

Xiaomi (1810.нк)

Short-term performance is under pressure; Expect some relief in later period of second quarter

Hong Kong | Information Technology Industry

19th July 2022

Investment highlights

Xiaomi Corporation released its first quarterly report that the company's revenue was RMB73.4 billion, a decrease of 4.6% YoY; The gross profit was RMB12.7 billion, a decrease of 10.2% YoY; Adjusted net profit was RMB2.9 billion, a decrease of 52.9% YoY. In the first quarter of 2022, due to the supply shortage of key components, the domestic lockdown caused by the epidemic and the impact of the global economic environment, the shipments of smartphone business dropped sharply. However, thanks to the premiumization strategy of smartphones, the decline in shipments was partially offset by the increase in average selling price (ASP); As for the IoT and lifestyle products business, smart TVs, laptops, smart home and smart wearables all maintained rapid growth. Revenue from Internet services remained stable and the global and mainland China MAU of MIUI continued to grow. In general, the demand for smartphones in the first quarter of 2022 was weak. IoT and lifestyle products business was negatively affected. Internet service business maintained steady growth. At the same time, the company will continue to increase investment in research and development of electric vehicle in the next 1-2 years which may cause a negative impact on the company's overall profitability.

Supply shortages of key components for smartphones; competition intensified; shipments in the next quarter will still be affected

Revenue from the smartphone business in the first quarter was RMB45.8 billion, a decrease of 11.1% YoY, mainly due to the continued shortage of key component supply, the resurgence of COVID-19 and the impact of fierce industry competition. The gross profit margin of the smartphone business was 9.9%, down 3 percentage points YoY, mainly due to the promotion of certain smartphone models. The company's global smartphone market shipments in the first quarter of 2022 were 38.5 million units, a decrease of 22.1% YoY. The shortage of key components such as mobile phone chips has largely restricted the shipments of Xiaomi's mobile phones. The management stated that shortage of 4G chips has a great impact on Xiaomi and the shortage of Xiaomi's models below US\$150 exceeded more than 10 million units. At the same time, thanks to the increase in the proportion of Xiaomi's high-end smartphone shipments, the global smartphone ASP reached RMB1,189, an increase of 14.1% YoY. The decline in shipments was partially offset by the increase in ASP.

According to Canalys, as for global market, the global overall smartphone market shipments fell by 10.5% YoY in the first quarter of 2022. Xiaomi's global market share was 12.6%, ranking No. 3. In the Latin American market, the company's smartphone business and carrier business have great potential for development and the growth rate continues to increase, which is Xiaomi's growth point of this and next year. In addition, 4G equipment is more widely promoted into the African market, which is also another market with great development potential. As for domestic mobile phone market, according to Canalys, Xiaomi's market share is 13.9%, ranking No. 5. Although most leading suppliers have slowed down the pace of new product releases in the first quarter, Honor ranked No.1 with a market share of 20% in the first quarter of 2022 and competition among smartphone providers remains fierce.

The company's high-end smartphones accounted for more than 50% of the domestic offline shipments. The epidemic has affected the company's offline store traffic and offline consumer demand was sluggish. In March 2022, MAU of MIUI in Xiaomi's global and mainland China both reached a record high. MAU of MIUI in global reached 529 million, an increase of 24.4% YoY; MAU of MIUI in mainland China reached 137 million, an increase of 14.3% YoY. In terms

Buy

CMP HKD 12.78 (Closing price as of 14th July) Target HKD 16.24 (+27.1%)

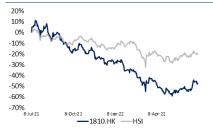
COMPANY DATA

O/S SHARES (MN) : 24,955 MARKET CAP (HKD MN) : 318,922 52- WK HI/LO (HKD) : 28.65/10.30

SHARE HOLDING PATTERN %

Lei Jun	16.73% (Class A Shares)
Lei Jun	9.88% (Class B Shares)
Lin Bin	7.73% (Class B Shares)
Apoletto	6.48% (Class B Shares)
Managers Ltd.	0.46% (Class B Silales)
Lin Bin	1.85% (Class A Shares)

股價 & 恒生指數



Source: Phillip Securities (HK) Research

KEY FINANCIALS

RMB \$'mn	FY20	FY21	FY22E	FY23E
Net Sales	245,866	328,309	333,108	397,128
Net Profit	20,356	19,339	17,182	21,211
Non-IFRS net profit	13,006	22,039	19,339	23,520
Basic EPS (RMB)	0.85	0.78	0.69	0.85
P/E, x	15.1	16.4	18.5	15.0
Non-IFRS EPS (RMB)	0.5	0.9	0.8	0.9
BVPS (RMB)	5.2	5.5	6.2	7.0

來源: PSHK Est.

Research Analyst

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of product research and development, company continues to expand its smartphone product line and develop new products, among which Xiaomi 12 series, Redmi K50, Redmi K50 Pro and the newly launched Xiaomi Civi 1S all accounted for more than 50% of new users. Although the supply of key components was tight in the first quarter of this year and the macroeconomic headwinds, geopolitics and industry competition were still challenging, the supply chain may improve in the second quarter. It is expected that the 618 shopping festival may partially help increase the shipments in the corresponding quarter.

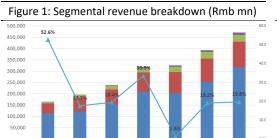
IoT and lifestyle products business are negatively affected by logistics, inflation and rising costs and are expected to resume stable growth after the epidemic eases

The revenue of the IoT and lifestyle products business in the first quarter was RMB19.5 billion, an increase of 6.8% YoY. The gross profit margin of the IoT and lifestyle products business was 15.6%, an increase of 1.1 percentage points YoY, mainly due to the price decline of key components such as display panels. In the first quarter of 2022, the number of connected devices on AIoT reached about 478 million, an increase of 36.2% YoY; In terms of smart TVs, the global smart TV shipments in the first quarter of 2022 reached 3 million units, an increase of 15% YoY, ranking No.5 in the world. The YoY increase in the gross profit margin of the smart TV business in this quarter was mainly attributable to the cost advantage brought about by economies of scale and the price decline of key components; Smart devices maintained a good growth momentum. Since the release of the Xiaomi Pad5 series in August 2021, the shipment volume have exceeded 2 million units, ranking the top three in the first quarter in mainland China. In addition, the revenue of smart home (air conditioners, refrigerators, washing machines) in the first quarter increased by 25.0% YoY. The company will continue the highend product market penetration strategy and launch new products this year, such as smart air conditioners and 630-liter super refrigerator series; Smart wearables continued to maintain its leading edge. Global shipments of TWS ranked No.3 in the first quarter and its domestic shipments ranked No.2. At present, the increase in overseas shipping logistics costs, inflation in Europe and the United States, the exchange rate impact caused by the conflict between Russia and Ukraine, and uncertainties in the overseas macro environment are the main challenges for the future growth of IoT and lifestyle products business. Gross profit of IoT and lifestyle products business is expected to increase in the second quarter. On the one hand, it is mainly due to the reduction in the cost of key components, such as the benefit of TV categories; On the other hand, newly launched household appliances are products with high gross profit margins, which are expected to improve overall gross profit in the future.

Internet service business maintains steady growth

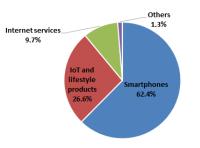
Revenue from the Internet service business in the first quarter was RMB7.1 billion, an increase of 8.2% YoY. Gross profit margin was 70.8%, representing a decrease of 1.6 percentage points YoY, mainly due to the increase in the proportion of revenue of certain advertising businesses with lower gross profit margins. In the first quarter of 2022, the scale of global and domestic Internet users will maintain a growth trend. Revenue of advertising business reached RMB4.5 billion with an increase of 16.2% YoY, mainly due to the increase in search, performance and brand advertising business revenue. The revenue of game business reached RMB1.1 billion, an increase of 3.0% YoY. The lower growth rate was mainly due to challenges from the regulatory environment and macro economy. In overseas markets, the revenue of overseas Internet service business reached RMB1.6 billion in the first quarter of 2022, an increase of 71.1% YoY. The proportion of overseas markets in overall Internet service revenue continued to increase to 21.9%, reaching a record high. In the domestic market, TV advertising revenue of China's TV Internet service in the first quarter accounted for 15.0% of the total domestic Internet service revenue, reaching a new record. Due to the high installed capacity in China, TV advertising and TV added value-added are expected to bring revenue growth in the future.





YoY growth of Revenue





Source: Company, PSHK Est.

Source : Company

Figure 3: Global Smartphone User Market Share

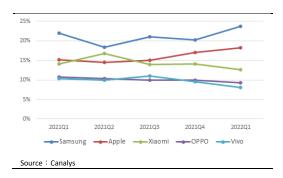
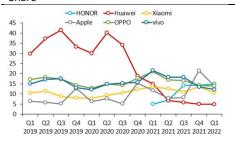


Figure 4: Mainland China Smartphone Market Share



Source : Canalys



Company Valuation and investment advice

Compared with companies in the same industry in domestic and global, Xiaomi's current PE ratio is only about 14×, which is lower than the industry average; due to the impact of the domestic epidemic and the macroeconomic headwinds, rising costs and logistics costs in the first quarter affected smartphone business and IoT and Consumer products business. Besides, the automotive business will also affect profits in the nearly 1-2 years. The epidemic is expected to ease in the second quarter and the 618 shopping festival may improve the smartphone business and IoT and lifestyle products business in the corresponding quarter. We predicted the company's adjusted net profit per share in 2022-2023 to be RMB0.78 and RMB0.94 respectively. We set our target price at HK\$ 16.24, corresponding to 18.0× and 14.8× PE ratio in 2022-2023 and our investment rating is "Buy" .

Table 1: Comparable Company valuation table

	Ticker		Last Price	Mkt Cap		P/E (x)			P/B (x)			ROE (%)			EV/EBITD/		Divi	dend yiel	d (%)
	HCKer		13/7/2022	(hkd mn)	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F	FY21F	FY22F	FY2
China peers																			
SHENZHEN TRANS-A	688036 CH	88.20107	75.49	70710.00	15	13.1	10.4	3.9	3.4	2.7	29.7	26.8	26.6	8.4	7.4	5.6	2.0	2.1	2.6
HAIER SMART H-A	600690 CH	30.76347	26.33	274372.33	18	16.3	14.3	2.0	2.7	2.4	17.3	17.2	17.3	9.7	8.8	7.7	1.8	2.3	2.8
GUANGDONG XINB-A	002705 CH	23.32088	19.96	19280.02	20	16.3	13.6	2.5	2.4	2.1	12.2	14.5	15.4	9.8	8.5	7.4	1.0	2.8	3.3
JOYOUNG CO -A	002242 CH	21.54494	18.44	16525.34	18	16.9	14.7	3.0	3.2	3.0	20.9	18.7	20.3	10.2	12.1	10.7	5.6	4.9	5.5
MIDEA GROUP CO-A	000333 CH	68.1166	58.30	476652.44	14	12.7	11.2	2.9	2.8	2.4	21.8	22.2	21.7	10.3	9.8	8.6	3.0	3.3	3.8
GREE ELECTRIC-A	000651 CH	40.85828	34.97	230089.53	8	8.1	7.3	1.9	1.7	1.6	19.2	21.8	21.6	4.8	4.6	4.1	5.9	7.0	7.7
HISENSE H.A-A	000921 CH	15.9484	13.65	18562.85	19	13.3	11.0	1.7	1.6	1.5	12.5	12.5	13.3	5.2	5.0	4.3	1.6	2.3	2.9
HISENSE VISUAL-A	600060 CH	15.17727	12.99	19855.83	15	11.3	9.2	1.0	1.0	0.9	8.1	8.7	9.8	5.8	5.2	4.4	0.7	2.2	2.6
ECOVACS ROBOTI-A	603486 CH	120.43669	103.08	69097.23	28	22.4	17.3	9.8	8.0	5.8	44.2	38.1	35.8	18.1	15.0	11.7	1.1	1.4	1.8
BEIJING ROBORO-A	688169 CH	419.68238	359.20	39252.40	23	19.2	14.8	3.6	3.4	2.8	17.4	17.6	18.6	14.7	12.6	9.7	0.4	0.6	0.9
Average					17.8	15.0	12.4	3.2	3.0	2.5	20.3	19.8	20.0	9.7	8.9	7.4	2.3	2.9	3.4
HK peers																			
XIAOMI CORP-B	1810 HK	12.8	12.80	319420.97	14	18.1	13.6	1.5	1.8	1.6	16.0	9.3	11.8	6.9	10.5	8.1	0.0	0.0	0.0
TENCENT	700 HK	335.4	335.40	3227373.10	12	23.9	19.5	2.9	3.0	2.6	17.4	13.5	14.5	13.4	15.1	12.7	0.5	0.5	0.5
ZTE-H	763 HK	16.8	16.80	123142.68	9	8.3	7.3	1.3	1.2	1.0	15.0	14.9	15.2	6.9	7.2	6.5	2.2	2.5	2.8
SUNNY OPTICAL	2382 HK	108.5	108.50	119008.19	20	20.3	16.3	4.7	4.2	3.4	28.4	21.3	22.3	10.0	11.4	9.3	1.0	0.9	1.1
AAC TECHNOLOGIES	2018 HK	15.98	15.98	19311.83	12	14.6	11.4	0.7	0.7	0.7	6.6	5.1	6.2	4.2	4.3	4.0	1.3	1.5	1.9
BYD ELECTRONIC	285 HK	21.1	21.10	47542.62	17	18.1	12.1	1.6	1.6	1.4	12.1	8.9	11.9	7.1	7.2	5.8	0.6	0.6	0.8
LENOVO GROUP	992 HK	7.05	7.05	84894.02	5	5.8	5.7	22	1.6	1.3	44.4	36.2	30.2	0.3	0.3	0.3	42.0	5.8	7.3
Average					12.7	15.6	12.3	2.1	2.0	1.7	20.0	15.6	16.0	7.0	8.0	6.7	6.8	1.7	2.1
US peers																			
APPLE INC	AAPL US	1142.0965	145.49	18485000.00	26	23.9	22.4	35.1	39.4	33.0	143.7	155.7	158.0	2.4	2.2	2.2	0.6	0.6	0.7
ALIBABA GRP-ADR	BABA US	856 43499	109.10	2321700.00	31	16.9	12.7	2.0	24	2.1	NA	10.4	10.7	NA	8.4	6.9	0.0	0.0	0.0
AMAZON COM INC	AMZN US	866 63999	110.40	8817600.00	34	58.6	30.2	8.4	7.7	6.1	19.7	7.7	16.0	2.2	2.1	1.6	0.0	0.0	0.0
WHIRLPOOL CORP	WHR US	1282.847	163.42	72099.03	6	6.7	6.4	2.0	1.9	1.7	35.2	28.9	NA	0.6	0.7	0.7	3.3	4.1	4.4
Average					24.1	26.5	17.9	11.9	12.9	10.7	66.2	50.7	61.5	1.7	3.3	2.8	1.0	1.2	1.3
Korea and Japan Markets																			
SAMSUNG ELECTRON	005930 KS	349 18053	58000.00	2084500.00	9	8.8	8.6	1.1	1.2	1.1	142	13.9	12.7	440.4	426.6	410.7	2.8	2.5	2.9
LG ELECTRONICS	066570 KS	548.45424	91100.00	89753 34	14	6.3	6.1	0.7	0.8	0.7	9.3	13.4	12.5	535.6	524.0	508.1	1.1	1.5	1.7
SONY GROUP CORP	6758 JP	640 15084	11190.00	807282.56	13	15.8	14.4	1.7	1.8	1.6	14.1	12.0	11.6	140.3	144.1	134.5	0.7	0.6	0.7
PANASONIC HOLDIN	6752 JP	63.55742	1111.00	155961.42	8	10.6	9.3	0.7	0.8	0.8	9.0	7.8	8.7	89.1	87.0	79.6	3.3	2.9	3.1
TOSHIBA CORP	6502 JP	303.14203	5299.00	131302.32	10	116	12.0	1.7	1.8	1.6	12.3	15.5	14.3	158.8	151.2	140.4	5.0	3.6	3.5
Average	200000000				10.9	10.6	10.1	1.2	1.3	1.2	11.8	12.5	11.9	272.8	266.6	254.6	2.6	2.2	2.4
3.53																			
Overall Average					17.7	18.0	13.8	4.7	4.9	4.1	28.8	24.1	27.0	74.0	72.6	68.4	2.7	1.4	1.7

Risk factors

Uncertainties in the epidemic resurgence; continued supply shortage of key components such as chips; macroeconomic headwinds; intensified competition in the industry



Xiaomi Corporation

Financial data

Consolidated Statement of Profit or Loss						Consolidated Statement of Financial Position					
Dec Y/E, RMB mn	FY19	FY20	FY21	FY22E	FY23E	Dec Y/E, RMB mn	FY19	FY20	FY21	FY22E	FY23E
Revenue	205,839	245,866	328,309	333,108	397,128	Non Current Asset					
COGS	(177,285)	(209,114)	(270,048)	(278,656)	(329,432)	PP&E, Gross	6,992	6,306	6,965	8,058	8,542
Gross Profit	28,554	36,752	58,261	54,452	67,696	Intagible assets	1,672	4,266	5,579	5,720	6,784
Other income	1,266	643	827	735	781	Deferred Tax Assets	1,283	2,011	1,662	2,205	2,320
Other gains and losses	(226)	(372)	(2,580)	1,075	807	Other non-current assets	36,143	64,814	92,834	101,227	103,928
Selling and distribution expenses	(10,378)	(14,539)	(20,981)	(20,493)	(24,905)	Total Non Current Assets	46,090	77,397	107,040	117,211	121,574
Administrative expense	(3,104)	(3,746)	(4,739)	(4,942)	(5,812)	Current Asset					
R&D expenses	(7,493)	(9,256)	(13,167)	(16,655)	(19,856)	Cash & cash equivalent	25,920	54,752	23,512	21,220	27,812
Fair value changes on investments measured	3,813	13,173	8,132	8.132	8,132	Trade receivables & Notes receivables	6,949	10,161	17,986	12,935	16,222
at fair value through profit or loss	3,813	13,173	8,132	8,132	8,132	Trade receivables & Notes receivables	6,949	10,161	17,986	12,935	16,222
Share of net profits of investments accounted	(672)	1 201	275	275	275	Inventories	32,585	41,671	52,398	E4 700	64.353
for using the equity method	(672)	1,381	2/5	2/5	2/5	inventories	32,585	41,6/1	52,398	54,798	64,352
Finance costs, net	402	(2,401)	(1,611)	(2,444)	(2,431)	Loan receivables	12,724	8,919	5,109	8,634	8,236
Profit before tax	12,163	21,633	24,417	20,136	24,686	Prepayments and other receivables	19,837	16,182	19,852	21,033	24,544
Income tax	(2,060)	(1,321)	(5,134)	(2,958)	(3,441)	Restricted cash	1,538	3,625	4,320	4,647	5,383
Minorities	59	(43)	(56)	(5)	34	Other current assets	37,986	40,973	62,674	64,187	76,169
Net profit	10,044	20,356	19,339	17,182	21,211	Total Current Assets	137,539	176,283	185,851	187,455	222,719
Non-IFRS net profit	11,532	13,006	22,039	19,339	23,520	Total Assets	183,629	253,680	292,891	304,666	344,293
EPS(RMB)-Basic	0.42	0.85	0.78	0.69	0.85	Non Current Liabilities					
Non IFRS EPS	0.49	0.54	0.88	0.78	0.94	Long term borrowings	4,787	6,962	5,527	7,520	8,965
DPS		-	-	-	-	Deferred tax liabilities	580	301	1,203	814	1,212
Payout ratio	0%	0%	0%	0%	0%	Other non-current liabilities	4,424	14,477	33,002	16,354	20,520
Shares outstanding	23,746	23,987	24,927	24,927	24,927	Total Non-current Liabilities	9,791	21,739	39,732	24,687	30,697
-						Current Liabilities					
						Trade and other payables	59,528	72,199	74,643	81,764	93,115
						Short Term borrowings	12,837	6,962	5,527	5,527	5,527
						Income tax liabilities	479	674	2,335	2,335	2,335
						Other current liabilities	19.337	28,092	33,222	36,622	37,860
						Total Current Liabilities	92,181	107,927	115,727	126,248	138,837
Key Financial Data						Equity					
Dec Y/E	FY19	FY20	FY21	FY22E	FY23E	Reserves	81,331	123,692	137,213	153,400	174,429
Valuation Ratio						Minority interests	327	322	219	330	330
P/E ratio, x	30.2	15.1	16.4	18.5	15.0	Total equity	81,658	124,014	137,432	153,730	174,758
Non IFRS P/E ratio, x	26.3	23.6	14.5	16.5	13.5	Total Liabilities and Equity	183,629	253,680	292,892	304,666	344,293
Dividend Yield, %	0.00%	0.00%	0.00%	0.00%	0.00%	Total Elabilities and Equity	200,023	200,000	EJE,OJE	504,000	544,255
Dividend Held, 70	0.00%	0.0070	0.0070	0.0070							
						Consolidated Statement of Cash Flow					
						Consolidated Statement of Cash Flow	FY19	FY20	FY21F	FY22F	FY23F
Per share data (RMB)	0.42	0.85	0.78	0.69	0.85	Dec Y/E, RMB mn	FY19	FY20	FY21E	FY22E	FY23E
EPS	0.42	0.85	0.78	0.69	0.85	Dec Y/E, RMB mn CFO	23,810	21,879	9,785	19,315	41,825
EPS Non IFRS EPS	0.5	0.5	0.9	0.8	0.9	Dec Y/E, RMB mn CFO Profit before tax	23,810 12,163	21,879 21,633	9,785 24,417	19,315 20,136	41,825 24,686
EPS Non IFRS EPS BVPS						Dec Y/E, RMB mn CFO Profit before tax Depreciation and amortisation	23,810 12,163 (1,381)	21,879 21,633 (1,709)	9,785 24,417 (3,061)	19,315 20,136 (2,295)	41,825 24,686 (2,724)
EPS Non IFRS EPS	0.5	0.5	0.9	0.8	0.9	Dec Y/E, RMB mn CFO Profit before tax Depreciation and amortisation Tax paid	23,810 12,163 (1,381) (2,142)	21,879 21,633 (1,709) (1,953)	9,785 24,417 (3,061) (2,442)	19,315 20,136 (2,295) (2,958)	41,825 24,686 (2,724) (3,441)
EPS Non IFRS EPS BVPS DPS	0.5	0.5	0.9	0.8	0.9	Dec Y/E, RMB mn CFO Profit before tax Depreciation and amortisation Tax paid Change in working capital	23,810 12,163 (1,381) (2,142) (8,786)	21,879 21,633 (1,709) (1,953) (373)	9,785 24,417 (3,061) (2,442) 16,108	19,315 20,136 (2,295) (2,958) (9,771)	41,825 24,686 (2,724) (3,441) 1,490
EPS Non IFRS EPS BVPS DPS Growth & Margin	0.5	0.5	0.9	0.8	0.9	Dec Y/E, RMB mn CFO Profit before tax Depreciation and amortisation Tax paid Change in working capital Others	23,810 12,163 (1,381) (2,142) (8,786) 23,956	21,879 21,633 (1,709) (1,953) (373) 4,281	9,785 24,417 (3,061) (2,442) 16,108 (25,237)	19,315 20,136 (2,295) (2,958) (9,771) 14,204	41,825 24,686 (2,724) (3,441) 1,490 21,814
EPS Non IFRS EPS BVPS DPS Growth & Margin Growth	0.5	0.5 5.2 -	0.9 5.5 -	0.8 6.2 -	7.0	Dec Y/E, RMB mn CFO Profit before tax Depreciation and amortisation Tax paid Change in working capital Others CFI	23,810 12,163 (1,381) (2,142) (8,786) 23,956 (31,570)	21,879 21,633 (1,709) (1,953) (373) 4,281 (17,679)	9,785 24,417 (3,061) (2,442) 16,108 (25,237) (45,008)	19,315 20,136 (2,295) (2,958) (9,771) 14,204 (24,405)	41,825 24,686 (2,724) (3,441) 1,490 21,814 (37,335)
EPS Non IFRS EPS BVPS DPS Growth & Margin Growth	0.5 3.4 -	0.5 5.2 -	0.9 5.5 -	0.8 6.2	0.9 7.0 -	Dec Y/E, RMB mn CFO Profit before tax Depreciation and amortisation Tax paid Change in working capital Others CFI Total Capex	23,810 12,163 (1,381) (2,142) (8,786) 23,956 (31,570) (3,405)	21,879 21,633 (1,709) (1,953) (373) 4,281 (17,679) (3,026)	9,785 24,417 (3,061) (2,442) 16,108 (25,237) (45,008) (7,169)	19,315 20,136 (2,295) (2,958) (9,771) 14,204 (24,405) (2,515)	41,825 24,686 (2,724) (3,441) 1,490 21,814 (37,335) (2,185)
EPS Non IFRS EPS BVPS DPS Growth & Margin Growth Revenue Growth Gross Profit Growth	0.5 3.4 - 17.7% 28.7%	0.5 5.2 - 19.4% 28.7%	0.9 5.5 - 33.5% 58.5%	0.8 6.2 - 1.5% -6.5%	0.9 7.0 - 19.2% 24.3%	Dec Y/E, RMB mn CFO Profit before tax Depreciation and amortisation Tax paid Change in working capital Others CFI Total Capex Others	23,810 12,163 (1,381) (2,142) (8,786) 23,956 (31,570) (3,405) (28,165)	21,879 21,633 (1,709) (1,953) (373) 4,281 (17,679) (3,026) (14,653)	9,785 24,417 (3,061) (2,442) 16,108 (25,237) (45,008) (7,169) (37,839)	19,315 20,136 (2,295) (2,958) (9,771) 14,204 (24,405) (2,515) (21,891)	41,825 24,686 (2,724) (3,441) 1,490 21,814 (37,335) (2,185) (35,150)
EPS Non IFRS EPS BVPS DPS Growth & Margin Growth Revenue Growth Gross Profit Growth Operating Profit Growth	0.5 3.4 - 17.7% 28.7% 883.3%	0.5 5.2 - 19.4% 28.7% 104.4%	0.9 5.5 - 33.5% 58.5% 8.3%	0.8 6.2 - 1.5% -6.5% -13.3%	0.9 7.0 - 19.2% 24.3% 20.1%	Dec Y/E, RMB mn CFO Profit before tax Depreciation and amortisation Tax paid Change in working capital Others CFI Total Capex Others	23,810 12,163 (1,381) (2,142) (8,786) 23,956 (31,570) (3,405) (28,165) 3,121	21,879 21,633 (1,709) (1,953) (373) 4,281 (17,679) (3,026) (14,653) 26,216	9,785 24,417 (3,061) (2,442) 16,108 (25,237) (45,008) (7,169) (37,839) 4,499	19,315 20,136 (2,295) (2,958) (9,771) 14,204 (24,405) (2,515) (21,891) 2,799	41,825 24,686 (2,724) (3,441) 1,490 21,814 (37,335) (2,185) (35,150) 2,101
EPS Non IFRS EPS BVPS DPS Growth & Margin Growth Revenue Growth Gross Profit Growth Operating Profit Growth Net Profit Growth	0.5 3.4 - 17.7% 28.7%	0.5 5.2 - 19.4% 28.7%	0.9 5.5 - 33.5% 58.5%	0.8 6.2 - 1.5% -6.5%	0.9 7.0 - 19.2% 24.3%	Dec Y/E, RMB mn CFO Profit before tax Depreciation and amortisation Tax paid Change in working capital Others CFI Total Cape Others Ofters Ofter Froceeds from borrowings	23,810 12,163 (1,381) (2,142) (8,786) 23,956 (31,570) (3,405) (28,165) 3,121 17,037	21,879 21,633 (1,709) (1,953) (373) 4,281 (17,679) (3,026) (14,653) 26,216 30,582	9,785 24,417 (3,061) (2,442) 16,108 (25,237) (45,008) (7,169) (37,839) 4,499 22,529	19,315 20,136 (2,295) (2,958) (9,771) 14,204 (24,405) (2,515) (21,891) 2,799 37,968	41,825 24,686 (2,724) (3,441) 1,490 21,814 (37,335) (2,185) (35,150) 2,101 43,199
EPS Non IFRS EPS BVPS DPS DPS Growth & Margin Growth Revenue Growth Gross Profit Growth Operating Profit Growth Net Profit Growth Margin	0.5 3.4 - 17.7% 28.7% 883.3% -25.9%	19.4% 28.7% 102.7%	0.9 5.5 - 33.5% 58.5% 8.3% -5.0%	0.8 6.2 - 1.5% -6.5% -13.3% -11.2%	0.9 7.0 - 19.2% 24.3% 20.1% 23.4%	Dec Y/E, RMB mn CFO Profit before tax Depreciation and amortisation Tax paid Change in working capital Others CFI Total Capex Others CFF Proceeds from borrowings Repayment of borrowings	23,810 12,163 (1,381) (2,142) (8,786) 23,956 (31,570) (3,405) (28,165) 3,121 17,037 (10,417)	21,879 21,633 (1,709) (1,953) (373) 4,281 (17,679) (3,026) (14,653) 26,216 30,582 (32,586)	9,785 24,417 (3,061) (2,442) 16,108 (25,237) (45,008) (7,169) (37,839) 4,499 22,529 (13,301)	19,315 20,136 (2,295) (2,958) (9,771) 14,204 (24,405) (2,515) (21,891) 2,799 37,968 (30,503)	41,825 24,686 (2,724) (3,441) 1,490 21,814 (37,335) (2,185) (35,150) 2,101 43,199 (36,366)
EPS Non IFRS EPS BWPS DPS Growth & Margin Growth Growth Grose Profit Growth Operating Profit Growth Net Profit Growth Margin Gross Profit Margin	0.5 3.4 - 17.7% 28.7% 883.3% -25.9% 13.9%	0.5 5.2 - 19.4% 28.7% 104.4% 102.7%	0.9 5.5 - 33.5% 58.5% 8.3% -5.0%	0.8 6.2 - 1.5% -6.5% -13.3% -11.2%	0.9 7.0 - 19.2% 24.3% 20.1% 23.4%	Dec Y/E, RMB mn CFO Profit before tax Depreciation and amortisation Tax paid Change in working capital Others CFI Total Capex Others CFF Proceeds from borrowings Repayment of borrowings Finance expenses paid	23,810 12,163 (1,381) (2,142) (8,786) 23,956 (31,570) (3,405) (28,165) 3,121 17,037	21,879 21,633 (1,709) (1,953) (373) 4,281 (17,679) (3,026) (14,653) 26,216 30,582	9,785 24,417 (3,061) (2,442) 16,108 (25,237) (45,008) (7,169) (37,839) 4,499 22,529	19,315 20,136 (2,295) (2,958) (9,771) 14,204 (24,405) (2,515) (21,891) 2,799 37,968	41,825 24,686 (2,724) (3,441) 1,490 21,814 (37,335) (2,185) (35,150) 2,101 43,199
EPS Non IFRS EPS BVPS DPS DPS Growth & Margin Growth Revenue Growth Gross Profit Growth Operating Profit Growth Net Profit Growth Gross Profit Growth Operating Profit Margin Gross Profit Margin Operating Profit Margin	17.7% 28.7% 883.3% -25.9% 13.9% 5.7%	0.5 5.2 - 19.4% 28.7% 104.4% 102.7% 14.9% 9.8%	0.9 5.5 - 33.5% 58.5% 8.3% -5.0% 17.7% 7.9%	0.8 6.2 - 1.5% -6.5% -13.3% -11.2% 16.3% 6.8%	0.9 7.0 - 19.2% 24.3% 20.1% 23.4% 17.0% 6.8%	Dec Y/E, RMB mn CFO Profit before tax Depreciation and amortisation Tax paid Change in working capital Others CFI Total Capex Others CFF Proceeds from borrowings Repayment of borrowings Finance expenses paid Dividend paid	23,810 12,163 (1,381) (2,142) (8,786) 23,956 (31,570) (3,405) (28,165) 3,121 17,037 (10,417) (219)	21,879 21,633 (1,709) (1,953) (373) 4,281 (17,679) (3,026) (14,653) 26,216 30,582 (32,586) (500)	9,785 24,417 (3,061) (2,442) 16,108 (25,237) (45,008) (7,169) (37,839) 4,499 22,529 (13,301) (660)	19,315 20,136 (2,295) (2,958) (9,771) 14,204 (24,405) (2,515) (21,891) 2,799 37,968 (30,503) (597)	41,825 24,686 (2,724) (3,441) 1,490 21,814 (37,335) (2,185) (35,150) 2,101 43,199 (36,366) (663)
EPS Non IFRS EPS BWPS DPS Growth & Margin Growth Growth Grose Profit Growth Operating Profit Growth Net Profit Growth Margin Gross Profit Margin	0.5 3.4 - 17.7% 28.7% 883.3% -25.9% 13.9%	0.5 5.2 - 19.4% 28.7% 104.4% 102.7%	0.9 5.5 - 33.5% 58.5% 8.3% -5.0%	0.8 6.2 - 1.5% -6.5% -13.3% -11.2%	0.9 7.0 - 19.2% 24.3% 20.1% 23.4%	Dec Y/E, RMB mn CFO Profit before tax Depreciation and amortisation Tax paid Change in working capital Others CFI Total Capex Others CFF Proceeds from borrowings Repayment of borrowings Repayment of borrowings Rinance expenses paid Dividend paid Share repurchase	23,810 12,163 (1,381) (2,142) (8,786) 23,956 (31,570) (3,405) (28,165) 3,121 17,037 (10,417) (219)	21,879 21,633 (1,709) (1,953) (373) 4,281 (17,679) (3,026) (14,653) 26,216 30,582 (32,586) (500) -	9,785 24,417 (3,061) (2,442) 16,108 (25,237) (45,008) (7,169) (37,839) 4,499 22,529 (13,301) (660)	19,315 20,136 (2,295) (2,958) (9,771) 14,204 (24,405) (2,515) (21,891) 2,799 37,968 (30,503) (597)	41,825 24,686 (2,724) (3,441) 1,490 21,814 (37,335) (2,185) (35,150) 2,101 43,199 (36,666) (663) - (7,007)
EPS Non IFRS EPS BVPS DPS DPS Growth & Margin Growth Revenue Growth Gross Profit Growth Operating Profit Growth Margin Gross Profit Margin Operating Frofit Margin Net Profit Margin Net Profit Margin Net Profit Margin	17.7% 28.7% 883.3% -25.9% 13.9% 5.7%	0.5 5.2 - 19.4% 28.7% 104.4% 102.7% 14.9% 9.8%	0.9 5.5 - 33.5% 58.5% 8.3% -5.0% 17.7% 7.9%	0.8 6.2 - 1.5% -6.5% -13.3% -11.2% 16.3% 6.8%	0.9 7.0 - 19.2% 24.3% 20.1% 23.4% 17.0% 6.8%	Dec Y/E, RMB mn CFO Profit before tax Depreciation and amortisation Tax paid Change in working capital Others CFI Total Capex Others CFF Proceeds from borrowings Repayment of borrowings Finance expenses paid Dividend paid Share repurchase Other	23,810 12,163 (1,381) (2,142) (8,786) 23,956 (31,570) (3,405) (28,165) 3,121 17,037 (10,417) (219)	21,879 21,633 (1,709) (1,953) (373) 4,281 (17,679) (3,026) (14,653) 26,216 30,582 (32,586) (500) . (455) 29,175	9,785 24,417 (3,061) (2,442) 16,108 (25,237) (45,008) (7,169) (37,839) 22,529 (13,301) (660) (7,007) 2,938	19,315 20,136 (2,295) (2,958) (9,771) 14,204 (24,405) (2,515) (21,891) 37,968 (30,503) (597) - (7,007) 2,938	41,825 24,686 (2,724) (3,441) 1,490 21,814 (37,335) (2,185) (35,150) 43,199 (36,366) (663) (7,007) 2,938
EPS Non IFRS EPS BVPS DPS DPS Growth & Margin Growth Revenue Growth Gross Profit Growth Operating Profit Growth Net Profit Growth Margin Gross Profit Margin Operating Profit Margin Net Profit Margin Net Profit Margin Key Ratios	17.7% 28.7% 883.3% -25.9% 13.9% 5.7% 4.9%	0.5 5.2 - 19.4% 28.7% 104.4% 102.7% 14.9% 9.8% 8.3%	0.9 5.5 - 33.5% 58.5% 8.3% -5.0% 17.7% 7.9% 5.9%	1.5% -6.5% -13.3% -11.2% 16.3% 6.8% 5.2%	0.9 7.0	Dec Y/E, RMB mn CFO Profit before tax Depreciation and amortisation Tax paid Change in working capital Others CFI Total Capex Others CFF Proceeds from borrowings Repayment of borrowings Finance expenses paid Dividend paid Share repurchase Other Net Change in Cash	23,810 12,163 (1,381) (2,142) (8,786) (3,556) (31,570) (2,465) 3,121 17,037 (10,417) (219) - (2,932) (348) (4,639)	21,879 21,633 (1,709) (1,953) (373) 4,281 (17,679) (3,026) (14,653) 26,216 30,582 (32,586) (500) - (455) 29,175 30,415	9,785 24,417 (3,061) (2,442) 16,108 (25,237) (45,008) (7,169) (37,839) 4,499 22,529 (13,301) (660) - (7,007) 2,938 (30,724)	19,315 20,136 (2,295) (2,958) (9,771) 14,204 (24,405) (2,515) (21,891) 2,799 37,968 (30,503) (597) - (7,007) 2,938 (2,292)	41,825 24,686 (2,724) (3,441) 1,490 21,814 (37,35) (2,185) (35,150) 2,101 43,199 (36,366) (663) - (7,007) 2,938 6,592
EPS Non IFRS EPS BVPS DPS DPS Growth & Margin Growth Revenue Growth Gross Profit Growth Operating Profit Growth Margin Gross Profit Margin Operating Frofit Margin Net Profit Margin Net Profit Margin Net Profit Margin	17.7% 28.7% 883.3% -25.9% 13.9% 5.7%	0.5 5.2 - 19.4% 28.7% 104.4% 102.7% 14.9% 9.8%	0.9 5.5 - 33.5% 58.5% 8.3% -5.0% 17.7% 7.9%	0.8 6.2 - 1.5% -6.5% -13.3% -11.2% 16.3% 6.8%	0.9 7.0 - 19.2% 24.3% 20.1% 23.4% 17.0% 6.8%	Dec Y/E, RMB mn CFO Profit before tax Depreciation and amortisation Tax paid Change in working capital Others CFI Total Capex Others CFF Proceeds from borrowings Repayment of borrowings Finance expenses paid Dividend paid Share repurchase Other	23,810 12,163 (1,381) (2,142) (8,786) 23,956 (31,570) (3,405) (28,165) 3,121 17,037 (10,417) (219)	21,879 21,633 (1,709) (1,953) (373) 4,281 (17,679) (3,026) (14,653) 26,216 30,582 (32,586) (500) . (455) 29,175	9,785 24,417 (3,061) (2,442) 16,108 (25,237) (45,008) (7,169) (37,839) 22,529 (13,301) (660) (7,007) 2,938	19,315 20,136 (2,295) (2,958) (9,771) 14,204 (24,405) (2,515) (21,891) 37,968 (30,503) (597) - (7,007) 2,938	41,825 24,686 (2,724) (3,441) 1,490 21,814 (37,335) (2,185) (35,150) 43,199 (36,366) (663) (7,007) 2,938

Current Price as of 14th July 2022

Source: PSHK Est.



Xiaomi Corporation

PHILLIP RESEARCH STOCK SELECTION SYSTEMS

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20%upside from the current price
-5% to +5%	Neutral	3	Trade within ± 5% from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20%downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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