

# Xiaomi (01810.HK)

Core business reached a new record high  
China | Consumer electronics | Technology hardware

### Financial summary

In the first quarter of 2025, the company achieved total revenue of 111.3 billion yuan (RMB, same below), representing a 47.4% year-on-year increase; in terms of profitability, operating profit reached 13.1 billion yuan, up 256.4% year-on-year, while adjusted net profit hit 10.7 billion yuan, reaching a historic high with a 64.5% year-on-year growth. For segment revenue, 1Q25 smartphone × AIoT revenue amounted to 92.7 billion yuan, growing 22.8% year-on-year, primarily driven by increased smartphone shipments; innovative businesses including smart electric vehicles generated revenue of 18.6 billion yuan, with a gross margin of 23.2%.

### Financial performance

#### Smartphone × AIoT

In the first quarter of 2025, smartphone revenue reached RMB 50.6 billion, up 8.9% year-on-year, primarily driven by increased shipments of higher ASP models, pushing the overall ASP to a historic high. According to Canalys data, global smartphone shipments reached 42 million units in Q1 2025, growing 3.0% year-on-year, ranking among the top three globally with a market share of 14.1% (up 0.3 percentage points year-on-year) for the 19th consecutive quarter. Regionally, the company reclaimed the top position in smartphone shipments in the Chinese mainland, with market share rising 4.7 percentage points year-on-year to 18.8%. In May 2025, the company launched its flagship Xiaomi 15S Pro, equipped with its first self-developed flagship processor, the Xuanjie O1.

In Q1 2025, IoT and lifestyle products revenue reached RMB 32.3 billion, surging 58.7% year-on-year, with gross margin hitting 25.2%, both setting new historical highs. This growth was primarily fueled by enhanced industrial capabilities, elevated brand influence, expanded retail channels, and government subsidies in the Chinese mainland. Meanwhile, the user ecosystem continued to expand. As of March 31, 2025, the number of connected IoT devices (excluding smartphones, tablets, and laptops) on the AIoT platform grew to 944 million, up 20.1% year-on-year.

Internet services revenue reached RMB 9.1 billion in Q1 2025, rising 12.8% year-on-year, mainly driven by increased advertising revenue, with gross margin reaching 76.9% (up 2.7 percentage points year-on-year). The internet user base continued to grow, with global monthly active users reaching 719 million in March 2025, a 9.2% year-on-year increase, setting another historic high.

#### Innovation Businesses (Smart Electric Vehicles, AI, etc.)

In Q1 2025, total revenue from innovation businesses including smart electric vehicles and AI reached RMB 18.6 billion, comprising smart electric vehicle revenue of RMB 18.1 billion and other related business revenue of RMB 500 million. The segment gross margin was 23.2%, with a segment operating loss of RMB 500 million. During Q1 2025, Xiaomi SU7 series deliveries reached 75,869 units.

17 Jun 2025

### Accumulate

CMP HKD 52  
(Closing price as of 12 Jun)  
Target HKD 60 (+15.9%)

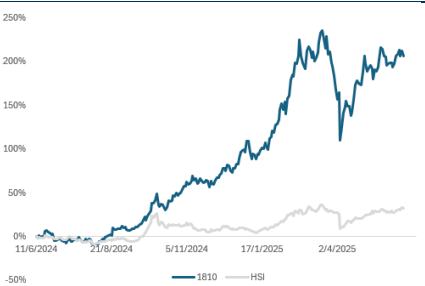
#### COMPANY DATA

O/S SHARES (MN) :	25,949
MARKET CAP (HKD BN) :	1,350
52 - WK HI/LO (HKD):	59.45/15.36

#### SHARE HOLDING PATTERN, %

Smart Mobile Holdings Limited	23.52%
Apex Star LLC	8.59%

#### PRICE VS. HSI



Source: Phillip Securities (HK) Research

#### KEY FINANCIALS

CNY mn	FY24	FY25E	FY26E	FY27E
Revenue	365,906	490,627	600,417	703,977
Net profit	23,578	39,684	49,491	59,217
EPS	0.94	1.59	1.98	2.37
P/E ratio, x	51	30	24	20
Dividend Yield, %	0	0	0	0

Source: Company reports, Phillip Securities Est.

#### Research Analyst

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## Company valuation

For non-automotive businesses, the smartphone market uptrend will continue into 2025, while China's stimulus policies are expected to drive consumption recovery. The company will benefit from its premiumization strategy, progressively upgrading product AI capabilities. For automotive business, the company's revenue is poised to maintain rapid growth alongside steady gross margin improvement. Overall, we remain positive about the company's medium-to-long-term growth prospects, valuing it at 35x 2025 PE with a target price of HK\$60 per share. We forecast 2025-2027 revenue at RMB490.6/600.4/704.0 billion and net profit at RMB39.7/49.5/59.2 billion, translating to EPS of RMB1.59/1.98/2.37. Current share price implies 30/24/20x PE from 2025 to 2027. Consequently, we upgrade our rating to "Accumulate".

## Risk factors

1) Demand for smartphones and other personal electronic products is below expectations; 2) Component costs are increasing; 3) Demand in the new energy vehicle market is lower than expected.

## Financials

### Key Financial Data

Dec Y/E	FY23	FY24	FY25E	FY26E	FY27E
<b>Valuation Ratio</b>					
P/E ratio	67.9	50.3	29.9	24.0	20.0
Dividend Yield, %	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Per share data(RMB)</b>					
EPS	0.70	0.94	1.59	1.98	2.37
BVPS	7.2	7.6	7.8	8.9	10.4
<b>Growth &amp; Margin</b>					
<b>Growth</b>					
Net Revenue Growth	-3.24%	35.04%	34.09%	22.38%	17.25%
Gross Profit Growth	20.81%	33.20%	42.30%	22.50%	17.36%
EBIT Growth	459.51%	27.78%	78.60%	23.15%	19.65%
Net Profit Growth	598.25%	34.93%	68.31%	24.71%	19.65%
<b>Margin</b>					
Gross Profit Margin	21.21%	20.92%	22.20%	22.23%	22.25%
EBIT Margin	8.12%	7.69%	10.24%	10.30%	10.51%
Net Profit Margin	6.45%	6.47%	8.10%	8.26%	8.42%
<b>Key Ratios</b>					
ROE	10.64%	12.46%	20.24%	22.36%	22.81%
ROA	5.39%	5.85%	9.16%	10.01%	10.45%

### Consolidated Statement of Profit or Loss

Dec Y/E, RMB mn	2023	2024	2025E	2026E	2027E
REVENUE	270970	365906	490627	600417	703977
Cost of revenue	-213494	-289346	-381685	-466958	-547345
Gross profit	57476	76560	108942	133459	156632
R&D expenses	-19098	-24051	-32381	-39628	-46463
Selling, administrative and general expenses	-24353	-30991	-41089	-49684	-57549
Operating profit	20009	21298	46610	58240	70398
Finance income	3558	3836	3836	3836	3836
Finance costs	-1556	-212	-212	-212	-212
Profit before income tax and share of results of equity investees	22011	28127	50233	61864	74021
Income tax expenses	-4537	-4548	-10549	-12373	-14804
<b>Net profit</b>	<b>17474</b>	<b>23578</b>	<b>39684</b>	<b>49491</b>	<b>59217</b>
– Equity holders of the Company	17475	23658	39764	49571	59297
– Non-controlling interests	-1	-80	-80	-80	-80

### Consolidated Statement of Financial Position

Dec Y/E, RMB mn	FY23	FY24	FY25E	FY26E	FY27E
<b>Current assets</b>					
Accounts receivable	42002	55950	75021	91809	107644
Cash and cash equivalents	38425	39138	25318	45442	76802
Inventory	44423	62510	82458	100881	118247
Others	118625	68111	68111	68111	68111
<b>Total current assets</b>	<b>199053</b>	<b>225709</b>	<b>250908</b>	<b>306242</b>	<b>370805</b>
<b>Non-current assets</b>					
PPE	13721	18088	22894	28978	36678
Others	111474	159359	159359	159359	159359
<b>Total non-current assets</b>	<b>125195</b>	<b>177447</b>	<b>182253</b>	<b>188337</b>	<b>196037</b>
<b>Total Assets</b>	<b>324247</b>	<b>403155</b>	<b>433161</b>	<b>494579</b>	<b>566842</b>
<b>Current liabilities</b>					
Accounts payable	87713	134653	156857	191901	224936
Others	27874	40732	40732	40732	40732
<b>Total current liabilities</b>	<b>115588</b>	<b>175385</b>	<b>197589</b>	<b>232633</b>	<b>265669</b>
<b>Non-current liabilities</b>					
Long-term debt	21674	17276	17621	17974	18333
Others	22724	21289	21928	22586	23264
<b>Total non-current liabilities</b>	<b>44398</b>	<b>38565</b>	<b>39549</b>	<b>40560</b>	<b>41597</b>
<b>Total liabilities</b>	<b>159986</b>	<b>213950</b>	<b>237139</b>	<b>273193</b>	<b>307265</b>
Equity attributable to equity holders of the Company	163995	188738	195709	221032	259161
Non-controlling interests	266	467	314	354	415
<b>Total equity</b>	<b>164262</b>	<b>189205</b>	<b>196023</b>	<b>221386</b>	<b>259577</b>
<b>Total liabilities and equity</b>	<b>324247</b>	<b>403155</b>	<b>433161</b>	<b>494579</b>	<b>566842</b>

## Consolidated Statement of Cash Flow

Dec Y/E, RMB mn	2023	2024	2025E	2026E	2027E
<b>CFO</b>	41300	39295	32367	58672	69184
Profit before tax	17474	23578	39684	49491	59217
Depreciation and Amortization	4836	6318	5766	5616	6402
Change in working capital	17319	3995	-13084	3565	3565
Others	1671	5404	0	0	0
<b>CFI</b>	-35169	-35386	-36592	-34549	-33825
Short term and long term investment, net	-28900	-28089	-25280	-22752	-20477
Purchase of property, equipment and intangible assets	-6269	-7297	-11311	-11797	-13348
<b>CFF</b>	-505	-3999	-3999	-3999	-3999
Cash paid for distribution of dividends	0	0	0	0	0
Cash received from financing	-505	-3999	-3999	-3999	-3999
<b>Effect of exchange rate changes on cash</b>	398	120	0	0	0
<b>Net Change in Cash</b>	5626	-90	-8224	20124	31361
Cash, CE and Restricted cash at Beg	27607	33631	33541	25318	45442
<b>Cash, CE and Restricted cash at Y/E</b>	33631	33541	25318	45442	76802

Current Price as of: Jun 12

Exchange rate: HKD/RMB = 0.92

Source: PSHK Est.

**PHILLIP RESEARCH STOCK SELECTION SYSTEMS**

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20% upside from the current price
-5% to +5%	Neutral	3	Trade within $\pm 5\%$ from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20% downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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