

What's Hot Today:

► Geely Auto (175 HK, HK\$18.95; HK\$191) 1H25 Sales Outperformed with Stable Gross Margin

During 1H25, Geely achieved operating revenue of RMB150bn, +27% YoY, the highest 1H revenue for the past three years. Profits attributable to shareholders reached RMB9.29bn, -14% YoY. Excluding FX gains, the company's core net attributable profit surged +102% YoY to RMB6.66bn. Among this, automotive business revenue stood at RMB135bn, +27% YoY, slightly higher than the market expectations of RMB133bn.

Robust sales performance: In 1H25, the company's auto sales exceeded management's expectations with total volume reaching 1.4m units +47% YoY; NEV penetration rose to 51.5%, with a 10.4% market share. In terms of brands, Geely and Galaxy performed strongly, with sales reaching 548,000 units, +232% YoY, while the YoY growth rate of high-end models Zeekr and Lynk&Co slowed down. ASP decreased by about RMB14k YoY to around RMB96k.

Gross profit margin maintained: Benefiting from the scale brought by the implementation of the "One Geely" strategy, coupled with strengthening cost control and profit contribution from GEA architecture products, the company's GPM dropped by merely 30bps YoY to 16.4%. Among expenses, sales expenses increased by 6.4% YoY to RMB8.38bn, mainly used for channel construction and marketing activities of NEV brands. Although the absolute value of expenses increased, the ratio decreased by 1ppt YoY. Administrative expenses rose sharply by 21% YoY to RMB7.33bn. Moreover, the gross profit per vehicle in 1H dropped to RMB15,600 from RMB18,300.

"One Geely" Strategy: In May 25, the company has privatized the high-end NEV brand Zeekr. Going forward, the positioning of the four key brands will be: (i) Zeekr and Lynk&Co are classified as high-end NEV brands, while (ii) Geely and Galaxy will be the low-end models. After brand integration, the company is expected to reduce R&D and supply chain costs through scale, while improving utilization; combining with the strong sales momentum, the management raised its full-year sales target to 3mn units from 2.71mn units.

China & HK Indices	CLOSE	1D	YTD
HSI	25,519	-0.4%	27.2%
HSCEI	9,128	-0.2%	25.2%
HSCCI	4,402	0.5%	16.4%
CSI300	4,173	-0.1%	6.1%
Shanghai A	3,843	-0.5%	-0.7%
Shanghai B	265	-0.6%	-0.7%
Shenzhen A	2,365	-1.2%	15.6%
Shenzhen B	1,312	-0.1%	8.2%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	44,911	-0.0%	5.6%
S&P 500	6,468	0.0%	10.0%
Nasdaq	21,710	-0.0%	12.4%
Nikkei Index	42,879	0.5%	7.5%
FTSE Index	9,177	0.1%	12.3%
CAC Index	7,870	0.8%	6.6%
DAX Index	24,377	0.8%	22.4%

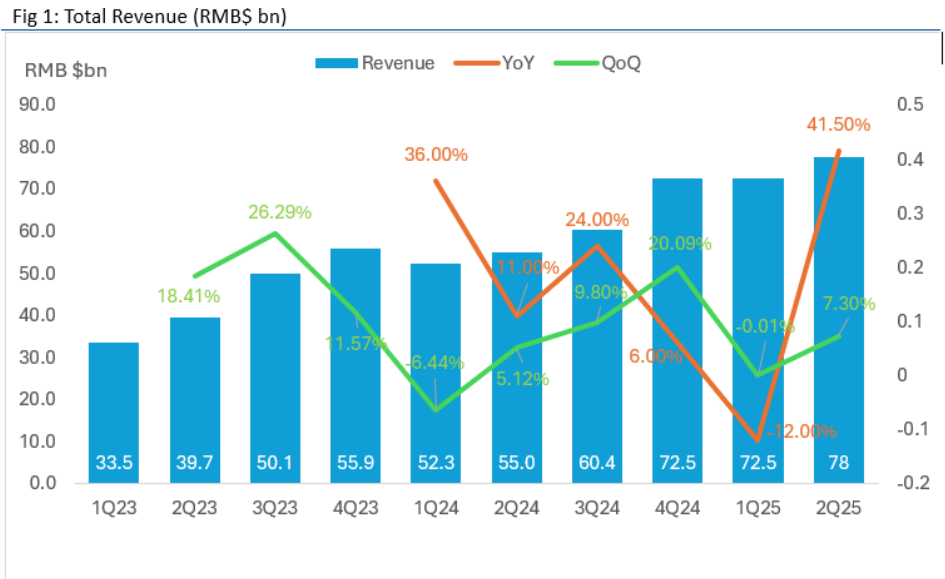
Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,335	-0.6%	27.1%
STEEL (US\$/oz.)	2,108	-0.2%	18.1%
SILVER (US\$/oz.)	38	-1.3%	31.5%
CRUDE OIL (US\$/bbl)	63	2.1%	-10.9%
COPPER (US\$/oz.)	9,766	-0.8%	11.4%
ALUMINUM (US\$/oz.)	2,619	0.0%	2.7%
PLATINUM (US\$/oz.)	1,359	1.2%	49.5%
ZINC (US\$/oz.)	2,848	0.0%	-4.4%
WHEAT (US\$/bu)	503	-0.7%	-8.6%
CORN (US\$/bu)	397	0.0%	-10.3%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,028	-1.5%	0.8%
PVC (US\$/t.)	N/A	N/A	-10.1%
CRB	295	-0.1%	3.0%
BDI			103.1%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.833	0.859	147.760	0.808	7.182
HKD	0.128		0.110	18.864	10.311	0.917
EUR	1.165	9.125		172.110	1.063	8.359
JPY	0.007	5.301	0.581		0.547	0.049
CHF	1.238	9.699	1.063	182.983		8.891
RMB	0.139	1.091	0.120	20.590	0.113	

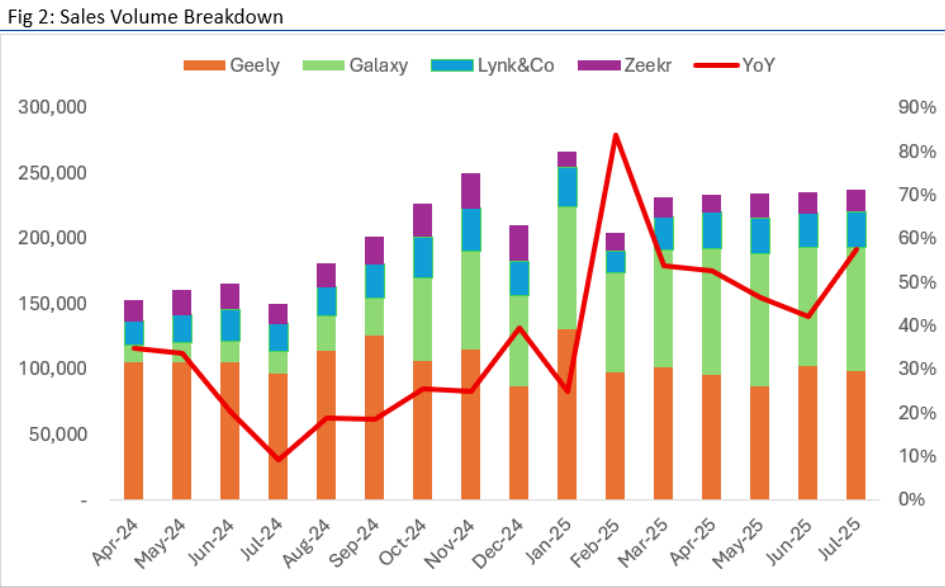
Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	14	-10.5%

Source: Bloomberg

Our Views: Geely is expected to carry robust sales momentum from 1H into the second half. More sales of low-end models and higher penetration of NEV are expected. Previously, the operating expenses were high due to the overlapping of brands. With the implementation of the "One Geely" strategy, costs are expected to be further optimized. It is also working to reduce product prices by strengthening technological innovation, for instance, by adjusting the three-speed DHT solution to a single-speed DHT solution and appropriately reducing engine horsepower. It is expected that the company's sales volume in 2H will still be dominated by low-end models but the gross profit margin may face certain pressure due to the adjustment of product structure and technical solutions. The counter is trading at 11.8x forward PE (Research department).

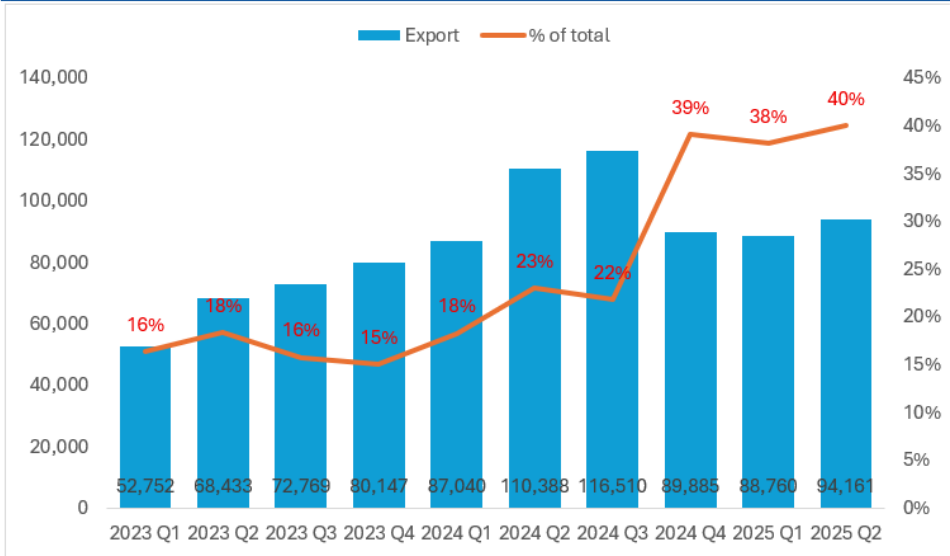


Source: Company Data, Sunwah Kingsway Research



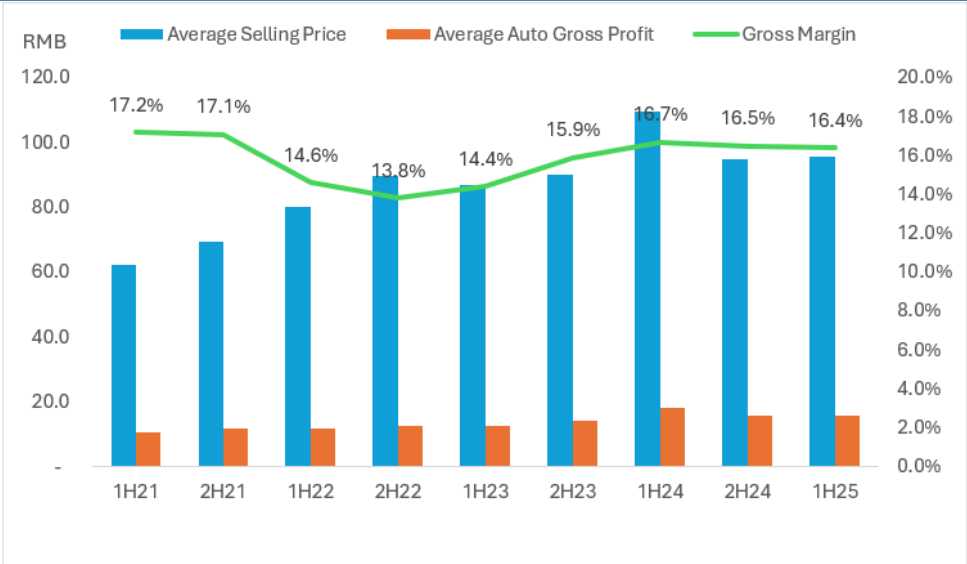
Source: Company Data, Sunwah Kingsway Research

Fig 3: Export Sales Volume



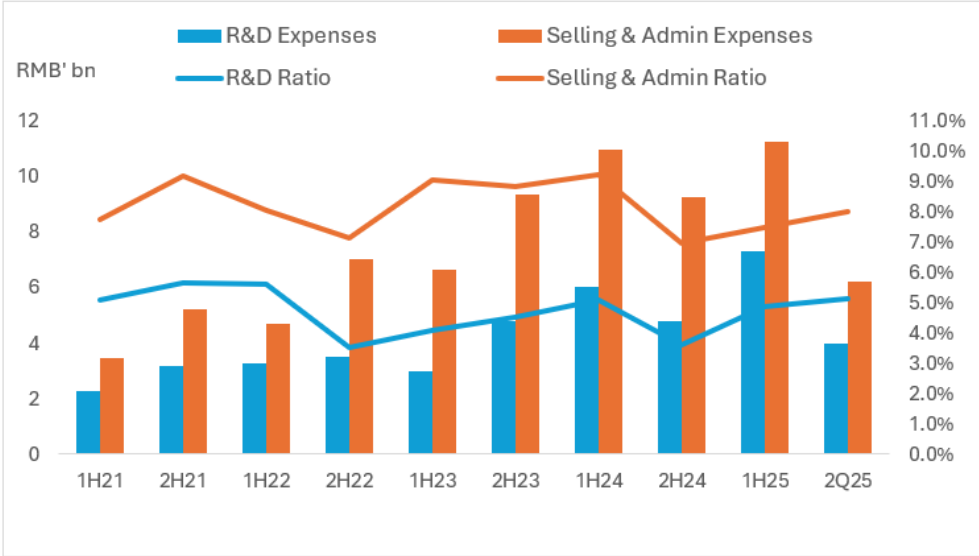
Source: Company Data, Sunwah Kingsway Research

Fig 4: Average selling price and profit



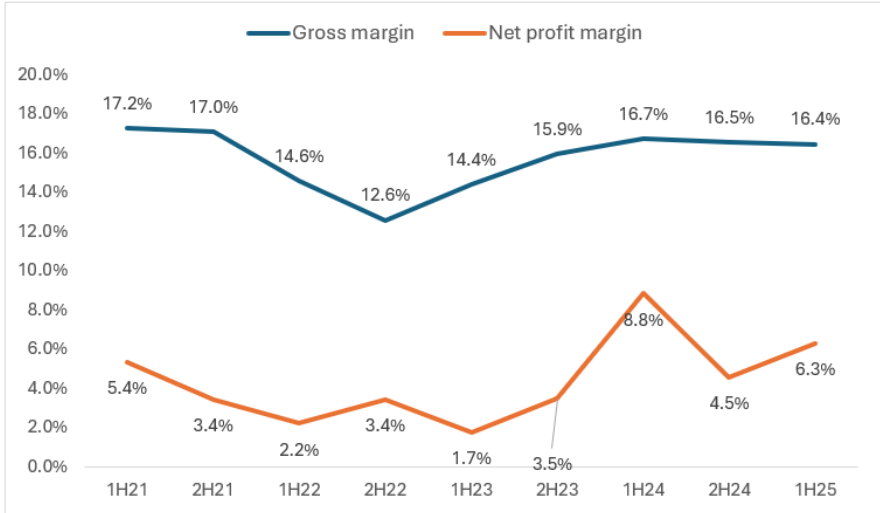
Source: Company Data, Sunwah Kingsway Research

Fig 5: Breakdown of operating expense



Source: Company Data, Sunwah Kingsway Research

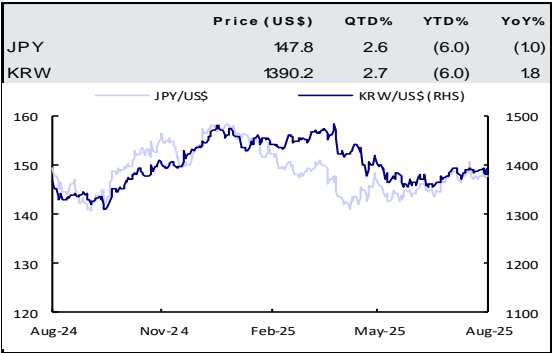
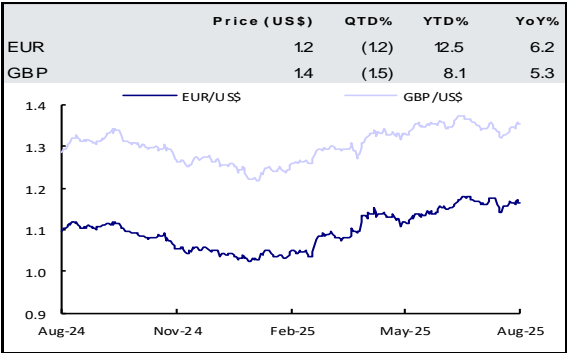
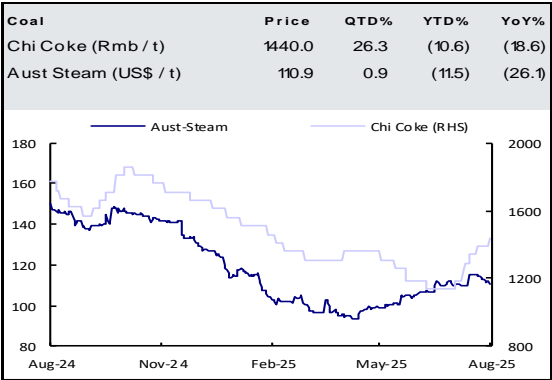
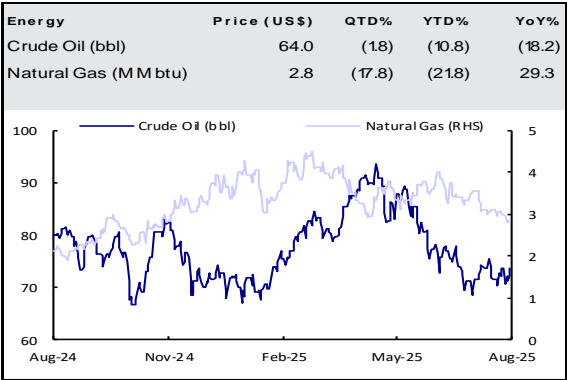
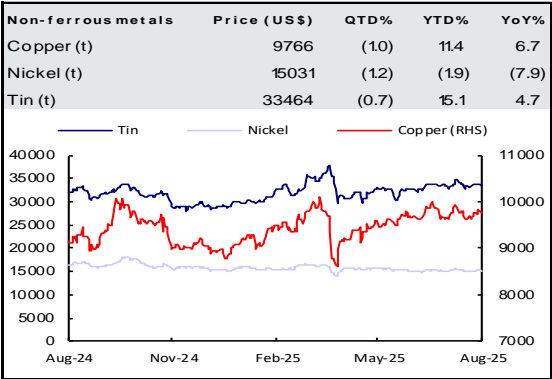
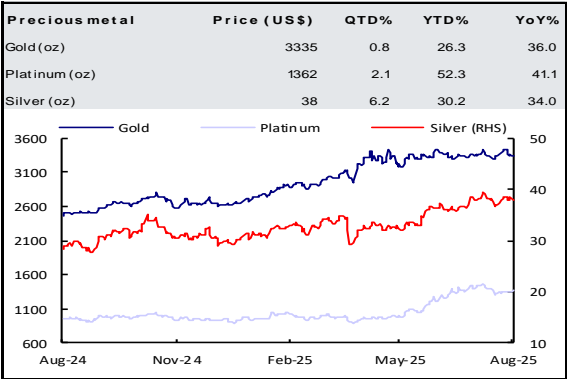
Fig 6: Gross margin and net profit margin



Source: Company Data, Sunwah Kingsway Research

Geely (HK. 175)	1H21	2H21	1H22	2H22	1H23	2H23	1H24	2H24	1H25
Unit: Billion in RMB									
Total Revenue	45	56.6	58.2	98.8	73.2	106	118.8	132.9	150.3
YoY Growth					36.0%	11.0%	24.0%	6.0%	-12.0%
QoQ Growth		25.8%	2.8%	69.8%	-25.9%	44.8%	12.1%	11.9%	13.1%
Gross Profit	7.76	9.65	8.48	12.42	10.54	16.87	19.87	21.98	24.72
Gross Margin	17.2%	17.0%	14.6%	12.6%	14.4%	15.9%	16.7%	16.5%	16.4%
R&D Expenses	-2.3	-3.21	-3.27	-3.5	-2.99	-4.82	-6.04	-4.82	-7.33
R&D Ratio	-5.1%	-5.7%	-5.6%	-3.5%	-4.1%	-4.5%	-5.1%	-3.6%	-4.9%
Selling & Admin Expenses	-3.49	-5.22	-4.7	-7.05	-6.65	-9.39	-10.97	-9.29	-11.28
Selling & Admin Ratio	-7.8%	-9.2%	-8.1%	-7.1%	-9.1%	-8.9%	-9.2%	-7.0%	-7.5%
Operating income	1.32	0.65	-0.34	1.23	0.47	2.45	1.58	7.4	5.43
OPM	2.9%	1.1%	-0.6%	1.2%	0.6%	2.3%	1.3%	5.6%	3.6%
Net Income	2.41	1.94	1.28	3.37	1.27	3.66	10.48	6.03	9.45
NPM	5.4%	3.4%	2.2%	3.4%	1.7%	3.5%	8.8%	4.5%	6.3%
Auto Revenue	39.3	48.4	49.2	73.6	60.3	89.3	104.8	115.6	134.6
YoY Growth	96.90%	229.70%	271.60%	133.80%	53.4%	84.5%	113.0%	57.1%	123.2%
QoQ Growth	6.10%	23.2%	1.7%	49.6%	-18.1%	48.1%	17.4%	10.3%	16.4%
Auto Cost	-32.54	-40.12	-42.02	-63.44	-51.62	-75.10	-87.30	-96.53	-112.53
Sales Volume (units)	630,237	697,792	613,842	819,146	694,045	992,471	955,730	1,220,837	1,409,180
YoY Growth	19%	-12%	-3%	17%	13%	21%	38%	23%	47%
QoQ Growth	-20%	11%	-12%	33%	-15%	43%	-4%	28%	15%
Auto Gross Profit	6.76	8.28	7.18	10.16	8.68	14.20	17.50	19.07	22.07
Auto GPM	17.20%	17.10%	14.60%	13.80%	14.40%	15.90%	16.70%	16.50%	16.40%
Auto Revenue per car (k in RMB)	62.36	69.36	80.15	89.85	86.88	89.98	109.65	94.69	95.52
Cost per Vehicle (k in RMB)	51.63	57.50	68.45	77.45	74.37	75.67	91.34	79.07	79.85
Auto Profit per car (k in RMB)	10.73	11.86	11.70	12.40	12.51	14.31	18.31	15.62	15.66
Auto net profit	3.34	2.38	1.76	3.06	1.51	3.11	9.67	4.30	6.01
YoY Growth					16.6%	20.6%	56.5%	26.0%	25.2%
QoQ Growth		10.6%	-1.3%	6.0%	0.9%	14.4%	28.0%	-14.7%	0.3%

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Initial Jobless Claims	WoW		14-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
Durable Goods Orders	MoM		26-Aug-25
Consumer Confidence	MoM		26-Aug-25
GDP	QoQ		28-Aug-25
Wholesale Inventories	MoM		29-Aug-25
Personal Income & Spending	MoM		29-Aug-25
ISM Manufacturing PMI	MoM		2-Sep-25
Factory Orders	MoM		3-Sep-25
Trade Balance	MoM		4-Sep-25
Employment Report	MoM		5-Sep-25
CPI	MoM		11-Sep-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Retail Sales	MoM		15-Aug-25
Industrial Production	MoM		15-Aug-25
PMI Manufacturing	MoM		31-Aug-25
Foreign Exchange Reserves	QoQ		7-Sep-25
Trade Balance	MoM		8-Sep-25
Money Supply - M2	MoM		9-Sep-25
PPI	MoM		10-Sep-25
CPI	MoM		10-Sep-25
GDP	YoY		20-Oct-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
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
PMI	MoM		3-Sep-25
Foreign Currency Reserve	MoM		5-Sep-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Composite Interest Rate	MoM		

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