Morgan Stanley | RESEARCH

UPDATE

September 17, 2026 08:36 PM GMT

NIO Inc. | Asia Pacific

China BEST Conference 2026 Feedback

Key Takeaways

- Profit growth takes priority over pure volume expansion.
- NIO highlighted its focus on driving profit growth through a combination of volume growth and operating leverage...
- ...while reiterating its full-year 2026 non-GAAP profit target.

Despite another Rmb2-3k/vehicle increase in memory costs in 2H26, vehicle GpM should remain stable at ~18% through efficiency: SG&A should fall to 10-11% of revenue in 2H26 and below 10% over the longer term, while non-GAAP R&D remains disciplined at ~Rmb2.5bn per quarter.

ONVO to pursue volume with greater margin flexibility: ONVO will launch new products targeting the sub-Rmb200k segment next year, while allowing GpM to approach the lower end of its current 10-15% range. In contrast, NIO-brand models generate 20%+ GpM and should contribute roughly two-thirds of group profit over time.

NIO's potential 3Q26 investment gain from domestic memory maker after IPO is explicitly a paper profit: 3Q26's print should be split into operating vs. non-operating.

Balance sheet financing overhang removed: Year-end cash and equivalent are likely to be over Rmb60bn (possibly by 3Q) and over Rmn70bn next year, with battery swap losses narrowing toward break-even within three years.

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NIO Inc. (9866.HK, 9866 HK)

China Autos & Shared Mobility | China

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	HK$68.50
Up/downside to price target (%)	145
Shr price, close (Sep 17, 2026)	HK$28.00
52-Week Range	HK$61.75-27.68
Sh out, dil, curr (mn)	2,273
Mkt cap, curr (mn)	Rmb108,971.2
EV, curr (mn)	Rmb97,970.2
Avg daily trading value (mn)	HK$292

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	(6.85)	(0.59)	1.60	3.40
EPS (Rmb)§	(7.03)	(0.31)	0.83	2.03
Revenue, net (Rmb mn)	87,487.5	130,935.2	162,207.8	194,428.0
EBITDA (Rmb mn)	(6,894.6)	5,872.9	9,770.4	14,187.5
ModelWare net inc (Rmb mn)	(15,570.7)	(1,341.0)	3,625.6	7,718.2
P/E	NM	NM	15.0	7.0
P/BV	6.6	4.2	2.9	1.9
RNOA (%)	(248.9)	(54.9)	(14.3)	(21.4)
ROE (%)	(116.1)	(10.5)	27.7	41.6
EV/EBITDA	(22.3)	13.3	5.8	2.2
Div yld (%)	0.0	0.0	0.0	0.0
FCF yld ratio (%)**	(12.1)	36.9	39.4	47.0
Leverage (EOP) (%)	(3.7)	(157.0)	(226.2)	(239.3)

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

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Valuation Methodology and Risks

NIO Inc. (9866.HK)

Derived from our ADR price target using a HKD/USD exchange rate of 7.8. For the ADR, we assign 25%/50%/25% weightings to our bull/base/bear case scenarios - the bull/bear weighting reflects the potential for the macro outlook to improve/weaken and for sector competition to lessen/worsen. Key assumptions: WACC 17.8%, reflecting NIO's more mature stage of business, beta 2.4, and a long-term growth rate of 3%.

Risks to Upside

- Introduction of new models
- Stronger-than-expected sales volume
- Better-than-expected improvements in operating efficiency

Risks to Downside

- Weaker-than-expected sales volume
- Lack of signs of efficiency improvement
- Moderating auto sales growth pressuring overall industry valuations

NIO Inc. (NIO.N)

Probability-weighted valuation methodology. We factor in solid volume growth over time and expect net profit to break even in 2028. Key assumptions: WACC 17.8%, reflecting beta 2.4, and long-term growth rate 3.0%. Weightings for our bull/base/bear case scenarios are 25%/50%/25% - the bull/bear weightings reflect the potential for the macro outlook to improve/weaken and for sector competition to lessen/worsen.

Risks to Upside

- Introduction of new models
- Stronger-than-expected sales volume
- Better-than-expected improvements in operating efficiency

Risks to Downside

- Weaker-than-expected sales volume
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(as of August 31, 2026)

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Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1555	42%	450	48%	29%	767	44%
Equal-weight/Hold	1577	43%	395	42%	25%	770	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	559	15%	93	10%	17%	216	12%
Total	3,694		939			1754	

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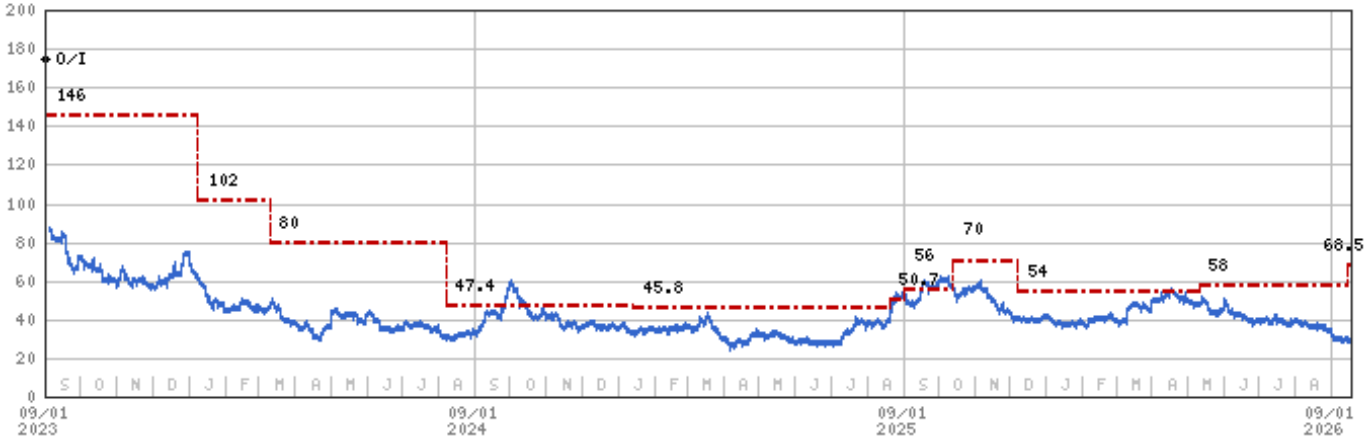
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Stock Price, Price Target and Rating History (See Rating Definitions)

NIO Inc. (9866.HK) - As of 09/17/26 GMT in HKD
Industry : China Autos & Shared Mobility



Stock Rating History: 10/3/22 : O/I

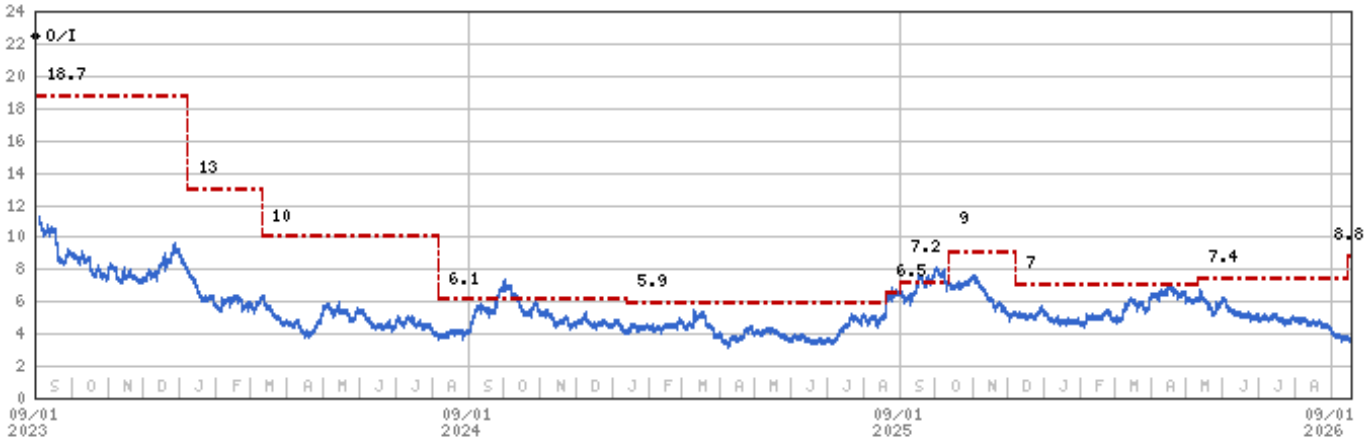
Price Target History: 10/3/22 : 192; 11/3/22 : 125; 3/20/23 : 92; 7/28/23 : 146; 1/8/24 : 102; 3/10/24 : 80; 8/7/24 : 47.4; 1/13/25 : 45.8; 8/20/25 : 50.7; 9/2/25 : 56; 10/13/25 : 70; 12/8/25 : 54; 5/11/26 : 58; 9/15/26 : 68.5

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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NIO Inc. (NIO.N) - As of 09/17/26 GMT in USD
Industry : China Autos & Shared Mobility



Stock Rating History: 9/1/21 : O/A; 8/25/22 : O/I

Price Target History: 3/26/21 : 64; 12/2/21 : 66; 3/23/22 : 34; 6/10/22 : 31; 10/3/22 : 25; 11/3/22 : 16.1; 3/20/23 : 12; 7/28/23 : 18.7; 1/8/24 : 13; 3/10/24 : 10; 8/7/24 : 6.1; 1/13/25 : 5.9; 8/20/25 : 6.5; 9/2/25 : 7.2; 10/13/25 : 9; 12/8/25 : 7; 5/11/26 : 7.4; 9/15/26 : 8.8

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INDUSTRY COVERAGE: China Autos & Shared Mobility

COMPANY (TICKER)	RATING (AS OF)	PRICE* (09/17/2026)
Joey Xu, CFA		
Anhui Jianghuai Automobile (600418.SS)	E (08/19/2023)	Rmb19.38
BAIC Motor (1958.HK)	E (10/02/2025)	HK$0.71
Brilliance China Automotive (1114.HK)	E (03/31/2025)	HK$1.73
Chongqing Changan Automobile (000625.SZ)	E (03/03/2026)	Rmb7.15
Guangzhou Automobile Group (601238.SS)	U (10/23/2019)	Rmb5.09
Guangzhou Automobile Group (2238.HK)	O (05/05/2020)	HK$2.44
Huayu Automotive (600741.SS)	O (09/08/2020)	Rmb15.18
Jiangsu Changshu Automotive Trim Group (603035.SS)	U (09/01/2026)	Rmb10.10
Ningbo Huaxiang Electronic Co., Ltd. (002048.SZ)	E (05/05/2026)	Rmb18.12
SAIC Motor Corp. Ltd. (600104.SS)	O (11/25/2021)	Rmb11.19
Voyah Automotive Technology Co. Ltd, (7489.HK)	O (03/31/2026)	HK$1.89
Zhengzhou Yutong Bus Co (600066.SS)	E (09/22/2023)	Rmb26.33
Shelley Wang, CFA		
Beijing Jingwei Hirain Technologies (688326.SS)	U (09/27/2024)	Rmb57.59
Bethel Automotive Safety Systems Co Ltd (603596.SS)	O (12/11/2023)	Rmb28.51
Changzhou Xingyu Automotive Lighting Sys (601799.SS)	O (09/27/2024)	Rmb71.33
China MeiDong Auto Holdings Ltd (1268.HK)	U (07/10/2026)	HK$0.28
China Yongda Automobiles Services (3669.HK)	U (07/10/2026)	HK$0.84
Foryou Corporation (002906.SZ)	O (03/06/2024)	Rmb27.92
Fuyao Glass Industry Group (600660.SS)	E (12/01/2016)	Rmb54.08
Fuyao Glass Industry Group (3606.HK)	E (12/01/2016)	HK$55.20
Huizhou Desay SV Automotive Co Ltd (002920.SZ)	O (02/28/2025)	Rmb84.43
Keboda (603786.SS)	O (01/17/2024)	Rmb37.20
Minth Group Limited (0425.HK)	O (08/24/2015)	HK$24.00
NavInfo Co Ltd (002405.SZ)	U (03/06/2024)	Rmb5.93
Nexteer Automotive Group (1316.HK)	E (02/28/2025)	HK$4.72
Ningbo Joyson Electronic Corp (600699.SS)	E (03/11/2026)	Rmb19.87
Ningbo Tuopu Group Co Ltd (601689.SS)	E (11/12/2025)	Rmb43.76
Ningbo Xusheng Group Co Ltd (603305.SS)	E (06/18/2025)	Rmb10.76
Suzhou Recodeal Interconnect System (688800.SS)	O (07/02/2026)	Rmb68.60
TUHU Car Inc (9690.HK)	O (07/29/2024)	HK$11.76
Zhejiang Sanhua Intelligent Controls (002050.SZ)	E (11/12/2025)	Rmb34.64
Zhongsheng Group Holdings (0881.HK)	E (07/10/2026)	HK$3.12
Tim Hsiao		
BAIC BluePark New Energy (600733.SS)	U (08/07/2024)	Rmb4.49
BYD Company Limited (002594.SZ)	O (04/14/2025)	Rmb84.97
BYD Company Limited (1211.HK)	O (04/14/2025)	HK$81.15
EHang Holdings Ltd (EH.O)	E (09/15/2026)	US$4.54
Geely Automobile Holdings (0175.HK)	O (06/26/2024)	HK$16.00
Great Wall Motor Company Limited (601633.SS)	U (03/16/2022)	Rmb14.20
Great Wall Motor Company Limited (2333.HK)	E (01/08/2024)	HK$7.47
Hesai Group (HSAI.O)	O (07/28/2025)	US$16.67
Horizon Robotics (9660.HK)	O (12/02/2024)	HK$4.13
Li Auto Inc. (LI.O)	O (08/24/2020)	US$12.03
Li Auto Inc. (2015.HK)	O (11/16/2021)	
NIO Inc. (9866.HK)	O (10/03/2022)	
NIO Inc. (NIO.N)	O (08/26/2020)	
WeRide Inc (WRD.O)	O (11/19/2024)	
XPeng Inc. (9868.HK)	O (11/16/2021)	
XPeng Inc. (XPEV.N)	O (01/29/2021)	

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* Historical prices are not split adjusted.



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