CMB International Global Markets | Equity Research | Company Update

## Willsemi (603501 CH)

# Preliminary 2022 results came in below estimate; Maintain HOLD

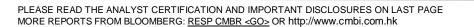
Willsemi announced preliminary 2022 net income of RMB800mn to RMB1,200mn, showing 73.2% to 82.1% YoY decline. Even a weak 4Q22 was already widely anticipated, the results came in significantly below our/consensus forecasts of RMB2.46bn/RMB2.97bn. The mgmt. attributed the miss to 1) weak consumer electronic market demand (lower rev. and margin), 2) an inventory write down of RMB1.3bn to RMB1.5bn (as a result of high inventory base). We see no clear sign of recovery of consumer electronic demand in near-term, maintain HOLD and revise TP to RMB72.

- Smartphone demand will remain weak due to ongoing macroeconomics pressure. Entering into 2023, worldwide economic environment remains challenged, while re-opening in China may boost economy. However, we expect its overall impact on consumer electronic demand will be limited in short-term. In other words, smartphone/PC will not be the top spending categories after reopening, compared to catering, travel, etc. Global smartphone shipment is projected to grow only 2%/2.6% YoY according to Counterpoint/IDC, despite a low base in 2022 (c.11% decline). Although 4Q22 may be the worst quarter for Willsemi, we think the low growth of smartphone market will cap the Company's topline recovery in 2023 (44% of CIS rev. contribution from mobile).
- Inventory digestion continues, however, not necessary a hint of market turnaround. The mgmt. expected the inventory level would decrease meaningfully in 4Q. While inventory digestion will continue in 1Q23, it does not necessarily mean the downstream OEMs will increase their orders significantly. At this stage of the cycle, we think any meaningful change in market confidence (demand side) would be a more valuable catalyst for the supply chain (earnings upside and potential revaluation) than a gradually decreasing inventory level (supply side).
- Maintain HOLD with new TP of RMB72. As 4Q22 results came in lower than estimates, we think demand pressure will persist into 1H23. We revised down 2023E EPS by 8%. The new TP of RMB72 is based on the same 29.3x 2023E P/E. Potential upside include earlier-than-expected consumer demand recovery.

#### **Earnings Summary**

(YE 31 Dec)FY20AFY21AFY22EFY23EFY24ERevenue (RMB mn)19,82424,10419,84921,66124,178YoY growth (%)45.4%21.6%-17.7%9.1%11.6%Gross margin (%)29.9%34.5%31.1%29.9%30.9%Net income (RMB mn)2,7064,4761,0852,9343,313Net margin (%)13.7%18.6%5.5%13.5%13.7%EPS (RMB)3.215.160.912.452.77YoY growth (%)322.4%60.7%-82.4%169.6%12.8%Consensus EPS (RMB)2.563.484.63P/E (x)26.316.492.734.430.5ROE (%)23.5%27.5%5.8%13.3%13.1%	- J J					
YoY growth (%)   45.4%   21.6%   -17.7%   9.1%   11.6%     Gross margin (%)   29.9%   34.5%   31.1%   29.9%   30.9%     Net income (RMB mn)   2,706   4,476   1,085   2,934   3,313     Net margin (%)   13.7%   18.6%   5.5%   13.5%   13.7%     EPS (RMB)   3.21   5.16   0.91   2.45   2.77     YoY growth (%)   322.4%   60.7%   -82.4%   169.6%   12.8%     Consensus EPS (RMB)   -   -   2.56   3.48   4.63     P/E (x)   26.3   16.4   92.7   34.4   30.5	(YE 31 Dec)	FY20A	FY21A	FY22E	FY23E	FY24E
Gross margin (%)   29.9%   34.5%   31.1%   29.9%   30.9%     Net income (RMB mn)   2,706   4,476   1,085   2,934   3,313     Net margin (%)   13.7%   18.6%   5.5%   13.5%   13.7%     EPS (RMB)   3.21   5.16   0.91   2.45   2.77     YoY growth (%)   322.4%   60.7%   -82.4%   169.6%   12.8%     Consensus EPS (RMB)   -   -   2.56   3.48   4.63     P/E (x)   26.3   16.4   92.7   34.4   30.5	Revenue (RMB mn)	19,824	24,104	19,849	21,661	24,178
Net income (RMB mn)   2,706   4,476   1,085   2,934   3,313     Net margin (%)   13.7%   18.6%   5.5%   13.5%   13.7%     EPS (RMB)   3.21   5.16   0.91   2.45   2.77     YoY growth (%)   322.4%   60.7%   -82.4%   169.6%   12.8%     Consensus EPS (RMB)   -   -   2.56   3.48   4.63     P/E (x)   26.3   16.4   92.7   34.4   30.5	YoY growth (%)	45.4%	21.6%	-17.7%	9.1%	11.6%
Net margin (%)   13.7%   18.6%   5.5%   13.5%   13.7%     EPS (RMB)   3.21   5.16   0.91   2.45   2.77     YoY growth (%)   322.4%   60.7%   -82.4%   169.6%   12.8%     Consensus EPS (RMB)   -   -   2.56   3.48   4.63     P/E (x)   26.3   16.4   92.7   34.4   30.5	Gross margin (%)	29.9%	34.5%	31.1%	29.9%	30.9%
EPS (RMB)   3.21   5.16   0.91   2.45   2.77     YoY growth (%)   322.4%   60.7%   -82.4%   169.6%   12.8%     Consensus EPS (RMB)   -   -   2.56   3.48   4.63     P/E (x)   26.3   16.4   92.7   34.4   30.5	Net income (RMB mn)	2,706	4,476	1,085	2,934	3,313
YoY growth (%)   322.4%   60.7%   -82.4%   169.6%   12.8%     Consensus EPS (RMB)   -   -   2.56   3.48   4.63     P/E (x)   26.3   16.4   92.7   34.4   30.5	Net margin (%)	13.7%	18.6%	5.5%	13.5%	13.7%
Consensus EPS (RMB)   -   -   2.56   3.48   4.63     P/E (x)   26.3   16.4   92.7   34.4   30.5	EPS (RMB)	3.21	5.16	0.91	2.45	2.77
P/E (x) 26.3 16.4 92.7 34.4 30.5	YoY growth (%)	322.4%	60.7%	-82.4%	169.6%	12.8%
	Consensus EPS (RMB)	-	-	2.56	3.48	4.63
<b>ROE (%)</b> 23.5% 27.5% 5.8% 13.3% 13.1%	P/E (x)	26.3	16.4	92.7	34.4	30.5
	ROE (%)	23.5%	27.5%	5.8%	13.3%	13.1%
Net gearing (%)   6.7%   10.9%   22.1%   net cash   net cash	Net gearing (%)	6.7%	10.9%	22.1%	net cash	net cash

Source: Company data, Bloomberg, CMBIGM estimates





#### HOLD (Maintain)

Target Price	RMB72.0
(Previous TP	RMB78.0)
Up/Downside	-15%
<b>Current Price</b>	RMB84.37

#### **China Technology Sector**

Lily Yang, Ph.D. (852) 3916 3716 lilyyang@cmbi.com.hk

Alex Ng (852) 3900 0881 alexng@cmbi.com.hk

#### Stock Data

Mkt Cap (HK\$ mn)	100,011
Avg 3 mths t/o (HK\$ mn)	994.67
52w High/Low (HK\$)	221.39/66.64
Total Issued Shares (mn)	1185.4
Source: Bloomberg	

Shareholding Structure

Yu Renrong	30.24%
SX Weihao Equity Invest. FD	9.21%
HKSCC	7.44%
Source: HKEx	

#### Share Performance

		Absolute	Relative
1-mth		-0.2%	-0.8%
3-mth		-5.0%	0.9%
6-mth		-21.7%	-19.6%
-			

Source: Bloomberg

#### 12-mth Price Performance



1/2022 3/2022 5/2022 7/2022 9/2022 11/2022 Source: Bloomberg

#### Auditor: BDO

#### **Related Reports**

- 1. 13/10/2022 Willsemi (603501 CH) Sluggish 3Q22 performance; Downgrade to HOLD as near-term pressures may last longer (<u>link</u>)
- 12/10/2022 China CIS Sector Maintain long-term positive outlook; near-term challenges persist (link)
- 16/8/2022 Willsemi (603501 CH) 2Q results review: Recovery slowed down by weak mobile CIS (link)
- 1/4/2022 China CIS Sector Can non-mobile CIS strength offset handset weakness? We remain cautiously optimistic (<u>link</u>)



### **Preview of 4Q22 results**

#### Figure 1: 4Q22 results preview

RMBmn	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
Revenue	6,212	6,236	5,866	5,789	5,538	5,533	4,311	
Gross Profit	2,014	2,105	2,082	2,113	1,955	1,841	1,226	
Operating Profit	1,175	1,358	1,378	1,088	933	1,549	-122	
Net profit	1,041	1,203	1,275	958	896	1,373	-120	-1,349 to -949
EPS (RMB)	1.20	1.39	1.47	1.10	1.03	0.90	-0.10	
Gross Margin	32.4%	33.7%	35.5%	36.5%	35.3%	33.3%	28.4%	
Operating Margin	18.9%	21.8%	23.5%	18.8%	16.8%	28.0%	-2.8%	
Net Margin	16.8%	19.3%	21.7%	16.5%	16.2%	24.8%	-2.8%	

Source: Company data, CMBIS estimates

#### Figure 2: Earnings revisions

		New			Old		Diff (%)			
RMBmn	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	
Revenue	19,849	21,661	24,178	20,285	23,223	27,834	-2%	-7%	-13%	
Gross Profit	6,181	6,477	7,481	6,515	7,550	9,181	-5%	-14%	-19%	
Operating Profit	1,310	3,271	3,694	2,770	3,597	4,727	-53%	-9%	-22%	
Net profit	1,085	2,934	3,313	2,458	3,188	4,191	-56%	-8%	-21%	
EPS (RMB)	0.911	2.455	2.769	2.063	2.668	3.503	-56%	-8%	-21%	
Gross Margin	31.1%	29.9%	30.9%	32.1%	32.5%	33.0%	-1 ppt	-2.6 ppt	-2 ppt	
Operating Margin	6.6%	15.1%	15.3%	13.7%	15.5%	17.0%	-7.1 ppt	-0.4 ppt	-1.7 ppt	
Net Margin	5.5%	13.5%	13.7%	12.1%	13.7%	15.1%	-6.7 ppt	-0.2 ppt	-1.4 ppt	

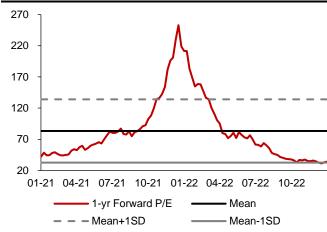
Source: Company data, CMBIGM estimates

#### Figure 3: CMBIGM estimates vs consensus

		C	Consensus		Diff (%)				
RMBmn	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	19,849	21,661	24,178	21,865	27,008	33,219	-9%	-20%	-27%
Gross Profit	6,181	6,477	7,481	6,928	8,841	11,210	-11%	-27%	-33%
Operating Profit	1,310	3,271	3,694	3,316	4,744	6,293	-60%	-31%	-41%
Net profit	1,085	2,934	3,313	2,840	4,094	5,515	-62%	-28%	-40%
EPS (RMB)	0.911	2.455	2.769	2.559	3.478	4.626	-64%	-29%	-40%
Gross Margin	31.1%	29.9%	30.9%	31.7%	32.7%	33.7%	-0.5 ppt	-2.8 ppt	-2.8 ppt
Operating Margin	6.6%	15.1%	15.3%	15.2%	17.6%	18.9%	-8.6 ppt	-2.5 ppt	-3.7 ppt
Net Margin	5.5%	13.5%	13.7%	13.0%	15.2%	16.6%	-7.5 ppt	-1.6 ppt	-2.9 ppt

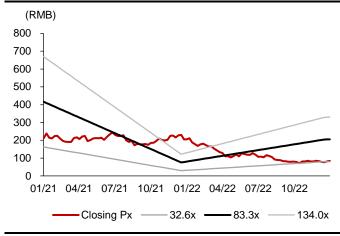
Source: Company data, CMBIGM estimates





Source: Company data, CMBIGM estimates

#### Figure 5: 12M forward P/E band



Source: Company data, CMBIGM estimates



## **Financial Summary**

#### **Income statement**

F2 10 cc (fMB m)   FY20A   FY21A	Income statement						Cash flow summary					
Revenue   19,224   24,148   Pressport   283   4,564   553   2,979   3,365     Gross Profit   5,930   8,314   6,184   6,687   766   879   887   972   1,38     Gross Profit   5,930   8,314   6,184   6,677   7,481   Change in working capital   -221   -3,384   7,111   1,965   7,49     SGAA   1,147   1,210   1,226   1,866   -2416   -328   Net cash from operating 3,345   2,122   -960   6,312   5,418     Financing exp.   -275   -566   -564   -370   -311   Capex   -1,133   -1,151   -1,228   -1,341     Other   0.85   5,000   1,310   3,271   3,264   -2,011   -1,032   -2,011   -1,032   -1,133   -1,163   -66   -1,275   -1,870   -1,775   -1,870   -1,761   -1,228   -3,416   -1,163   -66   -1,914   -7,77   -2,204   -1,775   -1,870	YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E	YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
COGS   -13.894   -15.090   -13.894   -16.807   DAA   785   787   887   972   1.138     Gross Profit   5.930   8.314   6.181   6.477   7.481   Change in working capital Others   3.1345   2.121   3.238   4.111   1.965   7.491     R3D exp.   -17.27   -1.101   1.260   1.079   1.322   Net cash from operating 3.345   2.132   2.011   1.133   1.122   1.138     Prote parking profit   2.956   5.000   1.310   3.271   3.649   Purchase/3.ade alsubs   -1.163   9   2.201   1.208   1.344     Onon-operating profit   2.956   5.000   1.3170   3.271   3.649   Purchase/3.ade alsubs   -1.016   96   1.21   1.2							· · ·	2.683	4.546	1.053	2.979	3.365
Gross Profit   5.93   8.34   6.181   6.477   7.481   Change in working capital Other openating   221   -3.232   -4.111   1.965   7.49     SGAA   -1.147   -1.201   -1.280   -1.079   -1.325   Net cash from operating and the profit   3.445   2.189   -2.418   -1.133   -1.123   -1.12   -1.103   -1.22   -1.103   -1.235   -1.103   -1.235   -1.103	COGS			-13,668	•	-16,697	D&A					
SGAA   -1,147   -1,201   -1,228   -1,227   -1,228   -1,228   -1,228   -1,238   -1,133   -1,123   -1,133   -1,123   -1,133   -1,123   -1,133   -1,123   -1,133   -1,123   -1,133   -1,123   -1,137   -1,137   -1,137   -1,137   -1,137   -1,137 <td>Gross Profit</td> <td>5,930</td> <td>8,314</td> <td>6,181</td> <td>6,477</td> <td></td> <td></td> <td>-221</td> <td>-3,328</td> <td>-4,111</td> <td>1,965</td> <td>749</td>	Gross Profit	5,930	8,314	6,181	6,477			-221	-3,328	-4,111	1,965	749
R&D op, Financing exp. -1.727 -2.110 -2.382 -1.866 -2.418   Chancing profit 2.955 5.000 1.310 3.277 3.664 3703 -1.123 -1.123 -1.123 -1.123 -1.123 -1.123 -1.123 -1.123 -1.123 -1.123 -1.124 -1.126 -1.124 -1.126 -1.124 -1.126 -1.126 -1.127 -1.127 -1.124 <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td>Others</td><td>117</td><td>96</td><td>1,211</td><td>396</td><td>239</td></t<>							Others	117	96	1,211	396	239
Financing exp.   -275   -366   -564   370   -311   Capex   -1.133   -1.122   -1.151   -1.122   -1.151   -1.123   -1.135   -1.123   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.151   -1.122   -1.131   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.135   -1.22   -1.131   -1.22   -1.131   -1.22   -1.131   -1.22   -1.131   -1.22   -1.131   -1.22   -1.131   -1.135   -1.135   -1.131   -1.135	SG&A	-1,147	-1,201	-1,260	-1,079	-1,325	Net cash from operating	3,345	2,192	-960	6,312	5,491
Other opex   176   352   -664   139   267   Purchasestale dirustments   -373   -1,163   968   1.21   12   13   157   368   1477   168   137   168   12.01   17.01	R&D exp.	-1,727	-2,110	-2,382	-1,896	-2,418						
Operating profit   2,855   5,000   1,310   3,271   3,634   Purchase/sale disubs   -1,163   86   1.2 <td>Financing exp.</td> <td>-275</td> <td>-356</td> <td>-564</td> <td>-370</td> <td>-311</td> <td>Capex</td> <td>-1,133</td> <td>-1,122</td> <td>-1,151</td> <td>-1,228</td> <td>-1,344</td>	Financing exp.	-275	-356	-564	-370	-311	Capex	-1,133	-1,122	-1,151	-1,228	-1,344
Other   Calibrian   Other   Calibrian   Generating income   44   5   12   13   15   Net cash from investing   2,631   2,289   2,249   1,775   1,785   2,776   2,776   3,783   5,763   8,522   1,765   1,775   8,533   10,870   11,775   1,775   1,775   1,775   1,775   1,775   1,775   1,775   1,775   1,775   1,775   1,775   1,775   1,775   1,775   1,775   1,775   1,775   1,775   1,775 <t< td=""><td>Other opex</td><td>176</td><td>352</td><td>-664</td><td>139</td><td>267</td><td>Purchase/sale of investments</td><td>-373</td><td>-1,969</td><td>-2,301</td><td>-1,036</td><td>-1,135</td></t<>	Other opex	176	352	-664	139	267	Purchase/sale of investments	-373	-1,969	-2,301	-1,036	-1,135
Non-operating income Non-operating exp.   44   5   12   13   15   Net cash from investing Annoperating exp.   -2,891   -2,891   -2,891   -1,870     Non-operating exp.   -9   -3   -5   -6   -7   Change in shares Change in debt   -1,810   -1,810   -1,810   -1,810   -2,831   -2,089   -2,261   -2,631   -2,99   -3,30   -456   -643   -2,67   -320   -6   -643     Non-controling interests Non-controling interests   -3,830   5,446   1,035   2,934   3,313   -767   -320   -1,760   -1,467     Adj. EBITDA   3,830   5,949   3,543   4,614   5,033   -2,614   -2,163   -2,267   2,14     Adj. EBITDA   3,830   5,949   3,543   4,614   5,033   3,730   -241   -148   -18   -18   -18   -18   -18   -18   -18   -18   -18   -18   -18   -18   -18   -18   -18   -18   -18   -	Operating profit	2,956	5,000	1,310	3,271	3,694	Purchase/sale of subs	-1,163	96	12	12	12
Non-operating exp.   -9   -3   -5   -6   -7     Pre-tax profit   2,991   5,002   1,317   3,278   3,703   Change in shares   683   1.203   2,086   628   217     Income tax expenses   -308   4.566   -263   -299   3.365   Other   -3   -767   -320   -267   -294     Non-controlling interests   2.70   4.76   1,082   2,333   Net coash from financing   1,833   2,932   1,360   -1,760   -1,667   3,852     Net profit to shareholders   2.70   4,76   1,082   2,333   Net change in cash   2,432   7,630   5,763   8,522   1,658     Exchange difference   -241   -18							Other	38		1,191	477	597
Pre-tax profit   2,991   5,002   1,317   3,278   3,703   Change in shares Change in debt   68.3   1,203   2,086   428   1,616   -748     Income tax expenses Non-controlling interests Non-controlling interests   -308   -456   -283   -299   -338   Other   -318   -413   -569   -884   -606   -643     Non-controlling interests   2,706   4,76   1,085   2,373   3,085   Other   -767   -320   -267   -294   -148   -168   -148 <td< td=""><td>Non-operating income</td><td>44</td><td></td><td></td><td>13</td><td>15</td><td>Net cash from investing</td><td>-2,631</td><td>-2,899</td><td>-2,249</td><td>-1,775</td><td>-1,870</td></td<>	Non-operating income	44			13	15	Net cash from investing	-2,631	-2,899	-2,249	-1,775	-1,870
Change in debt   1.67   3.066   478   -1.616   7.48     Nom-controlling interests   2.683   4.546   1.053   2.979   3.365   Other   -33   -767   -320   -267   -294     Nom-controlling interests   2.37   70   -32   46   52   Net cash from financing   1.385   2.932   1.360   -1,760   -1,467     Wet profit to shareholders   2.766   4.76   1.065   2,933   3.313   Net change in debt   1.855   2.932   1.360   -1,760   -1,467     Adj. EBITDA   3.830   5.949   3.543   4.614   5.038   Cash, hegining   3.116   5.423   7.630   5.763   8.522   10,658     Current assets   5.456   7.671   5.775   8.533   10,670   CMOS   14,687   16,647   12,953   14,730   16,647     Trade & other receivables   5,658   3.029   7.002   5.745   5.020   17.961   1820   1.7765   1.808   1.76	Non-operating exp.	-9	-3	-5	-6	-7						
Income tax expenses   -308   -456   -283   -299   -338   Dividemd/interests   -413   -569   -843   -506   -643     Net profit   2,873   3,365   Other   3,767   -320   -267   -294     Non-controlling interests   2,766   4,476   1,053   2,978   3,335   Other   -767   -320   -267   -294     Adj. EBITDA   3,830   5,949   3,543   4,614   5,038   Cash, beginning   2,116   5,423   7,630   5,763   8,522     Cash and control assets   13,913   20,296   19,809   21,012   21,995   Revenue by segment   7,630   5,763   8,522   1,667     Cash & control assets   2,548   3,029   2,700   2,963   1,991   20,296   1,980   1,707   1,765   1,820     Inventories   2,528   3,029   2,700   2,983   1,070   1,464   1,983   1,707   1,765   1,820   1,0414   1,982   1,70	Pre-tax profit	2,991	5,002	1,317	3,278	3,703	Change in shares	683	1,203	-	628	217
Net profit Non-controlling interests Non-controlling interests   2683 270   4546 70   1.325 70   2.32 70   2.34 70   2.777 70   2.154 70   2.777 70   2.154 70   2.777 70   2.154 70   2.267   7.208 70   2.777 70   2.154 70   2.267   7.208 70   2.778 70   2.154 70   2.270 70   2.967   7.208 70   2.217   2.154 72.21   Net change in cash 7.671   2.778 7.78   8.522   1.6647   7.78   1.6647     Current assets   5.456   7.671   5.775   8.533   10.670   CMOS   14.897   16.647   17.785   18.74   16.647     Inventories   5.274   8.781   10.877   8.802   7.745   10.010   744   18.942   1.664   1.77							0	1,567	3,066		-1,616	-748
Non-courrent assets   2.73   7.70   -32   4.46   52   Net cash from financing   1.835   2.932   1.360   -1.760   -1.467     Adj. EBITDA   3.830   5.949   3.543   4.614   5.082   Cash, heginning   2.116   5.423   7.630   5.763   8.522   10.658     Balance sheet   Key ratios   Key ratios   Key ratios   FY20A   FY21A   FY22E   FY23E   FY24E   Y233   10.670   14.697   16.641   12.953   14.701   16.647   12.953   14.701   16.647   12.953   14.701   16.641   12.953   14.701   16.641   12.953   14.701   16.641   12.953   14.701   16.641   12.953   14.701   16.641   12.953   16.701   17.755   16.85   5.765   8.922   17.745   Others   4.383   1.707   1.755   1.765   1.765   1.766   1.766   1.766   1.766   1.766   1.4097   1.6264   12.953   1.6647   1.768   1	Income tax expenses	-308	-456	-263	-299	-338	Dividend/interests paid	-413	-569	-884	-506	-643
Net profit to shareholders   2,706   4,476   1,085   2,934   3,313     Adj. EBITDA   3,830   5,949   3,543   4,614   5,085   Cash, beginning Exchange difference Cash, end   2,548   2,226   -1,849   2,777   2,154     Balance sheet   Key ratios   Key ratios   Key ratios   FY20A   FY21A   FY21A   FY22E   FY22E   FY22E   FY22E   FY22E   FY22E   FY24E   FY24E   FY20A   FY21A   FY2E	•	•		•	•	3,365	Other					-294
Adj. EBITDA   3,830   5,949   3,543   4,614   5,038   Cash, beginning Cash, end   2,241   2,268   1,18   -18<	0						Net cash from financing	1,835	2,932	1,360	-1,760	-1,467
Adj. EBITDA   3,830   5,949   3,543   4,614   5,038   Cash, beginning Exchange difference Cash, end   3,116   5,423   7,630   5,763   8,522     Balance sheet   Key ratios     YE 31 Dec (RMB mn) Current assets   FY20A   FY21A   FY22E   FY22E   YE 21 Dec (RMB mn) Cash, end   FY20A   FY21A   FY22E   FY24E   YE 31 Dec (RMB mn) Current assets   FY20A   FY21A   FY22A   FY24E   YE 31 Dec (RMB mn) Current assets   FY20A   FY21A   FY22E   FY24E   YE 31 Dec (RMB mn) Current assets   FY20A   FY21A   FY22E   FY24E   YE 31 Dec (RMB mn) Current assets   FY20A   FY24E   FY24E   YE 31 Dec (RMB mn) Cash & equivalents   FY24E   FY24E<	Net profit to shareholders	2,706	4,476	1,085	2,934	3,313						
Exchange difference Cash, end   -241   -18   -18   -18   -18     Balance sheet   Key ratios     YE 31 Dec (RMB mn) Current assets   FY20A   FY21A   FY22E   FY28   FY24E   YE 31 Dec (RMB mn)   FY20A   FY21A   FY28   FY24E   YE 31 Dec (RMB mn)   FY20A   FY21A   FY22E   FY24E   YE 31 Dec (RMB mn)   FY20A   FY21A   FY24E   FY24E   YE 31 Dec (RMB mn)   FY20A   FY24E			_	_		_	•					•
Cash, end   5,423   7,630   5,763   8,522   10,658     Balance sheet   Key ratios     YE 31 Dec (RMB mn) Current assets   FY20A   FY21A   FY22E   FY23E   FY24E   YE31 Dec (RMB mn) Current assets   FY20A   FY21A   FY22E   FY24E   YE31 Dec (RMB mn) Current assets   FY20A   FY21A   FY22E   FY24E   YE31 Dec (RMB mn) Current assets   FY20A   FY21A   FY22E   FY24E   YE31 Dec (RMB mn) Current assets   FY20A   FY21A   FY22E   FY24E   YE31 Dec (RMB mn) Current assets   FY20A   FY21A   FY22E   FY24E   FY24E     Current assets   5,574   8,781   10,877   8,802   7,745   Others   4,383   5,877   5,188   5,166   5,639     Other current assets   8,735   17,784   14,159   15,422   16,805   CMOS %   7,4.1%   6,5.3%   68.0%   68.9%   68.9%   68.9%   68.9%   68.9%   68.9%   68.9%   68.9%   68.9%   68.9%   68.9%   68.9%   68.9%   68.9% <td>Adj. EBITDA</td> <td>3,830</td> <td>5,949</td> <td>3,543</td> <td>4,614</td> <td>5,038</td> <td></td> <td></td> <td></td> <td>7,630</td> <td></td> <td></td>	Adj. EBITDA	3,830	5,949	3,543	4,614	5,038				7,630		
Key ratios     Key ratios     YE 31 Dec (RMB mn) Current assets   FY20A   FY21A   FY22E   FY2E   FY2E   YE 31 Dec (RMB mn)   FY20A   FY21A   FY22E   FY2E   FY2E   YE 31 Dec (RMB mn)   FY20A   FY21A   FY22E   FY2E							U					
YE 31 Dec (RMB mn) Current assets   FY20A   FY21A   FY22E   FY23E   FY24E   YE 31 Dec (RMB mn) Current assets   FY20A   FY21A   FY22E   FY23E   FY24E     Cash & equivalents   5,456   7,671   8,533   10,670   CMOS   14,697   16,264   12,953   14,730   16,647     Trade & other receivables   5,274   8,781   10,877   8,802   7,745   Others   4,383   5,877   5,188   5,166   5,639     Other current assets   600   814   457   715   566   Total   19,824   24,104   19,849   21,661   24,178     Mon-current assets   8,735   11,784   14,159   15,292   16,805   74,1%   67,5%   65,3%   68,9%     PPE   1,871   1,863   1,982   2,147   2,318   Growth (%)   Intraoital sets   2,566   5,320   7,652   8,953   10,366   Net profit   481,2%   65,4%   -75,8%   17,0%   9,2%   9,2%							Cash, end	5,423	7,630	5,763	8,522	10,658
Current assets13,91320,29619,80921,01221,939Rvenue by segmentCash & equivalents5,4567,6715,7758,53310,670CMOS14,67716,26412,9531,7071,7651,892Inventories2,5833,0292,7002,9632,944TDI7441,9631,7071,7651,892Inventories5,2748,78110,8778,8027,745Others4,3835,8775,1885,1665,639Other current assets6,7571,7861,9521,777556Total19,82424,10419,84924,16424,778Non-current assets8,73511,78414,15915,4291,68074.1767.5%65.3%68.0%68.9%PPE1,5171,6631,9522,1472,318Growth (%)1.15%1.77%9,1%1.16%Intangibles1,5091,6041,5001,3541,170Rvenue45.4%21.6%17.7%9,1%11.6%Goodwill2,8002,9982,9862,9742,962Adj EBITDA102.5%55.4%40.4%30.2%9,2%Other non-current assets2,6463,9433,9493,9463.0488,80012.6%34.5%31.1%2,9%30.9%St debt matire2,5443,7456,1493,9833,559Net profit alors matigin29.9%34.5%31.1%2,9%30.9%St debt matire	Balance sheet						Key ratios					
Current assets13,91320,29619,80921,01221,939Rvenue by segmentCash & equivalents5,4567,6715,7758,53310,670CMOS14,67716,26412,9531,7071,7651,892Inventories2,5833,0292,7002,9632,944TDI7441,9631,7071,7651,892Inventories5,2748,78110,8778,8027,745Others4,3835,8775,1885,1665,639Other current assets6,7571,7861,9521,777556Total19,82424,10419,84924,16424,778Non-current assets8,73511,78414,15915,4291,68074.1767.5%65.3%68.0%68.9%PPE1,5171,6631,9522,1472,318Growth (%)1.15%1.77%9,1%1.16%Intangibles1,5091,6041,5001,3541,170Rvenue45.4%21.6%17.7%9,1%11.6%Goodwill2,8002,9982,9862,9742,962Adj EBITDA102.5%55.4%40.4%30.2%9,2%Other non-current assets2,6463,9433,9493,9463.0488,80012.6%34.5%31.1%2,9%30.9%St debt matire2,5443,7456,1493,9833,559Net profit alors matigin29.9%34.5%31.1%2,9%30.9%St debt matire	YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E	YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Cash & equivalents   5,456   7,671   5,775   8,533   10,670   CMOS   14,697   16,264   12,953   14,700   16,647     Trade & other receivables   2,583   3,029   2,700   2,963   2,994   TDDI   7.44   1,963   1,077   1,765   1,892     Other current assets   5,274   8,781   10,877   7,15   586   Total   19,824   24,104   19,849   21,661   24,178     Non-current assets   8,735   11,784   14,159   15,429   16,805   74.1%   67.5%   65.3%   68.0%   68.0%     PPE   1,871   1,863   1,992   2,914   2,926   Adj.EBITDA   10.2%   55.4%   40.4%   30.2%   9.2%     Goodwill   2,805   3,709   3,644   3,809   3,036   REPTORI   481.5%   65.4%   40.4%   30.9%   3,04%     Total assets   2,2648   3,009   3,454   3,11%   29.9%   3,059     ST debt&L	· · ·											
Trade & other receivables   2,583   3,029   2,700   2,963   2,994   TDDI   744   1,963   1,707   1,765   1,892     Inventries   5,274   8,714   10,877   8,802   7,745   0thers   4,383   5,877   5,188   5,168   5,669     Other current assets   600   814   457   7,15   586   Total   19,824   24,104   19,849   24,661   44,788     Non-current assets   8,75   11,784   14,159   15,429   16,805   - <td< td=""><td></td><td></td><td>•</td><td>,</td><td></td><td></td><td></td><td>14.697</td><td>16.264</td><td>12.953</td><td>14.730</td><td>16.647</td></td<>			•	,				14.697	16.264	12.953	14.730	16.647
Inventories   5,274   8,781   10,877   8,802   7,745   Others   4,383   5,877   5,188   5,166   5,639     Other current assets   600   814   457   715   567   Total   19,824   24,104   19,824   24,104   19,849   21,661   24,178     Mon-current assets   8,735   11,784   14,159   15,429   16,805   CMOS %   74.1%   67.5%   65.3%   68.0%   68.0%     PE   1,871   1,863   1,982   2,147   2,318   Growth (%)   11.5%   11.5%   31.1%   30.2%   3.2%   3.2%   30.2%   3.2% </td <td>•</td> <td></td>	•											
Other current assets   600   814   457   715   586   Total CMOS %   19,824   24,104   19,849   21,661   24,178     Non-current assets   8,735   11,784   14,159   15,229   16,805   74.1%   67.5%   65.3%   68.0%   68.9%     Non-current assets   1,509   1,604   1,500   1,354   1,170   Revenue   45.4%   21.6%   -17.7%   9.1%   11.6%     Goodwill   2,600   2,998   2,962   2,912   40,125.0%   55.4%   -40.4%   30.2%   9.2%     Other non-current assets   22,664   32,090   30,945   10,356   Net profit   481.2%   65.4%   71.4%   9.2%   30.9%     Current liabilities   6,845   8,700   9.228   7,352   Gross margin   29.9%   34.5%   31.1%   29.9%   30.9%     St debt 8,116   3,745   6,149   3,988   3,559   Net profit margin   13.7%   18.6%   5.5%   13.5%   20.8%		,	,	,	,	,			'	,		-
Non-current assets   R375   11,78   14,159   15,429   16,805     PPE   1,871   1,863   1,982   2,147   2,318   Growth (%)   11.805   11.78   11.805   11.605   Gowth (%)   11.805   11.805   11.604   1.500   1.354   1.170   Revenue   45.4%   21.6%   17.7%   9.1%   11.6%     Goodwill   2,800   2,998   2,986   2,974   2,962   Adj. EBITDA   102.5%   55.4%   -40.4%   30.2%   9.2%     Other non-current assets   2,668   32,080   36,441   38.08    7.452   Gross margin   29.9%   34.5%   31.1%   29.9%   30.9%     ST debt & LT debt to mature   3,041   3,745   6,149   3.989   3.585   Net profit margin   19.3%   24.7%   17.9%   21.3%   20.8%     Other current liabilities   1,260   999   529   8.55   755    13.7%   18.6%   1.1%   2.1%   1.6%   1.6%	Other current assets					586	Total			-		
PPE   1,871   1,863   1,982   2,147   2,318   Growth (%)     Intangibles   1,509   1,604   1,500   1,354   1,170   Revenue   45.4%   21.6%   -17.7%   9.1%   11.6%     Goodwill   2,800   2,988   2,986   2,974   2,962   Adj. EBITDA   102.5%   55.4%   -0.0.4%   30.2%   9.2%     Other non-current assets   2,268   32,080   33,969   36.441   38.80    77.5%   170.4%   9.9%   30.5%   31.1%   29.9%   30.9%   30.9%   S7.6%   170.4%   29.9%   30.9%   30.9%   S7.6%   170.4%   170.4%   29.9%   30.9%   30.9%   S7.6%   31.1%   29.9%   30.9%   30.9%   S7.6%   17.7%   21.3%   20.8%   30.9%   S7.6%   Nor.6   5.5%   31.5%   31.1%   29.9%   30.9%   S7.6%   Nor.6   10.8%   24.7%   17.9%   21.3%   20.8%   13.5%   13.5%   13.5%							CMOS %	•				•
Intangibles   1,609   1,604   1,500   1,354   1,170   Revenue   45.4%   21.6%   -17.7%   9.1%   11.6%     Goodwill   2,800   2,998   2,986   2,974   2,962   Adj. EBITDA   102.5%   55.4%   -40.4%   30.2%   9.2%     Other non-current assets   2,556   5,320   7,692   8,953   10,356   Net profit   481.2%   65.4%   -75.8%   170.4%   12.9%     Total assets   22,648   32,080   33,969   36,441   38,800     7,552   Gross margin   29.9%   34.5%   31.1%   29.9%   30.9%     ST debt & L debt mature   3,041   3,745   6,149   3,988   3,038   EBITDA margin   19.3%   24.7%   17.9%   21.3%   20.8%     Other current liabilities   1,260   999   529   835   75    13.7%   18.6%   5.5%   13.5%   13.7%     Other current liabilities   4,278   7,076   5,262 <td>Non-current assets</td> <td>8,735</td> <td>11,784</td> <td>14,159</td> <td>15,429</td> <td>16,805</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Non-current assets	8,735	11,784	14,159	15,429	16,805						
Goodwill   2,800   2,998   2,986   2,974   2,962   Adj. EBITDA   102.5%   55.4%   -40.4%   30.2%   9.2%     Other non-current assets   2,556   5,320   7,692   8,953   10,356   Net profit   481.2%   65.4%   -75.8%   170.4%   12.9%     Total assets   22,648   32,080   33,969   36,441   38,800   -   -   -   -   55.4%   -75.8%   170.4%   12.9%     ST debt & LT debt to mature   3,041   3,745   6,149   3,998   3,038   EBITDA margin   19.3%   24.7%   17.9%   21.3%   20.8%     Other current liabilities   3,041   3,745   6,149   3,589   3,559   Net profit margin   13.3%   13.5%   13.5%   13.5%   20.8%     Other current liabilities   1,260   999   529   853   755   13.5%   13.5%   13.5%   13.5%   13.5%   13.5%   13.5%   13.5%   13.5%   13.5%   14.5   15	PPE	1,871	1,863	1,982	2,147	2,318	Growth (%)					
Other non-current assets   2,556   5,320   7,692   8,953   10,356   Net profit   481.2%   65.4%   -75.8%   170.4%   12.9%     Total assets   22,648   32,080   33,969   36,441   38,800   Profit & loss ratio (%)     Current liabilities   6,845   8,703   9,923   8,422   7,352   Gross margin   29.9%   34.5%   31.1%   29.9%   30.9%     ST debt & LT debt to mature   3,041   3,745   6,149   3,998   3,038   EBITDA margin   19.3%   24.7%   17.9%   21.3%   20.8%     Other current liabilities   1,260   999   529   835   755   Balance sheet ratio   16.6   1.6   2.8   1.8   1.5%   11.7   14.6     Don-current liabilities   3,182   3,448   1,772   2,307   2,519   Deb//EBITDA   1.6   1.6   2.8   1.8   1.5     Bonds payables   0   2,250   2,000   2,000   2,000   2,000   2,000	Intangibles	1,509	1,604	1,500	1,354	1,170	Revenue	45.4%	21.6%	-17.7%	9.1%	11.6%
Total assets   22,648   32,080   33,969   36,441   38,800     Profit & loss ratio (%)   Profit & loss ratio (%)     Current liabilities   6,845   8,700   9,923   8,422   7,352   Gross margin   29,9%   34.5%   31.1%   29,9%   30,9%     ST debt & LT debt omatur   3,041   3,745   6,149   3,988   3,059   Regross   EBITDA margin   19.3%   24.7%   17.9%   21.3%   20.8%     Other current liabilities   1,260   999   529   835   755   13.7%   18.6%   5.5%   13.5%   13.7%     Non-current liabilities   4,278   7,076   5,262   5,889   6,212   Net debt/total equity (%)   6.7%   10.9%   22.1%   net cash   net cash     LT debt   3,182   3,448   1,772   2,307   2,519   Debt/EBITDA   1.6   1.6   2.8   1.4   1.5     Bonds payables   0   2,250   2,000   2,000   2,000   2,000   2,000	Goodwill	2,800	2,998	2,986	2,974	2,962	Adj. EBITDA	102.5%	55.4%	-40.4%	30.2%	9.2%
Current liabilities   6,845   8,700   9,923   8,422   7,352   Gross margin   29.9%   34.5%   31.1%   29.9%   30.9%     ST debt & LT debt to mature   3,041   3,745   6,149   3,998   3,038   EBITDA margin   19.3%   24.7%   17.9%   21.3%   20.8%     Trade & other payables   2,544   3,956   3,244   3,589   3,559   Net profit margin   13.7%   18.6%   5.5%   13.5%   13.7%     Other current liabilities   1,260   999   529   835   755     13.7%   18.6%   5.5%   13.5%   13.7%     Non-current liabilities   4,278   7,076   5,262   5,889   6,212   Net debt/total equity (%)   6.7%   10.9%   22.1%   net cash     LT debt   3,182   3,448   1,772   2,307   2,519   Debt/EBITDA   1.6   1.6   2.8   1.8   1.5     Bonds payables   0   2,250   2,000   2,000   1,096	Other non-current assets	2,556	5,320	7,692	8,953	10,356	Net profit	481.2%	65.4%	-75.8%	170.4%	12.9%
Current liabilities   6,845   8,700   9,923   8,422   7,352   Gross margin   29.9%   34.5%   31.1%   29.9%   30.9%     ST debt & LT debt to mature   3,041   3,745   6,149   3,998   3,038   EBITDA margin   19.3%   24.7%   17.9%   21.3%   20.8%     Trade & other payables   2,544   3,956   3,244   3,589   3,559   Net profit margin   13.7%   18.6%   5.5%   13.5%   13.7%     Other current liabilities   1,260   999   529   835   755   13.5%   14.5   15.5%   14.5   15.5%	Total assets	22,648	32,080	33,969	36,441	38,800						
ST debt & LT debt to mature Trade & other payables Other current liabilities 3,041 3,745 6,149 3,998 3,038 EBITDA margin 19.3% 24.7% 17.9% 21.3% 20.8%   Other current liabilities 1,260 999 529 835 755 13.7% 18.6% 5.5% 13.5% 13.7%   Non-current liabilities 4,278 7,076 5,262 5,889 6,212 Net profit margin 19.3% 24.7% 17.9% 21.3% 20.8%   LT debt 3,182 3,448 1,772 2,307 2,519 Debt/EBITDA 1.6 1.6 2.8 1.8 1.5   Bonds payables 0 2,250 2,000 2,000 2,000 1,693 Cash conversion cycle (days) 12.1 152.5 266.0 264.8 210.5   Total liabilities 11,525 16,304 18,784 22,130 25,235 ROE 23.5% 27.5% 5.8% 13.3% 13.1%   Share capital 868 876 1,192 1,195 1,196 20.44 10,829 11,045 3.8% 3.2%							Profit & loss ratio (%)					
Trade & other payables 2,544 3,956 3,244 3,589 3,559 Net profit margin 13.7% 18.6% 5.5% 13.5% 13.7%   Other current liabilities 1,260 999 529 835 755 <	Current liabilities	6,845	8,700	9,923	8,422	7,352	Gross margin	29.9%	34.5%	31.1%	29.9%	30.9%
Other current liabilities   1,260   999   529   835   755     Balance sheet ratio   Balance sheet ratio   10.0%   22.1%   net cash   net cash     Non-current liabilities   4,278   7,076   5,262   5,889   6,212   Net debt/total equity (%)   6.7%   10.9%   22.1%   net cash   net cash     LT debt   3,182   3,448   1,772   2,307   2,519   Debt/EBITDA   1.6   1.6   2.8   1.8   1.5     Bonds payables   0   2,250   2,000   2,000   2,000   Interest coverage   12.9   14.5   8.3   11.7   14.6     Other non-current liabilities   11,123   15,776   15,185   14,311   13,564     Total labilities   11,123   15,776   15,185   14,311   13,564     Share capital   868   876   1,192   2,195   ROA   11.9%   14.0%   3.2%   8.1%   8.5%     Reserves   7,248   8,434   10,204	ST debt & LT debt to mature		3,745	6,149	3,998	3,038	EBITDA margin	19.3%	24.7%	17.9%	21.3%	20.8%
Non-current liabilities   4,278   7,076   5,262   5,889   6,212   Net debt/total equity (%)   6.7%   10.9%   22.1%   net cash   net cash     LT debt   3,182   3,448   1,772   2,307   2,519   Debt/EBITDA   1.6   1.6   2.8   1.83   1.15     Bonds payables   0   2,250   2,000   2,000   1,682   12.9   14.5   8.33   11.7   14.6     Other non-current liabilities   1,096   1,378   1,490   1,582   1,693   Cash conversion cycle (das)   12.31   15.25   266.0   26.48   210.5     Total liabilities   11,123   15,776   15,185   14,311   13,564   12.9   14.55   26.60   26.48   210.5     Total liabilities   11,123   15,776   15,185   14,311   13,564   12.91   14.55   26.60   26.48   210.5     Share capital   868   876   1,192   1,195   1,106   ROA   11.9%   14.04	Trade & other payables	2,544	3,956	3,244	3,589	3,559	Net profit margin	13.7%	18.6%	5.5%	13.5%	13.7%
Non-current liabilities   4,278   7,076   5,262   5,889   6,212   Net debt/total equity(%)   6.7%   10.9%   22.1%   net cash   net cash     LT debt   3,182   3,448   1,772   2,307   2,519   Debt/EBITDA   1.6   1.6   2.8   1.8   1.5     Bonds payables   0   2,250   2,000   2,000   1,682   1.68   12.9   14.5   8.3   11.7   14.6     Other non-current liabilities   1,096   1,378   1,490   1,582   1,693   Cash conversion cycle (days)   12.31   152.5   266.0   264.8   210.5     Total liabilities   11,123   15,776   15,185   14,311   13,564   123.1   152.5   266.0   264.8   210.5     Total liabilities   11,525   16,304   18,784   22,130   25,235   ROE   23.5%   27.5%   5.8%   13.3%   13.1%     Share capital   868   876   1,192   1,195   1,06   ROA <t< td=""><td>Other current liabilities</td><td>1,260</td><td>999</td><td>529</td><td>835</td><td>755</td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	Other current liabilities	1,260	999	529	835	755						
LT debt3,1823,4481,7722,3072,519Debt/EBITDA1.61.62.81.81.5Bonds payables02,2502,0002,0001,000Interest coverage12.914.58.311.714.6Other non-current liabilities1,0961,3781,4901,5821,693Cash conversion cycle (days)123.1152.5266.0264.8210.5Total liabilities11,12315,77615,18514,31113,564Profitability (%)114.0%3.2%13.3%13.1%Total equity11,52516,30418,78422,13025,235ROE23.5%27.5%5.8%13.3%13.1%Share capital8688761,1921,1951,196ROA11.9%14.0%3.2%8.1%8.5%Reserves7,2488,43410,20410,82911,045Fer share data (RMB)III							Balance sheet ratio					
Bonds payables   0   2,250   2,000   2,000   Interest coverage   12.9   14.5   8.3   11.7   14.6     Other non-current liabilities   1,096   1,378   1,490   1,582   1,693   Cash conversion cycle (days)   123.1   14.5   8.3   11.7   14.6     Total liabilities   11,123   15,776   15,185   14,311   13,564      123.1   152.5   266.0   264.8   210.5     Total equity   11,525   16,304   18,784   22,130   25,235   ROE   23.5%   27.5%   5.8%   13.3%   13.1%     Share capital   868   876   1,192   1,195   1,196   ROA   11.9%   14.0%   3.2%   8.1%   8.5%     Reserves   7,248   8,434   10,204   10,829   11,045   4.437   Per share data (RMB)   5.55   5.5%   8.1%   8.5%     Treasury stock   -25.54   -741.7   -741.7   -741.7   -741.7 <t< td=""><td>Non-current liabilities</td><td>4,278</td><td>7,076</td><td>5,262</td><td>5,889</td><td>6,212</td><td>Net debt/total equity (%)</td><td>6.7%</td><td>10.9%</td><td></td><td>net cash</td><td>net cash</td></t<>	Non-current liabilities	4,278	7,076	5,262	5,889	6,212	Net debt/total equity (%)	6.7%	10.9%		net cash	net cash
Other non-current liabilities   1,096   1,378   1,490   1,582   1,693   Cash conversion cycle (days)   123.1   152.5   266.0   264.8   210.5     Total liabilities   11,123   15,776   15,185   14,311   13,564   Profitability (%)     Total equity   11,525   16,304   18,784   22,130   25,235   ROE   23.5%   27.5%   5.8%   13.3%   13.1%     Share capital   868   876   1,192   1,195   1,195   11,045   ROA   11.9%   14.0%   3.2%   8.1%   8.5%     Reserves   7,248   8,434   10,204   10,829   11,045   Fer share data (RMB)   Fer share data (RMB) </td <td>LT debt</td> <td>3,182</td> <td>3,448</td> <td>1,772</td> <td>2,307</td> <td>2,519</td> <td>Debt/EBITDA</td> <td>1.6</td> <td>1.6</td> <td>2.8</td> <td>1.8</td> <td>1.5</td>	LT debt	3,182	3,448	1,772	2,307	2,519	Debt/EBITDA	1.6	1.6	2.8	1.8	1.5
Total liabilities   11,123   15,776   15,185   14,311   13,564   Profitability (%)     Total equity   11,525   16,304   18,784   22,130   25,235   ROE   23.5%   27.5%   5.8%   13.3%   13.1%     Share capital   868   876   1,192   1,195   1,196   ROA   11.9%   14.0%   3.2%   8.1%   8.5%     Reserves   7,248   8,434   10,204   10,829   11,045   -   -   -   -   -   8.5%     Reserves   7,248   8,434   10,204   10,829   11,045   -   -   -   -   -   -   -   -   8.1%   8.5%   8.5%     Treasury stock   -255.4   -741.7   -741.7   -741.7   -741.7   - <td>Bonds payables</td> <td>0</td> <td>2,250</td> <td>2,000</td> <td>2,000</td> <td>2,000</td> <td>Interest coverage</td> <td>12.9</td> <td>14.5</td> <td>8.3</td> <td>11.7</td> <td>14.6</td>	Bonds payables	0	2,250	2,000	2,000	2,000	Interest coverage	12.9	14.5	8.3	11.7	14.6
Frofitability (%)   11,525   16,304   18,784   22,130   25,235   ROE   23.5%   27.5%   5.8%   13.3%   13.1%     Share capital   868   876   1,192   1,195   1,196   ROA   11.9%   14.0%   3.2%   8.1%   8.5%     Reserves   7,248   8,434   10,204   10,829   11,045       8.1%   8.5%     Treasury stock   -255.4   -741.7   -741.7   -741.7   -741.7 <td< td=""><td>Other non-current liabilities</td><td>1,096</td><td>1,378</td><td>1,490</td><td>1,582</td><td>1,693</td><td>Cash conversion cycle (days)</td><td>123.1</td><td>152.5</td><td>266.0</td><td>264.8</td><td>210.5</td></td<>	Other non-current liabilities	1,096	1,378	1,490	1,582	1,693	Cash conversion cycle (days)	123.1	152.5	266.0	264.8	210.5
Total equity11,52516,30418,78422,13025,235ROE23.5%27.5%5.8%13.3%13.1%Share capital8688761,1921,1951,196ROA11.9%14.0%3.2%8.1%8.5%Reserves7,2488,43410,20410,82911,045 <t< td=""><td>Total liabilities</td><td>11,123</td><td>15,776</td><td>15,185</td><td>14,311</td><td>13,564</td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	Total liabilities	11,123	15,776	15,185	14,311	13,564						
Share capital   868   876   1,192   1,195   1,196   ROA   11.9%   14.0%   3.2%   8.1%   8.5%     Reserves   7,248   8,434   10,204   10,829   11,045   1												
Reserves   7,248   8,434   10,204   10,829   11,045     Treasury stock   -255.4   -741.7   -741.7   -741.7   -741.7     Retained earnings   3,895   8,049   8,667   11,458   14,437   Per share data (RMB)     Other equities   -516.2   -418.8   -611.1   -730.3   -872.3   EPS   3.21   5.16   0.91   2.45   2.77     Minority interests   286   106   74   120   172   BVPS   13.33   18.67   15.70   18.42   20.95	Total equity	•	•	18,784	•	•						
Treasury stock -255.4 -741.7 -741.7 -741.7 -741.7   Retained earnings 3,895 8,049 8,667 11,458 14,437 Per share data (RMB)   Other equities -516.2 -418.8 -611.1 -730.3 -872.3 EPS 3.21 5.16 0.91 2.45 2.77   Minority interests 286 106 74 120 172 BVPS 13.33 18.67 15.70 18.42 20.95	•			-			ROA	11.9%	14.0%	3.2%	8.1%	8.5%
Retained earnings   3,895   8,049   8,667   11,458   14,437   Per share data (RMB)     Other equities   -516.2   -418.8   -611.1   -730.3   -872.3   EPS   3.21   5.16   0.91   2.45   2.77     Minority interests   286   106   74   120   172   BVPS   13.33   18.67   15.70   18.42   20.95		-		-								
Other equities   -516.2   -418.8   -611.1   -730.3   -872.3   EPS   3.21   5.16   0.91   2.45   2.77     Minority interests   286   106   74   120   172   BVPS   13.33   18.67   15.70   18.42   20.95	•											
Minority interests   286   106   74   120   172   BVPS   13.33   18.67   15.70   18.42   20.95	•											
	Other equities							3.21	5.16		2.45	2.77
Total liabilities and equity 22,648 32,080 33,969 36,441 38,800							BVPS	13.33	18.67	15.70	18.42	20.95
	Total liabilities and equity	22,648	32,080	33,969	36,441	38,800						

Source: Company data, CMBIGM estimates



## **Disclosures & Disclaimers**

#### **Analyst Certification**

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIGM Ratings BUY HOLD SELL NOT RATED	: Stock with potential return of over 15% over next 12 months : Stock with potential return of +15% to -10% over next 12 months : Stock with potential loss of over 10% over next 12 months : Stock is not rated by CMBIGM
OUTPERFORM	: Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM	: Industry expected to underperform the relevant broad market benchmark over next 12 months

#### CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

#### Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM. Additional information on recommended securities is available upon request.

#### For recipients of this document in the United Kingdom

This report has been provided only to persons (I)falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time)("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc..) of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

#### For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analysts is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

#### For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.