

Luckin Coffee (LKNKY US)

Turning around in styles after the strong beat

We believe SSSG and margin expansion in 4Q24 are strong beats and Luckin's ability to cope with costs inflation has not been fully appreciated by all investors, which may serve as a share price catalyst in the future. The stock is trading at 17x FY25E, still undemanding vs peers given its rapid net profit CAGR.

■ **Positive SSSG was resumed in Dec 2024 and management is confident on gradual improvement (even though ASP may remain stable).** SSSG was already a beat in 4Q24, but management has mentioned positive SSSG in Dec 2024 and this is even more encouraging than expected, and they are also confident on a gradual improvement throughout FY25E (this may be done by keeping the ASP stable). We do concur with management's positive view, supported by strong sales momentum, led by the exceptional new product launches. 12 SKUs recorded sales volume of more than 100mn in FY24 (vs 8 SKUs in FY23) and products like Little Butter Latte/ 小黄油拿铁 has become the second hottest selling item after Raw Coconut Latte/ 生椰拿铁, and Ice Apple Americano/ 苹果冰美式 was very popular too. Moreover, we also find the stickiness of customers improving, as the monthly sales per transacting customer continued to grow, by 9% to RMB 124 in 4Q24.

■ **Management trend is still favourable in FY25E (even though the RMB 9.9 promotion may last and coffee bean crisis may continue).** On one hand, management has highlighted that the RMB 9.9 promotion will continue and ASP may remain stable (even though we suspect the discounts level will likely narrow) in FY25E, which may refrain GP margin expansion, but this is definitely positive, in our view, as it effectively mean that Luckin will continue to put pressure on Cotti and leave little room for it to develop. On the other hand, the Coffee bean price crisis has intensified lately, but we still believe that is manageable for Luckin, because of its vertically integrated operation (direct purchase from farms all over the world (including coffee bean purchase contract with Brazil, from 120K tons for 2 years to 240K tons for 5 years), to coffee trading, to coffee bean barking and processing at factories, to running the coffee shops). Therefore, given Luckin's massive scale and its efficiency-focused business nature, it should be more than enough to cope with these drags along with GP margin improvement in FY25E and beyond.

■ **Maintain BUY and raise TP to US\$38.51.** The new TP is based on 20x FY25E P/E (unchanged), fairly attractive given the industry average of 22x and the 18% sales CAGR and 29% net profit CAGR during FY24-27E. We have revised up FY25E/ 26E net profit forecasts by 14%/ 7% to factor in: 1) slower store expansion but 2) robust SSSG, 3) strong beat in GP margin and operating leverage and introduced the set of forecasts for FY27E. The stock is now trading at 17x FY25E P/E, still highly attractive given the turnaround of SSSG and enormous growth opportunities.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMBmn)	24,903	34,475	44,394	50,678	56,728
YoY growth (%)	87.3	38.4	28.8	14.2	11.9
EBITDA (RMBmn)	3,630.2	4,728.1	6,753.7	8,072.6	9,345.4
Net profit (RMBmn)	2,847.9	2,931.7	4,497.0	5,367.4	6,295.7
EPS (Reported) (RMB)	1.12	1.15	1.75	2.08	2.42
YoY growth (%)	479.6	1.9	52.6	18.8	16.7
P/E (x)	25.8	25.3	16.6	14.0	12.0
EV/EBITDA (x)	19.8	15.7	11.0	9.3	8.0
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	34.9	25.8	29.4	26.5	24.2

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price **US\$38.51**
(Previous TP) US\$33.80
Up/Downside **20.3%**
Current Price **US\$32.00**

China Consumer Discretionary

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Stock Data

Mkt Cap (US\$ mn)	10,231.6
Avg 3 mths t/o (US\$ mn)	41.6
52w High/Low (US\$)	32.00/18.01
Total Issued Shares(mn)	2557.9

Source: FactSet

Shareholding Structure

Centurium Capital	32.4%
Joy Capital	4.7%

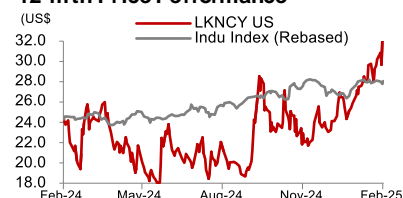
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	20.2%	18.6%
3-mth	39.9%	37.5%
6-mth	44.0%	32.0%

Source: FactSet

12-mth Price Performance



Source: FactSet

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- **The Company will maintain a faster-than-industry pace for store expansion, but no specific numbers were provided.** Since the level of competition has been eased with Cotti slowed down their expansion and gradually faded out the subsidies to its franchisees, we believe the urgency of Luckin to expand has decreased. Hence, we have revised down our new stores forecast to about 4,000 stores in FY25E (cut from 5,000). Even if this number falls below expectation, the massive beat in margins in 4Q24 has provided us with huge confidence in the Company's net profit growth in FY25E.
- **4Q24 results inline with CMBI est. but better than BBG est., driven by SSSG and margin beat.** For FY24, sales increased by 38% YoY to RMB 34.5bn, inline with BBG est. but 3% below CMBI est.; and net profit rose by 3% YoY to RMB 2.9bn, beating BBG est. by 5% but 1% below CMBI est.. For 4Q24, sales jumped by 36% YoY to RMB 9.6bn, inline with BBG est. but 10% below CMBI est., thanks to robust SSSG (only dropped by 3.4%, better than CMBI est. of 6% drop and improved a lot vs -13% in 3Q24). Net profit surged by 184% YoY to RMB 841mn, beating BBG est. by 22% but 5% below CMBI est.. We attributed the beat to: 1) surging GP margin (to 60%, vs BBG/ CMBI est. of 58%/ 56%) and 2) the massive operating leverage (store level OP margin (for self-owned store) surged to 19.6%, beating CMBI est. of 17.9% and OP margin has reached 10.4%, which is the first time for the company to achieve double-digit margin for 4Q in history).

Earnings revision

Figure 1: Earnings revision

US\$ mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	44,394	50,678	56,728	45,075	52,846	n/a	-1.5%	-4.1%	n/a
Gross profit	26,770	30,711	34,547	26,594	31,338	n/a	0.7%	-2.0%	n/a
EBIT	5,351	6,352	7,406	4,623	5,813	n/a	15.7%	9.3%	n/a
Net profit att.	4,497	5,367	6,296	3,947	4,997	n/a	13.9%	7.4%	n/a
Diluted EPS (USD)	1.749	2.078	2.425	1.536	1.934	n/a	13.9%	7.4%	n/a
Gross margin	60.3%	60.6%	60.9%	59.0%	59.3%	n/a	1.3ppt	1.3ppt	n/a
EBIT margin	12.1%	12.5%	13.1%	10.3%	11.0%	n/a	1.8ppt	1.5ppt	n/a
Net profit att. margin	10.1%	10.6%	11.1%	8.8%	9.5%	n/a	1.4ppt	1.1ppt	n/a

Source: Company data, CMBIGM estimates

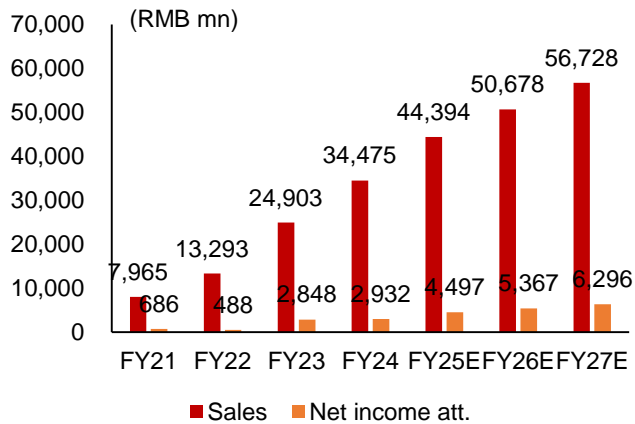
Figure 2: CMBIGM estimates vs consensus

US\$ mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	44,394	50,678	56,728	41,954	47,308	52,847	5.8%	7.1%	7.3%
Gross profit	26,770	30,711	34,547	24,616	28,140	31,924	8.7%	9.1%	8.2%
EBIT	5,351	6,352	7,406	4,388	5,375	6,796	21.9%	18.2%	9.0%
Net profit att.	4,497	5,367	6,296	3,864	4,718	5,724	16.4%	13.8%	10.0%
Diluted EPS (USD)	1.749	2.078	2.425	1.547	3.603	2.190	13.1%	-42.3%	10.7%
Gross margin	60.3%	60.6%	60.9%	58.7%	59.5%	60.4%	1.6ppt	1.1ppt	0.5ppt
EBIT margin	12.1%	12.5%	13.1%	10.5%	11.4%	12.9%	1.6ppt	1.2ppt	0.2ppt
Net profit att. margin	10.1%	10.6%	11.1%	9.2%	10.0%	10.8%	0.9ppt	0.6ppt	0.3ppt

Source: Bloomberg, CMBIGM estimates

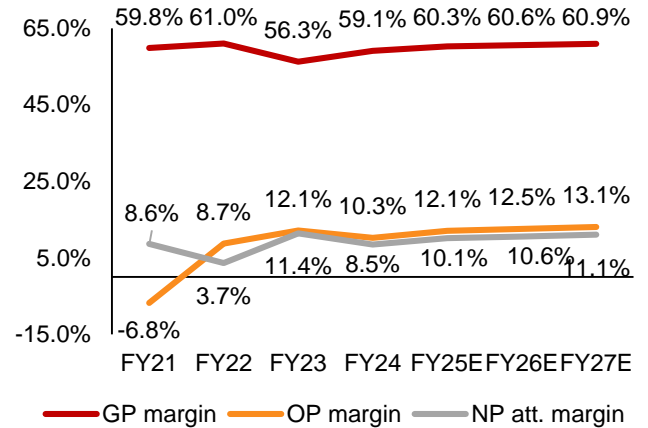
Focus Charts

Figure 3: Sales and net profit



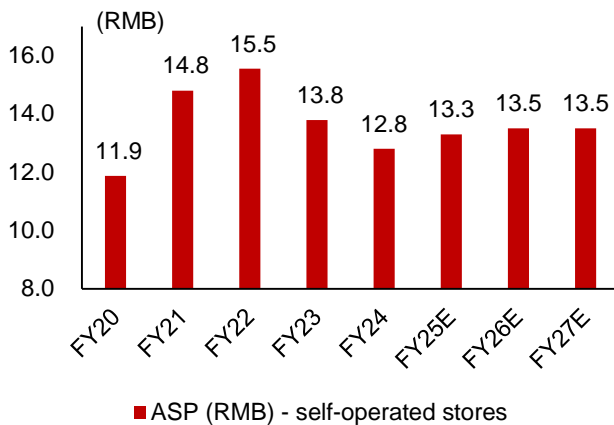
Source: Company data, CMBIGM estimates

Figure 4: GP, OP and NP att. margin



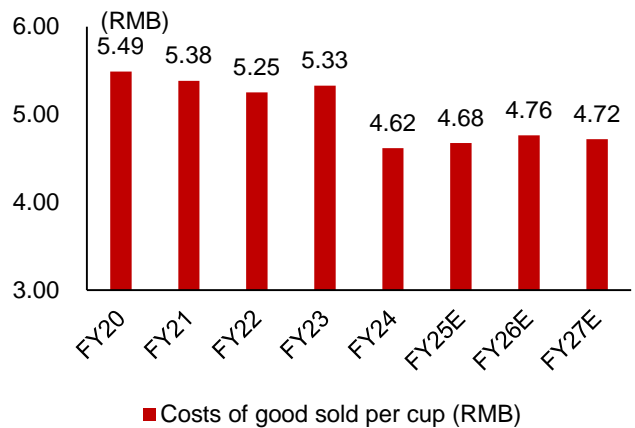
Source: Company data, CMBIGM estimates

Figure 5: ASP (self-operated stores)



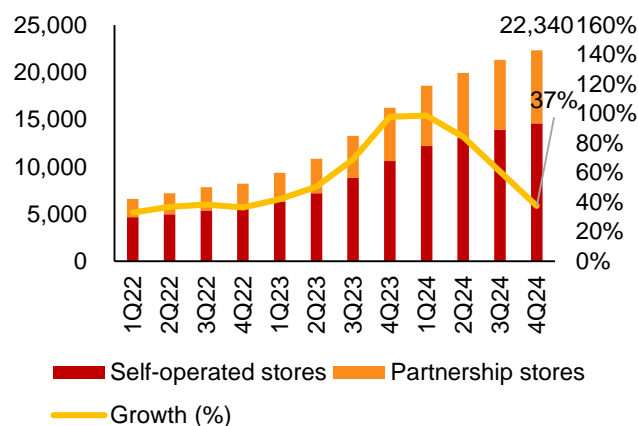
Source: Company data, CMBIGM estimates

Figure 6: Luckin Coffee's costs per cup



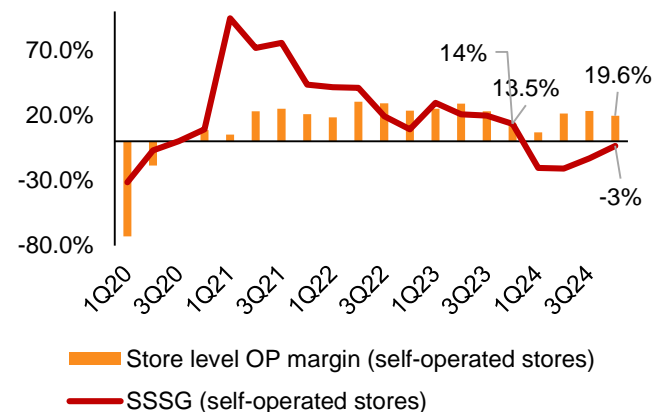
Source: Company data, CMBIGM estimates

Figure 7: Number of stores by channel and growth

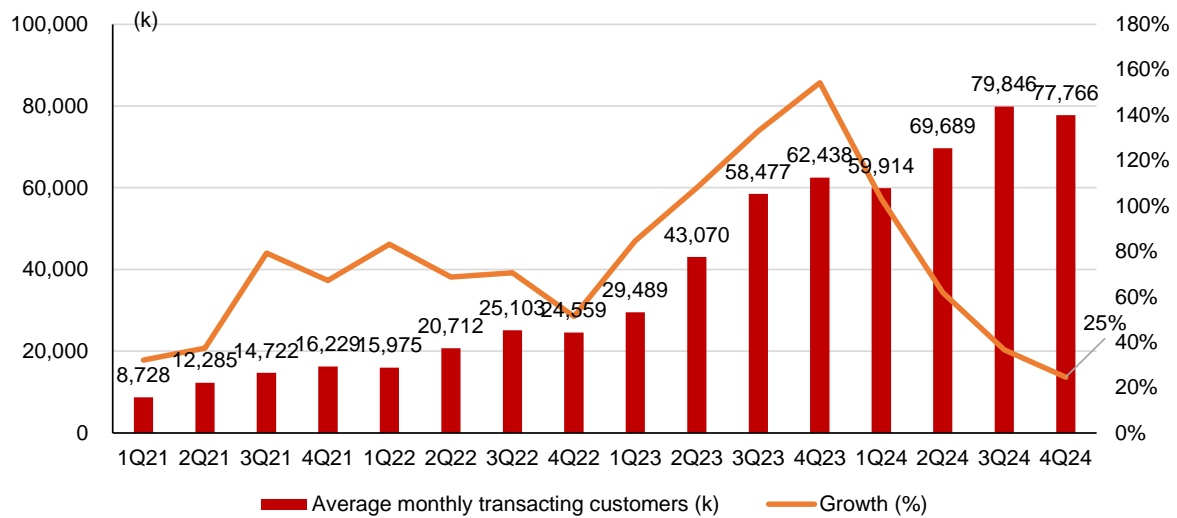


Source: Company data, CMBIGM estimates

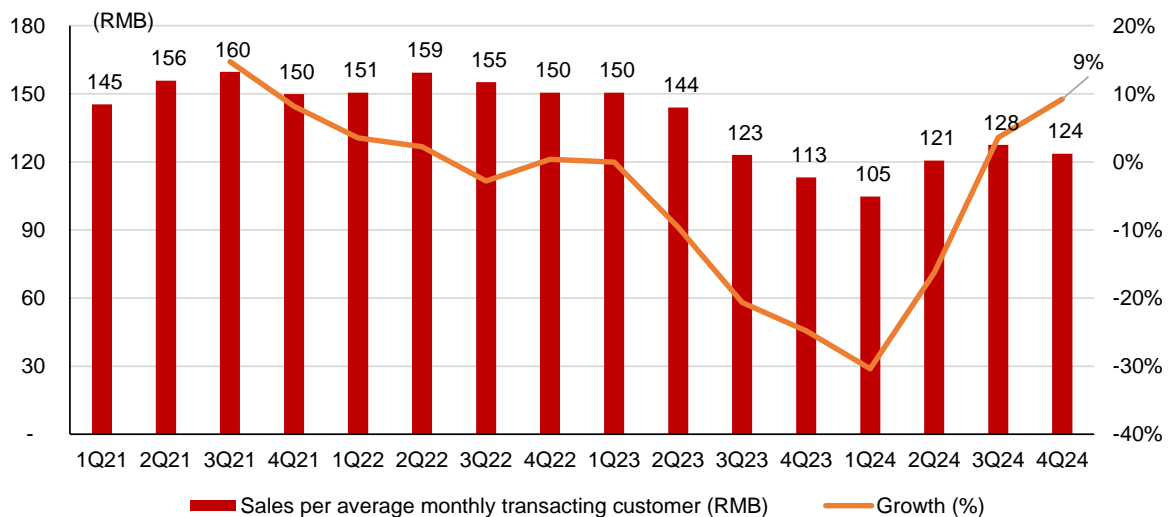
Figure 8: SSSG vs store level OP margins (for self-operated stores)



Source: Company data, CMBIGM estimates

Figure 9: Average monthly transacting customers (k) and growth

Source: Company data, CMBIGM estimates

Figure 10: Sales per average monthly transacting customer (RMB) and growth

Source: Company data, CMBIGM estimates

Results review

Figure 11: Results review – quarterly

Half yearly (RMB mn)	1Q24	2Q24	3Q24	4Q24	1Q25E	2Q25E	3Q24 YoY	4Q24 YoY	1Q25 E YoY	2Q25 E YoY	4Q24E CMBI	Actual vs CMBI
Revenue	6,278	8,403	10,181	9,613	8,551	11,141	41%	36%	36%	33%	10,667	-10%
Food and paper	-2,944	-3,368	-3,955	-3,847	-3,677	-4,345					-4,654	
Gross profit	3,334	5,034	6,225	5,766	4,874	6,796	54%	62%	46%	35%	6,013	-4%
GP margins	53.1%	59.9%	61.1%	60.0%	57.0%	61.0%					56.4%	
Other income & gains	0	0	0	0	0	0					0	#DIV/0!
Rental & other opex	-1,833	-2,050	-2,285	-2,372	-2,223	-2,785	60%	39%	21%	36%	-2,295	3%
Store rental & other opex/sales	-29.2%	-24.4%	-22.4%	-24.7%	-26.0%	-25.0%					-0	
D & A expenses	-259	-289	-310	-332	-299	-412	94%	59%	15%	43%	-213	56%
D & A exp/sales	-7.8%	-5.7%	-5.0%	-5.8%	-6.1%	-6.1%					-0	
Delivery expenses	-448	-607	-928	-839	-599	-780	58%	79%	34%	28%	-824	2%
Delivery expenses/sales	-7.1%	-7.2%	-9.1%	-8.7%	-7.0%	-7.0%					-7.7%	
Sales & marketing expenses	-326	-433	-589	-573	-428	-557	53%	44%	31%	29%	-607	-6%
Sales & marketing exp/sales	-5.2%	-5.1%	-5.8%	-6.0%	-5.0%	-5.0%					-5.7%	
Admin expenses	-557	-590	-637	-638	-727	-780	32%	13%	31%	32%	-982	-35%
Admin exp/sales	-8.9%	-7.0%	-6.3%	-6.6%	-8.5%	-7.0%					-9.2%	
Store preopening & other expenses	-29	-14	-13	-14	-43	-56	-55%	-70%	50%	298%	-122	-89%
Store preopening & other exp/sales	-0.9%	-0.3%	-0.2%	-0.2%	-0.9%	-0.8%					-2.0%	
Other opex	53	-1	94	-4	17	0					33	
Operating profit (EBIT)	-65	1,051	1,557	995	573	1,426	62%	368%	-980%	36%	1,003	-1%
OP margins	-1.0%	12.5%	15.3%	10.4%	6.7%	12.8%					9.4%	
Investment gain (loss)	-2	40	75	-42	17	22					-42	
Net finance income	16	13	23	33	26	33					47	-31%
Net finance income/sales	0.3%	0.2%	0.2%	0.3%	0.3%	0.3%					0.4%	
Profit after financing costs	-51	1,104	1,655	986	616	1,482					1,009	
Associated coms	0	0	0	0	0	0					0	
Jointly controlled coms	0	0	0	0	0	0					0	
Pre-tax profit	-51	1,104	1,655	986	616	1,482	83%	272%	-	1306 %	1,009	-2%
Tax	-32	-233	-353	-145	-123	-296					-125	
Tax/sales	-0.5%	-2.8%	-3.5%	-1.5%	-1.4%	-2.7%					-1.2%	
Effective taxrate	63.0%	-21.1%	-21.3%	-14.7%	-20.0%	-20.0%					-12.4%	
Minority interests	0	0	0	0	0	0					0	
Net profit att.	-83	871	1,303	841	493	1,185	32%	184%	-692%	36%	884	-5%
NP margins	-1.3%	10.4%	12.8%	8.7%	5.8%	10.6%					8.3%	

Source: Company data, CMBIGM estimates

Assumptions

Figure 12: Major assumptions

Major assumptions	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Sales by channel (RMB mn)						
Self-operated stores sales	10,224	18,677	26,730	34,251	38,864	43,278
Partnership stores sales	3,069	6,226	7,745	10,143	11,814	13,450
Total	13,293	24,903	34,475	44,394	50,678	56,728
Store network by channel						
Self-operated stores	5,652	10,628	14,591	17,091	19,591	22,091
Partnership stores	2,562	5,620	7,749	9,249	10,749	12,249
Total	8,214	16,248	22,340	26,340	30,340	34,340
Sales per avg. store by channel (RMB mn)						
Self-operated stores	2.0	2.3	2.1	2.2	2.1	2.1
Partnership stores	1.5	1.5	1.2	1.2	1.2	1.2
Total	1.9	2.0	1.8	1.8	1.8	1.8
Sales per avg. store growth by channel						
Self-operated stores	27%	13%	-8%	2%	-2%	-2%
Partnership stores	40%	4%	-24%	3%	-1%	-1%
Total	27%	9%	-12%	2%	-2%	-2%
Number of cups per day by channel						
Self-operated stores	359	456	454	445	430	421
Partnership stores	430	461	397	385	360	356
Total	380	458	434	424	405	398
ASP (RMB)						
Self-operated stores	15.5	13.8	12.8	13.3	13.5	13.5
Partnership stores	9.3	9.0	8.0	8.5	9.0	9.0
Total	13.5	12.2	11.3	11.8	12.1	12.1
SSSG (self-operated stores)	20.6%	21.0%	-16.7%	0.0%	2.0%	2.0%
Store level OP margin (self-operated stores)	26.0%	22.2%	18.9%	20.5%	20.8%	21.1%
GP margins	61.0%	56.3%	59.1%	60.3%	60.6%	60.9%
Opex breakdown						
Store rental/ sales	21.3%	20.8%	24.8%	24.9%	25.2%	25.6%
D&A expenses/ sales	2.9%	2.4%	3.5%	3.2%	3.4%	3.4%
Delivery expenses/ sales	10.3%	8.1%	8.2%	8.0%	7.8%	7.6%
Sales and marketing expenses/ sales	4.3%	5.2%	5.6%	5.4%	5.2%	5.0%
G&A expenses/ sales	11.0%	7.3%	7.0%	6.4%	6.1%	5.8%
Store preopening & other expenses/ sales	0.3%	0.4%	0.2%	0.5%	0.5%	0.5%
OP margins	8.7%	12.1%	10.3%	12.1%	12.5%	13.1%
Effective tax rate	-56.7%	-8.3%	-20.6%	-20.6%	-20.6%	-20.6%
NP margins	3.7%	11.4%	8.5%	10.1%	10.6%	11.1%
NP growth (%)	-28.9%	483.3%	2.9%	53.4%	19.4%	17.3%

Source: Company data, CMBIGM estimates

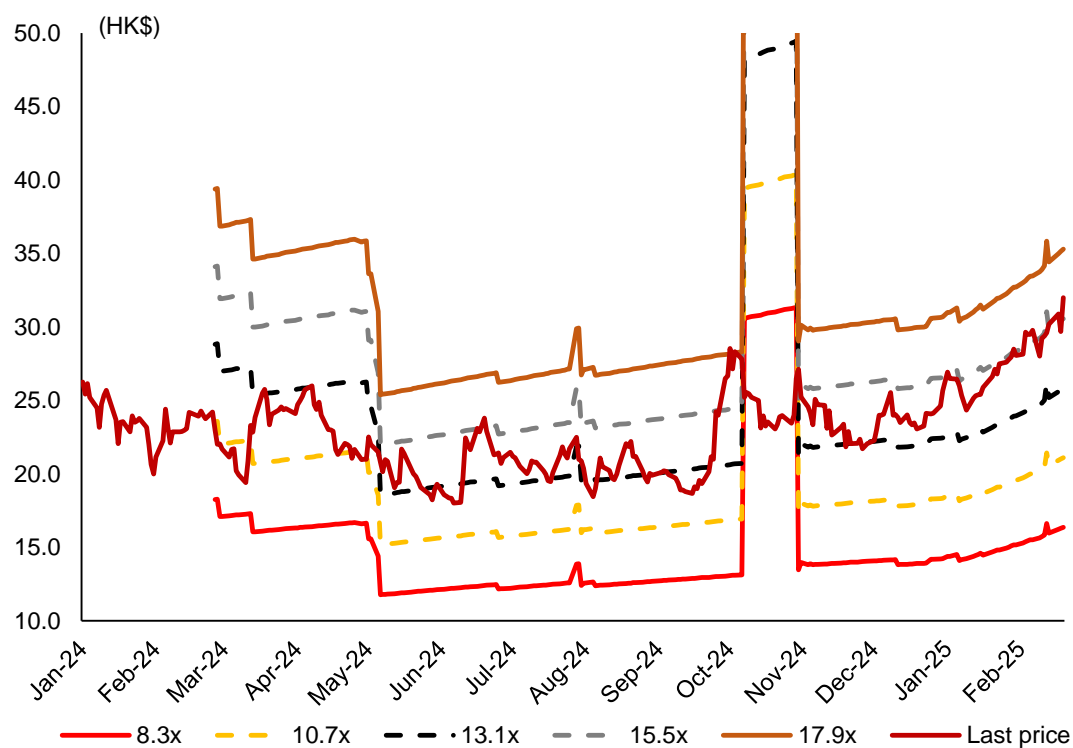
Valuation

Figure 13: 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 n)	End	FY1E	FY2E	FY2E	FY2E	FY1E	FY1E	FY1E
Leading Greater China Catering														
Luckin Coffee	LKNCY US	BUY	38.51	32.00	20%	69,837	Dec-24	25.4	16.6	4.3	26.0	1.2	0.0	24.7
Baicha Baidao	2555 HK	NR	n/a	9.18	n/a	13,565	Dec-23	15.6	11.5	2.7	154.6	n/a	4.2	(15.7)
Nayuki	2150 HK	BUY	3.43	1.35	154%	2,302	Dec-23	125.9	n/a	0.5	0.3	8.2	0.0	(0.7)
Jiumaojiu	9922 HK	HOLD	2.64	3.03	-13%	4,235	Dec-23	23.0	12.3	1.0	9.1	(4.2)	2.0	(11.7)
Haidilao	6862 HK	BUY	15.94	15.40	4%	85,840	Dec-23	17.6	15.5	5.0	45.4	2.9	4.6	(3.1)
Cafe De Coral	341 HK	BUY	9.30	7.45	25%	4,321	Mar-24	14.8	13.4	1.5	9.8	4.3	7.5	(4.6)
Dpc Dash	1405 HK	BUY	81.20	92.45	-12%	12,073	Dec-23	187.8	77.2	5.0	(1.9)	(0.6)	0.0	18.5
Yum China	9987 HK	BUY	484.83	362.80	34%	136,661	Dec-24	18.2	16.0	2.8	15.0	1.5	1.9	(3.0)
Yum China	YUMC US	BUY	62.06	47.28	31%	138,408	Dec-24	18.4	16.2	2.8	15.0	1.5	1.9	(1.8)
Gourmet Master	2723 TT	NR	n/a	102.50	n/a	4,379	Dec-23	31.0	19.1	1.6	3.6	2.3	2.8	5.9
Avg.								47.8	22.0	2.7	27.7	1.9	2.5	0.8
Med.								20.7	16.0	2.8	12.4	1.5	1.9	(2.4)
International Catering														
Yum! Brands	YUM US	NR	n/a	151	n/a	327,438	Dec-24	25.2	22.7	n/a	n/a	2.1	1.9	12.5
Mcdonald's	MCD US	NR	n/a	303	n/a	1,687,749	Dec-24	24.6	22.7	n/a	n/a	2.8	2.4	4.5
Starbucks	SBUX US	NR	n/a	113	n/a	1,000,526	Sep-24	38.4	30.9	n/a	n/a	3.9	2.2	24.2
Rest. Brands	QSR US	NR	n/a	63	n/a	219,103	Dec-24	16.9	15.5	5.5	34.2	1.4	3.9	(3.0)
Chipotle Mex.	CMG US	NR	n/a	53	n/a	558,776	Dec-24	41.0	34.4	14.2	45.7	2.3	0.0	(12.0)
Darden Rest.	DRI US	NR	n/a	195	n/a	177,620	May-24	20.5	18.3	9.7	50.8	2.0	2.8	4.5
Domino's	DPZ US	NR	n/a	472	n/a	126,604	Dec-23	28.3	26.8	n/a	n/a	3.1	1.3	12.4
Wendy's	WEN US	NR	n/a	15	n/a	24,143	Dec-24	15.2	13.5	21.9	68.3	1.7	4.4	(6.5)
Shake Shack	SHAK US	NR	n/a	124	n/a	41,142	Dec-24	96.6	76.5	8.2	2.0	1.0	n/a	(4.8)
Wingstop	WING US	NR	n/a	247	n/a	55,040	Dec-24	65.1	50.2	n/a	n/a	3.4	0.5	(13.1)
Jollibee Foods	JFC PM	NR	n/a	259	n/a	38,922	Dec-23	27.6	23.3	3.2	12.4	1.5	1.2	(3.6)
Avg.								36.3	30.4	10.4	35.5	2.3	2.0	1.4
Med.								27.6	23.3	9.0	39.9	2.1	2.0	(3.0)

Source: Bloomberg, Company data, CMBIGM estimates

Note: data as at 21 Feb 2025

Figure 14: 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	13,293	24,903	34,475	44,394	50,678	56,728
Cost of goods sold	(5,179)	(10,892)	(14,115)	(17,625)	(19,967)	(22,181)
Gross profit	8,114	14,011	20,360	26,770	30,711	34,547
Operating expenses	(6,958)	(10,985)	(16,821)	(21,419)	(24,359)	(27,141)
Selling expense	(2,335)	(3,902)	(5,931)	(7,331)	(8,285)	(9,060)
Admin expense	(1,460)	(1,830)	(2,420)	(2,847)	(3,078)	(3,308)
Staff costs	(1,586)	(3,036)	(5,301)	(6,964)	(8,066)	(9,159)
Other rental related expenses	(900)	(1,482)	(2,318)	(2,912)	(3,372)	(3,870)
Others	(676)	(736)	(851)	(1,365)	(1,558)	(1,744)
Operating profit	1,279	3,217	3,719	5,609	6,710	7,888
Other income	38	83	92	120	149	182
Other gains/(losses)	(114)	(27)	67	178	203	227
EBITDA	1,548	3,630	4,728	6,754	8,073	9,345
EBIT	1,080	3,082	3,697	5,648	6,704	7,815
Interest income	85	109	89	138	209	300
Pre-tax profit	1,127	3,107	3,694	5,667	6,764	7,933
Income tax	(639)	(259)	(763)	(1,170)	(1,396)	(1,638)
After tax profit	488	2,848	2,932	4,497	5,367	6,296
Minority interest	(0)	0	0	0	0	0
Net profit	488	2,848	2,932	4,497	5,367	6,296
Adjusted net profit	488	2,848	2,932	4,497	5,367	6,296
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	6,037	7,600	10,705	14,599	19,581	25,348
Cash & equivalents	3,542	2,992	4,366	7,262	11,425	16,412
Restricted cash	0	100	250	250	250	250
Account receivables	211	295	550	544	621	695
Inventories	1,206	2,204	2,473	2,920	3,308	3,675
Prepayment	1,078	1,545	1,938	2,496	2,849	3,189
Other current assets	0	464	1,128	1,128	1,128	1,128
Non-current assets	4,443	10,692	12,394	14,099	15,166	16,347
PP&E	1,867	4,169	5,066	6,771	7,837	9,018
Right-of-use assets	2,004	5,187	5,937	5,937	5,937	5,937
Deferred income tax	208	350	272	272	272	272
Investment in JVs & assos	0	0	0	0	0	0
Intangibles	0	0	0	0	0	0
Goodwill	0	0	0	0	0	0
Financial assets at FVTPL	0	0	0	0	0	0
Other non-current assets	363	986	1,120	1,120	1,120	1,120
Total assets	10,480	18,292	23,099	28,698	34,746	41,695
Current liabilities	2,829	5,463	6,682	7,785	8,465	9,118
Short-term borrowings	0	0	300	300	300	300
Account payables	1,817	3,372	3,766	4,868	5,549	6,202
Tax payable	0	0	0	0	0	0
Other current liabilities	131	240	273	273	273	273
Lease liabilities	881	1,851	2,343	2,343	2,343	2,343
Non-current liabilities	1,024	3,115	3,364	3,364	3,364	3,364
Long-term borrowings	0	0	34	34	34	34
Convertible bonds	0	0	0	0	0	0
Other non-current liabilities	1,024	3,115	3,331	3,331	3,331	3,331
Total liabilities	3,853	8,578	10,047	11,149	11,829	12,483
Share capital	17,615	17,855	18,220	18,220	18,220	18,220
Retained earnings	(11,024)	(8,309)	(5,533)	(1,036)	4,331	10,627
Other reserves	36	168	366	366	366	366
Total shareholders equity	6,627	9,714	13,053	17,550	22,917	29,213
Minority interest	0	0	0	0	0	0
Total equity and liabilities	10,480	18,292	23,099	28,698	34,746	41,695

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,127	3,107	3,694	5,667	6,764	7,933
Depreciation & amortization	421	523	1,034	1,087	1,309	1,412
Tax paid	494	(142)	(763)	(1,170)	(1,396)	(1,638)
Change in working capital	0	0	(640)	104	(138)	(128)
Others	(2,023)	(588)	904	316	411	527
Net cash from operations	20	2,900	4,229	6,004	6,950	8,107
Investing						
Capital expenditure	(782)	(2,750)	(3,210)	(3,108)	(2,787)	(3,120)
Acquisition of subsidiaries/ investments	0	(100)	0	0	0	0
Net proceeds from disposal of short-term investments	3	2	0	0	0	0
Others	(19)	(599)	0	0	0	0
Net cash from investing	(798)	(3,447)	(3,210)	(3,108)	(2,787)	(3,120)
Financing						
Dividend paid	0	0	0	0	0	0
Net borrowings	0	0	0	0	0	0
Proceeds from share issues	63	0	0	0	0	0
Share repurchases	0	0	0	0	0	0
Others	(2,340)	0	334	0	0	0
Net cash from financing	(2,276)	0	334	0	0	0
Net change in cash						
Cash at the beginning of the year	6,536	3,542	2,992	4,366	7,262	11,425
Exchange difference	77	7	15	0	0	0
Others	(3,071)	(558)	1,359	2,896	4,163	4,987
Cash at the end of the year	3,542	2,992	4,366	7,262	11,425	16,412
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	66.9%	87.3%	38.4%	28.8%	14.2%	11.9%
Gross profit	70.2%	72.7%	45.3%	31.5%	14.7%	12.5%
Operating profit	na	151.5%	15.6%	50.8%	19.6%	17.6%
EBITDA	na	134.5%	30.2%	42.8%	19.5%	15.8%
EBIT	99.0%	185.4%	20.0%	52.8%	18.7%	16.6%
Net profit	(28.9%)	483.3%	2.9%	53.4%	19.4%	17.3%
Adj. net profit	(28.9%)	483.3%	2.9%	53.4%	19.4%	17.3%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	61.0%	56.3%	59.1%	60.3%	60.6%	60.9%
Operating margin	9.6%	12.9%	10.8%	12.6%	13.2%	13.9%
EBITDA margin	11.6%	14.6%	13.7%	15.2%	15.9%	16.5%
Adj. net profit margin	3.7%	11.4%	8.5%	10.1%	10.6%	11.1%
Return on equity (ROE)	8.3%	34.9%	25.8%	29.4%	26.5%	24.2%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.0	0.0	0.0	0.0	0.0	0.0
Current ratio (x)	2.1	1.4	1.6	1.9	2.3	2.8
Receivable turnover days	5.8	3.7	4.5	4.5	4.5	4.5
Inventory turnover days	63.4	57.1	60.5	60.5	60.5	60.5
Payable turnover days	25.9	21.0	20.1	20.1	20.1	20.1
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	149.7	25.8	25.3	16.6	14.0	12.0
P/E (diluted)	149.7	25.8	25.3	16.6	14.0	12.0
P/B	11.1	7.6	5.7	4.3	3.3	2.6
P/CFPS	3,688.7	25.4	17.6	12.4	10.8	9.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
EV	69,738.3	72,008.5	74,071.9	74,442.3	74,814.5	75,188.6
EV/Sales	5.2	2.9	2.1	1.7	1.5	1.3
EV/EBIT	64.6	23.4	20.0	13.2	11.2	9.6
EV/EBITDA	45.0	19.8	15.7	11.0	9.3	8.0

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

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