

Vesync (2148 HK)

Leveraging China production and US e-commerce

- Vesync is a leading small appliance player in online market in US.** It is ranked 3rd/ 5th (3.9% market shares) by sales through Amazon/ all online channels in US in 2019. While Vesync is headquartered in Shenzhen, 90% of sales came from US market. It has three major brands (Levoit, Cosori and Etekcity) which focus on home environment, cooking and health monitoring & outdoor appliances. It generated sales/net profit of USD 349mn/ 55mn in FY20 while sales and NP att. CAGR were 60% and 208% during FY17-20.
- Product: Innovative and value for money in various niche markets.** Vesync's products are highly competitive, and its no.1 best-selling air purifier and air fryer on amazon platform are under Leovit and Cosori brand, supported by industry leading customer satisfaction. We believe its leadership is backed by: 1) value for money, 2) massive investment on R&D and A&P and 3) partnership with amazon by Vendor Central Programme.
- Channel: Robust e-commerce in US and huge potential in offline channel.** While we believe e-commerce growth is still at its early stage in US, Vesync's offline channel potential is ample (about 4x the sales of online). Its products are highly competitive given greater value for money, better user experience and functions. We believe offline development will be a gradual process, followed by ramp up of numbers of SKU and stores coverage.
- Region: EU market is large and Vesync is competitive enough.** Market size of small home appliances also very sizable in EU, which is about 80-90% of that in US, suggesting huge potential for Vesync. More importantly, we believe Vesync is competitive enough to gain share because its existing products selling in UK had already achieved a high popularity. Moreover, we think Vesync can leverage on Amazon's accelerated expansion into EU.
- We forecast a 30%/ 31% sales/ NP CAGR in FY20-23E.** Catalysts include robust stay-at-home demand, wealth effect, rapid online growth and expansion to offline and Europe. GPM shall decline in FY21E due to cost pressure (higher freight rate, raw material, stronger CNY) but rebound in FY22-23E on product premiumization. NPM trend will be similar, with leverage from commission to platform, staff cost, R&D, office and D&A expense.
- Initiate BUY with TP of HK\$ 15.60.** Our TP for Vesync is based on 25.0x FY22E P/E, 36%/ 17% premium to China/ Int'l small appliances peers' average of 18.3x/ 21.3x, thanks to: 1) its well-recognized brand in overseas market, 2) unique position amid e-commerce industry, 3) strong R&D and supply chain capability and 4) faster-than-peers growth. Our TP also implies a 1.1x 3 years PEG, compared to China/ Int'l peers' median of 1.0x/ 1.3x. The stock is trading at 17.8x FY22E P/E or 0.8x PEG, which we think is attractive.

Earnings Summary

(YE 31 Dec)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue (USD k)	171,919	348,922	487,938	629,322	773,358
YoY growth (%)	18.8	103.0	39.8	29.0	22.9
NP att. (USD k)	6,372	54,723	69,495	93,887	124,120
EPS (USD)	0.008	0.049	0.061	0.080	0.106
YoY growth (%)	(99.8)	511.0	24.7	32.7	32.2
Consensus EPS (USD)	n/a	n/a	0.065	0.091	0.122
P/E (x)	179.2	29.3	23.6	17.8	13.5
P/B (x)	97.8	6.2	5.1	3.9	3.0
Yield (%)	0.0	0.3	1.2	1.7	2.2
ROE (%)	38.9	21.0	21.1	22.1	22.6
Net gearing (%)*	119.8	Net cash	Net cash	Net cash	Net cash

Source: Company data, CMBIS estimates, *net debt (cash) / equity

BUY (Initiation)

Target Price	HK\$15.60
Up/Downside	+40.3%
Current Price	HK\$11.12

China Home Appliance Sector

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Stock Data

Mkt Cap (HK\$ mn)	12,955
Avg 3 mths t/o (HK\$ mn)	29.48
52w High/Low (HK\$)	23.9/8.0
Total Issued Shares (mn)	1,165.1

Source: Bloomberg

Shareholding Structure

Ms. Yang Lin (Settlor & Trustee) & Mr. Ryan Xu (Beneficiary)	36.15%
Mr. Yang Yuzheng	32.74%
Mr. Yang Hai	0.72%
Mr. Jiang Junxiu	1.43%
Share Award Trust	3.04%
Free Float	25.92%

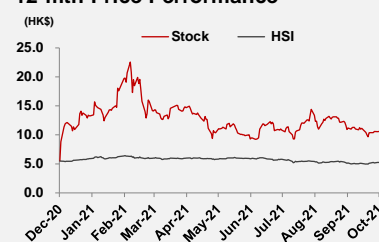
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-5.0%	-8.2%
3-mth	0.8%	7.4%
6-mth	-29.0%	-19.9%
12-mth	n/a	n/a

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

Auditor: Ernst & Young

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Investment Thesis

A leading small appliance player riding on US consumption and e-commerce boom.

Vesync is the 3rd/ 5th largest small appliance group in terms of sales through Amazon/ all online channels in US in 2019 and accounting for 3.8% of market shares in the US online small appliance industry in 2019. While Vesync is headquartered in Shenzhen, 90% of sales is from US. It has three major brands (Levoit, Cosori and Etekcity) which focus on home environment, cooking and health monitoring & outdoor appliances. It mainly focuses on marketing, self-design and development, while most productions are outsourced to other suppliers in China. In FY20, it had generated a sales of USD 349mn and net profit of USD 55mn while sales and NP att. CAGR were 60% and 208% during FY17-20.

Product: Innovative and value for money in various niche markets.

We find Vesync's products highly competitive, where the no.1 best-selling air purifier/ air fryer are under the Levoit/ Cosori brand, supported by industry leading customer satisfaction (ranked no.2/ no.1 among 8 major air purifier/ air fryer brands). We believe the reasons behind are: 1) value for money, 2) massive investment on R&D (spent 4.8% of sales in FY19 vs peers' average of 4.2%) and A&P (spent 8.5% of sales in FY19 vs peers' average of 5.3%) and 3) partnership with amazon by Vendor Central Programme.

Channel: Robust e-commerce in US and huge potential in offline channel.

We believe Vesync's growth potential in the offline channel is ample, as small appliances industry sales for offline is about 4x of that for online. Also, Vesync's product should be competitive enough in the offline channel given its greater value for money, better user experience and functions, etc. Sales growth in the offline channel, in our view, should be gradual as the number of SKUs and stores coverage will ramp up steadily. Vesync's products should have penetrated to about 5,000 offline stores by Sep 2021, based on our estimates. And the total number of off store coverage for retailers that had already penetrated is around 12,645.

Region: EU market is large and Vesync is competitive enough.

Market size for small home appliances is also very sizable in EU, which is about 80%-90% of that in US, therefore it does provide huge potential for Vesync. More importantly, we believe Vesync is competitive enough to penetrate because the products selling in UK had already achieved a high popularity. Moreover, Vesync can certainly leverage on Amazon's accelerated expansion to EU.

We forecast a 30%/ 31% sales/ adj. net profit CAGR in FY20-23E.

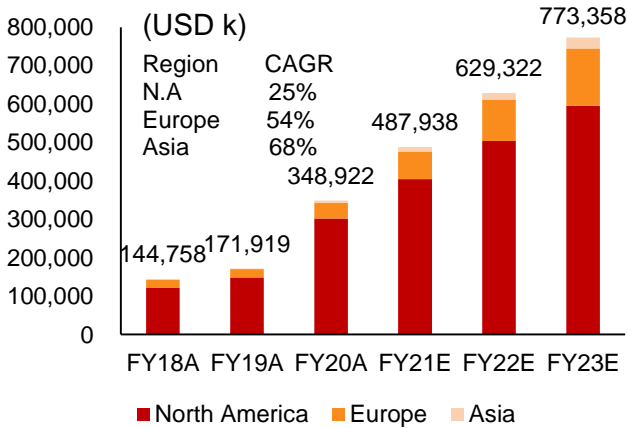
Drivers are: strong stay at home demand and significant wealth effect, plus rapid e-commerce and amazon sales growth, as well as expansions to offline channel and Europe & Asia. We expect GP margin to decline in FY21E due to costs pressure from various sources (higher freight rate, raw material inflations and strong CNY appreciation), but should rebound in FY22E-23E thanks to better product mix and premiumization. NP margin should also drop in FY21E, but climb back up in FY22E-23E thanks to the leverage from lower commission to platform, staff cost, R&D, office and D&A expenses.

Initiate BUY with TP of HK\$ 15.60.

Our TP for Vesync is based on 25.0x FY22E P/E, 36%/ 17% premium to China/ Int'l small appliances peers' average of 18.3x/ 21.3x, thanks to its: 1) well recognized brand in the overseas market, 2) strong R&D and supply chain capability, 3) faster than peers growth and 4) better position amid the e-commerce industry. The TP also implied a 1.1x 3 years PEG, compared to China/ Int'l peers' median of 1.0x/ 1.3x. The stock is trading at 17.8x FY22E P/E or 0.8x PEG, which we think is attractive.

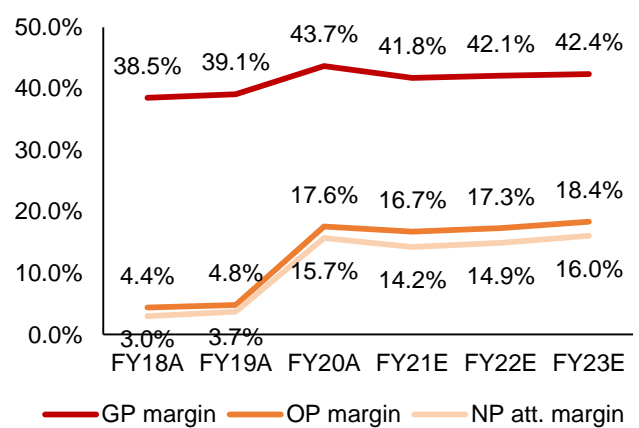
Focus Charts and Tables

Figure 1: Vesync's sales and CAGR by region



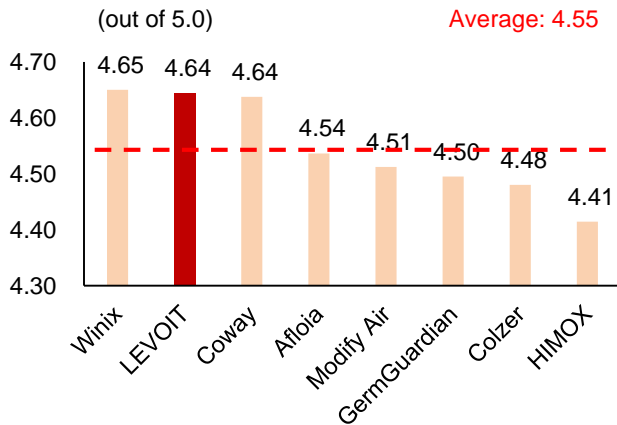
Source: Company data, CMBIS estimates

Figure 2: GP/ OP/ NP att. margin trend



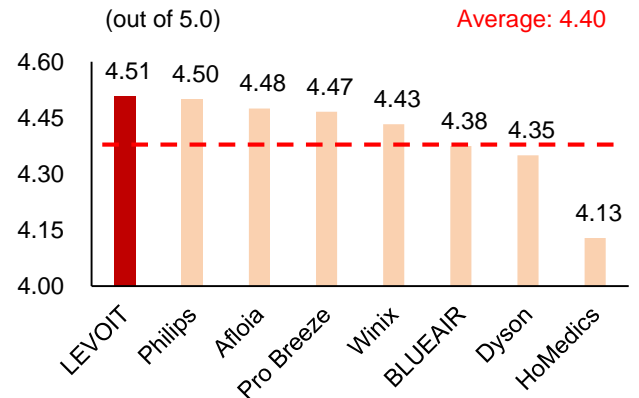
Source: Company data, CMBIS estimates

Figure 3: Client rating for air purifier, by brand in US



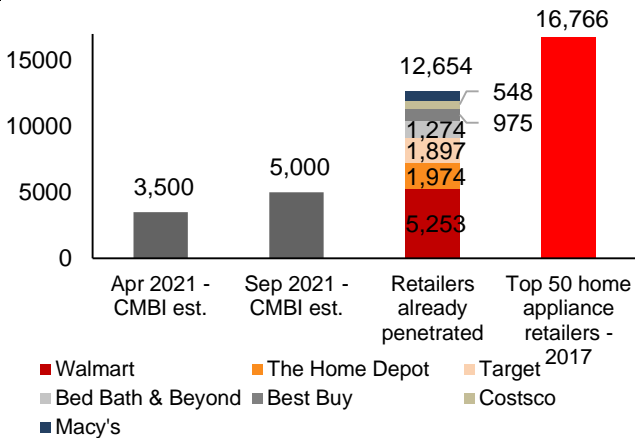
Source: Average score of top 20 hot selling items from Amazon.com, CMBIS estimates, as at Sep 2021

Figure 4: Client rating for air purifier, by brand in UK



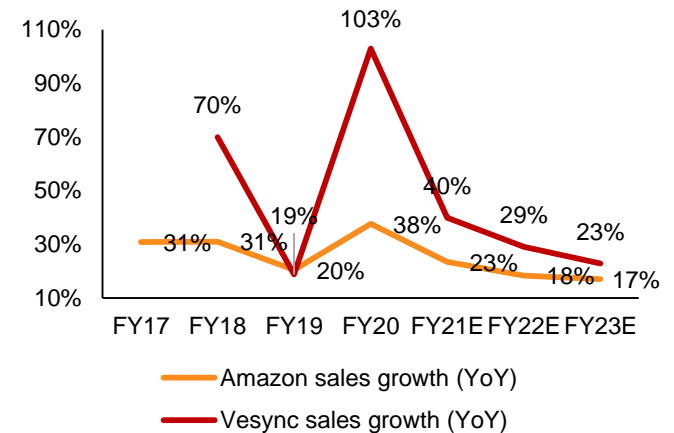
Source: Average score of top 20 hot selling items from Amazon.co.uk, CMBIS estimates, as at Sep 2021

Figure 5: Potential offline stores coverage



Source: National Retail Federation, TWICE, CMBIS estimates

Figure 6: Amazon and Vesync's sales growth



Source: Company data, CMBIS estimates

Company Background

A leading small appliance player riding on US retail and e-commerce boom.

Vesync is a leader in the small home appliance online market in US, which is third largest small appliance company (ranked #1 in Air purifier and #2 in Air fryer), in terms of retail sales generated through Amazon in 2019. Also, it is the fifth largest, in terms of retail sales through all online channels in 2019.

Figure 7: Examples of product series, by Vesync's brand

Brands	Levoit	Cosori	Etekcity
Logo			
Revenue mix	49.2%	25.7%	25.1%
Product segment	Home environment appliances	Kitchen appliances & dining ware	Health monitoring devices Home improvement devices Outdoors & recreation
Product type	Air Purifier	Air Fryer	Body Weight Scale
Product image			
Price (USD)	99.0	120.0	20.0
Product type	Humidifier	Toaster Oven	Smart Fitness Scale
Product image			
Price (USD)	54.0	180.0	30.0
Product type	Aroma Diffuser	Electric Kettle	Outdoor Smart Outlet
Product image			
Price (USD)	30.0	40.0	20.0

Source: Amazon.com, Company data, CMBIS estimates

Figure 8: Vesync's growth drivers

Products	Channels	Regions
1. Expanding into new product categories (e.g. oven)	1. Expanding into offline stores in US (e.g. Walmart, Best Buy, Costco)	1. Expanding into Europe (e.g. UK, Germany, Spain)
2. Improving functions around the products (e.g. smart system or IoT)	2. Encouraging greater sales through other online channels and self-owned websites	2. Expanding into Asia (e.g. Japan, south east Asia)

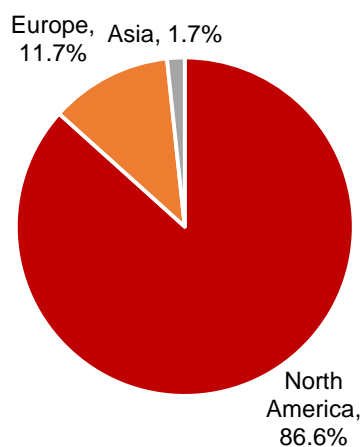
Source: CMBIS estimates

The Company was founded by Ms. Yang and had started to sell small home appliances on Amazon in 2011. After that, 3 core brands “Etekcity”/ “Levoit”/ “Cosori” were established in 2012/ 2016/ 2016, to focus on home gadgets (health monitoring, outdoor recreation, personal care, etc.) /Home environment/ Kitchen and dining appliances.

The Company also focuses mainly on brand marketing, product design, research and development, while the manufacturing processes are mostly sub-contracted out to third party suppliers. It has 3 major sales channels (Amazon Vendor Central (AVC)/ Amazon Seller Central (ASC)/ Others) for 3 different types of customers (Amazon/ retail customers who buy through ASC/ chain retailers or customers who buy from other online and offline channels).

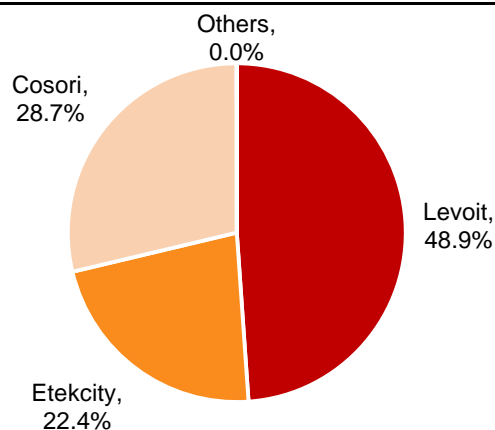
In FY20, it has generated US\$ 349mn sales and US\$ 55mn net profit and during FY17-20, it has registered sales/ net profit CAGR of 60%/ 208%.

Figure 9: Vesync’s sales by region, FY20



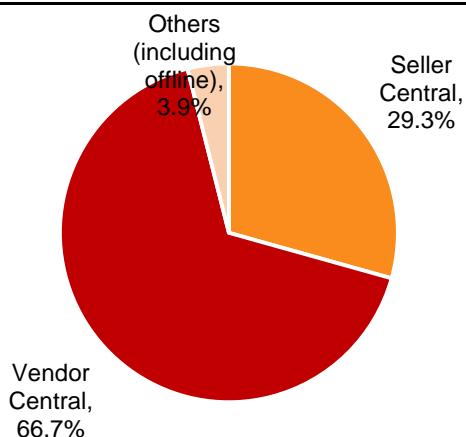
Source: Company data, CMBIS estimates

Figure 10: Vesync’s sales by brand, FY20



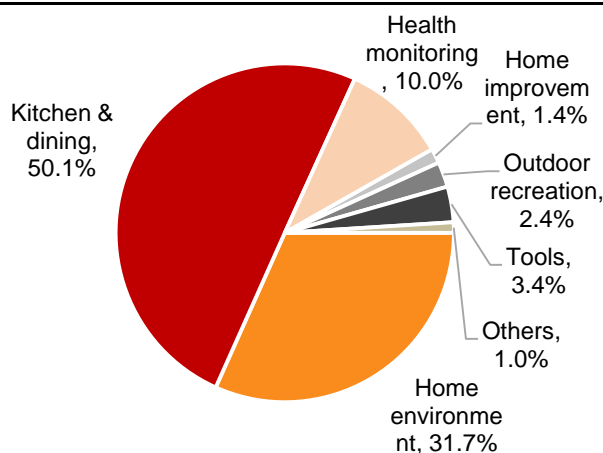
Source: Company data, CMBIS estimates

Figure 11: Vesync’s sales by channel, FY20



Source: Company data, CMBIS estimates

Figure 12: Vesync’s sales by product, FY20



Source: Company data, CMBIS estimates

Figure 13: Key milestones

Year	Key business milestones of VESYNC
2011	<ul style="list-style-type: none"> ·Founded Etekcity US. ·Commenced online sales of small home appliances on Amazon.
2012	<ul style="list-style-type: none"> ·Launched products under their own "Etekcity" brand
2013	<ul style="list-style-type: none"> ·Founded Shenzhen Chenbei to strengthen product design, development and capability. ·Expanded into the European market as part of plan to achieve global presence.
2014	<ul style="list-style-type: none"> ·Expanded into the Canadian market to increase sales volume.
2015	<ul style="list-style-type: none"> ·Developed VeSync app to offer smart home solution.
2016	<ul style="list-style-type: none"> ·Launched products under their own "Levoit" brand for home environment appliances and "Cosori" brand for kitchen appliances and dining ware. ·Established VeSync research and development team.
2017	<ul style="list-style-type: none"> ·Commenced sales under Vendor Central program with Amazon. ·Commenced sales on other retail chains to expand and diversify sales channel. ·Launched their first smart small home appliances: smart air purifiers. ·Expanded into Japanese market to achieve global presence.
2018	<ul style="list-style-type: none"> ·Launched first model of air fryer.
2019	<ul style="list-style-type: none"> ·Launched the second smart small home appliances: smart air fryer. ·Started to develop smart security solutions.
2020	<ul style="list-style-type: none"> ·Listed on Hong Kong Stock Exchange (Stock Code: 2148 HK)

Source: Company data, CMBIS estimates

Company's key positives and growth drivers

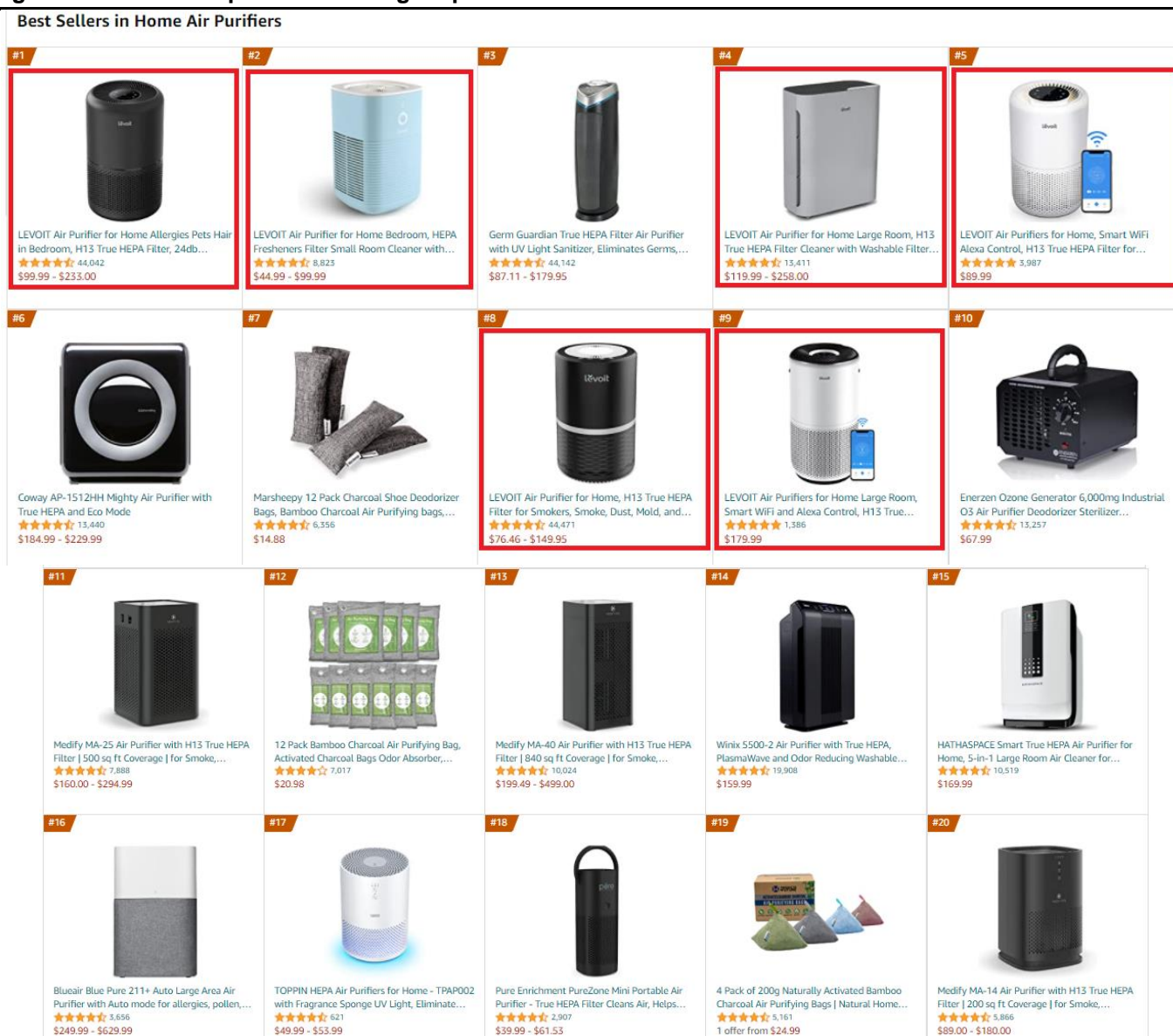
1) Product: Innovative and value for money in various niche markets.

We find Vesync's products highly competitive, where the no.1 best-selling air purifier and air fryer are under the Leovit and Cosori brand, supported by industry leading customer satisfaction. We believe the reasons behind are: 1) value for money, 2) massive investment on R&D and A&P and 3) partnership with amazon by Vendor Central Programme.

1.1 A distinctive leader on Amazon with excellent sales and customer reviews.

Levoit and Cosori were very young in ages (both founded in 2016), but had quickly developed themselves into one of the best-selling small appliance brands on Amazon. According to amazon.com, as at Sep 2021, both the no.1 top selling Air purifiers (under home & kitchen) and Air fryer (under kitchen & dining) are under the Levoit and Cosori brand. Moreover, if we refer to top 20 best-selling items of these 2 segments, there are 6 and 3 (out of 20) items under Leovit and Cosori respectively. Such amount of market shares is totally overwhelming.





















Figure 14: Amazon top 20 best-selling air purifiers



Source: Amazon.com, CMBIS estimates

This partnership with Amazon (through the Vendor Central programme) is without doubt an excellent achievement, and in our view, would only help its growth on the online channel onwards.

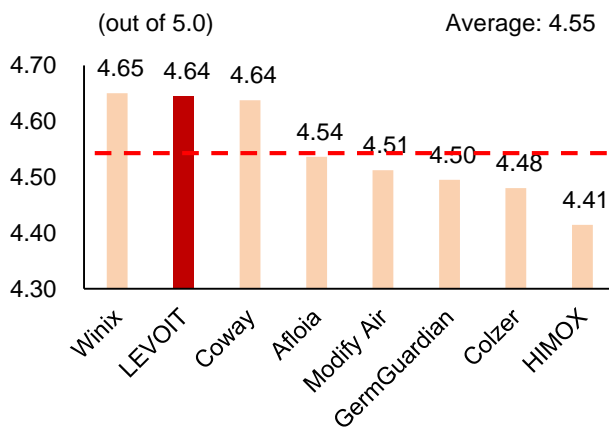
Figure 15: Amazon top 20 best-selling air fryers

Best Sellers in Air Fryers				
<p>#1</p>  <p>COSORI Air Fryer (100 Recipes Book) 1500W Electric Hot Oven Oilless Cooker, 11 Presets... ★★★★★ 5,793 \$89.98 - \$119.99</p>	<p>#2</p>  <p>Ninja AF101 Air Fryer, 4 Qt, Black/gray ★★★★★ 27,928 \$89.99</p>	<p>#3</p>  <p>GoWISE USA GW22921-S 8-in-1 Digital Air Fryer with Recipe Book, 5.0-Qt, Black ★★★★★ 1,217 \$65.99 - \$130.00</p>	<p>#4</p>  <p>Chefman 2-Quart Air TurboFry, Personal Compact Healthy Fryer w/Adjustable... ★★★★★ 11,910 \$34.99</p>	<p>#5</p>  <p>Instant Pot Duo Crisp 11-in-1 Electric Pressure Cooker with Air Fryer Lid, 8 Quart Stainless... ★★★★★ 23,395 \$169.95</p>
<p>#6</p>  <p>Instant Vortex 4-in-1 Air Fryer, 6 Quart Black, 4 Customizable Smart Cooking Programs, ... ★★★★★ 8,480 \$99.95</p>	<p>#7</p>  <p>Ninja AF161 Max XL Air Fryer, 3 lbs, Grey ★★★★★ 10,664 \$129.99 - \$218.90</p>	<p>#8</p>  <p>Dash Tasti Crisp Electric Air Fryer + Oven Cooker with Temperature Control, Non-stick... ★★★★★ 20,927 \$47.14 - \$135.70</p>	<p>#9</p>  <p>Dreo Air Fryer - 100°F to 450°F, 4 Quart Hot Oven Cooker with 50 Recipes, 9 Cooking... ★★★★★ 470 \$68.99</p>	<p>#10</p>  <p>COSORI Air Fryer, 5 Quart Compact Oilless Oven with 30 Recipes, Up to 450°F, 9... ★★★★★ 6,604 \$107.99 - \$149.99</p>
<p>#11</p>  <p>Instant Vortex Plus 10 Quart Air Fryer, Rotisserie and Convection Oven, 7-in-1 Air... ★★★★★ 20,393 \$114.99</p>	<p>#12</p>  <p>COSORI Smart WiFi Air Fryer(100 Recipes), 13 Cooking Functions, Keep Warm & Preheat & ... ★★★★★ 20,152 \$116.99</p>	<p>#13</p>  <p>Ultrean Air Fryer, 4.2 Quart (4 Liter) Electric Hot Air Fryers Oven Oilless Cooker with LCD... ★★★★★ 23,383 \$69.99 - \$72.99</p>	<p>#14</p>  <p>Ultrean 6 Quart Air Fryer, Large Family Size Electric Hot Air Fryer XL Oven Oilless Cooker... ★★★★★ 6,716 \$69.99 - \$99.99</p>	<p>#15</p>  <p>Cuisinart Air Fryer, Convection Toaster Oven, Silver ★★★★★ 18,354 \$229.95</p>
<p>#16</p>  <p>Ninja SP101 Foodi Counter-top Convection Oven, 8 Functions + Standard Height, ... ★★★★★ 14,676 \$209.99</p>	<p>#17</p>  <p>Multifunctional Digital Air Fryer+ Rotisserie, Dehydrator, Convection Oven, 17 Touch... ★★★★★ 2,405 \$100.00</p>	<p>#18</p>  <p>Instant Vortex 4-in-1 Air Fry, Roast, Toast, Crisp, Dehydrate, Reheat, 2 Quart, Aqua ★★★★★ 219 \$49.00 - \$80.00</p>	<p>#19</p>  <p>Air Fryer, Homuz 7 In 1 Toaster Oven Oilless Cooker Air Fryer Oven with 7 Cooking... ★★★★★ 137 \$99.99</p>	<p>#20</p>  <p>Instant Pot Air Fryer Lid 6 in 1, No Pressure Cooking Functionality, 6 Qt, 1500 W ★★★★★ 15,675 \$89.95</p>

Source: Amazon.com, CMBIS estimates

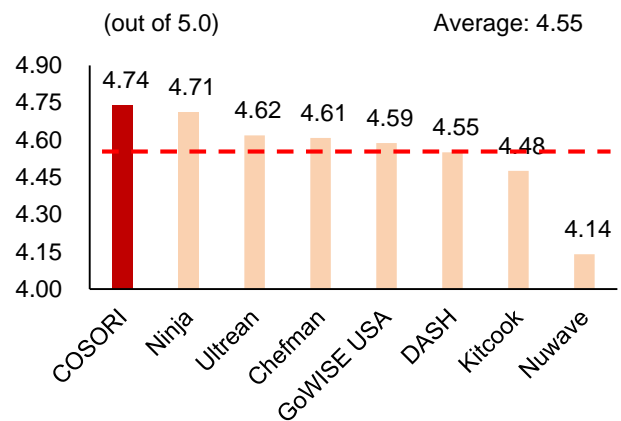
We believe the industry leading customer satisfaction played a critical role for its excellent sales and market shares here. For air purifier, according to amazon.com, as at Sep 2021, Levoit's overall customer rating is at 4.64, ranked no.2, just behind Winix's 4.65 and far higher than peers' average of 4.55. Reasons for this high popularity, based on the customer comments, include: 1) ease to use, 2) low noise level and sleep model, 3) voice control and timer functions, etc. For air fryer, according to amazon.com, as at Sep 2021, Cosori's overall customer rating is at 4.74, ranked no.1 among all the major brands and far higher than peers' average of 4.55. Reasons for this outstanding review, based on the customer comments, include: 1) ease to use, 2) ease to clean, 3) versatility and durability, etc.

Figure 16: Customer rating for Air purifiers, by brand in US



Source: Average score of top 20 hot selling items from Amazon.com, CMBIS estimates, as at Sep 2021

Figure 17: Customer rating for Air fryers, by brand in US

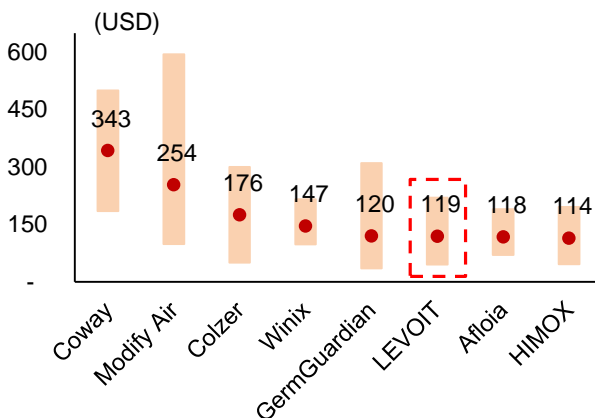


Source: Average score of top 20 hot selling items from Amazon.com, CMBIS estimates, as at Sep 2021

■ **1.2 Superior value for money.**

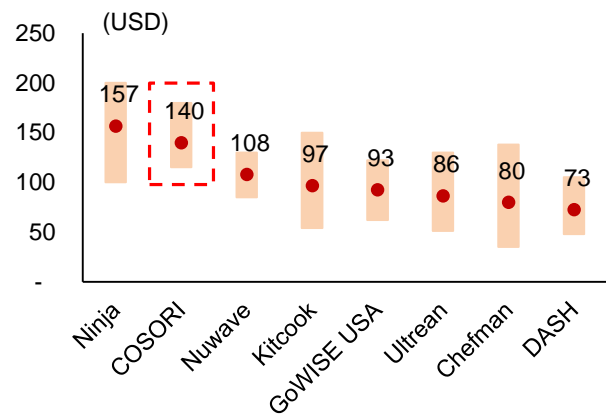
Another reason behind the leading popularity of Levoit and Cosori is their high price to quality ratio. For Levoit, it has the second best customer rating, but its ASP for only is at ~USD 120, relatively low vs peers' average of USD 174 (According to Amazon.com) and ranked 6 out of 8 peers, therefore it is highly value for money. In the same vein for Cosori, since it has the best customer rating among all brands, even though its ASP is at ~USD 140, relatively high vs the peers' average of USD 104, ranked 2 out of 8 peers, but it is, still, rather value for money.

Figure 18: ASP for Air purifiers, by brand in US



Source: Average price of top 20 hot selling items from Amazon.com, CMBIS estimates, as at Sep 2021

Figure 19: ASP for Air fryers, by brand in US



Source: Average price of top 20 hot selling items from Amazon.com, CMBIS estimates, as at Sep 2021

■ 1.3 Industry leading investment on R&D and innovations.

Based on data from the NPD group, Leovit is the no.1 best-selling brand in US, in terms of sales volume from Nov 2020 to Oct 2020, and such an achievement, in our view, is the result of its outstanding R&D capability.

Figure 20: List of awards and certifications for Cosori's products

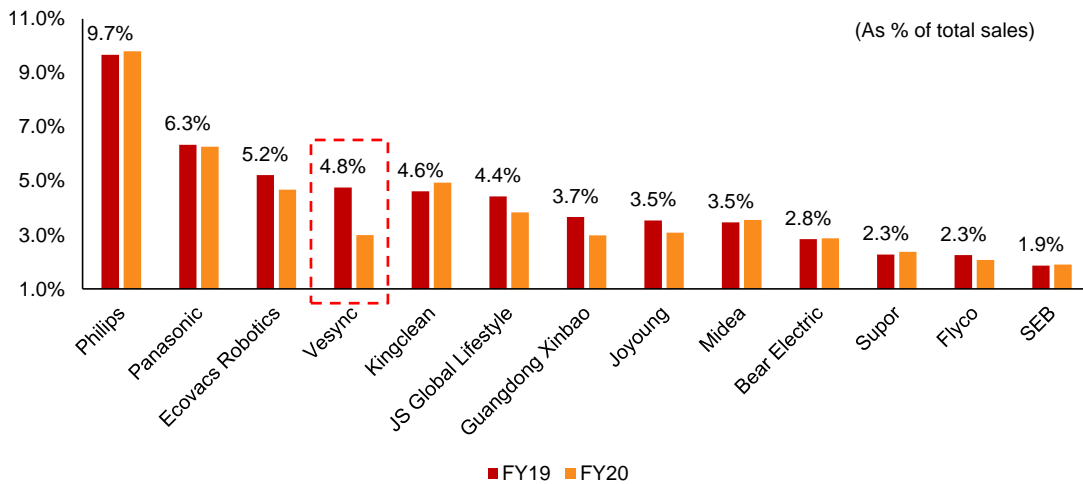
Air Purification You can Trust



Source: Amazon.com, CMBIS estimates

According to our research, Vesync's R&D expenses, as % of total sales, is fairly high, at 4.8% in FY19, far greater than peers' average of 4.2%.

Figure 21: R&D expenses, as % of total sales, by brand

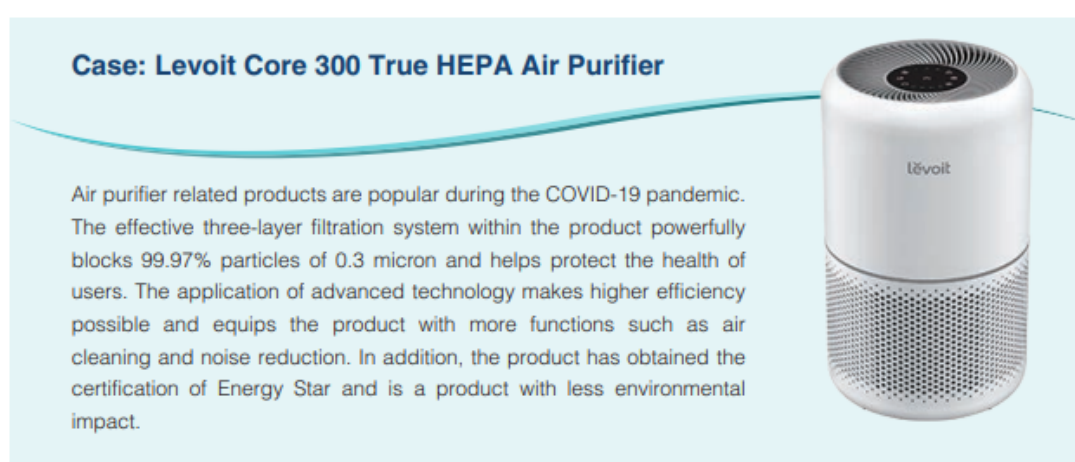


Source: Company data, CMBIS estimates

In fact, products under the Levoit brand had received quite a number of awards already, namely: 1) iF Product Design Award (for Core 300 True HEPA air purifier), 2) Global Innovation Award Winner (for Levoit Air Concept), 3) German Innovation Award (Core 300S Smart True HEPA air purifier) and Red Dot Design Award 2020 (Core 400S Smart True HEPA air purifier).

Figure 22: List of awards for Cosori's products

Product name	Issuing authority
Levoit Core 300 True HEPA Air Purifier	iF Product Design Award
Levoit Air Concept	Global Innovation Award Winner
Levoit Core 300S Smart True HEPA Air Purifier	<ul style="list-style-type: none"> German Innovation Award Red Dot Design Award 2020
Levoit Core 400S Smart True HEPA Air Purifier	Red Dot Design Award 2020



Source: Company data, CMBIS estimates

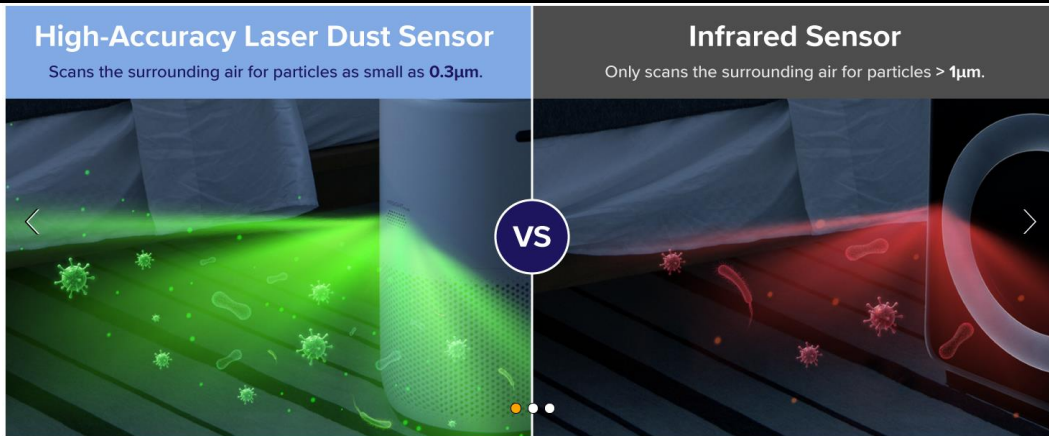
Apart from Levoit's cutting edge technology on: 1) dust detections and 2) filtering of pollutants, its functions related to: 1) noise reductions, 2) voice control and 3) smart control are the main reasons that made it so popular among the consumers.

Figure 23: List of technologies for Vesync's Levoit Core 400S

Technology name	Technology explained
AIRSIGHTplus	Using laser dust sensor to scan the surrounding air for airborne particles as small as 0.3um.
Vortexair	To effectively filter dust, lint, hair, fibers and pet fur.
HEPASmart	Use H13 True HEPA Filter to remove at least 99.7% of airborne particles 0.3 microns in size and filter bacteria, mold, pollen, viruses and pet dander
AirReComposition Formula (ARC Formula)	Deodorizing the air by chemically decomposes the unpleasant odors in the air without worrying about second-hand pollution
QuietKEAP	Using the rubber pads to absorb sounds made by fan vibrations and keep the noise levels as low as 24dB
Easy Voice Command	Enabling the hands-free control by connect the device to third-party voice assistants such as Alexa or Google Assistant
Smart control	Using the APP to check air quality from afar, to turn on/off or to change other settings remotely.

Source: Amazon.com, Company data, CMBIS estimates

Figure 24: High-Accuracy Laser Dust Sensor by Vesync



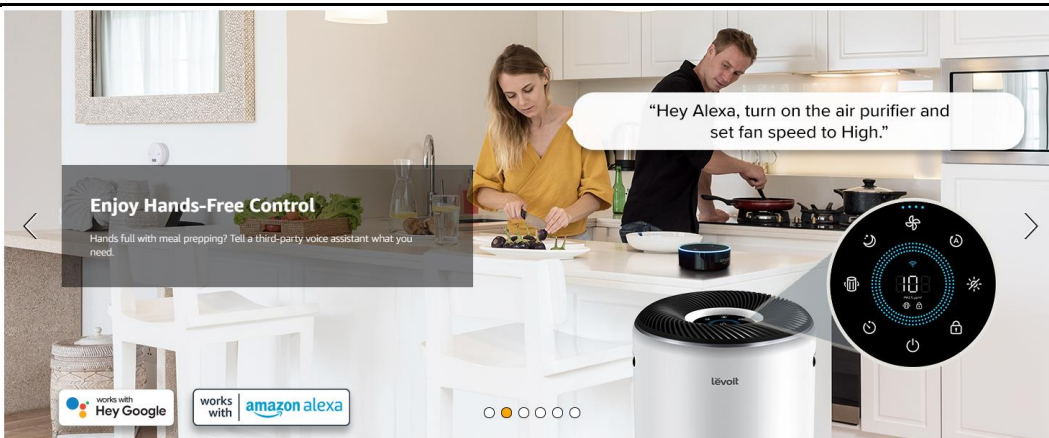
Source: Amazon.com, CMBIS estimates

Figure 25: QuietKEAP Technology by Vesync



Source: Amazon.com, CMBIS estimates

Figure 26: Easy Voice Command by Vesync

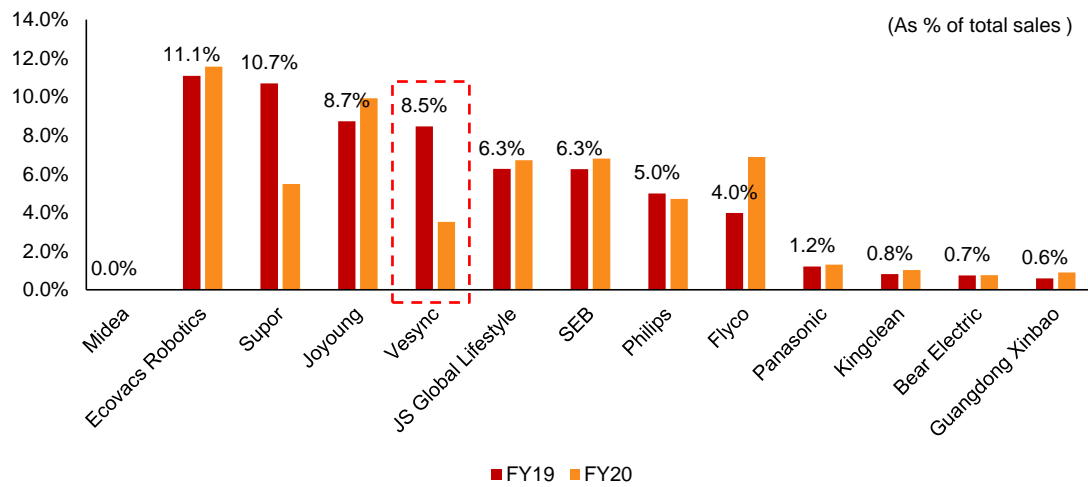


Source: Amazon.com, CMBIS estimates

■ **1.4 Marketing or brand building is also important.**

According to our research, Vesync’s A&P expenses as % of total sales is also very high at 8.5% in FY19, compared to its peers’ average of 5.3%.

Figure 27: A&P expenses, as % of total sales, by brand



Source: Company data, CMBIS estimates

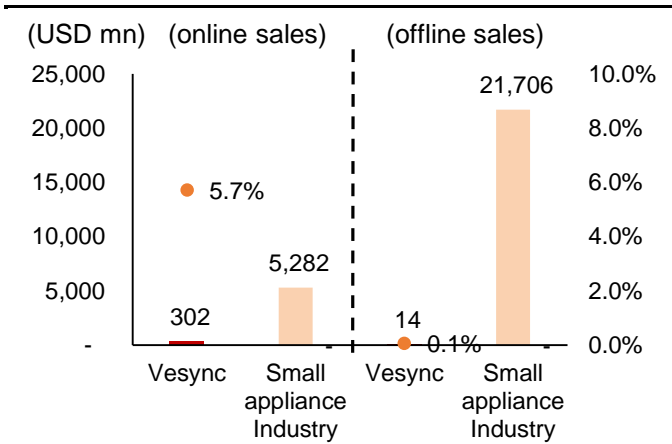
2) Channel: Robust e-commerce in US and huge potential in offline channel.

While we are expecting rapid growth in the e-commerce industry in US, Vesync's growth potential in the offline channel is ample, as the small appliances industry sales for offline is about 4x of that for online. Also, Vesync's product should be more than enough competitive in the offline channel given its greater value for money, better user experience and functions, etc. The growth process in the offline, in our view, should be gradual as the number of SKUs and stores coverage will ramp up steadily.

2.1 Offline sales for small home appliance is sizable.

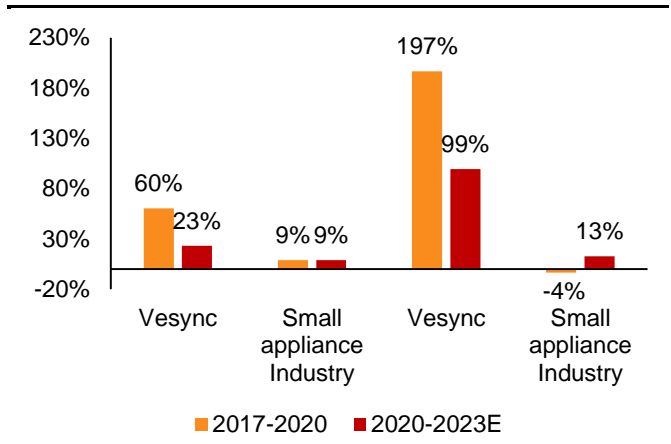
Based on data from Frost & Sullivan, small appliance sales from the offline channel in US was around USD 21.7bn in FY20E, which is in fact about 4x of the sales from online channel in the same year. In terms of market shares, Vesync has a market share of 5.7% in the online channel while it has only 0.1% in offline, therefore we believe the room for Vesync to penetrate is massive. We expect the offline sales to account for 5%-10%/ 10%-15%/ 10%-15% of total sales in FY21E/ 22E/ 23E.

Figure 28: Vesync's sales and market shares, by channel



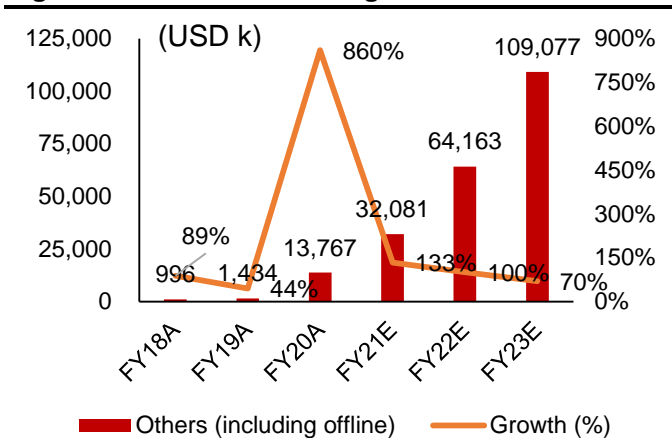
Source: Frost & Sullivan, Company data, CMBIS estimates

Figure 29: Vesync and industry sales CAGR, by channel



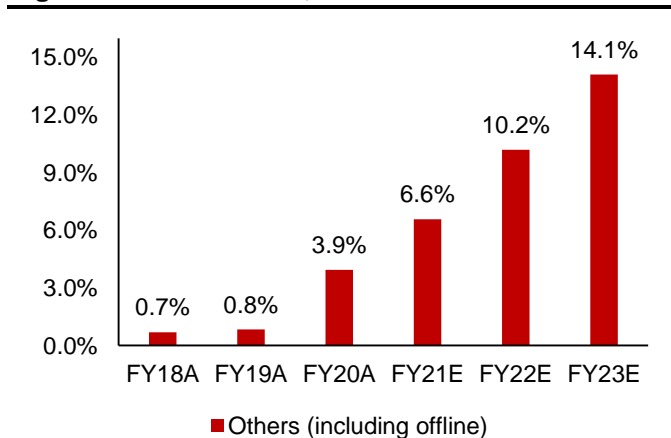
Source: Frost & Sullivan, Company data, CMBIS estimates

Figure 30: Offline sales and growth



Source: Company data, CMBIS estimates

Figure 31: Offline sales, as % of total sales



Source: Company data, CMBIS estimates

■ **2.2 Vesync is penetrating fast into the offline stores.**

Vesync started its expansion into offline back in 2H20. By Mar 2021, it has successfully partnered with retailers such as Walmart, Target, Best Buy, The Home Depot, Bed Bath & Beyond, we estimate the number of stores selling Vesync’s products to be 3,500 (while these brands are operating around 9,000 offline stores in total). By Sep 2021, it has added Macy’s into its partnership. We estimate the number of stores selling Vesync’s products to be 5,000 (while including the newly added ones, all these brands are operating around 12,000 stores offline stores in total).

Figure 32: Vesync’s non-Amazon customers (including offline channel), 1H21



Source: Company data, CMBIS estimates

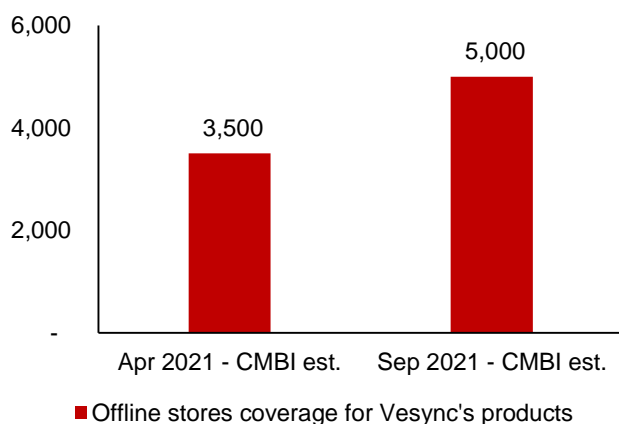
Figure 33: Vesync’s non-Amazon customers (including offline channel), FY20



Source: Company data, CMBIS estimates

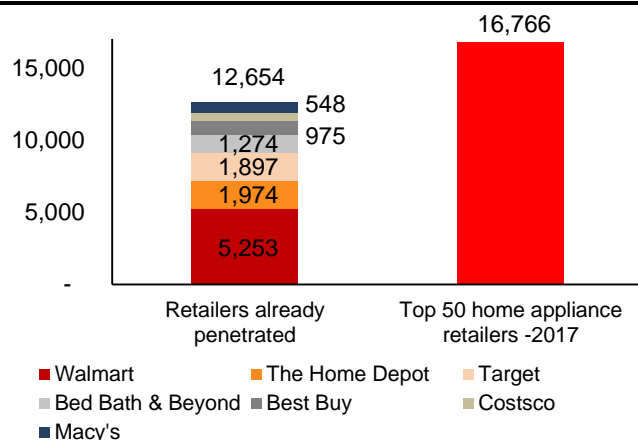
Moreover, we believe offline expansion is a gradual process, in terms of product launches and marketing, therefore the actual store penetration and number of SKUs available will ramp up steadily.

Figure 34: Stores selling Vesync's product



Source: CMBIS estimates

Figure 35: Potential offline stores coverage



Source: National Retail Federation, TWICE, CMBIS estimates

There will be enough differentiation as well, while Amazon has a greater focus on bringing their customers the lowest price possible products. Its products for offline channel will have a different design, functions and equipment.

We believe the ASP in the offline channel could also be higher than online, because the pricing for peers is not as transparent. For example, in an offline hypermarket, product choices are not as many as the online websites and when product with the best pricing and functions are not being presented, the customers may easily compromise for the second best one. As a result, the GP margin might not be too much lower in offline vs online, for Vesync.

We believe Vesync's could be successful in the offline channel, since its products are highly competitive, because it tends to get a lot of customer feedbacks from their online comments (vs not much data for its peers selling mainly through offline channel), therefore Vesync has more data to improve the short-coming of its products.

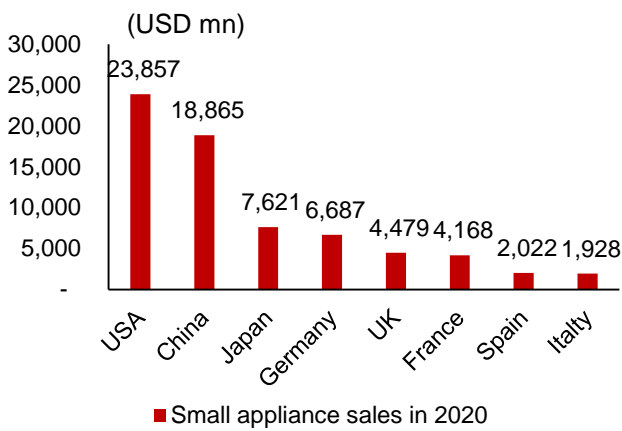
3) Region: EU market is large and Vesync is competitive enough.

Market size for the small home appliances is not small at all in EU, which is about 80%-90% of that in US, therefore it does provide huge potential for Vesync. More importantly, we believe Vesync is competitive enough to penetrate because its products in UK had already achieved high popularity. Moreover, Vesync can certainly leverage on Amazon's accelerated expansion to EU as well.

■ 3.1 The EU small appliance industry sales is equally sizable as US and China.

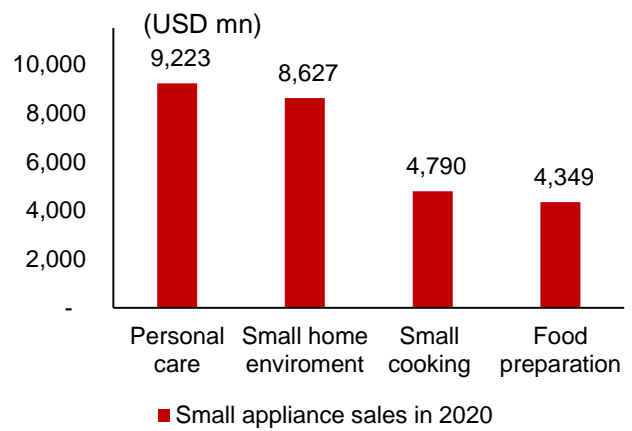
According to Euromonitor, industry sales for small appliance in US is the largest, at USD 23.9bn in 2020, while that of the leading countries (Germany, UK, France, Spain, Italy) in EU, as a whole, is also large, at USD 19.3bn. Since Vesync only has USD 40.7mn sales generated from Europe, we believe the room for further growth is ample. We expect the Europe sales to account for ~15%/ 17%/ 19% of total sales in FY21E/ 22E/ 23E.

Figure 36: Small appliance sales by region, 2020



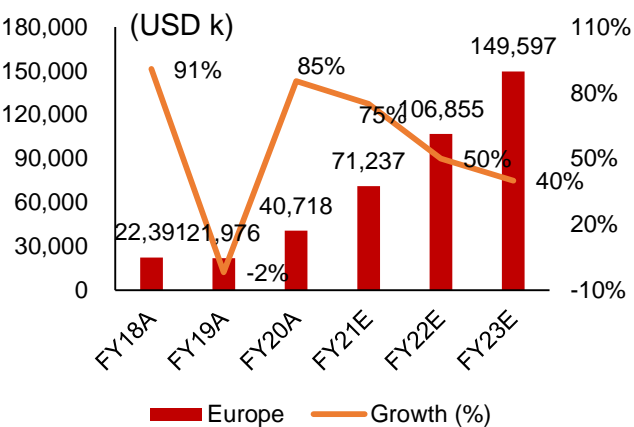
Source: Euromonitor, CMBIS estimates

Figure 37: US small appliances sales by type, 2020



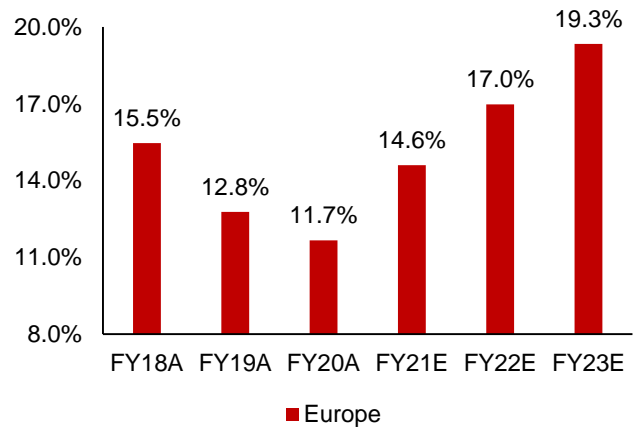
Source: Frost & Sullivan, CMBIS estimates

Figure 38: Europe sales and growth



Source: Company data, CMBIS estimates

Figure 39: Europe sales, as % of total sales



Source: Company data, CMBIS estimates

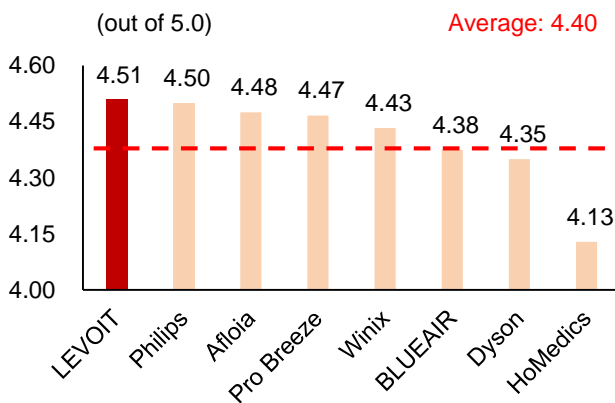
■ 3.2 Vesync's product is highly competitive, thanks to the excellent customer rating in UK.

We believe Vesync is able to achieve rapid growth in other regions such as Europe and Asia, due to its leading industry product quality, and so far the customer satisfaction for its product is rather high in UK.

For air purifier, according to amazon.co.uk, as at Sep 2021, Levoit's overall customer rating is at 4.51, ranked no.1, among all the major brands and far higher than peers' average of 4.40. The reasons for this high popularity, based on the customer comments, include: 1) low noise level and sleep model, 2) ease to use, 3) scent, etc.

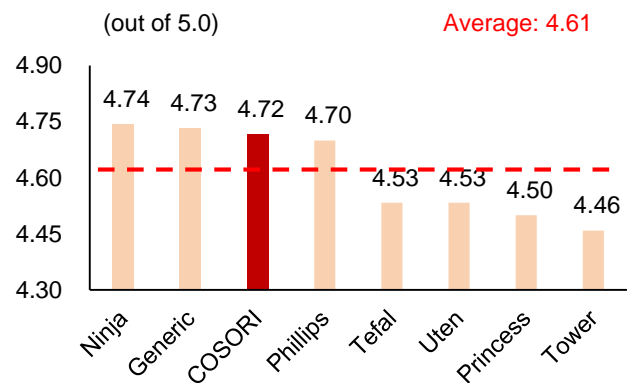
For air fryer, according to amazon.co.uk, as at Sep 2021, Cosori's overall customer rating is at 4.72, ranked no.3, just slightly behind Ninja's 4.74 and Generic's 4.73 and far higher than peers' average of 4.61. The reasons for this outstanding review, based on the customer comments, include: 1) value for money, 2) ease to use and clean, 3) outstanding flavour and versatility, etc.

Figure 40: Customer rating for Air purifiers, by brand in UK



Source: Average score of top 20 hot selling items from Amazon.com, CMBIS estimates, as at Sep 2021

Figure 41: Customer rating for Air fryers, by brand in UK



Source: Average score of top 20 hot selling items from Amazon.com, CMBIS estimates, as at Sep 2021

■ 3.3 Leveraging on Amazon for Europe expansion and its Vendor Central programme.

Amazon has invested heavily in its shipping infrastructure in Europe in the past decade, and as online shopping accelerated meaningfully across Europe during the pandemic, it is doubling down on its investments in the region. We believe Vesync can certainly leverage on Amazon or other online retailers to penetrate into Europe, even though it has a limited employees stationing over there.

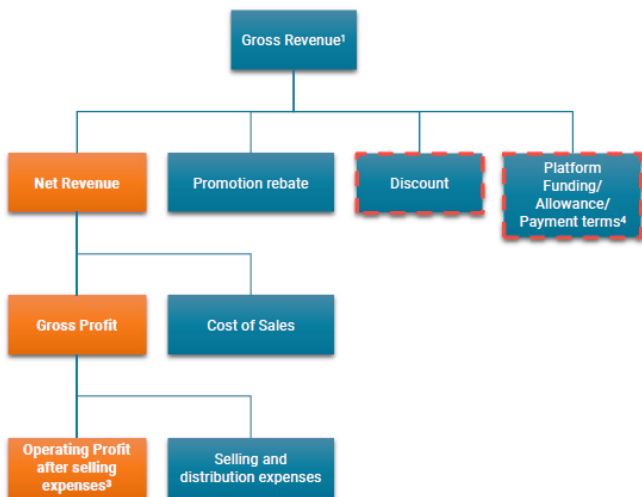
Moreover, Vesync started off its selling to Europe using the Amazon Seller Central model. It has soon be invited into the Amazon Vendor Central model thanks to its rapid growth, excellent product quality and customer reviews.

We believe, for a small size company like Vesync, the Vendor Central model is more cost efficient and effective (vs Seller Central) because its growth can be faster while its GP margin can remain highly attractive (even though it is a wholesale business). Rather than spending too much investment and managerial efforts on admin work, inventory, logistics and retail pricing, the Vendor Central model allows Vesync to focus more on the product itself, and the marketing options will be more and better.

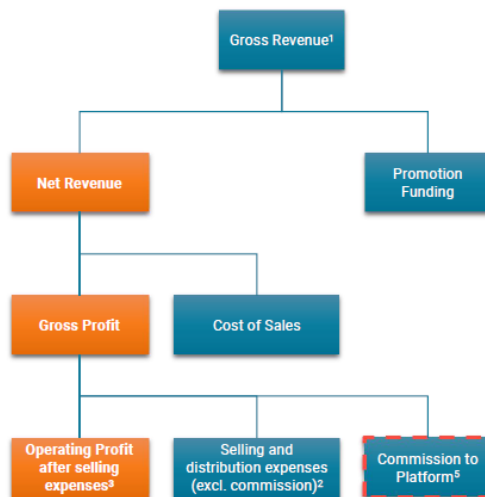
Figure 42: Comparison of Accounting Treatment between Vendor Central and Seller Central

Comparison of Accounting Treatment between Channels

Vendor Central



Seller Central



Notes: 1. Exclude sales return; 2. Including Advertising expenses, Warehouse expenses and Others allocable to Vendor-central or Seller-central business, excluding Commission to Platform; 3. before considering Other Income and Gain, Administrative expenses, Other expenses and Finance cost; 4. including reimbursement for product return, marketing allowance, credit terms we granted to Amazon, and shipping allowance; 5. included in Selling and distribution expenses in the financial statements

Source: Company data, CMBIS estimates

Figure 43: Characteristics of Vendor Central and Seller Central

The Short List

Here's a side-by-side comparison of the differences between having a Vendor Central and a Seller Central account:

Seller Central	Vendor Central
<ul style="list-style-type: none"> • Open to anyone • Sell directly to Amazon's customers • Flexible logistical options • Quick payment terms • Brand controls retail pricing • Limited advertising options • Complex sales process • Enhanced Brand Content 	<ul style="list-style-type: none"> • Invite only • Sell to Amazon • Fixed logistical options • Traditional payment terms • Amazon controls retail pricing • Multiple advertising options • Traditional sales process • A+ content

Source: Company data, CMBIS estimates

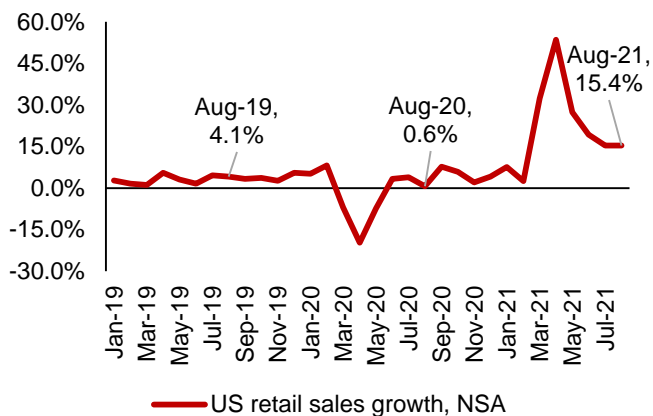
Industry Analysis

1) Solid demand backed by robust income growth and wealth effect.

■ 1.1 US retail sales growth is very quick in 8M21.

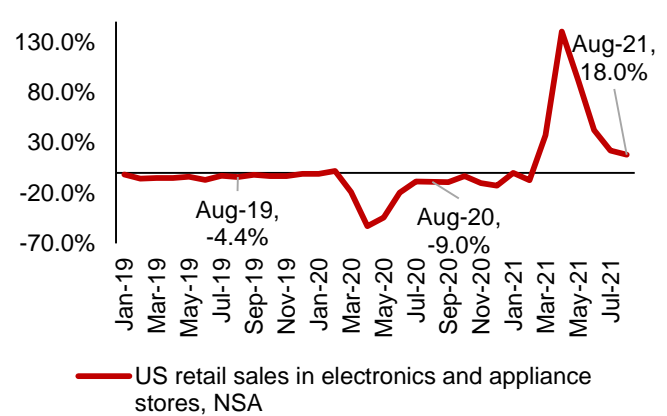
US retail sales was hit hard in 1H20, but growth soon recovered in 2H20 and even accelerated meaningfully in 8M21 (15% growth in Aug 2021) despite resurgence of COVID-19 cases. Moreover, growth of retail sales in electronics and appliance stores is even faster at 18% in Aug 2021. We believe the drivers were the rocketing property prices, fast-growing new home sold as well as greater work from home demand.

Figure 44: US retail sales growth



Source: US Census Bureau, CMBIS estimates

Figure 45: US home appliance sales growth

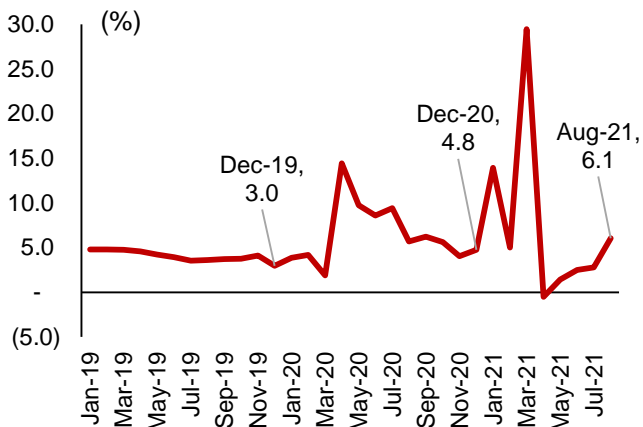


Source: US Census Bureau, CMBIS estimates

■ 1.2 Income growth is resilient and labour market continues to improve.

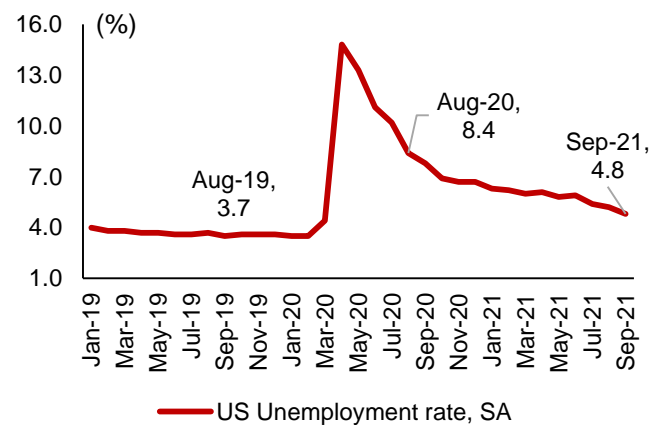
Personal income growth in US was certainly interrupted by the pandemic in 2020, but thanks to reopening of economy, stimulus packaged and additional unemployment benefits, etc., personal income growth had climbed to 4.8% in Dec 2020 and accelerated to 6.1% in Aug 2021. This is also supported by continual improvement in unemployment rate, that had surged to 8.4% in Aug 2020 but already diminished to just 4.8% in Aug 2021. There are headwinds like the concerns about the end of government's pandemic support programs since Sep 2021, we believe the impact is just temporary, and pick-up in the private sectors should be a more long-lasting boost in overall wages and more than offset the decline.

Figure 46: US personal income growth



Source: US Census Bureau, CMBIS estimates

Figure 47: US unemployment rate kept on falling

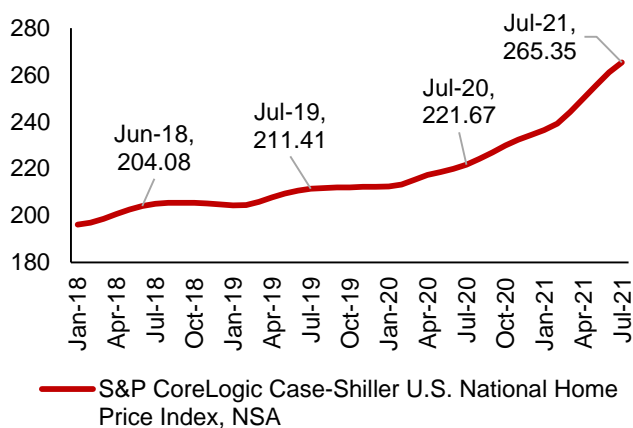


Source: US Census Bureau, CMBIS estimates

■ **1.3 Substantially strong wealth effect and stay at home demand.**

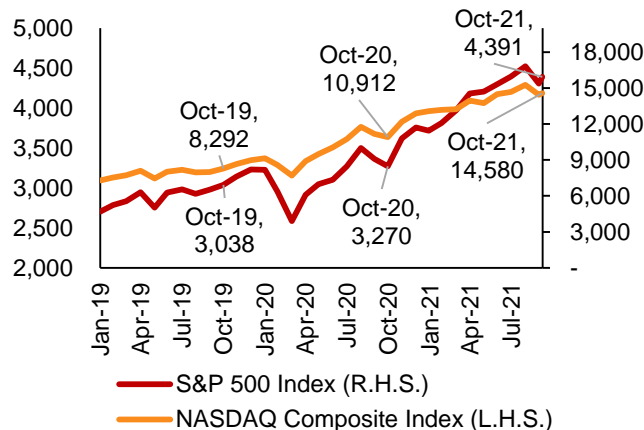
Due to the sharp cut in interest rate and the enlarged quantitative easing started in 2020, home values (around 20% YoY increase in Jul 2021, according to S&P CoreLogic Case-Shiller index) have been rising and stock market (around 30% YoY increase in Oct 2021, for S&P 500 and NASDAQ) is high-flying since then, for many middle and high income American, their wealth should have gone up meaningfully. Moreover, many consumers have been able to work from home, saved quite some money during the lockdowns, had skipped vacations, and dining out for months, these purchasing power might have shifted into greater home appliances demand. We believe this trend should be able to continue in near future, even though the travelling activities could slowly resume.

Figure 48: US home prices keep going up



Source: S&P, CMBIS estimates

Figure 49: S&P 500 and NASDAQ



Source: Bloomberg, CMBIS estimates

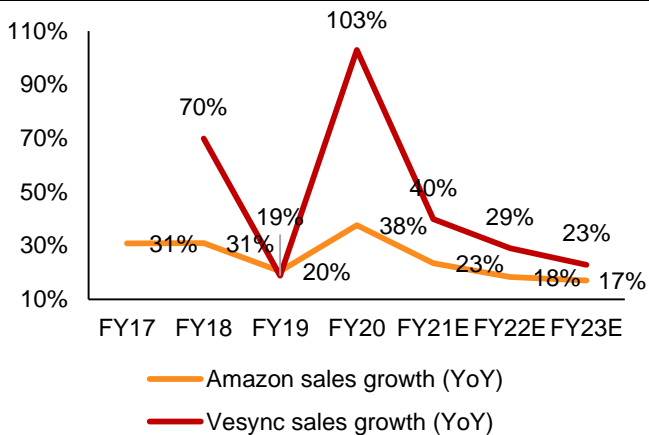
2) Online penetration rate is still low and climbing.

Development of US e-commerce industry is not as quick as China, therefore its penetration rate is only at 13.3% by 2Q21, hence we do see ample room for growth onwards. Therefore, for Amazon, we expect its sales growth to slowdown in 2H21E, but should bottom out and maintain a relatively fast growth in FY22E and FY23E. For Vesync, the growth rate would be even faster.

■ 2.1 E-commerce sales growth could still be rapid, once it has normalized, esp. after the high base in 2020.

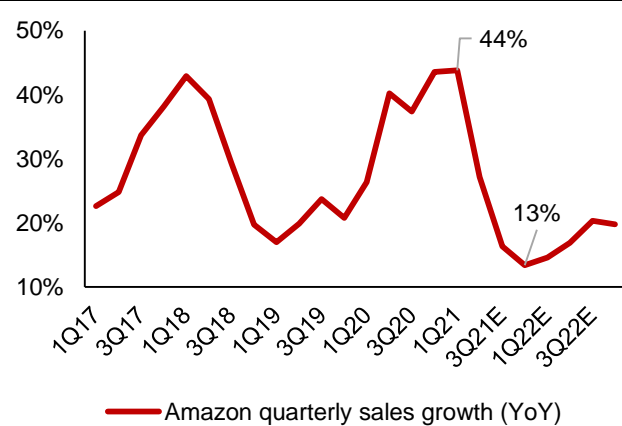
Amazon's sales growth has speeded up significantly in 2020, and facing such high base, a slowdown of growth in 2021E is not surprising at all. But once the high base was overcome, e-commerce sales growth should still be fast, thanks to various structural positives, such as improved transportation, more efficient warehouse management solution and delivery, more enjoyable and convenient online shopping experience. Quarterly speaking, amazon sales growth might be bottoming out in 4Q21E and should re-accelerate after that, Vesync, which has majority of its sales generated through amazon, is likely to enjoy a similar trend but at a faster growth rate.

Figure 50: Amazon and Vesync yearly sales growth



Source: Company data, Bloomberg CMBIS estimates

Figure 51: Amazon quarterly sales growth



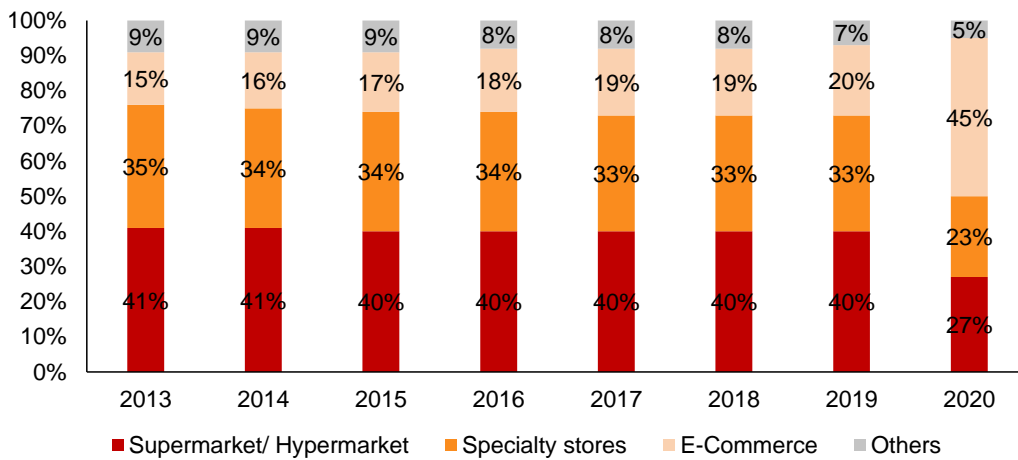
Source: Company data, Bloomberg, CMBIS estimates

■ **2.2 Pandemic was actually a trigger for greater e-commerce penetration.**

According to US Census Bureau, e-commerce sales, as % of total retail sales in US surged to 15.7% in 2Q20, from 11.3% in 4Q19. Historically speaking, sales mix through e-commerce tend to increase by 1 ppt per year, therefore, based on this pace, it would have taken between 4-6 years to get to this 15.7% level in 2Q20 if there is no outbreak of covid-19. We believe this pandemic should have forced a part of population that used to have lower consumer trust or have a poorer digital skills to try out the online shopping. We believe a large of these new users can be retained and become a new driving force for more e-commerce sales growth.

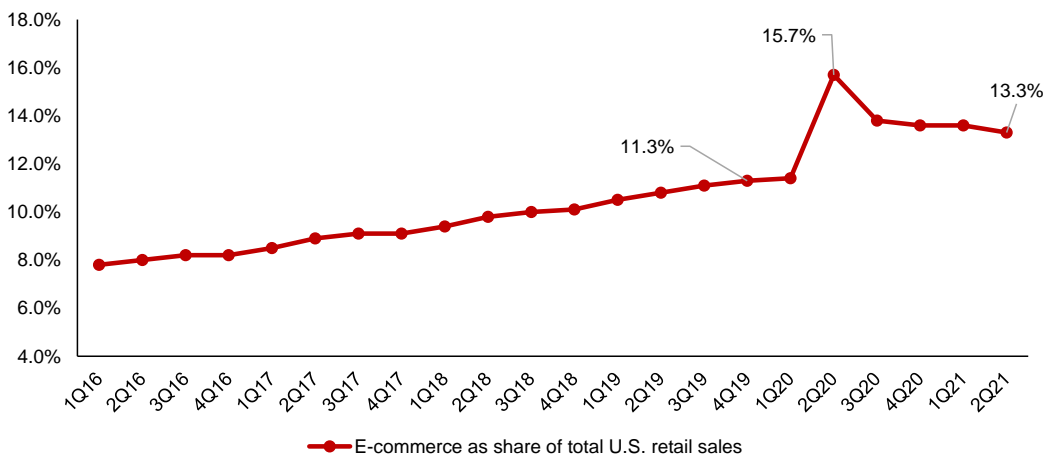
We believe the benefit and the push for home appliances could be even greater, because, according to Euromonitor, the mix of home appliance sales in US generating through e-commerce has jumped to 45% in 2020, compared to just 20% in 2019.

Figure 52: Home appliance sales mix by channel



Source: Euromonitor, CMBIS estimates

Figure 53: E-commerce sales, as % of total retail sales in US



Source: US Census Bureau, CMBIS estimates

Assumptions

Figure 54: CMBI's assumptions

USD mn	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Sales by region (USD k)						
North America	120,986	148,634	302,318	404,975	503,704	595,617
Europe	22,391	21,976	40,718	71,237	106,855	149,597
Asia	1,381	1,309	5,886	11,726	18,762	28,143
Total	144,758	171,919	348,922	487,938	629,322	773,358
Sales growth by region (%)						
North America	65.0%	22.9%	103.4%	34.0%	24.4%	18.2%
Europe	90.8%	-1.9%	85.3%	75.0%	50.0%	40.0%
Asia	930.6%	-5.2%	349.7%	99.2%	60.0%	50.0%
Total	69.9%	18.8%	103.0%	39.8%	29.0%	22.9%
Sales growth by segment (%)						
Seller Central	32.1%	-18.7%	23.0%	17.9%	15.0%	10.0%
Vendor Central	477.2%	110.8%	166.7%	44.0%	27.2%	20.0%
Others (including offline)	88.6%	44.0%	860.0%	133.0%	100.0%	70.0%
GP margins by region						
North America	36.6%	39.3%	44.5%	42.5%	42.8%	43.0%
Europe	47.8%	37.8%	38.0%	38.0%	39.0%	40.0%
Asia	54.5%	44.1%	43.0%	40.6%	41.5%	42.0%
Total	38.5%	39.1%	43.7%	41.8%	42.1%	42.4%
GP margins by segment						
Seller Central	37.3%	34.7%	41.0%	36.9%	37.5%	38.0%
Vendor Central	41.6%	43.6%	46.1%	44.0%	44.5%	44.8%
Others (including offline)	38.7%	25.7%	23.0%	36.8%	36.5%	37.0%
Opex breakdown						
A & P	-7.7%	-8.5%	-3.5%	-2.9%	-3.1%	-3.3%
Commission to platform	-10.7%	-7.5%	-4.9%	-4.2%	-3.8%	-3.4%
Staff cost - Opex	-5.0%	-5.7%	-5.8%	-6.4%	-6.5%	-6.0%
Warehousing	-2.3%	-2.3%	-1.8%	-3.7%	-3.7%	-3.7%
R & D	-2.7%	-4.8%	-3.0%	-4.3%	-4.1%	-4.1%
Office expenses	-0.9%	-1.0%	-0.8%	-0.9%	-0.8%	-0.7%
D & A - Opex	-0.8%	-0.7%	-0.6%	-0.5%	-0.4%	-0.3%
Selling & distribution costs / sales	-23.6%	-22.0%	-13.5%	-14.0%	-13.8%	-13.5%
Admin expenses / sales	-9.4%	-12.4%	-11.2%	-11.0%	-10.6%	-10.2%
OP margins						
Effective tax rate	-18.4%	-8.1%	-8.9%	-13.5%	-13.0%	-12.0%
NP att. margins						
	3.0%	3.7%	15.7%	14.2%	14.9%	16.0%
NP att. growth (%)						
	133.6%	46.1%	758.8%	27.0%	35.1%	32.2%
Adjusted NP att. growth (%)						
	133.6%	46.1%	758.8%	22.0%	40.6%	32.2%

Source: Company data, CMBIS estimates, OP as defined on page 1

Financial Analysis

We forecast sales growth of 40%/ 29%/ 23% YoY in FY21E/ 22E/ 23E

- We believe sales growth to be 40% in FY21E, driven by surging Cosori popularity, expansion to Europe and offline channels.

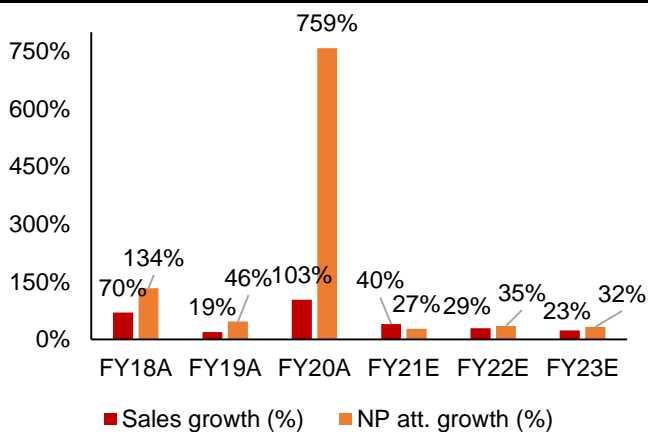
We project Vesync's sales to reach USD 488mn in FY21E, driven by:

- 1) 34% for North America, 75% for Europe and 99% for Asia & others, OR
- 2) 39% for Levoit, 76% for Cosori and -6% for Etekcity & others, OR
- 3) 18% for Seller Central, 44% for Vendor Central and 133% for others (including offline channels).

We project Vesync's sales to grow at 30% CAGR in FY20-23E, assuming:

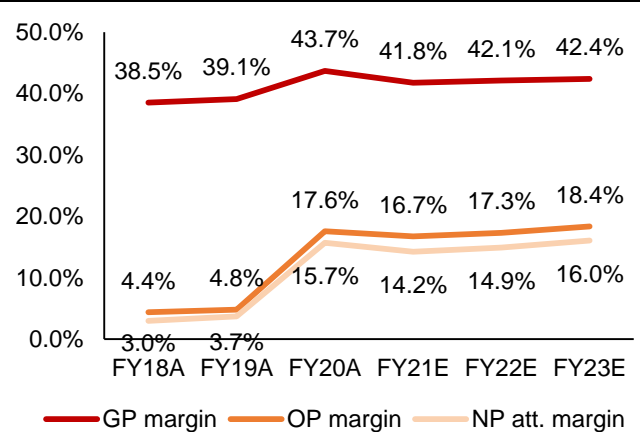
- 1) 25% for North America, 54% for Europe and 68% for Asia & others, OR
- 2) 27% for Levoit, 51% for Cosori and 0% for Etekcity & others, OR
- 3) 14% for Seller Central, 30% for Vendor Central and 99% for others (including offline channels).

Figure 55: Sales and NP att. growth



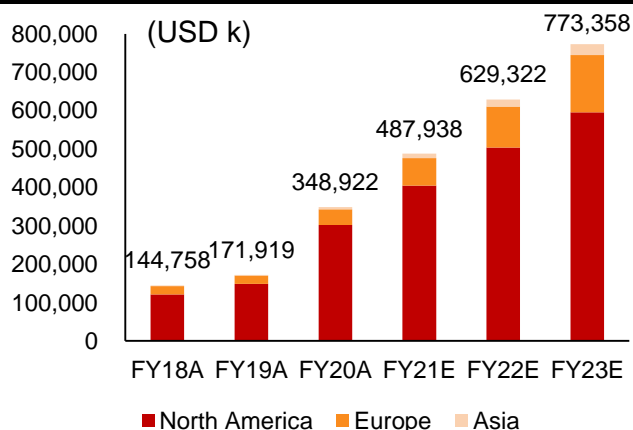
Source: Company data, CMBIS estimates

Figure 56: GP/ OP/ NP att. margin



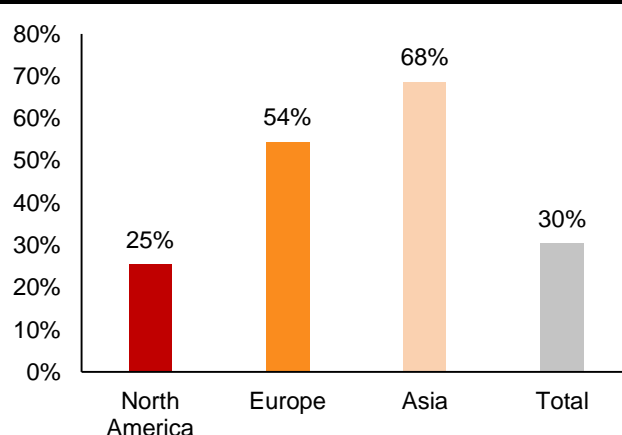
Source: Company data, CMBIS estimates

Figure 57: Sales by region



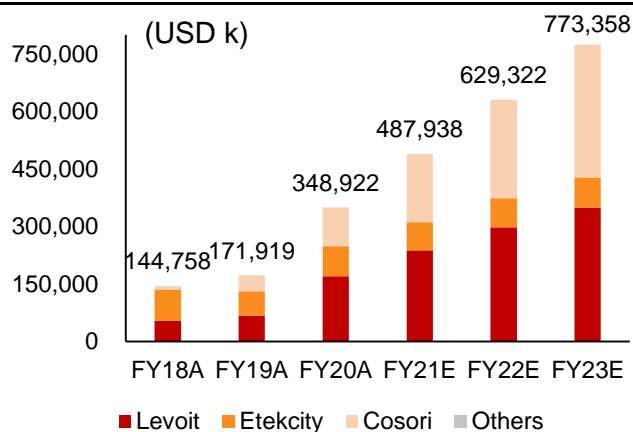
Source: Company data, CMBIS estimates

Figure 58: Sales CAGR by region, FY20-23E



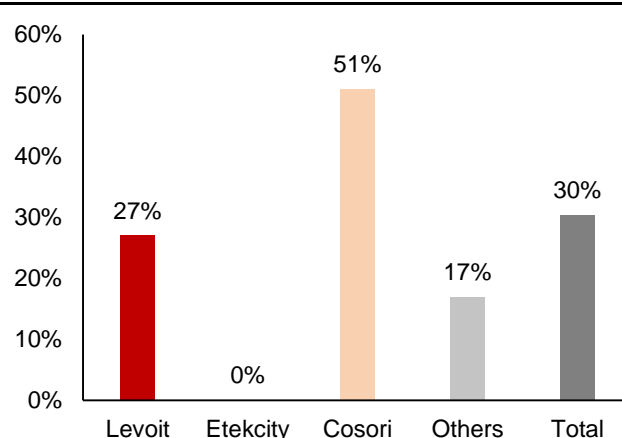
Source: Company data, CMBIS estimates

Figure 59: Sales by brand



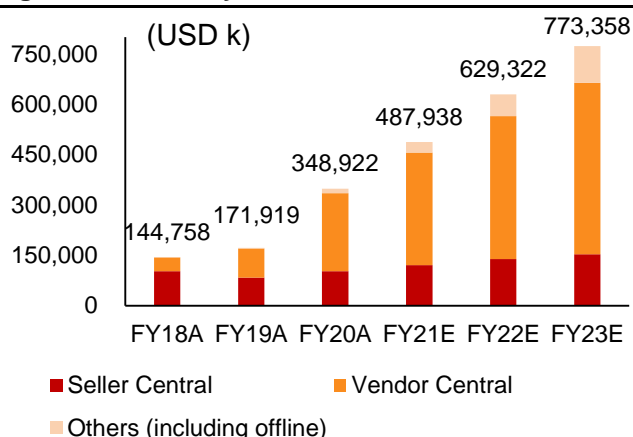
Source: Company data, CMBIS estimates

Figure 60: Sales CAGR by brand, FY20-23E



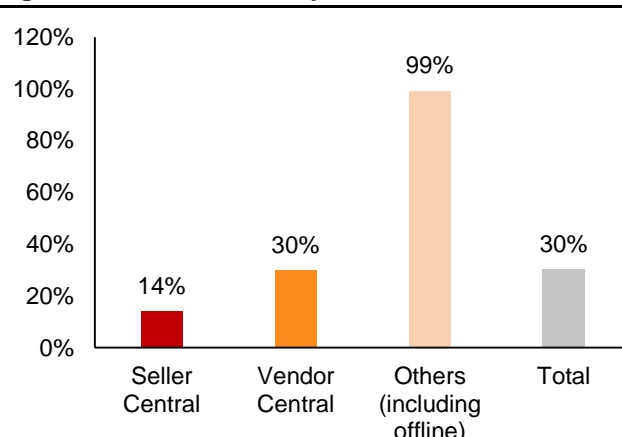
Source: Company data, CMBIS estimates

Figure 61: Sales by channel



Source: Company data, CMBIS estimates

Figure 62: Sales CAGR by channel, FY20-23E



Source: Company data, CMBIS estimates

We expect NP att. growth of 27%/ 35%/ 32% YoY in FY21E/ 22E/ 23E

■ **GP margin might drop slightly in FY21E.**

We expect GP margin to have some headwinds and fall to 41.8% in FY21E (43.7% in FY20).

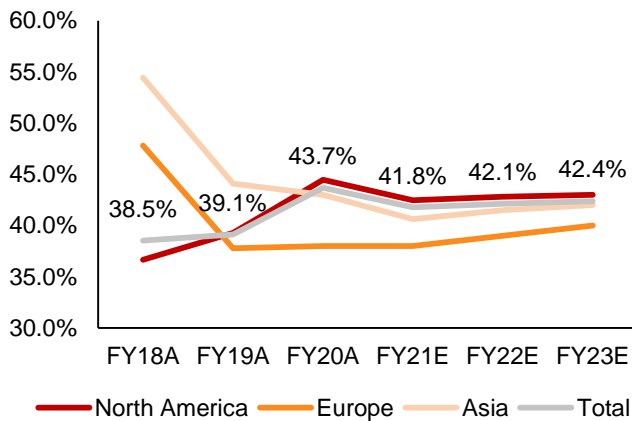
On one hand, we have these factors to create cost pressure:

- 1) rising freight rate due to higher fuel costs and labour shortage,
- 2) costs inflation for raw material such as copper, aluminium, steel and polymer,
- 3) CNY appreciation vs USD.

However, on the other hand, there are also some positive and offsetting factors, including:

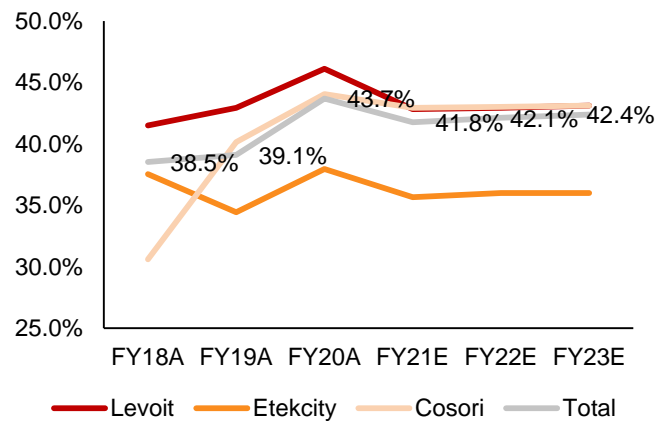
- 1) increases in ASP through launching more differentiated and innovative products with higher selling prices,
- 2) less promotion activities and lower retail discounts given a relatively low level of industry inventory.

Figure 63: GP margin by region



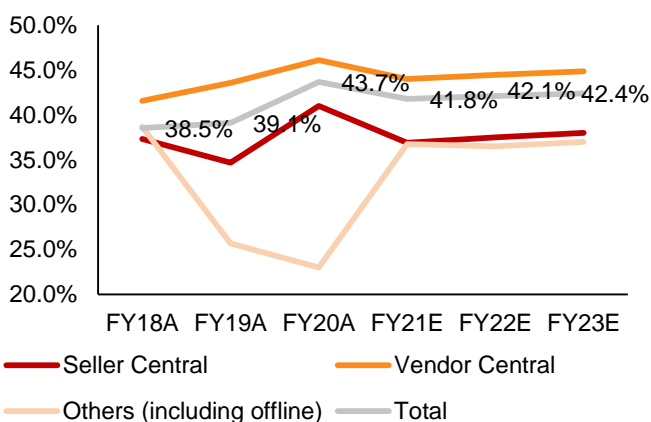
Source: Company data, CMBIS estimates

Figure 64: GP margin by brand



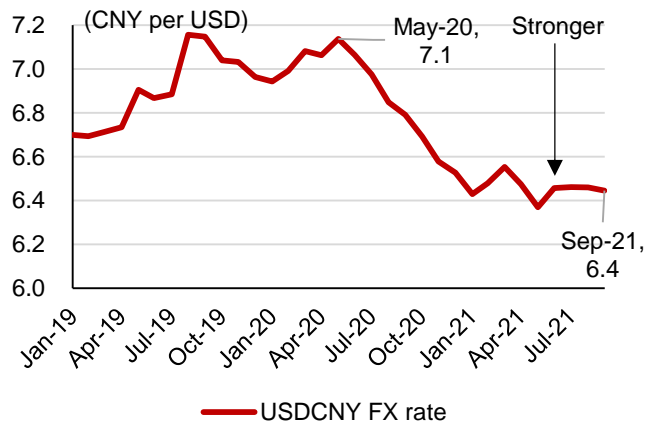
Source: Company data, CMBIS estimates

Figure 65: GP margin by channel



Source: Company data, CMBIS estimates

Figure 66: CNYUSD FX rate



Source: Wind, CMBIS estimates

■ GP margin should remain stable in FY22E-23E.

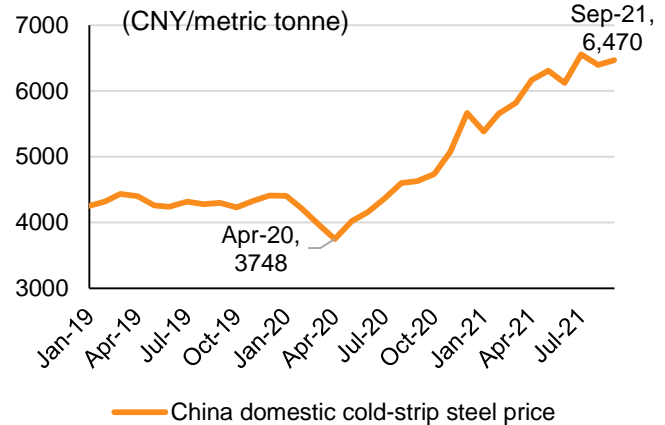
We think the GP margin could increase to 42.1% in FY22E and be rather stable at 42.4% in FY23E. As we expect the cost pressure (transportation, raw material and currency) to stay but do not further worsen, while positive from ASP growth might offset the mild drags from offline and regional expansions (CMBI est.: GP margin for Europe is at 38.0%, vs 42.5% for US / GP margin for Offline is at 36.8% vs 36.9% for Seller Central and 44.0% for Vendor Central in FY21E).

Figure 67: Copper (China) price



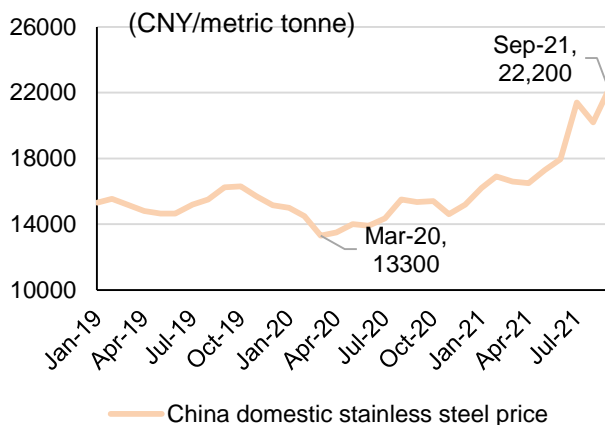
Source: Wind, CMBIS estimates

Figure 68: Cold-strip steel (China) price



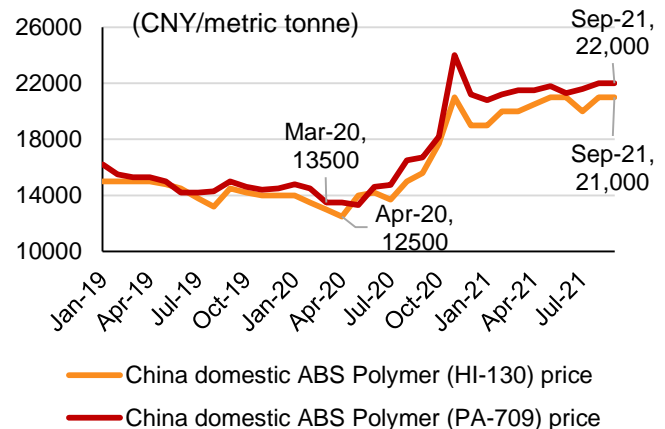
Source: Wind, CMBIS estimates

Figure 69: Stainless steel (China) price



Source: Wind, CMBIS estimates

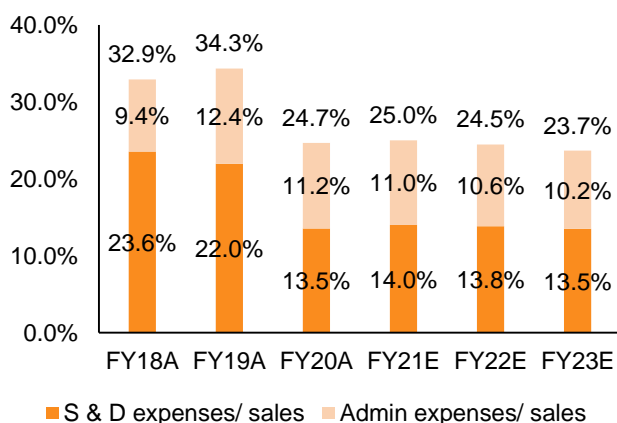
Figure 70: ABS Polymer (China) price



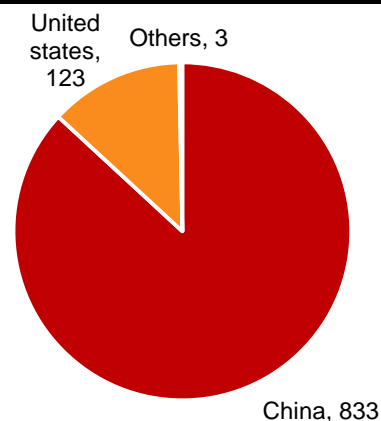
Source: Wind, CMBIS estimates

■ OP margin may decline slightly in FY21E.

We forecast OP margin to drop to 16.7% in FY21E, from 17.6% in FY20 and the main reason behind is the decline in GP margin. Opex, as % of sales, could increase slightly to 25.0% in FY21E (vs 24.7% in FY20), we would see increases in staff costs, warehousing and R&D expenses (accounting for 6.4%/ 3.7%/ 4.3% of total sales in FY21E, vs 5.8%/ 1.8%/ 3.0% in FY20) to be offset by the drop in A&P, commission to platform and others (contributing for 2.9%/ 4.2%/ 2.1% of total sales in FY21E, vs 3.5%/ 4.9%/ 4.3% in FY20).

Figure 71: Major opex break down, as % of total sales

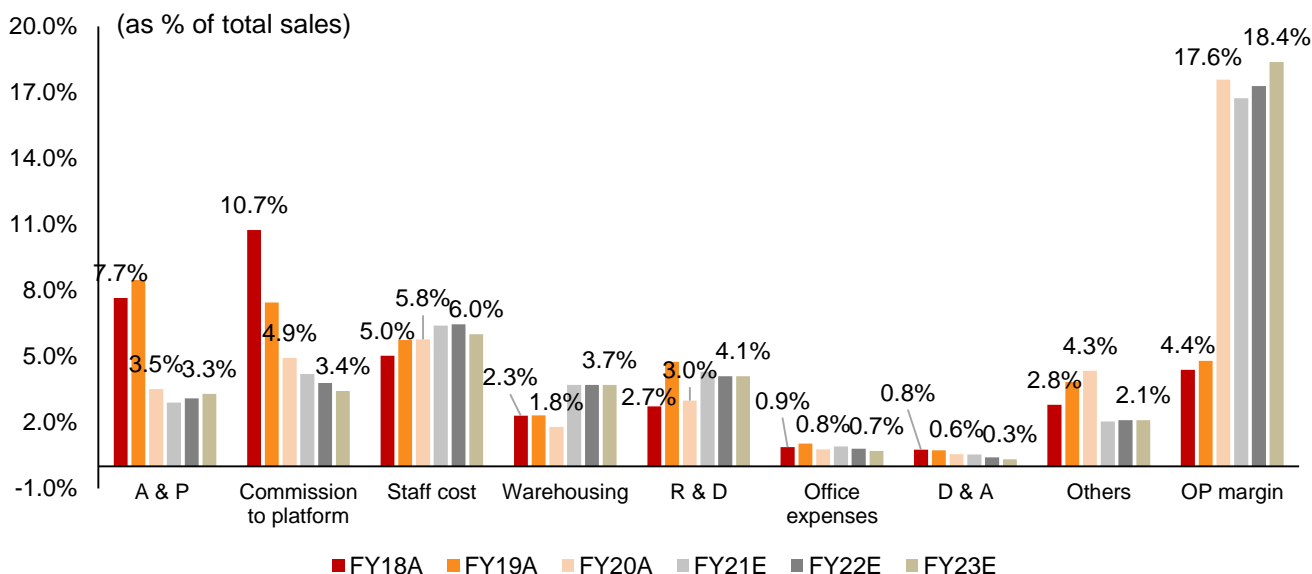
Source: Company data, CMBIS estimates

Figure 72: Number of labour breakdown, 1H21

Source: Company data, CMBIS estimates

■ OP margin may rebound in FY22E and FY23E.

We expect OP margin to improve to 17.3% in FY22E and 18.6% in FY23E, even taking into account of the absence of other income (there was a loan forgiveness (a form of government subsidies) of around USD 2.7mn, about 0.6% of total sales in FY21E). While for the opex, as % of total sales, in our view, could improve mildly to 24.5% of total sales in FY22E and 23.7% in FY23E, from 25.0% in FY21E. The leverage would mainly be coming from commission to platform, staff costs, R&D, office expenses and D&A expenses.

Figure 73: Major types of costs, as % of total sales and OP margin

Source: Company data, CMBIS estimates

■ Net profit att. will increase by 27% in FY21E

We expect the NP att. growth to slow down from 759% in FY20 to just 27% in FY21E.

■ Net profit att. to grow by 31% CAGR in FY20-23E

We expect net profit growth to speed up to 35% and 32% in FY22E and FY23E respectively.

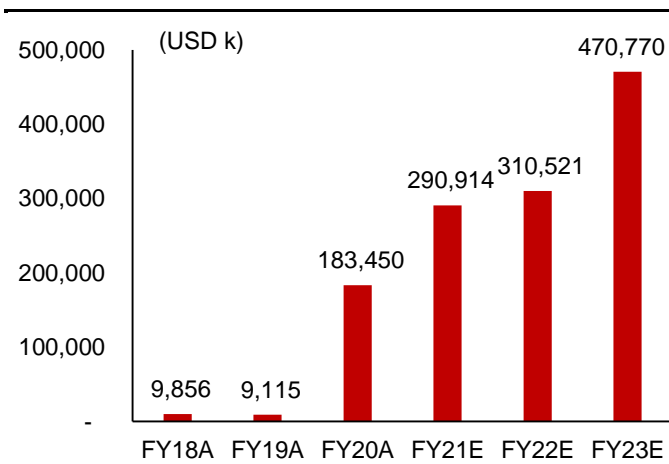
Tax rate, in our view, shall normalize at level of around 12%-13% in FY21E-23E.

Balance sheet and Cash flow

■ Cash flow shall stay strong for Vesync, while net cash position will sustain.

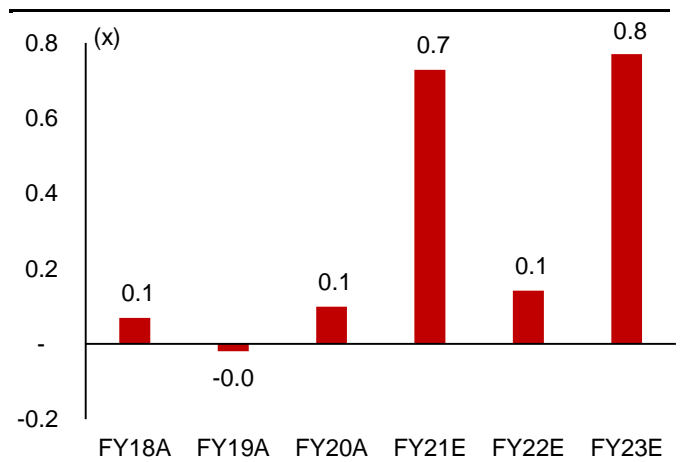
Vesync did not have too much cash on hand back in FY18-19, but cash level increased significantly due to its IPO in late 2020 and the booming business since the pandemic (103% YoY sales and 759% YoY net profit growth in FY20). Moreover, thanks to its business nature (majority of its manufacturing are outsourced), the capex is rather limited, therefore we believe its cash level will continue to go up fast as its sales and net profit growth could remain rapid onwards. Also, the Company had repaid most of its debts since FY20, as it has ample cash, therefore it should stay in a net cash position onwards.

Figure 74: Closing cash balance



Source: Company data, CMBIS estimates

Figure 75: Net operating cash flow to current liabilities ratio



Source: Company data, CMBIS estimates, net operating cash flow = operating cash from operations + interest received - tax

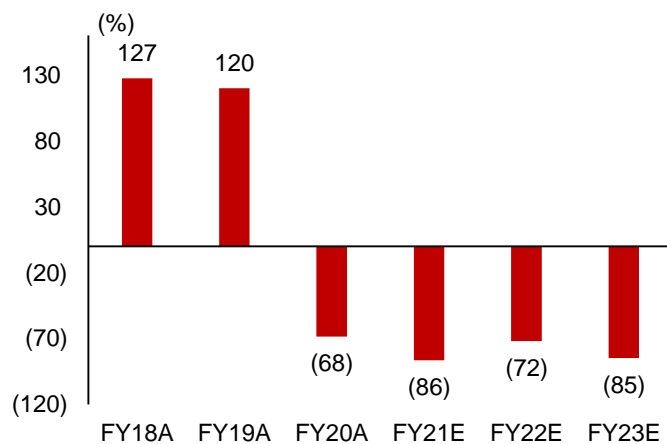
■ **We expect Vesync's CCC to be stable at 100 days in FY21E and onwards.**

Vesync's inventory might increase further as it is stocking up for the rapid expansions plan in US, as well as coping with the unexpected logistic and shipping environment. However, since its Vendor Central business (Amazon will hold inventory) is growing faster than Seller Central business (the brand will hold inventory), the inventory needed would also decrease. Therefore, as a whole, we believe its overall inventory days might stay similar at 120 days in FY21E-23E.

Vesync's receivable might decrease as its Vendor Central business may outgrow its Seller Central business (because the business in Europe and Canada may switch to Vendor Central gradually and eventually), however, since its offline business will expand fast, the related receivable will grow fast as well. All in all, we believe the receivable days could stay fairly stable at 50 days in FY21E-23E.

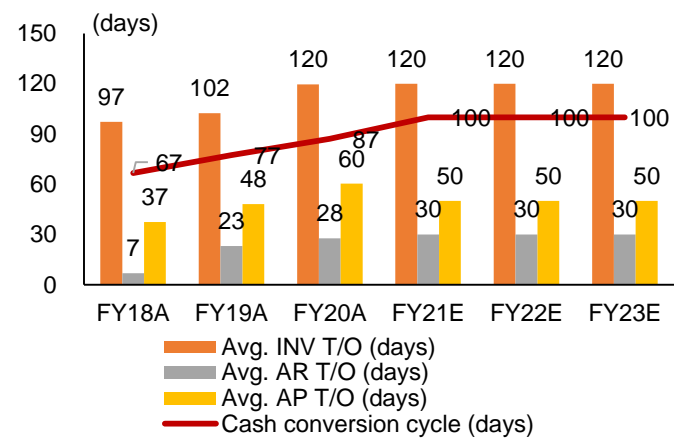
Vesync's payable days, in our view, may remain stable, at 30 days in FY21E-23E.

Figure 76: Net debt or (cash) to equity



Source: Company data, CMBIS estimates, net debt = total interest bearing liabilities - cash and near cash

Figure 77: Working capital (days)



Source: Company data, CMBIS estimates

Valuation

Peers Valuation

Figure 78: Peers' valuation

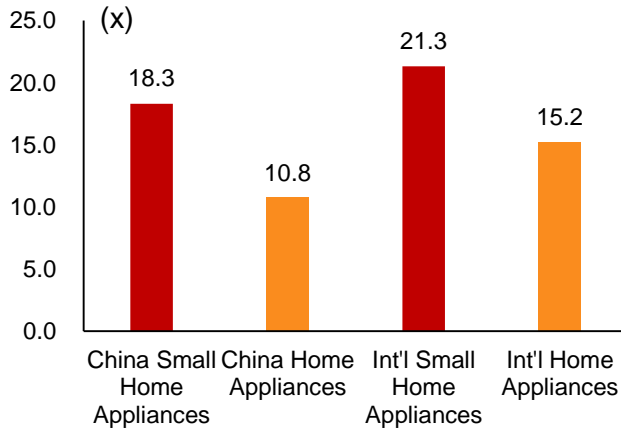
Company	Ticker	Rating	12m TP (LC)	Price (LC)	Up/Down-side	Mkt. Cap (HK\$ mn)	Year End	P/E (x)		P/B (x)		ROE (%)	3yrs PEG (x)	Yield (%)	
								FY1E	FY2E	FY1E	FY2E	FY1E	FY1E	FY1E	
A+ H shares Small Home Appliances															
Vesync	2148 HK	BUY	15.60	11.12	40%	12,955	Dec-20	23.6	17.8	5.1	3.9	39.6	0.8	1.2	
Js Global Lifestyle	1691 HK	BUY	27.54	17.58	57%	61,435	Dec-20	16.9	13.5	3.9	3.2	32.9	0.6	1.8	
Joyoung	002242 CH	NR	n/a	22.40	n/a	20,899	Dec-20	17.5	15.4	3.8	3.5	25.2	1.3	3.8	
Zhejiang Supor	002032 CH	NR	n/a	44.96	n/a	44,225	Dec-20	17.9	15.7	4.4	3.8	31.6	1.2	3.1	
Xinbao	002705 CH	NR	n/a	20.21	n/a	20,323	Dec-20	16.6	13.0	2.5	2.2	19.5	1.4	2.8	
Bear Electric	002959 CH	NR	n/a	46.99	n/a	8,942	Dec-20	18.9	14.7	3.3	2.8	23.5	1.4	1.5	
Ecovacs Robotics	603486 CH	NR	n/a	160.00	n/a	111,377	Dec-20	46.0	34.1	18.8	13.1	43.0	0.6	0.9	
Beijing Roborock	688169 CH	NR	n/a	844.10	n/a	68,577	Dec-20	33.1	25.4	6.5	5.3	31.9	1.2	0.5	
Kingclean Electric	603355 CH	NR	n/a	25.38	n/a	17,752	Dec-20	19.2	15.3	3.6	3.1	12.8	0.3	0.5	
								Avg.	23.3	18.3	5.8	4.6	28.9	1.0	1.8
								Med.	18.9	15.4	3.9	3.5	31.6	1.2	1.5
A + H Home Appliances															
Midea	000333 CH	BUY	95.24	68.07	40%	578,045	Dec-20	16.6	14.3	3.5	3.1	25.9	1.2	2.6	
Gree Electric	000651 CH	NR	n/a	38.58	n/a	282,306	Dec-20	9.5	8.2	1.9	1.7	23.8	0.6	6.6	
Haier Smart Home	600690 CH	NR	n/a	25.60	n/a	277,492	Dec-20	18.3	15.2	3.1	2.7	21.2	1.1	2.0	
Haier Smart Home	6690 HK	BUY	40.36	27.40	47%	277,494	Dec-20	15.9	13.1	2.7	2.3	15.5	0.9	2.3	
Hisense Home	921 HK	NR	n/a	8.60	n/a	16,795	Dec-20	5.6	4.3	n/a	n/a	18.2	0.3	4.0	
Hisense Home	000921 CH	NR	n/a	11.69	n/a	16,795	Dec-20	10.0	8.3	1.4	1.3	18.2	0.7	3.0	
Whirlpool China	600983 CH	NR	n/a	8.75	n/a	8,157	Dec-20	n/a	n/a	n/a	n/a	(4.6)	n/a	n/a	
Hangzhou Robam	002508 CH	NR	n/a	31.42	n/a	36,270	Dec-20	15.4	13.3	3.1	2.7	23.2	0.8	2.2	
Vatti	002035 CH	NR	n/a	6.90	n/a	7,114	Dec-20	10.7	9.2	1.6	1.5	15.7	0.5	2.7	
								Avg.	12.7	10.8	2.5	2.2	17.4	0.8	3.2
								Med.	13.0	11.1	2.7	2.3	18.2	0.8	2.7
International Small Home Appliances															
Techtronic	669 HK	NR	n/a	161	n/a	295,272	Dec-20	34.6	28.7	8.2	7.0	25.3	1.3	1.1	
Smith (A.O.) Corp	AOS US	NR	n/a	66	n/a	81,083	Dec-20	23.7	20.3	6.0	5.6	25.4	1.4	1.6	
Helen Of Troy Ltd	HELE US	NR	n/a	229	n/a	42,953	Feb-21	21.3	18.9	n/a	n/a	16.7	1.8	n/a	
De'Longhi Spa	DLG IM	NR	n/a	33	n/a	45,309	Dec-20	16.3	16.1	3.2	2.8	26.1	0.8	2.2	
Irobot Corp	IRBT US	NR	n/a	84	n/a	18,344	Jan-21	30.6	20.7	3.3	3.1	15.2	10.0	0.0	
Seb Sa	SK FP	NR	n/a	121	n/a	60,446	Dec-20	15	13.4	2.4	2.0	18.6	0.7	1.9	
Breville Group	BRG AU	NR	n/a	29	n/a	23,720	Jun-21	38	32.9	7.1	6.3	19.7	2.6	1.1	
Koninklijke Philips	PHIA NA	NR	n/a	39	n/a	324,518	Dec-20	15.7	19.5	2.7	2.6	9.9	0.7	2.2	
								Avg.	24.3	21.3	4.7	4.2	19.6	2.4	1.5
								Med.	22.5	19.9	3.3	3.1	19.2	1.4	1.6
International Home Appliances															
Whirlpool	WHR US	NR	n/a	205.64	n/a	100,263	Dec-20	7.8	8.5	2.6	2.3	47.9	0.7	2.7	
Ingersoll-Rand	IR US	NR	n/a	53.57	n/a	175,013	Dec-20	28.7	24.4	2.4	2.6	3.6	(0.1)	0.0	
Electrolux Ab-B	ELUXB SS	NR	n/a	192	n/a	53,814	Dec-20	10.6	11.4	3.1	3.0	37.2	(2.4)	4.6	
Daikin Industries	6367 JP	NR	n/a	25730	n/a	512,748	Mar-21	33.6	29.9	4.1	3.7	12.7	1.7	0.7	
Panasonic	6752 JP	NR	n/a	1396.00	n/a	232,897	Mar-21	13.2	11.9	1.2	1.1	10.7	0.7	2.2	
Fujitsu General	6755 JP	NR	n/a	2837.00	n/a	21,082	Mar-21	22.2	18.8	2.3	2.1	11.3	1.9	1.1	
Lg Electronics	066570 KS	NR	n/a	125000	n/a	135,380	Dec-20	10.8	6.6	1.3	1.1	8.6	0.5	1.0	
Samsung	005930 KS	NR	n/a	70300	n/a	2,777,466	Dec-20	11.9	10.5	1.6	1.4	10.6	0.5	2.1	
								Avg.	17.4	15.2	2.3	2.2	17.8	0.4	1.8
								Med.	12.6	11.6	2.3	2.2	11.0	0.6	1.6

Source: Bloomberg, CMBIS estimates

Initiate BUY on Vesync with TP of HK\$ 15.60 (25.0x FY22E P/E)

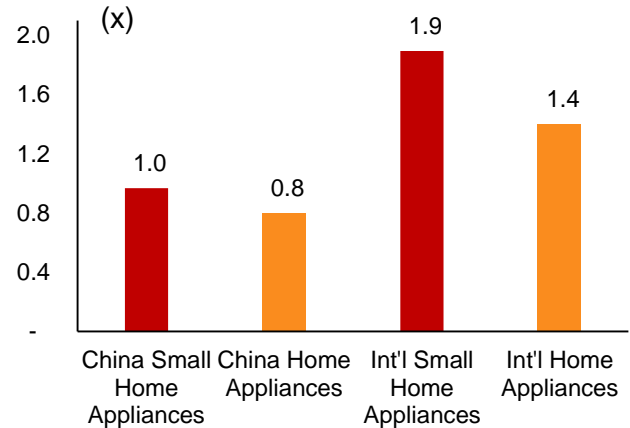
We initiate on Vesync with BUY rating and target price of HK\$ 15.60, based on a 25x FY22E P/E, given its 1) leadership in specific small appliance segments, 2) close partnership with Amazon, 3) favourable industry (e-commerce penetration is still low with excellent potential) and 4) excellent leverage on both deep understanding of US consumer and solid R&D plus supply chain in China.

Figure 79: China/ Int'l appliances forward 2 years P/E



Source: Bloomberg, CMBIS estimates

Figure 80: China/ Int'l appliances 3 years PEG



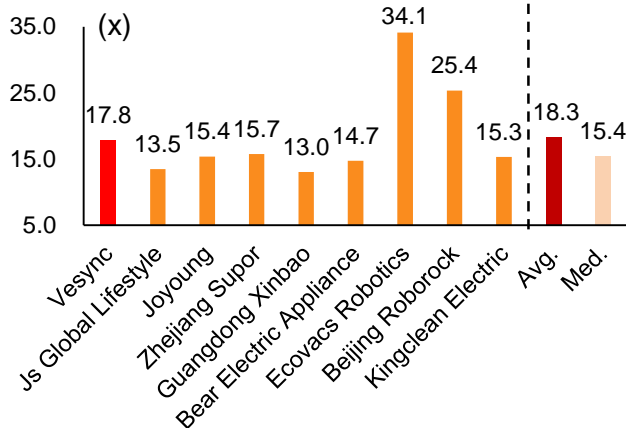
Source: Bloomberg, CMBIS estimates

Our target P/E multiple has a 36%/ 17% premium to China/ Int'l small appliances peers' average of 18.3x/ 21.3x FY22E P/E.

Historically speaking, small appliances tend to have a higher P/E over home appliances while Chinese companies (A and H shares)'s P/E also tend to be higher vs international companies. But currently speaking, international small appliance brands' P/E is higher because they are in still in the upcycle (demand is booming) while vs Chinese companies is lower due to depressed demand in FY21E.

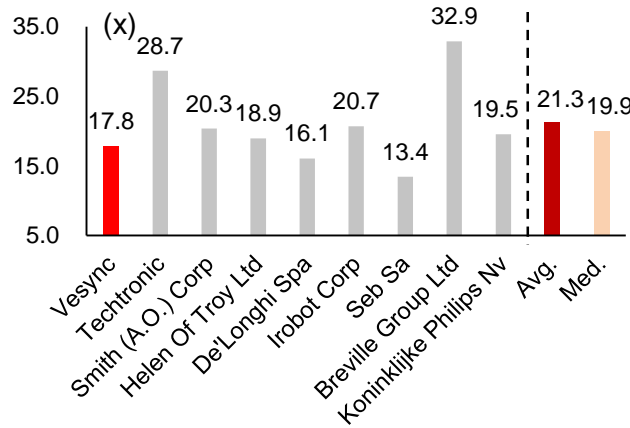
We believe Vesync should have a higher P/E (at 25x) than industry (both China and Int'l peers average of 18.3x and 21.3x) because: 1) it has brands that is well recognized in the international market, 2) it can leverage on the world class designing and supply chain capability in China, 3) it has a faster than peers growth and 4) it is better positioned amid the robust e-commerce industry. Its current valuation of 17.8x is fairly attractive, in our view.

Figure 81: China small appliances peers - forward 2 years P/E



Source: Bloomberg, CMBIS estimates

Figure 82: International small appliances peers - forward 2 years P/E

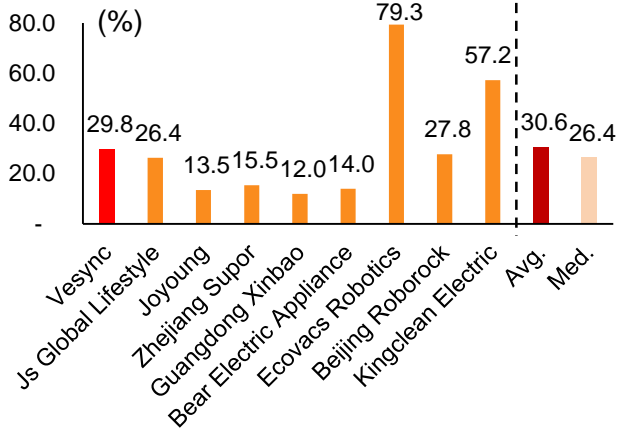


Source: Bloomberg, CMBIS estimates

■ **Even more undervalued using PEG method, at 0.8x 3 years (FY20-23E) PEG, with 18%/ 41% discounts to China/ int'l peers' average PEG of 1.0x/ 1.3x.**

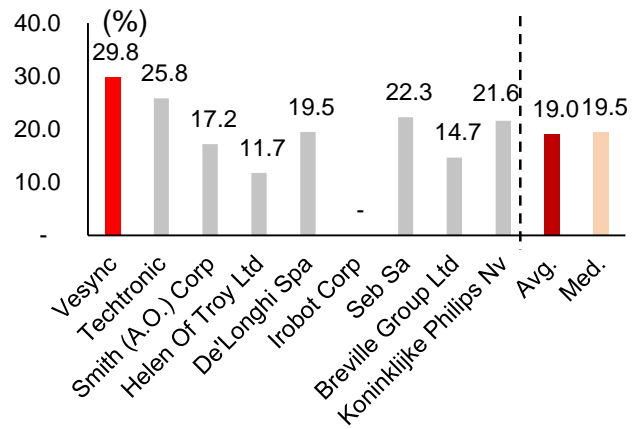
Vesync's PEG is very low, only at 0.8x, far lower than China/ Int'l peers' average of 1.0x/ 1.3x. Even though JS Global, Ecovacs and Kingclean are lower in terms of PEG (at 0.6x, 0.6x and 0.3x), Vesync's 0.8x is still very attractive, compared to Supor's 1.2x, Bear's 1.4x, Techtronics' 1.3x and Breville's 2.6x.

Figure 83: China small appliances peers 3 years EPS CAGR



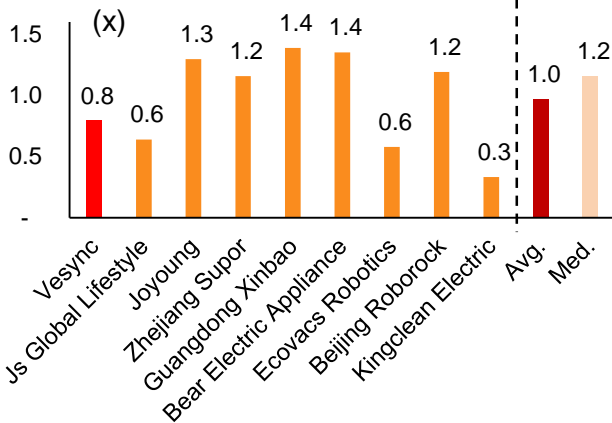
Source: Bloomberg, CMBIS estimates

Figure 84: Int'l small appliances peers 3 years EPS CAGR



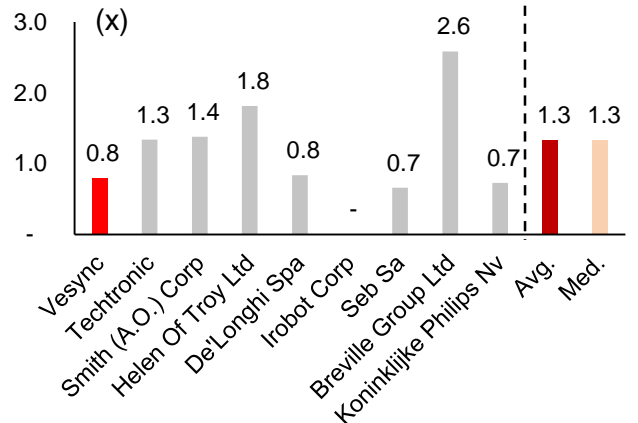
Source: Bloomberg, CMBIS estimates

Figure 85: China small appliances peers 3 years PEG



Source: Bloomberg, CMBIS estimates

Figure 86: Int'l small appliances peers 3 years PEG



Source: Bloomberg, CMBIS estimates

- **Cross-checking with DCF analysis, our TP of HK\$ 15.60 is also very similar to the DCF valuation of HK\$ 15.72, which was derived by 10.9% WACC and 3.0% terminal growth.**

We also crosscheck our valuation estimates using the DCF method, based on 10.9% WACC and 3.0% terminal growth, a valuation of HK\$ 15.72 would be derived, which is about 24.7x FY22E P/E.

Figure 87: Valuation - DCF method in USD k

DCF	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E	FY25E
EBITDA	7,570	8,922	62,300	82,357	108,718	141,689	178,818	207,374
Chg in working cap	(8,051)	(11,179)	(56,804)	38,125	(73,191)	37,673	(74,514)	44,099
Adjusted tax	(1,159)	(666)	(5,435)	(10,960)	(14,150)	(17,055)	(21,556)	(25,039)
Capex & product dev	(588)	(972)	(892)	(1,464)	(1,888)	(2,320)	(2,768)	(3,130)
Adjusted Unleveraged FCF	(2,228)	(3,895)	(831)	108,058	19,489	159,987	79,980	223,304
YoY%	(73.6)	74.8	(78.7)	(13,099.5)	(82.0)	720.9	(50.0)	179.2
DCF (21E-25E)				416,282				
PV (Terminal value)				1,728,468				
EV (End-21E)				2,144,750				
Cash from options/w warrants conv				0				
Yer-end net cash/(debts)				177,928				
Fully diluted equity value (End-21E)				2,322,678				
Minority interests (End-21E)				0				
Market cap (End-20E)				2,322,678				
Fully diluted no. of shares (m)				1,145				
Exchange rate				7.75				
Fully diluted equity value/share (HK\$)				15.72				
Risk-free rate				3.5%				
Risk premium				9.0%				
Unleveraged industry beta				0.90				
Gearing				0.0%				
Tax				12.0%				
Beta				0.90				
Cost of equity				11.6%				
Cost of debt				5.5%				
Tax rate				12.0%				
After-tax cost of debt				4.8%				
Debt to total capital				10.0%				
WACC				10.9%				
Terminal growth				3.0%				
Terminal value (HK\$)k				1,039,613				
FCF multiple (x)				13.0				
FY22E EV/EBITDA (x)				21.4				
FY22E P/E (x)				24.7				

Source: Company data, Bloomberg, CMBIS estimates

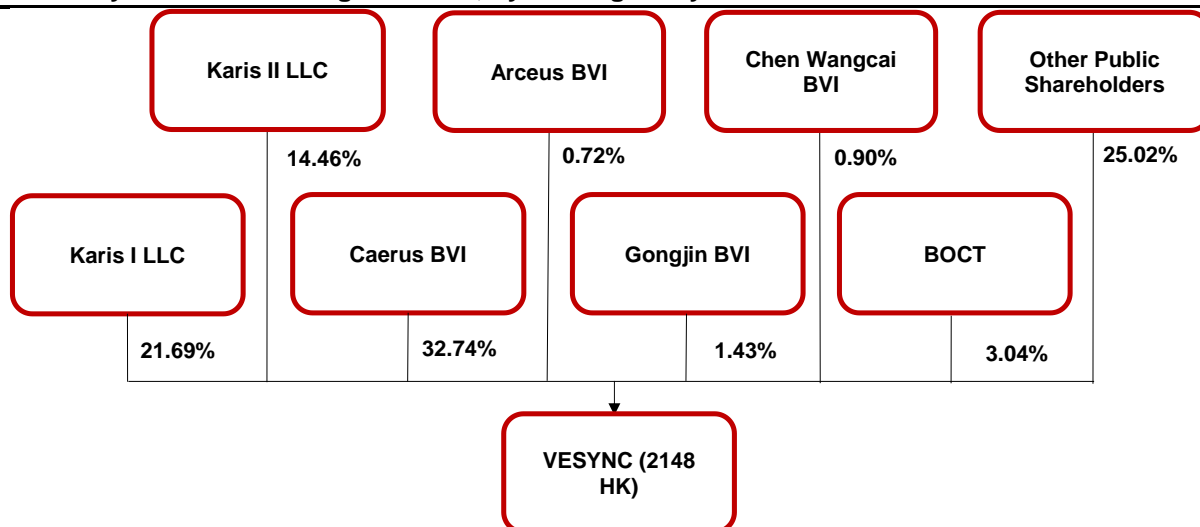
Figure 88: Sensitivity test for the target price in HK\$

Terminal growth (%)	WACC (%)						
	9.4%	9.9%	10.4%	10.9%	11.4%	11.9%	12.4%
1.5%	16.49	15.45	14.53	13.71	12.98	12.32	11.72
2.0%	17.38	16.22	15.21	14.30	13.50	12.78	12.13
2.5%	18.41	17.10	15.97	14.97	14.08	13.30	12.59
3.0%	19.59	18.11	16.83	15.72	14.74	13.87	13.10
3.5%	20.98	19.27	17.82	16.56	15.47	14.51	13.66
4.0%	22.62	20.63	18.96	17.53	16.30	15.23	14.29
4.5%	24.59	22.24	20.30	18.66	17.26	16.05	14.99

Source: Company data, CMBIS estimates

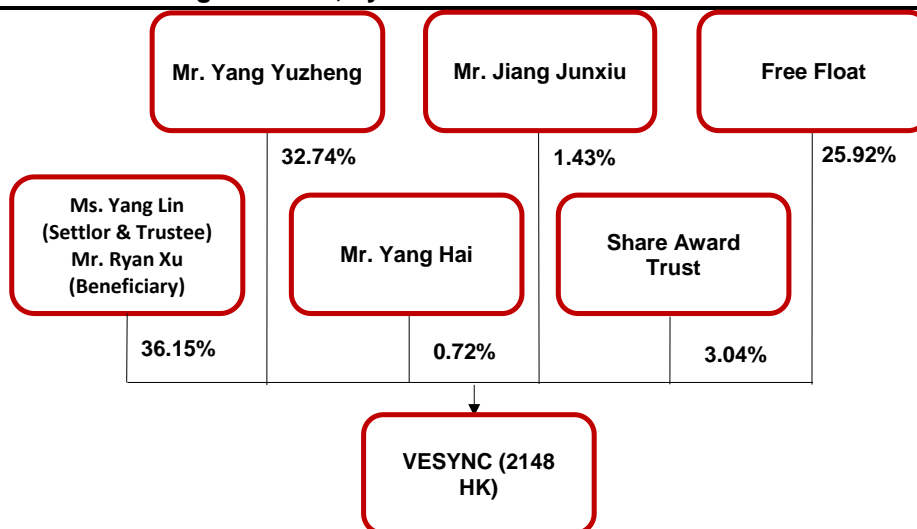
Shareholding Structure

Figure 89: Vesync’s shareholding structure, by holding entity



Source: Company data, CMBIS estimates

Figure 90: Vesync’s shareholding structure, by actual owners



Source: Company data, CMBIS estimates

Management Profile

Figure 91: Vesync's management profile

Name	Age	Joined the group since	Date of appointment	Position	Responsibility
Ms. Yang Lin (楊琳)	47 years old	Oct-06	Jan-19	Chairman, Executive Director, Chief Executive Officer	Responsible for overseeing overall strategic planning and overseeing general management and daily operation of the Company. Being the daughter of Mr. Yang Yuzheng and sister of Mr. Yang Hai, she also holds directorships in each of the subsidiaries of the Company except Ecomine HK and Etekcity Macau. She is also the chairperson of the nomination committee and a member of the remuneration committee of the Company. She also has 15 years of experience in the small home appliance and smart home device industry. She last served as an Office manager at Community CPA & Associates Inc. prior to founding the Company.
Mr. Yang Hai (楊海)	45 years old	Dec-11	May-20	Vice President and Executive Director	Responsible for overseeing sales, marketing and online operation of the Company. Being the son of Mr. Yan Yuzheng and brother of Ms. Yang, he is also a member in the remuneration committee and the nomination committee of the Company. He has over 17 years of experience in the communication technology industry. He worked as a software engineer at Ericsson (China) Communications Co., Ltd from Sep 2006 to Jun 2011, and worked as a software engineer at AsiaInfo Technologies (China) Inc. from Jun 2003 to Sep 2006. He obtained a master's degree in engineering from Shanghai Jiaotong University in Mar 1999.
Mr. Chen Zhaojun (陳兆軍)	45 years old	Jul-18	May-20	Chief Financial Officer, Vice President and Executive Director	Responsible for overseeing financial management, internal control and compliance matters of the Company. He has more than 17 years of experience in the accounting and business management industry. Prior to joining the Company, he worked in MOBI Development Co., Ltd. (Stock code: 947) as a finance manager, where he was promoted to CFO in Aug 2009 and Executive Director in Jul 2016. In Jul 2018, he was re-designated to a non-executive director and joined Shenzhen Chenbel, where he served as the CFO and vice president of the Company since then. He resigned his non-executive director position of MOBI in Mar 2019.
Mr. Yang Yuzheng (楊毓正)	77 years old	Jul-15	May-20	Non-executive Director	Responsible for providing advice on the management of the Company, as he is the father of Ms. Yang Lin and Mr. Yang Hai. He has retired since Apr 1999. He had worked as a public servant in a number of government authorities prior to his retirement, including United Front Committee of Industry and Communication of Maoming City, Guangdong Province (廣東省茂名市工交戰線革委), Organization Department of County Committee of Tongzi County, Guizhou Province (貴州省桐梓縣委組織部), for a total of 30 years. He graduated from the South-Central Minzu University (中南民族大學) in Jul 1967, majoring in Chinese language.
Mr. Fong Wo, Felix (方和)	70 years old	Dec-20	Dec-20	Independent Non-executive Director	Responsible for supervising the management of the Company and providing independent judgement to the Board. He is also the chairman of the remuneration committee and a member of the audit committee and nomination committee of our Company. He practiced law for more than 32 years, and served as an independent non-executive director in companies including Wuxi Biologics (Cayman) Inc. (Stock Code: 2269), China Oilfield Services Limited (Stock Code: 2383), Sheen Tai Holdings Group Company Limited (Stock Code: 1335). He also served as a non-executive director in Cinda International Holdings Limited (Stock Code: 111) from May 2000 to Dec 2008. He is a member of the Law Societies of Hong Kong, Upper Canada and England. He was admitted as a barrister and solicitor in Canada in 1980, solicitor in England and Wales in 1986, solicitor in Hong Kong in 1987.
Mr. Gu Jiong (顧炯)	48 years old	Dec-20	Dec-20	Independent Non-executive Director	Responsible for supervising the management of the Company and providing independent judgement to the Board. He is also the chairman of the audit committee and a member of the remuneration committee and nomination committee of our Company. He is the director of CFO of CMC Inc. (華人文化有限責任公司), independent non-executive director of companies including Amlogic (Shanghai) Co., Ltd (Stock Code: 688099), Mulsanne Group Holding Limited (Stock Code: 1817), DaFa Properties Group Limited (Stock Code: 6111), Asclepis Pharma Inc. (Stock Code: 1672). Prior to that, he was a non-executive director and an alternative director to Hui To Thomas of Shaw Brothers Holdings Limited (Stock Code: 953) from Jan 2016 to Oct 2016 and Oct 2016 to Jan 2019 respectively. He also served as the CFO in BesTV New Media Co., Ltd. (Stock Code: 600637) from Jan 2010 to Aug 2013. He is currently a non-practicing member of The Chinese Institute of Certified Public Accountants.
Mr. Tan Wen (檀文)	46 years old	Dec-20	Dec-20	Independent Non-executive Director	Responsible for supervising the management of the Company and providing independent judgement to the Company. He is also a member of the audit committee, the remuneration committee and the nomination committee of the Company. He has over 20 years of experience in investment and domestic and foreign venture capital investment focusing on healthcare, retail and consumer sectors. He served as the director of Fujian Snowman Co., Ltd (Stock Code: 002639) since May 2020, and served as the director of Elite Color Environmental Resources Science & Technology Co., Ltd (Stock Code: 002998) since Dec 2015. He also served as a managing director for the Shanghai office of Industrial Innovation Capital Management Co., Ltd, a subsidiary of Industrial Securities Co., Ltd (Stock Code: 01377). Prior to that, he served as a vice president at Capital Today Growth (HK) Limited from Jun 2007 to Oct 2013. He obtained a doctor's degree in global economics from Fudan university in Jan 2018, and is a qualified FRM in Apr 2006, a non-practicing member of the Chinese Institute of CPA since Jun 2014, a chartered CFA in Sep 2003.

Source: Company data, CMBIS estimates

Key Risks

- Economic growth uncertainty or tightening property policy in United States and China.
- Weaker than expected property related or work from home demand.
- Unexpected changes in currency exchange rates (e.g. CNY appreciation).
- Increase in imports tariffs or even trade embargo.
- Failure to have quality and steady components' supplies or unpredicted increases in raw material prices.
- Failure to remain industry leading in terms of technological changes.
- Greater-than-expected competition (e.g. price war or surge in marketing budgets).

Financial Summary

Income statement

YE 31 Dec (USD k)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue	171,919	348,922	487,938	629,322	773,358
North America	148,634	302,318	404,975	503,704	595,617
Europe	21,976	40,718	71,237	106,855	149,597
Asia	1,309	5,886	11,726	18,762	28,143
Cost of goods sold	(104,685)	(196,503)	(284,157)	(364,276)	(445,583)
Gross profit	67,234	152,419	203,781	265,045	327,774
Other income	1,180	331	3,215	629	773
Operating expenses	(60,163)	(91,422)	(125,439)	(157,728)	(187,597)
A & P	(14,556)	(12,270)	(14,150)	(19,509)	(25,521)
Commission to platform	(12,809)	(17,180)	(20,521)	(23,876)	(26,569)
Staff costs	(9,868)	(20,177)	(31,258)	(40,657)	(46,430)
R & D	(8,178)	(10,459)	(20,981)	(25,802)	(31,708)
Other opex	(14,752)	(31,336)	(38,528)	(47,884)	(57,369)
EBIT	8,251	61,328	81,558	107,947	140,951
Finance costs, net	(1,281)	(1,130)	(728)	(31)	95
JVs & associates	-	-	-	-	-
Exceptional	(36)	(141)	(488)	-	-
Pre-tax profit	6,934	60,057	80,341	107,916	141,046
Income tax	(562)	(5,334)	(10,846)	(14,029)	(16,925)
Less: Minority interests	0	0	0	0	0
Net profit	6,372	54,723	69,495	93,887	124,120

Cash flow summary

YE 31 Dec (RMB mn)	FY19A	FY20A	FY21E	FY22E	FY23E
EBIT	8,251	61,328	81,558	107,947	140,951
D & A	481	792	623	602	577
Change in working capital	(11,179)	(56,804)	38,125	(73,191)	37,673
Income tax paid	(3,744)	(1,384)	(10,846)	(14,029)	(16,925)
Others	4,931	5,717	295	1,072	1,333
Net cash from operating	(1,260)	9,648	109,755	22,401	163,609
Capex & investments	(1,154)	(1,333)	(1,464)	(1,888)	(2,320)
Associated companies	-	-	-	-	-
Interest received	-	-	-	-	-
Others	(679)	(4,988)	-	-	-
Net cash from investing	(1,833)	(6,321)	(1,464)	(1,888)	(2,320)
Equity raised	-	192,605	-	-	-
Net change in bank loans	4,346	(15,466)	-	-	-
Dividend paid	-	(4,224)	19	28	37
Others	(1,974)	(1,806)	(847)	(933)	(1,077)
Net cash from financing	2,372	171,109	(827)	(905)	(1,040)
Net change in cash	(721)	174,436	107,464	19,608	160,249
Beginning cash balance	9,856	9,115	183,450	290,914	310,521
Exchange difference	(20)	(101)	-	-	-
Cash at the end of the year	9,115	183,450	290,914	310,521	470,770

Balance sheet

YE 31 Dec (USD k)	FY19A	FY20A	FY21E	FY22E	FY23E
Non-current assets	12,728	30,602	31,266	32,383	33,965
Fixed asset	1,594	1,858	2,632	3,857	5,548
Intangible assets & goodwill	207	406	297	188	78
Prepaid lease payments	8,067	11,056	11,056	11,056	11,056
Interest in joint ventures	-	-	-	-	-
Other non-current assets	2,860	17,282	17,282	17,282	17,282
Current assets	75,922	339,122	461,752	561,866	738,851
Inventories	33,278	95,598	91,245	148,279	144,707
Trade and other receivables	17,880	35,241	44,968	58,482	68,645
Prepayments	7,415	24,577	34,369	44,328	54,473
Other current assets	8,234	256	256	256	256
Cash and cash equivalents	9,115	183,450	290,914	310,521	470,770
Current liabilities	63,636	97,395	150,686	158,002	212,412
Bank loans	18,354	2,888	2,888	2,888	2,888
Trade payables	19,418	45,617	88,065	84,352	127,527
Accruals & other payables	14,367	27,217	38,061	49,089	60,324
Tax payables	729	17,040	17,040	17,040	17,040
Others	10,768	4,633	4,633	4,633	4,633
Non-current liabilities	6,802	9,183	9,183	9,183	9,183
Bank loans	-	-	-	-	-
Deferred income	-	-	-	-	-
Deferred tax	-	-	-	-	-
Others	6,802	9,183	9,183	9,183	9,183
Minority Interest	1,818	3,015	3,015	3,015	3,015
Total net assets	16,394	260,131	330,134	424,049	548,206
Shareholders' equity	16,394	260,131	330,134	424,049	548,206

Key ratios

YE 31 Dec	FY19A	FY20A	FY21E	FY22E	FY23E
Sales mix (%)					
North America	86	87	83	80	77
Europe	13	12	15	17	19
Asia	1	2	2	3	4
				0	0
Total	100	100	100	100	100
P&L ratios (%)					
Gross margin	4.8	17.6	16.7	17.2	18.2
Operating margin	4.0	17.2	16.5	17.1	18.2
Pre-tax margin	3.7	15.7	14.2	14.9	16.0
Net margin	7.1	(6.9)	15.0	15.0	15.0
Effective tax rate	39.1	43.7	41.8	42.1	42.4
	3.7	15.7	13.7	14.9	16.0
Balance sheet ratios					
Current ratio (x)	1.2	3.5	3.1	3.6	3.5
Quick ratio (x)	0.7	2.5	2.5	2.6	2.8
Cash ratio (x)	0.1	1.9	1.9	2.0	2.2
Inventory turnover days	102	120	120	120	120
Trade receivables days	23	28	30	30	30
Trade payables days	48	60	50	50	50
Total debt / total equity ratio (%)	175	2	2	1	1
Net debt / equity ratio (%)	120	Net cash	Net cash	Net cash	Net cash
Returns (%)					
ROE	38.9	21.0	21.1	22.1	22.6
ROA	7.2	14.8	14.1	15.8	16.1
Per share					
EPS (USD)	0.01	0.05	0.06	0.08	0.11
DPS (USD)	0.00	0.00	0.02	0.02	0.03
BVPS (USD)	0.01	0.23	0.28	0.36	0.47

Source: Company data, CMBIS estimates

Appendix

Figure 92: Small home appliance retailers, ranked by air purifier sales on Amazon in US in 2019

Rank	Company	Retail sales value (USD mn)
1	The Company	~71.0
2	Company E	~48.0
3	Company F	~35.0
4	Company A	~34.0
5	Company G	~30.0

Source: Vesync's IPO prospectus, CMBIS estimates

Figure 93: Small home appliance retailers, ranked by air fryer sales on Amazon in US in 2019

Rank	Company	Retail sales value (USD mn)
1	Company B	~60.0
2	The Company	~47.0
3	Company H	~24.0
4	Company I	~17.0

Source: Vesync's IPO prospectus, CMBIS estimates

Figure 94: Small home appliance retailers, by retail sales generated through Amazon in US in 2019

Rank	Company	Retail sales value (USD mn)	Number of product categories in Industry
1	Company A	~290.0	2
2	Company B	~240.0	3
3	The Company	~190.0	4
4	Company C	~130.0	4
5	Company D	~120.0	2

Source: Vesync's IPO prospectus, CMBIS estimates

Figure 95: Small home appliance retailers, by online retail sales in US in 2019

Rank	Company	Retail sales value (USD mn)	Market Share
1	Company A	~490.0	~10.0%
2	Company B	~450.0	~9.0%
3	Company C	~210.0	~4.2%
4	Company D	~200.0	~4.0%
5	The Company	~190.0	~3.8%

Source: Vesync's IPO prospectus, CMBIS estimates

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