

# Glodon (002410 CH)

## Clear roadmap to digitalize the construction value chain

Glodon delivered strong FY4Q22 results and gave upbeat FY23E guidance with revenue and net profit growth of +30% YoY. Core segment Construction Costing has completed SaaS migration with conversion/ renewal rate of 90%/ 80% respectively. Leveraging on this cash cow business, Glodon will focus on the ramp-up of Construction Management platform and proprietary Digital Design products in FY23-25E. The Company is targeting FY25E revenue to double compared to FY22 level with net margin of >15%. We like Glodon for its leadership in driving digitalization along the construction value chain.

■ **FY4Q22 beat on tight opex control, FY23E guidance promising.** Glodon reported FY4Q22 revenue of RMB2.13bn (+6% YoY) and net profit of RMB328mn (+77% YoY). GPM/ OPM both recorded solid improvement of +4 pts/ +7.6 pts YoY on 1) lower project based construction management revenue (-19% YoY) and 2) -3.6 pts decline in opex ratio in FY4Q22. Meanwhile, Glodon guided a promising FY23E outlook with revenue and net profit both growing at +30% YoY.

■ **Construction costing: transforming into a stable cash cow as SaaS migration completed.** Glodon's costing SaaS revenue was RMB879mn in FY4Q22 (+21% YoY), accounting for 41% of total revenue. SaaS metrics including newly signed contract of RMB1.13bn (+23% YoY) and contracted liabilities of RMB2.68bn (+31% YoY) suggested a steady growth outlook. FY22 marked the last year of SaaS migration. High conversion rate (90%) and renewal rate (80%) are the pillars for future cash flow. We believe FCF margin improvement (FY22 FCF margin:12%) will drive further re-rating.

■ **The 9<sup>th</sup> three-year plan (FY23-25E) targets: FY25E revenue to double compared to FY22 level with net margin exceeding 15%.** Glodon laid out The 9<sup>th</sup> three-year plan with solid targets in revenue and margin, driven by the ramp-up of 1) Digital project integration management platform (PaaS+ module) and 2) Digital design businesses. In FY22, 21,000 new Construction Management projects were initiated, involving 1,600 new customers although revenue recognition was being affected in FY4Q22. For Digital Design, Glodon has expanded from Housing to Road design products. In 2022, Glodon's Road design products involved more than 100km of roads, 70 bridges, 11 tunnels and 10 interchanges.

■ **Maintain BUY.** We raised FY23-24E net profit by 11-15% to reflect 1) higher revenue growth in construction management and digital design segments and 2) better opex control. Our new target price of RMB82.34 (prior RMB78.56) is based on unchanged 11x FY23E EV/sales (3-year mean).

### Earnings Summary

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	5,619	6,591	8,140	9,800	11,698
YoY growth (%)	40.3	17.3	23.5	20.4	19.4
Net profit (RMB mn)	661.0	966.7	1,195.4	1,581.3	1,882.0
EPS (Reported) (RMB)	0.56	0.81	0.72	0.95	1.13
YoY growth (%)	96.6	45.8	(12.8)	32.3	19.0
Consensus EPS (RMB)	0.56	0.81	1.11	1.46	na
P/E (x)	122.0	62.6	90.7	68.6	57.6
EV/Sales (x)	13.1	11.1	8.8	7.1	5.7
Yield (%)	0.4	0.8	0.3	0.3	0.3
ROE (%)	10.8	16.0	17.3	19.4	19.8
Net gearing (%)	(70.0)	(68.8)	(81.5)	(90.4)	(99.0)

Source: Company data, Bloomberg, CMBIGM estimates

## BUY (Maintain)

**Target Price** RMB82.34

(Previous TP RMB78.56)

**Up/Downside** 26.7%

**Current Price** RMB65.00

### China Software & IT Services

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### Stock Data

Mkt Cap (RMB mn)	77,440.2
Avg 3 mths t/o (RMB mn)	62.4
52w High/Low (RMB)	68.33/41.79
Total Issued Shares (mn)	1191.4

Source: FactSet

### Shareholding Structure

Diao Zhizhong - Chairman	16.0%
Other co-founders	15.3%

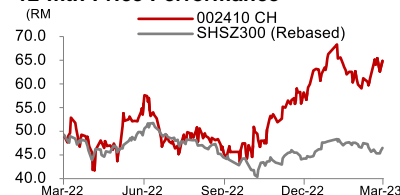
Source: Company data

### Share Performance

	Absolute	Relative
1-mth	9.1%	10.0%
3-mth	11.7%	6.6%
6-mth	43.8%	37.7%

Source: FactSet

### 12-mth Price Performance



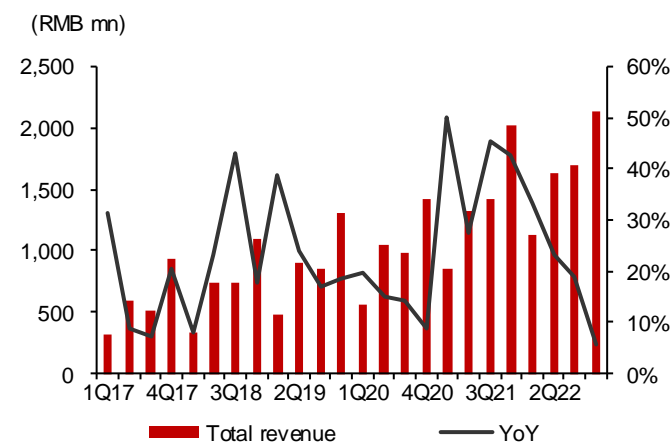
Source: FactSet

### Related reports

1. Glodon (002410 CH) - "Clear operating leverage from SaaS" – 21 Feb 2023 ([link](#))
2. Glodon (002410 CH) - "Solid 3Q22 despite short-term GPM decline" – 28 Oct 2022 ([link](#))
3. Glodon (002410 CH) - "Penetrating into basic infrastructure segment" – 24 Aug 2022 ([link](#))

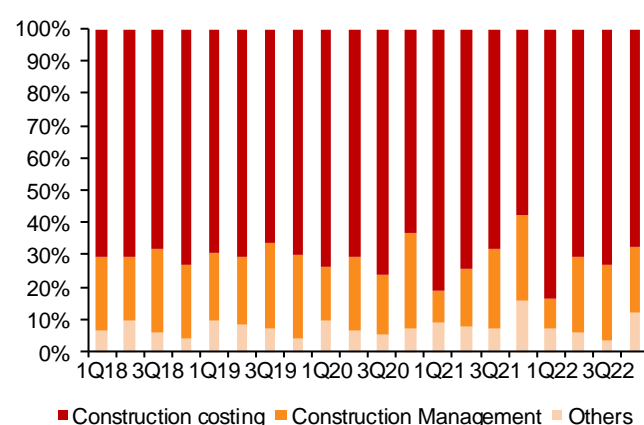
## Focus Charts

**Figure 1: Revenue and growth**



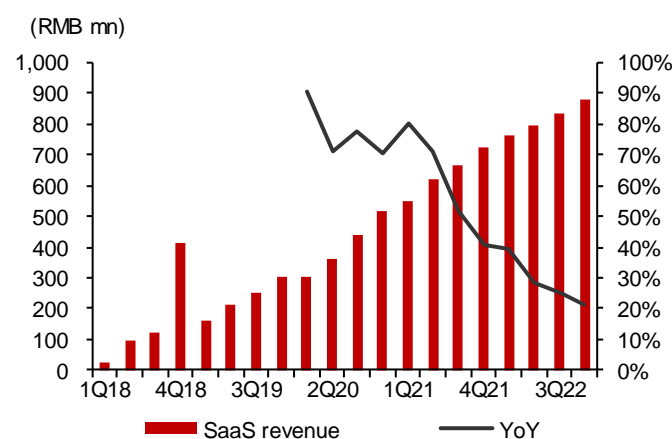
Source: Company data

**Figure 2: Revenue breakdown**



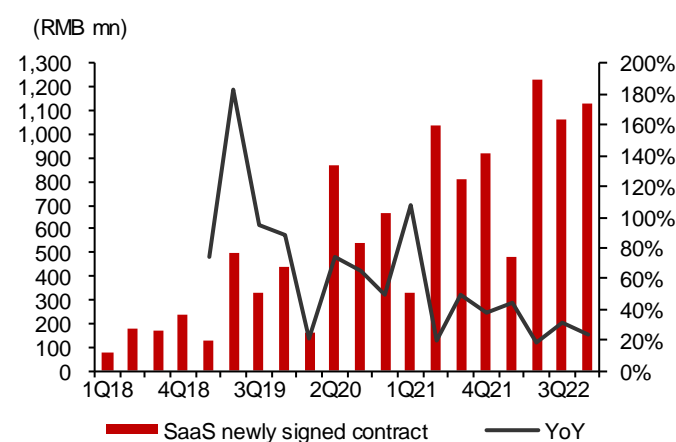
Source: Company data

**Figure 3: SaaS revenue**



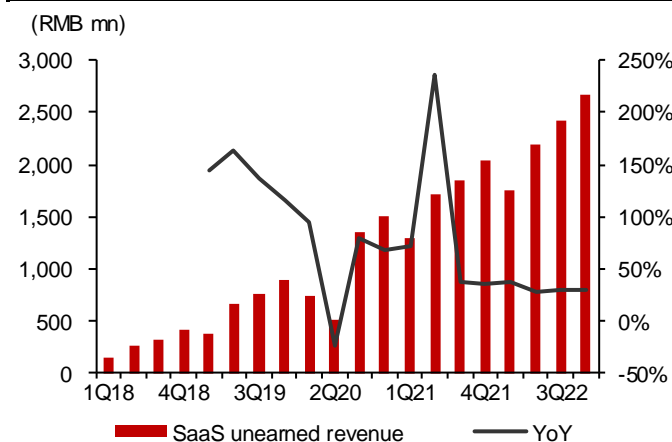
Source: Company data

**Figure 4: SaaS newly signed contract**



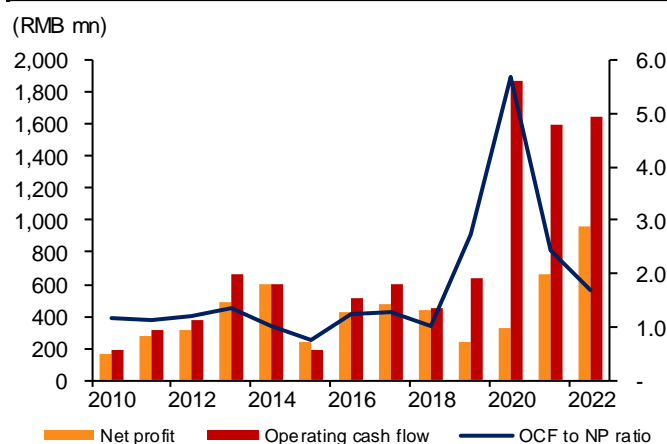
Source: Company data

**Figure 5: SaaS unearned revenue**



Source: Company data

**Figure 6: Operating cash flow to net profit ratio**



Source: Company data

## FY4Q22 results review

- **Revenue** was RMB2,130mn (+6% YoY, +26% QoQ), missing our estimate by 12% and consensus by 8%.
- **Gross profit** was RMB1,744mn (+11% YoY, +29% QoQ), missing our estimate by 8% and consensus by 9%.
- **Gross margin** was 81.9%, (+4 pct pts YoY, +1.9 pct pts QoQ), above our estimate by 3.7 pct pts but below consensus by 1 pct pt.
- **Operating profit** was RMB397mn (+79% YoY, +61% QoQ), above our estimate by 36%.
- **Operating margin** was 18.6% (+7.6 pct pts YoY, +4 pct pts QoQ), above our estimates by 6.6 pct pts.
- **Net profit** was RMB328mn (+77% YoY, +36% QoQ), above our estimate by 34% and consensus by 10%.

Figure 7: FY4Q22 results review

	Dec-21 4Q21	Sep-22 3Q22	Dec-22 4Q22			Dec-22 4Q22	versus	Dec-22 4Q22	versus
RMB mn	actual	actual	actual	YoY	QoQ	CMBI	CMBI	consensus	consensus
Revenue	2,018	1,691	2,130	6%	26%	2,421	-12%	2,307	-8%
Gross profit	1,572	1,353	1,744	11%	29%	1,893	-8%	1,913	-9%
Gross margin	77.9%	80.0%	81.9%	4 pct pts	1.9 pct pts	78.2%	3.7 pct pts	82.9%	-1 pct pts
Operating profit	222	247	397	79%	61%	292	36%	292	36%
Operating margin	11.0%	14.6%	18.6%	7.6 pct pts	4 pct pts	12.1%	6.6 pct pts	12.7%	6 pct pts
Net non-op	-5	-1	-17	-245%	-3372%	-6	-181%	84	-121%
PBT	217	247	380	75%	54%	286	33%	376	1%
Net income	186	241	328	77%	36%	246	34%	299	10%
EPS RMB	0.16	0.20	0.28	77%	36%	0.21	34%	0.24	15%

Source: Company data, CMBIGM

Figure 8: FY22 results review

	FY 2021	FY 2022		FY 2022	versus	FY 2022	versus
RMB mn	actual	actual	YoY	CMBI	CMBI	consensus	consensus
Revenue	5,619	6,591	17%	6,883	-4%	6,755	-2%
Gross profit	4,727	5,467	16%	5,615	-3%	5,635	-3%
Gross margin	84.1%	82.9%	-1.2 pct pts	81.6%	1.4 pct pts	83.4%	-0.5 pct pts
Operating profit	748	1,120	50%	1,014	10%	1,093	2%
Operating margin	13.3%	17.0%	3.7 pct pts	14.7%	2.3 pct pts	16.2%	0.8 pct pts
Net non-op	1	-42		-31		1	
PBT	749	1,078	44%	984	10%	1,093	-1%
Net income	661	967	46%	884	9%	959	1%
EPS RMB	0.56	0.81	46%	0.74	9%	0.81	0%

Source: Company data, CMBIGM

## FY4Q22 revenue breakdown

- **Construction costing SaaS revenue** was RMB879mn (+21% YoY, +5% QoQ). SaaS revenue accounted for 41% of total FY4Q22 revenue.
- **Construction costing non-SaaS revenue** was RMB505mn (+26% YoY, +37% QoQ).
- **Newly signed SaaS contract** was RMB1,132mn (+23% YoY, +7% QoQ).
- **SaaS contracted liabilities** was RMB2,675mn (+31% YoY, +11% QoQ).
- **Construction management revenue** was RMB432mn (-19% YoY, +10% QoQ).
- **Digital design revenue** was RMB60mn, accounting for 3% of revenue.

Figure 9: FY4Q22 revenue breakdown

RMB mn	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
<b>Revenue breakdown</b>									
Construction costing	896	689	990	969	1,165	945	1,154	1,240	1,434
...SaaS	515	549	618	668	726	765	794	837	879
...non-SaaS	381	140	372	301	439	180	360	403	555
Construction Management	421	83	235	354	534	107	393	394	432
Others	100	77	104	100	319	79	93	56	264
<b>Total</b>	<b>1,417</b>	<b>849</b>	<b>1,329</b>	<b>1,423</b>	<b>2,018</b>	<b>1,131</b>	<b>1,640</b>	<b>1,691</b>	<b>2,130</b>
<b>Revenue YoY</b>									
Construction costing	-2%	66%	34%	30%	30%	37%	17%	28%	23%
...SaaS	71%	80%	71%	51%	41%	39%	28%	25%	21%
...non-SaaS	-38%	26%	-1%	0%	15%	29%	-3%	34%	26%
Construction Management	25%	-14%	-2%	91%	27%	29%	67%	12%	-19%
Others	88%	42%	58%	97%	220%	2%	-10%	-44%	-17%
<b>Total</b>	<b>9%</b>	<b>50%</b>	<b>27%</b>	<b>45%</b>	<b>42%</b>	<b>33%</b>	<b>23%</b>	<b>19%</b>	<b>6%</b>
<b>SaaS metrics</b>									
Newly signed contract	663	330	1,040	812	918	478	1,229	1,062	1,132
YoY	50%	108%	20%	50%	38%	45%	18%	31%	23%
Unearned revenue	1,506	1,288	1,708	1,854	2,047	1,759	2,194	2,419	2,675
YoY	68%	72%	237%	37%	36%	37%	28%	30%	31%

Source: Company data, CMBIGM

## Earnings revision

Figure 10: Earnings revision

RMBm	2023E			2024E		
	New	Old	%Diff	New	Old	%Diff
Sales	8,140	7,921	3%	9,800	9,297	5%
Gross profit	6,540	6,404	2%	7,780	7,488	4%
OP Profit	1,389	1,248	11%	1,761	1,542	14%
PBT	1,360	1,233	10%	1,751	1,544	13%
Net profit	1,195	1,074	11%	1,581	1,376	15%
EPS	0.72	0.90	-20%	0.95	1.15	-18%
<b>Margins</b>						
GM	80.4%	80.8%	-50 bps	79.4%	80.5%	-116 bps
OPM	17.1%	15.7%	131 bps	18.0%	16.6%	138 bps
PBT margin	16.7%	15.6%	114 bps	17.9%	16.6%	126 bps
Net margin	14.7%	13.6%	113 bps	16.1%	14.8%	134 bps

Source: Company data, CMBIGM

Figure 11: CMBI vs. consensus forecast

RMBm	2023			2024		
	CMBI	Street	Diff	CMBI	Street	Diff
Sales	8,140	8,312	-2%	9,800	10,034	-2%
Gross profit	6,540	6,935	-6%	7,780	8,343	-7%
OP Profit	1,389	1,494	-7%	1,761	1,916	-8%
PBT	1,360	1,512	-10%	1,751	1,944	-10%
Net profit	1,195	1,328	-10%	1,581	1,725	-8%
EPS	0.7	1.1	-35%	0.9	1.4	-34%
<b>Margins</b>						
GM	80.4%	83.4%	-309 bps	79.4%	83.1%	-376 bps
OPM	17.1%	18.0%	-92 bps	18.0%	19.1%	-112 bps
PBT margin	16.7%	18.2%	-148 bps	17.9%	19.4%	-150 bps
Net margin	14.7%	16.0%	-129 bps	16.1%	17.2%	-106 bps

Source: Company data, CMBIGM

## Operating model

Figure 12: Operating model

RMB mn	2021	2022	2023E	2024E	2025E
<b>Revenues</b>	<b>5,619</b>	<b>6,591</b>	<b>8,140</b>	<b>9,800</b>	<b>11,698</b>
Cost of sales	-893	-1,124	-1,599	-2,020	-2,472
<b>Gross Profit</b>	<b>4,727</b>	<b>5,467</b>	<b>6,540</b>	<b>7,780</b>	<b>9,225</b>
<i>Gross margin</i>	<i>84.1%</i>	<i>82.9%</i>	<i>80.4%</i>	<i>79.4%</i>	<i>78.9%</i>
R&D	-1,333	-1,515	-1,751	-2,005	-2,455
SG&A	-2,686	-2,919	-3,482	-4,125	-4,805
Operating Income	748	1,120	1,389	1,761	2,087
<i>Operating margin</i>	<i>13.3%</i>	<i>17.0%</i>	<i>17.1%</i>	<i>18.0%</i>	<i>17.8%</i>
Interest Expense	53	33	33	44	57
Non-operating income/ (expense)	-52	-75	-62	-54	-47
Profit Before Income Taxes	749	1,078	1,360	1,751	2,097
Income Tax Expense	-31	-66	-81	-78	-95
<b>Net profit (loss)</b>	<b>661</b>	<b>967</b>	<b>1,195</b>	<b>1,581</b>	<b>1,882</b>
<i>Net margin</i>	<i>11.8%</i>	<i>14.7%</i>	<i>14.7%</i>	<i>16.1%</i>	<i>16.1%</i>
EPS (RMB)	0.56	0.81	0.72	0.95	1.13
DPS (RMB)	0.30	0.40	0.20	0.20	0.20
<b>Revenue breakdown</b>					
Engineering costing	3,813	4,773	5,884	7,046	8,322
...recurring revenue	2,561	3,275	4,206	5,201	6,292
...non-recurring revenue	1,252	1,498	1,677	1,845	2,030
Engineering construction	1,206	1,326	1,724	2,155	2,694
Others	601	492	533	599	683
<b>Gross margin breakdown</b>					
Engineering costing	92.3%	91.2%	90.7%	90.0%	90.2%
Engineering construction	65.8%	54.0%	53.0%	52.0%	53.0%
<b>Growth (YoY)</b>					
Revenues	40%	17%	24%	20%	19%
Gross Profit	33%	16%	20%	19%	19%
Operating Income	84%	50%	24%	27%	18%
EPS	99%	46%	-12%	32%	19%

Source: Company data, CMBIGM

**Figure 13: Quarterly operating model**

RMB mn	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23E	2Q23E	3Q23E	4Q23E
Revenues	849	1,329	1,423	2,018	1,131	1,640	1,691	2,130	1,302	2,024	2,046	2,768
Gross Profit	764	1,171	1,220	1,572	967	1,403	1,353	1,744	1,021	1,694	1,634	2,192
Operating income	90	244	191	222	145	330	247	397	107	427	330	525
Net profit	77	209	189	186	109	288	241	328	83	341	294	478
EPS (RMB)	0.06	0.18	0.16	0.16	0.09	0.24	0.20	0.28	0.07	0.20	0.18	0.29
<b>Margins</b>												
Gross margin	90.0%	88.1%	85.7%	77.9%	85.5%	85.6%	80.0%	81.9%	78.4%	83.7%	79.8%	79.2%
Operating margin	10.6%	18.4%	13.5%	11.0%	12.9%	20.1%	14.6%	18.6%	8.2%	21.1%	16.1%	19.0%
Net margin	9.0%	15.7%	13.3%	9.2%	9.6%	17.6%	14.3%	15.4%	6.3%	16.8%	14.4%	17.3%
<b>Growth (QoQ)</b>												
Revenues	-40%	57%	7%	42%	-44%	45%	3%	26%	-39%	55%	1%	35%
Gross Profit	-37%	53%	4%	29%	-38%	45%	-4%	29%	-41%	66%	-4%	34%
Operating income	8%	171%	-22%	16%	-35%	127%	-25%	61%	-73%	299%	-23%	59%
EPS	-24%	173%	-10%	-2%	-41%	165%	-16%	36%	-75%	195%	-14%	62%
<b>Growth (YoY)</b>												
Revenues	50%	27%	45%	42%	33%	23%	19%	6%	15%	23%	21%	30%
Gross Profit	43%	27%	39%	30%	27%	20%	11%	11%	6%	21%	21%	26%
Operating income	10%	103%	58%	166%	61%	35%	29%	79%	-26%	29%	33%	32%
EPS	38%	165%	89%	84%	41%	37%	27%	77%	-24%	-16%	-13%	4%

Source: Company data, CMBIGM

## Valuation

### Glodon (002410 CH, BUY, TP RMB82.34)

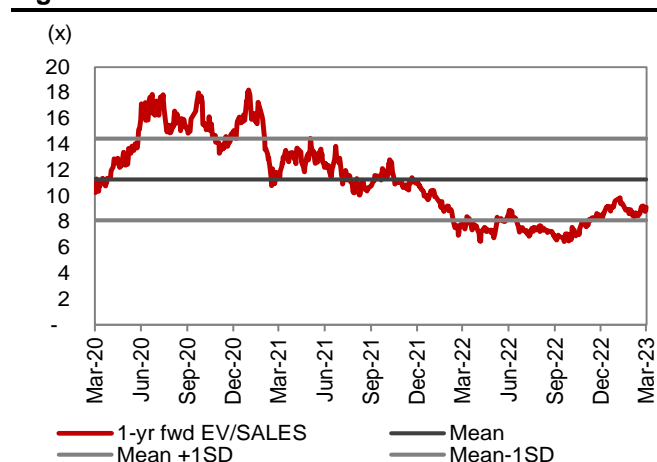
We maintain BUY with new target price of RMB82.34 (prior RMB78.56), based on unchanged 11x FY23E EV/sales, in-line with three-year mean.

Figure 14: Peers' valuation

Company	Ticker	Rating	Market Cap (US\$ mn)	Price (LC)	TP (LC)	EV/sales (x)		FCF margin (%)		Sales CAGR	EPS CAGR
						FY22E	FY23E	FY22E	FY23E	FY21-24E	FY21-24E
Glodon	002410 CH	BUY	11,270	65.00	82.34	11.1	8.8	13%	13%	20%	19%
MYC	909 HK	HOLD	1,235	5.06	6.39	1.9	1.6	14%	-27%	5%	n.a.
Yonyou	600588 CH	HOLD	12,986	25.99	22.27	8.5	6.9	13%	3%	17%	n.a.
Kingdee	268 HK	BUY	6,047	13.66	23.28	7.9	6.4	4%	1%	17%	n.a.
Kingsoft Office	688111 CH	NR	26,311	392.00	N/A	44.0	33.3	59%	21%	27%	24%
Autodesk	ADSK US	NR	43,201	201.14	N/A	10.0	8.7	36%	29%	13%	22%
CoStar	CSGP US	NR	26,786	65.85	N/A	10.5	9.3	22%	20%	14%	9%
Mean						13.4	10.8	23%	8%	16%	21%
Median						10.0	8.7	14%	13%	17%	23%

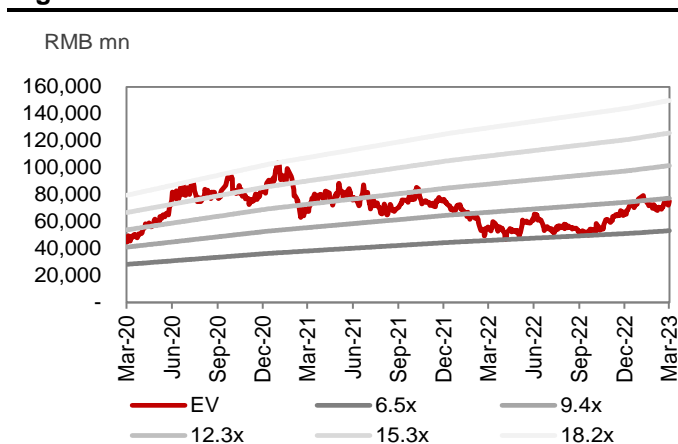
Source: Bloomberg, CMBIGM estimates

Figure 15: 12M forward EV/sales chart



Source: Bloomberg, CMBIGM

Figure 16: 12M forward EV/sales band



Source: Bloomberg, CMBIGM



## Financial Summary

INCOME STATEMENT	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Revenue	4,005	5,619	6,591	8,140	9,800	11,698
Cost of goods sold	(454)	(893)	(1,124)	(1,599)	(2,020)	(2,472)
Gross profit	3,550	4,727	5,467	6,540	7,780	9,225
Operating expenses	(3,142)	(3,978)	(4,347)	(5,152)	(6,019)	(7,139)
Selling expense	(1,256)	(1,587)	(1,690)	(2,083)	(2,460)	(2,905)
Admin expense	(879)	(1,099)	(1,229)	(1,399)	(1,665)	(1,899)
R&D expense	(1,083)	(1,333)	(1,515)	(1,751)	(2,005)	(2,455)
Others	75	41	87	81	111	121
Operating profit	408	748	1,120	1,389	1,761	2,087
Investment gain/loss	(10)	0	0	(8)	(9)	(9)
Interest income	17	53	33	33	44	57
Interest expense	0	0	0	0	0	0
Foreign exchange gain/loss	0	(1)	2	0	0	0
Other income/expense	(5)	(51)	(77)	(54)	(46)	(39)
Pre-tax profit	410	749	1,078	1,360	1,751	2,097
Income tax	(29)	(31)	(66)	(81)	(78)	(95)
Minority interest	(51)	(58)	(45)	(84)	(92)	(119)
Net profit	330	661	967	1,195	1,581	1,882

BALANCE SHEET	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Current assets	5,420	5,122	5,797	7,585	9,356	11,604
Cash & equivalents	4,797	4,050	4,344	6,119	7,921	10,205
Account receivables	475	560	1,120	1,160	1,117	1,067
Inventories	26	71	87	61	73	87
Other current assets	121	441	245	245	245	245
Non-current assets	4,127	4,946	5,749	6,162	6,527	6,845
PP&E	994	1,219	1,478	2,181	2,837	3,445
Investment in JVs & assos	255	326	342	342	342	342
Intangibles	1,664	1,979	2,598	2,307	2,017	1,727
Other non-current assets	1,214	1,421	1,331	1,331	1,331	1,331
Total assets	9,547	10,068	11,545	13,746	15,883	18,448
Current liabilities	2,858	3,637	4,576	5,581	6,471	7,487
Short-term borrowings	3	0	4	3	2	1
Account payables	1,740	2,395	531	4,365	5,255	6,273
Other current liabilities	1,115	1,242	4,041	1,213	1,213	1,213
Non-current liabilities	131	158	168	168	168	168
Long-term borrowings	0	0	0	0	0	0
Other non-current liabilities	131	158	168	168	168	168
Total liabilities	2,989	3,795	4,744	5,750	6,639	7,656
Share capital	1,186	1,189	1,191	1,668	1,668	1,668
Capital surplus	3,135	3,174	2,910	2,910	2,910	2,910
Retained earnings	1,957	2,432	3,063	3,782	5,030	6,578
Other reserves	125	(1,007)	(853)	(853)	(853)	(853)
Total shareholders equity	6,402	5,788	6,312	7,507	8,755	10,303
Minority interest	156	485	489	489	489	489
Total equity and liabilities	9,547	10,068	11,545	13,746	15,883	18,448

<b>CASH FLOW</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	410	749	1,078	1,360	1,751	2,097
Depreciation & amortization	384	313	225	429	485	536
Tax paid	(29)	(31)	(66)	(81)	(78)	(95)
Change in working capital	784	525	(2,440)	993	921	1,054
Others	327	45	2,850	0	0	0
<b>Net cash from operations</b>	<b>1,876</b>	<b>1,601</b>	<b>1,648</b>	<b>2,701</b>	<b>3,078</b>	<b>3,591</b>
<b>Investing</b>						
Capital expenditure	(439)	(720)	(850)	(842)	(850)	(853)
Acquisition of subsidiaries/ investments	(239)	0	(36)	0	0	0
Net proceeds from disposal of short-term investments	(19)	(931)	(95)	0	0	0
Others	0	110	16	0	0	0
<b>Net cash from investing</b>	<b>(697)</b>	<b>(1,541)</b>	<b>(964)</b>	<b>(842)</b>	<b>(850)</b>	<b>(853)</b>
<b>Financing</b>						
Dividend paid	(157)	(354)	(410)	(477)	(334)	(334)
Net borrowings	(1,088)	(3)	0	(1)	(1)	(1)
Proceeds from share issues	3,040	636	295	477	0	0
Others	(395)	(1,074)	(296)	(84)	(92)	(119)
<b>Net cash from financing</b>	<b>1,400</b>	<b>(795)</b>	<b>(412)</b>	<b>(85)</b>	<b>(426)</b>	<b>(454)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	2,231	4,797	4,050	4,344	6,119	7,921
Exchange difference	(14)	(13)	23	0	0	0
<b>Cash at the end of the year</b>	<b>4,797</b>	<b>4,050</b>	<b>4,344</b>	<b>6,119</b>	<b>7,921</b>	<b>10,205</b>
<b>GROWTH</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>YE 31 Dec</b>						
Revenue	13.1%	40.3%	17.3%	23.5%	20.4%	19.4%
Gross profit	12.0%	33.1%	15.7%	19.6%	19.0%	18.6%
Operating profit	20.6%	83.5%	49.6%	24.0%	26.8%	18.5%
Net profit	40.5%	100.1%	46.3%	23.6%	32.3%	19.0%
<b>PROFITABILITY</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>YE 31 Dec</b>						
Gross profit margin	88.7%	84.1%	82.9%	80.4%	79.4%	78.9%
Operating margin	10.2%	13.3%	17.0%	17.1%	18.0%	17.8%
Return on equity (ROE)	6.8%	10.8%	16.0%	17.3%	19.4%	19.8%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>YE 31 Dec</b>						
Net debt to equity (x)	(0.7)	(0.7)	(0.7)	(0.8)	(0.9)	(1.0)
Current ratio (x)	1.9	1.4	1.3	1.4	1.4	1.5
Receivable turnover days	48.6	33.6	46.5	51.1	42.4	34.1
Inventory turnover days	2.2	3.2	4.4	3.3	2.5	2.5
Payable turnover days	158.6	155.6	29.4	195.7	195.7	195.7
<b>VALUATION</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>YE 31 Dec</b>						
P/E	208.9	122.0	62.6	90.7	68.6	57.6
P/B	11.1	14.1	9.7	14.4	12.4	10.5
Div yield (%)	0.4	0.4	0.8	0.3	0.3	0.3
EV	72,646.3	73,390.6	73,099.5	71,324.4	69,521.5	67,236.7
EV/Sales	18.1	13.1	11.1	8.8	7.1	5.7

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

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