

# CFMOTO POWER (603129 CH)

## Domestic Leader Accelerating Global Expansion

China | Motorcycles | Initiation Report

30 April 2026

### Company profile

CFMOTO POWER was established in 1989, starting with the R&D of core components, and entered complete vehicle manufacturing in 1998. Its current core business focuses on the R&D, production, and sales of ATVs, fuel motorcycles, and electric two-wheelers, with products precisely covering diverse scenarios such as sports and leisure, outdoor operations, and public service transportation. The Company is a domestic leader in ATVs and mid-to-large displacement motorcycles. Among them, ATVs are mainly for export sales, with displacements ranging from 400cc to 1,000cc, covering ATV (All-Terrain Vehicle), UTV (Utility Vehicle), and SSV (Side by Side Vehicle) models. The Company has ranked first in market share of ATVs in major European markets for more than ten consecutive years. Fuel motorcycles mainly focus on mid-to-large displacement high-end models, with displacements primarily ranging from 125cc to 1,250cc. In the domestic market for straddle motorcycles and scooters above 200cc, the Company ranks first. Electric two-wheelers represent a newly established business segment, mainly targeting the high-end market to build new growth drivers for results.

### Investment Summary

#### Revenue Maintains Strong Growth Momentum, While Tariffs Weigh on Profit Growth

CFMOTO POWER released its 2025 Annual Report and 2026 Q1 results: In 2025, the Company recorded revenue/net profit attributable to the parent company/net profit attributable to the parent company excluding non-recurring items of RMB19,746 million/RMB1,675 million/RMB1,581 million (RMB, the same below), up 31.3%/13.83%/9.70% yoy, respectively. Among these, overseas revenue reached RMB13.79 billion, accounting for 69.84%. Gross margin was 26.94%, down 3.12 ppts yoy, mainly due to increased tariffs. Net cash flow from operating activities amounted to RMB3,966 million, up 33.4% yoy.

The significantly lower growth rate of net profit compared with revenue in 2025 was mainly due to: 1) Increased tariffs on exports to the U.S. in 2025, resulting in additional retrospective tax payments of RMB978 million (vs. only RMB228 million in 2024); 2) Exchange losses caused by RMB appreciation.

In 2026 Q1, the Company recorded revenue/net profit attributable to the parent company/net profit attributable to the parent company excluding non-recurring items of RMB5,359 million/RMB423 million/RMB417 million, up 26.07%/1.81%/1.55% yoy, respectively. Despite continued exchange rate fluctuations and the impact of U.S. tariffs, the Company's results remained relatively resilient in the first quarter.

#### ATV Business: Premiumisation Drives Core Growth

The global sales volume of ATVs has generally stabilised, while the product mix continues to upgrade towards UTV and SSV. Leveraging its globalised operating system and continuous technological innovation, the Company has steadily advanced its product portfolio towards high-performance and high-value segments. Its core model, U10PRO, has delivered outstanding performance in the global market, effectively driving brand premiumisation and increasing ASP. From a regional perspective, the North American market has achieved structural breakthroughs driven by high-end models, with strong growth momentum. The European market has further consolidated its leading position in market share through the coordinated development of the "CFMOTO + GOES" dual-brand strategy. Emerging markets such as Asia-Pacific and Latin America have expanded steadily with balanced development, further enhancing the segment's overall risk resilience. In 2025, the Company sold a total of 197 thousand ATVs, up 16.45% yoy, and recorded sales revenue of RMB9,608 million, up 33.26% yoy. Export value accounted for 74.01% of the industry total, continuing to lead the industry export rankings.

### BUY (Initiation)

CMP CNY 271.31

(Closing price as at 28 April)

TARGET CNY 359.3 (+32.43%)

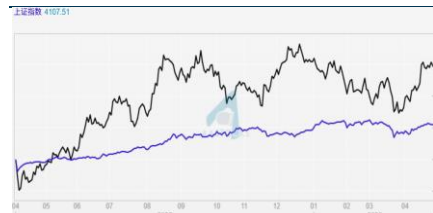
#### COMPANY DATA

O/S SHARES (MN) :	153
MARKET CAP (CNY MN) :	41641
52 - WK HI/LO (CNY):	304.80/ 151.71

#### SHARE HOLDING PATTERN, %

CHUNFENG HOLDING GROUP	28.05
Chongqing Chunfeng Investment	7.86

#### PRICE VS. SHCOMP



Source: Aastocks, Phillip Securities (HK) Research

#### KEY FINANCIALS

CNY mn	FY25	FY26E	FY27E	FY28E
Net Sales	19746	24732	30475	37531
Net Profit	1675	2132	2835	3659
EPS, CNY	10.88	13.84	18.29	23.46
P/E, x	24.9	19.6	14.8	11.6
BVPS, CNY	49.17	57.96	70.10	84.55
P/BV, x	5.5	4.7	3.9	3.2
DPS (CNY)	4.20	5.00	6.60	8.30
Div. Yield (%)	1.5%	1.8%	2.4%	3.1%

Source: Company reports, Phillip Securities Est.

#### Research Analyst

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**Motorcycle Business: Domestic Leader Accelerating Global Expansion**

In 2025, the Company achieved fuel motorcycle sales volume of 295.9 thousand units, up 3.27% yoy, and sales revenue of RMB6,471 million, up 7.18% yoy. Among these, overseas sales reached 159.5 thousand units, up 11.3% yoy, with overseas revenue of RMB3,587 million, up 21.88% yoy. The Company’s premiumisation strategy has delivered remarkable results: In 2025, motorcycles with displacement above 250cc accounted for 83%, of which models above 500cc accounted for 24%. In the domestic market, the SR series has become a benchmark in the sportbike segment, with a market share of 36.2%, while the Company ranked first in the domestic 200cc+ segment with a market share of 26.2%. In 2024, the Company won three overall championships in the Moto3 250cc category of MotoGP, significantly enhancing its international brand influence. In 2025, the Company completed optimisation of distributor rights across five European countries and accelerated the rollout of the “CFlite” brand in emerging markets such as Latin America and Asia, with steadily increasing regional penetration.

**Electric Two-Wheeler Business: Brand Momentum Surges, Sales Grow Exponentially**

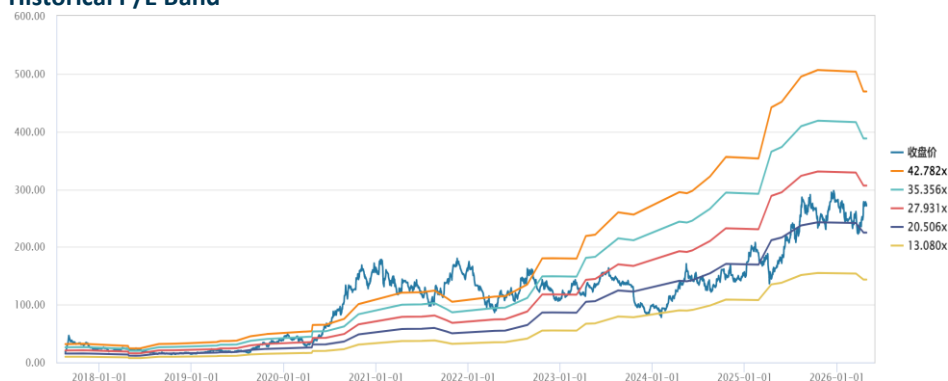
The Company’s “ZEEHO” brand electric two-wheelers adhere to a high-end positioning of “fuel motorcycle performance + intelligent technology”. In 2025, total sales reached 551.2 thousand units, up 420.2% yoy, with sales revenue of RMB1,912 million, up 381.0% yoy. Gross margin increased by 6.75 ppts to -0.03 ppts, approaching break-even. Channel expansion progressed rapidly, with 1,260 new stores added during the year, bringing the total number of stores to over 2,050 and achieving 100% coverage across Tier 1 to Tier 3 cities. Against the backdrop of pressure on electric bicycles following the implementation of the new national standards in 2024, part of the demand has shifted towards electric motorcycles. The Company leverages its expertise in recreational motorcycles to enter the electric motorcycle segment with clear technological advantages and a strong pipeline of new products, positioning it well to capture structural growth opportunities.

**Investment Thesis**

Looking ahead, the Company’s ATV and motorcycle businesses are expected to continue gaining overseas market share, supported by technological R&D and brand building. We believe the overseas market will remain a key driver of sustained growth in the Company’s results.

As for valuation, we expected diluted EPS of the Company to RMB 13.84/18.29/23.46 of 2026/2027/2028. And we accordingly gave the target price to RMB 359.3, respectively 26x P/E for 2026. "BUY" rating. (Closing price as at 28 April)

**Historical P/E Band**



Source: Wind, Company, Phillip Securities Hong Kong Research

## Risk

Progress of new production line is below expectations  
 Macroeconomic downturn affects product demand  
 Sharply rising raw material prices or sharply falling product prices

## Financials

FYE DEC	FY24	FY25	FY26F	FY27F	FY28F
<b>Valuation Ratios</b>					
P/E (X), adj.	28.1	24.9	19.6	14.8	11.6
P/B (X)	6.6	5.5	4.7	3.9	3.2
Dividend payout ratio(%)	39.8%	38.6%	36.1%	36.1%	35.4%
Dividend Yield (%)	1.4%	1.5%	1.8%	2.4%	3.1%
<b>Per share data (RMB)</b>					
EPS, (Basic)	9.74	10.99	13.84	18.29	23.46
EPS, (Diluted)	9.67	10.88	13.84	18.29	23.46
DPS	3.85	4.20	5.00	6.60	8.30
BVPS	40.90	49.17	57.96	70.10	84.55
<b>Growth &amp; Margins (%)</b>					
<b>Growth</b>					
Revenue	24.2%	31.3%	25.3%	23.2%	23.2%
EBIT	30.8%	29.6%	25.0%	35.4%	41.3%
Net Income, adj.	46.1%	13.8%	27.2%	33.0%	29.1%
<b>Margins</b>					
Gross margin	28.2%	25.1%	25.1%	25.8%	26.2%
EBIT margin	8.8%	8.7%	8.7%	9.5%	10.9%
Net Profit Margin	9.8%	8.5%	8.6%	9.3%	9.8%
<b>Key Ratios</b>					
ROE	15.03%	20.73%	24.97%	27.14%	27.09%
<b>Income Statement (RMB mn)</b>					
<b>Revenue</b>	<b>15038</b>	<b>19746</b>	<b>24732</b>	<b>30475</b>	<b>37531</b>
<b>Gross profit</b>	<b>4233</b>	<b>4947</b>	<b>6205</b>	<b>7863</b>	<b>9848</b>
EBIT	1322	1713	2142	2900	4098
Profit before tax	1629	1879	2351	3185	4113
<b>Tax</b>	<b>135</b>	<b>145</b>	<b>181</b>	<b>284</b>	<b>370</b>
Profit for the period	1494	1734	2170	2902	3742
Minority interests	22	58	38	67	83
Total capital share	151	153	154	155	156
<b>Net profit</b>	<b>1472</b>	<b>1675</b>	<b>2132</b>	<b>2835</b>	<b>3659</b>

Source: PSR

(Closing price as at 28 April)

### 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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