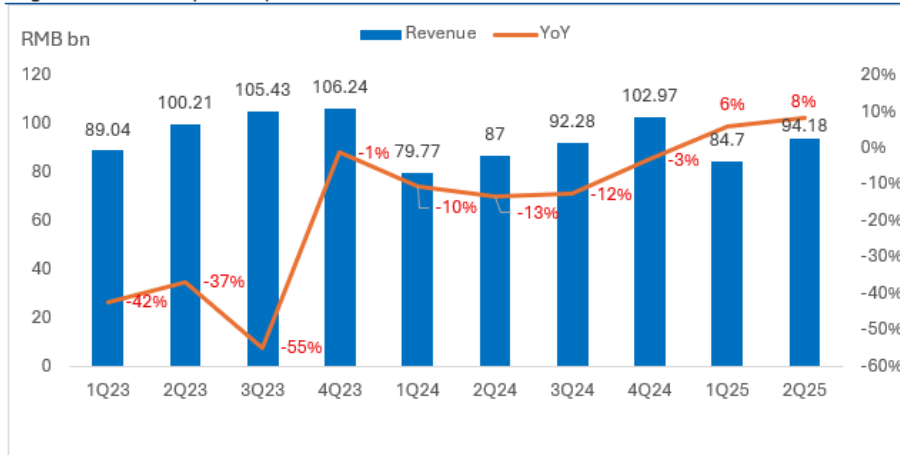


What's Hot Today:

► CATL (3750 HK, HK\$406.20, HK\$ 1.85tn) Opportunities and Challenges in Global Layout

Revenue growth maintained but fell short of expectations: The company achieved operating revenue of RMB179bn in 1H25, a yoy increase of 7%; among which, total revenue in Q2 reached RMB94.2bn, a yoy growth of 8% to resume a positive trend since 1Q25, yet the 2Q revenue was lower than market expectations of RMB101bn:

Fig 1: Total Revenue (RMB bn)



Source: Company Data, Sunwah Kingsway Research

•Revenue from power battery systems reached RMB132bn, a yoy increase of 16.8%, accounting for about 74% of total revenue. This is attributed to the continuous growth in demand for power batteries driven by the rising sales of new energy vehicles globally. According to SNE Research, global new energy vehicle sales reached 7.52 mn units from January to May 2025, a yoy increase of 32.4%; global power battery usage amounted to 401.3 GWh, a yoy growth of 38.5%. CATL's power battery shipments continued to climb to 120 GWh, up 41% yoy and 25% qoq, with growth outpacing the industry average. It is estimated that its global market share in power battery usage from January to May 2025 stood at 38.1%, an increase of 0.6 ppts compared to the same period last year. However, the ASP of power batteries was RMB0.69/Wh, a yoy decrease of 14%.

•Revenue from energy storage battery systems amounted to RMB28.4bn, a slight yoy decrease of 1.47%. According to market research firm Rho Motion, the company's energy storage battery production remained the world's largest. Its energy storage shipments in Q2 reached 30 GWh, a yoy increase of 20% and a qoq increase of 25%. Overseas revenue accounted for 50% of the segment's sales during the period, mainly to Europe and the Middle East.

China & HK Indices	CLOSE	1D	YTD
HSI	24,773	-1.6%	23.5%
HSCEI	8,882	-1.7%	21.9%
HSCCI	4,249	-2.3%	12.4%
CSI300	4,075	-1.8%	3.6%
Shanghai A	3,745	-1.2%	-1.0%
Shanghai B	264	-1.4%	-1.0%
Shenzhen A	2,275	-1.4%	11.1%
Shenzhen B	1,279	-1.7%	5.5%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	44,130	-0.7%	3.7%
S&P 500	6,339	-0.4%	7.8%
Nasdaq	21,122	-0.0%	9.4%
Nikkei Index	40,796	-0.7%	2.3%
FTSE Index	9,132	-0.0%	11.7%
CAC Index	7,771	-1.1%	5.3%
DAX Index	24,065	-0.8%	20.9%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,289	0.5%	25.3%
STEEL (US\$/oz.)	2,056	-3.4%	15.1%
SILVER (US\$/oz.)	36	-1.1%	26.9%
CRUDE OIL (US\$/bbl)	69	-1.1%	-3.3%
COPPER (US\$/oz.)	9,611	-1.9%	9.6%
ALUMINIUM (US\$/oz.)	2,565	-1.6%	0.5%
PLATINUM (US\$/oz)	1,292	-1.6%	43.0%
ZINC (US\$/oz.)	2,760	-1.6%	-7.3%
WHEAT (US\$/bu)	523	-0.1%	-4.7%
CORN (US\$/bu)	413	0.4%	-6.7%
SUGAR (US\$/lb)	N/A	N/A	N/A
SOYBEAN (US\$/bu)	989	-0.7%	-3.4%
PVC (US\$/t)	N/A	N/A	-8.1%
CRB	299	-2.0%	3.0%
BDI			100.1%

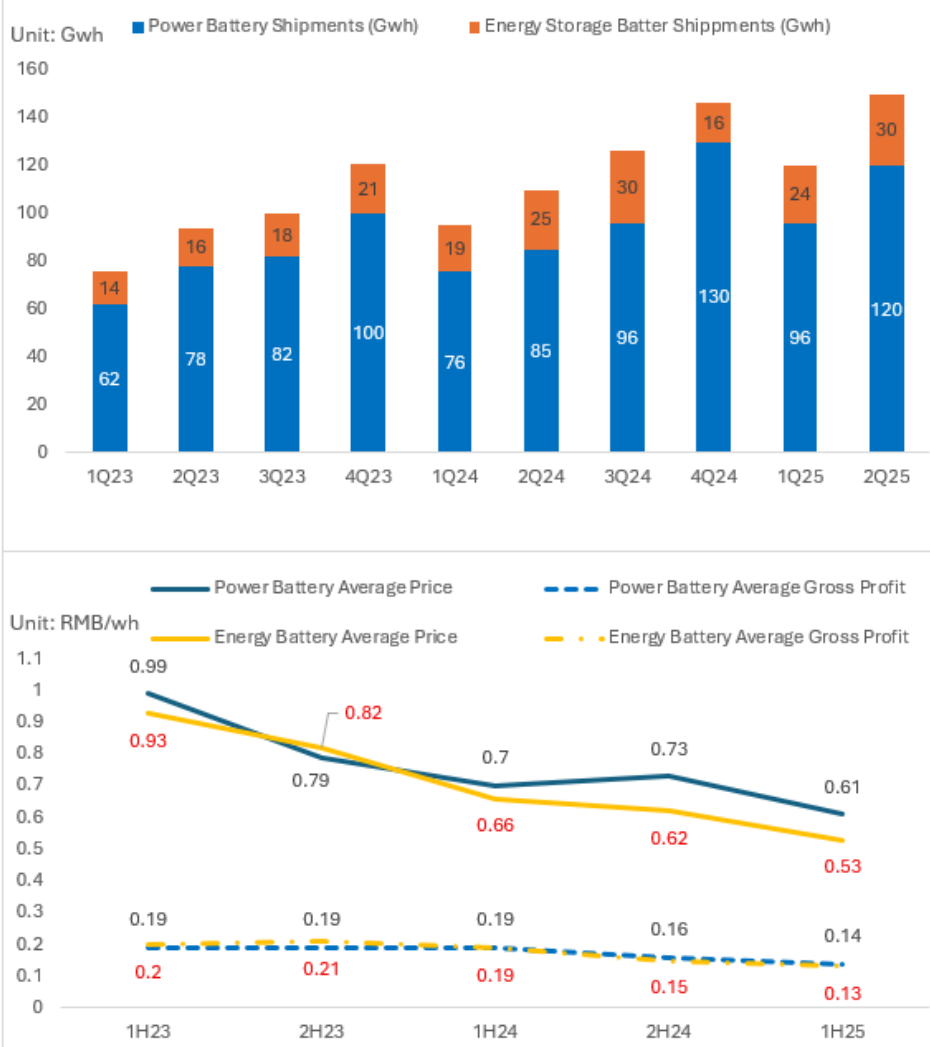
Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.850	0.876	150.750	0.812	7.200
HKD	0.127		0.112	19.206	10.350	0.917
EUR	1.142	8.961		172.080	1.078	8.227
JPY	0.007	5.206	0.581		0.539	0.048
CHF	1.231	9.663	1.078	185.559		8.866
RMB	0.139	1.090	0.122	20.937	0.113	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	16	8.6%

Source: Bloomberg

However, due to the slowdown in domestic growth, the overall growth rate declined somewhat. The ASP of energy storage products dropped from RMB0.62/Wh to RMB0.53/Wh, mainly due to the low technical threshold in the energy storage market, leading to intense price competition

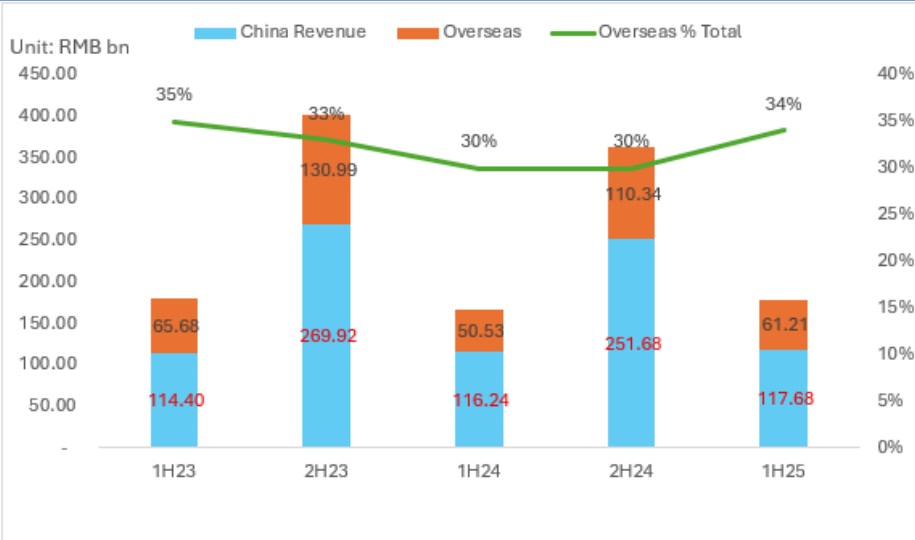
Fig 2: Revenue Breakdown



Source: Company Data, Sunwah Kingsway Research

Overseas revenue continued to grow, accounting for 34% of total revenue. This is driven by the continuous growth in global demand for new energy vehicles and installed capacity of wind and photovoltaic power, supported by global clean energy transition goals. According to SNE Research, CATL's global market share increased from 37.5% in 2024 to 38.1%. The company is increasing the production of overseas factories (Hungary, Spain) and continuously lifting localized supply chain layout.

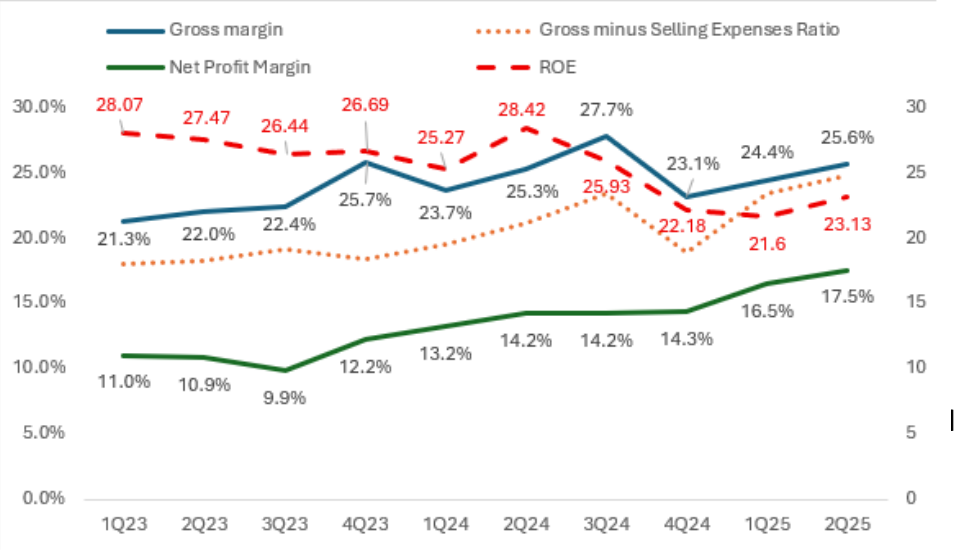
Fig 3: Revenue Breakdown in terms of regional



Source: Company Data, Sunwah Kingsway Research

Gross profit margin rebounded qoq, supported by excellent cost control: The comprehensive GPM in Q2 stood at 25.6%, up 1.2 ppts from 24.4% in Q1 and higher than 25.3% in the same period last year. The company showed excellent cost control in Q2 where sales expenses amounted to only RMB770mn, with a gross profit-selling expense gap reaching 24.8%; the total of three key expenses namely selling, general and administrative, and financial expenses came to RMB 8.55bn. The expense ratio continued to decline to 9.1%. However, affected by intensified domestic energy storage price competition, the phased slowdown in penetration rate of high-end electric vehicles, and lagging cost transmission of some raw materials, the average prices and gross profits of both power batteries and energy storage batteries showed a downward trend.

Fig 4: Net profit and operating profit (US\$ mn)



Source: Company Data, Sunwah Kingsway Research

High-capacity utilization supports growth, with healthy inventory levels: The company's capacity utilization rate remained at a high level of 89.9%; both production volume and under-construction capacity maintained rapid growth, with yoy growth rates exceeding 40% compared to 1H24. Contract liabilities and estimated liabilities both reached historical highs; inventory continued to rise to 73 GWh, mainly due to the growth in overseas sales. However, as some products after being exported through Chinese customs, were temporarily stored in CATL's overseas warehouses and not yet delivered to customers' factories, thus remaining in inventory. Despite the increase in absolute inventory volume, the inventory turnover days in Q2 remained the same as in Q1 (approximately 88 days), indicating an overall healthy inventory status. The company is expected to benefit from the recovery of the overall prosperity of the power battery and energy storage industries in 2025 and the growth in overseas demand.

Unit: Gwh	1H23	2H23	1H24	2H24	1H25	YoY
Capacity	254	298	323	353	345	6.8%
Capacity Utilization	60.6 %	78.9%	65.3%	76.33%	89.89%	24.5pct
Productivity	154	235	211	305	310	46.9%
Capacity under construction	100	100	153	219	235	53.6%

Net profit hits new high, with ample funds to reward shareholders: Net profit attributable to shareholders reached RMB16.5bn, a yoy increase of 33%, with a NPM of 17.5%, hitting a historical high. This is supported by strict control of key expenses and a significant reduction in asset impairment; financial expenses stood at RMB5.8bn, mainly driven by increases in FX gains and others. The company has ample capital reserves, with monetary fund's reaching RMB351bn, and the asset-liability ratio continuing to decline to 63%, while ROE remained above 20. The company plans to allocate RMB4.57bn (accounting for nearly 15%) from the net profit attributable to shareholders in 1H25 as interim dividends, with a cash dividend of 10.07 yuan per 10 shares (HK\$11.04 for H-shares).

Our View: CATL delivered an overall solid performance in Q2, the growth in shipments benefited from the high growth of the industry. However, due to intense competition in domestic terminal vehicle sales, consumers' high demand for cost-effective models has led to a continuous decline in the ASP of automobiles. Moreover, second-tier manufacturers such as BYD and EVE Energy have increased their output, triggering a price war. Meanwhile, in the energy storage market, with low technical level and threshold, has been affected by intensified price competition. The unit prices of power batteries and energy storage batteries have continued to decline, offsetting part of the high growth in shipments, resulting in only an 8% revenue growth. Excluding the finance costs, the core operating profit is approximately RMB11bn, mainly affected by price drops caused by the price war.

We believe that CATL will achieve double-digit growth in new customer development and global layout. It is expected that battery shipments will reach 850 GWh in 2025, benefiting from the "anti-involution" policies and national subsidies in the 2H25 in China, which will ease price competition and stimulate consumer purchases. . CATL will speed up its factory construction in Europe to avoid tariffs and logistics costs, is expected to increase its market share in Europe, avoid domestic price wars. We believe that CATL will achieve double-digit growth in new customer development and a global footprint. The counter is trading at 15.0x FY26E P/E. (Research Department)

Fig 5: CATL Market Share

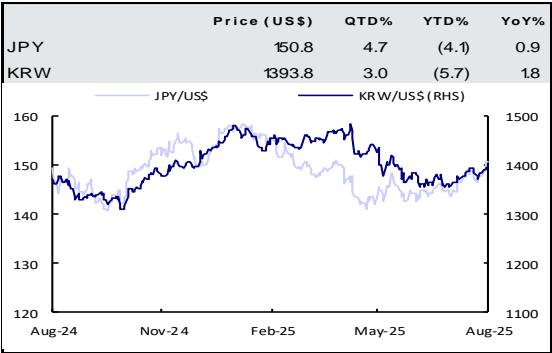
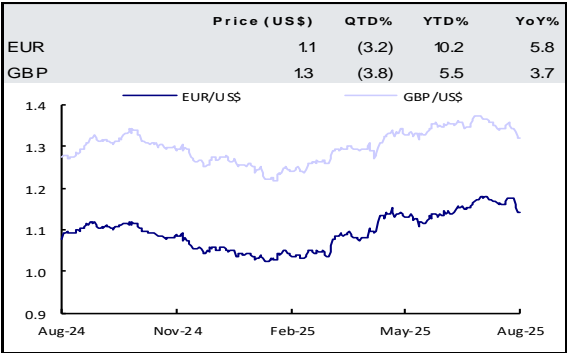
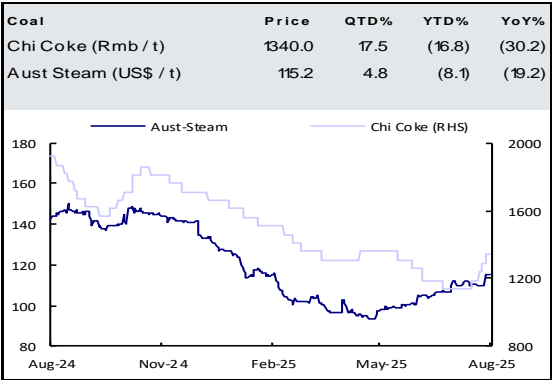
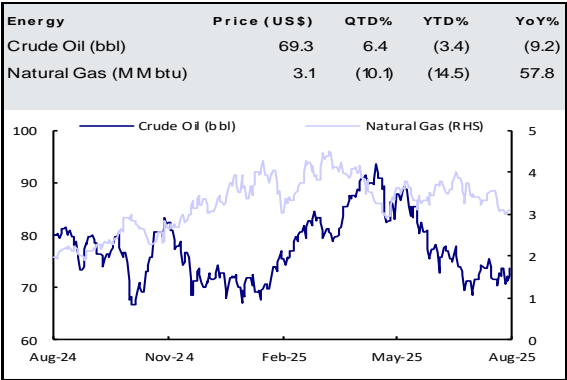
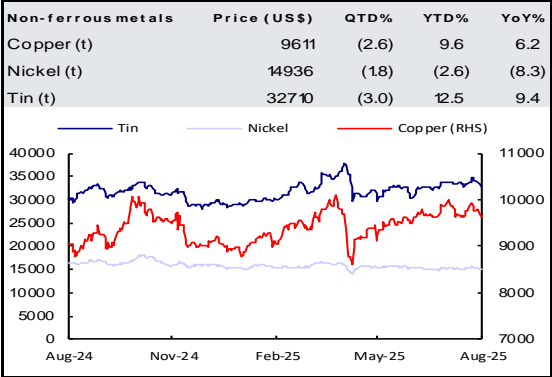
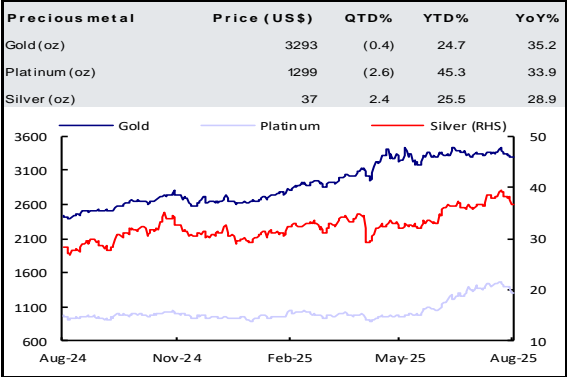
* Annual Cumulative Global EV Battery Usage					(Unit : GWh)	
Rank	Group	2024. 01~05	2025. 01~05	Growth Rate	2024 M/S	2025 M/S
1	CATL	108.6	152.7	40.6%	37.5%	38.1%
2	BYD	44.5	70.0	57.1%	15.4%	17.4%
3	LG Energy Solution	34.9	39.9	14.3%	12.1%	10.0%
4	CALB	13.7	16.9	22.7%	4.7%	4.2%
5	SK on	14.2	16.8	18.1%	4.9%	4.2%
6	Gotion	7.7	13.8	78.9%	2.7%	3.4%
7	Samsung SDI	14.3	13.1	-8.8%	4.9%	3.3%
8	Panasonic	13.4	11.7	-12.9%	4.6%	2.9%
9	EVE	6.4	10.8	67.7%	2.2%	2.7%
10	SVOLT	5.0	10.5	110.1%	1.7%	2.6%
Others		26.8	45.1	68.5%	9.2%	11.2%
Total		289.8	401.3	38.5%	100.0%	100.0%

(Source: 2025 June Global Monthly EV and Battery Monthly Tracker, SNE Research)

Source: SNE Research, Sunwah Kingsway Research

RMB bn	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
Revenue	89.04	100.21	105.43	106.24	79.77	87.00	92.28	102.97	84.70	94.18
YoY	82.9%	55.9%	8.3%	-10.2%	-10.4%	-13.2%	-12.5%	-3.1%	6.2%	8.3%
COGS	70.10	78.20	81.79	78.97	60.87	65.00	66.68	79.17	64.03	70.09
Gross Profit	18.94	22.00	23.64	27.27	18.90	22.00	25.60	23.80	20.67	24.09
Margin	21.3%	22.0%	22.4%	25.7%	23.7%	25.3%	27.7%	23.1%	24.4%	25.6%
Selling Expense	2.92	3.78	3.52	7.73	0.86	1.00	3.92	7.36	0.85	0.77
Ratio	3.30%	3.80%	3.30%	7.30%	4.20%	4.20%	4.30%	4.30%	1.00%	0.8%
Administrative Expense	1.85	2.66	2.41	1.54	2.30	2.09	2.38	2.91	2.62	2.50
Ratio	2.1%	2.7%	2.3%	1.5%	2.9%	2.4%	2.6%	2.8%	3.1%	2.7%
R&D Expense	4.65	5.20	5.03	3.48	4.34	4.25	4.48	5.53	4.81	5.28
Ratio	5.2%	5.2%	4.8%	3.3%	5.4%	4.9%	4.9%	5.4%	5.7%	5.6%
Asset Impairment	1.093	0.811	0.945	3.005	0.508	1.406	4.738	1.772	1.11	1.389
% of Revenue	0.8%	1.0%	1.3%	2.8%	1.0%	1.8%	5.6%	1.7%	1.5%	1.5%
Core operating profit	8.42	9.55	11.74	11.50	10.53	11.81	13.24	9.80	11.27	15.53
Margin	9.5%	9.5%	11.1%	10.8%	13.2%	13.6%	14.3%	9.5%	13.3%	16.5%
Net profit	9.82	10.90	10.43	12.98	10.51	12.36	13.14	14.74	13.96	16.52
Margin	11.0%	10.9%	9.9%	12.2%	13.2%	14.2%	14.2%	14.3%	16.5%	17.5%
Inventory	64	48.9	48.9	45.4	43.98	48.05	55.22	59.84	65.64	72.3
QoQ	-16.0%	-23.6%	0.0%	-7.2%	-3.1%	9.3%	14.9%	8.4%	9.7%	10.1%
Contract Liabilities	25.9	22.1	26.6	24	20.6	22.5	22.7	27.8	37.1	36.6
QoQ	15%	-15%	20%	-10%	-14%	9%	1%	22%	33%	-1%
Estimated Liabilities	22	26.4	31.8	51.6	57.3	59.2	65.4	71.9	73.5	80.1
QoQ	12%	20%	20%	62%	11%	3%	10%	10%	2%	9%
Cash and cash equivalents	210.5	219.6	233.8	264.3	288.6	255	264.7	303.5	321.3	350.5
Debt Asset Ratio	67%	70%	70%	69%	68%	69%	64%	65%	65%	63%

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Initial Jobless Claims	WoW		31-Jul-25
Personal Income & Spending	MoM		31-Jul-25
ISM Manufacturing PMI	MoM		1-Aug-25
Employment Report	MoM		1-Aug-25
Durable Goods Orders	MoM		4-Aug-25
Factory Orders	MoM		4-Aug-25
Trade Balance	MoM		5-Aug-25
Wholesale Inventories	MoM		7-Aug-25
CPI	MoM		12-Aug-25
PPI	MoM		14-Aug-25
Business Inventories	MoM		15-Aug-25
Retail Sales	MoM		15-Aug-25
Industrial Production	MoM		15-Aug-25
Housing Starts / Building Permits	MoM		19-Aug-25
Existing Home Sales	MoM		21-Aug-25
New home Sales	MoM		25-Aug-25
Consumer Confidence	MoM		26-Aug-25
GDP	QoQ		28-Aug-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Foreign Exchange Reserves	QoQ		7-Aug-25
Trade Balance	MoM		7-Aug-25
Money Supply - M2	MoM		9-Aug-25
PPI	MoM		9-Aug-25
CPI	MoM		9-Aug-25
Retail Sales	MoM		15-Aug-25
Industrial Production	MoM		15-Aug-25
PMI Manufacturing	MoM		31-Aug-25
GDP	YoY		20-Oct-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI	MoM		5-Aug-25
Foreign Currency Reserve	MoM		7-Aug-25
GDP	QoQ		15-Aug-25
Unemployment Rate	MoM		19-Aug-25
CPI	MoM		21-Aug-25
Trade Balance	MoM		26-Aug-25
Money Supply - M2	MoM		29-Aug-25
Retail Sales	MoM		1-Sep-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Composite Interest Rate	MoM		

Kingsway Research Team

Analyst
Howard Wong
Ensley Liu

Email
Howard.wong@sunwahkingsway.com
Ensley.liu@sunwahkingsway.com

Phone No.
(852) 2283 7307
(852) 2283 7618

Source: HKEx

Disclaimer

This document is not an offer to sell or the solicitation of an offer to buy or subscribe for any securities. The securities referred to in this document may not be eligible for sale in certain jurisdiction. Neither this document nor any portion hereof may be taken distributed or transmitted directly or indirectly into such jurisdiction nor to any residents thereof. Any failure to comply with this restriction may constitute a violation of the applicable laws and regulations and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. This document has been produced for private circulation and may not be copied, photocopied, duplicated, or redistributed without the prior written consent of Kingsway Financial Services Group Limited (“KFS”) and its affiliated companies (collectively, “Kingsway Group”).

This report is distributed in Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”) by KFS which is registered as a licensed corporation under the Securities and Futures Ordinance (Cap.571 of The Laws of Hong Kong) with the Securities and Futures Commission of Hong Kong (“SFC”) and its SFC CE number is ADF346.

The information contained in this report has been taken from sources believed to be reliable but no representation or warranty expressed or implied is made as to their accuracy or correctness. This report is published for the assistance of recipients but is not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient. It is not to be construed as an offer, invitation or solicitation to buy or sell any securities of the company or companies covered herein. Any recommendation contained in this report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. All opinions and estimates reflect our judgment on the date of this report and are subject to change without notice.

KFS, including its parent, subsidiaries and/or affiliates, may act as lead or co-manager in an offering of the securities of any issuer discussed herein, may from time to time perform financial services or other advisory services for, or solicit financial services or other business from, any issuer.

Within the past year, KFS, including its parent, subsidiaries and/or affiliates, may have acted as market maker or traded on a principal basis in the financial instruments of any issuer discussed herein and may act as underwriter, placement agent, advisor or lender to such issuer.

KFS, including its parent, subsidiaries, affiliates, shareholders, officers, directors, and employees may have long or short positions in, and buy or sell, the securities, commodities or derivatives (including options) or any other financial instruments thereof, of any issuers.

An employee of KFS, including its parent, subsidiaries and/or affiliates, may act as director, or be represented on the boards of directors, of any such entities or issuers.

Copyright 2025 Kingsway Group. All rights reserved.

Head Office

Hong Kong
Kingsway Financial Services Group Limited
7/F, Tower One, Lippo Centre,
89 Queensway, Hong Kong
Tel: 852-2283-7000
Fax: 852-2877-2665

Affiliated & Overseas Offices

Guangdong
廣東新華滙富商業保理有限公司
2701, Dongshan Plaza,
69 Xianlie Middle Road, Yuexiu District
Guangzhou, 510095

Vietnam
Sunwah Kingsway Vietnam Services Limited
Representative Office
Sunwah Tower, Mezzanine Floor
115 Nguyen Hue
District 1
Ho Chi Minh City
Vietnam