

# Meituan (3690 HK)

## 3Q results beat; driving earnings growth in a more holistic perspective

Meituan reported (29 Nov) its 3Q24 results: revenue was RMB93.6bn, up 22% YoY, 2% higher than both our estimate and Bloomberg consensus estimate. Adj. NP reached RMB12.8bn, 4%/10% better than our estimate/consensus, due to both better-than-expected operating profit (OP) generated from core local commerce (CLC) business, aided by subsidy optimization for food delivery (FD) business, and narrower-than-expected loss generated from new business, aided by better-than-expected operating efficiency improvement. Amid macro headwinds, and aiming to improve engagement of core consumer base, Meituan is proactively fostering business operation integration within CLC business, and driving quality earnings growth in a more holistic perspective. The additional investment to enhance benefits of couriers and merchant support, as well as for international expansion of FD business in the Middle East may slightly offset robust earnings growth of CLC, but should benefit long-term platform ecosystem enhancement and earnings growth. We lift 24-26E non-IFRS NP forecast by 5-9%, and our DCF-based TP is lifted by 26% to HK\$199.2 after factoring in the impact of rolling over valuation period to 2025E.

- Expecting CLC to sustain mid-40s YoY OP growth in 4Q.** CLC segment revenue/OP was RMB69.4bn/14.6bn in 3Q24, up 20%/44% YoY, 1/6% better than our estimates and 2%/14% better than consensus. Segmental OPM was also 1.0/2.3ppts better than our forecast/consensus, which we attributed to better-than-expected increase in per order delivery services revenue, and better-than-expected operating efficiency improvement aided by optimization of user subsidies of FD business. Driven by continuous operating efficiency improvement and business operation optimization, we forecast CLC to ink revenue/OP of RMB65.2bn/11.6bn, up 18%/44% in 4Q24E, and our 24E CLC OP forecast is lifted by 4% to RMB51.1bn.
- New initiatives saw continuous operating efficiency improvement.** Revenue generated from new initiatives was RMB24.2bn in 3Q24, up 29% YoY, driven by Kuailv and Xiaoxiang Supermarket. Operating loss was RMB1.0bn, narrower than our/consensus estimates of both RMB1.8bn, implying a loss margin of 4.2% (3Q23: -27.2%), driven by better-than-expected earnings generation from both retail business and other business (such as bike sharing and power bank) on favourable seasonality. We estimate that operating loss generated from Meituan Select was RMB1.7bn, narrowed from RMB5.0bn/RMB2.0bn in 3Q23/2Q24, and was better than our previous estimate at RMB1.8bn. This also implied other new business excluding Meituan Select has achieved OP of c. RMB700mn in 3Q24.
- Incremental investment on international expansion to support long-term development.** In 4Q24, we forecast operating loss generated from Meituan Select to further optimize to RMB1.6bn (4Q23: RMB4.4bn), while other business to see YoY loss expansion to RMB555mn due to the FD business expansion in the Middle East as expected. Our 4Q24E operating loss forecast for new initiatives was largely unchanged at RMB2.2bn (4Q23: RMB4.8bn in loss), while full-year loss forecast is cut to RMB7.3bn (was RMB8.1bn) due to the beat in 3Q. International expansion of FD business will bring full-year financial impact in 2025 (vs two months' impact in 2024), but we are positive on the long-term development prospect, as steady-state GTV margin should be higher than that of domestic FD business aided by higher AOV and per order delivery service fee charge.

**BUY (Maintain)**

**Target Price** **HK\$199.20**  
 (Previous TP) **HK\$157.80**  
**Up/Downside** **18.1%**  
**Current Price** **HK\$168.70**

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### Stock Data

Mkt Cap (HK\$ mn)	1,038,617.6
Avg 3 mths t/o (HK\$ mn)	7,507.1
52w High/Low (HK\$)	213.40/62.55
Total Issued Shares (mn)	6156.6

Source: FactSet

### Shareholding Structure

Huai River Investment Limited	10.1%
Crown Holdings Asia Limited	7.9%

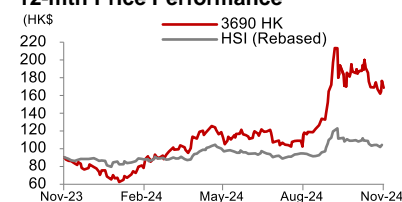
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	-10.9%	-5.0%
3-mth	45.8%	33.5%
6-mth	49.7%	42.4%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

**Earnings Summary**

<b>(YE 31 Dec)</b>	<b>FY22A</b>	<b>FY23A</b>	<b>FY24E</b>	<b>FY25E</b>	<b>FY26E</b>
<b>Revenue (RMB mn)</b>	219,955	276,745	336,969	392,901	447,028
<b>YoY growth (%)</b>	22.8	25.8	21.8	16.6	13.8
<b>Net profit (RMB mn)</b>	(6,686.1)	13,856.1	38,720.2	43,263.1	55,637.9
<b>Adjusted net profit (RMB mn)</b>	2,827.2	23,253.4	45,042.1	51,687.3	64,752.3
<b>YoY growth (%)</b>	na	722.5	93.7	14.8	25.3
<b>EPS (Adjusted) (RMB)</b>	0.46	3.74	7.18	8.16	10.12
<b>P/E (x)</b>	ns	70.5	25.5	23.0	18.1
<b>ROE (%)</b>	(5.3)	9.9	23.0	20.5	20.7

Source: Company data, Bloomberg, CMBIGM estimates

## Key takeaways from the results

- **OPM of CLC business expanded by 3.5ppts to 21.0%, and was 1.0/2.3ppts better than our forecast/consensus.**
  - **Revenue/OP of CLC** segment increased by 20/44% YoY to RMB69.4bn/14.6bn in 3Q24, and OPM was expanded by 3.5ppts, primarily attributable to operating efficiency improvement.
  - **Total order volume** of food delivery and Meituan Instashopping reached 7.08bn in 3Q24, up 14.5% YoY and was inline with both our forecast and Bloomberg consensus.
  - **Delivery services revenue growth was faster than order volume growth for CLC segment, as:** 1) user incentive deducted from delivery service revenue decreased with the nationwide rollout of Shen Hui Yuan (神会员); 2) a growing number of merchants shifted to Meituan's delivery services, due to higher cost efficiency; and 3) the percentage of large ticket size, nighttime, and long-distance orders continued to increase.
  - **Progress update on the business operation integration of CLC:** Shen Hui Yuan has received positive response from and active participation of merchants, with over 50% of Meituan's merchants having already joined the program as of 3Q24, and merchants have seen improvement in traffic conversion efficiency. Also, user traffic directed through FD members to in-store business continued to grow, and purchase frequency of existing users saw solid growth.
- **Loss reduction of new initiatives better than expected.** Operating loss from new initiatives segment narrowed to RMB1.0bn for 3Q24 (3Q23: loss of RMB5.1bn), and operating loss margin narrowed by 23ppts to 4.2%, mainly driven by efforts in improving operating efficiency in goods retail business.
- **Update on share repurchase:** During the three months ended 30 Sep 2024, Meituan repurchased a total of 120mn Class B shares on the stock exchange at the aggregate consideration of HK\$14.2bn before expenses, which equals to c.1.9% of the outstanding shares as of 30 Jun 2024.

Figure 1: Meituan: quarterly financial results and consensus comparison

(RMB mn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	Consensus	Diff (%)	CMBI estimates	Diff (%)
<b>Revenue</b>	<b>58,617</b>	<b>67,965</b>	<b>76,467</b>	<b>73,696</b>	<b>73,276</b>	<b>82,251</b>	<b>93,577</b>	<b>91,988</b>	<b>1.7%</b>	<b>92,140</b>	<b>1.6%</b>
YoY	26.7%	33.4%	22.1%	22.6%	25.0%	21.0%	22.4%				
<b>By segment</b>											
<b>1. CLC</b>	<b>42,885</b>	<b>51,200</b>	<b>57,691</b>	<b>55,131</b>	<b>54,626</b>	<b>60,682</b>	<b>69,373</b>	<b>68,334</b>	<b>1.5%</b>	<b>68,670</b>	<b>1.0%</b>
YoY	25.5%	39.2%	24.5%	26.8%	27.4%	18.5%	20.2%				
<b>1.1 Delivery services</b>	<b>16,905</b>	<b>20,375</b>	<b>22,984</b>	<b>21,927</b>	<b>21,065</b>	<b>23,021</b>	<b>27,784</b>	<b>26,965</b>	<b>3.0%</b>		
YoY	18.8%	27.7%	14.3%	10.9%	24.6%	13.0%	20.9%				
<b>1.2 Commission</b>	<b>15,815</b>	<b>18,402</b>	<b>20,987</b>	<b>19,427</b>	<b>20,034</b>	<b>22,108</b>	<b>26,080</b>	<b>23,210</b>	<b>12.4%</b>		
YoY	32.4%	47.5%	30.5%	32.7%	26.7%	20.1%	24.3%				
<b>1.3. Online marketing services</b>	<b>7,747</b>	<b>10,244</b>	<b>11,370</b>	<b>10,907</b>	<b>10,307</b>	<b>12,263</b>	<b>13,424</b>	<b>14,069</b>	<b>-4.6%</b>		
YoY	10.6%	40.4%	31.6%	40.8%	33.1%	19.7%	18.1%				
<b>1.4. Other services and sales</b>	<b>2,418</b>	<b>2,179</b>	<b>2,351</b>	<b>2,870</b>	<b>3,219</b>	<b>3,289</b>	<b>2,085</b>	<b>2,865</b>	<b>-27.2%</b>		
YoY	143.6%	106.7%	56.4%	117.6%	33.1%	51.0%	-11.3%				
<b>2. New initiatives</b>	<b>15,732</b>	<b>16,765</b>	<b>18,776</b>	<b>18,565</b>	<b>18,650</b>	<b>21,569</b>	<b>24,204</b>	<b>23,295</b>	<b>3.9%</b>	<b>23,470</b>	<b>3.1%</b>
YoY	30.1%	18.4%	15.3%	11.5%	18.5%	28.7%	28.9%				
<b>Operating profit</b>	<b>3,586</b>	<b>4,713</b>	<b>3,359</b>	<b>1,758</b>	<b>5,209</b>	<b>11,257</b>	<b>13,685</b>	<b>9,656</b>	<b>41.7%</b>	<b>10,301</b>	<b>32.9%</b>
<b>By segment</b>											
CLC	9,445	11,139	10,096	8,019	9,699	15,234	14,582	12,826	13.7%	13,737	6.2%
New initiatives	-5,029	-5,193	-5,112	-4,833	-2,757	-1,314	-1,026	-1,782	na	-1,801	na
<b>Non-IFRS net profit</b>	<b>5,491</b>	<b>7,660</b>	<b>5,727</b>	<b>4,375</b>	<b>7,488</b>	<b>13,606</b>	<b>12,829</b>	<b>11,656</b>	<b>10.1%</b>	<b>12,290</b>	<b>4.4%</b>
OPM (%)	6.1%	6.9%	4.4%	2.4%	7.1%	13.7%	14.6%	10.5%	4.1 ppt	11.2%	3.4 ppt
CLC	22.0%	21.8%	17.5%	14.5%	17.8%	25.1%	21.0%	18.8%	2.3 ppt	20.0%	1.0 ppt
New initiatives	-32.0%	-31.0%	-27.2%	-26.0%	-14.8%	-6.1%	-4.2%	-7.6%	3.4 ppt	-7.7%	3.4 ppt
Non-IFRS NPM (%)	9.4%	11.3%	7.5%	5.9%	10.2%	16.5%	13.7%	12.7%	1.0 ppt	13.3%	0.4 ppt

Source: Company data, Bloomberg, CMBIGM estimates. Note: CLC: core local commerce

## 4Q24 outlook: lift earnings forecast driven by better-than-expected UE expansion of FD business

- **CLC business:** we estimate CLC revenue growth of 18.2% YoY in 4Q24E, with total revenue to reach RMB65.2bn, driven by 26.7% YoY revenue growth in ISHT (in-store, hotel and travel) business and 14.0% YoY revenue growth in FD business; and we forecast operating profit for CLC business to grow 44% YoY in 4Q24E, to reach RMB11.6bn, implying 17.7% OPM (up 3.2ppts YoY), driven by UE expansion of FD business, as well as solid operating profit growth of ISHT business.
- **New initiatives:** we forecast new initiatives segment revenue growth of 22% YoY in 4Q24E, with total revenue to reach RMB22.7bn. In 4Q24, we forecast Meituan Select to see further loss reduction to RMB1.6bn (4Q23: loss of RMB4.4bn), while other new business on a combined basis to deteriorate YoY to record RMB550mn in loss (from c. RMB430mn in loss in 4Q23) due to: 1) weak seasonality for power bank and bike sharing business; and 2) increase in investment to support FD business expansion into the Middle East market.

## Revision of forecast and valuation

Key changes in our estimates include: 1) we lift 2024E/2025E revenue forecast by 0.2%/0.4% to factor in better-than-expected FD revenue growth; 2) we lift 2024E/2025E operating profit by 14.0%/6.2% to account for better-than-expected UE expansion of FD business, driven by the increase in estimate of per order delivery services revenue generation, and optimization in user subsidy.

**Figure 2: Meituan: forecast revision**

RMB bn	Current			Previous			Change (%)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Revenue	337.0	392.9	447.0	336.1	391.4	441.3	0.2%	0.4%	1.3%
CLC	249.9	288.7	328.0	249.3	287.6	322.7	0.2%	0.4%	1.7%
New initiatives	87.1	104.2	119.0	86.8	103.8	118.7	0.3%	0.4%	0.3%
OP	39.4	49.4	63.2	34.6	46.5	57.0	14.0%	6.2%	11.0%
CLC	51.1	59.1	68.7	49.2	57.5	66.2	3.7%	2.7%	3.9%
New initiatives	(7.3)	(5.3)	(0.1)	(8.1)	(6.2)	(3.4)	na	na	na
Non-IFRS NP	45.0	51.7	64.8	42.1	49.4	59.6	6.9%	4.7%	8.7%
OPM	11.7%	12.6%	14.1%	10.3%	11.9%	12.9%	1.4 pp	0.7 pp	1.2 pp
Non-IFRS NPM	13.4%	13.2%	14.5%	12.5%	12.6%	13.5%	0.8 pp	0.5 pp	1.0 pp

Source: CMBIGM estimates

## DCF-based target price of HK\$199.2

To account for the impact of earnings forecast upgrades and rollover of valuation period to 2025E, our DCF-based target price is lifted by 26% to HK\$199.2, assuming WACC of 11.0% and terminal growth of 2.5% (both unchanged), translating into 25x/22x 2024E/2025E PE (non-IFRS).

**Figure 3: Meituan: DCF valuation, WACC of 11.0%, terminal growth of 2.5%**

(RMBmn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
NPV of FCF	381,950	354,932	361,904	328,981	296,707	238,051	176,120	89,460
Discounted terminal value	520,312							
Total equity valuation	1,121,021							
Total equity valuation (HKDmn)	1,262,666							
No. of shares (diluted, mn)	6,338							
Valuation per share (HKD)	199.2							

Source: Company data, CMBIGM estimates

Note: our TP is based on 2025E valuation

We also have an SOTP valuation cross-check for Meituan below, in which we assign 20.0x/17.0x 2025E PE for FD/ISHT business, and 1.0x 2025E PS for new initiatives and others. After considering net cash in hand, we reached total valuation of HK\$230.0 per share for Meituan.

**Figure 4: Meituan: 2025E SOTP valuation cross-check**

(RMBmn)	2023-2026E revenue CAGR	2023-2026E OP CAGR	Valuation method	2025E NP/sales	Target PE/PS	Implied 2025E PS	2025E valuation	As % of total valuation	Per share valuation
Food delivery	11%	16%	2025E PE	28,551	20.0	3.1	571,030	44.6	102.5
In-store/hotel/travel	24%	22%	2025E PE	20,508	17.0	5.0	348,634	27.2	62.6
New initiatives and others	23%			140,989.9	1.0	-	140,990	11.0	25.3
Cash and short-term investment (2025E)							218,759	17.1	39.3
Total valuation (RMBmn)							1,279,413		
Total valuation (HKDmn)							1,441,072		
Valuation per share (HKD)									<b>230</b>

Source: Company data, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
<b>Revenue</b>	<b>179,128</b>	<b>219,955</b>	<b>276,745</b>	<b>336,969</b>	<b>392,901</b>	<b>447,028</b>
Cost of goods sold	(136,654)	(158,202)	(179,554)	(200,125)	(228,675)	(254,568)
<b>Gross profit</b>	<b>42,474</b>	<b>61,753</b>	<b>97,191</b>	<b>136,845</b>	<b>164,226</b>	<b>192,460</b>
<b>Operating expenses</b>	<b>(65,601)</b>	<b>(67,573)</b>	<b>(83,776)</b>	<b>(97,446)</b>	<b>(114,810)</b>	<b>(129,255)</b>
SG&A expense	(49,296)	(49,517)	(67,989)	(79,444)	(95,232)	(107,640)
R&D expense	(16,676)	(20,740)	(21,201)	(21,500)	(23,590)	(25,327)
Others	370	2,683	5,414	3,498	4,012	3,713
<b>Operating profit</b>	<b>(23,127)</b>	<b>(5,820)</b>	<b>13,415</b>	<b>39,399</b>	<b>49,416</b>	<b>63,205</b>
Share of (losses)/profits of associates/JV	146	36	1,213	1,263	1,263	1,263
Interest income	546	658	819	1,228	1,351	2,121
Interest expense	(1,131)	(1,629)	(1,425)	(1,130)	(1,130)	(1,130)
Others	0	0	0	0	0	0
<b>Pre-tax profit</b>	<b>(23,566)</b>	<b>(6,756)</b>	<b>14,022</b>	<b>40,760</b>	<b>50,900</b>	<b>65,459</b>
Income tax	30	70	(165)	(2,038)	(7,635)	(9,819)
<b>After tax profit</b>	<b>(23,536)</b>	<b>(6,685)</b>	<b>13,857</b>	<b>38,722</b>	<b>43,265</b>	<b>55,640</b>
Minority interest	2	1	1	2	2	2
<b>Net profit</b>	<b>(23,538)</b>	<b>(6,686)</b>	<b>13,856</b>	<b>38,720</b>	<b>43,263</b>	<b>55,638</b>
<b>Adjusted net profit</b>	<b>(15,572)</b>	<b>2,827</b>	<b>23,253</b>	<b>45,042</b>	<b>51,687</b>	<b>64,752</b>
<b>BALANCE SHEET</b>						
	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
YE 31 Dec (RMB mn)						
<b>Current assets</b>	<b>147,829</b>	<b>143,145</b>	<b>183,116</b>	<b>221,467</b>	<b>302,019</b>	<b>347,028</b>
Cash & equivalents	32,513	20,159	33,340	45,354	92,664	99,505
Restricted cash	13,277	14,606	19,373	21,311	23,442	25,786
Inventories	682	1,163	1,305	1,580	1,649	1,877
Other current assets	101,357	107,218	129,099	153,224	184,264	219,860
<b>Non-current assets</b>	<b>92,825</b>	<b>101,336</b>	<b>109,913</b>	<b>106,941</b>	<b>106,478</b>	<b>113,552</b>
PP&E	22,814	22,201	25,978	27,416	28,539	29,748
Intangibles	31,049	30,643	30,398	31,602	31,916	32,283
Other non-current assets	38,962	48,491	53,538	47,923	46,023	51,521
<b>Total assets</b>	<b>240,653</b>	<b>244,481</b>	<b>293,030</b>	<b>328,408</b>	<b>408,497</b>	<b>460,580</b>
<b>Current liabilities</b>	<b>68,593</b>	<b>76,430</b>	<b>100,874</b>	<b>103,061</b>	<b>131,296</b>	<b>95,565</b>
Short-term borrowings	11,565	17,562	19,322	26,903	27,515	2,816
Account payables	26,117	29,812	46,779	36,663	56,590	45,004
Tax payable	30,911	29,056	34,774	39,494	47,190	47,746
<b>Non-current liabilities</b>	<b>46,504</b>	<b>39,345</b>	<b>40,199</b>	<b>40,330</b>	<b>40,666</b>	<b>63,898</b>
Long-term borrowings	12,220	1,549	610	849	869	24,285
Other non-current liabilities	34,284	37,796	39,589	39,481	39,798	39,613
<b>Total liabilities</b>	<b>115,097</b>	<b>115,775</b>	<b>141,073</b>	<b>143,391</b>	<b>171,962</b>	<b>159,463</b>
Share capital	0	0	0	0	0	0
Capital surplus	311,221	316,743	325,579	319,916	328,166	337,105
Retained earnings	(182,742)	(189,466)	(175,617)	(136,895)	(93,630)	(37,990)
Other reserves	(2,867)	1,484	2,051	2,051	2,051	2,051
<b>Total shareholders equity</b>	<b>125,613</b>	<b>128,762</b>	<b>152,013</b>	<b>185,073</b>	<b>236,587</b>	<b>301,167</b>
Minority interest	(57)	(56)	(57)	(55)	(53)	(51)
<b>Total equity and liabilities</b>	<b>240,653</b>	<b>244,481</b>	<b>293,030</b>	<b>328,408</b>	<b>408,497</b>	<b>460,580</b>

<b>CASH FLOW</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	(23,566)	(6,756)	13,857	38,722	43,265	55,640
Depreciation & amortization	8,928	9,730	7,820	8,089	8,574	8,921
Change in working capital	7,209	(813)	19,557	(16,049)	26,148	(18,918)
Others	3,418	9,250	(713)	7,750	8,251	8,941
<b>Net cash from operations</b>	<b>(4,011)</b>	<b>11,411</b>	<b>40,522</b>	<b>38,512</b>	<b>86,238</b>	<b>54,584</b>
<b>Investing</b>						
Capital expenditure	(9,010)	(5,731)	(9,963)	(9,705)	(9,618)	(10,049)
Net proceeds from disposal of short-term investments	(44,744)	(7,782)	(25,062)	(24,278)	(29,550)	(35,965)
Others	(4,737)	(1,201)	10,361	(337)	(393)	(447)
<b>Net cash from investing</b>	<b>(58,492)</b>	<b>(14,714)</b>	<b>(24,664)</b>	<b>(34,320)</b>	<b>(39,561)</b>	<b>(46,462)</b>
<b>Financing</b>						
Dividend paid	0	0	0	0	0	0
Net borrowings	15,768	(6,859)	821	7,821	631	(1,284)
Proceeds from share issues	45,286	0	0	0	0	0
Others	17,544	(3,131)	(3,602)	2	2	2
<b>Net cash from financing</b>	<b>78,598</b>	<b>(9,990)</b>	<b>(2,781)</b>	<b>7,822</b>	<b>633</b>	<b>(1,281)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	17,094	32,513	20,159	33,340	45,354	92,664
Exchange difference	(675)	938	104	0	0	0
Others	0	0	0	0	0	0
<b>Cash at the end of the year</b>	<b>32,513</b>	<b>20,159</b>	<b>33,340</b>	<b>45,354</b>	<b>92,664</b>	<b>99,505</b>
<b>GROWTH</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
Revenue	56.0%	22.8%	25.8%	21.8%	16.6%	13.8%
Gross profit	24.7%	45.4%	57.4%	40.8%	20.0%	17.2%
Operating profit	na	na	na	193.7%	25.4%	27.9%
Net profit	na	na	na	179.4%	11.7%	28.6%
Adj. net profit	na	na	722.5%	93.7%	14.8%	25.3%
<b>PROFITABILITY</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
Gross profit margin	23.7%	28.1%	35.1%	40.6%	41.8%	43.1%
Operating margin	(12.9%)	(2.6%)	4.8%	11.7%	12.6%	14.1%
Adj. net profit margin	(8.7%)	1.3%	8.4%	13.4%	13.2%	14.5%
Return on equity (ROE)	(21.1%)	(5.3%)	9.9%	23.0%	20.5%	20.7%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
Net debt to equity (x)	(0.6)	(0.6)	(0.7)	(0.8)	(0.9)	(0.9)
Current ratio (x)	2.2	1.9	1.8	2.1	2.3	3.6
Receivable turnover days	2.8	3.1	3.1	2.7	2.5	2.4
Inventory turnover days	1.5	2.1	2.5	2.6	2.5	2.5
Payable turnover days	35.7	37.0	40.5	40.5	40.5	40.5
<b>VALUATION</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
P/E	ns	ns	70.5	25.5	23.0	18.1
P/E (diluted)	ns	ns	70.5	25.3	22.9	18.0
P/B	7.7	7.5	6.4	5.3	4.2	3.3
P/CFPS	ns	170.4	31.7	33.6	12.6	21.7
EV	872,196.7	874,181.8	838,110.0	807,701.1	729,341.6	682,907.4
EV/Sales	4.9	4.0	3.0	2.4	1.9	1.5

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

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