

The Decision of Xiaomi Company Value Evaluation

Xuanyueming Jia ^{1,*}, Xinrui Wang ¹, Jingqi Sun ¹

¹ Beijing City University, Beijing 100000, China

*** Correspondence:**

Xuanyueming Jia

2358550345@qq.com

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Abstract

This report examines Xiaomi Technology Co., Ltd. through a two-stage discounted cash flow (DCF) model to systematically evaluate its intrinsic value, incorporating its business portfolio, strategic direction, and financial performance. By analyzing growth prospects across key segments including smartphones, IoT ecosystem, and smart vehicles, alongside industry trends, corporate strategy, and macroeconomic conditions, the study projects revenue, costs, and cash flows for 2024-2028. Based on these projections, it estimates both the company's physical and equity values. Findings indicate Xiaomi's current stock price is undervalued relative to its intrinsic valuation, demonstrating investment appeal. The report provides financial model-based valuation insights for investors, executives, and stakeholders, while exploring the company's long-term growth potential amid diversified expansion and technological innovation.

Keywords: Value Evaluation; Cash Flow Model; Financial Forecast; Intrinsic Value

1. Introduction

Today's era of deep integration between the digital economy and smart hardware, the valuation of tech companies has become a critical factor in investment decisions and management optimization. Since its founding in 2010, Xiaomi Technology Co., Ltd. has rapidly emerged as a global leader in consumer IoT and smartphones through its innovative "Internet + Hardware + New Retail" business model. In recent years, Xiaomi has expanded into smart vehicles, high-end manufacturing, and global markets, diversifying its business portfolio. This expansion has brought both new challenges and opportunities for its valuation.

Scientific valuation of Xiaomi's corporate value not only helps investors assess stock price rationality and identify investment opportunities, but also provides decision-making support for corporate strategy adjustments, resource allocation, and capital operations. Traditional valuation methods often fail to fully reflect the high growth potential, strong ecosystem synergy, and strategic layout characteristics of technology enterprises. Therefore, this report adopts the real

cash flow discount model, combining Xiaomi's business features and development stage to construct a two-stage growth forecasting framework. It systematically predicts and analyzes the company's future free cash flow through discounting, revealing the discrepancy between its intrinsic value and market performance, while offering a case study reference for understanding the valuation logic of technology enterprises.

2. Company Profile

Xiaomi Technology Co., Ltd. was founded on March 3, 2010, as a global mobile internet enterprise and innovative technology company specializing in smart hardware, electronic products, chip R&D, smartphones, smart electric vehicles, communications, finance, internet TV, and the construction of a smart home ecosystem. Xiaomi has pioneered an internet-based model for developing mobile operating systems, with enthusiasts participating in the development and improvement process. "Born for Enthusiasts" is Xiaomi's product concept, while "Letting Everyone Enjoy the Fun of Technology" is the company's vision. Xiaomi applies an internet-based development model to create products, using a geek spirit to innovate and replacing middlemen with an internet approach, striving to make high-quality tech products from China accessible to everyone worldwide. Xiaomi is the world's largest consumer IoT platform, connecting over 861.4 million smart devices across more than 100 countries and regions. Its global smartphone and tablet products have 685.8 million monthly active users. Xiaomi has invested in over 500 companies, spanning various fields such as smart hardware, consumer goods, education, gaming, social networks, cultural entertainment, healthcare, automotive transportation, and finance.

Xiaomi's asset structure primarily comprises cash, property and equipment, intangible assets, and total assets. According to the Q3 2023 financial report, the company's cash capital expenditure totaled 32.5 billion yuan, property and equipment accounted for 12.7 billion yuan, intangible assets stood at 6.4 billion yuan, with total assets reaching 301.7 billion yuan (Xiaomi Corporation, 2024). Xiaomi's asset structure is predominantly asset-light, focusing on controlling key technological processes rather than in-house production, while emphasizing supply chain management capabilities and design integration. Additionally, Xiaomi Technology Co., Ltd. has a registered capital of 185 billion yuan, with paid-in capital matching the amount, and completed strategic financing in 2018.

3. Case Study of Company Value Evaluation

3.1. Division of Forecast Period

Based on the fundamental analysis of Xiaomi Corporation, we observe that the company possesses significant competitive advantages within its industry, with its market position continuing to rise steadily. The smartphone sector has maintained stable development without major fluctuations, indicating that Xiaomi possesses both internal and external conditions for sustained growth. This paper assumes Xiaomi's perpetual operation. The two-stage growth model

comprises a forecast period and subsequent period. During the first stage, growth rates exceed perpetual growth rates, while the second stage features normal and stable growth. Analysis reveals Xiaomi's robust overall operations, standardized corporate governance, continuous product innovation across diverse categories, and impressive sales performance both online and offline. As a company with rising value, Xiaomi's future prospects are promising. Therefore, this paper concludes that Xiaomi is currently in the growth phase. We will employ the cash flow model for valuation, combining the company's specific development context (Copeland, 2014). The forecast period spans 2024-2027, with the perpetual phase beginning after 2028. The valuation benchmark date is December 31, 2022, primarily using annual report data released by Xiaomi Corporation.

3.2. Forecasting in Reports

3.2.1. Forecasting of Sales Revenue

First, the operating revenue during the forecast period. In terms of production capacity, Xiaomi's market scale continues to expand. According to the company's 2022 annual report, its smartphone production capacity utilization rate reached 83.6%. With the addition of automotive, smart home, and other products launched in recent years, the total annual production capacity is expected to exceed 450,000 units. The coordinated efforts across various production stages have ensured stable market development. Reviewing Xiaomi's capacity expansion strategy reveals key milestones: By the end of 2018, the company shipped 119 million smartphones, averaging over 10 million units per month. Following capacity recovery in 2020, production has rebounded to 80%-90% of normal levels, with its Beijing Yizhuang smart factory achieving an annual output of 1 million units. This demonstrates Xiaomi's strategic and steady capacity expansion, which not only rapidly responds to market demands but also lays a solid foundation for long-term growth (Securities Times Network, 2024).

In terms of market share, Xiaomi's growing market presence enables it to achieve economies of scale, thereby capturing a larger share. As a promising player in the industry, Xiaomi is poised to emerge as a market leader.

From the perspective of corporate strategic planning, Xiaomi prioritizes long-term profitability while implementing a series of long-term development strategies. According to the company's 2020 annual report, its operating revenue grew by 19.45% year-on-year, with the 2021 report showing a 33.53% year-on-year increase. Over these two years, the IoT business also achieved a 52.9% year-on-year growth, indicating rapid sales expansion during this period. In 2022, operating revenue declined by 14.7%, attributed to the overall downturn in both domestic and international markets, followed by a 4.21% year-on-year decrease in 2023. However, in the first three quarters of 2024, the first quarter saw a 26.95% year-on-year growth, the second quarter increased by 32%, and the third quarter rose by 30.5%. Therefore, based on the company's strategic plan, Xiaomi's operating revenue growth from 2024 to 2027 will fluctuate around 10%. Specifically, over the past four years, the revenue growth rate has consistently exceeded the 10% corporate growth target, with only 2023 showing a slightly lower figure. Based on the analysis

above, this report projects the company will maintain a 10% annual growth rate from 2024 to 2027.

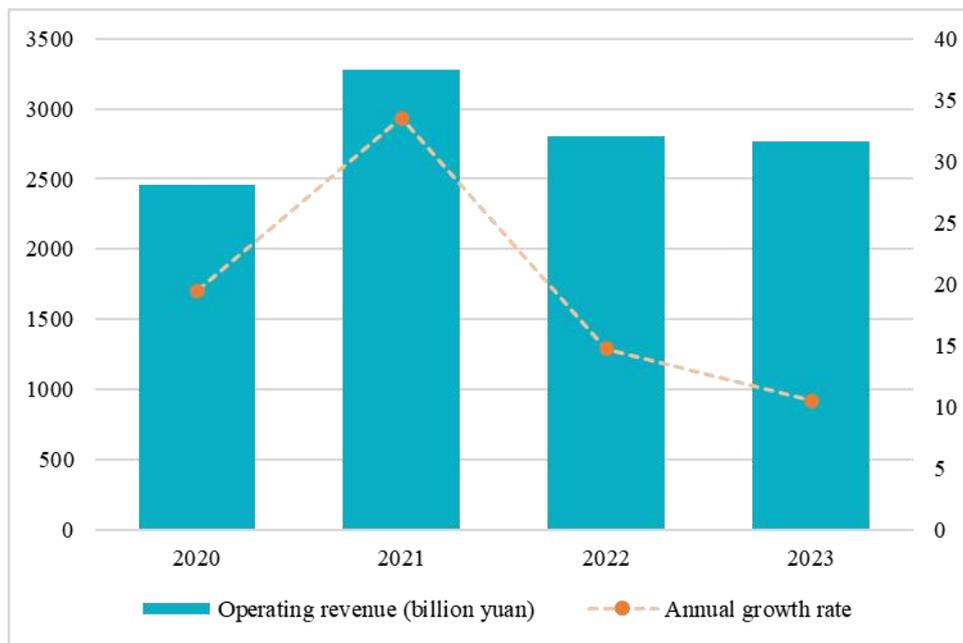


Figure 1. Changes in Xiaomi's Operating Revenue and Growth Rate (Unit: 100 million yuan)

Next is the forecast for subsequent operating revenue. Starting from 2027, Xiaomi's operating revenue will grow at a perpetual growth rate. In this paper, we predict the perpetual growth rate by adhering to the principle that it should be lower than the GDP growth rate. This is because, in economies with relatively developed interest rate liberalization, any enterprise's growth will not exceed macroeconomic growth in the long run as it develops over time. From the formula Sustainable real growth rate = Sustainable nominal growth rate - Inflation rate.

Table 1. GDP Growth Rate and Inflation Rate from 2020 to 2023

	2023	2022	2021	2020
China's annual GDP growth rate (percentage)	5.2	3.0	8.4	2.35
Annual Inflation Rate (Percentage)	2.61	2.0	1.1	2.5

As shown in the table, the average annual growth rate of China's gross domestic product (GDP) from 2020 to 2023 is 4.73% (National Bureau of Statistics of China, 2024). According to China's economic growth target from 2020 to 2023, which is basically around 5.5%, the growth rate may slightly slow down in the past two years due to the impact of the international situation. However, based on the prediction of the Chinese Academy of Social Sciences, the annual growth rate will also be around 5%. Here, the company's perpetual nominal growth rate is set at 8.55%, which exceeds the average growth rate of GDP. However, since China's GDP reached 8.4% in 2021, a slight adjustment was made.

Given that the average inflation rate from 2020 to 2023 was 2.05%, the formula calculates the company's perpetual real growth rate to be 6.5%.

Table 2. Revenue Forecast (in billions of yuan)

Year	High growth in revenue					Period of sustainable growth
	Base period	2024	2025	2026	2027	2028
Increase rate of business revenue	10.49	10.5	9.5	8.5	7.5	6.5
Operating revenue (billion yuan)	2895.93	3200	3504	3801.84	4086.98	4352.63

Q3 2024: Xiaomi achieved RMB 92.51 billion in revenue, marking a 30.5% year-on-year increase. H12024: The company's operating revenue reached RMB 164.395 billion, up 29.62% year-on-year. FY2023: Xiaomi's total revenue stood at RMB 270.97 billion, showing a slight 3.2% year-on-year decline. However, Q4 revenue surged 10.9% to RMB 73.2 billion, demonstrating a clear growth trajectory. The first three quarters of 2024 reflected steady revenue growth, with Q3 alone recording a 30.5% year-on-year increase. Projections indicate significant revenue growth through 2028. Revenue is influenced by multiple factors including market conditions, consumer demand, corporate strategy, product innovation, and global economic trends.

Xiaomi has made significant progress in innovative businesses such as smartphones, IoT and lifestyle consumer products, and smart electric vehicles, which are expected to become important growth points for future revenue. Influenced by the market environment, changes in the global economic situation and consumer demand will have a significant impact on Xiaomi's revenue. Due to the pandemic, the economy was in a recovery phase from 2023 to 2024, resulting in slower revenue growth. If the global economy maintains steady growth and consumer demand remains strong, Xiaomi's revenue is expected to continue growing. The company's strategy determines Xiaomi's efforts in further expanding its new retail strategy and upgrading its ecosystem, as well as its expansion in the Chinese mainland and overseas markets, which will help increase its market share and revenue. With rapid product innovation and improved product performance, based on current market trends, the company's strategy, and product innovation, if Xiaomi can maintain its leading position in the smartphone and IoT device markets and successfully drive the development of innovative businesses such as smart electric vehicles, its revenue is expected to achieve stable growth in the coming years. With the rapid pace of product updates and intensified market competition, as the competition in the smartphone and IoT device markets becomes increasingly fierce, Xiaomi may face greater pressure from competitors. The uncertainty of the global economic situation may have a negative impact on Xiaomi's revenue. Adjustments in relevant policies may also have a certain impact on Xiaomi's business

development. Financial statements show that Xiaomi's revenue, though growing slowly due to pandemic impacts, has been steadily increasing year by year. With economic recovery, it hit a record high in 2024, with Q2 revenue reaching 88.9 billion yuan—a 32% year-on-year increase.

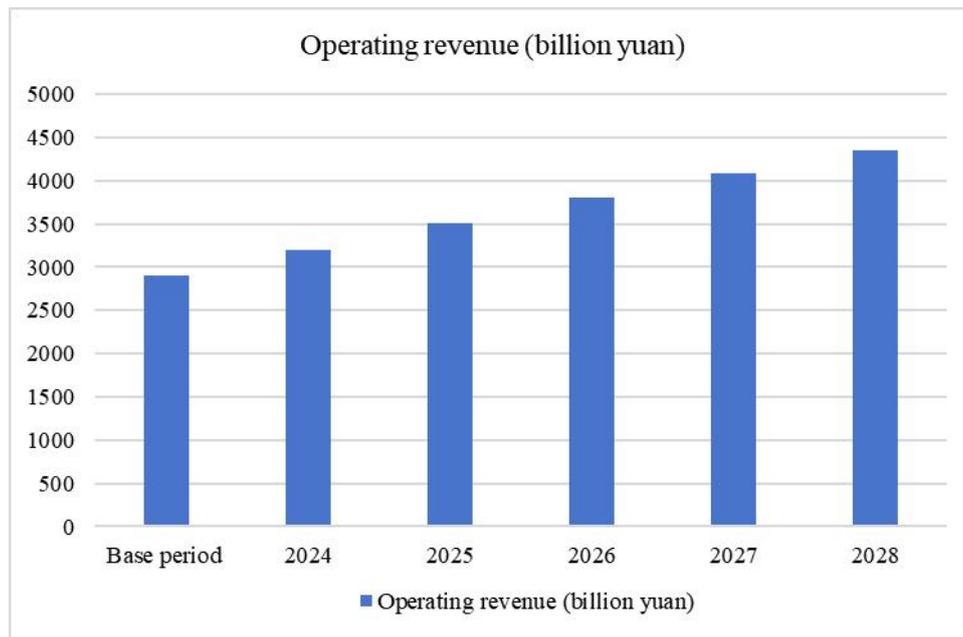


Figure 2. Revenue Forecast Table (Unit: 100 million yuan)

3.2.2. Forecasting of Operating Costs

When the enterprise increases its operating income, the operating cost will also change accordingly. Here, the percentage method is used to predict the operating cost, taking the ratio of operating cost to operating income in previous years as a reference to determine the operating cost of the enterprise in the following years.

In 2023, Xiaomi's core business costs saw a significant 8.16% decrease compared to 2022, primarily driven by optimized product structures, enhanced cost control, and improved market conditions. According to Xiaomi's 2024 interim financial report, the company achieved 164.395 billion yuan in revenue during the first half of the year, marking a 29.62% year-on-year increase. This growth indicates the company is actively managing costs while maintaining profitability. Consequently, operating costs for 2024 are expected to remain stable or show slight growth, though the growth rate may lag behind revenue expansion. From 2025 to 2028, Xiaomi is projected to maintain steady revenue growth alongside stable or modest increases in operating costs. However, thanks to cost control and efficiency improvements, operating costs are likely to grow at a slower rate than revenue. Based on the company's product optimization and cost control strategies, Xiaomi's operating costs are expected to account for an increasingly smaller share of total revenue, eventually stabilizing.

It should be noted that factors such as future market conditions, policy changes, and technological innovations may impact Xiaomi's operating costs. Therefore, in actual operations, Xiaomi needs to closely monitor market dynamics and shifts in consumer demand, and promptly adjust its strategies and business models to address potential risks and challenges.

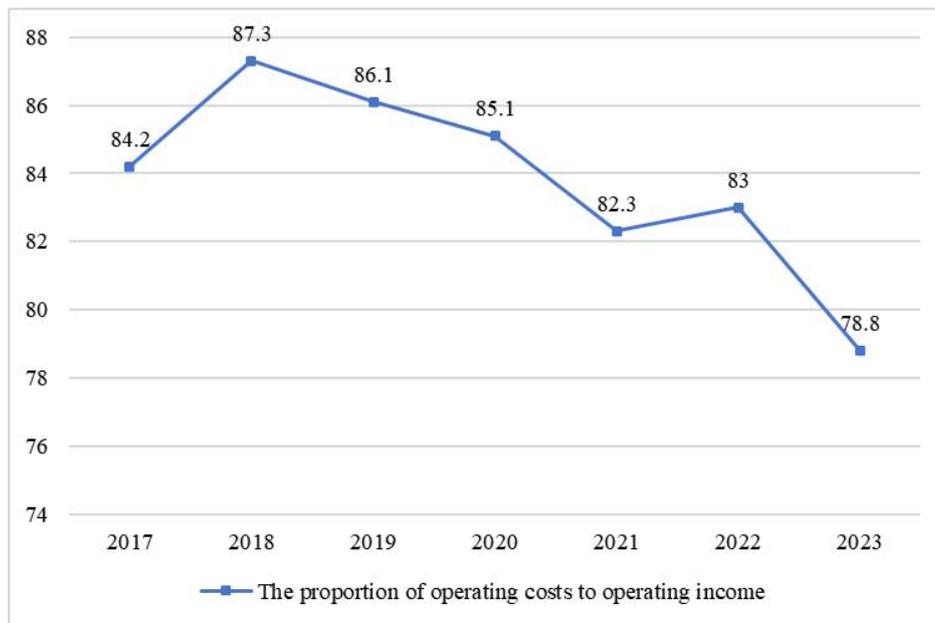


Figure 3. Percentage Trend of Operating Costs to Revenue

3.2.3. Forecast of Sales Expenses, Administrative Expenses, and Business Taxes and Surcharges

To forecast future expense ratios, we analyze historical data on the proportion of expenses to operating revenue. According to Xiaomi's financial reports, sales expenses accounted for 7% to 9% of operating revenue from 2020 to 2023. Given the pandemic-induced cost-cutting measures since 2020, we estimate these expenses will remain relatively low. We reasonably predict that sales expenses will account for approximately 9% of operating revenue from 2024 to 2028. Analysis of management expenses over the past four years shows stable fluctuations between 1.5% and 1.8%. We reasonably predict that management expenses will account for 2% of operating revenue during the same period.

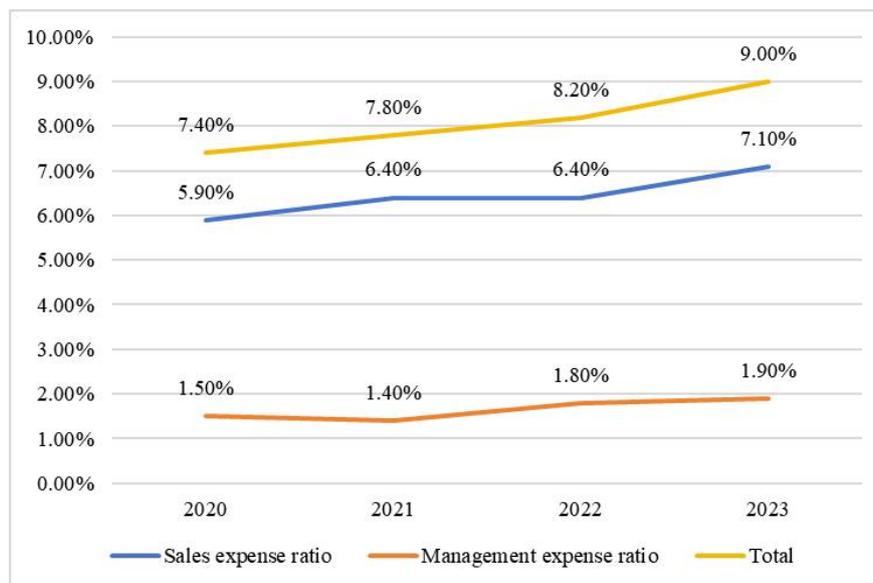


Figure 4. Trend chart of sales and administrative expenses as a percentage of operating revenue

Regarding the forecast of business tax and surcharges, Xiaomi Company applies a 15% income tax rate. However, according to NetEase Phone's reports, the income tax rate was 23% in both 2022 and 2023 (NetEase Phone, 2023). Due to recent policy impacts such as manufacturing tax incentives, there are slight variations in tax rates compared to previous years. Therefore, this article uses the average ratio of business tax and surcharges to operating revenue from 2018 to 2020 as a reference for forecasting, reasonably predicting that the ratio for subsequent years will be 0.5%.

3.2.4. Forecasting of Financial Expenses

An analysis of Xiaomi's business strategy reveals its debt-driven operational model, resulting in relatively high financial expenses. As of the end of 2017, current liabilities (primarily accounts payable and notes) stood at 47.133 billion yuan, accounting for 21.7% of total liabilities. Observing the ratio of financial expenses to operating revenue from 2020 to 2023, a gradual downward trend has been noted since 2020. Based on this trend, the article reasonably projects that the ratio of financial expenses to operating revenue will stabilize at 0.1% in subsequent years.

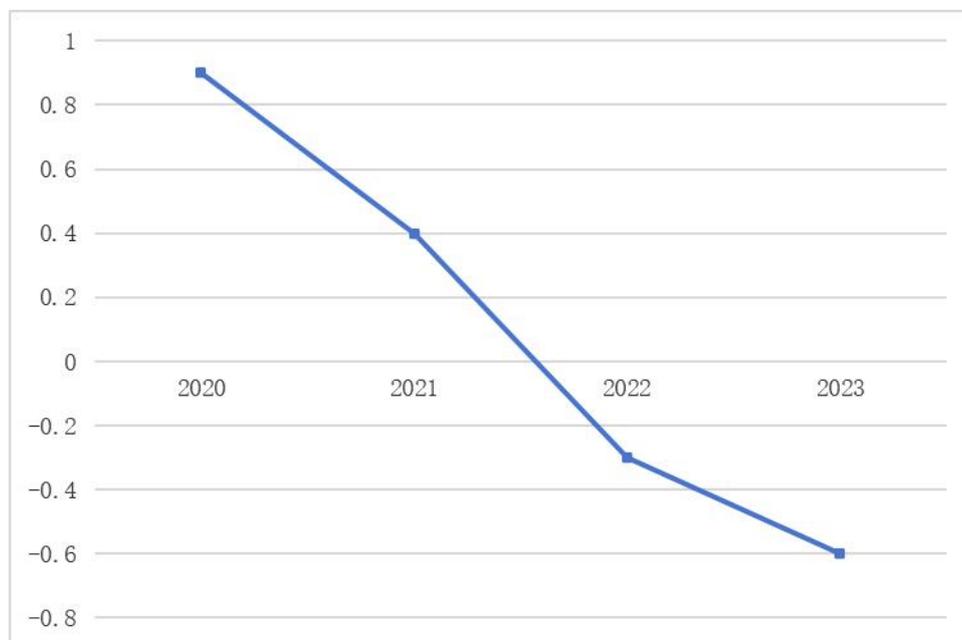


Figure 5. Percentage Trend of Financial Expenses as a Proportion of Operating Revenue

3.2.5. Forecasting of Non-operating Income and Non-operating Expenses

The balance of non-operating income and non-operating expenditure is always small in the financial statement. When the accounting items of non-operating income and non-operating expenditure are considered together, the total amount of the two items can be ignored. Therefore, the predicted value of the two items is taken as 0 in this paper.

After completing the prediction of the above data, according to the formula: Earnings Before Interest and Taxes (EBIT) = Operating Revenue - Cost of Goods Sold - Taxes and Surcharges - Selling Expenses - Administrative Expenses - Financial Expenses + Non-operating Income - Non-operating Expenses.

Table 3. Earnings Before Interest and Taxes Forecast from 2024 to 2028 and Beyond (in billions of yuan)

Project (100 million)	2024	2025	2026	2027	2028 And Beyond
Operating receipt	3200	3504	3801.4	4086.98	4352.63
Minus: operating cost	2528	2768.16	3003.45	3228.71	3438.58
Tax and surcharge	16	17.52	15.4	20.43	21.76
Selling expenses	288	315.36	342.17	367.82	391.73
General expenses	64	70.08	76.02	81.73	87.05
Cost of financing,	3.2	3.5	3.8	4	4.3
Add: Non-operating income	0	0	0	0	0
Minus: non operating expenses	0	0	0	0	0
Earnings before interest and tax	300.8	329.38	360.56	384.26	409.21

3.2.6. Income Tax Forecast

In the forecast of income tax expense, the average value of income tax expense to operating income in the past five years is taken, and the reasonable forecast of income tax expense to operating income in the following years is 1.065%.

3.3. Detailed forecast of cash flow during the forecast period

3.3.1. Significance of Detailed Forecasting Period Cash Flow

Detailed forecast period cash flow refers to the process of making annual detailed projections of cash flows over a finite future period in enterprise valuation or financial forecasting. Typically, during this forecast period, each year's cash flow is meticulously estimated and its present value is calculated using the discounted cash flow model.

The detailed forecast period's cash flow encompasses the net cash flows expected to be generated by the enterprise over the coming years. These cash flows are derived from a comprehensive analysis of factors such as the enterprise's operational status, market environment, and management strategies. During this period, the enterprise must consider various potential factors affecting cash flows and calculate annual net cash flows accordingly. This approach not only predicts historical data trends but also enables forecasting of future development directions.

3.3.2. Detailed Forecast of Cash Flow for Xiaomi Group

The following section will forecast the cash flow data of Xiaomi Group through computational methods. Using the financial ratio projections and sales forecasts from Xiaomi Group, the estimated cash flow data for 2024-2028 is presented in the table below.

Table 4. Expected Cash Flow of Xiaomi Company from 2024 to 2028

Project(Billion Yuan)	Base Period	2024	2025	2026	2027	2028 And Beyond
1. Operating Revenue	2895.93	3200	3504	3801.4	4086.98	4352.63
Minus: operating cost		2528	2768.16	3003.45	3228.71	3438.58
Selling and administrative expenses		288	315.36	342.17	367.83	391.73
2. Operating Profit Before Tax		384	420.48	456.22	490.44	522.32
Minus: income tax on operating profit		96	105.12	114.06	122.61	130.58
3. Operating Profit After Tax		288	315.36	342.16	367.83	391.74
Minus: Increase in net operating assets		214.59	237.12	259.65	281.72	302.85
4. Actual Cash Flow		73.41	78.24	82.51	86.11	88.89
Minus: After tax interest expense		44.64	48.88	53.04	57.01	60.72
Add: net increase in liabilities		85.29	94.24	103.19	111.96	120.36
Cash flow from equity		114.06	123.6	132.66	141.06	148.53

3.4. Growth Rate of Cash Flow in Subsequent Periods

3.4.1. The Significance of Cash Flow Growth Rate in the Subsequent Period

The growth rate of cash flow is an important index to measure the future financial health and growth potential of an enterprise, which not only reflects the market competitiveness of an enterprise, but also has an important impact on the long-term investment value and shareholder return of an enterprise.

The subsequent cash flow growth rate typically aligns with the company's sales growth rate. In a stable state, both the growth rates of cash flow from operations and equity cash flow will match the sales revenue growth rate. This implies that sustained sales growth will naturally boost cash flow, thereby supporting the company's long-term development.

Furthermore, the subsequent cash flow growth rate generally aligns with the nominal macroeconomic growth rate, typically ranging between 2% and 6%. This growth rate serves as a benchmark for assessing a company's future cash flow stability and sustainability. When a company's cash flow growth rate exceeds or matches the macroeconomic growth rate, it indicates strong market competitiveness and growth potential.

As an important parameter, the growth rate of subsequent cash flow directly affects the calculation of the present value of the future cash flow of the enterprise. Therefore, accurate estimation of the growth rate of subsequent cash flow is crucial to the reasonable evaluation of the intrinsic value of the enterprise.

3.4.2. Cash Flow Growth Rate in Subsequent Periods for Xiaomi Group Valuation

(1) Historical Trend Analysis: The period from 2023 to 2028 represents a phase of gradual growth deceleration. During 2023-2025, revenue growth will remain robust, with an average annual rate of 10%-12%. From 2026 to 2028, as the market matures, growth will gradually decline to a stable long-term level. The long-term stable growth rate is projected to range between 2%-4%, aligning with global economic growth or the sustained pace of the technology sector. The cash flow growth rate of Xiaomi Group from 2023 to 2028 can be reasonably inferred and analyzed by analyzing historical trends, corporate strategies, market environment, and other factors. Historical data shows that Xiaomi Group's operating cash flow has been steadily increasing, driven by the company's continuous innovation and market share expansion in sectors like smartphones, smart home devices, and IoT. Going forward, as the company continues to ramp up investments and expand in these areas, its operating cash flow is expected to maintain this growth momentum. Xiaomi Group's investment cash flow exhibits significant volatility, primarily due to the company's extensive investment and acquisition activities across different years. Going forward, as the company adjusts its strategies and market conditions evolve, the volatility in investment cash flow may persist, though the overall trend is likely to stabilize. Xiaomi Group's cash flow from financing activities primarily stems from bond and equity issuances. Over the past few years, the company has conducted financing activities including domestic and overseas listings, resulting in a steady growth trend in its financing-related cash flow. Looking ahead, as the company expands its scale and business operations, this cash flow is expected to maintain its growth momentum.

(2) Corporate Strategy Analysis Xiaomi Group is pursuing a diversified development strategy. Beyond its smartphone business, the company is actively expanding into smart home, IoT, and electric vehicle sectors. These emerging ventures are expected to create new growth drivers, thereby boosting cash flow. Xiaomi Group prioritizes technological innovation and R&D investment, continuously increasing its R&D expenditure. This approach enhances the company's core competitiveness and market share, further driving cash flow growth.

(3) Market Environment Analysis With the rapid development of the technology industry and evolving market demands, Xiaomi Group must continuously innovate and refine its management strategies to address challenges and seize opportunities. This will help the company maintain its leading position in the highly competitive market, thereby driving cash flow growth. Changes in

the macroeconomic environment may also impact Xiaomi Group's cash flow. For instance, factors such as economic growth and increased consumer purchasing power could boost the company's business expansion and cash flow.

(4) Speculative Analysis Regarding operating activities, the company's expanding business operations and increasing market share are expected to sustain stable growth in cash flow. For investment activities, while fluctuations in cash flow may persist due to strategic adjustments and market changes, the overall trend is likely to stabilize or show modest growth. As for financing activities, the company's expanding scale and business expansion are anticipated to drive continued growth in cash flow.

In conclusion, Xiaomi Group is expected to maintain steady cash flow growth in its future development. However, given the uncertainties in future market conditions and corporate strategy adjustments, the actual cash flow growth rate will require further observation and assessment based on future developments (Palepu & Peek, 2019).

4.Valuation with the Actual Cash Flow Model

4.1. Expected Actual Cash Flow of Xiaomi Company

The present value of cash flow during the detailed forecast period is 30.675 billion yuan.

Table 5. Expected Actual Cash Flow of Xiaomi Company from 2023 to 2028

Project	2023	2024	2025	2026	2027	2028 And Beyond
Actual cash flow (Billion Yuan)		73.41	78.24	82.51	86.11	88.89
Capital cost		10	10	10	10	10
Discount factor		0.909	0.826	0.751	0.683	0.621
Value at Forecast Date (Billion Yuan)	306.75	66.14	64.63	61.97	58.81	55.2
Subsequent period value (Billion Yuan)	1214.237					
Substantive value (Billion Yuan)	1520.987					
Equity Value (Billion Yuan)	1520.987					
Number of share(100 million)	45.67					
Value per share (RMB)	33.3					

The present value of future cash flows at the end of 2027 is calculated as: 88.89 billion yuan / (10% -5%) = 177.78 billion yuan.

The present value of the subsequent cash flows at the beginning of 2024 is calculated as follows: $1777.8 \times 0.683 = 1214.2374$ billion yuan.

Actual value: $306.75 + 1214.2374 = 1520.9874$ billion yuan.

The value per share is calculated as: $1520.9874 \div 45.67 = 33.3$ yuan.

The stock is currently trading at 28.55 yuan per share, indicating it is undervalued by the market (Damodaran, 2012).

5. Conclusion

5.1. Using the Real Cash Flow Model to Estimate the Advantages of Xiaomi Group

(1) Comprehensive valuation: The DCF model provides a holistic assessment of Xiaomi Group's free cash flow (FCF), accounting for operating cash flows, capital expenditures, and dividend payments, to determine the company's overall value.

(2) Future-oriented: The Discounted Cash Flow (DCF) model focuses on forecasting a company's future cash flows and discounting them, which is more relevant to long-term value creation than merely historical financial performance (Cao, 2019).

(3) Reflecting growth potential: The DCF model enables investors to evaluate Xiaomi Group's growth potential by adjusting growth rate assumptions to reflect the company's future growth prospects.

(4) Versatile for different cycles: Whether Xiaomi Group is in its growth or maturity phase, the DCF model can adjust parameters to the company's specific conditions, thereby more accurately reflecting its value.

(5) Incorporating capital costs: The DCF model accounts for capital costs, including debt and equity, in valuation, thereby making the results more realistic.

(6) Customization: The DCF model can be tailored to Xiaomi Group's specific conditions, such as adjusting parameters like the discount rate and growth rate, to reflect the company's unique risks and market environment (Shi & Lin, 2007).

(7) Decision Support: The DCF model's results can support Xiaomi Group's key decisions, including investment and financing, helping the company optimize its capital structure and investment strategies.

(8) Market Comparison: The DCF model enables comparative analysis between Xiaomi Group and other industry peers, helping to assess its value positioning within the sector. However, its limitations stem from the model's reliance on future cash flow projections and discount rate selection, introducing inherent uncertainties (Penman, 2013).

5.2. The research on Xiaomi Group revealed

(1) Business Strategy Adjustment and Market Adaptability: When facing market competition and industry changes, Xiaomi Group promptly shifted its operational approach from conservative to aggressive, with a stronger focus on market share expansion.

(2) Core Position of Mobile Phone Business: Despite Xiaomi Group's diversification efforts, including its foray into car manufacturing, the mobile phone business remains the primary profit and cash source for the group. Its long-term stable growth is vital to the group's sustainable operations.

(3) Market Rational Reversion: The market's response to Xiaomi Group's car manufacturing venture has become more rational, with investors now prioritizing long-term value investment over short-term stock price fluctuations.

(4) Emphasis on technological innovation: Lei Jun, founder of Xiaomi Group, underscores the importance of technological innovation and plans to become a global leader in core technologies by increasing R&D investment and focusing on core technologies.

(5) Long-term Vision: Xiaomi Group is committed to becoming a global leader in cutting-edge technology within the next few years, driving the development of new productivity through continuous technological innovation and R&D investment.

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Conflict of Interest:

The authors declare no conflict of interest.

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