

The Analysis of Stock Investment Value on Xiaopeng Auto

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Abstract: Xiaopeng Automobile Company, founded in early 2014, is a technology company focusing on intelligent new energy electric vehicles. In the research and development of new energy vehicles, it has the world's leading technology in the field of charging outlets and autonomous driving. In this paper, we analyze the marketing model and operation status of Xiaopeng Auto, combine the financial data of Xiaopeng Auto with fundamental analysis, compare the specific advantages of Xiaopeng Auto in the industry, and make judgment on the future stock investment value of Xiaopeng Auto enterprise to provide creativity and reference for investors.

Keywords: Xiaopeng Auto; financial data; investment value

1. Analysis of the current situation of Xiaopeng Auto

1.1 Product strategy

The products of Xiaopeng Automobile includes passenger cars and new energy vehicles. Xiaopeng Automobile has three series, including several exclusive models. According to different market demands, different models are designed to achieve a comprehensive coverage of luxury cars. Xiaopeng has done a lot of feasibility analysis in the selection of its product range, which has allowed Xiaopeng to stay well ahead of the sedan market in terms of sales, and almost every model is a star in this segment. Therefore, when making product decisions, it is important to clearly understand the needs of the market.

1.2 Promotion strategy

Enterprises pass the information of commodities to consumers through personal sales, advertising, public relations, business promotion and other means. By arousing people's attention and interest, it can stimulate people's desire and behavior to buy their productions. Promotion can usually be divided into human promotion and non-human promotion. The marketing of Xiaopeng car in the automotive field, with Xiaopeng as the core technology company, was created in 2014. Xiaopeng Auto did a lot of advertising at the beginning of the launch, which further enhanced Xiaopeng's brand image. In addition, Xiaopeng Automotive has made the brand image of Xiaopeng more visible to consumers through press, press conferences, press releases, multimedia presentations, various exhibitions, and written materials such as annual plans, brochures, articles, and corporate news, as well as public service outreach programs^[1].

1.3 Price strategy

In the field of new energy, Xiaopeng has adopted a high price marketing strategy called "skimming", which generally involves the company increasing the depreciation rate of the vehicle when pricing to achieve "high profit and high sales". This pricing strategy is a special marketing approach that takes advantage of customer vanity. It is usually used when prices are unstable or when customers are unresponsive to prices. High prices allow automakers to make large profits in the short term, while boosting the market and thus increasing market share and sales as their comparable models are still some time away from entering the market and consumer interest declines. Xiaopeng has been a pioneer in the field of new energy vehicles for many years and has always been in the lead due to its position in the minds of consumers. As for the sales of premium cars, they are mostly for high-income individuals, government agencies, and companies, where consumers are less price sensitive and more focused on the brand.

1.4 Channel Strategy

Auto lines are divided into exclusive distribution, selective distribution and full distribution. The sales strategy of Xiaopeng Auto is selective distribution. The main products of Xiaopeng car are domestic, are state-supported new energy vehicles, according to the national policy, Xiaopeng P5 and Xiaopeng P7 sales channels are different, but "domestic cars" is still very popular. After-sales service system support is slightly different, but will not have any impact on the operating system of Xiaopeng, so that dealers play a key role in the distribution network. In terms of channel construction, Peng Automotive only selects a small number of dealers within a certain market area. In terms of channel management and evaluation, Xiaopeng has gradually established a variety of agent management and evaluation systems including confidential procurement, flight audits, dealer contests, return visits, etc. The market scale and service capability of Xiaopeng Auto will continue to improve, and the service brand of Xiaopeng Auto will be gradually established^[2].

2 Investment value analysis of Xiaopeng Auto

Corporate financial indicators can visually see the effective data that determine the return of investors' earnings, so this paper focuses on the analysis of the value of Xiaopeng Auto stock by analyzing the financial data. This section will use the financial data of three years from 2018-2020 to analyze the investment value of Xiaopeng Auto step by step.

2.1 Debt service capacity

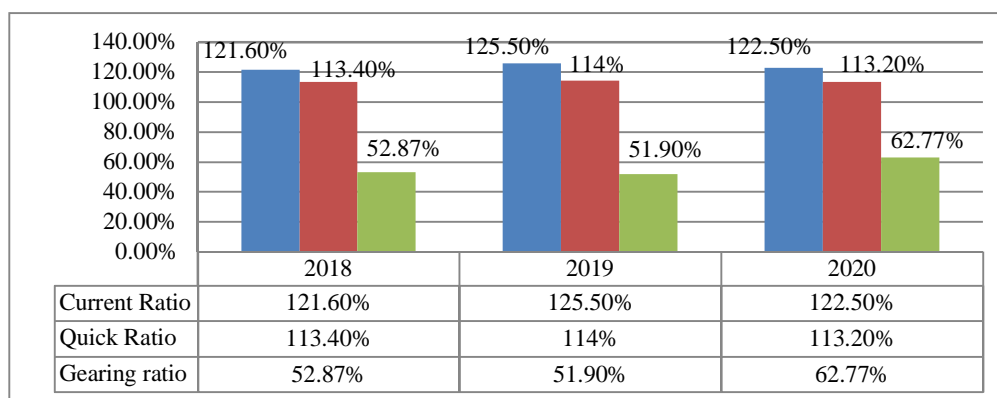


Figure 1 Xiaopeng Auto solvency indicators^[3]

(Note: The above chart data is derived from the Oriental Wealth Investment Trading Terminal)

The weakest liquid asset is the enterprise's inventory, which generally does not reflect the rapid changes in market prices and is often damaged or destroyed in the process of storage. Inventory is one of the important components of an enterprise's assets and plays a vital role in the production and operation of the enterprise. If a company has a large amount of inventory that has not been disposed of in a short period of time, then this company is likely to be in a late stage of distress. Therefore, companies should clean and inventory their inventories in a timely manner. 2020, under the impact of the epidemic, the inventories of each company also grew, and the increase of inventories in FY2020 were all much higher than that in FY2019. From the enterprises themselves, the increase in inventory makes their asset turnover rate lower. As seen in Figure 2, the quick ratio of Xiaopeng Auto in 2020 is 113.2%. The relatively high quick ratio of Xiaopeng Auto shows that the company's high future solvency is guaranteed and, at the same time, stabilizes investors' confidence in it. This data shows that the current assets inventory ratio of Xiaopeng Auto is low, low inventory and high quick ratio, which is enough to show that the sales of Xiaopeng Auto's products are growing, consumers prefer the company's products, and the debt repayment is more guaranteed, which makes the investors' confidence rise to improve the stock value. Financial indicators to the current ratio of the use of the most, because the data can help investors understand how much money the company will have current assets relative to one dollar of current liabilities investors can more clearly and accurately understand the solvency of the enterprise. The net profit growth rate among the profitability indicators is also very important because it reflects the actual development of the company in a certain period of time. As can be seen in Figure 2, the current ratio of Xiaopeng Auto is 122.5%. The gearing ratio has a positive relationship with

the current ratio, which indicates its high short-term borrowing rate. Here, the high current ratio of Xiaopeng Auto elaborates the right direction of the current business strategy of Xiaopeng Auto, which makes the company more risk defensive and attracts more investors while creating benefits for the original shareholders.

The cash ratio provides a visual indication of the cash retained within the company, and short-term creditors expect more cash to be retained within the company in order to ensure its ability to service its debt. In the long term, the higher the cash ratio, the more likely a company will have access to more capital for investment and operating activities. Xiaopeng Auto's cash ratio is 17.98%. On the whole, the company's cash ratio level is within a reasonable range and higher than the industry average, which is related to the company's own operating conditions and industry characteristics. From the overall comparison, Xiaopeng Auto has huge assets and more liabilities, and can still maintain a good short-term solvency when the debt base is large. Xiaopeng Auto has a high cash ratio and strong short-term solvency. In the long run, the brand's cash ratio is higher than the industry average and has a strong competitive edge. Being recognized by the market and well liked by consumers indicates that their products have a good reputation and are better than similar products in the same industry with a large market share.

Table 1 List of assets and equity for 2018-2020^[4]

Time	2020	2019	2018
Total Assets	154 billion RMB	113.1 billion RMB	111.8 billion RMB
Total Equity	57.3 billion RMB	54.4 billion RMB	52.7 billion RMB

(Note: The above data is taken from Oriental Wealth Network)

The asset structure of Xiaopeng Automotive is clearly visible in the table above. In the table we see its gearing ratio and current liability ratio. Combining the data in Table 1, we can learn that the total debt ratio of Xiaopeng Auto manufacturing company is 62.79%. Xiaopeng Auto uses debt as its main financing method and has a high tolerance for debt. This shows that the debt structure of auto manufacturing companies is relatively reasonable. Looking at the industry of listed automotive companies, the higher equity ratio and slightly lower debt ratio of Xiaopeng Auto reflect the low leverage and low risk of the company, and the company with low risk factor is more likely to be favored by market investors. Through the study we found that among the listed auto companies, the development of the auto industry is closely related to the stability of the national macroeconomy, and our country's economy is also progressing. Stimulate the public for often is the car, thus, further promote Xiaopeng car to inventory and achieve profits. Comprehensive data in table 1, the equity multiplier of Xiaopeng automobile manufacturing company is 2.69. equity multiplier is a direct reflection of the company's financial leverage risk index, the lower the risk factor, the more attractive the automobile manufacturing company is to investors. Also, the equity multiplier and changes in the equity multiplier were calculated using the company's financial data. The analysis shows that the leverage of Xiaopeng Auto is low and the risk tends to be flat, which is also in line with Xiaopeng Auto's business philosophy.

2.2 Operating Capacity

The only way to promote the inventory turnover is to improve the efficiency of inventory management. It can be visually observed from Table 2 that the inventory turnover rate of Xiaopeng Auto is 12.5, which indicates that Xiaopeng Auto sold a total of 12.5 inventories in one year, and the inventory turnover rate of the enterprise decreases year by year during the three-year period of 2018-2020, due to the impact of the epidemic, Xiaopeng Auto's inventory turnover rate can still lead, which indicates that the company's main business products sell well and enjoy a good reputation in the market, which provides good support to Xiaopeng Auto marketing strategy is affirmed and provides strong support to the brand image building. It also indicates that the high inventory turnover ratio has enabled it to alleviate the capital constraint situation to a certain extent^[5]. It also reflects that Xiaopeng Auto is clearly outstanding in its management capabilities.

In addition to the inventory turnover ratio which can show investors the main business operation of the company, the total asset turnover ratio can also show a more comprehensive picture of the company's operation. A comparison of Table 1 and Table 2 shows that total asset turnover is one of the most important indicators of a listed company's operating capacity. From Table 2, it can be concluded that the total asset turnover ratio of Xiaopeng Auto reaches 0.77, which represents 0.77 yuan of profit income per dollar of assets. It can be seen that this indicator is the highest in the same industry. This shows the strong operating income capability of Xiaopeng Auto's business. And from 2018 to 2020, Xiaopeng Auto is far ahead of the average development of the automobile manufacturing industry, indicating that Xiaopeng Auto's main product good public has higher sales requirements for the products belonging to the company, and the business management model is excellent to expand sales channels and improve the main business income. In the comprehensive evaluation of the financial indicators, it can be seen that the enterprise has good operating capacity, high debt servicing capacity, strong profitability, sufficient cash inflow and moderate current liabilities ratio. After analyzing the operating capacity of Xiaopeng Auto, the company has performed well in the indicator of operating capacity, exceeding the industry average and having some stability.

Table 2 Summary of Total Assets and Inventory Turnover Ratio^[6]

Time	2020	2019	2018
Total assets turnover ratio	0.77 RMB	0.86 RMB	0.89 RMB
Inventory turnover rate	12.5times	14.9times	16.3times

(Note: The above data is taken from Oriental Wealth Network)

2.3 Profitability

Table 3 shows the net profit margin of sales of the manufacturing companies of the Phenomenal Automobile from 2018 to 2020. From the industry point of view, the profit of auto sales increases year by year, and the profit margin of auto industry also shows a growing trend. The net sales margin of Peng Auto is 5.19%, which is stated as \$0.05 net profit per dollar of sales. This shows that the company's profitability is strong and sustainable. By comparing with leading companies within the automotive industry, it can be concluded that Xiaopeng Auto's continuously profitable net sales margin is the highest among listed

automotive companies, increasing returns to investors. As the first domestic supplier of self-developed electric vehicles and components, the success of the "New Era" brand cannot be separated from the company's continuous technological improvements, innovations and adjustments in market positioning and marketing strategies. At present, "New Era" has been widely praised by consumers at home and abroad and has greatly improved the brand image of Xiaopeng Auto.

Investors are most concerned about the payout per share of individual stocks, and the return on equity is an indicator used to visually measure the return on investors' investment in the stock in the previous year. In the capital market, the return on equity represents the level of return on investment of a company. Increasing the interest of shareholders is the purpose of the company, therefore, return on equity is often used by investors as an indicator of the final performance of the company. From Table 3, it can be seen that Peng Auto's return on equity for 2020 is 9.58%, reflecting the strong performance of Peng Auto in the stock market industry. In addition, from the company level, it has an advantage in financial leverage, which is mainly due to the company has good cash flow management ability and high operational efficiency are important concern for investors. 2020, by the new crown epidemic, China-US trade friction and other factors on the impact of exports, Xiaopeng Auto NAV still has growth, reflecting the confidence and positivity of investors in the stock. In the long term, the company's NAV will continue its upward trend due to its good management of operations. Taken together, the development ability of Xiaopeng Auto stock belongs to the stronger auto manufacturing industry.

2.4 Growth capability

Investors choose companies to invest in, giving high importance to their growth capacity. The price-to-earnings ratio is a very important indicator when analyzing a company. The P/E ratio represents the stock price for how many times the payout price per share, when investors are willing to pay more money for the company's stock for the current profit, the P/E ratio is high, indicating that investors believe that the company will have better development prospects in the future, but also that the stock is a more investment-worthy potential shares, so willing to pay more than a multiple of the payout per share to obtain shares and wait for the future to get super high capital Profits. We can visually see that the P/E ratio of Xiaopeng Auto has been rising in the past three years, which can bring high capital gains to investors and is a growth stock with stable dividend payments and high capital gains. The fact that the P/E ratio of Xiaopeng's manufacturing companies has been climbing year after year shows that investors recognize Xiaopeng's ability to grow and expect to receive more gains in the future. The measure of market value is not based on financial statement information, but focuses on the transmission of stock market information. Investors need to consider stock market value indicators rather than the company's own factors when evaluating a company. For investors, there is a high level of awareness of stock market value indicators. On this basis the company is analyzed for valuation and thus investment decisions are made. The P/E ratio column from Table 3 leads to a spike in the P/E ratio of Xiaopeng Auto in the three years from 2018 to 2020. In the long term, its stock price also shows a steady upward trend and is up much more than the average of its industry. In this regard, Xiaopeng Auto not only brings higher returns to investors in the short term, but also has more long-term investment value^[7].

Table 3 List of pin profitability and market value metrics^[8]

Time	2020	2019	2018
Net sales margin	5.19%	4.76%	5.37%
Return on Net Assets	9.58%	8.45%	10.27%
P/E ratio	52.00	19.24	8.35

(Note: The above data is taken from Oriental Wealth Network)

3 Technical Analysis

3.1 K-line and average analysis

Peng car weekly trend July to August 2020, September to mid-September, October to November 2020, December 2020 to January 2021 are "red three soldiers". From December last year to January this year, the fastest rise was seen with one big positive line in a row. This is also the first time in the company's history in just over three months to achieve a triple-positive market, and a large increase. Since July last year, the share price of Xiaopeng Auto Group has shown a continuous upward trend, which shows that investors are confident about the future development prospects of Xiaopeng Auto Co. Since this year, as the market's expectations for the company gradually became clearer, the share price began to pick up and gradually stabilize. since February, the upward momentum slowed down and the stock price tended to level off. Judging from the volume, the market is not confident about the future market. in the first part of March, the 5-day SMA penetrated the 10-day SMA and the stock price showed a downward trend. At present, the 10-day average has fallen below the 60-day average, shock signals, but the main force to do more control phenomenon is obvious, both K-line or average did not issue a selling signal, it is recommended that investors hold stocks to rise.

3.2 Trend Analysis

From 2020 to January 2021, the stock price is on the parallel track of the uptrend, connect the lowest points together, think upward sloping rising support line to keep the stock price in the upward oscillation forward. on January 3, Xiaopeng car stock price reached a high of 51.44 yuan, then a short downward trend, and each rally high is connected to a downward sloping straight line, with downward trend, comprehensive this The volume of this phase, the short side accounted for the vast majority, but in late March the stock price rebound trend, the magnitude of the decline is limited, the rebound signal is significantly enhanced, positive factors are emerging, no obvious signs of selling, the current movement of the stock price is stable, the probability of a later rise is higher, investors are advised to remain unchanged at this stage.



Figure 2 Xiaopeng car July 2020 - April 2021 daily chart^[9]

(Note: The data above is derived from the Oriental Wealth Investment Trading Terminal)

3.3 Analysis of indicators

3.3.1 MACD Indicator

The MACD indicator parameters selected in the paper are 12 and 26, respectively, and from Figure 2 we can see that from July 2020 to January 2021 this time DIF and DEA are greater than 0 and both are in an upward trend, indicating that the current market is dominated by the long side, MACD continues to be red, and stock prices accordingly show a trend of constant firmness. In early March, DIF breaks down for the first time DEA, this time the market price is in the form of lower stock prices, this time the MACD red to green market from more to empty, but the value of DIF and DEA is still located above the 0 axis, still belong to the strong control of the long side, the decline is limited, no obvious signs of selling, the current movement of stock prices is stable, the probability of rising later is higher, it is recommended to continue to add.

3.3.2 KDJ indicator

The KDJ indicator is fast and sensitive to stock price changes, so it is more appropriate to use it to guide short-term investments. From Figure 2, it can be concluded that the D value exceeds 80 in August-December 2020, which is an overbought area, but the KDJ indicator is slow to respond to stock price changes, which can be judged as an accelerated upward phase, and the averages are in a long alignment, the number continues to remain stable, issuing a buy signal, and the stock price rises the most at this stage. When Xiaopeng continues to innovate, this time is overbought, K indicators down through D indicators, investor sentiment is stable, after the stock price fell back slightly gradually for a proper adjustment. At present, the rate of decline of K and D values has decayed, the inclination tends to level off and it can be clearly seen that the K indicator has the tendency to break upwards through the D indicator, which is a warning signal of a short term turnaround and will likely reverse the current downtrend in the stock price.

3.4 Summary of technical analysis

Xiaopeng Auto is a leading brand in China's auto manufacturing industry, and its shares have been highly sought after by many institutions due to its steady volume, steadily rising share price, smooth growth rate, high dividend ratio and abundant cash flow. It is one of the few companies in the market that has been in a bull market for a long period of time, but its share price has experienced a downward trend of varying degrees over time. The weekly chart of its stock price shows that the averages are dominated by a long arrangement, showing an upward normal structure, and the medium to long-term trend has not changed. the MACD, which does not send any sell signals, pulls back to short on the low. The current K-indicator is expected to break upwards through the D-indicator, which is a strong upward trend, however, the pullback will also have a certain limit. Short-term stock prices will be in the early highs near the shock back down, medium-term prices will be with the general market index continues to climb and rise to a new position. On the whole, the Peng car short-term or a small reversal of the current share price decline, in the long run, the stock price does not have a significant rise or fall situation. At present, the company's valuation level has been high, the stock price is in the historical high range, in the next period of time the stock price will still maintain an upward trend, and has a strong sustainability and stability. Investors are advised to hold the shares for a long period of time.^[10]

4 Concluding Remarks

Xiaopeng Auto company occupies a leading position in the automotive industry. In the post-epidemic era, while public consumption demand has rebounded and driven by multiple factors, future product prices and sales will rise steadily on the premise of rationality. This paper uses the method of a combining financial analysis with corporate strategy to conduct the research. Through a horizontal comparison and vertical comparison with Xiaopeng Auto's financial data, the conclusion is that the solvency and operating capacity of Xiaopeng Auto are better than the average level of the domestic auto industry. In addition, the company has strong profitability. According to the data center of Oriental Fortune, the market size of Xiaopeng Auto ranks fourth in the same industry. In the overall recession of the industry, the company still achieve good performance. With enhanced profitability and growth capability, the market value of Xiaopeng Auto will rise Xiaopeng Auto's operating income is expected to increase next year, and earnings per share will increase accordingly. The stock price in the future still has a large appreciation space, the risk factor is small, share price fluctuations remain normal, it is recommended to maintain investment. The company is currently in the growth period, the company has excellent asset quality, good operating performance, with a certain degree of growth and stability. Peng Auto Company has good efficiency in terms of total asset management level, improved capital turnover and capital operation.

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