BERNSTEIN
SOCIETE GENERALE GROUP

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Price Target Change


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Global Energy Storage

Contemporary Amperex Technology Co Ltd

Rating

Outperform

Price Target

300750.CH	**770.00 CNY** (800.00 *OLD*)
3750.HK	**740.00 HKD** (770.00 *OLD*)

CATL: 3Q Preview - Fundamentals vs Expecations

CATL 3Q26 results are on 20th October. With the stock down 30% since its peak there is a growing disconnect between expectations and recent performance. While we expect 45% revenue growth, positive guidance could be critical to allaying some of the fears around demand growth and market share. We maintain Outperform rating but lower CATL(H) PT from HKD770 to HKD740 and CATL(A) PT from RMB800 to RMB770 for CATL(A).

We expect CATL's 3Q26 revenue to grow 45% y-o-y to RMB151bn with net income of RMB22.9bn (+23% y-o-y) Despite a slowdown in China's EV sales (-8% y-o-y in 8M26), CATL's battery installation rose 25% y-o-y in the same period according to SNE data. Market share remained resilient at 38%, indicating limited evidence of meaningful share loss. ESS is booming where CATL ESS shipment increased 88% y-o-y in 8M26. We expect CATL total battery sales volume to grow by 39% y-o-y in 3Q26. For 2026 we expect 44% volume growth to 955GWh.

We expect unit net profit to hold steady at around US$14/kWh which is flat on 1H26 but down from US$15.8/kWh from 3Q25. Battery ASP in 3Q26 increased by 4% y-o-y helped by rising metal prices. We expect margins at US$14/kWh to be roughly flat q-o-q, although we expect they will be lower than last year (US$15.8/kWh), as a result of weaker EV demand growth and higher lithium price.

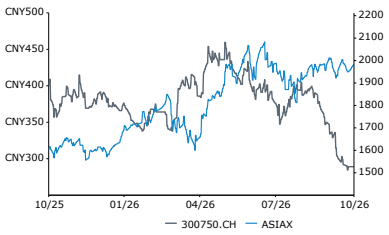
CATL has the opportunity to address investor concerns on ESS growth, market share and further buybacks. Investors are concerned about an ESS slowdown in 2027 and increased competition from Tier 2 battery makers. CATL has the opportunity to set growth targets for 2027 and order backlog. CATL buybacks totaled RMB3.3bn in September, although this program could be expanded given strong FCF generation and balance sheet. The share cancellation could provide an immediate boost to EPS and ROE. **(to be continued...)**

Close Date	30 Sep 2026
300750.CH Close Price (CNY)	291.11
Price Target (CNY)	770.00
Upside/(Downside)	165%
52-Week Range	468.75/285.74
ASIAX	1,973.74
FYE	Dec
Div Yield	1.2%
Market Cap (CNY) (B)	1,374.22
EV (CNY) (B)	1,279.17

Performance	YTD	1M	6M	12M
Absolute (%)	(19.9)	(16.4)	(23.5)	(26.8)
ASIAX (%)	20.7	(1.5)	18.0	22.1
Relative (%)	(40.6)	(14.9)	(41.5)	(48.9)

Source: Bloomberg, Bernstein estimates and analysis.

Price Performance, 1YR



Investment Implications

We rate CATL (A) Outperform, PT CNY770/sh and CATL (H) Outperform, PT HKD740/sh.

Reported EPS	F25A	F26E	F27E
300750.CH (CNY)	16.14	**21.10**	**26.28**
OLD	--	21.95	28.77
3750.HK (CNY)	16.14	**21.10**	**26.28**
OLD	--	21.95	28.77

Financials	F25A	F26E	F27E	CAGR
Revenues (M)	423,702	611,209	804,711	37.8%
EBITDA (M)	95,773	134,380	166,402	31.8%
EBIT (M)	81,587	119,004	148,121	34.7%
Adjusted EPS	16.21	21.23	26.64	--

Valuation Metrics	F25A	F26E	F27E
Reported P/E (x)	18.0	13.8	11.1
EV/Sales (x)	3.0	2.1	1.6
EV/EBITDA (x)	13.4	9.5	7.7

Source: Bloomberg, Bernstein estimates and analysis.

See the Disclosure Appendix of this report for required disclosures, analyst certifications and other important information. Alternatively, visit our Global Research Disclosure Website.

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VALUATION COMPS TABLE

EXHIBIT 1: **Lithium-ion battery players valuation comps table**

	Price 30-Sep		EV USD mn	Mkt cap	P/E 25A	P/E 26E	P/E 27E	P/E 28E	EV/Sales 25A	EV/Sales 26E	EV/Sales 27E	EV/Sales 28E	EBITDA Cagr 26-28
CATL(A)	291.1	CNY	190,971	204,974	20.5	14.4	11.5	9.6	3.1	2.1	1.7	1.4	29%
BYD	75.6	HKD	114,908	102,703	19.9	17.7	13.7	11.4	0.9	0.9	0.8	0.7	22%
Panasonic	4,490	JPY	23,722	73,985	33.2	46.9	23.4	19.1	0.4	0.5	0.5	0.4	11%
LGES	357,000.0	KRW	87,474	68,170	(137.6)	(236.5)	54.1	28.7	5.4	3.7	3.0	2.5	34%
Samsung SDI	515,000.0	KRW	43,148	34,613	(95.8)	73.9	30.8	20.9	4.8	3.6	2.9	2.4	123%
SK Innovation	148,800.0	KRW	44,322	19,952	(22.8)	9.4	14.4	15.5	0.8	0.6	0.6	0.7	32%
EVE	49.8	CNY	20,079	16,142	24.6	15.0	11.2	9.2	2.1	1.6	1.3	1.1	30%
Gotion High Tech	29.5	CNY	17,547	7,983	18.2	26.5	21.0	15.9	2.7	1.8	1.5	1.3	23%
Sunwoda	22.0	CNY	12,657	6,061	20.5	20.3	13.6	9.9	1.3	1.0	0.8	0.7	37%
CALB	17.4	HKD	14,557	3,649	19.6	9.2	6.0	4.7	2.4	1.4	1.0	0.9	51%

	LTM %	Rel LTM %	LTM High	LTM Low	GPM (%) 26E	OPM (%) 26E	ND/E 25A	ND/E 26E	EV/EBITDA 25A	EV/EBITDA 26E	EV/EBITDA 27E	EV/EBITDA 28E	26E EV/Capacity (USD M/GWh)
CATL(A)	-26%	-24%	469	286	24%	18%	-46%	-77%	13.1	9.1	7.4	6.1	198
BYD	-32%	-23%	113	71	18%	5%	5%	2%	7.9	6.0	5.1	4.4	220
Panasonic	181%	113%	4,982	1,657	31%	4%	15%	15%	4.1	5.3	3.5	3.0	273
LGES	-5%	-49%	437,500	224,000	20%	3%	48%	63%	25.9	21.0	13.8	10.7	183
Samsung SDI	156%	42%	820,000	200,500	22%	2%	34%	44%	128.0	21.6	14.7	11.6	379
SK Innovation	47%	-23%	166,000	87,700	12%	8%	68%	70%	17.7	5.2	7.5	7.6	307
EVE	-45%	-43%	94.4	47.0	16%	10%	49%	27%	16.8	11.6	9.1	7.6	144
Gotion High Tech	-37%	-34%	49.6	24.3	16%	4%	122%	70%	19.4	14.3	12.0	10.5	79
Sunwoda	-34%	-33%	37.9	16.0	16%	2%	99%	42%	21.3	13.5	10.5	8.3	154
CALB	-56%	-50%	39.3	15.2	17%	8%	106%	94%	18.5	8.8	6.8	5.4	67

CATL, LG Energy Solution, and Samsung SDI are covered by Neil Beveridge. BYD is covered by Eunice Lee. All other stocks are not covered by Bernstein. Source: Bloomberg (consensus estimates) and Bernstein analysis

DETAILS

(Continued…) We revise our EPS forecasts and our target prices to Rmb770 for A-share and HKD740 for H-share. Maintain Outperform. We have revised down our 2026 and 2027 EPS estimates by 3.9% and 8.9% respectively based on a more conservative margin outlook. Reduction in our PTs is due to our earnings revision, with no change in valuation methodology. CATL remains the global battery leader in sales, and we view its 10x/14x forward P/E (A/H share) as attractive given 30% 2026 earnings growth and 20-30% revenue CAGR over the next 5 years.

DETAILS

The top question among battery investors recently has been what explains the 30% decline in CATL share price, despite apparently strong fundamentals. Various reasons have been suggested, from loss of market share to Tier 2 battery makers to negative ESS growth in 2027 (similar to what is happening with solar installations today). Expectations have reached the point where the forward P/E of CATL is 10x (8x ex cash and investments) which implies that CATL is an ex-growth stock. This seems overdone to us.

Quick Take: CATL - Should investors add to positions after the sell off?

Another possibility is that upcoming 3Q26 earnings could be disappointing. While this might be implied from the recent share price performance, fundamental data which we are tracking suggest that battery sales volumes and revenues remain strong. In this note, we discuss the fundamental factors supporting our constructive stance heading into the 3Q results and the rationale behind our Outperform rating on CATL.

3Q results should underscore resilient volume growth and earnings momentum

CATL is scheduled to report its 3Q26 results after market close on 20th October. We forecast 3Q revenue of RMB151bn, up 45% y-o-y, and net profit of RMB22.9bn, representing 23% y-o-y growth. While earnings could be below consensus RMB24.1bn, the market has clearly moved on. Moreover, we believe the quarter should demonstrate CATL's ability to sustain strong growth through scale expansion, supported by robust battery demand and resilient profitability.

We believe that investors will be focused on revenue growth and unit profit margins. Based on our latest tracker, we estimate total battery shipments of 230GWh in 3Q26, up 39% y-o-y, although slightly lower sequentially from 235GWh in 2Q26. We expect blended ASPs to improve to US$92.5/kWh, up 4% both y-o-y and q-o-q, driving revenue growth ahead of shipment growth. Unit operating profit is projected to rise to US$14.7/kWh, compared with US$14.9/kWh in 3Q25 and US$14.0/kWh in 2Q26, reflecting stronger seasonal ESS demand and continued benefits from lower raw material costs compared to 1H26. We estimate unit net profit of US$14.0/kWh in 3Q26, up 4% q-o-q, demonstrating resilient profitability despite an 11% y-o-y decline. Overall, we expect the upcoming results to reinforce confidence in CATL's earnings trajectory, with volume growth, stable pricing and improving operating profitability remaining key highlights of the quarter.

EXHIBIT 2: **We expect CATL's 3Q revenue to grow by 45% y-o-y to RMB151bn, while the earnings to grow by 23% y-o-y to RMB22.9bn**

				3Q25	*YoY*	2Q26	*QoQ*
Revenue	bn RMB	151.1	174.0	104.2	*45%*	147.8	*2%*
Total battery sales volume	GWh	230.0	260.0	165.0	*39%*	235.0	*-2%*
ASP	US$/kWh	92.5	94.3	88.9	*4%*	88.6	*4%*
Unit operating profit	US$/kWh	14.7		14.9	*-1%*	14.0	*5%*
Unit net profit	US$/kWh	14.0	13.0	15.8	*-11%*	13.5	*4%*
Earnings	bn RMB	22.9	24.1	18.5	*23%*	22.5	*2%*

estimates in Bloomberg consensus: 5 (top-line), 3 (bottom-line), 1 (volume)
Source: Company data, Bloomberg, Bernstein analysis and estimates (3Q26)

EXHIBIT 3: **CATL 3Q26 outlook**

Financial Summary		3Q26E	3Q25	%YoY	Consensus 3Q26	Consensus variance
Revenue	**RMB mn**	**151,069**	**104,186**	**45%**	**174,006**	**-13%**
Sales volume	**GWh**	**230**	**165**	**39%**	**260**	**-12%**
COGS	**RMB mn**	**113,302**	**77,304**	**47%**	**136,518**	**-17%**
Gross profit	**RMB mn**	**37,767**	**26,882**	**40%**	**37,488**	**1%**
Gross Margin	**%**	**25.0%**	**25.8%**	**-0.8%**	**21.5%**	**3.5%**
OPEX		13,755	9,462	45%	n/a	n/a
R&D	RMB mn	7,437	4,973	50%	n/a	n/a
SG&A	RMB mn	6,318	4,488	41%	n/a	n/a
Operating profit	**RMB mn**	**24,012**	**17,420**	**38%**	**31,161**	**-23%**
OPM%	**%**	**15.9%**	**16.7%**	**-0.8%**	**17.9%**	**-2.0%**
Net profit to the parent	**RMB mn**	**22,898**	**18,549**	**23%**	**24,073**	**-5%**
NPM%	**%**	**15.2%**	**17.8%**	**-2.6%**	**13.8%**	**1.3%**
Unit profit	**RMB/Wh**	**0.10**	**0.11**	**-11%**	**0.09**	**8%**
Unit profit	**US$/kWh**	**14.0**	**15.8**	**-11%**	**13.0**	**8%**

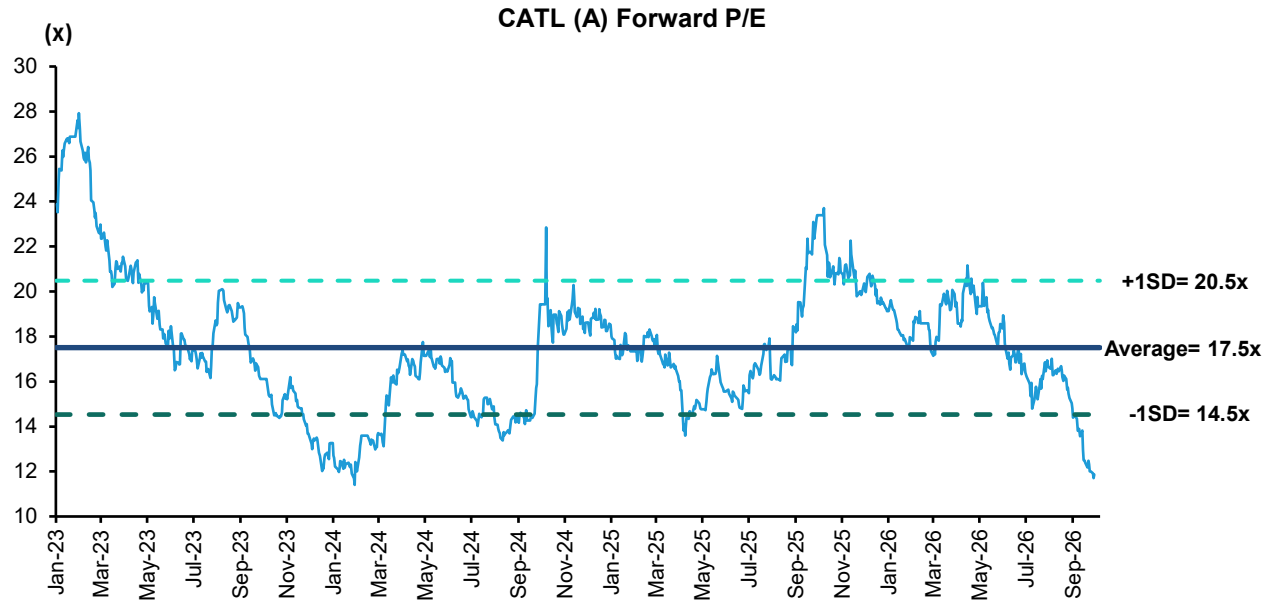
Grey box is Bernstein estimate and blue box is Bloomberg consensus
Source: Company data, Bloomberg, Bernstein analysis and estimates

EXHIBIT 4: **CATL 2H26 outlook**

Financial Summary		1H26	3Q26E	%YoY	4Q26E	%YoY	FY26E	%YoY
Revenue	**RMB mn**	**276,917**	**151,069**	**45%**	**183,224**	**30%**	**611,209**	**44%**
EV battery	RMB mn	192,125					423,128	34%
ESS	RMB mn	53,261					119,113	91%
Others	RMB mn	31,531					68,969	54%
Sales volume	**GWh**	**435**	**230**	**39%**	**290**	**29%**	**955**	**44%**
COGS	**RMB mn**	**210,655**	**113,302**	**47%**	**135,703**	**34%**	**459,660**	**47%**
EV battery	RMB mn	152,492					330,306	37%
ESS	RMB mn	40,501					89,744	96%
Others	RMB mn	17,662					39,610	55%
Gross profit	**RMB mn**	**66,262**	**37,767**	**40%**	**47,520**	**20%**	**151,550**	**36%**
EV battery	RMB mn	39,633					92,822	23%
ESS	RMB mn	12,760					29,369	76%
Others	RMB mn	13,869					29,359	53%
Gross Margin	**%**	**23.9%**	**25.0%**	**-0.8%**	**25.0%**	**-3.2%**	**24.8%**	**1.5%**
EV battery	%	20.6%					21.9%	1.9%
ESS	%	24.0%					24.7%	2.1%
Others	%	44.0%					42.6%	0.3%
OPEX		**20,885**	**13,755**	**45%**	**16,683**	**30%**	**51,323**	**27%**
R&D	RMB mn	11,377	7,437	50%	9,020	27%	27,833	26%
SG&A	RMB mn	9,508	6,318	41%	7,663	33%	23,490	29%
Operating profit	**RMB mn**	**45,377**	**24,012**	**38%**	**30,837**	**15%**	**100,226**	**41%**
OPM%	**%**	**16.4%**	**15.9%**	**-0.8%**	**16.8%**	**-2.3%**	**16.4%**	**0.3%**
Net profit to the parent	**RMB mn**	**43,284**	**22,898**	**23%**	**30,705**	**33%**	**96,887**	**34%**
Unit profit	**RMB/Wh**	**0.10**	**0.10**	**-11%**	**0.11**	**3%**	**0.10**	**-7%**
Unit profit	**US$/kWh**	**14.0**	**14.0**	**-11%**	**14.9**	**3%**	**14.3**	**-7%**

3Q26E, 4Q26E, and FY26E are Bernstein estimates
Source: Company data, Bloomberg, Bernstein analysis and estimates

EXHIBIT 5: **CATL A-share forward P/E chart**



Source: Bloomberg, Bernstein analysis

CATL SHARE BUY BACK PROGRAM: STILL MORE TO COME

Following the announcement of its RMB20-40bn share repurchase program, CATL has moved swiftly to execute the buyback, repurchasing approximately 10.9 million shares for a total consideration of RMB3.3bn, representing around 0.25% of its share capital at an average purchase price of RMB302/share. The accelerated pace of repurchases demonstrates management's strong conviction that the current share price materially undervalues the company's long-term earnings potential and industry leadership. We view the buyback as a positive signal of CATL's robust cash generation and balance sheet strength, while the cancellation of repurchased shares should provide incremental support to EPS and ROE. More importantly, the program reinforces management's confidence in the sustainability of CATL's growth across both EV and energy storage markets despite near-term demand volatility.

EXHIBIT 6: **CATL share buyback summary**

Date	Shares Repurchased	% of Share Capital	Average Price (RMB/sh)	Total Amount (RMB M)
9/11/2026	604,293	0.01%	330.9	200.0
9/16/2026	3,098,257	0.07%	305.7	947.0
9/18/2026	1,512,610	0.03%	301.7	456.4
9/21/2026	3,687,462	0.08%	298.3	1,099.9
9/23/2026	665,060	0.02%	300.7	200.0
9/24/2026	680,400	0.02%	293.9	200.0
9/29/2026	697,080	0.02%	286.9	200.0
Total	**10,945,162**		**301.8**	**3,303.1**

Source: Company data, Bernstein analysis

HIGH FREQUENCY DATA TRACKING: ROBUST DEMAND GROWTH

Our high-frequency data suggest CATL's demand momentum remained strong through 3Q26, underpinning our expectation of 39% y-o-y shipment growth to 230GWh. Despite concerns around a maturing passenger EV market, CATL continues to benefit from its leading market position across both EV and energy storage applications. CATL's xEV battery installations increased

by 24% yoy in Jul-Aug 26, decelerating from 33% yoy growth in 2Q26. In energy storage, CATL's ESS battery shipments also showed strong growth, rising 73% yoy in Jul-Aug 26 versus 74% yoy in 2Q26.

As for the EV sector, CATL solidified its leading position, with monthly EV battery installations reaching 44GWh in Aug 2026 (+16% YoY). On a YTD basis, EV battery installations increased 25% YoY to 333GWh, while CATL's passenger EV battery market share rose to 38% in 2026YTD from 36.5% in 2025.

As for the ESS sector, CATL retained its leading position, with monthly ESS battery shipments reaching 22.8GWh in Aug 2026 (+75% YoY). On a YTD basis, ESS battery shipments increased 66% YoY to 155GWh, while CATL's ESS shipment market share stood at 21.6% in 2026YTD, slightly lower than 23.7% in 2025.

Although CATL's passenger vehicle (PV) battery installation growth slowed to 25% yoy in Jul-Aug 26, after an improvement in 2Q26, we think it is mainly due to split change over months before launch of lithium-ion consumption tax starting from 1 Sep 2026. A similar trend is visible in the commercial vehicle (CV) battery segment, particularly heavy-duty trucks. CV battery installations grew only around 21% yoy in Jul-Aug 26 compared to 65% yoy growth in 2Q26.

While global EV battery demand appears to have softened temporarily in 3Q26 due to seasonal weakness in China's heavy-duty truck market and a normalization from the exceptionally strong growth seen over the past several quarters, we remain constructive on the medium- to long-term outlook. Electrification penetration continues to rise, supported by favorable total cost of ownership economics, expanding charging infrastructure, and increasingly stringent emissions policies. Importantly, the recent decline in lithium prices should further improve battery affordability and reduce upfront vehicle costs, reinforcing the long-term adoption trend for electric trucks and commercial fleets. At the same time, lower lithium prices can boost the IRR of energy storage projects, potentially leading to some short-term project procurement. The easing of lithium prices will ultimately broaden the addressable market for energy storage and support stronger ESS adoption over the longer term. Taken together, we view the current slowdown as cyclical rather than structural and remain positive on both EV battery demand and the long-term growth trajectory of the ESS market.

EXHIBIT 7: **Global monthly passenger EV battery installation y-o-y**

Global	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	YTD
CATL															
BYD	23%	19%	17%	6%	1%	8%	-1%	-23%	-4%	3%	4%	1%	18%	6%	1%
LGES	49%	27%	38%	-3%	-4%	13%	-8%	12%	20%	7%	9%	19%	-19%	-22%	2%
CALB	57%	49%	49%	61%	35%	18%	29%	-6%	27%	12%	2%	12%	-2%	13%	10%
Gotion	53%	43%	47%	51%	49%	32%	-2%	-13%	28%	53%	54%	71%	66%	57%	43%
Panasonic	40%	57%	132%	-19%	-24%	6%	0%	8%	-8%	10%	8%	33%	-2%	-27%	2%
SVOLT	60%	48%	44%	70%	67%	30%	14%	37%	52%	43%	38%	56%	32%	36%	39%
Zenergy	112%	59%	31%	26%	14%	-1%	68%	18%	45%	147%	24%	22%	72%	87%	56%
SK On	32%	36%	49%	-16%	-21%	-21%	-22%	-3%	-4%	4%	6%	-4%	-24%	-42%	-12%
EVE	10%	23%	29%	71%	29%	-1%	2%	-23%	51%	64%	30%	108%	83%	48%	47%
Sunwoda	8%	21%	1%	13%	-8%	-25%	2%	-9%	21%	16%	-4%	-3%	-17%	-27%	-4%
Energee (Geely)	229%	-1%	-27%	-16%	-21%	-34%	-24%	-2%	-1%	-15%	2%	119%	62%	80%	24%
REPT	-6%	-8%	48%	62%	71%	86%	33%	-3%	76%	138%	121%	121%	163%	173%	100%
Inpai	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	447%	75%	125%	143%	237%	217%	178%	148%	176%
SDI	21%	41%	46%	3%	0%	3%	-18%	-27%	-23%	-19%	-20%	-10%	-35%	-55%	-26%

Source: SNE Research, Bernstein analysis

EXHIBIT 8: **Global monthly passenger EV battery installation market share**

Global	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	YTD
CATL															
BYD	17.8%	18.5%	17.3%	18.1%	17.2%	17.3%	15.3%	13.6%	15.0%	16.4%	16.2%	16.2%	17.7%	18.1%	16.2%
LGES	11.2%	11.3%	12.6%	7.4%	9.0%	11.3%	8.0%	12.5%	12.5%	8.7%	9.9%	11.0%	7.6%	8.2%	9.8%
CALB	5.6%	5.5%	4.5%	6.1%	5.2%	5.3%	4.7%	3.8%	4.3%	4.6%	4.1%	4.2%	4.6%	5.8%	4.5%
Gotion	3.6%	3.9%	4.0%	5.1%	5.2%	4.2%	3.4%	3.0%	3.7%	4.9%	4.5%	4.0%	5.1%	5.7%	4.4%
Panasonic	4.4%	5.5%	6.1%	2.7%	2.3%	3.1%	3.9%	5.0%	3.3%	4.6%	4.4%	4.8%	3.7%	3.6%	4.1%
SVOLT	2.9%	2.5%	2.6%	3.4%	3.4%	2.9%	3.0%	3.3%	2.9%	3.1%	2.9%	2.9%	3.3%	3.1%	3.0%
Zenergy	1.6%	1.6%	1.5%	1.8%	1.5%	1.2%	1.2%	1.0%	1.2%	2.2%	2.2%	1.9%	2.4%	2.8%	1.9%
SK On	5.1%	4.8%	4.8%	3.2%	3.1%	2.9%	3.6%	4.9%	4.0%	3.6%	3.6%	3.0%	3.2%	2.6%	3.5%
EVE	1.5%	1.5%	1.4%	2.0%	1.8%	1.7%	1.8%	1.5%	2.2%	2.3%	1.8%	2.3%	2.3%	2.0%	2.1%
Sunwoda	2.9%	3.0%	2.6%	2.7%	2.5%	2.1%	2.5%	2.3%	2.7%	2.6%	2.4%	2.3%	2.0%	2.0%	2.4%
Energee (Geely)	1.3%	1.2%	1.1%	1.6%	1.5%	0.9%	1.4%	1.4%	1.1%	1.2%	1.2%	1.6%	1.8%	2.0%	1.5%
REPT	0.8%	0.7%	1.3%	1.7%	1.9%	1.9%	1.7%	1.1%	1.6%	1.6%	1.6%	1.4%	1.7%	1.8%	1.6%
Inpai	0.6%	0.6%	0.9%	0.9%	0.8%	1.1%	0.9%	0.5%	1.0%	0.9%	1.0%	1.1%	1.4%	1.3%	1.1%
SDI	3.3%	3.1%	2.9%	2.2%	2.1%	2.2%	2.6%	2.7%	2.5%	2.3%	2.2%	2.2%	1.8%	1.3%	2.1%

Source: SNE Research, Bernstein analysis

EXHIBIT 9: **Monthly China ESS shipment market share**

	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	YTD
CATL	23.3%	23.0%	23.3%	22.8%	18.5%	22.5%	22.2%	22.0%	21.3%	21.5%	21.1%	21.1%	20.4%	21.6%
EVE	12.2%	11.6%	10.9%	10.7%	10.2%	10.1%	9.5%	8.8%	9.1%	8.8%	9.1%	9.3%	9.2%	9.2%
BYD	9.5%	9.0%	8.5%	8.3%	8.4%	6.9%	5.6%	8.7%	7.9%	7.7%	6.1%	5.5%	5.4%	6.9%
Hithium	11.8%	11.9%	11.3%	11.0%	11.3%	10.6%	10.0%	7.9%	9.0%	8.7%	9.7%	9.3%	9.7%	9.3%
CORNEX	2.7%	3.9%	5.1%	7.1%	5.8%	7.0%	6.0%	7.1%	6.4%	7.4%	7.1%	7.1%	6.9%	6.9%
Great Power	2.7%	3.1%	3.2%	3.1%	5.2%	3.0%	3.2%	6.3%	5.2%	4.3%	5.0%	4.5%	4.1%	4.6%
CALB	8.6%	8.2%	8.0%	7.9%	5.8%	6.6%	7.1%	6.1%	6.5%	6.3%	6.1%	6.2%	6.1%	6.4%
Gotion	5.0%	4.8%	4.5%	4.4%	3.9%	3.7%	3.7%	6.0%	4.8%	4.1%	5.2%	5.2%	4.0%	4.7%
REPT	7.5%	7.1%	7.4%	7.2%	6.9%	5.9%	6.2%	5.6%	6.0%	5.7%	5.5%	5.3%	5.6%	5.7%
Ganfeng	2.7%	2.9%	3.2%	3.1%	4.0%	2.5%	2.5%	4.6%	5.2%	5.3%	4.8%	4.4%	4.1%	4.3%
Envision	4.7%	4.8%	4.5%	4.4%	5.7%	4.6%	4.1%	3.7%	4.8%	5.3%	5.1%	4.9%	4.7%	4.7%
Other	0.5%	0.4%	0.4%	0.4%	2.4%	3.0%	1.9%	3.7%	1.5%	1.7%	2.0%	1.9%	2.0%	2.2%
Sunwoda	2.7%	2.6%	2.7%	2.7%	4.2%	3.5%	3.8%	3.2%	3.4%	4.1%	3.0%	3.2%	3.0%	3.4%
LG	1.8%	2.7%	2.9%	2.8%	2.9%	2.5%	2.7%	2.4%	2.9%	2.9%	2.8%	2.7%	2.6%	2.7%
Lishen	1.4%	1.4%	1.3%	1.3%	1.2%	1.0%	1.0%	1.0%	1.3%	1.2%	1.7%	0.9%	1.8%	1.2%

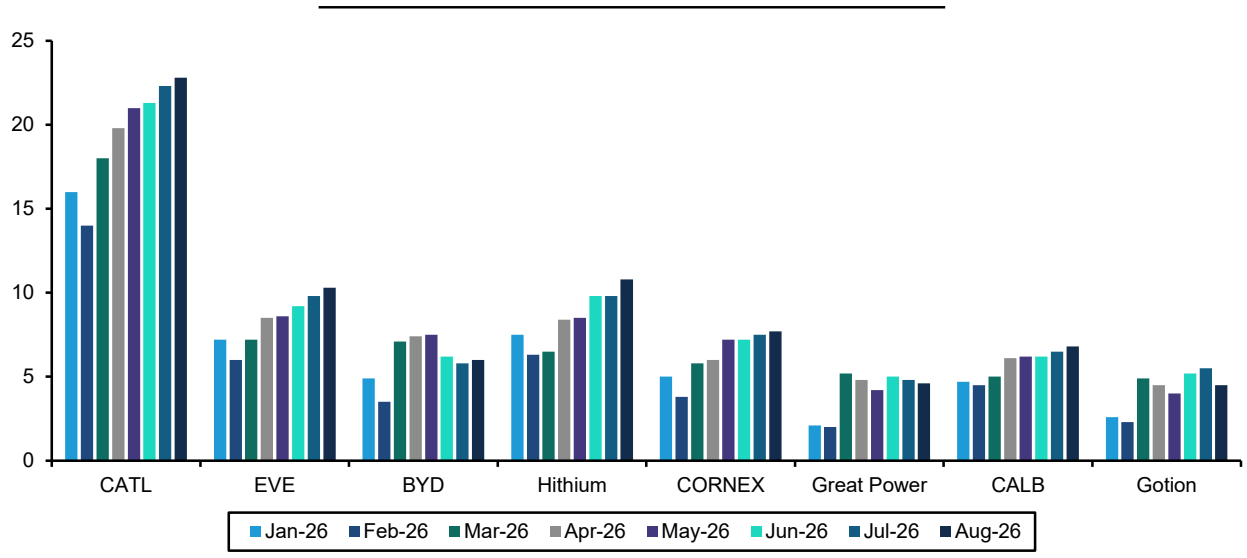
Source: ICC data center, Bernstein analysis

EXHIBIT 10: **China ESS shipment growth rate for top producers**

	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	YTD
CORNEX	150%	283%	300%	246%	213%	733%	1800%	263%	140%	350%	414%	477%	413%	369%
Great Power	50%	71%	54%	25%	165%	250%	233%	420%	269%	223%	285%	220%	207%	259%
Ganfeng	131%	143%	167%	135%	169%	350%	300%	280%	220%	247%	140%	207%	207%	218%
Envision	108%	37%	27%	27%	96%	267%	189%	7%	61%	86%	82%	100%	100%	87%
CATL	57%	50%	88%	69%	62%	60%	56%	50%	72%	75%	64%	72%	75%	66%
Hithium	116%	94%	46%	46%	100%	317%	163%	23%	68%	55%	23%	48%	64%	64%
Gotion	41%	16%	-3%	-11%	-7%	63%	64%	88%	73%	60%	37%	90%	61%	66%
EVE	45%	31%	33%	42%	73%	167%	100%	44%	70%	56%	53%	44%	51%	64%
REPT	133%	121%	119%	92%	126%	121%	117%	59%	60%	60%	27%	27%	48%	55%
CALB	92%	92%	127%	92%	79%	161%	96%	39%	53%	55%	7%	30%	42%	47%
BYD	43%	39%	36%	33%	83%	53%	9%	78%	48%	70%	-24%	5%	13%	25%

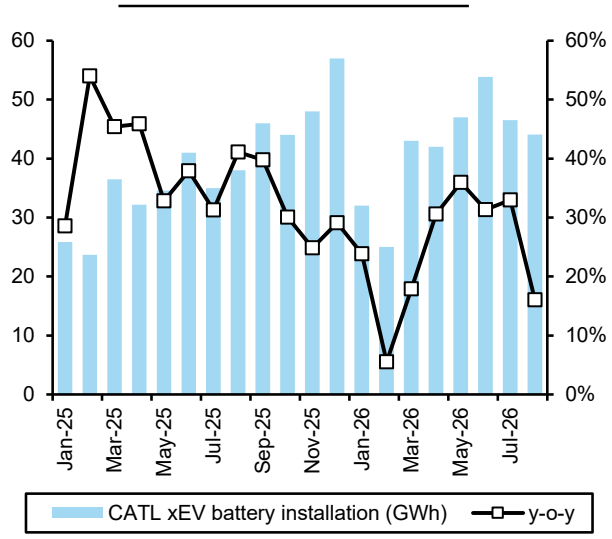
CATL, BYD and LGES are covered by Bernstein. The rest are not covered.
Source: ICC data center, Bernstein analysis

EXHIBIT 11: **China ESS top producers' shipment in 2026**



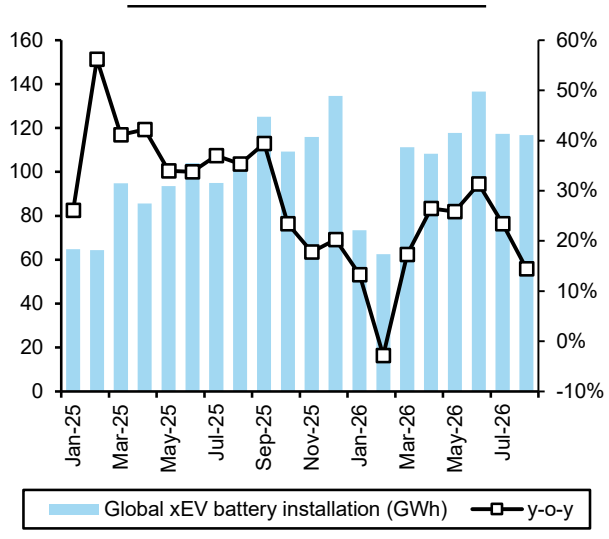
CATL and BYD are covered by Bernstein. The rest are not covered.
Source: ICC data center, Bernstein analysis

EXHIBIT 12: **CATL xEV battery installation increased by 24% y-o-y in Jul-Aug 26 and 25% y-o-y in 8M26**



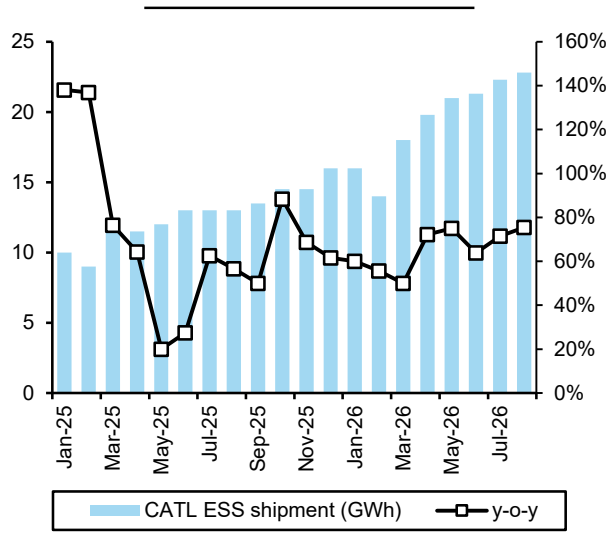
Source: SNE, Bernstein analysis

EXHIBIT 13: **Global xEV battery installation increased by 19% y-o-y in Jul-Aug 26 and 20% y-o-y in 8M26**



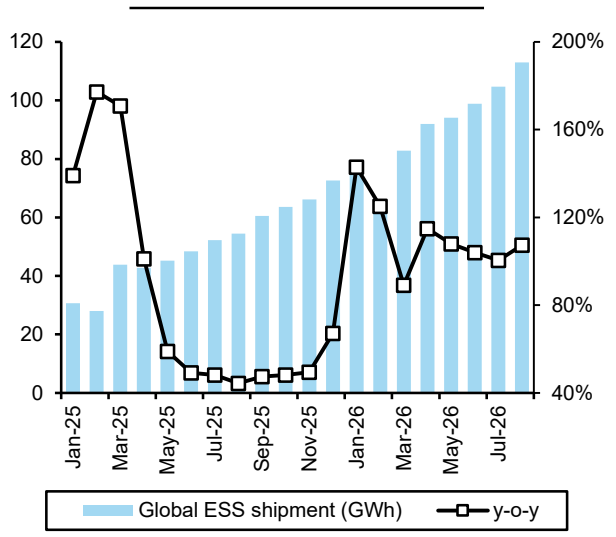
Source: SNE, Bernstein analysis

EXHIBIT 14: **CATL ESS battery shipment increased by 73% y-o-y in Jul-Aug 26 and 66% y-o-y in 8M26**



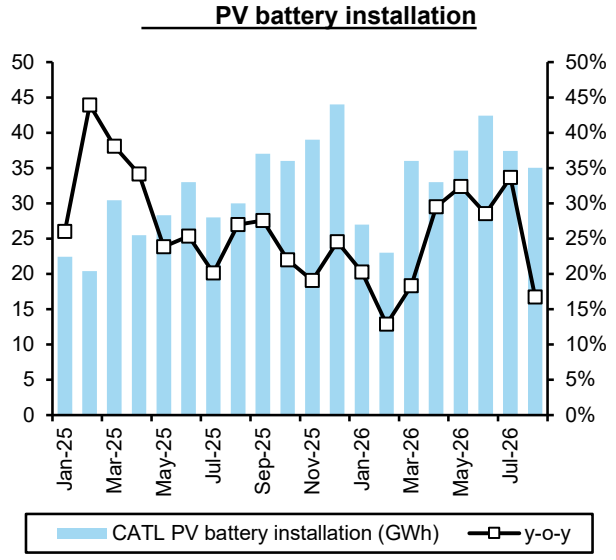
Source: ICC data center, Bernstein analysis

EXHIBIT 15: **Global ESS battery shipment increased by 104% y-o-y in Jul-Aug 26 and 109% y-o-y in 8M26**



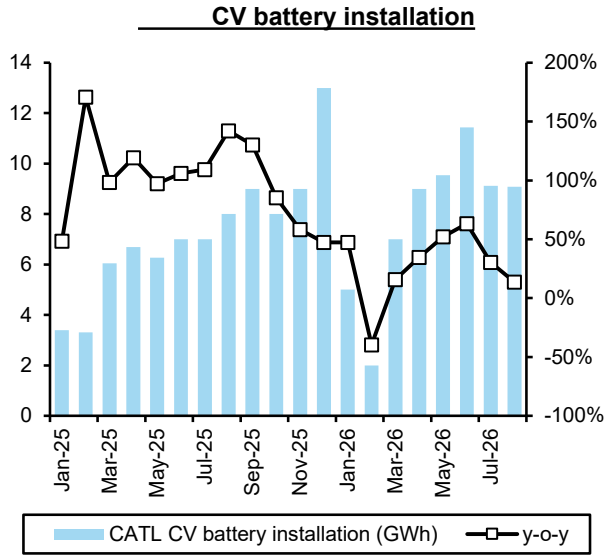
Source: ICC data center, Bernstein analysis

EXHIBIT 16: **CATL PV battery installation increased by 25% y-o-y in Jul-Aug 26 and 24% y-o-y in 8M26**



Source: SNE, Bernstein analysis

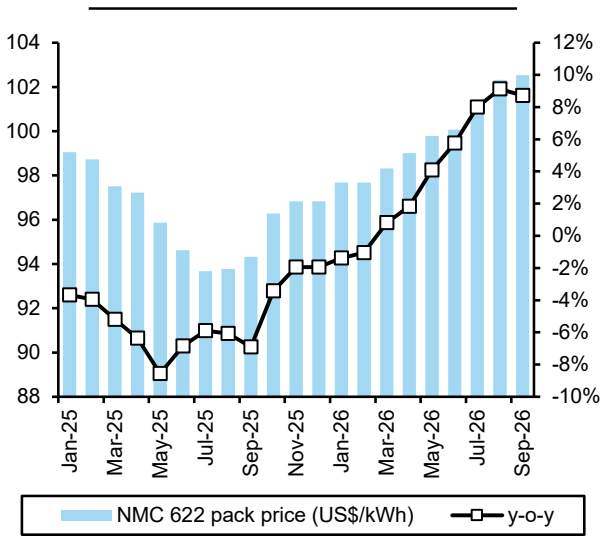
EXHIBIT 17: **CATL CV battery installation increased by 21% y-o-y in Jul-Aug 26 and 30% y-o-y in 8M26**



Source: SNE, Bernstein analysis

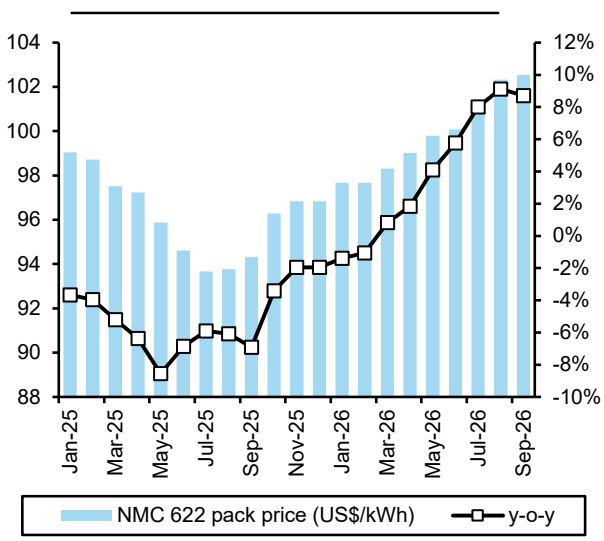
We expect the increase in battery pack price will provide a positive boost to top-line growth for CATL. According to industry data, in 3Q26 the average price of China battery pack increased to US$102 per kWh for NMC (+9% y-o-y and +2% q-o-q) and US$83 per kWh for LFP (+17% y-o-y and +3% q-o-q), respectively.

EXHIBIT 18: **China LFP battery pack spot prices averaged at US$83/kWh in 3Q26 (+17% y-o-y/+3% q-o-q)**



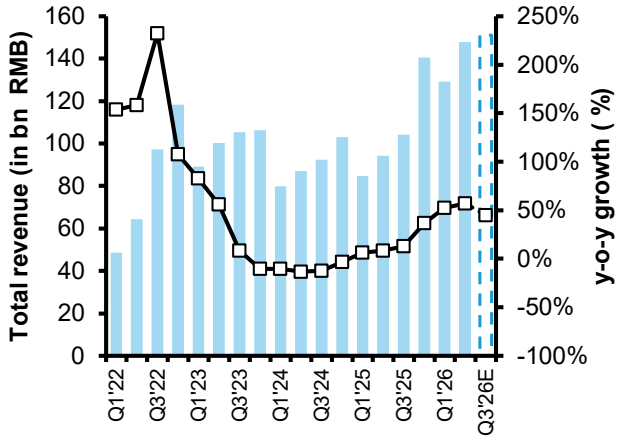
Source: Baiinfo, Bernstein analysis

EXHIBIT 19: **China NMC battery pack spot prices averaged at US$102/kWh in 2Q26 (+9% y-o-y/+2% q-o-q)**



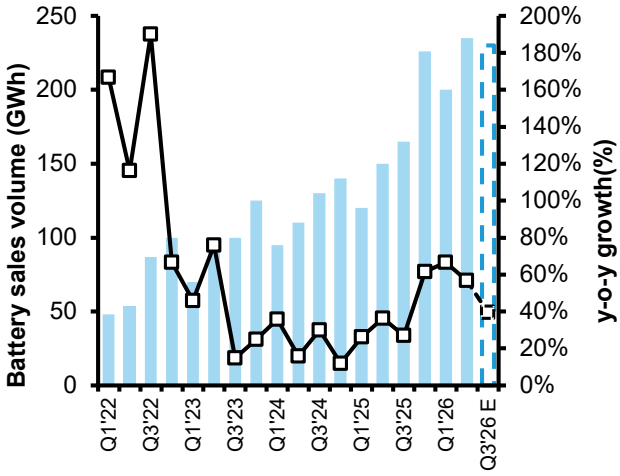
Source: Baiinfo, Bernstein analysis

EXHIBIT 20: **Estimation of total revenue for 3Q26 grew by 45% YoY to RMB151bn**



Source: Company data, Bernstein estimates and analysis

EXHIBIT 21: **Estimation of total battery sales volume for 3Q26 grew by 39% YoY to 230GWh**



Source: Company data, Bernstein estimates and analysis

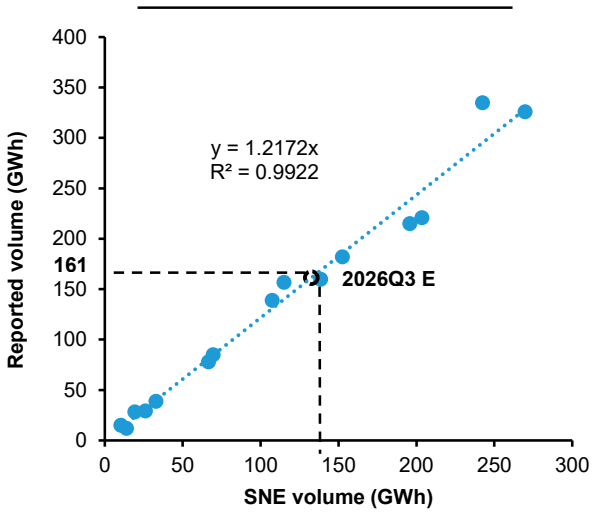
For EV battery shipments, there is a strong correlation between SNE-reported installation data and CATL's self-disclosed shipment data. The regression shows a strong fit, with an R^2 of 0.992. Based on the historical relationship, CATL's EV battery shipments are approximately 1.217x SNE-reported installations, mainly due to the relatively short lag between EV battery shipments and installations.

For ESS battery shipments, there is also a clear correlation between ICC-recorded ESS shipment data and CATL's disclosed shipment data. The regression also shows a strong fit, with an R^2 of 0.985 and an adjustment factor of 0.872x relative to ICC data.

The regression for combined EV and ESS volume with actual volumes also shows an R^2 of 0.991, with an adjustment factor of 1.12. Based on existing industry data, this implies CATL's total shipment volume reached approximately 228GWh in 2Q26.

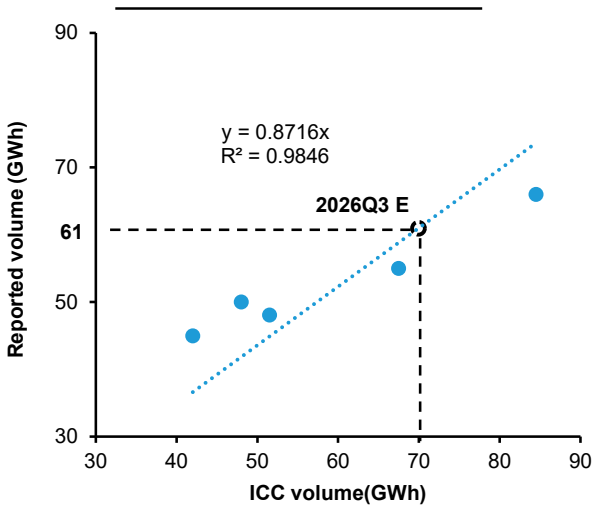
Finally, we estimate revenue based on shipment volume and battery price, and compared this with CATL's reported revenue. The regression shows a strong fit, with an R^2 of 0.990 and an adjustment factor of 0.988x. Based on our volume and pricing assumptions, this implies CATL's 3Q26 revenue could reach RMB150bn which is around RMB24bn lower than current consensus.

EXHIBIT 22: **SNE EV volume regression implies CATL 3Q26 EV shipments of 161 GWh**



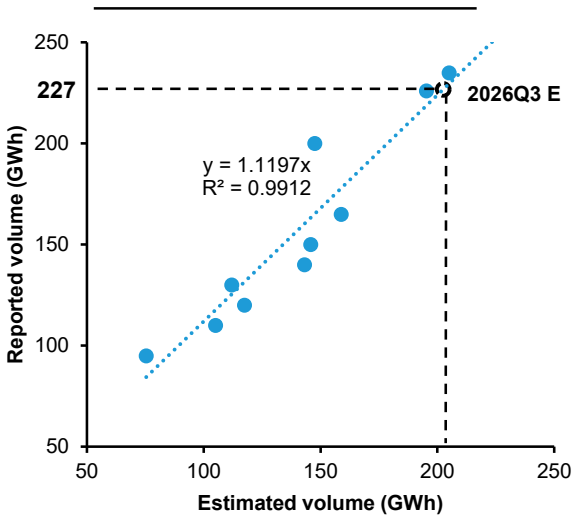
Source: SNE, Company disclose, Bernstein analysis and estimates

EXHIBIT 23: **ICC ESS volume regression implies CATL 3Q26 ESS shipments of 61 GWh**



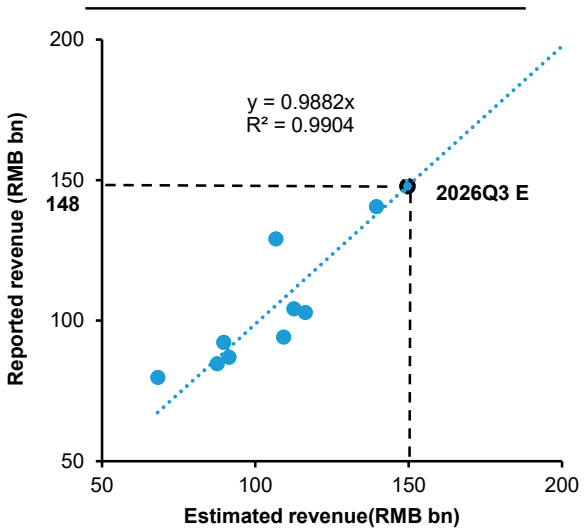
Source: ICC data center, Company disclose, Bernstein analysis and estimates

EXHIBIT 24: **Regression of industry volume (SNE+ICC) vs. CATL disclosures implies 227 GWh total volume in 3Q26**



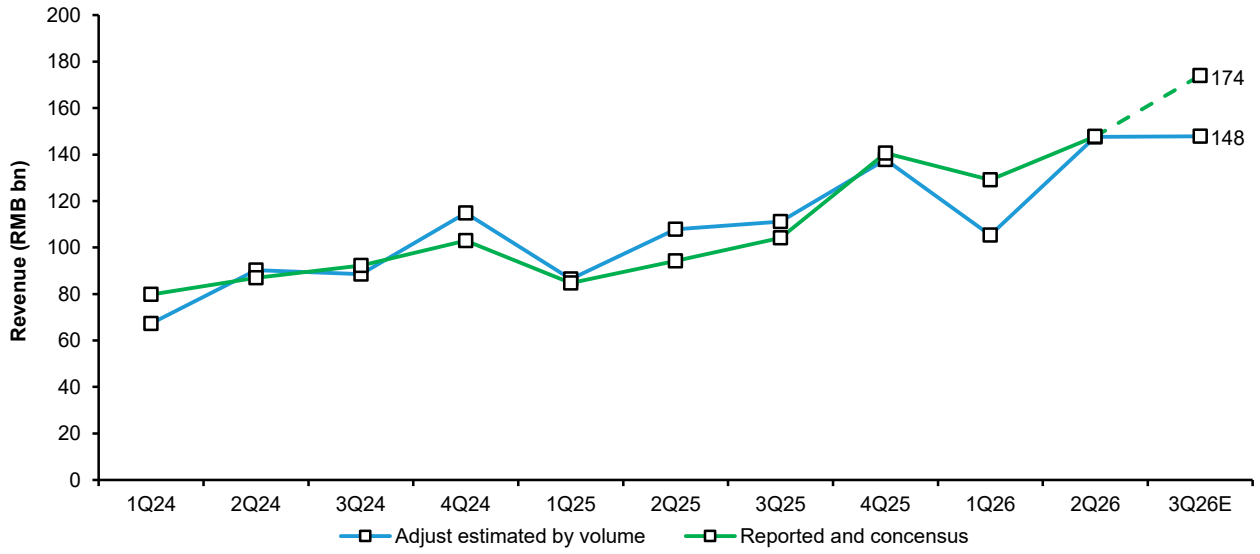
Source: SNE, ICC data center, Company disclose, Bernstein analysis and estimates

EXHIBIT 25: **Regression Analysis Implies RMB148bn CATL Revenue in 3Q26**



Source: SNE, ICC data center, Baiinfo, Company disclose, Bernstein analysis and estimates

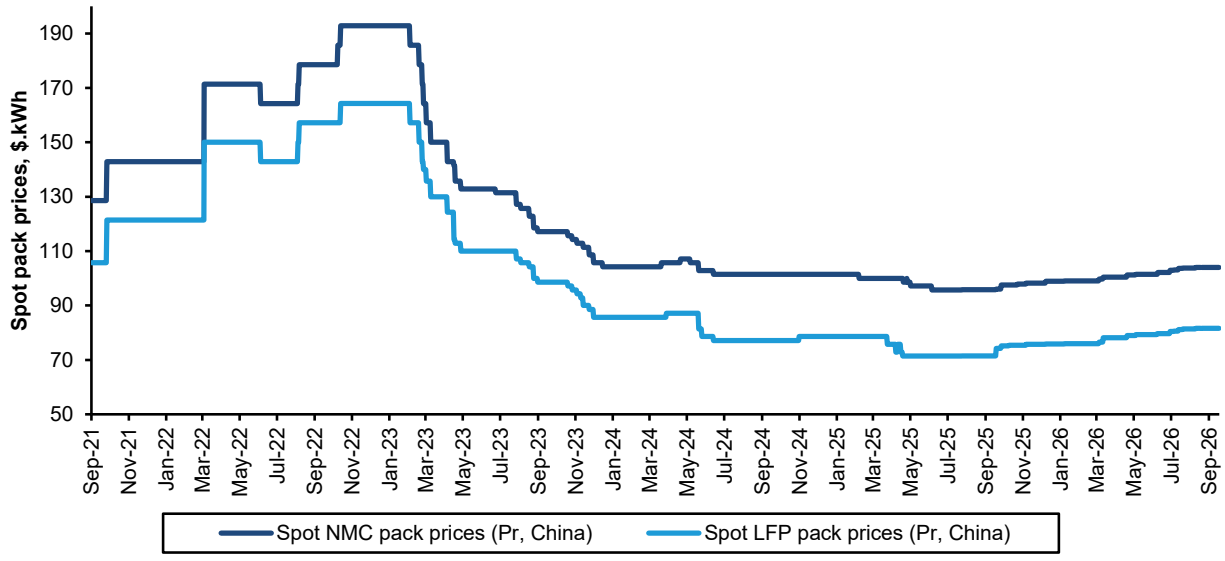
EXHIBIT 26: **Estimated Revenue by volume vs. Reported & consensus**



Source: SNE, ICC data center, baiinfo, Company disclose, Bloomberg, Bernstein analysis and estimates

China spot prices for NMC and LFP battery packs suggest a 3% QoQ upside in battery ASP. Applying this to 2Q data, we estimate CATL's 3Q ASP at RMB0.61/Wh for EV batteries and RMB0.56/Wh for ESS batteries.

EXHIBIT 27: **Spot price of NMC and LFP pack in China**



Source: Baiinfo, Bernstein analysis

Based on available industry data and the regression framework derived from CATL's historical self-disclosed figures, the formula-based calculation implies CATL's 3Q26 total revenue of RMB150bn, representing 44% YoY growth.

EXHIBIT 28: **CATL Estimated Revenue Bridge Based on Shipment Data, volume-based estimate points to RMB 150 bn revenue for CATL in 3Q26**

Volume(GWh)								
EV(SNE)	138	204	196	270	242	100	142	133
ESS(ICC)	42	52	68	85	110	48	63	70
Estimated	180	255	263	354	353	148	205	202
Reported	205	269	270	392	425	200	235	
Price(RMB/Wh)								
EV	0.70	0.64	0.61	0.57	0.57	0.59	0.60	0.61
ESS	0.64	0.59	0.52	0.52	0.53	0.54	0.55	0.56
Est. Revenue(bn RMB)								
EV	116	154	142	182	165	70	102	96
ESS	23	27	30	38	51	23	30	34
Total	**160**	**207**	**199**	**253**	**249**	**107**	**152**	**150**
Act. Revenue(bn RMB)								
EV	113	140	132	185	192			
ESS	29	28	28	34	53			
Other	25	26	19	26	32			
Total	167	195	179	245	277			
% of battery	85%	86%	89%	89%	89%			

Estimated revenue adjusted using factors from the previous chart: EV x1.189, ESS x0.87, total revenue /0.87.
Source: SNE, ICC data center, Company disclose, Bernstein analysis and estimates

OUTLOOK FOR MARGINS

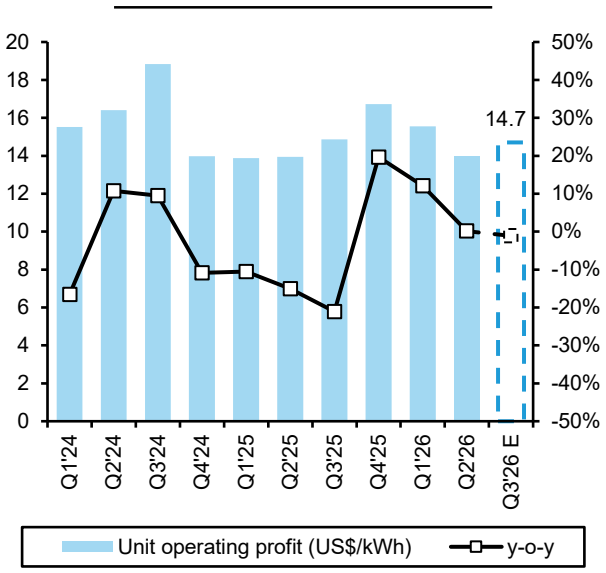
A key performance indicator to track in CATL's quarterly results is profitability, particularly the unit profit per kWh. Our analysis, based on the sales figures in GWh from the company's earnings briefing, shows a stable in unit operating profit over the recent quarters. The net income per unit of battery sold has also remained steady, supported by reduced asset impairment losses and increased other income, such as government subsidies and investment gains. For 3Q26, we anticipate a unit net profit of $14.3/kWh. We are confident that CATL will maintain a relatively stable unit profit, driven by its cost advantages, technological leadership, and growing brand recognition, consistent with the company's guidance.

Factors that could improve CATL's profit margins include:

1. Greater exposure to high-value products like the Qilin Battery and Shenxing Battery (tech ladder advantage),
2. Falling lithium price which will boost battery product margins,
3. A higher capacity utilization rate, which was 94.9% in 1H26 and 96.9% in 2025,
4. Commercialization of sodium-ion products, with Naxtra batteries and the TENER Sodium ESS entering mass production / deliveries in 4Q26, targeting GWh-level shipments in 2026.

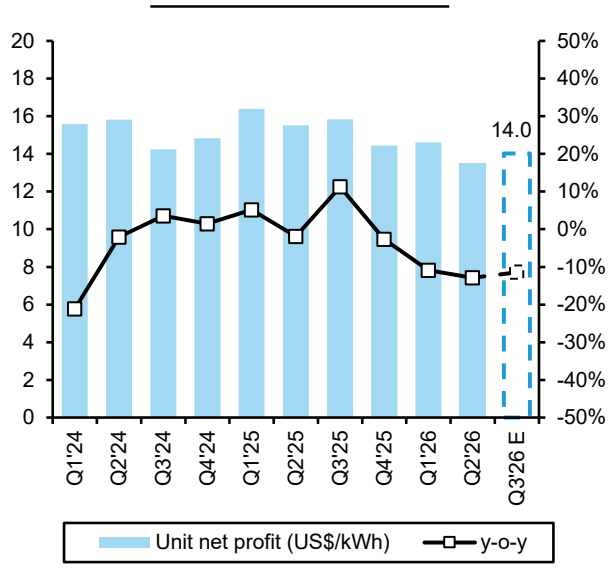
One key risk to margins is the potential loss of share in the global EV battery market, coupled with intensifying competition in China's EV value chain as demand growth increasingly normalizes following years of rapid penetration gains. End-market momentum has become more subdued, particularly in PV-related applications in China, where demand weakened for the year. A further risk stems from the potential reduction in China's EV export VAT rebate. CAAM expects the rebate rate for NEV exports to be gradually lowered from 13% to 9% and eventually 5% over the next several years. Although leading Chinese OEMs may be able to offset part of the impact through pricing adjustments and continued cost reductions, a lower rebate could pressure export economics, weigh on overseas EV demand growth at the margin, and indirectly affect battery shipment growth for suppliers such as CATL. We view these pressures as transitory, given CATL's strong market position, scale advantages and premium product quality and branding.

EXHIBIT 29: **CATL unit operating profit, we expect 14.7 US $/kWh in 3Q26**



Source: Company disclose, Bernstein analysis and estimates

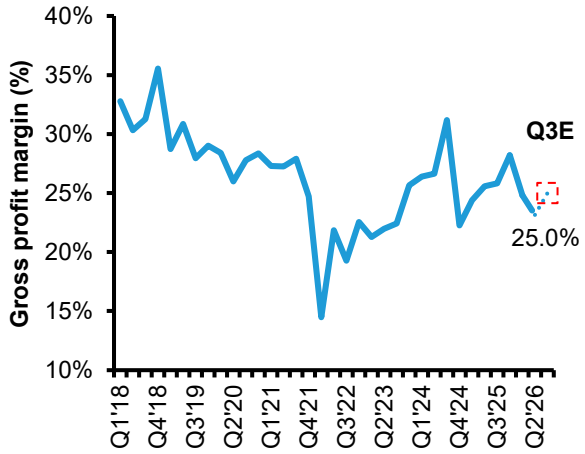
EXHIBIT 30: **CATL unit net profit, we expect 14.0 US$/ kWh in 3Q26**



Source: Company disclose, Bernstein analysis and estimates

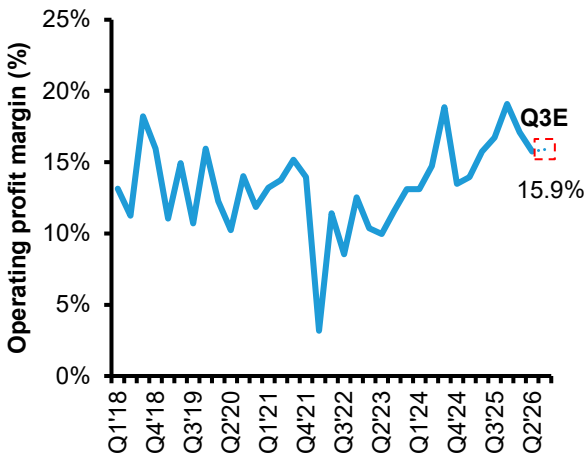
Based on our model, CATL's 3Q26 gross margin is estimated at 25.0%, with operating profit margin at 17.5%.

EXHIBIT 31: **Operating margin expected as 25.0% in 3Q26**



Source: Company data, Bernstein analysis and estimates

EXHIBIT 32: **Operating margin expected as 15.9% in 3Q26**



Source: Company data, Bernstein analysis and estimates

WHAT TO EXPECT IN 4Q26 AND 2027?

CHINA EV BATTERY MARKET

- EV demand in China has slowed in 2026, reflecting both cyclical pressures and reduced policy support. EV purchase incentives scaled back and overseas exports sales VAT rebate rate will phase out. Meanwhile, passenger EV penetration has already reached a relatively high level, limiting near-term growth potential.

- However, rising oil prices driven by heightened geopolitical tensions in the Middle East have begun supporting a rebound in commercial vehicle (CV) demand, partially offsetting weakness in the passenger EV segment.
- Despite softer industry conditions, CATL has continued to outperform the market, supported by its dominant position with approximately 38% share of China's EV battery market. Several key customers, including Tesla, Changan, and BMW, have demonstrated relatively resilient sales performance, highlighting CATL's stronger customer mix and reinforcing its ability to outperform peers during periods of industry adjustment.

EUROPE EV BATTERY MARKET

- European EV demand remains robust, with sales increasing 23% YoY in Aug 2026 and approximately 29% YoY in 8M26. Growth has been driven by stricter emissions regulations, rising energy security concerns, and broader EV model availability.
- Recent vehicle launches have largely focused on affordability, a trend that favors LFP battery suppliers such as CATL. The company has expanded its European presence significantly, with market share rising from near zero in 2019 to approximately 38% today.
- Given that EV penetration remains substantially lower than in China, Europe offers considerable long-term growth potential. We expect demand momentum to remain strong, supported by new OEM orders, tightening emissions standards, and CATL's cost and technology leadership

Rest of World (RoW) EV Battery Market

- The RoW market has delivered the strongest growth globally in 2026, with EV sales rising 91% YoY in Aug and approximately 98% YoY year-to-date.
- Growth has been supported by tighter emissions regulations, low EV penetration rates, and higher oil prices resulting from geopolitical tensions. As EV adoption remains well below Chinese levels, we believe the region offers substantial runway for future expansion.
- We expect growth momentum to continue, driven by ongoing policy support, elevated energy costs, and increasing demand for fleet electrification.

US MARKET OPPORTUNITIES

- The US market remains challenging due to geopolitical tensions and reduced policy support. In response, CATL has adopted a technology-licensing strategy rather than direct manufacturing participation.
- Its partnership with Ford represents a key opportunity. The US$2 billion Michigan battery plant, which utilizes CATL's technology and is wholly owned by Ford, has reportedly completed construction and entered production ramp-up in June 2026. The facility is expected to produce market-ready LFP cells before year-end, with capacity of approximately 20GWh. Beyond EV applications, Ford may also deploy CATL-licensed LFP batteries in energy storage projects.
- CATL is also supporting Tesla's Nevada LFP facility through equipment and technology licensing. The plant is approaching completion with an initial 10GWh capacity and is expected to primarily supply Tesla's Megapack energy storage business.
- Importantly, CATL's licensing strategy appears increasingly scalable, with reports indicating discussions with additional US automakers. While we remain conservative regarding near-term direct market entry, any successful commercialization of further licensing agreements would represent meaningful upside.

ENERGY STORAGE SYSTEM (ESS) MARKET

- Growing concerns over energy security have accelerated global investment in renewable energy and battery storage.
- Global ESS battery shipments increased 109% YoY in 8M26, driven by rising storage demand and shifting investment away from mature EV markets. Geopolitical uncertainty has further strengthened the case for energy storage deployment globally.

- As the leading player in the ESS battery market, CATL is well positioned to benefit from this structural growth trend.

ELECTRIC TRUCK MARKET

- Electric trucks represent one of CATL's most attractive growth opportunities for the remainder of 2026.
- China's heavy-truck electrification rate has already reached approximately 30%, while penetration remains minimal outside China. CATL Chairman Robin Zeng expects penetration to reach 50% by 2028, highlighting substantial expansion potential.
- Higher oil prices improve the total cost of ownership proposition for electric commercial vehicles, while China's commercial vehicle electrification market remains in a structural growth phase. Industry trends are encouraging, with commercial vehicle electrification penetration exceeding 50% in December 2025.
- CATL's battery-swapping technology provides a significant competitive advantage. Its standardized #75 battery-swap platform enables truck battery exchanges in just 5–6 minutes, compared with more than 40 minutes for conventional charging. The company plans to expand its network to 300 battery-swap stations, further strengthening its leadership position

AI DATA CENTERS

- CATL sees AIDC as an important emerging ESS demand. The investment in DeepSeek likely helps reinforce relationships with potential future AIDC customers and partners, while also allowing CATL to participate earlier in the planning and design stages of next-generation AI infrastructure projects.
- Zhongheng provides the power-equipment layer: HVDC systems and associated power electronics, allowing CATL to participate beyond supplying battery cells.
- VNET provides the operating-site layer: data-center infrastructure where energy storage and power-management solutions can be deployed. VNET and CATL subsequently signed a broader cooperation agreement covering green DC, direct green-power connections and digital infrastructure.
- We expect AIDC demand to be a major source of future demand

MARGIN PRESSURE AND INDUSTRY PRICE WARS

- CATL continues to face margin pressure from intense competition across China's battery and automotive industries. Ongoing price wars remain a key near-term risk.
- However, recent government efforts to curb "disorderly low-price competition" represent a positive development. China's Ministry of Industry and Information Technology has warned against below-cost selling and encouraged greater industry discipline, measures that should benefit market leaders such as CATL.
- Although higher lithium and copper prices during 1Q26 created additional cost pressures, we expect these headwinds to prove temporary. CATL's scale, technology leadership, and pricing power should support its ability to pass through rising input costs over time.

NEXT-GENERATION TECHNOLOGY DEVELOPMENT

- CATL continues to strengthen its leadership across multiple next-generation battery technologies.
- The company recently launched its Shenxing Pro LFP battery featuring its NP3.0 safety architecture, offering faster charging, greater driving range, and enhanced safety performance.
- Sodium-ion technology is also progressing toward commercialization. CATL's Naxtra batteries are expected to enter mass production in 2026, while TENER Sodium ESS products are scheduled for domestic deliveries beginning in September 2026. The company targets cumulative sodium-ion shipments of 1GWh by year-end.

- The recently announced 60GWh sodium-ion battery order from HyperStrong—the largest such order globally—further validates the commercial potential of the technology. We believe sodium-ion batteries can become an important complement to LFP in energy storage applications due to lower lithium dependency, favorable temperature performance, and attractive cost economics.

- In contrast, CATL is taking a more measured approach toward solid-state batteries. According to Chief Scientist Wu Kai, the company's all-solid-state battery development currently stands at level 4 on a 1–9 maturity scale, with the goal of reaching levels 7–8 by 2027 to support small-scale commercial production.

CATL OUTLOOK

- Despite impressive growth, CATL is now trading at a multi-year valuation low. Concerns appear to be around the strength of the moat and specifically competition from Tier 2 battery makers and weakness in ESS demand next year. We think these concerns are overdone and believe that CATL will be able to record continued topline growth of 20-30% CAGR and stable margins. Upcoming results offer the opportunity for CATL to offer more comprehensive guidance for 2027 and the share buyback program. We rate CATL (A) Outperform with PT CNY770/sh and CATL (H) Outperform with PT HKD740/sh based on discounted cash flow models.

APPENDIX - FINANCIAL FORECASTS

For 2026, we project CATL's revenue to increase by 44% y-o-y, with EPS growing by 31% y-o-y. Our 2026 revenue estimate is now 1.2% lower than Bloomberg consensus and EPS estimate is 2% higher than Bloomberg consensus respectively.

EXHIBIT 33: **Revenue: Bernstein vs consensus**

Revenue Report Currency	2024A	2025A	2026E	2027E
Consensus (RMB bn)			618.5	753.3

Revenue growth %	2024A	2025A	2026E	2027E
Consensus			46%	22%

Source: Company data, Bloomberg (consensus), Bernstein estimates and analysis

EXHIBIT 34: **EPS: Bernstein estimates vs consensus**

EPS Report Currency	2024A	2025A	2026E	2027E
Consensus (RMB)			20.7	25.8

EPS growth %	2024A	2025A	2026E	2027E
Consensus			28%	25%

Source: Company data, Bloomberg (consensus), Bernstein estimates and analysis

We fine-tune our 2026 top-line and bottom-line forecast by 0.9% and 3.9% lower respectively and lower our TP to Rmb770 from Rmb800 by 4% for A-share and to HK$740 from HK$770 by 4% for H-share. We remain Outperform ratings for both CATL (A) and CATL (H).

EXHIBIT 35: **Revenue: Bernstein estimate change**

Revenue Report Currency	2024A	2025A	2026E	2027E
Old (RMB bn)			616.9	809.3

Source: Company data, Bernstein estimates and analysis

EXHIBIT 36: **EPS: Bernstein estimate change**

EPS Report Currency	2024A	2025A	2026E	2027E
Old (RMB)			22.0	28.8

Source: Company data, Bernstein estimates and analysis

EXHIBIT 37: **We value CATL (A-share) at RMB770/share based on our 2050 DCF valuation**

Discounted Cash Flow Valuation

RMB mn	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2026-2035	2036-2050	Terminal
Revenue	**423,702**	**611,209**	**804,711**	**943,105**	**1,132,587**	**1,320,485**	**1,533,947**	**1,737,469**	**1,973,959**	**2,198,551**	**2,403,160**			
Sales growth	17.0%	44.3%	31.7%	17.2%	20.1%	16.6%	16.2%	13.3%	13.6%	11.4%	9.3%	16.4%	4.6%	3.0%
EBITDA	**95,773**	**134,380**	**166,402**	**190,503**	**222,779**	**263,099**	**294,466**	**333,398**	**368,838**	**411,118**	**452,247**			
EBIT	**70,938**	**100,226**	**124,157**	**144,457**	**173,245**	**209,150**	**234,537**	**267,020**	**295,433**	**330,077**	**362,873**			
EBIT Margin	16.7%	16.4%	15.4%	15.3%	15.3%	15.8%	15.3%	15.4%	15.0%	15.0%	15.1%	15.3%	15.1%	
Tax	**12,740**	**16,823**	**20,761**	**23,991**	**28,547**	**33,946**	**37,905**	**42,943**	**47,372**	**52,830**	**58,104**			
% of EBIT	18.0%	16.8%	16.7%	16.6%	16.5%	16.2%	16.2%	16.1%	16.0%	16.0%	16.0%	16.2%	16.0%	
NOPAT	**58,198**	**83,404**	**103,396**	**120,466**	**144,699**	**175,204**	**196,632**	**224,078**	**248,061**	**277,248**	**304,768**			
D&A	**24,835**	**34,154**	**42,245**	**46,046**	**49,534**	**53,949**	**59,929**	**66,377**	**73,406**	**81,041**	**89,375**			
% of sales	5.9%	5.6%	5.2%	4.9%	4.4%	4.1%	3.9%	3.8%	3.7%	3.7%	3.7%	4.1%	4.7%	
Change in NWC:	**(9,123)**	**(34,690)**	**(22,733)**	**26**	**6,339**	**(3,711)**	**(1,953)**	**(8,353)**	**(7,174)**	**(9,107)**	**(12,796)**			
% of sales	(2.2%)	(5.7%)	(2.8%)	0.0%	0.6%	(0.3%)	(0.1%)	(0.5%)	(0.4%)	(0.4%)	(0.5%)	(0.6%)	0.0%	
(Capex)	**(42,345)**	**(51,073)**	**(62,920)**	**(62,920)**	**(69,212)**	**(83,747)**	**(92,121)**	**(101,333)**	**(111,467)**	**(122,613)**	**(134,875)**			
% of sales	10.0%	8.4%	7.8%	6.7%	6.1%	6.3%	6.0%	5.8%	5.6%	5.6%	5.6%	6.1%	5.0%	
Unlevered FCF	**31,564**	**31,794**	**59,988**	**103,618**	**131,360**	**141,695**	**162,486**	**180,769**	**202,826**	**226,568**	**246,472**	**1,487,576**	**6,515,872**	**9,368,962**
Total Capacity (GWh)	**772**	**1,124**	**1,587**	**1,879**	**2,263**	**2,647**	**3,032**	**3,426**	**3,837**	**4,266**	**4,713**			
Utilization rate	96.9%	85.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.5%		
Sales volume (GWh)	**662**	**955**	**1,270**	**1,503**	**1,810**	**2,117**	**2,425**	**2,741**	**3,069**	**3,413**	**3,770**			
Sales growth	39.7%	44.3%	32.9%	18.3%	20.4%	17.0%	14.5%	13.0%	12.0%	11.2%	10.5%	16.5%		
EBIT per kWh (US$)	**15.1**	**14.8**	**13.8**	**13.5**	**13.5**	**13.9**	**13.6**	**13.7**	**13.6**	**13.6**	**13.6**			
Our TP implied EV/EBITDA	34.3x	24.5x	19.7x	17.3x	14.8x	12.5x	11.2x	9.9x	8.9x	8.0x	7.3x			

Valuation	
WACC	**9.6%**
Assumed Perpetual Growth	3.0%
Enterprise Value (EV)	**3,286,215**
- Debt	(123,355)
- Minority, Preferred and Others	(38,077)
+ Cash	388,466
Equity Value	**3,513,249**
#shares	4,564
DCF result (RMB)	**770**

WACC	
Risk Free Rate	1.7%
Levered Equity Beta	1.4
Market Risk Premium	6.2%
Cost of Equity	10.4%
After-tax Cost of Debt	1.9%
Debt / (Market Cap + Debt)	9.8%
NPV	
2026-2035	901,001
2036-2050	1,349,305
Terminal	1,035,908
Total	**3,286,215**

Growth 2025-2030	
Reinvestment Rate	60%
ROE	27%
Implied Growth Rate	16%
NOPAT CAGR	18%
2030 Capex/DD&A	1.6x
NPV (%)	
2025-2030	27%
2031-2050	41%
Terminal	32%
Total	**100%**

Net Working Capital = (Current Assets - Cash) - (Current Liabilities - Borrowings)
Source: Company data, Bloomberg, Bernstein analysis and estimates

EXHIBIT 38: **We value CATL (H-share) at HKD740/share based on our 2050 DCF valuation**

Discounted Cash Flow Valuation

RMB mn	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2026-2035	2036-2050	Terminal
Revenue	**423,702**	**611,209**	**804,711**	**943,105**	**1,132,587**	**1,320,485**	**1,533,947**	**1,737,469**	**1,973,959**	**2,198,551**	**2,403,160**			
Sales growth	17.0%	44.3%	31.7%	17.2%	20.1%	16.6%	16.2%	13.3%	13.6%	11.4%	9.3%	19.0%	4.6%	3.0%
EBITDA	**95,773**	**134,380**	**166,402**	**190,503**	**222,779**	**263,099**	**294,466**	**333,398**	**368,838**	**411,118**	**452,247**			
EBIT	**70,938**	**100,226**	**124,157**	**144,457**	**173,245**	**209,150**	**234,537**	**267,020**	**295,433**	**330,077**	**362,873**			
EBIT Margin	16.7%	16.4%	15.4%	15.3%	15.3%	15.8%	15.3%	15.4%	15.0%	15.0%	15.1%	15.3%	15.1%	
Tax	**12,740**	**16,823**	**20,761**	**23,991**	**28,547**	**33,946**	**37,905**	**42,943**	**47,372**	**52,830**	**58,104**			
% of EBIT	18.0%	16.8%	16.7%	16.6%	16.5%	16.2%	16.2%	16.1%	16.0%	16.0%	16.0%	16.3%	16.0%	
NOPAT	**58,198**	**83,404**	**103,396**	**120,466**	**144,699**	**175,204**	**196,632**	**224,078**	**248,061**	**277,248**	**304,768**			
D&A	**24,835**	**34,154**	**42,245**	**46,046**	**49,534**	**53,949**	**59,929**	**66,377**	**73,406**	**81,041**	**89,375**			
% of sales	5.9%	5.6%	5.2%	4.9%	4.4%	4.1%	3.9%	3.8%	3.7%	3.7%	3.7%	4.1%	4.7%	
Change in NWC:	**(9,123)**	**(34,690)**	**(22,733)**	**26**	**6,339**	**(3,711)**	**(1,953)**	**(8,353)**	**(7,174)**	**(9,107)**	**(12,796)**			
% of sales	(2.2%)	(5.7%)	(2.8%)	0.0%	0.6%	(0.3%)	(0.1%)	(0.5%)	(0.4%)	(0.4%)	(0.5%)	(1.2%)	0.0%	
(Capex)	**(42,345)**	**(51,073)**	**(62,920)**	**(62,920)**	**(69,212)**	**(83,747)**	**(92,121)**	**(101,333)**	**(111,467)**	**(122,613)**	**(134,875)**			
% of sales	10.0%	8.4%	7.8%	6.7%	6.1%	6.3%	6.0%	5.8%	5.6%	5.6%	5.6%	6.1%	5.0%	
Unlevered FCF	**31,564**	**31,794**	**59,988**	**103,618**	**131,360**	**141,695**	**162,486**	**180,769**	**202,826**	**226,568**	**246,472**	**1,487,576**	**6,515,872**	**8,338,273**
Total Capacity (GWh)	**772**	**1,124**	**1,587**	**1,879**	**2,263**	**2,647**	**3,032**	**3,426**	**3,837**	**4,266**	**4,713**			
Utilization rate	96.9%	85.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.5%		
Sales volume (GWh)	**662**	**955**	**1,270**	**1,503**	**1,810**	**2,117**	**2,425**	**2,741**	**3,069**	**3,413**	**3,770**			
Sales growth	39.7%	44.3%	32.9%	18.3%	20.4%	17.0%	14.5%	13.0%	12.0%	11.2%	10.5%	16.5%		
EBIT per kWh (US$)	**15.1**	**14.8**	**13.8**	**13.5**	**13.5**	**13.9**	**13.6**	**13.7**	**13.6**	**13.6**	**13.6**			
Our TP implied EV/EBITDA	29.6x	21.1x	17.0x	14.9x	12.7x	10.8x	9.6x	8.5x	7.7x	6.9x	6.3x			

Valuation	
WACC	**10.4%**
Assumed Perpetual Growth	3.0%
Enterprise Value (EV)	**2,834,618**
- Debt	(123,355)
- Minority, Preferred and Others	(38,077)
+ Cash	388,466
Equity Value	**3,061,653**
#shares	4,564
DCF result (HKD)	**740**

WACC	
Risk Free Rate	3.0%
Levered Equity Beta	1.4
Market Risk Premium	5.9%
Cost of Equity	11.4%
After-tax Cost of Debt	1.9%
Debt / (Market Cap + Debt)	9.8%
NPV	
2026-2035	867,312
2036-2050	1,195,865
Terminal	771,440
Total	**2,834,618**

Growth 2026-2035	
Reinvestment Rate	60%
ROE	27%
Implied Growth Rate	16%
NOPAT CAGR	18%
2030 Capex/DD&A	1.6x
NPV (%)	
2026-2035	31%
2036-2050	42%
Terminal	27%
Total	**100%**

Source: Company data, Bernstein estimates and analysis

EXHIBIT 39: **CATL financials outlook**

Income Statement (RMB M)	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Revenue	**50,319**	**130,356**	**328,594**	**400,917**	**362,013**	**423,702**	**611,209**	**804,711**	**943,105**
COGS	36,349	96,094	262,050	309,070	273,519	312,383	459,660	607,282	712,774
Gross Profit	**13,970**	**34,262**	**66,544**	**91,847**	**88,494**	**111,319**	**151,550**	**197,429**	**230,330**
GPM	*28%*	*26%*	*20%*	*23%*	*24%*	*26%*	*25%*	*25%*	*24%*
R&D	3,569	7,691	15,510	18,356	18,607	22,147	27,833	39,615	46,428
SG&A	4,280	8,223	18,986	28,112	15,310	18,234	23,490	33,657	39,445
Operating Income	**6,121**	**18,347**	**32,048**	**45,379**	**54,577**	**70,938**	**100,226**	**124,157**	**144,457**
OPM	*12%*	*14%*	*10%*	*11%*	*15%*	*17%*	*16%*	*15%*	*15%*
Finance cost	(713)	(641)	(2,800)	(4,928)	(4,132)	(7,940)	(1,928)	(3,129)	(3,620)
Other expense/(inc)	(149)	(899)	(1,825)	(3,608)	(4,473)	(10,649)	(18,778)	(23,963)	(26,604)
Earnings Before Tax	**6,983**	**19,887**	**36,673**	**53,914**	**63,182**	**89,527**	**120,932**	**151,250**	**174,681**
Income Tax/(Benefit)	879	2,026	3,216	7,153	9,175	12,740	16,823	20,761	23,991
Tax rate	*13%*	*10%*	*9%*	*13%*	*15%*	*14%*	*14%*	*14%*	*14%*
Net Income	**6,104**	**17,861**	**33,457**	**46,761**	**54,007**	**76,786**	**104,109**	**130,489**	**150,690**
Attributable to the parent	5,583	15,931	30,729	44,121	50,745	72,201	96,887	121,575	140,390
Minority Interest	521	1,929	2,728	2,640	3,262	4,585	7,222	8,914	10,301
Net Income(adj. for disposal)	5,583	15,931	30,729	44,121	50,745	72,201	96,887	121,575	140,390
EPS (RMB)	2.49	6.88	12.92	11.79	11.58	16.14	21.10	26.28	30.34
Adj. EPS (RMB)	1.22	3.49	6.73	9.67	11.12	15.82	21.23	26.64	30.76
Share Count - End (Million)	2,329	2,331	2,443	4,399	4,403	4,564	4,564	4,564	4,564
Share Count - Avg (Million)	2,269	2,330	2,387	3,421	4,401	4,455	4,564	4,564	4,564
EBITDA	10,833	24,354	44,245	66,808	77,485	95,773	134,380	166,402	190,503
Margins %									
Gross Margin	27.8%	26.3%	20.3%	22.9%	24.4%	26.3%	24.8%	24.5%	24.4%
EBITDA Margin	21.5%	18.7%	13.5%	16.7%	21.4%	22.6%	22.0%	20.7%	20.2%
Operating Margin	12.2%	14.1%	9.8%	11.3%	15.1%	16.7%	16.4%	15.4%	15.3%
Net Income Margin	11.1%	12.2%	9.4%	11.0%	14.0%	17.0%	15.9%	15.1%	14.9%
Growth %									
Revenue	9.9%	159.1%	152.1%	22.0%	-9.7%	17.0%	44.3%	31.7%	17.2%
Operating Profit	1.1%	199.7%	74.7%	41.6%	20.3%	30.0%	41.3%	23.9%	16.4%
Net profit	22.4%	185.3%	92.9%	43.6%	15.0%	42.3%	34.2%	25.5%	15.5%
Reported EPS	19.1%	175.7%	87.9%	-8.7%	-1.8%	39.4%	30.7%	24.6%	15.5%

Balance Sheet (RMB M)	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Cash	63,432	75,506	157,629	238,165	270,160	299,930	356,999	387,869	452,425
Cash Equivalents	4,992	13,566	33,414	26,141	33,352	33,583	31,467	31,467	31,467
Accounts Receivables	21,171	25,217	61,493	65,772	64,266	77,783	109,604	162,043	174,056
Inventories	13,225	40,200	76,669	45,434	59,836	94,526	145,297	180,119	162,627
Other Current Assets	10,046	23,246	58,530	74,275	82,529	132,659	166,809	166,809	166,809
Total Current Assets	**112,865**	**177,735**	**387,735**	**449,788**	**510,142**	**638,482**	**810,177**	**928,307**	**987,383**
PP&E	25,372	72,273	124,468	140,400	142,344	176,134	209,351	230,579	247,999
Other Non-Current Assets	18,381	57,658	88,749	126,980	134,172	160,212	177,514	177,362	177,215
Non-Current Assets	**43,753**	**129,932**	**213,217**	**267,380**	**276,516**	**336,346**	**386,865**	**407,940**	**425,215**
Total Assets	**156,618**	**307,667**	**600,952**	**717,168**	**786,658**	**974,828**	**1,197,042**	**1,336,247**	**1,412,598**
Debt	12,403	34,242	73,515	98,630	100,935	91,170	123,355	119,598	115,956
Accounts Payable	15,637	58,406	126,229	77,515	67,356	103,277	154,981	173,097	137,035
Other Liabilities	43,749	73,613	129,764	204,101	213,933	249,025	242,511	239,482	236,749
Total Liabilities	**71,789**	**166,260**	**329,508**	**380,246**	**382,225**	**443,472**	**520,847**	**532,177**	**489,741**
Reserves	41,662	43,164	88,904	87,907	116,756	156,248	190,262	190,262	190,262
Retained earnings	18,641	34,095	63,243	103,254	126,637	174,664	240,643	310,163	385,308
Non-controling interests	4,987	8,109	12,428	22,175	26,526	33,919	38,077	46,991	57,292
Others	3,904	7,254	12,334	6,547	3,537	6,195	2,052	2,052	2,052
Shareholder's Equity	**69,195**	**92,622**	**176,909**	**219,883**	**273,456**	**371,026**	**471,034**	**549,468**	**634,914**
Attributable to parent	64,207	84,513	164,481	197,708	246,930	337,108	432,957	502,477	577,622
Total Liabilities & Equity	**140,984**	**258,883**	**506,417**	**600,129**	**655,681**	**814,499**	**991,881**	**1,081,645**	**1,124,654**
BVPS	**27.56**	**36.26**	**67.34**	**44.94**	**56.08**	**73.86**	**94.86**	**110.10**	**126.56**

Cash Flow Statement (RMB M)	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Net Income	6,104	17,861	33,457	46,761	54,007	76,786	104,109	130,489	150,690
Depreciation & Amortization	4,712	6,006	12,197	21,429	22,908	24,835	34,154	42,245	46,046
Decrease in working capital	5,930	17,183	16,843	25,875	15,235	33,216	(29,424)	(19,704)	2,759
Other	1,684	1,858	(1,289)	(1,239)	4,840	(1,617)	(5,368)	(6,158)	(6,353)
CF From Operations	**18,430**	**42,908**	**61,209**	**92,826**	**96,990**	**133,220**	**103,471**	**146,871**	**193,143**
Capex	(13,302)	(43,768)	(48,215)	(33,625)	(31,180)	(42,345)	(51,073)	(62,920)	(62,920)
Other	(1,750)	(10,010)	(15,924)	4,450	(17,620)	(51,919)	(12,056)	(400)	(400)
CF From Investing	**(15,052)**	**(53,778)**	**(64,139)**	**(29,175)**	**(48,800)**	**(94,264)**	**(63,129)**	**(63,320)**	**(63,320)**
CF From Financing	**37,431**	**23,659**	**82,266**	**14,716**	**(14,524)**	**(6,310)**	**23,669**	**(52,682)**	**(65,267)**
FX gain or loss	(577)	(712)	2,788	2,181	(1,597)	(2,665)	(6,942)	-	-
Cash at Beginning of Period	23,215	63,447	75,524	157,649	238,198	270,267	300,249	357,319	388,188
Net Cash Flow	**40,232**	**12,077**	**82,124**	**80,549**	**32,069**	**29,982**	**57,070**	**30,869**	**64,556**
Adjustments	15	19	19	32	107	319	319	319	319
Cash at End of Period	**63,447**	**75,524**	**157,649**	**238,198**	**270,267**	**300,249**	**357,319**	**388,188**	**452,744**
Free Cash Flow	**2,582**	**(4,258)**	**9,658**	**51,905**	**52,365**	**73,904**	**37,060**	**63,017**	**106,352**

Source: Company data, Bernstein estimates and analysis

BERNSTEIN TICKER TABLE

			30 Sep 2026		TTM	Reported EPS				Reported P/E (x)	
Ticker	Rating	Cur	Closing Price	Price Target	Rel. Perf.	Cur	2025A	2026E	2027E	2025A	2026E	2027E
300750.CH (CATL)	O	CNY	291.11	**770.00**	(48.9)%	CNY	16.14	**21.10**	**26.28**	18.0	13.8	11.1
OLD				800.00				21.95	28.77			
3750.HK (CATL)	O	HKD	486.40	**740.00**	(39.9)%	CNY	16.14	**21.10**	**26.28**	25.8	19.7	15.8
OLD				770.00				21.95	28.77			
ASIAX			1,973.74									

PRICE TARGET CHANGE / ESTIMATE CHANGE IN BOLD

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

Source: Bloomberg, Bernstein estimates and analysis.

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Contemporary Amperex Technology Co Ltd

We value CATL (A) using the DCF approach using a WACC of 9.6% and a terminal growth rate of 3%. Our DCF model is based on annual free cash flow forecasts until 2050, plus a terminal value estimate to capture the continuing value of the company. Our price target is RMB770.

We value CATL (H) using the DCF approach using a WACC of 10.4% and a terminal growth rate of 3%. Our DCF model is based on annual free cash flow forecasts until 2050, plus a terminal value estimate to capture the continuing value of the company. Our price target is HKD740.

RISKS

Contemporary Amperex Technology Co Ltd

For CATL (A), key risks include: 1) overcapacity of battery manufacturing in China 2) geopolitical factors which restrict CATL market share and 3) increased competition from vertically integrated OEM’s.

For CATL (H), key downside risks include: 1) overcapacity of battery manufacturing in China 2) geopolitical factors which restrict CATL market share and 3) increased competition from vertically integrated OEM’s.

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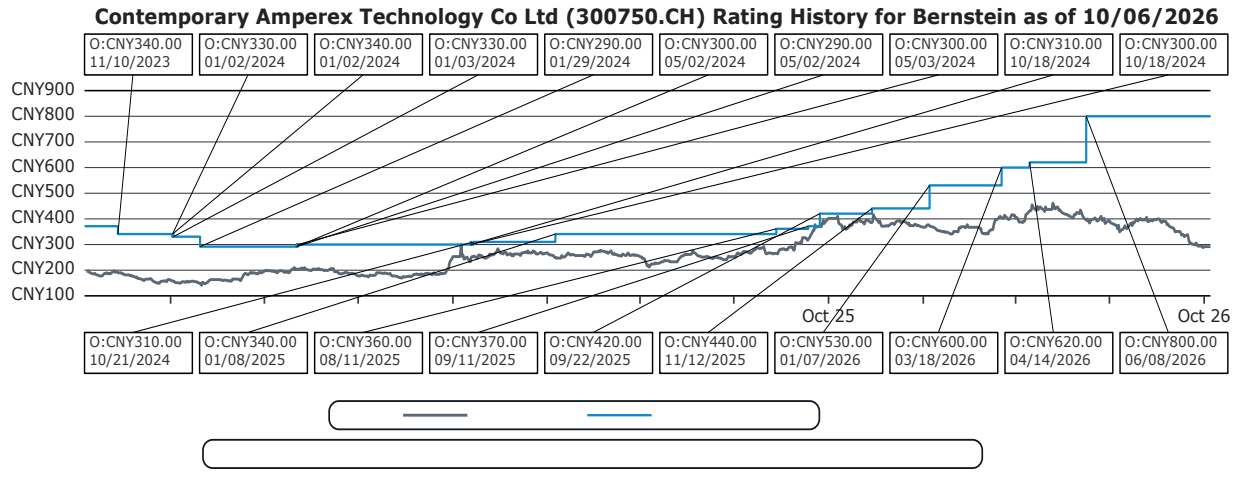
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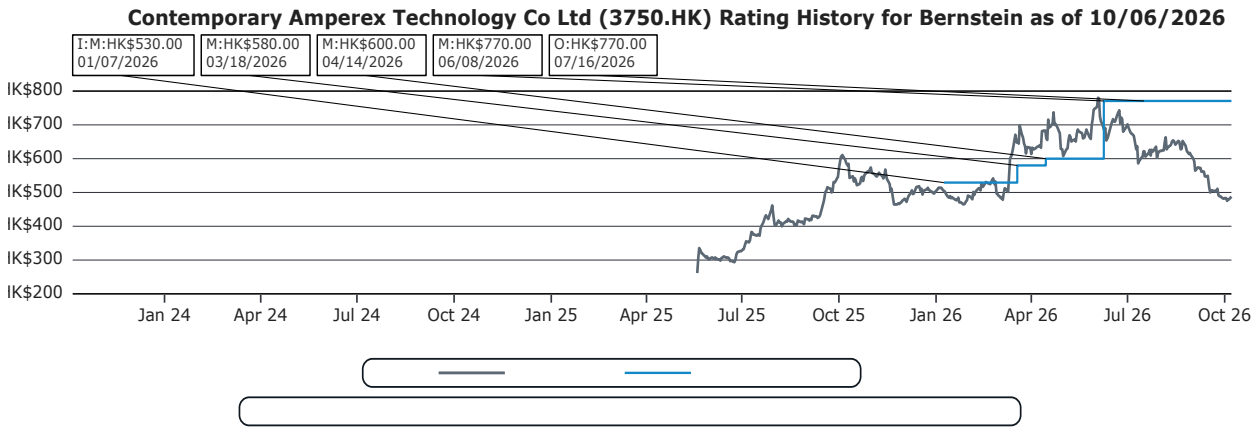
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