

Tencent

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DBS Group Research . Equity

22 Mar 2018

BUY

Last Traded Price(21 Mar 2018):HK\$462.60(HSI : 31,415)
 Price Target 12-mth:HK\$560 (21% upside)

Analyst

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What's New

- 4Q17 results in line with market expectations
- Casual games to drive mobile revenue growth
- Online advertising to grow with partner platforms
- Reiterate BUY with TP of HK\$560

Price Relative



Forecasts and Valuation

FY Dec (RMBm)	2016A	2017A	2018F	2019F
Turnover	151,938	237,760	336,241	447,289
EBITDA	63,622	110,685	156,291	208,926
Pre-tax Profit	51,640	88,215	127,053	173,232
Net Profit	41,095	71,510	102,993	140,427
Net Pft (Pre Ex) (core profit)	45,420	65,126	92,197	119,235
Net Profit Gth (Pre-ex) (%)	42.7	74.0	44.0	36.3
EPS (RMB)	4.38	7.60	10.94	14.92
EPS (HK\$)	5.44	9.42	13.57	18.51
Core EPS (HK\$)	6.01	8.58	12.15	15.71
Core EPS (RMB)	4.84	6.92	9.80	12.67
EPS Gth (%)	41.5	73.4	44.0	36.3
Core EPS Gth (%)	39.0	42.9	41.6	29.3
Diluted EPS (HK\$)	5.37	9.30	13.39	18.26
DPS (HK\$)	0.66	0.95	1.37	1.86
BV Per Share (HK\$)	22.85	33.39	45.03	60.98
PE (X)	85.2	49.2	34.1	25.0
CorePE (X)	77.1	54.0	38.1	29.5
P/Cash Flow (X)	41.2	27.2	21.5	17.0
P/Free CF (X)	45.2	30.6	24.6	19.6
EV/EBITDA (X)	54.9	31.8	22.2	16.1
Net Div Yield (%)	0.1	0.2	0.3	0.4
P/Book Value (X)	20.3	13.9	10.3	7.6
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	27.9	33.2	34.2	34.5
Earnings Rev (%)			(0)	(10)
Consensus EPS (RMB)			8.93	11.77
Other Broker Recs:		B: 45	S: 0	H: 3

Source of all data on this page: Company, DBSV, Thomson Reuters, HKEX

Online advertising catching up

The largest social communication platform in China. Tencent's WeChat is the largest social communication platform in China, with the highest monthly-active-users (MAUs) of 989m in 4Q17. We have a BUY call on Tencent for (i) its leading position in mobile game developing and publishing, and (ii) monetisation of its user number through online advertising.

Where we differ. Online game arsenal, with diversified game genres.

Investors have lower visibility on the next successful game titles after Honour of Kings. We re-iterate that the company has a track record of developing mobile games ranking in the top 10 in China across genres, such as Honour of Kings in multiplayer online battle arena (MOBA), King of Chaos in strategy, and recently QQ Speed and QQ Dance in casual games. The next potential hit game will be PUPG in survival games. It is also a strong game publisher which is able to secure popular third-party games. We expect Tencent's mobile games revenue to grow by 31% in FY18F.

Other critical factors. Catching up in online advertising. We expect Tencent's online ad revenue to grow 61% y-o-y in FY18F. Tencent's WeChat is naturally positioned for online ads for "attention". However, in view of the rising budget for online ad for "action", Tencent has been cultivating its ecosystem through partnerships with various e-commerce platforms such as JD. The market size of online advertising is also double the size of online games, which represents ample potential for Tencent in the long term.

Valuation:

We currently rate Tencent as a BUY with TP of HK\$560 based on SOTP methodology. Key components are (1) 10/30x FY18F normalised net profit from PC games/mobile games (HK\$ 195 per share), (2) 40x FY18F normalised net profit from social networks (HK\$ 164), (3) 50x FY18F normalised net profit from online advertising (HK\$ 119).

Key Risks to Our View:

Tencent's success in transiting its large and sticky user base from QQ and Qzone in the PC era to WeChat in the mobile era may not translate well into the next computing platform.

At A Glance

Issued Capital (m shrs)	9,499
Mkt. Cap (HK\$m/US\$m)	4,432,409 / 565,228
Major Shareholders	
Naspers Limited (%)	33.2
Ma Huateng (%)	8.6
JPMorgan Chase & Co. (%)	6.3
Zhang Zhidong (%)	6.2
Free Float (%)	45.7
3m Avg. Daily Val. (US\$m)	1,500

ICB Industry :Technology / Software & Computer Services

CRITICAL FACTORS TO WATCH

Critical Factors

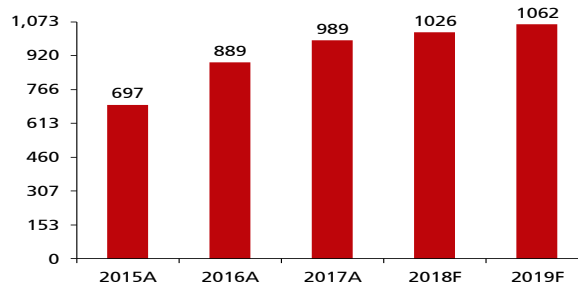
Mobile games: Number of paying gamers and ARPU growth

Tencent’s online games segment accounted for 41% of FY17 revenue. The number of paying gamers and ARPU will depend on the popularity of game titles. The number of game titles in top 10 ranking (based on gross billing) will be an indicator of mobile game revenue in the medium term. Tencent’s Honour of Kings (王者榮耀) dominated top ranking in the past 1-2 years. We expect the company to diversify into other game genres, including casual games such as QQ Speed Mobile (QQ 飛車手遊) and QQ Dance Mobile (QQ 炫舞手遊), and survival games such as PUBG: Heroes of Battle (絕地求生: 全軍出擊) and PUBG: Exciting Battlefield (絕地求生: 刺激戰場). We expect the number of paying mobile gamers to increase by 32%, but APRU to decline 1% in FY18F. This is because the user time spent shifts from high time engaging mobile games with high ARPU to survival shooting games, which are in early stages of user acquisition and are not generating meaningful ARPU yet.

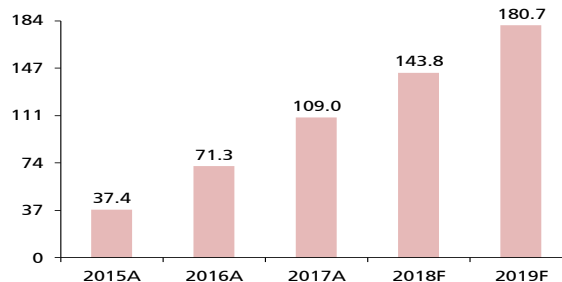
Online advertising: increasing monetisation

Tencent’s key asset, WeChat, has a massive user base (monthly active users [MAUs]: 989m), which is naturally good value for online ads in gaining “attention”. However, in view of the rising budget for online “actionable ads”, Tencent has been cultivating its ecosystem through partnerships with e-commerce platforms, such as JD (JD US) as well as Meituan Dianping (美團點評) and Meituan Deliveries (美團外賣). We expect Tencent to monetise its user base through online ads. We expect its market share in online advertising to increase from 11% in 2017 to 13% in 2018, and to deliver segmental revenue growth of 61% in FY18F.

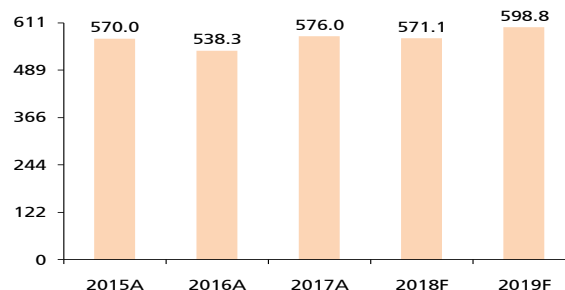
Weixin and WeChat MAU (m)



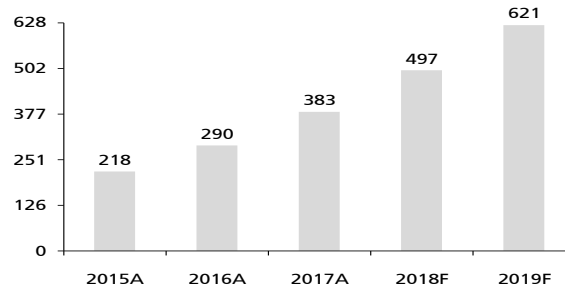
Tencent's mobile game paying gamers (m)



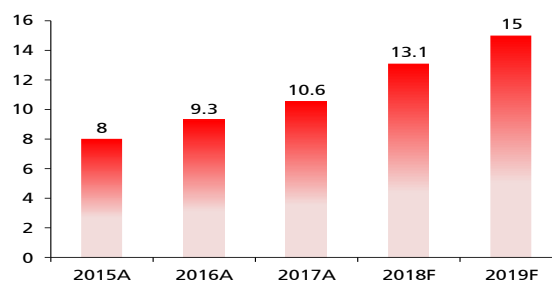
Tencent's mobile game ARPU mid-point (Rmb)



China's online advertising market (Rmb bn)



Tencent's share of China's online advertising market (%)



Source: Company, DBS Vickers

Balance Sheet:

Strong balance sheet. As of December 2017, Tencent was in a strong net cash position of Rmb14bn (Rmb134bn in debt and Rmb148n in cash). Operating cashflow was healthy at Rmb129bn.

Share Price Drivers:

Number of top 10 game titles. Popularity of game titles is critical to mobile game revenue. Game titles that rank top 10 is an early indicator of mobile game's gross billing and therefore revenue going forward. Thus, the market will focus on ranking of new games.

Growth in online advertising market. Tencent has been cultivating its ecosystem for future monetisation of its huge WeChat user base. Rising monetisation through online advertising will be positive to segmental revenue growth and share price. We expect Tencent's online ad market share to increase from 11% in 2017 to 13% in 2018F.

Key Risks:**Competition from other social-communication platforms.**

Tencent has been successful in transiting its large and sticky user base from QQ and Qzone in the PC era to WeChat in the mobile era. However, such transition into new computing platforms is always uncertain.

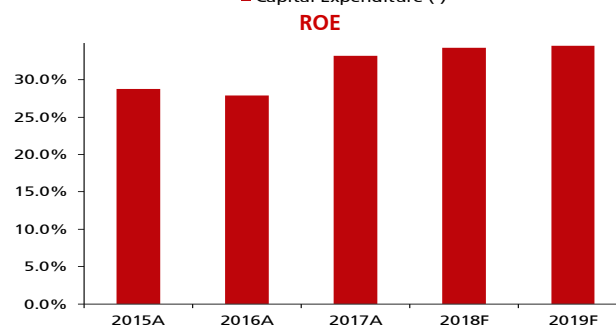
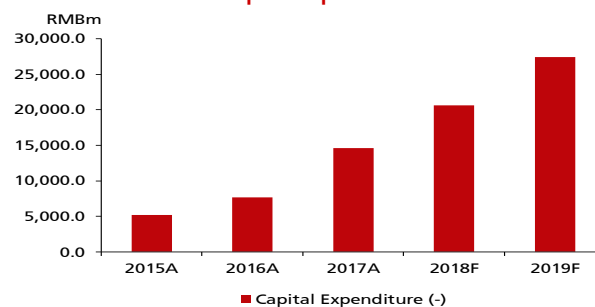
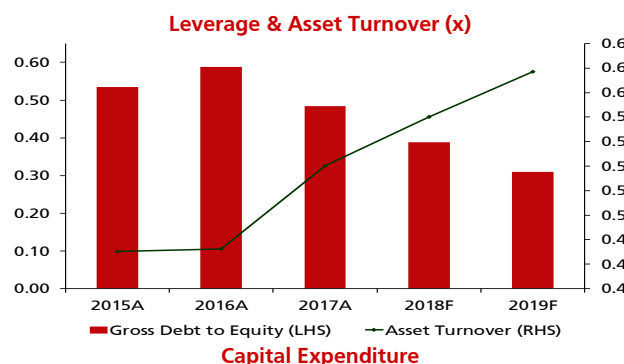
Lack of top game titles. Tencent's Honour of Kings was a key growth driver for mobile game segment in the past 1-2 years, and has set a high base. The company strives to diversify into other game genres (instead of just MOBA). However, development of games titles is uncertain, and lack of hit games will be a risk to Tencent's growth.

Slower-than-expected monetisation through online ads.

Market has high expectation on Tencent's monetisation of its huge user base. But the company may be cautious in monetisation before raising data analytic and cultivating its ecosystem. They care user experience for long term growth.

Company Background

Established in 1998, Tencent operates the largest social communication platform China - Wechat, with monthly-active-users of 989m. Tencent is a leading game developer and game publisher in China. It is also engaged in other digital content (i.e. video, music, and literature), online advertising, payment and cloud etc. Pony Ma (馬化騰) is one of the founders and now the Chief Executive Officer.



Source: Company, DBS Vickers

Key assumptions

Rmb m	FY16	FY17F	FY18F	FY19F	FY20F
Revenue					
Value-added services	107,810	153,983	202,210	260,310	329,716
PC game	32,444	35,083	41,387	45,329	49,704
Mobile game	38,400	62,800	82,104	108,210	137,463
Social networks	36,966	56,100	78,719	106,771	142,550
Online advertising	26,970	40,439	65,104	93,219	133,907
Media brand ads	11,164	14,829	17,738	20,737	23,205
Social performance ads	15,806	25,610	47,366	72,482	110,702
Others	17,158	43,338	68,926	93,760	124,164
Total	151,938	237,760	336,241	447,289	587,787
Growth					
Value-added services	33.6%	42.8%	31.3%	28.7%	26.7%
PC game	-8.1%	8.1%	18.0%	9.5%	9.7%
Mobile game	80.3%	63.5%	30.7%	31.8%	27.0%
Social networks	53.5%	51.8%	40.3%	35.6%	33.5%
Online advertising	54.4%	49.9%	61.0%	43.2%	43.6%
Media brand ads	27.1%	32.8%	19.6%	16.9%	11.9%
Social performance ads	82.0%	62.0%	85.0%	53.0%	52.7%
Others	263.1%	152.6%	59.0%	36.0%	32.4%
Total	47.7%	56.5%	41.4%	33.0%	31.4%
Gross profit margin					
Value-added services	65.1%	60.1%	59.4%	58.5%	57.6%
PC game	70.8%	70.0%	70.0%	70.0%	70.0%
Mobile game	55.0%	60.0%	60.0%	60.0%	60.0%
Social networks	70.6%	54.1%	53.1%	52.1%	51.0%
Online advertising	42.9%	36.7%	45.0%	49.3%	53.7%
Media brand ads	4.6%	-20.7%	-21.8%	-22.9%	-23.9%
Social performance ads	70.0%	70.0%	70.0%	70.0%	70.0%
Others	16.0%	21.9%	21.4%	20.9%	20.5%
Total	55.6%	49.2%	48.8%	48.7%	48.9%

Source: Company, DBS Vickers

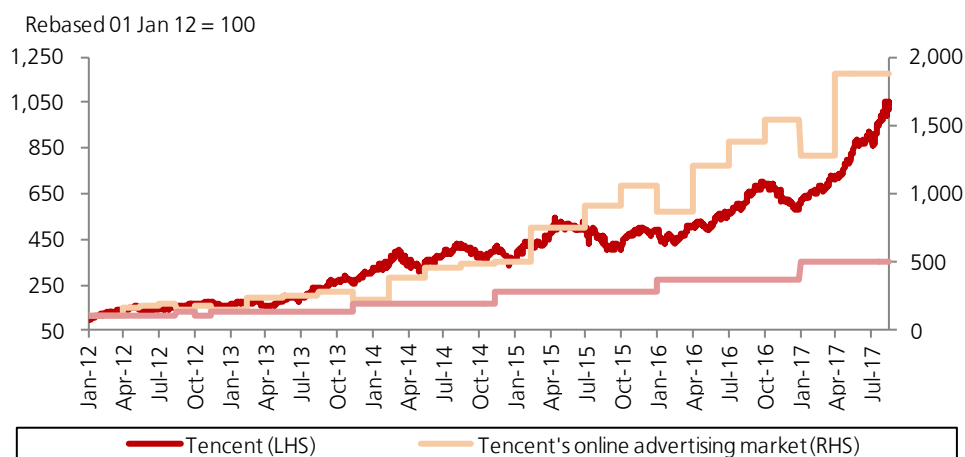
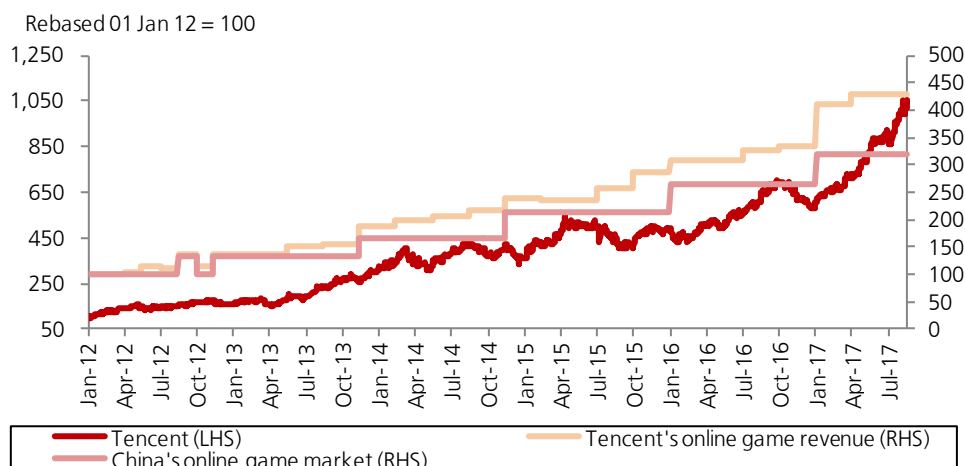
Tencent's sum-of-the-parts (SOTP) valuation

Business segment	FY19F Revenue (Rmb m)	Normalised NPM	Normalised net profit (Rmb m)	Stake	Valuation (HK\$ m)	Valuation per share (HK\$)	Valuation method
PC game	45,329	50.0%	22,664	100%	271,972	28.9	10x FY19F PE
Mobile game	108,210	40.0%	43,284	100%	1,558,225	165.6	justified by FY17-20F revenue CAGR of 12% 30x FY19F PE
Social networks	106,771	30.0%	32,031	100%	1,537,503	163.4	justified by FY17-20F revenue CAGR of 30% 40x FY19F PE
Online advertising	93,219	20.0%	18,644	100%	1,118,628	118.9	justified by FY17-20F revenue CAGR of 37% 50x FY19F PE
Payment				100%	234,000	24.9	justified by FY17-20F revenue CAGR of 49% 50% of Ant Financial's implied valuation from B round financing
Other investment					316,946	33.7	
JD.com				18%	81,602	8.7	Market capitalisation
China Literature				53%	21,064	2.2	Market capitalisation
Dianping				28%	11,907	1.3	Historical transaction value
Didi				10%	46,478	4.9	Historical transaction value
Supersell				39%	19,551	2.1	Historical transaction value
Tesla				5%	3,491	0.4	Market capitalisation
58.com				23%	17,792	1.9	Market capitalisation
Sogou				44%	2,241	0.2	Market capitalisation
Snap				10%	1,724	0.2	Market capitalisation
Kingsoft				8%	39,703	4.2	Market capitalisation
Cheetah				17%	40,212	4.3	Market capitalisation
BitAuto				8%	31,182	3.3	Market capitalisation
Net Cash				100%	222,161	23.6	as at FY19
Total valuation						560	

Source: Company, DBS Vickers

Tencent

Tencent's share price vs. Tencent's online game/advertising revenue and China's online game/advertising market



2012: Tencent's share price rose 60%, driven by WeChat's monthly active user (MAU) uptick to 158m in 4Q12, in anticipation of potential for monetisation.

2013: Tencent's share price rose 99%, as the company started to monetise WeChat's MAU through mobile games, such as Timi Match Everyday (天天愛消除).

2014: Tencent's share price rose only 14%, as its online-game peer NetEase started to convert its massively popular multiplayer online role-playing games (MMORPGs) into mobile games.

2015: Tencent's share price increased 38% in 1H15, driven by its online advertising ramp-up. Its share of China's online ad market increased from 5% in 2014 to 8% in 2015. In 3Q15, Tencent's share price dropped 16%, dragged down by China's stock market turbulence.

2016: Tencent's share price increased 24%. It successfully converted third-party popular PC games into mobile games, in response to NetEase's successful PC-to-mobile games. Its market share of China's online ad market increased from 8% in 2015 to 9% in 2016.

2017: Tencent's share price rose 114%, thanks to its strong self-developed, market-leading multiplayer online battle arena (MOBA) Honor of Kings (王者榮耀) and the continuous growth in its share of China's online ad market.

Source: Bloomberg Finance L.P., Company, National Bureau of Statistics of China, DBS Vickers

Key Assumptions

FY Dec	2015A	2016A	2017A	2018F	2019F
Weixin and WeChat MAU (m)	697.0	889.3	988.6	1,025.5	1,062.4
Tencent's mobile game paying gamers (m)	37.4	71.3	109.0	143.8	180.7
Tencent's mobile game ARPU mid-point (Rmb)	570.0	538.3	576.0	571.1	598.8
China's online advertising market (Rmb bn)	218.5	290.2	382.9	497.1	621.5
Tencent's share of China's online advertising market (%)	8.0	9.3	10.6	13.1	15.0

Source: Company, DBS Vickers

Segmental Breakdown (RMB m)

FY Dec	2015A	2016A	2017A	2018F	2019F
Revenues (RMB m)					
Value added services (VAS)	80,669	107,810	153,983	202,210	260,310
Online advertising	17,468	26,970	40,439	65,104	93,219
Others	4,726	17,158	43,338	68,926	93,760
Total	102,863	151,938	237,760	336,241	447,289
Gross profit (RMB m)					
Value added services (VAS)	52,247	70,188	92,594	120,020	152,236
Online advertising	8,527	11,574	14,853	29,290	45,996
Others	458	2,737	9,478	14,752	19,629
Total	61,232	84,499	116,925	164,062	217,861
Gross profit Margins (%)					
Value added services (VAS)	64.8	65.1	60.1	59.4	58.5
Online advertising	48.8	42.9	36.7	45.0	49.3
Total	59.5	55.6	49.2	48.8	48.7

Source: Company, DBS Vickers

Income Statement (RMB m)

FY Dec	2015A	2016A	2017A	2018F	2019F
Revenue	102,863	151,938	237,760	336,241	447,289
Cost of Goods Sold	(41,631)	(67,439)	(120,835)	(172,180)	(229,429)
Gross Profit	61,232	84,499	116,925	164,062	217,861
Other Opng (Exp)/Inc	(24,818)	(34,595)	(50,703)	(67,965)	(86,999)
Operating Profit	36,414	49,904	66,222	96,097	130,861
Other Non Opg (Exp)/Inc	1,886	3,594	20,140	28,482	37,889
Associates & JV Inc	(2,793)	(2,522)	821	1,161	1,545
Net Interest (Exp)/Inc	709	664	1,032	1,313	2,937
Dividend Income	0	0	0	0	0
Exceptional Gain/(Loss)	0	0	0	0	0
Pre-tax Profit	36,216	51,640	88,215	127,053	173,232
Tax	(7,108)	(10,193)	(15,744)	(22,676)	(30,917)
Minority Interest	(302)	(352)	(961)	(1,384)	(1,887)
Preference Dividend	0	0	0	0	0
Net Profit	28,806	41,095	71,510	102,993	140,427
Net Profit before Except.	32,410	45,420	65,126	92,197	119,235
EBITDA	42,136	63,622	110,685	156,291	208,926
Growth					
Revenue Gth (%)	30.3	47.7	56.5	41.4	33.0
EBITDA Gth (%)	26.5	51.0	74.0	41.2	33.7
Opg Profit Gth (%)	39.5	37.0	32.7	45.1	36.2
Net Profit Gth (%)	21.0	42.7	74.0	44.0	36.3
Margins & Ratio					
Gross Margins (%)	59.5	55.6	49.2	48.8	48.7
Opg Profit Margin (%)	35.4	32.8	27.9	28.6	29.3
Net Profit Margin (%)	28.0	27.0	30.1	30.6	31.4
ROAE (%)	28.8	27.9	33.2	34.2	34.5
ROA (%)	12.1	11.7	15.0	16.5	18.1
ROCE (%)	18.1	15.8	14.9	16.6	18.1
Div Payout Ratio (%)	12.8	12.3	10.2	10.2	10.2
Net Interest Cover (x)	NM	NM	NM	NM	NM

Source: Company, DBS Vickers

Interim Income Statement (RMB m)

FY Dec	2H2015	1H2016	2H2016	1H2017	2H2017
Revenue	57,035	67,686	84,252	106,158	131,602
Cost of Goods Sold	(23,675)	(28,641)	(38,798)	(52,409)	(68,426)
Gross Profit	33,360	39,045	45,454	53,749	63,176
Other Oper. (Exp)/Inc	(14,212)	(14,064)	(20,531)	(17,427)	(16,751)
Operating Profit	19,148	24,981	24,923	36,322	46,425
Other Non Opg (Exp)/Inc	863	1,417	2,177	7,986	11,148
Associates & JV Inc	(2,031)	(1,381)	(1,141)	(180)	454
Net Interest (Exp)/Inc	364	461	203	117	0
Exceptional Gain/(Loss)	0	0	0	0	0
Pre-tax Profit	18,344	25,478	26,162	44,245	58,027
Tax	(3,562)	(5,330)	(4,863)	(8,305)	(10,356)
Minority Interest	(173)	(228)	(124)	(356)	(632)
Net Profit	14,609	19,920	21,175	35,584	47,039
Net profit bef Except.	17,233	21,351	24,069	14,211	0

Growth

Revenue Gth (%)	39.8	47.7	47.7	56.8	56.2
Opg Profit Gth (%)	41.3	44.7	30.2	45.4	86.3
Net Profit Gth (%)	26.8	40.3	44.9	78.6	122.1

Margins

Gross Margins (%)	58.5	57.7	54.0	50.6	48.0
Opg Profit Margins (%)	33.6	36.9	29.6	34.2	35.3
Net Profit Margins (%)	25.6	29.4	25.1	33.5	35.7

Source: Company, DBS Vickers

Quarterly Income Statement (RMB m)

FY Dec	4Q2016	1Q2017	2Q2017	3Q2017	4Q2017
Revenue	43,864	49,552	56,606	65,210	66,392
Cost of Goods Sold	(20,238)	(24,109)	(28,300)	(33,529)	(34,897)
Gross Profit	23,626	25,443	28,306	31,681	31,495
Other Oper. (Exp)/Inc	(11,371)	(10,170)	(7,257)	(8,286)	(8,465)
Operating Profit	12,255	15,273	21,049	23,395	23,030
Other Non Opg (Exp)/Inc	1,022	3,191	4,795	5,524	5,624
Associates & JV Inc	(522)	(375)	195	225	229
Net Interest (Exp)/Inc	170	117	0	0	0
Exceptional Gain/(Loss)	0	0	0	0	0
Pre-tax Profit	12,925	18,206	26,039	29,144	28,884
Tax	(2,402)	(3,658)	(4,647)	(5,201)	(5,155)
Minority Interest	6	(72)	(284)	(317)	(315)
Net Profit	10,529	14,476	21,108	23,625	23,414
Net profit bef Except.	12,332	14,211	0	0	0
EBITDA	4,722	4,722	781	826	869

Growth (QoQ)

Revenue Gth (%)	8.6	13.0	14.2	15.2	1.8
EBITDA Gth (%)	41.4	4.5	(83.5)	5.8	5.2
Opg Profit Gth (%)	(3.3)	24.6	37.8	11.1	(1.6)
Net Profit Gth (%)	(1.1)	37.5	45.8	11.9	(0.9)

Growth (YoY)

Revenue Gth (%)	44.1	54.9	58.6	61.5	51.4
EBITDA Gth (%)	120.5	120.7	(72.0)	(74.2)	(80.8)
Opg Profit Gth (%)	22.7	25.3	64.5	84.7	87.9
Net Profit Gth (%)	47.0	57.6	96.6	121.9	122.4

Margins

Gross Margins (%)	53.9	51.3	50.0	48.6	47.4
Opg Profit Margins (%)	27.9	30.8	37.2	35.9	34.7
Net Profit Margins (%)	24.0	29.2	37.3	36.2	35.3

Source: Company, DBS Vickers

Balance Sheet (RMB m)

FY Dec	2015A	2016A	2017A	2018F	2019F
Net Fixed Assets	9,973	13,900	23,597	35,936	50,769
Invt in Associates & JVs	66,945	80,299	144,581	176,722	192,793
Other LT Assets	70,848	147,131	202,683	222,228	227,986
Cash & ST Invt	85,641	129,286	148,251	213,350	337,679
Inventory	222	263	295	420	560
Debtors	7,061	10,152	16,549	23,404	31,133
Other Current Assets	66,128	14,868	18,716	18,716	18,716
Total Assets	306,818	395,899	554,672	690,776	859,635
ST Debt	15,315	15,744	20,448	28,918	38,468
Creditors	15,700	27,413	50,085	71,367	95,096
Other Current Liab	93,391	60,616	81,207	94,241	102,482
LT Debt	50,014	93,753	113,611	113,611	113,611
Other LT Liabilities	10,298	12,126	12,228	14,859	17,986
Shareholder's Equity	120,035	174,624	256,074	345,379	467,701
Minority Interests	2,065	11,623	21,019	22,403	24,290
Total Cap. & Liab.	306,818	395,899	554,672	690,776	859,635
Non-Cash Wkg. Capital	(35,680)	(62,746)	(95,732)	(123,067)	(147,169)
Net Cash/(Debt)	20,312	19,789	14,192	70,822	185,599
Debtors Turn (avg days)	20.7	20.7	20.5	21.7	22.3
Creditors Turn (avg days)	127.1	143.6	145.3	156.5	159.2
Inventory Turn (avg days)	2.4	1.6	1.0	0.9	0.9
Asset Turnover (x)	0.4	0.4	0.5	0.5	0.6
Current Ratio (x)	1.3	1.5	1.2	1.3	1.6
Quick Ratio (x)	0.7	1.3	1.1	1.2	1.6
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	8.0	7.0	10.9	14.5	18.0
Z-Score (X)	0.0	NA	NA	NA	NA

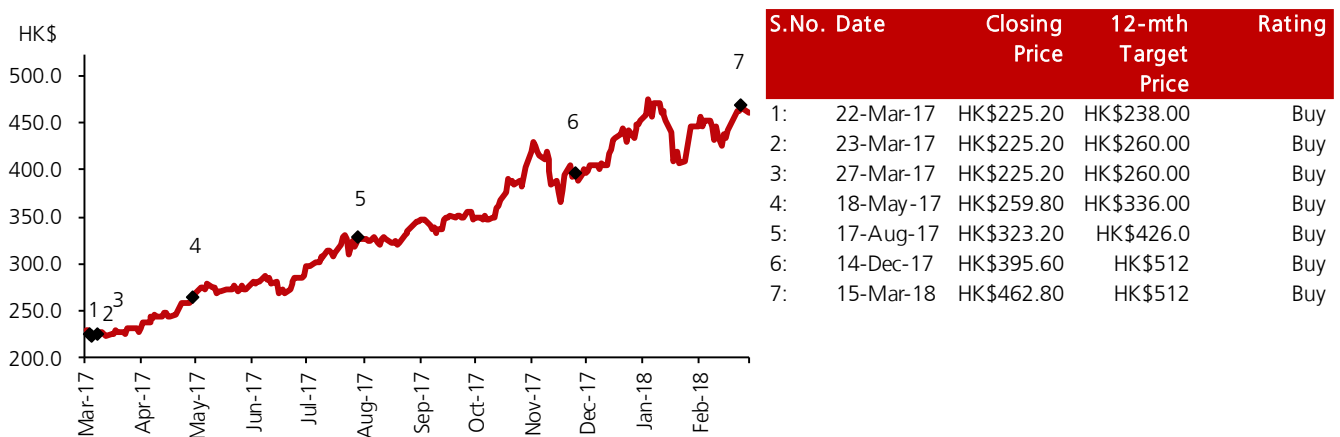
Source: Company, DBS Vickers

Cash Flow Statement (RMB m)

FY Dec	2015A	2016A	2017A	2018F	2019F
Pre-Tax Profit	36,216	51,640	88,215	127,053	173,232
Dep. & Amort.	6,629	12,646	23,502	30,551	38,632
Tax Paid	(7,108)	(10,193)	(15,744)	(22,676)	(30,917)
Assoc. & JV Inc/(loss)	2,793	2,522	(821)	(1,161)	(1,545)
(Pft)/ Loss on disposal of FAs	0	0	0	0	0
Chg in Wkg.Cap.	13,132	28,443	34,272	29,966	27,230
Other Operating CF	0	0	0	0	0
Net Operating CF	51,662	85,058	129,424	163,733	206,631
Capital Exp.(net)	(5,208)	(7,643)	(14,577)	(20,615)	(27,423)
Other Invnts.(net)	(40,657)	(77,054)	(67,604)	(37,509)	(26,673)
Invts in Assoc. & JV	(15,603)	(15,876)	(63,461)	(30,980)	(14,526)
Div from Assoc & JV	0	0	0	0	0
Other Investing CF	(4,706)	(8,159)	(6,570)	(4,312)	(5,126)
Net Investing CF	(66,174)	(108,732)	(152,212)	(93,415)	(73,749)
Div Paid	(3,699)	(5,052)	(7,279)	(10,484)	(14,294)
Chg in Gross Debt	29,745	44,168	24,562	8,470	9,550
Capital Issues	14,915	18,546	17,219	(3,205)	(3,810)
Other Financing CF	(348)	9,206	8,435	0	0
Net Financing CF	40,613	66,868	42,937	(5,219)	(8,554)
Currency Adjustments	0	0	0	0	0
Chg in Cash	26,101	43,194	20,149	65,099	124,328
Opg CFPS (RMB)	4.14	6.04	10.11	14.21	19.06
Free CFPS (RMB)	5.00	8.26	12.20	15.21	19.04

Source: Company, DBS Vickers

Target Price & Ratings History



Source: Thomson Reuters, DBS Vickers

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Susanna CHUI

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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return i.e. > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

Share price appreciation + dividends

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