30 Aug 2026 17:25:12 ET | 13 pages

UBTECH Robotics (9880.HK)

1H26 Net Loss Miss While Humanoid Robot Revenue Surged Strongly by 14.5x YoY

CITI'S TAKE

UBTECH released 1H26 results on 28 August and hosted a results briefing on 30 August. Its revenue grew by 104% YoY to Rmb1.27bn in 1H26, mainly driven by 14.5x YoY revenue growth of full-sized humanoid robot products which accounted for 46.5% of 1H26 total revenue. Since GPM of the humanoid robot products carried higher GPM, the blended GPM improved by 9.7pp YoY to 44.7% in 1H26, beating Visible Alpha consensus of 42.4%. However, the net loss of 311mn was 41% below consensus estimate of Rmb221mn net loss although it shrank by 25% YoY. Adjusted EBITDA was -Rmb174mn in 1H26, improving from -Rmb322mn in 1H25. While the expected bottom line breakeven timing is still in 2027, mgmt. expects that adjusted EBITDA could turn profitable in 2H26.

Humanoid robot shipments — The full-sized humanoid robot shipments reached 921 units in 1H26, up 19.5x YoY. Mgmt. expects more humanoid robots will be delivered in 2H26 as the shipment split in 1H25: 2H25 is 3:7.

What's next? — Citi's 2026 Industrial | SMID | Transport Conference will be held on 22-23 September in Conrad HK. Please click **HERE** to register for this event. In conjunction with this event, we will also host an expert luncheon on the topic: Unsolved Bottleneck in Physical AI Model Building. Please click **HERE** to sign up for this expert event.

Implications — We maintain our Buy rating on UBTECH, believing that its strong 1H26 results could help to regain investors' confidence. Our previous concern that Unitree's (688836.SS) IPO could cause UBTECH's humanoid scarcity premium to decline did not materialize primarily due to Unitree's rich valuation post sharp rally right after IPO. In the humanoid robot supply chain, we prefer key component makers Hengli Hydraulic (601100.SS) and Leader Drive (688017.SS).

Buy

Price (28 Aug 26 16:10)	HK$83.50
Target price	HK$125.00
Expected share price return	49.7%
Expected dividend yield	0.0%
Expected total return	49.7%
Market Cap	HK$42,034M US$5,361M

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Earnings Summary

Year to 31 Dec	Net Profit (RmbM)	Diluted EPS (Rmb)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2024A	-1,124	-2.673	12.4	na	14.6	-55.2	na
2025A	-655	-1.444	46.0	na	5.0	-14.0	na
2026E	-288	-0.573	60.3	na	5.2	-4.1	na
2027E	258	0.513	189.5	139.7	5.0	3.7	na
2028E	492	0.977	90.4	73.3	4.7	6.6	na

Source: Powered by dataCentral

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

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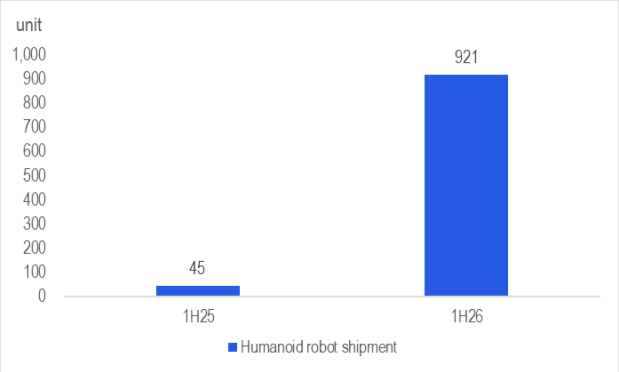
Figure 1. UBTECH: 1H26 results snapshot

Rmb mn	2H23	1H24	2H24	1H25	2H25	1H26A	YoY	HoH	Consensus	Diff.
P&L										
Revenue	795	487	818	621	1,380	1,269	104%	-8%	1,380	-8%
Education robots	272	161	202	240	173	122	-49%	-30%		
Logistics robots	313	60	262	56	218	137	144%	-37%		
Other sector-tailored robots	40	91	50	64	723	581	811%	-20%		
Consumer-level robots	169	175	302	260	263	288	11%	10%		
Others	1	1	2	2	3	141	8565%	4616%		
Gross profit	274	185	189	217	537	567	161%	6%	585	-3%
Operating profit	(680)	(530)	(613)	(439)	(292)	(279)	36%	4%	(302)	8%
Net profit	(701)	(516)	(607)	(414)	(290)	(311)	25%	-8%	(221)	-41%
EPS (Rmb)	(1.73)	(1.23)	(1.44)	(0.94)	(0.61)	(0.62)	34%	-2%	(0.44)	-41%
Margin										
GPM	34.5%	38.0%	23.1%	35.0%	38.9%	44.7%	9.7pp	5.8pp	42.4%	2.3pp
OPM	-85.6%	-108.8%	-74.9%	-70.7%	-21.2%	-22.0%	48.7pp	-0.8pp	-21.9%	-0.1pp
NPM	-88.3%	-106.0%	-74.2%	-66.6%	-21.0%	-24.5%	42.0pp	-3.6pp	-16.0%	-8.5pp

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Source: Citi Research, Company Reports, Visible Alpha

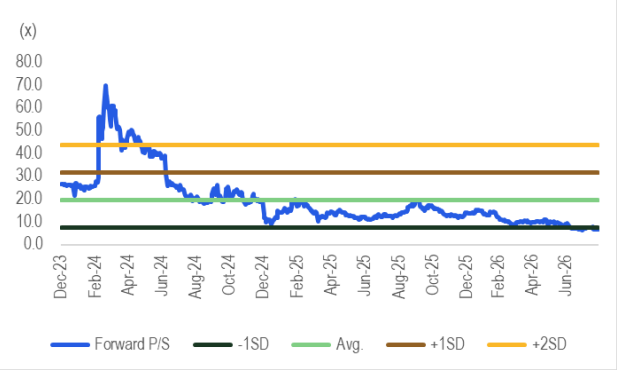
Figure 2. UBTECH: Humanoid robot shipments, 1H25 vs. 1H26



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Source: Citi Research, Company Reports

Figure 3. UBTECH: Forward P/S trends.



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Source: Company Reports and Citi Research Estimates

Bull/Bear: UBTECH Robotics

HK$172.00 ▲106% Upside | HK$125.00 ▲50% Upside | HK$77.00 ▼7.8% Downside



Spread 114pp
Current Price and expected returns (upside/downside) as of 28 Aug 2026

BULL Assumptions

- Rerate to 18x 2026E P/S on stronger humanoid robot demand

BASE Assumptions

- TP of HK$125.0 Based on 13x 2026E P/S

BEAR Assumptions

- Derate to 8x 2026E P/S on weaker humanoid robot demand

UBTECH Robotics

Valuation
We value loss-making UBTECH using P/S. Our target price of HK$125.0 is based on 13x 2026E P/S, similar to its average P/S since 2025.

Risks
Downside risks that could prevent the stock from reaching our target price include: 1) weaker-than-expected revenue growth, 2) slower-than-expected humanoid robot development, and 3) worse-than-expected profitability due to higher R&D costs and smaller economies of scale.

Hengli Hydraulic
(601100.SS; Rmb101.36; 1; 28 Aug 26; 15:00)

Valuation
Our target price for Hengli of Rmb135.0 is based on ~44x 2027E P/E, set at 1.0x SD over the past 5 years to reflect its strong core business and potential re-rating due to rising humanoid robot exposure.

Risks
Key fundamental downside risks include: 1) weaker demand for excavator and non-excavator components; 2) weaker profitibility of ball screw and Mexico plants due to weaker economies of production scale; and 3) lower-than-expected GPM on favorable product mix change. Any of these risk factors could cause the stock to deviate from our target price.

Leader Drive
(688017.SS; Rmb292.0; 1; 28 Aug 26; 15:00)

Valuation
Our target price for LD of Rmb496 is based on 322x 2027E P/E, set at +1.5x SD to reflect its stronger-than-expected visibility for both humanoid and industrial robots.

Risks
Key fundamental downside risks that could cause the stock price deviate from our target price include: 1) slower growth in the automation market; 2) intensifying competition from foreign or local brands due to industry consolidation; 3) higher raw material costs eroding GPM; and 4) lower contribution from humanoid robot and other emerging applications.

