

Geely (175 HK)

Accelerating Overseas Expansion and Premiumisation Strategy

Hong Kong | Automobile | Update Report

17 April 2026

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, Lynk, Zeekr, covering the A0 to C-class passenger vehicles market.

Investment Summary

26Q1 Sales Remained Largely Flat, with Premiumisation Strategy Showing Bright Spots

In the first quarter of 2026, Geely Auto delivered a cumulative 709.4 thousand vehicles, up 0.8% yoy, setting a new record high for the same period in history and regaining the top position among domestic brands. Among them, Geely brand's China Star recorded Q1 sales of 312 thousand units, down 5.5% yoy, while Galaxy sold 239 thousand units, down 8.0% yoy. Among the sub-brands, the premium brands delivered standout performance: LYNK&CO sold 82 thousand units, up 12.5% yoy, while Zeekr sold 77 thousand units, up 86.1% yoy. The premium SUV model Zeekr 9X achieved a smooth ramp-up, with cumulative Q1 sales exceeding 20 thousand units and March sales surpassing 10 thousand units. It is the Company's first full-size premium SUV equipped with Super Hybrid technology, and also the first to feature the SEA AI Digital Chassis and the G-Pilot H9 intelligent assisted driving system. With an average selling price of over RMB530 thousand (RMB, the same below), it has significantly enhanced brand strength and the profitability potential following scale-up. We believe that the launch of flagship 9-series models, such as the LYNK&CO 900, Zeekr 9X and Galaxy M9, marks the beginning of a new chapter in the Company's premiumisation strategy in the SUV segment.

Explosive Growth in Exports

In overseas markets, Geely Auto recorded cumulative exports of 203 thousand units in Q1, up 125.7% yoy, far exceeding the industry's average growth rate of 56.7%, representing explosive growth and accounting for 28.6% of total sales. In the European market, the Company has completed brand layout in five core countries—Spain, Germany, the Netherlands, Belgium and Luxembourg. In the Southeast Asian market, Geely Xingyuan has commenced deliveries and is gradually advancing localised production. In Latin America and the Middle East, the LYNK&CO and Zeekr brands are accelerating market penetration. The Company has provided 2026 full-year export sales guidance of no less than 640 thousand units, with a target of 750 thousand units, equivalent to yoy growth of 52.4% to 78.6%. Export business is expected to become the most important growth driver this year. We believe that the rapid volume expansion and high profitability of overseas markets will help offset the slowdown in domestic sales and improve profit margins.

Accumulate (Downgrade)

CMP HKD 24.04

(Closing price as at 15 April)

TARGET HKD 26.6 (+10.65%)

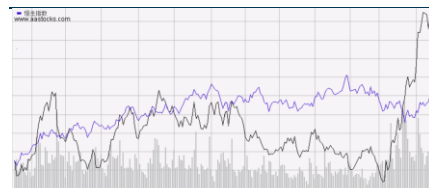
COMPANY DATA

O/S SHARES (MN) :	10845
MARKET CAP (HKD MN) :	260716
52 - WK HI/LO (HKD):	25.62/14.91

SHARE HOLDING PATTERN, %

Mr Li Shufu. & Associates	41.82
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PRICE VS. HSI



Source: Aastocks, Phillip Securities (HK) Research

KEY FINANCIALS

CNY mn	FY25	FY26E	FY27E	FY28E
Net Sales	345,232	433,793	501,607	580,557
Net Profit	16,852	20,256	25,311	30,169
EPS, CNY	1.67	1.85	2.32	2.77
P/E, x	13.2	11.3	9.0	7.6
BVPS, CNY	9.14	9.26	10.20	11.10
P/BV, x	2.4	2.3	2.1	1.9
DPS (CNY)	0.45	0.54	0.68	0.85
Div. Yield (%)	2.0%	2.6%	3.3%	4.1%

Source: Company reports, Phillip Securities Est.

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New Energy Vehicles Account for Over Half

Geely Auto’s new energy transition is entering an accelerated phase. In Q1 2026, the Company’s cumulative sales of new energy vehicles reached 369.1 thousand units, up 9% yoy, with the penetration rate rising to 52%, and further increasing to 55% in March alone. From a structural perspective, plug-in hybrid models contributed more incremental growth within Geely’s new energy product portfolio, up 62% yoy and currently accounting for 44%, while pure electric models declined by 13% yoy, accounting for 56%.

Recent geopolitical conflicts in the Middle East have led to volatility in oil prices, which has objectively accelerated the global adoption of electric vehicles. In the long term, this trend benefits leading automakers with advantages in products, technology, cost, and supply chains. The Company’s new energy vehicle segment is expected to achieve a favourable trajectory of simultaneous volume and profit growth.

Strong Performance Last Year, Core Net Profit up 36%

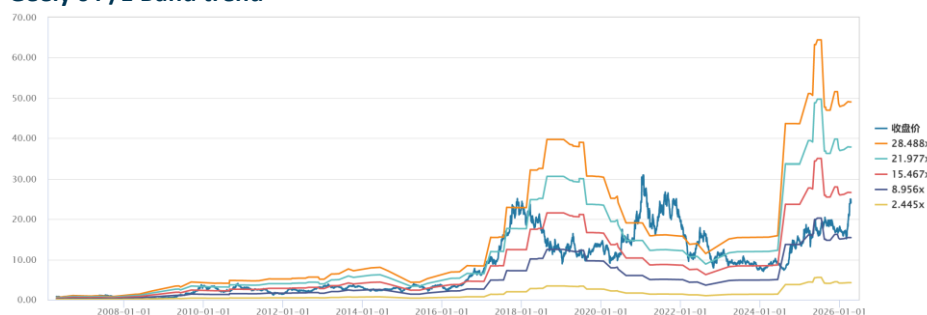
According to the Company’s 2025 annual report, full-year revenue reached RMB345,232 million, up 25.1% yoy; net profit attributable to the parent company was RMB16,852 million, up 0.2% yoy. Excluding foreign exchange gains, impairment losses, and gains from the deemed disposal of subsidiaries in 2024, core net profit attributable to the parent company amounted to RMB14.41 billion, up 36% yoy. The strong performance was mainly driven by robust sales growth, which led to the release of scale effects, as well as optimisation of product mix and synergies from strategic integration. In 2025, the Company recorded cumulative sales of 3,024.6 thousand units, up 39.0% yoy, of which new energy vehicle sales reached 1,687.8 thousand units, up 90.0% yoy. Gross margin in 2025 was 16.61%, up 0.1 ppts yoy; core net profit margin attributable to the parent company increased to 4.2%, up 0.5 ppts yoy. The rising sales mix of Zeekr contributed significantly to the improvement in overall gross margin.

In terms of expense ratios, the sales/administration/R&D expense ratios were 5.92%/1.88%/5.1%, respectively, representing yoy changes of -0.04/-0.39/+0.14 ppts. This was mainly due to increased investment in the R&D of new models and platforms, as well as a lower capitalisation ratio of R&D expenses. Looking ahead, as the “One Geely” strategy continues to deepen, the cost reduction effect from declining expense ratios—driven by technology sharing and cost optimisation—will continue to materialise..

Investment Thesis

We revised our financial forecast and target price to HK\$26.6, equivalent to 12.5/10/8.4x P/E ratio in 2026/2027/2028, and we give the rating of Accumulate. (Closing price as at 15 April)

Geely’s P/E Band trend



Source: Wind, Company, Phillip Securities Hong Kong Research

Financials

FYE DEC	2024	2025	2026E	2027E	2028E
Valuation Ratios					
P/E (X), adj.	13.6	13.2	11.3	9.0	7.6
P/B (X)	2.6	2.4	2.3	2.1	1.9
Dividend Yield (%)	1.4%	2.0%	2.6%	3.3%	4.1%
Dividend payout ratio (%)	18.7%	27.6%	29.5%	29.7%	31.1%
Per share data (RMB)					
EPS, (Basic)	1.656	1.667	1.855	2.321	2.769
EPS, (Diluted)	1.650	1.628	1.829	2.289	2.730
DPS	0.309	0.450	0.540	0.680	0.850
BVPS	8.60	9.14	9.26	10.20	11.10
Growth & Margins (%)					
Growth					
Revenue	NA	25.1%	25.7%	15.6%	15.7%
EBIT	NA	12.8%	18.1%	27.9%	22.2%
Net Income, adj.	NA	0.2%	20.2%	25.0%	19.2%
Margins					
Gross margin	16.6%	16.6%	16.8%	17.3%	17.6%
EBIT margin	6.5%	5.8%	5.5%	6.1%	6.4%
Net Profit Margin	6.1%	4.9%	4.7%	5.0%	5.2%
Key ratios (%)					
ROE	20.1%	18.8%	21.0%	24.0%	17.4%
ROA	6.2%	5.8%	6.4%	7.4%	8.4%
Income Statement (RMB mn)					
Revenue	275,910	345,232	433,793	501,607	580,557
Gross profit	45,804	57,347	73,007	86,627	102,294
EBIT	17,815	20,093	23,733	30,357	37,107
Profit before tax	18,127	20,230	23,893	30,603	37,414
Tax	(1,782)	(3,601)	(3,584)	(4,591)	(5,612)
Profit for the period	16,345	16,628	20,309	26,013	31,802
Minority interests	467	224	(53)	(702)	(1,633)
Total capital share	10,066	10,109	10,845	10,845	10,845
Net profit	16,812	16,852	20,256	25,311	30,169

Source: PSR

(Closing price as at 15 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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