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CHINA SECURITIES

Securities Research Report · H-share Quick Take | Automobile

First quarterly profit achieved, physical AI ecosystem opens long-term growth potential

XPENG-W (9868.HK)

Key takeaway

XPeng Motors is a leading smart electric vehicle designer and manufacturer in China and a global pioneer of AI-defined vehicles. It has established a dual-engine strategy of "pure electric + super extended range." In 2025, the company recorded total revenue of RMB76.72bn, up 87.7% YoY; gross profit reached RMB14.473bn, up 147.7% YoY; gross margin was 18.9%, up 4.6 pcts YoY. In 4Q25, the company achieved its first quarterly profit, with net profit of RMB380mn and NON-GAAP net profit of RMB510mn, marking a successful break-even. Full-year deliveries reached 429,400 units, up 26.98% YoY; vehicle sales revenue was RMB68.379bn, up 90.8% YoY, with gross margin rising to 12.8%. In 2026, the company will focus on advancing the commercialization of "physical AI" ecosystem businesses such as Robotaxi and humanoid robots, opening long-term valuation potential, and we maintain a "buy" rating.

Event

1) The company released its 2025 annual report: total operating revenue reached RMB76.72bn, up 87.7% YoY; gross profit was RMB14.473bn, up 147.7% YoY; gross margin was 18.9%, up 4.6 pcts YoY; net loss was RMB1.14bn, narrowing 80.3% YoY; NON-GAAP net loss was RMB460mn, narrowing 91.7% YoY.

2) The company released its 4Q25 report: total operating revenue reached RMB22.25bn, up about 80% YoY; gross profit was RMB4.74bn, with gross margin of 21.3%; net profit was RMB380mn, achieving the first quarterly profit; NON-GAAP net profit was RMB510mn; deliveries were 116,200 units, up 26.98% YoY and 10.67% QoQ.

Quick Take

Revenue exceeded RMB70bn in 2025, with the first quarterly profit achieved in Q4. In 2025, the company recorded total revenue of RMB76.72bn, up 87.7% YoY; gross profit was RMB14.473bn, up 147.7% YoY; gross margin reached 18.9%, up 4.6 pcts YoY to a record high. Among them, in 4Q25 the

Maintain Buy

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Current Price: HKD 61.60

Key Data

Absolute/Relative Share Performance (%)

1 month	3 months	12 months
-12.00/-14.92	-15.21/-9.88	-20.77/-37.60

12-month high/low (HKD)	108.50/61.60
Total shares capital (in 10,000 shares)	191,445.45
Tradable H shares (in 10,000 shares)	191,445.45
Total market cap (HKD'00mn)	1,179.30
Tradable market cap (HKD '00mn)	964.50
Average daily trading volume in the past 3 months (in 10,000 shares)	1651.01
Major Shareholders	
Simplicity Holding Limited	17.37%

company recorded revenue of RMB22.25bn, net profit of RMB380mn, and NON-GAAP net profit of RMB510mn, achieving the first quarterly profit with significantly improved profitability. Full- year deliveries reached 429,400 units, up 26.98% YoY. ASP per vehicle increased to RMB164,100, and gross profit per vehicle reached RMB21,300. Total deliveries in 2025 reached 429,400 units, up 26.98% YoY; total deliveries in 4Q25 reached 116,200 units, up 26.98% YoY and 10.67% QoQ. In 4Q, ASP per vehicle rose to RMB164,100, gross profit per vehicle reached RMB21,300, net profit per vehicle turned positive at RMB3,300, and non- GAAP net profit per vehicle was RMB4,400. R&D per vehicle was RMB24,700 and SG&A per vehicle was RMB24,000. Operating efficiency continued to improve.

Automobile sales gross margin increased significantly, and profitability continued to improve. By segment, in 2025 the company's automobile sales business generated revenue of RMB68.379bn, up 90.8% YoY, with gross margin of about 12.8%, up 4.5pcts YoY. This was mainly driven by strong sales of multiple hit models such as the MONA series, the new P7, and the super extended- range X9. The product matrix delivered across the board, and the "pure electric + super extended- range" dual- engine strategy achieved notable results. Services and other businesses generated revenue of RMB8.341bn, up 65.6% YoY, with gross margin as high as 68.25%, up 11.05pcts YoY. High- margin businesses such as software services and the ultra- fast charging network grew rapidly and continued to optimize the company's revenue structure. Full- year R&D expense and SG&A were RMB9.49bn and RMB9.398bn, accounting for 12.37% and 12.25% of total revenue, respectively. Both declined by 3.43pcts and 4.65pcts compared with 2024.

Launch of VLA2.0 continues to advance the deployment of intelligent driving technology, while Robotaxi, robots, and other new businesses strengthen the "physical AI" ecosystem. The company released the second- generation VLA large model, enabling end- to- end direct mapping from "vision to action," which significantly improves the smoothness and generalization capability of the intelligent driving experience. It has been pushed to users since March 2026. Meanwhile, the company plans to launch three Robotaxi models in 2026 and begin trial operations, while its humanoid robot is planned to enter mass production by the end of 2026. As the company's vehicle lineup continues to improve and sales gradually rise, the core automobile business is expected to generate sustained and healthy cash flow. The implementation of the physical AI strategy is expected to support the company's multi- dimensional development. We remain optimistic that the company's core business will continue to strengthen while other growth curves continue to materialize.

Investment recommendation

XPeng is a leading designer and manufacturer of smart electric vehicles in China and a global pioneer of AI-defined vehicles. The company has successfully passed the profitability inflection point. Full-year deliveries in 2025 reached 429,400 vehicles, up 125.9% YoY, with total revenue of RMB76.72bn, a strong increase of 87.7% YoY. The company achieved its first quarterly profit in 4Q (net profit of RMB380mn). Full-year gross margin rose to 18.9%, marking a qualitative leap in operating quality. With multiple hit models such as the MONA series, the new P7, and the super extended-range X9 continuing to sell strongly, the company's product matrix is fully gaining traction. It has established a dual- engine strategy of "pure electric + super extended range," with market share continuing to expand. Meanwhile, the company has comprehensively upgraded its strategy to become a global physical AI technology company. The four core applications built around the "physical AI" ecosystem—the second-generation VLA large model, XPeng Robotaxi, the humanoid robot IRON, and the HT Aero flying car—are all expected to enter substantive implementation stages in 2026. Among them, Robotaxi plans to launch three models and begin pilot operations, while the humanoid robot is scheduled for mass production by year-end. Net profit is projected to reach approximately RMB990mn, RMB2.445bn, and RMB4.880bn in 2026–2028. We maintain a "Buy" rating.

Table1: Key Financial Indicators

	2024	2025	2026E	2027E	2028E
Revenue (million RMB)	40,866.31	76,719.74	99,284.78	120,201.90	143,692.72
YOY (%)	33.22	87.73	29.41	21.07	19.54
Net profit (million RMB)	-5,790.26	-1,139.46	989.83	2,444.79	4,880.43
YOY (%)	44.19	80.32	186.87	146.99	99.63
Gross Margin (%)	14.30	18.86	19.93	19.63	19.97
Net Profit Margin (%)	-14.17	-1.49	1.00	2.03	3.40
ROE (%)	-18.51	-3.75	3.16	7.23	12.62
EPS (RMB/share, diluted)	-3.02	-0.60	0.52	1.28	2.55
P/E (x)	-21.23	-107.87	124.17	50.27	25.18
P/B (x)	3.93	4.05	3.92	3.64	3.18

Source: iFinD, China Securities

Table2: Revenue and cost forecast (RMB million)

		2023	2024	2025	2026E	2027E	2028E
Vehicle sales revenue	Sales revenue	28,010.86	35,829.40	68,378.92	90,943.96	111,861.08	135,351.90
	Cost	28,904.41	32,866.31	59,598.39	76,847.65	93,963.30	112,342.08
	Sales revenue growth rate		27.91%	90.85%	33.00%	23.00%	21.00%
	Gross margin	-3.19%	8.27%	12.84%	15.50%	16.00%	17.00%
Services and others	Sales revenue	2,665.21	5,036.91	8,340.82	8,340.82	8,340.82	8,340.82
	Cost	1,767.03	2,154.29	2,648.43	2,648.21	2,648.21	2,648.21
	Sales revenue growth rate		88.99%	65.59%	0.00%	0.00%	0.00%
	Gross margin	33.70%	57.23%	68.25%	68.25%	68.25%	68.25%

Source: iFinD, China Securities

Risks

1. Risk of intensified industry competition. The passenger vehicle industry price war continues, and market competition is becoming increasingly intense. If other OEMs adopt more aggressive pricing strategies, or if the company fails to effectively respond to pricing pressure, its market share and profitability may be affected.

2. Sales and delivery pace of new models may fall short of expectations. If new vehicle order intake falls short of expectations, or if supply chain constraints and slow capacity ramp-up delay deliveries, the company's revenue growth targets will be directly affected.

3. **Mass production and commercialization progress of new businesses may fall short of expectations.** Robot technology R&D has high barriers, and supply chain integration and cost reduction face challenges. If key technology iterations or mass production preparations fall short of expectations, product deliveries may be delayed. New businesses such as Robotaxi and flying cars also face the risk of slower-than-expected progress.

Table3: Sensitivity Analysis

2026 major business growth rate (%)	**Pessimistic Assumption**	**Neutral Assumption**	**Optimistic Assumption**
Vehicle sales revenue growth rate (%)	18.00%	33.00%	48.00%
Services and others growth rate (%)	-15.00%	0.00%	15.00%
Estimated operating revenue (RMB'00mn)	877.8	992.9	1107.9
Projected Operating Revenue Growth Rate (%)	14.41%	29.41%	44.41%
Estimated net profit (RMB'00mn)	8.8	9.9	11.0
Estimated net profit growth rate (%)	Turnaround	Turnaround	Turnaround
2027 major business growth rate (%)	**Pessimistic Assumption**	**Neutral Assumption**	**Optimistic Assumption**
Vehicle sales revenue growth rate (%)	8.00%	23.00%	38.00%
Services and others growth rate (%)	-15.00%	0.00%	15.00%
Estimated operating revenue (RMB'00mn)	1053.1	1202.0	1350.9
Projected Operating Revenue Growth Rate (%)	6.07%	21.07%	36.07%
Estimated net profit (RMB'00mn)	21.4	24.5	27.5
Estimated net profit growth rate (%)	116.37%	146.97%	177.57%
Main business growth rates in 2028 (%)	**Pessimistic Assumption**	**Neutral Assumption**	**Optimistic Assumption**
Vehicle sales revenue growth rate (%)	6.00%	21.00%	36.00%
Services and others growth rate (%)	-15.00%	0.00%	15.00%
Estimated operating revenue (RMB'00mn)	1256.6	1436.9	1617.2

Projected Operating Revenue Growth Rate (%)	4.54%	19.54%	34.54%
Estimated net profit (RMB'00mn)	42.7	48.8	54.9
Estimated net profit growth rate (%)	74.55%	99.59%	124.64%

Source: iFinD, China Securities

Analysts

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Chief Analyst of the Automotive Industry, holding a Master's degree in Vehicle Engineering from Shanghai Jiao Tong University under the mentorship of the director of the Engine Research Institute. Previously worked at Soochow Securities and Guosheng Securities, with four years of experience in securities industry research. Core member of the second-place team in the 2017 New Fortune rankings, ranked first among Sina Finance's Rising Star Analysts in 2020, and fifth in the Golden Bull Best Automotive Industry Analyst Team in 2020. In-depth coverage of new energy vehicles and intelligent components, capturing the wave of intelligent and electric transformation. Conduct cutting-edge research across the entire smart driving industry chain, tracking the evolution of business models from upstream automotive chips to downstream L4 autonomous driving. Ranked fourth in the Automotive Industry category of the 2021 New Fortune Best Analysts list.

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		Overweight	Increase by 5%-15% relative to the benchmark index
		Neutral	Increase by -5%-5% relative to the benchmark index
		Underweight	Decrease by 5%-15% relative to the benchmark index
		Sell	Decrease by more than 15% relative to the benchmark index
	Industry ratings	Outperform	Increase by more than 10% relative to the benchmark index
		Neutral	Increase by -10-10% relative to the benchmark index
		Underperform	Decrease by more than 10% relative to the benchmark index

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