

# Haier Smart Home (6690 HK)

## Still the outperformer in a tough market

We still maintain **BUY** on Haier, because it is still outperforming the industry a lot under such a tough market. Our new TP of HK\$ 30.66 is based on 15x FY22E P/E (from 17x for recent sector de-rating). Its current valuation is not too demanding at 13x FY22E P/E, vs Haier-A's 14x, Midea's 14x and China peers average of 18x, given 12% NP CAGR in FY21-24E.

- FY21 results inline.** Haier sales increased by 9% YoY to RMB 227.5bn (16% increase if we exclude the disposal of COSMOPlat), while net profit rose by 47% YoY to RMB 13.1bn, largely inline with CMBI and BBG est. but all in all, we are still impressive given the headwinds in 4Q21. Also, according to the China IOL, average market shares gain was about 2-3ppt for all of these categories (fridge, washing machines, water heater and Air-conditioners) in FY21.
- We forecast ~7.0%/ ~7.4% sales growth for mainland China/ overseas in FY22E.** No clear guidance for sales growth in FY22E was provided, but we think Haier is still confident on outperforming the industry. We believe the drivers are: 1) excellent momentum from Casarte (25%+ growth guided), as its growth had accelerated to 30%+ in 1Q22E from ~15% in 4Q21, thanks to its perfect integration with The three-wings bird brand in terms of providing a better customer experience thru offering different sets of customized solutions, 2) more competitive air-con products (more upgrades on the design and technology, as well as the supply chain capability) and greater focus on the retail end (will provide more supports to the distributors), 3) premiumization in the overseas market, where the growth of the high-end brands remained fast in 1Q22E (40%+ growth achieved by Monogram/Café/GE Profile back in FY21) and the highly localized supply chain, 4) categories expansions, such as the dryers and dish washers, etc.
- Company is expecting a flattish GP margin, and we think OP margin improvements is still feasible in FY22E.** Headwinds such as cost inflations on metal, plastics, energy, FX and transportation costs are still significant in FY22E. The management is aiming to offset costs through: 1) premiumization, 2) redesigning the products and its costs structure and 3) leveraging on the strength of Haier's supply chain. Moreover, we believe the ongoing digitalization and greater integration within the Haier group, the overall operational efficiency will still be improved, so as the OP margin in FY22E.
- Maintain BUY but trim TP to HK\$ 30.66.** We cut our FY22E/ 23E net profit forecasts by 6%/ 6% to factor in: 1) slower sales growth and 2) a weaker GP margin. New TP is based on 15x FY22E P/E (from 17x due to de-rating). It is trading at 13x FY22E P/E, not demanding in our view, vs China peers average of 18x and ~12% discounts to Haier-A's 14x FY22E P/E.

### Earnings Summary

(YE 31 Dec)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	209,703	227,531	243,916	258,567	270,886
YoY growth (%)	5.9	8.5	7.2	6.0	4.8
NP att. (RMB mn)	8,877	13,067	15,317	17,890	18,330
Diluted EPS (RMB)	1.335	1.390	1.697	1.982	2.030
YoY growth (%)	8.2	6.3	21.7	16.8	2.5
Consensus EPS (RMB)	n/a	n/a	1.711	1.944	n/a
P/E (x)	16.1	15.2	12.5	10.7	10.4
P/B (x)	1.9	2.1	1.8	1.6	1.4
Yield (%)	2.3	2.3	3.2	3.8	3.8
ROE (%)	13.3	17.1	17.5	19.1	17.2
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

### BUY (Maintain)

Target Price	HK\$30.66
(Previous TP)	HK\$36.91)
Up/Downside	+20.5%
Current Price	HK\$25.45

### China Home Appliance Sector

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#### Stock Data

Mkt Cap (HK\$ mn)	256,074
Avg 3 mths t/o (HK\$ mn)	237.84
52w High/Low (HK\$)	34.80/ 21.90
Total Issued Shares (mn)	2,866.7

Source: Bloomberg

#### Shareholding Structure

Haier Group - A	28.54%
Haier Group - H	5.97%
Haier Group - D	0.63%
HKEX stock connect	6.06%
GIC	1.26%
Free Float - A	34.02%
Free Float - H	21.15%
Free Float - D	2.37%

Source: HKEx

#### Share Performance

	Absolute	Relative
1-mth	-6.6%	-3.6%
3-mth	-22.8%	-17.8%
6-mth	-7.3%	3.6%
12-mth	-18.2%	5.6%

Source: Bloomberg

#### 12-mth Price Performance



Source: Bloomberg

#### Auditor: Ernst & Young

#### Related Reports

- Haier Smart Home (6690 HK, BUY) – Tough 4Q21E but guidance maintained - 2 Nov 2021
- Haier Smart Home (6690 HK, BUY) – Solid market share gain and 2H21E outlook - 6 Sep 2021

## Earnings revision

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	243,916	258,567	270,886	256,807	272,151	n/a	-5.0%	-5.0%	n/a
Gross profit	74,756	79,895	83,008	78,342	83,762	n/a	-4.6%	-4.6%	n/a
EBIT	16,469	19,252	19,579	19,929	22,934	n/a	-17.4%	-16.1%	n/a
Net profit att.	15,317	17,890	18,330	16,271	18,977	n/a	-5.9%	-5.7%	n/a
Diluted EPS (RMB)	1.697	1.982	2.030	1.802	2.102	n/a	-5.9%	-5.7%	n/a
Gross margin	30.6%	30.9%	30.6%	30.5%	30.8%	n/a	0.1ppt	0.1ppt	n/a
EBIT margin	6.8%	7.4%	7.2%	7.8%	8.4%	n/a	-1ppt	-1ppt	n/a
Net profit att. margin	6.3%	6.9%	6.8%	6.3%	7.0%	n/a	-0.1ppt	-0.1ppt	n/a

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	243,916	258,567	270,886	251,989	273,036	n/a	-3.2%	-5.3%	n/a
Gross profit	74,756	79,895	83,008	77,753	85,085	n/a	-3.9%	-6.1%	n/a
EBIT	16,469	19,252	19,579	17,881	20,471	n/a	-7.9%	-6.0%	n/a
Net profit att.	15,317	17,890	18,330	15,000	17,076	n/a	2.1%	4.8%	n/a
Diluted EPS (RMB)	1.697	1.982	2.030	1.711	1.944	n/a	-0.8%	1.9%	n/a
Gross margin	30.6%	30.9%	30.6%	30.9%	31.2%	n/a	-0.2ppt	-0.3ppt	n/a
EBIT margin	6.8%	7.4%	7.2%	7.1%	7.5%	n/a	-0.3ppt	-0.1ppt	n/a
Net profit att. margin	6.3%	6.9%	6.8%	6.0%	6.3%	n/a	0.3ppt	0.7ppt	n/a

Source: Bloomberg, CMBIGM estimates

## Valuation

**Figure 3: Peers' valuation**

Company	Ticker	Rating	12m TP (LC)	Price (LC)	Up/Down-side	Mkt. Cap (HK\$m)	Year End	P/E (x)		P/B (x)		ROE (%)	3yrs PEG (x)	Yield (%)
								FY1E	FY2E	FY1E	FY2E	FY1E	FY1E	FY1E
<b>A+ H shares Home Appliances - White goods, Kitchen and Small Appliances</b>														
Haier SH - H	6690 HK	BUY	30.66	25.45	20%	256,075	Dec-21	12.5	10.7	2.1	1.8	18.7	0.9	3.2
Gree Electronics	000651 CH	NR	n/a	32.30	n/a	236,019	Dec-20	8.3	7.4	1.6	1.4	19.0	0.6	6.9
Haier SH - A	600690 CH	NR	n/a	23.10	n/a	256,076	Dec-21	14.1	12.3	2.4	2.1	17.8	4.6	2.7
Midea Group	000333 CH	BUY	95.24	57.00	67%	492,612	Dec-20	13.9	12.0	3.0	2.6	21.7	0.9	3.2
Hisense JA	921 HK	NR	n/a	7.46	n/a	15,836	Dec-20	6.1	5.1	0.8	0.7	6.3	0.5	5.1
Hisense HA	000921 CH	NR	n/a	a	n/a	15,836	Dec-20	11.2	9.6	1.4	1.3	12.4	1.2	3.0
Whirlpool China	600983 CH	NR	n/a	8.07	n/a	7,642	Dec-20	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Zhejiang Aishida	002403 CH	NR	n/a	7.22	n/a	3,038	Dec-20	65.6	25.8	1.1	1.1	0.0	n/a	0.6
Bear Electric	002959 CH	NR	n/a	45.11	n/a	8,719	Dec-20	22.5	16.9	3.3	2.9	14.5	2.5	2.0
Ecovacs Robotics	603486 CH	NR	n/a	108.66	n/a	77,046	Dec-20	30.6	22.7	12.7	8.8	44.3	0.4	1.1
JS Global Lifestyle	1691 HK	BUY	11.54	9.21	25%	32,185	Dec-21	7.9	6.5	1.7	1.5	23.1	0.5	4.3
Joyoung Co	002242 CH	NR	n/a	16.33	n/a	15,475	Dec-21	13.6	11.9	2.7	2.4	19.7	1.0	6.0
Hangzhou Robam	002508 CH	NR	n/a	29.19	n/a	34,225	Dec-20	17.5	12.3	3.0	2.6	17.2	0.9	1.9
Zhejiang Supor	002032 CH	NR	n/a	50.03	n/a	49,984	Dec-21	17.5	15.5	4.2	3.7	24.9	1.8	3.1
Vatti Corporation	002035 CH	NR	n/a	5.50	n/a	5,760	Dec-20	11.3	9.2	1.3	1.2	12.0	0.7	2.9
Xinbao Electrica	002705 CH	NR	n/a	16.68	n/a	17,037	Dec-20	17.1	13.1	2.1	1.9	12.2	3.0	2.2
<b>Avg.</b>								<b>18.0</b>	<b>12.7</b>	<b>2.9</b>	<b>2.4</b>	<b>17.6</b>	<b>1.4</b>	<b>3.2</b>
<b>Med.</b>								<b>13.9</b>	<b>12.0</b>	<b>2.1</b>	<b>1.9</b>	<b>17.8</b>	<b>0.9</b>	<b>3.0</b>
<b>International Home Appliances - White goods, Kitchen and Small Appliances</b>														
Whirlpool Corp	WHR US	NR	n/a	176	n/a	80,563	Dec-21	6.6	6.3	2.0	1.8	29.1	(4.1)	3.8
Ingersoll-Rand Plc	IR US	NR	n/a	51	n/a	161,822	Dec-21	21.8	19.2	2.8	2.3	8.9	0.7	0.1
Smith (A.O.) Corp	AOS US	NR	n/a	65	n/a	80,081	Dec-21	18.4	17.1	5.6	4.8	30.0	1.7	1.7
Helen Of Troy	HELE US	NR	n/a	198	n/a	37,340	Feb-21	16.8	15.5	3.5	2.9	19.8	1.5	n/a
Irobot Corp	IRBT US	NR	n/a	65	n/a	13,674	Jan-22	32.9	16.3	2.5	2.2	5.7	0.4	0.0
Electrolux Ab	ELUXB SS	NR	n/a	143	n/a	37,394	Dec-21	8.4	7.1	2.1	1.9	25.1	1.1	6.7
Seb Sa	SK FP	NR	n/a	127	n/a	60,812	Dec-21	13.8	12.7	2.1	1.9	16.4	6.4	2.1
Koninklijke Philips	PHIA NA	NR	n/a	28	n/a	212,759	Dec-21	16.5	13.9	1.7	1.6	9.1	(1.0)	3.1
Daikin Industries	6367 JP	NR	n/a	22410	n/a	423,188	Mar-21	30.0	26.6	3.6	3.3	12.5	2.0	0.9
Panasonic Corp	6752 JP	NR	n/a	1189	n/a	187,891	Mar-21	11.3	10.8	1.0	0.9	9.1	0.8	2.5
Sony Corp	6758 JP	NR	n/a	12730	n/a	1,034,252	Mar-21	18.2	18.1	2.3	2.1	13.7	(1.7)	0.5
Hitachi	6501 JP	NR	n/a	6165	n/a	384,564	Mar-21	10.7	10.2	1.5	1.3	15.1	(97.6)	1.9
Sharp Corp	6753 JP	NR	n/a	1149	n/a	45,299	Mar-21	9.0	11.5	1.7	1.6	20.5	7.6	3.3
Fujitsu General	6755 JP	NR	n/a	2390	n/a	16,830	Mar-21	25.5	17.7	2.0	1.8	7.8	4.3	1.3
Lg Electronics	066570 KS	NR	n/a	120500	n/a	127,199	Dec-21	7.1	6.1	1.0	0.9	15.7	0.2	1.0
Samsung Elect.	005930 KS	NR	n/a	69600	n/a	2,680,126	Dec-21	9.9	8.7	1.4	1.3	14.5	0.8	2.1
Woongjin Coway	021240 KS	NR	n/a	68500	n/a	32,609	Dec-21	9.9	9.1	2.2	1.9	24.8	1.5	1.9
<b>Avg.</b>								<b>15.7</b>	<b>13.3</b>	<b>2.3</b>	<b>2.0</b>	<b>16.3</b>	<b>(4.5)</b>	<b>2.1</b>
<b>Med.</b>								<b>13.8</b>	<b>12.7</b>	<b>2.1</b>	<b>1.9</b>	<b>15.1</b>	<b>0.8</b>	<b>1.9</b>

Source: Bloomberg, CMBIGM estimates

## Assumptions

Figure 4: CMBI's assumptions

RMB mn	FY19A	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Sales by segment (RMB mn)</b>						
Mainland China						
Refrigerators/freezers	30,424	30,562	36,842	38,684	40,618	42,243
Kitchen appliances	2,149	2,636	3,013	3,164	3,417	3,519
Air-conditioners	20,366	21,861	27,409	31,520	34,672	36,406
Laundry appliances	22,113	22,483	25,917	27,213	28,301	29,433
Water appliances	9,521	9,833	12,479	13,103	13,496	13,901
Overseas	92,392	100,044	113,090	121,451	128,843	135,795
Other businesses	21,041	22,284	8,781	8,781	9,220	9,589
Total	198,006	209,703	227,531	243,916	258,567	270,886
<b>Sales by segment growth (%)</b>						
Mainland China						
Refrigerators/freezers	2.7%	0.5%	20.5%	5.0%	5.0%	4.0%
Kitchen appliances	-5.4%	22.7%	14.3%	5.0%	8.0%	3.0%
Air-conditioners	-13.0%	7.3%	25.4%	15.0%	10.0%	5.0%
Laundry appliances	6.0%	1.7%	15.3%	5.0%	4.0%	4.0%
Water appliances	8.0%	3.3%	26.9%	5.0%	3.0%	3.0%
Overseas	23.4%	8.3%	13.0%	7.4%	6.1%	5.4%
Other businesses	18.8%	5.9%	-60.6%	0.0%	5.0%	4.0%
Total	11.5%	5.9%	8.5%	7.2%	6.0%	4.8%
<b>Sales by brand growth (%)</b>						
Haier, Leader & others	1.1%	2.8%	0.6%	4.7%	4.6%	2.7%
Casarte	32.1%	17.6%	48.0%	25.0%	15.0%	13.0%
GEA	9.0%	10.0%	14.0%	12.0%	6.0%	6.0%
Candy	n/a	2.0%	13.0%	11.0%	4.0%	4.0%
Others	13.5%	6.9%	10.9%	-4.7%	7.2%	4.3%
Total	11.5%	5.9%	8.5%	7.2%	6.0%	4.8%
GP margin (%)	29.6%	29.0%	30.5%	30.6%	30.9%	30.6%
<b>Costs breakdown</b>						
Selling & distribution expenses	17.1%	16.0%	16.1%	16.2%	15.9%	15.9%
Admin expenses	8.7%	8.6%	8.9%	8.6%	8.5%	8.5%
Effective tax rate	14.9%	16.5%	17.0%	15.5%	15.3%	15.3%
NP margin (con. bus.)	4.6%	5.4%	5.8%	6.4%	7.0%	6.9%
NP growth (con. bus.)	-5.4%	25.5%	16.7%	17.7%	16.6%	2.5%
NP att. margin	4.1%	4.2%	5.7%	6.3%	6.9%	6.8%
NP att. growth	9.6%	8.2%	47.2%	17.2%	16.8%	2.5%

Source: Company data, CMBIGM estimates

## Financial Summary

### Income statement

YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Revenue</b>	<b>209,703</b>	<b>227,531</b>	<b>243,916</b>	<b>258,567</b>	<b>270,886</b>
Food Solutions	33,198	39,855	41,848	44,035	45,762
Air Solutions	21,861	27,409	31,520	34,672	36,406
Clothing & Water Solutions	32,316	38,396	40,316	41,797	43,334
Overseas & Other business	122,32	121,87	130,23	138,06	145,38
<b>Cost of goods sold</b>	<b>(148,870)</b>	<b>(158,059)</b>	<b>(169,160)</b>	<b>(178,673)</b>	<b>(187,879)</b>
<b>Gross profit</b>	<b>60,833</b>	<b>69,472</b>	<b>74,756</b>	<b>79,895</b>	<b>83,008</b>
<b>Other net income</b>	<b>3,275</b>	<b>1,246</b>	<b>2,073</b>	<b>2,456</b>	<b>2,573</b>
<b>Operating expenses</b>	<b>(51,571)</b>	<b>(56,784)</b>	<b>(60,360)</b>	<b>(63,099)</b>	<b>(66,002)</b>
S & D costs	(33,641)	(36,554)	(39,456)	(41,230)	(43,050)
Admin exp. (ex- R&D)	(11,070)	(12,949)	(13,099)	(13,595)	(14,283)
R & D exp.	(6,860)	(7,281)	(7,805)	(8,274)	(8,668)
Other operating exp.	-	-	-	-	-
<b>EBIT</b>	<b>12,537</b>	<b>13,934</b>	<b>16,469</b>	<b>19,252</b>	<b>19,579</b>
Finance costs, net	(602)	96	239	365	485
JV & associates	-	-	-	-	-
Exceptional	1,620	1,886	1,707	1,810	1,896
<b>Pre-tax profit</b>	<b>13,555</b>	<b>15,916</b>	<b>18,415</b>	<b>21,427</b>	<b>21,960</b>
Income tax	(2,232)	(2,699)	(2,854)	(3,278)	(3,360)
Less: Minority interests	2,446	150	244	259	271
<b>Net profit</b>	<b>8,877</b>	<b>13,067</b>	<b>15,317</b>	<b>17,890</b>	<b>18,330</b>

### Cash flow summary

YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Net income</b>	<b>12,537</b>	<b>13,934</b>	<b>16,469</b>	<b>19,252</b>	<b>19,579</b>
D&A	33,641	36,554	39,456	41,230	43,050
Change in working capital	1,928	5,706	1,461	1,227	1,263
Income tax paid	(8,019)	(2,699)	(2,854)	(3,278)	(3,360)
Others	(22,488)	(30,125)	(32,639)	(34,018)	(36,225)
<b>Net cash from operating</b>	<b>17,599</b>	<b>23,370</b>	<b>21,893</b>	<b>24,413</b>	<b>24,308</b>
Capex & investments	(7,272)	(8,937)	(9,331)	(10,361)	(10,807)
Associated companies	-	-	-	-	-
Interest received	-	-	-	-	-
Others	2,008	-	-	-	-
<b>Net cash from investing</b>	<b>(5,264)</b>	<b>(8,937)</b>	<b>(9,331)</b>	<b>(10,361)</b>	<b>(10,807)</b>
Equity raised	-	-	-	-	-
Change of Debts	(277)	-	-	-	-
Dividend paid	(4,980)	(3,400)	(4,320)	(5,085)	(5,939)
Others	4,231	(714)	(714)	(714)	(714)
<b>Net cash from financing</b>	<b>(1,026)</b>	<b>(4,114)</b>	<b>(5,034)</b>	<b>(5,799)</b>	<b>(6,653)</b>
<b>Net change in cash</b>	<b>11,309</b>	<b>10,318</b>	<b>7,528</b>	<b>8,253</b>	<b>6,848</b>
Beginning cash balance	43,588	45,635	55,953	63,481	71,734
Exchange difference	(9,262)	-	-	-	-
<b>Cash at the end of the year</b>	<b>45,635</b>	<b>55,953</b>	<b>63,481</b>	<b>71,734</b>	<b>78,582</b>

### Balance sheet

YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Non-current assets</b>	<b>89,196</b>	<b>94,401</b>	<b>99,575</b>	<b>105,61</b>	<b>112,68</b>
Fixed asset	24,815	30,226	35,807	41,751	48,733
Intangible assets & goodwill	31,475	30,569	29,662	28,756	27,850
Prepaid lease payments	24,228	24,928	25,428	26,428	27,428
Interest in asso. & JV	-	-	-	-	-
Others	8,678	8,678	8,678	8,678	8,678
<b>Current assets</b>	<b>114,24</b>	<b>121,69</b>	<b>133,62</b>	<b>145,74</b>	<b>156,05</b>
Cash and cash equivalents	45,635	55,953	63,481	71,734	78,582
Inventories	29,447	28,147	30,124	31,818	33,458
Trade and other receivables	30,066	28,052	30,072	31,878	33,397
Prepayments	5,212	5,655	6,062	6,426	6,733
Others	3,886	3,886	3,886	3,886	3,886
<b>Current liabilities</b>	<b>109,47</b>	<b>112,31</b>	<b>118,17</b>	<b>123,26</b>	<b>127,99</b>
Borrowings	12,643	12,643	12,643	12,643	12,643
Trade payables	57,539	58,460	62,566	66,084	69,489
Accruals & other payables	22,519	24,433	26,193	27,766	29,089
Tax payables	1,371	1,371	1,371	1,371	1,371
Others	15,402	15,402	15,402	15,402	15,402
<b>Non-current liabilities</b>	<b>25,874</b>	<b>25,874</b>	<b>25,874</b>	<b>25,874</b>	<b>25,874</b>
Borrowings	11,858	11,858	11,858	11,858	11,858
Deferred income	-	-	-	-	-
Deferred tax	1,900	1,900	1,900	1,900	1,900
Others	12,116	12,116	12,116	12,116	12,116
<b>Minority Interest</b>	<b>1,295</b>	<b>1,445</b>	<b>1,689</b>	<b>1,947</b>	<b>2,218</b>
<b>Total net assets</b>	<b>66,799</b>	<b>76,466</b>	<b>87,463</b>	<b>100,26</b>	<b>112,65</b>
<b>Shareholders' equity</b>	<b>66,799</b>	<b>76,466</b>	<b>87,463</b>	<b>100,26</b>	<b>112,65</b>

### Key ratios

YE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Sales mix (%)</b>					
Food Solutions	15.8	17.5	17.2	17.0	16.9
Air Solutions	10.4	12.0	12.9	13.4	13.4
Clothing & Water Solutions	15.4	16.9	16.5	16.2	16.0
Overseas & Other business	58.3	53.6	53.4	53.4	53.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>P&amp;L ratios (%)</b>					
Gross margin	29.0	30.5	30.6	30.9	30.6
Operating margin	6.0	6.1	6.8	7.4	7.2
Pre-tax margin	6.5	7.0	7.5	8.3	8.1
Net margin	4.2	5.7	6.3	6.9	6.8
Effective tax rate	16.5	17.0	15.5	15.3	15.3
<b>Balance sheet ratios</b>					
Current ratio (x)	1.0	1.1	1.1	1.2	1.2
Quick ratio (x)	0.8	0.8	0.9	0.9	1.0
Cash ratio (x)	0.4	0.5	0.5	0.6	0.6
Inventory turnover days	72	65	65	65	65
Trade receivables days	52	45	45	45	45
Trade payables days	141	135	135	135	135
Total debt / total equity ratio (%)	48	42	36	32	28
Net debt / equity ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash
<b>Returns (%)</b>					
ROE	13.3	17.1	17.5	17.8	16.3
ROA	4.4	6.0	6.6	7.1	6.8
<b>Per share</b>					
EPS (RMB)	1.33	1.39	1.70	1.98	2.03
DPS (RMB)	0.49	0.48	0.68	0.79	0.81
BVPS (RMB)	11.47	10.23	11.67	13.38	15.03

Source: Company data, CMBIGM estimates

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