



## Bafang Yunji (2753.TW/2753 TT)

### Margin recovery underway

#### Outperform · Maintained

Price as of September 27 (NT\$)	173.0
12M target price (NT\$)	214.0
Previous target price (NT\$)	214.0
Unchanged (%)	0.0
Upside (%)	23.7

#### Key message

Bafang Yunji expects its US central kitchen to become profitable in 4Q23, after it scales up, and is seeing signs of easing raw materials costs. We expect margin recovery to help the stock regain momentum. We retain our target price of NT\$214, based on 19x PE. Maintain Outperform.

#### Trading data

Mkt cap (NT\$bn/US\$m)	11.48 / 356.9
Outstanding shares (mn)	66.35
Foreign ownership (mn)	7.59
3M avg. daily trading (mn)	0.32
52-week trading range (NT\$)	161.0 –255.0

Performance	3M	6M	12M
Absolute (%)	-5.7	-18.6	-9
Relative (%)	-2.3	-21.6	-27

#### Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2022	2.32A	2.52A	2.69A	2.47A
2023	2.00A	2.17A	2.18F	2.38F
2024	2.50F	2.68F	2.91F	3.17F

#### Share price chart



Source: TEJ

#### Event

We hosted a conference call with Bafang Yunji. Management indicated that they will open an additional 2-4 US stores by year-end, and expects its US central kitchen to become profitable in 4Q23. While pork prices in Taiwan remain elevated, the pricing of other raw materials has come down QoQ, suggesting easing cost headwinds ahead.

#### Impact

**US central kitchen to turn profitable in 4Q23.** Bafang Yunji opened its fourth US store in August, and plans to add an additional 2-4 locations by year-end (likely two in November and two in December). Per store daily (PSD) sales have dropped to US\$7-8k on average, from its first-store figure of US\$14k, due mainly to customer cannibalization. Management stated that their per-ticket revenue remains steady, at US\$27-28, and all four stores are profitable. The firm expects the central kitchen, which can accommodate up to 25-30 stores, to become profitable in 4Q23, as more stores open. Going forward, Bafang Yunji hasn't yet finalized its store count target for 2024, but has signed leases for some locations. We expect 10 new stores to open next year, and look for the profitability of their US operations to increase as they scale up.

**Easing cost headwinds.** In Taiwan, the focus of store additions this year is on FJ Veggie, which is targeted to bring its store count to 60 by year-end, from 40 now, versus 21 at end-2022. The store count for flagship brand Bafang Yunji (dumpling) remains unchanged at 1,001. There were 205 Liang She-Han Pork Ribs stores in operation as of August, versus 201 at end-2022, with some underperforming stores being closed down. The firm added beef noodles to its Bafang Yunji menu in August, and plans to offer frozen packaged food starting in 4Q23, which will provide an additional revenue stream. While pork prices remain elevated, up QoQ in 3Q23, management said the pricing for other raw materials, including chicken, cabbage and flour, has come down QoQ, suggesting milder YoY margin contraction into 2H23.

**Earnings to resume growth.** With US store locations ramping up, and easing cost headwinds in Taiwan, we expect Bafang Yunji's operating margin to extend a QoQ expansion throughout year-end. Looking ahead, we forecast lower prices for raw materials, and improving profitability in the US, to propel earnings back to YoY growth next year, up 29%, from an estimated 13% contraction in 2023. With solid operating cash flows, the firm expects to sustain a cash dividend payout of 60-70%, implying a yield of 4-5%, based on Wednesday's closing price.

#### Valuation & Action

We believe the worst of the margin pressure is likely behind us and expect sequential operating margin recovery and a turnaround in the US to serve as a catalyst for stock price gains. We retain our target price of NT\$214, on 19x PE. Maintain Outperform.

#### Risks

Delays in new store openings; rising raw material prices.

#### Key financials and valuations

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue (NT\$m)	5,955	6,799	7,309	8,778	9,914
Gross profit (NT\$m)	2,232	2,526	2,586	3,172	3,632
Operating profit (NT\$m)	653	788	727	1,004	1,239
Net profit (NT\$m)	541	661	580	747	900
EPS (NT\$)	8.74	10.00	8.74	11.27	13.57
Cash DPS (NT\$)	6.73	7.50	6.12	7.89	9.50
EPS growth (%)	(17.2)	14.4	(12.6)	29.0	20.4
PE (x)	19.8	17.3	19.8	15.4	12.8
PB (x)	3.8	3.5	3.3	3.1	2.9
EV/EBITDA (x)	7.8	7.7	7.0	5.2	4.1
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	3.9	4.3	3.5	4.6	5.5
Return on average equity (%)	21.6	21.1	17.2	20.9	23.6

Source: Company data, KGI Research estimates

**Figure 1: Breakdown of 3Q-4Q23F earnings forecasts vs. consensus**

NT\$mn	3Q23F								4Q23F							
	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)		
Sales	1,867	1,882	(0.8)	5.4	5.1	1,939	(3.7)	1,944	2,002	(2.9)	4.1	9.8	1,967	(1.1)		
Gross profit	653	642	1.8	3.5	0.5	677	(3.4)	688	684	0.7	5.3	5.9	710	(3.1)		
Operating income	186	186	(0.0)	7.5	(5.3)	172	8.5	202	211	(4.2)	8.6	(8.0)	231	(12.5)		
Pretax income	187	187	(0.0)	(0.9)	(18.5)	178	5.4	206	201	2.6	10.2	3.4	236	(12.4)		
Net income	145	145	(0.3)	0.5	(18.6)	136	6.3	158	154	2.8	9.3	(3.3)	188	(15.7)		
EPS (NT\$)	2.18	2.19	(0.3)	0.5	(18.6)	2.05	6.3	2.38	2.32	2.8	9.3	(3.3)	2.83	(15.7)		
Gross margin (%)	35.0	34.1	0.9 ppts	(0.6) ppts	(1.6) ppts	34.9	0.1 ppts	35.4	34.1	1.3 ppts	0.4 ppts	(1.3) ppts	36.1	(0.7) ppts		
OP margin (%)	10.0	9.9	0.1 ppts	0.2 ppts	(1.1) ppts	8.8	1.1 ppts	10.4	10.5	(0.1) ppts	0.4 ppts	(2.0) ppts	11.7	(1.3) ppts		
Net margin (%)	7.7	7.7	0.0 ppts	(0.4) ppts	(2.3) ppts	7.0	0.7 ppts	8.1	7.7	0.5 ppts	0.4 ppts	(1.1) ppts	9.5	(1.4) ppts		

Source: Bloomberg; KGI Research estimates

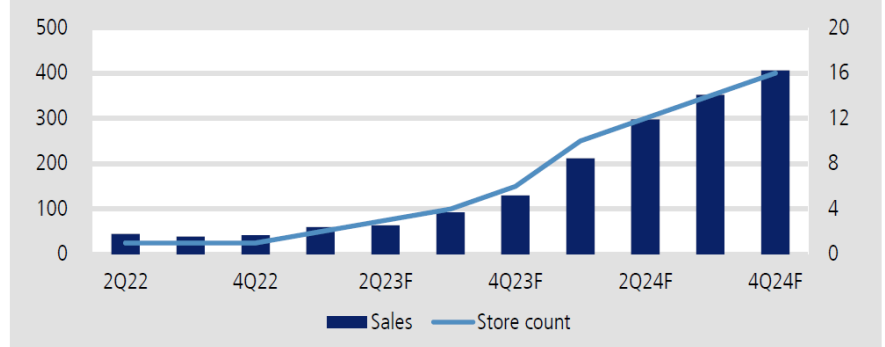
**Figure 2: Breakdown of 2023-25F earnings forecasts vs. consensus**

NT\$mn	2023F						2024F						2025F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	7,309	7,377	(0.9)	7.5	7,371	(0.8)	8,778	8,924	(1.6)	20.1	8,633	1.7	9,914	10,274	(3.5)	12.9	10,255	(3.3)
Gross profit	2,586	2,539	1.8	2.4	2,617	(1.2)	3,172	3,112	1.9	22.6	3,121	1.6	3,632	3,772	(3.7)	14.5	3,802	(4.5)
Operating	727	730	(0.3)	(7.6)	736	(1.1)	1,004	1,017	(1.3)	38.0	952	5.5	1,239	1,360	(8.9)	23.4	1,210	2.4
Pretax income	749	723	3.7	(10.1)	763	(1.8)	1,016	1,010	0.6	35.7	962	5.7	1,252	1,353	(7.5)	23.2	1,180	6.1
Net income	580	563	2.9	(12.3)	596	(2.7)	747	747	(0.0)	29.0	742	0.8	900	941	(4.4)	20.4	907	(0.8)
EPS (NT\$)	8.74	8.49	2.9	(12.3)	8.98	(2.7)	11.27	11.27	(0.0)	29.0	11.18	0.8	13.57	14.19	(4.4)	20.4	13.67	(0.8)
Gross margin	35.4	34.4	1.0 ppts	(1.8) ppts	35.5	(0.1) ppts	36.1	34.9	1.3 ppts	0.7 ppts	36.1	(0.0) ppts	36.6	36.7	(0.1) ppts	0.5 ppts	37.1	(0.4) ppts
OP margin (%)	10.0	9.9	0.1 ppts	(1.6) ppts	10.0	(0.0) ppts	11.4	11.4	0.0 ppts	1.5 ppts	11.0	0.4 ppts	12.5	13.2	(0.7) ppts	1.1 ppts	11.8	0.7 ppts
Net margin (%)	7.9	7.6	0.3 ppts	(1.8) ppts	8.1	(0.1) ppts	8.5	8.4	0.1 ppts	0.6 ppts	8.6	(0.1) ppts	9.1	9.2	(0.1) ppts	0.6 ppts	8.8	0.2 ppts

Source: Bloomberg; KGI Research estimates

**Figure 3: US stores to ramp up**

Sales, NT\$mn (LHS); store count, stores (RHS)



Source: Company data; KGI Research estimates

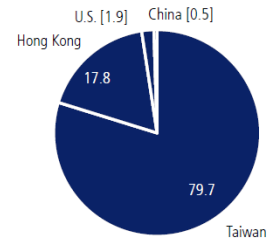
**Figure 4: Company profile**

Established in 2000, Bafang Yunji is a multi-brand chain restaurant operator with a total of 1,336 outlets across the Greater China region as of August. The flagship Bafang Yunji dumpling brand represents the lion's share of sales at 72%, followed by Liang She Han Pork Ribs (pork chop rice) at 25%. The majority of the firm's stores are franchised. Taiwan contributed 80% of sales in 2022, while Hong Kong accounted for 18%, with the remainder mainly from the US.

Source: KGI Research

**Figure 5 Taiwan is the largest sales contributor**

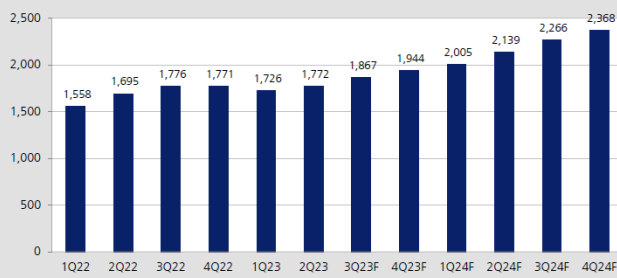
2022 sales breakdown by region, percent



Source: KGI Research

**Figure 6: Sales**

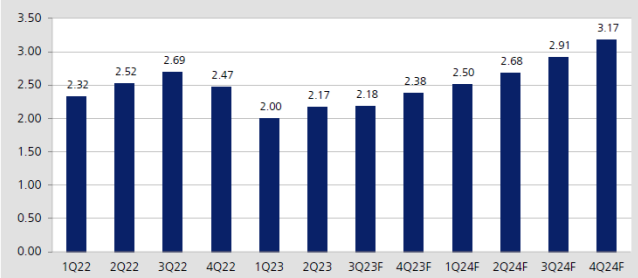
Sales, NT\$m



Source: KGI Research

**Figure 7: EPS**

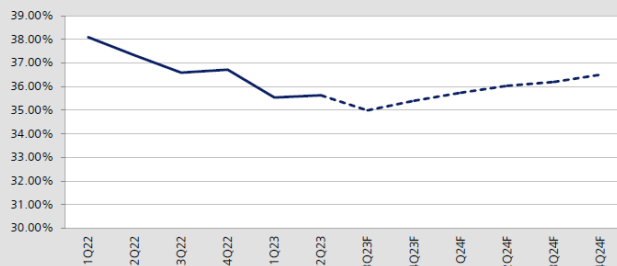
EPS, NT\$



Source: KGI Research

**Figure 8: Gross Margin**

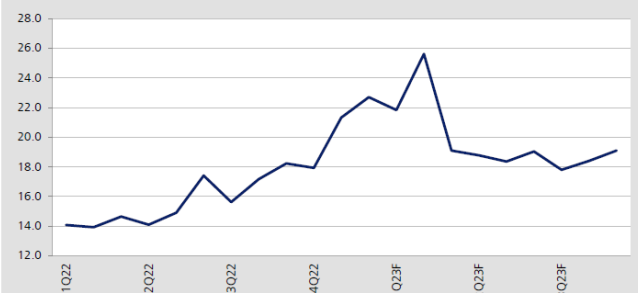
Gross margin, percent



Source: KGI Research

**Figure 9: Rolling PE**

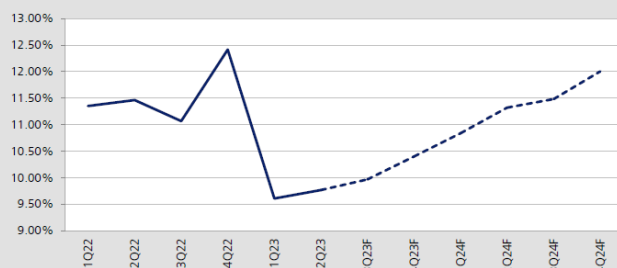
Rolling PE, times



Source: KGI Research

**Figure 10: Operating Margin**

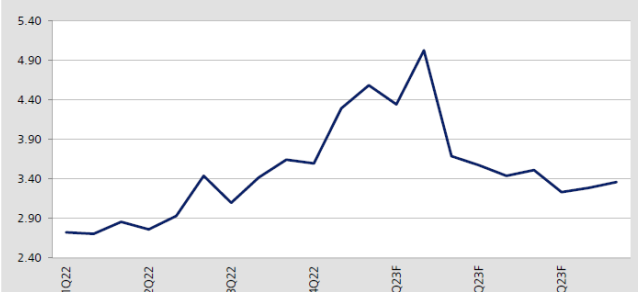
Operating margin, percent



Source: KGI Research

**Figure 11: Rolling PB**

Rolling PB, times



Source: KGI Research

## Income statement

	Quarterly								Annually		
	Mar-23A	Jun-23A	Sep-23F	Dec-23F	Mar-24F	Jun-24F	Sep-24F	Dec-24F	Dec-23F	Dec-24F	Dec-25F
<b>Income statement (NT\$mn)</b>											
Revenue	1,726	1,772	1,867	1,944	2,005	2,139	2,266	2,368	7,309	8,778	9,914
Cost of goods sold	(1,113)	(1,140)	(1,214)	(1,256)	(1,288)	(1,368)	(1,446)	(1,504)	(4,723)	(5,606)	(6,282)
<b>Gross profit</b>	<b>613</b>	<b>631</b>	<b>653</b>	<b>688</b>	<b>716</b>	<b>771</b>	<b>820</b>	<b>864</b>	<b>2,586</b>	<b>3,172</b>	<b>3,632</b>
Operating expenses	(448)	(458)	(467)	(486)	(499)	(529)	(560)	(580)	(1,859)	(2,168)	(2,393)
<b>Operating profit</b>	<b>166</b>	<b>173</b>	<b>186</b>	<b>202</b>	<b>217</b>	<b>242</b>	<b>260</b>	<b>284</b>	<b>727</b>	<b>1,004</b>	<b>1,239</b>
Depreciation of fixed assets	(163)	(163)	(183)	(224)	(208)	(208)	(208)	(208)	(734)	(830)	(925)
Amortisation of intangible assets	(1)	(1)	(1)	0	(1)	(1)	(1)	(1)	(2)	(2)	(2)
<b>EBITDA</b>	<b>330</b>	<b>337</b>	<b>370</b>	<b>426</b>	<b>425</b>	<b>450</b>	<b>468</b>	<b>492</b>	<b>1,463</b>	<b>1,837</b>	<b>2,166</b>
Interest income	8	9	8	8	8	8	8	8	32	32	32
Investment income	-	-	-	-	-	-	-	-	-	-	-
Other non-op income	7	8	10	10	10	12	12	13	35	47	48
<b>Non-operating income</b>	<b>15</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>20</b>	<b>20</b>	<b>21</b>	<b>67</b>	<b>79</b>	<b>80</b>
Interest expense	(7)	(7)	(8)	(8)	(8)	(8)	(8)	(8)	(30)	(31)	(30)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	(6)	6	(9)	(5)	(8)	(9)	(9)	(9)	(15)	(36)	(37)
<b>Non-operating expenses</b>	<b>(14)</b>	<b>(1)</b>	<b>(17)</b>	<b>(14)</b>	<b>(16)</b>	<b>(17)</b>	<b>(17)</b>	<b>(17)</b>	<b>(46)</b>	<b>(67)</b>	<b>(67)</b>
<b>Pre-tax profit</b>	<b>167</b>	<b>189</b>	<b>187</b>	<b>206</b>	<b>219</b>	<b>245</b>	<b>263</b>	<b>288</b>	<b>749</b>	<b>1,016</b>	<b>1,252</b>
Current taxation	(37)	(48)	(43)	(47)	(49)	(60)	(61)	(65)	(176)	(235)	(280)
Minorities	3	3	1	(1)	(4)	(8)	(9)	(13)	6	(34)	(72)
<b>Normalised net profit</b>	<b>133</b>	<b>144</b>	<b>145</b>	<b>158</b>	<b>166</b>	<b>178</b>	<b>193</b>	<b>211</b>	<b>580</b>	<b>747</b>	<b>900</b>
Extraordinary items	0	(0)	-	(0)	-	-	-	-	-	-	-
<b>Net profit</b>	<b>133</b>	<b>144</b>	<b>145</b>	<b>158</b>	<b>166</b>	<b>178</b>	<b>193</b>	<b>211</b>	<b>580</b>	<b>747</b>	<b>900</b>
EPS (NT\$)	2.00	2.17	2.18	2.38	2.50	2.68	2.91	3.17	8.74	11.27	13.57
<b>Margins (%)</b>											
Gross profit margin	35.5	35.6	35.0	35.4	35.7	36.0	36.2	36.5	35.4	36.1	36.6
Operating margin	9.6	9.8	10.0	10.4	10.8	11.3	11.5	12.0	10.0	11.4	12.5
EBITDA margin	19.1	19.0	19.8	21.9	21.2	21.1	20.7	20.8	20.0	20.9	21.8
Pretax profit margin	9.7	10.7	10.0	10.6	10.9	11.5	11.6	12.2	10.2	11.6	12.6
Net profit margin	7.7	8.1	7.7	8.1	8.3	8.3	8.5	8.9	7.9	8.5	9.1
<b>Sequential growth (%)</b>											
Revenue growth	(2.5)	2.6	5.4	4.1	3.1	6.7	5.9	4.5			
Gross profit growth	(5.6)	2.9	3.5	5.3	4.1	7.6	6.4	5.4			
Operating profit growth	(24.5)	4.3	7.5	8.6	7.5	11.5	7.4	9.3			
EBITDA growth	(15.2)	2.2	9.8	15.1	(0.1)	5.9	4.0	5.1			
Pretax profit growth	(16.3)	13.2	(0.9)	10.2	6.3	11.8	7.3	9.5			
Net profit growth	(18.7)	8.3	0.5	9.3	5.0	6.9	8.8	9.0			
<b>YoY growth (%)</b>											
Revenue growth	10.8	4.6	5.1	9.8	16.1	20.7	21.4	21.8	7.5	20.1	12.9
Gross profit growth	3.4	(0.2)	0.5	5.9	16.8	22.1	25.5	25.6	2.4	22.6	14.5
Operating profit growth	(6.2)	(10.9)	(5.3)	(8.0)	31.0	39.9	39.8	40.6	(7.6)	38.0	23.4
EBITDA growth	(1.6)	(5.7)	1.8	9.5	28.9	33.6	26.5	15.6	1.3	25.5	17.9
Pretax profit growth	(12.6)	(11.6)	(18.5)	3.4	31.5	29.9	40.6	39.8	(10.1)	35.7	23.2
Net profit growth	(13.3)	(13.6)	(18.6)	(3.3)	25.0	23.4	33.6	33.2	(12.3)	29.0	20.4

Source: Company data, KGI Research estimates

**Balance sheet**

NTSmn	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
<b>Total assets</b>	<b>5,319</b>	<b>5,858</b>	<b>6,452</b>	<b>6,868</b>	<b>7,350</b>
<b>Current assets</b>	<b>2,295</b>	<b>2,483</b>	<b>3,408</b>	<b>4,173</b>	<b>5,193</b>
Cash & ST securities	1,757	1,928	2,816	3,493	4,443
Inventory	210	227	251	297	334
Accounts receivable	173	193	207	248	281
Other current assets	155	135	135	135	135
<b>Non-current assets</b>	<b>3,025</b>	<b>3,375</b>	<b>3,044</b>	<b>2,696</b>	<b>2,157</b>
LT investments	4	4	4	4	4
Net fixed assets	1,549	1,710	1,379	1,031	492
Other assets	1,472	1,661	1,661	1,661	1,661
<b>Total liabilities</b>	<b>2,287</b>	<b>2,493</b>	<b>2,920</b>	<b>3,079</b>	<b>3,218</b>
<b>Current liabilities</b>	<b>1,328</b>	<b>1,397</b>	<b>1,831</b>	<b>1,987</b>	<b>2,127</b>
Accounts payable	205	201	222	263	296
Interest bearing ST liabilities	42	34	41	39	40
Other current liabilities	1,082	1,161	1,567	1,684	1,791
<b>Non-current liabilities</b>	<b>959</b>	<b>1,097</b>	<b>1,090</b>	<b>1,092</b>	<b>1,091</b>
Long-term debt	71	34	27	29	28
Other L-T liabilities	43	53	53	53	53
<b>Total equity</b>	<b>3,033</b>	<b>3,364</b>	<b>3,532</b>	<b>3,790</b>	<b>4,132</b>
Share capital	660	663	663	663	663
Retained earnings reserve	1,019	1,197	1,370	1,595	1,865
Minority interests	40	82	76	109	181
Preferred shareholders funds	-	-	-	-	-

**Key ratios**

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
<b>Growth</b>					
Revenue growth	14.9%	14.2%	7.5%	20.1%	12.9%
Operating profit growth	(14.3%)	20.5%	(7.6%)	38.0%	23.4%
EBITDA growth	(3.5%)	15.9%	1.3%	25.5%	17.9%
Net profit growth	(14.6%)	22.1%	(12.3%)	29.0%	20.4%
EPS growth	(17.2%)	14.4%	(12.6%)	29.0%	20.4%
<b>Profitability</b>					
Gross profit margin	37.5%	37.1%	35.4%	36.1%	36.6%
Operating margin	11.0%	11.6%	10.0%	11.4%	12.5%
EBITDA margin	20.9%	21.3%	20.0%	20.9%	21.8%
Net profit margin	9.1%	9.7%	7.9%	8.5%	9.1%
Return on average assets	11.5%	11.8%	9.4%	11.2%	12.7%
Return on average equity	21.6%	21.1%	17.2%	20.9%	23.6%
<b>Stability</b>					
Gross debt to equity	3.7%	2.0%	1.9%	1.8%	1.6%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	31.2	29.9	25.6	34.2	42.1
Interest & ST debt coverage (x)	0.9	0.9	0.9	0.9	0.9
Cash flow interest coverage(x)	47.9	48.2	42.6	50.2	58.7
Cash flow/int. & ST debt (x)	16.7	22.0	18.1	22.1	25.5
Current ratio (x)	1.7	1.8	1.9	2.1	2.4
Quick ratio (x)	1.6	1.6	1.7	2.0	2.3
Net debt (NT\$mn)	(1,135)	(622)	(1,510)	(2,187)	(3,137)
<b>Per share data</b>					
EPS (NT\$)	8.74	10.00	8.74	11.27	13.57
CFPS (NT\$)	17.29	21.00	19.58	23.13	26.99
BVPS (NT\$)	45.31	49.49	52.11	55.49	59.56
Adj BVPS (NT\$)	48.30	49.66	52.11	55.49	59.56
SPS (NT\$)	96.12	102.87	110.20	132.34	149.47
EBITDA/share (NT\$)	20.13	21.87	22.06	27.69	32.66
Cash DPS (NT\$)	6.73	7.50	6.12	7.89	9.50
<b>Activity</b>					
Sales / avg assets	1.27	1.22	1.19	1.32	1.39
Days receivable	10.6	10.3	10.3	10.3	10.3
Days inventory	20.6	19.4	19.4	19.4	19.4
Days payable	20.1	17.2	17.2	17.2	17.2
Cash cycle	11.1	12.5	12.5	12.5	12.5

Source: Company data, KGI Research estimates

**Profit & loss**

NTSmn	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
<b>Revenue</b>	<b>5,955</b>	<b>6,799</b>	<b>7,309</b>	<b>8,778</b>	<b>9,914</b>
Cost of goods sold	(3,723)	(4,273)	(4,723)	(5,606)	(6,282)
<b>Gross profit</b>	<b>2,232</b>	<b>2,526</b>	<b>2,586</b>	<b>3,172</b>	<b>3,632</b>
Operating expenses	(1,579)	(1,738)	(1,859)	(2,168)	(2,393)
<b>Operating profit</b>	<b>653</b>	<b>788</b>	<b>727</b>	<b>1,004</b>	<b>1,239</b>
<b>Non-operating income</b>	<b>52</b>	<b>113</b>	<b>67</b>	<b>79</b>	<b>80</b>
Interest income	3	14	32	32	32
Investment income	-	-	-	-	-
Other non-op income	49	98	35	47	48
<b>Non-operating expenses</b>	<b>(30)</b>	<b>(67)</b>	<b>(46)</b>	<b>(67)</b>	<b>(67)</b>
Interest expense	(22)	(29)	(30)	(31)	(30)
Investment loss	-	-	-	-	-
Other non-op expenses	(8)	(38)	(15)	(36)	(37)
<b>Pre-tax profit</b>	<b>676</b>	<b>833</b>	<b>749</b>	<b>1,016</b>	<b>1,252</b>
Current taxation	(150)	(188)	(176)	(235)	(280)
Minorities	16	16	6	(34)	(72)
Extraordinary items	-	0	-	-	-
<b>Net profit</b>	<b>541</b>	<b>661</b>	<b>580</b>	<b>747</b>	<b>900</b>
<b>EBITDA</b>	<b>1,247</b>	<b>1,445</b>	<b>1,463</b>	<b>1,837</b>	<b>2,166</b>
EPS (NT\$)	8.74	10.00	8.74	11.27	13.57

**Cash flow**

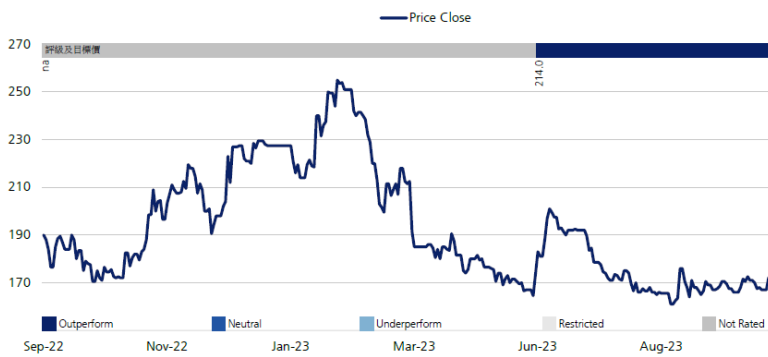
NTSmn	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
<b>Operations cash flow</b>	<b>1,071</b>	<b>1,388</b>	<b>1,299</b>	<b>1,534</b>	<b>1,790</b>
Net profit	541	661	580	747	900
Depreciation & amortisation	594	658	736	833	927
Decrease in working capital	(41)	(32)	(17)	(46)	(37)
Other operating cash flow	(23)	101	(0)	0	0
<b>Investing cash flow</b>	<b>(879)</b>	<b>(1,088)</b>	<b>(404)</b>	<b>(484)</b>	<b>(388)</b>
Sale of ST investment	(479)	(728)	-	-	-
New investments	-	-	-	-	-
Capital expenditure	(510)	(447)	(402)	(482)	(386)
Others investing cashflow	110	87	(2)	(2)	(2)
<b>Free cash flow</b>	<b>549</b>	<b>786</b>	<b>871</b>	<b>1,074</b>	<b>1,464</b>
<b>Financing cash flow</b>	<b>39</b>	<b>(902)</b>	<b>(6)</b>	<b>(372)</b>	<b>(451)</b>
Increase in short term debt	(43)	3	-	-	-
Increase in long term loans	(26)	(51)	-	-	-
New ordinary shares issued	973	-	-	-	-
Ordinary dividends paid	(390)	(429)	-	(406)	(523)
Other financing cashflow	(475)	(425)	(6)	34	72
<b>Forex effects</b>	<b>(12)</b>	<b>44</b>	-	-	-
<b>Total cash generated</b>	<b>220</b>	<b>(558)</b>	<b>888</b>	<b>677</b>	<b>951</b>

**ROIC**

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
1 - COGS/revenue					
- Operating exp./revenue	26.5%	25.6%	25.4%	24.7%	24.1%
<b>= Operating margin</b>	<b>11.0%</b>	<b>11.6%</b>	<b>10.0%</b>	<b>11.4%</b>	<b>12.5%</b>
1 / (Working capital/revenue	(0.1)	(0.1)	(0.2)	(0.1)	(0.1)
+ Net PPE/revenue	0.3	0.3	0.2	0.1	0.0
+ Other assets/revenue)	0.1	0.1	0.0	0.0	0.0
<b>= Capital turnover</b>	<b>5.2</b>	<b>5.4</b>	<b>13.7</b>	<b>76.4</b>	<b>(20.1)</b>
Operating margin	11.0%	11.6%	10.0%	11.4%	12.5%
x Capital turnover	5.2	5.4	13.7	76.4	(20.1)
x (1 - tax rate)	77.8%	77.4%	76.5%	76.9%	77.6%
<b>= After-tax ROIC</b>	<b>44.0%</b>	<b>48.6%</b>	<b>104.1%</b>	<b>671.8%</b>	<b>(194.8%)</b>

Source: Company data, KGI Research estimates

## Bafang – Recommendation &amp; target price history



Date	Rating	Target	Price
2023-06-01	Outperform	214.0	183.0

Source: TEJ, KGI Research

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