

# Company Report

## Koolearn (1797 HK)

### Deeper exploration on in-house product

- Dongfang Zhenxuan's travel channel shows good traction amid reopening and recovery; GMV should recover post CNY break
- Company continues to enhance in-house strategy with recent investment on Henan factory and overseas brand registration
- **HOLD**: Upbeat on Koolearn's diversification led growth and strengthening brand power as we await entry point

### We expect GMV to pick up after CNY break

According to Huitun data, Koolearn's Dongfang Zhenxuan (东方甄选, DFZX) Douyin channel total daily avg. GMV was RMB26.1mn in Feb mtd, recovered from Jan trough of RMB4.3mn during 7-day CNY, vs. Dec and Nov level of RMB32.7mn and RMB29.8mn respectively (Figure 1). Overall Jan avg. Daily GMV reached RMB24.9mn, despite the CNY break, which we think is a strong performance. During CNY holiday season, DFZX suspended outdoor special event (户外专场直播), which normally provides a sizable GMV boost. On the other hand, we noticed DFZX's new travel channel ("看世界") recorded blockbuster performance driven by reopening and consumption recovery, with Feb daily GMV reached RMB15mn in Yunnan event (看世界云南专场), similar to that of DFZX main channel. Looking ahead, DFZX main channel will also have Yunnan special event in mid or late Feb, according to Yunnan commercial department (link), which we believe can further boost total GMV. We forecast FY23E GMV to reach RMB10bn and +7% yoy in FY24E.

### In-house strategy reaffirmed to support long term growth

DFZX announced to invest RMB17.52mn on factory expansion in Henan for its in-house brand sausage product (link). DFZX will set up a JV with the producer and will hold 30% interest. DFZX estimated the annual productivity could reach 18k ton in 2023 and will continue to expand the capacity. DFZX has currently launched more than 60+ in-house brand products and the sausage product has highest sales. We believe the investment could help enhance DFZX's ability in in-house product development and supply chain. Moreover, we also noticed DFZX has applied "EastBuy" international brand (link). We believe these actions reaffirmed DFZX's in-house strategy and overseas ambition in the future by leveraging its brand and reinforced supply chain capabilities.

### Maintain HOLD and waiting for better entry window

Future upside should come from user repurchase and category/in-house product expansion, but we see limited near term upside in terms of valuation. Our TP at HKD59 unchanged based on bull-case SOTP valuation (Figure 12). Moreover, we also have a BUY for New Oriental (EDU US) on attractive valuation. New Oriental's stake value of Koolearn plus net cash has 28% premium to its current market value (Figure 13). **Key Risks:** 1) Regulation; 2) Competition; 3) Talent retention; 4) Reputation.

## Financials

Year ended 31 May (RMB mn)	FY21*	FY22	FY23E	FY24E	FY25E
Revenue	624	601	4,795	5,919	6,743
yoy	-42%	-4%	698%	23%	14%
Gross profit	435	391	2,274	2,733	3,082
Operating income (as reported)	-155	-158	1,396	1,762	2,100
Non-IFRS OP	83	18	1,588	1,999	2,370
Core net income	111	51	1,293	1,625	1,921
Core EPS (RMB)	0.12	0.05	1.22	1.53	1.81
P/E (x)	n.m.	n.m.	38.9	30.9	26.2
P/S (x)	80.6	83.7	10.5	8.5	7.5
ROE	-2%	6%	59%	47%	33%

Sources: Company data, CMS (HK) estimates; share price as of Feb 8, 2023. \*Restated.

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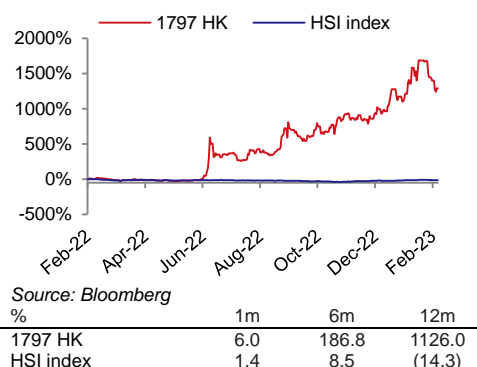
## WHAT'S NEW

Company update

## HOLD

Previous	HOLD
Price	HKD57.5
12-month Target Price (Potential up/downside)	HKD59.0 (+2.6%)
Previous	HKD59.0

### Price Performance



Sector: Education	
Hang Seng Index (Feb 8, 2023)	21,284
HSCEI (Feb 8, 2023)	7,189

Key Data	
52-week range (HKD)	2.84 - 75.55
Market cap (HKD mn)	58,250
Avg. daily volume (mn)	10.30
BVPS (RMB)	2.50

Shareholding Structure	
New Oriental	55.6%
Others	13.5%
No. of shares outstanding (mn)	1,002
% outstanding	30.9%

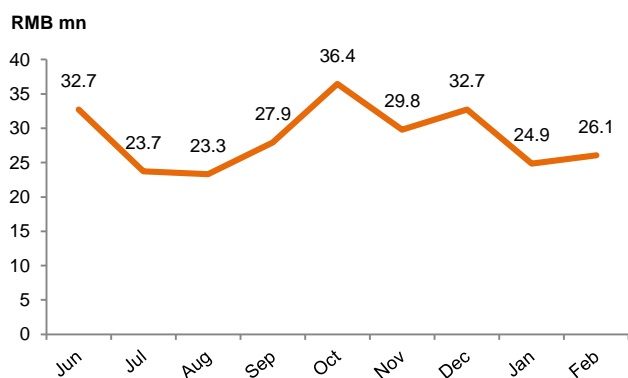
Sources: Company data, Bloomberg

### Related Research

1. Koolearn (1797 HK) - Category expansion brings more possibility (BUY) (Dec 13, 2022)
2. Koolearn (1797 HK) - New chapter begins as old one is finished (HOLD) (Aug 29, 2022)
3. Koolearn (1797 HK) - Looking forward to next growth phase (HOLD) (Aug 10, 2022)
4. New Oriental Education (EDU US) - A clean slate for a brighter new start (BUY) (Jul 28, 2022)

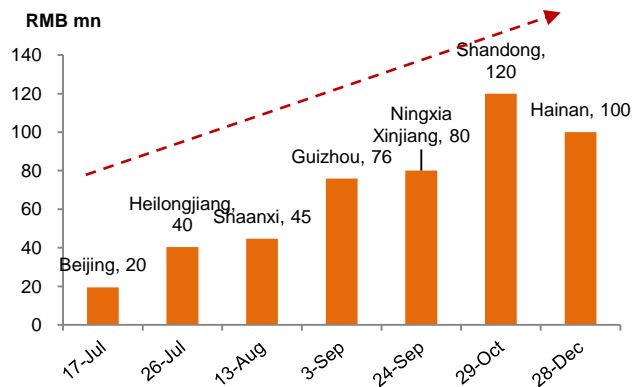
Focus charts

Figure 1: Dongfang Zhenxuan's average daily GMV performance by month



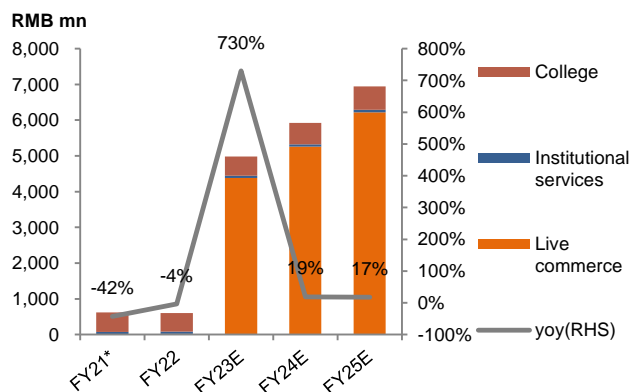
Sources: Company data, Huitun data, CMS (HK)

Figure 2: Dongfang Zhenxuan main channel's outdoor special event daily GMV performance



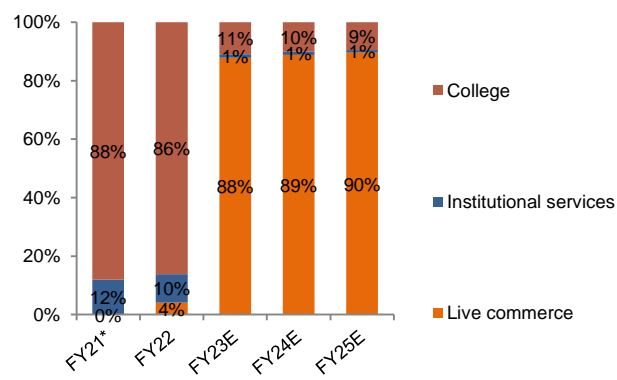
Sources: Company data, Huitun data, CMS (HK)

Figure 3: Koolearn's revenue forecast



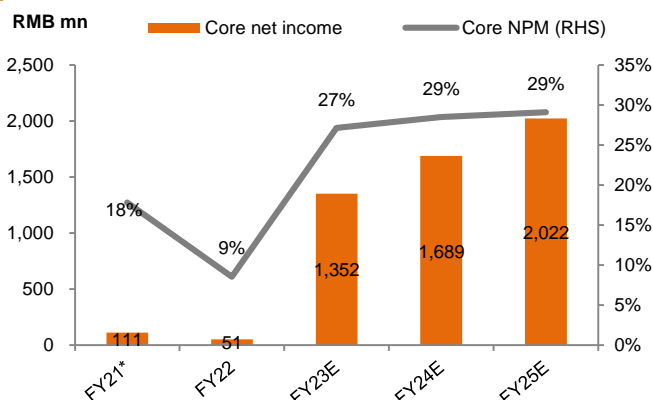
Sources: Company data, CMS (HK) estimates; \*Restated

Figure 4: Revenue by segment



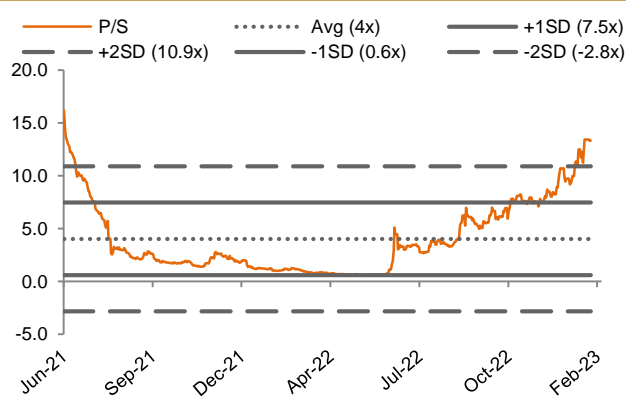
Sources: Company data, CMS (HK) estimates; \*Restated

Figure 5: Koolearn core net income forecast



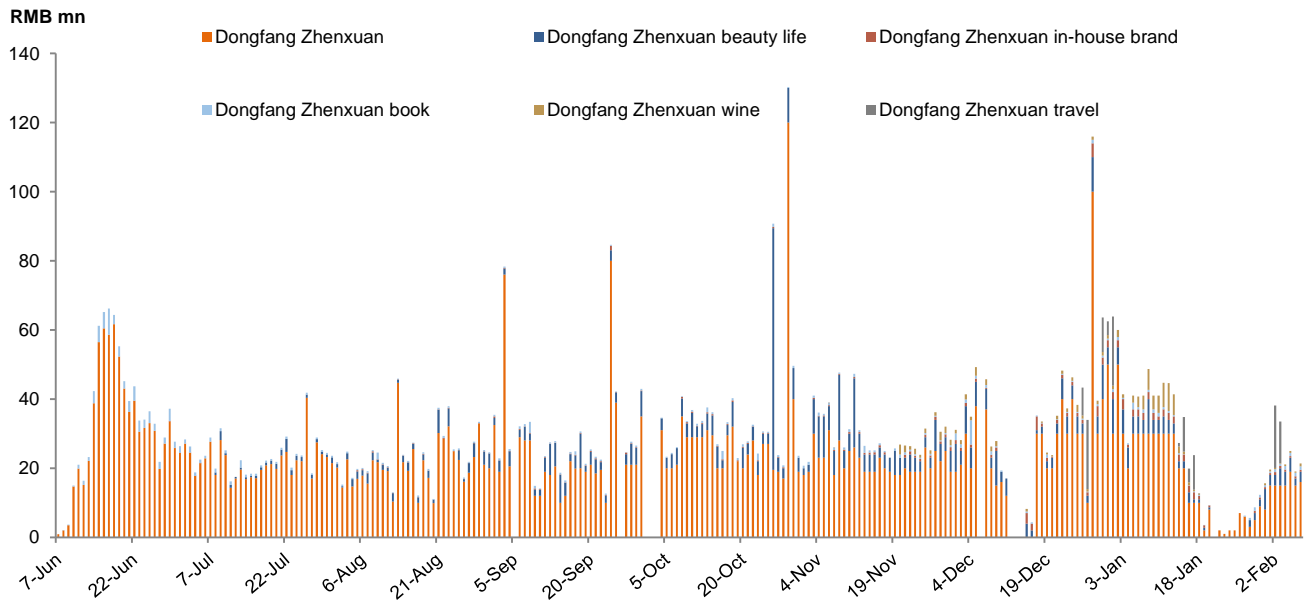
Sources: Company data, CMS (HK) estimates; \*Restated

Figure 6: Forward 12-mo P/S range



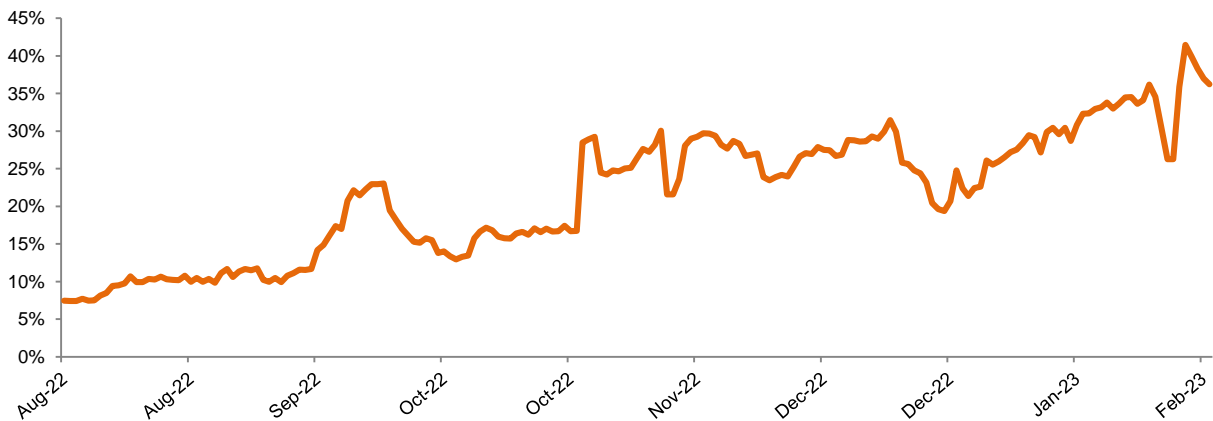
Sources: Bloomberg, Company data, CMS (HK) estimates

Figure 7: Daily GMV performance of 6 channels of Koolearn's Dongfang Zhenxuan



Sources: Company data, Huitun data, CMS (HK); data as of Feb. 7, 2023

Figure 8: Secondary channels GMV contribution to total GMV (2-weeks moving average): DFZX's growth has been contributed by primary channel steady increase and secondary channels GMV ramp (1 in June, now reached 5), replicating its successful formula.



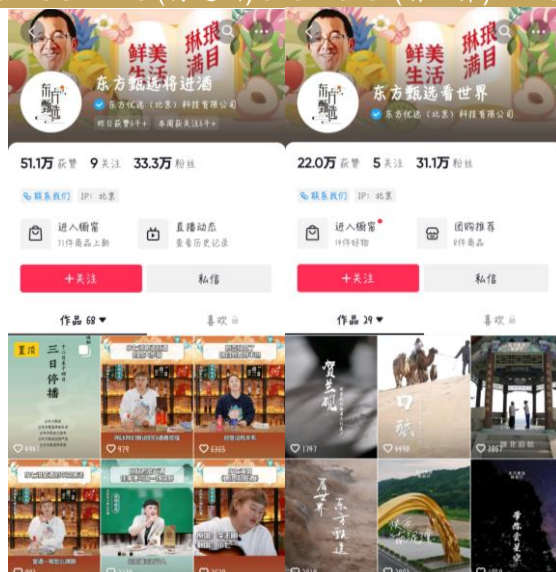
Sources: Company data, Huitun data, CMS (HK); data as of Feb. 7, 2023

Figure 9: Dongfang Zhenxuan in-house product top seller: sausages



Sources: Company data, Douyin, CMS (HK)

Figure 10: Dongfang Zhenxuan launched two new channels: Wine (将进酒) and Travel (看世界) in Nov



Sources: Company data, Douyin, CMS (HK)

Figure 11: Dongfang Zhenxuan diversified in-house brand product SKU

商品 (共有51个商品)	直播价	佣金	直播销量(估)	直播销售额
 首次上新: 2022-09-23	¥ 128/128	0%	20w+	3000w+
 首次上新: 2023-01-10	¥ 62.9/62.9	0%	9w+	600w+
 首次上新: 2022-12-21	¥ 268/268	0%	8w+	2000w+
 首次上新: 2022-10-26	¥ 49.9/49.9	0%	6w+	200w+
 首次上新: 2022-11-29	¥ 53.9/53.9	0%	4w+	200w+
 首次上新: 2022-09-01	¥ 109/109	0%	4w+	700w+
 首次上新: 2022-11-27	¥ 39.9/39.9	0%	4w+	100w+
 首次上新: 2022-09-03	¥ 98/98	0%	4w+	400w+

Sources: Company data, Huitun data, CMS (HK)

Figure 12: Koolearn's SOTP valuation

GMV scenario analysis (RMB mn)				
Next 12-mo	Bear	Base	TP basis	
			Bull	Blue sky
Daily GMV	15.0	29.0	35.0	60.0
Annual GMV	5,475	10,585	12,775	21,900
Core NP to GMV ratio	11.7%	11.7%	13.0%	15.0%
NP	641.3	1,239.8	1,660.8	3,285.0
Target P/E (x)	30.0	30.0	30.0	20.0
Live commerce target value	19,238	37,194	49,823	65,700

SOTP valuation				
RMB mn	Next 12-mo core NP	Target P/E (x)	Target valuation	Valuation mix
Live commerce	1,661	30	49,823	91%
Education	219	10	2,189	4%
Net cash (FY23E)			2,904	5%
<b>Total value</b>			<b>54,916</b>	
Share outstanding (mn)			1,063	
<b>Value per share (RMB)</b>			<b>51.7</b>	
FX (HKD: RMB)			1.15	
<b>Value per share (HKD)</b>	<b>26.0</b>	<b>46.0</b>	<b>59.0</b>	<b>77.0</b>

Base case implied multiples	FY22	FY23E	FY24E
	Implied P/E (x)	1,068.9	42.5
Implied P/S (x)	91.4	11.5	9.3

Bull case implied multiples	FY22	FY23E	FY24E
	Implied P/E (x)	1,068.9	29.6
Implied P/S (x)	91.4	9.4	7.6

Sources: Company data, CMS (HK) estimates

Figure 13: New Oriental's valuation, also back tested by our SOTP estimation

New Oriental SOTP valuation			
USD: HKD	7.82		
USD: CNY	6.77		
Koolearn + net cash		New Oriental education segments	
USD mn		USD mn	
Koolearn Target Value	8,073	FY24E Core NI	141
New Oriental stake % of Koolearn	55.6%	Target P/E (x) for education segment	10
<b>Koolearn stake value</b>	<b>4,488</b>	(a)	
New Oriental 2Q23 net cash	4,194	(b)	
<b>Subtotal</b>	<b>8,682</b>	<b>New Oriental education segment value</b>	<b>1,413</b>
		(c)	
New Oriental current market cap	6,770	<b>New Oriental SOTP (a+b+c)</b>	<b>10,095</b>
Premium over New Oriental current market cap	28%	Current market cap discount to SOTP value	-33%
Shares (mn)	170		
Implied value per share		TP implied multiples	
			FY23E FY24E
<b>New Oriental (EDU US, USD)</b>	<b>59</b>	Implied Group P/E (x)	54.9 36.7
<b>New Oriental - S (9901 HK, HKD)</b>	<b>46</b>	Implied Group P/S (x)	3.6 3.1

Sources: Company data, CMS (HK) estimates

Figure 14: New Oriental's education segment implied valuation estimation

USD: CNY				6.77
USD mn				
Koolearn Market Cap				7,405
New Oriental stake % of Koolearn				55.6%
New Oriental Koolearn stake value				4,117
<b>New Oriental market cap</b>				<b>6,770</b>
<b>New Oriental education segment mkt cap</b>				<b>2,653</b>
	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
New Oriental Group P/E (x)	n.a.	36.8	24.6	18.5
Koolearn P/E (x)	456	39	31	26
New Oriental Group P/S (x)	2.2	2.4	2.1	1.9
Koolearn P/S (x)	83.5	10.5	8.5	7.4
Group NI (USD mn)	-1,040	184	275	365
Koolearn NI (RMB mn)	110	1,293	1,625	1,921
New Oriental stake value of Koolearn NI (USD mn)	9	106	133	158
<b>New Oriental education segment NI (USD mn)</b>	<b>-1,049</b>	<b>78</b>	<b>141</b>	<b>208</b>
<b>New Oriental education segment implied P/E (x)</b>	<b>-2.5</b>	<b>34.2</b>	<b>18.8</b>	<b>12.8</b>
Group revenue (USD mn)	3,105	2,827	3,252	3,622
Koolearn revenue (RMB mn)	601	4,795	5,919	6,743
<b>New Oriental education segment revenue (USD mn)</b>	<b>3,017</b>	<b>2,119</b>	<b>2,378</b>	<b>2,626</b>
<b>New Oriental education segment implied P/S (x)</b>	<b>0.9</b>	<b>1.3</b>	<b>1.1</b>	<b>1.0</b>

Sources: Company data, CMS (HK) estimates

Figure 15: 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	FY23				FY24E
HSI			21,284					10.0	9.0	n.a.	1.4	1.3	n.a.	n.a.	n.a.	
HSCEI			7,189					8.6	7.7	n.a.	1.0	1.0	n.a.	n.a.	n.a.	
<b>Offline tutoring - China</b>																
NEW ORIENTAL	新东方	EDU US 9901 HK	39.8 32.0	BUY	59.0 46.0	48.1 44.0	6,770	93.2	36.8	24.6	n.a.	2.4	2.1	0.2	13.2	n.a.
TAL	好未来	TAL US	6.6	BUY	9.4	41.6	4,308	74.3	74.2	71.1	n.a.	4.3	3.5	0.2	20.2	n.a.
OFFCN	中公教育	002607 CH	5.8	NR	n.a.	n.a.	5,267	941.0	61.5	35.3	n.a.	4.7	4.1	n.a.	n.a.	n.a.
EAST	东方	667 HK	5.3	NR	n.a.	n.a.	1,474	42.2	17.9	15.6	n.a.	2.2	1.9	n.a.	n.a.	n.a.
ONLY	昂立	600661 CH	11.2	NR	n.a.	n.a.	473	181.2	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.	109	22.4	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.	93	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	57.5	HOLD	59.0	2.6	7,405	658.1	38.9	30.9	0.07	10.5	8.5	0.46	18.6	445.6
GAOTU	高途	GOTU US	3.3	BUY	4.3	30.3	855	19.5	21.6	13.4	0.08	2.0	1.6	0.09	18.5	172.6
YOUDAO	有道	DAO US	7.4	NR	n.a.	n.a.	932	1.3	n.a.	43.4	n.a.	1.1	0.9	n.a.	n.a.	n.a.
SUNLAND	尚德机构	STG US	13.7	NR	n.a.	n.a.	190	0.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
51 TALK	51 Talk	COE US	6.2	NR	n.a.	n.a.	35	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	10.9	NR	n.a.	n.a.	7,802	4.6	16.1	14.6	n.a.	1.7	1.6	n.a.	n.a.	n.a.
GRAND		LOPE US	113.5	NR	n.a.	n.a.	3,535	23.6	19.0	17.2	n.a.	3.8	3.6	n.a.	n.a.	n.a.
GRAHAM		GHC US	661.1	NR	n.a.	n.a.	3,174	13.0	13.5	9.3	n.a.	0.8	0.8	n.a.	n.a.	n.a.
STRATEGIC		STRA US	92.5	NR	n.a.	n.a.	2,262	10.1	28.6	26.4	n.a.	2.1	2.0	n.a.	n.a.	n.a.
ADTALEM		ATGE US	38.8	NR	n.a.	n.a.	1,763	11.6	9.8	9.2	2.4	1.3	1.3	0.4	3.3	3.8
LAUREATE		LAUR US	10.5	NR	n.a.	n.a.	1,639	18.3	11.5	9.8	n.a.	1.3	1.2	n.a.	n.a.	n.a.
K12		LRN US	40.7	NR	n.a.	n.a.	1,756	19.6	16.3	14.4	0.6	1.0	0.9	0.1	8.6	23.6
<b>Average - Offline tutoring - China</b>									<b>38.1</b>	<b>29.3</b>	<b>n.a.</b>	<b>2.7</b>	<b>2.3</b>	<b>0.2</b>	<b>11.1</b>	<b>0.0</b>
<b>Average - Online tutoring - China</b>									<b>30.3</b>	<b>29.3</b>	<b>0.07</b>	<b>4.5</b>	<b>3.7</b>	<b>0.27</b>	<b>18.6</b>	<b>309.1</b>
<b>Average - Tutoring - Non-China</b>									<b>16.4</b>	<b>14.4</b>	<b>1.5</b>	<b>1.7</b>	<b>1.6</b>	<b>0.2</b>	<b>6.0</b>	<b>13.7</b>
<b>Average (all)</b>									<b>26.1</b>	<b>22.4</b>	<b>0.8</b>	<b>2.6</b>	<b>2.3</b>	<b>0.2</b>	<b>11.8</b>	<b>129.1</b>

Sources: Company data, CMS (HK) estimates; share prices as of Feb 8, 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; PSG was calculated based on FY24E P/S and FY23-25E sales CAGR.

## Financial Summary

### Balance Sheet

(RMB mn)	FY21	FY22	FY23E	FY24E	FY25E
Year ended	31 May	31 May	31 May	31 May	31 May
Property and equipment	114	34	40	45	49
Investments	302	278	283	289	295
Others non-current assets	323	56	61	69	81
<b>Non-current assets</b>	<b>739</b>	<b>368</b>	<b>384</b>	<b>403</b>	<b>425</b>
Trade and other receivables	31	38	398	491	559
Prepayments	55	60	117	144	164
Investments & Term Dep.	941	1,042	1,460	1,460	716
Bank balances and cash	1,520	547	1,445	2,937	4,604
Other current assets	0	5	692	868	1,737
<b>Current Assets</b>	<b>2,547</b>	<b>1,691</b>	<b>4,111</b>	<b>5,899</b>	<b>7,781</b>
<b>Total assets</b>	<b>3,285</b>	<b>2,059</b>	<b>4,495</b>	<b>6,302</b>	<b>8,205</b>
Contract liabilities	397	163	1,199	1,542	1,720
Trade payables	43	24	284	359	412
Accrued expenses and other payables	405	163	196	198	216
Other current liabilities	198	43	47	48	48
<b>Current Liabilities</b>	<b>1,043</b>	<b>393</b>	<b>1,725</b>	<b>2,145</b>	<b>2,397</b>
<b>Non-current liabilities</b>	<b>234</b>	<b>25</b>	<b>28</b>	<b>27</b>	<b>27</b>
<b>Total liabilities</b>	<b>1,276</b>	<b>418</b>	<b>1,753</b>	<b>2,173</b>	<b>2,424</b>
<b>Net assets</b>	<b>2,009</b>	<b>1,641</b>	<b>2,742</b>	<b>4,130</b>	<b>5,781</b>
Share capital	0	0	0	0	0
Reserves	2,009	1,641	2,742	4,130	5,781
<b>Equity attributable to owners of the Company</b>	<b>2,009</b>	<b>1,641</b>	<b>2,742</b>	<b>4,130</b>	<b>5,781</b>
Non-controlling interests	0	0	0	0	0
<b>Total Equity</b>	<b>2,009</b>	<b>1,641</b>	<b>2,742</b>	<b>4,130</b>	<b>5,781</b>
<b>Total debt</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net cash/(debt)*</b>	<b>2,460</b>	<b>1,589</b>	<b>2,904</b>	<b>4,396</b>	<b>4,604</b>

### Cashflow Statement

(RMB mn)	FY21	FY22	FY23E	FY24E	FY25E
Year ended	31 May	31 May	31 May	31 May	31 May
<b>(Loss) profit before tax</b>	<b>-1,659</b>	<b>-89</b>	<b>1,468</b>	<b>1,851</b>	<b>2,201</b>
Depreciation of property and equipment	149	35	30	26	24
Change in working capital	114	-843	231	124	38
Others	482	-297	-367	-463	-550
<b>Net cash from operations</b>	<b>-914</b>	<b>-1,195</b>	<b>1,361</b>	<b>1,538</b>	<b>1,713</b>
Investments	785	-76	-423	-6	-6
CAPEX	-153	299	-40	-40	-40
Others	27	0	0	0	0
<b>Net cash from investments</b>	<b>659</b>	<b>223</b>	<b>-463</b>	<b>-46</b>	<b>-46</b>
Change in paid-in-capital	0	0	0	0	0
Change in share issuance	0	0	0	0	0
Others	1,412	0	0	0	0
<b>Net cash from financing</b>	<b>1,412</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net change in cash</b>	<b>1,158</b>	<b>-972</b>	<b>898</b>	<b>1,492</b>	<b>1,667</b>
Opening cash	480	1,520	547	1,445	2,937
Exchange impact	-118	0	0	0	0
<b>Closing cash</b>	<b>1,520</b>	<b>547</b>	<b>1,445</b>	<b>2,937</b>	<b>4,604</b>

Sources: Company data, CMS (HK) estimates; \*Net cash includes bank balance, available for sale investments, and term deposits; share prices as of Feb 8, 2023. \*\*Restated.

### Profit & Loss Statement

(RMB mn)	FY21**	FY22	FY23E	FY24E	FY25E
Year ended	31 May	31 May	31 May	31 May	31 May
<b>Revenue</b>	<b>624</b>	<b>601</b>	<b>4,795</b>	<b>5,919</b>	<b>6,743</b>
Cost of revenue	-189	-210	-2,520	-3,186	-3,661
<b>Gross profit</b>	<b>435</b>	<b>391</b>	<b>2,274</b>	<b>2,733</b>	<b>3,082</b>
Selling expense	-320	-270	-447	-495	-504
R&D	-122	-64	-131	-145	-152
G&A expense	-148	-214	-300	-331	-326
<b>Operating income</b>	<b>-155</b>	<b>-158</b>	<b>1,396</b>	<b>1,762</b>	<b>2,100</b>
Other income	-99	71	72	89	101
Other gains/losses	-1	-2	0	0	0
<b>Pretax income</b>	<b>-255</b>	<b>-89</b>	<b>1,468</b>	<b>1,851</b>	<b>2,201</b>
tax expense	1	18	-367	-463	-550
<b>Net income</b>	<b>-254</b>	<b>-71</b>	<b>1,101</b>	<b>1,388</b>	<b>1,651</b>
NCI	0	0	0	0	0
<b>Net income (attributable)</b>	<b>-254</b>	<b>-71</b>	<b>1,101</b>	<b>1,388</b>	<b>1,651</b>
Exceptional (includes SBC)	-365	-122	-192	-237	-270
<b>Core net income</b>	<b>111</b>	<b>51</b>	<b>1,293</b>	<b>1,625</b>	<b>1,921</b>
<b>Non-IFRS OP income</b>	<b>83</b>	<b>18</b>	<b>1,588</b>	<b>1,999</b>	<b>2,370</b>
<b>Non-IFRS Net income</b>	<b>-40</b>	<b>110</b>	<b>1,293</b>	<b>1,625</b>	<b>1,921</b>
<b>EPS (RMB)</b>	<b>-0.26</b>	<b>-0.07</b>	<b>1.04</b>	<b>1.31</b>	<b>1.55</b>
<b>Core EPS (RMB)</b>	<b>0.12</b>	<b>0.05</b>	<b>1.22</b>	<b>1.53</b>	<b>1.81</b>
<b>Non-IFRS EPS (RMB)</b>	<b>-0.04</b>	<b>0.11</b>	<b>1.29</b>	<b>1.62</b>	<b>1.91</b>

### Financial ratios

	FY21**	FY22	FY23E	FY24E	FY25E
Year ended	31 May	31 May	31 May	31 May	31 May
<b>yoY growth rate (%)</b>					
Revenue	n.a.	-3.7	698.4	23.5	13.9
Gross Profit	n.a.	-10.2	481.8	20.2	12.8
Operating income	n.a.	1.7	n.a.	26.2	19.2
Net income (attributable)	n.a.	-72.0	n.a.	26.0	20.1
Core net income	n.a.	-53.8	2,531.0	25.0	19.7
Non-IFRS Operating income	n.a.	-78.3	8,175.6	25.4	19.9
Non-IFRS Net income	n.a.	n.a.	1,128.8	25.0	19.7
<b>Margins (%)</b>					
Gross Profit	69.8	65.1	45.4	45.2	44.7
Operating income	-24.9	-26.3	25.7	27.3	28.0
Net income (attributable)	-40.7	-11.8	23.1	24.5	25.1
Core net income	17.8	8.6	27.1	28.5	29.1
Non-IFRS Net income	-6.5	18.3	27.1	28.5	29.1
Effective tax rate (%)	0.4	20.5	15.0	15.0	15.0
Current ratio (x)	4.3	4.3	2.4	2.8	3.3
Net cash/equity (%)	122.5	96.8	105.9	106.5	79.7
ROE (%)	-2.1	6.0	59.0	47.3	33.3
P/E (x)	n.m.	n.m.	38.9	30.9	26.2
P/B (x)	30.6	30.6	18.3	12.2	8.7
P/S (x)	80.6	83.7	10.5	8.5	7.5

## 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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