

Alibaba (BABA US)

In progress to enhance shareholder value

Alibaba announced (18 May) its 4QFY23 (March year-end) results: total revenue was RMB208.2bn, up 2% YoY, in line with our forecast and Bloomberg consensus. Driven by sustained operating efficiency improvement across business lines, non-GAAP net income grew 30% YoY to RMB28.0bn, 9/14% ahead of our estimate/consensus. For FY23, total revenue grew 2% YoY to RMB868.7bn, and non-GAAP net profit reached RMB143.9bn, flat YoY. We expect the business reorganization will improve overall business agility and innovation capability, enhance shareholder value over the long run. Management stated the group's strategy is not focusing on cost reduction, and key investment focuses will be on enhancing consumer and merchants experience, technology infrastructure, overseas expansion and digital innovations. We roll over our valuation window to FY24E, and raise SOTP-based TP to US\$156.6. Maintain BUY.

- **Group level to focus on enhancing shareholder value.** Alibaba's board has approved 1) a full spin-off of Cloud Intelligence Group via a stock dividend distribution to shareholders, with intention for it to become an independent publicly listed company; 2) process to start external financing for Alibaba International Digital Commerce (AIDC) business group; 3) exploration of IPO for Cainiao Smart Logistics Group (target to complete in the next 12-18 months); 4) commencement of a process to execute an IPO of Freshippo (target to complete in the next 6-12 months). In addition, Alibaba's board of directors has formed a new capital management committee (CMC) to undertake a comprehensive capital management plan to enhance shareholder value.
- **Driving for user growth and user experience improvement a key focus for Taobao and Tmall Group.** Alibaba generated revenue of RMB60.3bn from its customer management revenue (CMR) in 4QFY23, down 5% YoY and (29% of total revenue), owing to mid-single-digit YoY decline in online physical goods GMV generated on Taobao and Tmall. Management noted that online physical goods GMV growth on Taobao and Tmall turned positive in March. We expect growth of CMR to outpace that of GMV in 2Q23 given low base and improving advertising sentiment. Management is committed to invest in driving user growth and consumer mindshare gain for Taobao and Tmall platform in FY24, and will maintain its strategy to drive for ROI improvement for merchants and brands to retain market share.
- **Business groups have more agility to drive for long-term growth.** Adjusted EBITA for China commerce grew 19% YoY to RMB38.5bn, aided by significant loss reductions from Taobao Deals (TD) and Taocaicai (TCC). Looking ahead, incremental investment in China commerce is likely to shift from TD and TCC to Taobao and Tmall to enhance consumer mindshare gain. Adjusted EBITA loss from international commerce/local consumer services/ digital media and entertainment narrowed by RMB233mn/1.4bn/ 864mn YoY in 4QFY23. Overall adjusted EBITA grew by 60% YoY to RMB25.3bn. With the reorganization, we expect business agility of each of the business groups to improve, and innovation capabilities will be better propelled in FY24. We forecast adjusted EBITA growth of 9% YoY in FY24.

Earnings Summary

(YE 31 Mar)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	853,062	868,687	963,125	1,048,813	1,122,311
YoY growth (%)	18.9	1.8	10.9	8.9	7.0
Net profit (RMB mn)	61,959.0	72,509.0	119,042.2	128,332.7	137,864.7
Adjusted net profit (RMB mn)	143,515.0	143,991.0	163,345.9	175,529.3	187,246.4
EPS (Adjusted) (RMB)	53.26	54.91	62.22	66.80	71.19
Consensus EPS (RMB)	53.26	53.41	59.11	66.51	79.96
P/E (x)	46.5	23.0	14.1	13.1	12.2
ROE (%)	6.5	7.4	10.4	9.4	9.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price US\$156.60
(Previous TP US\$154.00)
Up/Downside 72.7%
Current Price US\$90.68

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Stock Data

Mkt Cap (US\$ mn)	239,566.5
Avg 3 mths t/o (US\$ mn)	2,150.2
52w High/Low (US\$)	122.39/63.15
Total Issued Shares (mn)	2641.9

Source: FactSet

Shareholding Structure

SoftBank	23.9%
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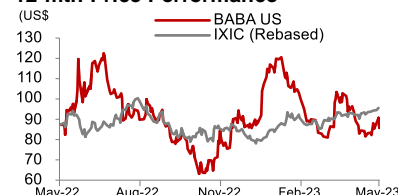
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-5.0%	-7.7%
3-mth	-9.3%	-14.5%
6-mth	12.7%	0.5%

Source: FactSet

12-mth Price Performance



Source: FactSet

- **Making cloud services more affordable to drive for greater adoption and scale expansion over long run.** Cloud computing business revenue declined by 2% YoY to RMB18.6bn in 4QFY23, owing to: 1) delay in delivery of hybrid cloud projects; and 2) normalization of CDN demand. Targeting on new user acquisition, Alibaba Cloud has launched a price reduction plan, which may drag on margin expansion in the near term, but could benefit business scale expansion and drive for margin expansion over the long run after accumulating scale effect, in our view.

Update on progress of restructuring

Alibaba announced a new organizational and governance structure on 28 March 2023. Under the new structure, Alibaba is the holding company of the six major business groups and various other businesses. Each of the six major business groups is independently managed by its own chief executive officer and board of directors. The director and CEO candidates of these major business groups are subject to the approval and appointment of Alibaba Group's board of directors. Following the business reorganization, overall business agility and innovation capability would be better propelled, and Alibaba is on track to enhance shareholder value over the long run, in our view.

Figure 1: Business group directors and CEOs of the six major business groups of Alibaba

Business Group	Board of Directors
Cloud Intelligence Group (including cloud, AI, DingTalk and other businesses)	<ul style="list-style-type: none"> · Daniel Yong ZHANG, Chairman and Chief Executive Officer (Chairman and Chief Executive Officer, Alibaba Group) · Jian WANG, Director (Chairman, Group Technology Steering Committee) · Jessie Junfang ZHENG, Director (Chief Risk Officer, Cloud Intelligence Group) · Jane Fang JIANG, Director (Group Chief People Officer) · Zeming WU, Director (Group Chief Technology Officer)
Taobao & Tmall Group (including Taobao, Tmall, Taobao Deals, Taocaicai, 1688.com and other businesses)	<ul style="list-style-type: none"> · Eddie Yongming WU, Chairman (Partner, Alibaba Partnership) · Trudy Shan DAI, Director and Chief Executive Officer · Joseph C. TSAI, Director (Executive Vice Chairman, Alibaba Group) · Fan JIANG, Director (CEO, Alibaba International Digital Commerce Group) · Zeming WU, Director (Group Chief Technology Officer)
Local Services Group (including Amap, Ele.me and other businesses)	<ul style="list-style-type: none"> · Yongfu YU, Chairman and Chief Executive Officer · Lucy Lei PENG, Director (Partner, Alibaba Partnership) · Eddie Yongming WU, Director (Partner, Alibaba Partnership) · Zeming WU, Director (Group Chief Technology Officer) · Shunyan ZHU, Director (Chairman and Chief Executive Officer, Alibaba Health)
Alibaba International Digital Commerce Group (including Lazada, AliExpress, Trendyol, Daraz, Alibaba.com and other businesses)	<ul style="list-style-type: none"> · J. Michael EVANS, Chairman (Director and President, Alibaba Group) · Fan JIANG, Director and Chief Executive Officer · Lucy Lei PENG, Director (Partner, Alibaba Partnership) · Trudy Shan DAI, Director (Chief Executive Officer, Taobao & Tmall Group) · Eddie Yongming WU, Director (Partner, Alibaba Partnership)
Cainiao Smart Logistics Network Limited	<ul style="list-style-type: none"> · Joseph C. TSAI, Chairman (Executive Vice Chairman, Alibaba Group) · Lin WAN, Director and Chief Executive Officer · Trudy Shan DAI, Director (Chief Executive Officer, Taobao & Tmall Group) · Fan JIANG, Director (Chief Executive Officer, Alibaba International Digital Commerce Group) · Jane Fang JIANG, Director (Group Chief People Officer)
Digital Media and Entertainment Group (including Youku, Alibaba Pictures and other businesses)	<ul style="list-style-type: none"> · Luyuan FAN, Chairman and Chief Executive Officer · Maggie Wei WU, Director (Director, Alibaba Group) · Judy Wenhong TONG, Director (Partner, Alibaba Partnership) · Sara Siying YU, Director (Group General Counsel) · Winnie Jia WEN, Director (President, Group Public Affairs)

Source: Company data, CMBIGM

Key business segment update

International commerce (8.9% of 4QFY23 revenue)

In 4QFY23, revenue from the international commerce segment was RMB18.5bn, up 29.3% YoY, within which retail and wholesale recorded revenue of RMB14.0/4.6bn, YoY changes of 41.3/2.8% respectively. For retail business, the revenue growth was primarily due to an increase in revenue contributed by Trendyol (resulted from more efficient use of subsidies and robust order growth), Lazada (continuous improvement in monetization rate by offering more value added services), and AliExpress. The adjusted EBITA margin for the international commerce segment was -12.6% in 4QFY23 (4QFY22: -17.9%), which could be attributable to reduced losses from Trendyol.

Cainiao Logistics (6.5% of 4QFY23 revenue)

Revenue from Cainiao Logistics rose 17.6% YoY in 4QFY23, accounting for 6.5% of total revenue, driven by increase in revenue per order from international fulfillment solution services as well as increasing demand for consumer logistics services. Adjusted EBITA for Cainiao was loss of RMB319mn in 4QFY23 with a loss margin of 2.3% (4QFY22: -7.9%).

Figure 2: Alibaba: breakdown of financials of key business segments (4QFY23)

(RMBmn)	China commerce	International commerce	Local consumer services	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated	Consolidated
Revenue	136,073	18,541	12,549	13,619	18,582	8,273	563	N/A	208,200
Income (loss) from operations	36,529	(2,974)	(6,599)	(1,167)	(910)	(1,702)	(2,437)	(5,500)	15,240
Add: Share-based compensation expense	1,544	620	1,063	596	1,292	441	396	1,594	7,546
Add: Amortization of intangible assets	414	24	1,383	252	3	159	211	48	2,494
Add: Impairment of goodwill								2,715	2,715
Adjusted EBITA	38,487	(2,330)	(4,153)	(319)	385	(1,102)	(1,830)	(3,858)	25,280
Adjusted EBITA margin, %	28.3%	-12.6%	-33.1%	-2.3%	2.1%	-13.3%	-325.0%	na	12.1%

Source: Company data, CMBIGM

Figure 3: Alibaba: breakdown of financials of key business segments (4QFY22)

(RMBmn)	China commerce	International commerce	Local consumer services	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated	Consolidated
Revenue	140,079	14,335	10,696	11,582	18,971	8,005	384	N/A	204,052
Income (loss) from operations	32,556	(1,918)	(6,588)	-1,081	598	-2,170	-2,727	-1,953	16,717
Add: Share-based compensation expense	(902)	(664)	(479)	-85	-326	5	64	-1,350	-3,737
Add: Amortization of intangible assets	580	19	1,499	254	4	199	211	65	2,831
Adjusted EBITA	32,234	(2,563)	(5,568)	-912	276	-1,966	-2,452	-3,238	15,811
Adjusted EBITA margin, %	23.0%	-17.9%	-52.1%	-7.9%	1.5%	-24.6%	-638.5%	N/A	7.7%

Source: Company data, CMBIGM

Figure 4: Alibaba: quarterly results charts

(RMBbn)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23E	1Q23 Consensus	Diff%
Total China commerce	130.4	144.0	136.1	171.9	140.1	141.9	135.4	170.0	136.1	142.2	-4.3%
YoY %				6.6%	7.4%	-1.5%	-0.5%	-1.1%	-2.9%		
- CMR	63.2	80.4	71.1	100.1	63.4	72.3	66.5	91.3	60.3	61.1	-1.4%
YoY %				-1.3%	0.3%	10.1%	-6.5%	-8.7%	-5.0%		
Total international commerce	13.4	15.2	15.1	16.4	14.3	15.5	15.7	19.5	18.5	16.9	9.4%
YoY %				18.2%	6.9%	1.6%	4.3%	18.3%	29.3%		
Local consumer services	8.1	10.1	10.8	12.5	10.7	10.6	13.1	13.2	12.5	12.1	4.1%
YoY %				30.7%	31.7%	5.3%	21.0%	5.6%	17.3%		
Cainiao Logistic	10.0	11.6	9.8	13.1	11.6	12.1	13.4	16.6	13.6	14.0	-2.9%
YoY %				15.1%	16.3%	4.7%	35.8%	26.6%	17.6%		
Cloud computing	16.9	16.1	20.0	19.5	19.0	17.7	20.8	20.2	18.6	20.2	-7.9%
YoY %				20.4%	12.5%	10.2%	3.7%	3.3%	-2.1%		
Digital media and entertainment	8.0	8.1	8.1	8.1	8.0	7.2	8.4	7.6	8.3	8.0	3.9%
YoY %				0.4%	-0.5%	10.4%	3.8%	-6.5%	3.3%		
Innovation initiatives and others	0.6	0.7	0.7	1.0	0.4	0.5	0.4	0.8	0.6	0.5	8.4%
YoY %				63.1%	35.4%	30.1%	44.6%	20.4%	46.6%		
Total revenue	187.4	205.7	200.7	242.6	204.1	205.6	207.2	247.8	208.2	209.2	-0.5%
YoY %				9.7%	8.9%	-0.1%	3.2%	2.1%	2.0%		
Gross profit	61.9	81.6	70.9	95.9	65.1	75.9	76.0	97.8	69.4	67.7	2.5%
Operating profit	-7.7	30.8	15.0	7.1	16.7	24.9	25.1	35.0	15.2	13.3	14.5%
Net profit	-5.5	45.1	5.4	27.7	-16.2	22.7	-20.6	46.8	23.5	15.1	56.0%
Non-IFRS net profit	28.4	45.7	30.5	45.8	21.5	31.4	34.3	50.3	28.0	24.6	13.8%
YoY %	13.1%	12.6%	38.1%	24.5%	24.4%	31.5%	12.6%	9.9%	30.3%		
Gross profit margin (%)	33.1%	39.7%	35.3%	39.5%	31.9%	36.9%	36.7%	39.5%	33.3%	32.3%	1.0 ppt
G&A expense ratio (%)	14.8%	3.5%	4.4%	3.5%	3.6%	4.1%	5.1%	4.2%	6.2%		
S&M expense ratio (%)	13.4%	13.1%	14.4%	15.1%	13.3%	12.4%	10.8%	12.4%	12.0%		
Operating margin (%)	-4.1%	15.0%	7.5%	2.9%	8.2%	12.1%	12.1%	14.1%	7.3%	6.4%	1.0 ppt
NPM (%)	-2.9%	21.9%	2.7%	11.4%	-8.0%	11.1%	-9.9%	18.9%	11.3%	7.2%	4.1 ppt
Non-IFRS NPM (%)	15.1%	22.2%	15.2%	18.9%	10.5%	15.3%	16.6%	20.3%	13.4%	11.7%	1.7 ppt

Source: Company data, CMBIGM

Revision of forecast and valuation

Figure 5: Alibaba: forecast revision

RMB bn	Current			Previous			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	963.1	1048.8	1122.3	967.9	1058.0	-	-0.5%	-0.9%	-
Gross Profit	350.6	380.7	406.3	350.4	384.1	-	0.1%	-0.9%	-
Non-GAAP net profit	163.3	175.5	187.2	160.7	175.3	-	1.7%	0.2%	-
Gross Margin	36.4%	36.3%	36.2%	36.2%	36.3%	-	0.2 ppt	0.0 ppt	-
Non-GAAP net margin	17.0%	16.7%	16.7%	16.6%	16.6%	-	0.4 ppt	0.2 ppt	-

Source: CMBIGM estimates

Figure 6: CMBIGM estimates vs consensus

RMB bn	Current			Consensus			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	963.1	1048.8	1122.3	961.6	1051.6	-	0.2%	-0.3%	-
Gross Profit	350.6	380.7	406.3	354.2	390.8	-	-1.0%	-2.6%	-
Non-GAAP net profit	163.3	175.5	187.2	155.4	174.6	-	5.1%	0.5%	-
Gross Margin	36.4%	36.3%	36.2%	36.8%	37.2%	-	-0.4 ppt	-0.9 ppt	-
Non-GAAP net margin	17.0%	16.7%	16.7%	16.2%	16.6%	-	0.8 ppt	0.1 ppt	-

Source: Bloomberg, CMBIGM estimates

Valuation: target price of US\$156.6 per ADS

We rolled over our valuation to FY24. Our SOTP-based target price is US\$156.6 per ADS, and translates into 17.5x FY24E PE.

- 1) US\$104.7 (previous: US\$104.0) per ADS for BABA's core commerce business (excluding cloud, local consumer services, and Cainiao), based on a DCF valuation (WACC of 11.7% and terminal growth of 2%);
- 2) US\$25.1 (previous: US\$25.1) per ADS for the cloud business, based on a 5.2x PS multiple on FY24E revenue, inline with the FY24E valuation multiple implied in our previous valuation. The 5.2x PS multiple is lower than comparable peers at 7.6x 2023E PE due to slower cloud revenue growth in the near term.
- 3) US\$6.7 (previous: US\$6.5) per ADS for Cainiao, based on the transaction in the most recent round of financing and Alibaba's 63% shareholding. The slight increase in per ADS valuation is mainly due to decrease in share base due to Alibaba's share buyback.
- 4) US\$5.5 (previous: US\$5.1) per ADS for local consumer services, based on a 1.7x PS on FY24E revenue, inline with the FY24E valuation multiple implied in our previous valuation. The 1.7x PS implies a discount to the current trading 2023E PS of 2.7x for Meituan, as Ele.me has a relatively smaller market share.
- 5) US\$14.7 (previous: US\$14.8) per ADS for strategic investment with 30% holding discount.

Business	Method	Target PS	Valuation (USDmn)	Valuation per ADS (USD)	As % of total valuation
Core business (ex-cloud, Cainiao, and local consumer services)	DCF		276,521	104.7	66.8
Cainiao	Last round financing valuation, 63% shareholding PS, based on FY24 revenue		17,664	6.7	4.3
Local consumer services	PS, based on FY24 revenue	1.7	14,468	5.5	3.5
Alibaba Cloud	PS, based on FY24 revenue	5.2	66,309	25.1	16.0
	Market valuation, 30% holding discount applied to all investment				
Strategic investments			38,856	14.7	9.4
Total			413,818	156.6	

Figure 8: Cloud computing: peers valuation comps

Companies	Ticker	Price	Revenue growth (YoY%)			PS(x)		
		(US\$)	2023E	2024E	2025E	2023E	2024E	2025E
Microsoft	MSFT US	314.0	8.9	11.7	13.3	10.5	9.4	8.3
Google	GOOG US	121.5	6.3	13.3	11.8	6.2	5.5	4.9
Salesforce	CRM US	209.4	11.7	11.2	12.5	6.0	5.4	4.8
Average						7.6	6.8	6.0

Note: data as of 18 May 2023

Companies	Ticker	Revenue growth (YoY%)			PS (x)		
		2023E	2024E	2025E	2023E	2024E	2025E
Meituan	3690 HK	26.0	23.8	21.3	2.7	2.2	1.8
DoorDash	DASH US	26.4	16.3	16.2	3.1	2.6	2.3
Delivery Hero	HERO GR	23.8	16.5	19.6	1.0	0.9	0.7
Just Eat Takeaway	TKWY NA	0.3	10.9	9.3	0.7	0.6	0.6
Average					1.9	1.6	1.3

Note: data as of 18 May 2023

Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Mar (RMB mn)						
Revenue	717,289	853,062	868,687	963,125	1,048,813	1,122,311
Cost of goods sold	(421,205)	(539,450)	(549,695)	(612,547)	(668,094)	(716,034)
Gross profit	296,084	313,612	318,992	350,577	380,719	406,277
Operating expenses	(206,406)	(243,974)	(218,641)	(233,076)	(250,666)	(265,988)
SG&A expense	(136,743)	(151,721)	(145,679)	(159,879)	(172,005)	(181,814)
R&D expense	(57,236)	(55,465)	(56,744)	(61,640)	(66,075)	(70,706)
Others	(12,427)	(36,788)	(16,218)	(11,557)	(12,586)	(13,468)
Operating profit	89,678	69,638	100,351	117,501	130,053	140,289
Interest income	72,794	(15,702)	(11,071)	7,705	8,391	8,754
Interest expense	(4,476)	(4,909)	(5,918)	(6,742)	(6,083)	(6,734)
Other income/expense	7,582	10,523	5,823	6,742	5,768	6,173
Pre-tax profit	165,578	59,550	89,185	125,206	138,129	148,482
Income tax	(29,278)	(26,815)	(15,549)	(22,537)	(27,626)	(29,696)
Others	6,984	14,344	(8,063)	8,668	9,439	10,101
After tax profit	143,284	47,079	65,573	111,337	119,942	128,886
Minority interest	7,294	15,170	7,210	7,705	8,391	8,978
Others	(270)	(290)	(274)	0	0	0
Net profit	150,308	61,959	72,509	119,042	128,333	137,865
Adjusted net profit	178,954	143,515	143,991	163,346	175,529	187,246
BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Mar (RMB mn)						
Current assets	643,360	638,535	697,966	909,096	1,021,467	1,177,434
Cash & equivalents	321,262	189,898	193,086	394,893	495,289	641,279
Restricted cash	35,207	37,455	36,424	36,424	36,424	36,424
Prepayment	124,708	145,995	137,072	146,395	158,371	168,347
Financial assets at FVTPL	162,183	265,187	331,384	331,384	331,384	331,384
Non-current assets	1,046,858	1,057,018	1,055,078	1,140,962	1,184,494	1,228,274
PP&E	147,412	171,806	176,031	244,702	269,274	295,363
Investment in JVs & assos	200,189	219,642	207,380	203,786	200,963	198,802
Intangibles	70,833	59,231	46,913	118,932	137,500	155,186
Goodwill	292,771	269,581	268,091	268,091	268,091	268,091
Financial assets at FVTPL	237,221	223,611	245,737	245,737	245,737	245,737
Other non-current assets	98,432	113,147	110,926	59,714	62,929	65,094
Total assets	1,690,218	1,695,553	1,753,044	2,050,058	2,205,961	2,405,708
Current liabilities	377,358	383,784	385,351	428,366	423,792	452,902
Short-term borrowings	3,606	8,841	7,466	8,320	9,074	9,725
Tax payable	25,275	21,753	12,543	19,833	23,482	24,351
Other current liabilities	87,337	81,730	89,392	94,264	102,812	110,190
Accrued expenses	261,140	271,460	275,950	305,949	288,423	308,636
Non-current liabilities	229,226	229,576	244,772	223,660	229,585	235,422
Long-term borrowings	38,335	38,244	52,023	52,023	51,186	51,186
Deferred income	3,158	3,490	3,560	3,967	4,327	4,637
Other non-current liabilities	187,733	187,842	189,189	167,670	174,073	179,599
Total liabilities	606,584	613,360	630,123	652,026	653,377	688,323
Share capital	1	1	1	1	1	1
Capital surplus	394,308	410,506	416,880	561,748	596,359	632,273
Retained earnings	554,924	563,557	599,028	718,070	846,403	984,268
Other reserves	(3,090)	(15,930)	(16,394)	2,511	2,511	2,511
Total shareholders equity	946,143	958,134	999,515	1,282,330	1,445,274	1,619,052
Minority interest	137,491	124,059	123,406	115,701	107,311	98,332
Total equity and liabilities	1,690,218	1,695,553	1,753,044	2,050,058	2,205,961	2,405,708

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Mar (RMB mn)						
Operating						
Profit before taxation	165,578	59,550	89,185	125,206	138,129	148,482
Depreciation & amortization	47,909	48,065	31,661	33,239	41,504	42,372
Tax paid	(29,278)	(26,815)	(15,549)	(22,537)	(27,626)	(29,696)
Change in working capital	50,297	(18,150)	9,395	64,266	(16,827)	19,504
Others	(2,720)	80,109	85,060	36,220	37,681	38,563
Net cash from operations	231,786	142,759	199,752	236,393	172,861	219,225
Investing						
Capital expenditure	(41,450)	(3,412)	(4,343)	(4,816)	(5,244)	(5,612)
Acquisition of subsidiaries/ investments	(1,735)	(15)	(29,664)	(31,154)	(31,154)	(31,154)
Net proceeds from disposal of short-term investments	(114,826)	(106,984)	69,978	0	0	0
Others	(86,183)	(88,181)	(171,476)	(35,894)	(35,983)	(37,120)
Net cash from investing	(244,194)	(198,592)	(135,506)	(71,864)	(72,382)	(73,885)
Financing						
Net borrowings	32,008	0	0	0	0	0
Proceeds from share issues	175	109	6,374	0	0	0
Share repurchases	(773)	(61,225)	0	0	0	0
Others	(1,328)	(3,333)	(71,993)	854	(83)	651
Net cash from financing	30,082	(64,449)	(65,619)	854	(83)	651
Net change in cash						
Cash at the beginning of the year	345,982	356,469	227,353	229,510	394,893	495,289
Exchange difference	(7,187)	(8,834)	3,530	0	0	0
Cash at the end of the year	356,469	227,353	229,510	394,893	495,289	641,279
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Mar						
Revenue	na	18.9%	1.8%	10.9%	8.9%	7.0%
Gross profit	na	5.9%	1.7%	9.9%	8.6%	6.7%
Operating profit	na	(22.3%)	44.1%	17.1%	10.7%	7.9%
Net profit	na	(58.8%)	17.0%	64.2%	7.8%	7.4%
Adj. net profit	na	(19.8%)	0.3%	13.4%	7.5%	6.7%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Mar						
Gross profit margin	41.3%	36.8%	36.7%	36.4%	36.3%	36.2%
Operating margin	12.5%	8.2%	11.6%	12.2%	12.4%	12.5%
Adj. net profit margin	24.9%	16.8%	16.6%	17.0%	16.7%	16.7%
Return on equity (ROE)	na	6.5%	7.4%	10.4%	9.4%	9.0%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Mar						
Net debt to equity (x)	(0.4)	(0.4)	(0.4)	(0.5)	(0.5)	(0.5)
Current ratio (x)	1.7	1.7	1.8	2.1	2.4	2.6
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Mar						
P/E	30.2	46.5	23.0	14.1	13.1	12.2
P/E (diluted)	30.7	47.0	23.2	14.1	13.1	12.2
P/B	4.9	3.0	1.7	1.3	1.2	1.0
P/CFPS	24.2	20.9	8.6	7.3	10.1	7.9

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

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