ECARX Holdings Inc (ECX US)

2Q26: Revenue Up 44.7% yoy On Higher-value Platforms

Highlights

- 2Q26 revenue rose 44.7% yoy and 71.3% qoq to US$225.2m, as Antora and Pikes platform shipments spiked 52% yoy and over 2,000% yoy respectively on broadly flat total volume.
- Gross margin nearly doubled yoy to 19.8% and adjusted EBITDA remained positive at US$0.5m for a fourth consecutive quarter.
- Management reiterated 2026 revenue guidance of US$1.0b–1.1b, but flagged memory costs as a source of 2H26 margin pressure.
- We cut 2026-28 bottom line forecasts to a US$2.5m net loss, and net profits of US$29m and US$75m respectively. Maintain BUY and trim target price from US$2.80 to US$2.70.

2Q26 Results

Year to 31 Dec (US$m)	2Q25	1Q26	2Q26	yoy %	qoq %	1H26	yoy %	2026F	yoy %
Total revenue	155.6	131.5	225.2	44.7	71.3	356.7	10.3	1,051.3	24.0
Gross profit	16.8	28.2	44.5	164.9	57.8	72.7	45.4	197.7	22.6
Gross margin (%)	10.8	21.4	19.8	9.0	(1.7)	20.4	4.9	18.8	(0.2)
EBIT	(40.4)	(13.0)	(6.2)	(84.7)	(52.3)	(19.2)	(70.5)	13.7	n.a.
EBIT margin (%)	(26.0)	(9.9)	(2.8)	23.2	7.1	(5.4)	14.8	1.3	7.8
Net profit	(43.0)	(10.6)	(10.4)	(75.8)	(1.9)	(21.0)	(69.6)	(2.5)	n.a.
Net margin (%)	(27.6)	(8.1)	(4.6)	23.0	3.4	(5.9)	15.5	(0.2)	7.6

Source: ECARX, UOB Kay Hian

Analysis

- **2Q26 revenue grew on price and mix, not volume.** ECARX Holdings Inc's (ECARX) revenue rose 44.7% yoy and 71.3% qoq to US$225.2m on broadly flat total shipments. Sales of goods revenue rose 49.7% yoy to US$196.4m, driven by: a) next-generation Antora and Pikes platforms growing 52% yoy and over 2,000% yoy respectively; and b) elevated memory costs being passed on through pricing adjustments. Service revenue rose 21.1% yoy to US$28.1m on a heavier schedule of new model launches. Software licence revenue was only US$0.7m against US$1.2m in 2Q25.
- **Gross margin nearly doubled yoy, and operating costs fell again.** Gross margin reached 19.8% in 2Q26 (+9.0ppt yoy/−1.7ppt qoq). R&D and SG&A expenses fell 13.9% and 7.7% yoy respectively to US$29.1m/US$21.6m, aided by AI-assisted development and tighter resource allocation. Operating loss narrowed by 84.7% yoy and 52.3% qoq to US$6.2m, and net loss narrowed to US$10.4m.

Key Financials

Year to 31 Dec (US$m)	2024	2025	2026F	2027F	2028F
Net turnover	771.5	847.9	1,051.3	1,366.7	1,708.4
EBITDA	(102.3)	(34.9)	33.7	84.2	129.3
Operating profit	(122.9)	(54.8)	13.7	64.2	109.3
Net profit (rep./act.)	(129.8)	(66.0)	(2.5)	28.6	74.9
Net profit (adj.)	(125.7)	(77.1)	(2.5)	28.6	74.9
EPS (US cents)	(38.5)	(19.5)	(0.6)	7.5	19.7
PE (x)	n.m.	n.m.	n.m.	13.9	5.3
P/B (x)	n.m.	n.m.	n.m.	n.m.	n.m.
EV/EBITDA (x)	n.m.	n.m.	21.3	8.5	5.6
Dividend yield (%)	-	-	-	-	-
Net margin (%)	(16.8)	(7.8)	(0.2)	2.1	4.4
Net debt/(cash) to equity (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Interest cover (x)	n.a.	n.a.	0.5	1.8	3.2
ROE (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Consensus net profit	-	-	(3.9)	41.0	86.3
UOBKH/Consensus (x)	-	-	n.a.	0.70	0.87

Source: ECARX, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	US$1.04
Target Price	US$2.70
Upside	+159.6%
Previous TP	US$2.80

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	ECX US
Shares issued (m)	381.1
Market cap (US$m)	396.3
3-mth avg daily t'over (US$m)	1.8

Price Performance (%)

52-week high/low				US$2.70/US$0.88
1mth	3mth	6mth	1yr	YTD
(9.6)	(3.7)	(46.1)	(32.0)	(39.5)

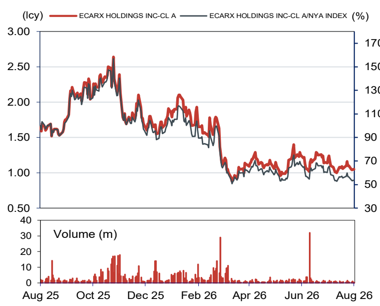
Major Shareholders (%)

Fu&Li Industrious Innovators Ltd.	43.10
Geely Technology Group Co., Ltd.	10.99
Baidu Holdings Ltd.	6.68

Balance Sheet Metrics

FY26 NTAV/Share (US$)	(0.88)
FY26 Net Debt/Share (US$)	1.17

Price Chart



Source: Bloomberg

Company Description

ECARX Holdings is the world's leading automobile intelligent solutions supplier, mainly engaged in the R&D of software and hardware solutions for automobile intelligence, including intelligent cockpit computing platforms, ADAS computing platforms, and central computing platforms.

- **Adjusted EBITDA remained positive for the fourth consecutive quarter.** Adjusted EBITDA, which excludes share-based compensation of US$1.5m as well as interest, tax, depreciation and amortisation, was US$0.5m in 2Q26 against a US$29.8m loss in 2Q25 – a fourth consecutive positive quarter. This brings 1H26 adjusted EBITDA to US$4.5m, against a US$44.3m loss in 1H25.
- **Reaching even the bottom of guidance requires a strong 2H26.** Management reiterated full-year 2026 revenue guidance of US$1.0b–1.1b on the current backlog and commercial pipeline. 1H26 revenue of US$356.7m is only 33.9% of the US$1,051m mid-point, against 1H25's 38.1% of 2025 revenue, so the mid-point needs 2H26 revenue of US$694.7m (+32.4% yoy/+94.7% hoh). This is demanding but not unprecedented: 2H25 revenue grew 62.3% on 1H25, helped by 4Q25's US$304.7m, which remains the company's highest quarter. We therefore set 2026 revenue at the mid-point rather than at the top of the range.
- **Memory costs are the swing factor for 2H26 margin.** Management expects gross margin and operating profitability to be negatively affected by memory cost dynamics in the coming quarters, partly offset by product mix and by continued efficiency gains. We hold 2H26 gross margin at 18.0%, which is 3.2ppt below 2H25's 21.2% and 2.4ppt below the 1H26 outcome, giving a full-year 18.8%. We hold 2H26 R&D and SG&A expenses flat on 1H26 in absolute terms, at US$52.6m and US$39.3m, so that the full-year ratios to revenue rise to 10.0% and 7.5% only because the revenue base is lower.
- **The Flyme acquisition is a strategic positive that we have not yet included in our model.** ECARX has signed a definitive agreement to buy the full Flyme software portfolio for about US$266m, comprising Flyme Auto – a cockpit operating system already running in more than 2m vehicles, many of them ECARX platforms – and the cross-device Flyme operating system. It gives ECARX the application layer above its own Cloudpeak middleware and therefore end-to-end control of the software stack. We have not input it into our forecasts, as neither the completion date nor the funding mix has been disclosed.
- **Programme milestones are unchanged.** The Zenith central computing platform, built on Qualcomm's 4nm Snapdragon Ride SA8797P, remains in validation for mass production in 2027; the Volkswagen Antora 1000 and 500 programmes remain in industrialisation for a 2027 launch in Brazil and India; and the May Mobility robotaxi platform and the 30% overseas revenue target for 2028 are unchanged.

Earnings Revision/Risk

- **We cut our 2026-28 net profit forecasts to a net loss of US$2.5m and net profits of US$28.6m and US$74.9m respectively,** from a net profit of US$9.5m/US$58.2m/US$110.4m. The main risk to our forecasts is a sharper memory-cost squeeze.

Valuation/Recommendation

- **Maintain BUY and trim target price from US$2.80 to US$2.70,** based on 10-year DCF (WACC: 14%, terminal growth: 4%).

Share Price Catalyst

- Evidence that 3Q26 revenue is tracking guidance.
- Completion and funding of the Flyme acquisition.
- New global OEM partnerships.

Profit & Loss

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Net turnover	847.9	1,051.3	1,366.7	1,708.4
EBITDA	(34.9)	33.7	84.2	129.3
Deprec. & amort.	(19.9)	(20.0)	(20.0)	(20.0)
EBIT	(54.8)	13.7	64.2	109.3
Total other non-operating income	7.1	12.7	-	-
Associate contributions	1.2	14.2	-	-
Net interest income/(expense)	(20.1)	(29.8)	(35.7)	(34.4)
Pre-tax profit	(67.7)	(3.5)	28.6	74.9
Tax	(1.2)	(1.0)	-	-
Minorities	2.9	2.0	-	-
Net profit	(66.0)	(2.5)	28.6	74.9
Net profit (adj.)	(77.1)	(2.5)	28.6	74.9

Balance Sheet

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Fixed assets	26.7	36.7	37.7	38.7
Other LT assets	152.5	158.5	159.5	160.5
Cash/ST investment	93.3	236.0	246.6	299.7
Other current assets	389.9	575.2	713.4	861.4
Total assets	662.4	1,006.5	1,157.2	1,360.4
ST debt	349.5	469.5	469.5	469.5
Other current liabilities	473.5	554.5	676.7	804.9
LT debt	65.9	213.4	213.4	213.4
Other LT liabilities	57.0	57.0	57.0	57.0
Shareholders' equity	(282.7)	(285.1)	(256.5)	(181.6)
Minority interest	(0.8)	(2.8)	(2.8)	(2.8)
Total liabilities & equity	662.4	1,006.5	1,157.2	1,360.4

Cash Flow

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Operating	(94.4)	(88.8)	32.6	75.1
Pre-tax profit	(68.9)	(4.5)	28.6	74.9
Tax	(1.2)	(1.0)	-	-
Deprec. & amort.	19.9	20.0	20.0	20.0
Working capital changes	(37.5)	(104.3)	(16.0)	(19.8)
Non-cash items	(6.6)	1.0	-	-
Other operating cashflows	-	-	-	-
Investing	(70.5)	(36.0)	(22.0)	(22.0)
Capex (growth)	(12.2)	(36.0)	(22.0)	(22.0)
Investments	-	1.0	2.0	3.0
Others	(58.3)	(1.0)	(2.0)	(3.0)
Financing	203.9	267.6	-	-
Dividend payments	-	-	-	-
Proceeds from borrowings	334.0	434.1	300.0	300.0
Loan repayment	(216.6)	(300.0)	(300.0)	(300.0)
Others/interest paid	86.5	133.4	-	-
Net cash inflow (outflow)	39.0	142.8	10.6	53.1
Beginning cash & cash equivalent	50.2	93.3	236.0	246.6
Changes due to forex impact	4.1	-	-	-
Ending cash & cash equivalent	93.3	236.0	246.6	299.7

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	(4.1)	3.2	6.2	7.6
Pre-tax margin	(8.0)	(0.3)	2.1	4.4
Net margin	(7.8)	(0.2)	2.1	4.4
ROA	(11.2)	(0.3)	2.6	6.0
ROE	n.a.	n.a.	n.a.	n.a.
Growth				
Turnover	9.9	24.0	30.0	25.0
EBITDA	n.a.	n.a.	150.2	53.5
Pre-tax profit	n.a.	n.a.	n.a.	162.2
Net profit	n.a.	n.a.	n.a.	162.2
Net profit (adj.)	n.a.	n.a.	n.a.	162.2
EPS	n.a.	n.a.	n.a.	162.2
Leverage				
Debt to total capital	62.7	67.9	59.0	50.2
Debt to equity	n.a.	n.a.	n.a.	n.a.
Net debt/(cash) to equity	n.a.	n.a.	n.a.	n.a.
Interest cover (x)	n.a.	0.5	1.8	3.2