Morgan Stanley | RESEARCH

UPDATE

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Contemporary Amperex Technology Co. Ltd. | Asia Pacific

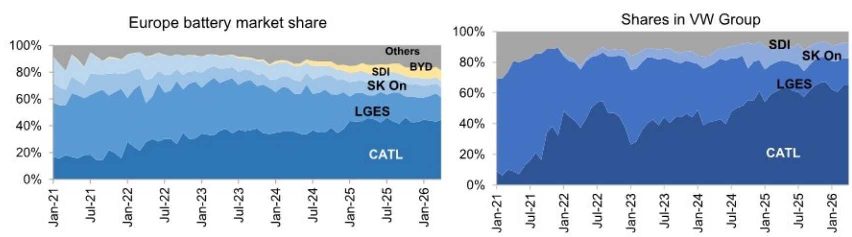
Trade Tension From EU?

Key Takeaways

- According to a Bloomberg report on June 3, the EU is increasingly preparing for a broader trade confrontation with China.
- Europe has no alternative to Chinese battery technology and supply chains for energy storage deployment; tariff hikes, if any, will be passed through.
- CATL's expanding localized European capacity further strengthens this position, potentially reaching ~150GWh next year, along with 30GWh Indonesia capacity.
- In addition, CATL's advancement of battery technology is an essential part of the EU's CO2 reduction goal over the next decade, in our view.

Bloomberg published an article, "Left With Few Choices, EU Braces for a Trade Fight With China", as concerns grow over industrial overcapacity, subsidized exports, and widening trade imbalances. We think the potential tariffs on Chinese battery imports will likely be passed through to end-markets in Europe as there are no alternatives. Macro-wise, China's manufacturing capability appears significantly more resilient to external trade pressure than many investors expected several years ago, in our view. Despite multiple rounds of tariffs and geopolitical tensions since 2018, China's exports have continued to rise structurally, reflecting the country's deep industrial ecosystem, supply-chain integration, infrastructure scale, engineering talent, and manufacturing cost competitiveness. Meanwhile, China retains important strategic leverage through its dominance in rare earths.

Exhibit 1: CATL's market share gain in Europe due mainly to technology leadership and product quality rather than simply low cost



Source: SNE, Morgan Stanley Research

MORGAN STANLEY ASIA LIMITED+
Jack Lu
Equity Analyst
Jack.Lu@morganstanley.com +852 2848-5044

Contemporary Amperex Technology Co. Ltd. (3750.HK, 3750 HK)
Top Pick

China Energy & Chemicals | China

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	HK$815.00
Up/downside to price target (%)	5
Shr price, close (Jun 3, 2026)	HK$778.00
52-Week Range	HK$794.50-293.07
Sh out, dil, curr (mn)	177
Mkt cap, curr (mn)	Rmb2,064,964.4
EV, curr (mn)	Rmb1,882,221.4
Avg daily trading value (mn)	HK$1,528

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	16.14	20.53	27.78	34.15
Prior EPS (Rmb)**	-	-	-	-
EPS (Rmb)§	15.32	20.90	25.15	29.81
Revenue, net (Rmb mn)	423,702	584,041	750,418	899,217
EBITDA (Rmb mn)	97,874	129,464	171,617	213,597
ModelWare net inc (Rmb mn)	72,201	94,572	128,512	157,988
P/E	29.0	32.7	24.1	19.6
P/BV	6.2	7.8	6.5	5.4
RNOA (%)	57.1	52.4	89.0	116.2
ROE (%)	29.2	28.1	32.5	33.1
EV/EBITDA	16.1	13.9	10.0	7.6
Div yld (%)	1.3	1.2	1.5	2.1
FCF yld ratio (%)**	4.1	3.8	4.2	4.7
Leverage (EOP) (%)	(64.3)	(76.4)	(82.0)	(83.6)

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
§ = Consensus data is provided by Refinitiv Estimates
** = Based on consensus methodology
e = Morgan Stanley Research estimates

Valuation Methodology and Risks

Contemporary Amperex Technology Co. Ltd. (3750.HK)

- Base case, EV/EBITDA. We use this methodology to remain consistent with the approach taken by our global battery analysts for international peers. We assign a 17x EV/EBITDA multiple to 2027E EBITDA, which implies a 25.4x P/E for 2027E. For CATL-H share, we assign a 20% H/A premium.

Risks to Upside

- Faster-than-expected EV penetration and ESS application
- Lower geopolitical risks
- Better-than-expected margins
- Higher-than-expected market share gain

Risks to Downside

- Weaker EV penetration and ESS application
- Potential threats from other battery makers
- Geopolitical risks lead to decoupling of battery supply chain
- Stall in market share gain

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(as of May 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1542	42%	465	51%	30%	707	43%
Equal-weight/Hold	1571	43%	369	40%	23%	723	44%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	551	15%	86	9%	16%	201	12%
Total	3,667		920			1632	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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Stock Price, Price Target and Rating History (See Rating Definitions)

Stock Rating History: 6/25/25 : O/I; 10/9/25 : E/I; 5/4/26 : O/I

Price Target History: 6/25/25 : 390; 7/9/25 : 445; 7/31/25 : 465; 10/9/25 : 585; 3/18/26 : 655; 4/27/26 : 695; 5/4/26 : 815

Source: Morgan Stanley Research   Date Format : MM/DD/YY   Price Target -·   No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) —   Stock Price (Covered by Current Analyst) ▬
Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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INDUSTRY COVERAGE: China Energy & Chemicals

COMPANY (TICKER)	RATING (AS OF)	PRICE* (06/03/2026)
Jack Lu		
Bluestar Adisseo Co (600299.SS)		Rmb10.87
China Oilfield Services Ltd. (2883.HK)	E (03/28/2026)	HK$8.16
China Oilfield Services Ltd. (601808.SS)	U (03/28/2026)	Rmb13.10
China Petroleum & Chemical Corp. (600028.SS)	E (08/19/2024)	Rmb4.86
China Petroleum & Chemical Corp. (0386.HK)	O (07/29/2025)	HK$4.37
CNOOC (0883.HK)	O (03/17/2021)	HK$27.26
Contemporary Amperex Technology Co. Ltd. (300750.SZ)	O (06/25/2025)	Rmb426.42
Contemporary Amperex Technology Co. Ltd. (3750.HK)	O (05/04/2026)	HK$778.00
EVE Energy Co Ltd (300014.SZ)	E (05/31/2022)	Rmb62.98
Gotion High Tech Co Ltd (002074.SZ)	E (04/17/2023)	Rmb31.83
Guangzhou Tinci Materials Technology Co (002709.SZ)	E (01/08/2026)	Rmb51.30
Hengli Petrochemical Co Ltd (600346.SS)	++	Rmb17.51
Ningbo Ronbay New Energy Technology (688005.SS)	U (10/27/2025)	Rmb31.32
Ningxia Baofeng Energy Group Co., Ltd. (600989.SS)	E (04/15/2026)	Rmb24.99
PetroChina (601857.SS)	O (08/19/2024)	Rmb10.85
PetroChina (0857.HK)	O (03/17/2021)	HK$10.69
REPT Battero Energy Co (0666.HK)	E (10/20/2025)	HK$14.89
Rongsheng Petrochemical Co Ltd (002493.SZ)	E (07/29/2025)	Rmb11.44
Shanghai Putailai New Energy Tech Co Ltd (603659.SS)	U (10/27/2025)	Rmb29.96
Shenzhen Dynanonic Co Ltd (300769.SZ)	U (10/27/2025)	Rmb64.08
Shenzhen Senior Technology Material Co (300568.SZ)	E (01/08/2026)	Rmb15.71
Yunnan Energy New Material Co Ltd (002812.SZ)	O (10/27/2025)	
Kaylee Xu		
Jiangsu Cnano Technology Co Ltd (688116.SS)	U (03/10/2025)	
Shandong Sinocera Functional Material (300285.SZ)	E (03/23/2026)	
Shenzhen Capchem Technology Co Ltd (300037.SZ)	E (06/07/2023)	
Sunresin New Materials Co Ltd (300487.SZ)	E (10/25/2024)	
Wanhua Chemical (600309.SS)	O (04/10/2026)	
Zhejiang NHU Co. Ltd. (002001.SZ)	E (01/26/2026)	

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.