17 Mar 2026

CMB International Global Markets | Equity Research | Company Update

Leapmotor (9863 HK)

Eyes on new models, especially *D19*

Maintain BUY. We view Leapmotor's 4Q25 earnings as largely in line and management guidance upbeat. We believe the upcoming two D-series models could be key to its margins and valuation, although A-series may contribute more sales volume. We maintain our FY26E sales volume forecast of 0.9mn units. We also expect revenue and profit from other automakers including R&D support, CO_2 credits and component sales to beat market expectation.

- **4Q25 earnings largely in line.** Leapmotor's 4Q25 revenue rose 56% YoY to RMB21bn, 2% lower than our prior forecast. GPM in 4Q25 widened to the historical high level of 15.1%, in line with our projection. Vehicle GPM of about 12% was slightly lower than our forecast. Selling expenses in 4Q25 were higher than our estimates whereas G&A and R&D expenses were lower than expected, which led to an in-line R&D and SG&A combined ratio. Accordingly, net profit in 4Q25 reached RMB355mn, in the positive territory for three quarters in a row, or RMB68mn lower than our prior forecast.
- **D-series could be key to FY26E margins and valuation.** We maintain our FY26E sales volume forecast of 0.9mn units, with the *D19* SUV and *D99* MPV combined contributing 0.1mn units. We are of the view that our sales volume assumption for the D-series is crucial to our forecast of vehicle GPM lift (FY25: 12.2%, FY26E: 12.7%) and 2% YoY growth in vehicle average selling price in FY26E, despite industry headwinds with rising component prices. D-series could also be crucial to Leapmotor's valuation, in our view, as such success could convince investors that the automaker could go upscale and seize larger market share with wider price range.
- **Income from other automakers could be higher than expectation of some investors.** We expect Leapmotor's revenue from R&D support, CO_2 credits and sales of components to be RMB3.5bn with a blended GPM of 70%, which is another reason for FY26E GPM lift and a significant portion of net profit in FY26E. We believe such income could even provide a positive surprise in FY26-27E. We also expect the joint venture with Stellantis (STLA US, NR) to contribute meaningful profit from FY27E, offsetting Leapmotor's lower GPM from overseas sales.
- **Valuation/Key risks.** We revise up our FY26E/27E net profit forecasts by 20%/2% to RMB3.6bn/4.6bn, respectively. We maintain our BUY rating but cut target price from HK$73.00 to HK$60.00, based on 21x our FY26E P/E. We change our valuation method from P/S to P/E given its positive net profit outlook from FY26E. We lower our multiples to reflect current market sentiment. Our target price corresponds to 16x our FY27E P/E. Key risks to our rating and target price include lower sales/GPM than we expect, as well as a sector de-rating.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue (RMB mn)	16,747	32,164	64,732	98,999	111,840
YoY growth (%)	35.2	92.1	101.3	52.9	13.0
Gross margin (%)	0.5	8.4	14.5	14.8	13.9
Operating profit (RMB mn)	(4,377.4)	(3,171.1)	177.4	2,961.0	3,230.4
Net profit (RMB mn)	(4,216.3)	(2,820.8)	538.4	3,586.5	4,555.7
YoY growth (%)	na	na	na	566.1	27.0
EPS (Reported) (RMB cents)	(362.06)	(210.98)	38.75	252.36	317.21
P/S (x)	3.3	1.7	0.9	0.6	0.5
P/E (x)	na	na	101.4	15.6	12.4
P/B (x)	3.7	5.2	3.9	3.3	2.6

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$60.00**
(Previous TP	HK$73.00)
Up/Downside	**34.6%**
Current Price	**HK$44.56**

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Stock Data

Mkt Cap (HK$ mn)	63,356.0
Avg 3 mths t/o (HK$ mn)	369.0
52w High/Low (HK$)	73.50/38.26
Total Issued Shares (mn)	1421.8

Source: FactSet

Shareholding Structure

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

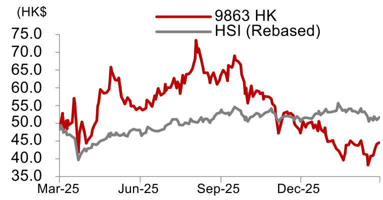
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	1.4%	4.8%
3-mth	-5.8%	-7.9%
6-mth	-29.7%	-28.0%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related Report

"China Auto - Weak 4Q25 sales may lead to earning miss" - 21 Jan 2026

"Leapmotor (9863 HK) - 4Q25 NP to be more resilient; D19 key to FY26E" - 18 Nov 2025

Figure 1: Quarterly results

RMB mn	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	YoY	QoQ
Sales volume (units)	33,410	53,286	88,036	120,863	87,552	134,112	173,852	201,039	66.3%	15.6%
ASP (RMB)	104,346	100,574	111,954	111,389	114,446	106,102	111,877	104,618	-6.1%	-6.5%
Revenue	3,486	5,359	9,856	13,463	10,020	14,230	19,450	21,032	56.2%	8.1%
Gross profit	(48)	148	802	1,792	1,493	1,933	2,820	3,166	76.7%	12.3%
R&D expenses	(520)	(701)	(780)	(895)	(800)	(1,094)	(1,210)	(1,188)	32.7%	-1.8%
SG&A expenses	(567)	(770)	(890)	(1,048)	(990)	(1,205)	(1,580)	(1,820)	73.8%	15.2%
Operating profit	(1,126)	(1,269)	(740)	(36)	(150)	61	50	216	N/A	332.0%
Net profit	(1,013)	(1,199)	(690)	81	(130)	163	150	355	339.0%	136.9%
Gross margin	-1.4%	2.8%	8.1%	13.3%	14.9%	13.6%	14.5%	15.1%	1.7 ppts	0.6 ppts
Operating margin	-32.3%	-23.7%	-7.5%	-0.3%	-1.5%	0.4%	0.3%	1.0%	1.3 ppts	0.8 ppts
Net margin	-29.1%	-22.4%	-7.0%	0.6%	-1.3%	1.1%	0.8%	1.7%	1.1 ppts	0.9 ppts

Source: Company data, CMBIGM

Figure 2: Earnings revision

	New			Old			Diff (%)		
RMB mn	FY25A	FY26E	FY27E	FY25E	FY26E	FY27E	FY25A	FY26E	FY27E
Revenue	64,732	98,999	111,840	65,185	95,239	109,580	-0.7%	3.9%	2.1%
Gross profit	9,412	14,638	15,594	9,483	14,036	15,720	-0.7%	4.3%	-0.8%
Operating profit	177	2,961	3,230	260	2,244	3,317	-31.9%	32.0%	-2.6%
Net profit	538	3,586	4,556	607	2,986	4,490	-11.2%	20.1%	1.5%
Gross margin	14.5%	14.8%	13.9%	14.5%	14.7%	14.3%	0.0 ppts	0.0 ppts	-0.4 ppts
Operating margin	0.3%	3.0%	2.9%	0.4%	2.4%	3.0%	-0.1 ppts	0.6 ppts	-0.1 ppts
Net margin	0.8%	3.6%	4.1%	0.9%	3.1%	4.1%	-0.1 ppts	0.5 ppts	0.0 ppts

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
RMB mn	FY25A	FY26E	FY27E	FY25E	FY26E	FY27E	FY25A	FY26E	FY27E
Revenue	64,732	98,999	111,840	31,527	55,501	78,731	105.3%	78.4%	42.1%
Gross profit	9,412	14,638	15,594	2,251	6,167	10,192	318.1%	137.4%	53.0%
Operating profit	177	2,961	3,230	(3,434)	(904)	1,184	N/A	N/A	172.9%
Net profit	538	3,586	4,556	(3,179)	(582)	1,873	N/A	N/A	143.2%
Gross margin	14.5%	14.8%	13.9%	7.1%	11.1%	12.9%	7.4 ppts	3.7 ppts	1.0 ppts
Operating margin	0.3%	3.0%	2.9%	-10.9%	-1.6%	1.5%	11.2 ppts	4.6 ppts	1.4 ppts
Net margin	0.8%	3.6%	4.1%	-10.1%	-1.0%	2.4%	10.9 ppts	4.7 ppts	1.7 ppts

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	**12,385**	**16,747**	**32,164**	**64,732**	**98,999**	**111,840**
Cost of goods sold	(14,296)	(16,666)	(29,470)	(55,320)	(84,360)	(96,246)
Gross profit	**(1,911)**	**80**	**2,694**	**9,412**	**14,638**	**15,594**
Operating expenses	**(3,315)**	**(4,458)**	**(5,866)**	**(9,235)**	**(11,677)**	**(12,363)**
Selling expense	(1,114)	(1,795)	(2,138)	(3,654)	(4,398)	(4,592)
Admin expense	(842)	(858)	(1,137)	(1,941)	(2,374)	(2,513)
R&D expense	(1,411)	(1,920)	(2,896)	(4,292)	(5,748)	(6,286)
Others	51	115	306	653	842	1,028
Operating profit	**(5,227)**	**(4,377)**	**(3,171)**	**177**	**2,961**	**3,230**
Share of (losses)/profits of associates/JV	12	4	42	67	192	774
EBITDA	**(4,656)**	**(3,543)**	**(2,110)**	**1,848**	**5,393**	**6,573**
Depreciation	263	436	521	1,013	1,487	1,673
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)**	**644**	**3,684**	**4,650**
Interest income	143	229	348	400	531	646
Interest expense	(37)	(72)	(40)	(106)	(98)	(95)
Pre-tax profit	**(5,109)**	**(4,216)**	**(2,821)**	**538**	**3,586**	**4,556**
Income tax	(0)	(0)	(0)	0	0	0
After tax profit	**(5,109)**	**(4,216)**	**(2,821)**	**538**	**3,586**	**4,556**
Net profit	**(5,109)**	**(4,216)**	**(2,821)**	**538**	**3,586**	**4,556**

BALANCE SHEET	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	**13,638**	**22,470**	**26,453**	**39,662**	**61,463**	**74,189**
Cash & equivalents	6,949	11,731	6,378	10,985	24,671	32,208
Restricted cash	1,822	2,800	1,254	3,148	3,701	4,187
Account receivables	1,685	926	1,981	5,210	4,882	5,515
Inventories	1,749	1,719	2,023	4,548	6,240	7,120
ST bank deposits	81	2,087	1,318	3,446	6,976	8,572
Financial assets at FVTPL	930	2,770	11,473	10,172	11,261	12,379
Other current assets	385	422	2,026	2,152	3,633	4,096
Contract assets	37	14	0	0	99	112
Non-current assets	**5,629**	**5,984**	**11,194**	**23,156**	**23,577**	**22,451**
PP&E	3,208	3,868	5,537	10,243	10,343	9,965
Right-of-use assets	820	732	736	1,830	1,645	2,014
Investment in JVs & assos	30	44	164	231	423	1,197
Intangibles	447	450	450	463	436	417
Other non-current assets	1,124	889	4,306	10,390	10,730	8,857
Total assets	**19,268**	**28,453**	**37,647**	**62,818**	**85,040**	**96,640**
Current liabilities	**9,257**	**13,954**	**24,975**	**42,829**	**62,267**	**68,715**
Short-term borrowings	1,019	1,581	1,266	654	866	1,299
Account payables	5,987	9,847	18,903	33,099	48,536	52,738
Other current liabilities	2,072	2,399	4,499	8,749	12,202	13,839
Lease liabilities	149	104	145	237	454	604
Contract liabilities	31	23	161	91	208	235
Non-current liabilities	**1,752**	**2,002**	**2,601**	**5,871**	**5,614**	**5,870**
Long-term borrowings	773	892	1,108	2,307	1,299	300
Deferred income	414	382	348	606	451	554
Other non-current liabilities	564	728	1,144	2,959	3,863	5,017
Total liabilities	**11,009**	**15,955**	**27,576**	**48,700**	**67,881**	**74,585**
Share capital	1,143	1,337	1,337	1,422	1,431	1,440
Retained earnings	(9,680)	(13,897)	(16,717)	(16,179)	(13,417)	(8,841)
Other reserves	16,796	25,058	25,451	28,875	29,145	29,455
Total shareholders equity	**8,259**	**12,498**	**10,071**	**14,118**	**17,159**	**22,054**
Total equity and liabilities	**19,268**	**28,453**	**37,647**	**62,818**	**85,040**	**96,640**

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**(5,109)**	**(4,216)**	**(2,821)**	**538**	**3,586**	**4,556**
Depreciation & amortization	416	601	671	1,204	1,709	1,922
Tax paid	(0)	(0)	(0)	0	0	0
Change in working capital	1,456	3,941	10,092	13,698	12,076	2,676
Others	837	756	529	1,150	1,066	619
Net cash from operations	**(2,400)**	**1,082**	**8,471**	**16,590**	**18,437**	**9,773**
Investing						
Capital expenditure	(1,418)	(1,394)	(2,151)	(6,100)	(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)	(8,200)	(3,000)	(500)
Others	152	71	162	211	271	326
Net cash from investing	**(1,292)**	**(4,860)**	**(13,323)**	**(14,089)**	**(4,279)**	**(1,624)**
Financing						
Net borrowings	915	689	(99)	381	(590)	(566)
Proceeds from share issues	5,688	7,778	0	2,598	0	0
Others	(248)	85	(404)	(39)	118	(47)
Net cash from financing	**6,355**	**8,552**	**(503)**	**2,940**	**(472)**	**(613)**
Net change in cash						
Cash at the beginning of the year	4,338	6,949	11,731	6,378	10,985	24,671
Exchange difference	(53)	9	3	(834)	0	0
Cash at the end of the year	**6,949**	**11,731**	**6,378**	**10,985**	**24,671**	**32,208**

GROWTH	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec						
Revenue	295.4%	35.2%	92.1%	101.3%	52.9%	13.0%
Gross profit	na	na	3,248.4%	249.3%	55.5%	6.5%
Operating profit	na	na	na	na	1,569.3%	9.1%
EBITDA	na	na	na	na	191.8%	21.9%
EBIT	na	na	na	na	471.8%	26.2%
Net profit	na	na	na	na	566.1%	27.0%

PROFITABILITY	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec						
Gross profit margin	(15.4%)	0.5%	8.4%	14.5%	14.8%	13.9%
Operating margin	(42.2%)	(26.1%)	(9.9%)	0.3%	3.0%	2.9%
EBITDA margin	(37.6%)	(21.2%)	(6.6%)	2.9%	5.4%	5.9%
Return on equity (ROE)	(66.0%)	(40.6%)	(25.0%)	4.5%	22.9%	23.2%

GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(1.0)	(1.2)	(1.1)	(1.8)	(2.5)	(2.4)
Current ratio (x)	1.5	1.6	1.1	0.9	1.0	1.1
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	210.0	200.0

VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	ns	ns	101.4	15.6	12.4
P/E (diluted)	ns	ns	ns	102.2	15.6	12.4
P/B	5.0	3.7	5.2	3.9	3.3	2.6
P/CFPS	ns	42.3	6.2	3.3	3.0	5.8
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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