

# Xpeng Inc. (XPEV US/9868 HK)

## New model cycle + Overseas + AD + Robot

**Maintain BUY.** Xpeng's 4Q24 earnings were largely in line with a slight beat of GPM. We raise our FY25-26E sales volume forecasts to 440,000 units and 600,000 units, respectively, given the current strong model cycle. We estimate a quarterly breakeven sales volume of 130,000-140,000 units and therefore, we project a breakeven in 4Q25E and net profit of RMB1.2bn in FY26E. We also believe its early move in robot with AI capabilities could lift valuation.

- **4Q24 largely in line with slight beat of GPM.** Xpeng's 4Q24 revenue was 1% lower than our prior forecast while its GPM was 0.4ppts higher than our projection. Such slight beat was offset by higher-than-expected R&D and SG&A expenses, resulting in both in-line operating loss and net loss.
- **Strong model cycle with overseas expansion to lift FY25-26E sales volume and profit.** We are of the view that Xpeng's strong sales volume in 1Q25 could extend into the rest of 2025, as it still has a plethora of new models in the pipeline. We raise our FY25E sales volume forecast by 50,000 units to 440,000 units. We also project its vehicle margin to widen from 10.0% in 4Q24 to 11.3% in FY25E. We estimate a quarterly breakeven sales volume to be 130,000-140,000 units amid the current product mix. Therefore, we expect Xpeng to achieve breakeven in 4Q25E. New models in FY25E would have a full-year contribution in FY26E, which leads our FY26E sales volume forecast to 600,000 units. We project FY26E net profit to be RMB1.2bn, taking possibly higher R&D for robots and other AI projects into consideration.
- **Early mover in robot with AI capabilities to lift valuation.** Most questions during the earnings call focused on autonomous driving (AD) and robot, both of which are related to AI capabilities. We are of the view that automakers with superb AD technologies are naturally strong competitors in the robot industry. Xpeng's early move in robot could make it even more competitive.
- **Valuation/Key risks.** We maintain our BUY rating and raise our target price from US\$16.00 to US\$28.00 (HK\$110), based on 1.8x our revised FY26E P/S (prior 1.5x FY25E). We roll over our valuation multiple, as we believe FY26E could better reflect Xpeng's strong model cycle when new models have full-year contribution. We think a valuation that is slightly higher than peers and previous multiple is justified given its leading AI capabilities and better outlook for humanoid robots than before. Key risks to our rating and target price include lower sales volume and/or GPM than we expect, slower monetization timeline for robot and a sector de-rating.

### Earnings Summary - XPEV US

(YE 31 Dec)	FY22A	FY23A	FY24A	FY25E	FY26E
Revenue (RMB mn)	26,855	30,676	40,866	79,177	106,967
YoY growth (%)	28.0	14.2	33.2	93.7	35.1
Gross margin (%)	11.5	1.5	14.3	15.5	15.6
Operating profit (RMB mn)	(8,705.5)	(10,889.4)	(6,658.1)	(3,009.6)	(483.2)
Net profit (RMB mn)	(9,139.0)	(10,375.8)	(5,790.3)	(1,718.1)	1,229.4
EPS (Reported) (RMB cents)	(533.65)	(595.99)	(306.14)	(90.12)	63.98
P/S (x)	5.8	5.1	3.8	2.0	1.5
P/E (x)	N/A	N/A	N/A	N/A	127.8
P/B (x)	3.8	3.9	5.0	5.3	5.1

Source: Company data, Bloomberg, CMBIGM estimates

XPEV US 9868 HK

BUY BUY

Maintain Maintain

TP	US\$28.00	HK\$110.00
Prior TP	US\$16.00	HK\$62.4
Up/Downside	23.7%	15.7%
Current Price	US\$22.6	HK\$95.1

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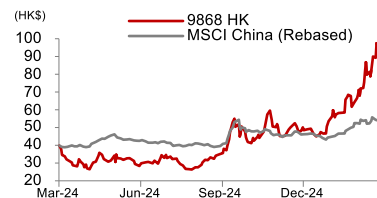
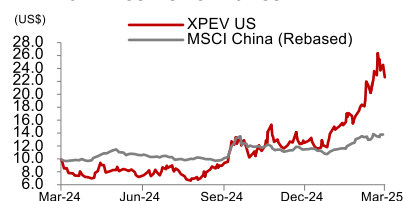
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#### 12-mth Price Performance



Source: FactSet

#### Stock Performance

	XPEV US		9868 HK	
	Abs.	Rel.	Abs.	Rel.
1-mth	25.8%	19.4%	33.8%	19.4%
3-mth	78.1%	47.4%	96.1%	47.4%
6-mth	141.1%	76.1%	167.1%	76.1%

Source: FactSet

#### Stock Data

(LC)	XPEV US	9868 HK
Mkt Cap (mn)	21513.12	180733
Avg 3 mths t/o (mn)	201.06	1752.05
52w High	26.34	97.45
52w Low	6.63	26.05
Issued Shares (mn)	1900.452	1900.452

Source: FactSet

Figure 1: Quarterly results

RMB mn	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	YoY	QoQ
Sales volume (units)	18,230	23,205	40,008	60,158	21,821	30,207	46,533	91,507	52.1%	96.6%
ASP (RMB)	221,252	218,173	213,195	216,936	300,082	268,527	217,087	175,999	-18.9%	-18.9%
Revenue	4,033	5,063	8,530	13,050	6,548	8,111	10,102	16,105	23.4%	59.4%
Gross profit	67	(197)	(228)	809	844	1,136	1,541	2,325	187.2%	50.8%
R&D expenses	(1,296)	(1,367)	(1,306)	(1,308)	(1,350)	(1,467)	(1,633)	(2,006)	53.4%	22.9%
SG&A expenses	(1,387)	(1,544)	(1,692)	(1,937)	(1,388)	(1,574)	(1,633)	(2,275)	17.5%	39.3%
Operating profit	(2,585)	(3,090)	(3,161)	(2,053)	(1,646)	(1,609)	(1,847)	(1,556)	N/A	N/A
Net profit	(2,337)	(2,805)	(3,887)	(1,348)	(1,368)	(1,285)	(1,808)	(1,330)	N/A	N/A
Gross margin	1.7%	-3.9%	-2.7%	6.2%	12.9%	14.0%	15.3%	14.4%	8.2 pts	-0.8 pts
Operating margin	-64.1%	-61.0%	-37.1%	-15.7%	-25.1%	-19.8%	-18.3%	-9.7%	6.1 pts	8.6 pts
Net margin	-57.9%	-55.4%	-45.6%	-10.3%	-20.9%	-15.8%	-17.9%	-8.3%	2.1 pts	9.6 pts

Source: Company data, CMBIGM

Figure 2: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY24A	FY25E	FY26E	FY24E	FY25E	FY26E	FY24A	FY25E	FY26E
Revenue	40,866	79,177	106,967	41,006	71,812	88,462	-0.3%	10.3%	20.9%
Gross profit	5,846	12,310	16,717	5,795	10,950	13,512	0.9%	12.4%	23.7%
Operating profit	(6,658)	(3,010)	(483)	(6,687)	(3,395)	(1,503)	N/A	N/A	N/A
Net profit	(5,790)	(1,718)	1,229	(5,760)	(2,149)	120	N/A	N/A	922.5%
Gross margin	14.3%	15.5%	15.6%	14.1%	15.2%	15.3%	0.2 pts	0.3 pts	0.4 pts
Operating margin	-16.3%	-3.8%	-0.5%	-16.3%	-4.7%	-1.7%	0.0 pts	0.9 pts	1.2 pts
Net margin	-14.2%	-2.2%	1.1%	-14.0%	-3.0%	0.1%	-0.1 pts	0.8 pts	1.0 pts

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY24A	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	40,866	79,177	106,967	41,488	77,204	102,754	-1.5%	2.6%	4.1%
Gross profit	5,846	12,310	16,717	5,728	12,052	17,427	2.1%	2.1%	-4.1%
Operating profit	(6,658)	(3,010)	(483)	(6,853)	(3,206)	(4)	N/A	N/A	N/A
Net profit	(5,790)	(1,718)	1,229	(5,717)	(1,816)	1,729	N/A	N/A	-28.9%
Gross margin	14.3%	15.5%	15.6%	13.8%	15.6%	17.0%	0.5 pts	-0.1 pts	-1.3 pts
Operating margin	-16.3%	-3.8%	-0.5%	-16.5%	-4.2%	0.0%	0.2 pts	0.4 pts	-0.4 pts
Net margin	-14.2%	-2.2%	1.1%	-13.8%	-2.4%	1.7%	-0.4 pts	0.2 pts	-0.5 pts

Source: Bloomberg, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024A	2025E	2026E
YE 31 Dec (RMB mn)						
Revenue	20,988	26,855	30,676	40,866	79,177	106,967
Cost of goods sold	(18,366)	(23,767)	(30,225)	(35,021)	(66,867)	(90,250)
Gross profit	2,623	3,088	451	5,846	12,310	16,717
Operating expenses	(9,202)	(11,794)	(11,341)	(12,504)	(15,320)	(17,200)
SG&A expense	(5,305)	(6,688)	(6,559)	(6,871)	(8,920)	(9,700)
R&D expense	(4,114)	(5,215)	(5,277)	(6,457)	(7,000)	(8,500)
Others	218	109	495	823	600	1,000
Operating profit	(6,579)	(8,706)	(10,889)	(6,658)	(3,010)	(483)
Gain/loss on financial assets at FVTPL	671	84	(635)	(262)	(170)	0
Other gains/(losses)	384	(1,424)	139	59	150	150
EBITDA	(3,944)	(7,571)	(7,963)	(2,716)	1,648	5,042
Depreciation	573	915	1,646	2,028	2,311	2,584
Depreciation of ROU assets	229	379	182	258	273	283
Other amortisation	36	116	279	514	531	552
EBIT	(4,782)	(8,982)	(10,070)	(5,516)	(1,466)	1,623
Interest income	743	1,059	1,260	1,375	1,513	1,856
Interest expense	(55)	(132)	(269)	(344)	(252)	(177)
Pre-tax profit	(4,837)	(9,114)	(10,339)	(5,860)	(1,718)	1,446
Income tax	(26)	(25)	(37)	70	0	(217)
After tax profit	(4,863)	(9,139)	(10,376)	(5,790)	(1,718)	1,229
Others	0	0	0	0	0	0
Net profit	(4,863)	(9,139)	(10,376)	(5,790)	(1,718)	1,229
BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Current assets	48,831	43,527	54,522	50,371	74,267	97,597
Cash & equivalents	11,025	14,608	21,127	14,982	26,405	36,410
Restricted cash	610	106	3,175	3,000	2,000	2,000
Account receivables	2,673	3,873	2,716	3,359	6,508	8,792
Inventories	2,662	4,521	5,526	5,277	9,160	12,363
ST bank deposits	25,858	15,349	16,812	18,000	20,000	25,000
Financial assets at FVTPL	2,834	1,262	781	591	601	611
Other current assets	3,169	3,808	4,384	5,162	9,593	12,421
Non-current assets	16,821	27,964	29,641	32,134	32,740	32,086
PP&E	5,425	10,607	10,954	10,854	10,493	9,854
Right-of-use assets	1,561	1,955	1,456	1,398	1,225	1,042
Investment in JVs & assos	1,549	2,295	2,085	1,794	1,644	1,744
Intangibles	879	1,043	4,949	4,599	4,285	3,954
Other non-current assets	7,407	12,064	10,197	13,489	15,093	15,492
Total assets	65,651	71,491	84,163	82,505	107,007	129,683
Current liabilities	18,013	24,115	36,112	38,235	63,748	83,978
Short-term borrowings	0	2,419	3,889	3,866	0	0
Account payables	12,362	14,223	22,210	25,906	49,463	66,760
Tax payable	23	28	6	40	50	50
Other current liabilities	5,254	6,954	9,640	8,086	13,942	16,911
Lease liabilities	373	491	366	337	293	257
Non-current liabilities	5,492	10,465	11,722	13,322	13,718	14,625
Long-term borrowings	1,675	4,613	5,651	6,651	5,151	4,151
Deferred income	479	694	669	1,008	1,450	2,047
Other non-current liabilities	3,338	5,158	5,403	5,663	7,118	8,428
Total liabilities	23,505	34,580	47,834	51,556	77,467	98,603
Share capital	0	0	0	0	0	0
Capital surplus	59,987	60,697	70,258	70,658	70,958	71,258
Retained earnings	(17,840)	(23,787)	(33,930)	(39,710)	(41,418)	(40,179)
Other reserves	0	0	0	0	0	0
Total shareholders equity	42,147	36,911	36,329	30,948	29,540	31,080
Total equity and liabilities	65,651	71,491	84,163	82,505	107,007	129,683

<b>CASH FLOW</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	(4,837)	(9,114)	(10,339)	(5,860)	(1,718)	1,446
Depreciation & amortization	838	1,411	2,107	2,800	3,115	3,419
Change in working capital	3,584	(2,709)	7,352	261	14,507	10,569
Others	(679)	2,181	1,836	(56)	(409)	(1,101)
<b>Net cash from operations</b>	<b>(1,095)</b>	<b>(8,232)</b>	<b>956</b>	<b>(2,855)</b>	<b>15,494</b>	<b>14,332</b>
<b>Investing</b>						
Capital expenditure	(4,318)	(4,680)	(2,312)	(2,250)	(2,500)	(2,500)
Acquisition of subsidiaries/ investments	(1,033)	(619)	(699)	0	0	0
Net proceeds from disposal of short-term investments	(27,762)	9,736	2,837	(3,185)	1,000	(2,000)
Others	37	408	805	1,375	1,513	1,856
<b>Net cash from investing</b>	<b>(33,076)</b>	<b>4,846</b>	<b>631</b>	<b>(4,060)</b>	<b>13</b>	<b>(2,644)</b>
<b>Financing</b>						
Net borrowings	(143)	6,119	3,110	613	(4,866)	(1,500)
Proceeds from share issues	13,110	(2)	5,020	0	0	0
Others	1,660	(113)	(114)	(18)	(219)	(183)
<b>Net cash from financing</b>	<b>14,627</b>	<b>6,004</b>	<b>8,015</b>	<b>595</b>	<b>(5,085)</b>	<b>(1,683)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	31,542	11,635	14,714	24,302	17,982	28,405
Exchange difference	(363)	462	(15)	0	0	0
<b>Cash at the end of the year</b>	<b>11,635</b>	<b>14,714</b>	<b>24,302</b>	<b>17,982</b>	<b>28,405</b>	<b>38,410</b>
<b>GROWTH</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
Revenue	259.1%	28.0%	14.2%	33.2%	93.7%	35.1%
Gross profit	886.0%	17.8%	(85.4%)	1,195.7%	110.6%	35.8%
EBITDA	na	na	na	na	na	205.9%
<b>PROFITABILITY</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
Gross profit margin	12.5%	11.5%	1.5%	14.3%	15.5%	15.6%
Operating margin	(31.3%)	(32.4%)	(35.5%)	(16.3%)	(3.8%)	(0.5%)
EBITDA margin	(18.8%)	(28.2%)	(26.0%)	(6.6%)	2.1%	4.7%
Return on equity (ROE)	(12.7%)	(23.1%)	(28.3%)	(17.2%)	(5.7%)	4.1%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
Current ratio (x)	2.7	1.8	1.5	1.3	1.2	1.2
Receivable turnover days	46.5	52.6	32.3	30.0	30.0	30.0
Inventory turnover days	52.9	69.4	66.7	55.0	50.0	50.0
Payable turnover days	245.7	218.4	268.2	270.0	270.0	270.0
<b>VALUATION</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
P/E	ns	ns	ns	ns	ns	127.8
P/E (diluted)	ns	ns	ns	ns	ns	127.8
P/B	3.2	3.8	3.9	5.0	5.3	5.1
P/CFPS	ns	ns	148.9	ns	10.1	11.0
Div yield (%)	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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**SELL** : Stock with potential loss of over 10% over next 12 months  
**NOT RATED** : Stock is not rated by CMBIGM

**OUTPERFORM** : Industry expected to outperform the relevant broad market benchmark over next 12 months  
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