

# Xiaomi (1810 HK)

## 3Q24 beat on stronger EV/core business margin; Solid execution of “Human×Car×Home” strategy

Xiaomi delivered another beat with 3Q24 revenue/adj. net profit growth of 31%/4% YoY. Adj. net profit is 3%/6% ahead of our/consensus estimates, thanks to better EV/core business margins and investment related gains. Xiaomi's EV GPM came in strong at 17.1% (vs. 2Q24 15.4%), above market expectations. Mgmt. guided EV GPM to improve QoQ in 4Q24E and lifted annual delivery target to 130k units (vs. previous 100k). Looking ahead, we remain positive on Xiaomi's solid execution of “Human x Car x Home” strategy, backed by smartphone global share gains, AIoT growth in expanding SKUs (tablets/wearables/home appliance) and improving mix, and EV shipment momentum into FY25-26E. Reiterate BUY with new SOTP-based TP of HK\$32.7, implying 24.3x FY25E P/E. Upcoming catalysts include SUV model launch, smartphone/AIoT share gains, overseas store expansion and EV order/delivery/profitability updates.

■ **3Q24 beat on stronger smartphone and AIoT/Internet/EV margins.** Xiaomi's 3Q24 global smartphone shipment grew 3.2% YoY and ASP improved 10.6% YoY due to market share gains and higher sales of premium models. By segment, smartphone/AIoT/Internet revenue grew 14%/26%/9% YoY, boosted by stronger smartphone/large home appliance/wearables and global user base expansion. Smartphone GPM came in at 11.7% (vs. 12.1%/14.8% in 2Q/1Q24), largely in-line due to higher BOM costs, while AIoT GPM elevated to 20.8% (+2.9ppts YoY/+1.1ppts QoQ) thanks to higher mix of higher-margin home appliance and wearable products. 3Q24 EV GPM was impressive at 17.1% (vs. 2Q24 15.4%), with further upside in 4Q24E. 3Q24 beat on stronger SP sales and AIoT/Internet/EV margins.

■ **FY25E outlook: EV & core business momentum to continue, new retail strategy to accelerate.** Xiaomi EV reached 20k monthly delivery in October, and mgmt. lifted annual EV delivery target to 130k units (vs. previous 100k) backed by higher efficiency and faster production output. Xiaomi's new retail strategy execution was beyond mgmt. expectations, and new store opening target was lifted to 15k/20k stores by end of FY24/25E (vs. previous 13k/20k by end of FY24/26E). Looking ahead, mgmt. is confident that new retail channel expansion will further boost AIoT home appliance and EV sales, especially in lower-tier cities. Overall, we expect Xiaomi's adj. net profit to grow 28%/25% YoY in FY24/25E.

■ **Accelerated growth in core business and EV; Reiterate BUY.** We believe Xiaomi's “Human x Car x Home” ecosystem is poised to bear fruit from global market share gains and AI upgrade cycle in FY25/26E, and we expect further upside in EV business backed by new model launch and production capacity improvements. Reiterate BUY with new SOTP-based TP of HK\$32.7, implying 24.3x FY25E P/E. Positive on core business outlook and EV upside.

### Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	280,044	270,970	354,314	423,870	466,371
YoY growth (%)	(14.7)	(3.2)	30.8	19.6	10.0
Adjusted net profit (RMB mn)	8,518.0	19,272.8	24,667.0	30,735.9	36,107.2
YoY growth (%)	(61.4)	126.3	28.0	24.6	17.5
EPS (Adjusted) (RMB)	0.34	0.77	0.99	1.24	1.46
Consensus EPS (RMB)	N/A	N/A	0.88	1.03	1.20
P/E (x)	78.0	34.5	26.9	21.6	18.4
P/B (x)	4.6	4.1	3.6	3.2	2.8
ROE (%)	1.8	11.3	11.3	13.1	13.8

Source: Company data, Bloomberg, CMBIGM estimates

## BUY (Maintain)

**Target Price** **HK\$32.70**

(Previous TP) HK\$32.29)

**Up/Downside** **13.5%**

**Current Price** **HK\$28.80**

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### Stock Data

Mkt Cap (HK\$ mn)	585,849.6
Avg 3 mths t/o (HK\$ mn)	3,768.8
52w High/Low (HK\$)	29.30/12.12
Total Issued Shares (mn)	20342.0

Source: FactSet

### Shareholding Structure

Lin Bin	8.6%
Smart Mobile Holdings Ltd	8.6%

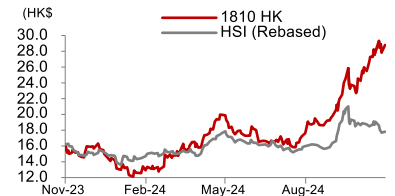
Source: HKEX

### Share Performance

	Absolute	Relative
1-mth	17.3%	24.7%
3-mth	66.3%	48.1%
6-mth	44.4%	44.3%

Source: FactSet

### 12-mth Price Performance



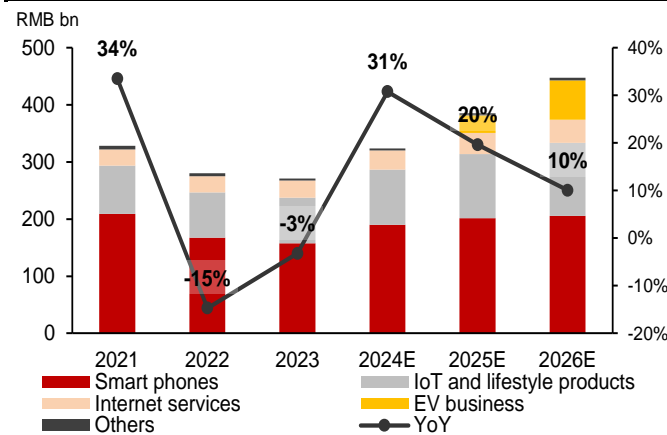
Source: FactSet

### Related reports:

1. Xiaomi (1810 HK)-3Q24 preview: Continued strength in core business and EV upside; Raise TP to HK\$ 32.29-5 Nov 2024 ([link](#))
2. Xiaomi (1810 HK)-2Q24 beat on EV GPM and resilient core earnings; Reiterate BUY-22 Aug 2024 ([link](#))
3. Xiaomi (1810 HK)-2Q24E preview: expect resilient core earnings with better EV profitability; Reiterate BUY-5 Aug 2024 ([link](#))

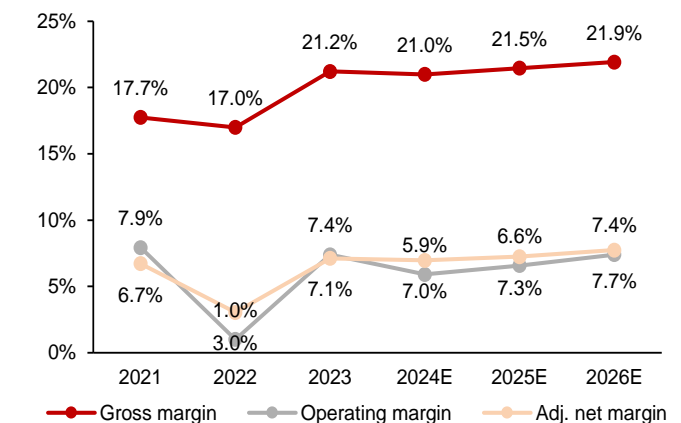
## Focus Charts

**Figure 1: Xiaomi revenue trend**



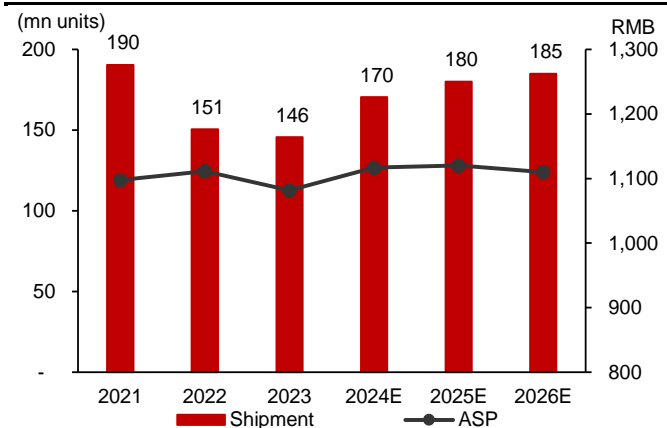
Source: Company data, CMBIGM estimates

**Figure 2: Xiaomi margin trend**



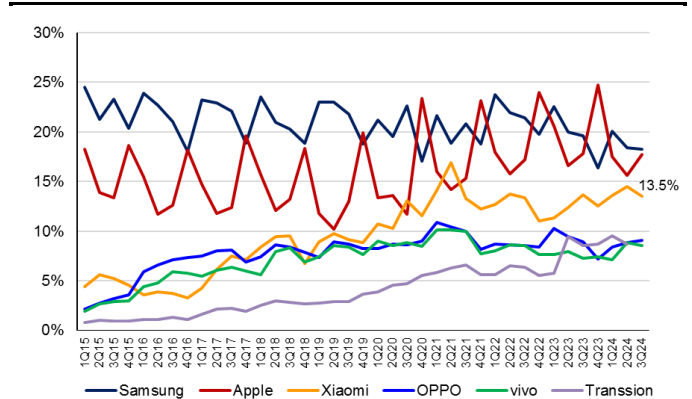
Source: Company data, CMBIGM estimates

**Figure 3: Xiaomi smartphone shipment forecast**



Source: Company data, CMBIGM estimates

**Figure 4: Global smartphone market share**



Source: IDC, CMBIGM

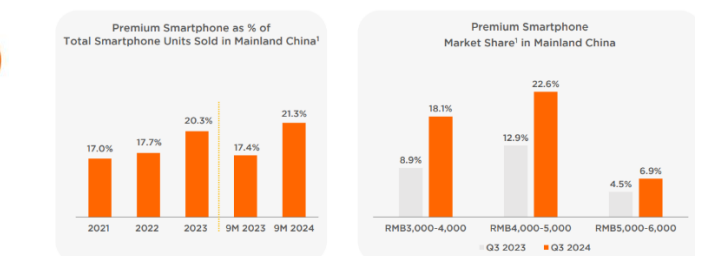
**Figure 5: Global smartphone market share gains**



Source: Company data, CMBIGM

**Figure 6: Smartphone premiumization strategy**

Relentless Execution of Smartphone Premiumization Strategy



<sup>1</sup> By units sold in mainland China, according to third-party data. Premium smartphones in mainland China are smartphones with retail prices at or above RMB3,000

Source: Company data, CMBIGM

## 3Q24 Review

Figure 7: 3Q24 results review

RMB mn	1Q24	2Q24	3Q24	QoQ	YoY	Consensus		CMBIGM	
						3Q24E	Diff%	3Q24E	Diff%
Revenue	75,507	88,888	92,507	4.1%	31%	90,280	2%	90,545	2%
Gross profit	16,830	18,394	18,881	2.6%	17%	18,144	4%	18,396	3%
Operating profit	3,683	5,889	6,041	2.6%	21%	5,131	18%	5,370	13%
Adj. net profit	6,491	6,175	6,252	1.2%	4%	5,907	6%	6,073	3%
Adj. EPS (RMB)	0.26	0.25	0.25	1.4%	5%	0.22	14%	0.24	5%
Gross margin	22.3%	20.7%	20.4%	-0.3 ppt	-2.3 ppt	20.1%	0.3 ppt	20.3%	0.1 ppt
Operating margin	4.9%	6.6%	6.5%	-0.1 ppt	-0.5 ppt	5.7%	0.8 ppt	5.9%	0.6 ppt
Adj. net margin	8.6%	6.9%	6.8%	-0.2 ppt	-1.7 ppt	6.5%	0.2 ppt	6.7%	0.1 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 8: Revenue breakdown

RMB mn	FY23	1Q24	2Q24	3Q24	4Q24E	FY24E	FY25E	FY26E
<b>Smart phones</b>	<b>157,461</b>	<b>46,480</b>	<b>46,516</b>	<b>47,452</b>	<b>49,840</b>	<b>190,288</b>	<b>201,600</b>	<b>205,350</b>
...YoY	-6%	33%	27%	14%	13%	21%	6%	2%
Shipments (000 units)	145,600	40,600	42,200	43,100	44,500	170,400	180,000	185,000
...YoY	-3%	34%	28%	3%	10%	17%	6%	3%
ASP (RMB)	1,081	1,145	1,102	1,101	1,120	1,117	1,120	1,110
...YoY	-2.7%	-0.6%	-0.9%	10.5%	2.5%	3.3%	0.3%	-0.9%
<b>IoT and lifestyle products</b>	<b>80,108</b>	<b>20,373</b>	<b>26,760</b>	<b>26,102</b>	<b>23,346</b>	<b>96,582</b>	<b>112,345</b>	<b>128,082</b>
...YoY	0%	21%	20%	26%	15%	21%	16%	14%
Smart TVs and laptops	19,482	4,656	4,752	5,507	5,355	20,270	22,297	24,527
...YoY	-18%	-1%	-5%	8%	5%	4%	10%	10%
Other IoTs	60,626	15,717	22,009	20,595	17,991	76,312	90,048	103,555
...YoY	8%	30%	40%	35%	18%	26%	18%	15%
<b>Internet services</b>	<b>30,107</b>	<b>8,048</b>	<b>8,266</b>	<b>8,463</b>	<b>8,594</b>	<b>33,370</b>	<b>36,707</b>	<b>40,378</b>
...YoY	6%	15%	11%	9%	9%	11%	10%	10%
Advertising services	20,500	5,500	5,962	6,178	6,160	23,800	26,179	28,797
...YoY	11%	25%	17%	14%	10%	16%	10%	10%
Internet value-added	9,607	2,548	2,304	2,285	2,434	9,571	10,528	11,581
...YoY	-2%	-3%	-2%	-3%	7%	0%	10%	10%
Gaming	4,387	1,200	1,000	1,100	1,001	4,301	4,731	5,204
...YoY	7%	-11%	-1%	2%	5%	-2%	10%	10%
Other (incl. Youpin fintech, etc.)	5,220	1,348	1,304	1,185	1,432	5,270	5,797	6,376
...YoY	-9%	5%	-2%	-7%	8%	1%	10%	10%
<b>EV Business</b>	-	-	<b>6,369</b>	<b>9,697</b>	<b>14,691</b>	<b>30,757</b>	<b>69,238</b>	<b>87,785</b>
Shipments (units)			27,307	39,790	63,000	130,097	280,000	350,000
ASP (RMB)			228,644	238,650	230,000	236,417	243,510	250,815
<b>Others</b>	<b>3,294</b>	<b>605</b>	<b>977</b>	<b>792</b>	<b>942</b>	<b>3,316</b>	<b>3,979</b>	<b>4,775</b>
...YoY	-30%	-4%	-8%	-3%	20%	1%	20%	20%
<b>Total</b>	<b>270,970</b>	<b>75,507</b>	<b>88,888</b>	<b>92,507</b>	<b>97,413</b>	<b>354,314</b>	<b>423,870</b>	<b>466,371</b>
...YoY	-3%	27%	32%	31%	33%	31%	20%	10%
<b>Gross margin</b>								
Smart phones	14.6%	14.8%	12.1%	11.7%	12.0%	12.6%	13.0%	13.3%
IoT and lifestyle products	16.3%	19.9%	19.7%	20.8%	21.0%	20.3%	20.1%	20.0%
Internet services	74.2%	74.2%	78.3%	77.5%	77.0%	76.8%	76.0%	75.0%
EV Business	-	-	15.4%	17.1%	18.0%	17.2%	20.0%	21.0%
Others	-27.8%	-11.9%	0.9%	-37.8%	10.0%	-8.1%	11.0%	12.0%
<b>Total</b>	<b>21.2%</b>	<b>22.3%</b>	<b>19.6%</b>	<b>20.8%</b>	<b>21.3%</b>	<b>19.5%</b>	<b>21.7%</b>	<b>22.1%</b>

Source: Company data, CMBIGM estimates

## Earnings Revision

### Our FY24-26E adj. NP are 11-16% above consensus

We lift FY24-26E adj. EPS by 2-5% to reflect better margin across most segments and higher EV shipment forecast. Our FY24-26E EPS are 13-21% above consensus given our more positive view on EV business profitability, other core business margin strength and operating efficiency improvement.

**Figure 8: CMBIGM earnings revision**

RMB mn	New			Old			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	354,314	423,870	466,371	348,679	403,917	459,281	2%	5%	2%
Gross profit	74,344	90,972	102,219	72,845	85,654	99,853	2%	6%	2%
Operating profit	20,933	27,864	34,496	19,867	25,002	32,164	5%	11%	7%
Adj. net profit	24,667	30,736	36,107	24,255	28,569	34,370	2%	8%	5%
Adj. EPS (RMB)	0.99	1.24	1.46	0.97	1.15	1.38	2%	8%	5%
Gross margin	21.0%	21.5%	21.9%	20.9%	21.2%	21.7%	0.1 ppt	0.3 ppt	0.2 ppt
Operating margin	5.9%	6.6%	7.4%	5.7%	6.2%	7.0%	0.2 ppt	0.4 ppt	0.4 ppt
Adj. net margin	7.0%	7.3%	7.7%	7.0%	7.1%	7.5%	0 ppt	0.2 ppt	0.3 ppt

Source: Company data, CMBIGM estimates

**Figure 9: CMBIGM estimates vs consensus**

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	354,314	423,870	466,371	346,094	410,366	473,045	2%	3%	-1%
Gross profit	74,344	90,972	102,219	72,082	85,046	99,101	3%	7%	3%
Operating profit	20,933	27,864	34,496	19,615	26,453	32,706	7%	5%	5%
Adj. net profit	24,667	30,736	36,107	22,305	25,975	31,019	11%	18%	16%
Adj. EPS (RMB)	0.99	1.24	1.46	0.88	1.03	1.20	13%	21%	21%
Gross margin	21.0%	21.5%	21.9%	20.8%	20.7%	20.9%	0.2 ppt	0.7 ppt	1 ppt
Operating margin	5.9%	6.6%	7.4%	5.7%	6.4%	6.9%	0.2 ppt	0.1 ppt	0.5 ppt
Adj. net margin	7.0%	7.3%	7.7%	6.4%	6.3%	6.6%	0.5 ppt	0.9 ppt	1.2 ppt

Source: Bloomberg, CMBIGM estimates

**Figure 11: P&L forecast**

RMB mn	FY23	1Q24	2Q24	3Q24	4Q24E	FY24E	FY25E	FY26E
<b>Revenue</b>	<b>270,970</b>	<b>75,507</b>	<b>88,888</b>	<b>92,507</b>	<b>97,413</b>	<b>354,314</b>	<b>423,870</b>	<b>466,371</b>
...YoY	-3%	27%	32%	31%	33%	31%	20%	10%
Cost of sales	(213,494)	(58,677)	(70,494)	(73,625)	(77,174)	(279,970)	(332,898)	(364,151)
<b>Gross profit</b>	<b>57,476</b>	<b>16,830</b>	<b>18,394</b>	<b>18,881</b>	<b>20,239</b>	<b>74,344</b>	<b>90,972</b>	<b>102,219</b>
GPM (%)	21.2%	22.3%	20.7%	20.4%	20.8%	21.0%	21.5%	21.9%
...YoY	21%	45%	30%	17%	30%	29%	22%	12%
SG&A	(24,353)	(7,004)	(7,082)	(7,696)	(9,059)	(30,841)	(36,241)	(39,875)
...% of rev	-9.0%	-9.3%	-8.0%	-8.3%	-9.3%	-8.7%	-8.6%	-8.6%
R&D	(19,098)	(5,159)	(5,498)	(5,957)	(6,819)	(23,433)	(28,399)	(29,381)
...% of rev	-7.0%	-6.8%	-6.2%	-6.4%	-7.0%	-6.6%	-6.7%	-6.3%
<b>Operating profit</b>	<b>20,009</b>	<b>3,683</b>	<b>5,889</b>	<b>6,041</b>	<b>5,320</b>	<b>20,933</b>	<b>27,864</b>	<b>34,496</b>
OPM (%)	7.4%	4.9%	6.6%	6.5%	5.5%	5.9%	6.6%	7.4%
...YoY	610%	-38%	46%	21%	5%	5%	33%	24%
<b>Adj. net profit</b>	<b>19,273</b>	<b>6,491</b>	<b>6,175</b>	<b>6,252</b>	<b>5,857</b>	<b>24,667</b>	<b>30,736</b>	<b>36,107</b>
NPM (%)	7.1%	8.6%	6.9%	6.8%	6.0%	7.0%	7.3%	7.7%
...YoY	126%	101%	20%	4%	19%	28%	25%	17%

Source: Company data, CMBIGM estimates

## Valuation

### Maintain BUY with new SOTP-based TP of HK\$32.7

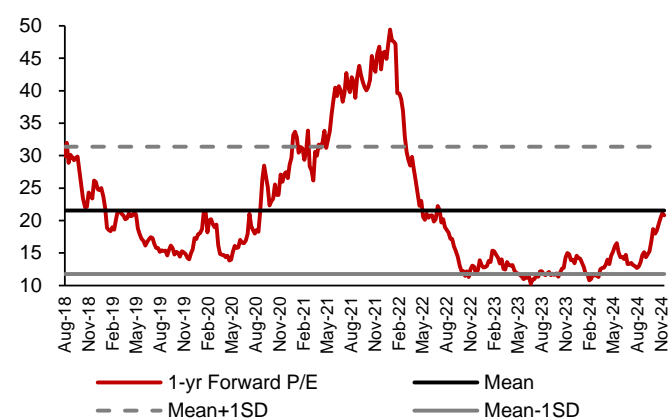
We derive our new TP of HK\$32.70 based on the SOTP methodology in order to reflect different growth profiles of Xiaomi's various businesses. We assign 20x/18x/15x FY25E P/E to its smartphone/AIoT/Internet businesses, 38%/73%/46% premium to listed peers, which we think justified given Xiaomi's accelerated 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 24.3x FY25E P/E is justified, when compared to 1) valuation of 30.6x 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 SUV model launch, smartphone/AIoT share gains, overseas store expansion 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	201,600	34%	11,006	P/E	20.0	220,119
AIoT and lifestyle products	112,345	29%	9,483	P/E	18.0	170,694
Internet services	36,707	36%	11,715	P/E	15.0	175,732
Others	3,979	1%	184	P/E	10.0	1,838
Smart EV	69,238			P/S	1.50	103,857
						672,241
Cash (RMB mn)						33,631
Debt (RMB mn)						-27,857
Investment (RMB mn)						68,000
<b>Total (RMB mn)</b>						<b>746,015</b>
<b>No. of shares (mn)</b>						<b>24,797</b>
<b>TP (RMB)</b>						<b>30.08</b>
<b>TP (HK\$)</b>						<b>32.70</b>

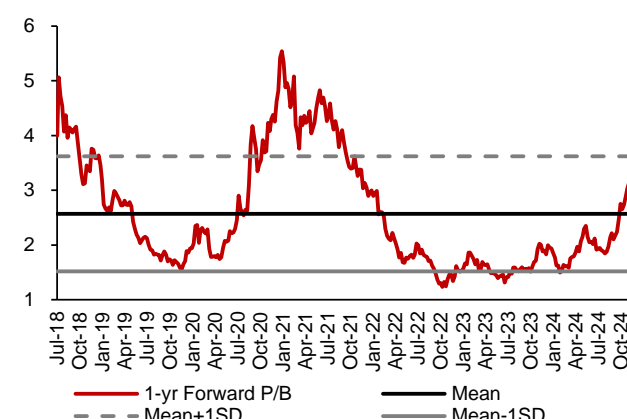
Source: Company data, CMBIGM estimates

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



Source: Bloomberg, CMBIGM

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



Source: Bloomberg, CMBIGM

Figure 10: Peers' valuation

		Market Cap	Price	P/E (x)		P/B (x)		ROE (%)	
Company	Ticker	(US\$mn)	(LC)	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
HK-listed*									
Xiaomi	1810 HK	92,354	28.8	26.9	21.6	3.6	3.2	11.3	13.1
Sunny Optical	2382 HK	7,784	55.4	22.1	18.5	2.2	2.1	10.1	11.2
AAC Tech	2018 HK	4,650	30.2	19.2	15.4	1.3	1.3	7.0	8.2
BYDE	285 HK	8,235	28.5	13.0	9.5	3.1	2.5	24.2	26.8
FIT Hon Teng	6088 HK	2,819	3.0	15.0	8.9	1.0	0.9	7.0	10.6
Tongda	698 HK	106	0.1	28.3	4.3	0.1	0.1	0.4	2.7
Q tech	1478 HK	753	5.0	14.8	9.9	1.0	0.9	6.9	9.6
TK Group	2283 HK	193	1.8	5.3	4.2	0.8	0.7	15.2	17.4
Average				19.9	12.7	1.8	1.6	9.8	11.8
Smartphone									
Apple	AAPL US	3,401,060	225.0	33.6	30.6	54.3	45.3	156.0	173.9
Lenovo	992 HK	14,310	9.0	15.4	11.4	2.3	2.2	16.0	20.5
Samsung	005930 KS	242,502	56,700.0	10.9	9.4	1.0	0.9	9.3	10.0
LG Elec	066570 KS	10,564	90,100.0	9.8	6.6	0.8	0.7	7.6	10.3
Average				17.4	14.5	14.6	12.3	47.2	53.7
IoT									
Hisense	600060 CH	3,710	20.6	13.3	11.6	1.3	1.3	9.9	10.6
Midea	000333 CH	74,498	71.1	13.7	12.4	2.8	2.6	20.9	20.6
Gree	000651 CH	33,170	42.9	7.6	7.3	1.8	1.5	23.6	21.7
Average				11.5	10.4	2.0	1.8	18.2	17.6
Internet									
Tencent	700 HK	481,202	404.2	16.4	14.9	3.6	3.1	21.2	20.0
Alibaba	BABA US	211,969	88.6	10.3	10.0	1.5	1.5	10.6	11.9
Baidu	BIDU US	29,658	84.6	7.9	7.8	0.8	0.7	8.6	8.2
JD	JD US	56,706	35.0	9.2	8.4	1.6	1.4	14.7	14.5
Average				10.9	10.3	1.9	1.7	13.8	13.7
EV									
BYD	1211 HK	109,916	267.20	19.3	15.3	4.3	3.4	23.4	24.1
Li Auto	LI US	24,106	22.72	19.2	13.6	3.5	3.2	12.7	16.3
Xpeng	XPEV US	12,098	12.74	-	-	4.0	4.5	(18.5)	(13.3)
NIO	JD US	56,706	35.00	9.2	8.4	1.6	1.4	14.7	14.5
Average				15.9	12.5	3.3	3.1	8.1	10.4

Source: Bloomberg, CMBIGM

Note: For technology stocks under HK-listed companies, earnings estimates are from CMBIGM. For stocks under smartphone, IoT, Internet and EV, earnings estimates are from Bloomberg consensus.



## Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
<b>Revenue</b>	<b>328,309</b>	<b>280,044</b>	<b>270,970</b>	<b>354,314</b>	<b>423,870</b>	<b>466,371</b>
Cost of goods sold	(270,048)	(232,467)	(213,494)	(279,970)	(332,898)	(364,151)
<b>Gross profit</b>	<b>58,261</b>	<b>47,577</b>	<b>57,476</b>	<b>74,344</b>	<b>90,972</b>	<b>102,219</b>
Selling expense	(20,981)	(21,323)	(19,227)	(24,966)	(29,247)	(32,180)
Admin expense	(4,739)	(5,114)	(5,127)	(5,874)	(6,994)	(7,695)
R&D expense	(13,167)	(16,028)	(19,098)	(23,433)	(28,399)	(29,381)
Other income	827	1,136	740	1,073	1,073	1,073
Gain/loss on financial assets at FVTPL	8,132	(1,662)	3,501	(904)	(904)	(904)
Investment gain/loss	275	(400)	46	364	364	364
<b>EBIT</b>	<b>26,029</b>	<b>2,816</b>	<b>20,009</b>	<b>20,933</b>	<b>27,864</b>	<b>34,496</b>
<b>Net Interest income/(expense)</b>	<b>(1,612)</b>	<b>1,117</b>	<b>2,002</b>	<b>4,006</b>	<b>4,006</b>	<b>4,006</b>
Foreign exchange gain/loss	(2,580)	(1,369)	1,697	330	1,000	1,000
Others	0	0	0	0	0	0
<b>Pre-tax profit</b>	<b>24,417</b>	<b>3,934</b>	<b>22,011</b>	<b>24,939</b>	<b>31,870</b>	<b>38,502</b>
Income tax	(5,134)	(1,431)	(4,537)	(5,193)	(6,055)	(7,315)
Minority interest	(56)	29	(1)	(54)	(70)	(85)
<b>Net profit</b>	<b>19,283</b>	<b>2,503</b>	<b>17,474</b>	<b>19,746</b>	<b>25,815</b>	<b>31,186</b>
<b>Adjusted net profit</b>	<b>22,039</b>	<b>8,518</b>	<b>19,273</b>	<b>24,667</b>	<b>30,736</b>	<b>36,107</b>
Net dividends	0	0	0	0	0	0
BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
<b>Current assets</b>	<b>185,851</b>	<b>160,415</b>	<b>199,053</b>	<b>234,713</b>	<b>261,291</b>	<b>296,507</b>
Cash & equivalents	23,512	27,607	33,631	22,577	65,391	66,230
Account receivables	23,095	19,625	21,924	33,053	28,879	37,303
Inventories	52,398	50,438	44,423	80,008	67,946	93,899
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
<b>Non-current assets</b>	<b>107,040</b>	<b>113,092</b>	<b>125,195</b>	<b>130,263</b>	<b>135,964</b>	<b>141,678</b>
PP&E	6,965	9,138	13,721	18,790	24,490	30,204
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
<b>Total assets</b>	<b>292,892</b>	<b>273,507</b>	<b>324,247</b>	<b>364,976</b>	<b>397,255</b>	<b>438,184</b>
<b>Current liabilities</b>	<b>115,727</b>	<b>89,628</b>	<b>115,588</b>	<b>136,571</b>	<b>143,034</b>	<b>152,777</b>
Short-term borrowings	5,527	2,151	6,183	6,183	6,183	6,183
Account payables	74,643	53,094	62,099	83,081	89,545	99,288
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
<b>Non-current liabilities</b>	<b>39,732</b>	<b>39,957</b>	<b>44,398</b>	<b>44,398</b>	<b>44,398</b>	<b>44,398</b>
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
<b>Total liabilities</b>	<b>155,459</b>	<b>129,584</b>	<b>159,986</b>	<b>180,969</b>	<b>187,432</b>	<b>197,175</b>
Share capital	407	406	407	407	407	407
Other reserves	137,212	143,658	163,995	183,795	209,680	240,951
<b>Total shareholders equity</b>	<b>137,432</b>	<b>143,923</b>	<b>164,262</b>	<b>184,008</b>	<b>209,823</b>	<b>241,009</b>
Minority interest	220	265	266	213	142	58
<b>Total equity and liabilities</b>	<b>292,892</b>	<b>273,507</b>	<b>324,247</b>	<b>364,976</b>	<b>397,255</b>	<b>438,184</b>

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	24,939	31,870	38,502
Depreciation & amortization	3,062	3,707	(1,383)	2,018	2,777	3,613
Tax paid	(2,442)	(3,420)	(4,083)	(5,193)	(6,055)	(7,315)
Change in working capital	(15,725)	(21,255)	25,862	(25,732)	22,699	(24,633)
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>(3,968)</b>	<b>51,291</b>	<b>10,167</b>
<b>Investing</b>						
Capital expenditure	(7,169)	(5,800)	(3,200)	(7,086)	(8,477)	(9,327)
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>(7,086)</b>	<b>(8,477)</b>	<b>(9,327)</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	22,577	65,391
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>22,577</b>	<b>65,391</b>	<b>66,230</b>
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
Revenue	33.5%	(14.7%)	(3.2%)	30.8%	19.6%	10.0%
Gross profit	58.5%	(18.3%)	20.8%	29.3%	22.4%	12.4%
EBIT	8.3%	(89.2%)	610.4%	4.6%	33.1%	23.8%
Net profit	(5.1%)	(87.0%)	598.3%	13.0%	30.7%	20.8%
Adj. net profit	69.5%	(61.4%)	126.3%	28.0%	24.6%	17.5%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
Gross profit margin	17.7%	17.0%	21.2%	21.0%	21.5%	21.9%
Adj. net profit margin	6.7%	3.0%	7.1%	7.0%	7.3%	7.7%
Return on equity (ROE)	14.8%	1.8%	11.3%	11.3%	13.1%	13.8%
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	34.5	78.0	34.5	26.9	21.6	18.4
P/E (diluted)	30.3	78.0	34.5	26.9	21.6	18.4
P/B	4.9	4.6	4.1	3.6	3.2	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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