

# Xiaomi (1810 HK)

## 4Q24 Preview: Expect another strong beat; Raise TP to HK\$54.53

Xiaomi will report 4Q24 results on 18 Mar. We estimate 4Q revenue/adj. net profit to grow 42%/44% YoY to RMB 103.9bn/7.0bn, 0.5%/9% above Bloomberg consensus, driven by a better mix in smartphones, China subsidies for smartphones/IoT and stronger EV GPM. Looking ahead to FY25E, we remain positive on 1) Smartphone: global share gains and an improving mix, backed by its flagship models and expansion in LATAM/EMEA/SEA; 2) IoT: China national subsidies, AI smart glasses and overseas expansion; and 3) Smart EV: strong backlog of SU7, launch of SUV YU7 and improving profitability. Overall, we are confident on Xiaomi's core biz strength and growth momentum of EV business. We lift FY24-27E EPS by 8-22% to reflect a better product mix and stronger EV margin. Reiterate BUY and raise SOTP-based TP to HK\$ 54.53 for higher EPS estimates and sector re-rating, implying 33.9x FY25E P/E. Upcoming catalysts include 4Q24 results, Mi 15 Ultra/SU7 Ultra/AI glasses and EV order/delivery/profitability updates.

- **Smartphone: better product mix and improving GPM.** For 4Q24, Canalys reported Xiaomi's global shipments increased 5% YoY (vs 3% YoY for the industry) with market share of 13%. We estimate a higher 4Q24 ASP (+3% YoY/2% QoQ) due to better sales of flagship models and higher China sales. We think GPM will continue to improve QoQ to 12.0% in 4Q24 (vs 11.7% in 3Q) on lower memory cost. For FY25E, we expect Xiaomi's global share gains to continue, helped by high-end models and expansion in LATAM/EMEA/SEA. Overall, we expect Xiaomi's shipments to grow 16%/10%/5% YoY to 169mn/185mn/195mn units in FY24/25/26E.
- **IoT/Internet/EV: China subsidies, better advertising, strong EV delivery/ profitability.** We estimate IoT/Internet revenue to grow 48%/15% YoY to RMB 30bn/9.0bn in 4Q24E (vs 26%/9% in 3Q24), driven by China subsidies for home appliances/tablets/wearables and higher advertising/pre-installation revenue. For GPM, we expect IoT GPM to stay strong at 20.0% in 4Q24, while Internet GPM will remain solid at 75.0%. For EVs, we estimate Xiaomi's 4Q EV shipments/ASP of 69k units/RMB 230k and a better GPM of 20.0% (vs 17.1% in 3Q24).
- **Positive on core business outlook and new SUV launch; reiterate BUY.** We believe Xiaomi's "Human x Car x Home" ecosystem will continue to benefit from global share gains, SUV launch and AI product cycle into FY25/26E. Reiterate BUY and raised SOTP-based TP to HK\$ 54.53 for higher earnings estimates and sector-re-rating, implying 33.9x FY25E P/E.

### Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	280,044	270,970	360,790	469,093	567,734
YoY growth (%)	(14.7)	(3.2)	33.1	30.0	21.0
Adjusted net profit (RMB mn)	8,518.0	19,272.8	25,844.6	36,687.5	45,514.3
YoY growth (%)	(61.4)	126.3	34.1	42.0	24.1
EPS (Adjusted) (RMB)	0.34	0.77	1.04	1.48	1.84
Consensus EPS (RMB)	na	na	0.96	1.21	na
P/E (x)	135.0	59.8	44.4	31.3	25.2
P/B (x)	8.0	7.0	6.2	5.3	4.5
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	1.8	11.3	12.0	15.8	17.1
Net gearing (%)	70.9	76.9	85.6	59.4	na

Source: Company data, Bloomberg, CMBIGM estimates

**BUY (Maintain)**

**Target Price** **HK\$54.53**  
(Previous TP) **HK\$32.70**  
**Up/Downside** **10.3%**  
**Current Price** **HK\$49.45**

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### Stock Data

Mkt Cap (HK\$ mn)	1,005,911.9
Avg 3 mths t/o (HK\$ mn)	6,215.2
52w High/Low (HK\$)	49.45/12.76
Total Issued Shares (mn)	20342.0

Source: FactSet

### Shareholding Structure

Lin Bin	8.6%
Smart Mobile Holdings Ltd	8.6%

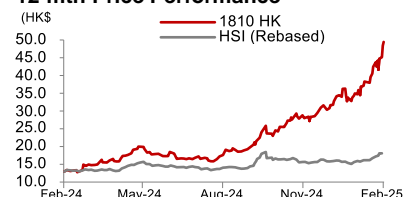
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	41.5%	22.9%
3-mth	74.7%	49.8%
6-mth	180.6%	114.9%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

### Related reports:

- 3Q24 beat on stronger EV/core business margin; Solid execution of "Human×Car×Home" strategy – 19 Nov 2024 ([link](#))
- Xiaomi (1810 HK)-3Q24 preview: Continued strength in core business and EV upside; Raise TP to HK\$ 32.29-5 Nov 2024 ([link](#))
- Xiaomi (1810 HK)-2Q24 beat on EV GPM and resilient core earnings; Reiterate BUY-22 Aug 2024 ([link](#))
- 2Q24E preview: expect resilient core earnings with better EV profitability; Reiterate BUY-5 Aug 2024 ([link](#))
- CMBI Corp Day takeaways: Growth outlook intact; market concerns overdone- 28 Jun 2024 ([link](#))

## 4Q24 Preview

Figure 1: 4Q24 results preview

RMB mn	4Q23	1Q24	2Q24	3Q24	4Q24E	CMBIGM		Consensus	Diff (%)
						QoQ	YoY		
Revenue	73,244	75,507	88,888	92,507	103,889	12.3%	42%	103,404	0%
Gross profit	15,614	16,830	18,394	18,881	21,830	15.6%	40%	21,425	2%
Operating profit	5,057	3,683	5,889	6,041	6,739	11.6%	33%	5,694	18%
Adj. net profit	4,910	6,491	6,175	6,252	7,034	12.5%	43%	6,462	9%
Adj. EPS (RMB)	0.20	0.26	0.25	0.25	0.28	12.5%	44%	0.24	19%
Gross margin	21.3%	22.3%	20.7%	20.4%	21.0%	0.6 ppt	-0.3 ppt	20.7%	0.3 ppt
Operating margin	6.9%	4.9%	6.6%	6.5%	6.5%	0 ppt	-0.4 ppt	5.5%	1 ppt
Adj. net margin	6.7%	8.6%	6.9%	6.8%	6.8%	0 ppt	0.1 ppt	6.2%	0.5 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 2: 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>47,824</b>	<b>188,272</b>	<b>209,050</b>	<b>222,300</b>
...YoY	-6%	33%	27%	14%	8%	20%	11%	6%
Shipments (000 units)	145,600	40,600	42,200	43,100	42,700	168,600	185,000	195,000
...YoY	-3%	34%	28%	3%	5%	16%	10%	5%
ASP (RMB)	1,081	1,145	1,102	1,101	1,120	1,117	1,130	1,140
...YoY	-2.7%	-0.6%	-0.9%	10.5%	2.5%	3.3%	1.2%	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>30,010</b>	<b>103,246</b>	<b>126,411</b>	<b>149,201</b>
...YoY	0%	21%	20%	26%	47%	29%	22%	18%
Smart TVs and laptops	19,482	4,656	4,752	5,507	7,140	22,055	24,922	27,415
...YoY	-18%	-1%	-5%	8%	40%	13%	13%	10%
Other IoTs	60,626	15,717	22,009	20,595	22,870	81,191	101,489	121,786
...YoY	8%	30%	40%	35%	50%	34%	25%	20%
<b>Internet services</b>	<b>30,107</b>	<b>8,048</b>	<b>8,266</b>	<b>8,463</b>	<b>9,042</b>	<b>33,818</b>	<b>37,685</b>	<b>41,454</b>
...YoY	6%	15%	11%	9%	15%	12%	11%	10%
Advertising services	20,500	5,500	5,962	6,178	6,608	24,248	27,157	29,873
...YoY	11%	25%	17%	14%	18%	18%	12%	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>16,071</b>	<b>32,137</b>	<b>91,967</b>	<b>150,004</b>
Shipments (units)	-	-	27,307	39,790	69,000	136,097	350,000	550,000
ASP (RMB)	-	-	228,644	238,650	230,000	236,135	259,748	272,735
<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>103,889</b>	<b>360,790</b>	<b>469,093</b>	<b>567,734</b>
...YoY	-3%	27%	32%	30%	42%	33%	30%	21%
<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%	20.0%	20.1%	20.5%	20.7%
Internet services	74.2%	74.2%	78.3%	77.5%	75.0%	76.2%	76.0%	75.0%
EV Business	-	-	15.4%	17.1%	20.0%	18.2%	22.0%	23.0%
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>21.2%</b>	<b>19.4%</b>	<b>21.8%</b>	<b>22.1%</b>

Source: Company data, CMBIGM estimates

## Earnings Revision

### Our FY24-26E adj. NP are 4-16% above consensus

We lift FY24-26E adj. EPS by 5-26% to reflect higher smartphone shipments, better margin across segments and better EV sales outlook. We expect Xiaomi's smartphone shipments to grow 16%/10%/5% YoY to 169mn/185mn/195mn units, IoT sales to grow 29%/22%/18% and EV shipments to climb to 136k/350k/550k units in FY24/25/26E. Our FY24-26E EPS are 8-22% above consensus given our more positive view on EV margins, core business momentum and operating efficiency improvement.

**Figure 3: CMBIGM earnings revision**

RMB mn	New			Old			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	360,790	469,093	567,734	354,314	423,870	466,371	2%	11%	22%
Gross profit	75,936	102,402	126,615	74,344	90,972	102,219	2%	13%	24%
Operating profit	22,352	35,212	46,109	20,933	27,864	34,496	7%	26%	34%
Adj. net profit	25,845	36,688	45,514	24,667	30,736	36,107	5%	19%	26%
Adj. EPS (RMB)	1.04	1.48	1.84	0.99	1.24	1.46	5%	19%	26%
Gross margin	21.0%	21.8%	22.3%	21.0%	21.5%	21.9%	0.1 ppt	0.4 ppt	0.4 ppt
Operating margin	6.2%	7.5%	8.1%	5.9%	6.6%	7.4%	0.3 ppt	0.9 ppt	0.7 ppt
Adj. net margin	7.2%	7.8%	8.0%	7.0%	7.3%	7.7%	0.2 ppt	0.6 ppt	0.3 ppt

Source: Company data, CMBIGM estimates

**Figure 4: CMBIGM estimates vs consensus**

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	360,790	469,093	567,734	356,999	441,409	520,354	1%	6%	9%
Gross profit	75,936	102,402	126,615	75,310	94,245	113,307	1%	9%	12%
Operating profit	22,352	35,212	46,109	21,531	30,915	40,419	4%	14%	14%
Adj. net profit	25,845	36,688	45,514	24,941	31,624	39,525	4%	16%	15%
Adj. EPS (RMB)	1.04	1.48	1.84	0.96	1.21	1.51	8%	22%	22%
Gross margin	21.0%	21.8%	22.3%	21.1%	21.4%	21.8%	0 ppt	0.5 ppt	0.5 ppt
Operating margin	6.2%	7.5%	8.1%	6.0%	7.0%	7.8%	0.2 ppt	0.5 ppt	0.4 ppt
Adj. net margin	7.2%	7.8%	8.0%	7.0%	7.2%	7.6%	0.2 ppt	0.7 ppt	0.4 ppt

Source: Bloomberg, CMBIGM estimates

**Figure 5: 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>103,889</b>	<b>360,790</b>	<b>469,093</b>	<b>567,734</b>
...YoY	-3%	27%	32%	30%	42%	33%	30%	21%
Cost of sales	(213,494)	(58,677)	(70,494)	(73,625)	(82,058)	(284,854)	(366,691)	(441,119)
<b>Gross profit</b>	<b>57,476</b>	<b>16,830</b>	<b>18,394</b>	<b>18,881</b>	<b>21,830</b>	<b>75,936</b>	<b>102,402</b>	<b>126,615</b>
GPM (%)	21.2%	22.3%	20.7%	20.4%	21.0%	21.0%	21.8%	22.3%
...YoY	21%	45%	30%	17%	40%	32%	35%	24%
SG&A	(24,353)	(7,004)	(7,082)	(7,696)	(8,986)	(30,768)	(38,231)	(46,270)
...% of rev	-9.0%	-9.3%	-8.0%	-8.3%	-8.7%	-8.5%	-8.2%	-8.2%
R&D	(19,098)	(5,159)	(5,498)	(5,957)	(7,064)	(23,678)	(30,491)	(35,767)
...% of rev	-7.0%	-6.8%	-6.2%	-6.4%	-6.8%	-6.6%	-6.5%	-6.3%
<b>Operating profit</b>	<b>20,009</b>	<b>3,683</b>	<b>5,889</b>	<b>6,041</b>	<b>6,739</b>	<b>22,352</b>	<b>35,212</b>	<b>46,109</b>
OPM (%)	7.4%	4.9%	6.6%	6.5%	6.5%	6.2%	7.5%	8.1%
...YoY	610%	-38%	46%	21%	33%	12%	58%	31%
<b>Adj. net profit</b>	<b>19,273</b>	<b>6,491</b>	<b>6,175</b>	<b>6,252</b>	<b>7,034</b>	<b>25,845</b>	<b>36,688</b>	<b>45,514</b>
NPM (%)	7.1%	8.6%	6.9%	6.8%	6.8%	7.2%	7.8%	8.0%
...YoY	126%	101%	20%	4%	43%	34%	42%	24%

Source: Company data, CMBIGM estimates

## Valuation

### Maintain BUY with new SOTP-based TP of HK\$54.53

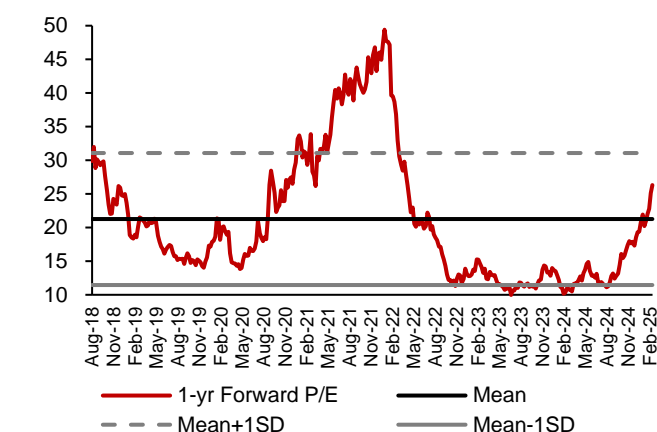
We derive our new TP of HK\$54.53 based on the SOTP methodology in order to reflect different growth profiles of Xiaomi's various businesses. We assign higher 28x/28x/25x FY25E P/E's to its smartphone/AIoT/Internet businesses, which we think are justified given Xiaomi's accelerated share gains in smartphone/IoT markets, overseas expansion of its ecosystem, improving profitability across smartphone/AIoT/Internet segments and sector re-rating for the edge AI upcycle. For EV business, we assign 2.0x FY26E P/S given strong shipment momentum, capacity expansion and new product launches. In addition, we believe our implied target multiple of 33.9x FY25E P/E is justified, when compared to 1) valuation of 33.4x FY25E P/E for global industry leader, Apple, and 2) 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 6: 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	209,050	33%	10,196	P/E	28.0	285,497
AIoT and lifestyle products	126,411	32%	9,723	P/E	28.0	272,237
Internet services	37,685	35%	10,746	P/E	25.0	268,642
Others	3,979	1%	164	P/E	25.0	4,106
Smart EV	150,004			P/S	2.00	300,009
						<b>1,130,491</b>
Cash (RMB mn)						73,474
Debt (RMB mn)						(27,857)
Investment (RMB mn)						68,000
<b>Total (RMB mn)</b>						<b>1,244,107</b>
<b>No. of shares (mn)</b>						<b>24,797</b>
<b>TP (RMB)</b>						<b>50.17</b>
<b>TP (HK\$)</b>						<b>54.53</b>

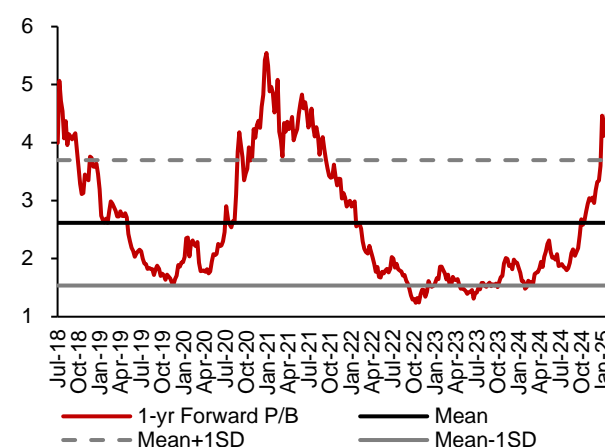
Source: Company data, CMBIGM estimates

**Figure 7: 12M forward P/E band**



Source: Bloomberg, CMBIGM

**Figure 8: 12M forward P/B band**



Source: Bloomberg, CMBIGM

Figure 9: Peers' valuation

Figure 6: P/E ratio 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	159,656	49.5	32.7	10%	42.7	30.0	5.9	5.1
Sunny Optical	2382 HK	12,776	90.8	102.9	13%	32.7	26.0	3.6	3.3
AAC Tech	2018 HK	7,500	49.0	53.5	9%	29.1	22.8	2.2	2.0
BYDE	285 HK	16,602	57.3	48.7	-15%	25.4	18.0	3.6	3.1
FIT Hon Teng	6088 HK	3,479	3.7	4.8	29%	18.9	11.0	1.3	1.2
Tongda	698 HK	100	0.1	0.1	53%	26.7	4.0	0.1	0.1
Q tech	1478 HK	1,217	8.0	6.8	-15%	31.2	14.9	1.7	1.5
TK Group	2283 HK	208	1.9	2.8	45%	5.7	4.5	0.9	0.8
		Average				30.0	19.3	2.6	2.4
Smartphone									
Apple	AAPL US	3,672,446	244.5	NA	NA	36.5	33.4	59.0	53.4
Lenovo	992 HK	20,066	12.6	NA	NA	21.6	16.0	3.2	3.1
Samsung	005930 KS	243,284	58,700.0	NA	NA	11.9	12.9	1.0	1.0
LG Elec	066570 KS	9,259	81,500.0	NA	NA	19.2	8.3	0.7	0.6
		Average				17.0	13.7	11.7	11.3
IoT									
Hisense	600060 CH	4,164	23.3	NA	NA	15.2	13.1	1.5	1.4
Midea	000333 CH	74,862	71.5	NA	NA	14.0	12.7	2.9	2.6
Gree	000651 CH	32,244	41.9	NA	NA	7.5	7.1	1.7	1.5
		Average				12.2	10.9	2.0	1.8
Internet									
Tencent	700 HK	587,552	497.8	NA	NA	20.8	18.7	4.5	3.8
Alibaba	BABA US	301,508	126.9	NA	NA	14.8	14.6	2.2	2.1
Baidu	BIDU US	31,615	90.2	NA	NA	9.2	9.4	0.8	0.8
JD	JD US	63,041	38.9	NA	NA	10.0	9.2	1.6	1.4
		Average				13.7	13.0	2.3	2.0

Source: Bloomberg, CMBIGM

Note: Data as of 19 Feb close.

## 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>360,790</b>	<b>469,093</b>	<b>567,734</b>
Cost of goods sold	(270,048)	(232,467)	(213,494)	(284,854)	(366,691)	(441,119)
<b>Gross profit</b>	<b>58,261</b>	<b>47,577</b>	<b>57,476</b>	<b>75,936</b>	<b>102,402</b>	<b>126,615</b>
Selling expense	(20,981)	(21,323)	(19,227)	(24,984)	(31,429)	(38,038)
Admin expense	(4,739)	(5,114)	(5,127)	(5,783)	(6,802)	(8,232)
R&D expense	(13,167)	(16,028)	(19,098)	(23,678)	(30,491)	(35,767)
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>22,352</b>	<b>35,212</b>	<b>46,109</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>26,358</b>	<b>39,218</b>	<b>50,115</b>
Income tax	(5,134)	(1,431)	(4,537)	(5,434)	(7,451)	(9,522)
Minority interest	(56)	29	(1)	(55)	(83)	(106)
<b>Net profit</b>	<b>19,283</b>	<b>2,503</b>	<b>17,474</b>	<b>20,924</b>	<b>31,767</b>	<b>40,593</b>
<b>Adjusted net profit</b>	<b>22,039</b>	<b>8,518</b>	<b>19,273</b>	<b>25,845</b>	<b>36,688</b>	<b>45,514</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>239,948</b>	<b>286,097</b>	<b>341,110</b>
Cash & equivalents	23,512	27,607	33,631	24,993	73,474	83,212
Account receivables	23,095	19,625	21,924	33,701	32,754	43,565
Inventories	52,398	50,438	44,423	82,179	80,795	115,259
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>128,739</b>	<b>133,277</b>	<b>138,532</b>
PP&E	6,965	9,138	13,721	17,265	21,803	27,058
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>368,687</b>	<b>419,375</b>	<b>479,643</b>
<b>Current liabilities</b>	<b>115,727</b>	<b>89,628</b>	<b>115,588</b>	<b>139,103</b>	<b>158,024</b>	<b>177,699</b>
Short-term borrowings	5,527	2,151	6,183	6,183	6,183	6,183
Account payables	74,643	53,094	62,099	85,614	104,535	124,210
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>183,502</b>	<b>202,422</b>	<b>222,097</b>
Share capital	407	406	407	407	407	407
Other reserves	137,212	143,658	163,995	184,974	216,823	257,523
<b>Total shareholders equity</b>	<b>137,432</b>	<b>143,923</b>	<b>164,262</b>	<b>185,186</b>	<b>216,952</b>	<b>257,546</b>
Minority interest	220	265	266	212	129	22
<b>Total equity and liabilities</b>	<b>292,892</b>	<b>273,507</b>	<b>324,247</b>	<b>368,687</b>	<b>419,375</b>	<b>479,643</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	26,358	39,218	50,115
Depreciation & amortization	3,062	3,707	(1,383)	1,868	2,498	3,261
Tax paid	(2,442)	(3,420)	(4,083)	(5,434)	(7,451)	(9,522)
Change in working capital	(15,725)	(21,255)	25,862	(26,018)	21,252	(25,600)
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>(3,226)</b>	<b>55,517</b>	<b>18,254</b>
<b>Investing</b>						
Capital expenditure	(7,169)	(5,800)	(3,200)	(5,412)	(7,036)	(8,516)
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>(5,412)</b>	<b>(7,036)</b>	<b>(8,516)</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	24,993	73,474
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>24,993</b>	<b>73,474</b>	<b>83,212</b>
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
Revenue	33.5%	(14.7%)	(3.2%)	33.1%	30.0%	21.0%
Gross profit	58.5%	(18.3%)	20.8%	32.1%	34.9%	23.6%
EBIT	8.3%	(89.2%)	610.4%	11.7%	57.5%	30.9%
Net profit	(5.1%)	(87.0%)	598.3%	19.7%	51.8%	27.8%
Adj. net profit	69.5%	(61.4%)	126.3%	34.1%	42.0%	24.1%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
Gross profit margin	17.7%	17.0%	21.2%	21.0%	21.8%	22.3%
Adj. net profit margin	6.7%	3.0%	7.1%	7.2%	7.8%	8.0%
Return on equity (ROE)	14.8%	1.8%	11.3%	12.0%	15.8%	17.1%
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	59.7	135.0	59.8	44.4	31.3	25.2
P/E (diluted)	52.4	135.0	59.8	44.4	31.3	25.2
P/B	8.4	8.0	7.0	6.2	5.3	4.5
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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