UBS

First Read

XPeng

26Q2: All eyes on robotics

How did the results compare vs expectations?

Inline. XPeng reported 26Q2 operating losses of Rmb 1143mn, 12% wider than VA consensus expectation mainly on lower than expected revenue and higher than expected SG&A spending. GAAP net loss attributable to shareholders came in at Rmb 1337mn, compared to VA consensus expectations of Rmb 433mn net loss, mainly due to FX losses of Rmb 125m and long term investment losses of Rmb 140m.

What were the most noteworthy areas in the results?

Non-vehicle service revenue came in at Rmb 2697mn, up 33% QoQ and 94% YoY, driven by technical R&D services provided to Volkswagen. Such service revenue brought Rmb 2025mn gross profit in non-vehicle services, up 50% QoQ and 1.7x YoY, with service margin coming in at 75.1%. Vehicle GPM came in at 12.1%, flat QoQ but down 2.3 ppt YoY, likely due to worsening product mix, with ASP coming in at 165k, down 6% QoQ yet up 2% YoY. As of June end 2026, the company holds cRmb 40bn in gross cash and cRmb 21bn net cash.

Has the company's outlook/guidance changed?

Management guided 3Q26 vehicle deliveries of 115-121k units, implying average monthly deliveries of 38.5-41.5k for the remainder of the quarter versus 38k units delivered in July. The guidance translates to YoY growth of -0.9% to +4.3%, which we view as soft especially factoring in stronger seasonality. Separately, XPeng's robotics unit, Dogotix, raised over US$900m at a valuation exceeding US$6.3bn, led by IDG Capital with participation from Tencent and Alibaba, providing further validation of the company's Physical AI strategy. XPeng IRON is expected to enter mass production by end-2026 and commence commercial deliveries in 2027. Over the longer term, management believes humanoid robots could generate higher lifetime revenue and gross profit than current vehicle products through a combination of hardware sales and recurring AI capability upgrades.

Valuation

XPeng is currently trading at 0.9x 2026E P/S on VA consensus estimates, higher than Li Auto's 0.7x and Nio's 0.5x. Following the recent fund raise, XPeng's retained 68.4% stake in Dogotix implies an equity value of cUS$4.3bn based on the subsidiary's post-money valuation of >US$6.3bn, equivalent to roughly 37% of XPeng's current market capitalisation of US$11.6bn.

Equities

China
Automobile Manufacturers

12-month rating	**Neutral ***
12m price target	**US$18.00**
Price (24 Aug 2026)	**US$11.36**

RIC: XPEV.N **BBG:** XPEV US

Trading data and key metrics

52-wk range	US$28.07-11.36
Market cap.	US$10.8b
Shares o/s	952m (ORD)
Free float	58%
Avg. daily volume ('000)	1,357
Avg. daily value (m)	US$18.6
Common s/h equity (12/26E)	Rmb28.7b
P/BV (12/26E)	2.5x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (Rmb)

	UBS	Cons.
12/26E	(1.74)	(1.51)
12/27E	(0.34)	1.11
12/28E	1.83	3.43

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Highlights (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	30,676	40,866	76,720	84,331	94,402	101,434	106,667	112,759
EBIT (UBS)	(10,919)	(6,658)	(2,772)	(2,355)	(1,172)	1,104	2,255	2,519
Net earnings (UBS)	(10,405)	(5,790)	(1,171)	(1,660)	(322)	1,746	2,839	3,164
EPS (UBS, diluted) (Rmb)	(12.06)	(6.12)	(1.23)	(1.74)	(0.34)	1.83	2.98	3.32
DPS (net) (Rmb)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net (debt) / cash	29,104	31,126	33,765	40,551	44,869	50,758	55,883	62,316
Profitability/valuation	**12/23**	**12/24**	**12/25**	**12/26E**	**12/27E**	**12/28E**	**12/29E**	**12/30E**
EBIT (UBS) margin %	(35.6)	(16.3)	(3.6)	(2.8)	(1.2)	1.1	2.1	2.2
ROIC (EBIT) %	<-500	320.8	29.7	14.2	5.1	(4.0)	(7.3)	(7.5)
EV/EBITDA (UBS core) x	NM	NM	NM	>100	13.5	3.9	1.9	0.8
P/E (UBS, diluted) x	(7.7)	(11.3)	NM	(44.3)	NM	41.6	25.6	23.0
Equity FCF (UBS) yield %	(6.0)	(6.5)	3.2	9.3	5.9	8.1	7.0	8.8
Dividend yield (net) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of US$ 11.36 on 24-Aug-2026

This report has been prepared by UBS Securities Asia Limited. * Exception to core rating bands; See Required Disclosures section.
ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 5.

Figure 1: XPeng Earnings summary

Rmb mn	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	QoQ %	YoY %	2Q26 Consensus	Actual vs Consensus
Vehicle sales (unit)										
G3	13	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
P7	24,605	19,210	24,740	26,457	12,212	18,337	50%	-5%		
P5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
G6	13,137	22,536	19,647	21,426	12,541	18,786	50%	-17%		
G7		6,089	15,312	8,553	4,751	5,163	9%	-15%		
G9	5,605	9,453	5,519	6,216	3,575	4,242	19%	-55%		
X9 (incl. X9 EREV)	3,518	6,796	5,151	9,897	9,171	7,688	-16%	13%		
GX						7,023	n.a.	n.a.		
MONA	47,130	40,769	45,638	43,700	20,432	42,056	106%	3%		
Total	**94,008**	**104,853**	**116,007**	**116,249**	**62,682**	**103,295**	**65%**	**-1%**		
MONA Contribution	50%	39%	39%	38%	33%	41%	8.1 pts	1.8 pts		
X9 Contribuition	4%	6%	4%	9%	15%	7%	-7.2 pts	1.0 pts		
GX Contribution						7%				
Vehicle sales (rmb mn)										
Revenue	14,369	16,884	18,054	19,072	10,999	17,046	55%	1%	18,436	-8%
ASP (Rmb)	152,852	161,023	155,626	164,063	175,478	165,027	-6%	2%	178,476	-8%
Gross profits	1,503	2,422	2,367	2,488	1,330	2,059	55%	-15%	2,391	-14%
Gross margin of vehicle sales	10.5%	14.3%	13.1%	13.0%	12.1%	12.1%	0.0 pts	-2.3 pts	13.0%	-0.9 pts
Other services										
Revenue	1,441	1,391	2,327	3,182	2,034	2,697	33%	94%	2,032	33%
Gross profits	957	745	1,737	2,253	1,353	2,025	50%	172%	1,363	49%
Gross margin of other services	66.4%	53.6%	74.6%	70.8%	66.5%	75.1%	8.6 pts	21.5 pts	67.0%	8.0 pts
Key financials (GAAP, Rmb mn)										
Revenue	**15,811**	**18,274**	**20,381**	**22,254**	**13,034**	**19,744**	**51%**	**8%**	**20,693**	**-5%**
Gross profits	2,460	3,167	4,104	4,742	2,683	4,083	52%	29%	4,043	1%
R&D exp	(1,981)	(2,206)	(2,429)	(2,874)	(2,907)	(2,914)	0%	32%	(2,976)	-2%
SG&A exp	(1,946)	(2,167)	(2,493)	(2,792)	(1,883)	(2,496)	33%	15%	(2,407)	4%
EBIT	(1,041)	(935)	(751)	(44)	(1,874)	(1,143)	-39%	22%	(1,016)	12%
Net profits	**(664)**	**(478)**	**(381)**	**383**	**(1,784)**	**(1,337)**	**-25%**	**180%**	**(433)**	**209%**
GPM	15.6%	17.3%	20.1%	21.3%	20.6%	20.7%	0.1 pts	3.4 pts	19.5%	1.1 pts
OPM	-6.6%	-5.1%	-3.7%	-0.2%	-14.4%	-5.8%	8.6 pts	-0.7 pts	-4.9%	-0.9 pts
NPM	-4.2%	-2.6%	-1.9%	1.7%	-13.7%	-6.8%	6.9 pts	-4.2 pts	-2.1%	-4.7 pts

Source: Company Data, Visible Alpha

Forecast returns

Forecast price appreciation	58.5%
Forecast dividend yield	0.0%
Forecast stock return	58.5%
Market return assumption	11.2%
Forecast excess return	47.3%

Company Description

XPeng is a smart electric-vehicle (EV) manufacturer in China. It designs, develops, manufactures and markets smart EVs, with an emphasis on innovation in autonomous driving, smart connectivity and core vehicle systems. Currently, XPeng has six models in mass delivery, including the G3 (A-class SUV), the P7 (B-class sedan), the P5 (A-class sedan), the G9 (C-class SUV), the G6 (B-class SUV) and the X9 (MPV).

Valuation Method and Risk Statement

XPeng: We value XPeng using a P/S multiple. We believe major downside risks include: 1) weaker-than-expected demand for XPeng and Mona's car models; 2) an even more competitive industry environment than expected, including price cuts and launches of further EV models; and 3) falling government subsidies for NEVs and EV car makers, which could adversely impact XPeng's financials. Upside risks include: 1) stronger-than-expected demand for XPeng and Mona's models; 2) XPilot 3.0 attach rate beating company guidance; and 3) faster manufacturing/raw material cost declines than expected.
Li Auto: We value Li Auto using the price-to-sales methodology. We believe major risks include: 1) weaker- than-expected demand due to overall economic deleveraging and slowdown; 2) concentration of battery suppliers leading to weak bargaining power and increased raw-material costs, especially of cobalt and lithium, which Li Auto would eventually have to bear; 3) a more competitive environment than expected, including potential domestic production of more Tesla models and extensive launches of EV models by traditional OEMs; and 4) government subsidies for NEVs declining further or faster than expected, which could adversely impact Li Auto's financials.
Nio: We value Nio using a price/sales multiple. Major risks include the following: 1) weaker-than-expected demand due to overall macroeconomic deleveraging and slowdown; 2) concentration of battery suppliers may lead to weak bargaining power, while increased raw material costs, especially cobalt and lithium, may eventually be borne by Nio; 3) competition may be fiercer than expected, including from potential local Tesla production and extensive EV model launches by traditional OEMs; and 4) government subsidies for NEVs may decline further or faster than expected, which could adversely impact NIO's financials.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

XPeng

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	