

# J&T Express (1519 HK)

## Adjusted net loss in 2023 less than expected; ASP beat in China market but miss in SEA

J&T's adjusted after-tax loss in 2023 came in at US\$432mn, improving from -US\$1.49bn in 2022 and is better than our estimate of -US\$494mn. The key positive came from a surprising increase in ASP in China market in 2H23, which helped it achieve breakeven at the segmental gross profit level. Looking forward, we forecast China market to see potential for breakeven at net profit level at some point in 2024E. On the contrary, we expect the ASP pressure in SEA and new markets to continue in 2024E. We therefore revise down our SOTP-based target price to HK\$12.8. Maintain **HOLD** as the valuation is not attractive enough, in our view.

- **SEA: Strong volume in line but ASP lower than expected.** Revenue in 2023 grew 11% YoY to US\$2.6bn, driven by 29% parcel volume growth (to 3.2bn units) but offset by a 14% ASP decline (to US\$0.81). Market share in SEA expanded 2.9ppt YoY to 25.4%. Given a stable unit cost, the unit gross margin in 2023 dropped 13% YoY to US\$0.14. In 2H23, parcel volume surged 39% YoY (1H23: +18%) while ASP dropped 17% YoY (1H23: -11%).
- **China: Breakeven at gross profit level driven by resilient ASP and cost reduction.** Revenue in 2023 grew 28% YoY to US\$5.2bn, driven by 28% parcel volume growth (to 15.3bn units) and a stable ASP (US\$0.34). Market share expanded 0.7ppt YoY to 11.6%. On the back of a 14% YoY decline in unit cost, the segment achieved breakeven. In 2H23, parcel volume surged 39% YoY (1H23: +15%) while ASP surprisingly increased 2% YoY (1H23: -2%). The better-than-expected ASP was driven by an improved customer mix, as well as increases in the proportion of reverse parcels and individual orders.
- **New markets: Strong volume growth on track:** Due to a low base, revenue in 2023 surged 3x YoY to US\$327mn, driven by 3.7x parcel volume growth (to 230mn units) but offset by a 15% ASP decline (to US\$1.42). In 2H23, parcel volume surged 2.6x YoY (1H23: +9.8x) while ASP dropped 22% YoY (1H23: +2%).
- **Upside risks:** 1) further improvement in China market's profitability; 2) stronger-than-expected growth in new markets. **Downside risks:** 1) high dependence on the development of the e-commerce industry and key customers; 2) further ASP pressure; 3) fluctuations in foreign exchange rates.

### Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (US\$ mn)	7,267	8,849	10,057	12,187	14,232
YoY growth (%)	49.8	21.8	13.6	21.2	16.8
Adjusted net profit (US\$ mn)	(1,488.3)	(432.3)	167.0	464.4	719.0
EPS (Adjusted) (US\$ cents)	na	(5.00)	1.90	5.27	8.16
Consensus EPS (US\$ cents)	na	0.00	(0.45)	4.68	0.00
P/E (x)	na	na	73.4	27.2	17.5
P/B (x)	na	5.3	4.4	3.8	3.1
Yield (%)	na	0.0	0.0	0.0	0.0
ROE (%)	na	na	6.2	15.0	19.5
Net gearing (%)	na	(35.2)	(37.5)	(36.8)	(35.0)

Source: Company data, Bloomberg, CMBIGM estimates

**HOLD (Maintain)**

**Target Price** HK\$12.80

(Previous TP) HK\$14.20)

**Up/Downside** 12.1%

**Current Price** HK\$11.42

### China Logistics

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### Stock Data

Mkt Cap (HK\$ mn)	100,634.9
Avg 3 mths t/o (HK\$ mn)	51.6
52w High/Low (HK\$)	NA/NA
Total Issued Shares (mn)	8812.2

Source: FactSet

### Shareholding Structure

Jet Jie Li	11.1%
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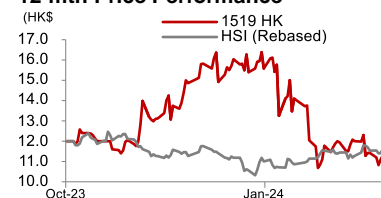
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	2.9%	4.4%
3-mth	-23.1%	-23.9%
6-mth	NM	NM

Source: FactSet

### 12-mth Price Performance



Source: FactSet

### Related report:

J&T Express (HOLD) - Largest express delivery operator in SEA to expand globally – 19 Dec 2023 ([link](#))

**Figure 1: 2023 results highlights**

YE Dec 31(US\$ mn)	2022	2023	Change (YoY)	1H22	1H23	Change (YoY)	2H22	2H23	Change (YoY)
<b>Revenue</b>	<b>7,267</b>	<b>8,849</b>	21.8%	<b>3,403</b>	<b>4,030</b>	18.5%	<b>3,865</b>	<b>4,819</b>	24.7%
Cost of sales	-7,538	-8,376	11.1%	-3,469	-3,837	10.6%	-4,069	-4,540	11.6%
<b>Gross profit</b>	<b>-270</b>	<b>473</b>	n/a	<b>-66</b>	<b>194</b>	n/a	<b>-204</b>	<b>279</b>	n/a
SG&A expense	-1,096	-2,157	96.9%	-526	-1,768	235.9%	-569	-390	-31.6%
R&D expense	-44	-46	3.6%	-21	-19	-9.7%	-24	-27	15.5%
Asset impairment	-37	-27	-27.6%	-25	-12	-52.8%	-12	-15	24.0%
Other gains/(losses)	58	-9	n/a	16	-31	n/a	41	22	-46.3%
<b>EBIT</b>	<b>-1,390</b>	<b>-1,767</b>	27.1%	<b>-622</b>	<b>-1,636</b>	163.1%	<b>-768</b>	<b>-130</b>	-83.0%
Net finance income/(cost)	-77	-80	3.7%	-37	-45	21.9%	-41	-36	-12.7%
Finance income	22	25	12.5%	8	11	41.6%	14	13	-4.2%
Finance expenses	-99	-105	5.6%	-45	-56	25.4%	-55	-49	-10.5%
Fair value change	3,051	708	-76.8%	2,028	1,021	-49.7%	1,023	-313	n/a
Share of profit of JV and associates	-0	-0	-21.5%	-0	-0	-62.2%	-0	-0	91.3%
<b>Pretax profit</b>	<b>1,583</b>	<b>-1,139</b>	n/a	<b>1,369</b>	<b>-660</b>	n/a	<b>214</b>	<b>-479</b>	n/a
Income tax	-11	-17	59.6%	3	-7	n/a	-14	-11	-22.3%
<b>After tax profit</b>	<b>1,573</b>	<b>-1,156</b>	n/a	<b>1,372</b>	<b>-667</b>	n/a	<b>200</b>	<b>-490</b>	n/a
MI	84	55	-33.7%	41	26	-37.4%	42	30	-30.2%
<b>Net profit attributable to shareholders</b>	<b>1,656</b>	<b>-1,101</b>	n/a	<b>1,413</b>	<b>-641</b>	n/a	<b>243</b>	<b>-460</b>	n/a
<b>Recurring net profit after tax</b>	<b>-1,488</b>	<b>-432</b>	-71.0%	<b>-419</b>	<b>-264</b>	-37.0%	<b>-1,069</b>	<b>-168</b>	-84.3%
D&A	506	481	-4.8%	247	252	2.2%	259	229	-11.5%
<b>EBITDA</b>	<b>-884</b>	<b>-1,324</b>	49.9%	<b>-375</b>	<b>-1,384</b>	268.8%	<b>-508</b>	<b>60</b>	n/a

Source: Company data, CMBIGM

**Figure 2: Change in key operating assumptions for J&T Global**

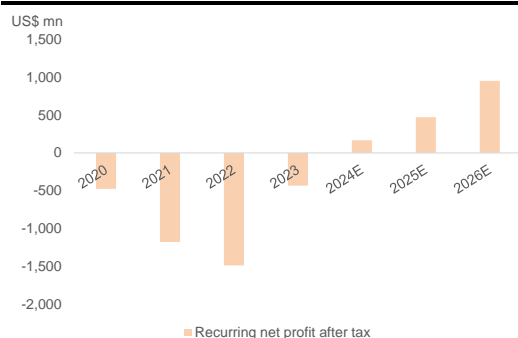
	2024E	Old 2025E	2026E	2024E	New 2025E	2026E	2024E	Change 2025E	2026E
<b>Shipment volume (mn units of parcel)</b>									
Southeast Asia	4,247	5,394	-	4,115	5,144	6,172	-3.1%	-4.6%	-
China	18,192	21,831	-	18,256	21,360	24,564	0.4%	-2.2%	-
New markets	466	863	-	466	863	1,208	0.0%	0.0%	-
<b>Total</b>	<b>22,906</b>	<b>28,088</b>	-	<b>22,838</b>	<b>27,366</b>	<b>31,944</b>	<b>-0.3%</b>	<b>-2.6%</b>	<b>-</b>
<b>ASP (US\$)</b>									
Southeast Asia	0.78	0.78	-	0.76	0.74	0.73	-3.1%	-4.0%	-
China	0.31	0.31	-	0.32	0.32	0.31	4.9%	4.4%	-
New markets	1.47	1.45	-	1.33	1.32	1.31	-9.0%	-9.0%	-
<b>Blended</b>	<b>0.42</b>	<b>0.43</b>	-	<b>0.42</b>	<b>0.43</b>	<b>0.43</b>	<b>0.6%</b>	<b>-0.1%</b>	<b>-</b>
<b>Unit cost of express delivery by region (US\$)</b>									
Southeast Asia	-0.63	-0.60	-	-0.63	-0.60	-0.59	0.0%	0.0%	-
China	-0.31	-0.30	-	-0.31	-0.30	-0.29	0.0%	0.0%	-
New markets	-1.29	-1.17	-	-1.27	-1.16	-1.11	-2.0%	-1.1%	-
<b>Average</b>	<b>-0.39</b>	<b>-0.38</b>	-	<b>-0.39</b>	<b>-0.38</b>	<b>-0.38</b>	<b>-0.5%</b>	<b>-0.2%</b>	<b>-</b>
<b>Unit gross margin (US\$)</b>									
Southeast Asia	0.16	0.17	-	0.13	0.14	0.14	-15.1%	-18.2%	-
China	-0.00	0.01	-	0.01	0.02	0.02	-505.5%	187.1%	-
New markets	0.17	0.28	-	0.07	0.16	0.20	-61.7%	-42.2%	-
<b>Average</b>	<b>0.03</b>	<b>0.05</b>	-	<b>0.04</b>	<b>0.05</b>	<b>0.05</b>	<b>15.6%</b>	<b>0.8%</b>	<b>-</b>
<b>(US\$ mn)</b>									
<b>Revenue</b>									
<b>Express delivery services</b>									
Southeast Asia	3,330	4,186	-	3,127	3,831	4,528	-6.1%	-8.5%	-
China	5,615	6,671	-	5,912	6,813	7,717	5.3%	2.1%	-
New markets	684	1,252	-	622	1,140	1,579	-9.0%	-9.0%	-
Cross-border services	433	468	-	396	404	408	-8.6%	-13.7%	-
<b>Total</b>	<b>10,062</b>	<b>12,578</b>	-	<b>10,057</b>	<b>12,187</b>	<b>14,232</b>	<b>-0.1%</b>	<b>-3.1%</b>	<b>-</b>
<b>Gross margin (by region)</b>							ppt		
Southeast Asia	20%	22%	-	18%	19%	20%	(2.5)	(3.3)	-
China	-1%	2%	-	4%	6%	8%	4.7	4.1	-
New markets	11%	17%	-	5%	12%	15%	(6.1)	(4.5)	-
<b>Blended gross margin</b>	<b>7%</b>	<b>11%</b>	-	<b>8%</b>	<b>11%</b>	<b>12%</b>	<b>0.6</b>	<b>(0.2)</b>	<b>-</b>
<b>Net profit attributable to shareholders</b>	<b>82</b>	<b>483</b>	-	<b>175</b>	<b>474</b>	<b>733</b>	<b>114.9%</b>	<b>-2.0%</b>	<b>-</b>
<b>Recurring net profit after tax</b>	<b>78</b>	<b>474</b>	-	<b>167</b>	<b>464</b>	<b>719</b>	<b>114.9%</b>	<b>-2.0%</b>	<b>-</b>

Source: Company data, CMBIGM estimates

**Figure 3: Key operating assumptions for J&T Global**

	2020	2021	2022	2023	2024E	2025E	2026E
<b>Shipment volume (mn units of parcel)</b>							
Southeast Asia	1,154	2,161	2,513	3,240	4,115	5,144	6,172
China	2,084	8,334	12,026	15,341	18,256	21,360	24,564
New markets	-	-	49	230	466	863	1,208
<b>Total</b>	<b>3,237</b>	<b>10,495</b>	<b>14,588</b>	<b>18,812</b>	<b>22,838</b>	<b>27,366</b>	<b>31,944</b>
<b>Change (YoY)</b>							
Southeast Asia	-	87.3%	16.3%	28.9%	27.0%	25.0%	20.0%
China	-	300.0%	44.3%	27.6%	19.0%	17.0%	15.0%
New markets	-	-	-	369.0%	102.5%	85.0%	40.0%
<b>Average</b>	<b>-</b>	<b>224.2%</b>	<b>39.0%</b>	<b>29.0%</b>	<b>21.4%</b>	<b>19.8%</b>	<b>16.7%</b>
<b>ASP (US\$)</b>							
Southeast Asia	0.91	1.10	0.95	0.81	0.76	0.74	0.73
China	0.23	0.26	0.34	0.34	0.32	0.32	0.31
New markets	-	-	1.67	1.42	1.33	1.32	1.31
Blended	0.47	0.43	0.45	0.44	0.42	0.43	0.43
<b>Change (YoY)</b>							
Southeast Asia	-	21.3%	-13.9%	-14.2%	-6.5%	-2.0%	-1.5%
China	-	13.9%	30.1%	0.1%	-5.0%	-1.5%	-1.5%
New markets	-	-	-	-14.8%	-6.0%	-1.0%	-1.0%
<b>Average</b>	<b>-</b>	<b>-7.8%</b>	<b>3.5%</b>	<b>-3.2%</b>	<b>-2.8%</b>	<b>1.8%</b>	<b>0.5%</b>
<b>Unit cost of express delivery by region (US\$)</b>							
Southeast Asia	-0.64	-0.79	-0.76	-0.67	-0.63	-0.60	-0.59
China	-0.51	-0.41	-0.40	-0.34	-0.31	-0.30	-0.29
New markets	-	-	-2.06	-1.41	-1.27	-1.16	-1.11
<b>Average</b>	<b>-0.55</b>	<b>-0.49</b>	<b>-0.46</b>	<b>-0.41</b>	<b>-0.39</b>	<b>-0.38</b>	<b>-0.38</b>
<b>Change (YoY)</b>							
Southeast Asia	-	24.7%	-4.5%	-11.4%	-6.9%	-3.4%	-2.5%
China	-	-19.5%	-3.0%	-14.4%	-8.1%	-4.2%	-2.8%
New markets	-	-	-	-31.2%	-10.4%	-8.6%	-4.4%
<b>Average</b>	<b>-</b>	<b>-11.9%</b>	<b>-4.8%</b>	<b>-11.7%</b>	<b>-5.3%</b>	<b>-1.2%</b>	<b>-1.1%</b>
<b>Unit gross margin (US\$)</b>							
Southeast Asia	0.27	0.31	0.19	0.14	0.13	0.14	0.14
China	-0.28	-0.15	-0.06	0.00	0.01	0.02	0.02
New markets	-	-	-0.39	0.00	0.07	0.16	0.20
<b>Average</b>	<b>-0.08</b>	<b>-0.05</b>	<b>-0.01</b>	<b>0.03</b>	<b>0.04</b>	<b>0.05</b>	<b>0.05</b>
<b>Change (YoY)</b>							
Southeast Asia	-	13.3%	-38.2%	-25.5%	-4.4%	4.6%	2.6%
China	-	-	-	-	-	68.9%	16.7%
New markets	-	-	-	-	-	144.4%	23.2%
<b>Average</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37.0%</b>	<b>34.7%</b>	<b>13.2%</b>
<b>(US\$ mn)</b>							
<b>Revenue</b>							
Express delivery services	1,525	4,559	6,560	8,189	9,661	11,783	13,825
Southeast Asia	1,047	2,378	2,382	2,633	3,127	3,831	4,528
China	479	2,181	4,096	5,229	5,912	6,813	7,717
New markets	-	-	82	327	622	1,140	1,579
Cross-border services	10	292	708	660	396	404	408
<b>Total</b>	<b>1,535</b>	<b>4,852</b>	<b>7,267</b>	<b>8,849</b>	<b>10,057</b>	<b>12,187</b>	<b>14,232</b>
<b>Revenue growth (by segment)</b>							
Express delivery services	-	198.9%	43.9%	24.8%	18.0%	22.0%	17.3%
Southeast Asia	-	127.2%	0.2%	10.6%	18.7%	22.5%	18.2%
China	-	355.5%	87.8%	27.7%	13.1%	15.2%	13.3%
New markets	-	-	-	299.5%	90.4%	83.2%	38.6%
Cross-border services	-	2797.5%	142.5%	-6.8%	-40.0%	2.0%	1.0%
<b>Average</b>	<b>-</b>	<b>216.0%</b>	<b>49.8%</b>	<b>21.8%</b>	<b>13.6%</b>	<b>21.2%</b>	<b>16.8%</b>
<b>Gross margin (by region)</b>							
Southeast Asia	29.8%	27.8%	20.0%	17.9%	17.8%	18.9%	19.7%
China	-120.4%	-55.9%	-16.2%	1.1%	3.8%	6.4%	7.6%
New markets	0.0%	0.0%	-23.5%	0.5%	5.0%	12.3%	15.3%
Cross border	32.5%	4.1%	-8.8%	-8.8%	-2.0%	0.0%	2.0%
<b>Blended gross margin</b>	<b>-17.0%</b>	<b>-11.2%</b>	<b>-3.7%</b>	<b>5.3%</b>	<b>8.0%</b>	<b>10.7%</b>	<b>12.2%</b>
<b>(US\$ mn)</b>							
<b>Adjusted EBITDA</b>							
SEA	267	427	332	376	436	547	641
China	-616	-1,206	-723	31	309	454	513
New markets	0	0	-74	-82	15	77	139
Cross border	2	-14	-95	-107	-24	-16	-8
Unallocated	27	-2	-334	-71	0	0	0
<b>Total adjusted EBITDA</b>	<b>-321</b>	<b>-794</b>	<b>-894</b>	<b>147</b>	<b>736</b>	<b>1,061</b>	<b>1,284</b>
Share-based payments and expenses	-188	-619	-281	-1,462	0	0	0
Listing expense	0	-12	-10	-8	0	0	0
Others	0	-1	302	0	0	0	0
<b>Reported EBITDA</b>	<b>-509</b>	<b>-1,427</b>	<b>-884</b>	<b>-1,324</b>	<b>736</b>	<b>1,061</b>	<b>1,284</b>

Source: Company data, CMBIGM estimates

**Figure 4: Recurring net profit after tax**

Source: Company data, CMBIGM estimates

**Figure 5: Earnings sensitivity to China ASP and cost**

2024E After-tax profit (US\$ mn)		ASP (US\$/unit)				
		0.31	0.32	<b>0.32</b>	0.33	0.34
Unit line-haul transportation cost (US\$)	-0.067	-145	10	114	217	372
	-0.065	-113	42	146	249	404
	-0.064	-91	64	<b>167</b>	270	425
Pick-up & delivery cost (US\$)	-0.063	-70	85	188	292	447
	-0.061	-38	117	220	324	479
2024E After-tax profit (US\$ mn)		0.31	0.32	<b>0.32</b>	0.33	0.34
		-0.194	-246	-91	13	116
Pick-up & delivery cost (US\$)	-0.189	-153	2	105	209	364
	-0.185	-91	64	<b>167</b>	270	425
	-0.181	-30	125	229	332	487
	-0.176	63	218	321	425	580

Source: Company data, CMBIGM estimates

Note: Based on recurring net profit after tax

## Valuation

Our target price of HK\$12.8 is derived from the SOTP methodology. We apply different EV/EBITDA multiples for SEA and New Markets to better reflect their respective growth outlook. For China market, we apply the Price/Sales multiple given the volatile earnings.

- We maintain our target multiple of 16x for the SEA business, which is a 100% premium over the global integrated logistics operators (8x). Our premium is to reflect J&T's solid competitive edge and strong execution for market share gains.
- We slightly raise the target P/S ratio to 1x from 0.95x for the China market, as we expect J&T's China business will potentially achieve net profit earlier than our expectation.
- We assign 35x for New Markets. Such premium multiple is to reflect the potential growth in the emerging markets.

**Figure 6: Target equity valuation**

Breakdown	Methodology		2024E (US\$ mn)	Multiple (x)	Value (US\$mn)	% of total
SEA	EV/EBITDA	EBITDA	436	16	6,974	52%
China	P/S	Revenue	5,912	1	5,912	44%
New markets	EV/EBITDA	EBITDA	15	35	509	4%
<b>Total EV</b>					<b>13,395</b>	100%
Add: Net cash (2023E)					968	
Minus: MI					0	
<b>Equity value</b>					<b>14,363</b>	
<b>Target price</b>						
<b>US\$</b>					<b>1.63</b>	
<b>HK\$</b>					<b>12.8</b>	

Source: CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (US\$ mn)						
<b>Revenue</b>	<b>4,852</b>	<b>7,267</b>	<b>8,849</b>	<b>10,057</b>	<b>12,187</b>	<b>14,232</b>
Cost of goods sold	(5,397)	(7,538)	(8,376)	(9,257)	(10,883)	(12,501)
<b>Gross profit</b>	<b>(545)</b>	<b>(270)</b>	<b>473</b>	<b>800</b>	<b>1,304</b>	<b>1,731</b>
<b>Operating profit</b>	<b>(1,647)</b>	<b>(1,390)</b>	<b>(1,767)</b>	<b>242</b>	<b>591</b>	<b>888</b>
Share of (losses)/profits of associates/JV	1	(0)	(0)	0	0	0
Interest income	9	22	25	22	21	20
Interest expense	(99)	(99)	(105)	(81)	(53)	(32)
<b>Net interest income/(expense)</b>	<b>(90)</b>	<b>(77)</b>	<b>(80)</b>	<b>(59)</b>	<b>(32)</b>	<b>(11)</b>
Others	(4,384)	3,051	708	0	0	0
<b>Pre-tax profit</b>	<b>(6,119)</b>	<b>1,583</b>	<b>(1,139)</b>	<b>184</b>	<b>559</b>	<b>877</b>
Income tax	(73)	(11)	(17)	(17)	(95)	(158)
<b>After tax profit</b>	<b>(6,192)</b>	<b>1,573</b>	<b>(1,156)</b>	<b>167</b>	<b>464</b>	<b>719</b>
Minority interest	145	84	55	8	9	14
<b>Net profit</b>	<b>(6,047)</b>	<b>1,656</b>	<b>(1,101)</b>	<b>175</b>	<b>474</b>	<b>733</b>
<b>Adjusted net profit</b>	<b>(1,178)</b>	<b>(1,488)</b>	<b>(432)</b>	<b>167</b>	<b>464</b>	<b>719</b>
Gross dividends	121	29	0	0	0	0
BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (US\$ mn)						
<b>Current assets</b>	<b>3,516</b>	<b>2,846</b>	<b>3,137</b>	<b>3,022</b>	<b>3,156</b>	<b>3,443</b>
Cash & equivalents	2,102	1,504	1,483	1,363	1,215	1,213
Restricted cash	126	80	42	42	42	42
Account receivables	335	514	556	656	746	892
Inventories	29	29	35	36	41	48
Prepayment	882	703	971	875	1,062	1,200
Financial assets at FVTPL	42	16	50	50	50	50
Other current assets	0	0	0	0	0	0
<b>Non-current assets</b>	<b>3,028</b>	<b>3,089</b>	<b>3,464</b>	<b>3,577</b>	<b>3,764</b>	<b>4,025</b>
PP&E	1,108	1,053	1,179	1,458	1,761	2,038
Right-of-use assets	604	481	503	353	253	253
Deferred income tax	10	43	54	54	54	54
Investment in JVs & assos	1	1	0	0	0	0
Intangibles	1,129	964	975	959	943	926
Financial assets at FVTPL	0	481	726	726	726	726
Other non-current assets	177	67	28	28	28	28
<b>Total assets</b>	<b>6,545</b>	<b>5,936</b>	<b>6,601</b>	<b>6,599</b>	<b>6,921</b>	<b>7,469</b>
<b>Current liabilities</b>	<b>2,206</b>	<b>1,732</b>	<b>2,085</b>	<b>2,215</b>	<b>2,373</b>	<b>2,402</b>
Short-term borrowings	60	77	211	261	261	261
Account payables	577	484	467	548	705	734
Tax payable	21	32	31	31	31	31
Other current liabilities	134	0	11	11	11	11
Lease liabilities	207	151	204	204	204	204
Contract liabilities	291	210	272	272	272	272
Accrued expenses	915	776	889	889	889	889
<b>Non-current liabilities</b>	<b>10,975</b>	<b>9,188</b>	<b>2,037</b>	<b>1,737</b>	<b>1,437</b>	<b>1,237</b>
Long-term borrowings	29	1,021	1,071	771	471	271
Obligations under finance leases	391	341	304	304	304	304
Other non-current liabilities	10,555	7,826	661	661	661	661
<b>Total liabilities</b>	<b>13,181</b>	<b>10,920</b>	<b>4,122</b>	<b>3,952</b>	<b>3,810</b>	<b>3,639</b>
<b>Total shareholders equity</b>	<b>(6,591)</b>	<b>(4,847)</b>	<b>2,750</b>	<b>2,925</b>	<b>3,399</b>	<b>4,132</b>
Minority interest	(45)	(137)	(270)	(278)	(288)	(302)

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec (US\$ mn)</b>						
<b>Operating</b>						
Profit before taxation	(6,119)	1,583	(1,139)	184	559	877
Depreciation & amortization	107	299	319	344	370	396
Tax paid	(76)	(74)	(17)	(17)	(95)	(158)
Change in working capital	(283)	(227)	(333)	76	(125)	(261)
Others	5,404	(2,100)	1,512	209	132	11
<b>Net cash from operations</b>	<b>(967)</b>	<b>(520)</b>	<b>342</b>	<b>795</b>	<b>841</b>	<b>866</b>
<b>Investing</b>						
Capital expenditure	(490)	(541)	(475)	(600)	(650)	(650)
Acquisition of subsidiaries/ investments	(612)	4	0	0	0	0
Others	101	(322)	(384)	15	14	13
<b>Net cash from investing</b>	<b>(1,001)</b>	<b>(860)</b>	<b>(859)</b>	<b>(585)</b>	<b>(636)</b>	<b>(637)</b>
<b>Financing</b>						
Dividend paid	0	(121)	(29)	0	0	0
Net borrowings	(355)	1,009	184	(250)	(300)	(200)
Proceeds from share issues	4,223	264	450	0	0	0
Others	(398)	(271)	(105)	(81)	(53)	(32)
<b>Net cash from financing</b>	<b>3,470</b>	<b>881</b>	<b>501</b>	<b>(331)</b>	<b>(353)</b>	<b>(232)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	600	2,102	1,504	1,483	1,363	1,215
Exchange difference	1	(100)	(5)	0	0	0
<b>Cash at the end of the year</b>	<b>2,102</b>	<b>1,504</b>	<b>1,483</b>	<b>1,363</b>	<b>1,215</b>	<b>1,213</b>
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
Revenue	216.0%	49.8%	21.8%	13.6%	21.2%	16.8%
Gross profit	na	na	na	69.2%	63.0%	32.8%
Operating profit	na	na	na	na	144.2%	50.2%
Net profit	na	na	na	na	170.1%	54.8%
Adj. net profit	na	na	na	na	178.0%	54.8%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
Gross profit margin	(11.2%)	(3.7%)	5.3%	8.0%	10.7%	12.2%
Operating margin	(34.0%)	(19.1%)	(20.0%)	2.4%	4.9%	6.2%
Adj. net profit margin	(24.3%)	(20.5%)	(4.9%)	1.7%	3.8%	5.1%
Return on equity (ROE)	na	na	na	6.2%	15.0%	19.5%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
Net debt to equity (x)	na	na	(0.4)	(0.4)	(0.4)	(0.4)
Current ratio (x)	1.6	1.6	1.5	1.4	1.3	1.4
Receivable turnover days	19.4	21.3	22.1	22.0	21.0	21.0
Inventory turnover days	1.5	1.4	1.4	1.4	1.3	1.3
Payable turnover days	27.1	25.7	20.7	20.0	21.0	21.0
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
P/E	na	na	ns	73.4	27.2	17.5
P/B	na	na	5.3	4.4	3.8	3.1
Div yield (%)	na	na	0.0	0.0	0.0	0.0

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



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