

Xiaomi Corp. (1810.HK)

Building OS-level AI agent and ubiquitous ecosystem as an AI service gateway; Stronger outlook across business lines; Raise TP, reiterate Buy

Buy

1810.HK 12m Price Target: **HK\$58.00** Price: **HK\$49.15** Upside: **18.0%**

Following multiple cost-competitive, benchmark-leading and open-sourced AI LLM launches over the past couple of months, which have led to an increasing proliferation of use cases, we believe Xiaomi is well positioned to **enhance its AI technology capabilities in a more efficient manner, leverage AI to expand its “Human x Car x Home” ecosystem and drive up sales**, and potentially **move up towards the top of the internet/software service funnel** in the longer term, by building the **OS-level AI agent Xiaoi and the largest AIoT ecosystem globally** (c.900mn connected AIoT devices as of 2024E).

With a narrowing gap between companies in terms of AI LLM capabilities, we believe Xiaomi enjoys comparable advantages in **1) customer acquisition cost**, i.e. *Xiaoi* as a native AI interface embedded in Xiaomi HyperOS, and more importantly **2) capabilities of interacting both with the mobile internet ecosystem through APIs and with its holistic hardware+software IoT ecosystem** (e.g. proactive intelligence via Xiaomi HyperMind).

From the bottom-up perspective, we:

- **Raise our revenue forecasts in 2025-26E by 4%-7%** driven primarily by a more optimistic outlook for AIoT and EV segments (17%/99% revenue CAGRs in 2024-27E), and to a smaller extent higher shipments/MAUs for smartphones/internet services (10%/11% revenue CAGRs in 2024-27E), against the backdrop of its well-executed “Human x Car x Home” strategy and rising brand appeal. We now model **30% yoy group revenue growth in 2025E**, in line with management guidance. In this note, we also introduce our 2027 estimates.
- **Lift our 2025-26E EPS by 17-20%**, with faster profit growth of Xiaomi core and reduced near-term loss/improved profitability of

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Key Data

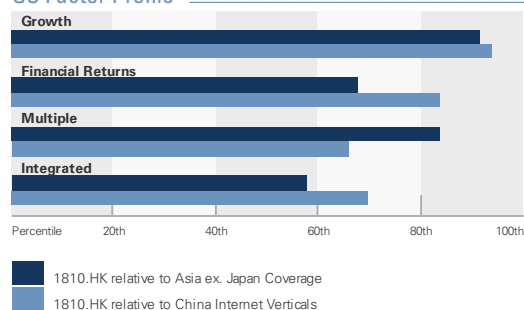
Market cap: HK\$1.2tr / \$159.4bn
Enterprise value: HK\$1.1tr / \$143.5bn
3m ADTV: HK\$6.4bn / \$823.5mn
China
China Internet Verticals
M&A Rank: 3
Leases incl. in net debt & EV?: No

GS Forecast

	12/23	12/24E	12/25E	12/26E
Revenue (Rmb mn) New	270,970.2	362,259.2	470,957.6	606,969.4
Revenue (Rmb mn) Old	270,970.2	358,026.2	451,308.9	566,116.8
EBITDA (Rmb mn)	24,844.9	27,530.5	40,871.4	58,520.3
EPS (Rmb) New	0.76	1.00	1.37	2.02
EPS (Rmb) Old	0.76	0.95	1.17	1.69
P/E (X)	14.8	45.8	33.5	22.8
P/B (X)	1.9	6.6	5.5	4.5
Dividend yield (%)	0.0	0.0	0.0	0.0
CROCI (%)	9.4	14.0	20.4	27.6

	6/24	9/24	12/24E	--
EPS (Rmb)	0.24	0.25	0.26	--

GS Factor Profile



Source: Company data, Goldman Sachs Research estimates.
See disclosures for details.

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Buy

Xiaomi Corp. (1810.HK)

Rating since Oct 19, 2023

Ratios & Valuation

	12/23	12/24E	12/25E	12/26E
P/E (X)	14.8	45.8	33.5	22.8
P/B (X)	1.9	6.6	5.5	4.5
FCF yield (%)	9.9	1.8	2.9	4.0
EV/EBITDAR (X)	7.4	37.4	24.5	16.4
EV/EBITDA (excl. leases) (X)	7.4	37.4	24.5	16.4
CROCI (%)	9.4	14.0	20.4	27.6
ROE (%)	12.3	12.2	15.6	19.6
Net debt/equity (%)	(59.4)	(61.7)	(65.8)	(69.9)
Net debt/equity (excl. leases) (%)	(59.4)	(61.7)	(65.8)	(69.9)
Interest cover (X)	—	—	—	—
Days inventory outst, sales	63.9	49.7	46.6	44.6
Receivable days	54.0	46.7	43.7	41.7
Days payable outstanding	136.1	123.7	116.3	111.8
DuPont ROE (%)	10.6	10.7	13.7	17.0
Turnover (X)	0.8	1.0	1.1	1.2
Leverage (X)	2.0	2.0	1.9	1.9
Gross cash invested (ex cash) (Rmb)	157,004.1	168,169.2	178,832.3	192,605.2
Average capital employed (Rmb)	137,705.0	150,899.7	155,630.0	160,953.2
BVPS (Rmb)	6.07	6.98	8.33	10.33

Growth & Margins (%)

	12/23	12/24E	12/25E	12/26E
Total revenue growth	(3.2)	33.7	30.0	28.9
EBITDA growth	280.8	10.8	48.5	43.2
EPS growth	127.2	32.0	36.7	47.0
DPS growth	NM	NM	NM	NM
EBIT margin	7.4	6.0	7.3	8.5
EBITDA margin	9.2	7.6	8.7	9.6
Net income margin	6.4	5.6	6.5	7.7

Price Performance



Source: FactSet. Price as of 20 Feb 2025 close.

Income Statement (Rmb mn)

	12/23	12/24E	12/25E	12/26E
Total revenue	270,970.2	362,259.2	470,957.6	606,969.4
Cost of goods sold	(213,493.9)	(286,093.4)	(370,640.6)	(476,338.6)
SG&A	(24,353.3)	(31,136.6)	(38,786.7)	(46,124.2)
R&D	(19,097.7)	(23,425.5)	(28,480.3)	(34,434.4)
Other operating inc./(exp.)	5,983.4	140.4	1,240.0	1,240.0
EBITDA	24,844.9	27,530.5	40,871.4	58,520.3
Depreciation & amortization	(4,836.3)	(5,786.3)	(6,581.4)	(7,208.1)
EBIT	20,008.6	21,744.2	34,290.0	51,312.2
Net interest inc./(exp.)	2,002.4	3,815.7	3,285.9	3,978.0
Income/(loss) from associates	—	—	—	—
Pre-tax profit	22,011.1	25,559.9	37,575.9	55,290.2
Provision for taxes	(4,536.9)	(5,477.9)	(7,117.0)	(8,721.5)
Minority interest	(2.5)	61.3	20.0	10.0
Preferred dividends	—	—	—	—
Net inc. (pre-exceptionals)	17,471.7	20,143.3	30,479.0	46,578.8
Post-tax exceptionals	1,798.6	5,424.7	4,536.0	5,001.8
Net inc. (post-exceptionals)	19,270.3	25,568.0	35,015.0	51,580.5
EPS (basic, pre-exception) (Rmb)	0.70	0.81	1.22	1.87
EPS (diluted, pre-exception) (Rmb)	0.69	0.79	1.20	1.82
EPS (basic, post-exception) (Rmb)	0.77	1.03	1.40	2.07
EPS (diluted, post-exception) (Rmb)	0.76	1.00	1.37	2.02
DPS (Rmb)	—	—	—	—
Div. payout ratio (%)	0.0	0.0	0.0	0.0

Balance Sheet (Rmb mn)

	12/23	12/24E	12/25E	12/26E
Cash & cash equivalents	33,631.3	52,114.3	82,883.6	127,745.4
Accounts receivable	42,002.4	50,732.1	62,009.3	76,728.8
Inventory	44,422.8	54,153.5	66,095.2	82,334.0
Other current assets	78,996.2	78,996.2	78,996.2	78,996.2
Total current assets	199,052.7	235,996.0	289,984.2	365,804.3
Net PP&E	13,720.8	16,487.5	19,193.6	24,775.9
Net intangibles	8,628.7	9,110.1	9,470.7	9,994.1
Total investments	67,122.0	72,736.6	78,189.0	83,641.3
Other long-term assets	35,723.1	35,723.1	35,723.1	35,723.1
Total assets	324,247.4	370,053.3	432,560.6	519,938.8
Accounts payable	87,713.2	106,157.3	130,091.0	161,845.8
Short-term debt	6,183.4	6,183.4	6,183.4	6,183.4
Short-term lease liabilities	—	—	—	—
Other current liabilities	21,691.1	25,191.1	28,913.6	33,110.5
Total current liabilities	115,587.6	137,531.7	165,188.0	201,139.6
Long-term debt	21,674.0	21,674.0	21,674.0	21,674.0
Long-term lease liabilities	—	—	—	—
Other long-term liabilities	22,724.1	22,724.1	22,724.1	22,724.1
Total long-term liabilities	44,398.1	44,398.1	44,398.1	44,398.1
Total liabilities	159,985.7	181,929.8	209,586.0	245,537.7
Preferred shares	—	—	—	—
Total common equity	153,718.0	177,579.8	212,430.8	263,857.3
Minority interest	266.3	266.3	266.3	266.3
Total liabilities & equity	324,247.4	370,053.3	432,560.6	519,938.8
Net debt, adjusted	(79,268.3)	(97,751.3)	(128,520.6)	(173,382.4)

Cash Flow (Rmb mn)

	12/23	12/24E	12/25E	12/26E
Net income	17,471.7	20,143.3	30,479.0	46,578.8
D&A add-back	4,836.3	5,786.3	6,581.4	7,208.1
Minority interest add-back	2.5	(61.3)	(20.0)	(10.0)
Net (inc)/dec working capital	26,099.9	3,483.8	4,437.3	4,993.4
Other operating cash flow	(7,109.9)	(35.9)	1,106.1	879.8
Cash flow from operations	41,300.5	29,316.2	42,583.8	59,650.1
Capital expenditures	(13,418.0)	(9,034.2)	(9,648.1)	(13,313.9)
Acquisitions	—	—	—	—
Divestitures	—	—	—	—
Others	(21,751.1)	(1,798.9)	(2,166.4)	(1,474.3)
Cash flow from investing	(35,169.1)	(10,833.2)	(11,814.5)	(14,788.2)
Repayment of lease liabilities	—	—	—	—
Dividends paid (common & pref)	—	—	—	—
Inc/(dec) in debt	—	—	—	—
Other financing cash flows	0.0	0.0	0.0	0.0
Cash flow from financing	(107.4)	0.0	0.0	0.0
Total cash flow	6,024.1	18,483.0	30,769.2	44,861.9
Free cash flow	27,882.5	20,281.9	32,935.7	46,336.2

Source: Company data, Goldman Sachs Research estimates.

the EV segment each contributing to approximately half of the EPS revision. For Xiaomi core, we believe **rising profit contribution from more structurally growing IoT/internet services** (2/3 of Xiaomi core gross profit in 2025E) will improve profit growth visibility in the longer term.

- **Forecast 26%/35% revenue and EPS CAGRs in 2024-27E for Xiaomi, representing one of the fastest growth among Asia TMT mega-cap names.**
- **vs. Consensus:** We are 1%/6%/15%/11% above Visible Alpha Consensus Data on 2024-27E revenue, and 4%/15%/32%/22% above on 2024-27E net profit. In particular, **we are most bullish vs. consensus on Xiaomi's AIoT and EV segments** (10-13% above consensus on AIoT revenue in 2025-27E, and 22-67% above consensus on EV revenue on stronger conviction on manufacturing capacity expansion potential).
- **4Q24E preview (to be reported Mar 18):** We look for Rmb105bn revenue (+44% yoy), and Rmb6.6bn non-IFRS net profit (+34% yoy) or Rmb7.5bn adj. net profit for Xiaomi core excluding Rmb0.9bn loss from EV and others.

We raise our 12m-fwd SOTP-based target price to HK\$58 (vs. HK\$38 prior), with the upward revision equally driven by:

- 57% higher 12m-fwd valuation for **Xiaomi core** (excluding EV) at **Rmb921bn/US\$129bn** (68% of our target valuation for Xiaomi), based on **23x 12m-fwd target EV/NOPAT** (vs. 16x prior) derived from the average multiple from 2018 till mid-2021 before the share price/valuation downturn in the China TMT sector;
- 57% higher 12m-fwd DCF-based valuation for **Xiaomi EV** at **Rmb427bn/US\$60bn** (32% of our target valuation for Xiaomi), which implies **2.3x 2026E P/S** or **25-30x normalized P/E** assuming 8-9% normalized NPM (in line with long-term NPM for BYD, as well as for Xiaomi EV based on our forecasts) against c.180%/100%/40% yoy segment sales growth in 2025-27E;
- **On the group level**, our 12m-fwd target price implies 38x/26x 2025/26E P/E, or **c.1x PEG** against 35%/27% EPS CAGRs in 2024-27E/2025-28E, respectively. While this implied multiple is higher than 35x peak 12m-fwd P/E in early Jan 2021, we believe that Xiaomi now provides a much stronger and more sustainable growth outlook than 3-4 years ago.

What to look for over the next few months: i) new product release event in Feb-end where *SU7 Ultra* and *Xiaomi 15 Ultra* will be released along with other AIoT products (e.g. centralized ACs), followed by the global launch of *Xiaomi 15 Ultra* on Mar 2; we will focus on official price, order volume and potential value-added services to be announced; **ii) *SU7 Ultra* to take on the Nürburgring in Mar; iii) EV factory progress** including Phase I expansion, Phase II construction, and the 2nd EV factory updates; **iv) *YU7* release in Jun-Jul.**

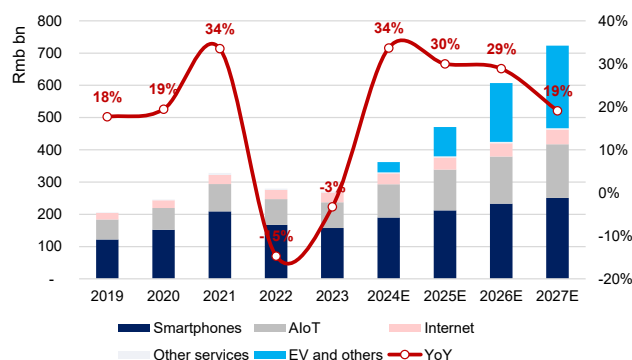
Exhibit 1: Our 12m SOTP-based target price for Xiaomi is HK\$58 (vs. HK\$38 previously)

SOTP (Rmb mn)	Sales 2026E	Adj. OP 2026E	Adj. NP 2026E	EV/NOPAT target	TP/E 2026E	TP/S 2026E	Valuation (Rmb mn)	Valuation (US\$ mn)	HK\$/sh % total
Smartphone and IoT	379,179	19,852		23x			388,101	54,280	17 29%
Internet services	45,439	27,242		23x			532,585	74,487	23 40%
Xiaomi Core	424,618	47,094		23x			920,687	128,767	39 68%
Net cash							146,814	20,533	6 11%
Xiaomi Core + net cash	424,618	47,094	42,654		25x	2.5x	1,067,501	149,301	46 79%
EV	182,352	9,396	9,396			2.3x	426,762	59,687	18 32%
Total valuation	606,969	56,170	52,050				1,494,262	208,988	64 111%
Holdco. discount @ 10%							(149,426)	(20,899)	(6) -11%
SOTP					26x	2.2x	1,344,836	188,089	58 100%

Source: Goldman Sachs Global Investment Research

Exhibit 2: We forecast 26% revenue CAGR in 2024-27E for Xiaomi

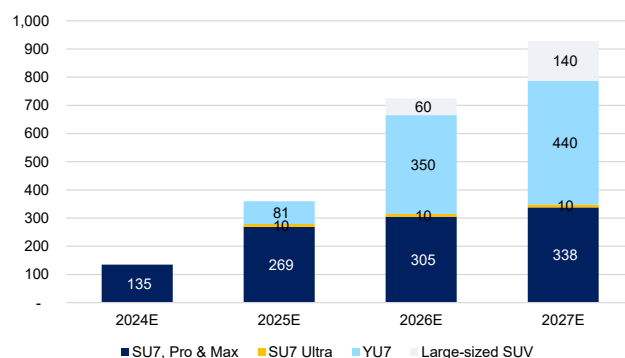
Revenue breakdown by segment



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 3: We model 360k delivery units of Smart EV in 2025E, above management target of 300k

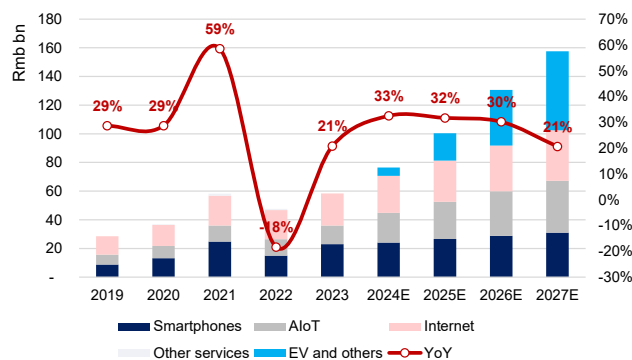
Annual forecasts on Xiaomi EV volume (thns.)



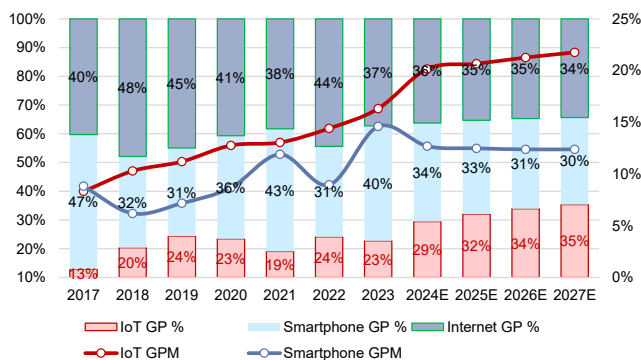
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 4: We expect gross profit contribution from the (more mature, more cyclical) smartphone segment to be the smallest from 2026E

Gross profit breakdown by segment

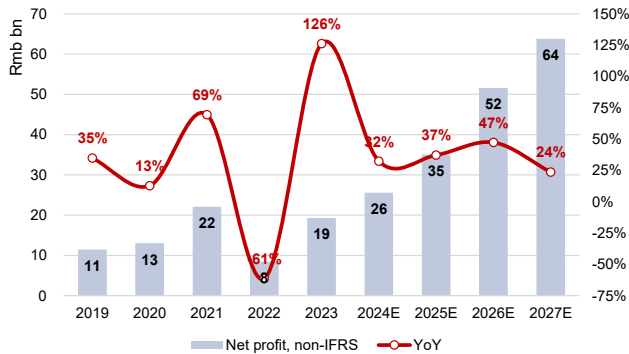


Source: Company data, Goldman Sachs Global Investment Research

Exhibit 5: We expect rising AIoT gross profit contribution within Xiaomi ex. EV thanks to faster revenue growth and rising GPM

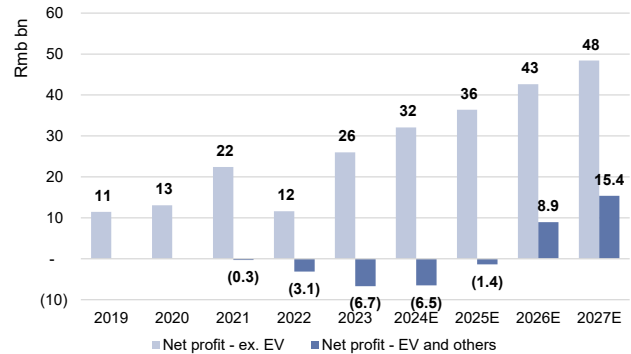
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 6: We forecast 36% net profit CAGR in 2024-27E for Xiaomi Group net profit



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 7: ... driven by 15% net profit CAGR of Xiaomi ex. EV and profit inflection of Xiaomi EV in 2026E
Net profit breakdown by EV vs. ex. EV

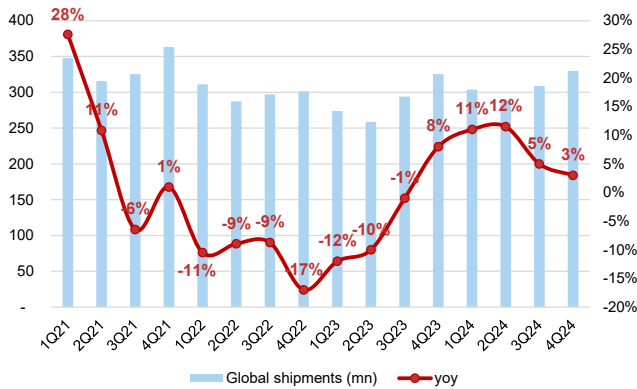


Source: Company data, Goldman Sachs Global Investment Research

Smartphones x AIoT: Strong operating data in 4Q24 and Jan 2025

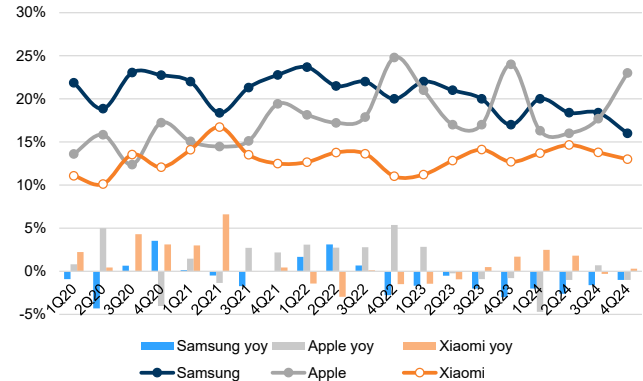
Smartphones

Exhibit 8: Global smartphone market saw shipments +3% yoy/+7% qoq in 4Q24



Source: Canalys

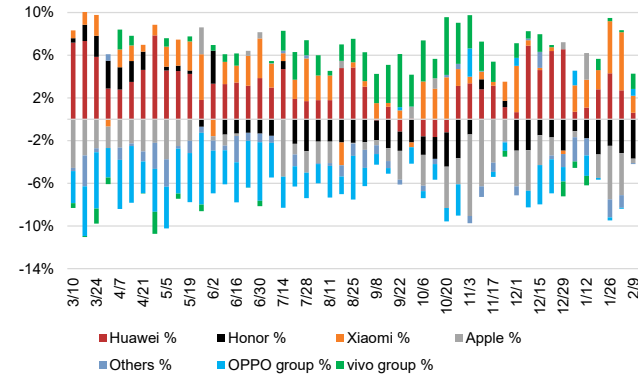
Exhibit 9: Xiaomi's smartphone shipment share globally expanded slightly yoy to 13% in 4Q24 (vs. 14%/13% in 3Q24/4Q23)
Global quarterly smartphone shipment share



Source: Canalys

Exhibit 10: Xiaomi has been consistently gaining share in China YTD along with Huawei vs. Apple/Honor

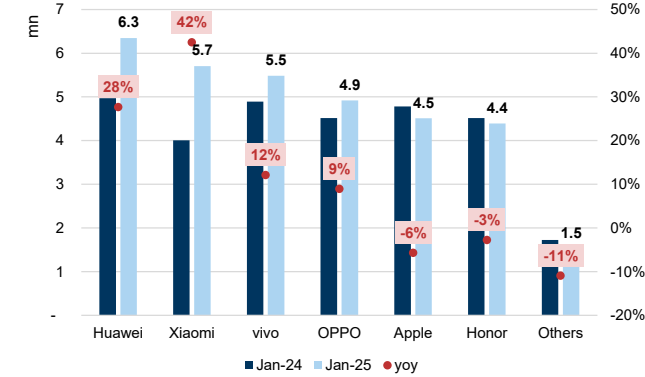
China weekly smartphone sell-through share yoy change by company



Source: BCI, Data compiled by Goldman Sachs Global Investment Research

Exhibit 11: In Jan (first 5 weeks of 2025), Xiaomi recorded 40%+ yoy smartphone sales volume growth, or +3.7pp yoy market share gains

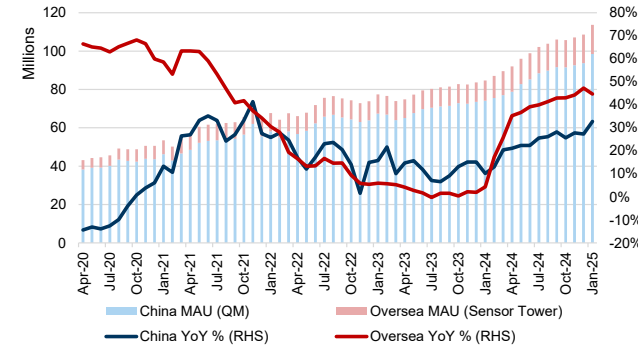
China smartphone sales volume by company



Source: BCI, Data compiled by Goldman Sachs Global Investment Research

AIoT

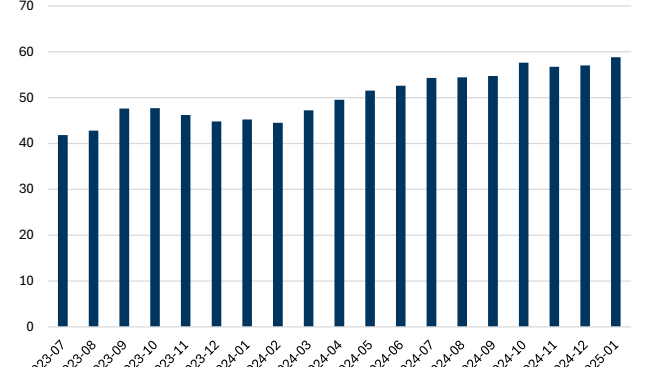
Exhibit 12: In Jan, Mi Home app MAU growth stayed robust in both China and overseas with +33%/45% yoy growth



Source: Sensor Tower, Questmobile

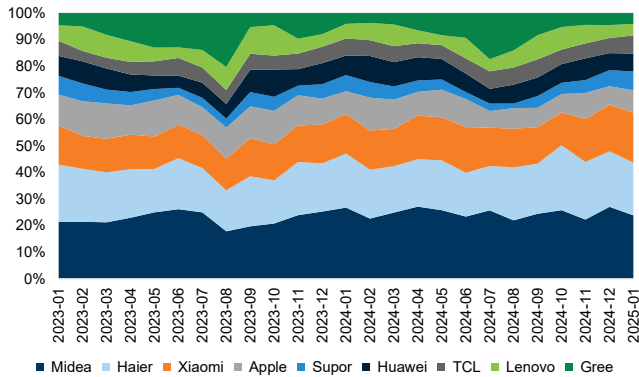
Exhibit 13: DAUs of Xiaomi Lingshoutong, the mobile app for Xiaomi new retail management, saw 30% yoy growth in Jan 2025

DAUs of Xiaomi Lingshoutong (ths.)



Source: Questmobile

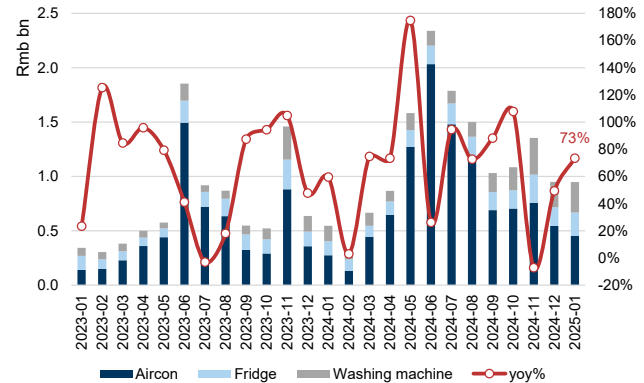
Exhibit 14: Within the home appliances and digital devices category on Tmall/Taobao/JD, Xiaomi saw expanding market share yoy



Source: Moojing, Data compiled by Goldman Sachs Global Investment Research

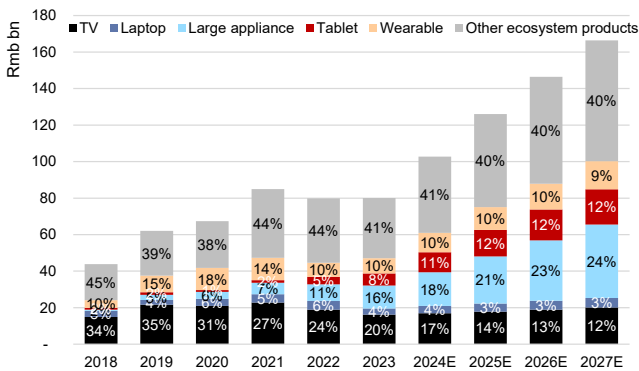
Exhibit 15: GMV of Xiaomi's white goods on Tmall/Taobao/JD grew 73% yoy in Jan 2025, with yoy increasing GMV proportion from refrigerators/washing machines

GMV of Xiaomi's white goods on Tmall/Taobao/JD



Source: Moojing, Data compiled by Goldman Sachs Global Investment Research

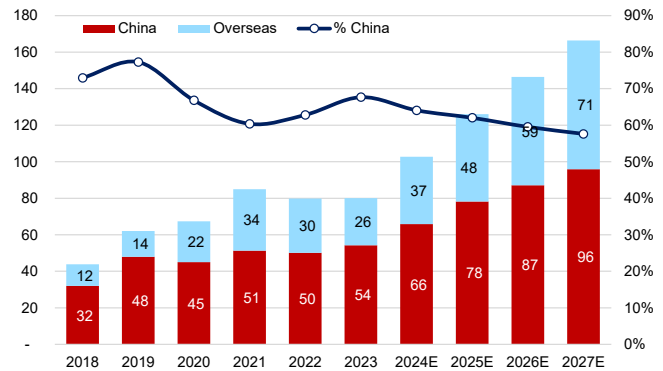
Exhibit 16: We model a 17% AIoT revenue CAGR in 2024-27E, with large appliances and tablets leading the revenue growth
AIoT revenue breakdown by segment



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 17: We model a 24% AIoT overseas revenue CAGR in 2024-27E vs. 13% in China

AIoT revenue breakdown by region



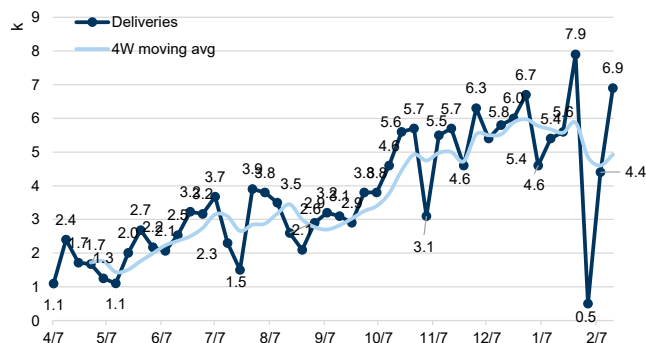
Source: Company data, Goldman Sachs Global Investment Research

Smart EV: Raise estimates/valuation on robust order take-ins, improving profitability outlook and stronger volume guidance

Recent operating data updates

- **Manufacturing and delivery capabilities:** Xiaomi delivered **35k** units in Jan-Feb.16 as per Dongcehdi (vs. 300k delivery target in 2025). On a weekly basis, Xiaomi continued to ramp up its delivery capabilities over the past few months to average **c.5-6k weekly units** excluding the week of CNY holiday ([Exhibit 18](#)). By 2024, Xiaomi opened **216 EV stores** in 64 cities in Jan (vs. 200 stores in 58 cities as of Dec).

Exhibit 18: Weekly SU7 delivery volume



Source: Dongchedi

Exhibit 19: It appears Phase I of Xiaomi EV factory in Beijing, which will provide additional manufacturing capabilities, remains under expansion

Map of Xiaomi Beijing EV factory I (as of late 2024)



Source: Google Earth

SU7 Ultra

- Official launch in Feb-end with 10k annual delivery target: Official launch of *SU7 Ultra*, positioned as **a luxury sedan**, is scheduled to be in late Feb, which management targets to rival Porsche for performance, Tesla for technology, and BMW, Mercedes Benz and Audi for luxury. We see comparable models as the Porsche Panamera (ASP Rmb1.14mn+) and Tesla Model S Plaid (ASP Rmb815k+). Management aims to sell **10k** units this year (above prior GSe 4k). Upon the initial public appearance of *SU7 Ultra* in Oct 2024, Xiaomi already received **3.7k** preorders within the first 10min at the presale price of Rmb815k (US\$114k) subject to adjustment upon the official launch.
- **SU7 Ultra to take on the Nürburgring in Mar:** Following the *SU7 Ultra* prototype setting the record - at a 6:46:874 certified lap time - as the fastest four-door car in Nürburgring history, which surpassed the prior record-holder Porsche Taycan Turbo GT, the *SU7 Ultra* is scheduled to take on the Nürburgring next month. *SU7 Ultra* broke the lap time record of mass-produced vehicles at the Shanghai International Circuit this month, which was previously held by Porsche *Taycan Turbo GT* (with Weissach Package), the fastest mass-produced electric vehicle on the Nürburgring.
- **Re-sizing SU7 Ultra potential:** Compared to our initial assessment in Oct 2024, we take more confidence from the strong management guidance of delivery units as well as the rising product appeal. We now model **10k annual deliveries at Rmb750k ASP**, and expect gross profit per unit *SU7 Ultra* to be **5x** that for SU7 on average. For 2025E, we model *SU7 Ultra* to account for **7%/12%** of Xiaomi EV revenue/gross profit.

YU7

- We are positive about the demand outlook for YU7 based on the disclosed specs in size, performance and range support, and see potential for YU7 to become **one of**

the best-selling premium NEV SUVs in China. We see upside potential to our assumption for YU7, and lift our forecasts of sales volume to 81k/350k/440k in 2025-27E. We model sales volume mix between Xiaomi YU7 and SU7 to be 1.5x in the mid term, while sales volume mix between Tesla Model Y and Model 3 was 2.5x in 2023-24E post Model Y ramp-up in earlier years.

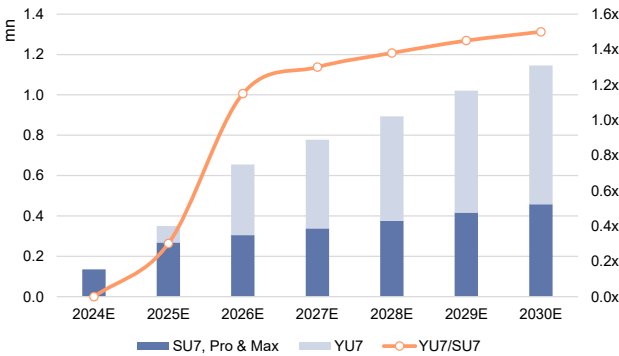
Exhibit 20: Xiaomi YU7 specs comps

OEM Model	BEV		BEV		BEV		BEV		BEV	
	Xiaomi SU7	Xiaomi YU7	Tesla Model Y 2025	Tesla Model Y 2024	Tesla Model 3	Zeekr 7X	NIO ES6	IM Motor LS6	XPeng G6	
Model launch date	Mar-24	Jun/Jul-24	Jan-25	Feb-24	Apr-24/Sep-23	Sep-24	Feb-24	Sep-24	Jun-23	
Price										
Base price (Rmb k)	216/246/300		264/304	250/290/355	232/272/336	230/250/270	338/396	239/263	200-277	
Size	Length (mm)	4,977	4,999	4,797	4,750	4,720/4,724	4,825	4,854	4,910	4,753
	Width (mm)	1,963	1,996	1,920	1,921	1,848	1,930	1,995	1,988	1,920
	Height (mm)	1,455	1,608/1,600	1,624	1,624	1,442/1,430	1,666	1,703	1,669	1,650
	Wheelbase (mm)	3,000	3,000	2,890	2,890	2,875	2,925	2,915	2,960	2,890
Performance	Maximum speed (km/h)	210/210/265	240/253	201	217	200/261	210	200	210/245	202
	0-100km/h acceleration time (s)	5.3/5.7/2.8		5.9/4.3	5.9/5/3.7	6.1/4.4/3.1	5.8/5.7/3.8	4.5	6.4/5.4	6.6/5.9/3.9
	Electric Motor Max Power (kW)	220/220/495	235/508	220/331	220/331/357	194/331/343	310/310/475	360	216/248	218/358
Range	Battery capacity (kWh)	74/94/101	96/102	170/250	60/78	60/78/78	75/100/100	75/100	75/83	66/88
	CLTC (km)	700/830/800	820/760	593/719	554/688/615	606/713/623	605/780/705	500/625	625/701	580/755/700
	Weight (kg)	1980/2090/2205	2315/2405	1,921/1992	2319/2389/2403	1760/1823/1851	2298/2320/2475	2316/2336/2353	2235/2280	1995/2095
Volume	Jan-25 monthly retail volume	22,897		25,694		8,009	4,192	2,676	1,612	2,918
	2024 avg. monthly retail volume	15,499		40,026		14,733	7,531	6,286	3,044	3,567
	2024 peak monthly retail volume	25,815		61,881		28,914	11,643	8,112	6,021	5,426

Source: Dongchedi, Data compiled by Goldman Sachs Global Investment Research

Exhibit 21: We model sales volume mix between Xiaomi YU7 and SU7 to be 1.5x in the mid term

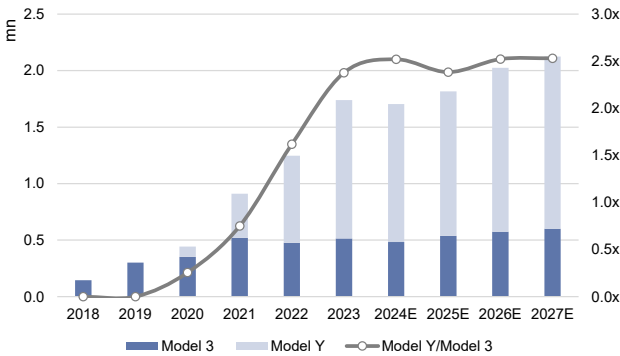
Sales volume of Xiaomi YU7 and SU7 series



Source: Company data, Goldman Sachs Global Investment Research

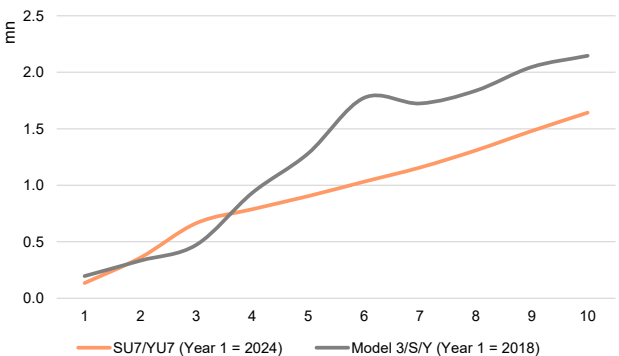
Exhibit 22: ... while sales volume mix between Tesla Model Y and Model 3 was 2.5x in 2023-24E post Model Y ramp-up in earlier years

Sales volume of Tesla Model Y and Model 3



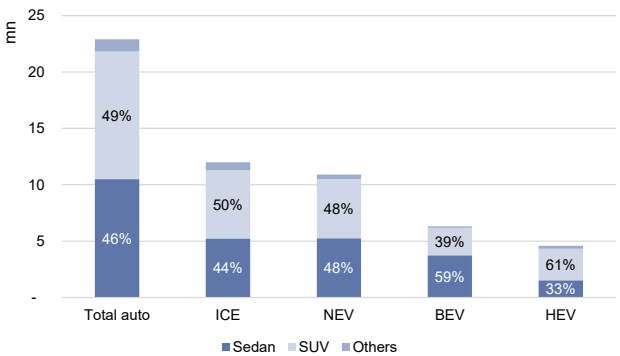
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 23: Aggregate sales volume of Xiaomi SU7/YU7 and Tesla Model 3/S/Y starting from 2024 (for Xiaomi) and 2018 (for Tesla)



Source: Company data, Goldman Sachs Global Investment Research

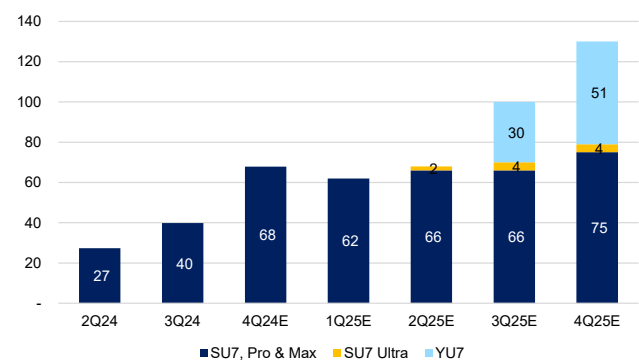
Exhibit 24: China retail sales volume breakdown between sedans and SUVs in 2024



Source: Wind

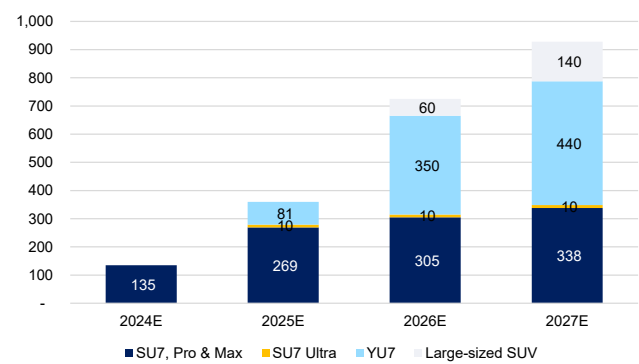
Forecasts in charts

Exhibit 25: Our quarterly forecasts on Xiaomi EV volume (ths.)



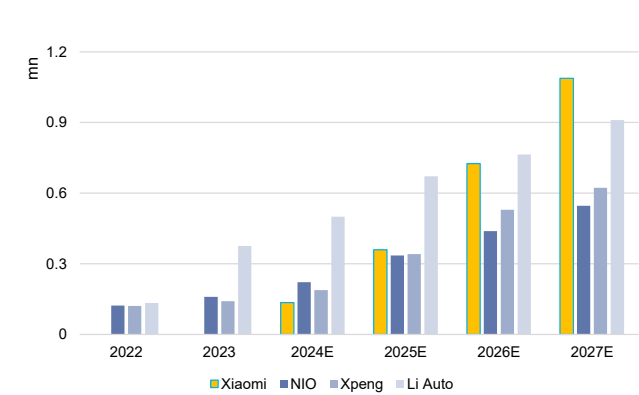
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 26: Our annual forecasts on Xiaomi EV volume (ths.)



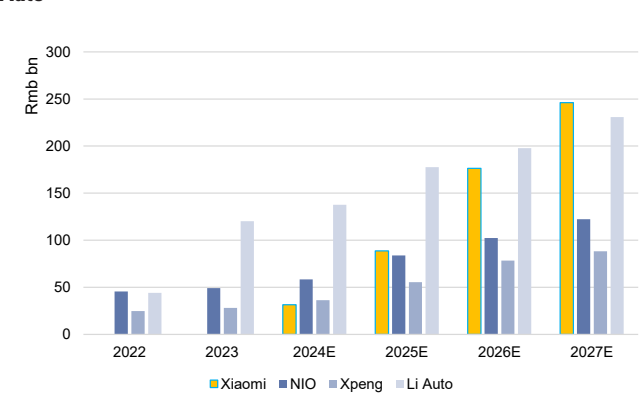
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 27: NEV sales volume: Xiaomi vs. NIO, Xpeng and Li Auto



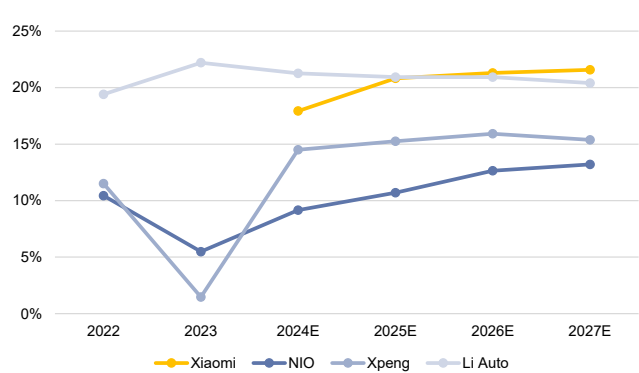
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 28: Vehicle sales revenue: Xiaomi vs. NIO, Xpeng and Li Auto



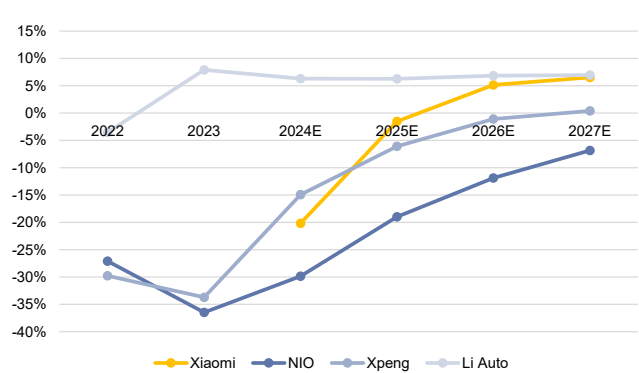
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 29: GPM: Xiaomi EV segment vs. NIO, Xpeng and Li Auto

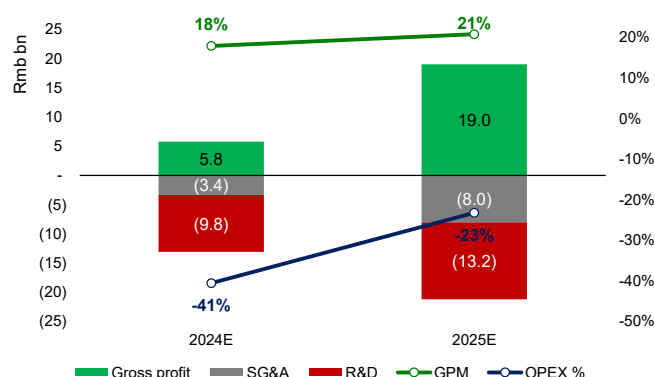


Source: Company data, Goldman Sachs Global Investment Research

Exhibit 30: Adj. OPM: Xiaomi EV segment vs. NIO, Xpeng and Li Auto



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 31: Our 2024/25E forecasts on EV gross profit and OPEX breakdown


Source: Company data, Goldman Sachs Global Investment Research

Valuation

In our Xiaomi SOTP, our 12m-fwd DCF-based valuation for Xiaomi EV increases to **c.Rmb427bn/US\$60bn** (vs. US\$38bn prior), based on a 12% WACC and 3% TGR (unchanged), as we expect larger sales volume (3%/11%/15% higher than prior GSe in 2025-27E) and smaller near-term losses thanks to the robust deliveries/GPM profile and operating leverage.

Our target valuation implies **2.3x/1.7x 2026/27E P/S for Xiaomi EV**, or **29x/21x 2026/27E normalized P/E** assuming 8% normalized NPM for the EV segment (in line with the long-term profitability of BYD), compared to 100%/40% revenue growth in 2026/27E, respectively.

Exhibit 32: Forecast summary for Smart EV segment

Xiaomi EV segment financials (Rmb mn)		2023E	2024E	2025E	2026E	2027E
Revenue		-	31,407	88,724	176,379	246,173
Sales volume (k)		-	135	360	725	1,088
ASP (Rmb k)		-	263	278	275	256
Gross profit		-	5,793	19,038	38,828	55,173
GPM		-	18%	21%	22%	22%
Operating profit		(7,500)	(7,315)	(2,179)	8,436	15,546
OPM		-	-23%	-2%	5%	6%
Adj. operating profit		(6,700)	(6,515)	(1,379)	8,926	15,362
Adj. OPM		-	-21%	-2%	5%	6%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 33: Xiaomi EV comp sheet

Ticker	Company	Mkt Cap (US\$m)	2024E P/E	2025E P/E	2026E P/E	2024E P/S	2025E P/S	2026E P/S	24-26E Rev CAGR	2025E yoy	2026E yoy	2027E yoy	24-26E NP CAGR	2024E GPM	2025E GPM	2026E GPM	2024E NPM	2025E NPM	2026E NPM
002594.SZ	BYD A	142,459	28x	20x	15x	1.3x	1.0x	0.9x											
1211.HK	BYD H	136,896	27x	20x	15x	1.3x	1.0x	0.8x	25%	30%	20%	11%	35%	21%	22%	22%	5%	5%	6%
LI	Li Auto	27,238	20x	15x	13x	1.4x	1.1x	1.0x	20%	29%	11%	17%	27%	21%	21%	21%	7%	7%	8%
XPEV	Xpeng	16,552				3.0x	1.8x	1.5x	41%	65%	20%	22%	NM	15%	15%	16%	-13%	-5%	0%
NIO	NIO	8,960				1.0x	0.7x	0.6x	32%	43%	22%	19%	NM	9%	11%	13%	-28%	-19%	-12%
EV median			27x	20x	15x	1.3x	1.0x	0.9x	28%	36%	20%	18%	31%	18%	18%	18%	-4%	0%	3%
Xiaomi EV									138%	183%	100%	40%	NM	18%	21%	21%	-20%	-2%	5%

Source: Company data, Goldman Sachs Global Investment Research

Investment Thesis - Xiaomi Corp.

We see Xiaomi, which is the world's #3 smartphone brand (13% of 2023 shipments) and leading consumer AIoT/NEV maker, as still in the early stages of a multi-year ecosystem

expansion (GSe 26%/35% revenue/EPS CAGR in 2024-27E) against the backdrop of its well-executed “Human x Car x Home” strategy. We believe Xiaomi is well positioned to enhance its AI technology capabilities in a more efficient manner by building the OS-level AI agent *Xiaoai* and the largest AIoT ecosystem globally. On Smart EV, we are positive on the gradual valuation realization from its smart EV business and believe the strong debut of SU7 demonstrates its potential to become one of the best-selling premium EV sedans in China, and hence look for valuation multiple re-rating potential for Xiaomi. In the longer term, we believe Xiaomi’s robust balance sheet, strong capabilities in software-hardware/smartphone-IoT-vehicle integration, and cost advantages owing to scale and deep involvement in the EV supply chain will increase its competitiveness and appeal in EVs. We are Buy rated.

Price Target Risks and Methodology - Xiaomi Corp.

We are Buy rated on Xiaomi with a 12-month target price of HK\$58, based on a SOTP valuation methodology: 1) 23x target 12m-fwd EV/NOPAT on Xiaomi core; 2) DCF-based valuation for Xiaomi EV of US\$60bn (12% WACC and 3% TGR); 3) a 10% holdco. discount. Key downside risks: 1) More intense competition and weaker market share gains within the global smartphone industry. 2) Higher GPM pressure on the smartphone/EV business. 3) Below-expected execution on Xiaomi brand premiumization and the EV business. 4) Intensifying geopolitical risks and regulatory uncertainties. 5) Softer macro environment and weaker smartphone/IoT demand. 6) FX fluctuation.

Disclosure Appendix

Reg AC

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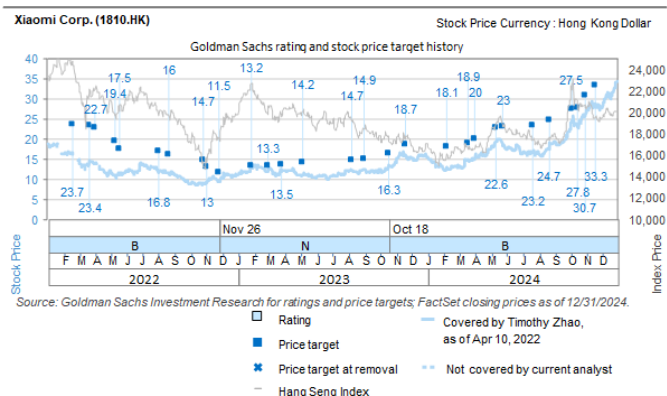
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