

Vesync (2148 HK)

An all-rounded beat and a bullish outlook

1H23 result was far more than good, with industry leading sales and net profit growth, plus a declining inventory. And we do think the turnaround is not just here but solid. With such an undemanding valuation of 7x FY23E P/E, backed by a 20% sales CAGR during FY22-25E, we maintain BUY.

- **1H23 result beat expectations.** Vesync's sales grew by 24% YoY to US\$ 277mn inline CMBI est. and its net profit surged by 111% YoY to US\$ 33mn, beating CMBI est. by 15% and reaching the high-end of its pre-announced profit alert (around 70% to 120%) in 1H23. We believe the speedy sales growth was driven by: 1) strong performance of its new products (e.g. Tower shape and mega sized air purifier, humidifier, pressure cooker and rice cooker), 2) rapid offline, EU and Japan expansions and 3) resumption of growth from the Etekcity. And the jump in NP margin to ~12%, far better than company's guidance of 10%+ was a mixture of: 1) decent GP margin expansion, thru better transportation, raw material costs, ASP hike and more value engineering, etc., 2) better-than-expected government grants and effective tax rate, but 3) higher-than-expected opex (including A&P expenses and professional fees associated with the products' recall).
- **The robust FY23E guidance was reiterated but we continue to stay more conservative.** Management had maintained its FY23E guidance (20%+ sales growth and 10%+ NP margin) and in fact, they are foreseeing potentially faster growth in 2H23E and even in FY24E, thanks to: 1) prosperous new products pipeline (e.g. new generation air purifier and Air fryer, more smart products, as well as new categories such as the pet care products), 2) more upgrades of its APP and addition of new smart functions, 3) further expansions in other countries in EU and Japan, and 4) more cross selling of products and brands to retailers in the offline channel. Margin wise, we also believe the GP margin and even NP margin can further expand, as: 1) cheaper shipping costs to kick in, 2) CNY depreciation continues, 3) more value engineering are placed to refine the product margins. Since we are more cautious about the potential resumption of import tariffs, we are forecasting a decline in GP margin and just a mild NP margin increase in FY24E (vs FY23E).
- **Maintain BUY and raise TP to HK\$ 6.71 after the significant jump on earnings.** We raise our FY23E/ 24E/ 25E net profit forecasts by 43%/ 39%/ 37% to factor in: 1) boost from those successful new products, 2) better-than-expected GP margin, and 3) higher government grants and better tax rate. Considering the robust growth (17% sales and 28% net profit CAGR during FY21-25E), its current valuation of 7x is extremely attractive. Our TP is based on 14x FY23E P/E (unchanged, vs 3 years average of 12x).

Earnings Summary

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (US\$ mn)	454	490	603	727	839
YoY growth (%)	30.2	8.0	22.9	20.7	15.4
Operating profit (US\$ mn)	51	(21)	76	102	129
Net profit (US\$ mn)	41.6	(16.3)	72.0	89.2	111.8
EPS (Reported) (US\$ cents)	3.63	(1.40)	6.19	7.66	9.60
YoY growth (%)	(25.3)	na	na	23.8	25.3
P/E (x)	11.9	(30.9)	7.0	5.7	4.5
P/B (x)	1.6	1.8	1.5	1.2	0.92
Yield (%)	1.0	0.0	0.0	0.0	0.0
ROE (%)	14.5	(5.5)	23.0	22.6	22.6

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$6.71
(Previous TP)	HK\$4.70
Up/Downside	98.6%
Current Price	HK\$3.38

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Stock Data

Mkt Cap (HK\$ mn)	3,938.0
Avg 3 mths t/o (HK\$ mn)	1.4
52w High/Low (HK\$)	5.36/2.09
Total Issued Shares (mn)	1165.1
Source: FactSet	

Shareholding Structure

Ms. Yang Lin & Mr. Ryan Xu	36.2%
Mr. Yang Yuzheng	32.7%
Source: HKEx	

Share Performance

	Absolute	Relative
1-mth	-2.0%	5.0%
3-mth	1.8%	12.6%
6-mth	-23.2%	-11.8%

Source: FactSet

12-mth Price Performance



Source: FactSet

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- **The industry is still turning around but Vesync is obviously leading.** Firstly, while most peers like SEB, Helen of Troy and DeLonghi are registering negative growth in 1H23 (even though they are all improving QoQ), Vesync had reported 20%+ sales growth. Secondly, while the inventory days for these peers are either climbing or at least stayed flattish YoY, Vesync's inventory days had already gone down to 118 days in 1H23 (vs 168 days in 1H22 and 128 days in FY22). Thirdly, we believe some consumers in the US and EU have turned more price sensitive due to slowdown in economic growth and high-inflation, but Vesync is still able to gain significant market shares by selling those more competitive and user friendly products (new products tend to have a higher selling price).

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	602,523	727,094	839,165	578,817	676,899	769,205	4.1%	7.4%	9.1%
Gross profit	258,112	304,734	352,445	235,092	267,266	303,490	9.8%	14.0%	16.1%
EBIT	75,650	102,082	129,004	62,769	78,634	97,115	20.5%	29.8%	32.8%
Net profit att.	72,039	89,208	111,798	50,401	64,314	81,784	42.9%	38.7%	36.7%
Diluted EPS (USD)	0.062	0.077	0.096	0.043	0.055	0.070	42.9%	38.7%	36.7%
Gross margin	42.8%	41.9%	42.0%	40.6%	39.5%	39.5%	2.2ppt	2.4ppt	2.5ppt
EBIT margin	12.6%	14.0%	15.4%	10.8%	11.6%	12.6%	1.7ppt	2.4ppt	2.7ppt
Net profit att. margin	12.0%	12.3%	13.3%	8.7%	9.5%	10.6%	3.2ppt	2.8ppt	2.7ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	602,523	727,094	839,165	606,429	727,286	866,167	-0.6%	0.0%	-3.1%
Gross profit	258,112	304,734	352,445	251,061	302,187	355,706	2.8%	0.8%	-0.9%
EBIT	75,650	102,082	129,004	64,671	85,329	110,167	17.0%	19.6%	17.1%
Net profit att.	72,039	89,208	111,798	52,886	69,629	89,633	36.2%	28.1%	24.7%
Diluted EPS (USD)	0.062	0.077	0.096	0.045	0.060	0.078	36.2%	28.6%	22.6%
Gross margin	42.8%	41.9%	42.0%	41.4%	41.5%	41.1%	1.4ppt	0.4ppt	0.9ppt
EBIT margin	12.6%	14.0%	15.4%	10.7%	11.7%	12.7%	1.9ppt	2.3ppt	2.7ppt
Net profit att. margin	12.0%	12.3%	13.3%	8.7%	9.6%	10.3%	3.2ppt	2.7ppt	3ppt

Source: Company data, CMBIGM estimates

Results summary

Figure 3: Results review – Half Year

Half yearly / Full yearly (USD k)	1H22	2H22	1H23E	2H23E	1H23E YoY	2H23E YoY	1H23E CMBIS	Actual vs CMBI GM
Revenue	223,297	267,081	276,932	325,591	24%	22%	274,982	1%
COGS	-135,743	-212,346	-151,814	-192,597			-	
Gross profit	87,554	54,735	125,118	132,994	43%	143%	114,117	10%
GP margins	39.2%	20.5%	45.2%	40.8%			41.5%	
Other income & gains	3,506	536	8,581	2,777			825	940%
Selling and distribution expenses	-37,703	-51,536	-47,778	-52,647	27%	2%	-41,247	16%
Selling and distribution exp / sales	-16.9%	-19.3%	-17.3%	-16.2%			-15.0%	
Administrative expenses	-31,028	-38,563	-43,032	-36,596	39%	-5%	-33,548	28%
Admin exp / sales	-13.9%	-14.4%	-15.5%	-11.2%			-12.2%	
Other opex	-4,855	-3,177	-8,249	-3,801			-4,125	
Operating profit (EBIT)	17,474	-38,005	34,640	42,727	98%	-212%	36,023	-4%
OP margins	7.8%	-14.2%	12.5%	13.1%			13.1%	
Other items	-128	509	-95	95			0	
Net finance income	-880	-811	-925	-612			-1,375	-33%
Net finance income / sales	-0.4%	-0.3%	-0.3%	-0.2%			-0.5%	
Profit after financing costs	16,466	-38,307	33,620	42,210			34,648	
Associated coms	0	0	0	0			0	
Jointly controlled coms	0	0	0	0			0	
Pre-tax profit	16,466	-38,307	33,620	42,210	104%	-210%	34,648	-3%
Tax	-986	6,510	-1,034	-2,758			-6,237	-83%
Tax / sales	-0.4%	2.4%	-0.4%	-0.8%			-2.3%	
Effective tax rate	-6.0%	-17.0%	-3.1%	-6.5%			-18.0%	
Net profit	15,480	-31,797	32,586	39,453	111%	-224%	28,411	
Minority interests	0	0	0	0			0	
Net profit att.	15,480	-31,797	32,586	39,453	111%	-224%	28,411	15%
NP margins	6.9%	-11.9%	11.8%	12.1%			10.3%	
Sales by region								
North America	171,946	194,236	199,017	224,234	16%	15%	199,643	0%
Europe	42,911	65,035	65,293	91,229	52%	40%	64,367	1%
Asia	8,440	7,810	12,622	10,128	50%	30%	10,972	15%
Total	223,297	267,081	276,932	325,591	24%	22%	274,982	1%

Source: Bloomberg, Company data, CMBIGM estimates

Figure 4: Results review – Full Year

Half yearly / Full yearly (USD k)	FY22	FY23E	FY24E	FY23E YoY	FY24E YoY
Revenue	490,378	602,523	727,094	23%	21%
COGS	-348,089	-344,411	-422,360		
Gross profit	142,289	258,112	304,734	81%	18%
GP margins	29.0%	42.8%	41.9%		
Other income & gains	4,042	11,358	3,614		
Selling and distribution expenses	-89,239	-100,425	-116,149	13%	16%
Selling and distribution exp / sales	-18.2%	-16.7%	-16.0%		
Administrative expenses	-69,591	-79,628	-77,051	14%	-3%
Admin exp / sales	-14.2%	-13.2%	-10.6%		
Other opex	-8,032	-12,050	-10,906		
Operating profit (EBIT)	-20,531	77,367	104,241	-477%	35%
OP margins	-4.2%	12.8%	14.3%		
Other items	381	0	0		
Net finance income	-1,691	-1,537	-1,703		
Net finance income / sales	-0.3%	-0.3%	-0.2%		
Profit after financing costs	-21,841	75,830	102,538		
Associated coms	0	0	0		
Jointly controlled coms	0	0	0		
Pre-tax profit	-21,841	75,830	102,538	-447%	35%
Tax	5,524	-3,792	-13,330		
Tax / sales	1.1%	-0.6%	-1.8%		
Effective tax rate	-25.3%	-5.0%	-13.0%		
Net profit	-16,317	72,039	89,208	-541%	24%
Minority interests	0	0	0		
Net profit att.	-16,317	72,039	89,208	-541%	24%
NP margins	-3.3%	12.0%	12.3%		
Sales by region					
North America	366,182	423,251	485,077	16%	15%
Europe	107,946	156,522	211,304	45%	35%
Asia	16,250	22,750	30,713	40%	35%
Total	490,378	602,523	727,094	23%	21%

Source: Bloomberg, Company data, CMBIGM estimates

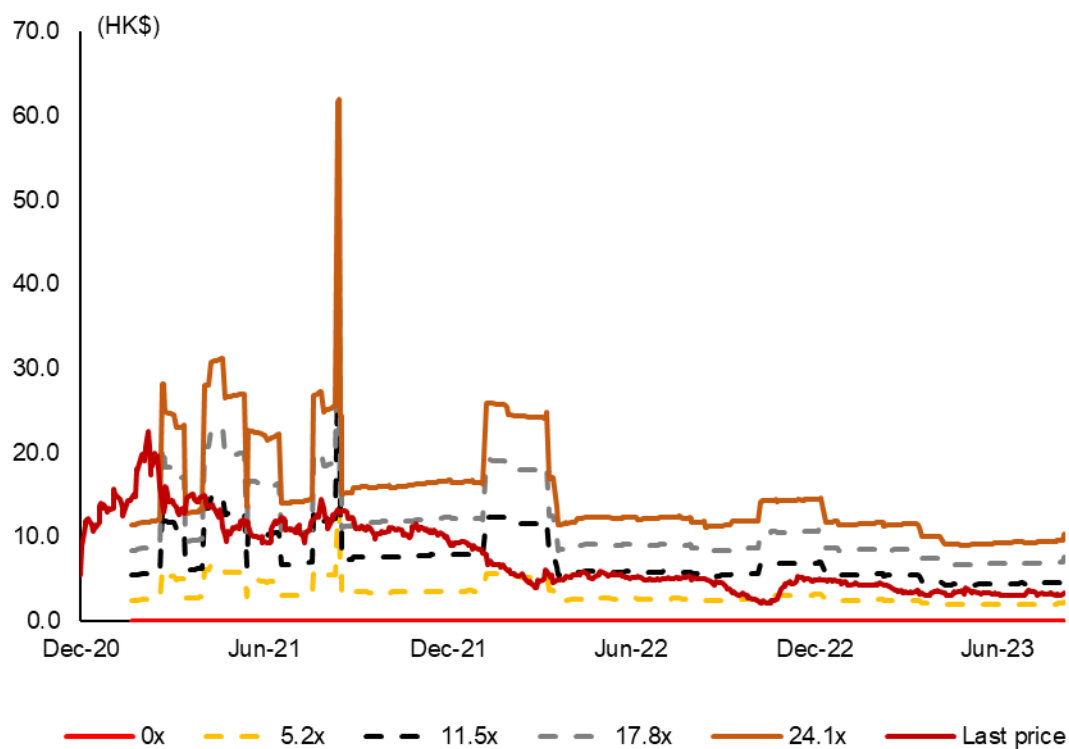
Valuation

Peers Valuation

Figure 5: Peers' valuation

			12m TP	Price	Up/ Down-	Mkt. Cap	Year	P/E (x)		P/B (x)	ROE (%)	3yrs PEG (x)	Yield (%)	YTD perf.
Company	Ticker	Rating	(LC)	(LC)	side	(HK\$ mn)	End	FY1E	FY2E	FY2E	FY0	FY1E	FY1E	FY1E
A+ H shares Small Home Appliances														
Vesync	2148 HK	BUY	6.71	3.38	99%	3,931	Dec-22	7.0	5.7	1.5	(5.5)	(0.0)	0.0	(30.0)
Js Global Lifestyle	1691 HK	BUY	1.70	1.09	56%	3,787	Dec-22	1.2	1.1	0.2	17.7	0.1	31.6	(27.4)
Joyoung	002242 CH	NR	n/a	14.30	n/a	11,786	Dec-22	15.6	13.3	3.0	12.3	0.9	5.3	(13.2)
Zhejiang Supor	002032 CH	NR	n/a	47.04	n/a	40,776	Dec-22	17.1	15.4	5.0	25.3	2.4	4.1	(4.9)
Xinbao	002705 CH	NR	n/a	17.00	n/a	15,102	Dec-22	13.9	12.1	1.8	13.8	1.8	2.4	2.1
Bear Electric	002959 CH	NR	n/a	62.51	n/a	10,517	Dec-22	19.3	16.3	3.6	19.0	1.0	2.0	3.6
Ecovacs Robotics	603486 CH	NR	n/a	69.81	n/a	43,273	Dec-22	20.6	17.2	5.0	25.9	1.5	1.5	(4.3)
Beijing Roborock	688169 CH	NR	n/a	256.02	n/a	36,115	Dec-22	24.2	20.1	3.2	11.2	1.7	0.5	44.7
Kingclean Electric	603355 CH	NR	n/a	26.14	n/a	16,120	Dec-22	14.5	12.8	3.5	25.7	1.7	2.5	(6.8)
Avg.								14.8	12.7	3.0	16.2	1.2	5.5	(4.0)
Med.								15.6	13.3	3.2	17.7	1.5	2.4	(4.9)
A + H Home Appliances														
Midea	000333 CH	BUY	67.79	54.37	25%	410,305	Dec-22	11.4	10.3	2.3	21.4	1.6	4.6	5.0
Gree Electric	000651 CH	NR	n/a	34.50	n/a	208,767	Dec-22	7.2	6.5	1.7	24.7	1.2	7.2	6.7
Haier Smart Home	600690 CH	NR	n/a	22.88	n/a	221,914	Dec-22	12.8	11.2	2.0	16.8	1.2	3.0	(6.5)
Haier Smart Home	6690 HK	BUY	29.10	22.45	30%	221,917	Dec-22	11.7	10.3	1.9	16.8	1.1	3.3	(15.6)
Hisense Home	921 HK	NR	n/a	19.42	n/a	32,034	Dec-22	10.7	9.4	1.9	15.8	0.4	3.7	125.6
Hisense Home	000921 CH	NR	n/a	23.16	n/a	32,034	Dec-22	14.8	12.3	2.5	15.8	0.6	3.1	75.9
Whirlpool China	600983 CH	NR	n/a	8.13	n/a	6,696	Dec-22	n/a	n/a	n/a	1.9	n/a	n/a	17.5
Hangzhou Robam	002508 CH	NR	n/a	26.71	n/a	27,238	Dec-22	13.2	11.7	2.3	16.7	1.1	2.3	(3.8)
Vatti	002035 CH	NR	n/a	5.83	n/a	5,310	Dec-22	9.6	8.4	1.3	4.6	0.2	4.2	5.2
Avg.								11.4	10.0	2.0	14.9	0.9	3.9	23.3
Med.								11.5	10.3	2.0	16.7	1.1	3.5	5.2
International Small Home Appliances														
Techtronic	669 HK	NR	n/a	81	n/a	148,712	Dec-22	18.7	15.7	3.2	18.2	2.0	2.1	(6.9)
Smith (A.O.) Corp	AOS US	NR	n/a	69	n/a	81,288	Dec-22	19.2	18.0	5.5	14.9	0.5	1.8	20.4
Helen Of Troy Ltd	HELE US	NR	n/a	121	n/a	22,823	Feb-23	13.6	12.2	1.8	9.8	0.7	n/a	8.9
De'Longhi Spa	DLG IM	NR	n/a	23	n/a	29,777	Dec-22	16.6	14.7	1.9	11.7	1.2	2.3	10.5
Irobot Corp	IRBT US	NR	n/a	37	n/a	8,098	Dec-22	n/a	n/a	2.6	(74.7)	n/a	0.0	(22.5)
Seb Sa	SK FP	NR	n/a	100	n/a	46,989	Dec-22	14	11.4	1.6	10.6	0.6	2.5	27.6
Breville Group	BRG AU	NR	n/a	24	n/a	17,603	Jun-23	29	25.1	4.2	15.9	2.7	1.4	33.4
Koninklijke Philips	PHIA NA	NR	n/a	21	n/a	163,157	Dec-22	18.2	14.6	1.5	(15.1)	(0.1)	4.1	54.1
Avg.								18.5	16.0	2.8	(1.1)	1.1	2.0	15.7
Med.								18.2	14.7	2.3	11.2	0.7	2.1	15.4
International Home Appliances														
Whirlpool	WHR US	NR	n/a	134.13	n/a	57,634	Dec-22	8.2	7.8	3.0	(51.4)	(0.0)	5.2	(5.2)
Ingersoll-Rand	IR US	NR	n/a	66.94	n/a	212,192	Dec-22	24.1	21.9	2.8	7.7	0.8	0.1	28.1
Electrolux Ab-B	ELUXB SS	NR	n/a	127	n/a	25,840	Dec-22	36.0	10.0	2.1	(19.9)	(0.1)	2.5	(10.0)
Daikin Industries	6367 JP	NR	n/a	23400	n/a	368,721	Mar-23	24.0	21.6	2.8	11.8	3.1	1.1	15.8
Panasonic	6752 JP	NR	n/a	1589.00	n/a	209,648	Mar-23	10.2	9.9	0.9	10.9	0.7	2.2	43.1
Fujitsu General	6755 JP	NR	n/a	2700.50	n/a	15,873	Mar-23	21.6	17.8	2.0	6.7	0.8	1.3	(14.7)
Lg Electronics	066570 KS	NR	n/a	98700.0	n/a	94,616	Dec-22	9.2	6.4	0.8	1.9	0.2	0.9	14.1
Samsung	005930 KS	NR	n/a	66600.00	n/a	2,329,006	Dec-22	44.7	14.2	1.3	9.4	(7.6)	2.1	20.4
Avg.								22.3	13.7	2.0	(2.9)	(0.3)	1.9	11.5
Med.								22.8	12.1	2.1	7.2	0.5	1.7	15.0

Source: Bloomberg, CMBIGM estimates

Figure 6: Forward 12M P/E valuation band

Source: Bloomberg, CMBIGM estimates

Assumptions

Figure 7: CMBIGM's assumptions

USD mn	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Sales by region (USD k)						
North America	302,318	358,060	366,182	423,251	485,077	536,644
Europe	40,718	81,041	107,946	156,522	211,304	264,130
Asia	5,886	15,149	16,250	22,750	30,713	38,391
Total	348,922	454,250	490,378	602,523	727,094	839,165
Sales growth by region (%)						
North America	103.4%	18.4%	2.3%	15.6%	14.6%	10.6%
Europe	85.3%	99.0%	33.2%	45.0%	35.0%	25.0%
Asia	349.7%	157.4%	7.3%	40.0%	35.0%	25.0%
Total	103.0%	30.2%	8.0%	22.9%	20.7%	15.4%
Sales growth by segment (%)						
Seller Central	23.0%	-27.0%	-92.8%	-5.0%	0.0%	0.0%
Vendor Central	166.7%	45.4%	19.7%	14.9%	12.6%	11.9%
Others (including offline)	860.0%	197.6%	95.1%	65.0%	50.0%	25.0%
GP margins by region						
North America	44.2%	39.6%	29.5%	44.0%	42.5%	42.5%
Europe	40.0%	36.0%	28.0%	42.0%	42.0%	42.0%
Asia	43.0%	33.0%	25.0%	27.0%	32.0%	35.0%
Total	43.7%	38.8%	29.0%	42.8%	41.9%	42.0%
GP margins by segment						
Seller Central	41.0%	35.0%	25.0%	35.0%	35.5%	36.0%
Vendor Central	46.1%	40.7%	28.5%	43.7%	43.1%	43.1%
Others (including offline)	23.0%	30.0%	32.0%	40.0%	39.0%	39.5%
Opex breakdown						
A & P	-3.5%	-4.7%	-7.3%	-7.5%	-7.3%	-7.1%
Commission to platform	-4.9%	-2.8%	-0.5%	-0.3%	-0.3%	-0.2%
Staff cost - Opex	-5.8%	-7.0%	-9.4%	-7.5%	-6.5%	-6.0%
Warehousing	-1.8%	-3.9%	-4.2%	-4.2%	-4.2%	-4.2%
R & D	-3.0%	-3.8%	-6.1%	-5.5%	-5.0%	-4.7%
Office expenses	-0.8%	-0.9%	-0.6%	-0.5%	-0.4%	-0.3%
D & A - Opex	-0.6%	-0.8%	-0.8%	-0.5%	-0.4%	-0.3%
Selling & distribution costs / sales	-13.5%	-15.2%	-18.2%	-16.7%	-16.0%	-15.5%
Admin expenses / sales	-11.2%	-11.3%	-14.2%	-13.2%	-10.6%	-9.8%
OP margins	17.6%	11.4%	-4.2%	12.8%	14.3%	15.7%
Effective tax rate	-8.9%	-18.5%	-25.3%	-5.0%	-13.0%	-14.0%
NP att. margins	15.7%	9.2%	-3.3%	12.0%	12.3%	13.3%
NP att. growth (%)	758.8%	-24.0%	-139.2%	-541.5%	23.8%	25.3%
Adjusted NP att. growth (%)	758.8%	-24.0%	-139.2%	-541.5%	23.8%	25.3%

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (US\$ mn)						
Revenue	349	454	490	603	727	839
Cost of goods sold	(197)	(278)	(348)	(344)	(422)	(487)
Gross profit	152	176	142	258	305	352
Operating expenses	(91)	(126)	(167)	(192)	(204)	(225)
Selling expense	(47)	(69)	(89)	(100)	(116)	(130)
Admin expense	(39)	(51)	(70)	(80)	(77)	(82)
R&D expense	0	0	0	0	0	0
Others	(5)	(6)	(8)	(12)	(11)	(13)
Operating profit	61	51	(21)	76	102	129
Other income	0	1	3	10	1	2
Share of (losses)/profits of associates/JV	0	0	0	0	0	0
EBITDA	62	53	(19)	77	104	130
Depreciation	(1)	(1)	(2)	(2)	(1)	(1)
Other amortisation	(0)	(1)	(0)	(0)	(0)	(0)
Interest income	0	1	1	2	2	3
Interest expense	(1)	(1)	(2)	(2)	(2)	(2)
Net Interest income/(expense)	(1)	(0)	(1)	0	0	1
Other income/expense	(0)	(0)	0	0	0	0
Pre-tax profit	60	51	(22)	76	103	130
Income tax	(5)	(9)	6	(4)	(13)	(18)
Minority interest	0	0	0	0	0	0
Net profit	55	42	(16)	72	89	112

BALANCE SHEET	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (US\$ mn)						
Current assets	339	416	396	524	607	769
Cash & equivalents	183	127	94	232	182	369
Account receivables	35	106	149	164	214	223
Inventories	96	129	115	84	159	121
Prepayment	25	22	26	32	39	45
ST bank deposits	0	32	9	9	9	9
Other current assets	0	1	3	3	3	3
Non-current assets	31	45	61	63	66	69
PP&E	2	4	5	7	9	13
Investment in JVs & assos	0	12	12	12	12	12
Intangibles	0	0	0	0	(0)	(0)
Goodwill	0	0	0	0	0	0
Other non-current assets	28	28	44	44	44	44
Total assets	370	461	457	587	673	839
Current liabilities	97	133	168	226	222	277
Short-term borrowings	3	35	8	8	8	8
Account payables	46	38	61	110	96	141
Tax payable	17	17	6	6	6	6
Other current liabilities	32	43	93	102	112	121
Non-current liabilities	12	13	12	12	12	12
Long-term borrowings	0	0	1	1	1	1
Other non-current liabilities	12	13	11	11	11	11
Total liabilities	110	146	180	238	234	288
Share capital	1	2	2	2	2	2
Retained earnings	190	200	187	259	348	460
Other reserves	69	113	89	89	89	89
Total shareholders equity	260	315	277	349	439	551
Minority interest	0	0	0	0	0	0
Total equity and liabilities	370	461	457	587	673	839

CASH FLOW	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (US\$ mn)						
Operating						
Profit before taxation	60	51	(22)	76	103	130
Depreciation & amortization	1	2	2	2	2	1
Tax paid	(1)	(8)	(18)	(4)	(13)	(18)
Change in working capital	(57)	(113)	(8)	68	(136)	79
Others	7	22	47	2	2	2
Net cash from operations	10	(47)	1	143	(44)	194
Investing						
Capital expenditure	(1)	(4)	(3)	(4)	(4)	(5)
Acquisition of subsidiaries/ investments	(0)	(0)	(0)	0	0	0
Others	(5)	(42)	25	0	0	0
Net cash from investing	(6)	(46)	22	(4)	(4)	(5)
Financing						
Dividend paid	(4)	(19)	(19)	0	0	0
Net borrowings	(15)	1	5	0	0	0
Proceeds from share issues	193	29	0	0	0	0
Share repurchases	0	(0)	(2)	0	0	0
Others	(2)	(4)	(6)	(2)	(2)	(2)
Net cash from financing	171	7	(22)	(2)	(2)	(2)
Net change in cash						
Cash at the beginning of the year	174	(86)	1	138	(50)	187
Exchange difference	(0)	30	(4)	0	0	0
Others	9	183	127	124	262	212
Cash at the end of the year	183	127	124	262	212	399
GROWTH	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
Revenue	103.0%	30.2%	8.0%	22.9%	20.7%	15.4%
Gross profit	126.7%	15.5%	(19.2%)	81.4%	18.1%	15.7%
Operating profit	643.3%	(16.4%)	na	na	34.9%	26.4%
EBITDA	598.3%	(14.8%)	na	na	33.9%	25.8%
Net profit	758.8%	(24.0%)	na	na	23.8%	25.3%
PROFITABILITY	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
Gross profit margin	43.7%	38.8%	29.0%	42.8%	41.9%	42.0%
Operating margin	17.6%	11.3%	(4.3%)	12.6%	14.0%	15.4%
EBITDA margin	17.9%	11.7%	(3.8%)	12.9%	14.3%	15.5%
Return on equity (ROE)	39.6%	14.5%	(5.5%)	23.0%	22.6%	22.6%
GEARING/LIQUIDITY/ACTIVITIES	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
Current ratio (x)	3.5	3.1	2.4	2.3	2.7	2.8
Receivable turnover days	27.8	56.8	95.0	95.0	95.0	95.0
Inventory turnover days	119.7	147.1	127.5	105.0	105.0	105.0
Payable turnover days	60.4	54.7	51.6	51.6	51.6	51.6
VALUATION	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
P/E	9.0	11.9	(30.9)	7.0	5.7	4.5
P/E (diluted)	9.0	11.9	(30.9)	7.0	5.7	4.5
P/B	1.9	1.6	1.8	1.5	1.2	0.92
P/CFPS	168.3	na	579.8	3.5	na	2.6
Div yield (%)	1.1	1.0	0.0	0.0	0.0	0.0

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

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