

# SenseTime (20 HK)

## Focus on AlaaS plan in FY22

SenseTime delivered in-line FY21 revenue of RMB4.7bn (+36% YoY) and opex control was better than expected. Smart City/ Smart Business remained the core driving force (87% of FY21 revenue) and achieved strong revenue growth at +57%/+32% YoY respectively. Looking into FY22, as the Company plans to open up its SenseCore capabilities through AlaaS, this could potentially bring recurring revenue. Maintain BUY with lowered target price of HK\$7.84 (prior HK\$8.08) to reflect uncertainty in macro economy and that AI adoption pace could slow.

- FY21 revenue in-line, opex control better than expected.** SenseTime delivered in-line revenue of RMB4,700mn (+36% YoY) in FY21. Gross margin slightly declined to 69.7% (vs. 70.6% YoY) but its operating loss was smaller than feared at RMB3,316mn. SenseTime remains committed in R&D. The Company spent RMB3,614mn R&D expense in FY21 (+47% YoY). Adjusting for share-based compensation and listing expense, opex was up +32% YoY. Opex ratio declined -3.4 pct pts YoY to 103.7%.
- Smart City and Smart Business growth remained strong.** In FY21, Smart City delivered robust growth of +57% YoY to RMB2.14bn, largely driven by expanding cities coverage to 140 (+49% YoY). Meanwhile, Smart Business grew strongly at +32% YoY to RMB1.96bn. We are encouraged to see increase in both no. of customers (+9% YoY to 922) and avg. revenue per customer (+21% YoY to RMB2.1mn). Smart City + Smart Business revenue contribution increased to 87% in FY21 (vs. 83% in FY20) as new business segments (Smart Life + Smart Auto) are still in early monetization stage.
- Focus on AlaaS plan in FY22.** In Jan 2022, SenseTime AIDC in Lingang, Shanghai was officially launched. With a designed peak computing power of 3.74 exaflops, SenseTime plans to further open up its SenseCore capabilities through AI-as-a-Service (AlaaS) in FY22. The Company has tested out on several large customers in Smart City and Smart Auto and targets to penetrate into scientific research institutions and city managers. We think it takes time to scale up the AlaaS business given competition with existing cloud service providers. AlaaS could provide recurring revenue to SenseTime but this may result in a lower gross margin in the medium term.
- Maintain BUY.** We revised down FY22-23E revenue by 8-9% mainly to reflect uncertainty in macro economy and AI adoption pace could be slower than expected. Maintain BUY with lowered target price of HK\$7.84 (prior HK\$8.08).

### Earnings Summary

(YE 31 Dec)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	3,446	4,700	5,815	8,131	10,601
YoY (%)	14%	36%	24%	40%	30%
Adj. Op. profit (RMB mn)	(2,148)	(3,316)	(2,033)	(2,067)	(2,006)
YoY (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Net profit att. (RMB mn)	(12,158)	(17,140)	(1,376)	(1,495)	(1,568)
YoY (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Adj. net profit att. (RMB mn)	(878)	(1,381)	(930)	(969)	(750)
YoY (%)	n.a.	n.a.	n.a.	n.a.	n.a.
EV/sales (x)	46.0	32.7	26.7	19.3	14.9
FCF margin (%)	-74%	-80%	-25%	-24%	-13%
ROE (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Net gearing (%) *	net cash	net cash	net cash	net cash	net cash

Source: Company data, Bloomberg, CMBIGM estimates, \*excl. preferred shares liabilities

## BUY (Maintain)

Target Price	HK\$7.84
(Previous TP)	HK\$8.08)
Up/Downside	+24.4%
Current Price	HK\$6.30

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### Stock Data

Mkt Cap (HK\$ mn)	211,097
Avg 3 mths t/o (HK\$ mn)	N/A
52w High/Low (HK\$)	9.70/ 3.90
Total Issued Shares (mn)	25,979

Source: Bloomberg

### Shareholding Structure

Prof. Tang	26.3%
Softbank	14.1%
ESOP	8.2%
Alibaba	7.2%

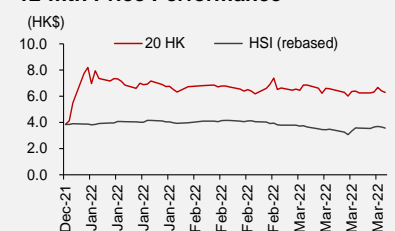
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	-1.7%	2.6%
3-mth	NA	NA
6-mth	NA	NA

Source: Bloomberg

### 12-mth Price Performance



Source: Bloomberg

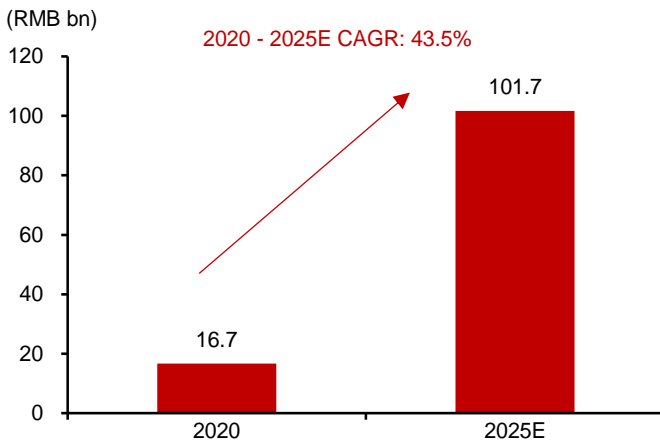
### Auditor: PwC

### Related Reports:

- China AI "AI leaders taking different expansion paths" – 10 Feb 2022 ([link](#))
- SenseTime (20 HK) "Unrivaled computer vision leader in China" – 2 Feb 2022 ([link](#))

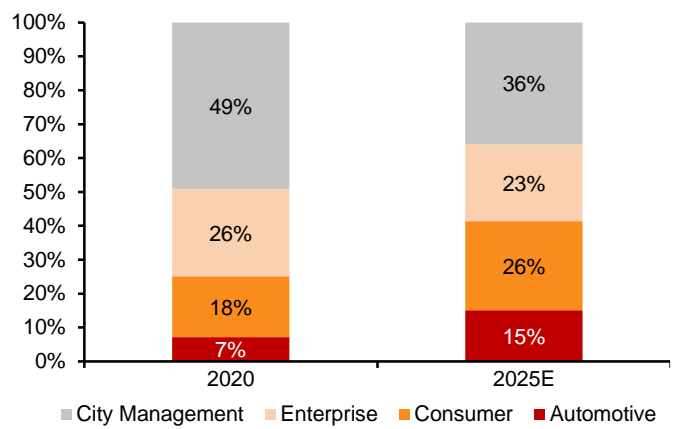
**Focus Charts**

**Figure 1: China computer vision market to increase at 43.5% CAGR in FY20-25E**



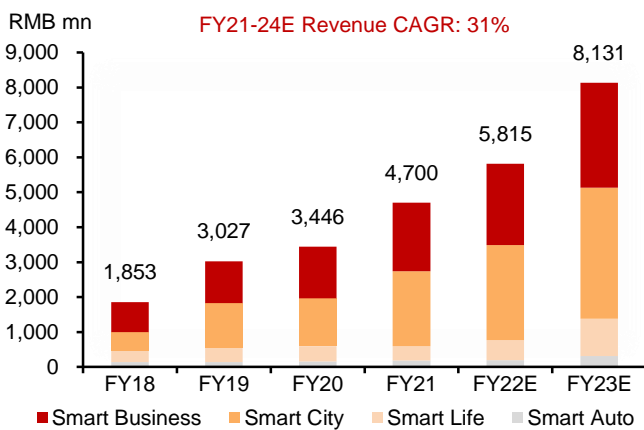
Source: Frost & Sullivan, CMBIGM

**Figure 2: China CV software market mix will change on stronger Consumer and Automotive growth**



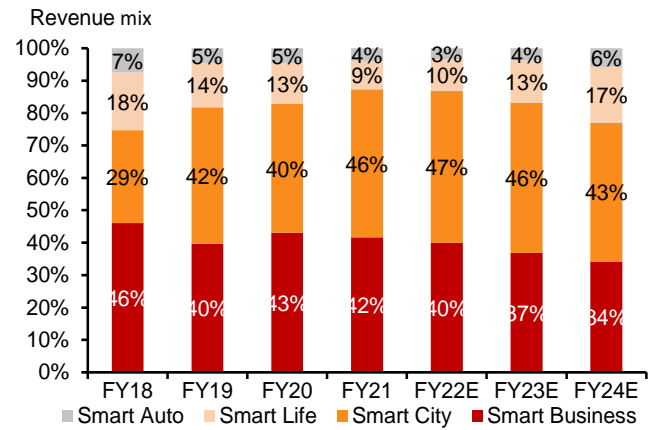
Source: Frost & Sullivan, CMBIGM

**Figure 3: SenseTime revenue to grow at 31% CAGR in FY21-24E**



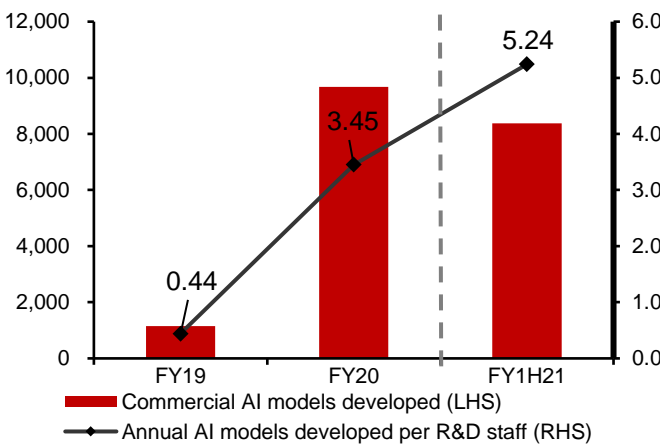
Source: Company data, CMBIGM estimates

**Figure 4: SenseTime AI are deployed in a wide range of scenarios**



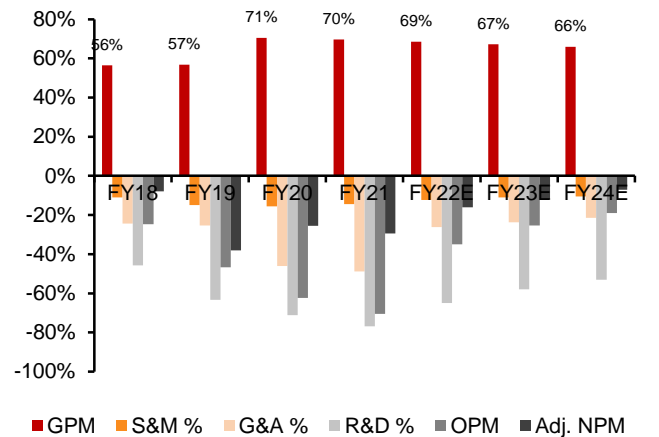
Source: Company data, CMBIGM estimates

**Figure 5: SenseCore enables more efficient AI model development**



Source: Company data, CMBIGM

**Figure 6: SenseTime has high GPM (70% in FY21) due to its AI software-centric business model**



Source: Company data, CMBIGM

## FY21 results review

- **Revenue** was at RMB4,700mn (+36.4% YoY), in-line with our and consensus estimates.
  - **Smart Business** grew at +32% YoY to RMB1,958mn. No. of customers was up 9% YoY to 922. Avg. revenue per customer increased at +21% YoY to RMB2.1mn.
  - **Smart City** grew at +57% YoY to RMB2,143mn. No. of cities covered increased to 140 (+49% YoY). Avg. revenue from each city increased at +5% YoY to RMB15.3mn.
  - **Smart Life** declined at 4% YoY to RMB415mn. No. of customers increased at 9% YoY but avg. revenue per customer dropped 12% YoY to RMB1.6mn.
  - **Smart Auto** grew 16% YoY to RMB184mn. No. of customers increased at 36% YoY but avg. revenue per customer dropped 14% YoY to RMB5.4mn.
- **Gross margin** was at 69.7% (-0.8 pct pts YoY), above our estimates by 2.7 pct pts and consensus by 0.4 pct pts.
- **Operating loss** widened to RMB3,316mn, better than our and consensus estimates.
  - Adjusted for share-based compensation and listing expense, opex ratio declined to 103.7% in FY21 (-3.4 pct pts YoY).
- **Net loss** widened to RMB17,140mn.

Figure 7: SenseTime FY21 results review

20 HK RMB mn	FY20 Actual	FY21 Actual	YoY	FY21E CMBI	CMBI	FY21E Consensus	Consensus
Revenue	3,446	4,700	36%	4,678	0%	4,691	0%
Gross profit	2,432	3,278	35%	3,134	5%	3,252	1%
Gross margin	70.6%	69.7%	-0.8 pct pts	67.0%	2.7 pct pts	69.3%	0.4 pct pts
Operating profit	-2,148	-3,316	-54%	-3,818	13%	-5,000	34%
Operating margin	-62.3%	-70.6%	-8.2 pct pts	-81.6%	11 pct pts	-106.6%	36 pct pts
Adj. EBITDA	-532	-879	-65%	-1,558	44%	-2,406	63%
Adj. EBITDA margin	-15.4%	-18.7%	-3.3 pct pts	-33.3%	14.6 pct pts	-51.3%	32.6 pct pts
Net non-op	-10,171	-13,825	-36%	-28,660	52%	-17,848	23%
PBT	-12,319	-17,142	-39%	-32,478	47%	-22,848	25%
Net income	-12,158	-17,140	-41%	-32,489	47%	-6,068	-182%
Net margin	-352.8%	-364.7%	-11.9 pct pts	-694.4%	329.8 pct pts	-129.4%	-235.3 pct pts
EPS RMB	-1.33	-1.74	-30%	-0.97	-79%	-1	-229%
<b>Revenue by segment</b>							
Smart Business	1,485	1,958	32%	1,977	-1%		
Smart City	1,369	2,143	57%	2,139	0%		
Smart Life	434	415	-4%	396	5%		
Smart Auto	158	184	16%	167	10%		

Source: Bloomberg, CMBIGM estimates

## Earnings revision

Figure 8: Earnings revision

RMB mn	FY22E			FY23E		
	New	Old	%Diff	New	Old	%Diff
Sales	5,815	6,399	-9%	8,131	8,825	-8%
Gross profit	3,987	4,258	-6%	5,472	5,818	-6%
OP Profit	-2,033	-2,584	-21%	-2,067	-2,392	-14%
Adj. EBITDA	-100	-499	-80%	535	567	-6%
Net profit	-1,376	-1,812	-24%	-1,495	-1,547	-3%
EPS	-0	-0.05	-24%	-0	-0.05	-3%
<b>Margins</b>						
GM	68.6%	66.5%	201 bps	67.3%	65.9%	138 bps
OPM	-35.0%	-40.4%	543 bps	-25.4%	-27.1%	168 bps
Adj. EBITDA margin	-1.7%	-7.8%	607 bps	6.6%	6.4%	15 bps
Net margin	-23.7%	-28.3%	467 bps	-18.4%	-17.5%	-86 bps

Source: Company data, CMBIGM estimates

Figure 9: CMBI vs. consensus forecast

RMB mn	FY22E			FY23E		
	CMBI	Street	Diff	CMBI	Street	Diff
Sales	5,815	6,595	-12%	8,131	9,177	-11%
Gross profit	3,987	4,587	-13%	5,472	6,380	-14%
Operating profit	-2,033	-2,673	-24%	-2,067	-1,912	8%
Adj. EBITDA	-100	-1,735	-94%	535	-819	-165%
Net profit	-1,376	-1,782	-23%	-1,495	-1,338	12%
EPS	-0.04	-0.12	-65%	-0.04	-0.04	4%
<b>Margins</b>						
GM	68.6%	69.6%	-100 bps	67.3%	69.5%	-222 bps
OPM	-35.0%	-40.5%	558 bps	-25.4%	-20.8%	-459 bps
Adj. EBITDA margin	-1.7%	-26.3%	2458 bps	6.6%	-8.9%	1550 bps
Net margin	-23.7%	-27.0%	336 bps	-18.4%	-14.6%	-382 bps

Source: Company data, CMBIGM estimates

## Operating model

**Figure 10: SenseTime income statement**

RMB mn	2018	2019	2020	2021	2022E	2023E	2024E
Revenues	1,853	3,027	3,446	4,700	5,815	8,131	10,601
Cost of sales	(807)	(1,307)	(1,014)	(1,423)	(1,829)	(2,659)	(3,608)
Gross Profit	<b>1,047</b>	<b>1,719</b>	<b>2,432</b>	<b>3,278</b>	<b>3,987</b>	<b>5,472</b>	<b>6,993</b>
<i>Gross margin</i>	<i>56.5%</i>	<i>56.8%</i>	<i>70.6%</i>	<i>69.7%</i>	<i>68.6%</i>	<i>67.3%</i>	<i>66.0%</i>
Selling & marketing expense	(205)	(453)	(537)	(682)	(713)	(889)	(1,109)
Administrative expense	(452)	(766)	(1,590)	(2,298)	(1,525)	(1,933)	(2,272)
Research & development expense	(849)	(1,916)	(2,454)	(3,614)	(3,781)	(4,717)	(5,618)
Operating Income	<b>(459)</b>	<b>(1,416)</b>	<b>(2,148)</b>	<b>(3,316)</b>	<b>(2,033)</b>	<b>(2,067)</b>	<b>(2,006)</b>
<i>Operating margin</i>	<i>-24.8%</i>	<i>-46.8%</i>	<i>-62.3%</i>	<i>-70.6%</i>	<i>-35.0%</i>	<i>-25.4%</i>	<i>-18.9%</i>
Non-Operating Income	(2,997)	(3,757)	(10,171)	(13,825)	526	473	352
Profit Before Tax	(3,456)	(5,173)	(12,319)	(17,142)	(1,507)	(1,594)	(1,654)
Income tax (expense) gain	23	205	161	(36)	128	96	83
Minorities	(5)	(5)	(0)	(37)	(3)	(3)	(3)
<b>Net Income to Shareholders</b>	<b>(3,428)</b>	<b>(4,963)</b>	<b>(12,158)</b>	<b>(17,140)</b>	<b>(1,376)</b>	<b>(1,495)</b>	<b>(1,568)</b>
<i>Net margin</i>	<i>-184.9%</i>	<i>-164.0%</i>	<i>-352.8%</i>	<i>-364.7%</i>	<i>-23.7%</i>	<i>-18.4%</i>	<i>-14.8%</i>
<b>Net profit/ (losses)</b>							
+Fair value losses of preferred shares and other financial liabilities	3,182	3,682	10,564	13,526	-	-	-
+Share-based compensation expenses	15	131	887	1,584	446	526	818
+Share-based compensation to a preferred shareholder	86	-	-	-	-	-	-
<b>Adj. net profit</b>	<b>(150)</b>	<b>(1,155)</b>	<b>(878)</b>	<b>(1,418)</b>	<b>(933)</b>	<b>(973)</b>	<b>(753)</b>
<i>Adj. net margin</i>	<i>-8.1%</i>	<i>-38.2%</i>	<i>-25.5%</i>	<i>-30.2%</i>	<i>-16.0%</i>	<i>-12.0%</i>	<i>-7.1%</i>

Source: Company Data, CMBIGM

**Figure 11: Revenue and cost of sales breakdown**

RMB mn	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Revenue breakdown</b>							
Smart Business	854	1,203	1,485	1,958	2,326	2,996	3,626
Smart City	530	1,271	1,369	2,143	2,722	3,757	4,546
Smart Life	330	414	434	415	572	1,068	1,821
Smart Auto	139	139	158	184	195	310	608
<b>Total</b>	<b>1,853</b>	<b>3,027</b>	<b>3,446</b>	<b>4,700</b>	<b>5,815</b>	<b>8,131</b>	<b>10,601</b>
<b>Revenue mix</b>							
Smart Business	46%	40%	43%	42%	40%	37%	34%
Smart City	29%	42%	40%	46%	47%	46%	43%
Smart Life	18%	14%	13%	9%	10%	13%	17%
Smart Auto	7%	5%	5%	4%	3%	4%	6%
<b>Revenue YoY</b>							
Smart Business		41%	23%	32%	19%	29%	21%
Smart City		140%	8%	57%	27%	38%	21%
Smart Life		25%	5%	-4%	38%	87%	71%
Smart Auto		0%	14%	16%	6%	59%	96%
<b>Total</b>		63%	14%	36%	24%	40%	30%
<b>Cost of sales breakdown</b>							
Hardware costs and subcontracting service fees	767	1,228	910	1,265	1,644	2,413	3,304
Server operation and cloud-based service fees	10	32	1	2	2	2	3
Employee benefit expenses	4	14	57	80	94	125	155
Other expenses	25	33	46	76	89	118	146
<b>Total</b>	<b>807</b>	<b>1,307</b>	<b>1,014</b>	<b>1,423</b>	<b>1,829</b>	<b>2,659</b>	<b>3,608</b>
<b>Cost of sales mix</b>							
Hardware costs and subcontracting service fees	95%	94%	90%	89%	90%	91%	92%
Server operation and cloud-based service fees	1%	2%	0%	0%	0%	0%	0%
Employee benefit expenses	1%	1%	6%	6%	5%	5%	4%
Other expenses	3%	3%	5%	5%	5%	4%	4%

Source: Company data, CMBIGM estimates

## Valuation

### Maintain BUY with new target price of HK\$7.84

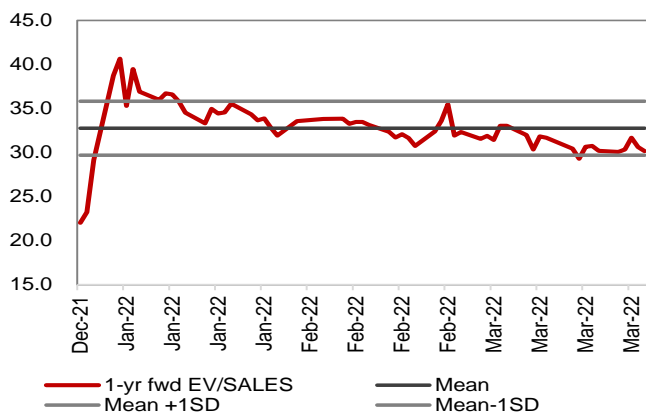
We maintain BUY on SenseTime with new target price of HK\$7.84 (prior HK\$8.08), based on 34x FY22E EV/sales. We use EV/sales as valuation methodology as AI deployment is still in an early stage that short term earnings are distorted by high R&D, marketing expense and depreciation related to heavy capex for computing infrastructure. Our target multiple takes into account the AI company scarcity and free float.

Figure 12: Peers comparison

Company	Ticker	Rating	Market Cap (US\$ mn)	Price (LC)	EV/sales (x)		P/S		Sales CAGR FY20-23E	EPS CAGR FY20-23E	GPM FY20	FCF margin FY20
					FY21E	FY22E	FY21E	FY22E				
<b>Global AI companies</b>												
Palantir	PLTR US	NR	27,183	13.39	16.3	12.5	17.8	13.6	33%	49%	68%	-28%
UiPath	PATH US	NR	15,746	29.98	15.7	11.8	17.8	13.4	52%	n.a.	82%	3%
C3.ai	AI US	NR	2,498	23.48	8.6	6.2	13.8	9.9	29%	n.a.	75%	-41%
Nvidia	NVDA US	NR	706,565	281.50	42.3	26.1	42.8	26.5	47%	60%	62%	39%
Ambarella	AMBA US	NR	3,644	98.49	15.9	10.5	16.6	11.0	19%	38%	58%	16%
				<b>Mean</b>	<b>19.8</b>	<b>13.4</b>	<b>21.8</b>	<b>14.9</b>	<b>36%</b>	<b>49%</b>	<b>69%</b>	<b>-2%</b>
				<b>Median</b>	<b>15.9</b>	<b>11.8</b>	<b>17.8</b>	<b>13.4</b>	<b>33%</b>	<b>49%</b>	<b>68%</b>	<b>3%</b>
<b>China AI companies</b>												
Cambricon	688256 CH	NR	4,011	63.68	30.7	21.9	35.9	25.6	45%	n.a.	65%	-55%
Arcsoft	688088 CH	NR	1,867	29.26	15.7	11.7	19.3	14.3	21%	10%	90%	11%
				<b>Mean</b>	<b>23.2</b>	<b>16.8</b>	<b>27.6</b>	<b>20.0</b>	<b>33%</b>	<b>10%</b>	<b>77%</b>	<b>-22%</b>
				<b>Median</b>	<b>23.2</b>	<b>16.8</b>	<b>27.6</b>	<b>20.0</b>	<b>33%</b>	<b>10%</b>	<b>77%</b>	<b>-22%</b>
<b>Global SaaS</b>												
Microsoft	MSFT US	NR	2,279,797	304.10	13.4	11.2	13.7	11.5	17%	24%	68%	32%
Adobe	ADBE US	NR	204,122	432.14	12.9	11.4	12.9	11.4	17%	17%	87%	41%
Autodesk	ADSK US	NR	46,297	213.05	12.6	10.9	12.3	10.6	16%	34%	90%	42%
Salesforce	CRM US	NR	211,840	213.98	10.2	8.2	10.0	8.0	23%	17%	75%	22%
Atlassian	TEAM US	NR	74,558	294.13	36.5	27.8	36.3	27.7	28%	22%	83%	33%
Datadog	DDOG US	NR	47,780	152.21	47.3	30.7	48.1	31.2	52%	71%	78%	14%
Docusign	DOCU US	NR	20,688	104.55	14.5	9.9	14.5	9.9	36%	100%	75%	4%
Intuit	INTU US	NR	131,686	465.63	14.6	11.1	14.0	10.7	23%	25%	82%	30%
Okta	OKTA US	NR	22,643	144.50	26.9	17.4	27.5	17.7	45%	n.a.	73%	7%
ServiceNow	NOW US	NR	116,218	581.09	19.6	15.5	19.7	15.7	27%	28%	78%	30%
Shopify	SHOP US	NR	88,570	705.00	17.9	13.6	19.4	14.7	40%	11%	53%	13%
Workday	WDAY US	NR	61,031	241.23	13.8	11.6	14.2	11.9	20%	26%	71%	17%
Veeva System	VEEV US	NR	30,407	197.75	19.4	15.2	21.0	16.5	25%	23%	73%	39%
				<b>Mean</b>	<b>20.0</b>	<b>15.0</b>	<b>20.3</b>	<b>15.2</b>	<b>28%</b>	<b>33%</b>	<b>76%</b>	<b>25%</b>
				<b>Median</b>	<b>14.6</b>	<b>11.6</b>	<b>14.5</b>	<b>11.9</b>	<b>25%</b>	<b>24%</b>	<b>75%</b>	<b>30%</b>

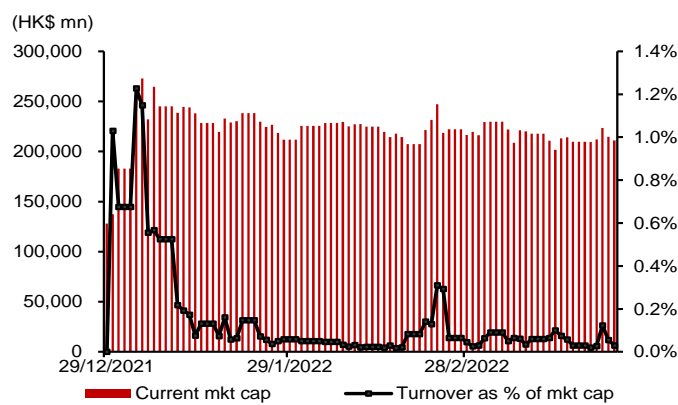
Source: Bloomberg, CMBIGM, closing price as of 3 Mar 2022

Figure 13: SenseTime forward EV/sales



Source: Bloomberg, CMBIGM estimates

Figure 14: SenseTime trading volume vs. mkt cap



Source: Bloomberg, CMBIGM estimates

## Financial Summary

### Income statement

YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Revenue</b>	<b>3,446</b>	<b>4,700</b>	<b>5,815</b>	<b>8,131</b>	<b>10,601</b>
Cost of sales	(1,014)	(1,423)	(1,829)	(2,659)	(3,608)
<b>Gross profit</b>	<b>2,432</b>	<b>3,278</b>	<b>3,987</b>	<b>5,472</b>	<b>6,993</b>
S&M	(537)	(682)	(713)	(889)	(1,109)
G&A	(1,590)	(2,298)	(1,525)	(1,933)	(2,272)
R&D	(2,454)	(3,614)	(3,781)	(4,717)	(5,618)
<b>Adj. op. profit/ (loss)</b>	<b>(2,148)</b>	<b>(3,316)</b>	<b>(2,033)</b>	<b>(2,067)</b>	<b>(2,006)</b>
Finance income	175	188	187	175	151
Finance expense	(113)	(34)	(23)	(50)	(47)
Other non-ops	(10,234)	(13,979)	362	349	247
<b>Profit before tax</b>	<b>(12,319)</b>	<b>(17,142)</b>	<b>(1,507)</b>	<b>(1,594)</b>	<b>(1,654)</b>
Income tax	161	(36)	128	96	83
<b>Profit after tax</b>	<b>(12,158)</b>	<b>(17,177)</b>	<b>(1,379)</b>	<b>(1,499)</b>	<b>(1,571)</b>
Non controlling Interest	(0)	(37)	(3)	(3)	(3)
<b>Net profit</b>	<b>(12,158)</b>	<b>(17,140)</b>	<b>(1,376)</b>	<b>(1,495)</b>	<b>(1,568)</b>
<b>Adj. net profit</b>	<b>(878)</b>	<b>(1,381)</b>	<b>(930)</b>	<b>(969)</b>	<b>(750)</b>

### Cash flow summary

YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Net Income</b>	<b>(12,319)</b>	<b>(17,142)</b>	<b>-1,507</b>	<b>-1,594</b>	<b>-1,654</b>
Depre. and amortization	570	769	1,125	1,728	1,911
Change In working capital	(1,290)	(2,448)	357	(622)	37
Others	11,810	16,334	(36)	(29)	(22)
<b>Net cash from operating act.</b>	<b>(1,229)</b>	<b>(2,485)</b>	<b>(61)</b>	<b>(518)</b>	<b>273</b>
Capex	(1,306)	(1,266)	(1,372)	(1,405)	(1,699)
Others	(5,765)	(283)	187	174	151
<b>Net cash from investing act.</b>	<b>(7,070)</b>	<b>(1,548)</b>	<b>(1,185)</b>	<b>(1,231)</b>	<b>(1,548)</b>
Equity financing	-	4,643	-	-	-
Change of debts	13,327	4,769	860	(75)	(79)
Dividend paid	-	-	-	-	-
Others	(141)	(34)	(23)	(50)	(47)
<b>Net cash from financing act.</b>	<b>13,186</b>	<b>9,378</b>	<b>836</b>	<b>(125)</b>	<b>(125)</b>
<b>Net change in cash</b>	<b>4,886</b>	<b>5,345</b>	<b>(409)</b>	<b>(1,873)</b>	<b>(1,400)</b>
Cash at the beg. of the year	6,673	11,428	16,530	16,120	14,247
Cash at the end of the year	11,428	16,530	16,120	14,247	12,847

### Balance sheet

YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Non-current assets</b>	<b>6,753</b>	<b>8,860</b>	<b>9,108</b>	<b>8,785</b>	<b>8,573</b>
PPE, net	1,906	2,909	3,162	2,849	2,656
Intangible assets	108	225	220	210	191
Right-of-use assets	336	432	432	432	432
Others	4,402	5,294	5,294	5,294	5,294
<b>Current assets</b>	<b>31,726</b>	<b>28,084</b>	<b>28,406</b>	<b>28,055</b>	<b>28,446</b>
Cash & equivalents	11,428	16,530	16,120	14,247	12,847
Trade and other receivables	4,584	5,776	6,278	7,432	8,859
Inventories	716	496	725	1,093	1,456
Financial investments	-	273	273	273	273
Contract assets	22	19	19	19	19
Others	14,977	4,991	4,991	4,991	4,991
<b>Current liabilities</b>	<b>9,822</b>	<b>2,795</b>	<b>3,877</b>	<b>4,766</b>	<b>6,566</b>
Trade and other payables	1,724	2,290	3,329	4,125	5,843
Contract liabilities	244	172	213	298	388
Lease liabilities	110	155	155	155	155
Others	7,744	177	180	187	179
<b>Non-current liabilities</b>	<b>49,589</b>	<b>2,162</b>	<b>1,956</b>	<b>1,892</b>	<b>1,841</b>
Lease liabilities	184	229	229	229	229
Deferred tax liabilities	8	43	43	43	43
Contract liabilities	9	38	46	65	85
Others	49,388	1,852	1,637	1,555	1,485
Share capital	0	0	0	0	0
Reserves	(433)	70,078	71,150	71,150	71,150
Accumulated losses	(21,713)	(40,149)	(41,525)	(43,020)	(44,588)
Others	1,214	2,059	2,056	2,052	2,049
<b>Total equity</b>	<b>(20,933)</b>	<b>31,987</b>	<b>31,681</b>	<b>30,182</b>	<b>28,611</b>

### Key ratios

YE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Sales mix (%)</b>					
Smart Business	43%	42%	40%	37%	34%
Smart City	40%	46%	47%	46%	43%
Smart Life	13%	9%	10%	13%	17%
Smart Auto	5%	4%	3%	4%	6%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Growth (YoY)</b>					
Revenue	14%	36%	24%	40%	30%
Gross profit	41%	35%	22%	37%	28%
Operating profit	52%	54%	-39%	2%	-3%
Net profit	145%	41%	-92%	9%	5%
Adj. net profit	-24%	57%	-33%	4%	-23%
<b>Margins</b>					
Gross margin	71%	70%	69%	67%	66%
Adj. Operating margin	-62%	-71%	-35%	-25%	-19%
Net profit margin	-353%	-365%	-24%	-18%	-15%
Adj. net profit margin	-25%	-29%	-16%	-12%	-7%
<b>Balance sheet ratio</b>					
Net debt / equity ratio (%)	net cash	net cash	net cash	net cash	net cash
Current ratio	3.2	10.0	7.3	5.9	4.3
<b>Returns (%)</b>					
ROE	n.a.	n.a.	n.a.	n.a.	n.a.
ROIC	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Per share</b>					
EPS (RMB)	(1.33)	(1.74)	(0.04)	(0.04)	(0.05)
BVPS (RMB)	(2.29)	0.95	0.95	0.90	0.85

Source: Company data, CMBIGM estimates



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