

XPENG Equity Structure Analysis and Stock Price Forecast

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Abstract: The market competition for new energy vehicles is becoming increasingly fierce. Under the Internet operation mode, the automobile manufacturing industry is divided into new forces and traditional automobile enterprises, which have a profound impact on the profit model of the automobile industry, and the driving force of enterprise operation is working capital. It is necessary the manage enterprise working capital to improve the comprehensive competitiveness of enterprises. Xiaopeng (also called XPENG) is a listed company of automobile brands. It adopts a dual-class share structure to allocate the company's shares. The structure can also be used to analyze how this will affect XPENG's stock price and predict the future trend of XPENG's stock price. The paper aims to analyze how this will affect the stock price of XPENG Company through the dual-class share structure, and predict the future direction of the stock price of XPENG Company. At the same time, the paper also hopes to forecast the stock price situation of XPENG Company through a series of reports and comparisons with other tram industries.

Keywords: Equity analysis, stock price, fluctuations, XPENG Company

1. Introduction

XPENG is a listed automobile brand company, and it is also the first echelon of tram brands in China. After understanding this, XPENG Electric adopted a dual-class share structure to allocate the company's shares. In the distribution of a dual-class share structure, the senior members of the company can grasp the development trend of the company and have great rights in the company. However, by analyzing the dual-class share structure and some old and new news about XPENG, we need to analyze how this will affect the stock price of XPENG, and predict the future trend of XPENG's stock price. At the same time, it is hoped that through obtaining a series of information and some news of XPENG Motor, as well as the distribution mode of shares, the comparison with other tram industries can be made to predict whether the future stock price fluctuation of XPENG Company will be an upward trend or a downward trend. This study concludes that XPENG will be in a slow downward trend for a long time in the future unless they can do better than other tram brands, A better service attitude can bring the whole XPENG company back to life.

2. Introduction to XPENG Company

Founded in 2015, XPENG is a technology company focused on future mobility. Founders include He Xiaopeng, Xia Heng, and He Tao. After its establishment in Guangzhou, the company faced the challenges of mass production but achieved significant development by focusing on smart technology

and autonomous driving. XPENG has taken a leading position in intelligent driving, interactive experience, and the Internet of Things, with a cumulative R&D investment of more than 12.5 billion yuan. They have advanced technologies in areas such as autonomous driving, smart cockpits, and electric powertrains. The company has its manufacturing systems, including smart manufacturing facilities that focus on environmental sustainability, digitalization, and automation. XPENG has also actively explored the international market and introduced new retail models in European countries. By the end of 2022, XPENG's user base has exceeded 250,000 vehicles. They are also involved in the development of intelligent electric flying cars through their subsidiary XPENG Penghang. XPENG faced a brand crisis in 2019, but then experienced significant growth and was listed on the New York Stock Exchange. XPENG plans to continue exploring future developments. The current status quo of XPENG Company is that the company's technology was acquired by Volkswagen of Germany and then sold to Volkswagen, which directly led to the rapid rise of XPENG's stock price at the moment of the sale of XPENG's equity, but also resulted in the loss of the technology of XPENG Tram to compete with other tram companies. This has also led to XPENG's stock price in the current view being in a slow decline, which is equivalent to a chronic death.

3. Equity structure analysis

First, the dual-class share structure plays a key role in stabilizing the founder's control over the enterprise. Gao and Zhang believe that under a dual-class share structure, after holding special voting rights, enterprise founders can obtain the actual control of listed companies with a lower shareholding ratio, and enterprise founders can exert their social capital advantages to control enterprises more firmly [1].

However, a dual-class share structure is not necessarily applicable to all enterprises. Feng Guo found that the contradiction between financing and stable control rights of technology and culture-oriented enterprises is particularly prominent, and such enterprises are often more inclined to choose dual-class share structures to maintain the continuity of their decisions and the stability of management and to shape the unique culture of enterprises. Secondly, the dual-class share structure can promote the rational allocation of resources by enterprises, reduce the interference of external investors on corporate management, and improve the efficiency of corporate governance [1]. Some shareholders only want to obtain investment returns, and they do not want to participate in the operation and management of enterprises. Therefore, the dual-class share structure can enable a more reasonable allocation of resources, meet the differentiated needs of different shareholders, and improve the governance efficiency of enterprises. Dual-class share structure is conducive to enterprise founders' decision-making, shifting investors' attention from short-term returns to the long-term interests of enterprises, promoting the implementation of long-term development strategies of enterprises, and promoting sustainable development of enterprises. Finally, the dual-class share structure concentrates the control in the founder team of the company, which can effectively avoid internal ownership disputes and hostile takeover by external investors. Dual-class share structure can help reduce the possibility of control struggle in the development process of enterprises, and founders can obtain control of enterprises by investing a relatively small amount of capital, to avoid equity struggle to the greatest extent [2].

4. Stock price forecast

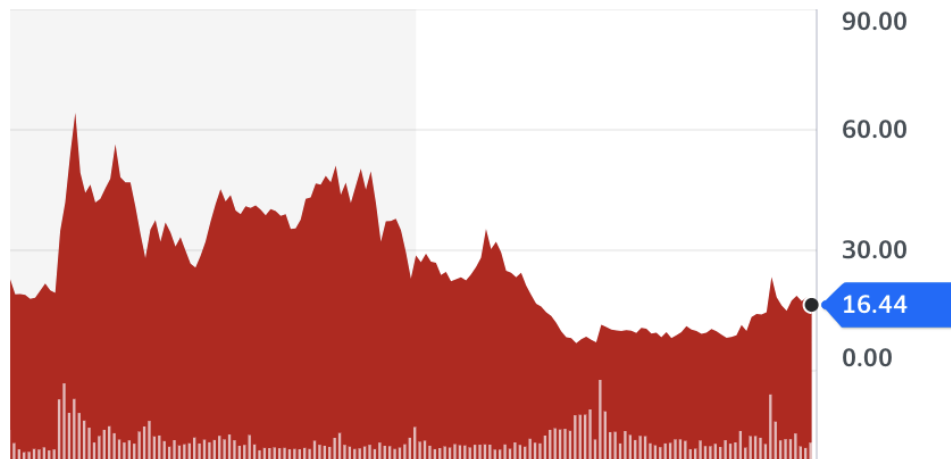


Figure 1: The fluctuation of XPENG's stock price in recent years[3].

XPENG Company is a domestic automobile brand, they use the equity distribution method is a dual-class equity structure to implement. The advantage of this ownership structure is that the elders of the original company will not lose their right to speak as their shares are diluted. The dual-class share structure can provide benefits to a company, including increased power for founders with a smaller number of stocks, protection from short-term, and insulation of the firm and management from activist shareholders. However, this structure can also lead to limited information disclosure and participation rights for minority shareholders, as well as potential risks and unfairness due to restricted shareholder rights. But the downside is also obvious. Dual-class share structures give specific shareholders disproportionate voting power in the company, out of proportion to the equity they hold. This can lead to minority shareholders or founders having too much control, reducing the influence and equity of other shareholders. Potential conflicts of interest: Dual-class share structures can create conflicts of interest between founders and other shareholders. Founders may be more focused on their long-term development strategy and personal interests while ignoring the opinions and interests of other shareholders. Low transparency: Due to the existence of a dual-class share structure, the company's decision-making and operations may be less transparent. Minority shareholders or founders can influence a company's decisions by exercising their voting rights, while other shareholders may not have access to adequate information and participation rights. Limited Shareholder equity: Dual-class share structures may limit the control and interest of other shareholders in the company. Other shareholders may not be able to effectively monitor and check the actions of the company's management, resulting in potential risks and unfairness. "Founded in 2014, XPENG Automobile is headquartered in Guangzhou and is a leading smart electric vehicle company in China. It is an Internet electric vehicle brand owned by Guangzhou Chengxing Zhidong Automobile Technology Co., Ltd. It was initiated by He Xiaopeng, Xia Heng, He Tao, and others. The main members of the team are from GAC, Ford, BMW, Tesla, Delphi, Valeo, and other well-known vehicle and large parts companies, as well as Alibaba, Tencent, Xiaomi, and Samsung. , Huawei, and other well-known Internet technology enterprises. After understanding XPENG's stock price in recent years, it is found that XPENG's stock price has always been in a state of loss, and the reason for the loss is that XPENG Motors, also known as XPENG, has recently faced increased competition and margin deterioration, resulting in a record quarterly loss. The company reported a per-share loss of 20 cents and sales of \$745 million for the fourth quarter. These factors have led to a

decline in XPENG Motors' shares. As for the reasons behind the stock price decline, it could be due to the company's weaker financial results, as well as investors' concerns about the company's future.

Performance and ability to compete in the market. When writing a paper on XPENG Motors' equity and stock price predictions, it's important to carefully review and analyze the financial data and market conditions to make informed predictions. Additionally, be sure to revise and edit your paper thoroughly to ensure accuracy and clarity. Through market sentiment analysis, The paper found out why XPENG lost money from 2019 to 2023. Once XPENG loses money because of these things, the equity distribution of XPENG Company will seriously affect the whole company, because there are only three people who have the right to speak of XPENG Company. Although they do not have much-injured equity, due to the double-layer equity structure, these three people are in power to account for more than half of the company. On this basis, The company needs these three people to carry it, which has limitations. "XPENG Automobile has been sued by Tesla for allegedly infringing on Tesla's self-driving technology patent, which may affect the market's perception of XPENG Automobile. In addition, XPENG Automobile admitted that its cars have potential safety hazards in a report released in 2018, which also made people have doubts about the quality and safety of their products. Due to XPENG's behavior, XPENG's stock price has been in a downward trend in recent years. Production and marketing in the whole year of 2022 to complete the 7.058 million and 6.887 million, respectively, year-on-year growth of 96.9% and 93.4%, remain the world's first eight years in a row, a leading global market scale, market share of 25.6%, 12.1 percentage points higher than in 2021, global sales accounted for more than 60%. In Figure 2, The bar represents the sales volume and the discount represents the growth rate [4-5].

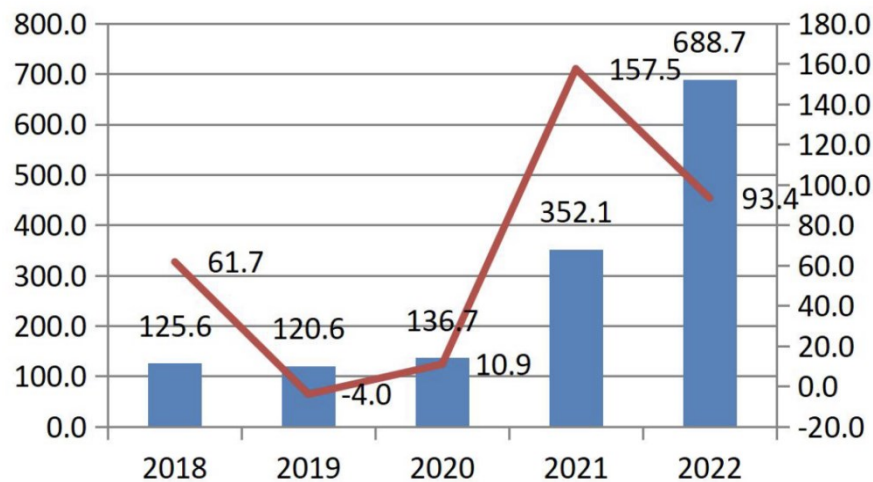


Figure 2: Growth rate of new energy vehicles in China from 2018 to 2022.

5. Conclusion

After observing XPENG's equity allocation and understanding some related news on social media, we finally concluded that if XPENG does not make some major changes, its stock price will only slowly decline, and finally, it may even declare bankruptcy directly. The current shortcoming of this paper is that there is no model evolution to simulate the future development of the Xiaopeng Company. In this paper, no algorithm is used to calculate the economic trend of XPENG Company and the volatility of the stock market[6]. Therefore, it is necessary to use a large number of literature in the paper and observe the stock price fluctuation of XPENG and the hot news of XPENG every day for a long time to help predict in advance whether XPENG is in the air of decline or rise. Future studies will also focus more on long-term and close observation of XPENG's stock price fluctuations and

news hotspots, and conduct some surveys to randomly interview some people's opinions and purchase intentions about XPENG trams. The future of new energy trams is comparatively better cost performance and a large number of charging piles need to be put into large and small urban areas. This will make people more willing to buy new energy trams. Because the first purchase of trams is to cost performance, if the electric piles are not so used can not be used, then the cost performance does not have any meaning. The second point is that the performance is close to the car, and if the car is completely superior to the car from the perspective of the trolley, the car will be eliminated, and the trolley will have a larger market (this is why Volkswagen of Germany bought shares in XPENG Tram and bought their trolley technology), which also shows that the future car market will be replaced by the trolley. The third point is the comfort level, the customer's comfort level depends on whether the customer will give up buying a car and buy a tram. The last of these points in the current best is Tesla and China's BYD, the future if the two major tram companies continue to maintain, then the future tram brand is likely to be dominated by these two major tram companies.

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