

Luckin Coffee (LKNKY US)

Management is prudent but long-term story intact

1Q25 results were a beat, but could be better if not dragged by higher share-based compensation and effective tax rate. Despite the cautious tone of the management, we still feel constructive for the company's outlook in 2Q25E and the long-term growth. Therefore, Luckin Coffee remains one of our sector top picks in 2025. The stock is trading at 20x FY25E, but given the 42%/ 29% discounts to Mixue/ Guming, it is certainly very attractive, in our view.

■ **1Q25 results beat, due to strong GP margin and SSSG. Could be even better if not partly dragged by surge in share-based compensation and higher tax rate.** For 1Q25, Luckin Coffee's sales increased by 41% YoY to RMB 8.8bn, 6%/ 4% above BBG/ CMBI est., thanks to better-than-expected SSSG and faster-than-expected store expansion. GP margin was also a solid beat, and climbed to 60% in 1Q25, vs CMBI est. of 57%, thanks to: 1) improvements in product mix (more Americano and tea drinks were sold, instead of milk-based coffees), 2) further ramp-up of the coffee bean processing and roasting plants and 3) potential reduction in discounts and promotions. OP margin was also impressive, improving from just -1% in 1Q24 to 8.3% in 1Q25, where the operating profit was 66%/ 30% higher than BBG/ CMBI est., likely due to the meaningful operating leverage. However, dragged by surge in share-based compensation (up 80%+ YoY) and higher-than-expected tax rate at 32% (vs CMBI est. of 24%), the net profit only resumed to RMB 525mn (vs RMB 83mn loss last year), 8%/ 30% higher than the BBG/ CMBI est..

■ **Growth quality in 1Q25 was fairly decent.** SSSG in 1Q25 was 8.1% (beating CMBI est. of 6%) and improved massively from the 3.4% drop in 4Q24, likely aided by: 1) low base, 2) hotter than last year weather, and 3) product innovation and category expansions (rolled out more tea drinks, light meals and snacks). We also find the customer growth healthy, as average monthly customers increased by 24% to over 74mn in 1Q25, vs 25% in 4Q25. Also, the stickiness of customers was improving, as the monthly sales per transacting customer continued to grow by 14% to RMB 119, also accelerated from 9% in 4Q24. Moreover, Luckin Coffee has secured an exclusive right of the coconut supply in some islands in Indonesia (the production size could be up to 200K tons per year), which could be a very critical step towards its overseas expansion in Southeast Asia.

■ **We believe the trend in Apr 2025 is still encouraging.** Going forward in 2Q25E, we are still confident about the SSSG, because of: 1) favorable weather, 2) product category expansions (more tea drinks, light meals and snacks) and 3) various successful new product launches lately, including the Coconut Latte with Coconut Jelly/ 冻冻生椰拿铁, Watermelon Coconut Cold Brew/ 大西瓜生椰冷萃 and Pineapple Americano/ 鳳梨美式. Actually, according to our channel checks, average number of cups sold per store could be as high as 430 in Apr 2025, representing HSD YoY growth, sustaining the decent SSSG in 1Q25.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	24,903	34,475	45,263	51,669	57,838
YoY growth (%)	87.3	38.4	31.3	14.2	11.9
EBITDA (RMB mn)	3,630.2	4,728.1	6,518.9	7,760.8	9,005.3
Net profit (RMB mn)	2,847.9	2,931.7	4,124.2	4,886.3	5,740.0
EPS (Reported) (RMB)	1.12	1.15	1.60	1.89	2.21
YoY growth (%)	479.6	1.9	40.0	17.9	16.9
P/E (x)	28.5	28.0	20.0	17.0	14.5
EV/EBITDA (x)	21.8	17.2	12.5	10.6	9.2
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	34.9	25.8	27.3	24.9	23.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price US\$40.61
(Previous TP US\$38.51)
Up/Downside 15.6%
Current Price US\$35.14

China Consumer Discretionary

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Stock Data

Mkt Cap (US\$ mn)	11,235.5
Avg 3 mths t/o (US\$ mn)	65.5
52w High/Low (US\$)	37.91/18.01
Total Issued Shares (mn)	2557.9

Source: FactSet

Shareholding Structure

Centurium Capital	32.4%
Joy Capital	4.7%

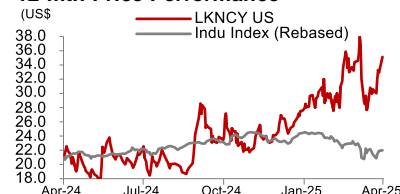
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	2.2%	5.6%
3-mth	25.8%	39.8%
6-mth	46.4%	53.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

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- **However, as highlighted by management, outlook in 2H25E might have to be more conservative.** The management has flagged about: 1) potential slowdown in SSSG (perhaps due to higher bases), 2) pressure on GP margin, as a result of the burnout of inventory and coffee bean price inflation and 3) further increases in A&P expenses, as more marketing efforts will be made amid the rising competition from other tea drink brands (esp. when they have all IPO-ed).
- **Maintain BUY and raise TP to US\$ 40.61.** The new TP is based on 23x FY25E P/E (up from 20x due to sector re-rating lately), supported by industry average of 26x and the 19% sales CAGR and 20% net profit CAGR during FY24-27E. We have revised down FY25E/ 26E/ 27E net profit forecasts by 8%/ 9%/ 9%, in order to factor in merely the more conservative GP margin assumption despite the strong beat in 1Q25 results. The stock is trading at 20x FY25E P/E, still rather attractive given the solid and ongoing turnaround and robust peers' performance.

Earnings revision

Figure 1: Earnings revision

US\$ mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	45,263	51,669	57,838	44,394	50,678	56,728	2.0%	2.0%	2.0%
Gross profit	26,841	30,795	34,645	26,770	30,711	34,547	0.3%	0.3%	0.3%
EBIT	5,112	6,029	7,048	5,351	6,352	7,406	-4.5%	-5.1%	-4.8%
Net profit att.	4,124	4,886	5,740	4,497	5,367	6,296	-8.3%	-9.0%	-8.8%
Diluted EPS (USD)	1.604	1.891	2.211	1.749	2.078	2.425	-8.3%	-9.0%	-8.8%
Gross margin	59.3%	59.6%	59.9%	60.3%	60.6%	60.9%	-1ppt	-1ppt	-1ppt
EBIT margin	11.3%	11.7%	12.2%	12.1%	12.5%	13.1%	-0.8ppt	-0.9ppt	-0.9ppt
Net profit att. margin	9.1%	9.5%	9.9%	10.1%	10.6%	11.1%	-1ppt	-1.1ppt	-1.2ppt

Source: Company data, CMBIGM estimates

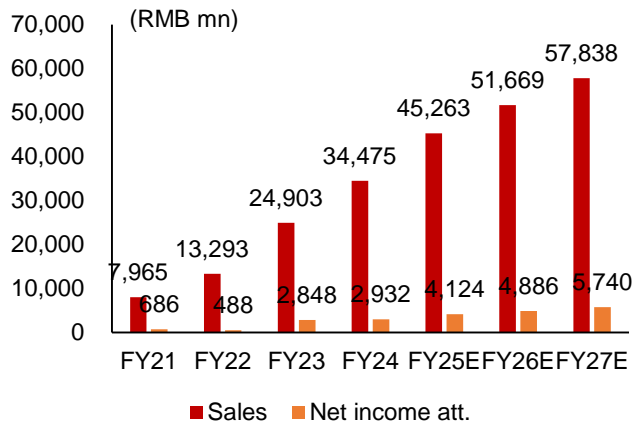
Figure 2: CMBIGM estimates vs consensus

US\$ mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	45,263	51,669	57,838	42,658	49,078	54,576	6.1%	5.3%	6.0%
Gross profit	26,841	30,795	34,645	24,929	28,987	32,577	7.7%	6.2%	6.3%
EBIT	5,112	6,029	7,048	3,982	5,210	6,624	28.4%	15.7%	6.4%
Net profit att.	4,124	4,886	5,740	3,699	4,695	5,538	11.5%	4.1%	3.6%
Diluted EPS (USD)	1.604	1.891	2.211	1.580	4.064	5.963	1.5%	-53.5%	-62.9%
Gross margin	59.3%	59.6%	59.9%	58.4%	59.1%	59.7%	0.9ppt	0.5ppt	0.2ppt
EBIT margin	11.3%	11.7%	12.2%	9.3%	10.6%	12.1%	2ppt	1.1ppt	0ppt
Net profit att. margin	9.1%	9.5%	9.9%	8.7%	9.6%	10.1%	0.4ppt	-0.1ppt	-0.2ppt

Source: Bloomberg, CMBIGM estimates

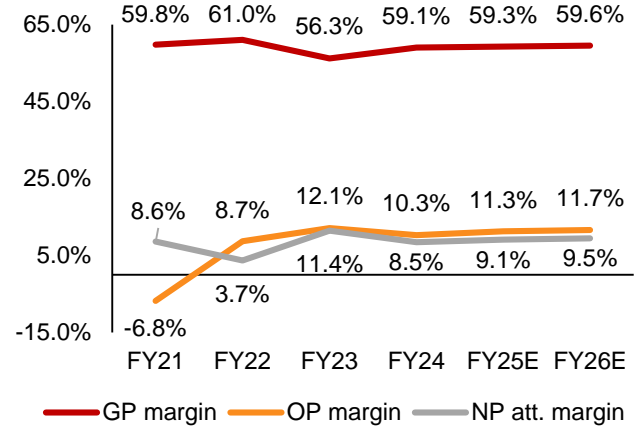
Focus Charts

Figure 3: Sales and net profit



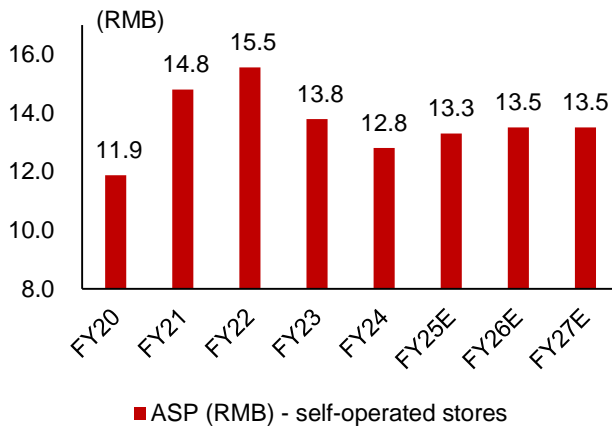
Source: Company data, CMBIGM estimates

Figure 4: GP, OP and NP att. margin



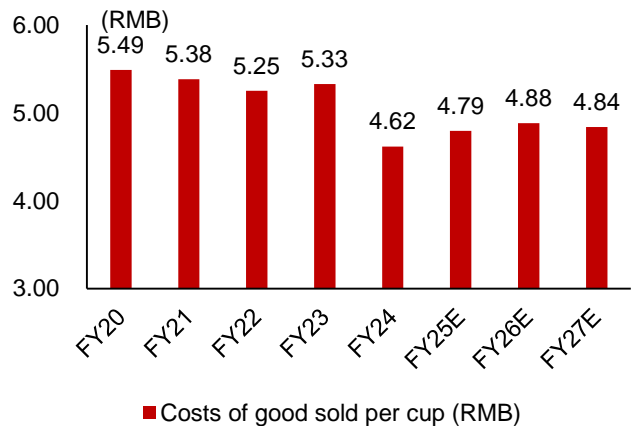
Source: Company data, CMBIGM estimates

Figure 5: ASP (self-operated stores)



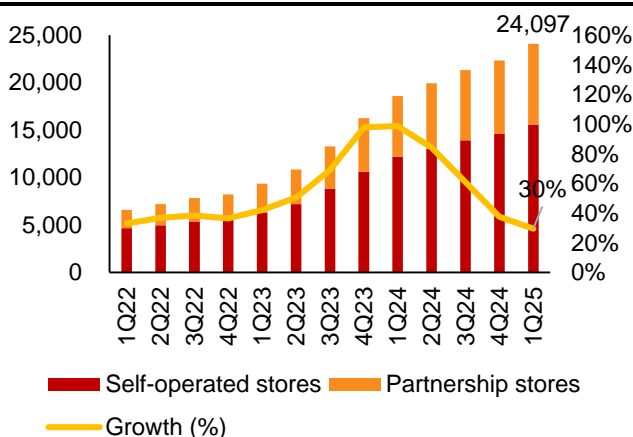
Source: Company data, CMBIGM estimates

Figure 6: Luckin Coffee's costs per cup



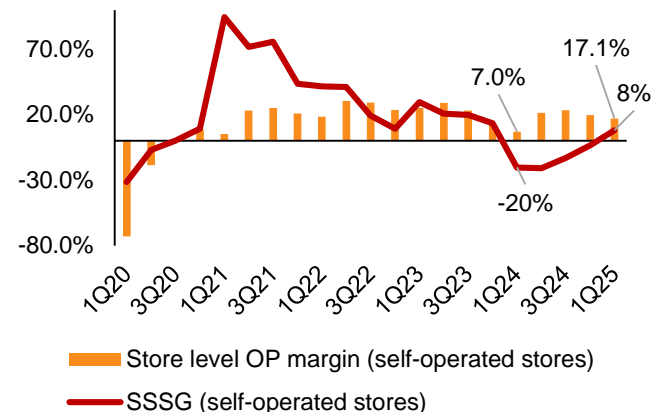
Source: Company data, CMBIGM estimates

Figure 7: Number of stores by channel and growth

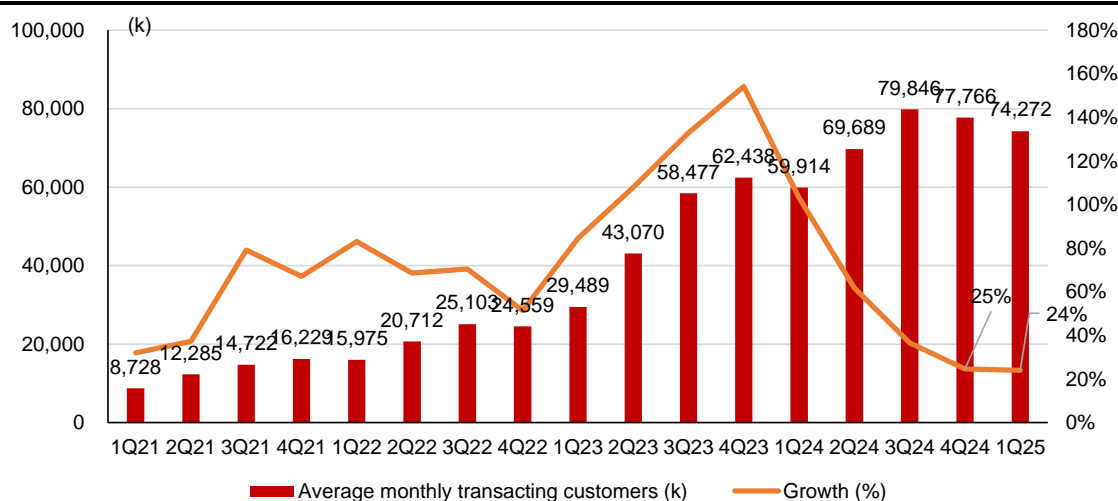


Source: Company data, CMBIGM estimates

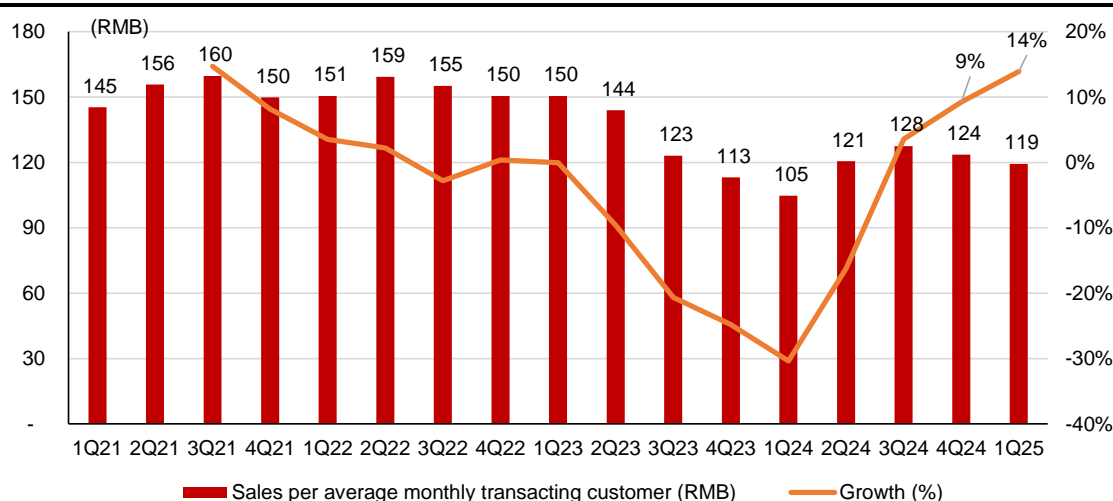
Figure 8: SSSG vs store level OP margins (for self-operated stores)



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)	3Q24	4Q24	1Q25	2Q25E	3Q25E	4Q25E	1Q25 YoY	2Q25E YoY	3Q25 E YoY	4Q25 E YoY	1Q25E CMBI	Actual vs CMBI
Revenue	10,181	9,613	8,865	11,256	13,098	12,044	41%	34%	29%	25%	8,551	4%
Food and paper	-3,955	-3,847	-3,573	-4,446	-5,344	-5,059					-3,677	
Gross profit	6,225	5,766	5,292	6,810	7,754	6,985	59%	35%	25%	21%	4,874	9%
GP margins	61.1%	60.0%	59.7%	60.5%	59.2%	58.0%					57.0%	
Other income & gains	0	0	0	0	0	0					0	
Rental & other opex	-2,285	-2,372	-2,329	-2,746	-2,947	-3,064	27%	34%	29%	29%	-2,223	5%
Store rental & other opex/ sales	-22.4%	-24.7%	-26.3%	-24.4%	-22.5%	-25.4%					-0	
D & A expenses	-310	-332	-338	-416	-327	-325	30%	44%	6%	-2%	-385	-12%
D & A exp/ sales	-5.0%	-5.8%	-6.4%	-6.1%	-4.2%	-4.7%					-0	
Delivery expenses	-928	-839	-689	-788	-1,140	-997	54%	30%	23%	19%	-599	15%
Delivery expenses/ sales	-9.1%	-8.7%	-7.8%	-7.0%	-8.7%	-8.3%					-7.0%	
Sales & marketing expenses	-589	-573	-496	-619	-786	-710	52%	43%	33%	24%	-428	16%
Sales & marketing exp/ sales	-5.8%	-6.0%	-5.6%	-5.5%	-6.0%	-5.9%					-5.0%	
Admin expenses	-637	-638	-681	-732	-733	-728	22%	24%	15%	14%	-727	-6%
Admin exp/ sales	-6.3%	-6.6%	-7.7%	-6.5%	-5.6%	-6.0%					-8.5%	
Store preopening & other expenses	-13	-14	-14	-56	-52	-58	-49%	302%	289%	327%	-43	-66%
Store preopening & other exp/ sales	-0.2%	-0.2%	-0.3%	-0.8%	-0.7%	-0.8%					-0.9%	
Other opex	94	-4	-7	0	13	40					17	
Operating profit (EBIT)	1,557	995	737	1,452	1,781	1,142	-1232%	38%	14%	15%	487	51%
OP margins	15.3%	10.4%	8.3%	12.9%	13.6%	9.5%					5.7%	
Investment gain (loss)	75	-42	1	23	26	131					17	
Net finance income	23	33	36	34	39	24					26	42%
Net finance income / sales	0.2%	0.3%	0.4%	0.3%	0.3%	0.2%					0.3%	
Profit after financing costs	1,655	986	775	1,508	1,847	1,296					530	
Associated coms	0	0	0	0	0	0					0	
Jointly controlled coms	0	0	0	0	0	0					0	
Pre-tax profit	1,655	986	775	1,508	1,847	1,296	-1619%	37%	12%	32%	530	46%
Tax	-353	-145	-250	-347	-425	-281					-127	
Tax / sales	-3.5%	-1.5%	-2.8%	-3.1%	-3.2%	-2.3%					-1.5%	
Effective tax rate	-21.3%	-14.7%	-32.3%	-23.0%	-23.0%	-21.7%					-24.0%	
Minority interests	0	0	0	0	0	0					0	
Net profit att.	1,303	841	525	1,161	1,422	1,016	-731%	33%	9%	21%	403	30%
NP margins	12.8%	8.7%	5.9%	10.3%	10.9%	8.4%					4.7%	

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	34,923	39,626	44,126
Partnership stores sales	3,069	6,226	7,745	10,340	12,043	13,712
Total	13,293	24,903	34,475	45,263	51,669	57,838
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	2.2	2.1
Partnership stores	1.5	1.5	1.2	1.2	1.2	1.2
Total	1.9	2.0	1.8	1.9	1.8	1.8
Sales per avg. store growth by channel						
Self-operated stores	27%	13%	-8%	4%	-2%	-2%
Partnership stores	40%	4%	-24%	5%	-1%	-1%
Total	27%	9%	-12%	4%	-2%	-2%
Number of cups per day by channel						
Self-operated stores	359	456	454	454	438	430
Partnership stores	430	461	397	392	367	363
Total	380	458	434	432	413	406
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%	19.7%	19.9%	20.2%
GP margins	61.0%	56.3%	59.1%	59.3%	59.6%	59.9%
Opex breakdown						
Store rental/ sales	21.3%	20.8%	24.8%	24.5%	24.8%	25.2%
D&A expenses/ sales	2.9%	2.4%	3.5%	3.1%	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%	5.8%	5.6%	5.4%
G&A expenses/ sales	11.0%	7.3%	7.0%	6.4%	6.0%	5.8%
Store preopening & other expenses/ sales	0.3%	0.4%	0.2%	0.4%	0.5%	0.5%
OP margins	8.7%	12.1%	10.3%	11.3%	11.7%	12.2%
Effective tax rate	-56.7%	-8.3%	-20.6%	-24.0%	-24.0%	-24.0%
NP margins	3.7%	11.4%	8.5%	9.1%	9.5%	9.9%
NP growth (%)	-28.9%	483.3%	2.9%	40.7%	18.5%	17.5%

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\$mn)	End	FY1E	FY2E	FY2E	FY0	FY1E	FY1E	FY1E
Leading Greater China Catering														
Luckin Coffee	LKNCY US	BUY	40.61	35.14	16%	75,619	Dec-24	19.9	16.9	3.7	26.5	0.8	0.1	34.0
Mixue	2097 HK	NR	n/a	503.50	n/a	191,138	Dec-24	34.2	28.9	6.6	34.8	2.3	0.9	n/a
Guming	1364 HK	NR	n/a	24.70	n/a	58,741	Dec-24	28.2	23.6	9.1	111.6	1.8	4.1	n/a
Baicha Baidao	2555 HK	NR	n/a	8.60	n/a	12,708	Dec-24	16.8	14.1	2.9	20.0	0.7	5.3	(21.0)
Nayuki	2150 HK	BUY	3.43	1.06	224%	1,807	Dec-24	n/a	34.3	0.5	(21.0)	n/a	0.0	(22.1)
Jiumaojiu	9922 HK	HOLD	2.56	2.57	0%	3,592	Dec-24	19.7	13.3	1.0	1.7	0.3	2.7	(25.1)
Haidilao	6862 HK	BUY	20.20	17.92	13%	99,886	Dec-24	17.6	16.0	5.5	42.9	2.0	5.0	12.7
Cafe De Coral	341 HK	BUY	9.30	7.17	30%	4,159	Mar-24	15.1	13.5	1.4	9.8	10.5	7.0	(8.2)
Dpc Dash	1405 HK	BUY	118.57	95.00	25%	12,431	Dec-24	75.7	43.7	4.5	2.5	0.9	0.0	21.8
Yum China	9987 HK	BUY	484.83	361.00	34%	135,031	Dec-24	18.1	16.0	2.8	15.0	1.6	1.9	(3.5)
Yum China	YUMC US	BUY	62.06	46.65	33%	135,379	Dec-24	18.1	16.0	2.8	15.0	1.6	1.9	(3.2)
Gourmet Master	2723 TT	NR	n/a	93.60	n/a	4,060	Dec-24	17.6	13.5	1.4	5.3	0.6	4.7	(3.3)
Avg.								25.6	20.8	3.5	22.0	2.1	2.8	(1.8)
Med.								18.1	16.0	2.9	15.0	1.6	2.3	(3.4)
International Catering														
Yum! Brands	YUM US	NR	n/a	147	n/a	318,349	Dec-24	24.6	22.0	n/a	n/a	2.0	1.9	9.8
Mcdonald's	MCD US	NR	n/a	315	n/a	1,746,314	Dec-24	25.5	23.7	n/a	n/a	3.0	2.3	8.6
Starbucks	SBUX US	NR	n/a	84	n/a	738,598	Sep-24	29.0	23.6	n/a	n/a	3.8	2.9	(8.2)
Rest. Brands	QSR US	NR	n/a	64	n/a	225,131	Dec-24	17.1	15.8	5.5	34.2	1.5	3.9	(2.0)
Chipotle Mex.	CMG US	NR	n/a	50	n/a	527,373	Dec-24	41.2	34.8	14.6	45.6	2.7	0.0	(16.3)
Darden Rest.	DRI US	NR	n/a	197	n/a	179,089	May-24	20.8	18.4	9.6	48.1	2.1	2.9	5.7
Domino's	DPZ US	NR	n/a	495	n/a	131,432	Dec-24	28.1	25.7	n/a	n/a	3.6	1.4	17.9
Wendy's	WEN US	NR	n/a	13	n/a	19,244	Dec-24	12.7	11.3	63.2	68.3	1.4	5.3	(22.5)
Shake Shack	SHAK US	NR	n/a	87	n/a	28,733	Dec-24	69.3	56.0	5.8	2.2	0.7	n/a	(33.1)
Wingstop	WING US	NR	n/a	231	n/a	50,015	Dec-24	62.1	48.1	n/a	n/a	3.4	0.5	(18.7)
Jollibee Foods	JFC PM	NR	n/a	224	n/a	34,715	Dec-24	20.5	17.6	2.7	12.6	1.0	1.5	(16.7)
Avg.								31.9	27.0	16.9	35.2	2.3	2.3	(6.9)
Med.								25.5	23.6	7.7	39.9	2.1	2.1	(8.2)

Source: Bloomberg, Company data, CMBIGM estimates

Note: data as at 30 Apr 2025

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	13,293	24,903	34,475	45,263	51,669	57,838
Cost of goods sold	(5,179)	(10,892)	(14,115)	(18,422)	(20,874)	(23,193)
Gross profit	8,114	14,011	20,360	26,841	30,795	34,645
Operating expenses	(6,958)	(10,985)	(16,821)	(21,729)	(24,765)	(27,597)
Selling expense	(2,335)	(3,902)	(5,931)	(7,632)	(8,631)	(9,449)
Admin expense	(1,460)	(1,830)	(2,420)	(2,874)	(3,109)	(3,341)
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)	(1,346)	(1,588)	(1,778)
Operating profit	1,279	3,217	3,719	5,365	6,372	7,503
Other income	38	83	92	120	149	182
Other gains/(losses)	(114)	(27)	67	181	207	231
EBITDA	1,548	3,630	4,728	6,519	7,761	9,005
EBIT	1,080	3,082	3,697	5,413	6,385	7,461
Interest income	85	109	89	133	193	273
Pre-tax profit	1,127	3,107	3,694	5,427	6,429	7,553
Income tax	(639)	(259)	(763)	(1,302)	(1,543)	(1,813)
After tax profit	488	2,848	2,932	4,124	4,886	5,740
Minority interest	(0)	0	0	0	0	0
Net profit	488	2,848	2,932	4,124	4,886	5,740
Adjusted net profit	488	2,848	2,932	4,124	4,886	5,740

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	6,037	7,600	10,705	14,290	18,763	23,949
Cash & equivalents	3,542	2,992	4,366	6,761	10,390	14,768
Restricted cash	0	100	250	250	250	250
Account receivables	211	295	550	554	633	708
Inventories	1,206	2,204	2,473	3,052	3,459	3,843
Prepayment	1,078	1,545	1,938	2,545	2,905	3,251
Other current assets	0	464	1,128	1,128	1,128	1,128
Non-current assets	4,443	10,692	12,394	14,156	15,266	16,490
PP&E	1,867	4,169	5,066	6,828	7,938	9,162
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	28,446	34,029	40,439
Current liabilities	2,829	5,463	6,682	7,905	8,602	9,272
Short-term borrowings	0	0	300	300	300	300
Account payables	1,817	3,372	3,766	4,989	5,686	6,355
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	11,269	11,966	12,636
Share capital	17,615	17,855	18,220	18,220	18,220	18,220
Retained earnings	(11,024)	(8,309)	(5,533)	(1,409)	3,477	9,217
Other reserves	36	168	366	366	366	366
Total shareholders equity	6,627	9,714	13,053	17,177	22,063	27,803
Minority interest	0	0	0	0	0	0
Total equity and liabilities	10,480	18,292	23,099	28,446	34,029	40,439

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,127	3,107	3,694	5,427	6,429	7,553
Depreciation & amortization	421	523	1,034	1,092	1,331	1,453
Tax paid	494	(142)	(763)	(1,302)	(1,543)	(1,813)
Change in working capital	0	0	(640)	32	(147)	(137)
Others	(2,023)	(588)	904	314	400	505
Net cash from operations	20	2,900	4,229	5,563	6,470	7,560
Investing						
Capital expenditure	(782)	(2,750)	(3,210)	(3,168)	(2,842)	(3,181)
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)	(3,168)	(2,842)	(3,181)
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	6,761	10,390
Exchange difference	77	7	15	0	0	0
Others	(3,071)	(558)	1,359	2,395	3,629	4,379
Cash at the end of the year	3,542	2,992	4,366	6,761	10,390	14,768
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	66.9%	87.3%	38.4%	31.3%	14.2%	11.9%
Gross profit	70.2%	72.7%	45.3%	31.8%	14.7%	12.5%
Operating profit	na	151.5%	15.6%	44.3%	18.8%	17.7%
EBITDA	na	134.5%	30.2%	37.9%	19.1%	16.0%
EBIT	99.0%	185.4%	20.0%	46.4%	18.0%	16.8%
Net profit	(28.9%)	483.3%	2.9%	40.7%	18.5%	17.5%
Adj. net profit	(28.9%)	483.3%	2.9%	40.7%	18.5%	17.5%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	61.0%	56.3%	59.1%	59.3%	59.6%	59.9%
Operating margin	9.6%	12.9%	10.8%	11.9%	12.3%	13.0%
EBITDA margin	11.6%	14.6%	13.7%	14.4%	15.0%	15.6%
Adj. net profit margin	3.7%	11.4%	8.5%	9.1%	9.5%	9.9%
Return on equity (ROE)	8.3%	34.9%	25.8%	27.3%	24.9%	23.0%
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	1.8	2.2	2.6
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	165.2	28.5	28.0	20.0	17.0	14.5
P/E (diluted)	165.2	28.5	28.0	20.0	17.0	14.5
P/B	12.3	8.4	6.3	4.8	3.8	3.0
P/CFPS	4,070.8	28.0	19.4	14.8	12.8	11.0
Div yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
EV	76,581.4	79,074.4	81,340.2	81,746.9	82,155.7	82,566.4

EV/Sales	5.8	3.2	2.4	1.8	1.6	1.4
EV/EBIT	70.9	25.7	22.0	15.1	12.9	11.1
EV/EBITDA	49.5	21.8	17.2	12.5	10.6	9.2

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

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