GREE ELECTRIC 000651.SZ

RECENT PRICE	P/E RATIO	P/FCF* RATIO	FY25 DIV. YLD*	BOOK VALUE	NIANBAO QIYU
39.49	7.6x	4.9x	7.6%	26.13	

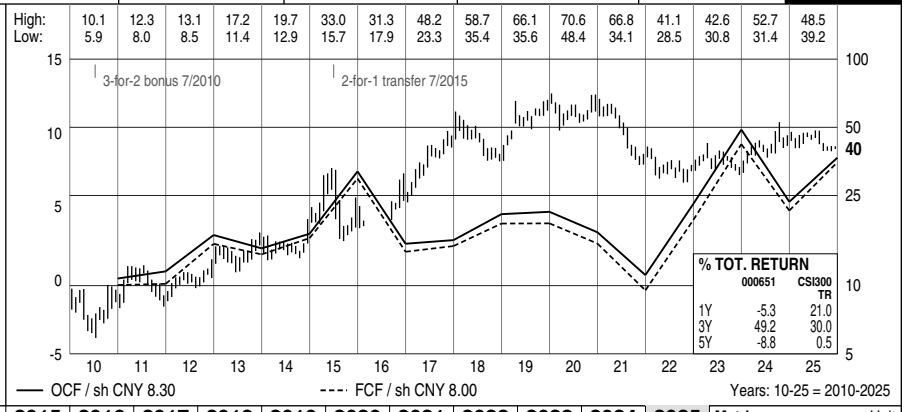
HOW IT EARNS CASH | BUSINESS CHAIN

Cooling, replacement and efficiency; brand, components and installation/service support delivery.
Domestic sales mainly prepaid; delivery transfers control. Dealer orders are not consumer sell-through.
Exports: own brands/OEM. Costs, rebates and working capital shape cash; group OCF includes finance flows.

BUSINESS MIX | FY25

Revenue	M	Mix	YoY	3Y CAGR
Consumer elec.	133055	78.1%	-10.4%	--
Ind. + energy	17381	10.2%	.8%	--
Smart equip.	680.79	.4%	60.5%	--
Other main	2665.3	1.6%	-23.5%	--
Other business	16665	9.8%	-14.3%	--
Total	**170447**	**100.0%**	**-9.9%**	**--**

FY25 GM: consumer 35.3%; industrial 15.5%.
Consumer is not AC-only; 3Y not comparable.



VALUE CREATION	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Metric	Unit
CUSTOMER Cooling and efficiency; brand, parts and service support delivery.	60432	83155	99316	118628	137750	97745	108303	148286	198123	198153	168199	187869	188988	203979	189164	170447	Revenue	M
	42.3%	37.6%	19.4%	19.4%	16.1%	-29.0%	10.8%	36.9%	33.6%	.02%	-15.1%	11.7%	.6%	7.9%	-7.3%	-9.9%	Rev. YoY	%
	21.5%	18.1%	26.3%	32.2%	36.1%	32.5%	32.7%	32.9%	30.2%	27.6%	26.1%	24.3%	26.0%	29.4%	29.4%	29.8%	Gross Margin	%
	2746.8	4542.3	8026.3	12262	16089	13516	17504	26126	30997	29605	26044	26677	27284	32865	36988	34681	Op. income	M
	4.5%	5.5%	8.1%	10.3%	11.7%	13.8%	16.2%	17.6%	15.6%	14.9%	15.5%	14.2%	14.4%	16.1%	19.6%	20.3%	Op. Margin	%
↓ **EARNINGS** FY25 consumer: 78.1% of sales at 35.3% GM. Volume/price/mix not split.	4275.7	5236.9	7379.7	10870	14155	12532	15464	22400	26203	24697	22175	23064	24507	29017	32185	29003	Net Income	M
	7.1%	6.3%	7.4%	9.2%	10.3%	12.8%	14.3%	15.1%	13.2%	12.5%	13.2%	12.3%	13.0%	14.2%	17.0%	17.0%	Net Margin	%
	616.00	3356.2	18409	12970	18939	44378	14860	16338	26941	27894	19239	1894.4	28668	56398	29369	46383	OCF	M
	1.0%	4.0%	18.5%	10.9%	13.7%	45.4%	13.7%	11.0%	13.6%	14.1%	11.4%	1.0%	15.2%	27.6%	15.5%	27.2%	OCF Margin	%
	.1x	.6x	2.5x	1.2x	1.3x	3.5x	1.0x	.7x	1.0x	1.1x	.9x	.1x	1.2x	1.9x	.9x	1.6x	OCF / Net Inc.	x
↓ **CASH** Dealer advances fund delivery. Inventory, AR and rebates shape cash. Group OCF includes finance flows.	2482.2	4777.7	3602.4	2461.5	1777.3	2884.5	3276.9	2424.8	3837.5	4713.2	4528.6	5727.1	6036.1	5425.7	3299.8	1717.3	Cash Capex*	M
	403.0%	142.4%	19.6%	19.0%	9.4%	6.5%	22.1%	14.8%	14.2%	16.9%	23.5%	302.3%	21.1%	9.6%	11.2%	3.7%	Capex / OCF	%
	-1866.2	-1421.6	14806	10508	17162	41494	11583	13913	23103	23181	14710	-3832.7	22632	50973	26069	44666	Reported FCF*	M
	-3.1%	-1.7%	14.9%	8.9%	12.5%	42.5%	10.7%	9.4%	11.7%	11.7%	8.7%	-2.0%	12.0%	25.0%	13.8%	26.2%	FCF Margin	%
	--	--	--	--	--	--	--	--	1029.7	774.18	425.88	1747.3	2031.4	239.34	209.44	--	Acq. & Other*	M
	--	--	--	--	--	--	--	--	3.8%	2.8%	2.2%	92.2%	7.1%	.4%	.7%	--	Acq. / OCF*	%
↓ **ALLOCATE**	--	--	--	--	--	--	--	--	--	--	--	31.00	370.23	1413.2	340.62	1459.7	SBC Expense	M
Core R&D in costs; capex* 1.72B. Upkeep needs not split.	--	--	--	--	--	--	--	--	--	--	--	1.6%	1.3%	2.5%	1.2%	3.1%	SBC / OCF	%
	--	--	--	--	--	--	--	--	--	--	5182.3	21820	--	3000.2	--	--	Repurchases	M
	--	--	--	--	--	--	--	--	--	--	26.9%	1151.8%	--	5.3%	--	--	Repurchases / OCF	%
New / treasury Test returns on projects, deposits and investments.	939.30	845.37	1503.9	3007.9	4511.8	9023.6	9023.6	10828	--	12633	13140	16753	16610	11228	13142	16755	Dividends	M
	152.5%	25.2%	8.2%	23.2%	23.8%	20.3%	60.7%	66.3%	--	45.3%	68.3%	884.3%	57.9%	19.9%	44.7%	36.1%	Dividends / OCF	%
	NM*	69.4%	98.3%	326.0%	NM*	NM*	NM*	NM*	NM*	NM*	NM*	178.5%	97.2%	54.7%	37.1%	26.7%	Base ROIC*	%
	36.7%	33.9%	33.3%	35.5%	36.0%	27.3%	30.5%	37.5%	33.4%	24.5%	19.7%	21.1%	24.5%	27.2%	25.3%	20.5%	ROE*	%
	7.3%	7.0%	7.7%	9.1%	9.8%	7.9%	9.0%	11.3%	11.3%	9.3%	7.9%	7.6%	6.8%	7.7%	8.8%	7.6%	ROA*	%
Shareholders Dividends; buybacks judged by price and net shares.	5635.8	5635.8	6015.7	6015.7	6015.7	6015.7	6015.7	6015.7	6015.7	6015.7	5921.5	5536.7	5536.7	5521.9	5521.9	5585.1	Shares Out.	M sh
	10.72	14.75	16.51	19.72	22.90	16.25	18.00	24.65	32.93	32.94	28.40	33.93	34.13	36.94	34.26	30.52	Revenue / Sh.	CNY/sh
	.76	.93	1.24	1.81	2.35	2.08	2.57	3.72	4.36	4.11	3.71	4.04	4.43	5.22	5.83	5.20	Diluted EPS	CNY/sh
	.11	.60	3.06	2.16	3.15	7.38	2.47	2.72	4.48	4.64	3.25	.34	5.18	10.21	5.32	8.30	OCF / Sh.	CNY/sh
	.44	.85	.60	.41	.30	.48	.54	.40	.64	.78	.76	1.03	1.09	.98	.60	.31	Capex / Sh.*	CNY/sh
VALUE TEST Per-share gains need margins, cash quality and returns on retained capital.	-.33	-.25	2.46	1.75	2.85	6.90	1.93	2.31	3.84	3.85	2.48	-.69	4.09	9.23	4.72	8.00	FCF / Sh.*	CNY/sh
	.15	.25	.50	.75	1.50	1.50	1.80	--	2.10	1.20	4.00	3.00	2.00	2.38	3.00	3.00	Dividend / Sh.	CNY/sh
	10.5x	11.0x	8.6x	7.6x	6.3x	10.6x	8.6x	9.7x	10.2x	13.0x	15.9x	12.3x	7.5x	6.8x	6.9x	8.4x	Avg. P/E	x
	-3.7%	-2.9%	19.3%	10.7%	15.4%	30.9%	7.8%	5.3%	10.8%	5.9%	4.0%	-1.9%	12.6%	28.7%	10.4%	19.9%	FCF Yield	%
	1.7%	2.9%	3.9%	4.6%	8.1%	6.7%	7.3%	--	5.9%	1.8%	6.5%	8.1%	6.2%	7.4%	6.6%	7.5%	Dividend Yield	%

CORE KPI TRACKER

Metric	FY21	FY22	FY23	FY24	FY25
R&D / sales	3.4%	3.3%	3.3%	3.6%	**3.8%**
FG gross/sales*	14.8%	12.3%	10.7%	9.1%	**10.6%**
Trade AR/sales*	7.4%	7.8%	7.9%	8.9%	**9.4%**
Advances/sales*	8.3%	7.9%	6.7%	6.6%	**8.9%**
Rebates/sales*	28.0%	27.8%	24.9%	25.9%	**28.5%**
Advances YoY*	32.8%	-3.4%	-9.2%	-8.1%	**21.7%**

COMPOUND ANNUAL GROWTH RATE

	1Y	3Y	5Y	10Y	15Y
Revenue	-9.9%	-3.4%	.3%	5.7%	7.2%
Op. income	-6.2%	8.3%	5.9%	9.9%	18.4%
Net income	-9.9%	5.8%	5.5%	8.8%	13.6%
OCF	57.9%	17.4%	19.2%	.4%	33.4%
FCF	71.3%	25.4%	24.9%	.7%	--
EPS	-10.8%	5.5%	7.0%	9.6%	13.7%
FCF / sh	69.4%	25.1%	26.3%	1.5%	--

FINANCIAL POSITION | B

	FY21	FY22	FY23	FY24	FY25
Tot. assets	320	355	368	368	391
Tot. liabilities	212	253	247	227	242
Net assets	108	102	121	142	150
Mkt cap*	205	179	178	251	225
Cash-like*	117	157	124	114	111
Liab./assets	66.2%	71.3%	67.2%	61.5%	61.7%

CAPITAL RETURNS: FY11-25: OCF 366.04B - cash capex* 56.49B = **FCF* 309.55B.** Buybacks 30.00B (9.7%); paid cash dividends 139.01B (44.9%). **Payout 54.6%.** Residual 140.54B precedes M&A, investments and debt repayment; it is not idle cash.

NET SHARES: FY10-25 economic shares 5635.8M -> 5585.1M (**-.9%).** FY25 legal shares flat; ESOP transfer 63.20M shares lifted economic shares 1.1%; no cash buyback. **FY25 dividends/FCF* 37.5%.** Broad debt 86.43B. H126 announced budget 5B-10B; >=70% for cancellation, not completed purchases.

Core economics. FY25 consumer sales fell 10.4%; GM 35.3% (+0.37pp). Brand, parts and service may support execution; volumes, ASP/mix and dealer stocks are undisclosed.

Cash quality. FY25 OCF 46.38B includes restricted-fund release 15.67B. Deposit-only sensitivity: +1.3% vs reported +57.9%. Finance flows remain; this is not normalized manufacturing cash.

Channel signals. FY25 advances 15.21B rose 21.7%. Gross finished goods 18.05B rose 4.5%; net 15.88B rose 10.2% as allowances fell. Orders are not sell-through; balances are not units.

Interim pressure. H126 sales -8.2%; other business drove 71.8% of the drop. Consumer sales -2.9%, GM 31.77% (-1.43pp). Domestic main sales +1.9%, GM 31.94% (-2.62pp).

Capital discipline. FY25 R&D 6.46B is expensed; capex* 1.72B does not identify upkeep needs. Titanium abandoned-project impairment: 995.97M. New-business incremental returns remain unproven.

Per-share test. Track comparable share, margins and channel cash. Weaker sell-through plus rising stocks would challenge the core. Retained capital must earn returns; buybacks depend on price and net shares.

Header: Oct 16, 2026 close x FY25 data; yield = FY DPS / current price. M35: FY DPS / FYE price. History/TR: Dec 31, 2025; H126 unaudited.
* Capex: cash PP&E/intangibles/other long-term assets; FCF = OCF - capex. Group OCF includes finance activities; not owner cash.
* KPIs: group FYE stocks/sales; gross FG before allowances. Advances incl. housing; YoY is balance growth, not end demand. R&D expense.
ROIC*: frozen monetary-funds netting; nonpositive/tiny capital -> NM*. Not incremental manufacturing ROIC.
Mkt cap*: FY-end close x FY-end economic shares; FY25 uses Dec 31, 2025. Cash/share: FYE economic shares, not Basic WA.
Cash-like*: monetary funds incl. term/restricted balances. DPS: FY-attributed; dividends: paid-year. --: zero/missing; 15Y FCF CAGR: negative base.
Sources: FY25 PDF24-26,89,121,138-139,154-155,164,167,174,179-180,196,204; H126 PDF7,24; FY21/23. Share-only price; gross TR/CSI300 TR.

Financial Strength	--
Stock Price Stability	--
Price Growth Persistence	--
Cash Generation Stability	--

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