



FEATURED OPTIONS RADAR REPORT



Put Sellers Active in Long-Term Support for Fast-Growing EV Play

Ticker/Price: XPEV (\$26)

Analysis:

Xpeng (XPEV) with a large opening sale on 3/8 of 1,900 October \$25 puts for \$5.55, over \$1M, and follow sellers in the June \$30, \$40 and \$45 puts recently. Shares are down around 50% from their highs in November and back at major support of the two-year range. This week's hammer reversal sets up for a potential reversion trade back into the mid-point of this range at \$40. The \$26B company trades 10.8X sales and 4X cash. XPEV is one of the 'big three' EV producers in China with a focus on their SUV line, the G3, as well as a sports sedan under the P7 line. They've also got inroads into maintenance, super charging networks, and ride-hailing ventures. They continue to set records for sales with 200% Y/Y growth in Q3 with a higher mix of their better-margin sedan which helped gross margins expand 250 bps. XPEV has been able to navigate some of the supply challenges better than others given they produce much of their electric and electronic architecture in-house and they see their ability to design the hardware in-house as giving them a long-term competitive advantage in software too. XPEV expects to accelerate product roll-out in 2022 to increase product penetration in their core domestic market, especially on the 'value-end' of the spectrum which will greatly expand their near-term TAM. Analysts have an average target for shares of \$57 with a Street High \$92. Barclays starting at Overweight on 2/8 with a \$33 PT, a 'rare opportunity' to buy into a massive trend at a discount. The firm notes that the rapid adoption of EVs worldwide and domestic demand in China gives them an opportunity to seize notable market share. They also highlight that electric vehicles and smart cars are among China's top national priorities with one of the most supportive and well-thought-out government policy agendas for the industry. Short interest is 2.8%. Hedge fund ownership rose 15% last quarter. Tiger Global a buyer of 5.5M shares while Jericho, Viking Global, and Point72 all buyers. XPEV will report next on 3-28.

Hawk Vision:



Hawk's Perspective: XPEV needs to show better price action but back at a big area of support and continue to see the long-term market share story as very positive given the government support and consumer adoption trends

Confidence Ranking: \$\$