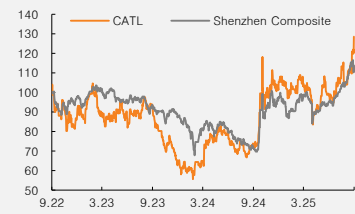


(Maintain)	Buy
Target price	▲ CNY420
Current price (9/5/25)	CNY325.11
Upside	29.2%

SZSE Composite	2,405.82
EPS growth (25F, %)	29.9
P/E (25F, x)	21.6
Dividend yield (%)	2.2
Market cap (CNYbn)	1,431.73
Market cap (Wtr)	279.17
Shares (mn)	4,403.8
60-day avg. trading value (CNYmn)	7,313.24
52-week low (CNY)	181.16
52-week high (CNY)	325.11

(%)	1M	6M	12M
Absolute	22.4	24.6	74.0
Relative	12.4	6.4	10.7



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CATL

Industry consolidation around top players and full-fledged overseas expansion

Raise TP to CNY420

We raise our target price for CATL to CNY420 (from CNY350), reflecting a change in our valuation base from 2025F to 2026F EBITDA (target EV/EBITDA multiple unchanged at 15x). Government-led supply control measures in China's battery value chain should strengthen the positions of leading players such as CATL. At the same time, the resumption of EV subsidies in Europe, together with tighter emissions regulations from 2026, should boost demand for low/mid-priced EVs in the region—driving stronger battery demand in segments where CATL is particularly well-positioned.

Government-led supply control measures in China's battery value chain

Since mid-July, there have been ongoing reports of supply adjustments in China's rechargeable battery value chain. On Sep. 4, China's Ministry of Industry and Information Technology announced a 2025-26 action plan to promote sustainable growth in the electronic information manufacturing industry; the plan directs local governments to manage production capacity in areas such as solar cells and lithium batteries to curb excessive price competition and emphasizes the linkage between product quality management and investment/financial policies. During a visit to China back in February, we noted that the technology gap between top-tier and lower-tier companies was widening, driving a polarization in order intake and earnings. We also predicted that the segments facing the most severe oversupply would undergo restructuring (either industry-led or government-driven). The policy measures that have emerged since July appear to represent a concrete move in that direction.

These policy changes should benefit CATL in two ways. First, they should help the company expand its market share, given its cost advantages and next-generation product portfolio. Second, the expected stabilization in the prices of key raw materials (e.g., lithium) should support ASP. As such, we expect earnings growth to continue.

Affordable EV demand in Europe is recovering; Hungary plant to start operations

CATL's Hungary plant (planned annual capacity of 100GWh) is scheduled to start operations in early 2026. In Europe, the resumption of EV subsidies (in Germany, France, the UK, etc.) should support demand for low/mid-priced EVs in the short term, while the tightening of CO₂ regulations in 2026-27 should further boost EV penetration over the medium to long term. Given its strength as a battery supplier for affordable models, CATL is likely to be among the biggest beneficiaries of these trends. While higher production costs in Europe (vs. China) could limit further profitability gains, we expect the firm to continue to gain share on price/product competitiveness.

(Dec.)	2022	2023	2024	2025F	2026F
Revenue (CNYbn)	329	401	362	429	522
OP (CNYbn)	37	54	64	84	94
OP margin (%)	11.2	13.4	17.7	19.5	17.9
NP (CNYbn)	31	44	51	66	74
EPS (CNY)	7.18	11.79	11.58	15.04	16.80
ROE (%)	24.7	24.4	22.8	23.7	21.1
P/E (x)	30.5	13.8	23.0	21.6	19.4
P/B (x)	5.8	3.6	4.7	4.5	3.7

Notes: Under GAAP; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

Table 1. TP calculation

	EBITDA (CNYmn)	EV/EBITDA (x)	Value	Notes
EV (CNYmn)	113,335	15	1,700,024	2025F → 2026F EBITDA
2025F net debt (CNYmn)			-129,495	
Fair value (CNYmn)			1,829,519	
No. of shares ('000)			4,386,238	
TP (CNY)			420	

Source: Mirae Asset Securities Research

Table 2. Quarterly and annual earnings

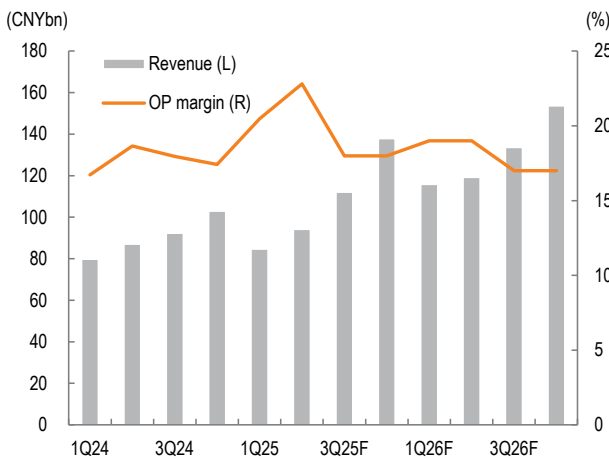
(CNYbn, %)

	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25F	4Q25F	1Q26F	2Q26F	3Q26F	4Q26F	2024	2025F	2026F
Revenue	79.8	87.0	92.3	103.0	84.7	94.2	112.1	137.9	115.8	119.3	133.6	153.6	362.0	428.8	522.3
Cost of revenue	59.3	64.2	64.1	87.8	64.6	70.8	86.3	106.1	88.0	90.6	102.9	118.3	275.4	327.8	399.8
GP	20.5	22.8	28.2	15.1	20.1	23.4	25.8	31.7	27.8	28.6	30.7	35.3	86.6	101.0	122.5
Gross margin	25.7	26.2	30.5	14.7	23.8	24.8	23.0	23.0	24.0	24.0	23.0	23.0	23.9	23.6	23.5
OP	13.3	16.2	16.6	17.9	17.3	21.5	20.2	24.8	22.0	22.7	22.7	26.1	64.1	83.8	93.5
OP margin	16.7	18.6	18.0	17.4	20.5	22.8	18.0	18.0	19.0	19.0	17.0	17.0	17.7	19.5	17.9
EBITDA	17.0	19.8	20.2	21.5	21.4	25.6	24.2	28.9	27.0	27.6	27.7	31.1	78.5	100.1	113.3
EBITDA margin	21.3	22.8	21.9	20.9	25.3	27.1	21.6	21.0	23.3	23.2	20.7	20.2	21.7	23.3	21.7

Source: Company data, Mirae Asset Securities Research

Figure 1. Quarterly revenue and OP margin

Figure 2. Lithium carbonate futures-spot spread trend



Source: Company data, Mirae Asset Securities Research

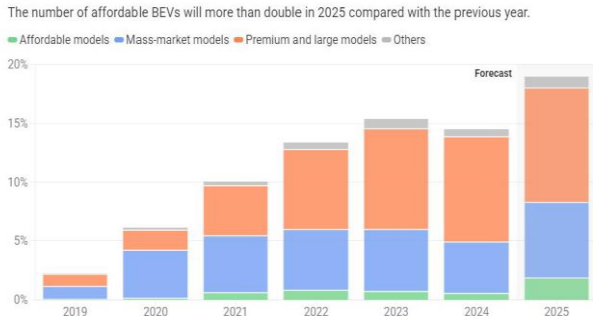


Source: ICC Battery, Mirae Asset Securities Research

Figure 3. EV sales breakdown in Europe by price segment

Figure 4. Low/mid-priced EV lineups are expanding in Europe

Lower battery prices have unlocked the launch of more affordable BEV models in 2025
The number of affordable BEVs will more than double in 2025 compared with the previous year.

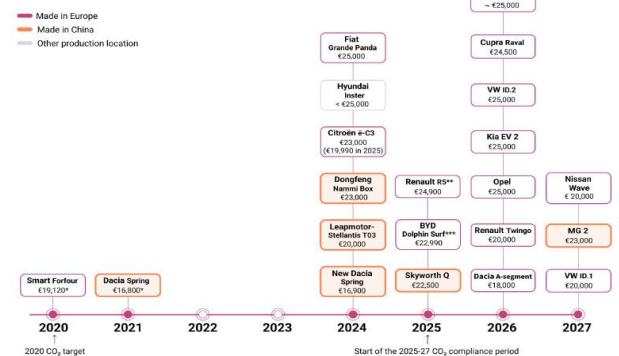


Source: T&E analysis of GlobalData sales data with total BEV share from ACEA - Others: passenger vans and MPVs. Affordable models with a variant starting below €25,000. Mass-market models defined based on mass-market brands in segment A-C.



Source: T&E, Mirae Asset Securities Research

Affordable sub €25,000 BEV available in Europe
2025 CO₂ target will bring a new wave of affordable EV models



Updated in May 2025 based on the latest announcements for models produced in Europe. The dates refer to official launch dates, while production generally ramps up to mass volume the following year. *Launch price in 2020 and 2021 Euros. **The RS base model was launched in 2025 while more expensive variants were available from 2024. Sources: press articles, ***Some volumes are expected to come from China in 2025

Source: T&E, Mirae Asset Securities Research

CATL (300750 CH)

Income statement (summarized)

(CNYbn)	2023	2024	2025F	2026F
Revenue	401	362	429	522
Cost of revenue	309	276	328	400
GP	92	86	101	123
SG&A expenses	38	22	17	29
OP	54	64	84	94
Non-operating profit	0.2	-0.9	-0.9	-0.9
Net financial income	0	0	0	0
Net income from associates	0	0	0	0
Other	0.2	-0.9	-0.9	-0.9
Pretax profit	54	63	83	93
Income tax	7	9	12	14
NP	47	54	71	79
Attr. to owners of the parent	44	51	66	74
Non-controlling interest	3	3	4	5

Growth & margins	2023	2024	2025F	2026F
Revenue growth (%)	22.0	-9.7	18.5	21.8
GP growth (%)	43.1	-5.8	17.0	21.3
OP growth (%)	45.9	19.4	30.7	11.6
NP growth (%)	39.7	15.4	30.6	11.6
EPS growth (%)	64.3	-1.8	29.9	11.7
Gross margin (%)	22.8	23.8	23.6	23.5
OP margin (%)	13.4	17.7	19.5	17.9
Net margin (%)	11.7	14.9	16.4	15.1

Cash flow statement (summarized)

(CNYbn)	2023	2024	2025F	2026F
Operating cash flow	93	97	106	116
NP	0	0	71	79
Depreciation & amortization	0	0	16	20
Other	93	97	19	17
Cash flow from investing activities	-29	-49	-84	-87
Capex	-34	-31	-50	-50
Other	5	-18	-34	-37
Cash flow from financing activities	15	-15	14	15
Dividends	9	25	0	0
Chg. in equity	1	29	0	0
Chg. in financial liabilities	-26	2	14	15
Other	31	-71	0	0
Chg. in cash & equivalents	81	32	43	66
Beginning balance	158	238	270	313
Ending balance	238	270	313	378

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet (summarized)

(CNYbn)	2023	2024	2025F	2026F
Current assets	450	510	587	705
Cash & equivalents	242	280	313	378
Accounts receivable	133	126	151	180
Inventory	45	60	71	85
Other	30	44	52	62
Non-current assets	267	277	344	390
Investments	67	70	83	99
PP&E	149	152	205	236
Intangible	16	15	15	15
Other	35	40	41	40
Total assets	717	787	930	1,095
Current liabilities	287	317	371	433
Accounts payable	117	131	156	186
Short-term borrowings	94	89	99	109
Other	76	97	116	138
Non-current liabilities	210	196	216	239
Long-term financial liabilities	103	94	94	94
Other	107	102	122	145
Total liabilities	497	513	587	672
Equity attr. to owners of the parent	198	246	313	387
Capital stock	4	4	4	4
Capital surplus	88	117	117	117
Retained earnings	103	126	192	266
Other	3	0	0	0
Non-controlling interest	22	27	31	36
Shareholders' equity	220	273	344	423

Key valuation metrics/ratios

	2023	2024	2025F	2026F
P/E (x)	13.8	23.0	21.6	19.4
P/S (x)	1.8	3.2	3.3	2.7
P/B (x)	3.6	4.7	4.5	3.7
EV/EBITDA (x)	13.1	17.3	14.1	12.1
EPS (CNY)	11.79	11.58	15.04	16.80
BPS (CNY)	45.43	56.69	71.74	88.54
DPS (CNY)	5.03	5.78	5.78	5.78
Dividend payout ratio (%)	40.3	46.9	46.9	46.9
Dividend yield (%)	3.1	2.2	1.8	1.8
Accounts receivable turnover (x)	3.4	2.8	3.1	3.2
Inventory turnover (x)	6.6	6.9	6.5	6.7
Accounts payable turnover (x)	2.9	2.2	2.3	2.3
ROA (%)	7.1	7.2	8.2	7.8
ROE (%)	24.4	22.8	23.7	21.1
ROIC (%)	20.6	27.5	32.3	30.0
Debt-to-equity ratio (x)	226.2	187.7	170.5	159.0
Current ratio (x)	156.7	160.8	158.2	162.8
Net debt-to-equity ratio (x)	-17.0	-32.3	-31.8	-38.6

Appendix 1

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