

Xiaomi (1810 HK)

2Q25 in line; Solid EV/IoT momentum offset by softer smartphone outlook

Xiaomi's 2Q revenue/NP growth of 31%/75% YoY are largely in line with our/market expectations, and GPM was upbeat at 22.5% (+1.8ppt YoY) thanks to strong EV GPM offset by softer smartphone. For 2H25E, mgmt. turned slightly conservative on the smartphone market, and revised FY25E shipment guidance to 175mn (vs prior 175-180mn) with softer GPM given BOM cost hikes (DDR4, battery). Despite near-term headwinds, we are constructive on Xiaomi's long-term strategy: 1) Smartphone: global share gains and premiumization; 2) IoT: large home appliances momentum and overseas channel expansion; 3) Smart EV: YU7 demand, European market (2027E) and profitability upside. We trim our FY25-27E adj. EPS by 0-2% to reflect revised guidance and better EV profitability. Our new SOTP-based TP of HK\$ 62.96 implies 26.3x FY26E P/E. Upcoming catalysts include product launch and EV capacity ramp-up.

- **2Q25 in line; Strong IoT/EV segment offset by softer smartphone ASP/GPM.** 2Q revenue/adjusted NP growth of 31%/75% was largely in-line with our/market estimates, and 2Q GPM was upbeat at 22.5% (+1.8ppt YoY/-0.3ppts QoQ) as a result of 1) smartphone BOM cost hikes (DDR4, battery), 2) a better IoT product mix, and 3) strong EV GPM with SU7 Ultra delivery.
- **Smartphone: shipment guidance revised to 175mn in FY25E; Target Chinese share gains and 4Q GPM recovery.** 2Q revenue declined 2% YoY with weaker GPM of 11.5%. Mgmt. revised FY25E shipment guidance to 175mn (vs prior 175-180mn), implying +4% YoY. Despite near-term headwinds, mgmt. reiterated long-term business target: 1) 1ppt share gain in China market each year and 200mn global shipments in long term (on par with Samsung/Apple), and 2) LT GPM expansion given premiumization strategy and core technology R&D (self-developed chips, OS and imaging).
- **Smart EV: upbeat 2Q GPM; Target to expand to Europe in FY27E.** For EV, we are impressed by 1) 2Q GPM improvement to 26.4% thanks to scale benefits and SU7 Ultra deliveries, 2) 2Q net loss narrowed to RMB300mn, and 3) target to enter European market in FY27E. Mgmt. also expected the high-level GPM to sustain, supported by a strong order backlog, high-end positioning, standardized manufacturing platform and economies of scale.
- **IoT/Internet: overseas expansion, domestic large home appliances.** 2Q IoT segment remained strong with 45% YoY growth and GPM of 22.5%. Mgmt. is positive on overseas channel expansion and domestic large home appliances market (TAM multiple times upside). For Internet biz, 2Q sales climbed 10% YoY with record-high overseas sales mix of 33%. For robotics, mgmt. will focus on factory automation to improve efficiency in near term.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	270,970	365,903	485,796	621,599	757,173
YoY growth (%)	(3.2)	35.0	32.8	28.0	21.8
Adjusted net profit (RMB mn)	19,272.8	27,234.5	44,234.6	57,001.3	69,072.7
YoY growth (%)	126.3	41.3	62.4	28.9	21.2
EPS (Adjusted) (RMB)	0.77	1.10	1.73	2.21	2.67
Consensus EPS (RMB)	na	na	1.61	2.12	2.62
P/E (x)	62.1	43.9	27.9	21.8	18.0
P/B (x)	7.3	6.3	4.5	3.7	3.1
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	11.3	13.3	19.6	19.1	19.0
Net gearing (%)	76.9	95.3	47.2	28.1	16.3

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$62.96
(Previous TP)	HK\$66.00)
Up/Downside	20.2%
Current Price	HK\$52.40

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Stock Data

Mkt Cap (HK\$ mn)	1,107,840.8
Avg 3 mths t/o (HK\$ mn)	7,772.2
52w High/Low (HK\$)	60.15/17.52
Total Issued Shares (mn)	21142.0

Source: FactSet

Shareholding Structure

Lin Bin	8.6%
Smart Mobile Holdings Ltd	8.6%

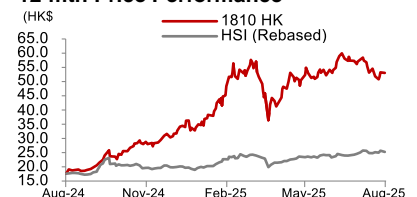
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-8.1%	-9.2%
3-mth	0.1%	-7.0%
6-mth	6.0%	-3.2%

Source: FactSet

12-mth Price Performance

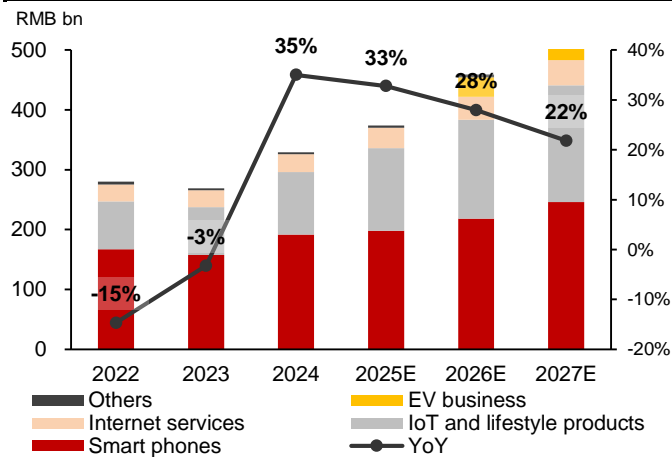


Source: FactSet

- 2Q25 Preview: expect strong earnings backed by IoT/EV momentum and solid smartphone – 7 Aug 2025 ([link](#))
- Launch event takeaways: YU7, AI Glasses, MIX Flip 2 – 27 Jun 2025 ([link](#))
- Key takeaways from Xiaomi Investor Day 2025 – 4 Jun 2025 ([link](#))
- 1Q25 strong beat: Positive on premiumization, YU7 ramp and SoC breakthrough in 2H25E – 28 May 2025 ([link](#))
- Key takeaways from product launch event: Self-developed 3nm SoC debut is the bright spot – 23 May 2025 ([link](#))

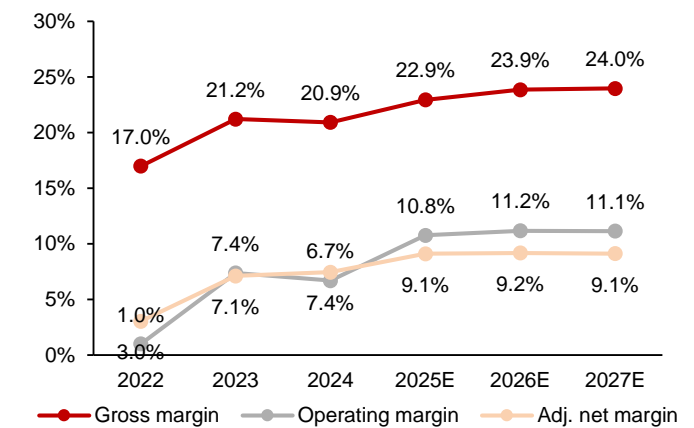
Focus Charts

Figure 1: Xiaomi revenue trend



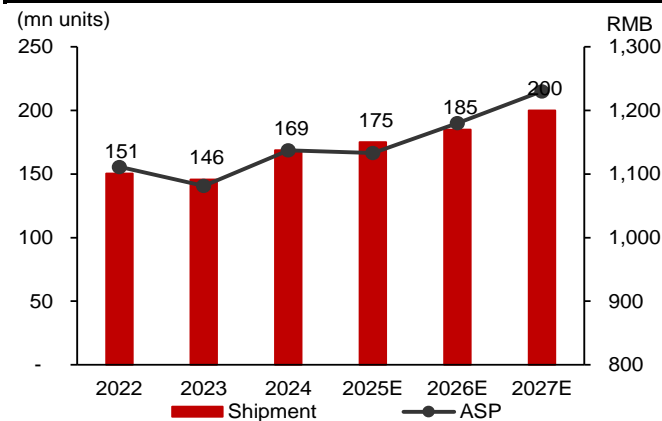
Source: Company data, CMBIGM estimates

Figure 2: Xiaomi margin trend



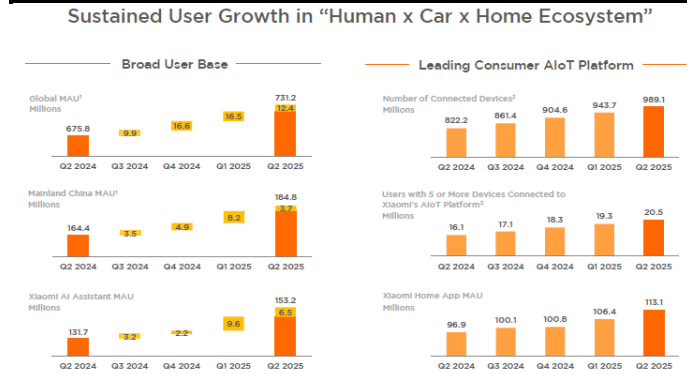
Source: Company data, CMBIGM estimates

Figure 3: Xiaomi smartphone shipment forecast



Source: Company data, CMBIGM estimates

Figure 4: Human x Car x Home Ecosystem



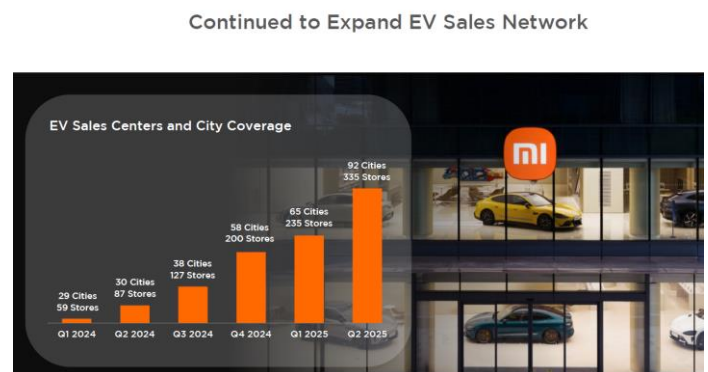
Source: Company data, CMBIGM

Figure 5: Xiaomi's smart large home appliances



Source: Company data, CMBIGM

Figure 6: Xiaomi's EV sales network expansion



Source: Company data, CMBIGM

2Q25 Review

Figure 7: 2Q25 results preview

RMB mn	2Q24	1Q25	2Q25	QoQ	YoY	Consensus		CMBIGM	
						2Q25E	Diff %	2Q25E	Diff %
Revenue	88,888	111,293	115,956	4.2%	30%	114,939	1%	117,005	-1%
Gross profit	18,394	25,406	26,101	2.7%	42%	25,589	2%	25,772	1%
Operating profit	5,889	13,125	13,437	2.4%	128%	10,258	31%	8,889	51%
Adj. net profit	6,175	10,676	10,831	1.5%	75%	10,227	6%	10,270	5%
Adj. EPS (RMB)	0.25	0.43	0.42	-2.0%	69%	0.39	7%	0.41	2%
Gross margin	20.7%	22.8%	22.5%	-0.3 ppt	1.8 ppt	22.3%	0.2 ppt	22.0%	0.5 ppt
Operating margin	6.6%	11.8%	11.6%	-0.2 ppt	5 ppt	8.9%	2.7 ppt	7.6%	4 ppt
Adj. net margin	6.9%	9.6%	9.3%	-0.3 ppt	2.4 ppt	8.9%	0.4 ppt	8.8%	0.6 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 8: Revenue breakdown

RMB mn	FY24	1Q25	2Q25	3Q25E	4Q25E	FY25E	FY26E	FY27E
Smart phones	191,756	50,612	45,520	50,050	52,095	198,277	218,300	246,000
...YoY	22%	9%	-2%	5%	2%	3%	10%	13%
Shipments (000 units)	168,600	41,800	42,400	45,500	45,300	175,000	185,000	200,000
...YoY	16%	3%	0%	6%	6%	4%	6%	8%
ASP (RMB)	1,137	1,211	1,073	1,100	1,150	1,133	1,180	1,230
...YoY	5.2%	5.8%	-2.6%	-0.1%	2.7%	-0.4%	4.1%	4.2%
IoT and lifestyle products	104,104	32,339	38,712	31,047	35,655	137,754	165,005	194,792
...YoY	30%	59%	45%	19%	16%	32%	20%	18%
Smart TVs and laptops	22,055	6,752	6,652	6,333	8,211	27,948	32,141	35,355
...YoY	13%	45%	40%	15%	15%	27%	15%	10%
Other IoTs	81,191	25,588	32,060	24,714	27,444	109,806	132,865	159,438
...YoY	34%	63%	46%	20%	20%	35%	21%	20%
Internet services	34,115	9,076	9,098	9,472	10,680	38,326	42,342	46,577
...YoY	13%	13%	10%	12%	14%	12%	10%	10%
Advertising services	24,700	6,600	6,832	6,981	8,023	28,436	31,280	34,408
...YoY	20%	20%	15%	13%	13%	15%	10%	10%
Internet value-added	9,610	2,476	2,265	2,492	2,657	10,057	11,063	12,169
...YoY	0%	-3%	-2%	9%	9%	5%	10%	10%
Gaming	4,301	1,200	1,051	1,188	1,081	4,217	4,639	5,103
...YoY	-2%	0%	5%	8%	8%	-2%	10%	10%
Other (incl. Youpin fintech, etc.)	5,309	1,276	1,214	1,304	1,576	5,840	6,424	7,066
...YoY	2%	-5%	-7%	10%	10%	10%	10%	10%
EV Business	32,754	18,580	21,263	27,620	40,016	107,479	191,200	264,103
Shipments (units)	136,854	75,869	81,302	101,000	138,000	396,171	650,000	850,000
ASP (RMB)	234,447	238,301	253,662	268,882	285,015	265,522	286,763	301,101
Others	3,174	686	1,363	951	960	3,960	4,752	5,702
...YoY	-4%	13%	40%	20%	20%	25%	20%	20%
Total	365,903	111,293	115,956	119,140	139,406	485,796	621,599	757,173
...YoY	35%	47%	30%	29%	28%	33%	28%	22%
Gross margin								
Smart phones	12.6%	12.4%	11.5%	11.3%	11.8%	11.8%	12.1%	12.2%
IoT and lifestyle products	20.3%	25.2%	22.5%	22.0%	23.0%	23.2%	23.5%	23.5%
Internet services	76.6%	76.9%	75.4%	75.5%	75.5%	75.8%	76.0%	76.0%
EV Business	18.5%	23.2%	26.4%	26.5%	26.7%	26.0%	26.5%	26.5%
Others	-31.0%	-46.5%	-23.3%	-5.0%	-5.0%	-18.5%	5.0%	5.0%
Total	20.9%	22.8%	22.5%	22.6%	23.7%	22.9%	23.9%	24.0%

Source: Company data, CMBIGM estimates

Earnings Revision

We trim FY25-27E adj. EPS by 0-2% to reflect softer smartphone guidance and better EV margin outlook. Our FY25/26E adj. NP estimates are slightly higher than consensus given our more positive view on EV shipments and margins and operating efficiency improvement.

Figure 9: CMBIGM earnings revision

RMB mn	New			Old			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	485,796	621,599	757,173	497,316	629,135	754,638	-2%	-1%	0%
Gross profit	111,464	148,276	181,459	112,140	147,091	179,990	-1%	1%	1%
Operating profit	52,259	69,472	84,375	48,088	63,826	80,038	9%	9%	5%
Adj. net profit	44,235	57,001	69,073	44,037	55,258	68,389	0%	3%	1%
Adj. EPS (RMB)	1.73	2.21	2.67	1.76	2.21	2.74	-2%	0%	-2%
Gross margin	22.9%	23.9%	24.0%	22.5%	23.4%	23.9%	0.4 ppt	0.5 ppt	0.1 ppt
Operating margin	10.8%	11.2%	11.1%	9.7%	10.1%	10.6%	1.1 ppt	1 ppt	0.5 ppt
Adj. net margin	9.1%	9.2%	9.1%	8.9%	8.8%	9.1%	0.3 ppt	0.4 ppt	0.1 ppt

Source: Company data, CMBIGM estimates

Figure 10: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	485,796	621,599	757,173	487,565	611,794	723,505	0%	2%	5%
Gross profit	111,464	148,276	181,459	109,957	141,023	168,743	1%	5%	8%
Operating profit	52,259	69,472	84,375	44,655	59,198	73,745	17%	17%	14%
Adj. net profit	44,235	57,001	69,073	41,638	55,696	68,330	6%	2%	1%
Adj. EPS (RMB)	1.73	2.21	2.67	1.61	2.12	2.62	7%	4%	2%
Gross margin	22.9%	23.9%	24.0%	22.6%	23.1%	23.3%	0.4 ppt	0.8 ppt	0.6 ppt
Operating margin	10.8%	11.2%	11.1%	9.2%	9.7%	10.2%	1.6 ppt	1.5 ppt	1 ppt
Adj. net margin	9.1%	9.2%	9.1%	8.5%	9.1%	9.4%	0.6 ppt	0.1 ppt	-0.3 ppt

Source: Bloomberg, CMBIGM estimates

Figure 11: P&L forecast

RMB mn	FY24	1Q25	2Q25	3Q25E	4Q25E	FY25E	FY26E	FY27E
Revenue	365,903	111,293	115,956	119,140	139,406	485,796	621,599	757,173
...YoY	35%	47%	30%	29%	28%	33%	28%	22%
Cost of sales	(289,343)	(85,887)	(89,855)	(92,231)	(106,359)	(374,332)	(473,323)	(575,715)
Gross profit	76,560	25,406	26,101	26,909	33,048	111,464	148,276	181,459
GPM (%)	20.9%	22.8%	22.5%	22.6%	23.7%	22.9%	23.9%	24.0%
...YoY	33%	51%	42%	43%	47%	46%	33%	22%
SG&A	(30,991)	(8,730)	(9,405)	(9,650)	(11,571)	(39,356)	(50,350)	(60,574)
...% of rev	-8.5%	-7.8%	-8.1%	-8.1%	-8.3%	-8.1%	-8.1%	-8.0%
R&D	(24,050)	(6,712)	(7,763)	(7,982)	(9,340)	(31,798)	(40,404)	(48,459)
...% of rev	-6.6%	-6.0%	-6.7%	-6.7%	-6.7%	-6.5%	-6.5%	-6.4%
Operating profit	24,503	13,125	13,437	10,089	15,608	52,259	69,472	84,375
OPM (%)	6.7%	11.8%	11.6%	8.5%	11.2%	10.8%	11.2%	11.1%
...YoY	22%	256%	128%	67%	76%	113%	33%	21%
Adj. net profit	27,235	10,676	10,831	10,012	12,716	44,235	57,001	69,073
NPM (%)	7.4%	9.6%	9.3%	8.4%	9.1%	9.1%	9.2%	9.1%
...YoY	41%	64%	75%	60%	53%	62%	29%	21%

Source: Company data, CMBIGM estimates

Valuation

Maintain BUY with new SOTP-based TP of HK\$62.96

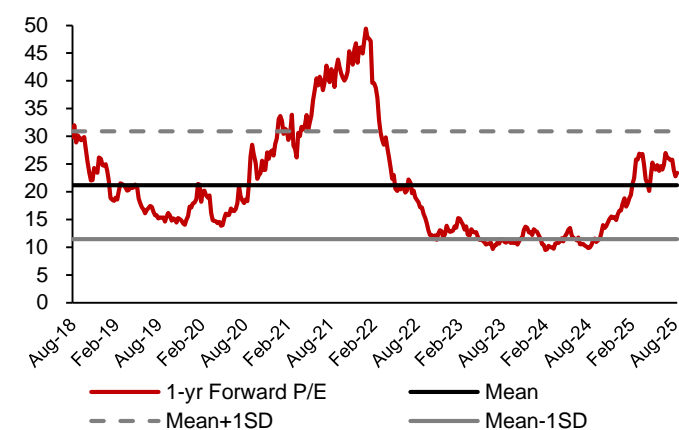
We derive our TP of HK\$62.96 based on the SOTP methodology in order to reflect different growth profiles of Xiaomi's various businesses. We maintain the same set of target multiples, and assign 26x/26x/25x FY25E P/E to its smartphone/AIoT/Internet businesses, which we think are justified given Xiaomi's accelerated share gains in smartphone/IoT market, overseas expansion of its ecosystem and improving profitability across segments. For EV business, we assign the same 2.0x FY26E P/S. In addition, we believe our implied target multiple of 33.6x/26.3x FY25E/26E P/E is justified given upcoming product upcycles for its AI smartphone, IoT overseas expansion and EV shipment momentum. Upcoming catalysts include EV capacity ramp, smartphone/AIoT share gains, overseas store expansion and EV order/delivery/profitability updates.

Figure 12: Xiaomi – SOTP valuation

Business segment	FY25E Rev (RMB mn)	% of FY25E Core NP	FY25E Core NP (RMB mn)	Valuation methodology	Target Multiple (x)	Valuation (RMB mn)
Smart phones	198,277	28%	10,688	P/E	26.0	277,880
AIoT and lifestyle products	137,754	38%	14,632	P/E	26.0	380,440
Internet services	38,326	35%	13,323	P/E	25.0	333,077
Others	3,960	-1%	(336)	P/E	25.0	(8,389)
Smart EV (FY26E)	191,200			P/S	2.00	382,400
						1,365,407
Cash (RMB mn)						94,345
Debt (RMB mn)						(30,603)
Investment (RMB mn)						67,800
Total (RMB mn)						1,496,949
No. of shares (mn)						25,843
TP (RMB)						57.92
TP (HK\$)						62.96

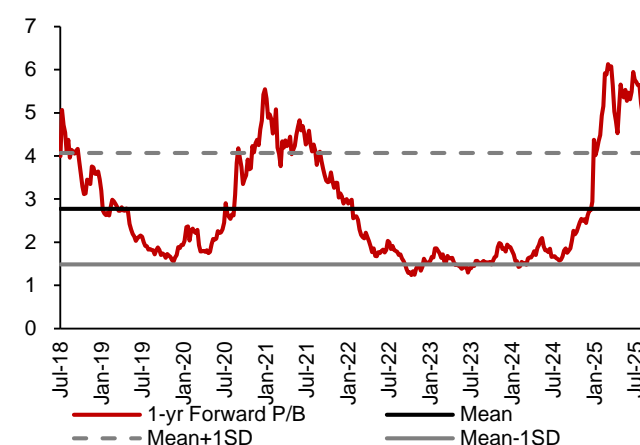
Source: Company data, CMBIGM estimates

Figure 13: 12M forward P/E band



Source: Bloomberg, CMBIGM

Figure 14: 12M forward P/B band



Source: Bloomberg, CMBIGM

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	280,044	270,970	365,903	485,796	621,599	757,173
Cost of goods sold	(232,467)	(213,494)	(289,343)	(374,332)	(473,323)	(575,715)
Gross profit	47,577	57,476	76,560	111,464	148,276	181,459
Selling expense	(21,323)	(19,227)	(25,390)	(32,579)	(41,647)	(49,973)
Admin expense	(5,114)	(5,127)	(5,601)	(6,777)	(8,702)	(10,600)
R&D expense	(16,028)	(19,098)	(24,050)	(31,798)	(40,404)	(48,459)
Other income	1,136	740	1,667	1,683	1,683	1,683
Gain/loss on financial assets at FVTPL	(1,662)	3,501	1,051	9,317	9,317	9,317
Investment gain/loss	(400)	46	277	185	185	185
EBIT	2,816	20,009	24,503	52,259	69,472	84,375
Net Interest income/(expense)	1,117	2,002	3,624	2,884	2,884	2,884
Foreign exchange gain/loss	(1,369)	1,697	(10)	763	763	763
Others	0	0	0	0	0	0
Pre-tax profit	3,934	22,011	28,127	55,144	72,356	87,259
Income tax	(1,431)	(4,537)	(4,548)	(9,302)	(13,748)	(16,579)
Minority interest	29	(1)	(80)	(131)	(167)	(201)
Net profit	2,503	17,474	23,578	45,842	58,609	70,680
Adjusted net profit	8,518	19,273	27,235	44,235	57,001	69,073
Net dividends	0	0	0	0	0	0
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	160,415	199,053	225,709	320,792	409,927	492,490
Cash & equivalents	27,607	33,631	33,661	94,345	167,419	214,240
Account receivables	19,625	21,924	26,850	36,537	37,714	47,383
Inventories	50,438	44,423	62,510	87,223	102,106	128,180
Prepayment	18,578	20,079	29,100	29,100	29,100	29,100
ST bank deposits	29,875	52,798	36,350	36,350	36,350	36,350
Financial assets at FVTPL	9,846	20,194	28,124	28,124	28,124	28,124
Other current assets	4,446	6,005	9,113	9,113	9,113	9,113
Non-current assets	113,092	125,195	177,447	182,206	188,167	195,144
PP&E	9,138	13,721	18,088	22,847	28,808	35,785
Deferred income tax	2,278	2,161	2,782	2,782	2,782	2,782
Investment in JVs & assos	7,932	6,922	6,151	6,151	6,151	6,151
Intangibles	4,630	8,629	8,153	8,153	8,153	8,153
Financial assets at FVTPL	55,980	60,200	62,112	62,112	62,112	62,112
Other non-current assets	33,134	33,562	80,161	80,161	80,161	80,161
Total assets	273,507	324,247	403,155	502,998	598,094	687,634
Current liabilities	89,628	115,588	175,385	186,786	223,273	242,133
Short-term borrowings	2,151	6,183	13,327	13,327	13,327	13,327
Account payables	53,094	62,099	98,281	109,682	146,168	165,029
Tax payable	1,384	1,838	3,822	3,822	3,822	3,822
Other current liabilities	32,999	45,467	59,955	59,955	59,955	59,955
Non-current liabilities	39,957	44,398	38,565	38,565	38,565	38,565
Long-term borrowings	21,493	21,674	17,276	17,276	17,276	17,276
Deferred income	983	1,494	1,282	1,282	1,282	1,282
Other non-current liabilities	17,480	21,230	20,007	20,007	20,007	20,007
Total liabilities	129,584	159,986	213,950	225,351	261,838	280,698
Share capital	406	407	407	407	407	407
Other reserves	143,658	163,995	188,737	277,310	336,086	406,967
Total shareholders equity	143,923	164,262	189,205	277,647	336,256	406,936
Minority interest	265	266	467	337	170	(31)
Total equity and liabilities	273,507	324,247	403,155	502,998	598,094	687,634

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	3,934	22,011	28,127	55,144	72,356	87,259
Depreciation & amortization	3,707	(1,383)	1,874	2,527	3,363	4,381
Tax paid	(3,420)	(4,083)	(2,564)	(9,302)	(13,748)	(16,579)
Change in working capital	(21,255)	25,862	(27,493)	(22,999)	20,426	(16,882)
Others	12,644	(1,107)	39,352	0	0	0
Net cash from operations	(4,390)	41,300	39,295	25,371	82,398	58,179
Investing						
Capital expenditure	(5,800)	(3,200)	(5,489)	(7,287)	(9,324)	(11,358)
Acquisition of subsidiaries/ investments	(25)	0	0	0	0	0
Net proceeds from disposal of short-term investments	23,136	0	0	0	0	0
Others	(1,763)	(31,969)	(29,898)	0	0	0
Net cash from investing	15,549	(35,169)	(35,386)	(7,287)	(9,324)	(11,358)
Financing						
Net borrowings	(2,791)	0	0	0	0	0
Proceeds from share issues	0	0	0	42,600	0	0
Share repurchases	(2,386)	0	0	0	0	0
Others	(2,677)	(505)	(3,999)	0	0	0
Net cash from financing	(7,855)	(505)	(3,999)	42,600	0	0
Net change in cash						
Cash at the beginning of the year	24,339	27,607	33,631	33,661	94,345	167,419
Exchange difference	398	120	0	0	0	0
Cash at the end of the year	27,607	33,631	33,661	94,345	167,419	214,240
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(14.7%)	(3.2%)	35.0%	32.8%	28.0%	21.8%
Gross profit	(18.3%)	20.8%	33.2%	45.6%	33.0%	22.4%
EBIT	(89.2%)	610.4%	22.5%	113.3%	32.9%	21.5%
Net profit	(87.0%)	598.3%	34.9%	94.4%	27.8%	20.6%
Adj. net profit	(61.4%)	126.3%	41.3%	62.4%	28.9%	21.2%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	17.0%	21.2%	20.9%	22.9%	23.9%	24.0%
Adj. net profit margin	3.0%	7.1%	7.4%	9.1%	9.2%	9.1%
Return on equity (ROE)	1.8%	11.3%	13.3%	19.6%	19.1%	19.0%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.7	0.8	1.0	0.5	0.3	0.2
Current ratio (x)	1.8	1.7	1.3	1.7	1.8	2.0
Receivable turnover days	19.4	16.1	13.3	12.0	12.0	12.0
Inventory turnover days	80.7	81.1	67.4	45.4	45.4	45.4
Payable turnover days	100.3	98.5	101.2	94.6	94.6	94.6
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	140.2	62.1	43.9	27.9	21.8	18.0
P/E (diluted)	140.2	62.1	43.9	27.9	21.8	18.0
P/B	8.3	7.3	6.3	4.5	3.7	3.1
Div yield (%)	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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