INITIATED REPORT

CATL80(DR)

Contemporary Amperex Technology

Globlex Securities Co., Ltd.

14 July 2026

The Toll Road of the Electric Age

- World's #1 EV battery maker (39% share), unmatched on cost and scale
- ESS is a second engine, growing faster and more profitable than EV batteries
- Initiated with BUY, TP THB33.25 (25x 2027E P/E), +27.9% upside

No battery, no car — bet on what every EV needs

The global EV market hasn't settled on a winning carmaker, and won't for years — over a hundred brands are fighting on price, and margins are under pressure everywhere. But every EV needs a battery, the single biggest cost item in the car, at 30-40% of the bill of materials. CATL controls 39% of that market, more than any single carmaker's share of global EV sales. No matter which brand wins the price war, most of the profit still flows upstream to CATL.

Product and cost leadership no rival can match

CATL is the only battery maker offering the best product and the lowest cost at the same time. Its flagship Shenxing Pro and Qilin cells set the specification OEMs design around, while scale (772GWh capacity), procurement leverage, and >95% factory yields keep power battery gross margin at 23.8% even as ASP fell roughly 40% since 2022. That combination turns market share gains into a durable margin story.

ESS: a second engine, decoupled from the auto cycle

Energy storage is CATL's second growth curve, running on grid capex, renewables policy, and AI data-centre demand rather than the auto cycle. CATL led global ESS shipments with 30.4% share in 2025, more than double BYD's, and its TENER Stack's zero-degradation guarantee lets it charge a premium peers can't match. We forecast ESS revenue to compound at a 53% CAGR to RMB220b by 2028.

Chemistry leadership secures the next decade

The last chemistry shift, LFP in the 2010s, made CATL the industry leader; the next two bets are sodium-ion and solid-state. CATL already leads sodium-ion with Naxtra (mass production targeted end-2026) and is a credible fast-follower on solid-state (500Wh/kg lab milestone), backed by the industry's largest R&D budget and Brunp's battery-recycling loop.

Target price of THB33.25 based on 25x 2027E P/E

We apply a 25x P/E multiple to our 2027E EPS forecast of RMB26.81 — nearly double the Chinese peer average of 13.1x, but still a 29% discount to non-Chinese peers' 27.1x. This gives a target price of THB33.25, +27.9% upside from the current level, supported by the strongest moat in the industry, roughly 2x peer ROE, and secure chemistry leadership.

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BUY

Target Price 12M (THB)	**33.25**
VS. BB Consensus TP (%)	(2.4)%
Share Price (THB)	26.00
Upside/Downside	+27.9%
Conversion Ratio (DR : Underlying)	100 : 1

Underlying Share Data

Company Name	CATL (3750.HK)
Market Cap (HKD b)	1943.2
Free Float (%)	52.76
Issued Shares (m shares)	4257

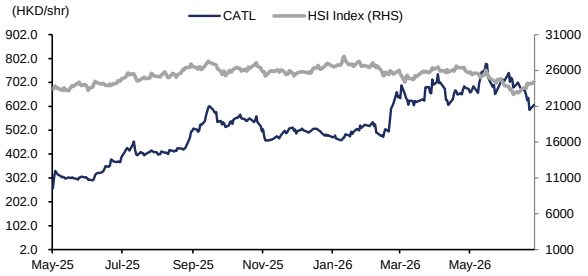
Financial forecast – Underlying share

Year ending Dec	2025	2026E	2027E	2028E
Revenue (RMB b)	423.7	635.0	779.9	888.6
Net profit (RMB b)	72.2	98.8	122.4	139.2
Core net profit (RMB b)	71.9	98.8	122.4	139.2
vs Consensus (%)		2.9	4.5	0.5
Net profit growth (%)	(99.9)	36.9	23.8	13.7
Core net profit growth (%)	(99.9)	37.4	23.8	13.7
EPS (RMB/share)	15.82	21.66	26.81	30.49
Core EPS (RMB/share)	15.76	21.66	26.81	30.49
Chg in core EPS (%)		37.4	23.8	13.7
DPS (RMB/share)	6.56	8.66	10.72	12.20
P/E (x)	0.95	23.94	19.34	17.01
P/BV (x)	0.20	5.97	5.04	4.28
Dividend yield (%)	43.45	1.67	2.07	2.35
ROE (%)	21.42	24.93	26.04	25.15

Source: Financial Statement and Globlex securities

DR Share Price Performance (%)

	1M	3M	6M	YTD
Stock	9.9	34.1	51.3	55.3
Market	n/a	n/a	n/a	n/a
12M High/Low (THB)				32.75 / 17.40.



Major Shareholders (%) as of 14 July 2026

Xiamen Ruiting Investment Co Ltd.	23.24
HKSCC Nominees Ltd	17.27
Huang Shilin	9.54

Company Profile

Comtemporary Amperex Technology Co.,Ltd. Manifactures and distributes battery products. The Company produces power pattery systems, energy storage batteries, battery cells, and other products. CATL also provides batteries recycling services.

Source: Bloomberg

The Toll Road of the Electric Age

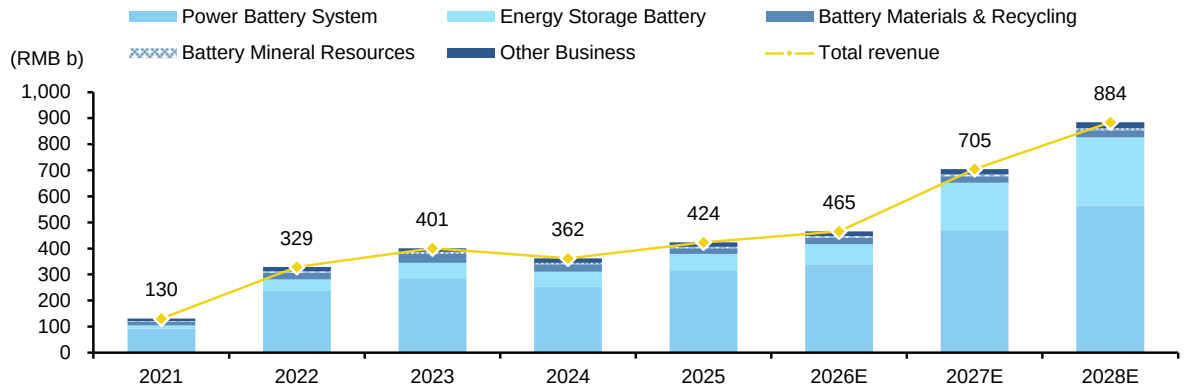
Priced like a local. Positioned like a global

Robin Zeng did not plan to build a battery empire. He wanted to build a better battery for mobile phones. In 1999, he founded Amperex Technology Limited, or ATL, in Hong Kong. ATL made batteries for Apple and Samsung phones. In 2010, BMW needed an EV battery partner. BYD said no, because BMW was a rival to BYD's own cars. So, BMW turned to Zeng's team instead. Zeng saw a bigger opportunity. In 2011, he bought 85 percent of ATL's EV battery unit and founded a new company: Contemporary Amperex Technology Co., Limited, or CATL. The BMW deal taught CATL how to build batteries to strict car-industry standards. By 2017, CATL had passed Panasonic to become the world's largest EV battery maker. It still holds that title today, nine years later.

CATL runs four business lines. Power batteries for electric vehicles are the core, at 74% of 2025 revenue. Energy storage systems (ESS) are 15% and growing fastest. Battery materials and recycling, run through subsidiary Brunp, close the loop upstream. Upstream mineral resources, through equity stakes in lithium, cobalt, and nickel assets, secure raw material supply. Each is discussed in detail in the driver sections below.

In total, CATL made RMB423.7b in revenue in 2025, (+17% y-y). Net profit was RMB72.2b (+42 y-y). That is more than the combined profit of China's seven largest carmakers that year. CATL has 132,000 employees and 54,538 patents across six R&D centres worldwide. In May 2025, CATL listed on the Hong Kong Stock Exchange. It raised HKD41b, the largest IPO in the world that year.

Exhibit 1: Revenue by segment



Sources: CATL; Globlex Research

To understand CATL, place it correctly in the industry. It is not a technology company in the usual sense. It does not sell software or platforms. It is also not a simple factory that makes commodity goods. CATL holds a rarer position. It is the dominant supplier of a part that every electric vehicle must have, in an industry that has no choice but to change. Its lead in cost and technology is growing, not shrinking, as rivals fall further behind. And that position is the foundation for everything that follows.

So Why CATL, Not the Rest?

The Playing Field — A Market Too Large to Ignore

Global EV sales hit 17 million units in 2024. That is only the start. The IEA's Global EV Outlook 2025 expects battery demand to grow from about 1 TWh in 2024 to more than 3 TWh by 2030. That means demand will triple in under six years. By 2035, the world is expected to have 525 million EVs on the road — one in every four cars.

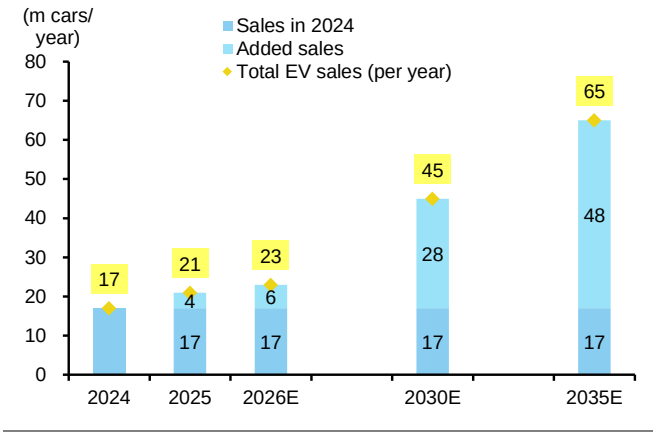
The growth path is clear. The real question is where in the supply chain an investor should sit to capture the most value.

Exhibit 2: CATL's customers

Company Name	%CATL Revenue
Tesla Inc	14%
Geely Automobile Holdings Ltd	11%
Volkswagen AG	7%
Bayerische Motoren Werke AG	4%
Xiaomi Corp	3%
Honda Motor Co Ltd	3%
SAIC Motor Corp Ltd	3%
Stellantis NV	2%
Nissan Motor Co Ltd	2%
Volvo Car AB	2%
Chongqing Changan Automobile Co Ltd	1%
Great Wall Motor Co Ltd	1%
Mercedes-Benz Group AG	1%

Sources: Bloomberg; Globlex Research

Exhibit 3: EV car sales forecast



Sources: IEA

Don't Bet on the Car — Bet on What Every Car Needs

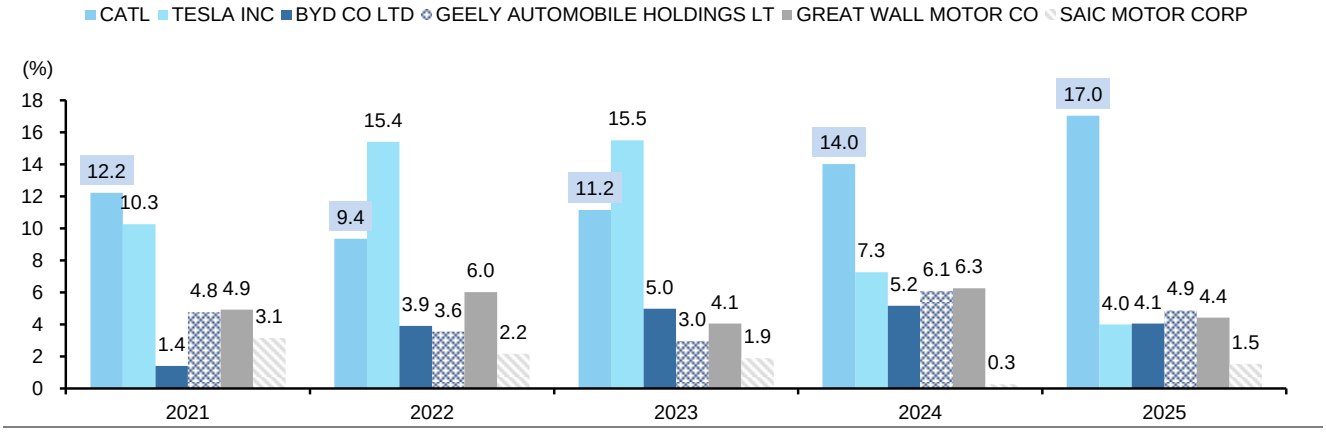
The natural instinct is to pick a winner: Tesla, BYD, Volkswagen, or Toyota. But that is the wrong question to ask.

The global EV market has not settled yet. More than a hundred EV brands compete worldwide. Each one cuts prices to win market share. Ford has written off over $19 billion in EV losses. Volkswagen closed factories in Germany for the first time in its 87-year history. Too many brands are fighting for the same customers, and Net profit margins are under pressure everywhere. In a market this unsettled, picking the one winning carmaker is closer to a coin flip than a real investment thesis.

The picture changes when we look further up the supply chain. An EV needs many things: self-driving systems, sensors, cameras, big screens. But only one part cannot be skipped or swapped out — the battery. It is also the single biggest cost of the car, at roughly 30 to 40% of the total bill of materials. **No battery, no EV car**.

This is more than the old "picks and shovels" idea. What makes it different is that one supplier controls 39% of the global battery market. No matter which carmaker wins the price war, most of the profit still flows upstream, to the battery maker.

Exhibit 4: Net profit margin of CATL vs EVs brand



Sources: Bloomberg; Globlex Research

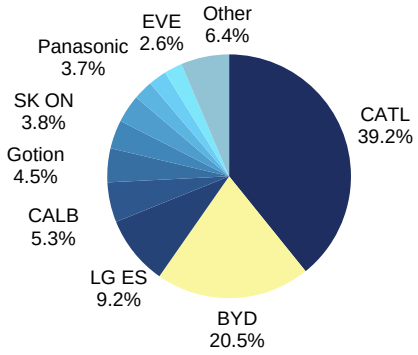
A market controlled by a few players

The EV battery industry is not a scattered, commodity market. It is one of the most concentrated industries in the world. In 2025, CATL and BYD together held 60% of all EV battery installations worldwide. The next tier — LG Energy Solution, SK On, Samsung SDI, and Panasonic — share another 30%. Together, the top five players control almost 90% of the market.

This concentration is not an accident, and it will not fade soon. Building a competitive battery gigafactory costs billions of dollars upfront. It takes five to seven years before the factory becomes cost-efficient. These barriers are structural and favor companies that are already big.

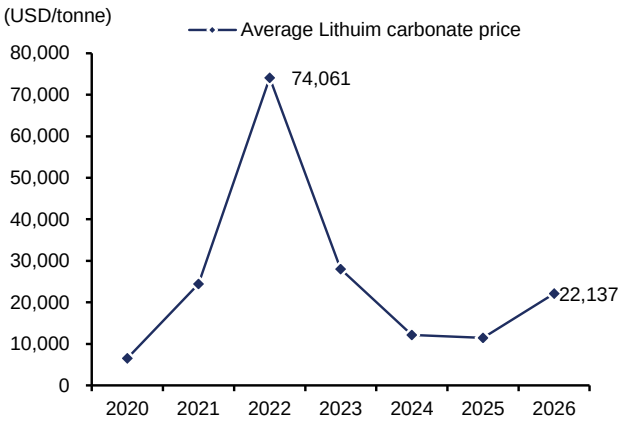
Within this small group of players, CATL stands out. It is the only company with real scale in both major battery types: LFP for China and entry-level cars, and NCM for premium cars and Western carmakers. It is also the only one with a strong position in both EV batteries and grid-scale energy storage at the same time.

Exhibit 5: EV battery market



Sources: SNE Research

Exhibit 6: Lithium carbonate price



Sources: Bloomberg; Globlex Research

Pricing power, proven through commodity swings

The best proof of CATL's strength is not its market share number. It is how its gross margin behaved during wild swings in raw material costs.

Lithium carbonate prices in China moved from approximately $5,000 per tonne in 2020 to a peak of $80,000 per tonne in late 2022 before collapsing back below $10,000 per tonne in 2024 — a sixteen-fold swing within four years. A commodity-price-taking manufacturer would have seen margins collapse in tandem. CATL's gross margin moved from 20.25 percent in 2022 — the year lithium peaked — to 26.27 percent in 2025, according to its annual report. That is not the margin trajectory of a company without pricing power. It is the trajectory of a company that can pass through input cost increases and retain efficiency gains when costs fall.

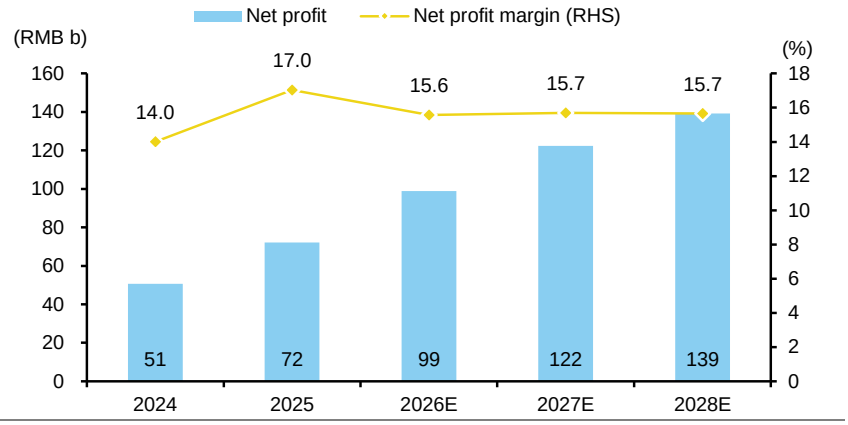
Exhibit 2: Battery producer's Gross margin comparison

Company name	Ticker	2020	2021	2022	2023	2024	2025
Contemporary Amperex Technology	**300750 CH Equity**	**27%**	**22%**	**14%**	**18%**	**24%**	**24%**
CALB Group	3931 HK Equity	14%	6%	11%	10%	15%	17%
Gotion High-tech	002074 CH Equity	25%	19%	18%	18%	17%	17%
Eve Energy	300014 CH Equity				14%	14%	16%
Sunwoda Electronic	300207 CH Equity	-15%	-1%	10%	11%	9%	5%
Farasis Energy Gan Zhou	688567 CH Equity	10%	-19%	6%	6%	11%	9%

Sources: Bloomberg; Globlex Research

As a result of this durable moat, we forecast CATL's net profit to compound at a 24% CAGR from RMB72b in 2025 to RMB139b by 2028E, crossing the RMB100b threshold in 2027E. Growth is driven by three engines: 1) rising EV battery sales, as CATL's global share widens on the product and cost leadership; 2) ESS emerging as a second S-curve, powered by grid capex, renewables firming, and AI data centre demand; and 3) chemistry leadership in sodium-ion and solid-state, which positions CATL to lead the industry through the next decade.

Exhibit 8: Net profit and Net profit margin



Sources: CATL; Globlex Research

Driver 1: Rising EV battery sales

Riding a growing market, taking a bigger cut

In 2025, CATL shipped 541GWh of power batteries, +42% y-y. Its global market shares increase to 39.2%, +1.2ppt y-y, ranking number one for the ninth straight year. In the first quarter of 2026, momentum accelerated. Passenger EV battery shipments grew +27% y-y, and commercial EV batteries grew +150% y-y. The commercial number matters most. Heavy-duty electric trucks carry about three times the battery per vehicle of a passenger car, and CATL is the default supplier for the segment.

Winning volume at this scale is not a coincidence — it is the direct outcome of a cost position no rival has matched. CATL (together with BYD) produces LFP battery packs at roughly half the cost of U.S. and E.U. producers, and well below other Chinese competitors. That gap is the structural reason CATL keeps taking share across every downstream battle for OEM contracts.

Exhibit 3: EV batteries producer comparison

Players	Estimate pack cost (USD/kWh)
CATL, BYD (LFP)	USD50-60
CALB, Gotion	USD84
U.S., E.U. producers (NMC)	USD108
Global average	USD120-130+

Sources: Frontierlane

Product lead with optimal cost, the cheat code of durable growth

Winning in batteries requires two things at once: a product OEMs want to design vehicles around, and a cost curve that makes the deal profitable. CATL is the only supplier that offers both. Sell cheap generic cells and you are in a commodity race that ends at zero margin. Sell superior cells at high cost and OEMs walk. CATL sells the best cells at the lowest cost, the combination that turns market leadership into a margin story.

On product, CATL leads the industry outright. Its flagship products define the state of the art on the specification's OEMs design around. Shenxing Pro (2025) is the world's first LFP battery combining 800km range with 12C fast charging, 500km added in 10 minutes, versus 4-6C for most peer LFP cells. Qilin (CTP 3.0) delivers ~200 Wh/kg on LFP, roughly 15% above the industry LFP average, closing the range gap with NCM at lower cost. These specifications are not incremental; they are what an OEM designs a vehicle around. Once designed in, switching to a slower or lower-density battery means 18-24 months of engineering rework. This is why premium Chinese and European OEMs sign multi-year contracts and accept above-spot pricing to secure supply.

On cost, average selling price per kWh has fallen roughly 40% since 2022, driven by lower lithium prices and price competition. CATL's power battery gross margin held at 23.8% in 2025 anyway, 5-8ppt above domestic rivals and single digits above some Korean peers. Three pillars keep the cost edge durable.

1. Scale. CATL operated 772GWh of installed capacity at end-2025, roughly twice LG Energy Solution and multiples of Samsung SDI and SK On. Fixed cost per GWh falls with volume, and CATL amortises R&D, tooling, and overhead over a base no rival can match.

2. Procurement leverage. CATL sources more lithium, graphite, and cathode material than any single buyer in the industry. This lets it lock in long-term supply prices smaller rivals cannot access, and it owns key parts of the upstream directly: a majority stake in the Yichun lithium mine (3-6% of China's domestic output), 25% of the Kisanfu cobalt mine via CMOC, a nickel project in Indonesia, and Brunp, the world's largest

battery recycler. Internal sourcing lets CATL absorb price spikes at cost and pass through savings on the way down, keeping share intact.

3. Factory yield. CATL runs the most WEF-recognized Lighthouse factories in the battery industry. Yield above 95% means less material wasted per cell, versus peers typically at 80-85%. Every percentage point of yield gained is direct to margin.

The two sides reinforce each other. Product leadership wins CATL the design contract. Cost leadership turns it into margin. Together they explain how CATL keeps taking share while its margin stays wider than any peer's, and why we expect the pattern to hold.

Exhibit 10: CATL's Factories and mining site

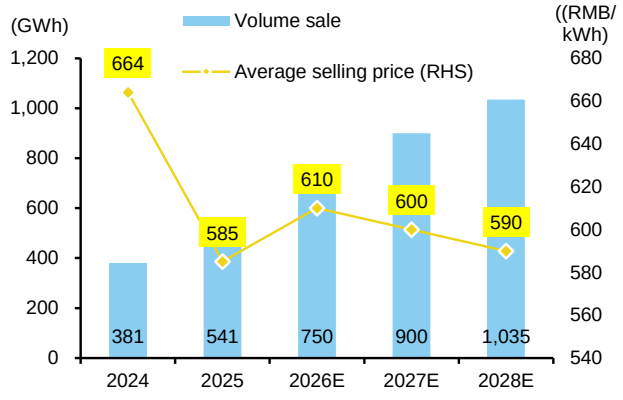
Region	Site(s)	Status	Capacity / Stake
BATTERY FACTORIES			
China (domestic base)	Ningde (HQ), Yibin, Jining, Xining, Liyang, Zhaoqing — 6 plants	Operating	~758 GWh
Germany	Arnstadt (Thüringen)	Operating	14 GWh
Hungary	Debrecen	Under construction	100 GWh (planned)
Spain	Zaragoza	Under construction	50 GWh (planned)
Indonesia	Karawang	Under construction	15 GWh (planned)
Morocco	Site TBD	Planned	n/d
United States	Marshall, Michigan	Licensed (Ford-owned)	~20 GWh (planned)
MINING SITES			
China	Yichun lithium mine (Jiangxi)	Operating (paused mid-2025, resumed)	Majority equity stake
Dem. Rep. of Congo	Kisanfu copper-cobalt mine	Operating	25% stake (via CMOC)
Indonesia	Nickel project	Under development	Large-scale stake

Sources: CATL; Globlex Research

We forecast CATL power battery volume to grow at 24.1% CAGR to 1,035GWh by 2028, supported by rising commercial EV penetration and overseas plant ramps. ASP should stabilize around RMB600/kWh through 2028 as raw material prices normalize. Gross margin should hold at 24%, with slight upside bias as Hungary and Indonesia plants ramp and unit costs fall.

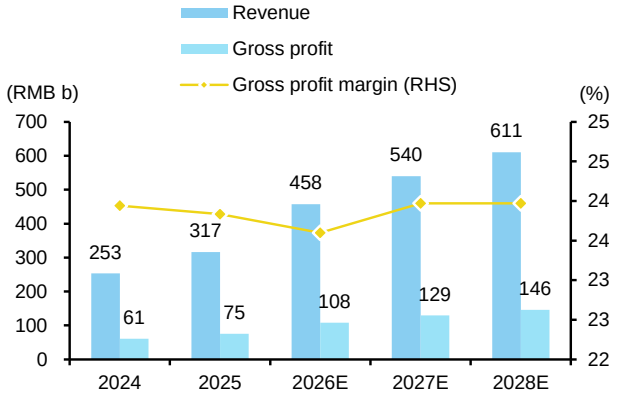
This translates to segment revenue growth at a 24.5% CAGR from RMB317b in 2025 to RMB611b in 2028, with gross profit compounding at 24.9% CAGR from RMB75b to RMB146b.

Exhibit 11: EV battery volume sale and ASP (RHS)



Sources: CATL; Globlex Research

Exhibit 12: Revenue, gross profit, and GPM(RHS)



Sources: CATL; Globlex Research

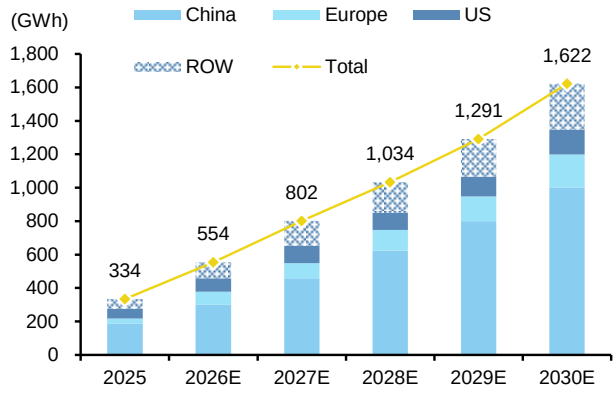
Driver 2: Energy storage is the second S-curve

A second engine, separate from the car market

Energy storage systems (ESS) are the second growth engine in this thesis. They go into power grids, solar and wind farms, and increasingly digital infrastructure. Global ESS demand was around 334GWh in 2025. According to SNE Research, It should pass 1,500GWh by 2030, a 38% annual growth rate, steeper than the EV battery market from a smaller base. Unlike EV batteries, ESS demand does not depend on the auto cycle. It runs on grid capex and renewables policy. That decoupling is what makes it a real second engine, not a satellite.

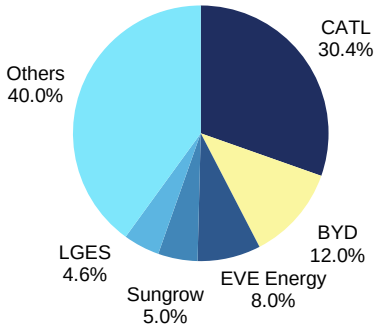
Within this growth, one segment stands out: Battery Energy Storage Systems (BESS). A BESS is a large-scale battery installation, from a few MWh up to the GWh range, built into containers or racks that store electricity from the grid or from renewables and release it on demand. Data centres are becoming the fastest-growing buyer. The IEA expects global data centre power demand to more than double from 415 TWh in 2024 to over 900 TWh by 2030, driven mostly by AI compute. Hyperscalers such as Google, Microsoft, and Amazon have pledged 24/7 carbon-free power. Diesel generators and small UPS units cannot meet that standard. BESS can. Applied to the roughly 100GW of new data centre capacity expected by 2030, four-hour BESS backup implies around 400GWh of incremental storage demand on top of the traditional grid base case.

Exhibit 13: Global ESS demand by region



Sources: SNE Research

Exhibit 14: CATL ESS market share 2025 (%)



Sources: Globlex Research

CATL leads a market it can defend

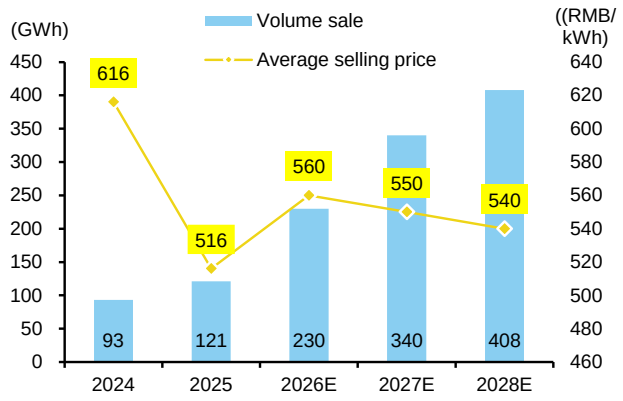
CATL held 30.4% of global ESS shipments in 2025, more than twice number two BYD at 12%. Its shipments were 121GWh in 2025, +161% y-y. In the first quarter of 2026, ESS shipments doubled again year-on-year.

Behind the market share is a real product edge. CATL launched the TENER Stack in 2025, the world's first mass-producible 9 MWh energy storage system, roughly three times the previous industry standard per unit. It uses 587Ah large-format cells with a 20-year design life. What sets TENER apart is its zero-degradation guarantee for the first 5 years. Usable energy and power stay flat, unlike typical lithium batteries that lose 2 to 3% capacity each year. For a grid buyer running a 20-year project, this rewrites the economics of storage. Total delivered energy over the project life goes up, and expensive mid-life battery replacements go away. TENER also carries over 90% capacity retention after 1,000 full cycles, ahead of most rivals. Grid buyers pay a premium for long-duration performance and low maintenance, not just cost per kWh. This is why competitors cannot simply undercut on price, and why CATL's ESS market share has widened rather than eroded over five straight years of leadership.

We forecast ESS volume to grow strongly from 121GWh in 2025 to 408GWh in 2028 — the fastest ramp of any CATL business line, driven by data centre demand and continued grid capex. Average selling price (ASP) declines modestly through the period as Lithium price normalized, aligning with the ASP in EV segment.

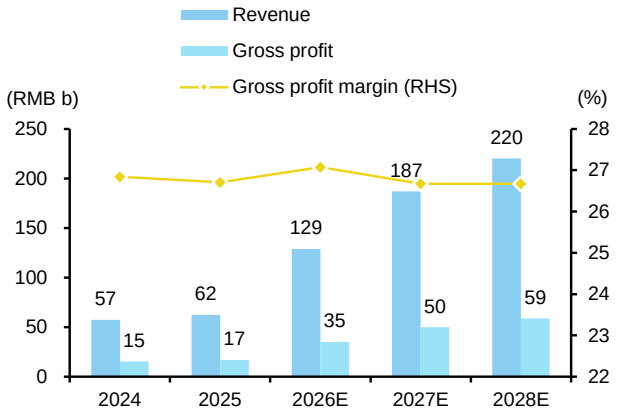
We project ESS revenue to compound at 53% CAGR to RMB220b by 2028. Segment gross margin was 26.7% in 2025, above 23.8% for power batteries. We forecast it to hold at 26-27% through 2028 because CATL's cost curve declines faster than industry ASP: LFP raw material costs continue to normalize and scale economies compound as volume triple.

Exhibit 15: ESS volume sale and ASP (RHS)



Sources: CATL; Globlex Research

Exhibit 16: ESS revenue, gross profit, and GPM(RHS)



Sources: CATL; Globlex Research

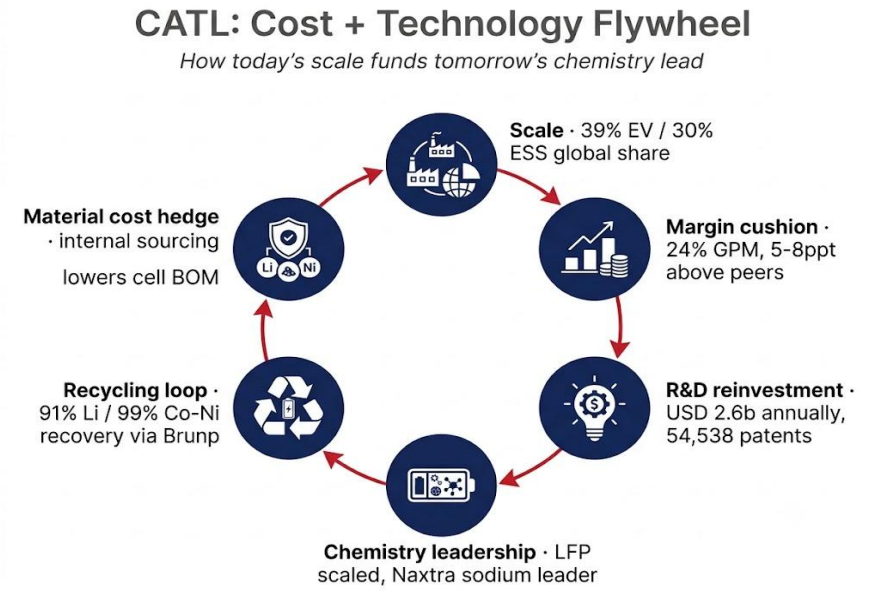
Driver 3: Winning the next chemistry race

The next chemistry decides the next decade

The last chemistry shift is the clearest guide to what happens next. In the 2010s, Western and Korean players concentrated on NMC batteries for premium EVs. CATL and BYD doubled down on LFP, then a lower-performance chemistry, and pushed it to viability through Cell-to-Pack integration and manufacturing scale. Ten years later, LFP is the most-used EV battery chemistry in the world, and CATL is the global market leader. The lesson is direct: in batteries, chemistry choice is a 10-year bet. Miss the shift and no amount of capacity fixes it. Win it, and everything else compounds.

The industry now faces two more of those bets: sodium-ion and solid-state. Whoever leads either becomes the next decade's winner. CATL is positioned to lead both.

Exhibit 17: CAPEX forecast of EV battery producers



Sources: Globlex Research

R&D and recycling — the machine that funds the next bet

Winning chemistry bets requires two inputs: R&D scale and raw material security. On both, CATL sits at a level no rival can match.

On R&D, CATL spent USD 2.58b in 2024 — more than the combined battery R&D of LG Energy Solution (USD 0.85b), Samsung SDI (USD 0.85b), and Panasonic (USD 0.7b). Over the past decade, CATL has invested over RMB 90b on R&D and now holds 54,538 patents. Korean peers are cutting: LGES has announced a 40% cut to its 2026 capex, Samsung SDI has hinted at further reductions. While rivals conserve cash, CATL invests through the cycle.

On raw materials, CATL closes the loop through Brunp, the world's largest battery recycler. Brunp processed 210,000 tonnes of used batteries in 2025 and recovered 24,000 tonnes of lithium salts, up +40% y-y. Its lithium recovery rate exceeds 91%, cobalt and nickel above 99% — the highest disclosed anywhere. Every battery CATL sells today becomes cheap raw material for tomorrow, funding the R&D flywheel above.

Two live bets — sodium-ion today, solid-state tomorrow

The first frontier is sodium-ion. Sodium is orders of magnitude more abundant than lithium, cheaper, and performs down to -40°C where lithium fails. That opens three high-value applications: entry-level EVs, energy storage, and cold-climate markets. CATL launched Naxtra, its second-generation sodium-ion battery, in 2025. GWh-scale industrialization is already achieved, and full mass production is targeted for end-2026. No rival is close — BYD, EVE, and CALB have all announced sodium-ion R&D but none has reached GWh-scale production. CATL enters this ramp already as the market leader — the same position it held in LFP a decade ago.

The second frontier is solid-state. Toyota holds the largest patent portfolio and has guided towards limited commercial production around 2027-2028 — but "limited" means small-volume prototypes, not mass-market cars. Solid-state won't matter at commercial scale until 2030 at earliest. First-launch cost is estimated around USD 150/kWh versus USD 70-90 for today's LFP, so it will be a premium product initially. CATL is not first, but it is not behind either — its sulfide all-solid-state programme has reportedly achieved 500 Wh/kg in the lab, and management has laid out a 2027-2028 pilot roadmap. The 3-5 year gap between Toyota's limited launch and mass-market adoption is exactly what the window CATL needs.

Sodium-ion and solid-state are not just product bets. They are what makes CATL's earnings growth durable beyond the current cycle. Whichever chemistry wins the next decade, CATL is positioned to lead it — first outright on sodium-ion, first-follower on solid-state, backed by an R&D-and-recycling machine that peers cannot replicate. This is what turns a cyclical battery leader into a durable compounder.

Exhibit 18: R&D expenses of EV battery producers (USD m)

Company name	Ticker	2020	2021	2022	2023	2024	2025	2026E	2027E
Contemporary Amperex Technology	300750 CH Equity	518	1,193	2,307	2,592	2,584	3,083	4,255	5,123
Panasonic Holdings Corp	6752 JP Equity	4,025	3,859	3,472	3,458	3,323	2,839	2,589	2,619
LG Energy Solution Ltd	373220 KS Equity	0	93	105	148	154	236	n.a.	n.a.
Samsung SDI Co Ltd	006400 KS Equity	686	767	835	841	952	1,000	872	1,053
Eve Energy Co Ltd	300014 CH Equity	99	203	320	386	409	418	665	874
SK Innovation Co Ltd	096770 KS Equity	215	317	324	320	347	259	266	269
Gotion High-tech Co Ltd	002074 CH Equity	72	100	267	291	298	338	479	578
CALB Group Co Ltd	3931 HK Equity	28	35	99	140	197	298	440	540
Sunwoda Electronic Co Ltd	300207 CH Equity	262	361	408	383	463	609	781	915
Farasis Energy Gan Zhou Co Ltd	688567 CH Equity	54	84	89	106	81	88	n.a.	n.a.

Sources: Bloomberg; Globlex Research

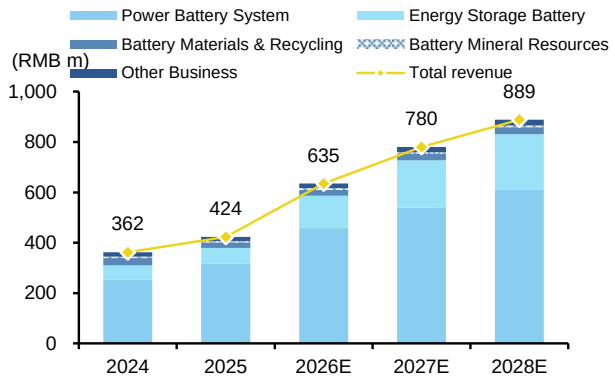
Financials: Margins hold, cash flow compounds

CATL's group revenue was RMB424b in 2025, +17% y-y. We forecast revenue to reach RMB635b in 2026E (+50% y-y), compounding at a 28% CAGR from 2025 to around RMB889b by 2028, driven by the two engines argued in Drivers 1 and 2. The mix shifts as ESS outgrows power batteries. Power battery revenue shares fall from 74% in 2025 to around 66% by 2028, while ESS rises from 15% to about 24%. Materials and recycling, mineral resources, and other businesses together contribute the remaining 10% and stay roughly stable.

Group gross margin was 26.3% in 2025, +1.8ppt y-y. We forecast GPM to hold in the 25.6-25.8% range through 2028 as mix shift toward higher-margin ESS and TENER offsets Chinese domestic tender pricing pressure. Operating margin stays in the 17.5-17.8% range through 2028 as SG&A leverage improves.

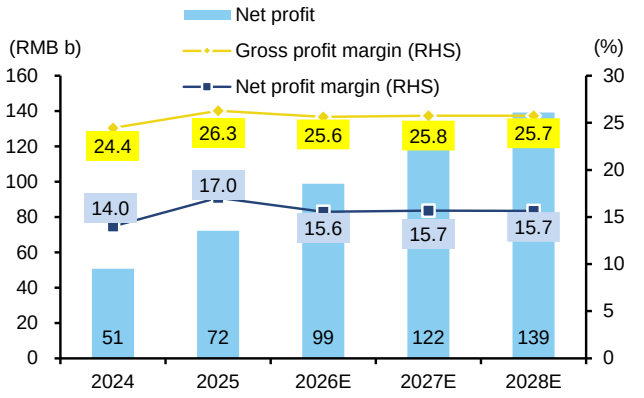
Looking ahead, we project net profit at RMB99b in 2026E (+37% y-y), approaching the RMB100b threshold. Net profit crosses that mark in 2027E at RMB122b (+24% y-y) and reaches RMB139b by 2028E (+14% y-y). Net profit compounds at 24% CAGR from 2025.

Exhibit 19: Revenue, gross profit, and GPM(RHS)



Sources: CATL; Globlex Research

Exhibit 20: Net profit and NPM



Sources: CATL; Globlex Research

Capex peaks, cash flow compounds

The bigger story is the capex cycle. CATL is in a peak investment phase through 2024-2025, funding the Hungary (100GWh), Spain (50GWh), Indonesia (15GWh), and ongoing domestic expansions. CapEx was RMB42b in 2025, or 10% of revenue, and moderates as the buildout completes.

Free cash flow was RMB91b in 2025. We forecast FCF at RMB75b in 2026E as capex remains elevated, then compounding to RMB110b in 2027E and RMB130b by 2028E — a 32% CAGR from the 2026E level. This marks CATL's transition from heavy investment into harvesting the returns of that investment, where cash generation compounds well ahead of earnings. It is the inflection that matters most for the stock. Growth companies get re-rated when investors can see the capex peak clearly and the FCF path beyond it.

A fortress balance sheet and rising returns

CATL sits on a net cash position of RMB92b at end-2025, up from RMB76b a year earlier. We forecast net cash to grow to RMB132b in 2026E, RMB196b in 2027E, and RMB278b by 2028 as FCF compounds and capex moderates. That is a fortress position, one no rival can match. Korean peers are cutting capex to preserve cash. CATL is compounding cash while investing through the cycle.

Return on equity was 21.4% in 2025 and rises to 25-26% through 2028E as earnings compound faster than the equity base. This is the highest ROE among global battery peers by a wide margin, and it reflects the moat argued earlier.

Exhibit 4: Key financial metric

Metric	Unit	2024	2025	2026E	2027E	2028E	CAGR 25-28E
Revenue	RMB m	362,013	423,702	634,974	779,941	888,555	28.0%
y-y growth	%		17.0%	49.9%	22.8%	13.9%	
Gross Profit	RMB m	88,494	111,319	162,701	200,924	228,779	27.1%
Gross margin	%	24.4%	26.3%	25.6%	25.8%	25.7%	
EBITDA	RMB m	81,568	98,633	143,193	176,437	199,433	26.5%
EBITDA margin	%	22.5%	23.3%	22.6%	22.6%	22.4%	
Operating Profit	RMB m	56,634	73,770	110,815	139,189	155,196	28.1%
Operating margin	%	15.6%	17.4%	17.5%	17.8%	17.5%	
Pre-tax Profit	RMB m	63,182	89,527	122,238	151,507	172,327	
Effective tax rate	%	14.5%	14.2%	14.0%	14.1%	14.1%	
Net Profit	RMB m	50,745	72,201	98,842	122,366	139,161	24.4%
y-y growth	%			36.9%	23.8%	13.7%	
Net margin	%	14.0%	17.0%	15.6%	15.7%	15.7%	
EPS	RMB	12	16	22	27	30	24.4%
D&A	RMB m	21,088	23,510	33,102	38,351	43,320	
CapEx	RMB m	31,105	42,133	51,283	45,693	45,196	
CapEx / Revenue	%	6.2%	14.3%	8.1%	5.9%	5.1%	
Free Cash Flow	RMB m	64,425	90,476	75,174	109,508	130,395	61.4%
Net Cash	RMB m	76,470	91,745	131,517	196,095	278,019	
Total Equity (ordinary)	RMB m	246,930	337,108	396,413	469,833	553,329	
ROE (NP / Ordinary Equity)	%	20.6%	21.4%	24.9%	26.0%	25.1%	

Sources: CATL; Globlex Research

Initiated with Buy TP at THB33.25

Fair multiple: 25x 2027E

CATL currently trades at HKD603, or 19.3x (H-share basis) on our 2027E EPS forecast. That is a 47% premium to the Chinese domestic peer trade at average of 13.1x, but a huge discount when compared to non-Chinese peers (LG Energy Solution, Samsung SDI, Panasonic) which average PER is 50.3x. Overall, CATL trade at 28.5% discount average of 27.1x. We believe the market is mispricing CATL. Now, it is being priced as an above-average Chinese battery maker, not as the dominant structural leader across every dimension of the industry.

We set our base target at 25x 2027E P/E, nearly double the Chinese peer average. Three arguments justify the premium.

- First, the strongest moat in industry. CATL leads simultaneously on technology (largest R&D budget, most patents, Cell-to-Pack and TENER innovations), scale (772GWh capacity, roughly twice its nearest rival), and cost (highest factory yields and vertical integration across lithium, cobalt, nickel, and recycling). Leading on all three at once is rare in any industry and unheard of in a global manufacturing business.

- Second, unmatched returns. Our 2027E ROE forecast of 26% is roughly 2x the Chinese peer average of 12%, and higher than every non-Chinese peer. Superior returns are the concrete outcome of the moat above. They compound value, fund the R&D that keeps rivals from catching up, and support a durable cashflow stream.

- Third, chemistry leadership will be secure for the next decade. As Driver 3 argues, whoever leads the next chemistry becomes the industry leader — the LFP story of the 2010s repeating. CATL already leads sodium-ion (Naxtra, mass production end-2026) and is a credible fast follower on solid-state (500Wh/kg lab milestone).

Applied to 2027E EPS of RMB26.8, the 25x multiple gives HKD779 for 3750.HK and **THB33.25 for CATL80** (via 0.01 DR ratio × THB/HKD 4.26 * HKD/RMB 1.16), +27.9% upside to the current THB26.0. We initiate with BUY.

Even the bear case delivers positive returns. Combined with 24.4% NP CAGR from 2025 to 2028, the asymmetric setup drives our Buy call.

Exhibit 22: Valuation table

Case	P/E	EPS 2027E	Target price	CATL80 target	Upside	Rationale	Implied PEG ratio
	(x)	RMB/share	HKD/share	THB/share	(%)		(x)
Bear	20	26.8	624	26.50	2.1%	Current sector de-rate; growth disappointment	0.82
Base	25	26.8	779	33.25	27.9%	In line with peer average	1.02
Bull	30	26.8	935	39.80	53.1%	Premium reflects hidden S-curves + sodium leadership	1.23

Sources: CATL; Globlex Research

PEG cross-check

CATL's current 19.1x forward P/E against a 24.4% NP CAGR gives a PEG of 0.78 — below 1.0, which typically signals underpricing on a growth-adjusted basis. Our base 25x target lifts PEG to 1.02, close to fair value. Even at bull 30x, PEG stays at 1.23, still within the normal range for a high-growth industrial. The current market is underpaying for CATL's growth trajectory.

Exhibit 23: CATL's peer comparison (As of 13 July 2026)

Company name	Ticker	ROE	NPM	Forward P/E
Chinese peer				
Eve Energy Co Ltd	300014 CH	16.0%	6.9%	13.4
Sunwoda Electronic Co Ltd	300207 CH	11.1%	2.9%	10.0
Gotion High-tech Co Ltd	002074 CH	7.9%	3.2%	17.9
CALB Group Co Ltd	3931 HK	8.3%	3.7%	9.9
BYD Co Ltd	1211 HK	15.8%	4.3%	14.6
Mean		11.8%	4.2%	13.1
Global peer				
LG Energy Solution Ltd	373220 KS	3.7%	-0.1%	87.7
Panasonic Holdings Corp	6752 JP	8.9%	5.8%	21.2
Samsung SDI Co Ltd	006400 KS	3.8%	2.6%	41.9
Mean		5.5%	2.8%	50.3
Contemporary Amperex Technology (CATL)	3570 HK	26.0%	15.7%	19.3
Mean (All)		9.4%	3.7%	27.1
Current Premium to Comps Mean				-28.5%

Sources: Bloomberg; Globlex Research

Exhibit 24: Full details of CATL's Factories and mining site

Region / Country	Site / Location	Status	Capacity / Stake	Focus (Chemistry / Mineral)	Key Customers / Significance	Started / Target	Notes
BATTERY FACTORIES							
China	Ningde (HQ)	Operating	n/d	Power battery, HQ + first plant	Founding site since 2011; R&D core	2011	
China	Yibin, Sichuan	Operating	~54 GWh	Power battery; Lighthouse Factory (WEF-recognised)	Zero-carbon certified plant	2019	
China	Jining, Shandong	Operating	n/d	Power battery; newest mega-factory	~220,000 cells/day production rate	2023	
China	Xining, Qinghai	Operating	n/d	LFP battery, ESS-focused	Large-scale LFP production base	2019	
China	Liyang, Jiangsu	Operating	n/d	Power battery	Near Yangtze River Delta client base	2016	
China	Zhaoqing, Guangdong	Operating	n/d	Power battery	Serves southern China OEMs	2019	
Germany (Europe)	Arnstadt (Thüringen)	Operating	14 GWh	Power battery, LFP/NCM	First plant outside China; BMW, VW, Stellantis	2023	
Hungary (Europe)	Debrecen	Under construction	100 GWh (planned)	Power battery, LFP/NCM	Largest European plant; €7.3bn investment; partly funded by HK IPO proceeds	Phase 1 from 2026	
Spain (Europe)	Zaragoza	Under construction	50 GWh (planned)	LFP power battery	50:50 JV with Stellantis; €4.1bn investment	Target late 2026	
Indonesia (SE Asia)	Karawang	Under construction	15 GWh (planned)	Power battery	CATIB JV; serves ASEAN OEMs (Honda, Toyota, Hyundai)	Target H1 2026	
Morocco (N. Africa)	Site TBD	Planned	n/d	Power battery	Planned hub for Europe/Africa; details not yet finalised	Planning stage	
United States (N. America)	Marshall, Michigan	Under construction (licensed)	~20 GWh (planned)	LFP power battery — technology licence only	Ford-owned BlueOval plant; CATL licenses chemistry/process, no equity/capex	Target 2026	
MINING SITES							
China	Yichun lithium mine (Jiangxi)	Operating (paused mid-2025, resumed)	Majority equity stake	Lithium (lepidolite)	Est. 3–6% of China's domestic lithium output		Position large enough that a 2025 suspension moved global lithium prices
Dem. Rep. of Congo	Kisanfu copper-cobalt mine	Operating	25% stake (via CMOC)	Cobalt, copper	Major global cobalt source; reduces cobalt price/supply risk		Partnership with CMOC Group, the mine operator
Indonesia	Nickel project	Under development	Large-scale stake (project under development)	Nickel	Secures nickel feedstock for NCM cathode production		Part of broader Indonesia investment incl. battery materials

Source: CATL company disclosures; CMOC Group; Globlex Research. "n/d" = capacity not disclosed by segment/plant. GWh figures are nameplate/planned annual capacity where available. Mining stakes do not make CATL a mining company; they provide partial insulation from commodity price volatility.

Sources: CATL; Globlex Research

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Analyst Certification

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY: Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.
* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

Overweight: The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.