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招銀国际 CMB INTERNATIONAL
招商银行全资附属机构 A Wholly Owned Subsidiary Of China Merchants Bank

iQIYI (IQ US)

Moving into 3Q23E strong pipeline

Despite soft season and content delay, we expect IQ to deliver in-line 2Q23E, with rev +17% YoY (subs/ads +15%/25% YoY) and adj. OP at RMB783mn (OPM at 10%). IQ outperformed than peers in Jun & Jul, backed by popularity of Destined <长风渡> (viewership mkt share at 20%-30%). After subs sequential decline in 2Q23E, we expect strong summer content to boost 3Q23E momentum (e.g. upcoming Mysterious Lotus Casebook). We are positive on IQ's rising subs and ARM in 2H23E (with membership structure optimization), and kept cautiously optimistic on its ads recovery with higher budget from multiple verticals after reopening. We keep our earnings forecast barely changed, with TP at US$8.6.

- **Expecting 2Q23E largely in-line.** We expect rev to accelerate to +17% YoY in 2Q23E (in line with consensus), primarily on solid subs rev (+15% YoY) and ads stronger growth (+25% YoY, vs. prior +17%). GPM would be largely in-line with previous guidance (at 26%), with content cost at RMB4.1bn, in our estimates. We forecast non-GAAP OP at RMB783mn (OPM at 10%, vs. prior RMB710mn), while adj. NP at RMB447mn. Mgmt kept full-year guidance unchanged (forecasting topline/bottom line +12%/81% YoY).
- **Rich pipeline in summer holiday to boost 3Q23E subs momentum.** Despite soft season and content delay, 2Q23E subs rev would grow steadily, with rising ARM (+1.7% YoY, +3% QoQ) and muted subs (at 111mn, -17.5mn QoQ). Looking ahead, we expect 2H23E to see both ramp-up of subs and ARM, backed by membership structure optimization and strong summer content. Destined <长风渡>, IQ's first hot title in summer, ranked TOP1 in terms of viewership after its launch on 18 Jun, with market share of 20%-30% (vs. Tencent video's The Longest Promise <玉骨遥> at ~15%). We expect Destined to boost 3Q23E subs sequential growth, to contribute higher net adds than New Life begins <卿卿日常>. On top of that, key modern dramas (e.g. The Lost 11th Floor <消失的十一层> (9 Jul), Imperfect Victim <不完美受害人> (17 Jul)) and upcoming Mysterious Lotus Casebook <莲花楼> would bring further upside.
- **Better-than-feared ads recovery.** Ads would accelerate to +25% YoY in 2Q23E (vs. +4% YoY in 1Q23) for low base, more variety shows and rising budget from multiple verticals (e.g. ecommerce). By segment, performance-based ads would grow faster than brand ads. We kept cautiously optimistic on 2H23E ads trend, with beneficiary of reopening, algorithm optimization and operation enhancement in key verticals.
- **Maintain BUY.** We keep FY23-25E earnings forecast barely unchanged, with DCF-based TP at US$8.6 (implying 24x/17x FY23/24E P/E), in line with Netflix and Mango's multiple. Key catalysts: 1) key dramas to be launched in 2H23E; and 2) decent ads recovery.

Earnings Summary

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	30,554	28,998	32,387	34,604	35,978
YoY growth (%)	2.9	(5.1)	11.7	6.8	4.0
Adj. net income (RMB mn)	(4,549)	1,266	2,293	3,239	3,712
Adj. EPS (RMB)	(5.6)	1.5	2.4	3.4	3.9
YoY growth (%)	NA	NA	81.2	41.2	14.6
Consensus EPS (RMB)	NA	NA	2.1	3.2	4.2
P/E (x)	NA	25.6	15.9	11.3	9.9
P/S (x)	1.2	1.3	1.1	1.1	1.0
Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**US$8.6**
(Previous TP	US$8.6)
Up/Downside	**+59%**
Current Price	**US$5.4**

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Stock Data

Mkt Cap (US$ mn)	5,413
Avg 3 mths t/o (US$ mn)	61.48
52w High/Low (US$)	7.99/ 1.65
Total Issued Shares (mn)	522

Source: Bloomberg

Shareholding Structure

Oasis Management	4.51%
Goldman Sachs	4.46%
Bank of America	4.17%

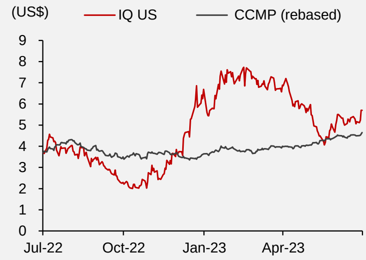
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	13.3%	-8.8%
3-mth	-17.3%	-28.8%
6-mth	-14.8%	-33.2%

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

Auditor: PwC

Figure 1: 2Q23E financial preview

RMB mn	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23E	QoQ	YoY	Consensus	Diff %
Revenue	7,608	7,589	7,389	7,277	6,657	7,471	7,593	8,349	7,776	-6.9%	16.8%	7,775	0%
Operating profit	(1,122)	(1,368)	7,389	93	126	310	784	859	620	-27.8%	392.6%	632	-2%
Net profit	(1,397)	(1,730)	(1,776)	169	(214)	(396)	304	618	292	-52.8%	NA	335	-13%
Adj. net profit	(1,065)	(1,400)	(1,002)	162	78	187	856	940	447	-52.4%	471.8%	410	9%
EPS (RMB)	(1.34)	(1.75)	(1.25)	0.20	0.09	0.22	0.98	0.97	0.46	-52.6%	411.6%	0.41	13%
Margin (%)													
Gross margin	9.7%	7.4%	11.9%	18.0%	21.2%	23.6%	28.9%	28.7%	26.0%			26.3%	
Operating margin	-14.7%	-18.0%	100.0%	1.3%	1.9%	4.1%	10.3%	10.3%	8.0%			8.1%	
Adj. net margin	-14.0%	-18.4%	-13.6%	2.2%	1.2%	2.5%	11.3%	11.3%	5.8%			5.3%	
Growth (%)													
Revenue (YoY)	*2.7%*	*5.6%*	*-0.9%*	*-8.7%*	*-12.5%*	*-1.6%*	*2.8%*	*14.7%*	*16.8%*			*6.8%*	
Revenue (QoQ)	*-4.5%*	*-0.3%*	*-2.6%*	*-1.5%*	*-8.5%*	*12.2%*	*1.6%*	*10.0%*	*-6.9%*			*2.4%*	
Operating profit	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*			*NA*	
Adj. net profit	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*			*NA*	

Source: Company data, Bloomberg, CMBIGM estimates

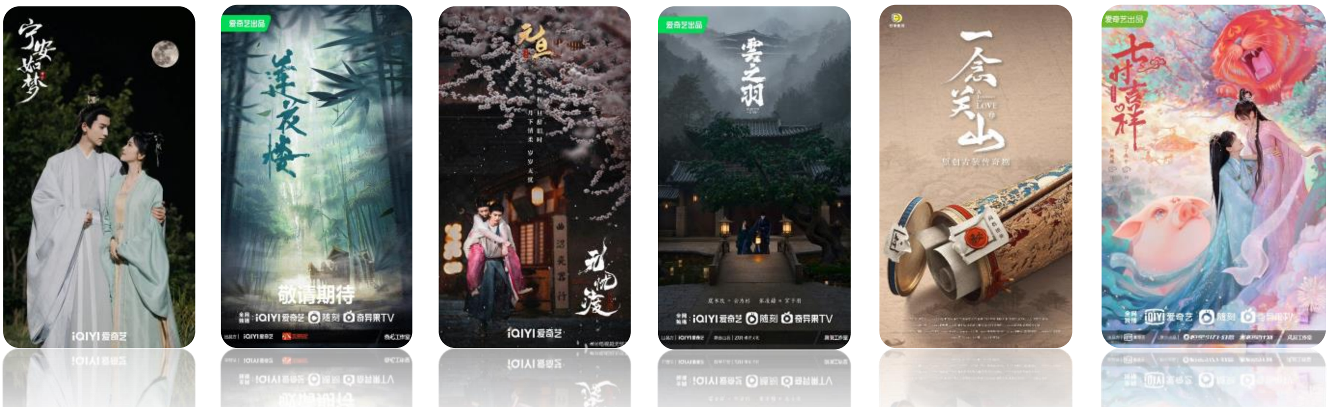
Figure 2: 2Q23E revenue breakdown

	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23E	QoQ	YoY
Revenue (RMB mn)	**7,608**	**7,589**	**7,389**	**7,277**	**6,657**	**7,471**	**7,593**	**8,349**	**7,776**	**-6.9%**	**16.8%**
Membership Services	3,993	4,288	4,121	4,471	4,285	4,211	4,744	5,547	4,934	-11.1%	15.1%
Online Advertising	1,825	1,660	1,665	1,337	1,194	1,247	1,553	1,404	1,487	6.0%	24.6%
Content Distribution	688	627	762	626	479	730	635	727	551	-24.2%	15.0%
Others	1,102	1,013	842	842	698	1,284	661	670	803	19.8%	15.0%

Source: Company data, CMBIGM estimates

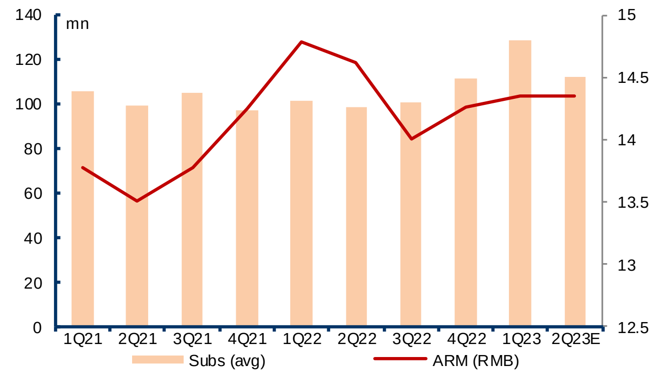
Figure 3: Key premium dramas to be launched in 2H23E

Story of Kunning Palace	Mysterious Lotus Casebook	The Demon Hunter's Romance	My Journey to You	A Journey to Love	The seventh generation
《宁安如梦》	《莲花楼》	《无忧渡》	《云之羽》	《一念关山》	《七时吉祥》
张凌赫丨白鹿	成毅丨曾舜晞	任嘉伦丨宋祖儿	虞书欣丨张凌赫	刘诗诗丨刘宇宁	杨超越丨丁禹兮



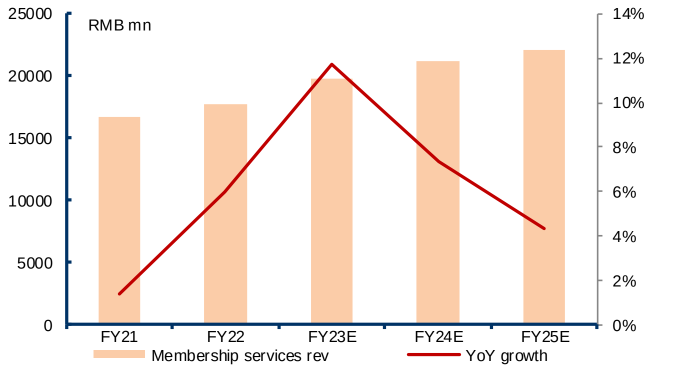
Source: Company data, CMBIGM

Figure 4: Quarterly subs estimates



Source: Company data, CMBIGM estimates

Figure 5: Yearly subs rev estimates



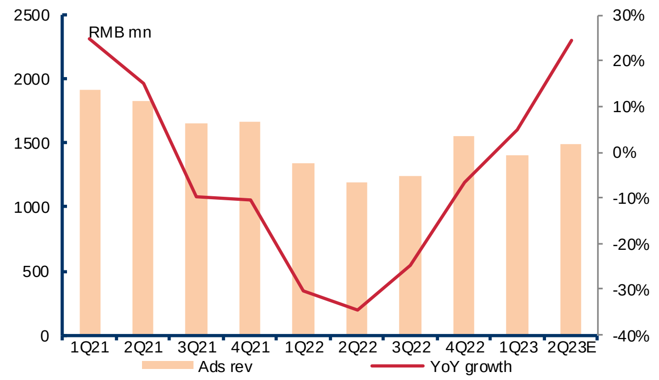
Source: Company data, CMBIGM estimates

Figure 6: iQIYI's key drama series pipeline in FY23E

Title	Chinese title	Producer	Genre	Starring
Bionic	仿生人间	iQiYi	Romance	宋威龙、文淇
Special Lady	陌上人如玉	iQIYI	Sci-Fi	肖燕、翟子路、盛英豪
My w ife is a thief	柳叶摘星辰	iQIYI, Chinese Miracle	Romance	唐晓天、庄达菲、林枫松
Hua Xi Ji	花溪记	iQIYI, Rising Star	Romance	邢菲、徐开骋、徐方舟
The Lotus Casebook	莲花楼	iQIYI	Romance	成毅、曾舜晞、肖顺尧
Back for you	漫影寻踪	iQIYI	Romance	杨颖、王安宇、匡牧野
Rising w ith the w ind	我要逆风去	iQIYI, Stellar	Romance	龚俊、钟楚曦、吴宣仪
The Comic Bang	开画！少女漫	iQIYI	Romance	沈月、王敬轩、赵弈钦
I am criminal police	我是刑警	iQIYI	Crime	于和伟、李春嫒、刘泊潇
Meet me in your sound	幻乐森林	iQIYI	Historical	许佳琪、魏哲鸣、吴希泽
Golden Trio	老家伙	iQIYI, Shandong Film & TV Production	Life	张国立、王刚、张铁林
Hello Life	你好生活	iQIYI, HuangCheng Pictures	Life	热依扎、王阳、啜妮
The seventh generation	**七时吉祥**	**iQIYI, Stellar**	**Historical**	**杨超越、丁禹兮**
The Mutations	天启异闻录	iQIYI	Historical	路阳、乔磊、范川
New York Mission 2	唐人街探案2	iQIYI	Crime	邱泽、尚语贤、张钧甯
Tiger Crane	**虎鹤妖师录**	**iQIYI, Youyaoqi**	**Historical**	**蒋龙、张凌赫、王玉雯**
My Journey to You	**云之羽**	**iQIYI**	**Historical**	**虞书欣、张凌赫、汪铎**
Chinese Paladin 4	仙剑奇侠传4	iQIYI	Historical	鞠婧祎、陈哲远、茅子俊
The Demon Hunter's Romar	**无忧渡**	**iQIYI**	**Romance**	**任嘉伦、宋祖儿**
Fox Spirit Matchmaker	狐妖小红娘	iQIYI, Tencent Pictures, Stellar	Historical	杨幂、龚俊、郭晓婷
Story of Kunning Palace	**宁安如梦**	**iQIYI**	**Historical**	**白鹿、张凌赫、王星越**
Imperfect Victim	不完美受害人	Haohan (浩瀚影视), iQIYI	Crime	周迅、刘奕君、林允
A Journey to Love	**一念关山**	**iQIYI**	**Romance**	**刘诗诗、刘宇宁**

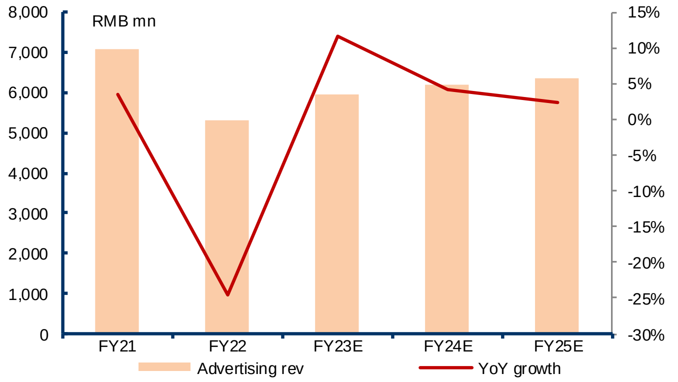
Source: Company data, CMBIGM

Figure 7: iQIYI's quarterly ads rev estimates



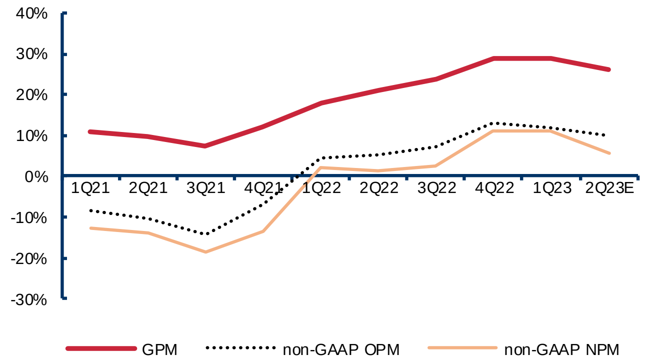
Source: Company data, CMBIGM estimates

Figure 8: iQIYI's yearly ads rev estimates



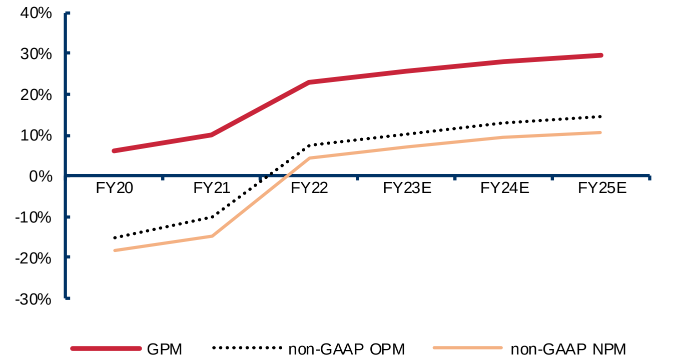
Source: Company data, CMBIGM estimates

Figure 9: Quarterly margin estimates



Source: Company data, CMBIGM estimates

Figure 10: Yearly margin estimates



Source: Company data, CMBIGM estimates

Figure 11: DCF Valuation

DCF valuation (RMB mn)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
EBIT	3,276	4,404	5,069	5,735	7,009	7,933	8,764	9,614	10,479	11,317
Tax	(100)	(252)	(477)	(482)	(643)	(774)	(895)	(1,011)	(1,048)	(1,132)
D&A	13,295	13,643	14,115	14,712	15,200	15,656	16,123	16,599	17,429	18,301
Working capital	(9,741)	(13,781)	(14,293)	(14,773)	(15,312)	(15,778)	(16,202)	(16,713)	(17,549)	(18,426)
CAPEX	(907)	(934)	(1,018)	(1,050)	(1,097)	(1,110)	(1,110)	(1,121)	(1,177)	(1,224)
FCF	**5,822**	**3,080**	**3,395**	**4,142**	**5,158**	**5,927**	**6,680**	**7,368**	**8,134**	**8,836**
FCF Growth		-47%	10%	22%	25%	15%	13%	10%	10%	9%
Terminal Value										94,643
PV (FCF+ Terminal Value)	**5,822**	**2,735**	**2,677**	**2,900**	**3,207**	**3,272**	**3,275**	**3,207**	**3,144**	**35,518**

Assumptions	
WACC	**12.6%**
Tax rate	15.0%
Risk free rate	3.6%
Beta	1.10
Market risk return	11.8%
Terminal growth rate	**3.0%**

Equity Value	
PV	**65,757**
minus：Net cash	8,352
minus：Minority Interest	0
Equity Value	57,406
Shares (mn)	947
Target Price (US$) based on DCF	**8.6**

		WACC				
		11%	12%	13%	14%	15%
Growth	1.5%	9.5	8.4	7.8	6.8	6.1
	2.0%	9.9	8.7	8.1	6.9	6.2
	2.5%	10.2	9.0	8.3	7.1	6.4
	3.0%	10.7	9.3	**8.6**	7.3	6.5
	3.5%	11.1	9.6	8.9	7.5	6.7
	4.0%	11.7	10.0	9.2	7.7	6.8
	4.5%	12.3	10.5	9.5	7.9	7.0

Source: CMBIGM estimates

Figure 12: CMBIGM estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
RMB mn, Dec-YE	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	32,387	34,604	35,978	32,374	34,819	37,281	0.0%	-0.6%	-3.5%
Gross Profit	8,271	9,710	10,577	8,845	10,333	11,642	-6.5%	-6.0%	-9.2%
Operating Profit	2,309	3,373	3,995	2,974	4,013	4,796	-22.4%	-15.9%	-16.7%
Adj. net profit	2,293	3,239	3,712	2,237	3,393	4,196	2.5%	-4.5%	-11.5%
EPS (RMB)	2.42	3.40	3.88	2.15	3.18	4.19	12.7%	6.9%	-7.5%
Gross Margin	25.5%	28.1%	29.4%	27.3%	29.7%	31.2%	-1.8ppts	-1.6ppts	-1.8ppts
Operating Margin	7.1%	9.7%	11.1%	9.2%	11.5%	12.9%	-2.1ppts	-1.8ppts	-1.8ppts
Net Margin	7.1%	9.4%	10.3%	6.9%	9.7%	11.3%	+0.2ppts	-0.4ppts	-0.9ppts

Source: CMBIGM estimates, Bloomberg

Figure 13: Earnings revision

	New			Old			Diff (%)		
RMB mn, Dec-YE	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	32,387	34,604	35,978	31,841	33,799	35,152	1.7%	2.4%	2.3%
Gross Profit	8,271	9,710	10,577	8,124	9,521	10,373	1.8%	2.0%	2.0%
Operating Profit	2,309	3,373	3,995	2,320	3,392	4,004	-0.4%	-0.6%	-0.2%
Adj. net profit	2,293	3,239	3,712	2,289	3,234	3,696	0.2%	0.1%	0.4%
EPS (RMB)	2.42	3.40	3.88	2.42	3.40	3.86	0.2%	0.1%	0.4%
Gross Margin	25.5%	28.1%	29.4%	25.5%	28.2%	29.5%	+0.0ppts	-0.1ppts	-0.1ppts
Operating Margin	7.1%	9.7%	11.1%	7.3%	10.0%	11.4%	-0.2ppts	-0.3ppts	-0.3ppts
Net Margin	7.1%	9.4%	10.3%	7.2%	9.6%	10.5%	-0.1ppts	-0.2ppts	-0.2ppts

Source: Company data, CMBIGM estimates

Figure 14: Valuation comps

Company	Ticker	Mkt cap (USD mn)	Currency	Price	CMBI Raiting	CMBI TP	PE			PS			FY23-25 EPS CAGR
							FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	
iQIYI	**IQ US**	**5,157**	**USD**	**5.4**	**BUY**	**8.6**	**15.9**	**11.3**	**9.9**	**1.1**	**1.1**	**1.0**	**27%**
Internet giants													
Tencent	700 HK	434,265	HKD	355	BUY	455	21.5	17.8	15.9	5.0	4.4	4.0	16%
Alibaba	BABA US	249,742	USD	97	BUY	157	11.2	10.6	9.1	1.9	1.7	1.6	23%
Disney	DIS US	165,316	USD	90	NA	NA	24.0	17.8	14.9	1.8	1.7	1.7	29%
Netflix	NFLX US	200,212	USD	450	NA	NA	39.0	29.7	23.9	5.9	5.2	4.7	29%
Average							18.9	15.4	13.3	3.6	3.3	3.0	24%
VAS & Subscribers													
Kuaishou	1024 HK	33,508	HKD	60	BUY	97	66.5	21.9	12.4	2.1	1.9	1.6	104%
Mango	300413 CH	9,184	CNY	35	NA	NA	27.8	23.5	20.3	4.1	3.7	3.3	17%
Bilibili	BILI US	7,284	USD	18	BUY	27	NA	NA	55.9	2.2	1.9	1.6	NA
TME	TME US	13,557	USD	8	BUY	11	15.5	14.5	13.3	3.2	3.0	2.8	9%
Huya	HUYA US	859	USD	4	BUY	7	NA	NA	28.7	0.7	0.7	0.7	NA
Douyu	DOYU US	368	USD	1	NA	NA	NA	NA	61.2	0.5	0.5	0.5	352%
Momo	MOMO US	2,043	USD	11	HOLD	14	6.8	6.3	6.0	1.2	1.1	1.1	6%
YY	YY US	2,421	USD	35	BUY	46	17.0	15.0	12.5	1.1	1.0	0.9	20%
China Literature	772 HK	4,465	HKD	34	NA	NA	21.0	18.3	16.3	3.9	3.5	3.2	14%
Average							25.7	16.6	13.5	2.1	1.9	1.8	13%
Film, TV & IP													
Linmon Media	9857 HK	504	HKD	11	NA	NA	8.9	6.2	NA	1.8	1.5	NA	NA
Strawbear entertair	2125 HK	79	HKD	1	BUY	4	NA	NA	NA	NA	NA	NA	NA
Average							8.9	6.2	NA	1.8	1.5	NA	NA
Advertising													
Baidu	BIDU US	53,247	USD	152	BUY	199	15.9	14.4	12.4	2.8	2.5	2.3	13%
Weibo	WB US	3,402	USD	14	BUY	27	6.5	5.7	5.3	1.8	1.7	1.6	9%
Facebook	META US	803,186	USD	313	NA	NA	25.1	20.4	18.8	6.3	5.7	5.1	18%
Snapchat	SNAP US	21,735	USD	14	NA	NA	NA	69.0	31.5	4.8	4.2	3.6	113%
Average							15.8	13.5	12.2	3.9	3.5	3.1	14%
Average							**18.5**	**14.8**	**13.1**	**2.9**	**2.6**	**2.4**	**17%**

Source: Bloomberg, CMBIGM estimates

Key Investment Risks

Key investment risks may derive from: 1) key content delay; 2) regulatory uncertainty; 3) slower-than-expected ads recovery for macro uncertainty; and 4) competition from SFV.

Financial Summary

Income statement

YE 31 Dec (RMB mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	30,554	28,998	32,387	34,604	35,978
Membership services	16,714	17,711	20,786	22,530	23,614
Online advertising services	7,067	5,332	5,947	6,195	6,343
Content distribution	2,856	2,470	2,593	2,697	2,778
Others	3,918	3,485	3,061	3,182	3,243
COGS	(27,513)	(22,319)	(24,116)	(24,894)	(25,401)
Gross profit	3,041	6,678	8,271	9,710	10,577
S&M	(4,725)	(3,467)	(3,888)	(4,183)	(4,364)
Admin.Exp.					
R&D	(2,795)	(1,899)	(2,074)	(2,154)	(2,218)
Operating profit	(4,479)	1,312	2,309	3,373	3,995
Other income/(exp), net	(1,533)	(1,346)	(822)	(849)	(813)
Pre-tax Income	(6,012)	(34)	1,487	2,523	3,182
Income Tax	(97)	(84)	(100)	(252)	(477)
Net profit	(6,251)	(155)	1,387	2,271	2,705
Adj. net profit	(4,549)	1,266	2,293	3,239	3,712

Cash flow summary

YE 31 Dec (RMB mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Net income	(6,170)	(136)	1,387	2,271	2,705
D&A	16,766	16,475	13,295	13,643	14,115
Change in WC	(17,586)	(18,346)	(9,741)	(13,781)	(14,293)
Others	977	1,937	906	968	1,007
Operating CF	(6,013)	(71)	5,847	3,101	3,534
Capex	(401)	(841)	(907)	(934)	(1,018)
Purchase of long-term investments	(386)	582	-	-	-
Others	2,049	525	-	-	-
Investing CF	1,262	266	(907)	(934)	(1,018)
Equity raised	268	-	-	-	-
Change of Debts	259	(240)	1,339	(469)	(422)
Cash from CB raised	632	5,222	-	-	-
Others	(4,119)	(513)	-	-	-
Financing CF	(2,959)	4,469	1,339	(469)	(422)
Net change in cash	(7,927)	4,664	6,279	1,698	2,094
Cash (beg of yr)	10,941	3,075	7,112	13,391	15,089
FX	(217)	-	-	-	-
Cash (end of yr)	3,075	7,112	13,391	15,089	17,183

Balance sheet

YE 31 Dec (RMB mn)	FY21A	FY22A	FY23E	FY24E	FY25E
Non-current assets	30,948	32,263	29,473	31,020	32,533
Fixed asset	1,345	1,105	1,847	2,088	2,291
Long-term investments	3,035	2,454	2,454	2,454	2,454
Licensed copyrights, net	7,258	6,841	6,854	7,160	7,478
Others	19,310	21,864	18,319	19,318	20,311
Current assets	11,524	13,786	21,443	23,360	25,510
Cash	2,997	7,098	13,377	15,075	17,169
Restricted cash	78	14	14	14	14
Short-term investments	1,348	818	818	818	818
Account receivable	2,748	2,403	3,046	3,207	3,285
Others	4,353	3,453	4,189	4,246	4,224
Current liabilities	22,476	28,130	30,251	30,475	30,427
Account payable	8,896	5,993	7,864	8,118	8,213
Customer advances and deferred revenue	3,485	4,232	3,855	4,119	4,283
Accrued liabilities	3,172	2,626	2,943	3,038	3,099
Short-term borrowings	4,118	3,348	4,687	4,218	3,796
Others	2,806	11,931	10,902	10,983	11,035
Non-current liabilities	14,323	11,575	11,575	11,575	11,575
Convertible senior notes	12,652	9,568	9,568	9,568	9,568
Others	1,670	2,007	2,007	2,007	11,575
MI	88	93	93	93	93
Total Equity	5,364	6,436	10,241	13,480	17,192
Shareholders' equity	5,276	6,343	10,148	13,388	17,099

Key ratios

YE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
Sales mix (%)					
Membership services	54.7	61.1	64.2	65.1	65.6
Online advertising services	23.1	18.4	18.4	17.9	17.6
Content distribution	9.3	8.5	8.0	7.8	7.7
Others	12.8	12.0	9.5	9.2	9.0
Total	100.0	100.0	100.0	100.0	100.0
Growth rate (%)					
Revenue	2.9	(5.1)	11.7	6.8	4.0
Gross profit	66.8	119.6	23.9	17.4	8.9
EBIT	NA	NA	75.9	46.1	18.5
Adj. net profit	NA	NA	81.2	41.2	14.6
P&L ratios (%)					
Operating margin	(14.7)	4.5	7.1	9.7	11.1
Pre-tax margin	(19.7)	(0.1)	4.6	7.3	8.8
Adj. net margin	(14.9)	4.4	7.1	9.4	10.3
Effective tax rate	(0.3)	(0.3)	(0.3)	(0.7)	(1.3)
Returns (%)					
ROE	(106.0)	(0.5)	16.4	20.5	19.8
ROA	(10.7)	2.7	4.5	6.0	6.4
Per share					
EPS (RMB)	(5.64)	1.50	2.42	3.40	3.88
DPS (RMB)	0.00	0.00	0.00	0.00	0.00
BVPS (RMB)	0.96	1.00	1.54	2.02	2.57

Source: Company data, CMBIGM estimates

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