Regional Company Focus

EHang Holdings Limited

Bloomberg: EH US | Reuters: EH.OQ

Refer to important disclosures at the end of this report

DBS Group Research . Equity

2 Oct 2025

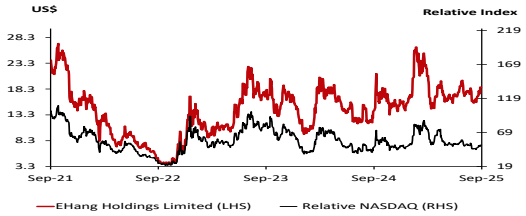
BUY

(Initiating Coverage)

Last Traded Price (1 Oct 2025): USD18.85 (**NASDAQ :** 22,755.16)
Price Target 12-mth: USD28.00 (51% upside)

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Price Relative



Forecasts and Valuation

FY Dec (RMBmn)	2024A	2025F	2026F	2027F
Revenue	456	542	1,058	1,594
EBITDA	(236)	(236)	(60.5)	112
Pre-tax Profit	(230)	(242)	(89.6)	70.7
Net Profit	(230)	(240)	(85.2)	63.6
Net Pft (Pre Ex.)	(229)	(240)	(85.2)	63.6
EPS (US cts.)	(44.6)	(45.5)	(15.8)	11.6
EPS Pre Ex. (US cts.)	(44.6)	(45.5)	(15.8)	11.6
EPS Gth (%)	(44.3)	(45.5)	(15.8)	11.6
Diluted EPS (US cts.)	(44.6)	(45.5)	(15.8)	11.6
Net DPS (US cts.)	0.0	0.0	0.0	0.0
BV Per Share (US cts.)	185	187	217	269
PE (X)	nm	nm	nm	162.9
PE Pre Ex. (X)	nm	nm	nm	162.9
P/Cash Flow (X)	61.5	167.7	55.6	31.5
EV/EBITDA (X)	nm	nm	nm	85.1
Net Div Yield (%)	0.0	0.0	0.0	0.0
P/Book Value (X)	10.2	10.1	8.7	7.0
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	(39.3)	(24.7)	(7.9)	4.8
Consensus EPS (US cts.):		(126)	(215)	61.4
Other Broker Recs:		B: 18	S: 0	H: 0

GIC Industry : Industrials
GIC Sector: Capital Goods
Principal Business: EHang Holdings, founded in 2014 and headquartered in Guangzhou, is a pioneer in urban air mobility and autonomous aerial vehicles. The company's flagship EH216-S is the world's first passenger-grade eVTOL certified by a major aviation regulator, enabling commercial operations in China. Leveraging full autonomy and low operating costs, EHang is positioned at the forefront of efforts to commercialise passenger-grade air taxis in China.

Source of all data on this page: Company, DBS, Bloomberg

Taking flight first, shaping the skies next

- First certified passenger eVTOL globally, securing a multi-year commercialisation lead versus peers
- Autonomous, low-cost aircraft offers superior economics for operators vs peers
- 3-year revenue CAGR of c.52%, non-GAAP profitability expected in FY27F, ahead of Western rivals
- Initiate with BUY, USD28 TP; solid risk/reward given lower dilution risk and cheaper valuation vs peers

Investment Thesis:

First certified, first ahead. EHang is the only eVTOL player in China with type certification for passenger services, giving it a multi-year head start over competitors. Its aircraft are priced well below both domestic and Western peers, are fully autonomous unlike most peers. Full autonomy eliminates pilot costs and frees up an extra passenger seat, boosting operator economics. With strong integration into China's EV and drone supply chains, EHang enjoys a clear structural cost advantage. It also benefits from a growing flight-data moat, as every additional flight enhances safety validation, operational efficiency, and regulatory trust.

Growth and profitability with scale. We forecast a three-year revenue CAGR of c.52% (FY24–27F), underpinned by EH216-S deliveries supported by robust backlog. Production capacity at Yunfu is being expanded to 1,000 units annually by end-2025 to meet demand. The VT-35, slated for certification in 2027, will enable inter-city travel, while new EH216 variants for firefighting, logistics, and emergency response broaden applications and create additional growth levers. we expect EHang to reach non-GAAP profitability in FY27, ahead of Western peers, driven by positive operating leverage and reduced R&D intensity.

Execution and market access will drive the stock. Near-term share price performance will hinge on order wins, EH216-S deliveries and backlog conversion. The next re-rating will hinge on EHang's ability to expand into overseas markets in Asia and the Middle East as regulatory frameworks open up. In China, wider vertiport roll-out, policy support, and adoption of new variants will be key markers of scalability.

We initiate with a BUY rating and a 12-month target price of USD28 (45-50% upside), based on 13x FY26F EV/Sales, cross-checked with DCF. Compared with listed peers, EHang offers a more attractive risk/reward profile given its clear lead in commercialization, lower dilution risk and cheaper valuation.

Key Risks

Slower adoption of eVTOLs, execution risks in scaling production, and potential safety incidents that could undermine credibility

At A Glance

Issued Capital (mn shrs)	52.5
Mkt. Cap (USDmn)	1,336.8
Major Shareholders (%)	
Axim Wealth Management LLC	8.4
Free Float (%)	91.6
3m Avg. Daily Val (USDmn)	26.1

DBS Insights Direct **Watchlist the stock on Insights Direct to receive prompt updates**

ed: JS/ sa: AS, PY, CS

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Investment Summary

Initiate with BUY; TP of USD28 implies 45-50% upside. EHang stands out as the only eVTOL player globally with passenger certification from a major aviation regulator, giving it a meaningful head start on commercial deployment relative to domestic and global peers. Its fully autonomous, lower-priced models create compelling unit economics with quicker breakeven and stronger operator returns. The group has reached key milestones with limited capital outlay and is expanding into an integrated platform covering aircraft, infrastructure, and operations. With China prioritising the low-altitude economy through supportive regulation and subsidies, EHang is well placed to capture growth and close the valuation gap.

Advanced air mobility solutions to address China's worsening traffic congestion and unlock efficiency. Traffic congestion is an economic drag, and an urgent driver for alternatives. Average peak-hour travel speeds in major cities have fallen since 2019, with Tier-1 hubs like Beijing, Shanghai, and Guangzhou as well as Tier-2 cities such as Wuhan and Chengdu all facing significant slowdowns. Infrastructure expansion has lagged the surge in private car ownership, ride-hailing, and freight traffic, costing the economy an estimated 5% of GDP annually.

eVTOLs offer a solution by bypassing ground congestion, cutting hour-long road journeys to under 20 minutes, and requiring only compact vertiports that fit into dense urban areas. Crucially, they enable city centre-to-centre connections of over 100–300 km, reducing the reliance on airports, long ground transfers, while also creating new feeder routes that link secondary cities directly into hub airports. This positions eVTOLs as a new mobility layer with the potential to relieve gridlock and reshape China's transport network.

First-to-market advantage and data flywheel. EHang holds a clear first-mover advantage as the only eVTOL manufacturer with a type certification for passenger services, allowing it to launch commercial operations in China well ahead of Western peers such as Joby and Archer, which are still working towards FAA approvals and entry from 2026 at the earliest. This head start allows EHang deepen regulatory and operator relationships, reinforced by its extensive safety record: tens of thousands of successful flights in China and overseas, often with regulators and officials onboard. This track record strengthens its credibility and positions EHang to secure future orders as global markets open.

EH216 soaring over Shanghai's night skyline



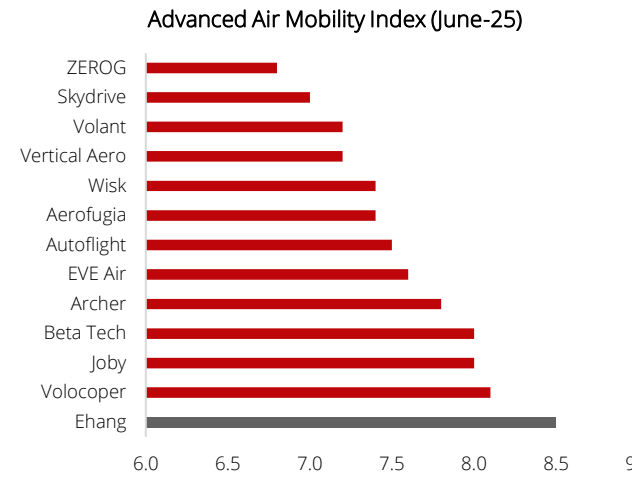
Source: AI-generated with DALL-E

Congestion is worsening across major cities

City	2019 Index	2024 Index	Change
Guangzhou	1.7	2.0	14.4%
Wuhan	1.7	1.9	12.5%
Hangzhou	1.6	1.8	11.5%
Shanghai	1.7	1.9	9.5%
Chengdu	1.6	1.7	7.1%
Nanjing	1.7	1.8	6.5%
Tianjin	1.6	1.7	6.3%
Xi'an	1.7	1.8	4.2%
Beijing	2.0	2.1	1.6%
Shenzhen	1.6	1.6	1.5%

Source: Baidu, DBS

EHang is a frontrunner in eVTOL commercialisation



Note: The AAM Reality Index measures the likelihood of an OEM certifying, entering service, and producing aircraft at scale.
Source: SMG Consulting, DBS

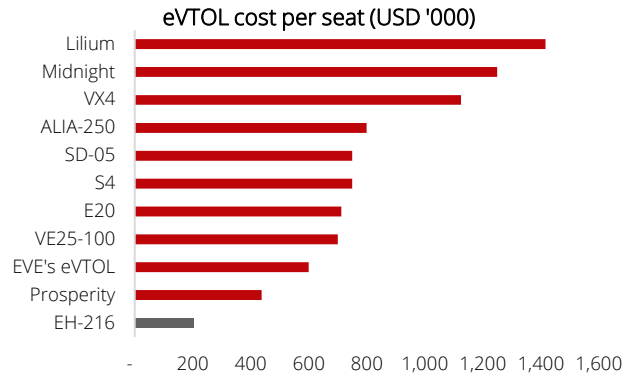
EHang's products has structural economic advantages for operators. Unlike peers that are focused on a single high-priced model, EHang offers a broader product portfolio spanning EH216-S for aerial tourism and intra-city routes, VT-35 for inter-city travel, and drones for logistics and firefighting. Its aircraft are fully autonomous, eliminating pilot costs and freeing up an additional seat, boosting revenue and enhancing operator margins. Ehang's flagship product, the EH-216S is priced at just USD410,000 compared with USD3-7mn for Western peers' models.

The longer-range VT-35 is also expected to enter the market at a steep discount to comparable Western benchmarks. Early estimates by EHang suggest that in tourist application, operators could achieve attractive operating margins of about 50%, with a payback period of only two years, making the company's products highly compelling for both consumer-facing and government-backed use cases.

Integrated ecosystem and R&D efficiency. EHang has achieved critical milestones at a fraction of the cost incurred by Western peers, investing just USD130mn in R&D since 2017 compared with USD1.4bn for Joby and USD892mn for Archer between 2020 and 2024. This efficiency stems from several structural advantages: proprietary flight control and navigation software rooted in the founder's computer science expertise, a simpler and more scalable multi-rotor design compared with complex tiltrotor systems, and strong integration into China's mature EV and drone supply chains for batteries, motors, and lightweight composites.

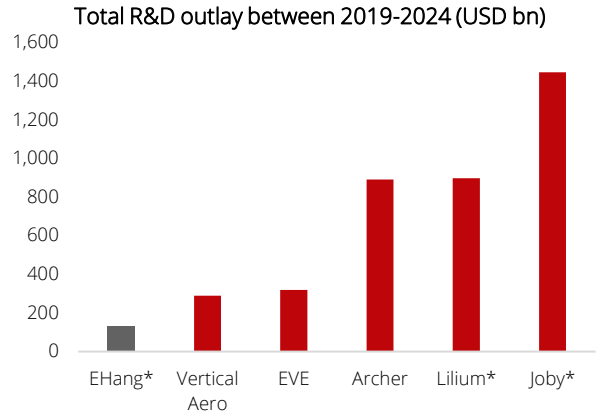
From eVTOL manufacturer to integrated urban air mobility provider. EHang's scope extends beyond airframes to include the development of command-and-control systems, digital fleet and flight management platforms, and technical guidance on vertiport infrastructure, positioning itself as more than a pure eVTOL OEM. The company is also pursuing an operator role, having obtained air operator certificates in China, and intends to run its own air taxi services over time. This strategy complements aircraft sales with potential recurring service revenues, while its integrated systems approach raises switching costs and gives it an edge over peers with narrower product strategies.

EHang has the most affordable eVTOL seat...



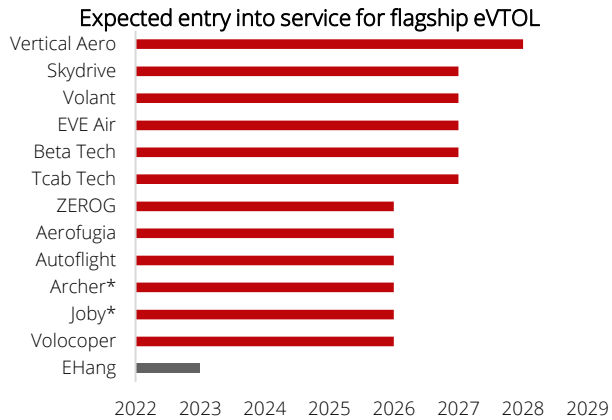
Source: Companies, DBS

Spending pennies, but beating giants



Source: Companies, DBS
*- 2017-2024 for EHang, 2020-2024 for Joby, 2019-1H24 for Lilium (now insolvent)

EHang is already running while peers are still walking



Source: SMG Consulting, Companies, DBS
**- Joby and Archer are launching Air Taxi services in the UAE*

Powerful policy tailwinds in China. China has elevated the low-altitude economy to national priority status, embedding it in the *National Comprehensive Three-Dimensional Transportation Network Planning Outline (2021)* and the *Government Work Report (2024)* alongside biomanufacturing and commercial aerospace. A key reform is airspace management: China is introducing "airspace classification management" and gradually opening reported airspace, backed by provincial pilot programmes. In parallel, the Civil Aviation Administration of China (CAAC) is rolling out dedicated frameworks for airworthiness, safety, and legal frameworks while streamlining approval processes to accelerate adoption.

Additionally, policy support extends well beyond regulation. Governments are offering subsidies to consumers and operators and tax incentives, co-investing in vertiports and test infrastructure, and establishing industrial parks and demonstration zones. Local initiatives, such as Shenzhen's industry promotion regulations, reinforce this effort, while demand is stimulated through state-backed tourism projects, logistics pilots, and guaranteed purchase agreements. Ambition is underscored by official targets for the sector to reach RMB 1.5tn by 2025 and RMB 3.5tn by 2035. Together, these measures create one of the most supportive policy environments globally, positioning companies like EHang to benefit from both fast-tracked certification and an ecosystem primed for large-scale adoption.

Key Chinese Policy Milestones on the Low-Altitude Economy (2010–2025)

Government Authority	Date	Document	Main Contents
State Council	Aug 2010	Opinions on Deepening Reform of Low-Altitude Airspace Management	Sets out plans to build regulatory, operational and support systems for low-altitude airspace management over 5–10 years to better develop and use airspace resources.
State Council	May 2016	Guiding Opinions on Promoting General Aviation	Targets 500+ general airports by 2020, coverage in all prefecture-level cities, industry scale above RMB 1 trillion, and a safe, orderly and coordinated development pattern.
CPC Central Committee & State Council	Feb 2021	National Comprehensive Three-Dimensional Transport Network Plan	Introduces "low-altitude economy" into a national plan for the first time, alongside platform, hub and channel economies.
CAAC	Jun 2022	14th Five-Year Plan for General Aviation	Calls for development of short-haul air transport and new UAV business models through legislation and policy support.
MIIT, MOST, MOF, CAAC	Oct 2023	Green Aviation Manufacturing Development Outline (2023–2035)	States that by 2025 eVTOLs will be piloted and integrated into the transport network; by 2035 a green aviation system ensuring integrity, advancement and safety will be established.
State Council	Dec 2023	Central Economic Work Conference	Highlights biomanufacturing, commercial spaceflight and low-altitude economy as strategic emerging industries.
State Council	Mar 2024	Government Work Report	Proposes cultivating new growth engines including biomanufacturing, commercial spaceflight and low-altitude economy.
MIIT, MOST, MOF, CAAC	Mar 2024	Implementation Plan for Innovation and Application of General Aviation Equipment (2024–2030)	Promotes certification of new consumer aviation equipment such as eVTOLs; encourages R&D in flying cars and commercial use cases; targets full integration into daily life by 2030.
CPC Central Committee	Jul 2024	Decision on Deepening Reform and Promoting Modernisation	Stresses reform of the transport system, railway system improvements, development of general aviation and low-altitude economy, and optimised toll road policies.
CPC Central Committee & State Council	Nov 2024	Action Plan to Reduce Logistics Costs	Supports logistics models combining platform economy, low-altitude economy and autonomy; promotes digitalisation of SMEs; advances unmanned vehicles, ships, UAVs and warehouses.
NDRC	Dec 2024	—	Creates a Low-Altitude Economy Development Department to draft strategies, propose policies and coordinate major issues.
State Council	Mar 2025	Government Work Report	Emphasises safe and healthy development of commercial spaceflight, low-altitude economy and deep-sea technology.

Source: NDRC, CAAC, State Council, DBS

Valuation & Peers Comparison

We initiate coverage with a BUY rating and a TP of USD28, implying 45–50% upside. Our primary valuation methodology is 13x FY26F EV/Sales, which we view as the most appropriate metric at this stage given EHang's early commercialisation, the scaling of EH216 production, and the development of the VT-35. At this point, earnings-based multiples are not meaningful, as steady-state profitability is several years away and near-term results are more reflective of scaling investment than underlying economics.

Our multiple is benchmarked against precedents in the EV industry. During their early ramp-up phases, Tesla, NIO, Li Auto, Xpeng, Rivian and Lucid all traded at low-to-mid-teens EV/Sales multiples, despite being loss-making, as investors prioritised scale potential over near-term earnings. We view this as a useful precedent for how investors may value early-stage industrial disruptors, while recognising that eVTOLs are an entirely new transport category with higher regulatory and adoption hurdles.

Thus, we apply a more conservative multiple than peak EV valuations, reflecting both EHang's first-mover advantage and the higher execution risk inherent in the sector.

We view EHang as one of the most attractively valued names in the global eVTOL sector, trading at a steep discount despite a more credible path to growth. On CY27F EV/Sales, EHang trades at just 5.7x versus Joby at >100x, Archer at ~15x, Eve at ~6x, and Vertical Aero at ~48x despite being earlier stage. Against defence UAV peers, it is also at a slight discount to AeroVironment (~6x), which commands a premium despite slower revenue growth. Crucially, EHang is forecast to turn non-GAAP operating profitable by FY27F, well ahead of Western eVTOL peers, which are expected to remain loss-making, while its stronger capital efficiency reduces dilution risk. Taken together, we see the current discount as unwarranted given its first-mover advantage and commercialisation lead.

Historical forward EV/Sales band (2024 to 2025 YTD)



Source: Bloomberg, DBS

Global eVTOL and UAV OEM valuation peer comparison

Company	BB ticker	Market cap (USD mn)	EV-to-Sales			P/E			P/BV		
			CY25F	CY26F	CY27F	CY25F	CY26F	CY27F	CY25F	CY26F	CY27F
eVTOL OEMs											
Joby Aviation	JOBY US EQUITY	13,816	nm	277.0x	100.9x	nm	nm	nm	13.6x	24.6x	22.3x
Archer Aviation	ACHR US EQUITY	6,179	nm	55.2x	14.5x	nm	nm	nm	3.9x	5.8x	10.7x
EHang	**EH US EQUITY**	**1,337**	**17.0x**	**9.6x**	**5.7x**	**nm**	**86.5x**	**45.6x**	**12.1x**	**12.4x**	**9.6x**
Eve Holding	EVEX US EQUITY	1,316	nm	114.2x	5.4x	nm	nm	nm	31.8x	nm	nm
Vertical Aerospace	EVTL US EQUITY	502	nm	nm	48.3x	nm	nm	nm	nm	nm	nm
		Median	**17.0x**	**84.7x**	**14.5x**	**nm**	**86.5x**	**45.6x**	**12.9x**	**12.4x**	**10.7x**
Military/Defence											
AeroVironment	AVAV US EQUITY	15,723	7.9x	6.9x	6.1x	86.0x	69.0x	32.6x	3.5x	3.1x	2.9x
AVIC Chengdu UAV	688297 CH EQUITY	4,715	9.9x	7.2x	5.7x	114.3x	85.8x	55.5x	5.7x	5.4x	5.0x
Aerospace CH UAV	002389 CH EQUITY	3,196	5.3x	4.2x	3.5x	82.5x	57.8x	nm	2.8x	2.7x	2.6x
AIRO Group	AIRO US EQUITY	612	5.2x	3.7x	nm	231.3x	nm	nm	nm	nm	nm
		Median	**6.6x**	**5.5x**	**5.7x**	**100.2x**	**69.0x**	**44.1x**	**3.5x**	**3.1x**	**2.9x**
Industrial/Civil											
Ondas	ONDS US EQUITY	2,478	95.3x	36.9x	19.5x	nm	nm	191.8x	nm	nm	nm
Chengdu JOUAV	688070 CH EQUITY	666	6.8x	4.9x	3.8x	55.2x	31.6x	nm	7.2x	5.9x	4.7x
Volatus Aerospace	FLT CN EQUITY	285	9.3x	6.1x	4.9x	nm	65.0x	35.6x	8.1x	6.5x	5.4x
Draganfly Inc	DPRO US EQUITY	183	25.6x	11.0x	nm	nm	nm	nm	nm	nm	nm
IdeaForge Tech	IDEAFORG IN EQUITY	246	7.2x	4.5x	3.8x	78.8x	35.5x	nm	3.4x	3.1x	2.8x
		Median	**8.2x**	**5.5x**	**3.8x**	**67.0x**	**35.5x**	**35.6x**	**7.2x**	**5.9x**	**4.7x**

Source: Bloomberg, DBS

Discounted cash flow valuation indicates that our target price is grounded

(RMB mn)	2022A	2023A	2024A	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F
Revenue	44	117	456	542	1,058	1,594	2,232	3,069	4,174	5,593	7,383	9,597	12,476
y/y change		*165%*	*288%*	*19%*	*95%*	*51%*	*40%*	*38%*	*36%*	*34%*	*32%*	*30%*	*30%*
EBIT	-304	-296	-254	-272	-112	52	89	215	417	699	1,107	1,680	2,425
EBIT margin				*-50%*	*-11%*	*3%*	*4%*	*7%*	*10%*	*13%*	*15%*	*18%*	*19%*
EBIAT	-304	-296	-254	-269	-106	47	**78**	**183**	**355**	**594**	**941**	**1,428**	**2,062**
Add: D&A	21	21	20	33	48	57	67	92	146	210	295	384	499
Less: Changes in WC	-10	17	88	-4	-41	-53	-112	-153	-167	-196	-221	-240	-187
Less: Net Capex	-14	-16	-40	-293	-201	-251	-335	-414	-480	-559	-591	-624	-686
Net reinvestment				**-264**	**-194**	**-247**	**-379**	**-476**	**-501**	**-545**	**-517**	**-480**	**-374**
Reinvestment rate				**98%**	**183%**	**-523%**	**-486%**	**-261%**	**-141%**	**-92%**	**-55%**	**-34%**	**-18%**
Free cash flow	**-307**	**-274**	**-186**	**-533**	**-300**	**-200**	**-301**	**-293**	**-146**	**49**	**424**	**948**	**1,687**
WACC				*14%*	*14%*	*14%*	*13%*	*13%*	*12%*	*11%*	*11%*	*10%*	*10%*
PV of FCF				**-516**	**-255**	**-149**	**-203**	**-178**	**-81**	**25**	**206**	**432**	**729**

WACC	*14%*
Terminal growth	*4%*
NPV of 10-year FCF	11
Terminal value	13,781
Net cash/(debt)	753.5
Long-term investments	61.6
Minority interest	0.0
Equity value	14,596
No. shares outstanding (mn)	72.4
Target price (RMB)	201.6
Target price (USD)	**28.0**

Source: Company, DBS

We also ran a DCF as a cross-check, and the results support our TP. Our key assumptions are:

- **40% revenue CAGR (2024–2034):** We expect revenues to grow at a c.40% CAGR over the next decade, starting from a very low base. Growth will be driven by a rapid scale-up in EH216 deliveries, the VT-35 ramp-up, an expanding portfolio with new variants for other use cases such as firefighting and emergency response, and the gradual rollout of UAM service lines, all supported by strong policy tailwinds in China. This growth trajectory is broadly in line with the early scaling of other new energy sectors such as renewables and electric vehicles.

- **Terminal EBIT margins of 19%:** based on an assumed 80:20 product-to-services revenue mix.

  We believe EHang's OEM business can achieve EBIT margins of 16%, modestly above the 10–15% earned today by established aerospace OEMs such as Airbus, Boeing, Embraer, Cirrus Aircraft and Bombardier. EHang's higher margins stem from a structurally leaner cost base than traditional aerospace OEMs, supported by its simpler multi-rotor design, access to China's mature EV and drone supply chains, and the cost advantage of electric propulsion over turbine engines, with smaller aircraft sizes further reducing material intensity.

  With long-term gross margins of 55–60%, operating leverage and normalisation of front-loaded R&D are expected to support sustainable EBIT margins of around 16%.

Commercial Aerospace OEM margin comparison

Company	Gross margin	EBIT margin	Services share	Notes
Boeing (Commercial)	NA	13.6%	-	FY18 segmental (pre-MAX crisis)
Embraer (Commercial)	20.0%	11.8%	-	FY24 segmental
Embraer (Executive)	9.2%	2.9%	-	FY24 segmental
Cirrus Aircraft	34.6%	12.5%	16.2%	FY24
Bombardier	20.6%	10.6%	23.0%	FY24
Airbus	NA	10.3%	10.1%	FY24

Source: Companies, DBS
Note: Cirrus Aircraft, Bombardier and Airbus do not report aftermarket services as a separate segment, which could slightly inflate margins since services are typically higher-margin.

For services (largely air-taxi operations), we assume a terminal EBIT margin of 30%. This is credible when benchmarked against helicopter operators: Blade Air reported a passenger flying margin of 28.1%, while COHC posted a gross margin of 22.4% and Bristow Group achieved gross margins of ~26% in FY24, all under pilot-dependent, turbine-driven economics. Joby's early projection of ~45% contribution margins appears overly optimistic given its reliance on very high utilisation and exclusion of certain costs such as insurance, but the structural differences in EHang's model are compelling.

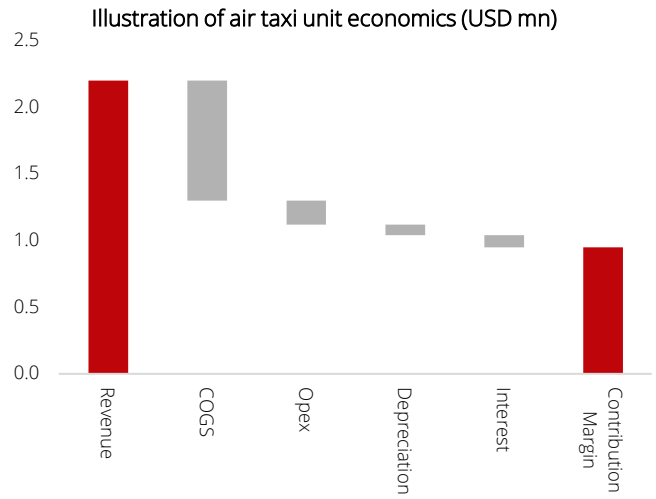
Autonomy removes pilot costs, which typically account for about 25-30% of operating expenses, while electric propulsion is cheaper than fuel and simplifies maintenance. EHang's initial estimates suggest that aerial tourism operators could achieve EBIT margins of roughly 50% with a payback period of just two years, highlighting the attractive economics of its services model even before scale efficiencies take hold.

- WACC: 14% initially, normalising to 10% in the terminal year: the elevated WACC at the start captures financing risk, execution risk, and regulatory timing risk during early commercialisation (e.g. the pace of provincial airspace reform and global certification outside China). Over time, as operations scale and regulatory frameworks mature, beta should compress, and coupled with a higher proportion of debt funding, WACC should trend toward 10%, in line with high-growth industrial peers.

- Terminal reinvestment rate of 20%: reflects ongoing capital intensity for aircraft development and production and infrastructure, offset by earnings growth once fleet and services ramp.

On this basis, the DCF valuation aligns well with our multiple-based approach, validating our USD28 TP.

Joby expects a profit of USD1mn per eVTOL and payback period of ~1.3 years...



Source: Joby Aviation, DBS

Helicopter Operators margin comparison

Company	Gross margin	EBIT margin	Notes
Blade Air	28.1%	-10.7%	FY24 Passenger Flying segment
COHC	22.4%	18.7%	FY24
Bristow Group	26.4%	10.4%	FY24

Source: Companies, DBS

Key Risks

Total Addressable Market may be overstated. While EHang frames itself within a multi-billion-dollar UAM opportunity, the true long-term demand for pilotless air taxis is highly uncertain. Much of the TAM relies on assumptions of widespread adoption across tourism, commuting, and logistics sectors. In practice, constraints on battery technology (charging speed + route length, performance in cold weather), passenger capacity, pricing, consumer perception, and regulatory acceptance could materially narrow the opportunity, at least in the medium term.

Adoption could be slower than expected. Building public trust in fully autonomous flights is a multi-year process. Even with successful demonstrations, regulators and consumers may hesitate before approving high-volume usage. Infrastructure is another gating factor: vertiports, charging networks, and air traffic management integration require heavy investment and coordination. Additionally, passengers will still require transportation for the first and last mile of their journeys. These dependencies could slow uptake and delay the revenue ramp embedded in growth forecasts.

Regulatory barriers abroad. EHang's certification lead in China does not guarantee global success. Expansion into Europe and the US will require new approvals from EASA and the FAA, both of which are slower and stricter than China's CAAC. Delays or additional requirements could restrict access to higher-value markets. While EHang's autonomous products strengthen operator economics, overseas approvals may be protracted given regulators' greater caution around fully autonomous aircraft.

Scaling and execution risks. Transitioning from hundreds to thousands of units annually will stretch supply chains, quality control, and production processes. Reliance on critical components such as batteries exposes the firm to cost swings and potential shortages, while any safety incident or recall could damage the brand and set back regulatory progress globally. Additionally, cyberattacks on fleet operations could undermine EHang's edge or raise safety concerns.

Competitive and technology risks. Aerospace incumbents and well-funded startups are developing eVTOLs with longer range, larger payloads, or hybrid autonomy models. Rapid advances in battery technology by competitors pose the most material threat, as improvements in energy density, charging speed, and thermal performance could quickly make current designs less competitive. Breakthroughs in alternative propulsion, such as hydrogen fuel cells or hybrid-electric systems, could further tilt the economics in favour of rivals. If competitors secure certification in key markets first or prove superior performance, EHang's first-mover advantage could erode, forcing heavier R&D outlays to keep pace.

SWOT Analysis

Strengths	Weakness
• **First-mover certification:** Only player with a type certification for passenger eVTOL in China, giving it a commercial and data-gathering lead. • **Autonomy advantage:** Removes pilot costs, adds a revenue seat, and differentiates versus piloted peers. • **Lean cost structure:** Simpler multi-rotor design and access to China's EV/drone supply chains support structurally higher gross margins. • **Product breadth:** EH216-S for intra-city, VT-35 for inter-city, plus logistics, emergency response and firefighting variants diversify exposure. • **Ecosystem approach:** In-house software, command-and-control, and early vertiport initiatives create integration and stickiness. • **Proven track record:** Tens of thousands of safe flights in China and abroad have built credibility and provided a rich dataset to refine safety, operations, and autonomy. • **Solid R&D efficiency vs peers:** EHang has achieved key milestones ahead of peers while spending significantly less on R&D, supported by government subsidies, strategic partnerships, and the founder's expertise in autonomous flights.	• **Geographic concentration:** Heavy reliance on China for both regulation and early demand. • **Scaling challenge:** Transitioning from hundreds to thousands of units may strain supply chains and quality control. • **Global certification gap:** No FAA or EASA approvals yet, limiting access to premium international markets. • **Battery limitations:** Range, payload, and charging speed remain key adoption constraints. • **Early-stage service support:** Maintenance, spares, and fleet ops infrastructure have not yet scaled. • **Funding dependence:** Despite Ehang's substantial net cash position, positive free cash flow and capital efficiency, mass commercialisation may require external capital, raising dilution risk.
Opportunities	**Threats**
• **International expansion:** Penetrating overseas markets once FAA and EASA approvals are secured could unlock premium demand pools. • **Congestion-driven demand:** Worsening traffic in global megacities strengthens the case for eVTOLs as an alternative mode of transport. • **Product roadmap:** The VT-35 and future variants expand range and payload, opening up new use cases and markets. • **Services revenue:** Air taxi and aerial tourism operations offer high-margin recurring revenues that complement aircraft sales. • **Diversification into drones:** Logistics, firefighting, and emergency response applications broaden the addressable market and embed EHang into government and enterprise use cases. • **Policy support:** Strong alignment with China's low-altitude economy push, including subsidies, pilot zones, and infrastructure co-investment.	• **Regulatory drag abroad:** Slow and strict FAA/EASA certification timelines may delay access to Western markets. • **Safety and liability risks:** Any accident could damage credibility, inflate insurance costs, and slow regulatory progress. • **Competitive pressures:** Aerospace incumbents and funded startups could outpace EHang on range, payload, or certification in key markets. • **Supply chain volatility:** Dependence on batteries and key materials leaves EHang exposed to cost shocks or shortages. • **Adoption barriers:** Consumer trust in autonomy and willingness to pay may take longer to develop than expected. • **Technological disruption:** Advances in hybrid, hydrogen, or battery tech could make current models less competitive.

Source: DBS Bank

Critical Factors

Supportive government policy is the single most important enabler for broad domestic commercialisation. China has designated the low-altitude economy as a strategic growth sector, embedding it in national plans and backing it with concrete measures. These include operational subsidies to help operators launch new routes, achieve target flight volumes, and stimulate consumer demand through fare support.

The government is also funding infrastructure buildout, with an official target of 7,600 vertiports and take-off or landing zones by 2027. In addition, direct R&D subsidies and streamlined certification processes are being rolled out to accelerate adoption. **Policy ambition is underscored by official targets for the low-altitude economy to reach RMB 1.5tn in 2025 and expand to RMB 3.5tn by 2035 (9% 20-year CAGR)**, highlighting the sheer scale of resources being committed to the sector.

Subsidies targeting the low-altitude economy in China

Province/City	Manufacturing subsidies	Operational subsidies	Consumer subsidies	R&D subsidies
Shenzhen	New enterprises (reg. cap ≥ RMB20mn, 2nd-yr revenue ≥ RMB40mn): 5% of paid-in, up to RMB20mn. Major projects (≥ RMB500mn): 20% of fixed assets, up to RMB50mn.	New routes: RMB200k (≥ 5,000 flights/yr, small UAV), RMB350k (≥ 1,000 flights/yr, medium/large UAV); RMB1mn for first eVTOL route; RMB300k per domestic eVTOL route (≥ 100 flights/yr); RMB1mn per SZ–HK route. Flight ops: RMB400k/800k per 20,000 flights (small/medium UAV).	eVTOL ops: RMB300k/500k per additional 100 flights (domestic/SZ–HK).	Aircraft & low-altitude tech R&D: up to RMB30mn.
Guangzhou	HQ enterprises (revenue ≥ RMB100mn): up to RMB1mn/yr.	New UAV cargo routes: RMB500k each (cap RMB2mn/firm/yr). eVTOL: up to RMB1mn/route, RMB2mn/firm/yr.	eVTOL ops: up to RMB500k/route/yr, RMB2mn/firm/yr (≥ 2,000 flights/yr for tourism/sport).	Key tech projects: up to RMB10mn.
Zhuhai	New or expanded projects: up to 20% of equipment cost (excl. tax), plus loan interest & rental subsidies.	Ops: RMB30/90 per flight (≥ 500 flights/yr, small/medium UAV); RMB300 per ≥ 300 km UAV flight. eVTOL: RMB300k/500k per 100 additional flights (domestic/SZ–HK).	eVTOL (public routes): RMB100/200/300 per flight (tourism/intra-city/inter-city, ≥ 100 flights/yr); RMB400 per cross-border flight.	Recognised innovation platforms: up to RMB3mn each.
Chengdu	Manufacturing innovation centres: up to RMB10mn.	Ops: based on type/distance, up to RMB5mn/firm/yr.	One-time subsidy for approved/commercial routes: up to RMB5mn/firm/yr.	Innovation projects: up to RMB2mn; national key R&D: up to RMB2mn (max 15% of national funding).
Wuhan	New enterprises (reg. cap ≥ RMB10mn, 2nd-yr revenue ≥ RMB20mn): 5% of paid-in, up to RMB10mn.	New routes: RMB200k (≥ 1,000 flights/yr, small UAV); RMB400k (≥ 500 flights/yr, medium/large UAV).	eVTOL ops: up to RMB500/person, RMB3k/flight (≥ 25 km, ≥ 100 flights/yr); up to RMB2mn/route/yr.	National innovation/tech/engineering centres: up to RMB10mn.
Hefei	Testing & certification centres: 20% of annual spend, up to RMB5mn.	Ops: RMB30 per flight (> 500 flights/yr, small UAV); RMB50 per flight (> 300 flights/yr, medium UAV); RMB100 per flight (> 100 flights/yr, large UAV).	eVTOL ops: RMB100/flight (tourism), RMB200/flight (intra-city), both capped at 50% of prior-year opex.	New R&D institutions: up to RMB20mn/yr, total max RMB100mn.
Shanghai	—	—	—	Up to RMB2mn for AAM breakthroughs (batteries, autonomy, etc.).

Source: NDRC, CAAC, State Council, DBS

Provincial Targets: Industry Scale and Vertiport Buildout

Province/City	Target Industry Size (RMB mn)	Year	Number of vertiports/landing zones
Guangdong Province	300	2026Y	1,361
Jiangsu Province	178	2027Y	980
Zhejiang Province	300	2027Y	650
Sichuan Province		2027Y	100
Jiangxi Province	200	2026Y	500
Hubei Province	100	2027Y	600
Anhui Province	80	2027Y	500
Shandong Province	100	2027Y	400
Beijing Municipality	100	2027Y	
Chongqing Municipality		2027Y	1,500
Heilongjiang Province	80	2027Y	59
Guizhou Province	60	2027Y	
Henan Province	50	2027Y	
Guangxi Zhuang Autonomous Region	50	2026Y	300
Hainan Province	30	2026Y	500
Inner Mongolia Autonomous Region	10	2027Y	100
Total	1,688		7,550

Source: NDRC, CAAC, State Council, DBS

China's domestic market is already large enough to support tens of thousands of aircraft. Our scenario analysis based on 2024 mobility data suggests the passenger eVTOL market could support between 29,000 and 77,000 aircraft depending on adoption assumptions. Aerial tourism alone could require 4,100–10,000 units if 4–12% of China's 15,721 A-level scenic spots adopt eVTOLs, supported by 4–10 aircraft per site. Intra-city travel is the largest driver: even assuming only 10% of China's 36.5bn annual taxi and ride-hailing trips are addressable by eVTOLs, penetration of 5–15% would require 14,000–42,000 aircraft. Inter-city substitution of high-speed rail trips in the 100–400 km band, which account for roughly 30% of all HSR journeys, adds 1,900–5,600 units, assuming modest penetration focused on business class passengers.

Private ownership (though a long-tail scenario) contributes another 9,200–27,700 aircraft, based on 1.8mn high-net-worth households and penetration rates of 0.5–1.5%. Pulling these segments together, the bear case points to around 29,000 aircraft, the base case to around 57,000, and the bull case to around 85,000, all on today's mobility volumes. Given that China's mobility demand will continue to expand and more households will reach high-net-worth status over time, the longer-term opportunity is likely to be materially larger. We have not included substitution of short-haul domestic flights, since most short-haul routes are over 400 km and therefore unlikely to be feasible for current multicopter designs. As battery technology continues to improve, however, inter-city travel becomes increasingly viable, opening up a much larger pool of addressable demand over time.

China eVTOL Aerial Tourism TAM Scenario Analysis

Scenario	5A Scenic Spots	Penetration	eVTOLs per spot	4A Scenic Spots	Penetration	eVTOLs per spot	3A Scenic Spots and Below	Penetration	eVTOLs per spot	Aircraft Required
Bear	358	8%	6	5,343	6%	5	10,020	4%	4	**4,122**
Base	358	10%	8	5,343	8%	6	10,020	5%	5	**6,752**
Bull	358	12%	10	5,343	10%	7	10,020	6%	6	**10,010**

China eVTOL Intra-City TAM Scenario Analysis

Scenario	TAM % (Taxi & Ride Hailing)	Penetration	eVTOL Trips/year (mn)	Avg Pax/aircraft	Aircraft Required
Bear	10.0%	5%	183	13,082	**13,951**
Base	10.0%	10%	365	13,082	**27,902**
Bull	10.0%	15%	548	13,082	**41,853**

Key parameters:

- Total taxi & ride-hailing trips per year (2024): 36.5bn
- Trips per aircraft per day: 16, Average capacity: 4 seats, Average load factor: 70%, Availability: 80% (due to weather/downtime)

China eVTOL Inter-City TAM Scenario Analysis

Scenario	TAM % (HSR <300km)	Penetration	eVTOL Trips/year (mn)	Avg Pax/aircraft	Aircraft Required
Bear	30%	1.0%	10	5,256	**1,866**
Base	30%	2.0%	20	5,256	**3,733**
Bull	30%	3.0%	29	5,256	**5,599**

Source: Xinhua, Hurun China, Bain & Co, DBS

Key parameters:

- HSR trips per year (2024): 3.27bn
- Trips per aircraft per day: 6, Average Capacity: 4 seats, Average load factor: 75%, Availability: 80%

China eVTOL Private Ownership TAM Scenario Analysis

Scenario	No. HNW households (mn)	Penetration	Aircraft Demand
Bear	1.8	0.5%	9,230
Base	1.8	1.0%	18,460
Bull	1.8	1.5%	27,690

Consolidated China eVTOL TAM across applications

Scenario	Aerial Tourism	Intra-city	Inter-city	Private Ownership	Total
Bear	4,122	13,951	1,866	9,230	29,170
Base	6,752	27,902	3,733	18,460	56,846
Bull	10,010	41,853	5,599	27,690	85,152

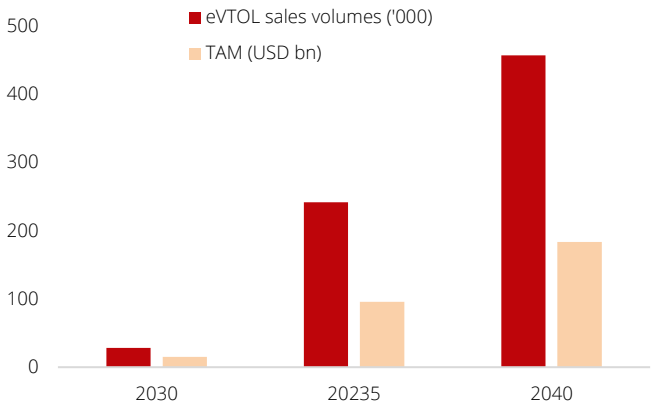
Source: Xinhua, Hurun China, Bain & Co, DBS

The international market offers a second wave of growth once certification barriers are cleared. EHang has already flown high-profile demonstrations in more than 20 countries, with particularly strong traction in Thailand, Brazil, the UAE and Saudi Arabia. These initiatives are not one-off flights for publicity but structured partnerships with regulators, tourism groups and infrastructure operators that serve as sandboxes for future deployment.

In Thailand, EHang has partnered with Reignwood Aviation to pursue aerial tourism applications, while in Brazil it has worked with Gohobby Future Technologies under ANAC's regulatory sandbox. In the Middle East, it has signed agreements with Wings Logistics Hub in the UAE and with Front End and Cluster 2 Airports in Saudi Arabia, supported by demonstrations coordinated with local regulators. Beyond these, EHang has partnered with CRBC to leverage its global infrastructure footprint, Allur Group in Kazakhstan to explore Central Asia, and ANRA Technologies to build digital airspace integration capabilities in Europe and Latin America.

These early alliances are laying the groundwork for conversion of pilots into commercial routes once certification catches up. McKinsey estimates that global air taxi services could generate USD75–340bn annually by 2040, with 20–35% accruing to OEMs, while BCG places the ex-China eVTOL market at around USD184bn by 2040. Against this backdrop, EHang is uniquely positioned to evolve from a domestic leader into a global juggernaut as international approvals are secured.

Ex-China eVTOL market expected to take off from 2030



Source: Bain & Co, DBS

EHang has completed over 70,000 flights in over 20 countries across Asia, Europe and the Americas

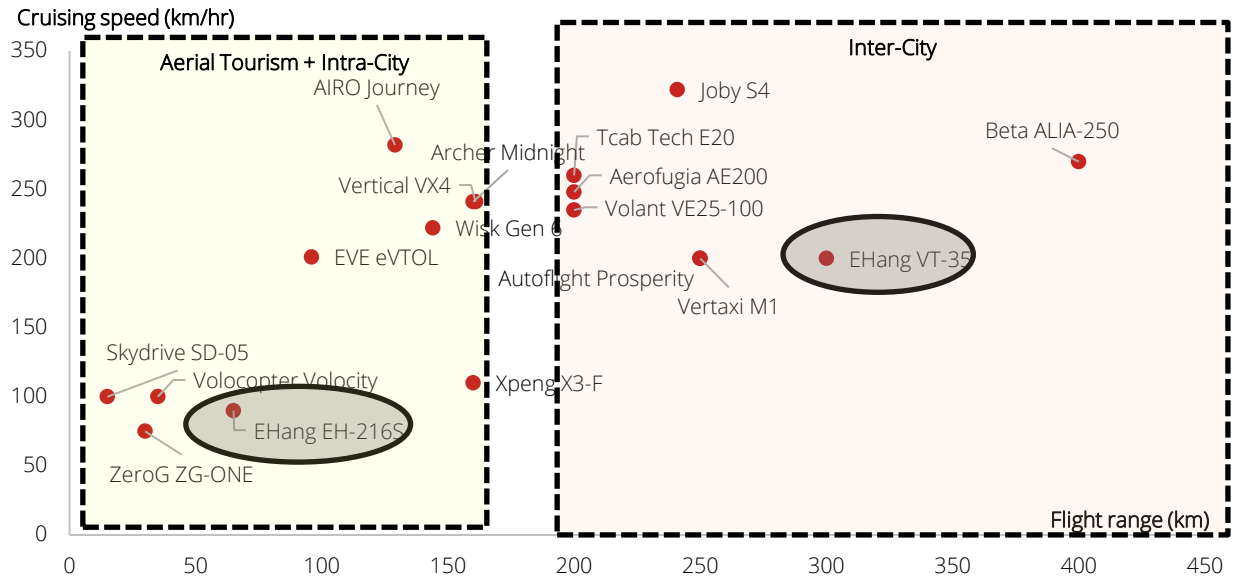


Source: Company, DBS

EHang's competitive edge positions it to capture outsized share of the market. EHang combines lower costs, full autonomy, and first-to-market certification with a proven safety record, creating a strong competitive moat. Its lean bill of materials and reliance on China's EV and drone supply chains give it a structural cost advantage. Autonomy not only improves economics by removing pilot costs but also sets it apart from peers that remain reliant on piloted models. Moreover, its tens of thousands of completed flights provide both credibility and valuable operating data, which can be leveraged for safety validation, route planning, and regulatory engagement.

The EH216-S and VT-35 together give EHang a distinct two-tier product portfolio within the Chinese market. Domestic peers such as AutoFlight's Prosperity, TCab's E20, Aerofugia's AE200, and Volant's VE25-100 are pursuing larger, pilot-dependent models with longer ranges and more complex architectures that remain far from certification. By contrast, the EH216-S is already in commercial use, while the VT-35 extends the roadmap into inter-city travel with a 300 km range target and full autonomy, underscoring EHang's clear commercialisation lead.

EHang covers the full spectrum from city hops to inter-city jumps



Source: Companies, DBS

Comparison of EH-216 and VT-35 against domestic eVTOLs

Company	EHang		Autoflight	Xpeng	Tcab Tech	Aerofugia	Volant	Vertaxi	ZeroG
Product	EH216-S	VT-35	Prosperity	X3-F	E20	AE200	VE25-100	Matrix 1	ZG-ONE
Expected EIS	2023	2027*	2026	-	2027	2026	2027	2027	2026
Driving mode	Autonomous		Piloted	Piloted	Piloted	Piloted	Piloted	Autonomous	Piloted
Aircraft capacity	2 Pax	2 Pax	1 Pilot 4 Pax	1 Pilot 1 Pax	1 Pilot 4 Pax	1 Pilot 5 Pax	1 Pilot 5 Pax	5 Pax	1 Pilot 1 Pax
Cruising speed	90km/h	180-200km/h	200km/h	110km/h	260km/h	248km/h	235km/h	200km/h	75km/h
Flight range	65km*	300km	250km	160km	200km	200km	200km	250km	30km
Aircraft selling price (RMB mn)	2.4		12	2	20		21		
eVTOL cost per pax seat (RMB mn)	1.2		3.0	2.0	5.0		4.2		

**- DBS estimates*
Source: Companies, DBS

Comparison of EH-216 and VT-35 against international eVTOLs

Company	EHang		Volocopter (Acquired by Wanfeng Auto)	Joby Aviation	Archer Aviation	Lilium	Vertical Aerospace	EVE Holdings	Jaunt Air Mobility
Product	EH216-S	VT-35	Volocity	S4	Midnight	Lilium Jet	VX4	EVE's eVTOL	Journey
Expected EIS	2023	2027*	2026	2026 (UAE)	2026 (UAE)	(Insolvent)	2028	2027	2027
Driving mode	Autonomous		Piloted	Piloted	Piloted	Piloted	Piloted	Piloted	Piloted
Aircraft capacity	2 Pax	2 Pax	1 Pilot 1 Pax	1 Pilot 4 Pax	1 Pilot 4 Pax	1 Pilot 6 Pax	1 Pilot 4 Pax	1 Pilot 5 Pax	1 Pilot 4 Pax
Cruising speed	90km/h	180-200km/h	100km/h	322km/h	241km/h	250km/h	241km/h	201km/h	282km/h
Flight range	65km*	300km	35km	241km	160km	250km	161km	96km	129km
Aircraft selling price (USD mn)	0.41		-	3	5	7-10	4-5	3	
eVTOL cost per pax seat (USD mn)	0.21			0.75	1.25	1.42	1.13	0.6	

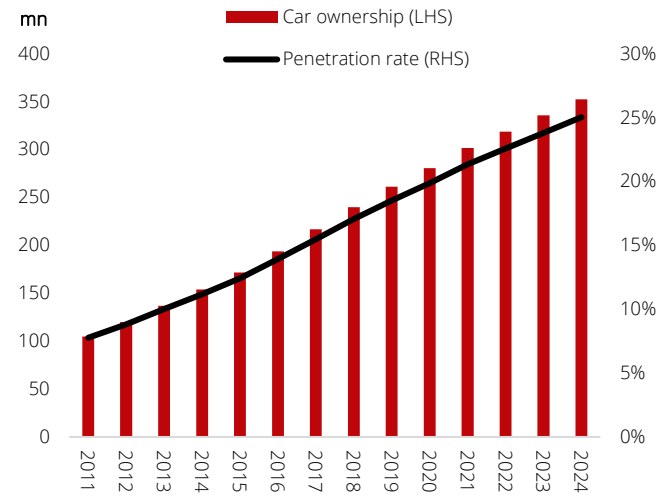
Company	Wisk	Beta Technologies	Skydrive
Product	Generation 6	ALIA-250	SD-05
Expected EIS	-	2027	2027
Driving mode	Autonomous	Piloted	Piloted
Aircraft capacity	4 Passengers	1 Pilot 5 Passengers	1 Pilot 2 Passengers
Cruising speed	222km/h	270km/h	100 km/h
Flight range	144km	400km	~15km
Aircraft selling price (USD mn)		4	1.5
eVTOL cost per pax seat (USD mn)		0.8	0.75

**- DBS estimates, based on new solid state battery tech and 48 mins of flight time*
Source: Companies, DBS

Air taxi adoption in China will be fuelled by worsening congestion and rising urban demand. As mentioned earlier, traffic congestion in China is no longer confined to a handful of megacities but has become a nationwide problem across Tier-1 and Tier-2 cities. Baidu reported that between 2019 and 2024, average peak-hour travel speeds in large cities fell to 23–27 km/h, with congestion indices in Shanghai and Guangzhou rising 9–14% in just five years. Cities such as Wuhan, Hangzhou, Nanjing, Tianjin, and Chengdu have all seen notable declines in travel speeds, while Xi'an and Urumqi, not traditionally viewed as bottlenecks, are now among the most congested. Infrastructure expansion has failed to keep pace with private vehicle ownership, ride-hailing, and freight traffic, costing the economy an estimated 5% of GDP annually through wasted time and fuel. Moreover, congestion pressures are likely to intensify further as urbanisation continues and car ownership, already exceeding 353mn, keeps growing.

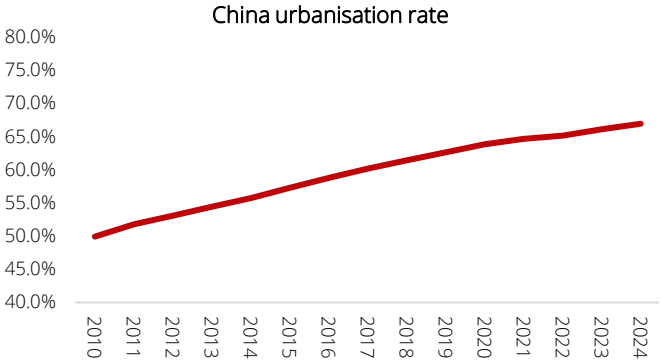
Against this backdrop, eVTOLs can bypass gridlock entirely, cutting one-hour road journeys in Beijing, Shanghai, or Guangzhou to under 20 minutes. Because they require only compact vertiports rather than expansive new roads or railways, they can be deployed in dense cities where land is scarce. The scale of the domestic transport market underscores this opportunity: China's combined public transportation, ride-hailing, and taxi market was valued at RMB1.2tn in 2024, with projections of USD2.0tn by 2029. Capturing even a modest share of this market could support significant fleet deployment, particularly for short intra-city connections, airport transfers, and city-centre to city-centre corridors where time savings are most pronounced.

China's car boom is choking cities...



Source: CAAM, National Bureau of Statistics, DBS

while denser cities are also leading to more gridlock...



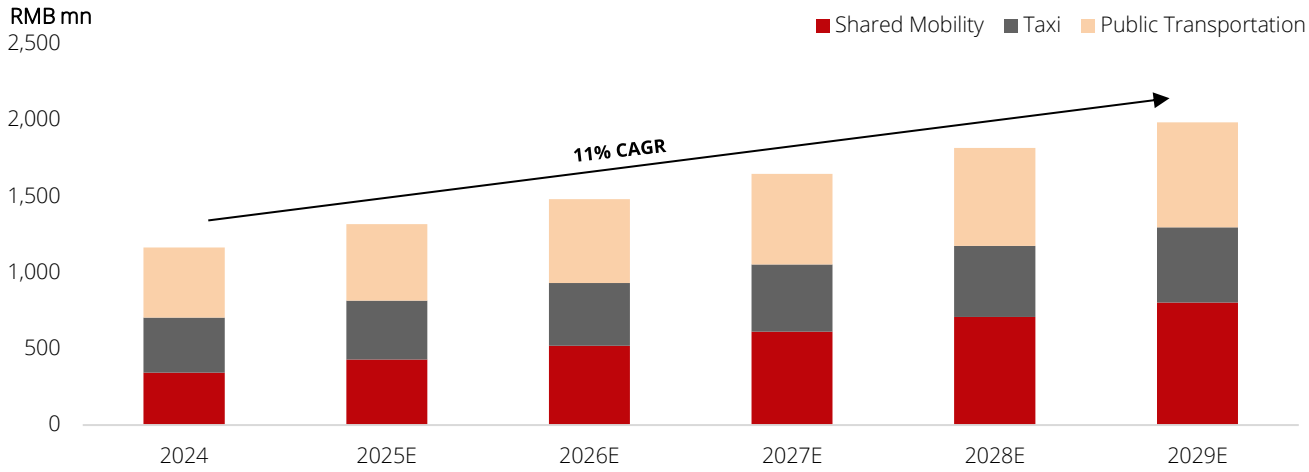
Source: National Bureau of Statistics, DBS

causing peak-hour travel speeds to fall...

City	2019 Speed	2024 Speed	Change
Chengdu	32.7	26.0	-20%
Tianjin	32.1	28.0	-13%
Wuhan	27.1	24.1	-11%
Guangzhou	29.9	26.7	-11%
Hangzhou	28.2	25.3	-10%
Xi'an	28.1	26.0	-8%
Shenzhen	33.0	30.5	-7%
Beijing	25.1	23.9	-5%
Nanjing	27.5	26.3	-4%
Shanghai	25.6	24.6	-4%

Source: Baidu, DBS

Robust growth ahead in China's mobility market



Source: Frost & Sullivan, DBS

The eVTOL value proposition: Quantifying time savings on strategic routes

Route	Category	eVTOL travel time	Fastest alternative (door-to-door, peak hour)	Net saving
Shanghai CBD → Suzhou SIP	Inter-city	36 min	70–90 min (HSR)	35–55 min
Shenzhen Futian → Zhuhai Gongbei	Inter-city / cross-bay	34 min	100–130 min (Ferry)	65–95 min
Guangzhou CBD → Shenzhen Futian	Inter-city	42 min	70–100 min (HSR)	30–60 min
Wuhu CBD → Nanjing Lukou Airport	Secondary city → airport feeder	34 min	80–100 min (Car)	45–65 min
Suzhou SIP → Shanghai Hongqiao Airport	Secondary city → airport feeder	36 min	60–75 min (Car)	25–40 min
Dongguan CBD → Guangzhou Baiyun Airport	Secondary city → airport feeder	38 min	65–85 min (Car)	25–45 min
Shenzhen Dapeng → People's Hospital	Emergency / medical	30 min	70–90 min (Car)	40–60 min
Wenchang → Haikou Provincial Hospital	Emergency / medical	41 min	70–85 min (Car)	30–45 min
Xinyu → Nanchang Univ. Hospital	Inter-city / medical	51 min	80–100 min (HSR)	30–50 min
Shenzhen Futian → HKIA	Cross-border airport access	26 min (+ customs)	70–90 min (HSR + Airport Express)	45–60 min
Beijing Zhongguancun → Guomao CBD	Intra-city premium (CBD–CBD)	17 min	50–65 min (Metro)	30–45 min
Guangzhou CBD → Baiyun Airport	Intra-city airport	21 min	50–65 min (Car)	30–45 min
Shenzhen Futian → Dameisha Resort	Intra-city premium (leisure)	23 min	55–70 min (Car)	30–50 min

Source: Baidu Maps, DBS

Financials

EH-216 deliveries driving near-term revenue growth, with VT-35 and variants adding longer-term upside. Production capacity at Yunfu is being expanded from 300 to 1,000 units annually by end-2025, enabling meaningful delivery growth. This ramp is supported by a sizeable backlog, which includes a large proportion of intent orders; however, such non-binding commitments are typical across the early-stage eVTOL sector and provide a reasonable proxy for demand visibility. We forecast around 260 EH216-S deliveries in FY25F, rising to 500 in FY26F and 700 in FY27F. Certification for the VT-35 is only expected in 2027, which means its contribution will only become more meaningful from FY28F.

While management recently cut FY25F revenue guidance to RMB500mn from RMB900mn, we view this as a short-term blip. Management has also highlighted growing use cases in emergency response, firefighting, and smart-city applications, reflecting demand evolution beyond tourism, and is testing new aircraft models for emergency rescue missions. Contribution from these new variants will likely remain small in the near term compared with the flagship passenger EH216-S, but they demonstrate the adaptability of the platform and create longer-term optionality.

Gross margins should remain resilient at 55–60% even as the product mix evolves. COGS is currently distributed fairly evenly across three categories: power systems (motors, batteries, electronic controls), body materials (largely carbon fibre composites), and electronic components such as sensors. While some cost reduction is possible through scale, management is also upgrading key systems such as motors and batteries, which should keep gross margins anchored around current levels. Notably, EHang's gross margins are already significantly higher than those of traditional aerospace OEMs such as Airbus, Boeing, Embraer, Bombardier, and Cirrus Aircraft, which typically operate at 20-30%. This margin advantage reflects EHang's simpler multicopter design, leaner bill of materials, and deep integration with China's EV and drone supply chains, giving it a structural cost edge that should be sustainable as volumes scale.

Operating leverage will improve as scale builds and R&D intensity normalises. R&D has been front-loaded to support the development of the VT-35, and new battery technologies, and is expected to trend lower relative to revenue as these programmes mature. Furthermore, we expect the group's SG&A expense as a % of revenue to decline with operating leverage as volumes rise.

EH-216S deliveries and ASP projections

	2023	2024	2025F	2026F	2027F
EH-216 deliveries (no. units)	52	216	261	500	700
Average revenue per unit (RMB mn)	1.9	2.0	2.0	2.0	2.0

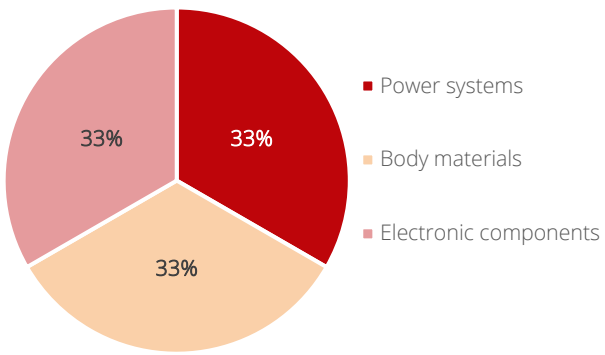
Source: Company, DBS

Total orders clinched between 3Q23 to 2Q25

Major Customers	Orders	Orders (delivered)	Intent Orders	Total # of Aircraft
Taiyuan Xishan Tourism	50	50	450	500
Wencheng County Transportation Development Group	60	60	240	300
Anhui Hefei Customer	20	20	80	100
Shenzhen Boling Group	10	10	90	100
Jiangsu Wuxi Customer	10	10	90	100
Hong Kong KC Smart Mobility	5	5	25	30
Sunriver	5	5	45	50
Weihai High-Tech Zone Cultural and Tourism Industry Investment	30	30	-	30
Jilin Changchun Jingyue Hi-tech Zone Customer	41	-	-	41
Guizhou Scenic Tourism Development	50	-	-	50
Total	281	200	1,020	1,301

Source: Company, DBS

COGS is split evenly across key components

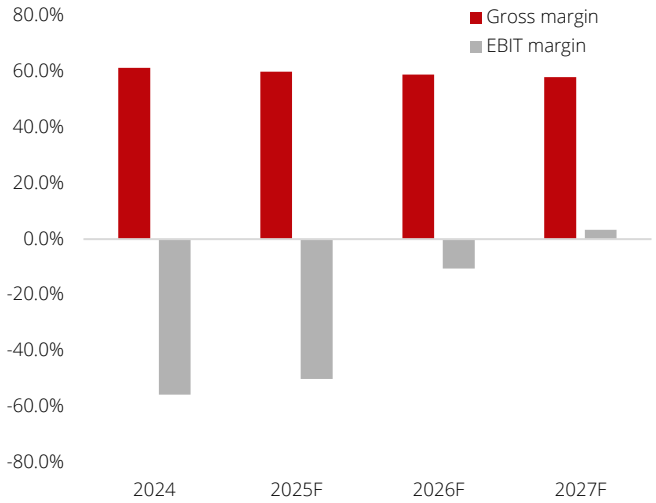


Source: Company, DBS

EHang is on track to achieve GAAP profitability by FY27F, well ahead of peers. We forecast the company will reach profitability by FY27F, earlier than Western eVTOL players, which are expected to remain loss-making for several more years. This early inflection enhances visibility on self-sustainability and reduces reliance on external funding.

Current capital position should limit dilution risk as business scales. Following a RMB700mn equity raise in FY24, EHang currently sits on a net cash position of RMB753mn, sufficient to cover FY25 capex of around RMB300mn (after government backing) for Yunfu Phase II, new operational bases, and the Guangzhou headquarters. With the company expected to achieve adequate scale with profitability by FY27F, further equity issuance appears less likely, though expansion could still require additional capital.

EBIT margins to turn positive from FY27F



Source: Company, DBS

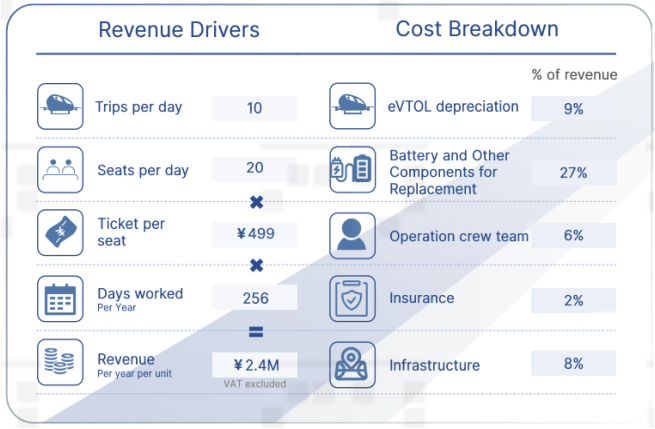
Peers are likely to remain deep in the red for a while

(USD mn)	EHang*	Joby	Archer	EVE	Vertical Aero
Revenue (FY27F)	225	127	320	226	9
EBIT (FY27F)	7	-546	-548	-158	-226

**- DBS estimates*
Source: Company, DBS

We see air taxi services as a transformational earnings driver for EHang over the next decade. By 2034, with 1,000 EH216-S aircraft deployed on intra-city routes and 100 VT-35s serving inter-city corridors, the business could generate RMB2.1–3.1bn in annual service revenue. These projections are based on fare assumptions that balance accessibility with the value of time saved. Intra-city flights are modelled at RMB8–12 per passenger-km, benchmarked against premium ride-hailing rates and justified by the ability to bypass gridlock and cut journey times from an hour on the road to under 15 minutes. Inter-city services using the VT-35 are priced at RMB4–6 per passenger-km, above HSR business class fares of RMB1.5–2.0 per km, but the premium is warranted by the significantly shorter travel times and the convenience of direct city-centre to city-centre connectivity.

50% operating margins for Aerial Tour Operators



Source: Company

On profitability, we believe the segment can deliver around 30% EBIT margins, establishing air taxi operations as one of EHang's highest-return businesses. This is more conservative than Joby's 45% contribution margin target, which we view as overly ambitious given its assumptions of high utilisation and selective cost exclusions. EHang's own scenario analysis shows that aerial tourism operators could reach ~50% operating margins with a two-year payback. Historical comparables further support this view: Blade Air has achieved passenger flying contribution margins of 25–30%, while helicopter operators such as COHC and Bristow Group have historically generated gross margins of 20–30% despite the burden of turbine fuel and maintenance costs. Importantly, pilot salaries account for roughly 25-30% of total operating costs in helicopter operations. By eliminating this line item through autonomy and reducing maintenance requirements through electric propulsion, EHang should handily outperform conventional operators on margin.

EHang's Air Taxi Opportunity: A potential multi-billion revenue stream by 2034

Aircraft	Seat Capacity	Load Factor	Average pax per trip	No. operating days	No. trips per day	Total no. pax trips per aircraft	Average trip distance (km)	Fare band (RMB/km)	Revenue/aircraft (RMB mn)	Fleet size	Total (RMB bn)
EH 216-S	2	70%	1.4	300	16	6,720	35	8	1.9	1,000	**1.9**
	2	70%	1.4	300	16	6,720	35	10	2.4	1,000	**2.4**
	2	70%	1.4	300	16	6,720	35	12	2.8	1,000	**2.8**
VT-35	2	70%	1.4	300	6	2,520	225	4	2.3	100	**0.2**
	2	70%	1.4	300	6	2,520	225	5	2.8	100	**0.3**
	2	70%	1.4	300	6	2,520	225	6	3.4	100	**0.3**

Source: DBS estimates

Income Statement (RMBmn)

FY Dec	2022A	2023A	2024A	2025F	2026F	2027F
Revenue	44.3	117	456	542	1,058	1,594
Cost of Goods Sold	(15.1)	(42.1)	(176)	(217)	(433)	(669)
Gross Profit	**29.2**	**75.3**	**280**	**325**	**624**	**925**
Other Opng (Exp)/Inc	(333)	(372)	(534)	(597)	(736)	(873)
Operating Profit	**(304)**	**(296)**	**(254)**	**(272)**	**(112)**	**52.5**
Other Non Opg	(24.9)	1.75	2.75	3.00	3.00	3.00
Associates & JV Inc	0.20	(1.6)	(4.4)	0.0	0.0	0.0
Net Interest (Exp)/Inc	2.52	5.55	27.2	26.5	19.1	15.2
Exceptional Gain/(Loss)	(3.2)	(11.6)	(1.2)	0.0	0.0	0.0
Pre-tax Profit	**(329)**	**(302)**	**(230)**	**(242)**	**(89.6)**	**70.7**
Tax	(0.1)	(0.2)	(0.4)	2.42	4.48	(7.1)
Minority Interest	1.11	0.64	0.26	0.0	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit	**(328)**	**(302)**	**(230)**	**(240)**	**(85.2)**	**63.6**
Net Profit before	(325)	(290)	(229)	(240)	(85.2)	63.6
EBITDA	(308)	(275)	(236)	(236)	(60.5)	112
Growth						
Revenue Gth (%)	(22.0)	165.0	**288.5**	**18.8**	**95.2**	**50.7**
EBITDA Gth (%)	0.3	10.7	14.1	(0.1)	74.4	nm
Opg Profit Gth (%)	(5.2)	(2.5)	(14.2)	7.0	(58.9)	(147.0)
Net Profit Gth (Pre-ex)	(3.8)	10.8	21.2	(5.0)	64.5	nm
Margins & Ratio						
Gross Margins (%)	65.9	64.1	61.4	60.0	59.0	58.0
Opg Profit Margin (%)	(685.9)	(252.3)	(55.7)	(50.2)	(10.6)	3.3
Net Profit Margin (%)	(740.6)	(256.9)	(50.4)	(44.3)	(8.0)	4.0
ROAE (%)	(143.7)	(178.5)	(39.3)	(24.7)	(7.9)	4.8
ROA (%)	(61.6)	(53.4)	(21.1)	(14.8)	(4.6)	2.8
ROCE (%)	(96.4)	(91.1)	(26.9)	(18.5)	(5.2)	5.2
Div Payout Ratio (%)	N/A	N/A	N/A	N/A	N/A	0.0
Net Interest Cover (x)	NM	NM	NM	NM	NM	NM

Source: Company, DBS

Balance Sheet (RMBmn)

FY Dec	2022A	2023A	2024A	2025F	2026F	2027F
Net Fixed Assets	121	119	189	449	602	796
Invts in Associates & JVs	0.0	0.0	0.0	0.0	0.0	0.0
Other LT Assets	23.2	26.5	38.8	38.9	38.9	39.0
Cash & ST Invts	249	302	1,141	907	889	967
Inventory	79.3	61.7	95.7	81.3	169	271
Debtors	31.1	34.8	58.2	114	254	399
Other Current Assets	27.5	55.1	62.5	62.5	62.5	62.5
Total Assets	531	599	1,585	1,652	2,015	2,533
ST Debt	18.7	9.13	23.0	23.0	23.0	23.0
Creditor	35.5	35.1	127	141	233	335
Other Current Liab	228	206	320	341	434	537
LT Debt	73.8	84.6	146	146	146	146
Other LT Liabilities	10.1	9.73	12.1	12.1	12.1	12.1
Shareholder's Equity	124	214	956	989	1,167	1,480
Minority Interests	40.4	40.4	0.17	0.17	0.17	0.17
Total Cap. & Liab.	531	599	1,585	1,652	2,015	2,533
Non-Cash Wkg. Capital	(126)	(89.4)	(231)	(224)	(181)	(140)
Net Cash/(Debt)	157	208	971	738	719	797
Debtors Turn (avg days)	359.5	102.4	**37.2**	**57.9**	**63.4**	**74.7**
Creditors Turn (avg days)	(2,551.4)	620.4	189.7	266.2	177.0	169.2
Inventory Turn (avg days)	(5,216.3)	1,239.2	183.6	175.6	118.7	131.3
Asset Turnover (x)	0.1	0.2	0.4	0.3	0.6	0.7
Current Ratio (x)	1.4	1.8	2.9	2.3	2.0	1.9
Quick Ratio (x)	1.0	1.3	2.5	2.0	1.7	1.5
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	14.8	17.1	23.7	173.1	118.8	148.3

Source: Company, DBS

Cash Flow Statement (RMBmn)

FY Dec	2022A	2023A	2024A	2025F	2026F	2027F
Pre-Tax Profit	(329)	(302)	(230)	(242)	(89.6)	70.7
Dep. & Amort.	20.9	21.4	19.8	32.8	48.2	56.9
Tax Paid	0.13	0.13	0.13	(0.2)	2.42	4.48
Assoc. & JV Inc/(loss)	(0.2)	1.56	4.35	0.0	0.0	0.0
Chg in Wkg.Cap.	(10.1)	17.0	88.1	(4.2)	(41.3)	(52.9)
Other Operating CF	145	174	275	273	263	250
Net Operating CF	**(174)**	**(88)**	**158**	**59**	**183**	**329**
Capital Exp.(net)	(13.7)	(16.0)	(40.1)	(293)	(201)	(251)
Other Invts.(net)	70.0	(113)	(442)	0.0	0.0	0.0
Invts in Assoc. & JV	0.0	0.0	0.0	0.0	0.0	0.0
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0	0.0
Other Investing CF	0.08	0.0	0.0	0.0	0.0	0.0
Net Investing CF	**56.4**	**(129)**	**(483)**	**(293)**	**(201)**	**(251)**
Div Paid	0.0	0.0	0.0	0.0	0.0	0.0
Chg in Gross Debt	107	(54.7)	13.4	0.0	0.0	0.0
Capital Issues	0.0	250	698	0.0	0.0	0.0
Other Financing CF	0.09	0.0	(10.1)	0.0	0.0	0.0
Net Financing CF	**107**	**195**	**701**	**0.0**	**0.0**	**0.0**
Currency Adjustments	12.8	0.56	5.81	0.0	0.0	0.0
Chg in Cash	2.45	(21.1)	383	(234)	(18.4)	78.1
Opg CFPS (US cts.)	(258)	(147)	96.5	85.7	296	495
Free CFPS (US cts.)	(296)	(145)	163	(316)	(24.3)	101

Source: Company, DBS

Environment, Social & Governance (ESG)

Environmental stewardship and emissions reduction
EHang's business model is inherently aligned with sustainability. Its aircraft are fully electric, produce zero in-use emissions, and are significantly quieter than turbine helicopters. By shifting part of urban and inter-city mobility into the air, EHang helps reduce both road congestion and vehicle emissions in dense cities. The company is also working with suppliers such as Gotion High-Tech to enhance battery efficiency and lifecycle sustainability, further strengthening its role as a contributor to the low-carbon transition.

Social impact and safety focus. Safety is the cornerstone of EHang's operations. The company has built multiple safeguards into its aircraft, including redundancy across propulsion and control systems, and centralised command-and-control frameworks that enable real-time monitoring. Tens of thousands of test and demonstration flights have already been conducted safely in China and overseas, providing both operating data and confidence to regulators and the public. Importantly, management has shown that safety comes before short-term financial performance: in 2025 EHang cut revenue guidance to RMB500mn from RMB900mn to ensure customers were fully prepared to operate aircraft safely under real-world conditions.

Governance and credibility. EHang has faced short-seller allegations in the past, all of which the company has refuted. Regulators have reviewed these claims and found no wrongdoing, which reinforces confidence in EHang's governance and operating practices. Having weathered that scrutiny, the company continues to emphasise safety, transparency, and regulatory compliance as it scales operations, laying the groundwork for long-term trust with investors, customers, and public stakeholders.

Company Background

Corporate History. EHang Holdings, founded in 2014 by Huazhi Hu and Derrick Xiong, is a Guangzhou-based pioneer in autonomous aerial vehicles and a global front-runner in urban air mobility. The company gained international recognition in 2016 when it unveiled the world's first passenger drone at CES, and in 2023 became the first company worldwide to secure a type certificate for a passenger-grade eVTOL, the EH216-S, from a major aviation regulator, the CAAC. This milestone paved the way for trial and demonstration flights in multiple Chinese cities and positioned EHang at the forefront of efforts to commercialise pilotless air taxis, with logistics and emergency-response UAV variants also under development.

What is an eVTOL? An eVTOL is an electric aircraft that can take off and land vertically, like a helicopter, but is powered by batteries instead of fuel. Because it does not need a runway, it can operate from compact landing pads or rooftops, making it ideal for crowded cities. Compared with helicopters, eVTOLs are designed to be quieter, cheaper to operate, and safer, opening the door to air taxis and new urban transport options.

EHang's manufacturing and R&D network. The flagship Yunfu plant in Guangdong is being scaled to 1,000 aircraft annually by end-2025 and benefits from the region's vibrant EV and drone ecosystem, which supplies batteries, motors, composites, and electronic systems.

In Hefei, Anhui Province, EHang is developing a dedicated VT-35 hub in partnership with JAC Motors and Hefei Guoxian Holdings. This facility, supported by nearly RMB1.0bn in combined investment commitments from the company and the local government, will manage the entire chain for the longer-range lift-plus-cruise VT-35, covering R&D, testing, certification, manufacturing, and operations.

In Weihai, Shandong Province, EHang is building a regional base in cooperation with the Weihai High-Tech Zone, which will support final assembly, testing, and delivery, while enhancing after-sales coverage in northern China. Core R&D remains concentrated in Guangzhou, supplemented by academic partnerships and international collaborations such as Austria's FACC for certification and composite design.

Key regulatory milestones for EHang

Certificate	Authority	Key concern of regulators	Necessity	Typical time required	Milest one date
Type Certificate (TC)	CAAC	Reliable and safe eVTOL design	Fundamental for eVTOL sales	2–5 years	Oct-23
Production Certificate (PC)	CAAC	Standardized production with aviation-grade quality	Fundamental for mass production	3–6 months	Apr-24
Airworthiness Certificate (AC)	CAAC	Readiness of eVTOL to be delivered to end-customers	Fundamental for eVTOL sales	2–3 months	Apr-24
Operation Certificate (OC)	Local CAAC branch	Competence to operate eVTOL safely and compliantly	Must-have if used for business purpose	6–12 months	Dec-23

Source: Bain & Co, Company, DBS

EHang Yunfu Manufacturing Facility



Source: Company, DBS

EHang UAM Hub in Hefei Luogang Central Park



Source: Company, DBS

Product innovation supported by a significant commitment to R&D. As of end-2024, 48.5% of its workforce was dedicated to research and development, a level well above typical aerospace peers. This investment has resulted in 476 issued patents, 270 pending applications, and 25 registered software copyrights as of March-25, protecting core technologies in autonomous flight control, communication networks, and intelligent battery systems. In late 2024, EHang also achieved a breakthrough in endurance when the EH216-S completed a 48-minute continuous flight using a solid-state battery developed with Inx Energy and Hefei's low-altitude battery research institute, extending flight times by 60–90%.

The current product portfolio is centered on EH216-S, the certified two-seat passenger eVTOL designed for intra-city transport and tourism, which accounted for most deliveries to date. Complementary mission variants include the EH216F, configured for aerial firefighting with dedicated foam storage and spraying systems, and the EH216L, tailored for logistics and aerial inspection applications. In addition, EHang is developing the VT-35, a longer-range autonomous lift-plus-cruise platform intended for inter-city missions with a targeted range of about 300 km and certification expected in 2027. Earlier prototypes such as the VT-30 helped shape this roadmap, but the VT-35 is now the primary long-range focus. Beyond aircraft, EHang also develops command-and-control and fleet-management systems designed to integrate with vertiports and smart-city platforms, reinforcing its position as a full-stack UAM solutions provider.

EHang has built its aircraft around a safety-first philosophy, leveraging autonomy to remove human error ensure consistent flight performance. The EH216 series is powered by 16 independent motors and propellers, with duplicate control and power systems to keep the aircraft flying even if one part fails. Flights are managed by an autonomous navigation system that links directly to ground-based command-and-control centres, where routes are planned and aircraft are monitored in real time. This setup removes the need for onboard pilots, which not only lowers costs but also avoids a key source of aviation risk. Every aircraft runs automated pre-flight checks, is programmed with geofencing to stay within approved routes, and uses encrypted communications to protect against interference. Together, these features give EHang's aircraft a strong safety net and help build trust as the company works to scale up pilotless air mobility.

EH-216S (Flagship pax eVTOL)



Source: Company, DBS

VT-30 (Longer-range pax eVTOL, VT-35 predecessor)



Source: Company, DBS

Illustration of EHang's command center



Source: Company, DBS

Partnerships underpin the company's strategy and ecosystem advantage. Battery suppliers Zhuhai Enpower Electric and Gotion High-Tech support powertrain development, while Changan Automobile is collaborating on future "flying car" concepts. Tourism operators such as Sunriver and Reignwood accelerate adoption in consumer-facing applications like sightseeing, and local governments in Shanghai, Shenzhen, Fangshan (Beijing), and Changchun (Jingyue District) have integrated EHang's UAVs into smart-city, emergency-response, and tourism programs. These alliances provide the industrial scale, technical resilience, and policy support to embed pilotless aerial mobility into commercial and civic infrastructure.

Breakdown of EHang's domestic partnership agreements

Partner	Role	Scope
JAC Motors & Hefei Guoxian Holdings (Hefei Govt)	VT-35 hub	RMB1.5bn joint project for R&D, certification, and manufacturing of the VT-35.
Weihai High-Tech Zone (Shandong Govt)	Regional base	Strategic cooperation with Shandong government to establish an assembly, testing, and delivery hub, supporting low-altitude industrial cluster in Northern China.
Gotion High-Tech, Zhuhai Enpower	Battery suppliers	Develop advanced power systems for EH216 series.
Minth Group	Airframe systems	Lightweight body structures, interiors, rotor systems.
Changan Auto	"Flying car"	Joint R&D for future personal aerial vehicles.
GAC Group	UAM ecosystem	Partner in R&D, production, and "flying car" innovation.
CRBC	Global channel	Promote EHang's eVTOLs across CRBC's global infrastructure projects.
Reignwood Aviation	Operator	GA and tourism-focused deployment of EH216.
China Southern Airlines GA	Operator	Explore pilotless eVTOL operations within GA fleet.
Heli-Eastern (Shenzhen GA)	Operator	Air taxi and sightseeing in Shenzhen.
Local Govts (Wencheng, Xishan Tourism, Sunriver, Luohu, Fangshan, Changchun Jingyue)	Tourism/smart city	Orders of EH216-S for tourism, smart city, firefighting, and emergency-response programs.
CCCC FHDI & CCIT	Infrastructure	Joint development of vertiports, digital platforms, and UAM corridors.
Tsinghua Univ. (JILAAT)	Research	Joint institute for low-altitude aviation technology.
Wanyi Tianxia JV (Zhuhai)	Cargo ops	Intercity cargo flights with long-range UAVs.

Source: Company, DBS

Management & Strategy

EHang is led by founder and CEO Huazhi Hu, a pioneer in pilotless eVTOLs who has taken the company from inception to the world's first certified passenger eVTOL operator. CFO Conor Chia-hung Yang adds over 30 years of financial leadership across US-listed companies and global investment banks. COO Zhao Wang contributes deep operational expertise, having led large-scale digital transformation projects in China's tourism and technology sectors. Together, the team combines technical vision, financial discipline, and operational execution to drive EHang's next stage of growth.

The company's strategy is to scale as a leading eVTOL manufacturer while building out a global urban air mobility ecosystem. Management has laid out a dual-track model that combines near-term aircraft sales with longer-term recurring service revenues. The EH216-S, now certified with type, production, airworthiness and operation approvals in China, underpins the OEM business, while the company works with city governments, tourism operators and infrastructure partners to pilot urban air taxi routes, emergency response missions and smart-city applications. The longer-range VT-35, targeted for certification in 2027, is designed to open up inter-city corridors and extend the addressable market beyond sightseeing and short urban hops. By coupling its OEM model with UAM services such as route operations, fleet management and command-and-control, EHang aims to create a balanced revenue mix and position itself not only as a trusted supplier of autonomous aircraft but also as an operator and enabler of urban air mobility networks worldwide.

Key Management Team

Name	Role	Background & Achievements
Huazhi Hu	Founder, Chairman & CEO	• Recognised pioneer in the pilotless eVTOL industry. • Winner of the Technology Innovation Award at the Living Legends of Aviation Europe (2019). • Ranked top inventor among air taxi firms by Roland Berger (2022), personally contributing ~10% of global sector patents. • Graduate of Tsinghua University (Computer Science). • Architect of command-and-control systems for the 2008 Beijing Olympics. • Led EHang from founding to becoming the world's first company with type, production, airworthiness, and operation certificates for a passenger eVTOL..
Conor Chia-hung Yang	Chief Financial Officer	• Appointed CFO in Sept 2023; brings 30+ years of financial leadership. • Former CFO at Tuniu (Nasdaq: TOUR), E-Commerce China Dangdang, and AirMedia Group. • Former CEO of Rock Mobile; CFO of CellStar Asia. • Early career as senior banker at Goldman Sachs, Lehman Brothers, and Morgan Stanley (1992–1999). • MBA from UCLA. • Serves as independent director at I-Mab, iQIYI, Tongcheng Travel, UP Fintech, and Smart Share Global.
Zhao Wang	Chief Operating Officer	• Appointed COO in 2024. • Former CEO of Mangrove Tree Technology Group (2020–2024), leading digital transformation of resorts, including intelligent platforms and integration of self-driving vehicles. • Former CEO of Beijing Ganlan Technology Development (2017–2020). • Senior leadership roles at Antaeus Investment Group (2008–2017) in cultural tourism and digital film. • Early career as tech manager at Sohu.com; designed IT systems for Beijing 2008 and Athens 2004 Olympics. • BSc in Computer Science and Technology from Tsinghua University.

Source: Company, DBS

DBS Group Research recommendations are based on Absolute Total Return* Rating system, defined as follows:
STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)
BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

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