14 Aug 2025

CMB International Global Markets | Equity Research | Company Update

Tencent (700 HK)

2Q25 results: strong games and marketing businesses; AI drove business growth

Tencent announced 2Q25 financial results: total revenue/non-IFRS operating income grew by 15%/18% YoY to RMB184.5/69.2bn, 3%/4% ahead of Bloomberg consensus estimate, driven by solid growth across business lines. Higher-margin games and marketing businesses continued to maintain strong momentum (+22% and 20% YoY respectively), driving quality growth and further GPM expansion (+3.6ppts YoY). We lift our FY25-27E non-IFRS earnings forecast by 1-4% to factor in the stronger-than-expected games & marketing revenue growth and continuous execution of quality growth strategy. We raise our SOTP-derived target price to HK$705.0 (previous: HK$660.0). We are positive on Tencent's short-term earnings visibility, supported by its strong competitive moat, and long-term opportunities in AI. Maintain BUY.

- **Solid games pipeline and evergreen games ease concerns on tough comparison.** Games revenue grew by 22% YoY to RMB59.2bn in 2Q25 and was 5% ahead of consensus estimate: 1) domestic games revenue increased by 17% YoY to RMB40.4bn in 2Q25, mainly driven by *Delta Force* and growth of evergreen games. *Delta Force* surpassed 20mn average DAUs and ranked among the top 3 games by gross receipts domestically in July 2025. 2) International games revenue grew by 35% YoY to RMB18.8bn in 2Q25, fuelled by the growth of Supercell's games & *PUBG Mobile*, and the launch of *Dune: Awakening*. Looking into 2H25, we expect the solid performance of evergreen games and the launch of highly-anticipated titles like *Valorant Mobile* (19 Aug) to alleviate concerns on the high-base effect.
- **Long growth runway for marketing business supported by AI.** Marketing services revenue was up by 20% YoY to RMB35.8bn in 2Q25 (2% ahead of consensus), primarily thanks to AI empowerment and the development of Weixin transaction ecosystem. The marketing revenue from Video Accounts/Mini Programs/Weixin Search grew by c.50%/50%/60% YoY in 2Q25. Tencent expanded its AI applications in ad creation, placement and recommendation, which led to further improvement in conversions and ROIs. We are upbeat on the long runway for marketing business, driven by the AI-enhanced ad conversion and the increasing ad load.
- **FBS revenue growth accelerated.** Fintech and Business Services (FBS) revenue grew by 10% YoY to RMB55.5bn in 2Q25: 1) fintech revenue growth accelerated to high-single-digit % YoY in 2Q25, thanks to the recovery of commercial payment volume and growth of consumer loan and wealth management services; 2) business services revenue growth also accelerated to teens % YoY, mainly driven by the growth of AI cloud and e-commerce services. GPM of FBS expanded by 4.5ppts YoY and 1.9ppts QoQ to 52.1% in 2Q25 due to favourable revenue mix shift and improved efficiency.
- **GPM expansion trend continues.** Non-IFRS OPM expanded by 1.3ppts YoY to 37.5% in 2Q25. 1H25 capex grew by 102% YoY to RMB46.6bn (13% of total revenue), and the company will continue to invest in AI infra and marketing to support its AI development. Despite AI investment and increased depreciation, we still expect non-IFRS NPM to rise by c.1/1ppt YoY in FY25/26E, thanks to the operating leverage and AI empowerment.

BUY (Maintain)

Target Price	**HK$705.00**
(Previous TP	HK$660.00)
Up/Downside	**20.3%**
Current Price	**HK$586.00**

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Stock Data

Mkt Cap (HK$ mn)	5,312,203.2
Avg 3 mths t/o (HK$ mn)	9,178.2
52w High/Low (HK$)	586.00/366.00
Total Issued Shares (mn)	9065.2

Source: FactSet

Shareholding Structure

MIH TC	24.0%
Advance Data Services Limited	7.7%

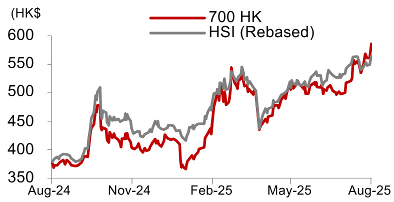
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	18.0%	11.2%
3-mth	15.8%	4.5%
6-mth	32.6%	12.9%

Source: FactSet

12-mth Price Performance



Source: FactSet

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	609,015	660,257	736,804	799,560	853,801
Adjusted net profit (RMB mn)	157,688.0	222,703.0	252,172.5	280,505.3	300,422.5
EPS (Adjusted) (RMB)	16.66	23.96	27.17	30.68	33.36
Consensus EPS (RMB)	16.66	23.96	27.02	30.35	33.72
P/E (x)	47.3	28.7	24.3	22.2	20.0

Source: Company data, Bloomberg, CMBIGM estimates

Business forecasts update and valuation

Figure 1: Tencent: forecast revision

	Current			Previous			Change (%)		
(RMB bn)	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	736.8	799.6	853.8	726.5	783.5	831.4	1.4%	2.1%	2.7%
Gross profit	415.9	453.7	486.0	400.2	435.9	466.1	3.9%	4.1%	4.3%
Operating profit	238.7	273.8	299.0	238.6	266.1	290.7	0.1%	2.9%	2.9%
Adjusted net profit	252.2	280.5	300.4	250.8	271.0	292.6	0.6%	3.5%	2.7%
Adjusted EPS (RMB)	27.2	30.7	33.4	27.0	29.6	32.5	0.6%	3.5%	2.7%
Gross margin	56.4%	56.7%	56.9%	55.1%	55.6%	56.1%	1.4 ppt	1.1 ppt	0.9 ppt
Operating margin	32.4%	34.2%	35.0%	32.8%	34.0%	35.0%	-0.4 ppt	0.3 ppt	0.1 ppt
Adjusted net margin	34.2%	35.1%	35.2%	34.5%	34.6%	35.2%	-0.3 ppt	0.5 ppt	0.0 ppt

Source: CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
(RMB bn)	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	736.8	799.6	853.8	731.7	798.0	868.2	0.7%	0.2%	-1.7%
Gross profit	415.9	453.7	486.0	403.8	445.3	489.9	3.0%	1.9%	-0.8%
Operating profit	238.7	273.8	299.0	238.0	270.1	301.6	0.3%	1.4%	-0.9%
Adjusted net profit	252.2	280.5	300.4	251.9	278.9	309.1	0.1%	0.6%	-2.8%
Adjusted EPS (RMB)	27.2	30.7	33.4	27.0	30.4	33.7	0.5%	1.1%	-1.1%
Gross margin	56.4%	56.7%	56.9%	55.2%	55.8%	56.4%	1.3 ppt	0.9 ppt	0.5 ppt
Operating margin	32.4%	34.2%	35.0%	32.5%	33.8%	34.7%	-0.1 ppt	0.4 ppt	0.3 ppt
Adjusted net margin	34.2%	35.1%	35.2%	34.4%	35.0%	35.6%	-0.2 ppt	0.1 ppt	-0.4 ppt

Source: Bloomberg, CMBIGM estimates

Figure 3: Tencent: quarterly financials

(RMB bn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	Cons.	Diff%
SNS revenue	30.5	30.3	30.9	29.8	32.6	32.2	32.0	0.4%
YoY%	*-1.4%*	*2.2%*	*3.9%*	*5.8%*	*2.5%*	*6.9%*		
QoQ%	*8.3%*	*-0.7%*	*1.9%*	*-3.5%*	*9.4%*	*-1.4%*		
Games revenue	48.1	48.5	51.8	49.2	59.5	59.2	56.1	5.5%
YoY%	*-0.5%*	*8.9%*	*12.6%*	*20.3%*	*23.7%*	*22.1%*		
QoQ%	*17.6%*	*0.8%*	*6.8%*	*-5.0%*	*20.9%*	*-0.5%*		
Marketing revenue	26.5	29.9	30.0	35.0	31.9	35.8	35.1	2.0%
YoY%	*26.4%*	*19.5%*	*16.6%*	*17.5%*	*20.2%*	*19.7%*		
QoQ%	*-11.0%*	*12.7%*	*0.4%*	*16.7%*	*-9.0%*	*12.3%*		
FBS revenue	52.3	50.4	53.1	56.1	54.9	55.5	53.9	3.1%
YoY%	*7.4%*	*3.7%*	*2.0%*	*3.2%*	*5.0%*	*10.1%*		
QoQ%	*-3.8%*	*-3.6%*	*5.3%*	*5.7%*	*-2.2%*	*1.1%*		
Total revenue	**159.5**	**161.1**	**167.2**	**172.4**	**180.0**	**184.5**	**178.9**	**3.1%**
YoY%	*6.3%*	*8.0%*	*8.1%*	*11.1%*	*12.9%*	*14.5%*		
QoQ%	*2.8%*	*1.0%*	*3.8%*	*3.1%*	*4.4%*	*2.5%*		
Gross Profit	**83.9**	**85.9**	**88.8**	**90.7**	**100.5**	**105.0**	**98.8**	**6.3%**
YoY%	*23.0%*	*21.3%*	*16.1%*	*16.9%*	*19.8%*	*22.3%*		
Gross profit margin (%)	*52.6%*	*53.3%*	*53.1%*	*52.6%*	*55.8%*	*56.9%*		
Non-IFRS net profit	**50.3**	**57.3**	**59.8**	**55.3**	**61.3**	**63.1**	**62.0**	**1.7%**
YoY%	*54.5%*	*52.6%*	*33.2%*	*29.6%*	*22.0%*	*10.0%*		
Non-IFRS NPM (%)	*31.5%*	*35.6%*	*35.8%*	*32.1%*	*34.1%*	*34.2%*		

Source: Company data, CMBIGM

Our SOTP-derived target price of HK$705.0 comprises, per share:

1) HK$310.5 for the games business, based on an 24x 2025E PE, which is on par with the average PE for its global gaming peers.

2) HK$53.2 for the SNS business, including the market cap of Tencent's stake in its subsidiaries, the valuation of Tencent Video (based on a 3.5x 2025E PS, at a premium to the 1.7x average PS of its peers given its content and user traffic leadership), and the valuation of other membership services (based on a 3.5x 2025E PS).

3) HK$125.8 for the marketing services business, based on a 22x 2025E PE, which is at a premium to the industry average (19x). This reflects Tencent's more resilient ad revenue growth outlook, supported by the solid performance of Weixin Video Account and Mini Program.

4) HK$95.6 for the fintech business, based on a 4.5x 2025E PS, at a premium to the peer average (1.9x). This mainly reflects Tencent's strong leadership in China's digital payment market and its potential to capture other fintech business opportunities.

5) HK$28.2 for the cloud business, based on a 4.5x 2025E PS, at a discount to the industry average (6.2x) as Tencent's current offerings mainly involve the lower-margin IaaS business.

6) HK$83.8 for strategic investments, based on the current market value of Tencent's listed investments and the book value of its unlisted investments. We apply a 30% holding company discount to the fair value of Tencent's equity investments.

7) HK$7.6 for net cash.

Figure 4. Tencent: SOTP valuation

	2025E net profit (RMBmn)	2025E revenue (RMBmn)	2025E PE (x)	2025E PS (x)	Market cap (RMBmn)	Valuation to Tencent (RMBmn)	As % of total valuation	Per share valuation (HK$)
Games	107,883		24x			2,589,198	44.0	310.5
Social network services (SNS)		127,646				443,857	7.5	53.2
Tencent Music (TME)					280,863	154,756	2.6	18.6
China Literature					28,984	17,153	0.3	2.1
Huya					5,523	2,618	0.0	0.3
Online video – subscription		20,700		3.5x		72,450	1.2	8.7
Others		56,251		3.5x		196,880	3.3	23.6
Marketing services	47,684		22x			1,049,056	17.8	125.8
Fintech		177,171		4.5x		797,270	13.6	95.6
Cloud (business services)		52,298		4.5x		235,342	4.0	28.2
Net cash						63,325	1.1	7.6
Valuation of core business						**5,178,047**		
RMB/HK$						0.92		
Valuation of core business (HK$mn)						**5,628,312**		
Valuation per share – core business (HK$)						620.9		
Valuation per share – investments (HK$)						83.8	11.9	
Valuation per share – Tencent (HK$)						**705.0**		

Source: Company data, CMBIGM estimates

Figure 5: Peer comparison: online games and advertising sector

Companies	Ticker	Price (LC)	EPS growth (YoY %) FY25E	EPS growth (YoY %) FY26E	PE (x) FY25E	PE (x) FY26E
Online games						
NetEase	NTES US	131.0	25	4	15	15
Electronic Arts	EA US	177.9	(8)	26	27	22
Nexon	3659 JP	3,057.0	(12)	14	26	23
Bandai Namco	7832 JP	5,628.0	68	(5)	28	29
Perfect World	002624 CH	15.2	NA	99	38	19
37 Interactive	002555 CH	17.0	12	12	13	12
Average PE					**24**	**20**
Marketing services						
Focus Media	002027 CH	8.1	4	9	21	20
Baidu	BIDU US	87.8	(13)	12	10	9
Meta	Meta US	790.0	38	6	24	22
Google	GOOG US	204.2	27	8	19	18
Average PE					**19**	**17**

Source: Bloomberg, CMBIGM estimates
Note: data as of market close on 12 Aug

Figure 6: Peer comparison: online video, fintech, and cloud sectors

Companies	Ticker	Price (LC)	Revenue growth (YoY %) FY25E	Revenue growth (YoY %) FY26E	PS (x) FY25E	PS (x) FY26E
Online video						
iQiyi	IQ US	1.9	(2.7)	3.5	0.5	0.4
Mango Excellent Media	300413 CH	22.3	0.4	6.8	2.9	2.7
Average PS					**1.7**	**1.6**
Cloud						
Microsoft	MSFT US	529.2	15.4	14.5	12.2	10.7
Google	GOOG US	204.2	12.3	12.5	7.4	6.5
Salesforce	CRM US	231.7	8.6	0.0	5.4	5.4
Kingsoft Cloud	KC US	13.4	21.9	16.4	2.9	2.5
Amazon	AMZN US	221.5	10.7	10.2	3.3	3.0
Average PS					**6.2**	**5.6**
Fintech						
PayPal	PYPL US	68.0	4.4	6.0	2.0	1.9
Square	SQ US	74.5	2.3	9.0	1.8	1.7
Average PS					**1.9**	**1.8**

Source: Bloomberg, CMBIGM estimates
Note: data as of market close on 12 Aug

Our calculation of the valuation of Tencent's strategic investments is based on the current market value of Tencent's listed investments and the book value of its unlisted investments. We apply a 30% discount for the holding company to the fair value of Tencent's equity investments.

Figure 7: Tencent: valuation of strategic investments

Name	Ticker	Tencent's stake %	Mkt cap (US$mn)	Value to Tencent (HK$mn)
PDD Holdings Inc	PDD US	13.8	165,289	177,918
Sea Ltd	SE US	18.2	103,083	146,336
Spotify Technology SA	SPOT US	8.4	143,719	94,165
Kuaishou Technology	1024 HK	15.8	39,670	48,858
Futu Holdings Ltd	FUTU US	22.4	22,998	40,181
NU Holdings Ltd/Cayman Islands	NU US	8.1	58,980	37,264
KE Holdings Inc	BEKE US	11.4	21,358	18,991
Snap Inc	SNAP US	16.7	12,285	16,003
Meituan	3690 HK	1.7	94,432	12,669
Krafton Inc	259960 KS	13.5	10,603	11,157
Bilibili Inc	9626 HK	13.0	9,821	9,959
JD.com Inc	9618 HK	2.7	46,396	9,626
Tongcheng Travel Holdings Ltd	780 HK	20.5	5,877	9,389
Yixin Group Ltd	2858 HK	53.9	2,123	8,924
Vipshop Holdings Ltd	VIPS US	11.8	8,084	7,440
Kanzhun Ltd	BZ US	8.3	10,474	6,781
Warner Music Group Corp	WMG US	4.9	16,446	6,311
J&T Global Express Ltd	1519 HK	6.1	11,583	5,484
Netmarble Corp	251270 KS	17.5	3,499	4,781
XtalPi Holdings Ltd	2228 HK	12.9	3,961	3,988
Tuhu Car Inc	9690 HK	21.4	1,951	3,257
ZhongAn Online P&C Insurance C	6060 HK	7.8	3,814	2,326
Kadokawa Corp	9468 JP	6.9	3,588	1,920
DHC Software Co Ltd	002065 CH	4.9	4,297	1,642
Oxford Nanopore Technologies P	ONT LN	7.7	2,748	1,640
Tuya Inc	2391 HK	11.7	1,551	1,413
Waterdrop Inc	WDH US	26.5	680	1,406
Paradox Interactive AB	PDX SS	9.1	1,825	1,297
Maoyan Entertainment	1896 HK	13.7	1,159	1,242
Other listed entities as a whole			67,726	16,477
Listed investments (current value)				**708,845**
Unlisted investments (book value)				**376,200**
Total investment value				**1,085,045**
Holdco discount				30%
Valuation of strategic investments				**759,531**
Valuation of strategic investments per share				**83.8**

Source: Bloomberg, company data, CMBIGM estimates
Note: data as of the market close on 12 Aug

Risks

Slower-than-expected GPM expansion; decline in revenue of legacy games; macro headwinds weighing on ads and FBS revenue growth.

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	**554,552**	**609,015**	**660,257**	**736,804**	**799,560**	**853,801**
Cost of goods sold	(315,806)	(315,906)	(311,011)	(320,882)	(345,843)	(367,774)
Gross profit	**238,746**	**293,109**	**349,246**	**415,922**	**453,717**	**486,027**
Operating expenses	**(127,919)**	**(133,035)**	**(141,147)**	**(177,177)**	**(179,901)**	**(186,982)**
Selling expense	(29,229)	(34,211)	(36,388)	(37,577)	(39,978)	(41,836)
Admin expense	(106,696)	(103,525)	(112,761)	(132,625)	(139,923)	(145,146)
Others	8,006	4,701	8,002	(6,975)	0	0
Operating profit	**110,827**	**160,074**	**208,099**	**238,745**	**273,816**	**299,045**
Share of (losses)/profits of associates/JV	(16,129)	5,800	25,176	18,000	4,500	4,500
Interest income	8,592	13,808	16,004	15,784	3,221	3,541
Interest expense	(9,352)	(12,268)	(11,981)	(3,860)	(3,941)	(3,927)
Pre-tax profit	**85,346**	**153,606**	**221,294**	**252,885**	**274,375**	**299,618**
Income tax	(21,516)	(43,276)	(45,018)	(48,014)	(53,890)	(58,427)
After tax profit	**63,830**	**110,330**	**176,276**	**204,870**	**220,485**	**241,191**
Minority interest	(466)	(2,832)	(2,394)	(4,375)	(4,910)	(5,323)
Net profit	**63,364**	**107,498**	**173,882**	**200,496**	**215,575**	**235,868**
Adjusted net profit	**115,649**	**157,688**	**222,703**	**252,172**	**280,505**	**300,422**
Gross dividends	20,256	28,485	27,965	43,682	41,502	0

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	**565,989**	**518,446**	**496,180**	**476,789**	**567,667**	**754,191**
Cash & equivalents	156,739	172,320	132,519	98,398	169,630	347,451
Account receivables	45,467	46,606	48,203	51,313	54,013	55,947
Inventories	2,333	456	440	1,022	1,086	1,137
Prepayment	76,685	88,411	101,044	102,538	113,329	110,267
ST bank deposits	104,776	185,983	192,977	200,089	207,315	214,653
Financial assets at FVTPL	27,963	14,903	12,913	13,559	14,237	14,948
Other current assets	152,026	9,767	8,084	9,870	8,057	9,787
Non-current assets	**1,012,142**	**1,058,800**	**1,284,815**	**1,400,691**	**1,508,397**	**1,581,574**
PP&E	53,978	53,232	80,185	151,914	202,287	218,443
Deferred income tax	29,882	29,017	28,325	32,135	33,475	36,586
Investment in JVs & assos	252,715	261,665	297,415	310,388	323,743	337,470
Intangibles	161,802	177,727	196,127	231,974	265,417	295,882
Financial assets at FVTPL	206,085	211,145	204,999	204,999	204,999	204,999
Other non-current assets	307,680	326,014	477,764	469,281	478,477	488,194
Total assets	**1,578,131**	**1,577,246**	**1,780,995**	**1,877,480**	**2,076,065**	**2,335,765**
Current liabilities	**434,204**	**352,157**	**396,909**	**367,268**	**399,827**	**417,143**
Short-term borrowings	22,026	55,698	61,508	56,006	60,065	63,563
Account payables	92,381	100,948	118,712	96,233	109,027	109,249
Tax payable	13,488	17,664	16,586	17,232	18,201	18,968
Other current liabilities	299,955	171,693	194,503	192,197	206,936	219,763
Lease liabilities	6,354	6,154	5,600	5,600	5,600	5,600
Non-current liabilities	**361,067**	**351,408**	**330,190**	**343,066**	**350,334**	**357,853**
Long-term borrowings	163,668	155,819	146,521	146,593	146,614	146,621
Bond payables	148,669	137,101	130,586	131,810	132,428	132,738
Deferred income	3,503	3,435	6,236	12,835	13,834	14,711
Other non-current liabilities	45,227	55,053	46,847	51,827	57,458	63,783
Total liabilities	**795,271**	**703,565**	**727,099**	**710,334**	**750,162**	**774,996**
Retained earnings	705,981	813,911	892,030	1,075,306	1,273,793	1,503,335
Other reserves	15,410	(5,320)	81,518	7,118	(37,522)	(37,522)
Total shareholders equity	**721,391**	**808,591**	**973,548**	**1,082,424**	**1,236,271**	**1,465,813**
Minority interest	61,469	65,090	80,348	84,723	89,633	94,956
Total equity and liabilities	**1,578,131**	**1,577,246**	**1,780,995**	**1,877,480**	**2,076,065**	**2,335,765**

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**85,346**	**153,606**	**221,294**	**252,885**	**274,375**	**299,618**
Depreciation & amortization	61,216	59,008	56,213	63,281	91,969	113,769
Tax paid	(21,516)	(43,276)	(45,018)	(48,014)	(53,890)	(58,427)
Change in working capital	(18,472)	19,233	21,881	(29,971)	13,976	14,127
Others	39,517	33,391	4,151	13,862	25,015	24,976
Net cash from operations	**146,091**	**221,962**	**258,521**	**252,043**	**351,445**	**394,064**
Investing						
Capital expenditure	(5,651)	(23,893)	(76,760)	(95,785)	(95,947)	(76,842)
Acquisition of subsidiaries/ investments	59,711	(105,332)	(183,983)	(17,844)	(29,982)	(36,335)
Net proceeds from disposal of short-term investments	0	0	0	0	0	0
Others	(158,931)	4,064	138,556	(75,072)	(79,837)	(83,548)
Net cash from investing	**(104,871)**	**(125,161)**	**(122,187)**	**(188,701)**	**(205,766)**	**(196,726)**
Financing						
Net borrowings	6,407	19,445	(107)	1,420	11,298	10,907
Proceeds from share issues	995	1,070	1,932	0	0	0
Others	(67,355)	(103,088)	(178,319)	(98,883)	(85,745)	(30,424)
Net cash from financing	**(59,953)**	**(82,573)**	**(176,494)**	**(97,463)**	**(74,447)**	**(19,517)**
Net change in cash						
Cash at the beginning of the year	167,966	156,739	172,320	132,519	98,398	169,630
Exchange difference	7,506	1,353	359	0	0	0
Cash at the end of the year	**156,739**	**172,320**	**132,519**	**98,398**	**169,630**	**347,451**

GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(1.0%)	9.8%	8.4%	11.6%	8.5%	6.8%
Gross profit	(2.9%)	22.8%	19.2%	19.1%	9.1%	7.1%
Operating profit	(58.2%)	44.4%	30.0%	14.7%	14.7%	9.2%
Net profit	(71.0%)	69.7%	61.8%	15.3%	7.5%	9.4%
Adj. net profit	(6.6%)	36.4%	41.2%	13.2%	11.2%	7.1%

PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	43.1%	48.1%	52.9%	56.4%	56.7%	56.9%
Operating margin	20.0%	26.3%	31.5%	32.4%	34.2%	35.0%
Adj. net profit margin	20.9%	25.9%	33.7%	34.2%	35.1%	35.2%
Return on equity (ROE)	8.3%	14.1%	19.5%	19.5%	18.6%	17.5%

GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.2	0.2	0.2	0.2	0.1	(0.0)
Current ratio (x)	1.3	1.5	1.3	1.3	1.4	1.8
Receivable turnover days	29.9	27.9	26.6	25.4	24.7	23.9

VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	80.8	47.3	28.7	24.3	22.2	20.0
P/E (diluted)	82.0	48.0	29.1	24.7	22.6	20.3
P/B	7.1	6.3	5.1	4.5	3.9	3.2

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

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