

## Eastroc Beverage (605499.SS): 3Q25 Earnings Review: sales/recurring NP right in line; Bushuila growth topped expectation; Buy (on CL)

On Oct 24, Eastroc announced 3Q25 results, delivering total revenue of Rmb6.1bn, up 30% yoy, in line with GSe, while net profit recorded Rmb1.39bn, up 42% yoy, 5% ahead of GSe, due to higher gains from changes in fair value (Rmb120mn in 3Q25 vs. Rmb15mn in 3Q24), and recurring NP at Rmb1.27bn in 3Q25, up 33% yoy, in line with GSe with recurring NPM up 0.4ppt to 20.8% mainly on operating leveraging of SG&A with GPM slightly down 0.6ppt. Energy drinks/Bushuila/Other beverage sales up 15%/84%/96% in 3Q25, while Non-energy drinks sales contribution has reached 31% in 3Q25 vs. 22% in 1H25. **Key positive surprises: 1) Bushuila and other drinks sales delivered a strong beat in 3Q vs. our expectation:** Revenue from electrolyte water/other drinks came at Rmb1.35bn/Rmb0.55bn in 3Q25 (+84%/+96% yoy), with sales mix increasing by +6pp/+3pp yoy to 22%/9% of total, respectively, implying stronger-than-expected momentum of *Bushuila* and *Guozhicha*, demonstrating the company's solid execution for POS penetration and digitalization for channel mgmt & effective consumer promotion. **2) Cash generation came strong: Customer advances** grew by 50% yoy to Rmb3.56mn as of end-3Q, vs. Rmb3.67bn as of end-2Q; cash received from sales grew by 33% yoy to Rmb6.8bn in 3Q25 vs. +30% in 2Q25, hence **OCF** increased by 81% yoy to Rmb1.4bn in 3Q. **3) Better than expected selling expense savings:** Selling expense ratio was down 2.6ppt yoy to 15.3% in 3Q25, below GSe at 16.3%, benefiting from operating leveraging, together with refrigerator investment phasing (front-loaded to 2Q25). Thus, **core operating profit** was up 41% yoy in 3Q25, and **OPM** expanded by 2.0pp yoy (vs. 2Q25's -0.6pp yoy) to 27.1%. **Meanwhile, we note 1) Energy drink sales growth sequentially slowed down dragged by unfavorable weather (frequent typhoon in key regions) but still managed to deliver +15% yoy growth (vs. +19%/+26% in 2Q/1Q).** Wholesale sales outside Guangdong were up 42% yoy in 3Q25 (vs. +39% in 2Q) with north/southwest China maintaining 70%+/60%+ sales growth, while Guangdong/Guangxi sales growth decelerated to +2%/+8% yoy under weather impact vs. 20%+/30%+ in 1Q and 2Q, respectively. **2) GPM impacted by product mix:** The higher mix of Bushuila and other drinks has offset the cost benefits, leading to a slight contraction at 0.6pp yoy to GPM at 45.2% in 3Q25, while we expect Bushuila/Other drinks GPM to improve on economy of scale into next year.

**Other key things to note: Reported net profit beat mainly on higher other income despite lower financial income and higher effective tax rate:** net profits grew by 42% in 3Q25 (vs. 31% yoy 2Q25) with higher other income (net gains from changes in fair value at Rmb120mn in 3Q25 vs. Rmb15mn in 3Q24). Effective tax rate increased by 2.6ppt to 22.0%, above GSe by 2.4ppt, likely due to increased outside

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Guangdong sales contribution (as tax benefits are mainly within South China region), meanwhile logistics efficiency for shipment to distributors improved on reduced delivery radius as production footprint expands nationwide which should benefit GPM in the long run. Reported margin was up 1.8pp yoy in 3Q25 to 22.7% vs. 20.8% in 3Q24.

We fine tune our estimates for 2025E-27E with our TP remaining unchanged at Rmb350 per share, and reiterate Buy (on CL) on sales growth/margin visibility on strong execution for new products, continued market share gain in energy drinks, and operating leveraging on scale.

*The authors would like to thank Lily Qi for her contribution to this report.*

## Results Summary

### Exhibit 1: Act vs. GSe

605499.SS Eastroc Beverage									
	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	3Q25	
Summary P&L (Rmb mn)	Actual	Actual	Actual	Actual	Actual	Actual	Actual	GSe	Diff yoy
<b>Total revenues</b>	<b>3,482</b>	<b>4,391</b>	<b>4,685</b>	<b>3,281</b>	<b>4,848</b>	<b>5,889</b>	<b>6,107</b>	<b>6,137</b>	<b>0% 30%</b>
COGS	(1,993)	(2,369)	(2,539)	(1,841)	(2,692)	(3,197)	(3,346)	(3,326)	1% 32%
<b>Gross profit</b>	<b>1,489</b>	<b>2,022</b>	<b>2,146</b>	<b>1,440</b>	<b>2,156</b>	<b>2,691</b>	<b>2,761</b>	<b>2,811</b>	<b>-2% 29%</b>
SG&A	(710)	(738)	(970)	(751)	(946)	(1,027)	(1,105)	(1,172)	-6% 14%
Selling expense	(596)	(629)	(837)	(619)	(809)	(873)	(932)	(1,000)	-7% 11%
Admin expense	(114)	(109)	(134)	(132)	(137)	(154)	(174)	(172)	1% 30%
Other operating expenses, net	(10)	(61)	(26)	(31)	(23)	(9)	58	(56)	n.m. n.m.
<b>Core OP</b>	<b>780</b>	<b>1,284</b>	<b>1,176</b>	<b>689</b>	<b>1,210</b>	<b>1,664</b>	<b>1,656</b>	<b>1,639</b>	<b>1% 41%</b>
Net interest income/(expense)	45	59	30	56	18	46	9	25	-63% -69%
Non-operating income/(loss)	15	30	32	40	28	67	53	35	55% 69%
<b>Pre-tax profit</b>	<b>830</b>	<b>1,312</b>	<b>1,212</b>	<b>753</b>	<b>1,233</b>	<b>1,768</b>	<b>1,776</b>	<b>1,643</b>	<b>8% 47%</b>
Provision for taxes	(166)	(246)	(235)	(134)	(253)	(374)	(391)	(322)	21% 66%
Minority interest	-	-	-	0	0	0	1	-	
<b>Net income</b>	<b>664</b>	<b>1,067</b>	<b>977</b>	<b>619</b>	<b>980</b>	<b>1,395</b>	<b>1,386</b>	<b>1,321</b>	<b>5% 42%</b>
Recurring net income	624	1,082	956	599	959	1,312	1,269	1,321	-4% 33%
<b>YoY Growth %</b>									
Sales	39.8%	47.9%	47.3%	25.1%	39.2%	34.1%	30%	31%	
<b>Gross profit</b>	<b>37.4%</b>	<b>59.3%</b>	<b>62.5%</b>	<b>22.3%</b>	<b>44.8%</b>	<b>33.1%</b>	<b>29%</b>	<b>31%</b>	
EBIT	26.7%	73.3%	89.6%	43.1%	54.2%	35.4%	49%	38%	
EBITDA	30.9%	74.0%	89.3%	46.9%	48.8%	33.1%	46%	35%	
NPAT	33.5%	74.6%	78.4%	61.2%	47.6%	30.8%	42%	35%	
<b>Margin analysis</b>									
Gross margin	42.8%	46.1%	45.8%	43.9%	44.5%	45.7%	45.2%	45.8%	-0.6ppt -0.6ppt
EBITDA margin	24.6%	29.8%	26.4%	22.7%	26.2%	29.6%	29.5%	27.2%	2.3ppt 3.1ppt
Core OP margin	22.4%	29.2%	25.1%	21.0%	25.0%	28.3%	27.1%	26.7%	0.4ppt 2.0ppt
Pre-tax profit margin	23.8%	29.9%	25.9%	23.0%	25.4%	30.0%	29.1%	26.8%	2.3ppt 3.2ppt
Net profit margin	19.1%	24.3%	20.8%	18.9%	20.2%	23.7%	22.7%	21.5%	1.2ppt 1.8ppt
SG&A	20.4%	16.8%	20.7%	22.9%	19.5%	17.4%	18.1%	19.1%	-1.0ppt -2.6ppt
Selling expense ratio	17.1%	14.3%	17.9%	18.9%	16.7%	14.8%	15.3%	16.3%	-1.0ppt -2.6ppt
Admin expense ratio	3.3%	2.5%	2.9%	4.0%	2.8%	2.6%	2.8%	2.8%	0.0ppt 0.0ppt
Effective tax rate	(20%)	(19%)	(19%)	(18%)	(21%)	(21%)	(22.0%)	(19.6%)	2.4ppt 2.6ppt
Customer advance	2,688	2,501	2,380	4,761	3,870	3,667	3,563		
yoy	59%	35%	24%	83%	44%	47%	50%		
Cash received from sales	4,096	4,789	5,107	6,439	4,863	6,209	6,785		
yoy	39%	35%	38%	74%	19%	30%	33%		
OCF	860	1,408	768	2,754	631	1,109	1,392		
yoy	19%	145%	7%	117%	(27%)	(21%)	81%		

Source: Company data, Goldman Sachs Global Investment Research

## Exhibit 2: Eastroc Operating Data Summary

Revenue	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25
Energy drinks	2,383	2,752	2,859	2,342	3,103	3,755	3,667	2,778	3,901	4,460	4,203
yoy %	25%	24%	26%	32%	30%	36%	28%	19%	26%	19%	15%
Non-energy drinks	106	214	320	275	375	629	1,016	498	945	1,425	1,901
yoy %	14%	193%	325%	253%	255%	193%	218%	81%	152%	127%	87%
As % of total revenue	4.2%	7.2%	10.1%	10.5%	10.8%	14.3%	21.7%	15.2%	19.5%	24.2%	31.1%
Revenue (Half year)	1H23	2H23	1H24	2H24	1H25						
Energy Drinks	5,135	5,201	6,858	6,446	8,361						
yoy %	25%	28%	34%	24%	22%						
Bushuila	125	268	476	1,019	1,493						
yoy %			281%	280%	214%						
Other drinks	195	326	528	495	877						
yoy %			170%	52%	66%						
All other drinks	320	594	1,004	1,515	2,370						
			214%	155%	136%						
					78%						
Sales volume (k tons)	1H23	2H23	1H24	2H24	1H25						
Energy drinks	1,207	1,178	1,605	1,479	1,966						
yoy %	28%	28%	33%	26%	23%						
Bushuila	47	127	209	451	686						
yoy %			342%	256%	227%						
Other drinks	126	173	238	234	398						
yoy %			90%	35%	67%						
All other drinks	173	299	448	685	1,083						
	98%	175%	159%	129%	142%						
ASP/ kg	1H23	2H23	1H24	2H24	1H25						
Energy drinks	4.25	4.42	4.27	4.36	4.25						
yoy %			0%	-1%	0%						
Bushuila	2.63	2.12	2.27	2.26	2.18						
yoy %			-14%	7%	-4%						
Other drinks	1.55	1.89	2.21	2.12	2.21						
yoy %			43%	12%	0%						
All other drinks	1.85	1.99	2.24	2.21	2.19						
			21%	11%	-2%						
GPM (Half year)	1H23	2H23	1H24	2H24	1H25						
Energy Drinks			47.4%	49.1%	50.6%						
yoy %					3.2ppt						
Bushuila			29.6%	29.8%	32.1%						
yoy %					2.5ppt						
Other drinks			21.8%	22.7%	15.4%						
yoy %					-6.4ppt						
All other drinks			26%	27%	26%						
Revenue (quarterly)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25
Energy Drinks	2,383	2,752	2,859	2,342	3,103	3,755	3,667	2,778	3,901	4,460	4,203
yoy %	25%	24%		32%	30%	36%	28%	19%	26%	19%	15%
Bushuila			184	84	158	318	737	283	570	923	1,354
yoy %							300%	236%	261%	190%	84%
Other drinks			136	190	217	311	280	216	375	503	547
yoy %							106%	13%	73%	62%	96%
All other drinks			320	275	375	629	1,016	498	945	1,425	1,901
							218%	81%	152%	127%	87%
Mix											
Energy Drinks			90%	89%	89%	86%	78%	85%	80%	76%	69%
All other drinks			10%	10%	11%	14%	22%	15%	19%	24%	31%
Bushuila			6%	3%	5%	7%	16%	9%	12%	16%	22%
Other drinks			4%	7%	6%	7%	6%	7%	8%	9%	9%
Number of distributors	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25
Total distributors	2,793	2,796	2,780	2,981	2,912	2,982	2,993	3,193	3,244	3,279	3,271
Guangdong	252	253	267	288	271	256	251	264	262	260	256
Central China	440	418	398	409	390	387	386	429	433	426	411
Guangxi	139	128	127	132	118	119	122	126	122	120	119
East China	290	281	280	299	295	287	289	303	304	299	296
Southwest	468	460	446	458	445	444	446	487	491	502	494
North China	786	788	809	899	891	873	875	927	951	951	946
DTC & online	418	468	453	496	502	616	624	657	681	721	749
Sales by region	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25
Total	2,489	2,966	3,179	2,617	3,478	4,383	4,684	3,276	4,845	5,885	6,104
Guangdong	842	1,016	1,081	822	925	1,185	1,312	937	1,125	1,421	1,339
Central China	345	359	414	282	532	536	655	352	684	692	831
Guangxi	282	231	255	215	286	276	374	218	378	362	403
East China	338	416	448	314	501	657	646	396	656	880	859
Southwest	230	295	293	298	385	532	444	363	623	659	745
North China	222	273	323	191	435	552	518	352	746	961	894
DTC & online	230	375	364	496	413	645	735	658	633	910	1,033
In which: online	34	62	58	52	67	121	139	118	104	186	198
direct sales	196	313	306	445	346	524	596	541	529	723	835

9M24 annual sales/volume of energy drinks and other drinks have been restated by less than 0.5% as of sales/volume of 9M24 numbers implied by disclosed yoy growth rates in 3Q25 results.

Source: Company data, Goldman Sachs Global Investment Research

Monthly operating data tracker for Estroco based on our channel checks																				
		Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24	Aug 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25
Monthly sales																				
Estroco Special Drink	46% yoy	28% yoy	32% yoy	38% yoy	40% + yoy	30% + yoy	25% yoy	35% + yoy	85% yoy	6% yoy	30% yoy			25% yoy			26% yoy	momentum up c.30%+ retail momentum up c.35% retail momentum up c.35% retail		
	Rmb110mm		Rmb109mm+		c.Rmb165mm		c.Rmb170mm			c.Rmb190mm		c.Rmb109mm		c.Rmb130mm		c.100% yoy		85% yoy		
Bushula																				
Total										90%	15%		50%	30% +	35%	39%	momentum up c.50%+ retail momentum up c.55%+ retail momentum up c.55%+ retail			

## Earnings Revision

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## Exhibit 4: Eastroc - New vs Old

Eastroc Beverage (605499.SS)									
Summary P&L (Rmb mn)	New			Old			%		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
<b>Total revenues</b>	<b>20,992</b>	<b>25,404</b>	<b>29,792</b>	<b>21,084</b>	<b>25,986</b>	<b>30,625</b>	<b>-0.4%</b>	<b>-2.2%</b>	<b>-2.7%</b>
Energy drinks	15,936	18,646	21,256	16,200	19,440	22,356	-1.6%	-4.1%	-4.9%
Other beverage	5,032	6,725	8,490	4,861	6,514	8,223	3.5%	3.2%	3.2%
Bushuila	3,304	4,493	5,684	3,140	4,238	5,362	5.2%	6.0%	6.0%
Other beverages	1,728	2,232	2,806	1,721	2,275	2,862	0.4%	-1.9%	-1.9%
COGS	11,564	13,747	16,023	11,554	14,058	16,468	0.1%	-2.2%	-2.7%
<b>GP</b>	<b>9,428</b>	<b>11,656</b>	<b>13,769</b>	<b>9,530</b>	<b>11,928</b>	<b>14,157</b>	<b>-1.1%</b>	<b>-2.3%</b>	<b>-2.7%</b>
Energy drinks	8,106	9,713	11,073	8,257	10,004	11,493	-1.8%	-2.9%	-3.7%
Other beverage	1,305	1,920	2,664	1,257	1,902	2,631	3.8%	1.0%	1.3%
SG&A	4,192	4,938	5,684	4,261	5,122	5,929	-1.6%	-3.6%	-4.1%
Other operating expenses, net	(200)	(49)	(54)	(55)	(39)	(43)	263.4%	27.1%	27.1%
<b>EBITDA</b>	<b>5,852</b>	<b>7,273</b>	<b>8,873</b>	<b>5,741</b>	<b>7,353</b>	<b>9,011</b>	<b>1.9%</b>	<b>-1.1%</b>	<b>-1.5%</b>
Depreciation	393	473	691	393	475	698	-0.1%	-0.4%	-0.9%
Amortization	24	33	43	24	33	43	-0.1%	-0.3%	-0.9%
<b>EBIT (Operating profit)</b>	<b>5,436</b>	<b>6,767</b>	<b>8,139</b>	<b>5,324</b>	<b>6,845</b>	<b>8,270</b>	<b>2.1%</b>	<b>-1.1%</b>	<b>-1.6%</b>
Interest income	270	323	340	292	346	369	-7.5%	-6.8%	-8.0%
Interest expense	131	131	131	131	131	131	0.0%	0.0%	0.0%
<b>Net interest income/(expense)</b>	<b>(139)</b>	<b>(191)</b>	<b>(208)</b>	<b>(161)</b>	<b>(215)</b>	<b>(238)</b>	<b>-13.7%</b>	<b>-10.9%</b>	<b>-12.4%</b>
Investment gains/losses	110	110	110	110	110	110	0.0%	0.0%	0.0%
Non-operating income/(loss)	(31)	(31)	(31)	(37)	(37)	(37)	-18.3%	-18.3%	-18.3%
<b>Pre-tax profit (Income before tax)</b>	<b>5,739</b>	<b>7,114</b>	<b>8,495</b>	<b>5,617</b>	<b>7,191</b>	<b>8,639</b>	<b>2.2%</b>	<b>-1.1%</b>	<b>-1.7%</b>
Provision for taxes	1,177	1,458	1,742	1,123	1,438	1,728	4.7%	1.4%	0.8%
Effective tax rate	21%	21%	21%	20%	20%	20%	2.5%	2.5%	2.5%
<b>Net income</b>	<b>4,563</b>	<b>5,656</b>	<b>6,754</b>	<b>4,494</b>	<b>5,753</b>	<b>6,912</b>	<b>1.5%</b>	<b>-1.7%</b>	<b>-2.3%</b>
<b>Basic EPS (Rmb)</b>	<b>8.77</b>	<b>10.88</b>	<b>12.99</b>	<b>8.64</b>	<b>11.06</b>	<b>13.29</b>	<b>1.5%</b>	<b>-1.7%</b>	<b>-2.3%</b>
YoY	37%	24%	19%	35%	28%	20%			
<b>Growth analysis</b>									
Total revenues	33%	21%	17%	33%	23%	18%			
Energy drinks	20%	17%	14%	22%	20%	15%			
Other beverage	100%	34%	26%	93%	34%	26%			
GP	33%	24%	18%	34%	25%	19%			
Energy drinks	26%	20%	14%	29%	21%	15%			
Other beverage	94%	47%	39%	87%	51%	38%			
OP	43%	24%	20%	40%	29%	21%			
NP	37%	24%	19%	35%	28%	20%			
<b>Margin analysis</b>									
Gross margin	44.9%	45.9%	46.2%	45.2%	45.9%	46.2%	-0.3%	0.0%	0.0%
Energy drinks	50.9%	52.1%	52.1%	51.0%	51.5%	51.4%	-0.1%	0.6%	0.7%
Other beverage	25.9%	28.6%	31.4%	25.9%	29.2%	32.0%	0.1%	-0.6%	-0.6%
EBITDA margin	27.9%	28.6%	29.8%	27.2%	28.3%	29.4%	0.6%	0.3%	0.4%
SG&A	20.0%	19.4%	19.1%	20.2%	19.7%	19.4%	-0.2%	-0.3%	-0.3%
Operating profit margin	25.9%	26.6%	27.3%	25.3%	26.3%	27.0%	0.6%	0.3%	0.3%
Pre-tax profit margin	27.3%	28.0%	28.5%	26.6%	27.7%	28.2%	0.7%	0.3%	0.3%
Net profit margin	21.7%	22.3%	22.7%	21.3%	22.1%	22.6%	0.4%	0.1%	0.1%

Source: Company data, Goldman Sachs Global Investment Research

## Price Target Risks and Methodology - Eastroc Beverage

### Price Target Risks and Methodology - Eastroc Beverage

We are Buy rated on Eastroc with a 12-month TP of Rmb350, based on a 32X 2026E P/E, with reference to avg 1-yr historical trading P/E of Eastroc and its global peers Monster and Celsius.

**Key risks:** 1) Lower industry growth in energy drinks, 2) worse competitive landscape, 3) failure/slower ramp-up of Eastroc's new product launches, 4) potential capacity shortage with already high utilization ratio, 5) higher increases in raw material costs, 6) slower geographical expansion of Eastroc, 7) slower POS penetration/deployment of fridges, and 8) reputational risks.

<b>605499.SS</b>	12m Price Target: <b>Rmb350.00</b>	Price: <b>Rmb300.73</b>	Upside: <b>16.4%</b>
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Buy <b>CL</b>		GS Forecast			
Market cap: Rmb156.4bn / \$22.0bn Enterprise value: Rmb155.7bn / \$21.9bn 3m ADTV: Rmb642.3mn / \$89.8mn China China Consumer Staples M&A Rank: 3 Leases incl. in net debt & EV?: No APAC Conviction List	<b>Revenue (Rmb mn) New</b>	<b>12/24</b>	<b>12/25E</b>	<b>12/26E</b>	<b>12/27E</b>
	Revenue (Rmb mn) Old	15,838.9	20,991.9	25,403.5	29,792.0
	EBITDA (Rmb mn)	4,143.1	5,851.9	7,273.0	8,873.3
	<b>EPS (Rmb) New</b>	<b>6.40</b>	<b>8.77</b>	<b>10.88</b>	<b>12.99</b>
	EPS (Rmb) Old	6.40	8.64	11.06	13.29
	P/E (X)	27.5	34.3	27.7	23.2
	P/B (X)	11.9	17.2	14.4	12.1
	Dividend yield (%)	2.5	2.0	2.5	3.0
	CROCI (%)	42.1	48.6	54.9	56.5
		<b>6/25</b>	<b>9/25</b>	<b>12/25E</b>	<b>--</b>
	EPS (Rmb)	2.68	2.67	1.54	--

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 24 Oct 2025 close.

## Disclosure Appendix

### Reg AC

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**Growth** is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DAFCF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

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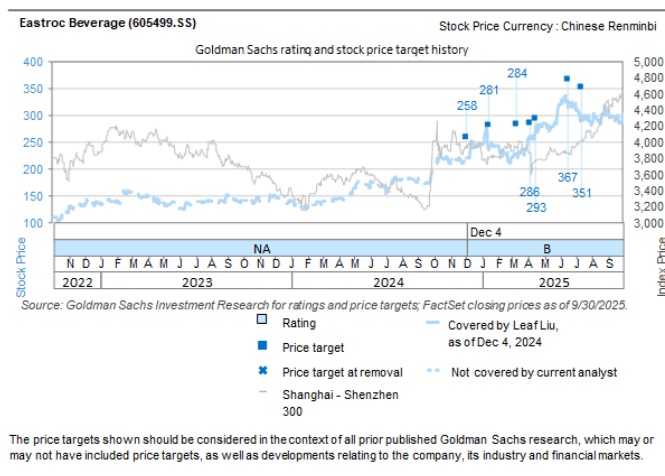
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