

What's Hot Today:

► CATL (3750.HK, HK\$503.00, HK\$2.30tn) Earnings Beat and Profitability Improved

CATL is a global leader in power batteries. It posted 4Q25 revenue of RMB141bn (+36.6% YoY / +35.0% QoQ) and attributable net profit of RMB23.2bn (+57.1% YoY), well ahead of market consensus. The company announced a cash dividend of RMB69.57 per 10 shares, with total dividend up 53% YoY.

Fig 1: YoY and HoH Comparison (RMB'bn)

3750.HK CATL	4Q24		3Q25		4Q25			
	RMB bn	% of Rev	RMB bn	% of Rev	RMB bn	% of Rev	YoY	QoQ
Total Revenue	102.97		104.20		140.6		37%	35%
COGS	79.17		77.30		101.0		28%	31%
Gross Profit	23.80	23.1%	26.90	25.8%	39.7	28.2%	5.1 ppt	2.4 ppt
R&D Expense	5.53	5%	4.97	5%	7.1	5%	28%	43%
Selling Expense	7.36	7%	0.79	1%	3.4	2%	-54%	330%
Administrative Expense	2.92	3%	3.10	3%	1.3	1%	-55%	-58%
OPEX	15.81	15%	8.86	9%	11.8	8%	-25%	33%
Core Operating Profit	8.0	8%	18.0	17%	27.9	20%	249%	55%
Net Profit	14.74	14%	18.55	18%	23.2	17%	57%	25%

Source: Company Data, Sunwah Kingsway Research

Strong Volume, Better Margins: Strong shipment drove 4Q25 outperformance, with total shipments reaching 226GWh, above market expectations of 200GWh. Power battery shipments reached 192GWh, up 48% QoQ, supported by automakers' advance inventory buildup and higher battery capacity per vehicle, while energy storage battery shipments stood at 34GWh, up 3% QoQ, which was affected by the longer revenue recognition cycle, and its underlying with double-digit growth and most revenue still in inventory.

Strong volumes also improved operating efficiency, with FY25 utilization reaching 96.9% and 2H25 further rising to 102.6%, compared with 76.3% in FY24. Inventory increased 17.8% QoQ to RMB94.53bn, while contracted order value rose 21% QoQ to RMB49.23bn, indicating solid demand visibility.

Blended GPM up 240bps QoQ to 28.2%, the highest level in the past three years. By segment, power battery GPM improved from 22.4% in 1H25 to 24.85% in 2H25, while energy storage battery GPM increased from 25.5% to 27.7%.

China & HK Indices	CLOSE	1D	YTD
HSI	25,408	-1.4%	-0.9%
HSCEI	8,581	-0.5%	-3.7%
HSCCI	4,311	-1.0%	7.4%
CSI300	4,615	-1.0%	-0.3%
Shanghai A	4,296	-0.7%	5.2%
Shanghai B	267	0.0%	5.2%
Shenzhen A	2,804	-0.7%	5.9%
Shenzhen B	1,216	-0.7%	-3.8%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	47,740	0.5%	-0.7%
S&P 500	6,795	0.8%	-0.7%
Nasdaq	22,695	1.4%	-2.3%
Nikkei Index	54,111	2.6%	7.5%
FTSE Index	10,249	-0.3%	3.2%
CAC Index	7,915	-1.0%	-2.9%
DAX Index	23,409	-0.8%	-4.4%

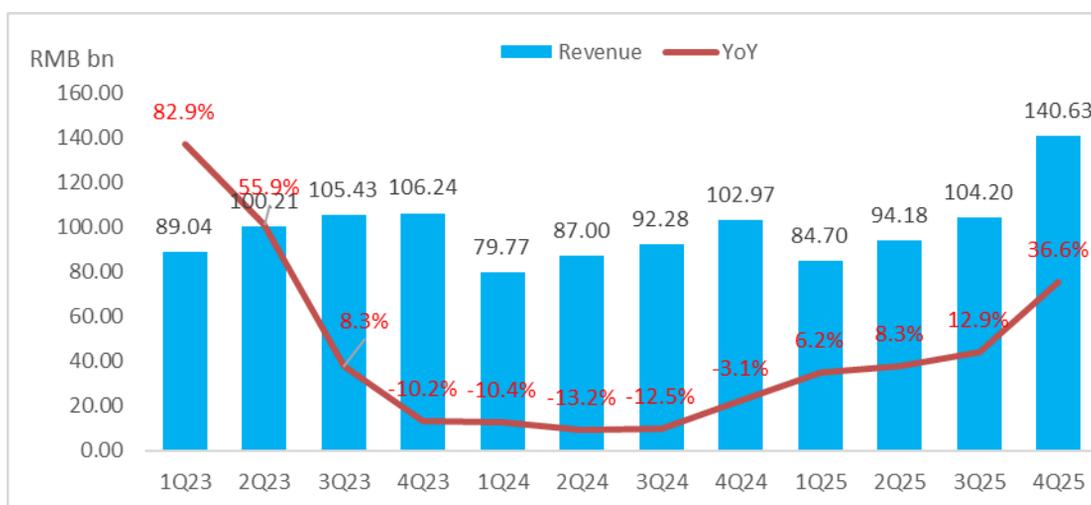
Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	5,138	-0.6%	18.9%
STEEL (US\$/oz.)	2,773	-2.1%	9.1%
SILVER (US\$/oz.)	86	2.9%	21.9%
CRUDE OIL (US\$/bbl)	94	4.3%	54.0%
COPPER (US\$/oz.)	12,954	0.4%	4.3%
ALUMINIUM (US\$/oz.)	3,385	2.7%	13.0%
PLATINUM (US\$/oz.)	2,186	1.6%	5.4%
ZINC (US\$/oz.)	3,328	3.1%	6.8%
WHEAT (US\$/bu)	598	2.6%	17.9%
CORN (US\$/bu)	453	-1.5%	0.3%
SUGAR (US\$/lb)	134	15.2%	
SOYBEAN (US\$/bu)	1,196	-0.4%	12.4%
PVC (US\$/t)	5,419	5.1%	25.0%
CRB	356	5.9%	3.0%
BDI		-6.0%	7.1%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.821	0.859	157.670	0.778	6.907
HKD	0.128		0.110	20.158	9.938	0.883
EUR	1.164	9.101		183.460	1.106	7.996
JPY	0.006	4.961	0.545		0.493	0.044
CHF	1.286	10.062	1.106	202.799		8.877
RMB	0.145	1.132	0.125	22.934	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	25	18.9%

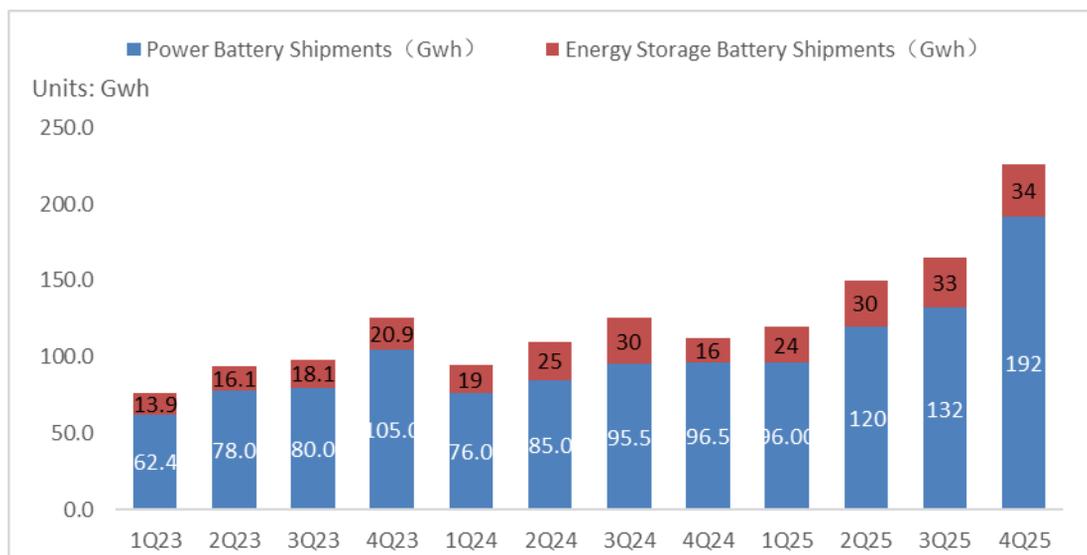
Source: Bloomberg

Fig 2: Total Revenue (RMB\$ bn)



Source: Company Data, Sunwah Kingsway Research

Fig 3: Breakdown of Battery Shipments

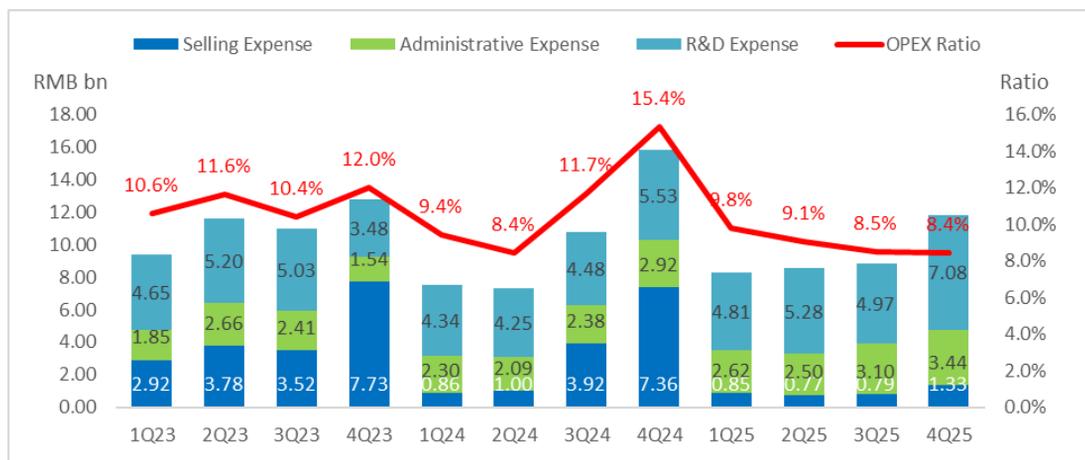


Source: Company Data, Sunwah Kingsway Research

Core Profit Growth with Solid Cost Control: Core operating profit rose 2.5x YoY and 54% QoQ to RMB27.8bn, while core OPM expanded 250bps QoQ to 19.8%, also the highest level in the past three years. The improvement was driven by disciplined cost control, with the OPEX ratio kept at 8.4% and total OPEX down 25% YoY to RMB11.8bn. NPM edged down slightly QoQ to 16.5% due to higher asset impairment losses of RMB4.58bn.

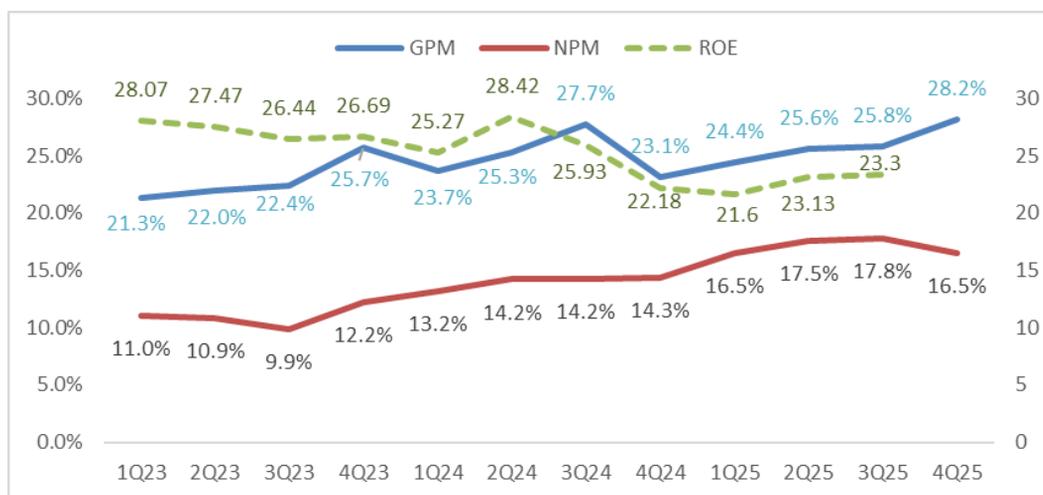
Meanwhile, capex increased by RMB2.4bn QoQ to RMB12.3bn, while net cash remained ample at RMB275.7bn. Overall, CATL's core profitability continued to improve, supported by disciplined expense control, stronger operating leverage and a robust balance sheet.

Fig 4: Breakdown of operating expense



Source: Company Data, Sunwah Kingsway Research

Fig 5: Gross margin and net profit margin

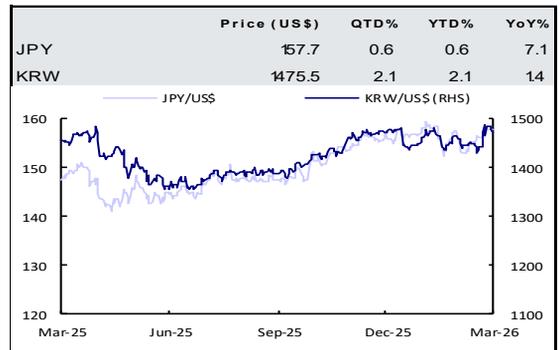
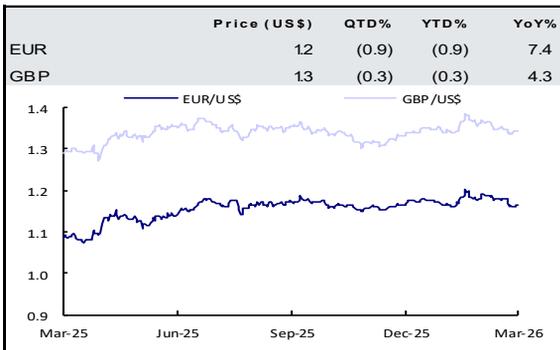
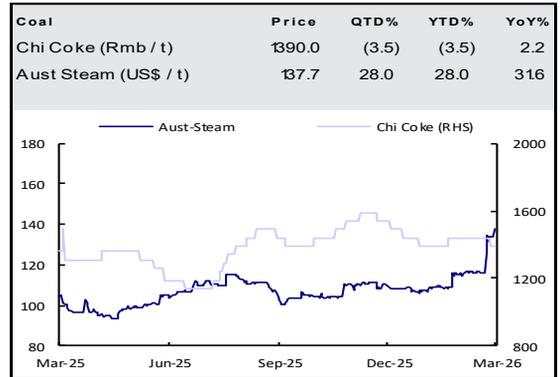
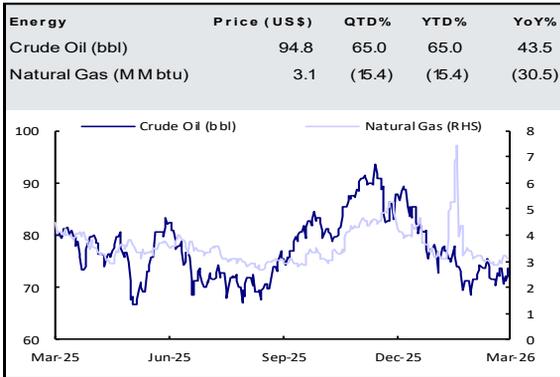
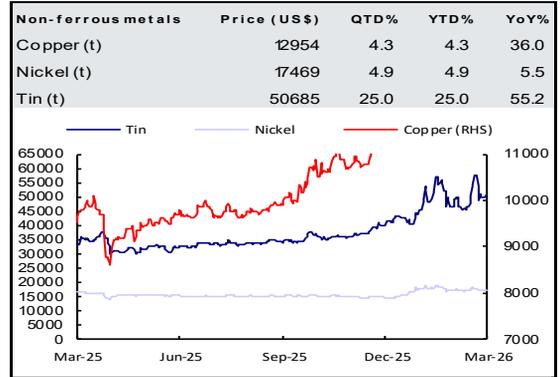
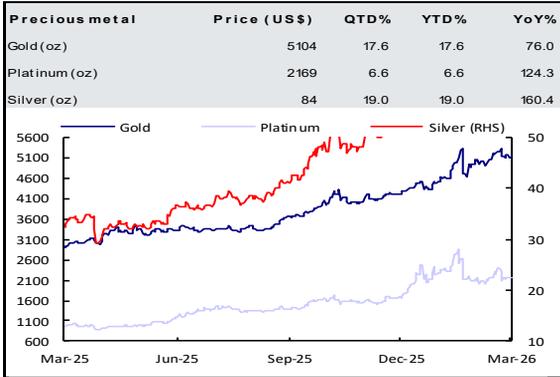


Source: Company Data, Sunwah Kingsway Research

Our View: CATL's 4Q25 growth accelerated QoQ, though revenue was still partly constrained by capacity limits. With capex rising and 321GWh of capacity under construction, the company is moving toward 1.2TWh of total capacity, supporting future volume growth. Concerns over lithium carbonate price increases have also eased, as CATL's metal price-linked pricing mechanism and upstream supply chain lock-in have strengthened cost pass-through, as reflected in the margin improvement in 2H25.

CATL's industry leadership remains intact, with global power battery usage market share rising 1.2ppts to 39.2% in 2025, while SNE Research ranked its energy storage battery shipments No.1 globally for the fifth straight year. Looking ahead, while China's NEV sales growth will slow in 2026, CATL's 2025 power battery shipments outpaced NEV sales growth mainly driven by higher battery capacity per vehicle. AI-driven power demand is expected to fuel the demand of energy storage battery, while CATL is expected to gain market share overseas, especially in Europe where its EV battery share is approaching 45% and its commercial vehicle battery share has reached 40%. Together with rising battery capacity per EV, these trends should support further revenue growth and we remain positive on both the industry outlook and CATL's competitive advantages. The counter is trading at 23x FY26E P/E. (Research Department)

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
CPI	MoM		11-Mar-26
Housing Starts / Building Permits	MoM		12-Mar-26
GDP	QoQ		13-Mar-26
PPI	MoM		18-Mar-26
Consumer Confidence	MoM		31-Mar-26
ISM Manufacturing PMI	MoM		1-Apr-26
Personal Income & Spending	MoM		13-Mar-26
Durable Goods Orders	MoM		13-Mar-26
Factory Orders	MoM		18-Mar-26
Initial Jobless Claims	WoW		12-Mar-26
Trade Balance	MoM		12-Mar-26
Wholesale Inventories	MoM		19-Mar-26
Employment Report	MoM		3-Apr-26
Retail Sales	MoM		1-Apr-26
Existing Home Sales	MoM		10-Mar-26
Industrial Production	MoM		16-Mar-26
New home Sales	MoM		19-Mar-26
Business Inventories	MoM		1-Apr-26
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Money Supply - M2	MoM		9-Mar-26
PMI Manufacturing	MoM		31-Mar-26
Foreign Exchange Reserves	QoQ		7-Apr-26
PPI	MoM		10-Apr-26
CPI	MoM		10-Apr-26
Trade Balance	MoM		14-Apr-26
Retail Sales	MoM		16-Apr-26
Industrial Production	MoM		16-Apr-26
GDP	YoY		16-Apr-26

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Producer Prices Index	QoQ		13-Mar-26
Industrial Production	QoQ		13-Mar-26
Unemployment Rate	MoM		18-Mar-26
CPI	MoM		20-Mar-26
Trade Balance	MoM		26-Mar-26
Money Supply - M2	MoM		31-Mar-26
Retail Sales	MoM		1-Apr-26
PMI	MoM		8-Apr-26
Foreign Currency Reserve	MoM		9-Apr-26
GDP	QoQ		5-May-26
Composite Interest Rate	MoM		

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