

Internet	Last Close HK\$ 191.70	Target Price HK\$ 247.00 ↑	Upside +28.8%
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26 July 2022

Meituan (3690 HK)

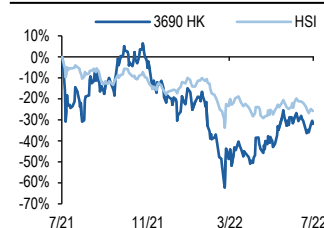
Expect earnings resilience in 2Q22E; June likely a beat

- ⊖ **2Q22E preview:** We expect revenue to be RMB49bn, up 12% YoY, slightly higher than consensus, with food delivery/in-store, hotel & travel/new initiatives +11%/-23%/+38%. We estimate an adjusted operating loss of RMB2.2bn, of which food delivery/in-store, hotel & travel will record a profit of RMB3.0bn/2.7bn, and new initiatives to record a loss of RMB7.8bn. Adjusted OPMs are estimated at 12%/40%/-47% respectively. We project 2Q22E adjusted loss per share to be RMB0.41, vs. consensus of -RMB0.38.
- ⊖ **Stronger-than-expected recovery of delivery orders:** According to NBS, the catering market dropped 20% YoY in April-May and showed strong recovery in June (-4%). Food delivery platforms should fare better. Order volume of Meituan food delivery was flattish YoY in April-May, and should resume growth in June on COVID containment. We anticipate 2Q22E daily order volume to grow 1.5% YoY to 39.5m, and food delivery revenue to rise 11% YoY (previous estimates: flattish/+9% YoY), thanks to higher AOV and increased order frequency. In 2Q22, rider cost rose YoY due to COVID related spending, offset by low user subsidies. We expect UE to improve further to RMB0.8. The estimated delivery revenue (from merchant + consumer) of RMB6/order is still below delivery cost of RMB7/order.
- ⊖ **Offline consumption recovered strongly in June, but in-store & hotel remained weak:** We estimate the TAM of in-store business shrank ~20% YoY in 2Q22E. In-store business likely saw bigger COVID impact due to higher GTV contribution from top-tier cities than food delivery. We estimate 2Q22E in-store & hotel GTV/revenue to drop 31%/23% YoY while hotel & travel may suffer the most in the short term. With less subsidies, we expect OPM to stabilize at 40%.
- ⊖ **Instashopping propels retail business growth; loss to narrow:** We project revenue of new initiatives to grow 38% YoY in 2Q22E, thanks to steady growth in Instashopping/Grocery. We estimate the daily orders/GTV of Instashopping to climb 45%/90% YoY, with a better UE driven by AOV growth. We estimate an operating loss of RMB7.8bn, and expect Meituan Select to see a narrower loss under refined operation.
- ⊖ **Maintain Buy on solid outlook.** We saw a sharp pick-up in June and expect further penetration of local life services in long run. We revise our forecasts, and raise 2023E SOTP-based TP to HK\$247 (from HK\$234), implying 6x/5x 22/23E P/S. Meituan's core business remains resilient, and we are optimistic about the user habit cultivation and UE improvement for Instashopping/Meituan Grocery.

Stock Rating

BUY

1-year stock performance



Source: FactSet

Stock data

52w high (HK\$)	297.40
52w low (HK\$)	106.00
Market cap (HK\$ m)	1,056,117.47
Avg daily vol (m)	15.01
YTD change (%)	(14.95)
200d MA (HK\$)	181.17

Source: FactSet

Connie Gu, CPA

connie.gu@bocomgroup.com
(86) 10 8800 9788-8045

Brandy Sun

mengqi.sun@bocomgroup.com
(86) 10 8800 9788-8048

Li Zhao, CFA

zhao.li@bocomgroup.com
(86) 10 8800 9788-8054

Hanna Cai

hanna.cai@bocomgroup.com
(86) 10 8800 9788-8041

This is a translation of the report “[美团 \(3690 HK\) - 2 季度业绩前瞻：6 月表现好于预期，业绩韧性较强](#)” dated 25 July 2022

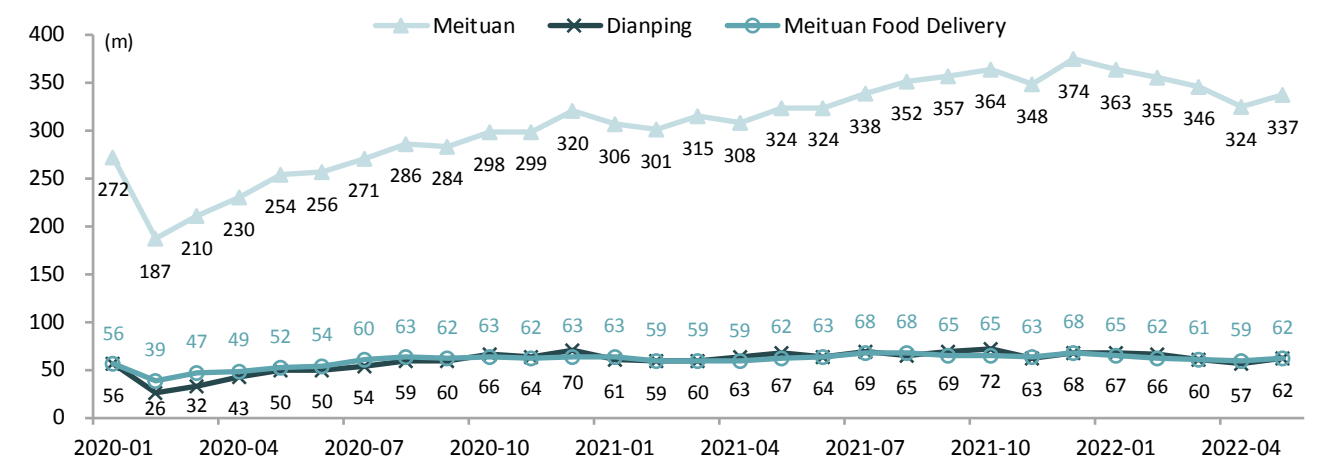
Financial highlights

Y/E 31 Dec	2020	2021	2022E	2023E	2024E
Revenue (RMB m)	114,795	179,128	211,094	281,218	332,715
YoY growth (%)	17.7	56.0	17.8	33.2	18.3
Net profit (RMB m)	3,121	(15,571)	(11,038)	7,149	17,951
EPS (RMB)	0.52	(2.58)	(1.82)	1.18	2.95
YoY growth (%)	-34.4	-594.8	-29.3	-164.5	150.4
Previous EPS (RMB)			(1.23)	2.35	4.34
Change (%)			48.6	-49.9	-32.2
P/E (x)	316.7	NA	NA	140.4	56.1
BVPS (RMB)	35.87	46.12	29.48	27.23	28.75
P/B (x)	4.61	3.58	5.61	6.07	5.75

Source: Company data, BOCOM Int'l estimates ^Net profit & EPS on non-GAAP basis

Analyst certifications, disclosures and disclaimer at the back forms part of this report and must be read.

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Figure 1: MAU of Meituan, Meituan Delivery and Dianping apps dived in April and began to recover in May


Source: QuestMobile, company data, BOCOM Int'l

Stronger-than-expected recovery of delivery orders

According to NBS, the catering market dropped >20% YoY in April-May and showed strong recovery in June (-4%), ending 2Q22 with a 16% YoY decline.

Food delivery platforms should fare better than the catering industry. With COVID under control, we estimate that the order volume of Meituan food delivery rose MoM in May and June. Although the epidemic affected the supply and demand of food delivery platforms in 2Q22, the transaction frequency/user remained at about 6 times per month. We anticipate 2Q22E daily order volume to grow 1.5% YoY to 39.5m, and food delivery revenue to rise 11% YoY (previous estimates: flattish/+9% YoY), thanks to higher AOV and increased user frequency.

In 2Q22, due to the increase in subsidies for delivery workers during the epidemic, we estimate that the delivery cost per order was about RMB7, vs. RMB6.5 in 2Q21. At the same time, user subsidies decreased YoY, which offset the COVID-related cost hike. We expect operating profit margin to edge up 1ppt YoY, and UE to improve further to RMB0.8/order. The estimated merchant + consumer delivery revenue of RMB6/order is still RMB1 below delivery cost of RMB7/order.

Figure 2: Catering industry came under pressure in 2Q22 amid COVID resurgence, and may resume growth in 2H22E

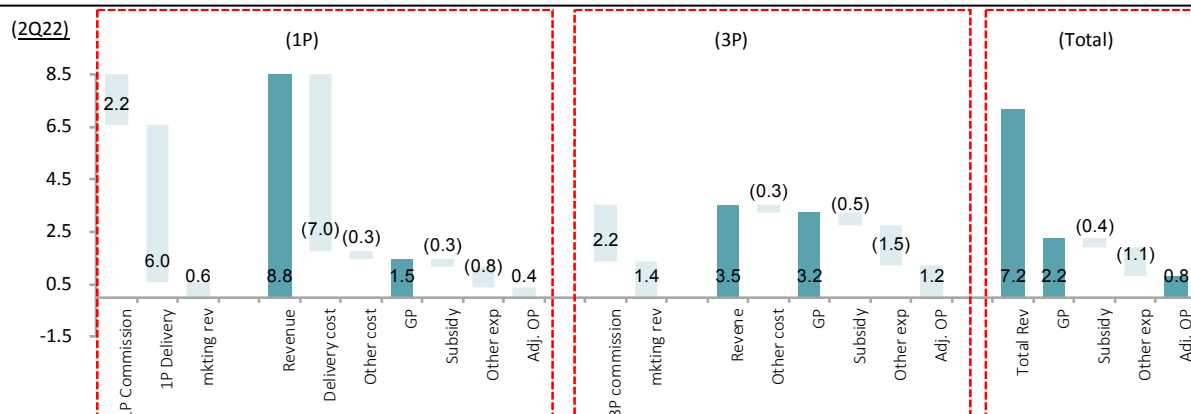
2020	Jan-Feb	March	April	May	June	1Q	2Q	3Q	4Q	Full year
Catering industry (RMB, 100m)	4,194	1,832	2,307	3,013	3,262	6,027	8,585	10,617	14,300	39,529
YoY	-43%	-47%	-31%	-19%	-15%	-44%	-21%	-7%	0%	-17%
2021	Jan-Feb	March	April	May	June	1Q	2Q	3Q	4Q	Full year
Catering industry (RMB, 100m)	7,085	3,511	3,377	3,816	3,923	10,598	11,116	11,039	14,145	46,896
YoY	69%	92%	46%	27%	20%	76%	29%	4%	-1%	19%
2022	Jan-Feb	March	April	May	June	1Q	2Q	3Q	4Q	Full year
Catering industry (RMB, 100m)	7,718	2,935	2,609	3,012	3,766	10,653	9,387	11,259	14,873	46,172
YoY	9%	-16%	-23%	-21%	-4%	1%	-16%	2%	5%	-2%

Source: NBS, BOCOM Int'l estimates

Figure 3: Meituan's estimated food delivery order growth: June may come in better than expected

2022	Jan	Feb	Mar	Apr	May	Jun	1Q22	2Q22E	3Q22E	4Q22E	2022E
MAU, m	140	142	144	140	152	160	144	151	158	160	160
MTU, m	188	191	193	187	203	213	193	201	222	223	210
Orders/month	5.7	6.0	6.0	5.7	6.0	6.1	5.8	6.0	6.4	6.4	6.1
Orders, m	1,068	1,141	1,152	1,071	1,215	1,307	3,362	3,594	4,267	4,298	15,521
YoY	15.0%	21.0%	11.8%	-4.0%	4.0%	4.0%	16%	1.5%	6%	10%	8%
Daily orders, m	34	41	37	36	39	44	37.4	39.5	46.4	46.7	42.5
AOV							51	54	51	50	51
Revenue							24,157	25,720	30,157	30,579	110,613
YoY							17%	11%	14%	17%	15%

Source: QuestMobile, company data, BOCOM Int'l estimates

Figure 4: 1P/3P food delivery UE estimated at RMB0.4/1.2, blended UE estimate is RMB0.8


Source: Company data, BOCOM Int'l estimates

Offline consumption recovered strongly in June, while in-store, hotel & travel remained weak

According to our previous estimates of TAM of local life services and in-store dining market, the two markets fell by 17%/20% YoY respectively in 2Q22. As in-store business has a higher GTV contribution from top-tier cities than food delivery, Meituan may take a harder hit than the market under repeated COVID flare-ups.

We expect the GTV of in-store, hotel & travel to be under pressure in 2Q22E, down 31% YoY. Due to travel restrictions and a high base, GTV of hotel/travel tickets declined more than that of in-store. Yet, given half of the revenue comes from advertising/subscription and other businesses, we anticipate revenue to decline by 23% YoY, smaller than the GTV drop.

Hotel & travel businesses may suffer the most in the short term. We expect OPM to stabilize at 40% with less subsidies.

Figure 5: In-store local life services/dining under pressure in 2Q22E, and but improve in 2H22E

2020	1Q	2Q	3Q	4Q	Full year	2020	1Q	2Q	3Q	4Q	Full year
Local life services (in-store) (RMB, bn)	723	654	1,096	1,345	3,818	In-store dining (RMB, bn)	465	675	820	1,158	3,118
YoY	-29%	-28%	-12%	6%	-17%	YoY	-52%	-27%	-14%	-6%	-23%
2021	1Q	2Q	3Q	4Q	Full year	2021	1Q	2Q	3Q	4Q	Full year
Local life services (in-store) (RMB, bn)	1,050	1,093	1,318	1,345	4,807	In-store dining (RMB, bn)	848	798	790	1,088	3,524
YoY	45%	67%	20%	0%	26%	YoY	82%	18%	-4%	-6%	13%
2022	1Q	2Q	3Q	4Q	Full year	2022	1Q	2Q	3Q	4Q	Full year
Local life services (in-store) (RMB, bn)	1,142	906	1,371	1,436	4,855	In-store dining (RMB, bn)	817	621	777	1,118	3,333
YoY	9%	-17%	4%	7%	1%	YoY	-4%	-22%	-2%	3%	-5%

Source: Company data, BOCOM Int'l estimates

Figure 6: Expect in-store GTV to remain weak; revenue growth likely to outpace GTV growth as half of the revenue came from advertising/subscription

RMB m	Jan	Feb	Mar	Apr	May	Jun	1Q22	2Q22E	3Q22E	4Q22E	2022E
1a) GTV of in-store dining	12,294	12,571	8,490	7,752	8,306	9,187	33,355	23,223	36,807	36,016	129,401
YoY	32.0%	31.0%	-8.9%	-23.3%	-17.0%	-10.0%	18%	-23%	7%	10%	3%
1b) GTV of in-store non-dining	6,983	7,258	4,949	4,046	5,058	6,253	19,190	16,455	27,684	23,498	86,827
YoY	41.0%	40.0%	-7.3%	-40.0%	-25.0%	-10.0%	24%	-19%	9%	18%	7%
1) GTV of in-store	19,277	19,829	13,438	11,798	13,364	15,440	52,545	39,678	64,492	59,513	216,228
YoY	35%	34%	-8%	-30%	-20%	-10%	20%	-22%	8%	13%	5%
2) GTV of tickets	2,984	2,950	1,688	1,968	2,340	2,887	7,622	7,195	12,645	9,595	37,056
YoY	3.0%	5.0%	-45.1%	-48.0%	-40.0%	-24%	-13%	-37%	10%	10%	-8%
3) GTV of hotel	7,314	7,250	2,974	4,284	3,856	5,545	17,539	13,684	24,566	23,190	78,979
YoY	12.1%	8.0%	-45.0%	-50.0%	-55.0%	-37%	-6%	-47%	17%	12%	-9%
GTV of in-store, hotel & travel	29,576	30,029	18,101	18,050	19,559	23,872	77,705	60,557	101,702	92,298	332,263
YoY	25%	24%	-22%	-38%	-33%	-20%	9%	-31%	10%	13%	0%
Revenue of in-store, hotel & travel							7,622	6,623	9,622	9,842	33,708
YoY							16%	-23%	12%	13%	4%

Source: Company data, BOCOM Int'l estimates

Losses of new initiatives continue to narrow

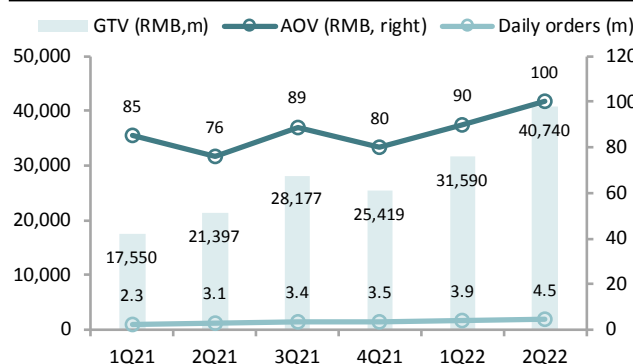
We project a 38% revenue growth in 2Q22E, thanks to steady growth in Instashopping/Grocery. We expect the operating loss of new initiatives to narrow to RMB7.8bn, vs. RMB9bn in 1Q22 and RMB9.2bn in 2Q21. Within this, we expect Meituan Select to record an operating loss of RMB5.6bn, and others to record loss of RMB2.25bn, narrowing by RMB400m/750m respectively QoQ.

High demand for retail business drives revenue growth: Instashopping and Meituan Grocery continued to perform well in 2Q22E. Although supply was affected by the epidemic in the short term, user demand continued to increase. We estimate the daily orders of Instashopping to climb 45% YoY to 4.5m, and lifted AOV to drive GTV to grow 90% YoY. Affected by seasonality, the fulfillment cost is expected to be relatively low in 2Q22E. Although the epidemic increased delivery subsidies, the increase in AOV also drove revenue growth. We anticipate user subsidies to decrease during the epidemic, and losses should decrease in 2Q22E. However, as the epidemic eases and business operation resumes normality, subsidy ratio will still rise, and loss may still occur in the next few quarters. Meituan Select shut down businesses in many places to streamline its operation, and explore more efficient operation models and UE improvement methods. We estimate its operating loss to narrow by RMB400m QoQ to RMB5.6bn, vs. loss of RMB6.8bn in 2Q21.

26 July 2022

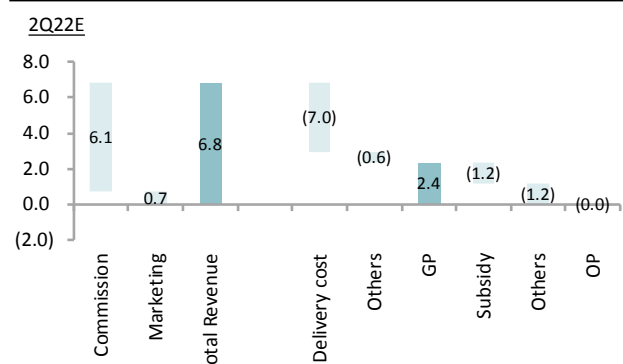
Meituan (3690 HK)

Figure 7: Operating data estimates of Instashopping



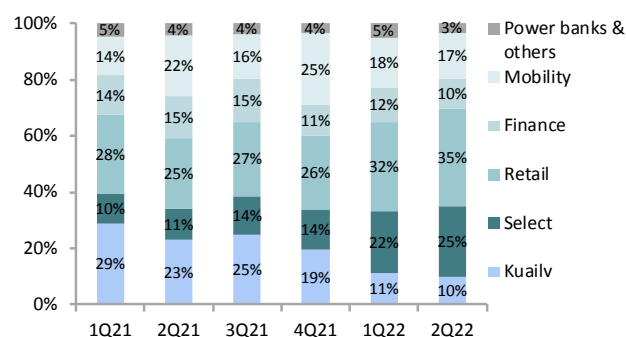
Source: Company data, BOCOM Int'l estimates

Figure 8: Instashopping UE may break even in 2Q22E



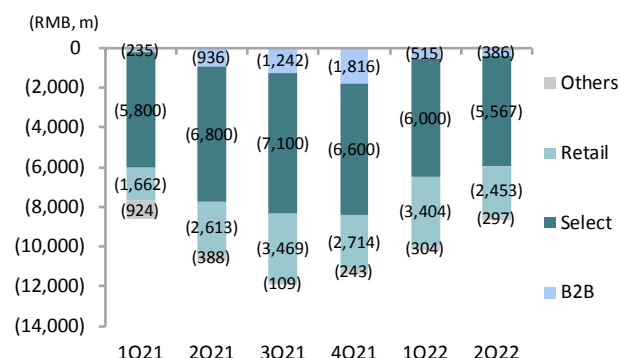
Source: Company data, BOCOM Int'l estimates

Figure 9: Revenue breakdown of new initiatives



Source: Company data, BOCOM Int'l estimates

Figure 10: Loss breakdown of new initiatives



Source: Company data, BOCOM Int'l estimates

Figure 11: SOTP valuation

	Valuation	TP	—Revenue (RMB m)—			—P/S—		Adjusted OP (RMB m)			P/E	PEG	Valuation method	
	(HK\$ m)	(HK\$)	2022E	2023E	21-23E CAGR (%)	2022E	2023E	2022E	2023E	21-23E CAGR (%)	2022E	2022E		
Food delivery	811,296	134	110,613	151,784	26%	6.5	4.7	10,711	24,051	97%	67	30	DCF, 10-year DCF, WACC 12.8%	
In-store	475,426	78	28,064	40,493	25%	14.9	10.3	12,526	17,455	16%	33	24	DCF, 10-year DCF, WACC 12.8%	
Hotel & travel	68,970	11	5,928	8,905	16%	10.2	6.8	1,956	1,353	5%	31	45	DCF, 10-year DCF, WACC 12.8%	
New initiatives	139,667	23	66,485	80,036	26%	1.8	1.5	-32,657	-24,674				SOTP, P/S	
Total	1,495,359	247	211,091	281,218	25%	6.2	4.7	-7,464	18,186					

Source: BOCOM Int'l estimates

Figure 12: Lower-case valuation implies TP of HK\$207-218 and 9-15% upside

Method 1	2022E	2023E	Multiple	TP (HK\$)	
Food delivery + in-store profit (RMB m)	25,194	42,859	2023E P/E	25	198
Instashopping revenue (RMB m)		16,249	2023E P/S	3	9
TP of Meituan				207	25x 2023E P/E, benchmarked to 25x/32x P/E of the dining/retail industry
					3x 2023E P/S, benchmarked to Meituan's current valuation (3x 2023E P/S)
Method 2					
Food delivery		In-store, hotel & travel		New initiatives	
Daily orders (m)	100	2025E profit (RMB m)	27,933	Instashopping daily orders (m)	10
UE (RMB)	1	Net profit margin	40%	Instashopping revenue (RMB m)	27,082
P/E	25	P/E	25	P/S	3
TP in 2025E (HK\$)	169		129		15
TP in 2023E (HK\$)	118		90		10
					313
					218

Source: BOCOM Int'l estimates

Figure 13: P&L forecasts

(RMB m)	2Q21	1Q22	2Q22 old	2Q22E new	QoQ (%)	YoY (%)	3Q22E	2021	2022E	2023E	2024E
Total revenue	43,759	46,269	48,565	48,990	6	12	56,976	179,128	211,094	281,218	332,715
Food delivery	23,125	24,157	25,270	25,720	6	11	30,157	96,312	110,613	151,784	181,517
In-store, hotel & travel	8,602	7,622	6,702	6,623	-13	-23	9,739	32,530	33,996	49,398	59,350
New initiatives and others	12,032	14,491	16,593	16,647	15	38	17,079	50,286	66,485	80,036	91,848
<i>Consensus</i>				<u>48,470</u>			<u>58,624</u>		<u>214,985</u>	<u>283,298</u>	<u>354,364</u>
Cost of revenue	31,246	35,528	34,634	36,792	4	18	40,140	136,654	153,569	185,162	210,017
Gross profit	12,513	10,740	13,931	12,198	14	-3	16,836	42,474	57,525	96,055	122,698
Selling and marketing	10,849	9,106	8,951	11,998	32	11	16,214	40,683	55,388	71,943	81,599
Research and development	3,901	4,879	3,908	3,958	-19	1	3,999	16,676	17,249	20,325	23,526
General and administrative	2,053	2,312	4,833	3,916	69	91	4,320	8,613	14,800	17,844	20,659
Other gains/losses	1,037	(27)	434	3,237	N.A	212	3,788	370	10,649	11,425	11,409
Operating profit/loss	(3,252)	(5,584)	(3,327)	(4,436)	-21	36	(3,909)	(23,127)	(19,263)	(2,631)	8,325
Other losses/gains and costs	(113)	(174)	(160)	(160)	-8	42	(160)	(439)	(654)	(640)	(640)
Income tax credits/(expenses)	8	55	0	0	-100	-100	0	30	55	(18)	(1,537)
Profit/loss for the year	(3,356)	(5,703)	(3,487)	(4,596)	-19	37	(4,069)	(23,536)	(19,861)	(3,289)	6,148
Gross margin (%)	28.6	23.2	28.7	24.9			29.5	23.7	27.3	34.2	36.9
Operating margin (%)	-7.4	-12.1	-6.8	-9.1			-6.9	-12.9	-9.1	-0.9	2.5
Net margin (%)	-7.7	-12.3	-7.2	-9.4			-7.1	-13.1	-9.4	-1.2	1.8
Adjusted OP (excl. SBC)	(3,127)	(3,974)	(2,390)	(2,175)	-45	-30	(457)	(18,126)	(7,464)	18,186	33,475
Food delivery	2,447	1,577	2,931	2,981	89	22	2,894	6,175	10,711	24,051	32,331
In-store, hotel & travel	3,664	3,474	2,708	2,658	-23	-27	4,224	14,093	14,482	18,808	22,809
New initiatives and others	(9,238)	(9,025)	(8,028)	(7,815)	-13	-15	(7,575)	(38,394)	(32,657)	(24,674)	(21,665)
Unallocated loss	(124)	(1,610)	(937)	(2,260)	40	N.A	(3,452)	(5,001)	(11,799)	(20,817)	(25,150)
Adjusted OP margin (%)	-7.1	-8.6	-4.9	-4.4			-0.8	-10.1	-3.5	6.5	10.1
Adjusted EBITDA	(2,383)	(2,010)	(1,841)	711	-139	-159	2,031	(9,382)	1,321	22,829	35,377
Adjusted EBITDA margin (%)	-6.4	-4.1	-4.0	1.5			3.6	-5.2	0.6	8.1	10.6
Adjusted net profit/loss	(2,217)	(3,586)	(2,453)	(2,501)	-30	13	(1,713)	(15,571)	(11,038)	7,149	17,951
<i>Adjusted net margin (%)</i>	-5.1	-7.8	-5.1	-5.1			-3.0	-8.7	-5.2	2.5	5.4
Diluted adjusted EPS (RMB)	(0.37)	(0.59)	(0.41)	(0.41)	-30	12	(0.28)	(2.58)	(1.82)	1.18	2.95
<i>Consensus</i>				<u>-0.38</u>			<u>-0.26</u>		<u>-1.40</u>	<u>1.52</u>	<u>3.77</u>
Daily delivery orders (m)	38.9	37.4	38.8	39.5	6	1	46.4	39.4	42.5	52.2	58.6
Active annual customers (m)	628	693	699	741	7	18	734	691	713	732	777

Source: Company data, BOCOM Int'l estimates

Financial Statements

Income statement (RMB m)					
Y/E 31 Dec	2020	2021	2022E	2023E	2024E
Revenue	114,795	179,128	211,094	281,218	332,715
COGS	(80,744)	(136,654)	(153,569)	(185,162)	(210,017)
Gross profit	34,050	42,474	57,525	96,055	122,698
SG&A	(26,477)	(49,296)	(70,188)	(89,787)	(102,257)
R&D	(10,893)	(16,676)	(17,249)	(20,325)	(23,526)
Other operating income, net	7,649	370	10,649	11,425	11,409
Operating profit	4,330	(23,127)	(19,263)	(2,631)	8,325
Non-GAAP operating profit	159	(18,126)	(7,464)	18,186	33,475
Net finance expenses	(156)	(585)	(760)	(720)	(720)
Other non-op. income, net	264	146	106	80	80
Pre-tax profit	4,438	(23,567)	(19,916)	(3,271)	7,685
Tax	270	30	55	(18)	(1,537)
Net profit	4,708	(23,536)	(19,861)	(3,289)	6,148
Net profit for EPS calculation	4,708	(23,536)	(19,861)	(3,289)	6,148
Non-GAAP net profit	3,121	(15,571)	(11,038)	7,149	17,951

Balance sheet (RMB m)					
As of 31 Dec	2020	2021	2022E	2023E	2024E
Cash & cash equiv	17,094	32,513	14,462	5,119	14,295
Inventories	466	682	1,117	1,099	1,256
PUD and land/lease prepayments	12,940	15,282	16,595	17,830	18,650
ST income receivables	1,031	1,793	1,908	2,406	2,698
Other current assets	56,775	97,559	89,131	85,338	81,735
Total current assets	88,306	147,829	123,213	111,791	118,634
PPE	13,917	22,814	14,277	20,490	32,757
Intangible assets	31,676	31,049	30,457	29,762	29,413
Investment in associates/JCE	23,438	28,169	29,876	30,316	30,764
Other non-current assets	9,237	10,793	11,143	11,799	12,352
Total non-current assets	78,269	92,825	85,754	92,368	105,285
Total assets	166,575	240,653	208,967	204,159	223,920
Short-term loans	6,395	11,565	11,716	12,302	13,409
Trade and other payables	38,469	49,688	61,178	60,781	73,875
Other current liabilities	6,283	7,339	9,016	9,800	10,881
Total current liabilities	51,148	68,593	81,911	82,883	98,165
Long-term loans	1,957	12,220	12,220	12,220	12,220
Other non-current liabilities	15,835	34,284	34,546	34,875	35,238
Total non-current liabilities	17,793	46,504	46,766	47,095	47,457
Total liabilities	68,941	115,097	128,677	129,978	145,623
Share capital	263,156	311,222	286,046	283,541	281,857
Reserves & other capital items	(165,463)	(185,608)	(205,756)	(209,361)	(203,560)
Shareholders' equity	97,693	125,613	80,290	74,181	78,297
Non-controlling interests	(59)	(57)	0	0	0
Total equity	97,634	125,557	80,290	74,181	78,297

Source: Company data, BOCOM Int'l estimates

Cash flow (RMB m)					
Y/E 31 Dec	2020	2021	2022E	2023E	2024E
Pre-tax profit	4,438	(23,567)	(19,916)	(3,271)	7,685
Asso./JCE income adjustment	(3,351)	2,592	(2,039)	(826)	582
Depreciation & amortisation	5,194	8,928	9,622	10,760	12,506
Change in working capital	1,896	7,209	11,002	(1,628)	12,605
Interest inc/exp adjustment	385	1,081	1,470	1,520	1,520
Tax paid	(86)	(255)	55	(18)	(1,537)
Cash flow from operation	8,475	(4,012)	195	6,537	33,361
Capex	(11,223)	(9,010)	(6,965)	(10,614)	(19,260)
Other investing cashflow	(10,009)	(49,481)	(9,425)	(3,433)	(3,251)
Cash flow from investing	(21,232)	(58,492)	(16,390)	(14,047)	(22,510)
Net chg in interest-bearing debt	4,403	15,148	(16,752)	(1,085)	(999)
Net change in equity	499	275	500	0	0
Dividends paid	0	0	0	0	0
Other financing cashflow	12,516	63,175	15,000	0	0
Cash flow from financing	17,418	78,598	(1,252)	(1,085)	(999)
Exchange gain/loss	(964)	(675)	(604)	(748)	(676)
Cash & cash equiv. at year start	13,396	17,093	32,513	14,462	5,119
Cash & cash equiv. at year end	17,093	32,513	14,462	5,119	14,295

Financial ratio					
Y/E 31 Dec	2020	2021	2022E	2023E	2024E
Per share data (RMB)					
Core EPS	1.728	(8.641)	(7.292)	(1.208)	2.257
Fully-diluted EPS	0.522	(2.582)	(1.824)	1.177	2.947
Non-GAAP EPS	0.522	(2.582)	(1.824)	1.177	2.947
BVPS	35.867	46.117	29.477	27.234	28.746
Margin analysis (%)					
Gross margin	29.7	23.7	27.3	34.2	36.9
Net margin	4.1	(13.1)	(9.4)	(1.2)	1.8
Margin analysis (%) - Non-GAAP					
EBITDA margin	4.4	(5.2)	0.6	8.1	10.6
Operating margin	0.1	(10.1)	(3.5)	6.5	10.1
Net margin	2.7	(8.7)	(5.2)	2.5	5.4
Others					
Net debt to equity ratio (%)	Net Cash	Net Cash	11.8	26.2	14.5
Current ratio (x)	1.7	2.2	1.5	1.3	1.2

BOCOM International

10/F, Man Yee Building, 68 Des Voeux Road Central, Central, Hong Kong

Main: (852) 3766 1899 Fax: (852) 2107 4662

Rating System

Analyst Stock Rating:

Buy: The stock's total return is expected to **exceed** that of the corresponding industry over the next 12 months.

Neutral: The stock's total return is expected to be **in line with** that of the corresponding industry over the next 12 months.

Sell: The stock's total return is expected to be **below** that of the corresponding industry over the next 12 months.

Not-Rated: The analyst **does not have conviction** regarding the outlook of the stock's total return relative to that of the corresponding industry over the next 12 months.

Analyst Industry Views:

Outperform: The analyst expects the industry coverage universe to be **attractive** relative to the relevant broad market benchmark over the next 12 months.

Market perform: The analyst expects the industry coverage universe to be **in line with** the relevant broad market benchmark over the next 12 months.

Underperform: The analyst expects the industry coverage universe to be **unattractive** relative to the relevant broad market benchmark over the next 12 months.

Broad market benchmark for Hong Kong is the **Hang Seng Composite Index**, for China A-shares is the **MSCI China A Index**, for US-listed Chinese companies is **S&P US Listed China 50 (USD) Index**.

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