

# Weichai Power-A (000338 CH)

3Q20 profit +37% with improved margin & KION's operation; Upbeat guidance

Weichai's 3Q20 net profit came at RMB2.4bn, up 37% YoY. The results are encouraging as (1) revenue surged 48% YoY which is above expectation, (2) gross margin rebounded 1.7ppt QoQ which should ease market concerns. We see several positive drivers going forward: (1) Management is confident of achieving sequential gross margin improvement in 4Q20E; (2) Latest guidance of **KION (KGX GR)** offers improved visibility; (3) New business growth is on good track. We raised our earnings forecast in 2020E-22E by 2-5%, due mainly to higher sales volume assumptions. Our SOTP is lifted from RMB16.8 to RMB17.9, after rolling over the base year to 2021E. Maintain **BUY**.

- Key highlights on 3Q20 financials.** Weichai's revenue surged 48% YoY to RMB52.9bn. Based on our calculation, Weichai's revenue from core business (ex-KION) surged 90% YoY to ~RMB36bn, while KION's revenue slightly dropped 4% YoY to EUR2.07bn. Blended gross margin in 3Q was 19.3%, down 3.5ppt YoY but up 1.7ppt QoQ. Weichai maintained good expense control with SG&A ratio continued to reduce YoY. Net profit grew 37% YoY to RMB2.4bn. It's worth noting that KION reported adjusted EBIT/net profit of EUR159mn / EUR82mn in 3Q20, representing a significant recovery from a net loss of EUR17mn in 2Q20.
- Engine sales volume +90% YoY in 3Q20.** In 3Q20, total engine sales volume grew 90% YoY to 260k units. Among this, HDT engine surged 100% YoY to 120k units, with market share increasing 2.5ppt YoY and 4ppt QoQ. LDT engine surged 2x YoY.
- New business on good track.** In 9M20, large-bore engine, mainly installed for data centers, grew 30% YoY to 2.5k units. Revenue from hydraulic component grew 40% YoY in 9M20.
- Positive management guidance:** (1) Volume of gas engine model with less usage of precious metals will further increase in 4Q20E, which will drive gross margin sequentially; (2) Sales volume of engine to **Sinotruk (3808 HK, BUY)** is expected to accelerate; (3) Amid the latest city lockdown in Europe, KION is still expected to deliver EUR101-181mn of adjusted EBIT in 4Q20E. In particular, KION's supply chain solutions will continue to benefit from e-commerce project growth.

## Earnings Summary

(YE 31 Dec)	FY18A	FY19A	FY20E	FY21E	FY22E
Revenue (RMB mn)	159,256	174,361	193,983	197,082	205,300
YoY growth (%)	5.1	9.5	11.3	1.6	4.2
Net income (RMB mn)	8,658	9,105	10,053	11,747	12,449
EPS (RMB)	1.08	1.15	1.27	1.48	1.57
YoY growth (%)	27.2	6.0	10.4	16.9	6.0
Consensus EPS (RMB)	n/a	n/a	1.23	1.41	1.50
P/E (x)	14.0	13.5	12.0	10.1	9.6
EV / EBITDA (x)	6.2	5.9	5.7	4.9	4.6
P/B (x)	3.1	2.7	2.3	2.0	1.7
Yield (%)	3.0	1.8	3.3	3.9	4.2
ROE (%)	23.2	21.5	20.5	20.7	19.3
Net gearing (%)	Net cash				

Source: Company data, Bloomberg, CMBIS estimates

**BUY (Maintain)**

Target Price	RMB17.90
(Previous TP	RMB16.80)
Up/Downside	+18%
Current Price	RMB15.13

## China Capital Goods

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## Stock Data

Mkt Cap (RMB mn)	115,198
Avg 3 mths t/o (RMB mn)	698
52w High/Low (RMB)	17.40/11.50
Total Issued Shares (mn)	1,934 (H) 5,991 (A)

Source: Bloomberg

## Shareholding Structure

Weichai Holdings Group	17.7%
Weifang Investment Group	3.7%
CCASS	9.6%
Free float (H-share)	24.4%
Free float (A-share)	44.6%

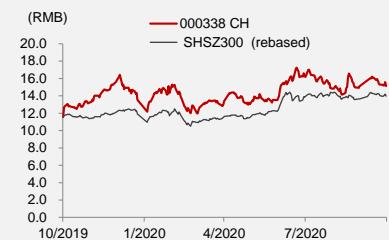
Source: HKEx

## Share Performance

	Absolute	Relative
1-mth	0.2%	-2.1%
3-mth	-6.7%	-7.5%
6-mth	12.9%	-5.9%

Source: Bloomberg

## 12-mth Price Performance



Source: Bloomberg

## Auditor: Ernst & Young

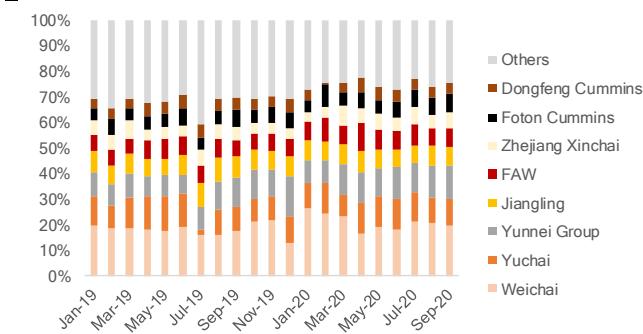
## Related Reports

1. China Heavy-duty Truck Sector – Higher certainty driven by strong policy momentum - 29 Sep 2020
2. China Construction Machinery & HDT Sector – Raise industry sales forecast in 2020E-21E; Solid upcycle – 30 Jun 2020
3. Weichai Power (2338 HK, BUY) – Correction offers buying opportunity; Diversification strategy on track – 30 Mar 2020

**Figure 1: Weichai's 3Q20 results**

(RMB mn)	1Q19	1Q20	Change (YoY)	2Q19	2Q20	Change (YoY)	3Q19	3Q20	Change (YoY)
<b>Revenue</b>	45,212	38,999	-14%	45,651	55,495	22%	35,846	52,889	48%
Cost of sales	-35,420	-30,247	-15%	-35,681	-45,743	28%	-27,653	-42,667	54%
<b>Gross profit</b>	<b>9,792</b>	<b>8,752</b>	<b>-11%</b>	<b>9,969</b>	<b>9,752</b>	<b>-2%</b>	<b>8,193</b>	<b>10,222</b>	<b>25%</b>
Other income	128	97	-24%	211	169	-20%	99	250	151%
Other gains and losses	113	164	44%	60	120	100%	225	-163	n/a
S&D expenses	-2,736	-2,718	-1%	-2,634	-2,595	-2%	-2,575	-2,845	10%
Administrative and R&D expenses	-2,560	-2,840	11%	-3,119	-3,139	1%	-2,800	-3,401	21%
Taxes and surcharges	-189	-165	-13%	-186	-267	44%	-95	-169	78%
Impairment loss of assets	-226	-237	5%	-226	-320	42%	-77	-120	54%
<b>EBIT</b>	<b>4,323</b>	<b>3,052</b>	<b>-29%</b>	<b>4,075</b>	<b>3,720</b>	<b>-9%</b>	<b>2,970</b>	<b>3,775</b>	<b>27%</b>
Other expenses	-43	-40	-8%	13	-6	n/a	-22	-35	60%
Net finance cost	-108	14	n/a	-33	-181	n/a	0	-70	n/a
Share of profit of JV and associates	11	22	88%	112	123	10%	19	28	48%
<b>Pretax profit</b>	<b>4,183</b>	<b>3,049</b>	<b>-27%</b>	<b>4,167</b>	<b>3,656</b>	<b>-12%</b>	<b>2,967</b>	<b>3,697</b>	<b>25%</b>
Income tax	-811	-457	-44%	-647	-546	-16%	-531	-698	31%
<b>After tax profit</b>	<b>3,373</b>	<b>2,592</b>	<b>-23%</b>	<b>3,520</b>	<b>3,110</b>	<b>-12%</b>	<b>2,436</b>	<b>3,000</b>	<b>23%</b>
MI	-781	-527	-32%	-824	-494	-40%	-666	-574	-14%
<b>Net profit</b>	<b>2,591</b>	<b>2,064</b>	<b>-20%</b>	<b>2,696</b>	<b>2,616</b>	<b>-3%</b>	<b>1,771</b>	<b>2,426</b>	<b>37%</b>
<b>Key ratios</b>			<b>Change (ppt)</b>			<b>Change (ppt)</b>			<b>Change (ppt)</b>
<i>Gross margin</i>	21.7%	22.4%	0.8	21.8%	17.6%	-4.3	22.9%	19.3%	-3.5
<i>S&amp;D expense ratio</i>	6.1%	7.0%	0.9	5.8%	4.7%	-1.1	7.2%	5.4%	-1.8
<i>Administrative and R&amp;D expense ratio</i>	5.7%	7.3%	1.6	6.8%	5.7%	-1.2	7.8%	6.4%	-1.4
<i>Effective tax rate</i>	19.4%	15.0%	-4.4	15.5%	14.9%	-0.6	17.9%	18.9%	1.0

Source: Company data, CMBIS

**Figure 2: China multi-cylinder engine market share**

Source: CICEIA, CMBIS

**Figure 3: Weichai's multi-cylinder engine monthly sales volume**

Source: CICEIA, CMBIS

**Figure 4: KION's latest guidance for 2020E**

(EUR mn)	2018	2019	2020E guidance	Low-end	High-end
<b>Order intake</b>	8,657	9,112	8,900	9,600	
<i>Growth (YoY)</i>	8%	5%	-2%	5%	
<b>Revenue</b>	7,996	8,807	7,850	8,450	
<i>Growth (YoY)</i>	5%	10%	-11%	-4%	
<b>Adjusted EBIT</b>	790	851	465	545	
<i>Growth (YoY)</i>	2%	8%	-45%	-36%	
<i>Adjusted EBIT margin</i>	9.9%	9.7%	5.9%	6.4%	
<b>Net income</b>	402	445	-	-	
<i>Growth (YoY)</i>	-5%	11%	-	-	

Source: Company data, CMBIS

**Figure 5: KION's quarterly financials and 4Q guidance**

KION (EUR mn)	1Q20	2Q20	3Q20	4Q20E	Low-end	High-end
<b>Order intake</b>	2,081	2,319	2,315	2,185	2,885	
<i>Growth (YoY)</i>	-2%	12%	-1%	-15%	12%	
<b>Revenue</b>	2,028	1,900	2,073	1,849	2,449	
<i>Growth (YoY)</i>	-3%	-17%	-4%	-19%	7%	
<b>Adjusted EBIT</b>	144	61	159	101	181	
<i>Growth (YoY)</i>	-21%	-73%	-27%	-55%	-20%	
<i>Adjusted EBIT margin</i>	7.1%	3.2%	7.7%	5.5%	7.4%	
<b>Net income</b>	68	-17	82	-	-	
<i>Growth (YoY)</i>	-27%	-114%	-32%	-	-	

Source: Company data, CMBIS

## Key takeaways from post-results conference call

### Sales volume of engines

- Total engine sales volume surged 90% YoY to 260k units in 3Q20. In 9M20, total engine sales grew 35% YoY to 720k units.
- HDT engine surged 100% YoY to 120k units in 3Q20. According to management, market share in 3Q20 gained 2.5ppt YoY and 4ppt QoQ. In 9M20, HDT engine sales grew 30% YoY to 360k units, accounting 50% of the total engine sales.
- LDT engine surged 200% YoY to 85k units in 3Q20. In 9M20, the sales volume grew >100% YoY.
- Large-bore engine grew 30% YoY to 2.5k units in 9M20. Revenue reported similar growth in the period. Order intake in Oct reached 200 units. Management expects the full year growth to be similar to that in 9M20.

### Gross margin

- Weichai's blended gross margin in 3Q20 improved 1.7ppt QoQ to 19.3%. According to management, gas engines with less usage of precious metals launched in mid-Jun has helped improve the gross margin in 3Q20.
- In 4Q20E, Weichai will launch more gas engines with lower level of precious metals. Gross margin is expected to further improve from 3Q20 and return to a level similar to 1Q20 (around 22.4%).
- In the longer term, Weichai is expanding the sales volume of engine in the field of industrial power (including large-bore engine), agricultural machinery and LDT. Therefore, the gross margin will be subject to the product mix going forward. In particular, LDT carries relatively lower margin at present. That said, management expects a higher industry concentration in the LDT sector. Such potential improvement of competitive landscape could help Weichai to raise price in future.

### KION

- KION's latest guidance has already taken in consideration the latest impact of COVID-19 related city lockdown in Europe.
- This new wave of pandemic has less impact on Germany, compared with France and Italy. Besides, KION has experience in managing the crisis and therefore the operation is expected to less affected in 4Q20E, compared with 2Q20.

### HDT industry outlook

- Weichai expects the HDT demand in China to reach 1.5mn units this year. In 2021E, Weichai expects at least 1.2mn units of demand. Weichai is confident of gaining market share in future.

### Weichai's engine sales guidance

- Weichai expects the production volume of engine in 4Q20E to increase slightly compared with that in 3Q20. Inventory level is currently less than half month.
- Engine installation to Sinotruk increased in 3Q20, with volume reaching the total sales to Sinotruk in 1H20. The high installation was driven by market demand. Weichai expects the installation ratio to remain high for the full year.

## The implementation of NES VI

- National Emission Standard (NES) VI will be effective on 1 Jul 2021. Weichai has already well-prepared for that in terms of product development.
- In particular, Weichai has successfully achieved >50% thermal efficiency for the commercial diesel engine. This will become a key competitor advantage over the competitors in future.
- Weichai will reduce the production volume of NES V engines in 1H21E in order to minimize the inventory risk after Jul 2021.

## Commercial diesel engine with >50% thermal efficiency

- Low fuel consumption (8% lower) and high reliability are the two major advantages of this new engine.
- Target models are 10L and 13L. Weichai expects the products will be launched in late 2020E or early 2021E.
- The ASP will be higher than the existing products.

## Linde Hydraulics (China)

- Revenue from Linde Hydraulics (China) reached RMB350mn in 9M20, up 40% YoY. In 3Q20, revenue surged 100% YoY.
- Currently, **XCMG (000425 CH)** and Shantui (山重建机) are the major customers. Linde is also increasing the sales to **Zoomlion (1157 HK, 000157 CH, BUY)**, **Lonking (3339 HK, SELL)** and **Liugong (000528 CH, NR)**.
- Low oil consumption and good shock absorption are the two major advantages of Linde's hydraulic products.
- Linde has been increasing the in-house production of components, which will help reduce cost in future.
- Linde is focusing on excavator at present. It is expected that Linde's hydraulic parts and engines will be installed for several thousand of excavators this year.
- Management expects strong growth in terms of volume and profit margin in 2021E.

## Fuel cell battery

- The latest policy released by MIIT is positive to the fuel cell battery industry development. Weichai expects rapid growth over the coming 3-5 years.
- Weichai has already sold fuel cell products for 200-300 units of commercial vehicles.
- Going forward, Weichai will launch fuel cell battery products for trucks. Trial operation is planned.

**Figure 6: Change in key assumptions**

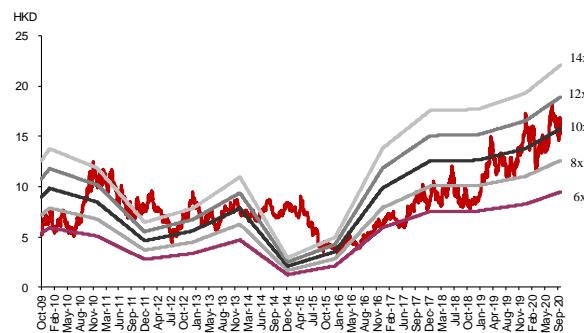
Change in key assumptions			2020E			2021E			2022E		
Sales volume (unit)	Old	New	Change	Old	New	Change	Old	New	Change	Old	New
Engine total	880,760	924,452	5.0%	935,597	969,828	3.7%	994,954	1,021,264	2.6%		
HDT (Shaanxi Heavy-duty Motor)	183,000	195,000	6.6%	178,000	178,000	0.0%	180,000	180,000	0.0%		
Gear box (Shaanxi Fast Gear Company)	1,100,000	1,180,000	7.3%	1,100,000	1,100,000	0.0%	1,130,000	1,130,000	0.0%		
(RMB mn)											
<b>Revenue</b>											
Diesel engines	58,747	61,661	5.0%	62,404	64,688	3.7%	66,363	68,118	2.6%		
Automobiles and major components	79,033	84,700	7.2%	78,725	78,725	0.0%	80,696	80,696	0.0%		
Forklift trucks & supply chain solution	61,803	64,490	4.3%	68,601	69,649	1.5%	72,031	73,132	1.5%		
Intersegment sales	(15,967)	(16,868)	5.6%	(15,730)	(15,980)	1.6%	(16,432)	(16,646)	1.3%		
<b>Total revenue</b>	183,616	193,983	5.6%	194,001	197,082	1.6%	202,659	205,300	1.3%		
<b>Segment profit</b>											
Diesel engines	8,812	9,249	5.0%	9,860	10,156	3.0%	10,485	10,695	2.0%		
Automobiles and major components	2,529	2,710	7.2%	2,834	2,834	0.0%	2,905	2,905	0.0%		
Forklift trucks & supply chain solution	1,978	2,064	4.3%	3,979	4,109	3.3%	4,178	4,315	3.3%		
Intersegment sales	(160)	(169)	5.6%	(157)	(160)	1.6%	(164)	(166)	1.3%		
<b>Total segment profit</b>	13,159	13,855	5.3%	16,516	16,940	2.6%	17,404	17,748	2.0%		
<b>Segment margin</b>											
Diesel engines	15.0%	15.0%	0.0	15.8%	15.7%	-0.1	15.8%	15.7%	-0.1		
Automobiles and major components	3.2%	3.2%	0.0	3.6%	3.6%	0.0	3.6%	3.6%	0.0		
Forklift trucks & supply chain solution	3.2%	3.2%	0.0	5.8%	5.9%	0.1	5.8%	5.9%	0.1		
<b>Average</b>	7.2%	7.1%	0.0	8.5%	8.6%	0.1	8.6%	8.6%	0.1		

Source: Company data, CMBIS estimates

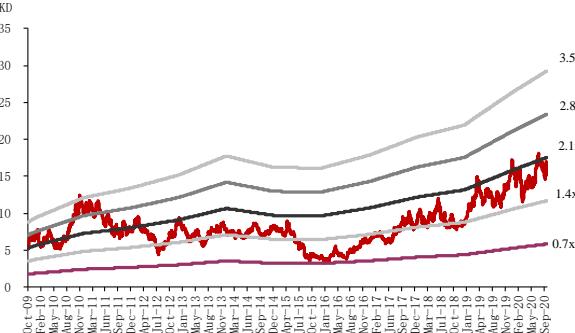
**Figure 7: SOTP valuation**

SOTP valuation	Valuation methodology	Target multiple (x)	EBITDA	Estimated EV	Net cash / (Net debt)	Equity value
			2021E (RMB mn)	(RMB mn)	(RMB mn)	(RMB mn)
Weichai core business	EV/EBITDA	6	15,415	92,489	21,189	113,678
KION Group	Proportionate market value	-	-	-	-	28,058
Share of JV/associates	PB	2.5	-	-	-	11,778
Minority interest (Weichai core business)						(11,527)
<b>Total NAV</b>						<b>141,987</b>
<b>NAV per share (RMB)</b>						<b>17.9</b>
<b>NAV per share (HK\$)</b>						<b>20.8</b>

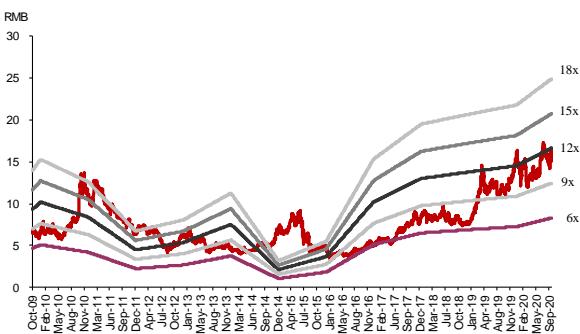
Source: Company data, CMBIS estimates

**Figure 8: Weichai Power-H P/E band**

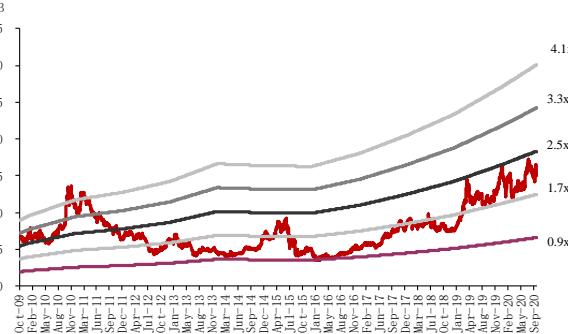
Source: Bloomberg, Company data, CMBIS estimates

**Figure 9: Weichai Power-H P/B band**

Source: Bloomberg, Company data, CMBIS estimates

**Figure 10: Wechai Power-A P/E band**

Source: Bloomberg, Company data, CMBIS estimates

**Figure 11: Weichai Power-A P/B band**

Source: Bloomberg, Company data, CMBIS estimates

**Risk factors:** (1) Unexpected slowdown of HDT and engine demand; (2) further downside risk on KION business; (3) risk of new business.

## Financial Summary

### Income statement

YE 31 Dec (RMB mn)	FY18A	FY19A	FY20E	FY21E	FY22E
<b>Revenue</b>	<b>159,256</b>	<b>174,361</b>	<b>193,983</b>	<b>197,082</b>	<b>205,300</b>
Cost of sales	(123,686)	(136,353)	(155,574)	(156,089)	(162,598)
<b>Gross profit</b>	<b>35,569</b>	<b>38,008</b>	<b>38,409</b>	<b>40,993</b>	<b>42,702</b>
Operating expenses	(21,757)	(23,586)	(23,692)	(23,178)	(24,077)
<b>EBIT</b>	<b>13,812</b>	<b>14,422</b>	<b>14,717</b>	<b>17,815</b>	<b>18,625</b>
Other expenses	(52)	(94)	(233)	(236)	(246)
Net finance cost	(75)	(220)	(34)	215	488
Finance income and others	1,060	1,067	1,264	1,487	1,742
Finance expenses	(1,135)	(1,288)	(1,299)	(1,272)	(1,255)
Profit of JV & associates	174	244	238	243	248
<b>Pretax profit</b>	<b>13,858</b>	<b>14,352</b>	<b>14,687</b>	<b>18,036</b>	<b>19,114</b>
Income tax	(2,233)	(2,445)	(2,277)	(2,976)	(3,154)
<b>After tax profit</b>	<b>11,626</b>	<b>11,907</b>	<b>12,411</b>	<b>15,060</b>	<b>15,960</b>
MI	(2,968)	(2,802)	(2,358)	(3,313)	(3,511)
<b>Net profit</b>	<b>8,658</b>	<b>9,105</b>	<b>10,053</b>	<b>11,747</b>	<b>12,449</b>
D&A	7,404	8,071	8,524	9,255	9,987
<b>EBITDA</b>	<b>21,216</b>	<b>22,493</b>	<b>23,240</b>	<b>27,070</b>	<b>28,612</b>

### Cash flow summary

YE 31 Dec (RMB mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Pretax profit	13,858	14,352	14,687	18,036	19,114
Finance cost			1,135	1,288	1,299
Interest income			(1,060)	(1,067)	(1,264)
Share of profit or loss of associates			(174)	(244)	(238)
Depreciation			5,321	6,188	6,598
Amortization of intangible assets			2,016	1,820	1,863
Income tax paid			(2,233)	(2,445)	(2,277)
Change in working capital			2,363	2,603	(952)
Others			1,035	1,341	1,327
<b>Cash flow from operation</b>	<b>22,262</b>	<b>23,835</b>	<b>21,043</b>	<b>25,875</b>	<b>26,178</b>
Net capex on PP&E			(1,952)	(6,335)	(9,000)
Investment in JV/associates			(1,655)	(243)	0
Investment in subsidiaries			0	0	0
Dividend received			181	135	143
Others			(3,754)	(1,947)	0
<b>Cash flow from investing</b>	<b>(7,181)</b>	<b>(8,391)</b>	<b>(8,857)</b>	<b>(9,354)</b>	<b>(9,351)</b>
Proceeds from equity financing			0	0	0
Net bank borrowings			635	1,137	(900)
Dividend paid			(4,039)	(4,851)	(2,269)
Interest paid			0	0	(1,299)
Others			(3,577)	(3,853)	0
<b>Cash flow from financing</b>	<b>(6,980)</b>	<b>(7,567)</b>	<b>(4,468)</b>	<b>(5,693)</b>	<b>(6,353)</b>
Change in cash			8,100	7,877	7,718
Cash at beginning of the year			34,222	38,210	48,818
Exchange gains/(losses) and others			(4,112)	2,731	0
Cash at the end of the year			38,210	48,818	56,535
					67,363
					77,836

### Balance sheet

YE 31 Dec (RMB mn)	FY18A	FY19A	FY20E	FY21E	FY22E
<b>Non-current assets</b>	<b>97,171</b>	<b>110,647</b>	<b>111,281</b>	<b>111,686</b>	<b>111,362</b>
PP&E	29,453	26,316	28,718	30,889	32,329
Investment in JV/associates	4,464	4,711	4,806	4,903	5,002
Goodwill	23,037	23,823	23,823	23,823	23,823
Long term receivables	6,483	8,448	8,448	8,448	8,448
Intangible assets	23,299	23,436	21,573	19,710	17,847
Others	10,434	23,914	23,914	23,914	23,914
<b>Current assets</b>	<b>108,105</b>	<b>126,185</b>	<b>138,869</b>	<b>145,283</b>	<b>163,535</b>
Prepayments	1,109	997	934	871	808
Inventories	20,674	24,718	26,430	24,887	28,570
Trade receivables	13,155	14,285	17,602	14,795	18,953
Notes receivables	24,993	26,458	26,458	26,458	26,458
Others	9,964	10,910	10,910	10,910	10,910
Cash	38,210	48,818	56,535	67,363	77,836
<b>Current liabilities</b>	<b>88,617</b>	<b>105,877</b>	<b>110,054</b>	<b>106,333</b>	<b>113,499</b>
Trade and bills payables	30,869	36,749	40,826	37,005	44,071
Notes payable	15,925	22,446	22,446	22,446	22,446
Bank borrowings	12,371	15,013	15,113	15,213	15,313
Others	29,451	31,669	31,669	31,669	31,669
<b>Non-current liabilities</b>	<b>54,400</b>	<b>61,180</b>	<b>60,180</b>	<b>59,680</b>	<b>59,180</b>
Bank borrowings	23,174	21,669	20,669	20,169	19,669
Long term payables	19,475	16,325	16,325	16,325	16,325
Others	11,751	23,186	23,186	23,186	23,186
<b>Equity</b>	<b>62,259</b>	<b>69,775</b>	<b>79,916</b>	<b>90,956</b>	<b>102,217</b>
Shareholders' equity	39,314	45,224	53,008	60,733	68,484
MI	22,946	24,551	26,909	30,222	33,733

### Key ratios

YE 31 Dec	FY18A	FY19A	FY20E	FY21E	FY22E
<b>Sales mix (%)</b>					
Diesel engines	28.2	28.7	31.8	32.8	33.2
Automobiles and major components	42.0	41.0	43.7	39.9	39.3
Forklift trucks & supply chain solution	38.0	38.5	33.2	35.3	35.6
Intersegment sales	(8.2)	(8.2)	(8.7)	(8.1)	(8.1)
Total	100.0	100.0	100.0	100.0	100.0
<b>Profit &amp; loss ratio (%)</b>					
Gross margin	22.3	21.8	19.8	20.8	20.8
EBIT margin	8.7	8.3	7.6	9.0	9.1
After tax profit margin	7.3	6.8	6.4	7.6	7.8
<b>Growth (%)</b>					
Revenue	5.1	9.5	11.3	1.6	4.2
Gross profit	7.5	6.9	1.1	6.7	4.2
EBIT	23.4	4.4	2.0	21.1	4.5
Net profit	27.2	5.2	10.4	16.9	6.0
<b>Balance sheet ratio</b>					
Current ratio (x)	1.2	1.2	1.3	1.4	1.4
Receivable turnover days	31	29	30	30	30
Inventory turnover days	60	61	60	60	60
Payable turnover days	91	91	91	91	91
Net debt / total equity (%)					
Net cash					
Net cash					
Net cash					
Net cash					
<b>Profitability (%)</b>					
ROA	5.9	5.4	5.1	5.9	6.0
ROE	23.2	21.5	20.5	20.7	19.3
<b>Per share data</b>					
EPS (RMB)	1.08	1.15	1.27	1.48	1.57
BVPS (RMB)	4.96	5.70	6.68	7.65	8.63
DPS (RMB)	0.46	0.29	0.51	0.59	0.63

Source: Company data, CMBIS estimates

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