

DPC Dash (1405 HK)

Long-term story intact but let's just play safe

FY24 results were very solid, but we are slightly conservative about the SSSG ahead, given the macro uncertainty and high base kicking in. Hence, we trim our net profit forecast but remain highly confident on the mid- to long-term story.

■ **Management has provided a conservative outlook for FY25E and we do agree with that.** On one hand, store expansion continued to be fast, the management has targeted 300 new stores in FY25E, implying 30% YoY growth, sustaining the 31% growth in FY24. We are quite confident on this target, because: 1) brand power and the word of mouth are still very strong, 2) the Company has trained and reversed quite a number of staffs in the existing stores, and most importantly 3) DPC has already entered 13 new cities during the 2024 Christmas and 2025 CNY (while the new cities entered in FY24 was only at 10), management mentioned that they will enter at least 1-2 additional cities in FY25E. But on the other hand, we might have to be more cautious about the SSSG and OP margin expansion. Even though the group's SSSG may still be positive in 1Q25E, SSSG may turn negative in 2Q25E to 4Q25E, due to: 1) macro uncertainty, 2) high base effective (esp. for those exceptionally good stores in the new markets, where their SSS may typically fall when they entered into the first 18 months and onwards, and a normalization period of 12 months may be needed before its SSSG to resume to positive), and 3) sales cannibalization in various new cities (when the 5th to 10th stores being opened in a city, the sales per store of those 1st to 4th stores may be dilution). Moreover, we are now forecasting the OP margin to be at 3.9% in FY25E, same as the last year, as we expect the GP margin to stay flattish (improvements in supply chain efficiency may be offset by any increases in retail discounts), and the surge in staff costs (to train and secure more staffs for new store expansion in the future) may be offset by the greater sales contribution from the higher productivity stores in the new markets. But still, thanks to greater overall economies of scale and a better tax rate, NP margin in FY25E should climb to 1.9% from 1.3% in FY24, in our view.

■ **Maintain BUY and raise TP to HK\$ 118.57, based on 2.7x FY25E P/S.** Given the short-term overhangs mentioned above, we have revised down the FY25E/ 26E forecasts by 44%/ 54%, in order to factor in a more conservative SSSG assumption and operating leverage. But we are still highly confident about the Domino's development in China in the long run. Therefore, even the counter is trading at 2.3x FY25E P/S, having a 93% premium over its peers' average of 1.2x P/S. We still think this premium is sustainable, given the 24%/ 35% sales/ adj. net profit CAGR during FY24-27E, still way faster than any of its listed peers.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	3,051	4,314	5,408	6,780	8,151
YoY growth (%)	51.0	41.4	25.4	25.4	20.2
Operating profit (RMB mn)	(42.6)	168.2	211.5	311.7	443.6
Net profit (RMB mn)	(26.6)	55.2	104.7	183.6	292.5
EPS (Reported) (RMB)	(0.24)	0.42	0.80	1.40	2.23
YoY growth (%)	na	na	89.0	75.4	59.3
P/E (x)	ns	226.5	119.8	68.3	42.9
P/B (x)	5.9	5.6	5.3	4.9	4.4
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	(1.9)	2.5	4.6	7.5	10.9
Net gearing (%)	9.5	8.9	8.5	7.9	7.1

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price **HK\$118.57**

(Previous TP **HK\$81.20**)

Up/Downside **15.7%**

Current Price **HK\$102.50**

China Consumer Discretionary

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Stock Data

Mkt Cap (HK\$ mn)	13,405.4
Avg 3 mths t/o (HK\$ mn)	29.4
52w High/Low (HK\$)	114.30/51.00
Total Issued Shares (mn)	130.8

Source: FactSet

Shareholding Structure

Ocean Investments Limited	33.5%
Domino's Pizza, Inc.	6.2%

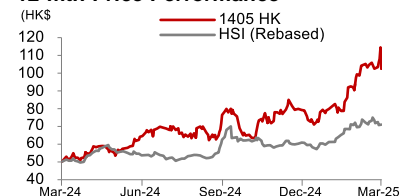
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	3.2%	1.0%
3-mth	29.3%	10.9%
6-mth	34.1%	18.1%

Source: FactSet

12-mth Price Performance



Source: FactSet

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- **A solid set of FY24 result.** In FY24, DPC Dash's sales increased by 41% YoY to RMB 4.3bn, 2%/ 1% above BBG / CMBI est., while adj. net profit surged by 1,394% YoY to RMB 55mn, beating BBG/ CMBI est. by 20%/ 12%, mostly thanks to the better-than-expected GP margin, and operating leverage. SSSG has further slowed down to 2.5% in FY24 (1.6% in 2H24 and 3.6% in 1H24) from 8.9% in FY23, but this is still way better than most of the peers (vs KFC's -2%, Pizza Hut's -5%, Tai Er's -19%, JMJ's -13%, HDL's 3.6%). Daily sales per store rose by 4.3% YoY to RMB 13,126 in FY24, which consists of 10% order growth (from 145 to 160) and 5% drop in ASP (from RMB 87 to RMB 82). Noted that the ASP decline was mostly driven by the decrease in delivery sales mix (from 59% to 46%) and higher sales mix from the new markets (delivery mix in BJ and SH/ new markets were at 70%+/30%+). Store level OP margin continued to climb to 14.5% in FY24 from 13.8% in FY23.

Earnings forecasts

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	5,408	6,780	8,151	5,654	7,339	n/a	-4.4%	-7.6%	n/a
Gross profit	3,942	4,941	5,941	4,103	5,326	n/a	-3.9%	-7.2%	n/a
EBIT	212	312	444	299	518	n/a	-29.2%	-39.9%	n/a
Net profit att.	105	184	293	185	403	n/a	-43.6%	-54.4%	n/a
Diluted EPS (RMB)	0.799	1.401	2.232	1.424	3.092	n/a	-43.9%	-54.7%	n/a
Gross margin	72.9%	72.9%	72.9%	72.6%	72.6%	n/a	0.3ppt	0.3ppt	n/a
EBIT margin	3.9%	4.6%	5.4%	5.3%	7.1%	n/a	-1.4ppt	-2.5ppt	n/a
Net profit att. margin	1.9%	2.7%	3.6%	3.3%	5.5%	n/a	-1.3ppt	-2.8ppt	n/a

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	5,408	6,780	8,151	5,444	6,957	8,647	-0.7%	-2.5%	-5.7%
Gross profit	3,942	4,941	5,941	3,964	5,059	6,297	-0.6%	-2.3%	-5.7%
EBIT	212	312	444	258	425	706	-18.1%	-26.7%	-37.2%
Net profit att.	105	184	293	152	275	452	-31.0%	-33.3%	-35.3%
Diluted EPS (RMB)	0.799	1.401	2.232	0.883	1.910	3.539	-9.6%	-26.6%	-36.9%
Gross margin	72.9%	72.9%	72.9%	72.8%	72.7%	72.8%	0.1ppt	0.2ppt	0.1ppt
EBIT margin	3.9%	4.6%	5.4%	4.7%	6.1%	8.2%	-0.8ppt	-1.5ppt	-2.7ppt
Net profit att. margin	1.9%	2.7%	3.6%	2.8%	4.0%	5.2%	-0.9ppt	-1.3ppt	-1.6ppt

Source: Bloomberg, CMBIGM estimates

Results Summary

Figure 3: Results review – half year

Half yearly / Full yearly (RMB mn)	1H23	2H23	1H24	2H24	1H23 YoY	2H23 YoY	1H24 YoY	2H24 YoY	2H24E CMBIG M	Actual vs CMBI
Revenue	1,376	1,674	2,041	2,273	51%	51%	48%	36%	2,227	2%
COGS	-380	-456	-558	-612					-613	
Gross profit	996	1,218	1,484	1,661	51%	50%	49%	36%	1,614	3%
GP margins	72.4%	72.7%	72.7%	73.1%					72.5%	
Other income & gains	13	21	9	6					34	-84%
Staff costs	-546	-633	-712	-798	62%	41%	30%	26%	-830	-4%
Staff costs / sales	-39.7%	-37.8%	-34.9%	-35.1%					-37.3%	
Dep. of right-of-use assets expenses	-108	-128	-146	-161	19%	29%	34%	26%	-146	11%
Dep. of ROU assets exp / sales	-7.9%	-7.7%	-7.1%	-7.1%					-6.6%	
Other rentals expenses	-31	-40	-56	-65	118%	243%	81%	63%	-47	37%
Other rentals exp / sales	-2.3%	-2.4%	-2.7%	-2.9%					-2.1%	
D & A of other assets	-98	-113	-126	-137	22%	28%	28%	22%	-153	-10%
D & A of other assets exp / sales	-7.1%	-6.7%	-6.1%	-6.0%					-6.9%	
Utilities expenses	-49	-66	-72	-92	32%	44%	46%	41%	-84	9%
Utilities exp / sales	-3.6%	-3.9%	-3.5%	-4.1%					-3.8%	
A & P expenses	-81	-78	-109	-108	50%	24%	35%	39%	-105	3%
A & P exp / sales	-5.9%	-4.7%	-5.4%	-4.8%					-4.7%	
Store operation & main. exp	-85	-104	-129	-142	47%	44%	52%	37%	-123	15%
Store op. & main. exp / sales	-6.2%	-6.2%	-6.3%	-6.2%					-5.5%	
Other opex	-68	-63	-67	-71	50%	-19%	-1%	12%	-80	-12%
Other opex / sales	-4.9%	-3.8%	-3.3%	-3.1%					-3.6%	
Operating profit (EBIT)	-57	15	76	92	65%	-120%	-233%	522%	79	16%
OP margins	-4.2%	0.9%	3.7%	4.0%					3.6%	
Other items	115	-15	-8	-3					-9	
Net finance income	-29	-25	-28	-30					-23	29%
Net finance income / sales	-2.1%	-1.5%	-1.4%	-1.3%					-1.0%	
Profit after financing costs	28	-26	41	59					46	
Associated coms	0	0	0	0					0	
Jointly controlled coms	0	0	0	0					0	
Pre-tax profit	28	-26	41	59	-133%	-78%	46%	-327%	46	27%
Tax	-19	-10	-30	-14					-4	247%
Tax / sales	-1.4%	-0.6%	-1.5%	-0.6%					-0.2%	
Effective tax rate	-68.9%	36.9%	-73.3%	-24.6%					-9.0%	
Minority interests	0	0	0	0					0	
Net profit att.	9	-35	11	44	-109%	-72%	25%	-225%	42	5%
NP margins	0.6%	-2.1%	0.5%	1.9%					1.9%	
Adj. net profit att.	-17	26	51	80	-79%	-185%	-392%	206%	66	21%
Adj. NP margins	-1.3%	1.6%	2.5%	3.5%					3.0%	

Source: Bloomberg, Company data, CMBIGM estimates

Figure 4: Results review – full year

Half yearly / Full yearly (RMB mn)	FY23	FY24	FY25E	FY24 YoY	FY25E YoY	FY24E CMBIG M	Actual vs CMBI
Revenue	3,051	4,314	5,408	41%	25%	4,268	1%
COGS	-837	-1,170	-1,466			-1,171	
Gross profit	2,214	3,144	3,942	42%	25%	3,097	2%
GP margins	72.6%	72.9%	72.9%			72.6%	
Other income & gains	34	15	24			43	-66%
Staff costs	-1,179	-1,509	-1,935	28%	28%	-1,542	-2%
Staff costs / sales	-38.6%	-35.0%	-35.8%			-36.1%	
Dep. of right-of-use assets expenses	-237	-307	-381	30%	24%	-292	5%
Dep. of ROU assets exp / sales	-7.8%	-7.1%	-7.0%			-6.8%	
Other rentals expenses	-71	-121	-184	71%	52%	-103	17%
Other rentals exp / sales	-2.3%	-2.8%	-3.4%			-2.4%	
D & A of other assets	-210	-263	-310	25%	18%	-278	-6%
D & A of other assets exp / sales	-6.9%	-6.1%	-5.7%			-6.5%	
Utilities expenses	-115	-164	-200	43%	22%	-156	5%
Utilities exp / sales	-3.8%	-3.8%	-3.7%			-3.7%	
A & P expenses	-159	-218	-267	37%	23%	-214	2%
A & P exp / sales	-5.2%	-5.0%	-4.9%			-5.0%	
Store operation & main. exp	-189	-271	-308	43%	14%	-252	8%
Store op. & main. exp / sales	-6.2%	-6.3%	-5.7%			-5.9%	
Other opex	-131	-138	-168	5%	22%	-147	-6%
Other opex / sales	-4.3%	-3.2%	-3.1%			-3.5%	
Operating profit (EBIT)	-43	168	212	-495%	26%	156	8%
OP margins	-1.4%	3.9%	3.9%			3.6%	
Other items	100	-11	-11			-17	
Net finance income	-55	-58	-58			-51	13%
Net finance income / sales	-1.8%	-1.3%	-1.1%			-1.2%	
Profit after financing costs	2	100	143			87	
Associated coms	0	0	0			0	
Jointly controlled coms	0	0	0			0	
Pre-tax profit	2	100	143	4278%	43%	87	14%
Tax	-29	-44	-38			-34	30%
Tax / sales	-0.9%	-1.0%	-0.7%			-0.8%	
Effective tax rate	-1269%	-44.6%	-26.6%			-39.2%	
Minority interests	0	0	0			0	
Net profit att.	-27	55	105	-307%	90%	53	4%
NP margins	-0.9%	1.3%	1.9%			1.2%	
Adj. net profit att.	9	131	145	1394%	11%	117	12%
Adj. NP margins	0.3%	3.0%	2.7%			1.2%	

Source: Bloomberg, Company data, CMBIGM estimates

Assumptions

Figure 5: CMBIGM's assumptions

Major assumptions	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Sales by segment (RMB mn)						
Beijing and Shanghai	1,279	1,545	1,650	1,757	1,829	1,899
New growth markets	742	1,506	2,664	3,651	4,951	6,252
Total	2,021	3,051	4,314	5,408	6,780	8,151
Sales growth by segment (%)						
Beijing and Shanghai	11.5%	20.8%	6.8%	6.5%	4.1%	3.8%
New growth markets	59.8%	102.9%	77.0%	37.0%	35.6%	26.3%
Total	25.4%	51.0%	41.4%	25.4%	25.4%	20.2%
Average daily sales per store by market (RMB)						
Beijing and Shanghai	13,576	12,881	12,500	12,484	12,360	12,236
New growth markets	9,009	12,285	13,319	13,053	12,661	12,408
All markets	11,445	12,580	13,126	12,862	12,578	12,367
Sales growth by dine-in and delivery (%)						
Delivery	23.7%	23.9%	10.0%	23.0%	20.0%	15.0%
Non-delivery	30.2%	121.4%	87.1%	27.4%	29.8%	24.2%
Total	25.4%	51.0%	41.4%	25.4%	25.4%	20.2%
Sales network by segment						
Beijing and Shanghai	312	351	371	391	411	431
New growth markets	276	417	637	917	1,222	1,527
Total	588	768	1,008	1,308	1,633	1,958
Restaurant profit margin by segment						
Beijing and Shanghai	18.3%	15.5%	16.0%	15.7%	15.7%	15.7%
New growth markets	6.4%	12.0%	13.5%	10.7%	9.9%	10.1%
Total	10.1%	13.8%	14.5%	12.3%	11.5%	11.4%
Costs breakdown						
Staff costs/ sales	38.8%	38.6%	35.0%	35.8%	35.3%	34.5%
Rental and related expenses/ sales	10.7%	10.1%	9.9%	10.4%	10.7%	10.9%
D&A of other assets/ sales	8.3%	6.9%	6.1%	5.7%	5.3%	5.0%
Utilities expenses/ sales	4.1%	3.8%	3.8%	3.7%	3.7%	3.7%
A&P expenses/ sales	5.8%	5.2%	5.0%	4.9%	4.9%	4.9%
Other expenses/ sales	12.5%	10.5%	9.5%	8.8%	8.8%	8.8%
Effective tax rate	-10.8%	1269.4%	44.6%	26.6%	25.0%	25.0%
NP att. margin	-11.0%	-0.9%	1.3%	1.9%	2.7%	3.6%
Adj. NP margin	-5.6%	0.3%	3.0%	2.7%	3.1%	4.0%
Adj. NP growth (%)	-20.6%	-107.7%	1394.2%	10.6%	46.1%	52.2%

Source: Company data, CMBIGM estimates

Valuation

Figure 6: 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\$mn)	End	FY1E	FY2E	FY2E	FY2E	FY1E	FY1E	FY1E
Leading Greater China Catering														
DPC Dash	1405 HK	BUY	118.57	102.50	16%	13,405	Dec-24	228.0	120.6	5.4	(1.9)	(0.8)	0.0	31.4
Nayuki	2150 HK	BUY	3.43	1.17	193%	1,995	Dec-24	n/a	68.3	0.4	0.3	n/a	0.0	(14.0)
Luckin Coffee	LKNCY US	BUY	38.51	34.40	12%	75,272	Dec-24	150.2	118.5	7.1	28.0	(4.0)	0.1	34.0
Jiumaojiu	9922 HK	HOLD	2.64	2.88	-8%	4,025	Dec-24	11.8	10.0	0.9	1.7	0.1	3.5	(16.0)
Haidilao	6862 HK	BUY	20.20	18.02	12%	100,443	Dec-24	17.7	16.0	5.2	42.9	1.9	4.7	13.3
Cafe De Coral	341 HK	BUY	9.30	7.48	24%	4,338	Mar-24	14.8	13.5	1.5	9.8	4.4	7.5	(4.2)
Xiabuxiabu	520 HK	BUY	4.89	0.86	469%	934	Dec-24	n/a	11.6	1.0	(40.6)	n/a	3.6	(14.0)
Helens	9869 HK	NR	n/a	1.70	n/a	2,151	Dec-23	9.3	7.3	1.3	9.9	0.6	22.7	(33.1)
Yihai	1579 HK	NR	n/a	13.74	n/a	14,244	Dec-24	14.6	13.1	2.3	15.8	1.3	5.8	(8.9)
Yum China	9987 HK	BUY	484.83	411.80	18%	154,469	Dec-24	20.6	18.1	3.2	15.0	1.7	1.7	10.0
Yum China	YUMC US	BUY	62.06	51.87	20%	151,351	Dec-24	20.1	17.8	3.1	15.0	1.7	1.8	7.7
Gourmet Master	2723 TT	NR	n/a	93.40	n/a	3,948	Dec-24	17.6	14.5	1.4	5.3	0.6	4.6	(3.5)
Avg.								50.5	35.8	2.7	8.4	0.8	4.7	0.2
Med.								17.6	15.3	1.9	9.9	1.0	3.5	(3.9)
International Catering														
Yum! Brands	YUM US	NR	n/a	156	n/a	338,167	Dec-24	25.9	23.2	n/a	n/a	2.1	1.8	16.1
McDonald's	MCD US	NR	n/a	307	n/a	1,706,699	Dec-24	24.9	23.0	n/a	n/a	2.9	2.3	5.9
Starbucks	SBUX US	NR	n/a	98	n/a	863,536	Sep-24	33.2	26.8	n/a	n/a	3.6	2.5	7.1
Rest. Brands	QSR US	NR	n/a	65	n/a	227,018	Dec-24	17.2	15.8	5.6	34.2	1.4	3.8	(1.0)
Chipotle	CMG US	NR	n/a	50	n/a	526,196	Dec-24	38.7	32.5	13.3	45.7	2.2	0.0	(17.2)
Darden Rest.	DRI US	NR	n/a	205	n/a	186,927	May-24	21.5	19.1	10.0	48.1	2.1	2.7	9.9
Domino's	DPZ US	NR	n/a	447	n/a	119,287	Dec-24	25.6	23.1	n/a	n/a	3.1	1.6	6.5
Wendy's Co	WEN US	NR	n/a	15	n/a	22,816	Dec-24	14.6	12.9	69.7	68.3	1.5	4.6	(10.2)
Shake Shack	SHAK US	NR	n/a	88	n/a	29,175	Dec-24	69	56	5.8	2.2	0.7	n/a	(32.1)
Wingstop	WING US	NR	n/a	224	n/a	48,619	Dec-24	60	46	n/a	n/a	3.1	0.5	(21.2)
Jubilant Food.	JUBI IN	NR	n/a	664	n/a	39,866	Mar-24	146	91	16.1	n/a	10.0	0.2	(7.5)
Domino's Group	DOM LN	NR	n/a	285	n/a	11,307	Dec-24	14	12	n/a	n/a	3.4	4.0	(9.7)
Domino's Ent.	DMP AU	NR	n/a	27	n/a	12,123	Jun-24	20	17	3.6	2.6	1.2	4.0	(9.0)
Alsea Sab De	ALSEA* MM	NR	n/a	44	n/a	13,384	Dec-24	13.1	10.2	2.9	8.6	0.2	2.1	0.3
Avg.								37.4	29.2	15.9	30.0	2.7	2.3	(4.4)
Med.								25.3	23.1	7.9	34.2	2.2	2.3	(4.2)

Source: Bloomberg, company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	2,021	3,051	4,314	5,408	6,780	8,151
Cost of goods sold	(550)	(837)	(1,170)	(1,466)	(1,838)	(2,210)
Gross profit	1,471	2,214	3,144	3,942	4,941	5,941
Operating expenses	(1,622)	(2,291)	(2,991)	(3,754)	(4,659)	(5,533)
Selling expense	(285)	(370)	(480)	(578)	(697)	(809)
Admin expense	(83)	(115)	(164)	(200)	(251)	(302)
Staff costs	(785)	(1,179)	(1,509)	(1,935)	(2,392)	(2,815)
Other rental related expenses	(216)	(308)	(428)	(565)	(723)	(889)
Others	(253)	(320)	(409)	(476)	(597)	(717)
Operating profit	(109)	(43)	168	212	312	444
Other income	42	34	15	24	30	36
Share of (losses)/profits of associates/JV	0	0	0	0	0	0
EBITDA	59	168	431	522	673	850
Depreciation	(168)	(210)	(263)	(310)	(362)	(406)
Other amortisation	0	0	0	0	0	0
Interest income	3	16	22	23	25	30
Interest expense	(82)	(71)	(80)	(81)	(79)	(67)
Other income/expense	(13)	100	(11)	(11)	(14)	(16)
Pre-tax profit	(201)	2	100	143	245	390
Income tax	(22)	(29)	(44)	(38)	(61)	(98)
Minority interest	0	0	0	0	0	0
Net profit	(223)	(27)	55	105	184	293

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	689	1,215	1,369	1,446	1,699	2,089
Cash & equivalents	544	587	1,069	1,098	1,263	1,565
Account receivables	8	10	13	14	18	21
Inventories	67	73	115	118	148	177
Prepayment	69	113	172	215	270	324
ST bank deposits	0	432	0	0	0	0
Other current assets	0	0	0	0	0	0
Non-current assets	2,581	2,931	3,508	3,710	3,920	4,101
PP&E	496	626	808	1,017	1,230	1,416
Investment in JVs & assos	0	0	0	0	0	0
Intangibles	1,242	1,229	1,211	1,204	1,201	1,197
Other non-current assets	842	1,077	1,489	1,489	1,489	1,489
Total assets	3,270	4,146	4,876	5,156	5,618	6,190
Current liabilities	795	1,017	1,517	1,692	1,971	2,250
Short-term borrowings	0	0	200	200	200	200
Account payables	127	154	249	252	316	380
Tax payable	17	18	40	40	40	40
Other current liabilities	652	845	1,028	1,200	1,415	1,630
Non-current liabilities	1,721	1,030	1,116	1,116	1,116	1,116
Long-term borrowings	200	200	0	0	0	0
Other non-current liabilities	1,521	830	1,116	1,116	1,116	1,116
Total liabilities	2,516	2,047	2,633	2,808	3,087	3,366
Share capital	1,804	3,132	3,160	3,160	3,160	3,160
Retained earnings	(1,091)	(1,122)	(1,067)	(962)	(779)	(486)
Other reserves	40	89	150	150	150	150
Total shareholders equity	753	2,099	2,243	2,348	2,532	2,824
Minority interest	0	0	0	0	0	0
Total equity and liabilities	3,270	4,146	4,876	5,156	5,618	6,190

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(201)	2	100	143	245	390
Depreciation & amortization	168	210	263	310	362	406
Tax paid	(35)	(44)	(77)	(38)	(61)	(98)
Change in working capital	(32)	18	114	127	191	191
Others	398	349	419	(17)	(42)	(60)
Net cash from operations	298	536	818	525	695	830
Investing						
Capital expenditure	(195)	(288)	(373)	(414)	(451)	(461)
Acquisition of subsidiaries/ investments	(15)	(29)	(43)	0	0	0
Others	3	(416)	458	(1)	(0)	(0)
Net cash from investing	(207)	(732)	42	(415)	(451)	(461)
Financing						
Dividend paid	0	0	0	0	0	0
Net borrowings	20	0	0	0	0	0
Proceeds from share issues	0	549	5	0	0	0
Share repurchases	0	0	0	0	0	0
Others	(245)	(332)	(387)	(81)	(79)	(67)
Net cash from financing	(225)	217	(382)	(81)	(79)	(67)
Net change in cash						
Cash at the beginning of the year	657	544	587	1,069	1,098	1,263
Exchange difference	21	22	4	0	0	0
Others	(134)	21	478	29	165	302
Cash at the end of the year	544	587	1,069	1,098	1,263	1,565
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	25.4%	51.0%	41.4%	25.4%	25.4%	20.2%
Gross profit	24.1%	50.5%	42.0%	25.4%	25.4%	20.2%
Operating profit	na	na	na	25.8%	47.4%	42.3%
EBITDA	na	184.6%	156.9%	21.1%	29.1%	26.2%
Net profit	na	na	na	89.6%	75.4%	59.3%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	72.8%	72.6%	72.9%	72.9%	72.9%	72.9%
Operating margin	(5.4%)	(1.4%)	3.9%	3.9%	4.6%	5.4%
EBITDA margin	2.9%	5.5%	10.0%	9.6%	9.9%	10.4%
Return on equity (ROE)	(26.0%)	(1.9%)	2.5%	4.6%	7.5%	10.9%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.3	0.1	0.1	0.1	0.1	0.1
Current ratio (x)	0.9	1.2	0.9	0.9	0.9	0.9
Receivable turnover days	8.3	9.8	13.0	14.2	17.8	21.5
Inventory turnover days	34.3	30.6	29.3	29.3	29.3	29.3
Payable turnover days	83.5	61.2	62.8	62.8	62.8	62.8
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	ns	226.5	119.8	68.3	42.9
P/E (diluted)	ns	ns	226.5	119.8	68.3	42.9
P/B	12.1	5.9	5.6	5.3	4.9	4.4
P/CFPS	30.6	20.2	15.3	23.9	18.1	15.1
Div yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
EV	9,416.9	12,502.7	12,536.1	12,507.0	12,341.9	12,040.0
EV/Sales	4.7	4.1	2.9	2.3	1.8	1.5
EV/EBITDA	159.8	74.5	29.1	24.0	18.3	14.2

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

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