

Haidilao (6862 HK)

Downside protected and more reforms start

1H25 results were weak but the negatives should have already priced in. We expect SSS to likely stabilize in 2H25E, with the support of different company specific initiatives. We also believe that a potential turnaround could happen, especially when the store expansion and new brands development start to accelerate.

■ **We are cautiously optimistic about the outlook in 2H25E.** Even though the macro environment may still be under pressure and industry competition may stay intense, we can still see a few positives and company specific initiatives ahead, namely: 1) potentially more policy support from the government to further boost consumption, 2) SSS (so as the table turnover and recovery rate) decline have stabilized in 2Q25 and started to improve in Jul 2025 (we are forecasting just -1% to flattish SSSG in 2H25E), 3) various store revamps (into different themed stores), 30 stores were already transformed to cater for the late night dining, where many late night snacks will be sold, the same store sales could be boosted by 10% to 20% accordingly, other themes like kids & families friendly and pet friendly will also be introduced, these will all be helpful for boosting the SSSG, 4) different upgrade around the products, for example, more fresh slaughter meat or fresh seafood are being offered in about 50 stores already and more localized dishes (around 60 to 80 per month on a national-wide basis) will be offered as well, and 5) speeding up of the delivery business development, and the Company has installed more advance equipment in the restaurant to accelerate the production to ensure the food quality of delivery products, and it has started to sell more Maocai (a spicy stew based on the hotpot ingredients and soup base) with rice which is very hot-selling.

■ **Store expansion may still accelerate, in our view, esp. when the growth of new brands is being facilitated.** The number of self-operated hotpot restaurants has dropped HoH in 1H25, perhaps due to the lower-than-expected table turnover. However, aided by different measures mentioned above, we believe the table turnover should likely improve in 2H25E and the number of closures will be stabilized. And on the other hand, the number of franchised hotpot restaurants should speed up with ease, thanks to less resources required (and the Company will also use the mentorship strategy when opening a new franchised stores, where a new store will usually be close to an old store and the training can be done closely). Hence, we do think the management's guidance of MSD % of store count increase in FY25E is still achievable. Moreover, Haidilao has also lowered the threshold of building a new brand. For instance, all stores ranked D or above are qualified for new brands development. Also, the founders of that new brand will be given a greater level of freedom to form their team and strategy. Moreover, the "Red Pomegranate" programme is now opened for external talents or brands for more co-developments.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	41,453	42,755	41,912	43,907	45,980
YoY growth (%)	33.6	3.1	(2.0)	4.8	4.7
Operating profit (RMB mn)	5,584.3	6,111.9	5,600.9	6,434.6	7,456.2
Net profit (RMB mn)	4,495.4	4,700.3	4,239.5	4,738.7	5,477.8
EPS (Reported) (RMB)	0.81	0.84	0.76	0.85	0.99
YoY growth (%)	174.6	4.6	(9.7)	11.8	15.6
P/E (x)	16.0	15.3	16.9	15.1	13.1
P/B (x)	6.2	6.9	7.0	6.6	6.0
Yield (%)	5.6	6.2	5.6	6.3	7.3
ROE (%)	47.4	42.8	41.1	44.8	48.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$17.46
(Previous TP)	HK\$20.20
Up/Downside	24.4%
Current Price	HK\$14.04

China Consumer Discretionary

Walter WOO

(852) 3761 8776

walterwoo@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	78,259.0
Avg 3 mths t/o (HK\$ mn)	345.0
52w High/Low (HK\$)	19.30/12.34
Total Issued Shares (mn)	5574.0

Source: FactSet

Shareholding Structure

Mr. Zhang Yong	60.4%
Mr. Shi Sean	9.4%

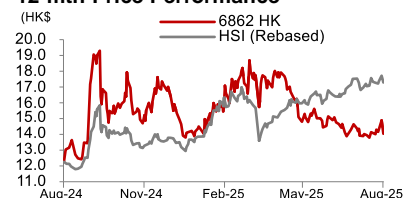
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-3.3%	-2.6%
3-mth	-5.0%	-11.9%
6-mth	-17.8%	-22.6%

Source: FactSet

12-mth Price Performance



Source: FactSet

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- **Maintain BUY but trim TP to HK\$ 17.46, based on 17x FY26E P/E (rolled over from 18x FY25E P/E).** We cut our FY25E/ 26E/ 27E net profit forecasts by 18%/ 19%/ 19%, in order to factor in: 1) weaker-than-expected SSSG, 2) slower-than-expected store expansion and 3) lower-than-expected GP margin. However, while the macro is still under pressure, we are cautiously optimistic on a stabilization of SSSG in 2H25E and ahead, as well as on its store expansion and new brands development. Nonetheless, with its generous dividend payout policy of close to 100%, FY25E/ 26E yield could be as high as 6%/ 7%. Therefore, we believe its downside is more protected. The stock is now trading at 15x FY25E P/E or 14x FY26E P/E, still far below its 5-year average of 27x and peer's average of 22x FY25E P/E or 17x FY26E P/E.
- **1H25 results deteriorated but largely expected.** In 1H25, Haidilao's sales dropped by 4% YoY to RMB 20.7bn, slightly below BBG est. of 2% sales growth in FY25E. During the same period, net profit fell by 14% YoY to RMB 1.76bn, also weaker than BBG est. of the 5% net profit drop in FY25E. Such a poor result was mainly due to: 1) weaker-than-expected SSSG, 2) lower-than-expected GP margin and 3) greater-than-expected operating deleverage (even though D&A expenses dropped significantly). In fact, the share price has been weak for a few months already, which is within market and our expectation. The bright spot is that the dividend payout ratio is still very high at around 98%, and hence the current yield is as high as 6% in FY25E.

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	41,912	43,907	45,980	44,607	47,286	49,753	-6.0%	-7.1%	-7.6%
Gross profit	25,776	27,007	28,282	27,694	29,357	30,888	-6.9%	-8.0%	-8.4%
EBIT	5,928	6,806	7,873	7,358	8,220	9,492	-19.4%	-17.2%	-17.1%
Net profit att.	4,251	4,752	5,493	5,192	5,834	6,782	-18.1%	-18.5%	-19.0%
Diluted EPS (RMB)	0.763	0.853	0.986	0.931	1.047	1.217	-18.1%	-18.5%	-19.0%
Gross margin	61.5%	61.5%	61.5%	62.1%	62.1%	62.1%	-0.6ppt	-0.6ppt	-0.6ppt
EBIT margin	14.1%	15.5%	17.1%	16.5%	17.4%	19.1%	-2.4ppt	-1.9ppt	-2ppt
Net profit att. margin	10.1%	10.8%	11.9%	11.6%	12.3%	13.6%	-1.5ppt	-1.5ppt	-1.7ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY24E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	41,912	43,907	45,980	43,691	46,296	49,298	-4.1%	-5.2%	-6.7%
Gross profit	25,776	27,007	28,282	26,877	28,477	30,328	-4.1%	-5.2%	-6.7%
EBIT	5,928	6,806	7,873	6,196	6,918	7,534	-4.3%	-1.6%	4.5%
Net profit att.	4,251	4,752	5,493	4,462	4,982	5,489	-4.7%	-4.6%	0.1%
Diluted EPS (RMB)	0.763	0.853	0.986	0.818	0.910	1.000	-6.7%	-6.3%	-1.4%
Gross margin	61.5%	61.5%	61.5%	61.5%	61.5%	61.5%	0ppt	0ppt	0ppt
EBIT margin	14.1%	15.5%	17.1%	14.2%	14.9%	15.3%	0ppt	0.6ppt	1.8ppt
Net profit att. margin	10.1%	10.8%	11.9%	10.2%	10.8%	11.1%	-0.1ppt	0.1ppt	0.8ppt

Source: Company data, CMBIGM estimates

Results Summary

Figure 3: Results review – half year

Half yearly / Full yearly (RMB mn)	1H24	2H24	1H25	2H25E	1H25 YoY	2H25E YoY	1H25E CMBI GM	Actual vs CMBI GM
Revenue	21,491	21,264	20,703	21,209	-4%	0%	20,720	0%
COGS	-8,387	-7,824	-8,243	-7,893			-7,832	
Gross profit	13,104	13,440	12,460	13,316	-5%	-1%	12,888	-3%
GP margins	61.0%	63.2%	60.2%	62.8%			62.2%	
Other income & gains	370	266	290	188			373	-22%
Staff costs	-7,156	-6,958	-6,988	-6,796	-2%	-2%	-6,941	1%
Staff costs / sales	-33.3%	-32.7%	-33.8%	-32.0%			-33.5%	
Dep. of right-of-use assets expenses	-364	-362	-363	-394	-1%	9%	-373	-3%
Dep. of right-of-use assets expenses / sales	-1.7%	-1.7%	-1.8%	-1.9%			-1.8%	
Other rentals expenses	-211	-215	-216	-201	2%	-6%	-207	4%
Other rentals expenses / sales	-1.0%	-1.0%	-1.0%	-0.9%			-1.0%	
Amort. of other intangible assets	-13	-11	-8	-9	-34%	-18%	-21	-59%
Amort. of other intangible assets / sales	-0.1%	-0.1%	0.0%	0.0%			-0.1%	
Depre. of PPE	-962	-846	-785	-803	-18%	-5%	-974	-19%
Depre. of PPE / sales	-4.5%	-4.0%	-3.8%	-3.8%			-4.7%	
Utilities exp.	-722	-744	-701	-736	-3%	-1%	-725	-3%
Utilities exp. / sales	-3.4%	-3.5%	-3.4%	-3.5%			-3.5%	
Travelling & related exp.	-95	-163	-110	-142	16%	-13%	-83	32%
Travelling & related exp. / sales	-0.4%	-0.8%	-0.5%	-0.7%			-0.4%	
Other opex	-881	-983	-1,087	-988	23%	0%	-870	25%
Other exp. / sales	-6.7%	-7.3%	-8.7%	-7.4%			-6.8%	
Operating profit (EBIT)	3,070	3,424	2,493	3,436	-19%	0%	3,067	-19%
OP margins	14.3%	16.1%	12.0%	16.2%			14.8%	
Other items	-67	419	235	37			-62	
Net finance income	-141	-134	-120	-143			-145	-17%
Net finance income / sales	-0.7%	-0.6%	-0.6%	-0.7%			-0.7%	
Profit after financing costs	2,863	3,709	2,608	3,330			2,859	
Associated coms	25	27	19	14			4	
Jointly controlled coms	0	0	0	0			0	
Pre-tax profit	2,888	3,736	2,627	3,344	-9%	-10%	2,864	-8%
Tax	-855	-1,069	-872	-859			-816	
Tax / sales	-4.0%	-5.0%	-4.2%	-4.1%			-3.9%	
Effective tax rate	-29.6%	-28.6%	-33.2%	-25.7%			-28.5%	
Minority interests	-5	-3	-4	-8			10	
Net profit att.	2,038	2,670	1,759	2,493	-14%	-7%	2,037	-14%
NP margins	9.5%	12.6%	8.5%	11.8%			9.8%	

Source: Bloomberg, Company data, CMBIGM estimates

Figure 4: Results review – full year

Full yearly (RMB mn)	FY24	FY25E	FY26E	FY25E YoY	FY26E YoY
Revenue	42,755	41,912	43,907	-2%	5%
COGS	-16,211	-16,136	-16,900		
Gross profit	26,544	25,776	27,007	-3%	5%
GP margins	62.1%	61.5%	61.5%		
Other income & gains	636	479	530		
Staff costs	-14,113	-13,784	-14,406	-2%	5%
Staff costs / sales	-33.0%	-32.9%	-32.8%		
Dep. of right-of-use assets expenses	-727	-756	-785	4%	4%
Dep. of right-of-use assets expenses / sales	-1.7%	-1.8%	-1.8%		
Other rentals expenses	-426	-417	-437	-2%	5%
Other rentals expenses / sales	-1.0%	-1.0%	-1.0%		
Amort. of other intangible assets	-24	-18	-12	-26%	-29%
Amort. of other intangible assets / sales	-0.1%	0.0%	0.0%		
Depre. of PPE	-1,808	-1,588	-1,170	-12%	-26%
Depre. of PPE / sales	-4.2%	-3.8%	-2.7%		
Utilities exp.	-1,466	-1,437	-1,505	-2%	5%
Utilities exp. / sales	-3.4%	-3.4%	-3.4%		
Travelling & related exp.	-257	-251	-307	-2%	22%
Travelling & related exp. / sales	-0.6%	-0.6%	-0.7%		
Other opex	-1,864	-2,075	-2,108	11%	2%
Other exp. / sales	-7.0%	-8.0%	-7.8%		
Operating profit (EBIT)	6,495	5,928	6,806	-9%	15%
OP margins	15.2%	14.1%	15.5%		
Other items	352	272	110		
Net finance income	-275	-263	-250		
Net finance income / sales	-0.6%	-0.6%	-0.6%		
Profit after financing costs	6,572	5,938	6,665		
Associated coms	0	0	0		
Jointly controlled coms	52	34	9		
Pre-tax profit	6,624	5,971	6,674	-10%	12%
Tax	-1,924	-1,732	-1,936		
Tax / sales	-4.5%	-4.1%	-4.4%		
Effective tax rate	-29.0%	-29.0%	-29.0%		
Minority interests	-8	-12	-13		
Net profit att.	4,708	4,251	4,752	-10%	12%
NP margins	11.0%	10.1%	10.8%		

Source: Bloomberg, Company data, CMBIGM estimates

Assumptions

Figure 5: Major assumptions

Major assumptions	FY23A	FY24A	FY25E	FY26E	FY27E
Number of restaurants					
China T1 cities	232	220	220	220	220
China T2 cities	538	531	536	541	546
China T3 and below	581	581	591	601	611
Outside PRC	23	23	23	23	23
Total	1,374	1,355	1,370	1,385	1,400
Number of restaurants growth (YoY %)					
China T1 cities	-0.9%	-5.2%	0.0%	0.0%	0.0%
China T2 cities	0.0%	-1.3%	0.9%	0.9%	0.9%
China T3 and below	0.7%	0.0%	1.7%	1.7%	1.7%
Outside PRC	4.5%	0.0%	0.0%	0.0%	0.0%
Total	0.2%	-1.4%	1.1%	1.1%	1.1%
Sales per restaurants (RMB mn)					
China T1 cities	31	33	31	31	32
China T2 cities	29	30	28	29	29
China T3 and below	26	28	27	28	29
Outside PRC	60	63	61	64	66
Total	29	30	28	29	30
Table turnover rate (times/ day)					
China T1 cities	3.8	4.0	3.8	3.9	4.0
China T2 cities	3.9	4.1	3.9	4.0	4.1
China T3 and below	3.6	4.0	3.8	3.9	4.0
Outside PRC	3.8	4.0	4.0	4.1	4.2
Total	3.8	4.0	3.8	3.9	4.0
Average spending per guest (RMB)					
China T1 cities	105.7	104.0	105.0	107.1	109.3
China T2 cities	98.3	96.9	97.9	99.8	101.8
China T3 and below	92.8	91.4	92.3	94.2	96.0
Outside PRC	202.8	199.7	195.7	199.6	203.6
Overall	99.1	97.5	106.5	109.0	111.7
Average spending per guest growth (YoY %)					
China T1 cities	-7.4%	-1.6%	1.0%	2.0%	2.0%
China T2 cities	-5.8%	-1.4%	1.0%	2.0%	2.0%
China T3 and below	-5.2%	-1.5%	1.0%	2.0%	2.0%
Outside PRC	2.7%	-1.5%	-2.0%	2.0%	2.0%
Overall	-5.5%	-1.6%	9.2%	2.4%	2.4%
GP margins					
Staff costs/ sales	-31.5%	-33.0%	-32.9%	-32.8%	-32.9%
Rental expenses/ sales	-0.9%	-1.0%	-1.0%	-1.0%	-1.0%
Utilities expenses/ sales	-3.3%	-3.4%	-3.4%	-3.4%	-3.4%
Depreciation and amortization/ sales	-5.3%	-4.3%	-3.8%	-2.7%	-1.1%
Depreciation of right-of-use assets/ sales	-1.8%	-1.7%	-1.8%	-1.8%	-1.7%
Travelling fees/ sales	-0.5%	-0.6%	-0.6%	-0.7%	-0.7%
Other opex/ sales	-3.9%	-4.4%	-5.0%	-4.8%	-4.8%
Effective tax rate	-22.9%	-29.0%	-29.0%	-29.0%	-29.0%
NP att. margin	10.9%	11.0%	10.1%	10.8%	11.9%
NP att. growth (%)	174.6%	4.6%	-9.7%	11.8%	15.6%

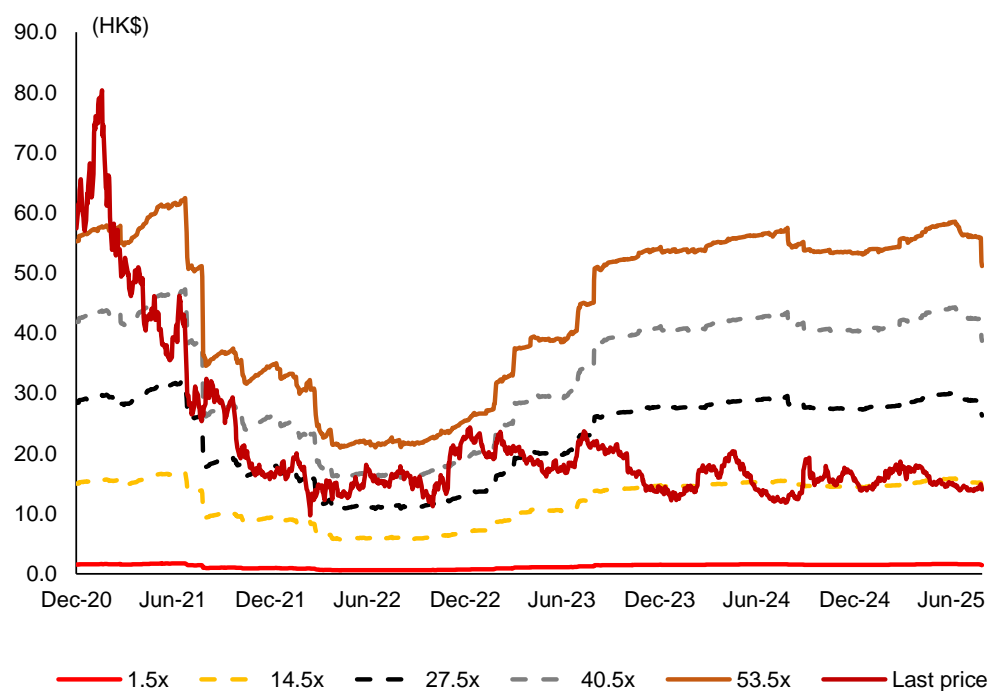
Source: Company data, CMBIGM estimates

Valuation

Figure 6: Peers valuation table

			12m TP	Price	Up/ Down-	Mkt. Cap	Year	P/E (x)		P/B (x)	ROE (%)	3yrs PEG (x)	Yield (%)	YTD per.(%)
Company	Ticker	Rating	(LC)	(LC)	side	(HK\$m)	End	FY1E	FY2E	FY2E	FY2E	FY1E	FY1E	FY1E
Leading Greater China Catering														
Haidilao	6862 HK	BUY	17.46	14.04	24%	78,259	Dec-24	13.8	15.3	6.2	42.9	7.5	6.9	(11.7)
Jiumaojiu	9922 HK	BUY	3.18	2.51	27%	3,508	Dec-24	22.4	13.7	0.9	4.6	0.3	2.6	(26.3)
Green Tea	6831 HK	BUY	10.74	8.00	34%	5,388	Dec-24	10.1	8.2	2.6	37.7	n/a	3.5	n/a
Cafe De Coral	341 HK	HOLD	6.52	7.10	-8%	4,118	Mar-25	14.0	12.0	1.4	11.1	1.2	5.6	(9.1)
Dpc Dash Ltd	1405 HK	BUY	118.57	86.20	38%	11,287	Dec-24	76.3	42.5	4.0	6.0	0.9	0.0	10.5
Luckin Coffee	LKNCY US	BUY	44.95	37.04	21%	81,713	Dec-24	24.5	17.5	3.9	27.2	1.1	0.0	44.3
Nayuki	2150 HK	BUY	3.43	1.51	127%	2,575	Dec-24	n/a	n/a	0.7	(4.5)	n/a	0.0	11.0
Xiabuxiabu	520 HK	BUY	4.89	0.80	511%	869	Dec-24	n/a	n/a	0.9	(14.4)	n/a	4.1	(20.0)
Super Hi	9658 HK	NR	n/a	15.34	n/a	9,976	Dec-24	27.0	22.4	2.7	11.4	0.7	0.0	(30.3)
Helens	9869 HK	NR	n/a	1.31	n/a	1,658	Dec-24	6.8	8.9	2.0	8.8	(0.0)	14.9	(44.4)
Tam Jai	2217 HK	NR	n/a	1.57	n/a	2,114	Mar-25	n/a	n/a	n/a	n/a	n/a	n/a	101.3
Yihai	1579 HK	NR	n/a	13.92	n/a	14,431	Dec-24	15.9	14.4	2.5	16.9	1.7	5.5	(7.7)
Yum China	9987 HK	BUY	437.04	352.80	24%	129,981	Dec-24	17.9	15.8	2.8	16.2	1.6	2.0	(5.7)
Yum China	YUMC US	BUY	55.94	45.04	24%	129,240	Dec-24	17.8	15.7	2.8	16.2	1.6	2.0	(6.5)
Gourmet Master	2723 TT	NR	n/a	80.70	n/a	3,698	Dec-24	18.2	13.9	1.2	7.4	0.6	4.7	(16.6)
Avg.								22.1	16.7	2.5	13.4	1.6	3.7	(0.8)
Med.								17.9	14.8	2.5	11.3	1.1	3.1	(8.4)
International Catering														
Yum! Brands	YUM US	NR	n/a	147.03	n/a	317,626	Dec-24	24.4	22.1	n/a	(21.3)	2.0	1.9	9.6
McDonald's	MCD US	NR	n/a	312.94	n/a	1,738,242	Dec-24	25.4	23.4	n/a	(271.2)	3.0	2.3	8.0
Starbucks	SBUX US	NR	n/a	86.63	n/a	766,489	Sep-24	39.3	32.3	n/a	(33.8)	149.0	2.8	(5.1)
Rest. Brands	QSR US	NR	n/a	62.76	n/a	222,054	Dec-24	17.1	15.6	5.2	31.7	1.6	3.9	(3.7)
Chipotle Mexican	WING US	NR	n/a	325.34	n/a	70,714	Dec-24	81.3	63.3	n/a	(21.2)	3.8	0.4	14.5
Darden Rest.	SHAK US	NR	n/a	105.62	n/a	35,094	Dec-24	76.6	61.0	6.9	11.5	0.7	n/a	(18.6)
Domino's	CMG US	NR	n/a	42.5	n/a	443,789	Dec-24	35.0	30.0	12.9	44.4	2.5	0.0	(29.5)
Wendy's	DRI US	NR	n/a	205.98	n/a	186,937	May-25	19.3	18.0	9.3	52.3	1.6	2.9	10.3
Shake Shack	DPZ US	NR	n/a	451.22	n/a	119,236	Dec-24	25.6	23.1	n/a	(15.3)	3.1	1.5	7.5
Wingstop	WEN US	NR	n/a	10.27	n/a	15,234	Dec-24	11.7	10.7	39.7	73.3	2.7	6.7	(37.0)
Jollibee Foods	JFC PM	NR	n/a	235.00	n/a	35,806	Dec-24	23.5	19.4	2.9	14.1	1.3	1.4	(12.6)
Avg.								34.5	29.0	12.8	(12.3)	15.6	2.4	(5.2)
Med.								25.4	23.1	8.1	11.5	2.5	2.1	(3.7)

Source: Bloomberg, Company data, CMBIGM estimates

Figure 7: Forward 12M P/E valuation band

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	31,039	41,453	42,755	41,912	43,907	45,980
Cost of goods sold	(12,906)	(16,946)	(16,211)	(16,136)	(16,900)	(17,698)
Gross profit	18,132	24,507	26,544	25,776	27,007	28,282
Operating expenses	(16,389)	(19,537)	(20,684)	(20,326)	(20,731)	(20,992)
Staff costs	(10,240)	(13,040)	(14,113)	(13,784)	(14,406)	(15,146)
Other rental related expenses	(274)	(362)	(426)	(417)	(437)	(458)
Others	(2,554)	(3,190)	(3,587)	(3,763)	(3,920)	(4,082)
Operating profit	2,123	5,584	6,112	5,601	6,435	7,456
Other income	380	614	253	151	158	166
Share of (losses)/profits of associates/JV	65	46	52	34	9	9
EBITDA	5,445	8,530	8,670	7,963	8,402	8,763
Depreciation	(2,560)	(2,215)	(1,832)	(1,606)	(1,182)	(504)
Depreciation of ROU assets	(761)	(731)	(727)	(756)	(785)	(802)
Interest income	116	327	383	327	371	416
Interest expense	(474)	(351)	(275)	(263)	(250)	(235)
Other income/expense	287	227	352	272	110	69
Pre-tax profit	2,118	5,833	6,624	5,971	6,674	7,715
Income tax	(480)	(1,338)	(1,924)	(1,732)	(1,936)	(2,237)
Minority interest	1	4	8	12	13	15
Net profit	1,637	4,495	4,700	4,240	4,739	5,478
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	10,507	14,907	13,024	13,973	15,649	16,807
Cash & equivalents	6,301	6,476	6,407	7,351	8,905	9,935
Account receivables	307	412	346	372	389	408
Inventories	1,142	1,075	1,061	1,063	1,113	1,166
Prepayment	1,650	1,617	1,171	1,148	1,203	1,259
ST bank deposits	421	2,045	2,477	2,477	2,477	2,477
Other current assets	686	3,283	1,563	1,563	1,563	1,563
Non-current assets	10,933	9,770	9,757	8,286	7,391	7,326
PP&E	5,645	3,921	3,320	1,941	1,078	1,040
Deferred income tax	601	617	603	603	603	603
Investment in JVs & assos	257	304	180	105	85	64
Intangibles	105	74	52	35	22	16
Other non-current assets	4,325	4,855	5,603	5,603	5,603	5,603
Total assets	21,439	24,677	22,781	22,259	23,040	24,133
Current liabilities	7,232	7,242	7,104	7,083	7,274	7,473
Short-term borrowings	2,341	619	98	98	98	98
Account payables	1,321	1,859	1,796	1,819	1,906	1,996
Tax payable	58	379	620	620	620	620
Other current liabilities	3,512	4,384	4,590	4,545	4,650	4,759
Non-current liabilities	6,764	5,909	5,244	4,959	4,836	4,752
Long-term borrowings	215	0	0	0	0	0
Other non-current liabilities	6,548	5,909	5,244	4,959	4,836	4,752
Total liabilities	13,996	13,150	12,347	12,042	12,110	12,224
Share capital	0	0	0	0	0	0
Retained earnings	0	0	0	(4,256)	(4,018)	(3,744)
Other reserves	7,443	11,526	10,434	14,473	14,948	15,652
Total shareholders equity	7,443	11,527	10,434	10,217	10,930	11,909
Minority interest	0	0	0	0	0	0
Total equity and liabilities	21,439	24,677	22,781	22,259	23,040	24,133

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	2,118	5,833	6,624	5,971	6,674	7,715
Depreciation & amortization	2,560	2,215	1,832	1,606	1,182	504
Tax paid	(353)	(980)	(1,772)	(1,732)	(1,936)	(2,237)
Change in working capital	556	1,379	710	(26)	68	71
Others	1,272	553	241	(43)	132	157
Net cash from operations	6,152	9,000	7,634	5,777	6,121	6,210
Investing						
Capital expenditure	(825)	(452)	(1,299)	(210)	(307)	(460)
Acquisition of subsidiaries/ investments	720	(1,702)	141	0	0	0
Others	(652)	(3,156)	1,067	109	28	30
Net cash from investing	(757)	(5,311)	(91)	(101)	(279)	(430)
Financing						
Dividend paid	0	(554)	(6,071)	(4,469)	(4,039)	(4,514)
Net borrowings	(1,243)	(1,951)	(523)	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	0	0	0	0	0	0
Others	(3,745)	(997)	(1,036)	(263)	(250)	(235)
Net cash from financing	(4,988)	(3,502)	(7,630)	(4,732)	(4,289)	(4,750)
Net change in cash						
Cash at the beginning of the year	5,767	6,301	6,476	6,407	7,351	8,905
Exchange difference	126	(13)	18	0	0	0
Others	408	188	(87)	945	1,553	1,031
Cash at the end of the year	6,301	6,476	6,407	7,351	8,905	9,935
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(20.6%)	33.6%	3.1%	(2.0%)	4.8%	4.7%
Gross profit	(17.0%)	35.2%	8.3%	(2.9%)	4.8%	4.7%
Operating profit	232.6%	163.0%	9.4%	(8.4%)	14.9%	15.9%
EBITDA	15.0%	56.7%	1.6%	(8.2%)	5.5%	4.3%
Net profit	na	174.6%	4.6%	(9.8%)	11.8%	15.6%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	58.4%	59.1%	62.1%	61.5%	61.5%	61.5%
Operating margin	6.8%	13.5%	14.3%	13.4%	14.7%	16.2%
EBITDA margin	17.5%	20.6%	20.3%	19.0%	19.1%	19.1%
Return on equity (ROE)	21.3%	47.4%	42.8%	41.1%	44.8%	48.0%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	1.5	2.1	1.8	2.0	2.2	2.2
Receivable turnover days	4.0	3.2	3.2	3.2	3.2	3.2
Inventory turnover days	36.7	23.9	24.0	24.0	24.0	24.0
Payable turnover days	46.2	34.3	41.2	41.2	41.2	41.2
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	43.9	16.0	15.3	16.9	15.1	13.1
P/E (diluted)	43.9	16.0	15.3	16.9	15.1	13.1
P/B	9.7	6.2	6.9	7.0	6.6	6.0
P/CFPS	11.7	8.0	9.4	12.4	11.7	11.6
Div yield (%)	0.8	5.6	6.2	5.6	6.3	7.3

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

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CMB International Global Markets Limited

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

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