

NIO Inc. (NIO US)

Narrower loss possible, 4Q25 breakeven unlikely

Maintain HOLD. NIO still targets 4Q25 breakeven despite a wider net loss YoY in 1Q25. We are of the view that management's breakeven assumptions are a bit unrealistic. Unlike its peers, we are of the view that NIO's heavier investments in battery swap, sales channels and other unnecessary projects require a much higher sales volume to achieve breakeven.

■ **1Q25 earnings miss on SG&A.** NIO's 1Q25 revenue was 2% lower than our prior forecast. GPM in 1Q25 was 0.7ppts lower than our projection, mainly due to the vehicle GPM miss. Operating loss of RMB6.4bn in 1Q25 missed our forecast by RMB1.0bn, as SG&A expenses were RMB0.9bn higher than expected. That also led to a miss of RMB1.3bn for net loss.

■ **Company's 4Q25 breakeven assumption a bit ideal.** Management's target for 4Q25 breakeven is based on the following key assumptions: sales volume of 150,000-160,000 units, GPM of 17%, R&D ratio of 7% and SG&A ratio of 10%. We are of the view that such assumptions are unlikely to become reality, especially for SG&A. It requires NIO to quadruple its sales volume from its 1Q25 level with a 15% reduction in SG&A from the 1Q25 level of RMB4.4bn.

We cut our FY25E sales volume forecast by 30,000 units to 350,000 units, taking the Onvo models' contribution into consideration. That also implies a sales volume of 235,000 units in 2H25E, or an average monthly volume of about 40,000 units in 2H25E. We project FY25E vehicle GPM to be 14.7% (NIO: 17.1%, Onvo: 11.4%, Firefly: 8%). We also cut R&D and SG&A expenses forecasts following management's cost reduction efforts. That would still result in a net loss of RMB16.2bn in FY25E, or RMB0.2bn higher than our prior forecast, as we cut sales volume forecast.

■ **FY26E breakeven still unlikely.** We reiterate our prior argument that an annual sales volume of 0.5mn units is not enough for NIO to achieve breakeven. Compared with its peers, NIO's heavier investments in battery swap and sales channels either drag its GPM or SG&A quite significantly, in our view. We project NIO's FY26E sales volume to be 0.47mn units and net loss to be RMB9.4bn.

■ **Valuation/Key risks.** We maintain our HOLD rating and trim target price from US\$5.00 to US\$4.00, based on 0.7x (prior 0.8x) our FY25E revenue estimates, as we revise up our FY25E net loss forecast. We believe NIO deserves a lower P/S multiple than Li Auto (1.3x FY25E) and Xpeng (1.6x FY25E), as NIO has much worse profitability. Key risks to our rating and target price include higher or lower sales volume and margins than we expect, as well as a sector re-rating or de-rating.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	55,618	65,732	92,972	120,080	136,422
YoY growth (%)	12.9	18.2	41.4	29.2	13.6
Gross margin (%)	5.5	9.9	13.0	13.9	14.6
Operating profit (RMB mn)	(22,655.2)	(21,874.1)	(15,561.4)	(9,299.3)	(5,059.5)
Net profit (RMB mn)	(21,147.0)	(22,657.7)	(16,241.9)	(9,382.1)	(4,482.1)
Adjusted net profit (RMB mn)	(18,474.8)	(20,381.7)	(14,042.6)	(7,274.2)	(2,322.7)
EPS (Reported) (RMB cents)	(1,243.79)	(1,102.77)	(748.85)	(398.17)	(181.00)
P/S (x)	1.0	0.9	0.6	0.5	0.4
P/B (x)	1.5	3.9	12.7	26.6	675.3

Source: Company data, Bloomberg, CMBIGM estimates

HOLD (Maintain)

Target Price	US\$4.00
(Previous TP)	US\$5.00)
Up/Downside	13.3%
Current Price	US\$3.53

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Stock Data

Mkt Cap (US\$ mn)	7,928.3
Avg 3 mths t/o (US\$ mn)	113.5
52w High/Low (US\$)	7.21/3.14
Total Issued Shares (mn)	2246.0

Source: FactSet

Shareholding Structure

CYVN Holdings	18.6%
Mr. Li Bin	8.0%

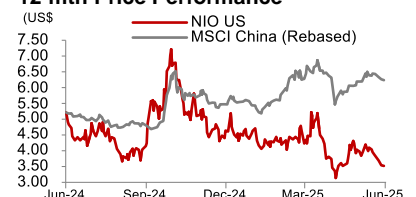
Source: NYSE

Share Performance

	Absolute	Relative
1-mth	-12.4%	-13.0%
3-mth	-16.4%	-15.9%
6-mth	-23.3%	-32.2%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Quarterly results

RMB mn	1Q24	2Q24	3Q24	4Q24	1Q25	YoY	QoQ
Sales volume (units)	30,053	57,373	61,855	72,689	42,094	40.1%	-42.1%
ASP (RMB)	329,705	304,080	301,892	271,065	285,901	-13.3%	5.5%
Revenue	9,909	17,446	18,674	19,703	12,035	21.5%	-38.9%
Gross profit	488	1,689	2,007	2,309	920	88.5%	-60.2%
R&D expenses	(2,864)	(3,219)	(3,319)	(3,636)	(3,181)	11.1%	-12.5%
SG&A expenses	(2,997)	(3,757)	(4,109)	(4,878)	(4,401)	46.8%	-9.8%
Operating profit	(5,394)	(5,209)	(5,238)	(6,033)	(6,418)	N/A	N/A
Net profit	(5,258)	(5,126)	(5,142)	(7,132)	(6,891)	N/A	N/A
Gross margin	4.9%	9.7%	10.7%	11.7%	7.6%	2.7 pts	-4.1 pts
Operating margin	-54.4%	-29.9%	-28.0%	-30.6%	-53.3%	1.1 pts	-22.7 pts
Net margin	-53.1%	-29.4%	-27.5%	-36.2%	-57.3%	-4.2 pts	-21.1 pts

Source: Company data, CMBIGM

Figure 2: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	92,972	120,080	136,422	102,015	126,159	N/A	-8.9%	-4.8%	N/A
Gross profit	12,041	16,744	19,885	13,797	16,585	N/A	-12.7%	1.0%	N/A
Operating profit	(15,561)	(9,299)	(5,060)	(16,909)	(14,867)	N/A	N/A	N/A	N/A
Net profit	(16,242)	(9,382)	(4,482)	(16,011)	(13,488)	N/A	N/A	N/A	N/A
Gross margin	13.0%	13.9%	14.6%	13.5%	13.1%	N/A	-0.6 pts	0.8 pts	N/A
Operating margin	-16.7%	-7.7%	-3.7%	-16.6%	-11.8%	N/A	-0.2 pts	4.0 pts	N/A
Net margin	-17.5%	-7.8%	-3.3%	-15.7%	-10.7%	N/A	-1.8 pts	2.9 pts	N/A

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	92,972	120,080	136,422	90,530	113,648	130,501	2.7%	5.7%	4.5%
Gross profit	12,041	16,744	19,885	10,995	16,474	20,246	9.5%	1.6%	-1.8%
Operating profit	(15,561)	(9,299)	(5,060)	(17,335)	(10,756)	(8,235)	N/A	N/A	N/A
Net profit	(16,242)	(9,382)	(4,482)	(17,597)	(11,515)	(8,199)	N/A	N/A	N/A
Gross margin	13.0%	13.9%	14.6%	12.1%	14.5%	15.5%	0.8 pts	-0.6 pts	-0.9 pts
Operating margin	-16.7%	-7.7%	-3.7%	-19.1%	-9.5%	-6.3%	2.4 pts	1.7 pts	2.6 pts
Net margin	-17.5%	-7.8%	-3.3%	-19.4%	-10.1%	-6.3%	2.0 pts	2.3 pts	3.0 pts

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	49,269	55,618	65,732	92,972	120,080	136,422
Cost of goods sold	(44,125)	(52,566)	(59,239)	(80,931)	(103,336)	(116,536)
Gross profit	5,144	3,052	6,493	12,041	16,744	19,885
Operating expenses	(20,785)	(25,707)	(28,367)	(27,602)	(26,044)	(24,945)
SG&A expense	(10,537)	(12,885)	(15,741)	(17,048)	(16,376)	(15,723)
R&D expense	(10,836)	(13,431)	(13,037)	(11,154)	(10,468)	(10,122)
Others	589	609	412	600	800	900
Operating profit	(15,641)	(22,655)	(21,874)	(15,561)	(9,299)	(5,060)
Other gains/(losses)	(145)	325	(103)	300	400	500
Share of (losses)/profits of associates/JV	378	64	(503)	(500)	(200)	100
EBITDA	(10,055)	(15,148)	(13,925)	(6,075)	1,933	8,018
Depreciation	2,852	3,378	5,875	5,905	6,985	7,951
Depreciation of ROU assets	1,142	1,529	1,825	2,840	3,065	3,289
EBIT	(14,049)	(20,055)	(21,626)	(14,820)	(8,118)	(3,222)
Interest income	1,359	2,210	854	941	982	1,237
Interest expense	(333)	(404)	(798)	(741)	(589)	(543)
Foreign exchange gain/loss	283	(55)	212	0	0	0
Pre-tax profit	(14,382)	(20,459)	(22,425)	(15,561)	(8,707)	(3,765)
Income tax	(55)	(261)	23	(31)	(17)	(8)
After tax profit	(14,437)	(20,720)	(22,402)	(15,593)	(8,724)	(3,773)
Minority interest	157	(124)	92	30	30	30
Others	(279)	(303)	(348)	(679)	(688)	(739)
Net profit	(14,559)	(21,147)	(22,658)	(16,242)	(9,382)	(4,482)
Adjusted net profit	(11,984)	(18,475)	(20,382)	(14,043)	(7,274)	(2,323)

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	59,150	70,380	61,886	59,016	75,915	87,747
Cash & equivalents	19,888	32,935	19,329	20,258	32,478	41,210
Restricted cash	3,154	5,542	8,321	3,000	2,500	2,500
Account receivables	5,118	4,658	1,676	7,642	9,870	11,213
Inventories	8,191	5,278	7,087	5,765	7,361	8,301
ST bank deposits	19,171	16,810	14,138	10,000	10,000	10,000
Other current assets	3,627	5,157	11,335	12,351	13,706	14,523
Non-current assets	37,114	47,003	45,719	49,705	50,543	49,494
PP&E	15,659	24,847	25,893	26,914	26,840	25,787
Right-of-use assets	7,374	11,404	12,797	11,337	9,919	8,263
Investment in JVs & assos	6,356	5,487	3,126	2,714	2,614	2,814
Intangibles	0	30	30	25	21	16
Other non-current assets	7,725	5,235	3,873	8,714	11,149	12,614
Total assets	96,264	117,383	107,605	108,721	126,458	137,242
Current liabilities	45,852	57,798	62,311	70,247	83,382	93,347
Short-term borrowings	4,039	5,085	5,730	3,926	0	0
Account payables	25,224	29,766	34,387	37,694	48,129	54,277
Tax payable	286	349	400	400	400	400
Other current liabilities	15,277	20,854	19,848	25,689	32,410	36,370
Lease liabilities	1,026	1,743	1,946	2,538	2,443	2,300
Non-current liabilities	22,765	29,989	31,787	31,566	35,813	38,824
Long-term borrowings	10,886	13,043	11,441	11,575	13,514	15,514
Other non-current liabilities	11,879	16,946	20,346	19,992	22,299	23,310
Total liabilities	68,617	87,787	94,098	101,813	119,195	132,171
Share capital	3	4	4	4	4	4
Capital surplus	94,593	117,717	118,688	124,122	130,691	132,261
Retained earnings	(69,914)	(90,758)	(113,068)	(129,310)	(138,692)	(143,174)
Other reserves	2,744	2,444	7,785	9,535	10,243	11,002
Total shareholders equity	27,425	29,407	13,409	4,350	2,246	93
Minority interest	221	189	98	2,558	5,018	4,978
Total equity and liabilities	96,264	117,383	107,605	108,721	126,458	137,242

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(14,382)	(20,459)	(22,425)	(15,561)	(8,707)	(3,765)
Depreciation & amortization	3,994	4,907	7,701	8,745	10,051	11,240
Change in working capital	4,444	13,286	3,527	(155)	9,966	4,618
Others	2,078	884	3,348	2,178	1,838	1,580
Net cash from operations	(3,866)	(1,382)	(7,849)	(4,793)	13,147	13,672
Investing						
Capital expenditure	(6,973)	(14,341)	(9,142)	(7,001)	(7,001)	(7,001)
Acquisition of subsidiaries/ investments	(2,229)	(500)	(587)	(100)	(100)	(100)
Net proceeds from disposal of short-term investments	19,027	3,854	4,456	4,138	0	0
Others	560	101	315	12	0	0
Net cash from investing	10,385	(10,885)	(4,958)	(2,951)	(7,101)	(7,101)
Financing						
Net borrowings	(1,632)	1,918	1,706	(1,495)	(1,926)	2,000
Proceeds from share issues	0	20,962	0	3,794	5,000	0
Others	15	4,782	66	1,107	2,599	160
Net cash from financing	(1,616)	27,663	1,772	3,406	5,674	2,160
Net change in cash						
Cash at the beginning of the year	18,375	23,155	38,622	27,747	23,408	35,128
Exchange difference	(122)	70	161	0	0	0
Cash at the end of the year	23,155	38,622	27,747	23,408	35,128	43,860
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	36.3%	12.9%	18.2%	41.4%	29.2%	13.6%
Gross profit	(24.6%)	(40.7%)	112.8%	85.4%	39.1%	18.8%
EBITDA	na	na	na	na	na	314.7%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	10.4%	5.5%	9.9%	13.0%	13.9%	14.6%
Operating margin	(31.7%)	(40.7%)	(33.3%)	(16.7%)	(7.7%)	(3.7%)
EBITDA margin	(20.4%)	(27.2%)	(21.2%)	(6.5%)	1.6%	5.9%
Adj. net profit margin	(24.3%)	(33.2%)	(31.0%)	(15.1%)	(6.1%)	(1.7%)
Return on equity (ROE)	(44.5%)	(74.4%)	(105.8%)	(182.9%)	(284.5%)	(383.3%)
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	1.3	1.2	1.0	0.8	0.9	0.9
Receivable turnover days	37.9	30.6	9.3	30.0	30.0	30.0
Inventory turnover days	67.8	36.6	43.7	26.0	26.0	26.0
Payable turnover days	208.7	206.7	211.9	170.0	170.0	170.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	ns	ns	ns	ns	ns
P/E (diluted)	ns	ns	ns	ns	ns	ns
P/B	1.5	1.5	3.9	12.7	26.6	675.3
P/CFPS	ns	ns	ns	ns	4.5	4.6
Div yield (%)	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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