

# Xiaomi (1810 HK)

## 3Q24E preview: Continued strength in core business and EV upside; Raise TP to HK\$32.29

Xiaomi will report 3Q24 results in late Nov. We estimate 3Q revenue/adj. net profit to grow 28%/1.4% YoY to RMB 90.5bn/6.1bn, 1%/6% above Bloomberg consensus, driven by global market share gains in smartphone, strength in AIoT/internet and strong momentum of SU 7 Series EVs. Looking ahead to 4Q24/FY25, we remain constructive on 1) Smartphone: Xiaomi's market share gains and better mix in smartphones, backed by its latest flagship Xiaomi 15 Series, Double 11 sales festival and expansion in LATAM/EMEA/SEA; 2) AIoT: domestic home appliance and overseas AIoT; and 3) Smart EV: accelerated delivery of the SU 7 Series. Overall, we are confident on Xiaomi's core segment strength and growth momentum of emerging EV business. Reiterate BUY with new SOTP-based TP of HK\$ 32.29 (rolled over to FY25E), implying 25.9x FY25E P/E. Upcoming catalysts include 3Q24 results in Nov, smartphone/AIoT share gains and EV order/delivery/profitability updates.

- **Smartphone: continued share gains with GPM to stabilise in 4Q24E.** For 3Q24, Canalys reported Xiaomi's global shipments increased 3% YoY (vs 5% YoY for the industry) with global market share of 14%. We estimate a higher 3Q24 ASP (+10% YoY) due to better sales of foldable phones, and we think GPM will bottom at 11.5% in 3Q24 and rebound to 12.0% in 4Q24E on easing BOM cost (e.g. memory, panels). For 4Q24E, we expect Xiaomi's shipment momentum to continue with positive feedback from the Xiaomi 15 Series and Double 11 sales festival. Overall, we expect Xiaomi's shipments to climb 17%/3% YoY to 170mn/180mn units in FY24/25E.
- **AIoT/Internet/EV: AIoT GPM expansion, Internet resilient sales, EV accelerated delivery/profitability.** We estimate AIoT/Internet revenue to grow 21%/9% YoY in 3Q24E (vs 20%/11% in 2Q24), mainly due to strong domestic home appliance/overseas wearables sales, strength in tablet/TV and product portfolio expansion. For GPM, we expect AIoT GPM to expand to 20.3% in 3Q24 (vs 19.7% in 2Q24) due to a favourable mix, while Internet GPM will remain solid at 75.0%. For EV segment, we estimate Xiaomi's 3Q EV shipments/ASP of 38k units/RMB 230k with improving GPM to 16.5% (vs 15.4% in 2Q24).
- **Positive on core business outlook and EV upside; reiterate BUY.** We believe Xiaomi's Human x Car x Home ecosystem will continue to benefit from global market share gains and the AI upgrade cycle into FY25/26E. We also expect shipment/margin upside in its fast-growing EV business. Reiterate BUY with new SOTP-based TP of HK\$ 32.29 (rolled over to FY25E), implying 25.9x FY25E P/E.

### Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	280,044	270,970	348,679	403,917	459,281
YoY growth (%)	(14.7)	(3.2)	28.7	15.8	13.7
Adjusted net profit (RMB mn)	8,518.0	19,272.8	24,255.3	28,568.9	34,369.8
YoY growth (%)	(61.4)	126.3	25.9	17.8	20.3
EPS (Adjusted) (RMB)	0.34	0.77	0.97	1.15	1.38
Consensus EPS (RMB)	na	na	0.87	1.01	0.00
P/E (x)	75.1	33.3	26.4	22.4	18.6
P/B (x)	4.4	3.9	3.5	3.1	ns
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	1.8	11.3	11.1	12.1	13.3
Net gearing (%)	70.9	76.9	85.1	57.0	na

Source: Company data, Bloomberg, CMBIGM estimates

## BUY (Maintain)

<b>Target Price</b>	<b>HK\$32.29</b>
(Previous TP)	HK\$24.40)
<b>Up/Downside</b>	<b>14.5%</b>
<b>Current Price</b>	<b>HK\$28.20</b>

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### Stock Data

Mkt Cap (HK\$ mn)	573,644.4
Avg 3 mths t/o (HK\$ mn)	3,204.5
52w High/Low (HK\$)	28.20/12.12
Total Issued Shares (mn)	20342.0

Source: FactSet

### Shareholding Structure

Lin Bin	8.6%
Smart Mobile Holdings Ltd	8.6%

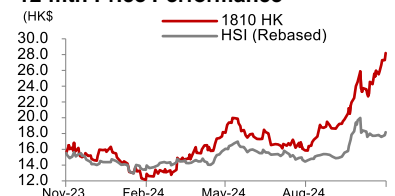
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	14.9%	24.3%
3-mth	77.8%	41.3%
6-mth	55.1%	36.4%

Source: FactSet

### 12-mth Price Performance



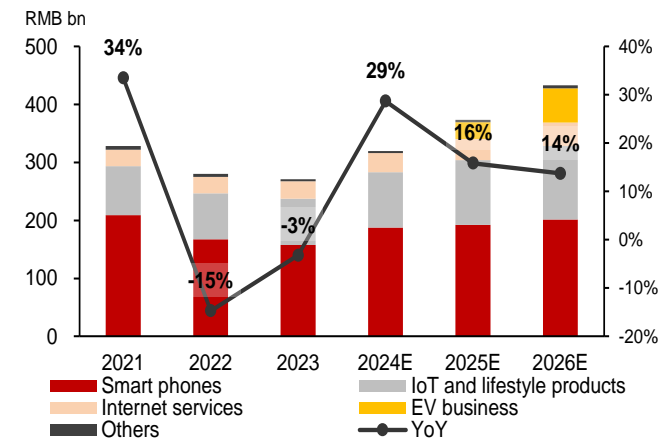
Source: FactSet

### Related reports:

1. Xiaomi (1810 HK)-2Q24 beat on EV GPM and resilient core earnings; Reiterate BUY-22 Aug 2024 ([link](#))
2. 2Q24E preview: expect resilient core earnings with better EV profitability; Reiterate BUY-5 Aug 2024 ([link](#))
3. CMBI Corp Day takeaways: Growth outlook intact; market concerns overdone- 28 Jun 2024 ([link](#))
4. 1Q24 beat on strong margins; Positive on upbeat SU7 delivery target - 24 May 2024 ([link](#))

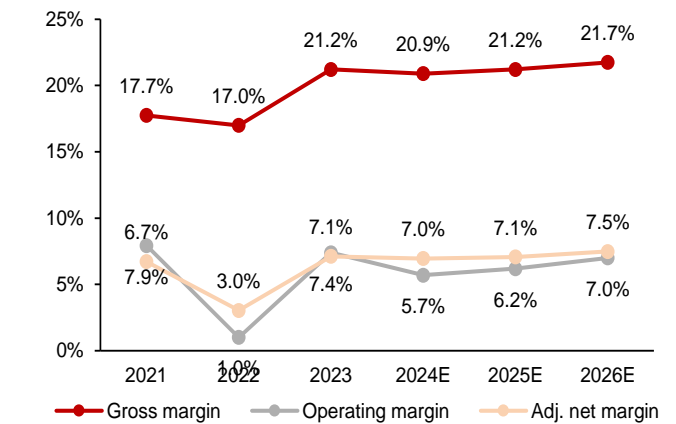
## Focus Charts

Figure 1: Xiaomi revenue trend



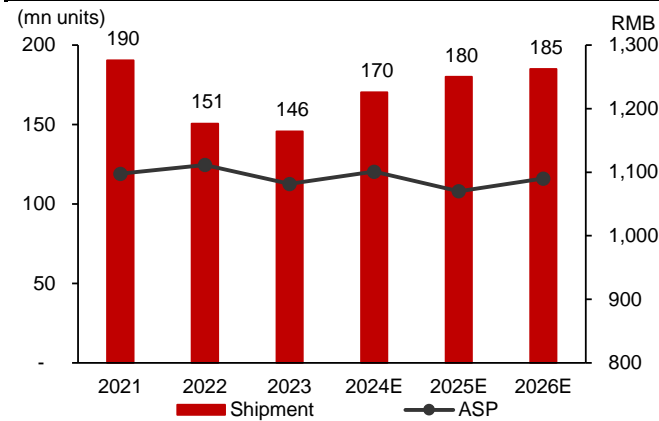
Source: Company data, CMBIGM estimates

Figure 2: Xiaomi margin trend



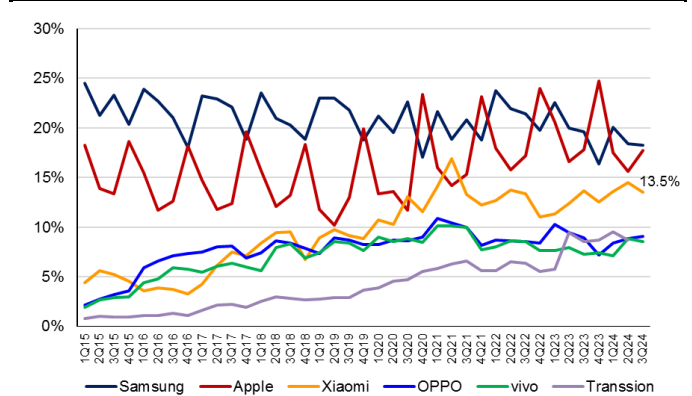
Source: Company data, CMBIGM estimates

Figure 3: Xiaomi smartphone shipment forecast



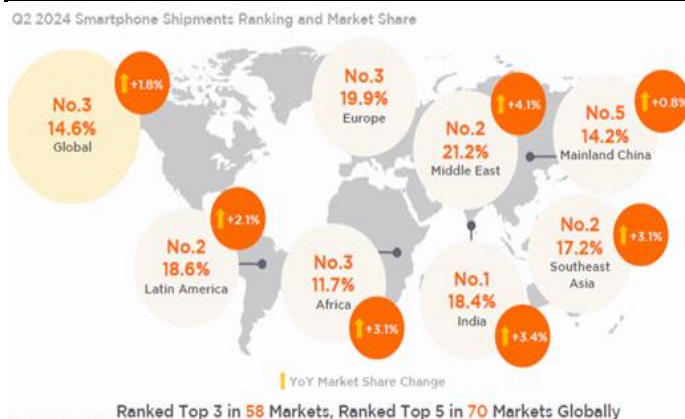
Source: Company data, CMBIGM estimates

Figure 4: Global smartphone market share



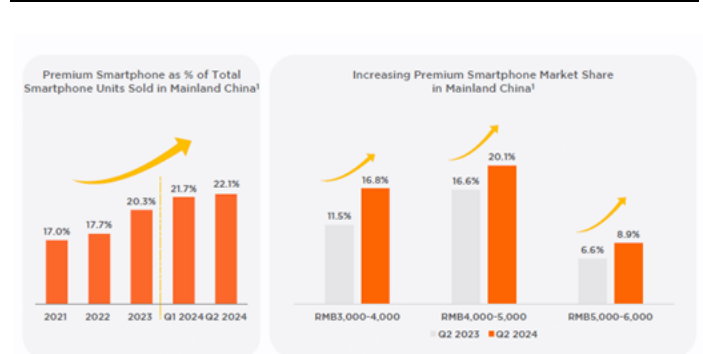
Source: IDC, CMBIGM

Figure 5: Global smartphone market share gains



Source: Company data, CMBIGM

Figure 6: Smartphone premiumization strategy



Source: Company data, CMBIGM

## 3Q24 Preview

Figure 7: 3Q24 results preview

RMB mn	3Q23	4Q23	1Q24	2Q24	CMBIGM estimate		Consensus		Diff (%)
					3Q24E	QoQ	YoY	3Q24E	
Revenue	70,894	73,244	75,507	88,888	90,545	1.9%	28%	89,386	1%
Gross profit	16,110	15,614	16,830	18,394	18,396	0.0%	14%	18,037	2%
Operating profit	5,011	5,057	3,683	5,889	5,370	-8.8%	7%	4,890	10%
Adj. net profit	5,990	4,910	6,491	6,175	6,073	-1.7%	1%	5,724	6%
Adj. EPS (RMB)	0.24	0.20	0.26	0.25	0.24	-1.7%	2%	0.22	11%
Gross margin	22.7%	21.3%	22.3%	20.7%	20.3%	-0.4 ppt	-2.4 ppt	20.2%	0.1 ppt
Operating margin	7.1%	6.9%	4.9%	6.6%	5.9%	-0.7 ppt	-1.1 ppt	5.5%	0.5 ppt
Adj. net margin	8.4%	6.7%	8.6%	6.9%	6.7%	-0.2 ppt	-1.7 ppt	6.4%	0.3 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 8: Revenue breakdown

RMB mn	FY23	1Q24	2Q24	3Q24E	4Q24E	FY24E	FY25E	FY26E
<b>Smart phones</b>	<b>157,461</b>	<b>46,480</b>	<b>46,516</b>	<b>47,300</b>	<b>47,170</b>	<b>187,466</b>	<b>192,600</b>	<b>201,650</b>
...YoY	-6%	33%	27%	14%	7%	19%	3%	5%
Shipments (000 units)	145,600	40,600	42,200	43,000	44,500	170,300	180,000	185,000
...YoY	-3%	34%	28%	3%	10%	17%	6%	3%
ASP (RMB)	1,081	1,145	1,102	1,100	1,060	1,101	1,070	1,090
...YoY	-2.7%	-0.6%	-0.9%	10.4%	-2.9%	1.8%	-2.8%	1.9%
<b>IoT and lifestyle products</b>	<b>80,108</b>	<b>20,373</b>	<b>26,760</b>	<b>25,094</b>	<b>23,346</b>	<b>95,574</b>	<b>111,158</b>	<b>126,719</b>
...YoY	0%	21%	20%	21%	15%	19%	16%	14%
Smart TVs and laptops	19,482	4,656	4,752	5,480	5,355	20,243	22,268	24,495
...YoY	-18%	-1%	-5%	7%	5%	4%	10%	10%
Other IoTs	60,626	15,717	22,009	19,614	17,991	75,331	88,890	102,224
...YoY	8%	30%	40%	29%	18%	24%	18%	15%
<b>Internet services</b>	<b>30,107</b>	<b>8,048</b>	<b>8,266</b>	<b>8,430</b>	<b>8,482</b>	<b>33,226</b>	<b>36,548</b>	<b>40,203</b>
...YoY	6%	15%	11%	9%	8%	10%	10%	10%
Advertising services	20,500	5,500	5,962	5,940	6,048	23,450	25,795	28,374
...YoY	11%	25%	17%	10%	8%	14%	10%	10%
Internet value-added	9,607	2,548	2,304	2,490	2,434	9,776	10,753	11,829
...YoY	-2%	-3%	-2%	6%	7%	2%	10%	10%
Gaming	4,387	1,200	1,000	1,107	1,001	4,308	4,739	5,213
...YoY	7%	-11%	-1%	3%	5%	-2%	10%	10%
Other (incl. Youpin fintech, etc.)	5,220	1,348	1,304	1,383	1,432	5,467	6,014	6,615
...YoY	-9%	5%	-2%	8%	8%	5%	10%	10%
<b>EV Business</b>	-	-	<b>6,369</b>	<b>8,740</b>	<b>13,800</b>	<b>28,909</b>	<b>59,406</b>	<b>85,664</b>
Shipments (units)	-	-	27,307	38,000	60,000	125,307	250,000	350,000
ASP (RMB)	-	-	228,644	230,000	230,000	230,704	237,625	244,754
<b>Others</b>	<b>3,294</b>	<b>605</b>	<b>977</b>	<b>980</b>	<b>942</b>	<b>3,504</b>	<b>4,205</b>	<b>5,046</b>
...YoY	-30%	-4%	-8%	20%	20%	6%	20%	20%
<b>Total</b>	<b>270,970</b>	<b>75,507</b>	<b>88,888</b>	<b>90,545</b>	<b>93,740</b>	<b>348,679</b>	<b>403,917</b>	<b>459,281</b>
...YoY	-3%	27%	32%	28%	28%	29%	16%	14%
<b>Gross margin</b>								
Smart phones	14.6%	14.8%	12.1%	11.5%	12.0%	12.6%	13.0%	13.3%
IoT and lifestyle products	16.3%	19.9%	19.7%	20.3%	20.4%	20.1%	20.0%	20.0%
Internet services	74.2%	74.2%	78.3%	75.0%	75.0%	75.6%	74.5%	74.5%
EV Business	-	-	15.4%	16.5%	17.0%	16.5%	18.0%	20.0%
Others	-27.8%	-11.9%	0.9%	10.0%	10.0%	3.7%	11.0%	12.0%
<b>Total</b>	<b>21.2%</b>	<b>22.3%</b>	<b>19.6%</b>	<b>20.7%</b>	<b>21.1%</b>	<b>19.5%</b>	<b>21.8%</b>	<b>22.1%</b>

Source: Company data, CMBIGM estimates

## Earnings Revision

### Our FY24-26E adj. NP are 12-15% above consensus

We lift FY24-26E adj. EPS by 4-10% to reflect higher smartphone shipments, better margin across most segments and better EV business outlook. Our FY24-26E EPS are 12-15% above consensus given our more positive view on EV business profitability, other core business strength and operating efficiency improvement.

**Figure 9: CMBIGM earnings revision**

RMB mn	New			Old			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	348,679	403,917	459,281	340,915	384,924	421,750	2%	5%	9%
Gross profit	72,845	85,654	99,853	71,257	80,870	91,095	2%	6%	10%
Operating profit	19,867	25,002	32,164	18,783	22,746	28,620	6%	10%	12%
Adj. net profit	24,255	28,569	34,370	23,355	26,535	31,248	4%	8%	10%
Adj. EPS (RMB)	0.97	1.15	1.38	0.94	1.07	1.26	4%	8%	10%
Gross margin	20.9%	21.2%	21.7%	20.9%	21.0%	21.6%	0 ppt	0.2 ppt	0.1 ppt
Operating margin	5.7%	6.2%	7.0%	5.5%	5.9%	6.8%	0.2 ppt	0.3 ppt	0.2 ppt
Adj. net margin	7.0%	7.1%	7.5%	6.9%	6.9%	7.4%	0.1 ppt	0.2 ppt	0.1 ppt

Source: Company data, CMBIGM estimates

**Figure 10: CMBIGM estimates vs consensus**

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	348,679	403,917	459,281	345,156	404,555	461,064	1%	0%	0%
Gross profit	72,845	85,654	99,853	71,792	83,935	96,751	1%	2%	3%
Operating profit	19,867	25,002	32,164	19,160	25,650	30,956	4%	-3%	4%
Adj. net profit	24,255	28,569	34,370	22,450	25,702	30,065	8%	11%	14%
Adj. EPS (RMB)	0.97	1.15	1.38	0.87	1.01	1.20	12%	14%	15%
Gross margin	20.9%	21.2%	21.7%	20.8%	20.7%	21.0%	0.1 ppt	0.5 ppt	0.8 ppt
Operating margin	5.7%	6.2%	7.0%	5.6%	6.3%	6.7%	0.1 ppt	-0.2 ppt	0.3 ppt
Adj. net margin	7.0%	7.1%	7.5%	6.5%	6.4%	6.5%	0.5 ppt	0.7 ppt	1 ppt

Source: Bloomberg, CMBIGM estimates

**Figure 11: P&L forecast**

RMB mn	FY23	1Q24	2Q24	3Q24E	4Q24E	FY24E	FY25E	FY26E
<b>Revenue</b>	<b>270,970</b>	<b>75,507</b>	<b>88,888</b>	<b>90,545</b>	<b>93,740</b>	<b>348,679</b>	<b>403,917</b>	<b>459,281</b>
...YoY	-3%	27%	32%	28%	28%	29%	16%	14%
Cost of sales	(213,494)	(58,677)	(70,494)	(72,148)	(74,515)	(275,834)	(318,264)	(359,428)
<b>Gross profit</b>	<b>57,476</b>	<b>16,830</b>	<b>18,394</b>	<b>18,396</b>	<b>19,224</b>	<b>72,845</b>	<b>85,654</b>	<b>99,853</b>
GPM (%)	21.2%	22.3%	20.7%	20.3%	20.5%	20.9%	21.2%	21.7%
...YoY	21%	45%	30%	14%	23%	27%	18%	17%
SG&A	(24,353)	(7,004)	(7,082)	(7,334)	(8,718)	(30,138)	(34,737)	(39,498)
...% of rev	-9.0%	-9.3%	-8.0%	-8.1%	-9.3%	-8.6%	-8.6%	-8.6%
R&D	(19,098)	(5,159)	(5,498)	(5,885)	(6,880)	(23,423)	(26,659)	(28,935)
...% of rev	-7.0%	-6.8%	-6.2%	-6.5%	-7.3%	-6.7%	-6.6%	-6.3%
<b>Operating profit</b>	<b>20,009</b>	<b>3,683</b>	<b>5,889</b>	<b>5,370</b>	<b>4,925</b>	<b>19,867</b>	<b>25,002</b>	<b>32,164</b>
OPM (%)	7.4%	4.9%	6.6%	5.9%	5.3%	5.7%	6.2%	7.0%
...YoY	610%	-38%	46%	7%	-3%	-1%	26%	29%
<b>Adj. net profit</b>	<b>19,273</b>	<b>6,491</b>	<b>6,175</b>	<b>6,073</b>	<b>5,588</b>	<b>24,255</b>	<b>28,569</b>	<b>34,370</b>
NPM (%)	7.1%	8.6%	6.9%	6.7%	6.0%	7.0%	7.1%	7.5%
...YoY	126%	101%	20%	1%	14%	26%	18%	20%

Source: Company data, CMBIGM estimates

## Valuation

### Maintain BUY with new SOTP-based TP of HK\$32.29

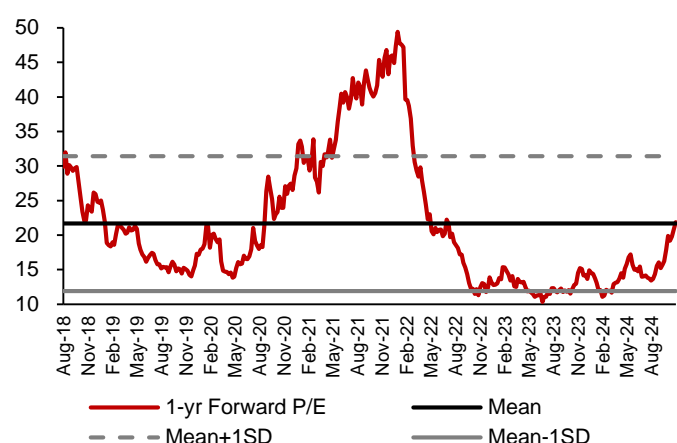
We derive our new TP of HK\$32.29 based on the SOTP methodology in order to reflect different growth profiles of Xiaomi's various businesses. We assign 20x/18x/15x FY25E P/E to its smartphone/AIoT/Internet businesses, at a 35%/60%/32% premium to listed peers, which we think is justified given Xiaomi's accelerated share gains in smartphone/IoT market, overseas expansion of its ecosystem and improving profitability across smartphone/AIoT /internet segments. For EV business, we assign 1.50x FY25E P/S. In addition, we believe our implied target multiple of 25.9x FY25E P/E is justified, when compared to 1) valuation of 30.1x FY25E P/E for global smartphone industry leader, Apple, and 2) valuation of 31.4x P/E for its 1-sd above 6-year historical forward P/E, given upcoming product upcycles for its AI smartphone, IoT overseas expansion and EV product launches in 2025. Upcoming catalysts include 3Q24 results in Nov, smartphone/AIoT share gains and EV order/ delivery/profitability updates.

**Figure 12: Xiaomi – SOTP valuation**

Business segment	FY25E Rev (RMB mn)	% of FY25E Core NP	FY25E Core NP (RMB mn)	Valuation methodology	Target Multiple (x)	Valuation (RMB mn)
Smart phones	192,600	33%	10,981	P/E	20.0	219,620
AIoT and lifestyle products	111,158	30%	9,750	P/E	18.0	175,504
Internet services	36,548	36%	11,942	P/E	15.0	179,126
Others	4,205	1%	203	P/E	10.0	2,028
Smart EV	59,406			P/S	1.50	89,109
						665,388
Cash (RMB mn)						33,631
Debt (RMB mn)						(27,857)
Investment (RMB mn)						68,000
<b>Total (RMB mn)</b>						<b>739,162</b>
<b>No. of shares (mn)</b>						<b>24,885</b>
<b>TP (RMB)</b>						<b>29.70</b>
<b>TP (HK\$)</b>						<b>32.29</b>

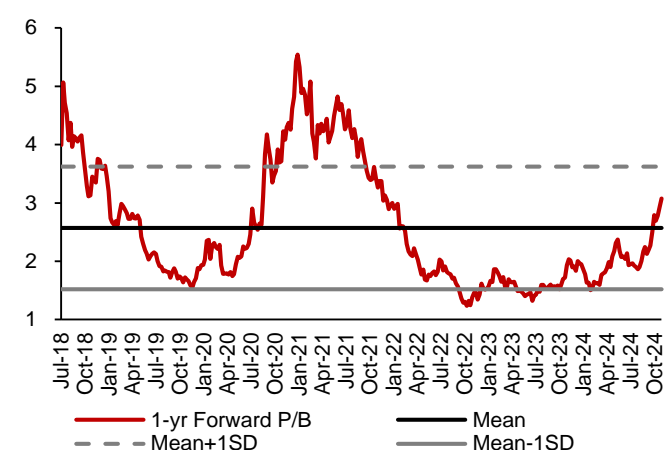
Source: Company data, CMBIGM estimates

**Figure 13: 12M forward P/E band**



Source: Bloomberg, CMBIGM

**Figure 14: 12M forward P/B band**



Source: Bloomberg, CMBIGM

Figure 15: Peers' valuation

Figure 13: Peers' Valuation									
Company	Ticker	Market Cap (US\$mn)	Price (LC)	P/E (x)		P/B (x)		ROE (%)	
				FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
HK-listed									
Xiaomi	1810 HK	90,548	28.2	26.1	22.0	3.4	3.0	13.1	13.8
Sunny Optical	2382 HK	7,923	56.3	22.4	18.8	2.3	2.1	10.1	11.2
AAC Tech	2018 HK	5,073	32.9	20.9	16.8	1.5	1.4	7.0	8.2
BYDE	285 HK	9,943	34.3	15.6	11.4	3.8	3.1	24.2	26.8
FIT Hon Teng	6088 HK	2,598	2.8	13.8	8.5	1.0	0.9	7.0	10.3
Tongda	698 HK	119	0.1	31.7	4.8	0.1	0.1	0.4	2.7
Q tech	1478 HK	806	5.3	15.8	10.5	1.1	1.0	6.9	9.6
TK Group	2283 HK	198	1.9	5.4	4.3	0.8	0.7	15.2	17.4
Average				20.9	13.3	1.9	1.7	9.8	11.8
Smartphone									
Apple	AAPL US	3,355,864	222.0	33.1	30.1	53.6	43.5	156.0	169.8
Lenovo	992 HK	16,726	10.5	18.0	13.2	2.7	2.6	16.0	20.8
Samsung	005930 KS	249,513	57,600.0	10.9	9.1	1.0	0.9	9.4	10.2
LG Elec	066570 KS	10,913	91,900.0	10.1	6.9	0.8	0.7	7.6	10.3
Average				18.0	14.8	14.5	11.9	47.2	52.8
IoT									
Skyworth	751 HK	922	3.2	-	-	-	-	-	-
Hisense	600060 CH	4,013	21.9	13.3	11.7	1.4	1.3	10.6	11.1
Midea	000333 CH	78,173	73.1	13.8	12.5	2.9	2.6	21.0	20.8
Gree	000651 CH	34,594	43.9	7.8	7.4	1.8	1.6	23.6	21.8
Average				11.7	10.6	2.1	1.8	18.4	17.9
Internet									
Tencent	700 HK	510,752	427.8	17.5	15.8	3.8	3.2	20.6	19.7
Alibaba	BABA US	235,608	98.4	11.2	11.2	1.6	1.7	10.6	11.3
Baidu	BIDU US	31,720	90.5	8.2	8.4	0.9	0.8	8.7	8.3
JD	JD US	64,581	39.9	10.9	10.2	1.8	1.6	14.2	13.9
Average				11.9	11.4	2.0	1.8	13.5	13.3
EV									
BYD	1211 HK	119,917	294.20	20.7	16.4	4.6	3.8	23.4	24.0
Li Auto	LI US	26,154	24.65	21.7	15.0	3.5	3.0	12.5	16.1
Xpeng	XPEV US	11,462	12.07	-	-	3.9	4.3	(18.9)	(14.5)
NIO	JD US	64,581	39.86	10.9	10.2	1.8	1.6	14.2	13.9
Average				17.8	13.9	3.5	3.2	7.8	9.9

Source: Bloomberg, CMBIGM



## Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Revenue	328,309	280,044	270,970	348,679	403,917	459,281
Cost of goods sold	(270,048)	(232,467)	(213,494)	(275,834)	(318,264)	(359,428)
Gross profit	58,261	47,577	57,476	72,845	85,654	99,853
Selling expense	(20,981)	(21,323)	(19,227)	(24,387)	(27,870)	(31,690)
Admin expense	(4,739)	(5,114)	(5,127)	(5,751)	(6,867)	(7,808)
R&D expense	(13,167)	(16,028)	(19,098)	(23,423)	(26,659)	(28,935)
Other income	827	1,136	740	1,084	1,084	1,084
Gain/loss on financial assets at FVTPL	8,132	(1,662)	3,501	(1,752)	(1,752)	(1,752)
Investment gain/loss	275	(400)	46	412	412	412
EBIT	26,029	2,816	20,009	19,867	25,002	32,164
Net Interest income/(expense)	(1,612)	1,117	2,002	4,187	4,187	4,187
Foreign exchange gain/loss	(2,580)	(1,369)	1,697	840	1,000	1,000
Others	0	0	0	0	0	0
Pre-tax profit	24,417	3,934	22,011	24,054	29,189	36,350
Income tax	(5,134)	(1,431)	(4,537)	(4,725)	(5,546)	(6,907)
Minority interest	(56)	29	(1)	(70)	(85)	(106)
Net profit	19,283	2,503	17,474	19,329	23,643	29,444
Adjusted net profit	22,039	8,518	19,273	24,255	28,569	34,370
Net dividends	0	0	0	0	0	0
BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Current assets	185,851	160,415	199,053	232,254	253,713	295,709
Cash & equivalents	23,512	27,607	33,631	22,519	63,911	62,142
Account receivables	23,095	19,625	21,924	32,490	27,447	38,026
Inventories	52,398	50,438	44,423	78,170	63,280	96,466
Prepayment	19,852	18,578	20,079	20,079	20,079	20,079
ST bank deposits	31,041	29,875	52,798	52,798	52,798	52,798
Financial assets at FVTPL	30,910	9,846	20,194	20,194	20,194	20,194
Other current assets	5,045	4,446	6,005	6,005	6,005	6,005
Non-current assets	107,040	113,092	125,195	130,161	135,508	141,139
PP&E	6,965	9,138	13,721	18,687	24,034	29,665
Deferred income tax	1,662	2,278	2,161	2,161	2,161	2,161
Investment in JVs & assos	10,231	7,932	6,922	6,922	6,922	6,922
Intangibles	5,579	4,630	8,629	8,629	8,629	8,629
Financial assets at FVTPL	50,114	55,980	60,200	60,200	60,200	60,200
Other non-current assets	32,490	33,134	33,562	33,562	33,562	33,562
Total assets	292,892	273,507	324,247	362,415	389,221	436,847
Current liabilities	115,727	89,628	115,588	134,426	137,590	155,772
Short-term borrowings	5,527	2,151	6,183	6,183	6,183	6,183
Account payables	74,643	53,094	62,099	80,937	84,101	102,283
Tax payable	2,335	1,384	1,838	1,838	1,838	1,838
Other current liabilities	33,222	32,999	45,467	45,467	45,467	45,467
Non-current liabilities	39,732	39,957	44,398	44,398	44,398	44,398
Long-term borrowings	20,720	21,493	21,674	21,674	21,674	21,674
Deferred income	1,203	983	1,494	1,494	1,494	1,494
Other non-current liabilities	17,809	17,480	21,230	21,230	21,230	21,230
Total liabilities	155,459	129,584	159,986	178,824	181,988	200,170
Share capital	407	406	407	407	407	407
Other reserves	137,212	143,658	163,995	183,394	207,122	236,672
Total shareholders equity	137,432	143,923	164,262	183,591	207,234	236,677
Minority interest	220	265	266	197	111	5
Total equity and liabilities	292,892	273,507	324,247	362,415	389,221	436,847

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	24,417	3,934	22,011	24,054	29,189	36,350
Depreciation & amortization	3,062	3,707	(1,383)	2,007	2,731	3,554
Tax paid	(2,442)	(3,420)	(4,083)	(4,725)	(5,546)	(6,907)
Change in working capital	(15,725)	(21,255)	25,862	(25,475)	23,096	(25,581)
Others	474	12,644	(1,107)	0	0	0
<b>Net cash from operations</b>	<b>9,785</b>	<b>(4,390)</b>	<b>41,300</b>	<b>(4,138)</b>	<b>49,470</b>	<b>7,417</b>
<b>Investing</b>						
Capital expenditure	(7,169)	(5,800)	(3,200)	(6,974)	(8,078)	(9,186)
Acquisition of subsidiaries/ investments	(1,086)	(25)	0	0	0	0
Net proceeds from disposal of short-term investments	166,947	23,136	0	0	0	0
Others	(203,699)	(1,763)	(31,969)	0	0	0
<b>Net cash from investing</b>	<b>(45,008)</b>	<b>15,549</b>	<b>(35,169)</b>	<b>(6,974)</b>	<b>(8,078)</b>	<b>(9,186)</b>
<b>Financing</b>						
Net borrowings	9,227	(2,791)	0	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	(7,007)	(2,386)	0	0	0	0
Others	2,278	(2,677)	(505)	0	0	0
<b>Net cash from financing</b>	<b>4,499</b>	<b>(7,855)</b>	<b>(505)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	55,580	24,339	27,607	33,631	22,519	63,911
Exchange difference	791	398	0	0	0	0
<b>Cash at the end of the year</b>	<b>24,339</b>	<b>27,607</b>	<b>33,631</b>	<b>22,519</b>	<b>63,911</b>	<b>62,142</b>
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
Revenue	33.5%	(14.7%)	(3.2%)	28.7%	15.8%	13.7%
Gross profit	58.5%	(18.3%)	20.8%	26.7%	17.6%	16.6%
EBIT	8.3%	(89.2%)	610.4%	(0.7%)	25.8%	28.6%
Net profit	(5.1%)	(87.0%)	598.3%	10.6%	22.3%	24.5%
Adj. net profit	69.5%	(61.4%)	126.3%	25.9%	17.8%	20.3%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
Gross profit margin	17.7%	17.0%	21.2%	20.9%	21.2%	21.7%
Adj. net profit margin	6.7%	3.0%	7.1%	7.0%	7.1%	7.5%
Return on equity (ROE)	14.8%	1.8%	11.3%	11.1%	12.1%	13.3%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
Net debt to equity (x)	1.0	0.7	0.8	0.9	0.6	na
Current ratio (x)	1.6	1.8	1.7	1.7	1.8	1.9
Receivable turnover days	15.6	19.4	16.1	12.0	12.0	12.0
Inventory turnover days	63.6	80.7	81.1	45.4	45.4	45.4
Payable turnover days	99.2	100.3	98.5	94.6	94.6	94.6
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
P/E	33.2	75.1	33.3	26.4	22.4	18.6
P/E (diluted)	29.1	75.1	33.3	26.4	22.4	18.6
P/B	4.7	4.4	3.9	3.5	3.1	ns
Div yield (%)	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.



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