

# Alibaba (BABA US)

## Results inline; solid execution towards achieving development goal

Alibaba reported inline-with-Bloomberg consensus 2QFY25 (March year-end) results: total revenue was RMB236.5bn, up 5.2% YoY, while adjusted EBITA/non-GAAP net income for the quarter was RMB40.6bn/36.5bn, -5.3%/-9.0% YoY, owing to incremental investment in user experience improvement for Taobao & Tmall (T&T) Group (5% YoY decline in EBITA), and investment in strategically important areas, such as Alibaba International Digital Commerce Group (AIDC) and Cainiao. Management highlighted that take rate for customer management revenue (CMR) stabilized for the quarter aided by incremental contribution from technological services fee charges and increase in merchant adoption of Quanzhantui, and guided to continue balancing merchants' ROI when unleashing the further upside potential on monetization. Alibaba is on the right track to meet its previously settled targets of inline CMR and GMV growth and double-digit cloud revenue YoY growth in 2HFY25, in our view, and UE improvement of AIDC throughout FY25 is also in steady progress. Non-core businesses are on track to achieve profitability in 1-2 years' time. We fine-tune SOTP-based TP to US\$132.2, translating into 13x FY26E PE. Maintain BUY.

■ **GMV growth and monetization improvement on the right track despite quarterly fluctuations.** Alibaba generated revenue of RMB70.4bn from its CMR in 2QFY25, up 2.5% YoY, and management noted that take rate remained stable YoY. The pace of increase in monetization rate is better than our expectation, while the implied GMV growth of low-to-mid single digit YoY (vs industry level of 6% per NBS data) was slightly lower than our expectation, which we attribute to macro headwinds, fluctuations in industry competition, and incremental services fee charges that impacted some of the GMV generation from price-sensitive merchants that have limited potential on long-term CMR contribution. However, we believe Alibaba is on the right track to drive GMV growth back in line with industry average, driven by investment to enhance value-for-quality product supply and to strengthen user experience. We see support coming from the 46mn 88VIP members, which grew by double digits YoY, and the number of 88VIP members who placed orders during Double 11 shopping festival increased by over 50% YoY. The improvement in core user engagement should in turn drive better merchant engagement and more ads spending over time, in our view.

■ **Loss reduction of non-core business on track; UE improvement of AIDC and margin expansion of CIG are bright spots.** Combined losses of Local Services Group (LSG), Digital Media and Entertainment Group, and All others narrowed YoY to RMB2.2bn in 2QFY25 (our forecast: RMB2.3bn; 2QFY24: loss of RMB4.2bn), and management reiterated its target of achieving profitability for non-core business in 1-2 years' time. For AIDC, revenue came in at RMB31.7bn, up 27% YoY, and was 1% better than consensus. The adjusted EBITA loss of AIDC narrowed to RMB2.9bn in 2QFY25 (1QFY25: RMB3.7bn) driven by the improved efficiency of operations and investment, better than consensus at RMB3.6bn. For Cloud Intelligence Group (CIG), segment revenue came in at RMB29.6bn, up 7% YoY, and was in line with consensus, while the adjusted EBITA margin of 9.0% was 1.6ppt ahead of consensus, which demonstrated better-than-expected scale effect.

**BUY (Maintain)**

**Target Price** US\$132.20  
 (Previous TP) US\$133.80  
**Up/Downside** 49.2%  
**Current Price** US\$88.59

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### Stock Data

Mkt Cap (US\$ mn)	213,967.0
Avg 3 mths t/o (US\$ mn)	714.1
52w High/Low (US\$)	117.52/68.05
Total Issued Shares (mn)	2415.3

Source: FactSet

### Shareholding Structure

SoftBank	12.0%
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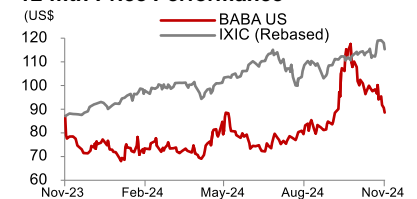
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	-13.0%	-14.7%
3-mth	11.4%	4.9%
6-mth	9.4%	-2.0%

Source: FactSet

### 12-mth Price Performance



### Earnings Summary

(YE 31 Mar)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	868,687	941,168	991,911	1,073,912	1,146,515
YoY growth (%)	1.8	8.3	5.4	8.3	6.8
Net profit (RMB mn)	72,509.0	79,741.0	130,698.2	145,966.1	157,320.2
Adjusted net profit (RMB mn)	143,991.0	158,359.0	152,928.1	171,203.0	183,690.0
YoY growth (%)	0.3	10.0	(3.4)	12.0	7.3
EPS (Adjusted) (RMB)	54.91	62.77	62.49	72.13	78.97
Consensus EPS (RMB)	na	na	62.32	69.78	75.90
P/E (x)	23.2	20.3	12.0	10.4	9.5
ROE (%)	7.4	8.0	11.2	10.3	9.9

Source: Company data, Bloomberg, CMBIGM estimates

## Key business segments update

### Taobao and Tmall Group (38.0% of 2QFY25 revenue)

In 2QFY25, revenue generated from T&T Group was RMB99.0bn, up 1% YoY, among which revenue generated from CMR came in at RMB70.4bn, up 2% YoY, driven by online GMV growth, while revenue generated from direct sales and others under China commerce retail business was down 5% YoY to RMB22.6bn, owing to the decrease in sales of appliances.

Alibaba highlighted that the number of 88VIP members increased by double digits YoY in 2QFY25, and reached 46mn, and guided to continue growing the subscription of 88VIP membership by investing in improved benefits and services. The increase in core user engagement has indeed brought positive impact to merchants' business operation on its platform, and should drive better merchant engagement and more ads spending over time, in our view. According to Alibaba, the number of 88VIP members who placed orders on its platform during Double 11 shopping festival increased by over 50% YoY. Meanwhile, a new record number of 589 brands on its platform surpassed RMB100mn in GMV during the sales promotion, compared with 402 brands that had achieved this milestone last year.

Adjusted EBITA for the segment was RMB44.6bn in 2QFY25, down 5% YoY, due to the increase in investments in user experience, while was partly offset by the increase in revenue from customer management services, and the implied 45.0% adjusted EBITA margin for T&T Group fell short of consensus at 46.4%. Management highlighted shopping frequency and the number of transactions generated, net promoter score (NPS), as well as new user growth and retention as KPIs to measure the efficiency of incremental investment, and guided to continuously balance investment and operating efficiency improvement in future operation.

### Cainiao (9.5% of 2QFY25 revenue)

Revenue from Cainiao came in at RMB24.6bn in 2QFY25, up 8% YoY, thanks to the increase in revenue from cross-border fulfillment solutions, but was 9% shy of consensus. Cainiao increased its investment in cross-border fulfillment solutions, which led to a YoY decline of adjusted EBITA to RMB55mn in 2QFY25 from RMB906mn in 2QFY24. Although the adjusted EBITA margin of 0.2% for the quarter came in short of consensus at 1.5%, we believe the investment is vital and will help build a competitive edge for its core e-commerce business over the long-term, and should help drive better prospects of Alibaba's long-term revenue and earnings growth.

### AIDC (12.2% of 2QFY25 revenue)

In 2QFY25, revenue generated from Alibaba International Digital Commerce Group (AIDC) was RMB31.7bn, up 29% YoY, among which international commerce retail revenue was up 35.0% YoY and international commerce wholesale was up 9.4% YoY.

Adjusted EBITA loss for AIDC narrowed QoQ from RMB3.7bn in 1QFY25 to RMB2.9bn in 2QFY25, and adjusted loss margin of 9% was better than consensus at 11%, driven by the improved efficiency of operations and investment.

### CIG (11.4% of 2QFY25 revenue)

Revenue of CIG came in at RMB29.6bn in 2QFY25, up 7% YoY, driven by double-digit public cloud growth, including the adoption of AI-related products, whose revenue grew at triple-digits YoY for the fifth consecutive quarter.

Adjusted EBITA margin for CIG reached 9.0% in 2QFY25, expanding 3.9ppt YoY, thanks to product mix shift toward high-margin public cloud products including AI-related products and improving operating efficiency, while partly offset by the increasing investments in customer growth and technology.

## LSG (6.8% of 2QFY25 revenue)

Revenue from Local Services Group (LSG) was RMB17.7bn in 2QFY25, up 13.9% YoY, thanks to order growth of both Amap and Ele.me. LSG's adjusted EBITA loss narrowed to RMB391mn in 2QFY25 (2QFY24: loss of RMB2.6bn), and was better than consensus at loss of RMB919mn, thanks to improving operating efficiency and increasing scale.

## Update on shareholder return initiative

During 2QFY25, Alibaba repurchased 52mn ADSs (1QFY25: 77mn) for a total of US\$4.1bn (1QFY25: US\$5.8bn), and the net decrease in ordinary shares implies a 2.1% net reduction in outstanding shares as of 30 Jun 2024. Remaining amount of Board authorization for Alibaba's share repurchase program (effective through March 2027) was US\$22.0bn as of Sep 30 2024.

Figure 1: Alibaba: summary of quarterly results

(RMBbn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	2QFY25 Consensus	Diff%
<b>Taobao and Tmall Group</b>	<b>115.0</b>	<b>97.7</b>	<b>129.1</b>	<b>93.2</b>	<b>113.4</b>	<b>99.0</b>	<b>99.1</b>	<b>-0.1%</b>
YoY %	12.1%	4.2%	1.6%	3.7%	-1.4%	1.4%		
- CMR	<b>79.7</b>	<b>68.7</b>	<b>92.1</b>	<b>63.6</b>	<b>80.1</b>	<b>70.4</b>	70.9	<b>-0.8%</b>
YoY %	10.0%	2.7%	0.5%	5.0%	0.6%	2.5%		
- Direct sales and others	<b>30.2</b>	<b>23.9</b>	<b>31.6</b>	<b>24.7</b>	<b>27.3</b>	<b>22.6</b>	23.0	<b>-1.5%</b>
YoY %	20.7%	5.9%	2.0%	-2.1%	-9.5%	-5.3%		
<b>Alibaba International Digital Commerce Group</b>	<b>22.1</b>	<b>24.5</b>	<b>28.5</b>	<b>27.4</b>	<b>29.3</b>	<b>31.7</b>	<b>31.3</b>	<b>1.2%</b>
YoY %	40.7%	52.8%	43.8%	45.1%	32.4%	29.2%		
<b>Local Services Group</b>	<b>14.5</b>	<b>15.6</b>	<b>15.2</b>	<b>14.6</b>	<b>16.2</b>	<b>17.7</b>	<b>19.3</b>	<b>-8.3%</b>
YoY %	29.8%	16.3%	13.2%	18.5%	12.3%	13.9%		
<b>Cainiao Smart Logistics Network Limited</b>	<b>23.2</b>	<b>22.8</b>	<b>28.5</b>	<b>24.6</b>	<b>26.8</b>	<b>24.6</b>	<b>27.0</b>	<b>-8.6%</b>
YoY %	34.0%	24.8%	23.7%	29.8%	15.7%	8.0%		
<b>Cloud Intelligence Group</b>	<b>25.1</b>	<b>27.6</b>	<b>28.1</b>	<b>25.6</b>	<b>26.5</b>	<b>29.6</b>	<b>29.6</b>	<b>0.0%</b>
YoY %	3.9%	2.3%	2.6%	3.4%	5.9%	7.1%		
<b>Digital Media and Entertainment Group</b>	<b>5.4</b>	<b>5.8</b>	<b>5.0</b>	<b>4.9</b>	<b>5.6</b>	<b>5.7</b>	<b>6.0</b>	<b>-5.7%</b>
YoY %	35.7%	10.5%	18.3%	-0.9%	3.7%	-1.5%		
<b>All others</b>	<b>45.8</b>	<b>48.1</b>	<b>47.0</b>	<b>51.5</b>	<b>47.0</b>	<b>52.2</b>	<b>48.0</b>	<b>8.7%</b>
YoY %	1.4%	-0.2%	-6.6%	-3.5%	2.6%	8.6%		
<b>Consolidated revenue</b>	<b>234.2</b>	<b>224.8</b>	<b>260.3</b>	<b>221.9</b>	<b>243.2</b>	<b>236.5</b>	<b>239.4</b>	<b>-1.2%</b>
YoY %	13.9%	8.5%	5.1%	6.6%	3.9%	5.2%		
Gross profit	91.8	85.1	104.1	73.8	97.1	92.5	90.7	1.9%
Operating profit	42.5	33.6	22.5	14.8	36.0	35.2	32.1	9.7%
Net profit	34.3	27.7	14.4	3.3	24.3	43.9	25.8	70.4%
<b>Adjusted net profit</b>	<b>44.7</b>	<b>40.1</b>	<b>48.2</b>	<b>25.3</b>	<b>40.3</b>	<b>36.5</b>	<b>36.4</b>	<b>0.4%</b>
YoY %	42.7%	16.8%	-4.3%	-9.4%	-10.0%	-9.0%		
Gross profit margin (%)	39.2%	37.9%	40.0%	33.3%	39.9%	39.1%	37.9%	1.2 ppt
G&A expense ratio (%)	3.1%	4.2%	4.3%	6.3%	5.5%	4.1%	4.7%	-0.6 ppt
R&D expense ratio (%)	4.5%	6.3%	5.2%	6.3%	5.5%	6.0%	6.2%	-0.2 ppt
S&M expense ratio (%)	11.6%	11.3%	13.0%	13.0%	13.4%	13.7%	12.5%	1.3 ppt
Operating margin (%)	18.1%	14.9%	8.6%	6.7%	14.8%	14.9%	13.4%	1.5 ppt
NPM (%)	14.7%	12.3%	5.5%	1.5%	10.0%	18.6%	10.8%	7.8 ppt
Non-IFRS NPM (%)	19.1%	17.8%	18.5%	11.4%	16.6%	15.4%	15.2%	0.3 ppt

Source: Bloomberg, Company data, CMBIGM

**Figure 2: Alibaba: adjusted EBITA and margin summary**

Adjusted EBITA (RMBmn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	2QFY25 Consensus	Diff%
Taobao and Tmall Group	49,319	47,077	59,930	38,501	48,810	44,590	45,938	-2.9%
Alibaba International Digital Commerce Group	-420	-384	-3,146	-4,085	-3,706	-2,905	-3,553	
Local Services Group	-1,982	-2,564	-2,068	-3,198	-386	-391	-919	
Cainiao Smart Logistics Network Limited	877	906	961	-1,342	618	55	403	
Cloud Intelligence Group	916	1,409	2,364	1,432	2,337	2,661	2,194	
Digital Media and Entertainment Group	63	-201	-517	-884	-103	-178	-173	
All others	-1,733	-1,437	-3,172	-2,818	-1,263	-1,582	-1,584	
<b>Consolidated EBITA</b>	<b>45,371</b>	<b>42,845</b>	<b>52,843</b>	<b>23,969</b>	<b>45,035</b>	<b>40,561</b>	<b>40,920</b>	<b>-0.9%</b>

Adjusted EBITA margin	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	2QFY25 Consensus	Diff%
Taobao and Tmall Group	42.9%	48.2%	46.4%	41.3%	43.1%	45.0%	46.4%	-1.3 ppt
Alibaba International Digital Commerce Group	-1.9%	-1.6%	-11.0%	-14.9%	-12.7%	-9.2%	-11.3%	2.2 ppt
Local Services Group	-13.7%	-16.5%	-13.6%	-21.9%	-2.4%	-2.2%	-4.8%	2.5 ppt
Cainiao Smart Logistics Network Limited	3.8%	4.0%	3.4%	-5.5%	2.3%	0.2%	1.5%	-1.3 ppt
Cloud Intelligence Group	3.7%	5.1%	8.4%	5.6%	8.8%	9.0%	7.4%	1.6 ppt
Digital Media and Entertainment Group	1.2%	-3.5%	-10.3%	-17.9%	-1.8%	-3.1%	-2.9%	-0.3 ppt
All others	-3.8%	-3.0%	-6.7%	-5.5%	-2.7%	-3.0%	-3.3%	0.3 ppt
<b>Consolidated EBITA margin</b>	<b>19.4%</b>	<b>19.1%</b>	<b>20.3%</b>	<b>10.8%</b>	<b>18.5%</b>	<b>17.2%</b>	<b>17.1%</b>	<b>0.1 ppt</b>

Source: Bloomberg, Company data, CMBIGM

## Revision of forecast and valuation

We trim down FY25/26E revenue forecast by 1.3%/1.2%, owing to: 1) the cut in revenue forecast of customer management business due to slightly slower-than-we expected pace of GMV growth and pace of monetization increase; 2) strategic scaling-back of direct sales and others business; and 3) cut in Cainiao revenue forecast as the business is strategically turning its focus to support core e-commerce business development, rather than seeking pure business expansion on its own.

However, our non-GAAP net profit is only lowered by 0.7%/0.7% in FY25/26E, as we are seeing better-than-expected operating efficiency improvement from both AIDC and LSG, as well as better-than-expected margin expansion in CIG aided by better-than-expected scale effect, although these positive contributions have partly been offset by incremental investment in T&T Group, and Cainiao.

**Figure 3: Alibaba: forecast revision**

RMB bn	Current			Previous			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	991.9	1,073.9	1,146.5	1004.9	1086.5	1148.5	-1.3%	-1.2%	-0.2%
Gross Profit	382.9	414.5	442.6	384.4	415.6	439.3	-0.4%	-0.3%	0.7%
Non-GAAP net profit	152.9	171.2	183.7	154.0	172.4	183.7	-0.7%	-0.7%	0.0%
Gross Margin	38.6%	38.6%	38.6%	38.3%	38.3%	38.3%	0.4 ppt	0.3 ppt	0.4 ppt
Non-GAAP net margin	15.4%	15.9%	16.0%	15.3%	15.9%	16.0%	0.1 ppt	0.1 ppt	0.0 ppt

Source: CMBIGM estimates

## Valuation: target price of US\$132.2 per ADS

We fine-tune our USD:RMB exchange rate assumption to 7.2:1 (was 7.0) to factor in the latest change in global macro environment. Our new SOTP-based target price of US\$132.2 (was US\$133.8) translates into 15.0/13.0 FY25E/FY26E PE (non-GAAP). Our new target price comprises:

- 1) US\$61.7 per ADS (was US\$63.1) for Taobao and Tmall Group, based on an unchanged 7.0x EV/adjusted EBITA;
- 2) US\$11.6 per ADS for AIDC (was US\$11.8), based on a 1.5x FY25E EV/revenue multiple. Currently, we are assuming a 10% net profit margin and 15x PE for the business at steady state;
- 3) US\$5.9 per ADS for Local Services Group (was US\$6.0), based on an unchanged 1.5x FY25E EV/revenue multiple;
- 4) US\$2.7 per ADS for Cainiao (unchanged), based on the latest valuation given by Alibaba to repurchase Cainiao shares from minority shareholders, and Alibaba's current 63.7% shareholding on a fully diluted basis;
- 5) US\$25.6 per ADS for the Cloud Intelligence Group (was US\$25.7), based on an unchanged 3.9x FY25E EV/revenue multiple;
- 6) US\$1.3 per ADS for Digital Media and Entertainment Group (unchanged), based on a 1.0x FY25E EV/revenue multiple;
- 7) US\$11.0 per ADS for All Others (was US\$10.7), based on 1.0x FY25E EV/revenue multiple;
- 8) US\$12.4 per ADS (was US\$12.5) for strategic investments with a 30% holding discount.

**Figure 4: Alibaba: SOTP valuation**

#	Segment (USDmn)	Valuation method	FY25E Rev (USDmn)	Adj. EBITA post tax	P/E (x)	EV/S (x)	Val. Rmb mn	Val. US\$m	\$/share	Value split
1	Taobao and Tmall Group	7.0x FY25E P/E; 20% tax rate on adjusted EBITA	61,567	21,278	7.0		1,072,387	148,943	61.7	47%
2	International Digital Commerce Group	1.5x FY25E EV/S	18,623			1.5	201,132	27,935	11.6	9%
3	Local Services Group	1.5x FY25E EV/S	9,327			1.5	103,423	14,364	5.9	4%
4	Cainiao Smart Logistics Network Limited	Last round transaction value; 63.7% shareholding	15,128				47,380	6,581	2.7	2%
5	Cloud Intelligence Group	3.9x FY25E EV/S on revenue before intersegment elimination	16,030			3.9	444,351	61,715	25.6	19%
6	Digital Media and Entertainment Group	1.0x FY25E EV/S, inline with iQIYI trading EV/S	2,996			1.0	22,431	3,115	1.3	1%
7	All others	1.0x FY25E EV/S	28,048			1.0	191,850	26,646	11.0	8%
<b>Total Alibaba business</b>							<b>2,082,953</b>	<b>289,299</b>	<b>119.8</b>	
<b>INVESTMENTS</b>										
1	Ant Group	Last round share buy back valuation; 33% share holding					187,143	25,992	10.8	
2	Others	Market valuation					121,656	16,897	7.0	
<b>Total investment (with 30% holding discount)</b>									<b>12.4</b>	9%
<b>Total (US\$m)</b>									<b>132.2</b>	
#s of diluted ADS (mn)									2,415	

Source: CMBIGM estimates

## Risks

- 1) Investments in driving business growth pose a more severe impact on margin than we expect;
- 2) Consumption recovery takes longer than we expect.

## Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Mar (RMB mn)</b>						
<b>Revenue</b>	<b>853,062</b>	<b>868,687</b>	<b>941,168</b>	<b>991,911</b>	<b>1,073,912</b>	<b>1,146,515</b>
Cost of goods sold	(539,450)	(549,695)	(586,323)	(609,033)	(659,382)	(703,960)
<b>Gross profit</b>	<b>313,612</b>	<b>318,992</b>	<b>354,845</b>	<b>382,878</b>	<b>414,530</b>	<b>442,555</b>
<b>Operating expenses</b>	<b>(243,974)</b>	<b>(218,641)</b>	<b>(241,495)</b>	<b>(235,224)</b>	<b>(241,093)</b>	<b>(250,514)</b>
SG&A expense	(151,721)	(145,679)	(157,126)	(173,584)	(175,585)	(182,869)
R&D expense	(55,465)	(56,744)	(52,256)	(55,547)	(57,991)	(59,619)
Others	(36,788)	(16,218)	(32,113)	(6,092)	(7,517)	(8,026)
<b>Operating profit</b>	<b>69,638</b>	<b>100,351</b>	<b>113,350</b>	<b>147,654</b>	<b>173,437</b>	<b>192,041</b>
Interest income	(15,702)	(11,071)	(9,964)	17,160	4,296	4,357
Interest expense	(4,909)	(5,918)	(7,947)	(9,522)	(10,310)	(10,433)
Other income/expense	10,523	5,823	6,157	0	5,907	5,733
<b>Pre-tax profit</b>	<b>59,550</b>	<b>89,185</b>	<b>101,596</b>	<b>155,292</b>	<b>173,329</b>	<b>191,697</b>
Income tax	(26,815)	(15,549)	(22,529)	(31,058)	(34,666)	(42,173)
Others	14,344	(8,063)	(7,735)	4,960	5,370	5,733
<b>After tax profit</b>	<b>47,079</b>	<b>65,573</b>	<b>71,332</b>	<b>129,193</b>	<b>144,033</b>	<b>155,256</b>
Minority interest	15,170	7,210	8,677	1,785	1,933	2,064
Others	(290)	(274)	(268)	(280)	0	0
<b>Net profit</b>	<b>61,959</b>	<b>72,509</b>	<b>79,741</b>	<b>130,698</b>	<b>145,966</b>	<b>157,320</b>
<b>Adjusted net profit</b>	<b>143,515</b>	<b>143,991</b>	<b>158,359</b>	<b>152,928</b>	<b>171,203</b>	<b>183,690</b>
<b>BALANCE SHEET</b>						
<b>YE 31 Mar (RMB mn)</b>						
<b>Current assets</b>	<b>638,535</b>	<b>697,966</b>	<b>752,864</b>	<b>921,896</b>	<b>1,049,523</b>	<b>1,186,387</b>
Cash & equivalents	189,898	193,086	248,125	410,914	527,233	654,353
Restricted cash	37,455	36,424	38,299	38,299	38,299	38,299
Prepayment	145,995	137,072	143,536	149,779	161,087	170,831
Financial assets at FVTPL	265,187	331,384	322,904	322,904	322,904	322,904
<b>Non-current assets</b>	<b>1,057,018</b>	<b>1,055,078</b>	<b>1,011,965</b>	<b>1,163,067</b>	<b>1,237,849</b>	<b>1,313,679</b>
PP&E	171,806	176,031	185,161	296,503	343,755	393,055
Investment in JVs & assos	219,642	207,380	203,131	203,842	204,962	206,446
Intangibles	59,231	46,913	26,950	122,587	146,224	169,352
Goodwill	269,581	268,091	259,679	259,679	259,679	259,679
Financial assets at FVTPL	223,611	245,737	220,942	220,942	220,942	220,942
Other non-current assets	113,147	110,926	116,102	59,515	62,287	64,205
<b>Total assets</b>	<b>1,695,553</b>	<b>1,753,044</b>	<b>1,764,829</b>	<b>2,084,963</b>	<b>2,287,372</b>	<b>2,500,066</b>
<b>Current liabilities</b>	<b>383,784</b>	<b>385,351</b>	<b>421,507</b>	<b>401,287</b>	<b>434,305</b>	<b>466,636</b>
Short-term borrowings	8,841	7,466	12,749	13,243	14,338	15,307
Tax payable	21,753	12,543	9,068	26,400	28,426	33,317
Other current liabilities	81,730	89,392	101,807	88,869	96,216	102,720
Accrued expenses	271,460	275,950	297,883	272,776	295,326	315,292
<b>Non-current liabilities</b>	<b>229,576</b>	<b>244,772</b>	<b>230,723</b>	<b>233,331</b>	<b>240,969</b>	<b>247,732</b>
Long-term borrowings	38,244	52,023	55,686	54,849	54,849	54,849
Deferred income	3,490	3,560	4,069	4,227	4,576	4,885
Other non-current liabilities	187,842	189,189	170,968	174,256	181,544	187,998
<b>Total liabilities</b>	<b>613,360</b>	<b>630,123</b>	<b>652,230</b>	<b>634,617</b>	<b>675,274</b>	<b>714,368</b>
Share capital	1	1	1	1	1	1
Capital surplus	410,506	416,880	397,999	524,875	542,594	560,939
Retained earnings	563,557	599,028	597,897	810,015	955,981	1,113,301
Other reserves	(15,930)	(16,394)	1,375	2,511	2,511	2,511
<b>Total shareholders equity</b>	<b>958,134</b>	<b>999,515</b>	<b>997,272</b>	<b>1,337,402</b>	<b>1,501,088</b>	<b>1,676,752</b>
Minority interest	124,059	123,406	115,327	112,944	111,011	108,947
<b>Total equity and liabilities</b>	<b>1,695,553</b>	<b>1,753,044</b>	<b>1,764,829</b>	<b>2,084,963</b>	<b>2,287,372</b>	<b>2,500,066</b>



<b>CASH FLOW</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Mar (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	59,550	89,185	101,596	155,292	173,329	191,697
Depreciation & amortization	48,065	46,938	44,504	6,943	7,517	8,026
Tax paid	(26,815)	(15,549)	(22,529)	(31,058)	(34,666)	(42,173)
Change in working capital	(18,150)	13,482	(13,749)	48,094	22,745	24,040
Others	80,109	65,696	72,771	18,097	20,456	20,767
<b>Net cash from operations</b>	<b>142,759</b>	<b>199,752</b>	<b>182,593</b>	<b>197,367</b>	<b>189,381</b>	<b>202,356</b>
<b>Investing</b>						
Capital expenditure	(53,309)	(34,330)	(32,087)	(45,628)	(47,252)	(49,300)
Acquisition of subsidiaries/ investments	(15)	(22)	(842)	(31,154)	(31,154)	(31,154)
Net proceeds from disposal of short-term investments	(106,984)	(61,086)	71,426	0	0	0
Others	(38,284)	(40,068)	(60,321)	4,249	4,249	4,249
<b>Net cash from investing</b>	<b>(198,592)</b>	<b>(135,506)</b>	<b>(21,824)</b>	<b>(72,533)</b>	<b>(74,157)</b>	<b>(76,205)</b>
<b>Financing</b>						
Net borrowings	0	0	0	0	0	0
Proceeds from share issues	109	11	843	0	0	0
Share repurchases	(61,225)	(74,746)	(88,745)	0	0	0
Others	(3,333)	9,116	(20,342)	(344)	1,095	969
<b>Net cash from financing</b>	<b>(64,449)</b>	<b>(65,619)</b>	<b>(108,244)</b>	<b>(344)</b>	<b>1,095</b>	<b>969</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	356,469	227,353	229,510	286,424	410,914	527,233
Exchange difference	(8,834)	3,530	4,389	0	0	0
<b>Cash at the end of the year</b>	<b>227,353</b>	<b>229,510</b>	<b>286,424</b>	<b>410,914</b>	<b>527,233</b>	<b>654,353</b>
<b>GROWTH</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Mar</b>						
Revenue	18.9%	1.8%	8.3%	5.4%	8.3%	6.8%
Gross profit	5.9%	1.7%	11.2%	7.9%	8.3%	6.8%
Operating profit	(22.3%)	44.1%	13.0%	30.3%	17.5%	10.7%
Net profit	(58.8%)	17.0%	10.0%	63.9%	11.7%	7.8%
Adj. net profit	(19.8%)	0.3%	10.0%	(3.4%)	12.0%	7.3%
<b>PROFITABILITY</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Mar</b>						
Gross profit margin	36.8%	36.7%	37.7%	38.6%	38.6%	38.6%
Operating margin	8.2%	11.6%	12.0%	14.9%	16.2%	16.8%
Adj. net profit margin	16.8%	16.6%	16.8%	15.4%	15.9%	16.0%
Return on equity (ROE)	6.5%	7.4%	8.0%	11.2%	10.3%	9.9%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Mar</b>						
Net debt to equity (x)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)
Current ratio (x)	1.7	1.8	1.8	2.3	2.4	2.5
<b>VALUATION</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Mar</b>						
P/E	27.9	23.2	20.3	12.0	10.4	9.5
P/E (diluted)	28.2	23.3	20.4	11.8	10.3	9.3
P/B	1.8	1.7	1.6	1.2	1.0	0.9
P/CFPS	19.5	10.2	10.8	10.2	10.6	9.6

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

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