Pony.ai (PONY US)

2Q26: Revenue Beats On A 691% Robotaxi Surge

Highlights

- Revenue beat expectations at US$36.2m (+68.8% yoy) on a 691.2% yoy surge in robotaxi services.
- Net loss attributable widened 12.7% yoy to US$59.8m on a US$25.0m one-off impairment provision on the prepayments for long-term investments, and higher-than-expected SG&A.
- Gross margin rose 1.4ppt yoy to 17.5%, but 1H26 missed our forecasts. We cut our 2026 gross margin assumption from 18% to 17.5%.
- We raise our 2026 revenue forecast by 6.1%, but increase our 2026-27 net loss estimates by 10.9%/7.4% to US$208m/US$132m, and cut 2028 net profit forecast by 35% to US$18m, based on lower gross margin and higher SG&A.
- Maintain BUY and cut target price from US$16.00 to US$15.00.

2Q26 Results

Year to 31 Dec (US$m)	2Q26	yoy %	qoq %	1H26	yoy %	2026F	yoy %	Comments
Robotaxi services	12.1	691.2	40.9	20.6	534.0	60.1	261.9	Beat
Robotruck services	13.3	40.0	30.7	23.5	36.0	50.2	23.7	Beat
Licensing and applications	10.8	3.9	(30.1)	26.3	76.8	52.0	58.4	Miss
Total revenue	36.2	68.8	5.8	70.5	98.9	162.3	80.3	Beat
Gross profit	6.4	83.4	14.2	11.9	106.1	28.4	100.5	Beat
Gross margin (%)	17.5	1.4	1.3	16.9	0.6	17.5	1.8	Miss
EBIT	(65.7)	7.3	12.7	(124.1)	5.8	(255.6)	(2.0)	In line
EBIT margin (%)	(181.5)	104.1	(11.2)	(176.1)	155.0	(157.5)	132.3	In line
Net profit	(59.8)	12.7	18.7	(110.3)	14.7	(207.7)	55.1	In line
Net margin (%)	(165.2)	82.3	(18.0)	(156.5)	114.7	(128.0)	20.8	Miss

Source: Pony.ai, UOB Kay Hian

Analysis

- **2Q26 net loss attributable to shareholders widened 12.7% yoy and 18.7% qoq to US$59.8m, 4.2% narrower than our US$62.5m estimate.** A one-off US$25.0m impairment on prepayments for long-term investments was offset by an US$18.6m attributable fair-value gain; non-GAAP net loss attributable was flat yoy at US$44.4m.
- **Revenue beat at US$36.2m, 16.1% above our US$31.2m estimate,** as robotaxi services revenue jumped 691.2% yoy to US$12.1m.

Key Financials

Year to 31 Dec (US$m)	2024	2025	2026F	2027F	2028F
Net turnover	75.0	90.0	162.3	383.6	841.5
EBITDA	(277.2)	(254.6)	(247.6)	(194.3)	(84.9)
Operating profit	(285.5)	(260.9)	(255.6)	(203.3)	(94.9)
Net profit (rep./act.)	(274.1)	(134.0)	(207.7)	(132.2)	17.9
Net profit (adj.)	(132.3)	(174.0)	(207.7)	(132.2)	17.9
EPS (US cents)	(239.8)	(35.3)	(47.9)	(30.5)	4.1
PE (x)	n.a.	n.a.	n.a.	n.a.	193.7
P/B (x)	2.9	2.1	2.4	2.6	2.6
EV/EBITDA (x)	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend yield (%)	-	-	-	-	-
Net margin (%)	(365.4)	(148.9)	(128.0)	(34.5)	2.1
Net debt/(cash) to equity (%)	(56.3)	(17.8)	(0.4)	7.3	(2.0)
ROE (%)	(33.5)	(10.3)	(13.4)	(9.6)	1.4
Consensus net profit	-	-	n.a.	n.a.	n.a.
UOBKH/Consensus (x)	-	-	n.a.	n.a.	n.a.

Source: Pony.ai, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	US$7.98
Target Price	US$15.00
Upside	+88.0%
Previous TP	US$16.00

Stock Data

Sector	Technology
Bloomberg ticker	PONY US
Shares issued (m)	433.5
Market cap (US$m)	3,459.7
3-mth avg daily t'over (US$m)	34.5

Price Performance (%)

52-week high/low				US$24.92/US$6.37
1mth	3mth	6mth	1yr	YTD
19.8	(3.0)	(43.3)	(49.7)	(45.0)

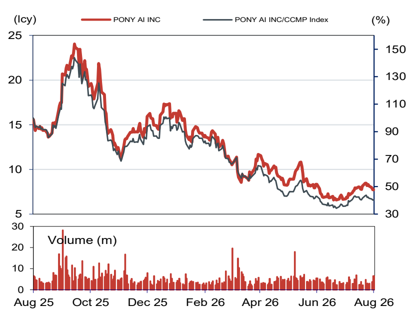
Major Shareholders (%)

Junpeng	13.80
Toyota Motor Corporation	9.80

Balance Sheet Metrics

FY26 NAV/Share (US$)	3.33
FY26 Net Cash/Share (US$)	0.01

Price Chart



Source: Bloomberg

Company Description

Pony AI Inc is a global leader in autonomous shared mobility, pioneering commercial robotaxi and robotruck services with full driverless operations.

- **We raise our 2026 revenue forecast 6.1% to US$162.3m and leave our 2027-28 forecasts essentially unchanged at US$383.6m/US$841.5m, a 110.7% three-year CAGR from 2025.** Robotaxi goes to US$60.1m, from US$56.8m: We hold the year-end fleet at management's target of more than 3,500 and raise the blended rate to US$74 per vehicle per day, from US$70, holding the US$78.0 achieved in 1H26; that is 3.62x the 2025 level, ahead of management's raised target of more than 3.5x, and fare-charging revenue alone grew more than 800% yoy. Robotruck goes to US$50.2m, from US$42.6m, on a 220-unit fleet at US$700 per truck per day, as Gen-4 robotrucks entered mass production and Mawan Port began commercial deployment; 2Q26 revenue rose 40.0% yoy on the Sinotrans collaboration. Intelligent solutions goes to US$52.0m, from US$53.5m, on 36,000 domain controllers, after 2Q26 revenue was flat yoy.
- **Gross margin rose 1.4ppt yoy and 1.3ppt qoq to 17.5% in 2Q26, in line with our 17.4% estimate, on a richer robotaxi mix, but 1H26's 16.9% is below our 18.0% full-year assumption. We cut our 2026 gross margin assumption to 17.5% and keep our 2027-28 assumptions at 20.0%/22.0%.** That implies a 2H26 gross margin of 18.0%, up 1.1ppt hoh.
- **We raise our 2026 SG&A assumption to US$64m, from US$60m, and keep R&D at US$220m.** 1H26 SG&A of US$31.9m was already 53.1% of the old assumption, while 1H26 R&D of US$104.1m implies 2H26 R&D of US$115.9m, 3.0% above the 2Q26 run-rate. Operating expenses rose only 11.4% yoy against 68.8% revenue growth, narrowing the operating loss margin to 181.5%, from 285.6%.
- **One-off impairment of US$25m affected bottom line.** The company registered US$23.4m in other loss in 2Q26, vs US$1.5m/US$0.8m in other income in 2Q25/1Q26 respectively. That loss mainly came from the US$25m in impairment provision for the prepayment of long-term investments that were deemed unrecoverable
- **We raise our 2026 capex assumption to US$105m, from US$56m, taking our 2026 free cash outflow forecast to US$289.0m, from US$224.7m.** 2Q26 capex of US$32.2m took 1H26 capex to US$44.6m, spent on Gen-7 mass production and data centres. Liquidity is not the limiting factor, with cash and investments of US$1,390.5m at 30 Jun 26, from US$1,435.5m three months earlier.
- **We cut our average investment return assumption to 2.9% for 2026-28, from 3.4%.** 1H26 investment income of US$22.2m on average cash and investments of US$1,558.7m annualises to 2.85%. The cut lowers investment income by US$8.7m/US$9.3m/US$9.8m in 2026-28, the largest single driver of our 2028 revision.

Earnings Revision/Risk

- **We widen our 2026-27 net loss forecasts by 10.9%/7.4% to US$207.7m/US$132.2m respectively and cut our 2028 net profit forecast 35.4% to US$17.9m.** In 2026, higher gross profit adds US$0.9m, while non-operating items cost US$8.5m, the lower investment return US$8.7m and higher SG&A US$4.0m. The 2027-28 revisions are almost entirely the investment return cut.
- **Risks:** Slower fleet deployment than the 3,500-vehicle year-end target, further one-off impairments, regulatory and safety setbacks, and slippage in converting the 4,000+ overseas vehicles under negotiation.

Valuation/Recommendation

- **Maintain BUY and cut target price from US$16.00 to US$15.00, based on our 10-year DCF model (13% WACC and 4% terminal growth rate).**

Share Price Catalyst

- Monthly robotaxi fleet additions, conversion of the overseas vehicles under negotiation, Gen-4 robotruck deployment, and 3Q26 results.

Profit & Loss

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Net turnover	90.0	162.3	383.6	841.5
EBITDA	(254.6)	(247.6)	(194.3)	(84.9)
Deprec. & amort.	(6.2)	(8.0)	(9.0)	(10.0)
EBIT	(260.9)	(255.6)	(203.3)	(94.9)
Total other non-operating income	141.1	6.1	36.0	77.3
Associate contributions	-	-	-	-
Net interest income/(expense)	43.0	41.8	35.1	35.4
Pre-tax profit	(76.8)	(207.7)	(132.2)	17.9
Tax	0.0	0.0	0.0	0.0
Minorities	(57.2)	0.0	0.0	0.0
Net profit	(134.0)	(207.7)	(132.2)	17.9
Net profit (adj.)	(174.0)	(207.7)	(132.2)	17.9

Balance Sheet

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Fixed assets	60.5	157.5	223.5	312.5
Other LT assets	501.7	501.7	501.7	501.7
Cash/ST investment	1,167.9	978.9	877.8	1,000.2
Other current assets	82.8	99.1	153.7	266.6
Total assets	1,812.8	1,737.2	1,756.7	2,081.0
ST debt	1.4	101.4	101.4	101.4
Other current liabilities	90.1	122.2	273.8	580.2
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	12.4	12.4	12.4	12.4
Shareholders' equity	1,652.3	1,444.6	1,312.4	1,330.2
Minority interest	56.7	56.7	56.7	56.7
Total liabilities & equity	1,812.8	1,737.2	1,756.7	2,081.0

Cash Flow

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Operating	(165.0)	(184.0)	(26.1)	221.4
Pre-tax profit	(76.8)	(207.7)	(132.2)	17.9
Tax	0.0	0.0	0.0	0.0
Deprec. & amort.	6.2	8.0	9.0	10.0
Associates	-	-	-	-
Working capital changes	20.4	15.7	97.1	193.5
Non-cash items	(114.8)	0.0	0.0	0.0
Other operating cashflows	-	-	-	-
Investing	(889.2)	(105.0)	(75.0)	(99.0)
Capex (growth)	(43.9)	(105.0)	(75.0)	(99.0)
Investments	(845.3)	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0
Financing	814.8	100.0	0.0	0.0
Dividend payments	(6.4)	0.0	0.0	0.0
Proceeds from borrowings	0.0	100.0	100.0	100.0
Loan repayment	0.0	0.0	(100.0)	(100.0)
Others/interest paid	821.3	0.0	0.0	0.0
Net cash inflow (outflow)	(239.3)	(189.0)	(101.1)	122.4
Beginning cash & cash equivalent	536.2	295.7	106.7	5.7
Changes due to forex impact	(1.2)	0.0	0.0	0.0
Ending cash & cash equivalent	295.7	106.7	5.7	128.0

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	(282.9)	(152.6)	(50.7)	(10.1)
Pre-tax margin	(85.3)	(128.0)	(34.5)	2.1
Net margin	(148.9)	(128.0)	(34.5)	2.1
ROA	(9.4)	(11.7)	(7.6)	0.9
ROE	(10.3)	(13.4)	(9.6)	1.4
Growth				
Turnover	20.0	80.3	136.4	119.4
EBITDA	(8.1)	(2.8)	(21.5)	(56.3)
Pre-tax profit	(72.1)	170.6	(36.4)	(113.5)
Net profit	(51.1)	55.1	(36.4)	(113.5)
Net profit (adj.)	31.5	19.4	(36.4)	(113.5)
EPS	(85.3)	35.9	(36.4)	(113.5)
Leverage				
Debt to total capital	0.1	5.8	5.8	4.9
Debt to equity	0.1	7.0	7.7	7.6
Net debt/(cash) to equity	(17.8)	(0.4)	7.3	(2.0)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.