

China Software & IT Services

Diverging property SaaS outlook

Although property sector weakness persists, we see diverging performance from property SaaS players. In FY21, Glodon delivered stronger cash flow and operating leverage than MYC. We think Glodon is less affected by macro fluctuations given higher user stickiness for its core costing SaaS product. Meanwhile, there is downside risk to MYC FY22E SaaS growth target and we observed that contracted liabilities merely grew at +10% YoY in FY21. Maintain BUY on Glodon but downgrade MYC to HOLD.

- Property sector weakness continues.** China property sector data remained weak in Jan-Feb 2022 with real estate GFA declined by -12 %YoY. Commercialized buildings sales in volume and revenue were both weak at -10%/ -19% YoY. We maintain our conservative view in property SaaS as property developers are still in tough time and hence IT spending could slow.
- Glodon: bearing fruits from SaaS transformation.** Glodon delivered strong FY4Q21 with revenue growth of +42% YoY to RMB2,018mn. Costing SaaS grew at 41% YoY to RMB1,165mn (36% of total revenue). Operating leverage was particularly impressive with opex ratio down -9 pct pts YoY. Even for project-based Construction Management business, Glodon delivered +27% YoY revenue growth in FY4Q21 in spite of property sector weakness. Looking into FY22E, Glodon gave upbeat guidance of 1) Costing SaaS newly signed contract amounts to RMB4bn (+26% YoY), 2) Construction Management revenue +30% YoY growth. Overall, we are encouraged to see 1) +36% YoY in SaaS contracted liabilities, 2) operating leverage and 3) strong free cash flow (FCF margin at 16% in FY21).
- MYC: downside risk to FY22 guidance:** MYC delivered in-line FY21 top-line revenue at RMB2,184mn (+28% YoY). However, operating loss was unexpected at RMB791mn. Even excluding the share-based compensation amounted to RMB803mn, opex was still up +53%YoY. For FY22E, Company expects SaaS revenue to grow at +35-45% YoY while ERP to be down 10-20% YoY. We observed that MYC FY21 contracted liabilities only grew at +10% YoY to RMB633mn. If China property sales market is not improving significantly in the rest of the year, we think there is downside risk to MYC FY22E SaaS growth target.
- Prefer Glodon (BUY) over MYC (HOLD).** We think Glodon SaaS products have higher user stickiness (based on no. of cost estimator users) than MYC (based on no. of property sales offices). Hence, Glodon has better cash flow and is less affected by macro fluctuations than MYC. We maintain BUY on Glodon with new target price of RMB82.75 (prior RMB80.55). Meanwhile, we downgrade MYC to HOLD with new target price of HK\$11.22 (prior HK\$25.24) given downside risk to its FY22E outlook.

Valuation Table

Company	Ticker	Rating	Market Cap (US\$ mn)	EV/sales (x)		FCF margin (%)		Sales CAGR FY20-23E
				FY21E	FY22E	FY21E	FY22E	
Glodon	002410 CH	BUY	9,320	9.8	8.1	16%	16%	25%
MYC	909 HK	HOLD	2,709	7.2	6.8	-28%	11%	17%

Source: Company data, Bloomberg, CMBIGM estimates

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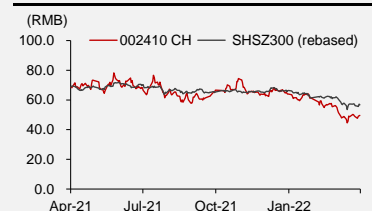
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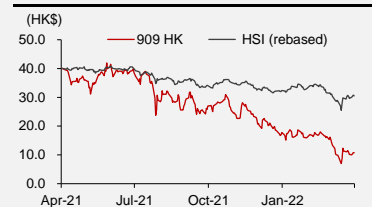
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Glodon 12-mth Price Performance



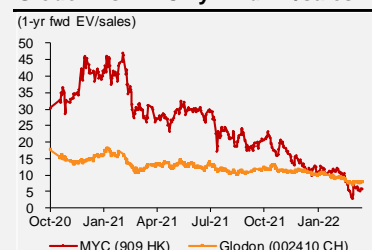
Source: Bloomberg, CMBIGM

MYC 12-mth Price Performance



Source: Bloomberg, CMBIGM

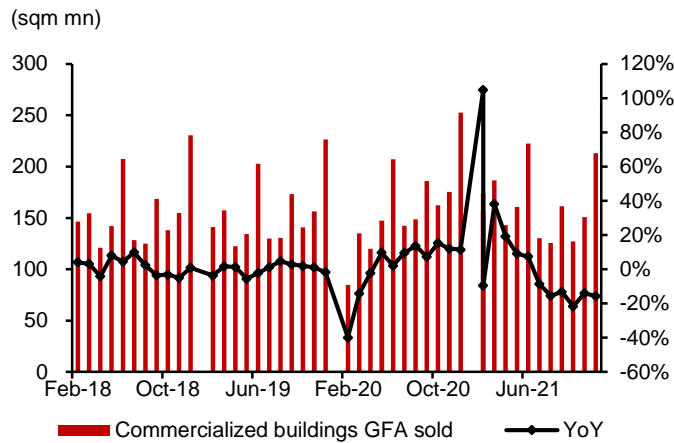
Glodon vs. MYC 1yr fwd EV/sales



Source: Bloomberg, CMBIGM

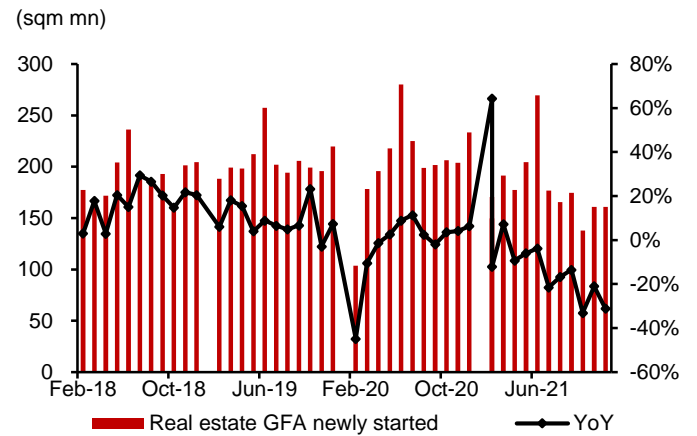
Focus Charts

Figure 1: China commercial building GFA sold



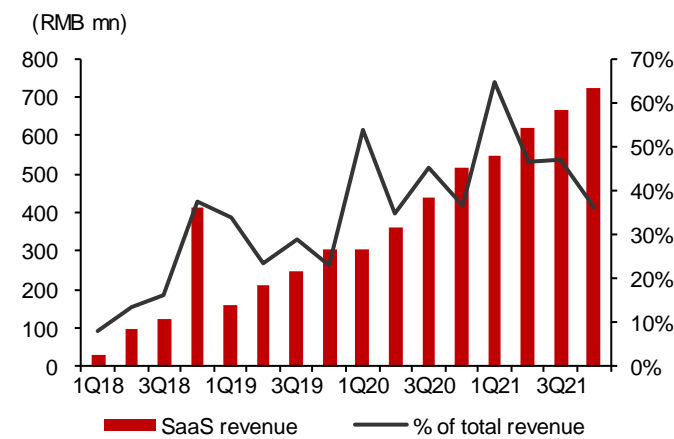
Source: NBS, CMBIGM

Figure 2: China commercial buildings newly started



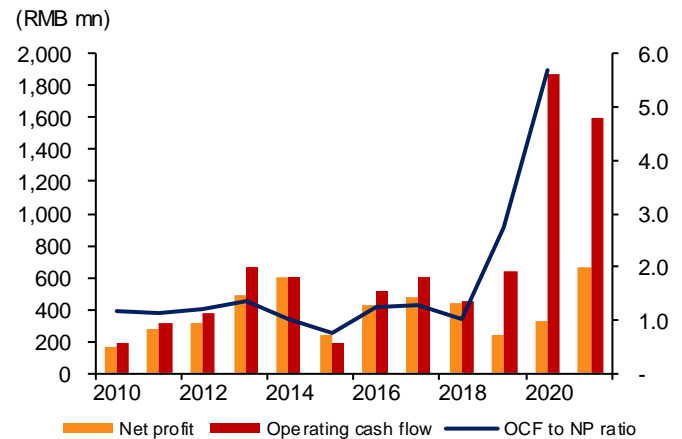
Source: NBS, CMBIGM

Figure 3: Glodon SaaS revenue



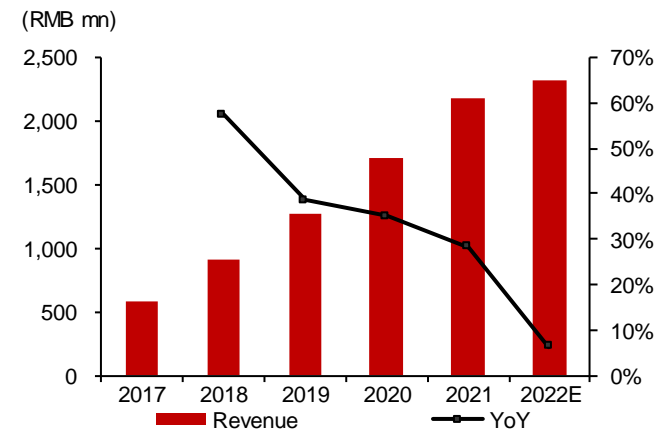
Source: Company data, CMBIGM estimates

Figure 4: Glodon cash flow



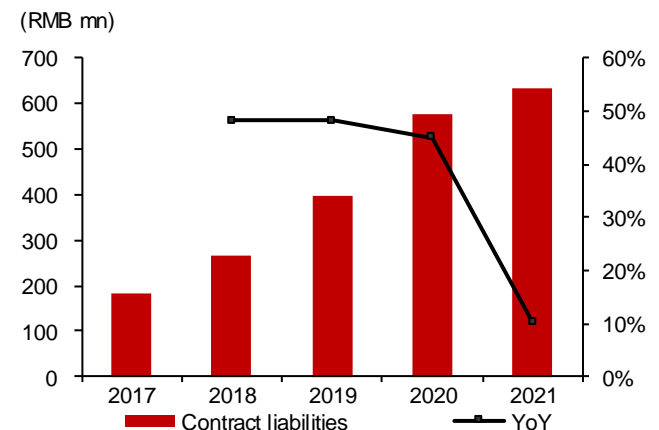
Source: Company data, CMBIGM estimates

Figure 5: MYC revenue



Source: Company data, CMBIGM estimates

Figure 6: MYC contracted liabilities



Source: Company data, CMBIGM estimates

Glodon (002410 CH) FY4Q21 results review

- **Revenue** was at RMB2,018mn (+42% YoY, +42% QoQ), beat our estimate by 22% and consensus by 29%.
- **Gross profit** was at RMB1,572mn (+30% YoY, +29% QoQ), beat our estimate by 15% and consensus by 18%.
- **Gross margin** was at 77.9%, (-7.8 pct pts YoY, -7.9 pct pts QoQ), below our estimate by 5.1 pct pts and consensus by 7.3 pct pts.
- **Operating profit** was at RMB222mn (+166% YoY, +16% QoQ), beat our estimate by 17% and consensus by 108%.
- **Operating margin** was at 11.0% (+5.1 pct pts YoY, -2.4 pct pts QoQ), below our estimates by 0.5 pct pts but above consensus by 4.2 pct pts.
- **Net profit** was at RMB186mn (+84% YoY, -2% QoQ), below our estimate by 12% and but above consensus by 3%.

Figure 7: Glodon FY4Q21 results review

	Dec-20	Sep-21	Dec-21			Dec-21	versus	Dec-21	versus
	4Q20	3Q21	4Q21	YoY	QoQ	4Q21	CMBI	4Q21	consensus
RMB mn	actual	actual	actual			CMBI	CMBI	consensus	consensus
Revenue	1,417	1,423	2,018	42%	42%	1,649	22%	1,562	29%
Gross profit	1,213	1,220	1,572	30%	29%	1,369	15%	1,331	18%
Gross margin	85.6%	85.7%	77.9%	-7.8 pct pts	-7.9 pct pts	83.0%	-5.1 pct pts	85.2%	-7.3 pct pts
Operating profit	84	191	222	166%	16%	190	17%	107	108%
Operating margin	5.9%	13.5%	11.0%	5.1 pct pts	-2.4 pct pts	11.5%	-0.5 pct pts	6.8%	4.2 pct pts
Net non-op	23	4	-5	-122%	-232%	50	-110%	105	-105%
PBT	107	195	217	103%	11%	240	-9%	212	3%
Net income	101	189	186	84%	-2%	211	-12%	180	3%
EPS RMB	0.08	0.16	0.16	84%	-2%	0.18	-12%	0.15	2%

Source: Company data, CMBIGM estimates

Glodon FY4Q21 revenue breakdown

- **Construction costing SaaS revenue** was at RMB726mn (+41% YoY, +9% QoQ). SaaS revenue accounted for 36% of total FY4Q21 revenue.
- **Construction costing non-SaaS revenue** was at RMB439mn (+15% YoY, +46% QoQ).
- **Newly signed SaaS contract** was at RMB918mn (+38% YoY, +13% QoQ).
- **SaaS contracted liabilities** was at RMB2,047mn (+36% YoY, +10% QoQ).
- **Construction management revenue** was at RMB534mn (+27% YoY, +51% QoQ).

Figure 8: FY1Q21 revenue breakdown

RMB mn	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Revenue breakdown								
Construction costing	416	736	743	896	689	990	969	1,165
...SaaS	305	361	441	515	549	618	668	726
...non-SaaS	111	375	302	381	140	372	301	439
Construction Management	96	241	185	421	83	235	354	534
Others	54	66	51	100	77	104	100	319
Total	566	1,043	979	1,417	849	1,329	1,423	2,018
Revenue YoY								
Construction costing	27%	15%	30%	-2%	66%	34%	30%	30%
...SaaS	91%	71%	78%	71%	80%	71%	51%	41%
...non-SaaS	-34%	-13%	-6%	-38%	26%	-1%	0%	15%
Construction Management	-4%	27%	-19%	25%	-14%	-2%	91%	27%
Others	18%	-14%	-15%	88%	42%	58%	97%	220%
Total	20%	15%	14%	9%	50%	27%	45%	42%
SaaS metrics								
Newly signed contract	159	869	543	663	330	1,040	812	918
YoY	21%	74%	65%	50%	108%	20%	50%	38%
Unearned revenue	748	507	1,357	1,506	1,288	1,708	1,854	2,047
YoY	94%	-25%	80%	68%	72%	237%	37%	36%

Source: Company data, CMBIGM

Glodon (002410 CH) - Earnings revision

Figure 9: Earnings revision

RMBm	2022E			2023E		
	New	Old	%Diff	New	Old	%Diff
Sales	6,698	6,017	11%	7,770	6,647	17%
Gross profit	5,576	5,190	7%	6,380	5,610	14%
OP Profit	1,174	977	20%	1,289	1,107	16%
PBT	1,141	1,074	6%	1,263	1,219	4%
Net profit	933	871	7%	1,070	1,020	5%
EPS	0.78	0.73	7%	0.90	0.86	5%
Margins						
GM	83.2%	86.3%	-302 bps	82.1%	84.4%	-229 bps
OPM	17.5%	16.2%	128 bps	16.6%	16.7%	-7 bps
PBT margin	17.0%	17.8%	-81 bps	16.3%	18.3%	-209 bps
Net margin	13.9%	14.5%	-54 bps	13.8%	15.3%	-156 bps

Source: Company data, CMBIGM

Figure 10: CMBI vs. consensus forecast

RMBm	2022E			2023E		
	CMBI	Street	Diff	CMBI	Street	Diff
Sales	6,698	6,336	6%	7,770	7,556	3%
Gross profit	5,576	5,534	1%	6,380	6,548	-3%
OP Profit	1,174	1,148	2%	1,289	1,515	-15%
PBT	1,141	1,169	-2%	1,263	1,545	-18%
Net profit	933	991	-6%	1,070	1,314	-19%
EPS	0.8	0.8	-6%	0.9	1.1	-19%
Margins						
GM	83.2%	87.3%	-410 bps	82.1%	86.7%	-455 bps
OPM	17.5%	18.1%	-59 bps	16.6%	20.0%	-346 bps
PBT margin	17.0%	18.5%	-142 bps	16.3%	20.4%	-419 bps
Net margin	13.9%	15.6%	-171 bps	13.8%	17.4%	-362 bps

Source: Company data, CMBIGM

MYC (909 HK) FY21 results review

- **Revenue** was at RMB2,184mn (+28% YoY), in-line with our estimate but below consensus by 4%
- **Gross profit** was at RMB1,751mn (+31% YoY), in-line with our estimate but below consensus by 4%.
- **Gross margin** was at 80.2%, (+1.6 pct pts YoY), above our estimate by 0.4 pct pts and consensus by 0.5 pct pts.
- **Operating loss** was at RMB791mn, compared to our and consensus expectation of operating profit
 - **S&M:** S&M expense increased by +52.0% YoY, mainly due to higher commission expense related to SaaS (+57% YoY).
 - **R&D:** R&D expense increased by +80.4% YoY, mainly due to increasing no. of R&D staff (+64.8% YoY to 2,123).
 - **G&A:** G&A expense merely increased by +382.9% YoY, mainly due to higher share-based compensation. If we exclude share-based compensation (RMB803mn) and listing expenses, G&A increased at +37.1% YoY to RMB199.6mn.
- **Operating margin** was at -36.2%.
- **Net loss** was at RMB344mn.
- **EPS** was at -RMB0.18.

Figure 11: FY21 results review

909 HK	2020	2021		2021E	versus	2021E	versus
Rmb m	Actual	Actual	YoY	CMBI	CMBI	Consensus	Consensus
Revenue	1,705	2,184	28%	2,218	-1%	2,281	-4%
Gross profit	1,340	1,751	31%	1,769	-1%	1,817	-4%
GPM	78.6%	80.2%	1.6 pct pts	79.8%	0.4 pct pts	79.7%	0.5 pct pts
Operating profit	186	(791)	-526%	190	-517%	266	-397%
OPM	10.9%	-36.2%	-47.2 pct pts	8.6%	-44.8 pct pts	11.7%	-47.9 pct pts
PBT	(650)	(504)	-23%	416	-221%	344	-246%
Net income	(704)	(344)	-51%	363	-195%	336	-203%
NPM	-41.3%	-15.7%	25.6 pct pts	16.4%	-32.2 pct pts	14.7%	-30.5 pct pts
EPS (RMB)	0.22	(0.18)	-182%	0.20	-194%	0.17	-208%

Source: Company data, CMBIGM

MYC (909 HK) FY2H21 revenue breakdown

- **SaaS products** revenue was at RMB786mn (+46.1% YoY), in-line with prior guidance. Core SaaS product Cloud CRM property sales office coverage increased slightly HoH from 16,200 in FY1H21 to 16,600 in FY2H21.
- **Contracted liabilities** was at RMB633mn, only increased by +10% YoY (vs. +45% YoY in 2020). This suggest a weak SaaS outlook as it reflects subscription fee paid by customers before service is delivered.
- **ERP solutions revenue** was at RMB425mn (-14.5% YoY).

Figure 12: FY2H21 operating performance (by segment)

RMB mn	1H19	2H19	1H20	2H20	1H21	2H21
Revenue breakdown						
SaaS products	202	308	333	538	552	786
Procurement Cloud (云采购)	9	8	11	15	20	23
CRM Cloud (云客)	134	222	235	434	428	597
Asset Management Cloud (云空间)	11	15	18	20	22	31
Construction Cloud (云链)	48	63	69	68	79	110
Others	0	0	0	0	2	-2
ERP solutions	286	468	337	497	422	425
Growth (YoY)						
SaaS products			64.9%	74.8%	65.5%	46.1%
Procurement Cloud (云采购)			28.7%	91.8%	76.7%	48.4%
CRM Cloud (云客)			75.9%	95.8%	82.1%	37.6%
Asset Management Cloud (云空间)			57.5%	34.0%	25.2%	51.5%
Construction Cloud (云链)			43.0%	8.5%	14.1%	61.3%
Others						
ERP solutions			17.9%	6.1%	25.1%	-14.5%
GPM						
SaaS products	94.2%	89.2%	90.4%	85.0%	89.7%	91.5%
ERP solutions	65.2%	73.3%	67.6%	72.1%	67.1%	62.4%

Source: Company data, CMBIGM

MYC (909 HK) - Earnings revision

Figure 13: Earnings revision

RMB mn	2022E			2023E		
	New	Old	%Diff	New	Old	%Diff
Sales	2,323	2,612	-11%	2,737	3,210	-15%
Gross profit	1,909	2,137	-11%	2,282	2,658	-14%
OP Profit	118	319	-63%	166	514	-68%
PBT	286	542	-47%	344	738	-53%
Net profit	250	474	-47%	294	631	-53%
EPS	0.13	0.26	-47%	0.16	0.34	-54%
Margins						
GM	82.2%	81.8%	39 bps	83.4%	82.8%	58 bps
OPM	5.1%	12.2%	-716 bps	6.1%	16.0%	-994 bps
PBT margin	12.3%	20.7%	-844 bps	12.6%	23.0%	-1040 bps
Net margin	10.8%	18.1%	-737 bps	10.8%	19.6%	-889 bps

Source: Company data, CMBIGM

Figure 14: CMBI estimates vs consensus

RMB mn	2022E			2023E		
	CMBI	Street	Diff	CMBI	Street	Diff
Sales	2,323	2,908	-20%	2,737	3,863	-29%
Gross profit	1,909	2,353	-19%	2,282	3,171	-28%
Operating profit	118	407	-71%	166	656	-75%
Profit before tax	286	482	-41%	344	741	-54%
Core net profit	250	444	-44%	294	680	-57%
EPS	0.13	0.24	-44%	0.16	0.34	-54%
Margins						
GM	82.2%	80.9%	130 bps	83.4%	82.1%	130 bps
OPM	5.1%	14.0%	-893 bps	6.1%	17.0%	-1090 bps
Profit before tax margin	12.3%	16.6%	-426 bps	12.6%	19.2%	-660 bps
Net margin	10.8%	15.3%	-453 bps	10.8%	17.6%	-684 bps

Source: Company data, CMBIGM

Valuation

Glodon (002410 CH, BUY, TP RMB82.75)

We maintain BUY with new target price of RMB80.55 (prior RMB91.72), based on lowered 14x (prior 15x) FY22E EV/Sales (1-SD above its 3-year mean). We use a lower target multiple to reflect growth uncertainty in construction management business if property sector weakness persists. However, we think Glodon deserves re-rating as free cash flow continues to expand with increasing SaaS revenue contribution and operating leverage from SaaS transition is emerging.

MYC (909 HK, HOLD, TP HK\$11.22)

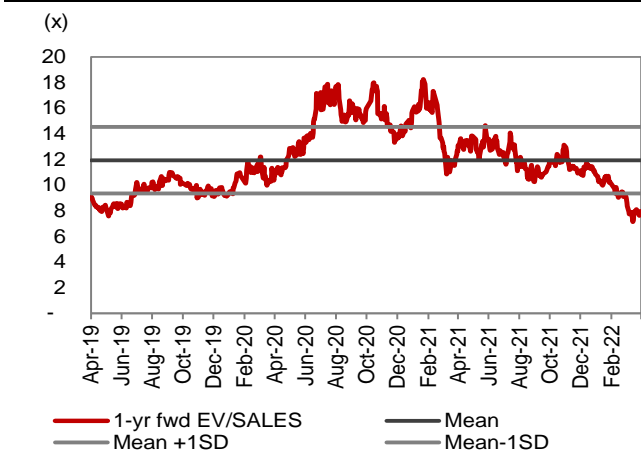
We derived our new target price of HK\$11.22 (prior HK\$25.24), based on lowered 8x (prior 16x) FY22E fully diluted P/S as earnings visibility deteriorates.

Figure 15: Peers' valuation

Company	Ticker	Rating	Market Cap (US\$ mn)	Price (LC)	TP (LC)	EV/sales (x)		FCF margin (%)		Sales CAGR FY20-23E	EPS CAGR FY20-23E
						FY21E	FY22E	FY21E	FY22E		
Glodon	002410 CH	BUY	9,320	49.64	82.75	10.7	8.5	13%	17%	24%	52%
MYC	909 HK	HOLD	2,709	10.78	11.22	5.0	4.1	14%	7%	29%	22%
Kingdee	268 HK	NR	12,412	22.90	N/A	8.1	7.0	13%	7%	15%	12%
Yonyou	600588 CH	NR	13,645	187.66	N/A	23.5	17.8	59%	25%	36%	30%
Kingsoft Office	688111 CH	NR	7,726	17.42	N/A	10.9	8.9	4%	2%	25%	n.a.
Autodesk	ADSK US	NR	47,283	217.59	N/A	12.9	11.1	36%	28%	16%	34%
CoStar	CSGP US	NR	26,744	67.71	N/A	12.4	11.1	22%	17%	15%	10%
					Mean	12.9	10.6	0.3	0.2	23%	24%
					Median	11.6	10.0	0.2	0.2	24%	22%

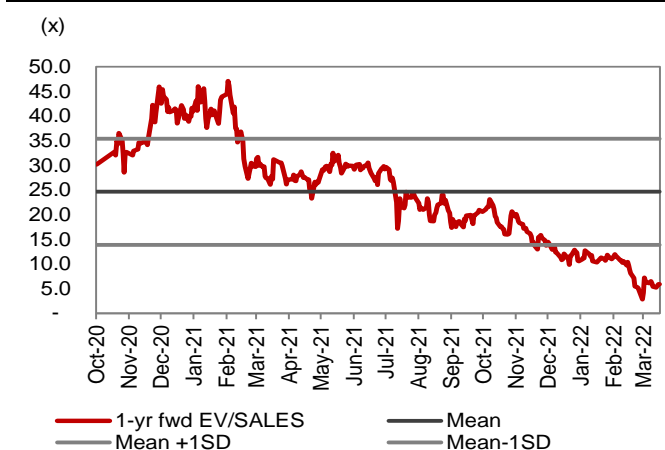
Source: Bloomberg, CMBIGM

Figure 16: Glodon (002410 CH) 12M forward EV/sales



Source: Company data, Bloomberg, CMBIGM

Figure 17: MYC (909 HK) 12M EV/sales



Source: Company data, Bloomberg, CMBIGM

Financial Summary – Glodon (002410 CH)

Income statement						Cash flow summary					
YE 31 Dec (RMB mn)	FY20	FY21	FY22E	FY23E	FY24E	YE 31 Dec (RMB mn)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	4,005	5,619	6,698	7,770	9,060	Net profit	330	661	933	1,070	1,272
Cost of sales	(454)	(893)	(1,122)	(1,390)	(1,722)	Depreciation/amortization	229	158	293	336	378
Gross profit	3,550	4,727	5,576	6,380	7,339	Change in working capital	784	525	371	497	581
Selling exp	(1,256)	(1,587)	(1,696)	(1,998)	(2,266)	Others	533	258	123	120	151
Admin exp	(879)	(1,099)	(1,187)	(1,390)	(1,581)	Net cash from operating	1,876	1,601	1,721	2,023	2,383
R&D exp	(1,083)	(1,333)	(1,561)	(1,754)	(2,037)	Capex	(439)	(720)	(626)	(708)	(680)
Other operating exp.	75	41	43	51	57	Other	(257)	(821)	0	0	0
Operating profit	408	748	1,174	1,289	1,512	Net cash from investing	(697)	(1,541)	(626)	(708)	(680)
Finance income/ (costs)	17	53	13	15	19	Net borrowings	(1,088)	(3)	0	0	0
Other non-oper exp.	(15)	(52)	(46)	(41)	(37)	Dividend paid	(157)	(354)	(357)	(238)	(238)
Pre-tax profit	410	749	1,141	1,263	1,494	Other	2,645	(438)	(123)	(120)	(151)
Income tax expense	(29)	(31)	(85)	(73)	(70)	Net cash from financing	1,400	(795)	(480)	(358)	(389)
Minority interests	(51)	(58)	(123)	(120)	(151)	Net change in cash	2,580	(735)	615	957	1,313
Net profit to shareholders	330	661	933	1,070	1,272	Cash at beginning of the year	2,231	4,797	4,050	4,665	5,622
						Exchange difference	(14)	(13)	0	0	0
						Cash at the end of the year	4,797	4,050	4,665	5,622	6,935

Balance sheet						Key ratios					
YE 31 Dec (RMB mn)	FY20	FY21	FY22E	FY23E	FY24E	YE 31 Dec	FY20	FY21	FY22E	FY23E	FY24E
Current assets	5,420	5,122	5,825	6,742	8,024	Revenue mix					
Cash & equivalents	4,797	4,050	4,665	5,622	6,935	Engineering costing	70%	68%	67%	68%	67%
Account receivables	475	560	667	619	577	- SaaS	41%	46%	50%	54%	56%
Inventory	26	71	53	61	71	Engineering construction	24%	21%	22%	20%	20%
Other current assets	121	441	441	441	441	Overseas	4%	3%	2%	2%	2%
Non-current assets	4,127	4,946	5,279	5,651	5,953	Others	1%	5%	4%	4%	4%
PPE	994	1,219	1,733	2,286	2,769	Finance income	1%	1%	1%	1%	1%
Intangible assets	1,664	1,979	1,799	1,618	1,437	Growth (%)					
Other non-current assets	1,470	1,747	1,747	1,747	1,747	Revenue	13%	40%	19%	16%	17%
Total assets	9,547	10,068	11,104	12,393	13,978	Operating profit	21%	84%	57%	10%	17%
Current liabilities	2,858	3,637	4,097	4,554	5,104	EPS	34%	99%	41%	15%	19%
ST borrowings	3	0	0	0	0	Profit & loss ratio (%)					
Account payables	1,740	2,395	2,855	3,312	3,861	Gross margin	88.7%	84.1%	83.2%	82.1%	81.0%
Accrued expense	0	0	0	0	0	Operating margin	10.2%	13.3%	17.5%	16.6%	16.7%
Unearned revenue	1,115	1,242	1,242	1,242	1,242	Net profit margin	8.3%	11.8%	13.9%	13.8%	14.0%
Non-current liabilities	131	158	158	158	158	Balance sheet ratio					
LT borrowings	0	0	0	0	0	Receivable turnover days	49	34	33	30	24
Other non-current liabilities	131	158	158	158	158	Unearned revenue days	81	77	68	58	50
Total liabilities	2,989	3,795	4,255	4,712	5,261	Payable turnover days	159	156	156	156	156
Share capital	1,186	1,189	1,189	1,189	1,189	Current ratio (x)	1.90	1.41	1.42	1.48	1.57
Capital surplus	3,135	3,174	3,174	3,174	3,174	Net debt to equity	net cash	net cash	net cash	net cash	net cash
Retained earnings	1,957	2,432	3,008	3,841	4,875	Profitability (%)					
Other reserves	125	(1,007)	(1,007)	(1,007)	(1,007)	ROE	7%	11%	15%	16%	16%
Minority interest	156	485	485	485	485	ROIC	18%	34%	46%	53%	69%
Total equity	6,558	6,273	6,849	7,682	8,716	Per share data (RMB)					
Total liabilities and equity	9,547	10,068	11,104	12,393	13,978	EPS (RMB)	0.28	0.56	0.78	0.90	1.07
						DPS (RMB)	0.25	0.30	0.20	0.20	0.20
						BVPS (RMB)	5.40	4.87	5.35	6.05	6.92

Source: Company data, CMBIGM estimates

Financial Summary – MYC (909 HK)

Income statement						Cash flow summary					
YE 31 Dec (RMB mn)	FY20	FY21	FY22E	FY23E	FY24E	YE 31 Dec (RMB mn)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	1,705	2,184	2,323	2,737	3,186	Net profit	(650)	(504)	286	344	438
Cost of sales	(366)	(433)	(413)	(455)	(509)	Depreciation/amortization	34	11	12	13	15
Gross profit	1,340	1,751	1,909	2,282	2,677	Change in working capital	108	(88)	2	45	110
Selling exp	(590)	(897)	(896)	(1,102)	(1,297)	Others	914	2	(19)	(30)	(39)
Admin exp	(208)	(1,003)	(279)	(322)	(367)	Net cash from operating	406	(579)	280	372	523
R&D exp	(356)	(642)	(616)	(692)	(743)	Capex	(44)	(22)	(23)	(27)	(32)
Other operating exp.	0	0	0	0	0	Others	(2,007)	0	0	0	0
Operating profit	186	(791)	118	166	270	Net cash from investing	(2,051)	(22)	(23)	(27)	(32)
Finance income/ (costs)	12	123	78	80	86	Net borrowings	0	0	0	0	0
Other non-oper exp.	(848)	164	90	98	82	Dividend paid	0	(135)	(134)	97	115
Pre-tax profit	(650)	(504)	286	344	438	Others	5,889	(3)	(4)	(4)	(4)
Income tax expense	(18)	8	(23)	(34)	(43)	Net cash from financing	5,889	(138)	(138)	93	111
Minority interests	(36)	152	(13)	(15)	(19)	Net change in cash	4,243	(739)	119	438	602
Net profit to shareholders	(704)	(344)	250	294	376	Cash at beginning of the year	732	4,759	2,017	2,137	2,574
Core net profit	328	(344)	250	294	376	Exchange difference	(216)	0	0	0	0

Balance sheet						Key ratios					
YE 31 Dec (RMB mn)	FY20	FY21	FY22E	FY23E	FY24E	YE 31 Dec	FY20	FY21	FY22E	FY23E	FY24E
Current assets	7,210	6,314	6,577	7,191	7,961	Revenue mix					
Cash & equivalents	4,759	2,017	2,137	2,574	3,176	SaaS product	40%	51%	61%	69%	73%
Account receivables	30	80	58	69	80	Procurement Cloud	2%	2%	3%	3%	4%
Contract acquisition cost	191	279	457	610	753	CRM Cloud	39%	47%	51%	52%	52%
Contract assets	48	83	71	72	74	Asset Management Cloud	2%	2%	3%	4%	5%
Other receivables	51	65	62	73	85	Construction Cloud	8%	9%	11%	13%	15%
Others	2,130	3,790	3,792	3,793	3,793	ERP solutions	49%	39%	31%	27%	24%
Non-current assets	262	659	671	685	702	Growth (%)					
PPE	150	326	337	351	369	Revenue	35%	28%	6%	18%	16%
Intangible assets	3	54	54	54	54	Operating profit	17%	-526%	-115%	41%	62%
Other non-current assets	109	279	279	279	279	Core net profit	49%	-205%	-173%	18%	28%
Total assets	7,472	6,973	7,248	7,876	8,663	Profit & loss ratio (%)					
Current liabilities	843	948	1,085	1,296	1,562	Gross margin	78.6%	80.2%	82.2%	83.4%	84.0%
ST borrowings	0	0	0	0	0	Operating margin	10.9%	-36.2%	5.1%	6.1%	8.5%
Account payables	43	66	52	57	64	Core net profit margin	19.3%	-15.7%	10.8%	10.8%	11.8%
Contract liabilities	549	601	771	954	1,184	Balance sheet ratio					
Others	252	281	263	285	314	Receivable turnover days	5	9	9	9	9
Non-current liabilities	59	94	103	113	125	Payable turnover days	33	46	46	46	46
LT borrowings	0	0	0	0	0	Current ratio (x)	8.55	6.66	6.06	5.55	5.10
Contract liabilities	25	32	41	51	63	Net debt to equity	net cash	net cash	net cash	net cash	net cash
Other non-current liabilities	34	62	62	62	62	Profitability (%)					
Total liabilities	903	1,043	1,188	1,409	1,687	FCF margin	21%	-28%	11%	13%	15%
Share capital	0.2	0.2	0.2	0.2	0.2	ROE	-11%	-6%	4%	5%	5%
Capital surplus	0.0	0.0	0.0	0.0	0.0	Per share data (RMB)					
Retained earnings	(463)	(731)	(615)	(223)	267	Core EPS (RMB)	0.22	-0.18	0.13	0.16	0.20
Other reserves	7,001	6,664	6,664	6,664	6,664	DPS (RMB)	0.07	0.07	-0.05	-0.06	-0.08
Minority interest	(463)	(731)	(615)	(223)	267	BVPS (RMB)	4.48	3.18	3.25	3.47	3.74
Total equity	6,570	5,930	6,059	6,466	6,976						
Total liabilities and equity	7,472	6,973	7,248	7,876	8,663						

Source: Company data, CMBIGM estimates

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