

Haidilao (6862 HK)

Our view on management changes

What is new? Haidilao (6862 HK, BUY) and Super Hi (9658 HK, NR) have announced a management change. Yang Lijuan resigned as the executive director and CEO of Haidilao and will become the executive director and CEO of Super Hi. Gou Yiqun will be appointed as the executive director and CEO of Haidilao.

■ **CMBI's view:** We don't think it is a negative to Haidilao as the company's operation is still improving and the potential for new store openings is still increasing. For Super Hi, we believe it should be a positive.

■ **Regarding the departure of key person Ms. Yang, we think the impact on Haidilao is neutral:**

1) The financial performance has been good and definitely not lower than expected. As mentioned in the announcement, both the Woodpecker Program/啄木鸟计划在 2021 (closing around 300 stores and improving the operation of remaining stores, and not opening any new stores until the table turnover has returned to 4 times or more in principle) and the Ying Gu Tou Program/硬骨头计划在 2022 (reopening some of the previously closed stores) have been successfully completed. The current table turnover is remarkable (around 4.2x in the second half of 2023 and 4.3x the first five months of 2024, recovery rate vs 2019 should be above 100%, compared to industry average of just 70% to 80%), while the 50 to 100 of those previously closed stores have been reopened in FY22-23.

2) Haidilao's competitiveness (in terms of talent) will not be affected much in our view, because except for Ms. Yang, no other executives will be transferred to Super Hi. Besides, we do think the new CEO Mr. Gou is highly competent. Similar to Ms. Yang, he was also one of first employees when Mr. Zhang and Mr. Shi started the business. During his long tenure with Haidilao, Mr. Gou has worked as the CFO, head of IT department, head of supply chain and procurement, as well as the chairman of Shuhai.

3) On top of the steady improvement in operation which made it outperform its peers by miles in recent years, 1) new products are highly successful, as they are refined after listening to feedback from top-tier members during the tasting sessions and some are more localized, 2) marketing has gone viral on social media, thanks to sharing of various "hidden" eating methods and the "Subject 3" dance, 3) the engagement with customers has been enhanced, such as inviting black card members to Haidilao store managers' conference and high-tier members to new product tasting sessions. The potential for new store openings has also increased. For instance, the franchising stores are going to be launched soon, while the performance of campus stores is outstanding. And more importantly, the Xiao Hai Huo Guo/小嗨火锅 (a mass-market version of Haidilao hot pot) has been well-received. All of these could be the building blocks of a potential speed-up in store expansion.

Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	31,039	41,453	47,018	50,125	52,135
YoY growth (%)	(20.6)	33.6	13.4	6.6	4.0
Operating profit (RMB mn)	2,123.5	5,584.3	6,392.3	7,554.8	8,518.2
Net profit (RMB mn)	1,637.3	4,495.4	4,996.6	5,813.6	6,613.1
EPS (Reported) (RMB)	0.29	0.81	0.89	1.04	1.18
YoY growth (%)	na	174.6	10.6	16.3	13.8
P/E (x)	46.5	16.9	15.3	13.1	11.6
P/B (x)	10.2	6.4	3.6	2.4	1.8
Yield (%)	0.0	5.3	5.9	6.8	7.8
ROE (%)	21.3	46.4	30.4	22.3	17.8

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price HK\$21.52
Up/Downside 46.6%
Current Price HK\$14.68

China Consumer Discretionary

Walter WOO

(852) 3761 8776

walterwoo@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	81,826.3
Avg 3 mths t/o (HK\$ mn)	215.6
52w High/Low (HK\$)	23.70/12.20
Total Issued Shares (mn)	5574.0

Source: FactSet

Shareholding Structure

Mr. Zhang Yong	60.4%
Mr. Shi Sean	9.4%

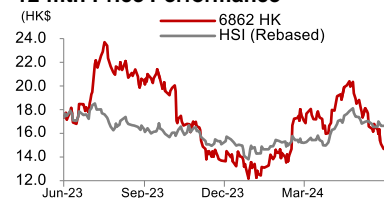
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-20.6%	-17.1%
3-mth	-16.5%	-23.6%
6-mth	7.2%	-2.9%

Source: FactSet

12-mth Price Performance



Source: FactSet

Recent Reports

[Cafe De Coral \(341 HK\) - Gaining market share under a weak macro](#)
(24 Jun 24)

[Haidilao \(6862 HK\) - Looking for expansion opportunities with downside protection](#)
(8 Apr 24)

[Nayuki \(2150 HK\) - Franchising and costs cutting are the keys](#)
(5 Apr 24)

[DPC Dash \(1405 HK\) - Sales beats as new markets continue to succeed](#)
(28 Mar 24)

[Jiumaojiu \(9922 HK\) - Resilient margin in 2H23 with positive outlook](#)
(26 Mar 24)

- **Maintain BUY with TP of HK\$ 21.52**, based on 20x FY24E P/E (unchanged). The stock is trading at 15x FY24E P/E and also has a 6% FY24E yield, which still looks somewhat attractive, for a more long-term investment perspective.
- Even though there are only single-digit new stores YTD, the company is still very confident on achieving its FY24E target of single-digit % growth (around 50). However, as the store expansion pace is still slow in near term and the macro environment is fairly weak, we believe investors can continue to monitor and wait for the moment that store expansion acceleration occurs, where the valuation could be re-rated.
- Moreover, we believe the move is positive for Super Hi, because Ms. Yang's expertise could be highly useful for Super Hi's future expansion. As stores have just started to achieve breakeven and generate positive cash flow, a store expansion acceleration has become much more possible.

Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	47,018	50,125	52,135	47,018	50,125	52,135	0.0%	0.0%	0.0%
Gross profit	27,844	29,684	30,874	27,844	29,684	30,874	0.0%	0.0%	0.0%
EBIT	6,873	8,129	9,180	6,873	8,129	9,180	0.0%	0.0%	0.0%
Net profit att.	4,977	5,790	6,587	4,977	5,790	6,587	0.0%	0.0%	0.0%
Diluted EPS (RMB)	0.893	1.039	1.182	0.893	1.039	1.182	0.0%	0.0%	0.0%
Gross margin	59.2%	59.2%	59.2%	59.2%	59.2%	59.2%	0ppt	0ppt	0ppt
EBIT margin	14.6%	16.2%	17.6%	14.6%	16.2%	17.6%	0ppt	0ppt	0ppt
Net profit att. margin	10.6%	11.6%	12.6%	10.6%	11.6%	12.6%	0ppt	0ppt	0ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	47,018	50,125	52,135	46,511	50,574	54,782	1.1%	-0.9%	-4.8%
Gross profit	27,844	29,684	30,874	27,551	29,965	32,462	1.1%	-0.9%	-4.9%
EBIT	6,873	8,129	9,180	6,614	7,430	8,262	3.9%	9.4%	11.1%
Net profit att.	4,977	5,790	6,587	5,097	5,727	6,368	-2.3%	1.1%	3.4%
Diluted EPS (RMB)	0.893	1.039	1.182	0.923	1.035	1.149	-3.2%	0.4%	2.9%
Gross margin	59.2%	59.2%	59.2%	59.2%	59.2%	59.3%	0ppt	0ppt	0ppt
EBIT margin	14.6%	16.2%	17.6%	14.2%	14.7%	15.1%	0.4ppt	1.5ppt	2.5ppt
Net profit att. margin	10.6%	11.6%	12.6%	11.0%	11.3%	11.6%	-0.4ppt	0.2ppt	1ppt

Source: Company data, CMBIGM estimates

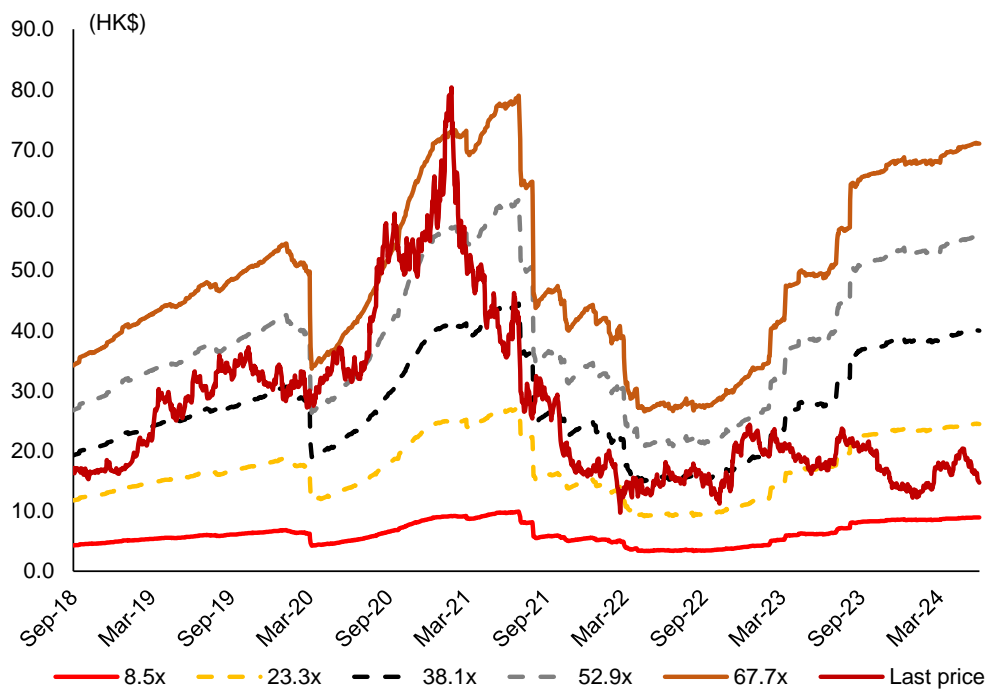
Valuation

Figure 3: Peers valuation table

Company	Ticker	Rating	12m TP (LC)	Price (LC)	Up/Down-side	Mkt. Cap (HK\$m)	Year End	P/E (x)		P/B (x)	ROE (%)	3yrs PEG (x)	Yield (%)	YTD per.(%)	
								FY1E	FY2E	FY2E	FY2E	FY1E	FY1E	FY1E	
Leading Greater China Catering															
Haidilao	6862 HK	BUY	21.52	14.68	47%	81,826	Dec-23	13.6	11.7	3.2	40.1	1.0	6.6	1.0	
Jiumaojiu	9922 HK	BUY	8.39	3.98	111%	5,701	Dec-23	8.9	7.1	1.2	15.8	0.4	4.2	(34.8)	
Nayuki	2150 HK	BUY	3.43	2.21	55%	3,790	Dec-23	29.4	14.2	0.6	2.1	0.2	1.5	(30.3)	
Cafe De Coral	341 HK	BUY	11.15	8.18	36%	4,791	Mar-24	11.6	9.6	1.6	14.6	0.6	8.6	(9.2)	
Dpc Dash Ltd	1405 HK	BUY	73.05	62.45	17%	8,143	Dec-23	147.0	56.8	3.6	3.1	(0.5)	n/a	0.8	
Xiabuxiabu	520 HK	BUY	4.89	1.46	235%	1,586	Dec-23	12.6	6.4	0.8	9.5	(0.1)	3.7	(39.7)	
Super Hi	9658 HK	NR	n/a	13.48	n/a	8,766	Dec-23	23.7	17.3	2.8	14.5	0.6	0.0	29.6	
Helens	9869 HK	NR	n/a	2.46	n/a	3,113	Dec-23	11.1	8.8	1.4	13.0	0.4	5.7	(29.0)	
Tam Jai	2217 HK	NR	n/a	1.05	n/a	1,414	Mar-24	11.1	10.2	1.5	8.7	1.1	8.3	(16.7)	
Yihai	1579 HK	NR	n/a	13.72	n/a	14,224	Dec-23	13.4	11.9	2.3	18.8	1.4	5.8	10.6	
Yum China	9987 HK	BUY	348.13	248.80	40%	96,460	Dec-23	14.5	12.8	1.8	13.4	1.2	2.0	(25.1)	
Yum China	YUMC US	BUY	49.59	32.25	54%	97,616	Dec-23	14.7	13.0	1.8	13.4	1.2	1.9	(24.0)	
Gourmet Master	2723 TT	NR	n/a	87.50	n/a	3,797	Dec-23	16.8	13.7	1.2	8.3	1.0	4.8	(13.8)	
								Avg.	25.3	14.9	1.8	13.5	0.7	4.4	(13.9)
								Med.	13.6	11.9	1.6	13.4	0.6	4.5	(16.7)
International Catering															
Yum! Brands	YUM US	NR	n/a	134.29	n/a	295,271	Dec-23	23.7	21.1	n/a	(21.1)	2.9	2.0	2.8	
McDonald's	MCD US	NR	n/a	259.39	n/a	1,459,459	Dec-23	21.3	19.6	25.9	(190.8)	2.9	2.6	(12.5)	
Starbucks	SBUX US	NR	n/a	79.91	n/a	706,661	Oct-23	22.3	19.6	n/a	(50.7)	2.7	2.9	(16.8)	
Rest. Brands	QSR US	NR	n/a	69.24	n/a	248,695	Dec-23	20.4	17.8	6.0	32.4	5.1	3.4	(11.4)	
Chipotle Mexican	WING US	NR	n/a	414.76	n/a	95,103	Dec-23	120.6	99.2	n/a	(23.5)	4.0	0.2	61.6	
Darden Rest.	SHAK US	NR	n/a	89.01	n/a	29,490	Dec-23	121.3	88.6	6.8	6.6	3.0	n/a	20.1	
Domino's	CMG US	NR	n/a	3210.5	n/a	688,466	Dec-23	57.9	48.0	19.5	43.7	2.8	0.0	40.4	
Wendy's	DRI US	NR	n/a	153.28	n/a	142,835	May-24	16.1	14.6	7.1	48.7	1.6	3.6	(6.7)	
Shake Shack	DPZ US	NR	n/a	521.83	n/a	142,103	Dec-23	32.8	28.9	n/a	(13.8)	3.0	1.1	26.6	
Wingstop	WEN US	NR	n/a	16.67	n/a	26,697	Dec-23	16.7	15.3	29.5	74.5	2.0	6.1	(14.4)	
Jollibee Foods	JFC PM	NR	n/a	218.00	n/a	32,457	Dec-23	26.3	22.5	2.7	11.6	1.4	1.3	(13.3)	
								Avg.	43.6	35.9	13.9	(7.5)	2.9	2.3	6.9
								Med.	23.7	21.1	7.1	6.6	2.9	2.3	(6.7)
H-share Consumer Staples															
UPC	220 HK	NR	n/a	7.10	n/a	30,667	Dec-23	16.1	14.6	2.1	13.5	2.0	6.3	27.9	
Tingyi	322 HK	NR	n/a	9.67	n/a	54,484	Dec-23	14.9	13.4	3.2	24.8	1.7	6.9	4.7	
Want Want	151 HK	NR	n/a	4.18	n/a	49,374	Mar-23	11.9	11.0	2.5	24.6	1.6	5.6	(11.4)	
China Mengniu	2319 HK	NR	n/a	4.18	n/a	52,497	Dec-23	8.9	7.9	0.9	11.7	0.8	4.7	(36.5)	
Vitasoy	345 HK	NR	n/a	4.18	n/a	6,630	Mar-24	27.7	17.5	1.9	7.7	0.5	2.4	(20.6)	
Nongfu Spring	9633 HK	NR	n/a	4.18	n/a	451,546	Dec-23	30.8	26.8	10.2	42.8	2.4	2.1	(11.1)	
Budweiser	1876 HK	NR	n/a	4.18	n/a	119,853	Dec-23	14.9	13.0	1.3	9.3	1.0	4.7	(38.1)	
Tsingtao	168 HK	NR	n/a	4.18	n/a	90,389	Dec-23	13.4	12.0	2.1	17.8	1.1	4.5	(0.2)	
CR Beer	291 HK	NR	n/a	4.18	n/a	90,026	Dec-23	13.8	11.9	2.2	18.2	0.9	3.2	(18.1)	
								Avg.	16.9	14.2	2.9	19.0	1.3	4.5	(11.5)
								Med.	14.9	13.0	2.1	17.8	1.1	4.7	(11.4)

Source: Bloomberg, company data, CMBIGM estimates

Figure 4: Forward 12M P/E valuation band



Source: Bloomberg, CMBIGM estimates

Assumptions

Figure 5: Major assumptions

Major assumptions	FY22A	FY23A	FY24E	FY25E	FY26E
Number of restaurants					
China T1 cities	234	232	237	237	237
China T2 cities	538	538	553	563	573
China T3 and below	577	581	601	616	631
Outside PRC	22	23	33	38	43
Total	1,371	1,374	1,424	1,454	1,484
Number of restaurants growth (YoY %)					
China T1 cities	-5.6%	-0.9%	2.2%	0.0%	0.0%
China T2 cities	3.1%	0.0%	2.8%	1.8%	1.8%
China T3 and below	3.2%	0.7%	3.4%	2.5%	2.4%
Outside PRC	10.0%	4.5%	43.5%	15.2%	13.2%
Total	1.6%	0.2%	3.6%	2.1%	2.1%
Sales per restaurants (RMB mn)					
China T1 cities	22	31	34	35	35
China T2 cities	21	29	31	32	33
China T3 and below	20	26	29	30	31
Outside PRC	47	60	67	72	76
Total	21	29	32	33	34
Table turnover rate (times/ day)					
China T1 cities	3.0	3.8	4.2	4.4	4.5
China T2 cities	3.0	3.9	4.3	4.5	4.6
China T3 and below	2.9	3.6	4.0	4.2	4.3
Outside PRC	3.5	3.8	4.2	4.4	4.5
Total	3.0	3.8	4.2	4.4	4.5
Average spending per guest (RMB)					
China T1 cities	114.2	105.7	105.7	107.8	110.0
China T2 cities	104.3	98.3	98.3	100.3	102.3
China T3 and below	97.9	92.8	92.8	94.7	96.5
Outside PRC	197.4	202.8	202.8	206.9	211.0
Overall	104.9	99.1	104.9	107.4	110.0
Average spending per guest growth (YoY %)					
China T1 cities	2.1%	-7.4%	0.0%	2.0%	2.0%
China T2 cities	2.6%	-5.8%	0.0%	2.0%	2.0%
China T3 and below	2.3%	-5.2%	0.0%	2.0%	2.0%
Outside PRC	-2.6%	2.7%	0.0%	2.0%	2.0%
Overall	2.5%	-5.5%	5.8%	2.4%	2.5%
GP margins					
Staff costs/ sales	-33.0%	-31.5%	-31.6%	-31.1%	-30.9%
Rental expenses/ sales	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%
Utilities expenses/ sales	-3.4%	-3.3%	-3.3%	-3.3%	-3.3%
Depreciation and amortization/ sales	-8.2%	-5.3%	-5.0%	-4.1%	-3.0%
Depreciation of right-of-use assets/ sales	-2.5%	-1.8%	-1.6%	-1.5%	-1.5%
Travelling fees/ sales	-0.5%	-0.5%	-0.6%	-0.7%	-0.8%
Other opex/ sales	-4.4%	-3.9%	-3.6%	-3.4%	-3.4%
Effective tax rate	-22.7%	-22.9%	-23.0%	-25.0%	-25.0%
NP att. margin	5.3%	10.9%	10.6%	11.6%	12.6%
NP att. growth (%)	-150.4%	174.6%	10.6%	16.3%	13.8%

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Revenue	39,097	31,039	41,453	47,018	50,125	52,135
Cost of goods sold	(17,243)	(12,906)	(16,946)	(19,174)	(20,441)	(21,261)
Gross profit	21,853	18,132	24,507	27,844	29,684	30,874
Operating expenses	(21,545)	(16,389)	(19,537)	(21,851)	(22,555)	(22,799)
Staff costs	(13,950)	(10,240)	(13,040)	(14,855)	(15,595)	(16,094)
Other rental related expenses	(297)	(274)	(362)	(410)	(438)	(455)
Others	(3,201)	(2,554)	(3,190)	(3,527)	(3,710)	(3,911)
Operating profit	638	2,123	5,584	6,392	7,555	8,518
Other income	330	380	614	400	426	443
Share of (losses)/profits of associates/JV	81	65	46	9	10	10
EBITDA	4,736	5,445	8,530	9,450	10,368	10,857
Depreciation	(3,193)	(2,560)	(2,215)	(2,329)	(2,050)	(1,545)
Depreciation of ROU assets	(904)	(761)	(731)	(729)	(762)	(794)
Interest income	28	116	327	481	574	662
Interest expense	(583)	(474)	(351)	(361)	(352)	(336)
Other income/expense	(3,235)	287	227	(33)	(35)	(36)
Pre-tax profit	(3,070)	2,118	5,833	6,489	7,752	8,817
Income tax	(178)	(480)	(1,338)	(1,492)	(1,938)	(2,204)
Minority interest	(2)	1	4	(19)	(23)	(26)
Net profit	(3,248)	1,637	4,495	4,997	5,814	6,613
BALANCE SHEET						
YE 31 Dec (RMB mn)						
Current assets	11,406	10,507	18,439	21,836	25,076	27,751
Cash & equivalents	5,767	6,301	12,972	15,789	18,702	21,166
Account receivables	368	307	450	511	545	566
Inventories	1,456	1,142	1,706	1,930	2,057	2,140
Prepayment	2,768	1,650	2,203	2,499	2,664	2,771
ST bank deposits	722	421	421	421	421	421
Other current assets	325	686	686	686	686	686
Non-current assets	16,616	10,933	8,586	6,714	5,151	4,112
PP&E	9,315	5,645	3,401	1,565	30	(985)
Deferred income tax	526	601	601	601	601	601
Investment in JVs & assos	351	257	191	177	163	148
Intangibles	132	105	69	46	32	24
Other non-current assets	6,291	4,325	4,325	4,325	4,325	4,325
Total assets	28,021	21,439	27,025	28,551	30,227	31,863
Current liabilities	9,886	7,232	8,550	9,097	9,405	9,604
Short-term borrowings	3,560	2,341	2,341	2,341	2,341	2,341
Account payables	1,944	1,321	2,144	2,425	2,586	2,689
Tax payable	103	58	58	58	58	58
Other current liabilities	4,278	3,512	4,007	4,272	4,420	4,516
Non-current liabilities	10,221	6,764	6,533	6,585	6,643	6,706
Long-term borrowings	221	215	215	215	215	215
Other non-current liabilities	10,000	6,548	6,317	6,370	6,428	6,491
Total liabilities	20,107	13,996	15,083	15,682	16,048	16,310
Share capital	0	0	0	0	0	0
Retained earnings	0	0	8,549	18,007	29,011	41,527
Other reserves	7,914	7,443	3,393	2,962	2,230	1,513
Total shareholders equity	7,915	7,443	11,942	20,970	31,241	43,041
Minority interest	0	0	0	0	0	0
Total equity and liabilities	28,021	21,439	27,025	36,651	47,289	59,351

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(3,070)	2,118	5,833	6,489	7,752	8,817
Depreciation & amortization	3,193	2,560	2,215	2,329	2,050	1,545
Tax paid	(702)	(353)	(1,338)	(1,492)	(1,938)	(2,204)
Change in working capital	(328)	556	57	(34)	(18)	(12)
Others	4,713	1,272	350	384	378	362
Net cash from operations	3,806	6,152	7,118	7,676	8,223	8,509
Investing						
Capital expenditure	(4,430)	(825)	(207)	(470)	(501)	(521)
Acquisition of subsidiaries/ investments	82	720	0	0	0	0
Others	(605)	(652)	112	23	25	25
Net cash from investing	(4,953)	(757)	(95)	(447)	(477)	(496)
Financing						
Dividend paid	(93)	0	0	(4,050)	(4,481)	(5,213)
Net borrowings	(183)	(1,243)	0	0	0	0
Proceeds from share issues	1,919	0	0	0	0	0
Share repurchases	0	0	0	0	0	0
Others	2,668	(3,745)	(351)	(361)	(352)	(336)
Net cash from financing	4,311	(4,988)	(351)	(4,411)	(4,833)	(5,549)
Net change in cash						
Cash at the beginning of the year	2,683	5,767	6,301	12,972	15,789	18,702
Exchange difference	(80)	126	0	0	0	0
Others	3,164	408	6,671	2,817	2,913	2,464
Cash at the end of the year	5,767	6,301	12,972	15,789	18,702	21,166
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Revenue	36.6%	(20.6%)	33.6%	13.4%	6.6%	4.0%
Gross profit	33.6%	(17.0%)	35.2%	13.6%	6.6%	4.0%
Operating profit	(51.2%)	232.6%	163.0%	14.5%	18.2%	12.8%
EBITDA	9.0%	15.0%	56.7%	10.8%	9.7%	4.7%
Net profit	na	na	174.6%	11.1%	16.4%	13.8%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Gross profit margin	55.9%	58.4%	59.1%	59.2%	59.2%	59.2%
Operating margin	1.6%	6.8%	13.5%	13.6%	15.1%	16.3%
EBITDA margin	12.1%	17.5%	20.6%	20.1%	20.7%	20.8%
Return on equity (ROE)	(35.8%)	21.3%	46.4%	30.4%	22.3%	17.8%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Current ratio (x)	1.2	1.5	2.2	2.4	2.7	2.9
Receivable turnover days	3.0	4.0	4.0	4.0	4.0	4.0
Inventory turnover days	27.6	36.7	36.7	36.7	36.7	36.7
Payable turnover days	37.3	46.2	46.2	46.2	46.2	46.2
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
P/E	ns	46.5	16.9	15.3	13.1	11.6
P/E (diluted)	ns	46.5	16.9	15.3	13.1	11.6
P/B	9.6	10.2	6.4	3.6	2.4	1.8
P/CFPS	20.0	12.4	10.7	9.9	9.3	8.9
Div yield (%)	0.1	0.0	5.3	5.9	6.8	7.8

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

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIGM Ratings

BUY : Stock with potential return of over 15% over next 12 months
HOLD : Stock with potential return of +15% to -10% over next 12 months
SELL : Stock with potential loss of over 10% over next 12 months
NOT RATED : Stock is not rated by CMBIGM

OUTPERFORM : Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM : Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.