

# Botanee Biotech (300957 CH)

## Headwinds endure

Botanee made a pronounced come-back year-to-date, reviving Tmall GMV from -59.8% YoY to -6.9% YoY between Jan and Oct, and accelerating its quarterly sales growth from 7% in 1Q to 26% in 3Q. Year-to-date shares performance has gone against this trend and, in our view, the free-fall is running ahead of consensus estimates which still looked rather reserved in pricing-in the ongoing dilemma that Botanee is facing. These are threefold: 1) when macro headwinds such as consumption trade-down (see our [thematic report](#)) and low fertility wish linger (see our [Feihe downgrade report](#)), growth outlook among AOXMED (super high-end) and Winona Baby could normalise sooner than expected, and Botanee's single-brand risk could be exposed further given a full-fledged close-quarters competition among brands; 2) herbal-/HA-based functional skincare is incrementally crowded out by the collagen-based. While Botanee's portfolio remains largely herbal-based, we also see uncertainties residing with its collagen debuts, amid a languishing consumption sentiment, which offer lower efficacy (homology level) relative to peers; 3) the top-line-accretive buy-out of Yuejiang could ironically be margin-dilutive considering a higher sales contribution from colour make-up, and the late migration of P&M to live-streaming might not be as rewarding when the low-hanging fruit is gone. Albeit transient, these concerns could put Botanee in the doldrums until we are given any tangible roadmap that substantiates a turn-around. While we are still cautiously optimistic and are looking for a 7.6% broad-base cosmetics sales growth for 2024E (in line with TSR), we recommend Proya (603605 CH, BUY) and [Giant Biogene](#) (2367 HK, BUY, covered by our Healthcare team) which possess solid brand/technology moats. We downgrade Botanee to HOLD, and expect the shares to generate market-performing return in the next 12 months.

- Major earnings assumptions.** To Botanee, headwinds above could financially morph into decelerated organic top-line growth (14.5% CAGR between 2022-25E), mix-diluted gross margins (an average 0.2pp decline p.a.) and a persistently inflated promotional expense (+1.2pp in selling expense-to-revenue ratio). These in aggregate prompt us to trim our 2023-25E net earnings by 19-22%, and put us 12-16% below consensus. Our forecasts include the takeover impact of Yuejiang.
- Valuation.** Botanee has wrapped up its upcycle with ~50% YoY sales growth per annum. To bake in a normalising growth expectation, we rebase our long-term average starting from 3Q22 (from previously since IPO). Our revised TP is based on 31.0x (from previously 48.5x) end-23E P/E, which still represents -1sd below the average.

### Earnings Summary

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	4,022	5,014	5,905	7,444	8,466
YoY growth (%)	52.6	24.6	17.8	26.1	13.7
Net profit (RMB mn)	863.5	1,051.2	1,114.8	1,337.8	1,655.0
YoY growth (%)	58.8	21.7	6.0	20.0	23.7
Consensus EPS (RMB)	na	na	2.99	3.72	4.61
P/E (x)	105.1	69.9	28.1	23.4	18.9
P/B (x)	19.0	13.1	4.9	4.2	3.6
Yield (%)	0.3	0.5	1.1	1.4	1.7
ROE (%)	28.9	20.3	18.6	19.4	20.7
Net gearing (%)	Net cash				

Source: Company data, Bloomberg, CMBIGM estimates

## HOLD (Down)

<b>Target Price</b>	<b>RMB 81.6</b>
(Previous TP)	RMB157.0)
<b>Up/Downside</b>	<b>11.6%</b>
<b>Current Price</b>	<b>RMB 73.1</b>

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### Stock Data

Mkt Cap (RMB mn)	31,329.5
Avg 3 mths t/o (RMB mn)	243.9
52w High/Low (RMB)	152.23/72.28
Total Issued Shares (mn)	423.6

Source: FactSet

### Shareholding Structure

Kunming Nona Technology Co., LTD	46.1%
Tianjin Sequoia Juye Equity Investment P	14.6%

Source: SZSE

### Share Performance

	Absolute	Relative
1-mth	-16.6%	-18.0%
3-mth	-23.5%	-18.9%
6-mth	-26.7%	-19.0%

Source: FactSet

### 12-mth Price Performance

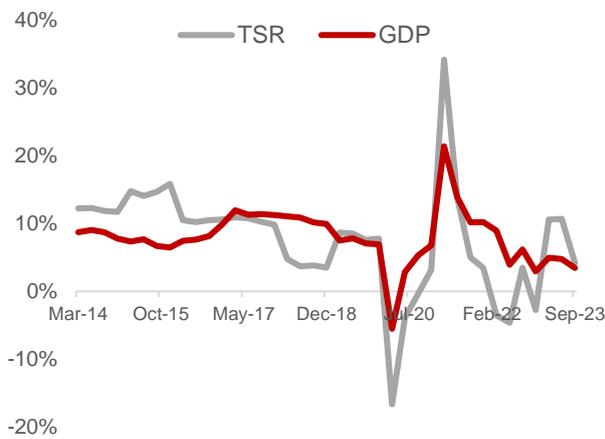


Source: FactSet

## Embracing the new normal

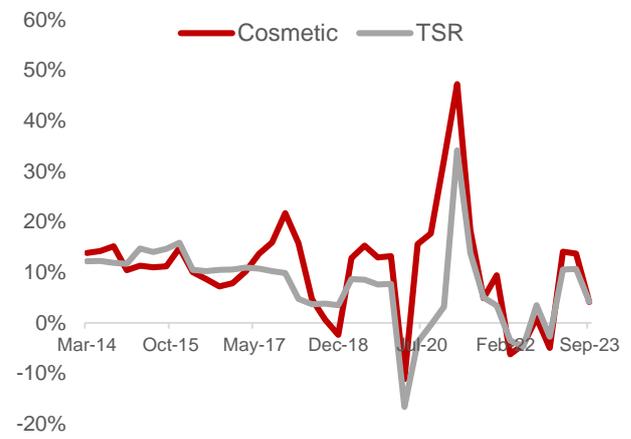
- Cosmetics may no longer take shares within a more rationalised consumer wallet.** Low penetration and channel migration to e-commerce platforms enabled cosmetics sales to grow at a 60%+ CAGR between 2019 and 2021, consistently tracking above the 40%+ in total social retail sales (TSR). The expansion cycle was staged: it began with the steady growth between 2016 and 2018, followed by a persistent beat between 2019 and mid-22, and plateaued again until now. The driving forces behind the scene are two-fold, such as the dissipating low-hanging fruit of live-streaming, and languishing spending power in the post-pandemic era. In our view, these trends are here to stay, and when consumers are becoming more value-cautious and ingredient-savvy, and when they are incrementally re-prioritizing their wallet shares, higher price tags have made skincare (relative to colour make-up) more vulnerable to trade-down (though selective and transient). We caveat that a lower 2023 could just be the start, or essentially the inflection point, of the renewed cycle with cosmetic sales growth re-converging to that of TSR.

**Figure 1: China GDP and TSR growth trends**



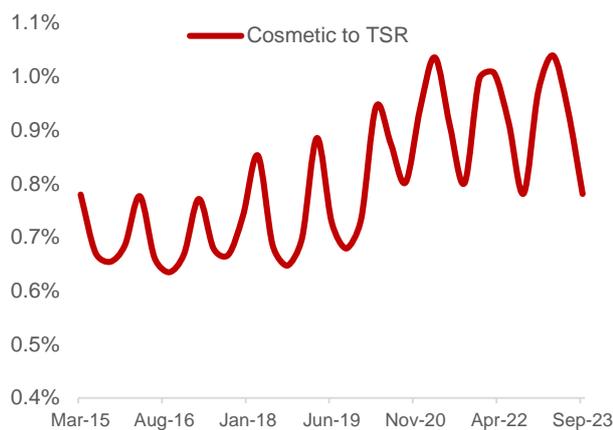
Source: Wind, CMBIGM

**Figure 2: TSR and cosmetic sales growth trend**



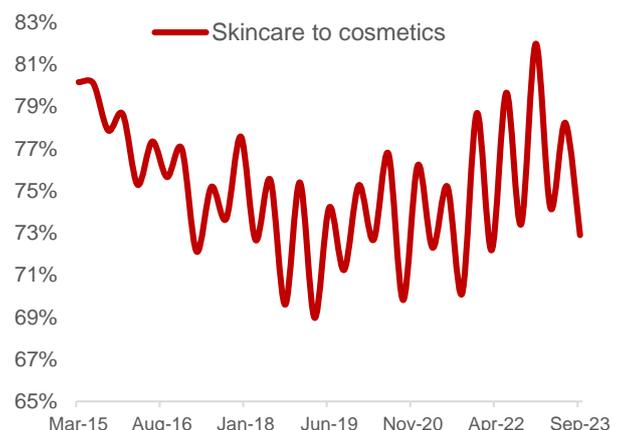
Source: Wind, CMBIGM

**Figure 3: Cosmetics sales to TSR**



Source: Wind, CMBIGM

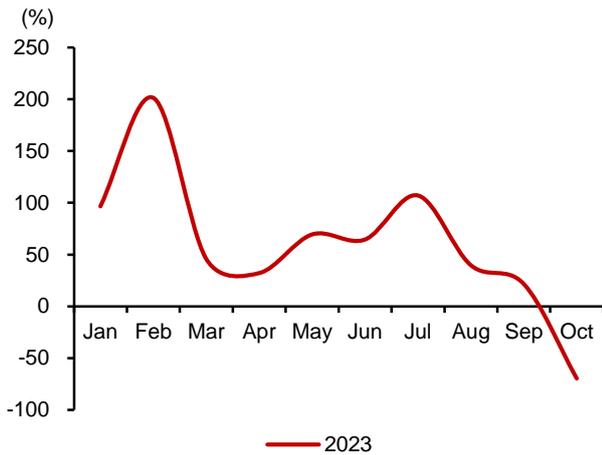
**Figure 4: Skincare spending to total cosmetics**



Source: Wind, CMBIGM

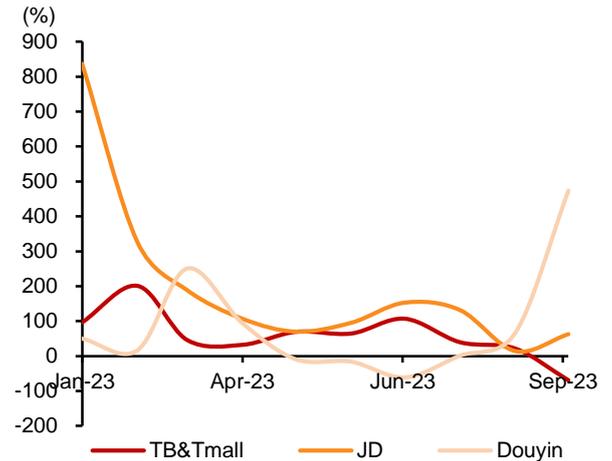
■ **Single-brand risk could further be exposed.** To Botanee, AOXMED and Winona Baby are two emerging brands in the high-end and baby care segments. With the concerns we highlighted, these brands could see sooner-than-expected normalisation, and derail from its high-growth trajectory, in particular without tailwinds from a favourable comps. We envisage that brand diversification would not bear fruit in the near term, and Winona would remain the major brand to Botanee with +90% revenue contribution.

**Figure 5: Winona Baby’s online sales on Tmall/Taobao normalizing on a YoY high base**



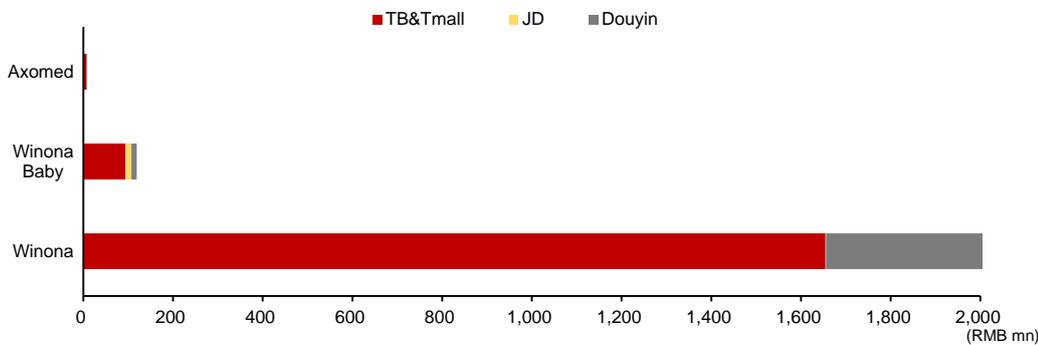
Source: Moojing, CMBIGM

**Figure 6: Winona Baby's monthly sales growth across three platforms**



Source: Moojing, CMBIGM

**Figure 7: Winona contributes more than 95% of Botanee’s total GMV**



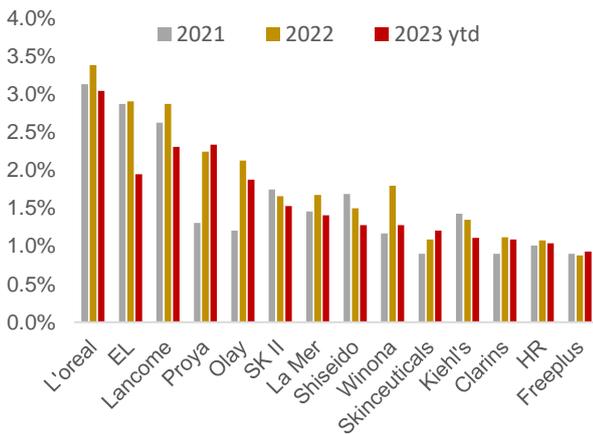
Source: Moojing, CMBIGM

**Close-quarters combat among brands across the “4P”**

■ **Consumer trade-up may not be as eye-catching.** Premiumization and polarization is selectively happening within the cosmetics sector. We argued that domestic brands were collectively catching up and taking market shares from foreign brands. But now, we notice the situation is slightly twisted, with demand polarization becoming more obvious. Year-to-date data may not be conclusive, but indeed alarming enough to raise the eyebrows – the top 15 brands, mainly high-end/prestige brands we surveyed on Tmall/Taobao have been losing market shares (likely to long-tail brands) compared to the last two years. This comes in with an exception in Proya, Skinceuticals and Freeplus. The latter two position themselves as niche functional skincare brands and ride on the popularity of HA and canarium album extract essences, Nicotinamide and aminoamides face washes.

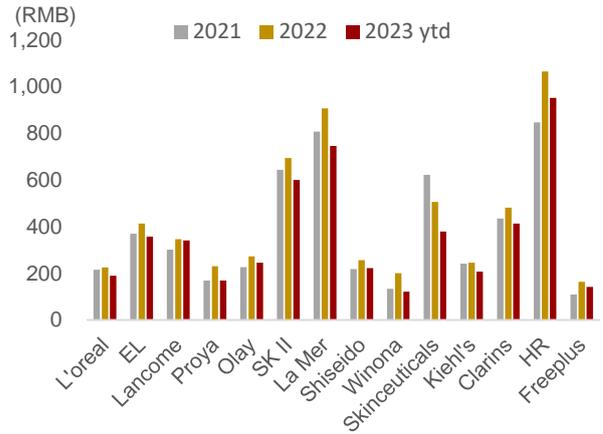
■ **Competition heated up in all of the “4P”.** The fatigue among consumers’ online cosmetics buying over the 3-year lockdown has lured brands into price cuts in an attempt to snap up/maintain their competitiveness. Of note, between 2021 and 9M23, online cosmetics prices were 5.3% lower than offline. Estee Lauder again is the major loser as the company looks likely to have over-shipped since the beginning of this year upon a softer-than-expected recovery. Beyond price cuts, brands are also increasing their marketing spend to re-establish their brand equity. Witnessing this, we argue that competition has fully heated up across the “4P”, from previously Place (e-commerce migration) to currently Price (deeper discounts), Promotion (higher ad spend) and Product (ingredient heterogeneity).

**Figure 8: Market share trends on Tmall/Taobao**



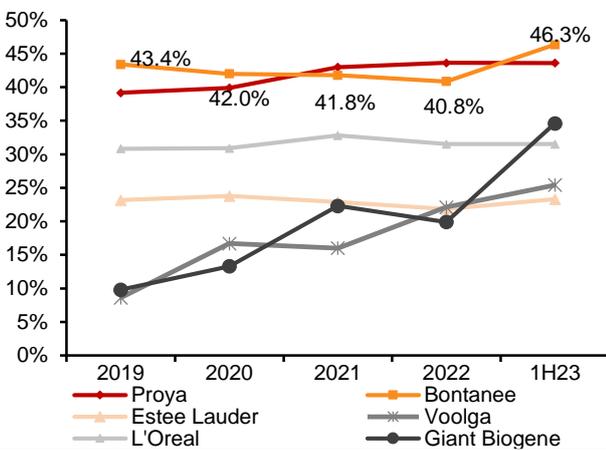
Source: Moojing, CMBIGM estimates

**Figure 9: ASP trends on Tmall/Taobao**



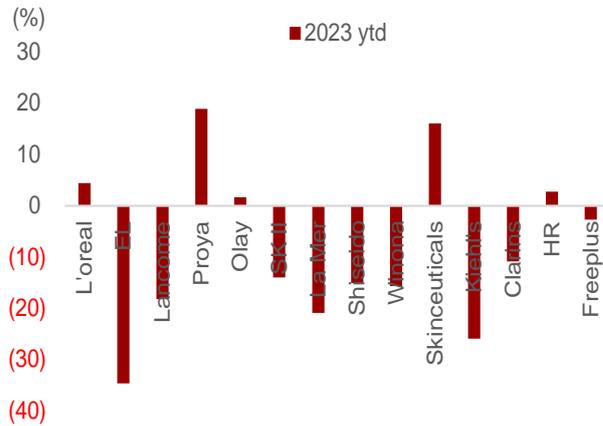
Source: Moojing, CMBIGM estimates

**Figure 10: Brands increase advertising spend**



Source: Company data, CMBIGM estimates

**Figure 11: Brands’ GMV growth on Tmall/Taobao**



Source: Moojing, CMBIGM

- **Uncertainties remained with Botanee's collagen-based debut.** Botanee have introduced collagen-based SKUs since 2021 and is now listing two collagen-based SKUs on Winona's Tmall flagship store. Compared with the 'humanized collagen (重组人源化胶原蛋白)' R&D techniques of Giant Biogene, Shanxi Jinbo, Trauer and Voolga, Botanee's 'collagen-like protein (重组类胶原蛋白)', which involves amino acid sequence redesign and modification, offers lower biocompatibility and collagen efficacy.

**Figure 12: Winona's products has lower homology level than those offered by peers**

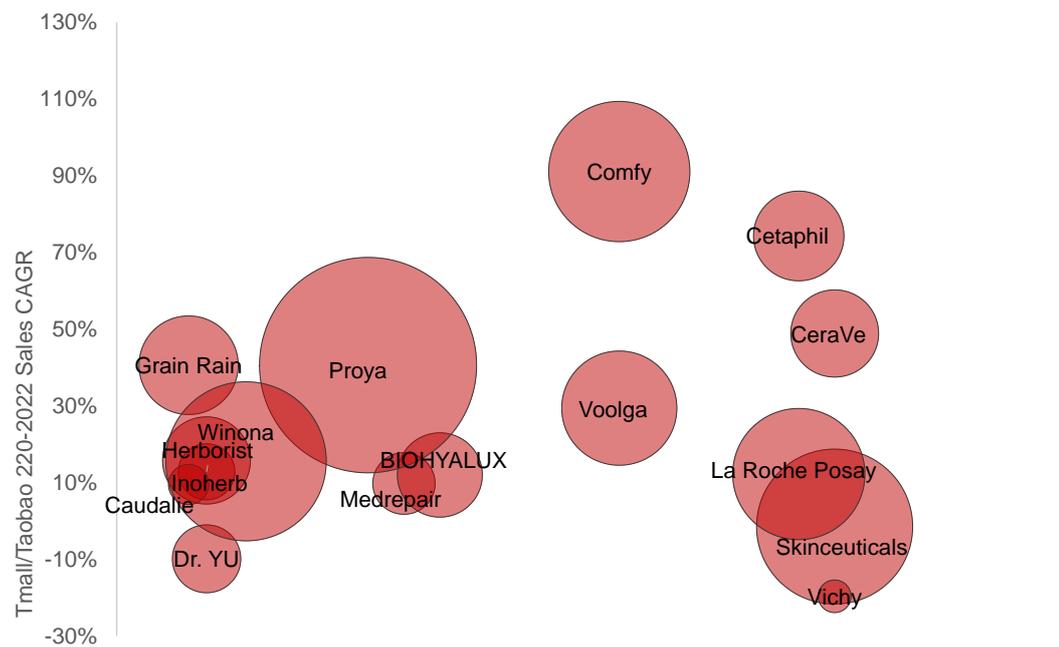
	Winona		Comfy			Voolga
Main ingredient	Collagen solution		Type I & III Humanized Collagen concentrate			Type III Humanized Collagen concentrate
Ingredient homology level to human	80% +		100%			100%
Product type	Dressing	Spray	Dressing	Spray	Emulsion	Dressing
Price (RMB)	188 / 6 pcs	139 / 50 ml	187 / 5 pcs	198 / 100 ml	268 / 80 g	134 / 5 pcs
Tmall sales vol. of previous 365 days	10 k+	5 k+	400 k+	30 k+	9 k+	10 k+

Source: Tmall, CMBIGM

## The shift from herbal-/HA-based to collagen-based skincare

- **Collagen-based skincare commensurate better with “medical beauty”.** Surveys by Frost and Sullivan have unveiled that a growing demand for rapid skin barrier repair with consumers who have undertaken non-surgical medical aesthetics procedures, with the latter likely to deliver 54% stack growth between 2020 and 2025E. Recombinant collagen is seen as the best active ingredient, among animal-derived collagen and hydraulic acid, to relieve post-procedure adverse reaction such as redness, itch, scaling and dryness. Our data collected from Moojing substantiate the trend, with plant-based brands (such as Caudalie, Herborist, Inoherb)/hydraulic acid-based brands (such as Voolga) grew at a 9-16%/29% CAGR between 2020 and October 2023, underperforming Comfy (Giant Biogene) that saw a 91% CAGR.

**Figure 13: GMV growth vs market size among brands on Taobao/Tmall**



Source: Moojing, CMBIGM

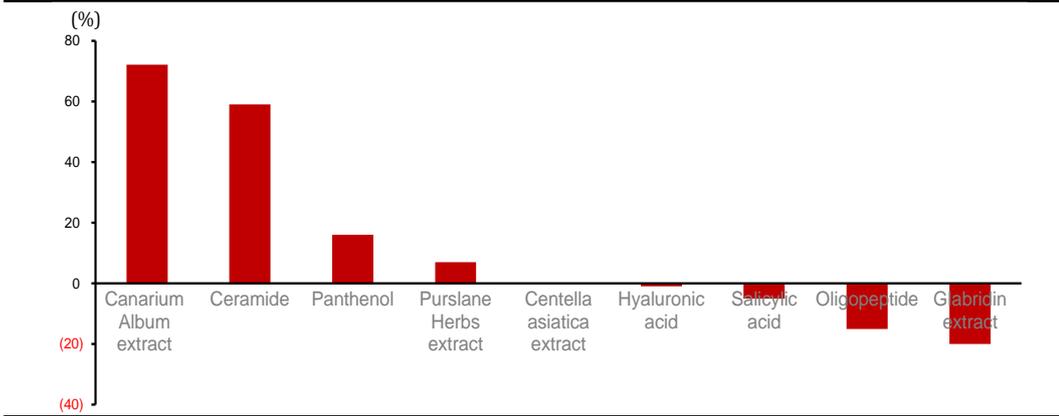
- **Consumers are becoming more ingredient-savvy.** Statistics from BEBD show that user time spend on active viewing of skincare products’ ingredients increased by 177% YoY in 2021, and that on actively researching for the functionalities of specific ingredients increased by 111% YoY. Meanwhile, consumers with skin concerns have undergone a significant shift in their pursuits from stabilizing skin conditions towards repair and rejuvenation efficacy. Search frequency for herbal ingredients among various online surveys in 2022 have shown a significant downtrend vs that in 2020. About half of the searches associated with skincare were related to anti-oxidation and anti-aging.

**Figure 14: Significant reshuffle of active ingredients searched for skincare SKUs**

2020	2022
Top 1 Centella asiatica extract (积雪草)	Nicotinamide (烟酰胺)
Top 2 Selaginella tamariscina extract (复活草)	Hyaluronic acid (透明质酸钠)
Top 3 Laminaria extract (海藻)	Tocopherol (生育酚)
Top 4 Chamomile extract (洋甘菊)	Centella asiatica extract (积雪草提取物)
Top 5 Aloe extract (芦荟)	Glabridin extract (光果甘草根提取物)

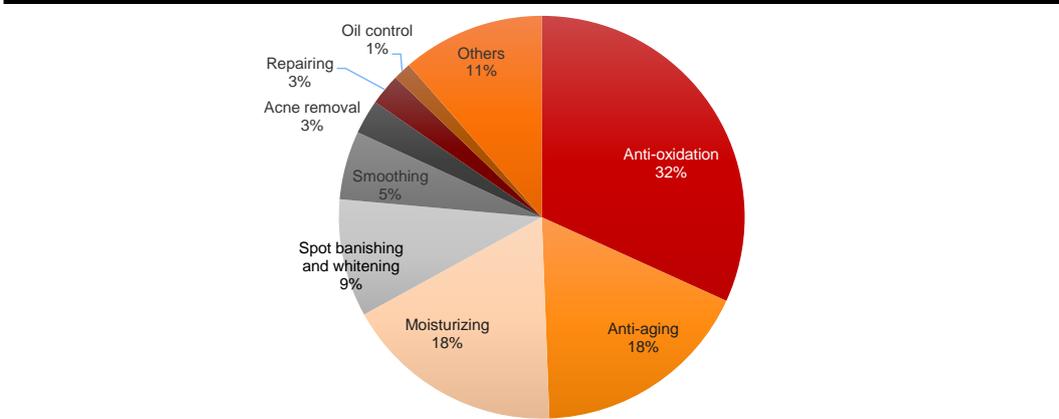
Source: Beautydata, BEBD, CMBIGM

**Figure 15: Online search frequency changes on active ingredients 2022**



Source: BEBD, CMBIGM

**Figure 16: About half of skincare searches are associated with anti-oxidation/aging**



Source: BEBD, CMBIGM

■ **Foreign brands are joining the party.** Meanwhile, the participation of foreign brands, notably with more proven technology and hence product quality, has speeded up the shift. Comparing the price range and active ingredient of the 4 SKUs below, La Roche Posay looks to be the most value-for-money brand and has every reason to sell better than its peers. A more proactive use of social media also aids foreign brands to establish more localised touch points for client acquisition.

**Figure 17: Foreign brands offer equally high value-for-money SKUs to local brands**

Brand	Country	Product name	11.11 price on Tmall	Sales vol. in the past 365 days	Ingredients category
La Roche Posay	France	Cicaplast Baume B5 cream	80 / 40 ml	500 k +	Bioactive
Avene	France	Cicalfate cream	68 / 40 ml	80 k +	Bioactive
Cetaphill	France	Smoothing & Comforting facial cream	130 / 45 ml	100 k +	Bioactive
Winona	China	Tolerance Extreme cream	168 / 50 g	400 k +	Plant based
Grain Rain	China	Whitening Restore cream	168 / 130 g	300 k +	Plant based



Source: Tmall, CMBIGM

**Figure 18: Foreign brands are turning more proactive in social media**

	No. of posts on Red			No. of fans on Red		
	Jul 2021	Nov 2023	Chg.	Jul 2021	Nov 2023	Chg.
Winona	60 k+	186 k+	210%	131 k+	187 k+	43%
Dr. YU	20 k+	60 k+	200%	23 k+	56 k+	143%
Skinceuticals	80 k+	300 k+	275%	66 k+	111 k+	68%
La Roche Posay	110 k+	192 k+	75%	109 k+	146 k+	34%
Vichy	30 k+	31 k+	3%	61 k+	67 k+	10%
CeraVe		58 k+			29 k+	
Cetaphil		55 k+			36 k+	

Source: CMBIGM

## A closer look on the Yuejiang takeover

- Botanee announced the acquisition of a 51% stake in Yuejiang Investment Co with RMB535.5mn after Sep 28 market close, funded by internal cash. The takeover agreement also specified that Yuejiang would have to achieve net profits of RMB50mn/80mn/105mn over 2023/24/25E.
- Yuejiang owns two brands, i.e., Za and Pure&Mild. Za is a colour make-up brand, while P&M offers plant-based functional skincare products. Both are positioned as mass-market brands with flagship products set at the RMB70-100 price range.
  - Za was established in 1997 with a focus on 20-30 aged Asia women. Whitening primer has been the brand's flagship product, and the remaining core products including primer, sunscreen, and essence are whitening focused.
  - P&M was founded in 2021. Yuejiang acquired it from Shiseido who established the brand as a localisation initiative to cater to skincare needs in China. P&M had its golden era about 10 years ago with as many as 8,000 distribution outlets, but experienced a slowdown with the entry of Korean brands and the rise of local brands.
- Financially, Yuejiang achieved revenue/net profits of RMB308mn/14.3mn in 2022, and RMB409mn/29mn in 1H23. The company derived 80% of its sales online, among which 60% of the GMV came from online 3rd-party marketplace platforms like Tmall, JD and Vipshop, and the remaining from live-streaming. For its brick-and-mortar channels, Yuejiang leverages KAs such as Watsons, and counters in department stores.

Figure 19: Limited financial impact to Botanee

(RMB mn)	2022	9M23	2023E	2024E	2025E
<b>Yuejiang</b>					
Revenue	308	409			
NP	14	29	50	80	105
NPM	4.6%	7.1%			
<b>Botanee</b>					
Revenue	5,014	3,431	5,905	7,444	8,466
NP	1,051	579	1,115	1,338	1,655
NPM	21.0%	16.9%	18.9%	18.0%	19.5%
<b>Impact to Botanee</b>			<b>2.3%</b>	<b>3.0%</b>	<b>3.2%</b>
Shareholding			51.0%	51.0%	51.0%

Source: SZEx, CMBIGM

Figure 20: Yuejiang's GMV breakdown

(RMB mn)	2022		
	TB&Tmall	JD	Douyin
Za	153	47	47
Pure & Mild	46	15	2
Total GMV	199	63	49
	1H23		
	TB&Tmall	JD	Douyin
Za	96	46.693	105
Pure & Mild	14	6	2
Total GMV	110	53	107

Source: SZEx, CMBIGM

Figure 21: P&M price promotion on Tmall



Source: Tmall, CMBIGM

## Earnings change and valuation

- Major earnings assumptions.** To Botanee, headwinds we discussed could financially morph into decelerated organic top-line growth (14.5% CAGR during 2022-25E), mix-diluted gross margins (an average 0.2pp decline p.a.) and a persistently inflated promotional expense (+1.2pp in selling expense-to-revenue ratio). These in aggregate prompt us to trim our 2023-25E net earnings by 19%-22%, and put us 12%-16% below consensus.

**Figure 22: Earnings revision**

RMB mn	New			Old			Diff (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	5,905	7,444	8,466	6,547	8,429	NA	-9.8%	-11.7%	NA
Gross Profit	4,420	5,521	6,276	4,915	6,308	NA	-10.1%	-12.5%	NA
EBITDA	1,205	1,525	1,964	1,522	1,989	NA	-20.9%	-23.3%	NA
Net profit	1,115	1,338	1,655	1,374	1,716	NA	-18.9%	-22.0%	NA
Gross Margin	74.8%	74.2%	74.1%	75.1%	74.8%	NA	-0.2ppt	-0.7ppt	NA
EBITDA Margin	20.4%	20.5%	23.2%	23.2%	23.6%	NA	-2.8ppt	-3.1ppt	NA
Net Margin	18.9%	18.0%	19.5%	21.0%	20.4%	NA	-2.1ppt	-2.4ppt	NA

Source: CMBIGM estimates

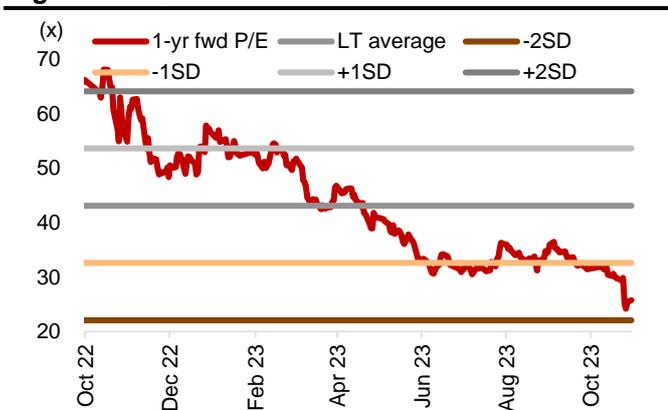
**Figure 23: CMBIGM estimates vs consensus**

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	5,905	7,444	8,466	6,254	7,852	9,592	-5.6%	-5.2%	-11.7%
Gross Profit	4,420	5,521	6,276	4,734	5,957	7,280	-6.6%	-7.3%	-13.8%
EBITDA	1,205	1,525	1,964	1,428	1,809	2,265	-15.6%	-15.7%	-13.3%
Net profit	1,115	1,338	1,655	1,268	1,588	1,965	-12.1%	-15.8%	-15.8%
Gross Margin	74.8%	74.2%	74.1%	75.7%	75.9%	75.9%	-0.9ppt	-1.7ppt	-1.8ppt
EBITDA Margin	20.4%	20.5%	23.2%	22.8%	23.0%	23.6%	-2.4ppt	-2.6ppt	-0.4ppt
Net Margin	18.9%	18.0%	19.5%	20.3%	20.2%	20.5%	-1.4ppt	-2.3ppt	-0.9ppt

Source: Bloomberg, CMBIGM estimates

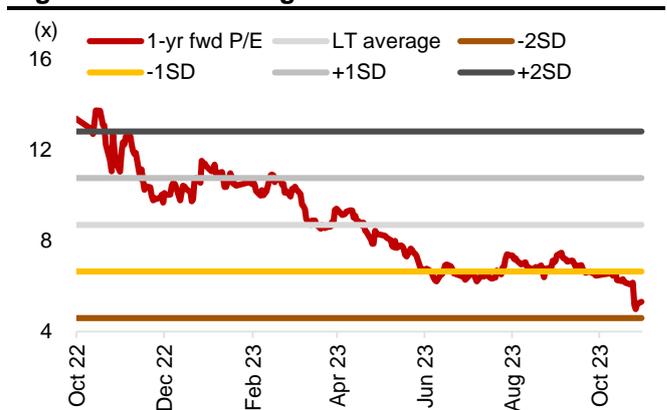
- Valuation.** In our view, Botanee has wrapped up its high-growth cycle (~50% YoY sales growth). To bake in a normalising growth expectation, we rebase our long-term average starting from 3Q22 (from previously since IPO). Our revised TP is based on 31.0x (from previously 48.5x) end-23E P/E, which still represents -1sd below the average.

**Figure 24: 12M forward P/E band**



Source: Company data, Bloomberg, CMBIGM estimates

**Figure 25: 12M trailing P/B band**



Source: Company data, Bloomberg, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
<b>Revenue</b>	<b>2,636</b>	<b>4,022</b>	<b>5,014</b>	<b>5,905</b>	<b>7,444</b>	<b>8,466</b>
Cost of goods sold	(626)	(965)	(1,243)	(1,485)	(1,922)	(2,190)
<b>Gross profit</b>	<b>2,010</b>	<b>3,057</b>	<b>3,771</b>	<b>4,420</b>	<b>5,521</b>	<b>6,276</b>
<b>Operating expenses</b>	<b>(1,385)</b>	<b>(2,092)</b>	<b>(2,702)</b>	<b>(3,307)</b>	<b>(4,168)</b>	<b>(4,572)</b>
Selling expense	(1,107)	(1,681)	(2,048)	(2,539)	(3,201)	(3,471)
Admin expense	(169)	(245)	(343)	(402)	(506)	(576)
R&D expense	(63)	(113)	(255)	(300)	(378)	(430)
Others	(46)	(52)	(56)	(66)	(83)	(95)
<b>EBITDA</b>	<b>650</b>	<b>1,000</b>	<b>1,130</b>	<b>1,205</b>	<b>1,525</b>	<b>1,964</b>
Depreciation	10	14	26	47	118	196
Other amortisation	14	21	35	44	54	64
<b>EBIT</b>	<b>625</b>	<b>966</b>	<b>1,069</b>	<b>1,113</b>	<b>1,353</b>	<b>1,704</b>
<b>Net Interest income/(expense)</b>	<b>1</b>	<b>11</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
Other income/expense	22	42	129	129	129	129
<b>Pre-tax profit</b>	<b>648</b>	<b>1,018</b>	<b>1,214</b>	<b>1,258</b>	<b>1,498</b>	<b>1,849</b>
Income tax	(104)	(154)	(163)	(169)	(202)	(249)
Minority interest	0	1	(1)	(26)	(42)	(55)
<b>Net profit</b>	<b>544</b>	<b>863</b>	<b>1,051</b>	<b>1,115</b>	<b>1,338</b>	<b>1,655</b>
Gross dividends	163	254	339	359	431	533
<b>BALANCE SHEET</b>						
YE 31 Dec (RMB mn)						
<b>Current assets</b>	<b>1,391</b>	<b>5,225</b>	<b>5,715</b>	<b>5,704</b>	<b>6,439</b>	<b>7,255</b>
Cash & equivalents	752	2,035	2,514	2,365	2,823	3,463
Account receivables	187	247	270	286	340	386
Inventories	254	463	671	793	1,016	1,146
Prepayment	29	46	42	42	42	42
Other current assets	169	2,433	2,218	2,218	2,218	2,218
<b>Non-current assets</b>	<b>211</b>	<b>587</b>	<b>1,004</b>	<b>1,875</b>	<b>2,249</b>	<b>2,739</b>
PP&E	69	113	206	512	852	1,309
Deferred income tax	13	16	51	51	51	51
Investment in JVs & assos	0	0	0	536	536	536
Intangibles	55	65	78	89	101	112
Other non-current assets	74	395	668	687	709	731
<b>Total assets</b>	<b>1,602</b>	<b>5,812</b>	<b>6,719</b>	<b>7,579</b>	<b>8,688</b>	<b>9,994</b>
<b>Current liabilities</b>	<b>391</b>	<b>900</b>	<b>992</b>	<b>1,060</b>	<b>1,185</b>	<b>1,264</b>
Short-term borrowings	0	0	0	0	0	0
Account payables	135	362	372	441	565	644
Tax payable	80	122	119	119	119	119
Other current liabilities	139	345	442	442	442	442
Contract liabilities	37	71	58	58	58	58
<b>Non-current liabilities</b>	<b>9</b>	<b>134</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>
Long-term borrowings	0	50	11	11	11	11
Deferred income	7	6	56	56	56	56
Other non-current liabilities	1	78	59	59	59	59
<b>Total liabilities</b>	<b>400</b>	<b>1,034</b>	<b>1,117</b>	<b>1,185</b>	<b>1,310</b>	<b>1,389</b>
Share capital	473	579	635	635	635	635
Retained earnings	726	1,330	2,072	2,837	3,780	4,953
Other reserves	0	2,846	2,871	2,871	2,871	2,871
<b>Total shareholders equity</b>	<b>1,202</b>	<b>4,778</b>	<b>5,602</b>	<b>6,394</b>	<b>7,378</b>	<b>8,606</b>
Minority interest	3	23	24	50	92	147
<b>Total equity and liabilities</b>	<b>1,602</b>	<b>5,812</b>	<b>6,719</b>	<b>7,579</b>	<b>8,688</b>	<b>9,994</b>

<b>CASH FLOW</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	648	1,018	1,214	1,258	1,498	1,849
Depreciation & amortization	25	35	61	92	172	260
Tax paid	(104)	(154)	(163)	(169)	(202)	(249)
Change in working capital	(151)	13	(413)	(43)	(111)	(43)
Others	13	240	71	26	42	55
<b>Net cash from operations</b>	<b>431</b>	<b>1,153</b>	<b>769</b>	<b>1,163</b>	<b>1,399</b>	<b>1,872</b>
<b>Investing</b>						
Capital expenditure	(89)	(271)	(353)	(428)	(546)	(750)
Acquisition of subsidiaries/ investments	(760)	(8,628)	(6,809)	0	0	0
Others	763	6,341	7,144	(536)	0	0
<b>Net cash from investing</b>	<b>(86)</b>	<b>(2,558)</b>	<b>(18)</b>	<b>(963)</b>	<b>(546)</b>	<b>(750)</b>
<b>Financing</b>						
Dividend paid	(104)	(191)	(255)	(349)	(395)	(482)
Net borrowings	(15)	0	0	0	0	0
Others	(2)	2,855	(65)	0	0	0
<b>Net cash from financing</b>	<b>(121)</b>	<b>2,664</b>	<b>(320)</b>	<b>(349)</b>	<b>(395)</b>	<b>(482)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	527	776	2,083	2,514	2,365	2,823
Exchange difference	0	(0)	0	0	0	0
Others	1	0	0	0	0	0
<b>Cash at the end of the year</b>	<b>752</b>	<b>2,035</b>	<b>2,514</b>	<b>2,365</b>	<b>2,823</b>	<b>3,463</b>
<b>GROWTH</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>YE 31 Dec</b>						
Revenue	35.6%	52.6%	24.6%	17.8%	26.1%	13.7%
Gross profit	28.9%	52.1%	23.3%	17.2%	24.9%	13.7%
EBITDA	27.3%	53.9%	13.0%	6.6%	26.6%	28.8%
EBIT	27.6%	54.5%	10.7%	4.1%	21.6%	26.0%
Net profit	32.0%	58.8%	21.7%	6.0%	20.0%	23.7%
<b>PROFITABILITY</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>YE 31 Dec</b>						
Gross profit margin	76.3%	76.0%	75.2%	74.8%	74.2%	74.1%
EBITDA margin	24.7%	24.9%	22.5%	20.4%	20.5%	23.2%
Return on equity (ROE)	55.4%	28.9%	20.3%	18.6%	19.4%	20.7%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>YE 31 Dec</b>						
Net debt to equity (x)	(0.6)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Current ratio (x)	3.6	5.8	5.8	5.4	5.4	5.7
Receivable turnover days	20.7	19.7	18.8	17.2	15.3	15.7
Inventory turnover days	131.9	135.6	166.5	179.9	171.8	180.2
Payable turnover days	65.1	93.9	107.8	99.9	95.5	100.8
<b>VALUATION</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>YE 31 Dec</b>						
P/E	na	105.1	69.9	28.1	23.4	18.9
P/E (diluted)	na	105.1	69.9	28.1	23.4	18.9
P/B	na	19.0	13.1	4.9	4.2	3.6
Div yield (%)	na	0.3	0.5	1.1	1.4	1.7

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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