

Tencent (700 HK)

Inline 2Q24 results; games business to drive revenue growth acceleration in 2H24E

Tencent reported 2Q24 results on 14 Aug: total revenue grew by 8% YoY to RMB161.1bn, in line with our/consensus estimate of RMB160.9/161.4bn; non-IFRS operating profit grew by 27% YoY to RMB58.4bn, largely in line with our estimate of RMB57.7bn; non-IFRS net income increased by 53% YoY to RMB57.3bn and was 17/18% ahead of our/consensus estimate, mainly due to the increase in share of profit of associates (+RMB6.6bn YoY). Underpinned by strong growth in game gross receipt, we are upbeat on the revenue growth acceleration and earnings growth in 2H24. E-commerce ecosystem development will support consumer internet revenue growth in mid-to-long term, while FBS revenue should bounce back as economic momentum recovers. We maintain our FY24-26E operating profit forecast largely unchanged but raise non-IFRS net income forecast by 5-8% to factor in the higher share of profit of associates. We maintain our SOTP-derived TP at HK\$480.0 and the BUY rating.

- **Game business recorded solid recovery in 2Q24.** Games revenue grew by 9% YoY to RMB48.5bn in 2Q24 (3% ahead of consensus). Domestic games revenue increased by 9% YoY to RMB34.6bn in 2Q24, with gross receipts growth outpacing revenue growth, driven by successful launch of *DnF Mobile* and recovery of flagship titles *Honor of Kings* & *Peacekeeper Elite*. International games revenue grew by 9% YoY to RMB13.9bn in 2Q24. And international games gross receipts recorded significantly faster YoY growth than its revenue, driven by the strong performance of *PUBG Mobile* and Supercell's games. Fuelled by strong growth in game gross receipts, we expect growth of games revenue to accelerate to +15% YoY in 2H24E.
- **Inline ad revenue growth despite macro uncertainty.** Online ad revenue grew by 19% YoY to RMB29.9bn in 2Q24 (in line with consensus), primarily driven by strong ad revenue growth from Video Accounts (VA) and long-form video, partially offset by decline in mobile ad network revenue. VA ad revenue grew by 80%+ YoY in 2Q24, due to growing user engagement and strong demand for live streaming promotions.
- **Fintech business under pressure amid soft consumption.** Fintech and Business Services (FBS) revenue was up by 4% YoY to RMB50.4bn in 2Q24 (1Q24/4Q23: +7/15% YoY). Fintech revenue recorded low single-digit YoY growth in 2Q24, with moderation in payment revenue growth and decline in consumer loan revenue due to stricter risk control. Business services segment remained resilient and registered a teens YoY growth rate in 2Q24, fuelled by solid growth of cloud and VA e-commerce revenue.
- **Earnings growth momentum continues.** Tencent's GPM rose by 5.8ppt YoY to 53.5% in 2Q24, within which VAS/ad/FBS GPM +3.0/6.7/9.2ppt YoY respectively, driven by high-margin revenue streams such as Domestic Games, Mini Games and VA. We forecast non-IFRS net income to record a FY24-26E CAGR of 18%, supported by the high-quality growth strategy. Current valuation of 15x FY24E non-IFRS PE offers attractive value. BUY.

Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	554,552	609,015	658,187	709,755	758,014
Adjusted net profit (RMB mn)	115,649.0	157,688.0	214,576.3	232,392.0	251,333.7
EPS (Adjusted) (RMB)	12.13	16.66	22.16	24.00	25.95
P/E (x)	51.8	30.3	19.7	17.1	17.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price **HK\$480.00**
 Up/Downside **28.4%**
 Current Price **HK\$373.80**

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Stock Data

Mkt Cap (HK\$ mn)	3,486,526.1
Avg 3 mths t/o (HK\$ mn)	7,265.0
52w High/Low (HK\$)	397.00/262.20
Total Issued Shares (mn)	9327.3

Source: FactSet

Shareholding Structure

MIH TC	25.6%
Advance Data Services Limited	8.4%

Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-5.8%	0.6%
3-mth	-2.1%	9.1%
6-mth	28.9%	19.6%

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	658.2	709.8	758.0	658.3	712.3	764.4	0.0%	-0.4%	-0.8%
Gross profit	350.7	380.7	410.7	349.4	383.0	415.1	0.4%	-0.6%	-1.0%
Operating profit	207.5	229.5	250.6	208.4	230.6	252.1	-0.5%	-0.5%	-0.6%
Adjusted net profit	214.6	232.4	251.3	198.8	218.6	238.9	7.9%	6.3%	5.2%
Adjusted EPS (RMB)	22.2	24.0	26.0	20.5	22.6	24.7	7.9%	6.3%	5.2%
Gross margin	53.3%	53.6%	54.2%	53.1%	53.8%	54.3%	0.2 ppt	-0.1 ppt	-0.1 ppt
Operating margin	31.5%	32.3%	33.1%	31.7%	32.4%	33.0%	-0.1 ppt	0.0 ppt	0.1 ppt
Adjusted net margin	32.6%	32.7%	33.2%	30.2%	30.7%	31.3%	2.4 ppt	2.1 ppt	1.9 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	658.2	709.8	758.0	665.5	730.6	797.1	-1.1%	-2.8%	-4.9%
Gross profit	350.7	380.7	410.7	350.7	390.7	430.9	0.0%	-2.6%	-4.7%
Operating profit	207.5	229.5	250.6	214.3	244.0	273.5	-3.2%	-5.9%	-8.3%
Adjusted net profit	214.6	232.4	251.3	201.3	224.0	251.6	6.6%	3.7%	-0.1%
Adjusted EPS (RMB)	22.2	24.0	26.0	20.9	23.4	26.2	6.0%	2.4%	-1.1%
Gross margin	53.3%	53.6%	54.2%	52.7%	53.5%	54.1%	0.6 ppt	0.2 ppt	0.1 ppt
Operating margin	31.5%	32.3%	33.1%	32.2%	33.4%	34.3%	-0.7 ppt	-1.1 ppt	-1.2 ppt
Adjusted net margin	32.6%	32.7%	33.2%	30.2%	30.7%	31.6%	2.4 ppt	2.1 ppt	1.6 ppt

Source: Bloomberg, CMBIGM estimates

Figure 3: Tencent: quarterly financials

(RMB bn)	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	Cons.	Diff%	CMBI	Diff%
SNS revenue	29.9	28.6	31.0	29.7	29.7	28.2	30.5	30.3	30.5	-0.6%	30.2	0.5%
YoY %	-1.4%	-1.7%	6.3%	1.6%	-0.4%	-1.5%	-1.4%	2.2%				
QoQ %	2.3%	-4.2%	8.2%	-4.2%	0.3%	-5.3%	8.3%	-0.7%				
Games revenue	42.9	41.8	48.4	44.5	46.0	40.9	48.1	48.5	47.3	2.5%	47.7	1.8%
YoY %	-4.6%	-2.3%	10.9%	4.8%	7.4%	-2.2%	-0.5%	8.9%				
QoQ %	0.8%	-2.5%	15.7%	-7.9%	3.3%	-11.1%	17.6%	0.8%				
Online ad revenue	21.4	24.7	21.0	25.0	25.7	29.8	26.5	29.9	29.4	1.7%	29.4	1.6%
YoY %	-4.7%	14.6%	16.5%	34.2%	20.0%	20.8%	26.4%	19.5%				
QoQ %	15.0%	15.0%	-15.0%	19.3%	2.9%	15.8%	-11.0%	12.7%				
FBS revenue	44.8	47.2	48.7	48.6	52.0	54.4	52.3	50.4	52.4	-3.8%	52.1	-3.1%
YoY %	3.5%	-1.5%	13.9%	15.2%	16.1%	15.1%	7.4%	3.7%				
QoQ %	6.2%	5.4%	3.1%	-0.1%	7.0%	4.5%	-3.8%	-3.6%				
Total revenue	140.1	145.0	150.0	149.2	154.6	155.2	159.5	161.1	161.4	-0.1%	160.9	0.1%
YoY %	-1.6%	0.5%	10.7%	11.3%	10.4%	7.1%	6.3%	8.0%				
QoQ %	4.5%	3.5%	3.5%	-0.5%	3.6%	0.4%	2.8%	1.0%				
Overall GPM	44.2%	42.6%	45.5%	47.5%	49.5%	50.0%	52.6%	53.3%	52.7%	0.6 ppt	53.4%	-0.1 ppt
G&A%	18.9%	18.8%	16.4%	17.0%	17.0%	17.5%	15.6%	17.1%				
S&M%	5.1%	4.2%	4.7%	5.6%	5.1%	7.1%	4.7%	5.7%				
Non-IFRS net margin	24.7%	20.5%	21.7%	25.2%	29.1%	27.5%	31.5%	35.6%				
Non-IFRS net profit	34.6	29.7	32.5	37.5	44.9	42.7	50.3	57.3	48.7	17.8%	49.2	16.5%
YoY %	8.9%	19.4%	44.9%	29.9%	30.0%	43.7%	54.5%	52.6%				

Source: Company data, CMBIGM estimates

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

- 1) HK\$190.6 for the online games business, based on an 18x 2024E PE, which is on par with the average PE for its global gaming peers.
- 2) HK\$30.0 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 1.6x 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\$83.5 for the advertising business, based on an 18x 2024E PE, which is at a premium to the industry average (17x). This reflects Tencent's more resilient ad revenue growth outlook, supported by the solid performance of Weixin Video Account and Mini Program.
- 4) HK\$79.7 for the fintech business, based on a 4.0x 2024E PS, at a premium to the peer average (1.8x). 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 (5.6x) as Tencent's current offerings mainly involve the lower-margin IaaS business.
- 6) HK\$67.3 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\$8.2 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	90,850		18x			1,635,307	39.7	190.6
Social network services (SNS)		119,761				257,086	6.2	30.0
Tencent Music (TME)					136,402	75,157	1.8	8.8
China Literature					23,233	13,749	0.3	1.6
Huya					8,284	3,927	0.1	0.5
Online video – subscription		20,700		2.5x		51,750	1.3	6.0
Others		56,251		2.0x		112,503	2.7	13.1
Online advertising	39,817		18x			716,697	17.4	83.5
Fintech		171,049		4.0x		684,198	16.6	79.7
Cloud (business services)		44,400		4.0x		177,602	4.3	20.7
Net cash						70,486	1.7	8.2
Valuation of core business						3,541,377		
RMB/HK\$						0.92		
Valuation of core business (HK\$mn)						3,849,322		
Valuation per share – core business (HK\$)						412.7		
Valuation per share – investments (HK\$)						67.3	14.0	
Valuation per share – Tencent (HK\$)						480.0		

Source: Company data, CMBIGM estimates

Figure 5: Peer comparison: online games and advertising sector

Companies	Ticker	Price	EPS growth (YoY %)			PE (x)		
		(LC)	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Online games								
NetEase	NTES US	89.5	6	7	5	12	11	11
Electronic Arts	EA US	146.9	19	5	14	21	20	17
Take Two Interactive	TTWO US	144.9	(37)	11	192	NA	NA	20
Nexon	3659 JP	2,831.5	4	10	6	19	17	16
Nintendo	7974 JP	7,955.0	16	(25)	19	21	27	23
Bandai Namco	7832 JP	2,861.0	(14)	26	3	24	19	18
Perfect World	002624 CH	7.7	(3)	27	16	17	14	12
37 Interactive	002555 CH	13.2	(9)	12	17	10	9	8
Average PE						18	17	16
Online advertising								
Focus Media	002027 CH	5.9	9	10	9	16	14	13
Baidu	BIDU US	86.2	3	3	9	8	8	7
Meta	Meta US	528.5	44	14	15	25	21	19
Google	GOOG US	165.9	31	12	12	21	19	17
Average PE						17	16	14

Source: Bloomberg, CMBIGM estimates

Note: Data as of market close on 13 Aug

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

		Price	Revenue growth (YoY %)			PS (x)		
Companies	Ticker	(LC)	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Online video								
iQiyi	IQ US	3.3	(0.4)	5.5	4.9	0.7	0.7	0.6
Mango Excellent Media	300413 CH	20.7	11.6	9.3	7.9	2.4	2.2	2.1
Average PS						1.6	1.4	1.4
Cloud								
Microsoft	MSFT US	414.0	14.4	14.5	14.1	11.0	9.6	8.4
Google	GOOG US	165.9	14.6	19.2	10.4	6.9	5.8	5.3
Salesforce	CRM US	254.6	8.8	9.2	0.0	6.5	6.0	6.0
Kingsoft Cloud	KC US	2.4	4.5	8.4	10.1	0.6	0.5	0.5
Amazon	AMZN US	170.2	11.3	10.9	10.9	2.8	2.5	2.3
Average PS						5.6	4.9	4.5
Fintech								
PayPal	PYPL US	65.1	7.9	7.9	8.1	2.1	1.9	1.8
Square	SQ US	63.4	13.5	11.7	9.8	1.6	1.4	1.3
Average PS						1.8	1.7	1.5

Source: Bloomberg, CMBIGM estimates

Note: Data as of market close on 13 Aug

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	200,011	241,657
Sea Ltd	SE US	18.2	42,840	60,815
Spotify Technology SA	SPOT US	8.4	67,219	43,989
Kuaishou Technology	1024 HK	15.7	25,070	30,622
NU Holdings Ltd/Cayman Islands	NU US	5.2	60,768	24,695
Snap Inc	SNAP US	17.5	15,317	20,944
KE Holdings Inc	BEKE US	11.3	18,047	15,907
Futu Holdings Ltd	FUTU US	21.6	8,571	14,447
Krafton Inc	259960 KS	13.5	11,556	12,159
Meituan	3690 HK	1.7	80,756	10,834
JD.com Inc	9618 HK	2.7	39,614	8,219
Vipshop Holdings Ltd	VIPS US	11.5	7,560	6,793
Tongcheng Travel Holdings Ltd	780 HK	21.1	3,887	6,385
Bilibili Inc	9626 HK	13.4	5,848	6,116
Warner Music Group Corp	WMG US	4.9	14,455	5,547
Netmarble Corp	251270 KS	17.5	3,946	5,392
Kanzhun Ltd	BZ US	9.9	6,413	4,937
Yixin Group Ltd	2858 HK	53.9	612	2,570
Tuhu Car Inc	9690 HK	18.7	1,649	2,406
ZhongAn Online P&C Insurance C	6060 HK	8.1	2,423	1,529
Kadokawa Corp	9468 JP	6.9	2,478	1,326
Maoyan Entertainment	1896 HK	13.7	1,037	1,111
Lilium NV	LILM US	29.3	482	1,102
Ubisoft Entertainment SA	UBI FP	5.5	2,418	1,030
Paradox Interactive AB	PDX SS	9.1	1,430	1,016
Other listed entities as a whole			44,517	21,197
Listed investments (current value)				552,747
Unlisted investments (book value)				356,964
Total investment value				909,711
Holdco discount				30%
Valuation of strategic investments				636,798
Valuation of strategic investments per share				67.3

Source: Bloomberg, company data, CMBIGM estimates

Note: Data as of the market close on 13 Aug

Risks

Slower-than-expected GPM expansion; decline in revenue of legacy games; macro headwinds weigh 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	658,187	709,755	758,014
Cost of goods sold	(314,174)	(315,806)	(315,906)	(307,472)	(329,062)	(347,269)
Gross profit	245,944	238,746	293,109	350,715	380,692	410,745
Operating expenses	19,026	(127,919)	(133,035)	(143,250)	(151,159)	(160,110)
Selling expense	(40,594)	(29,229)	(34,211)	(37,517)	(39,037)	(40,933)
Admin expense	(89,847)	(106,696)	(103,525)	(110,575)	(117,110)	(124,314)
Others	149,467	8,006	4,701	4,842	4,987	5,137
Operating profit	264,970	110,827	160,074	207,465	229,534	250,635
Share of (losses)/profits of associates/JV	(16,444)	(16,129)	5,800	19,088	19,088	4,772
Interest income	6,650	8,592	13,808	14,550	13,379	4,227
Interest expense	(7,114)	(9,352)	(12,268)	(10,353)	(2,846)	(3,134)
Pre-tax profit	241,412	85,346	153,606	216,201	245,776	252,273
Income tax	(20,252)	(21,516)	(43,276)	(50,478)	(55,145)	(60,056)
After tax profit	221,160	63,830	110,330	165,723	190,631	192,217
Minority interest	(2,988)	(466)	(2,832)	(3,221)	(3,519)	(3,833)
Net profit	218,172	63,364	107,498	162,501	187,111	188,384
Adjusted net profit	123,788	115,649	157,688	214,576	232,392	251,334
Gross dividends	12,704	20,256	28,485	40,421	44,159	48,092
BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Current assets	484,812	565,989	518,446	517,171	663,481	846,559
Cash & equivalents	167,966	156,739	172,320	152,351	251,410	398,968
Account receivables	49,331	45,467	46,606	50,573	52,900	54,802
Inventories	1,063	2,333	456	1,909	2,018	2,112
Prepayment	65,390	76,685	88,411	81,815	85,578	91,732
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	994	9,825	1,032
Non-current assets	1,127,552	1,012,142	1,058,800	1,118,688	1,187,604	1,238,993
PP&E	61,914	53,978	53,232	73,234	88,429	100,210
Deferred income tax	26,068	29,882	29,017	24,992	33,249	28,952
Investment in JVs & assos	323,188	252,715	261,665	273,109	284,919	297,084
Intangibles	171,376	161,802	177,727	206,169	232,098	255,565
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	330,039	337,765	346,037
Total assets	1,612,364	1,578,131	1,577,246	1,635,859	1,851,086	2,085,553
Current liabilities	403,098	434,204	352,157	318,103	341,632	367,548
Short-term borrowings	19,003	22,026	55,698	16,472	17,628	18,604
Account payables	109,470	92,381	100,948	94,076	99,675	108,495
Tax payable	12,506	13,488	17,664	13,208	13,853	14,327
Other current liabilities	256,673	299,955	171,693	188,193	204,322	219,967
Lease liabilities	5,446	6,354	6,154	6,154	6,154	6,154
Non-current liabilities	332,573	361,067	351,408	370,851	382,517	395,245
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	12,299	13,162	13,891
Other non-current liabilities	45,521	45,227	55,053	62,807	72,223	83,539
Total liabilities	735,671	795,271	703,565	688,955	724,149	762,793
Retained earnings	669,911	705,981	813,911	975,913	1,152,426	1,344,416
Other reserves	136,388	15,410	(5,320)	(97,320)	(97,320)	(97,320)
Total shareholders equity	806,299	721,391	808,591	878,593	1,055,106	1,247,096
Minority interest	70,394	61,469	65,090	68,311	71,831	75,663
Total equity and liabilities	1,612,364	1,578,131	1,577,246	1,635,859	1,851,086	2,085,553

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	241,412	85,346	153,606	216,201	245,776	252,273
Depreciation & amortization	56,818	60,230	55,298	58,620	72,020	83,172
Tax paid	(20,252)	(21,516)	(43,276)	(50,478)	(55,145)	(60,056)
Change in working capital	(2,844)	(28,405)	16,661	10,804	15,530	16,316
Others	(99,948)	50,437	39,673	14,550	5,799	21,441
Net cash from operations	175,186	146,091	221,962	249,696	283,979	313,146
Investing						
Capital expenditure	(34,931)	(33,892)	(36,477)	(38,633)	(40,827)	(42,731)
Acquisition of subsidiaries/ investments	(117,642)	59,711	(105,332)	(31,313)	(68,847)	(43,511)
Net proceeds from disposal of short-term investments	0	0	0	0	0	0
Others	(25,976)	(130,690)	16,648	(68,431)	(72,316)	(75,689)
Net cash from investing	(178,549)	(104,871)	(125,161)	(138,378)	(181,990)	(161,931)
Financing						
Net borrowings	45,239	31,982	30,834	(33,102)	12,603	13,450
Proceeds from share issues	0	0	0	0	0	0
Others	(23,619)	(91,935)	(113,407)	(98,186)	(15,534)	(17,107)
Net cash from financing	21,620	(59,953)	(82,573)	(131,288)	(2,931)	(3,657)
Net change in cash						
Cash at the beginning of the year	152,798	167,966	156,739	172,320	152,351	251,410
Exchange difference	(3,089)	7,506	1,353	0	0	0
Cash at the end of the year	167,966	156,739	172,320	152,351	251,410	398,968
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Revenue	16.2%	(1.0%)	9.8%	8.1%	7.8%	6.8%
Gross profit	11.0%	(2.9%)	22.8%	19.7%	8.5%	7.9%
Operating profit	49.5%	(58.2%)	44.4%	29.6%	10.6%	9.2%
Net profit	42.7%	(71.0%)	69.7%	51.2%	15.1%	0.7%
Adj. net profit	0.9%	(6.6%)	36.4%	36.1%	8.3%	8.2%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Gross profit margin	43.9%	43.1%	48.1%	53.3%	53.6%	54.2%
Operating margin	47.3%	20.0%	26.3%	31.5%	32.3%	33.1%
Adj. net profit margin	22.1%	20.9%	25.9%	32.6%	32.7%	33.2%
Return on equity (ROE)	28.9%	8.3%	14.1%	19.3%	19.4%	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	(0.1)
Current ratio (x)	1.2	1.3	1.5	1.6	1.9	2.3
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	15.0	51.8	30.3	19.7	17.1	17.0
P/E (diluted)	15.3	52.6	30.8	20.0	17.4	17.3
P/B	4.1	4.5	4.0	3.7	3.0	2.6

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

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