

TME (TME US)

Resilience in the evolving industry

TME will continue to focus on improving operating efficiency in 2H22 to combat macro uncertainty and intensifying competition in social entertainment sector. We forecast total revenue to drop by 11.2% YoY to RMB27.7bn in 2022E, due to the soft performance of social entertainment and ad businesses, before recovering by 7.1/6.5% YoY to RMB29.7/31.7bn in 2023/2024E. Although non-IFRS net profit was down by 16.1% YoY to RMB1.9bn in 1H22, we expect non-IFRS net profit to recover to 30.9% YoY to RMB2.4bn in 2H22E, driven by effective cost control initiatives and recovery of core music business. We remain positive on its long-term monetization potential, and forecast non-IFRS net income CAGR of 9.8% over 2021-2024E. Our DCF-derived target price is US\$6.60, which translates into 16/15x 2022/2023E non-IFRS PE. We are transferring coverage with a BUY rating.

■ **3Q22 preview: earnings stabilize despite revenue drop.** We forecast total revenue to decline by 9.5% YoY to RMB7.1bn in 3Q22E, mainly due to the decline in social entertainment revenue (-21.5% YoY) but partially offset by steady growth of online music revenue (+11.1% YoY). Music subscription revenue to grow by 18.9% YoY to RMB2.3bn in 3Q22E based on our estimate, driven by net addition of c.3mn paying users. Supported by the rationalizing of music licensing costs and more prudent investment in audio content, overall GPM will expand from 29.6/29.9% in 3Q21/2Q22 to 31.0% in 3Q22E. With improving GPM and optimization in selling and marketing expense, we forecast non-IFRS net income would return to growth by 17.8% YoY to RMB1.2bn in 3Q22E.

■ **Core music business remains solid.** Online music business remains as the key long-term sustaining driver of TME's revenue and earnings growth. We forecast online music revenue to grow at a 10.9% CAGR over 2021-2024E and account for 49.5% of total revenue in 2024E, driven by subscription business growth and recovery of ad business. Social entertainment business entered steady development stage and industry competition is intense. TME will focus on developing innovative initiatives like audio live streaming and overseas expansion to offset the decline in its traditional business. We forecast social entertainment revenue to decrease by 20.3% YoY in 2022E, before stabilizing to grow 0.5/1.0% YoY to RMB15.8/16.0bn in 2023/2024E.

■ **Enhancing margin on effective operation improvement.** We estimate overall GPM to improve from 30.0% in 2022E to 31.2/32.0% in 2023/2024E. TME has room to further optimize opex, and we forecast selling and marketing expenses ratio to drop from 8.6% in 2021 to 4.7/4.9/4.9% in 2022/2023/2024E. Overall, we see TME's non-IFRS net margin to improve from 13.3% in 2021 to 15.7/15.9/17.3% in 2022/2023/2024E.

Earnings Summary

(YE 31 Dec)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	29,153	31,244	27,743	29,724	31,670
YoY growth (%)	14.6	7.2	(11.2)	7.1	6.5
Gross margin (%)	31.9	30.1	30.0	31.2	32.0
Operating profit (RMB mn)	4,710	3,800	3,939	4,068	4,875
Net profit (RMB mn)	4,176.0	3,215.0	3,314.5	3,359.8	4,055.8
Non-IFRS net profit (RMB mn)	4,949.0	4,146.0	4,345.8	4,722.2	5,483.3
P/S (x)	1.5	1.4	1.6	1.5	1.4
P/E (x)	38.1	48.9	13.6	13.4	11.1
ROE (%)	8.7	6.3	6.4	6.1	6.9

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price US\$6.60
 Up/Downside 72.3%
 Current Price US\$3.83

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Stock Data

Mkt Cap (US\$ mn)	6,200.9
Avg 3 mths t/o (US\$ mn)	4.4
52w High/Low (US\$)	8.85/3.12
Total Issued Shares (mn)	1619.0

Source: FactSet

Shareholding Structure

Tencent	53.2%
Spotify	8.2%

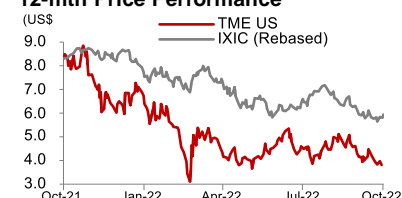
Source: Company data

Share Performance

	Absolute	Relative
1-mth	-10.9%	-8.0%
3-mth	-18.0%	-8.9%
6-mth	-7.9%	11.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

Business forecasts update and valuation

We forecast total revenue to drop by 11.2% YoY to RMB27.7bn in 2022E, due to the soft performance of social entertainment and advertising businesses. Supported by solid growth of music subscription business and the stabilizing social entertainment business, we forecast total revenue to return to growth by 7.1/6.5% YoY to RMB29.7/31.7bn in 2023/2024E.

On the earnings front, although non-IFRS net profit was down by 16.1% YoY to RMB1.9bn in 1H22, we expect non-IFRS net profit to rebound by 30.9% YoY to RMB2.4bn in 2H22E driven by effective cost control initiatives and continuous growth of core music business. We forecast the non-IFRS net profit to further recover by 8.7/16.1% YoY to RMB4.7/5.5bn in 2023E/2024E.

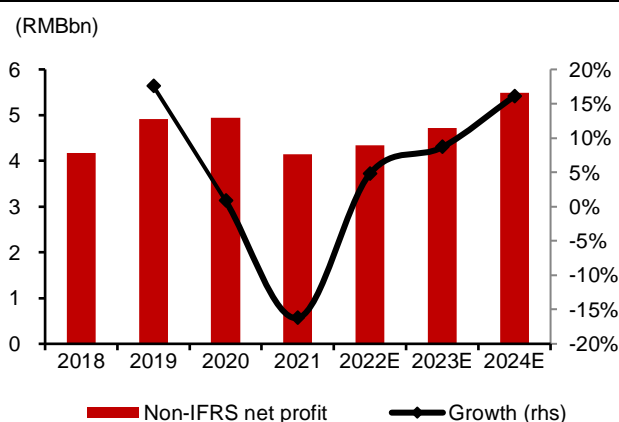
Figure 1: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	27,743	29,724	31,670	27,865	29,547	31,102	-0.4%	0.6%	1.8%
Gross Profit	8,335	9,269	10,144	8,215	8,981	9,780	1.5%	3.2%	3.7%
Operating Profit	3,939	4,068	4,875	3,705	4,048	4,524	6.3%	0.5%	7.7%
Non-IFRS net profit	4,346	4,722	5,483	4,187	4,372	4,959	3.8%	8.0%	10.6%
Non-IFRS EPS (RMB)	2.7	2.9	3.4	2.2	2.4	2.7	19.6%	19.8%	24.2%
Gross Margin	30.0%	31.2%	32.0%	29.5%	30.4%	31.4%	0.6 ppt	0.8 ppt	0.6 ppt
Operating Margin	14.2%	13.7%	15.4%	13.3%	13.7%	14.5%	0.9 ppt	0.0 ppt	0.8 ppt
Non-IFRS net margin	15.7%	15.9%	17.3%	15.0%	14.8%	15.9%	0.6 ppt	1.1 ppt	1.4 ppt

Source: Company data, CMBIGM estimates

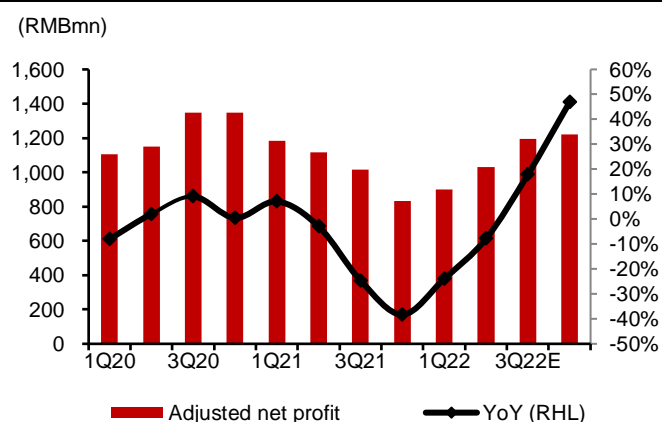
For 3Q22E, we forecast total revenue to decline by 9.5% YoY to RMB7.1bn, mainly due to the decline in social entertainment revenue (-21.5% YoY) but partially offset by solid growth of online music revenue (+11.1% YoY). Music subscription revenue to grow by 18.9% YoY to RMB2.3bn in 3Q22E based on our estimate, driven by net addition of c.3mn paying users. Supported by the rationalizing of music licensing costs and more prudent investment in audio content, overall GPM will expand from 29.6/29.9% in 3Q21/2Q22 to 31.0% in 3Q22E. With improving GPM and optimization in selling and marketing expense, we forecast non-IFRS net income would return to growth by 17.8% YoY to RMB1.2bn in 3Q22E.

Figure 2: TME: non-IFRS net income



Source: Company data, CMBIGM estimates

Figure 3: TME: non-IFRS net income (quarter)



Source: Company data, CMBIGM estimates

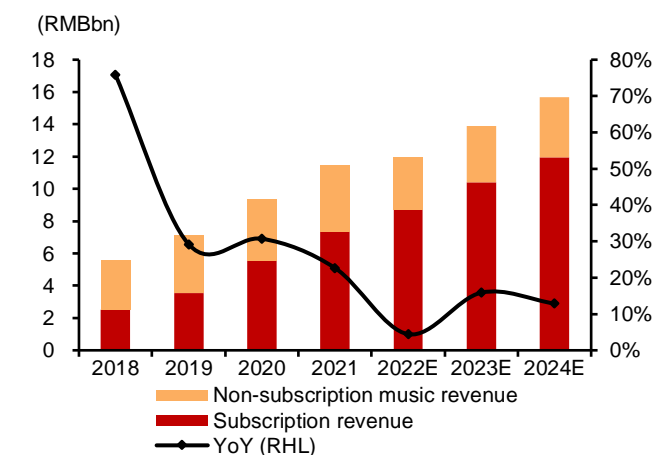
Figure 4: TME: key financial data forecasts

(RMB mn)	2021	2022E	2023E	2024E	3Q22E	4Q22E
Online music	11,467	11,975	13,877	15,661	3,209	3,271
YoY change (%)	22.7%	4.4%	15.9%	12.9%	11.1%	13.6%
Subscription revenue	7,335	8,696	10,401	11,952	2,261	2,335
YoY change (%)	31.9%	18.6%	19.6%	14.9%	18.9%	19.8%
Other revenue	4,132	3,278	3,476	3,710	949	936
YoY change (%)	9.1%	-20.7%	6.0%	6.7%	-3.9%	0.6%
Social entertainment and others	19,777	15,769	15,848	16,009	3,858	3,856
YoY change (%)	-0.1%	-20.3%	0.5%	1.0%	-21.5%	-18.4%
Total revenue	31,244	27,743	29,724	31,670	7,067	7,127
YoY change (%)	7.2%	-11.2%	7.1%	6.5%	-9.5%	-6.3%
GPM (%)	30.1%	30.0%	31.2%	32.0%	31.0%	31.2%
Non-IFRS NPM (%)	13.3%	15.7%	15.9%	17.3%	16.9%	17.1%
Non-IFRS net profit	4,146	4,346	4,722	5,483	1,196	1,222
YoY change (%)	-16.2%	4.8%	8.7%	17.3%	17.8%	46.8%

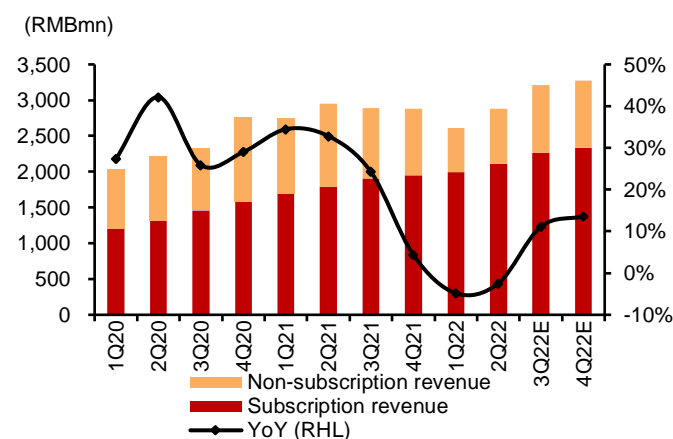
Source: Company data, CMBIGM estimates

Online music business (43.2% of 2022E total revenue)

Online music revenue growth slows down to +4.4% YoY in 2022E based on our estimate, primarily due to the weak performance of advertising and sublicensing businesses in the backdrop of macro headwind and tightening regulations. Nonetheless, subscription business remains resilient and we forecast music subscription revenue to increase by 18.6% YoY to RMB8.7bn in 2022E, driven by balanced growth of paying users and ARPPU. Looking forward, we expect online music revenue growth will reaccelerate to 15.9/12.9% YoY in 2023/2024E, driven by the solid growth of subscription business and recovery of advertising business.

Figure 5: TME: online music revenue

Source: Company data, CMBIGM estimates

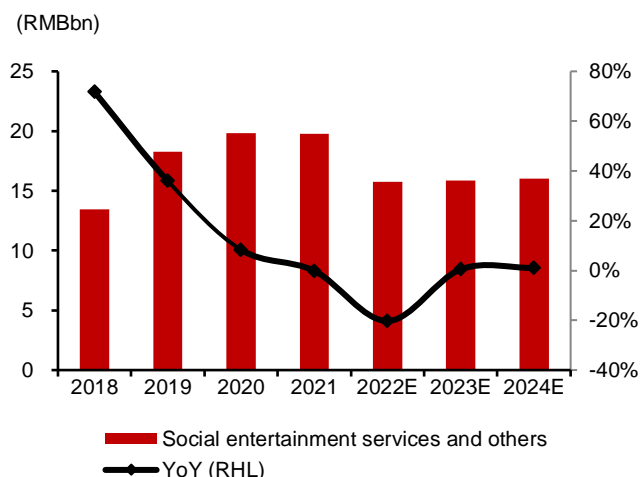
Figure 6: TME: online music revenue (quarter)

Source: Company data, CMBIGM estimates

Social entertainment business (56.8% of 2022E total revenue)

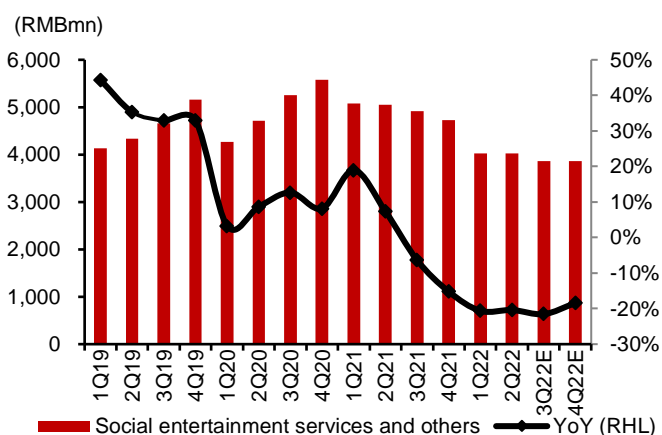
Social entertainment business entered mature development stage and faced intensifying competitions. We forecast social entertainment revenue to decrease by 20.3% YoY to RMB15.8bn in 2022E. TME will focus on developing innovative initiatives including audio live streaming and overseas expansion to drive growth of the social entertainment business. We expect social entertainment revenue to grow 0.5/1.0% YoY to RMB15.8/16.0bn in 2023/2024E.

Figure 7: TME: social entertainment revenue



Source: Company data, CMBIGM estimates

Figure 8: TME: social ent. revenue (quarter)

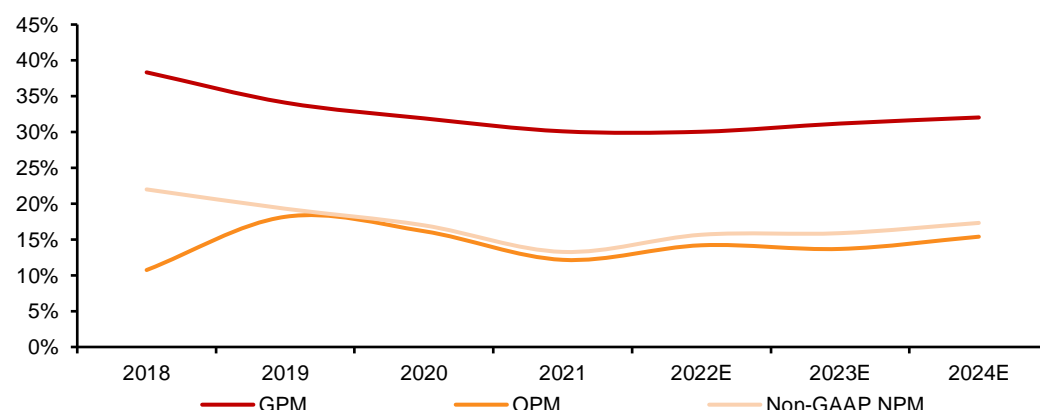


Source: Company data, CMBIGM estimates

Operating efficiency and sensitivity analysis

On the margin side, we estimate overall GPM to improve from 30.0% in 2022E to 31.2/32.0% in 2023/2024E, driven by more rational music licensing costs and more prudent investment in audio content. TME will also improve its operating efficiency. We forecast selling and marketing expenses ratio to drop from 8.6% in 2021 to 4.7/4.9/4.9% in 2022/2023/2024E. Overall, we see TME's Non-IFRS net margin to rise from 13.3% in 2021 to 15.7/15.9/17.3% in 2022/2023/2024E.

Figure 9: TME: margin trend



Source: Company data, CMBIGM estimates

We conduct sensitivity analysis to gauge TME's total revenue growth sensitivity to its non-subscription music/social entertainment businesses. Under our bull-case assumption, if non-subscription music/social entertainment revenue growth forecasts were raised by 1/3/5/8% in 2022E and 2023E driven by better-than-expected recovery of macro environment, TME's total revenue could have 0.9/2.6/4.3/6.9% upside in 2022E and 0.6/1.9/3.2/5.1% upside in 2023E. Under our bear-case assumption, if non-subscription music/social entertainment revenue growth forecasts were lowered by 1/3/5/8% in 2022E and 2023E due to slower-than-expected recovery of macro environment, TME's total revenue could have 0.9/2.6/4.3/6.9% downside in 2022E and 0.6/1.9/3.2/5.1% downside in 2023E.

We also conduct sensitivity analysis to analyse TME's non-IFRS net income growth sensitivity to its opex. Under our bull-case assumption, if total opex growth forecasts were lowered by 1/3/5/8% in 2022E and 2023E thanks to effective cost control measures, TME's non-IFRS net income could have 1.3/3.9/6.5/10.5% upside in 2022E and 1.0/3.0/4.9/7.9% upside in 2023E. Under our bear-case assumption, if total opex growth was raised by 1/3/5/8% in 2022E and 2023E as TME increased investment in production innovation, TME's non-IFRS net income could have 1.3/3.9/6.5/10.5% downside in 2022E and 1.0/3.0/4.9/7.9% downside in 2023E.

Figure 10: TME total revenue: sensitivity analysis

2022E (RMBmn)	Change in non-subs music growth forecast	2022E non-subs music growth	Change in social ent. growth forecast	2022E social ent. growth	Revenue	Comparison with base case
Case I	-8%	-28.7%	-8%	-28.3%	25,831	-6.9%
Case II	-5%	-25.7%	-5%	-25.3%	26,548	-4.3%
Case III	-3%	-23.7%	-3%	-23.3%	27,026	-2.6%
Case IV	-1%	-21.7%	-1%	-21.3%	27,504	-0.9%
Base case		-20.7%		-20.3%	27,743	0.0%
Case V	1%	-19.7%	1%	-19.3%	27,983	0.9%
Case VI	3%	-17.7%	3%	-17.3%	28,461	2.6%
Case VII	5%	-15.7%	5%	-15.3%	28,939	4.3%
Case VIII	8%	-12.7%	8%	-12.3%	29,656	6.9%

2023E (RMBmn)	Change in non-subs music growth forecast	2023E non-subs music growth	Change in social ent. growth forecast	2023E social ent. growth	Revenue	Comparison with base case
Case I	-8%	-2.0%	-8%	-7.5%	28,201	-5.1%
Case II	-5%	1.0%	-5%	-4.5%	28,772	-3.2%
Case III	-3%	3.0%	-3%	-2.5%	29,153	-1.9%
Case IV	-1%	5.0%	-1%	-0.5%	29,534	-0.6%
Base case		6.0%		0.5%	29,724	0.0%
Case V	1%	7.0%	1%	1.5%	29,915	0.6%
Case VI	3%	9.0%	3%	3.5%	30,296	1.9%
Case VII	5%	11.0%	5%	5.5%	30,677	3.2%
Case VIII	8%	14.0%	8%	8.5%	31,248	5.1%

Source: Company data, CMBIGM estimates

Figure 11: TME non-IFRS net income: sensitivity analysis

2022E (RMBmn)	Change in opex YoY growth	S&M expense YoY growth	G&A expense YoY growth	Implied S&M expense ratio	Implied G&A expense ratio	2022E Non-IFRS NPM	2022E Net profit	Comparison with base case
Case I	-8%	-59.4%	-3.5%	3.9%	13.9%	17.3%	4,801	10.5%
Case II	-5%	-56.4%	-0.5%	4.2%	14.4%	16.7%	4,630	6.5%
Case III	-3%	-54.4%	1.5%	4.4%	14.7%	16.3%	4,516	3.9%
Case IV	-1%	-52.4%	3.5%	4.6%	15.0%	15.9%	4,403	1.3%
Base case		-51.4%	4.5%	4.7%	15.1%	15.7%	4,346	0.0%
Case V	1%	-50.4%	5.5%	4.8%	15.2%	15.5%	4,289	-1.3%

2022E (RMBmn)	Change in opex YoY growth	S&M expense YoY growth	G&A expense YoY growth	Implied S&M expense ratio	Implied G&A expense ratio	2022E Non-IFRS NPM	2022E Net profit	Comparison with base case
Case VI	3%	-48.4%	7.5%	5.0%	15.5%	15.0%	4,175	-3.9%
Case VII	5%	-46.4%	9.5%	5.2%	15.8%	14.6%	4,062	-6.5%
Case VIII	8%	-43.4%	12.5%	5.5%	16.3%	14.0%	3,891	-10.5%

2023E (RMBmn)	Change in opex YoY growth	S&M expense YoY growth	G&A expense YoY growth	Implied S&M expense ratio	Implied G&A expense ratio	2023E Non-IFRS NPM	2023E Net profit	Comparison with base case
Case I	-8%	3.7%	-3.0%	4.5%	13.7%	17.1%	5,096	7.9%
Case II	-5%	6.7%	0.0%	4.7%	14.1%	16.7%	4,956	4.9%
Case III	-3%	8.7%	2.0%	4.8%	14.4%	16.4%	4,862	3.0%
Case IV	-1%	10.7%	4.0%	4.8%	14.7%	16.0%	4,769	1.0%
Base case		11.7%	5.0%	4.9%	14.8%	15.9%	4,722	0.0%
Case V	1%	12.7%	6.0%	4.9%	14.9%	15.7%	4,676	-1.0%
Case VI	3%	14.7%	8.0%	5.0%	15.2%	15.4%	4,582	-3.0%
Case VII	5%	16.7%	10.0%	5.1%	15.5%	15.1%	4,489	-4.9%
Case VIII	8%	19.7%	13.0%	5.2%	15.9%	14.6%	4,349	-7.9%

Source: Company data, CMBIGM estimates

DCF valuation

Our target price is US\$6.60, based on the DCF valuation methodology (WACC of 11.6% and terminal growth of 2.5%). Our target price translates into 16/15x 2022/2023E non-IFRS PE.

Figure 12: TME: DCF Valuation

(RMBmn)	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Net revenue	27,743	29,724	31,670	33,589	35,604	37,628	39,442
Free cash flow	1,991	4,224	4,021	5,751	5,799	7,805	7,818
NPV of free cash flow	25,451						
Discounted terminal value	45,733						
Net cash	3,076						
Total TME valuation	74,260						
Number of ADS (diluted, mn)	1,631						
Valuation per ADS (US\$)	6.60						

Source: Company data, CMBIGM estimates

TME currently trades at a market cap per MAU of US\$11.0, which offers a discount versus the peers' average market cap per MAU of US\$16.7.

Figure 13: TME: peer valuation comparison

Companies	Ticker	Price (Local)	Revenue growth (YoY%)			PS(x)			2Q22 MAU (mn)	Market Cap/MAU (US\$)
			2022E	2023E	2024E	2022E	2023E	2024E		
Bilibili	BILI US	11.1	11.8	30.4	25.0	1.4	1.1	0.8	306	14.5
Spotify	SPOT US	88.7	5.2	15.8	13.3	1.6	1.3	1.2	433	39.4
Momo	MOMO US	4.5	(17.9)	4.9	6.1	0.4	0.4	0.4	111	7.8
Huya	HUYA US	1.9	(21.0)	1.3	5.0	0.3	0.3	0.3	84	5.3
Average						0.9	0.8	0.7		16.7

Note: data are as of 21 Oct 2022

Source: Bloomberg, CMBIGM

Financial Summary

INCOME STATEMENT	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec (RMB mn)						
Revenue	25,434	29,153	31,244	27,743	29,724	31,670
Cost of goods sold	16,761	19,851	21,840	19,409	20,455	21,526
Gross profit	8,673	9,302	9,404	8,335	9,269	10,144
Operating expenses	4,051	4,592	5,604	4,396	5,201	5,270
Selling expense	2,041	2,475	2,678	1,302	1,455	1,550
Admin expense	2,703	3,101	4,009	4,188	4,398	4,609
Others	(693)	(984)	(1,083)	(1,094)	(651)	(889)
Operating profit	4,622	4,710	3,800	3,939	4,068	4,875
Share of (losses)/profits of associates/JV	(18)	19	(47)	2	0	0
Interest expense	(64)	(97)	(121)	(99)	(115)	(103)
Pre-tax profit	4,540	4,632	3,632	3,842	3,953	4,772
Income tax	(563)	(456)	(417)	(527)	(593)	(716)
After tax profit	3,977	4,176	3,215	3,315	3,360	4,056
Net profit	3,977	4,176	3,215	3,315	3,360	4,056
Non-IFRS net profit	4,908	4,949	4,146	4,346	4,722	5,483

BALANCE SHEET	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec (RMB mn)						
Current assets	26,914	31,687	26,791	26,543	32,719	33,735
Cash & equivalents	15,426	11,128	6,591	8,138	11,117	13,792
Account receivables	2,198	2,800	3,610	1,930	3,843	2,134
Inventories	26	18	24	32	43	57
Prepayment	2,220	2,846	2,731	2,119	2,880	2,380
ST bank deposits	7,000	14,858	12,769	13,152	13,547	13,953
Other current assets	44	37	1,066	1,173	1,290	1,419
Non-current assets	25,764	36,586	40,463	40,978	41,485	42,007
PP&E	179	176	243	232	231	236
Right-of-use assets	148	311	283	283	283	283
Deferred income tax	192	303	346	363	381	401
Investment in JVs & assos	489	2,255	3,599	3,649	3,699	3,749
Intangibles	1,622	2,020	2,829	2,684	2,506	2,321
Goodwill	17,140	17,492	19,121	19,371	19,621	19,871
Financial assets at FVTPL	4,461	9,771	7,302	7,448	7,597	7,749
Other non-current assets	1,533	4,258	6,740	6,947	7,166	7,397
Total assets	52,678	68,273	67,254	67,522	74,204	75,742
Current liabilities	8,490	9,602	10,450	7,435	10,743	8,211
Account payables	2,559	3,565	4,329	2,474	4,472	2,719
Tax payable	386	445	363	322	345	368
Other current liabilities	5,476	5,489	5,666	4,545	5,829	5,023
Lease liabilities	69	103	92	95	98	101
Long-term borrowings	510	5,940	5,749	5,717	5,732	5,746
Bond payables	0	5,175	5,062	5,062	5,062	5,062
Obligations under finance leases	78	218	205	215	226	237
Other non-current liabilities	432	547	482	440	444	447
Total liabilities	9,000	15,542	16,199	13,152	16,475	13,957
Share capital	2	2	2	2	2	2
Capital surplus	34,425	34,910	32,395	32,395	32,395	32,395
Retained earnings	7,007	11,111	14,194	17,509	20,868	24,924
Other reserves	2,156	6,222	3,726	3,726	3,726	3,726
Total shareholders equity	43,590	52,245	50,317	53,632	56,991	61,047
Minority interest	88	486	738	738	738	738
Total equity and liabilities	52,678	68,273	67,254	67,522	74,204	75,742

CASH FLOW	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	4,540	4,632	3,632	3,842	3,953	4,772
Depreciation & amortization	583	824	1,001	559	580	605
Tax paid	(564)	(637)	(589)	0	0	0
Change in working capital	982	(497)	579	(967)	414	(569)
Others	659	563	616	(527)	(593)	(716)
Net cash from operations	6,200	4,885	5,239	2,906	4,354	4,092
Investing						
Capital expenditure	(286)	(501)	(2,758)	(404)	(401)	(425)
Acquisition of subsidiaries/ investments	(45)	(540)	(2,078)	(250)	(250)	(250)
Net proceeds from disposal of short-term investments	36	6	(877)	0	0	0
Others	(7,807)	(13,171)	(286)	(716)	(735)	(754)
Net cash from investing	(8,102)	(14,206)	(5,999)	(1,370)	(1,386)	(1,429)
Financing						
Net borrowings	0	5,400	0	0	0	0
Proceeds from share issues	12	(134)	0	0	0	0
Others	(43)	26	(3,710)	10	11	11
Net cash from financing	(31)	5,292	(3,710)	10	11	11
Net change in cash						
Cash at the beginning of the year	17,356	15,426	11,128	6,591	8,138	11,117
Exchange difference	3	(269)	(67)	0	0	0
Cash at the end of the year	15,426	11,128	6,591	8,138	11,117	13,792
GROWTH	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec						
Revenue	34.0%	14.6%	7.2%	(11.2%)	7.1%	6.5%
Gross profit	19.2%	7.3%	1.1%	(11.4%)	11.2%	9.4%
Operating profit	126.7%	1.9%	(19.3%)	3.6%	3.3%	19.8%
Net profit	117.1%	5.0%	(23.0%)	3.1%	1.4%	20.7%
Adj. net profit	17.6%	0.8%	(16.2%)	4.8%	8.7%	16.1%
PROFITABILITY	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec						
Gross profit margin	34.1%	31.9%	30.1%	30.0%	31.2%	32.0%
Operating margin	18.2%	16.2%	12.2%	14.2%	13.7%	15.4%
Adj. net profit margin	19.3%	17.0%	13.3%	15.7%	15.9%	17.3%
Return on equity (ROE)	9.8%	8.7%	6.3%	6.4%	6.1%	6.9%
GEARING/LIQUIDITY/ACTIVITIES	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec						
Net debt to equity (x)	(0.3)	(0.1)	(0.0)	(0.0)	(0.1)	(0.1)
Current ratio (x)	3.2	3.3	2.6	3.6	3.0	4.1
Receivable turnover days	26.4	31.3	37.4	36.4	35.4	34.4
Payable turnover days	47.8	56.3	66.0	64.0	62.0	61.0
VALUATION	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec						
P/E	42.6	38.1	48.9	13.6	13.4	11.1
P/E (diluted)	41.7	38.7	49.5	13.7	13.5	11.2
P/B	3.9	3.0	3.1	0.8	0.8	0.7

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

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