

# Microsoft (MSFT US)

## AI related monetization key to watch

Microsoft reported (31 Oct HKT) inline 1QFY25 (June year-end) results: revenue was US\$65.6bn, up 16% YoY (4QFY24: +15% YoY; 1QFY24: +13% YoY), 2% better than consensus, driven by better-than-expected revenue generation from more personal computing (MPC) segment aided by the beat in revenue growth of gaming and search business; quarterly net income was up 11% YoY to US\$24.7bn, 6% better than consensus, which in our view was aided by better than feared margin impact from AI related investments, and operating efficiency gains of productivity and business process (PBP) business. AI related monetization, including pace of increase of copilot services revenue contribution, and the potential reacceleration in Azure's revenue growth in 2HFY25, remain key stock price drivers for Microsoft in a 6-12-month horizon, in our view. Our FY25/26E forecast was largely unchanged, while our DCF-based target price was lifted by 2% to US\$501.9 (was US\$491.3) due to the roll forward of valuation window, translating into 38/32x FY25/26E PE. Maintain BUY as we remain positive that Microsoft is one of the key beneficiaries in the Gen-AI era.

■ **Management remains upbeat on cloud revenue growth recovery in 2HFY25.** Intelligent Cloud (IC) segment recorded quarterly revenue growth of 20% YoY to US\$24.1bn (37% of total revenue), at the upper limit of the previous guidance range. Within the segment, Azure and other cloud services revenue grew 33% YoY (1QFY24: 31%; 4QFY24: 34%), and AI services contributed to 12pp of the growth (3QFY24: 10pp; 4QFY24: 11pp). Management guided for 19-20%/31-32% YoY revenue growth for IC/Azure in 2QFY25, and cited supply constraints as the main reason for sequential deceleration in revenue growth. However, management highlighted that they expect consumption growth of Azure in 2Q to be stable compared to 1Q, and expect Azure's growth to accelerate in 2HFY25 compared to that in 1HFY25 as its capital investments could create an increase in available AI capacity to serve more growing demand. Capex (including finance leases) came in at US\$20bn for 1QFY25 (4QFY24: US\$19bn; 1QFY24: US\$11.2bn), up 79% YoY, to fulfil the unmet demand.

■ **PBP business saw steady trend of operating efficiency gains.** PBP revenue was US\$28.3bn in 1QFY25, up 12% YoY (1QFY24: 14%), and was 43% of total revenue. Within the segment, M365 commercial cloud revenue (contributed to c.90% of total M365 commercial products and cloud services revenue) increased by 15% YoY, driven by 8% YoY growth in paid M365 commercial seats aided by small and medium business and frontline worker offerings, and the remaining ARPU growth was driven by E5 and M365 Copilot. PBP segment's operating profit came in at US\$16.5bn in 1QFY25, up 16% YoY, and its OPM expanded to 58.3%, up 1.6pp YoY, which in our view was driven by operating efficiency improvement. More personal computing (MPC) segment recorded quarterly revenue of US\$13.2bn (20% of total revenue), up 17% YoY, 4pp ahead of the high-end of guidance, driven by better-than-expected gaming and search revenue growth. Search & news ads revenue was up 18% YoY in 1QFY25 due to continued execution improvement, which management believes could sustain in 2QFY25.

■ **AI related investments weighed on margin but better than feared.** Overall operating profit was US\$30.6bn in 1QFY25, up 13.6% YoY, translating into 46.6% OPM (consensus: 45.3%), dropping from 47.6% in 1QFY24, mainly owing to the 0.8pp drop in GPM due to impact of scaling AI infrastructure. Management expects capital expenditure to further increase on a sequential basis as it has seen signals on unmet demand.

### BUY (Maintain)

**Target Price** US\$501.90  
(Previous TP US\$491.30)  
**Up/Downside** 16.0%  
**Current Price** US\$432.53

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#### Stock Data

|                          |               |
|--------------------------|---------------|
| Mkt Cap (US\$ mn)        | 3,230,566.6   |
| Avg 3 mths t/o (US\$ mn) | 2,879.5       |
| 52w High/Low (US\$)      | 467.56/346.07 |
| Total Issued Shares (mn) | 7469.0        |

Source: FactSet

#### Shareholding Structure

|                |      |
|----------------|------|
| Vanguard Group | 8.7% |
| Blackrock      | 7.2% |

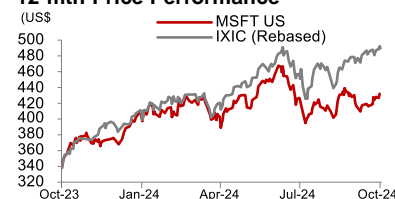
Source: Bloomberg

#### Share Performance

|       | Absolute | Relative |
|-------|----------|----------|
| 1-mth | 0.5%     | -1.7%    |
| 3-mth | 3.4%     | -2.2%    |
| 6-mth | 11.1%    | -6.5%    |

Source: FactSet

#### 12-mth Price Performance



Source: FactSet

**Earnings Summary**

| (YE 30 Jun)           | FY23A    | FY24A    | FY25E     | FY26E     | FY27E     |
|-----------------------|----------|----------|-----------|-----------|-----------|
| Revenue (US\$ mn)     | 211,915  | 245,122  | 283,148   | 321,179   | 360,856   |
| YoY growth (%)        | 6.9      | 15.7     | 15.5      | 13.4      | 12.4      |
| Net profit (US\$ mn)  | 72,361.0 | 88,136.0 | 101,947.2 | 118,470.1 | 135,248.1 |
| YoY growth (%)        | (0.5)    | 21.8     | 15.7      | 16.2      | 14.2      |
| EPS (Reported) (US\$) | 9.72     | 11.86    | 13.75     | 16.01     | 18.31     |
| Consensus EPS (US\$)  | na       | na       | 13.22     | 15.34     | 18.15     |
| P/E (x)               | 44.5     | 36.5     | 31.5      | 27.0      | 23.6      |

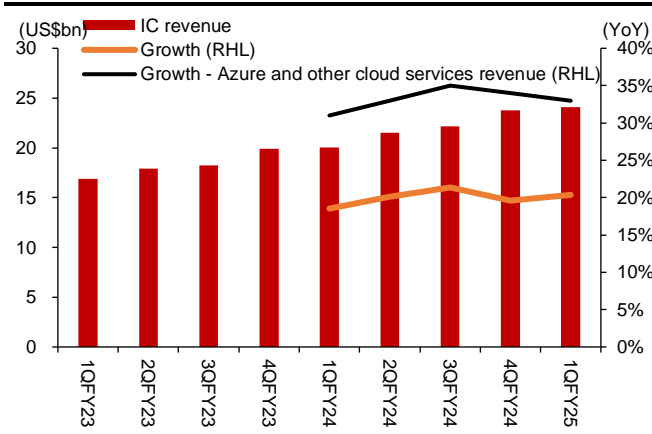
Source: Company data, Bloomberg, CMBIGM estimates

Figure 1: Microsoft: quarterly financial results

| (USD bn)                                      | 1QFY2<br>3   | 2QFY2<br>3   | 3QFY2<br>3   | 4QFY2<br>3   | 1QFY2<br>4   | 2QFY2<br>4   | 3QFY2<br>4   | 4QFY2<br>4   | 1QFY2<br>5   | Consen<br>sus | Diff<br>(%)    |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|----------------|
| <b>1. Productivity and Business Processes</b> |              |              |              |              |              |              |              |              |              |               |                |
| revenue                                       | 22.1         | 22.6         | 23.9         | 25.5         | 25.2         | 25.9         | 27.1         | 28.6         | 28.3         |               |                |
| Growth (yoy%)                                 |              |              |              |              | 14.3%        | 14.4%        | 13.3%        | 12.0%        | 12.3%        |               |                |
| As % of total revenue (%)                     | 44.0%        | 42.8%        | 45.3%        | 45.5%        | 44.6%        | 41.7%        | 43.8%        | 44.2%        | 43.2%        |               |                |
| <b>2. Intelligent Cloud</b>                   |              |              |              |              |              |              |              |              |              |               |                |
| revenue                                       | 16.9         | 17.9         | 18.2         | 19.9         | 20.0         | 21.5         | 22.1         | 23.8         | 24.1         |               |                |
| Growth (yoy%)                                 |              |              |              |              | 18.5%        | 20.1%        | 21.4%        | 19.6%        | 20.4%        |               |                |
| As % of total revenue (%)                     | 33.7%        | 34.0%        | 34.5%        | 35.4%        | 35.4%        | 34.7%        | 35.8%        | 36.7%        | 36.7%        |               |                |
| <b>3. More Personal Computing</b>             |              |              |              |              |              |              |              |              |              |               |                |
| revenue                                       | 11.2         | 12.2         | 10.7         | 10.8         | 11.3         | 14.6         | 12.6         | 12.3         | 13.2         |               |                |
| Growth (yoy%)                                 |              |              |              |              | 1.0%         | 19.8%        | 17.9%        | 14.5%        | 16.8%        |               |                |
| As % of total revenue (%)                     | 22.3%        | 23.2%        | 20.2%        | 19.1%        | 20.0%        | 23.6%        | 20.4%        | 19.0%        | 20.1%        |               |                |
| <b>Total revenue</b>                          | <b>50.1</b>  | <b>52.7</b>  | <b>52.9</b>  | <b>56.2</b>  | <b>56.5</b>  | <b>62.0</b>  | <b>61.9</b>  | <b>64.7</b>  | <b>65.6</b>  | <b>64.5</b>   | <b>1.7%</b>    |
| Growth (yoy%)                                 | 10.6%        | 2.0%         | 7.1%         | 8.3%         | 12.8%        | 17.6%        | 17.0%        | 15.2%        | 16.0%        |               |                |
| <b>Gross profit</b>                           | <b>34.7</b>  | <b>35.3</b>  | <b>36.7</b>  | <b>39.4</b>  | <b>40.2</b>  | <b>42.4</b>  | <b>43.4</b>  | <b>45.0</b>  | <b>45.5</b>  | <b>44.5</b>   | <b>2.2%</b>    |
| Growth (yoy%)                                 | 9.5%         | 1.4%         | 8.8%         | 11.2%        | 16.0%        | 20.2%        | 18.0%        | 14.3%        | 13.1%        |               |                |
| <b>Operating income</b>                       | <b>21.5</b>  | <b>20.4</b>  | <b>22.4</b>  | <b>24.3</b>  | <b>26.9</b>  | <b>27.0</b>  | <b>27.6</b>  | <b>27.9</b>  | <b>30.6</b>  | <b>29.2</b>   | <b>4.5%</b>    |
| Growth (yoy%)                                 | 23.3%        | 32.0%        | 19.3%        | 6.2%         | 23.6%        | 15.0%        | 15.2%        | 14.2%        | 13.6%        |               |                |
| - PBP   | 11.9         | 11.5         | 12.8         | 13.9         | 14.3         | 14.5         | 15.1         | 15.7         | 16.5         |               |                |
| - IC  | 6.8          | 6.7          | 7.0          | 7.9          | 8.9          | 9.6          | 9.5          | 9.8          | 10.5         |               |                |
| - MPC   | 2.8          | 2.2          | 2.6          | 2.5          | 3.7          | 3.0          | 2.9          | 2.4          | 3.5          |               |                |
| <b>Net income</b>                             | <b>17.6</b>  | <b>16.4</b>  | <b>18.3</b>  | <b>20.1</b>  | <b>22.3</b>  | <b>21.9</b>  | <b>21.9</b>  | <b>22.0</b>  | <b>24.7</b>  | <b>23.3</b>   | <b>6.1%</b>    |
| Growth (yoy%)                                 | -14.4%       | -12.5%       | 9.4%         | 20.0%        | 27.0%        | 33.2%        | 19.9%        | 9.7%         | 10.7%        |               |                |
| <b>GPM</b>                                    | <b>69.2%</b> | <b>66.8%</b> | <b>69.5%</b> | <b>70.1%</b> | <b>71.2%</b> | <b>68.4%</b> | <b>70.1%</b> | <b>69.6%</b> | <b>69.4%</b> | <b>69.0%</b>  | <b>0.4 ppt</b> |
| <b>OPM</b>                                    | <b>42.9%</b> | <b>38.7%</b> | <b>42.3%</b> | <b>43.2%</b> | <b>47.6%</b> | <b>43.6%</b> | <b>44.6%</b> | <b>43.1%</b> | <b>46.6%</b> | <b>45.3%</b>  | <b>1.2 ppt</b> |
| - PBP   | 54.1%        | 50.8%        | 53.4%        | 54.3%        | 56.7%        | 56.1%        | 55.9%        | 54.9%        | 58.3%        |               |                |
| - IC  | 40.0%        | 37.5%        | 38.5%        | 39.8%        | 44.5%        | 44.4%        | 43.0%        | 41.3%        | 43.6%        |               |                |
| - MPC   | 25.3%        | 17.9%        | 23.9%        | 22.9%        | 32.7%        | 20.2%        | 23.2%        | 19.4%        | 26.8%        |               |                |
| <b>NPM</b>                                    | <b>35.0%</b> | <b>31.1%</b> | <b>34.6%</b> | <b>35.7%</b> | <b>39.4%</b> | <b>35.3%</b> | <b>35.5%</b> | <b>34.0%</b> | <b>37.6%</b> | <b>36.1%</b>  | <b>1.6 ppt</b> |

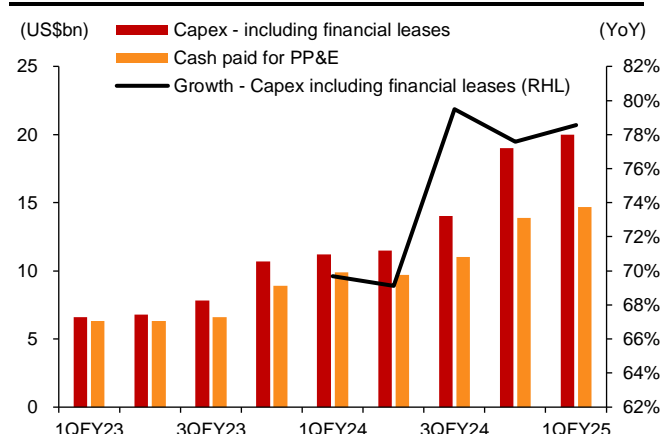
Source: Company data, Bloomberg, CMBIGM

Figure 2: Microsoft: IC revenue and growth



Source: Company data, CMBIGM

Figure 3: Microsoft: quarterly capex trend



Source: Company data, CMBIGM

## Changes in forecast and valuation

Figure 4: Microsoft forecast revision

| USD bn           | Current |       |       | Previous |       |       | Change (%) |          |          |
|------------------|---------|-------|-------|----------|-------|-------|------------|----------|----------|
|                  | FY25E   | FY26E | FY27E | FY25E    | FY26E | FY27E | FY25E      | FY26E    | FY27E    |
| Revenue          | 281.9   | 320.1 | 363.4 | 283.1    | 321.2 | 360.9 | -0.4%      | -0.3%    | 0.7%     |
| Gross profit     | 191.7   | 218.0 | 247.8 | 192.5    | 219.0 | 246.1 | -0.4%      | -0.5%    | 0.7%     |
| Operating profit | 125.4   | 143.5 | 164.3 | 125.9    | 145.0 | 165.5 | -0.3%      | -1.0%    | -0.7%    |
| Net profit       | 100.0   | 116.2 | 134.5 | 101.9    | 118.5 | 135.2 | -1.9%      | -1.9%    | -0.5%    |
| GPM              | 68.0%   | 68.1% | 68.2% | 68.0%    | 68.2% | 68.2% | 0.0 ppt    | -0.1 ppt | 0.0 ppt  |
| OPM              | 44.5%   | 44.8% | 45.2% | 44.5%    | 45.1% | 45.9% | 0.0 ppt    | -0.3 ppt | -0.7 ppt |
| NPM              | 35.5%   | 36.3% | 37.0% | 36.0%    | 36.9% | 37.5% | -0.5 ppt   | -0.6 ppt | -0.5 ppt |

Source: CMBIGM estimates

Figure 5: Microsoft: CMBI forecast vs consensus

| USD bn           | Current |       |       | Consensus |       |       | Difference (%) |          |          |
|------------------|---------|-------|-------|-----------|-------|-------|----------------|----------|----------|
|                  | FY25E   | FY26E | FY27E | FY25E     | FY26E | FY27E | FY25E          | FY26E    | FY27E    |
| Revenue          | 281.9   | 320.1 | 363.4 | 280.7     | 324.4 | 375.7 | 0.5%           | -1.3%    | -3.3%    |
| Gross profit     | 191.7   | 218.0 | 247.8 | 191.7     | 221.9 | 257.7 | 0.0%           | -1.7%    | -3.8%    |
| Operating profit | 125.4   | 143.5 | 164.3 | 122.9     | 141.9 | 166.0 | 2.1%           | 1.1%     | -1.0%    |
| Net profit       | 100.0   | 116.2 | 134.5 | 99.8      | 116.7 | 137.0 | 0.2%           | -0.4%    | -1.8%    |
| GPM              | 68.0%   | 68.1% | 68.2% | 68.3%     | 68.4% | 68.6% | -0.3 ppt       | -0.3 ppt | -0.4 ppt |
| OPM              | 44.5%   | 44.8% | 45.2% | 43.8%     | 43.7% | 44.2% | 0.7 ppt        | 1.1 ppt  | 1.0 ppt  |
| NPM              | 35.5%   | 36.3% | 37.0% | 35.6%     | 36.0% | 36.5% | -0.1 ppt       | 0.3 ppt  | 0.6 ppt  |

Source: CMBIGM estimates

Figure 6: Microsoft: DCF valuation (WACC of 7.9%; terminal growth of 3%; both unchanged)

| (USDbn)                     | FY25E | FY26E | FY27E | FY28E | FY29E | FY30E | FY31E | FY32E | FY33E | FY34E | FY35E | FY36E |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total revenue               | 283   | 321   | 361   | 400   | 438   | 474   | 509   | 545   | 581   | 617   | 653   | 687   |
| NPV of FCF                  | 1,202 | 1,230 |       |       |       |       |       |       |       |       |       |       |
| Discounted terminal value   | 2,424 | 2,616 |       |       |       |       |       |       |       |       |       |       |
| Total equity valuation      | 3,671 | 3,917 |       |       |       |       |       |       |       |       |       |       |
| No. of shares (diluted, mn) | 7,476 | 7,454 |       |       |       |       |       |       |       |       |       |       |
| Valuation per share (USD)   | 491.0 | 525.5 |       |       |       |       |       |       |       |       |       |       |
| TP per share (USD)          | 501.9 |       |       |       |       |       |       |       |       |       |       |       |

Source: CMBIGM estimates

Note: our target price is based on weighted average of 8-month TP in FY25E and 4-month TP in FY26E

**Figure 7: Microsoft: one-year forward PE band**

Source: Bloomberg, CMBIGM

## Financial Summary

| INCOME STATEMENT    | 2022A    | 2023A    | 2024A    | 2025E    | 2026E     | 2027E     |
|---------------------|----------|----------|----------|----------|-----------|-----------|
| YE 30 Jun (US\$ mn) |          |          |          |          |           |           |
| Revenue             | 198,270  | 211,915  | 245,122  | 283,148  | 321,179   | 360,856   |
| Cost of goods sold  | (62,650) | (65,863) | (74,114) | (90,607) | (102,135) | (114,752) |
| Gross profit        | 135,620  | 146,052  | 171,008  | 192,541  | 219,044   | 246,104   |
| Operating expenses  | (52,237) | (57,529) | (61,575) | (66,680) | (74,070)  | (80,574)  |
| Selling expense     | (21,825) | (22,759) | (24,456) | (26,616) | (29,285)  | (31,916)  |
| SG&A expense        | (5,900)  | (7,575)  | (7,609)  | (7,785)  | (9,268)   | (9,952)   |
| R&D expense         | (24,512) | (27,195) | (29,510) | (32,279) | (35,516)  | (38,706)  |
| Others              | 0        | 0        | 0        | 0        | 0         | 0         |
| Operating profit    | 83,383   | 88,523   | 109,433  | 125,861  | 144,975   | 165,530   |
| Interest income     | 333      | 788      | (1,646)  | 0        | 1,285     | 1,443     |
| Others              | (1)      | 0        | 0        | 0        | 0         | 0         |
| Pre-tax profit      | 83,715   | 89,311   | 107,787  | 125,861  | 146,259   | 166,973   |
| Income tax          | (10,978) | (16,950) | (19,651) | (23,914) | (27,789)  | (31,725)  |
| Others              | 0        | 0        | 0        | 0        | 0         | 0         |
| After tax profit    | 72,737   | 72,361   | 88,136   | 101,947  | 118,470   | 135,248   |
| Net profit          | 72,737   | 72,361   | 88,136   | 101,947  | 118,470   | 135,248   |
| Adjusted net profit | 72,737   | 72,361   | 88,136   | 101,947  | 118,470   | 135,248   |

| BALANCE SHEET                    | 2022A   | 2023A   | 2024A   | 2025E   | 2026E   | 2027E   |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| YE 30 Jun (US\$ mn)              |         |         |         |         |         |         |
| Current assets                   | 169,684 | 184,257 | 159,734 | 191,825 | 236,470 | 301,950 |
| Cash & equivalents               | 13,931  | 34,704  | 18,315  | 43,631  | 76,081  | 134,316 |
| Account receivables              | 44,261  | 48,688  | 56,924  | 58,972  | 65,918  | 67,384  |
| Inventories                      | 3,742   | 2,500   | 1,246   | 1,246   | 1,246   | 1,246   |
| Other current assets             | 107,750 | 98,365  | 83,249  | 87,976  | 93,226  | 99,003  |
| Non-current assets               | 195,156 | 227,719 | 352,429 | 393,884 | 434,654 | 472,480 |
| PP&E                             | 74,398  | 95,641  | 135,591 | 177,046 | 217,816 | 255,642 |
| Right-of-use assets              | 13,148  | 14,346  | 18,961  | 18,961  | 18,961  | 18,961  |
| Investment in JVs & assos        | 6,891   | 9,879   | 14,600  | 14,600  | 14,600  | 14,600  |
| Intangibles                      | 11,298  | 9,366   | 27,597  | 27,597  | 27,597  | 27,597  |
| Goodwill                         | 67,524  | 67,886  | 119,220 | 119,220 | 119,220 | 119,220 |
| Other non-current assets         | 21,897  | 30,601  | 36,460  | 36,460  | 36,460  | 36,460  |
| Total assets                     | 364,840 | 411,976 | 512,163 | 585,709 | 671,124 | 774,430 |
| Current liabilities              | 95,082  | 104,149 | 125,286 | 137,909 | 147,879 | 160,962 |
| Short-term borrowings            | 2,749   | 5,247   | 2,249   | 2,249   | 2,249   | 2,249   |
| Account payables                 | 19,000  | 18,095  | 21,996  | 27,017  | 28,232  | 33,842  |
| Other current liabilities        | 73,333  | 80,807  | 101,041 | 108,643 | 117,399 | 124,871 |
| Non-current liabilities          | 103,216 | 101,604 | 118,400 | 118,400 | 118,400 | 118,400 |
| Long-term borrowings             | 47,032  | 41,990  | 42,688  | 42,688  | 42,688  | 42,688  |
| Obligations under finance leases | 11,489  | 12,728  | 15,497  | 15,497  | 15,497  | 15,497  |
| Other non-current liabilities    | 44,695  | 46,886  | 60,215  | 60,215  | 60,215  | 60,215  |
| Total liabilities                | 198,298 | 205,753 | 243,686 | 256,309 | 266,279 | 279,362 |
| Share capital                    | 86,939  | 93,718  | 100,923 | 100,923 | 100,923 | 100,923 |
| Retained earnings                | 84,281  | 118,848 | 173,144 | 234,066 | 309,511 | 399,734 |
| Other reserves                   | (4,678) | (6,343) | (5,590) | (5,590) | (5,590) | (5,590) |
| Total shareholders equity        | 166,542 | 206,223 | 268,477 | 329,399 | 404,844 | 495,067 |
| Total equity and liabilities     | 364,840 | 411,976 | 512,163 | 585,709 | 671,124 | 774,430 |

| CASH FLOW  | 2022A           | 2023A           | 2024A           | 2025E           | 2026E           | 2027E           |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| YE 30 Jun (US\$ mn)                                  |                 |                 |                 |                 |                 |                 |
| <b>Operating</b>                                     |                 |                 |                 |                 |                 |                 |
| Profit before taxation                               | 83,715          | 89,311          | 107,787         | 125,861         | 146,259         | 166,973         |
| Tax paid   | (10,978)        | (16,950)        | (19,651)        | (23,914)        | (27,789)        | (31,725)        |
| Change in working capital                            | 446             | (2,388)         | 1,824           | 5,849           | (2,226)         | 5,838           |
| Others   | 15,852          | 17,609          | 28,588          | 9,512           | 10,619          | 12,694          |
| <b>Net cash from operations</b>                      | <b>89,035</b>   | <b>87,582</b>   | <b>118,548</b>  | <b>117,308</b>  | <b>126,863</b>  | <b>153,780</b>  |
| <b>Investing</b>                                     |                 |                 |                 |                 |                 |                 |
| Capital expenditure                                  | (23,886)        | (28,107)        | (44,477)        | (50,967)        | (51,389)        | (50,520)        |
| Net proceeds from disposal of short-term investments | 18,438          | 10,213          | 17,937          | 0               | 0               | 0               |
| Others   | (24,863)        | (4,786)         | (70,430)        | 0               | 0               | 0               |
| <b>Net cash from investing</b>                       | <b>(30,311)</b> | <b>(22,680)</b> | <b>(96,970)</b> | <b>(50,967)</b> | <b>(51,389)</b> | <b>(50,520)</b> |
| <b>Financing</b>                                     |                 |                 |                 |                 |                 |                 |
| Dividend paid  | (18,135)        | (19,800)        | (21,771)        | (23,771)        | (25,771)        | (27,771)        |
| Net borrowings                                       | 0               | 0               | 29,645          | 0               | 0               | 0               |
| Share repurchases                                    | (32,696)        | (22,245)        | (17,254)        | (17,254)        | (17,254)        | (17,254)        |
| Others   | (8,045)         | (1,890)         | (28,377)        | 0               | 0               | 0               |
| <b>Net cash from financing</b>                       | <b>(58,876)</b> | <b>(43,935)</b> | <b>(37,757)</b> | <b>(41,025)</b> | <b>(43,025)</b> | <b>(45,025)</b> |
| <b>Net change in cash</b>                            |                 |                 |                 |                 |                 |                 |
| Cash at the beginning of the year                    | 14,224          | 13,931          | 34,704          | 18,315          | 43,631          | 76,081          |
| Exchange difference                                  | (141)           | (194)           | (210)           | 0               | 0               | 0               |
| <b>Cash at the end of the year</b>                   | <b>13,931</b>   | <b>34,704</b>   | <b>18,315</b>   | <b>43,631</b>   | <b>76,081</b>   | <b>134,316</b>  |
| GROWTH   | 2022A           | 2023A           | 2024A           | 2025E           | 2026E           | 2027E           |
| YE 30 Jun  |                 |                 |                 |                 |                 |                 |
| Revenue  | 18.0%           | 6.9%            | 15.7%           | 15.5%           | 13.4%           | 12.4%           |
| Gross profit   | 17.1%           | 7.7%            | 17.1%           | 12.6%           | 13.8%           | 12.4%           |
| Operating profit                                     | 19.3%           | 6.2%            | 23.6%           | 15.0%           | 15.2%           | 14.2%           |
| Net profit   | 18.7%           | (0.5%)          | 21.8%           | 15.7%           | 16.2%           | 14.2%           |
| Adj. net profit                                      | 18.7%           | (0.5%)          | 21.8%           | 15.7%           | 16.2%           | 14.2%           |
| PROFITABILITY  | 2022A           | 2023A           | 2024A           | 2025E           | 2026E           | 2027E           |
| YE 30 Jun  |                 |                 |                 |                 |                 |                 |
| Gross profit margin                                  | 68.4%           | 68.9%           | 69.8%           | 68.0%           | 68.2%           | 68.2%           |
| Operating margin                                     | 42.1%           | 41.8%           | 44.6%           | 44.5%           | 45.1%           | 45.9%           |
| Adj. net profit margin                               | 36.7%           | 34.1%           | 36.0%           | 36.0%           | 36.9%           | 37.5%           |
| Return on equity (ROE)                               | 47.2%           | 38.8%           | 37.1%           | 34.1%           | 32.3%           | 30.1%           |
| GEARING/LIQUIDITY/ACTIVITIES                         | 2022A           | 2023A           | 2024A           | 2025E           | 2026E           | 2027E           |
| YE 30 Jun  |                 |                 |                 |                 |                 |                 |
| Current ratio (x)                                    | 1.8             | 1.8             | 1.3             | 1.4             | 1.6             | 1.9             |
| VALUATION  | 2022A           | 2023A           | 2024A           | 2025E           | 2026E           | 2027E           |
| YE 30 Jun  |                 |                 |                 |                 |                 |                 |
| P/E  | 44.4            | 44.5            | 36.5            | 31.5            | 27.0            | 23.6            |
| P/E (diluted)  | 44.6            | 44.7            | 36.7            | 31.6            | 27.1            | 23.7            |
| P/B  | 19.5            | 15.7            | 12.0            | 9.8             | 7.9             | 6.5             |
| P/CFPS   | 49.8            | 54.3            | 43.6            | 48.6            | 42.5            | 31.0            |

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

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