

Target Price Change

26 July 2022

# BUY

33% ↑ side

Target price: HK\$10.10

Prior TP: HK\$10.30

354 HK

Price: HK\$7.62

TP basis: PE

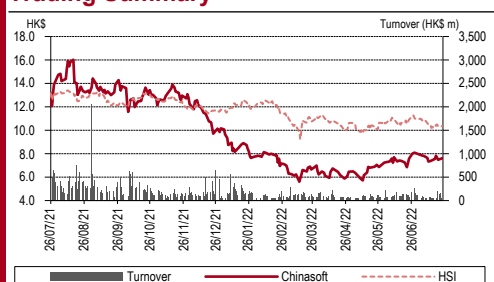
Sector rating: OVERWEIGHT

## Forecast Revisions (%)

Year ended 31 Dec	22E	23E	24E
Revenue	0	0	0
Core EPS	0	(1.3)	(2.4)

Source: BOCI Research estimates

## Trading Summary



(%)	YTD	1M	3M	12M
Absolute	(25.0)	0.5	29.6	(44.3)
Relative to HSI	(14.7)	6.2	25.2	(26.0)

Shares outstanding (m)	3,053
Free float (%)	87
Market cap. (HK\$ m)	23,266
3M avg. daily turnover (HK\$ m)	95
Net debt/equity (%) (2022E)	Net cash
Major shareholder (%)	
Dr Chen Yuhong	12
UBS Group AG	10

Source: Company data, FactSet, BOCI Research

Closing prices are as of 25 July 2022

## BOCI Research Limited

TMT: Technology - Software

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# Chinasoft International

Topline growth sustained by Huawei Harmony

We believe Chinasoft's 1H22 results will outperform peers thanks to strong Huawei momentum offsetting the pandemic impact. The upcoming official release of HarmonyOS 3.0 and Shenzhen government's subsidy on HarmonyOS and openEuler are key catalysts for Chinasoft. Maintain **BUY** with new TP HK\$10.1 (was HK\$10.3).

## Key Factors for Rating

- **Official release of HarmonyOS 3.0 could be a short-term catalyst:** HarmonyOS 3.0 started beta test in Feb and its official release is coming soon. Its key new features include news APIs, UI/complier tools, better privacy, etc. With reference to the previous releases of HarmonyOS 1.0 and 2.0, we expect a short-term positive trading momentum of Harmony themed stocks, including Chinasoft, following the official release of 3.0.
- **Shenzhen to support Harmony:** Shenzhen will offer subsidy to encourage the application of HarmonyOS and openEuler by industry supplier, application users and ecosystem constructors. Although it is only a city-level draft policy, we think it would greatly help restore confidence of the Harmony community.
- **Huawei remains key long-term driver of Chinasoft:** Huawei sales as a percentage of Chinasoft revenues has remained well above 50% since 2018. From a 3-5 years' perspective, we believe the stock performance of Chinasoft is dependent on Huawei, in particular Huawei's Harmony development. We think Harmony on vehicle is likely a faster growing sector for Huawei compared to smartphone and IoT. Per CPCA, Huawei's NEV SUV AITO M5 ranked the eighth best-selling model in June 2022, ahead of ZEEKR 001, NIO ES6 and Leapmotor C11. We expect Chinasoft to achieve strong outsourcing revenue growth from Harmony Auto in 2022.
- **1H22 results likely in line:** We believe Chinasoft's 1H22 results to come largely in line with our forecasts and consensus. Despite of the pandemic, we believe IT outsourcing business could deliver stable growth thanks to its offshore nature and steady Huawei R&D spending. On cloud intelligent business, we expect growth to slightly slow down temporarily due to the pandemic. However, we expect margin pressure from Huawei to persist and as such, we project GPM to be 25.6% in 1H22, 1.9ppts lower YoY. We expect 1H22 sales to grow 20% YoY and 1H22 net profit to be flat YoY.

## Key Risks for Rating

- 1) Slowdown in domestic substitution progress; 2) high reliance on Huawei; and 3) cost pressure from rising wage of IT engineers.

## Valuation

- We keep our forecasts over 2022-24 largely unchanged. Our new TP of HK\$10.1 (was HK\$10.3) is based on 18x 2023E EPS (unchanged).

## Investment Summary

Year ended 31 Dec	2020	2021	2022E	2023E	2024E
Revenue (RMB m)	14,101	18,398	22,414	27,196	32,805
Reported net profit (RMB m)	955	1,137	1,198	1,439	1,695
Core EPS (RMB)	0.349	0.372	0.392	0.471	0.555
Fully diluted EPS (RMB)	0.349	0.382	0.392	0.471	0.555
Consensus EPS (RMB)	-	-	0.437	0.557	0.700
Core P/E (x)	18.8	17.6	16.7	13.9	11.8
Fully diluted P/E (x)	18.8	17.2	16.7	13.9	11.8
EV/EBITDA (x)	17.1	21.4	13.2	10.9	9.3
P/B (x)	2.0	1.6	1.5	1.4	1.2
DPS (RMB)	0.024	0.027	0.028	0.034	0.040
Yield (%)	0.4	0.4	0.4	0.5	0.6
ROE (%)	11.7	10.6	9.4	10.3	11.0

Source: Company data, BOCI Research estimates

Important disclosures and certifications are located at the back of this research report.

BOCI research is available electronically on [www.bociresearch.com](http://www.bociresearch.com).

## Official Release of Harmony OS 3.0 to be a Short-term Catalyst

HarmonyOS 3.0 started beta test in Feb 2022 and its official release is likely on 27 July 2022. Its key new features include news APIs, UI and compiler tools for developers, better privacy protection, agile software implementation, etc. Most of the current HarmonyOS 2.0 devices will be able to upgraded to 3.0.

Key new features of HarmonyOS 3.0 will include:

- **More APIs for new interaction and application development.** According to Huawei's latest keynotes, HarmonyOS 3.0 will support application development based on API version 8 with more than 2,300 JS/eTS APIs added to enhance module capabilities. New features include: 1) adding new interaction modes such as keyboard and mouse (only the touchscreen-based interaction mode is supported in previous version); 2) more components, animation and other APIs are provided to better support development on wide-screen devices, complex game and media applications; 3) A series of DSoftBus and network connection APIs are added to support communication between applications either on the same device or different devices.
- **ArkUI is upgraded to 3.0 with the benefit of cutting coding workload for cross-device UI development.** ArkUI is a declarative UI development framework for building HarmonyOS application UIs. It offers simple UI information syntax, a wide range of UI components, and responsive live previewer, to boost HarmonyOS application UI development efficiency. By utilising ArkUI 3.0's cross-device data binding and multi-dimensional state management, developers can cut up to 70% of coding workload for cross-device UI development.
- **ArkCompiler 3.0 can reduce cross-language interaction overheads, and lightweight language runtime:** HarmonyOS 3.0 will provide ArkCompiler for compiling and building applications. It applies to the development of ArkUI-based cross-device HarmonyOS applications or services. It supports the compilation and running of advanced languages on multiple chip platforms and multi-language joint optimisation, which enables full utilisation of hardware capabilities through software and hardware collaboration.

With reference to the previous release of HarmonyOS 1.0 and 2.0, we expect a short-term positive trading momentum of Harmony themed stocks, including Chinasoft, following the official release of 3.0.

## Shenzhen Draft Government Policy to Support HarmonyOS

To support the development of HarmonyOS and openEuler, Shenzhen government issued a draft policy document in July 2022, offering subsidies to various parties including HarmonyOS and openEuler industry supplier, application users and ecosystem constructors.

- **Industry supplier:** Shenzhen government will provide up to RMB0.5m to RMB5m rebate based on community contribution or market ranking to 1) developer from open source community, 2) enterprise for terminal development and sales, 3) publisher for HarmonyOS product or service and 4) software companies for Harmony application development. In addition, core members from publishers will enjoy some advantages in settlement incentives, operational subsidies and even children's education admission.
- **Application user:** 1) various bureaus of Shenzhen government should purchase certain amount of HarmonyOS and openEuler products and service every year in the field of smart city, government service, public security, public health, education and environment; 2) enterprises joining pilot programme will receive 30% purchase price reimbursement (up to RMB10m) for HarmonyOS products. Companies purchasing more than 1,000 openEuler servers a year will be eligible for bonus; 3) consumers will receive subsidies when purchasing HarmonyOS devices, including vehicles, consumer electronics and household appliances.

- **Ecosystem constructor:** 1) Pilot projects on HarmonyOS and openEuler application will be recorded and promoted nationwide; 2) Each university and other education institutions will receive up to RMB2m on Harmony and openEuler course design, platform and lab building; 3) Shenzhen government will reward students who pass Harmony and openEuler certification exam up to RMB2,000 per person; 4) hardware and software companies will receive subsidies when entering Harmony industrial parks.

We believe direct government subsidy is crucial to the development of any domestic OS who lacks scale and ecosystem. The Shenzhen policy on Harmony and openEuler, though still in draft and at city level, is a decent positive catalyst to Huawei Harmony and its supply chain network, in our view.

## Key Stock Catalyst in Mid-long Term Remains Huawei

We believe Chinasoft's key stock catalyst will remain Huawei's development given Chinasoft's huge business exposure to Huawei. Although Chinasoft has attempted diversification since the US started sanctions on Huawei from 2018, Huawei sales as a percentage of total revenues has remained well above 50% since 2018. In 2021, Huawei contributed 54% of Chinasoft's revenues.

From a 3-5 years' perspective, we believe the stock performance of Chinasoft is dependent on Huawei, in particular Huawei's Harmony development.

- **Harmony Automotive:** we think Harmony on vehicle is likely to be a fast growing sector for Huawei. Per CPCA, Huawei's NEV SUV (collaborating with Seres) AITO M5 ranked the eighth best-selling model in June 2022 with 7k shipment, ahead of ZEEKR 001, NIO ES6 and Leapmotor C11. We expect Chinasoft to achieve strong outsourcing revenue growth from Harmony Auto in 2022.
- **Harmony Smartphone:** we believe it is difficult for Harmony OS to penetrate into the existing mature Android OS ecosystem if the government does not offer enough incentives to smartphone OEMs, app developers and consumers to make them switch to another mobile OS other than Android and iOS. The declining installed base of Huawei smartphone would be a key limiting factor to Huawei's long-term R&D commitment in Harmony smartphone OS, in our opinion.
- **Harmony IoT:** We expect Chinasoft to generate RMB600m Harmony IoT module sales in 2022. Our key concern on Harmony IoT in the long run is that 1) IoT is a very fragmented market with many competitors and profitability is generally lower than smartphone; and 2) the smartphone sanction on Huawei is Harmony IoT's key disadvantage as smartphone is an important integral to the IoT ecosystem.

## 1H22 Results should be Largely In line

We believe Chinasoft's 1H22 results to come largely in line with our forecasts and consensus. We expect 1H22 sales to grow 20% YoY and 1H22 net profit to be flat YoY.

Despite of the pandemic in 1H, we believe IT outsourcing business could deliver stable growth thanks to 1) the offshore nature of IT outsourcing, which does not require much face-to-face client interaction; 2) steady growth from Huawei's R&D spending on Harmony OS for smartphone, IoT and automotive, Gauss Database and IC, etc. On cloud intelligent business, we expect growth to slightly slow down in 1H22 as city lockdowns might delay certain project progress. Nevertheless, we expect Harmony Automotive related sales to outperform in 1H22.

On margin side, we expect margin pressure from Huawei to persist in 1H22. As such, we project GPM to be 25.6% in 1H22, 1.9ppts lower YoY and 0.3ppt lower HoH.

**Figure 1. Semiannual Financials**

(RMB m)	1H19	2H19	1H20	2H20	1H21	2H21	1H22E	2H22E	1H23E	2H23E	1H24E	2H24E
Revenue	5,538	6,504	6,059	8,042	8,341	10,057	10,011	12,403	12,100	15,096	14,559	18,246
Gross profit	1,567	2,016	1,649	2,469	2,294	2,610	2,568	3,417	3,109	4,195	3,730	5,086
OP profit	426	401	421	531	423	374	455	638	556	814	658	999
Net profit	363	392	401	554	518	619	516	682	603	836	693	1,002
EPS (RMB)	0.14	0.15	0.15	0.20	0.18	0.21	0.17	0.22	0.20	0.27	0.23	0.33
<b>Margins (%)</b>												
GM	28.3	31.0	27.2	30.7	27.5	26.0	25.6	27.5	25.7	27.8	25.6	27.9
OPM	7.7	6.2	6.9	6.6	5.1	3.7	4.5	5.1	4.6	5.4	4.5	5.5
Net margin	6.5	6.0	6.6	6.9	6.2	6.2	5.2	5.5	5.0	5.5	4.8	5.5
<b>HoH (%)</b>												
Revenue	(4)	17	(7)	33	4	21	0	24	(2)	25	(4)	25
Gross profit	(16)	29	(18)	50	(7)	14	(2)	33	(9)	35	(11)	36
OP profit	14	(6)	5	26	(20)	(12)	22	40	(13)	46	(19)	52
EPS	(1)	7	1	29	(11)	17	(19)	32	(12)	39	(17)	45
<b>YoY (%)</b>												
Revenue	15	13	9	24	38	25	20	23	21	22	20	21
Gross profit	13	9	5	22	39	6	12	31	21	23	20	21
OP profit	(3)	7	(1)	32	0	(30)	8	71	22	27	18	23
EPS	(2)	6	8	30	15	4	(5)	8	17	23	15	20

Source: Company data, BOCI Research

**Figure 2. Earnings Revisions**

(RMB m)	2022E			2023E			2024E		
	New	Old	% diff	New	Old	% diff	New	Old	% diff
Sales	22,414	22,414	(0)	27,196	27,196	0	32,805	32,805	(0)
Gross profit	5,984	6,134	(2)	7,305	7,476	(2)	8,816	9,012	(2)
OP profit	1,094	1,244	(12)	1,370	1,541	(11)	1,657	1,853	(11)
PBT	1,316	1,316	0	1,582	1,603	(1)	1,863	1,908	(2)
Net profit	1,198	1,198	0	1,439	1,458	(1)	1,695	1,737	(2)
EPS (RMB)	0.39	0.39	0	0.47	0.48	(1)	0.56	0.57	(2)
<b>Margins (%)</b>									
GM	26.7	27.4	(67bps)	26.9	27.5	(63bps)	26.9	27.5	(60bps)
OPM	4.9	5.5	(67bps)	5.0	5.7	(63bps)	5.1	5.6	(60bps)
PBT margin	5.9	5.9	0bps	5.8	5.9	(8bps)	5.7	5.8	(14bps)
Net margin	5.3	5.3	0bps	5.3	5.4	(7bps)	5.2	5.3	(13bps)
<b>IT outsourcing &amp; solutions</b>									
(RMB m)	New	2022E Old	% diff	New	2023E Old	% diff	New	2024E Old	% diff
Revenues	14,965	14,965	-	17,103	17,103	-	19,583	19,583	-
GPM (%)	24	25	(100bps)	24	25	(100bps)	24	25	(100bps)
<b>Cloud intelligent services</b>									
Revenues	7,449	7,449	-	10,093	10,093	-	13,222	13,222	-
GPM (%)	33	33	0bps	32	32	0bps	31	31	0bps

Source: Company data, BOCI Research

**Figure 3. Key Financial and Assumptions**

Operation model summary	2019	2020	2021	2022E	2023E	2024E
<b>Revenue (RMB m)</b>						
IT outsourcing & solutions	9,995	10,818	13,095	14,965	17,103	19,583
Huawei traditional business	5,918	6,687	7,742	8,551	9,406	10,346
Other clients	4,076	4,132	5,353	6,414	7,697	9,237
Cloud intelligent services	2,047	3,283	5,303	7,449	10,093	13,222
Cloud product and service	1,827	2,883	4,803	6,724	9,078	11,801
Jointforce	220	400	500	725	1,015	1,421
Total revenue	12,042	14,101	18,398	22,414	27,196	32,805
<b>Revenue (YoY %)</b>						
Revenue (RMB m)		8	21	14	14	15
IT outsourcing & solutions		13	16	10	10	10
Other clients		1	30	20	20	20
Cloud intelligent services		60	62	40	35	31
Cloud product and service		58	67	40	35	30
Jointforce		82	25	45	40	40
Total revenue	14	17	30	22	21	21
<b>Gross margin (%)</b>						
Revenue (RMB m)	28	27	24	24	24	24
IT outsourcing & solutions	38	37	34	33	32	31
Blended average	30	29	27	27	27	27
<b>Opex (% of sales)</b>						
Sales	5	5	5	5	5	5
G&A	10	9	10	9	9	9
R&D	7	7	7	7	7	7
Others	1	1	1	1	1	1
Total opex	23	22	22	22	22	22
<b>Operating margin (%)</b>						
	7	7	4	5	5	5

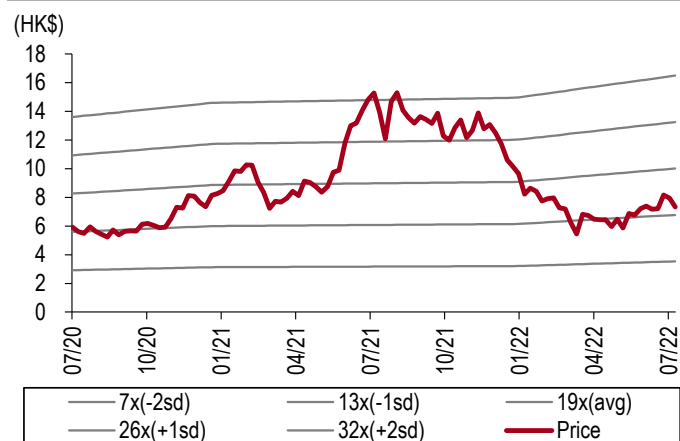
Source: Company data, BOCI Research

**Figure 4. Annual Financials**

(RMB m)	2018	2019	2020	2021	2022E	2023E	2024E
Revenue	10,585	12,042	14,101	18,398	22,414	27,196	32,805
Gross profit	3,245	3,583	4,118	4,904	5,984	7,305	8,816
OP profit	815	827	952	796	1,094	1,370	1,657
Net profit	716	755	955	1,137	1,198	1,439	1,695
EPS (RMB)	0.29	0.30	0.35	0.37	0.39	0.47	0.56
<b>Margins (%)</b>							
GM	30.7	29.8	29.2	26.7	26.7	26.9	26.9
OPM	7.7	6.9	6.7	4.3	4.9	5.0	5.1
Net margin	6.8	6.3	6.8	6.2	5.3	5.3	5.2
<b>YoY (%)</b>							
Revenue	15	14	17	30	22	21	21
Gross profit	18	10	15	19	22	22	21
OP profit	32	1	15	(16)	37	25	21
Net profit		5	26	19	5	20	18
EPS	23	3	17	7	5	20	18

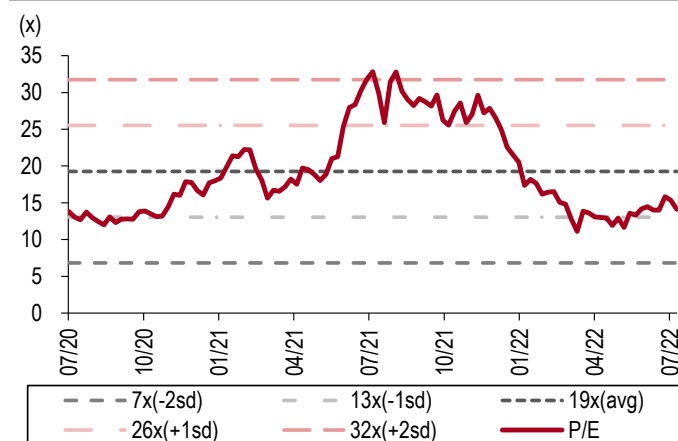
Source: Company data, BOCI Research estimates

Figure 5. PE Band



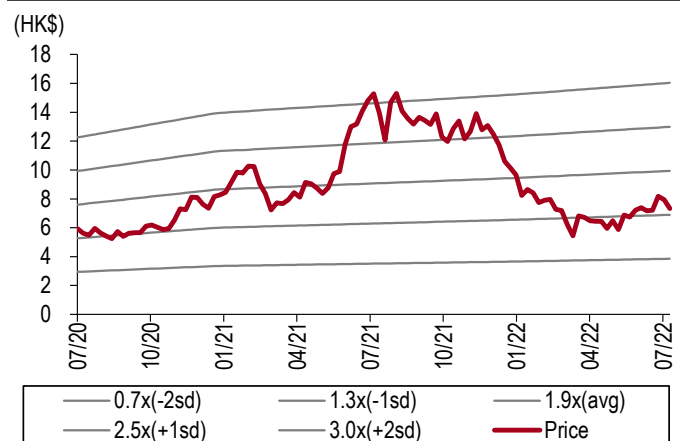
Source: Company data, BOCI Research

Figure 6. PE Chart



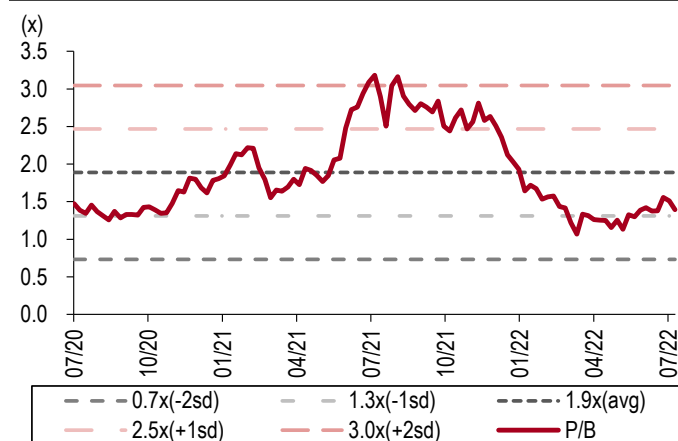
Source: Company data, BOCI Research

Figure 7. PB Band



Source: Company data, BOCI Research

Figure 8. PB Chart



Source: Company data, BOCI Research



**Income Statement (RMB m)**

Year ended 31 Dec	2020	2021	2022E	2023E	2024E
<b>Revenue</b>	<b>14,101</b>	<b>18,398</b>	<b>22,414</b>	<b>27,196</b>	<b>32,805</b>
Cost of sales	(9,983)	(13,494)	(16,430)	(19,891)	(23,989)
Operating exp.	(3,167)	(4,108)	(4,891)	(5,935)	(7,159)
<b>EBITDA</b>	<b>1,122</b>	<b>1,018</b>	<b>1,342</b>	<b>1,605</b>	<b>1,890</b>
Depr & amortisation	170	221	249	235	233
<b>Operating profit (EBIT)</b>	<b>952</b>	<b>796</b>	<b>1,094</b>	<b>1,370</b>	<b>1,657</b>
Net interest inc./(exp.)	(151)	(100)	(78)	(89)	(94)
Other gains/(losses)	235	555	300	300	300
<b>Pre-tax profit</b>	<b>1,035</b>	<b>1,252</b>	<b>1,316</b>	<b>1,582</b>	<b>1,863</b>
Tax on profit	(87)	(115)	(118)	(142)	(168)
Min. int./others	7	0	0	0	0
<b>Net profit</b>	<b>955</b>	<b>1,137</b>	<b>1,198</b>	<b>1,439</b>	<b>1,695</b>
<b>Core net profit</b>	<b>955</b>	<b>1,137</b>	<b>1,198</b>	<b>1,439</b>	<b>1,695</b>
EPS (RMB)	0.349	0.372	0.392	0.471	0.555
Core EPS (RMB)	0.349	0.372	0.392	0.471	0.555
DPS (RMB)	0.024	0.027	0.028	0.034	0.040
Revenue YoY %	17.1	30.5	21.8	21.3	20.6
EBIT YoY %	15.1	(16.3)	37.3	25.3	20.9
EBITDA YoY %	9.5	(9.3)	31.9	19.6	17.7
Core net profit YoY%	26.5	19.1	5.4	20.1	17.8
Fully diluted EPS YoY%	16.8	9.2	2.8	20.1	17.8

Source: Company data, BOCI Research estimates

**Cash-flow Statement (RMB m)**

Year ended 31 Dec	2020	2021	2022E	2023E	2024E
Pre-tax profit	1,035	1,252	1,316	1,582	1,863
Depr. & amortisation	170	221	249	235	233
Net interest expenses	151	100	78	89	94
Chg. in working capital	(241)	(682)	(2,538)	(1,236)	(1,763)
Tax paid	(87)	(115)	(118)	(142)	(168)
Other operating activ's	124	187	(78)	(89)	(94)
<b>CF from operations</b>	<b>1,153</b>	<b>962</b>	<b>(1,092)</b>	<b>439</b>	<b>165</b>
CAPEX	(159)	(287)	(150)	(150)	(150)
Decr./inc. in invest.	0	0	0	0	0
Other investing activ's	(32)	(242)	0	0	0
<b>CF from investing</b>	<b>(192)</b>	<b>(530)</b>	<b>(150)</b>	<b>(150)</b>	<b>(150)</b>
Net incr. in equity	16	7	-	-	-
Net incr. in debt	(311)	149	255	147	162
Dividends paid	(52)	(70)	(82)	(86)	(103)
Other financing activ's	709	1,291	0	0	0
<b>CF from financing</b>	<b>362</b>	<b>1,377</b>	<b>173</b>	<b>61</b>	<b>59</b>
Change in cash	1,323	1,810	(1,069)	349	74
Cash at start of year	2,526	3,787	5,556	4,488	4,837
Free cash flow to firm	961	433	(1,242)	289	15
Free cash flow to equity	650	581	(987)	435	178

Source: Company data, BOCI Research estimates

**Balance Sheet (RMB m)**

As at 31 Dec	2020	2021	2022E	2023E	2024E
Cash & cash equiv.	3,787	5,556	4,488	4,837	4,911
Receivables	4,580	5,894	6,693	8,283	10,056
Inventories	51	163	161	188	250
Other current assets	1,976	1,906	3,513	3,739	4,388
<b>Total current assets</b>	<b>10,394</b>	<b>13,520</b>	<b>14,854</b>	<b>17,047</b>	<b>19,606</b>
Fixed assets	858	1,220	1,170	1,134	1,100
Intangible assets	1,420	1,664	1,615	1,567	1,518
Other long term assets	415	498	498	498	498
<b>Total long-term assets</b>	<b>2,693</b>	<b>3,383</b>	<b>3,284</b>	<b>3,199</b>	<b>3,116</b>
<b>Total assets</b>	<b>13,087</b>	<b>16,902</b>	<b>18,138</b>	<b>20,246</b>	<b>22,722</b>
Creditors	1,753	2,252	2,118	2,581	3,137
Short-term debt	368	917	917	917	917
Other current liabs.	597	817	815	961	1,126
<b>Total current liabs.</b>	<b>2,718</b>	<b>3,986</b>	<b>3,850</b>	<b>4,459</b>	<b>5,181</b>
Long-term borrowings	1,421	1,021	1,275	1,422	1,584
Other long-term liabs.	171	269	269	269	269
Share capital	132	139	139	139	139
Reserves/others	9,227	12,054	13,170	14,523	16,115
<b>Shareholders' equity</b>	<b>9,358</b>	<b>12,193</b>	<b>13,309</b>	<b>14,662</b>	<b>16,253</b>
M.I./Pref. shr/Oth	(582)	(566)	(566)	(566)	(566)
<b>Total liabs. &amp; equity</b>	<b>13,087</b>	<b>16,902</b>	<b>18,138</b>	<b>20,246</b>	<b>22,722</b>
Per share (RMB)					
Book value	3.2	4.0	4.4	4.8	5.3
Tangible assets	2.7	3.4	3.8	4.3	4.8
Net debt/(cash)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, BOCI Research estimates

**Key Ratios**

Year ended 31 Dec	2020	2021	2022E	2023E	2024E
<b>Profitability (%)</b>					
EBITDA margin	8.0	5.5	6.0	5.9	5.8
EBIT margin	6.7	4.3	4.9	5.0	5.1
Pre-tax margin	7.3	6.8	5.9	5.8	5.7
Net profit margin	6.8	6.2	5.3	5.3	5.2
<b>Liquidity (x)</b>					
Current ratio	3.8	3.4	3.9	3.8	3.8
Interest coverage	6.3	8.0	14.1	15.5	17.5
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Quick ratio	3.8	3.4	3.8	3.8	3.7
<b>Valuation (x)</b>					
P/E	18.8	17.6	16.7	13.9	11.8
Core P/E	18.8	17.6	16.7	13.9	11.8
Core P/E @ target price	24.9	23.3	22.1	18.4	15.7
P/B	2.0	1.6	1.5	1.4	1.2
P/FCF	18.0	29.7	NM	69.3	1,293.8
EV/EBITDA	17.1	21.4	13.2	10.9	9.3
<b>Activity ratios</b>					
Inventory days	1.9	2.9	3.6	3.2	3.3
Accounts receivables days	102.0	103.9	102.5	100.5	102.0
Accounts payables days	38.6	39.7	35.6	31.5	31.8
<b>Returns (%)</b>					
Dividend payout ratios	7.3	7.2	7.2	7.2	7.2
Return on equity	11.7	10.6	9.4	10.3	11.0
Return on assets	7.3	4.8	5.7	6.5	7.0
Return on capital employed	9.7	6.6	7.7	8.7	9.6

Source: Company data, BOCI Research estimates

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