

NIU Technologies

Bloomberg: NIU US Equity | Reuters: NIU.O

Refer to important disclosures at the end of this report

DBS Group Research . Equity

1 June 2022

BUY (Initiating Coverage)

Last Traded Price (27 May 2022):US\$7.73 (NASDAQ : 12,131)

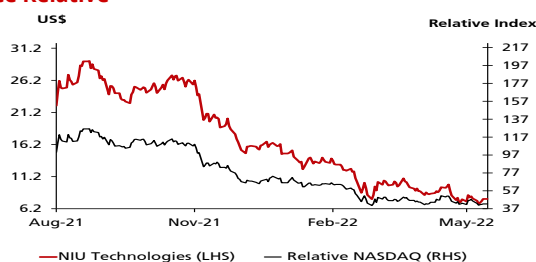
Price Target 12-mth:US\$14.0 (81.1% upside)

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Price Relative



Forecasts and Valuation

FY Dec (RMBm)	2020A	2021A	2022F	2023F
Turnover	2,444	3,705	4,429	6,918
EBITDA	237	369	382	610
Pre-tax Profit	190	273	327	537
Net Profit	169	226	278	457
Net Pft (Pre Ex)(core)	169	226	278	457
Net Profit Gth (Pre-ex)	(11.3)	33.9	23.1	64.2
EPS (RMB) (DR)	2.21	2.94	3.62	5.94
EPS (US\$) (DR)	0.33	0.44	0.54	0.89
Core EPS (RMB) (DR)	2.21	2.94	3.62	5.94
Core EPS (US\$) (DR)	0.33	0.44	0.54	0.89
EPS Gth (%)	(13.0)	32.7	23.1	64.2
Core EPS Gth (%)	(13.0)	32.7	23.1	64.2
PE (X)	23.4	17.6	14.3	8.7
EV/EBITDA (X)	13.3	8.6	7.5	3.8
P/Book Value (X)	4.0	3.1	2.5	1.9
Net Debt/Equity (X)	(0.8)	(0.6)	(0.7)	(0.8)
ROAE (%)	18.9	20.0	19.6	25.2

Earnings Rev (%): New
 Consensus EPS (RMB): 3.33
 Other Broker Recs: B:7 S:0 H:1

Source of all data on this page: Company, DBS Bank (Hong Kong) Limited ("DBS HK"), Thomson Reuters

Pioneer in design and innovation

- Symbolic designs and humanistic smart functions received high recognition
- Enriching product lines to cover more markets
- Denser distribution network to drive growth
- Initiate with BUY; TP of US\$14/DR

Bellwether of industrial design and innovation. NIU applied its eye-catching, symbolic designs and humanistic smart functions to all its products and achieved high recognition among the young, especially in tier 1 cities, which helped built good fanbase. NIU is attractively trading at c.9x FY23F PE, lowest among peers.

Enriching product lines to cover more markets. NIU, having started off with high-end product targeting, laid a solid foundation for it to expand into lower end markets with cost-effective brand Gova, which enlarged NIU's customer base, increased its revenue scale, and helped it achieve a procurement advantage.

Prompt and continuous distribution network expansion to enable high growth. From 1Q2017-1Q2022, NIU's franchise stores in China increased from 97 to 3,248, distributors overseas increased from 7 to 43. We expect NIU's e-scooter sales volume will increase at 50% 2-year CAGR in FY22-23 boosted by continuous network expansion.

Valuation:

We expect that NIU's net profit will grow by 23%, 64% in FY22 and FY23. We assign a FY23E target PE of 15X to NIU, which implies a target price (TP) of USD14/DR.

Key Risks to Our View:

Key risks include marketing strategy failure, price competition, and regulatory changes in the industry.

At A Glance

Issued Capital (m shrs)	77
Mkt Cap (US\$m)	595
Major Shareholders (%)	
Nikko Asset Management Co., Ltd.	6.6
Free Float (%)	93.4
3m Avg. Daily Val. (US\$m)	4.84
GICS Industry: Consumer Discretionary / Automobiles & Components	



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NIU Technologies

Investment Summary

Bellwether of industrial design and innovation. NIU is well known for launching the epochal lithium battery for its two-wheeler model N1, with beyond-ordinary design and long range, in 2015. It applied its eye-catching, symbolic designs and humanistic smart functions to all its products and achieved high recognition among the young, especially in tier 1 cities. Within five years, the company grew into a scaled two-wheeler vehicle manufacturing company with over one million units in sales, 10 electric two-wheeler model series in the market, and 3,248 franchise stores in China.

Enriching product lines to cover more markets. Benefiting from its high-end targeting, NIU's ASP was c.2x the industry's from 2015 to 2019, making it easier for the company to reach profit breakeven in 2019. In order to increase its revenue scale and achieve a procurement advantage, NIU launched mid-range brand Gova in low-tier cities. In 2021, NIU further expanded its product lines to include e-bike EUB and e-scooter KQi, which it launched for overseas markets. By 1Q22, NIU had 43 overseas distributors in international markets across 51 countries globally.

Cutting-edge smart technologies and fashionable design to enhance brand recognition. NIU continues to upgrade its riding system according to habits. It leverages on big data and IoT technology to build cloud ECU and OTA functions and applies smart lock and GPS functions connected to users' mobile phones to track down stolen vehicles. Besides, NIU also differentiates itself from others through individualised design. The MQi and UQi models have won all seven major international design awards, including the Red Dot and IF in Germany, IDEA in the United States, and G Mark in Japan.

Revenue expected to grow by 20% and 56% in FY22 and FY23F, respectively. The sharp increase of revenue in FY21 was mainly due to the low base in FY20 when the coronavirus spread across China in 1Q20. The pandemic stimulated demand for isolated transportation vehicles like e-scooters. Moreover, NIU accelerated its new store opening pace from 3Q20, the effects of which would be felt during FY22-23, when single-store sales reach normal levels.

We believe the replacement of outdated and non-compliant e-scooters after the transition period of the new national standard will boost the market and bring NIU another round of sales increases, and we expect NIU's e-scooter sales volume will increase by 24%, 64% in FY22 and FY23, or at 50% 2-year CAGR. We expect total ASP will continue to glide in FY22 and FY23 by 4%, 5%, respectively, due to increasing sales proportion of brand Gova.

We expect NIU's net profit to grow by 23% and 64% in FY22 and FY23. We assign a FY23E target PE of 15x to NIU, which implies a 12-month TP of US\$14/DR based on 3.0 FY23E EPS.

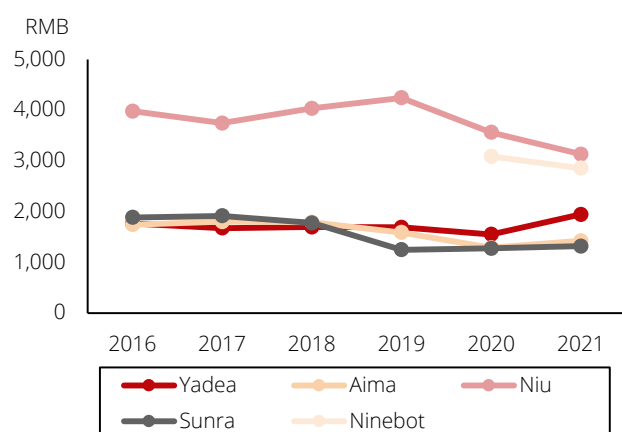
Key risks include marketing strategy failure, price competition in the industry, and regulatory changes in the industry.

NIU Technologies

Valuation & Peer Comparison

Premium targeting since inception provided more space to price mid-range products. Due to the homogeneous nature of the two-wheel industry, companies traditionally compete on price, which always harms brand value and erodes profitability. NIU, however, jumped out of this vortex through high-end targeting since inception. Albeit the ASP of NIU's mid-range products under the brand Gova having decreased since 2020, its current ASP (c.Rmb3,134 in FY21) is still largely beyond the market average (below Rmb2,000). We believe NIU's unique high-end targeting would reserve it more space when pricing its mid-range products and pave the way for more models ahead.

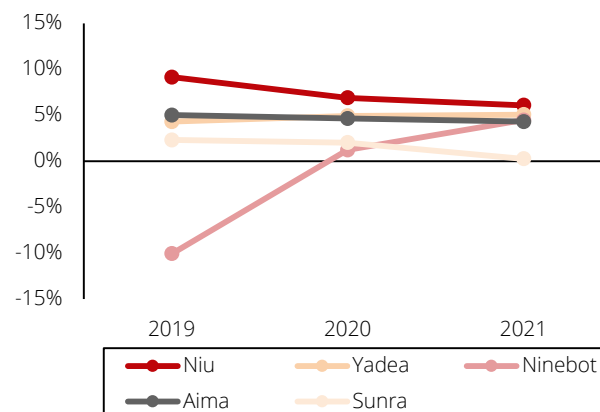
ASP comparison of two-wheeler companies



Source: Company, DBS HK

Higher profitability from price premium. The positive correlation between price and margin in the two-wheel vehicle industry contributes to the higher profitability from high-end products, which are equipped with a better drive range and more electronic functions supported by a battery management system (BMS) and leading UI design.

Net margin comparison of two-wheeler companies



Source: Company, DBS HK

As mentioned, we expect NIU's net profit to grow by 23% and 64% in FY22 and FY23, respectively. We assign a FY23E target PE of 15x to NIU, which implies a 12-month TP of US\$14/DR, based on 3.0 FY23E EPS. NIU is the only player listed in US stock markets, thus there's no comparability if considering investor preference and market liquidity. As such, we select certain two-wheel vehicle OEMs, mainly operating in China, as its peers. The average FY23E forward PE for the industry is c.16x. Meanwhile, high-end brands (NIU, Ninebot) should enjoy a higher valuation, benefiting from the higher expectation of sales volume growth under the consumption upgrading trend. We assign a relatively lower target PE of 15x, considering liquidity problems and regulation risks in US stock markets for China concept stocks. Our TP is based on depositary receipts (DRs) instead of shares, as that is how NIU's stocks were issued. One DR is equivalent to two basic shares.

Valuation of NIU

	2019	2020	2021	2022E	2023E
Revenue (RMB mn)	2,076	2,444	3,705	4,429	6,918
yoy		18%	52%	20%	56%
Net profit (RMB mn)	190	169	226	278	457
yoy		-11%	34%	23%	64%
Share capital (mn)	149	152	154	154	154
EPS	1.3	1.1	1.5	1.8	3.0
PE					15
TP (RMB/share)					45
TP (USD/share) 1 USD= 6.5 RMB					7
TP (USD/DR) (1 DR=2 shares)					14

Source: Wind, DBS HK

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Peer comparison

Company	Ticker	Price (Local \$)	Mkt Cap (RMB bn)	Revenue (RMB mn)			Net Income (RMB mn)			P/E		
				FY21A	FY22E	FY23E	FY21A	FY22E	FY23E	FY21A	FY22E	FY23E
AIMA Technology	603529.SH	55.4	33.5	15,399	20,062	24,966	664	1,026	1,301	33.7	21.8	17.2
Ninebot	689009.SH	42.8	29.8	9,146	11,931	16,427	411	765	1,308	73.8	39.6	23.2
Yadea Group	1585.HK	13.1	35.5	26,968	33,170	38,709	1,369	1,802	2,329	23.3	17.7	13.7
NIU Technologies	NIU.O	7.7	3.8	3,705	4,429	6,918	226	278	457	17.6	14.3	8.7
Joy Kie	300994.SZ	30.5	5.9	3,710	4,706	6,013	205	297	410	28.8	19.9	14.4
Average										35.4	22.7	15.4

Source: Wind, DBS HK

NIU Technologies

Key Risks

Marketing strategy failure. NIU has been successful in promoting its brand, in that its marketing, design, research, and products have positioned it as a premium smart e-scooter brand. However, it cannot be assured that NIU's products and services (including NIU Care and NIU Cover) could be successfully promoted through either its online or offline channels, and the expansion of distribution channels may not reach high operation, which could impact its ROE.

Price competition in the industry. NIU initially targeted the premium electric two-wheel vehicle segment and launched mid-range brand Nova to increase its sales scale thereafter. However now it could potentially face price competition from domestic players; increased competition may lead to undesired unit sales and increased inventory, which may result in further price cuts, which would harm NIU's

financial conditions, operating results, and dealers' confidence.

Regulatory changes in the industry. NIU's manufacturing and other production facilities as well as the packaging, storage, distribution, advertising, and labelling of its products are subject to extensive legal and regulatory requirements. Loss of or failure to renew or obtain necessary permits, licenses, registrations, or certificates could delay or prevent NIU from meeting product demand, introducing new products, building new facilities, or acquiring new businesses, and could materially and adversely affect its operating results.

In addition, changes in industry standards, laws, and regulations could result in increased operating costs or affect its ordinary operations, which could also have a material adverse effect on its operations and financial results.

NIU Technologies

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Positive brand image as the first mover in the lithium-ion battery-powered e-scooter category • Mid-range and high-end branding favourable to price premium • User-centric approach, utilising its big data capability to form an instant user feedback loop • Well-built city partner system with mass exclusive distributors • Enriched product lines to capture various types of market growth • Vast distribution network at home and abroad 	<ul style="list-style-type: none"> • Inability to secure the quantity and quality of the components • Weak control over R&D of battery technology.
Opportunities	Threats
<ul style="list-style-type: none"> • Industry trend of transitioning from lead-acid to lithium-ion batteries for its cost-efficiency, convenience, and environmental friendliness • Continuous international expansion implies great potential for profits • Denser distribution network and thus broader exposure 	<ul style="list-style-type: none"> • Negative effects of reducing prices on the value of the high-end brand • Business layout in lower tier cities would squeeze profit margins • Fierce competition in the electric two-wheeled vehicle industry

Source: DBS HK

NIU Technologies

Critical Factors

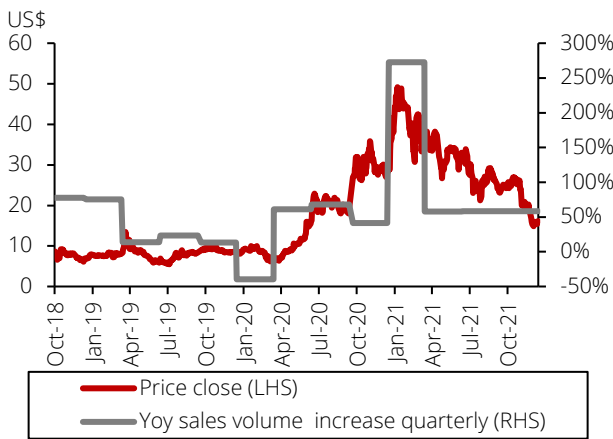
CF1: Quarterly sales volume increase. Sales volumes of two-wheeler vehicles fluctuate q-o-q during winter, as it is the slack season due to low battery performance. Thus, the y-o-y increase in quarterly sales could better reflect NIU's sales performance, following efforts to expand its distribution network and enrich product portfolios. Its quarterly sales volume increased by c.61.2% and 67.9% in 2Q20 and 3Q20, after reopening stores post the breakout of COVID-19. The social distancing requirements led to a boom in the two-wheeler market, as this mode of transport was viewed as safe choice for daily commutes.

CF2: E-scooter average selling price (ASP). NIU's business strategy focuses on building a high-end brand image in top-tier cities through launching high-ASP products, such as its N and M series, and then enlarging its customer base by launching mid-range electric bicycles under its Gova series, thereby constructing a complete brand portfolio. Albeit the

gliding ASP, NIU gained more market share and achieved a better scale effect to drive revenue. In 4Q20, ASP lifted to Rmb3,837 from Rmb3,190 in 3Q20, mainly due to more sales from overseas markets. The e-scooter ASP for international markets is more than double that of the China market.

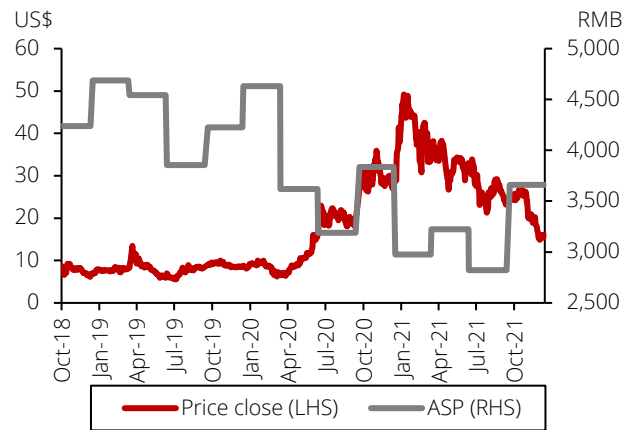
CF3: Single-store sales volume. NIU has been opening new stores to strengthen its distribution network. Single-store sales volumes reflect NIU's overall operational efficiency, which was improving, regardless of the transition from the peak to low season during Q3-Q4, which happens each year. NIU accelerated its store opening pace after the breakout of pandemic aware of the prominently increased demand, which dragged down single-store sales volumes. The increase in initial costs, from rents to decorations, added to the company's operation burden, which would be alleviated when newly opened stores reach full operation.

NIU's share price vs. y-o-y sales volume increase on a quarterly basis

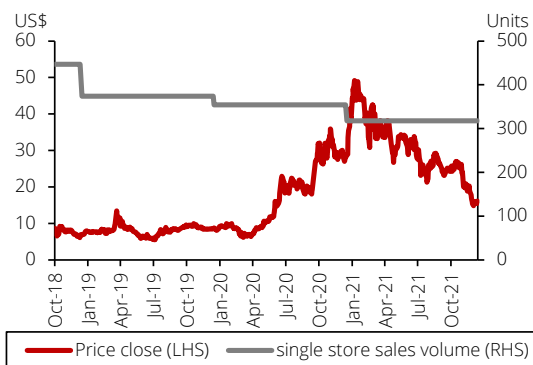


Source: Company, DBS HK

NIU's share price vs. ASP



NIU's share price vs. single-store sales volume



Source: Company, DBS HK

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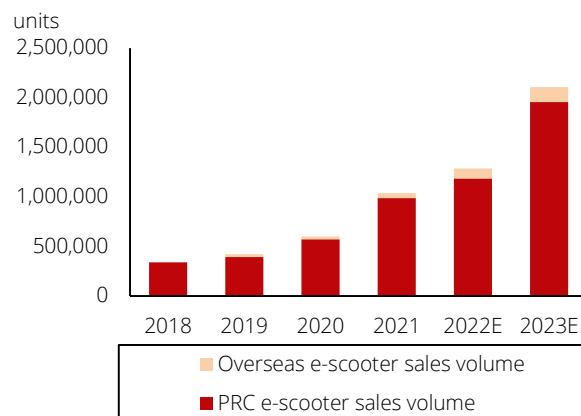
Financials

New product rollout and network expansion to increase customer base. Since the launch of first N1 model in 2015, NIU's sales growth has been closely related to the pace of its new product launches and retail network expansion. NIU targeting high-end products initially laid a solid foundation for entering the lower end markets with cost-effective brand Gova. Despite dragging NIU's e-scooter ASP downwards, Gova led to the expansion of NIU's customer base without harming the brand value the company built through its previous products. In FY21, models with lower ASPs and margins (Gova G0, F0, C0) represented 33% of total sales volume. Prompt and continuous distribution network expansion also raised NIU's brand recognition across the country.

We believe the replacement of outdated and non-compliant e-scooters after the transition period of the new national standard will boost the market and bring NIU another round of sales increases, and we expect NIU's e-scooter sales volume will increase by 24%, 64% in FY22 and FY23, or at 50% 2-year CAGR. We expect total ASP will continue to glide in FY22 and FY23 by 4%, 5%, respectively, due to increasing sales proportion of brand Gova.

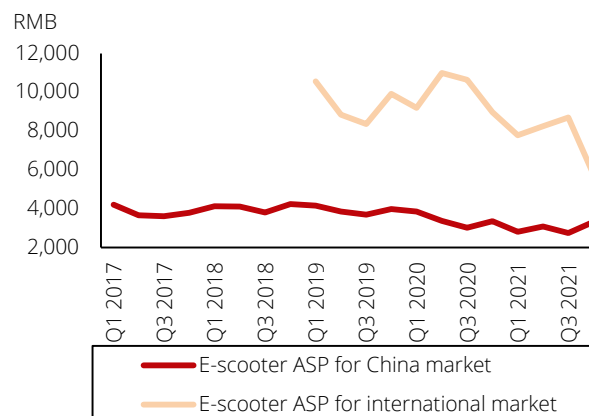
Revenue expected to grow by 20% and 56% in FY22 and FY23F, respectively. The sharp increase of revenue in FY21 was mainly due to the low base in FY20 when the coronavirus spread across China in 1Q20. The pandemic stimulated demand for isolated transportation vehicles like e-scooters. Moreover, NIU accelerated its new store opening pace from 3Q20, the effects of which would be felt during FY22-23, when single-store sales reach normal levels.

NIU e-scooter sales volume during FY17-23F



Source: Company, DBS HK

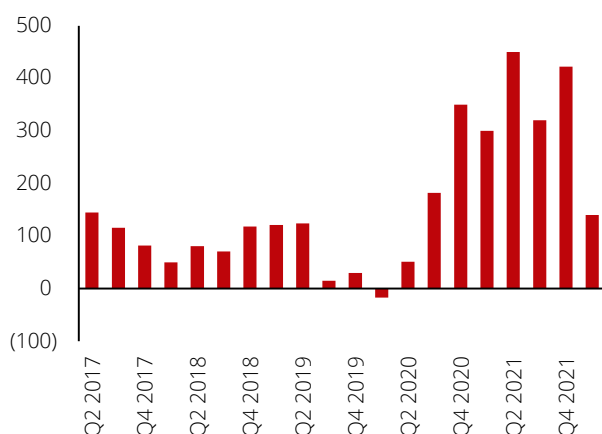
NIU e-scooter ASP during FY17-21 (RMB)



Source: Company, DBS HK

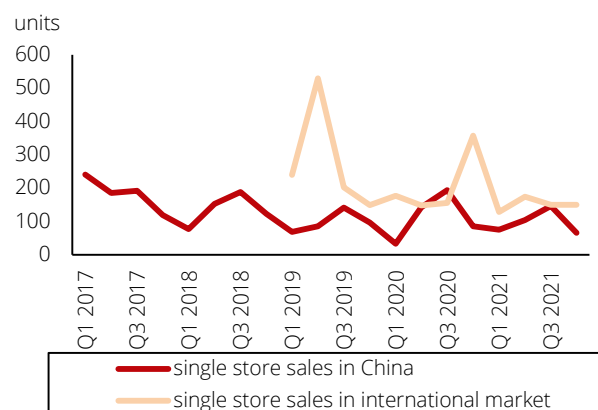
NIU Technologies

New stores opening on a quarterly basis



Source: Company, DBS HK

Single-store sales during FY17-21



Source: Company, DBS HK

We expect a denser distribution network during FY22-23.

From 1Q2017-1Q2022, NIU's franchise stores in China increased from 97 to 3,248. With 1,492 stores opening in 2021, NIU's quarterly single-store sales in China reduced from 194 units in 3Q20 to 146 units in 3Q21. It usually takes several months for the sales of newly opened stores to keep up with that of normal stores.

NIU revenue breakdown and core assumptions during FY17-23F

	2017	2018	2019	2020	2021	2022E	2023E
E-scooter sales (mn)	709.6	1,370.5	1,787.3	2,143.3	3,253.0	3,925.6	6,134.6
E-scooter sales from China market	671.8	1,224.2	1,520.3	1,857.3	2,923.9	3,333.2	5,334.8
E-scooter sales from international markets	37.8	146.3	267.0	285.9	329.1	592.4	799.8
E-scooter sales growth rate		93%	30%	20%	52%	21%	56%
Accessories, spare parts and services (mn)	59.8	107.3	289.0	301.0	451.5	503.3	783.4
E-scooter sales growth rate		79%	169%	4%	50%	11%	56%
Total sales (mn)	769.4	1,477.8	2,076.3	2,444.3	3,704.5	4,428.9	6,917.9
Total sales growth rate		92%	41%	18%	52%	20%	56%

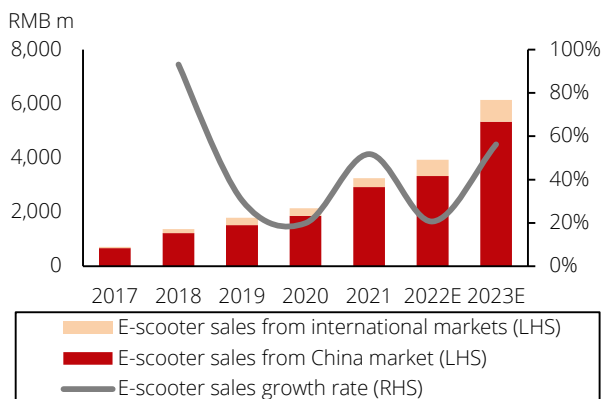
Assumptions:

E-scooter ASP for China market (RMB)			3,874	3,246	2,959	2,811	2,727
E-scooter ASP for international market(RMB)			9,250	9,694	6,597	5,937	5,343
PRC e-scooter sales volume (units)	189,467	339,585	392,459	572,154	988,023	1,185,628	1,956,286
Overseas e-scooter sales volume (units)			28,867	29,498	49,891	99,782	149,673

Source: Company, DBS HK

NIU Technologies

NIU e-scooter revenue and growth rate



Source: Company, DBS HK

Scale effect to drive sustainable margin growth. NIU's gross margin continued to improve as sales volume increased during FY17-20 due to cost savings from scale effects. Its GM fluctuated at c.20%-25% during FY19-21 due to an enriched product mix after launching new brand Gova. Q-o-q net margin fluctuated mainly due to the relatively small business scale, pandemic issues, and strong seasonality in the e-scooter market. We expect a declining operational expenses ratio in FY22-23 due to an enlarged business scale. We believe NIU would display more stable profitability after building its distribution channels and the scale effect would also beef up NIU's profits.

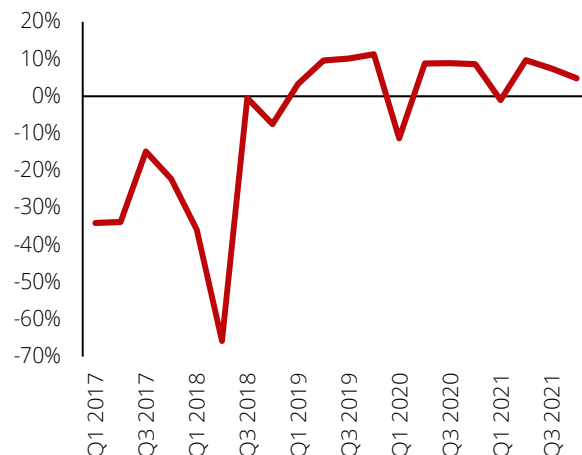
Profitability from overseas markets is affected by the resurgence of COVID-19 and late deliveries due to difficulties in ocean freight shipping.

NIU's gross margin during FY17-21



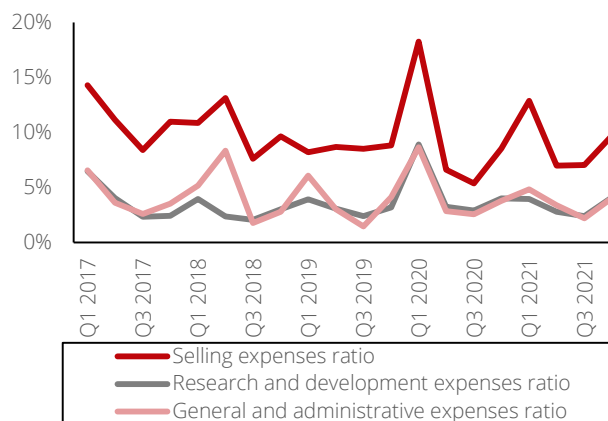
Source: Company, DBS HK

NIU's net margin during FY17-21



Source: Company, DBS HK

NIU's operating expenses ratio during FY17-21



Source: Company, DBS HK

NIU Technologies**Environment, Social, & Governance (ESG)****Environment:**

The electric two-wheeler vehicle market is transitioning from lead-acid batteries to lithium-ion batteries. Lithium-ion batteries are more environment-friendly than lead-acid batteries. As lithium-ion batteries are free of hazardous metals such as lead and mercury, they can be easily disposed of and recycled, thereby providing significant environmental benefits over lead-acid batteries. NIU's focus on lithium-ion batteries makes its products more harmless to the environment.

Social:

In July 2020, to promote safe riding, NIU launched the "No Helmet, No Ride" campaign together with traffic administrative agencies across different provinces and cities. In the third quarter of 2020, NIU kicked off the "Back to

Street, This is NIU" campaign, partnering with "Street Dance of China", an online dance competition show. It promoted two featured advertisements in the semi-final and final of the competition as well as ran an offline advertising campaign. In March 2020, it launched the NIU Forest campaign, which further reinforced its image as a socially responsible brand.

Governance:

As a result of becoming a public company, NIU increased the number of independent directors and adopted policies regarding internal and disclosure controls and procedures. It has also incurred additional costs in obtaining director and officer liability insurance. In addition, it will incur additional costs associated with its public company reporting requirements. It regularly evaluates and monitors developments with respect to these rules and regulations.

NIU Technologies

Company Background

Founded in 2014 by Yinan Li and Yilin Hu, NIU is a leading provider of lithium-powered electric smart two-wheelers. In 2018, NIU was successfully listed on NASDAQ. NIU currently designs, manufactures, and sells high-performance smart electric scooters. It's product mix consists of seven series – NQi, MQi, UQi, NIU Aero, Gova, RQi, TQi – covering mobility vehicles such as electric bicycles, electric motorcycles, and kick scooters.

In the international market, NIU successfully launched high-end kick scooter model KQi3, which received substantial orders on Indiegogo during the pandemic due to social distancing concerns. Besides, NIU also started to open stores in Jakarta this year and rolled out two models, M1 and G3, for the South Asian market, and awaits the tipping point of the market.

NIU: Product mix by region



Source: Company, DBS HK

NIU Technologies

NIU development milestones

Year	Month	Event
2014	September	Niudian Technology was established
2015	June	Launched the first model of NIU N1. The product crowdfunded USD \$11 million on JD.com in 15 days, setting a new record for crowdfunding in this category in China.
2015	October	One day limited edition NQi Series electric scooter sold USD \$13 million.
2015	November	NIU showed the NQi at EICMA, in Milan, Italy.
2015	November	NIU Cover was launched to provide digital insurance for our riders.
2016	August	NIU began sales in Europe. NIU wins a prestigious top sales award in electric scooters from Alibaba's Tmall.
2016	October	100,000,000 kilometers driven on all NIU scooters combined.
2017	April	NIU launched the UQi Series scooter.
2017	October	NIU was showcased at INNERSECT, becoming the first two-wheeled electric vehicle brand to appear at the Trend Show
2017	November	Project X Concept Moto scooter was revealed at EICMA, Milan, Italy.
2017	December	NIU had reached a milestone of 300,000 electric scooters sold worldwide.
2018	March	The MQi Series captures the seven global design awards including Red Dot Design Award and IF Design Award of Germany, the iDEA from United States and the Japanese G Mark (Good Design Award).
2018	April	1,000,000,000 kilometers driven on all NIU scooters combined.
2018	June	NQi GT and MQi+ 2018 Product Launch and NIU Urban Mobility Summit at the Louvre Museum in Paris, France.
2018	June	NIU had reached a milestone of 430,000 electric scooters sold.
2018	August	NIU Care was launched to provide after sales maintenance service for customers.
2018	August	The launch of UQim.
2018	October	NIU was listed on the NASDAQ.
2019	June	The launch of UQi+ and UQis.
2019	November	The launch of NQi GTS, MQi GT, UQi GT at EICMA in Milan, Italy.
2020	January	The launch of RQi and TQi at CES in Las Vegas, USA.
2020	May	Launched NIU 2.0 strategy and released MQi2, MQis and GOVA G0, G2 and G3 series.
2020	December	NIU was present in 46 countries and regions worldwide, with cumulative sales of over 1.5 million units worldwide.

Source: Company, DBS HK

Rapid expansion in production capacity. While NIU assembles most of its products within its own production facilities, it also cooperates with a motorcycle manufacturer to manufacture certain electric motorcycle models. NIU operates two manufacturing facilities in Changzhou, China. Its global R&D and manufacturing base includes two phases of construction. Phase I of the facility commenced operations in December 2019 and covers around 50,000 square metres. The production capacity under Phase I is 700,000 units per annum, which increased the company's total production capacity to over 1,000,000 units per annum. Phase II of the facility covers around 61,000 square metres and is currently under construction. At the end of 2021, NIU

increased its total production capacity to around 2,000,000 units per annum.

Continuous market extension and retail network expansion globally contributed to high sales growth. From FY17-21, NIU's sales volume grew from 189,467 to 2,155,360 units, at a four-year CAGR of c.53%. By 1Q22, NIU had sold smart electric two-wheel vehicles in 51 countries and had 3,248 retail stores in China and 43 distributors across cities in Asia, Europe, and Latin America. It reaches customers both via offline stores and online platforms. It also continues to support sharing business globally, providing SaaS solutions for users of electric two-wheelers.

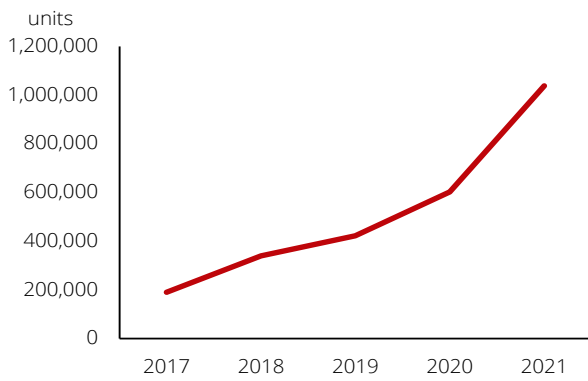
NIU Technologies

NIU further expanded production capacity in 2021 (current capacity means when?)



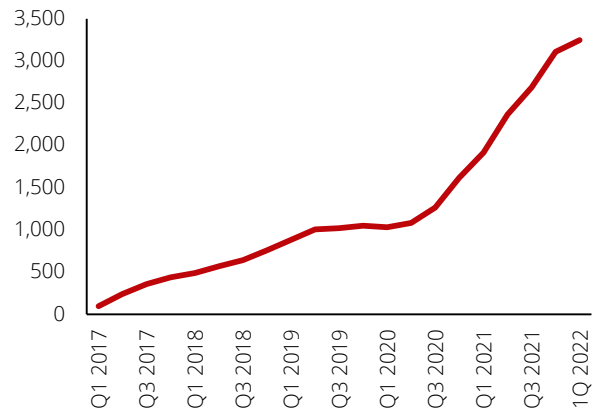
Source: Company, DBS HK

Annual e-scooter sales volume during FY17-21



Source: Company, DBS HK

Number of NIU franchise stores in China



Source: Company, DBS HK

NIU Technologies

NIU's sales network



Source: Company, DBS HK

Overseas sales centres and dealers



Source: Company, DBS HK

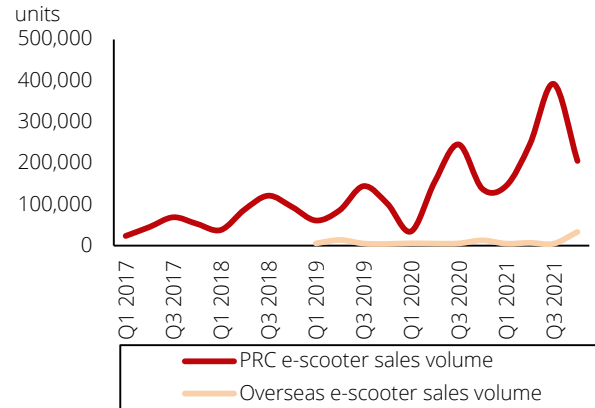
NIU Technologies

NIU's overseas sales volume is relatively small compared to its sales volume in China due to varied choices for commute vehicles globally. NIU built hundreds of distribution channels in international markets and sold products across 51 countries by 1Q22. It also launched kick scooter KQi, which has huge sales potential in the European and American markets.

Cutting-edge smart technologies and fashionable design to enhance brand recognition. NIU is well known for launching lithium battery two-wheel vehicles with a long drive range and fashionable family design. NIU also continues to upgrade its designs and launch products after considering the changing riding habits of different users, i.e., the model Gova C0 is designed especially for females, taking into account women's actual needs for their daily commute by paying attention to multiple aspects, from appearance and configuration to performance. The MQi and UQi models have won all seven major international design awards, including Red Dot and IF in Germany, IDEA in the United States, and G Mark in Japan. NIU takes the lead position in terms of appearance, design, and smart functions, incorporating its stable ergonomic design and eye-catching symbolic headlamp design into all its products. Besides,

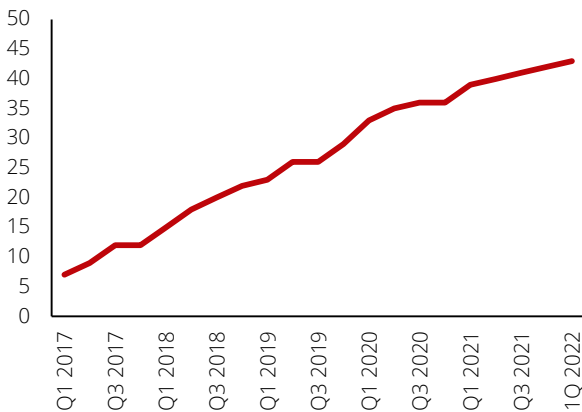
NIU's products are also equipped with smart IoT technologies, a colour display with navigation that could mirror mobile phone screens, and a smart system with distance sensing and keyless ignition.

PRC vs. overseas e-scooter sales volume (unit)



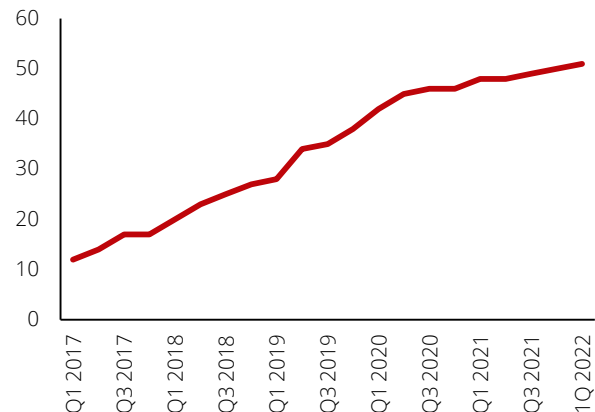
Source: Company, DBS HK

No. of distributors in the international market



Source: Company, DBS HK

No. of countries covered in the international market



Source: Company, DBS HK

NIU Technologies

Design ideas and awards received



Source: Company, DBS HK

NIU's competitive edge in smart and lithium-ion technologies

Our App

Our Scooter

- Dashboard
- Cloud-ECU
- Smart LED Light
- Disk Brake
- NIU Energy™ 4th Gen Smart Lithium-ion Battery Technology
 - Dynamic SOC Algorithm
 - Smart Cloud BMS
 - All-In-One Pack
 - 18650 Lithium-ion Battery Cell
 - FDC Powertrain
 - NIU Motor
 - EBS Energy Recovery

Our battery

Portable battery pack

Source: Company, DBS HK

NIU Technologies

Management & Strategy

Key Management Team (pls make sure the right font)

Name	Position	Profile
Yan Li	Chairman of the Board of Directors and CEO	<p>·Served as the chairman of our board of directors since March 2018, chief executive officer since December 2017 and chief operating officer since January 2016. Prior to joining the company in 2016, Dr. Li was a principal at KKR Capstone Limited from 2009 to 2015 and he oversaw KKR Capstone Limited's portfolio operation in China. Dr. Li was awarded the Operational Excellence Award by Private Equity International in 2012. Prior to KKR Capstone Limited, Dr. Li worked for McKinsey & Company from 2008 to 2009, where he advised various companies in high-tech, industrial goods and retail sectors. Prior to McKinsey, Dr. Li worked as a senior research engineer at Qualcomm Inc. in San Diego, CA from 2006 to 2008, focusing on the development of 3G and 4G communications technology. Dr. Li holds three patents on 3G communications.</p> <p>·Dr. Li received a bachelor's degree from the University of California at Berkeley in 2001 and a Ph.D. from Stanford University in 2005, both in electronics and electrical engineering.</p>
Token Yilin Hu	Director and Vice President of Research and Development	<p>·Over 15 years of experience in design spanning a variety of products and industries, such as consumer electronics, fashion, autos and smart hardware.</p> <p>·Mr. Hu co-founded UTLAB in November 2011, whose use of high-tech materials in the aerospace and auto sectors to create ultimate wearing experience in America and Europe. Prior to UTLAB, Mr. Hu was with Frog Design, a globally renowned design firm, from March 2009 to October 2011, where he led a team of designers to help multinational clients create innovative products and experiences. Prior to that, Mr. Hu worked at Microsoft China from March 2008 to January 2009.</p>
Mei-Wei Cheng	Independent Director	<p>·Currently serves as a member of the audit committee and finance committee of the board of directors of Seagate Technology, a company listed on Nasdaq and as non-executive chairman of the board of directors of HCP Packaging, a portfolio company of Baring Private Equity Asia. From February 2015 to January 2017, Mr. Cheng served as the chairman of the board of directors of Pactera Technology International Ltd., a portfolio company of Blackstone Group. From July 2010 to April 2014, Mr. Cheng was the chief executive officer of Siemens Northeast Asia and president and chief executive officer of Siemens China. Prior to joining Siemens, Mr. Cheng served as the chairman and chief executive officer of Ford Motor (China) Ltd. and as a corporate vice president of Ford Motor Company from 1998 to 2008 and as the executive chairman at Ford Motor Company (China) Ltd. and as a group vice president of Ford Motor Company from 2009 to 2010. Prior to joining Ford, Mr. Cheng held several executive positions at General Electric Corporation and AT&T.</p> <p>·Mr. Cheng received a bachelor's degree in industrial engineering/operations research from Cornell University in 1972 and an MBA from Rutgers University in 1999.</p>
Julian Juul Wolhardt	Independent Director	<p>·Currently also serves as a non-executive director of China Modern Dairy Holdings Ltd, a company listed on the Hong Kong Stock Exchange, independent non-executive director of China Mengniu Dairy Company Limited, a company listed on the Hong Kong Stock Exchange, and non-executive director of COFCO Meat Holdings Limited, a company listed on the Hong Kong Stock Exchange. Mr. Wolhardt is currently chief executive officer of DCP Advisors Limited and a member of the investment committee of the Hong Kong Stock Exchange. From August 2006 to December 2016, Mr. Wolhardt was a partner focused on Greater China at KKR Asia Limited. Prior to joining KKR Asia Limited, Mr. Wolhardt served as executive director at Morgan Stanley Private Equity Asia from 1998 to 2006. Mr. Wolhardt was an analyst at Lazard Freres & Co from 1996 to 1997 and worked at Coopers & Lybrand from 1995 to 1996.</p> <p>·Mr. Wolhardt received his bachelor's degree in accounting from the University of Illinois (Urbana-Champaign) in 1995. Mr. Wolhardt is a certified public accountant and certified management accountant in the US.</p>

Source: Company, DBS HK

NIU Technologies

Key Management Team (continued)

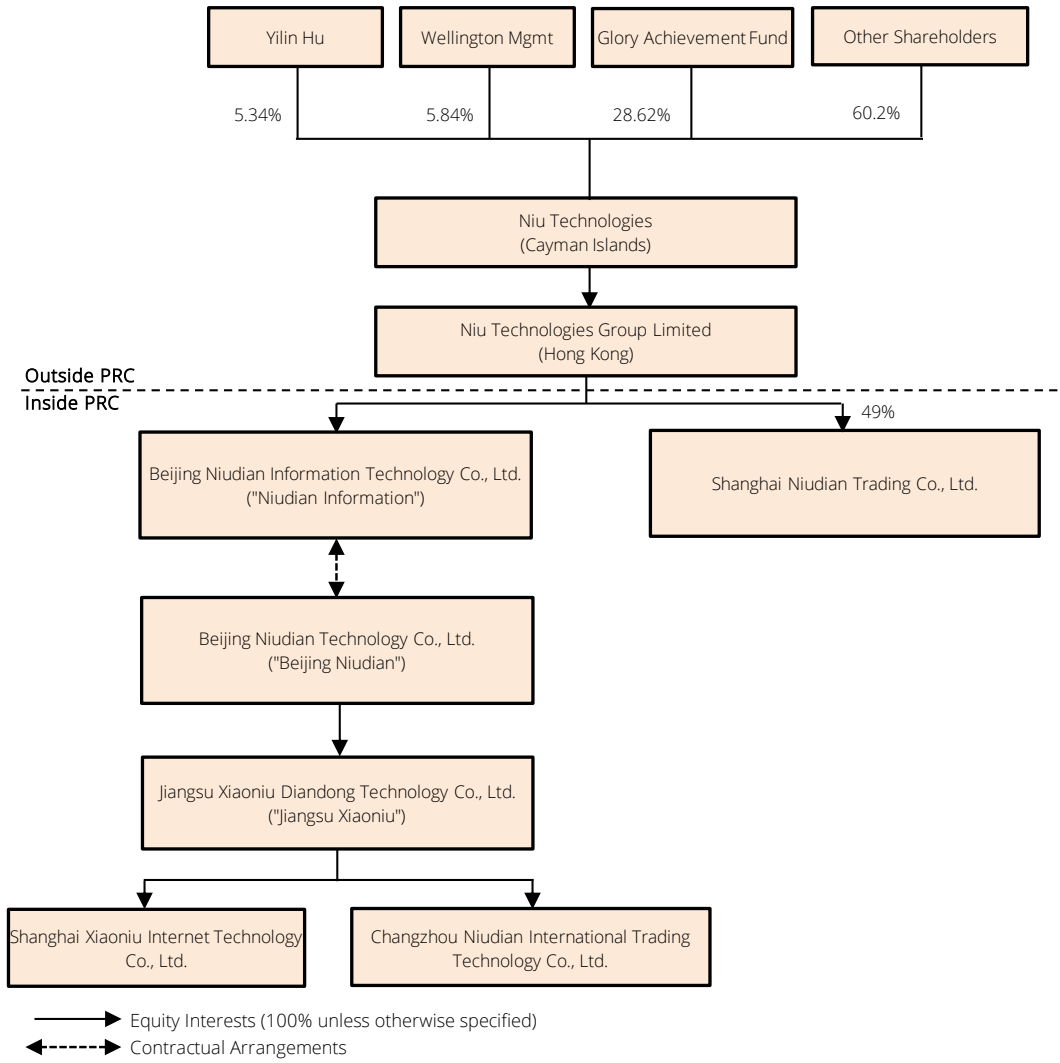
Name	Position	Profile
Changqing Ye	Independent Director	<p>·Currently also serves as an independent director of Baozun Inc., a company listed on Nasdaq. From February 2011 to December 2015, Mr. Ye served as an investment committee member and then group chief financial officer and managing director of CITIC PE Group. Prior to that, Mr. Ye worked at PricewaterhouseCoopers' China and UK offices from July 1992 to January 2011.</p> <p>·Mr. Ye received his bachelor's degree in journalism from Huazhong University of Science and Technology in China in 1992 and an MBA from Warwick University in 1999. Mr. Ye is a certified public accountant in China.</p>
John Jinshu Zhang	Independent Director	<p>·Currently a partner of Dentons LLP, where he focuses on cross-border mergers and acquisitions and dispute resolution. From October 2000 to November 2014, Mr. Zhang was a partner at Edwards Wildman LLP, Reed Smith LLP, and Greenberg Traurig, LLP successively. Mr. Zhang worked as an associate of Jones Day LLP and Graham & James, LLP from November 1993 to November 1999.</p> <p>·Mr. Zhang received his bachelor's degree in literature from Peking University in 1982, master's degree in Asian studies from University of Hawaii at Manoa in 1989, master's degree in intellectual history from University of California, Los Angeles in 1990 and Juris doctor degree from University of California, Berkeley in 1993.</p>
Hardy Peng Zhang	CFO	<p>·Prior to joining our company, Mr. Zhang was an executive vice president of Bain Capital, a global private equity firm, from 2015 to 2018, where he was responsible for Bain Capital's portfolio operation in Asia in relation to strategic planning, financial control, IPO, M&A and financing activities. Prior to joining Bain Capital, Mr. Zhang was the chief financial officer of HOAU Group from 2013 to 2015. Prior to that, Mr. Zhang was a consultant at Boston Consulting Group's China Office from 2012 to 2013. Before joining Boston Consulting Group, Mr. Zhang worked at A.P. Moller-Maersk Group as a finance executive from 2002 to 2011.</p> <p>·Mr. Zhang received his bachelor's degree in economics and finance from the Peking University in 2002 and an MBA from INSEAD in 2012.</p>

Source: Company, DBS HK

NIU Technologies

Shareholder structure

Shareholder structure



Source: Company, DBS HK

NIU Technologies

Appendix

Manufacturer Suggested Retail Price in China of all types (RMB)

Model	Specs	China MSRP	Model	Specs	China MSRP
Electric Motorcycle			Electric Bicycle		
N-GT	Pro	20,299	M2s	Sport	6,999
N-GT	Sport	15,299	M2s	Citi	5,999
N1S	Pro	10,799	M2	Sport	6,599
N1S	Sport	7,799	M2	Citi	5,599
N1S	Citi	6,599	M2	Lite	4,999
M+	Pro	9,399	Ms	Pro	5,999
M+	Sport	7,399	Ms	Sport	5,499
G3	Pro	6,499	Ms	Citi	4,899
G3	Sport	5,499	Ms	Lite	4,399
F4	Sport	6,699	U+	Sport	6,499
Electric Light Motorcycle			U+	Citi	5,499
N1S	Sport	7,499	U+	Lite	4,899
N1S	Citi	6,499	U1	Pro	6,199
N1S	Lite	5,999	U1	Sport	5,499
M+	Pro	9,299	U1	Citi	4,599
M+	Sport	7,299	U1	Lite	4,099
M+	Citi	6,499	US	Pro	4,799
M+	Lite	5,599	US	Sport	4,199
U+	Pro	8,799	US	Citi	3,699
U1	Pro	6,299	F2	Sport	4,299
U1	Sport	5,299	F2	Citi	3,699
U1	Citi	4,699	F0	Sport	3,499
G3	Citi	4,299	F0	Citi	2,899
F4	Lite	5,599	C0	Sport	3,799
			C0	Citi	3,399
			G2	Pro	3,899
			G2	Sport	3,499
			G1	Sport	3,799
			G1	Citi	3,399
			G0	Sport	2,999
			G0	Citi	2,499

Source: Company, DBS HK

NIU Technologies

Income Statement (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Revenue	2,076	2,444	3,705	4,429	6,918
Cost of Goods Sold	(1,590)	(1,885)	(2,892)	(3,455)	(5,361)
Gross Profit	487	559	813	974	1,557
Other Opng (Exp)/Inc	(300)	(389)	(560)	(668)	(1,048)
Operating Profit	187	171	252	306	509
Other Non Opg (Exp)/Inc	6	18	21	25	30
Associates & JV Inc	0	0	0	0	0
Net Interest (Exp)/Inc	6	1	(1)	(4)	(1)
Dividend Income	0	0	0	0	0
Exceptional Gain/(Loss)	0	0	0	0	0
Pre-tax Profit	198	190	273	327	537
Tax	(8)	(21)	(47)	(49)	(81)
Minority Interest	0	0	0	0	0
Preference Dividend	0	0	0	0	0
Net Profit	190	169	226	278	457
Net Profit before Except.	190	169	226	278	457
EBITDA	225	237	369	382	610
Growth					
Revenue Gth (%)	40.5	17.7	51.6	19.6	56.2
EBITDA Gth (%)	N/A	5.6	55.3	3.7	59.5
Opg Profit Gth (%)	(159.4)	(8.6)	48.0	21.3	66.0
Net Profit Gth (%)	N/A	(11.3)	33.9	23.1	64.2
Margins & Ratio					
Gross Margins (%)	23.4	22.9	21.9	22.0	22.5
Opg Profit Margin (%)	9.0	7.0	6.8	6.9	7.4
Net Profit Margin (%)	9.2	6.9	6.1	6.3	6.6
ROAE (%)	27.9	18.9	20.0	19.6	25.2
ROA (%)	14.1	10.0	10.5	10.6	14.1
ROCE (%)	37.7	48.8	42.9	39.7	35.8
Div Payout Ratio (%)	0.0	0.0	0.0	0.0	0.0
Net Interest Cover (x)	NM	NM	318.9	71.3	361.2

Source: Company, DBS HK

NIU Technologies

Balance Sheet (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Net Fixed Assets	151	199	397	581	746
Invt in Associates & JVs	0	0	0	0	0
Other LT Assets	49	100	148	122	134
Cash & ST Invt	590	973	982	1,290	1,842
Inventory	179	142	270	288	357
Debtors	115	101	269	98	154
Other Current Assets	427	332	376	413	437
Total Assets	1,511	1,847	2,441	2,793	3,671
ST Debt	217	180	180	192	184
Creditors	262	410	700	710	1,094
Other Current Liab	214	233	249	274	301
LT Debt	0	0	0	0	0
Other LT Liabilities	26	30	48	40	47
Shareholder's Equity	792	993	1,265	1,577	2,044
Minority Interests	0	0	0	0	0
Total Cap. & Liab.	1,511	1,847	2,441	2,793	3,671
Non-Cash Wkg. Capital	245	(68)	(35)	(185)	(446)
Net Cash/(Debt)	373	793	802	1,098	1,657
Debtors Turn (avg days)	14.9	16.2	18.2	15.1	6.7
Creditors Turn (avg days)	59.9	66.8	72.5	75.6	62.2
Inventory Turn (avg days)	37.6	31.9	26.9	29.9	22.3
Asset Turnover (x)	1.5	1.5	1.7	1.7	2.1
Current Ratio (x)	1.9	1.9	1.7	1.8	1.8
Quick Ratio (x)	1.0	1.3	1.1	1.2	1.3
Net Debt/Equity (X)	(0.5)	(0.8)	(0.6)	(0.7)	(0.8)
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	64.9	84.2	158.7	121.4	128.2
Z-Score (X)	NA	NA	NA	NA	NA

Source: Company, DBS HK

Cash Flow Statement (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Pre-Tax Profit	190	169	226	278	457
Dep. & Amort.	32	49	95	51	71
Tax Paid	(8)	(21)	(47)	(49)	(81)
Assoc. & JV Inc/(loss)	0	0	0	0	0
(Pft)/ Loss on disposal of FAs	0	0	0	0	0
Chg in Wkg.Cap.	(422)	(122)	(61)	(27)	211
Other Operating CF	386	391	121	316	108
Net Operating CF	179	466	334	569	766
Capital Exp.(net)	(141)	(152)	(286)	(234)	(236)
Other Invt.(net)	(327)	(384)	(9)	(271)	(60)
Invt in Assoc. & JV	0	0	0	0	0
Div from Assoc & JV	0	0	0	0	0
Other Investing CF	0	0	(1)	25	30
Net Investing CF	(468)	(535)	(295)	(479)	(266)
Div Paid	0	0	0	0	0
Chg in Gross Debt	37	(37)	0	12	(8)
Capital Issues	0	0	0	19	19
Other Financing CF	(2)	24	6	11	(9)
Net Financing CF	35	(13)	6	42	1
Currency Adjustments	0	0	0	0	0
Chg in Cash	(254)	(83)	45	132	501
Opg CFPS (RMB) (DR)	8.03	7.72	5.14	7.75	7.22
Free CFPS (RMB) (DR)	0.50	4.12	0.63	4.36	6.90

Source: Company, DBS HK

NIU Technologies

DBS HK recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

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Sources for all charts and tables are DBS HK unless otherwise specified.

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