

## Hong Kong

**ADD** (no change)

Consensus ratings\*: Buy 46 Hold 4 Sell 2

Current price:	HK\$14.78
Target price:	HK\$27.50
Previous target:	HK\$27.38
Up/downside:	86.1%
CGS-CIMB / Consensus:	25.2%
Reuters:	1810.HK
Bloomberg:	1810 HK
Market cap:	US\$47,166m
	HK\$369,166m
Average daily turnover:	US\$163.3m
	HK\$1,320m
Current shares o/s:	24,977m
Free float:	58.5%

\*Source: Bloomberg

### Key changes in this note

- FY22F/23F revenue increased by 5.0%/4.9%
- FY22F/23F GPM increased by 0.3%/0.0% pt
- FY22F/23F EPS increased by 2.7%/5.6%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-6.2	-20.7	-42.4
Relative (%)	0.2	-16.2	-20.1

Major shareholders	% held
Lei Jun	29.1
Lin Bin	12.4
Morningside China TMT Fund I and	12.6

### Analyst



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# Xiaomi Corporation

## Stable smartphone shipment growth in FY22

- 4Q21 adjusted net profit grew 40% yoy. FY21 adjusted net profit jumped 70% yoy and formed 103% of our forecast due to strong Internet services margin.
- We expect smartphone shipments to grow 24%/18% yoy in FY22F/23F.
- Reiterate Add, with a higher TP of HK\$27.50, based on 20x FY23F P/E.

### 4Q21 net profit grew 40% yoy on 4% smartphone shipment growth

Xiaomi 4Q21 adjusted net profit (non-IFRS) grew 40% yoy, driven by 21% revenue growth and 1.1% pts GPM expansion. FY21 adjusted net profit jumped 70% yoy, 3%/6% above ours/Bloomberg consensus, due to better-than-expected Internet services margin.

### Smartphone shipments to grow 24%/18% yoy in FY22F/23F

Xiaomi smartphone shipments increased by 30% yoy to 190m units in FY21, outpacing peers, due to robust performance in the EU and LATAM, though at the expense of Huawei's market share. It ranked No.3 in shipments globally, with 14.1% market share (gained 2.3% pts yoy) in FY21. Premium smartphone shipments jumped 140% yoy to 24m units (c.13% of total shipments) and led ASP to increase 6% yoy to Rmb1,100 (US\$170). Smartphone shipments in China grew by 37% yoy to 50.5m units, amidst fierce competition. We estimate smartphone shipments to grow 24%/18% to 225m/255m units in FY22F/23F, driven by deeper penetration in the European market and LATAM with an increase in carrier channels and stable market share in the Indian market. We believe premium smartphones should continue to gain market share in China due to improved offline channels (over 10k stores across China) and innovative features such as super-fast charging, advance display technology and outstanding camera system.

### IoT to maintain 15-20% revenue growth in FY22-24F

IoT products achieved stable revenue growth of 26% in FY21, driven by c.12m smart TV sales (+20% yoy) and strong growth of wearable bands and TWS earbuds. In FY21, connected devices reached 434m units (+34% yoy) and AI Assistant/Hi Home MAU reached 107m/64m (+23%/42% yoy), thanks to innovative new product launches. We estimate IoT revenue to grow c.15-20% p.a. in FY22-24F.

### Internet services to achieve 20%+ revenue growth in FY22F/23F

The Internet services segment continued to see an improvement in FY21, with revenue growing by 19% yoy on the back of a recovery in advertising services and gaming revenue. GPM significantly expanded to 74.1% (+12.4% pts yoy or 9.3% pts to FY19), thanks to strong growth of high-margin advertising services (enhanced tailor-made push advertising) and improved profitability in Fintech and increased premium smartphone users' expenses. We believe Internet services could achieve 20%+ revenue growth in FY22F/23F, underpinned by growth in premium users and overseas revenue.

### Reiterate Add; TP raised to HK\$27.50

Stay Add. Xiaomi should continue to gain global smartphone market share and monetise its MIUI ecosystem. We raise our TP to HK\$27.50 on 3%/6% EPS hikes in FY22F/23F due to better Internet services GPM, still based on 20x FY23F P/E, a 10% premium over its closest China Internet peers. Share price catalysts include robust smartphone shipments and resumption of ARPU growth. Risks: intensifying smartphone competition.

### Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (Rmbm)	245,866	328,309	402,852	470,539	538,095
Net Profit (Rmbm)	20,355	19,339	28,747	32,655	35,966
Normalised EPS (Rmb)	0.54	0.88	0.97	1.15	1.29
Normalised EPS Growth	11.7%	63.1%	9.9%	18.3%	12.1%
FD Normalised P/E (x)	22.71	13.68	12.65	10.70	9.55
Price To Sales (x)	1.17	0.91	0.74	0.64	0.56
DPS (Rmb)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	20.20	11.66	7.82	5.69	3.84
P/FCFE (x)	134.6	NA	4.2	8.2	7.5
Net Gearing	(54.8%)	(35.5%)	(71.4%)	(80.8%)	(88.4%)
P/BV (x)	2.45	2.19	2.35	1.90	1.59
ROE	12.7%	16.9%	18.3%	20.1%	18.5%
% Change In Normalised EPS Estimates			2.65%	5.57%	
Normalised EPS/consensus EPS (x)			1.05	1.06	1.13

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

# Stable smartphone shipment growth in FY22

## 4Q21 results highlights

4Q21 reported adjusted net profit (non-IFRS measures) grew by 40% yoy to Rmb4.47bn, driven by 21% revenue growth and 1.1% pts GPM expansion.

- 4Q21 revenue grew by 21.4% yoy to Rmb85.6bn, driven by three key business segments.
- Smartphone sales increased by 18.4% yoy to Rmb50.5bn, supported by 4% shipment growth (c.44.1m units) and 13.5% ASP growth.
- IoT products revenue increased 19.1% yoy to Rmb25.1bn, driven by robust smart TV performance (shipments jumped 20% yoy to 4.2m units) and strong growth in wearable devices and TWS earbuds.
- Internet services revenue grew by 17.7% to Rmb7.3bn, driven by the advertising (+35% yoy) and gaming (+24% yoy) segments, but partially offset by weaker value-added services (-17% yoy, Fintech, TV Internet and Youpin e-commerce).
- 4Q21 GPM gained 1.1% pts to 17.1%. Smartphone GPM slightly declined 0.3% pt yoy (-2.7% qoq) to 10.1% due to greater promotions during the festive period in China and India. IoT products GPM expanded 1.0% pts yoy (+1.4% qoq) to 13%, thanks to new smart TV model launches and strong sales in high-margin products such as cleaning robots and routers, etc. Internet services GPM expanded by 7.7% pts yoy (+2.5% qoq) to record a high of 76.1%, underpinned by robust high-margin advertising business and improved profitability in the Fintech business.

Figure 1: Results comparison

FYE Dec 31 (Rmb m)	4QFY21	4QFY20	yoy % chg	qoq % chg	4QFY21 Cum	4QFY20 cum	yoy% chg	Prev. FY21F	Comments
Revenue	85,575	70,463	21.4	9.6	328,309	245,866	33.5	323,947	4Q21 revenue rose 21% yoy, driven by smartphones (+18% yoy), IoT (+19% yoy), and internet service (+18% yoy).
Operating costs	(81,657)	(67,788)	20.5	9.8	(305,563)	(233,984)	30.6	(289,775)	
EBITDA	3,918	2,674	46.5	6.9	22,747	11,882	91.4	34,173	
EBITDA margin (%)	4.6	3.8			6.9	4.8		10.5	4Q21 GPM gained 1.1% pts yoy (-1.2% hoh) to 17.1%, driven by smartphone (-0.3% pts), IoT (+1.0% pts) and internet service segment (+7.7% pts).
Deprn & amort.	(379)	(590)	(35.8)	-	(2,143)	(1,708)	25.4	(2,354)	
EBIT	3,539	2,085	69.8	(32.1)	20,604	10,173	102.5	22,375	
Interest expense	(845)	(971)	(13.0)	(33.0)	(2,841)	(3,365)	(15.6)	(880)	
Interest & invt inc	(2,936)	338	(970.0)	1,136.8	(1,753)	270	(748.0)	-	
Fair value changes on investments	3,879	7,042	(44.9)	296.3	8,132	13,173	(38.3)	11,493	
Share of gain/(loss) of investments	247	368	N/M	447.7	275	1,381	(80.1)	355	
Exceptionals	-	-	N/M	N/M	-	-	N/M	-	
<b>Pretax profit</b>	<b>3,884</b>	<b>8,861</b>	<b>(56.2)</b>	<b>117.4</b>	<b>24,417</b>	<b>21,633</b>	<b>12.9</b>	<b>30,939</b>	
Tax	(1,442)	(66)	2,088.0	44.4	(5,134)	(1,321)	288.7	(4,950)	4Q21 taxation rate higher
Tax rate (%)	37.1	0.7			21.0	6.1		16.0	
Minority interests	43.2	18.3	136.4	1,055.3	56.1	42.8	N/M	(38)	
<b>Net profit</b>	<b>2,486</b>	<b>8,813</b>	<b>(71.8)</b>	<b>213.7</b>	<b>19,339</b>	<b>20,355</b>	<b>(5.0)</b>	<b>25,951</b>	4Q21 adjusted net profit (non-IFRS measure) rose 40% yoy (-13% qoq)
<b>Reporting adjusted net profit #</b>	<b>4,473</b>	<b>3,204</b>	<b>39.6</b>	<b>(13.6)</b>	<b>22,040</b>	<b>13,006</b>	<b>69.5</b>	<b>21,353</b>	to Rmb4.47bn
EPS (Rmb cts)	9.97	36.74	(72.9)	213.7	77.58	84.86	(8.6)	102.97	FY21 adjusted net profit (non-IFRS measure) jumped 70% yoy to Rmb22.0bn,
Reporting adjusted EPS # (Rmb cts)	17.94	13.36	34.3	(13.6)	88.41	54.22	63.1	84.73	it formed 103% of our forecasts.

# Reporting adjusted net profit (non-IFRS measure) excluded fair value changes on investments, change of value of financial liabilities to fund investors, share-based compensations, amortisation, and income tax effects

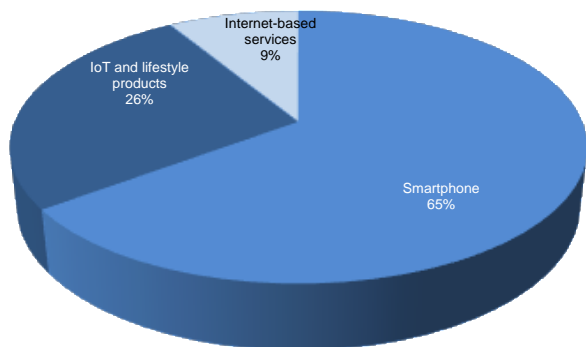
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Operational metrics (FY18 to FY24F)

Operational metrics	Dec 18A	Dec 19A	1Q20	2Q20	3Q20	4Q20	Dec 20A	1Q21	2Q21	3Q21	4Q21	Dec 21A	Dec 22F	Dec 23F	Dec 24F
<b>Revenue breakdown by segment (Rmb m)</b>	<b>174,915</b>	<b>205,839</b>	<b>49,702</b>	<b>53,538</b>	<b>72,163</b>	<b>70,463</b>	<b>245,866</b>	<b>76,882</b>	<b>87,789</b>	<b>78,063</b>	<b>85,575</b>	<b>328,309</b>	<b>402,852</b>	<b>470,539</b>	<b>538,095</b>
- Smartphone	113,800	122,095	30,325	31,628	47,604	42,635	152,191	51,491	59,089	47,825	50,464	208,869	259,303	305,631	349,019
- IoT and lifestyle products	43,817	62,088	12,984	15,253	18,119	21,054	67,411	18,243	20,735	20,936	25,067	84,980	101,373	116,085	132,348
- Internet-based services	15,956	19,842	5,901	5,908	5,772	6,175	23,755	6,571	7,033	7,338	7,269	28,212	34,053	38,263	43,000
- Advertising services	10,100	10,654	2,671	3,100	3,300	3,629	12,700	3,907	4,500	4,800	4,893	18,100	22,625	25,340	28,381
- Gaming	n.a.	3,214	1,519	1,000	800	881	4,200	1,100	900	1,000	1,000	4,000	4,400	4,840	5,324
- Value added services	5,856	5,974	1,711	1,808	1,672	1,665	6,855	1,564	1,633	1,538	1,376	6,112	7,028	8,083	9,295
<b>Gross profit margin by segment (%)</b>	<b>12.7%</b>	<b>13.9%</b>	<b>15.2%</b>	<b>14.4%</b>	<b>14.1%</b>	<b>16.1%</b>	<b>14.9%</b>	<b>18.4%</b>	<b>17.3%</b>	<b>18.3%</b>	<b>17.1%</b>	<b>17.7%</b>	<b>17.6%</b>	<b>17.3%</b>	<b>17.2%</b>
- Smartphone	6.2%	7.2%	8.1%	7.2%	8.4%	10.5%	8.7%	12.9%	11.8%	12.8%	10.1%	11.9%	11.8%	11.6%	11.4%
- IoT and lifestyle products	10.3%	11.2%	13.4%	11.4%	14.2%	12.1%	12.8%	14.5%	13.2%	11.6%	13.0%	13.1%	13.1%	13.1%	13.1%
- Internet-based services (MIUI O/S)	64.4%	64.7%	57.1%	60.3%	60.4%	68.4%	61.6%	72.4%	74.1%	73.6%	76.1%	74.1%	73.5%	74.0%	75.0%
<b>Smartphone unit sales (million units)</b>	<b>118.7</b>	<b>124.6</b>	<b>29.2</b>	<b>28.3</b>	<b>46.6</b>	<b>42.3</b>	<b>146.4</b>	<b>49.4</b>	<b>52.9</b>	<b>43.9</b>	<b>44.1</b>	<b>190.3</b>	<b>225.0</b>	<b>255.0</b>	<b>280.0</b>
- China	52.7	38.4	7.0	7.2	10.5	12.2	36.9	13.6	13.0	11.2	12.7	50.5	55.0	61.0	65.0
- Overseas	66.0	86.2	22.2	21.1	36.1	30.1	109.5	35.8	39.9	32.7	31.4	139.8	170.0	194.0	215.0
- ASP (Rmb/ unit)	959	980	1,039	1,118	1,022	1,009	1,040	1,042	1,117	1,089	1,144	1,098	1,152	1,199	1,246
<b>Internet-based services</b>															
- MAUs (million)	233	310	331	344	368	396	396	425	454	486	509	509	574	627	670
- ARPU (Rmb)	82.5	75.5	73.7	70.1	64.9	64.6	67.3	64.0	64.0	62.5	58.5	62.3	62.9	63.7	66.3
- Connected devices (million units)	151	235	252	271	290	304	325	351	371	395	434	434	476	510	546
<b>Change (yoy %)</b>															
<b>Revenue breakdown by segment (Rmb m)</b>	<b>53%</b>	<b>18%</b>	<b>14%</b>	<b>3%</b>	<b>34%</b>	<b>25%</b>	<b>19%</b>	<b>30%</b>	<b>19%</b>	<b>64%</b>	<b>60%</b>	<b>34%</b>	<b>23%</b>	<b>17%</b>	<b>14%</b>
- Smartphone	41%	7%	12%	-1%	48%	38%	25%	70%	87%	0%	18%	37%	24%	18%	14%
- IoT and lifestyle products	87%	42%	8%	2%	16%	8%	9%	41%	36%	16%	19%	26%	19%	15%	14%
- Internet-based services	61%	24%	39%	29%	9%	8%	20%	11%	19%	27%	18%	19%	21%	12%	12%
- Advertising services	80%	5%	17%	19%	14%	21%	19%	46%	45%	45%	35%	43%	25%	12%	12%
- Gaming	n.a.	n.a.	81%	48%	-3%	1%	31%	-28%	-10%	25%	13%	-5%	10%	10%	10%
- Value added services	37%	2%	52%	39%	5%	-9%	15%	-9%	-10%	-8%	-17%	-11%	15%	15%	15%
<b>Gross profit margin by segment (% pts)</b>	<b>-0.5%</b>	<b>1.2%</b>	<b>3.3%</b>	<b>0.4%</b>	<b>0.2%</b>	<b>2.2%</b>	<b>1.1%</b>	<b>3.2%</b>	<b>2.9%</b>	<b>4.2%</b>	<b>1.1%</b>	<b>2.8%</b>	<b>-0.1%</b>	<b>-0.3%</b>	<b>-0.1%</b>
- Smartphone	-2.6%	1.0%	4.8%	-0.8%	0.6%	3.3%	1.5%	4.8%	4.6%	4.4%	-0.3%	3.2%	-0.1%	-0.2%	-0.2%
- IoT and lifestyle products	2.0%	0.9%	1.4%	0.2%	4.8%	0.9%	1.6%	1.1%	1.8%	-2.7%	1.0%	0.3%	0.0%	0.0%	0.0%
- Internet-based services (MIUI O/S)	4.1%	0.4%	-10.3%	-5.4%	-3.2%	3.7%	-3.1%	15.2%	13.9%	13.1%	7.7%	12.4%	-0.6%	0.5%	1.0%
<b>Smartphone unit sales (million units)</b>	<b>30%</b>	<b>5%</b>	<b>5%</b>	<b>-12%</b>	<b>45%</b>	<b>30%</b>	<b>17%</b>	<b>69%</b>	<b>87%</b>	<b>-6%</b>	<b>4%</b>	<b>30%</b>	<b>18%</b>	<b>13%</b>	<b>10%</b>
- China (million units)	-10%	-27%	-34%	-38%	22%	58%	-4%	94%	81%	7%	4%	37%	9%	11%	7%
- Overseas (million units)	99%	31%	28%	3%	54%	21%	27%	61%	89%	-9%	4%	28%	22%	14%	11%
- ASP (Rmb)	9%	2%	7%	12%	2%	7%	6%	0%	0%	7%	13%	6%	5%	4%	4%
<b>Internet-based services</b>															
- MAUs (million)	37%	33%	27%	23%	26%	28%	28%	29%	32%	32%	28%	28%	13%	9%	7%
- ARPU (Rmb)	27%	-8%	9%	3%	-13%	-15%	-11%	-13%	-9%	-4%	-10%	-7%	1%	1%	4%

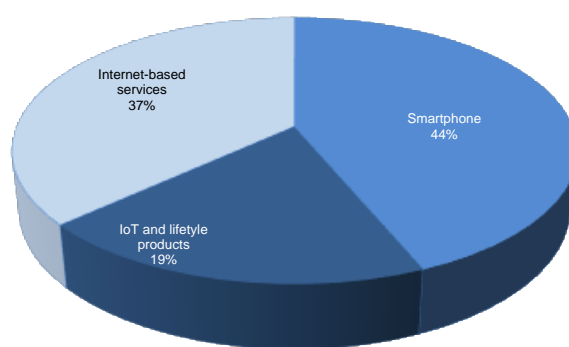
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Revenue breakdown by business segment (FY21)



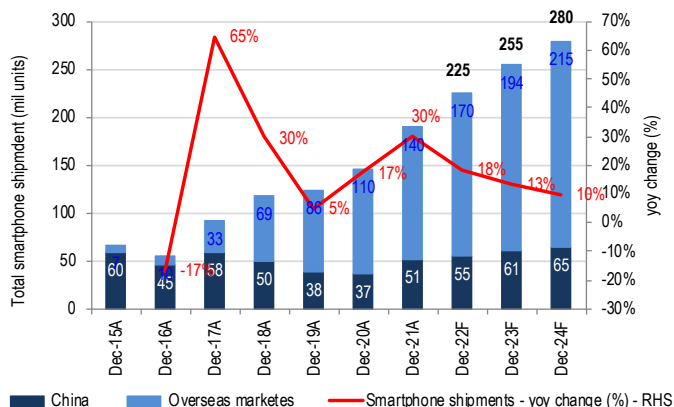
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Gross profit breakdown by business segment (FY21)



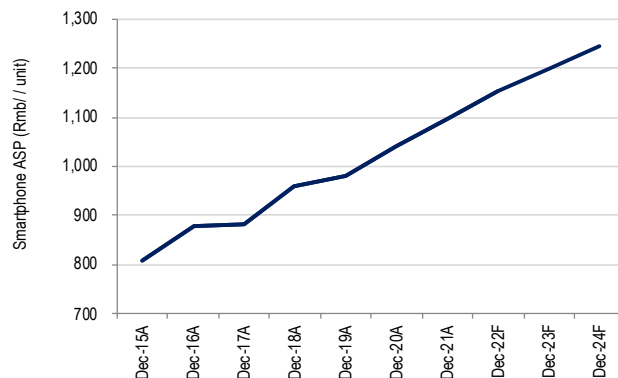
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 5: Xiaomi smartphone sales volume (FY15-24F), based on our estimates**



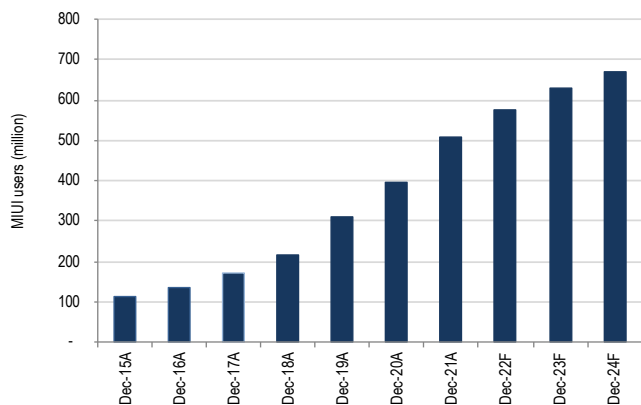
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 6: Xiaomi's smartphone ASP (FY15-FY24F), based on CGS-CIMB estimates**



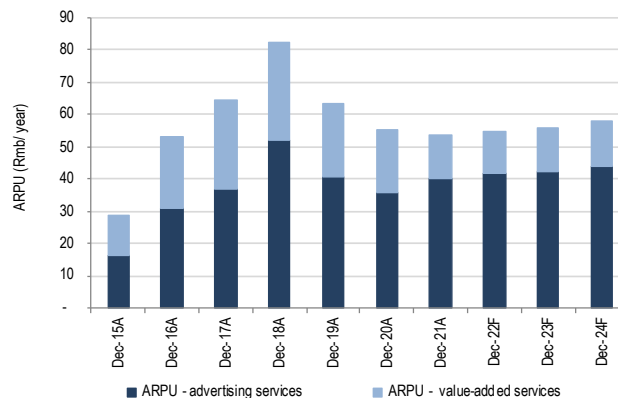
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 7: Total number of MIUI users (FY15-FY24F), CGS-CIMB estimates**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 8: Xiaomi's Internet-based services ARPU (FY15-22F), CGS-CIMB estimates**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 9: Earnings revisions**








FYE 31 Dec (Rmb m)	Dec-21A	Dec-22F			Dec-23F			Dec-24F		
		Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	328,309	383,771	402,852	5.0%	448,400	470,539	4.9%	n.a.	538,095	n.a.
Gross profit	58,261	66,319	70,889	6.9%	77,582	81,559	5.1%	n.a.	92,744	n.a.
Gross profit margin	17.7%	17.3%	17.6%	0.3% pts	17.3%	17.3%	0.0% pts	n.a.	17.2%	n.a.
EBITDA	19,764	23,219	27,165	5.1%	27,120	30,766	13.4%	n.a.	34,985	n.a.
EBITDA margin	6.0%	6.1%	6.7%	0.7% pts	6.0%	6.5%	0.5% pts	n.a.	6.5%	n.a.
Net profit	19,339	28,627	28,747	0.4%	32,507	32,655	0.5%	n.a.	35,966	n.a.
Reporting adjusted net profit	22,040	23,633	24,260	2.7%	27,194	28,708	5.6%	n.a.	32,170	n.a.
EPS (Rmb)	0.78	1.15	1.15	0.4%	1.30	1.31	0.5%	n.a.	1.44	n.a.
Reporting adjusted EPS (Rmb)	0.49	0.92	0.95	2.7%	1.06	1.12	5.6%	n.a.	1.26	n.a.

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

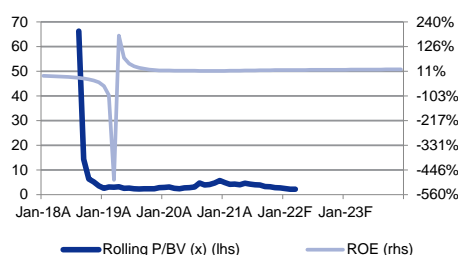
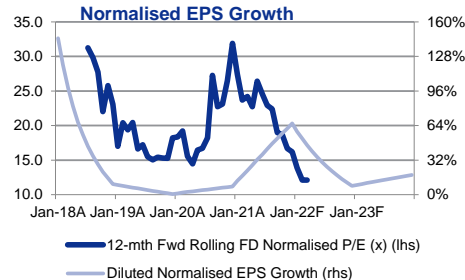
**Figure 10: Peers comparison**

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	P/E (x)		P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)		
						CY2021F	CY2022F	CY23F	CY2021F	CY2022F	CY2021F	CY2022F	CY2021F	CY2022F	CY2021F	CY2022F
<b>China Internet giants (ATMXJ) - HKEX-listed</b>																
Alibaba	9988 HK	Not Rated	117.6	N/A	312,819	27.1	15.3	13.7	4.3	1.9	17.6%	11.0%	9.0	10.9	N/A	0.0%
Tencent	700 HK	Not Rated	389.0	N/A	478,154	23.3	20.9	17.3	3.5	3.0	17.6%	15.1%	15.7	14.7	0.5%	0.5%
JD.com Inc	9618 HK	Not Rated	252.0	N/A	100,858	N/A	27.1	17.7	3.3	2.5	-1.8%	7.0%	27.1	24.4	N/A	0.0%
Meituan	3690 HK	Not Rated	156.2	N/A	122,328	N/A	N/A	74.9	7.0	7.6	-22.3%	-11.1%	N/A	1,173.3	N/A	0.0%
<b>Xiaomi</b>	<b>1810 HK</b>	<b>Add</b>	<b>14.78</b>	<b>27.50</b>	<b>47,166</b>	<b>13.9</b>	<b>12.0</b>	<b>10.2</b>	<b>2.2</b>	<b>2.3</b>	<b>16.2%</b>	<b>18.8%</b>	<b>11.8</b>	<b>7.8</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Average</b>						<b>21.4</b>	<b>18.8</b>	<b>26.8</b>	<b>4.1</b>	<b>3.5</b>	<b>5.5%</b>	<b>8.2%</b>	<b>15.9</b>	<b>246.2</b>	<b>0.3%</b>	<b>0.1%</b>
<b>China Internet company - others</b>																
Baidu	BIDU US	Not Rated	154.6	N/A	53,806	32.5	18.7	14.8	1.6	1.5	5.2%	6.2%	10.4	9.5	N/A	0.0%
China Literature	772 HK	Not Rated	33.90	N/A	4,431	22.0	18.1	15.0	2.4	1.5	11.4%	8.3%	8.4	12.3	N/A	0.0%
Momo	MOMO US	Not Rated	7.53	N/A	1,483	5.0	4.5	3.9	0.6	0.6	11.6%	13.9%	2.3	2.1	N/A	0.0%
NetEase	9999 HK	Not Rated	151.3	N/A	63,601	25.6	16.1	13.7	4.5	3.6	19.0%	18.0%	16.9	14.7	1.2%	1.3%
Weibo	WB US	Not Rated	27.16	N/A	6,541	16.7	9.7	8.7	2.0	1.4	13.4%	14.9%	6.6	7.6	N/A	0.0%
YY	YY US	Not Rated	43.51	N/A	2,494	N/A	19.4	13.5	0.6	0.7	-2.0%	2.3%	N/A	N/A	N/A	4.4%
<b>Average</b>						<b>20.4</b>	<b>14.4</b>	<b>11.6</b>	<b>2.0</b>	<b>1.5</b>	<b>9.8%</b>	<b>10.6%</b>	<b>8.9</b>	<b>9.2</b>	<b>1.2%</b>	<b>0.9%</b>
<b>US Internet giants</b>																
Apple	AAPL US	Not Rated	168.8	N/A	2,755,048	26.2	27.4	25.7	38.3	36.6	147.4%	138.1%	23.4	21.3	0.6%	0.6%
Facebook	FB US	Not Rated	216.7	N/A	589,709	24.4	17.5	15.0	7.4	3.8	31.1%	26.1%	8.5	9.1	N/A	0.0%
Netflix	NFLX US	Not Rated	382.9	N/A	170,002	56.4	34.8	26.7	16.9	8.6	36.1%	28.7%	26.4	24.5	N/A	0.0%
Alphabet	GOOG US	Not Rated	2,797.4	N/A	1,851,569	25.8	24.1	20.6	7.6	6.1	32.1%	26.6%	16.2	14.1	N/A	0.0%
Amazon	AMZN US	Not Rated	3,297.8	N/A	1,678,057	51.5	67.4	45.2	12.3	9.5	28.8%	17.6%	23.0	19.7	N/A	0.0%
<b>Average</b>						<b>36.9</b>	<b>34.2</b>	<b>26.6</b>	<b>16.5</b>	<b>12.9</b>	<b>55.1%</b>	<b>47.4%</b>	<b>19.5</b>	<b>17.8</b>	<b>0.6%</b>	<b>0.1%</b>

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG (PRICE AS AT 23 MAR 2022)

Refinitiv ESG Scores	
	
     	
<h2>ESG in a nutshell</h2> <p>In 2020, Xiaomi joined the United Nations Global Compact (UNGC) and incorporated the UNGC's 10 principles governing human rights, labour, environment, anti-corruption, and more into its corporate operations and strategies for sustainable development. The UNGC gives the company a clear vision on sustainability, towards the creation of a better world through corporate action. Also, the UNGC is a firm supporter of the Sustainable Development Goals (SDGs) adopted by the United Nations.</p> <p>In our view, Xiaomi is not involved in any environmentally-detrimental industry practices and takes efforts to minimise the environmental impact of its operations.</p>	
<h3>Keep your eye on</h3> <p>Xiaomi actively supports the SDGs.</p>	<h3>Implications</h3> <p>Xiaomi prioritises the specific targets of the SDGs according to the unique characteristics of its business and the industry's value chain. Xiaomi focuses on the core areas of "products, users, environment and society" when it implements a wide range of initiatives to fulfil the SDGs and its corporate responsibility.</p>
<h3>ESG highlights</h3> <p>Xiaomi has established an ESG governance structure for all levels of the company including the Board of Directors, senior management and ESG execution team.</p>	<h3>Implications</h3> <p>Xiaomi performs appropriate ESG risk assessment and proactively improves its business operations accordingly. It promotes its ESG framework to all stakeholders, including upstream and downstream business partners, to secure long-term sustainability. Xiaomi also integrates sustainability concepts into its products to increase awareness among its customers, and upstream and downstream business partners to further build sustainability into its brand.</p>
<h3>Trends</h3> <p>In FY20, the company's energy and water consumption increased; its total emissions and waste produced also increased.</p>	<h3>Implications</h3> <p>Xiaomi's total energy consumption (direct and indirect) rose 42% yoy to 48,608MWh in FY20. Total energy consumption in office per employee (MWh per employee) increased from 1.61 in FY19 to 2.22 in FY20.</p> <p>Total water consumption rose 109% yoy to 303,133 tonnes in FY20. Total water consumption per employee (tonnes per employee) increased from 9.38 in FY19 to 15.8 in FY20.</p> <p>Total greenhouse gas (GHG) emissions (direct and indirect) increased 38% yoy to 31,347 tonnes in FY20. Total GHG emissions intensity (tonnes per sq m) increased from 0.042 in FY19 to 0.061 in FY20.</p> <p>Total hazardous waste produced decreased 63% yoy to 0.37 tonnes in FY20. Total hazardous waste per employee (tonnes per employee) increased from 0.000066 in FY19 to 0.019 in FY20.</p> <p>Total non-hazardous waste produced increased 200% yoy to 4,661 tonnes in FY20. Total non-hazardous waste per employee (tonnes per employee) increased from 0.07 in FY19 to 0.24 in FY20.</p>

SOURCES: CGS-CIMB RESEARCH, REFINITIV

**BY THE NUMBERS**
**P/BV vs ROE**

**12-mth Fwd FD Normalised P/E vs FD Normalised EPS Growth**

**Profit & Loss**

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>Total Net Revenues</b>	<b>245,866</b>	<b>328,309</b>	<b>402,852</b>	<b>470,539</b>	<b>538,095</b>
<b>Gross Profit</b>	<b>36,752</b>	<b>58,261</b>	<b>70,889</b>	<b>81,559</b>	<b>92,744</b>
<b>Operating EBITDA</b>	<b>10,918</b>	<b>21,517</b>	<b>26,713</b>	<b>30,366</b>	<b>34,632</b>
Depreciation And Amortisation	(1,708)	(2,143)	(2,730)	(3,123)	(3,464)
<b>Operating EBIT</b>	<b>9,210</b>	<b>19,374</b>	<b>23,983</b>	<b>27,243</b>	<b>31,167</b>
Financial Income/(Expense)	(2,401)	(1,612)	167	1,353	2,069
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	7,476	9,355	5,007	5,868	5,620
<b>Profit Before Tax (pre-EI)</b>	<b>14,284</b>	<b>27,117</b>	<b>29,157</b>	<b>34,463</b>	<b>38,856</b>
Exceptional Items	7,349	(2,700)	4,488	3,947	3,796
<b>Pre-tax Profit</b>	<b>21,633</b>	<b>24,417</b>	<b>33,645</b>	<b>38,410</b>	<b>42,652</b>
Taxation	(1,321)	(5,134)	(4,920)	(5,799)	(6,718)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>20,313</b>	<b>19,283</b>	<b>28,724</b>	<b>32,611</b>	<b>35,934</b>
Minority Interests	43	56	23	44	32
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
<b>Net Profit</b>	<b>20,355</b>	<b>19,339</b>	<b>28,747</b>	<b>32,655</b>	<b>35,966</b>
Normalised Net Profit	12,964	21,983	24,237	28,664	32,138
<b>Fully Diluted Normalised Profit</b>	<b>13,006</b>	<b>22,039</b>	<b>24,260</b>	<b>28,708</b>	<b>32,170</b>

**Cash Flow**

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>EBITDA</b>	<b>10,918</b>	<b>21,517</b>	<b>26,713</b>	<b>30,366</b>	<b>34,632</b>
Cash Flow from Inv. & Assoc.	0	0	0	0	0
Change In Working Capital	4,089	(9,363)	47,866	8,262	8,117
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(6)	0	0	0	0
Other Operating Cashflow	11,232	4,377	9,328	8,462	7,346
Net Interest (Paid)/Received	(2,401)	(1,612)	167	1,353	2,069
Tax Paid	(1,953)	(5,134)	(4,920)	(5,799)	(6,718)
<b>Cashflow From Operations</b>	<b>21,879</b>	<b>9,785</b>	<b>79,153</b>	<b>42,644</b>	<b>45,446</b>
Capex	(3,089)	(3,800)	(4,000)	(4,200)	(4,200)
Disposals Of FAs/subsidiaries	0	0	0	0	0
Acq. Of Subsidiaries/investments	(5,000)	(3,500)	(3,500)	(3,500)	(3,500)
Other Investing Cashflow	(9,590)	(37,708)	1,186	2,389	3,117
<b>Cash Flow From Investing</b>	<b>(17,679)</b>	<b>(45,008)</b>	<b>(6,314)</b>	<b>(5,311)</b>	<b>(4,583)</b>
Debt Raised/(repaid)	(2,004)	0	0	0	0
Proceeds From Issue Of Shares	25,709	0	0	0	0
Shares Repurchased	(455)	0	0	0	0
Dividends Paid	0	0	0	0	0
Preferred Dividends					
Other Financing Cashflow	2,711	(2,841)	(1,020)	(1,036)	(1,048)
<b>Cash Flow From Financing</b>	<b>25,961</b>	<b>(2,841)</b>	<b>(1,020)</b>	<b>(1,036)</b>	<b>(1,048)</b>
Total Cash Generated	30,161	(38,064)	71,820	36,297	39,815
<b>Free Cashflow To Equity</b>	<b>2,195</b>	<b>(35,223)</b>	<b>72,839</b>	<b>37,333</b>	<b>40,863</b>
<b>Free Cashflow To Firm</b>	<b>7,565</b>	<b>(32,381)</b>	<b>73,859</b>	<b>38,369</b>	<b>41,912</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



**BY THE NUMBERS... cont'd**
**Balance Sheet**

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	85,585	75,068	119,443	155,864	195,787
Total Debtors	35,262	42,946	32,943	38,478	44,003
Inventories	41,671	52,398	61,845	72,467	82,969
Total Other Current Assets	23,374	31,635	33,631	35,209	36,626
<b>Total Current Assets</b>	<b>185,892</b>	<b>202,047</b>	<b>247,863</b>	<b>302,019</b>	<b>359,385</b>
Fixed Assets	6,306	6,965	10,715	12,609	14,161
Total Investments	47,997	60,344	62,094	63,844	65,594
Intangible Assets	4,266	5,579	5,579	5,579	5,579
Total Other Non-Current Assets	9,220	17,957	17,957	17,957	17,957
<b>Total Non-current Assets</b>	<b>67,788</b>	<b>90,845</b>	<b>96,346</b>	<b>99,989</b>	<b>103,292</b>
Short-term Debt	6,962	5,527	7,359	7,482	7,590
Current Portion of Long-Term Debt					
Total Creditors	85,819	94,868	142,178	166,597	190,740
Other Current Liabilities	15,146	15,333	22,751	22,374	23,927
<b>Total Current Liabilities</b>	<b>107,927</b>	<b>115,727</b>	<b>172,287</b>	<b>196,453</b>	<b>222,257</b>
Total Long-term Debt	10,635	20,720	20,720	20,720	20,720
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	10,001	16,914	20,754	24,241	27,721
<b>Total Non-current Liabilities</b>	<b>20,636</b>	<b>37,633</b>	<b>41,474</b>	<b>44,961</b>	<b>48,441</b>
Total Provisions	1,103	2,098	2,398	2,511	2,615
<b>Total Liabilities</b>	<b>129,666</b>	<b>155,459</b>	<b>216,159</b>	<b>243,925</b>	<b>273,313</b>
Shareholders' Equity	123,692	137,213	127,830	157,864	189,143
Minority Interests	322	220	220	220	220
<b>Total Equity</b>	<b>124,014</b>	<b>137,432</b>	<b>128,050</b>	<b>158,084</b>	<b>189,363</b>

**Key Ratios**

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	19.4%	33.5%	22.7%	16.8%	14.4%
Operating EBITDA Growth	21.8%	97.1%	24.1%	13.7%	14.0%
Operating EBITDA Margin	4.44%	6.55%	6.63%	6.45%	6.44%
Net Cash Per Share (Rmb)	2.70	1.95	3.66	5.11	6.71
BVPS (Rmb)	4.91	5.49	5.12	6.32	7.57
Gross Interest Cover	2.74	6.82	23.52	26.30	29.73
Effective Tax Rate	6.1%	21.0%	14.6%	15.1%	15.8%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	12.73	15.65	14.40	11.60	11.75
Inventory Days	64.98	63.57	62.81	63.02	63.87
Accounts Payables Days	115.3	99.2	102.5	114.0	115.5
ROIC (%)	36%	101%	51%	(1207%)	(467%)
ROCE (%)	14.6%	19.5%	18.7%	20.6%	19.6%
Return On Average Assets	7.03%	8.63%	7.56%	7.32%	6.95%

**Key Drivers**

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Smartphone ASP growth (yoy %)	6.1%	5.6%	5.0%	4.0%	4.0%
Smartphone unit sales growth (yoy %)	17.5%	30.0%	18.2%	13.3%	9.8%
MIUI users (million)	396.3	508.9	573.9	627.4	670.5
ARPU (Rmb)	67.3	62.3	62.9	63.7	66.3

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



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<b>Description:</b>	Excellent	Very Good	Good	N/A	N/A

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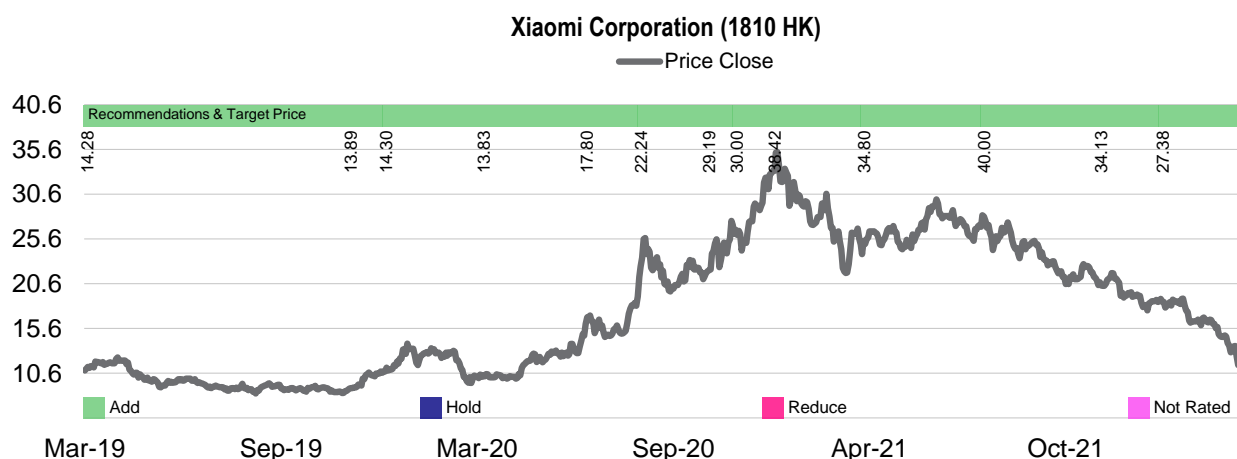
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619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	0.0%
Reduce	7.1%	0.0%

Spitzer Chart for stock being researched ( 2 year data )



**Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021**

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENDEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** – Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** – Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, n/a, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** – Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TOP** – Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

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Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.
<i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i>	
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Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.
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