

Atour Lifestyle (ATAT US)

Prudent guidance but QoQ recovery is likely

4Q23 results were a slight beat but the FY24E guidance is slightly disappointed. However, we are not that pessimistic because: 1) sequential improvement is likely (high base in 1H), 2) OCC rate is still the best among its peers implying further market share gains, and 3) PMI has started to improve in Mar 2024. And a 16x FY24E P/E is not demanding at all given a 26%/ 41% 3-year sales/ net profit att. CAGR.

- RevPAR trend YTD was down YoY but improved QoQ.** Management mentioned that the RevPAR recovery so far in 2024 has been lower vs last year (CMBI est. 114%), however, this was actually an improvement vs 4Q23's 109%, aided mostly by the strong demand during the CNY 2024. Management also sees resilient demand for the Ching Ming Festival and upcoming 5-1 golden week. And the business demand is still ramping up while the leisure demand has slightly moderated.
- Now targeting a flattish RevPAR recovery rate for FY24E (113%-117% vs 2019).** We are slightly disappointed about this flattish growth target (vs previous CMBI est. of 0-5% growth in FY24E). However, the weakness could be short-lived as a turnaround trend is kind of expected during 2Q24E-4Q24E. And we are also confident on its 30% sales growth target, thanks to various initiatives like: 1) increasing efforts to enroll more corporate customers (orders mix surged to 20%+ in 4Q24), 2) continual push on product upgrades (Atour 3.5/ 4.0 version for refurbishment/ new hotels), 3) robust retail sales (targeting 50% YoY growth), as the resources will be more focused on the Atour Planet and the Deep Sleep series, to roll out more bedding products such as pillow, duvet, etc, esp. on Tmall and Douyin channels. We also concur with management's view of a small adj.NP margin improvement in FY24E.
- Store expansion plan on track but Atour light continues to do well.** The Company is going to open 360 new hotels in FY24E (60-80 of those are under the Atour light series), which is inline with CMBI's previous expectation. And as at Dec 2023, there were 617 managed hotels under development in the pipeline (about 90 of those are Atour light). Since the rental expenses, in general, are still much lower than the 2019 level, we do believe the interest to become a franchisee is still high.
- Maintain BUY and fine-tuned TP to US\$ 23.68.** We raised its FY24E/ 25E net profit att. by 7.8%/ 7.6%, to factor in: 1) a stronger-than-expected retail sales business, 2) slightly lower GP margin, and 3) better opex control. Our TP is based on 20x FY24E P/E (rolled over from 30x FY23E P/E), vs peers' median of 18x. Given a 26%/ 41% 3-year sales/ net profit att. CAGR, current valuation of 16x FY24E P/E is not demanding at all.

Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	2,263	4,666	5,962	7,575	9,442
YoY growth (%)	5.4	106.2	27.8	27.1	24.7
EBITDA (RMB mn)	261.2	1,061.0	1,629.4	2,171.6	2,795.7
Net profit (RMB mn)	96.1	739.1	1,165.3	1,585.6	2,077.7
EPS (Reported) (RMB)	0.77	5.33	8.41	11.44	15.33
YoY growth (%)	71.8	591.2	57.7	36.1	34.0
P/E (x)	169.9	25.3	16.0	11.8	8.8
EV/EBITDA (x)	14.4	9.4	5.8	3.9	2.75
Yield (%)	0.0	ns	0.0	0.1	0.1
ROE (%)	11.0	47.2	45.9	40.8	36.8

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	US\$23.68
(Previous TP)	US\$23.93)
Up/Downside	24.7%
Current Price	US\$18.98

China Consumer Discretionary

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Stock Data

Mkt Cap (US\$ mn)	7,698.8
Avg 3 mths t/o (US\$ mn)	8.9
52w High/Low (US\$)	26.83/15.44
Total Issued Shares (mn)	405.6

Source: FactSet

Shareholding Structure

Mr. Haijun Wang	31.0%
Legend Capital	24.7%

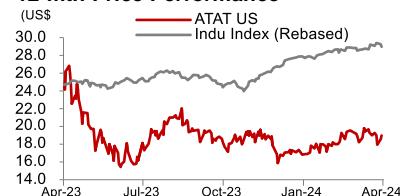
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	-1.0%	-1.3%
3-mth	12.3%	7.5%
6-mth	4.5%	-11.5%

Source: FactSet

12-mth Price Performance



Source: FactSet

Recent reports

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(20 Nov 23)

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(21 Aug 23)

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(27 Jun 23)

- **FY23 results were a slight beat.** Atour sales increased by 106% YoY to RMB 4.7bn, 7%/ 6% above CMBI/ BBG est., thanks to slight beat in its retail business sales (reached RMB 970mn, ahead of guidance of RMB 900). And the net profit att. rose by 651%/ 248% YoY to RMB 737mn, also better than CMBI/ BBG est. by 3%/ 4%. Even though the results were inline, the GP margin in 4Q23 was actually suppressed by the one-off impairment loss of one of its leased hotels and buyback of certain retail business inventories from its franchisees. Atour's RevPAR recovery was at 114% in FY23, inline with guidance of 113%-117%. In 4Q23, it had weakened to 109%, which is behind H-world's 120% but still way better than Jinjiang Hotel/ BTG Hotel's 100%/ 88%. And we do think its recovery is healthier than its peers, as it was supported by strong OCC recovery, which is 4% higher than 2019 level, compared to H-world/ Jinjiang Hotel/ BTG Hotel's -2%/ -10%/ -18%.

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	5,962	7,575	9,442	5,555	7,020	n/a	7.3%	7.9%	n/a
Gross profit	2,480	3,230	4,096	2,415	3,149	n/a	2.7%	2.6%	n/a
EBIT	1,547	2,104	2,756	1,440	1,961	n/a	7.4%	7.3%	n/a
Net profit att.	1,162	1,581	2,072	1,078	1,470	n/a	7.8%	7.6%	n/a
Diluted EPS (RMB)	8.405	11.437	15.326	8.269	11.273	n/a	1.6%	1.5%	n/a
Gross margin	41.6%	42.6%	43.4%	43.5%	44.8%	n/a	-1.9ppt	-2.2ppt	n/a
EBIT margin	25.9%	27.8%	29.2%	25.9%	27.9%	n/a	0ppt	-0.2ppt	n/a
Net profit att. margin	19.5%	20.9%	21.9%	19.4%	20.9%	n/a	0.1ppt	-0.1ppt	n/a

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	5,962	7,575	9,442	5,738	7,114	8,965	3.9%	6.5%	5.3%
Gross profit	2,480	3,230	4,096	2,402	3,053	3,935	3.2%	5.8%	4.1%
EBIT	1,547	2,104	2,756	1,414	1,868	2,299	9.4%	12.6%	19.9%
Net profit att.	1,162	1,581	2,072	1,073	1,406	1,830	8.4%	12.5%	13.2%
Diluted EPS (RMB)	8.405	11.437	15.326	7.749	8.973	9.108	8.5%	27.5%	68.3%
Gross margin	41.6%	42.6%	43.4%	41.9%	42.9%	43.9%	-0.3ppt	-0.3ppt	-0.5ppt
EBIT margin	25.9%	27.8%	29.2%	24.6%	26.3%	25.6%	1.3ppt	1.5ppt	3.5ppt
Net profit att. margin	19.5%	20.9%	21.9%	18.7%	19.8%	20.4%	0.8ppt	1.1ppt	1.5ppt

Source: Company data, CMBIGM estimates

Results review

Figure 3: Results review – Quarterly

Quarterly (RMB mn)	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q23 YoY	2Q23 YoY	3Q23 YoY	4Q23 YoY	4Q23E CMBI	Actual vs CMBI
Revenue	670	626	774	1,093	1,294	1,505	71%	112%	93%	140%	1,184	27%
Hotel operating costs	-389	-356	-382	-510	-617	-733					-502	
Other operating costs	-45	-68	-72	-121	-131	-263					-181	
Gross profit	236	202	321	462	547	509	230%	213%	132%	152%	501	2%
GP margins	35.2%	32.3%	41.4%	42.3%	42.3%	33.8%					42.3%	
Other income & gains	0	0	0	0	0	0					0	n/a
Selling & marketing expenses	-30	-54	-56	-94	-112	-207	136%	197%	269%	283%	-105	97%
Selling & marketing exp./ sales	-4.5%	-8.6%	-7.2%	-8.6%	-8.7%	-13.7%					-8.9%	
General & admin expenses	-46	-217	-193	-73	-79	-105	324%	75%	74%	-51%	-110	-4%
General & admin exp./ sales	-6.8%	-34.7%	-25.0%	-6.7%	-6.1%	-7.0%					-9.3%	
Technology & development expenses	-16	-16	-17	-18	-20	-22	-6%	12%	24%	40%	-32	-30%
Tech & development exp./ sales	-2.5%	-2.5%	-2.2%	-1.6%	-1.6%	-1.5%					-2.7%	
Pre-opening & other opex	5	7	7	30	6	40					29	
Operating profit (EBIT)	148	-78	62	307	341	214	375%	274%	130%	-373%	284	-25%
OP margins	22.2%	-12.5%	8.0%	28.1%	26.4%	14.2%					24.0%	
Investment gain (loss)	2	4	6	5	7	15					3	
Net finance income	2	3	3	6	8	8					-2	-608%
Net finance income / sales	0.4%	0.5%	0.4%	0.5%	0.6%	0.5%					-0.1%	
Profit after financing costs	152	-71	71	318	356	237					285	
Associated coms	0	0	0	0	0	0					0	
Jointly controlled coms	0	0	0	0	0	0					0	
Pre-tax profit	152	-71	71	318	356	237	367%	279%	134%	-434%	285	-17%
Tax	-41	-12	-53	-79	-94	-17					-83	
Tax / sales	-6.2%	-1.9%	-6.8%	-7.2%	-7.3%	-1.1%					-7.0%	
Effective tax rate	-27.1%	16.5%	-74.4%	-24.8%	-26.5%	-7.3%					-29.2%	
Minority interests	-0	-0	0	1	1	-0					1	-133%
Net profit att.	111	-82	18	238	261	220	128%	289%	134%	-367%	201	9%
NP margins	16.6%	-13.1%	2.3%	21.8%	20.2%	14.6%					17.0%	
	670	626	774	1,093	1,294	1,505	71%	112%	93%	140%	1,184	27%

Source: Company data, CMBIGM estimates

Figure 4: Results review – Yearly

Yearly (US\$ mn)	FY22	FY23	FY24E	FY22 yoy	FY23 yoy	FY24 E yoy	FY23E CMBI	Actual vs CMBI
Revenue	2,263	4,666	5,962	5%	106%	28%	4,345	7.4%
Hotel operating costs	-1,393	-2,241	-2,637				-2,010	
Other operating costs	-187	-586	-845				-504	
Gross profit	683	1,839	2,480	21%	169%	35%	1,831	0.5%
GP margins	30.2%	39.4%	41.6%				42.1%	
Other income & gains	0	0	0				0	n/a
Selling & marketing expenses	-140	-470	-423	13%	236%	-10%	-368	
Selling & marketing exp./ sales	-6.2%	-10.1%	-7.1%				-8.5%	
General & admin expenses	-350	-451	-534	78%	29%	18%	-456	-0.9%
General & admin exp./ sales	-15.5%	-9.7%	-9.0%				-10.5%	
Technology & development expenses	-66	-77	-99	27%	17%	28%	-87	-
Tech & development exp / sales	-2.9%	-1.7%	-1.7%				-2.0%	11.1%
Pre-opening & other opex	38	83	78				73	
Operating profit (EBIT)	165	924	1,501	-16%	460%	62%	994	-7.0%
OP margins	7.3%	19.8%	25.2%				22.9%	
Investment gain (loss)	8	33	12				22	
Net finance income	8	25	41				15	64.9%
Net finance income / sales	0.4%	0.5%	0.7%				0.3%	
Profit after financing costs	181	982	1,554				1,030	
Associated coms	0	0	0				0	
Jointly controlled coms	0	0	0				0	
Pre-tax profit	181	982	1,554	-11%	444%	58%	1,030	-4.7%
Tax	-84	-243	-388				-309	
Tax / sales	-3.7%	-5.2%	-6.5%				-7.1%	
Effective tax rate	-46.8%	-24.7%	-25.0%				-30.0%	
Minority interests	-2	2	3				3	37.9%
Net profit att.	98	737	1,162	-32%	651%	58%	718	2.6%
NP margins	4.3%	15.8%	19.5%				16.5%	
	2,263	4,666	5,962	5%	106%	28%	4,345	7.4%

Source: Company data, CMBIGM estimates

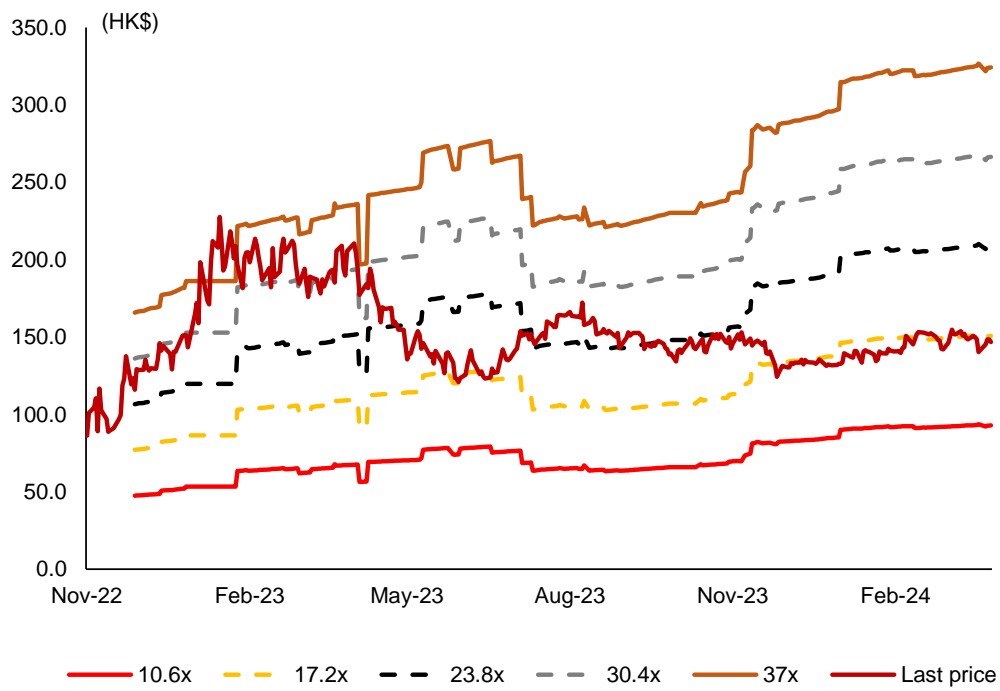
Valuation

Figure 5: Peers valuation table

Company	Ticker	Rating	12m TP (LC)	Price (LC)	Up/Down-side	Mkt. Cap (HK\$m)	Year End	P/E (x)		P/B (x)	ROE (%)	3yrs PEG (x)	Yield (%)	YTD perf. (%)	
								FY1E	FY2E	FY2E	FY0	FY1E	FY1E	FY1E	
Greater China Hotels															
Atour Lifestyle	ATAT US	NR	23.68	18.98	25%	20,446	Dec-23	16.0	11.8	5.8	45.1	0.4	1.2	9.3	
H World Group	HTHT US	NR	n/a	40.32	n/a	100,627	Dec-23	21.4	18.5	4.8	39.2	2.3	1.8	20.6	
SH Jinjiang Int'l	600754 CH	NR	n/a	27.30	n/a	28,833	Dec-23	18.5	15.1	1.4	5.9	0.7	2.4	(8.7)	
Btg Hotels Group	600258 CH	NR	n/a	14.88	n/a	17,977	Dec-23	17.8	15.4	1.3	7.3	1.4	1.5	(4.7)	
Ssaw Hotels	301073 CH	NR	n/a	24.29	n/a	5,110	Dec-22	96.0	33.6	3.9	3.9	1.2	0.8	7.1	
Greentree	GHG US	NR	n/a	3.11	n/a	2,488	Dec-23	7.6	6.7	1.2	n/a	n/a	6.3	(17.3)	
								Avg.	29.6	16.8	3.1	20.3	1.2	2.3	1.0
								Med.	18.1	15.2	2.7	7.3	1.2	1.7	1.2
International Hotels															
HK & SH Hotels	45 HK	NR	n/a	5.96	n/a	9,831	Dec-23	n/a	n/a	n/a	(1.4)	n/a	n/a	2.1	
Shangri-La Asia	69 HK	NR	n/a	5.09	n/a	18,250	Dec-23	13.0	10.5	0.6	3.5	0.6	3.1	(5.0)	
Mandarin Oriental	MAND SP	NR	n/a	1.64	n/a	16,227	Dec-23	n/a	n/a	n/a	(11.7)	n/a	n/a	5.1	
Banyan Tree	BTH SP	NR	n/a	0.39	n/a	1,935	Dec-23	n/a	n/a	n/a	5.4	n/a	n/a	11.6	
Marriott Int'l	MAR US	NR	n/a	247.74	n/a	559,102	Dec-23	26.2	23.0	n/a	n/a	4.4	0.9	9.9	
Hilton Worldwide	HLT US	NR	n/a	210.37	n/a	415,310	Dec-23	29.6	25.5	n/a	n/a	1.0	0.3	15.5	
Hyatt Hotels	H US	NR	n/a	155.47	n/a	125,250	Dec-23	39.2	34.9	4.5	6.1	0.9	0.4	19.2	
Wyndham Hotels	WH US	NR	n/a	74.13	n/a	47,010	Dec-23	17.5	15.9	7.5	34.0	1.1	2.0	(7.8)	
Choice Hotels	CHH US	NR	n/a	119.84	n/a	46,499	Dec-23	19.2	17.6	15.0	271.7	1.5	1.0	5.8	
Intercontinental	IHG LN	NR	n/a	8078.00	n/a	130,648	Dec-23	23.5	21.0	n/a	n/a	3.4	1.7	13.9	
Accor Sa	AC FP	NR	n/a	42.72	n/a	90,962	Dec-23	18.9	16.8	2.2	12.7	3.5	2.9	23.5	
								Avg.	23.4	20.6	5.9	40.0	2.1	1.5	8.5
								Med.	21.3	19.3	4.5	5.7	1.3	1.3	9.9

Source: Bloomberg, company data, CMBIGM estimates

Figure 6: Valuation – Forward blended 12 months P/E band



Source: Bloomberg, Company data, CMBIGM estimates

Assumptions

Figure 7: CMBIGM' assumptions

Major assumptions	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
Sales by segment (RMB mn)						
Manachised hotels	1,220	1,361	2,706	3,537	4,622	5,958
Leased hotels	630	553	840	789	815	841
Retail and others	297	349	1,120	1,636	2,138	2,644
Total	2,148	2,263	4,666	5,962	7,575	9,442
Sales growth by segment (%)						
Manachised hotels	32%	12%	99%	31%	31%	29%
Leased hotels	27%	-12%	52%	-6%	3%	3%
Retail and others	107%	18%	221%	46%	31%	24%
Total	37%	5%	106%	28%	27%	25%
Number of hotels by segment						
Manachised hotels	712	899	1,178	1,537	1,991	2,515
Leased hotels	33	33	32	32	32	32
Total	745	932	1,210	1,569	2,023	2,547
Number of hotels growth (%)						
Manachised hotels	33%	26%	31%	30%	30%	26%
Leased hotels	0%	0%	-3%	0%	0%	0%
Total	31%	25%	30%	30%	29%	26%
Occupancy (%)						
Manachised hotels	67%	63%	78%	80%	79%	79%
Leased hotels	71%	66%	84%	83%	83%	83%
Total	68%	63%	78%	80%	79%	79%
Room rates (RMB)						
Manachised hotels	407	386	458	449	458	467
Leased hotels	517	465	587	570	587	604
Total	415	391	464	452	460	469
RevPAR (RMB)						
Manachised hotels	288	256	371	372	378	385.2
Leased hotels	388	331	517	500	515	530.1
Total	295	261	377	375	380	387.4
Sales per store growth (%)						
Manachised hotels	7%	-11%	45%	0%	2%	2%
Leased hotels	14%	-15%	56%	-3%	3%	3%
Total	7%	-12%	45%	-1%	1%	2%
GP margins	26.3%	30.2%	39.4%	41.6%	42.6%	43.4%
Selling & Marketing expenses	-5.8%	-6.2%	-10.1%	-7.1%	-7.1%	-7.0%
G & A expenses	-9.2%	-15.5%	-9.7%	-9.0%	-8.3%	-7.8%
Tec. and dev. expenses	-2.4%	-2.9%	-1.7%	-1.7%	-1.7%	-1.7%
Other expenses	0.2%	1.7%	1.8%	1.3%	1.3%	1.3%
Effective tax rate	-31%	-47%	-25%	-25%	-25%	-25%
NP att. margin	7%	4%	16%	19%	21%	22%
NP att. growth (%)	245%	-32%	651%	58%	36%	31%

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Revenue	2,148	2,263	4,666	5,962	7,575	9,442
Cost of goods sold	(1,583)	(1,580)	(2,827)	(3,482)	(4,344)	(5,346)
Gross profit	565	683	1,839	2,480	3,230	4,096
Operating expenses	(391)	(556)	(998)	(1,056)	(1,292)	(1,556)
Selling expense	(124)	(140)	(470)	(423)	(534)	(660)
Admin expense	(103)	(261)	(348)	(418)	(513)	(625)
R&D expense	(52)	(66)	(77)	(99)	(125)	(156)
Staff costs	0	0	0	0	0	0
Other rental related expenses	0	0	0	0	0	0
Others	(112)	(89)	(103)	(117)	(119)	(114)
Operating profit	203	179	954	1,547	2,104	2,756
Other income	22	38	83	78	98	123
Other gains/(losses)	1	1	28	7	10	14
EBITDA	299	261	1,061	1,629	2,172	2,796
EBIT	197	166	953	1,508	2,047	2,676
Interest income	7	14	30	46	67	94
Pre-tax profit	204	181	982	1,554	2,114	2,770
Income tax	(64)	(84)	(243)	(388)	(529)	(693)
After tax profit	145	98	737	1,162	1,581	2,072
Minority interest	5	2	(2)	(3)	(4)	(5)
Net profit	140	96	739	1,165	1,586	2,078
Adjusted net profit	140	259	903	1,165	1,586	2,078
BALANCE SHEET						
YE 31 Dec (RMB mn)						
Current assets	1,416	2,125	3,393	4,872	6,744	9,119
Cash & equivalents	1,039	1,589	2,562	3,873	5,536	7,667
Restricted cash	0	0	0	0	0	0
Account receivables	100	133	240	306	389	485
Inventories	59	57	104	128	160	196
Prepayment	167	134	276	353	448	559
Other current assets	52	211	211	211	211	211
Non-current assets	829	2,637	2,604	2,572	2,552	2,551
PP&E	439	360	328	295	275	275
Right-of-use assets	0	1,932	1,932	1,932	1,932	1,932
Intangibles	4	6	5	5	5	5
Other non-current assets	386	340	340	340	340	340
Total assets	2,245	4,762	5,998	7,444	9,296	11,670
Current liabilities	1,051	1,348	1,823	2,084	2,414	2,796
Short-term borrowings	65	143	143	143	143	143
Account payables	609	515	991	1,252	1,581	1,964
Tax payable	46	31	31	31	31	31
Other current liabilities	332	339	339	339	339	339
Lease liabilities	0	320	320	320	320	320
Non-current liabilities	629	2,227	2,229	2,232	2,236	2,242
Long-term borrowings	44	2	2	2	2	2
Other non-current liabilities	586	2,225	2,227	2,230	2,234	2,240
Total liabilities	1,681	3,575	4,052	4,316	4,650	5,038
Share capital	0	0	0	0	0	0
Retained earnings	0	0	778	1,877	3,373	5,330
Other reserves	565	1,187	1,167	1,251	1,273	1,303
Total shareholders equity	565	1,187	1,946	3,128	4,646	6,632
Minority interest	0	0	0	0	0	0
Total equity and liabilities	2,245	4,762	5,998	7,444	9,296	11,670

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	204	181	982	1,554	2,114	2,770
Depreciation & amortization	95	81	79	76	57	25
Tax paid	(15)	(15)	(243)	(388)	(529)	(693)
Change in working capital	109	(68)	180	94	120	139
Others	25	106	30	46	67	94
Net cash from operations	418	284	1,027	1,380	1,830	2,336
Investing						
Capital expenditure	(64)	(36)	(70)	(84)	(99)	(114)
Acquisition of subsidiaries/ investments	9	(153)	0	0	0	0
Others	13	(3)	0	0	0	0
Net cash from investing	(42)	(192)	(70)	(84)	(99)	(114)
Financing						
Dividend paid	(21)	0	21	20	(63)	(86)
Net borrowings	(12)	65	0	0	0	0
Proceeds from share issues	0	400	0	0	0	0
Share repurchases	(111)	(0)	0	0	0	0
Others	(17)	(8)	(5)	(5)	(5)	(5)
Net cash from financing	(161)	456	16	15	(68)	(91)
Net change in cash						
Cash at the beginning of the year	825	1,039	1,589	2,562	3,873	5,536
Exchange difference	(1)	3	0	0	0	0
Others	215	548	973	1,311	1,662	2,131
Cash at the end of the year	1,039	1,589	2,562	3,873	5,536	7,667
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Revenue	37.1%	5.4%	106.2%	27.8%	27.1%	24.7%
Gross profit	67.2%	21.0%	169.3%	34.8%	30.3%	26.8%
Operating profit	217.0%	(11.5%)	431.5%	62.2%	36.0%	31.0%
EBITDA	85.5%	(12.7%)	306.2%	53.6%	33.3%	28.7%
EBIT	163.9%	(15.8%)	473.5%	58.3%	35.8%	30.7%
Net profit	269.3%	(31.2%)	669.2%	57.7%	36.1%	31.0%
Adj. net profit	269.3%	85.6%	248.3%	29.0%	36.1%	31.0%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Gross profit margin	26.3%	30.2%	39.4%	41.6%	42.6%	43.4%
Operating margin	9.4%	7.9%	20.4%	25.9%	27.8%	29.2%
EBITDA margin	13.9%	11.5%	22.7%	27.3%	28.7%	29.6%
Adj. net profit margin	6.5%	11.5%	19.4%	19.5%	20.9%	22.0%
Return on equity (ROE)	24.7%	11.0%	47.2%	45.9%	40.8%	36.8%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Net debt to equity (x)	1.6	1.2	1.2	1.2	1.2	1.1
Current ratio (x)	1.3	1.6	1.9	2.3	2.8	3.3
Receivable turnover days	20.4	18.8	18.8	18.8	18.8	18.8
Inventory turnover days	10.3	13.4	13.4	13.4	13.4	13.4
Payable turnover days	28.5	40.0	40.0	40.0	40.0	40.0
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
P/E	268.7	169.9	25.3	16.0	11.8	8.8
P/E (diluted)	268.7	169.9	25.3	16.0	11.8	8.8
P/B	79.9	14.4	9.4	5.8	3.9	2.7
P/CFPS	106.2	61.6	18.5	13.8	10.4	7.9
Div yield (%)	0.0	0.0	ns	0.0	0.1	0.1
EV	21,273.3	45,118.9	17,088.4	18,220.5	18,220.5	18,220.5
EV/Sales	9.9	19.9	3.7	3.1	2.4	1.9
EV/EBIT	107.9	271.6	17.9	12.1	8.9	6.8
EV/EBITDA	71.1	172.8	16.1	11.2	8.4	6.5

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

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