

## Company Report

### TAL (TAL US)

#### 3QFY23 margin beat on cost control; Upgrade to BUY

- TAL 3QFY23 (Nov Q) revenue -21% qoq to USD233mn, 1.5% above consensus, NG OP beat on prudent expenses control
- Sustainable business model reaffirmed; Company aims to balance growth and profitability with continued product investment
- Upgrade to BUY after recent pull back as we see positive outlook on TAL's long term competitiveness; TP maintain at USD9.4

#### 3QFY23 margin beat on efficiency push

3QFY23 (Nov Q) revenue -21% qoq to USD233mn, 1.5% above consensus. NG OP recorded USD5mn loss due to: 1) GPM was 55.8%, lower than expected due to Nov Q is usually a light season and number of learning center grew single digit; 2) Partly offset by operating expense control. We note total operating expenses -7% qoq, overall driving NG OP beat consensus forecast of USD10mn loss. If excluding other expenses of USD32mn (FX changes and fair value loss on equity investment), core NP was USD9mn, beat 15%. Liquidity remains solid at USD3.3bn.

#### Sustainable growth model reaffirmed

**Learning services:** accounting for c.66% of total revenue, and including STEAM, senior high, and overseas business. TAL has gradually started to add learning centers as its business model stabilized, around single-digit per quarter, after massive cut during 2021 restructuring. 3QFY23 segment revenue recorded qoq decrease given seasonality. Mgmt. highlighted positive operating margin for this segment and expects STEAM to grow faster than senior high business, while overseas business to maintain triple-digit growth though currently at small scale. **Content solution:** accounting for c.20% of total revenue, and including smart books and devices products. Mgmt. expects this segment to have double-digit growth driven by continued rolling out of new products. This segment is currently in loss. Mgmt. plans to continue to invest on content, technology, channel and supply chain, and expect a better margin as new product gradually ramping up. **Technology solution:** accounting for c.10% of total revenue. TAL provides toB services to both private and public schools. Mgmt. highlighted double digit operating margin and expect a stable growth for this segment. Going forward, we forecast TAL FY24/25E revenue to grow +23%/+17% yoy.

#### Upgrade to BUY: TP maintained at USD9.4

We maintained our FY23/24/25E revenue forecast largely unchanged, and revised up our NG Core NPM +3.8ppt/0.6ppt/0.2ppt to reflect better margin outlook. We maintained our bull-case SOTP-TP at USD9.4, which assumes 15% long term sustainable NPM at 15x P/E, and net cash accounts for 54% of valuation. TP implies 40x/33x FY23/24E P/E. **Key risk:** 1) Regulation; 2) Competition.

#### Financials

Year ended 28/29 Feb (USD mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	4,496	4,391	1,001	1,231	1,446
yoy	37%	-2%	-77%	23%	17%
Gross profit	2,447	2,188	580	714	867
Non-GAAP OP	-233	-440	21	31	58
Non-GAAP core NI	80	-197	58	61	93
yoy	-72%	n.a.	n.a.	4%	53%
Non-GAAP core EPADS (USD)	0.13	-0.31	0.09	0.09	0.14
P/E (x)	63.0	n.a.	87.1	83.4	54.3
ROE	2%	-4%	1%	1.6%	2%

Sources: Company data, CMS (HK) estimates; share price as of Jan 19, 2023

Tommy WONG +852 3189 6634  
tommywong@cmschina.com.hk  
Kaia ZHANG +852 3189 6176  
kaiazhang@cmschina.com.hk

Crystal LI, CFA +852 3189 6122  
crystalli@cmschina.com.hk

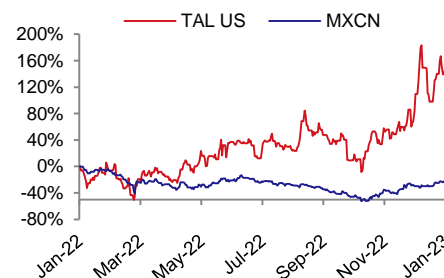
#### WHAT'S NEW

3QFY23 results briefing;  
Earnings/rating changes

#### BUY

Previous	HOLD
Price (Jan 19, 2023)	USD7.8
12-month Target Price (Potential up/downside)	USD9.4 (+21%)
Previous	USD9.4

#### Price Performance



Source: Bloomberg

%	1m	6m	12m
TAL US	(15.4)	59.0	133.2
MXCN	11.3	(3.2)	(24.2)

#### Sector: Education

Hang Seng Index (Jan 19, 2023)	21,651
HSCEI (Jan 19, 2023)	7,313

#### Key Data

52-week range (USD)	1.6 - 10.45
Market cap (USD mn)	5,055
Avg. daily volume (mn)	9.94
BVPS (HKD)	45.78

#### Shareholding Structure

ZHANG Bangxin	26.3%
Others	4.1%
No. of shares outstanding (mn)	501
Free float	69.6%

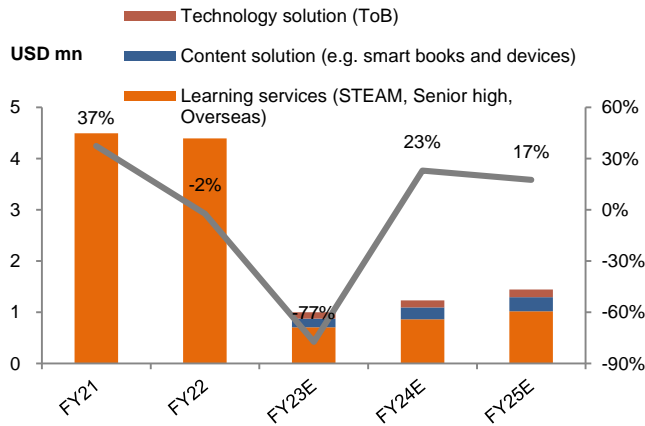
Sources: Company data, Bloomberg

#### Related Research

- TAL (TAL US) - Positive outlook priced in, down to HOLD (HOLD) (Dec 23, 2022)
- TAL (TAL US) - Solid beat, improved profit growth outlook (BUY) (Oct 30, 2022)
- TAL (TAL US) - Entry into live commerce provides another optionality (BUY) (Oct 14, 2022)
- TAL (TAL US) - Fast 4Q21 driven by online boost (HOLD) (Apr 23, 2021)

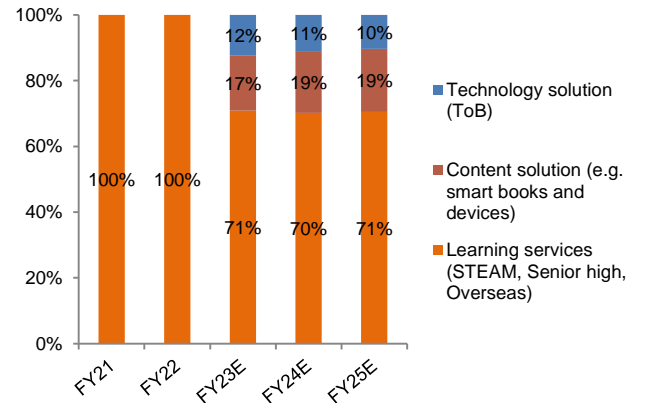
Focus charts

Figure 1: Revenue by segment



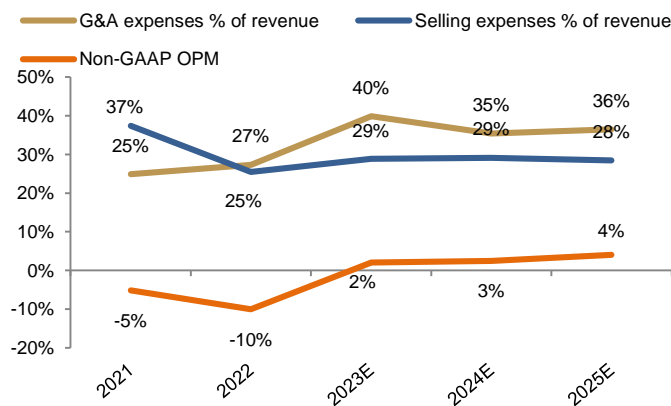
Sources: Company data, CMS (HK) estimates

Figure 2: Learning services segment remain as the cornerstone of TAL's business



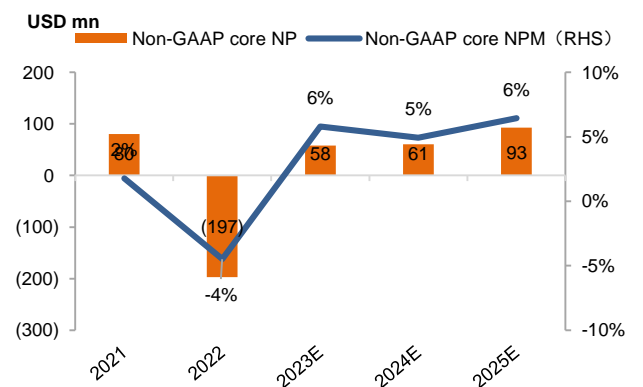
Sources: Company data, CMS (HK) estimates

Figure 3: SG&A expenses as of revenue and Non-GAAP OPM



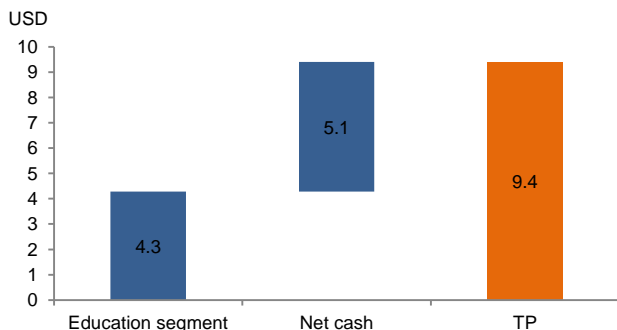
Sources: Company data, CMS (HK) estimates

Figure 4: Non-GAAP core NP and NPM: we expect TAL to turn profit in FY23E



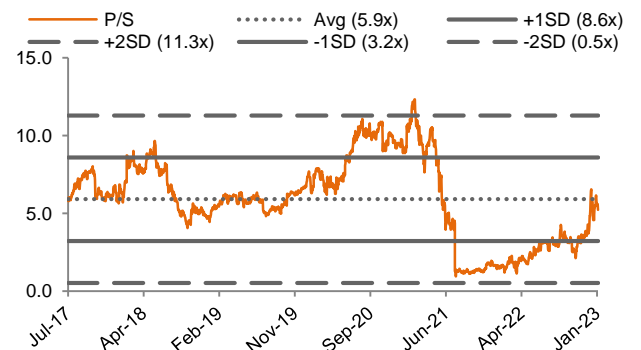
Sources: Company data, CMS (HK) estimates

Figure 5: TAL's SOTP TP



Sources: Company data, CMS (HK) estimates

Figure 6: P/S range



Sources: Bloomberg, Company data, CMS (HK) estimates

Figure 7: TAL's 3QFY23 results vs. CMS forecast and Bloomberg consensus

USD mn	3Q22	4Q22	1Q23	2Q23	3Q23	2Q23	3Q23	3Q23	CMS Forecast		Bloomberg Consensus	
	30-Nov	28-Feb	31-May	31-Aug	30-Nov	yoy	yoy	qoq	3Q23E	Diff	3Q23E	Diff
<b>As of</b>												
Revenue	1,021	541	224	294	233	-79.6%	-77.2%	-20.9%	230	1.1%	229	1.5%
Gross profit	501	343	135	177	130	-69.0%	-74.1%	-26.7%	138	-6.1%	132	-1.7%
OP - as reported	-108	0.64	-28	15	-33	n.a.	-69.7%	n.a.	-62	-46.6%	-10	234.8%
NP - as reported	-99	-108	-44	-1	-52	-99.9%	-48.1%	6453.9%	-45	14.0%	-8	562.1%
Non-GAAP OP	-68	1	-2	42	-5	n.a.	-93.3%	n.a.	-36	-87.3%	-10	-53.8%
Non-GAAP NP	-59	-108	-17	27	-23	n.a.	-60.3%	n.a.	-19	19.5%	8	n.a.
Non-GAAP Core NP	-22	23	9	49	9	n.a.	n.a.	-81.8%	-19	n.a.	8	14.9%
<b>SG&amp;A</b>												
Selling and marketing	274	103	60	78	70	-74.8%	-74.3%	-9.8%	78	-10.0%		
G&A	300	212	111	97	93	-72.7%	-69.0%	-4.4%	126	-26.4%		
<b>% as of revenue</b>												
Selling and marketing	26.8%	19.1%	26.8%	26.6%	30.3%	5.1 ppt	3.5 ppt	3.7 ppt	34.0%	-11.0%		
G&A	29.4%	39.2%	49.7%	33.1%	40.0%	8.4 ppt	10.6 ppt	6.9 ppt	54.9%	-27.2%		
<b>Deferred revenue - current</b>	539	188	227	188	270							
<b>Total liquidity</b>	3,947	3,464	3,424	3,294	3,338							
<b>Margins:</b>												
GPM	49.1%	63.4%	60.5%	60.2%	55.8%	20.6 ppt	6.6 ppt	-4.4 ppt	60.0%	-4.2 ppt	57.6%	-1.8 ppt
OPM	-10.6%	0.1%	-12.6%	5.1%	-14.1%	31.4 ppt	-3.5 ppt	-19.2 ppt	-26.7%	12.6 ppt	-4.3%	-9.8 ppt
NPM	-9.7%	-20.0%	-19.6%	-0.3%	-22.2%	57 ppt	-12.4 ppt	-21.9 ppt	-19.7%	-2.5 ppt	-3.4%	-18.8 ppt
Non-GAAP OPM	-6.6%	0.1%	-0.8%	14.4%	-2.0%	36.1 ppt	4.7 ppt	-16.3 ppt	-15.5%	13.6 ppt	-4.3%	2.3 ppt
Non-GAAP NPM	-5.7%	-20.0%	-7.7%	9.1%	-10.0%	61.7 ppt	-4.3 ppt	-19 ppt	-8.4%	-1.5 ppt	3.4%	-13.4 ppt
Non-GAAP core NPM	-2.1%	4.3%	4.2%	16.8%	3.9%	36.7 ppt	6 ppt	-12.9 ppt	-8.4%	12.3 ppt	3.4%	0.5 ppt

Sources: Company data, Bloomberg consensus, CMS (HK) estimates

Figure 8: TAL's earnings revision

USD mn	FY23E			FY24E			FY25E		
	Previous	Revised	change	Previous	Revised	change	Previous	Revised	change
Revenue	990	1,001	1.1%	1,227	1,231	0.3%	1,442	1,446	0.2%
Gross profit	596	580	-2.6%	736	714	-3.1%	865	867	0.2%
Non - GAAP OP	(31)	21	n.a.	15	31	111.7%	56	58	4.1%
Non-GAAP Net income	(30)	(24)	-21.2%	53	61	14.6%	90	93	3.1%
Non-GAAP Core NI	19	58	199.5%	53	61	14.6%	90	93	3.1%
GPM	60.2%	57.9%	-2.2 ppt	60.0%	58.0%	-2 ppt	60.0%	60.0%	0 ppt
Non-GAAP OPM	-3.2%	2.0%	5.2 ppt	1.2%	2.5%	1.3 ppt	3.9%	4.0%	0.1 ppt
Non-GAAP NPM	-3.0%	-2.4%	0.7 ppt	4.3%	4.9%	0.6 ppt	6.3%	6.4%	0.2 ppt
Non-GAAP Core NPM	2.0%	5.8%	3.8 ppt	4.3%	4.9%	0.6 ppt	6.3%	6.4%	0.2 ppt

Sources: Company data, CMS (HK) estimates

Figure 9: TAL's SOTP valuation

USD mn	Base case	Bull case*	
<b>Education segment</b>			
FY24E core NP	61	185	
Target P/E (x)	20	15	
<b>Education segment target value</b>	<b>1,212</b>	<b>2,769</b>	(a)
<b>2Q23 Net cash</b>	<b>3,294</b>	<b>3,294</b>	(b)
<b>Total value (a+b)</b>	<b>4,507</b>	<b>6,064</b>	
Shares outstanding (mn)	644	644	
<b>Target price (USD)</b>	<b>7.0</b>	<b>9.4</b>	
<b>TP implied multiples</b>	<b>FY23E</b>	<b>FY24E</b>	
Implied P/E (x)	40.4	32.8	
Implied P/S (x)	6.1	4.9	
Education segment		46%	
Net cash		54%	

Sources: Company data, CMS (HK) estimates; \*Bull case based on 15% long term NPM assumption

Figure 10: Tutoring sector peers comparison

Company	CN name	Ticker	Price (local currency)	CMS		Mkt cap (USDm)	3-mth avg t/o (Loc\$m)	P/E (x)		PEG*	P/S (x)		PSG*	Sales CAGR (%) 2023-2025 CAGR	EPS CAGR (%) 2023-2025 CAGR	
				Rating	TP(Local currency)			Up/(Dn) side (%)	FY23E		FY24E	FY24E				FY23
HSI			21,651					9.4	8.1	n.a.	0.9	0.8	n.a.	n.a.	n.a.	
HSCEI			7,313					8.0	6.6	n.a.	0.7	0.6	n.a.	n.a.	n.a.	
<b>Offline tutoring - China</b>																
NEW ORIENTAL	新东方	EDU US 9901 HK	44.7 33.2	BUY	59.0 46.0	32.0 38.6	7,595	85.5	41.3	27.6	n.a.	2.7	2.3	0.2	13.2	n.a.
TAL	好未来	TAL US	7.8	BUY	9.4	20.7	5,055	70.1	87.1	83.4	n.a.	5.0	4.1	0.2	20.2	n.a.
OFFCN	中公教育	002607 CH	5.8	NR	n.a.	n.a.	5,307	835.7	54.5	38.1	n.a.	4.5	4.0	n.a.	n.a.	n.a.
EAST	东方	667 HK	5.9	NR	n.a.	n.a.	1,653	38.0	20.1	17.2	n.a.	2.4	2.1	n.a.	n.a.	n.a.
ONLY	昂立	600661 CH	10.4	NR	n.a.	n.a.	440	157.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
SCHOLAR	思考乐	1769 HK	1.5	NR	n.a.	n.a.	106	20.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
BESTSTUDY	卓越	3978 HK	0.9	NR	n.a.	n.a.	95	0.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Online tutoring - China</b>																
KOOLEARN	新东方在线	1797 HK	66.7	HOLD	UR	n.a.	8,578	722.3	44.8	35.6	0.08	12.1	9.8	0.53	18.6	445.6
GAOTU	高途	GOTU US	3.8	BUY	4.3	13.8	972	15.5	24.4	15.1	0.09	2.2	1.8	0.10	18.5	172.6
YOUDAO	有道	DAO US	8.3	NR	n.a.	n.a.	1,048	1.2	n.a.	48.9	n.a.	1.2	1.0	n.a.	n.a.	n.a.
SUNLAND	尚德机构	STG US	10.7	NR	n.a.	n.a.	148	0.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
51 TALK	51 Talk	COE US	6.1	NR	n.a.	n.a.	34	0.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Education (US listed Non-China)</b>																
PEARSON		PSO US	11.6	NR	n.a.	n.a.	8,317	4.2	17.2	15.7	n.a.	1.8	1.7	n.a.	n.a.	n.a.
GRAND		LOPE US	110.0	NR	n.a.	n.a.	3,426	25.0	18.6	16.6	n.a.	3.7	3.5	n.a.	n.a.	n.a.
GRAHAM		GHC US	605.1	NR	n.a.	n.a.	2,906	12.8	12.3	8.5	n.a.	0.8	0.7	n.a.	n.a.	n.a.
STRATEGIC		STRA US	86.7	NR	n.a.	n.a.	2,120	8.8	26.8	24.8	n.a.	2.0	1.9	n.a.	n.a.	n.a.
ADTALEM		ATGE US	36.7	NR	n.a.	n.a.	1,666	13.0	16.7	10.8	2.1	1.2	1.2	0.2	4.8	5.2
LAUREATE		LAUR US	10.3	NR	n.a.	n.a.	1,614	18.2	10.7	8.5	n.a.	1.2	1.2	n.a.	n.a.	n.a.
K12		LRN US	31.9	NR	n.a.	n.a.	1,371	18.7	15.2	11.3	0.3	0.8	0.7	0.1	10.9	34.5
<b>Average - Offline tutoring - China</b>								<b>40.6</b>	<b>33.3</b>	<b>n.a.</b>	<b>2.9</b>	<b>2.5</b>	<b>0.2</b>	<b>11.1</b>	<b>0.0</b>	
<b>Average - Online tutoring - China</b>								<b>34.6</b>	<b>33.2</b>	<b>0.08</b>	<b>5.2</b>	<b>4.2</b>	<b>0.31</b>	<b>18.6</b>	<b>309.1</b>	
<b>Average - Tutoring - Non-China</b>								<b>16.8</b>	<b>13.7</b>	<b>1.2</b>	<b>1.6</b>	<b>1.6</b>	<b>0.2</b>	<b>7.8</b>	<b>19.8</b>	
<b>Average (all)</b>								<b>27.8</b>	<b>24.1</b>	<b>0.6</b>	<b>2.8</b>	<b>2.4</b>	<b>0.2</b>	<b>12.3</b>	<b>131.6</b>	

Sources: Bloomberg, Company data, CMS (HK) estimates; share price as of Jan 19, 2023. Note: All information of Non-rated stocks was sourced from Bloomberg.

\*PEG was calculated based on FY24E P/E and FY23-25E EPS CAGR and PSG was calculated based on FY24E P/S and FY23-25E revenue CAGR.

## Financial Summary

### Balance Sheet

(USD mn)	FY21	FY22	FY23E	FY24E	FY25E
Year ended	28 Feb	28 Feb	28 Feb	29 Feb	28 Feb
Plant, property, equipment	511	281	306	356	416
Intangible assets & Goodwill	520	2	2	2	2
LT investment	668	414	435	457	480
Other L/T assets	1,588	341	794	833	875
<b>Non-current assets</b>	<b>3,288</b>	<b>1,039</b>	<b>1,536</b>	<b>1,648</b>	<b>1,772</b>
Cash & Equivalent	3,243	1,638	1,266	1,155	1,044
Restricted cash & Term deposits	1,759	756	756	756	756
Short term investments	2,695	1,071	1,231	1,231	1,231
Accounts & Receivables	3	1	1	1	1
Inventories	39	22	12	14	16
Other current assets	419	142	149	157	165
<b>Current assets</b>	<b>8,157</b>	<b>3,629</b>	<b>3,414</b>	<b>3,314</b>	<b>3,212</b>
<b>Total assets</b>	<b>12,112</b>	<b>5,083</b>	<b>4,951</b>	<b>4,962</b>	<b>4,985</b>
ST Debt	270	0	0	0	0
Accounts & Notes payable	354	90	43	52	58
Contract liabilities	1,387	188	139	150	159
Other current liabilities	1,363	625	656	689	724
<b>Current liabilities</b>	<b>3,374</b>	<b>903</b>	<b>838</b>	<b>891</b>	<b>941</b>
LT Debt	0	0	0	0	0
CB	2,300	0	0	0	0
Other non-current liability	3,534	178	187	196	206
<b>Non-current liabilities</b>	<b>3,534</b>	<b>178</b>	<b>187</b>	<b>196</b>	<b>206</b>
<b>Total liabilities</b>	<b>6,908</b>	<b>1,080</b>	<b>1,025</b>	<b>1,087</b>	<b>1,146</b>
<b>Total net assets</b>	<b>5,205</b>	<b>4,002</b>	<b>3,926</b>	<b>3,875</b>	<b>3,838</b>
Share capital	0	0	0	0	0
Reserves	5,203	4,030	3,926	3,875	3,838
<b>Shareholder's equity</b>	<b>5,204</b>	<b>4,030</b>	<b>3,926</b>	<b>3,875</b>	<b>3,838</b>
Non-controlling interest	1	-28	0	0	0
<b>Total Equity</b>	<b>5,205</b>	<b>4,002</b>	<b>3,926</b>	<b>3,875</b>	<b>3,838</b>
Total debts	270	0	0	0	0
<b>Net cash/(debts)*</b>	<b>7,426</b>	<b>3,464</b>	<b>3,253</b>	<b>3,142</b>	<b>3,031</b>

### Cashflow Statement

(USD mn)	FY21	FY22	FY23E	FY24E	FY25E
Year ended	28 Feb	28 Feb	28 Feb	29 Feb	28 Feb
Pretax Income	-116	-1,136	-131	-51	-36
Dep. & Amort.	161	185	113	89	82
Chg in working cap	224	-245	-37	7	4
Others	686	257	-24	36	35
<b>Net cash from operations</b>	<b>955</b>	<b>-939</b>	<b>-79</b>	<b>80</b>	<b>85</b>
CAPEX	-244	-220	-123	-125	-127
Acquisition	-12	0	0	0	0
Investment	-4,283	3,385	-196	-36	-38
Others	1,897	-1,797	-38	-40	-42
<b>Net cash from investments</b>	<b>-2,641</b>	<b>1,369</b>	<b>-357</b>	<b>-201</b>	<b>-206</b>
Dividend paid	0	0	0	0	0
Shares issued (cancelled)	2,508	1	26	0	0
Debt issued (repaid)	0	0	0	0	0
Others	2,287	-2,768	37	9	10
<b>Net cash from financing</b>	<b>4,795</b>	<b>-2,767</b>	<b>63</b>	<b>9</b>	<b>10</b>
Exchange impact	-5	1	0	0	0
<b>Net change in cash</b>	<b>3,103</b>	<b>-2,336</b>	<b>-372</b>	<b>-111</b>	<b>-111</b>
Opening cash	1,915	5,018	2,682	2,309	2,198
Restrict cash	1,775	1,044	1,044	1,044	1,044
<b>Closing cash</b>	<b>3,243</b>	<b>1,638</b>	<b>1,266</b>	<b>1,155</b>	<b>1,044</b>

Sources: Company data, CMS (HK) estimates; share price as of Jan 19, 2023 \*Net cash includes bank balance, term deposits and ST investments

### Profit & Loss Statement

(USD mn)	FY21	FY22	FY23E	FY24E	FY25E
Year ended	28 Feb	28 Feb	28 Feb	29 Feb	28 Feb
<b>Revenue</b>	<b>4,496</b>	<b>4,391</b>	<b>1,001</b>	<b>1,231</b>	<b>1,446</b>
Cost of revenue	-2,049	-2,203	-421	-517	-578
<b>Gross profit</b>	<b>2,447</b>	<b>2,188</b>	<b>580</b>	<b>714</b>	<b>867</b>
Selling expense	-1,680	-1,118	-289	-359	-412
G&A expense	-1,117	-1,200	-399	-436	-527
Other gain/losses	-88	-484	22	0	0
<b>Operating profit - as reported</b>	<b>-438</b>	<b>-615</b>	<b>-86</b>	<b>-81</b>	<b>-71</b>
Net interest income	97	95	49	37	43
Other income and gains	116	-259	-82	0	0
<b>Pre-tax profit</b>	<b>-225</b>	<b>-778</b>	<b>-119</b>	<b>-44</b>	<b>-28</b>
Tax	70	-397	-12	-7	-9
<b>Profit after tax</b>	<b>-155</b>	<b>-1,175</b>	<b>-131</b>	<b>-51</b>	<b>-37</b>
Loss from equity method investments	12	11	1	0	0
Non-controlling interests	27	28	-1	0	0
<b>Net profit - as reported</b>	<b>-116</b>	<b>-1,136</b>	<b>-131</b>	<b>-51</b>	<b>-36</b>
<b>Non-GAAP adjustment</b>					
<b>Non - GAAP OP</b>	<b>-233</b>	<b>-440</b>	<b>21</b>	<b>31</b>	<b>58</b>
<b>Non-GAAP Net income</b>	<b>89</b>	<b>-961</b>	<b>-24</b>	<b>61</b>	<b>93</b>
<b>Non-GAAP Core NI</b>	<b>80</b>	<b>-197</b>	<b>58</b>	<b>61</b>	<b>93</b>
<b>Non-GAAP EPADS (USD)</b>	<b>0.15</b>	<b>-1.49</b>	<b>-0.04</b>	<b>0.09</b>	<b>0.14</b>
<b>Non-GAAP Core EPADS (USD)</b>	<b>0.13</b>	<b>-0.31</b>	<b>0.09</b>	<b>0.09</b>	<b>0.14</b>

### Financial ratios

	FY21	FY22	FY23E	FY24E	FY25E
Year ended	28 Feb	28 Feb	28 Feb	29 Feb	28 Feb
<b>yoy (%)</b>					
Revenue	37.3	-2.3	-77.2	23.0	17.5
Gross Profit	35.6	-10.6	-73.5	23.1	21.5
Operating profit - as reported	n.a.	40.2	-85.9	-6.2	-12.0
Net profit - as reported	5.3	879.5	-88.5	-60.8	-28.8
Non-GAAP OP	n.a.	88.5	n.a.	50.1	89.2
Non-GAAP NI	1,048.1	n.a.	-97.5	n.a.	53.5
Non-GAAP Core NI	-72.0	n.a.	n.a.	4.5	53.5
<b>Margins (%)</b>					
Gross margin	54.4	49.8	57.9	58.0	60.0
OPM - as reported	-9.7	-14.0	-8.6	-6.6	-4.9
NPM - as reported	0.6	0.6	-0.1	0.0	0.0
OPM - Non-GAAP	-5.2	-10.0	2.0	2.5	4.0
NPM - Non GAAP	2.0	-21.9	-2.4	4.9	6.4
Core NPM - Non GAAP	1.8	-4.5	5.8	4.9	6.4
<b>Effective tax rate (%)</b>	<b>31.1</b>	<b>-51.0</b>	<b>-9.7</b>	<b>-16.5</b>	<b>n.a.</b>
Current ratio (x)	2.4	4.0	4.1	3.7	3.4
Net cash/equity (%)	142.7	86.6	82.8	81.1	0.8
<b>Returns (%)</b>					
Asset turnover (x)	0.5	0.5	0.2	0.2	0.3
Financial leverage (x)	2.3	1.9	1.3	1.3	1.3
EBIT margin (%)	-9.7	-14.0	-8.6	-6.6	-4.9
Interest burden (x)	0.5	1.3	1.4	0.5	0.4
Tax burden (x)	-0.4	0.3	-0.5	-1.4	-3.3
<b>ROE (%)</b>	<b>2.1</b>	<b>-4.3</b>	<b>1.5</b>	<b>1.6</b>	<b>2.4</b>
<b>P/E (x)</b>	<b>63.0</b>	<b>n.a.</b>	<b>87.1</b>	<b>83.4</b>	<b>54.3</b>
<b>P/S (x)</b>	<b>1.1</b>	<b>1.2</b>	<b>5.0</b>	<b>4.1</b>	<b>3.5</b>

## Investment Ratings

Industry Rating	Definition
OVERWEIGHT	Expect sector to outperform the market over the next 12 months
NEUTRAL	Expect sector to perform in-line with the market over the next 12 months
UNDERWEIGHT	Expect sector to underperform the market over the next 12 months

Company Rating	Definition
BUY	Expect stock to generate 10%+ return over the next 12 months
HOLD	Expect stock to generate +10% to -10% over the next 12 months
SELL	Expect stock to generate loss of 10%+ over the next 12 months

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### Hong Kong

China Merchants Securities (HK) Co., Ltd.  
Address: 48/F, One Exchange Square, Central, Hong Kong  
Tel: +852 3189 6888 Fax: +852 3101 0828