CMB International Global Markets | Equity Research | Company Update

Minth Group (425 HK)

In-line 1H24 with better earnings visibility ahead

Maintain BUY. Minth's 1H24 net profit was in line with our forecast, coupled with strong free cash flow to cut its net debt level. The company plans to buy back shares and resume dividend distribution for FY24. That could make its dividend yield attractive given its current low valuation. Moreover, Minth's earnings visibility becomes even better with its capex cuts and new business expansion, in our view.

- 1H24 earnings in line with improving operational efficiency. Minth's 1H24 revenue was 1% lower than our prior forecast while its gross margin of 28.5% beat our estimates by 1.2ppts. The beat at the gross profit level was offset by higher selling expenses than expected. That resulted in a net profit of RMB1.1bn in 1H24, or 0.2% lower than our prior forecast. Moreover, Minth's net debt level fell RMB0.9mn HoH to RMB3.3bn as of Jun 2024, reflecting its strong operating cash flow and self-disciplined capex.
- Dividends, capex and new businesses as key topics. Management is optimistic about achieving 20% YoY growth in net profit in 2H24, which probably gives management confidence in resuming dividend distribution for FY24 even with a share buyback plan. Should the company maintain its previous 40% payout ratio, the current dividend yield would be 7.8%. The company cut its FY24 capex guidance from RMB2.5-3.5bn to below RMB2.5bn, as it has been better utilizing its existing production lines, which gives us more confident about its earnings growth in the medium term, especially for the battery housing business. The company has also been accelerating new businesses by leveraging current resources, such as sub-frame, door sealing system and integrated intelligent exteriors. All these factors look positive to us.
- Earnings/Valuation. We revise up our FY24E net profit estimates by 3% to RMB2.3bn, as we raise gross margin assumption by 0.8ppts following its 1H24 beat. We also raise our FY25-26E net profit estimates by 4% and 3%, respectively, largely due to better margin outlook. We maintain our BUY rating and target price of HK\$21.00, which is still based on 10x our revised FY24E EPS. Key risks to our rating and target price include lower revenue/margins, higher risks in overseas operation than we expect, as well as a sector derating.

Earnings Summary

| (YE 31 Dec) | FY22A | FY23A | FY24E | FY25E | FY26E |
|----------------------|---------|---------|---------|---------|---------|
| Revenue (RMB mn) | 17,306 | 20,524 | 24,391 | 27,964 | 31,635 |
| YoY growth (%) | 24.3 | 18.6 | 18.8 | 14.6 | 13.1 |
| Net profit (RMB mn) | 1,500.6 | 1,903.2 | 2,324.7 | 2,662.1 | 2,982.2 |
| YoY growth (%) | 0.3 | 26.8 | 22.1 | 14.5 | 12.0 |
| EPS (Reported) (RMB) | 1.30 | 1.65 | 2.02 | 2.31 | 2.58 |
| P/E (x) | 8.0 | 6.3 | 5.2 | 4.5 | 4.0 |
| P/B (x) | 0.7 | 0.7 | 0.6 | 0.5 | 0.5 |
| Yield (%) | 5.1 | 0.0 | 7.8 | 8.9 | 9.9 |
| ROE (%) | 9.1 | 10.8 | 11.9 | 12.3 | 12.6 |
| Net gearing (%) | 17.3 | 17.6 | 10.9 | 8.3 | 5.4 |

Source: Company data, Bloomberg, CMBIGM estimates



BUY (Maintain)

| Target Price | HK\$21.00 |
|---------------|-----------|
| Up/Downside | 84.5% |
| Current Price | HK\$11.38 |
| China Auto | |

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Stock Data

| Mkt Cap (HK\$ mn) | 13,223.5 |
|--------------------------|------------|
| Avg 3 mths t/o (HK\$ mn) | 42.8 |
| 52w High/Low (HK\$) | 23.25/9.98 |
| Total Issued Shares (mn) | 1162.0 |
| Source: FactSet | |

Shareholding Structure

| Chin Jong-Hwa's family | 38.8% |
|--------------------------|-------|
| Invesco Asset Management | 6.1% |
| Source: HKEx | |

Share Performance

| | Absolute | Relative |
|-----------------|----------|----------|
| 1-mth | -2.6% | -2.6% |
| 3-mth | -29.7% | -23.5% |
| 6-mth | -10.8% | -15.4% |
| Source: FactSet | | |

12-mth Price Performance



Related Report

"Minth Group (425 HK) - Overseas foundation to withstand trade risks" - 16 Jul 2024



Figure 1: Interim results

| RMB mn | 1H22 | 2H22 | 1H23 | 2H23 | 1H24 | ΥοΥ | НоН |
|------------------|-------|--------|-------|--------|--------|---------|---------|
| Revenue | 7,252 | 10,054 | 9,747 | 10,776 | 11,090 | 13.8% | 2.9% |
| Gross profit | 2,114 | 2,670 | 2,563 | 3,059 | 3,162 | 23.4% | 3.3% |
| Selling expenses | (450) | (418) | (360) | (432) | (531) | 47.6% | 22.9% |
| Admin expenses | (551) | (741) | (623) | (826) | (743) | 19.2% | -10.2% |
| R&D expenses | (507) | (665) | (616) | (781) | (715) | 16.1% | -8.5% |
| Operating profit | 672 | 909 | 1,017 | 1,100 | 1,380 | 35.6% | 25.5% |
| Net profit | 658 | 843 | 887 | 1,016 | 1,068 | 20.4% | 5.1% |
| Gross margin | 29.1% | 26.6% | 26.3% | 28.4% | 28.5% | 2.2 ppt | 0.1 ppt |
| Operating margin | 9.3% | 9.0% | 10.4% | 10.2% | 12.4% | 2.0 ppt | 2.2 ppt |
| Net margin | 9.1% | 8.4% | 9.1% | 9.4% | 9.6% | 0.5 ppt | 0.2 ppt |

Source: Company data, CMBIGM

Figure 2: Earnings revision

| | | New | | | Old | | | Diff (%) | |
|------------------|--------|--------|--------|--------|--------|--------|---------|----------|---------|
| RMB mn | FY24E | FY25E | FY26E | FY24E | FY25E | FY26E | FY24E | FY25E | FY26E |
| Revenue | 24,391 | 27,964 | 31,635 | 24,318 | 27,896 | 31,582 | 0.3% | 0.2% | 0.2% |
| Gross profit | 6,837 | 7,767 | 8,691 | 6,614 | 7,545 | 8,456 | 3.4% | 2.9% | 2.8% |
| Operating profit | 2,715 | 3,180 | 3,617 | 2,640 | 3,080 | 3,533 | 2.9% | 3.2% | 2.4% |
| Net profit | 2,325 | 2,662 | 2,982 | 2,249 | 2,554 | 2,886 | 3.4% | 4.2% | 3.3% |
| Gross margin | 28.0% | 27.8% | 27.5% | 27.2% | 27.0% | 26.8% | 0.8 ppt | 0.7 ppt | 0.7 ppt |
| Operating margin | 11.1% | 11.4% | 11.4% | 10.9% | 11.0% | 11.2% | 0.3 ppt | 0.3 ppt | 0.2 ppt |
| Net margin | 9.5% | 9.5% | 9.4% | 9.2% | 9.2% | 9.1% | 0.3 ppt | 0.4 ppt | 0.3 ppt |

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

| | | CMBIGM | | (| Consensus | ; | | Diff (%) | |
|------------------|--------|--------|--------|--------|-----------|--------|----------|----------|----------|
| RMB mn | FY24E | FY25E | FY26E | FY24E | FY25E | FY26E | FY24E | FY25E | FY26E |
| Revenue | 24,391 | 27,964 | 31,635 | 24,769 | 29,191 | 33,552 | -1.5% | -4.2% | -5.7% |
| Gross Profit | 6,837 | 7,767 | 8,691 | 6,796 | 8,042 | 9,258 | 0.6% | -3.4% | -6.1% |
| Operating Profit | 2,715 | 3,180 | 3,617 | 2,954 | 3,481 | 3,970 | -8.1% | -8.7% | -8.9% |
| Net profit | 2,325 | 2,662 | 2,982 | 2,274 | 2,744 | 3,144 | 2.2% | -3.0% | -5.2% |
| Gross Margin | 28.0% | 27.8% | 27.5% | 27.4% | 27.5% | 27.6% | 0.6 ppt | 0.2 ppt | -0.1 ppt |
| Operating Margin | 11.1% | 11.4% | 11.4% | 11.9% | 11.9% | 11.8% | -0.8 ppt | -0.6 ppt | -0.4 ppt |
| Net Margin | 9.5% | 9.5% | 9.4% | 9.2% | 9.4% | 9.4% | 0.4 ppt | 0.1 ppt | 0.1 ppt |

Source: Bloomberg, CMBIGM estimates



Financial Summary

| YE 31 Dec (NBB ma) versure 13,919 17,306 20,524 24,391 27,394 Cost of goods sold (9,835) (12,422) (14,402) (17,554) (20,107) Grose profit 40,494 47,784 55,222 6,637 7,777 Operating expenses (2,440) (0,808) (17,397) (1,102) (1,419) (1,646) (1,137) Adm expense (9,41) (1,127) (1,148) (1,656) (1,700) Other income 143 168 281 200 200 100 (2,97) 1100 200 100 (2,97) 130 127 130 200 100 | INCOME STATEMENT | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
|---|---------------------------|--------|--------|--------|--------|--------|----------------------|
| Cast of pools sold (9,835) (12,522) (14,902) (17,76,44) (20,197) Operating sepanses (2,849) (3,303) (3,665) (4,121) (4,567) Selling sepanse (1,237) (1,1327) (1,1437) (1,655) (1,709) Atmin sepanse (1,237) (1,137) (1,555) (1,709) Other income 143 186 281 280 285 286 3862 287 Other income 143 186 281 280 286 280 280 Investment gain/folkses) 416 (21) 61 (30) (37) 33 Stator (0/1638/0)/018 of associates/V 22 10 16 21 33 Depreciation 847 1,333 1,322 1,445 1,588 Depreciation 293 745 49 66 64 477 51 3,363 1,492 2,358 3,346 6 6 6477 51 3 6,46 1,47 | YE 31 Dec (RMB mn) | | | | | | |
| Gross profit 4.064 4.744 5.62 6.837 7.767 Solling appense (7.44) (8.86) (7.82) (1.647) (4.57) Solling appense (7.44) (8.86) (7.82) (1.647) (1.627) RAD appense (1.41) (1.72) (1.337) (1.685) (1.780) Orber associates (1.423) 1.83 1.217 2.715 3.180 Orber associates (1.43) 1.861 2.117 2.715 3.180 Orber associates (1.430) 2.21 0 16 21 33 Orber associates (1.430) 2.337 3.422 1.933 3.422 Orber associates (1.430) 2.301 3.163 4.225 4.963 5.499 Depresistion of ROU assots 4.6 4.6 4.7 1.53 3.34 Orber associates (1.430) 3.031 3.341 3.02 2.02 Depresistion of ROU assots 6.633 3.34 8 2.02 2.042 Oretar asponte 6.631 <td< td=""><td></td><td>-</td><td>-</td><td></td><td>-</td><td>27,964</td><td>31,635</td></td<> | | - | - | | - | 27,964 | 31,635 |
| Operating expenses (2.440) (3.302) (4.757) (4.757) Soling opense (1.237) (1.202) (1.147) (1.162) Admin sepanse (1.237) (1.202) (1.487) (1.565) (1.709) Ohers 82 130 133 127 132 Operating profit 1.243 1581 2.117 2.715 3.319 Oher income 143 166 281 280 280 Investment gain/folks of ascointes.//V 2.2 10 16 21 3.3 Barrol (forses/profits of ascointes.//V 2.2 10 16 21 3.3 Depreciation of ROU assets 46 46 47 518 538 Depreciation of ROU assets (253) 34 8 20 20 Depreciation of ROU assets (53) 34 8 20 20 Depreciation of ROU assets (53) 34 8 20 20 Depreciation of ROU assets (53) <t< td=""><td>5</td><td> ,</td><td></td><td> ,</td><td></td><td></td><td>(22,945)</td></t<> | 5 | , | | , | | | (22,945) |
| Selling sponse (744) (688) (722) (1,102) Amin expense (144) (1,472) (1,489) (1,846) (1,827) R3D expense (141) (1,772) (1,397) (1,586) (1,790) Oher income 123 133 127 132 Operating profit 1243 1561 2,117 2,717 3,160 Oher gians(Gauses) 416 (21) 61 (30) (37) Share of (losses)/profits of associates/UV 22 10 16 21 33 Depreciation of Closses)/profits of associates/UV 22 10 16 21 33 Depreciation of Closses)/profits 3.031 3.163 4.225 4.903 5.649 Depreciation of Closses/profits 2.109 2.422 2.831 3.358 3.722 Inforest expense (200) 3.64 4.90 5.69 3.63 Depreciation of Ray and profit 1.846 1.779 2.315 2.384 3.46 <t< td=""><td>-</td><td>-</td><td></td><td></td><td>-</td><td>-</td><td>8,691</td></t<> | - | - | | | - | - | 8,691 |
| Admin sepanee (1,27) (1,28) (1,48) (1,627) Admin sepanee (841) (1,172) (1,387) (1,585) (1,790) Ohers 82 130 133 127 132 Other income 143 186 22117 2.715 3.316 Other income 143 186 221 200 166 21 33 Depresion of (0:ses)(0) 216 210 16 21 33 EBTOA 3031 3.163 4.225 4.963 5.68 Depresion of (0:ses)(0) 20 7.45 4.93 5.68 Depresion of ROU assets 46 46 47 1.53 Depresion of ROU assets 203 2.455 3.46 63 2.03 2.02 2.655 3.46 Depresion of ROU assets 2.660 2.023 2.655 3.46 64 1.77 2.335 2.655 3.46 Depresion of ROU assets 1.66 1.77 2.335 | | | | | | | (5,074) |
| RAD exponse (1941) (1,172) (1,379) (1,580) (1,780) Oher income 124 1581 2,117 2,717 3,180 Oher income 143 1586 2,86 368 392 357 Oher gians(Gosce) 2416 (21) 61 (30) (37) Share of Gosce)/profits of associates/JV 22 10 16 24 33 Depreciation of Adv 1,038 1,032 1,445 1,588 Depreciation of Adv 29 37 45 49 56 EBITO 2,042 2,831 3,358 3,792 Interest exponse (263) (263) (47) 1,602 Interest exponse (263) (264) 2,035 3,46 Incore tax (266) 1,379 1,303 1,649 6,020 Atter tax profit 1,497 1,501 1,903 2,325 2,662 Greas dividends 5,130 1,644 1,600 1,700 | . | . , | . , | . , | , | | (1,200) |
| Objecting profit B2 130 133 177 132 Operating profit 1.243 1.581 2.117 2.715 3.180 Other income 143 186 2.81 2.00 2.00 Investment gain/fosses) 416 (21) 61 301 3.37 Share of (losses)/profits of associates/JV 22 10 16 21 33 EBTDA 3.331 3.163 4.225 4.90 56 Deprociation of ROU assets 46 46 47 51 53 Deprociation of ROU assets (263) (263) (263) (263) (263) Other anotisation 29 73 45 49 56 EBT 2.016 (266) (263) (263) (263) (263) (263) (262) (267) 00 Pretar profit 1.966 1.779 2.156 2.024 2.024E 2.025E EAT 2.0261 2.0304 2.041 <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td>(1,989)</td></td<> | | | | | | | (1,989) |
| Operating profit 1.424 1.581 2.117 2.755 3.100 Investment gain/facts 285 286 356 339 357 Other gain/facts 285 286 356 339 357 Other gain/facts 281 200 16 201 33 EBITDA 3.031 3.163 4.222 4.903 5.489 Depreciation of ROU assets 46 4.67 5 33 Other anonfision 29 37 45 48 36 Other anonfision 29 37 45 48 36 Other anonfision 29 37 45 48 36 Other anonfision 283 3.46 1605 1615 1623 (447) Foreita profit 1.484 1.779 2.415 2.435 3.46 Incost individins 6.22 0.9 0 39 1.055 After tax profit 1.497 1.501 1.613 1.616 | • | . , | | | | | (2,025) 140 |
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| Share of (losses)/ponits of associates/UV 22 10 16 21 33 Depreciation 847 1.038 1.302 1.445 1.588 Depreciation of ROU assets 46 46 47 51 53 Depreciation of ROU assets 46 46 47 51 53 Depreciation of ROU assets (263) (515) (523) (447) Foreign exchange gainloss (53) 34 8 20 20 Pretax profit 1,446 1,79 2,315 2,835 3,346 Income tax (266) (249) (351) (499) (002) After tax profit 1,677 1,503 2,325 2,662 2,733 Montry interest (63) (30) (61) (71) (71) (71) Not profit 1,997 1,5995 17,493 18,765 20,934 Carnot assets 1,4991 15,995 17,493 18,765 20,934 Carnot assets | - | | | | | | (32) |
| ENTRO 3,163 4,225 4,903 5,489 Depreciation of ROU assets 46 46 47 1,53 Oher anoritisation 29 37 45 49 56 ENT 2,09 2,042 2,831 3,366 3,792 Interest opense (263) (264) (515) (523) (447) Foriagn exhange gainloss (33) 34 8 20 20 Pre-tax profit 1,446 1,779 2,315 2,825 3,346 Income tax (2660) (249) (351) (499) (602) After tax profit 1,497 1,501 1,903 2,325 2,662 Gross dividends 622 609 0 930 1,085 VE 31 Dac (RME m) Current asset 1,4991 1,595 17,493 18,765 20,934 Cach & equivalents 5,190 6,541 6,610 7,664 8,786 Verant assets 1,4654 17,279 <td< td=""><td></td><td></td><td>. ,</td><td></td><td></td><td></td><td>(02)</td></td<> | | | . , | | | | (02) |
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| Other amortisation 29 37 45 49 56 ENT 2,090 2,042 2,831 3,388 3,792 Interest expense (263) (263) (515) (523) (447) Foreign exchange gain/loss (33) 34 8 20 20 Pretax profit 1,846 1,779 2,355 3,346 (602) After tax profit 1,579 1,530 1,964 2,395 2,743 Minothy interest. (63) (30) (61) (71) (81) Non profit 1,497 1,501 1,903 2,325 2,662 Statiodends 622 609 0 300 1,065 Statiodends 622 609 0 0 0 0 Carsh & equivalents 5,492 4,221 4,165 4,047 4,513 Restricted cash 1,046 1,055 1,840 1,600 1,700 Accont receivables 5,130 6,545< | • | | | | | | 55 |
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| Foreign exchange gain/loss (53) 34 8 20 20 Pre-ixx profit 1,846 1,779 2,315 2,835 3,346 Income tax (226) (249) (351) (439) (602) After tax profit 1,579 1,530 1,964 2,396 2,743 Minority interest: (83) (30) (10) (17) (81) Net profit 1,497 1,501 1,903 2,325 2,662 Gross dividends 622 609 0 930 1,065 SALANCE SHEET 2021A 2022A 203A 2024E 2025E YE 31 Dec (RMB m) Current assets 1,499 15,995 17,493 18,765 20,934 Cash & equivalents 5,492 4,221 4,165 4,047 4,513 Restricted cash 1,046 1,055 1,840 1,700 A624 8,786 Inventories 2,964 3,833 3,829 4,566 5,187 | EBIT | 2,109 | 2,042 | 2,831 | 3,358 | 3,792 | 4,246 |
| Foreign exchange gain/loss (53) 34 8 20 20 Pre-tax profit 1,846 1,779 2,315 2,835 3,346 Income tax (226) (249) (351) (439) (602) After tax profit 1,579 1,530 1,964 2,396 2,743 Minority interest (63) (30) (10) (17) (81) Net profit 1,497 1,501 1,903 2,325 2,662 Gross dividends 622 609 0 930 1,065 BALANCE SHEET 2021A 2022A 203A 2024E 2025E YE 31 Dec (RMB m) Current assets 1,4991 15,995 17,493 18,765 20,934 Cash & equivalents 5,492 4,221 4,165 4,047 4,513 Restricted cash 1,046 1,555 1,840 1,700 Account reackwables 1,700 Restricted cash 1,043 1,055 1,843 1,656 1,053 | Interest expense | - | - | | - | - | (404) |
| Pre-tar portition 18.46 1.779 2.315 2.835 3.246 Income tax (266) (249) (351) (439) (602) After tax profit (1,579 1,530 1,964 2.396 2.743 Minority interest (63) (30) (61) (71) (81) Not profit 14.497 1501 1,903 2.225 2.662 Gross dividends 622 609 0 930 1,065 SALANCE SHEET 2021A 2022A 2023A 2024E 2025E YE 31 Dec (RMB mn) Tr.493 18,765 20,934 2.661 3.633 3.982 4.556 5,187 Cash & equivalents 5,492 4.221 4.165 4,047 4.513 Account receivables 5,130 6.541 6,610 7,664 8,786 Invertories 2,961 3.633 3,982 4,556 5,187 Orther current assets 3.633 1,545 16,228 17,015 <td>-</td> <td></td> <td>. ,</td> <td>. ,</td> <td></td> <td>. ,</td> <td>20</td> | - | | . , | . , | | . , | 20 |
| Income fax (266) (249) (351) (439) (602) After tax profit 1,579 1,530 1,964 2,396 2,743 Munchty interest (63) (30) (61) (71) (61) Net profit 1,497 1,501 1,903 2,325 2,662 Gross dividends 622 600 0 930 1,065 BALANCE SHEET 2021A 2022A 2023A 2024E 2025E VE 31 Dec (RMB m) Eurent assets 1,4991 15,995 17,493 18,755 20,934 Cash & equivalents 5,492 4,221 4,165 4,037 4,513 Restricted cash 1,046 1,055 1,440 1,800 1,700 Account receivables 5,130 6,541 6,641 7,769 20,654 20,614 21,799 Prepayment 0 0 0 0 0 0 0 Non-current assets 14,654 17,279 20,654 | | . , | 1,779 | 2,315 | 2,835 | 3,346 | 3,841 |
| Atter tx profit 1,579 1,530 1,964 2,396 2,743 Minority interest (83) (30) (61) (71) (81) Nonority interest 1,497 1,501 1,903 2,325 2,662 Gross dividends 622 609 0 930 1,065 BALANCE SHEET 2021A 2022A 2023A 2024E 2025E Current assets 14,991 15,995 17,493 18,765 20,934 Cash & equivalents 5,492 4,221 4,165 4,047 4,513 Restricted cash 1,046 1,055 1,840 1,700 4506 5,187 Necourt receivables 5,130 6,541 6,610 7,664 8,766 Inventories 2,961 3,633 3,892 4,565 5,187 Orber current assets 363 545 895 698 748 Non-current assets 1,4654 17,279 20,064 21,799 PAE 11, | - | (266) | (249) | (351) | (439) | (602) | (768) |
| Net profit 1,497 1,501 1,903 2,325 2,662 Gross dividends 622 609 0 930 1,065 BALANCE SHEET 2021A 2022A 2023A 2024E 2025E VE 31 Dec (RMB mn) -< | After tax profit | | . , | | . , | | 3,073 |
| Gross dividends 622 609 0 930 1,065 BALANCE SHEET 2021A 2022A 2023A 2024E 2025E YE 31 Dec (RMB m) Current assets 14,991 15,995 17,493 18,765 20,934 Cash & equivalents 5,492 4,221 4,165 4,047 4,513 Restricted cash 1,046 1,055 1,840 1,800 1,700 Account receivables 5,130 6,541 6,610 7,664 8,786 Inventories 2,961 3,633 3,982 4,556 5,187 Prepayment 0 0 0 0 0 0 0 Non-current assets 14,654 17,279 20,654 20,614 21,799 PP&E 11,623 13,435 15,476 16,228 17,015 Inhergibis 75 113 112 113 107 Gross dividends 1,293 1,585 2,454 2,230 2,593 | Minority interest | (83) | (30) | (61) | (71) | (81) | (91) |
| SALANCE SHEET 2021A 2022A 2023A 2024E 2025E YE 31 Dec (RMB m) Turrent assets 14,991 15,995 17,493 18,765 20,934 Cash & equivalents 5,492 4,221 4,165 4,047 4,513 Restricted cash 1,046 1,055 1,840 1,800 1,700 Account receivables 5,130 6,641 6,610 7,664 8,786 Inventories 2,961 3,633 3,982 4,556 5,187 Prepayment 0 0 0 0 0 0 Other current assets 363 545 895 698 748 Non-current assets 1,623 13,435 1,058 1,053 1065 Right-of-use assets 1,043 1,083 1,058 1,056 1,053 Deferred income tax 1049 407 424 447 Intargibles 75 113 112 113 107 Goodwill <t< td=""><td>Net profit</td><td>1,497</td><td>1,501</td><td>1,903</td><td>2,325</td><td>2,662</td><td>2,982</td></t<> | Net profit | 1,497 | 1,501 | 1,903 | 2,325 | 2,662 | 2,982 |
| YE 31 Dec (RMB mn) Current assets 14,991 15,995 17,493 18,765 20,934 Cash & equivalents 5,492 4,221 4,165 4,047 4,513 Restricted Cash 1,046 1,055 1,840 1,800 1,700 Account receivables 5,130 6,641 6,610 7,664 8,786 Inventories 2,961 3,633 3,982 4,556 5,187 Prepayment 0 0 0 0 0 0 Non-current assets 363 545 895 698 748 Non-current assets 1,463 1,3435 15,476 16,228 17,015 Right-of-use assets 1,043 1,083 1,056 1,053 Deferred income tax 204 270 419 419 419 Investment in JVs & assos 318 394 407 424 447 Intangibles 75 113 112 113 107 Goodwill 98 | Gross dividends | 622 | 609 | 0 | 930 | 1,065 | 1,193 |
| Current assets 14,991 15,995 17,493 18,765 20,934 Cash & equivalents 5,492 4,221 4,165 4,047 4,513 Restricted cash 1,046 1,055 1,840 1,800 1,700 Account receivables 5,130 6,541 6,610 7,664 8,786 Inventories 2,961 3,633 3,992 4,556 5,187 Prepayment 0 0 0 0 0 0 Other current assets 363 545 895 698 748 Non-current assets 14,654 17,779 20,054 20,614 21,799 PAE 1,043 1,063 1,058 1,056 1,053 1,053 Right-of-use assets 1,043 1,083 1,058 1,056 1,053 1,056 Interstitin JVS & assos 318 394 407 4424 447 Interstitin JVS & assos 318 394 30 47 62 | BALANCE SHEET | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
| Cash & equivalents 5,492 4,221 4,165 4,047 4,513 Restricted cash 1,046 1,055 1,840 1,800 1,700 Account receivables 5,130 6,541 6,610 7,664 8,766 Inventories 2,961 3,633 3,982 4,556 5,187 Prepayment 0 0 0 0 0 0 Other current assets 14,654 17,279 20,054 20,614 21,799 PP&E 11,623 13,435 15,476 16,228 17,015 Investment in JVs & assos 318 394 407 424 447 Investment in JVs & assos 318 394 407 424 447 Intendibles 75 113 112 113 107 Godwill 98 98 98 98 98 98 Financial assets at FVTPL 0 28 30 47 62 Other one-current assets | YE 31 Dec (RMB mn) | | | | | | |
| Restricted cash 1,046 1,055 1,840 1,800 1,700 Account receivables 5,130 6,541 6,610 7,664 8,786 Inventories 2,961 3,633 3,982 4,556 5,187 Prepayment 0 0 0 0 0 0 On-current assets 363 545 895 698 748 Non-current assets 14,654 17,279 20,054 20,614 21,799 PRAE 11,623 13,435 15,676 16,228 17,015 Right-of-use assets 1,043 1,083 1,056 1,053 Deferred income tax 1,043 1,083 1,056 1,053 Investment in JVs & assos 318 394 407 424 447 Intargibles 75 113 112 113 107 Goodwill 98 98 98 98 98 78 Cherred insorte assets 1,293 1,858 | Current assets | 14,991 | 15,995 | 17,493 | 18,765 | 20,934 | 22,974 |
| Account receivables 5,130 6,541 6,610 7,664 8,786 Inventories 2,961 3,633 3,982 4,556 5,187 Prepayment 0 0 0 0 0 0 Other current assets 363 545 895 698 748 Non-current assets 14,654 17,279 20,054 20,614 21,799 PP&E 11,623 13,435 15,476 16,228 17,015 Right-of-use assets 1,043 1,083 1,058 1,056 1,053 Deferred income tax 204 270 419 419 419 Investment in JVs & assos 318 394 407 424 447 Intargibles 75 113 112 113 107 Goodwill 98 98 98 98 98 98 98 758 Total assets at FVTPL 0 28 30,47 62 24733 2,733 2,733< | Cash & equivalents | 5,492 | 4,221 | 4,165 | 4,047 | 4,513 | 4,756 |
| Inventories 2,961 3,633 3,982 4,556 5,187 Prepayment 0 0 0 0 0 0 0 0 Other current assets 363 545 895 698 748 Non-current assets 14,654 17,279 20,054 20,614 21,799 PRE 11,623 13,435 15,476 16,228 17,015 Right-of-use assets 1,043 1,083 1,056 1,053 146,514 113 107 Deferred income tax 204 270 419 419 419 419 Investment in JVs & assos 318 394 407 424 447 Intargibles 75 113 112 113 107 Goodwill 98 98 98 98 98 98 75 Total assets 1,293 1,858 2,454 2,230 2,588 7,133 14,117 14,065 16,067 Shor | Restricted cash | 1,046 | 1,055 | 1,840 | 1,800 | 1,700 | 1,700 |
| Prepayment 0 0 0 0 0 Other current assets 363 545 895 698 748 Non-current assets 14,654 17,279 20,054 20,614 21,799 PPAE 11,623 13,435 15,476 16,228 17,015 Right-of-use assets 1,043 1,083 1,058 1,056 1,053 Deferred income tax 204 270 419 419 419 Investment in JVs & assos 318 394 407 424 447 Intangibles 75 113 112 113 107 Goodwill 98 98 98 98 98 Financial assets at FVTPL 0 28 30 47 62 Other non-current assets 1,293 1,858 2,454 2,203 2,598 Total assets 29,645 33,274 37,547 39,379 42,733 Current liabilities 9,377 13,314 < | Account receivables | 5,130 | 6,541 | 6,610 | 7,664 | 8,786 | 9,940 |
| Other current assets 363 545 895 698 748 Non-current assets 14,654 17,279 20,054 20,614 21,799 PR&E 11,623 13,435 15,476 16,228 17,015 Right-of-use assets 1,043 1,083 1,058 1,056 1,053 Deferred income tax 204 270 419 419 419 Investment in JVs & assos 318 394 407 424 447 Intargibles 75 113 112 113 107 Goodwill 98 98 98 98 98 Financial assets at FVTPL 0 28 30 47 62 Other on-current assets 1,293 1,858 2,454 2,230 2,598 Total assets 9377 13,314 14,117 14,065 16,067 Short-term borrowings 4,888 7,192 5,851 5,467 6,159 Account payable 134 <th< td=""><td>Inventories</td><td>2,961</td><td>3,633</td><td>3,982</td><td>4,556</td><td>5,187</td><td>5,830</td></th<> | Inventories | 2,961 | 3,633 | 3,982 | 4,556 | 5,187 | 5,830 |
| Non-current assets 14,654 17,279 20,054 20,614 21,799 PR&E 11,623 13,435 15,476 16,228 17,015 Right-of-use assets 1,043 1,083 1,058 1,056 1,053 Deferred income tax 204 270 419 419 419 Investment in JVs & assos 318 394 407 424 447 Intangibles 75 113 112 113 107 Goodwill 98 98 98 98 98 Financial assets at FVTPL 0 28 30 47 62 Other non-current assets 1,293 1,858 2,454 2,230 2,598 Total assets 29,645 33,274 37,547 39,379 42,733 Current liabilities 9,377 13,314 14,117 14,065 6,159 Account payables 4,334 5,942 7,144 8,249 9,657 Tax payable 134 | Prepayment | 0 | 0 | 0 | 0 | 0 | 0 |
| PP&E 11,623 13,435 15,476 16,228 17,015 Right-of-use assets 1,043 1,083 1,058 1,056 1,053 Deferred income tax 204 270 419 419 419 Investment in JVs & assos 318 394 407 424 447 Intangibles 75 113 112 113 107 Goodwill 98 94 134 14,117 14,065 16,067 6,159 4,2733 | Other current assets | 363 | 545 | 895 | 698 | | 748 |
| Right-of-use assets 1,043 1,083 1,058 1,056 1,053 Deferred income tax 204 270 419 419 419 Investment in JVs & assos 318 394 407 424 447 Intangibles 75 113 112 113 107 Goodwill 98 98 98 98 98 Financial assets at FVTPL 0 28 30 47 62 Other non-current assets 1,293 1,858 2,454 2,230 2,598 Total assets 29,645 33,274 37,547 39,379 42,733 Current liabilities 9,377 13,314 14,117 14,065 16,067 Short-term borrowings 4,888 7,192 5,851 5,467 6,159 Account payables 4,334 5,942 7,144 8,249 9,657 Tax payable 134 157 226 226 226 Other current liabilities 2 19 20 21 23 Non-current liabilities | Non-current assets | 14,654 | 17,279 | 20,054 | 20,614 | 21,799 | 22,520 |
| Deferred income tax 204 270 419 419 419 Investment in JVs & assos 318 394 407 424 447 Intangibles 75 113 112 113 107 Goodwill 98 98 98 98 98 98 Financial assets at FVTPL 0 28 30 47 62 Other non-current assets 1,293 1,858 2,454 2,230 2,598 Total assets 29,645 33,274 37,547 39,379 42,733 Current liabilities 29,645 33,274 37,547 39,379 42,733 Short-term borrowings 4,888 7,192 5,851 5,467 6,159 Account payables 1,34 157 226 226 226 Other current liabilities 2 4 876 1002 2 Lease liabilities 2,122 2,265 1,006 3,337 2,837 Don-current liabilities | PP&E | 11,623 | 13,435 | 15,476 | 16,228 | 17,015 | 17,737 |
| Investment in JVs & assos 318 394 407 424 447 Intangibles 75 113 112 113 107 Goodwill 98 98 98 98 98 98 Financial assets at FVTPL 0 28 30 47 62 Other non-current assets 1,293 1,858 2,454 2,230 2,598 Total assets 1,293 1,858 2,454 2,230 2,598 Total assets 9,377 13,314 14,117 14,065 16,067 Short-term borrowings 4,888 7,192 5,851 5,467 6,159 Account payables 4,334 5,942 7,144 8,249 9,657 Tax payable 134 157 226 226 226 Other current liabilities 2 4 876 102 2 Lease liabilities 2 19 20 21 23 Non-current liabilities 3,712 <t< td=""><td>Right-of-use assets</td><td>1,043</td><td>1,083</td><td>1,058</td><td>1,056</td><td>1,053</td><td>1,048</td></t<> | Right-of-use assets | 1,043 | 1,083 | 1,058 | 1,056 | 1,053 | 1,048 |
| Intangibles 75 113 112 113 107 Goodwill 98 762 2588 759 757 733 757 39,379 \$42,733 \$757 \$733 \$757 \$733 \$757 \$733 \$757 \$733 \$757 \$733 \$757 \$733 \$757 \$733 \$757 \$733 \$757 \$756 \$667 \$61,597 \$758 \$746 \$757 \$268 \$2626 \$268 \$268 \$268 \$268 | | | | | | | 419 |
| Goodwill 98 98 98 98 98 98 98 Financial assets at FVTPL 0 28 30 47 62 Other non-current assets 1,293 1,858 2,454 2,230 2,598 Total assets 29,645 33,274 37,547 39,379 42,733 Current liabilities 9,377 13,314 14,117 14,065 16,067 Short-term borrowings 4,888 7,192 5,851 5,467 6,159 Account payables 4,334 5,942 7,144 8,249 9,657 Tax payable 134 157 226 226 226 Other current liabilities 2 4 876 102 2 Lease liabilities 20 19 20 21 23 Non-current liabilities 3,712 2,262 4,290 3,701 3,219 Long-term borrowings 2,255 1,006 3,837 3,337 2,837 D | | | | | | | 475 |
| Financial assets at FVTPL 0 28 30 47 62 Other non-current assets 1,293 1,858 2,454 2,230 2,598 Total assets 29,645 33,274 37,547 39,379 42,733 Current liabilities 9,377 13,314 14,117 14,065 16,067 Short-term borrowings 4,888 7,192 5,851 5,467 6,159 Account payables 4,334 5,942 7,144 8,249 9,657 Tax payable 134 157 226 226 226 Other current liabilities 2 4 876 102 2 Lease liabilities 2 4 876 102 2 Non-current liabilities 2,255 1,006 3,837 3,337 2,837 Deferred income 205 27 45 50 60 Other non-current liabilities 1,252 1,229 409 314 322 Deferred income 205 27 45 50 60 60 Other no | | | | | | | 95 |
| Other non-current assets1,2931,8582,4542,2302,598Total assets29,64533,27437,54739,37942,733Current liabilities9,37713,31414,11714,06516,067Short-term borrowings4,8887,1925,8515,4676,159Account payables4,3345,9427,1448,2499,657Tax payable134157226226226Other current liabilities248761022Lease liabilities2019202123Non-current liabilities3,7122,2624,2903,7013,219Long-term borrowings2,2551,0063,8373,3372,837Deferred income20527455060Other non-current liabilities1,2521,2521,259409314322Total liabilities116116116116117Other reserves15,90716,80118,20220,60422,495 | | | | | | | 98 |
| Total assets29,64533,27437,54739,37942,733Current liabilities9,37713,31414,11714,06516,067Short-term borrowings4,8887,1925,8515,4676,159Account payables4,3345,9427,1448,2499,657Tax payable134157226226226Other current liabilities248761022Lease liabilities2019202123Non-current liabilities3,7122,2624,2903,7013,219Long-term borrowings2,2551,0063,8373,3372,837Deferred income20527455060Other non-current liabilities1,2521,229409314322Total liabilities1,2521,229409314322Share capital116116116116117Other reserves15,90716,80118,20220,60422,495 | | | | | | | 77 |
| Current liabilities 9,377 13,314 14,117 14,065 16,067 Short-term borrowings 4,888 7,192 5,851 5,467 6,159 Account payables 4,334 5,942 7,144 8,249 9,657 Tax payable 134 157 226 226 226 Other current liabilities 2 4 876 102 2 Lease liabilities 20 19 20 21 23 Non-current liabilities 3,712 2,262 4,290 3,701 3,219 Long-term borrowings 2,255 1,006 3,837 3,337 2,837 Deferred income 205 27 45 50 60 Other non-current liabilities 1,252 1,229 409 314 322 Total liabilities 13,089 15,576 18,407 17,766 19,286 Share capital 116 116 116 116 117 24,604 22,495 | | | | | | | 2,571 |
| Short-term borrowings 4,888 7,192 5,851 5,467 6,159 Account payables 4,334 5,942 7,144 8,249 9,657 Tax payable 134 157 226 226 226 Other current liabilities 2 4 876 102 2 Lease liabilities 20 19 20 21 23 Non-current liabilities 3,712 2,262 4,290 3,701 3,219 Long-term borrowings 2,255 1,006 3,837 3,337 2,837 Deferred income 205 27 45 50 60 Other non-current liabilities 1,252 1,229 409 314 322 Total liabilities 1,252 1,259 409 314 322 Share capital 116 116 116 116 117 Other reserves 15,907 16,801 18,202 20,604 22,495 | I OTAI ASSEIS | 29,645 | 33,274 | 37,547 | 39,379 | 42,733 | 45,493 |
| Account payables 4,334 5,942 7,144 8,249 9,657 Tax payable 134 157 226 226 226 Other current liabilities 2 4 876 102 2 Lease liabilities 20 19 20 21 23 Non-current liabilities 3,712 2,262 4,290 3,701 3,219 Long-term borrowings 2,255 1,006 3,837 3,337 2,837 Deferred income 205 27 45 50 60 Other non-current liabilities 1,252 1,229 409 314 322 Total liabilities 1,252 1,259 18,407 17,766 19,286 Share capital 116 116 116 116 116 117 Other reserves 15,907 16,801 18,202 20,604 22,495 | | | | | | | 16,884 |
| Tax payable 134 157 226 226 226 Other current liabilities 2 4 876 102 2 Lease liabilities 20 19 20 21 23 Non-current liabilities 3,712 2,262 4,290 3,701 3,219 Long-term borrowings 2,255 1,006 3,837 3,337 2,837 Deferred income 205 27 45 50 60 Other non-current liabilities 1,252 1,229 409 314 322 Total liabilities 1,3089 15,576 18,407 17,766 19,286 Share capital 116 116 116 116 117 Other reserves 15,907 16,801 18,202 20,604 22,495 | 0 | | | | | | 5,660 |
| Other current liabilities 2 4 876 102 2 Lease liabilities 20 19 20 21 23 Non-current liabilities 3,712 2,262 4,290 3,701 3,219 Long-term borrowings 2,255 1,006 3,837 3,337 2,837 Deferred income 205 27 45 50 60 Other non-current liabilities 1,252 1,229 409 314 322 Total liabilities 1,3089 15,576 18,407 17,766 19,286 Share capital 116 116 116 116 117 22,495 | | | | | | | 10,971 |
| Lease liabilities 20 19 20 21 23 Non-current liabilities 3,712 2,262 4,290 3,701 3,219 Long-term borrowings 2,255 1,006 3,837 3,337 2,837 Deferred income 205 27 45 50 60 Other non-current liabilities 1,252 1,229 409 314 322 Total liabilities 13,089 15,576 18,407 17,766 19,286 Share capital 116 116 116 116 117 Other reserves 15,907 16,801 18,202 20,604 22,495 | | | | | | | 226 |
| Non-current liabilities 3,712 2,262 4,290 3,701 3,219 Long-term borrowings 2,255 1,006 3,837 3,337 2,837 Deferred income 205 27 45 50 60 Other non-current liabilities 1,252 1,229 409 314 322 Total liabilities 13,089 15,576 18,407 17,766 19,286 Share capital 116 116 116 116 117 Other reserves 15,907 16,801 18,202 20,604 22,495 | | | | | | | 2 |
| Long-term borrowings 2,255 1,006 3,837 3,337 2,837 Deferred income 205 27 45 50 60 Other non-current liabilities 1,252 1,229 409 314 322 Total liabilities 13,089 15,576 18,407 17,766 19,286 Share capital 116 116 116 116 117 Other reserves 15,907 16,801 18,202 20,604 22,495 | | | | | | | 25 |
| Deferred income 205 27 45 50 60 Other non-current liabilities 1,252 1,229 409 314 322 Total liabilities 13,089 15,576 18,407 17,766 19,286 Share capital 116 116 116 116 117 Other reserves 15,907 16,801 18,202 20,604 22,495 | | | | | | | 3,227 |
| Other non-current liabilities 1,252 1,229 409 314 322 Total liabilities 13,089 15,576 18,407 17,766 19,286 Share capital 116 116 116 116 116 117 Other reserves 15,907 16,801 18,202 20,604 22,495 | | | | | | | 2,837 |
| Total liabilities 13,089 15,576 18,407 17,766 19,286 Share capital 116 116 116 116 117 Other reserves 15,907 16,801 18,202 20,604 22,495 | | | | | | | 60 |
| Share capital 116 116 116 116 117 Other reserves 15,907 16,801 18,202 20,604 22,495 | | | | | | | 330 20,111 |
| Other reserves 15,907 16,801 18,202 20,604 22,495 | | | | | | | |
| | • | | | | | | 117 |
| Lotal snareholders equity 16 023 16 918 18 318 20 720 22 612 | | | | | | | 24,552 |
| | Total shareholders equity | 16,023 | 16,918 | 18,318 | 20,720 | 22,612 | 24,670 |
| Minority interest 533 780 821 893 834 Total equity and liabilities 29 645 33 274 37 547 39 379 42 733 | - | | | | | | 712 45 493 |

29,645

37,547

33,274

Total equity and liabilities

45,493

42,733

39,379



| CASH FLOW | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
|--|-------------------------|---------|---------|---------|------------|------------|
| YE 31 Dec (RMB mn) | | | | | | |
| Operating | | | | | | |
| Profit before taxation | 1,846 | 1,779 | 2,315 | 2,835 | 3,346 | 3,841 |
| Depreciation & amortization | 922 | 1,121 | 1,394 | 1,545 | 1,697 | 1,857 |
| Tax paid | (227) | (270) | (390) | (439) | (602) | (768) |
| Change in working capital | (622) | (1,190) | (399) | 120 | (591) | (685) |
| Others | (597) | 415 | 446 | 195 | 154 | 75 |
| Net cash from operations | 1,322 | 1,855 | 3,366 | 4,256 | 4,004 | 4,320 |
| Investing | | | | | | |
| Capital expenditure | (3,189) | (3,432) | (3,279) | (2,450) | (2,650) | (2,750) |
| Acquisition of subsidiaries/ investments | (36) | (71) | (103) | 0 | 0 | 0 |
| Net proceeds from disposal of short-term | 510 | (16) | 120 | (12) | (10) | (10) |
| investments Others | 766 | 482 | (238) | 370 | 467 | 783 |
| Net cash from investing | (1,950) | (3,037) | (3,500) | (2,092) | (2,193) | (1,977) |
| Financing | | | | | | |
| Dividend paid | (619) | (626) | (744) | 0 | (1,069) | (1,278) |
| Net borrowings | 902 | 644 | 1,202 | (885) | 192 | (499) |
| Proceeds from share issues | 0 | 0 | 0 | Ó | 0 | Ó |
| Share repurchases | (20) | (47) | 0 | 0 | 0 | 0 |
| Others | (113) | (95) | (406) | (1,398) | (467) | (324) |
| Net cash from financing | 149 | (125) | 52 | (2,283) | (1,344) | (2,101) |
| Net change in cash | | | | | | |
| Cash at the beginning of the year | 6,008 | 5,492 | 4,221 | 4,165 | 4,047 | 4,513 |
| Exchange difference | (38) | 35 | 27 | 0 | 0 | 0 |
| Cash at the end of the year | 5,492 | 4,221 | 4,165 | 4,047 | 4,513 | 4,756 |
| GROWTH | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
| YE 31 Dec | | | | | | |
| Revenue | 11.7% | 24.3% | 18.6% | 18.8% | 14.6% | 13.1% |
| Gross profit | 5.8% | 17.2% | 17.5% | 21.6% | 13.6% | 11.9% |
| Operating profit | (22.8%) | 27.2% | 33.9% | 28.3% | 17.1% | 13.7% |
| EBITDA | 8.0% | 4.4% | 33.6% | 16.1% | 11.9% | 11.2% |
| EBIT | 9.4% | (3.2%) | 38.6% | 18.6% | 12.9% | 12.0% |
| Net profit | 7.2% | 0.3% | 26.8% | 22.1% | 14.5% | 12.0% |
| PROFITABILITY | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
| YE 31 Dec | | | | | | |
| Gross profit margin | 29.3% | 27.6% | 27.4% | 28.0% | 27.8% | 27.5% |
| Operating margin | 8.9% | 9.1% | 10.3% | 11.1% | 11.4% | 11.4% |
| EBITDA margin | 21.8% | 18.3% | 20.6% | 20.1% | 19.6% | 19.3% |
| Return on equity (ROE) | 9.7% | 9.1% | 10.8% | 11.9% | 12.3% | 12.6% |
| GEARING/LIQUIDITY/ACTIVITIES | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
| YE 31 Dec | | | | ~ . | - <i>·</i> | - <i>i</i> |
| Net debt to equity (x) | 0.0 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 |
| Current ratio (x) | 1.6 | 1.2 | 1.2 | 1.3 | 1.3 | 1.4 |
| Receivable turnover days | 134.5 | 137.9 | 117.6 | 115.0 | 115.0 | 115.0 |
| Inventory turnover days | 109.9 | 105.9 | 97.5 | 95.0 | 94.0 | 93.0 |
| Payable turnover days | 160.8 | 173.2 | 175.0 | 172.0 | 175.0 | 175.0 |
| VALUATION | 2021A | 2022A | 2023A | 2024E | 2025E | 2026E |
| YE 31 Dec | | | | | | |
| P/E | 8.0 | 8.0 | 6.3 | 5.2 | 4.5 | 4.0 |
| P/E (diluted) | 8.1 | 8.0 | 6.3 | 5.2 | 4.5 | 4.1 |
| P/B | 0.7 | 0.7 | 0.7 | 0.6 | 0.5 | 0.5 |
| P/CFPS | 9.1 | 6.5 | 3.6 | 2.8 | 3.0 | 2.8 |
| Div yield (%) | 5.2 te: The calculat | 5.1 | 0.0 | 7.8 | 8.9 | 9.9 |

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



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|--|---|--|--|--|
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