

Tencent (700 HK)

Quality growth strategy underpins strong earnings growth

Tencent announced 1Q24 results: total revenue increased by 6% YoY to RMB159.5bn, in line with our/consensus estimate; non-IFRS net income grew by 54% YoY to RMB50.3bn, 17/16% ahead of our/consensus estimate, as Tencent's quality growth strategy drove better-than-expected GPM expansion (+7.1ppt YoY). We expect the GPM expansion to continue in the rest of FY24, driven by the increased contribution from high-margin revenue streams such as Video Accounts (VA) and Mini Games. The improving profitability should in turn support Tencent's shareholder return. We raise FY24-26E earnings forecast by 6-8% and now forecast a non-IFRS net income CAGR of 15% over FY24-26E. We lift our SOTP-derived TP to HK\$480.0 (previous: HK\$445.0). Maintain BUY.

- Games gross receipts recovered YoY in 1Q24.** Games revenue was down 1% YoY to RMB48.1bn in 1Q24, in line with consensus estimate. Domestic games revenue dropped by 2% YoY to RMB34.5bn in 1Q24 due to a slowing monetization pace in 2H23. Nonetheless, domestic games gross receipts returned to positive YoY growth of 3% in 1Q24, with gross receipts of *HoK* and *Peacekeeper Elite* recovering YoY in Mar 2024. International games revenue was up 3% YoY to RMB13.6bn in 1Q24; and gross receipts registered solid growth of 34% YoY in 1Q24, driven by strong performance of Supercell's games like *Brawl Stars*. Supported by the gross receipt recovery and new game launch, we are positive on a rebound of games revenue in 2Q24E.
- Strong ad revenue growth on enhanced monetization.** Online ad revenue grew by 26% YoY to RMB26.5bn in 1Q24 (7% ahead of consensus), mainly on strong growth of high-margin Weixin ad properties (e.g. VA and Weixin Search) and enhancement of ad infrastructure. Ad GPM rose by 13.1ppt YoY to 54.8% in 1Q24. User time spend on VA grew by over 80% YoY in 1Q24 and is now over 2x of Weixin Moments. VA ad revenue was up by over 100% YoY in 1Q24, driven by higher click-through rate and video views. For 2Q24E, management expects the ad revenue growth rate to normalize.
- Business services revenue maintained solid momentum.** Fintech and Business Services (FBS) revenue increased by 7% YoY to RMB52.3bn in 1Q24, 5% below consensus due to a slowdown in fintech business growth. Fintech revenue recorded single-digit YoY growth in 1Q24, mainly due to soft offline consumption. Business services revenue registered a teens YoY growth rate in 1Q24, fuelled by solid growth of cloud revenue and VA e-commerce revenue. Monetization of Tencent's SaaS solutions accelerated, with WeCom/Tencent Meeting revenue tripling/doubling YoY in 1Q24.
- Sustainable GPM expansion.** Overall GPM rose by 7.1ppt YoY to 52.6% in 1Q24, with VAS/ad/FBS GPM +3.4/13.1/11.1ppt YoY, driven by growth of high-quality revenue streams such as Mini Games and VA. We expect GPM expansion to sustain in the rest of FY24, and forecast non-IFRS net income to grow 27/10% in FY24/25E. Current valuation of 17x FY24E non-IFRS PE (14x FY24E PE if excl. strategic investment) remains attractive in our view. BUY.

Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	554,552	609,015	661,885	718,940	771,702
Adjusted net profit (RMB mn)	115,649.0	157,688.0	199,533.9	219,128.8	238,242.0
EPS (Adjusted) (RMB)	12.13	16.66	20.60	22.63	24.60
Consensus EPS (RMB)	12.13	16.66	19.31	21.88	24.74
P/E (x)	53.2	31.1	22.9	19.5	18.3

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price **HK\$480.00**
 (Previous TP) HK\$445.00
Up/Downside **25.7%**
Current Price **HK\$381.80**

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Stock Data

Mkt Cap (HK\$ mn)	3,614,500.6
Avg 3 mths t/o (HK\$ mn)	6,822.0
52w High/Low (HK\$)	381.80/262.20
Total Issued Shares (mn)	9467.0

Source: FactSet

Shareholding Structure

MIH TC	25.6%
Advance Data Services Limited	8.4%

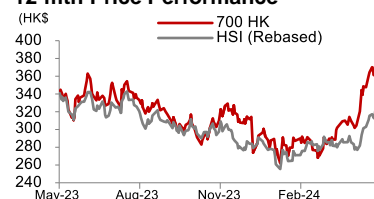
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	23.3%	8.1%
3-mth	31.7%	9.6%
6-mth	24.0%	13.1%

Source: FactSet

12-mth Price Performance



Source: FactSet

Business forecasts update and valuation

Figure 1: Tencent: forecast revision

(RMB bn)	Current			Previous			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	661.9	718.9	771.7	655.5	707.6	751.3	1.0%	1.6%	2.7%
Gross profit	351.0	386.5	418.9	327.2	361.4	391.6	7.3%	6.9%	7.0%
Adjusted net profit	199.5	219.1	238.2	185.4	206.4	225.1	7.6%	6.1%	5.8%
Adjusted EPS (RMB)	20.6	22.6	24.6	19.1	21.3	23.2	7.6%	6.1%	5.8%
Gross margin	53.0%	53.8%	54.3%	49.9%	51.1%	52.1%	3.1 ppt	2.7 ppt	2.2 ppt
Adjusted net margin	30.1%	30.5%	30.9%	28.3%	29.2%	30.0%	1.9 ppt	1.3 ppt	0.9 ppt

Source: CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

(RMB bn)	CMBIGM			Consensus			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	661.9	718.9	771.7	666.0	732.5	799.6	-0.6%	-1.8%	-3.5%
Gross Profit	351.0	386.5	418.9	336.8	375.9	413.8	4.2%	2.8%	1.2%
Adjusted net profit	199.5	219.1	238.2	185.0	210.3	234.3	7.9%	4.2%	1.7%
Adjusted EPS (RMB)	20.6	22.6	24.6	19.3	21.9	24.7	6.7%	3.4%	-0.6%
Gross Margin	53.0%	53.8%	54.3%	50.6%	51.3%	51.8%	2.5 ppt	2.4 ppt	2.5 ppt
Adjusted net margin	30.1%	30.5%	30.9%	27.8%	28.7%	29.3%	2.4 ppt	1.8 ppt	1.6 ppt

Source: Bloomberg, CMBIGM estimates

Figure 3: Tencent: quarterly financials

(RMB bn)	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	Cons.	Diff%	CMBI	Diff%
SNS revenue	29.2	29.9	28.6	31.0	29.7	29.7	28.2	30.5	30.5	0.2%	30.4	0.4%
YoY %	0.6%	-1.4%	-1.7%	6.3%	1.6%	-0.4%	-1.5%	-1.4%				
QoQ %	0.2%	2.3%	-4.2%	8.2%	-4.2%	0.3%	-5.3%	8.3%				
Games revenue	42.5	42.9	41.8	48.4	44.5	46.0	40.9	48.1	47.3	1.8%	47.4	1.4%
YoY %	-1.2%	-4.6%	-2.3%	10.9%	4.8%	7.4%	-2.2%	-0.5%				
QoQ %	-2.5%	0.8%	-2.5%	15.7%	-7.9%	3.3%	-11.1%	17.6%				
Online ad revenue	18.6	21.4	24.7	21.0	25.0	25.7	29.8	26.5	24.8	6.8%	24.3	9.0%
YoY %	-18.4%	-4.7%	14.6%	16.5%	34.2%	20.0%	20.8%	26.4%				
QoQ %	3.6%	15.0%	15.0%	-15.0%	19.3%	2.9%	15.8%	-11.0%				
FBS revenue	42.2	44.8	47.2	48.7	48.6	52.0	54.4	52.3	55.1	-5.1%	55.4	-5.7%
YoY %	0.8%	3.5%	-1.5%	13.9%	15.2%	16.1%	15.1%	7.4%				
QoQ %	-1.3%	6.2%	5.4%	3.1%	-0.1%	7.0%	4.5%	-3.8%				
Total revenue	134.0	140.1	145.0	150.0	149.2	154.6	155.2	159.5	158.8	0.4%	158.6	0.6%
YoY %	-3.1%	-1.6%	0.5%	10.7%	11.3%	10.4%	7.1%	6.3%				
QoQ %	-1.1%	4.5%	3.5%	3.5%	-0.5%	3.6%	0.4%	2.8%				
Overall GPM	43.2%	44.2%	42.6%	45.5%	47.5%	49.5%	50.0%	52.6%	49.6%	3.0 ppt	48.8%	3.8 ppt
- VAS GPM	50.6%	51.7%	49.8%	53.9%	54.0%	55.5%	53.7%	57.3%				
- Ad GPM	40.6%	46.3%	44.2%	41.7%	48.9%	52.3%	56.8%	54.8%				
- FBS GPM	33.3%	33.3%	33.6%	34.5%	38.4%	40.9%	43.9%	45.6%				
G&A%	19.6%	18.9%	18.8%	16.4%	17.0%	17.0%	17.5%	15.6%				
S&M%	5.9%	5.1%	4.2%	4.7%	5.6%	5.1%	7.1%	4.7%				
Non-IFRS net margin	21.6%	24.7%	20.5%	21.7%	24.7%	29.5%	27.5%	31.5%				
Non-IFRS net profit	28.9	34.6	29.7	32.5	36.9	45.6	42.7	50.3	43.0	16.9%	43.1	16.5%
YoY %	-15.1%	8.9%	19.4%	44.9%	27.6%	31.9%	43.7%	54.5%				

Source: Company data, CMBIGM estimates

Our SOTP-derived target price of HK\$480.0 comprises, per share:

- 1) HK\$182.0 for the online games business, based on a 19x 2024E PE, which is on par with the average PE for its global gaming peers.
- 2) HK\$32.6 for the SNS business, including the market cap of Tencent's stake in its subsidiaries, the valuation of Tencent Video (based on a 2.5x 2024E PS, at a premium to the 2.0x average PS of its peers given its content and user traffic leadership), and the valuation of other membership services (based on a 2.0x 2024E PS).
- 3) HK\$85.6 for the advertising business, based on an 18x 2024E PE, on par with the industry average.
- 4) HK\$81.4 for the fintech business, based on a 4.0x 2024E PS, at a premium to the peer average (1.9x). This mainly reflects Tencent's strong leadership in China's digital payment market and its potential to capture other fintech business opportunities.
- 5) HK\$20.7 for the cloud business, based on a 4.0x 2024E PS, at a discount to the industry average (5.7x) as Tencent's current offerings involve mainly the lower-margin IaaS Business.
- 6) HK\$71.2 for strategic investments, based on the current market value of Tencent's listed investments and the book value of its unlisted investments. We apply a 30% holding company discount to the fair value of Tencent's equity investments.
- 7) HK\$6.4 for net cash.

Figure 4: Tencent: SOTP valuation

	2024E net profit (RMBmn)	2024E revenue (RMBmn)	2024E PE (x)	2024E PS (x)	Market cap (RMBmn)	Valuation to Tencent (RMBmn)	As % of total valuation	Per share valuation (HK\$)
Online games	83,622		19x			1,588,826	37.9	182.0
Social network services (SNS)		119,761				284,721	6.8	32.6
Tencent Music (TME)					180,402	99,401	2.4	11.4
China Literature					29,471	17,441	0.4	2.0
Huya					7,650	3,626	0.1	0.4
Online video – subscription		20,700		2.5x		51,750	1.2	5.9
Others		56,251		2.0x		112,503	2.7	12.9
Online advertising	41,493		18x			746,876	17.8	85.6
Fintech		177,628		4.0x		710,513	17.0	81.4
Cloud (business services)		45,186		4.0x		180,745	4.3	20.7
Net cash						56,244	1.3	6.4
Valuation of core business						3,567,926		
RMB/HK\$						0.92		
Valuation of core business (HK\$mn)						3,869,768		
Valuation per share – core business (HK\$)						408.8		
Valuation per share – investments (HK\$)						71.2	14.8	
Valuation per share – Tencent (HK\$)						480.0		

Source: Company data, CMBIGM estimates

Figure 5: Peer comparison: online games and advertising sector

Companies	Ticker	Price (Local)	EPS growth (YoY %)			PE (x)		
			FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Online games								
NetEase	NTES US	99.5	5	4	13	14	13	12
Electronic Arts	EA US	126.6	19	4	13	18	17	15
Take Two Interactive	TTWO US	144.0	(37)	157	55	NA	25	16
Nexon	3659 JP	2,652.0	(20)	22	7	23	19	18
Nintendo	7974 JP	8,306.0	16	(20)	12	21	27	24
Bandai Namco	7832 JP	3,166.0	(14)	22	9	26	21	20
Perfect World	002624 CH	9.8	23	28	4	18	14	13
37 Interactive	002555 CH	16.6	0	14	5	11	10	9
Average PE						19	18	16
Online advertising								
Focus Media	002027 CH	6.6	13	12	15	17	15	13
Baidu	BIDU US	111.8	1	7	12	10	10	9
Meta	Meta US	468.0	41	15	13	22	19	17
Google	GOOG US	170.9	26	15	12	22	20	17
Average PE						18	16	14

Source: Bloomberg, CMBIGM estimates

Note: data as of market close on 13 May

Figure 6: Peer comparison: online video, fintech, and cloud sectors

Companies	Ticker	Price (Local)	Revenue growth (YoY %)			PS (x)		
			FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Online video								
iQiyi	IQ US	5.1	6.4	6.9	6.7	1.0	1.0	0.9
Mango Excellent Media	300413 CH	25.1	12.4	9.5	7.1	2.9	2.6	2.5
Average PS						2.0	1.8	1.7
Cloud								
Microsoft	MSFT US	413.7	14.9	14.5	15.4	10.9	9.5	8.3
Google	GOOG US	170.9	25.0	7.4	10.2	6.6	6.1	5.6
Salesforce	CRM US	277.5	9.2	10.3	0.0	7.1	6.4	6.4
Kingsoft Cloud	KC US	3.6	3.8	10.3	10.5	0.9	0.8	0.7
Amazon	AMZN US	186.6	11.9	11.3	11.4	3.0	2.7	2.5
Average PS						5.7	5.1	4.7
Fintech								
PayPal	PYPL US	64.0	8.0	8.0	7.4	2.1	1.9	1.8
Square	SQ US	69.7	15.1	11.7	9.9	1.7	1.5	1.4
Average PS						1.9	1.7	1.6

Source: Bloomberg, CMBIGM estimates

Note: data as of market close on 13 May

Our calculation of the valuation of Tencent's strategic investments is based on the current market value of Tencent's listed investments and the book value of its unlisted investments. We apply a 30% holding company discount to the fair value of Tencent's equity investments.

Figure 7: Tencent: valuation of strategic investments

Name	Ticker	Tencent's stake %	Mkt cap (US\$mn)	Value to Tencent (HK\$mn)
PDD Holdings Inc	PDD US	15.5	195,150	235,784
Sea Ltd	SE US	20.0	36,533	56,992
Kuaishou Technology	1024 HK	18.9	32,569	48,013
Spotify Technology SA	SPOT US	8.6	57,668	38,639
Snap Inc	SNAP US	17.5	25,863	35,363
NU Holdings Ltd/Cayman Islands	NU US	7.9	54,236	33,463
KE Holdings Inc	BEKE US	11.3	22,038	19,424
Futu Holdings Ltd	FUTU US	21.6	10,221	17,228
Meituan	3690 HK	1.7	97,845	13,127
JD.com Inc	9618 HK	2.7	51,044	10,591
Tongcheng Travel Holdings Ltd	780 HK	21.1	6,336	10,408
Krafton Inc	259960 KS	13.5	9,197	9,677
Vipshop Holdings Ltd	VIPS US	11.5	9,116	8,191
Reddit Inc	RDDT US	9.7	9,515	7,228
Kanzhun Ltd	BZ US	9.9	9,264	7,132
Bilibili Inc	9626 HK	13.4	6,546	6,847
Warner Music Group Corp	WMG US	4.9	16,703	6,410
Netmarble Corp	251270 KS	17.5	3,965	5,419
Tuhu Car Inc	9690 HK	18.7	2,798	4,081
Yixin Group Ltd	2858 HK	53.9	585	2,457
ZhongAn Online P&C Insurance C	6060 HK	8.1	2,912	1,838
Maoyan Entertainment	1896 HK	13.7	1,458	1,562
Kadokawa Corp	9468 JP	6.9	2,751	1,472
Lilium NV	LILM US	29.3	581	1,328
Ubisoft Entertainment SA	UBI FP	5.5	3,079	1,311
Paradox Interactive AB	PDX SS	9.1	1,625	1,155
Other listed entities as a whole			54,969	25,553
Listed investments (current value)				610,691
Unlisted investments (book value)				351,861
Total investment value				962,553
Holdco discount				30%
Valuation of strategic investments				673,787
Valuation of strategic investments per share				71.2

Source: Bloomberg, company data, CMBIGM estimates

Note: data as of the market close on 13 May

Risks

Slower-than-expected GPM expansion; decline in revenue of legacy games; macro headwinds weighing on ads and FBS revenue growth.

Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Revenue	560,118	554,552	609,015	661,885	718,940	771,702
Cost of goods sold	(314,174)	(315,806)	(315,906)	(310,847)	(332,488)	(352,843)
Gross profit	245,944	238,746	293,109	351,038	386,452	418,859
Operating expenses	19,026	(127,919)	(133,035)	(141,766)	(153,898)	(164,638)
Selling expense	(40,594)	(29,229)	(34,211)	(38,058)	(40,980)	(43,215)
Admin expense	(89,847)	(106,696)	(103,525)	(108,549)	(117,906)	(126,559)
Others	149,467	8,006	4,701	4,842	4,987	5,137
Operating profit	264,970	110,827	160,074	209,272	232,553	254,222
Share of (losses)/profits of associates/JV	(16,444)	(16,129)	5,800	5,800	5,800	1,523
Interest income	6,650	8,592	13,808	14,550	12,864	3,967
Interest expense	(7,114)	(9,352)	(12,268)	(10,364)	(2,846)	(2,800)
Pre-tax profit	241,412	85,346	153,606	204,709	235,507	252,944
Income tax	(20,252)	(21,516)	(43,276)	(55,471)	(60,720)	(66,268)
After tax profit	221,160	63,830	110,330	149,238	174,787	186,676
Minority interest	(2,988)	(466)	(2,832)	(2,995)	(3,279)	(3,578)
Net profit	218,172	63,364	107,498	146,243	171,508	183,098
Adjusted net profit	123,788	115,649	157,688	199,534	219,129	238,242
Gross dividends	12,704	20,256	28,485	37,586	41,143	0
BALANCE SHEET						
YE 31 Dec (RMB mn)						
Current assets	484,812	565,989	518,446	503,701	634,529	803,208
Cash & equivalents	167,966	156,739	172,320	138,109	220,613	352,457
Account receivables	49,331	45,467	46,606	50,858	53,584	55,791
Inventories	1,063	2,333	456	1,920	2,044	2,150
Prepayment	65,390	76,685	88,411	82,274	86,686	93,826
ST bank deposits	83,813	104,776	185,983	213,880	245,321	280,662
Financial assets at FVTPL	10,573	27,963	14,903	15,648	16,431	17,252
Other current assets	106,676	152,026	9,767	1,012	9,850	1,070
Non-current assets	1,127,552	1,012,142	1,058,800	1,119,888	1,190,251	1,243,663
PP&E	61,914	53,978	53,232	73,451	89,099	101,417
Deferred income tax	26,068	29,882	29,017	25,296	33,699	29,625
Investment in JVs & assos	323,188	252,715	261,665	273,109	284,919	297,084
Intangibles	171,376	161,802	177,727	206,554	233,332	257,888
Financial assets at FVTPL	192,184	206,085	211,145	211,145	211,145	211,145
Other non-current assets	352,822	307,680	326,014	330,333	338,058	346,504
Total assets	1,612,364	1,578,131	1,577,246	1,623,589	1,824,780	2,046,871
Current liabilities	403,098	434,204	352,157	320,801	345,290	373,894
Short-term borrowings	19,003	22,026	55,698	16,653	17,812	18,902
Account payables	109,470	92,381	100,948	95,108	100,712	110,799
Tax payable	12,506	13,488	17,664	13,353	13,997	14,557
Other current liabilities	256,673	299,955	171,693	189,532	206,614	223,481
Lease liabilities	5,446	6,354	6,154	6,154	6,154	6,154
Non-current liabilities	332,573	361,067	351,408	370,986	382,654	395,468
Long-term borrowings	136,936	163,668	155,819	156,074	156,150	156,173
Bond payables	145,590	148,669	137,101	139,672	140,981	141,642
Deferred income	4,526	3,503	3,435	12,434	13,300	14,114
Other non-current liabilities	45,521	45,227	55,053	62,807	72,223	83,539
Total liabilities	735,671	795,271	703,565	691,787	727,944	769,362
Retained earnings	669,911	705,981	813,911	961,036	1,122,791	1,299,886
Other reserves	136,388	15,410	(5,320)	(97,320)	(97,320)	(97,320)
Total shareholders equity	806,299	721,391	808,591	863,716	1,025,471	1,202,566
Minority interest	70,394	61,469	65,090	68,085	71,364	74,943
Total equity and liabilities	1,612,364	1,578,131	1,577,246	1,623,589	1,824,780	2,046,871

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	241,412	85,346	153,606	204,709	235,507	252,944
Depreciation & amortization	56,818	60,230	55,298	58,620	72,183	83,684
Tax paid	(20,252)	(21,516)	(43,276)	(55,471)	(60,720)	(66,268)
Change in working capital	(2,844)	(28,405)	16,661	12,421	15,424	17,500
Others	(99,948)	50,437	39,673	14,550	5,273	10,449
Net cash from operations	175,186	146,091	221,962	234,829	267,667	298,309
Investing						
Capital expenditure	(34,931)	(33,892)	(36,477)	(38,850)	(41,355)	(43,503)
Acquisition of subsidiaries/ investments	(117,642)	59,711	(105,332)	(31,929)	(68,999)	(43,920)
Net proceeds from disposal of short-term investments	0	0	0	0	0	0
Others	(25,976)	(130,690)	16,648	(68,815)	(73,252)	(77,056)
Net cash from investing	(178,549)	(104,871)	(125,161)	(139,595)	(183,607)	(164,478)
Financing						
Net borrowings	45,239	31,982	30,834	(32,776)	12,605	13,650
Proceeds from share issues	0	0	0	0	0	0
Others	(23,619)	(91,935)	(113,407)	(96,668)	(14,161)	(15,637)
Net cash from financing	21,620	(59,953)	(82,573)	(129,445)	(1,556)	(1,987)
Net change in cash						
Cash at the beginning of the year	152,798	167,966	156,739	172,320	138,109	220,613
Exchange difference	(3,089)	7,506	1,353	0	0	0
Cash at the end of the year	167,966	156,739	172,320	138,109	220,613	352,457
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Revenue	16.2%	(1.0%)	9.8%	8.7%	8.6%	7.3%
Gross profit	11.0%	(2.9%)	22.8%	19.8%	10.1%	8.4%
Operating profit	49.5%	(58.2%)	44.4%	30.7%	11.1%	9.3%
Net profit	42.7%	(71.0%)	69.7%	36.0%	17.3%	6.8%
Adj. net profit	0.9%	(6.6%)	36.4%	26.5%	9.8%	8.7%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Gross profit margin	43.9%	43.1%	48.1%	53.0%	53.8%	54.3%
Operating margin	47.3%	20.0%	26.3%	31.6%	32.3%	32.9%
Adj. net profit margin	22.1%	20.9%	25.9%	30.1%	30.5%	30.9%
Return on equity (ROE)	28.9%	8.3%	14.1%	17.5%	18.2%	16.4%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Net debt to equity (x)	0.2	0.2	0.2	0.2	0.1	(0.0)
Current ratio (x)	1.2	1.3	1.5	1.6	1.8	2.1
Receivable turnover days	32.1	29.9	27.9	28.0	27.2	26.4
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
P/E	15.4	53.2	31.1	22.9	19.5	18.3
P/E (diluted)	15.7	54.0	31.6	23.2	19.8	18.6
P/B	4.2	4.7	4.1	3.9	3.3	2.8

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

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