26 Apr 2026 18:27:39 ET | 12 pages

Ecovacs Robotics (603486.SS)

1Q26 Strong Beat; Maintain Pecking Order: Ecovacs (Buy) > Roborock (Neutral)

CITI'S TAKE

Ecovacs' 1Q26 sales grew 27% YoY (*Ecovacs* brand +35% YoY, *Tineco* brand +20% YoY), beating our expectation by 14%, thanks to pull-forward shipment of robot lawn mower, and stronger-than-expected robot window cleaner sales in China & Tineco sales overseas. Stripping out ~Rmb110m of after-tax FX loss, 1Q26 core NP would have been Rmb507m (up ~55% YoY, per mgt), beating our expectation (Rmb389m) by 30%. Important to note, this is the first quarter we observe Ecovacs' topline growth (+27% YoY) faster than Roborock (+22% YoY) in the past 3 years. Specifically, Ecovacs' robot vacuum saw 40%+ sales growth in Europe (vs Roborock's flattish growth (in our estimates) in 1Q26), signaling a decent market share gain (thanks to continuous rollout of its roller products). Maintain our pecking order: **Ecovacs (Buy) > Roborock (Neutral**, which we downgraded before 1Q26 results, see our Apr 15 note: *Roborock (688169.SS) – Downgrade to Neutral on Bleak Outlook***)**.

Buy	
Short-Term View: Upside, expires 15-MAY-26	
Price (24 Apr 26 15:00)	Rmb61.640
Target price	Rmb89.300
Expected share price return	44.9%
Expected dividend yield	1.7%
Expected total return	46.6%
Market Cap	Rmb35,685M
	US$5,220M

Vincent Young[AC]

Xiaopo Wei, CFA

2026 outlook & recent operating color — Mgt expects group overseas revenue contribution to exceed 50% by year-end 2026 (vs 46.8% in 1Q26). Mgt also expects 2026E GPM to be "broadly stable", as raw-material cost inflation offset by China pricing recovery (without self-funded subsidies), in-house core components manufacturing (with better cost control), and a higher overseas mix (which carries GPM premium vs China). Sales of new categories (incl. lawn mower, window cleaner) reached ~Rmb2bn in 2025 (nearly doubled YoY) and are expected to sustain strong growth in 2026E (with addition of robot pool cleaner). Per mgt, FX trend has clearly eased since April.

Ecovacs brand performance — Sales of Ecovacs brand (incl. robot vacuum, robot lawn mower & robot window cleaner biz) grew 35% YoY in 1Q26, with overseas sales surging 60%+ YoY and the brand's overseas revenue mix improving by 8.8ppts YoY in 1Q26, per mgt. We estimate Ecovacs brand's China sales also grew 15%+ in 1Q26, driven by strong sales growth of robot window cleaners. Per mgt, Ecovacs brand sales achieved at least 20% YoY growth in each region in 1Q26. In Europe alone, Ecovacs' robot vacuum sales grew ~40% YoY in 1Q26, as it gained market share (in mid-to-high-end segment) and expanded into new geographies, per mgt. In China, its robot vacuum market share gain concentrated in the Rmb3,000-4,000 mid-tier (gained 7-8ppts share), while its high-end tier (Rmb5,000+) market share remained stable in 1Q26, per mgt. On robot lawn mower, mgt noted shipments were modestly pulled forward in 1Q26 ahead of the pending EU anti-dumping investigation, sustaining strong growth momentum off the near-doubling new-category base in 2025.

Tineco brand performance — Sales of Tineco brand (mostly wet & dry vacuum biz) grew 20% YoY in 1Q26 (vs flattish full-year 2025), with overseas Tineco surging 40%+ YoY and the brand's overseas revenue mix improving by ~7ppts YoY in 1Q26, per mgt. Per mgt, the overseas acceleration was driven by biz expansion in Europe and APAC, with US market in recovery. For full-year 2025, Tineco was flattish at the brand level (China down single-digit % YoY, overseas up 4-5% YoY), per mgt.

1Q26 results details — Group sales grew 27% YoY in 1Q26. Group overseas revenue mix reached 46.8% in 1Q26 (+7.7ppts YoY), per mgt. Group GPM slightly contracted 20bpts YoY to 49.6%, as cost pressure mostly absorbed by favorable geography mix, in our understanding. Selling expense ratio declined YoY on a more focused-spend strategy and AI-enabled real-time ad allocation. Per mgt, its core NP grew ~55% YoY to Rmb507m in 1Q26 (if excl. ~Rmb110m of after-tax FX loss in 1Q26 and FX gain in 1Q25). Excluding FX, its core NP margin improved by ~2ppts YoY to 10.3%, mainly thanks to increased overseas sales mix (which carries higher NPM). We understand its China NPM recovered QoQ and was profitable in 1Q26. *See **Roborock 1Q26 results details** in Apr 22 note:* *Roborock (688169.SS) – 1Q26 Reported NP Largely Inline; Sharply Decelerating Robot Vacuum Sales Growth in 1Q26* .

Figure 1. Ecovacs' 1Q26 & 4Q25 results details

Rmb mn (Dec End)	1Q24	1Q25	YoY	2Q24	2Q25	YoY	3Q24	3Q25	YoY	4Q24	4Q25	YoY	2024A	2025A	YoY	1Q25	1Q26	YoY
Sales	**3,474**	**3,858**	*11%*	**3,502**	**4,818**	**38%**	**3,250**	**4,201**	**29%**	**6,316**	**6,162**	**-2%**	**16,542**	**19,040**	**15%**	**3,858**	**4,902**	**27%**
COGS	(1,899)	(1,941)	2%	(1,748)	(2,422)	**39%**	(1,883)	(2,109)	**12%**	(3,316)	(3,272)	**-1%**	(8,846)	(9,744)	**10%**	(1,941)	(2,471)	27%
Gross profit	**1,575**	**1,917**	**22%**	**1,754**	**2,396**	**37%**	**1,367**	**2,092**	**53%**	**3,000**	**2,891**	**-4%**	**7,696**	**9,296**	**21%**	**1,917**	**2,431**	**27%**
Gross margin	*45.3%*	*49.7%*		*50.1%*	*49.7%*		*42.1%*	*49.8%*		*47.5%*	*46.9%*		*46.5%*	*48.8%*		*49.7%*	*49.6%*	
Selling and distribution expenses	(898)	(1,171)	30%	(1,047)	(1,431)	37%	(1,016)	(1,308)	29%	(2,057)	(2,028)	-1%	(5,017)	(5,938)	18%	(1,171)	(1,385)	18%
As % sales	*25.8%*	*30.4%*		*29.9%*	*29.7%*		*31.2%*	*31.1%*		*32.6%*	*32.9%*		*30.3%*	*31.2%*		*30.4%*	*28.2%*	
General and administrative expenses	(117)	(139)	19%	(141)	(140)	0%	(125)	(129)	3%	(180)	(190)	5%	(562)	(598)	6%	(139)	(151)	8%
As % sales	*3.4%*	*3.6%*		*4.0%*	*2.9%*		*3.8%*	*3.1%*		*2.9%*	*3.1%*		*3.4%*	*3.1%*		*3.6%*	*3.1%*	
R&D expenses	(220)	(236)	7%	(226)	(272)	20%	(211)	(204)	-3%	(228)	(269)	18%	(885)	(981)	11%	(236)	(243)	3%
As % sales	*6.3%*	*6.1%*		*6.4%*	*5.6%*		*6.5%*	*4.9%*		*3.6%*	*4.4%*		*5.3%*	*5.1%*		*6.1%*	*5.0%*	
Operating taxes	(24)	(26)	11%	(31)	(29)	-5%	(19)	(16)	-15%	(23)	(26)	11%	(96)	(97)	1%	(26)	(29)	11%
As % sales	*0.7%*	*0.7%*		*0.9%*	*0.6%*		*0.6%*	*0.4%*		*0.4%*	*0.4%*		*0.6%*	*0.5%*		*0.7%*	*0.6%*	
Operating profit	**316**	**345**	**9%**	**311**	**523**	**69%**	**(3)**	**435**	***n.m.***	**512**	**379**	**-26%**	**1,135**	**1,682**	**48%**	**345**	**623**	**81%**
OP margin	*9.1%*	*8.9%*		*8.9%*	*10.9%*		*-0.1%*	*10.4%*		*8.1%*	*6.1%*		*6.9%*	*8.8%*		*8.9%*	*12.7%*	
Other operating income	29	42	46%	34	42	25%	52	65	25%	34	53	55%	148	202	36%	42	33	-21%
Investment income	(6)	(5)	-14%	(6)	71	n.m.	5	(6)	n.m.	3	52	1644%	(5)	111	n.m.	(5)	(1)	-78%
Asset impairment gains / (losses)	(4)	(37)	749%	(60)	(96)	60%	(63)	(38)	-40%	(235)	(46)	-80%	(362)	(217)	-40%	(37)	(75)	101%
Credit impairment gains / (losses) on receivables	(1)	17	n.m.	(4)	(20)	448%	9	(1)	n.m.	(38)	(5)	-87%	(33)	(9)	-73%	17	(4)	n.m.
Fair value adjustment gains / (losses)	(2)	141	n.m.	24	(74)	n.m.	8	7	-22%	5	(45)	n.m.	35	29	-17%	141	(12)	n.m.
Gains/Losses on asset disposal	0	1	632%	0	(0)	n.m.	(0)	0	n.m.	1	1	3%	0	1	149%	1	0	-90%
Other non-operating income	5	2	-67%	13	2	-85%	(3)	2	n.m.	1	3	406%	17	9	-46%	2	2	13%
Other non-operating expense	(1)	(1)	-44%	(3)	(6)	122%	(2)	(10)	547%	(2)	(4)	113%	(7)	(21)	178%	(1)	(2)	141%
Net financial income/(expense), incl. FX	(19)	26	n.m.	40	138	249%	11	(31)	n.m.	(57)	(34)	-40%	(26)	98	n.m.	26	(124)	n.m.
Pre-tax profit	**317**	**530**	**67%**	**348**	**580**	**67%**	**14**	**423**	***n.m.***	**223**	**352**	**58%**	**902**	**1,885**	**109%**	**530**	**440**	**-17%**
Pre-tax margin	*9.1%*	*13.7%*		*9.9%*	*12.0%*		*0.4%*	*10.1%*		*3.5%*	*5.7%*		*5.5%*	*9.9%*		*13.7%*	*9.0%*	
Income tax expense	(19)	(55)	195%	(37)	(75)	104%	(9)	15	n.m.	(32)	(12)	-63%	(96)	(127)	32%	(55)	(35)	-36%
Effective tax rate	*5.9%*	*10.4%*		*10.6%*	*13.0%*		*60.0%*	*-3.5%*		*14.5%*	*3.4%*		*10.7%*	*6.7%*		*10.4%*	*8.0%*	
Minority interest	(0)	0	n.m.	(0)	0	n.m.	0	0	-70%	0	(0)	n.m.	0	0	-39%	0	(0)	n.m.
Net profit attributable to shareholder (reported)	**298**	**475**	**59%**	**311**	**505**	**62%**	**6**	**438**	***n.m.***	**191**	**340**	**78%**	**806**	**1,758**	**118%**	**475**	**405**	**-15%**
Net margin	*8.6%*	*12.3%*		*8.9%*	*10.5%*		*0.2%*	*10.4%*		*3.0%*	*5.5%*		*4.9%*	*9.2%*		*12.3%*	*8.3%*	
Net profit attributable to shareholder (recurring, incl. FX)	**287**	**356**	**24%**	**271**	**504**	**86%**	**(27)**	**424**	***n.m.***	**185**	**335**	**81%**	**716**	**1,620**	**126%**	**356**	**397**	**11%**
Net margin	*8.2%*	*9.2%*		*7.7%*	*10.5%*		*-0.8%*	*10.1%*		*2.9%*	*5.4%*		*4.3%*	*8.5%*		*9.2%*	*8.1%*	

Source: Company Reports, Citi Research

Ecovacs Robotics

Valuation

Our target price of Rmb89.3 is benchmarked to 25x 2026E PE, a 15% premium to our target PE for Roborock, to reflect Ecovacs' better focus on capital return and profitability.

Risks

Downside risks that could impede the shares from reaching our target price include: (1) global macroeconomic slowdown and weakened consumer spending; (2) unsuccessful product launches; (3) intensified industry competition (e.g. price competition); (4) increased tariff between China and destination countries; (5) material strengthening in Rmb; and (6) higher-than-expected raw material costs.

Beijing Roborock

(688169.SS; Rmb115.43; 2; 24 Apr 26; 15:00)

Valuation

Our 12-month target price of Rmb120.80 is benchmarked to 17x 26E PE, which is the average forward PE over the past 3 years.

Risks

Upside risks that could sustain the shares above our target price include: (1) stronger than expected global macroeconomic growth and strengthened consumer spending; (2) highly successful product launches; (3) easing industry competition; (4) reduction in tariffs between China and destination countries; (5) material weakening in Rmb; (6) lower-than-expected raw material costs.

Downside risks that could impede the shares from reaching our target price include: (1) global macroeconomic slowdown and weakened consumer spending; (2) unsuccessful product launches; (3) intensified industry competition (e.g. price competition); (4) increased tariffs between China and destination countries; (5) material strengthening in Rmb; (6) higher-than-expected raw material costs.

Any of these risk factors could cause the shares to deviate from our target price.