

Alibaba (BABA US)

Core earnings a nice beat; Cloud revenue growth has the potential to accelerate further

Alibaba reported 4QFY25 (March year-end) results: total revenue was RMB236.5bn, up 6.6% YoY, largely inline with our forecast and Bloomberg consensus; adjusted EBITA for the quarter was RMB32.6bn, up 36% YoY, driven by profitability improvement across all business segments, also inline with consensus. Alibaba delivered stronger-than-expected earnings growth for Taobao and Tmall (T&T) Group, while this was partly offset by wider-than-expected loss generated from Local Services Group (LSG) and Cainiao. "Cloud + AI", as well as e-commerce are two key strategic development areas for Alibaba in the coming years. We are positive that solid earnings growth of T&T Group could sustain in 1QFY26, driven by increases in take rate and healthy GMV growth, while we note that accelerated investment in instant commerce could weigh on near-term earnings growth, especially when industry competition is intensifying. For cloud, we are looking for a continued acceleration in YoY revenue growth sequentially in 1Q, and believe Alibaba's investment to enhance its infrastructure and R&D capabilities should pave the way for long-term growth. We roll over our SOTP-based valuation to FY26E with a new TP of US\$155.5, translating into 15.7x FY26E PE (non-GAAP). BUY.

- **Solid EBITA growth of T&T Group should sustain.** Alibaba generated RMB71.1bn in customer management revenue (CMR) in 4QFY25, up 11.8% YoY, and 4% better than consensus, driven by continuous increases in take rate aided by growing penetration of Quanzhantui and incremental technology services fee charges. Adjusted EBITA of T&T Group came in at RMB41.7bn, up 8.4% YoY and 6% ahead of consensus, in our view driven by solid CMR revenue growth and more optimized-than-expected spending to enhance user experience. We believe the solid EBITA growth trend could sustain in 1QFY26, as the penetration of Quanzhantui still has room to rise further, although the growth could partly offset by the incremental investment jointly with LSG to support instant commerce business development.
- **Cloud revenue growth has the potential to accelerate further.** For Cloud Intelligence Group (CIG), segment revenue came in at RMB30.1bn in 4QFY25, up 18% YoY, and was 1% ahead of consensus. Management highlighted strong digitalization demand across verticals and is confident that YoY growth of cloud revenue could accelerate further. It remains committed to the long-term growth opportunities of cloud business, and will sustain investment in technology and R&D to propel further growth.
- **AIDC: target to achieve single-quarter breakeven in FY26 maintained.** For AIDC, revenue came in at RMB33.6bn in 4QFY25, up 22% YoY (3QFY25: 32%), and was 4% lower than consensus. The adjusted EBITA loss of AIDC shrank both QoQ and YoY to RMB3.8bn (3QFY25: RMB5.0bn; 4QFY24: RMB4.1bn). Management was balancing business scale expansion with profitability improvement in 4QFY25, and reiterated its target to achieve the first quarter of profitability in FY26.
- **Change in forecast.** We lower our FY26-27E revenue forecast by both 5% to reflect the cut in revenue forecast for AIDC, and deconsolidation of Sun Art since Feb 2025, and we cut non-GAAP net profit by 7-9% to factor in the incremental investment made by both T&T Group and LSG to accelerate the investment in instant commerce business. However, we remain positive that Alibaba will be one of the key beneficiaries in the AI era, supported by its diversified use case scenarios and technical capabilities.

BUY (Maintain)

Target Price US\$155.50
(Previous TP US\$157.00)
Up/Downside 25.5%
Current Price US\$123.90

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Stock Data

Mkt Cap (US\$ mn)	290,211.9
Avg 3 mths t/o (US\$ mn)	2,335.6
52w High/Low (US\$)	147.57/72.00
Total Issued Shares (mn)	2342.3

Source: FactSet

Shareholding Structure

Blackrock	5.0%
Softbank	4.9%

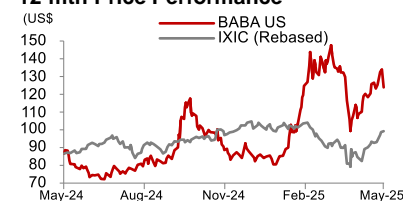
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	16.1%	-1.0%
3-mth	-0.7%	4.1%
6-mth	39.9%	36.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

Earnings Summary

(YE 31 Mar)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	941,168	996,347	1,041,023	1,118,003	1,183,412
YoY growth (%)	8.3	5.9	4.5	7.4	5.9
Net profit (RMB mn)	79,741.0	129,470.0	146,001.0	165,295.6	185,593.8
Adjusted net profit (RMB mn)	158,359.0	157,940.0	166,821.5	186,537.6	206,895.2
YoY growth (%)	10.0	(0.3)	5.6	11.8	10.9
EPS (Adjusted) (RMB)	62.77	67.24	73.22	84.40	93.62
Consensus EPS (RMB)	na	65.51	73.84	82.66	89.79
P/E (x)	28.3	16.2	13.9	11.9	10.6
ROE (%)	8.0	12.8	11.9	10.8	10.8

Source: Company data, Bloomberg, CMBIGM estimates

Key business segments update

T&T Group (38.6% of 4QFY25 revenue)

In 4QFY25, revenue generated from T&T Group was RMB101.4bn, up 9% YoY, among which revenue generated from CMR came in at RMB71.1bn, up 12% YoY, mainly driven by improvement of take rate YoY. The increase in take rate was driven by the impact of software service fees and increasing adoption of Quanzhantui, and the trend of YoY increase should sustain in the coming quarters, in our view, driven by the continued adoption of Quanzhantui.

Adjusted EBITA for the segment was RMB41.7bn in 4QFY25, up 8% YoY, mainly driven by the increase in revenue from customer management services, while partly offset by the increase in investment in user experience and AI technology. The implied adjusted EBITA margin of 41.2% for T&T Group was 1.0ppts ahead of consensus.

Cainiao (8.2% of 4QFY25 revenue)

Revenue from Cainiao came in at RMB21.6bn in 4QFY25, down 12% YoY, owing to the increasing integration of logistics offerings into the group's e-commerce business. Adjusted EBITA for Cainiao was a loss of RMB606mn in 4QFY25, narrowing from a loss of RMB1.3bn in 4QFY24, mainly attributable to retention incentives granted to Cainiao employees in relation to the withdrawal of its initial public offering in 4QFY24.

AIDC (12.8% of 4QFY25 revenue)

In 4QFY25, revenue generated from Alibaba International Digital Commerce Group (AIDC) was RMB33.6bn, up 22% YoY, among which international commerce retail revenue was up 24% YoY and international commerce wholesale revenue was up 16% YoY.

Adjusted EBITA for AIDC was a loss of RMB3.6bn in 4QFY25, narrowing from RMB4.1bn in 4QFY24, primarily attributable to Lazada's material reduction in operating losses, driven by enhanced monetization capabilities and improved operating efficiency.

Management was balancing business scale expansion with profitability improvement in 4QFY25, and reiterated its target to achieve the first quarter of profitability in FY26.

CIG (11.5% of 4QFY25 revenue)

Revenue of CIG came in at RMB30.1bn in 4QFY25, up 18% YoY, driven by double-digit revenue growth of public cloud products including AI-related products. Management highlighted that AI-related product revenue within the segment maintained triple-digit year-over-year growth for the seventh consecutive quarter. Overall revenue excluding Alibaba-consolidated subsidiaries was up 17% YoY, thanks to accelerated public cloud revenue growth, fuelled by increased uptake of AI-related products.

Adjusted EBITA margin for CIG reached 8.0% in 4QFY25, expanding 2.4ppt YoY, thanks to the product mix shift toward high-margin public cloud products and improving operating efficiency, while partly offset by the increasing investments in customer growth and technology.

LSG (6.2% of 4QFY25 revenue)

Revenue from Local Services Group (LSG) was RMB16.1bn in 4QFY25, up 10% YoY, thanks to order growth of both Amap and Ele.me, as well as revenue growth from marketing services. LSG's adjusted EBITA loss narrowed to RMB2.3bn in 4QFY25 (4QFY24: loss of RMB3.2bn), thanks to the improvement in unit economics driven by operating efficiency improvement as the scale increased. However, the adjusted EBITA loss in 4QFY25 was wider than consensus at loss of RMB636mn, which in our view could be attributed to Alibaba's escalated investment to support business expansion during the Spring Festival holiday season.

Update on shareholder return initiatives

During FY25, Alibaba has repurchased a total of US\$11.9bn (FY24: 12.5bn) of shares, leading to a 5.1% net reduction in outstanding shares. In addition, the board has approved the distribution of annual and special dividends totalling US\$4.6bn for FY25 (FY24: US\$4.0bn), which implies 1.2% of total market cap based on market close on 15 May.

Figure 1: Alibaba: summary of quarterly results

(RMBbn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	4QFY25 Consensus	Diff%
Taobao and Tmall Group	115.0	97.7	129.1	93.2	113.4	99.0	136.1	101.4	97.8	3.6%
YoY %	12.1%	4.2%	1.6%	3.7%	-1.4%	1.4%	5.4%	8.7%		
- CMR	79.7	68.7	92.1	63.6	80.1	70.4	100.8	71.1	68.4	3.9%
YoY %	10.0%	2.7%	0.5%	5.0%	0.6%	2.5%	9.4%	11.8%		
- Direct sales and others	30.2	23.9	31.6	24.7	27.3	22.6	28.7	24.5	22.8	7.7%
YoY %	20.7%	5.9%	2.0%	-2.1%	-9.5%	-5.3%	-9.2%	-0.8%		
Alibaba International Digital Commerce Group	22.1	24.5	28.5	27.4	29.3	31.7	37.8	33.6	35.0	-4.0%
YoY %	40.7%	52.8%	43.8%	45.1%	32.4%	29.2%	32.4%	22.3%		
Local Services Group	14.5	15.6	15.2	14.6	16.2	17.7	17.0	16.1	16.4	-1.6%
YoY %	29.8%	16.3%	13.2%	18.5%	12.3%	13.9%	12.1%	10.3%		
Cainiao Smart Logistics Network Limited	23.2	22.8	28.5	24.6	26.8	24.6	28.2	21.6	25.1	-14.1%
YoY %	34.0%	24.8%	23.7%	29.8%	15.7%	8.0%	-0.8%	-12.2%		
Cloud Intelligence Group	25.1	27.6	28.1	25.6	26.5	29.6	31.7	30.1	29.9	0.8%
YoY %	3.9%	2.3%	2.6%	3.4%	5.9%	7.1%	13.1%	17.7%		
Digital Media and Entertainment Group	5.4	5.8	5.0	4.9	5.6	5.7	5.4	5.6	5.2	6.5%
YoY %	35.7%	10.5%	18.3%	-0.9%	3.7%	-1.5%	7.9%	12.3%		
All others	45.8	48.1	47.0	51.5	47.0	52.2	53.1	54.0	51.8	4.2%
YoY %	1.4%	-0.2%	-6.6%	-3.5%	2.6%	8.6%	12.9%	4.9%		
Consolidated revenue	234.2	224.8	260.3	221.9	243.2	236.5	280.2	236.4	237.9	-0.6%
YoY %	13.9%	8.5%	5.1%	6.6%	3.9%	5.2%	7.6%	6.6%		
Gross profit	91.8	85.1	104.1	73.8	97.1	92.5	117.6	90.8	87.2	4.2%
Operating profit	42.5	33.6	22.5	14.8	36.0	35.2	41.2	28.5	23.9	19.0%
Net profit	34.3	27.7	14.4	3.3	24.3	43.9	48.9	12.4	21.4	42.2%
Adjusted net profit	44.7	40.1	48.2	25.3	40.3	36.5	51.3	30.0	31.0	-3.3%
YoY %	42.7%	16.8%	-4.3%	-9.4%	-10.0%	-9.0%	6.5%	18.4%		
Gross profit margin (%)	39.2%	37.9%	40.0%	33.3%	39.9%	39.1%	42.0%	38.4%	36.6%	1.8 ppt
G&A expense ratio (%)	3.1%	4.2%	4.3%	6.3%	5.5%	4.1%	3.9%	4.4%	5.1%	-0.8 ppt
R&D expense ratio (%)	4.5%	6.3%	5.2%	6.3%	5.5%	6.0%	5.2%	6.3%	6.3%	0.1 ppt
S&M expense ratio (%)	11.6%	11.3%	13.0%	13.0%	13.4%	13.7%	15.2%	15.3%	13.4%	1.9 ppt
Operating margin (%)	18.1%	14.9%	8.6%	6.7%	14.8%	14.9%	14.7%	12.0%	10.1%	2.0 ppt
NPM (%)	14.7%	12.3%	5.5%	1.5%	10.0%	18.6%	17.5%	5.2%	9.0%	-3.8 ppt
Non-IFRS NPM (%)	19.1%	17.8%	18.5%	11.4%	16.6%	15.4%	18.3%	12.7%	13.0%	-0.4 ppt

Source: Bloomberg, company data, CMBIGM

Figure 2: Alibaba: adjusted EBITA and margin summary

Adjusted EBITA (RMBmn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25E	4QFY25 Consensus	Diff%
Taobao and Tmall Group	49,319	47,077	59,930	38,501	48,810	44,590	61,083	41,749	39,310	6.2%
Alibaba International Digital Commerce Group	-420	-384	-3,146	-4,085	-3,706	-2,905	-4,952	-3,574	-3,381	-5.7%
Local Services Group	-1,982	-2,564	-2,068	-3,198	-386	-391	-596	-2,316	-659	451.4%
Cainiao Smart Logistics Network Limited	877	906	961	-1,342	618	55	235	-606	153	495.1%
Cloud Intelligence Group	916	1,409	2,364	1,432	2,337	2,661	3,138	2,420	2,822	-14.3%
Digital Media and Entertainment Group	63	-201	-517	-884	-103	-178	-309	36	-296	112.1%
All others	-1,733	-1,437	-3,172	-2,818	-1,263	-1,582	-3,156	-2,535	-2,580	1.8%
Consolidated EBITA	45,371	42,845	52,843	23,969	45,035	40,561	54,853	32,616	32,605	0.0%

Adjusted EBITA margin	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25E	4QFY25 Consensus	Diff%
Taobao and Tmall Group	42.9%	48.2%	46.4%	41.3%	43.1%	45.0%	44.9%	41.2%	40.2%	1.0 ppt
Alibaba International Digital Commerce Group	-1.9%	-1.6%	-11.0%	-14.9%	-12.7%	-9.2%	-13.1%	-10.6%	-9.7%	-1.0 ppt
Local Services Group	-13.7%	-16.5%	-13.6%	-21.9%	-2.4%	-2.2%	-3.5%	-14.4%	-4.0%	-10.3 ppt
Cainiao Smart Logistics Network Limited	3.8%	4.0%	3.4%	-5.5%	2.3%	0.2%	0.8%	-2.8%	0.6%	-3.4 ppt
Cloud Intelligence Group	3.7%	5.1%	8.4%	5.6%	8.8%	9.0%	9.9%	8.0%	9.4%	-1.4 ppt
Digital Media and Entertainment Group	1.2%	-3.5%	-10.3%	-17.9%	-1.8%	-3.1%	-5.7%	0.6%	-5.7%	6.3 ppt
All others	-3.8%	-3.0%	-6.7%	-5.5%	-2.7%	-3.0%	-5.9%	-4.7%	-5.0%	0.3 ppt
Consolidated EBITA margin	19.4%	19.1%	20.3%	10.8%	18.5%	17.2%	19.6%	13.8%	13.7%	0.1 ppt

Source: Bloomberg, company data, CMBIGM

Revision of forecast and valuation

We lower our FY26-27E revenue forecast by both 5% to reflect the cut in revenue forecast of AIDC, and deconsolidation of Sun Art since Feb 2025, and cut non-GAAP net profit by 7-9% to factor in the incremental investment made by both T&T Group and LSG to accelerate the investment in instant commerce business. However, we remain positive that Alibaba will be one of the key beneficiaries in the AI era, supported by its diversified user scenarios and technical capabilities.

Figure 3: Alibaba: forecast revision

RMB bn	Current			Previous			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	1,041.0	1,118.0	1,183.4	1090.4	1173.9	-	-4.5%	-4.8%	-
Gross profit	421.6	456.1	482.8	429.6	462.5	-	-1.9%	-1.4%	-
Non-GAAP net profit	166.8	186.5	206.9	179.7	205.3	-	-7.2%	-9.1%	-
Gross margin	40.5%	40.8%	40.8%	39.4%	39.4%	-	1.1 ppt	1.4 ppt	-
Non-GAAP net margin	16.0%	16.7%	17.5%	16.5%	17.5%	-	-0.5 ppt	-0.8 ppt	-

Source: CMBIGM estimates

Figure 4: Alibaba: CMBI forecast vs Bloomberg consensus

RMB bn	CMBI			Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	1041.0	1118.0	1183.4	1077.1	1170.0	1215.1	-3.3%	-4.4%	-2.6%
Gross profit	421.6	456.1	482.8	429.1	467.6	493.1	-1.7%	-2.5%	-2.1%
Non-GAAP net profit	166.8	186.5	206.9	172.2	190.1	218.1	-3.1%	-1.9%	-5.1%
Gross margin	40.5%	40.8%	40.8%	39.8%	40.0%	40.6%	0.7 ppt	0.8 ppt	0.2 ppt
Non-GAAP net margin	16.0%	16.7%	17.5%	16.0%	16.3%	17.9%	0.0 ppt	0.4 ppt	-0.5 ppt

Source: Bloomberg, CMBIGM estimates

Valuation: target price of US\$155.5 per ADS

We roll over our valuation window to FY26E with a new target price of US\$155.5, which comprises, per ADS:

- 1) US\$79.1 (was US\$80.8) for Taobao and Tmall Group, based on an 8.0x FY26E EV/adj. EBITA (was 9.0x FY25E EV/adj. EBITA). The lower valuation is mainly due to the lower earnings growth forecast after accounting for incremental impact from investment to support instant commerce business growth;
- 2) US\$14.0 for AIDC (was US\$11.6), based on an unchanged 1.5x EV/revenue multiple;
- 3) US\$4.5 for Local Services Group (was US\$6.0), based on 1.0x FY26E EV/revenue multiple (was 1.5x FY25E EV/revenue). The lower target multiple mainly reflects intensified industry competition, and slower improvement in profitability than we previously expected;
- 4) US\$2.8 for Cainiao (was US\$2.7), based on the latest valuation given by Alibaba to repurchase Cainiao shares from minority shareholders, and Alibaba's current 63.7% shareholding on a fully diluted basis;
- 5) US\$33.8 for the Cloud Intelligence Group (was US\$33.1), based on an unchanged 4.0x EV/revenue multiple on FY26E revenue;
- 6) US\$1.0 for Digital Media and Entertainment Group (was US\$0.9) based on an unchanged 0.7x EV/revenue multiple;
- 7) US\$9.5 for All Others (was US\$11.4), based on an unchanged 1.0x EV/revenue multiple; the lower valuation mainly reflects deconsolidation of Sun Art given the sale of the business;
- 8) US\$10.9 per ADS (was US\$10.6) for strategic investments with a 30% holding discount.

Our new SOTP-based target price translates into 15.7x/13.6x FY26E/FY27E PE (non-GAAP).

Figure 5: Alibaba: SOTP valuation

#	Segment (USDmn)	Valuation method	Rev (USDmn)	Adj. EBITA post tax (USDmn)	P/E (x)	EV/S (x)	Val. Rmb mn	Val. US\$m	\$/share	Value split
1	Taobao and Tmall Group	8.0x FY26E P/E; 20% tax rate on adjusted EBITA	67,659	23,166	8.0		1,334,385	185,331	79.1	51%
2	International Digital Commerce Group	1.5x FY26E EV/S	21,785			1.5	235,280	32,678	14.0	9%
3	Local Services Group	1.0x FY26E EV/S	10,527			1.0	75,796	10,527	4.5	3%
4	Cainiao Smart Logistics Network Limited	Last round transaction value; 63.7% shareholding	12,800				47,380	6,581	2.8	2%
5	Cloud Intelligence Group	4.0x FY26E EV/S on revenue before intersegment elimination	19,816			4.0	570,693	79,263	33.8	22%
6	Digital Media and Entertainment Group	0.7x FY26E EV/S, inline with iQIYI trading EV/S	3,224			0.7	16,249	2,257	1.0	1%
7	All others	1.0x FY26E EV/S	23,371			1.0	159,856	22,202	9.5	6%
Total Alibaba business							2,439,638	338,839	144.7	
INVESTMENTS										
1	Ant Group	Last round share buyback valuation; 33% share holding					187,143	25,992	11.1	
2	Others	Market valuation					74,895	10,402	4.4	
Total investment (with 30% holding discount)									10.9	7%

Total (US\$mn)	155.5
#s of diluted ADS (mn)	2,342

Source: CMBIGM estimates

Risks

- 1) Investments for driving business growth pose a more severe impact on margin than we expect;
- 2) Consumption recovery takes longer than we expect.

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Mar (RMB mn)						
Revenue	868,687	941,168	996,347	1,041,023	1,118,003	1,183,412
Cost of goods sold	(549,695)	(586,323)	(598,285)	(619,409)	(661,858)	(700,580)
Gross profit	318,992	354,845	398,062	421,614	456,145	482,832
Operating expenses	(218,641)	(241,495)	(257,157)	(246,057)	(253,072)	(248,943)
SG&A expense	(145,679)	(157,126)	(188,260)	(182,179)	(186,706)	(181,062)
R&D expense	(56,744)	(52,256)	(57,151)	(57,632)	(59,657)	(60,781)
Others	(16,218)	(32,113)	(11,746)	(6,246)	(6,708)	(7,100)
Operating profit	100,351	113,350	140,905	175,558	203,073	233,889
Interest income	(11,071)	(9,964)	20,759	4,164	4,248	4,260
Interest expense	(5,918)	(7,947)	(9,596)	(10,026)	(10,209)	(10,806)
Other income/expense	5,823	6,157	3,387	5,726	5,590	5,680
Pre-tax profit	89,185	101,596	155,455	175,421	202,703	233,024
Income tax	(15,549)	(22,529)	(35,445)	(38,943)	(47,635)	(58,256)
Others	(8,063)	(7,735)	5,966	5,205	5,590	5,917
After tax profit	65,573	71,332	125,976	141,683	160,658	180,685
Minority interest	7,210	8,677	4,133	4,318	4,638	4,909
Others	(274)	(268)	(639)	0	0	0
Net profit	72,509	79,741	129,470	146,001	165,296	185,594
Adjusted net profit	143,991	158,359	157,940	166,821	186,538	206,895

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Mar (RMB mn)						
Current assets	697,966	752,864	674,049	889,672	976,467	1,078,815
Cash & equivalents	193,086	248,125	145,487	407,132	483,498	577,283
Restricted cash	36,424	38,299	43,781	43,781	43,781	43,781
Prepayment	137,072	143,536	202,175	156,154	166,582	175,145
Financial assets at FVTPL	331,384	322,904	282,606	282,606	282,606	282,606
Non-current assets	1,055,078	1,011,965	1,130,178	1,351,179	1,480,466	1,610,425
PP&E	176,031	185,161	203,348	432,754	547,184	662,893
Investment in JVs & assos	207,380	203,131	210,169	222,412	235,040	247,995
Intangibles	46,913	26,950	20,911	23,314	23,314	23,314
Goodwill	268,091	259,679	255,501	255,501	255,501	255,501
Financial assets at FVTPL	245,737	220,942	356,818	356,818	356,818	356,818
Other non-current assets	110,926	116,102	83,431	60,379	62,608	63,904
Total assets	1,753,044	1,764,829	1,804,227	2,240,851	2,456,933	2,689,241
Current liabilities	385,351	421,507	435,346	412,605	445,941	476,472
Short-term borrowings	7,466	12,749	22,562	23,359	24,959	26,420
Tax payable	12,543	9,068	11,638	31,934	37,632	44,274
Other current liabilities	89,392	101,807	68,609	71,031	75,899	80,340
Accrued expenses	275,950	297,883	332,537	286,281	307,451	325,438
Non-current liabilities	244,772	230,723	278,775	282,534	290,088	296,979
Long-term borrowings	52,023	55,686	49,909	49,909	49,909	49,909
Deferred income	3,560	4,069	4,536	4,696	5,018	5,312
Other non-current liabilities	189,189	170,968	224,330	227,929	235,161	241,758
Total liabilities	630,123	652,230	714,121	695,139	736,029	773,451
Share capital	1	1	1	1	1	1
Capital surplus	416,880	397,999	381,379	481,775	496,309	510,510
Retained earnings	599,028	597,897	645,478	955,147	1,120,443	1,306,036
Other reserves	(16,394)	1,375	(5,287)	2,511	2,511	2,511
Total shareholders equity	999,515	997,272	1,021,571	1,439,434	1,619,264	1,819,058
Minority interest	123,406	115,327	68,535	106,278	101,640	96,731
Total equity and liabilities	1,753,044	1,764,829	1,804,227	2,240,851	2,456,933	2,689,241

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Mar (RMB mn)						
Operating						
Profit before taxation	89,185	101,596	155,455	175,421	202,703	233,024
Depreciation & amortization	46,938	44,504	14,886	14,796	15,258	15,650
Tax paid	(15,549)	(22,529)	(35,445)	(38,943)	(47,635)	(58,256)
Change in working capital	13,482	(13,749)	(68,323)	105,948	22,837	22,642
Others	65,696	72,771	96,936	16,463	18,328	17,662
Net cash from operations	199,752	182,593	163,509	273,684	211,491	230,722
Investing						
Capital expenditure	(34,330)	(32,087)	(92,660)	(119,718)	(122,980)	(124,258)
Acquisition of subsidiaries/ investments	(22)	(842)	4,178	(6,000)	(6,708)	(7,100)
Net proceeds from disposal of short-term investments	(61,086)	71,426	(34,129)	0	0	0
Others	(40,068)	(60,321)	(62,804)	(7,038)	(7,038)	(7,038)
Net cash from investing	(135,506)	(21,824)	(185,415)	(132,756)	(136,726)	(138,396)
Financing						
Net borrowings	0	0	0	0	0	0
Proceeds from share issues	11	843	0	0	0	0
Share repurchases	(74,746)	(88,745)	0	0	0	0
Others	9,116	(20,342)	(76)	797	1,601	1,460
Net cash from financing	(65,619)	(108,244)	(76)	797	1,601	1,460
Net change in cash						
Cash at the beginning of the year	227,353	229,510	286,424	265,407	407,132	483,498
Exchange difference	3,530	4,389	965	0	0	0
Cash at the end of the year	229,510	286,424	265,407	407,132	483,498	577,283
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Mar						
Revenue	1.8%	8.3%	5.9%	4.5%	7.4%	5.9%
Gross profit	1.7%	11.2%	12.2%	5.9%	8.2%	5.9%
Operating profit	44.1%	13.0%	24.3%	24.6%	15.7%	15.2%
Net profit	17.0%	10.0%	62.4%	12.8%	13.2%	12.3%
Adj. net profit	0.3%	10.0%	(0.3%)	5.6%	11.8%	10.9%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Mar						
Gross profit margin	36.7%	37.7%	40.0%	40.5%	40.8%	40.8%
Operating margin	11.6%	12.0%	14.1%	16.9%	18.2%	19.8%
Adj. net profit margin	16.6%	16.8%	15.9%	16.0%	16.7%	17.5%
Return on equity (ROE)	7.4%	8.0%	12.8%	11.9%	10.8%	10.8%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Mar						
Net debt to equity (x)	(0.4)	(0.4)	(0.2)	(0.3)	(0.3)	(0.4)
Current ratio (x)	1.8	1.8	1.5	2.2	2.2	2.3
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Mar						
P/E	32.3	28.3	16.2	13.9	11.9	10.6
P/E (diluted)	32.5	28.5	16.7	14.3	12.3	10.9
P/B	2.4	2.3	2.1	1.5	1.3	1.1
P/CFPS	14.3	15.1	30.5	13.6	22.9	19.1

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

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