15 Aug 2025

CMB International Global Markets | Equity Research | Company Update

China Lilang (1234 HK)

A cautious 2H25E outlook but a decent yield

This is another results miss in 1H25, after the one in FY24. Together with a potentially weaker-than-expected sector and macro environment outlook in 2H25E, we have turned more conservative in sales growth and margins (even the Company has reiterated its FY25E guidance). However, considering the decent dividend yield of 9% for FY25E, we maintain BUY on China Lilang.

- **FY25E guidance roughly maintained but the underlying has been mildly adjusted.** The management has reiterated its retail sales growth target of 10% in FY25E, but the new retail related sales growth has been revised up to 20% (from 15%) and the store opening targets have been more conservative to 50 to 100 stores (from 100 stores). These minor changes are perhaps the result of strong online but weak offline sales, which are fairly inline with the trends in the sportswear and apparel sector in China in FY25E.
- **While we do concur with management on the sales growth, we have become more prudent on margin side.** Even though the retail sales growth in 1H25 was only at HSD, the management is still confident to achieve 10% growth in FY25E. We do find that reasonable thanks to various rationales: 1) the strong sales growth momentum from the smart casual (increased by 32% in 1H25, even accelerated vs the 27% in FY24), thanks to its precise brand and products positioning (e.g. the format wear or business casual for the younger generations) and omni-channel retailing (full embraced with the new retail as well as the shopping malls and outlets); and 2) low base created by both DTC transformations (no more repurchases in 2H25E) and warm winter last year. However, we has turned more conservative in terms of profitability (even with the large one-off DTC transformation related fees in FY24), because of: 1) the greater-than-expected jump in opex (e.g. staff costs and e-commerce related expenses), 2) potentially weaker-than-expected product mix and retail discounts (due to pile up in inventories) and 3) potentially lower-than-expected operating leverage (the impact may further increase as the Company becomes more DTC reliance) as a result of weaker macro environment and slower SSSG in 2H25E.
- **Maintain BUY but trim TP to HK$ 4.42, based on 10x FY25E P/E.** We revise down our net profit forecasts in FY25E/ 26E/ 27E by 11%/ 11%/ 11%, in order to factor in the earnings miss, slower-than-expected sales growth, higher-than-expected increases in DTC related fees and staff costs, as well as weaker-than-expected operating leverage. The stock is now trading at 8x FY25E P/E. We maintain BUY mainly due to its attractive yield of 9% for FY25E.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	3,544	3,650	4,013	4,380	4,663
YoY growth (%)	14.8	3.0	10.0	9.1	6.5
Operating profit (RMB mn)	610.6	552.5	597.1	682.7	740.3
Net profit (RMB mn)	530.4	460.8	497.8	565.3	610.7
EPS (Reported) (RMB)	0.44	0.38	0.42	0.47	0.51
YoY growth (%)	18.4	(13.1)	8.0	13.6	8.0
P/E (x)	7.6	8.8	8.1	7.2	6.6
P/B (x)	1.0	1.0	1.0	0.9	0.9
Yield (%)	9.8	8.3	9.2	10.5	11.3
ROE (%)	13.7	11.5	12.1	13.2	13.8
Net gearing (%)	(3.2)	15.0	15.9	16.5	16.3

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$4.42**
(Previous TP	HK$4.96)
Up/Downside	**19.9%**
Current Price	**HK$3.69**

China Consumer Discretionary

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Stock Data

Mkt Cap (HK$ mn)	4,418.7
Avg 3 mths t/o (HK$ mn)	2.6
52w High/Low (HK$)	4.60/3.33
Total Issued Shares (mn)	1197.5

Source: FactSet

Shareholding Structure

Mr. Wang & Family	67.3%
The Vanguard Group	1.3%

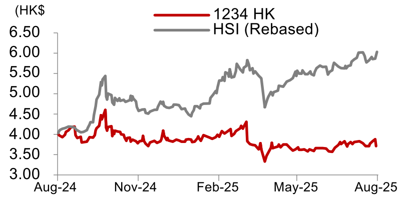
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-3.1%	-8.1%
3-mth	1.9%	-5.6%
6-mth	-6.3%	-17.0%

Source: FactSet

12-mth Price Performance



Source: FactSet

Recent Reports:

361 Degrees (1361 HK) - Guidance unchanged but we are concerned (14 Aug 25)

Xtep (1368 HK) - 2Q25 was weak but guidance remained intact (17 Jul 25)

Anta Sports (2020 HK) - Anta brand's miss offset by other brands' beat (16 Jul 25)

Li Ning (2331 HK) - 2Q25 roughly inline and transition in progress (15 Jul 25)

Topsports (6110 HK) - Prudent guidance but strong cash flow & yield (23 May 25)

Xtep (1368 HK) - Inline 1Q25 results and a moderate outlook (18 Apr 25)

- **1H25 results missed expectation, due to DTC transformation and surge in opex.** In 1H25, China Lilang's sales increased by 8% YoY to RMB 1.73bn, missing CMBI estimates by 5%, due to the sales reduction following the buybacks of distributor operations in Shandong and Chongqing and the slower-than-expected shipments of trade fair orders. During the period, net profit dropped by 14% YoY to RMB 181mn, missing CMBI estimates by 22%, mostly due to larger-than-expected increases in opex and the payments of relevant purchase of distribution rights and stores. Therefore, despite a small increase in payout ratio to around 73% in 1H25 (from about 72%), the dividend has been fallen by 13% YoY, only mildly better than the net profit. In terms of sales growth, the core brand LILANZ sales have been flattish YoY while the smart causal sales have surged by 32% YoY. The number of stores increased only by 1 store to 2,774 in 1H25 vs FY24, a bit slow, in our view. Inventory days have also gone up by 42 days to 231 days in 1H25 vs 1H24. We attribute this to 1) DTC transformation, 2) rapid growth in e-commerce sales, and 3) the delay in trade fair order shipments. We are slightly concerned, but the inventory age is still young as most of those (about 90%) are shorter than 1 year.

Earnings revision

Figure 1: Earnings revision

	New			Old			Diff (%)		
RMB mn	**FY25E**	**FY26E**	**FY27E**	**FY25E**	**FY26E**	**FY27E**	**FY25E**	**FY26E**	**FY27E**
Revenue	4,013	4,380	4,663	4,066	4,429	4,707	-1.3%	-1.1%	-0.9%
Gross profit	1,961	2,167	2,320	1,977	2,184	2,335	-0.8%	-0.8%	-0.7%
EBIT	597	683	740	665	758	821	-10.2%	-10.0%	-9.8%
Net profit att.	498	565	611	558	632	682	-10.8%	-10.6%	-10.5%
Diluted EPS (RMB)	0.416	0.472	0.510	0.466	0.528	0.570	-10.8%	-10.6%	-10.5%
Gross margin	48.9%	49.5%	49.7%	48.6%	49.3%	49.6%	0.2ppt	0.2ppt	0.1ppt
EBIT margin	14.9%	15.6%	15.9%	16.4%	17.1%	17.4%	-1.5ppt	-1.5ppt	-1.6ppt
Net profit att. margin	12.4%	12.9%	13.1%	13.7%	14.3%	14.5%	-1.3ppt	-1.4ppt	-1.4ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

	CMBI			Consensus			Diff (%)		
RMB mn	**FY25E**	**FY26E**	**FY27E**	**FY25E**	**FY26E**	**FY27E**	**FY25E**	**FY26E**	**FY27E**
Revenue	4,013	4,380	4,663	4,065	4,452	4,816	-1.3%	-1.6%	-3.2%
Gross profit	1,961	2,167	2,320	1,967	2,169	2,372	-0.3%	-0.1%	-2.2%
EBIT	597	683	740	629	712	809	-5.1%	-4.2%	-8.5%
Net profit att.	498	565	611	533	603	670	-6.6%	-6.2%	-8.8%
Diluted EPS (RMB)	0.416	0.472	0.510	0.453	0.505	0.550	-8.1%	-6.5%	-7.3%
Gross margin	48.9%	49.5%	49.7%	48.4%	48.7%	49.3%	0.5ppt	0.7ppt	0.5ppt
EBIT margin	14.9%	15.6%	15.9%	15.5%	16.0%	16.8%	-0.6ppt	-0.4ppt	-0.9ppt
Net profit att. margin	12.4%	12.9%	13.1%	13.1%	13.5%	13.9%	-0.7ppt	-0.6ppt	-0.8ppt

Source: Bloomberg, CMBIGM estimates

Results Review

Figure 3: Results review – Half Year

Half yearly (RMB mn)	1H24	2H24	1H25	2H25E	1H24 yoy	2H24 yoy	1H25 yoy	2H25 E yoy	1H25E CMBI	Actual vs CMBI
Revenue	**1,600**	**2,050**	**1,727**	**2,286**	**7%**	**0%**	**8%**	**12%**	**1,760**	**-2%**
COGS	-800	-1,111	-859	-1,193					-862	
Gross profit	801	939	868	1,093	**4%**	**0%**	**8%**	**16%**	898	**-3%**
GP margin	***50.0%***	***45.8%***	***50.2%***	***47.8%***					***51.0%***	
Other income & gains	66	4	50	14					53	
S & D expenses	-466	-593	-546	-660	**17%**	**6%**	**17%**	**11%**	-503	**9%**
S & D exp / sales	***-29.1%***	***-28.9%***	***-31.6%***	***-28.9%***					***-28.6%***	
Admin expenses	-80	-108	-112	-100	**9%**	**4%**	**40%**	**-8%**	-86	**29%**
Admin exp / sales	***-5.0%***	***-5.3%***	***-6.5%***	***-4.4%***					***-4.9%***	
Other opex	-7	-3	0	-11					-7	
Operating profit (EBIT)	314	239	260	337	**3%**	**-22%**	**-17%**	**41%**	354	**-26%**
OP margin	***19.6%***	***11.6%***	***15.1%***	***14.7%***					***20.1%***	
Other items	0	0	0	0					0	
Net finance income	28	28	32	18					25	**29%**
Net finance income / sales	***1.7%***	***1.4%***	***1.8%***	***0.8%***					***1.4%***	
Profit after financing costs	342	267	292	355					378	
Associated coms	0	0	0	0					0	
Jointly controlled coms	0	0	0	0					0	
Pre-tax profit	342	267	292	355	**4%**	**-19%**	**-15%**	**33%**	378	**-23%**
Tax	-62	-86	-52	-97					-72	**-28%**
Tax / sales	***-3.8%***	***-4.2%***	***-3.0%***	***-4.2%***					***-4.1%***	
Effective tax rate	***-18.0%***	***-32.3%***	***-17.8%***	***-27.3%***					***-19.0%***	
Minority interests	0	0	0	0					0	
Net profit att.	**280**	**181**	**240**	**258**	**4%**	**-31%**	**-14%**	**43%**	**307**	**-22%**
NP margin	***17.5%***	***8.8%***	***13.9%***	***11.3%***					***17.4%***	

Source: Company data, CMBIGM estimates

Figure 4: Results review - Full Year

Full yearly (Rmb mn)	FY24	FY25E	FY26E	FY24 yoy	FY25E yoy	FY26E yoy
Revenue	**3,650**	**4,013**	**4,380**	**3%**	**10%**	**9%**
COGS	-1,911	-2,052	-2,213			
Gross profit	1,739	1,961	2,167	**2%**	**13%**	**11%**
GP margin	***47.7%***	***48.9%***	***49.5%***			
Other income & gains	70	64	70			
S & D expenses	-1,059	-1,206	-1,316	**11%**	**14%**	**9%**
S & D exp / sales	***-29.0%***	***-30.1%***	***-30.0%***			
Admin expenses	-188	-211	-227	**6%**	**12%**	**7%**
Admin exp / sales	***-5.2%***	***-5.3%***	***-5.2%***			
Other opex	-10	-11	-12			
Operating profit (EBIT)	552	597	683	**-10%**	**8%**	**14%**
OP margin	***15.1%***	***14.9%***	***15.6%***			
Other items	0	0	0			
Net finance income	56	49	51			
Net finance income / sales	***1.5%***	***1.2%***	***1.2%***			
Profit after financing costs	609	646	734			
Associated coms	0	0	0			
Jointly controlled coms	0	0	0			
Pre-tax profit	609	646	734	**-7%**	**6%**	**14%**
Tax	-148	-149	-169			
Tax / sales	***-4.1%***	***-3.7%***	***-3.9%***			
Effective tax rate	***-24.3%***	***-23.0%***	***-23.0%***			
Minority interests	0	0	0			
Net profit att.	**461**	**498**	**565**	**-13%**	**8%**	**14%**
NP margin	***12.6%***	***12.4%***	***12.9%***			

Source: Company data, CMBIGM estimates

Assumptions

Figure 5: China Lilang's key assumptions

Major assumptions	FY23A	FY24A	FY25E	FY26E	FY27E
Sales by segment (RMB mn)					
LILANZ	2,841	2,756	2,875	3,005	3,143
Smart Casual	703	894	1,162	1,394	1,533
Total	3,544	3,650	4,037	4,399	4,677
Sales by segment growth (%)					
LILANZ	10.7%	-3.0%	4.3%	4.5%	4.6%
Smart Casual	35.2%	27.2%	30.0%	20.0%	10.0%
Total	14.8%	3.0%	10.6%	9.0%	6.3%
Sales network by segment					
LILANZ	2,393	2,451	2,476	2,526	2,576
Smart Casual	302	322	347	397	447
Total	2,695	2,773	2,823	2,923	3,023
Sales network by segment growth (%)					
LILANZ	0.0%	2.4%	1.0%	2.0%	2.0%
Smart Casual	20.3%	6.6%	7.8%	14.4%	12.6%
Total	1.9%	2.9%	1.8%	3.5%	3.4%
GP margins by segment	48.2%	47.7%	48.9%	49.5%	49.7%
Opex breakdown					
Staff costs	3.7%	4.7%	5.2%	5.2%	5.3%
D & A	3.4%	3.9%	3.9%	3.9%	3.9%
R & D	3.2%	3.6%	3.8%	3.8%	3.8%
Provision (write back)	0.0%	0.0%	0.0%	0.0%	0.0%
A & P	14.7%	13.2%	12.4%	12.4%	12.4%
Selling & distribution costs / sales	27.0%	29.0%	30.1%	30.0%	30.1%
Admin expenses / sales	5.0%	5.2%	5.3%	5.2%	5.1%
OP margins	**17.2%**	**15.1%**	**14.9%**	**15.6%**	**15.9%**
Effective tax rate	19.4%	24.3%	23.0%	23.0%	23.0%
NP att. margins	**15.0%**	**12.6%**	**12.4%**	**12.9%**	**13.1%**
NP att. growth (%)	**18.4%**	**-13.1%**	**8.0%**	**13.6%**	**8.0%**

Source: Company data, CMBIGM estimates

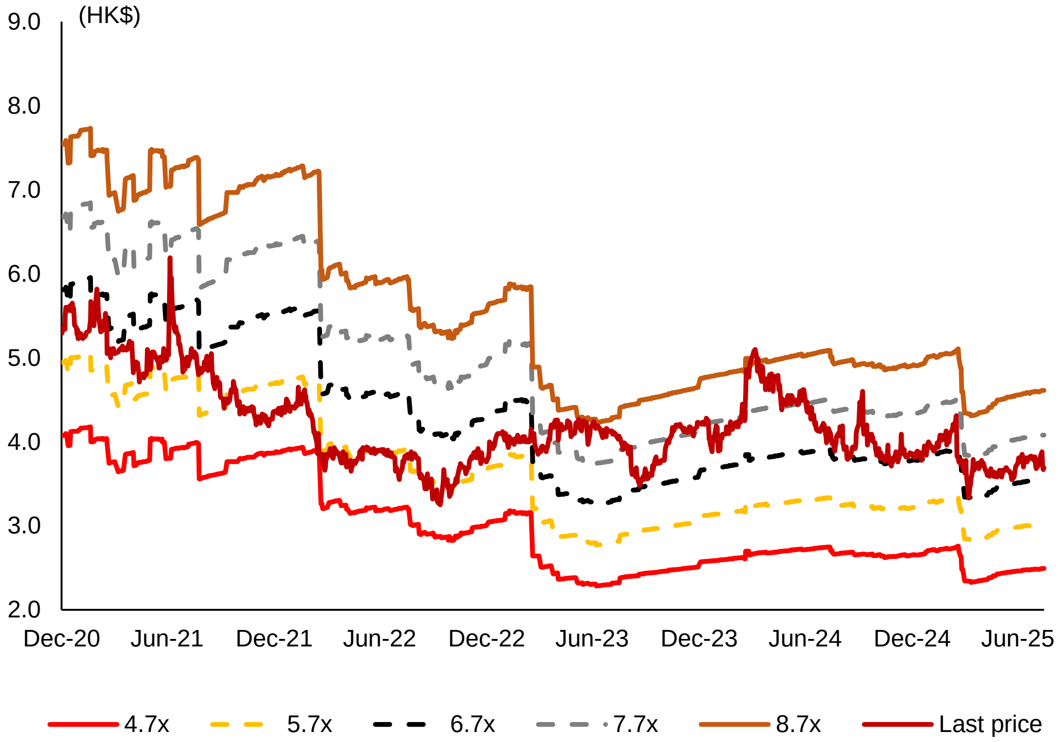
Valuation

Figure 6: Peers' valuation

Company	Ticker	Rating	12m TP (LC)	Price (LC)	Up/ Down-side	Mkt. Cap (HK$mn)	Year End	P/E (x) FY1E	P/E (x) FY2E	P/B (x) FY2E	ROE (%) FY1E	3yrs PEG (x) FY1E	Yield (%) FY1E	YTD perf. (%) FY1E
H shares Apparel														
China Lilang	1234 HK	BUY	4.42	3.69	20%	4,419	Dec-24	9.0	8.3	1.0	11.5	8.8	8.1	(3.6)
Bosideng Int'l	3998 HK	BUY	5.55	4.63	20%	53,542	Mar-25	12.2	11.0	2.6	22.9	1.1	6.9	19.3
Jnby Design	3306 HK	BUY	18.68	17.90	4%	9,286	Jun-24	9.6	8.9	3.3	37.4	1.5	n/a	2.1
Cosmo Lady	2298 HK	NR	n/a	0.39	n/a	866	Dec-24	n/a	n/a	n/a	6.4	0.0	n/a	48.1
Giordano	709 HK	NR	n/a	1.52	n/a	2,457	Dec-24	10.9	10.1	n/a	10.3	1.8	n/a	(9.5)
Koradior	3709 HK	NR	n/a	7.37	n/a	5,189	Dec-24	7.5	6.5	1.0	10.3	0.4	n/a	(10.5)
Mulsanne Group	1817 HK	NR	n/a	0.40	n/a	380	Dec-24	n/a	n/a	n/a	4.3	0.0	n/a	(9.1)
Cabbeen Fashion	2030 HK	NR	n/a	1.52	n/a	1,016	Dec-24	n/a	n/a	n/a	2.1	0.0	n/a	24.6
							Avg.	**9.8**	**9.0**	**2.0**	**13.1**	**1.7**	**7.5**	**7.7**
							Med.	**9.6**	**8.9**	**1.8**	**10.3**	**0.7**	**7.5**	**(0.8)**
A-shares Apparel														
Ningbo Peacebird	603877 CH	NR	n/a	14.64	n/a	7,523	Dec-24	16.9	14.5	1.5	4.8	0.6	3.0	(1.1)
Joeone Co Ltd	601566 CH	NR	n/a	9.04	n/a	5,667	Dec-24	21.3	18.3	1.3	6.4	0.0	4.6	7.5
Fujian Septwolves	002029 CH	NR	n/a	7.51	n/a	5,776	Dec-24	16.0	15.0	0.8	5.0	1.5	n/a	14.8
Hla Corp Ltd	600398 CH	NR	n/a	6.82	n/a	35,732	Dec-24	13.2	11.5	1.8	11.8	1.0	6.1	(9.1)
Jiangsu Hongdou	600400 CH	NR	n/a	2.23	n/a	5,574	Dec-24	74.3	74.3	n/a	(11.2)	0.0	n/a	(10.4)
Lancy Co Ltd	002612 CH	NR	n/a	17.21	n/a	8,307	Dec-24	27.2	26.1	3.8	9.1	3.2	2.8	5.2
Shenzhen Huijie	002763 CH	NR	n/a	7.12	n/a	3,184	Dec-24	n/a	n/a	n/a	2.9	0.0	n/a	7.2
Ellassay Fashion	603808 CH	NR	n/a	8.24	n/a	3,318	Dec-24	16.0	12.0	1.2	(10.9)	(0.1)	2.3	17.9
							Avg.	**26.4**	**24.5**	**1.7**	**2.2**	**0.8**	**3.8**	**4.0**
							Med.	**16.9**	**15.0**	**1.4**	**4.9**	**0.3**	**3.0**	**6.2**
International Apparel														
Fast Retailing	9983 JP	NR	n/a	47370.0	n/a	799,345	Aug-24	35.4	34.2	6.5	18.7	4.1	1.0	(12.0)
Hugo Boss	BOSS GR	NR	n/a	41.50	n/a	26,668	Dec-24	12.3	10.8	1.8	16.7	0.8	3.2	(7.3)
Next	NXT LN	NR	n/a	11855.0	n/a	154,227	Jan-25	16.7	15.6	6.8	46.8	1.4	2.5	24.8
Hennes & Mauritz	HMB SS	NR	n/a	141.40	n/a	185,473	Nov-24	20.4	17.5	5.3	25.6	2.1	4.9	(5.2)
Industria De Diseno	ITX SM	NR	n/a	43.26	n/a	1,230,660	Jan-25	22.2	20.3	6.6	33.0	2.2	4.0	(12.9)
Ovs Spa	OVS IM	NR	n/a	3.80	n/a	8,846	Jan-25	11.1	10.2	1.0	5.8	0.4	3.1	11.8
Pvh Corp	PVH US	NR	n/a	76.11	n/a	28,664	Feb-25	7.0	6.2	0.8	8.3	0.7	0.2	(28.0)
Vf Corp	VFC US	NR	n/a	12.96	n/a	39,660	Mar-25	17.2	12.4	3.1	(3.5)	(0.1)	2.8	(39.6)
Marks & Spencer	MKS LN	NR	n/a	352.00	n/a	76,747	Mar-25	14.5	10.5	2.2	10.2	0.4	1.4	(6.3)
							Avg.	**17.4**	**15.3**	**3.8**	**18.0**	**1.3**	**2.6**	**(8.3)**
							Med.	**16.7**	**12.4**	**3.1**	**16.7**	**0.8**	**2.8**	**(7.3)**

Source: Bloomberg, 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	**3,086**	**3,544**	**3,650**	**4,013**	**4,380**	**4,663**
Cost of goods sold	(1,666)	(1,837)	(1,911)	(2,052)	(2,213)	(2,343)
Gross profit	**1,420**	**1,707**	**1,739**	**1,961**	**2,167**	**2,320**
Operating expenses	**(973)**	**(1,147)**	**(1,257)**	**(1,428)**	**(1,554)**	**(1,654)**
Selling expense	(792)	(957)	(1,059)	(1,206)	(1,316)	(1,404)
Admin expense	(55)	(62)	(58)	(59)	(60)	(61)
R&D expense	(124)	(115)	(130)	(153)	(166)	(177)
Others	(2)	(13)	(10)	(11)	(12)	(12)
Operating profit	**519**	**611**	**552**	**597**	**683**	**740**
Other income	72	51	70	64	70	75
Share of (losses)/profits of associates/JV	0	0	0	0	0	0
EBITDA	**523**	**614**	**554**	**599**	**685**	**742**
Other amortisation	(4)	(3)	(2)	(2)	(2)	(2)
Interest income	52	82	84	78	80	81
Interest expense	(24)	(35)	(28)	(29)	(29)	(29)
Other income/expense	0	0	0	0	0	0
Pre-tax profit	**547**	**658**	**609**	**646**	**734**	**793**
Income tax	(99)	(127)	(148)	(149)	(169)	(182)
Minority interest	0	0	0	0	0	0
Net profit	**448**	**530**	**461**	**498**	**565**	**611**

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	**2,772**	**2,678**	**3,838**	**4,059**	**4,283**	**4,439**
Cash & equivalents	960	1,077	827	885	934	953
Account receivables	843	733	828	910	993	1,058
Inventories	885	826	1,087	1,167	1,259	1,333
Prepayment	0	0	0	0	0	0
ST bank deposits	81	40	1,091	1,091	1,091	1,091
Other current assets	3	2	5	5	5	5
Non-current assets	**2,706**	**3,825**	**3,016**	**3,019**	**3,053**	**3,141**
PP&E	1,213	1,194	1,163	1,169	1,205	1,295
Investment in JVs & assos	0	0	0	0	0	0
Intangibles	5	4	3	1	(1)	(3)
Other non-current assets	1,488	2,628	1,849	1,849	1,849	1,849
Total assets	**5,478**	**6,503**	**6,854**	**7,078**	**7,336**	**7,581**
Current liabilities	**1,439**	**1,623**	**2,051**	**2,136**	**2,232**	**2,310**
Short-term borrowings	279	315	555	555	555	555
Account payables	888	1,009	1,147	1,232	1,329	1,407
Tax payable	197	224	266	266	266	266
Other current liabilities	75	75	82	82	82	82
Non-current liabilities	**256**	**913**	**748**	**748**	**748**	**748**
Long-term borrowings	187	853	671	671	671	671
Other non-current liabilities	69	59	76	76	76	76
Total liabilities	**1,695**	**2,535**	**2,798**	**2,883**	**2,980**	**3,058**
Share capital	106	106	106	106	106	106
Retained earnings	0	0	29	169	330	497
Other reserves	3,677	3,862	3,920	3,920	3,920	3,920
Total shareholders equity	**3,782**	**3,967**	**4,055**	**4,194**	**4,356**	**4,522**
Minority interest	0	0	0	0	0	0
Total equity and liabilities	**5,478**	**6,503**	**6,854**	**7,078**	**7,336**	**7,581**

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**547**	**658**	**609**	**646**	**734**	**793**
Depreciation & amortization	115	120	143	120	101	56
Tax paid	(85)	(82)	(96)	(149)	(169)	(182)
Change in working capital	0	348	(183)	(78)	(78)	(60)
Others	77	56	54	29	29	29
Net cash from operations	**654**	**1,101**	**527**	**569**	**617**	**636**
Investing						
Capital expenditure	(379)	(132)	(113)	(124)	(135)	(144)
Acquisition of subsidiaries/ investments	(2)	(2)	(2)	0	0	0
Others	(795)	(1,078)	(191)	0	0	0
Net cash from investing	**(1,175)**	**(1,212)**	**(306)**	**(124)**	**(135)**	**(144)**
Financing						
Dividend paid	(341)	(349)	(398)	(359)	(404)	(444)
Net borrowings	361	688	20	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	0	0	0	0	0	0
Others	(111)	(111)	(94)	(29)	(29)	(29)
Net cash from financing	**(90)**	**228**	**(472)**	**(387)**	**(432)**	**(473)**
Net change in cash						
Cash at the beginning of the year	1,572	960	1,077	827	885	934
Exchange difference	0	0	0	0	0	0
Others	(612)	117	(251)	58	49	19
Cash at the end of the year	**960**	**1,077**	**827**	**885**	**934**	**953**

GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(8.7%)	14.8%	3.0%	10.0%	9.1%	6.5%
Gross profit	0.4%	20.2%	1.9%	12.7%	10.5%	7.0%
Operating profit	(2.6%)	17.6%	(9.5%)	8.1%	14.3%	8.4%
EBITDA	(2.5%)	17.4%	(9.7%)	8.1%	14.3%	8.4%
Net profit	(4.3%)	18.4%	(13.1%)	8.0%	13.6%	8.0%

PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	46.0%	48.2%	47.7%	48.9%	49.5%	49.7%
Operating margin	16.8%	17.2%	15.1%	14.9%	15.6%	15.9%
EBITDA margin	16.9%	17.3%	15.2%	14.9%	15.6%	15.9%
Return on equity (ROE)	12.0%	13.7%	11.5%	12.1%	13.2%	13.8%

GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.1	(0.0)	0.2	0.2	0.2	0.2
Current ratio (x)	1.9	1.7	1.9	1.9	1.9	1.9

VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	9.0	7.6	8.8	8.1	7.2	6.6
P/E (diluted)	9.0	7.6	8.8	8.1	7.2	6.6
P/B	1.1	1.0	1.0	1.0	0.9	0.9
P/CFPS	6.2	3.7	7.7	7.1	6.6	6.4
Div yield (%)	8.2	9.8	8.3	9.2	10.5	11.3
EV	3,918.5	4,545.4	3,808.7	3,751.1	3,701.9	3,683.2
EV/Sales	1.3	1.3	1.0	0.9	0.8	0.8
EV/EBITDA	7.5	7.4	6.9	6.3	5.4	5.0

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

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