

# Xiaomi (1810 HK)

## Weak 1Q22 in-line; Expect short-term challenges

1Q22 revenue/ adj. net profit decline of 5%/53% YoY is largely in-line with our/ consensus estimates ([note](#)), mainly due to 1) COVID-19 impact on supply chain and smartphone/IoT revenue (-11% YoY/+6.8% YoY), 2) slower internet (+8.2% YoY) on regulations and soft smartphone, and 3) higher R&D expense (+16% YoY) for EV and new initiatives. Key highlights include 1) smartphone weakness in China/EU in 2Q, partly offset by share gain in LATAM/Africa, 2) solid growth in white goods (+25% YoY in 1Q), 3) strong TV internet revenue (15% of 1Q China internet revenue), and 4) overseas internet revenue up 71% YoY (22% of 1Q mix). Looking ahead, despite our positive view on Xiaomi's share gain, we believe recent COVID-19 in China and macro weakness in China/Europe will impact smartphone/AIoT demand in 2022E, and we revised down our FY22-24E EPS by 8-14%. Our new TP of HK\$15.1 is based on 20x FY22E P/E.

- 1Q22 weakness on smartphone decline and slower AIoT/internet.** By segment, smartphone revenue dropped 11% YoY (shipment/ASP: -22%/+14% YoY), given COVID-19 in China, Russia-Ukraine conflicts, FX volatility and low-end SoC shortage. AIoT grew 7% YoY in 1Q (vs +19% in 4Q) driven by solid TV/white goods demand, while internet revenue grew 8% (vs 18% in 4Q) due to slower ads/gaming growth of 16%/3% YoY. Looking ahead, we remain positive on Xiaomi's global share gain (esp. LATAM, Africa) despite China/Europe demand uncertainties in 2Q22E. We expect Xiaomi shipment to decline 6% YoY to 179mn in FY22E and resume 9%/9% YoY growth to 195mn/213mn in FY23/24E, backed by overseas channel expansion.
- 2022E outlook: near-term challenges in 2Q and better outlook in 2H22.** While COVID-19 in China will have negative impact on supply chain and consumer demand in 2Q22E, we saw positive signs on easing restrictions and production recovery in Shanghai recently. We now estimate revenue will recover to 11%/10% YoY in 3Q/4Q22E, following 9% decline in 2Q22E. In addition, we are positive on successful expansion into tablets/white goods and share gain in LATAM/Europe's carrier markets (17%/18% share), which will drive growth in FY23/24E.
- Easing COVID-19 restriction is upcoming catalyst; Maintain BUY.** We believe recent stock corrections have reflected China's COVID-19 uncertainties and global smartphone weakness. We cut FY22-24E EPS to 8-14% to reflect lower smartphone shipment. Maintain BUY with new TP of HK\$15.1 (20.0x FY22E P/E).

### Earnings Summary

(YE31Dec)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	245,866	328,309	334,627	381,186	440,714
YoY growth (%)	19.4	33.5	1.9	13.9	15.6
Adj. Net income (RMB mn)	13,006	22,039	16,895	23,454	26,921
Adj. EPS (RMB)	0.54	0.88	0.68	0.94	1.08
YoY growth (%)	11.7	63.1	(23.3)	38.8	14.8
Consensus EPS (RMB)	NA	NA	0.72	0.90	1.06
P/E (x)	18.3	11.2	14.7	10.6	9.2
P/B (x)	2.4	2.2	2.2	2.0	1.9
ROE (%)	16.4	14.1	2.1	6.6	8.2
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

### BUY (Maintain)

Target Price	HK\$15.1
(Previous TP)	HK\$17.6)
Upside	36%
Current Price	HK\$11.08

### China Technology Sector

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### Stock Data

Mkt. Cap. (HK\$mn)	277,172
Avg. 3mths t/o (HK\$mn)	1,532.84
52W High/Low (HK\$)	30.45/ 10.30
Total Issued Shares (mn)	20,389

Source: Bloomberg

### Shareholding Structure

Lin Bin	8.62%
Smart Mobile Holdings Ltd	8.53%
Blackrock	2.86%

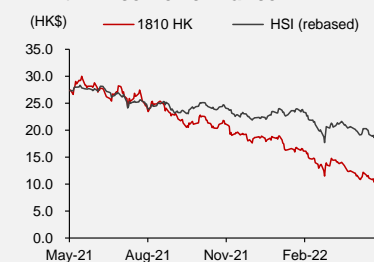
Source: Bloomberg

### Share Performance

	Absolute	Relative
1-mth	-8.0%	-3.8%
3-mth	-31.4%	-17.0%
6-mth	-47.6%	-34.8%

Source: Bloomberg

### 12-mth Price Performance



Source: Bloomberg

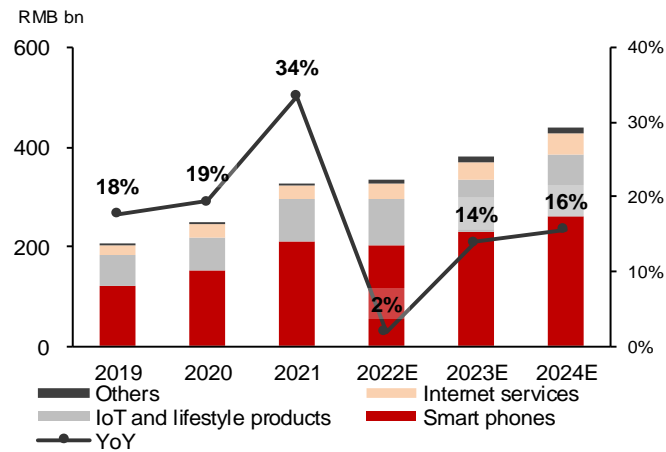
### Auditor: PricewaterhouseCoopers

### Recent Reports:

- 1Q22 preview: Not immune from industry slowdown – 16 May 2022
- Premium strategy bearing fruits; Reiterate BUY – 23 Mar 2022
- 4Q21E preview: smartphone share gain to continue – 21 Mar 2022

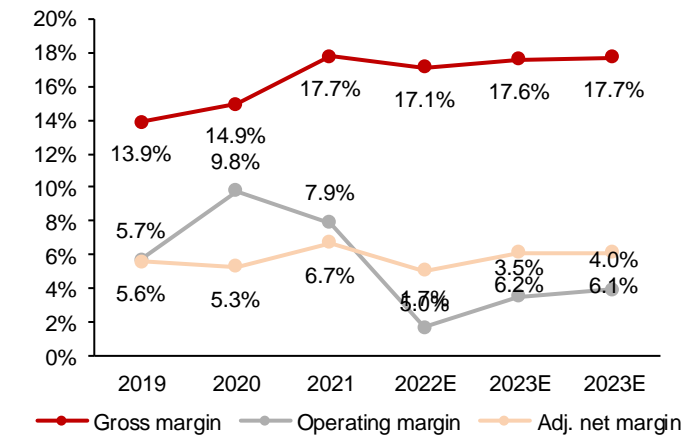
## Focus Charts

**Figure 1: Xiaomi revenue trend**



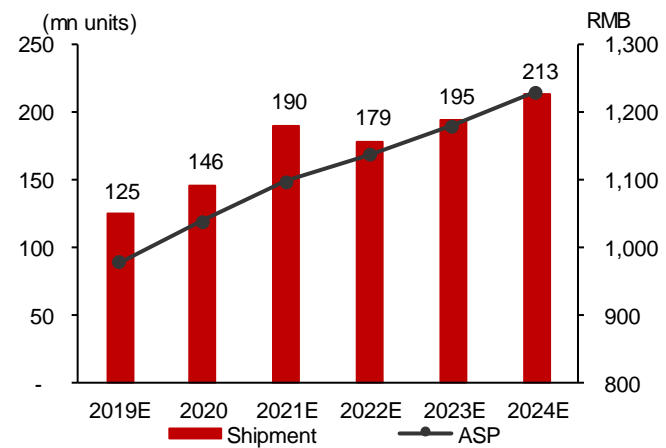
Source: Company data, CMBIGM estimates

**Figure 2: Xiaomi margin trend**



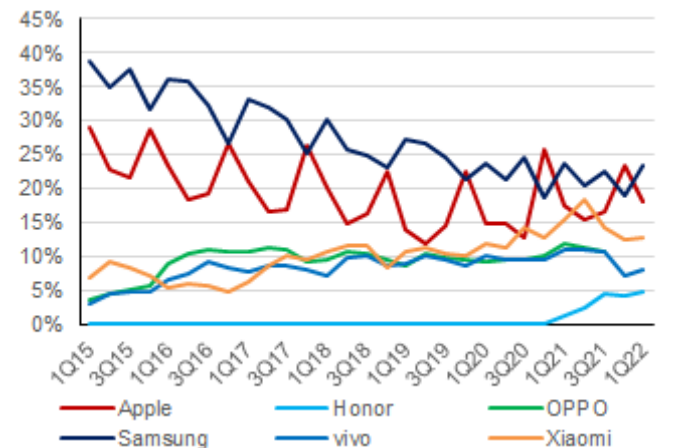
Source: Company data, CMBIGM estimates

**Figure 3: Xiaomi smartphone shipment forecast**



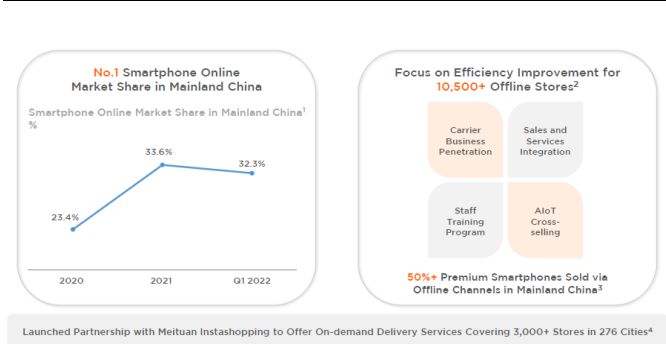
Source: Xiaomi, CMBIGM estimates

**Figure 4: Global smartphone market share**



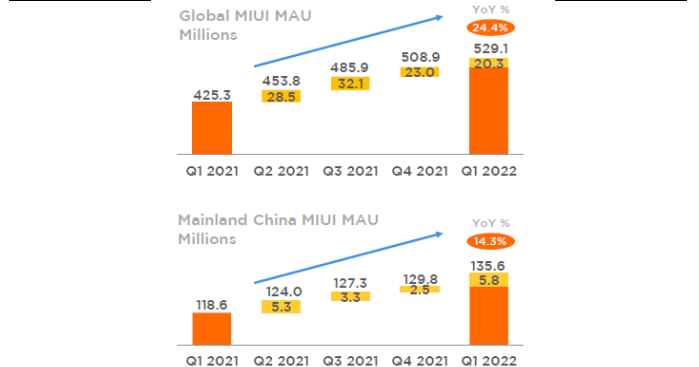
Source: IDC, CMBIGM estimates

**Figure 5: Xiaomi's New Retail Strategy in China**



Source: Company data, CMBIGM estimates

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



Source: Company data, CMBIGM estimates

## 1Q22 Review

Figure 7: 1Q22 results review

RMB mn	1Q21	4Q21	1Q22	QoQ	YoY	CMBIGM		Consensus	
						1Q22E	Diff %	1Q22E	Diff %
Revenue	76,882	85,575	73,352	-14.3%	-5%	73,239	0%	72,516	1%
Gross profit	14,161	14,659	12,710	-13.3%	-10%	12,435	2%	12,453	2%
Operating profit	8,158	4,416	(911)	-120.6%	-111%	6,685	-114%	3,736	-124%
Adj. net profit	6,069	4,473	2,859	-36.1%	-53%	2,890	-1%	2,842	1%
Adj. EPS (RMB)	0.30	0.18	(0.02)	-111.1%	-107%	0.12	na	0.11	na
Gross margin	18.4%	17.1%	17.3%	0.2 ppt	-1.1 ppt	17.0%	0.3 ppt	17.2%	0.2 ppt
Operating margin	10.6%	5.2%	-1.2%	-6.4 ppt	-11.9 ppt	9.1%	-10.4 ppt	5.2%	-6.4 ppt
Adj. net margin	7.9%	5.2%	3.9%	-1.3 ppt	-4 ppt	3.9%	0 ppt	3.9%	0 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 8: Revenue breakdown

RMB mn	1Q21	2Q21	3Q21	4Q21	1Q22	CMBIGM	
						1Q22E	Diff %
<b>Smart phones</b>	<b>51,491</b>	<b>59,089</b>	<b>47,825</b>	<b>50,464</b>	<b>45,763</b>	<b>45,937</b>	<b>0%</b>
... YoY	70%	87%	0.5%	18.4%	-11%	-11%	
Shipment ('000')	49,400	52,900	43,900	44,100	38,500	39,945	-4%
... YoY	69%	87%	-6%	4%	-22%	-19%	
ASP (RMB)	1,042	1,117	1,091	1,143	1,189	1,150	3%
... YoY	0.4%	0.0%	6.7%	13.3%	14.0%	10.4%	
<b>IoT and lifestyle products</b>	<b>18,243</b>	<b>20,735</b>	<b>20,936</b>	<b>25,067</b>	<b>19,477</b>	<b>19,535</b>	<b>0%</b>
... YoY	41%	36%	16%	19%	7%	7%	
Smart TVs and laptops	5,600	6,000	5,900	10,493	6,200	5,880	5%
... YoY	19%	25%	2%	48%	11%	5%	
Other IoTs	12,643	14,735	15,036	14,574	13,277	13,655	-3%
... YoY	53%	41%	22%	4%	5%	8%	
<b>Internet services</b>	<b>6,571</b>	<b>7,033</b>	<b>7,338</b>	<b>7,270</b>	<b>7,112</b>	<b>7,017</b>	<b>1%</b>
... YoY	11%	19%	27%	18%	8%	7%	
Advertising services	3,894	4,512	4,791	4,903	4,525	4,361	4%
... YoY	46%	46%	45%	34%	16%	12%	
Internet VAS	2,677	2,521	2,547	2,366	2,588	2,656	-3%
... YoY	-17%	-11%	3%	-8%	-3%	-1%	
Gaming	1,123	900	1,000	900	1,157	1,179	-2%
... YoY	-25%	-10%	25%	0%	3%	5%	
Other (Youpin fintech, etc.)	1,554	1,621	1,547	1,466	1,431	1,476	-3%
... YoY	-11%	-11%	-7%	-12%	-8%	-5%	
<b>Others</b>	<b>577</b>	<b>932</b>	<b>1,965</b>	<b>2,775</b>	<b>999</b>	<b>750</b>	<b>33%</b>
... YoY	17%	24%	194%	363%	73%	30%	
<b>Total</b>	<b>76,882</b>	<b>87,789</b>	<b>78,063</b>	<b>85,575</b>	<b>73,352</b>	<b>73,239</b>	<b>0%</b>
... YoY	55%	64%	8%	21%	-5%	-5%	
<b>Gross Margin</b>							
Smart phones	12.9%	11.8%	12.8%	10.1%	9.9%	10.0%	-0.1 ppt
IoT and lifestyle products	14.5%	13.2%	11.6%	13.0%	15.6%	14.5%	1.1 ppt
Internet services	72.4%	74.1%	73.6%	76.1%	70.8%	70.0%	0.8 ppt
Others	20.9%	21.3%	18.0%	26.7%	12.0%	13.0%	-1 ppt
<b>Total</b>	<b>18.4%</b>	<b>17.3%</b>	<b>18.3%</b>	<b>17.1%</b>	<b>17.3%</b>	<b>17.0%</b>	<b>0.3 ppt</b>

Source: Company data, CMBIGM estimates

## Earnings Revision

### Our FY23-24E adj. NP are 6-8% above consensus

We trimmed FY22-24E adj. NP by 8-14% to reflect lower smartphone and higher expenses. Our FY22-24E EPS are 6-8% above consensus given our more positive view on better GPM and operating leverage ahead.

**Figure 9: CMBIGM earnings revision**

RMB mn	New			Old			Change (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	334,627	381,186	440,714	354,149	411,633	478,851	-6%	-7%	-8%
Gross profit	57,224	66,957	78,013	60,997	72,835	85,489	-6%	-8%	-9%
Operating profit	5,684	13,450	17,482	30,930	37,648	44,412	-82%	-64%	-61%
Adj. net profit	16,895	23,454	26,921	19,637	25,376	31,193	-14%	-8%	-14%
Adj. EPS (RMB)	0.68	0.94	1.08	0.79	1.02	1.25	-14%	-8%	-14%
Gross margin	17.1%	17.6%	17.7%	17.2%	17.7%	17.9%	-0.1 ppt	-0.1 ppt	-0.2 ppt
Operating margin	1.7%	3.5%	4.0%	8.7%	9.1%	9.3%	-7 ppt	-5.6 ppt	-5.3 ppt
Adj. net margin	5.0%	6.2%	6.1%	5.5%	6.2%	6.5%	-0.5 ppt	0 ppt	-0.4 ppt

Source: Company data, CMBIGM estimates

**Figure 10: CMBIGM estimates vs consensus**

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	334,627	381,186	440,714	357,503	401,159	457,534	-6%	-5%	-4%
Gross profit	57,224	66,957	78,013	61,638	69,923	81,312	-7%	-4%	-4%
Operating profit	5,684	13,450	17,482	21,216	27,076	31,502	-73%	-50%	-45%
Adj. net profit	16,895	23,454	26,921	18,363	21,815	25,487	-8%	8%	6%
Adj. EPS (RMB)	0.68	0.94	1.08	0.72	0.90	1.06	-6%	5%	2%
Gross margin	17.1%	17.6%	17.7%	17.2%	17.4%	17.8%	-0.1 ppt	0.1 ppt	-0.1 ppt
Operating margin	1.7%	3.5%	4.0%	5.9%	6.7%	6.9%	-4.2 ppt	-3.2 ppt	-2.9 ppt
Adj. net margin	5.0%	6.2%	6.1%	5.1%	5.4%	5.6%	-0.1 ppt	0.7 ppt	0.5 ppt

Source: Bloomberg, CMBIGM estimates

**Figure 11: P&L forecast**

RMB mn	FY21	1Q22	2Q22E	3Q22E	4Q22E	FY22E	FY23E	FY24E
<b>Revenue</b>	<b>328,309</b>	<b>73,352</b>	<b>79,933</b>	<b>87,015</b>	<b>94,328</b>	<b>334,627</b>	<b>381,186</b>	<b>440,714</b>
...YoY	34%	-5%	-9%	11%	10%	2%	14%	16%
Cost of sales	(270,048)	(60,642)	(66,699)	(72,041)	(78,022)	(277,403)	(314,229)	(362,701)
<b>Gross profit</b>	<b>58,261</b>	<b>12,710</b>	<b>13,235</b>	<b>14,974</b>	<b>16,306</b>	<b>57,224</b>	<b>66,957</b>	<b>78,013</b>
GPM (%)	17.7%	17.3%	16.6%	17.2%	17.3%	17.1%	17.6%	17.7%
...YoY	59%	-10%	-13%	5%	11%	-2%	17%	17%
SG&A	(25,720)	(6,501)	(6,794)	(5,001)	(9,952)	(28,248)	(30,114)	(34,816)
...% of rev	-7.8%	-8.9%	-8.5%	-5.7%	-10.5%	-8.4%	-7.9%	-7.9%
R&D	(13,167)	(3,495)	(3,597)	(5,221)	(2,453)	(14,765)	(14,866)	(17,188)
...% of rev	-4.0%	-4.8%	-4.5%	-6.0%	-2.6%	-4.4%	-3.9%	-3.9%
<b>Operating profit</b>	<b>26,029</b>	<b>(911)</b>	<b>1,037</b>	<b>3,219</b>	<b>2,339</b>	<b>5,684</b>	<b>13,450</b>	<b>17,482</b>
OPM (%)	7.9%	-1.2%	1.3%	3.7%	2.5%	1.7%	3.5%	4.0%
...YoY	8%	-111%	-90%	18%	-47%	-78%	137%	30%
<b>Adj. net profit</b>	<b>22,039</b>	<b>2,859</b>	<b>3,788</b>	<b>5,274</b>	<b>4,593</b>	<b>16,895</b>	<b>23,454</b>	<b>26,921</b>
NPM (%)	6.7%	3.9%	4.7%	6.1%	4.9%	5.0%	6.2%	6.1%
...YoY	69%	-53%	-40%	2%	3%	-23%	39%	15%

Source: Company data, CMBIGM estimates

## Valuation

### Maintain BUY with new TP of HK\$15.1 (36% upside)

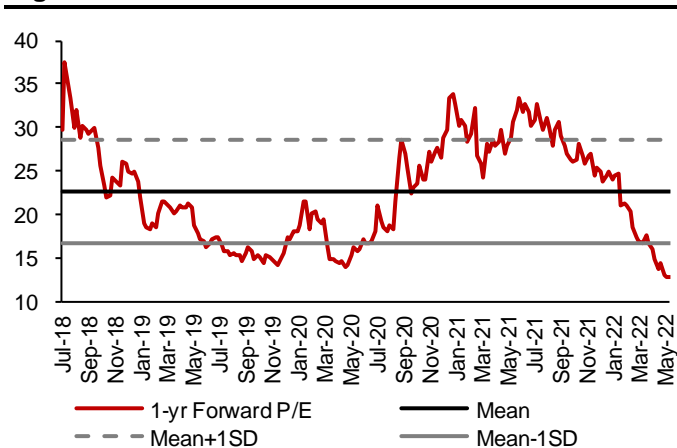
Our new TP of HK\$15.1 is based on same 20x FY22E P/E given 26% FY22-24E EPS CAGR. Current valuation at 14.7x FY22E P/E is below 1-sd below 3-yr average at 15.9x, and we view risk-reward as attractive. Catalysts include product launch, stronger shipment, share gain, internet revenue recovery and smart 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	35,322	11.1	15.1	36%	14.7	10.6	2.2	2.0	12.0	15.6
Sunny Optical	2382 HK	Hold	15,292	109.4	125.7	15%	20.9	17.6	4.3	3.6	20.4	20.3
AAC Tech	2018 HK	Hold	2,544	16.5	14.0	-15%	19.5	13.6	0.8	0.8	4.0	5.6
BYDE	285 HK	Hold	4,399	15.3	12.5	-19%	17.4	10.3	1.2	1.1	6.9	10.6
FIT Hon Teng	6088 HK	Buy	918	1.0	1.8	74%	5.7	4.9	0.3	0.3	6.0	6.9
Tongda	698 HK	Buy	171	0.1	0.2	67%	2.8	2.3	0.1	0.1	3.8	4.3
Q tech	1478 HK	Buy	794	5.3	8.6	63%	6.6	7.9	1.0	0.9	15.8	11.4
TK Group	2283 HK	Buy	244	2.3	3.4	47%	5.6	4.4	1.0	0.9	18.6	20.7
<b>Average</b>							<b>12.5</b>	<b>9.6</b>	<b>1.4</b>	<b>1.2</b>	<b>9.9</b>	<b>10.7</b>
<b>Smartphone</b>												
Apple	AAPL US	NR	2,225,786	137.5	NA	NA	22.4	21.0	36.8	30.0	153.1	146.6
Lenovo	992 HK	NR	12,031	7.8	NA	NA	6.2	6.2	2.4	1.9	46.7	37.1
Samsung	005930 KS	NR	318,317	67,500.0	NA	NA	9.3	8.7	1.4	1.2	15.0	14.3
LG Elec	066570 KS	NR	13,121	101,500.0	NA	NA	6.1	5.7	0.9	0.8	15.2	14.4
<b>Average</b>							<b>11.0</b>	<b>10.4</b>	<b>10.4</b>	<b>8.5</b>	<b>57.5</b>	<b>53.1</b>
<b>IoT</b>												
Skyworth	751 HK	NR	1,418	4.2	NA	NA	6.4	5.2	0.5	0.4	8.0	10.0
Hisense	600060 CH	NR	2,232	11.5	NA	NA	10.1	8.4	0.9	0.8	8.8	10.0
Midea	000333 CH	NR	58,186	55.8	NA	NA	12.1	10.7	2.6	2.3	21.9	21.6
Gree	000651 CH	NR	28,830	32.7	NA	NA	7.4	6.6	1.6	1.4	21.9	21.8
<b>Average</b>							<b>9.0</b>	<b>7.7</b>	<b>1.4</b>	<b>1.2</b>	<b>15.2</b>	<b>15.8</b>

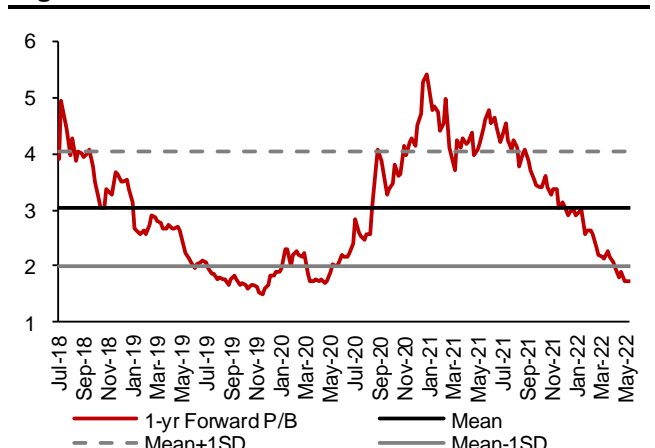
Source: Bloomberg, CMBIGM

Figure 13: 12M forward P/E band



Source: Bloomberg, CMBIGM

Figure 14: 12M forward P/B band



Source: Bloomberg, CMBIGM

## Financial Summary

### Income

YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Revenue</b>	<b>245,866</b>	<b>328,309</b>	<b>334,627</b>	<b>381,186</b>	<b>440,714</b>
COGS	(209,114)	(270,048)	(293,151)	(338,798)	(393,362)
<b>Gross profit</b>	<b>36,752</b>	<b>58,261</b>	<b>57,224</b>	<b>72,835</b>	<b>85,489</b>
Selling and marketing	(14,539)	(20,981)	(22,032)	(23,051)	(26,337)
Administrative	(3,746)	(4,739)	(5,109)	(7,409)	(7,662)
R&D	(9,256)	(13,167)	(12,608)	(14,407)	(16,760)
Other operating exp.	14,825	6,654	13,455	9,682	9,682
<b>Operating profit</b>	<b>24,035</b>	<b>26,029</b>	<b>30,930</b>	<b>37,648</b>	<b>44,412</b>
Financial cost	(1,641)	(1,612)	(2,026)	(2,026)	(2,026)
Other income/(losses)	(760)		(25,246)	(24,198)	(26,930)
<b>Pre-tax profit</b>	<b>21,633</b>	<b>24,417</b>	<b>3,659</b>	<b>11,424</b>	<b>15,457</b>
Tax	(1,321)	(5,134)	(676)	(1,599)	(2,164)
Minority interest	(43)	(56)	20	(29)	(39)
<b>Net profit</b>	<b>20,356</b>	<b>19,339</b>	<b>2,962</b>	<b>9,853</b>	<b>13,331</b>
<b>Adj. Net profit</b>	<b>13,006</b>	<b>22,039</b>	<b>16,895</b>	<b>23,454</b>	<b>26,921</b>

### Cash flow

YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Profit before taxation</b>	21,633	24,417	3,659	11,424	15,457
Depreciation	1,708	3,062	2,534	3,329	4,248
Chg. in working capital	4,320	(15,725)	14,977	4,198	2,326
Others	(5,784)	(1,968)	(676)	(1,599)	(2,164)
<b>Net cash from Op.</b>	<b>21,879</b>	<b>9,785</b>	<b>20,493</b>	<b>17,352</b>	<b>19,866</b>
Capex	(2,962)	(7,134)	(6,693)	(7,624)	(8,814)
Other	(14,716)	(37,874)			
<b>Net cash from investing</b>	<b>(17,679)</b>	<b>(45,008)</b>	<b>(6,693)</b>	<b>(7,624)</b>	<b>(8,814)</b>
Net bank borrowings	(2,004)	9,227	-	-	-
Dividend paid	-	-	-	-	-
Other	28,220	(4,729)	-	-	-
<b>Net cash from financing</b>	<b>26,216</b>	<b>4,499</b>	-	-	-
<b>Net change in cash</b>	<b>30,415</b>	<b>(30,724)</b>	<b>13,801</b>	<b>9,728</b>	<b>11,052</b>
Cash at beg of year	25,920	54,752	23,512	37,312	47,041
Exchange difference	(1,583)	(517)	-	-	-
<b>Cash at end of year</b>	<b>54,752</b>	<b>23,512</b>	<b>37,312</b>	<b>47,041</b>	<b>58,093</b>

### Balance sheet

YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Current assets</b>	<b>176,283</b>	<b>185,851</b>	<b>179,239</b>	<b>209,302</b>	<b>218,630</b>
Cash & equivalents	54,752	23,512	37,312	47,041	58,093
Account receivables	10,161	17,986	9,900	20,595	14,662
Inventories	41,671	52,398	40,070	49,710	53,919
ST bank deposits	17,599	31,041	31,041	31,041	31,041
Other	52,100	60,915	60,915	60,915	60,915
<b>Non-current assets</b>	<b>77,397</b>	<b>107,040</b>	<b>112,237</b>	<b>116,532</b>	<b>121,098</b>
PPE	6,306	6,965	12,161	16,456	21,022
Deferred income tax	2,011	1,662	1,662	1,662	1,662
Intangibles	4,266	5,579	5,579	5,579	5,579
Other	64,815	92,835	92,835	92,835	92,835
<b>Total assets</b>	<b>253,680</b>	<b>292,892</b>	<b>291,475</b>	<b>325,833</b>	<b>339,728</b>
<b>Current liabilities</b>	<b>107,927</b>	<b>115,727</b>	<b>110,291</b>	<b>134,824</b>	<b>135,426</b>
Short-term borrowings	6,962	5,527	5,527	5,527	5,527
Account payables	72,199	74,643	69,206	93,739	94,341
Tax payable	674	2,335	2,335	2,335	2,335
Other	28,092	33,222	33,222	33,222	33,222
<b>Non-current liabilities</b>	<b>21,739</b>	<b>39,732</b>	<b>39,732</b>	<b>39,732</b>	<b>39,732</b>
Long-term borrowings	10,635	20,720	20,720	20,720	20,720
Deferred tax liability	301	1,203	1,203	1,203	1,203
Other	10,804	17,809	17,809	17,809	17,809
<b>Total liabilities</b>	<b>129,666</b>	<b>155,459</b>	<b>150,022</b>	<b>174,556</b>	<b>175,158</b>
Share capital	0	0	0	0	0
Reserves	123,691	137,212	140,175	150,028	163,360
Minority interest	322	220	240	211	173
<b>Shareholders' equity</b>	<b>124,014</b>	<b>137,432</b>	<b>140,415</b>	<b>150,240</b>	<b>163,533</b>
<b>Total equity/liabilities</b>	<b>253,680</b>	<b>292,892</b>	<b>290,438</b>	<b>324,796</b>	<b>338,690</b>

### Key ratios

YE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Sales mix (%)</b>					
Smart phones	62	64	61	60	59
IoT and lifestyle products	27	26	28	28	28
Internet services	10	9	9	9	9
Others	1	2	3	3	3
<b>Growth (%)</b>					
Revenue	19.4	33.5	1.9	13.9	15.6
Gross profit	28.7	58.5	(1.8)	27.3	17.4
Operating profit	104.4	8.3	18.8	21.7	18.0
Adj. Net profit	12.8	69.5	(23.3)	38.8	14.8
<b>Profit &amp; loss ratio (%)</b>					
Gross margin	14.9	17.7	17.1	19.1	19.4
Operating margin	9.8	7.9	9.2	9.9	10.1
Net profit margin	8.3	5.9	0.9	2.6	3.0
<b>Balance sheet ratio</b>					
Net debt/total equity (x)	Net cash	Net cash	Net cash	Net cash	Net cash
Current ratio (x)	1.6	1.6	1.6	1.6	1.6
Receivable turnover days	29	23	24	25	25
Inventory turnover days	6	6	6	7	7
Payable turnover days	3	4	4	4	4
<b>Profitability (%)</b>					
ROE	16.4	14.1	2.1	6.6	8.2
ROA	8.0	6.6	1.0	3.0	3.9
<b>Per share data (RMB)</b>					
Adj. EPS	0.54	0.88	0.68	0.94	1.08
DPS	-	-	-	-	-

Source: Company data, CMBIGM estimates

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