

Hikvision (002415 CH)

Intelligent camera leadership strengthened

Hikvision reported in-line FY20 while FY1Q21 core profit beat on higher than expected top-line growth (+48% YoY). Enterprise segment (EBG) grew at +21% YoY in FY20, reflecting expanding camera applications to non-surveillance with AI/sensors. We expect Hikvision strong R&D to drive +17%/+19% revenue/net profit CAGR in FY20-23E. Maintain BUY.

- FY1Q21 decent beat.** Hikvision reported in-line FY20 with pre-announced numbers. Revenue was at RMB63.5bn (+10% YoY) and net profit was at RMB13.4bn (+8% YoY). Highlight of FY20 came to its operating cash flow improvement (+107% YoY to RMB16.1bn), thanks to shorter receivable days for sales to enterprise. FY1Q21 was a decent beat with top line growth of +48% YoY to RMB14bn, beating our/consensus estimates by 22%/17% respectively. Operating profit was also above expectation at RMB2.6bn (+74% YoY) although net profit missed on higher forex loss.
- More than just surveillance, expanding applications with AI/sensors.** We maintain our view that Enterprise is replacing Public security segment as the new growth driver. Hikvision products cover 70 industries now as camera applications expanded by embedding AI/ sensor technology. Despite COVID-19, Hikvision EBG (Enterprise) revenue was up +21% YoY in FY20 vs. PBG (Public security) was up merely 5% YoY. Also, Hikvision innovative businesses (smart home products/ robotics/ fire detection products, etc.) already accounted for 10% of FY20 revenue (+39% YoY to RMB6.2bn). We expect Hikvision FY21E revenue to grow at +22% YoY to RM77.7bn.
- Margin increased despite record high R&D ratio.** Hikvision GPM in FY20 was up to 46.5% (+0.5 pct pts YoY) and OPM improved to 21.4% (+1.4 pct pts YoY). Operating profit per employee increased by +11% YoY to RMB318k, thanks to better opex control although R&D reached record high level of RMB6.4bn (+16% YoY, 10% R&D ratio). We believe R&D ratio will remain at above 10% level throughout FY21-23E.
- Maintain BUY.** We raised FY21-22E net profit by 2-3% to reflect stronger top-line growth. Maintain BUY with new target price of RMB75.65 (based on unchanged 36x FY22 P/E). Key downside risk is the chip shortage that could last for longer time. Hikvision maintains high inventory level with inventory to sales ratio of 18% in FY20 (vs. 11% pre-US sanction time in 2018).

Earnings Summary

| (YE 31 Dec) | FY19 | FY20 | FY21E | FY22E | FY23E |
|---------------------|----------|----------|----------|----------|----------|
| Revenue (RMB mn) | 57,658 | 63,503 | 77,684 | 89,592 | 102,261 |
| YoY growth (%) | 16% | 10% | 22% | 15% | 14% |
| Net profit (RMB mn) | 12,415 | 13,386 | 16,493 | 19,634 | 22,811 |
| EPS (RMB) | 1.33 | 1.43 | 1.77 | 2.10 | 2.44 |
| YoY growth (%) | 8% | 8% | 23% | 19% | 16% |
| Consensus EPS (RMB) | 1.33 | 1.44 | 1.77 | 2.12 | 0.00 |
| PE (x) | 42.9 | 39.8 | 32.3 | 27.1 | 23.4 |
| PB (x) | 11.9 | 9.9 | 8.5 | 7.3 | 6.3 |
| Dividend Yield (%) | 0.01 | 0.01 | 0.01 | 0.02 | 0.02 |
| ROE (%) | 30% | 27% | 28% | 29% | 29% |
| Net debt to equity | net cash | net cash | net cash | net cash | net cash |

Source: Company data, Bloomberg, CMBIS estimates

BUY (Maintain)

Target Price **RMB75.65**
 (Previous TP **RMB73.78**)
 Up/Downside **+32.6%**
 Current Price **RMB57.03**

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Stock Data

| | |
|--------------------------|--------------|
| Mkt Cap (RMB mn) | 526,595 |
| Avg 3 mths t/o (RMB mn) | 2,522.31 |
| 52w High/Low (RMB) | 70.48/ 27.31 |
| Total Issued Shares (mn) | 9,343 |

Source: Bloomberg

Shareholding Structure

| | |
|-------------------------|-------|
| CETC | 38.9% |
| Kung Hong Ka - Chairman | 10.9% |

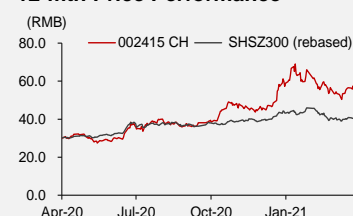
Source: Bloomberg

Share Performance

| | Absolute | Relative |
|-------|----------|----------|
| 1-mth | 4.4% | 6.2% |
| 3-mth | -4.3% | 5.5% |
| 6-mth | 43.0% | 38.7% |

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

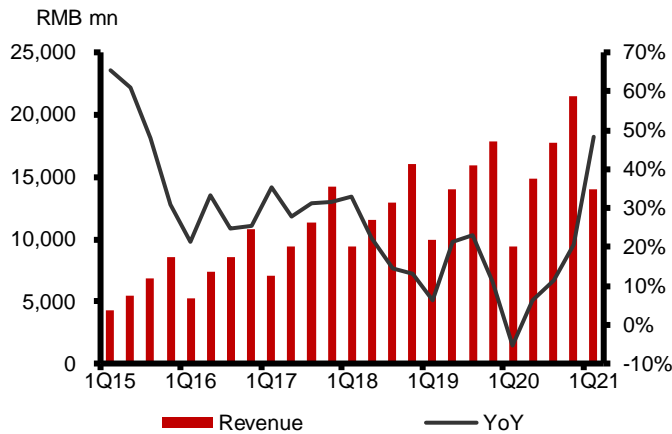
Auditor: Deloitte

Related Reports

"China AI surveillance – Ambarella suggested strong AI demand" – 4 Mar 2021

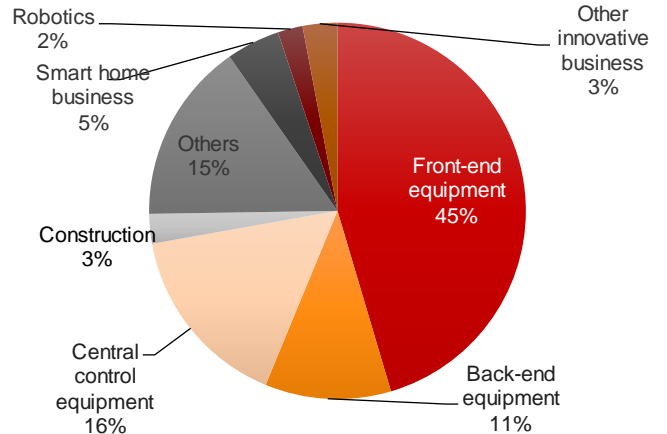
Focus Charts

Figure 1: Quarterly revenue and YoY growth



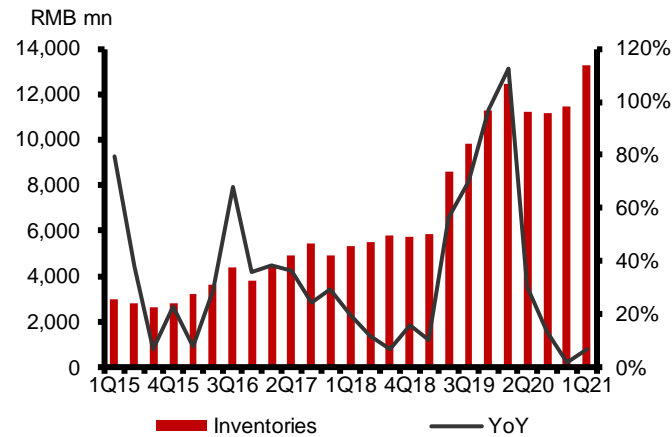
Source: Company data, CMBIS estimates

Figure 2: Revenue breakdown (2020)



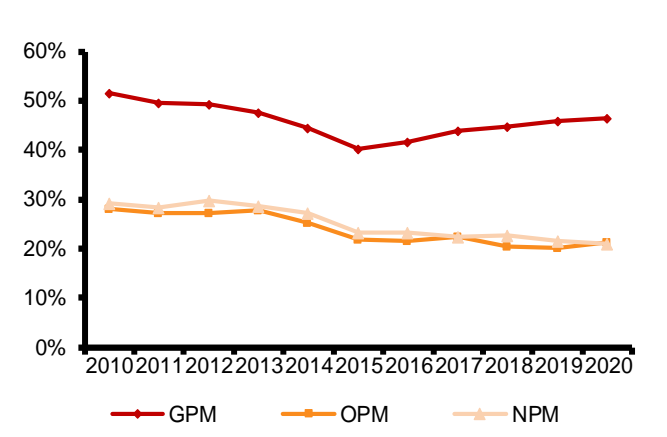
Source: Company data, CMBIS estimates

Figure 3: Quarterly inventory and YoY growth



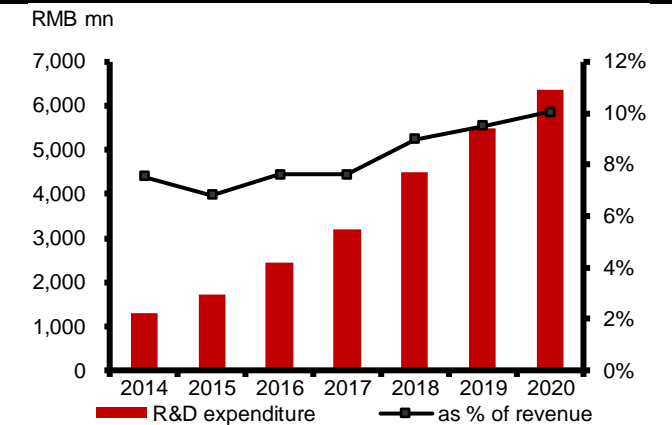
Source: Company data, CMBIS estimates

Figure 4: Margin trend



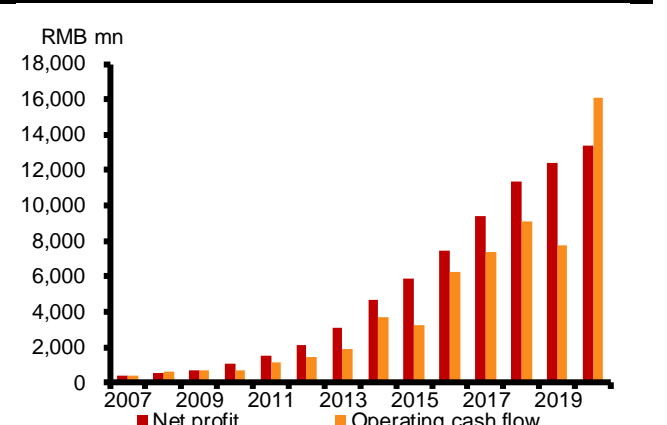
Source: Company data, CMBIS estimates

Figure 5: R&D



Source: Company data

Figure 6: Net profit vs. operating cash flow



Source: Company data

FY20 results review

- **Revenue** was at RMB63,503mn (+10% YoY), in-line with our and consensus.
- **Gross profit** was at RMB29,546mn (+11% YoY), below our estimate by 2% and consensus by 1%.
- **Gross margin** was at 46.5%, (+0.5 pct pts YoY), below both our estimate by 1 pct pts and consensus by 0.5 pct pts.
- **Operating profit** was at RMB13,583mn (+18% YoY), in line with our estimate.
- **Operating margin** was at 21.4% (+1.4 pct pts YoY), above our estimate by 0.2 pct pts.
- **Net profit** was at RMB13,386mn (+8% YoY), in-line with our and consensus estimates.
- **EPS** was at RMB1.43 (+8% YoY).

Figure 7: FY20 results review

| | FY 2019 | FY 2020 | | FY 2020 | versus | FY 2020 | versus |
|-----------------------------|------------|------------|-------------|------------|-------------|------------|--------------|
| RMBm | actual | actual | YoY | CMBI | CMBI | consensus | consensus |
| Revenue | 57,658 | 63,503 | 10% | 63,430 | 0% | 63,326 | 0% |
| Gross profit | 26,518 | 29,546 | 11% | 30,174 | -2% | 29,774 | -1% |
| Gross margin | 46.0% | 46.5% | 0.5 pct pts | 47.6% | -1 pct pts | 47.0% | -0.5 pct pts |
| Operating profit (adjusted) | 11,538 | 13,583 | 18% | 13,464 | 1% | 15,231 | -11% |
| Operating margin (adjusted) | 20.0% | 21.4% | 1.4 pct pts | 21.2% | 0.2 pct pts | 24.1% | -2.7 pct pts |
| Net non-op | 2,218 | 1,690 | | 2,197 | | -6 | |
| PBT | 13,755 | 15,273 | 11% | 15,661 | -2% | 15,225 | 0% |
| Tax | -1,290 | -1,595 | | -1,677 | | -1,720 | |
| Minorities | -51 | -293 | | -202 | | | |
| Net income | 12,415 | 13,386 | 8% | 13,782 | -3% | 13,505 | -1% |
| EPS RMB | 1.33 | 1.43 | 8% | 1.47 | -3% | 1.44 | -1% |

Source: Company data, CMBIS

FY1Q21 results review

- **Revenue** was at RMB13,988mn (+48% YoY, -35% QoQ), beat our estimate by 22% and consensus by 17%.
- **Gross profit** was at RMB6,549mn (+47% YoY, -31% QoQ), beat our estimate by 22% and consensus by 17%.
- **Gross margin** was at 46.8%, (-0.5 pct pts YoY, +2.6 pct pts QoQ), in-line with our estimate by below consensus by 0.2 pct pts.
- **Operating profit** was at RMB2,569mn (+74% YoY, -50% QoQ), beat our estimate by 31%.
- **Operating margin** was at 18.4% (+2.7 pct pts YoY, -5.5 pct pts QoQ), above our estimate by 1.2 pct pts.
- **Net profit** was at RMB2,169mn (+45% YoY, -56% QoQ), below our estimates by 7% and consensus by 7%
- **EPS** was at RMB0.23 (+45% YoY, -56% QoQ), below our estimate by 7% and consensus by 11%.

Figure 8: FY1Q21 results review

| | Mar-20 1Q20 | Dec-20 4Q20 | Mar-21 1Q21 | | | Mar-21 1Q21 | versus | Mar-21 1Q21 | versus |
|-----------------------------|----------------|----------------|----------------|--------------|--------------|----------------|-------------|----------------|--------------|
| RMB mn | actual | actual | actual | YoY | QoQ | CMBI | CMBI | consensus | consensus |
| Revenue | 9,429 | 21,482 | 13,988 | 48% | -35% | 11,455 | 22% | 11,956 | 17% |
| Gross profit | 4,466 | 9,495 | 6,549 | 47% | -31% | 5,365 | 22% | 5,616 | 17% |
| Gross margin | 47.4% | 44.2% | 46.8% | -0.5 pct pts | 2.6 pct pts | 46.8% | 0 pct pts | 47.0% | -0.2 pct pts |
| Operating profit (adjusted) | 1,472 | 5,126 | 2,569 | 74% | -50% | 1,961 | 31% | | |
| Operating margin (adjusted) | 15.6% | 23.9% | 18.4% | 2.7 pct pts | -5.5 pct pts | 17.1% | 1.2 pct pts | | |
| Net non-op | 399 | 420 | 341 | | | 658 | | | |
| PBT | 1,871 | 5,546 | 2,910 | 56% | -48% | 2,620 | 11% | 2,811 | 4% |
| Tax | -318 | -445 | -476 | | | -249 | | -474 | |
| Minorities | -57 | -155 | -265 | | | -40 | | | |
| Net income | 1,496 | 4,947 | 2,169 | 45% | -56% | 2,330 | -7% | 2,337 | -7% |
| EPS RMB | 0.16 | 0.53 | 0.23 | 45% | -56% | 0.25 | -7% | 0.26 | -11% |

Source: Company data, CMBIS

Earnings revision

Figure 9: Hikvision earnings revision

| RMB mn | 2021E | | | 2022E | | |
|-------------------|--------|--------|---------|--------|--------|---------|
| | New | Old | Diff | New | Old | Diff |
| Sales | 77,684 | 74,352 | 4% | 89,592 | 86,091 | 4% |
| Gross profit | 36,391 | 35,147 | 4% | 42,300 | 40,811 | 4% |
| Operating profit | 16,801 | 15,842 | 6% | 19,768 | 19,395 | 2% |
| Profit before tax | 18,921 | 18,042 | 5% | 22,102 | 21,580 | 2% |
| Net profit | 16,493 | 16,077 | 3% | 19,634 | 19,231 | 2% |
| EPS | 1.77 | 1.72 | 3% | 2.10 | 2.06 | 2% |
| Margins | | | | | | |
| GM | 46.8% | 47.3% | -43 bps | 47.2% | 47.4% | -19 bps |
| OPM | 21.6% | 21.3% | 32 bps | 22.1% | 22.5% | -46 bps |
| PBT margin | 24.4% | 24.3% | 9 bps | 24.7% | 25.1% | -40 bps |
| NPM | 21.2% | 21.6% | -39 bps | 21.9% | 22.3% | -42 bps |

Source: Company data, CMBIS estimates

Figure 10: Hikvision CMBI estimates vs. consensus

| RMB mn | 2021E | | | 2022E | | |
|-------------------|--------|--------|----------|--------|--------|----------|
| | CMBI | Street | Diff | CMBI | Street | Diff |
| Sales | 77,684 | 74,631 | 4% | 89,592 | 88,070 | 2% |
| Gross profit | 36,391 | 34,847 | 4% | 42,300 | 41,438 | 2% |
| Operating profit | 16,801 | 18,530 | -9% | 19,768 | 22,492 | -12% |
| Profit before tax | 18,921 | 18,599 | 2% | 22,102 | 22,412 | -1% |
| Net profit | 16,493 | 16,668 | -1% | 19,634 | 19,934 | -2% |
| EPS | 1.77 | 1.77 | 0% | 2.10 | 2.11 | -0% |
| Margins | | | | | | |
| GM | 46.8% | 46.7% | 15 bps | 47.2% | 47.1% | 16 bps |
| OPM | 21.6% | 24.8% | -320 bps | 22.1% | 25.5% | -347 bps |
| PBT margin | 24.4% | 24.9% | -56 bps | 24.7% | 25.4% | -78 bps |
| NPM | 21.2% | 22.3% | -110 bps | 21.9% | 22.6% | -72 bps |

Source: Company data, CMBIS estimates, Bloomberg

Operating model

Figure 11: Operating model

| RMB mn | 2019 | 2020 | 2021E | 2022E | 2023E |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Revenues | 57,658 | 63,503 | 77,684 | 89,592 | 102,261 |
| Cost of sales | (31,140) | (33,958) | (41,293) | (47,292) | (53,445) |
| Gross Profit | 26,518 | 29,546 | 36,391 | 42,300 | 48,816 |
| <i>Gross margin</i> | <i>46.0%</i> | <i>46.5%</i> | <i>46.8%</i> | <i>47.2%</i> | <i>47.7%</i> |
| R&D | (5,484) | (6,379) | (7,741) | (9,109) | (10,395) |
| SG&A | (9,079) | (9,168) | (11,325) | (12,835) | (14,484) |
| Operating Income | 11,538 | 13,583 | 16,801 | 19,768 | 23,264 |
| <i>Operating margin</i> | <i>20.0%</i> | <i>21.4%</i> | <i>21.6%</i> | <i>22.1%</i> | <i>22.7%</i> |
| Non-Operating Income | 2,218 | 1,690 | 2,120 | 2,333 | 2,589 |
| Profit Before Tax | 13,755 | 15,273 | 18,921 | 22,102 | 25,853 |
| Income tax (expense) gain | (1,290) | (1,595) | (1,997) | (2,100) | (2,585) |
| Minorities | (51) | (293) | (432) | (368) | (456) |
| Net Income to Shareholders | 12,415 | 13,386 | 16,493 | 19,634 | 22,811 |
| <i>Net margin</i> | <i>21.5%</i> | <i>21.1%</i> | <i>21.2%</i> | <i>21.9%</i> | <i>22.3%</i> |
| EPS (RMB) | 1.33 | 1.43 | 1.77 | 2.10 | 2.44 |
| DPS (RMB) | 0.60 | 0.70 | 0.80 | 0.99 | 1.17 |
| Revenue breakdown | | | | | |
| Core camera solution | 44,609 | 47,469 | 57,203 | 64,448 | 70,941 |
| New business | 4,437 | 6,168 | 8,717 | 12,204 | 17,086 |
| Others | 8,612 | 9,866 | 11,764 | 12,940 | 14,234 |
| PBG | 15,586 | 16,304 | | | |
| EBG | 12,591 | 15,180 | | | |
| SMBG | 9,356 | 9,683 | | | |
| Domestic | 41,420 | 45,807 | | | |
| Export | 16,239 | 17,697 | | | |
| Gross margin breakdown | | | | | |
| Core camera solution | 51% | 48% | 51% | 51% | 52% |
| New business | 37% | 41% | 37% | 37% | 38% |
| Others | 25% | 28% | 25% | 30% | 29% |
| Domestic | 46% | 45% | | | |
| Export | 46% | 51% | | | |
| Growth YoY | | | | | |
| Revenues | 16% | 10% | 22% | 15% | 14% |
| Gross profit | 19% | 11% | 23% | 16% | 15% |
| Operating Income | 13% | 18% | 24% | 18% | 18% |
| EPS | 8% | 8% | 23% | 19% | 16% |

Source: Company data, CMBIS estimates

Figure 12: Quarterly operating model

| RMB mn | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 | 2Q21E | 3Q21E | 4Q21E |
|---------------------|-------|--------|--------|--------|--------|--------|--------|--------|
| Revenues | 9,429 | 14,842 | 17,750 | 21,482 | 13,988 | 17,908 | 20,910 | 24,878 |
| Gross Profit | 4,466 | 7,612 | 7,973 | 9,495 | 6,549 | 8,821 | 9,764 | 11,257 |
| Operating profit | 1,472 | 3,088 | 3,896 | 5,126 | 2,569 | 3,684 | 4,783 | 5,765 |
| Net profit (loss) | 1,496 | 3,128 | 3,815 | 4,947 | 2,169 | 3,766 | 4,760 | 5,797 |
| EPS (RMB) | 0.16 | 0.33 | 0.41 | 0.53 | 0.23 | 0.40 | 0.51 | 0.62 |
| Margins | | | | | | | | |
| Gross margin | 16% | 21% | 22% | 44% | 47% | 49% | 47% | 45% |
| Operating margin | 16% | 21% | 22% | 24% | 18% | 21% | 23% | 23% |
| Net margin | 16% | 21% | 21% | 23% | 16% | 21% | 23% | 23% |
| Growth (QoQ) | | | | | | | | |
| Revenues | -47% | 57% | 20% | 21% | -35% | 28% | 17% | 19% |
| Gross Profit | -44% | 70% | 5% | 19% | -31% | 35% | 11% | 15% |
| Operating profit | -60% | 110% | 26% | 32% | -50% | 43% | 30% | 21% |
| Net profit (loss) | -66% | 109% | 22% | 30% | -56% | 74% | 26% | 22% |
| Growth (YoY) | | | | | | | | |
| Revenues | -5% | 6% | 12% | 21% | 48% | 21% | 18% | 16% |
| Gross Profit | 0% | 15% | 7% | 18% | 47% | 16% | 22% | 19% |
| Operating profit | -11% | 10% | 13% | 41% | 74% | 19% | 23% | 12% |
| Net profit (loss) | -3% | 17% | 0% | 13% | 45% | 20% | 25% | 17% |

Source: Company data, CMBIS estimates

Valuation

Hikvision (002415 CH, BUY, TP RMB75.65)

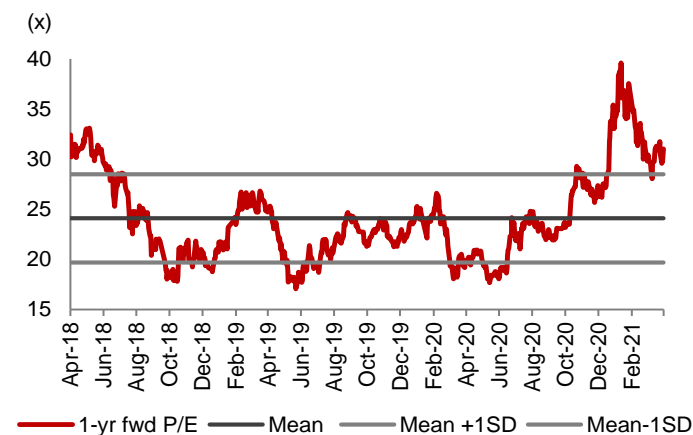
We raised our target price to RMB75.65 (prior RMB73.78), based on unchanged 36x FY22 P/E, 50% above its 3-year mean. We believe Hikvision deserves re-rating as supply chain risk is mitigated after two years of product re-design, and new growth drivers (AI) in enterprise segment is emerging. Also, Hikvision announced plan to spin off its smart home business (Ezviz Network) on STAR board. We believe the spin-off could provide new financing channel to support IoT/ AI R&D.

Figure 13: Peers' valuation

| Company | Ticker | Rating | Mkt Cap (US\$ mn) | Price (LC) | TP (LC) | P/E | | ROE | | Sales CAGR | EPS CAGR |
|-----------------|-----------|--------|-------------------|------------|---------------|-------------|-------------|-------------|-------------|------------|------------|
| | | | | | | FY21E | FY22E | FY21E | FY22E | FY20-22 | FY20-22 |
| Hikvision | 002415 CH | BUY | 87,270 | 57.03 | 75.65 | 32.3 | 27.1 | 28.3 | 28.9 | 19% | 21% |
| Dahua | 002236 CH | HOLD | 10,843 | 23.77 | 25.42 | 16.5 | 13.9 | 19.2 | 19.1 | 12% | 16% |
| China Transinfo | 002373 CH | NR | 4,724 | 20.12 | n.a. | 19.8 | 15.9 | 10.9 | 12.1 | 19% | 14% |
| Thunisoft | 300271 CH | NR | 2,802 | 22.90 | n.a. | 19.4 | 14.5 | 10.4 | 12.4 | 29% | 20% |
| iFlytek | 002230 CH | NR | 16,016 | 43.97 | n.a. | 63.0 | 45.9 | 12.2 | 14.6 | 29% | 36% |
| Cambricon Tech | 688256 CH | NR | 9,263 | 154.89 | n.a. | n.a. | n.a. | -7.4 | -5.0 | 39% | -41% |
| | | | | | Mean | 30.1 | 23.3 | 12.3 | 13.7 | 24% | 10% |
| | | | | | Median | 19.8 | 15.9 | 11.6 | 13.5 | 24% | 16% |

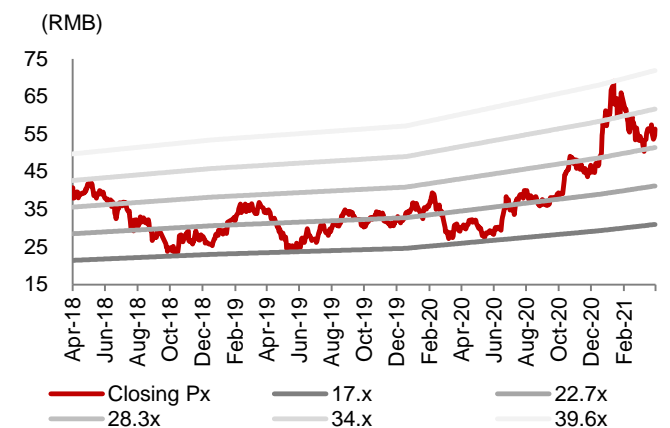
Source: Bloomberg, CMBIS estimates

Figure 7: Hikvision 12M forward P/E chart



Source: Bloomberg, CMBIS

Figure 8: Hikvision 12M forward P/E band



Source: Bloomberg, CMBIS

Financial Summary

Income statement

| YE 31 Dec (RMB mn) | FY19 | FY20 | FY21E | FY22E | FY23E |
|--------------------------|---------------|---------------|---------------|---------------|----------------|
| Revenue | 57,658 | 63,503 | 77,684 | 89,592 | 102,261 |
| Cost of sales | (31,140) | (33,958) | (41,293) | (47,292) | (53,445) |
| Gross profit | 26,518 | 29,546 | 36,391 | 42,300 | 48,816 |
| Selling exp | (7,257) | (7,378) | (9,137) | (10,318) | (11,665) |
| Admin exp | (1,822) | (1,790) | (2,188) | (2,517) | (2,819) |
| R&D exp | (5,484) | (6,379) | (7,741) | (9,109) | (10,395) |
| Other operating exp. | (417) | (416) | (524) | (588) | (673) |
| Operating profit | 11,538 | 13,583 | 16,801 | 19,768 | 23,264 |
| Finance costs | 640 | (396) | 372 | 446 | 768 |
| Other non-oper exp. | 1,578 | 2,086 | 1,748 | 1,887 | 1,821 |
| Pre-tax profit | 13,755 | 15,273 | 18,921 | 22,102 | 25,853 |
| Income tax expense | (1,290) | (1,595) | (1,997) | (2,100) | (2,585) |
| Minority interests | (51) | (293) | (432) | (368) | (456) |
| Net profit to S/H | 12,415 | 13,386 | 16,493 | 19,634 | 22,811 |

Cash flow summary

| YE 31 Dec (RMB mn) | FY19 | FY20 | FY21E | FY22E | FY23E |
|------------------------------------|----------------|----------------|----------------|----------------|-----------------|
| Net profit | 12,415 | 13,386 | 16,493 | 19,634 | 22,811 |
| Depreciation/amortization | 699 | 845 | 1,411 | 1,614 | 1,691 |
| Change in working capital | (7,153) | 597 | (12,456) | 203 | 9,589 |
| Others | 1,807 | 1,260 | 969 | 368 | 456 |
| Net cash from operating | 7,768 | 16,088 | 6,417 | 21,818 | 34,548 |
| Capex | (1,927) | (2,004) | (2,199) | (2,045) | (2,094) |
| Other | 4 | (551) | 41 | 0 | 0 |
| Net cash from investing | (1,923) | (2,555) | (2,158) | (2,045) | (2,094) |
| Net borrowings | 187 | 2,049 | 1,451 | 869 | (2,623) |
| Dividend paid | (5,609) | (6,542) | (7,475) | (9,210) | (10,964) |
| Other | (14) | (189) | (530) | (368) | (456) |
| Net cash from financing | (5,436) | (4,681) | (6,554) | (8,709) | (14,043) |
| Net change in cash | 408 | 8,852 | (2,295) | 11,064 | 18,411 |
| Cash at beginning of the year | 26,552 | 27,072 | 35,460 | 33,127 | 44,191 |
| Exchange difference | 111 | (464) | (38) | 0 | 0 |
| Cash at the end of the year | 27,072 | 35,460 | 33,127 | 44,191 | 62,602 |

Balance sheet

| YE 31 Dec (RMB mn) | FY19 | FY20 | FY21E | FY22E | FY23E |
|--------------------------------|---------------|---------------|---------------|----------------|----------------|
| Current assets | 64,026 | 74,763 | 81,685 | 100,085 | 125,217 |
| Cash & equivalents | 27,072 | 35,460 | 33,127 | 44,191 | 62,602 |
| Account receivables | 23,146 | 24,098 | 32,171 | 35,848 | 40,126 |
| Inventory | 11,268 | 11,478 | 12,268 | 15,446 | 17,025 |
| Other current assets | 2,540 | 3,727 | 4,118 | 4,600 | 5,464 |
| Non-current assets | 11,332 | 13,939 | 14,745 | 15,177 | 15,580 |
| PPE | 6,423 | 7,301 | 8,028 | 8,460 | 8,864 |
| Intangible assets | 1,407 | 1,634 | 1,626 | 1,626 | 1,626 |
| Other non-current assets | 3,502 | 5,003 | 5,090 | 5,090 | 5,090 |
| Total assets | 75,358 | 88,702 | 96,430 | 115,262 | 140,797 |
| Current liabilities | 23,521 | 31,225 | 28,412 | 36,337 | 50,763 |
| ST borrowings | 2,726 | 7,507 | 7,902 | 8,287 | 6,403 |
| Account payables | 13,940 | 14,631 | 9,703 | 15,940 | 30,292 |
| Accrued expense | 5,941 | 6,173 | 8,179 | 8,380 | 9,379 |
| Other current liabilities | 914 | 2,914 | 2,629 | 3,729 | 4,689 |
| Non-current liabilities | 6,364 | 2,997 | 4,252 | 4,736 | 3,998 |
| LT borrowings | 4,604 | 1,961 | 2,999 | 3,483 | 2,744 |
| Other non-current liabilities | 1,760 | 1,036 | 1,253 | 1,253 | 1,253 |
| Total liabilities | 29,885 | 34,222 | 32,664 | 41,073 | 54,760 |
| Share capital | 9,345 | 9,343 | 9,343 | 9,343 | 9,343 |
| Capital surplus | 4,127 | 5,179 | 5,240 | 5,240 | 5,240 |
| Retained earnings | 33,634 | 40,479 | 49,497 | 59,921 | 71,768 |
| Other reserves | (2,202) | (1,207) | (1,278) | (1,278) | (1,278) |
| Minority interest | 569 | 685 | 962 | 962 | 962 |
| Total equity | 44,904 | 53,794 | 62,803 | 73,227 | 85,074 |
| Total liabilities and | 74,789 | 88,016 | 95,467 | 114,299 | 139,835 |

Key ratios

| YE 31 Dec | FY19 | FY20 | FY21E | FY22E | FY23E |
|------------------------------------|----------|----------|----------|----------|----------|
| Revenue mix | | | | | |
| Front-end equipment | 47% | 45% | 45% | 44% | 43% |
| Back-end equipment | 13% | 11% | 11% | 11% | 10% |
| Central control equipment | 15% | 16% | 15% | 15% | 14% |
| New Stuff | 8% | 10% | 11% | 14% | 17% |
| Construction | 2% | 3% | 2% | 2% | 2% |
| Others | 15% | 16% | 15% | 14% | 14% |
| Growth (%) | | | | | |
| Revenue | 16% | 10% | 22% | 15% | 14% |
| Operating profit | 13% | 18% | 24% | 18% | 18% |
| EPS | 8% | 8% | 23% | 19% | 16% |
| Profit & loss ratio (%) | | | | | |
| Gross margin | 46.0% | 46.5% | 46.8% | 47.2% | 47.7% |
| Operating margin | 20.0% | 21.4% | 21.6% | 22.1% | 22.7% |
| Net profit margin | 21.5% | 21.1% | 21.2% | 21.9% | 22.3% |
| Balance sheet ratio | | | | | |
| Current ratio (x) | 2.72 | 2.39 | 2.87 | 2.75 | 2.47 |
| Receivable turnover days | 137 | 136 | 132 | 139 | 136 |
| Inventory turnover days | 54 | 65 | 56 | 56 | 58 |
| Payable turnover days | 163 | 157 | 86 | 123 | 108 |
| Net debt to equity | net cash | net cash | net cash | net cash | net cash |
| Profitability (%) | | | | | |
| ROE | 30.1% | 27.1% | 28.3% | 28.9% | 28.8% |
| ROIC | 45.1% | 42.7% | 41.6% | 41.7% | 54.5% |
| Per share data (RMB) | | | | | |
| EPS (RMB) | 1.33 | 1.43 | 1.77 | 2.10 | 2.44 |
| DPS (RMB) | 0.60 | 0.70 | 0.80 | 0.99 | 1.17 |
| BVPS (RMB) | 4.81 | 5.76 | 6.72 | 7.84 | 9.11 |

Source: Company data, CMBIS estimates

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