XPeng

Transforming from autos into robotics

Shifting the battleground towards robotics

XPeng is arguably one of the most active robot players among Chinese carmakers, and has successfully crystallised US$4.3bn of value through its robotics financing. Yet its car business still face challenges from intense competition, supply chain and short shelf-lives, which led to a weaker financial performance than the market expected. We lower our price target from US$18.00 to US$12.00, now based on SOTP (P/S previously), with c70% from EV and c30% from robotics.

Crystalize US$4.3bn from humanoid robot

Through external investors, the robotics business is now valued at US$6.3bn and XPeng retains a 68.4% stake, crystallising US$4.3bn of value in the listed company. Management aims to mass produce robots by end-2026 and deploy them in shops as shopping assistants. However, humanoid robotics is a new battleground with about 160 full-stack humanoid robot developers and many component suppliers. The journey towards mass commercialisation and monetisation still looks long and uncertain, in our view. So far, XPeng's robot has demonstrated lower limb motion control in catwalk demonstrations. Whether this will translate into commercial success remains to be seen.

Auto business remains under pressure

XPeng's EV business still faces challenges from fierce competition, supply chain and short shelf-lives. After a 16% YoY drop in H1 volume, XPeng's Q3 volume guidance remains flattish despite new launches such as the GX and Mona L03, which management attributed to supply chain constraints. Several past key model launches have also shown relatively short shelf lives, including P7+, new P7 and G7. Amid intense market competition and a deteriorating product mix, XPeng's Q2 vehicle margin failed to improve from a modest 12.1% despite a 65% QoQ volume increase, while opex outlay accelerated significantly. Management guided for 60k in monthly deliveries by end-2026. Yet, as EV penetration now reaches 65%, we think the industry growth potential has diminished and the competitive landscape is increasingly favouring industry giants such as BYD and Geely.

To factor in the value of robotics, we now use SOTP to derive our price target

Our SOTP includes US$3bn for robotics (applying a 20% liquidity discount to the latest valuation) and US$8bn for EV, benchmarked against the peer average of 0.5x 2027E P/S. We raise 2026-28E net losses to Rmb767-5,471m from losses of Rmb322-1,660m for 2026-27E and Rmb1.7bn in net profit for 2028E, factoring in raw material cost hikes and rising R&D expenses to support new initiatives. Our PT cut reflects: 1) a change from 1.4x 2026E P/S to 0.5x 2027E P/S; and 2) the inclusion of a robotics valuation benchmarked against recent primary-market valuations, with a liquidity discount.

Equities

China

Automobile Manufacturers

12-month rating	**Neutral ***
12m price target	**US$12.00**
	Prior : US$18.00
Price (09 Sep 2026)	**US$10.93**

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

Trading data and key metrics

52-wk range	US$28.07-10.93
Market cap.	US$10.5b
Shares o/s	958m (ORD)
Free float	58%
Avg. daily volume ('000)	1,310
Avg. daily value (m)	US$16.6
Common s/h equity (12/26E)	Rmb25.1b
P/BV (12/26E)	2.8x
Net debt to EBITDA (12/26E)	12.1x

EPS (UBS, diluted) (Rmb)

	From	To	% ch	Cons.
12/26E	(1.74)	(5.72)	NM	(3.07)
12/27E	(0.34)	(3.00)	NM	(0.48)
12/28E	1.83	(0.79)	NM	2.51

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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	85,725	107,174	114,658	115,976	117,292
EBIT (UBS)	(10,919)	(6,658)	(2,772)	(5,512)	(3,553)	(1,535)	(301)	961
Net earnings (UBS)	(10,405)	(5,790)	(1,171)	(5,471)	(2,889)	(767)	460	1,559
EPS (UBS, diluted) (Rmb)	(12.06)	(6.12)	(1.23)	(5.72)	(3.00)	(0.79)	0.47	1.59
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	37,223	42,446	46,168	47,683	50,477

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)	(6.4)	(3.3)	(1.3)	(0.3)	0.8
ROIC (EBIT) %	<-500	320.8	29.7	32.9	14.2	4.9	0.9	(2.8)
EV/EBITDA (UBS core) x	NM	NM	NM	NM	NM	12.2	5.1	2.8
P/E (UBS, diluted) x	(7.7)	(11.3)	NM	(13.0)	(24.5)	(92.9)	NM	46.2
Equity FCF (UBS) yield %	(6.0)	(6.5)	3.2	4.9	7.4	5.3	2.2	4.0
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$ 10.93 on 09-Sep-2026 04:11:23 EDT

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 12.

UBS Research THESIS MAP a guide to our thinking and what´s where in this report

PIVOTAL QUESTIONS

Q: Has XPeng's EV competitive edge strengthened or diminished over the last 12 months?
Uncertain. XPeng has driven sales momentum with the lower-priced Mona series models, but this has come at the expense of product mix. The company also faces increasing competition as ADAS features become more widely available across mass-market brands. A key long-term question is whether XPeng can sustain a pricing premium to offset its higher BOM costs versus BYD's vertically integrated model. Meanwhile, we believe established automakers may benefit from greater scale, larger data sets and stronger R&D spending compared with EV startups.

Q: Can humanoid robotics drive significant revenue growth & further valuation re-rating?
Unlikely. XPeng's robotics unit raised over US$900m at a valuation exceeding US$6.3bn, which is higher than humanoid robotics peer Ubtech, although Ubtech already has several robotics products in the market. While we remain constructive on the long-term revenue potential of the humanoid robotics business, we caution investors that humanoid robotics is a highly competitive field with about 160 players and a diverse set of long-tail use cases. More visibility regarding how XPeng's IRON can take meaningful market share, strike a balance between cost discipline and customisation demands, as well as generate synergy with its core operations, will be needed to drive further valuation upside, in our view.

UBSVIEW

XPeng is arguably the most active robot player among Chinese carmakers, and has successfully crystallised US$4.3bn of value through its robotics financing. Yet its car business still face challenges from intense competition, supply chain and short shelf-lives, which led to a weaker financial performance than the market expected. We lower our price target from US$18.00 to US$12.00, now based on SOTP (P/S previously), with c70% from EV and c30% from robotics.

EVIDENCE

1) Through external investors, the robotics business is now valued at US$6.3bn and XPeng is retaining a 68.4% stake, crystallising US$4.3bn of value in the listed company. 2) Management aims to mass produce robots by end-2026 and deploy them in shops as shopping assistants. 3) Humanoid robotics is a new battleground with about 160 full-stack humanoid robot developers and many component suppliers. 4) After a 16% YoY drop in H1 volume, XPeng's Q3 volume guidance remains flattish despite new launches such as the GX and Mona L03, constrained by supply chain issues per management. Several past key model launches have also shown relatively short shelf lives, including P7+, new P7 and G7. Management is pushing exports, with a 90-100k target for 2026 and aims to deliver 60k in total monthly deliveries by end-2026.

WHAT´S PRICED IN?

XPeng is trading at 0.8/0.7x 2026E/2027E P/S, higher than peers Nio's 0.4x/0.4x and Li Auto's 0.6x/0.5x amid its ambitious robot and robotaxi initiatives.

UPSIDE/DOWNSIDE SPECTRUM



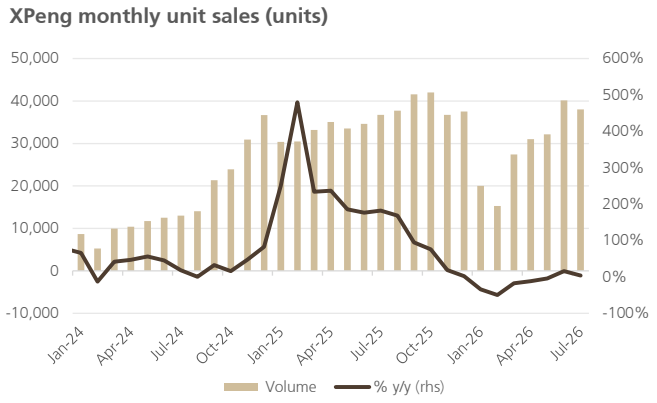
Value drivers (2027E)	Delivery volume (k units)	Vehicle GPM (%)	Robotics revenue contribution (Rmb bn)	Net loss (Rmb bn)
US$16.00 upside	600	15.0	1.5	1.0
US$12.00 base	567	14.0	1.0	2.9
US$6.00 downside	520	13.0	0.5	4.0

Source: UBS estimates

COMPANY DESCRIPTION

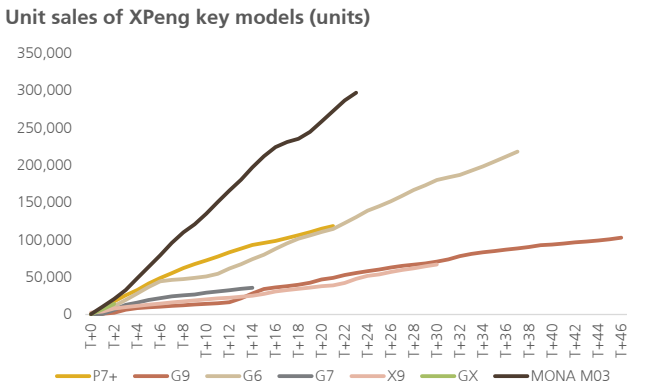
XPeng is a smart electric-vehicle (EV) manufacturer in China. It designs, develops, manufactures and markets smart EVs, with an emphasis on innovation in autonomous driving, smart connectivity and core vehicle systems.

Figure 1: Xpeng recorded 16% y/y decline in 26H1 volume amid intense competition & supply chain issues



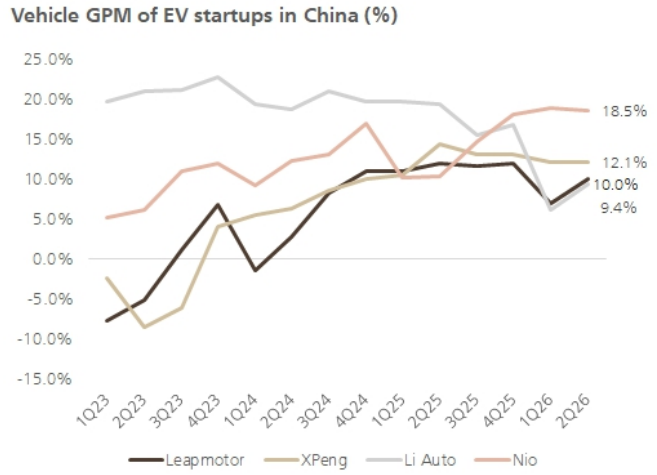
Source: Company data, CPCA, UBS

Figure 2: Except Mona M03 and G6, most XPeng models' shelf life were short despite intense model launches



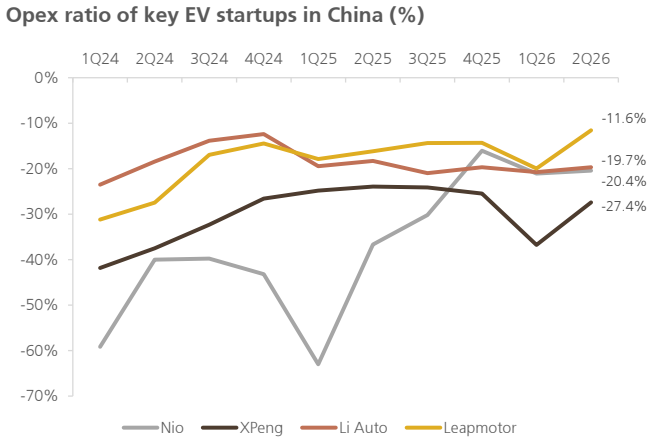
Source: Company data, CPCA, UBS

Figure 3: XPeng's Q2 vehicle margin failed to improve from a modest 12.1% despite a 65% QoQ volume increase



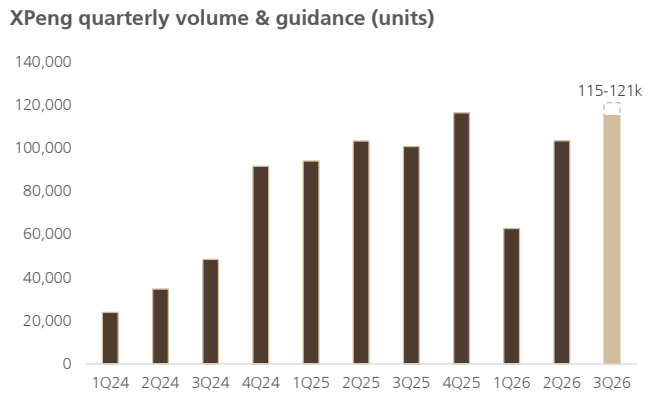
Source: Company data, UBS

Figure 4: XPeng recorded highest opex as a % of revenue due to new business ambitions and rising selling expenses



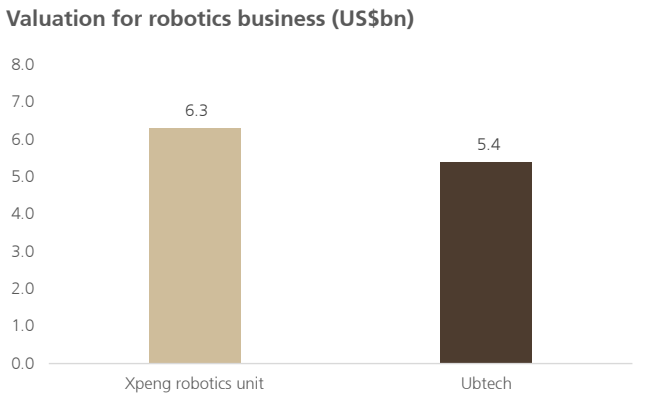
Source: Company data, UBS

Figure 5: XPeng's Q3 volume guidance remains flattish despite new launches of GX & Mona L03



Source: Company data, UBS. Note: Dark brown bar shows actual volume, while light brown bar shows company forward guidance.

Figure 6: Post-money valuation of XPeng's robotics unit has exceeded listco peer Ubtech



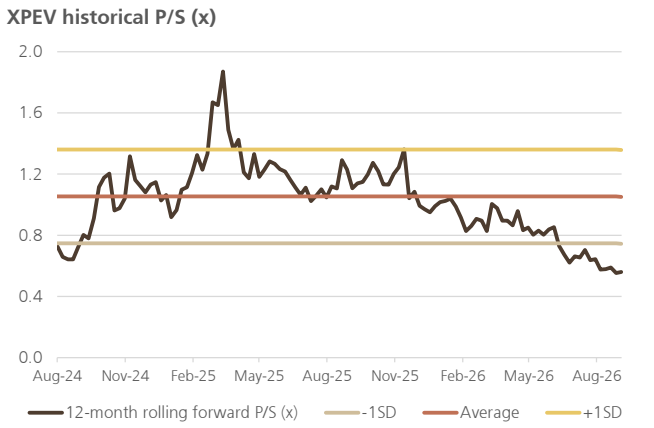
Source: Reuters. Note: Data as of Sep 8, 2026.

WHAT´S PRICED IN?

Compared with history: XPeng's share price has declined by 46% YTD as the market prices in higher losses in the near term due to intensifying mass-market EV competition, raw material cost inflation and accelerating investment in humanoid robots, robotaxi technology and other new business initiatives. The company is trading at 0.5x 12-month forward P/S, over 1SD below its historical average. We consider the current valuation justified as the company's breakeven point continues to be pushed into the future given its ambitious new business initiatives. On top of this, EV penetration is now 65%, industry growth potential has diminished and the competitive landscape is increasingly favouring industry giants such as BYD and Geely.

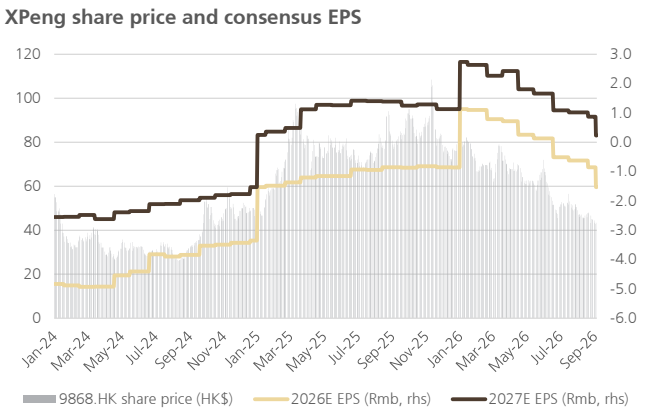
Compared with peers: XPeng is trading at 0.8/0.7x 2026E/2027E P/S, higher than peers Nio's 0.4x/0.4x and Li Auto's 0.6x/0.5x amid its robot and robotaxi initiatives. The company is trading at a 60% premium over mass-market EV startup peer Leapmotor, but delivers only 40% of its monthly volume and 60% of its quarterly total revenue with comparable vehicle margins of 10-12%. We believe the premium reflects more market recognition of XPeng's brand positioning and technological differentiation, for which we have not seen a widening competitive edge over the last 12 months.

Figure 7: XPeng is currently trading at 0.5x 12-month forward P/S, over 1SD below its historical average



Source: Reuters

Figure 8: XPeng's share price has declined YTD as consensus priced in wider losses



Source: Reuters

Figure 9: XPeng's peer comp table

	Reuters Code	Rating	Current Price (LC$)	Price Target (LC$)	Implied Upside	Mkt Cap (US$m)	Price/Sales (x) 2025A	2026E	2027E	P/E (x) 2025A	2026E	2027E	2025-2028E Revenue CAGR
NEV													
BYD-A	SZ002594	Buy	85.61	136.00	59%	116,365	1.0	0.8	0.7	30.6	22.1	14.5	18%
BYD-H	HK1211	Buy	81.90	135.00	65%	95,216	0.8	0.7	0.6	29.5	18.1	11.9	18%
NIO	NIO.N	Buy (CBE)	3.79	8.50	124%	9,498	0.7	0.4	0.4	-5.4	-80.1	112.7	28%
Li Auto	LI.O	Buy	12.46	23.00	85%	12,632	0.8	0.6	0.5	157.4	58.0	19.0	16%
XPeng	XPEV.N	Neutral (CBE)	10.93	12.00	10%	10,471	0.9	0.8	0.7	-115.9	-12.8	-24.5	14%
Xiaomi	HK1810	Neutral	26.12	32.20	23%	85,679	1.3	1.3	1.1	29.3	24.1	18.7	11%
Leapmotor	HK9863	Buy	35.04	50.00	43%	6,353	0.7	0.4	0.3	125.9	14.8	8.3	32%

Source: Reuters, UBS estimates

Estimate changes and PT derivation

We trim our 2026 volume forecast by 12% taking into account near-term supply bottlenecks, but raise our 2027-28 volume forecasts by 3-11%, factoring in improving visibility of volume contribution from new model launches. As a result, we raise 2026-



28E auto sales revenue by 1-13% and 2026-28E total revenue by 2-14%. Our 2026-28 revenue forecasts are 1-9% below consensus as we are less optimistic about the shelf life of new models.

Amid raw material cost hikes and fierce mass-market competition, we cut 2026-28E vehicle margins by 1.0-1.8ppt to 12.2-16.0%. In recognition of accelerating investment into humanoid robotics, robotaxi and other new business initiatives, we raise 2026-28E R&D expenses by 30-33% and widen 2026-28E net losses to Rmb0.8-5.4bn. We forecast significantly wider net losses for 2026-28 due to concerns over market competition, supply chain issues, the relatively short shelf-lives of XPeng's EV models as well as greater execution risks associated mass commercialisation and monetisation of humanoid robotics.

Figure 10: Our estimate changes for XPeng

	2024A	2025A	2026E				2027E				2028E			
	Actual	Actual	New	Old	% Chg	% YoY	New	Old	% Chg	% YoY	New	Old	% Chg	% YoY
Vehicle Sales Volume (units)	**198,373**	**429,445**	**442,477**	**502,000**	**-12%**	**3%**	**567,051**	**551,500**	**3%**	**28%**	**628,858**	**564,000**	**11%**	**11%**
G3	813	13	-	-	n.a	n.a	-	-	n.a	n.a	-	-	n.a	n.a
P7	34,366	96,941	61,549	86,000	-28%	-37%	55,394	100,000	-45%	-10%	52,624	110,000	-52%	-5%
P5	4,731	-	-	-	n.a	n.a	-	-	n.a	n.a	-	-	n.a	n.a
G9	31,073	27,716	22,317	32,000	-30%	-19%	20,085	30,000	-33%	-10%	19,081	29,000	-34%	-5%
G6	57,093	78,644	73,327	48,000	53%	-7%	69,661	46,000	51%	-5%	68,267	46,000	48%	-2%
G7			20,414	-	n.a	n.a	18,373	-	n.a	n.a	17,454	-	n.a	n.a
X9	21,688	26,017	33,359	16,000	108%	28%	31,691	14,000	126%	-5%	31,057	13,000	139%	-2%
MONA M03	48,609	175,689	134,488	160,000	-16%	-23%	127,764	150,000	-15%	-5%	125,208	150,000	-17%	-2%
MONA L05			19,000	-	n.a	n.a	50,000	-	n.a	n.a	55,000	-	n.a	n.a
GX			53,023	35,000	51%	n.a	54,083	31,500	72%	2%	55,165	29,250	89%	2%
G9L			15,000	-	n.a	n.a	30,000	-	n.a	n.a	33,000	-	n.a	n.a
MONA L05			10,000	-	n.a	n.a	60,000	-	n.a	n.a	72,000	-	n.a	n.a
2027 new models			-	-	n.a	n.a	50,000	180,000	-72%	n.a	100,000	216,000	-54%	100%
Revenue (Rmb mn)	**40,866**	**76,720**	**85,725**	**84,331**	**2%**	**12%**	**107,174**	**94,402**	**14%**	**25%**	**114,658**	**101,434**	**13%**	**7%**
Auto Sales	35,829	68,379	76,193	75,506	1%	11%	96,272	84,878	13%	26%	103,202	91,423	13%	7%
Services	5,037	8,341	9,532	8,825	8%	14%	10,902	9,523	14%	14%	11,456	10,011	14%	5%
Gross Profit (Rmb mn)	**5,846**	**14,473**	**15,795**	**15,643**	**1%**	**9%**	**21,018**	**18,205**	**15%**	**33%**	**24,665**	**21,296**	**16%**	**17%**
R&D (Rmb mn)	(6,457)	(9,490)	(12,021)	(9,276)	30%	27%	(13,397)	(10,148)	32%	11%	(14,332)	(10,752)	33%	7%
SG&A (Rmb mn)	(6,871)	(9,398)	(9,880)	(9,121)	8%	5%	(11,575)	(9,629)	20%	17%	(12,268)	(9,839)	25%	6%
EBIT (Rmb mn)	**(6,658)**	**(2,772)**	**(5,512)**	**(2,355)**	**134%**	**99%**	**(3,553)**	**(1,172)**	**203%**	**-36%**	**(1,535)**	**1,104**	**-239%**	**-57%**
EBITDA (Rmb mn)	(4,766)	(737)	(3,065)	93	-3397%	316%	(833)	1,548	-154%	-73%	1,381	4,021	-66%	-266%
Net income (Rmb mn)	**(5,819)**	**(1,140)**	**(5,471)**	**(1,660)**	**230%**	**380%**	**(2,889)**	**(322)**	**798%**	**-47%**	**(767)**	**1,746**	**-144%**	**-73%**
EPS (RMB)	(6.1)	(1.2)	(5.7)	(1.7)	228%	377%	(3.0)	(0.3)	786%	-48%	(0.8)	1.8	-143%	-74%
GPM	14.3%	18.9%	18.4%	18.5%	*-0.1 pts*	*-0.4 pts*	19.6%	19.3%	*0.3 pts*	*1.2 pts*	21.5%	21.0%	*0.5 pts*	*1.9 pts*
Auto Sales	8.3%	12.8%	12.2%	14.0%	*-1.8 pts*	*-0.6 pts*	14.0%	15.0%	*-1.0 pts*	*1.8 pts*	16.0%	17.0%	*-1.0 pts*	*2.0 pts*
Services	57.2%	68.2%	68.2%	57.5%	*10.7 pts*	*-0.1 pts*	69.2%	57.5%	*11.7 pts*	*1.0 pts*	71.2%	57.5%	*13.7 pts*	*2.0 pts*
OPM	-16.3%	-3.6%	-6.4%	-2.8%	*-3.6 pts*	*-2.8 pts*	-3.3%	-1.2%	*-2.1 pts*	*3.1 pts*	-1.3%	1.1%	*-2.4 pts*	*2.0 pts*
NPM	-14.2%	-1.5%	-6.4%	-2.0%	*-4.4 pts*	*-4.9 pts*	-2.7%	-0.3%	*-2.4 pts*	*3.7 pts*	-0.7%	1.7%	*-2.4 pts*	*2.0 pts*
Consensus (Rmb mn)														
Revenue (VA)			86,226				109,594				125,551			
- UBS vs VA			-0.6%				-2.2%				-8.7%			
EBIT (Rmb mn)			(4,666)				(1,045)				1,241			
- UBS vs VA			18.1%				240.0%				-223.7%			
Net income (Rmb mn)			(4,000)				(75)				2,234			
- UBS vs VA			36.8%				3776.9%				-134.3%			

Source: Company data, Visible Alpha, UBS estimates

To factor in the value of robotics, we now use an SOTP valuation to derive our price target, including US$3bn for robotics (applying a 20% liquidity discount to the latest valuation) and US$8bn for EV, benchmarked against the peer average of 0.5x 2027 P/S.

Figure 11: XPeng's price target derivation

SOTP valuation	
Robotics valuation (US$ bn, last round financing)	6.3
% shareholding	68.4%
Liquidity discount	20.0%
Valuation for robotics business (US$ bn)	**3.4**
2027E volume (units)	567,051
2027E ASP (Rmb k)	170
2027E revenue (Rmb mn) incl. royalty fee	107,174
2027E P/S	**0.5x**
Valuation for EV business (Rmb bn)	54
Valuation for EV business (US$ bn)	**7.8**
Total valuation (US$ bn)	**11.2**
2027E outstanding shares (mn)	964
XPEV.N 12-month forward price per share (US$)	**12.0**

Source: Company data, UBS estimates

UPSIDE/DOWNSIDE SPECTRUM



Value drivers (2027E)	Delivery volume (k units)	Vehicle GPM (%)	Robotics revenue contribution (Rmb bn)	Net loss (Rmb bn)
US$16.00 upside	600	15.0	1.5	1.0
US$12.00 base	567	14.0	1.0	2.9
US$6.00 downside	520	13.0	0.5	4.0

Source: UBS estimates

Risk to the current share price is largely balanced (1:1)

XPeng is trading at US$10.93 (as of 8 Sep 2026).

UPSIDE (US$16.00): We assume more sustained momentum for XPeng's new launches and clearer differentiation from other peers due to faster-than-expected technology iteration. In this case, we assume XPeng would achieve 2027E total unit sales of 600k, which would support XPeng's GPM expansion to 15% through improving operating leverage. We assume enhanced technological leadership in ADAS and brand recognition would lower sales and marketing expenses and thus improve operating efficiency. In this scenario, we also assume the faster-than-expected commercialisation of XPeng's humanoid robotics. Our upside valuation of US$16 is derived by applying 0.7x 2027E P/S on EV, including US$13bn for EV and US$4bn for robots (benchmarking against the latest valuation).

BASE (US$12.00): We expect XPeng to record total sales volume of 567k units in 2027 and a rebounding vehicle margin of 14% due to faster volume scaling and continued cost optimisation. We expect XPeng's IRON humanoid robotics to achieve commercial delivery in 2027, contributing Rmb1bn of revenue in 2027E. With expanding SG&A expenses and accelerating R&D investments in EV and other business initiatives, we expect the company to record Rmb2.9bn in net losses for 2027. Acknowledging the value of robotics, our new PT is based on an SOTP valuation, including US$3bn for robotics (applying a 20% liquidity discount to the latest valuation) and US$8bn for EV, benchmarked against the peer average of 0.5x 2027 P/S.

DOWNSIDE (US$6.00): We assume XPeng's momentum for new models would fail to be sustained and the company would face more intense pressure from competitors, as its improvements in brand awareness would stall and retail store efficiency gains would moderate. The humanoid robotics business would struggle to reach commercial delivery due to execution delays and a shifting industry technology roadmap. We assume 2027E total unit sales of 520k and a slowing new order intake would lead to 2027E GPM of 13%. Our downside valuation is derived from 0.3x 2027E P/S, assuming the company would fail to record operational improvements and sustainable volume growth, and includes US$2bn for robots (applying a 40% liquidity discount to the latest valuation).

XPeng (XPEV.N)

Income Statement (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	**30,676**	**40,866**	**76,720**	**85,725**	*11.7*	**107,174**	*25.0*	**114,658**	**115,975**	**117,292**
Gross profit	451	5,846	14,473	15,795	*9.1*	21,018	*33.1*	24,665	26,205	27,773
EBITDA (UBS)	**(9,277)**	**(4,766)**	**(737)**	**(3,065)**	*-315.9*	**(833)**	*72.8*	**1,381**	**2,812**	**4,272**
Depreciation & amortisation	(1,642)	(1,892)	(2,035)	(2,448)	*-20.3*	(2,720)	*-11.1*	(2,917)	(3,113)	(3,310)
EBIT (UBS)	**(10,919)**	**(6,658)**	**(2,772)**	**(5,512)**	*-98.9*	**(3,553)**	*35.5*	**(1,535)**	**(301)**	**961**
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	(496)	(203)	831	(478)	-	74	-	74	74	74
Net interest	991	1,031	783	518	*-33.8*	589	*13.7*	694	768	799
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	**(10,423)**	**(5,831)**	**(1,157)**	**(5,471)**	*-372.9*	**(2,889)**	*47.2*	**(767)**	**542**	**1,834**
Tax	18	41	(14)	0	-	0	-	0	(81)	(275)
Profit after tax	**(10,405)**	**(5,790)**	**(1,171)**	**(5,471)**	*-367.4*	**(2,889)**	*47.2*	**(767)**	**460**	**1,559**
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	0	0	0	0	-	0	-	0	0	0
Extraordinary items	0	0	31	0	-	0	-	0	0	0
Net earnings (local GAAP)	**(10,405)**	**(5,790)**	**(1,140)**	**(5,471)**	*-380.1*	**(2,889)**	*47.2*	**(767)**	**460**	**1,559**
Net earnings (UBS)	**(10,405)**	**(5,790)**	**(1,171)**	**(5,471)**	*-367.4*	**(2,889)**	*47.2*	**(767)**	**460**	**1,559**
Tax rate (%)	0.0	0.0	0.0	0.0	-	0.0	-	0.0	15.0	15.0

Per Share (Rmb)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	(12.06)	(6.12)	(1.23)	(5.72)	*-364.9*	(3.00)	*47.6*	(0.79)	0.47	1.59
EPS (local GAAP, diluted)	(12.06)	(6.12)	(1.20)	(5.72)	*-377.5*	(3.00)	*47.6*	(0.79)	0.47	1.59
EPS (UBS, basic)	(12.06)	(6.12)	(1.23)	(5.72)	*-364.9*	(3.00)	*47.6*	(0.79)	0.47	1.59
DPS (net) (Rmb)	0.00	0.00	0.00	0.00	-	0.00	-	0.00	0.00	0.00
Cash EPS (UBS, diluted) [1]	(10.15)	(4.12)	0.91	(3.16)	-	(0.18)	*94.5*	2.21	3.66	4.95
Book value per share	38.65	32.97	32.02	26.16	*-18.3*	23.21	*-11.3*	22.49	23.05	24.74
Average shares (diluted)	863	947	951	956	*0.5*	964	*0.8*	971	977	983

Balance Sheet (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Cash and equivalents	38,644	41,399	44,636	48,094	*7.7*	53,317	*10.9*	57,039	58,554	61,348
Other current assets	19,681	14,313	24,350	27,133	*11.4*	32,950	*21.4*	34,670	34,820	34,965
Total current assets	**58,325**	**55,713**	**68,986**	**75,227**	*9.0*	**86,267**	*14.7*	**91,709**	**93,373**	**96,313**
Net tangible fixed assets	10,954	11,522	13,527	13,750	*1.6*	13,695	*-0.4*	13,440	12,985	12,331
Net intangible fixed assets	4,949	4,610	4,253	3,690	*-13.2*	3,128	*-15.2*	2,567	2,005	1,443
Investments / other assets	9,934	10,861	16,396	16,289	*-0.7*	16,185	*-0.6*	16,085	15,988	15,895
Total assets	**84,163**	**82,706**	**103,163**	**108,956**	*5.6*	**119,275**	*9.5*	**123,801**	**124,352**	**125,982**
Trade payables & other ST liabilities	32,222	35,256	53,831	64,871	*20.5*	77,854	*20.0*	82,921	82,786	82,631
Short term debt	3,889	4,609	4,282	4,282	*0.0*	4,282	*0.0*	4,282	4,282	4,282
Total current liabilities	**36,112**	**39,865**	**58,113**	**69,153**	*19.0*	**82,136**	*18.8*	**87,203**	**87,068**	**86,913**
Long term debt	5,651	5,665	6,589	6,589	*0.0*	6,589	*0.0*	6,589	6,589	6,589
Other long term liabilities	6,072	5,902	8,092	8,092	*0.0*	8,092	*0.0*	8,092	8,092	8,092
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	**47,834**	**51,431**	**72,794**	**83,833**	*15.2*	**96,816**	*15.5*	**101,884**	**101,749**	**101,593**
Common s/h equity	**36,329**	**31,275**	**30,369**	**25,123**	*-17.3*	**22,459**	*-10.6*	**21,918**	**22,603**	**24,388**
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	**84,163**	**82,706**	**103,163**	**108,956**	*5.6*	**119,275**	*9.5*	**123,801**	**124,352**	**125,982**

Cash Flow (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net income (before pref divs)	(10,405)	(5,790)	(1,140)	(5,471)	*-380.1*	(2,889)	*47.2*	(767)	460	1,559
Depreciation & amortisation	1,642	1,892	2,035	2,448	*20.3*	2,720	*11.1*	2,917	3,113	3,310
Net change in working capital	1,408	5,696	9,188	7,956	*-13.4*	6,725	*-15.5*	3,193	(312)	(328)
Other operating	8,311	(3,810)	(1,825)	526	-	667	*26.8*	380	253	253
Operating cash flow	**956**	**(2,012)**	**8,259**	**5,458**	*-33.9*	**7,222**	*32.3*	**5,723**	**3,514**	**4,794**
Tangible capital expenditure	(1,818)	(2,055)	(3,706)	(2,000)	*46.0*	(2,000)	*0.0*	(2,000)	(2,000)	(2,000)
Intangible capital expenditure	(4,145)	(187)	(199)	0	-	0	-	0	0	0
Net (acquisitions) & disposals	8	170	146	0	-	0	-	0	0	0
Other investing	6,585	818	(3,575)	0	-	0	-	0	0	0
Investing cash flow	**631**	**(1,255)**	**(7,334)**	**(2,000)**	*72.7*	**(2,000)**	*0.0*	**(2,000)**	**(2,000)**	**(2,000)**
Equity dividends paid	0	0	0	0	-	0	-	0	0	0
Share issues / (buybacks)	5,020	0	0	0	-	0	-	0	0	0
Other financing	488	(64)	0	0	-	0	-	0	0	0
Change in debt & pref shares	2,508	734	597	0	-	0	-	0	0	0
Financing cash flow	**8,015**	**669**	**597**	**0**	-	**0**	-	**0**	**0**	**0**
Cash flow inc/(dec) in cash	**9,603**	**(2,598)**	**1,521**	**3,458**	*127.3*	**5,222**	*51.0*	**3,723**	**1,514**	**2,794**
FX / non cash items	(8,783)	5,354	1,716	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	**819**	**2,756**	**3,237**	**3,458**	*6.8*	**5,222**	*51.0*	**3,723**	**1,514**	**2,794**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.[1] Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

XPeng (XPEV.N)

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	NM	NM	NM	NM	NM	NM	NM	46.2
P/E (UBS, diluted)	(7.7)	(11.3)	NM	(13.0)	(24.5)	(92.9)	NM	46.2
P/CEPS	NM	NM	NM	NM	NM	33.1	20.1	14.8
Equity FCF (UBS) yield %	(6.0)	(6.5)	3.2	4.9	7.4	5.3	2.2	4.0
Dividend yield (net) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/BV	2.4	2.1	4.3	2.8	3.2	3.3	3.2	3.0
EV/revenues (core)	1.6	0.7	1.2	0.3	0.2	0.1	0.1	0.1
EV/EBITDA (UBS core)	NM	NM	NM	NM	NM	12.2	5.1	2.8
EV/EBIT (core)	NM	NM	NM	NM	NM	NM	NM	12.6
EV/OpFCF (core)	NM	NM	NM	NM	NM	NM	40.0	7.5
EV/op. invested capital	25.9	NM	NM	NM	NM	NM	NM	NM

Enterprise value (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	83,579	65,009	135,277	70,234	70,234	70,234	70,234	70,234
Net debt (cash)	(29,948)	(30,115)	(32,446)	(35,494)	(39,835)	(44,307)	(46,926)	(49,080)
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	**53,631**	**34,895**	**102,831**	**34,740**	**30,400**	**25,927**	**23,309**	**21,154**
Non core assets	(5,113)	(6,412)	(9,019)	(9,019)	(9,019)	(9,019)	(9,019)	(9,019)
Core enterprise value	**48,518**	**28,483**	**93,812**	**25,721**	**21,381**	**16,908**	**14,290**	**12,135**

Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	14.2	33.2	87.7	11.7	25.0	7.0	1.1	1.1
EBITDA (UBS)	(18.9)	48.6	84.5	NM	72.8	-	103.6	51.9
EBIT (UBS)	(25.4)	39.0	58.4	(98.9)	35.5	56.8	80.4	-
EPS (UBS, diluted)	(13.7)	49.3	79.9	NM	47.6	73.6	-	NM
Net DPS	-	-	-	-	-	-	-	-

Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	1.5	14.3	18.9	18.4	19.6	21.5	22.6	23.7
EBITDA margin	NM	NM	NM	NM	NM	1.2	2.4	3.6
EBIT (UBS) margin	(35.6)	(16.3)	(3.6)	(6.4)	(3.3)	(1.3)	(0.3)	0.8
Net earnings (UBS) margin	NM	NM	NM	NM	NM	NM	0.4	1.3
ROIC (EBIT)	NM	NM	29.7	32.9	14.2	4.9	0.9	NM
ROIC post tax	NM	NM	29.7	32.9	14.2	4.9	0.8	NM
ROE (UBS)	(28.4)	(17.1)	(3.8)	(19.7)	(12.1)	(3.5)	2.1	6.6

Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	3.1	6.5	45.8	12.1	51.0	(33.4)	(17.0)	(11.8)
Net debt / total equity %	(80.1)	(99.5)	(111.2)	(148.2)	(189.0)	(210.6)	(211.0)	(207.0)
Net debt / (net debt + total equity) %	NM	NM	NM	NM	NM	NM	NM	NM
Net debt/EV %	(55.8)	(86.3)	(31.6)	NM	NM	NM	NM	NM
Capex / depreciation %	133.4	156.1	NM	112.6	97.3	88.7	81.5	75.3
Capex / revenue %	5.9	5.0	4.8	2.3	1.9	1.7	1.7	1.7
EBIT / net interest	-	-	-	-	-	-	-	-
Dividend cover (UBS)	-	-	-	-	-	-	-	-
Div. payout ratio (UBS) %	-	-	-	-	-	-	-	-

Revenues by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	30,676	40,866	76,720	85,725	107,174	114,658	115,975	117,292
Total	**30,676**	**40,866**	**76,720**	**85,725**	**107,174**	**114,658**	**115,975**	**117,292**

EBIT (UBS) by division (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	(10,919)	(6,658)	(2,772)	(5,512)	(3,553)	(1,535)	(301)	961
Total	**(10,919)**	**(6,658)**	**(2,772)**	**(5,512)**	**(3,553)**	**(1,535)**	**(301)**	**961**

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	9.8%
Forecast dividend yield	0.0%
Forecast stock return	9.8%
Market return assumption	10.9%
Forecast excess return	-1.1%

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. Through in-house R&D, XPENG has developed Turing AI chips, world foundation models, and integrated software and hardware applications. XPeng's product portfolio includes smart EVs, robotaxis, and humanoid robots. Headquartered in Guangzhou, China, XPENG is dual-primary listed on the New York Stock Exchange and the Hong Kong Stock Exchange.

Valuation Method and Risk Statement

XPeng: We value XPeng based on an SOTP valuation. 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 additional 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 guidance; and 3) faster-than-expected declines in manufacturing and raw material costs.
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 for 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 for 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?	Approximate
11. What is the catalyst?	