Xiaomi Corp (1810 HK)

SKYNOAD's Locked Orders Surpass 70,000 Units

Highlights

- SKYNOMAD's locked orders surpassed 70,000 units in the first month after launch. The numbers are on the lower end of expectations but the premiumisation trend continues.
- However, the smartphone business is expected to face sustained pressure in 2027-28 with component supply remaining tight.
- Maintain HOLD with a higher target price of HK$27.60.

Analysis

- **SKYNOMAD series locked orders surpassed 70,000 units in the first month after launch.** For comparison, unofficial industry data indicated that SU7 facelift's locked orders was around 60,000 units after the first month of launch, which implies a stronger interest in the SKYNOMAD line-up according to unofficial data. That said, note that investors' expectations were quite high at 70,000-80,000 units, so the 70,000 units of locked orders are likely at the lower end of expectations. Given that the actual locked order numbers are in line with unofficial market data circulating in early-Oct 26, there should be limited impact from the slower order intake.
- **Lead time ranges from 4-12 weeks.** As of 9 Oct 26, Xiaomi Corp's (Xiaomi) official site indicated that the lead time for the SKYNOMAD line-up is as follows: N70 Pro at 4-7 weeks; N70 Max at 5-8 weeks, N90 Max at 4-7 weeks, and N90 Max Explorer at 9-12 weeks. We also estimate that demand is concentrated at the N70 Max/N90 Max SKUs, implying a better mix compared with our previous expectations.
- **Xiaomi's 2026 shipment numbers remain on track.** Xiaomi delivered more than 40,000 EVs in September, which include around 30,000 units of SU7 and YU7, and more than 10,000 units of SKYNOMAD. This brings its ytd shipment to just above 286,000 units. For 4Q26 deliveries, we are expecting: a) more than 50,000 units of SKYNOMAD; and b) around 90,000 units of older models, which brings Xiaomi's full-year shipment to our estimate of 430,000 units.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	365,906	457,287	433,302	458,110	513,208
EBITDA	29,504	40,300	26,408	37,825	50,774
Operating profit	23,186	31,543	20,002	30,484	44,109
Net profit (rep./act.)	23,658	41,643	25,016	27,563	40,131
Net profit (adj.)	27,235	39,166	23,121	27,563	40,131
EPS (Fen)	109.7	162.3	97.5	107.4	156.4
PE (x)	21.5	14.5	24.2	22.0	15.1
P/B (x)	4.1	3.6	3.1	2.3	2.1
EV/EBITDA (x)	20.2	14.8	22.6	15.8	11.7
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net margin (%)	6.5	9.1	5.8	6.0	7.8
Net debt/(cash) to equity (%)	(20.9)	1.0	(4.3)	(6.9)	(8.2)
Interest cover (x)	(6.4)	(18.1)	(8.9)	(13.8)	(12.7)
ROE (%)	15.4	17.2	8.3	9.0	11.8
Consensus net profit			25,508	33,826	42,782
UOBKH/Consensus (x)			0.91	0.81	0.94

Source: Xiaomi, Bloomberg, UOB Kay Hian

Analyst(s)

Johnny Yum
johnny.yum@uobkh.com
+852 2235 6760

Murphy Li
murphy.li@uobkh.com
+852 2826 4867

HOLD (Maintained)

Share Price	HK$25.96
Target Price	HK$27.60
Upside	+6.2%
Previous TP	HK$26.20

Stock Data

Sector	Communications Equipment
Bloomberg ticker	1810 HK
Shares issued (m)	25,795
Market cap (HK$m)	669,631
Market cap (US$m)	85,850
3-mth avg daily t'over (US$m)	553.0

Price Performance (%)

52-week high/low				HK$52.95/HK$21.30
1mth	3mth	6mth	1yr	YTD
(1.6)	3.8	(17.2)	(51.3)	(33.8)

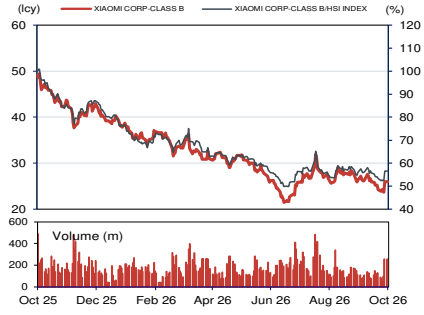
Major Shareholders (%)

Smart Mobile Holdings Ltd	8.91
Lin Bin	8.85

Balance Sheet Metrics

FY26 NAV/Share (HK$)	12.49
FY26 Net Debt/Share (HK$)	(0.54)

Price Chart



Source: Bloomberg

Company Description

Xiaomi manufactures communication equipment and parts. The company produces and sells mobile phones, smart phone software, set-top boxes and related accessories. Xiaomi markets its products worldwide.

- **However, we expect sustained weakness from smartphone business.** Our recent checks indicate that the memory shortage will worsen in 2027, and is likely to persist with a meaningful shortfall in 2028 despite greenfield capacity starting to ramp up. We also understand that memory suppliers are not too keen on increasing allocation to consumer electronics devices at a pricing discount to AI-infrastructure-related clients. On the contrary, consumer electronics OEMs are more likely to receive less allocation heading into 2027 as they struggle to accept price hikes. As such, we no longer expect Xiaomi to deliver a recovery in shipment volume in 2027, and we slash our 2027-28 smartphone shipment estimates by 9.8%/12.2% to 118m/124m units respectively, representing a yoy growth of -5.7%/+4.4%.

Earnings Revision/Risk

- We fine-tuned our EV product mix and ASP assumptions for 2026-28, factoring in: a) SKYNOMAD shipment mix and detailed ASP assumptions; b) higher long-term mix assumptions given the better-than-expected reception of high-end SKUs, partially offset by c) lower expectations for YU7 series shipment in 2027.
- Along with our lower smartphone shipment assumptions in 2027-28, our 2026-28 adjusted net profit estimates are revised by +4.7%/-2.7%/+9.0% respectively to Rmb25.0b/Rmb27.6b/Rmb40.1b.

Valuation/Recommendation

- **Maintain HOLD with a slightly higher target price of HK$27.60,** primarily due to a higher EV valuation from the better long-term mix. Our target price is now based on: a) HK$19.65 for the core business, which is based on 15.0x 2027F PE; and b) HK$7.95 for the EV business which is based on a 10-year DCF valuation with a WACC of 10.8%.

Share Price Catalyst

- More clarity on the AI-related business. We believe the market struggles to value Xiaomi's AI-related business (such as API revenue) given the minimal official disclosures. Further clarity on its size, profitability, and growth targets will likely provide a meaningful value boost to Xiaomi's valuation.

SOTP Valuation

EV		Core	
Intrinsic value (Rmb)	174,886	EPS (Rmb)	1.12
CNY to HKD	1.17	CNY to HKD	1.17
Intrinsic value (HK$)	204,617	EPS (HK$)	1.31
Valuation	7.95	Valuation	19.65
EV/Sales (2026) (x)	1.6	PE multiple (x)	15.0

Source: Xiaomi, UOB Kay Hian

Changes To 2026-28 Estimates

Rmbm	OLD			NEW			CHANGE (%)		
	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
Turnover	**429,571**	**483,402**	**525,276**	**433,302**	**458,110**	**513,208**	**0.9**	**(5.2)**	**(2.3)**
Smartphones	167,239	180,108	199,016	167,239	162,515	174,807	-	(9.8)	(12.2)
IoT and Lifestyle products	113,344	119,011	124,962	113,344	119,011	124,962	-	-	-
Internet services	37,510	40,683	42,464	37,510	40,683	42,425	-	(0.0)	(0.1)
EV	107,341	139,463	154,698	111,072	131,764	166,877	3.5	(5.5)	7.9
Margins (%)									
Smartphones	9.0	8.3	8.5	9.0	8.3	8.5	-	-	-
IoT and Lifestyle products	22.8	23.3	23.9	22.8	23.3	23.9	-	-	-
Internet services	76.0	76.0	76.0	76.0	76.0	76.0	-	-	-
EV	20.1	21.5	22.3	20.3	21.6	22.5	0.2	0.1	0.2

Source: Xiaomi, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	**457,287**	**433,302**	**458,110**	**513,208**
EBITDA	40,300	26,408	37,825	50,774
Deprec. & amort.	(8,757)	(6,406)	(7,341)	(6,665)
EBIT	**31,543**	**20,002**	**30,484**	**44,109**
Total other non-operating income	16,358	8,827	-	-
Associate contributions	326	86	-	-
Net interest income/(expense)	1,746	2,237	2,202	3,468
Pre-tax profit	**49,647**	**31,066**	**32,686**	**47,578**
Tax	(8,080)	(6,096)	(5,174)	(7,454)
Minorities	77	46	51	7
Net profit	**41,643**	**25,016**	**27,563**	**40,131**
Net profit (adj.)	39,166	23,121	27,563	40,131

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	27,950	37,696	47,182	53,469
Other LT assets	209,572	226,420	242,593	262,642
Cash/ST investment	26,914	42,155	51,650	59,113
Other current assets	243,660	204,070	204,426	232,054
Total assets	**508,096**	**510,342**	**545,851**	**607,277**
ST debt	6,649	6,649	6,649	6,649
Other current liabilities	185,756	163,032	171,029	192,432
LT debt	22,921	22,921	22,921	22,921
Other LT liabilities	26,446	26,446	26,446	26,446
Shareholders' equity	266,219	291,235	318,798	358,928
Minority interest	105	58	7	0
Total liabilities & equity	**508,096**	**510,342**	**545,851**	**607,377**

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	**34,142**	**46,004**	**40,292**	**37,095**
Pre-tax profit	49,647	31,066	32,686	47,578
Tax	(8,080)	(6,096)	(5,174)	(7,454)
Deprec. & amort.	8,757	6,406	7,341	6,665
Associates	(326)	(86)	-	-
Working capital changes	(12,677)	1,102	7,641	(6,225)
Non-cash items	(3,178)	13,612	(2,202)	(3,468)
Other operating cashflows	-	-	-	-
Investing	**(71,679)**	**(33,000)**	**(33,000)**	**(33,100)**
Capex (growth)	(13,000)	(13,000)	(13,000)	(10,000)
Investments	-	-	-	(3,000)
Proceeds from sale of assets	-	-	-	-
Others	(58,679)	(20,000)	(20,000)	(20,100)
Financing	**30,766**	**2,237**	**2,202**	**3,468**
Dividend payments	-	-	-	-
Issue of shares	-	-	-	-
Proceeds from borrowings	10,000	10,000	10,000	10,000
Loan repayment	(25,998)	(10,000)	(10,000)	(10,000)
Others/interest paid	46,764	2,237	2,202	3,468
Net cash inflow (outflow)	**(6,770)**	**15,241**	**9,495**	**7,463**
Beginning cash & cash equivalent	33,661	26,914	42,155	51,650
Changes due to forex impact	23	-	-	-
Ending cash & cash equivalent	**26,914**	**42,155**	**51,650**	**59,113**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
Gross margin	22.3	21.2	22.0	22.3
Pre-tax margin	10.3	6.8	7.1	9.3
Net margin	9.1	5.8	6.0	7.8
ROA	8.6	4.5	5.2	7.0
ROE	17.2	8.3	9.0	11.8
Growth				
Turnover	25.0	(5.2)	5.7	12.0
EBITDA	33.0	(9.7)	9.5	13.7
Pre-tax profit	76.5	(37.4)	5.2	45.6
Net profit	76.0	(39.9)	10.2	45.6
Net profit (adj.)	43.8	(41.0)	19.2	45.6
EPS	48.0	(39.9)	10.2	45.6
Leverage				
Debt to total capital	5.8	5.8	5.4	0.0
Debt to equity	11.1	10.2	9.3	8.2
Net debt/(cash) to equity	1.0	(4.3)	(6.9)	(8.2)
Interest cover (x)	(18.1)	(8.9)	(13.8)	(12.7)

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at this link or by scanning the QR code below:

The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full."