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Ecovacs Robotics (603486.SS)

Takeaways from Citi-hosted investor meeting

CITI'S TAKE

On Sept 3, at a Citi-hosted investor meeting, **Ecovacs** mgt reiterated 20-30%+ YoY overseas sales growth for 3Q26E, while China robot vacuum share is consolidating towards the top two players. Per mgt, memory-chip inflation should peak in 3Q26E with sequentially eased FX pressure. Mgt sizes the US tariff refund at Rmb200m+ in 26E, recognized progressively as inventory sells through. The FCC rule freezes 2027E US launches for robot vacuum and robot lawn mower, while its window and pool cleaning robots remain certifiable. Despite near-term price cuts and destocking by certain market players, we are constructive on further market consolidation towards **Roborock (688169.SS, Buy)** and **Ecovacs** in the mid-term. *More to follow on **Global Robot Vacuum** Expert Call on Sep 04 (registration). Please also register for **Supor (002032.SZ, Buy) Vice President** call on Sep 07 (registration).*

Buy	
Price (03 Sep 26 15:00)	Rmb51.540
Target price	Rmb73.900
Expected share price return	43.4%
Expected dividend yield	1.8%
Expected total return	45.2%
Market Cap	Rmb29,861M
	US$4,445M

Vincent Young[AC]

Xiaopo Wei, CFA

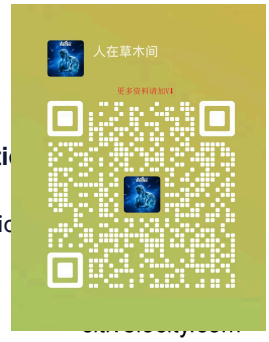
Color on Ecovacs brand — Per mgt, sales of Ecovacs biz in Europe/North America/APAC grew ~50%/high-30s/~20% YoY in 2Q26. Europe growth came from both share gains in existing geography coverage and new coverage in Turkey & Eastern Europe. In China, Ecovacs brand sales grew 10%+ YoY in 2Q26 with market share gain, per mgt. Mgt focused R&D resources on the roller mop platform and expects roller to become the mainstream form over the medium term. Per mgt, memory-chip inventory covers demand through 1Q27E at prices below spot but well above 2025 levels. *Also see Aug 23 note: Ecovacs (603486.SS) - Cost-Pressured 2Q26 Core NP Miss Masks Turning Competition and Strong Overseas Growth*

Color on Tineco brand — Per mgt, sales of Tineco biz in US/Europe/APAC grew 20%+/60%+/60%+ YoY in 1H26. Overseas growth came from both volume and ASP, with overseas ASP above China, per mgt. In China, volume grew slightly but ASP declined in 2Q26. Mgt attributes the Tineco's GPM improvement in 1H26 to favorable sales mix towards overseas and its low sensitivity to memory-chip inflation.

FCC impact — Per mgt, all 2H26E US launches are already certified, with limited near-term earnings impact. Under the current rule, robot vacuum and lawn mowers cannot launch new models in 2027E in the US, with window cleaning robots and pool cleaning robots the exception. Per mgt, robot vacuum production capacity sits in China and Vietnam, and whether to shift robot lawn mower capacity to Vietnam is pending the EU anti-dumping outcome. *See more in our July 30 note: Global Robot Vacuum - FCC Blocks New US Model Approvals.*

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliati

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Foreign Institutional Investors.



New categories — Per mgt, window, lawn mower and pool cleaning robots remain the main diversification driver for the Ecovacs brand, with 2026E revenue expected to grow significantly YoY. Pool cleaning robot shipped ~30k units in its first year, meeting its internal target. Per mgt, 2nd-gen model pool cleaning robot launches in Europe and US are expected at 26E year-end, and mgt sees a Rmb1.5-2bn revenue opportunity for over 3-5 years, with US the larger market. Window cleaning robot revenue was below Rmb2bn in 2025 and mgt sees ~Rmb3bn sales achievable in 2026E as the category continues to upgrade.

Industry Competition — We are seeing robot vacuum market share consolidating towards Ecovacs and Roborock in China in 1H26. Besides, overseas competition did not see deteriorating signs in 2Q26. Nevertheless, price cuts and destocking by certain players has been observed (likely on company-specific cashflow need, in our understanding) in some overseas markets in July-Aug. We believe such moves might pressure market pricing and distributor economics in the near-term (albeit in a light season), but structurally benefits Roborock and Ecovcas given their steadier operation and intact brand equity in the mid-term.

Ecovacs Robotics

Valuation
Our target price of Rmb73.9 is benchmarked to 21x 2026E PE, a 25% 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; Rmb132.41; 1; 03 Sep 26; 15:00)

Valuation
Our 12-month target price of Rmb174.30 is benchmarked to 21x 26E PE, 20% higher than the stock's average forward PE over the past 3 years to reflect Roborock's reacclerated earnings growth amid reduced industry competition.

Risks
Downside risks that could impede the shares from reaching our target price include: (1) any 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.

Zhejiang Supor
(002032.SZ; Rmb39.5; 1; 03 Sep 26; 15:00)

Valuation
Our target price for Supor of Rmb53.8 is based on 22x 2026E PE, a ~20% premium to small appliance players in China, warranted in our view by its steady market-share gains in both the small appliances and cookware segments.

Risks
Key downside risks that could impede the stock from reaching our target price include: 1) intensifying price competition in small appliances and cookware segments; 2) slowing export business on weak overseas consumer sentiment & prolonged de-stocking cycle of major retailers; and 3) raw material cost pressures from rising prices of metals such as steel and aluminum.