Sunny Optical Technology Group Co. (2382)

Smartphone business weakening in 2H26, but new Pan-IoT demand to support growth

Neutral

2382.HK, 2382 HK
Price (27 Aug 26):HK$64.10

▲**Price Target (Jun-27):HK$73.00**
Prior (Jun-26):HK$63.00

Technology

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E (Rmb)	3.55	3.69	4.1%
Adj. EPS - 27E (Rmb)	3.82	4.00	4.6%

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	20	26	37	40	44
Growth	70	36	54	85	51
Momentum	57	75	25	93	28
Quality	48	46	53	73	13
Low Vol	80	82	87	90	73
ESGQ	8	21	8	10	4

Sunny Optical (SO) held an earnings call yesterday, 27 Aug. 1H26 results were better than feared given more meaningful contribution from the new Pan-IoT businesses, including robotics and optical components, along with decent automotive and XR business growth, which offset the slight decline from smartphone business. Looking into 2H26 and 2027, management held a conservative view on overall smartphone demand with a more severe impact from component shortages despite better seasonality, which should continue to weigh on the company's margin improvement magnitude. XR demand from AR glasses and the new Pan-IoT demand from robotic projects ramp and optical interconnet/ communication for AI applications are progressing smoother and enjoying decent GM, which could support continued growth for the company despite smartphone headwinds.

- **Smartphone business better-than-feared in 1H26, but more uncertainties into 2H26.** The company's 1H26 smartphone business revenue declined 0.8% YoY, better than the overall smartphone industry shipment decline of 6-8% given enhanced product mix, but still weaker compared to Taiwan peers, whose 1H26 earnings showed decent YoY growth with higher market share and exposure to iPhones. Looking into 2H26, management thinks the overall smartphone market will further weaken with the lingering memory shortage along with rising tightness from other materials/components, such as capacitors. Also, margin pressure may continue into 2H26 and even 2027 given these component issues and volume decline headwinds.
- **New Pan-IoT business growing faster than expected with optical components and robotics opportunities.** Pan-IoT revenue contribution increased from ~10% in 1H25 to high-teens in 1H26, while its gross profit contribution increased from high-teens in 1H25 to ~30% in 1H26, which has become the major driver of the company's growth in the past year. Management believes there are huge opportunities from optical components for AI interconnect (such as v-groove, micro lens, etc for FAU) and robotic projects requiring vertical integration capabilities and high precision.
- **Implications.** We increase our 2026E and 2027E EPS estimates by 4% and 5% after incorporating the better-than-expected 1H26 results and faster growth from the new Pan-IoT business. Meanwhile, we introduce our 2028E EPS at RMB4.9 with decent YoY growth. We assign a valuation multiple of a 15x 2H27E-1H28E P/E (rolled over from 15x 2H26E-1H27E P/E previously), on par with its historical trading average of camera lens peers. Thus, our Jun-27 PT is set at HK$73 (from HK$63).

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

See page 8 for analyst certification and important disclosures, including non-US analyst disclosures.

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Price Performance



	YTD	1m	3m	12m
Abs	-2.2%	9.3%	-14.7%	-23.3%
Rel	-2.3%	7.5%	-16.0%	-25.1%

Company Data

Shares O/S (mn)	1,093
52-week range (HK$)	91.40-51.50
Market cap ($ mn)	8,936
Exchange rate	7.84
Free float (%)	64.5%
3M ADV (mn)	18.26
3M ADV ($ mn)	156.9
Volatility (90 Day)	59
Index	HSI
BBG ANR (Buy | Hold | Sell)	26|7|0

Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	43,229	48,629	53,215	57,064
Adj. EBIT	3,494	4,173	4,653	5,614
Adj. EBITDA	5,876	7,103	7,895	9,151
Adj. net income	4,639	3,983	4,312	5,279
Adj. EPS	4.25	3.69	4.00	4.89
BBG EPS	3.41	3.68	4.37	5.27
Cashflow from operations	6,080	9,634	6,598	7,666
FCFF	3,288	7,274	4,303	5,261
Margins and Growth				
Revenue Growth Y/Y (%)	12.9%	12.5%	9.4%	7.2%
EBIT margin	8.1%	8.6%	8.7%	9.8%
EBIT Growth Y/Y (%)	55.8%	19.4%	11.5%	20.7%
EBITDA margin	13.6%	14.6%	14.8%	16.0%
EBITDA Growth Y/Y (%)	31.5%	20.9%	11.2%	15.9%
Net margin	10.7%	8.2%	8.1%	9.3%
Adj. EPS growth	71.5%	(13.1%)	8.3%	22.4%
Ratios				
Adj. tax rate	11.2%	11.7%	12.0%	12.0%
Interest cover	37.4	26.2	22.8	41.2
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROE	17.2%	13.2%	13.1%	14.3%
Valuation				
FCFF yield	5.5%	12.3%	7.3%	8.9%
Dividend yield	0.9%	1.9%	1.3%	1.5%
EV/Revenue	1.2	1.1	0.9	0.8
EV/EBITDA	8.6	7.3	6.1	4.8
Adj. P/E	12.9	14.9	13.8	11.2

Summary Investment Thesis and Valuation

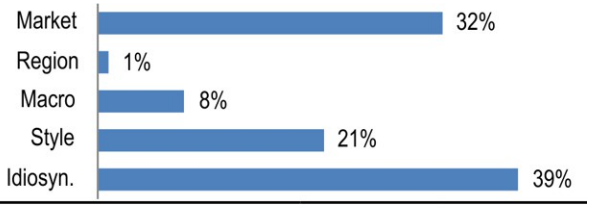
Investment Thesis

Although we think the worst is over for Sunny Optical's fundamentals, we maintain our Neutral rating, as: (1) its market share in high-end smartphone products remains much smaller than peers', and there is even a risk of share loss, given yield issues; (2) the China smartphone market becomes weaker; and (3) there is less growth support from its vehicle business amid continued end market weakness.

Valuation

Our Jun-27 PT of HK$73 is based on a 15x 2H27E-1H28E P/E, as we are more conservative about the company's smartphone business growth outlook and its market share in higher-end products.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.57	0.56
Region: China	-0.01	0.13
Macro:		
Citi Economic Surprise - EM	-0.24	-0.22
US 10 Year Yield	0.14	0.20
Emerging Economies CPI(YoY)	0.22	0.20
Quant Styles:		
Size	0.36	0.37
Growth	0.15	0.25
Quality	0.28	0.22

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Estimates review and revisions

Table 1: Sunny Optical: 1H26 results recap

(Rmb$ mn)	1H26 actual	JPMe	Variance	Consensus	Variance	2H25	% HoH	1H25	% YoY
Sales	**21,906**	**21,211**	**3%**	**20,983**	**4%**	**23,577**	**-7%**	**19,652**	**11%**
Gross Profit	4,269	4,168	2%	3,982	7%	4,621	-8%	3,894	10%
GM (%)	19.5%	19.7%	-16 bps	19.0%	51 bps	19.6%	-11 bps	19.8%	-33 bps
Operating profit	1,864	1,750	6%	1,668	12%	2,011	-7%	1,484	26%
OPM (%)	8.5%	8.3%	26 bps	7.9%	56 bps	8.5%	-2 bps	7.6%	96 bps
Net profit	1,808	1,648	10%	1,681	8%	2,993	-40%	1,646	10%
NM (%)	8.3%	7.8%	48 bps	8.0%	24 bps	12.7%	-444 bps	8.4%	-12 bps
EPS (Rmb)	**1.68**	**1.51**	**11%**	**1.45**	**15%**	**2.74**	**-39%**	**1.51**	**11%**

Source: Company data, J.P. Morgan estimates, Bloomberg Finance L.P.

Table 2: Estimate revisions

	Revised				Previous				Change (%)			
(Rmb$ mn)	**2H26E**	**2026E**	**2027E**	**2028E**	**2H26E**	**2026E**	**2027E**	**2028E**	**2H26E**	**2026E**	**2027E**	**2028E**
Sales	26,723	48,629	53,215	57,064	25,131	46,342	50,146		6%	5%	6%	
Gross profit	5,142	9,410	10,363	11,645	5,026	9,194	9,977		2%	2%	4%	
Gross Margin	19.2%	19.4%	19.5%	20.4%	20.0%	19.8%	19.9%		-76 bps	-49 bps	-42 bps	
Operating profit	2,309	4,173	4,653	5,614	2,337	4,087	4,550		-1%	2%	2%	
OP Margin	8.6%	8.6%	8.7%	9.8%	9.3%	8.8%	9.1%		-66 bps	-24 bps	-33 bps	
Net Income	2,175	3,983	4,312	5,279	2,229	3,877	4,175		-2%	3%	3%	
EPS (Rmb)	**2.02**	**3.69**	**4.00**	**4.89**	**2.04**	**3.55**	**3.82**		**-1%**	**4%**	**5%**	
Revenue (Rmn in mn)												
Handset lens set (external)	2,430	4,541	4,878	4,995	2,430	4,541	4,878		0%	0%	0%	
Vehicle lens set	2,778	5,654	6,502	6,998	2,778	5,654	6,502		0%	0%	0%	
Handset camera module	13,181	24,220	26,446	27,077	13,181	24,615	26,446		0%	-2%	0%	
AR/VR camera module	1,456	2,412	2,799	2,904	1,013	2,095	2,405		44%	15%	16%	
Vehicle camera module	1,487	2,373	2,899	3,018	1,487	2,478	2,974		0%	-4%	-3%	

Source: J.P. Morgan estimates.

Table 3: JPMe vs. Bloomberg consensus

	JPMe				Bloomberg				Difference (%)			
(Rmb$ mn)	**2H26E**	**2026E**	**2027E**	**2028E**	**2H26E**	**2026E**	**2027E**	**2028E**	**2H26E**	**2026E**	**2027E**	**2028E**
Sales	26,723	48,629	53,215	57,064	25,445	46,676	51,860	57,900	5%	4%	3%	-1%
Gross profit	5,142	9,410	10,363	11,645	4,902	9,203	10,547	12,201	5%	2%	-2%	-5%
Gross Margin	19.2%	19.4%	19.5%	20.4%	19.3%	19.7%	20.3%	21.1%	-2 bps	-37 bps	-86 bps	-67 bps
Operating profit	2,309	4,173	4,653	5,614	2,355	4,162	5,006	6,102	-2%	0%	-7%	-8%
OP Margin	8.6%	8.6%	8.7%	9.8%	9.3%	8.9%	9.7%	10.5%	-62 bps	-34 bps	-91 bps	-70 bps
Net Income	2,175	3,983	4,312	5,279	2,244	4,031	4,772	5,705	-3%	-1%	-10%	-7%
EPS (Rmb)	**2.02**	**3.69**	**4.00**	**4.89**	**2.06**	**3.68**	**4.36**	**5.22**	**-2%**			

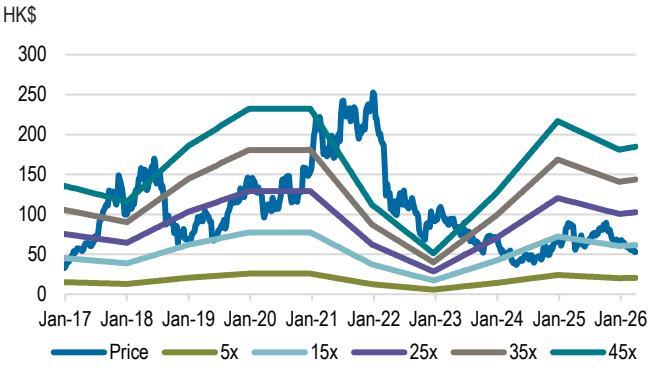
Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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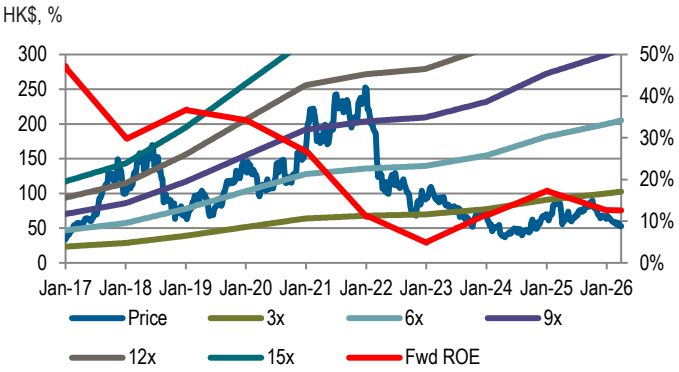
Valuation

Figure 1: Sunny Optical: Historical forward P/E range



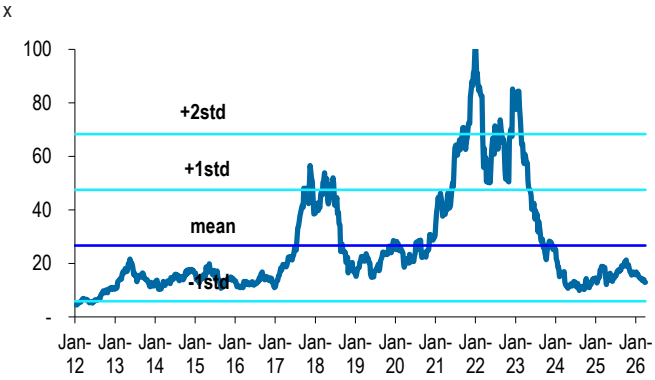
Source: Company data, Bloomberg Finance L.P., J.P. Morgan calculations.

Figure 2: Sunny Optical: Historical forward P/B range



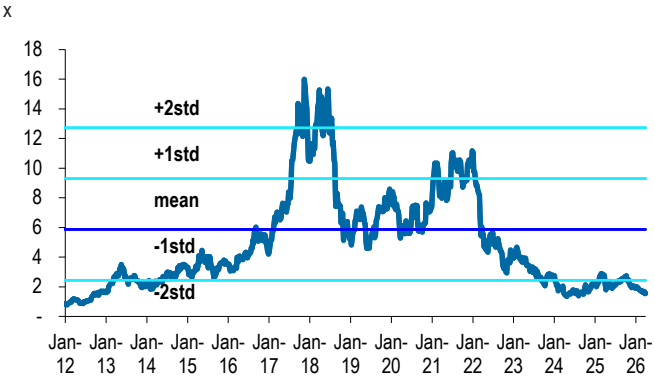
Source: Company data, Bloomberg Finance L.P., J.P. Morgan calculations.

Figure 3: Sunny Optical: Historical forward 12-month P/E vs. mean



Source: Company data, Bloomberg Finance L.P., J.P. Morgan calculations.

Figure 4: Sunny Optical: Historical forward 12-month P/B vs. mean



Source: Company data, Bloomberg Finance L.P., J.P. Morgan calculations.

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Table 4: Sunny Optical: Semiannual earnings forecasts

	1H24	2H24	1H25	2H25	1H26	2H26E	1H27E	2H27E	1H28E	2H28E	2024	2025	2026E	2027E	2028E
Rmb million, Rmb, %	2024		2025		2026E		2027E		2028E						
	1H	2H	1H	2H	1HE	2HE	1HE	2HE	1HE	2HE	2024	2025	2026E	2027E	2028E
Revenue	**18,860**	**19,434**	**19,652**	**23,577**	**21,906**	**26,723**	**24,636**	**28,579**	**26,243**	**30,821**	**38,294**	**43,229**	**48,629**	**53,215**	**57,064**
Handset lens set (external)	1,844	2,096	2,019	2,275	2,110	2,430	2,326	2,552	2,443	2,680	3,940	4,294	4,541	4,878	4,995
Vehicle lens set	1,985	1,950	2,501	2,525	2,876	2,778	3,308	3,194	3,804	3,673	3,935	5,026	5,654	6,502	6,998
Handset camera module	11,185	10,140	11,229	11,801	11,038	13,181	12,606	13,840	13,236	14,532	21,325	23,030	24,220	26,446	27,077
AR/VR camera module	992	1,585	861	1,533	956	1,456	1,051	1,748	1,156	2,097	2,577	2,394	2,412	2,799	2,904
Vehicle camera module	893	1,223	899	1,402	886	1,487	1,189	1,710	1,308	2,052	2,116	2,302	2,373	2,899	3,018
COGS	15,614	15,675	15,757	18,956	17,637	21,582	19,814	23,037	21,066	24,354	31,288	34,713	39,219	42,852	45,419
Gross profit	3,246	3,760	3,894	4,621	4,269	5,142	4,821	5,542	5,177	6,468	7,006	8,516	9,410	10,363	11,645
Operating expense	2,258	2,505	2,411	2,611	2,405	2,833	2,710	3,001	2,887	3,144	4,763	5,021	5,237	5,711	6,030
Operating income	989	1,255	1,484	2,011	1,864	2,309	2,111	2,541	2,290	3,324	2,243	3,494	4,173	4,653	5,614
Pre-tax profit	1,249	1,895	1,865	3,551	2,202	2,574	2,297	2,807	2,554	3,694	3,144	5,416	4,776	5,104	6,248
Net profit	1,079	1,620	1,646	2,993	1,808	2,175	1,940	2,372	2,158	3,121	2,699	4,639	3,983	4,312	5,279
Diluted EPS (Rmb)	**0.99**	**1.49**	**1.51**	**2.74**	**1.68**	**2.02**	**1.80**	**2.20**	**2.00**	**2.89**	**2.48**	**4.25**	**3.69**	**4.00**	**4.89**
Margins (%)															
Gross margin	**17.2%**	**19.3%**	**19.8%**	**19.6%**	**19.5%**	**19.2%**	**19.6%**	**19.4%**	**19.7%**	**21.0%**	**18.3%**	**19.7%**	**19.4%**	**19.5%**	**20.4%**
Optical components	31.8%	32.2%	31.0%	30.5%	34.2%	32.8%	34.2%	33.0%	34.3%	34.3%	32.0%	30.7%	33.4%	33.5%	33.6%
Optical products	8.2%	9.9%	10.6%	15.1%	11.8%	12.0%	11.8%	12.1%	11.8%	14.0%	9.0%	13.0%	11.9%	12.0%	12.0%
Optical instruments	47.9%	44.8%	45.7%	10.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	46.2%	18.5%	12.0%	12.0%	12.0%
OPEX ratio	12.0%	12.9%	12.3%	11.1%	11.0%	10.6%	11.0%	10.5%	11.0%	10.2%	12.4%	11.6%	10.8%	10.7%	10.6%
Operating margin	5.2%	6.5%	7.6%	8.5%	8.5%	8.6%	8.6%	8.9%	8.7%	10.8%	5.9%	8.1%	8.6%	8.7%	9.8%
Net margin	5.7%	8.3%	8.4%	12.7%	8.3%	8.1%	7.9%	8.3%	8.2%	10.1%	7.0%	10.7%	8.2%	8.1%	9.3%
Revenue mix (%)															
Handset	69.1%	63.0%	67.4%	59.7%	60.0%	58.4%	60.6%	57.4%	59.7%	55.8%	66.0%	63.2%	59.1%	58.9%	58.5%
Vehicle	15.3%	16.3%	17.3%	16.7%	17.2%	16.0%	18.3%	17.2%	19.5%	18.6%	15.8%	17.0%	16.5%	17.7%	18.3%
AR/VR	5.3%	8.2%	4.4%	6.5%	4.4%	5.4%	4.3%	6.1%	4.4%	6.8%	6.7%	5.5%	5.0%	5.3%	5.3%
HoH (%)															
Revenue	8.4%	3.0%	1.1%	20.0%	-7.1%	22.0%	-7.8%	16.0%	-8.2%	17.4%					
Gross profit	32.0%	15.8%	3.6%	18.7%	-7.6%	20.5%	-6.2%	14.9%	-6.6%	24.9%					
Operating income	166.3%	26.9%	18.3%	35.5%	-7.3%	23.9%	-8.6%	20.4%	-9.9%	45.1%					
EPS	63.2%	50.3%	1.5%	81.4%	-38.8%	20.3%	-10.8%	22.2%	-9.0%	44.6%					
YoY (%)															
Revenue	**32.1%**	**11.7%**	**4.2%**	**21.3%**	**11.5%**	**13.3%**	**12.5%**	**6.9%**	**6.5%**	**7.8%**	**20.9%**	**12.9%**	**12.5%**	**9.4%**	**7.2%**
Handset	31.8%	9.5%	1.7%	15.0%	-0.8%	10.9%	13.6%	5.0%	5.0%	5.0%	20.0%	8.2%	5.3%	8.9%	2.4%
Vehicle	8.2%	20.6%	18.2%	23.8%	10.6%	8.6%	19.5%	15.0%	13.7%	16.7%	14.4%	21.1%	9.5%	17.1%	6.5%
AR/VR	110.6%	13.4%	-13.3%	-3.3%	11.1%	-5.0%	10.0%	20.0%	10.0%	20.0%	37.9%	-7.1%	0.8%	16.0%	3.8%
Gross profit	52.4%	52.8%	20.0%	22.9%	9.6%	11.3%	12.9%	7.8%	7.4%	16.7%	52.6%	21.6%	10.5%	10.1%	12.4%
Operating income	334.1%	238.0%	50.1%	60.2%	25.6%	14.8%	13.3%	10.1%	8.5%	30.8%	274.5%	55.8%	19.4%	11.5%	20.7%
EPS	**147.8%**	**145.3%**	**52.5%**	**84.0%**	**11.1%**	**-26.4%**	**7.3%**	**9.1%**	**11.2%**	**31.6%**	**146.3%**	**71.5%**	**-13.1%**	**8.3%**	**22.4%**

Source: Company data, J.P. Morgan estimates.

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Investment Thesis, Valuation and Risks

Sunny Optical Technology Group Co. (2382) *(Neutral; Price Target: HK $73.00)*

Investment Thesis
Although we think the worst is over for Sunny Optical's fundamentals, we maintain our Neutral rating, as: (1) its market share in high-end smartphone products remains much smaller than peers', and there is even a risk of share loss, given yield issues; (2) the China smartphone market becomes weaker; and (3) there is less growth support from its vehicle business amid continued end market weakness.

Valuation
Our Jun-27 PT of HK$73 is based on a 15x 2H27E-1H28E P/E, as we are more conservative about the company's smartphone business growth outlook and its market share in higher-end products.

Risks to Rating and Price Target
Downside risks include:

- Further unit cuts and longer de-spec in the Android smartphone market.
- Margin pressure driven by intensifying competition in lenses and CCM.
- A slower ramp in the vehicle, AR/VR and iPhone businesses.

Upside risks include:

- A smartphone unit recovery or a resumption of camera spec migration.
- Continued improvement in production optimization, efficiency and yield.
- Faster breakthroughs in iPhone, vehicle and AR/VR projects.

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Sunny Optical Technology Group Co. (2382): Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**38,294**	**43,229**	**48,629**	**53,215**	**57,064**
COGS	(31,288)	(34,713)	(39,219)	(42,852)	(45,419)
Gross profit	**7,006**	**8,516**	**9,410**	**10,363**	**11,645**
SG&A	(1,839)	(1,763)	(1,823)	(2,030)	(2,116)
Adj. EBITDA	**4,470**	**5,876**	**7,103**	**7,895**	**9,151**
D&A	(2,226)	(2,382)	(2,930)	(3,243)	(3,536)
Adj. EBIT	**2,243**	**3,494**	**4,173**	**4,653**	**5,614**
Net Interest	(62)	(157)	(271)	(347)	(222)
Adj. PBT	**3,144**	**5,416**	**4,776**	**5,104**	**6,248**
Tax	(367)	(609)	(561)	(612)	(750)
Minority Interest	(78)	(168)	(232)	(180)	(220)
Adj. Net Income	**2,699**	**4,639**	**3,983**	**4,312**	**5,279**
Reported EPS	2.48	4.25	3.69	4.00	4.89
Adj. EPS	**2.48**	**4.25**	**3.69**	**4.00**	**4.89**
DPS	**0.20**	**0.49**	**1.05**	**0.74**	**0.80**
Payout ratio	8.1%	11.5%	28.4%	18.5%	16.3%
Shares outstanding	1,089	1,092	1,079	1,079	1,079

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	7,594	11,680	11,770	14,922	19,076
Accounts receivable	9,211	10,013	11,249	12,146	13,130
Inventories	5,870	7,180	7,879	8,547	9,071
Other current assets	14,795	13,490	12,827	13,718	14,794
Current assets	**37,470**	**42,363**	**43,724**	**49,332**	**56,071**
PP&E	10,525	9,818	10,386	9,793	8,907
LT investments	-	-	-	-	-
Other non current assets	5,813	7,034	5,989	5,989	5,989
Total assets	**53,807**	**59,215**	**60,100**	**65,115**	**70,967**
Short term borrowings	926	1,770	2,590	2,590	2,590
Payables	20,825	21,559	23,720	25,184	26,587
Other short term liabilities	647	3,715	540	576	609
Current liabilities	**22,398**	**27,044**	**26,850**	**28,350**	**29,785**
Long-term debt	0	0	0	0	0
Other long term liabilities	6,117	2,406	1,478	1,478	1,478
Total liabilities	**28,514**	**29,450**	**28,328**	**29,827**	**31,263**
Shareholders' equity	24,765	29,149	31,075	34,591	39,007
Minority interests	528	616	697	697	697
Total liabilities & equity	**53,807**	**59,215**	**60,100**	**65,115**	**70,967**
BVPS	**22.73**	**26.70**	**28.81**	**32.07**	**36.16**
y/y Growth	*10.8%*	*17.4%*	*7.9%*	*11.3%*	*12.8%*
Net debt/(cash)	(6,668)	(9,910)	(9,180)	(12,332)	(16,486)

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**3,455**	**6,080**	**9,634**	**6,598**	**7,666**
o/w Depreciation & amortization	2,226	2,382	2,930	3,243	3,536
o/w Changes in working capital	(8,256)	2,996	(2,286)	(956)	(1,149)
Cash flow from investing activities	**(10,437)**	**(999)**	**(2,725)**	**(2,600)**	**(2,600)**
o/w Capital expenditure	(2,260)	(2,931)	(2,600)	(2,600)	(2,600)
as % of sales	*5.9%*	*6.8%*	*5.3%*	*4.9%*	*4.6%*
Cash flow from financing activities	**(1,575)**	**(2,094)**	**(5,919)**	**(846)**	**(912)**
o/w Dividends paid	(219)	(532)	(1,131)	(797)	(862)
o/w Shares issued/(repurchased)	0	0	0	0	0
o/w Net debt issued/(repaid)	227	844	820	0	0
Net change in cash	**(8,556)**	**2,987**	**990**	**3,152**	**4,154**
Adj. Free cash flow to firm	**1,250**	**3,288**	**7,274**	**4,303**	**5,261**
y/y Growth	*1675.2%*	*163.1%*	*121.2%*	*(40.8%)*	*22.3%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	18.3%	19.7%	19.4%	19.5%	20.4%
EBITDA margin	11.7%	13.6%	14.6%	14.8%	16.0%
EBIT margin	5.9%	8.1%	8.6%	8.7%	9.8%
Net profit margin	7.0%	10.7%	8.2%	8.1%	9.3%
ROE	11.4%	17.2%	13.2%	13.1%	14.3%
ROA	5.2%	8.2%	6.7%	6.9%	7.8%
ROCE	8.1%	11.0%	11.4%	11.6%	12.5%
SG&A/Sales	4.8%	4.1%	3.7%	3.8%	3.7%
Net debt/Equity	NM	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM	NM
Sales/Assets (x)	0.7	0.8	0.8	0.8	0.8
Assets/Equity (x)	2.2	2.1	2.0	1.9	1.8
Interest cover (x)	72.2	37.4	26.2	22.8	41.2
Operating leverage	1315.2%	432.8%	155.5%	121.9%	285.7%
Tax rate	11.7%	11.2%	11.7%	12.0%	12.0%
Revenue y/y Growth	20.9%	12.9%	12.5%	9.4%	7.2%
EBITDA y/y Growth	67.6%	31.5%	20.9%	11.2%	15.9%
EPS y/y Growth	146.3%	71.5%	(13.1%)	8.3%	22.4%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	22.2	12.9	14.9	13.8	11.2
P/BV (x)	2.4	2.1	1.9	1.7	1.5
EV/EBITDA (x)	12.1	8.6	7.3	6.1	4.8
Dividend Yield	0.4%	0.9%	1.9%	1.3%	1.5%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which