招银国际 CMB INTERNATIONAL
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Leapmotor (9863 HK)

4Q25 NP to be more resilient; *D19* key to FY26E

BUY (Maintain)

Target Price	**HK$73.00**
(Previous TP	HK$80.00)
Up/Downside	**33.2%**
Current Price	**HK$54.80**

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Maintain BUY. We view Leapmotor's 3Q25 vehicle gross margin of 13.3% as resilient, although its net profit of RMB150mn missed our expectation due to lower-than-expected other revenue. We believe Leapmotor could accomplish both of its sales volume and net profit targets in FY25E, and expect its strong sales momentum to continue throughout FY26E. We project its overseas sales volume to more than double YoY in FY26E while domestic sales could be fuelled by two A-series and two D-series models. FY26E NP may surge 4x YoY to RMB3.5bn, based on our estimates.

- **3Q25 profitability of auto business still solid.** Leapmotor's 3Q25 revenue rose 37% QoQ to RMB19.5bn, stronger than our prior forecast by 5%, due to higher-than-expected average selling price. Gross margin in 3Q25 rose 0.9ppts QoQ to 14.5%, lower than our forecast, as other revenue including CO_2 credits in Europe and service income from FAW missed. The SG&A and R&D expense ratios combined fell 1.8ppts QoQ to 14.3% in 3Q25, largely in line with our forecast. Its 3Q25 net profit remained largely flat QoQ at RMB150mn, lower than our expectation, mainly due to non-auto businesses.
- **4Q25E earnings could be more resilient.** We revise up our FY25E sales volume forecast by 20,000 units to 0.62mn units, implying 4Q25E sales volume of 224,000 units (+29% QoQ). We project 4Q25E net profit to surge 4.5x QoQ to RMB677mn after taking into account the potential income from CO_2 credits of RMB500mn.
- **Strong sales momentum to continue in FY26E**. Leapmotor targets overseas sales volume to be 0.10-0.15mn units in 2026, which could be attainable in our view, as new orders already exceed 25,000 units in Oct-Nov 2025. We expect Leapmotor's total sales volume to rise 52% YoY to 0.94mn units in FY25E, driven by the *Lafa 5 and* four brand-new models (two D-series and two A-series models). The pre-launch deposits for the brand-new *D19,* which had its debut on 16 Oct, have far exceeded management's expectation. The success of *B10* and *B01* also gives us more confidence in its upcoming A-series. Therefore, we expect its FY26E net profit to surge 4x YoY to RMB3.5bn.
- **Valuation/Key risks.** We maintain our BUY rating and cut target price from HK$80.00 to HK$73.00, based on 1.0x our FY26E P/S (prior 1.1x FY26E P/S), to reflect investors' recent concerns about industrywide sales slowdown in 2026. Our target price also corresponds to a 28x FY26E P/E and 20x FY27E P/E. Key risks include lower sales volume/gross margin than we expect, as well as a sector de-rating.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	16,747	32,164	68,151	97,743	116,856
YoY growth (%)	35.2	92.1	111.9	43.4	19.6
Gross margin (%)	0.5	8.4	14.5	14.6	14.1
Operating profit (RMB mn)	(4,377.4)	(3,171.1)	507.9	2,748.0	3,747.0
Net profit (RMB mn)	(4,216.3)	(2,820.8)	860.3	3,506.6	4,951.1
YoY growth (%)	na	na	na	307.6	41.2
EPS (Reported) (RMB cents)	(362.06)	(210.98)	64.11	246.74	344.74
P/S (x)	4.3	2.2	1.0	0.7	0.6
P/E (x)	na	na	78.1	20.3	14.5
P/B (x)	4.7	6.6	4.8	4.0	3.1

Source: Company data, Bloomberg, CMBIGM estimates

Stock Data

Mkt Cap (HK$ mn)	77,915.3
Avg 3 mths t/o (HK$ mn)	470.1
52w High/Low (HK$)	73.50/27.70
Total Issued Shares (mn)	1421.8

Source: FactSet

Shareholding Structure

Mr. Jiangming Zhu and his concert partie	24.0%
Stellantis N.V.	20.0%

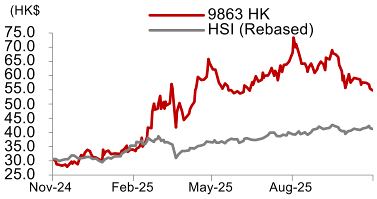
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-1.6%	-5.9%
3-mth	-16.2%	-19.7%
6-mth	-14.6%	-24.4%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related Report

"Leapmotor (9863 HK) - Sustainable profit ahead on strong sales momentum" - 19 Aug 2025

"Leapmotor (9863 HK) - 2Q25 earnings preview and 2H25 outlook" - 11 Jul 2025

"Leapmotor (9863 HK) - More positive on FY25E after 1Q25 beat" - 20 May 2025

Figure 1: Quarterly results

RMB mn	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	YoY	QoQ
Sales volume (units)	33,410	53,286	86,165	120,863	87,552	134,112	173,852	101.8%	29.6%
ASP (RMB)	104,346	100,574	114,385	111,389	114,446	106,102	111,877	-2.2%	5.4%
Revenue	3,486	5,359	9,856	13,463	10,020	14,230	19,450	97.3%	36.7%
Gross profit	(48)	148	802	1,792	1,493	1,933	2,820	251.7%	45.9%
R&D expenses	(520)	(701)	(780)	(895)	(800)	(1,094)	(1,210)	55.1%	10.6%
SG&A expenses	(567)	(770)	(890)	(1,048)	(990)	(1,205)	(1,580)	77.5%	31.1%
Operating profit	(1,126)	(1,269)	(740)	(36)	(150)	61	50	N/A	-18.5%
Net profit	(1,013)	(1,199)	(690)	81	(130)	163	150	N/A	-8.0%
Gross margin	-1.4%	2.8%	8.1%	13.3%	14.9%	13.6%	14.5%	6.4 ppts	0.9 ppts
Operating margin	-32.3%	-23.7%	-7.5%	-0.3%	-1.5%	0.4%	0.3%	7.8 ppts	-0.2 ppts
Net margin	-29.1%	-22.4%	-7.0%	0.6%	-1.3%	1.1%	0.8%	7.8 ppts	-0.4 ppts

Source: Company data, CMBIGM

Figure 2: Earnings revision

	New			Old			Diff (%)		
RMB mn	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	68,151	97,743	116,856	63,246	92,937	106,854	7.8%	5.2%	9.4%
Gross profit	9,865	14,315	16,520	9,153	13,678	15,891	7.8%	4.7%	4.0%
Operating profit	508	2,748	3,747	566	2,513	3,672	-10.3%	9.3%	2.1%
Net profit	860	3,507	4,951	927	3,310	4,620	-7.2%	5.9%	7.2%
Gross margin	14.5%	14.6%	14.1%	14.5%	14.7%	14.9%	0.0 ppts	-0.1 ppts	-0.7 ppts
Operating margin	0.7%	2.8%	3.2%	0.9%	2.7%	3.4%	-0.1 ppts	0.1 ppts	-0.2 ppts
Net margin	1.3%	3.6%	4.2%	1.5%	3.6%	4.3%	-0.2 ppts	0.0 ppts	-0.1 ppts

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
RMB mn	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	68,151	97,743	116,856	66,390	105,659	136,019	2.7%	-7.5%	-14.1%
Gross profit	9,865	14,315	16,520	9,298	15,381	20,524	6.1%	-6.9%	-19.5%
Operating profit	508	2,748	3,747	463	3,580	6,188	9.6%	-23.2%	-39.4%
Net profit	860	3,507	4,951	801	3,906	6,574	7.4%	-10.2%	-24.7%
Gross margin	14.5%	14.6%	14.1%	14.0%	14.6%	15.1%	0.5 ppts	0.1 ppts	-1.0 ppts
Operating margin	0.7%	2.8%	3.2%	0.7%	3.4%	4.5%	0.0 ppts	-0.6 ppts	-1.3 ppts
Net margin	1.3%	3.6%	4.2%	1.2%	3.7%	4.8%	0.1 ppts	-0.1 ppts	-0.6 ppts

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	**12,385**	**16,747**	**32,164**	**68,151**	**97,743**	**116,856**
Cost of goods sold	(14,296)	(16,666)	(29,470)	(58,285)	(83,428)	(100,336)
Gross profit	**(1,911)**	**80**	**2,694**	**9,865**	**14,315**	**16,520**
Operating expenses	**(3,315)**	**(4,458)**	**(5,866)**	**(9,357)**	**(11,567)**	**(12,773)**
Selling expense	(1,114)	(1,795)	(2,138)	(3,514)	(4,026)	(4,382)
Admin expense	(842)	(858)	(1,137)	(2,162)	(2,629)	(3,052)
R&D expense	(1,411)	(1,920)	(2,896)	(4,456)	(5,763)	(6,473)
Others	51	115	306	775	851	1,134
Operating profit	**(5,227)**	**(4,377)**	**(3,171)**	**508**	**2,748**	**3,747**
Share of (losses)/profits of associates/JV	12	4	42	64	247	609
EBITDA	**(4,656)**	**(3,543)**	**(2,110)**	**1,841**	**4,762**	**6,423**
Depreciation	263	436	521	738	999	1,192
Depreciation of ROU assets	132	138	114	145	165	180
Other amortisation	21	27	35	46	57	70
EBIT	**(5,072)**	**(4,144)**	**(2,781)**	**912**	**3,541**	**4,980**
Interest income	143	229	348	340	546	625
Interest expense	(37)	(72)	(40)	(52)	(35)	(29)
Pre-tax profit	**(5,109)**	**(4,216)**	**(2,821)**	**860**	**3,507**	**4,951**
Income tax	(0)	(0)	(0)	0	0	0
After tax profit	**(5,109)**	**(4,216)**	**(2,821)**	**860**	**3,507**	**4,951**
Net profit	**(5,109)**	**(4,216)**	**(2,821)**	**860**	**3,507**	**4,951**

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	**13,638**	**22,470**	**26,453**	**51,734**	**74,811**	**93,075**
Cash & equivalents	6,949	11,731	6,378	23,207	34,547	39,752
Restricted cash	1,822	2,800	1,254	3,481	5,182	5,168
Account receivables	1,685	926	1,981	3,361	4,820	5,763
Inventories	1,749	1,719	2,023	3,992	6,171	7,422
ST bank deposits	81	2,087	1,318	3,371	3,107	2,840
Financial assets at FVTPL	930	2,770	11,473	11,604	17,274	27,826
Other current assets	385	422	2,026	2,651	3,612	4,188
Contract assets	37	14	0	68	98	117
Non-current assets	**5,629**	**5,984**	**11,194**	**10,328**	**10,764**	**11,327**
PP&E	3,208	3,868	5,537	6,305	6,706	6,809
Right-of-use assets	820	732	736	876	828	859
Investment in JVs & assos	30	44	164	228	475	1,084
Intangibles	447	450	450	444	436	417
Other non-current assets	1,124	889	4,306	2,476	2,319	2,159
Total assets	**19,268**	**28,453**	**37,647**	**62,062**	**85,576**	**104,403**
Current liabilities	**9,257**	**13,954**	**24,975**	**44,324**	**63,170**	**75,984**
Short-term borrowings	1,019	1,581	1,266	443	466	699
Account payables	5,987	9,847	18,903	35,131	50,285	60,476
Other current liabilities	2,072	2,399	4,499	8,458	12,077	14,412
Lease liabilities	149	104	145	149	136	151
Contract liabilities	31	23	161	143	205	245
Non-current liabilities	**1,752**	**2,002**	**2,601**	**3,792**	**4,423**	**5,146**
Long-term borrowings	773	892	1,108	1,165	699	300
Deferred income	414	382	348	381	451	554
Other non-current liabilities	564	728	1,144	2,246	3,273	4,292
Total liabilities	**11,009**	**15,955**	**27,576**	**48,116**	**67,593**	**81,130**
Share capital	1,143	1,337	1,337	1,416	1,431	1,440
Retained earnings	(9,680)	(13,897)	(16,717)	(15,867)	(12,340)	(7,369)
Other reserves	16,796	25,058	25,451	28,397	28,891	29,202
Total shareholders equity	**8,259**	**12,498**	**10,071**	**13,946**	**17,982**	**23,272**
Total equity and liabilities	**19,268**	**28,453**	**37,647**	**62,062**	**85,576**	**104,403**

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**(5,109)**	**(4,216)**	**(2,821)**	**860**	**3,507**	**4,951**
Depreciation & amortization	416	601	671	929	1,221	1,442
Tax paid	(0)	(0)	(0)	0	0	0
Change in working capital	1,456	3,941	10,092	13,908	12,150	9,115
Others	837	756	529	986	1,066	843
Net cash from operations	**(2,400)**	**1,082**	**8,471**	**16,684**	**17,944**	**16,351**
Investing						
Capital expenditure	(1,418)	(1,394)	(2,151)	(1,700)	(1,550)	(1,450)
Acquisition of subsidiaries/ investments	0	(10)	(106)	0	0	0
Net proceeds from disposal of short-term investments	(26)	(3,527)	(11,228)	(158)	(5,026)	(9,827)
Others	152	71	162	211	271	326
Net cash from investing	**(1,292)**	**(4,860)**	**(13,323)**	**(1,647)**	**(6,305)**	**(10,951)**
Financing						
Net borrowings	915	689	(99)	(766)	(443)	(166)
Proceeds from share issues	5,688	7,778	0	2,598	0	0
Others	(248)	85	(404)	(40)	144	(29)
Net cash from financing	**6,355**	**8,552**	**(503)**	**1,792**	**(299)**	**(195)**
Net change in cash						
Cash at the beginning of the year	4,338	6,949	11,731	6,378	23,207	34,547
Exchange difference	(53)	9	3	0	0	0
Cash at the end of the year	**6,949**	**11,731**	**6,378**	**23,207**	**34,547**	**39,752**
GROWTH	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
YE 31 Dec						
Revenue	295.4%	35.2%	92.1%	111.9%	43.4%	19.6%
Gross profit	na	na	3,248.4%	266.1%	45.1%	15.4%
Operating profit	na	na	na	na	441.0%	36.4%
EBITDA	na	na	na	na	158.7%	34.9%
EBIT	na	na	na	na	288.3%	40.6%
Net profit	na	na	na	na	307.6%	41.2%
PROFITABILITY	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
YE 31 Dec						
Gross profit margin	(15.4%)	0.5%	8.4%	14.5%	14.6%	14.1%
Operating margin	(42.2%)	(26.1%)	(9.9%)	0.7%	2.8%	3.2%
EBITDA margin	(37.6%)	(21.2%)	(6.6%)	2.7%	4.9%	5.5%
Return on equity (ROE)	(66.0%)	(40.6%)	(25.0%)	7.2%	22.0%	24.0%
GEARING/LIQUIDITY/ACTIVITIES	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
YE 31 Dec						
Net debt to equity (x)	(1.0)	(1.2)	(1.1)	(2.2)	(2.4)	(2.1)
Current ratio (x)	1.5	1.6	1.1	1.2	1.2	1.2
Receivable turnover days	49.7	20.2	22.5	18.0	18.0	18.0
Inventory turnover days	44.7	37.7	25.1	25.0	27.0	27.0
Payable turnover days	152.9	215.7	234.1	220.0	220.0	220.0
VALUATION	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
YE 31 Dec						
P/E	ns	ns	ns	78.1	20.3	14.5
P/E (diluted)	ns	ns	ns	78.1	20.3	14.5
P/B	6.3	4.7	6.6	4.8	4.0	3.1
P/CFPS	ns	53.9	7.9	4.0	4.0	4.4
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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