

Xpeng Inc. (XPEV US/9868 HK)

Earnings on track with positive surprise in robot

Maintain BUY. We view Xpeng's 3Q25 earnings as largely in line with slight miss in vehicle GPM and SG&A. We believe it is well on track to turn profitable in 4Q25. We expect solid sales volume and profit growth to continue in FY26, given new Mona models and EREV variants. We think Xpeng deserves a valuation premium, as its advantages in AD technologies could help it be well positioned in humanoid robots.

■ **Vehicle margin below expectation in 3Q25.** Xpeng's 3Q25 revenue was 2% lower than our prior forecast. Its GPM in 3Q25 reached all-time high of 20.1%, or 2.4ppts higher than our estimates, largely aided by higher-than-expected R&D service income from VW (VOW GR, NR). During the period, vehicle GPM fell 1.2ppts QoQ to 13.1%, lower than our forecast by 0.7ppts. SG&A and R&D expenses combined in 3Q25 were about RMB400mn higher than our projection, offsetting the beat in gross profit. Net loss of RMB381mn in 3Q25 was about RMB110mn wider than our prior forecast.

■ **4Q25 and FY26 outlook.** Management expects a similar level of R&D service income in 4Q25 vs. 3Q25, which lays foundation for breakeven in 4Q25. We also expect both vehicle ASP and GPM to improve sequentially in 4Q25, aided by the contribution of the redesigned P7. Accordingly, we project Xpeng to turn profitable in 4Q25 with a net profit of RMB124mn. We project FY26 sales volume to be 0.61mn units amid new models and EREV variants. We project FY26 GPM to widen 0.1ppt YoY to 18.7%, aided by a better product mix and continuous income from VW. We project net profit in FY26 to be RMB4.1bn, taking a possible tax credit into account.

■ **Humanoid robots could double Xpeng's revenue in FY30.** Xpeng showcased its 7th-generation humanoid robot *Iron* on 5 Nov 2025, which became a key topic during the earnings call. Xpeng targets mass production of its humanoid robots by the end of 2026 and an annual sales volume of 1mn units in 2030 with a similar price tag as a car. We are of the view that carmakers could be important players in humanoid robots given their advantages in autonomous driving (AD) technologies. It appears to us that Xpeng now has the first-mover advantage in humanoid robot, although we have not factored it in our model.

■ **Valuation.** We maintain our BUY rating and raise our ADR/H share target prices slightly from US\$28.00/HK\$110.00 to US\$29.00/HK\$113.00, still based on 1.8x (unchanged) our FY26E P/S. Key risks to our rating and target price include lower sales volume and/or GPM than we expect, slower monetization for robots and a sector de-rating.

Earnings Summary - XPEV US

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	30,676	40,866	78,157	108,561	125,618
YoY growth (%)	14.2	33.2	91.2	38.9	15.7
Gross margin (%)	1.5	14.3	18.6	18.7	18.4
Operating profit (RMB mn)	(10,889.4)	(6,658.1)	(3,025.6)	825.1	2,182.4
Net profit (RMB mn)	(10,375.8)	(5,790.3)	(1,398.4)	4,123.1	4,121.7
YoY growth (%)	na	na	na	na	(0.0)
EPS (Reported) (RMB cents)	(595.99)	(306.14)	(73.38)	214.68	212.94
P/S (x)	5.5	4.1	2.2	1.6	1.3
P/E (x)	na	na	na	41.4	41.7
P/B (x)	4.3	5.4	5.6	4.9	4.4

Source: Company data, Bloomberg, CMBIGM estimates

XPEV US 9868 HK

BUY BUY

Maintain Maintain

TP	US\$29.00	HK\$113.00
Prior TP	US\$28.00	HK\$110.00
Up/Downside	16.0%	14.5%
Current Price	US\$25.0	HK\$98.7

China Auto

Ji SHI, CFA

(852) 3761 8728

shiji@cmbi.com.hk

Wenjing DOU, CFA

(852) 6939 4751

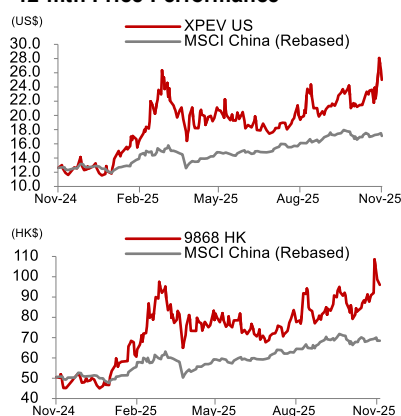
douwenjing@cmbi.com.hk

Austin Liang

(852) 3900 0856

austinliang@cmbi.com.hk

12-mth Price Performance



Source: FactSet

Stock Performance

	XPEV US		9868 HK	
	Abs.	Rel.	Abs.	Rel.
1-mth	17.5%	12.1%	19.6%	12.1%
3-mth	29.1%	18.8%	27.1%	18.8%
6-mth	19.6%	2.1%	20.7%	2.1%

Source: FactSet

Stock Data

(LC)	XPEV US	9868 HK
Mkt Cap (mn)	23881.69	188494.4
Avg 3 mths t/o (mn)	148.94	1832.68
52w High	28.07	108.5
52w Low	11.39	44.4
Issued Shares (mn)	1909.771	1909.771

Source: FactSet

Figure 1: Quarterly results

RMB mn	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	YoY	QoQ
Sales volume (units)	21,821	30,207	46,533	91,507	94,008	103,181	116,007	149.3%	12.4%
ASP (RMB)	300,082	268,527	217,087	175,999	168,184	177,110	175,687	-19.1%	-0.8%
Revenue	6,548	8,111	10,102	16,105	15,811	18,274	20,381	101.8%	11.5%
Gross profit	844	1,136	1,541	2,325	2,460	3,167	4,104	166.3%	29.6%
R&D expenses	(1,350)	(1,467)	(1,633)	(2,006)	(1,981)	(2,206)	(2,429)	48.7%	10.1%
SG&A expenses	(1,388)	(1,574)	(1,633)	(2,275)	(1,946)	(2,167)	(2,493)	52.6%	15.0%
Operating profit	(1,646)	(1,609)	(1,847)	(1,556)	(1,041)	(935)	(751)	N/A	N/A
Net profit	(1,368)	(1,285)	(1,808)	(1,330)	(664)	(478)	(381)	N/A	N/A
Gross margin	12.9%	14.0%	15.3%	14.4%	15.6%	17.3%	20.1%	4.9 ppts	2.8 ppts
Operating margin	-25.1%	-19.8%	-18.3%	-9.7%	-6.6%	-5.1%	-3.7%	14.6 ppts	1.4 ppts
Net margin	-20.9%	-15.8%	-17.9%	-8.3%	-4.2%	-2.6%	-1.9%	16.0 ppts	0.7 ppts

Source: Company data, CMBIGM

Figure 2: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	78,157	108,561	125,618	79,544	110,329	125,527	-1.7%	-1.6%	0.1%
Gross profit	14,531	20,305	23,057	13,739	19,505	21,705	5.8%	4.1%	6.2%
Operating profit	(3,026)	825	2,182	(2,686)	1,105	2,275	N/A	-25.3%	-4.1%
Net profit	(1,398)	4,123	4,122	(1,035)	4,230	4,064	N/A	-2.5%	1.4%
Gross margin	18.6%	18.7%	18.4%	17.3%	17.7%	17.3%	1.3 ppts	1.0 ppts	1.1 ppts
Operating margin	-3.9%	0.8%	1.7%	-3.4%	1.0%	1.8%	-0.5 ppts	-0.2 ppts	-0.1 ppts
Net margin	-1.8%	3.8%	3.3%	-1.3%	3.8%	3.2%	-0.5 ppts	0.0 ppts	0.0 ppts

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	78,157	108,561	125,618	81,318	117,423	140,847	-3.9%	-7.5%	-10.8%
Gross profit	14,531	20,305	23,057	13,891	21,270	25,864	4.6%	-4.5%	-10.9%
Operating profit	(3,026)	825	2,182	(2,625)	1,255	4,131	N/A	-34.3%	-47.2%
Net profit	(1,398)	4,123	4,122	(1,195)	2,880	5,672	N/A	43.2%	-27.3%
Gross margin	18.6%	18.7%	18.4%	17.1%	18.1%	18.4%	1.5 ppts	0.6 ppts	0.0 ppts
Operating margin	-3.9%	0.8%	1.7%	-3.2%	1.1%	2.9%	-0.6 ppts	-0.3 ppts	-1.2 ppts
Net margin	-1.8%	3.8%	3.3%	-1.5%	2.5%	4.0%	-0.3 ppts	1.3 ppts	-0.7 ppts

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	26,855	30,676	40,866	78,157	108,561	125,618
Cost of goods sold	(23,767)	(30,225)	(35,021)	(63,626)	(88,256)	(102,561)
Gross profit	3,088	451	5,846	14,531	20,305	23,057
Operating expenses	(11,794)	(11,341)	(12,504)	(17,557)	(19,480)	(20,875)
SG&A expense	(6,688)	(6,559)	(6,871)	(9,207)	(10,380)	(11,375)
R&D expense	(5,215)	(5,277)	(6,457)	(9,300)	(10,300)	(11,000)
Others	109	495	823	950	1,200	1,500
Operating profit	(8,706)	(10,889)	(6,658)	(3,026)	825	2,182
Gain/loss on financial assets at FVTPL	84	(635)	(262)	350	250	200
Other gains/(losses)	(1,424)	139	59	400	400	500
EBITDA	(7,571)	(7,963)	(2,943)	2,037	6,761	8,934
Depreciation	915	1,646	1,572	2,161	2,653	3,099
Depreciation of ROU assets	379	182	413	275	285	295
Other amortisation	116	279	588	599	621	644
EBIT	(8,982)	(10,070)	(5,516)	(997)	3,202	4,896
Interest income	1,059	1,260	1,375	1,209	1,627	1,914
Interest expense	(132)	(269)	(344)	(402)	(257)	(212)
Pre-tax profit	(9,114)	(10,339)	(5,860)	(1,398)	2,945	4,684
Income tax	(25)	(37)	70	0	1,178	(562)
After tax profit	(9,139)	(10,376)	(5,790)	(1,398)	4,123	4,122
Others	0	0	0	0	0	0
Net profit	(9,139)	(10,376)	(5,790)	(1,398)	4,123	4,122

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	43,527	54,522	49,736	72,675	98,828	115,561
Cash & equivalents	14,608	21,127	18,586	25,273	37,407	48,790
Restricted cash	106	3,175	3,153	2,000	2,000	2,000
Account receivables	3,873	2,716	2,450	6,424	8,923	10,325
Inventories	4,521	5,526	5,563	8,716	12,090	14,049
ST bank deposits	15,349	16,812	13,495	20,000	25,000	25,000
Financial assets at FVTPL	1,262	781	751	761	771	781
Other current assets	3,808	4,384	5,738	9,501	12,637	14,615
Non-current assets	27,964	29,641	32,970	35,350	36,097	38,781
PP&E	10,607	10,954	11,522	12,811	13,097	13,926
Right-of-use assets	1,955	1,456	1,262	1,087	902	707
Investment in JVs & assos	2,295	2,085	1,963	2,333	2,683	2,983
Intangibles	1,043	4,949	4,610	4,216	3,803	3,371
Other non-current assets	12,064	10,197	13,613	14,902	15,611	17,793
Total assets	71,491	84,163	82,706	108,025	134,924	154,343
Current liabilities	24,115	36,112	39,865	62,534	82,731	96,158
Short-term borrowings	2,419	3,889	4,609	0	0	0
Account payables	14,223	22,210	23,080	47,066	65,285	75,867
Tax payable	28	6	15	50	50	50
Other current liabilities	6,954	9,640	11,836	15,117	17,123	19,993
Lease liabilities	491	366	324	301	273	249
Non-current liabilities	10,465	11,722	11,566	15,105	17,274	18,733
Long-term borrowings	4,613	5,651	5,665	7,065	7,065	7,065
Deferred income	694	669	823	1,413	1,917	2,502
Other non-current liabilities	5,158	5,403	5,079	6,627	8,292	9,167
Total liabilities	34,580	47,834	51,431	77,638	100,005	114,891
Share capital	0	0	0	0	0	0
Capital surplus	60,697	70,258	70,767	71,267	71,667	72,067
Retained earnings	(23,787)	(33,930)	(39,492)	(40,880)	(36,747)	(32,616)
Other reserves	0	0	0	0	0	0
Total shareholders equity	36,911	36,329	31,275	30,386	34,920	39,451
Total equity and liabilities	71,491	84,163	82,706	108,025	134,924	154,343

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(9,114)	(10,339)	(5,860)	(1,398)	2,945	4,684
Depreciation & amortization	1,411	2,107	2,573	3,034	3,559	4,038
Change in working capital	(2,709)	7,352	(443)	13,184	10,882	6,770
Others	2,181	1,836	1,718	(468)	371	(1,488)
Net cash from operations	(8,232)	956	(2,012)	14,352	17,757	14,004
Investing						
Capital expenditure	(4,680)	(2,312)	(2,428)	(4,000)	(3,500)	(4,500)
Acquisition of subsidiaries/ investments	(619)	(699)	(144)	0	0	0
Net proceeds from disposal of short-term investments	9,736	2,837	1,128	(3,528)	(2,000)	0
Others	408	805	189	1,209	1,627	1,914
Net cash from investing	4,846	631	(1,255)	(6,320)	(3,873)	(2,586)
Financing						
Net borrowings	6,119	3,110	1,229	(2,268)	(1,800)	0
Proceeds from share issues	(2)	5,020	0	0	0	0
Others	(113)	(114)	(559)	(231)	50	(34)
Net cash from financing	6,004	8,015	669	(2,499)	(1,750)	(34)
Net change in cash						
Cash at the beginning of the year	11,635	14,714	24,302	21,740	27,273	39,407
Exchange difference	462	(15)	36	0	0	0
Cash at the end of the year	14,714	24,302	21,740	27,273	39,407	50,790
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	28.0%	14.2%	33.2%	91.2%	38.9%	15.7%
Gross profit	17.8%	(85.4%)	1,195.7%	148.6%	39.7%	13.6%
Operating profit	na	na	na	na	na	164.5%
EBITDA	na	na	na	na	231.9%	32.1%
EBIT	na	na	na	na	na	52.9%
Net profit	na	na	na	na	na	(0.0%)
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	11.5%	1.5%	14.3%	18.6%	18.7%	18.4%
Operating margin	(32.4%)	(35.5%)	(16.3%)	(3.9%)	0.8%	1.7%
EBITDA margin	(28.2%)	(26.0%)	(7.2%)	2.6%	6.2%	7.1%
Return on equity (ROE)	(23.1%)	(28.3%)	(17.1%)	(4.5%)	12.6%	11.1%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	1.8	1.5	1.2	1.2	1.2	1.2
Receivable turnover days	52.6	32.3	21.9	30.0	30.0	30.0
Inventory turnover days	69.4	66.7	58.0	50.0	50.0	50.0
Payable turnover days	218.4	268.2	240.6	270.0	270.0	270.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	ns	ns	ns	41.4	41.7
P/E (diluted)	ns	ns	ns	ns	41.4	41.7
P/B	4.1	4.3	5.4	5.6	4.9	4.4
P/CFPS	ns	161.7	ns	11.8	9.6	12.3
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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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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