

## Hong Kong

**ADD** (no change)

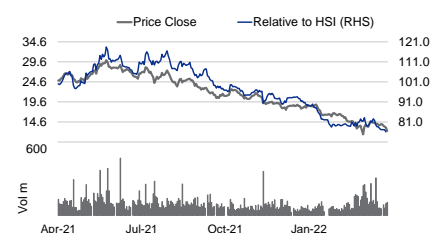
Consensus ratings\*: Buy 45 Hold 5 Sell 2

Current price:	HK\$12.36
Target price:	HK\$27.00
Previous target:	HK\$27.50
Up/downside:	118.4%
CGS-CIMB / Consensus:	28.6%
Reuters:	1810.HK
Bloomberg:	1810 HK
Market cap:	US\$39,388m
	HK\$308,758m
Average daily turnover:	US\$182.9m
	HK\$1,429m
Current shares o/s:	24,977m
Free float:	58.5%

\*Source: Bloomberg

### Key changes in this note

- FY22-24F revenue decreased by 0.1%-2.1%.
- FY 22-24F GPM decreased by 0.1%-0.4% pt.
- FY22-24F EPS decreased by 2.3%-6.6%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-9.5	-31.9	-51.9
Relative (%)	-15.9	-24	-28.1

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

### Analyst


**Ray KWOK**

T (852) 2532 1113

E ray.kwok@cgs-cimb.com

# Xiaomi Corporation

## Smartphone shipment to stay solid in FY22F

- Xiaomi is confident to achieve 10%+ smartphone shipment growth in FY22F, driven by Southeast Asia, the EU and LATAM markets, premium segment.
- Internet services to achieve 20%+ yoy revenue growth and maintain 70%+ GPM in FY22F, driven by advertising business and growing premium users.
- Reiterate Add on Xiaomi due to stable global smartphone market share gain.

### Xiaomi's key takeaways from Tech and EV Corporate Day meetings

Xiaomi Corporation attended CGS-CIMB Tech & EV Virtual Conference on 7-8 Apr and met over 60 investors. Investors' concerns included rising smartphone competition from other Chinese brands and potential margin pressure in both smartphone and Internet services. Investors were also interested in Xiaomi's strategy in the premium smartphone segment and surging spending on EV development. Management remained confident on 10%+ smartphone shipment growth in FY22F and a sustainable GPM of over 70% in Internet services segment; it also promised to keep its EV spending within its original budget of not more than US\$1bn p.a.

### Xiaomi to achieve over 10% smartphone shipment growth in FY22F

Management believes c.210m smartphone shipment in FY22F is achievable, driven by Southeast Asia and the EU and LATAM markets, overseas premium segment growth and improving chips supply. Management expects weak smartphone growth in 1Q22F due to the Omicron outbreak in China and sustained chip shortages. However, it foresees sequential qoq shipment improvement due to easing chip shortages and new model launches in 2H22F. Xiaomi continues its premium strategy (premium segment accounted for 13% of total shipment in FY21) with increase in R&D investment for innovative new product launches, such as the Mi12-series and K50 gaming phone. Management believes the premium segment would lead smartphone ASP growth and protect GPM, as well as help ARPU growth in the Internet services segment, as premium users spend more screen time and money on pre-installed apps. Management revealed smartphone GPM could fall slightly to 10-12% in FY22F (c.13% in FY21) on higher marketing and promotion expenses.

### Internet services GPM to rise above 70%+ on premium user growth

Management expect Internet services to achieve 20%+ yoy revenue growth (+19% in FY21) and maintain GPM at above 70% in FY22F (c.74% in FY21), driven by its high-margin advertising business and fast-growing premium user base. It believes overseas revenue will continue to grow strongly (over 20% in 4Q21) on better monetisation of overseas MIUI users. Xiaomi will be very disciplined in its EV spending, at Rmb3.5bn-4.5bn p.a., mainly for R&D investment. Xiaomi plans to launch its first EV in 2024F.

### Reiterate Add: TP slightly lower at HK\$27.00

We cut FY22F EPS by 6.6% as we lower smartphone shipment forecast to 218m units (previously 225m units) on weaker smartphone sales in China in 1H22F. Reiterate Add as we believe Xiaomi will continue to gain global smartphone market share and increase monetisation of its overseas MIUI users. We lower our TP to HK\$27.00 on a c.2% EPS cut in FY23-24F, still based on 20x P/E, a 10% premium over its closest China Internet peer. Share price catalysts: solid smartphone shipment growth and resumption of ARPU growth in Internet services segment. Risks: Intensifying smartphone competition.

### Financial Summary

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue (Rmbm)	245,866	328,309	394,385	469,899	537,181
Net Profit (Rmbm)	20,355	19,339	27,150	32,138	35,238
Normalised EPS (Rmb)	0.54	0.88	0.91	1.13	1.26
Normalised EPS Growth	11.7%	63.1%	2.6%	24.4%	11.5%
FD Normalised P/E (x)	18.97	11.42	11.31	9.10	8.16
Price To Sales (x)	0.98	0.76	0.64	0.53	0.47
DPS (Rmb)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	15.85	9.37	6.62	4.19	2.53
P/FCFE (x)	112.4	NA	3.6	6.5	6.0
Net Gearing	(54.8%)	(35.5%)	(70.3%)	(79.5%)	(87.5%)
P/BV (x)	2.04	1.83	1.98	1.59	1.33
ROE	12.7%	16.9%	17.2%	19.8%	18.2%
% Change In Normalised EPS Estimates			(6.59%)	(1.80%)	(2.26%)
Normalised EPS/consensus EPS (x)			1.03	1.10	1.06

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

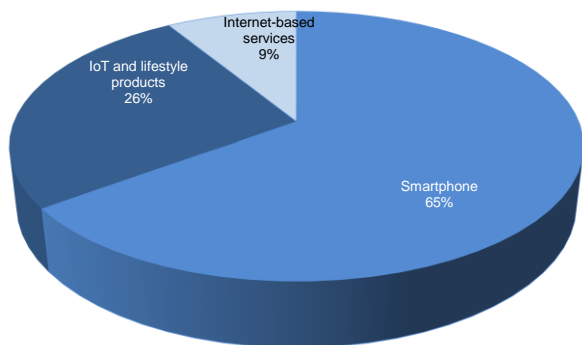
# Smartphone shipment to stay solid in FY22F

Figure 1: 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>Dec 18A</b>	<b>Dec 19A</b>	<b>1Q20</b>	<b>2Q20</b>	<b>3Q20</b>	<b>4Q20</b>	<b>Dec 20A</b>	<b>1Q21</b>	<b>2Q21</b>	<b>3Q21</b>	<b>4Q21</b>	<b>Dec 21A</b>	<b>Dec 22F</b>	<b>Dec 23F</b>	<b>Dec 24F</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%

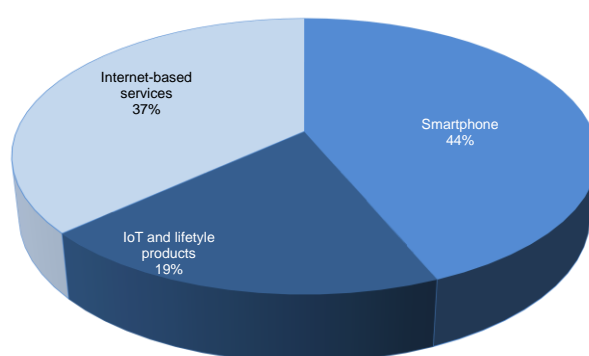
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Revenue breakdown by business segment (FY21)



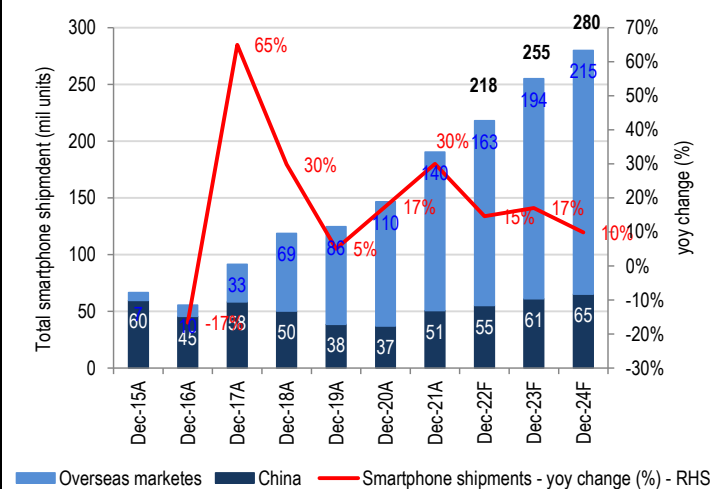
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Gross profit breakdown by business segment (FY21)



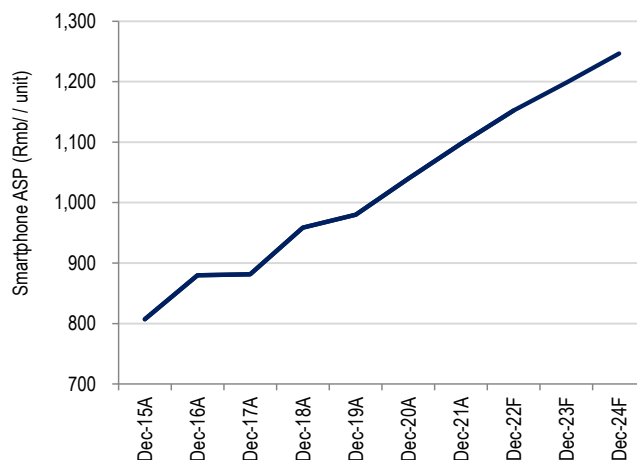
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: Estimated Xiaomi smartphone sales volume (FY15-24F). We lower our FY22F shipment forecast from 225m units to 218m units.**



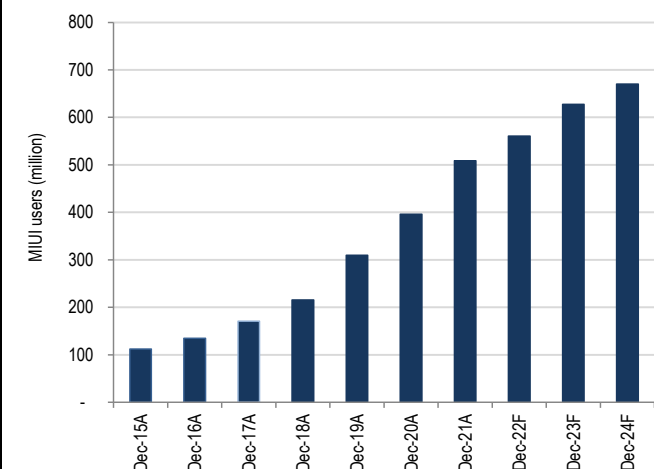
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 5: Xiaomi's smartphone ASP (FY15-FY22F), based on CGS-CIMB estimates**



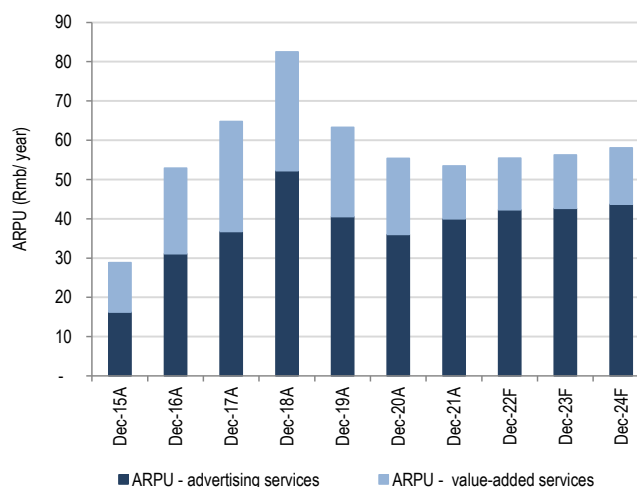
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 6: Total number of MIUI users (FY15-FY24F), CGS-CIMB estimates**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 7: Xiaomi's Internet-based services ARPU (FY15-24F), CGS-CIMB estimates**



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 8: Earnings revision**








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	402,852	394,385	-2.1%	470,539	469,899	-0.1%	538,095	537,181	-0.2%
Gross profit	58,261	70,889	67,633	-4.6%	81,559	81,085	-0.6%	92,744	92,058	-0.7%
Gross profit margin	17.7%	17.6%	17.1%	-0.4% pts	17.3%	17.3%	-0.1% pts	17.2%	17.1%	-0.1% pts
EBITDA	19,764	27,165	24,872	5.1%	30,766	30,349	-1.4%	34,985	34,386	-1.7%
EBITDA margin	6.0%	6.7%	6.3%	-0.4% pts	6.5%	6.5%	-0.1% pts	6.5%	6.4%	-0.1% pts
Net profit	19,339	28,747	27,150	-5.6%	32,655	32,138	-1.6%	35,966	35,238	-2.0%
Reporting adjusted net profit	22,040	24,260	22,662	-6.6%	28,708	28,191	-1.8%	32,170	31,443	-2.3%
EPS (Rmb)	0.78	1.15	1.09	-5.6%	1.31	1.29	-1.6%	1.44	1.41	-2.0%
Reporting adjusted EPS (Rmb)	0.49	0.97	0.91	-6.6%	1.15	1.13	-1.8%	1.29	1.26	-2.3%

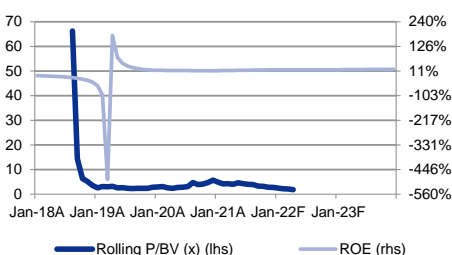
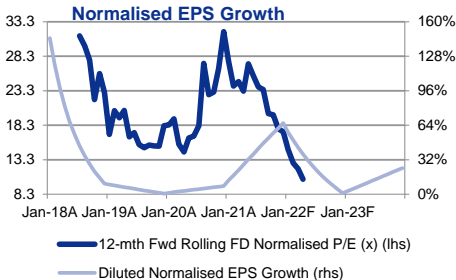
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 9: Peer comparison**

Company	Bloomberg Ticker	Bloomberg Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	P/E (x)			3-year EPS CAGR (%)		P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY2021F	CY2022F	CY2023F	CY2021F	CY2022F	CY2021F	CY2022F	CY2021F	CY2022F	CY2021F	CY2022F	CY2021F	CY2022F
<b>China Internet giants (ATMXJ) - HKEX-listed</b>																		
Alibaba	9988 HK	Not Rated	103.5	N/A	280,661	10.1	14.6	12.7	3.7%	1.8	2.6	19.0%	10.2%	8.9	10.4	0.0%	0.0%	
Tencent	700 HK	Not Rated	353.6	N/A	433,629	21.7	21.4	17.7	9.2%	3.2	2.9	17.4%	15.0%	15.9	14.3	0.6%	0.5%	
JD.com Inc	9618 HK	Not Rated	215.4	N/A	85,682	34.5	28.9	19.6	N/A	N/A	N/A	2.8%	5.7%	31.7	20.4	0.0%	0.0%	
Meituan	3690 HK	Not Rated	147.5	N/A	116,336	N/A	N/A	77.8	N/A	N/A	N/A	-21.1%	-9.6%	N/A	N/A	0.0%	0.0%	
<b>Xiaomi</b>	<b>1810 HK</b>	<b>Add</b>	<b>12.36</b>	<b>27.00</b>	<b>39,388</b>	<b>11.7</b>	<b>10.8</b>	<b>8.7</b>	<b>30.5%</b>	<b>1.8</b>	<b>2.0</b>	<b>16.2%</b>	<b>17.6%</b>	<b>9.5</b>	<b>6.6</b>	<b>0.0%</b>	<b>0.0%</b>	
<b>Average</b>						<b>19.5</b>	<b>18.9</b>	<b>27.3</b>	<b>14.5%</b>	<b>2.3</b>	<b>2.5</b>	<b>6.8%</b>	<b>7.8%</b>	<b>16.5</b>	<b>12.9</b>	<b>0.1%</b>	<b>0.1%</b>	
<b>China Internet company - others</b>																		
Baidu	BIDU US	Not Rated	134.8	N/A	46,566	18.4	17.5	13.4	1.5%	1.3	1.5	6.9%	6.2%	8.0	7.3	0.0%	0.0%	
China Literature	772 HK	Not Rated	31.20	N/A	4,068	N/A	N/A	N/A	70.2%	1.6	1.4	9.2%	7.3%	12.5	12.5	0.0%	0.0%	
Momo	MOMO US	Not Rated	5.76	N/A	1,370	3.8	4.5	3.9	-10.8%	0.5	0.8	12.0%	12.4%	1.5	4.0	9.3%	9.7%	
NetEase	9999 HK	Not Rated	142.4	N/A	60,948	23.2	19.3	16.6	N/A	N/A	N/A	16.9%	17.6%	17.7	14.8	1.2%	1.1%	
Weibo	WB US	Not Rated	24.90	N/A	5,890	8.1	9.0	8.1	14.0%	1.7	1.4	18.2%	14.3%	7.9	6.4	0.0%	0.0%	
YY	YY US	Not Rated	37.72	N/A	2,778	82.2	17.5	13.5	-15.1%	0.4	0.6	-1.5%	2.3%	9.3	3.9	4.4%	5.1%	
<b>Average</b>						<b>29.3</b>	<b>12.6</b>	<b>10.5</b>	<b>14.6%</b>	<b>1.0</b>	<b>1.0</b>	<b>11.0%</b>	<b>10.8%</b>	<b>9.8</b>	<b>8.3</b>	<b>3.0%</b>	<b>3.2%</b>	
<b>US Internet giants</b>																		
Apple	AAPL US	Not Rated	170.1	N/A	2,775,774	30.5	27.7	25.9	22.4%	47.2	37.0	143.7%	142.3%	22.5	20.4	0.5%	0.5%	
Facebook	FB US	Not Rated	222.3	N/A	603,629	14.8	16.1	13.9	12.8%	4.4	4.2	29.0%	25.9%	8.5	9.3	0.0%	0.0%	
Netflix	NFLX US	Not Rated	355.9	N/A	158,108	32.1	31.4	24.7	29.2%	10.7	7.9	36.9%	27.6%	24.7	23.0	0.0%	0.0%	
Alphabet	GOOG US	Not Rated	2,680.2	N/A	1,766,420	23.4	21.5	18.2	34.0%	7.0	6.0	29.8%	27.6%	15.4	13.4	0.0%	0.0%	
Amazon	AMZN US	Not Rated	3,089.2	N/A	1,571,245	53.7	46.9	34.2	22.8%	12.3	9.1	19.7%	17.4%	23.3	19.9	0.0%	0.0%	
<b>Average</b>						<b>30.9</b>	<b>28.7</b>	<b>23.4</b>	<b>24.2%</b>	<b>16.3</b>	<b>12.9</b>	<b>51.8%</b>	<b>48.1%</b>	<b>18.9</b>	<b>17.2</b>	<b>0.1%</b>	<b>0.1%</b>	

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG (PRICE AS AT 11 APRIL 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> <p style="text-align: right;">SOURCES: CGS-CIMB RESEARCH, REFINITIV</p>

**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>394,385</b>	<b>469,899</b>	<b>537,181</b>
<b>Gross Profit</b>	<b>36,752</b>	<b>58,261</b>	<b>67,633</b>	<b>81,085</b>	<b>92,058</b>
<b>Operating EBITDA</b>	<b>10,918</b>	<b>21,517</b>	<b>24,426</b>	<b>29,949</b>	<b>34,034</b>
Depreciation And Amortisation	(1,708)	(2,143)	(2,713)	(3,106)	(3,447)
<b>Operating EBIT</b>	<b>9,210</b>	<b>19,374</b>	<b>21,713</b>	<b>26,843</b>	<b>30,587</b>
Financial Income/(Expense)	(2,401)	(1,612)	(106)	415	944
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	7,476	9,355	5,001	5,868	5,620
<b>Profit Before Tax (pre-EI)</b>	<b>14,284</b>	<b>27,117</b>	<b>26,609</b>	<b>33,126</b>	<b>37,150</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>31,096</b>	<b>37,073</b>	<b>40,945</b>
Taxation	(1,321)	(5,134)	(3,970)	(4,978)	(5,739)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>20,313</b>	<b>19,283</b>	<b>27,127</b>	<b>32,094</b>	<b>35,206</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>27,150</b>	<b>32,138</b>	<b>35,238</b>
Normalised Net Profit	12,964	21,983	22,639	28,147	31,411
<b>Fully Diluted Normalised Profit</b>	<b>13,006</b>	<b>22,039</b>	<b>22,662</b>	<b>28,191</b>	<b>31,443</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>24,426</b>	<b>29,949</b>	<b>34,034</b>
Cash Flow from Inv. & Assoc.	0	0	0	0	0
Change In Working Capital	4,089	(9,363)	47,297	8,843	8,124
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(6)	0	0	0	0
Other Operating Cashflow	11,232	4,377	9,594	9,399	8,472
Net Interest (Paid)/Received	(2,401)	(1,612)	(106)	415	944
Tax Paid	(1,953)	(5,134)	(3,970)	(4,978)	(5,739)
<b>Cashflow From Operations</b>	<b>21,879</b>	<b>9,785</b>	<b>77,242</b>	<b>43,629</b>	<b>45,834</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)	1,424	3,517	4,612
<b>Cash Flow From Investing</b>	<b>(17,679)</b>	<b>(45,008)</b>	<b>(6,076)</b>	<b>(4,183)</b>	<b>(3,088)</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)	(1,529)	(3,102)	(3,668)
<b>Cash Flow From Financing</b>	<b>25,961</b>	<b>(2,841)</b>	<b>(1,529)</b>	<b>(3,102)</b>	<b>(3,668)</b>
Total Cash Generated	30,161	(38,064)	69,636	36,344	39,078
<b>Free Cashflow To Equity</b>	<b>2,195</b>	<b>(35,223)</b>	<b>71,166</b>	<b>39,446</b>	<b>42,746</b>
<b>Free Cashflow To Firm</b>	<b>7,565</b>	<b>(32,381)</b>	<b>72,695</b>	<b>42,548</b>	<b>46,414</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	117,241	153,726	192,910
Total Debtors	35,262	42,946	32,251	38,426	43,928
Inventories	41,671	52,398	60,874	72,436	82,927
Total Other Current Assets	23,374	31,635	33,404	35,190	36,602
<b>Total Current Assets</b>	<b>185,892</b>	<b>202,047</b>	<b>243,771</b>	<b>299,778</b>	<b>356,367</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	7,340	7,481	7,588
Current Portion of Long-Term Debt					
Total Creditors	85,819	94,868	139,946	166,526	190,643
Other Current Liabilities	15,146	15,333	22,615	20,556	22,340
<b>Total Current Liabilities</b>	<b>107,927</b>	<b>115,727</b>	<b>169,900</b>	<b>194,563</b>	<b>220,570</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	20,318	24,208	27,674
<b>Total Non-current Liabilities</b>	<b>20,636</b>	<b>37,633</b>	<b>41,038</b>	<b>44,928</b>	<b>48,394</b>
Total Provisions	1,103	2,098	2,350	2,477	2,580
<b>Total Liabilities</b>	<b>129,666</b>	<b>155,459</b>	<b>213,288</b>	<b>241,967</b>	<b>271,544</b>
Shareholders' Equity	123,692	137,213	126,610	157,580	187,894
Minority Interests	322	220	220	220	220
<b>Total Equity</b>	<b>124,014</b>	<b>137,432</b>	<b>126,829</b>	<b>157,800</b>	<b>188,114</b>

**Key Ratios**

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	19.4%	33.5%	20.1%	19.1%	14.3%
Operating EBITDA Growth	21.8%	97.1%	13.5%	22.6%	13.6%
Operating EBITDA Margin	4.44%	6.55%	6.19%	6.37%	6.34%
Net Cash Per Share (Rmb)	2.70	1.95	3.57	5.03	6.59
BVPS (Rmb)	4.91	5.49	5.07	6.31	7.52
Gross Interest Cover	2.74	6.82	14.20	8.65	8.34
Effective Tax Rate	6.1%	21.0%	12.8%	13.4%	14.0%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	12.73	15.65	14.57	11.50	11.75
Inventory Days	64.98	63.57	63.27	62.57	63.87
Accounts Payables Days	115.3	99.2	103.2	113.2	115.5
ROIC (%)	36%	101%	46%	(1509%)	(626%)
ROCE (%)	14.6%	19.5%	17.5%	21.1%	20.1%
Return On Average Assets	7.03%	8.63%	7.19%	7.50%	7.09%

**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%	14.6%	17.0%	9.8%
MIUI users (million)	396.3	508.9	560.8	627.4	670.4
ARPU (Rmb)	67.3	62.3	62.9	63.3	64.9

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
<b>Description:</b>	Excellent	Very Good	Good	N/A	N/A

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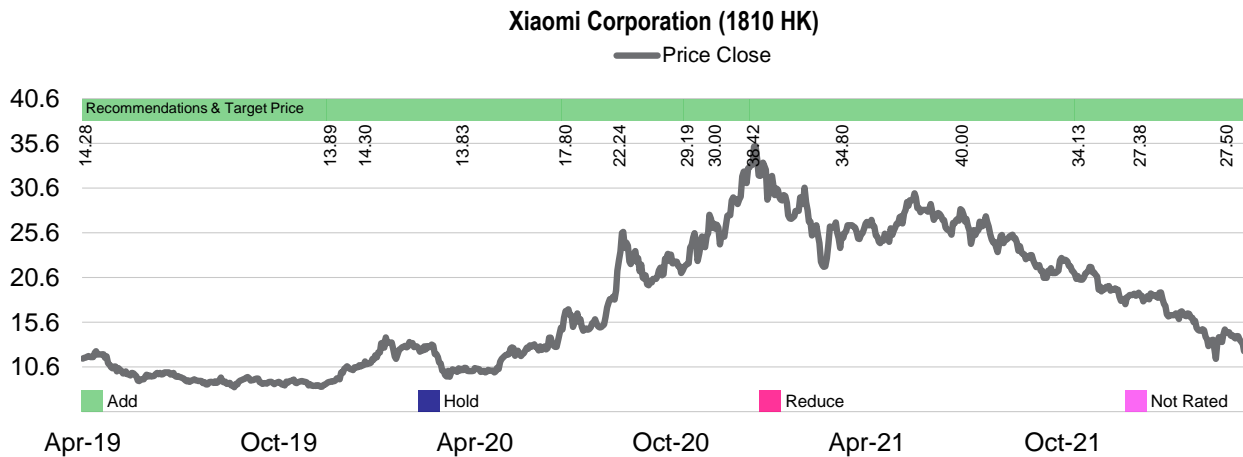
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	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.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

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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>	
<b>Sector Ratings</b>	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
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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Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

