

# CSPC Pharmaceutical (1093 HK)

## BD becoming sustainable revenue engine

Despite revenue decline in FY25 due to volume-based procurement (VBP) and prescription controls, CSPC's core domestic sales are bottoming out and poised to stabilize in FY26E, in our view. Concurrently, the company has transformed into a global innovator, securing continuous out-licensing deals. Backed by a differentiated pipeline, we expect recurring business development (BD) income to drive long-term growth. Maintain BUY with a revised TP of HK\$13.05.

■ **Core product sales poised to stabilize in FY26E.** In FY25, CSPC reported a 10.4% YoY decline in total revenue to RMB 26.0bn, largely dragged by a 20.8% YoY drop in finished drug sales (excluding license fee income). This contraction was primarily driven by stringent hospital prescription controls and the ongoing impacts of VBP. However, underlying sequential trends indicate a bottoming out: excluding license fee income, 2H25 finished drug sales rebounded by 4.9% HoH. We anticipate domestic drug sales will remain flattish in FY26E as VBP headwinds subside. Furthermore, CSPC maintained strict financial discipline while continuing to prioritize innovation. Selling expenses plummeted 25.4% YoY to RMB 6.5bn, reflecting a structural reduction in marketing intensity post-VBP. Conversely, R&D expenses grew 12.0% YoY to RMB 5.8bn. FY25 attributable net profit stood at RMB 3.9bn (-10.3% YoY).

■ **Sustainable out-licensing income stream.** CSPC has established a formidable BD track record, successfully pivoting toward a global innovation model. In January 2026, the Company secured a landmark out-licensing agreement with AstraZeneca for eight weight management and type 2 diabetes programs. This transformative deal boasts a potential value exceeding US\$18.5bn, anchored by a substantial US\$1.2bn upfront payment. Beyond this mega-deal, CSPC has executed six additional out-licensing agreements since late 2024. These cover diverse assets, including an Lp(a) inhibitor, a MAT2A inhibitor, a ROR1 ADC, an oral GLP-1, an irinotecan liposome, and an AI-driven small molecule discovery platform. These transactions provide robust validation of CSPC's proprietary drug discovery capabilities. Furthermore, the Company retains a deep pipeline of highly differentiated, late-stage candidates—such as a PD-1/IL-15 bsAb, an EGFR ADC, a B7-H3 ADC, a GFRAL mAb, a ActRII mAb, and multiple siRNA assets—which we believe possess out-licensing potential. We view CSPC as uniquely positioned to generate a recurring, long-term stream of lucrative BD revenue.

■ **Maintain BUY.** We view CSPC's continuous out-licensing execution as a primary catalyst for future earnings growth and multiple expansion. We project revenue and attributable net profit to change +10.7%/ +6.4% and +47.2%/ -1.5% YoY in FY26E/FY27E, respectively, with the volatility driven largely by the timing of BD milestone payments. Factoring into the softer FY25 finished drug sales performance, we slightly adjust our DCF-based target price to HK\$13.05 from HK\$13.93 (WACC 9.34%, terminal growth 3.0%, unchanged).

### Earnings Summary

| (YE 31 Dec)          | FY24A   | FY25A   | FY26E   | FY27E   | FY28E   |
|----------------------|---------|---------|---------|---------|---------|
| Revenue (RMB mn)     | 29,009  | 26,006  | 28,787  | 30,622  | 33,072  |
| YoY growth (%)       | (7.8)   | (10.4)  | 10.7    | 6.4     | 8.0     |
| Net profit (RMB mn)  | 4,338.8 | 3,876.1 | 5,706.3 | 5,620.8 | 6,969.8 |
| YoY growth (%)       | (28.6)  | (10.7)  | 47.2    | (1.5)   | 24.0    |
| EPS (Reported) (RMB) | 0.37    | 0.34    | 0.50    | 0.49    | 0.61    |
| P/E (x)              | 20.3    | 22.0    | 15.1    | 15.2    | 12.2    |
| Net gearing (%)      | (23.5)  | (24.8)  | (26.0)  | (28.9)  | (31.5)  |

Source: Company data, Bloomberg, CMBIGM estimates

## BUY (Maintain)

|                      |                  |
|----------------------|------------------|
| <b>Target Price</b>  | <b>HK\$13.05</b> |
| (Previous TP)        | HK\$13.93)       |
| <b>Up/Downside</b>   | <b>53.7%</b>     |
| <b>Current Price</b> | <b>HK\$8.49</b>  |

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### Stock Data

|                          |            |
|--------------------------|------------|
| Mkt Cap (HK\$ mn)        | 101,177.1  |
| Avg 3 mths t/o (HK\$ mn) | 1,027.9    |
| 52w High/Low (HK\$)      | 11.48/4.69 |
| Total Issued Shares (mn) | 11917.2    |

Source: FactSet

### Shareholding Structure

|                         |       |
|-------------------------|-------|
| Massive Giant Group Ltd | 10.6% |
| Cai Dongchen            | 10.4% |

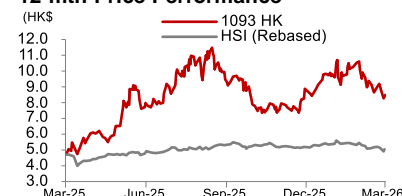
Source: Bloomberg

### Share Performance

|       | Absolute | Relative |
|-------|----------|----------|
| 1-mth | -15.0%   | -10.2%   |
| 3-mth | -3.2%    | -1.3%    |
| 6-mth | -8.7%    | -4.6%    |

Source: FactSet

### 12-mth Price Performance



Source: FactSet

Figure 1: Out-licensing deals of CSPC

| Date       | Partner            | Products   | Upfront payment (US\$m) | Milestone (development + sales) & royalties | Regions   | Sources              |
|------------|--------------------|--|-------------------------|---|---|----------------------|
| 2026.01.30 | AstraZeneca        | Weight management portfolio, (eight programs including SYH2082, based on the AI-driven peptide drug discovery platform and once-monthly dosing platform) | 1,200                   | US\$17.3bn & royalties                      | Outside of Greater China  | <a href="#">Link</a> |
| 2025.07.30 | Madrigal           | SYH2086 (Oral GLP-1 at pre-clinical stage)   | 120                     | US\$1,955mn & royalties                     | Global  | <a href="#">Link</a> |
| 2025.6.13  | AstraZeneca        | AI-driven oral small molecule drug discovery platform  | 110                     | US\$1,620+3,600mn & royalties               | Global  | <a href="#">Link</a> |
| 2025.5.15  | Cipla USA          | Irinotecan liposome injection  | 15                      | US\$25+1,025mn & royalties                  | US  | <a href="#">Link</a> |
| 2025.2.18  | Radiance Biopharma | SYS6005 (ROR1 ADC)   | 15                      | US\$150+1,075mn & royalties                 | US, EU, UK, Switzerland, Norway, Iceland, Liechtenstein, Albania, Montenegro, North Macedonia, Serbia, Australia, and Canada. | <a href="#">Link</a> |
| 2024.12.12 | BeOne              | SYH2039 (MAT2A inhibitor)  | 150                     | US\$135+1,550mn & royalties                 | Global  | <a href="#">Link</a> |
| 2024.10.7  | AstraZeneca        | YS2302018 (lipoprotein (a) inhibitor)  | 100                     | US\$370+1,550mn & royalties                 | Global  | <a href="#">Link</a> |
| 2023.2.23  | Corbus Pharma      | SYS6002 (Nectin-4 ADC)   | 8                       | US\$130+555mn & royalties                   | US, EU, UK, Canada, etc   | <a href="#">Link</a> |
| 2022.7.28  | Elevation Oology   | SYSA1801 (Claudin18.2 ADC)   | 27                      | US\$148+1,020mn & royalties                 | Outside of Greater China  | <a href="#">Link</a> |
| 2021.8.17  | Flame Biosciences  | NBL-015 (Claudin 18.2 mAb)   | 8                       | US\$172.5+460mn & royalties                 | Outside of Greater China  | <a href="#">Link</a> |

Source: Company data, CMBIGM

Figure 2: Risk-adjusted DCF valuation

| DCF Valuation (in RMB mn)      | 2026E        | 2027E        | 2028E        | 2029E        | 2030E        | 2031E        | 2032E        | 2033E        | 2034E         | 2035E          |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|----------------|
| EBIT                           | 7,220        | 7,114        | 8,766        | 9,643        | 10,559       | 11,509       | 12,487       | 13,486       | 14,498        | 15,513         |
| Tax rate                       | 19%          | 19%          | 19%          | 19%          | 19%          | 19%          | 19%          | 19%          | 19%           | 19%            |
| EBIT*(1-tax rate)              | 5,821        | 5,735        | 7,067        | 7,774        | 8,513        | 9,279        | 10,067       | 10,873       | 11,688        | 12,506         |
| + D&A                          | 1,336        | 1,336        | 1,336        | 1,470        | 1,609        | 1,754        | 1,903        | 2,056        | 2,210         | 2,364          |
| - Change in working capital    | -1,020       | -237         | -664         | -731         | -800         | -872         | -946         | -1,022       | -1,099        | -1,176         |
| - Capx                         | -2,015       | -2,015       | -2,015       | -2,015       | -2,015       | -2,015       | -2,015       | -2,015       | -2,015        | -2,015         |
| <b>FCFF</b>                    | <b>4,122</b> | <b>4,819</b> | <b>5,724</b> | <b>6,498</b> | <b>7,307</b> | <b>8,145</b> | <b>9,009</b> | <b>9,891</b> | <b>10,784</b> | <b>11,680</b>  |
| <b>Terminal value</b>          |              |              |              |              |              |              |              |              |               | <b>189,680</b> |
| <b>Terminal growth rate</b>    |              |              |              |              |              |              |              |              |               | <b>3.00%</b>   |
| <b>WACC</b>                    |              |              |              |              |              |              |              |              |               | <b>9.34%</b>   |
| Cost of Equity                 |              |              |              |              |              |              |              |              |               | 13.00%         |
| Cost of Debt                   |              |              |              |              |              |              |              |              |               | 3.00%          |
| Equity Beta                    |              |              |              |              |              |              |              |              |               | 1.00           |
| Risk Free Rate                 |              |              |              |              |              |              |              |              |               | 2.50%          |
| Market Risk Premium            |              |              |              |              |              |              |              |              |               | 10.50%         |
| Target Debt to Asset ratio     |              |              |              |              |              |              |              |              |               | 35.00%         |
| Effective Corporate Tax Rate   |              |              |              |              |              |              |              |              |               | 15.00%         |
| Terminal value (RMB mn)        |              |              |              |              |              |              |              |              |               | 77,648         |
| Total PV (RMB mn)              |              |              |              |              |              |              |              |              |               | 123,085        |
| Net debt (RMB mn)              |              |              |              |              |              |              |              |              |               | -9,382         |
| Minority interests (RMB mn)    |              |              |              |              |              |              |              |              |               | 1,265          |
| Equity value (RMB mn)          |              |              |              |              |              |              |              |              |               | 131,202        |
| # of shares (mn)               |              |              |              |              |              |              |              |              |               | 11,424         |
| <b>DCF per share (in HK\$)</b> |              |              |              |              |              |              |              |              |               | <b>13.05</b>   |

Source: CMBIGM estimates

Figure 3: Sensitivity analysis (HK\$)

|                      |       | WACC  |       |       |       |        |
|----------------------|-------|-------|-------|-------|-------|--------|
|                      |       | 8.34% | 8.84% | 9.34% | 9.84% | 10.34% |
| Terminal growth rate | 4.00% | 18.06 | 16.14 | 14.59 | 13.30 | 12.22  |
|                      | 3.50% | 16.72 | 15.09 | 13.75 | 12.63 | 11.67  |
|                      | 3.00% | 15.62 | 14.23 | 13.05 | 12.05 | 11.19  |
|                      | 2.50% | 14.72 | 13.49 | 12.45 | 11.56 | 10.78  |
|                      | 2.00% | 13.96 | 12.87 | 11.93 | 11.12 | 10.41  |

Source: Company data, CMBIGM estimates

Figure 4: CMBIGM estimates: New vs Old

| RMB mn                  | New    |        |        | Old    |        |        | Diff (%) |           |          |
|-------------------------|--------|--------|--------|--------|--------|--------|----------|-----------|----------|
|                         | FY25E  | FY26E  | FY27E  | FY25E  | FY26E  | FY27E  | FY25E    | FY26E     | FY27E    |
| Revenue                 | 28,787 | 30,622 | 33,072 | 28,628 | 30,656 | 32,836 | 0.6%     | -0.1%     | 0.7%     |
| Gross profit            | 19,727 | 20,808 | 22,793 | 19,505 | 21,736 | 23,132 | 1.1%     | -4.3%     | -1.5%    |
| Operating profit        | 7,220  | 7,114  | 8,766  | 8,171  | 10,430 | 10,808 | -11.6%   | -31.8%    | -18.9%   |
| Attributable net profit | 5,715  | 5,629  | 6,980  | 6,583  | 8,435  | 8,758  | -13.2%   | -33.3%    | -20.3%   |
| EPS (RMB)               | 0.50   | 0.49   | 0.61   | 0.57   | 0.73   | 0.76   | -12.4%   | -32.7%    | -61.3%   |
| Gross margin            | 68.53% | 67.95% | 68.92% | 68.13% | 70.91% | 70.45% | +0.4ppt  | -2.95ppt  | -1.53ppt |
| Operating margin        | 25.08% | 23.23% | 26.51% | 28.54% | 34.02% | 32.91% | -3.46ppt | -10.79ppt | -6.41ppt |
| Net margin              | 19.85% | 18.38% | 21.11% | 23.00% | 27.51% | 26.67% | -3.14ppt | -9.13ppt  | -5.57ppt |

Source: CMBIGM estimates

Figure 5: CMBIGM estimates vs consensus

| RMB mn                  | CMBI   |        |        | Consensus |        |        | Diff (%) |          |          |
|-------------------------|--------|--------|--------|-----------|--------|--------|----------|----------|----------|
|                         | FY26E  | FY27E  | FY28E  | FY26E     | FY27E  | FY28E  | FY26E    | FY27E    | FY28E    |
| Revenue                 | 28,787 | 30,622 | 33,072 | 31,185    | 31,351 | 33,419 | -7.7%    | -2.3%    | -1.0%    |
| Gross profit            | 19,727 | 20,808 | 22,793 | 21,945    | 21,660 | 23,540 | -10.1%   | -3.9%    | -3.2%    |
| Operating profit        | 7,220  | 7,114  | 8,766  | 9,024     | 7,373  | 9,583  | -20.0%   | -3.5%    | -8.5%    |
| Attributable net profit | 5,715  | 5,629  | 6,980  | 7,281     | 6,025  | 7,768  | -21.5%   | -6.6%    | -10.1%   |
| EPS (RMB)               | 0.50   | 0.49   | 0.61   | 0.62      | 0.50   | 0.68   | -18.8%   | -1.3%    | -56.6%   |
| Gross margin            | 68.53% | 67.95% | 68.92% | 70.37%    | 69.09% | 70.44% | -1.84ppt | -1.14ppt | -1.52ppt |
| Operating margin        | 25.08% | 23.23% | 26.51% | 28.94%    | 23.52% | 28.68% | -3.85ppt | -0.29ppt | -2.17ppt |
| Net margin              | 19.85% | 18.38% | 21.11% | 23.35%    | 19.22% | 23.24% | -3.5ppt  | -0.84ppt | -2.14ppt |

Source: Bloomberg, CMBIGM estimates

## Financial Summary

| INCOME STATEMENT                           | 2023A         | 2024A         | 2025A         | 2026E         | 2027E         | 2028E         |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>YE 31 Dec (RMB mn)</b>                  |               |               |               |               |               |               |
| <b>Revenue</b>                             | <b>31,450</b> | <b>29,009</b> | <b>26,006</b> | <b>28,787</b> | <b>30,622</b> | <b>33,072</b> |
| Cost of goods sold                         | (9,273)       | (8,711)       | (8,947)       | (9,060)       | (9,814)       | (10,279)      |
| <b>Gross profit</b>                        | <b>22,177</b> | <b>20,299</b> | <b>17,058</b> | <b>19,727</b> | <b>20,808</b> | <b>22,793</b> |
| Selling expense                            | (9,141)       | (8,662)       | (6,463)       | (6,611)       | (7,088)       | (7,138)       |
| Admin expense                              | (1,190)       | (1,080)       | (825)         | (857)         | (954)         | (999)         |
| R&D expense                                | (4,830)       | (5,191)       | (5,809)       | (5,877)       | (6,543)       | (6,853)       |
| Others                                     | 421           | 346           | 938           | 838           | 891           | 963           |
| <b>Operating profit</b>                    | <b>7,437</b>  | <b>5,712</b>  | <b>4,899</b>  | <b>7,220</b>  | <b>7,114</b>  | <b>8,766</b>  |
| Gain/loss on financial assets at FVTPL     | 0             | 0             | 0             | 0             | 0             | 0             |
| Share of (losses)/profits of associates/JV | (21)          | (89)          | (52)          | (100)         | (100)         | (100)         |
| <b>Net interest income/(expense)</b>       | <b>(26)</b>   | <b>(44)</b>   | <b>(39)</b>   | <b>(42)</b>   | <b>(42)</b>   | <b>(21)</b>   |
| <b>Pre-tax profit</b>                      | <b>7,389</b>  | <b>5,579</b>  | <b>4,808</b>  | <b>7,078</b>  | <b>6,972</b>  | <b>8,645</b>  |
| Income tax                                 | (1,317)       | (1,240)       | (932)         | (1,372)       | (1,351)       | (1,675)       |
| Minority interest                          | 199           | 11            | (6)           | (8)           | (8)           | (10)          |
| <b>Net profit</b>                          | <b>6,073</b>  | <b>4,339</b>  | <b>3,876</b>  | <b>5,706</b>  | <b>5,621</b>  | <b>6,970</b>  |
| Gross dividends                            | 2,726         | 2,597         | 2,497         | 2,857         | 2,815         | 3,490         |
| Net dividends                              | (4)           | (26)          | (10)          | 47            | (1)           | 24            |
| <b>BALANCE SHEET</b>                       |               |               |               |               |               |               |
| <b>YE 31 Dec (RMB mn)</b>                  |               |               |               |               |               |               |
| <b>Current assets</b>                      | <b>26,745</b> | <b>21,888</b> | <b>22,251</b> | <b>24,530</b> | <b>27,401</b> | <b>30,659</b> |
| Cash & equivalents                         | 12,015        | 6,777         | 6,090         | 7,238         | 9,128         | 11,263        |
| Account receivables                        | 6,542         | 6,048         | 6,286         | 6,959         | 7,402         | 7,994         |
| Inventories                                | 3,139         | 3,130         | 3,091         | 3,130         | 3,390         | 3,551         |
| Prepayment                                 | 0             | 0             | 0             | 0             | 0             | 0             |
| ST bank deposits                           | 1,077         | 1,307         | 2,776         | 2,776         | 2,776         | 2,776         |
| Other current assets                       | 3,972         | 4,626         | 4,008         | 4,428         | 4,705         | 5,075         |
| <b>Non-current assets</b>                  | <b>19,537</b> | <b>22,501</b> | <b>24,447</b> | <b>25,126</b> | <b>25,805</b> | <b>26,485</b> |
| PP&E                                       | 10,417        | 11,374        | 12,153        | 13,145        | 14,137        | 15,129        |
| Deferred income tax                        | 187           | 250           | 212           | 212           | 212           | 212           |
| Intangibles                                | 2,199         | 2,610         | 2,775         | 2,626         | 2,477         | 2,328         |
| Goodwill                                   | 1,226         | 1,128         | 1,336         | 1,172         | 1,009         | 845           |
| Financial assets at FVTPL                  | 2,387         | 2,334         | 2,251         | 2,251         | 2,251         | 2,251         |
| Other non-current assets                   | 3,122         | 4,804         | 5,720         | 5,720         | 5,720         | 5,720         |
| <b>Total assets</b>                        | <b>46,282</b> | <b>44,389</b> | <b>46,698</b> | <b>49,657</b> | <b>53,206</b> | <b>57,143</b> |
| <b>Current liabilities</b>                 | <b>10,183</b> | <b>9,634</b>  | <b>10,178</b> | <b>10,280</b> | <b>11,015</b> | <b>11,464</b> |
| Short-term borrowings                      | 450           | 392           | 329           | 320           | 311           | 302           |
| Account payables                           | 8,404         | 7,409         | 7,656         | 7,752         | 8,398         | 8,795         |
| Tax payable                                | 379           | 138           | 229           | 229           | 229           | 229           |
| Other current liabilities                  | 948           | 1,695         | 1,964         | 1,979         | 2,077         | 2,138         |
| <b>Non-current liabilities</b>             | <b>1,082</b>  | <b>889</b>    | <b>1,970</b>  | <b>1,970</b>  | <b>1,970</b>  | <b>1,970</b>  |
| Long-term borrowings                       | 0             | 0             | 0             | 0             | 0             | 0             |
| Other non-current liabilities              | 1,082         | 889           | 1,970         | 1,970         | 1,970         | 1,970         |
| <b>Total liabilities</b>                   | <b>11,264</b> | <b>10,523</b> | <b>12,148</b> | <b>12,250</b> | <b>12,985</b> | <b>13,434</b> |
| Share capital                              | 10,899        | 11,033        | 11,061        | 11,168        | 11,274        | 11,381        |
| Other reserves                             | 22,304        | 21,232        | 22,117        | 24,974        | 27,789        | 31,279        |
| <b>Total shareholders equity</b>           | <b>33,203</b> | <b>32,265</b> | <b>33,178</b> | <b>36,142</b> | <b>39,063</b> | <b>42,659</b> |
| Minority interest                          | 1,815         | 1,602         | 1,372         | 1,265         | 1,158         | 1,049         |
| <b>Total equity and liabilities</b>        | <b>46,282</b> | <b>44,389</b> | <b>46,698</b> | <b>49,657</b> | <b>53,206</b> | <b>57,143</b> |

| <b>CASH FLOW</b>                         | <b>2023A</b>   | <b>2024A</b>   | <b>2025A</b>   | <b>2026E</b>   | <b>2027E</b>   | <b>2028E</b>   |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>YE 31 Dec (RMB mn)</b>                |                |                |                |                |                |                |
| <b>Operating</b>                         |                |                |                |                |                |                |
| Profit before taxation                   | 7,389          | 5,579          | 4,808          | 7,078          | 6,972          | 8,645          |
| Depreciation & amortization              | 1,114          | 1,336          | 1,336          | 1,336          | 1,336          | 1,336          |
| Tax paid                                 | (1,309)        | (1,693)        | (932)          | (1,372)        | (1,351)        | (1,675)        |
| Change in working capital                | (3,032)        | (817)          | 714            | (1,020)        | (237)          | (664)          |
| Others                                   | 16             | 130            | 0              | 0              | 0              | 0              |
| <b>Net cash from operations</b>          | <b>4,179</b>   | <b>4,535</b>   | <b>5,926</b>   | <b>6,022</b>   | <b>6,720</b>   | <b>7,642</b>   |
| <b>Investing</b>                         |                |                |                |                |                |                |
| Capital expenditure                      | (1,624)        | (2,015)        | (2,015)        | (2,015)        | (2,015)        | (2,015)        |
| Acquisition of subsidiaries/ investments | 0              | (80)           | 0              | 0              | 0              | 0              |
| Others                                   | 2,231          | (1,763)        | 0              | 0              | 0              | 0              |
| <b>Net cash from investing</b>           | <b>607</b>     | <b>(3,858)</b> | <b>(2,015)</b> | <b>(2,015)</b> | <b>(2,015)</b> | <b>(2,015)</b> |
| <b>Financing</b>                         |                |                |                |                |                |                |
| Dividend paid                            | (2,726)        | (3,234)        | (2,497)        | (2,857)        | (2,815)        | (3,490)        |
| Net borrowings                           | 0              | 28             | 0              | 0              | 0              | 0              |
| Proceeds from share issues               | 0              | 0              | 0              | 0              | 0              | 0              |
| Share repurchases                        | (200)          | (1,579)        | 0              | 0              | 0              | 0              |
| Others                                   | 626            | (468)          | (1)            | (1)            | (1)            | (1)            |
| <b>Net cash from financing</b>           | <b>(2,301)</b> | <b>(5,253)</b> | <b>(2,498)</b> | <b>(2,858)</b> | <b>(2,816)</b> | <b>(3,491)</b> |
| <b>Net change in cash</b>                |                |                |                |                |                |                |
| Cash at the beginning of the year        | 10,298         | 12,015         | 6,777          | 6,090          | 7,238          | 9,128          |
| Exchange difference                      | 5              | 3              | 0              | 0              | 0              | 0              |
| Others                                   | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Cash at the end of the year</b>       | <b>12,015</b>  | <b>6,777</b>   | <b>6,090</b>   | <b>7,238</b>   | <b>9,128</b>   | <b>11,263</b>  |
| <b>GROWTH</b>                            | <b>2023A</b>   | <b>2024A</b>   | <b>2025A</b>   | <b>2026E</b>   | <b>2027E</b>   | <b>2028E</b>   |
| <b>YE 31 Dec</b>                         |                |                |                |                |                |                |
| Revenue                                  | 1.7%           | (7.8%)         | (10.4%)        | 10.7%          | 6.4%           | 8.0%           |
| Gross profit                             | (0.4%)         | (8.5%)         | (16.0%)        | 15.6%          | 5.5%           | 9.5%           |
| Operating profit                         | (1.8%)         | (23.2%)        | (14.2%)        | 47.4%          | (1.5%)         | 23.2%          |
| Net profit                               | (2.6%)         | (28.6%)        | (10.7%)        | 47.2%          | (1.5%)         | 24.0%          |
| <b>PROFITABILITY</b>                     | <b>2023A</b>   | <b>2024A</b>   | <b>2025A</b>   | <b>2026E</b>   | <b>2027E</b>   | <b>2028E</b>   |
| <b>YE 31 Dec</b>                         |                |                |                |                |                |                |
| Gross profit margin                      | 70.5%          | 70.0%          | 65.6%          | 68.5%          | 68.0%          | 68.9%          |
| Operating margin                         | 23.6%          | 19.7%          | 18.8%          | 25.1%          | 23.2%          | 26.5%          |
| Return on equity (ROE)                   | 19.2%          | 13.3%          | 11.8%          | 16.5%          | 14.9%          | 17.1%          |
| <b>GEARING/LIQUIDITY/ACTIVITIES</b>      | <b>2023A</b>   | <b>2024A</b>   | <b>2025A</b>   | <b>2026E</b>   | <b>2027E</b>   | <b>2028E</b>   |
| <b>YE 31 Dec</b>                         |                |                |                |                |                |                |
| Net debt to equity (x)                   | (0.4)          | (0.2)          | (0.2)          | (0.3)          | (0.3)          | (0.3)          |
| Current ratio (x)                        | 2.6            | 2.3            | 2.2            | 2.4            | 2.5            | 2.7            |
| Receivable turnover days                 | 120.5          | 131.4          | 143.3          | 143.3          | 143.3          | 143.3          |
| Inventory turnover days                  | 123.5          | 131.2          | 126.1          | 126.1          | 126.1          | 126.1          |
| Payable turnover days                    | 349.4          | 367.1          | 360.0          | 360.0          | 360.0          | 360.0          |
| <b>VALUATION</b>                         | <b>2023A</b>   | <b>2024A</b>   | <b>2025A</b>   | <b>2026E</b>   | <b>2027E</b>   | <b>2028E</b>   |
| <b>YE 31 Dec</b>                         |                |                |                |                |                |                |
| P/E                                      | 15.1           | 20.3           | 22.0           | 15.1           | 15.2           | 12.2           |
| P/E (diluted)                            | 15.1           | 20.3           | 22.0           | 14.9           | 15.2           | 12.2           |
| P/B                                      | 2.5            | 2.6            | 2.5            | 2.3            | 2.1            | 2.0            |
| P/CFPS                                   | 21.2           | 19.3           | 14.4           | 14.3           | 12.7           | 11.2           |
| Div yield (%)                            | 3.1            | 3.0            | 2.9            | 3.3            | 3.3            | 4.1            |

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

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