

What's Hot Today:

► NIO (9866 HK, HK\$51.05, HK\$115bn) Budget models drove volume growth

Total revenues stood at RMB19.01bn in 2Q25, up 8.9% YoY and 58% QoQ. Net loss amounted to RMB 5bn, down 1% YoY and 26% QoQ. Notably, both total revenue and net income came in slightly below market expectations.

Surging sales but lower ASP: Auto revenue reached RMB16.1bn, up 2.9% YoY and 62.3% QoQ. Sales volume reached 72K units, 25.6% more YoY and 71.2% higher QoQ. The vehicle margin stayed at a low level of 10.3% due to ASP pressure. Despite higher volume, the growth was primarily driven by budget models, namely the ONVO L60 and Firefly. As a result, the ASP during the period declined further by RMB12k QoQ to RMB 224k. It is also noted that the price drop exceeded the discount being offered during the inventory clearance promotions in 1Q25.

Optimizing costs and stabilizing cash flow: R&D expenses were lowered by RMB170mn QoQ to RMB3bn, mainly from lower R&D costs for new products/technologies across development stages. Meanwhile, SG&A dropped RMB440mn QoQ to RMB3.96 bn, driven by ONVO-NIO channel integration and marketing staff optimization. Leveraging these cost reduction and efficiency enhancement initiatives, the company's overall operating cost ratio dropped significantly to 36.7% from 63%, with operating losses narrowing to RMB4.91bn. Supported by rising sales, the company's cash position stabilized at around RMB27.2bn.

Business Outlook: Orders for ONVO L90 beat expectations, with first-month deliveries hitting 15,075 units. Nio is ramping up the production capacity for ES8 to 15K units in December. For Q4, the company expects delivery volume to reach 150K units, with overall vehicle GPM projected at 16-17%, and 20% GPM both for the L90 and ES8. It aims to turn profitable in the fourth quarter.

Our views: NIO's volume and sales are gaining momentum, but per-unit GPM remains under pressure. Its diversification strategy is progressing well, with strong numbers going for Firefly and ONVO models, while L90 and ES8 have gained consumer traction on competitive pricing and product specifications. Full-year target of 300k units seems achievable. Looking ahead, the Mgt is confident about positive profitability in Q4 on the back of higher GPM over 16% and cost optimization. The counter is trading at 1.4X FY25 P/S. (Research Department)

China & HK Indices	CLOSE	1D	YTD
HSI	25,496	-0.5%	27.1%
HSCEI	9,108	-0.2%	24.9%
HSCCI	4,248	-1.0%	12.4%
CSI300	4,490	-0.7%	14.1%
Shanghai A	4,044	-0.4%	-1.2%
Shanghai B	264	-0.7%	-1.2%
Shenzhen A	2,525	-2.0%	23.4%
Shenzhen B	1,321	-0.3%	9.0%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	45,295	-0.5%	6.5%
S&P 500	6,415	-0.7%	9.1%
Nasdaq	21,279	-0.8%	10.2%
NIKKEI Index	42,081	-0.5%	5.5%
FTSE Index	9,116	-0.9%	11.5%
CAC Index	7,654	-0.7%	3.7%
DA-X Index	23,487	-2.3%	18.0%

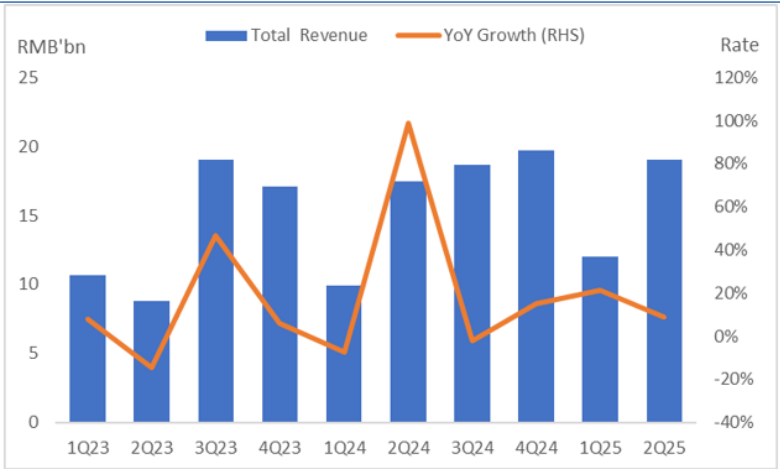
Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,533	1.6%	34.9%
STEEL (US\$/oz.)	2,101	-2.1%	17.6%
SILVER (US\$/oz.)	40	0.5%	41.5%
CRUDE OIL (US\$/bbl)	65	2.5%	-8.5%
COPPER (US\$/oz.)	9,980	0.8%	13.8%
ALUMINIUM (US\$/oz.)	2,619	0.1%	2.6%
PLATINUM (US\$/oz.)	1,411	0.3%	56.1%
ZINC (US\$/oz.)	2,865	1.6%	-3.8%
WHEAT (US\$/bu)	513	0.5%	-7.0%
CORN (US\$/bu)	423	0.7%	-4.6%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,041	-1.3%	1.9%
PVC (US\$/t.)	N/A	N/A	-10.1%
CRB	304	0.9%	3.0%
BDI			103.0%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.807	0.859	148.360	0.805	7.138
HKD	0.128		0.110	19.003	10.306	0.914
EUR	1.164	9.087		172.700	1.068	8.302
JPY	0.007	5.262	0.579		0.542	0.048
CHF	1.243	9.703	1.068	184.401		8.868
RMB	0.140	1.094	0.120	20.802	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	17	16.1%

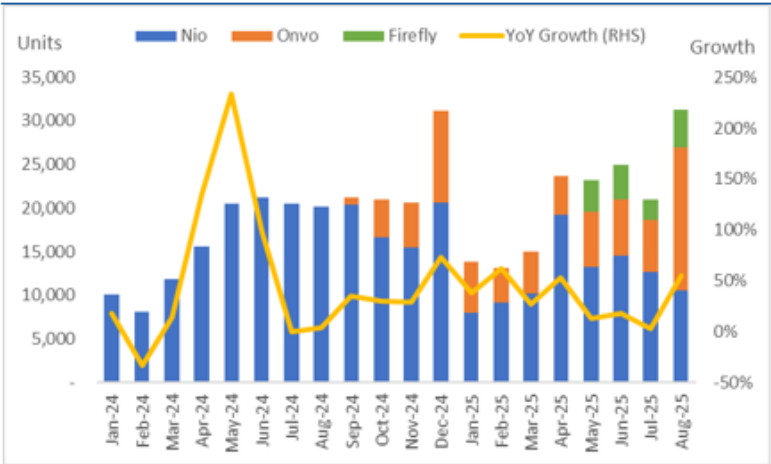
Source: Bloomberg

Fig 1: Total Revenue (RMB\$ bn)



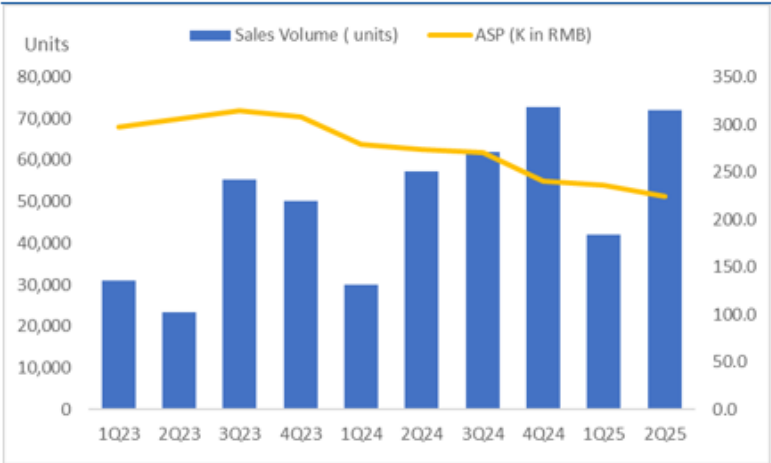
Source: Company Data, Sunwah Kingsway Research

Fig 2: NIO Product Sales Structure



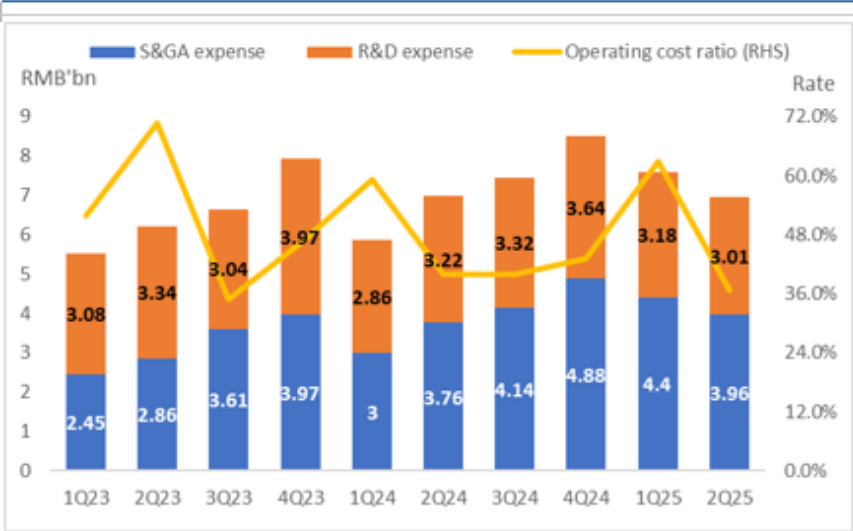
Source: Company Data, Sunwah Kingsway Research

Fig 3: NIO Sales Volume and ASP (K in RMB)



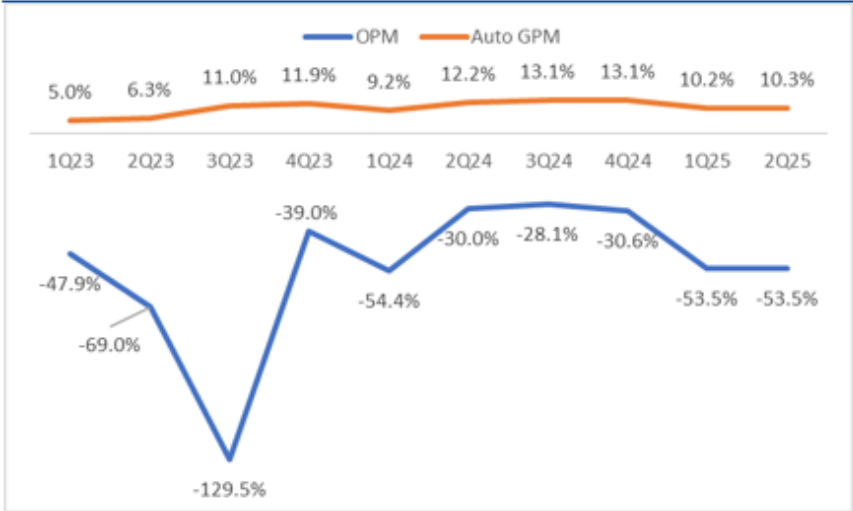
Source: Company Data, Sunwah Kingsway Research

Fig 4: NIO Auto OPEX Breakdown



Source: Company Data, Sunwah Kingsway Research

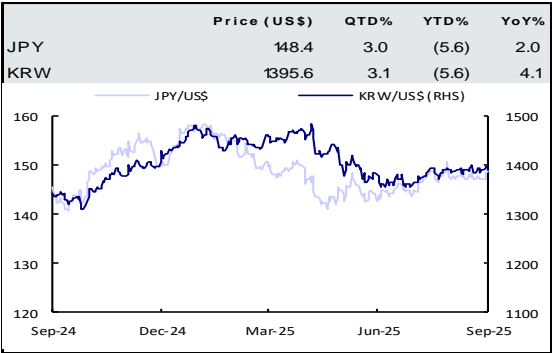
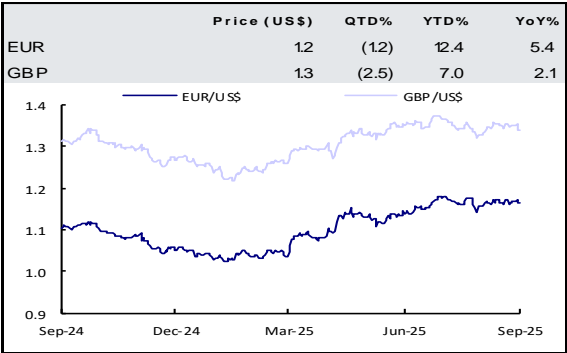
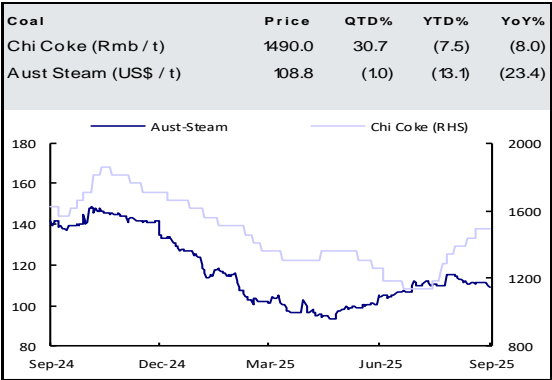
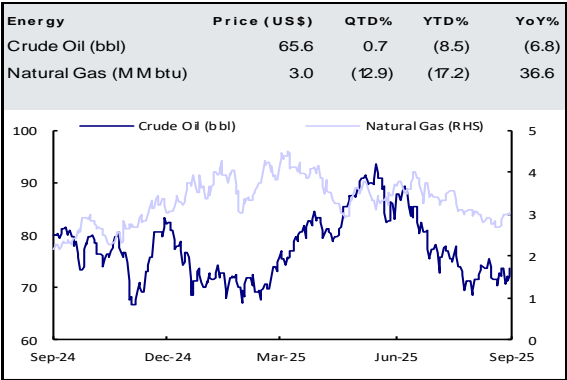
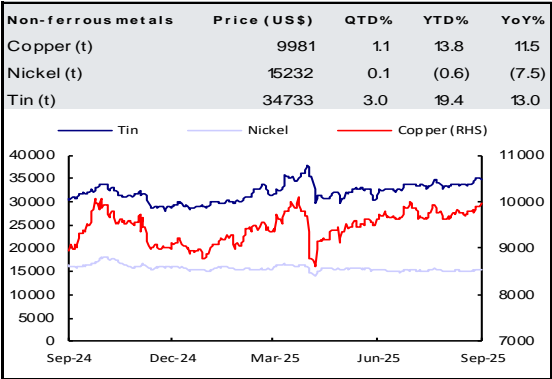
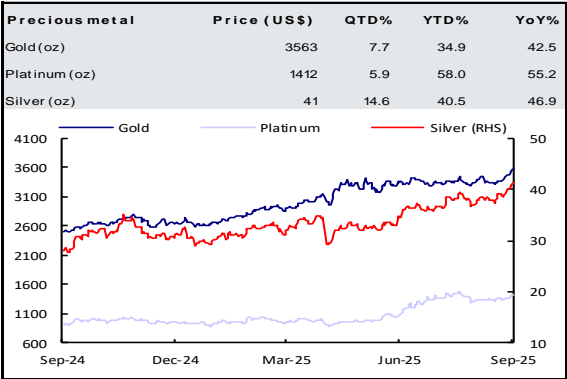
Fig 6: NIO Profit Breakdown



Source: Company Data, Sunwah Kingsway Research

NIO (HK. 9866)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25
Unit: Billion in RMB										
Total Revenue	10.68	8.77	19.07	17.11	9.91	17.45	18.67	19.7	12.03	19.01
YoY Growth	7.7%	-14.8%	46.6%	6.2%	-7.2%	99.0%	-2.1%	15.1%	21.4%	8.9%
QoQ Growth		-17.9%	117.4%	-10.3%	-42.1%	76.1%	7.0%	5.5%	-38.9%	58.0%
Gross Profit	0.16	0.1	1.52	1.28	0.49	1.96	2.01	2.31	0.76	1.9
GPM	1.5%	1.1%	8.0%	7.5%	4.9%	11.2%	10.8%	11.7%	6.3%	10.0%
S&GA expense	2.45	2.86	3.61	3.97	3	3.76	4.14	4.88	4.4	3.96
S&GA ratio	22.9%	32.6%	18.9%	23.2%	30.3%	21.5%	22.2%	24.8%	36.6%	20.8%
R&D expense	3.08	3.34	3.04	3.97	2.86	3.22	3.32	3.64	3.18	3.01
R&D ratio	28.8%	38.1%	15.9%	23.2%	28.9%	18.5%	17.8%	18.5%	26.4%	15.8%
Operating Cost (Bn in RMB)	5.53	6.20	6.65	7.94	5.86	6.98	7.46	8.52	7.58	6.97
Operating cost ratio	51.8%	70.7%	34.9%	46.4%	59.1%	40.0%	40.0%	43.2%	63.0%	36.7%
Operating Profit (Bn in RMB)	-5.11	-6.07	-4.84	-6.63	-5.39	-5.21	-5.24	-6.03	-6.42	-4.91
OPM	-47.9%	-69.0%	-129.5%	-39.0%	-54.4%	-30.0%	-28.1%	-30.6%	-53.5%	-53.5%
Auto Revenue (Bn in RMB)	9.22	7.19	17.41	15.44	8.38	15.68	16.7	17.48	9.94	16.14
YoY Growth	-0.2%	-24.9%	45.9%	4.6%	-9.1%	118.1%	-4.1%	13.2%	18.6%	2.9%
QoQ Growth	-37.5%	-22.0%	142.1%	-11.3%	-45.7%	87.1%	6.5%	4.7%	-43.1%	62.4%
Auto Cost (Bn in RMB)	8.76	6.74	15.49	13.6	7.61	13.77	14.52	15.19	8.93	14.48
Sales Volume (units)	31,041	23,520	55,432	50,045	30,053	57,373	61,855	72,689	42,094	72,056
YoY Growth	20.5%	-6.1%	75.4%	25.0%	-3.2%	143.9%	11.6%	45.2%	40.1%	25.6%
QoQ Growth	-22.5%	-24.2%	135.7%	-9.7%	-39.9%	90.9%	7.8%	17.5%	-42.1%	71.2%
Auto Gross Profit (Bn in RMB)	0.46	0.45	1.92	1.84	0.77	1.91	2.18	2.29	1.01	1.66
Auto GPM	5.0%	6.3%	11.0%	11.9%	9.2%	12.2%	13.1%	13.1%	10.2%	10.3%
Auto rev per car (k in RMB)	297.0	305.7	314.1	308.5	278.8	273.3	270.0	240.5	236.1	224.0
Auto cost per car (k in RMB))	282	287	279	272	253	240	235	209	212	201
Auto profit per car (k in RMB))	15	19	35	37	26	33	35	32	24	23
YoY Growth	—	—	—	—	72.9%	74.0%	1.8%	-14.3%	-6.4%	-30.8%
QoQ Growth	—	29.1%	81.0%	6.1%	-30.3%	29.9%	5.9%	-10.6%	-23.8%	-4.0%
Others Revenue (Bn in RMB)	1.45	1.59	1.66	1.66	1.53	1.77	1.98	2.23	2.1	2.87
Others Gross Profit (Bn in RMB)	-0.3	-0.36	-0.39	-0.56	-0.28	-0.22	-0.17	0.02	-0.09	0.24
Others GPM	-20.7%	-22.6%	-23.5%	-33.7%	-18.3%	-12.4%	-8.6%	0.9%	-4.3%	8.4%
Cash and cash equivalents (Bn in RMB)	37.8	41.6	45.2	57.3	45.3	41.6	42.2	41.9	26	27.2

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
ISM Manufacturing PMI	MoM		2-Sep-25
Durable Goods Orders	MoM		3-Sep-25
Factory Orders	MoM		3-Sep-25
Trade Balance	MoM		4-Sep-25
Initial Jobless Claims	WoW		4-Sep-25
Employment Report	MoM		5-Sep-25
Wholesale Inventories	MoM		10-Sep-25
PPI	MoM		10-Sep-25
CPI	MoM		11-Sep-25
Business Inventories	MoM		16-Sep-25
Retail Sales	MoM		16-Sep-25
Industrial Production	MoM		16-Sep-25
Housing Starts / Building Permits	MoM		17-Sep-25
Existing Home Sales	MoM		23-Sep-25
New home Sales	MoM		24-Sep-25
GDP	QoQ		25-Sep-25
Personal Income & Spending	MoM		26-Sep-25
Consumer Confidence	MoM		30-Sep-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
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
Retail Sales	MoM		15-Sep-25
Industrial Production	MoM		15-Sep-25
PMI Manufacturing	MoM		30-Sep-25
GDP	YoY		20-Oct-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
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
Unemployment Rate	MoM		16-Sep-25
CPI	MoM		22-Sep-25
Trade Balance	MoM		25-Sep-25
Money Supply - M2	MoM		30-Sep-25
Retail Sales	MoM		2-Oct-25
GDP	QoQ		31-Oct-25
Composite Interest Rate	MoM		

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