

# Alibaba (BABA US)

## Remain committed to enhance shareholder returns

Alibaba delivered inline 2QFY24 (March year-end) results: total revenue was RMB224.8bn, up 8.5% YoY, and non-GAAP net income for the quarter was RMB40.2bn, up 16.8% YoY. Both revenue and non-GAAP net income in 2QFY24 were in line with Bloomberg consensus estimates. Alibaba decided not to proceed with a full spin-off for Cloud Intelligence Group (CIG), and will focus on developing a sustainable growth model for CIG under current circumstances, but stressed that it remained committed to drive shareholder returns. It announced annual dividend of US\$2.5bn, and targeted to improve group level return on invested capital (ROIC) ratio to double digit range through driving for profitability improvement and monetization of non-core assets, and guided to further utilize share repurchase program. To account for the near-term macro headwinds which likely weigh on recovery of customer management revenue (CMR), as well as management's more proactive move to drive for quality revenue growth of cloud business, we lower SOTP-based TP by 4% to US\$148.3. Maintain BUY.

- **Full spin-off of CIG stopped while management remains committed to enhancing shareholder return.** Management believes that a full spin-off of CIG may not achieve the previously intended effect of shareholder value enhancement amid current environment, and decided not to proceed with the process. In addition, Freshippo's plan for IPO has been put on hold after management evaluated market conditions. However, management stressed that it remains focused to enhance shareholder returns, and will take a holistic view when considering future actions.
- **Achieved a good balance between reinvestment and profitability improvement.** In 2QFY24, overall adjusted EBITA grew 18.5% YoY to RMB42.8bn, 1/3% ahead of our forecast/consensus, thanks to better-than-expected profitability improvement from Cainiao and Cloud. Alibaba International Digital Commerce (AIDC), Local Services Group (LSG), Cainiao Smart Logistics (CSL), CIG, and Digital Media and Entertainment Group (DME), on a combined basis, saw total revenue growth of 20% YoY, while narrowed adjusted EBITA loss by RMB2.5bn at the same time. Management guided to drive for profitability improvement of non-core business to increase overall ROIC.
- **Increasing merchants' willingness to invest in advertising amid soft consumption environment.** Alibaba generated revenue of RMB68.7bn from its CMR in 2QFY24, up 3% YoY, thanks to increase in merchants' willingness to invest in advertising, while partly offset by the modest decline in online GMV generated on Taobao and Tmall. Management guided to drive for further order frequency growth through the initiatives to enhance content offerings and supply chain capabilities.

### Earnings Summary

(YE 31 Mar)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	853,062	868,687	955,381	1,063,919	1,153,834
YoY growth (%)	18.9	1.8	10.0	11.4	8.5
Net profit (RMB mn)	61,959.0	72,509.0	125,091.3	154,445.9	169,198.2
Adjusted net profit (RMB mn)	143,515.0	143,991.0	169,055.8	186,363.5	203,813.3
EPS (Adjusted) (RMB)	53.26	54.91	66.32	73.04	79.80
Consensus EPS (RMB)	53.26	54.56	65.47	72.10	81.89
P/E (x)	46.5	23.0	12.8	10.4	9.5
ROE (%)	6.5	7.4	11.0	11.3	10.9

Source: Company data, Bloomberg, CMBIGM estimates

**BUY (Maintain)**

**Target Price** **US\$148.30**

(Previous TP) **US\$155.00**

**Up/Downside** **70.3%**

**Current Price** **US\$87.07**

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### Stock Data

Mkt Cap (US\$ mn)	223,365.1
Avg 3 mths t/o (US\$ mn)	439.2
52w High/Low (US\$)	120.57/75.50
Total Issued Shares (mn)	2565.4
Source: FactSet	

### Shareholding Structure

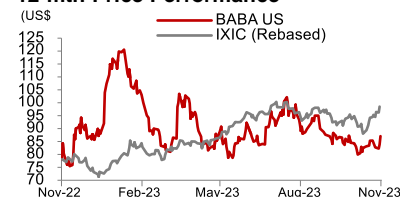
SoftBank	13.9%
Source: HKEx	

### Share Performance

	Absolute	Relative
1-mth	3.3%	-0.7%
3-mth	-2.3%	-6.7%
6-mth	-1.9%	-14.2%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

- **Driving for quality cloud business revenue growth.** Revenue of CIG came in at RMB27.6bn in 2QFY24, up 2% YoY, down from 4% in 1QFY24, as management continues to improve revenue quality by reducing the revenue from project-based contract that are of low margins. As a result, adjusted EBITA margin for CIG reached 5.1% in 2QFY24, up 1.5pp YoY.

## Key business segment update

### Taobao and Tmall Group (40.3% of 2QFY24 revenue)

In 2QFY24, revenue generated from Taobao and Tmall Group (TT Group) was RMB97.7bn, up 4.2% YoY, among which revenue generated from customer management revenue (CMR) came in at RMB68.7bn, up 2.7% YoY, thanks to increase in merchants' willingness to invest in advertising, while partly offset by the modest decline in online GMV generated on Taobao and Tmall.

Adjusted EBITA for the segment was RMB47.1bn in 2QFY24, up 3.2% YoY, driven by narrowing losses in certain businesses and increase in profit from customer management services, while partly offset by the increase in investment in user acquisition and retention as well as in content of Taobao App. Overall adjusted EBITA margin for the segment was 48.2% in 2QFY24, down 0.5pp YoY, but was 1.7pp better than our estimate.

### AIDC (10.1% of 2QFY24 revenue)

In 2QFY24, revenue generated from AIDC was RMB24.5bn, up 52.8% YoY, among which international commerce retail revenue was up 72.7% YoY and international commerce wholesale was up 9.4% YoY. The strong revenue growth in commerce retail business was primarily due to strong combined order growth of retail business.

Adjusted EBITA loss for AIDC has narrowed from RMB748mn in 2QFY23 to RMB384mn in 2QFY24, thanks to improved margins of Lazada and Trendyol, partly offset by the increase in investment in new business, such as Miravia, and AliExpress' Choice.

### Local Services Group (6.4% of 2QFY24 revenue)

Revenue from LSG was RMB15.6bn in 2QFY24, up 16% YoY, thanks to strong growth in both Ele.me and Amap businesses. LSG's adjusted EBITA loss narrowed to RMB2.6bn in 2QFY24 (2QFY23: loss of RMB3.3bn), thanks to the continued narrowing of losses of Ele.me business driven by improved unit economics per order and increasing scale.

### Cainiao (9.4% of 2QFY24 revenue)

Revenue from Cainiao came in at RMB22.8bn in 2QFY24, up 24.8% YoY, thanks to the increase in revenue from cross-border fulfilment solutions. Adjusted EBITA margin for Cainiao reached 4.0% in 2QFY24, up 3.3pp YoY, driven by improved operating results from cross-border fulfilment solutions, technology, and other services, as well as domestic logistics services.

### Cloud Intelligence Group (11.4% of 2QFY24 revenue)

Revenue of CIG came in at RMB27.6bn in 2QFY24, up 2% YoY, down from 4% in 1QFY24, as management continue to improve revenue quality by reducing the revenue from project-based contract that are of low margins. As a result, adjusted EBITA margin for CIG reached 5.1% in 2QFY24, up 1.5pp YoY.

**Figure 1: Alibaba: revenue and margin summary**

(RMBbn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	CMBI estimates	Diff%
<b>Taobao and Tmall Group</b>	102.5	93.7	127.1	89.9	115.0	97.7	101.4	-3.7%
YoY %					12.1%	4.2%		
- CMR	72.4	66.9	92.9	58.1	79.7	68.7	69.9	-1.7%
YoY %					10.0%	2.7%		
- Direct sales and others	25.0	22.6	29.9	28.0	30.2	23.9	27.1	
YoY %					20.7%	5.9%		
<b>Alibaba International Digital Commerce Group</b>	15.7	16.0	19.8	18.9	22.1	24.5	22.4	9.3%
YoY %					40.7%	52.8%		
<b>Local Services Group</b>	11.1	13.4	13.4	12.3	14.5	15.6	16.3	-4.7%
YoY %					29.8%	16.3%		
<b>Cainiao Smart Logistics Network Limited</b>	17.3	18.3	23.0	18.9	23.2	22.8	22.5	1.5%
YoY %					34.0%	24.8%		
<b>Cloud Intelligence Group</b>	24.1	27.0	26.9	24.8	25.1	27.6	28.0	-1.4%
YoY %					4.1%	2.3%		
<b>Digital Media and Entertainment Group</b>	4.0	5.2	4.3	5.0	5.4	5.8	6.2	-6.3%
YoY %					35.7%	10.5%		
<b>All others</b>	45.2	48.1	50.1	53.0	45.5	48.1	46.0	4.4%
YoY %					0.9%	-0.2%		
<b>Consolidated revenue</b>	205.6	207.2	247.8	208.2	234.2	224.8	226.9	-0.9%
YoY %	-0.1%	3.2%	2.1%	2.0%	13.9%	8.5%		
Gross profit	75.9	76.0	97.8	69.4	91.8	85.1	84.0	1.4%
Operating profit	24.9	25.1	35.0	15.2	42.5	33.6	33.0	1.8%
Net profit	22.7	-20.6	46.8	23.5	34.3	27.7	31.4	-11.7%
<b>Adjusted net profit</b>	31.4	34.3	50.3	28.0	44.7	40.1	40.8	-1.7%
YoY %	-31.5%	12.6%	9.9%	30.3%	42.7%	16.8%		
Gross profit margin (%)	36.9%	36.7%	39.5%	33.3%	39.2%	37.9%	37.0%	0.9 ppt
G&A expense ratio (%)	4.1%	5.1%	4.2%	6.2%	3.1%	4.2%	5.2%	-1.0 ppt
R&D expense ratio (%)	6.9%	7.3%	5.5%	6.7%	4.5%	6.3%	6.2%	0.1 ppt
S&M expense ratio (%)	12.4%	10.8%	12.4%	12.0%	11.6%	11.3%	10.0%	1.3 ppt
Operating margin (%)	12.1%	12.1%	14.1%	7.3%	18.1%	14.9%	14.5%	0.4 ppt
NPM (%)	11.1%	-9.9%	18.9%	11.3%	14.7%	12.3%	13.8%	-1.5 ppt
Non-IFRS NPM (%)	15.3%	16.6%	20.3%	13.4%	19.1%	17.8%	18.0%	-0.1 ppt

Source: Bloomberg, Company data, CMBIGM

**Figure 2: Alibaba: adjusted EBITA and margin summary**

(RMBmn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	CMBI estimates	Diff%
Taobao and Tmall Group	45,219	45,635	59,245	39,041	49,319	47,077	47,165	-0.2%
Alibaba International Digital Commerce Group	-1,380	-748	-645	-2,171	-420	-384	-248	
Local Services Group	-2,834	-3,328	-2,923	-4,063	-1,982	-2,564	-2,476	
Cainiao Smart Logistics Network Limited	-185	125	-12	-319	877	906	450	
Cloud Intelligence Group	188	981	366	396	387	1,409	585	
Digital Media and Entertainment Group	-907	-362	-391	-1,129	63	-201	-308	
All others	-2,275	-2,884	-795	-1,264	-1,204	-1,437	-1,600	
<b>Consolidated EBITA</b>	<b>34,419</b>	<b>36,164</b>	<b>52,048</b>	<b>25,280</b>	<b>45,371</b>	<b>42,845</b>	<b>42,437</b>	<b>1.0%</b>
<b>Adjusted EBITA margin</b>								
(%)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	CMBI estimates	Diff%
Taobao and Tmall Group	44.1%	48.7%	46.6%	43.4%	42.9%	48.2%	46.5%	1.7 ppt
Alibaba International Digital Commerce Group	-8.8%	-4.7%	-3.3%	-11.5%	-1.9%	-1.6%	-1.1%	-0.5 ppt
Local Services Group	-25.5%	-24.9%	-21.8%	-32.9%	-13.7%	-16.5%	-15.2%	-1.3 ppt
Cainiao Smart Logistics Network Limited	-1.1%	0.7%	-0.1%	-1.7%	3.8%	4.0%	2.0%	2.0 ppt
Cloud Intelligence Group	0.8%	3.6%	1.4%	1.6%	1.5%	5.1%	2.1%	3.0 ppt
Digital Media and Entertainment Group	-22.9%	-6.9%	-9.2%	-22.6%	1.2%	-3.5%	-5.0%	1.5 ppt
All others	-5.0%	-6.0%	-1.6%	-2.4%	-2.6%	-3.0%	-3.5%	0.5 ppt
<b>Consolidated EBITA margin</b>	<b>16.7%</b>	<b>17.5%</b>	<b>21.0%</b>	<b>12.1%</b>	<b>19.4%</b>	<b>19.1%</b>	<b>18.7%</b>	<b>0.4 ppt</b>

Source: Bloomberg, Company data, CMBIGM

## Revision of forecast and valuation

**Figure 3: Alibaba: forecast revision**

RMB bn	Current			Previous			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	955.4	1063.9	1153.8	965.6	1078.7	1175.8	-1.1%	-1.4%	-1.9%
Gross Profit	361.1	401.1	435.0	365.0	403.4	439.8	-1.1%	-0.6%	-1.1%
Non-GAAP net profit	169.1	186.4	203.8	175.1	187.2	205.8	-3.4%	-0.5%	-1.0%
Gross Margin	37.8%	37.7%	37.7%	37.8%	37.4%	37.4%	0.0 ppt	0.3 ppt	0.3 ppt
Non-GAAP net margin	17.7%	17.5%	17.7%	18.1%	17.4%	17.5%	-0.4 ppt	0.2 ppt	0.2 ppt

Source: CMBIGM estimates

**Figure 4: CMBIGM estimates vs consensus**

RMB bn	Current			Consensus			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	955.4	1063.9	1153.8	958.6	1050.9	1150.7	-0.3%	1.2%	0.3%
Gross Profit	361.1	401.1	435.0	363.5	397.8	435.8	-0.7%	0.8%	-0.2%
Non-GAAP net profit	169.1	186.4	203.8	169.1	181.1	203.5	0.0%	2.9%	0.2%
Gross Margin	37.8%	37.7%	37.7%	37.9%	37.8%	37.9%	-0.1 ppt	-0.1 ppt	-0.2 ppt
Non-GAAP net margin	17.7%	17.5%	17.7%	17.6%	17.2%	17.7%	0.1 ppt	0.3 ppt	0.0 ppt

Source: Bloomberg, CMBIGM estimates

## Valuation: target price of US\$148.3 per ADS

Our SOTP-based target price is US\$148.3 per ADS, and translates into 15.6x FY24E PE.

- 1) US\$68.7 per ADS (was US\$72.2) for Taobao and Tmall Group, based on 8.0x FY24E EV/adjusted EBITA;

- 2) US\$16.4 per ADS for AIDC (was US\$16.6), based on 3.0x FY24E EV/revenue, currently we are assuming 20% net profit margin and 15x PE for the business at steady state;
- 3) US\$5.5 per ADS for local consumer services (was US\$6.0), based on 1.7x EV/revenue on FY24E revenue;
- 4) US\$7.3 per ADS for Cainiao (was US\$7.6), based on the transaction in the most recent round of financing and Alibaba's 69.54% shareholding.
- 5) US\$24.3 per ADS for the Cloud Intelligence Group (was US\$25.8), based on a 4.2x PS multiple on FY24E revenue (before intersegment elimination);
- 6) US\$2.0 per ADS for Digital Media and Entertainment Group (was US\$2.1), based on 1.7x FY24 EV/S;
- 7) US\$10.7 per ADS for All Others (was US\$10.9), based on 1.0x FY24E EV/Sales.
- 8) US\$13.4 per ADS for strategic investment with 30% holding discount (was US\$13.8).

Figure 5: Alibaba: SOTP valuation

#	Segment (US\$mn)	Valuation method	FY24E Rev (US\$mn)	Adj. EBITA post tax	P/E (x)	EV/S (x)	Val. RMB mn	Val. US\$m	\$/share	Value split
1	Taobao and Tmall Group	8.0x FY24E P/E; 20% tax rate on adjusted EBITA	61,171	22,042	8.0		1,269,604	176,334	68.7	46%
2	Digital Commerce Group	3.0x FY24E EV/S	14,057			3.0	303,623	42,170	16.4	11%
3	Local Services Group	1.7x FY24 EV/S	8,315			1.7	101,777	14,136	5.5	4%
4	Cainiao Smart Logistics Network Limited	Last round transaction value; 63% shareholding	13,583				135,024	18,753	7.3	5%
5	Cloud Intelligence Group	4.2x FY24 EV/S on revenue before intersegment elimination	14,725			4.2	448,451	62,285	24.3	16%
6	Digital Media and Entertainment Group	1.7x FY24 EV/S, inline with iQIYI target EV/S	2,963			1.7	36,270	5,037	2.0	1%
7	All others	1.0x FY24 EV/PS	27,332			1.0	196,790	27,332	10.7	7%
<b>Total Alibaba business</b>							<b>2,491,538</b>	<b>346,047</b>	<b>134.9</b>	
<b>INVESTMENTS</b>										
1	Ant Group	Last round share buyback valuation; 33% shareholding					187,143	25,992	10.1	
2	Others	Market valuation					166,645	23,145	9.0	
<b>Total investment (with 30% holding discount)</b>									<b>13.4</b>	9%
<b>Total (US\$mn)</b>									<b>148.3</b>	
#s of diluted ADS (mn)										2,565

Source: CMBIGM estimates

Note: we fine-tuned exchange rate assumption from RMB:USD = 1:6.925 to RMB:USD = 1:7.2

## Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Mar (RMB mn)						
Revenue	717,289	853,062	868,687	955,381	1,063,919	1,153,834
Cost of goods sold	(421,205)	(539,450)	(549,695)	(594,247)	(662,822)	(718,839)
Gross profit	296,084	313,612	318,992	361,134	401,098	434,995
Operating expenses	(206,406)	(243,974)	(218,641)	(213,165)	(231,934)	(248,074)
SG&A expense	(136,743)	(151,721)	(145,679)	(150,950)	(165,971)	(177,690)
R&D expense	(57,236)	(55,465)	(56,744)	(50,635)	(55,324)	(58,846)
Others	(12,427)	(36,788)	(16,218)	(11,579)	(10,639)	(11,538)
Operating profit	89,678	69,638	100,351	147,969	169,163	186,921
Interest income	72,794	(15,702)	(11,071)	0	2,128	2,077
Interest expense	(4,476)	(4,909)	(5,918)	(7,165)	(6,171)	(6,923)
Other income/expense	7,582	10,523	5,823	5,732	5,852	6,346
Pre-tax profit	165,578	59,550	89,185	146,536	170,972	188,421
Income tax	(29,278)	(26,815)	(15,549)	(23,446)	(32,485)	(37,684)
Others	6,984	14,344	(8,063)	(2,866)	9,575	10,385
After tax profit	143,284	47,079	65,573	120,224	148,062	161,121
Minority interest	7,294	15,170	7,210	4,777	6,384	8,077
Others	(270)	(290)	(274)	90	0	0
Net profit	150,308	61,959	72,509	125,091	154,446	169,198
Adjusted net profit	178,954	143,515	143,991	169,056	186,364	203,813
BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Mar (RMB mn)						
Current assets	643,360	638,535	697,966	892,949	1,005,983	1,162,803
Cash & equivalents	321,262	189,898	193,086	379,923	477,523	621,920
Restricted cash	35,207	37,455	36,424	36,424	36,424	36,424
Prepayment	124,708	145,995	137,072	145,218	160,652	173,075
Financial assets at FVTPL	162,183	265,187	331,384	331,384	331,384	331,384
Non-current assets	1,046,858	1,057,018	1,055,078	1,150,781	1,222,151	1,293,745
PP&E	147,412	171,806	176,031	266,557	315,498	366,266
Investment in JVs & assos	200,189	219,642	207,380	192,252	189,565	187,688
Intangibles	70,833	59,231	46,913	118,910	139,425	159,041
Goodwill	292,771	269,581	268,091	268,091	268,091	268,091
Financial assets at FVTPL	237,221	223,611	245,737	245,737	245,737	245,737
Other non-current assets	98,432	113,147	110,926	59,234	63,835	66,922
Total assets	1,690,218	1,695,553	1,753,044	2,043,730	2,228,133	2,456,548
Current liabilities	377,358	383,784	385,351	423,641	431,193	468,590
Short-term borrowings	3,606	8,841	7,466	8,071	9,002	9,763
Tax payable	25,275	21,753	12,543	20,632	27,612	30,901
Other current liabilities	87,337	81,730	89,392	91,448	102,001	110,621
Accrued expenses	261,140	271,460	275,950	303,490	292,578	317,304
Non-current liabilities	229,226	229,576	244,772	221,433	228,943	235,763
Long-term borrowings	38,335	38,244	52,023	52,023	51,186	51,186
Deferred income	3,158	3,490	3,560	3,849	4,293	4,655
Other non-current liabilities	187,733	187,842	189,189	165,561	173,465	179,922
Total liabilities	606,584	613,360	630,123	645,074	660,137	704,353
Share capital	1	1	1	1	1	1
Capital surplus	394,308	410,506	416,880	553,486	574,764	597,841
Retained earnings	554,924	563,557	599,028	724,029	878,475	1,047,674
Other reserves	(3,090)	(15,930)	(16,394)	2,511	2,511	2,511
Total shareholders equity	946,143	958,134	999,515	1,280,027	1,455,751	1,648,026
Minority interest	137,491	124,059	123,406	118,629	112,246	104,169
Total equity and liabilities	1,690,218	1,695,553	1,753,044	2,043,730	2,228,133	2,456,548

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Mar (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	165,578	59,550	89,185	146,536	170,972	188,421
Depreciation & amortization	47,909	48,065	46,938	9,554	10,639	11,538
Tax paid	(29,278)	(26,815)	(15,549)	(23,446)	(32,485)	(37,684)
Change in working capital	50,297	(18,150)	13,482	60,230	(8,856)	24,849
Others	(2,720)	80,109	65,696	23,595	25,068	26,172
<b>Net cash from operations</b>	<b>231,786</b>	<b>142,759</b>	<b>199,752</b>	<b>216,469</b>	<b>165,338</b>	<b>213,297</b>
<b>Investing</b>						
Capital expenditure	(41,450)	(53,309)	(34,330)	(47,769)	(48,940)	(50,769)
Acquisition of subsidiaries/ investments	(1,735)	(15)	(22)	(31,154)	(31,154)	(31,154)
Net proceeds from disposal of short-term investments	(114,826)	(106,984)	(61,086)	0	0	0
Others	(86,183)	(38,284)	(40,068)	12,262	12,262	12,262
<b>Net cash from investing</b>	<b>(244,194)</b>	<b>(198,592)</b>	<b>(135,506)</b>	<b>(66,661)</b>	<b>(67,832)</b>	<b>(69,661)</b>
<b>Financing</b>						
Net borrowings	32,008	0	0	0	0	0
Proceeds from share issues	175	109	11	0	0	0
Share repurchases	(773)	(61,225)	(74,746)	0	0	0
Others	(1,328)	(3,333)	9,116	605	94	761
<b>Net cash from financing</b>	<b>30,082</b>	<b>(64,449)</b>	<b>(65,619)</b>	<b>605</b>	<b>94</b>	<b>761</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	345,982	356,469	227,353	229,510	379,923	477,523
Exchange difference	(7,187)	(8,834)	3,530	0	0	0
<b>Cash at the end of the year</b>	<b>356,469</b>	<b>227,353</b>	<b>229,510</b>	<b>379,923</b>	<b>477,523</b>	<b>621,920</b>
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Mar</b>						
Revenue	na	18.9%	1.8%	10.0%	11.4%	8.5%
Gross profit	na	5.9%	1.7%	13.2%	11.1%	8.5%
Operating profit	na	(22.3%)	44.1%	47.5%	14.3%	10.5%
Net profit	na	(58.8%)	17.0%	72.5%	23.5%	9.6%
Adj. net profit	na	(19.8%)	0.3%	17.4%	10.2%	9.4%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Mar</b>						
Gross profit margin	41.3%	36.8%	36.7%	37.8%	37.7%	37.7%
Operating margin	12.5%	8.2%	11.6%	15.5%	15.9%	16.2%
Adj. net profit margin	24.9%	16.8%	16.6%	17.7%	17.5%	17.7%
Return on equity (ROE)	na	6.5%	7.4%	11.0%	11.3%	10.9%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Mar</b>						
Net debt to equity (x)	(0.4)	(0.4)	(0.4)	(0.5)	(0.5)	(0.5)
Current ratio (x)	1.7	1.7	1.8	2.1	2.3	2.5
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Mar</b>						
P/E	30.2	46.5	23.0	12.8	10.4	9.5
P/E (diluted)	30.7	47.0	23.2	12.9	10.5	9.6
P/B	4.9	3.0	1.7	1.3	1.1	1.0
P/CFPS	24.2	32.6	10.1	9.6	13.9	10.0

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



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