

Geely (175 HK)

Core Net Profit Doubling, Overseas Expansion Continues

Hong Kong | Automobile | Update Report

26 August 2025

Company Profile

Geely is one of the leading enterprises in China's self-brand passenger vehicles manufacturers. The Company's products include six major brands: Geely, Geometry, Lynk, Zeekr, Livan, and Galaxy, covering the A0 to C-class passenger vehicles market.

Investment Summary

Strong H1 Results With Core Net Profit Doubling YoY

Geely Auto announced its interim results for 2025. In H1 2025, total revenue reached RMB150.28 billion (RMB, the same below), up 26.5% yoy, marking a record high. Net profit attributable to the parent company was RMB9.29 billion, down 13.9% yoy. Excluding foreign exchange gains, impairment losses, and gains from deemed disposal of subsidiaries in 2024, core net profit attributable to the parent company was RMB6.66 billion, up 102% yoy.

In Q2 alone, the Company reported revenue of RMB77.79 billion, up 28.4% yoy and 7.3% mom. We estimate that core net profit attributable to the parent company, excluding foreign exchange gains and one-off items, was approximately RMB3.18 billion, up 127% yoy and down 8.7% mom.

Slight Decline in Gross Margin, But Lower Expense Ratios

In H1 2025, the Company's overall gross margin declined by 0.3ppts yoy to 16.4%, mainly due to a higher sales proportion of economy NEVs and intensified industry price competition. However, this was partially offset by economies of scale and improved profitability of GEA architecture products. Zeekr's gross margin reached 19.7%, with Q1 and Q2 margins at 18.8% and 20.5%, respectively, reflecting emerging synergies following the February integration of Zeekr and LYNK & CO.

On the expense side, selling expense ratio and administration expense ratio dropped by 1.0ppts and 0.7ppts yoy to 5.6% and 1.9%, respectively, reflecting benefits from economies of scale and channel integration. R&D investment decreased 8.6% yoy to RMB8.35 billion, mainly focused on NEV and intelligent technologies. R&D expense ratio declined by 1.1ppts yoy to 6.6%, indicating synergies from the integration.

Despite a drop in ASP of RMB14 thousand yoy to RMB96 thousand per vehicle, the Company achieved a 37% yoy increase in core net profit per vehicle attributable to the parent company, reaching RMB4,724.

Rapid NEV Sales Growth, Share Exceeding 50%

In H1, the Company's total vehicle sales reached 1,409 thousand units, up 47.4% yoy, significantly outperforming the 13% yoy growth in China's passenger car market. NEV sales totalled 725 thousand units, up 126.5% yoy, accounting for 51.5% of total sales (48.2% in Q1 and 54.7% in Q2). ICE vehicle sales rose 7.5% yoy, showing stable growth. Given strong performance, the Company raised its full-year sales target to 3,000 thousand units, equivalent to an increase from 25% to 38%.

BUY (Maintain)

CMP HKD 19.71

(Closing price as at 25 August)

TARGET HKD 24.1 (+23.3%)

COMPANY DATA

O/S SHARES (MN) :	10086
MARKET CAP (HKD MN) :	198802
52 - WK HI/LO (HKD):	20.78/7.90

SHARE HOLDING PATTERN, %

Mr Li Shufu. & Associates	41.38
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PRICE VS. HSI



Source: Aastocks, Phillip Securities (HK) Research

KEY FINANCIALS

CNY bn	FY24	FY25E	FY26E	FY27E
Net Sales	240	337	410	492
Net Profit	17	16	19	24
EPS, CNY	1.64	1.54	1.85	2.32
P/E, x	11.3	11.7	9.7	7.8
BVPS, CNY	8.62	9.45	10.98	12.73
P/BV, x	2.2	1.9	1.6	1.4
DPS (CNY)	0.31	0.35	0.56	0.72
Div. Yield (%)	1.7%	1.9%	3.1%	4.0%

Source: Company reports, Phillip Securities Est.

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By brand, Geely brand sales totalled 1,164 thousand units, up 56.99% yoy (including 548 thousand units from the Galaxy series, up 232% yoy). Zeekr sales reached 91 thousand units, up 3.3% yoy, and LYNK & CO sales were 154 thousand units, up 22.3% yoy.

Overseas Expansion Continues to Deepen

In H1, the Company exported 184 thousand units, down 7.7% yoy, mainly due to weakness in Eastern European markets. However, NEV exports surged 146% yoy to 40 thousand units. Currently, exports account for only 13% of Geely's total sales, indicating significant room for growth. The Company has established five overseas regions—Europe, Latin America and Africa, Middle East and Asia, ASEAN, and Eastern Europe—to accelerate its internationalisation strategy across organisational structure, resource allocation, after-sales service, and product planning. With models such as the Galaxy E5, Starship 7, and Starwish entering overseas markets in H2, alongside accelerated promotion of premium models like LYNK & CO 08 and Z10, Zeekr 7X and 009, overseas sales are expected to regain strong growth momentum.

Zeekr Privatization Accelerates Strategic Integration

On 15 July, the Company announced plans to privatise and delist Zeekr (ZK.N) from the NYSE, after which Zeekr will become a wholly owned subsidiary. Zeekr shareholders can choose between USD2.687 per share or 1.23 newly issued Geely Auto shares per Zeekr share. The Company will pay up to USD2.399 billion or issue up to 1.089 billion Geely Auto shares, equivalent to 11% of the current share capital.

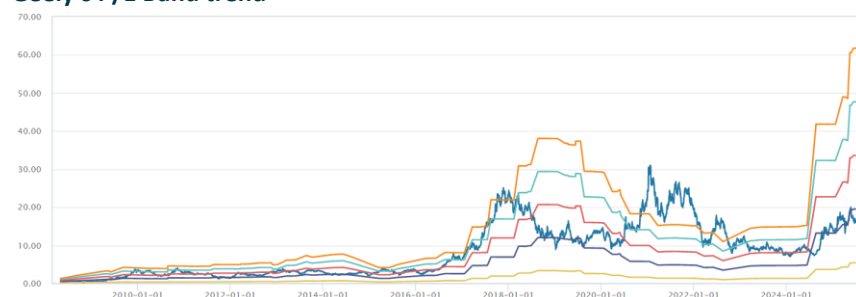
The Zeekr privatization is a key step in Geely's return to its "One Geely" strategy, signalling a shift from multi-brand expansion to centralised operations. The consolidation aims to enhance strategic synergy and business integration among sub-brands, eliminate internal competition, reduce redundant investments, complement sales networks, and improve supply chain efficiency to drive cost reduction and efficiency gains. Going forward, the Company is expected to continue benefiting from technological synergies and cost optimisation.

In 2025, the Company plans to launch 10 new models, including 5 under the Galaxy brand, 3 under Zeekr brand, and 2 under LYNK & CO brand. The already launched Starshine 8, LYNK & CO 900, and Zeekr 007GT have received positive market feedback, showing strong potential to become blockbuster models. Noteworthy launches expected in H2 include the Galaxy A7 and M9, Zeekr 9X and 8X, and LYNK & CO 10EM-P. These, together with growing momentum in overseas markets driven by new model rollouts, are expected to drive performance in the second half..

Investment Thesis

We revised our financial forecast and target price to HK\$24.3, equivalent to 14.4/12/9.6x P/E ratio in 2025/2026/2027, and we give the rating of Buy. (Closing price as at 25 August)

Geely's P/E Band trend



Source: Wind, Company, Phillip Securities Hong Kong Research

Financials

FYE DEC	2023	2024	2025E	2026E	2027E
Valuation Ratios					
P/E (X), adj.	34.9	11.3	11.7	9.7	7.8
P/B (X)	2.2	2.2	1.9	1.6	1.4
Dividend Yield (%)	1.1%	1.7%	1.9%	3.1%	4.0%
Dividend payout ratio (%)	39.2%	18.9%	22.9%	30.4%	31.2%
Per share data (RMB)					
EPS, (Basic)	0.514	1.638	1.537	1.852	2.320
EPS, (Diluted)	0.510	1.632	1.531	1.844	2.311
DPS	0.200	0.309	0.350	0.560	0.720
BVPS	8.00	8.62	9.45	10.98	12.73
Growth & Margins (%)					
Growth					
Revenue	21.1%	34.0%	40.1%	21.8%	20.0%
EBIT	2.4%	302.0%	-5.4%	28.3%	30.0%
Net Income, adj.	0.9%	213.3%	-5.9%	20.3%	25.1%
Margins					
Gross margin	15.3%	15.9%	15.9%	16.2%	16.4%
EBIT margin	2.5%	7.4%	5.0%	5.2%	5.7%
Net Profit Margin	3.0%	6.9%	4.6%	4.6%	4.8%
Key ratios (%)					
ROE	6.8%	19.9%	17.2%	18.3%	19.7%
ROA	2.8%	7.3%	6.3%	6.9%	7.6%
Income Statement (RMB mn)					
Revenue	179,204	240,194	336,555	410,087	491,965
Gross profit	27,415	38,201	53,512	66,311	80,535
EBIT	4,406	17,711	16,753	21,495	27,939
Profit before tax	4,950	18,404	17,443	22,145	28,686
Tax	(15)	(1,604)	(994)	(2,121)	(3,643)
Profit for the period	4,935	16,799	16,448	20,024	25,043
Minority interests	373	(167)	(800)	(1,203)	(1,502)
Total capital share	10059	10066	10086	10086	10086
Net profit	5,308	16,632	15,648	18,821	23,541

Source: PSR

(Closing price as at 25 August)

PHILLIP RESEARCH STOCK SELECTION SYSTEMS

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20% upside from the current price
-5% to +5%	Neutral	3	Trade within $\pm 5\%$ from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20% downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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