

Leapmotor (9863 HK)

Sustainable profit ahead on strong sales momentum

Maintain BUY. Leapmotor posted a net profit of RMB163mn in 2Q25, beating our forecast by RMB115mn. We expect its strong sales momentum to continue throughout FY26E, aided by new models rollout and overseas production. The B01 sedan could be well received given management's 3Q25 sales volume guidance. The success of the C16 also gives us more confidence in its upcoming D-series models. We raise our FY25-26E net profit forecasts by 220%/129% to RMB927mn/3.3bn, respectively, amid greater economies of scale and more meaningful contribution from high-margin other revenue.

- **2Q25 earnings beat on higher GPM and other income.** Leapmotor's 2Q25 revenue rose 42% QoQ to RMB14.2bn, in line with our prior forecast. Gross margin in 2Q25 only fell 1.3ppts QoQ to 13.6% despite wider discounts amid model transition and prolonged price war, 0.9ppts stronger than our estimates. Leapmotor achieved a positive operating profit of RMB61mn in 2Q25, the first time in history, partially aided by government grants. Although we projected a positive net profit in 2Q25, it still beat our forecast by RMB115mn.
- **Strong sales momentum throughout FY26E.** Management's guidance of 170,000-180,000 units in 3Q25, or a monthly volume of 60,000-65,000 units in Aug-Sep, was stronger than our prior expectation. We raise our FY25E sales volume forecast by 50,000 units to 0.6mn units, following such strong sales momentum. The new D-series SUV is scheduled to debut in Oct 2025 and start deliveries in 1Q26, which is earlier than we had expected. The success of the C16, a typical example to showcase Leapmotor's value-for-money brand image, gives us more confidence in its D-series models. We project its strong sales volume growth to continue in FY26E with our new forecast of 0.9mn units (+50% YoY), as overseas sales volume could also double YoY in FY26E with local production in Malaysia and Europe.
- **Sustainable profit to start from FY25E.** We raise our FY25E GPM forecast by 1.6ppts to 14.5%, following the beat in 2Q25. We believe greater economies of scale and more meaningful high-margin other income (CO₂ credits and income from strategic cooperation with other automakers) could continue to drive GPM higher in 2H25E and FY26E. We revise up our FY25E net profit forecast by 220% to RMB927mn. We also project FY26E net profit to surge 257% YoY to RMB3.3bn in FY26E.
- **Valuation/Key risks.** We maintain our BUY rating and raise target price from HK\$72.00 to HK\$80.00, based on 1.1x our FY26E P/S (prior 1.5x FY25E P/S). Our target price also corresponds to a 30x FY26E P/E and 22x FY27E P/E. We are of the view that such target P/Es are justified given its high growth potential. 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	63,246	92,937	106,854
YoY growth (%)	35.2	92.1	96.6	46.9	15.0
Gross margin (%)	0.5	8.4	14.5	14.7	14.9
Net profit (RMB mn)	(4,216.3)	(2,820.8)	926.8	3,310.3	4,619.7
YoY growth (%)	na	na	na	257.2	39.6
P/S (x)	5.0	2.6	1.3	0.9	0.8
P/E (x)	na	na	90.6	26.9	19.5

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$80.00
(Previous TP)	HK\$72.00)
Up/Downside	17.4%
Current Price	HK\$68.15

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Stock Data

Mkt Cap (HK\$ mn)	91,114.2
Avg 3 mths t/o (HK\$ mn)	464.4
52w High/Low (HK\$)	68.15/19.54
Total Issued Shares (mn)	1337.0

Source: FactSet

Shareholding Structure

Mr. Jiangming Zhu and his concert parties	25.8%
Stellantis N.V.	21.3%

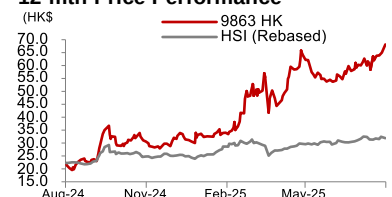
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	13.0%	11.4%
3-mth	6.2%	-1.5%
6-mth	100.4%	82.9%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related Report

["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	YoY	QoQ
Sales volume (units)	33,410	53,286	86,165	120,863	87,552	134,112	151.7%	53.2%
ASP (RMB)	104,346	100,574	114,385	111,389	114,446	106,102	5.5%	-7.3%
Revenue	3,486	5,359	9,856	13,463	10,020	14,230	165.5%	42.0%
Gross profit	(48)	148	802	1,792	1,493	1,933	1204.7%	29.4%
R&D expenses	(520)	(701)	(780)	(895)	(800)	(1,094)	56.0%	36.8%
SG&A expenses	(567)	(770)	(890)	(1,048)	(990)	(1,205)	56.4%	21.7%
Operating profit	(1,126)	(1,269)	(740)	(36)	(150)	61	N/A	N/A
Net profit	(1,013)	(1,199)	(690)	81	(130)	163	N/A	N/A
Gross margin	-1.4%	2.8%	8.1%	13.3%	14.9%	13.6%	10.8 ppts	-1.3 ppts
Operating margin	-32.3%	-23.7%	-7.5%	-0.3%	-1.5%	0.4%	24.1 ppts	1.9 ppts
Net margin	-29.1%	-22.4%	-7.0%	0.6%	-1.3%	1.1%	23.5 ppts	2.4 ppts

Source: Company data, CMBIGM

Figure 2: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	63,246	92,937	106,854	59,156	63,956	69,271	6.9%	45.3%	54.3%
Gross profit	9,153	13,678	15,891	7,586	8,672	9,550	20.6%	57.7%	66.4%
Operating profit	566	2,513	3,672	(234)	416	895	N/A	504.5%	310.2%
Net profit	927	3,310	4,620	289	1,447	2,119	220.4%	128.7%	118.0%
Gross margin	14.5%	14.7%	14.9%	12.8%	13.6%	13.8%	1.6 ppts	1.2 ppts	1.1 ppts
Operating margin	0.9%	2.7%	3.4%	-0.4%	0.7%	1.3%	1.3 ppts	2.1 ppts	2.1 ppts
Net margin	1.5%	3.6%	4.3%	0.5%	2.3%	3.1%	1.0 ppts	1.3 ppts	1.3 ppts

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	63,246	92,937	106,854	62,321	87,590	106,178	1.5%	6.1%	0.6%
Gross profit	9,153	13,678	15,891	7,586	11,571	15,244	20.7%	18.2%	4.2%
Operating profit	566	2,513	3,672	31	1,996	4,188	1739.3%	25.9%	-12.3%
Net profit	927	3,310	4,620	420	2,404	4,622	120.7%	37.7%	0.0%
Gross margin	14.5%	14.7%	14.9%	12.2%	13.2%	14.4%	2.3 ppts	1.5 ppts	0.5 ppts
Operating margin	0.9%	2.7%	3.4%	0.0%	2.3%	3.9%	0.8 ppts	0.4 ppts	-0.5 ppts
Net margin	1.5%	3.6%	4.3%	0.7%	2.7%	4.4%	0.8 ppts	0.8 ppts	0.0 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	63,246	92,937	106,854
Cost of goods sold	(14,296)	(16,666)	(29,470)	(54,093)	(79,259)	(90,963)
Gross profit	(1,911)	80	2,694	9,153	13,678	15,891
Operating expenses	(3,315)	(4,458)	(5,866)	(8,587)	(11,165)	(12,219)
Selling expense	(1,114)	(1,795)	(2,138)	(3,359)	(3,834)	(4,113)
Admin expense	(842)	(858)	(1,137)	(1,891)	(2,551)	(2,865)
R&D expense	(1,411)	(1,920)	(2,896)	(4,207)	(5,622)	(6,161)
Others	51	115	306	870	843	919
Operating profit	(5,227)	(4,377)	(3,171)	566	2,513	3,672
Share of (losses)/profits of associates/JV	12	4	42	86	312	390
EBITDA	(4,656)	(3,543)	(2,110)	1,907	4,566	6,091
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)	978	3,345	4,649
Interest income	143	229	348	326	520	587
Interest expense	(37)	(72)	(40)	(52)	(35)	(29)
Pre-tax profit	(5,109)	(4,216)	(2,821)	927	3,310	4,620
Income tax	(0)	(0)	(0)	0	0	0
After tax profit	(5,109)	(4,216)	(2,821)	927	3,310	4,620
Net profit	(5,109)	(4,216)	(2,821)	927	3,310	4,620
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	13,638	22,470	26,453	48,545	71,336	85,491
Cash & equivalents	6,949	11,731	6,378	21,654	32,831	36,375
Restricted cash	1,822	2,800	1,254	3,248	4,925	4,729
Account receivables	1,685	926	1,981	3,119	4,583	5,270
Inventories	1,749	1,719	2,023	3,705	5,863	6,729
ST bank deposits	81	2,087	1,318	3,371	3,107	2,840
Financial assets at FVTPL	930	2,770	11,473	10,827	16,415	25,462
Other current assets	385	422	2,026	2,557	3,519	3,980
Contract assets	37	14	0	63	93	107
Non-current assets	5,629	5,984	11,194	10,350	10,851	11,195
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	250	562	952
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	58,895	82,187	96,687
Current liabilities	9,257	13,954	24,975	41,192	60,049	69,006
Short-term borrowings	1,019	1,581	1,266	443	466	699
Account payables	5,987	9,847	18,903	32,604	47,773	54,827
Other current liabilities	2,072	2,399	4,499	7,863	11,479	13,104
Lease liabilities	149	104	145	149	136	151
Contract liabilities	31	23	161	133	195	224
Non-current liabilities	1,752	2,002	2,601	3,690	4,286	4,869
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	2,144	3,135	4,016
Total liabilities	11,009	15,955	27,576	44,882	64,335	73,875
Share capital	1,143	1,337	1,337	1,416	1,431	1,440
Retained earnings	(9,680)	(13,897)	(16,717)	(15,801)	(12,470)	(7,831)
Other reserves	16,796	25,058	25,451	28,397	28,891	29,202
Total shareholders equity	8,259	12,498	10,071	14,013	17,852	22,811
Total equity and liabilities	19,268	28,453	37,647	58,895	82,187	96,687

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(5,109)	(4,216)	(2,821)	927	3,310	4,620
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	11,612	12,232	6,212
Others	837	756	529	892	943	926
Net cash from operations	(2,400)	1,082	8,471	14,360	17,706	13,200
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)	613	(4,952)	(8,338)
Others	152	71	162	211	271	326
Net cash from investing	(1,292)	(4,860)	(13,323)	(876)	(6,231)	(9,462)
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	21,654	32,831
Exchange difference	(53)	9	3	0	0	0
Cash at the end of the year	6,949	11,731	6,378	21,654	32,831	36,375
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	295.4%	35.2%	92.1%	96.6%	46.9%	15.0%
Gross profit	na	na	3,248.4%	239.7%	49.4%	16.2%
Operating profit	na	na	na	na	343.9%	46.1%
EBITDA	na	na	na	na	139.4%	33.4%
EBIT	na	na	na	na	241.9%	39.0%
Net profit	na	na	na	na	257.2%	39.6%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	(15.4%)	0.5%	8.4%	14.5%	14.7%	14.9%
Operating margin	(42.2%)	(26.1%)	(9.9%)	0.9%	2.7%	3.4%
EBITDA margin	(37.6%)	(21.2%)	(6.6%)	3.0%	4.9%	5.7%
Return on equity (ROE)	(66.0%)	(40.6%)	(25.0%)	7.7%	20.8%	22.7%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(1.0)	(1.2)	(1.1)	(2.1)	(2.3)	(2.0)
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	90.6	26.9	19.5
P/E (diluted)	ns	ns	ns	90.6	26.9	19.5
P/B	7.9	5.8	8.3	6.0	5.0	3.9
P/CFPS	ns	67.4	9.9	5.8	5.0	6.8
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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