

# Xiaomi (1810 HK)

## 1Q22 preview: Not immune from industry slowdown

Xiaomi will report its 1Q22 results this week, and we expect revenue/adj. net profit to decline 5%/52% YoY, given global smartphone slowdown and COVID-19 impact in China. By segment, we estimate smartphone IoT/IoT/internet revenue growth of -11%/+7%/+7% YoY, and GPM will decline to 17.0% in 1Q22E from 18.4% in 1Q21E. Looking ahead, despite our positive view on Xiaomi's share gain, we believe Covid-19 in China and macro weakness will impact smartphone demand in 2022E, and we revise down our 2022 smartphone shipment to 191mn from 211mn. Overall, we remain positive on Xiaomi's expanding user base and product portfolio. We lowered our TP to HK\$17.6, based on 20x FY22E P/E.

- Smartphone: global share gain despite China/India weakness.** IDC reported Xiaomi 1Q22 shipment of 39.9mn (-17.8% YoY) and market share of 12.7% (vs 12.4% in 4Q21), driven by COVID-19 in China, geopolitical uncertainties (Russia, India), FX volatility and low-end SoC shortage. In terms of ASP, we estimate to climb 10% YoY backed by better product mix and premiumization. Looking ahead, we remain positive on Xiaomi's global share gain (esp. Europe, LATAM, ASEAN) despite slower China/India demand. We expect Xiaomi's shipment to stay flattish in FY22E and resume 9%/10% YoY growth to 208mn/228mn in FY23/24E, while ASP will grow 2.8%/ 4.6%/4.2% in FY22/23/24E.
- AIoT/internet: COVID-19 impact and overseas expansion.** We estimate AIoT/Internet revenue to slow to 7%/7% YoY in 1Q22E (vs 19%/18% YoY in 4Q21), due to Covid-19 impact on AIoT and pre-installed app slowdown. 1Q22 GPM will largely stay flattish YoY given lower TV panel cost and resilient internet margin. For 2H22E, we believe AIoT/internet revenue will resume double-digit growth, backed by growing premium smartphone user base and overseas channel expansion. In addition, IoT segment will continue to expand SKU overseas with better GPM, while AR/VR products will be an emerging growth driver in 2023 and beyond.
- COVID-19 impact largely priced in; Maintain BUY.** We believe recent stock corrections have reflected China COVID-19 uncertainties and global smartphone demand weakness. We trimmed FY22-23E EPS to 16-23% mainly to reflect lower smartphone shipment. Current valuation at 12.6x FY22E P/E is well below 1-sd below 3-yr avg. at 15.9x. Maintain BUY with new TP of HK\$17.6 (20.0x FY22E P/E). Catalysts include EV progress, product launch and market share gain.

### Earnings Summary

(YE31Dec)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	245,866	328,309	354,149	411,633	478,851
YoY growth (%)	19.4	33.5	7.9	16.2	16.3
Adj. Net income (RMB mn)	13,006	22,039	19,637	25,376	31,193
Adj. EPS (RMB)	0.54	0.88	0.79	1.02	1.25
YoY growth (%)	11.7	63.1	(10.9)	29.2	22.9
Consensus EPS (RMB)	NA	NA	0.78	0.95	1.12
P/E (x)	18.3	11.2	12.6	9.7	7.9
P/B (x)	2.4	2.1	1.8	1.6	1.3
ROE (%)	16.4	13.5	14.4	15.1	15.3
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

### BUY (Maintain)

Target Price	HK\$17.6
(Previous TP)	HK\$21.8)
Upside	59%
Current Price	HK\$11.04

### China Technology Sector

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### Stock Data

Mkt. Cap. (HK\$mn)	275,825
Avg. 3mths t/o (HK\$mn)	1,501.72
52W High/Low (HK\$)	30.45/ 10.3
Total Issued Shares (mn)	20,358
Source: Bloomberg	

### Shareholding Structure

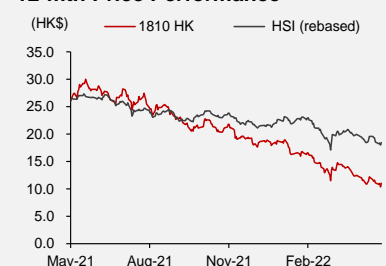
Lin Bin	8.62%
Smart Mobile Holdings Ltd	8.53%
Blackrock	2.86%
Source: Bloomberg	

### Share Performance

	Absolute	Relative
1-mth	-11.9%	-4.3%
3-mth	-32.4%	-16.6%
6-mth	-47.8%	-33.6%

Source: Bloomberg

### 12-mth Price Performance



Source: Bloomberg

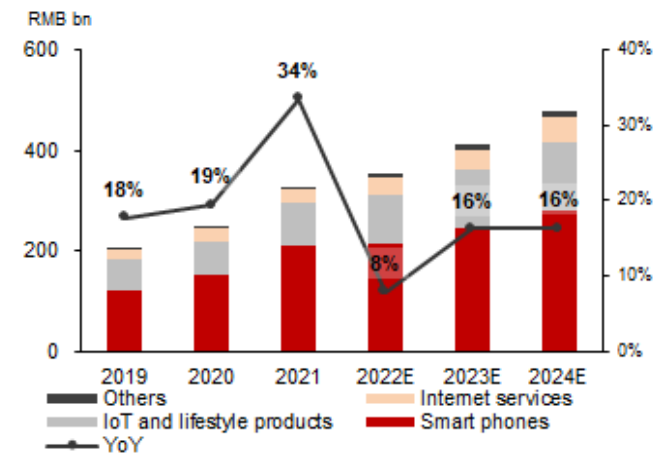
### Auditor: PricewaterhouseCoopers

### Recent Reports:

- Premium strategy bearing fruits; Reiterate BUY – 23 Mar 2022
- 4Q21E preview: smartphone share gain to continue – 21 Mar 2022
- Solid 3Q21 despite supply chain challenge; Reiterate BUY - 24 Nov 2021

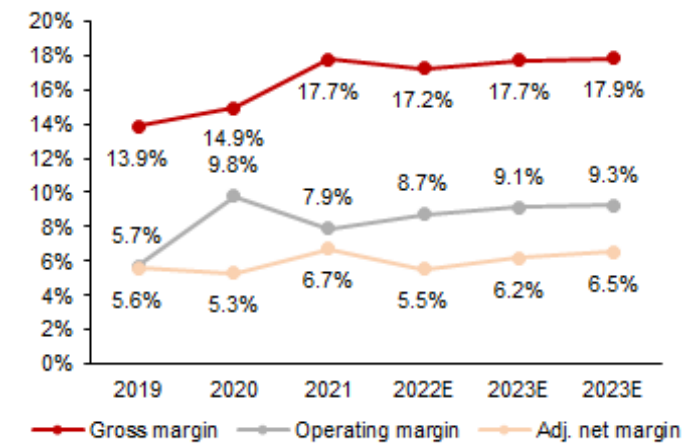
## Focus Charts

**Figure 1: Xiaomi revenue trend**



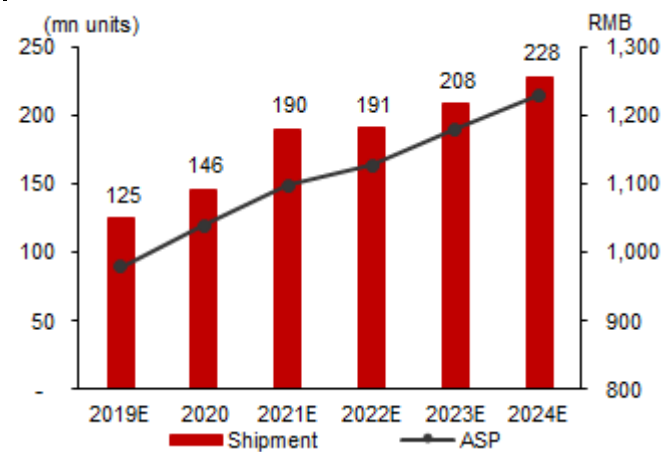
Source: Company data, CMBIGM estimates

**Figure 2: Xiaomi margin trend**



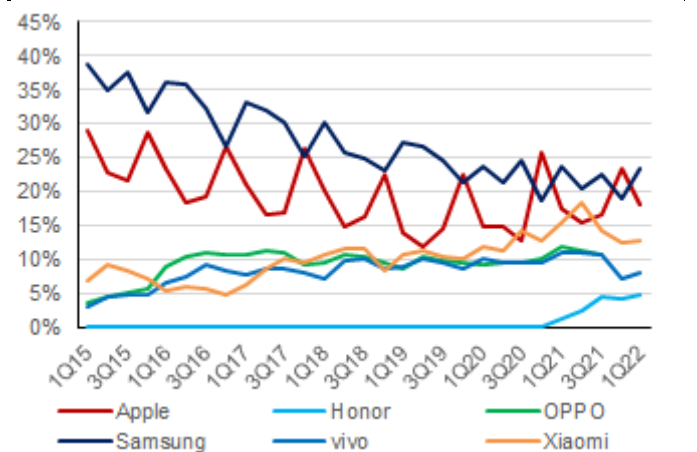
Source: Company data, CMBIGM estimates

**Figure 3: Xiaomi smartphone shipment forecast**



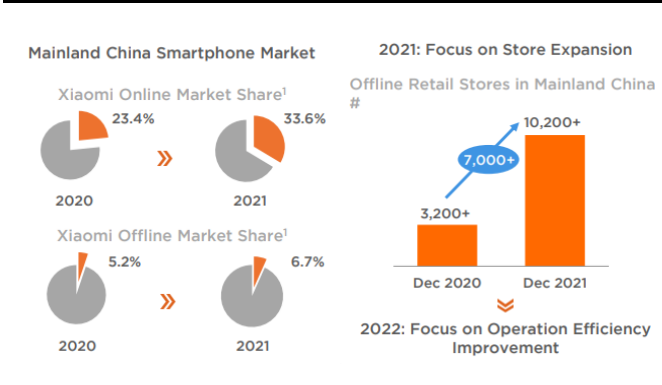
Source: Xiaomi, CMBIGM estimates

**Figure 4: Global smartphone market share**



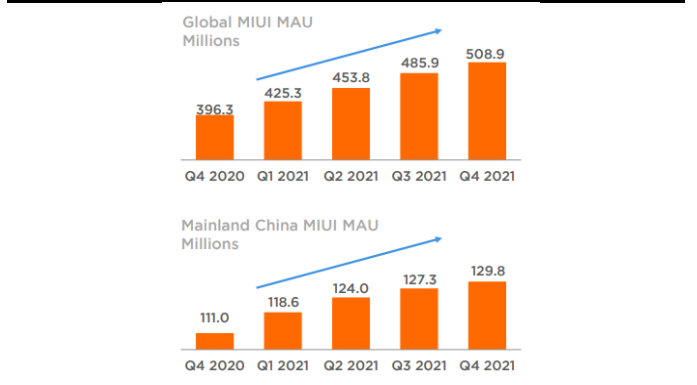
Source: IDC, CMBIGM estimates

**Figure 5: Xiaomi offline stores in China**



Source: Company data, CMBIGM estimates

**Figure 6: Xiaomi's solid MIUI MAU growth**



Source: Company data, CMBIGM estimates

## 1Q22 Preview

Figure 7: 4Q21 results preview

RMB mn	1Q21	4Q21	1Q22E	QoQ	YoY	Consensus	
						1Q22E	Diff %
Revenue	76,882	85,575	73,239	-14.4%	-5%	77,601	-6%
Gross profit	14,161	14,659	12,435	-15.2%	-12%	13,516	-8%
Operating profit	8,158	4,416	6,685	51.4%	-18%	4,095	63%
Adj. net profit	6,069	4,473	2,890	-35.4%	-52%	4,261	-32%
Adj. EPS (RMB)	0.30	0.18	0.12	-35.4%	-62%	0.15	-23%
Gross margin	18.4%	17.1%	17.0%	-0.2 ppt	-1.4 ppt	17.4%	-0.4 ppt
Operating margin	10.6%	5.2%	9.1%	4 ppt	-1.5 ppt	5.3%	3.9 ppt
Adj. net margin	7.9%	5.2%	3.9%	-1.3 ppt	-3.9 ppt	5.5%	-1.5 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 8: Revenue breakdown

RMB mn	FY21	1Q22E	2Q22E	3Q22E	4Q22E	FY22E	FY23E	FY24E
<b>Smart phones</b>	<b>208,869</b>	<b>45,937</b>	<b>61,025</b>	<b>53,333</b>	<b>54,832</b>	<b>215,127</b>	<b>245,796</b>	<b>280,819</b>
... YoY	<b>37%</b>	<b>-11%</b>	<b>3%</b>	<b>12%</b>	<b>9%</b>	<b>3%</b>	<b>14%</b>	<b>14%</b>
Shipment (mn)	190,300	39,945	53,065	48,265	49,398	190,673	208,302	228,308
... YoY	30%	-19%	0%	10%	12%	0%	9%	10%
ASP (RMB)	1,098	1,150	1,150	1,105	1,110	1,128	1,180	1,230
... YoY	5.6%	10.4%	3.0%	1.3%	-2.9%	2.8%	4.6%	4.2%
<b>IoT and lifestyle products</b>	<b>84,980</b>	<b>19,535</b>	<b>23,545</b>	<b>24,828</b>	<b>29,952</b>	<b>97,859</b>	<b>115,545</b>	<b>136,503</b>
... YoY	<b>26%</b>	<b>7%</b>	<b>14%</b>	<b>19%</b>	<b>19%</b>	<b>15%</b>	<b>18%</b>	<b>18%</b>
Smart TVs and laptops	27,993	5,880	6,600	6,785	12,172	31,437	35,838	40,855
... YoY	25%	5%	10%	15%	16%	12%	14%	14%
Other IoTs	56,987	13,655	16,945	18,043	17,780	66,422	79,707	95,648
... YoY	27%	8%	15%	20%	22%	17%	20%	20%
<b>Internet services</b>	<b>28,212</b>	<b>7,017</b>	<b>8,156</b>	<b>8,918</b>	<b>8,951</b>	<b>33,040</b>	<b>39,732</b>	<b>47,801</b>
... YoY	<b>19%</b>	<b>7%</b>	<b>16%</b>	<b>22%</b>	<b>23%</b>	<b>17%</b>	<b>20%</b>	<b>20%</b>
Advertising services	18,100	4,361	5,415	5,989	6,129	21,893	26,710	32,586
... YoY	42%	12%	20%	25%	25%	21%	22%	22%
Internet value-added	10,112	2,656	2,741	2,929	2,822	11,147	13,022	15,215
... YoY	-9%	-1%	9%	15%	19%	10%	17%	17%
Gaming	3,923	1,179	990	1,150	1,062	4,381	5,039	5,794
... YoY	-7%	5%	10%	15%	18%	12%	15%	15%
Other (incl. Youpin fintech, etc.)	6,189	1,476	1,751	1,779	1,760	6,766	7,984	9,421
... YoY	-10%	-5%	8%	15%	20%	9%	18%	18%
<b>Others</b>	<b>6,248</b>	<b>750</b>	<b>1,211</b>	<b>2,554</b>	<b>3,607</b>	<b>8,123</b>	<b>10,560</b>	<b>13,728</b>
... YoY	<b>149%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>
<b>Total</b>	<b>328,309</b>	<b>73,239</b>	<b>93,936</b>	<b>89,632</b>	<b>97,342</b>	<b>354,149</b>	<b>411,633</b>	<b>478,851</b>
... YoY	<b>34%</b>	<b>-5%</b>	<b>7%</b>	<b>15%</b>	<b>14%</b>	<b>8%</b>	<b>16%</b>	<b>16%</b>
<b>Gross margin</b>								
Smart phones	11.9%	10.0%	10.1%	10.1%	10.2%	10.1%	10.5%	10.5%
IoT and lifestyle products	13.1%	14.5%	14.5%	14.0%	14.0%	14.2%	14.0%	14.0%
Internet services	74.1%	70.0%	71.0%	71.0%	72.0%	71.1%	71.0%	70.0%
Others	22.6%	13.0%	24.0%	24.0%	24.0%	23.0%	25.0%	25.0%
<b>Total</b>	<b>17.7%</b>	<b>17.0%</b>	<b>16.7%</b>	<b>17.6%</b>	<b>17.6%</b>	<b>17.2%</b>	<b>17.7%</b>	<b>17.9%</b>

Source: Company data, CMBIGM estimates

## Earnings Revision

### Our FY22-24E adj. NP are 1-12% above consensus

We trimmed FY22-24E adj. NP by 16-23% to reflect lower smartphone and higher expenses. Our FY22-24E EPS are 1-12% above consensus given our more positive view on better GPM and operating leverage ahead.

**Figure 9: CMBIGM earnings revision**

RMB mn	New			Old			Change (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	354,149	411,633	478,851	383,207	445,272	517,843	-8%	-8%	-8%
Gross profit	60,997	72,835	85,489	67,236	78,736	93,896	-9%	-7%	-9%
Operating profit	30,930	37,648	44,412	35,963	42,109	49,722	-14%	-11%	-11%
Adj. net profit	19,637	25,376	31,193	25,427	30,668	37,214	-23%	-17%	-16%
Adj. EPS (RMB)	0.79	1.02	1.25	1.02	1.23	1.49	-23%	-17%	-16%
Gross margin	17.2%	17.7%	17.9%	17.5%	17.7%	18.1%	-0.3 ppt	0 ppt	-0.3 ppt
Operating margin	8.7%	9.1%	9.3%	9.4%	9.5%	9.6%	-0.7 ppt	-0.3 ppt	-0.3 ppt
Adj. net margin	5.5%	6.2%	6.5%	6.6%	6.9%	7.2%	-1.1 ppt	-0.7 ppt	-0.7 ppt

Source: Company data, CMBIGM estimates

**Figure 10: CMBIGM estimates vs consensus**

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	354,149	411,633	478,851	364,322	421,933	484,895	-3%	-2%	-1%
Gross profit	60,997	72,835	85,489	62,633	73,481	85,793	-3%	-1%	0%
Operating profit	30,930	37,648	44,412	22,388	27,293	31,461	38%	38%	41%
Adj. net profit	19,637	25,376	31,193	19,695	23,504	27,437	0%	8%	14%
Adj. EPS (RMB)	0.79	1.02	1.25	0.78	0.95	1.12	1%	7%	12%
Gross margin	17.2%	17.7%	17.9%	17.2%	17.4%	17.7%	0 ppt	0.3 ppt	0.2 ppt
Operating margin	8.7%	9.1%	9.3%	6.1%	6.5%	6.5%	2.6 ppt	2.7 ppt	2.8 ppt
Adj. net margin	5.5%	6.2%	6.5%	5.4%	5.6%	5.7%	0.1 ppt	0.6 ppt	0.9 ppt

Source: Bloomberg, CMBIGM estimates

**Figure 11: P&L forecast**

RMB mn	FY21	1Q22E	2Q22E	3Q22E	4Q22E	FY22E	FY23E	FY24E
<b>Revenue</b>	<b>328,309</b>	<b>73,239</b>	<b>93,936</b>	<b>89,632</b>	<b>97,342</b>	<b>354,149</b>	<b>411,633</b>	<b>478,851</b>
...YoY	34%	-5%	7%	15%	14%	8%	16%	16%
Cost of sales	(270,048)	(60,803)	(78,278)	(73,825)	(80,246)	(293,151)	(338,798)	(393,362)
<b>Gross profit</b>	<b>58,261</b>	<b>12,435</b>	<b>15,659</b>	<b>15,807</b>	<b>17,096</b>	<b>60,997</b>	<b>72,835</b>	<b>85,489</b>
GPM (%)	17.7%	17.0%	16.7%	17.6%	17.6%	17.2%	17.7%	17.9%
...YoY	59%	-12%	3%	11%	17%	5%	19%	17%
SG&A	(25,720)	(5,053)	(7,243)	(5,062)	(9,783)	(27,141)	(30,461)	(33,998)
...% of rev	-7.8%	-6.9%	-7.7%	-5.6%	-10.0%	-7.7%	-7.4%	-7.1%
R&D	(13,167)	(2,856)	(3,382)	(4,033)	(2,336)	(12,608)	(14,407)	(16,760)
...% of rev	-4.0%	-3.9%	-3.6%	-4.5%	-2.4%	-3.6%	-3.5%	-3.5%
<b>Operating profit</b>	<b>26,029</b>	<b>6,685</b>	<b>8,440</b>	<b>8,784</b>	<b>7,021</b>	<b>30,930</b>	<b>37,648</b>	<b>44,412</b>
OPM (%)	7.9%	9.1%	9.0%	9.8%	7.2%	8.7%	9.1%	9.3%
...YoY	8%	-18%	-21%	222%	59%	19%	22%	18%
<b>Adj. net profit</b>	<b>22,039</b>	<b>2,890</b>	<b>6,118</b>	<b>6,049</b>	<b>4,580</b>	<b>19,637</b>	<b>25,376</b>	<b>31,193</b>
NPM (%)	6.7%	3.9%	6.5%	6.7%	4.7%	5.5%	6.2%	6.5%
...YoY	69%	-52%	-3%	17%	2%	-11%	29%	23%

Source: Company data, CMBIGM estimates

## Valuation

### Maintain BUY with new TP of HK\$17.6 (59% upside)

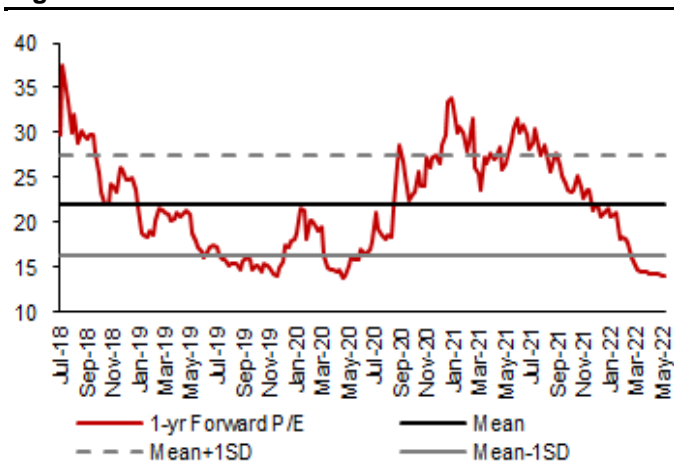
Our new TP of HK\$17.6 is based on same 20x FY22E P/E given 26% FY22-24E EPS CAGR. Current valuation at 12.6x FY22E P/E is below 1-sd below 3-yr average at 15.9x, and we view risk-reward as attractive. Catalysts include product launch, stronger shipment, share gain, internet revenue recovery and smart EV progress.

Figure 12: Peers' valuation

Company	Ticker	Rating	Market Cap US\$(mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x)		P/B (x)		ROE (%)	
							FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
<b>HK-listed</b>												
Xiaomi	1810 HK	Buy	35,137	11.0	17.6	59%	12.6	9.7	1.8	1.6	14.4	15.1
Sunny Optical	2382 HK	Hold	13,644	97.7	125.7	29%	18.7	15.7	3.8	3.2	20.4	20.3
AAC Tech	2018 HK	Hold	2,503	16.3	14.0	-14%	19.2	13.4	0.8	0.8	4.0	5.6
BYDE	285 HK	Hold	4,248	14.8	12.5	-16%	16.8	10.0	1.2	1.1	6.9	10.6
FIT Hon Teng	6088 HK	Buy	954	1.1	1.8	68%	6.0	5.1	0.4	0.3	6.0	6.9
Tongda	698 HK	Buy	146	0.1	0.2	95%	2.4	2.0	0.1	0.1	3.8	4.3
Q tech	1478 HK	Buy	767	5.1	8.6	69%	6.3	7.6	1.0	0.9	15.8	11.4
TK Group	2283 HK	Buy	234	2.2	3.4	54%	5.4	4.2	1.0	0.9	18.6	20.7
<b>Average</b>							<b>11.3</b>	<b>8.8</b>	<b>1.2</b>	<b>1.1</b>	<b>10.2</b>	<b>10.6</b>
<b>Smartphone</b>												
Apple	AAPL US	NR	2,381,002	147.1	NA	NA	24.0	22.4	39.4	32.1	153.1	146.6
Lenovo	992 HK	NR	12,256	8.0	NA	NA	6.3	6.3	2.5	1.9	46.4	36.8
Samsung	005930 KS	NR	309,883	66,500.0	NA	NA	9.2	8.5	1.3	1.2	15.0	14.3
LG Elec	066570 KS	NR	13,732	107,500.0	NA	NA	6.4	6.0	0.9	0.8	15.3	14.4
<b>Average</b>							<b>11.5</b>	<b>10.8</b>	<b>11.0</b>	<b>9.0</b>	<b>57.5</b>	<b>53.0</b>
<b>IoT</b>												
Skyworth	751 HK	NR	1,481	4.4	NA	NA	6.7	5.5	0.5	0.4	8.0	10.0
Hisense	600060 CH	NR	2,204	11.4	NA	NA	10.1	8.3	0.9	0.8	8.9	10.0
Midea	000333 CH	NR	58,755	57.0	NA	NA	12.3	10.9	2.7	2.3	21.9	21.5
Gree	000651 CH	NR	29,210	33.5	NA	NA	7.6	6.8	1.6	1.4	21.5	21.4
<b>Average</b>							<b>9.2</b>	<b>7.9</b>	<b>1.4</b>	<b>1.2</b>	<b>15.1</b>	<b>15.7</b>

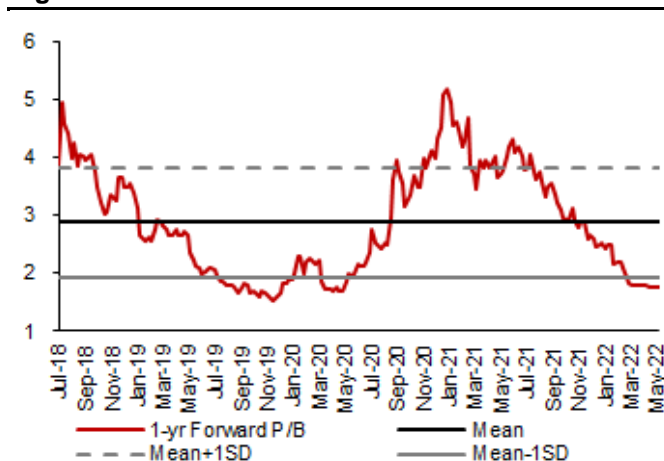
Source: Bloomberg, CMBIGM

Figure 13: 12M forward P/E band



Source: Bloomberg, CMBIGM

Figure 14: 12M forward P/B band



Source: Bloomberg, CMBIGM

## Financial Summary

Income						Cash flow					
YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E	YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Revenue</b>	<b>245,866</b>	<b>328,309</b>	<b>354,149</b>	<b>411,633</b>	<b>478,851</b>	<b>Profit before taxation</b>	21,633	24,417	27,878	34,596	41,361
COGS	(209,114)	(270,048)	(315,971)	(366,536)	(423,947)	Depreciation	1,708	1,590	2,107	2,709	3,408
<b>Gross profit</b>	<b>36,752</b>	<b>58,261</b>	<b>67,236</b>	<b>78,736</b>	<b>93,896</b>	Chg. in working capital	4,320	10,536	(6,001)	14,536	(4,235)
Selling and marketing	(14,539)	(20,981)	(22,771)	(23,154)	(26,928)	Others	(5,784)	(5,134)	(3,864)	(4,843)	(5,790)
Administrative	(3,746)	(4,739)	(5,336)	(8,905)	(10,357)	<b>Net cash from Op.</b>	<b>21,879</b>	<b>31,409</b>	<b>20,121</b>	<b>46,997</b>	<b>34,743</b>
R&D	(9,256)	(13,167)	(12,847)	(14,249)	(16,571)	Capex	(2,962)	(6,566)	(7,083)	(8,233)	(9,577)
Other operating exp.	14,825	6,654	4,648	9,682	9,682	Other	(14,716)				
<b>Operating profit</b>	<b>24,035</b>	<b>26,029</b>	<b>30,930</b>	<b>42,109</b>	<b>49,722</b>	<b>Net cash from investing</b>	<b>(17,679)</b>	<b>(6,566)</b>	<b>(7,083)</b>	<b>(8,233)</b>	<b>(9,577)</b>
Financial cost	(1,641)	(1,612)	(3,052)	(3,052)	(3,052)	Net bank borrowings	(2,004)	-	-	-	-
Other income/(losses)	(760)		6,473	1,440	1,440	Dividend paid	-	-	-	-	-
<b>Pre-tax profit</b>	<b>21,633</b>	<b>24,417</b>	<b>34,352</b>	<b>40,498</b>	<b>48,110</b>	Other	28,220	-	-	-	-
Tax	(1,321)	(5,134)	(3,864)	(4,843)	(5,790)	<b>Net cash from financing</b>	<b>26,216</b>	-	-	-	-
Minority interest	(43)	(56)	(138)	(87)	(103)	<b>Net change in cash</b>	<b>30,415</b>	<b>24,842</b>	<b>13,038</b>	<b>38,765</b>	<b>25,166</b>
<b>Net profit</b>	<b>20,356</b>	<b>19,339</b>	<b>24,152</b>	<b>29,839</b>	<b>35,674</b>	Cash at beg of year	25,920	54,752	79,595	92,633	131,397
<b>Adj. Net profit</b>	<b>13,006</b>	<b>22,039</b>	<b>19,637</b>	<b>25,376</b>	<b>31,193</b>	Exchange difference	(1,583)	-	-	-	-
						<b>Cash at end of year</b>	<b>54,752</b>	<b>79,595</b>	<b>92,633</b>	<b>131,397</b>	<b>156,564</b>

Balance sheet						Key ratios					
YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E	YE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Current assets</b>	<b>176,283</b>	<b>186,227</b>	<b>221,609</b>	<b>253,165</b>	<b>303,533</b>	<b>Sales mix (%)</b>					
Cash & equivalents	54,752	79,595	92,633	131,397	156,564	Smart phones	62	64	61	60	59
Account receivables	10,161	11,490	11,865	15,280	16,298	IoT and lifestyle products	27	26	28	28	29
Inventories	41,671	25,444	47,413	36,789	60,973	Internet services	10	9	9	10	10
ST bank deposits	17,599	17,599	17,599	17,599	17,599	Others	1	2	2	3	3
Other	52,100	52,100	52,100	52,100	52,100	<b>Growth (%)</b>					
<b>Non-current assets</b>	<b>77,397</b>	<b>82,373</b>	<b>87,349</b>	<b>92,873</b>	<b>99,042</b>	Revenue	19.4	33.5	7.9	16.2	16.3
PPE	6,306	11,282	16,258	21,782	27,951	Gross profit	28.7	58.5	15.4	17.1	19.3
Deferred income tax	2,011	2,011	2,011	2,011	2,011	Operating profit	104.4	8.3	18.8	36.1	18.1
Intangibles	4,266	4,266	4,266	4,266	4,266	Adj. Net profit	12.8	69.5	(10.9)	29.2	22.9
Other	64,815	64,815	64,815	64,815	64,815	<b>Profit &amp; loss ratio (%)</b>					
<b>Total assets</b>	<b>253,680</b>	<b>268,600</b>	<b>308,958</b>	<b>346,038</b>	<b>402,575</b>	Gross margin	14.9	17.7	19.0	19.1	19.6
<b>Current liabilities</b>	<b>107,927</b>	<b>103,564</b>	<b>119,907</b>	<b>127,235</b>	<b>148,201</b>	Operating margin	9.8	7.9	8.7	10.2	10.4
Short-term borrowings	6,962	6,962	6,962	6,962	6,962	Net profit margin	8.3	5.9	6.8	7.2	7.4
Account payables	72,199	67,836	84,179	91,507	112,473	<b>Balance sheet ratio</b>					
Tax payable	674	674	674	674	674	Net debt/total equity (x)	Net cash	Net cash	Net cash	Net cash	Net cash
Other	28,092	28,092	28,092	28,092	28,092	Current ratio (x)	1.6	1.8	1.8	2.0	2.0
<b>Non-current liabilities</b>	<b>21,739</b>	<b>21,739</b>	<b>21,739</b>	<b>21,739</b>	<b>21,739</b>	Receivable turnover days	29	30	30	30	30
Long-term borrowings	10,635	10,635	10,635	10,635	10,635	Inventory turnover days	6	8	8	8	8
Deferred tax liability	301	301	301	301	301	Payable turnover days	3	4	4	4	4
Other	10,804	10,804	10,804	10,804	10,804	<b>Profitability (%)</b>					
<b>Total liabilities</b>	<b>129,666</b>	<b>125,304</b>	<b>141,647</b>	<b>148,974</b>	<b>169,941</b>	ROE	16.4	13.5	14.4	15.1	15.3
Share capital	0	0	0	0	0	ROA	8.0	7.2	7.8	8.6	8.9
Reserves	123,691	143,031	167,183	197,022	232,696	<b>Per share data (RMB)</b>					
Minority interest	322	266	128	42	(62)	Adj. EPS	0.54	0.88	0.79	1.02	1.25
<b>Shareholders' equity</b>	<b>124,014</b>	<b>143,297</b>	<b>167,311</b>	<b>197,064</b>	<b>232,634</b>	DPS	-	-	-	-	-
<b>Total equity/liabilities</b>	<b>253,680</b>	<b>268,600</b>	<b>308,958</b>	<b>346,038</b>	<b>402,575</b>						

Source: Company data, CMBIGM estimates

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