

Kingsoft Cloud (KC US)

Encouraging margin improvement

KC reported strong FY1Q22 results that beat our/consensus estimates. Revenue growth was at +20% YoY to RMB2,174mn and GPM improved by +2.6 pct pts QoQ as KC proactively downsized the lower-margin CDN business. In particular, we are positive to see 1) strong billings from non-CDN business (+61.2% YoY) and 2) unchanged adj. EBITDA breakeven timeline (targets in FY4Q22E). We think sequential improvement in earnings should drive re-rating. Maintain BUY.

- FY1Q22 beat.** KC reported strong FY1Q22 revenue growth of +20% YoY to RMB2,174mn, beating our/ consensus estimates by 6%/4% respectively. Public Cloud growth was flattish YoY at RMB1,381mn as KC proactively downsized its lower-margin CDN business (-20.2% YoY). Enterprise Cloud business remained strong at RMB793mn (+89% YoY). We are positive on the margin expansion. Total cost of revenue declined -20% QoQ to RMB2.1bn. GPM improved by +2.6 pct pts QoQ to 3.7% as IDC costs decreased by RMB212mn QoQ, in-line with CDN business adjustment. Adj. EBITDA margin was at -7.0%, narrowing from -10.5% in FY4Q21.
- FY2Q22E is affected by lockdowns but core cloud business billings remain strong.** KC expects FY2Q22 revenue to be in the range of RMB2.0bn to RMB2.2bn (-8.0% to +1.2% YoY), due to the delay in enterprise cloud project delivery amid COVID-19 resurgence. We believe FY2Q22E is better than feared as KC is still expecting a flattish FY2Q22E, considering that Eastern and Northern regions have suffered from tightened COVID-19 measures for two months.
- No change in adj. EBITDA breakeven timeline and full-year capex guidance.** KC expects adj. EBITDA margin to improve sequentially and achieve breakeven in FY4Q22. Meanwhile, we are positive on 1) unchanged full-year capex guidance of RMB1-1.5bn (flattish YoY) and 2) strong growth of gross billings from core cloud services (computing/ storage/ enterprise cloud) at +61.2% YoY in FY1Q22 as these reflect a resilient cloud demand.
- Maintain BUY.** We cut FY22E revenue by 7% while largely maintaining our FY23-24E forecast to reflect the impacts from recent lockdowns. Revised down target price to US\$7.26 (prior US\$7.87) on unchanged 1.2x FY22E P/S as share price could re-rate on improving adj. EBITDA margins. Catalysts include US\$100mn share repurchase program and HK dual listing progress.

Earnings Summary

(YE 31 Dec)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	6,577	9,061	9,473	11,330	13,040
YoY growth (%)	66%	38%	5%	20%	15%
Adj. EBITDA (RMB mn)	(119)	(522)	(336)	56	604
YoY growth (%)	n.a.	n.a.	n.a.	n.a.	974%
Net income (RMB mn)	(982)	(1,589)	(1,716)	(1,402)	(1,093)
EPS (RMB)	-6.14	-6.92	-7.05	-5.75	-4.49
YoY growth (%)	n.a.	n.a.	n.a.	n.a.	n.a.
P/S	1.2	0.9	0.8	0.7	0.6
P/B	0.9	0.7	0.8	0.9	1.1
ROE (%)	-12%	-14%	-18%	-17%	-15%
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	US\$7.26
(Previous TP)	US\$7.87
Up/Downside	+46.6%
Current Price	US\$4.95

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Stock Data

Mkt Cap (HK\$ mn)	1,206
Avg 3 mths t/o (HK\$ mn)	33.78
52w High/Low (HK\$)	41.14/ 2.50
Total Issued Shares (mn)	244

Source: Bloomberg

Shareholding Structure

Kingsoft Group (3888 HK)	42.5%
Xiaomi (1810 HK)	13.4%
Mr. Jun LEI	13.4%

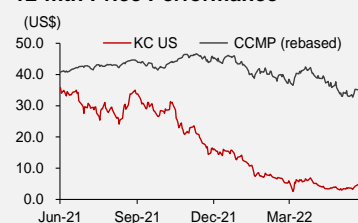
Source: Company data

Share Performance

	Absolute	Relative
1-mth	46.0%	45.7%
3-mth	-5.0%	0.1%
6-mth	-69.7%	-61.0%

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

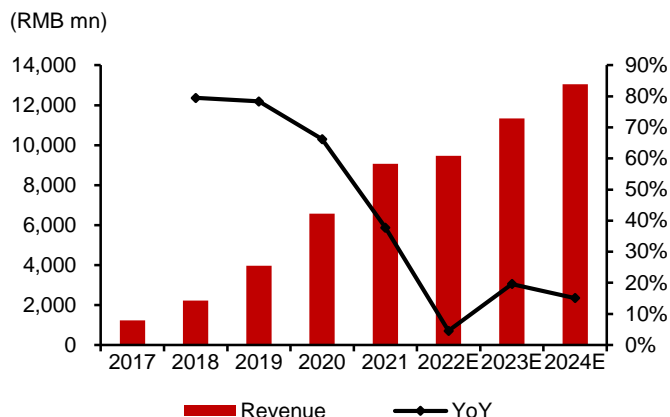
Auditor: Ernst & Young Hua Ming

Related Reports

- Kingsoft Cloud (KC US) – “Bottoming out” – 25 Mar 2022 ([link](#))
- Kingsoft Cloud (KC US) – “Attractive risk reward” – 16 Mar 2022 ([link](#))

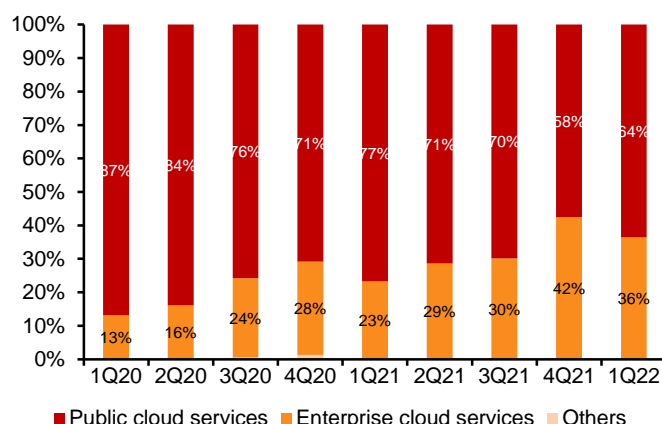
Focus Charts

Figure 1: Revenue and YoY



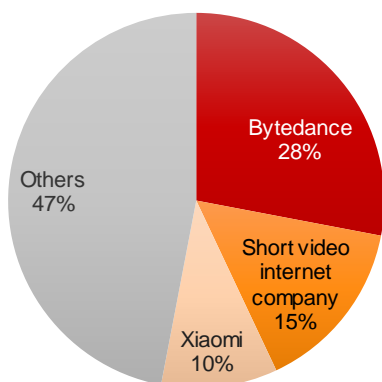
Source: Company data, CMBIGM

Figure 2: Revenue mix



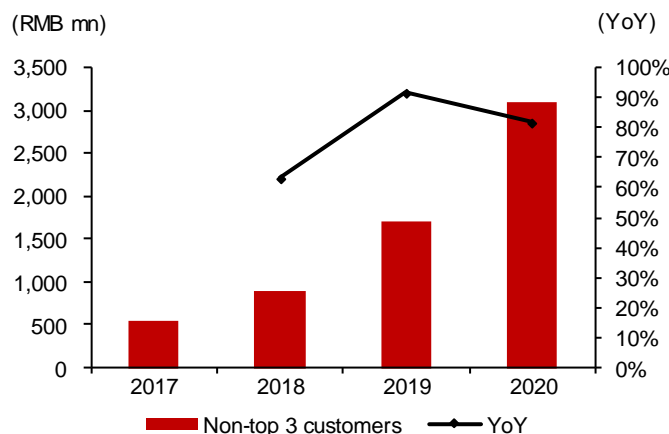
Source: Company data, CMBIGM

Figure 3: Customer mix (FY20)



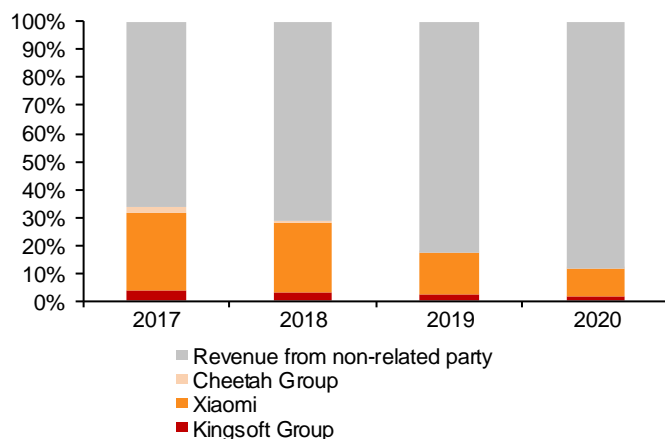
Source: Company data, CMBIGM

Figure 4: Revenue from non-top 3 customers



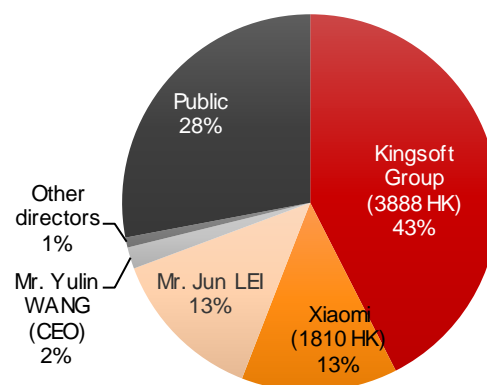
Source: Company data, CMBIGM

Figure 5: Related party transaction (revenue)



Source: Company data, CMBIGM

Figure 6: Shareholding structure



Source: Company data, CMBIGM

FY1Q22 results review

- **Revenue:** RMB2,174mn (+20% YoY, -18% QoQ), beating our estimates by 6% and consensus estimates by 4%
 - **Public Cloud:** Revenue was RMB1,381mn (-1% YoY, -10% QoQ)
 - **Enterprise Cloud:** Revenue was RMB793mn (+89% YoY, -30% QoQ)
- **Gross margin:** GPM was 3.7% (-2.7 pct pts YoY, +2.6 pct pts QoQ)
 - **IDC costs:** RMB1,110mn (+0% YoY, -16% QoQ), in-line with the adjustment that downsized CDN services.
- **Operating loss:** -RMB533mn
- **Adj. EBITDA margin:** -7.0% (-4.3 pct pts YoY, +3.5 pct pt QoQ).
- **Net loss:** -RMB553mn (vs. -RMB478mn in FY4Q21) in-line with our forecast but below consensus estimates.

Figure 7: FY1Q22 results review

	Mar-21 1Q21	Dec-21 4Q21	Mar-22 1Q22			Mar-22 1Q22	versus	Mar-22 1Q22	versus
RMB mn	actual	actual	actual	YoY	QoQ	CMBI	CMBI	consensus	consensus
Revenue	1,814	2,660	2,174	20%	-18%	2,054	6%	2,088	4%
Gross profit	117	28	80	-31%	187%	39	105%	57	41%
Gross margin	6.4%	1.0%	3.7%	-2.7 pct pts	2.6 pct pts	1.9%	1.8 pct pts	2.7%	1 pct pts
Operating profit	-352	-671	-533	-51%	21%	-495	-8%	-453	-18%
Operating margin	-19.4%	-25.2%	-24.5%	-5.1 pct pts	0.7 pct pts	-24.1%	-0.4 pct pts	-21.7%	-2.8 pct pts
Adj. EBITDA	-49	-278	-152	-213%	45%	-128	-19%	-163	7%
Adj. EBITDA margin	-2.7%	-10.5%	-7.0%	-4.3 pct pts	3.5 pct pts	-6.2%	-0.8 pct pts	-7.8%	0.8 pct pts
Net non-op	-27	192	-24			-43		-39	
PBT	-379	-478	-556	-47%	-16%	-539	-3%	-492	-13%
Net income	-382	-478	-553	-45%	-16%	-543	-2%	-423	-31%
Net margin	-21.1%	-18.0%	-25.5%	-4.4 pct pts	-7.5 pct pts	-26.4%	1 pct pts	-20.2%	-5.2 pct pts
EPS (RMB)	-0.11	-0.13	-0.15	-33%	-15%	-0.15	-1%	-1	86%

Source: Company data, Bloomberg, CMBIGM

Earnings revision

Figure 8: Earnings revision

RMB mn	2022E			2023E			2024E		
	New	Old	%Diff	New	Old	%Diff	New	Old	%Diff
Sales	9,473	10,188	-7%	11,330	11,552	-2%	13,040	13,208	-1%
Gross profit	477	444	8%	899	919	-2%	1,601	1,538	4%
OP Profit	-1,958	-1,875	4%	-1,507	-1,429	5%	-1,109	-991	12%
Adj. EBITDA	-336	-192	75%	56	158	-65%	604	747	-19%
Net profit	-1,716	-1,684	2%	-1,402	-1,371	2%	-1,093	-1,016	8%
EPS	-7.05	-6.91	2%	-5.75	-5.63	2%	-4.49	-4.17	8%
Margins									
GM	5.0%	4.4%	68 bps	7.9%	8.0%	-3 bps	12.3%	11.6%	63 bps
OPM	-20.7%	-18.4%	-227 bps	-13.3%	-12.4%	-92 bps	-8.5%	-7.5%	-100 bps
Adj. EBITDA margin	-3.5%	-1.9%	-166 bps	0.5%	1.4%	-88 bps	4.6%	5.7%	-103 bps
Net margin	-18.1%	-16.5%	-159 bps	-12.4%	-11.9%	-51 bps	-8.4%	-7.7%	-69 bps

Source: Company data, CMBIGM

Figure 9: CMBI vs. consensus forecast

RMB mn	2022			2023			2024		
	CMBI	Street	Diff	CMBI	Street	Diff	CMBI	Street	Diff
Sales	9,473	10,257	-8%	11,330	13,051	-13%	13,040	14,677	-11%
Gross profit	477	609	-22%	899	1,026	-12%	1,601	1,569	2%
Operating profit	-1,958	-1,519	29%	-1,507	-1,227	23%	-1,109	-642	73%
Adj. EBITDA	-336	-380	-11%	56	88	-36%	604	665	-9%
Net profit	-1,716	-1,333	29%	-1,402	-970	45%	-1,093	-514	113%
EPS (per ADS)	-7.05	-5.74	23%	-5.75	-3.75	54%	-4.49	-2.09	115%
Margins									
GM	5.0%	5.9%	-90 bps	7.9%	7.9%	7 bps	12.3%	10.7%	158 bps
OPM	-20.7%	-14.8%	-586 bps	-13.3%	-9.4%	-389 bps	-8.5%	-4.4%	-413 bps
Adj. EBITDA margin	-3.5%	-3.7%	15 bps	0.5%	0.7%	-18 bps	4.6%	4.5%	10 bps
Net margin	-18.1%	-13.0%	-513 bps	-12.4%	-7.4%	-494 bps	-8.4%	-3.5%	-488 bps

Source: Company data, CMBIGM

Operating model

Figure 10: KC income statement

RMB mn	2018	2019	2020	2021	2022E	2023E	2024E
Revenues	2,218	3,956	6,577	9,061	9,473	11,330	13,040
Cost of sales	(2,419)	(3,949)	(6,220)	(8,709)	(8,995)	(10,431)	(11,440)
Gross Profit	(200)	8	357	351	477	899	1,601
<i>Gross margin</i>	<i>-9.0%</i>	<i>0.2%</i>	<i>5.4%</i>	<i>3.9%</i>	<i>5.0%</i>	<i>7.9%</i>	<i>12.3%</i>
R&D	(441)	(595)	(775)	(1,044)	(1,049)	(1,046)	(1,121)
SG&A	(339)	(556)	(789)	(1,120)	(1,387)	(1,359)	(1,588)
Operating Income	(979)	(1,144)	(1,207)	(1,812)	(1,958)	(1,507)	(1,109)
<i>Operating margin</i>	<i>-44.2%</i>	<i>-28.9%</i>	<i>-18.4%</i>	<i>-20.0%</i>	<i>-20.7%</i>	<i>-13.3%</i>	<i>-8.5%</i>
Adj. EBITDA	(520)	(418)	(119)	(522)	(336)	56	604
<i>Adj. EBITDA margin</i>	<i>-23.4%</i>	<i>-10.6%</i>	<i>-1.8%</i>	<i>-5.8%</i>	<i>-3.5%</i>	<i>0.5%</i>	<i>4.6%</i>
Non-Operating Income	(17)	41	260	236	235	101	13
Profit Before Tax	(997)	(1,102)	(947)	(1,576)	(1,723)	(1,406)	(1,096)
Income tax (expense) gain	(10)	(9)	(15)	(16)	5	4	3
Minorities	0	(1)	4	2	(0)	(0)	(0)
Accretion to redemption value of redeemable convertible preferred shares	-	-	-	-	-	-	-
Net Income to Shareholders	(1,749)	(1,161)	(982)	(1,589)	(1,716)	(1,402)	(1,093)
<i>Net margin</i>	<i>-79%</i>	<i>-29%</i>	<i>-15%</i>	<i>-18%</i>	<i>-18%</i>	<i>-12%</i>	<i>-8%</i>
EPS (RMB) per share	(2.20)	(1.31)	(0.41)	(0.46)	(0.47)	(0.38)	(0.30)
EPS (RMB) per ADS	(33.06)	(19.58)	(6.14)	(6.92)	(7.05)	(5.75)	(4.49)

Source: Company Data, CMBIGM

Figure 11: KC income statement (Quarterly)

RMB mn	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22E	3Q22E	4Q22E
Revenues	1,814	2,174	2,414	2,660	2,174	1,989	2,473	2,837
Cost of sales	(1,697)	(2,055)	(2,325)	(2,632)	(2,094)	(1,897)	(2,349)	(2,656)
Gross Profit	117	118	88	28	80	92	125	181
<i>Gross margin</i>	<i>6.4%</i>	<i>5.5%</i>	<i>3.7%</i>	<i>1.0%</i>	<i>3.7%</i>	<i>4.6%</i>	<i>5.0%</i>	<i>6.4%</i>
R&D	(265)	(232)	(269)	(278)	(247)	(259)	(260)	(284)
SG&A	(204)	(207)	(289)	(420)	(366)	(334)	(383)	(304)
Operating Income	(352)	(320)	(469)	(671)	(533)	(501)	(518)	(406)
<i>Operating margin</i>	<i>-19.4%</i>	<i>-14.7%</i>	<i>-19.4%</i>	<i>-25.2%</i>	<i>-24.5%</i>	<i>-25.2%</i>	<i>-21.0%</i>	<i>-14.3%</i>
Adj. EBITDA	(49)	(55)	(141)	(278)	(152)	(104)	(76)	12
<i>Adj. EBITDA margin</i>	<i>-2.7%</i>	<i>-2.5%</i>	<i>-5.8%</i>	<i>-10.5%</i>	<i>-7.0%</i>	<i>-5.3%</i>	<i>-3.1%</i>	<i>0.4%</i>
Non-Operating Income	(27)	103	(33)	192	(24)	78	(46)	186
Profit Before Tax	(379)	(217)	(502)	(478)	(556)	(423)	(564)	(220)
Net Income to Shareholders	(382)	(220)	(508)	(478)	(553)	(421)	(563)	(220)
<i>Net margin</i>	<i>-21.1%</i>	<i>-10.1%</i>	<i>-21.0%</i>	<i>-18.0%</i>	<i>-25.5%</i>	<i>-21.2%</i>	<i>-22.8%</i>	<i>-7.7%</i>
EPS (RMB) per share	(0.11)	(0.07)	(0.15)	(0.13)	(0.15)	(0.12)	(0.15)	(0.06)
EPS (RMB) per ADS	(1.72)	(0.99)	(2.22)	(1.97)	(2.27)	(1.73)	(2.31)	(0.90)

Source: Company Data, CMBIGM

Figure 12: KC operating model

RMB mn	2018	2019	2020	2021	2022E	2023E	2024E
Revenue breakdown							
Public cloud services	2,111	3,459	5,167	6,159	5,916	6,629	7,097
Enterprise cloud services	94	486	1,373	2,898	3,553	4,696	5,938
Others	13	11	38	4	4	5	6
Total	2,218	3,956	6,577	9,061	9,473	11,330	13,040
Revenue mix							
Public cloud services	95%	87%	79%	68%	62%	59%	54%
Enterprise cloud services	4%	12%	21%	32%	38%	41%	46%
Others	1%	0%	1%	0%	0%	0%	0%
Revenue YoY							
Public cloud services	76%	64%	49%	19%	-4%	12%	7%
Enterprise cloud services	518%	415%	182%	111%	23%	32%	26%
Others	-27%	-16%	237%	-90%	15%	15%	15%
Total	79%	78%	66%	38%	5%	20%	15%
Key operating metrics							
Public cloud							
No. of premium customers	139	175	191	221	223	228	232
YoY	24%	26%	9%	16%	1%	2%	2%
Net dollar retention rate of premium customer	161%	155%	147%	120%	70%	105%	105%
Avg. revenue per premium customer (RMB mn)	14.5	19.2	26.4	27.3	26.0	28.6	30.0
YoY	42%	32%	38%	4%	-5%	10%	5%
Computing	663	1,018	1,587	-	-	-	-
Storage	289	298	285	-	-	-	-
Delivery	1,161	2,137	3,318	-	-	-	-
Enterprise cloud							
No. of premium customers	17	67	124	200	230	264	304
Avg. revenue per premium customer (RMB mn)	5.5	7.2	11.0	13.8	15.4	17.7	19.5
Cost of sales breakdown							
IDC costs	1,890	2,857	4,059	5,102	4,418	4,941	5,290
Depreciation and amortization costs	407	599	746	785	1,068	1,226	1,333
Staff costs	24	52	48	518	1,203	1,352	1,525
Other costs	98	440	1,367	2,305	2,309	2,911	3,398
Total	2,419	3,949	6,220	8,710	8,999	10,431	11,546
Cost of sales mix							
IDC costs	78%	72%	65%	59%	49%	47%	46%
Depreciation and amortization costs	17%	15%	12%	9%	12%	12%	12%
Staff costs	1%	1%	1%	6%	13%	13%	13%
Other costs	4%	11%	22%	26%	26%	28%	29%

Source: Company Data, CMBIGM

Valuation

Maintain BUY

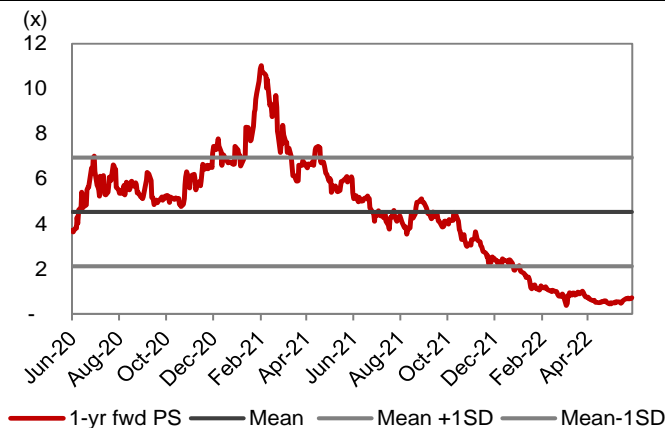
We maintain our BUY recommendation on Kingsoft Cloud with new target price of US\$7.26 (prior US\$7.87), based on unchanged 1.2x FY22E P/S as share price could re-rate on 1) improving adj. EBITDA margin and 2) dual-listing/ share repurchase program.

Figure 13: Peers' valuation

Company	Ticker	Rating	Market Cap (US\$ bn)	Price (LC)	P/S		EV/sales		Sales CAGR FY21-24E	EBITDA margin FY21
					FY22E	FY23E	FY22E	FY23E		
Kingsoft Cloud	KC US	BUY	1.2	5.0	0.8	0.7	0.4	0.3	13%	-6%
Ucloud	688158 CH	NR	1.1	15.9	2.1	1.8	1.7	1.4	18%	-2%
				Mean	1.4	1.2	1.0	0.9	27%	-1%
Agora	API US	NR	0.8	7.0	4.6	4.0	0.4	0.3	14%	-42%
Tuya	TUYA US	NR	1.8	3.2	5.4	4.3	2.3	1.8	18%	-39%
Glodon	002410 CH	BUY	9.5	53.3	9.2	7.5	8.8	7.2	19%	16%
Yonyou	600588 CH	NR	10.4	20.2	6.5	5.3	6.2	5.0	21%	11%
Kingsoft Office	688111 CH	NR	15.5	225.1	24.5	18.5	22.9	17.3	31%	30%
Wangsu	300017 CH	NR	1.9	5.2	2.5	2.4	1.6	1.5	9%	12%
Sangfor	300454 CH	NR	6.4	102.5	4.9	3.7	4.7	3.6	30%	3%
Kingdee	268 HK	NR	7.3	16.5	9.5	7.5	8.9	7.1	25%	0%
MYC	909 HK	HOLD	2.6	10.5	6.9	5.5	4.6	3.7	13%	-31%
Youzan	8083 HK	NR	0.4	0.2	1.5	1.2	1.3	1.1	18%	-185%
Weimob	2013 HK	NR	1.7	5.3	3.8	3.1	2.8	2.3	19%	-20%
				Mean	7.2	5.7	5.9	4.6	20%	-22%
Alibaba	BABA US	NR	282.8	104.3	2.2	2.0	1.7	1.6	14%	20%
Tencent	700 HK	NR	479.4	391.4	5.4	4.7	5.6	4.9	11%	57%
Baidu	BIDU US	NR	52.0	150.6	2.7	2.4	2.1	1.9	10%	16%
Amazon	AMZN US	NR	1,251.5	123.0	2.4	2.0	2.5	2.1	15%	14%
Microsoft	MSFT US	NR	2,038.0	272.5	10.2	9.0	10.1	8.8	15%	50%
Google	GOOG US	NR	1,543.4	2344.6	6.3	5.4	5.8	5.1	8%	36%
Avg.				Mean	4.9	4.3	4.6	4.1	12%	32%

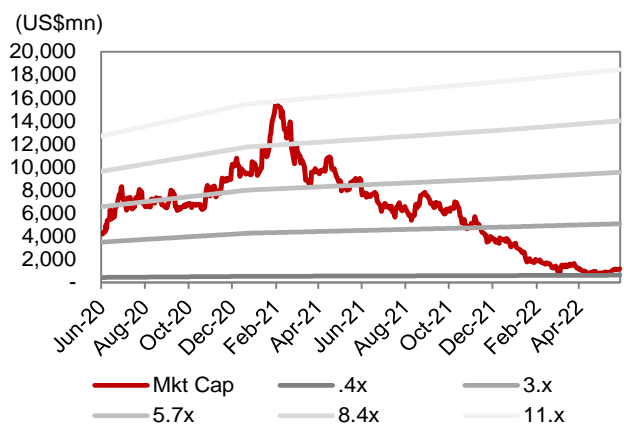
Source: Bloomberg, CMBIGM

Figure 14: 12M forward P/S chart



Source: Bloomberg, CMBIGM

Figure 15: 12M forward P/S band



Source: Bloomberg, CMBIGM

Financial Summary

Income statement

YE Dec 31 (Rmb mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	6,577	9,061	9,473	11,330	13,040
Cost of sales	(6,220)	(8,709)	(8,995)	(10,431)	(11,440)
Gross Profit	357	351	477	899	1,601
S&M	(409)	(518)	(567)	(581)	(651)
G&A	(380)	(602)	(820)	(778)	(937)
R&D	(775)	(1,044)	(1,049)	(1,046)	(1,121)
Operating Profit/(Loss)	(1,207)	(1,812)	(1,958)	(1,507)	(1,109)
Adj. EBITDA	(119)	(522)	(336)	56	604
Interest income	12	10	21	24	22
Interest expense	-	(2)	(2)	(4)	(2)
Other non-ops	958	1,478	1,521	1,385	987
Profit Before Tax	(237)	(326)	(418)	(101)	(102)
Income tax	(15)	(16)	5	4	3
Profit After Tax	(962)	(1,592)	(1,718)	(1,401)	(1,093)
Non Controlling Interest	(0)	3	1	(0)	(0)
Others	(20)	-	-	-	-
Net profit	(982)	(1,589)	(1,716)	(1,402)	(1,093)

Cash flow summary

YE Dec 31 (Rmb mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Net Income	(962)	(1,592)	(1,718)	(1,401)	(1,093)
Depreciation And	758	856	1,164	1,336	1,452
Net Change In Working	(300)	(426)	(277)	(161)	(373)
Others	213	453	-	-	-
Net cash from operating	(290)	(709)	(830)	(226)	(14)
Capital Expenditures	(1,560)	(723)	(1,416)	(731)	(843)
Short-term investments	(5,608)	(2,568)	-	-	-
Other Investing Activities	2,854	2,870	(5)	(5)	(5)
Net cash from investing	(4,314)	(422)	(1,421)	(736)	(848)
Equity raised	5,934	-	-	-	-
Change of debts	178	969	2,100	1,440	(701)
Dividend paid	-	-	-	-	1
Others	11	1,243	-	-	(1)
Net cash from financing	6,124	2,212	2,100	1,440	(701)
Net change in cash	1,520	1,082	(152)	478	(1,563)
Cash at beginning of the year	2,023	3,425	4,457	4,305	4,783
Exchange difference	(118)	(50)	-	-	-
Cash at the end of the year	3,425	4,457	4,305	4,783	3,220

Balance sheet

YE Dec 31 (Rmb mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Non-current assets	2,384	8,665	8,922	8,322	7,718
PPE, net	1,957	2,364	2,671	2,122	1,569
Intangible assets	17	1,170	1,119	1,068	1,017
Others	411	5,131	5,131	5,131	5,131
Current assets	9,545	12,413	11,448	12,790	12,033
Cash	3,425	4,457	4,305	4,783	3,220
Accounts Receivable	2,335	3,571	3,099	3,699	4,262
Others	3,785	4,385	4,044	4,308	4,551
Current liabilities	3,466	7,516	7,146	8,714	8,726
Borrowings	74	-	-	-	-
Accounts Payable	2,057	2,939	2,487	2,938	3,193
Accrued Expenses	845	2,224	1,585	1,838	2,016
Others	489	2,353	3,074	3,938	3,517
Non-current liabilities	224	2,070	3,449	4,025	3,744
Borrowings	-	-	1,379	1,955	1,675
Amounts due	-	473	473	473	473
Others	224	1,597	1,597	1,597	1,597
Total mezzanine equity	-	-	-	-	-
Share capital	23	25	25	25	25
Capital surplus	14,150	18,246	18,246	18,246	18,246
Retained earnings	-5,864	-7,459	-9,175	-10,577	-11,670
Others	-68	681	679	679	680
Total equity	8,240	11,492	9,775	8,373	7,280

Key ratios

YE Dec 31	FY20A	FY21A	FY22E	FY23E	FY24E
Sales mix (%)					
Public cloud services	79%	68%	62%	59%	54%
Enterprise cloud services	21%	32%	38%	41%	46%
Others	1%	0%	0%	0%	0%
Total	100%	100%	100%	100%	100%
Growth (YoY)					
Revenue	66%	38%	5%	20%	15%
Gross profit	n.a.	n.a.	36%	88%	78%
Adj. EBITDA	n.a.	n.a.	n.a.	-117%	974%
Net profit	n.a.	n.a.	n.a.	n.a.	n.a.
Margins					
Gross margin	5%	4%	5%	8%	12%
Operating margin	-18%	-20%	-21%	-13%	-9%
Adj. EBITDA margin	-2%	-6%	-4%	0%	5%
Balance sheet ratio					
Net debt / equity ratio (%)	net	net	net	0.0	0.1
	cash	cash	cash		
Current ratio	2.8	1.7	1.6	1.5	1.4
Returns (%)					
ROE	-12%	-14%	-18%	-17%	-15%
ROIC	-9%	-10%	-11%	-9%	-8%
Per ADS					
EPS (Rmb)	-6.14	-6.92	-7.05	-5.75	-4.49
BVPS (Rmb)	51.5	50.1	40.1	34.4	29.9

Source: Company data, CMBIGM estimates

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