 4,600 | 4,564 | 4,862 | 5,367 |
| <i>Gross margin</i> | <i>26.7%</i> | <i>23.0%</i> | <i>21.7%</i> | <i>20.9%</i> | <i>20.7%</i> |
| R&D | (1,249) | (1,238) | (1,408) | (1,524) | (1,676) |
| SG&A | (2,699) | (2,632) | (2,595) | (2,895) | (3,241) |
| Operating Income | 796 | 586 | 715 | 910 | 1,189 |
| <i>Operating margin</i> | <i>4.3%</i> | <i>2.9%</i> | <i>3.4%</i> | <i>3.9%</i> | <i>4.6%</i> |
| Non-Operating Income | 456 | 244 | 291 | 309 | 340 |
| Profit Before Tax | 1,252 | 830 | 1,006 | 1,219 | 1,529 |
| Income tax (expense) gain | (115) | (71) | (96) | (120) | (152) |
| Minorities | (0) | (1) | (0) | (0) | (0) |
| Net Income to Shareholders | 1,137 | 759 | 910 | 1,100 | 1,377 |
| <i>Net margin</i> | <i>6.2%</i> | <i>3.8%</i> | <i>4.3%</i> | <i>4.7%</i> | <i>5.3%</i> |
| EPS (RMB) | 0.37 | 0.25 | 0.30 | 0.36 | 0.46 |
| Fully diluted EPS (RMB) | 0.36 | 0.25 | 0.29 | 0.36 | 0.45 |
| Revenue breakdown | | | | | |
| IT outsourcing | 13,063 | 13,387 | 13,789 | 14,892 | 16,679 |
| Emerging cloud business | 5,335 | 6,618 | 7,280 | 8,372 | 9,209 |
| Huawei | 9,882 | 9,827 | 9,335 | 9,242 | 9,150 |
| HSBC | 1,180 | 1,159 | 1,274 | 1,402 | 1,542 |
| Tencent | 706 | 697 | 766 | 843 | 927 |
| Alibaba | 590 | 467 | 514 | 565 | 622 |
| Ping An | 550 | 490 | 538 | 592 | 652 |
| Others | 5,490 | 7,366 | 8,640 | 10,619 | 12,996 |
| Growth YoY | | | | | |
| Revenues | 30% | 9% | 5% | 10% | 11% |
| Gross profit | 19% | -6% | -1% | 7% | 10% |
| Operating Income | -16% | -26% | 22% | 27% | 31% |
| EPS | 13% | -32% | 20% | 21% | 25% |

Source: Company data, CMBIGM

Figure 11: Semi-annual operating model

| RMB mn | 1H20 | 2H20 | 1H21 | 2H21 | 1H22 | 2H22 |
|---------------------|-------|-------|-------|--------|--------|-------|
| Revenues | 6,059 | 8,042 | 8,341 | 10,057 | 10,025 | 9,980 |
| Gross Profit | 1,649 | 2,469 | 2,294 | 2,610 | 2,482 | 2,118 |
| Operating profit | 421 | 531 | 423 | 374 | 485 | 101 |
| Net profit (loss) | 401 | 554 | 518 | 619 | 572 | 188 |
| EPS (RMB) | 0.16 | 0.19 | 0.19 | 0.20 | 0.20 | 0.06 |
| Margins | | | | | | |
| Gross margin | 27.2% | 30.7% | 27.5% | 26.0% | 24.8% | 21.2% |
| Operating margin | 6.9% | 6.6% | 5.1% | 3.7% | 4.8% | 1.0% |
| Net margin | 6.6% | 6.9% | 6.2% | 6.2% | 5.7% | 1.9% |
| Growth (HoH) | | | | | | |
| Revenues | -7% | 33% | 4% | 21% | 0% | 0% |
| Gross Profit | -18% | 50% | -7% | 14% | -5% | -15% |
| Operating profit | 5% | 26% | -20% | -12% | 30% | -79% |
| Net profit (loss) | 2% | 38% | -6% | 20% | -8% | -67% |
| Growth (YoY) | | | | | | |
| Revenues | 9% | 24% | 38% | 25% | 20% | -1% |
| Gross Profit | 5% | 22% | 39% | 6% | 8% | -19% |
| Operating profit | -1% | 32% | 0% | -30% | 15% | -73% |
| Net profit (loss) | 11% | 41% | 29% | 12% | 10% | -70% |

Source: Company data, CMBIGM

Valuation

Chinasoft (354 HK, BUY, TP HK\$6.08)

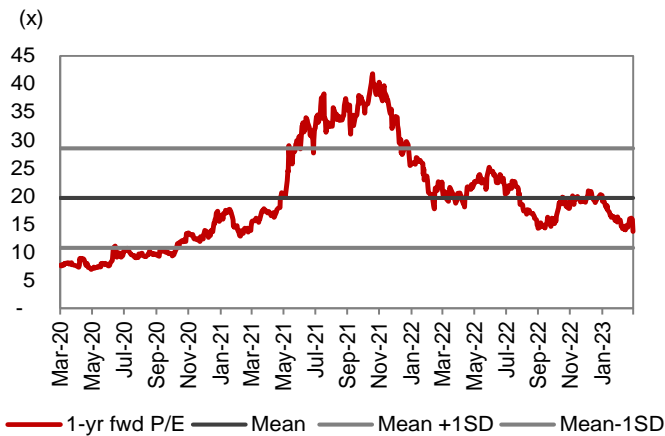
Maintain BUY with new target price of HK\$6.08 (prior HK\$9.14), based on unchanged 15x fully diluted FY24E P/E (in-line with 3-year mean).

Figure 12: Peers' valuation

| Company | Ticker | Rating | Mk Cap (US\$ mn) | Price (LC) | TP (LC) | P/E | | ROE | | Sales CAGR FY21-24 | EPS CAGR FY21-24 | |
|------------------|-----------|--------|---------------------|---------------|------------|---------------|-------------|-------------|-------------|--------------------------|------------------------|------------|
| | | | | | | FY23E | FY24E | FY23E | FY24E | | | |
| Chinasoft | 354 HK | BUY | 1,963 | 5.09 | 6.08 | 15.2 | 12.6 | 7.3 | 8.2 | 8% | 0% | |
| iSoftStone | 301236 CH | NR | 4,341 | 47.00 | N/A | 17.3 | 13.3 | 16.6 | 17.5 | 23% | 27% | |
| Digital China | 000034 CH | NR | 2,940 | 30.23 | N/A | 16.6 | 14.0 | 15.6 | 15.9 | 8% | 80% | |
| Infosys | INFO IN | NR | 69,791 | 1383.55 | N/A | 23.5 | 20.3 | 32.1 | 34.5 | 18% | 14% | |
| Tata Consultancy | TCS IN | NR | 139,653 | 3138.90 | N/A | 27.1 | 23.8 | 44.7 | 46.5 | 15% | 15% | |
| | | | | | | Mean | 19.9 | 16.8 | 23.3 | 24.5 | 14% | 27% |
| | | | | | | Median | 17.3 | 14.0 | 16.6 | 17.5 | 15% | 15% |

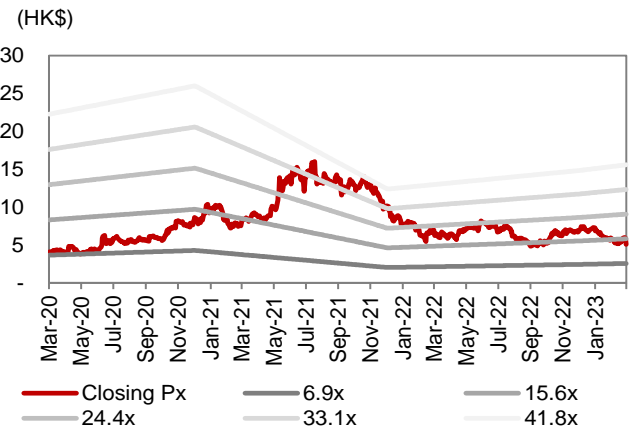
Source: Bloomberg, CMBIGM

Figure 13: 12M forward P/E band



Source: Company data, CMBIGM

Figure 14: 12M forward P/B band



Source: Company data, CMBIGM

Financial Summary

| INCOME STATEMENT | 2020A | 2021A | 2022A | 2023E | 2024E | 2025E |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| YE 31 Dec (RMB mn) | | | | | | |
| Revenue | 14,101 | 18,398 | 20,005 | 21,069 | 23,264 | 25,888 |
| Cost of goods sold | (9,983) | (13,494) | (15,405) | (16,504) | (18,401) | (20,521) |
| Gross profit | 4,118 | 4,904 | 4,600 | 4,564 | 4,862 | 5,367 |
| Operating expenses | (3,167) | (4,108) | (4,014) | (3,849) | (3,952) | (4,178) |
| Selling expense | (729) | (943) | (949) | (924) | (1,020) | (1,135) |
| Admin expense | (1,302) | (1,756) | (1,683) | (1,671) | (1,875) | (2,106) |
| R&D expense | (930) | (1,249) | (1,238) | (1,408) | (1,524) | (1,676) |
| Others | (205) | (159) | (145) | 153 | 467 | 739 |
| Operating profit | 952 | 796 | 586 | 715 | 910 | 1,189 |
| Interest expense | (151) | (100) | (113) | (113) | (142) | (155) |
| Others | 235 | 555 | 357 | 404 | 450 | 494 |
| Pre-tax profit | 1,035 | 1,252 | 830 | 1,006 | 1,219 | 1,529 |
| Income tax | (87) | (115) | (71) | (96) | (120) | (152) |
| Minority interest | (7) | (0) | (1) | (0) | (0) | (0) |
| Net profit | 955 | 1,137 | 759 | 910 | 1,100 | 1,377 |

| BALANCE SHEET | 2020A | 2021A | 2022A | 2023E | 2024E | 2025E |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| YE 31 Dec (RMB mn) | | | | | | |
| Current assets | 10,394 | 13,520 | 13,601 | 16,325 | 17,704 | 19,428 |
| Cash & equivalents | 3,787 | 5,556 | 5,005 | 8,981 | 9,735 | 10,683 |
| Restricted cash | 4,580 | 5,894 | 6,157 | 5,283 | 5,715 | 6,277 |
| Other current assets | 2,027 | 2,069 | 2,439 | 2,061 | 2,254 | 2,468 |
| Non-current assets | 2,693 | 3,383 | 3,364 | 2,116 | 2,214 | 2,305 |
| PP&E | 858 | 1,220 | 1,119 | (61) | 93 | 237 |
| Intangibles | 1,086 | 1,037 | 1,124 | 1,066 | 1,010 | 957 |
| Other non-current assets | 749 | 1,126 | 1,111 | 1,111 | 1,111 | 1,111 |
| Total assets | 13,087 | 16,902 | 16,965 | 18,441 | 19,918 | 21,733 |
| Current liabilities | 2,718 | 3,986 | 3,553 | 4,472 | 4,868 | 5,331 |
| Short-term borrowings | 368 | 917 | 766 | 1,949 | 2,089 | 2,263 |
| Account payables | 1,753 | 2,252 | 2,043 | 2,267 | 2,502 | 2,763 |
| Other current liabilities | 597 | 817 | 744 | 256 | 277 | 305 |
| Non-current liabilities | 1,592 | 1,290 | 1,277 | 992 | 1,055 | 1,133 |
| Long-term borrowings | 1,421 | 1,021 | 1,162 | 878 | 941 | 1,019 |
| Other non-current liabilities | 171 | 269 | 114 | 114 | 114 | 114 |
| Total liabilities | 4,311 | 5,276 | 4,830 | 5,464 | 5,923 | 6,464 |
| Share capital | 132 | 139 | 137 | 137 | 137 | 137 |
| Capital surplus | 4,735 | 6,294 | 6,014 | 6,014 | 6,014 | 6,014 |
| Retained earnings | 4,492 | 5,760 | 6,498 | 7,339 | 8,357 | 9,632 |
| Other reserves | (605) | (589) | (539) | (539) | (539) | (539) |
| Total shareholders equity | 8,753 | 11,604 | 12,110 | 12,951 | 13,969 | 15,245 |
| Minority interest | 23 | 23 | 25 | 25 | 25 | 25 |
| Total equity and liabilities | 13,087 | 16,902 | 16,965 | 18,441 | 19,918 | 21,733 |

| CASH FLOW | 2020A | 2021A | 2022A | 2023E | 2024E | 2025E |
|-------------------------------------|--------------|--------------|----------------|--------------|--------------|---------------|
| YE 31 Dec (RMB mn) | | | | | | |
| Operating | | | | | | |
| Profit before taxation | 1,035 | 1,252 | 830 | 1,006 | 1,219 | 1,529 |
| Depreciation & amortization | 170 | 221 | 1,333 | 90 | 51 | 59 |
| Tax paid | (83) | (20) | (71) | (96) | (120) | (152) |
| Change in working capital | (533) | (887) | (766) | 869 | (368) | (488) |
| Others | 564 | 396 | 367 | 0 | 0 | 0 |
| Net cash from operations | 1,153 | 962 | 1,693 | 1,869 | 782 | 948 |
| Investing | | | | | | |
| Capital expenditure | (159) | (287) | (150) | (150) | (150) | (150) |
| Others | (32) | (242) | (1,000) | (69) | (56) | (53) |
| Net cash from investing | (192) | (530) | (1,150) | (219) | (206) | (203) |
| Financing | | | | | | |
| Dividend paid | (52) | (70) | (154) | (68) | (81) | (102) |
| Net borrowings | 217 | 173 | (10) | 898 | 203 | 252 |
| Others | 196 | 1,274 | (893) | 0 | 0 | 0 |
| Net cash from financing | 362 | 1,377 | (1,057) | 830 | 122 | 150 |
| Net change in cash | | | | | | |
| Cash at the beginning of the year | 2,526 | 3,787 | 5,556 | 5,005 | 8,981 | 9,735 |
| Exchange difference | (62) | (40) | (37) | 1,495 | 56 | 53 |
| Cash at the end of the year | 3,787 | 5,556 | 5,005 | 8,981 | 9,735 | 10,683 |
| GROWTH | 2020A | 2021A | 2022A | 2023E | 2024E | 2025E |
| YE 31 Dec | | | | | | |
| Revenue | 17.1% | 30.5% | 8.7% | 5.3% | 10.4% | 11.3% |
| Gross profit | 14.9% | 19.1% | (6.2%) | (0.8%) | 6.5% | 10.4% |
| Operating profit | 15.1% | (16.3%) | (26.4%) | 22.0% | 27.3% | 30.7% |
| Net profit | 26.5% | 19.1% | (33.2%) | 19.8% | 20.8% | 25.3% |
| PROFITABILITY | 2020A | 2021A | 2022A | 2023E | 2024E | 2025E |
| YE 31 Dec | | | | | | |
| Gross profit margin | 29.2% | 26.7% | 23.0% | 21.7% | 20.9% | 20.7% |
| Operating margin | 6.7% | 4.3% | 2.9% | 3.4% | 3.9% | 4.6% |
| Return on equity (ROE) | 12.5% | 11.2% | 6.4% | 7.3% | 8.2% | 9.4% |
| GEARING/LIQUIDITY/ACTIVITIES | 2020A | 2021A | 2022A | 2023E | 2024E | 2025E |
| YE 31 Dec | | | | | | |
| Net debt to equity (x) | (0.2) | (0.3) | (0.3) | (0.5) | (0.5) | (0.5) |
| Current ratio (x) | 3.8 | 3.4 | 3.8 | 3.7 | 3.6 | 3.6 |
| Receivable turnover days | 116.9 | 115.3 | 110.8 | 90.3 | 88.4 | 87.3 |
| Inventory turnover days | 1.9 | 4.4 | 2.4 | 2.5 | 2.4 | 2.4 |
| Payable turnover days | 73.4 | 52.3 | 63.2 | 60.1 | 47.8 | 49.5 |
| VALUATION | 2020A | 2021A | 2022A | 2023E | 2024E | 2025E |
| YE 31 Dec | | | | | | |
| P/E (diluted) | 14.0 | 12.4 | 18.2 | 15.2 | 12.6 | 10.0 |
| P/B | 1.6 | 2.5 | 1.5 | 1.1 | 1.0 | 0.9 |
| Div yield (%) | 0.5 | 0.3 | 0.9 | 0.5 | 0.6 | 0.8 |
| EV | 11,521.3 | 9,900.4 | 10,441.8 | 7,364.6 | 6,813.5 | 6,117.0 |
| EV/Sales | 0.8 | 0.5 | 0.5 | 0.3 | 0.3 | 0.2 |

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

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