

What's Hot Today:

► XPeng (9868.HK) – 2023 loss smaller than expected

-4Q23 revenue +154% YoY (volume +171%, ASP -3%) with improved vehicle margin of 4.1%

-Mgt expects 8.2-9.7k EV sales in March 2024

Net loss better than expected. Xpeng released its 2023 results with revenue of RMB30.7bn (+14% YoY) and a net loss of RMB10.3bn (+14% YoY), the loss was better than consensus (RMB11.3bn). XPeng's 4Q23 revenue stood at RMB13.1bn (+154% YoY, +53% QoQ) and a quarterly net loss of RMB1.3bn (-43% YoY, -65% QoQ). The revenue growth was mainly driven by more cars sold during the period despite a drop in ASP. In 4Q23, XPeng delivered 60,158 EVs (+171% YoY, +50% QoQ), with an ASP of RMB203k (-3% YoY, +4% QoQ).

Vehicle margin in 4Q returned to positive. XPeng's 4Q vehicle margin stood at 4.1% (-1.6pp YoY, +10.1pp QoQ) after a going below water for a quarter, thanks to easing component prices and higher volume. In 4Q23, XPeng's gross profit per car was RMB8k.

1Q24 guidance: The Mgt gives a delivery guidance of 21-22.5k units in 1Q24 (implying 8.2-9.7k units in Mar) and they are confident that the momentum will continue, backed by popularity of its new models (X9). 1Q24 revenue is expected to be around RMB5.8-6.2bn. The Mgt also plans to explore overseas market for XPeng.

Our view: We believe XPeng will be a survivor in this fierce EV market in China. Leveraging on its strategic partnership with VW and promising product pipeline, we think XPeng's volume will gradually recover. Given the improving vehicle margin, we believe the company can continue to narrow losses despite the current price war. We think its near-term catalysts will come from 1) higher-than-expected sales volume, 2) ease of autonomous driving limits.

Risks: 1) weaker-than-expected sales; 2) policies; 3) cost hikes. (Research department)

China & HK Indices	CLOSE	1D	YTD
HSI	16,529	-1.2%	-3.0%
HSCEI	5,780	-1.2%	0.2%
HSCCI	3,489	-1.4%	4.1%
CSI300	3,577	-0.7%	4.3%
Shanghai A	3,211	-0.7%	12.8%
Shanghai B	261	-0.5%	12.8%
Shenzhen A	1,878	-0.4%	-2.3%
Shenzhen B	1,083	-0.1%	0.2%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	39,110	0.8%	3.8%
S&P 500	5,178	0.6%	8.6%
Nasdaq	16,166	0.4%	7.7%
NIKKEI Index	40,003	0.7%	19.5%
FTSE Index	7,738	0.2%	0.1%
CAC Index	8,201	0.6%	8.7%
DA-X Index	17,987	0.3%	7.4%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	2,157	-0.1%	4.6%
STEEL (US\$/oz.)	2,101	1.6%	-5.5%
SILVER (US\$/oz.)	24	-0.5%	4.7%
CRUDE OIL (US\$/bbl)	83	-7.1%	16.0%
COPPER (US\$/oz.)	8,976	-1.1%	4.9%
ALUMINIUM (US\$/oz.)	2,269	-0.2%	-4.8%
PLATINUM (US\$/oz)	896	-2.3%	-9.8%
ZINC (US\$/oz.)	2,505	-2.2%	-5.7%
WHEAT (US\$/bu)	552	1.8%	-12.1%
CORN (US\$/bu)	439	0.8%	-9.3%
SUGAR (US\$/lb)	N/A	N/A	N/A
SOYBEAN (US\$/bu)	1,185	-0.2%	-9.2%
PVC (US\$/t)	N/A	N/A	11.7%
CRB	286	0.8%	3.0%
BDI			15.5%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.823	0.920	150.860	0.888	7.199
HKD	0.128		0.118	19.285	11.352	0.920
EUR	1.087	8.501		163.920	1.036	7.821
JPY	0.007	5.186	0.610		0.588	0.048
CHF	1.126	8.809	1.036	169.898		8.107
RMB	0.139	1.087	0.128	21.004	0.123	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	13	-0.1%

Source: Bloomberg

Latest Research Reports		
Date	Company	Analyst
29/02/2024	Xinyi Solar (968.HK)	Research Department
29/02/2024	Xinyi Energy (3868.HK)	Research Department
26/02/2024	Conant Optical (2276.HK)	Research Department
05/01/2024	Aeon Credit (900.HK)	Ensley Liu
13/10/2023	Aeon Credit (900.HK)	Howard Wong
17/04/2023	Xtep International (1368.HK)	Eason Cui
14/04/2023	Perfect Medical (1830.HK)	Research Department
03/04/2023	Meidong Auto (1268.HK)	Eason Cui
31/03/2023	Prosperous Industrial (1731.HK)	Research Department
28/03/2023	Yongda (3669.HK)	Eason Cui
17/03/2023	361 Degrees (1361.HK)	Eason Cui
13/03/2023	DONGFANG ELECTRIC (1072.HK)	Eason Cui
01/03/2023	Xinyi Energy (3868.HK)	Eason Cui
28/02/2023	Xinyi Glass (868.HK)	Ken Li
13/02/2023	Auto monthly update	Eason Cui
10/02/2023	Yuexiu Property (123.HK)	Ken Li
18/01/2023	Yongda (3669.HK)	Eason Cui
17/01/2023	Xtep (1368.HK)	Eason Cui
04/01/2023	Auto monthly update	Eason Cui
02/12/2022	Perfect Medical (1830.HK)	Research Department
01/12/2022	XPeng (9868.HK)	Eason Cui

Fig 1: XPeng's financial summary and forecast (consensus)

RMB mn	2021	2022	2023	2024E	2025E	2026E
Revenue	20,988	26,855	30,676	57,240	78,762	102,695
Growth	259%	28%	14%	87%	38%	30%
Gross profit	20,988	26,855	30,676	6,065	11,482	18,461
Gross profit margin	12.5%	11.5%	1.5%	10.6%	14.6%	18.0%
Operating profit	-6,579	-8,706	-10,889	-8,657	-4,886	2,120
Operating profit margin	-31.3%	-32.4%	-35.5%	-15.1%	-6.2%	2.1%
Net profit	-4,863	-9,139	-10,376	-7,848	-3,914	3,927
Net profit margin	-23.2%	-34.0%	-33.8%	-13.7%	-5.0%	3.8%
EPS (RMB)	-2.96	-5.34	-5.85	-4.05	-1.76	1.03
P/E	n/a	n/a	n/a	n/a	n/a	35.5

Source: Bloomberg, Company report, Sunwah Kingsway Research

Fig 2: XPeng's 4Q23 review

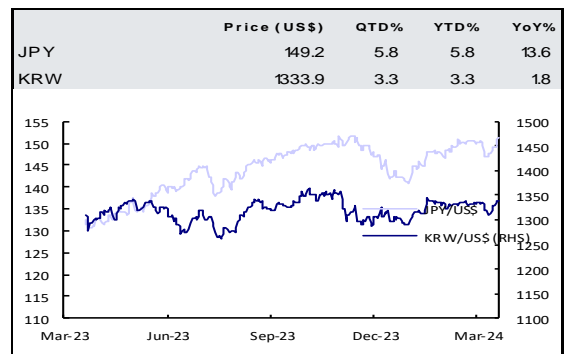
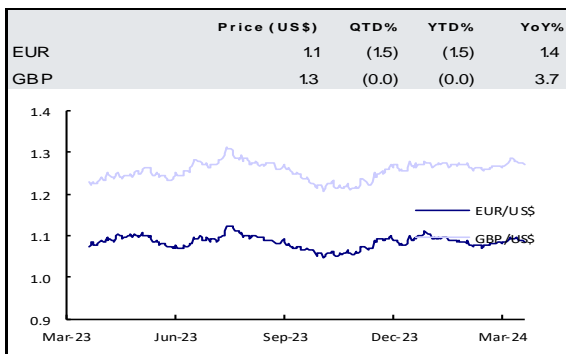
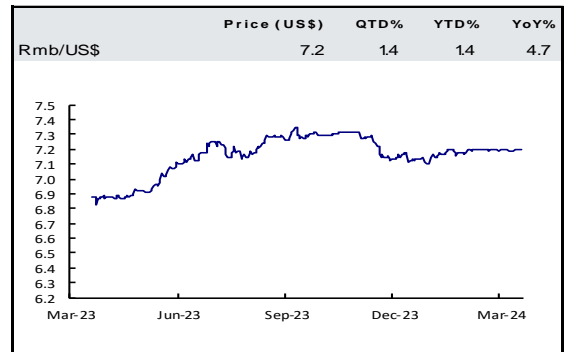
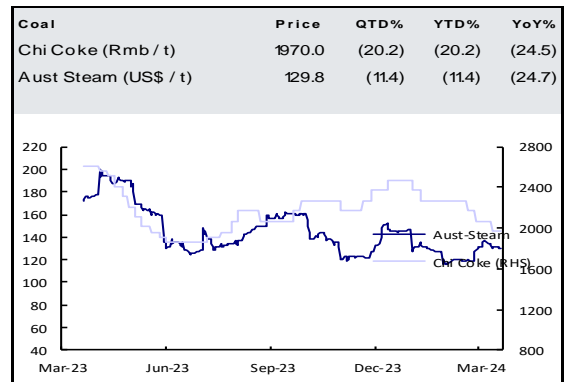
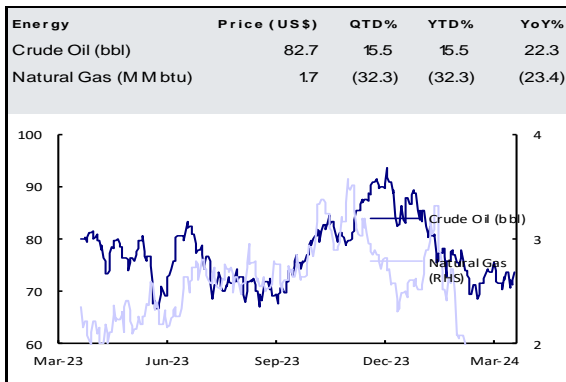
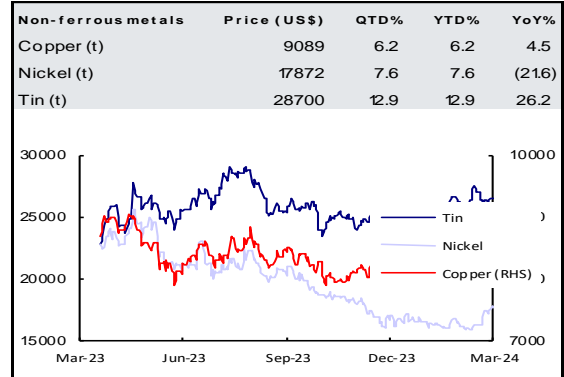
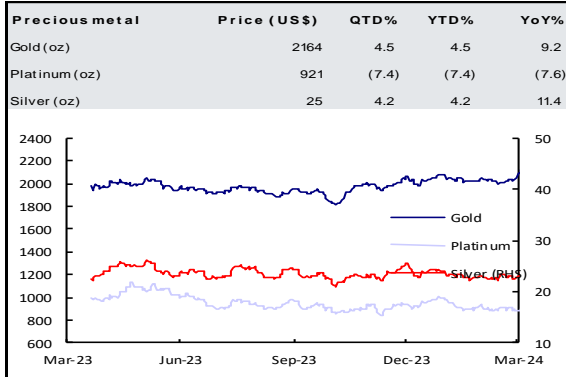
RMB mn	2022	2023	YoY%	1Q23	2Q23	3Q23	4Q23	YoY%	QoQ%
Revenue	26,855	30,676	14%	4,033	5,063	8,530	13,050	154%	53%
Vehicle sales	24,840	28,011	13%	3,514	4,425	7,844	12,228	162%	56%
Others	2,015	2,665	32%	520	638	685	822	72%	20%
Gross profit	3,088	451	-85%	67	-197	-228	809	82%	-455%
Vehicle sales	2,347	-447	-119%	-87	-380	-476	495	88%	-204%
Others	742	898	21%	154	183	248	314	73%	27%
SG&A	-6,688	-6,559	-2%	-1,387	-1,544	-1,692	-1,937	10%	14%
R&D	-5,215	-5,277	1%	-1,296	-1,367	-1,306	-1,308	6%	0%
Operating profit	-8,706	-10,889	25%	-2,585	-3,090	-3,161	-2,053	-18%	-35%
Net profit	-9,139	-10,376	14%	-2,337	-2,805	-3,887	-1,348	-43%	-65%
Gross profit margin	11.5%	1.5%	-10pp	1.7%	-3.9%	-2.7%	6.2%	-2.5pp	8.9pp
Vehicle sales	9.4%	-1.6%	-11pp	-2.5%	-8.6%	-6.1%	4.1%	-1.6pp	10.1pp
Others	36.8%	33.7%	-3.1pp	29.6%	28.6%	36.1%	38.2%	0.4pp	2.1pp
Operating profit margin	-32.4%	-35.5%	-3.1pp	-64.1%	-61.0%	-37.1%	-15.7%	33.2pp	21.3pp
Net profit margin	-34.0%	-33.8%	0.2pp	-57.9%	-55.4%	-45.6%	-10.3%	35.6pp	35.2pp
Sales volume	120,757	141,601	17%	18,230	23,205	40,008	60,158	171%	50%
ASP (RMB)	206	198	-4%	193	191	196	203	-3%	4%

Source: Company report, Sunwah Kingsway Research

Kingsway coverage list

Name	Ticker	Market Cap (HK\$m)	Price (HK\$)	1D (%)	Rec.	TP (HK\$)	Upside (%)	PER (X)*			Dividend FY2	Absolute performance			Latest update date
								Hist	FY1	FY2		5D%	1M%	3M%	
HANG SENG INDEX	HSI		16,529.48	(1.2)				8.8	8.6	7.5	4.6%	(3.3)	1.7	(0.5)	
HANG SENG CHINA ENT IND	HSCEI		5,780.21	(1.2)				8.1	7.8	6.7	4.2%	(2.8)	4.7	3.0	
CSI 300 INDEX	SHSZ300		3,577.63	(0.7)				13.3	13.1	10.0	2.9%	(0.6)	4.9	8.5	
FUYAO GLASS	3606 HK	115,543	38.50	(1.5)	LONG	41.50	7.8	16.4	14.3	12.2	4.5%	(7.1)	6.4	2.7	1-Sep-20
BEUR	3718 HK	1,761	0.50	(1.0)	LONG	1.80	263.6	5.7	4.7	3.7	7.5%	(1.0)	(6.6)	7.6	30-Mar-21
BINJIANG SERVICES	3316 HK	4,688	16.96	1.6	LONG	23.50	38.6	10.8	8.2	6.4	8.9%	(2.0)	4.2	10.3	N/A
BYDE	285 HK	66,470	29.50	(3.1)	NEUTRAL	17.60	(40.3)	22.4	16.0	12.0	1.2%	(4.1)	1.4	(10.2)	N/A
CHINA LILANG	1234 HK	5,329	4.45	4.7	LONG	5.32	19.6	9.2	8.2	7.4	9.1%	4.2	8.5	8.5	N/A
CHINASOFT INTL	354 HK	15,291	5.26	(4.9)	LONG	12.80	143.3	25.6	16.4	12.5	1.0%	(1.9)	12.9	(13.2)	27-Oct-20
CHINA TIAN LUN GAS	1600 HK	4,723	4.81	0.4	LONG	8.70	80.9	9.5	7.1	6.1	4.6%	3.4	13.4	36.6	26-Feb-20
DUIBA GROUP	1753 HK	296	0.28	0.0	LONG	5.55	1918.2	7.0	N/A**	N/A**	N/A**	(1.8)	13.6	0.0	N/A
EDVANTAGE GROUP	382 HK	2,957	2.59	(3.7)	LONG	4.50	73.7	4.2	3.7	3.3	8.2%	(1.5)	9.3	7.9	3-May-22
EVERGREEN PG	1962 HK	328	0.50	(3.8)	LONG	1.75	250.0	4.7	N/A**	N/A**	N/A**	(7.4)	2.0	(7.4)	26-Jan-21
HUAHONG SEMI	1347 HK	36,981	16.72	(2.3)	NEUTRAL	26.30	57.3	10.4	27.4	12.4	0.0%	(4.1)	5.7	(7.4)	29-Jul-21
KINGDEE INTL	268 HK	33,491	9.32	2.3	NEUTRAL	17.62	89.1	N/A**	N/A**	115.9	0.0%	2.9	18.9	(10.6)	20-Aug-20
MEIDONG AUTO	1268 HK	4,483	3.33	6.4	LONG	19.76	493.4	18.2	30.3	8.6	5.4%	6.1	7.1	(18.0)	3-Apr-23
MINGYUAN CLOUD	909 HK	4,409	2.27	(3.0)	NEUTRAL	28.00	1133.5	N/A**	N/A**	90.8	0.4%	(3.4)	1.8	(17.8)	N/A
PLOVER BAY TECH	1523 HK	2,421	2.20	(2.7)	LONG	1.70	(22.7)	10.9	9.4	8.3	1.3%	(11.6)	2.5	14.1	6-Aug-20
POU SHENG INTL	3813 HK	3,728	0.70	2.9	LONG	2.80	300.0	6.8	5.3	4.4	7.3%	2.9	22.8	2.9	16-Nov-20
Q TECH	1478 HK	3,802	3.21	(1.8)	NEUTRAL	4.97	54.8	133.0	24.8	10.5	0.6%	(6.1)	5.6	(24.8)	10-Aug-22
SUNNY OPTICAL	2382 HK	59,061	53.85	(1.7)	LONG	160.80	198.6	36.4	41.3	22.5	0.7%	(1.6)	11.6	(24.6)	17-Aug-22
TRYLY INTL	732 HK	2,339	0.74	(2.6)	LONG	2.80	278.4	N/A**	N/A**	N/A**	N/A**	1.4	8.8	19.4	8-Apr-21
XINYI ENERGY	3868 HK	9,578	1.16	(0.9)	LONG	1.62	39.7	9.2	7.8	6.9	7.2%	(0.9)	6.4	(10.8)	29-Feb-24
XINYI GLASS	868 HK	36,947	8.75	(2.3)	LONG	18.60	112.6	6.8	6.4	6.5	7.8%	(8.9)	23.6	5.9	28-Feb-23
XINYI SOLAR	968 HK	56,983	6.40	2.4	LONG	7.20	12.5	13.6	10.9	8.5	5.5%	(1.5)	64.9	54.6	29-Feb-24
XTEP INTL	1368 HK	13,075	4.95	9.0	LONG	11.91	140.6	11.2	9.8	8.4	5.6%	8.3	20.7	12.8	17-Apr-23
YONGDA AUTO	3669 HK	4,896	2.54	(2.3)	LONG	6.73	165.0	3.9	5.4	4.1	8.7%	1.6	22.7	(8.6)	28-Mar-23
YUEXU PROPERTY	123 HK	18,114	4.50	(6.6)	LONG	13.00	188.9	3.1	3.9	3.7	9.7%	(12.8)	(14.9)	(27.3)	10-Feb-23
WEIMOB	2013 HK	5,925	2.12	(4.1)	LONG	14.40	579.2	N/A**	N/A**	1950.9	0.0%	(5.8)	15.2	(24.8)	25-Nov-21

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Housing Starts / Building Permits	MoM		19-Mar-24
Initial Jobless Claims	WoW		21-Mar-24
Existing Home Sales	MoM		21-Mar-24
New home Sales	MoM		25-Mar-24
Durable Goods Orders	MoM		26-Mar-24
Consumer Confidence	MoM		26-Mar-24
GDP	QoQ		28-Mar-24
Wholesale Inventories	MoM		29-Mar-24
Personal Income & Spending	MoM		29-Mar-24
ISM Manufacturing PMI	MoM		1-Apr-24
Factory Orders	MoM		2-Apr-24
Trade Balance	MoM		4-Apr-24
Employment Report	MoM		5-Apr-24
CPI	MoM		10-Apr-24
PPI	MoM		11-Apr-24
Business Inventories	MoM		15-Apr-24
Retail Sales	MoM		15-Apr-24
Industrial Production	MoM		16-Apr-24
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		31-Mar-24
Foreign Exchange Reserves	QoQ		7-Apr-24
Money Supply - M2	MoM		9-Apr-24
PPI	MoM		11-Apr-24
CPI	MoM		11-Apr-24
Trade Balance	MoM		12-Apr-24
Retail Sales	MoM		16-Apr-24
Industrial Production	MoM		16-Apr-24
GDP	YoY		16-Apr-24

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
CPI	MoM		21-Mar-24
Trade Balance	MoM		26-Mar-24
Money Supply - M2	MoM		28-Mar-24
Retail Sales	MoM		3-Apr-24
PMI	MoM		5-Apr-24
Foreign Currency Reserve	MoM		9-Apr-24
Unemployment Rate	MoM		18-Apr-24
GDP	QoQ		2-May-24
Producer Prices Index	QoQ		14-Jun-24
Industrial Production	QoQ		14-Jun-24
Composite Interest Rate	MoM		

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