

# CATL (3750 HK)

## Multi-Product Momentum Drives Continued Performance Improvement

China | Automobile Components | Company Report

30 December 2025

### Company Profile

Contemporary Amperex Technology Co., Limited ("CATL") is a global leader in the supply of power battery systems, focusing on the research and development, production, and sales of power battery systems and energy storage systems for new energy vehicles. Its main businesses include power battery systems, energy storage systems, and lithium battery material systems (mainly ternary precursors). Specifically, the power battery system comprises cells, modules, and battery packs, which are used in electric passenger vehicles, commercial vehicles, and other applications. In addition, CATL has entered the field of battery recycling through the acquisition of Brunp Recycling and invested in and held stakes in overseas lithium mines to secure ties with raw material suppliers, thereby achieving a closed-loop layout of the upstream and downstream industry chain. In 2024, the company ranked first in global power battery installations for the eighth consecutive year with a market share of 37.9%, and also ranked first for the fourth consecutive year in energy storage batteries with a market share of 36.5%.

### Investment Summary

#### Strong Growth Maintained in Q3 Results, Further Net Profit Margin Expansion, and Stable Per Unit Profitability

In the first three quarters of 2025, the Company reported revenue of RMB283.072 billion (RMB, the same below), up 9.28% yoy; net profit attributable to the parent company was RMB49.034 billion, up 36.20% yoy; net profit attributable to the parent company excluding non-recurring items was RMB43.619 billion, up 35.56% yoy. The strong performance was mainly driven by robust demand in the power battery and energy storage battery sectors, as well as expansion in overseas markets.

Operating cash flow amounted to RMB80.66 billion, up 19.6% yoy. The Company maintained abundant cash reserves, with cash and trading financial assets exceeding RMB360 billion at the end of the period.

In Q3 2025, the Company reported revenue of RMB104.186 billion, up 12.90% yoy and 10.62% quarter-on-quarter; net profit attributable to the parent company was RMB18.549 billion, up 41.21% yoy and 12.26% quarter-on-quarter; net profit attributable to the parent company excluding non-recurring items was RMB16.422 billion, up 35.47% yoy and 6.85% quarter-on-quarter.

The Q3 gross margin was 25.8%, largely flat quarter-on-quarter; net profit margin was 19.1%, up 4.1 pts yoy. The rise in lithium carbonate market prices led to a yoy decrease in impairment losses, significantly boosting performance. Per unit gross profit and net profit for batteries remained relatively stable quarter-on-quarter. In addition, revenue from technology licensing continued to increase, reflecting recognition of the Company's technologies and patents.

#### Rapid Growth in Production and Sales Volume, Stable Market Position, and Accelerated Global Capacity Deployment

In the third quarter, the Company's total shipment volume of power and energy storage batteries approached 180GWh, representing a yoy increase of nearly 40% and a quarter-on-quarter increase of nearly 20%. Energy storage accounted for approximately 20% of total shipments, while overseas exports also accounted for about 20%. Inventory at the end of Q3 increased by RMB8 billion quarter-on-quarter to exceed RMB80 billion, primarily due to products in transit resulting from business expansion and preparation for future deliveries. Inventory turnover days remained stable.

### BUY (Upgrade)

CMP HKD 497.8

(Closing price as at 29 December)

TARGET HKD 635 (+27.56%)

#### COMPANY DATA

O/S SHARES (MN) :	4564
MARKET CAP (HKD BN) :	2271.76
52 - WK HI/LO (HKD):	614/291

#### SHARE HOLDING PATTERN, %

Mr Zeng Yuqun	22.47
Mr Huang Shilin	9.21

#### PRICE VS. HSI



Source: Aastocks, Phillip Securities (HK) Research

#### KEY FINANCIALS

CNY mn	FY24	FY25E	FY26E	FY27E
Net Sales	362013	439602	524483	612146
Net Profit	50745	65887	78699	94376
EPS, CNY	11.58	14.45	17.25	20.68
P/E, x	40.4	29.9	23.6	19.6
BVPS, CNY	56.08	70.34	84.56	100.13
P/BV, x	8.3	6.4	5.3	4.5
DPS (CNY)	5.78	6.80	8.50	10.20
Div. Yield (%)	1.2%	1.5%	1.9%	2.3%

Source: Company reports, Phillip Securities Est.

#### Research Analyst

ZhangJing (+ 86 21-6351 2939)

zhangjing@phillip.com.cn

The Company's market position remains solid. According to data from SNEResearch, the Company accounted for 36.8% of global power battery installation volume from January to August 2025, maintaining its position as the global leader. According to data published by the China Automotive Power Battery Industry Innovation Alliance, the Company's domestic market share of power battery installation volume was 42.75% from January to September 2025, continuing to lead the industry.

Q3 capital expenditure reached RMB9.875 billion, remaining at a high level. Full-year CAPEX is expected to increase compared to last year. With strong market demand, the Company's overall capacity utilisation remained high, and it plans to continue investing in R&D for new products and technologies as well as new equipment.

During this period of strong capital expenditure, the Company's global capacity deployment has accelerated. Its German plant commenced operations last year; construction of the Hungarian plant is progressing as planned, with Phase I exceeding 30GWh and expected to be completed, installed, and commissioned by the end of 2025, while Phase II is also advancing steadily. The Spanish plant has completed preliminary approvals, and the Indonesian plant is scheduled to commence operations in the first half of 2026.

### Multi-Product Momentum Drives Continued Performance Improvement

Benefiting from the growing economic viability of commercial vehicle electrification and the improvement of infrastructure, the domestic new energy commercial vehicle sector is experiencing rapid growth, with an electrification rate reaching 23%. The Company's shipments of commercial power batteries have grown rapidly, with their share gradually increasing to approximately 20% of total shipments. The Company is actively building a battery-swapping ecosystem for heavy trucks to accelerate their electrification.

In the passenger vehicle segment, the Company has launched the second-generation Shenxing ultra-fast charging battery, the Xiaoyao dual-core battery, and the new sodium-ion power battery for passenger cars. The future product mix is expected to further improve.

In the energy storage sector, the rapid expansion of global AI data centres has driven significant power demand, resulting in surging energy storage needs. The Company's current energy storage capacity is fully utilised, and capacity expansion is being accelerated, especially the mass production of the 587Ah energy storage product to meet market demand. The Company's 587Ah dedicated energy storage cell has achieved an optimal balance among three key elements—energy density, safety margin, and long lifespan—marking a milestone. Shipments of the 587Ah product are expected to gradually increase.

In the solid-state battery sector, small-scale production of all-solid-state batteries is expected to be realised in 2027. These breakthroughs in new technologies and the mass production of new products will help the Company adapt to future market changes and further strengthen its competitive advantage and industry-leading position.

On 17 December, CATL's world-first PACK production line for new energy power batteries featuring large-scale deployment of humanoid embodied intelligent robots officially commenced operation. The humanoid robot "Xiao Mo" is now capable of accurately completing complex tasks such as battery plug insertion, marking a breakthrough in the application of embodied intelligence in smart manufacturing. Future production lines will become increasingly intelligent, with continuously improving efficiency.

### Investment Thesis

According to EVtank, global lithium battery shipments are projected to reach approximately 1899GWh in 2025, representing a yoy growth of about 23%, and are expected to exceed 5000GWh by 2030, with a compound growth rate of around 22%. As an industry leader, the Company is well positioned to fully benefit from the rapid

growth in downstream demand. Its long-term investments in ecosystem innovation businesses offer substantial growth potential, and its first-mover advantage is expected to remain significant.

As for valuation, we expected diluted EPS of the Company to RMB 15.0/19.0/22.9 for 2025/2026/2027. And we accordingly gave the target price to HKD 635, respectively 38/30/25x P/E for 2025/2026/2027. "BUY" rating. (Closing price as at 29 December)

## Risk

Technical Iteration Risks

Raw material price fluctuation risk

The downturn in macroeconomics affects demand for end-use products

Geopolitics and Trade Policy Risks

## P/E Band trend for its A share



Source: Wind, Company, Phillip Securities Hong Kong Research

## Financials

<b>FYE DEC</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25F</b>	<b>FY26F</b>	<b>FY27F</b>
<b>Valuation Ratios</b>					
P/E (X), adj.	39.2	41.3	30.5	24.1	20.0
P/B (X)	10.3	8.5	6.5	5.4	4.6
Dividend Yield (%)	1.1%	1.2%	1.5%	1.9%	2.2%
<b>Per share data (RMB)</b>					
EPS, (Basic)	11.79	11.58	15.00	19.04	22.91
EPS, (Diluted)	11.78	11.58	15.00	19.04	22.91
DPS	5.03	5.78	6.80	8.50	10.20
BVPS	44.94	56.08	70.34	84.56	100.13
<b>Growth &amp; Margins (%)</b>					
<b>Growth</b>					
Revenue	22.0%	-9.7%	21.2%	21.1%	19.5%
EBIT	43.4%	22.8%	31.6%	27.8%	20.4%
Net Income, adj.	43.6%	15.0%	34.8%	26.9%	20.4%
<b>Margins</b>					
Gross margin	22.9%	24.4%	24.5%	24.6%	24.5%
EBIT margin	12.2%	16.6%	18.0%	19.0%	19.1%
Net Profit Margin	11.0%	14.0%	15.6%	16.3%	16.5%
<b>Key Ratios</b>					
ROE	21.0%	22.9%	23.7%	24.6%	24.8%
<b>Income Statement (RMB mn)</b>					
<b>Revenue</b>	<b>400917</b>	<b>362013</b>	<b>438602</b>	<b>531234</b>	<b>634846</b>
<b>Gross profit</b>	<b>91847</b>	<b>88494</b>	<b>107457</b>	<b>130524</b>	<b>155601</b>
EBIT	48791	59920	78827	100756	121337
Profit before tax	53914	63182	84868	107600	129025
<b>Tax</b>	<b>7153</b>	<b>9175</b>	<b>11882</b>	<b>15871</b>	<b>19354</b>
Profit for the period	46761	54007	72987	91729	109671
Minority interests	2640	3262	4567	4877	5126
Total capital share	4399	4403	4564	4564	4564
<b>Net profit</b>	<b>44121</b>	<b>50745</b>	<b>68420</b>	<b>86852</b>	<b>104545</b>

Source: PSR

(Closing price as at 29 December)

### 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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**Contact Information (Regional Member Companies)**
**SINGAPORE**
**Phillip Securities Pte Ltd**

250 North Bridge Road, #06-00 Raffles City Tower,  
Singapore 179101

Tel : (65) 6533 6001 Fax: (65) 6535 3834

[www.phillip.com.sg](http://www.phillip.com.sg)

**INDONESIA**
**PT Phillip Securities Indonesia**

ANZ Tower Level 23B, Jl Jend Sudirman Kav 33A,  
Jakarta 10220, Indonesia

Tel (62) 21 5790 0800 Fax: (62) 21 5790 0809

[www.phillip.co.id](http://www.phillip.co.id)

**THAILAND**
**Phillip Securities (Thailand) Public Co. Ltd.**

15th Floor, Vorawat Building, 849 Silom Road,  
Silom, Bangrak, Bangkok 10500 Thailand

Tel (66) 2 2268 0999 Fax: (66) 2 2268 0921

[www.phillip.co.th](http://www.phillip.co.th)

**UNITED STATES**
**Phillip Futures Inc.**

141 W Jackson Blvd Ste 3050

The Chicago Board of Trade Building

Chicago, IL 60604 USA

Tel (1) 312 356 9000 Fax: (1) 312 356 9005

**MALAYSIA**
**Phillip Capital Management Sdn Bhd**

B-3-6 Block B Level 3, Megan Avenue II,  
No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur

Tel (60) 3 2162 8841 Fax (60) 3 2166 5099

[www.poems.com.my](http://www.poems.com.my)

**CHINA**
**Phillip Financial Advisory (Shanghai) Co. Ltd.**

No 436 Heng Feng Road, Green Tech Tower Unit 604  
Shanghai 200 070

Tel (86) 21 6351 2939 Fax: (86) 21 6091 1155

[www.phillip.com.cn](http://www.phillip.com.cn)

**FRANCE**
**King & Shaxson Capital Ltd.**

3rd Floor, 35 Rue de la Bienfaisance  
75008 Paris France

Tel (33) 1 4563 3100 Fax : (33) 1 4563 6017

[www.kingandshaxson.com](http://www.kingandshaxson.com)

**AUSTRALIA**
**PhillipCapital Australia**

Level 10, 330 Collins Street

Melbourne VIC 3000

Tel (+61) 3 8633 9803 Fax (+61) 3 8633 9899

[www.phillipcapital.com.au](http://www.phillipcapital.com.au)

**HONG KONG**
**Phillip Securities (HK) Ltd**

11/F United Centre 95 Queensway Hong Kong

Tel (852) 2277 6600 Fax: (852) 2868 5307

[www.phillip.com.hk](http://www.phillip.com.hk)

**JAPAN**
**Phillip Securities Japan, Ltd**

4-2 Nihonbashi Kabutocho, Chuo-ku  
Tokyo 103-0026

Tel: (81) 3 3666 2101 Fax: (81) 3 3664 0141

[www.phillip.co.jp](http://www.phillip.co.jp)

**INDIA**
**PhillipCapital (India) Private Limited**

No. 1, 18th Floor, Urmi Estate, 95 Ganpatrao Kadam Marg,  
Lower Parel West, Mumbai 400013

Tel: (9122) 2300 2999 Fax: (9122) 6667 9955

[www.phillipcapital.in](http://www.phillipcapital.in)

**UNITED KINGDOM**
**King & Shaxson Ltd.**

6th Floor, Candlewick House, 120 Cannon Street  
London, EC4N 6AS

Tel (44) 20 7929 5300 Fax: (44) 20 7283 6835

[www.kingandshaxson.com](http://www.kingandshaxson.com)

**SRI LANKA**
**Asha Phillip Securities Limited**

Level 4, Millennium House, 46/58 Navam Mawatha,  
Colombo 2, Sri Lanka

Tel: (94) 11 2429 100 Fax: (94) 11 2429 199

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