

My Humble House (2739.TW/2739 TT)

Further room rate upside amid travel boom

Outperform · Maintained

Price as of May 7 (NT\$)	73.30
12M target price (NT\$)	84.00
Previous target price (NT\$)	68.00
Revised up (%)	23.5
Upside (%)	14.6

Key message

- While 1Q24 room rates already exceeded 2019 levels, we see further upside amid a travel boom.
- F&B business to continue benefiting from a consumption shift and a resurgence of weddings and MICE (meetings, incentives, conferences & exhibitions).
- Favorable industry dynamics to drive earnings CAGR of 9% in 2024-26F.

Trading data

Mkt cap (NT\$/bn/US\$m)	6.71 / 207.5
Outstanding shares (mn)	91.53
Foreign ownership (mn)	7.87
3M avg. daily trading (mn)	1.24
52-week trading range (NT\$)	35.20 –81.70

Performance	3M	6M	12M
Absolute (%)	24.9	55	11.9
Relative (%)	10.8	31.2	-20.3

Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2023	0.90A	0.43A	1.44A	1.76A
2024	1.82F	0.45F	0.36F	2.02F
2025	1.72F	0.58F	0.55F	2.22F

Share price chart



Source: TEJ

Event

We attended My Humble House's post-1Q24 results investor call. While room rates already exceed pre-COVID levels, we expect they will continue to increase YoY through year-end, amid a sustained travel boom, underpinning further earnings growth.

Impact

Further growth in room rates. After a strong recovery last year, the firm saw a further rise in room rates and occupancy in 1Q24 amid continued tourist arrivals. Sheraton Grand Taipei's room rate rose 14% YoY at NT\$5,000, with that of Le Meridien Taipei up by 9% YoY, both surpassing rates seen in 2019, and with the occupancy rate close to pre-COVID levels. While 2Q-3Q24F will be the slow season, we expect room rates to continue rising YoY throughout 2024, as leisure travel remains robust with inbound travelers to Taiwan only recovering to 55% of 2019 levels last year. Booking.com saw global room nights booked rise a further 8.5% YoY to a record 297mn in 1Q24, after nearly three years of growth. We believe it's an encouraging sign that the hospitality industry is poised for further growth.

Thriving F&B operation. On top of a robust room business, the firm saw record food and beverage (F&B) sales in 1Q24, up 11% YoY, thanks to a post-COVID leisure consumption boom and a resurgence of weddings and MICE (meetings, incentives, conferences and exhibitions). Data from the Ministry of Economics indicate that Taiwan's F&B sales growth continues to outpace that of the retail industry, rising 8% YoY in 1Q24, to well above 2019 levels. We believe this consumption shift, from goods towards services and leisure, will underpin growth in the F&B segment, albeit at a moderate pace, pushing up margins.

Favorable industry dynamics to drive earnings growth. With a further recovery in tourist arrivals, and a hotel room supply shortfall in Taipei, we continue to see a favorable hotel industry dynamics underpin the firm's earnings growth into 2H24-2025F, with potential upside from a relaxation of Chinese visitors, pending an easing of cross-strait political impasse. We have revised up 2024-25F earnings estimates after incorporating 1Q24 results and our revised assumptions. We forecast a 3% and 4% rise in Rev/PAR (revenue per available room) in 2024-25F, respectively, driving EPS up by 3% YoY to NT\$4.64 in 2024F, and by a further 9% to NT\$5.07 next year.

Valuation & Action

We believe My Humble House stands to benefit from further recovery of inbound visitors amid a global travel boom. We have raised our target price to NT\$84, based on 18x revised 2024F EPS. Maintain Outperform.

Risks

A slower than expected tourist arrival recovery; a resurgence of health concerns.

Key financials and valuations

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Revenue (NT\$m)	3,422	4,831	5,114	5,317	5,463
Gross profit (NT\$m)	850	1,865	1,956	2,087	2,183
Operating profit (NT\$m)	(230)	626	640	708	755
Net profit (NT\$m)	(338)	414	425	464	506
EPS (NT\$)	(3.69)	4.52	4.64	5.07	5.52
Cash DPS (NT\$)	-	-	-	-	2.21
EPS growth (%)	(42.8)	0.0	2.6	9.2	9.0
PE (x)	N.A.	16.2	15.8	14.5	13.3
PB (x)	10.8	6.2	4.4	3.4	2.9
EV/EBITDA (x)	(0.0)	1.2	0.9	0.4	(0.3)
Net debt to equity (%)	17.3	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	0.0	0.0	0.0	0.0	3.0
Return on average equity (%)	(47.6)	48.6	32.7	26.6	23.8

Source: Company data; KGI Research estimates

Figure 1: Breakdown of 1Q24 results & 2Q24 forecast revisions vs. consensus

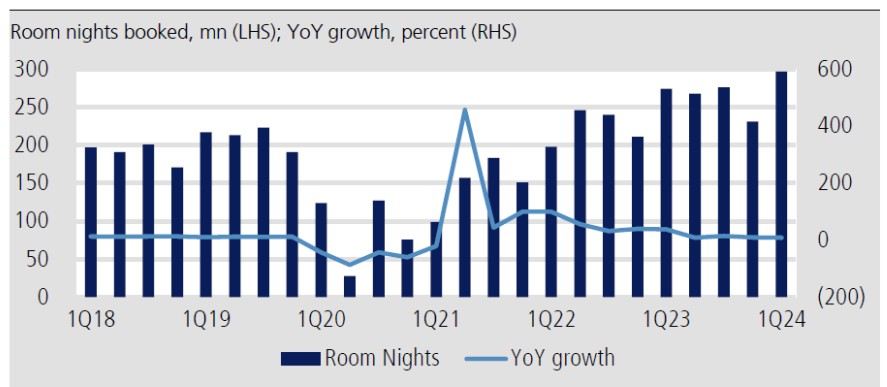
NT\$mn	1Q24					2Q24F				
	Actual	KGI forecast	Diff. (%)	QoQ (%)	YoY (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)
Sales	1,356	1,338	1.3	(1.9)	13.5	1,163	1,190	(2.3)	(14.2)	5.0
Gross profit	545	530	2.8	(9.5)	19.1	420	373	12.6	(23.0)	2.4
Operating profit	227	155	46.2	(1.1)	57.9	82	63	30.2	(63.7)	(1.6)
Pretax Income	194	123	57.5	(0.6)	93.0	48	29	64.0	(75.4)	5.6
Net income	167	108	54.2	3.5	103.4	41	25	62.3	(75.6)	4.4
EPS (NT\$)	1.82	1.18	54.2	3.5	103.4	0.45	0.27	62.3	(75.6)	3.5
Gross margin (%)	40.2	39.6	0.6 ppts	(3.4) ppts	1.9 ppts	36.1	31.3	4.8 ppts	(4.1) ppts	(0.9) ppts
OP margin (%)	16.7	11.6	5.1 ppts	0.1 ppts	4.7 ppts	7.1	5.3	1.8 ppts	(9.6) ppts	(0.5) ppts
Net margin (%)	12.3	8.1	4.2 ppts	0.6 ppts	5.4 ppts	3.5	2.1	1.4 ppts	(8.8) ppts	(0.0) ppts

Source: Bloomberg; KGI Research

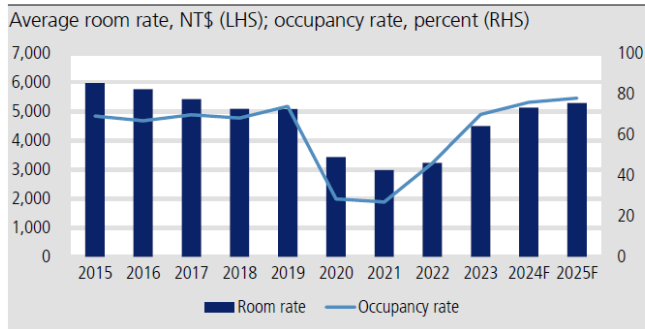
Figure 2: Breakdown of 2024-26 forecast revisions vs. consensus

NT\$mn	2024F				2025F				2026F	
	Revision	Previous	Chg. (%)	YoY (%)	Revision	Previous	Chg. (%)	YoY (%)	KGI forecast	YoY (%)
Sales	5,114	5,143	(0.6)	5.8	5,317	5,408	(1.7)	4.0	5,463	2.7
Gross profit	1,956	1,766	10.7	4.9	2,087	1,948	7.2	6.7	2,183	4.6
Operating profit	640	465	37.8	2.3	708	560	26.4	10.6	755	6.7
Pretax profit	506	330	53.3	6.9	580	442	31.3	14.6	632	9.0
Net profit	425	294	44.7	2.6	464	393	18.0	9.2	506	9.0
EPS (NT\$)	4.64	3.21	44.7	2.6	5.07	4.29	18.0	9.2	5.52	9.0
Gross margin (%)	38.3	34.3	3.9 ppts	(0.3) ppts	39.3	36.0	3.2 ppts	1.0 ppts	40.0	0.7 ppts
OP margin (%)	12.5	9.0	3.5 ppts	19.2 ppts	13.3	10.4	3.0 ppts	0.8 ppts	13.8	0.5 ppts
Net margin (%)	8.3	5.7	2.6 ppts	(0.3) ppts	8.7	7.3	1.5 ppts	0.4 ppts	9.3	0.5 ppts

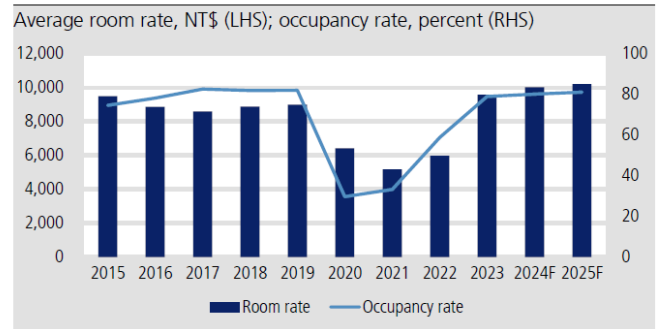
Source: Bloomberg; KGI Research

Figure 3: Booking.com saw record room nights booked globally in 1Q24


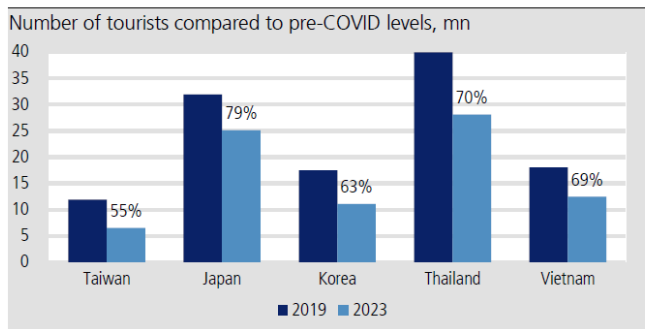
Source: Company data; KGI Research

Figure 4: Sheraton Grand Taipei's room rate above 2019 levels


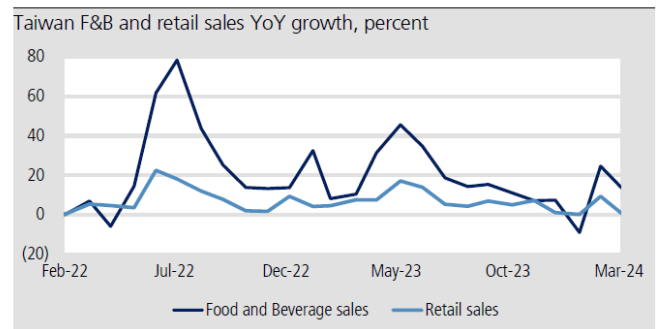
Source: Company data; KGI Research

Figure 5: Le Meridien Taipei's room rate above pre-COVID level


Source: Company data; KGI Research

Figure 6: Taiwan tourist arrivals have only recovered to 55% of 2019 level


Source: MOTC; JNTO; KCTI; VNAT; MOTS; KGI Research

Figure 7: Taiwan F&B sales growing faster than retail industry


Source: Ministry of Economics; KGI Research

Figure 8: Peer comparison – Valuations

Company	Ticker	Market cap (US\$m)	Share price (LCY)	EPS (LCY)			P/E (x)			GM (%)			OPM (%)			Share performance (%)			
				2023	2024F	2025F	2023	2024F	2025F	2023	2024F	2025F	2023	2024F	2025F	3M	6M	12M	YTD
Formosa International Hotels	2707 TT	968	245.0	11.11	12.83	13.66	22.1	19.1	17.9	37.2	38.7	39.9	27.2	28.9	30.0	13.4	14.8	(16.2)	10.6
MY HUMBLE HOUSE HOSPITALITY	2739 TT	208	73.3	4.52	4.64	5.07	16.2	15.8	14.5	38.6	38.3	39.3	13.0	12.5	13.3	24.9	55.0	11.9	19.2
Fdc International Hotels Cor	2748 TT	238	72.6	2.76	3.96	4.84	26.3	18.3	15.0	33.2	36.7	38.6	13.7	18.3	21.4	(11.1)	(5.2)	(11.8)	(12.7)
Ambassador Hotel/The	2704 TT	793	69.7	1.34	N.A.	N.A.	52.0	N.M.	N.M.	28.9	N.A.	N.A.	(20.0)	N.A.	N.A.	51.4	39.1	68.2	41.0
First Hotel	2706 TT	246	15.9	0.60	N.A.	N.A.	26.4	N.M.	N.M.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	5.0	3.6	4.3	(0.3)
Chateau International Dev	2722 TT	222	60.6	0.69	N.A.	N.A.	87.8	N.M.	N.M.	45.3	N.A.	N.A.	10.3	N.A.	N.A.	9.0	12.0	30.0	(3.8)
The Landis Taipei Hotel Co L	5703 TT	51	23.5	0.55	N.A.	N.A.	42.7	N.M.	N.M.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	(2.9)	(7.5)	13.5	(13.0)
Local peer average							38.5	17.7	15.8	36.6	37.9	39.3	8.8	19.9	21.6				
H World Group Ltd-Adr	HTHT US	13,047	40.9	1.79	1.74	1.90	N.M.	23.5	21.6	71.2	37.3	38.8	21.5	23.4	24.9	28.2	15.5	(8.3)	22.4
Shanghai Jinjiang Internat-A	600754 CH	4,002	29.9	0.94	1.05	1.42	31.9	28.4	21.0	42.0	42.7	43.9	15.6	16.0	17.5	19.6	(7.5)	(42.3)	0.0
Btg Hotels Group Co Ltd-A	600258 CH	2,321	15.1	0.71	0.70	0.82	N.M.	21.6	18.4	38.1	37.6	38.1	18.7	16.2	17.5	(1.0)	(7.1)	(27.4)	(3.1)
Ssaw Hotels & Resorts Gro-A	301073 CH	635	23.8	0.16	0.25	0.67	148.4	93.9	35.7	39.7	44.6	46.6	17.4	22.1	26.9	53.8	(4.3)	(32.7)	4.7
China Cyts Tours Hldg Co-A	600138 CH	1,065	10.7	0.27	0.33	0.55	N.M.	32.8	19.4	24.5	25.1	24.9	6.0	6.4	7.2	7.1	0.8	(20.3)	0.8
Fosun Tourism Group	1992 HK	646	4.1	0.27	0.30	0.33	N.M.	13.7	12.5	32.6	32.8	32.8	10.5	9.5	9.9	(4.7)	(36.2)	(54.7)	(29.9)
Shangri-La Asia Ltd	69 HK	2,665	5.8	0.40	0.51	0.39	N.M.	11.4	14.8	54.5	55.2	55.2	9.1	13.3	14.9	16.0	17.8	(17.6)	8.4
Hongkong & Shanghai Hotels	45 HK	1,306	6.2	0.09	N.A.	N.A.	N.M.	N.M.	N.M.	70.0	N.A.	N.A.	6.9	N.A.	N.A.	17.7	2.3	(19.8)	6.0
Wharf Holdings Ltd	4 HK	9,971	25.5	0.31	1.25	1.44	N.M.	20.4	17.7	N.A.	51.9	46.2	24.0	40.9	37.4	0.8	33.8	42.5	1.4
Kyoritsu Maintenance Co Ltd	9616 JP	1,716	3,296.0	108.76	49.32	112.38	30.3	66.8	29.3	18.7	23.1	24.2	4.2	7.4	8.6	6.8	10.9	19.6	10.1
Hotel Shilla Co Ltd	008770 KS	1,767	59,000.0	2,270.00	2,283.35	2,614.43	N.M.	25.8	22.6	39.8	43.2	42.5	2.6	3.6	4.3	(3.1)	(11.5)	(29.8)	(9.8)
Regional peer average							70.2	33.8	21.3	43.1	39.4	39.3	12.4	15.9	16.9				
Las Vegas Sands Corp	LVS US	35,032	47.0	1.60	1.90	2.84	29.4	24.8	16.5	49.8	35.1	35.6	22.3	25.7	27.5	(10.9)	(2.7)	(23.7)	(4.5)
Capitaland Ascott Trust	CLAS SP	2,511	0.9	0.06	0.05	0.05	14.8	17.3	18.4	N.A.	48.2	48.7	35.6	39.3	39.8	(3.2)	(1.6)	(17.4)	(9.1)
Mandarin Oriental -Jers Reg	MAND SP	2,123	1.7	(0.29)	0.01	N.A.	N.M.	336.0	N.M.	44.7	N.A.	N.A.	(61.1)	N.A.	N.A.	15.1	3.1	(5.1)	7.7
Hilton Worldwide Holdings In	HLT US	50,034	200.1	4.36	6.11	7.08	45.9	32.8	28.3	88.9	43.0	43.0	21.7	25.8	26.8	2.1	26.6	38.4	9.9
Hyatt Hotels Corp - CIA	H US	15,419	151.4	2.10	2.22	3.89	72.1	68.2	39.0	19.8	N.A.	N.A.	4.6	9.3	10.5	16.9	41.8	30.1	16.1
Mariott International -CIA	MAR US	67,641	236.8	10.23	8.59	9.48	23.1	27.6	25.0	21.6	21.0	21.8	16.3	16.7	17.0	(4.5)	21.8	34.1	5.0
Global peer average							37.1	84.4	25.4	44.9	36.8	37.3	6.6	23.4	24.3				

Source: Bloomberg; KGI Research

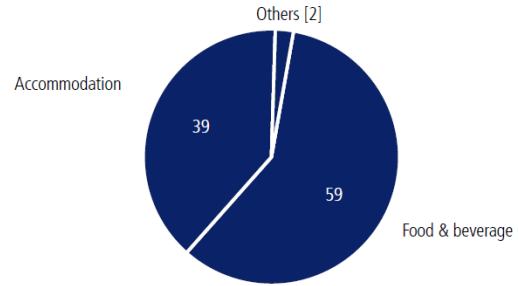
Figure 9: Company profile

Founded in 2000, My Humble House is engaged in the hotel and dining businesses. It owns two five-star international hotels, Sheraton Grand Taipei Hotel and Meridien Taipei, as well as managing Mu Jiao Xi Hotel in Jiao Xi, a renowned tourism spot in Taiwan. The company's newest hotel is Humble Boutique Hotel, a private-label unit launched in 2022. My Humble House also has a 29% stake in Humble House Taipei.

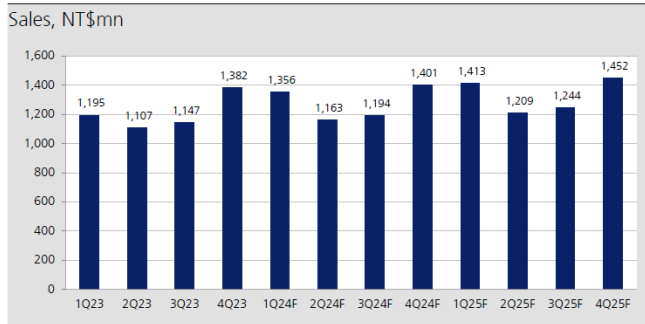
Source: KGI Research

Figure 10: Food & beverage accounts for a majority of sales

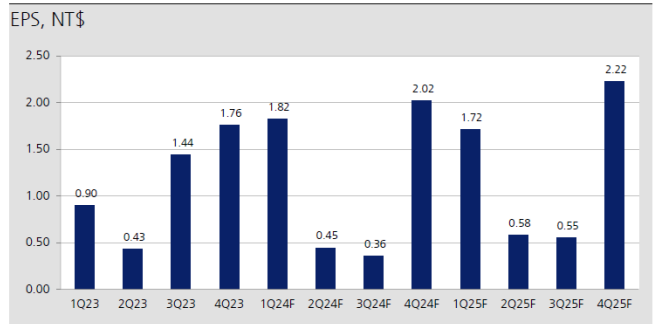
2023 sales weighting, percent



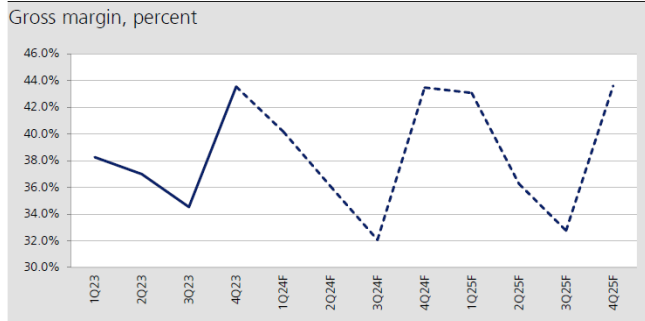
Source: KGI Research

Figure 11: Sales


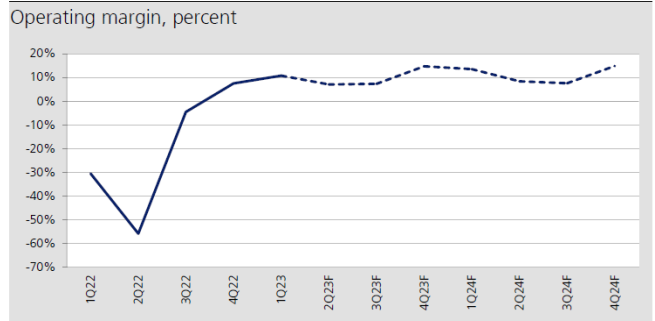
Source: KGI Research

Figure 12: EPS


Source: KGI Research

Figure 13: Gross Margin


Source: KGI Research

Figure 14: Operating Margin


Source: KGI Research

Income statement

	Quarterly								Annually		
	Mar-24F	Jun-24F	Sep-24F	Dec-24F	Mar-25F	Jun-25F	Sep-25F	Dec-25F	Dec-24F	Dec-25F	Dec-26F
Income statement (NT\$m)											
Revenue	1,356	1,163	1,194	1,401	1,413	1,209	1,244	1,452	5,114	5,317	5,463
Cost of goods sold	(811)	(743)	(811)	(792)	(804)	(770)	(837)	(819)	(3,157)	(3,230)	(3,280)
Gross profit	545	420	383	609	608	438	407	633	1,956	2,087	2,183
Operating expenses	(318)	(337)	(310)	(350)	(381)	(338)	(311)	(348)	(1,316)	(1,379)	(1,428)
Operating profit	227	82	72	259	227	100	96	285	640	708	755
Depreciation of fixed assets	(327)	(326)	(328)	(327)	(330)	(329)	(331)	(330)	(1,308)	(1,320)	(1,331)
Amortisation of intangible assets	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(3)	(3)	(3)
EBITDA	555	409	401	587	558	429	428	615	1,951	2,031	2,089
Interest income	1	1	1	2	3	3	3	3	5	10	15
Investment income	5	3	4	5	5	4	4	7	16	20	20
Other non-op income	9	8	8	8	7	7	7	7	33	30	30
Non-operating income	14	13	13	15	15	14	14	17	54	60	66
Interest expense	(47)	(47)	(47)	(48)	(45)	(47)	(47)	(49)	(189)	(188)	(189)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	-	-	-	-	-	-	-	-	-	-	-
Non-operating expenses	(47)	(47)	(47)	(48)	(45)	(47)	(47)	(49)	(189)	(188)	(189)
Pre-tax profit	194	48	38	226	197	67	63	253	506	580	632
Current taxation	(27)	(7)	(6)	(41)	(40)	(14)	(13)	(49)	(81)	(116)	(126)
Minorities	-	-	-	-	-	-	-	-	-	-	-
Normalised net profit	167	41	33	185	157	53	50	204	425	464	506
Extraordinary items	-	-	-	-	-	-	-	-	-	-	-
Net profit	167	41	33	185	157	53	50	204	425	464	506
EPS (NT\$)	1.82	0.45	0.36	2.02	1.72	0.58	0.55	2.22	4.64	5.07	5.52
Margins (%)											
Gross profit margin	40.2	36.1	32.1	43.5	43.1	36.3	32.8	43.6	38.3	39.3	40.0
Operating margin	16.7	7.1	6.1	18.5	16.1	8.3	7.8	19.6	12.5	13.3	13.8
EBITDA margin	40.9	35.2	33.6	41.9	39.5	35.5	34.4	42.4	38.2	38.2	38.2
Pretax profit margin	14.3	4.1	3.2	16.1	13.9	5.5	5.1	17.4	9.9	10.9	11.6
Net profit margin	12.3	3.5	2.7	13.2	11.1	4.4	4.0	14.0	8.3	8.7	9.3
Sequential growth (%)											
Revenue growth	(1.9)	(14.2)	2.6	17.4	0.8	(14.4)	2.9	16.7			
Gross profit growth	(9.5)	(23.0)	(8.8)	59.2	(0.1)	(28.0)	(7.0)	55.3			
Operating profit growth	(1.1)	(63.7)	(12.2)	257.9	(12.3)	(56.0)	(3.5)	195.2			
EBITDA growth	4.3	(26.3)	(1.8)	46.1	(4.9)	(23.0)	(0.2)	43.6			
Pretax profit growth	(0.6)	(75.4)	(20.0)	491.3	(12.8)	(66.1)	(5.2)	298.5			
Net profit growth	3.5	(75.6)	(20.0)	466.9	(15.0)	(66.3)	(4.7)	304.1			
YoY growth (%)											
Revenue growth	13.5	5.0	4.1	1.4	4.2	3.9	4.2	3.6	5.8	4.0	2.7
Gross profit growth	19.1	2.4	(3.4)	1.2	11.7	4.5	6.5	3.9	4.9	6.7	4.6
Operating profit growth	57.9	(1.6)	(57.2)	12.9	0.1	21.3	33.3	10.0	2.3	10.6	6.7
EBITDA growth	24.2	5.5	(15.1)	10.3	0.6	5.0	6.7	4.9	6.2	4.1	2.9
Pretax profit growth	93.0	5.6	(71.1)	15.8	1.6	40.0	65.9	11.8	6.9	14.6	9.0
Net profit growth	103.4	4.4	(75.3)	14.8	(5.8)	29.7	54.5	10.1	2.6	9.2	9.0

Source: Company data; KGI Research estimates

Balance sheet

NT\$mn	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Total assets	14,354	13,623	13,991	14,511	15,070
Current assets	900	1,236	2,786	4,506	6,276
Cash & ST securities	695	963	2,501	4,212	5,977
Inventory	83	84	89	91	92
Accounts receivable	79	131	139	144	148
Other current assets	43	58	58	58	58
Non-current assets	13,454	12,387	11,205	10,005	8,794
LT investments	642	714	730	750	770
Net fixed assets	987	950	(249)	(1,469)	(2,700)
Other assets	11,824	10,724	10,724	10,724	10,724
Total liabilities	13,635	12,437	12,380	12,436	12,692
Current liabilities	2,504	2,407	2,369	2,369	2,593
Accounts payable	305	210	223	229	232
Interest bearing ST liabilities	96	90	40	33	52
Other current liabilities	2,103	2,107	2,107	2,107	2,309
Non-current liabilities	11,130	10,031	10,011	10,067	10,099
Long-term debt	234	120	100	156	188
Other L-T liabilities	114	111	111	111	111
Total equity	719	1,186	1,611	2,075	2,378
Share capital	915	915	915	915	915
Retained earnings reserve	(930)	(489)	(64)	400	703
Minority interests	-	-	-	-	-
Preferred shareholders funds	100	100	100	100	100

Key ratios

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Growth					
Revenue growth	46.6%	41.2%	5.8%	4.0%	2.7%
Operating profit growth	(71.3%)		2.3%	10.6%	6.7%
EBITDA growth	310.5%	92.1%	6.2%	4.1%	2.9%
Net profit growth	(53.0%)		2.6%	9.2%	9.0%
EPS growth	(42.8%)		2.6%	9.2%	9.0%
Profitability					
Gross profit margin	24.8%	38.6%	38.3%	39.3%	40.0%
Operating margin	(6.7%)	13.0%	12.5%	13.3%	13.8%
EBITDA margin	28.0%	38.1%	38.2%	38.2%	38.2%
Net profit margin	(9.9%)	8.6%	8.3%	8.7%	9.3%
Return on average assets	(2.4%)	3.0%	3.1%	3.3%	3.4%
Return on average equity	(47.6%)	48.6%	32.7%	26.6%	23.8%
Stability					
Gross debt to equity	46.0%	17.7%	8.7%	9.1%	10.1%
Net debt to equity	17.3%	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	(1.1)	3.4	3.7	4.1	4.3
Interest & ST debt coverage (x)	1.9	0.5	0.6	0.6	0.6
Cash flow interest coverage(x)	3.4	7.3	9.1	9.4	9.6
Cash flow/int. & ST debt (x)	2.3	5.0	7.5	8.0	7.5
Current ratio (x)	0.4	0.5	1.2	1.9	2.4
Quick ratio (x)	0.3	0.5	1.1	1.9	2.4
Net debt (NT\$mn)	125	(157)	(1,765)	(3,426)	(5,141)
Per share data					
EPS (NT\$)	(3.69)	4.52	4.64	5.07	5.52
CFPS (NT\$)	7.89	15.84	18.80	19.28	19.86
BVPS (NT\$)	6.76	11.86	16.51	21.58	24.89
Adj BVPS (NT\$)	6.76	11.86	16.51	21.58	24.89
SPS (NT\$)	37.39	52.78	55.87	58.10	59.69
EBITDA/share (NT\$)	10.46	20.09	21.32	22.19	22.82
Cash DPS (NT\$)	-	-	-	-	2.21
Activity					
Sales / avg assets	0.24	0.35	0.37	0.37	0.37
Days receivable	8.4	9.9	9.9	9.9	9.9
Days inventory	11.8	10.3	10.3	10.3	10.3
Days payable	43.3	25.8	25.8	25.8	25.8
Cash cycle	(23.1)	(5.6)	(5.6)	(5.6)	(5.6)

Source: Company data; KGI Research estimates

Profit & loss

NT\$mn	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Revenue	3,422	4,831	5,114	5,317	5,463
Cost of goods sold	(2,572)	(2,966)	(3,157)	(3,230)	(3,280)
Gross profit	850	1,865	1,956	2,087	2,183
Operating expenses	(1,080)	(1,239)	(1,316)	(1,379)	(1,428)
Operating profit	(230)	626	640	708	755
Non-operating income	43	54	54	60	66
Interest income	3	2	5	10	15
Investment income	-	19	16	20	20
Other non-op income	41	32	33	30	30
Non-operating expenses	(251)	(207)	(189)	(188)	(189)
Interest expense	(213)	(198)	(189)	(188)	(189)
Investment loss	(42)	-	-	-	-
Other non-op expenses	4	(9)	-	-	-
Pre-tax profit	(438)	473	506	580	632
Current taxation	100	(59)	(81)	(116)	(126)
Minorities	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Net profit	(338)	414	425	464	506
EBITDA	957	1,838	1,951	2,031	2,089
EPS (NT\$)	(3.69)	4.52	4.64	5.07	5.52

Cash flow

NT\$mn	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Operations cash flow	722	1,450	1,721	1,764	1,818
Net profit	(338)	414	425	464	506
Depreciation & amortisation	1,187	1,213	1,311	1,323	1,334
Decrease in working capital	(22)	(55)	0	(2)	(2)
Other operating cash flow	(105)	(122)	(16)	(20)	(20)
Investing cash flow	(94)	(37)	(113)	(103)	(103)
Sale of ST investment	35	56	-	-	-
New investments	-	-	-	-	-
Capital expenditure	(124)	(99)	(110)	(100)	(100)
Others investing cashflow	(5)	5	(3)	(3)	(3)
Free cash flow	861	1,604	1,737	1,784	1,834
Financing cash flow	(738)	(1,252)	(70)	50	50
Increase in short term debt	(23)	-	-	-	-
Increase in long term loans	(20)	(120)	(70)	50	50
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	-	-	-	-	-
Other financing cashflow	(695)	(1,131)	-	-	(0)
Forex effects	-	-	-	-	-
Total cash generated	(110)	161	1,538	1,711	1,765

ROIC

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
1 - COGS/revenue					
- Operating exp./revenue	31.6%	25.6%	25.7%	25.9%	26.1%
= Operating margin	(6.7%)	13.0%	12.5%	13.3%	13.8%
1 / (Working capital/revenue	(0.6)	(0.4)	(0.4)	(0.4)	(0.4)
+ Net PPE/revenue	0.3	0.2	(0.0)	(0.3)	(0.5)
+ Other assets/revenue)	0.1	0.1	0.1	0.1	0.1
= Capital turnover	(4.1)	(6.6)	(2.6)	(1.7)	(1.2)
Operating margin	(6.7%)	13.0%	12.5%	13.3%	13.8%
x Capital turnover	(4.1)	(6.6)	(2.6)	(1.7)	(1.2)
x (1 - tax rate)	77.2%	87.5%	84.0%	80.0%	80.0%
= After-tax ROIC	21.3%	(74.5%)	(27.8%)	(18.0%)	(13.2%)

Source: Company data; KGI Research estimates

My Humble House – Recommendation & target price history


Date	Rating	Target	Price
2024-03-12	Outperform	68.00	52.40
2023-11-28	Outperform	68.00	57.80
2023-09-13	Outperform	54.00	41.30
2023-06-15	Outperform	94.00	71.90
2023-06-15	Outperform	94.00	71.90

Source: TEJ; KGI Research

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