

China

**ADD** (no change)

Consensus ratings\*: Buy 25 Hold 0 Sell 0

Current price:	Rmb19.13
Target price:	Rmb23.04
Previous target:	Rmb34.20
Up/downside:	20.4%
CGI / Consensus:	-10.5%
Reuters:	002747.SZ
Bloomberg:	002747 CH
Market cap:	US\$2,487m
	Rmb16,629m
Average daily turnover:	US\$24.46m
	Rmb160.7m
Current shares o/s:	868.6m
Free float:	40.0%

\*Source: Bloomberg

**Key changes in this note**

- 22F and 23F revenue decreased by 10.1% and 10.0%, respectively.
- 22F and 23F net profit decreased by 37.7% and 19.0%, respectively.



Source: Bloomberg

<b>Price performance</b>	1M	3M	12M
Absolute (%)	16.6	-0.4	-49.2
Relative (%)	11.5	-2.1	-43

<b>Major shareholders</b>	% held
Founder and affiliates	60.0

**Analyst**

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# Estun Automation

## Market attention expected to return

- We hosted an investors call with Estun Automation (Estun) yesterday.
- Despite the short-term impact of the COVID-19 outbreaks and lockdowns in Apr and May 22, management remains positive on the outlook for the Company.
- We believe that Estun's penetration into auto makers, especially NEV names, will be one of the growth drivers in the coming years.
- Management has been focusing on enhancing overall efficiency to drive net profit growth, apart from revenue growth.
- We revised down our net profit forecasts for 2022F and 2023F after factoring in slower revenue and a lower gross profit margin. We cut our TP from Rmb34.20 to Rmb23.04 (based on 120x 2022 P/E, up from our previous target of 110x 2022P/E). Our new target multiple is higher than the industry average but still lower than the Company's historical average of 160x. We reiterate our ADD rating.

### Operations returning to normal

Production activity at Estun was impacted by the COVID-19 outbreak in Apr and May 22. Production is back to normal in Jun, and its factory is running at full speed to make up for the shipment delays in the previous months. The Company didn't see any order cancellations. Among all industries, Estun management mentioned that demand from downstream sectors such as EVs, renewable energy (wind power) and semiconductors outperformed other sectors, despite the challenging environment in 1H22. In line with our discussion with other leading manufacturing equipment makers, Estun management noted the stimulus measures by the Central Government, but said it will take time for them to take effect. It expects the environment to improve sequentially. Management mentioned that manufacturing process upgrading and rising labour costs are the two main drivers of demand for automation equipment in China, creating growth opportunities for Estun.

### Penetration into the auto-maker sector

Estun has been working on penetrating into the auto-maker sector, and we may see some progress in 2022. Management highlighted that its potential clients are NEV manufacturers and Tier-2 traditional OEMs. We believe there is potential for Estun's palletizer robots and welding equipment in the automotive sector. The potential from Tier-1 OEMs is somewhat limited, given limited capacity expansion. Management mentioned that penetration into the auto manufacturing sector is symbolic for robotic equipment makers. The initial contribution is small, but the auto sector is expected to be one of the key growth drivers for Estun in the coming years.

### Enhancing efficiency

The costs base, especially SG&A expenses, is expected to remain about the same in 2022, given new recruitment and especially Estun's continued investment in R&D to drive future growth. However, management acknowledged that the Company's bottom line is slower than the top line. Management has been focusing on enhancing overall efficiency to drive net profit growth, apart from revenue growth.

### Downward revision of forecasts; reiterate ADD

We revised down our forecasts for 2022F and 2023F owing to factoring in slower turnover growth and a lower gross profit margin. We cut our target price from Rmb34.0 to Rmb23.04 based on 120x 2022P/E (up from our previous target of 110x 2022P/E). Our new target multiple is higher than the industry average, but still lower than Estun's historical average of 160x. The Company remains a unique proxy for demand for automation equipment in China. We expect the Company to regain market attention in 2H22. Reiterate ADD.

<b>Financial Summary</b>	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (Rmbm)	2,510	3,020	3,966	5,271	7,007
Operating EBITDA (Rmbm)	348.9	282.6	398.9	595.9	806.4
Net Profit (Rmbm)	128.1	122.0	166.7	309.6	462.8
Core EPS (Rmb)	0.15	0.14	0.19	0.36	0.53
Core EPS Growth	104%	(7%)	34%	86%	49%
FD Core P/E (x)	125.1	133.9	99.7	53.7	35.9
DPS (Rmb)	-	0.030	0.030	0.030	0.030
Dividend Yield	0.000%	0.157%	0.157%	0.157%	0.157%
EV/EBITDA (x)	50.19	61.77	44.94	30.25	22.57
P/FCFE (x)	NA	NA	158.5	96.8	119.9
Net Gearing	67.5%	31.8%	34.7%	31.2%	27.9%
P/BV (x)	9.24	6.42	6.09	5.51	4.82
ROE	6.9%	5.6%	6.3%	10.8%	14.3%
% Change In Core EPS Estimates			(37.6%)	(18.8%)	
CGI/consensus EPS (x)			0.63	0.74	0.89

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

**Figure 1: Earnings forecast: CGIS new vs. old and consensus** ←StyleName?

2022F (Rmb m)	Sales	EBIT	EBITDA	Net profit	EPS Adj	EPS GAAP
CGIS old	4,410	373	474	268	0.31	0.31
CGIS new	3,966	292	399	167	0.19	0.19
Consensus	4,150	260	386	219	0.27	0.28
Diff%						
CGIS new vs. consensus	-4.4%	12.5%	3.3%	-23.9%	-28.9%	-30.4%
CGIS new vs. CGIS old	-10.1%	-21.6%	-15.9%	-37.7%	-37.6%	-37.6%
2023F (Rmb m)	Sales	EBIT	EBITDA	Net profit	EPS Adj	EPS GAAP
CGIS old	5,860	512	611	382	0.44	0.44
CGIS new	5,271	489	596	310	0.36	0.36
Consensus	5,262	422	557	351	0.42	0.43
Diff%						
CGIS new vs. consensus	0.2%	16.0%	6.9%	-11.9%	-15.9%	-17.3%
CGIS new vs. CGIS old	-10.0%	-4.5%	-2.4%	-19.0%	-18.8%	-18.8%

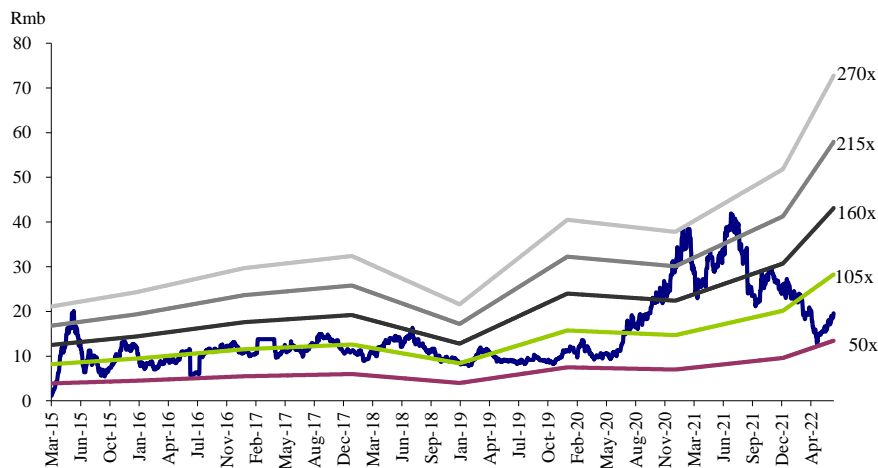
SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

**Figure 2: Key revenue segment forecast**

Rmb m	2018	2019	2020	2021	2022F	2023F	2024F
Key automation component and motion control system	726	721	830	998	1,317	1,712	2,226
Industrial robot and intelligent manufacturing system	735	860	1,680	2,023	2,649	3,559	4,781
<b>Total revenue</b>	<b>1,461</b>	<b>1,581</b>	<b>2,510</b>	<b>3,020</b>	<b>3,966</b>	<b>5,271</b>	<b>7,007</b>
% YoY							
Key automation component and motion control system	23.6%	-0.7%	15.2%	20.1%	32.0%	30.0%	30.0%
Industrial robot and intelligent manufacturing system	50.3%	17.1%	95.3%	20.4%	31.0%	34.3%	34.4%
<b>Total revenue</b>	<b>35.7%</b>	<b>8.2%</b>	<b>58.7%</b>	<b>20.3%</b>	<b>31.3%</b>	<b>32.9%</b>	<b>32.9%</b>
% of total							
Key automation component and motion control system	50%	46%	33%	33%	33%	32%	32%
Industrial robot and intelligent manufacturing system	50%	54%	67%	67%	67%	68%	68%
<b>Total revenue</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

**Figure 3: Estun P/E band**



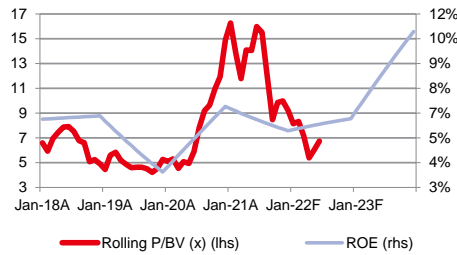
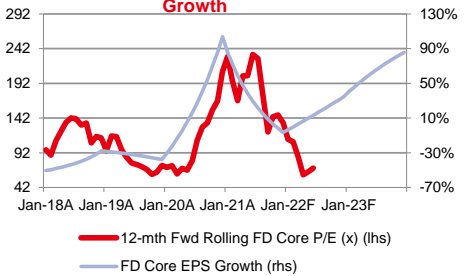
SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

**Figure 4: Peer comparison**

Ticker	Company	Price Lcy	Market Cap US\$m	PE		PEG	EV/EBITDA		P/B		ROE		ROA		Div yield		Share Price Performance				
				2022F	2023F	2022F	2022F	2023F	2021	2022F	2021	2022F	2021	2022F	2021	2022F	1M	3M	6M	YTD	
				x	x	x	x	x	x	x	%	%	%	%	%	%	%	%	%	%	
002747 CH	Estun Automation Co Ltd-A	19.80	2570.7	73.3	46.7	1.3	48.4	33.5	6.5	6.1	5.6	8.4	2.3	2.8	n.a.	0.5	20.7	1.4	-20.5	-23.7	
000410 CH	Shenyang Machine Tool -A	4.76	1197.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-17.3	n.a.	n.a.	0.00	n.a.	9.7	-0.6	-6.1	-5.6
000837 CH	Qinchuan Machine Tool & To-A	7.88	1058.5	n.a.	n.a.	n.a.	n.a.	n.a.	2.2	n.a.	10.4	n.a.	3.1	n.a.	n.a.	n.a.	1.5	-8.6	-22.4	-22.1	
002026 CH	Shandong Weida Machinery -A	12.30	809.7	13.5	11.2	n.a.	8.7	7.4	1.7	1.6	13.3	12.3	8.6	7.90	n.a.	1.3	15.9	-13.4	-32.3	-33.2	
002248 CH	Weihai Huadong Automation -A	7.61	349.5	n.a.	n.a.	n.a.	n.a.	n.a.	34.3	n.a.	25.3	n.a.	2.6	n.a.	n.a.	n.a.	8.6	-5.7	-22.8	-21.3	
002282 CH	Bosun Co Ltd-A	7.39	600.4	n.a.	n.a.	n.a.	n.a.	n.a.	1.2	n.a.	7.4	n.a.	4.8	n.a.	n.a.	n.a.	-3.8	-16.8	-23.3	-19.6	
002380 CH	Nanjing Sciyou Wisdom Tech-A	17.82	638.8	n.a.	n.a.	n.a.	n.a.	n.a.	1.9	n.a.	1.7	9.0	1.0	n.a.	n.a.	n.a.	86.4	52.3	24.2	22.1	
002520 CH	Zhejiang Rifa Precision Ma-A	5.91	761.68879	n.a.	n.a.	n.a.	n.a.	n.a.	1.4	n.a.	1.6	n.a.	0.4	n.a.	n.a.	n.a.	2.6	-11.7	-44.8	-43.2	
002779 CH	Zhejiang Zhongjian Technol-A	26.32	518.9	n.a.	n.a.	n.a.	n.a.	n.a.	5.5	n.a.	2.0	n.a.	2.3	n.a.	n.a.	n.a.	10.4	-5.3	61.4	54.8	
002843 CH	Bichamp Cutting Technology-A	9.58	300.5	n.a.	n.a.	n.a.	n.a.	n.a.	3.5	n.a.	13.0	n.a.	7.6	n.a.	n.a.	n.a.	14.0	-0.1	-9.9	-6.1	
002903 CH	Yuhuan Cnc Machine Tool Co-A	14.50	329.9	n.a.	n.a.	n.a.	n.a.	n.a.	2.9	n.a.	10.6	n.a.	7.7	n.a.	n.a.	n.a.	9.1	1.8	-17.1	-19.1	
300024 CH	Siasun Robot & Automation-A	10.58	2449.7	n.a.	n.a.	n.a.	898.7	219.5	4.0	3.9	-12.6	-1.4	-5.4	-2.34	n.a.	0.1	33.9	13.6	2.0	-5.3	
300124 CH	Shenzhen Invoiance Technol-A	66.25	26086.1	42.8	33.8	1.8	40.0	32.0	10.6	9.2	26.9	22.6	15.0	12.54	n.a.	0.6	10.2	15.0	-8.3	-3.4	
300126 CH	Ken Holding Co Ltd-A	5.87	266.5	n.a.	n.a.	n.a.	n.a.	n.a.	1.6	n.a.	1.0	n.a.	0.2	n.a.	n.a.	n.a.	6.5	-8.3	-17.1	-17.4	
300450 CH	Wuxi Lead Intelligent Equi-A	64.20	14994.6	38.0	25.9	1.0	33.5	22.6	10.2	8.3	21.0	22.8	8.8	9.17	n.a.	0.8	29.3	5.7	-14.2	-13.7	
300607 CH	Guangdong Topstar Technol-A	12.59	801.9	n.a.	n.a.	n.a.	n.a.	n.a.	2.4	n.a.	3.0	8.1	0.5	n.a.	n.a.	n.a.	19.3	1.0	-19.3	-21.3	
301029 CH	Dongguan Yiheda Automation-A	81.20	4851.3	54.1	38.6	n.a.	44.9	31.1	14.4	11.6	22.1	21.0	18.0	16.91	n.a.	0.4	8.1	19.8	-14.9	-11.9	
301200 CH	Shenzhen Han'S Cnc Technol-A	54.80	3437.6	22.3	16.6	n.a.	19.5	14.0	8.7	4.7	33.1	23.6	17.8	11.60	0.73	n.a.	6.1	-6.7	n.a.	n.a.	
601882 CH	Ningbo Haitian Precision M-A	19.89	1550.7	22.0	17.5	n.a.	15.8	12.7	5.9	5.0	24.4	23.0	11.5	n.a.	n.a.	n.a.	14.5	-2.3	-16.8	-19.7	
603416 CH	Wuxi Xinjie Electric Co Ltd-A	38.80	814.6	16.3	13.6	n.a.	12.7	10.6	2.9	2.6	18.5	17.4	12.5	12.86	n.a.	0.7	28.0	16.7	-16.0	-18.5	
688017 CH	Leader Harmonious Drive Sy-A	123.00	2212.2	58.6	43.4	2.4	48.7	36.0	7.9	7.3	10.8	12.6	9.6	10.67	n.a.	0.6	18.3	7.9	-30.5	-29.5	
688305 CH	Kede Numerical Control Co -A	78.49	1063.5	71.5	46.6	n.a.	52.1	34.9	8.8	7.5	10.7	11.1	8.7	7.70	0.00	0.0	26.7	2.6	-25.0	-26.6	
688777 CH	Zhejiang Supcon Technology-A	76.93	5,709	47.3	36.1	n.a.	41.7	33.9	8.4	7.3	13.7	15.6	6.3	6.4	0.5	0.7	7.7	3.2	2.3	1.4	
<b>Average</b>				<b>38.6</b>	<b>28.3</b>	<b>1.7</b>	<b>110.6</b>	<b>41.3</b>	<b>6.7</b>	<b>6.3</b>	<b>12.3</b>	<b>15.4</b>	<b>5.7</b>	<b>9.4</b>	<b>0.3</b>	<b>0.6</b>	<b>16.5</b>	<b>2.7</b>	<b>-12.0</b>	<b>-12.3</b>	
2308 TT	Delta Electronics Inc	232.50	20318.6	20.4	16.8	1.2	11.6	9.8	3.6	3.5	17.8	17.3	7.3	7.77	n.a.	2.6	2.6	-10.9	-12.6	-15.5	
2301 TT	Lite-On Technology Corp	57.90	4579.5	11.3	9.6	n.a.	5.4	4.4	1.8	n.a.	19.0	15.9	6.5	n.a.	n.a.	n.a.	-7.9	-13.1	-6.2	-9.2	
<b>Average</b>		<b>0.00</b>	<b>0.0</b>	<b>15.8</b>	<b>13.2</b>	<b>1.2</b>	<b>8.5</b>	<b>7.1</b>	<b>2.7</b>	<b>3.5</b>	<b>18.4</b>	<b>16.6</b>	<b>6.9</b>	<b>7.77</b>	<b>n.a.</b>	<b>2.6</b>	<b>-2.7</b>	<b>-12.0</b>	<b>-9.4</b>	<b>-12.4</b>	
6861 JP	Keyence Corp	47,150.00	84754.2	33.8	30.5	3.5	21.9	19.8	5.3	4.7	10.7	14.8	14.0	14.81	n.a.	0.5	-3.9	-14.0	-35.4	-34.8	
6854 JP	Fanuc Corp	20,935.00	31241.5	22.5	21.7	3.7	13.5	13.0	2.6	2.5	6.8	11.5	9.1	10.05	n.a.	2.7	2.0	0.3	-13.4	-14.1	
6503 JP	Mitsubishi Electric Corp	1,403.50	22273.4	12.6	11.5	1.3	5.5	5.1	1.0	1.0	7.5	7.9	4.1	4.78	n.a.	3.1	-1.0	1.2	-5.4	-3.8	
6506 JP	Yaskawa Electric Corp	4,355.00	8584.2	22.6	21.6	2.4	13.6	13.1	3.9	3.6	8.0	16.3	7.3	9.21	n.a.	1.4	1.9	-7.9	-23.6	-22.8	
6841 JP	Yokogawa Electric Corp	2,218.00	4403.6	23.2	19.2	n.a.	9.4	8.3	1.8	1.7	6.5	7.8	4.0	4.50	n.a.	1.5	0.7	6.6	6.9	6.9	
6474 JP	Nachi-Fujikoshi Corp	3,605.00	664.0	8.0	7.1	0.8	4.7	4.4	0.6	0.6	8.1	8.2	3.5	3.82	n.a.	2.9	-2.0	-12.1	-9.2	-12.5	
HON US	Honeywell International Inc	179.70	122327.7	20.6	18.4	2.0	14.8	13.5	6.7	6.5	30.7	31.5	8.3	9.11	2.13	2.2	-5.3	-6.9	-10.9	-13.8	
ROK US	Rockwell Automation Inc	191.09	22216.4	20.5	17.3	1.9	16.7	14.3	8.4	7.5	79.4	37.1	6.8	9.14	2.88	2.3	-4.2	-30.0	-43.7	-45.2	
SU FP	Schneider Electric Se	116.24	69989.3	16.9	15.1	2.9	12.1	11.0	2.7	2.5	14.2	15.1	6.2	6.74	n.a.	2.6	-7.5	-22.9	-30.1	-32.6	
SIE GY	Siemens Ag-Reg	105.12	94498.7	12.5	11.8	1.4	10.7	10.2	2.0	1.8	15.3	14.7	3.8	4.95	n.a.	4.0	-8.7	-21.0	-28.3	-31.2	
ABBN SW	Abb Ltd-Reg	26.18	53297.1	18.1	15.4	10.9	12.1	10.2	3.9	3.8	29.1	18.6	11.3	6.98	n.a.	3.2	-8.5	-20.3	-22.9	-25.0	
KU2 GR	Kuka Ag	82.60	3474.7	56.6	43.7	n.a.	15.1	n.a.	3.0	3.2	4.0	5.6	1.4	n.a.	n.a.	0.3	0.6	8.1	13.8	13.2	
<b>Average</b>				<b>22.3</b>	<b>19.4</b>	<b>3.1</b>	<b>12.5</b>	<b>11.2</b>	<b>3.5</b>	<b>3.3</b>	<b>18.3</b>	<b>15.8</b>	<b>6.6</b>	<b>7.64</b>	<b>2.50</b>	<b>2.2</b>	<b>-3.0</b>	<b>-9.9</b>	<b>-16.9</b>	<b>-18.0</b>	
HSI Index	Hang Seng Index																3.2	0.8	-6.9	-8.6	
HSCEI Index	Hang Seng China Ent Indx																5.0	3.2	-8.2	-9.2	
SHCOMP Index	Shanghai Se Composite																4.3	0.9	-9.5	-9.8	
MXCN Index	Msci China																6.4	1.7	-13.0	-14.6	

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

## BY THE NUMBERS

**P/BV vs ROE**

**12-mth Fwd FD Core P/E vs FD Core EPS Growth**


### Profit & Loss

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>Total Net Revenues</b>	<b>2,510</b>	<b>3,020</b>	<b>3,966</b>	<b>5,271</b>	<b>7,007</b>
<b>Gross Profit</b>	<b>857</b>	<b>983</b>	<b>1,335</b>	<b>1,810</b>	<b>2,441</b>
<b>Operating EBITDA</b>	<b>349</b>	<b>283</b>	<b>399</b>	<b>596</b>	<b>806</b>
Depreciation And Amortisation	(95)	(94)	(107)	(107)	(107)
<b>Operating EBIT</b>	<b>254</b>	<b>189</b>	<b>292</b>	<b>489</b>	<b>700</b>
Financial Income/(Expense)	(101)	(28)	(67)	(70)	(72)
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	6	5	2	2	2
<b>Profit Before Tax (pre-EI)</b>	<b>158</b>	<b>166</b>	<b>227</b>	<b>421</b>	<b>630</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>158</b>	<b>166</b>	<b>227</b>	<b>421</b>	<b>630</b>
Taxation	(7)	(9)	(13)	(23)	(35)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>152</b>	<b>157</b>	<b>214</b>	<b>398</b>	<b>595</b>
Minority Interests	(23)	(35)	(48)	(88)	(132)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>128</b>	<b>122</b>	<b>167</b>	<b>310</b>	<b>463</b>
Recurring Net Profit	128	122	167	310	463
<b>Fully Diluted Recurring Net Profit</b>	<b>128</b>	<b>122</b>	<b>167</b>	<b>310</b>	<b>463</b>

### Cash Flow

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>EBITDA</b>	<b>349</b>	<b>283</b>	<b>399</b>	<b>596</b>	<b>806</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	45	50	(207)	(327)	(556)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	97	16	6	9	8
Net Interest (Paid)/Received	(101)	(28)	(67)	(70)	(72)
Tax Paid	(69)	(9)	(13)	(23)	(35)
<b>Cashflow From Operations</b>	<b>321</b>	<b>312</b>	<b>118</b>	<b>185</b>	<b>152</b>
Capex	(107)	(117)	(160)	(160)	(160)
Disposals Of FAs/subsidiaries	861	169	147	147	147
Acq. Of Subsidiaries/investments	(1,068)	(759)	(100)	(100)	(100)
Other Investing Cashflow	(10)	(0)	0	0	0
<b>Cash Flow From Investing</b>	<b>(325)</b>	<b>(707)</b>	<b>(113)</b>	<b>(113)</b>	<b>(113)</b>
Debt Raised/(repaid)	(209)	(160)	100	100	100
Proceeds From Issue Of Shares	0	800	0	0	0
Shares Repurchased					
Dividends Paid	(69)	(26)	(26)	(26)	(26)
Preferred Dividends					
Other Financing Cashflow	155	(119)	0	0	0
<b>Cash Flow From Financing</b>	<b>(123)</b>	<b>495</b>	<b>74</b>	<b>74</b>	<b>74</b>
Total Cash Generated	(127)	99	79	146	113
<b>Free Cashflow To Equity</b>	<b>(214)</b>	<b>(556)</b>	<b>105</b>	<b>172</b>	<b>139</b>
<b>Free Cashflow To Firm</b>	<b>97</b>	<b>(367)</b>	<b>72</b>	<b>142</b>	<b>110</b>

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

## BY THE NUMBERS... cont'd

### Balance Sheet

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	668	1,329	1,279	1,368	1,425
Total Debtors	1,155	1,264	1,580	1,995	2,620
Inventories	638	834	973	1,233	1,626
Total Other Current Assets	78	136	136	136	136
<b>Total Current Assets</b>	<b>2,540</b>	<b>3,562</b>	<b>3,967</b>	<b>4,732</b>	<b>5,807</b>
Fixed Assets	717	760	983	1,026	1,069
Total Investments	105	94	96	98	100
Intangible Assets	1,996	2,124	2,031	2,041	2,050
Total Other Non-Current Assets	327	450	450	450	451
<b>Total Non-current Assets</b>	<b>3,145</b>	<b>3,428</b>	<b>3,559</b>	<b>3,614</b>	<b>3,671</b>
Short-term Debt	912	1,207	1,207	1,207	1,207
Current Portion of Long-Term Debt					
Total Creditors	898	1,229	1,478	1,825	2,288
Other Current Liabilities	270	122	122	122	122
<b>Total Current Liabilities</b>	<b>2,081</b>	<b>2,558</b>	<b>2,807</b>	<b>3,154</b>	<b>3,617</b>
Total Long-term Debt	1,099	1,037	1,137	1,237	1,337
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	445	448	448	448	448
<b>Total Non-current Liabilities</b>	<b>1,544</b>	<b>1,485</b>	<b>1,585</b>	<b>1,685</b>	<b>1,785</b>
Total Provisions	73	65	65	65	65
<b>Total Liabilities</b>	<b>3,697</b>	<b>4,109</b>	<b>4,457</b>	<b>4,905</b>	<b>5,468</b>
Shareholders' Equity	1,739	2,589	2,730	3,014	3,450
Minority Interests	248	292	340	428	560
<b>Total Equity</b>	<b>1,987</b>	<b>2,881</b>	<b>3,070</b>	<b>3,442</b>	<b>4,010</b>

### Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	58.7%	20.3%	31.3%	32.9%	32.9%
Operating EBITDA Growth	62.2%	(19.0%)	41.1%	49.4%	35.3%
Operating EBITDA Margin	13.9%	9.4%	10.1%	11.3%	11.5%
Net Cash Per Share (Rmb)	(1.60)	(1.05)	(1.23)	(1.24)	(1.29)
BVPS (Rmb)	2.07	2.98	3.14	3.47	3.97
Gross Interest Cover	3.49	2.84	4.00	6.42	8.82
Effective Tax Rate	4.35%	5.54%	5.54%	5.54%	5.54%
Net Dividend Payout Ratio	NA	21.1%	15.6%	8.4%	5.6%
Accounts Receivables Days	149.7	125.5	116.2	111.4	109.8
Inventory Days	152.1	131.8	125.3	116.3	114.6
Accounts Payables Days	105.2	123.2	135.6	134.5	134.7
ROIC (%)	5.4%	4.3%	5.9%	9.1%	12.1%
ROCE (%)	6.2%	4.3%	5.6%	8.7%	11.3%
Return On Average Assets	4.08%	2.85%	3.74%	5.76%	7.36%

### Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Key automation components growth (%)	15.2%	32.0%	32.0%	30.0%	30.0%
Industrial robot and integrated system growth (%)	95.3%	20.4%	31.0%	34.3%	34.4%

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<b>Description:</b>	Excellent	Very Good	Good	N/A	N/A

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Distribution of stock ratings and investment banking clients for quarter ended on 31 Mar 2022		
632 companies under coverage for quarter ended on 31 Mar 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%
Reduce	7.8%	0.2%

**Spitzer Chart for stock being researched ( 2 year data )**

**Estun Automation (002747 CH)**

## RECOMMENDATION FRAMEWORK

### Stock Ratings

#### Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

*The total expected return of a stock is defined as the sum of the:(i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

### Sector Ratings

#### Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

### Country Ratings

#### Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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