



Joint Research | In Depth Analysis of Hong Kong Stock Companies | Xiaomi Group-W (1810. HK)

Xiaomi Series Depth Report 2: Automotive Edition——

New consumer definition of high-end luxury,
methodology supports cars to climb to the peak

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Key points of the report

The new consumption concept of "Yueji" has helped SU7 successfully explore and YU7 is expected to be successfully replicated. Based on SU7 and YU7, Xiaomi is accelerating its layout of extended range vehicles, entering a strong product cycle and expected to quickly achieve sales of one million units. Based on Xiaomi's steady growth trend of high-end penetration in its main business of smartphones and IoT, as well as the rapid increase in volume of Xiaomi cars, it is expected that Xiaomi Group's net profit attributable to the parent company from 2025 to 2027 will be 35.404 billion yuan, 51.653 billion yuan, and 65.531 billion yuan, respectively, maintaining a "buy" rating.

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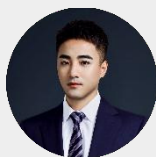
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Xiaomi Group-W (1810. HK)

Xiaomi Series Depth Report 2: Automotive Edition— New consumer definition of high-end luxury, methodology climb to the peak

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The new consumption concept of "Yueji" has helped SU7 successfully explore, and YU7 replicated

With a price range of 200000 to 300000 yuan and continuous expansion of the sedan, the SU7 has a precise positioning and maintains the brand's mid to high end tone, making it an instant hit on the market. The new consumption concept of "Yueji" has been strengthened, and SU7 targets new consumer needs with personalized features such as appearance and sun protection. Based on excellent product strength and supported by after-sales and sustained emotional value, SU7 continues to lead in sales. Since its launch, Xiaomi SU7 has achieved a steady monthly average sales of 23000 units. YU7 is positioned in a larger market, based on SU7 and with outstanding comprehensive strength, it is expected to become a popular product again.

The success of Xiaomi cars from the perspective of Xiaomi methodology: inevitable rather

Xiaomi has successfully explored the fields of mobile phones and IoT for many years, and has developed its unique four-dimensional methodology of "user+product+technology+efficiency". In terms of users, Xiaomi has a large number of fans and a strong Internet based traffic access capability; Technologically, Xiaomi's self-developed motor and electronic control technology is leading in the automotive intelligence industry; In terms of efficiency, Xiaomi reduces production costs through supply chain management, lowers labor costs with high automation rates, and reduces sales costs through channel reuse; In terms of products, Xiaomi adheres to the strategy of single product, creates a popular product model, and achieves cost sharing on a scale. The scarcity methodology empowers Xiaomi to successfully explore its automotive business.

Xiaomi welcomes a strong model cycle, with sales expected to quickly exceed one million

The high-end market continues to expand, and there is a large space for domestic substitution under electric intelligence. The sales volume of China's high-end passenger car market (over 200000 yuan) in 2024 was 9.443 million units, a year-on-year increase of 4.8%, and the CAGR of high-end market sales from 2020 to 2024 was 14.6%. Among them, the sales volume of high-end domestic brand cars in 2024 was 3.848 million units, a year-on-year increase of 42.9%. The CAGR of high-end independent sales from 2020 to 2024 is 70.2%. The market share of independent brands in the high-end market has increased from 8.4% in 2020 to 40.7% in 2024, and the rise of high-end independent brands is accelerating. The Xiaomi SU7 Ultra has driven the overall tone improvement of the brand, and the high-end trend has been established. Currently, Xiaomi continues to increase its exploration of high-end car models, and sales are expected to exceed one million under the strong car model cycle. Looking ahead to the future, under the trend of "consumer electronics", the high-end market for intelligent electric vehicles is becoming more concentrated, and Xiaomi is expected to gain a higher market share in the automotive high-end market. At the same time, Xiaomi, empowered by the scarce ability of the "four-dimensional methodology", is expected to replicate Tesla's profit rhythm. With the launch of YU7, Xiaomi Auto is expected to turn losses into profits by 2025, and its comprehensive net profit per vehicle is expected to exceed 10000 yuan.

The automotive business brand is attacking, and the resonance group's business is synchron

The layout of the entire ecosystem of people, cars, and homes is showing a trend of mutual collaboration among multiple businesses. The birth of SU7 is not only the landing of Xiaomi's car making plan, but also a symbol of the extension of its "mobile+AIoT" ecological strategy to the entire ecosystem of people, cars, and homes. Through device interconnection and data connectivity, the entire ecosystem of people, cars, and homes has strong user stickiness, enabling Xiaomi car users to attract traffic to other ecosystems and drive increased revenue from other products, with a total lifecycle value of over 230000 yuan. Automobiles are accelerating their high-end transformation, feeding back multiple business brands to attack. After the release of SU7, Xiaomi's domestic market share of smartphones has increased. At the end of March 2024, SU7 was released and achieved success. In the following two quarters, Xiaomi's domestic sales of smartphones were 10.044 million and 10.209 million respectively, with a domestic mobile phone market share of 13.7% and 14.5%, respectively, and the market share continued to rise.

Investment advice

The new consumption concept of "Yueji" has helped SU7 successfully explore and YU7 is expected to be successfully replicated. Based on SU7 and YU7, Xiaomi is accelerating its layout of extended range vehicles, entering a strong product cycle and expected to quickly achieve sales of one million units. Based on Xiaomi's steady growth trend of high-end penetration in its main business of smartphones and IoT, as well as the rapid increase in volume of Xiaomi cars, it is expected that Xiaomi Group's net profit attributable to the parent company from 2025 to 2027 will be 35.404 billion yuan, 51.653 billion yuan, and 65.531 billion yuan, respectively, maintaining a "buy" rating.

Risk statement

1. Risk of slow recovery of overseas markets affected by macroeconomic factors, and risk of

Basic data of the company

47.50

Note: The stock price is the closing price

Related research

- One of the in-depth reports on Xiaomi series: Consumer Electronics - Mobile phones are the beacon of fire, all lights are on, and a thousand sails are over to reach the high-end. "2022-04-12
- One of the new sharpness of smart electronics: Xiaomi's fully ecological closed-loop car, explosive model



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fluctuations in international trade situation; 3. The risk of intensified industry competition; 4. The risk of lower than expected car sales.

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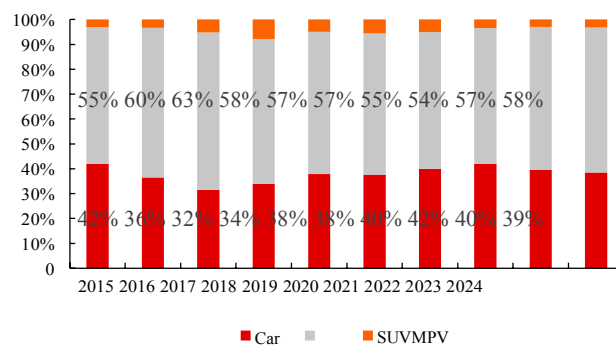
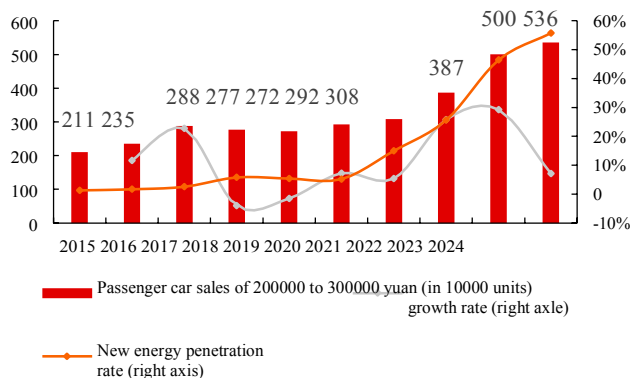
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SU7 preliminary exploration successful, YU7 is expected to continue popular models

The market continues to expand from 200000 to 300000 yuan, and SU7 sales are impressive

The market for 200000 to 300000 yuan continues to expand, and the penetration rate of new energy is rapidly increasing. The market capacity and penetration rate of new energy for passenger cars priced between 200000 and 300000 yuan have rapidly increased since 2022. The CAGR of sales from 2021 to 2024 is 20.3%, higher than the overall compound annual growth rate of 8.7% for passenger cars during the same period. In 2024, the sales volume of passenger cars priced between 200000 and 300000 yuan was 5.36 million, accounting for 19.4% of the overall passenger car market. The penetration rate of new energy with a price range of 200000 to 300000 yuan has increased from 15.0% in 2021 to 55.8% in 2024, In 2024, the penetration rate of new energy in this price band is only 62.1% of the price band below 50000 yuan. The average proportion of sedans and SUVs in the price range of 200000 to 300000 yuan over the past five years is about 40% and 56%, respectively.

Figure 1: Sales volume and growth rate of passenger cars ranging from 200000 to 300000 yuan Figure 2: Proportion of passenger car categories ranging from 200000 to 300000 yuan



Research Institute Data source: China Association of Automobile Manufacturers, Changjiang Securities Research Institute
 Data source: China Association of Automobile Manufacturers, Changjiang Securities

The competitive environment for sedans in the 200000 to 300000 yuan range is better than that of SUVs, and the SU7 has a low congestion track and a successful foundation.

From the perspective of the average annual sales volume and concentration of the top 20 models of cars and SUVs priced between 200000 and 300000 yuan, the average annual sales volume of the top 20 models has shown an overall upward trend in the past decade with the expansion of the 200000 to 300000 yuan market, while the CR5 has shown an overall downward trend, indicating a decrease in concentration and an increase in crowding in segmented markets. In 2024, the average annual sales of the top 20 models of cars priced between 200000 and 300000 yuan will be 94000 units, with CR5 accounting for 56.2%; The average annual sales of the top 20 SUV models are 118000 units, with CR5 accounting for 42.2%. SUV market

Compared to sedans, SUVs are larger in size and have better average single vehicle sales. In China, SUVs are more favored, but the market concentration is lower, and the overall competition in the SUV market is relatively fierce compared to sedans.

Figure 3: Crowding in the 200000-300000 yuan sedan market

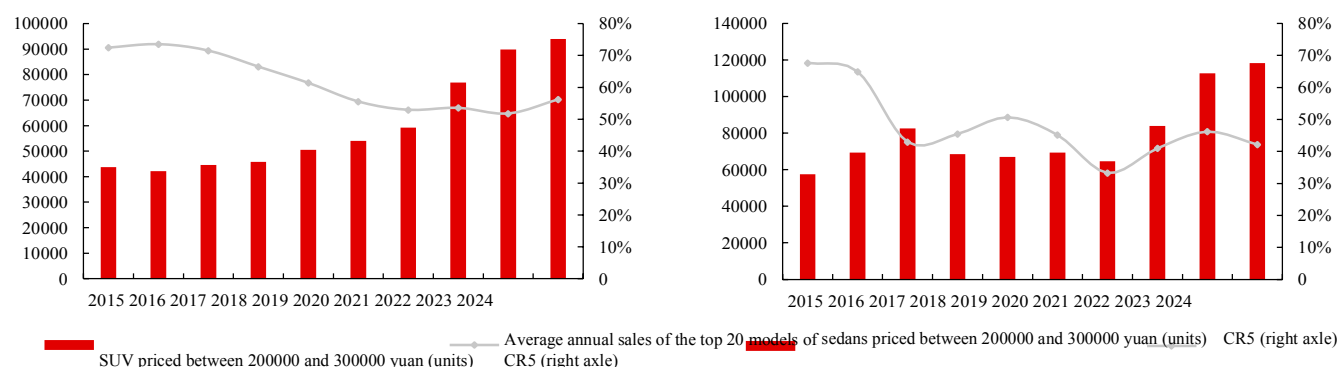
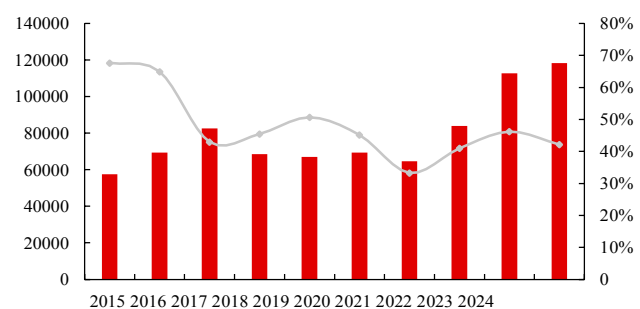


Figure 4: Crowding in the 200000-300000 yuan SUV market



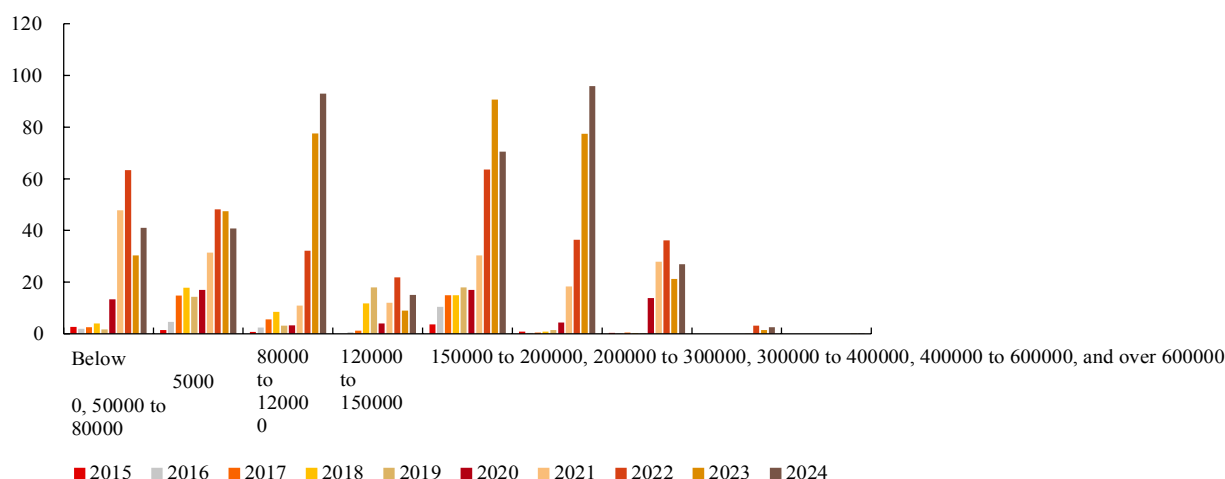
Research Institute Data source: China Association of Automobile Manufacturers, Changjiang Securities Research Institute
 Data source: China Association of Automobile Manufacturers, Changjiang Securities

The pricing of Xiaomi SU7 ranges from 215900 to 299900 yuan, targeting the upward price range of pure electric sedan sales, while establishing a mid to high end tone. From the perspective of the rapid outbreak of new energy penetration rate in the past five years, the only two price bands in the wholesale sales of passenger cars that have maintained positive growth in pure electric sedan sales over the past five years are 80000 to 120000 yuan and 200000 to 300000 yuan, and the price band of 200000 to 300000 yuan is more suitable for sports cars

Scarcity. From the perspective of the main coupe models, the supply of models is mainly dominated by foreign luxury brands, and the price center is basically around 300000 yuan

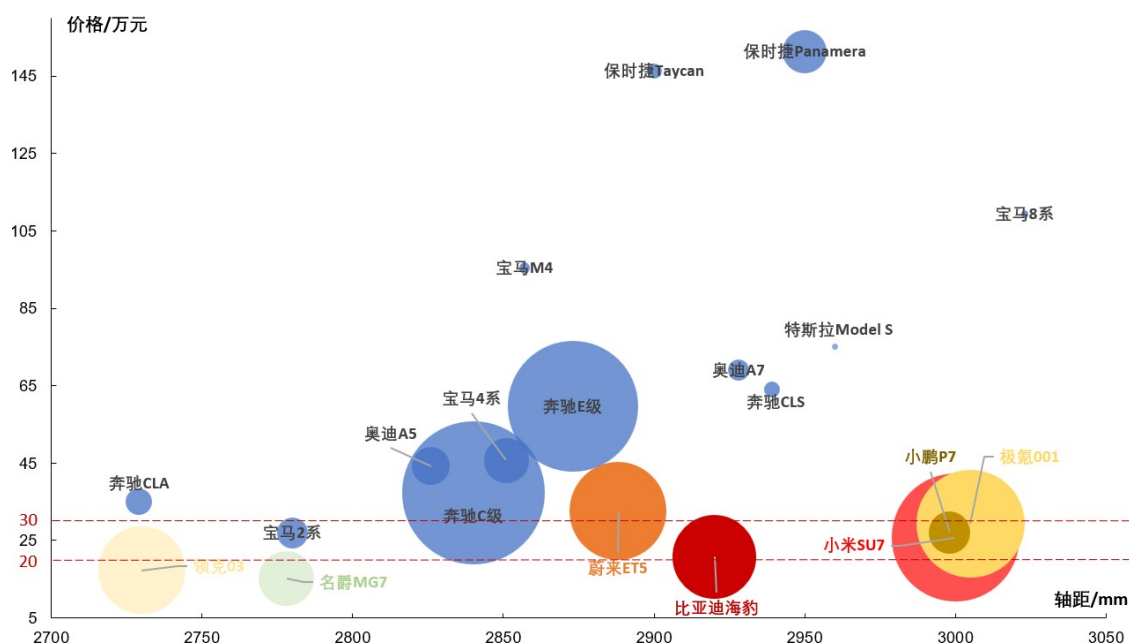
Above yuan, such as Porsche, Mercedes Benz, BMW, Audi, Tesla, etc. The main coupe models with a price center of 200000 to 300000 yuan include BMW 2 Series, Jike 001, Xiaopeng P7, and BYD Sea Lion. The supply of models is scarce, and Xiaomi SU7 is entering to fill the gap. In addition, Xiaomi's first car has an eye-catching design, excellent performance, and outstanding comprehensive competitiveness.

Figure 5: Changes in Sales of Pure Electric Sedans by Price (in 10000 units)



Source: China Association of Automobile Manufacturers, Changjiang Securities Research Institute

Figure 6: Bubble Chart of Prices, Wheelbase, and Sales of Major Coupe Models



Source: Autohome, Marklines, Changjiang Securities Research Institute

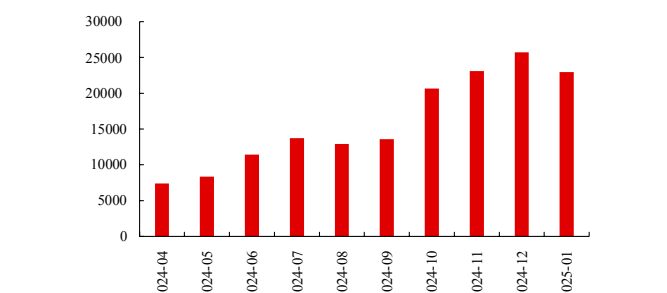
Note: The price is based on the central price of the vehicle model; The size of the bubble represents the sales volume in 2024, including domestic and imported cars; Colors other than blue represent domestic brand models, while blue represents non domestic brands

The Xiaomi SU7 was a hit immediately after its launch, but the delivery of orders continues to exceed supply. The Xiaomi SU7 was launched on March 28, 2024, with a total order quantity of 89000 units within 24 hours of its launch. As of April 30, 2024, the number of locked orders reached 88000 units, making it an instant hit. From the registration data, the Xiaomi SU7 had a registration volume of over 7000 vehicles in April 2024, and delivery gradually increased with production capacity. Starting from June, the registration volume exceeded 10000 vehicles, and starting from October, it exceeded 20000 vehicles. According to Xiaomi's announcement data, the Xiaomi SU7 delivered 137000 units in its first year, accounting for approximately 14.3% of the pure electric sedan market worth 200000 to 300000 yuan in 2024. In the early stages of its launch, due to the high demand for orders, the delivery cycles for Xiaomi SU7 Standard Edition, SU7 Pro, and SU7 Max were 16-19 weeks, 17-20 weeks, and 26-29 weeks, respectively. Despite the continuous increase in monthly delivery volume, nearly a year later

On March 24, 2025, the delivery cycles after locking the order were 42-45 weeks, 39-42 weeks, and 34-37 weeks, respectively. Supply shortages continued to occur, and the recognition of the SU7 market continued to increase. The popular products have sustainability.

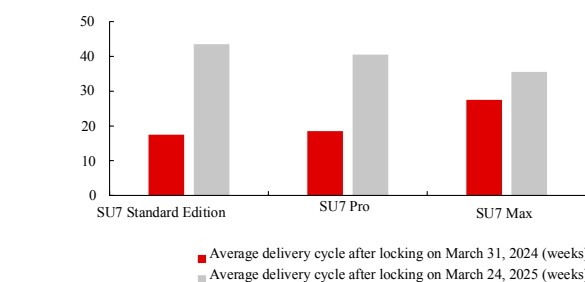
Figure 7:

Delivery cycle after locking the order for Xiaomi SU7



Number of license plates for Xiaomi SU7 (vehicles)

Figure 8:



Data source: China Export&Credit Insurance Corporation, Changjiang Securities

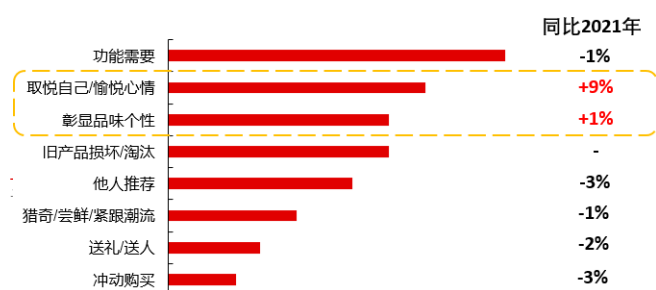
Research Institute Data source: Xiaomi Auto, Daily Economic News, Changjiang Securities Research Institute

Strengthening the new consumption concept of "Joyful Self", SU7 is the selling point

The new consumption trend emphasizes emotional value, and pleasing oneself is an important demand. Yueji Consumption emphasizes loyalty to oneself and focuses on the inner experience of pleasing oneself. The purpose of new consumption is no longer just for practicality, but the emotional value, emotional connection, and taste contained in the product are equally important. Current consumers are more willing to pay for "emotions", pay more attention to their own emotions and experiences, focus on pleasing themselves, and achieve high-level emotional needs. According to data from MobTech Research Institute, the importance of pleasing oneself/having a pleasant mood in consumer shopping motivation will significantly increase in 2024. The impact of new consumption trends includes markets such as automobile consumption.

Figure 9:

Maslow's Hierarchy of Needs Theory



Changes in Consumer Shopping Motivation in 2024

Figure 10:



source: MobTech Research Institute, Changjiang Securities Research Institute

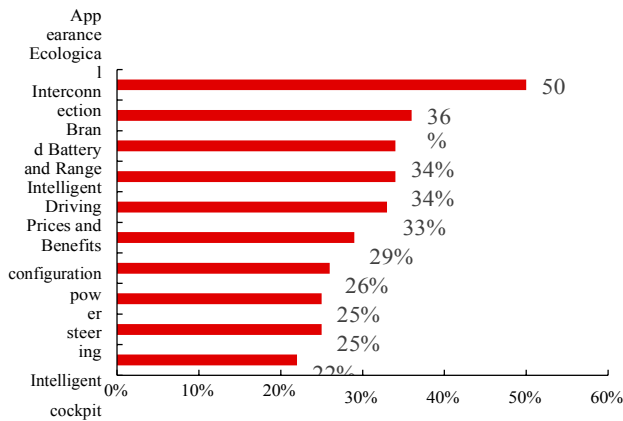
Data source: MobTech Research Institute, Changjiang Securities Research Institute Data

The "self pleasing" elements such as appearance and personalized functions are important reasons why consumers choose Xiaomi SU7. According to a survey conducted by the Electric Vehicle User Alliance, the appearance is the primary reason why lock order users choose the Xiaomi SU7. In addition, Xiaomi's technology and ecological interconnectivity, Xiaomi brand and founder IP influence, battery and range, intelligent driving, price and configuration are also factors that consumers choose from Xiaomi

The important reason for SU7. In addition to its excellent product strength, Xiaomi SU7's successful exterior design, ecosystem, brand, and founder IP influence are factors that other car companies find difficult to replicate.

Figure 11: Top 10 Reasons

Satisfaction Rates of Xiaomi SU7 Users

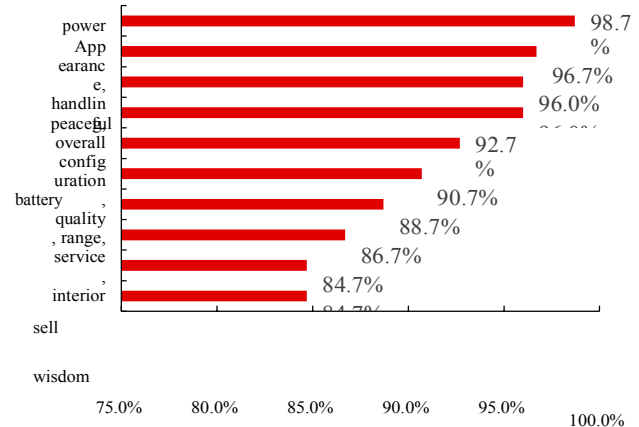


Source: Electric Vehicle User Alliance, Changjiang Securities Research Institute

Note: The sample consists of 183 car owners surveyed online on April 11-12, 2024

for Xiaomi SU7 Single Lock User Selection

Figure 12: Top 10



Source: Electric Vehicle User Alliance, Changjiang Securities Research Institute

Note: The sample consists of 150 car owners surveyed on June 25-27, 2024 and July 9-10, 2024

The body design of Xiaomi SU7 features a streamlined and low slung coupe posture, which is highly attractive to young people and provides a more enjoyable experience with its high aesthetic value. The Xiaomi SU7 has the extremely high appearance of a coupe, combining sportiness, streamline, and technological sense, naturally attracting customers

Young people, with rich color combinations such as rare bay blue and dazzling magenta on the road, better meet personalized appearance needs. The Xiaomi SU7 incorporates classic coupe design to a certain extent while maintaining its uniqueness, satisfying the pursuit of beauty and also being classified as a product similar to high-end brands in the minds of consumers. The highly recognizable and aesthetically pleasing appearance satisfies users' aesthetic pursuits, while also gaining attention from others and showcasing individuality, satisfying their own enjoyment experience. Figure 13: Front face of Xiaomi SU7

Side face of Xiaomi SU7

Figure 14:



Auto, Changjiang Securities Research Institute

Data source: Xiaomi Auto, Changjiang Securities Research Institute Data source: Xiaomi

Sunscreen and storage details reflect attention to user needs, providing more comfortable driving experiences beyond commuting. The Xiaomi SU7 offers a double-layer silver plated sunroof, a three-layer silver plated front windshield, and front and rear side windows with sun protection and thermal insulation coatings, providing a better view of the

interior while also providing sun protection and thermal insulation. Provides more detailed insights and concerns about user usage scenarios

Comfortable design allows users to feel that the experience is valued, which can bring them a more enjoyable driving experience.

Figure 15: Design of Xiaomi SU7 for Sunscreen



Source: Xiaomi SU7 Launch Event, Changjiang Securities Research Institute

The influence of the brand and founder naturally attracts attention and favorability to Xiaomi SU7. Backed by Xiaomi Group, we have accumulated pre trust. When users evaluate Xiaomi's first car, they tend to associate it with the reputation of Xiaomi's previous products, while Xiaomi's intelligent

Xiaomi has accumulated a huge user base and good brand reputation and trust in fields such as smartphones and smart homes. According to Ipsos' 2024 China Brand Global Trust Index, Xiaomi ranks third among the 57 companies on the list. In addition, among listed car manufacturers, Xiaomi has the third largest revenue scale. Despite being the first car, Xiaomi Auto, backed by Xiaomi Group, has relatively less risk.

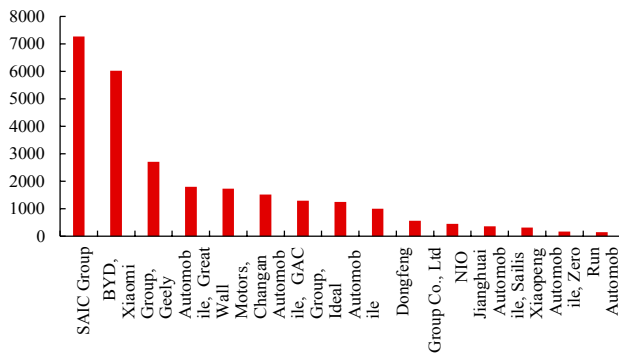
The founder's IP influence increases attention and favorability. Founder Lei Jun has significant IP influence and is on various social media platforms

Taiwan has a large fan base and has been interacting with netizens through social media such as Weibo for a long time, bringing it closer to consumers. Even in Lei Jun's Weibo comment section, it sometimes becomes a "wishing pool" for netizens, calling on Xiaomi to make hearing aids, partition washing machines, etc. This reflects Xiaomi's emphasis on customer needs and the public's trust in Lei Jun and the Xiaomi brand. Table 1: Xiaomi ranks third in the Ipsos 2024 China Brand Global Trust Index

ranking	Brand Name (English)	Brand Name (Chinese)	Sector
1	Lenovo	associate	Consumer Electronics
2	HUAWEI	Huawei	Consumer Electronics
3	Xiaomi	xiaomi	Consumer Electronics
4	OPPO	OPPO	Consumer Electronics
5	vivo	vivo	Consumer Electronics
6	TikTok	TikTok	content platform
7	SHEIN	Xi Yin	online retailers
8	AliExpress	aliexpress	online retailers
9	Honor	honor	Consumer

Source: Ipsos, Changjiang Securities Research Institute

Figure 16: Revenue scale



Source: Wind, Changjiang Securities Research Institute

of listed car manufacturers in 2023 (in billions of yuan) Xiaomi ranks third.

Figure 17: Founder Lei Jun has significant IP influence



Source: Weibo, Tiktok, Bilibili, Xiaohongshu, Changjiang Securities Research Institute

Comparison analysis between Xiaomi SU7 Max version and competitors: 1) **Size and space:** SU7 Max version has the longest length among the selected competitors, second only to Jike 001 in width and wheelbase. 2) **Power and Range:** The maximum power of the SU7 Max version is second only to the Extreme Krypton 001, and its maximum torque and 0-100 km/h acceleration time are ahead of all competitors. Its pure electric range is second only to the Smart S7. 3) **Assisted Driving Function:** Both the SU7 Max version and the selected competitors have high on-board chip computing power, which can achieve high-speed and city NOA. Except for the Model 3, all models are equipped with LiDAR. 4) **Other configurations:** SU7 Max version is equipped with Pengpai OS

Since its launch, the Qualcomm Snapdragon 8295 car infotainment chip and genuine leather seats have been given as a bonus, equipped with air suspension, providing a good cabin and comfortable configuration.

Table 2: Comparison between Xiaomi SU7 Max and its competitors

	Xiaomi SU7 Max	Model 3	Extreme Krypton 007	Jike 001	Xiaopeng P7i	Zhijie S7	NIO ET5
	2024 model 800km	2024 model high-performance full	2025 model four-wheel drive performance	2025 model ME version	2024 model P7i		
			702	2024 model Max+rear			
Style	Max Wings	Wheel Drive	Edition	100kWh	100kWh	100kWh	100kWh
Yuan)Jiechi Driving Max Edition		Edition Drive Super Navigation Intelligent Driving Edition					
Official guide price (yuan)	29.99 million	33.95	29.99	29.90	28.99	29.98	29.80
Level	C	B	B	C	B	C	B
Power type:	pure electric	Pure electric	Pure electric	Pure electric	Pure electric	Pure electric	Pure electric
Listing date: March	2024	2024.04	2024.08	2024.08	2024.03	2024.04	2024.02
Size (mm)							
Length	4997	4724	4880	4977	4888	4971	4790
Width	1963	1848	1900	1999	1896	1963	1960
Height	1440	1430	1448	1533	1450	1472	1499
Wheelbase	3000	2875	2928	3005	2998	2950	2888
Power&Range							
Drive mode: wheel drive	dual motor four-wheel drive	Dual motor four-wheel drive	Dual motor four-wheel drive	Dual motor four-wheel drive	Rear-engine Rear-drive	Rear-engine Rear-drive	Dual motor four-wheel drive
Maximum power (kW)	495	343	475	580	203	215	360
Maximum torque (N·m)	838	723	710	810	440	-	700
0-100km/h acceleration (s)	2.78	3.1	2.84	3.3	6.4	5.4	4
Mileage (km)	265	261	210	210	220	210	220
Maximum speed	265	261	210	210	220	210	220

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Battery energy (kWh)	101	78.4	100	100	86.2	100	75
Assisted driving							
Assisted driving system	Xiaomi Pilot Super Sensation	MaxAutopilot	ZEEKR ADZEEKR		ADXPILOT/	XNGPHUAWEI	ADS Aquila NIO system
chips for assisted driving	Two Nvidia Drive Orin	2 Orin-X	HW4.02 Nvidia Orin-X	2 Nvidia Orin-X		X2 Nvidia Orin-X	4 Nvidia
Chip final power (TOPS)	508	720	508	508	508	-	1016
Lidar quantity			1-11	211			
Lane departure warning for lane departure assistance							
Road Traffic Sign Identification							
Don't		•	Optional	•••••			
Active braking				•••••••			
Assisted driving image	360 degree panoramic image	• 360 degree panoramic image	• Reverse image	• 360 degree panoramic image	• 360 degree panoramic image	• 360 degree panoramic image	•
	image/	• 360 degree panoramic image	• 360 degree panoramic image		Car side blind spot image		
Cruise system	• Full speed adaptive cruise control	• Full speed adaptive cruise control	• Full speed adaptive cruise control	• Full speed adaptive cruise control	• Full speed adaptive cruise control	• Full speed adaptive cruise control	• Full speed adaptive cruise control
	• Full speed adaptive cruise control	• Full speed adaptive cruise control	• Full speed adaptive cruise control	• Full speed adaptive cruise control	• Full speed adaptive cruise control	• Full speed adaptive cruise control	• Full speed adaptive cruise control
	Optional				••••		
High speed NOA	optional	optional	optional	optional	optional		•••
Urban NOA	Optional	Optional		Optional	• Optional	Optional	
Other configurations							
In car intelligent system	Pengpai	OS	ZEEKR	OS	ZEEKR	OS	XOS Dimensity
	Tesla in car system			HarmonyOS	Banyan		
	software						
Car intelligent chip	Qualcomm	Snapdragon				8295 AMD Ryzen	Qualcomm Snapdragon 8295 Qualcomm
	Snapdragon 8295	Qualcomm Snapdragon 8155	Qualcomm Snapdragon 8295				
Air suspension	•			-	-	•	---
Seat material	imitation leather	Imitation	leather/suede	material mixed with genuine leather	imitation leather standard, genuine leather		genuine leather,
standard, genuine leather	Optional						Optional
Central control screen size (inches)	16.1	15.4	15.05	15.05	14		

Source: Autohome, Changjiang Securities Research Institute

Note: Xiaomi's advanced intelligent driving and genuine leather are free benefits; Extreme Krypton advanced intelligent driving is a free benefit; Advanced intelligent driving in the intelligent world is eligible for rights reduction and exemption

Software can be interconnected, hardware can be expanded, and Xiaomi, as a mobile phone and smart home manufacturer, has a unique ecological synergy advantage. The Xiaomi SU7 has rich software linkage and hardware expansion design, leveraging Xiaomi's unique advantages as a mobile phone and smart home manufacturer, which is difficult for other car making/participating car making companies besides Huawei to replicate. In terms of software, based on the Pengpai OS, it is possible to achieve interconnection and cooperation between car devices, mobile phones, and smart homes, enabling the interconnection and switching of mobile phone and car device applications, as well as the interconnection and control between car devices and smart homes. In terms of hardware, the Xiaomi SU7 is

equipped with rich ecological expansion interfaces throughout the car, including expandable central control screens on all four sides, center console fragrance, intercom, speaker replacement, and seat back tablets that can support Xiaomi tablets and iPads.

Figure 18: Software interconnectivity Figure 19: Hardware scalability



source: Xiaomi Auto official website, Changjiang Securities Research Institute

Data source: Xiaomi Auto official website, Changjiang Securities Research Institute Data

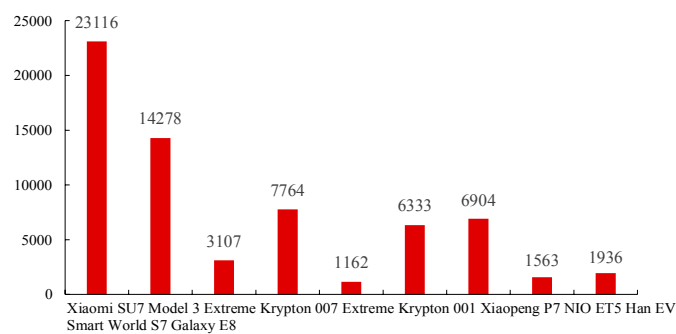
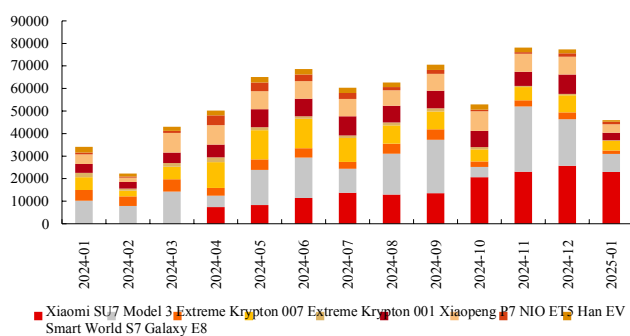
Thanks to its differentiated appearance, brand and ecological advantages, as well as excellent product strength, **Xiaomi SU7 has the highest steady-state monthly average sales among the selected competitors.** From the perspective of registered sales, the steady-state monthly average sales of Xiaomi SU7 after excluding the first three months since its launch are 23000 units, higher than all competitors, followed by Tesla Model 3 with 14000 units. In addition, the steady-state monthly average sales of other competitors are all below 10000 units. The steady-state monthly average sales of Jike 001, NIO ET5, and Han EV are respectively 8000 units, 6000 units, 7000 units, and other competitors have stable monthly sales of less than 5000 units.

Figure 20: Comparison

of monthly sales between Xiaomi SU7 and competitors (vehicles)

Figure

21: Comparison of steady-state monthly average sales between Xiaomi SU7 and competitors since 2024 (vehicles)



Institute Data source: China Export&Credit Insurance Corporation, Changjiang Securities Research Institute

Data source: China Export&Credit Insurance Corporation, Changjiang Securities Research

Note: The steady-state caliber excludes data from the six months prior to the first launch of the model within the interval

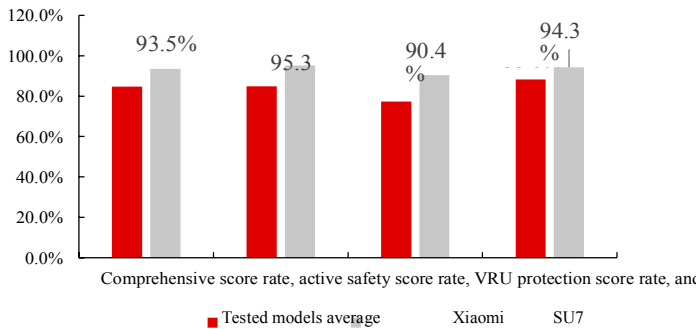
In addition to product strength, quality, after-sales service, and sustained emotional value support SU7 Continued sales lead

High attention can be both a magnifying glass of advantages and a microscope of disadvantages, as the quality of the product itself determines its long-term reputation.

In March 2025, Xiaomi SU7 won the five-star certification in the 2024 C-NCAP evaluation

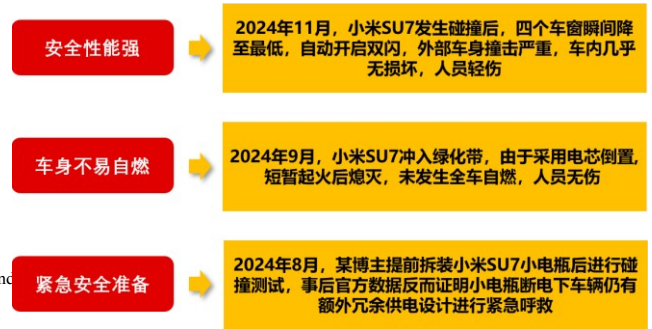
(vehicle safety performance test), ranking first in the comprehensive score rate among the newly tested models, indicating that although Xiaomi SU7 is Xiaomi's first car, it has excellent vehicle quality and safety performance. In fact, the high traffic of Xiaomi SU7 will amplify both its advantages and disadvantages. The dynamics of Xiaomi SU7 have been frequently reported and focused on, and its excellent quality has become a positive promotion of safety quality. The long-term sustained traffic is supported by quality.

Figure 22: Xiaomi SU7 wins five-star certification in positive promotion of safety quality



Source: Chengdu Red Star Business Daily, Red Star News, Changjiang Securities Research Institute

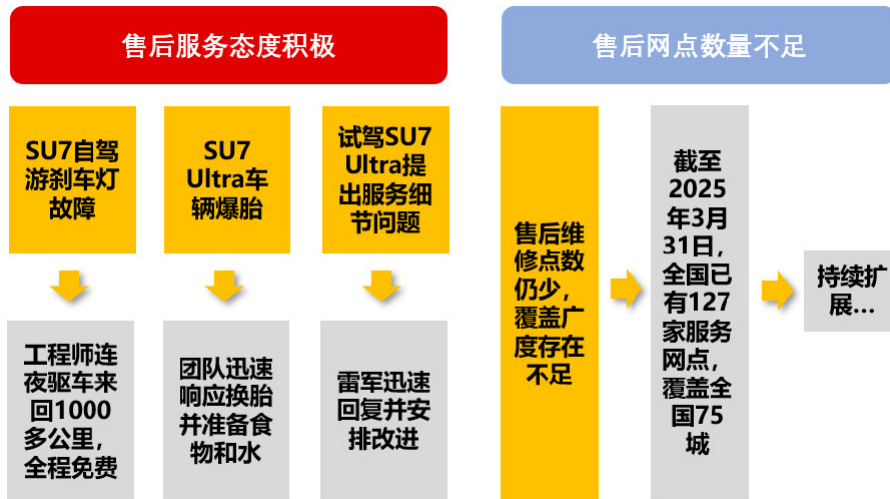
the 2024 C-NCAP evaluation. Figure 23: Excellent quality becomes a



Source: China Blue News, : Xiaomi Auto, Changjiang Securities Research Institute

Xiaomi's after-sales service attitude is positive, but the network still needs to be continuously expanded. Xiaomi's after-sales service for automobiles has performed well in emergency response and transparent charging, accumulating a good reputation among users. According to a survey conducted by the Electric Vehicle User Alliance, the satisfaction rate of Xiaomi SU7's after-sales service is 86.7%, and car owners recognize the official answers and service attitude. However, the current total ownership of Xiaomi's car market is small, and the number of maintenance outlets is still insufficient. In the future, it needs to accelerate its layout to match sales growth.

Figure 24: Xiaomi has a positive attitude towards after-sales service and continues to expand its network



Source: Zhongguancun Online, Drive Home, Weibo, Changjiang Securities Research Institute

Continuous interaction and emotional value provide a continuous accumulation of user favorability, allowing the popularity to continue. Xiaomi Automobile maintains interaction and touch with users. For example, it publishes answers to netizens' questions on the official account. Since its listing, it publishes a centralized question and answer session on an average of 2.7 days, so that consumers or potential consumers can obtain information of concern in a timely manner and improve user perception. In addition, Xiaomi Auto continues to provide

emotional value to users, such as founder Lei Jun personally delivering (including opening car doors, taking photos, and accompanying test drives for car owners)

Driving, speeches, discussions, etc. provide users with a sense of attention and participation, offer emotional value, and increase topic awareness and attention. Continuous interaction and emotional value accumulate and enhance user favorability, allowing the popularity to continue.

Figure 25: Xiaomi cars interact frequently with consumers, paying attention emotional value to users



Source

to their needs and issues. Figure

26: Xiaomi continues to provide



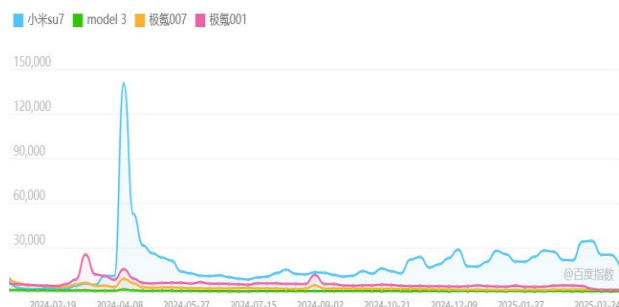
Xiaomi Auto, Changjiang Securities Research Institute
Company, Lei Jun's 2024 speech "Courage", IT Home, Weibo, Changjiang Securities Research Institute

The excellent performance of Xiaomi SU7 has continued its popularity, and the hot selling product is not a flash in the pan.

1 According to the Baidu search index, the Xiaomi SU7 received explosive attention during its launch phase and has been leading its competitors for a long time, with sustained popularity. The order performance also reflects the continued popularity of the SU7. As of April 30, 2024, the Xiaomi SU7 had a locked order volume of 88000 units, making it an instant hit on the market; After 9 months on the market, the lock up volume was 248000 vehicles, which is the average monthly lock up volume

Approximately 28000 vehicles in quantity; After 11 months on the market, the number of locked orders exceeded 320000, with an average monthly locked order volume of about 29000. The heat continues, and orders are still rapidly increasing.

Figure 27: Xiaomi SU7 Baidu Search Index Leading Competitors

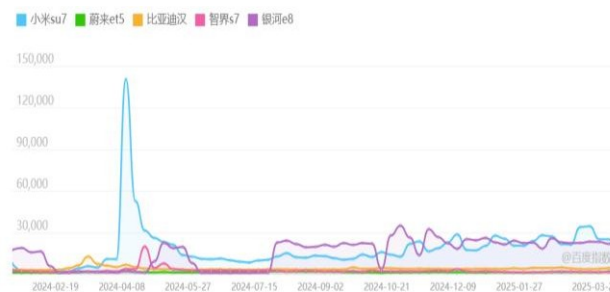


Source: Baidu, Changjiang Securities Research Institute

Note: Baidu Search Index refers to the weighted search frequency of Baidu web pages

Figure

28: Xiaomi SU7 Baidu Search Index Leading Competitors

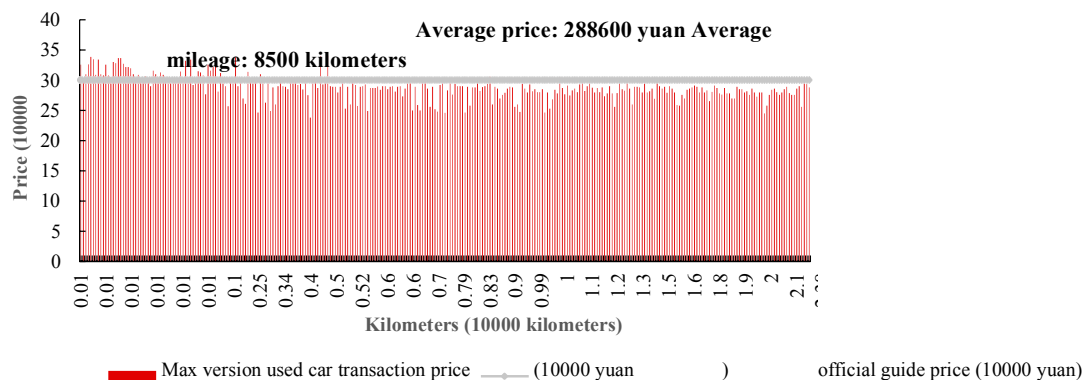


Source: Baidu, Changjiang Securities Research Institute

2 From the perspective of second-hand transaction prices, on March 28, 2025, one year after its listing, Autohome's second-hand Xiaomi SU7 The average transaction price is relatively high, and the standard version with an average mileage of 4100 kilometers has an average transaction price of 220300 yuan,

The Pro version with an average mileage of 6000 kilometers has an average transaction price of 248300 yuan, while the Max version with an average mileage of 8500 kilometers has an average transaction price of 288600 yuan. Many second-hand cars with fewer kilometers have transaction prices basically higher than the guide price, reflecting the continued popularity of Xiaomi SU7 among consumers.

Figure 29: Transaction price of Xiaomi SU7 Max edition used car

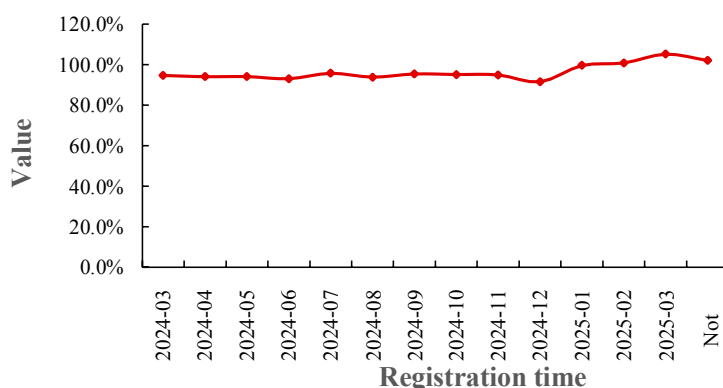


Source: Autohome, Changjiang Securities Research Institute

Note: The data is from March 28, 2025, crawled by Autohome

3 From the perspective of resale value, the resale value of new energy vehicles is often lower than that of gasoline vehicles. However, for example, the Xiaomi SU7 Max version, which was registered about a year ago (in March 2024), currently has an average resale value of 94.6%, much higher than the 2024 1-
 The average one-year residual value rate of pure electric vehicle models in October was 54.3%.

Figure 30: Value retention rate of Xiaomi SU7 Max version



Source: Autohome, Changjiang Securities Research Institute

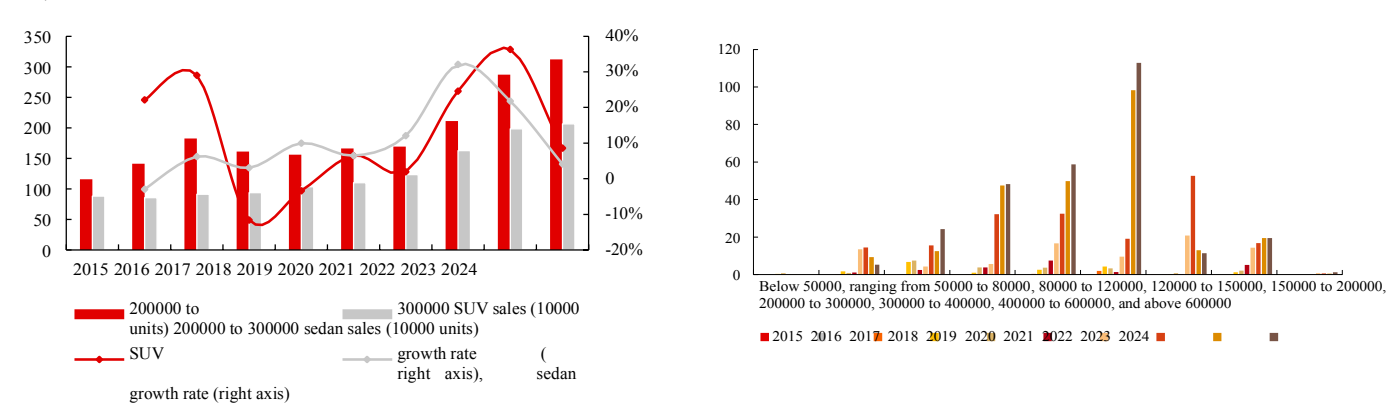
Note: The data is from March 28, 2025, crawled by Autohome

YU7 is positioned in a larger market and has strong comprehensive strength, which is expected to become a popular product again

SUVs are the core demand market for 200000 to 300000 yuan, with a larger volume and growth rate than sedans. The success of SU7 and the larger market of SUV have increased the winning rate of YU7. From the perspective of the 200000 to 300000 yuan market, the volume of SUVs has been higher than that of sedans in the past decade, and the growth rate of SUVs has been higher than that of sedans in the past two years. In 2024, the sales volume of sedans in the 200000 to 300000 yuan market was 2.06 million, a year-on-year increase of 4.1%, and the sales volume of SUVs in the market was 3.12 million, a year-on-

year increase of 8.6%. SUVs are a larger demand market, and on the basis of SU7's successful influence, the larger demand market has increased YU7's winning rate.

Figure 31: SUVs priced between 200000 and 300000 yuan are a larger market. Figure 32: Changes in sales of pure electric SUVs at different prices (in 10000 units)



Research Institute Data source: China Association of Automobile Manufacturers, Changjiang Securities Research Institute

Data source: China Association of Automobile Manufacturers, Changjiang Securities

The Xiaomi YU7 has advantages in terms of size, battery life, and battery capacity. In terms of potential competitor selection, we have chosen pure electric SUVs with price ranges of 200000 to 300000 yuan, wheelbase, and similar positioning, including Tesla Model Y, Zhijie R7, Jike 7X, Zhiji LS6, Xiaopeng G9, and Avita 07. Based on the existing information, the Xiaomi YU7 has a larger length, width, and wheelbase compared to its competitors, and has advantages in battery life and capacity.

Table 3: Comparison between Xiaomi YU7 and its competitors

	Xiaomi	Model Y	Zhijie	Extrem	Zhiji LS6	Xiaopen	Avita 07
	2025 rear-wheel drive version/2025		2024 pure electric model	2025 model 100kWh, 2025 model Long Endurance, 2025 model 025 Long Endurance, 2024 model Max Pure			
Style	four-wheel drive version			Long range rear wheel drive intelligent driving version	Lizard Intelligent Driving Theater Edition	Air Max version	electronic
lithium iron phosphate/	Four wheel drive		667km Pro				
rsion and	ternary lithium						
version	version						

height	1608/1600/1600	1624	1634	1666	1669	1670	1620
wheelbase	3000	2890	2950	2925	2960	2998	2940
Power&Range							
Drive mode	Rear mounted rear wheel drive/dual motor	Rear-engine Rear-drive	Rear-engine Rear-drive	Rear-engine Rear-drive	Rear-engine Rear-drive	Rear-engine Rear-drive	Rear-engine Rear-drive
	Four wheel drive/dual motor four-wheel drive						
Maximum power (kW)	235/365/508	220	215	310	248	258	252
Maximum torque (N · m)	-	440	-	440	500	465	365
0-100km acceleration (s)	-	5.9	5.9	5.7	5.4	6.6	6.3
Maximum speed (km/h)	240/240/253	201	200	210	235	200	200
Note: In multiple versions of Xiaomi YU7, if only one parameter is displayed for a certain item, it indicates that the parameter is consistent across multiple versions							

In addition, the Xiaomi YU7 adopts a family style design similar to the SU7, and its appearance acceptance has been tested by the market. Brand and ecological advantages can be strengthened and empowered under the success of SU7, and YU7 is expected to replicate the success of SU7.

Figure 33: Appearance of Xiaomi YU7 Figure



Auto, Changjiang Securities Research Institute

34: Appearance of Xiaomi YU7

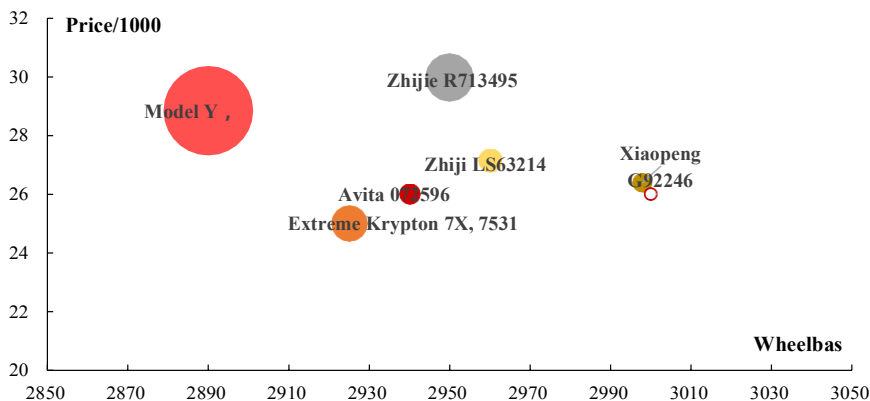


Data source: Xiaomi Auto, Changjiang Securities Research Institute Data source: Xiaomi

It is expected that the stable monthly average sales of Xiaomi YU7 will create another miracle. Among potential competitors, Tesla Model Y leads with an average monthly sales of 46000 units, followed by the Zhijie R7 with 13000 units. In addition, other potential competitors have an average monthly sales of less than 10000 units, with the Jike 7X, Zhiji LS6, Xiaopeng G9, and Avita 07 having average monthly sales of 8000 units and 0.3%, respectively

10000 vehicles, 2000 vehicles, 3000 vehicles. Based on the pre performance of Xiaomi SU7 and the sales of potential competitor models, we expect the stable monthly average sales of Xiaomi YU7 to be around 30000 to 40000 units per month, but actual delivery in the early stage may be limited by production capacity.

Figure 35: Bubble Chart of Potential Competitors' Prices, Wheelbase, and Sales of Xiaomi YU7 (Unit: Vehicle)



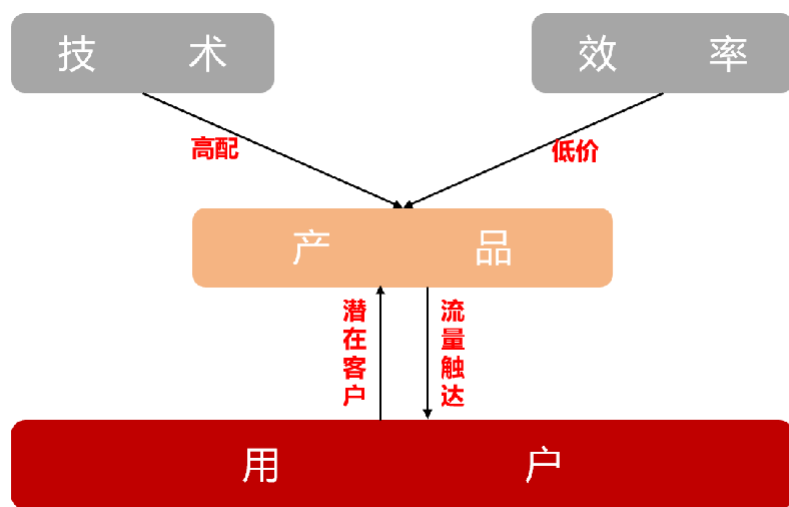
Source: Autohome, China Association of Automobile Manufacturers, Changjiang Securities Research Institute

Note: The price is based on the central price of the vehicle model; The size of the bubble represents the average monthly sales in 2024, and models without annual sales are calculated from the actual launch month. In addition, the Xiaomi YU7 has not been launched for sales, and the hollow bubble only represents the price and wheelbase position without sales meaning

The success of Xiaomi cars from the perspective of Xiaomi methodology: inevitable rather than accidental

Through long-term accumulation of four core advantages in technology, products, users, and efficiency, Xiaomi Auto has embarked on the path of success. In the combination of Internet thinking and specific exploration and practice in the manufacturing industry, Xiaomi's entrepreneurship has gone through more than ten years and summarized four keywords: "technology", "product", "user", and "efficiency". The combination of these four keywords is the source of all the achievements Xiaomi can achieve in the past, present, and future. Xiaomi deeply implements these four keywords to achieve a breakthrough in the automotive industry.

Figure 36: The Four Core Points of Xiaomi Auto's Success



Source: "Xiaomi Entrepreneurial Thinking", Changjiang Securities Research Institute

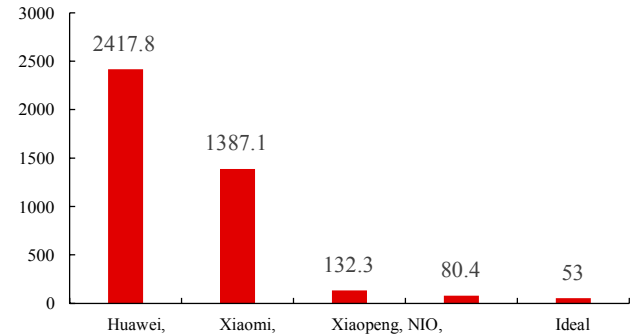
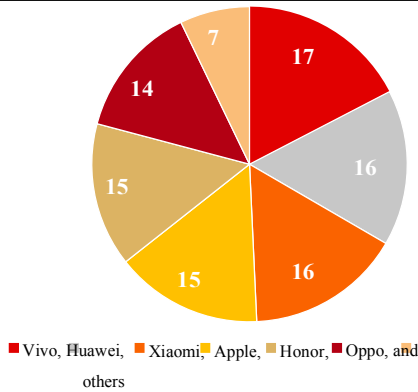
Users: vast fan groups+Internet traffic access

The vast fan base and potential customers of Xiaomi Auto

One of Xiaomi's biggest advantages in car manufacturing is its vast user base in the Xiaomi ecosystem. This group not only has high loyalty and trust in the Xiaomi brand, but also actively participates in the promotion of Xiaomi cars through fan economy and community marketing. Xiaomi Auto can leverage Xiaomi's ecosystem to achieve intelligent connectivity, enhance user experience, and quickly open up the market with Xiaomi's extensive sales channels and brand influence. As of June 2024, Xiaomi's global monthly active users reached 680 million, and its domestic active users reached 160 million. In 2024, Xiaomi's smartphone shipment volume will have a domestic market share of 16%, ranking third. In addition, the number of Xiaomi AIoT connected devices (excluding smartphones, tablets, and laptops) has reached 900 million by the end of 2024, a year-on-year increase of 22.3%; Mijia's monthly active users reached 100 million, a year-on-year increase of 17.5%. From Weibo fans

As of April 2025, the number of fans of Xiaomi has reached 13.87 million, significantly exceeding Weixiaoli's new power brand.

Figure 37: Market share of domestic smartphones in 2024 Figure 38: Number of Weibo followers of major enterprises (in 10000)



Changjiang Securities Research Institute

Source: Technology Corner, Changjiang Securities Research Institute Source: Weibo,

Note: Huawei and Xiaomi both have the same number of Weibo followers as terminal companies; The statistical node is April 2025

Figure 39: Number of Connected Devices and Growth Rate of Xiaomi AIoT

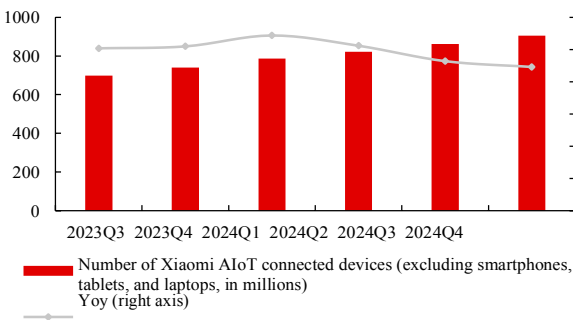
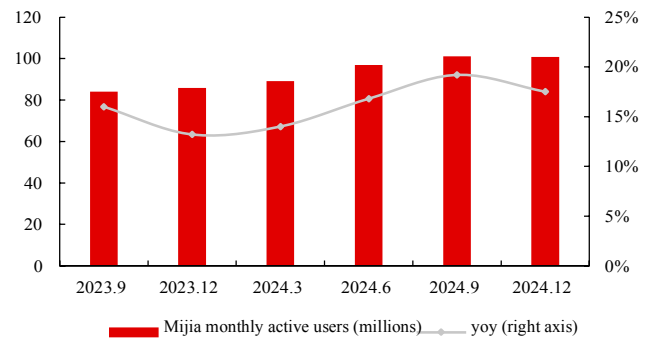


Figure 40: of Connected Devices and Growth Rate of Xiaomi AIoT

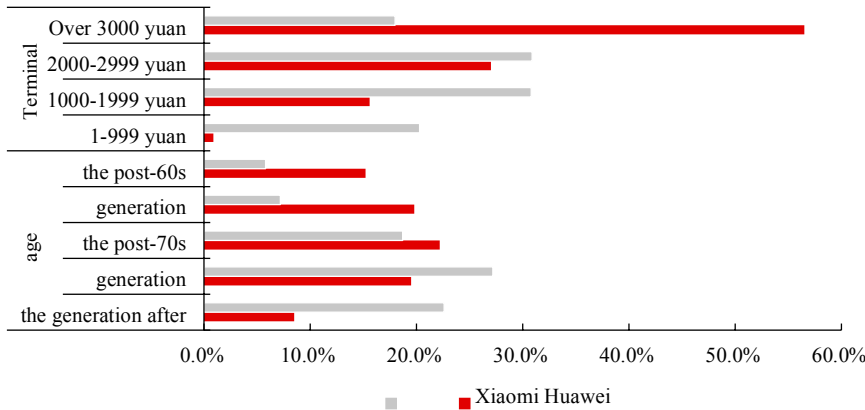


Announcement, Changjiang Securities Research Institute

Source: Xiaomi Announcement, Changjiang Securities Research Institute Source: Xiaomi

Xiaomi's ecological users are mainly young people with a distinct inclination towards technology consumption. According to QuestMobile, there are significant differences in gender and age distribution between Xiaomi and Huawei users. In terms of age structure, Xiaomi users are mainly young, with "post-00s" and "post-90s" accounting for nearly 50% of the total, significantly higher than Huawei's 8.5% and 19.5%. Young people have a higher acceptance of technology and a willingness to explore brands. They have a higher acceptance of technology applications such as new energy vehicles and intelligent cockpits, which naturally fit the target image of current intelligent automotive products.

Figure 41: Comparison of Ecological User Profile between Xiaomi and Huawei in January 2025

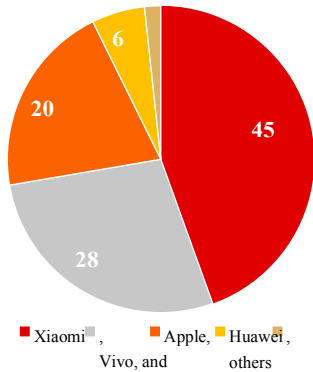


Source: QuestMobile, Changjiang Securities Research Institute

Under the matching of user profiles, Xiaomi's ecosystem users have the potential to attract traffic to the automotive end. The potential users of Xiaomi cars are mainly young, technology sensitive, cost-effective, and intelligent consumers. These users highly overlap with the user profile of Xiaomi's ecosystem, and they have a high acceptance of new energy vehicles and intelligent technology, and are willing to try Xiaomi's cars.

The current proportion of Xiaomi SU7 car owners using Xiaomi phones is 45%, significantly exceeding other brands. In addition, over half of Xiaomi's intended users use Xiaomi's ecosystem products such as watches, bracelets, and small appliances.

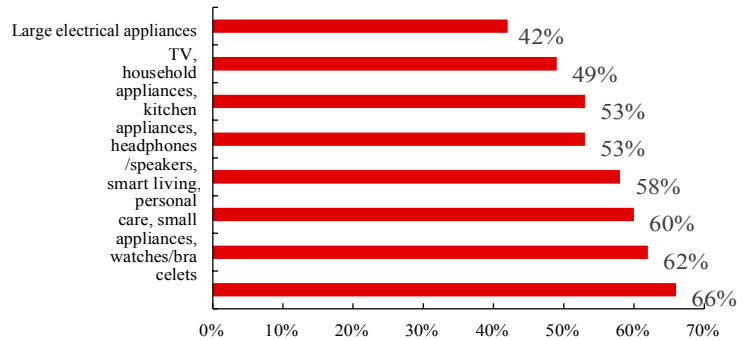
Figure 42: Mobile phone usage of Xiaomi SU7 owners



Source: Electric Vehicle Corporation, Changjiang Securities Research Institute

Note: The statistical node is May 2024, with a sample size of 103

Figure 43: Usage of other Xiaomi products by potential users of Xiaomi SU7



Source: Jielan Road, Changjiang Securities Research Institute

Note: The statistical node is December 2023; The sample size is 189

Internet access, accurate positioning of needs and efficient coverage of groups

Xiaomi mobile phones and IOT have fully precipitated Internet marketing capabilities, and Xiaomi Automobile is the representative of Internet sales model in the automotive field in the new era. Xiaomi's Internet marketing is an important winning weapon in the automotive field. Compared with offline marketing in the BMW era and online marketing in the Tesla era, Xiaomi's Internet marketing model has unique advantages. Xiaomi will focus on 3C for many years

The Internet marketing experience accumulated in the field has been successfully transplanted to the automotive field, with user needs as the core touchpoint, and through founder IP

creation, multi-channel and other ways to achieve accurate and extensive coverage of traffic.

Figure 44: Automotive Marketing History



Source: Dingwei Consulting, Changjiang Securities Research Institute

The core touchpoint is user needs, accurately identifying customer pain points.

1 Deeply cultivate user research and grasp market demand. After the launch of the Xiaomi car project, Lei Jun personally led a team to conduct in-depth research, traveling to more than 10 cities and conducting 85 interviews to collect feedback, preferences, and expectations from experts and car owners. In order to have a more comprehensive understanding of car performance, he also obtained a racing license, learned drifting skills, and personally participated in key testing work such as summer testing, winter testing, and long-distance intelligent driving testing of Xiaomi SU7. This series of measures fully reflects the Xiaomi team's ultimate pursuit of product quality and user experience, laying the foundation for the development of Xiaomi cars

Solid foundation.

Figure 45: Xiaomi team research situation



website, Changjiang Securities Research Institute

Figure 46: Lei Jun's racing license examination



Source: Sohu Auto, Changjiang Securities Research Institute Source: Xiaomi official

2 Co create with users and respond promptly to their needs. Xiaomi Auto has demonstrated extremely high efficiency and sincerity in product optimization and user feedback response. For example, the layout of the tail logo of Xiaomi SU7 was criticized by users after it was released

The car completed its design improvements in just 3 days, a speed that is extremely rare among traditional car companies. In addition, after the press conference on March 28th, users provided feedback that they hope the Xiaomi SU7 Pro can add physical buttons after being equipped with an electric tail wing. Xiaomi Auto completed the adjustment within more than ten days after multiple rounds of production verification, and provided free electric tail fins and physical buttons to owners who have purchased the SU7 Pro. This ability to quickly respond to user needs not only enhances the user experience, but also reflects Xiaomi's brand philosophy of "spoiling fans".

Figure 47: Xiaomi Rear Logo Adjustment



Automotive, Changjiang Securities Research Institute

Figure 48: Xiaomi Electric Tail Wing Adjustment



Source: Sohu Automotive, Changjiang Securities Research Institute Source: Sohu

Multiple traffic promotion measures are implemented in parallel to achieve precise outreach to user groups.

1 Founder IP Creation: Lei Jun has successfully created a strong founder IP by deeply linking his personal image with the Xiaomi brand, actively utilizing social media interaction, creating hot events, creating phenomenal press conferences, and adhering to user thinking and co creation culture. He has played a key role in the promotion and brand building of Xiaomi cars. This marketing model not only enhances the brand's affinity and user engagement, but also further strengthens users' trust and loyalty to Xiaomi cars.

Figure



delivery of the new car

Automobile, Changjiang Securities Research Institute

Figure 49: Lei Jun "ARE YOU OK" Figure 50: Lei Jun personally participated in the



Data source: Bilibili, Changjiang Securities Research Institute Data source: Sohu

2 Multi channel promotion: Consumers have a wide reach. Xiaomi Auto has demonstrated extensive consumer reach in multi-channel promotion, maximizing brand influence through a combination of online and offline methods. Specifically, Xiaomi Automobile

has made full use of social media platforms, such as Xiaohongshu, Tiktok, to release product information and technical features, attracting a lot of attention. At the same time, Xiaomi Auto has enhanced its direct communication with users through the influence of Lei Jun's personal IP and interactive programs such as "Lei Jun Answering Netizens' Questions", further improving the brand's visibility and reputation. here

In addition, Xiaomi Auto also provides consumers with intuitive product experiences and strengthens the brand's offline influence through offline activities and experience stores, such as Xiaomi Auto Delivery Center and Xiaomi Home. On the international stage, Xiaomi cars have also made active appearances, such as showcasing the SU7 during the Paris Olympics, attracting the attention of global consumers.

Figure 51: Home page



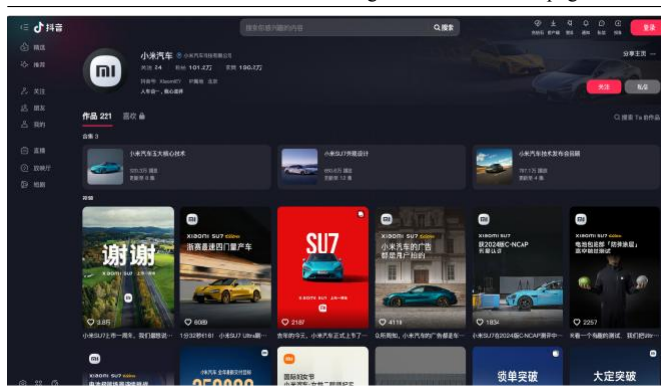
Auto's Tiktok

Changjiang Securities Research Institute

of Xiaomi Auto's Little Red Book

Figure

52: Home page of Xiaomi



Source: Xiao Hongshu, Changjiang Securities Research Institute Source: Tiktok,

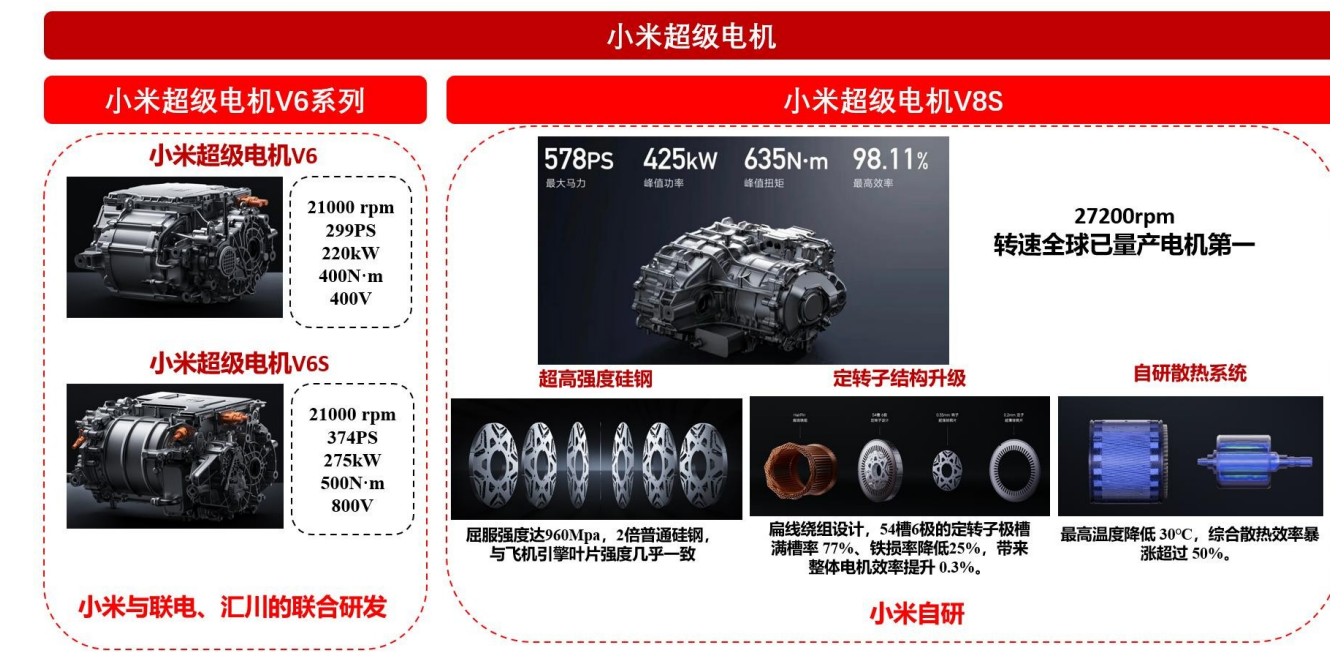
Technology: Self developed motor and electronic control technology, excellent intelligent networking experience

From joint development to fully self-developed, Xiaomi's motor and electronic control technology is mature and reliable

Xiaomi's self-developed full stack super motor has industry-leading performance. The

Xiaomi Super Motor series includes three models: V6, V6S, and V8S. The V6 and V6S models were jointly developed by Xiaomi, UMC, and Huichuan, and have a high speed of 21000rpm, providing maximum power of 299PS/220kW and 374PS/275kW respectively, as well as peak torque of 400N · m and 500N · m. The V8S model super motor is first installed on the Xiaomi SU7 Ultra, developed by Xiaomi itself, with a speed of 27200rpm, which is the world's largest mass-produced motor. It has a maximum power of 578PS, a peak power of 425kW, a peak torque of 635N · m, and a maximum efficiency of 98.11%. The V8S model also adopts ultra-high strength silicon steel, upgraded stator and rotor structure, and self-developed heat dissipation system, achieving better performance and efficiency.

Figure 53: Overview of Xiaomi car motors



Source: Xiaomi official website, NE Era New Energy, Changjiang Securities Research Institute

The small and medium-sized models with the same price have outstanding advantages in terms of power performance. The motor system developed in collaboration between Xiaomi and its suppliers provides stronger power performance for Xiaomi SU7 compared to competing models at the same price. Compared with Model 3, Xiaopeng P7+, BYD EV and Zhijie S7, Xiaomi SU7 ranks first in motor power and horsepower; Its torque is only comparable to that of the Xiaopeng P7+, ranking second.

Table 4: Comparison of Motor Performance of Xiaomi SU7 Models in the Same Class

Table 1: Comparison of Model Performance of Xiaomi SU7 Models in the Same Class					
Starting from the model	Price (10000 yuan) January 2025	January	Power (KW)	Horsepower (Ps)	Torque (N · m)
Model 3	23.55	31005	194	264	340
Xiaomi SU7	21.59	22897	220	299	400
Xiaopeng P7+	18.68	8114	180	240	450
Source: Autohome, China Association of Automobile Manufacturers, Cnngjiang Securities Research Institute					
Note: The motor power, horsepower, torque and other indicators of the above models are all related performance parameters					
BYD Han EV	17.98	5401	130	204	310

Note: The motor power, horsepower, torque and other indicators of the above models are all related performance parameters of the starting price models

In terms of structure, safety, and other aspects, Xiaomi's silicon carbide electronic control high-voltage platform has achieved comprehensive breakthroughs. In terms of structure, Xiaomi adopts

The structural design of CTB integrated battery technology reduces the thickness of the battery pack and floor to 120mm, reduces wiring harness by 91%, and achieves CLTC endurance of over 1200 kilometers; In terms of safety, the platform has multiple safety protections for high temperature, structure, and cell inversion, as well as pioneering cell inversion technology to balance efficiency and safety; The warning system achieves ASIL-D functional safety level through vehicle cloud collaboration, and can monitor and respond quickly 24 hours a day; In terms of testing, the platform has undergone over 1050 rigorous battery tests, exceeding national standards in terms of the number of test items and reliability durability testing, ensuring the safety and reliability of the batteries.

Figure 54: Introduction to Xiaomi 800V Silicon Carbide High Voltage Platform



Source: Xiaomi official website, Changjiang Securities Research Institute

Intelligent driving continues to increase investment, and the ecological advantages of intelligent cockpit are significant

Xiaomi's end-to-end full scene intelligent driving system enables navigation from parking spot to parking spot as soon as you get on the car. The system adopts an end-to-end large model, which can directly calculate the optimal trajectory from raw data, reduce information transmission errors, and achieve a leap in capability.

In addition, Xiaomi's intelligent driving system is integrated with the VLM visual language model, allowing HAD to recognize more complex traffic scenarios and communicate with drivers through voice and text, effectively enhancing decision-making power in complex scenarios. The system also supports ETC/gate automatic passage, narrow road/roundabout passage, parking lot finding and parking functions, providing more possibilities for future travel.

Figure 55: Xiaomi Intelligent Driving System

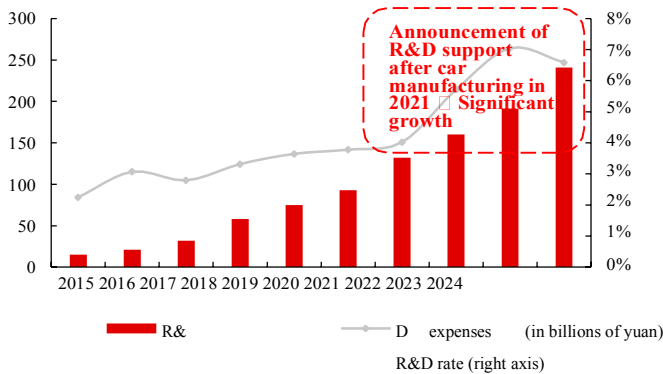


Source: Xiaomi official website, Changjiang Securities Research Institute

Xiaomi's R&D expenditure has significantly increased after car manufacturing, and its investment in intelligent driving is expected to reach 3.5 billion yuan by 2025. In 2021, Xiaomi announced a significant increase in R&D fees after the official launch of the car, with R&D fees rising from 3.8% in 2020 to 6.6% in 2024. The R&D expenses in 2024 amounted to

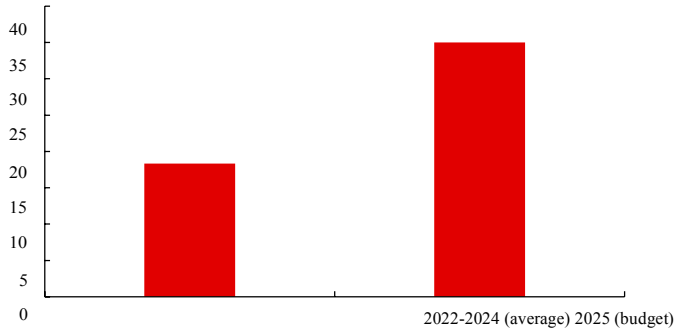
24.1 billion yuan, a year-on-year increase of 25.9%. In the field of intelligent driving in automobiles, Xiaomi has always maintained high investment. From 2021 to 2024, the investment in intelligent driving research and development is about 5.5 billion yuan, with an average of 1.83 billion yuan per year. In 2025, the budget for intelligent driving will reach 3.5 billion yuan, which is a significant increase compared to the previous three years, and the goal is to enter the first tier of intelligent driving in the automotive industry.

Figure 56: Xiaomi
billions of yuan)



Source: Wind, Xiaomi Annual Report, Changjiang Securities Research Institute

R&D expenses Figure 57: Xiaomi's investment in intelligent driving (in



Source: Electric Observer, Smart Car Planet, Xiaomi Annual Report, Changjiang Securities Research Institute Note: Xiaomi's investment in intelligent driving for automobiles mainly comes from information in Lei Jun's live broadcast

The intelligent cockpit realizes a full ecological experience for people, cars, and homes, with obvious industry-leading advantages. The Xiaomi Smart Cockpit, with the Xiaomi Pengpai OS system, achieves seamless connectivity between mobile phones, tablets, and car devices, supporting over 1000 intelligent ecological devices to enter the car without feeling, and building an integrated platform for "people, cars, and homes". Its 16.1-inch central control screen and 56 inch AR-HUD head up display support

Featuring split screen display and multitasking operation, the car system is based on the Qualcomm Snapdragon 8295 chip, running smoothly and supporting streaming OTA upgrades. In addition, the car's infotainment system is embedded with an AI large model that supports directional recognition of the entire car's five tone range, which can efficiently answer user questions. These advantages not only enhance the user experience, but also demonstrate Xiaomi's strong technological strength in the field of intelligent cockpit.

Figure 58: Xiaomi Pengpai Intelligent Cockpit



Source: Xiaomi official website, Changjiang Securities Research Institute

Efficiency: Supply chain management+high automation rate+channel reuse

Engineer thinking helps supply chain management and reduces hardware costs. 1)

Disassemble the product to help Xiaomi accurately identify key high cost components such as

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core parts and software algorithms, and conduct targeted independent research and optimization. Secondly, through disassembly and analysis, Xiaomi is able to integrate resources, optimize the supply chain, and reduce procurement costs. Taking air purifiers as an example, Xiaomi disassembled them, analyzed their cost structure in depth, and used self-made and optimized methods to purify the air

The price of the device has dropped from a few thousand yuan to 799 yuan. Disassembling product composition is of great significance for reducing costs. 2) Intelligent manufacturing, developed in collaboration with suppliers to achieve cost reduction at the source. Xiaomi is committed to reducing equipment manufacturing costs by using its profound accumulation in software and hardware research and development as well as Internet operation methodology and working closely with advanced manufacturing partners. Through this approach, Xiaomi has reduced the price of its robotic arm to only one-third of the market price, significantly lowering costs and demonstrating its strong strength and resource integration capabilities in the field of intelligent manufacturing.

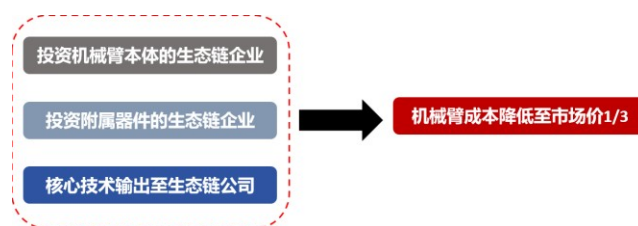
Figure 59: Disassembly



Source: "Xiaomi Entrepreneurial Thinking", Changjiang Securities Research Institute

of Xiaomi air purifier

Figure 60: Cost reduction path of mechanical arm



Source: "Xiaomi Entrepreneurial Thinking", Changjiang Securities Research Institute

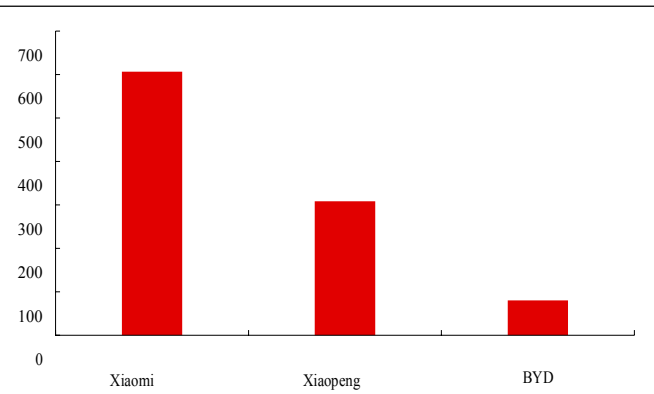
High automation rate and reduced labor costs. The key processes of Xiaomi's automotive factory are 100% automated, with the introduction of over 700 robots. Taking the car body workshop as an example, its comprehensive automation rate is as high as 91%. With over 400 robots and more than 400 high-precision cameras, black light production can be achieved. The high automation rate of Xiaomi's automobile factory is one of its significant advantages, effectively reducing labor costs, improving production efficiency and product quality. In terms of per capita revenue creation, Xiaomi Auto's per capita revenue reached 6.066 million yuan, significantly exceeding Xiaopeng's 3.084 million yuan and BYD's 802000 yuan.

Figure 61: Xiaomi Auto Factory



Video Account, Sohu Auto, Wind, Changjiang Securities Research Institute

Figure 62: Per capita revenue created by Xiaomi Auto, Xiaopeng, and BYD



Data source: New Travel, Changjiang Securities Research Institute Data source: Financial

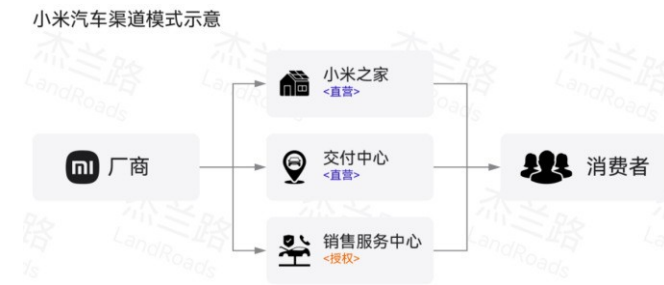
Channel reuse reduces sales costs. At the beginning of channel construction, Xiaomi Auto chose to embrace dealers and adopted a mixed operation model, where the sales and service center is an authorized dealer store, while Xiaomi Home and Delivery Center are Xiaomi self-operated stores. small

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Mi Home, also known as Xiaomi's direct operated supermarket, is mostly located in the core business districts of cities. It has been upgraded based on the existing stores, with a dedicated area for SU7 in the store, which is sold in parallel with other Xiaomi products. Xiaomi Home has over 10000 stores nationwide, bringing huge potential for Xiaomi's expansion of car dealerships. By December 2024, the number of Xiaomi car dealerships had reached 200, and by 2025

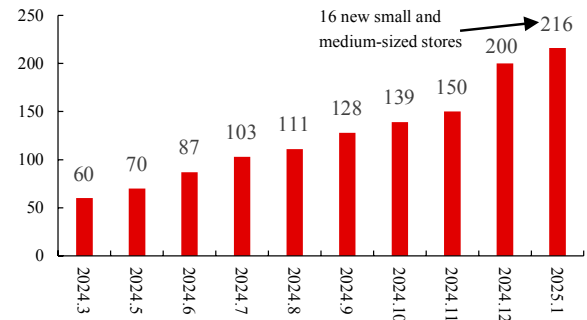
In January of the year, 16 new stores were added, of which 13 were transformed from Xiaomi Home, greatly reducing the cost of self built stores for Xiaomi cars.

Figure 63: Xiaomi Auto Channel Model



account, Changjiang Securities Research Institute

Figure 64: Number of Xiaomi Stores (pcs)



Source: Jielan Road, Changjiang Securities Research Institute Source: Xiaomi official

Product: Creating explosive product models to achieve cost sharing

The core of Xiaomi's pricing model is the explosive product model. The pricing of any product is composed of five parts: manufacturing and service sharing costs, research and development sharing costs, marketing and advertising sharing costs, manufacturing and service sharing costs, sales and channel sharing costs, and profits. Xiaomi, by adopting the explosive product model and utilizing the characteristics of single, massive, and long-term explosive products, is able to

Allocate research and development, manufacturing, and service costs to a lower level.

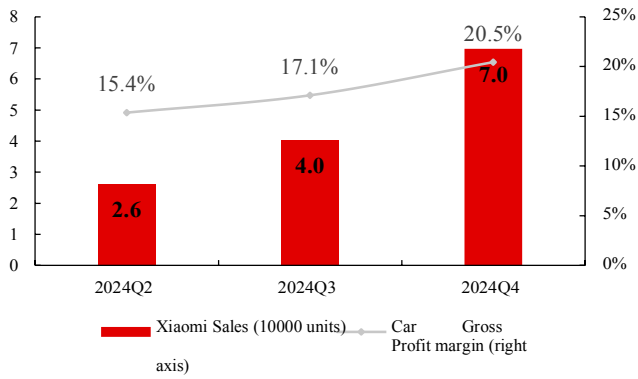
Figure 65: Xiaomi Pricing Model



Source: "Xiaomi Entrepreneurial Thinking", Changjiang Securities Research Institute

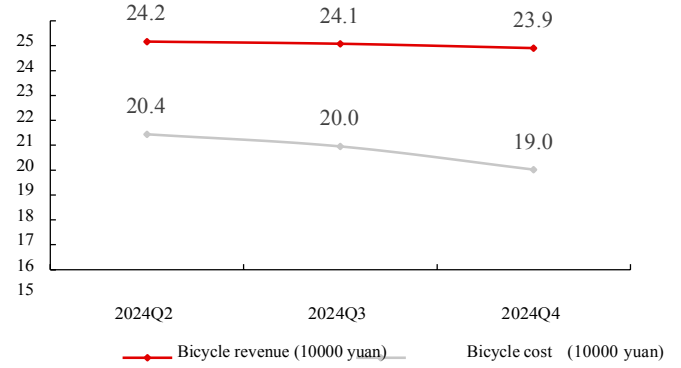
The Xiaomi SU7 became a hit immediately after its launch, and its rapid increase in volume led to a significant increase in gross profit margin. Since its launch in 2024, the sales of Xiaomi SU7 have continued to increase significantly. In the fourth quarter of 2024, the sales volume was 70000 units, an increase of 73.0% compared to the previous quarter. The gross profit margin was 20.5%, an increase of 3.4 pct compared to the previous quarter. Further analysis shows that Xiaomi's bicycle revenue will remain stable in 2024, and the cost of bicycles will rapidly decrease under economies of scale. In the fourth quarter of 2024, Xiaomi's bicycle cost was 190000 yuan, a decrease of 14000 yuan compared to the second quarter.

Figure 66: Sales and
Xiaomi's automotive bicycles



Source: China Association of Automobile Manufacturers, Wind, Manufacturers, Wind, Changjiang Securities Research Institute

gross profit margin of Xiaomi Figure 67: Revenue and cost of



Source of Changjiang Securities Research Institute: China Association of Automobile

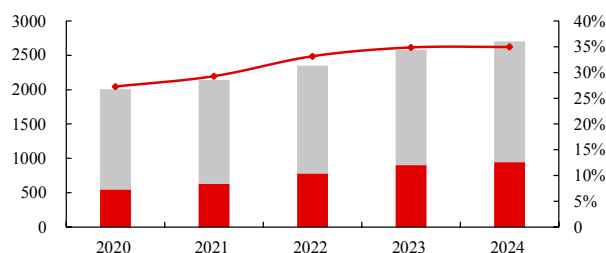
High end layout accelerates, Xiaomi's million sales are expected

The high-end market continues to expand, and there is ample room for domestic substitution

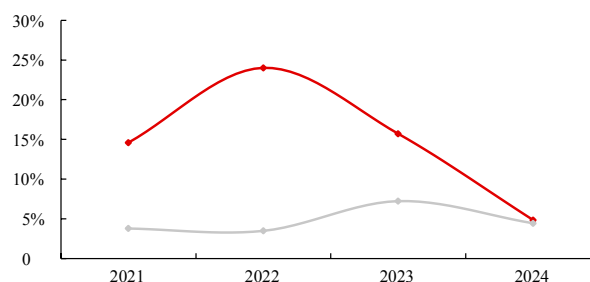
The high-end passenger car market in China is rapidly expanding. According to the price of passenger cars, they are divided into high-end (over 200000 yuan) and mid to low end (Below 200000). The sales volume of the mid to low end market in 2024 was 17.56 million vehicles, a year-on-year increase of 4.4%, with a market share of 65.0%. The sales volume of the high-end market in 2024 was 9.44 million units, a year-on-year increase of 4.8%. The CAGR of sales in the high-end/mid to low end markets from 2020 to 2024 is 14.6%/4.7%, and the growth rate of sales in the high-end market is significantly higher than that in the mid to low end market.

Figure 68:

The growth rate of high-end car sales is significantly higher than that of mid to low end cars



The sales of high-end cars continue to increase (in 10000 units). Figure 69:



High (10000 units), high-end proportion (right axle), end sales (10000 units), mid to low end sales

High growth rate, end growth rate, mid to low end

Research Institute Data source: China Association of Automobile Manufacturers, Changjiang Securities Research Institute

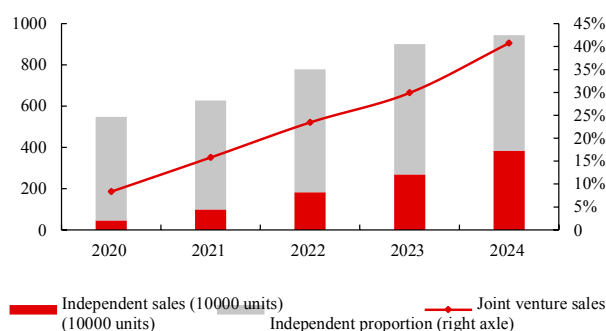
Data source: China Association of Automobile Manufacturers, Changjiang Securities

The sales performance of domestic brand cars in the high-end market is outstanding. In

terms of brand types, the sales growth of domestic brands is significant, with a sales volume of 3.848 million vehicles in 2024, a year-on-year increase of 42.9%. The sales volume of joint venture brands in 2024 was 5.595 million units, a year-on-year decrease of 11.4%. The CAGR of high-end independent sales from 2020 to 2024 is 70.2%, while the CAGR of joint venture brands is 2.8%. The growth rate of high-end independent sales is significantly higher than that of joint venture brands. In terms of high-end market share, domestic brands have increased from 8.4% in 2020 to 40.7% in 2024, an increase of 32.3%.

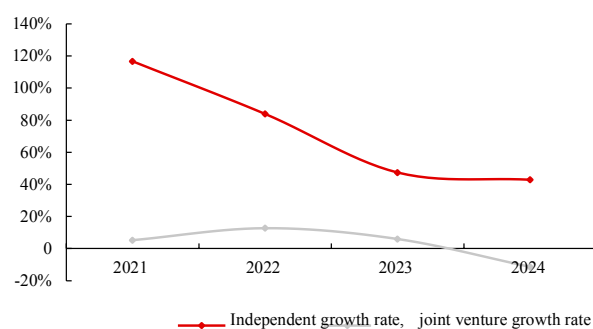
Figure 70:

units) significantly exceeds that of joint venture brands



Significant increase in sales of independent high-end car models (10000

Figure 71: Sales growth of independent high-end brands



Research Institute Data source: China Association of Automobile Manufacturers, Changjiang Securities Research Institute

Data source: China Association of Automobile Manufacturers, Changjiang Securities

From 2020 to 2024, the market share of domestic brands in China's high-end market

will significantly increase. In the past 20 years, the main joint venture brands have been dominant, while domestic brands have not entered the top ten in the industry. In 2024, BYD, Ideal, and Wanjie will rank third, eighth, and ninth in the high-end market, with market shares of 6.9%, 5.3%, and 4.1% respectively. Joint venture luxury brands such as BBA will continue to decline in market share, while BMW, Audi, and Mercedes Benz will see their market share decrease from 11.1%, 12.0%, and 10.6% in 2020 to 6.5%, 6.2%, and 6.2% in 2024. Independent brands have significant growth potential in the future.

Figure 72: Brand Pattern of Markets with Over 200000 in 2020

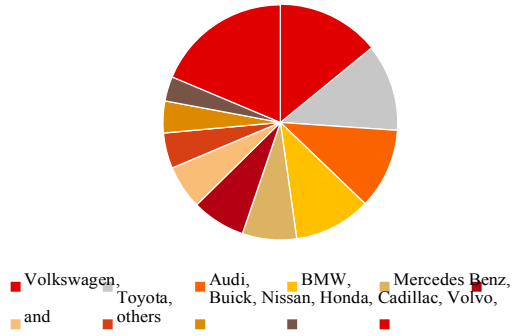
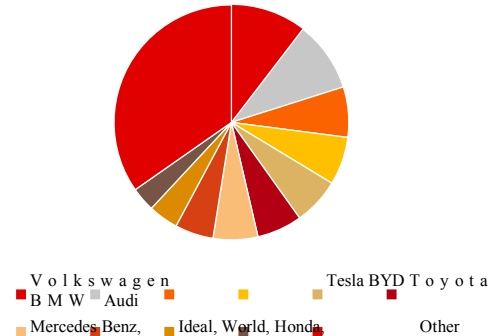


Figure 73: Brand Pattern of Markets with Over 200000 in 2024

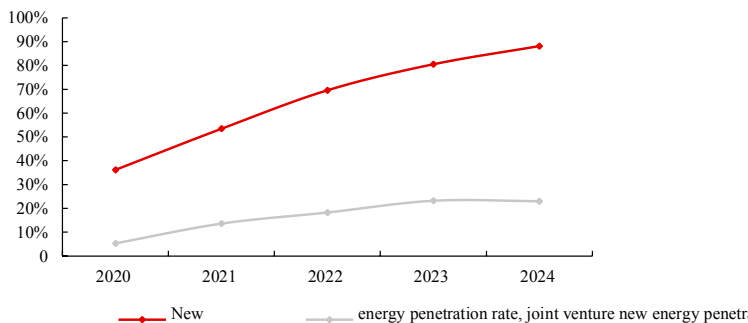


Research Institute Data source: China Association of Automobile Manufacturers, Changjiang Securities Research Institute

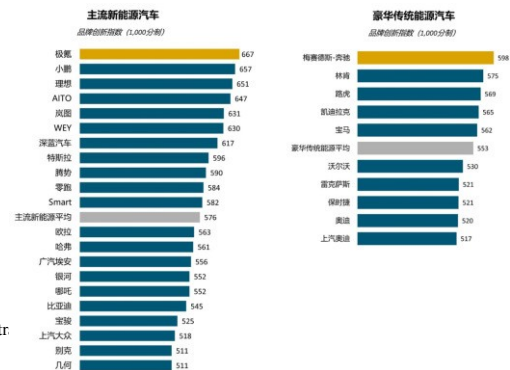
Electric intelligence has become the core lever for independent brands to win the high-end market. In the era of fuel vehicles, high-end joint venture brands such as BBA have a stable position. However, as automobiles enter the era of new energy, domestic independent brands challenge the position of high-end joint venture brands with the advantage of electric intelligence, and their market share continues to increase. In terms of new energy, the penetration rate of domestic high-end independent brands is significantly higher than other brands. In 2024, the penetration rate of domestic high-end independent new energy will be 88.2%, while the penetration rate of joint venture new energy will be 24.0%. In terms of intelligence, the intelligence level of high-end independent brand new energy vehicles is generally higher than that of luxury joint venture brands.

According to J.D. POWER, a consumer insights and market research firm, the innovation index of various domestic brands in 2024 shows that the average score of innovation index for mainstream new energy vehicle brands (mainly domestic brands) in China is 576 points, higher than luxury traditional brands (mainly high-end joint venture brands) score 553 points, among which domestic new energy high-end independent brands such as Ideal, Xiaopeng, and Wenjie have innovation indices exceeding 640, while high-end joint venture innovation indices such as BBA are below 600.

Figure 74: The penetration rate of independent brand new energy vehicles in the high-end market is significantly higher than that of other brands. Figure 75: The intelligence level of independent brand new energy vehicles is generally higher than that of luxury joint venture brands



Research Institute Data source: J.D.POWER, Changjiang Securities Research Institute



Data source: China Association of Automobile Manufacturers, Changjiang Securities

The high-end trend of Xiaomi cars has been determined, and sales are expected to exceed

one million under the strong model cycle

The market space for passenger cars priced over 400000 yuan in 2024 is 1.75 million units, with a new energy penetration rate of 35.1%. SU7 Ultra

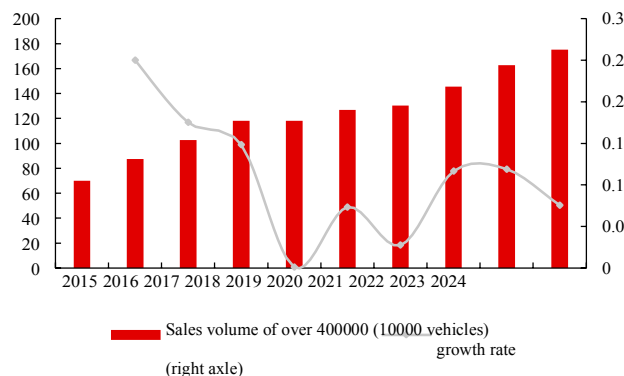
The price band of over 400000 yuan will occupy 6.4% of the overall passenger car market in 2024, and the market space in 2024 is

Brand Innovation Index (based on 1000 points): It evaluates the overall innovation capability of automotive brands by comprehensively considering the performance of advanced configuration assembly rate and utilization rate. In 2023, advanced technology configurations will be divided into two categories: intelligent cockpit and intelligent driving, with 18 advanced technology configurations for intelligent cockpit and 12 advanced technology configurations for intelligent driving.

1.75 million vehicles, a year-on-year increase of 7.6%, with a new energy penetration rate of 35.1%, lower than the overall new energy penetration rate of 44.3% in the passenger car market during the same period. The market space for pure electric vehicles is 280000 vehicles.

Figure 76: Sales volume and growth

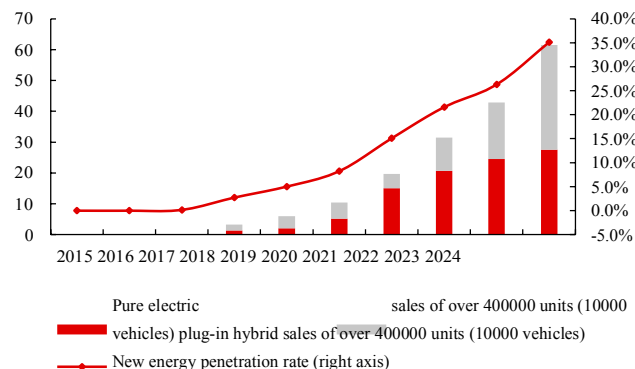
volume and penetration rate of new energy passenger cars above 400000 yuan



rate of passenger cars above 400000 yuan

Figure

77: Sales



Research Institute Data source: China Association of Automobile Manufacturers, Changjiang Securities Research Institute

Data source: China Association of Automobile Manufacturers, Changjiang Securities

SU7 Ultra helps Xiaomi brand rise, and the trend towards high-end is beginning to take shape:

1 In the early stage, the SU7 was positively endorsed with high-end and top-level performance, empowering the SU7. At the annual speech of Lei Jun in July 2024, the powerful performance of the SU7 Ultra prototype car was showcased, such as 0-100 km/h acceleration of 1.97 seconds and maximum power

1584 horsepower, etc. At the Xiaomi Group's new product launch event in October 2024, the SU7 Ultra production version began pre-sales with a pre-sale price of 814900 yuan. Prior to this, the Ultra prototype car's performance on the New North track was also released, becoming the fastest four door car in the New North. After the launch event, the SU7 Ultra production version exceeded 3680 units in small orders. Since then, the SU7 Ultra production version has continuously challenged the national professional track and set records repeatedly. At this stage, the SU7 Ultra explores the brand tone with the labels of ultimate performance and technology, proving Xiaomi's technology and ability in car manufacturing, providing a positive endorsement for the SU7 and empowering it.

2 Formally launched, achieving the annual sales target ahead of schedule with extremely unexpected pricing. In the early stage, SU7

Ultra continuously promoted its top performance

The performance parameters are of high standard, and the actual ability is proven through professional track results. At the same time, the pre-sale price is set at 814900 yuan, which has established a relatively high-end anchor in the minds of consumers. In February 2025, the official pricing of SU7 Ultra will be lowered to

529900 yuan, far exceeding market expectations, with over 10000 units ordered within 2 hours and 19000 units ordered within 3 days,

The locked order quantity exceeded 10000 units, achieving the annual sales target ahead of schedule.

Figure 78: The SU7 Ultra prototype car has become the fastest four door car in the world at New York North. Figure

79: The SU7 Ultra production car



challenges the national professional track

Xiaomi Auto, Changjiang Securities Research Institute

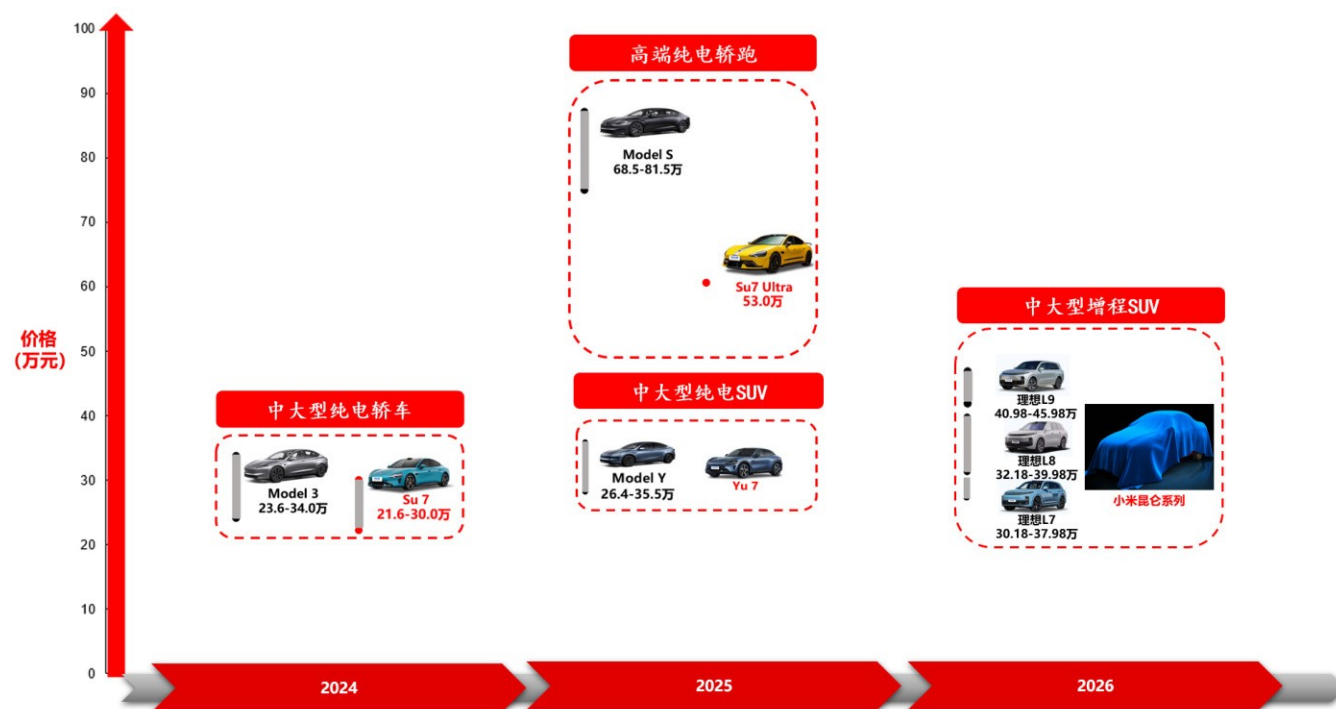


Data source: Xiaomi Auto, Changjiang Securities Research Institute Data source:

Under the continuous expansion of the high-end automotive market and Xiaomi Group's core strategy, Xiaomi Auto's future layout will mainly focus on the market of over 150000 yuan. Xiaomi model pricing: Benchmarking against competitor models, adopting a high-end and low-priced strategy. The starting price for the pure electric Xiaomi SU7 is

216000 yuan is 20000 yuan lower than the starting price of 236000 yuan for the competing model Model 3. The high-end pure electric coupe Xiaomi SU7 Ultra is priced at 530000 yuan, which is 155000 yuan lower than the starting price of its competitor Tesla Model S. The pure electric SUV YU7, which will be launched in 2025, has a starting price of 264000 yuan for its competitor Tesla Model Y. Considering that SUVs in the same class generally have a higher starting price than sedans, the starting price of Xiaomi YU7 may be between 216000 yuan and 264000 yuan. The D-class extended range SUV that will be launched in 2026 mainly competes with models such as the Ideal L9, with an expected starting price of over 200000 yuan.

Figure 80: Xiaomi Model Planning Prediction and Corresponding Competitor Models



Source: Marklines, Autohome, Changjiang Securities Research Institute. Note: The benchmark models are self predicted by analysts

The automotive industry is becoming more concentrated, and Xiaomi's sales are expected to quickly exceed one million. As smart electric vehicles gradually become "consumer electronics", they will inevitably follow the rules of the consumer electronics industry. When the industry enters a mature stage in 15-20 years, the top five car companies in the industry will surely hold more than 80% of the market share. Xiaomi Auto, with its strong brand influence and vast user base, coupled with its advantages in intelligent technology, hardware configuration, and self ecology, provides strong competitiveness for its products. Accurate market positioning and innovative marketing strategies have further enhanced its attractiveness in the high-end market, and it is expected to become one of the top five car companies in the high-end market in the future, with sales expected to exceed one million vehicles.

Table 5: Xiaomi Car Sales (10000 units) and Market Share Forecast

Vehicle model	2024	2025E	2026E	forward
Xiaomi's total sales volume	14	40.6	81.6	About 200
Xiaomi SU7	14	21.6	21.6	21.6

Xiaomi SU7 Ultra	3	4	4
Xiaomi YU7	16	36	36

² predictions from "Xiaomi Entrepreneurial Thinking"

Xiaomi Kunlun		20	20	
Other future car models				About 120
Sales volume in the high-end market	616	628	647	829
Market share in the high-end market	2%	6.5%	12.6%	About 24%

Source: Marklines, China Association of Automobile Manufacturers, Autohome, "Xiaomi Entrepreneurial Thinking", Changjiang Securities Research Institute

Note: The annual growth rate of sales in the high-end market is 2%; In the long term, considering 15 years from now, Xiaomi's market share will be 18% (80% * 0.3); Please refer to the investment advice section for sales forecasts of various vehicle models

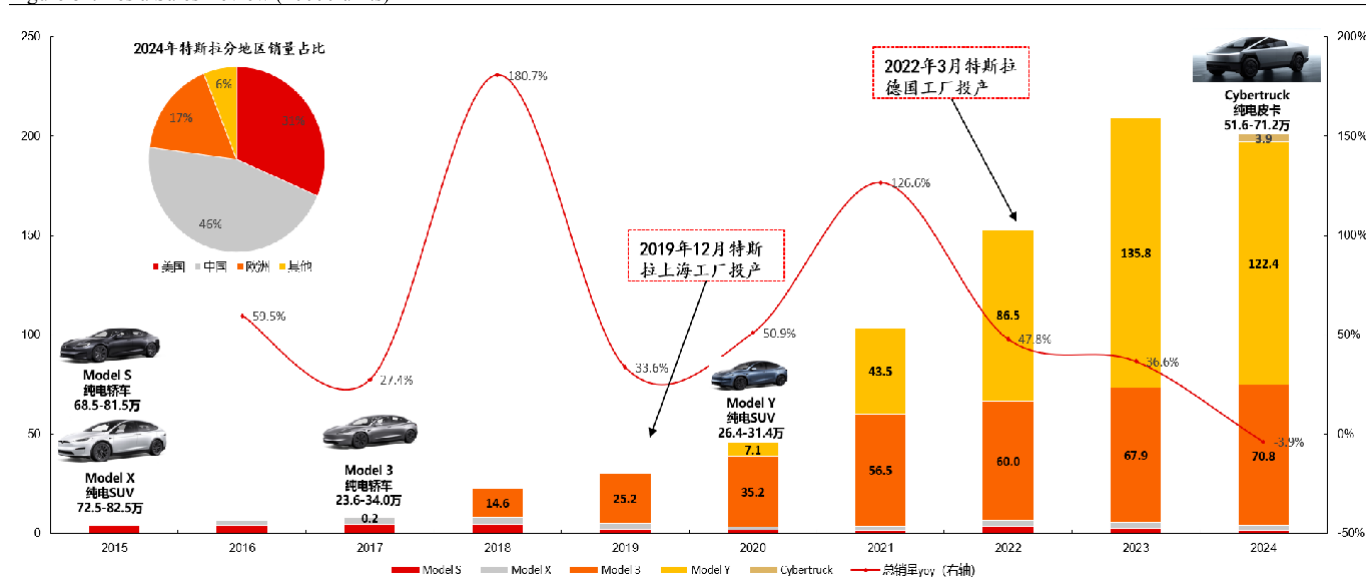
Supported by scarcity ability, Xiaomi replicates Tesla's profit rhythm

Tesla's sales have continued to increase significantly since 2015, and the logic of large single item sales has helped Tesla maintain a high level of profitability for its bicycles.

Tesla's first pure electric model, Model S, was officially delivered in 2012, and the luxury pure electric SUV Model X was launched in 2015. Sales in 2016 were 41000 and 23000 units, respectively; In 2017, the pure electric sedan Model 3 was launched, and sales quickly increased. In 2019, Model 3 sales reached 252000 units; The pure electric SUV Model Y was officially launched in 2020, with sales reaching 1.358 million units in 2023. Driven by the sales of the two best-selling models, Model 3 and Y, Tesla's overall sales increased from 40000 units in 2015 to 2.091 million units in 2023, with a CAGR of 64.1%. In 2024, Tesla will launch a pure electric pickup truck

Cybertruck, The sales volume was 39000 units, and Tesla's overall sales volume was 2.01 million units. By region, China and the United States account for 46% and 31% of sales, respectively, ranking in the top two`

Figure 81: Tesla Sales Review (10000 units)

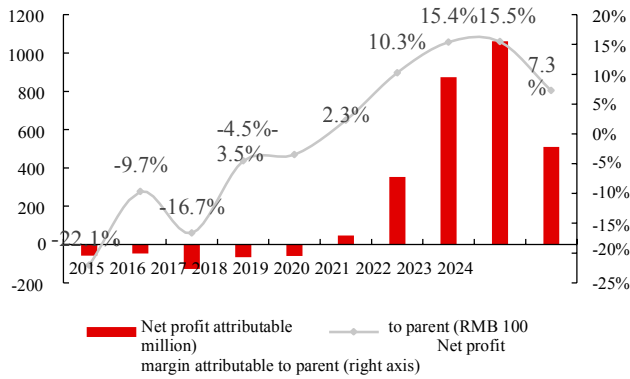


Source: Marklines, Tesla official website, Changjiang Securities Research Institute

Tesla turned losses into profits in 2020, with a net profit of 67000 yuan per vehicle in 2022. Under the scale effect, Tesla's gross profit margin has increased, while the period rate has decreased. The net profit margin has continued to rise since 2017 and turned losses in

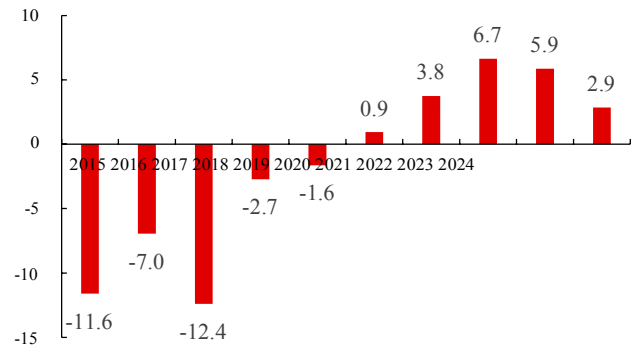
2020. In 2022, the net profit attributable to the parent company was 87.4 billion yuan, and the net profit per vehicle was 67000 yuan. The net profit margin attributable to the parent company was 15.4%, an increase of 32.1pct compared to -16.7% in 2017.

Figure 82: Tesla shareholders



Changjiang Securities Research Institute

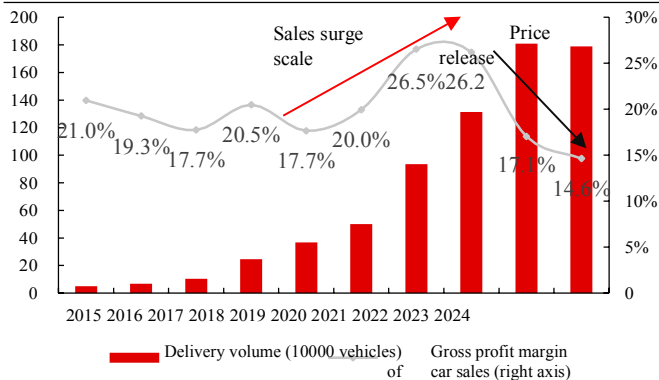
Figure 83: Tesla's net profit per vehicle (RMB 10000)



Source: Wind, Changjiang Securities Research Institute Source: Wind, Tesla Annual Report,

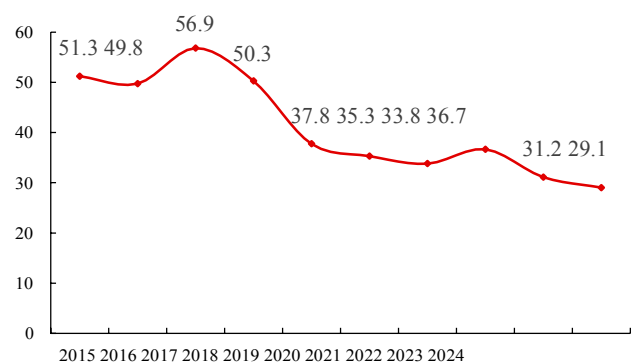
By 2022, Tesla's gross profit margin will significantly improve and rates will continue to decline due to economies of scale. Prior to 2019, due to the launch of the low-priced new car Model 3 and the early ramp up of production capacity, the gross profit margin of the car decreased from 22.8% in 2016 to 16.6% in 2019. After 2020, the popular model Model Y began to be delivered, resulting in a significant increase in gross profit margin due to economies of scale. In 2022, the gross profit margin increased to 26.2%. From 2017 to 2022, with the growth of car sales, Tesla's bicycle depreciation and period rates have significantly decreased, with bicycle depreciation dropping from 110000 yuan to 20000 yuan; The R&D rate has been reduced from 11.7% to 3.8%; Sales, Administration, and The general rate has been reduced from 21.1% to 4.8%.

Figure 84: Delivery volume and gross profit margin of Tesla cars



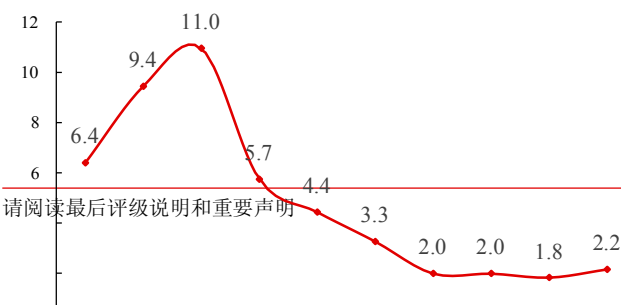
Source: Tesla official website, Wind, Changjiang Securities Research Institute

Figure 85: Revenue of Tesla bicycles (in 10000 yuan)



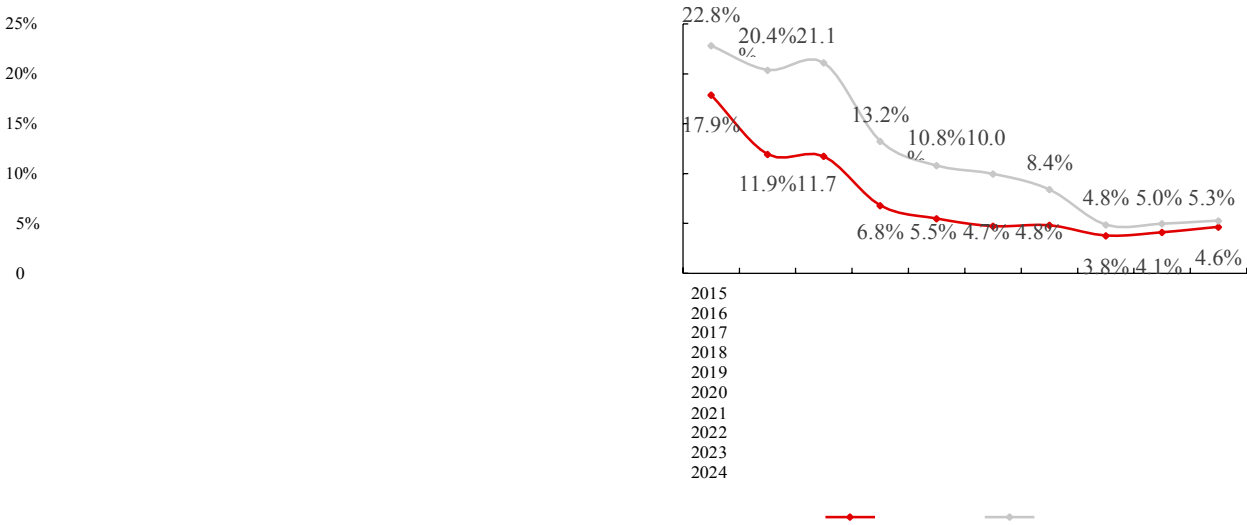
Source of Changjiang Securities Research Institute: Tesla official website, Wind,

Figure 86: Depreciation situation



and amortization of Tesla bicycles (RMB 10000) Figure 87: Tesla period rate



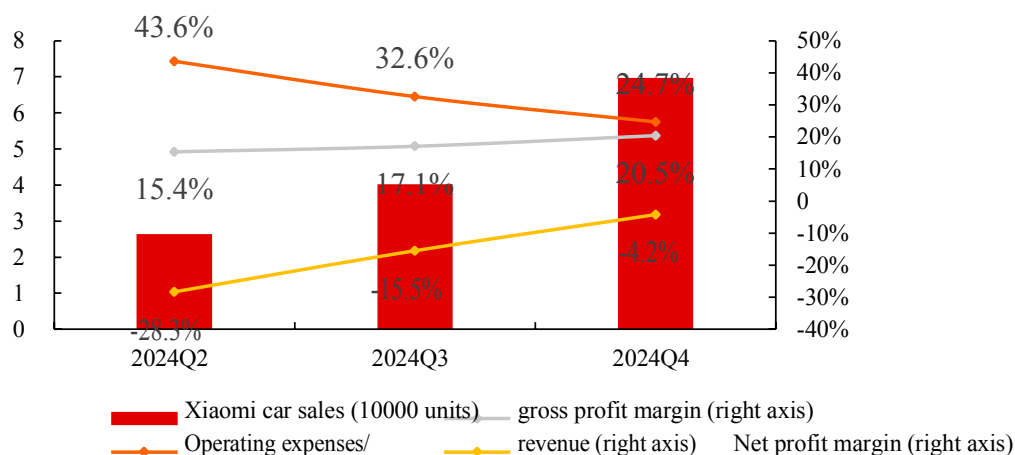


Changjiang Securities Research Institute

Data source: Wind, Changjiang Securities Research Institute Data source: Wind,

Compared to Tesla Model Y, the launch of Xiaomi YU7 is expected to drive Xiaomi Auto to turn losses into profits. In 2020, with the mass delivery of Model Y, Tesla's gross profit margin increased and rates decreased due to economies of scale. Tesla's net profit turned from loss to profit in 2020, and the net profit per vehicle increased from RMB 16000 in 2019 to RMB 9000 in 2020. Xiaomi YU7 is a benchmark for Tesla Model Y and is expected to be launched in June July 2025, with stable monthly sales expected to reach 28000 units. The launch of pure electric SUVs has driven the average price of Xiaomi's bicycles to increase and overall sales to grow. The gross profit margin and operating expenses will be further improved, and it is expected to achieve a net profit of over 10000 yuan per bicycle by 2025.

Figure 88: Xiaomi Auto Quarterly Sales and Operating Situation



Source: Xiaomi Annual Report, Xiaomi Announcement, Wind, Changjiang Securities Research Institute

Table 6: Comparison of Revenue and Profit between Xiaomi and Tesla

time Car companies	2025E xiaomi	2020 tesla	2026E xiaomi	2021 tesla
Sales volume (10000 units)	40.6	45.7	81.6	103.6
SU7/Model 3	21.6	35.2	21.6	56.5
YU7/Model Y	16.0	7.1	36.0	43.5
SU7 Ultra/Model S&X	3.0	3.4	4.0	3.6
Other vehicle models	—	—	20.0	—
Bicycle ASP (10000 yuan)	27.3	35.3	28.2	33.8
gross margin	24.0%	20.0%	25.0%	26.5%
Operating expenses/revenue	20.0%	13.2%	17.0%	11.1%
Bicycle profit (10000 yuan)	1.09	0.9	2.25	3.8

Source: Wind, Xiaomi Annual Report, Marklines, Changjiang Securities Research Institute

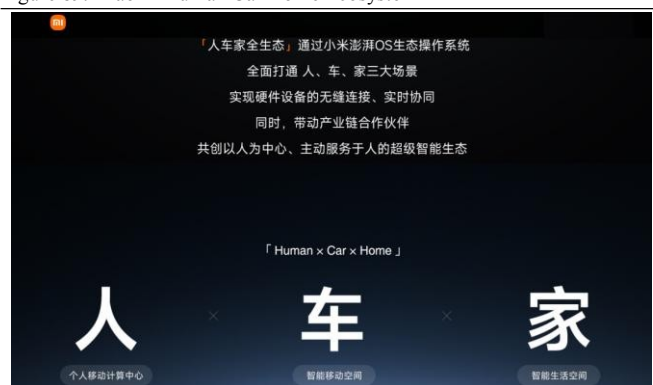
The automotive business brand is attacking, and the resonance group's business is synchronously rising

Human, car, and home full ecological layout, with multiple businesses showing a trend of mutual collaboration

The birth of Xiaomi SU7 is not only the implementation of Xiaomi's car making plan, but also a symbol of the extension of its "mobile+AIoT" ecological strategy to the entire ecosystem of people, cars, and homes. As the world's largest consumer IoT platform operator, Xiaomi transforms its accumulated expertise in areas such as mobile phones, smart homes, and cloud computing into core differentiation capabilities for automotive products. The underlying logic of this ecological integration is the key to user stickiness for Xiaomi SU7- cars are no longer isolated transportation vehicles, but mobile hubs for users' digital lives. Xiaomi shifts its mobile user ecosystem to the automotive industry through MIUI system, intelligent cockpit, and car

Technologies such as home connectivity have built a seamless collaborative experience of "mobile phone car home appliances". Users can control smart home devices in the car or remotely control the vehicle through their mobile phones, achieving true full scene intelligent interconnection.

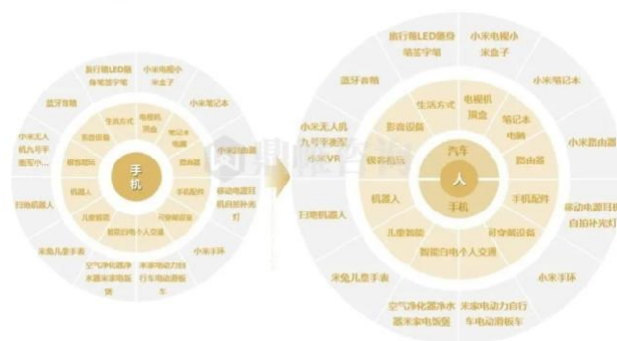
Figure 89: Xiaomi Human Car Home Ecosystem



Home Devices

Dingwei Consulting, Changjiang Securities Research Institute

Figure 90: Ecological Interconnection between Xiaomi Human Car



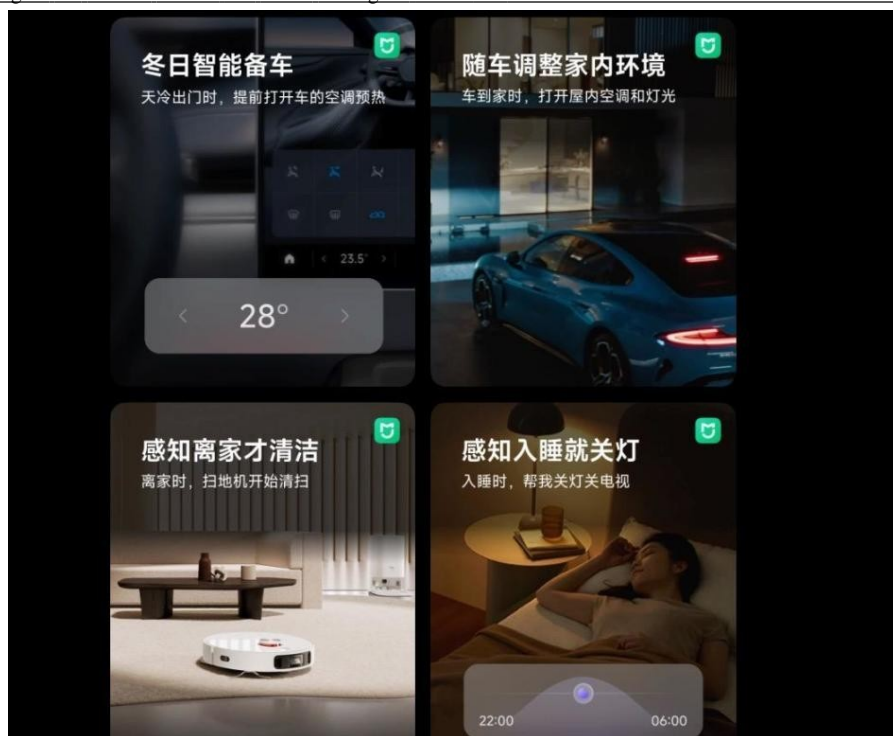
Data source: Xiaomi official website, Changjiang Securities Research Institute Data source:

The combination of device interconnection and data connectivity, coupled with the comprehensive ecosystem of people, cars, and homes, gives Xiaomi a strong user stickiness.

1) Device interconnection, from "control" to "seamless collaboration". The Xiaomi SU7 has achieved an upgrade from device "control" to "seamless collaboration" through its intelligent cockpit deeply customized based on MIUI Auto, reusing Xiao Ai's voice interaction ability and enabling connectivity

More than 30 smart devices are in use. In driving scenarios, users can directly control devices such as Mi Home smart lights and air purifiers through voice commands; When charging, the car automatically pushes nearby Xiaomi Home discount information; Automatically trigger home camera recording when there is abnormal vibration. This seamless experience of "person car home" has gradually led users to form a deep dependence on the Xiaomi ecosystem, and leaving the Xiaomi ecosystem will make them feel uncomfortable.

Figure 91: Xiaomi Human Car Home Ecological Interaction



Source: Xiaomi official website, Changjiang Securities Research Institute

2) Data connectivity and consistency across end experiences. Xiaomi has achieved comprehensive integration of data flow through HyperOS, bringing users a consistent cross end experience. In terms of account system, mobile phones, car phones, and smart home devices share the same Xiaomi account, and users' personalized settings can be automatically synchronized without the need for repeated configuration, greatly improving the convenience of use. In terms of service continuity, users can easily send navigation routes planned on their mobile phones to the car's infotainment system with just one click, seamlessly connecting their travel needs; The music playback progress can also be connected in real-time between different devices, allowing users to enjoy a coherent entertainment experience whether at home, on the road, or in the car. In addition, the system recommends in car recommendations for users based on their usage habits on their mobile phones

Entertainment content that accurately matches users' preferences. This deep level of personalized customization and data integration allows users to experience a seamless smart life within Xiaomi's entire ecosystem, further enhancing their stickiness and dependence on the Xiaomi ecosystem. Figure 92: Xiaomi HyperConnect System

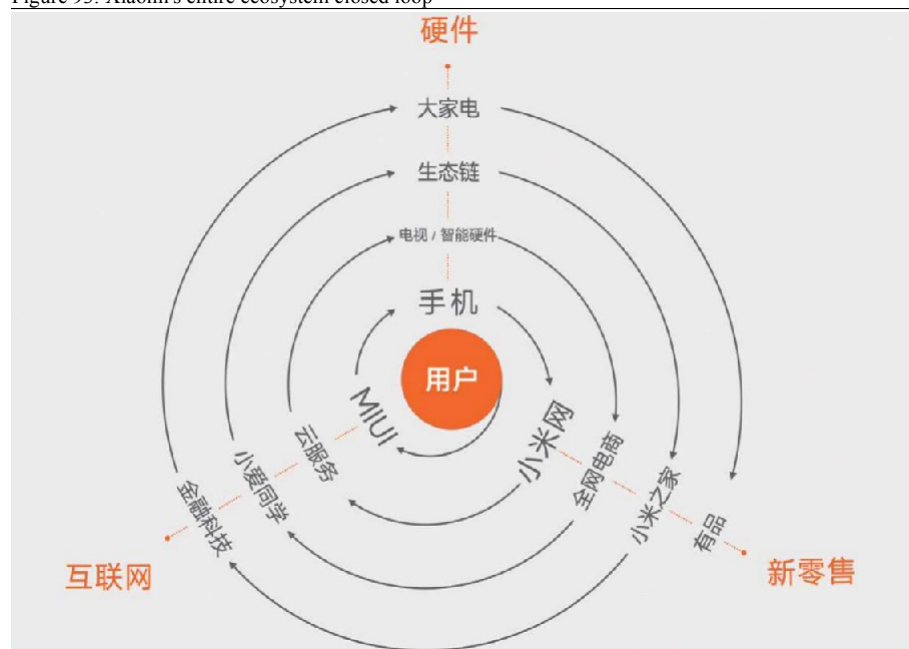


Source: Xiaomi Pengpai OS official account, Changjiang Securities Research Institute

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Under the multiplier effect of the entire ecosystem of people, cars, and homes, the income of car end users from purchasing other products increases. Xiaomi Motors currently loses about 3800 yuan per car sold, but the full lifecycle value of its users exceeds 230000 yuan, indicating that its profit model does not solely rely on vehicle sales. Xiaomi Auto plans to generate profits through software subscription services, including monthly autonomous driving fees and membership services for camping, business, and other scenarios. These services not only provide users with a richer user experience, but also bring sustained revenue to the company. At the same time, the ecological feedback effect of Xiaomi cars is also worth paying attention to. Data shows that in 2024, the home appliance replacement rate of car owners increased by 41%, and the gross profit margin of smart home products reached 35%. As an important link connecting the Xiaomi ecosystem, Xiaomi cars can drive the sales and profitability of other products such as home appliances.

Figure 93: Xiaomi's entire ecosystem closed loop



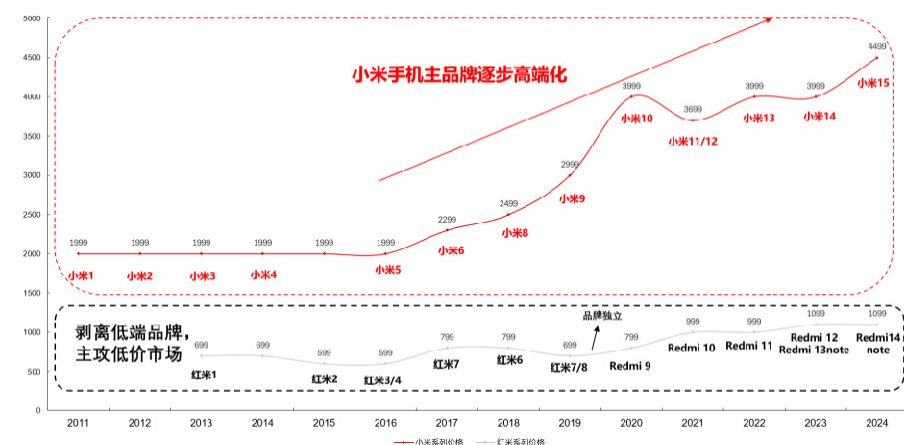
Source: "Xiaomi Entrepreneurial Thinking", Changjiang Securities Research Institute

Accelerating the high-end transformation of automobiles, feeding back multiple business brands to attack

High end is the inevitable path for Xiaomi's growth and also the core strategy for its future development. Since its establishment, Xiaomi phones have been positioned as flagship models and anchored in the high-end market. In July 2013, Xiaomi launched the Redmi series of national mobile phones to enter the low-end market and achieved huge sales. In 2019, Xiaomi renamed its Redmi series to Redmi and operated it independently, clarifying the boundaries of the brand. Since then, Xiaomi has continuously launched high-end flagship models such as the Xiaomi 10 series, Xiaomi 11 series, Xiaomi 12 series, and Xiaomi 15 series, significantly enhancing its competitiveness in the high-end market with excellent performance, outstanding imaging, and cutting-edge technology, gradually reshaping the brand's high-end image, and winning recognition from more high-end users.

³ data sources from Pinjie Consulting

Figure 94: Xiaomi Phone Price Curve (Yuan)

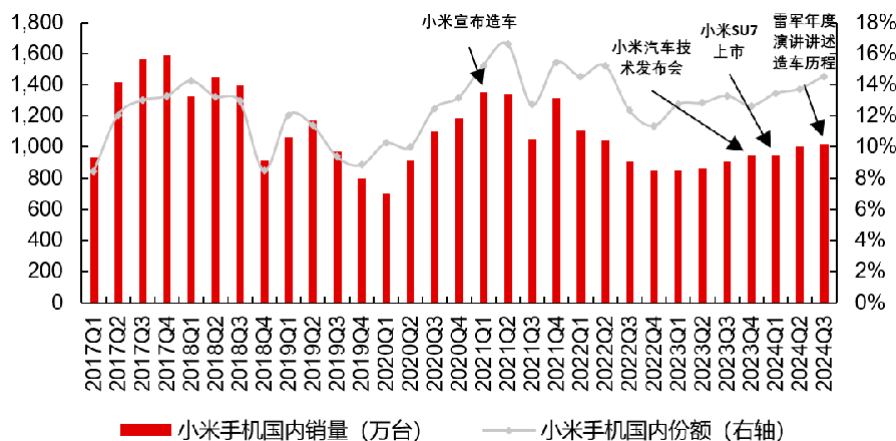


Source: Xiaomi official website, Zhongguancun Online, Hot Technologies, Changjiang Securities Research Institute

The influence of automobiles has given back to Xiaomi's electronic products, and after the release of SU7, Xiaomi's domestic market share of smartphones has increased. The attention and influence generated by the Xiaomi SU7 can feed back Xiaomi's electronic products. In Q1 2024, Xiaomi's domestic sales of smartphones reached 9.509 million units, with a domestic market share of 13.4%. At the end of March 2024, the SU7 was released and achieved success. In the following two quarters, Xiaomi

The domestic sales of mobile phones were 10.044 million and 10.209 million respectively, with a domestic market share of 13.7% and 14.5%, respectively, and the market share continued to rise.

Figure 95: Domestic sales and market share of Xiaomi smartphones



Source: IDC, Pengpai News, Changjiang Securities Research Institute

Investment advice

We expect the sales of Xiaomi SU7 to maintain a delivery level of 18000 units per month and 216000 units per year in the long term. Based on the ultimate cost-effectiveness, we expect the SU7 Ultra version to reach a steady state by 2026, with an expected annual delivery of around 40000 vehicles. Taking into account ramp up and launch time, the delivery volume is expected to be 30000 vehicles by 2025. Compared to the sales performance of Tesla Model Y, we believe that YU7 has a strong competitive advantage. We conservatively estimate that YU7 is expected to maintain monthly sales of 30000 units in a steady state, with a steady state annualized sales of 360000 units in 2026. Considering the early ramp up stage in 2025, the annual sales are expected to be 160000 units. At the same time, the company is expected to continue launching Kunlun series additional vehicle models in the future, including overall models

Assuming a pricing range of over 150000 yuan, it is expected to achieve monthly sales of 20000 vehicles, corresponding to an annualized sales of 240000 vehicles. Considering the increase in production capacity, the expected sales volume for 2026 is 200000 vehicles.

Based on Xiaomi's steady growth trend of high-end penetration in its main business of smartphones and IoT, as well as the rapid increase in volume of Xiaomi cars, it is expected that Xiaomi Group's net profit attributable to the parent company from 2025 to 2027 will be 35.404 billion yuan, 51.653 billion yuan, and 65.531 billion yuan, respectively, maintaining a "buy" rating.

Table 7: Xiaomi Auto Sales and Operating Forecast

	2024Q2	2024Q3	2024Q4	2024	2025E	2026E
Xiaomi car sales (10000 units)	2.6	4	7	14	40.6	81.6
Xiaomi SU7	2.6	4	7	14	21.6	21.6
Xiaomi SU7 Ultra					3	4
Xiaomi YU7					16	36
Xiaomi Kunlun						20
Bicycle ASP (10000 yuan)	24.2	24.1	23.9	23.3	27.30	28.15
Xiaomi SU7	24.2	24.1	23.9	23.3	23.9	23.9
Xiaomi SU7 Ultra					55	55
Xiaomi YU7					26.7	26.7
Xiaomi Kunlun						30
Revenue (in billions of yuan)	63.7	97	166.6	327.5	1108.44	2297.44
gross margin	15.40%	17.10%	20.50%	18.50%	24.00%	25.00%
Gross profit (in billions of yuan)	9.8	16.6	34.1	60.5	266.03	574.36
Operating expenses (in billions of yuan)	27.8	31.6	41.1	122.5	221.69	390.56
Operating expenses/revenue	43.60%	32.60%	24.70%	37.40%	20%	17%
Net profit (in billions of yuan)	-18	-15	-7	-62	44.34	183.80
Net profit margin	-28.30%	-15.50%	-4.20%	-18.90%	4.00%	8.00%
Net profit per bike (RMB 10000)	-6.8	-3.7	-1	-4.4	1.09	2.25

Source: Wind, Xiaomi Announcement, China Automobile Association, Xiaomi official account, Changjiang Securities Research Institute Note:
 The above financial indicators such as revenue and gross profit margin are all Xiaomi cars

Risk statement

1. **Slow recovery risk of overseas markets affected by macroeconomic factors:** Due to the **impact** of high interest rates by the Federal Reserve, the recovery process of **overseas** markets may slow down;

2. **Risks of fluctuations and changes in the international trade situation:** factors such as unstable global economic development and trade protection of local enterprises by various countries may have an impact on international trade operations;

3. The **risk of intensified industry competition:** AI has become a new round of productivity revolution, and domestic and foreign giants are accelerating the layout of AI software and hardware products, intensifying industry competition;

4. **Risk of lower than expected car sales:** The competition in the **automotive** industry is becoming increasingly fierce, with more diverse products and increased supply. Obtaining user cognitive recognition will be more challenging, which may have an impact on the company's car sales.

Investment Rating Explanation

The benchmark for investment advice is the relative fluctuation of industry stock indices within 12 months after the release of the industry rating report, compared to the fluctuation of representative indices in the relevant securities market during the same period

The level standard is:

see	Okay:	Relative performance is better than the representative index of the relevant securities market during the same period
centre	Sex:	Relative performance is on par with the representative index of the relevant securities market during the same period
see	Light:	Relatively weaker than the representative index of the relevant securities market during the same period
Within 12 months after the release of the company's rating report, the relative fluctuation of the company's stock market index during the same period is used as the benchmark. The rating criteria for investment advice are:		
buy	Enter:	Relative to the same period, the representative index of the relevant securities market has increased by more than 10%
increase	Holdi ng:	The representative index of the relevant securities market has increased by 5% to 10% compared to the same period
centre	Sex:	The representative index of the relevant securities market has increased by -5% to 5% compared to the same period
minus	Holdi ng:	Compared to the same period, the representative index of the relevant securities market has increased by less than -5%

No investment rating: Due to our inability to obtain necessary information, or the company facing significant uncertainties with unforeseeable outcomes, or other reasons, we are unable to provide a clear investment rating.

Explanation of representative indices in the relevant securities market: The A-share market is based on the Shanghai and Shenzhen 300 Index; The New Third Board market is represented by the Third Board Component Index (for agreement transfer targets) or the Third Board Market Making Index

(For market making transfer targets) as the benchmark; The Hong Kong market is based on the Hang Seng Index.

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