

Haier Smart Home (6690 HK)

FY26E guidance is solid but we are cautious

3Q25 results were a beat, thanks to robust air-conditioner and leader brand's business. Management has kept their FY25E guidance unchanged and unveiled a similar FY26E guidance. While we highly appreciate Haier's level of execution and its growth drivers (air-con, Casarte, overseas, efficiency gains through digitalization, etc.), we would still be careful about any macro risks. Hence, we now only forecast 5% sales growth and 9% net profit growth in FY26E. All in all, we maintain BUY but cut TP to HK\$ 29.05, based on 11x FY26E P/E (revised down from 12x, to factor in slowdown of industry growth).

■ **FY25E guidance reiterated and we are not worried about 4Q25E.** The management has reiterated its 2H25E and FY25E guidance of HSD sales growth and 10%+ net profit sales growth. Therefore, with such a decent 3Q25 result, we do find that 4Q25E sales and net profit growth is highly achievable.

■ **FY26E guidance was also announced but we tend to be more conservative (even though the Company has multiple growth and margin drivers).** For FY26E, the management also gave out their guidance of MSD to HSD sales growth (previously HSD) and 10%+ net profit growth (no change). We do think these growth drivers are valid, but still, we want to play safe and forecast only 5% sales growth and 9% net profit for F26E, in case if there is any unexpected macro risk.

■ **There are still many growth drivers and margin drivers in FY26E (such as air-con, Casarte, overseas, efficiency gains through digitalization, etc.).**

For air-conditioner business, management is confident on 10%+ sales growth in the next 3 to 5 years, supported by: 1) further upgrades in R&D capability (as it is now even closer to its end-customers), 2) star products strategy and more cross-selling between different categories under the same brand, 3) digitalization of inventory, which could make sales more efficient (offline stores can now sell more SKUs and online distributors can also generate more sales without even owning the inventory), and 4) rapid development of overseas markets (esp. the emerging markets). Margin-wise, the air-conditioner business's OP margin could also increase from about 4% to around 8% in the medium term, driven by: 1) ramp up of air-conditioners' supply chain (more self-owned production and greater economies of scales, 2) an increasing level of digitalization on procurement, manufacturing and logistics, 3) further improvements in channel efficiency (shorter lead time, quicker response, better and more accurate customer engagement, etc.), and 4) premiumization from more upgrades in product quality (e.g. functions and appearance) and greater sales from high-end brands and segments. (to be continued in the next page).

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	274,198	285,971	310,899	325,871	342,177
YoY growth (%)	12.6	4.3	8.7	4.8	5.0
Operating profit (RMB mn)	19,198.0	21,654.0	24,882.4	26,875.4	29,285.9
Net profit (RMB mn)	17,088.0	19,576.0	21,889.4	23,809.8	26,094.0
EPS (Reported) (RMB)	1.78	2.02	2.28	2.48	2.72
YoY growth (%)	13.3	13.4	13.1	8.9	9.7
P/E (x)	12.9	11.4	10.1	9.2	8.4
P/B (x)	2.1	1.9	1.7	1.6	1.4
Yield (%)	3.5	4.2	5.1	5.5	6.1
ROE (%)	17.6	18.4	18.6	18.3	18.1

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$29.05
(Previous TP)	HK\$31.57)
Up/Downside	15.9%
Current Price	HK\$25.06

China Consumer Discretionary

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Stock Data

Mkt Cap (HK\$ mn)	236,519.2
Avg 3 mths t/o (HK\$ mn)	410.4
52w High/Low (HK\$)	29.05/19.82
Total Issued Shares (mn)	9438.1

Source: FactSet

Shareholding Structure

Haier Group Corp	18.8%
JP Morgan Investment Management	3.1%

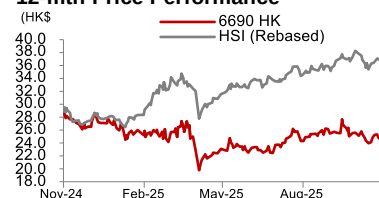
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-2.7%	0.9%
3-mth	3.1%	-3.4%
6-mth	8.5%	-6.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

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For Casarte brand, management is aiming for 15%+ sales growth in FY26E, thanks to: 1) its industry-leading products in innovation and quality, 2) category expansion into and more cross-selling between air-conditioner, water purifier and kitchen appliances, 3) expansion of more high-end experience based stores (will add 100 more in higher tier cities this year), 4) further ramp up of its online marketing and 5) improvement in overall service level (the original 7 stars package will be reviewed and more features will be added).

For overseas market, we are also quite optimistic on its mid-term growth and margin improvement. We believe the US market's sales growth could improve after several interest rate cuts in 2H25E, and EU market's growth to remain fast following the reforms and M&A last year. And we think the emerging markets' sales growth could even be faster, thanks to these initiatives: 1) more localization in products, from designs to marketing and to sales channels), 2) more talents are sent from mainland China to lead the strategy development in these markets, 3) more digitization in sales and inventory management. Margin-wise, we are relatively more confident, because of: 1) the OP margin level is still low and there are ample room for catch up (only about 3%/ 6% for EU/ US, still lower than China's 8%), 2) the product premiumization in the US market, 3) efficiency gains in the EU market by eliminating many non-productive personnel and facilities, 4) further localization in the emerging markets, including but not limited to the ramp up of new and future facilities in Egypt and Brazil, as well as those in Asia.

- **Maintain BUY but cut TP to HK\$29.05, based on 11x FY26E P/E (revised down from 12x, to factor in a potential deceleration in industry sales growth).** We have fine-tuned our FY25E/ 26E/ 27E net profit forecasts by 0.4%/ 0.4%/ 0.3%, in order to factor in: 1) better-than-expected GP margin and 2) less-than-expected minority interests. Thanks to Haier's first class level execution, their air-con business sales can still deliver performance that is way better than industry. Together with the rapid and resilient Casarte's sales growth, as well as the decent potential in the overseas market (on both market shares and profit margins), we are still confident on Haier to achieve its FY25E guidance. But given various macro risks (e.g. potential drop in demand and sentiment, if the level of government stimulus is not as high as expected in FY26E, or any increases in any forms of import tariffs), we tend to be more conservative about our FY26E forecasts. However, aided by its attractive valuation, at just 10.3x FY25E or 9.5x FY26E P/E, we maintain BUY, with TP of HK\$29.05, based on 11x FY26E P/E.

- **3Q25 results were better than expected.** For 3Q25, Haier smart home's sales increased by 10% YoY to RMB 77.6bn, 5%/ 4% higher than CMBI/ BBG est., while net profit also climbed by 13% YoY to RMB 5.34bn, 6%/ 2% better than CMBI/ BBG est.. We believe this result beat was contributed by: 1) faster-than-expected sales growth of air-conditioners (30%+, vs CMBI est. 10%+), 2) sales growth acceleration of the Leader brand (25%+ in 9M25, from just 15%+ in 1H25), 3) better-than-expected GP margin, and 4) less-than-expected minority interests. In terms of region, sales growth in 3Q25 for China/ overseas was at 11%/ 8%, accelerating from 10%/ slowing down from 11% in 2Q25. Moreover, sales growth in 3Q25 for North America/ Europe/ South Asia/ Australia and New Zealand/ Southeast Asia/ Japan/ Middle East was at 0%/ 30%+/ 26%+/ 1%/ 15%+/ 10%+/ 60%+.

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	310,899	325,871	342,177	310,899	325,871	342,177	0.0%	0.0%	0.0%
Gross profit	84,708	89,440	94,592	84,451	89,169	94,307	0.3%	0.3%	0.3%
EBIT	24,882	26,875	29,286	25,092	27,094	29,514	-0.8%	-0.8%	-0.8%
Net profit att.	21,392	23,288	25,547	21,296	23,198	25,461	0.4%	0.4%	0.3%
Diluted EPS (RMB)	2.280	2.482	2.723	2.270	2.472	2.714	0.4%	0.4%	0.3%
Gross margin	27.2%	27.4%	27.6%	27.2%	27.4%	27.6%	0.1ppt	0.1ppt	0.1ppt
EBIT margin	8.0%	8.2%	8.6%	8.1%	8.3%	8.6%	-0.1ppt	-0.1ppt	-0.1ppt
Net profit att. margin	6.9%	7.1%	7.5%	6.8%	7.1%	7.4%	0ppt	0ppt	0ppt

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	310,899	325,871	342,177	310,723	325,609	342,931	0.1%	0.1%	-0.2%
Gross profit	84,708	89,440	94,592	86,277	90,736	95,906	-1.8%	-1.4%	-1.4%
EBIT	24,882	26,875	29,286	23,767	25,587	27,377	4.7%	5.0%	7.0%
Net profit att.	21,392	23,288	25,547	21,254	22,877	24,794	0.6%	1.8%	3.0%
Diluted EPS (RMB)	2.280	2.482	2.723	2.276	2.459	2.655	0.2%	0.9%	2.5%
Gross margin	27.2%	27.4%	27.6%	27.8%	27.9%	28.0%	-0.5ppt	-0.4ppt	-0.3ppt
EBIT margin	8.0%	8.2%	8.6%	7.6%	7.9%	8.0%	0.4ppt	0.4ppt	0.6ppt
Net profit att. margin	6.9%	7.1%	7.5%	6.8%	7.0%	7.2%	0ppt	0.1ppt	0.2ppt

Source: Bloomberg, CMBIGM estimates

Results Summary

Figure 3: Results review – Half Year

Half yearly (RMB mn)	1H24	2H24	1H25	2H25E	1H25 YoY	2H25E YoY
Revenue	141,981	143,990	156,469	154,430	10%	7%
COGS	-104,697	-103,431	-115,229	-110,962		
Gross profit	37,284	40,559	41,240	43,468	11%	7%
GP margins	26.3%	28.2%	26.4%	28.1%		
Other income & gains	1,915	1,974	2,889	1,330		
S & D expenses	-14,518	-19,068	-15,817	-19,847	9%	4%
S & D exp / sales	-10.2%	-13.2%	-10.1%	-12.9%		
Admin expenses	-11,369	-13,155	-12,749	-13,589	12%	3%
Admin exp / sales	-8.0%	-9.1%	-8.1%	-8.8%		
Other opex	0	0	0	0		
Operating profit (EBIT)	13,312	10,310	15,563	11,362	17%	10%
OP margins	9.4%	7.2%	9.9%	7.4%		
Other items	0	0	0	0		
Net finance income	-1,244	-1,461	-1,416	-1,220		
Net fin. income / sales	-0.9%	-1.0%	-0.9%	-0.8%		
Profit after financing costs	12,068	8,849	14,147	10,142		
Associated coms	913	903	850	704		
Jointly controlled coms	0	0	0	0		
Pre-tax profit	12,981	9,752	14,997	10,846	16%	11%
Tax	-2,207	-950	-2,512	-1,442		
Tax / sales	-1.6%	-0.7%	-1.6%	-0.9%		
Effective tax rate	-17.0%	-9.7%	-16.8%	-13.3%		
Net profit from con. bus.	10,774	8,802	12,485	9,404	16%	7%
Net profit from discon. bus.	0	0	0	0		
Minority interests	364	471	449	48		
Net profit att.	10,410	8,331	12,036	9,356	16%	12%
NP margins	7.3%	5.8%	7.7%	6.1%		

Source: Company data, CMBIGM estimates

Figure 4: Results review - Full Year

Full yearly (RMB mn)	FY24	FY25E	FY26E	FY24 YoY	FY25E YoY	FY26E YoY
Revenue	285,971	310,899	325,871	4%	9%	5%
COGS	-208,128	-226,191	-236,431			
Gross profit	77,843	84,708	89,440	6%	9%	6%
GP margins	27.2%	27.2%	27.4%			
Other income & gains	3,889	4,219	4,523			
S & D expenses	-33,586	-35,664	-37,195	3%	6%	4%
S & D exp / sales	-11.7%	-11.5%	-11.4%			
Admin expenses	-24,524	-26,338	-27,651	3%	7%	5%
Admin exp / sales	-8.6%	-8.5%	-8.5%			
Other opex	0	0	0			
Operating profit (EBIT)	23,622	26,925	29,117	14%	14%	8%
OP margins	8.3%	8.7%	8.9%			
Other items	0	0	0			
Net finance income	-2,705	-2,636	-2,636			
Net fin. income / sales	-0.9%	-0.8%	-0.8%			
Profit after financing costs	20,917	24,289	26,481			
Associated coms	1,816	1,554	1,629			
Jointly controlled coms	0	0	0			
Pre-tax profit	22,733	25,843	28,111	12%	14%	9%
Tax	-3,157	-3,954	-4,301			
Tax / sales	-1.1%	-1.3%	-1.3%			
Effective tax rate	-13.9%	-15.3%	-15.3%			
Net profit from con. bus.	19,576	21,889	23,810	15%	12%	9%
Net profit from discon. bus.	0	0	0			
Minority interests	835	497	521			
Net profit att.	18,741	21,392	23,288	13%	14%	9%
NP margins	6.6%	6.9%	7.1%			

Source: Company data, CMBIGM estimates

Assumptions

Figure 5: CMBIGM's assumptions

RMB mn	FY22A	FY23A	FY24A	FY25E	FY26E	FY27E
Sales by segment (RMB mn)						
Mainland China						
Refrigerators/freezers	39,010	40,612	41,058	43,111	44,835	46,629
Kitchen appliances	3,114	3,394	3,462	3,704	3,927	4,162
Air-conditioners	28,384	32,358	34,299	38,072	41,118	44,407
Laundry appliances	27,076	26,534	25,208	27,981	29,100	30,264
Water appliances	13,542	14,219	14,361	15,367	16,289	17,266
Overseas	124,704	136,412	143,814	157,707	164,647	172,455
Other businesses	7,655	20,669	23,769	24,957	25,956	26,994
Total	243,485	274,198	285,971	310,899	325,871	342,177
Sales by segment growth (%)						
Mainland China						
Refrigerators/freezers	5.9%	4.1%	1.1%	5.0%	4.0%	4.0%
Kitchen appliances	3.4%	9.0%	2.0%	7.0%	6.0%	6.0%
Air-conditioners	3.6%	14.0%	6.0%	11.0%	8.0%	8.0%
Laundry appliances	4.5%	-2.0%	-5.0%	11.0%	4.0%	4.0%
Water appliances	8.5%	5.0%	1.0%	7.0%	6.0%	6.0%
Overseas	10.3%	9.4%	5.4%	9.7%	4.4%	4.7%
Other businesses	-12.8%	170.0%	15.0%	5.0%	4.0%	4.0%
Total	7.0%	12.6%	4.3%	8.7%	4.8%	5.0%
Sales by brand growth (%)						
Haier, Leader & others	2.4%	16.3%	1.9%	6.7%	4.6%	4.8%
Casarte	15.0%	14.0%	12.0%	15.0%	9.0%	8.0%
GEA	6.5%	6.0%	1.0%	5.0%	5.0%	5.0%
Candy	9.0%	6.0%	8.0%	3.0%	3.0%	3.0%
Others	19.6%	17.6%	13.0%	19.4%	3.9%	4.8%
Total	7.0%	12.6%	4.3%	8.7%	4.8%	5.0%
GP margin (%)	30.6%	26.9%	27.2%	27.2%	27.4%	27.6%
Costs breakdown						
Selling & distribution expenses	15.9%	11.9%	11.7%	11.5%	11.4%	11.3%
Admin expenses	8.9%	8.7%	8.6%	8.5%	8.5%	8.5%
Effective tax rate	17.2%	15.5%	13.9%	15.3%	15.3%	15.3%
NP margin (con. bus.)	6.1%	6.2%	6.8%	7.0%	7.3%	7.6%
NP growth (con. bus.)	11.5%	16.0%	14.6%	11.8%	8.8%	9.6%
NP att. margin	6.0%	6.1%	6.6%	6.9%	7.1%	7.5%
NP att. growth	12.6%	12.8%	12.9%	14.1%	8.9%	9.7%

Source: Company data, CMBIGM estimates

Valuation

Figure 6: Peers' valuation

			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	FY1E	FY1E	FY1E	FY1E
A+ H shares Home Appliances - White goods, Kitchen and Small Appliances														
Haier SH - H	6690 HK	BUY	29.05	25.06	16%	259,011	Dec-24	10.3	9.5	1.5	17.8	1.0	4.1	(8.9)
Gree Electronics	000651 CH	NR	n/a	39.52	n/a	241,634	Dec-24	6.9	6.7	1.3	21.5	2.4	7.4	(13.0)
Haier SH - A	600690 CH	NR	n/a	26.72	n/a	259,013	Dec-24	11.8	10.7	1.8	17.4	1.1	4.2	(6.1)
Midea Group	000333 CH	BUY	66.70	75.39	-12%	631,354	Dec-24	12.9	11.9	2.3	19.2	1.5	5.3	0.2
Hisense JA	921 HK	NR	n/a	23.04	n/a	36,576	Dec-24	8.3	7.4	1.5	20.7	0.9	6.5	(6.2)
Hisense HA	000921 CH	NR	n/a	25.73	n/a	36,576	Dec-24	10.2	9.2	1.8	21.0	1.2	4.9	(11.0)
Whirlpool China	600983 CH	NR	n/a	10.30	n/a	8,617	Dec-24	n/a	n/a	n/a	n/a	n/a	n/a	11.5
Zhejiang Aishida	002403 CH	NR	n/a	14.06	n/a	5,228	Dec-24	n/a	n/a	n/a	n/a	n/a	n/a	(0.8)
Bear Electric	002959 CH	NR	n/a	46.25	n/a	7,941	Dec-24	18.3	16.0	2.2	13.2	0.9	2.7	(3.5)
Ecovacs Robotics	603486 CH	NR	n/a	88.00	n/a	55,604	Dec-24	26.0	22.3	4.9	22.8	0.5	1.2	87.2
JS Global Lifestyle	1691 HK	BUY	2.44	1.76	39%	6,115	Dec-24	n/a	14.2	1.4	(13.8)	n/a	4.4	26.6
Joyoung Co	002242 CH	NR	n/a	9.62	n/a	8,012	Dec-24	38.6	26.4	2.0	4.9	1.0	1.3	(7.1)
Hangzhou Robam	002508 CH	NR	n/a	19.63	n/a	20,247	Dec-24	11.5	10.9	1.4	13.6	2.3	4.5	(8.4)
Zhejiang Supor	002032 CH	NR	n/a	47.43	n/a	41,488	Dec-24	16.9	15.9	5.4	34.1	4.0	5.3	(10.9)
Vatti Corporation	002035 CH	NR	n/a	6.42	n/a	5,940	Dec-24	11.0	10.3	1.3	12.3	1.9	4.6	(12.5)
Xinbao Electrica	002705 CH	NR	n/a	15.14	n/a	13,417	Dec-24	10.7	9.7	1.2	12.9	1.0	3.1	0.9
Avg.								14.9	12.9	2.2	15.6	1.5	4.3	2.4
Med.								11.5	10.8	1.7	17.6	1.1	4.5	(6.1)
International Home Appliances - White goods, Kitchen and Small Appliances														
Whirlpool Corp	WHR US	NR	n/a	72	n/a	31,265	Dec-24	10.7	10.2	1.4	12.6	(0.1)	7.4	(37.4)
Carrier Global	CARR US	NR	n/a	59	n/a	389,486	Dec-24	22.4	19.6	3.5	15.0	(1.2)	1.5	(12.8)
Ingersoll-Rand Plc	IR US	NR	n/a	76	n/a	234,445	Dec-24	23.0	21.0	2.7	12.2	1.0	0.1	(15.6)
Smith (A.O.) Corp	AOS US	NR	n/a	66	n/a	71,427	Dec-24	17.4	16.0	4.7	29.1	2.6	2.1	(3.3)
Helen Of Troy	HELE US	NR	n/a	19	n/a	3,335	Feb-25	4.6	4.4	0.3	6.9	(0.7)	n/a	(68.9)
Irobot Corp	IRBT US	NR	n/a	3	n/a	775	Dec-24	n/a	n/a	n/a	n/a	n/a	n/a	(59.0)
Electrolux Ab	ELUXB SS	NR	n/a	62	n/a	14,294	Dec-24	15.4	7.2	1.4	11.5	(0.1)	0.5	(33.1)
Seb Sa	SK FP	NR	n/a	48	n/a	23,658	Dec-24	10.6	8.4	0.7	7.8	0.5	4.6	(45.4)
Koninklijke Philips	PHIA NA	NR	n/a	24	n/a	204,972	Dec-24	16.9	15.4	1.8	7.5	(0.1)	3.5	(2.5)
Daikin Industries	6367 JP	NR	n/a	17975	n/a	265,664	Mar-25	19.2	17.3	1.7	9.8	2.3	1.9	(3.7)
Panasonic Corp	6752 JP	NR	n/a	1799	n/a	222,590	Mar-25	13.5	9.3	0.8	5.9	1.0	2.4	9.5
Sony Corp	6758 JP	NR	n/a	4332	n/a	1,343,316	Mar-25	24.0	21.3	2.8	13.5	5.1	0.6	33.1
Hitachi	6501 JP	NR	n/a	5318	n/a	1,228,541	Mar-25	31.2	27.1	3.6	13.0	1.6	0.9	35.1
Sharp Corp	6753 JP	NR	n/a	858	n/a	28,122	Mar-25	12.7	15.1	2.3	21.0	2.5	1.2	(12.9)
Lg Electronics	066570 KS	NR	n/a	88900	n/a	78,735	Dec-24	10.0	8.6	0.7	7.0	0.1	1.4	6.5
Samsung Elect.	005930 KS	NR	n/a	111300	n/a	3,582,393	Dec-24	19.7	11.3	1.6	9.0	0.7	1.3	109.2
Woongjin Coway	021240 KS	NR	n/a	90700	n/a	35,463	Dec-24	10.6	9.3	1.6	17.9	1.1	2.7	35.6
Avg.								16.4	13.8	2.0	12.5	1.0	2.1	(3.9)
Med.								16.2	13.2	1.6	11.8	0.8	1.5	(3.7)

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	243,485	274,198	285,971	310,899	325,871	342,177
Cost of goods sold	(168,919)	(200,557)	(208,128)	(226,191)	(236,431)	(247,584)
Gross profit	74,566	73,641	77,843	84,708	89,440	94,592
Operating expenses	(60,275)	(56,531)	(58,110)	(62,002)	(64,846)	(67,702)
Selling expense	(38,598)	(32,727)	(33,586)	(35,664)	(37,195)	(38,714)
Admin expense	(12,178)	(13,424)	(13,784)	(14,661)	(15,412)	(16,137)
R&D expense	(9,499)	(10,380)	(10,740)	(11,676)	(12,238)	(12,851)
Others	0	0	0	0	0	0
Operating profit	16,377	19,198	21,654	24,882	26,875	29,286
Other income	2,086	2,088	1,921	2,176	2,281	2,395
Share of (losses)/profits of associates/JV	0	0	0	0	0	0
EBITDA	21,309	24,781	27,651	28,432	30,425	32,805
Depreciation	(4,026)	(4,677)	(5,091)	(2,644)	(2,644)	(2,613)
Other amortisation	(906)	(906)	(906)	(906)	(906)	(906)
Interest income	826	1,603	1,968	2,042	2,242	2,447
Interest expense	(995)	(2,165)	(2,705)	(2,636)	(2,636)	(2,636)
Other income/expense	1,582	1,575	1,816	1,554	1,629	1,711
Pre-tax profit	17,790	20,211	22,733	25,843	28,111	30,808
Income tax	(3,058)	(3,123)	(3,157)	(3,954)	(4,301)	(4,714)
Minority interest	(21)	(491)	(835)	(497)	(521)	(547)
Net profit	14,732	17,088	19,576	21,889	23,810	26,094

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	130,383	138,914	151,690	165,565	175,611	186,909
Cash & equivalents	53,369	56,683	54,981	60,901	66,295	72,526
Account receivables	25,494	31,473	38,592	41,956	43,976	46,177
Inventories	41,543	39,525	43,044	46,780	48,897	51,204
Prepayment	6,552	7,644	9,812	10,667	11,181	11,740
ST bank deposits	0	0	0	0	0	0
Other current assets	3,425	3,589	5,261	5,261	5,261	5,261
Non-current assets	105,460	122,154	138,424	146,823	155,749	165,280
PP&E	31,857	39,871	43,603	51,908	60,741	70,178
Investment in JVs & assos	0	20,196	20,932	20,932	20,932	20,932
Intangibles	9,135	8,072	9,127	8,221	7,314	6,408
Other non-current assets	64,468	54,015	64,762	65,762	66,762	67,762
Total assets	235,843	261,068	290,114	312,388	331,360	352,189
Current liabilities	118,747	123,930	149,722	159,104	164,517	170,413
Short-term borrowings	12,485	10,999	24,127	24,127	24,127	24,127
Account payables	66,975	72,179	75,737	82,310	86,036	90,095
Tax payable	1,703	1,586	2,650	2,650	2,650	2,650
Other current liabilities	37,584	39,166	47,208	50,017	51,704	53,541
Non-current liabilities	23,673	35,872	29,026	29,523	30,045	30,592
Long-term borrowings	13,627	18,417	9,666	9,666	9,666	9,666
Other non-current liabilities	10,046	17,455	19,360	19,857	20,379	20,926
Total liabilities	142,420	159,802	178,748	188,627	194,562	201,006
Share capital	9,447	9,438	9,383	9,383	9,383	9,383
Retained earnings	83,976	91,828	101,983	104,126	116,254	129,558
Other reserves	0	0	0	10,252	11,161	12,243
Total shareholders equity	93,423	101,266	111,366	123,761	136,798	151,184
Total equity and liabilities	235,843	261,068	290,114	312,388	331,360	352,189

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	17,790	20,211	22,733	25,843	28,111	30,808
Depreciation & amortization	4,932	5,583	5,997	3,550	3,550	3,519
Tax paid	(2,358)	(3,842)	(2,844)	(3,954)	(4,301)	(4,714)
Change in working capital	(2,969)	(8)	(3,555)	1,427	761	829
Others	2,758	4,592	4,212	2,636	2,636	2,636
Net cash from operations	20,153	26,536	26,543	29,502	30,757	33,078
Investing						
Capital expenditure	(8,204)	(10,542)	(10,071)	(10,949)	(11,476)	(12,050)
Acquisition of subsidiaries/ investments	0	0	0	0	0	0
Others	(716)	(6,798)	(10,003)	(1,000)	(1,000)	(1,000)
Net cash from investing	(8,920)	(17,340)	(20,074)	(11,949)	(12,476)	(13,050)
Financing						
Dividend paid	(4,297)	(5,284)	(7,537)	(8,997)	(10,252)	(11,161)
Net borrowings	3,677	2,088	4,078	0	0	0
Proceeds from share issues	940	0	0	0	0	0
Share repurchases	(2,012)	(1,802)	(559)	0	0	0
Others	(2,130)	(2,923)	(3,896)	(2,636)	(2,636)	(2,636)
Net cash from financing	(3,822)	(7,921)	(7,914)	(11,633)	(12,888)	(13,796)
Net change in cash						
Cash at the beginning of the year	44,958	53,369	56,683	54,981	60,901	66,295
Exchange difference	1,000	2,039	(257)	0	0	0
Others	7,411	1,275	(1,445)	5,920	5,393	6,232
Cash at the end of the year	53,369	56,683	54,981	60,901	66,295	72,526
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	7.0%	12.6%	4.3%	8.7%	4.8%	5.0%
Gross profit	7.3%	(1.2%)	5.7%	8.8%	5.6%	5.8%
Operating profit	17.3%	17.2%	12.8%	14.9%	8.0%	9.0%
EBITDA	16.5%	16.3%	11.6%	2.8%	7.0%	7.8%
Net profit	11.5%	16.0%	14.6%	11.8%	8.8%	9.6%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	30.6%	26.9%	27.2%	27.2%	27.4%	27.6%
Operating margin	6.7%	7.0%	7.6%	8.0%	8.2%	8.6%
EBITDA margin	8.8%	9.0%	9.7%	9.1%	9.3%	9.6%
Return on equity (ROE)	17.0%	17.6%	18.4%	18.6%	18.3%	18.1%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	1.1	1.1	1.0	1.0	1.1	1.1
Receivable turnover days	38.2	41.9	49.3	49.3	49.3	49.3
Inventory turnover days	89.8	71.9	75.5	75.5	75.5	75.5
Payable turnover days	144.7	131.4	132.8	132.8	132.8	132.8
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	14.6	12.9	11.4	10.1	9.2	8.4
P/E (diluted)	14.6	12.9	11.4	10.1	9.2	8.4
P/B	2.3	2.1	1.9	1.7	1.6	1.4
P/CFPS	10.7	8.1	8.0	7.3	7.0	6.5
Div yield (%)	2.4	3.5	4.2	5.1	5.5	6.1

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

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