2 Sep 2026

CMB International Global Markets | Equity Research | Company Update

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NIO Inc. (NIO US/9866 HK)

2Q26 miss on SG&A; Bottom-line to improve on resilient GPM, continued cost discipline

Maintain BUY. NIO maintained a resilient GPM in 2Q26 despite the miss on SG&A spending from launch-related marketing for new models. Despite our sales volume projection trim, we expect its 2H26 net loss to narrow sequentially with 4Q26 trending near breakeven, aided by strong model portfolio. We expect FY27E to be profitable with new models and continued cost discipline after lessons learnt last year.

- **Resilient GPM offset by SG&A spending.** NIO's 2Q26 revenue rose 69% YoY to RMB32.1bn, topping our forecast by 1%. GPM contracted 0.7ppts QoQ to 18.4%, or 0.2ppts lower than our projection, leading to in-line gross profit of RMB5.9bn. While R&D investments reflected continued cost discipline, SG&A expenses exceeded our estimate by about RMB500mn, which management attributed to launch-related marketing for new models. Consequently, net loss widened by RMB226mn QoQ to RMB722mn, or about RMB600mn worse than our forecast.
- **2H26E outlook: volume trimmed, but margin resilience path to 4Q26 breakeven intact.** We trim our FY26E sales volume forecast by 8% to 423,000 units, reflecting 3Q26E guidance and management's 4Q26E target of 40,000+ monthly deliveries. We raise our FY26E GPM forecast by 0.4ppts to 18.3% amid improved product mix after revision and management guidance for stable 2H26E vehicle GPM relative to the 2Q26 level. Accordingly, we expect 2H26E net loss to narrow sequentially with 4Q26E trending near breakeven.
- **We still expect profitable FY27E with new models and cost discipline.** The new *ES6*, *EC6* and *ET5/ET5T* are scheduled to roll out in FY27E, alongside a new key model for Onvo. We see higher execution certainty for these new models, after operational learnings from the successful *ES8* launch. Despite possible GPM contraction due to model mix shifts, we project a net profit of RMB968mn in FY27E (50% higher than our prior forecast), assuming a combined SG&A and R&D expense ratio of 17.5%. NIO has also been leveraging external funding to deploy its 5th generation battery swap stations which fit all its brands and are less costly.
- **Valuation/Key risks.** We maintain our BUY rating for ADR and H-shares but cut our target prices from US$7.00/HK$55.00 to US$6.00/HK$47.00, based on 0.7x our FY27E P/S (prior 0.8x our FY26E P/S) to reflect the recent weak market sentiment towards the sector. Key risks include lower sales volume, worse margin outlook or cost discipline than we expect and a sector de-rating.

Earnings Summary - NIO US

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	65,732	87,488	127,315	152,200	166,210
YoY growth (%)	18.2	33.1	45.5	19.5	9.2
Gross margin (%)	9.9	13.6	18.3	17.4	17.2
Operating profit (RMB mn)	(21,874.1)	(14,041.2)	(772.4)	883.2	2,038.2
Net profit (RMB mn)	(22,657.7)	(15,570.7)	(1,462.9)	967.8	2,394.9
YoY growth (%)	na	na	na	na	147.5
Adjusted net profit (RMB mn)	(20,381.7)	(12,432.4)	1,068.5	3,604.0	5,140.1
EPS (Reported) (RMB cents)	(1,102.77)	(685.14)	(56.62)	35.79	87.93
P/S (x)	1.1	0.8	0.6	0.5	0.4
P/B (x)	4.4	5.1	3.6	3.2	2.6

Source: Company data, Bloomberg, CMBIGM estimates

	NIO US	9866 HK
	BUY	**BUY**
	Maintain	**Maintain**
TP	US$6.00	HK$47.00
Prior TP	US$7.00	HK$55.00
Up/Downside	41.8%	51.3%
Current Price	US$4.2	HK$31.1

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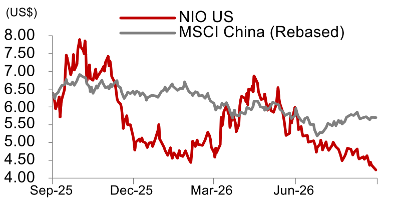
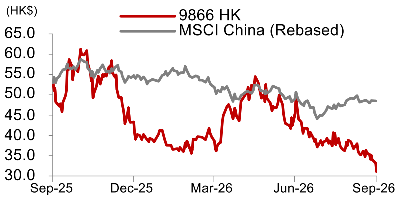
12-mth Price Performance





Source: FactSet

Stock Performance

	NIO US		9866 HK	
	Abs.	Rel.	Abs.	Rel.
1-mth	-13.3%	-12.9%	-20.0%	-12.9%
3-mth	-29.3%	-28.6%	-31.5%	-28.6%
6-mth	-13.1%	-5.7%	-21.6%	-5.7%

Source: FactSet

Stock Data

(LC)	NIO US	9866 HK
Mkt Cap (mn)	10612.04	77921.998
Avg 3 mths t/o (mn)	40.13	197.13
52w High	7.89	61.2
52w Low	4.23	31.06
Issued Shares (mn)	2508.757	2508.7572

Source: FactSet

Figure 1: Quarterly results

RMB mn	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	YoY	QoQ
Sales volume (units)	42,094	72,056	87,071	124,807	83,465	107,658	49.4%	29.0%
ASP (RMB)	285,901	263,804	250,300	277,631	305,909	298,509	13.2%	-2.4%
Revenue	12,035	19,009	21,794	34,650	25,533	32,137	69.1%	25.9%
Gross profit	920	1,898	3,025	6,074	4,859	5,906	211.3%	21.6%
R&D expenses	(3,181)	(3,007)	(2,391)	(2,026)	(1,885)	(2,145)	-28.7%	13.8%
SG&A expenses	(4,401)	(3,965)	(4,185)	(3,537)	(3,497)	(4,425)	11.6%	26.5%
Operating profit	(6,418)	(4,909)	(3,522)	807	(309)	(347)	N/A	N/A
Net profit	(6,891)	(5,141)	(3,661)	122	(496)	(722)	N/A	N/A
Gross margin	7.6%	10.0%	13.9%	17.5%	19.0%	18.4%	8.4 ppts	-0.7 ppts
Operating margin	-53.3%	-25.8%	-16.2%	2.3%	-1.2%	-1.1%	24.7 ppts	0.1 ppts
Net margin	-57.3%	-27.0%	-16.8%	0.4%	-1.9%	-2.2%	24.8 ppts	-0.3 ppts

Source: Company data, CMBIGM

Figure 2: Earnings revision

	New			Old			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	127,315	152,200	166,210	133,831	155,067	167,288	-4.9%	-1.8%	-0.6%
Gross profit	23,301	26,428	28,568	23,891	26,095	28,086	-2.5%	1.3%	1.7%
Operating profit	(772)	883	2,038	(1,093)	179	1,556	N/A	392.1%	31.0%
Net profit	(1,463)	968	2,395	(747)	644	2,239	N/A	50.2%	7.0%
Gross margin	18.3%	17.4%	17.2%	17.9%	16.8%	16.8%	0.4 ppts	0.5 ppts	0.4 ppts
Operating margin	-0.6%	0.6%	1.2%	-0.8%	0.1%	0.9%	0.2 ppts	0.5 ppts	0.3 ppts
Net margin	-1.1%	0.6%	1.4%	-0.6%	0.4%	1.3%	-0.6 ppts	0.2 ppts	0.1 ppts

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	127,315	152,200	166,210	135,003	158,489	175,468	-5.7%	-4.0%	-5.3%
Gross profit	23,301	26,428	28,568	23,994	28,908	32,970	-2.9%	-8.6%	-13.4%
Operating profit	(772)	883	2,038	(716)	1,915	4,323	N/A	-53.9%	-52.8%
Net profit	(1,463)	968	2,395	68	2,777	5,244	N/A	-65.1%	-54.3%
Gross margin	18.3%	17.4%	17.2%	17.8%	18.2%	18.8%	0.5 ppts	-0.9 ppts	-1.6 ppts
Operating margin	-0.6%	0.6%	1.2%	-0.5%	1.2%	2.5%	-0.1 ppts	-0.6 ppts	-1.2 ppts
Net margin	-1.1%	0.6%	1.4%	0.1%	1.8%	3.0%	-1.2 ppts	-1.1 ppts	-1.5 ppts

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**55,618**	**65,732**	**87,488**	**127,315**	**152,200**	**166,210**
Cost of goods sold	(52,566)	(59,239)	(75,572)	(104,014)	(125,772)	(137,641)
Gross profit	**3,052**	**6,493**	**11,916**	**23,301**	**26,428**	**28,568**
Operating expenses	**(25,707)**	**(28,367)**	**(25,957)**	**(24,073)**	**(25,545)**	**(26,530)**
SG&A expense	(12,885)	(15,741)	(16,088)	(16,244)	(16,997)	(17,515)
R&D expense	(13,431)	(13,037)	(10,605)	(8,929)	(9,648)	(10,216)
Others	609	412	736	1,100	1,100	1,200
Operating profit	**(22,655)**	**(21,874)**	**(14,041)**	**(772)**	**883**	**2,038**
Other gains/(losses)	325	(103)	436	800	400	300
Share of (losses)/profits of associates/JV	64	(503)	(1,092)	(500)	300	500
EBITDA	**(15,148)**	**(13,925)**	**(4,560)**	**11,221**	**15,060**	**17,960**
Depreciation	3,378	5,875	7,147	8,391	9,475	10,655
Depreciation of ROU assets	1,529	1,825	2,229	2,737	3,025	3,259
EBIT	**(20,055)**	**(21,626)**	**(13,935)**	**92**	**2,560**	**4,046**
Interest income	2,210	854	762	565	977	1,208
Interest expense	(404)	(798)	(885)	(846)	(836)	(836)
Foreign exchange gain/loss	(55)	212	(341)	0	0	0
Pre-tax profit	**(20,459)**	**(22,425)**	**(14,821)**	**(754)**	**1,724**	**3,210**
Income tax	(261)	23	(122)	(8)	0	0
After tax profit	**(20,720)**	**(22,402)**	**(14,943)**	**(762)**	**1,724**	**3,210**
Minority interest	(124)	92	(18)	30	30	30
Others	(303)	(348)	(610)	(731)	(786)	(845)
Net profit	**(21,147)**	**(22,658)**	**(15,571)**	**(1,463)**	**968**	**2,395**
Adjusted net profit	**(18,475)**	**(20,382)**	**(12,432)**	**1,068**	**3,604**	**5,140**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**70,380**	**61,886**	**76,633**	**93,262**	**116,104**	**133,801**
Cash & equivalents	32,935	19,329	11,274	21,640	32,265	40,453
Restricted cash	5,542	8,321	14,746	15,000	16,000	17,000
Account receivables	4,658	1,676	1,394	1,918	2,085	2,277
Inventories	5,278	7,087	8,531	7,409	8,959	9,805
ST bank deposits	16,810	14,138	19,756	20,000	25,000	30,000
Other current assets	5,157	11,335	20,932	27,294	31,795	34,266
Non-current assets	**47,003**	**45,719**	**47,768**	**46,490**	**44,665**	**40,215**
PP&E	24,847	25,893	25,828	24,398	21,878	18,171
Right-of-use assets	11,404	12,797	11,711	9,469	8,544	6,991
Investment in JVs & assos	5,487	3,126	2,481	2,071	2,471	3,071
Intangibles	30	30	30	25	21	16
Other non-current assets	5,235	3,873	7,719	10,527	11,751	11,966
Total assets	**117,383**	**107,605**	**124,401**	**139,751**	**160,769**	**174,016**
Current liabilities	**57,798**	**62,311**	**78,583**	**78,433**	**91,863**	**98,251**
Short-term borrowings	5,085	5,730	4,692	3,900	3,900	3,900
Account payables	29,766	34,387	53,310	48,445	58,579	64,107
Tax payable	349	400	439	439	439	439
Other current liabilities	20,854	19,848	17,978	23,469	26,780	27,778
Lease liabilities	1,743	1,946	2,164	2,180	2,164	2,027
Non-current liabilities	**29,989**	**31,787**	**33,126**	**41,227**	**45,081**	**46,670**
Long-term borrowings	13,043	11,441	8,626	13,672	13,672	13,672
Other non-current liabilities	16,946	20,346	24,500	27,555	31,409	32,998
Total liabilities	**87,787**	**94,098**	**111,709**	**119,660**	**136,944**	**144,921**
Share capital	4	4	4	5	5	5
Capital surplus	117,717	118,688	131,728	138,678	140,678	142,728
Retained earnings	(90,758)	(113,068)	(128,029)	(129,492)	(128,524)	(126,129)
Other reserves	2,444	7,785	9,008	10,959	11,765	12,631
Total shareholders equity	**29,407**	**13,409**	**12,711**	**20,150**	**23,924**	**29,234**
Minority interest	189	98	(19)	(59)	(99)	(139)
Total equity and liabilities	**117,383**	**107,605**	**124,401**	**139,751**	**160,769**	**174,016**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**(20,459)**	**(22,425)**	**(14,821)**	**(754)**	**1,724**	**3,210**
Depreciation & amortization	4,907	7,701	9,375	11,129	12,500	13,914
Change in working capital	13,286	3,527	5,797	(5,713)	7,671	2,470
Others	884	3,348	2,641	2,398	1,671	1,534
Net cash from operations	**(1,382)**	**(7,849)**	**2,993**	**7,059**	**23,567**	**21,129**
Investing						
Capital expenditure	(14,341)	(9,142)	(6,065)	(7,001)	(7,001)	(7,001)
Acquisition of subsidiaries/ investments	(500)	(587)	(574)	(100)	(100)	(100)
Net proceeds from disposal of short-term investments	3,854	4,456	(5,788)	(244)	(5,000)	(5,000)
Others	101	315	967	9	0	0
Net cash from investing	**(10,885)**	**(4,958)**	**(11,460)**	**(7,336)**	**(12,101)**	**(12,101)**
Financing						
Net borrowings	1,918	1,706	(2,661)	4,659	0	0
Proceeds from share issues	20,962	0	11,855	5,000	0	0
Others	4,782	66	(2,349)	1,299	160	160
Net cash from financing	**27,663**	**1,772**	**6,844**	**10,958**	**160**	**160**
Net change in cash						
Cash at the beginning of the year	23,155	38,622	27,747	26,108	36,790	48,415
Exchange difference	70	161	(16)	0	0	0
Cash at the end of the year	**38,622**	**27,747**	**26,108**	**36,790**	**48,415**	**57,603**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	12.9%	18.2%	33.1%	45.5%	19.5%	9.2%
Gross profit	(40.7%)	112.8%	83.5%	95.5%	13.4%	8.1%
Operating profit	na	na	na	na	na	130.8%
EBITDA	na	na	na	na	34.2%	19.3%
EBIT	na	na	na	na	2,675.9%	58.1%
Net profit	na	na	na	na	na	147.5%
Adj. net profit	na	na	na	na	237.3%	42.6%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	5.5%	9.9%	13.6%	18.3%	17.4%	17.2%
Operating margin	(40.7%)	(33.3%)	(16.0%)	(0.6%)	0.6%	1.2%
EBITDA margin	(27.2%)	(21.2%)	(5.2%)	8.8%	9.9%	10.8%
Adj. net profit margin	(33.2%)	(31.0%)	(14.2%)	0.8%	2.4%	3.1%
Return on equity (ROE)	(74.4%)	(105.8%)	(119.2%)	(8.9%)	4.4%	9.0%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Current ratio (x)	1.2	1.0	1.0	1.2	1.3	1.4
Receivable turnover days	30.6	9.3	5.8	5.5	5.0	5.0
Inventory turnover days	36.6	43.7	41.2	26.0	26.0	26.0
Payable turnover days	206.7	211.9	257.5	170.0	170.0	170.0

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	ns	ns	ns	ns	79.4	32.3
P/E (diluted)	ns	ns	ns	ns	79.4	32.3
P/B	1.6	4.4	5.1	3.6	3.2	2.6
P/CFPS	ns	ns	21.6	10.4	3.3	3.7
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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