

Auto

OEM 3Q26 preview: Stable pricing, exports and cost discipline cushion weak domestic volume

Chinese auto stocks underperformed the broader market in 3Q26, which we attribute to the slower-than-expected recovery in domestic demand, the newly imposed consumption tax on batteries, and the expected reduction in NEV export tax rebates (announced on 12 Oct 2026, to take effect on 1 Apr 2027). We further cut our forecasts for both retail and wholesale volumes in 2026. We also cut China's NEV sales volume forecast in 2026, despite the on-track or even slightly outperforming market share gains.

On the other hand, sequential sales volume growth, stable pricing, stringent cost control and rising overseas contribution will likely drive sequential revenue and net profit expansion for all the seven Chinese automakers analyzed in this report (BYD, Geely, Great Wall, Leapmotor, NIO, Xpeng and Li Auto) in 3Q26E. These leading Chinese automakers also demonstrated their resilience with combined sales volume rising 16% QoQ in 3Q26, outpacing the industry growth by 9ppts. We project Leapmotor to post a record-high net profit in 3Q26E. We also expect BYD, NIO and Li Auto to post significant net profit growth or net loss narrowing sequentially. We cut FY26E net loss forecast by 12% for NIO, while keeping BYD, Geely, Leapmotor, Xpeng and Li Auto's FY26E net profit/loss largely unchanged. We trim Great Wall's FY26E net profit by 18%.

- **Further downward revision for both retail and wholesale volumes in 2026.** We cut our China's passenger-vehicle (PV) retail sales volume forecast in 2026 by 8.3% to 18.95mn units (-18.5% YoY), after 3Q26 industrywide retail volume missed our prior expectation by about 14%. New orders for some leading NEV brands remained sluggish in the first two weeks of Oct, based on our channel checks. Our latest retail sales volume forecast for 2026 would make it the lowest since 2015, with the largest YoY decline in history. We also trim our 2026 PV wholesale volume forecast by 6.7% to 28.71mn units (-4.6% YoY), the first decline since 2021. The relative resilience compared with retail sales volume mainly comes from exports, which we expect to surge by 68% YoY to 10.16mn units, or 35% of total PV wholesale volume.
- **NEV market share set to hit 60% in 2026.** Weak domestic demand also dragged down NEV sales volume despite rising NEV penetration. We cut our 2026 passenger NEV retail sales volume forecast by 7.8% to 11.12mn units (-10.2% YoY), which would mark the largest YoY decline in China's history. NEV market share hit 65% for the first time in history on a wholesale basis in Sep 2026, based on the data from China Passenger Car Association (CPCA). Despite that, passenger NEV wholesale volume in 3Q26 missed our previous forecast by 6.7%. We now project China's passenger NEV wholesale volume to rise 11.0% YoY to 17.14mn units in 2026, supported by more-than-doubled NEV exports and inventory restocking. We expect passenger NEV market share on a wholesale basis to be close to 60% in 2026.
- **BYD: We expect net profit per vehicle to hit RMB8,600.** BYD's 3Q26 sales volume rose 19% both YoY and QoQ to 1.32mn units, including 0.55mn units from overseas (+137% YoY). We project BYD's revenue in 3Q26E to rise 18% YoY to about RMB230bn, the first YoY growth since 3Q25. We forecast 3Q26E GPM of 18.4% (-0.5ppts QoQ, +0.8ppts YoY) and an SG&A ratio of 5.5% (vs. 6.2% in 2Q26), accounting for greater economies of scale and competitive industry landscape. We also expect BYD to continue R&D capitalization with a ratio of about 20% in 3Q26E. We also expect forex loss to remain in 3Q26 but impairment loss to narrow sequentially. Consequently, we expect its 3Q26E net profit to rise 38% QoQ and 46% YoY to RMB11.4bn,

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China Auto Sector

Ji SHI, CFA

(852) 3761 8728
shiji@cmbi.com.hk

Wenjing DOU, CFA

(852) 6939 4751
douwenjing@cmbi.com.hk

Austin Liang

(852) 3900 0856
austinliang@cmbi.com.hk

Name	Ticker	Rating	TP (LC)
Geely	175 HK	BUY	27
BYD	1211 HK	BUY	125
BYD	002594 CH	BUY	125
Leapmotor	9863 HK	BUY	60
NIO	NIO US	BUY	6
NIO	9866 HK	BUY	47
Xpeng	XPEV US	BUY	16
Xpeng	9868 HK	BUY	62
Li Auto	LI US	HOLD	12
Li Auto	2015 HK	HOLD	47
GWM	2333 HK	BUY	14
GWM	601633 CH	BUY	25
GAC	2238 HK	BUY	3.6
GAC	601238 CH	BUY	8.6
Horizon	9660 HK	BUY	7
Zenergy	3677 HK	BUY	11.5
Mint	425 HK	BUY	42
Refire	2570 HK	BUY	80
Yongda	3669 HK	BUY	1.8
Meidong	1268 HK	BUY	0.9
Tuhu	9690 HK	BUY	19

Source: Bloomberg, CMBIGM

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["Auto - Sequential rebound: 2H26 outlook & 2Q26 earnings preview" - 31 Jul 2026](#)

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["Geely Automobile \(175 HK\) - 2Q26 in-line: export, margin traction to continue" - 18 Aug 2026](#)

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the third-highest quarterly net profit in its history, with an implied net profit per vehicle of about RMB8,600 (vs. RMB7,437 in 2Q26 and RMB7,021 in 3Q25).

We lift FY26E sales volume forecast slightly from 4.50mn units to 4.59mn units and maintain our FY26E net profit forecast unchanged at RMB36.1bn (+11% YoY), as we revise up full-year forex loss projection.

- **Geely: Record-high revenue with sequential growth in net profit in 3Q26E.** Geely's 3Q26 sales volume rose 7% YoY and 14% QoQ to 0.81mn units, with exports accounting for 39.8% (vs. 38.0% in 2Q26 and 14.7% in 3Q25). We forecast its 3Q26 average selling price (ASP) to be largely stable QoQ at about RMB125,000 given a similar model mix and discounts at dealers vs. 2Q26, which leads to our 3Q26 revenue forecast of RMB102bn (+15% YoY, +13% QoQ), the highest in Geely's history. We project 3Q26E GPM to rise 0.1ppts QoQ and 1.8ppts YoY to about 18.5%, consistent with management's prior guidance of sequential GPM expansion in 2H26E. We forecast a combined R&D and SG&A ratio of 12.7% (vs. 13.0% in 2Q26) on operating leverage. Therefore, we forecast Geely's 3Q26E net profit to rise 45% YoY and 14% QoQ to RMB5.6bn, or a net profit per vehicle of about RMB6,900.

We trim our FY26E sales volume forecast by 3% to 3.17mn units, including 1.15mn units from exports. Nevertheless, we expect 4Q26E sales volume to hit a record-high of 0.93mn units. Accordingly, we also cut FY26E net profit forecast by 3% to RMB20.9bn. Yet, its 24% YoY net profit growth trajectory for FY26E should still surpass most peers.

- **Great Wall Motor: Weak domestic demand and refund postponement in Russia to drag net profit.** Great Wall's 3Q26 wholesale volume rose 7% QoQ but fell 5% YoY to 336,000 units, with exports accounting for a record-high portion of 54.9%. We project 3Q26E ASP to decline 2% QoQ as Tank's sales volume contribution fell 0.9ppts QoQ to 14.9%. Consequently, we project 3Q26E revenue to rise 4% QoQ and fall 3% YoY to RMB59.5bn. We expect GPM to be flat YoY at 18.4% (+0.1ppts QoQ), with a combined SG&A and R&D ratio of 11.1% (vs. 11.9% in 2Q26). We assume other income to be RMB300mn in 3Q26E, as the recycling-fee reimbursement in Russia was not settled last quarter. Accordingly, we estimate its net profit to fall 7% YoY to RMB2.1bn, or about RMB6,400 per vehicle.

We cut FY26E sales volume by 4% to 1.30mn units on weaker-than-expected domestic demand. We also revise up selling expense forecast in FY26E to account for Great Wall's overseas expansion. Therefore, we cut our FY26E net profit forecast by 18% to RMB7.6bn. Management still expects a reimbursement of about RMB2.0bn (RUB21.7bn) for 4Q25-1Q26 to be recognized by Dec 2026.

- **Leapmotor: We expect record-high net profit in 3Q26E driven by strong sales volume.** Leapmotor's 3Q26 sales volume reached an all-time high of 0.31mn units (+26% QoQ) and topped among all the Chinese NEV start-ups. We expect overall ASP to fall 3% QoQ to about RMB108,000, dragged by a smaller contribution from other sales. Consequently, we forecast 3Q26E revenue to rise 23% QoQ to RMB33.4bn. We project GPM to rise 0.2ppts QoQ to 12.8% on greater economies of scale. We estimate the combined R&D and SG&A expense ratio to narrow by 1.3ppts QoQ to 10.3% amid operating leverage, which could lead to a record-high net profit of RMB1.1bn (+88% QoQ, +649% YoY), implying a net profit per vehicle of about RMB3,600.

We maintain our FY26E sales volume forecast of 1.0mn units and trim our FY26E net profit forecast by 5% to RMB3.0bn, in line with its previous net profit guidance. The earnings cut was mainly due to sales volume mix adjustment, with upward revision on A-series and downward revision on C-series. Leapmotor's domestic sales volume surged 42% YoY in the first nine months of 2026, significantly outpacing the broader industry. We are of the view that investors may keep an eye on the growth potential of its second brand launching next year and higher profit contribution from overseas markets.

["Leapmotor \(9863 HK\) - All set for a stronger 2H26" - 25 Aug 2026](#)
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["Xpeng Inc. \(XPEV US/9868 HK\) - 4Q26 volume acceleration; robotics fundraising unlocks SOTP value" - 26 Aug 2026](#)

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- **NIO: Sequential loss narrowing anchored by premium mix shift.** NIO's 3Q26 deliveries rose 1% QoQ to about 109,000 units, in line with its guidance, with the *ES8* and *ES9* combined accounting for 48%. Driven by a favorable model mix, we expect ASP to expand 4% QoQ to about RMB311,000, lifting 3Q26E revenue by 6% QoQ to about RMB34.0bn. We forecast GPM to be flat QoQ and widen by 4.5ppts YoY to 18.4%, aligning with management's guidance for a stable 2H26 vehicle margin. Operating efficiency gains should improve the combined R&D and SG&A expense ratio to 19.2% (vs. 20.4% in 2Q26 when marketing spending was elevated by new model launches). We expect net loss to narrow significantly to RMB155mn in 3Q26E, vs. RMB722mn in 2Q26 and RMB3.7bn in 3Q25.

We still expect NIO to approach US-GAAP breakeven in 2H26E and narrow our FY26E GAAP net loss forecast by 12% to RMB1.3bn. In our view, NIO's current product cycle led by the premium *ES8* has proven successful. The key now is whether such success could extend into previous volume drivers, the *ES6* and *ET5*, with new generations launching in 2027.

- **Xpeng: IP licensing, model mix may dent 3Q26E GPM.** Xpeng delivered 118,000 units in 3Q26 (+2% YoY, +15% QoQ), landing within its 115,000-121,000 guidance but held back by the *Mona L03* supply bottleneck as highlighted by management. We estimate 3Q26E overall ASP to fall 4% QoQ to about RMB183,000, dragged by a higher mix of entry-level models and lower IP licensing revenue. Consequently, we project 3Q26E revenue to rise 10% QoQ to RMB21.6bn and GPM to fall 3.0ppts QoQ to 17.7%. With a combined R&D and SG&A expense ratio improving to 25.4% (vs. 27.4% in 2Q26), we expect a net loss of RMB1.2bn in 3Q26E, representing an 8% QoQ contraction.

We cut our FY26E sales volume forecast by 5% to 434,000 units, implying 4Q26E deliveries of about 150,000 units, having accounted for the *GX*, *G9L*, *Mona L03* and *L05* ramp-ups. We still expect a near-breakeven net loss of RMB74mn in 4Q26E.

- **Li Auto: Loss-making in 3Q26E.** Li Auto's 3Q26 deliveries reached 99,964 units (+2% QoQ, +7% YoY), hitting the upper bound of its 95,000-100,000 unit guidance range following the rollouts of the facelifted *L9*, *L8* and *L6*. Supported by an increased delivery share of the premium *L9*, we expect overall ASP to rise 8% QoQ to about RMB281,000, lifting 3Q26E revenue by 10% QoQ to RMB28.1bn. We estimate overall 3Q26E GPM to rise 2.3ppts QoQ to 13.3% with vehicle GPM rebounding to 12.0%. Combined with tight cost control that may reduce the combined SG&A and R&D expense ratio to 18.3% (vs. 19.7% in 2Q26), we forecast a net loss of RMB774mn in 3Q26E, representing a 55% QoQ narrowing.

We cut our FY26E sales volume forecast by 1% to 408,000 units, implying 4Q26E deliveries of about 115,000 units. Although we expect Li Auto's profit improvement to continue in 4Q26E, we cut our FY27-28E net profit forecasts significantly to RMB0.8bn and RMB2.0bn, as its competitive moats narrow. 2H26E could book a net loss of about RMB200mn. We maintain a cautious stance on its earnings recovery and potential for a re-rating before physical AI becomes a key industry differentiator.

Figure 1: 3Q26 earnings forecasts for Li Auto, Xpeng, NIO, Leapmotor, Geely, BYD and GWM

RMB mn	Li Auto			Xpeng			NIO			Leapmotor		
	3Q25	2Q26	3Q26E	3Q25	2Q26	3Q26E	3Q25	2Q26	3Q26E	3Q25	2Q26	3Q26E
Sales volume ('000 units)	93	98	100	116	103	118	87	108	109	174	246	310
Revenue	27,365	25,667	28,126	20,381	19,744	21,639	21,794	32,137	33,910	19,450	27,287	33,435
GP	4,469	2,836	3,755	4,104	4,083	3,828	3,025	5,906	6,239	2,820	3,428	4,280
GPM	16.3%	11.0%	13.3%	20.1%	20.7%	17.7%	13.9%	18.4%	18.4%	14.5%	12.6%	12.8%
R&D & SG&A	(5,743)	(5,054)	(5,150)	(4,922)	(5,411)	(5,500)	(6,575)	(6,569)	(6,500)	(2,790)	(3,156)	(3,456)
OP	(1,177)	(2,301)	(1,345)	(751)	(1,143)	(1,422)	(3,522)	(347)	39	50	538	1,024
OPM	-4.3%	-9.0%	-4.8%	-3.7%	-5.8%	-6.6%	-16.2%	-1.1%	0.1%	0.3%	2.0%	3.1%
NP	(625)	(1,704)	(774)	(381)	(1,337)	(1,232)	(3,661)	(722)	(155)	150	598	1,124
NPM	-2.3%	-6.6%	-2.8%	-1.9%	-6.8%	-5.7%	-16.8%	-2.2%	-0.5%	0.8%	2.2%	3.4%

RMB mn	Geely			BYD			GWM		
	3Q25	2Q26	3Q26E	3Q25	2Q26	3Q26E	3Q25	2Q26	3Q26E
Sales volume ('000 units)	761	714	813	1,114	1,108	1,323	354	315	336
Revenue	88,087	89,824	101,565	194,985	194,590	229,552	61,247	56,992	59,544
GP	14,729	16,490	18,790	34,346	36,737	42,238	11,281	10,436	10,956
GPM	16.7%	18.4%	18.5%	17.6%	18.9%	18.4%	18.4%	18.3%	18.4%
R&D & SG&A	(11,015)	(11,672)	(12,899)	(25,131)	(23,942)	(25,200)	(6,299)	(6,779)	(6,600)
OP	4,669	5,270	6,421	10,186	10,048	13,954	2,913	2,016	2,716
OPM	5.3%	5.9%	6.3%	5.2%	5.2%	6.1%	4.8%	3.5%	4.6%
NP	3,854	4,925	5,602	7,823	8,241	11,401	2,298	1,519	2,146
NPM	4.4%	5.5%	5.5%	4.0%	4.2%	5.0%	3.8%	2.7%	3.6%

Source: Company data, CMBIGM estimates

Figure 2: FY26E and FY27E earnings forecasts for Li Auto, Xpeng, NIO, Leapmotor, Geely, BYD and GWM

RMB mn	Li Auto			Xpeng			NIO			Leapmotor		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Sales volume ('000 units)	406	408	440	429	434	620	326	419	530	597	1,000	1,200
Revenue	112,313	108,094	119,615	76,720	80,658	105,799	87,488	127,787	153,621	64,732	105,633	129,948
GP	20,985	13,618	19,344	14,473	15,521	19,689	11,916	23,721	26,684	9,412	13,727	17,018
GPM	18.7%	12.6%	16.2%	18.9%	19.2%	18.6%	13.6%	18.6%	17.4%	14.5%	13.0%	13.1%
R&D & SG&A	(21,980)	(20,399)	(20,425)	(18,888)	(21,623)	(22,550)	(26,693)	(25,273)	(26,895)	(9,888)	(12,505)	(14,193)
OP	(521)	(6,581)	(681)	(2,771)	(5,002)	(1,561)	(14,041)	(452)	889	177	2,373	4,026
OPM	-0.5%	-6.1%	-0.6%	-3.6%	-6.2%	-1.5%	-16.0%	-0.4%	0.6%	0.3%	2.2%	3.1%
NP	1,124	(4,227)	817	(1,139)	(4,428)	(102)	(15,571)	(1,292)	977	538	3,006	5,342
NPM	1.0%	-3.9%	0.7%	-1.5%	-5.5%	-0.1%	-17.8%	-1.0%	0.6%	0.8%	2.8%	4.1%

RMB mn	Geely			BYD			GWM		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Sales volume ('000 units)	3,025	3,165	3,640	4,602	4,590	5,000	1,324	1,302	1,430
Revenue	345,232	388,811	442,307	803,965	831,389	898,585	222,824	227,612	253,075
GP	57,347	70,879	79,814	142,660	153,209	161,074	40,202	41,137	45,894
GPM	16.6%	18.2%	18.0%	17.7%	18.4%	17.9%	18.0%	18.1%	18.1%
R&D & SG&A	(44,529)	(49,178)	(55,680)	(104,363)	(98,784)	(103,019)	(26,452)	(28,197)	(30,322)
OP	18,838	23,768	27,030	40,185	43,764	53,098	11,534	9,453	11,073
OPM	5.5%	6.1%	6.1%	5.0%	5.3%	5.9%	5.2%	4.2%	4.4%
NP	16,852	20,930	24,024	32,619	36,113	43,186	9,865	7,579	9,131
NPM	4.9%	5.4%	5.4%	4.1%	4.3%	4.8%	4.4%	3.3%	3.6%

Source: Company data, CMBIGM estimates

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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