

Xiaomi (1810 HK)

2Q25 Preview: expect strong earnings backed by IoT/EV momentum and solid smartphone

Xiaomi is expected to report 2Q25 results in mid-Aug. We expect that 2Q25E is likely another strong quarter with revenue/adj. net profit growth of 32%/66% YoY to RMB117bn/10.3bn, slightly below consensus estimates, mainly driven by solid smartphone, strong EV demand, robust IoT on China subsidy and stable GPM across all segments. Looking ahead, we stay positive on 1) Smartphone: global share gains to continue, premiumization strategy, and new retail strategy expansion; 2) IoT: China subsidy, home appliances and overseas expansion; and 3) Smart EV: strong backlog with ASP/GPM upside and improving profitability. We slightly lift our FY25-27E adj. net profit forecasts by 6-11% to reflect stronger EV business, IoT momentum and improving GPM. Reiterate BUY and our new SOTP-based TP of HK\$ 66.00 implies 34.4x FY25E P/E. Upcoming catalysts include 2Q25 results, new product launches, EV orders/capacity ramp-up/profitability updates.

- **Smartphone: solid revenue with flattish shipment and ASP hike.** For 2Q25, Canals reported Xiaomi's global shipment of 42.4mn units (flattish YoY), and Xiaomi was ranked No.3 with market share of 15%, while its China shipment grew 3% YoY, outperforming the market (-4% YoY). We estimate better ASP in 2Q25 (+6% YoY/ -3% QoQ) due to a higher mix of mid-to-low-end smartphone shipments. We expect GPM of 11.5% mainly due to BOM cost pressure (esp. memory) and more intense competition from Apple/Samsung amid market weakness. For FY25E, we remain positive on Xiaomi's global market share gains, domestic premiumization strategy and new retail strategy expansion. Overall, we expect Xiaomi's shipments to grow 5%/7%/5% YoY to 178mn/190mn/200mn units in FY25-27E.
- **Smart EV: strong demand/backlog with ASP/GPM improvement.** For the EV segment, we remain positive on QoQ revenue growth in 2Q-3Q25E, driven by order backlog and capacity ramp-up. For 2Q, we estimate 81k shipments with a higher ASP of RMB250k (+9% YoY/5% QoQ) thanks to Ultra model delivery and capacity expansion. For FY25E, we remain positive on EV shipment with 396k units (vs guidance 350k), backed by strong YU7 orders and rapid capacity growth.
- **IoT/Internet: strong home appliances momentum with stable GPM.** We estimate IoT/Internet revenue to grow 36%/10% YoY to RMB 36.4bn/9.1bn in 2Q25E driven by favourable China subsidy, 618 festival and seasonality (especially air conditioners in summer). For GPM, we expect IoT/Internet GPM to slightly decline QoQ to 23%/75% in 2Q25E (vs 25.2%/76.9% in 1Q25) given seasonality and product mix shift.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	270,970	365,903	497,316	629,135	754,638
YoY growth (%)	(3.2)	35.0	35.9	26.5	19.9
Adjusted net profit (RMB mn)	19,272.8	27,234.5	44,037.0	55,257.9	68,388.9
YoY growth (%)	126.3	41.3	61.7	25.5	23.8
EPS (Adjusted) (RMB)	0.77	1.10	1.76	2.21	2.74
Consensus EPS (RMB)	na	na	1.77	2.33	2.87
P/E (x)	63.8	45.1	28.0	22.3	18.0
P/B (x)	7.5	6.5	4.5	3.8	3.1
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	11.3	13.3	18.5	17.9	18.6
Net gearing (%)	76.9	95.3	50.7	30.7	19.7

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price **HK\$66.00**
(Previous TP **HK\$65.91**)
Up/Downside **22.2%**
Current Price **HK\$54.00**

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Stock Data

Mkt Cap (HK\$ mn)	1,141,668.0
Avg 3 mths t/o (HK\$ mn)	8,098.6
52w High/Low (HK\$)	60.15/15.84
Total Issued Shares (mn)	21142.0

Source: FactSet

Shareholding Structure

Lin Bin	8.6%
Smart Mobile Holdings Ltd	8.6%

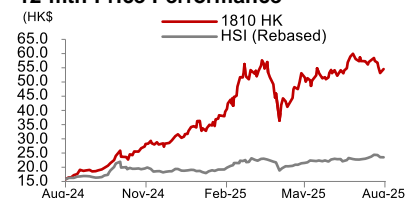
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-6.1%	-9.8%
3-mth	4.8%	-4.7%
6-mth	33.2%	11.7%

Source: FactSet

12-mth Price Performance



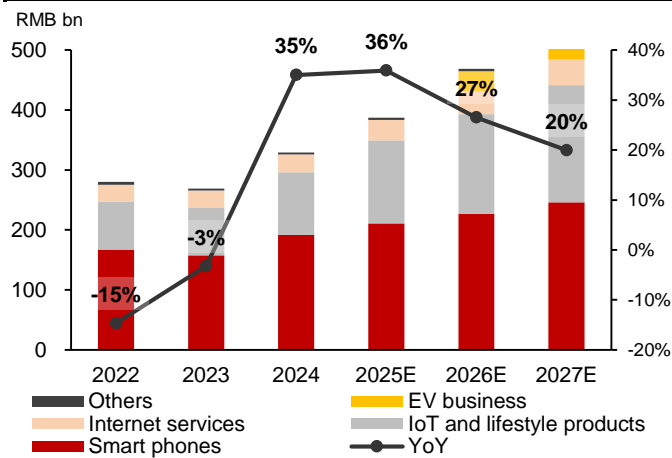
Source: FactSet

Related reports:

1. Key takeaways from Xiaomi Investor Day 2025 – 3 Jun 2025 ([link](#))
2. 1Q25 strong beat; Positive on premiumization, YU7 ramp and SoC breakthrough in 2H25E – 28 May 2025 ([link](#))
3. Key takeaways from product launch event: Self-developed 3nm SoC debut is the bright spot – 23 May 2025 ([link](#))
4. 1Q25 Preview: Expect strong results ahead; regained No.1 in China amid Apple weakness – 2 May 2025 ([link](#))
5. Placement confirmed for global business expansion – 25 Mar 2025 ([link](#))

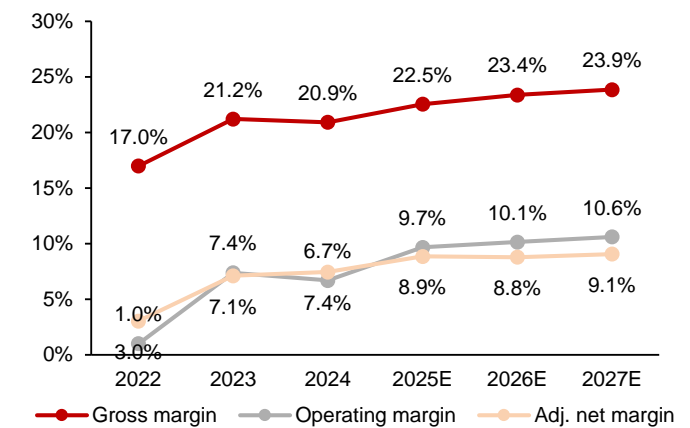
Focus Charts

Figure 1: Xiaomi's revenue trend



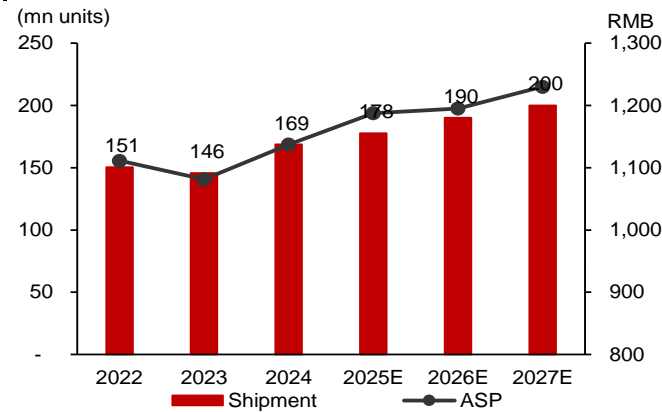
Source: Company data, CMBIGM estimates

Figure 2: Xiaomi's margin trend



Source: Company data, CMBIGM estimates

Figure 3: Xiaomi's smartphone shipment forecast



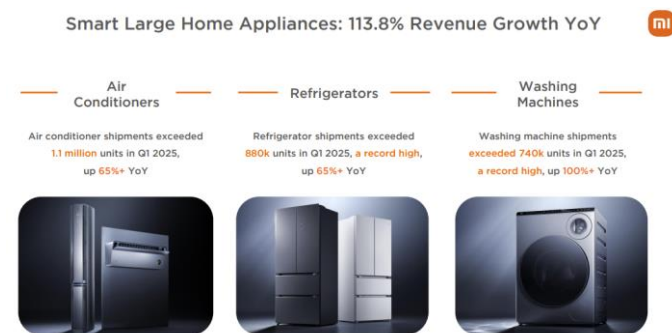
Source: Company data, CMBIGM estimates

Figure 4: Global leadership in all major markets



Source: Company data, CMBIGM

Figure 5: Xiaomi's smart large home appliances



Source: Company data, CMBIGM

Figure 6: Xiaomi's XRING O1 SoC



Source: Company data, CMBIGM

2Q25 Preview

Figure 7: 2Q25 results preview

RMB mn	2Q24	3Q24	4Q24	CMBIGM				Consensus	Diff (%)
				1Q25	2Q25E	QoQ	YoY	2Q25E	Diff %
Revenue	88,888	92,507	109,002	111,293	117,005	5.1%	32%	129,348	-10%
Gross profit	18,394	18,881	22,455	25,406	25,772	1.4%	40%	28,827	-11%
Operating profit	5,889	6,041	8,890	13,125	8,889	-32.3%	51%	11,448	-22%
Adj. net profit	6,175	6,252	8,316	10,676	10,270	-3.8%	66%	11,041	-7%
Adj. EPS (RMB)	0.25	0.25	0.33	0.43	0.41	-3.8%	65%	0.42	-2%
Gross margin	20.7%	20.4%	20.6%	22.8%	22.0%	-0.8 ppt	1.3 ppt	22.3%	-0.3 ppt
Operating margin	6.6%	6.5%	8.2%	11.8%	7.6%	-4.2 ppt	1 ppt	8.9%	-1.3 ppt
Adj. net margin	6.9%	6.8%	7.6%	9.6%	8.8%	-0.8 ppt	1.8 ppt	8.5%	0.2 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 8: Revenue breakdown

RMB mn	FY24	1Q25	2Q25E	3Q25E	4Q25E	FY25E	FY26E	FY27E
Smart phones	191,756	50,612	49,608	54,405	56,400	211,025	227,050	246,000
...YoY	22%	9%	7%	15%	10%	10%	8%	8%
Shipments (000 units)	168,600	41,800	42,400	46,500	47,000	177,700	190,000	200,000
...YoY	16%	3%	0%	8%	10%	5%	7%	5%
ASP (RMB)	1,137	1,211	1,170	1,170	1,200	1,188	1,195	1,230
...YoY	5.2%	5.8%	6.1%	6.3%	7.1%	4.4%	0.6%	2.9%
IoT and lifestyle products	104,104	32,339	36,364	32,352	37,156	138,211	166,284	195,769
...YoY	30%	59%	36%	24%	20%	33%	20%	18%
Smart TVs and laptops	22,055	6,752	6,652	6,609	8,568	28,581	31,439	33,954
...YoY	13%	45%	40%	20%	20%	30%	10%	8%
Other IoTs	81,191	25,588	29,712	25,744	28,588	109,631	134,846	161,815
...YoY	34%	63%	35%	25%	25%	35%	23%	20%
Internet services	34,115	9,076	9,092	9,433	10,629	38,230	42,460	46,706
...YoY	13%	13%	10%	11%	14%	12%	11%	10%
Advertising services	24,700	6,600	6,558	6,919	7,952	28,029	30,832	33,915
...YoY	20%	20%	10%	12%	12%	13%	10%	10%
Internet value-added	9,610	2,476	2,534	2,514	2,677	10,571	11,628	12,791
...YoY	0%	-3%	10%	10%	10%	10%	10%	10%
Gaming	4,301	1,200	1,100	1,210	1,101	4,731	5,204	5,725
...YoY	-2%	0%	10%	10%	10%	10%	10%	10%
Other (incl. Youpin fintech, etc.)	5,309	1,276	1,434	1,304	1,576	5,840	6,424	7,066
...YoY	2%	-5%	10%	10%	10%	10%	10%	10%
EV Business	32,754	18,580	20,768	27,251	39,482	106,081	188,817	260,736
Shipments (units)	136,854	75,869	81,000	101,000	138,000	395,869	650,000	850,000
ASP (RMB)	234,447	238,301	250,216	265,229	281,143	262,544	283,547	297,725
Others	3,174	686	1,172	951	960	3,769	4,522	5,427
...YoY	-4%	13%	20%	20%	20%	19%	20%	20%
Total	365,903	111,293	117,005	124,392	144,627	497,316	629,135	754,638
...YoY	35%	47%	32%	34%	33%	36%	27%	20%
Gross margin								
Smart phones	12.6%	12.4%	11.5%	12.0%	12.0%	12.0%	12.3%	12.5%
IoT and lifestyle products	20.3%	25.2%	23.0%	23.5%	24.0%	23.9%	24.3%	24.0%
Internet services	76.6%	76.9%	75.0%	75.5%	75.5%	75.7%	76.0%	76.0%
EV Business	18.5%	23.2%	23.8%	24.0%	24.2%	23.9%	24.5%	25.5%
Others	-31.0%	-46.5%	-5.0%	-5.0%	-5.0%	-12.5%	5.0%	5.0%
Total	20.9%	22.8%	22.0%	22.3%	23.0%	22.5%	23.4%	23.9%

Source: Company data, CMBIGM estimates

Earnings Revision

We lift our FY25-27E adj. net profit forecasts by 6-11% to reflect stronger EV business, IoT momentum and improving GPM. Our FY25/26E adj. NP are slightly below consensus given our more conservative view on EV shipment 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	497,316	629,135	754,638	486,144	589,018	674,454	2%	7%	12%
Gross profit	112,140	147,091	179,990	108,979	134,651	156,910	3%	9%	15%
Operating profit	48,088	63,826	80,038	46,016	57,204	68,424	5%	12%	17%
Adj. net profit	44,037	55,258	68,389	43,879	52,255	61,343	0%	6%	11%
Adj. EPS (RMB)	1.76	2.21	2.74	1.61	2.09	2.46	10%	6%	11%
Gross margin	22.5%	23.4%	23.9%	22.4%	22.9%	23.3%	0.1 ppt	0.5 ppt	0.6 ppt
Operating margin	9.7%	10.1%	10.6%	9.5%	9.7%	10.1%	0.2 ppt	0.4 ppt	0.5 ppt
Adj. net margin	8.9%	8.8%	9.1%	9.0%	8.9%	9.1%	-0.2 ppt	-0.1 ppt	0 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	497,316	629,135	754,638	535,074	669,737	788,471	-7%	-6%	-4%
Gross profit	112,140	147,091	179,990	120,569	153,741	183,131	-7%	-4%	-2%
Operating profit	48,088	63,826	80,038	48,891	64,693	80,040	-2%	-1%	0%
Adj. net profit	44,037	55,258	68,389	45,403	60,653	74,433	-3%	-9%	-8%
Adj. EPS (RMB)	1.76	2.21	2.74	1.77	2.33	2.87	0%	-5%	-5%
Gross margin	22.5%	23.4%	23.9%	22.5%	23.0%	23.2%	0 ppt	0.4 ppt	0.6 ppt
Operating margin	9.7%	10.1%	10.6%	9.1%	9.7%	10.2%	0.5 ppt	0.5 ppt	0.5 ppt
Adj. net margin	8.9%	8.8%	9.1%	8.5%	9.1%	9.4%	0.4 ppt	-0.3 ppt	-0.4 ppt

Source: Bloomberg, CMBIGM estimates

Figure 11: P&L forecast

RMB mn	FY24	1Q25	2Q25E	3Q25E	4Q25E	FY25E	FY26E	FY27E
Revenue	365,903	111,293	117,005	124,392	144,627	497,316	629,135	754,638
...YoY	35%	47%	32%	34%	33%	36%	27%	20%
Cost of sales	(289,343)	(85,887)	(91,233)	(96,646)	(111,410)	(385,176)	(482,044)	(574,648)
Gross profit	76,560	25,406	25,772	27,746	33,217	112,140	147,091	179,990
GPM (%)	20.9%	22.8%	22.0%	22.3%	23.0%	22.5%	23.4%	23.9%
...YoY	33%	51%	40%	47%	48%	46%	31%	22%
SG&A	(30,991)	(8,730)	(9,279)	(10,076)	(12,004)	(40,089)	(50,960)	(60,371)
...% of rev	-8.5%	-7.8%	-7.9%	-8.1%	-8.3%	-8.1%	-8.1%	-8.0%
R&D	(24,050)	(6,712)	(7,237)	(8,010)	(9,401)	(31,359)	(40,265)	(47,542)
...% of rev	-6.6%	-6.0%	-6.2%	-6.4%	-6.5%	-6.3%	-6.4%	-6.3%
Operating profit	24,503	13,125	8,889	10,631	15,443	48,088	63,826	80,038
OPM (%)	6.7%	11.8%	7.6%	8.5%	10.7%	9.7%	10.1%	10.6%
...YoY	22%	256%	51%	76%	74%	96%	33%	25%
Adj. net profit	27,235	10,676	10,270	10,284	12,807	44,037	55,258	68,389
NPM (%)	7.4%	9.6%	8.8%	8.3%	8.9%	8.9%	8.8%	9.1%
...YoY	41%	64%	66%	64%	54%	62%	25%	24%

Source: Company data, CMBIGM estimates

Valuation

Maintain BUY with new SOTP-based TP of HK\$66.00

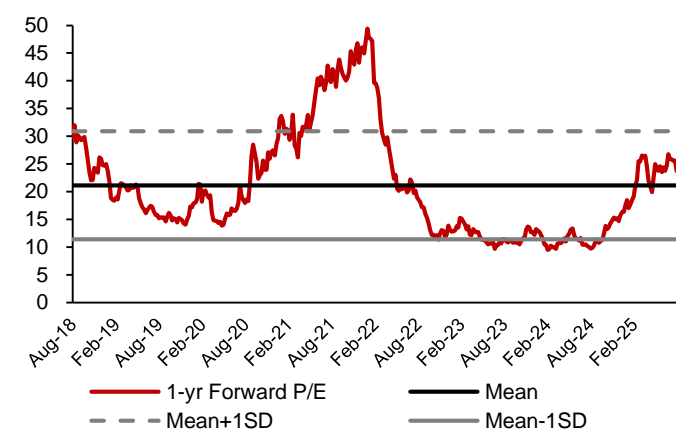
We derive our TP of HK\$66.00 based on the SOTP methodology in order to reflect different growth profiles of Xiaomi's various businesses. We maintain same set of target multiples, and assign 26x/26x/25x FY25E P/E to its smartphone/IoT/Internet businesses, which we think are justified given Xiaomi's accelerated share gains in smartphone/IoT market, overseas expansion of its ecosystem and improving profitability across segments. For EV business, we assign same 2.0x FY26E P/S. In addition, we believe our implied target multiple of 34.4x FY25E 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-up, smartphone/IoT 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	211,025	29%	11,447	P/E	26.0	297,631
IoT and lifestyle products	138,211	38%	14,958	P/E	26.0	388,914
Internet services	38,230	33%	13,106	P/E	25.0	327,647
Others	3,769	-1%	(214)	P/E	25.0	(5,353)
Smart EV	188,817			P/S	2.00	377,635
			39,297			1,386,474
Cash (RMB mn)						91,997
Debt (RMB mn)						(30,603)
Investment (RMB mn)						67,800
Total (RMB mn)						1,515,668
No. of shares (mn)						24,962
TP (RMB)						60.72
TP (HK\$)						66.00

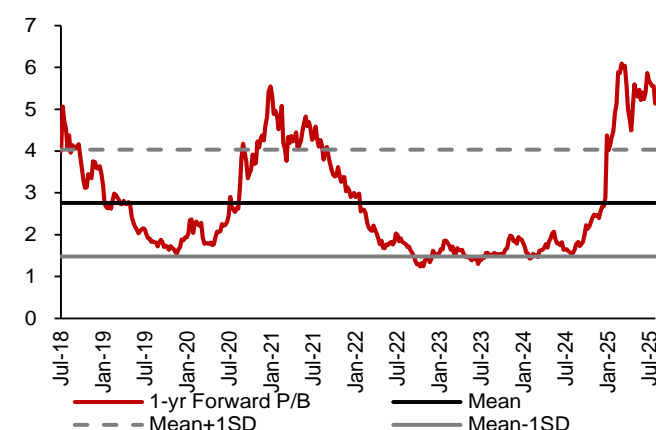
Source: Company data, CMBIGM estimates

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	497,316	629,135	754,638
Cost of goods sold	(232,467)	(213,494)	(289,343)	(385,176)	(482,044)	(574,648)
Gross profit	47,577	57,476	76,560	112,140	147,091	179,990
Selling expense	(21,323)	(19,227)	(25,390)	(33,236)	(42,152)	(49,806)
Admin expense	(5,114)	(5,127)	(5,601)	(6,853)	(8,808)	(10,565)
R&D expense	(16,028)	(19,098)	(24,050)	(31,359)	(40,265)	(47,542)
Other income	1,136	740	1,667	1,671	1,671	1,671
Gain/loss on financial assets at FVTPL	(1,662)	3,501	1,051	5,104	5,104	5,104
Investment gain/loss	(400)	46	277	185	185	185
EBIT	2,816	20,009	24,503	48,088	63,826	80,038
Net Interest income/(expense)	1,117	2,002	3,624	2,972	2,972	2,972
Foreign exchange gain/loss	(1,369)	1,697	(10)	435	1,000	1,000
Others	0	0	0	0	0	0
Pre-tax profit	3,934	22,011	28,127	51,060	66,798	83,010
Income tax	(1,431)	(4,537)	(4,548)	(8,175)	(12,692)	(15,772)
Minority interest	29	(1)	(80)	(147)	(186)	(231)
Net profit	2,503	17,474	23,578	42,886	54,107	67,238
Adjusted net profit	8,518	19,273	27,235	44,037	55,258	68,389
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	323,703	400,914	482,138
Cash & equivalents	27,607	33,631	33,661	91,997	159,574	203,350
Account receivables	19,625	21,924	26,850	37,458	37,396	47,498
Inventories	50,438	44,423	62,510	91,561	101,257	128,602
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	182,363	188,412	195,329
PP&E	9,138	13,721	18,088	23,004	29,053	35,970
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	506,066	589,326	677,467
Current liabilities	89,628	115,588	175,385	192,810	221,963	242,866
Short-term borrowings	2,151	6,183	13,327	13,327	13,327	13,327
Account payables	53,094	62,099	98,281	115,706	144,859	165,762
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	231,375	260,528	281,431
Share capital	406	407	407	407	407	407
Other reserves	143,658	163,995	188,737	274,370	328,663	396,131
Total shareholders equity	143,923	164,262	189,205	274,691	328,798	396,035
Minority interest	265	266	467	320	135	(96)
Total equity and liabilities	273,507	324,247	403,155	506,066	589,326	677,467

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	3,934	22,011	28,127	51,060	66,798	83,010
Depreciation & amortization	3,707	(1,383)	1,874	2,543	3,389	4,403
Tax paid	(3,420)	(4,083)	(2,564)	(8,175)	(12,692)	(15,772)
Change in working capital	(21,255)	25,862	(27,493)	(22,234)	19,519	(16,545)
Others	12,644	(1,107)	39,352	0	0	0
Net cash from operations	(4,390)	41,300	39,295	23,195	77,014	55,096
Investing						
Capital expenditure	(5,800)	(3,200)	(5,489)	(7,460)	(9,437)	(11,320)
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)	(7,460)	(9,437)	(11,320)
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	91,997	159,574
Exchange difference	398	120	0	0	0	0
Cash at the end of the year	27,607	33,631	33,661	91,997	159,574	203,350
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(14.7%)	(3.2%)	35.0%	35.9%	26.5%	19.9%
Gross profit	(18.3%)	20.8%	33.2%	46.5%	31.2%	22.4%
EBIT	(89.2%)	610.4%	22.5%	96.3%	32.7%	25.4%
Net profit	(87.0%)	598.3%	34.9%	81.9%	26.2%	24.3%
Adj. net profit	(61.4%)	126.3%	41.3%	61.7%	25.5%	23.8%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	17.0%	21.2%	20.9%	22.5%	23.4%	23.9%
Adj. net profit margin	3.0%	7.1%	7.4%	8.9%	8.8%	9.1%
Return on equity (ROE)	1.8%	11.3%	13.3%	18.5%	17.9%	18.6%
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	144.1	63.8	45.1	28.0	22.3	18.0
P/E (diluted)	144.1	63.8	45.1	28.0	22.3	18.0
P/B	8.5	7.5	6.5	4.5	3.8	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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