China Mobility Tech: 3Q26 ADRs Preview: Weaker domestic demand, lower government support, higher R&D

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We preview 3Q26 results for our covered ADR companies. Overall, we see volume pressure from worsening domestic demand for both OEMs and suppliers (NEV retail sales -16% yoy in Sep, vs. -3%/-10% in Jul/Aug). Coupled with higher costs from battery consumption tax starting from Sep 1, 2026 and EV export tax rebate reduction starting from Apr 1, 2027, we revise down our earnings estimates and lower our 12-month target prices by 7%-12% for the previewed ADR companies. With this report, we also revise our industry model to factor in weaker domestic sales and stronger export trends (Exhibit 2).

For 3Q26, we see majority of OEMs and suppliers under pressure mainly driven by continuously weakening domestic demand; selective companies were able to grow volumes and expand market shares mainly due to new technology/product launches. **(1) Volume -** Nio/BYD showed better growth at +26%/+19% yoy driven by competitive new model launches/deliveries (Nio's ES8/ES9 and BYD's second-generation blade battery models), with Li Auto/XPeng +7%/+2% yoy. **(2) ASP -** We estimate +4%~+10% yoy ASP increase for BYD/Nio/XPeng on premium models (BYD's second-generation blade battery, Nio's ES8/ES9, XPeng's G series) and overseas contribution (BYD), but -6% yoy ASP decrease for Li Auto due to product mix changes (i6). **(3) Gross margin -** We see divergent gross margin profiles, +2.2pp/+4.3pp yoy for BYD/Nio, vs. -1.4pp/-2.4pp yoy for XPeng/Li Auto due to lower services revenue (XPeng) and product mix changes (Li Auto). **(4) EBIT -** We expect EBIT yoy increases for BYD/Nio on volume growth and higher gross margins, but EBIT yoy declines for XPeng (lower gross margin, higher R&D)/Li Auto (lower gross margin)/Hesai (higher R&D). **(5) Net profit -** We model BYD/Nio to deliver (non-GAAP) net profit growth of +47%/+102% yoy, while XPeng/Li Auto/Hesai to show declines of -396%/-92%/-60% yoy.

- **BYD** (see previously published preview, reporting on Oct 29 per the company): BYD delivered **+19%** yoy volume growth in 3Q26 (vs. -16% yoy in 1H26) driven by: 1) new product pipeline supported by flash-charging technologies domestically (-13% yoy vs. -40% yoy in 1H26); and 2) strong overseas sales momentum (+136% yoy vs. +71% yoy in 1H26). We expect **+4%** yoy ASP increase due to second-generation blade battery models and overseas contribution. We forecast gross margin to improve by **+2.2pp** yoy to 19.8% in 3Q26E reflecting volume recovery and better product mix. With further operating leverage, we forecast +134%/+47% yoy EBIT/net income growth for BYD in 3Q26E.

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- **Nio** (reporting on Nov 25 per Bloomberg estimate): Nio delivered **+26%** yoy volume growth in 3Q26 thanks to strong sales from ES8 and ES9. Driven by higher sales proportion of ES8/ES9, we expect better ASP (**+25%** yoy) and improving gross margin (vehicle gross margin **+3.5pp** yoy), leading to +91%/+102% yoy EBIT/non-GAAP net income growth in 3Q26E.
- **XPeng** (reporting on Nov 17 per Bloomberg estimate): XPeng delivered **+2%** yoy volume growth in 3Q26 on relatively weaker industry demand and new model delivery still ramping up. Meanwhile, we expect ASP growth of **+10%** and stable vehicle margin (-1.1pp yoy/-0.1pp qoq), but gross margin to decline to 18.8% (-1.4pp yoy/-1.9pp qoq) due to lower proportion from services revenue. As the company continues to increase R&D investment in the general AI field, we forecast -28%/-396% yoy EBIT/non-GAAP net income decline in 3Q26E.
- **Li Auto** (reporting on Nov 27 per Bloomberg estimate): Li Auto delivered **+7%** yoy volume growth in 3Q26 driven by new and facelift model launches (e.g., MEGA, i9). We estimate ASP to increase by 6% qoq mainly due to lower sales proportion of i6. We expect vehicle gross margin to change by -3.0pp yoy due to cost inflation. Accordingly, we model -36%/-92% yoy EBIT/non-GAAP net income decline in 3Q26E.
- **Hesai** (reporting on Nov 10 per the company): We expect revenue growth of 28% in 3Q26E, mainly on volume growth of 70% mitigated by -24% blended ASP decline. We expect -2.9pp yoy/-0.9pp qoq gross margin decline to 39.2% due to lower ASP from annual price reduction and product mix changes. Additionally, we see operating margin -5.4pp yoy/+4.0pp qoq due to higher R&D investment on strategic new initiatives. Accordingly, we model -43%/-60% yoy EBIT/non-GAAP net income decline in 3Q26E.

Exhibit 1: 3Q26E preview summary

3Q26E preview	BYD			Nio			XPeng			Li Auto			Hesai		
P&L (Rmb mn)	3Q26E	YoY	QoQ	3Q26E	YoY	QoQ	3Q26E	YoY	QoQ	3Q26E	YoY	QoQ	3Q26E	YoY	QoQ
Revenue	242,936	25%	25%	33,471	54%	4%	22,431	10%	14%	27,801	2%	8%	1,018	28%	18%
Vehicle sales	192,859	24%	22%	30,154	57%	4%	20,075	11%	18%	26,040	1%	8%			
Others	50,077	28%	36%	3,317	28%	8%	2,356	1%	-13%	1,762	18%	10%			
(COGS)	(194,767)	21%	23%	(27,372)	46%	4%	(18,220)	12%	16%	(23,930)	5%	5%	(619)	34%	20%
Gross profit	48,169	40%	31%	6,099	102%	3%	4,211	3%	3%	3,872	-13%	37%	399	19%	16%
Vehicle sales	46,518	37%	177%	5,502	95%	2%	2,412	2%	17%	3,255	-19%	43%			
Others	1,651	515%	-92%	597	-197%	14%	1,799	4%	-11%	617	37%	9%			
Total operating expense	(33,439)	19%	27%	(6,400)	-2%	2%	(5,174)	7%	-1%	(5,473)	-3%	7%	(355)	38%	4%
(SG&A expense)	(14,490)	24%	33%	(4,000)	-4%	-10%	(2,610)	5%	5%	(2,474)	-11%	9%	(44)	2%	-10%
(R&D expense)	(15,305)	8%	28%	(2,500)	5%	17%	(2,914)	20%	0%	(2,919)	-2%	5%	(288)	45%	25%
Others	(3,644)	25%	53%	100	243%	-68%	350	427%	89%	(80)	-182%	4%	(78)	6%	16%
EBIT	14,730	134%	41%	(301)	91%	13%	(963)	-28%	-2%	(1,602)	-36%	30%	44	-43%	-1893%
Pre-tax profit	13,880	42%	41%	(294)	91%	41%	(861)	-119%	32%	(1,188)	-61%	-39%	99	-65%	40%
Income taxes	(2,082)	34%	35%	(20)	66%	-41%	(50)	810%	-32%	178	56%	-27%	(15)	NM	493659%
Net income (GAAP)				(494)	86%	32%	(907)	-138%	32%	(991)	-59%	42%	84	-67%	19%
Net income (non-GAAP)	11,461	47%	39%	54	102%	119%	(752)	-396%	39%	(691)	-92%	54%	116	-60%	14%
Unit profit (Rmb)	8,677	24%	17%	498	102%	116%	(6,388)	-388%	47%	(6,913)	-79%	55%			
EPS/EPADS (Rmb, non-GAAP)	1.26	47%	39%	0.02	102%	119%	(0.79)	-394%	39%	(0.65)	-81%	57%	0.71	-65%	14%
Gross margin (%)	19.8%	2.2pp	0.9pp	18.2%	4.3pp	-0.2pp	18.8%	-1.4pp	-1.9pp	13.9%	-2.4pp	2.9pp	39.2%	-2.9pp	-0.9pp
Vehicle gross margin (%)	24.1%	24.1pp	24.1pp	18.2%	3.5pp	-0.3pp	12.0%	-1.1pp	-0.1pp	12.5%	-3.0pp	3.1pp			
Non-vehicle gross margin (%)	3.3%	3.3pp	3.3pp	18.0%	10.2pp	1.0pp	76.4%	1.7pp	1.3pp	35.0%	5.0pp	-0.3pp			
EBIT margin (%)	6.1%	2.8pp	0.7pp	-0.9%	15.3pp	0.2pp	-4.3%	-0.6pp	1.5pp	-5.8%	-1.5pp	3.2pp	4.3%	-5.4pp	4.0pp
Net margin (%)	4.7%	0.7pp	0.5pp	0.2%	12.8pp	0.1pp	-3.4%	-2.6pp	2.9pp	-3.6%	-1.3pp	3.1pp	11.4%	-24.8pp	-0.4pp
Operating metrics	3Q26E	YoY	QoQ	3Q26E	YoY	QoQ	3Q26E	YoY	QoQ	3Q26E	YoY	QoQ	3Q26E	YoY	QoQ
Sales volume (k units)	1,321	19%	19%	109	26%	1%	118	2%	14%	100	7%	2%	751	70%	20%
Blended ASP (ex-VAT, Rmb k)	123	4%	-5%	276	25%	2%	170	10%	3%	260	-6%	6%	1	-24%	-1%

Source: Company data, Goldman Sachs Global Investment Research

Revising industry model with lower domestic volumes and higher exports

Reflecting weaker-than-expected domestic demand (NEV retail sales -16% yoy in Sep, vs. -10% in Aug) and strong exports (PV +64% yoy in Sep, vs. +67% in Aug), we revise our PV retail demand estimates by -12% to 0% in 2026E-30E, while raising PV export demand estimates by 30%-31% in 2026E-30E. All in all, we revise our wholesales volume forecasts by 0% to +10% in 2026E-30E. We now expect -20%/+2% yoy growth from PV retail volumes, and +70%/+10% yoy growth from PV export volumes, leading to wholesale volume growth of -1%/+5% yoy in 2026E/27E.

Exhibit 2: We expect -20%/+2% yoy growth from PV retail volumes in 2026E/27E, and +70%/+10% yoy growth from PV export volumes

China PV industry model

	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
PV: Passenger vehicle volume structure (k units)																
Production capacity	41,532	40,890	42,890	46,738	46,738	46,738	46,738	46,738	46,738	46,738	46,738	46,738	46,738	46,738	46,738	46,738
Net add	1,627	(642)	2,000	3,848	-	-	-	-	-	-	-	-	-	-	-	-
% yoy change	4.1%	-1.5%	4.9%	9.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% utilization	47.7%	50.8%	55.7%	57.0%	57.2%	63.4%	62.6%	65.6%	67.3%	70.7%	75.1%	75.7%	76.3%	76.7%	77.0%	77.2%
Production volume	19,434	20,927	23,325	25,555	26,739	29,654	29,273	30,675	31,461	33,022	35,088	35,382	35,653	35,849	35,992	36,096
% yoy change	-6.9%	7.7%	11.5%	9.6%	4.6%	10.9%	-1.3%	4.8%	2.6%	5.0%	6.3%	0.8%	0.8%	0.6%	0.4%	0.3%
Wholesale volume	19,758	21,051	23,126	25,561	27,102	29,530	29,273	30,675	31,461	33,022	35,088	35,382	35,653	35,849	35,992	36,096
% yoy change	-6.3%	6.5%	9.9%	10.5%	6.0%	9.0%	-0.9%	4.8%	2.6%	5.0%	6.3%	0.8%	0.8%	0.6%	0.4%	0.3%
Export volume	786	1,602	2,525	4,084	4,943	6,005	10,209	11,230	12,016	12,605	13,037	13,350	13,575	13,734	13,847	13,927
% yoy change	-12.6%	103.9%	57.6%	61.7%	21.0%	21.5%	70.0%	10.0%	7.0%	4.9%	3.4%	2.4%	1.7%	1.2%	0.8%	0.6%
Retail volume	19,288	20,146	20,542	21,715	22,881	23,729	19,064	19,445	19,445	20,417	22,051	22,032	22,078	22,115	22,145	22,168
% yoy change	-6.7%	4.4%	2.0%	5.7%	5.4%	3.7%	-19.7%	2.0%	0.0%	5.0%	8.0%	-0.1%	0.2%	0.2%	0.1%	0.1%
Underlying demand	19,288	20,146	20,542	21,715	21,181	21,393	21,564	21,702	21,813	21,902	21,974	22,032	22,078	22,115	22,145	22,168
Total passenger vehicle fleet	223,338	240,742	256,622	271,950	287,404	298,537	304,792	309,758	312,730	314,019	314,980	314,759	314,324	314,921	316,447	318,452
% yoy change	7.8%	7.8%	6.6%	6.0%	5.7%	3.9%	2.1%	1.6%	1.0%	0.4%	0.3%	0.1%	0.1%	0.2%	0.5%	0.6%
NEV: New energy vehicle volume structure (k units)																
Production capacity	4,500	7,848	11,159	16,634	17,303	20,356	22,356	24,356	25,856	27,356	28,356	28,856	29,356	29,856	30,356	30,856
Net add	2,500	3,348	3,312	5,475	669	3,052	2,000	2,000	1,500	1,500	1,000	500	500	500	500	500
% yoy change	125.0%	74.4%	42.2%	49.1%	4.0%	17.6%	9.8%	8.9%	6.2%	5.8%	3.7%	1.8%	1.7%	1.7%	1.7%	1.6%
% utilization	35.0%	53.5%	69.8%	64.1%	71.3%	81.5%	78.3%	83.8%	86.6%	91.5%	98.4%	97.9%	98.1%	98.2%	98.1%	98.0%
Production volume	1,139	3,306	6,634	8,914	12,092	15,342	16,717	19,570	21,750	24,354	27,419	27,992	28,556	29,068	29,541	29,985
% yoy change	27.3%	190.2%	100.7%	34.4%	35.6%	26.9%	9.0%	17.1%	11.1%	12.0%	12.6%	2.1%	2.0%	1.8%	1.6%	1.5%
Wholesale volume	1,152	3,217	6,475	8,876	12,155	15,316	16,717	19,570	21,750	24,354	27,419	27,992	28,556	29,068	29,541	29,985
% yoy change	8.7%	179.2%	101.3%	37.1%	36.9%	26.0%	9.2%	17.1%	11.1%	12.0%	12.6%	2.1%	2.0%	1.8%	1.6%	1.5%
% penetration	6%	15%	28%	35%	45%	52%	57%	64%	69%	74%	78%	79%	80%	81%	82%	83%
Export volume	72	264	639	1,153	1,231	2,212	5,292	6,944	8,151	9,054	9,778	10,146	10,452	10,713	10,939	11,142
Net add	(13)	192	374	515	77	981	3,080	1,652	1,207	904	724	368	306	260	227	202
% yoy change	-15.7%	267.5%	141.7%	80.6%	6.7%	79.7%	139.2%	31.2%	17.4%	11.1%	8.0%	3.8%	3.0%	2.5%	2.1%	1.8%
% penetration	9%	16%	25%	28%	25%	37%	52%	62%	68%	72%	75%	76%	77%	78%	79%	80%
Retail volume	1,111	2,989	5,674	7,742	10,897	12,798	11,426	12,627	13,599	15,300	17,641	17,846	18,104	18,355	18,602	18,843
Net add	50	1,878	2,685	2,068	3,154	1,902	(1,372)	1,201	972	1,701	2,341	205	258	252	246	242
% yoy change	5%	169%	90%	36%	41%	17%	-11%	11%	8%	13%	15%	1%	1%	1%	1%	1%
% penetration	6%	15%	28%	36%	48%	54%	60%	65%	70%	75%	80%	81%	82%	83%	84%	85%
New energy vehicle fleet	4,920	7,840	13,100	20,410	31,400	43,545	54,075	65,627	77,505	89,547	101,719	111,460	119,085	125,733	132,051	138,344
% yoy change	29.1%	59.3%	67.1%	55.8%	53.8%	38.7%	24.2%	21.4%	18.1%	15.5%	13.6%	9.6%	6.8%	5.6%	5.0%	4.8%
ICE: Internal combustion engine vehicle volume structure (k units)																
Production capacity	37,032	33,043	31,731	30,103	29,434	26,382	24,382	22,382	20,882	19,382	18,382	17,882	17,382	16,882	16,382	15,882
Net add	(873)	(3,990)	(1,312)	(1,627)	(669)	(3,052)	(2,000)	(2,000)	(1,500)	(1,500)	(1,000)	(500)	(500)	(500)	(500)	(500)
% yoy change	-2.3%	-10.8%	-4.0%	-5.1%	-2.2%	-10.4%	-7.6%	-8.2%	-6.7%	-7.2%	-5.2%	-2.7%	-2.8%	-2.9%	-3.0%	-3.1%
% utilization	48.8%	50.3%	51.5%	53.8%	49.2%	51.3%	49.5%	47.5%	44.9%	43.1%	40.6%	40.8%	40.2%	39.6%	38.8%	37.9%
Production volume	18,295	17,621	16,691	16,640	14,647	14,312	12,556	11,105	9,712	8,668	7,669	7,390	7,096	6,781	6,451	6,111
% yoy change	-8.4%	-3.7%	-5.3%	-0.3%	-12.0%	-2.3%	-12.3%	-11.6%	-12.5%	-10.7%	-11.5%	-3.6%	-4.0%	-4.4%	-4.9%	-5.3%
Wholesale volume	18,606	17,835	16,651	16,685	14,947	14,214	12,556	11,105	9,712	8,668	7,669	7,390	7,096	6,781	6,451	6,111
% yoy change	-7.1%	-4.1%	-6.6%	0.2%	-10.4%	-4.9%	-11.7%	-11.6%	-12.5%	-10.7%	-11.5%	-3.6%	-4.0%	-4.4%	-4.9%	-5.3%
Export volume	714	1,338	1,887	2,930	3,712	3,793	4,917	4,286	3,865	3,550	3,259	3,204	3,122	3,022	2,908	2,785
Net add	(100)	624	549	1,043	782	81	1,124	(631)	(421)	(315)	(291)	(55)	(82)	(101)	(114)	(123)
% yoy change	-12.3%	87.5%	41.0%	55.3%	26.7%	2.2%	29.6%	-12.8%	-9.8%	-8.1%	-8.2%	-1.7%	-2.6%	-3.2%	-3.8%	-4.2%
Retail volume	18,177	17,157	14,868	13,972	11,984	10,931	7,638	6,819	5,846	5,118	4,410	4,186	3,974	3,760	3,543	3,325
% yoy change	-7%	-6%	-13%	-6%	-14%	-9%	-30%	-11%	-14%	-12%	-14%	-5%	-5%	-5%	-6%	-6%
% penetration	94%	85%	72%	64%	52%	46%	40%	35%	30%	25%	20%	19%	18%	17%	16%	15%
Internal combustion engine fleet	218,418	232,902	243,522	251,540	256,004	254,993	250,716	244,131	235,225	224,473	213,261	203,299	195,239	189,187	184,396	180,108
% yoy change	7%	7%	5%	3%	2%	0%	-2%	-3%	-4%	-5%	-5%	-5%	-4%	-3%	-3%	-2%

Source: CPCA, CAAM, Goldman Sachs Global Investment Research

Nio (NIO / 9866.HK, Buy)

Nio delivered volume growth of +26% yoy in 3Q26, with its China NEV retail market share increasing by +1.1pp yoy/-0.2pp qoq to 3.6% in 3Q26 mainly on strong sales momentum from ES8 and ES9. We expect +3.5pp yoy/-0.3pp qoq vehicle gross margin change to 18.2% mainly driven by better product mix mitigated by stable raw material costs. Additionally, we see Nio's efforts in opex optimization to integrate R&D, marketing

resources of 3 brands, and expect +15.3pp yoy/+0.2pp qoq operating margin increase to -0.9% in 3Q26E. We update our model for Sep 2026 model deliveries and lower 4Q26E volume due to a weakening domestic market, leading to lower earnings estimates of Rmb489mn~3.2bn from Rmb601mn~3.6bn in 2026E-28E. Accordingly, our 12-m DCF-based TPs decrease to US$5.6/HK$44 for the ADR/H-share from US$6.1/HK$48.

Exhibit 3: Nio 3Q26E preview

Nio P&L (RMB mn)	3Q26E	3Q25	YoY	2Q26	QoQ
Revenue	**33,471**	**21,794**	**53.6%**	**32,137**	**4.2%**
Vehicle revenue	30,154	19,202	57.0%	29,058	3.8%
Other revenue	3,317	2,592	28.0%	3,079	7.7%
(COGS)	(27,372)	(18,769)	45.8%	(26,230)	4.4%
Gross profit	**6,099**	**3,025**	**101.7%**	**5,906**	**3.3%**
Vehicle gross profit	5,502	2,824	94.9%	5,384	2.2%
Other gross profit	597	201	-196.9%	522	14.3%
Total operating expense	(6,400)	(6,546)	-2.2%	(6,254)	2.3%
(SG&A expense)	(4,000)	(4,185)	-4.4%	(4,425)	-9.6%
(R&D expense)	(2,500)	(2,391)	4.6%	(2,145)	16.6%
Other operating income/(expense)	100	29	242.6%	316	-68.3%
EBIT	**(301)**	**(3,522)**	**91.5%**	**(347)**	**13.4%**
Net interest income/expense	(100)	132	175.8%	(261)	61.7%
Share of losses of equity investees	(94)	(182)	48.6%	(149)	37.3%
Other non-operating income/expense	200	148	34.9%	263	-23.9%
Pre-tax profit	(294)	(3,423)	91.4%	(495)	40.6%
Income taxes	(20)	(57)	65.8%	(33)	-40.6%
Minority interest	(2)	(25)	-92.2%	(1)	55.1%
Preferred dividends	(179)	(155)	-15.0%	(192)	7.1%
Net income GAAP	(494)	(3,661)	86.5%	(722)	31.5%
Share-based compensation	370	450	-17.7%	554	-33.2%
Accretion on redeemable non-controlling interests	179	155	15.0%	192	-7.1%
Organizational optimization charges	-	296	-100.0%	-	NM
Net income (non-GAAP)	**54**	**(2,760)**	**102.0%**	**25**	**119.4%**
Unit profit (Rmb)	**498**	**(31,842)**	**101.6%**	**230**	**116.3%**
EPS - non-GAAP (RMB)	0.02	(1.14)	101.9%	0.01	119.4%
Gross margin (%)	**18.2%**	**13.9%**	**4.3pp**	**18.4%**	**-0.2pp**
Vehicle sales gross margin (%)	18.2%	14.7%	3.5pp	18.5%	-0.3pp
Other sales gross margin (%)	18.0%	7.8%	10.2pp	17.0%	1.0pp
EBIT margin (%)	**-0.9%**	**-16.2%**	**15.3pp**	**-1.1%**	**0.2pp**
Net margin (non-GAAP) (%)	**0.2%**	**-12.7%**	**12.8pp**	**0.1%**	**0.1pp**

Operating metrics	3Q26E	3Q25	YoY	2Q26	QoQ
Sales volume (K units)	109	87	26.0%	108	1.4%
ASP (ex-VAT Rmb k)	276	222	24.7%	270	2.3%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 4: Estimate changes for Nio

9866.HK	12m Price Target: HK$44	Price: HK$25.28	Upside: 74.1%
NIO	12m Price Target: $5.6	Price: $3.31	Upside: 69.2%

Buy	GS Forecast				
		12/25	12/26E	12/27E	12/28E
Market cap: $7.5bn	**Revenue (Rmb mn) New**	**87,487.5**	**122,881.6**	**140,479.7**	**155,472.0**
Enterprise value: $4.0bn	Revenue (Rmb mn) Old	87,487.5	126,319.7	143,435.6	157,746.9
3m ADTV :$127.3mn	EBITDA (Rmb mn)	(6,894.6)	7,360.0	9,566.4	12,118.9
China	**EPS (Rmb) New**	**(5.47)**	**0.22**	**0.77**	**1.42**
China Mobility Tech	EPS (Rmb) Old	(5.47)	0.26	0.97	1.59
	P/E (X)	NM	102.6	28.6	15.5
M&A Rank: 3	P/B (X)	19.4	12.8	10.3	7.0
Leases incl. in net debt & EV?: Yes	Dividend yield (%)	0.0	0.0	0.0	0.0
	CROCI (%)	NM	85.1	77.3	65.6
		3/26	**3/26**	**6/26**	**9/26E**
	EPS (Rmb)	0.02	0.02	0.01	0.02

Source: Company data, Goldman Sachs Research estimates, FactSet. Prices as of 22 Oct 2026 close.

Source: Company data, Goldman Sachs Global Investment Research

XPeng (XPEV / 9868.HK, Buy)

XPeng's China NEV retail market share increased by +0.5pp yoy/+0.2pp qoq to 3.9% in 3Q26, driven by model launches (e.g., Mona L03 and G9L launched in Jul and Sep). Going forward, we expect volume ramp-up from new models (including MONA L05 to be launched officially in Oct). We expect vehicle gross margin to stabilize at 12.0% in 3Q26E (-1.1pp yoy/-0.1pp qoq), but gross margin to decline to 18.8% (-1.4pp yoy/-1.9pp qoq) due to lower proportion from services revenue. In addition, we expect better operating leverage to lead to -0.6pp yoy/+1.5pp qoq operating margin change to -4.3% in 3Q26E on top of continuous R&D investment. We update our model for Sep 2026 model deliveries and cut 4Q26E sales volume on old models due to weakening domestic market demand, leading to lower earnings estimates of Rmb-4.4bn~-18mn from Rmb-3.7bn~1.0bn in 2026E-28E. Accordingly, our 12-m DCF-based TPs decrease to US$16/HK$61 for the ADR/H-share from US$18/HK$69.

Exhibit 5: XPeng 3Q26E preview

XPeng P&L (RMB mn)	3Q26E	3Q25	YoY	2Q26	QoQ
Revenue	**22,431**	**20,381**	**10.1%**	**19,744**	**13.6%**
Vehicle sales	20,075	18,054	11.2%	17,046	17.8%
Services and others	2,356	2,327	1.2%	2,697	-12.6%
(COGS)	(18,220)	(16,277)	11.9%	(15,660)	16.3%
Gross profit	**4,211**	**4,104**	**2.6%**	**4,083**	**3.1%**
Vehicle sales	2,412	2,367	1.9%	2,059	17.2%
Service and others	1,799	1,737	3.6%	2,025	-11.1%
Total operating expense	(5,174)	(4,855)	6.6%	(5,226)	-1.0%
(SG&A expense)	(2,610)	(2,493)	4.7%	(2,496)	4.5%
(R&D expense)	(2,914)	(2,429)	20.0%	(2,914)	0.0%
Other operating income/(expense)	350	66	426.6%	185	89.3%
EBIT	**(963)**	**(751)**	**-28.2%**	**(1,143)**	**-2.3%**
Net interest income/expense	102	201	-49.3%	92	10.8%
Foreign exchange gain/(loss)	-	26	-100.0%	(125)	-100.0%
Fair value gain/(loss)	-	131	-100.0%	(103)	-100.0%
Other non-operating income/expense	-	(1)	-100.0%	12	-100.0%
Pre-tax profit	(861)	(394)	-118.6%	(1,267)	32.0%
Income taxes	(50)	7	809.7%	(74)	-32.0%
Net income (GAAP)	**(907)**	**(381)**	**-138.2%**	**(1,337)**	**32.1%**
Share-based compensation	155	155	-0.1%	147	5.2%
Fair value gain on derivative liability	-	74	-100.0%	(48)	-100.0%
Net income (non-GAAP)	**(752)**	**(152)**	**-395.5%**	**(1,237)**	**39.2%**
Unit profit (Rmb, non-GAAP)	**(6,388)**	**(1,309)**	**-388.0%**	**(11,979)**	**46.7%**
EPADS (Rmb, non-GAAP)	(0.79)	(0.16)	-393.7%	(1.29)	39.2%
Gross margin (%)	**18.8%**	**20.1%**	**-1.4pp**	**20.7%**	**-1.9pp**
Vehicle sales	12.0%	13.1%	-1.1pp	12.1%	-0.1pp
Services and others	76.4%	74.6%	1.7pp	75.1%	1.3pp
EBIT margin (%)	**-4.3%**	**-3.7%**	**-0.6pp**	**-5.8%**	**1.5pp**
Net margin (%, non-GAAP)	**-3.4%**	**-0.7%**	**-2.6pp**	**-6.3%**	**2.9pp**

Operating metrics	3Q26E	3Q25	YoY	2Q26	QoQ
Sales volume (k units)	118	116	1.5%	103	14.0%
ASP (ex-VAT, Rmb k)	170	156	9.5%	165	3.3%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 6: Estimate changes for XPeng

9868.HK	12m Price Target: HK$61	Price: HK$35.32	Upside: 72.7%
XPEV	12m Price Target: $16	Price: $9.07	Upside: 76.4%

Buy

GS Forecast

		12/25	12/26E	12/27E	12/28E
Market cap: $8.8bn	**Revenue (Rmb mn) New**	**76,719.7**	**81,895.5**	**91,903.2**	**98,873.0**
Enterprise value: $8.0bn	Revenue (Rmb mn) Old	76,719.7	87,348.6	97,452.3	109,900.3
3m ADTV :$78.0mn	EBITDA (Rmb mn)	(323.5)	(2,155.9)	631.5	2,695.7
China	**EPS (Rmb) New**	**(0.48)**	**(4.53)**	**(1.83)**	**(0.02)**
China Mobility Tech	EPS (Rmb) Old	(0.48)	(3.85)	(1.21)	1.08
	P/E (X)	NM	NM	NM	NM
M&A Rank: 3	P/B (X)	4.5	2.3	2.5	2.6
Leases incl. in net debt & EV?: Yes	Dividend yield (%)	0.0	0.0	0.0	0.0
	CROCI (%)	NM	NM	15.7	31.9
		3/26	**3/26**	**6/26**	**9/26E**
	EPS (Rmb)	(1.76)	(1.76)	(1.29)	(0.79)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 22 Oct 2026 close.

Source: Company data, Goldman Sachs Global Investment Research

Li Auto (LI / 2015.HK, Neutral)

Li Auto's sales volume rose +7% yoy in 3Q26 driven by new and facelift model launches, and its China NEV retail market share changed by +0.6pp yoy/-0.2pp qoq to 3.3% in 3Q26. Meanwhile, we expect blended ASP to increase by +6% qoq mainly due to higher-priced model launches (e.g., i9). Reflecting product mix changes (i6 contributing 40% in 3Q26 vs. 0%/64% in 3Q25/2Q26), we expect vehicle gross margin to change by -3.0pp yoy/+3.1pp qoq to 12.5% in 3Q26E, flowing down to EBIT with -1.5pp yoy/+3.2pp qoq operating margin change to -5.8% in 3Q26E. We update our model for Sep 2026 model deliveries, cut our 2026E-2028E volume estimates by around 2% mainly due to weakening domestic market demand into 4Q26E, and revise our earnings estimates to Rmb-4.4bn~3.0bn from Rmb-3.8bn~4.0bn in 2026E-28E. Accordingly, our 12-m DCF-based TPs decrease to US$13.0/HK$51 for the ADR/H-share from US$14.2/HK$55.

Exhibit 7: Li Auto 3Q26E preview

Li Auto P&L (RMB mn)	3Q26E	3Q25	YoY	2Q26	QoQ
Revenue	**27,801**	**27,365**	**1.6%**	**25,667**	**8.3%**
Vehicle sales	26,040	25,867	0.7%	24,066	8.2%
Other sales & services	1,762	1,498	17.6%	1,600	10.1%
(COGS)	(23,930)	(22,896)	4.5%	(22,831)	4.8%
Gross profit	**3,872**	**4,469**	**-13.4%**	**2,836**	**36.5%**
Vehicle sales	3,255	4,020	-19.0%	2,271	43.3%
Other sales & services	617	449	37.4%	565	9.1%
Total operating expense	(5,473)	(5,646)	-3.1%	(5,137)	6.6%
(SG&A expense)	(2,474)	(2,769)	-10.6%	(2,278)	8.6%
(Research & development expense)	(2,919)	(2,974)	-1.9%	(2,776)	5.2%
Other operating income/(expense)	(80)	97	-182.3%	(83)	3.9%
EBIT	**(1,602)**	**(1,177)**	**-36.1%**	**(2,301)**	**30.4%**
Net interest income/expense	409	443	-7.7%	339	20.7%
Other non-operating income/expense	5	(5)	-211.1%	13	-62.1%
Pre-tax profit	(1,188)	(739)	-60.8%	(1,949)	-39.0%
Income taxes	178	115	55.6%	244	-26.8%
Minority interest	19	(1)	-3353.3%	1	1653.6%
Net income (GAAP)	**(991)**	**(625)**	**-58.6%**	**(1,704)**	**41.8%**
Share-based compensation	300	265	13.3%	207	45.1%
Net income (non-GAAP)	**(691)**	**(360)**	**-91.8%**	**(1,497)**	**53.9%**
Unit profit (Rmb)	(6,913)	(3,865)	-78.8%	(15,229)	54.6%
EPADS (RMB GAAP)	(0.93)	(0.62)	-49.4%	(1.69)	45.3%
EPADS (RMB non-GAAP)	(0.65)	(0.36)	-80.7%	(1.49)	56.6%
Gross margin (%)	**13.9%**	**16.3%**	**-2.4%**	**11.0%**	**2.9%**
Vehicle gross margin (%)	12.5%	15.5%	-3.0%	9.4%	3.1%
Non-vehicle gross margin (%)	35.0%	30.0%	5.0%	35.3%	-0.3%
EBIT margin (%)	**-5.8%**	**-4.3%**	**-1.5%**	**-9.0%**	**3.2%**
Net margin (%, GAAP)	**-3.6%**	**-2.3%**	**-1.3%**	**-6.6%**	**3.1%**
Net margin (%, non-GAAP)	**-2.5%**	**-1.3%**	**-1.2%**	**-5.8%**	**3.3%**

Operating metrics	3Q26E	3Q25	YoY	2Q26	QoQ
Sales volume (k units)	100	93	7.2%	98	1.7%
ASP (ex-VAT Rmb k)	260	278	-6.1%	245	6.4%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 8: Estimate changes for Li Auto

2015.HK	**12m Price Target: HK$51**	**Price: HK$43.38**	**Upside: 17.6%**
LI	**12m Price Target: $13**	**Price: $11.47**	**Upside: 13.3%**

Neutral

GS Forecast

		12/25	12/26E	12/27E	12/28E
Market cap: $12.3bn	**Revenue (Rmb mn) New**	**112,312.5**	**106,108.4**	**124,106.0**	**140,460.9**
Enterprise value: $364.8mn	Revenue (Rmb mn) Old	112,312.5	107,566.2	126,713.8	143,638.4
3m ADTV :$36.5mn	EBITDA (Rmb mn)	4,114.0	(3,530.8)	1,051.5	6,075.9
China	**EPS (Rmb) New**	**2.36**	**(4.10)**	**(0.81)**	**2.84**
China Mobility Tech	EPS (Rmb) Old	2.36	(3.57)	(0.27)	3.74
	P/E (X)	74.3	NM	NM	26.9
M&A Rank: 3	P/B (X)	2.6	1.2	1.2	1.2
Leases incl. in net debt & EV?: Yes	Dividend yield (%)	0.0	0.0	0.0	0.0
	CROCI (%)	--	--	--	
		3/26	**3/26**	**6/26**	
	EPS (Rmb)	(2.09)	(2.09)	(1.49)	

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 22 Oct 2026 close.

Source: Company data, Goldman Sachs Global Investment Research

人在草木间

Hesai (HSAI / 2525.HK, Buy)

We expect revenue growth of 28% in 3Q26E, mainly on volume growth of 70% mitigated by -24% blended ASP decline. We expect -2.9pp yoy/-0.9pp qoq gross margin decline to 39.2% due to lower ASP from annual price reduction and product mix changes. Additionally, we see operating margin -5.4pp yoy/+4.0pp qoq due to higher R&D investment on strategic new initiatives as Hesai is positioned as an infrastructure enabler for the robotics industry. We lower our earnings estimates to Rmb420mn-1.1bn from Rmb552mn-1.2bn in 2026E-28E, mainly reflecting lower ADAS volume estimates amidst a weak domestic auto market. However, we see Hesai making solid product development and commercial progress for its strategic growth initiatives over the last 6 months, with the official launch of Kosmo (refer to our report). We forecast Rmb250mn/Rmb700mn revenue contribution from the SGI segment in 2026E/27E with operating profit break-even in 2027E. Reflecting our earnings estimate revisions, we lower our 12-m TPs to US$28/HK$27 for the ADR/H-share from US$31/HK$30, while maintaining our Buy rating.

Exhibit 9: Hesai 3Q26E preview

Hesai P&L (Rmb mn)	3Q26E	3Q25	YoY	2Q26	QoQ
Revenue	**1,018**	**795**	**27.9%**	**861**	**18.2%**
Product revenue	1,016	790	28.7%	860	18.2%
Service revenue	1	5	-79.2%	1	0.0%
(COGS)	(619)	(460)	34.4%	(516)	20.0%
Gross profit	**399**	**335**	**19.1%**	**345**	**15.5%**
Total operating expense	(355)	(258)	37.9%	(343)	3.5%
(Sales & marketing expense)	(44)	(44)	1.8%	(50)	-10.4%
(Research & development expense)	(288)	(199)	44.9%	(231)	24.6%
(General & administrative expense)	(78)	(73)	5.7%	(67)	15.8%
EBIT	**44**	**77**	**-43.4%**	**2**	**-1893%**
Net interest income/expense	55	25	122.1%	55	0.3%
Foreign exchange gain/(loss)	-	9	NM	(23)	NM
Investment income	-	-	NM	37	NM
Other non-operating income/expense	-	173	NM	0	NM
Pre-tax profit	99	284	-65.2%	71	40.0%
Income taxes	(15)	(28)	NM	(0)	493659%
Net income (GAAP)	**84**	**256**	**-67.2%**	**71**	**19.0%**
Share-based compensation	32	32	0.3%	31	2.8%
Net income (non-GAAP)	**116**	**288**	**-59.8%**	**101**	**14.1%**
EPADS (RMB, non-GAAP)	**0.71**	**2.01**	**-64.6%**	**0.62**	**14.1%**
Gross margin (%)	39.2%	42.1%	-2.9pp	40.1%	-0.9pp
EBIT margin (%)	4.3%	9.7%	-5.4pp	0.3%	4.0pp
Net margin (%)	11.4%	36.2%	-24.8pp	11.8%	-0.4pp

Operating metrics	3Q26E	3Q25	YoY	2Q26	QoQ
Sales volume (k units)	751	441	70.2%	628	19.6%
ADAS	561	381	47.3%	486	15.5%
Robotics	190	61	213.9%	142	33.7%
ASP (Rmb k)	1.4	1.8	-24.4%	1.4	-1.1%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 10: Estimate changes for Hesai

2525.HK	12m Price Target: HK$27	Price: HK$11.6	Upside: 132.8%
HSAI	12m Price Target: $28	Price: $12.14	Upside: 130.6%

Buy

GS Forecast

		12/25	12/26E	12/27E	12/28E
Market cap: $2.0bn	Revenue (Rmb mn) New	3,027.6	3,717.5	5,118.7	6,703.6
Enterprise value: $1.5bn	Revenue (Rmb mn) Old	3,027.6	4,143.9	5,612.1	7,194.3
3m ADTV :$25.6mn	EBITDA (Rmb mn)	292.5	271.2	680.2	1,031.8
China	**EPS (Rmb) New**	**0.49**	**0.34**	**0.62**	**0.89**
China Mobility Tech	EPS (Rmb) Old	0.49	0.44	0.70	0.98
	P/E (X)	NM	NM	129.7	91.3
M&A Rank: 3	P/B (X)	21.2	11.4	10.7	9.8
Leases incl. in net debt & EV?: Yes	Dividend yield (%)	0.0	0.0	0.0	0.0
	CROCI (%)	12.0	4.4	10.4	13.5
		3/26	**3/26**	**6/26**	**9/26E**
	EPS (Rmb)	0.04	0.04	0.08	0.09

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 22 Oct 2026 close

Source: Company data, Goldman Sachs Global Investment Research

Price Target Risks & Methodology

BYD (002594.SZ / 1211.HK, Buy - on CL) We are Buy rated (on CL) with 12m DCF-based (WACC 10.8%, TGR 2.0%) TPs of Rmb137/HK$134 for the A/H shares (applying a 10% discount for the H-share). Key downside risks: (1) Intensifying electric vehicle competition; (2) Slower-than-expected overseas expansion progress; (3) Lower-than-expected external battery sales.

Nio (NIO / 9866.HK, Buy) We are Buy rated with 12m DCF-based (WACC 11.8%, TGR 3.5%) TPs of US$5.6/HK$44 for the ADR/H-share; we use a HK$/USD exchange rate of 7.79 and a CNY/USD exchange rate of 7.15. Key risks include lower-than-expected sales volume, more-than-expected price cuts, higher-than-expected cost inflation.

XPeng (XPEV / 9868.HK, Buy) We are Buy rated with 12m DCF-based (WACC 11.8%, TGR 3.0%) TPs of US$16/HK$61 for the ADR/H-share. Key risks include lower-than-expected sales volume, worse-than-expected price competition, weaker-than-expected market demand.

Li Auto (LI / 2015.HK, Neutral) Our 12m DCF-based (WACC 11.3%, TGR 3.5%) TPs are US$13.0/HK$51 for the ADR/H-share. Upside risks: Higher-than-expected volume; better-than-expected expense control; faster-than-expected progress in embodied AI. Downside risks: Lower-than-expected industry demand; intensifying competition; raw material cost inflation.

Hesai (HSAI / 2525.HK, Buy) Our 12m target prices of US$28/HK$27 for the ADR/H-share are based on a 20x P/E multiple applied to Hesai's 2030E non-GAAP EPS and discounted back to 2026E at a CoE of 11%. Risks include slower LiDAR adoption, intensified competition, customer pricing pressure, and policy risk.