

## Xiaomi Corporation

3Q19: proactive defense strategy with margin expansion; 5G a big driver in 2020

### Reiterate Buy rating; results came in ahead of expectation with hardware margin expanding

Xiaomi reported 3Q19 revenue of Rmb53.7bn, +5.5% YoY/+3.3% QoQ, better than market expectation. 3Q19 gross profit reached Rmb8.2bn, +25.2% YoY/+13.5% QoQ. Gross margin continued to improve, from 14.0% in 2Q19 and 12.9% in 3Q18 to 15.3% this quarter, thanks to hardware gross margin expansion. To better position itself in upcoming 5G market, Xiaomi increased R&D expenses by 32.5% YoY accordingly. R&D expense as % of total revenue rose to 3.8% this quarter from 3.0% last quarter. Non-IFRS net profit came in at Rmb3.5bn, +20.3% YoY/-4.5% QoQ. Looking ahead into 2020, we believe Xiaomi's proactive inventory management, competitive edges in supply chain and increase investment in R&D will enable it to regain market share in 5G era while maintain a moderate margin.

### Smartphone: proactive inventory management paved the way for 5G in 2020

To prepare for 4G to 5G replacement next year, Xiaomi adopted proactive inventory management, which, on the one hand, did lead to a market share decline in China, but on the other hand, paved the way for new 5G models' rollout next year. Xiaomi planned to launch more than 10 new 5G models in 2020, hoping to regain market share in 5G era. The loss in China market was offset by strong sales overseas. Xiaomi continued its leading position in India market with a market share of 27.1%, according to IDC. In the meanwhile, entering telecom carriers' sales channels in Europe market was another catalyst for sales growth. Overall, total shipments were 32.1mn units in 3Q19, -4% YoY/flat QoQ. Revenue grew 0.8% QoQ to Rmb32.3bn in 3Q19. With prudent strategy, gross margin improved from 8.1% last quarter to 9.0% in 3Q19.

### IoT & lifestyle: smart TV drove growth while white goods improved margin

This segment reported revenue of Rmb15.6bn, +44.4% YoY/4.4% QoQ. In particular, smart TVs shipments reached 3.1mn units, up 59.8% YoY, maintaining the leading position in China with market share of 16.9% in 3Q19. Sector gross margin rose to 12.8% from 11.2% last quarter. We believe the margin improvement was due to the increased sales of high margin white goods. Following the successful launches of air conditioners and washing machines, Xiaomi launched Mi Refrigerator in October 2019, further expanding its IoT product portfolio. Regarding the AIoT platform, the number of connected devices to its open AIoT platform grew strongly by 62% YoY to 213mn units as of 3Q19.

### Internet service: Fintech, and Youpin maintained momentum

Internet service revenue grew by +12.3% YoY/+15.9% QoQ to Rmb5.3bn in 3Q19. Advertising revenue declined by 9% YoY due to the macro headwinds. Other IVAS, including Fintech and Youpin, grew strongly by 56.8% YoY. Gross margin was down slightly to 62.9%. MIUI MAU reached 291.6mn, +29.9% YoY/+4.6% QoQ. We believe growing installed/connected base of its hardware, including smartphone and IoT devices, always represents an opportunity and growth potential of Xiaomi's internet service in the future.

### Reiterate Buy rating with PT of HK\$22.0 (146% upside)

Our HK\$22.0 per share Dec-20 price target is derived by using a discounted cash flow model, assuming a 13.4% cost of equity, 3% long-term growth rate.

Stock code: 1810.HK

Rating: Buy

Price target (HK\$)	22.0
Previous price target (HK\$)	22.0
Current price (HK\$, 29 Nov 2019)	8.95
Upside/downside %	146%
Market cap (HK\$ m)	215,203
Market cap (US\$ m)	27,490
Avg daily turnover (HK\$ m)	826

Source: Bloomberg, AMTD Research

### Key forecasts

(Rmb m)	2018	2019e	2020e
Non-IFRS net profit	8,555	11,590	14,309
yoy %	60%	35%	23%
Revenue	174,915	206,939	255,457
yoy %	53%	18%	23%
Smartphone shipment (m)	119	128	146
yoy %	30%	8%	14%
Gross margin	12.7%	13.8%	14.1%
Non-IFRS net margin	4.9%	5.6%	5.6%
EPS	0.53	0.48	0.55

Source: Company data, AMTD Research

### Valuation

	2018	2019e	2020e
P/E (adjusted)	22.4	16.5	13.4
P/S	1.1	0.9	0.7
ROE	8.6%	14.9%	15.6%
ROA	7.3%	7.5%	7.9%

Source: Bloomberg, AMTD Research

### Share price performance



Source: Bloomberg

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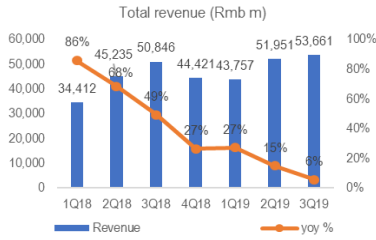
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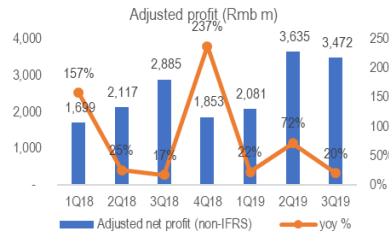
# Focus charts

**Figure 1: Xiaomi revenue growth**



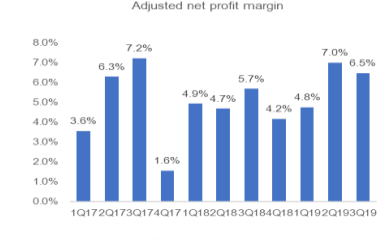
Source: Company data

**Figure 2: Xiaomi non-IFRS net profit**



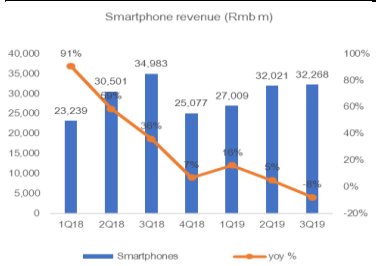
Source: Company data

**Figure 3: Xiaomi non-IFRS net margin**



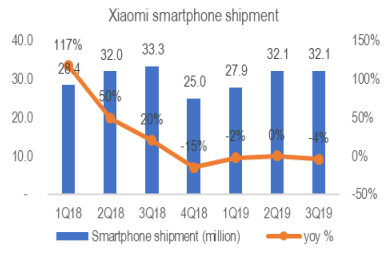
Source: Company data

**Figure 4: Smartphone revenue**



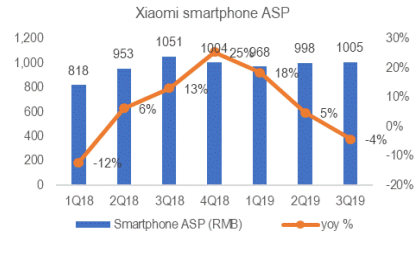
Source: Company data

**Figure 5: Xiaomi smartphone shipment**



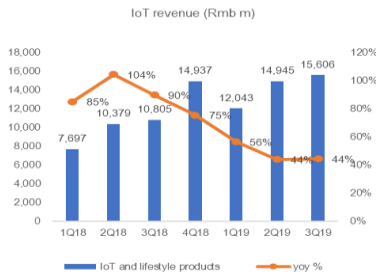
Source: Company data

**Figure 6: Xiaomi smartphone ASP**



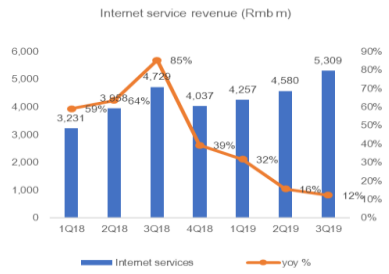
Source: Company data

**Figure 7: IoT and life style revenue**



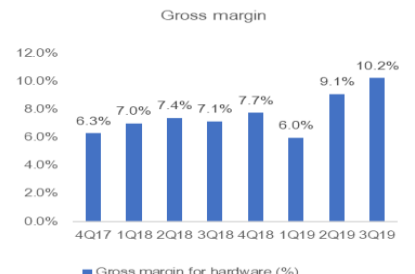
Source: Company data

**Figure 8: Internet service revenue**



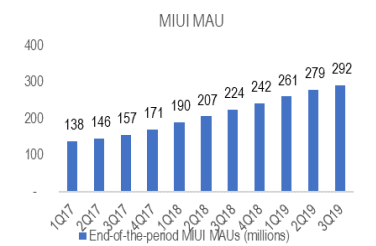
Source: Company data

**Figure 9: Overall hardware gross margin**



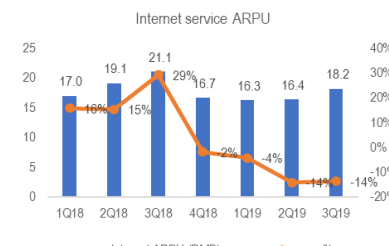
Source: Company data

**Figure 10: MIUI MAU**



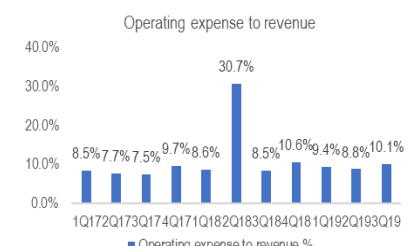
Source: Company data

**Figure 11: Xiaomi internet service ARPU trends**



Source: Company data

**Figure 12: Operating efficiency**



Source: Company data

Figure 13: Xiaomi's quarterly P&amp;L

Rmb m	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
<b>Profit &amp; loss</b>								
<b>Revenue</b>	<b>35,114</b>	<b>34,412</b>	<b>45,235</b>	<b>50,846</b>	<b>44,421</b>	<b>43,757</b>	<b>51,951</b>	<b>53,661</b>
Smartphones	23,440	23,239	30,501	34,983	25,077	27,009	32,021	32,268
IoT and lifestyle products	8,514	7,697	10,379	10,805	14,937	12,043	14,945	15,606
Internet services	2,898	3,231	3,958	4,729	4,037	4,257	4,580	5,309
Advertising	1,607	1,874	2,500	3,200	2,526	2,283	2,485	2,912
IVAS	1,291	1,357	1,458	1,529	1,509	1,975	2,095	2,397
Others	262	245	397	330	370	448	405	477
<b>Cost of sales</b>	<b>(31,474)</b>	<b>(30,111)</b>	<b>(39,584)</b>	<b>(44,269)</b>	<b>(38,760)</b>	<b>(38,541)</b>	<b>(44,692)</b>	<b>(45,425)</b>
<b>Gross profit</b>	<b>3,640</b>	<b>4,301</b>	<b>5,652</b>	<b>6,578</b>	<b>5,661</b>	<b>5,216</b>	<b>7,258</b>	<b>8,236</b>
<b>Gross margin</b>	<b>10.4%</b>	<b>12.5%</b>	<b>12.5%</b>	<b>12.9%</b>	<b>12.7%</b>	<b>11.9%</b>	<b>14.0%</b>	<b>15.3%</b>
<b>Operating expenses</b>	<b>(3,399)</b>	<b>(2,972)</b>	<b>(13,896)</b>	<b>(4,305)</b>	<b>(4,696)</b>	<b>(4,127)</b>	<b>(4,575)</b>	<b>(5,414)</b>
Selling and marketing expenses	(1,914)	(1,403)	(2,076)	(2,187)	(2,328)	(1,845)	(2,295)	(2,537)
Administrative expenses	(450)	(465)	(10,457)	(583)	(594)	(632)	(724)	(844)
R&D expenses	(1,035)	(1,104)	(1,364)	(1,534)	(1,775)	(1,651)	(1,556)	(2,033)
<b>EBIT</b>	<b>241</b>	<b>1,330</b>	<b>(8,244)</b>	<b>2,273</b>	<b>965</b>	<b>1,088</b>	<b>2,684</b>	<b>2,823</b>
Fair value changes on investments	3,453	1,763	527	65	2,075	2,633	(671)	33
Share of losses of investments	(14)	16	(129)	(184)	(318)	(145)	(12)	(241)
Other income	146	158	207	259	220	60	406	448
Other (losses)/gains, net	(140)	98	47	(202)	271	(22)	(71)	50
<b>PBT</b>	<b>(12,703)</b>	<b>(6,689)</b>	<b>14,908</b>	<b>2,364</b>	<b>3,344</b>	<b>3,717</b>	<b>2,336</b>	<b>3,113</b>
Income tax expenses	(360)	(338)	(276)	117	48	(525)	(479)	(775)
<b>(Loss)/profit for the year</b>	<b>(13,063)</b>	<b>(7,027)</b>	<b>14,633</b>	<b>2,481</b>	<b>3,392</b>	<b>3,192</b>	<b>1,955</b>	<b>2,519</b>
Minority interest	(33)	(22)	(19)	(18)	(17)	66	4	(6)
<b>Attributable profit</b>	<b>(13,030)</b>	<b>(7,005)</b>	<b>14,651</b>	<b>2,499</b>	<b>3,409</b>	<b>3,126</b>	<b>1,952</b>	<b>2,525</b>
<b>Adjusted net profit (non-IFRS)</b>	<b>550</b>	<b>1,699</b>	<b>2,117</b>	<b>2,885</b>	<b>1,853</b>	<b>2,081</b>	<b>3,635</b>	<b>3,472</b>
<b>Yoy growth %</b>								
<b>Total revenue</b>			<b>68%</b>	<b>49%</b>	<b>27%</b>	<b>27%</b>	<b>15%</b>	<b>6%</b>
Smartphones			59%	36%	7%	16%	5%	-8%
IoT and lifestyle products			104%	90%	75%	56%	44%	44%
Internet services			64%	85%	39%	32%	16%	12%
Advertising			70%	110%	57%	22%	-1%	-9%
IVAS			54%	49%	17%	45%	44%	57%
Others			149%	125%	41%	83%	2%	45%
<b>Gross profit</b>			<b>47%</b>	<b>26%</b>	<b>56%</b>	<b>21%</b>	<b>28%</b>	<b>25%</b>
<b>Adjusted net profit (non-IFRS)</b>			<b>25%</b>	<b>17%</b>	<b>237%</b>	<b>22%</b>	<b>72%</b>	<b>20%</b>

Source: Company data; AMTD research

Figure 14: Xiaomi's P&amp;L forecast

Rmb m	2016	2017	2018	2019E	2020E
<b>Profit &amp; loss</b>					
<b>Revenue</b>	<b>68,434</b>	<b>114,625</b>	<b>174,915</b>	<b>206,939</b>	<b>255,457</b>
Smartphones	48,764	80,564	113,800	124,471	146,980
IoT and lifestyle products	12,415	23,448	43,817	62,180	82,929
Internet services	6,538	9,896	15,956	18,811	23,997
Advertising	3,838	5,614	10,100	10,302	12,363
IVAS	2,699	4,282	5,853	8,509	11,635
Others	717	717	1,343	1,477	1,551
<b>Cost of sales</b>	<b>(61,185)</b>	<b>(99,471)</b>	<b>(152,723)</b>	<b>(178,465)</b>	<b>(219,344)</b>
<b>Gross profit</b>	<b>7,249</b>	<b>15,154</b>	<b>22,192</b>	<b>28,474</b>	<b>36,113</b>
<b>Gross margin</b>	<b>10.6%</b>	<b>13.2%</b>	<b>12.7%</b>	<b>13.8%</b>	<b>14.1%</b>
<b>Operating expenses</b>	<b>(6,053)</b>	<b>(9,599)</b>	<b>(25,869)</b>	<b>(18,211)</b>	<b>(23,502)</b>
Selling and marketing expenses	(3,022)	(5,232)	(7,993)	(8,898)	(11,240)
Administrative expenses	(927)	(1,216)	(12,099)	(2,276)	(3,321)
R&D expenses	(2,104)	(3,151)	(5,777)	(7,036)	(8,941)
<b>EBIT</b>	<b>1,196</b>	<b>5,555</b>	<b>(3,677)</b>	<b>10,263</b>	<b>12,611</b>
Fair value changes on investments	2,727	6,371	4,430	1,000	1,000
Share of losses of investments	(150)	(231)	(615)	(200)	(200)
Other income	540	449	845	300	300
Other (losses)/gains, net	(528)	72	213	-	-
<b>PBT</b>	<b>1,176</b>	<b>(41,829)</b>	<b>13,927</b>	<b>11,625</b>	<b>14,063</b>
Income tax expenses	(155)	(684)	(2,060)	(449)	(1,932)
<b>(Loss)/profit for the year</b>	<b>492</b>	<b>(43,889)</b>	<b>13,478</b>	<b>9,693</b>	<b>11,732</b>
Minority interest	(62)	(63)	(76)	(84)	(92)
<b>Attributable profit</b>	<b>553</b>	<b>(43,826)</b>	<b>13,554</b>	<b>9,777</b>	<b>11,824</b>
<b>Adjusted net profit (non-IFRS)</b>	<b>1,896</b>	<b>5,362</b>	<b>8,555</b>	<b>11,590</b>	<b>14,309</b>
<b>Yoy growth %</b>					
<b>Total revenue</b>	<b>2%</b>	<b>67%</b>	<b>53%</b>	<b>18%</b>	<b>23%</b>
Smartphones	-9%	65%	41%	9%	18%
IoT and lifestyle products	43%	89%	87%	42%	33%
Internet services	102%	51%	61%	18%	28%
Advertising	111%	46%	80%	2%	20%
IVAS	90%	59%	37%	45%	37%
Others	-39%	0%	87%	10%	5%
<b>Gross profit</b>	<b>169%</b>	<b>109%</b>	<b>46%</b>	<b>28%</b>	<b>27%</b>
<b>(Loss)/profit for the year (reported)</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>-28%</b>	<b>21%</b>
<b>Adjusted net profit (non-IFRS)</b>	<b>na</b>	<b>183%</b>	<b>60%</b>	<b>35%</b>	<b>23%</b>

Source: Company data; AMTD estimates

Figure 15: Xiaomi key operating matrix

Operating matrix	2016	2017	2018	2019E	2020E
<b>Revenue mix</b>					
Smartphones	71.3%	70.3%	65.1%	60.1%	57.5%
IoT and lifestyle products	18.1%	20.5%	25.1%	30.0%	32.5%
Internet services	9.6%	8.6%	9.1%	9.1%	9.4%
Advertising	5.6%	4.9%	5.8%	5.0%	4.8%
IVAS	3.9%	3.7%	3.3%	4.1%	4.6%
Others	1.0%	0.6%	0.8%	0.7%	0.6%
Smartphone shipment (million)	55	91	119	128	146
yoy %	-17%	65%	30%	8%	14%
Smartphone ASP (Rmb)	880	881	959	974	1,008
yoy %	9.0%	0.2%	8.8%	1.5%	3.6%
IoT and lifestyle product sales per smartphone	224	257	308	486	569
yoy %	71.5%	14.5%	20.0%	58.0%	17.0%
IoT and lifestyle product sales per MIUI MAU	92	137	181	215	234
yoy %	18.9%	49.1%	31.8%	19%	9%
End-of-the-period MIUI MAUs (millions)	135	171	242	289	355
yoy %	20%	27%	42%	20%	23%
Internet ARPU (Rmb)	49	58	66	65	68
yoy %	68%	19%	14%	-1%	4%
Gross margin for hardware (%)	4.40%	8.70%	7.33%	8.7%	9.1%
Gross margin for internet services segment (%)	64%	60%	64%	63%	62%
Advertising	86%	82%	82%	87%	87%
IVAS	34%	32%	30%	35%	35%
Non-IFRS net margin (%)	2.8%	4.7%	4.9%	5.6%	5.6%
Operating margin (reported)	5.5%	10.7%	0.7%	5.5%	5.4%
Operating expense to revenue %	-35	-38	-36	-35	-35
Cash conversion cycle (days)	8.8%	8.4%	14.8%	8.8%	9.2%
Net cash/ (net debt)	9,663	8,986	28,794	40,681	24,784

Source: Company data; AMTD estimates

Figure 16: Valuation comparison table (1) – Global smartphone and home appliance companies

Code	Company	Price		Mkt Cap (US\$ m)	PE (x)			EPS g (%)			P/S (x)		EV/EBITDA		EV/EBIT	
		Curr.	29-Nov		2018	2019e	2020e	2018	2019e	2020e	2019e	2020e	2019e	2020e	2019e	2020e
<b>China smartphones &amp; home appliances</b>																
992 HK equity	Lenovo	HKD	5.2	7,811	n.a.	13.0	10.3	(141.8)	400.0	25.7	0.2	0.1	5.4	4.5	9.2	7.1
000333 CH equity	Midea	CNY	54.3	54,096	17.7	15.7	13.8	15.8	13.6	13.8	1.4	1.2	12.9	11.6	15.3	13.5
000651 CH equity	Gree	CNY	57.7	49,389	13.0	12.3	11.1	17.2	7.5	10.7	1.6	1.5	7.8	7.2	8.5	7.7
600690 CH equity	Haier	CNY	17.1	15,102	13.9	12.7	11.9	6.5	11.4	6.4	0.5	0.5	9.6	8.7	12.7	11.2
1169 HK equity	Haier Electronics	HKD	21.8	7,740	14.2	11.8	11.8	12.4	21.1	(0.1)	0.7	0.6	7.4	6.7	8.6	7.8
000921 CH equity	Hisence Kelon	CNY	10.2	1,755	9.8	8.8	7.8	n.a.	n.a.	14.1	0.4	0.3	9.2	8.1	8.0	7.1
000521 CH equity	Meiling	CNY	3.3	457	36.6	32.9	21.9	19.4	170.3	50.0	0.2	0.2	n.a.	n.a.	n.a.	n.a.
<b>Average</b>					<b>17.5</b>	<b>15.3</b>	<b>12.7</b>	<b>(11.7)</b>	<b>104.0</b>	<b>17.2</b>	<b>0.7</b>	<b>0.6</b>	<b>8.7</b>	<b>7.8</b>	<b>10.4</b>	<b>9.1</b>
<b>China kitchen &amp; small appliance</b>																
002508 CH equity	Robam	CNY	29.7	4,029	18.8	17.5	15.7	0.6	9.7	11.8	3.6	3.2	14.6	12.9	15.7	14.2
002035 CH equity	Vatti	CNY	11.3	1,407	14.6	12.7	10.9	32.1	15.1	16.5	1.7	1.5	9.8	8.7	10.4	9.4
002242 CH equity	Joyoung	CNY	22.6	2,516	23.4	21.1	18.4	10.0	10.1	15.2	1.9	1.7	18.1	15.8	20.2	17.1
002032 CH equity	Supor	CNY	71.8	8,357	35.8	30.5	25.9	27.6	14.9	17.8	2.9	2.5	24.0	20.3	24.1	20.5
603868 CH equity	Flyco	CNY	36.3	2,239	17.6	20.3	18.9	1.0	(8.3)	7.2	4.0	3.7	14.7	13.5	16.5	14.7
603355 CH equity	Kingclean	CNY	21.3	1,179	17.3	16.7	15.3	15.4	18.1	8.9	1.4	1.3	9.8	8.7	12.8	11.5
<b>Average</b>					<b>21.3</b>	<b>19.8</b>	<b>17.5</b>	<b>14.5</b>	<b>9.9</b>	<b>12.9</b>	<b>2.6</b>	<b>2.3</b>	<b>15.2</b>	<b>13.3</b>	<b>16.6</b>	<b>14.6</b>
<b>China TV</b>																
751 HK equity	Skyworth Digital	HKD	2.1	833	13.1	9.1	6.5	(59.9)	30.0	41.6	0.1	0.1	4.6	4.9	n.a.	n.a.
1070 HK equity	TCL Multimidea	HKD	3.4	1,029	8.3	6.3	6.6	(23.4)	48.0	(3.3)	0.2	0.1	2.6	2.9	2.4	3.3
600060 CH equity	Hisence	CNY	9.5	1,757	11.9	41.6	28.3	(58.3)	(24.3)	47.1	0.3	0.3	9.1	8.4	39.4	41.5
<b>Average</b>					<b>11.1</b>	<b>19.0</b>	<b>13.8</b>	<b>(47.2)</b>	<b>17.9</b>	<b>28.5</b>	<b>0.2</b>	<b>0.2</b>	<b>5.4</b>	<b>5.4</b>	<b>20.9</b>	<b>22.4</b>
<b>Global automation</b>																
6954 JP equity	Faunc	JPY	20,905.0	39,484	22.4	27.7	49.2	42.5	(15.3)	(45.7)	6.9	8.1	19.3	27.2	24.5	41.9
6506 JP equity	Yaskawa Electric	JPY	4,020.0	9,945	27.0	24.5	49.9	95.0	4.4	(47.4)	2.3	2.5	16.7	24.9	21.3	38.1
KU2 GR equity	KUKA	EUR	39.1	1,712	26.9	48.5	22.4	(85.4)	147.5	116.8	0.5	0.5	11.1	7.8	n.a.	n.a.
ABB US equity	ABB	USD	21.8	47,331	19.8	22.8	19.2	n.a.	n.a.	18.6	1.7	1.7	17.2	13.8	22.3	17.4
300024 CH equity	Siasun Robotics	CNY	13.5	2,994	40.0	43.8	37.2	4.0	6.9	17.9	6.5	5.6	35.8	31.0	46.6	40.0
<b>Average</b>					<b>27.2</b>	<b>33.4</b>	<b>35.6</b>	<b>14.0</b>	<b>35.9</b>	<b>12.0</b>	<b>3.6</b>	<b>3.7</b>	<b>20.0</b>	<b>20.9</b>	<b>28.7</b>	<b>34.3</b>
<b>Global smartphones &amp; home appliances</b>																
AAPL US equity	Apple	USD	267.3	1,187,463	22.7	22.9	20.4	28.9	0.1	10.0	4.6	4.3	14.4	13.7	17.8	16.1
005930 KS equity	Samsung Electronic	KRW	50,300.0	257,200	7.5	15.7	12.1	14.8	(55.9)	29.9	1.3	1.2	4.1	3.5	8.3	6.1
066570 KS equity	LG Electronics	KRW	69,900.0	9,757	7.9	14.2	8.6	(28.1)	(34.6)	65.7	0.2	0.2	4.1	3.8	7.8	6.7
6758 JP equity	Sony	JPY	6,904.0	81,236	18.2	10.7	15.6	568.7	86.3	(38.1)	1.0	1.0	6.9	6.9	9.9	10.0
6752 JP equity	Panasonic	JPY	1,032.0	23,151	11.8	9.9	12.9	57.3	20.4	(34.0)	0.3	0.3	5.4	6.0	9.3	12.1
WHR US equity	Whirlpool	USD	143.1	9,044	9.8	9.3	8.8	10.3	1.3	6.3	0.4	0.4	7.6	7.2	10.9	10.1
ELUXB SS equity	Electrolux	SEK	246.1	7,949	15.5	16.6	13.1	(16.2)	(11.6)	26.6	0.6	0.6	7.7	6.4	14.1	10.5
AOS US equity	AO Smith	USD	48.4	7,895	18.8	21.4	19.1	20.3	(13.3)	11.8	2.6	2.5	13.6	12.6	n.a.	n.a.
SK FP equity	SEB	EUR	141.0	7,816	16.9	16.4	14.8	9.6	(2.7)	10.4	1.0	0.9	10.7	9.9	13.6	12.6
5947 JP equity	Rinnai	JPY	8,400.0	4,010	19.4	22.2	21.5	(4.4)	(2.9)	(0.8)	1.3	1.3	7.1	7.0	n.a.	n.a.
<b>Average</b>					<b>14.9</b>	<b>15.9</b>	<b>14.7</b>	<b>66.1</b>	<b>(1.3)</b>	<b>8.8</b>	<b>1.3</b>	<b>1.3</b>	<b>8.2</b>	<b>7.7</b>	<b>11.5</b>	<b>10.5</b>

Priced as of 29 Nov 2019; Source: Bloomberg, company data, AMTD research

Figure 17: Valuation comparison table (2) – Global internet companies

Code	Company	Price		Mkt Cap (US\$ m)	Non-GAAP					P/S (x)		EV/EBITDA	
		Curr.	29-Nov		PE (x)		EPS 3yr% 2018-2020e	PE/G (x)		2019e	2020e	2019e	2020e
					2019e	2020e		2019e	2020e				
<b>China Internet</b>													
BABA US equity	Alibaba	USD	200.0	534,670	38.4	27.4	26.4%	2.1	1.5	10.0	7.2	30.3	22.5
700 HK equity	Tencent	HKD	331.8	406,292	30.3	25.1	29.4%	1.5	1.3	7.6	6.1	22.1	18.2
BIDU US equity	Baidu	USD	118.5	41,070	22.4	17.7	17.5%	n.a.	n.a.	2.7	2.5	17.8	11.3
JD US equity	JD.com	USD	32.7	47,472	31.9	23.4	48.9%	0.6	0.5	0.6	0.5	21.2	15.0
NTES US equity	Netease	USD	315.3	40,349	20.3	19.8	21.0%	0.7	0.7	4.3	4.1	15.4	13.6
WB US equity	Weibo	USD	42.8	9,634	15.8	15.0	39.2%	1.5	1.4	5.4	5.0	13.4	12.1
WUBA US equity	58.com	USD	61.5	9,199	17.0	18.8	31.7%	0.8	0.9	4.2	3.6	16.9	14.6
ATHM US equity	Autohome	USD	68.1	8,034	17.8	16.2	22.3%	1.2	1.1	6.7	6.1	13.6	12.2
SINA US equity	Sina	USD	34.9	2,420	12.6	12.4	45.3%	n.a.	n.a.	1.1	1.1	4.8	4.4
YY US equity	YY	USD	63.8	5,149	16.2	12.0	18.4%	0.8	0.6	1.4	1.1	12.2	8.3
VIPS US equity	Vipshop	USD	12.8	8,550	13.7	10.9	28.7%	n.a.	n.a.	0.7	0.6	9.8	7.9
2858 HK equity	Yix in	HKD	1.8	1,441	16.6	14.1	122.6%	n.a.	n.a.	1.7	1.6	38.1	47.1
MOMO US equity	Momo	USD	37.4	7,761	14.7	12.0	24.4%	0.6	0.5	3.2	2.7	11.6	8.2
BITA US equity	Bitauto	USD	14.9	1,043	13.4	9.7	29.3%	n.a.	n.a.	0.7	0.6	19.9	20.5
FANG US equity	Fang	USD	77.3	12,409	11.9	8.9	46.9%	0.6	0.4	3.1	2.6	6.1	4.9
BZUN US equity	Baozun	USD	38.0	2,370	39.9	26.1	48.2%	97.3	63.6	2.3	1.8	33.3	21.7
<b>Average</b>					<b>20.8</b>	<b>16.8</b>	<b>37.4%</b>	<b>9.0</b>	<b>6.0</b>	<b>3.5</b>	<b>3.0</b>	<b>17.9</b>	<b>15.2</b>
<b>Average ex-Tencent</b>					<b>20.2</b>	<b>16.3</b>	<b>37.9%</b>	<b>9.6</b>	<b>6.4</b>	<b>3.2</b>	<b>2.8</b>	<b>17.6</b>	<b>15.0</b>
<b>Leading global Internet</b>													
FB US equity	Facebook	USD	201.6	575,026	22.3		13.8%	1.1	1.1	8.2	6.7	13.7	12.0
GOOGL US equity	Google	USD	1,304.1	899,734	24.7		14.2%	1.9	1.9	6.8	5.7	13.4	11.5
AMZN US equity	Amazon	USD	1,800.8	892,832	57.2		35.2%	1.7	1.7	3.2	2.7	22.6	18.6
<b>Average</b>					<b>34.7</b>		<b>21.1%</b>	<b>1.6</b>	<b>1.6</b>	<b>6.0</b>	<b>5.1</b>	<b>16.6</b>	<b>14.0</b>

Priced as of 29 Nov 2019; Source: Bloomberg, company data, AMTD research



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