

Xiaomi (1810 HK)

Key takeaways from Xiaomi 15 Ultra & SU7 Ultra Launch Event

Xiaomi hosted its flagship launch event on 27 Feb, introducing 9 new products, with highlights being Xiaomi 15 Ultra and Xiaomi SU7 Ultra. The event marks Xiaomi's continued push towards premiumization in smartphones and EV expansion. The Xiaomi 15 Ultra aims to challenge the premium smartphone market, while SU7 Ultra is positioned as a high-performance luxury EV, setting new benchmarks in speed, design, and smart technology. We reiterate our positive view on Xiaomi's premiumization strategy, strong ecosystem integration and expanding EV presence. Maintain BUY. Upcoming catalysts include 4Q24 results, Xiaomi 15 Ultra sales in March, SU7 Ultra pre-orders/deliveries in 2Q, and AI glasses/IoT launches in 2Q.

■ **Xiaomi 15 Ultra: The Ultimate Flagship Smartphone.** With a continued focus on premiumization strategy, Xiaomi unveiled its most advanced smartphone, Xiaomi 15 Ultra, targeting RMB6K+ price band, competing directly with Apple's iPhone 16 Pro Max and Samsung's Galaxy S24 Ultra. Priced from RMB 6,499, Xiaomi 15 Ultra offers key features such as 1) Camera: Leica quad-camera system with 1-inch "Night God" sensor, 200MP periscope telephoto lens and 28x lossless zoom. 2) Display & build: 6.73-inch 2K ultra dynamic display, ultrasonic fingerprint scanner, IP68 and aerospace-grade aluminum frame, 3) Connectivity: Xiaomi Starlink communication and Apple ecosystem interoperability.

■ **Xiaomi SU7 Ultra: The "New Luxury Car"; Selling price lower than expected.** SU7 Ultra marks Xiaomi's entry into the supercar segment, which it positioned to compete with Tesla's Model S Plaid and Porsche's Taycan Turbo. SU7 Ultra is priced at RMB 529,900, with RMB 20,000 deposit, and pre-orders are opened until 31 Mar. Key features include: 1) Performance: Tri-Motor AWD System, 133 kWh CATL Qilin battery, 10-80% charge in 11min; 2) Autonomous driving: Xiaomi HAD End-to-End smart driving, LIDAR + Orin-X computing. 3) Design & luxury upgrades: carbon fiber body panels, 25 speakers, upgraded NVH noise reduction.

■ **Implications.** We believe the event is largely in-line with expectations, and AI smart glasses launch remains the next key catalyst for Xiaomi's share price. We believe Xiaomi's "Human x Car x Home" ecosystem will continue to benefit from global share gains, SUV launch and AI product cycle into FY25/26E. Reiterate BUY with SOTP-based TP of HK\$ 54.53. Upcoming catalysts include 4Q24 results, Xiaomi 15 Ultra sales in March, SU7 Ultra pre-orders/deliveries in 2Q, AI glasses/IoT launches in 2Q.

Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	280,044	270,970	360,790	469,093	567,734
YoY growth (%)	(14.7)	(3.2)	33.1	30.0	21.0
Adjusted net profit (RMB mn)	8,518.0	19,272.8	25,844.6	36,687.5	45,514.3
YoY growth (%)	(61.4)	126.3	34.1	42.0	24.1
EPS (Adjusted) (RMB)	0.34	0.77	1.04	1.48	1.84
Consensus EPS (RMB)	na	na	0.96	1.21	na
P/E (x)	144.4	64.0	47.5	33.5	27.0
P/B (x)	8.5	7.5	6.6	5.7	4.8
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	1.8	11.3	12.0	15.8	17.1
Net gearing (%)	70.9	76.9	85.6	59.4	na

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price HK\$54.53
Up/Downside 2.7%
Current Price HK\$53.10

China Technology

Alex NG

(852) 3900 0881
 alexng@cmbi.com.hk

Hanqing LI

lihanqing@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	1,080,160.2
Avg 3 mths t/o (HK\$ mn)	7,071.6
52w High/Low (HK\$)	56.30/12.76
Total Issued Shares (mn)	20342.0

Source: FactSet

Shareholding Structure

Lin Bin	8.6%
Smart Mobile Holdings Ltd	8.6%

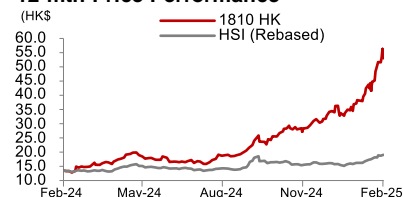
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	43.1%	21.9%
3-mth	87.6%	53.2%
6-mth	181.3%	112.0%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related reports:

- 4Q24 Preview: Expect another strong beat; Raise TP to HK\$54.53 20 Feb 2025 ([link](#))
- 3Q24 beat on stronger EV/core business margin; Solid execution of "Human×Car×Home" strategy – 19 Nov 2024 ([link](#))
- 3Q24 preview: Continued strength in core business and EV upside; Raise TP to HK\$ 32.29-5 Nov 2024 ([link](#))
- 2Q24 beat on EV GPM and resilient core earnings; Reiterate BUY-22 Aug 2024 ([link](#))

Figure 1: Xiaomi 15 Ultra Series



Source: Company data, CMBIGM

[illegible]

Source: Company data, CMBIGM

XIAOMI SU7 *Ultra*

自信驾驭强大

52.99 万元

The advertisement features a large screen displaying two Xiaomi SU7 Ultra cars, one yellow and one silver, parked on a dark, reflective surface. A person stands on the stage in front of the screen, addressing the audience. The background of the screen shows a scenic view of a lake and mountains under a blue sky. The Xiaomi logo is visible in the top right corner of the screen.

Source: Company data, CMBIGM

A promotional image for the Xiaomi SU7 car launch event. The image shows a yellow Xiaomi SU7 sedan parked on a dark stage with white parking lines. A person stands next to the car for scale. The background is dark with the Xiaomi logo in the top right corner. Text on the left reads: 'Xiaomi HAD', '端到端全场景智能驾驶', '已开启全量推送', '漫游寻位泊车', '极窄车位泊出', and '3月开启先锋体验'.

Source: Company data, CMBIGM

24K金 碳纤维方向盘

碳纤维四方向盘

3D数字仪表盘

3D数字后视镜

3D数字侧后视镜

碳纤维门把手

碳纤维后座门把手

碳纤维中央扶手

3.7m² 碳纤维车顶

碳纤维侧镜

Source: Company data, CMBIGM

米家冰箱Pro 双系统 法式平嵌508L

双系统0串味 | 法式宽幅抽屉 | 60cm超薄平嵌 | 离子全域净化系统

¥3599.2 国补到手价
优惠到手价 ¥4499

Xiaomi HyperConnect

Source: Company data, CMBIGM

米家洗烘套装Pro 蓝氧洗 热泵烘

蓝氧护衣洗 | 低温热泵柔烘 | 智能亮烘联动

¥5199起

国补到手价最低
2. 优惠期手价 ¥6499



Xiaomi HyperOS
Connect



Source: Company data, CMBIGM

Figure 9: Revenue breakdown

RMB mn	FY23	1Q24	2Q24	3Q24	4Q24E	FY24E	FY25E	FY26E
Smart phones	157,461	46,480	46,516	47,452	47,824	188,272	209,050	222,300
...YoY	-6%	33%	27%	14%	8%	20%	11%	6%
Shipments (000 units)	145,600	40,600	42,200	43,100	42,700	168,600	185,000	195,000
...YoY	-3%	34%	28%	3%	5%	16%	10%	5%
ASP (RMB)	1,081	1,145	1,102	1,101	1,120	1,117	1,130	1,140
...YoY	-2.7%	-0.6%	-0.9%	10.5%	2.5%	3.3%	1.2%	0.9%
IoT and lifestyle products	80,108	20,373	26,760	26,102	30,010	103,246	126,411	149,201
...YoY	0%	21%	20%	26%	47%	29%	22%	18%
Smart TVs and laptops	19,482	4,656	4,752	5,507	7,140	22,055	24,922	27,415
...YoY	-18%	-1%	-5%	8%	40%	13%	13%	10%
Other IoTs	60,626	15,717	22,009	20,595	22,870	81,191	101,489	121,786
...YoY	8%	30%	40%	35%	50%	34%	25%	20%
Internet services	30,107	8,048	8,266	8,463	9,042	33,818	37,685	41,454
...YoY	6%	15%	11%	9%	15%	12%	11%	10%
Advertising services	20,500	5,500	5,962	6,178	6,608	24,248	27,157	29,873
...YoY	11%	25%	17%	14%	18%	18%	12%	10%
Internet value-added	9,607	2,548	2,304	2,285	2,434	9,571	10,528	11,581
...YoY	-2%	-3%	-2%	-3%	7%	0%	10%	10%
Gaming	4,387	1,200	1,000	1,100	1,001	4,301	4,731	5,204
...YoY	7%	-11%	-1%	2%	5%	-2%	10%	10%
Other (incl. Youpin fintech, etc.)	5,220	1,348	1,304	1,185	1,432	5,270	5,797	6,376
...YoY	-9%	5%	-2%	-7%	8%	1%	10%	10%
EV Business	-	-	6,369	9,697	16,071	32,137	91,967	150,004
Shipments (units)	-	-	27,307	39,790	69,000	136,097	350,000	550,000
ASP (RMB)	-	-	228,644	238,650	230,000	236,135	259,748	272,735
Others	3,294	605	977	792	942	3,316	3,979	4,775
...YoY	-30%	-4%	-8%	-3%	20%	1%	20%	20%
Total	270,970	75,507	88,888	92,507	103,889	360,790	469,093	567,734
...YoY	-3%	27%	32%	30%	42%	33%	30%	21%
Gross margin								
Smart phones	14.6%	14.8%	12.1%	11.7%	12.0%	12.6%	13.0%	13.3%
IoT and lifestyle products	16.3%	19.9%	19.7%	20.8%	20.0%	20.1%	20.5%	20.7%
Internet services	74.2%	74.2%	78.3%	77.5%	75.0%	76.2%	76.0%	75.0%
EV Business	-	-	15.4%	17.1%	20.0%	18.2%	22.0%	23.0%
Others	-27.8%	-11.9%	0.9%	-37.8%	10.0%	-8.1%	11.0%	12.0%
Total	21.2%	22.3%	19.6%	20.8%	21.2%	19.4%	21.8%	22.1%

Source: Company data, CMBIGM estimates

Figure 10: P&L forecast

RMB mn	FY23	1Q24	2Q24	3Q24	4Q24E	FY24E	FY25E	FY26E
Revenue	270,970	75,507	88,888	92,507	103,889	360,790	469,093	567,734
...YoY	-3%	27%	32%	30%	42%	33%	30%	21%
Cost of sales	(213,494)	(58,677)	(70,494)	(73,625)	(82,058)	(284,854)	(366,691)	(441,119)
Gross profit	57,476	16,830	18,394	18,881	21,830	75,936	102,402	126,615
GPM (%)	21.2%	22.3%	20.7%	20.4%	21.0%	21.0%	21.8%	22.3%
...YoY	21%	45%	30%	17%	40%	32%	35%	24%
SG&A	(24,353)	(7,004)	(7,082)	(7,696)	(8,986)	(30,768)	(38,231)	(46,270)
...% of rev	-9.0%	-9.3%	-8.0%	-8.3%	-8.7%	-8.5%	-8.2%	-8.2%
R&D	(19,098)	(5,159)	(5,498)	(5,957)	(7,064)	(23,678)	(30,491)	(35,767)
...% of rev	-7.0%	-6.8%	-6.2%	-6.4%	-6.8%	-6.6%	-6.5%	-6.3%
Operating profit	20,009	3,683	5,889	6,041	6,739	22,352	35,212	46,109
OPM (%)	7.4%	4.9%	6.6%	6.5%	6.5%	6.2%	7.5%	8.1%
...YoY	610%	-38%	46%	21%	33%	12%	58%	31%
Adj. net profit	19,273	6,491	6,175	6,252	7,034	25,845	36,688	45,514
NPM (%)	7.1%	8.6%	6.9%	6.8%	6.8%	7.2%	7.8%	8.0%
...YoY	126%	101%	20%	4%	43%	34%	42%	24%

Source: Company data, CMBIGM estimates

Valuation

Maintain BUY with SOTP-based TP of HK\$54.53

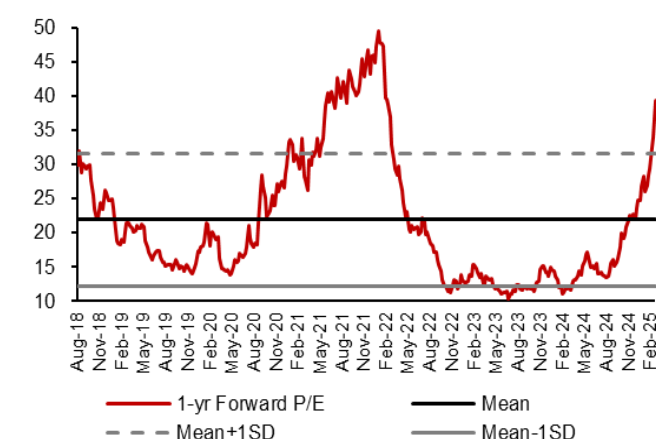
We derive our TP of HK\$54.53 based on the SOTP methodology in order to reflect different growth profiles of Xiaomi's various businesses. We assign higher 28x/28x/25x FY25E P/E to its smartphone/AIoT/Internet businesses, which we think are justified given Xiaomi's accelerated share gains in smartphone/IoT market, overseas expansion of its ecosystem, improving profitability across smartphone/AIoT/Internet segments and sector re-rating for edge AI upcycle. For EV business, we assign 2.0x FY25E P/S. In addition, we believe our implied target multiple of 33.9x FY25E P/E is justified, when compared to 1) valuation of 33.4x FY25E P/E for global industry leader, Apple, and 2) valuation of 31.4x P/E for its 1-sd above 6-year historical forward P/E, given upcoming product upcycles for its AI smartphone, IoT overseas expansion and EV product launches in 2025. Upcoming catalysts include SUV model launch, smartphone/AIoT share gains, overseas store expansion and EV order/delivery/profitability updates.

Figure 11: 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	209,050	33%	10,196	P/E	28.0	285,497
AIoT and lifestyle products	126,411	32%	9,723	P/E	28.0	272,237
Internet services	37,685	35%	10,746	P/E	25.0	268,642
Others	3,979	1%	164	P/E	25.0	4,106
Smart EV	150,004			P/S	2.00	300,009
						1,130,491
Cash (RMB mn)						73,474
Debt (RMB mn)						(27,857)
Investment (RMB mn)						68,000
Total (RMB mn)						1,244,107
No. of shares (mn)						24,797
TP (RMB)						50.17
TP (HK\$)						54.53

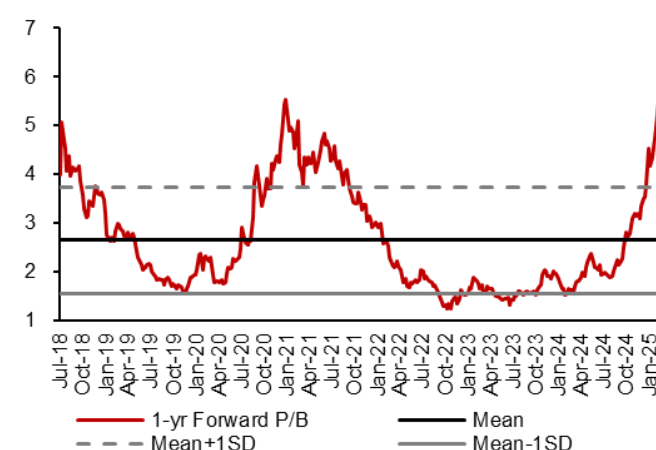
Source: Company data, CMBIGM estimates

Figure 12: 12M forward P/E band



Source: Bloomberg, CMBIGM

Figure 13: 12M forward P/B band



Source: Bloomberg, CMBIGM

Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Revenue	328,309	280,044	270,970	360,790	469,093	567,734
Cost of goods sold	(270,048)	(232,467)	(213,494)	(284,854)	(366,691)	(441,119)
Gross profit	58,261	47,577	57,476	75,936	102,402	126,615
Selling expense	(20,981)	(21,323)	(19,227)	(24,984)	(31,429)	(38,038)
Admin expense	(4,739)	(5,114)	(5,127)	(5,783)	(6,802)	(8,232)
R&D expense	(13,167)	(16,028)	(19,098)	(23,678)	(30,491)	(35,767)
Other income	827	1,136	740	1,073	1,073	1,073
Gain/loss on financial assets at FVTPL	8,132	(1,662)	3,501	(904)	(904)	(904)
Investment gain/loss	275	(400)	46	364	364	364
EBIT	26,029	2,816	20,009	22,352	35,212	46,109
Net Interest income/(expense)	(1,612)	1,117	2,002	4,006	4,006	4,006
Foreign exchange gain/loss	(2,580)	(1,369)	1,697	330	1,000	1,000
Others	0	0	0	0	0	0
Pre-tax profit	24,417	3,934	22,011	26,358	39,218	50,115
Income tax	(5,134)	(1,431)	(4,537)	(5,434)	(7,451)	(9,522)
Minority interest	(56)	29	(1)	(55)	(83)	(106)
Net profit	19,283	2,503	17,474	20,924	31,767	40,593
Adjusted net profit	22,039	8,518	19,273	25,845	36,688	45,514
Net dividends	0	0	0	0	0	0
BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Current assets	185,851	160,415	199,053	239,948	286,097	341,110
Cash & equivalents	23,512	27,607	33,631	24,993	73,474	83,212
Account receivables	23,095	19,625	21,924	33,701	32,754	43,565
Inventories	52,398	50,438	44,423	82,179	80,795	115,259
Prepayment	19,852	18,578	20,079	20,079	20,079	20,079
ST bank deposits	31,041	29,875	52,798	52,798	52,798	52,798
Financial assets at FVTPL	30,910	9,846	20,194	20,194	20,194	20,194
Other current assets	5,045	4,446	6,005	6,005	6,005	6,005
Non-current assets	107,040	113,092	125,195	128,739	133,277	138,532
PP&E	6,965	9,138	13,721	17,265	21,803	27,058
Deferred income tax	1,662	2,278	2,161	2,161	2,161	2,161
Investment in JVs & assos	10,231	7,932	6,922	6,922	6,922	6,922
Intangibles	5,579	4,630	8,629	8,629	8,629	8,629
Financial assets at FVTPL	50,114	55,980	60,200	60,200	60,200	60,200
Other non-current assets	32,490	33,134	33,562	33,562	33,562	33,562
Total assets	292,892	273,507	324,247	368,687	419,375	479,643
Current liabilities	115,727	89,628	115,588	139,103	158,024	177,699
Short-term borrowings	5,527	2,151	6,183	6,183	6,183	6,183
Account payables	74,643	53,094	62,099	85,614	104,535	124,210
Tax payable	2,335	1,384	1,838	1,838	1,838	1,838
Other current liabilities	33,222	32,999	45,467	45,467	45,467	45,467
Non-current liabilities	39,732	39,957	44,398	44,398	44,398	44,398
Long-term borrowings	20,720	21,493	21,674	21,674	21,674	21,674
Deferred income	1,203	983	1,494	1,494	1,494	1,494
Other non-current liabilities	17,809	17,480	21,230	21,230	21,230	21,230
Total liabilities	155,459	129,584	159,986	183,502	202,422	222,097
Share capital	407	406	407	407	407	407
Other reserves	137,212	143,658	163,995	184,974	216,823	257,523
Total shareholders equity	137,432	143,923	164,262	185,186	216,952	257,546
Minority interest	220	265	266	212	129	22
Total equity and liabilities	292,892	273,507	324,247	368,687	419,375	479,643

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	24,417	3,934	22,011	26,358	39,218	50,115
Depreciation & amortization	3,062	3,707	(1,383)	1,868	2,498	3,261
Tax paid	(2,442)	(3,420)	(4,083)	(5,434)	(7,451)	(9,522)
Change in working capital	(15,725)	(21,255)	25,862	(26,018)	21,252	(25,600)
Others	474	12,644	(1,107)	0	0	0
Net cash from operations	9,785	(4,390)	41,300	(3,226)	55,517	18,254
Investing						
Capital expenditure	(7,169)	(5,800)	(3,200)	(5,412)	(7,036)	(8,516)
Acquisition of subsidiaries/ investments	(1,086)	(25)	0	0	0	0
Net proceeds from disposal of short-term investments	166,947	23,136	0	0	0	0
Others	(203,699)	(1,763)	(31,969)	0	0	0
Net cash from investing	(45,008)	15,549	(35,169)	(5,412)	(7,036)	(8,516)
Financing						
Net borrowings	9,227	(2,791)	0	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	(7,007)	(2,386)	0	0	0	0
Others	2,278	(2,677)	(505)	0	0	0
Net cash from financing	4,499	(7,855)	(505)	0	0	0
Net change in cash						
Cash at the beginning of the year	55,580	24,339	27,607	33,631	24,993	73,474
Exchange difference	791	398	0	0	0	0
Cash at the end of the year	24,339	27,607	33,631	24,993	73,474	83,212
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Revenue	33.5%	(14.7%)	(3.2%)	33.1%	30.0%	21.0%
Gross profit	58.5%	(18.3%)	20.8%	32.1%	34.9%	23.6%
EBIT	8.3%	(89.2%)	610.4%	11.7%	57.5%	30.9%
Net profit	(5.1%)	(87.0%)	598.3%	19.7%	51.8%	27.8%
Adj. net profit	69.5%	(61.4%)	126.3%	34.1%	42.0%	24.1%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Gross profit margin	17.7%	17.0%	21.2%	21.0%	21.8%	22.3%
Adj. net profit margin	6.7%	3.0%	7.1%	7.2%	7.8%	8.0%
Return on equity (ROE)	14.8%	1.8%	11.3%	12.0%	15.8%	17.1%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Net debt to equity (x)	1.0	0.7	0.8	0.9	0.6	na
Current ratio (x)	1.6	1.8	1.7	1.7	1.8	1.9
Receivable turnover days	15.6	19.4	16.1	12.0	12.0	12.0
Inventory turnover days	63.6	80.7	81.1	45.4	45.4	45.4
Payable turnover days	99.2	100.3	98.5	94.6	94.6	94.6
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
P/E	63.9	144.4	64.0	47.5	33.5	27.0
P/E (diluted)	56.0	144.4	64.0	47.5	33.5	27.0
P/B	9.0	8.5	7.5	6.6	5.7	4.8
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.

Disclosures & Disclaimers

Analyst Certification

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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