

# Xiaomi (1810 HK)

## 1Q24E preview: Expect strong earnings ahead; Raise TP to HK\$23.77

Xiaomi will report 1Q24 results in late May. We estimate 1Q revenue/adj. net profit to deliver 26%/67% YoY growth to RMB75.2bn/5.4bn, 5%/19% above consensus, backed by strong smartphone shipments, better GPM across all segments and prudent expense controls. Looking ahead, we believe Xiaomi's global smartphone share gain will continue in LATAM/EMEA/SEA/EU markets backed by multiple product launches in 2H24E, and margin shall remain resilient given rising BOM costs are offset by premiumization and an improving mix. Overall, we are positive on the strong momentum of Xiaomi's smart EV business and resilient core segments. We raise FY24-26E EPS by 11-21% and lift SOTP-based TP to HK\$23.77 to reflect stronger smartphone, EV momentum and better margins. We are looking to see more details on EV progress, AI strategy and product pipeline.

- **Smartphone: strong shipments with better-than-feared margin.** Canalys reported Xiaomi's global shipments increased 33% YoY (vs 10% YoY for the industry) with market share of 14% in 1Q24 (vs 11% in 1Q23). Xiaomi's 1Q24 shipment strength was driven by both domestic and overseas market demand. We estimate a flattish ASP in 1Q24 and GPM to trend down QoQ to 14.5% (vs 16.4% in 4Q23) due to memory/component cost hikes. Looking ahead, we are positive on Xiaomi's global share gain momentum and multiple new model launches in 2H24E (e.g. Xiaomi 15, Mix Fold). We expect Xiaomi's shipments to increase 14% YoY to 167mn units in FY24E and rebound 2%/3% YoY to 170mn/175mn in FY25E/26E.
- **AIoT/Internet: an improving AIoT mix and resilient Internet revenue.** We estimate AIoT/Internet revenue to increase 19%/7% YoY in 1Q24E (vs -5%/+10% YoY in 4Q23), mainly due to strong Pads/home appliance sales and pre-installations/ads revenue that benefited from an expanding global SP user base. We expect AIoT GPM to reach 18.5% in 1Q (vs 13.9% in 4Q23) on higher Pads and home appliance revenue contribution, while Internet GPM will likely remain relatively stable at 75.0% (vs 75.7% in 4Q23).
- **Our FY24-26E EPS are 17%/25% above consensus; Reiterate BUY.** Xiaomi's share price rallied 23% over the past month, driven by stronger SU7 orders, shipment deliveries and positive consumer feedback. We expect its upcoming 1Q24E earnings will share more updates on EV-related progress, AI strategy and product pipeline. Reiterate BUY with a new SOTP-based TP of HK\$23.77.

### Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	280,044	270,970	335,701	375,130	411,867
YoY growth (%)	(14.7)	(3.2)	23.9	11.7	9.8
Adjusted net profit (RMB mn)	8,518.0	19,272.8	20,030.1	21,722.2	25,199.8
YoY growth (%)	(61.4)	126.3	3.9	8.4	16.0
EPS (Adjusted) (RMB)	0.34	0.77	0.80	0.87	1.01
Consensus EPS (RMB)	N/A	N/A	0.64	0.72	0.87
P/E (x)	51.4	22.7	21.9	20.2	17.4
P/B (x)	3.0	2.7	2.4	2.1	ns
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	1.8	11.3	11.0	10.7	11.2
Net gearing (%)	70.9	76.9	82.4	55.9	na

Source: Company data, Bloomberg, CMBIGM estimates

### BUY (Maintain)

Target Price	HK\$23.77
(Previous TP)	HK\$22.19)
Up/Downside	24.5%
Current Price	HK\$19.10

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### Stock Data

Mkt Cap (HK\$ mn)	388,532.2
Avg 3 mths t/o (HK\$ mn)	1,703.6
52w High/Low (HK\$)	19.10/9.99
Total Issued Shares (mn)	20342.0

Source: FactSet

### Shareholding Structure

Lin Bin	8.6%
Smart Mobile Holdings Ltd	8.6%

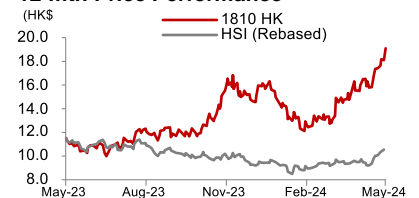
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	23.2%	12.6%
3-mth	51.3%	31.2%
6-mth	18.3%	13.5%

Source: FactSet

### 12-mth Price Performance



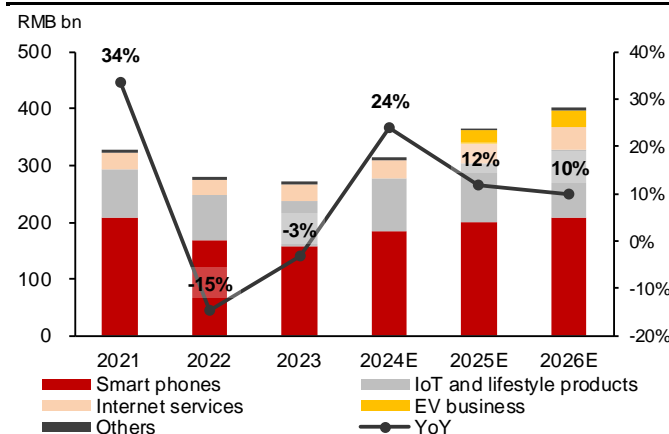
Source: FactSet

### Related reports:

1. Xiaomi (1810 HK)-Key takeaways from Xiaomi Investor Day-24<sup>th</sup> Apr 2024 ([link](#))
2. Xiaomi (1810 HK)-Xiaomi EV SU7's pricing and pre-order above expectations; Raise TP to HK\$ 22.19- 2 Apr 2024 ([link](#))
3. Xiaomi (1810 HK)- Raise TP and estimates on 4Q23 beat; All eyes on EV official launch on 28 March- 20<sup>th</sup> Mar 2024 ([link](#))
4. Xiaomi (1810 HK)-Key takeaways from Xiaomi SU7 launch: Positive on EV tech breakthroughs and 1H24E mass production- 29<sup>th</sup> Dec 2023 ([link](#))

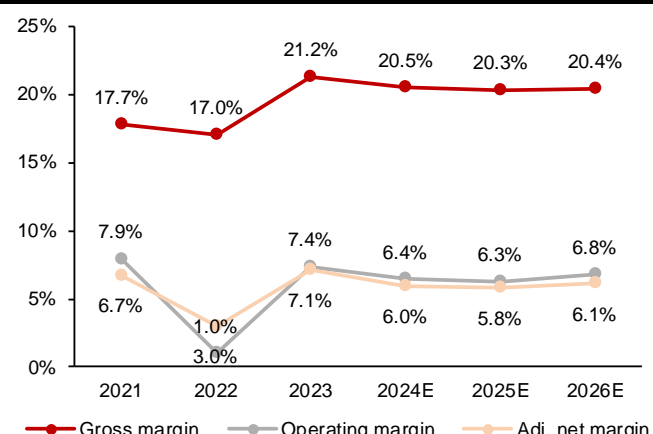
## Focus Charts

Figure 1: Xiaomi revenue trend



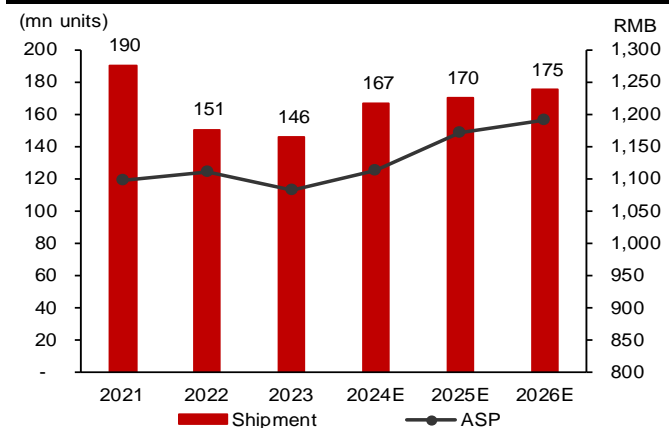
Source: Company data, CMBIGM estimates

Figure 2: Xiaomi margin trend



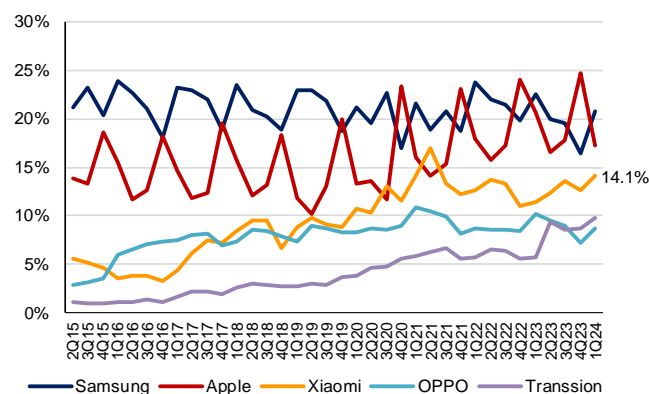
Source: Company data, CMBIGM estimates

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 gain



Source: Company data, CMBIGM

Figure 6: Smartphone premiumization strategy



Source: Company data, CMBIGM

## 1Q24 Preview

Figure 7: 1Q24 results preview

RMB mn	1Q23	2Q23	3Q23	4Q23	CMBIGM estimate			Consensus	
					1Q24E	QoQ	YoY	1Q24E	Diff %
Revenue	59,477	67,355	70,894	73,244	75,167	2.6%	26%	71,602	5%
Gross profit	11,592	14,161	16,110	15,614	16,236	4.0%	40%	14,944	9%
Operating profit	5,900	4,041	5,011	5,057	8,091	60.0%	37%	4,099	97%
Adj. net profit	3,233	5,140	5,990	4,910	5,403	10.0%	67%	4,552	19%
Adj. EPS (RMB)	0.13	0.21	0.24	0.20	0.22	10.3%	67%	0.18	24%
Gross margin	19.5%	21.0%	22.7%	21.3%	21.6%	0.3 ppt	2.1 ppt	20.9%	0.7 ppt
Operating margin	9.9%	6.0%	7.1%	6.9%	10.8%	3.9 ppt	0.8 ppt	5.7%	5 ppt
Adj. net margin	5.4%	7.6%	8.4%	6.7%	7.2%	0.5 ppt	1.8 ppt	6.4%	0.8 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 8: Revenue breakdown

RMB mn	FY23	1Q24E	2Q24E	3Q24E	4Q24E	FY24E	FY25E	FY26E
<b>Smart phones</b>	<b>157,461</b>	<b>46,805</b>	<b>45,510</b>	<b>45,150</b>	<b>47,880</b>	<b>185,345</b>	<b>198,900</b>	<b>208,250</b>
...YoY	-6%	34%	24%	8%	8%	18%	7%	5%
Shipments (mn)	145,600	40,700	41,000	43,000	42,000	166,700	170,000	175,000
...YoY	-3%	34%	25%	3%	4%	14%	2%	3%
ASP (RMB)	1,081	1,150	1,110	1,050	1,140	1,112	1,170	1,190
...YoY	-2.7%	-0.1%	-0.2%	5.4%	4.4%	2.8%	5.2%	1.7%
<b>IoT and lifestyle products</b>	<b>80,108</b>	<b>20,095</b>	<b>25,357</b>	<b>23,525</b>	<b>23,144</b>	<b>92,120</b>	<b>104,867</b>	<b>119,418</b>
...YoY	0%	19%	14%	14%	14%	15%	14%	14%
Smart TVs and laptops	19,482	5,170	5,170	5,480	5,610	21,430	23,573	25,931
...YoY	-18%	10%	4%	7%	10%	10%	10%	10%
Other IoTs	60,626	14,925	20,187	18,045	17,534	70,690	81,294	93,488
...YoY	8%	23%	29%	18%	15%	17%	15%	15%
<b>Internet services</b>	<b>30,107</b>	<b>7,511</b>	<b>7,887</b>	<b>8,268</b>	<b>8,398</b>	<b>32,064</b>	<b>35,270</b>	<b>38,797</b>
...YoY	6%	7%	6%	7%	7%	6%	10%	10%
Advertising services	20,500	4,620	5,355	5,724	5,936	21,635	23,799	26,178
...YoY	11%	5%	5%	6%	6%	6%	10%	10%
Internet value-added	9,607	2,891	2,532	2,544	2,462	10,429	11,472	12,619
...YoY	-2%	10%	8%	8%	8%	9%	10%	10%
Gaming	4,387	1,480	1,094	1,161	1,030	4,765	5,241	5,765
...YoY	7%	10%	8%	8%	8%	9%	10%	10%
Other (incl. Youpin fintech, etc.)	5,220	1,411	1,438	1,383	1,432	5,664	6,230	6,853
...YoY	-9%	10%	8%	8%	8%	8%	10%	10%
<b>EV Business</b>						<b>22,220</b>	<b>31,350</b>	<b>39,710</b>
<b>Others</b>	<b>3,294</b>	<b>757</b>	<b>1,274</b>	<b>980</b>	<b>942</b>	<b>3,952</b>	<b>4,743</b>	<b>5,691</b>
...YoY	-30%	20%	20%	20%	20%	20%	20%	20%
<b>Total</b>	<b>270,970</b>	<b>75,167</b>	<b>84,647</b>	<b>85,623</b>	<b>90,264</b>	<b>335,701</b>	<b>375,130</b>	<b>411,867</b>
...YoY	-3%	26%	26%	21%	23%	24%	12%	10%
<b>Gross margin</b>								
Smart phones	14.6%	14.5%	14.0%	14.0%	14.0%	14.1%	14.0%	14.0%
IoT and lifestyle products	16.3%	18.5%	18.3%	17.3%	17.0%	17.8%	17.5%	17.5%
Internet services	74.2%	75.3%	75.3%	74.3%	74.0%	74.7%	74.5%	74.5%
EV Business	-	-	4.0%	8.0%	10.0%	8.1%	10.0%	11.0%
Others	-27.8%	10.0%	10.0%	10.0%	10.0%	10.0%	11.0%	12.0%
<b>Total</b>	<b>21.2%</b>	<b>21.6%</b>	<b>21.3%</b>	<b>21.3%</b>	<b>21.1%</b>	<b>19.9%</b>	<b>21.2%</b>	<b>21.4%</b>

Source: Company data, CMBIGM estimates

## Earnings Revision

### Our FY24-26E adj. NP are 20-29% above consensus

We raise FY24-26E adj. EPS by 11-21% to reflect better smartphone shipments, stronger EV deliveries and better margins. Our FY24-26E EPS are 17-25% above consensus given our more positive view on smartphone share gain and EV business upside.

**Figure 9: CMBIGM earnings revision**

RMB mn	New			Old			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	335,701	375,130	411,867	321,495	363,516	399,909	4%	3%	3%
Gross profit	68,683	76,131	84,008	60,928	67,077	77,016	13%	13%	9%
Operating profit	21,547	23,621	27,881	15,419	16,179	22,477	40%	46%	24%
Adj. net profit	20,030	21,722	25,200	17,321	17,892	22,615	16%	21%	11%
Adj. EPS (RMB)	0.80	0.87	1.01	0.70	0.72	0.91	16%	21%	11%
Gross margin	20.5%	20.3%	20.4%	19.0%	18.5%	19.3%	1.5 ppt	1.8 ppt	1.1 ppt
Operating margin	6.4%	6.3%	6.8%	4.8%	4.5%	5.6%	1.6 ppt	1.8 ppt	1.1 ppt
Adj. net margin	6.0%	5.8%	6.1%	5.4%	4.9%	5.7%	0.6 ppt	0.9 ppt	0.5 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	335,701	375,130	411,867	319,987	363,241	409,829	5%	3%	0%
Gross profit	68,683	76,131	84,008	62,956	70,179	79,121	9%	8%	6%
Operating profit	21,547	23,621	27,881	14,613	17,679	22,058	47%	34%	26%
Adj. net profit	20,030	21,722	25,200	15,548	17,155	20,989	29%	27%	20%
Adj. EPS (RMB)	0.80	0.87	1.01	0.64	0.72	0.87	25%	22%	17%
Gross margin	20.5%	20.3%	20.4%	19.7%	19.3%	19.3%	0.8 ppt	1 ppt	1.1 ppt
Operating margin	6.4%	6.3%	6.8%	4.6%	4.9%	5.4%	1.9 ppt	1.4 ppt	1.4 ppt
Adj. net margin	6.0%	5.8%	6.1%	4.9%	4.7%	5.1%	1.1 ppt	1.1 ppt	1 ppt

Source: Bloomberg, CMBIGM estimates

**Figure 11: P&L forecast**

RMB mn	FY23	1Q24E	2Q24E	3Q24E	4Q24E	FY24E	FY25E	FY26E
<b>Revenue</b>	<b>270,970</b>	<b>75,167</b>	<b>84,647</b>	<b>85,623</b>	<b>90,264</b>	<b>335,701</b>	<b>375,130</b>	<b>411,867</b>
...YoY	-3%	26%	26%	21%	23%	24%	12%	10%
Cost of sales	(213,494)	(58,931)	(67,385)	(68,375)	(72,327)	(267,019)	(298,999)	(327,859)
<b>Gross profit</b>	<b>57,476</b>	<b>16,236</b>	<b>17,263</b>	<b>17,248</b>	<b>17,936</b>	<b>68,683</b>	<b>76,131</b>	<b>84,008</b>
GPM (%)	21.2%	21.6%	20.4%	20.1%	19.9%	20.5%	20.3%	20.4%
...YoY	21%	40%	22%	7%	15%	19%	11%	10%
SG&A	(24,353)	(6,615)	(7,195)	(7,449)	(8,575)	(29,834)	(32,449)	(35,626)
...% of rev	-9.0%	-8.8%	-8.5%	-8.7%	-9.5%	-8.9%	-8.7%	-8.7%
R&D	(19,098)	(5,187)	(5,756)	(5,994)	(6,680)	(23,616)	(25,509)	(25,948)
...% of rev	-7.0%	-6.9%	-6.8%	-7.0%	-7.4%	-7.0%	-6.8%	-6.3%
<b>Operating profit</b>	<b>20,009</b>	<b>8,091</b>	<b>4,383</b>	<b>3,832</b>	<b>5,241</b>	<b>21,547</b>	<b>23,621</b>	<b>27,881</b>
OPM (%)	7.4%	0.0%	0.0%	0.0%	0.0%	6.4%	6.3%	6.8%
...YoY	610%	37%	8%	-24%	4%	8%	10%	18%
<b>Adj. net profit</b>	<b>19,273</b>	<b>5,403</b>	<b>4,529</b>	<b>4,522</b>	<b>5,576</b>	<b>20,030</b>	<b>21,722</b>	<b>25,200</b>
NPM (%)	7.1%	7.2%	5.4%	5.3%	6.2%	6.0%	5.8%	6.1%
...YoY	126%	67%	-12%	-24%	14%	4%	8%	16%

Source: Company data, CMBIGM estimates

## Valuation

### Maintain BUY with new SOTP-based TP of HK\$23.77

We derive a new SOTP-based TP of HK\$23.77 in order to reflect different growth profiles of Xiaomi's various businesses. We assign 15x/15x/15x FY24E P/E to its smartphone/AIoT/Internet businesses, in-line with its peers. For EV business, we assign 0.75x FY25E P/S, in-line with the average of its Chinese EV peers (Li Auto, Xpeng, NIO, BYD). Upcoming catalysts include EV product shipment ramp-up, and smartphone market share gain.

**Figure 12: Xiaomi – SOTP valuation**

Business segment	FY24E Rev (RMB mn)	% of FY24E Core NP	FY24E NP (RMB mn)	Valuation methodology	Target Multiple (x)	Valuation (RMB mn)
Smart phones	185,345	39%	11,836	P/E	15.0	177,541
AIoT and lifestyle products	92,120	24%	7,397	P/E	15.0	110,951
Internet services	32,064	36%	10,828	P/E	15.0	162,418
Others	3,952	1%	179	P/E	10.0	1,787
EV (FY25E)	31,350			P/S	0.75	23,513
			<b>30,239</b>			<b>476,209</b>
Investment (Rmb mn)						68,000
<b>Total (RMB mn)</b>						<b>544,209</b>
<b>No of shares (mn)</b>						<b>24,885</b>
<b>TP (RMB)</b>						<b>21.87</b>
<b>TP (HK\$)</b>						<b>23.77</b>

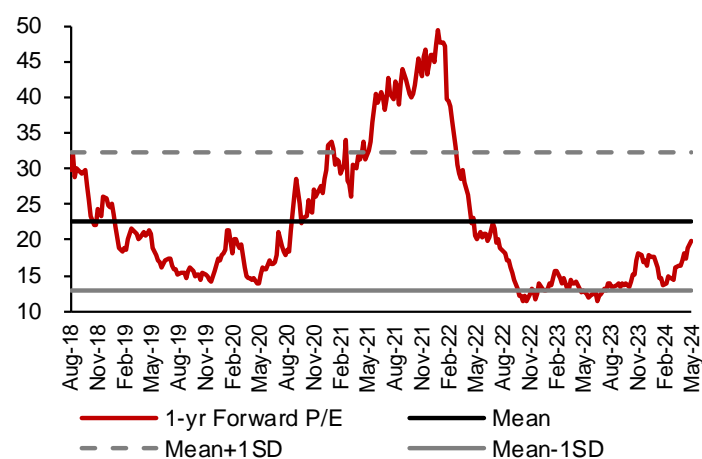
Source: Company data, CMBIGM estimates

**Figure 13: Peers' valuation**

Company	Ticker	Rating	Market Cap US\$(mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x) FY24E	P/E (x) FY25E	P/B (x) FY24E	P/B (x) FY25E	ROE (%) FY24E	ROE (%) FY25E
<b>HK-listed</b>												
Xiaomi	1810 HK	BUY	60,965	19.1	23.77	25%	21.9	20.2	2.4	2.1	11.0	10.7
Sunny Optical	2382 HK	HOLD	5,692	40.7	47.3	16%	29.4	21.7	1.7	1.6	5.7	7.4
AAC Tech	2018 HK	HOLD	4,185	27.3	22.4	-18%	21.3	17.1	1.2	1.2	5.8	6.9
BYDE	285 HK	BUY	8,444	29.3	45.2	54%	11.0	8.1	3.1	2.5	28.4	30.3
FIT Hon Teng	6088 HK	BUY	2,005	2.2	2.4	13%	9.8	7.7	0.7	0.7	7.4	8.8
Tongda	698 HK	BUY	101	0.1	0.1	73%	3.5	2.8	0.1	0.1	3.1	3.8
Q tech	1478 HK	BUY	530	3.5	3.9	12%	9.5	7.1	0.7	0.7	7.6	9.4
TK Group	2283 HK	BUY	202	1.9	2.8	47%	5.6	4.8	0.9	0.8	15.3	16.3
<b>Average</b>							<b>15.6</b>	<b>12.6</b>	<b>1.4</b>	<b>1.3</b>	<b>9.7</b>	<b>10.8</b>
<b>Smartphone</b>												
Apple	AAPL US	NR	2,796,937	182.4	NA	NA	27.7	25.4	42.2	41.0	155.1	171.3
Lenovo	992 HK	NR	14,914	9.4	NA	NA	16.0	11.3	2.4	2.1	16.0	19.9
Samsung	005930 KS	NR	355,993	81,300.0	NA	NA	15.6	11.4	1.4	1.3	9.3	11.7
LG Elec	066570 KS	NR	11,271	93,900.0	NA	NA	8.5	6.4	0.8	0.7	9.2	11.0
<b>Average</b>							<b>17.0</b>	<b>13.7</b>	<b>11.7</b>	<b>11.3</b>	<b>47.4</b>	<b>53.5</b>
<b>IoT</b>												
Skyworth	751 HK	NR	958	3.2	NA	NA	5.7	5.0	0.4	0.3	6.7	7.0
Hisense	600060 CH	NR	5,000	27.7	NA	NA	14.7	12.6	1.7	1.6	11.6	12.2
Gree	000651 CH	NR	32,888	42.2	NA	NA	7.7	7.2	1.8	1.6	23.6	22.3
<b>Average</b>							<b>9.4</b>	<b>8.3</b>	<b>1.3</b>	<b>1.2</b>	<b>13.9</b>	<b>13.8</b>

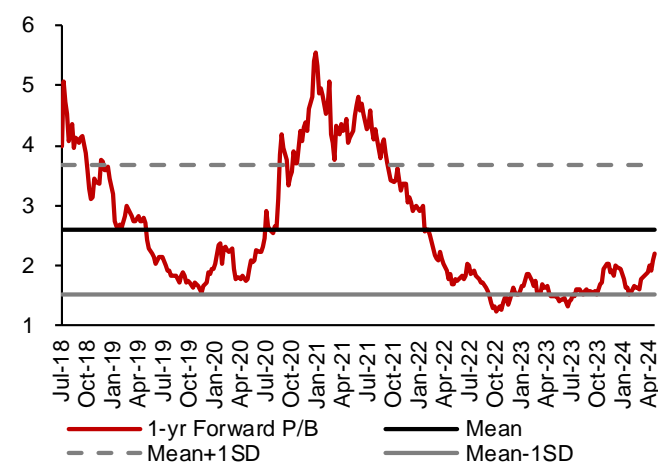
Source: Bloomberg, CMBIGM

Figure 14: 12M forward P/E band



Source: Bloomberg, CMBIGM

Figure 15: 12M forward P/B band



Source: Bloomberg, CMBIGM

## 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>335,701</b>	<b>375,130</b>	<b>411,867</b>
Cost of goods sold	(270,048)	(232,467)	(213,494)	(267,019)	(298,999)	(327,859)
<b>Gross profit</b>	<b>58,261</b>	<b>47,577</b>	<b>57,476</b>	<b>68,683</b>	<b>76,131</b>	<b>84,008</b>
Selling expense	(20,981)	(21,323)	(19,227)	(23,706)	(25,884)	(28,419)
Admin expense	(4,739)	(5,114)	(5,127)	(6,128)	(6,565)	(7,208)
R&D expense	(13,167)	(16,028)	(19,098)	(23,616)	(25,509)	(25,948)
Other income	827	1,136	740	901	901	901
Gain/loss on financial assets at FVTPL	8,132	(1,662)	3,501	3,501	3,501	3,501
Investment gain/loss	275	(400)	46	46	46	46
<b>EBIT</b>	<b>26,029</b>	<b>2,816</b>	<b>20,009</b>	<b>21,547</b>	<b>23,621</b>	<b>27,881</b>
<b>Net Interest income/(expense)</b>	<b>(1,612)</b>	<b>1,117</b>	<b>2,002</b>	<b>1,892</b>	<b>1,892</b>	<b>1,892</b>
Foreign exchange gain/loss	(2,580)	(1,369)	1,697	1,867	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>23,439</b>	<b>25,512</b>	<b>29,773</b>
Income tax	(5,134)	(1,431)	(4,537)	(4,309)	(4,690)	(5,474)
Minority interest	(56)	29	(1)	8	8	10
<b>Net profit</b>	<b>19,283</b>	<b>2,503</b>	<b>17,474</b>	<b>19,130</b>	<b>20,822</b>	<b>24,300</b>
<b>Adjusted net profit</b>	<b>22,039</b>	<b>8,518</b>	<b>19,273</b>	<b>20,030</b>	<b>21,722</b>	<b>25,200</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>227,720</b>	<b>246,013</b>	<b>278,119</b>
Cash & equivalents	23,512	27,607	33,631	23,201	62,435	57,100
Account receivables	23,095	19,625	21,924	31,192	25,866	34,866
Inventories	52,398	50,438	44,423	74,252	58,636	87,079
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>129,925</b>	<b>134,771</b>	<b>139,613</b>
PP&E	6,965	9,138	13,721	18,451	23,297	28,139
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>357,645</b>	<b>380,784</b>	<b>417,732</b>
<b>Current liabilities</b>	<b>115,727</b>	<b>89,628</b>	<b>115,588</b>	<b>129,855</b>	<b>132,171</b>	<b>144,820</b>
Short-term borrowings	5,527	2,151	6,183	6,183	6,183	6,183
Account payables	74,643	53,094	62,099	76,366	78,682	91,331
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>174,253</b>	<b>176,569</b>	<b>189,218</b>
Share capital	407	406	407	407	407	407
Other reserves	137,212	143,658	163,995	183,118	203,932	228,222
<b>Total shareholders equity</b>	<b>137,432</b>	<b>143,923</b>	<b>164,262</b>	<b>183,392</b>	<b>204,214</b>	<b>228,514</b>
Minority interest	220	265	266	274	282	292
<b>Total equity and liabilities</b>	<b>292,892</b>	<b>273,507</b>	<b>324,247</b>	<b>357,645</b>	<b>380,784</b>	<b>417,732</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	23,439	25,512	29,773
Depreciation & amortization	3,062	3,707	(1,383)	1,984	2,657	3,395
Tax paid	(2,442)	(3,420)	(4,083)	(4,309)	(4,690)	(5,474)
Change in working capital	(15,725)	(21,255)	25,862	(24,830)	23,258	(24,793)
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>(3,716)</b>	<b>46,737</b>	<b>2,902</b>
<b>Investing</b>						
Capital expenditure	(7,169)	(5,800)	(3,200)	(6,714)	(7,503)	(8,237)
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>(6,714)</b>	<b>(7,503)</b>	<b>(8,237)</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	23,201	62,435
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>23,201</b>	<b>62,435</b>	<b>57,100</b>
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
Revenue	33.5%	(14.7%)	(3.2%)	23.9%	11.7%	9.8%
Gross profit	58.5%	(18.3%)	20.8%	19.5%	10.8%	10.3%
EBIT	8.3%	(89.2%)	610.4%	7.7%	9.6%	18.0%
Net profit	(5.1%)	(87.0%)	598.3%	9.5%	8.8%	16.7%
Adj. net profit	69.5%	(61.4%)	126.3%	3.9%	8.4%	16.0%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
Gross profit margin	17.7%	17.0%	21.2%	20.5%	20.3%	20.4%
Adj. net profit margin	6.7%	3.0%	7.1%	6.0%	5.8%	6.1%
Return on equity (ROE)	14.8%	1.8%	11.3%	11.0%	10.7%	11.2%
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	0.8	0.6	na
Current ratio (x)	1.6	1.8	1.7	1.8	1.9	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	22.7	51.4	22.7	21.9	20.2	17.4
P/E (diluted)	19.9	51.4	22.7	21.9	20.2	17.4
P/B	3.2	3.0	2.7	2.4	2.1	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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