

## Xiaomi Corporation

1Q20: 5G and premium strategy started to pay off for smartphone amid the COVID-19 uncertainty

### Reiterate Buy; right strategies to help get through uncertainty ahead

Xiaomi reported solid Q1 results. Revenue was Rmb49.7bn, up 13.6% YoY. Gross profit grew strongly by +44.9% YoY to Rmb7.6bn. Given the lockdown caused by COVID-19, S&M expense ratio fell to 5.3% this quarter. Non-IFRS net profit came in at Rmb2.3bn, up 10.6% YoY. As China was first in and first out amid this pandemic, we expect in the second quarter recovery of China business will offset the impact from lockdowns in other regions, such as India and Europe. On the other hand, as we see: 1) Xiaomi's 5G and premium strategy started to pay off for smartphone, 2) IoT will recover from supply chain disruption, and 3) monetization diversification of internet services, we keep our 20% full-year topline growth and EPS forecast unchanged.

### Smartphone: 5G and premium strategy started to pay off

Despite a 12% decline in the global smartphone shipment in Q1, Xiaomi's smartphone shipment grew by 4.7% YoY to 29.2mn units. Meanwhile, revenue grew by 12.3% YoY, implying an ASP of Rmb1,039 in Q1 compared to Rmb945 from last quarter and Rmb968 in the same quarter last year. Shipments of Mi 10/Mi 10 Pro exceeded 1mn units two months after their launch, further strengthening Xiaomi's position in the premium segment. On the other hand, with expansion of 5G smartphone selection, Xiaomi led the major rivals in 5G penetration rate in China's market with a penetration rate of 25.9%, according to Canalys. In addition, edge in online channels and multi-brand strategy also helped Xiaomi achieve growth amid this tough situation. However, there are still headwinds from COVID-19 in near term. Although supply chain has fully recovered in China, the recovery in India is still in the early stage and is expected to recover 50-60% by next month.

### IoT & lifestyle: maintained growth despite the supply chain disruption

This segment reported revenue of Rmb13.0bn, up 7.8% YoY. The production and sales of some categories, such as large home appliances, were affected by the pandemic. However, Smart TVs business continued to maintain its leading position in both the mainland China and overseas markets with a total global shipment of 2.7mn units, up 3% YoY. Regarding the AIoT platform, the number of connected devices to its open AIoT platform grew strongly by 42.6% YoY to 252mn units as of Q1. Due to the fewer discounts offered, the sector gross margin rose significantly to 13.4% in Q1.

### Internet service: achieved decent revenue growth helped by diversification

Internet service revenue grew by +38.6% YoY/+3.6% QoQ to Rmb5.9bn in Q1. Advertising achieved revenue growth of 16.6% YoY, thanks to customer base expansion and optimization of recommendation algorithm. The bright spot was online gaming, which grew strongly by 81% YoY in Q1. However, due to the declining fintech's gross margin and rising proportion of online gaming revenue, gross margin declined to 57.1% this quarter. MIUI MAU increased by 26.7% YoY to 331mn with ARPU of Rmb17.8. As Xiaomi smartphone is strengthening its position in the premium segment, we expect it will benefit ARPU in the long run.

### Reiterate Buy rating with PT of HK\$22.0 (72% 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. Key risks to our PT include: 1) prolonged COVID-19 pandemic; 2) longer-than-expected smartphone replacement cycle; 3) weaker-than-expected internet user acquisitions.

Stock code: 1810.HK

Rating: Buy

Price target (HK\$)	22.0
Previous price target (HK\$)	22.0
Current price (HK\$, 20 May 2020)	12.8
Upside/downside %	72%
Market cap (HK\$ m)	307,925
Market cap (US\$ m)	39,732
Avg daily turnover (HK\$ m)	1,418

Source: Bloomberg, AMTD Research

### Key forecasts

(Rmb m)	2019	2020e	2021e
Non-IFRS net profit	11,532	11,799	13,815
YoY %	35%	2%	17%
Revenue	205,839	247,153	312,198
YoY %	18%	20%	26%
Smartphone shipment (m)	125	136	164
YoY %	5%	9%	21%
Gross margin	13.9%	14.4%	14.3%
Non-IFRS net margin	5.6%	4.8%	4.4%
EPS	0.47	0.47	0.55

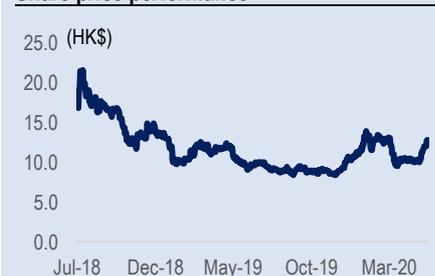
Source: Company data, AMTD Research estimates

### Valuation

	2019	2020e	2021e
P/E (adjusted)	24.8	24.9	21.1
P/S	1.4	1.1	0.9
ROE	15.1%	13.4%	13.6%
ROA	7.0%	6.3%	6.3%

Source: Bloomberg, AMTD Research estimates

### Share price performance



Source: Bloomberg

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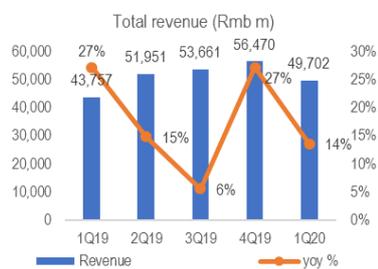
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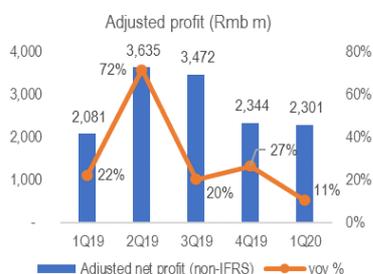
## Focus charts

**Figure 1: Revenue growth slightly down due to COVID-19 in 1Q20**



Source: Company data

**Figure 2: Xiaomi non-IFRS net profit grew by 11%**



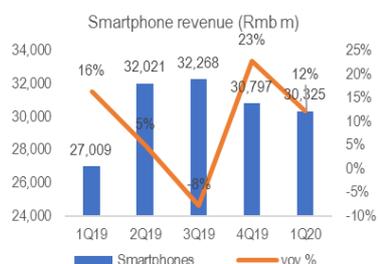
Source: Company data

**Figure 3: Xiaomi non-IFRS net margin expanded to 4.6% in 1Q20**



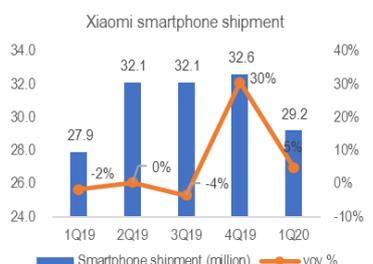
Source: Company data

**Figure 4: Smartphone revenue grew by 12% thanks to its strength of online channels**



Source: Company data

**Figure 5: Smartphone shipment decline due to the lockdowns**



Source: Company data

**Figure 6: Xiaomi smartphone ASP increased strongly driven by premium flagships**



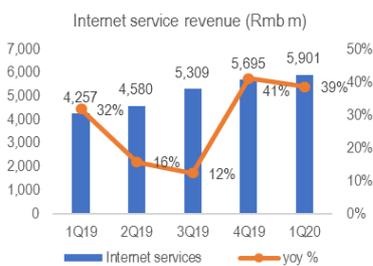
Source: Company data

**Figure 7: IoT and life style revenue was adversely impacted by the virus**



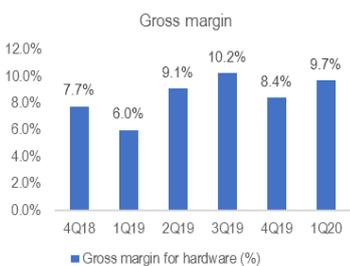
Source: Company data

**Figure 8: Internet service revenue kept momentum**



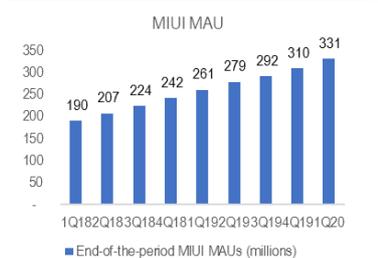
Source: Company data

**Figure 9: Overall hardware gross margin expanded strongly**



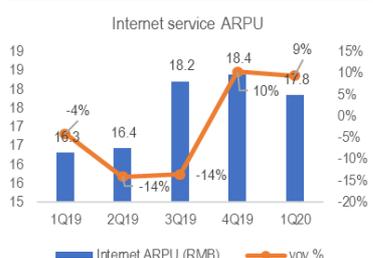
Source: Company data

**Figure 10: MIUI MAU continued to expand**



Source: Company data

**Figure 11: Xiaomi internet service ARPU trends decline mainly due to the slowdown of fintech services**



Source: Company data

**Figure 12: Operating efficiency was maintained at a high level**



Source: Company data

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

Rmb m	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
<b>Profit &amp; loss</b>								
<b>Revenue</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>	<b>56,470</b>	<b>49,702</b>
Smartphones	30,501	34,983	25,077	27,009	32,021	32,268	30,797	30,325
IoT and lifestyle products	10,379	10,805	14,937	12,043	14,945	15,606	19,494	12,984
Internet services	3,958	4,729	4,037	4,257	4,580	5,309	5,695	5,901
Advertising	2,500	3,200	2,526	2,283	2,485	2,912	2,976	2,661
IVAS	1,458	1,529	1,509	1,975	2,095	2,397	2,719	3,239
Others	397	330	370	448	405	477	484	493
<b>Cost of sales</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>(48,626)</b>	<b>(42,144)</b>
<b>Gross profit</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>7,844</b>	<b>7,559</b>
<b>Gross margin</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>-27.4%</b>	<b>15.2%</b>
<b>Operating expenses</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>	<b>(6,859)</b>	<b>(5,277)</b>
Selling and marketing expenses	(2,076)	(2,187)	(2,328)	(1,845)	(2,295)	(2,537)	(3,701)	(2,625)
Administrative expenses	(10,457)	(583)	(594)	(632)	(724)	(844)	(905)	(782)
R&D expenses	(1,364)	(1,534)	(1,775)	(1,651)	(1,556)	(2,033)	(2,253)	(1,871)
<b>EBIT</b>	<b>(8,244)</b>	<b>2,273</b>	<b>965</b>	<b>1,088</b>	<b>2,684</b>	<b>2,823</b>	<b>985</b>	<b>2,281</b>
Fair value changes on investments	527	65	2,075	2,633	(671)	33	1,819	348
Share of losses of investments	(129)	(184)	(318)	(145)	(12)	(241)	(274)	131
Other income	207	259	220	60	406	448	351	74
Other (losses)/gains, net	47	(202)	271	(22)	(71)	50	(183)	(510)
<b>PBT</b>	<b>14,908</b>	<b>2,364</b>	<b>3,344</b>	<b>3,717</b>	<b>2,434</b>	<b>3,295</b>	<b>2,717</b>	<b>2,454</b>
Income tax expenses	(276)	117	48	(525)	(479)	(775)	(280)	(294)
<b>(Loss)/profit for the year</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>	<b>2,436</b>	<b>2,160</b>
Minority interest	(19)	(18)	(17)	66	4	(6)	(5)	(4)
<b>Attributable profit</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>2,441</b>	<b>2,163</b>
<b>Adjusted net profit (non-IFRS)</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>2,344</b>	<b>2,301</b>
<b>YoY growth %</b>								
<b>Total revenue</b>					<b>15%</b>	<b>6%</b>	<b>27%</b>	<b>14%</b>
Smartphones					5%	-8%	23%	12%
IoT and lifestyle products					44%	44%	31%	8%
Internet services					16%	12%	41%	39%
Advertising					-1%	-9%	18%	17%
IVAS					44%	57%	80%	64%
Others					2%	45%	31%	10%
<b>Gross profit</b>					<b>28%</b>	<b>25%</b>	<b>39%</b>	<b>45%</b>
<b>Adjusted net profit (non-IFRS)</b>					<b>72%</b>	<b>20%</b>	<b>27%</b>	<b>11%</b>

Source: Company data; AMTD research

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

Rmb m	2016	2017	2018	2019	2020E
<b>Profit &amp; loss</b>					
<b>Revenue</b>	<b>68,434</b>	<b>114,625</b>	<b>174,915</b>	<b>205,839</b>	<b>247,153</b>
Smartphones	48,764	80,564	113,800	122,095	138,881
IoT and lifestyle products	12,415	23,448	43,817	62,088	81,208
Internet services	6,538	9,896	15,956	19,842	25,160
Advertising	3,838	5,614	10,100	10,655	12,363
IVAS	2,699	4,282	5,853	9,186	12,797
Others	717	717	1,343	1,814	1,905
<b>Cost of sales</b>	<b>(61,185)</b>	<b>(99,471)</b>	<b>(152,723)</b>	<b>(177,285)</b>	<b>(211,491)</b>
<b>Gross profit</b>	<b>7,249</b>	<b>15,154</b>	<b>22,192</b>	<b>28,554</b>	<b>35,662</b>
<b>Gross margin</b>	<b>10.6%</b>	<b>13.2%</b>	<b>12.7%</b>	<b>13.9%</b>	<b>14.4%</b>
<b>Operating expenses</b>	<b>(6,053)</b>	<b>(9,599)</b>	<b>(25,869)</b>	<b>(20,975)</b>	<b>(22,565)</b>
Selling and marketing expenses	(3,022)	(5,232)	(7,993)	(10,378)	(10,875)
Administrative expenses	(927)	(1,216)	(12,099)	(3,104)	(3,213)
R&D expenses	(2,104)	(3,151)	(5,777)	(7,493)	(8,477)
<b>EBIT</b>	<b>1,196</b>	<b>5,555</b>	<b>(3,677)</b>	<b>7,580</b>	<b>13,097</b>
Fair value changes on investments	2,727	6,371	4,430	3,813	1,000
Share of losses of investments	(150)	(231)	(615)	(672)	(200)
Other income	540	449	845	1,266	300
Other (losses)/gains, net	(528)	72	213	(226)	-
<b>PBT</b>	<b>1,176</b>	<b>(41,829)</b>	<b>1,196</b>	<b>12,163</b>	<b>14,549</b>
Income tax expenses	(684)	(2,060)	(449)	(2,060)	(2,414)
<b>(Loss)/profit for the year</b>	<b>492</b>	<b>(43,889)</b>	<b>13,478</b>	<b>10,103</b>	<b>12,136</b>
Minority interest	(62)	(63)	(76)	59	65
<b>Attributable profit</b>	<b>553</b>	<b>(43,826)</b>	<b>13,554</b>	<b>10,044</b>	<b>12,071</b>
<b>Adjusted net profit (non-IFRS)</b>	<b>1,896</b>	<b>5,362</b>	<b>8,555</b>	<b>11,532</b>	<b>11,799</b>
<b>Yoy growth %</b>					
<b>Total revenue</b>	<b>2%</b>	<b>67%</b>	<b>53%</b>	<b>18%</b>	<b>20%</b>
Smartphones	-9%	65%	41%	7%	14%
IoT and lifestyle products	43%	89%	87%	42%	31%
Internet services	102%	51%	61%	24%	27%
Advertising	111%	46%	80%	5%	16%
IVAS	90%	59%	37%	57%	39%
Others	-39%	0%	87%	35%	5%
<b>Gross profit</b>	<b>169%</b>	<b>109%</b>	<b>46%</b>	<b>29%</b>	<b>25%</b>
<b>(Loss)/profit for the year (reported)</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>-25%</b>	<b>20%</b>
<b>Adjusted net profit (non-IFRS)</b>	<b>na</b>	<b>183%</b>	<b>60%</b>	<b>35%</b>	<b>2%</b>

Source: Company data; AMTD estimates

Figure 15: Xiaomi key operating matrix

Operating matrix	2016	2017	2018	2019	2020E
<b>Revenue mix</b>					
Smartphones	71.3%	70.3%	65.1%	59.3%	56.2%
IoT and lifestyle products	18.1%	20.5%	25.1%	30.2%	32.9%
Internet services	9.6%	8.6%	9.1%	9.6%	10.2%
Advertising	5.6%	4.9%	5.8%	5.2%	5.0%
IVAS	3.9%	3.7%	3.3%	4.5%	5.2%
Others	1.0%	0.6%	0.8%	0.9%	0.8%
Smartphone shipment (million)	55	91	119	125	136
yoy %	-17%	65%	30%	5%	9%
Smartphone ASP (Rmb)	880	881	959	980	1,023
yoy %	9.0%	0.2%	8.8%	2.2%	4.4%
IoT and lifestyle product sales per smartphone	224	257	308	486	598
yoy %	71.5%	14.5%	20.0%	58.0%	23.0%
IoT and lifestyle product sales per MIUI MAU	92	137	181	196	215
yoy %	18.9%	49.1%	31.8%	8%	10%
End-of-the-period MIUI MAUs (millions)	135	171	242	310	377
yoy %	20%	27%	42%	28%	22%
Internet ARPU (Rmb)	49	58	66	64	67
yoy %	68%	19%	14%	-3%	4%
Gross margin for hardware (%)	4.40%	8.70%	7.33%	8.5%	9.5%
Gross margin for internet services segment (%)	64%	60%	64%	65%	64%
Advertising	86%	82%	82%	82%	82%
IVAS	34%	32%	30%	30%	35%
Non-IFRS net margin (%)	2.8%	4.7%	4.9%	5.6%	4.8%
Operating margin (reported)	5.5%	10.7%	0.7%	5.7%	5.7%
Cash conversion cycle (days)	-35	-38	-36	-34	-35
Operating expense to revenue %	8.8%	8.4%	14.8%	10.2%	9.1%
Net cash/ (net debt)	9,663	8,986	28,794	47,821	35,876

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.	20-May		2019	2020e	2021e	2019	2020e	2021e	2020e	2021e	2019	2020e	2019	2020e
<b>China smartphones &amp; home appliances</b>																
992 HK equity	Lenovo	HKD	4.4	6,651	11.1	10.4	8.9	168.7	13.0	9.5	0.1	0.1	4.8	4.2	8.2	6.4
000333 CH equity	Midea	CNY	59.0	57,786	17.0	16.5	14.1	16.9	(1.5)	17.3	1.5	1.3	13.3	13.3	15.9	16.3
000651 CH equity	Gree	CNY	57.4	48,170	13.2	14.4	12.3	(5.7)	(3.7)	16.8	1.8	1.6	8.5	9.5	9.0	10.8
600690 CH equity	Haier	CNY	15.3	14,563	11.5	13.2	11.2	6.3	(8.4)	17.8	0.5	0.5	10.0	10.4	13.3	14.5
1169 HK equity	Haier Electronics	HKD	21.2	7,560	10.8	14.2	11.9	80.1	(45.1)	19.4	0.7	0.7	7.3	8.0	8.2	9.2
000921 CH equity	Hisense Kelon	CNY	10.2	1,797	9.1	10.0	8.7	n.a.	(17.2)	14.5	0.3	0.3	15.6	6.9	9.1	13.3
000521 CH equity	Meiling	CNY	3.0	397	29.3	58.6	32.6	45.9	(7.4)	80.0	0.2	0.2	n.a.	n.a.	n.a.	n.a.
<b>Average</b>					<b>14.5</b>	<b>19.6</b>	<b>14.2</b>	<b>52.0</b>	<b>(10.0)</b>	<b>25.1</b>	<b>0.7</b>	<b>0.7</b>	<b>9.9</b>	<b>8.7</b>	<b>10.6</b>	<b>11.7</b>
<b>China kitchen &amp; small appliance</b>																
002508 CH equity	Robam	CNY	30.8	4,141	18.4	17.5	15.3	8.4	5.4	14.1	3.6	3.2	14.3	13.6	15.8	15.1
002035 CH equity	Vatti	CNY	10.9	1,338	12.5	12.0	10.6	9.9	6.6	13.9	1.6	1.4	9.4	9.1	10.0	9.6
002242 CH equity	Joyoung	CNY	32.5	3,545	30.6	27.4	23.5	8.1	11.7	16.7	2.4	2.1	26.3	23.9	28.2	25.5
002032 CH equity	Supor	CNY	70.8	8,148	29.9	29.6	24.7	14.9	1.2	19.8	2.9	2.5	23.5	22.8	25.1	26.7
603868 CH equity	Flyco	CNY	36.3	2,246	20.6	22.7	21.2	(19.1)	2.4	7.2	4.2	4.0	14.5	15.6	16.4	17.5
603355 CH equity	Kingclean	CNY	21.9	1,232	17.5	17.1	15.5	19.0	1.8	10.5	1.6	1.5	10.6	10.1	13.5	14.3
<b>Average</b>					<b>21.6</b>	<b>21.1</b>	<b>18.5</b>	<b>6.9</b>	<b>4.9</b>	<b>13.7</b>	<b>2.7</b>	<b>2.4</b>	<b>16.4</b>	<b>15.9</b>	<b>18.2</b>	<b>18.1</b>
<b>China TV</b>																
751 HK equity	Skyworth Digital	HKD	2.0	802	9.1	6.7	5.5	55.8	8.5	21.1	0.1	0.1	4.9	4.7	n.a.	n.a.
1070 HK equity	TCL Multimidea	HKD	3.5	1,056	5.2	7.1	5.6	127.9	(41.1)	26.6	0.2	0.2	1.0	1.4	0.9	1.6
600060 CH equity	Hisense	CNY	12.2	2,282	43.6	25.6	19.9	41.7	13.6	29.0	0.5	0.4	10.3	10.8	n.a.	n.a.
<b>Average</b>					<b>19.3</b>	<b>13.1</b>	<b>10.3</b>	<b>75.1</b>	<b>(6.3)</b>	<b>25.6</b>	<b>0.3</b>	<b>0.2</b>	<b>5.4</b>	<b>5.7</b>	<b>0.9</b>	<b>1.6</b>
<b>Global automation</b>																
6954 JP equity	Faunc	JPY	18,195.0	34,359	23.6	49.1	46.6	(15.3)	(52.0)	1.7	7.2	7.5	16.0	23.7	20.3	36.5
6506 JP equity	Yaskawa Electric	JPY	3,630.0	9,126	22.0	62.2	73.8	4.4	(64.6)	(9.6)	2.4	2.5	15.1	28.0	19.3	47.6
KU2 GR equity	KUKA	EUR	39.6	1,729	56.6	n.a.	n.a.	(19.7)	(609.3)	67.7	0.5	0.5	10.0	28.8	44.3	n.a.
ABB US equity	ABB	USD	18.9	41,065	18.1	28.0	18.4	n.a.	n.a.	52.7	1.7	1.6	17.5	17.7	15.4	25.0
300024 CH equity	Siasun Robotics	CNY	13.5	2,921	47.9	55.1	47.3	(34.7)	28.2	16.6	6.8	6.0	37.5	44.2	47.0	51.5
<b>Average</b>					<b>33.6</b>	<b>48.6</b>	<b>46.5</b>	<b>(16.3)</b>	<b>(174.4)</b>	<b>25.8</b>	<b>3.7</b>	<b>3.6</b>	<b>19.2</b>	<b>28.5</b>	<b>29.3</b>	<b>40.2</b>
<b>Global smartphones &amp; home appliances</b>																
AAPL US equity	Apple	USD	319.2	1,383,650	27.3	25.7	21.6	0.1	4.5	19.0	5.2	4.7	17.2	17.3	21.4	21.2
005930 KS equity	Samsung Electronic	KRW	50,000.0	243,238	15.4	13.5	9.1	(56.9)	16.5	48.4	1.3	1.1	3.9	3.5	7.8	6.7
066570 KS equity	LG Electronics	KRW	58,000.0	7,641	11.8	8.4	6.7	(97.5)	3,443.2	26.5	0.2	0.1	3.6	3.8	6.9	7.9
6758 JP equity	Sony	JPY	6,747.0	80,068	10.4	14.5	16.6	86.3	(34.8)	(12.6)	1.0	1.0	5.9	5.8	8.8	8.8
6752 JP equity	Panasonic	JPY	881.6	20,283	8.5	10.7	13.6	20.4	(20.6)	(32.6)	0.3	0.3	4.1	4.5	7.2	9.1
WHR US equity	Whirlpool	USD	118.9	7,389	7.7	11.6	9.0	5.5	(35.7)	28.7	0.4	0.4	6.2	8.2	9.3	13.7
ELUXB SS equity	Electrolux	SEK	142.1	4,593	10.2	35.0	10.5	(20.5)	(69.6)	234.7	0.4	0.4	4.7	7.6	8.4	25.5
AOS US equity	AO Smith	USD	42.5	6,842	18.8	24.3	19.3	(14.9)	(21.4)	26.4	2.5	2.4	11.8	14.7	n.a.	18.2
SK FP equity	SEB	EUR	111.0	6,129	13.2	21.0	13.6	(1.7)	(39.2)	54.3	0.8	0.8	8.5	10.8	11.1	14.9
5947 JP equity	Rinnai	JPY	8,800.0	4,243	23.0	21.8	21.4	(2.9)	5.3	(1.4)	1.3	1.4	7.5	7.3	n.a.	n.a.
<b>Average</b>					<b>14.6</b>	<b>18.6</b>	<b>14.1</b>	<b>(8.2)</b>	<b>324.8</b>	<b>39.1</b>	<b>1.4</b>	<b>1.3</b>	<b>7.3</b>	<b>8.3</b>	<b>10.1</b>	<b>14.0</b>

Priced as of 20 May 2020; 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.	20-May		PE (x)			EPS 3yr% 2019-2021e	PE/G (x)			2020e	2021e	2019	2020e
					2019	2020e	2021e		2019	2020e	2021e				
<b>China Internet</b>															
BABA US equity	Alibaba	USD	216.8	581,588	42.0	31.1	26.8	25.0%	2.2	1.6	1.4	8.2	6.3	32.1	25.3
700 HK equity	Tencent	HKD	440.0	538,424	40.5	32.4	26.3	24.1%	2.1	1.7	1.4	8.1	6.6	28.8	22.1
BIDU US equity	Baidu	USD	108.5	37,531	17.8	17.6	13.1	16.7%	2.5	2.5	1.9	2.4	2.1	12.9	10.3
JD US equity	JD.com	USD	54.3	79,761	54.2	42.7	28.3	38.3%	1.3	1.0	0.7	0.8	0.7	37.6	26.4
NTES US equity	Netease	USD	390.3	50,405	24.5	23.1	20.2	10.3%	n.a.	n.a.	n.a.	4.7	4.1	19.2	13.6
TCOM US equity	Ctrip	USD	25.7	15,254	19	n.a.	20	-2.0%	9.7	n.a.	10.2	4	3	24	2,056
WB US equity	Weibo	USD	34.3	7,772	12.6	16.0	13.0	-1.7%	1.3	1.6	1.3	4.6	4.1	10.7	13.2
WUBA US equity	58.com	USD	50.8	7,606	13.7	19.1	13.1	2.2%	n.a.	n.a.	n.a.	3.4	2.9	12.8	13.8
ATHM US equity	Autohome	USD	82.6	9,837	21.5	19.8	17.8	9.8%	1.2	1.1	1.0	8.0	7.2	17.0	15.8
SINA US equity	Sina	USD	33.6	2,199	11.6	13.9	11.6	0.1%	n.a.	n.a.	n.a.	1.0	0.9	4.9	6.4
YY US equity	YY	USD	65.8	5,176	16.9	18.8	12.4	16.7%	0.5	0.5	0.3	1.3	1.2	12.1	13.0
VIPS US equity	Vipshop	USD	15.2	10,221	16.4	12.6	10.3	26.3%	n.a.	n.a.	n.a.	0.8	0.7	11.2	8.6
2858 HK equity	Yixin	HKD	1.4	1,193	13.4	n.a.	22.5	-22.8%	n.a.	n.a.	n.a.	2.2	1.8	n.a.	n.a.
MOMO US equity	Momo	USD	21.7	4,531	8.0	10.0	7.9	1.2%	n.a.	n.a.	n.a.	1.9	1.6	5.6	5.6
BITA US equity	Bitauto	USD	11.8	839	11.5	n.a.	28.5	-36.4%	n.a.	n.a.	n.a.	0.7	0.6	42.0	13.6
FANG US equity	Fang	USD	43.7	6,890	6.8	22.8	22.1	-44.3%	0.4	1.3	1.2	2.3	2.3	4.6	6.5
BZUN US equity	Baozun	USD	29.2	1,843	32.9	23.8	16.9	39.5%	n.a.	n.a.	n.a.	1.5	1.2	27.4	19.0
<b>Average</b>					<b>21.4</b>	<b>21.7</b>	<b>18.3</b>	<b>6.1%</b>	<b>2.4</b>	<b>1.4</b>	<b>2.1</b>	<b>3.3</b>	<b>2.8</b>	<b>18.9</b>	<b>141.8</b>
<b>Average ex-Tencent</b>					<b>20.3</b>	<b>20.9</b>	<b>17.8</b>	<b>5.0%</b>	<b>2.4</b>	<b>1.4</b>	<b>2.2</b>	<b>3.0</b>	<b>2.5</b>	<b>18.3</b>	<b>149.3</b>
<b>Leading global Internet</b>															
FB US equity	Facebook	USD	230.0	655,208	25.2	27.7	21.4	13.8%	1.1	1.1	1.1	8.5	6.8	15.1	16.4
GOOGL US equity	Google	USD	1,409.2	961,044	23.4	28.3	22.0	14.2%	1.5	1.5	1.5	7.0	5.8	14.4	15.4
AMZN US equity	Amazon	USD	2,497.9	1,245,913	76.8	76.5	48.4	35.2%	2.2	2.2	2.2	3.6	3.1	30.1	28.4
<b>Average</b>					<b>41.8</b>	<b>44.1</b>	<b>30.6</b>	<b>21.1%</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>6.4</b>	<b>5.2</b>	<b>19.9</b>	<b>20.1</b>

Priced as of 20 May 2020; Source: Bloomberg, company data, AMTD research

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