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Unitree Robotics - A

Physical-AI S curve likely pulled forward, Astra/LLM catalyst and extended regulatory scarcity premium drive double upgrade to OW

▲Overweight
Previous: Underweight

688836.SS, 688836 CH
Price (23 Oct 26):Rmb624.00

▲Price Target (Dec-27):Rmb995.00
Prior (Dec-27):Rmb300.00

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We are double-upgrading Unitree to OW, with a new PT of Rmb995 (c.20% potential upside vs. the open day closing price of Rmb845), as recent feedback from the World Physical AI Conference has led us to reassess the cautious view we took away from CIIF. We have pulled forward our sales forecasts given the accelerated S curve, with 2028/30 sales now implying c.20%/c.10% global market share, which underpins our more constructive stance. Our CIIF tour last week left us cautious, as Chinese robotics OEMs struggled to convert early hardware leadership into repeatable commercial traction, with most demand still tied to R&D and pilots. However, the landscape has shifted following the 2026 World Physical AI Conference in Hangzhou, held over the past few days, where Unitree founder and CEO Wang Xingxing pulled forward his outlook for a physical-AI breakthrough from "up to 10 years" to "2–3 years" or even "1–2 years." This shift is underpinned by rapid advances in frontier large-model AI—Astra and other LLMs—which are moving the industry bottleneck from "brain" to the 'last mile' interaction with the real world and making the installed base and platform positioning more valuable. At the same time, we observe a slower pace of primary & IPO activity than we anticipated - which will serve to extend scarcity premiums for already listed leaders like Unitree. While we recognize the risk of being wrong, especially given high volatility, we believe Underweight is no longer appropriate, Neutral does not fit this fast-moving space, and OW is now the more suitable stance.

- **How does Unitree's ecosystem event change the platform's strategic value in a compressed adoption window?** Wang Xingxing's revised timeline for physical-AI breakthrough—now suggesting 1–2 or 2–3 years—has fundamentally altered the risk/reward calculus for Unitree, in our view. This shift increases the value of near-term platform positioning, installed base, developer ecosystem, and self-evolution capability. The recent event gathered over 3,000 participants, with forums and exhibitions spanning city governance, emergency response, education, entertainment, and industrial applications. The scale and diversity of participation suggest Unitree is actively converting early hardware leadership into an ecosystem platform before the physical-AI inflection arrives, making the installed base and developer engagement more strategic than ever.
- **Why is the shift from "brain" to real-world deployment making Unitree's body platform more valuable?** The acceleration of frontier large-model AI—of which GPT-6 Astra is just one proxy—has moved the industry bottleneck from high-level reasoning to real-world execution. As models become more capable at planning and supervision, the challenge is now about translating digital intelligence into reliable, scalable, and safe physical deployment. Unitree's first-mover advantage is not just shipment volume, but the ability to create more real-world touchpoints for data, testing, and ecosystem

Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 27E (Rmb)	2.22	2.78	25.1%

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	100	86	96		
Growth	1	1	9		
Momentum	47				
Quality	51	38	38		
Low Vol	100				

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

See page 13 for analyst certification and important disclosures, including non-US analyst dis



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Price Performance



	YTD	1m	3m	12m
Abs	-	27.1%	-	-
Rel	-	33.3%	-	-

Company Data

Shares O/S (mn)	404
52-week range (Rmb)	1,100.00-404.03
Market cap ($ mn)	37,839
Exchange rate	6.67
Free float (%)	8.0%
3M ADV (mn)	-
3M ADV ($ mn)	-
Volatility (90 Day)	-
Index	SHASHR
BBG ANR (Buy | Hold | Sell)	2|3|2

Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	1,699	2,819	4,888	13,383
Adj. EBITDA	393	852	1,542	4,301
Adj. EBIT	369	816	1,489	4,240
Adj. net income	278	616	1,125	3,202
Adj. EPS	0.76	1.52	2.78	7.92
BBG EPS	-	1.62	2.82	4.94
Cashflow from operations	670	635	1,064	2,664
FCFF	620	(365)	64	1,664
Margins and Growth				
Revenue Growth Y/Y (%)	332.6%	65.9%	73.4%	173.8%
EBITDA margin	23.1%	30.2%	31.5%	32.1%
EBITDA Growth Y/Y (%)	327.1%	116.8%	80.9%	179.0%
EBIT margin	21.7%	28.9%	30.5%	31.7%
Net margin	16.4%	21.8%	23.0%	23.9%
Adj. EPS growth	-	99.3%	82.6%	184.7%
Ratios				
Adj. tax rate	24.5%	24.5%	24.5%	24.5%
Interest cover	398.7	-	-	-
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROCE	14.4%	10.4%	11.5%	26.7%
ROE	14.3%	10.4%	11.5%	26.7%
Valuation				
FCFF yield	0.3%	(0.1%)	0.0%	0.7%
Dividend yield	-	-	-	-
EV/Revenue	147.5	88.9	51.3	18.7
EV/EBITDA	637.7	294.2	162.6	58.3
Adj. P/E	816.5	409.8	224.4	78.8

Summary Investment Thesis and Valuation

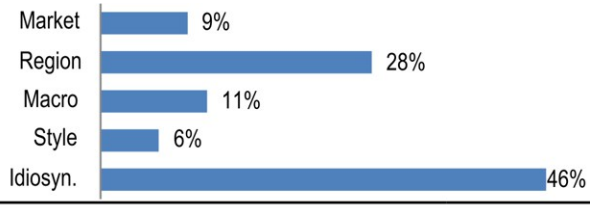
Investment Thesis

We believe the sector's multi-year potential has strengthened, as the physical-AI S curve is likely being pulled forward by rapid advances in large-model planning AI such as Astra and other LLMs. These breakthroughs are shifting the industry bottleneck from "brain" to real-world deployment, making platform positioning and installed base more valuable. For Unitree, the combination of management's sharply accelerated commercialization timeline and extended regulatory scarcity premium—driven by delays and higher hurdles for new IPOs—creates a rare window for value capture. While competition is intensifying and the market is moving beyond simple hardware scarcity, we expect investors to focus on repeat enterprise demand, margin durability, and the ability to monetize ecosystem leadership. In our view, Unitree's next phase will be defined less by volume growth and more by the quality and sustainability of its earnings, platform, and data-driven ecosystem.

Valuation

Our Dec-27 PT of Rmb995 is based on 30x FY28E P/S, benchmarking against the highest-quality global comps, and reflects our view that the physical-AI S curve for sales is likely being pulled forward as adoption accelerates. The risk/reward now skews to the upside, with the scarcity premium extended by regulatory delays. The market is poised to focus on the pace and sustainability of sales ramp, the conversion of pilots to repeat enterprise demand, and Unitree's ability to capture value as the sector transitions from early hardware leadership to scaled deployment.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	-0.12	0.29
Region: Hong Kong	0.58	0.56
Macro:		
JPM Global Equity Sentiment	0.44	0.38
JP Morgan GBI-EM Global Div	0.10	0.34
JPM EM Currency(EMCI) Fixing	0.09	0.33
Quant Styles:		
Size	-0.60	-0.39
Growth	-0.55	-0.33
DivYld	0.56	0.29

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

participation. The probability that Unitree's hardware platform remains a central layer of China's physical-AI ecosystem has improved, though the company still needs to prove repeat orders, manipulation reliability, safety, and monetization.

- **Will regulatory tightening extend Unitree's scarcity premium and help it race ahead of peers?** **Recent developments**suggest that new listings in the robotics space are taking longer to come to market, which is helping already-listed leaders like Unitree maintain their scarcity premium. With fewer new public comparables on the horizon, Unitree—widely seen as the only tier 1 player in the A-share market—stands out as a rare way to gain exposure to the embodied AI cycle. In this environment, Unitree's unique listed status and recent market cap correction position it as one of the few investable proxies in the sector, with scarcity continuing to support valuation for now

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Double upgrade to OW, PT Rmb995 – Physical-AI S curve pulled forward, regulatory scarcity premium extended

The past few days have highlighted just how rapidly the competitive landscape can evolve in disruptive technology sectors, particularly when the industry order remains unsettled and the pace of innovation is accelerating. Our CIIF tour takeaways earlier this week led us to a cautious stance, as we observed Chinese robotics OEMs struggling to translate early hardware leadership into repeatable commercial traction, with execution discipline, monetization, and scenario validation still lagging behind the narrative. At that time, we emphasized that the sector was still in an early commercialization phase, with most demand tied to R&D expansion, developer platforms, and small-batch pilots, rather than broad-based fleet deployment. The burden of proof for sustainable growth and margin durability was high, and we saw the market remaining selective until repeat orders and measurable ROI became visible.

At the 2026 World Physical AI Conference and Partner Ecosystem Conference in Hangzhou, Unitree founder and CEO Wang Xingxing made a pivotal statement, pulling forward his outlook for a physical-AI breakthrough from “up to 10 years” to “2–3 years” or even “1–2 years”. This marks a fundamental inflection for the sector, as Wang is widely regarded as one of the most influential voices in China’s robotics industry. The industry now appears to be on the cusp of a true intelligence breakthrough, as advances in large-model planning AI and a rapidly expanding developer ecosystem are shifting the bottleneck from high-level reasoning to real-world execution. This acceleration is not merely a change in narrative—it increases the value of near-term platform positioning, installed base, developer ecosystem, and self-evolution capability.

At the same time, public-market scarcity is also likely to remain a valuation support. Regulatory scrutiny around robotics IPOs and spin-offs appears to be rising, with greater emphasis on commercialization quality, sustainable order revenue, and business-model durability. As a result, new public-market supply of embodied-AI comparables may take longer to emerge, extending the scarcity premium for listed leaders such as Unitree. This is particularly relevant as investor demand for direct physical-AI exposure rises and the adoption timeline compresses.

Upgrade to OW: Given these developments, we believe maintaining an Underweight rating is no longer appropriate, but we also recognize that a Neutral stance does not fit the realities of such a fast-moving and structurally volatile sector. While we acknowledge the risk of being wrong—especially given the high volatility and ongoing uncertainty—we are double-upgrading Unitree to OW, with a new PT of Rmb995, implying c.20% upside, as compared to the open day closing price of Rmb845. Our PT corresponds to a 30x FY28E P/S, referencing recent private fundraising rounds including Agility Robotics, while our lift in PT is dirven by pulling forward our sales forecasts given the accelerated S curve, with 2028/30 sales now implying c.20%/c.10% global market share, which underpins our more constructive stance. This move reflects our reassessment that Unitree’s platform leadership, ecosystem mobilization, and regulatory tailwinds are converging to create a rare window for valuation re-rating. We caution, however, that stock volatility remains elevated and the path forward is unlikely to be linear.

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Unitree's ecosystem event marks a turning point as management accelerates the physical-AI timeline and positions the company for platform leadership in a compressed adoption window

- **The most important change is Wang Xingxing's tone on the physical-AI timeline, as he now argues that physical AI is showing signs of being "broken through", potentially in the next 1–2 years or 2–3 years, compared to his previous framing of up to 10 years.** This shortening of the expected breakthrough window is critical for Unitree's investment case, in our view, because it increases the value of near-term platform positioning, installed base, developer ecosystem, and self-evolution capability. The event itself gathered more than 3,000 participants, with one main forum, seven parallel forums, more than 20 open speeches, and over 40 exhibition zones, showcasing Unitree robots across city governance, emergency firefighting, education and research, culture and entertainment, commercial services, and industrial applications. Unitree also displayed quadrupeds, humanoids, and the latest Dex5-S five-finger dexterous hand. The scale of participation and scenario coverage suggests Unitree is trying to convert early hardware leadership into an ecosystem platform before the physical-AI inflection arrives.
- **The shortened timeline proves to be more strategic, as Wang disclosed that Unitree G1, launched in May 2024, has cumulatively produced around 10,000–20,000 units and has become the world's best-selling humanoid robot.** Under a long 10-year adoption curve, this would mainly be evidence of early hardware traction. Under a 2–3 year breakthrough framework, it becomes more strategic: a larger installed base can support developer familiarity, real-world data generation, policy testing, failure-case collection, and faster iteration. The body platform becomes an input to the intelligence loop, not just a product shipment metric.
- **Management's three future priorities reinforce the same direction,** as Unitree plans to improve large-scale robot mass-production capability for future markets at the ten-million or even hundred-million unit level, combine self-development and external cooperation to deploy physical-AI small models adapted to its hardware, and build ultra-large-scale compute clusters to support technical iteration. The company is also building a robot self-evolution system based on "AI autonomous R&D – simulation training – real-world testing – feedback iteration," aiming to replace parts of the traditional manual debugging process and improve algorithm iteration efficiency. This strategy directly addresses the remaining bottleneck Wang identified: physical interaction success rate and contact stability.
- **The World Physical AI Competition is another ecosystem tool around the shortened timeline**, as Unitree plans to invest tens of MM Rmb in annual prize money, open to global teams and individuals, with tracks including mobility, athletics, fighting, dexterous manipulation, production, sports, multimodal interaction, and healthcare/elderly care. This can bring external developers onto Unitree's platform, increase scenario diversity, generate edge cases, and accelerate the feedback loop between simulation, real-world testing, and model improvement. If physical AI is moving from a 10-year topic to a 2–3 year inflection, this ecosystem mobilization becomes more valuable.

The acceleration of large-model and planning AI is shifting the industry bottleneck from "brain" to real-world deployment,

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reinforcing the strategic value of Unitree's body platform

- **The recent surge in large-model and planning AI capabilities—of which GPT-6 Astra is just one visible example—has fundamentally changed the industry's trajectory**, as the sector's bottleneck is now moving from high-level reasoning to real-world embodiment, data generation, and deployment iteration. The rapid progress in task decomposition, memory, context management, and cross-tool execution is not limited to any single model, but reflects a broader trend in the AI ecosystem. As these models become more capable at planning and supervision, the challenge for robotics companies is increasingly about translating digital intelligence into reliable, scalable, and safe physical execution. This shift makes the hardware layer, and specifically the installed base and deployment infrastructure, more strategically valuable than in the past, when the focus was on "brain" development alone.
- **The industry's evolution means that the value of a robust, scalable body platform is rising**, as real-world data, scenario diversity, and deployment feedback become the key ingredients for further AI improvement. Unitree's early investment in cost-down manufacturing, developer ecosystem, and installed base now positions it as a default partner for model companies, universities, and system integrators that need physical robots to collect data, validate policies, and iterate on real-world use cases. The more advanced the planning layer becomes, the more critical it is to have a large, reliable fleet of deployed robots generating high-quality data and supporting rapid iteration cycles. This dynamic increases the option value of Unitree's platform, in our view, as the company can serve as a bridge between digital intelligence and physical deployment at scale.
- **The market is poised to reward companies that can close the loop between AI model progress and real-world execution,** as the next phase of value creation will depend on the ability to deliver repeatable, safe, and economically viable deployments. While simulation and synthetic data can accelerate development, they cannot fully replace the need for real-world interaction with objects, people, and environments. Unitree's platform advantage is not just about shipment volume, but about enabling more touchpoints for data collection, scenario testing, and ecosystem participation. As the industry moves from "brain" breakthroughs to "body +deployment" scaling, Unitree's position as a leading hardware and deployment platform is becoming more defensible and strategically relevant.
- **The investment case for Unitree is no longer just about selling more robot bodies, but about whether the company can become one of the default physical interfaces through which the next generation of AI models learn, iterate, and deploy, as the "brain" still fundamentally needs the "body".** Even as frontier models advance in planning and reasoning, physical AI continues to rely on sensors, actuators, batteries, thermal management, calibration, safety, durability, and field-service capability—factors that simulation and synthetic data cannot fully replicate. The more capable the planning layer becomes, the more valuable real-world data loops become, and those loops require deployed bodies. In this context, Unitree's first-mover advantage is not just shipment volume, but the ability to create more real-world touchpoints for data, testing, and ecosystem participation. The probability that Unitree's hardware platform remains a central layer of China's physical-AI ecosystem has improved, though the company still needs to prove repeat orders, manipulation reliability, safety performance, and ecosystem monetization. The shift in the industry's bottleneck, however, supports a more constructive view of Unitree's

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platform value and underpins our upgrade to OW.

Regulatory tightening extends Unitree's scarcity premium, helping listed tier-1 players race ahead as the pipeline for new IPOs and spin-offs is delayed

- **Regulatory scrutiny around robotics IPOs and spin-offs appears to be rising, with greater focus on sustainable order revenue, commercialization quality, and business-model durability.** For an early-stage sector such as embodied AI, this matters because many companies are still proving the transition from pilots, R&D demand, and demonstration projects into repeatable commercial orders. The immediate implication is not that regulation removes execution risk for listed players, but that the supply of new public-market robotics comparables may come through more slowly than previously expected.
- **The most visible read-through is that the pipeline for new embodied-AI listings may progress more slowly than previously expected** (link). High-profile private players such as Agibot remain relevant future comparables, but recent financing activity and listing-timeline considerations suggest they are unlikely to add near-term public-market supply. At the same time, recent robotics-related activity has become more selective (Ie DeepRobotics' STAR Market review (link) , termination of planned listing of Huangdong Robot), reinforcing the view that new investable supply may take longer to emerge.
- **The implication is that Unitree's scarcity premium should last longer.** The company remains one of the few direct A-share proxies for the embodied-AI cycle, with a combination of hardware platform leadership, ecosystem reach, and installed-base scale. This scarcity becomes more valuable if the physical-AI adoption timeline is being pulled forward while investors still have limited ways to gain listed exposure to the theme. In our view, this supports Unitree's valuation re-rating window, as public-market investors may assign greater strategic value to its platform position before broad-based commercial fleet deployment is fully proven.

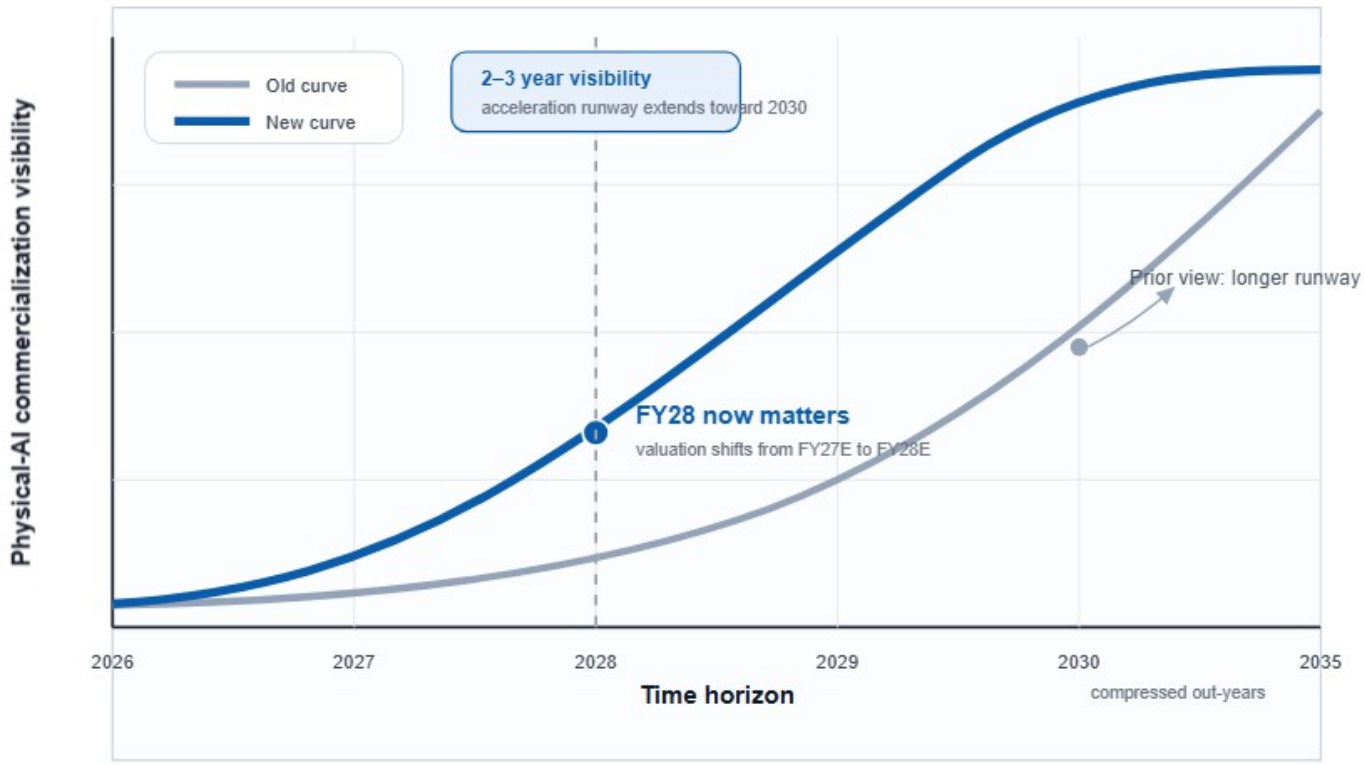
Table 1: Unitree key model assumption changes and implied market share in global humanoid robot market

		2026E	2027E	2028E	2029E	2030E
Unitree unit humanoid robot sales	new	14,163	31,701	111,554	157,331	214,264
	old	14,163	26,226	41,552	59,451	74,112
Implied global market share	new	24%	14%	21%	15%	12%
	old	24%	12%	8%	6%	4%

Source: J.P. Morgan estimates

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Figure 1: Physical-AI S-curve pulled forward, FY28 to become the valuation anchor

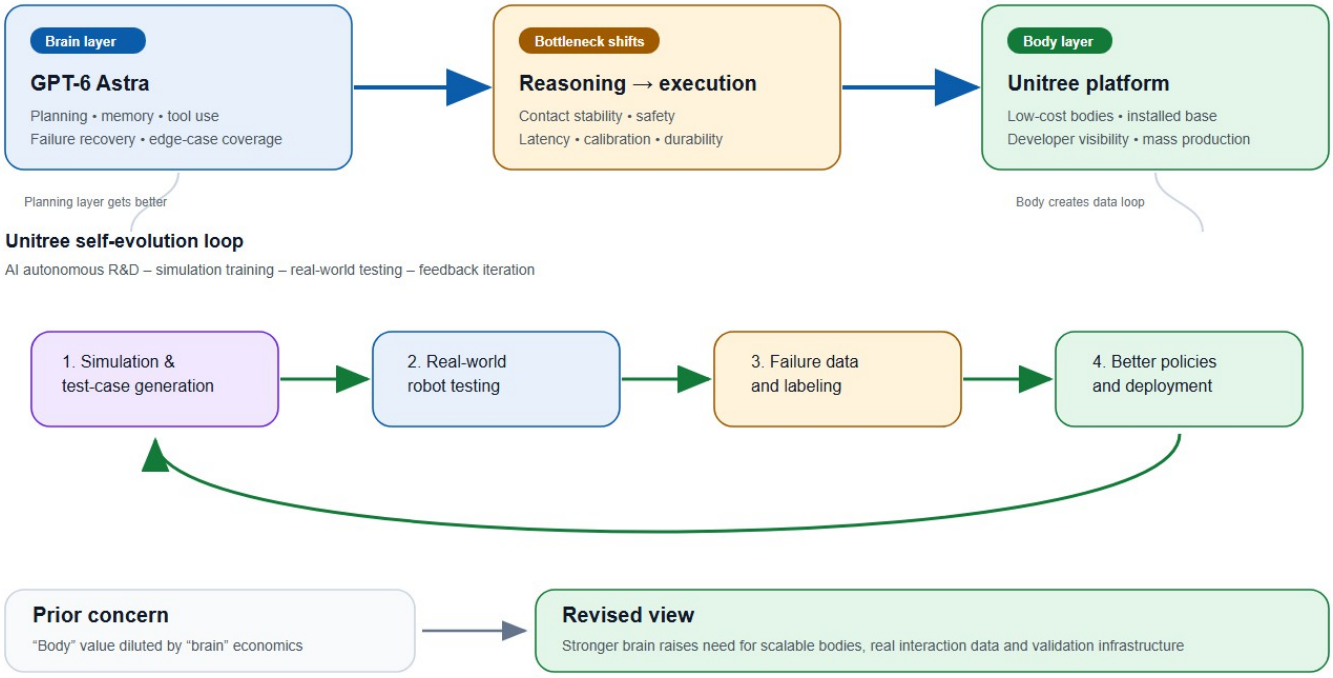


Source: J.P. Morgan

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Figure 2: Physical-AI flywheel: stronger brain increases demand for scalable bodies

GPT-6 Astra improves planning; Unitree provides real-world data, testing and deployment infrastructure



Source: J.P. Morgan

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Table 2: Unitree - Humanoid robot comp table

	BBG Ticker	JPM rating	Last Price LC	JPM PT LC	Upside/ Downside	Mkt Cap US$Mn	Daily turnover US$Mn	YTD stock perf.	P/E (x) FY26E	P/E (x) FY27E	EPS Growth FY26E	EPS Growth FY27E	ROE (%) FY26E	ROE (%) FY27E	P/S (x) FY26E	P/S (x) FY27E	Revenue growth Y/Y FY26E	Revenue growth Y/Y FY27E
China																		
Robot OEM																		
Unitree	688836 CH	OW	624	995	59%	37,824	413.2	NA	409.8	224.4	121%	83%	8.3	10.2	89.5	51.6	66%	73%
UBTech Robotics	9880 HK	N	68	74	9%	4,424	49.7	-46%	NM	156.3	62%	151%	-5.7	3.0	7.4	4.6	99%	59%
Estun	002747 CH	UW	29	21	-28%	3,976	224.9	23%	103.9	76.3	NM	36%	9.7	9.4	5.1	4.5	8%	7%
Geekplus	2590 HK	NC	6	NA	NA	1,062	8.8	-70%	131.5	21.6	47%	NM	2.0	3.6	1.7	1.3	30%	32%
Dobot	2432 HK	NC	17	NA	NA	856	6.4	-55%	NM	NM	84%	56%	-4.0	-1.6	7.3	5.2	54%	41%
Xpeng	9868 HK	N	37	45	21%	9,081	61.5	-53%	NM	NM	-119%	127%	-13.4	-10.9	0.7	0.6	11%	22%
Xpeng	XPEV US	N	9	12	25%	8,837	77.8	-55%	NM	NM	-119%	127%	-13.4	-10.9	0.7	0.6	11%	22%
Average									215.0	119.6	-3%	63%	-2.3	0.4	16.1	9.8	40%	37%
Components																		
Leader Drive	688017 CH	OW	290	358	23%	7,968	340.8	51%	271.7	138.9	48%	96%	5.1	9.6	56	30	58%	87%
Sanhua Intelligent-A	002050 CH	OW	35	51	45%	20,916	269.1	-32%	31.0	26.6	17%	17%	12.8	14.6	4.1	3.7	9%	13%
Sanhua Intelligent-H	2050 HK	OW	21	38	78%	20,921	20.2	-42%	16.1	13.8	17%	17%	12.8	14.6	2.5	2.2	9%	13%
Ningbo Tuopu	601689 CH	UW	45	48	7%	11,660	162.3	-42%	28.0	24.5	-1%	14%	11.1	11.7	2.3	2.0	16%	13%
Minth	425 HK	OW	22	54	141%	3,346	11.7	-26%	7.4	6.2	1%	18%	12.3	13.2	0.8	0.7	9%	14%
Zhongda Leader	002896 CH	NC	61	NA	NA	1,796	91.5	-32%	107.0	89.7	23%	19%	8.7	9.7	9.2	7.4	25%	25%
Shuanghuan	002472 CH	NC	41	NA	NA	5,227	124.8	-15%	24.8	21.1	13%	18%	13.0	13.7	3.4	3.0	8%	14%
Ningbo Joyson	600699 CH	N	22	20	-10%	4,854	131.4	-20%	19.7	16.2	13%	21%	8.8	9.9	0.5	0.5	2%	4%
Hengli Hydraulic	601100 CH	OW	90	126	41%	17,985	105.7	-13%	37.9	28.7	8%	32%	17.3	20.2	8.8	7.2	26%	22%
Robosense	2498 HK	OW	14	45	219%	846	9.2	-61%	NM	23.1	23%	NM	-4.7	4.5	1.9	1.2	45%	57%
Johnson Electric	179 HK	N	14	18	32%	1,624	10.0	-54%	7.9	11.6	NA	-32%	7.4	5.9	0.4	0.4	NA	1%
Wolong Electric	600580 CH	N	26	31	18%	6,171	183.5	-46%	50.7	32.1	47%	58%	7.3	10.7	2.7	2.4	-4%	12%
Orbbec	688322 CH	OW	108	110	2%	6,682	141.8	20%	166.2	75.0	NA	122%	7.5	13.1	33.1	17.8	NA	86%
Horizon Robotics	9660 HK	OW	4	9	138%	7,660	69.6	-56%	NM	NM	136%	44%	NM	NM	9.7	6.3	61%	55%
Zhaowei Machinery	003021 CH	NC	92	NA	NA	3,442	44.7	-26%	99.9	73.8	36%	35%	5.0	5.8	12.4	10.8	-1%	14%
Laifual Drive	3952 HK	NC	31	NA	NA	413	1.0	NA	NM	78.6	NA	146%	-29.0	3.2	7.0	3.9	NA	81%
Mech Mind	9615 HK	NC	87	NA	NA	1,390	4.4	NA	NM	91.5	NA	265%	2349.9	3.3	13.3	9.2	NA	46%
Average									66.8	47.0	21%	56%	152.8	10.2	9.9	6.4	20%	33%
Asia (ex-China)																		
Components																		
Hiwin	2049 TT	UW	299.00	160	-46%	3,245	47.4	54%	54.8	46.6	37%	18%	5.2	6.0	4.0	3.7	9%	8%
Bizlink	3665 TT	OW	1875.00	3,100	65%	11,478	231.3	23%	27.6	15.6	45%	77%	25.4	33.8	3.6	2.4	48%	50%
Sinbon	3023 TT	N	298.00	235	-21%	2,194	10.0	55%	22.5	19.0	9%	19%	19.3	21.6	2.2	2.0	6%	9%
HDS	6324 JP	NC	4895.00	NA	NA	3,004	46.1	29%	70.9	49.0	NM	45%	7.9	10.5	6.2	5.4	30%	16%
Nidec	6594 JP	UW	1705.00	1,500	-12%	12,956	125.4	-20%	14.5	12.1	8%	19%	15.7	16.0	0.7	0.7	6%	5%
Minebea Mitsumi	6479 JP	OW	3120.00	5,100	63%	8,490	64.4	-1%	13.2	11.5	38%	15%	9.5	9.9	0.7	0.7	11%	6%
Robotis	108490 KS	OW	225000.00	430,000	91%	2,490	131.7	-14%	124.6	61.2	NM	104%	8.1	14.7	25.1	14.0	106%	79%
Hyundai Mobis	012330 KS	OW	328500.00	620,000	89%	22,257	136.9	-12%	6.2	5.6	12%	12%	8.8	9.0	0.4	0.4	3%	3%
HL Mando	204320 KS	N	37350.00	49,000	31%	1,323	13.0	-32%	9.4	8.3	6%	12%	6.4	6.8	0.2	0.2	5%	4%
Average									38.2	25.4	23%	36%	11.8	14.2	4.8	3.3	25%	20%
Robot OEM																		
Yaskawa	6506 JP	NC	4022.00	NA	NA	6,835	131.9	-13%	23.1	18.1	28%	28%	9.1	10.9	1.8	1.7	12%	9%
Fanuc	6954 JP	NC	5587.00	NA	NA	34,968	219.8	-8%	24.6	23.2	31%	6%	11.1	11.5	5.6	5.2	16%	7%
TM Robot	4585 TT	NC	270.00	NA	NA	866	2.1	-20%	59.2	35.8	NA	65%	NA	NA	13.1	9.9	NA	32%
Hyundai motor	005380 KS	OW	295500.00	440,000	49%	45,352	270.7	-1%	9.4	8.5	-11%	11%	6.9	7.3	0.3	0.3	1%	4%
Average									29.1	21.4	11%	28%	9.0	9.9	5.2	4.3	9%	13%
Ex-Asia																		
Components																		
NVIDIA	NVDA US	OW	210.96	320	52%	5,084,136	25,665.2	13%	45.1	22.8	60%	97%	104.2	99.8	23.8	12.4	66%	91%
Siemens	SIE GR	OW	256.00	345	35%	224,075	308.7	7%	21.0	17.9	6%	17%	13.8	15.2	2.4	2.2	5%	8%
Schaeffler	SHA0 GR	N	5.40	9	57%	5,711	7.4	-35%	10.0	8.7	2%	15%	17.1	18.1	0.2	0.2	-2%	0%
Average									25.4	16.5	23%	43%	45.0	44.4	8.8	5.0	23%	33%
Robot OEM																		
Tesla	TSLA US	N	372.22	430	16%	1,471,296	13,015.3	-17%	231.2	212.7	1%	9%	6.6	6.7	13.8	12.0	12%	15%

Source: Bloomberg Finance L.P, priced as of Oct 23, 2026. J.P. Morgan estimates for covered names, Bloomberg consensus for non-covered (NC) names.

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Investment Thesis, Valuation and Risks

Unitree Robotics - A *(Overweight; Price Target: Rmb995.00)*

Investment Thesis

We believe the sector's multi-year potential has strengthened, as the physical-AI S curve is likely being pulled forward by rapid advances in large-model planning AI such as Astra and other LLMs. These breakthroughs are shifting the industry bottleneck from "brain" to real-world deployment, making platform positioning and installed base more valuable. For Unitree, the combination of management's sharply accelerated commercialization timeline and extended regulatory scarcity premium—driven by delays and higher hurdles for new IPOs—creates a rare window for value capture. While competition is intensifying and the market is moving beyond simple hardware scarcity, we expect investors to focus on repeat enterprise demand, margin durability, and the ability to monetize ecosystem leadership. In our view, Unitree's next phase will be defined less by volume growth and more by the quality and sustainability of its earnings, platform, and data-driven ecosystem.

Valuation

Our Dec-27 PT of Rmb995 is based on 30x FY28E P/S, benchmarking against the highest-quality global comps, and reflects our view that the physical-AI S curve for sales is likely being pulled forward as adoption accelerates. The risk/reward now skews to the upside, with the scarcity premium extended by regulatory delays. The market is poised to focus on the pace and sustainability of sales ramp, the conversion of pilots to repeat enterprise demand, and Unitree's ability to capture value as the sector transitions from early hardware leadership to scaled deployment.

Risks to Rating and Price Target

Downside risks to our OW rating and PT include: (1) slower-than-expected enterprise adoption or delays in converting pilots to repeat orders, which could undermine the platform's ability to scale; (2) intensified competition or margin pressure as new entrants accelerate commercialization, eroding Unitree's pricing power and scarcity premium; and (3) renewed regulatory tightening or geopolitical setbacks, which could limit international expansion and reduce the addressable market.

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Unitree Robotics - A: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**393**	**1,699**	**2,819**	**4,888**	**13,383**
COGS	(168)	(672)	(1,200)	(2,129)	(5,923)
Gross profit	**225**	**1,027**	**1,619**	**2,758**	**7,460**
SG&A	(84)	(541)	(507)	(782)	(1,807)
Adj. EBITDA	**92**	**393**	**852**	**1,542**	**4,301**
D&A	(9)	(24)	(37)	(52)	(61)
Adj. EBIT	**83**	**369**	**816**	**1,489**	**4,240**
Net Interest	17	(1)	-	-	-
Adj. PBT	**101**	**368**	**816**	**1,489**	**4,240**
Tax	(5)	(90)	(200)	(365)	(1,039)
Minority Interest	0	0	0	0	0
Adj. Net Income	**95**	**278**	**616**	**1,125**	**3,202**
Reported EPS	-	0.76	1.52	2.78	7.92
Adj. EPS	**-**	**0.76**	**1.52**	**2.78**	**7.92**
DPS	**-**	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-	-
Shares outstanding	-	364	404	404	404

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	566	1,419	7,036	7,049	8,662
Accounts receivable	21	59	66	114	367
Inventories	141	368	432	728	1,923
Other current assets	543	374	374	374	374
Current assets	**1,271**	**2,220**	**7,907**	**8,264**	**11,325**
PP&E	11	35	1,026	2,013	2,997
LT investments	0	5	5	5	5
Other non current assets	246	949	973	985	991
Total assets	**1,528**	**3,209**	**9,911**	**11,267**	**15,317**
Short term borrowings	0	0	0	0	0
Payables	90	245	299	530	1,379
Other short term liabilities	148	311	311	311	311
Current liabilities	**238**	**556**	**610**	**841**	**1,690**
Long-term debt	-	-	-	-	-
Other long term liabilities	9	48	48	48	48
Total liabilities	**247**	**604**	**658**	**889**	**1,738**
Shareholders' equity	1,281	2,605	9,253	10,377	13,579
Minority interests	-	-	-	-	-
Total liabilities & equity	**1,528**	**3,209**	**9,911**	**11,267**	**15,317**
BVPS	**-**	**-**	**-**	**-**	**-**
y/y Growth	-	-	-	-	-
Net debt/(cash)	(566)	(1,419)	(7,036)	(7,049)	(8,662)

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**192**	**670**	**635**	**1,064**	**2,664**
o/w Depreciation & amortization	9	24	37	52	61
o/w Changes in working capital	1	(110)	(17)	(113)	(599)
Cash flow from investing activities	**(714)**	**(472)**	**(1,051)**	**(1,051)**	**(1,051)**
o/w Capital expenditure	(10)	(50)	(1,000)	(1,000)	(1,000)
as % of sales	*2.5%*	*3.0%*	*35.5%*	*20.5%*	*7.5%*
Cash flow from financing activities	**860**	**675**	**6,032**	**0**	**0**
o/w Dividends paid	-	-	-	-	-
o/w Shares issued/(repurchased)	-	-	-	-	-
o/w Net debt issued/(repaid)	(10)	(0)	0	0	0
Net change in cash	**343**	**850**	**5,616**	**13**	**1,613**
Adj. Free cash flow to firm	**183**	**620**	**(365)**	**64**	**1,664**
y/y Growth	*(107110.8%)*	*239.5%*	*(158.8%)*	*(117.5%)*	*2501.4%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	57.2%	60.4%	57.4%	56.4%	55.7%
EBITDA margin	23.4%	23.1%	30.2%	31.5%	32.1%
EBIT margin	21.2%	21.7%	28.9%	30.5%	31.7%
Net profit margin	24.3%	16.4%	21.8%	23.0%	23.9%
ROE	12.1%	14.3%	10.4%	11.5%	26.7%
ROA	9.9%	11.7%	9.4%	10.6%	24.1%
ROCE	10.0%	14.4%	10.4%	11.5%	26.7%
SG&A/Sales	21.4%	31.8%	18.0%	16.0%	13.5%
Net debt/Equity	NM	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM	NM
Sales/Assets (x)	0.4	0.7	0.4	0.5	1.0
Assets/Equity (x)	1.2	1.2	1.1	1.1	1.1
Interest cover (x)	-	398.7	-	-	-
Operating leverage	(265.9%)	103.1%	183.3%	112.6%	106.3%
Tax rate	5.1%	24.5%	24.5%	24.5%	24.5%
Revenue y/y Growth	146.8%	332.6%	65.9%	73.4%	173.8%
EBITDA y/y Growth	(533.5%)	327.1%	116.8%	80.9%	179.0%
EPS y/y Growth	-	-	99.3%	82.6%	184.7%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	-	816.5	409.8	224.4	78.8
P/BV (x)	-	-	-	-	-
EV/EBITDA (x)	2,723.7	637.7	294.2	162.6	58.3
Dividend Yield	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which