

# Li Auto Inc. (LI US/2015 HK)

## Await redesigned L9 amid lingering challenges

**Maintain HOLD.** While we still believe Li Auto is an outstanding company and could make a comeback with its solid cash position, we think its transformation to an AI device company still takes some time. The outlook of the redesigned L9 is still uncertain, in our view, given the heightened competition in the large SUV market. We expect Li Auto to make a net loss in 1H26E. Even with a successful L9, valuation could still be unattractive based on FY26E earnings.

■ **4Q25 earnings slightly beat on GPM.** Li Auto's 4Q25 revenue was about 1% higher than our prior forecast. GPM in 4Q25 rose by 1.5ppts to 17.8% QoQ, 1.1ppts higher than our forecast, which we attribute to stronger-than-expected GPM from the i6 and year-end rebates from suppliers. R&D and SG&A expenses combined were in line with our projection, which led to an operating loss of RMB443mn, or RMB200mn better than our prior forecast. Li Auto barely achieved a net profit of RMB7mn in 4Q25.

■ **Wait for more details of the redesigned L9.** We are of the view that the redesigned L9 and new i9 are key models to watch this year. The L9, the first new model to launch this year, could also pave the way for the new-generation L8 and L7. We suggest investors wait for more details, as it is still a bit early to conclude if the L9 could differentiate itself from extremely competitive large-size SUV market in China, especially as charging technology development could dent EREV's overall market share.

■ **FY26E earnings under pressure, making valuation unattractive.** The company has revised down its FY26 sales volume target from 0.5mn+ units to about 0.49mn units (+20% YoY). Management also expects vehicle GPM to be around 5% in 1Q26E amid inventory clearance and purchase tax benefit. Despite our assumptions of FY26E sales volume of 0.49mn units with 85,000 units for the L9 (implying an average monthly sales volume of 10,000+ units for the redesigned L9) and a full-year GPM of 17.6%, we estimate a net profit of RMB3.4bn in FY26E, unchanged from our prior forecast. We revise up FY27E net profit by 1% to RMB7.7bn, assuming a sales volume of 0.59mn units and a GPM of 18.2%.

■ **Valuation/Key risks.** We maintain our HOLD rating and target price of US\$18.00 for ADS and HK\$70.00 for H-share, which is based on 17x (prior 18x) our FY27E P/E and corresponds to 39x (prior 40x) our FY26E P/E. We believe such valuation has priced in Li Auto's competitive edge over its peers. Key risks to our rating and target price include higher or lower sales volume and GPM than we expect, and a sector re-rating or de-rating.

### Earnings Summary - LI US

(YE 31 Dec)	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue (RMB mn)	123,851	144,460	112,313	130,666	153,836
YoY growth (%)	173.5	16.6	(22.3)	16.3	17.7
Gross margin (%)	22.2	20.5	18.7	17.6	18.2
Operating profit (RMB mn)	7,142.7	6,355.5	(994.7)	1,193.7	6,034.9
Net profit (RMB mn)	11,704.1	8,032.4	1,124.4	3,351.2	7,744.1
YoY growth (%)	na	(31.4)	(86.0)	198.0	131.1
Adjusted net profit (RMB mn)	12,092.6	10,663.3	2,285.0	4,545.6	9,288.4
EPS (Reported) (RMB)	5.95	4.03	0.56	1.60	3.66
P/S (x)	1.1	0.9	1.2	1.0	0.9
P/E (x)	10.3	15.2	109.8	38.3	16.7
P/B (x)	2.0	1.7	1.7	1.6	1.5

Source: Company data, Bloomberg, CMBIGM estimates

	LI US	2015 HK
	<b>HOLD</b>	<b>HOLD</b>
	<b>Maintain</b>	<b>Maintain</b>

TP	US\$18.00	HK\$70.00
Prior TP	US\$18.00	HK\$70.00
Up/Downside	1.0%	(0.2%)
Current Price	US\$17.8	HK\$70.2

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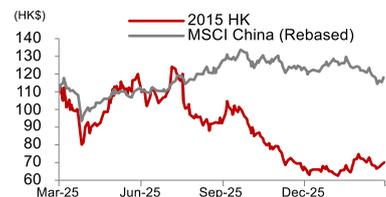
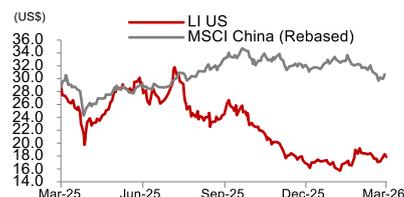
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### 12-mth Price Performance



Source: FactSet

### Stock Performance

	LI US		2015 HK	
	Abs.	Rel.	Abs.	Rel.
1-mth	-3.4%	-0.2%	-3.0%	-0.2%
3-mth	4.4%	9.4%	3.8%	9.4%
6-mth	-27.2%	-21.2%	-24.8%	-21.2%

Source: FactSet

### Stock Data

(LC)	LI US	2015 HK
Mkt Cap (mn)	19287.82	151771.2
Avg 3 mths t/o (mn)	60.85	791.71
52w High	31.8	124.5
52w Low	15.73	61.85
Issued Shares (mn)	2163.524	2163.524

Source: FactSet

**Figure 1: Quarterly results**

RMB mn	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	YoY	QoQ
Sales volume (units)	80,400	108,581	152,831	158,696	92,864	111,074	93,211	109,194	-31.2%	17.1%
ASP (RMB)	318,827	291,749	280,534	278,984	279,191	272,301	293,578	263,526	-5.5%	-10.2%
Revenue	25,634	31,678	42,874	44,274	25,927	30,246	27,365	28,775	-35.0%	5.2%
Gross profit	5,284	6,177	9,225	8,970	5,318	6,067	4,469	5,131	-42.8%	14.8%
R&D expenses	(3,049)	(3,028)	(2,587)	(2,408)	(2,514)	(2,810)	(2,974)	(3,017)	25.3%	1.4%
SG&A expenses	(2,978)	(2,815)	(3,360)	(3,077)	(2,531)	(2,718)	(2,769)	(2,647)	-14.0%	-4.4%
Operating profit	(585)	468	3,433	3,703	272	827	(1,177)	(443)	N/A	N/A
Net profit	593	1,103	2,814	3,523	650	1,093	(625)	7	-99.8%	N/A
Gross margin	20.6%	19.5%	21.5%	20.3%	20.5%	20.1%	16.3%	17.8%	-2.4 ppts	1.5 ppts
Operating margin	-2.3%	1.5%	8.0%	8.4%	1.0%	2.7%	-4.3%	-1.5%	-9.9 ppts	2.8 ppts
Net margin	2.3%	3.5%	6.6%	8.0%	2.5%	3.6%	-2.3%	0.0%	-7.9 ppts	2.3 ppts

Source: Company data, CMBIGM

**Figure 2: Earnings revision**

RMB mn	New			Old			Diff (%)		
	FY25A	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	112,313	130,666	153,836	111,976	129,871	155,051	0.3%	0.6%	-0.8%
Gross profit	20,985	22,974	28,038	20,589	22,080	27,212	1.9%	4.0%	3.0%
Operating profit	(521)	1,794	6,785	(722)	1,806	6,716	N/A	-0.7%	1.0%
Net profit	1,124	3,351	7,744	1,006	3,360	7,684	11.8%	-0.3%	0.8%
Gross margin	18.7%	17.6%	18.2%	18.4%	17.0%	17.6%	0.3 ppts	0.6 ppts	0.7 ppts
Operating margin	-0.5%	1.4%	4.4%	-0.6%	1.4%	4.3%	0.2 ppts	0.0 ppts	0.1 ppts
Net margin	1.0%	2.6%	5.0%	0.9%	2.6%	5.0%	0.1 ppts	0.0 ppts	0.1 ppts

Source: CMBIGM estimates

**Figure 3: CMBI estimates vs consensus**

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25A	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	112,313	130,666	153,836	118,405	143,805	175,466	-5.1%	-9.1%	-12.3%
Gross profit	20,985	22,974	28,038	22,177	26,801	33,289	-5.4%	-14.3%	-15.8%
Operating profit	(521)	1,794	6,785	(120)	3,316	7,562	N/A	-45.9%	-10.3%
Net profit	1,124	3,351	7,744	2,343	5,217	9,478	-52.0%	-35.8%	-18.3%
Gross margin	18.7%	17.6%	18.2%	18.7%	18.6%	19.0%	0.0 ppts	-1.1 ppts	-0.7 ppts
Operating margin	-0.5%	1.4%	4.4%	-0.1%	2.3%	4.3%	-0.4 ppts	-0.9 ppts	0.1 ppts
Net margin	1.0%	2.6%	5.0%	2.0%	3.6%	5.4%	-1.0 ppts	-1.1 ppts	-0.4 ppts

Source: Bloomberg, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	45,287	123,851	144,460	112,313	130,666	153,836
Cost of goods sold	(36,496)	(96,355)	(114,804)	(91,327)	(107,692)	(125,798)
<b>Gross profit</b>	<b>8,790</b>	<b>27,497</b>	<b>29,656</b>	<b>20,985</b>	<b>22,974</b>	<b>28,038</b>
Operating expenses	(12,445)	(20,354)	(23,301)	(21,980)	(21,780)	(22,003)
SG&A expense	(5,665)	(9,768)	(12,229)	(10,665)	(10,249)	(10,916)
R&D expense	(6,780)	(10,586)	(11,071)	(11,315)	(11,531)	(11,086)
<b>Operating profit</b>	<b>(3,655)</b>	<b>7,143</b>	<b>6,355</b>	<b>(995)</b>	<b>1,194</b>	<b>6,035</b>
Gain/loss on financial assets at FVTPL	0	0	0	0	0	0
Investment gain/loss	376	783	320	970	1,093	1,256
Other gains/(losses)	626	1,048	664	67	315	422
<b>EBITDA</b>	<b>(839)</b>	<b>12,343</b>	<b>12,561</b>	<b>5,812</b>	<b>9,820</b>	<b>16,350</b>
Depreciation	1,214	1,805	3,058	4,347	5,790	7,293
<b>EBIT</b>	<b>(2,053)</b>	<b>10,538</b>	<b>9,503</b>	<b>1,465</b>	<b>4,030</b>	<b>9,057</b>
Interest income	600	1,300	1,500	948	829	595
Interest expense	(106)	(86)	(188)	(168)	(167)	(133)
<b>Pre-tax profit</b>	<b>(2,159)</b>	<b>10,452</b>	<b>9,316</b>	<b>1,297</b>	<b>3,863</b>	<b>8,924</b>
Income tax	127	1,357	(1,270)	(158)	(502)	(1,160)
<b>After tax profit</b>	<b>(2,032)</b>	<b>11,809</b>	<b>8,045</b>	<b>1,139</b>	<b>3,361</b>	<b>7,764</b>
Minority interest	20	(105)	(13)	(15)	(10)	(20)
Discontinued operations	0	0	0	0	0	0
Others	0	0	0	0	0	0
<b>Net profit</b>	<b>(2,012)</b>	<b>11,704</b>	<b>8,032</b>	<b>1,124</b>	<b>3,351</b>	<b>7,744</b>
<b>Adjusted net profit</b>	<b>41</b>	<b>12,093</b>	<b>10,663</b>	<b>2,285</b>	<b>4,546</b>	<b>9,288</b>

BALANCE SHEET	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec (RMB mn)						
<b>Current assets</b>	<b>66,992</b>	<b>114,526</b>	<b>126,310</b>	<b>115,286</b>	<b>126,176</b>	<b>145,414</b>
Cash & equivalents	38,478	91,329	65,901	56,692	35,072	34,694
Restricted cash	1,940	0	7	216	80	100
Account receivables	48	144	135	120	215	253
Inventories	6,805	6,872	8,186	8,752	7,376	8,616
ST bank deposits	18,031	11,933	46,905	44,331	79,905	97,905
Other current assets	1,690	4,247	5,177	5,174	3,528	3,846
<b>Non-current assets</b>	<b>19,545</b>	<b>28,942</b>	<b>36,039</b>	<b>39,010</b>	<b>41,891</b>	<b>43,697</b>
PP&E	11,188	15,745	21,141	22,775	29,922	32,637
Right-of-use assets	3,539	5,939	8,324	9,099	5,880	4,665
Deferred income tax	75	1,990	2,542	3,334	1,500	1,500
Investment in JVs & assos	1,484	1,595	923	849	1,855	2,277
Intangibles	833	864	915	1,192	1,030	1,074
Other non-current assets	2,427	2,808	2,194	1,761	1,704	1,544
<b>Total assets</b>	<b>86,538</b>	<b>143,467</b>	<b>162,349</b>	<b>154,296</b>	<b>168,067</b>	<b>189,111</b>
<b>Current liabilities</b>	<b>27,373</b>	<b>72,743</b>	<b>69,216</b>	<b>63,548</b>	<b>71,694</b>	<b>88,143</b>
Short-term borrowings	0	688	0	6,218	0	726
Account payables	20,024	51,870	53,596	40,579	59,009	68,930
Other current liabilities	6,652	19,038	14,086	15,060	11,421	17,556
Lease liabilities	696	1,146	1,533	1,690	1,264	931
<b>Non-current liabilities</b>	<b>13,979</b>	<b>10,150</b>	<b>21,813</b>	<b>17,608</b>	<b>18,127</b>	<b>11,572</b>
Long-term borrowings	3,317	1,747	1,897	3,299	1,884	1,784
Convertible bonds	5,914	0	6,255	0	6,255	0
Obligations under finance leases	0	0	643	349	487	423
Deferred income	582	812	721	625	944	1,006
Other non-current liabilities	4,167	7,590	12,298	13,336	8,558	8,358
<b>Total liabilities</b>	<b>41,352</b>	<b>82,892</b>	<b>91,029</b>	<b>81,156</b>	<b>89,821</b>	<b>99,714</b>
Share capital	1	1	1	1	1	1
Capital surplus	53,869	57,480	60,127	61,341	62,551	65,938
Retained earnings	(9,012)	2,661	10,747	11,277	15,222	22,967
Other reserves	(0)	(0)	(0)	(0)	(0)	(0)
<b>Total shareholders equity</b>	<b>44,859</b>	<b>60,143</b>	<b>70,875</b>	<b>72,619</b>	<b>77,775</b>	<b>88,906</b>
Minority interest	328	433	445	520	470	490
<b>Total equity and liabilities</b>	<b>86,538</b>	<b>143,467</b>	<b>162,349</b>	<b>154,296</b>	<b>168,067</b>	<b>189,111</b>

<b>CASH FLOW</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	(2,159)	10,452	9,316	1,297	3,863	8,924
Depreciation & amortization	1,214	1,805	3,058	4,347	5,790	7,293
Change in working capital	5,035	36,612	2,070	(5,865)	9,661	10,688
Others	3,290	1,825	1,490	2,356	1,033	717
<b>Net cash from operations</b>	<b>7,380</b>	<b>50,694</b>	<b>15,933</b>	<b>2,135</b>	<b>20,347</b>	<b>27,622</b>
<b>Investing</b>						
Capital expenditure	(5,128)	(6,507)	(7,730)	(9,000)	(10,100)	(10,100)
Acquisition of subsidiaries/ investments	(762)	(198)	(31)	(400)	(300)	(300)
Net proceeds from disposal of short-term investments	1,686	16,316	(4,415)	(8,000)	(8,000)	(8,000)
Others	(161)	(9,622)	(28,961)	(7,000)	(10,000)	(10,000)
<b>Net cash from investing</b>	<b>(4,365)</b>	<b>(12)</b>	<b>(41,137)</b>	<b>(24,400)</b>	<b>(28,400)</b>	<b>(28,400)</b>
<b>Financing</b>						
Net borrowings	3,080	(1,001)	(996)	(44)	(463)	420
Proceeds from share issues	2,469	1,186	486	54	16	0
Others	90	0	95	0	0	0
<b>Net cash from financing</b>	<b>5,639</b>	<b>185</b>	<b>(416)</b>	<b>10</b>	<b>(447)</b>	<b>420</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	30,493	40,418	91,330	65,908	43,653	35,152
Exchange difference	1,270	45	198	0	0	0
Others	0	0	0	0	0	0
<b>Cash at the end of the year</b>	<b>40,418</b>	<b>91,330</b>	<b>65,908</b>	<b>43,653</b>	<b>35,152</b>	<b>34,794</b>
<b>GROWTH</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Revenue	67.7%	173.5%	16.6%	(22.3%)	16.3%	17.7%
Gross profit	52.6%	212.8%	7.9%	(29.2%)	9.5%	22.0%
Operating profit	na	na	(11.0%)	na	na	405.6%
EBITDA	na	na	1.8%	(53.7%)	69.0%	66.5%
EBIT	na	na	(9.8%)	(84.6%)	175.0%	124.7%
Net profit	na	na	(31.4%)	(86.0%)	198.0%	131.1%
Adj. net profit	(94.7%)	29,430.1%	(11.8%)	(78.6%)	98.9%	104.3%
<b>PROFITABILITY</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Gross profit margin	19.4%	22.2%	20.5%	18.7%	17.6%	18.2%
Operating margin	(8.1%)	5.8%	4.4%	(0.9%)	0.9%	3.9%
EBITDA margin	(1.9%)	10.0%	8.7%	5.2%	7.5%	10.6%
Adj. net profit margin	0.1%	9.8%	7.4%	2.0%	3.5%	6.0%
Return on equity (ROE)	(4.7%)	22.3%	12.3%	1.6%	4.5%	9.3%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Current ratio (x)	2.4	1.6	1.8	1.8	1.8	1.6
Receivable turnover days	0.4	0.4	0.3	0.5	0.6	0.6
Inventory turnover days	68.1	26.0	26.0	25.0	25.0	25.0
Payable turnover days	200.3	196.5	170.4	200.0	200.0	200.0
<b>VALUATION</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
P/E	ns	10.3	15.2	109.8	38.3	16.7
P/E (diluted)	ns	11.1	16.2	116.8	40.9	17.8
P/B	2.7	2.0	1.7	1.7	1.6	1.5
P/CFPS	16.1	2.4	7.7	57.8	6.3	4.7
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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**BUY** : Stock with potential return of over 15% over next 12 months  
**HOLD** : Stock with potential return of +15% to -10% over next 12 months  
**SELL** : Stock with potential loss of over 10% over next 12 months  
**NOT RATED** : Stock is not rated by CMBIGM

**OUTPERFORM** : Industry expected to outperform the relevant broad market benchmark over next 12 months  
**MARKET-PERFORM** : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months  
**UNDERPERFORM** : Industry expected to underperform the relevant broad market benchmark over next 12 months

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