

DPC Dash (1405 HK)

Fundamentals intact regardless of city tiers

1H25 results were stronger than expected (esp. on the opex), and these were achieved even with a small drop in SSS. Therefore, aided by various growth drivers (innovative products, fast and consistent delivery, use of more new channels and aggregators, etc.), our outlook for DPC's development in both tier 1 and non-tier 1 cities is still positive. Maintain BUY but trim TP to HK\$ 105.96.

■ **Looking ahead into 2H25E, we believe the outlook is still constructive, even though SSS may still be dragged by the high base in new markets.** The SSS decline in 1H25, in our view, are mostly affected by the high base and the inclusion of those exceptionally good stores in the new markets (where their SSS may typically fall when they entered into the first 18 months and onwards). And as more stores are being opened (like 10 to 30), the SSS in those cities will likely normalize and resume a positive SSSG trend afterwards. Nonetheless, the SSSG in tier 1 cities was still positive in 1H25, indicating the stable and healthy development of the brand.

■ **In our view, key drivers in the tier 1 cities include product innovation, better delivery and new customers from new channels.** In the tier 1 cities, we do expect the SSSG or sales per store growth to be positive, aided by: 1) continuous product innovations (many new products such as the Dubai chocolate, lychee or beef wellington style pizza were launched in 1H25 and well received by market), 2) better delivery (on-time rate continued to go up in 1H25) and 3) enrollment of more new channels (such as JD and Ele.me/ Taobao, many new customers were acquired through these platforms (evidenced by the strong growth in members), the delivery war is still positive to DPC as a whole). Moreover, driven by greater economies of scale, OP margin in these cities should continue to improve.

■ **Key drivers in non-tier 1 cities include: introduction of delivery services, new product launches, improvements in overall service level and quality, etc..** In the non-tier 1 cities (or the semi-new and new markets), we are still comfortable about the growth ahead, because: 1) DPC can start to offer the delivery service (many new markets are still focusing on dine-in and delivery is just not available), 2) more new items can be introduced (the menu in these markets is not as comprehensive or as new as in the tier 1 cities) and 3) the product quality and services level should further improve, as employees in these markets are still relatively young and more willing to learn. All in all, the initiatives or growth levers used in the tier 1 cities can be introduced to these markets at a steady pace and help driving healthy growth. Meanwhile, thanks to the lower staff costs and rental expenses, the OP margin should remain higher than that in the tier 1 cities and should continue to be accretive to the group.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	3,051	4,314	5,411	6,524	7,540
YoY growth (%)	51.0	41.4	25.4	20.6	15.6
Operating profit (RMB mn)	(42.6)	168.2	295.4	418.6	498.0
Net profit (RMB mn)	(26.6)	55.2	151.4	258.1	317.3
EPS (Reported) (RMB)	(0.24)	0.42	1.16	1.97	2.42
YoY growth (%)	na	na	173.5	70.4	22.9
P/E (x)	na	182.1	66.6	39.1	31.8
P/B (x)	4.8	4.5	4.2	3.8	3.4
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	(1.9)	2.5	6.5	10.2	11.3
Net gearing (%)	9.5	8.9	8.4	7.5	6.7

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$105.96
(Previous TP)	HK\$118.57
Up/Downside	26.7%
Current Price	HK\$83.65

China Consumer Discretionary

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Stock Data

Mkt Cap (HK\$ mn)	10,940.1
Avg 3 mths t/o (HK\$ mn)	35.9
52w High/Low (HK\$)	114.30/62.25
Total Issued Shares (mn)	130.8

Source: FactSet

Shareholding Structure

Ocean Investments Limited	33.5%
Domino's Pizza, Inc.	6.2%

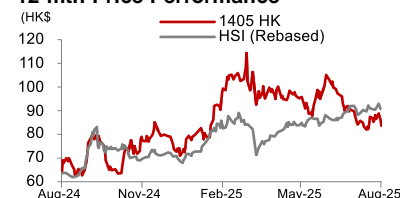
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-6.7%	-4.6%
3-mth	-11.9%	-18.0%
6-mth	-15.8%	-22.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

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- **The pace of store expansion in FY25E is still on track.** About 190 new restaurants were opened and total store count has reached 1,198 in 1H25. The growth rate was about 31% YoY, at a similar level in FY24 and the implied growth rate of the FY25E target (300 new stores). The management also highlighted that about 70% of the new stores will be opened in the existing markets and the remaining 30% will be in the brand new markets.
- **Maintain BUY but trim TP to HK\$ 105.96, based on 2x FY26E P/S (rolled over from 2.7x FY25E P/S).** We have revised up our FY25E/ 26E/ 27E net profit forecasts by 45%/ 41%/ 9%, in order to factor in: 1) the result beat in 1H25, 2) stronger-than-expected margin revamp up as sales mix from the new markets continues to go up, and 3) a more conservative SSSG and sales per store assumption. Even though the stock is trading at about 1.6x FY26E P/S, about 43% higher than the peer's average of 1.1x, we still think this premium is sustainable, given its 20% sales/ 38% adj. net profit CAGR during FY24-27E, still much faster than many peers. Therefore, we are highly confident about Domino's development in China in the long run. We maintain BUY with a TP of HK\$ 105.96, based on 2x FY26E P/S.
- **1H25 results were better than expected.** In 1H25, DPC's sales increased by 27% YoY to RMB 2.6bn, inline with BBG est. but 5% below CMBI est., while its net profit surged by 504% YoY to RMB 66mn, beating BBG est./ CMBI est. by 27%/ 72%. This beat, in our view, was mainly due to the better-than-expected margins revamp up of the new markets, or in other words, better-than-expected opex (esp. the staff costs and rental expenses). The tax rate was slightly higher than expected, but it did not change the big picture. Noted that the SSS has actually dropped by 1% in 1H25 (vs 1.6% in 2H24 and 3.6% in 1H24), however, the restaurant level OP margin can still be rather flattish, at 14.6% in 1H25 (vs 14.5% in 1H24). And thanks to the economies of scale, the adjusted net profit margin was still on the uptrend, reaching 3.5% in 1H25 (vs 2.5% in 1H24).

Earnings forecasts

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	5,411	6,524	7,540	5,408	6,780	8,151	0.1%	-3.8%	-7.5%
Gross profit	3,944	4,755	5,496	3,942	4,941	5,941	0.1%	-3.8%	-7.5%
EBIT	295	419	498	212	312	444	39.7%	34.3%	12.3%
Net profit att.	151	258	317	105	184	293	44.7%	40.6%	8.5%
Diluted EPS (RMB)	1.156	1.970	2.421	0.799	1.401	2.232	44.7%	40.6%	8.5%
Gross margin	72.9%	72.9%	72.9%	72.9%	72.9%	72.9%	0ppt	0ppt	0ppt
EBIT margin	5.5%	6.4%	6.6%	3.9%	4.6%	5.4%	1.5ppt	1.8ppt	1.2ppt
Net profit att. margin	2.8%	4.0%	4.2%	1.9%	2.7%	3.6%	0.9ppt	1.2ppt	0.6ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	5,411	6,524	7,540	5,375	6,740	8,187	0.7%	-3.2%	-7.9%
Gross profit	3,944	4,755	5,496	3,920	4,918	5,980	0.6%	-3.3%	-8.1%
EBIT	295	419	498	261	430	603	13.1%	-2.6%	-17.4%
Net profit att.	151	258	317	159	255	350	-4.5%	1.1%	-9.5%
Diluted EPS (RMB)	1.156	1.970	2.421	1.081	1.836	2.581	6.9%	7.3%	-6.2%
Gross margin	72.9%	72.9%	72.9%	72.9%	73.0%	73.0%	0ppt	-0.1ppt	-0.2ppt
EBIT margin	5.5%	6.4%	6.6%	4.9%	6.4%	7.4%	0.6ppt	0ppt	-0.8ppt
Net profit att. margin	2.8%	4.0%	4.2%	3.0%	3.8%	4.3%	-0.2ppt	0.2ppt	-0.1ppt

Source: Bloomberg, CMBIGM estimates

Results Summary

Figure 3: Results review – half year

Half yearly / Full yearly (RMB mn)	1H24	2H24	1H25	2H25E	1H24 YoY	2H24 YoY	1H25 YoY	2H25E YoY	1H25E CMBIG M	Actual vs CMBI
Revenue	2,041	2,273	2,593	2,817	48%	36%	27%	24%	2,741	-5%
COGS	-558	-612	-707	-760					-746	
Gross profit	1,484	1,661	1,887	2,057	49%	36%	27%	24%	1,995	-5%
GP margins	72.7%	73.1%	72.7%	73.0%					72.8%	
Other income & gains	9	6	7	11					14	-47%
Staff costs	-712	-798	-877	-977	30%	26%	23%	23%	-973	-10%
Staff costs / sales	-34.9%	-35.1%	-33.8%	-34.7%					-35.5%	
Dep. of right-of-use assets expenses	-146	-161	-188	-207	34%	26%	29%	28%	-195	-3%
Dep. of ROU assets exp / sales	-7.1%	-7.1%	-7.3%	-7.3%					-7.1%	
Other rentals expenses	-56	-65	-71	-86	81%	63%	26%	32%	-88	-19%
Other rentals exp / sales	-2.7%	-2.9%	-2.7%	-3.1%					-3.2%	
D & A of other assets	-126	-137	-153	-158	28%	22%	22%	15%	-156	-2%
D & A of other assets exp / sales	-6.1%	-6.0%	-5.9%	-5.6%					-5.7%	
Utilities expenses	-72	-92	-87	-113	46%	41%	22%	23%	-96	-9%
Utilities exp / sales	-3.5%	-4.1%	-3.4%	-4.0%					-3.5%	
A & P expenses	-109	-108	-137	-130	35%	39%	26%	20%	-143	-4%
A & P exp / sales	-5.4%	-4.8%	-5.3%	-4.6%					-5.2%	
Store operation & main. exp	-129	-142	-159	-160	52%	37%	24%	13%	-164	-3%
Store op. & main. exp / sales	-6.3%	-6.2%	-6.1%	-5.7%					-6.0%	
Other opex	-67	-71	-75	-88	-1%	12%	11%	24%	-90	-18%
Other opex / sales	-3.3%	-3.1%	-2.9%	-3.1%					-3.3%	
Operating profit (EBIT)	76	92	146	149	-233%	522%	91%	63%	104	40%
OP margins	3.7%	4.0%	5.6%	5.3%					3.8%	
Other items	-8	-3	-1	-10					-11	
Net finance income	-28	-30	-35	-23					-33	5%
Net finance income / sales	-1.4%	-1.3%	-1.3%	-0.8%					-1.2%	
Profit after financing costs	41	59	110	117					60	
Associated coms	0	0	0	0					0	
Jointly controlled coms	0	0	0	0					0	
Pre-tax profit	41	59	110	117	46%	-327%	169%	99%	60	83%
Tax	-30	-14	-44	-32					-22	101%
Tax / sales	-1.5%	-0.6%	-1.7%	-1.1%					-0.8%	
Effective tax rate	-73.3%	-24.6%	-40.1%	-27.0%					-36.4%	
Minority interests	0	0	0	0					0	#DIV/0!
Net profit att.	11	44	66	86	25%	-225%	504%	93%	38	72%
NP margins	0.5%	1.9%	2.5%	3.0%					1.4%	
Adj. net profit att.	51	80	91	108	-392%	206%	80%	35%	38	138%
Adj. NP margins	2.5%	3.5%	3.5%	3.9%					1.4%	

Source: Bloomberg, Company data, CMBIGM estimates

Figure 4: Results review – full year

Half yearly / Full yearly (RMB mn)	FY24	FY25E	FY26E	FY25E YoY	FY26E YoY
Revenue	4,314	5,411	6,524	25%	21%
COGS	-1,170	-1,467	-1,769		
Gross profit	3,144	3,944	4,755	25%	21%
GP margins	72.9%	72.9%	72.9%		
Other income & gains	15	18	22		
Staff costs	-1,509	-1,854	-2,190	23%	18%
Staff costs / sales	-35.0%	-34.3%	-33.6%		
Dep. of right-of-use assets expenses	-307	-395	-473	29%	20%
Dep. of ROU assets exp / sales	-7.1%	-7.3%	-7.3%		
Other rentals expenses	-121	-157	-202	30%	29%
Other rentals exp / sales	-2.8%	-2.9%	-3.1%		
D & A of other assets	-263	-310	-348	18%	12%
D & A of other assets exp / sales	-6.1%	-5.7%	-5.3%		
Utilities expenses	-164	-200	-242	22%	21%
Utilities exp / sales	-3.8%	-3.7%	-3.7%		
A & P expenses	-218	-268	-323	23%	21%
A & P exp / sales	-5.0%	-4.9%	-4.9%		
Store operation & main. exp	-271	-319	-385	18%	21%
Store op. & main. exp / sales	-6.3%	-5.9%	-5.9%		
Other opex	-138	-162	-196	18%	21%
Other opex / sales	-3.2%	-3.0%	-3.0%		
Operating profit (EBIT)	168	295	419	76%	42%
OP margins	3.9%	5.5%	6.4%		
Other items	-11	-11	-13		
Net finance income	-58	-57	-61		
Net finance income / sales	-1.3%	-1.1%	-0.9%		
Profit after financing costs	100	227	344		
Associated coms	0	0	0		
Jointly controlled coms	0	0	0		
Pre-tax profit	100	227	344	128%	51%
Tax	-44	-76	-86		
Tax / sales	-1.0%	-1.4%	-1.3%		
Effective tax rate	-45%	-33.3%	-25.0%		
Minority interests	0	0	0		
Net profit att.	55	151	258	174%	70%
NP margins	1.3%	2.8%	4.0%		
Adj. net profit att.	131	200	301	52%	50%
Adj. NP margins	3.0%	3.7%	4.6%		

Source: Bloomberg, Company data, CMBIGM estimates

Assumptions

Figure 5: CMBIGM's assumptions

Major assumptions	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Sales by segment (RMB mn)						
Beijing and Shanghai	1,279	1,545	1,650	1,718	1,769	1,822
New growth markets	742	1,506	2,664	3,693	4,755	5,718
Total	2,021	3,051	4,314	5,411	6,524	7,540
Sales growth by segment (%)						
Beijing and Shanghai	11.5%	20.8%	6.8%	4.1%	3.0%	3.0%
New growth markets	59.8%	102.9%	77.0%	38.6%	28.8%	20.3%
Total	25.4%	51.0%	41.4%	25.4%	20.6%	15.6%
Average daily sales per store by market (RMB)						
Beijing and Shanghai	13,576	12,881	12,500	12,862	13,247	13,645
New growth markets	9,009	12,285	13,319	12,922	12,153	11,550
All markets	11,445	12,580	13,126	12,903	12,432	11,995
Sales growth by dine-in and delivery (%)						
Delivery	23.7%	23.9%	10.0%	18.0%	20.0%	15.0%
Non-delivery	30.2%	121.4%	87.1%	31.8%	21.0%	16.0%
Total	25.4%	51.0%	41.4%	25.4%	20.6%	15.6%
Sales network by segment						
Beijing and Shanghai	312	351	371	371	371	371
New growth markets	276	417	637	937	1,242	1,547
Total	588	768	1,008	1,308	1,613	1,918
Restaurant profit margin by segment						
Beijing and Shanghai	18.3%	15.5%	16.0%	15.5%	15.0%	14.5%
New growth markets	6.4%	12.0%	13.5%	14.0%	14.0%	13.3%
Total	10.1%	13.8%	14.5%	14.5%	14.3%	13.6%
Costs breakdown						
Staff costs/ sales	38.8%	38.6%	35.0%	34.3%	33.6%	33.6%
Rental and related expenses/ sales	10.7%	10.1%	9.9%	10.2%	10.4%	10.5%
D&A of other assets/ sales	8.3%	6.9%	6.1%	5.7%	5.3%	5.0%
Utilities expenses/ sales	4.1%	3.8%	3.8%	3.7%	3.7%	3.7%
A&P expenses/ sales	5.8%	5.2%	5.0%	4.9%	4.9%	4.9%
Other expenses/ sales	12.5%	10.5%	9.5%	8.9%	8.9%	8.9%
Effective tax rate	-10.8%	1269.4%	44.6%	33.3%	25.0%	25.0%
NP att. margin	-11.0%	-0.9%	1.3%	2.8%	4.0%	4.2%
Adj. NP margin	-5.6%	0.3%	3.0%	3.7%	4.6%	4.6%
Adj. NP growth (%)	-20.6%	-107.7%	1394.2%	52.4%	50.4%	15.5%

Source: Company data, CMBIGM estimates

Valuation

Figure 6: Peers valuation table

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 per.(%)
								FY1E	FY2E	FY2E	FY2E	FY1E	FY1E	FY1E
Leading Greater China Catering														
Dpc Dash	1405 HK	BUY	105.96	83.65	27%	10,953	Dec-24	186.0	65.7	4.3	(1.9)	(0.6)	0.0	7.2
Jiumaojiu	9922 HK	BUY	3.18	2.42	31%	3,382	Dec-24	21.5	13.2	0.9	1.4	0.3	2.7	(28.9)
Haidilao	6862 HK	BUY	17.46	13.87	26%	77,311	Dec-24	15.8	14.1	5.2	46.3	3.4	5.5	(12.8)
Green Tea	6831 HK	BUY	10.74	7.82	37%	5,266	Dec-24	9.8	8.0	2.5	59.1	n/a	2.4	n/a
Cafe De Coral	341 HK	HOLD	6.52	7.01	-7%	4,066	Mar-25	13.8	11.9	1.3	8.3	1.2	5.7	(10.2)
Luckin Coffee	LKNCY US	BUY	44.95	36.52	23%	80,628	Dec-24	24.1	17.1	3.8	26.5	1.1	0.0	42.3
Xiabuxiabu	520 HK	BUY	4.89	0.80	511%	869	Dec-24	n/a	n/a	0.9	(40.6)	n/a	4.1	(20.0)
Nayuki	2150 HK	BUY	3.43	1.56	120%	2,660	Dec-24	n/a	n/a	0.7	(14.6)	n/a	0.0	14.7
Helens	9869 HK	NR	n/a	1.28	n/a	1,620	Dec-24	6.6	8.7	2.0	(5.3)	(0.0)	15.4	(45.7)
Yihai	1579 HK	NR	n/a	13.74	n/a	14,244	Dec-24	15.7	14.3	2.4	16.7	1.8	5.6	(8.9)
Yum China	9987 HK	BUY	437.04	349.20	25%	128,630	Dec-24	17.7	15.6	2.8	15.8	1.6	2.0	(6.7)
Yum China	YUMC US	BUY	55.94	44.66	25%	128,224	Dec-24	17.7	15.6	2.8	15.8	1.6	2.0	(7.3)
Gourmet Master	2723 TT	NR	n/a	80.80	n/a	3,710	Dec-24	18.2	13.9	1.2	6.4	0.6	4.7	(16.5)
Avg.								31.5	18.0	2.4	10.3	1.1	3.9	(7.7)
Med.								17.7	14.1	2.4	8.3	1.1	2.7	(9.6)
International Catering														
Yum! Brands	YUM US	NR	n/a	144	n/a	312,510	Dec-24	24.0	21.7	n/a	n/a	1.9	2.0	7.7
McDonald's	MCD US	NR	n/a	311	n/a	1,732,099	Dec-24	25.3	23.3	n/a	n/a	3.0	2.3	7.4
Starbucks	SBUX US	NR	n/a	88	n/a	779,321	Sep-24	39.9	32.8	n/a	n/a	151.3	2.8	(3.6)
Rest. Brands	QSR US	NR	n/a	63	n/a	222,643	Dec-24	17.2	15.6	5.2	26.9	1.6	3.9	(3.7)
Chipotle	CMG US	NR	n/a	42	n/a	442,303	Dec-24	34.9	29.8	12.8	42.6	2.4	0.0	(29.8)
Darden Rest.	DRI US	NR	n/a	206	n/a	187,501	May-25	19.3	18.0	9.3	46.1	1.6	2.9	10.5
Domino's	DPZ US	NR	n/a	450	n/a	119,202	Dec-24	25.6	23.1	n/a	n/a	3.1	1.5	7.3
Wendy's Co	WEN US	NR	n/a	10	n/a	15,500	Dec-24	11.9	11.0	21.3	99.3	2.8	6.5	(36.0)
Shake Shack	SHAK US	NR	n/a	106	n/a	35,325	Dec-24	77	61	7.0	4.2	0.7	n/a	(18.2)
Wingstop	WING US	NR	n/a	332	n/a	72,262	Dec-24	83	65	n/a	n/a	3.9	0.3	16.8
Jubilant Food.	JUBI IN	NR	n/a	636	n/a	37,327	Mar-25	107	78	15.3	n/a	2.3	0.3	(11.5)
Domino's Group	DOM LN	NR	n/a	201	n/a	8,348	Dec-24	11	10	n/a	n/a	12.6	5.4	(36.3)
Domino's Ent.	DMP AU	NR	n/a	15	n/a	7,189	Jun-25	12	11	1.8	2.6	(0.0)	4.4	(49.3)
Alsea Sab De	ALSEA* MM	NR	n/a	55	n/a	18,598	Dec-24	17.1	14.7	4.3	20.7	0.2	1.3	27.3
Avg.								36.0	29.6	9.6	34.6	13.4	2.6	(8.0)
Med.								24.6	22.4	8.2	26.9	2.4	2.3	(3.6)

Source: Bloomberg, company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	2,021	3,051	4,314	5,411	6,524	7,540
Cost of goods sold	(550)	(837)	(1,170)	(1,467)	(1,769)	(2,045)
Gross profit	1,471	2,214	3,144	3,944	4,755	5,496
Operating expenses	(1,622)	(2,291)	(2,991)	(3,666)	(4,358)	(5,023)
Selling expense	(285)	(370)	(480)	(578)	(671)	(749)
Admin expense	(83)	(115)	(164)	(200)	(242)	(279)
Staff costs	(785)	(1,179)	(1,509)	(1,854)	(2,190)	(2,532)
Other rental related expenses	(216)	(308)	(428)	(552)	(675)	(792)
Others	(253)	(320)	(409)	(482)	(581)	(671)
Operating profit	(109)	(43)	168	295	419	498
Other income	42	34	15	18	22	25
Share of (losses)/profits of associates/JV	0	0	0	0	0	0
EBITDA	59	168	431	606	767	874
Depreciation	(168)	(210)	(263)	(310)	(348)	(376)
Other amortisation	0	0	0	0	0	0
Interest income	3	16	22	24	28	34
Interest expense	(82)	(71)	(80)	(81)	(89)	(93)
Other income/expense	(13)	100	(11)	(11)	(13)	(15)
Pre-tax profit	(201)	2	100	227	344	423
Income tax	(22)	(29)	(44)	(76)	(86)	(106)
Minority interest	0	0	0	0	0	0
Net profit	(223)	(27)	55	151	258	317

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	689	1,215	1,369	1,520	1,833	2,225
Cash & equivalents	544	587	1,069	1,172	1,414	1,740
Account receivables	8	10	13	14	17	20
Inventories	67	73	115	118	142	164
Prepayment	69	113	172	215	260	300
ST bank deposits	0	432	0	0	0	0
Other current assets	0	0	0	0	0	0
Non-current assets	2,581	2,931	3,508	3,684	3,855	3,987
PP&E	496	626	808	991	1,166	1,302
Investment in JVs & assos	0	0	0	0	0	0
Intangibles	1,242	1,229	1,211	1,204	1,201	1,197
Other non-current assets	842	1,077	1,489	1,489	1,489	1,489
Total assets	3,270	4,146	4,876	5,203	5,688	6,212
Current liabilities	795	1,017	1,517	1,693	1,919	2,126
Short-term borrowings	0	0	200	200	200	200
Account payables	127	154	249	252	304	352
Tax payable	17	18	40	40	40	40
Other current liabilities	652	845	1,028	1,200	1,375	1,534
Non-current liabilities	1,721	1,030	1,116	1,116	1,116	1,116
Long-term borrowings	200	200	0	0	0	0
Other non-current liabilities	1,521	830	1,116	1,116	1,116	1,116
Total liabilities	2,516	2,047	2,633	2,809	3,035	3,242
Share capital	1,804	3,132	3,160	3,160	3,160	3,160
Retained earnings	(1,091)	(1,122)	(1,067)	(916)	(658)	(340)
Other reserves	40	89	150	150	150	150
Total shareholders equity	753	2,099	2,243	2,395	2,653	2,970
Minority interest	0	0	0	0	0	0
Total equity and liabilities	3,270	4,146	4,876	5,203	5,688	6,212

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(201)	2	100	227	344	423
Depreciation & amortization	168	210	263	310	348	376
Tax paid	(35)	(44)	(77)	(76)	(86)	(106)
Change in working capital	(32)	18	48	127	155	141
Others	398	349	486	9	4	11
Net cash from operations	298	536	818	599	765	845
Investing						
Capital expenditure	(195)	(288)	(373)	(414)	(434)	(426)
Acquisition of subsidiaries/ investments	(15)	(29)	(43)	0	0	0
Others	3	(416)	458	(1)	(0)	1
Net cash from investing	(207)	(732)	42	(415)	(434)	(425)
Financing						
Dividend paid	0	0	0	0	0	0
Net borrowings	20	0	0	0	0	0
Proceeds from share issues	0	549	5	0	0	0
Share repurchases	0	0	0	0	0	0
Others	(245)	(332)	(387)	(81)	(89)	(93)
Net cash from financing	(225)	217	(382)	(81)	(89)	(93)
Net change in cash						
Cash at the beginning of the year	657	544	587	1,069	1,172	1,414
Exchange difference	21	22	4	0	0	0
Others	(134)	21	478	103	242	326
Cash at the end of the year	544	587	1,069	1,172	1,414	1,740
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	25.4%	51.0%	41.4%	25.4%	20.6%	15.6%
Gross profit	24.1%	50.5%	42.0%	25.4%	20.6%	15.6%
Operating profit	na	na	na	75.7%	41.7%	18.9%
EBITDA	na	184.6%	156.9%	40.6%	26.6%	14.0%
Net profit	na	na	na	174.4%	70.4%	22.9%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	72.8%	72.6%	72.9%	72.9%	72.9%	72.9%
Operating margin	(5.4%)	(1.4%)	3.9%	5.5%	6.4%	6.6%
EBITDA margin	2.9%	5.5%	10.0%	11.2%	11.8%	11.6%
Return on equity (ROE)	(26.0%)	(1.9%)	2.5%	6.5%	10.2%	11.3%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.3	0.1	0.1	0.1	0.1	0.1
Current ratio (x)	0.9	1.2	0.9	0.9	1.0	1.0
Receivable turnover days	8.3	9.8	13.0	14.2	17.2	19.9
Inventory turnover days	34.3	30.6	29.3	29.3	29.3	29.3
Payable turnover days	83.5	61.2	62.8	62.8	62.8	62.8
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	ns	182.1	66.6	39.1	31.8
P/E (diluted)	ns	ns	182.1	66.6	39.1	31.8
P/B	9.7	4.8	4.5	4.2	3.8	3.4
P/CFPS	24.6	16.2	12.3	16.8	13.2	11.9
Div yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
EV	7,621.8	10,052.7	10,070.8	9,968.1	9,726.3	9,399.8
EV/Sales	3.8	3.3	2.3	1.8	1.5	1.2
EV/EBITDA	129.3	59.9	23.4	16.5	12.7	10.8

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

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