

Kingsoft Cloud (KC US)

Public cloud growth reaccelerating

KC delivered strong revenue growth of +42% YoY in FY2Q21 to RMB2.2bn. We are positive on 1) public cloud growth re-accelerated to +20% YoY (vs. +15% YoY), 2) partnership with Bytedance and 3) upbeat FY3Q21 guidance with revenue growth of +49-56%YoY. Acquisition of Camelot and operating self-built IDC could help adj. EBITDA margin improvement in the long term. Maintain BUY.

- FY2Q21 in-line, FY3Q21 guidance upbeat.** Kingsoft Cloud (KC) top line growth was strong at +42% YoY to RMB2,174mn. Adj. EBITDA margin slightly declined to -2.5% in 2Q21 (vs. -2.3% in 2Q20) as GPM fluctuates on enterprise cloud project revenue recognition time gap and FY2Q20 OPM boosted by social security expense exemption. KC gave upbeat FY3Q21 guidance with revenue range of RMB2,580mn – RMB2,700, implying growth of 49-56% YoY. For margin, KC is still expecting adj. EBITDA margin to breakeven by end of this year.
- Deepening collaboration with Bytedance.** We think the concern of losing its top customer - Bytedance is alleviated as 1) public cloud revenue growth accelerated to RMB1,551mn (+20% YoY) and 2) KC had formed partnership with Bytedance to jointly provide services - Volcano Engine (PaaS + SaaS) and KC (IaaS) products to enterprises. Also, KC has secured Meituan as new customer during this quarter. We expect public cloud revenue growth to be at +27% YoY in FY3Q21 to RMB1,660mn.
- Adj. EBITDA margin to improve with M&A and self-operated IDC.** Regarding the Camelot M&A, the deal is expected to complete and consolidate to KC financials starting from FY4Q21. We are positive to the acquisition as 1) Camelot can help KC improve implementation efficiency, 2) Camelot margin is higher than KC enterprise cloud business. Also, phase one of self-operated new data center in Tianjin is expected to be delivered in 4Q and presale will start within this year. We believe KC adj. EBITDA margin will continue to improve with higher margin from M&A and lower IDC cost.
- Maintain BUY.** We largely maintained FY21-23E revenue but expected smaller net loss on higher adj. EBITDA margin estimates. We fine-tuned our target price to US\$43.86 (prior US\$43.85) on unchanged 4.5x FY22E P/S.

Earnings Summary

(YE 31 Dec)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue (RMB mn)	3,956	6,577	9,639	13,954	18,762
YoY growth (%)	78%	66%	47%	45%	34%
Adj. EBITDA (RMB mn)	(418)	(119)	32	722	1,765
YoY growth (%)	n.a.	n.a.	n.a.	2140%	144%
Net income (RMB mn)	(1,161)	(982)	(1,021)	(813)	308
EPS (RMB)	(19.58)	(6.14)	(4.59)	(3.65)	1.38
YoY growth (%)	n.a.	n.a.	n.a.	-20%	-138%
Consensus EPS (RMB)	(19.58)	(6.14)	(3.80)	(1.01)	3.97
P/S	10.9	6.6	4.5	3.1	2.3
ROE (%)	-33%	-12%	-14%	-13%	5%
Net gearing (%)	net cash	net cash	net cash	net cash	net cash

Source: Company data, Bloomberg, CMBIS estimates

BUY (Maintain)

Target Price **US\$43.86**
 (Previous TP **US\$43.85**)
 Up/Downside **+45.4%**
 Current Price **US\$30.17**

China Software & IT Services

Marley Ngan

(852) 3916 3719

marleyngan@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	6,750
Avg 3 mths t/o (HK\$ mn)	51.81
52w High/Low (HK\$)	74.67/ 23.81
Total Issued Shares (mn)	224

Source: Bloomberg

Shareholding Structure

Kingssoft Group (3888 HK)	43.6%
Xiaomi (1810 HK)	13.8%
Mr. Jun LEI	13.8%

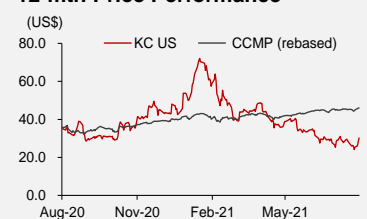
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	8.9%	7.4%
3-mth	-19.8%	-27.1%
6-mth	-47.5%	-54.2%

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

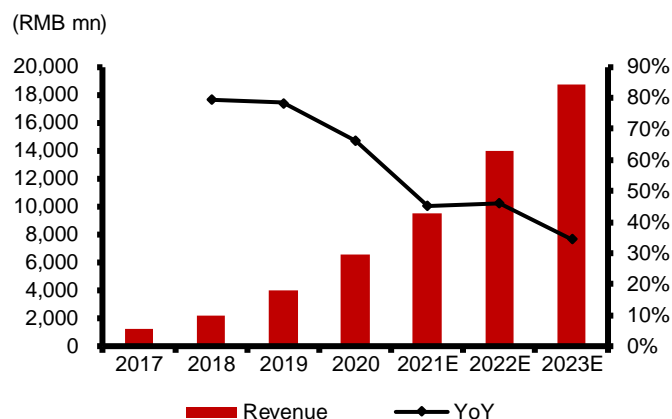
Auditor: Ernst & Young Hua Ming

Related Reports

- "Kingssoft Cloud (KC US) – M&A and new customer win enhance visibility" – 3 Aug 2021
- "Kingssoft Cloud (KC US) – Reset expectation on Bytedance" – 24 Jun 2021

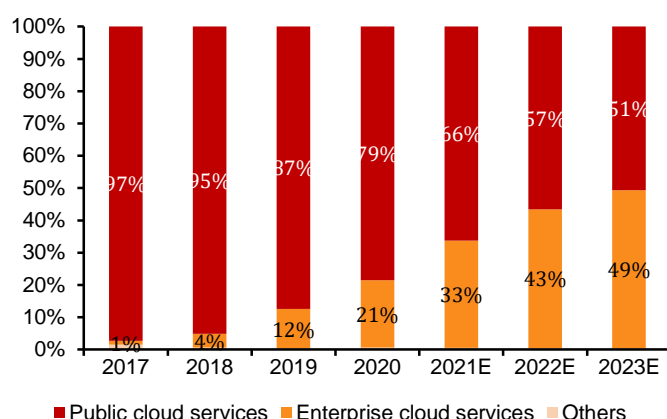
Focus Charts

Figure 1: Revenue and YoY



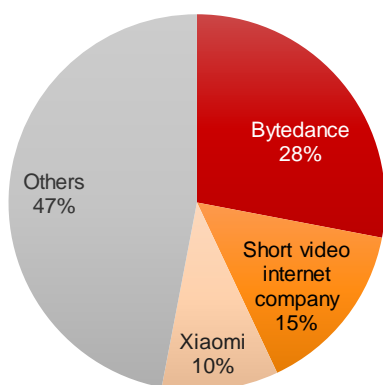
Source: Company data, CMBIS

Figure 2: Revenue mix



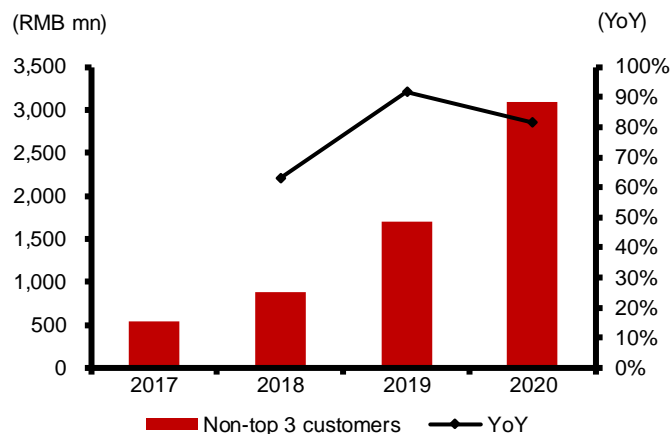
Source: Company data, CMBIS

Figure 3: Customer mix (FY20)



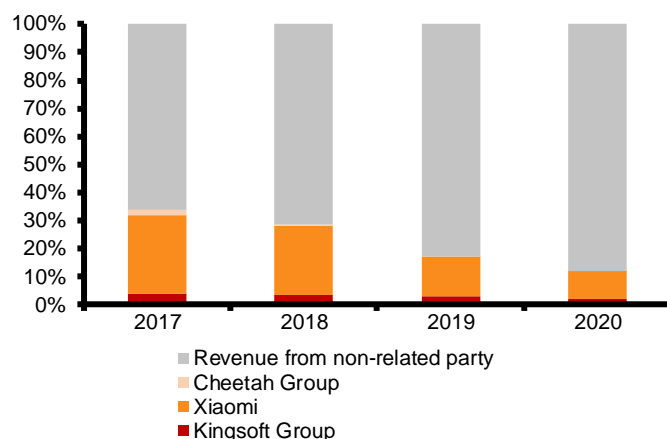
Source: Company data, CMBIS

Figure 4: Revenue from non-top 3 customers



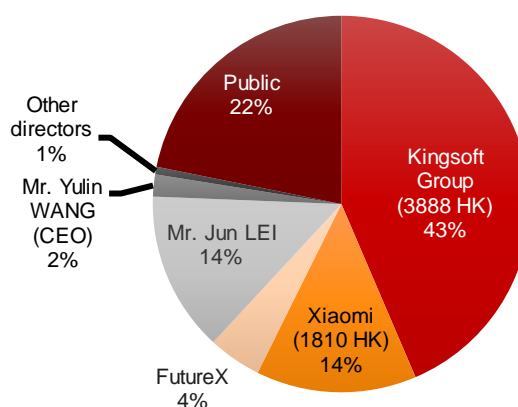
Source: Company data, CMBIS

Figure 5: Related party transaction (revenue)



Source: Company data, CMBIS

Figure 6: Shareholding structure



Source: Company data, CMBIS

FY2Q21 results review

- **Revenue** was at RMB2,174mn (+42% YoY, +20% QoQ), in-line with our and consensus estimates.
- **Gross profit** was at RMB118mn (+47% YoY, +2% QoQ), missed our estimate by 3% and consensus by 15%.
- **Gross margin** was at 5.5%, (+0.2 pct pts YoY, -1 pct pts QoQ), below our estimate by 0.1 pct pts and consensus by 0.9 pct pts.
- **Operating loss** was at RMB320mn, beat our estimates but below consensus.
- **Adj. EBITDA loss** narrowed to RMB55mn (vs. -RMB36mn in 2Q20), better than our expectation but below consensus.
- **Adj. EBITDA margin** was at -2.5% (-0.2 pct pts YoY, +0.1 pct pt QoQ), below our estimate by 0.1 pct pts and consensus by 0.9 pct pts.
- **Net loss** narrowed to -RMB220mn (vs. -RMB420mn in 2Q20), better than our and consensus estimates.

Figure 7: FY2Q21 results review

	Jun-20	Mar-21	Jun-21			Jun-21		Jun-21	
	2Q20	1Q21	2Q21			2Q21	versus	2Q21	versus
RMB mn	actual	actual	actual	YoY	QoQ	CMBI	CMBI	consensus	consensus
Revenue	1,535	1,814	2,174	42%	20%	2,183	0%	2,199	-1%
Gross profit	81	117	118	47%	2%	122	-3%	140	-15%
Gross margin	5.3%	6.4%	5.5%	0.2 pct pts	-1 pct pts	5.6%	-0.1 pct pts	6.4%	-0.9 pct pts
Operating profit	-430	-352	-320	26%	9%	-404	21%	-357	10%
Operating margin	-28.0%	-19.4%	-14.7%	13.3 pct pts	4.7 pct pts	-18.5%	3.8 pct pts	-16.2%	1.5 pct pts
Adj. EBITDA	-36	-49	-55	-54%	-14%	-52	-5%	-37	-50%
Adj. EBITDA margin	-2.3%	-2.7%	-2.5%	-0.2 pct pts	0.1 pct pts	-2.4%	-0.1 pct pts	-1.7%	-0.9 pct pts
Net non-op	12	-27	103			7		156	
PBT	-418	-379	-217	48%	43%	-398	45%	-201	-8%
Net income	-420	-382	-220	48%	42%	-401	45%	-332	34%
Net margin	-27.4%	-21.1%	-10.1%	17.2 pct pts	11 pct pts	-18.4%	8.2 pct pts	-15.1%	5 pct pts
EPS RMB	-0.19	-0.11	-0.07	65%	43%	-0.12	45%	-1	96%

Source: Company data, CMBIS

Earnings revision

Figure 8: Earnings revision

RMB mn	2021E			2022E			2023E		
	New	Old	%Diff	New	Old	%Diff	New	Old	%Diff
Sales	9,639	9,856	-2%	13,954	14,970	-7%	18,762	22,581	-17%
Gross profit	670	795	-16%	1,596	1,897	-16%	3,066	3,871	-21%
OP Profit	-1,377	-1,355	2%	-1,131	-661	71%	13	123	-90%
Adj. EBITDA	32	-5	-761%	722	766	-6%	1,765	2,195	-20%
Net profit	-1,021	-858	19%	-813	-330	147%	308	976	-68%
EPS	-0.31	-3.80	-92%	-0.24	-1.01	-76%	0.09	3.97	-98%
Margins									
GM	7.0%	8.1%	-111 bps	11.4%	12.7%	-124 bps	16.3%	17.1%	-80 bps
OPM	-14.3%	-13.7%	-54 bps	-8.1%	-4.4%	-369 bps	0.1%	0.5%	-48 bps
Adj. EBITDA margin	0.3%	0.0%	38 bps	5.2%	5.1%	6 bps	9.4%	9.7%	-31 bps
Net margin	-10.6%	-8.7%	-188 bps	-5.8%	-2.2%	-362 bps	1.6%	4.3%	-268 bps

Source: Company data, CMBIS

Figure 9: CMBI vs. consensus forecast

RMB mn	2021E			2022E			2023E		
	CMBI	Street	Diff	CMBI	Street	Diff	CMBI	Street	Diff
Sales	9,639	9,550	1%	13,954	13,952	0%	18,762	18,759	0%
Gross profit	670	651	3%	1,596	1,547	3%	3,066	2,980	3%
Operating profit	-1,377	-1,464	-6%	-1,131	-1,222	-7%	13	-162	-108%
Adj. EBITDA	32	36	-10%	722	770	-6%	1,765	1,785	-1%
Net profit	-1,021	-1,204	-15%	-813	-1,005	-19%	308	16	1,822%
EPS	-0.31	-0.36	-15%	-0.24	-0.30	-19%	0.09	0.00	1,822%
Margins									
GM	7.0%	7.1%	-12 bps	11.4%	11.0%	46 bps	16.3%	14.4%	195 bps
OPM	-14.3%	-14.5%	17 bps	-8.1%	-7.8%	-34 bps	0.1%	-1.7%	174 bps
Adj. EBITDA margin	0.3%	-0.6%	96 bps	5.2%	4.2%	95 bps	9.4%	9.8%	-42 bps
Net margin	-10.6%	-11.6%	100 bps	-5.8%	-6.0%	22 bps	1.6%	-0.6%	222 bps

Source: Company data, CMBIS

Operating model

Figure 10: KC income statement

RMB mn	2017	2018	2019	2020	2021E	2022E	2023E
Revenues	1,236	2,218	3,956	6,577	9,639	13,954	18,762
Cost of sales	(1,354)	(2,419)	(3,949)	(6,220)	(8,969)	(12,358)	(15,696)
Gross Profit	(118)	(200)	8	357	670	1,596	3,066
<i>Gross margin</i>	<i>-9.6%</i>	<i>-9.0%</i>	<i>0.2%</i>	<i>5.4%</i>	<i>7.0%</i>	<i>11.4%</i>	<i>16.3%</i>
R&D	(399)	(441)	(595)	(775)	(1,093)	(1,445)	(1,623)
SG&A	(210)	(339)	(556)	(789)	(954)	(1,283)	(1,431)
Operating Income	(727)	(979)	(1,144)	(1,207)	(1,377)	(1,131)	13
<i>Operating margin</i>	<i>-58.8%</i>	<i>-44.2%</i>	<i>-28.9%</i>	<i>-18.4%</i>	<i>-14.3%</i>	<i>-8.1%</i>	<i>0.1%</i>
Adj. EBITDA	(338)	(520)	(418)	(119)	32	722	1,765
<i>Adj. EBITDA margin</i>	<i>-27.4%</i>	<i>-23.4%</i>	<i>-10.6%</i>	<i>-1.8%</i>	<i>0.3%</i>	<i>5.2%</i>	<i>9.4%</i>
Non-Operating Income	13	(17)	41	260	370	332	291
Profit Before Tax	(714)	(997)	(1,102)	(947)	(1,007)	(800)	303
Income tax (expense) gain	(1)	(10)	(9)	(15)	(14)	(13)	5
Minorities	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Accretion to redemption value of redeemable convertible preferred shares	-	-	-	-	-	-	-
Net Income to Shareholders	(1,320)	(1,749)	(1,161)	(982)	(1,021)	(813)	308
<i>Net margin</i>	<i>-107%</i>	<i>-79%</i>	<i>-29%</i>	<i>-15%</i>	<i>-11%</i>	<i>-6%</i>	<i>2%</i>
EPS (RMB) per share	(1.66)	(2.20)	(1.31)	(0.41)	(0.31)	(0.24)	0.09
EPS (RMB) per ADS	(24.95)	(33.06)	(19.58)	(6.14)	(4.59)	(3.65)	1.38

Source: Company Data, CMBIS

Figure 11: KC income statement (Quarterly)

RMB mn	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21E	4Q21E
Revenues	1,391	1,535	1,729	1,923	1,814	2,183	2,651	3,001
Cost of sales	(1,320)	(1,454)	(1,616)	(1,830)	(1,697)	(2,061)	(2,499)	(2,718)
Gross Profit	71	81	113	93	117	122	152	283
<i>Gross margin</i>	<i>5.1%</i>	<i>5.3%</i>	<i>6.5%</i>	<i>4.8%</i>	<i>6.4%</i>	<i>5.6%</i>	<i>5.7%</i>	<i>9.4%</i>
R&D	(196)	(231)	(168)	(181)	(265)	(249)	(315)	(281)
SG&A	(164)	(280)	(188)	(157)	(204)	(277)	(267)	(277)
Operating Income	(289)	(430)	(243)	(245)	(352)	(404)	(429)	(275)
<i>Operating margin</i>	<i>-20.8%</i>	<i>-28.0%</i>	<i>-14.0%</i>	<i>-12.8%</i>	<i>-19.4%</i>	<i>-18.5%</i>	<i>-16.2%</i>	<i>-9.2%</i>
Adj. EBITDA	(39)	(36)	(26)	(18)	(49)	(52)	(55)	134
<i>Adj. EBITDA margin</i>	<i>-2.8%</i>	<i>-2.3%</i>	<i>-1.5%</i>	<i>-0.9%</i>	<i>-2.7%</i>	<i>-2.4%</i>	<i>-2.1%</i>	<i>4.5%</i>
Non-Operating Income	(37)	12	142	144	(27)	7	133	136
Profit Before Tax	(326)	(418)	(101)	(102)	(379)	(398)	(296)	(139)
Net Income to Shareholders	(351)	(420)	(106)	(105)	(382)	(401)	(301)	(141)
<i>Net margin</i>	<i>-25.2%</i>	<i>-27.4%</i>	<i>-6.1%</i>	<i>-5.5%</i>	<i>-21.1%</i>	<i>-18.4%</i>	<i>-11.3%</i>	<i>-4.7%</i>
EPS (RMB) per share	(0.39)	(0.19)	(0.03)	(0.03)	(0.11)	(0.12)	(0.09)	(0.04)
EPS (RMB) per ADS	(5.86)	(2.84)	(0.50)	(0.48)	(1.72)	(1.80)	(1.34)	(0.63)

Source: Company Data, CMBIS

Figure 12: KC operating model

RMB mn	2017	2018	2019	2020	2021E	2022E	2023E
Revenue breakdown							
Public cloud services	1,202	2,111	3,459	5,167	6,385	7,892	9,514
Enterprise cloud services	15	94	486	1,373	3,209	6,007	9,183
Others	18	13	11	38	45	54	65
Total	1,236	2,218	3,956	6,577	9,639	13,954	18,762
Revenue mix							
Public cloud services	97%	95%	87%	79%	66%	57%	51%
Enterprise cloud services	1%	4%	12%	21%	33%	43%	49%
Others	1%	1%	0%	1%	0%	0%	0%
Revenue YoY							
Public cloud services	-	76%	64%	49%	24%	24%	21%
Enterprise cloud services	-	518%	415%	182%	134%	87%	53%
Others	-	-27%	-16%	237%	20%	20%	20%
Total	-	79%	78%	66%	47%	45%	34%
Key operating metrics							
Public cloud							
No. of premium customers	112	139	175	191	201	211	221
YoY		24%	26%	9%	5%	5%	5%
Net dollar retention rate of premium customer	-	161%	155%	147%	121%	120%	115%
Avg. revenue per premium customer (RMB mn)	10.2	14.5	19.2	26.4	31.2	36.8	42.3
YoY		42%	32%	38%	18%	18%	15%
Computing	356	663	1,018	1,587	-	-	-
Storage	220	289	298	285	-	-	-
Delivery	629	1,161	2,137	3,318	-	-	-
Enterprise cloud							
No. of premium customers	2	17	67	124	223	335	445
Avg. revenue per premium customer (RMB mn)	-	5.5	7.2	11.0	14.3	17.9	20.6
Cost of sales breakdown							
IDC costs	1,033	1,890	2,857	4,059	5,121	6,204	7,404
Depreciation and amortization costs	290	407	599	746	913	1,138	1,356
Staff costs	17	24	52	48	70	101	135
Other costs	14	98	440	1,367	2,927	4,915	6,801
Total	1,354	2,419	3,949	6,220	9,032	12,358	15,696
Cost of sales mix							
IDC costs	76%	78%	72%	65%	57%	50%	47%
Depreciation and amortization costs	21%	17%	15%	12%	10%	9%	9%
Staff costs	1%	1%	1%	1%	1%	1%	1%
Other costs	1%	4%	11%	22%	32%	40%	43%

Source: Company Data, CMBIS

Valuation

Maintain BUY

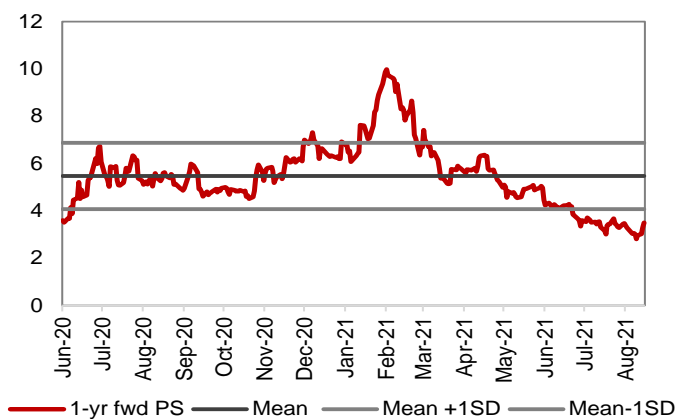
We maintain our BUY recommendation on Kingsoft Cloud with target price US\$43.86 on unchanged 4.5x FY22E P/S.

Figure 13: Peers' valuation

Company	Ticker	Rating	Market Cap (US\$ bn)	Price (LC)	P/S		EV/sales		Sales CAGR	EBITDA margin
					FY21E	FY22E	FY21E	FY22E	FY20-23E	FY21
Kingsoft Cloud	KC US	BUY	6.7	30.2	4.5	3.1	4.0	2.6	42%	0%
Ucloud	688158 CH	NR	2.4	36.2	4.2	2.9	3.7	2.6	45%	8%
				Mean	4.3	2.9	3.8	2.6	44%	4%
Agora	API US	NR	3.4	29.5	21.1	16.7	16.0	12.7	29%	5%
Tuya	TUYA US	NR	5.9	10.5	17.7	11.0	14.1	8.7	n.a.	n.a.
Glodon	002410 CH	BUY	11.4	62.2	14.7	12.1	14.0	11.5	22%	12%
Yonyou	600588 CH	NR	17.7	35.0	11.4	8.9	11.4	8.9	22%	13%
Kingsoft Office	688111 CH	NR	18.9	266.0	35.6	25.9	33.8	24.6	40%	36%
Wangsu	300017 CH	NR	2.3	6.1	2.6	2.4	1.8	1.6	3%	13%
Sangfor	300454 CH	NR	17.5	274.0	14.8	10.9	14.5	10.8	34%	14%
Kingdee	268 HK	NR	12.3	27.7	18.9	14.9	18.1	14.3	26%	4%
MYC	909 HK	BUY	6.9	27.1	18.6	13.5	17.4	12.6	37%	24%
Youzan	8083 HK	NR	1.6	0.7	5.2	3.8	5.2	3.8	27%	-16%
Weimob	2013 HK	NR	3.5	10.5	8.1	6.3	7.5	5.8	29%	4%
				Mean	15.3	11.5	14.0	10.5	27%	11%
Alibaba	BABA US	NR	459.6	169.1	4.2	3.2	3.6	2.8	31%	30%
Tencent	700 HK	NR	581.7	471.8	6.5	5.4	6.8	5.7	19%	38%
Baidu	BIDU US	NR	54.0	155.1	2.8	2.4	2.2	1.9	16%	25%
Amazon	AMZN US	NR	1,670.8	3299.2	3.5	3.0	3.6	3.0	20%	14%
Microsoft	MSFT US	NR	2,269.6	302.0	13.7	11.9	13.4	11.6	15%	46%
Google	GOOG US	NR	1,900.6	2859.0	9.2	7.9	8.7	7.4	24%	43%
Avg.				Mean	6.6	5.6	6.4	5.4	21%	33%

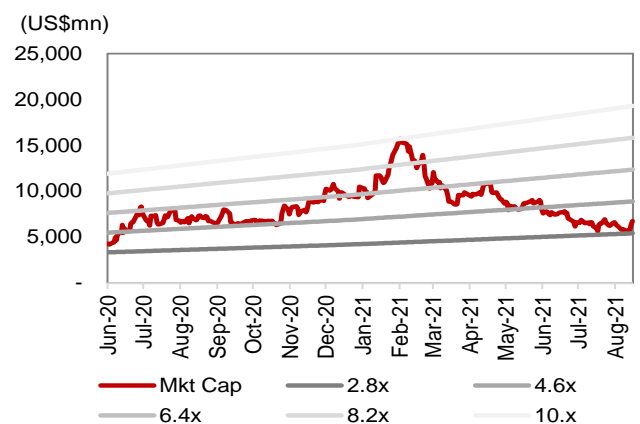
Source: Bloomberg, CMBIS

Figure 14: 12M forward P/S chart



Source: Bloomberg, CMBIS

Figure 15: 12M forward P/S band



Source: Bloomberg, CMBIS

Financial Summary

Income statement

YE Dec 31 (Rmb mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue	3,956	6,577	9,639	13,954	18,762
Cost of sales	(3,949)	(6,220)	(8,969)	(12,358)	(15,696)
Gross Profit	8	357	670	1,596	3,066
S&M	(317)	(409)	(522)	(742)	(806)
G&A	(239)	(380)	(432)	(540)	(625)
R&D	(595)	(775)	(1,093)	(1,445)	(1,623)
Operating Profit/(Loss)	(1,144)	(1,207)	(1,377)	(1,131)	13
Adj. EBITDA	(418)	(119)	32	722	1,765
Interest income	17	12	10	21	24
Interest expense	-	-	(2)	(2)	(4)
Other non-ops	778	958	1,043	694	(134)
Profit Before Tax	(348)	(237)	(326)	(418)	(101)
Income tax	(9)	(15)	(14)	(13)	5
Profit After Tax	(1,111)	(962)	(1,021)	(813)	308
Non Controlling Interest	-	(0)	(0)	(0)	(0)
Others	(50)	(20)	-	-	-
Net profit	(1,161)	(982)	(1,021)	(813)	308

Cash flow summary

YE Dec 31 (Rmb mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Net Income	(1,111)	(962)	(1,021)	(813)	308
Depreciation And	605	758	927	1,156	1,377
Net Change In Working	(113)	(300)	211	(534)	(451)
Others	181	213	0	0	0
Net cash from operating	(439)	(290)	117	(191)	1,234
Capital Expenditures	(1,000)	(1,560)	(1,299)	(1,393)	(1,311)
Short-term investments	(1,112)	(5,608)	0	0	0
Other Investing Activities	2,995	2,854	(2)	(2)	(2)
Net cash from investing	883	(4,314)	(1,301)	(1,395)	(1,313)
Equity raised	349	5,934	0	0	0
Change of debts	(81)	178	176	166	230
Dividend paid	0	0	0	0	0
Others	(204)	11	0	0	0
Net cash from financing	65	6,124	176	166	230
Net change in cash	509	1,520	(1,008)	(1,420)	151
Cash at the beginning of the	1,507	2,023	3,425	2,417	997
Exchange difference	8	(118)	0	0	0
Cash at the end of the year	2,023	3,425	2,417	997	1,149

Balance sheet

YE Dec 31 (Rmb mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Non-current assets	1,882	2,384	2,758	2,998	2,934
PPE, net	1,721	1,957	2,337	2,583	2,526
Intangible assets	7	17	11	4	-3
Others	154	411	411	411	411
Current assets	4,150	9,545	9,149	9,640	11,640
Cash	2,023	3,425	2,417	997	1,149
Accounts Receivable	1,347	2,335	2,875	4,357	5,727
Others	779	3,785	3,857	4,287	4,765
Current liabilities	2,420	3,466	4,253	5,730	7,266
Borrowings	100	74	74	74	74
Accounts Payable	1,255	2,057	2,431	3,320	4,236
Accrued Expenses	949	845	1,294	1,783	2,264
Others	116	489	453	553	691
Non-current liabilities	75	224	435	502	594
Borrowings	74	-	212	278	370
Amounts due	-	-	-	-	-
Others	0	224	224	224	224
Total mezzanine equity	7,735	-	-	-	-
Share capital	6	23	23	23	23
Capital surplus	92	14,150	14,150	14,150	14,150
Retained earnings	-	-	-	-	-
Others	608	-68	-68	-68	-68
Total equity	-4,197	8,240	7,219	6,407	6,715

Key ratios

YE Dec 31	FY19A	FY20A	FY21E	FY22E	FY23E
Sales mix (%)					
Public cloud services	87%	79%	66%	57%	51%
Enterprise cloud services	12%	21%	33%	43%	49%
Others	0%	1%	0%	0%	0%
Total	100%	100%	100%	100%	100%
Growth (YoY)					
Revenue	78%	66%	47%	45%	34%
Gross profit	n.a.	n.a.	88%	138%	92%
Adj. EBITDA	n.a.	n.a.	n.a.	n.a.	144%
Net profit	n.a.	n.a.	n.a.	n.a.	n.a.
Margins					
Gross margin	0%	5%	7%	11%	16%
Operating margin	-29%	-18%	-14%	-8%	0%
Adj. EBITDA margin	-11%	-2%	0%	5%	9%
Balance sheet ratio					
Net debt / equity ratio (%)	net cash	net cash	net cash	net cash	net cash
Current ratio	1.7	2.8	2.2	1.7	1.6
Returns (%)					
ROE	-33%	-12%	-14%	-13%	5%
ROIC	-29%	-9%	-10%	-8%	3%
Per ADS					
EPS (RMB)	-19.58	-6.14	-4.59	-3.65	1.38
BVPS (RMB)	-70.8	51.5	32.4	28.8	30.2

Source: Company data, CMBIS estimates

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CMB International Securities Limited

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

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