

# Making electric cars helps Xiaomi's capitalization surpass Ford and GM

After launching the new electric car model SU7, Xiaomi's stock price continued to increase sharply, pulling the capitalization of the Chinese electronics company to 55 billion USD, higher than both Ford and GM.



According to *Reuters*, Xiaomi's stock price increased 16% on April 2 after the electronics company launched a new electric sports car model. Despite predictions that the company could lose nearly \$10,000 on each car sold this year, Xiaomi stock price still rose to its highest level since January 2022.

This growth helped the company's capitalization increase by 4 billion USD at one point and reach 55 billion USD, higher than traditional car manufacturers in the US such as GM (52 billion USD) or Ford (53 billion USD).

Xiaomi's SU7 electric car model has a reference price of less than 30,000 USD for the basic model, cheaper than the listed price of the Tesla Model 3 in China.

The world's largest auto market is challenging new players in the face of a fierce electric vehicle price war and slowing demand. However, analysts say Xiaomi has deeper pockets than most electric vehicle startups, and its expertise in smartphones gives it an edge in designing smart dashboards, which are a highly appreciated feature among Chinese consumers.

Those interested in the SU7 may have to wait 4-7 months, a sign of rising demand. On March 29, the company said it received 88,898 pre-orders for the car in the first 24 hours of sale.

In the immediate future, Xiaomi will begin delivering 5,000 'founders' edition SU7 units with additional accessories to early purchase customers.

The launch of the SU7 model fulfilled the ambition of Xiaomi founder Lei Jun. In 2021, he announced that the company would create a breakthrough in the field of electric vehicles, and pledged to invest 10 billion USD in the auto business as the 'last major startup project' in his life.

Citi Research analysts said the electric vehicle segment priced at 200,000-300,000 yuan, equivalent to \$27,600-41,500, will be very competitive.

Based on an expected volume of 60,000 units this year, Citi estimates the SU7 could bring a net loss of 4.1 billion yuan, or \$566 million, for Xiaomi. On average, each car causes the company an after-tax loss of more than 9,400 USD.

After SU7 appeared, other Chinese electric vehicle brands announced promotions and increased benefits for new customers. Citi analysts said that by 2024, the 200,000-300,000 yuan segment could see about 240 competing electric car models, up nearly 20% from the previous year.

Due to rising demand, Xiaomi has asked suppliers to increase the monthly capacity of SU7 to 10,000 units, up from 3,000 units in March and 6,000 units in May.

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