

Js Global Lifestyle (1691 HK)

Distressed valuation and potential turnaround

Despite the spin-off of Shark Ninja (ex-APAC), JS global could still be attractive to the investors, because of: 1) potential turnaround of Joyoung, 2) rapid growth from Shark Ninja APAC and 3) rather distressed valuation (even after considering the small cap, holding and A/H discounts). We still give it a BUY rating with TP of HK\$ 1.84, based on 8x FY24E P/E, 40% discount to industry average of 13.3x. The current valuation is at 5.4x (or 3.2x ex-cash) FY24E P/E.

- Shark Ninja APAC is a growth driver, may account for 20%+ sales mix in the future.** We do believe Shark Ninja APAC can have a bright future, because of: 1) enormous market size and 2) greater dedication from JS Global's management. The APAC (ex-China) small home appliances market has a large customer base (about 40% of world's population and 870mn household) and a retail sales of roughly US\$ 7bn per year. Shark Ninja APAC's mid-term sales target is at US\$ 400mn- 700mn (in 3 to 5 years, by FY25E to FY27E), where Japan, South Korea, Australia & New Zealand and India are the key regions and only South Korea will be conducted through wholesales (self-operated otherwise). Since the new APAC president arrives (he is from Dyson) in 3Q22, more innovative products and marketing were carried out in Japan and Australia, and we have seen a strong breakthrough in Jun 2023 (market share in the Cordless Vacuum segment has surged to 16% in Jul 2023, from about 13% in May 2023). Management is now expecting at least 30%/ 50% sales growth in Japan/ APAC for Shark Ninja in 2H23E (was at 23%/ 73% in 1H23). New categories such as ice cream maker and hair care product will also contribute certain growth as well.
- Current market cap is rather distressed, even factoring in the small cap concerns, holding and A/H discounts.** Based on our FY24E financial forecasts (US\$ 1.78bn sales and US\$ 106mn net profit att.). The current market cap is equal to just 5.5x FY24E P/E (or 3.2x if we exclude cash), which can be broken down to 5.1x/ 9x for Joyoung/ Shark Ninja APAC respectively, about 68%/ 34% discount to Joyoung's A-shares/ International peers' average of 15.9x/ 13.7x. Even if we plug in a 20% small cap discount for JS global, 20% holding discount and 20% A/H shares discount for Joyoung, the potential market cap can be as high as HK\$ 6.9bn, equal to about 8.3x FY24E P/E, very close to our target price assumption of 8x. Another key reason we think JS global could be under-valued is the dividend. Its payout ratio was just at 50% in 1H23, while that for Joyoung was high at about 100% (3 years average), hence there are chances for it to climb in the future.
- Maintain BUY and adjust the TP to HK\$ 1.84.** Our new TP is based on 8x FY24E P/E, 40% discount to industry average of 13.3x. It is only trading at 5.4x FY24E P/E, about 59% discount to industry average.

Earnings Summary

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (US\$ mn)	5,151	5,041	3,611	1,765	1,942
YoY growth (%)	22.8	(2.1)	(28.4)	(51.1)	10.0
Operating profit (US\$ mn)	611	509	294	158	174
Net profit (US\$ mn)	460.7	357.5	209.2	116.3	129.3
EPS (Reported) (US\$ cents)	12.29	9.64	11.15	13.57	15.26
YoY growth (%)	27.2	(21.6)	15.7	21.7	12.4
P/E (x)	1.2	1.4	2.1	5.4	4.9
P/B (x)	0.3	0.3	0.2	0.2	0.2
Yield (%)	32.9	0.0	16.8	9.4	10.5
ROE (%)	23.0	17.2	9.7	4.9	5.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$1.84
(Previous TP)	HK\$1.70)
Up/Downside	47.0%
Current Price	HK\$1.25

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Stock Data

Mkt Cap (HK\$ mn)	4,368.3
Avg 3 mths t/o (HK\$ mn)	93.4
52w High/Low (HK\$)	1.90/1.04
Total Issued Shares (mn)	3494.6

Source: FactSet

Shareholding Structure

Mr. Wang Xuning & concert party	56.4%
Mr. Mark Rosenzweig	7.9%

Source: HKEx

Share Performance

	Absolute	Relative
1-mth	14.7%	13.0%
3-mth	-8.8%	-2.9%
6-mth	-8.3%	-0.5%

Source: FactSet

12-mth Price Performance



Source: FactSet

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- **The spin-off of Shark Ninja (ex-APAC) was successful.** Shark Ninja has been listed in US successfully on 31 Jul 2023 and the latest market cap is at about US\$ 6.1bn, trading at about 26x FY22 P/E, way higher than JS global's 9x in Jun 2023. In FY22, the retained group will only consist of 67% of Joyoung's shares and Shark Ninja's APAC business, where the sales and net profit were at around US\$ 1.6bn and US\$ 138mn. In addition, Shark Ninja APAC accounted for roughly 6%/6% of sales/ net profit of the retained group in FY22.
- **1H23 result was dragged by Joyoung, higher marketing and spin-off related fees.** JS global sales increased by 3%, driven by Shark Ninja's 3% growth and the retained group's 18% decline. Net profit declined by 23% YoY, mainly due to higher-than-expected A&P expenses and finance costs, as well as amortization, share-based compensation and fees related to the spin-off.
- **Joyoung 2H23E outlook.** Joyoung's sales dropped by 17% in 1H23 and net profit fell by 30%. While industry undergoes a downcycle in mainland China, Joyoung, as a more high-end brand was hit hard given the consumption trade down and price war, as well as the lack of innovative products (key products like blenders and air fryer were invented long-time ago). However, its ODM business sales growth was still fast, at 49% in 1H23. Going forward in 2H23E, we expect Joyoung's sales growth to turn around (after a small positive in 2Q23) and ODM business to remain robust, GP margin and OP margin to stay at least flattish (Joyoung's GP margin improvement to offset the mix increase of the lower margin ODM business and marketing spending should stay cautious and conservative).

Earnings revision

Figure 1: Earnings revision

US\$ mn	New			Old			Diff (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	3,611	1,765	1,942	5,306	5,763	6,179	-31.9%	-69.4%	-68.6%
Gross profit	1,330	645	713	2,032	2,224	2,386	-34.5%	-71.0%	-70.1%
EBIT	294	158	174	577	669	738	-49.1%	-76.4%	-76.4%
Adjusted NP att.	266	104	116	399	472	529	-33.2%	-78.0%	-78.1%
Adjusted EPS (US\$)	0.076	0.029	0.033	0.113	0.134	0.150	-33.2%	-78.0%	-78.1%
Gross margin	36.8%	36.6%	36.7%	38.3%	38.6%	38.6%	-1.4ppt	-2ppt	-1.9ppt
EBIT margin	8.1%	9.0%	9.0%	10.9%	11.6%	11.9%	-2.7ppt	-2.7ppt	-3ppt
Net profit att. margin	7.4%	5.9%	6.0%	7.5%	8.2%	8.6%	-0.1ppt	-2.3ppt	-2.6ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

US\$ mn	New			Consensus			Diff (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	3,611	1,765	1,942	4,644	5,005	9,379	-22.2%	-64.7%	-79.3%
Gross profit	1,330	645	713	1,763	1,908	3,636	-24.5%	-66.2%	-80.4%
EBIT	294	158	174	457	482	561	-35.7%	-67.2%	-69.0%
Adjusted NP att.	266	104	116	298	304	414	-10.7%	-65.9%	-72.0%
Adjusted EPS (US\$)	0.076	0.029	0.033	0.082	0.076	0.104	-7.3%	-61.2%	-68.4%
Gross margin	36.8%	36.6%	36.7%	38.0%	38.1%	38.8%	-1.1ppt	-1.6ppt	-2.1ppt
EBIT margin	8.1%	9.0%	9.0%	9.8%	9.6%	6.0%	-1.7ppt	-0.7ppt	3ppt
Net profit att. margin	7.4%	5.9%	6.0%	6.4%	6.1%	4.4%	1ppt	-0.2ppt	1.6ppt

Source: Company data, CMBIGM estimates

Focus Charts

Figure 3: Analysis of the current valuation and a more fair valuation

Breakdown of current valuation	Current market cap (HK\$ mn)	Current market cap (US\$ mn)	Ex cash current market cap (US\$ mn)	FY24E Net profit att. (US\$ mn)	FY24E Ex-		Remarks
					FY24E P/E	cash P/E	
Joyoung	3,780	486		95.2	5.1		68% discounts to Joyoung's 15.9x
Shark Ninja	772	99		11.0	9.0		34% discounts to Int'l/ small appliances average of 13.7x
Total	4,552	585	340	106.2	5.5	3.2	59% discounts to A+H small appliances average of 13.3x
A more fair valuation (CMBI's rough estimates)	Potential market cap (HK\$ mn)	Potential market cap (US\$ mn)		FY24E Net profit att. (US\$ mn)	FY24E P/E		Assumption
Joyoung	5,926	762		95.2	8.0		20% small cap discounts + 20% holding discounts + 20% A vs H-shares discounts
Shark Ninja	943	121		11.0	11.0		20% small cap discounts
Total	6,869	883		106.2	8.3		
Number of shares (mn)	3,495						
Implied value per share (HK\$)	1.97						
CMBI new target price (HK\$)	1.80				8.0		40% discounts to A+H small appliances average of 13.3x

Source: Bloomberg, CMBIGM estimates

Figure 4: Financial forecasts of the retained group (excluding Shark Ninja (ex-APAC)).

Financials (In US\$ mn)	FY20	FY21	FY22	FY23E	FY24E	FY25E	1H22	2H22	1H23	2H23E
Sales by segment										
Joyoung				1,431	1,524	1,646	639	887	491	940
SharkNinja APAC				183	240	296	64	72	83	100
Total				1,614	1,765	1,942	703	960	574	1,040
Growth (%)										
Joyoung					7%	8%			-23%	6%
SharkNinja APAC					32%	23%			28%	38%
Total					9%	10%			-18%	8%
Net profit att.										
Joyoung				89	95	104				
SharkNinja APAC				8	11	15				
Total				97	106	119	66	47	46	60
Growth (%)										
Joyoung					7%	9%				
SharkNinja APAC					31%	32%				
Total					9%	12%			-30%	28%
NP margin										
Joyoung				6.2%	6.2%	6.3%				
SharkNinja APAC				4.6%	4.6%	4.9%				
Total				6.0%	6.0%	6.1%	9.4%	4.9%	8.0%	5.8%

Source: Bloomberg, CMBIGM estimates

Figure 5: Financial forecasts of JS global (consolidated level)

Financials (In US\$ mn)	FY20	FY21	FY22	FY23E	FY24E	FY25E	1H22	2H22	1H23	2H23E
Sales										
Shark Ninja (ex-APAC)	2,508	3,361	3,378	1,997	-	-	1,529	1,849	1,720	287
The retained group	1,688	1,790	1,663	1,614	1,765	1,942	703	960	574	1,040
Total	4,196	5,151	5,041	3,611	1,765	1,942	2,232	2,809	2,294	1,327
Growth (%)										
Shark Ninja (ex-APAC)		34.0%	0.5%	-40.9%	-100.0%	n/a			13%	-84%
The retained group		6.0%	-7.1%	-3.0%	9.4%	10.0%			-18%	8%
Total		22.8%	-2.1%	-28.4%	-51.1%	10.0%			3%	-53%
Net profit										
Shark Ninja (ex-APAC)	295	326	245	112	-	-	115	130	93	19
The retained group	107	135	113	97	116	129	66	47	46	51
Total	402	461	358	209	116	129	181	177	181	28
Growth (%)										
Shark Ninja (ex-APAC)		10.3%	-24.9%	-54.2%	-100.0%	n/a			-19%	-86%
The retained group		26.2%	-16.3%	-14.0%	19.6%	11.1%			-30%	9%
Total		14.5%	-22.4%	-41.5%	-44.5%	11.1%			0%	-84%
NP margin										
Shark Ninja (ex-APAC)	11.8%	9.7%	7.2%	5.6%	n/a	n/a	7.5%	7.0%	5.4%	6.5%
The retained group	6.3%	7.5%	6.8%	6.0%	6.6%	6.6%	9.4%	4.9%	8.0%	4.9%
Total	9.6%	8.9%	7.1%	5.8%	6.6%	6.6%	8.1%	6.3%	7.9%	2.1%

Source: Bloomberg, CMBIGM estimates

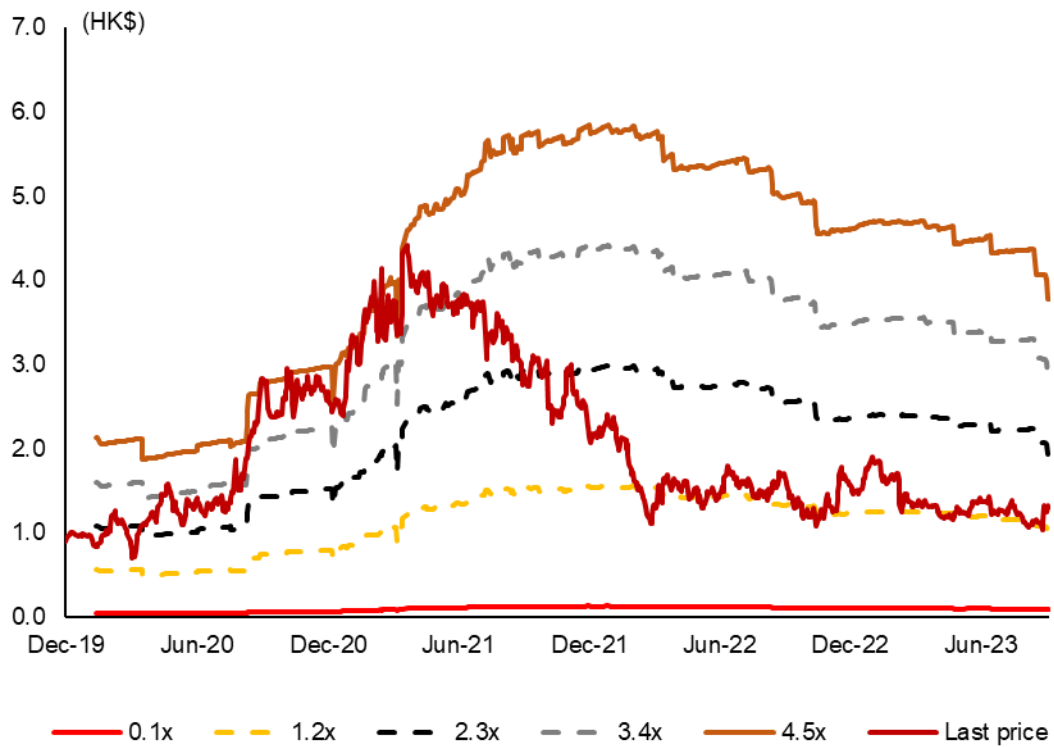
Valuation

Figure 6: Peers' valuation

Company	Ticker	Rating	12m TP (LC)	Price (LC)	Up/Down-side	Mkt. Cap (HK\$ mn)	Year End	P/E (x)		P/B (x)	ROE (%)	3yrs PEG (x)	Yield (%)	YTD perf. FY1E	
A+ H shares Small Home Appliances															
JS Global	1691 HK	BUY	1.84	1.25	47%	4,343	Dec-22	2.1	5.4	0.2	8.4	(0.1)	13.4	(16.8)	
Joyoung	002242 CH	NR	n/a	14.42	n/a	11,843	Dec-22	18.3	15.9	3.2	17.5	1.7	4.3	(12.5)	
Vesync	2148 HK	BUY	6.71	3.15	113%	3,663	Dec-22	7.3	5.8	1.4	20.3	(0.0)	2.5	(34.8)	
Zhejiang Supor	002032 CH	NR	n/a	49.93	n/a	43,129	Dec-22	18.5	16.6	5.7	30.3	2.9	4.0	1.0	
GD Xinbao	002705 CH	NR	n/a	18.00	n/a	15,934	Dec-22	14.7	12.9	1.9	13.0	2.1	2.3	8.1	
Bear Electric	002959 CH	NR	n/a	59.29	n/a	9,940	Dec-22	19.1	15.9	3.4	18.1	1.1	2.2	(1.7)	
Ecovacs Robotics	603486 CH	NR	n/a	49.35	n/a	30,482	Dec-22	17.6	14.8	3.7	21.2	2.5	1.9	(32.3)	
Beijing Roborock	688169 CH	NR	n/a	281.31	n/a	39,603	Dec-22	22.9	19.4	3.4	14.6	1.1	0.7	59.0	
Kingclean Electric	603355 CH	NR	n/a	27.13	n/a	16,671	Dec-22	14.3	13.1	3.6	24.5	1.6	2.5	(3.2)	
								Avg.	15.0	13.3	2.9	18.7	1.4	3.8	(3.7)
								Med.	17.6	14.8	3.4	18.1	1.6	2.5	(3.2)
A + H Home Appliances															
Midea Group	000333 CH	BUY	67.79	57.05	19%	429,007	Dec-22	11.8	10.7	2.5	21.2	1.6	4.5	10.1	
Gree Electric	000651 CH	NR	n/a	36.71	n/a	221,354	Dec-22	7.7	7.0	1.8	24.5	1.3	6.3	13.6	
Haier Smart Home	600690 CH	NR	n/a	24.23	n/a	236,527	Dec-22	13.5	11.8	2.2	16.4	1.3	2.8	(0.9)	
Haier Electronics	6690 HK	BUY	30.91	24.60	26%	236,527	Dec-22	12.9	11.3	2.0	16.6	1.2	3.0	(7.5)	
Hisense Home	921 HK	NR	n/a	19.50	n/a	32,446	Dec-22	10.5	9.2	1.9	19.4	0.4	3.9	126.5	
Hisense Home - A	000921 CH	NR	n/a	23.62	n/a	32,446	Dec-22	13.6	11.6	2.5	19.0	0.5	3.7	79.3	
Whirlpool China	600983 CH	NR	n/a	8.22	n/a	6,746	Dec-22	n/a	n/a	n/a	n/a	n/a	n/a	18.8	
Hangzhou Robam	002508 CH	NR	n/a	27.42	n/a	27,863	Dec-22	13.6	12.1	2.3	17.4	1.1	2.3	(1.2)	
Vatti Corporation	002035 CH	NR	n/a	6.07	n/a	5,509	Dec-22	10.2	8.9	1.4	13.1	0.2	4.3	9.6	
								Avg.	11.7	10.3	2.1	18.5	0.9	3.9	27.6
								Med.	12.3	11.0	2.1	18.2	1.2	3.8	10.1
International Small Home Appliances															
Techtronic	669 HK	NR	n/a	79	n/a	145,593	Dec-22	18.5	15.5	3.2	18.3	2.0	2.2	(8.9)	
Smith (A.O.) Corp	AOS US	NR	n/a	65	n/a	76,696	Dec-22	18.1	17.0	5.2	29.8	0.5	1.9	13.9	
Helen Of Troy	HELE US	NR	n/a	116	n/a	21,824	Feb-23	13.0	11.6	1.7	13.7	0.6	n/a	4.4	
De'Longhi Spa	DLG IM	NR	n/a	22	n/a	27,164	Dec-22	15.9	14.2	1.8	11.6	1.3	2.5	3.1	
Irobot Corp	IRBT US	NR	n/a	37	n/a	8,083	Dec-22	n/a	n/a	n/a	(38.0)	n/a	0.0	(22.5)	
Seb Sa	SK FP	NR	n/a	88	n/a	40,596	Dec-22	12.2	10.1	1.4	12.0	0.6	2.8	12.7	
Koninklijke Philips	PHIA NA	NR	n/a	19	n/a	148,442	Dec-22	16.7	13.6	1.4	4.3	(0.1)	4.5	43.4	
								Avg.	15.7	13.7	2.5	7.4	0.8	2.3	6.6
								Med.	16.3	13.9	1.8	12.0	0.6	2.3	4.4
International Home Appliances															
Whirlpool Corp	WHR US	NR	n/a	132.65	n/a	56,865	Dec-22	8.2	7.6	3.1	36.1	(0.0)	5.3	(6.2)	
Ingersoll-Rand	IR US	NR	n/a	64.04	n/a	202,526	Dec-22	23.1	21.0	2.7	11.9	0.7	0.1	22.6	
Electrolux Ab	ELUXB SS	NR	n/a	112	n/a	22,290	Dec-22	35.1	9.0	1.9	2.3	(0.1)	2.9	(20.3)	
Daikin Industries	6367 JP	NR	n/a	24285.0	n/a	375,642	Mar-23	25.3	22.7	2.9	11.9	3.4	1.0	20.2	
Panasonic Corp	6752 JP	NR	n/a	1732	n/a	224,255	Mar-23	10.2	11.3	1.0	10.9	0.8	2.0	55.9	
Fujitsu General	6755 JP	NR	n/a	2799.00	n/a	16,155	Mar-23	21.0	19.0	2.1	10.8	0.9	1.3	(11.6)	
Lg Electronics Inc	066570 KS	NR	n/a	103100.	n/a	98,837	Dec-22	10.3	7.1	0.9	8.7	0.3	0.8	19.2	
Samsung	005930 KS	NR	n/a	68800.0	n/a	2,406,005	Dec-22	47.7	15.0	1.3	2.8	(7.7)	2.0	24.4	
								Avg.	22.6	14.1	2.0	11.9	(0.2)	1.9	13.0
								Med.	22.0	13.1	2.0	10.9	0.5	1.6	19.7

Source: Bloomberg, CMBIGM estimates

Figure 7: Forward 12M P/E valuation band



Source: Bloomberg, CMBIGM estimates

Assumptions

Figure 8: CMBIGM assumptions

US\$ mn	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Sales by brand (US\$ mn)						
Joyoung	1,463	1,436	1,325	1,425	1,524	1,646
SharkNinja	2,733	3,715	3,716	2,186	240	296
Others	-	-	-	-	-	-
Total	4,196	5,151	5,041	3,611	1,765	1,942
Sales growth by brand (%)						
Joyoung	14.3%	-1.9%	-7.7%	7.5%	7.0%	8.0%
SharkNinja	57.4%	35.9%	0.0%	-41.2%	-89.0%	23.0%
Others	-	-	-	-	-	-
Total	39.1%	22.8%	-2.1%	-28.4%	-51.1%	10.0%
Sales by segment growth (%)						
Cleaning	50.4%	15.5%	-1.1%	-48.0%	-78.3%	17.6%
Food preparation	22.2%	5.6%	-3.1%	-10.6%	-29.0%	8.6%
Cooking	41.6%	41.8%	-5.7%	-19.8%	-48.7%	9.3%
Others	29.4%	45.6%	18.9%	-13.2%	-37.1%	8.9%
Sales by region growth (%)						
China	13.2%	-2.8%	-6.5%	-1.5%	14.4%	9.1%
North America	51.6%	34.1%	-1.2%	-43.0%	-100.0%	#DIV/0!
Europe	103.6%	36.7%	2.5%	-35.0%	-100.0%	#DIV/0!
Other markets	45.1%	78.6%	1.2%	40.0%	20.0%	15.0%
GP margins by segment						
Joyoung	32.7%	30.5%	32.1%	32.0%	32.0%	31.7%
SharkNinja	46.5%	37.1%	36.5%	36.8%	62.8%	63.1%
Others	45.5%	43.3%	42.4%	42.7%	42.8%	42.8%
Total	41.5%	37.4%	37.3%	36.8%	36.6%	36.7%
Opex breakdown						
D & A	-1.4%	-1.1%	-1.2%	-1.4%	-2.5%	-2.1%
Admin exp. (ex D & A)	-10.2%	-9.4%	-10.9%	-11.1%	-9.5%	-9.8%
A & P	-6.7%	-6.1%	-5.8%	-5.8%	-5.5%	-5.5%
S & D costs (ex. A & P)	-9.9%	-9.6%	-9.9%	-10.7%	-10.5%	-10.7%
Selling & distribution costs / sales	-16.6%	-15.7%	-15.7%	-16.6%	-16.0%	-16.2%
Admin expenses / sales	-11.6%	-10.4%	-12.1%	-12.6%	-12.0%	-11.9%
OP margins						
Effective tax rate	23.6%	19.9%	22.0%	20.0%	18.0%	18.0%
NP att. margins						
NP att. growth (%)	717.1%	22.1%	-21.0%	-43.0%	-43.9%	11.9%

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (US\$ mn)						
Revenue	4,196	5,151	5,041	3,611	1,765	1,942
Cost of goods sold	(2,453)	(3,226)	(3,161)	(2,281)	(1,120)	(1,229)
Gross profit	1,743	1,924	1,880	1,330	645	713
Operating expenses	(1,183)	(1,346)	(1,400)	(1,052)	(495)	(547)
Selling expense	(696)	(809)	(790)	(598)	(283)	(315)
Admin expense	(487)	(538)	(610)	(454)	(212)	(232)
R&D expense	0	0	0	0	0	0
Others	0	0	0	0	0	0
Operating profit	620	611	509	294	158	174
Other income	60	33	29	15	7	8
Share of (losses)/profits of associates/JV	(0)	1	5	0	0	0
EBITDA	723	724	637	396	246	256
Depreciation	(63)	(66)	(72)	(53)	(43)	(37)
Other amortisation	(40)	(48)	(56)	(49)	(45)	(45)
Interest income	11	8	8	17	26	26
Interest expense	(80)	(28)	(47)	(35)	(35)	(35)
Other income/expense	(24)	(17)	(18)	(14)	(7)	(8)
Pre-tax profit	527	575	457	261	142	158
Income tax	(124)	(114)	(99)	(52)	(26)	(28)
Minority interest	(58)	(40)	(25)	(20)	(10)	(10)
Net profit	402	461	358	209	116	129
BALANCE SHEET						
YE 31 Dec (US\$ mn)						
Current assets	2,714	2,779	2,582	2,621	2,348	2,654
Cash & equivalents	571	555	504	1,948	1,774	2,030
Account receivables	1,204	1,246	1,198	297	290	319
Inventories	575	782	646	187	153	168
Prepayment	121	85	159	114	56	61
ST bank deposits	33	29	35	35	35	35
Other current assets	209	82	40	40	40	40
Non-current assets	1,940	2,030	2,054	1,987	1,917	1,854
PP&E	208	206	219	202	177	159
Investment in JVs & assos	27	27	30	30	30	30
Intangibles	562	588	609	563	520	477
Other non-current assets	1,143	1,208	1,195	1,193	1,190	1,188
Total assets	4,654	4,809	4,636	4,609	4,265	4,508
Current liabilities	1,618	1,623	1,595	1,344	783	837
Short-term borrowings	47	85	135	135	135	135
Account payables	885	879	688	625	307	337
Tax payable	28	21	5	5	5	5
Other current liabilities	658	638	767	579	336	360
Non-current liabilities	1,116	1,097	976	996	1,006	1,016
Long-term borrowings	893	857	722	722	722	722
Other non-current liabilities	223	240	254	274	284	294
Total liabilities	2,734	2,720	2,571	2,340	1,789	1,852
Share capital	1,132	1,034	971	971	971	971
Retained earnings	0	0	0	284	443	621
Other reserves	788	1,055	1,093	1,014	1,062	1,064
Total shareholders equity	1,920	2,089	2,065	2,269	2,476	2,656
Minority interest	0	0	0	0	0	0
Total equity and liabilities	4,654	4,809	4,636	4,609	4,265	4,508

CASH FLOW	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (US\$ mn)						
Operating						
Profit before taxation	527	575	457	261	142	158
Depreciation & amortization	103	113	128	102	88	82
Tax paid	(102)	(133)	(135)	(52)	(26)	(28)
Change in working capital	24	(299)	(19)	1,154	(462)	4
Others	101	73	71	49	42	43
Net cash from operations	653	330	501	1,515	(215)	258
Investing						
Capital expenditure	(68)	(64)	(96)	(36)	(18)	(19)
Acquisition of subsidiaries/ investments	(16)	(51)	(54)	0	0	0
Others	(127)	(26)	37	0	0	0
Net cash from investing	(211)	(141)	(113)	(36)	(18)	(19)
Financing						
Dividend paid	(265)	(155)	(235)	0	94	53
Net borrowings	(399)	(17)	(93)	0	0	0
Proceeds from share issues	138	0	0	0	0	0
Share repurchases	0	(3)	(78)	0	0	0
Others	210	(27)	33	(35)	(35)	(35)
Net cash from financing	(317)	(202)	(373)	(35)	59	18
Net change in cash						
Cash at the beginning of the year	421	571	555	504	1,948	1,774
Exchange difference	25	(2)	(66)	0	0	0
Others	125	(13)	14	1,444	(174)	256
Cash at the end of the year	571	555	504	1,948	1,774	2,030
GROWTH	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
Revenue	39.1%	22.8%	(2.1%)	(28.4%)	(51.1%)	10.0%
Gross profit	54.7%	10.4%	(2.3%)	(29.2%)	(51.5%)	10.5%
Operating profit	173.4%	(1.4%)	(16.7%)	(42.3%)	(46.2%)	10.2%
EBITDA	127.7%	0.2%	(12.1%)	(37.8%)	(37.8%)	4.0%
Net profit	372.3%	14.5%	(22.4%)	(41.5%)	(44.4%)	11.2%
PROFITABILITY	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
Gross profit margin	41.5%	37.4%	37.3%	36.8%	36.6%	36.7%
Operating margin	14.8%	11.9%	10.1%	8.1%	9.0%	9.0%
EBITDA margin	17.2%	14.1%	12.6%	11.0%	14.0%	13.2%
Return on equity (ROE)	23.3%	23.0%	17.2%	9.7%	4.9%	5.0%
GEARING/LIQUIDITY/ACTIVITIES	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
Current ratio (x)	1.7	1.7	1.6	1.9	3.0	3.2
Receivable turnover days	87.3	86.8	88.5	30.0	60.0	60.0
Inventory turnover days	72.1	76.8	82.5	30.0	50.0	50.0
Payable turnover days	105.3	99.8	90.4	100.0	100.0	100.0
VALUATION	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
P/E	1.5	1.2	1.4	2.1	5.4	4.9
P/E (diluted)	1.5	1.2	1.4	2.1	5.4	4.9
P/B	0.3	0.3	0.3	0.2	0.2	0.2
P/CFPS	2.2	2.9	1.3	0.9	0.8	0.8
Div yield (%)	21.3	23.9	0.0	16.8	9.4	10.5

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

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