CMB International Global Markets | Equity Research | Company Update

Willsemi (603501 CH)

Preliminary 2022 results came in below estimate; Maintain HOLD

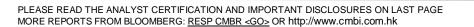
Willsemi announced preliminary 2022 net income of RMB800mn to RMB1,200mn, showing 73.2% to 82.1% YoY decline. Even a weak 4Q22 was already widely anticipated, the results came in significantly below our/consensus forecasts of RMB2.46bn/RMB2.97bn. The mgmt. attributed the miss to 1) weak consumer electronic 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
ROE (%) 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%
Current Price	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	

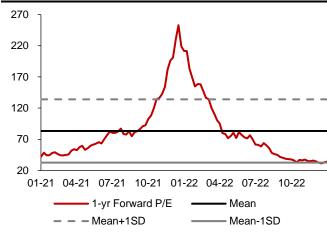
Source: Company data, CMBIGM estimates

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

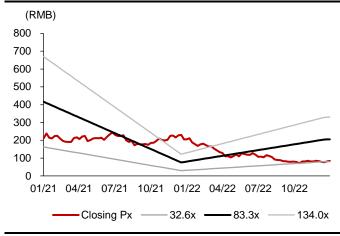
Source: Company data, CMBIGM estimates





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.