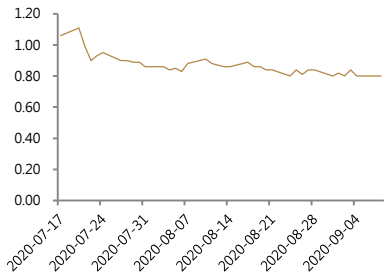
SBI China Capital Research Department
T: +852 2533 3700
E: research@sbichinacapital.com
Address: 4/F, Henley Building, No.5 Queen's Road Central, Hong Kong

Ticker (01163.HK)

Recommendation	**BUY**
Target price (HKD)	1.07
Current price (HKD)	0.80
Last 12 mth price range	0.74 – 1.55
Market cap. (HKD, bn)	0.5

Source: Bloomberg, SBI CHINA CAPITAL

Performance (01163.HK)



	1 mth	3 mth	12 mth
Change	-9.1%	N/A	N/A
Relative change	-9.4%	N/A	N/A

Source: Choice, SBI CHINA CAPITAL

AdTiger (01163.HK)

Potential multi-dimensional expansion, rating "BUY"

AdTiger (01163.HK) is an online advertising platform that generally acts as an agent connecting the advertisers to top media publishers. The Group primarily provides overseas online advertising services to China-based advertisers, helping them to reach approximately 250 countries and regions. The Group also collaborates with individuals in overseas markets to assist in the design, translation as well as localization advisory.

Coverage of top, medium- and long- tail media publishers

AdTiger (01163.HK) commenced to place advertisements on Facebook and Google since 2016, and it became a Snapchat sales representative and TikTok sales representative in 2018 and 2019 respectively. Besides, the Group plans to develop connections with medium- or long-tail media publishers via SDK integration, allowing the Group to analyze the data more precisely.

AdTensor: One-stop ad optimization solution

AdTensor is an ad optimization and management platform, it collects, accumulates and analyzes the user data. Trained learning models will be embedding into AdTensor to give suggestions based on click-through rate prediction during ad creation and optimization.

Globalization strategies

Before listing, AdTiger (01163.HK) primarily provided overseas online advertising services to China-based advertisers. AdTiger (01163.HK) intends to be more globalized by serving i) advertisers in China to go overseas, ii) advertisers in China to advertise locally, and iii) overseas advertisers to place ads in China after listing.

Potential multi-dimensional expansion, rating "BUY"

We expect that AdTiger (01163.HK) will benefit from i) the sector growth, ii) the experience on ads placement on the popular media platforms like Facebook and Google, iii) strong localization ability, iv) globalization strategy, v) new media platforms exploration, leading to a lustrous expansion and strong growth in near future. Therefore, we initiate "BUY" to Adtiger (01163.HK) and give a target price HKD 1.07 per share, implying 15.7x/9.7x/8.4x PE of 2020/2021/2022.

Business overview

AdTiger (01163.HK) is an online advertising platform that generally acts as an agent connecting the advertisers to top media publishers (including Facebook, Google, Snapchat and Twitter etc.) through placing the ads in the ad inventories provided by the resellers of top media publishers, such as i) MeetSocial (HongKong) Digital Marketing Co., Limited - the reseller of Facebook, ii) Hongkong Onesight Technology Co., Limited - the reseller of Twitter, and iii) Vidoads Co., Limited – the reseller of Google. AdTiger (01163.HK) primarily provides overseas online advertising services to China-based advertisers, helping them to reach approximately 250 countries and regions. The Group also collaborates with individuals in selected overseas markets to assist in the design, translation as well as localization advisory.

Business model

AdTiger's online advertising platform provides one-stop services i) to advertisers for their needs of user acquisition, including account opening and topping-up on media publishers' platforms, ad design, ad optimization and overall management of ad campaign, it generally charges the advertisers on a basis of CPA/CPM, and ii) to media publishers for their needs of monetization, the Group receives rebates for assisting them with the monetization of ad inventories and pay traffic acquisition costs for placing ads.

- **User acquisition services**

  AdTiger (01163.HK) provides one-stop cross-media user acquisition services to advertisers by planning, designing, launching and managing ad campaigns to help acquire users on various media platforms, with a strategic focus on top media publishers such as Facebook, Google, Snapchat and Twitter. Given i) the complicated procedures on account opening, topping-up and individual accounts management on top media publishers, ii) the professionalism provided by third parties on the monetization of ad inventories, top media publishers incline to co-operate with agents to monetize the ad inventories, leaving a room for the intermediaries like AdTiger (01163.HK) to grasp and grow.

The Group generally enters into a one-year framework agreement with each advertiser and signs an ad campaign insertion order under the framework agreement for each ad campaign. The framework agreement typically includes the scope of service, platforms, payment cycle, settlement method, pricing models, and payment terms.

- Monetization services for media publishers

  AdTiger (01163.HK) matches media publishers' available ad inventories to appropriate ad campaigns. As at the end of 2017/2018/2019/Jun 2020, the number of media publishers from whom the Group purchased ad inventories was 11/14/15/16 respectively. In 2019 FY, 75% of user traffic purchased was in connection with Google and Facebook. The Group plans to expand the media publisher base to include a combination of top, medium- and long-tail media publishers in the future, especially those media- and long-tail media publishers that have a global presence and have large operations in certain countries or regions.

  The Group generally signs a framework monetization agreement with each of the designated resellers of the media publisher. The agreement signed typically has a term of one year, and some with a renewal clause. Besides, the Group also discusses performance bonus payment based on the performance of advertisements placed.

Pricing model

AdTiger (01163.HK) typically charges the advertisers on a CPA/CPM/CPC basis, the choice of pricing model depends on the industries an advertiser comes from and the advertising targets. Advertisers can generally be separated into display-driven and performance-driven. Performance-driven advertisers, including app developers and advertisers engaged in utility and games, are more prone to adopt CPA pricing model, these advertisers pay for a specified user acquisition target like installation; display-driven advertisers seek to conduct traffic acquisition to display information-based advertisements, they pay when a click/impression is made on the advertisements, this kind of advertisers, including advertisers from the tourism and media sectors, are more prone to adopt the CPC or CPM.

Fig: Pricing models

	CPA	CPC/CPM
Pricing	Cost per installation	CPC: Cost per click CPM: Cost per thousand impressions
Service fees	Aggregate service fee	Small percentage of actual advertising spending
Scope of service	Comprehensive user acquisition services	Assist advertisers with opening and/or topping-up their accounts on media publishers' platforms
Rebates	Rebates are based on a percentage of actual advertising spending once certain spending thresholds are achieved. These rebates are recorded as a reduction in the cost of sales	Rebates are based on a percentage of actual advertising spending once certain spending thresholds are achieved. The Group may incentivize the advertisers by returning a portion of these rebates

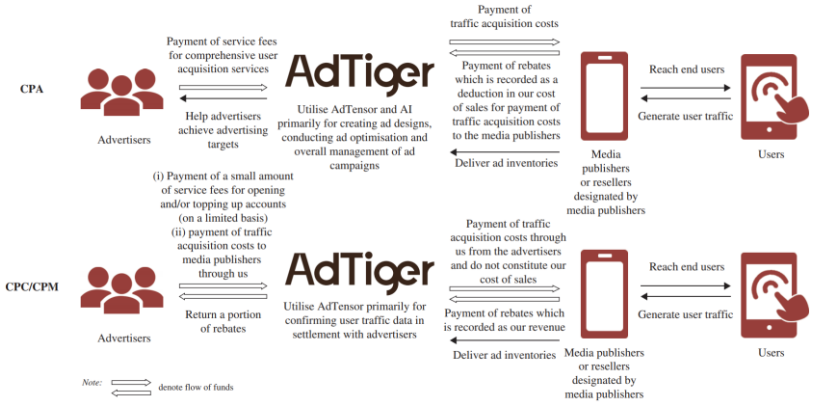
Source: Company data, SBI China Capital

The Group recognized RMB 91.2mn/RMB 153.8mn/RMB 146.1mn/RMB 104.9mn in 2017 FY/2018 FY/2019 FY/2020 1H respectively from CPA pricing business, representing 78.3%/88.5%/76.4%/85.3% of total revenue on that fiscal year. During the same periods, approximately RMB 25.2mn/RMB 20.0mn/RMB 45.0mn/RMB 18.0mn were contributed from CPC/CPM pricing business, representing 21.7%/11.5%/23.6%/14.7% of total revenue.

Customer relationship under different price models

AdTiger (01163.HK) had accumulated a diverse base of advertisers from various industries, including utility and content app developers, as well as companies involved in e-commerce, media, tourism, finance, games, media, education, medical and film industries. Many of them are typically large and medium-sized listed companies or SOE. As at the of 2017/2018/2019/Jun 2020, the number of advertisers reached 140/200/273/317 respectively, the majority of which adopt CPA pricing model.

Fig: Customer relationship under different price models

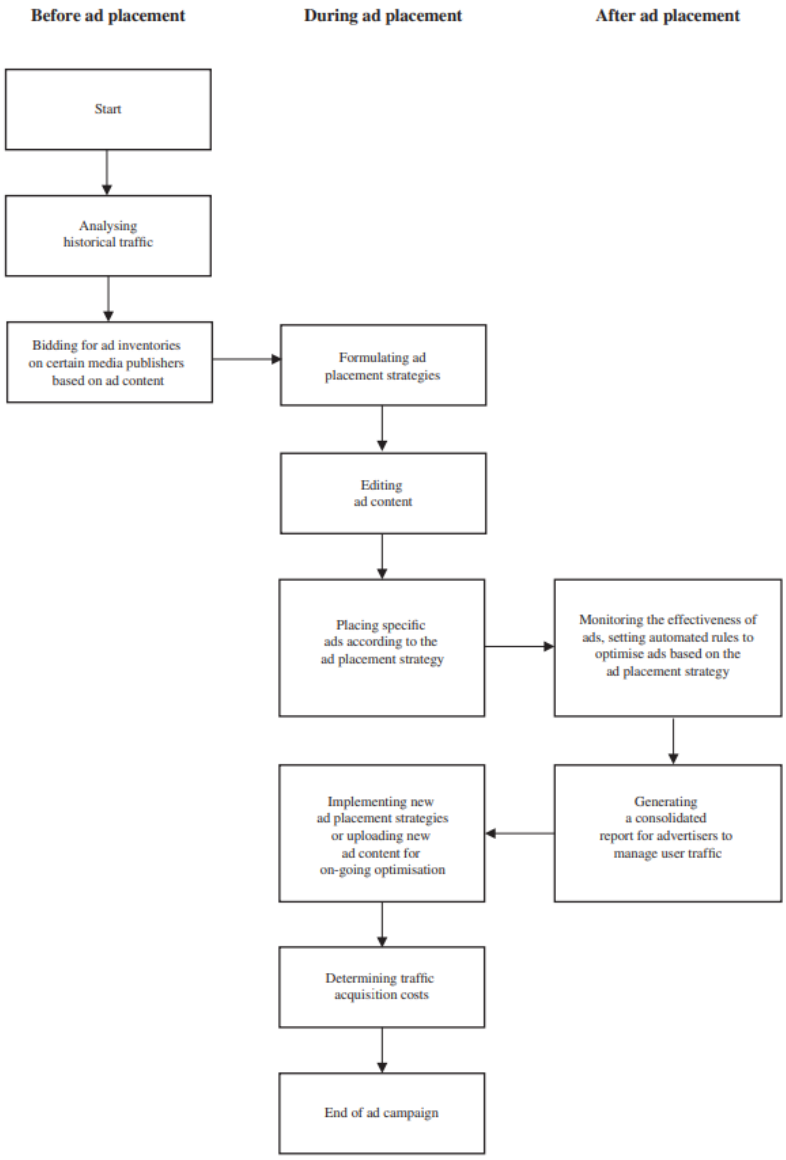


Source: Company data, SBI China Capital

AdTensor – Ad optimization and management platform

AdTensor is a proprietary ad optimization and management platform that utilizes AI technology to conduct advertising optimization and management automatically and in real-time. The big data and AI capabilities enable the Group to deliver appropriate ad content to the ad inventories, maximizing the monetization potential by raising the accuracy of ad placement.

Fig: Process of AdTensor

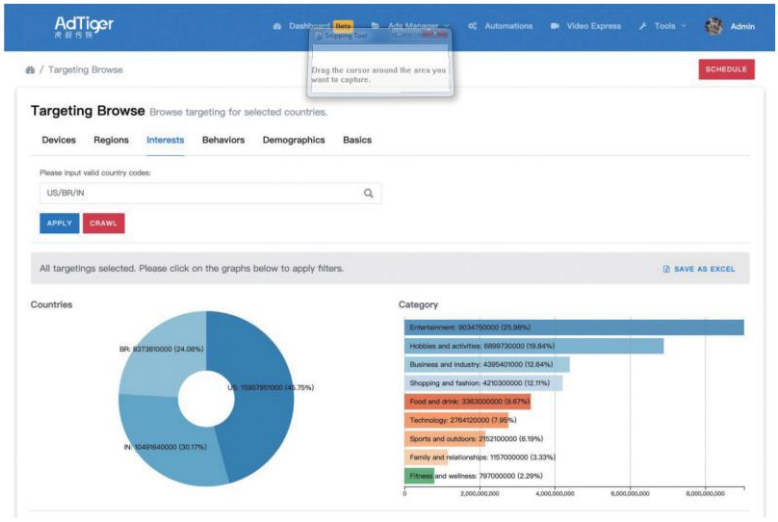


Source: Company data

- Data analysis

  AdTensor is able to collect user data from media publishers on a real-time basis, including mobile device models, demographics (such as gender, age and language), interests (such as shopping, gaming, food and beverages), behaviours (such as travel) and regions (such as place of residence) from approximately 250 countries and regions in 2019.

Fig: Data analysis and ad campaign placement page on AdTensor

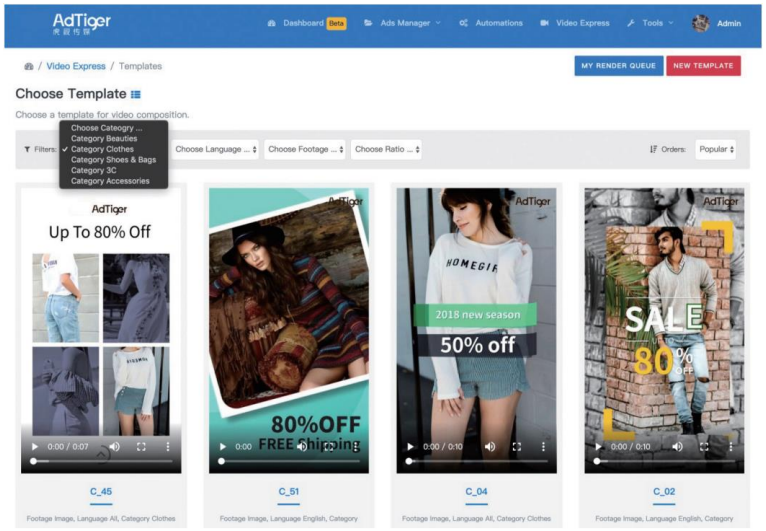


Source: Company data

- Ad creatives design

  AdTensor possesses a template library comprising a wide collection of templates for ad content, including texts, images, audios and videos, assisting the advertisers to generate ad content more easily. AdTensor also provides several general formats for the advertisers, such as banners, interstitials, rich media, videos and native etc.

Fig: Ad creatives design page on AdTensor



Source: Company data

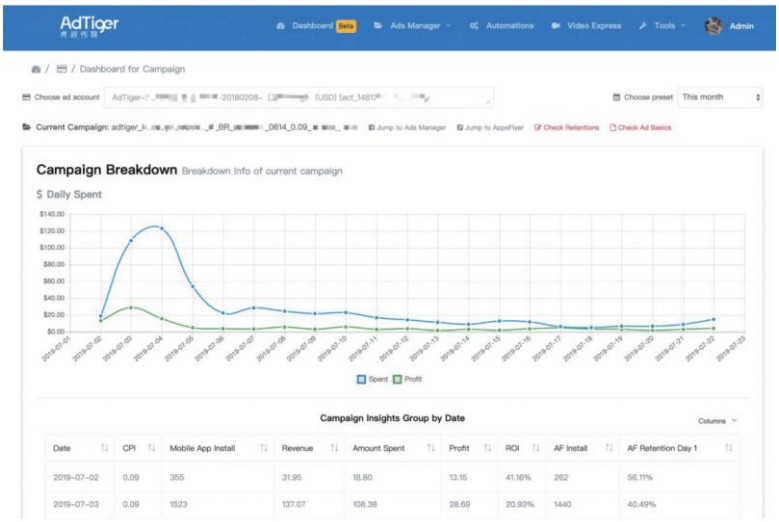
- Automatic ad delivery

  AdTensor automatically composes an advertisement based on content categories (such as beauty, fashion and games) and information supplied by the advertisers (such as a discount), it then identifies suitable ad inventories to display those advertisements.

- Real-time monitoring

  AdTensor monitors and analyzes the ads utilizing a number of performance indicators, for instance, advertising spending, total installations, impressions, retention rate. By leveraging on the reports generated, the optimizers can fine-tune the ad content and placement strategies.

Fig: Real-time ad monitoring page on AdTensor



Source: Company data,

Data protection

AdTiger (01163.HK) does not proactively or directly collect any user-specific or device-specific data such as device IDs or IP addresses. Instead, the Group rely on the public data released by media publishers, including user demographic, interests and behaviour data. The Group has implemented measures to comply with the requirements of GDPR on data protection and privacy, and it does not collect or store the raw data of personal information. All data is stored on firewall-protected cloud-based servers operated by reputable third-party cloud computing service providers.

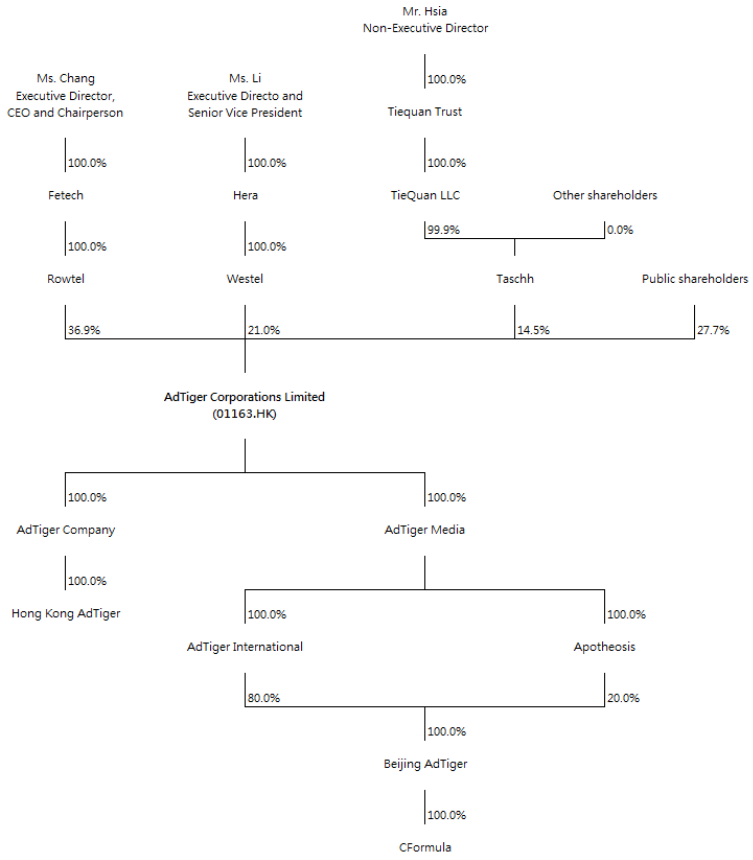
Company overview

The history of the Group can be traced back to 2015, Ms. Chang, CEO and Chairperson of AdTiger (01163.HK), planned to commence an online advertising business by acquiring an inactive company and established Hong Kong AdTiger in 2015. Mr. Hsia, the former business partner of Ms. Chang, decided to invest in Hong Kong AdTiger through Taschh, a supplier providing the IT Solution and the source code of AdTensor, by purchasing 20% of the shareholding of Hong Kong AdTiger in the same year. A year later, Ms. Chang transferred 30% of her shareholding in Hong Kong AdTiger to Son of Sunrise, a company which was wholly owned by Ms. Li. After a series of shares transfer, Ms. Chang, Ms. Li and Taschh held 50%, 30% and 20% of Hong Kong AdTiger respectively before restructuring. On the other hand, Beijing AdTiger was established in 2016, 30% of shareholding was transferred to Runzhi Media (owned by Ms. Chang) and 70% was transferred to Wulian Siguo (owned by Ms. Chang and Ms. Li) in 2017.

Hong Kong AdTiger and Beijing AdTiger are the operating entities of AdTiger Corporations Limited (01163.HK), the listing entity established in 2019. AdTiger Corporations Limited (01163.HK) successfully listed in the Hong Kong Stock Exchange at HKD 0.86 per share, amounting to approximately HKD 516.0mn market capitalization before the over-allotment option is exercised / HKD 535.4mn market capitalization after the over-allotment option is exercised.

As at the end of Aug 2020, Ms. Chang, Ms. Li and Taschh owned 36.9%, 21.0% and 14.5% of outstanding shares of AdTiger Corporations Limited (01163.HK) respectively, leaving approximately 27.7% of shares to the public shareholders.

Fig: Shareholding structure



Source: Company data, SBI China Capital

Use of proceeds

- Strengthen AI capabilities and enhance the offering of AdTensor platform – 35%
  - i) Strengthen big data, machine learning and proprietary AI capabilities, including hiring a team of seasoned AI experts;
  - ii) Create additional designs internally / externally to enhance the collection of AdTensor's template library for increased ad scenarios;
  - iii) Develop technologies for new forms of ads such as augmented reality, mini-app marketing, as well as interactive ads; and
  - iv) Develop connections with additional media publishers through SDK integration

- Enhance our local service capabilities – 20%
  - i) Set up subsidiaries in overseas markets, such as the United States, Japan, India and Indonesia; and
  - ii) Recruit local teams to support sales and marketing by providing in-house ad optimization and designing support to the local markets

- Enhance IT infrastructure, management system, ERP system, ORACLE system and performance monitoring system – 20%
  - i) Enhance system architecture and IT infrastructure;
  - ii) Set up and upgrade ERP system to manage global operations;
  - iii) Purchase an ORACLE system to monitor operational and financial performance; and
  - iv) Hire a chief operating officer

- Expand advertiser base by strengthening sales and marketing – 15%
  - i) Recruit sales and marketing staff; and
  - ii) Establish approximately eight new offices in selected regions in China, especially southeast coastal regions

- Explore strategic investments and M&A – 10%
  - i) Bring additional coverage of media publishers;
  - ii) Bring additional coverage of advertisers; and
  - iii) Strengthen local capabilities

Investment thesis

Coverage of top, medium- and long- tail media publishers

- Strong coverage on top media publishers

  AdTiger (01163.HK) is an online advertising platform that generally acts as an agent connecting the advertisers to top media publishers, including Facebook and Google. The Group commenced to place advertisements on Facebook and Google since 2016, and it became a Baidu-authorized Snapchat sales representative and TikTok sales representative in 2018 and 2019 respectively.

  In the CPA pricing business, Facebook together with Google accounted for 69.9% of the traffic acquisition cost of the Group in 2019, and the proportion further uplifted to 76.9% in 2020 1H. Besides, approximately 80% of user traffic was purchased in connection with Facebook and Google's ad inventories, implying that the user traffic of the Group mainly comes from the popular top media publishers and other rapidly expanding media publishers.

- Commencement on the coverage on long-tail media publishers

  AdTiger (01163.HK) provides monetization services for top media publishers by connecting through their API to AdTensor. API is a common interface implemented separately in the media publishers' app codes, allowing data exchange to achieve automatic ad delivery and feedback on ad interaction events. The Group normally places advertisements on the platforms directly and receive performance statistics directly from the platform.

  SDKs are sets of programming codes developed by third-party advertising platforms for app developers to integrate into their app codes to achieve programmatic advertising functions, for instance, automatic ad delivery and feedback on ad interaction events. Given lower technical requirements, AdTiger (01163.HK) plans to develop connections with medium- or long-tail media publishers through SDK integration, which can collect more types of data than API, such as device environment information, types of apps installed, geographical location and impression data. The Group requires the media publishers to install from the Group's platform, providing the Group more comprehensive data and allowing the Group to analyze the data more precisely.

AdTensor: One-stop ad optimization solution

- Big data analysis

  AdTensor is a proprietary ad optimization and management platform, it collects, accumulates and analyzes the user data, including mobile device models, demographics, interests, behaviours and regions, from the media publishers' platforms such as Google and Facebook. Data is used to train the AI models and machine learning algorithms within AdTensor, which can be applied to various aspects of the business and to predict the click-through rates. Trained learning models will be embedding into AdTensor to give suggestions based on click-through rate prediction during ad creation and optimization by i) allocating more advertising budget to the advertisements with higher click-through rate, ii) increasing the advertising budget or increasing ad delivery for well-performing advertisements or suspend under-performing advertisements.

  Benefit from a higher penetration rate of AdTensor, the number of impressions based on CPC/CPM pricing model soared 6.0x to 64,501mn times in 2019, offsetting a decline in the click-through rate and bringing more value to the advertisers.

- Improvement of the efficiency of ad creation and customization

  AdTensor possesses a template library comprising a wide collection of templates for ad content, including texts, images, audios and videos, and it has a number of general-accepted formats like banners, interstitials, rich media, videos and native etc. It allows the advertisers as well as optimizers to i) seamlessly transform one ad format to another and ii) batch edit a series of advertisements for bulk upload onto various platforms via API.

  AdTensor helps batch edit a series of advertisements instantly to meet the dynamic market changes, which is essential to small-to-medium size advertisers who lacks human resources as well as related professionalism.

Globalization strategies and strong localization capability

- Globalization strategies

  Before listing, AdTiger (01163.HK) primarily provided overseas online advertising services to China-based advertisers. In 2019, 52.2%/23.4% of revenue was contributed from the customers locating in southern and eastern China/northern China respectively. Meanwhile, the user traffic of the Group was majorly generated from approximately 250 countries, in which more than half of it was generated from India, the US and Indonesia.

  The Group intends to be more globalized by serving i) advertisers in China to go overseas, ii) advertisers in China to advertise locally, and iii) overseas advertisers to place ads in China after listing. We see a positive signal that the Group, somehow benefit from the pandemic, expands the customer portfolio to education industry which customers place the ads locally, bringing the Group a chance to implement its globalization strategy.

- Localization capability

  In an attempt to enhance the localization ability, the Group collaborates with individuals in selected overseas markets to assist in the design, translation as well as localization advisory. We do believe that is one of the key advantages of the Group as i) cultural differences between China and foreign countries is huge, ii) the competition on localization services provision is not keen.

Expansion on market coverage, customer base and media publishers

- Expansion on market coverage and hence customer base

  According to the iResearch, the scale of China's overseas online advertising spending has increased from USD 3.6bn in 2015 to USD 15.6bn in 2019 at a CAGR of 44.6% and is estimated to reach USD 38.3bn in 2024 at a CAGR of 19.6%. China and Southeast Asia would be the main drivers due to an improvement in the global internet infrastructure as well as an increase in the penetration rate of internet and mobile internet users; while North America and Europe are too mature to explore, fierce competition results in a high user acquisition costs, according to the same report.

The user traffic of the Group was majorly generated from approximately 250 countries, in which more than half of it was generated from India, the US and Indonesia. Given i) subsidiaries will be established in other markets to strengthen the localization ability, ii) globalization strategies, iii) exploration of medium or long-tail media publishers through SDK integration, we believe that the Group can expand its coverage on media publishers which is important and attractive to new and existing customers.

- Exploration of short videos platforms

  Approximately half of China's overseas total online advertising budget was mainly allocated to Facebook and Google in 2019, according to iResearch, but other platforms may play a more important role in the future, the proportion of China's overseas total online advertising budget may increase from 41.7% in 2019 to 43.9% in 2014.

  AdTiger (01163.HK) explored media publishers other than Facebook and Google since 2019, including Snapchat, TikTok and Kwai. Despite a potential prohibition / boycott in foreign countries, those social media platforms were booming in recent years. For example, the DAU of TikTok grew from 250mn in early 2019 to over 400mn in 2020. We believe that i) short-video will still be the near future trend, ii) TikTok and Kwai will remain popular in China, it is, therefore, a right direction for the Group to explore the short videos platforms, which may be the drivers in the coming future.

- Diversification on the customer portfolio

  As at the of 2017/2018/2019/Jun 2020, the number of advertisers of AdTiger (01163.HK) reached 140/200/273/317 respectively. The Group had accumulated a diverse base of advertisers from various industries, including utility and content app developers, as well as companies in e-commerce, media, tourism, finance, games, media, education, medical and film industries, in which 49.4% and 30.4% of revenue was contributed from the customers who participate in utility and content app developers and e-commerce industries respectively. Many of the Group's customers are typically large and medium-sized listed companies or SOE. In 2019, the retention rate of the top 10 customers achieved ~80%.

A lack of seasonality of utility and content apps and a diversified customer portfolio lowers the volatility of revenue contribution, the solid performance was driven by these customers who withstand from COVID-19 offset the draggers from other industries like travel.

Potential multi-dimensional expansion, rating "BUY"

AdTiger (01163.HK) is an online advertising platform that generally acts as an agent connecting the advertisers to top media publishers through placing the ads in the ad inventories provided by the resellers, and it primarily provides overseas online advertising services to China-based advertisers. We expect that the Group will benefit from i) the sector growth, ii) the experience on ads placement on the popular media platforms like Facebook and Google, iii) strong localization ability, iv) globalization strategy, v) new media platforms exploration, leading to a lustrous expansion and strong growth in near future. Therefore, we initiate "BUY" to Adtiger (01163.HK) and give a target price HKD 1.07 per share, implying 15.7x/9.7x/8.4x PE of 2020/2021/2022.

Peers comparison

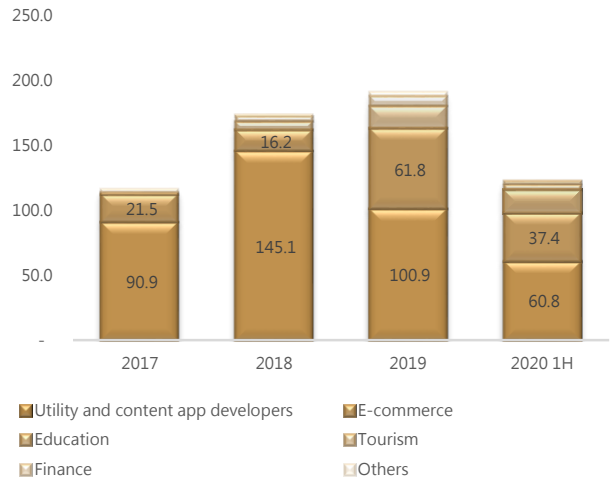
		Mkt cap	PE	Fw PE	PB	PS	Revenue	GM	ROE
		(mn)	(X)	(X)	(X)	(X)	(mn)	(%)	(%)
01860.HK	Mobvista	5,891.3	26.7	-	2.6	11.8	500.3	23.7	10.2
02013.HK	Weimob	25,887.1	67.6	-	11.5	18.0	1,436.8	55.5	-
09911.HK	Newborn Town	1,590.0	17.1	-	2.2	4.1	389.7	67.1	12.0
	Average	*11,122.8*	*37.2*	-	*5.5*	*11.3*	*775.6*	*48.8*	*11.1*
01163.HK	AdTiger	498.0	-	-	-	2.6	191.1	28.1	44.6

Source: Bloomberg

Risk factors

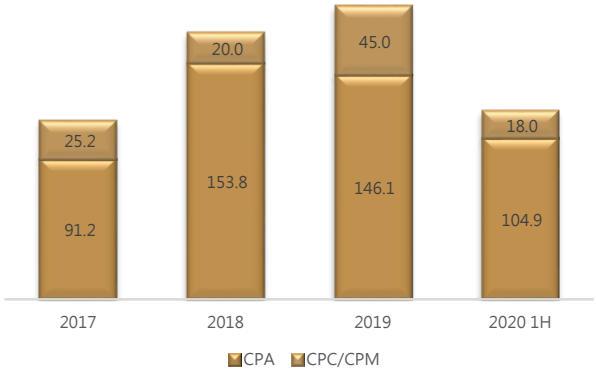
- Booming ads placed by the customers from educational industry was one-off due to COVID-19
- Customers' advertisement budget shrink because of a weaker economic environment
- Prohibition / boycott on Chinese APPs like Kwai and TikTok in foreign countries
- Failure of globalization strategy
- Failure adoption of SDK to explore medium- and long-tail media publishers
- Keen competition on local market

Revenue breakdown by industries (RMB, mn)



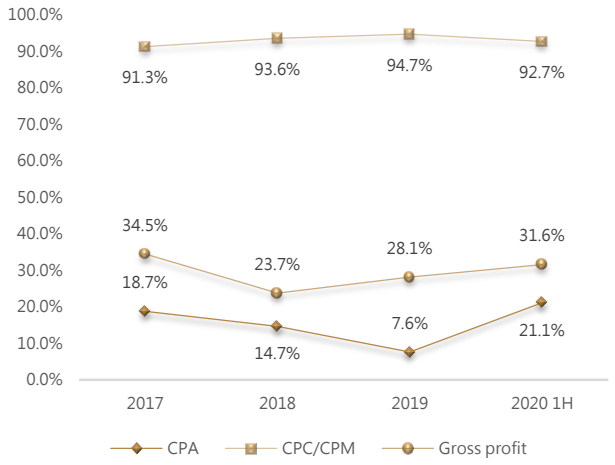
Source: Company data, SBI CHINA CAPITAL

Revenue breakdown by pricing model (RMB, mn)



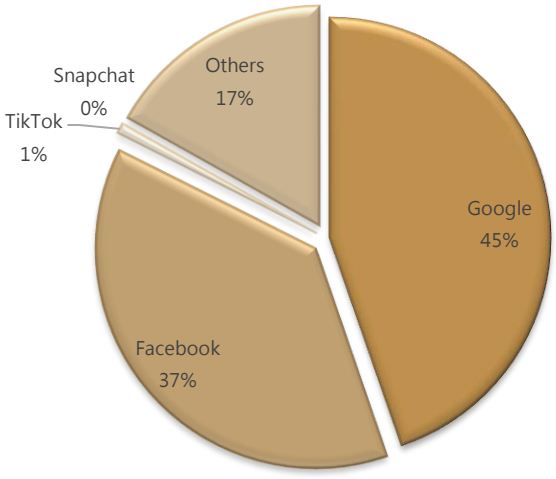
Source: Company data, SBI CHINA CAPITAL

Gross margin breakdown by pricing model



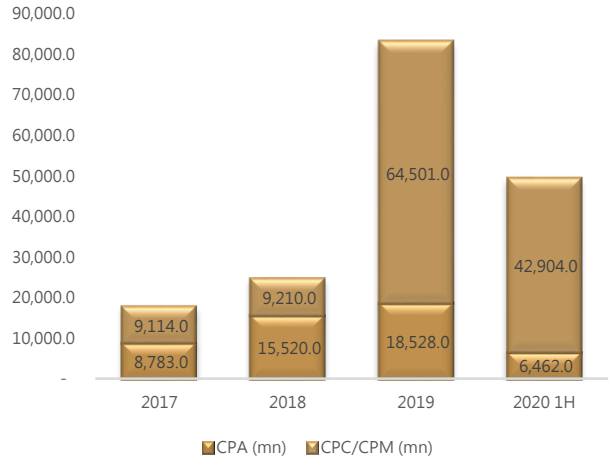
Source: Company data, SBI CHINA CAPITAL

User acquisition cost breakdown by platforms



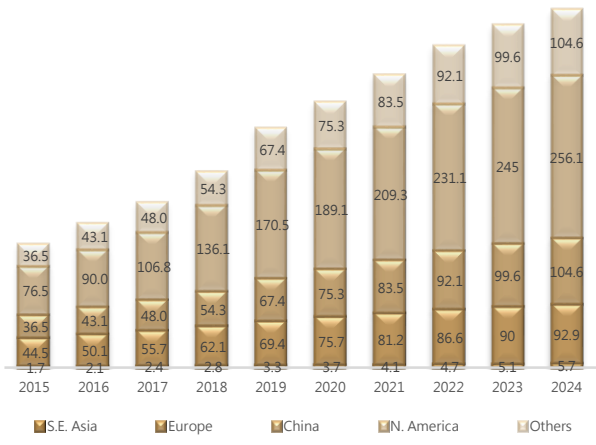
Source: Company data, SBI CHINA CAPITAL

Number of impressions



Source: Company data, SBI CHINA CAPITAL

Online Advertising Spending by Region (USD, bn)



Source: Company data, SBI CHINA CAPITAL

Financial Statement

PnL	2019	2020	2021	2022
(RMB, mn)	(A)	(E)	(E)	(E)
Revenue	**191.1**	**281.9**	**359.5**	**452.9**
YoY growth	*9.9%*	*47.5%*	*27.5%*	*26.0%*
COGS	(137.4)	(191.6)	(244.9)	(318.5)
Gross profit	**53.7**	**90.3**	**114.6**	**134.4**
Other income	1.1	0.3	0.6	0.6
Operating expenses	(27.0)	(43.9)	(39.5)	(47.7)
Operating profit	**27.8**	**46.7**	**75.7**	**87.4**
Finance expenses	(0.0)	(0.1)	(0.1)	(0.1)
JV & Ass.	-	-	-	-
Profit before tax	**27.8**	**46.7**	**75.6**	**87.2**
Tax	(5.7)	(9.3)	(15.1)	(17.4)
Net profit	**22.0**	**37.4**	**60.5**	**69.8**
YoY growth	*-10.9%*	*69.4%*	*61.9%*	*15.4%*
Adj. EBITDA	**42.1**	**57.9**	**68.1**	**80.2**

Balance Sheet	2019	2020	2021	2022
(RMB, mn)	(A)	(E)	(E)	(E)
PPE	0.2	18.6	25.7	24.4
Others	0.9	1.0	1.1	1.2
Non-current assets	**1.1**	**19.6**	**26.9**	**25.6**
Inventories	-	-	-	-
Trade receivables	140.7	132.8	188.1	183.8
Cash & cash equivalents	171.6	295.0	319.7	393.3
Others	8.1	10.3	15.0	28.6
Current assets	**320.4**	**438.1**	**522.8**	**605.7**
Total assets	**321.5**	**457.7**	**549.7**	**631.3**
Others	-	-	-	-
Non-current liabilities	**-**	**-**	**-**	**-**
Trade payables	230.4	208.7	246.2	236.0
ST borrowings	-	-	-	-
Others	33.5	55.2	49.2	71.3
Current liabilities	**263.9**	**263.9**	**295.4**	**307.3**
Total liabilities	**263.9**	**263.9**	**295.4**	**307.3**
Non-controlling interests	-	-	-	-
Controlling interests	57.6	193.8	254.3	324.1
Total equities	**57.6**	**193.8**	**254.3**	**324.1**

Cash Flow (RMB, mn)	2019 (E)	2020 (E)	2021 (E)	2022 (E)
Profit before tax	27.8	46.7	75.6	87.2
Finance expenses	0.0	0.1	0.1	0.1
Finance income	-	-	-	-
Depreication&Amortization	0.1	5.8	7.9	7.5
Others	(2.9)	(5.0)	(13.2)	(15.6)
Change in working capital	(0.1)	2.2	(26.7)	13.2
CFO	**24.8**	**49.8**	**43.7**	**92.5**
CAPEX	(0.0)	(24.2)	(17.9)	(17.9)
Others	-	-	-	-
CFI	**(0.0)**	**(24.2)**	**(17.9)**	**(17.9)**
Shares issuance	-	131.3	-	-
Net borrowings	-	-	-	-
Interest paid	-	-	-	-
Dividend paid	(6.0)	-	-	-
Others	1.6	(33.5)	(1.0)	(1.1)
CFF	**(4.4)**	**97.8**	**(1.0)**	**(1.1)**
FCFE	**24.8**	**25.6**	**25.8**	**74.6**
FCFF	**24.8**	**25.6**	**25.8**	**74.6**

Financial Ratio	2019 (A)	2020 (E)	2021 (E)	2022 (E)
Gross margin	28.1%	32.0%	31.9%	29.7%
Operating margin	14.6%	16.6%	21.1%	19.3%
Net profit margin	11.5%	13.3%	16.8%	15.4%
Adj. EBITDA profit margin	22.0%	20.5%	19.0%	17.7%
Return on Equity	48.6%	29.7%	27.0%	24.1%
Return on Asset	7.9%	9.6%	12.0%	11.8%
Current ratio	121.4%	166.0%	177.0%	197.1%
Quick ratio	121.1%	162.1%	171.9%	187.8%
Cash ratio	65.0%	111.8%	108.2%	128.0%
Debt-to-Equity ratio	0.0%	0.0%	0.0%	0.0%
Net Debt-to-Equity ratio	-297.8%	-152.2%	-125.7%	-121.4%
Inventory turnover days	-	-	-	-
Receivable turnover days	215.8	181.7	168.8	155.3
Payable turnover days	522.2	418.3	339.0	276.3

Source: Company data, SBI CHINA CAPITAL

SBI China Capital is a dedicated small/mid cap investment banking/ stockbrokerage house. Find our research on: research@sbichinacapital.com, thomsononeanalytics.com, factset.com, S&P Capital IQ and multex.com.

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