Morgan Stanley | RESEARCH

UPDATE

October 21, 2026 01:15 AM GMT

Li Auto Inc. | Asia Pacific

Power + Compute is the story

Key Takeaways

- Li Auto unveiled Lianshan platform that unifies in-house batteries, e-drives and charging, with lifetime battery fire coverage under qualifying conditions.
- Power + Compute management's key strategic focus to anchor development of embodied AI.
- Lianshan targets 500km range in 10 minutes, while AI-driven battery advances should enhance safety and extend lifespan.
- SiC technologies add 30km range and 24mm cabin space, per company, while predictive diagnostics effectively cut failures/breakdowns.
- 4,200+ stations and 23k+ stalls deliver 99.9% equipment uptime. Rigorous QC/ lifetime fire coverage differentiate with utilization/ROI key watchpoints.

Full-stack integration with a safety pledge. Li Auto said its Lianshan platform unifies in-house batteries, e-drives and charging, backed by lifetime battery-fire coverage and ≥75% battery health after eight years/160k km. 5C batteries and SiC electronics target faster charging and lower costs.

Battery plus chip - the building blocks for embodied AI. The company said in-house batteries, e-drives and MACH chips (A Mark For Mach) strengthen energy-compute integration and AI differentiation, though R&D returns would take time to prove.

Long-term positive, limited near-term earnings impact. We think vertical integration could improve reliability and reduce supplier dependence, but Sunwoda JV reliance, nascent chip sales and warranty exposure remain swing factors.

i6 the commercial test. The model refresh due on October 28 pairs 5C batteries with MACH chips, but pricing, orders and delivery execution will determine 2027 volume upside and sentiment. Positive walkaround feedback/test drives and a smooth ramp are key catalysts.

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Li Auto Inc. (2015.HK, 2015 HK)

ADRLI.O
China Autos & Shared Mobility | China

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	HK$68.50
Up/downside to price target (%)	50
Shr price, close (Oct 20, 2026)	HK$45.64
52-Week Range	HK$88.30-41.70
Sh out, dil, curr (mn)	2,015
Mkt cap, curr (mn)	Rmb78,291.5
EV, curr (mn)	Rmb(14,063.4)
Avg daily trading value (mn)	HK$751

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	0.56	(2.27)	0.19	0.46
EPS (Rmb)§	1.01	(1.93)	0.81	2.33
Revenue, net (Rmb mn)	112,313	113,475	128,939	150,235
EBITDA (Rmb mn)	4,114	(1,707)	3,666	4,201
ModelWare net inc (Rmb mn)	1,124	(4,574)	386	918
P/E	104.4	NM	202.9	85.3
RNOA (%)	1.2	26.3	4.2	2.2
ROE (%)	1.6	(6.3)	0.6	1.3
EV/EBITDA	6.1	NM	(6.8)	(9.2)
Div yld (%)	0.0	0.0	0.0	0.0
FCF yld ratio (%)**	(10.0)	1.9	12.1	17.6
Leverage (EOP) (%)	(65.0)	(70.1)	(81.6)	(97.4)

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

Li Auto Inc. (2015.HK)

Probability-weighted DCF methodology. Derived from our ADR price target, and applying a HKD/USD exchange rate of 7.8. Weightings for our bull/base/bear case scenarios are 25%/50%/25% - the bull/bear weighting reflects the potential for the macro outlook to improve/weaken and for sector competition to lessen/worsen. Key base case assumptions: WACC 15.9%, beta 2.1, long-term growth 3%.

Risks to Upside

- More rapid sales volume ramp-up of L series and, therefore, better-than-expected margins.
- Volume growth from BEV models.
- Faster-than-expected AD development.

Risks to Downside

- Unexpected disruption owing to component bottleneck.
- Delayed model launches.
- Moderating auto sales growth.

Li Auto Inc. (LI.O)

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Risks to Upside

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- Volume growth from BEV models.
- Faster-than-expected AD development.

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(as of September 30, 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	1599	43%	455	48%	28%	783	44%
Equal-weight/Hold	1563	42%	394	42%	25%	763	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

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



Li Auto Inc. (2015.HK) - As of 10/21/26 GMT in HKD
Industry : China Autos & Shared Mobility



Stock Rating History: 11/16/21 : O/A; 8/25/22 : O/I

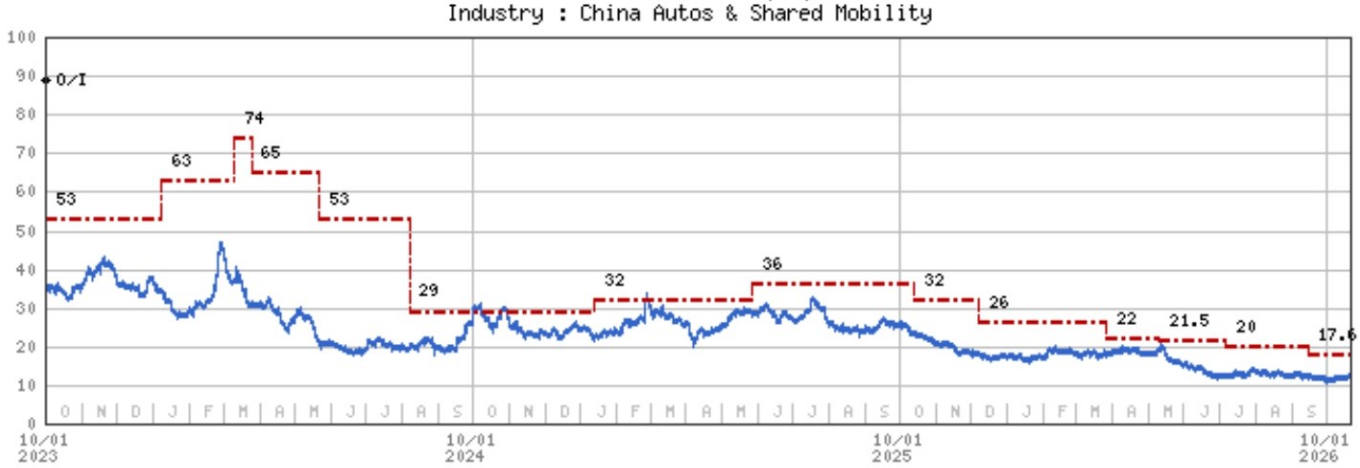
Price Target History: 11/16/21 : 189; 3/23/22 : 159; 7/8/22 : 209; 10/3/22 : 137; 11/3/22 : 91; 3/20/23 : 110; 5/12/23 : 155; 7/28/23 : 207; 1/8/24 : 246; 3/10/24 : 266; 3/25/24 : 233; 5/22/24 : 205; 8/7/24 : 111; 1/13/25 : 124; 5/28/25 : 139; 10/13/25 : 124; 12/8/25 : 100; 3/27/26 : 86; 5/11/26 : 83; 7/7/26 : 78.5; 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) ▬
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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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Li Auto Inc. (LI.O) - As of 10/21/26 GMT in USD
Industry : China Autos & Shared Mobility



Stock Rating History: 10/1/21 : O/A; 8/25/22 : O/I

Price Target History: 3/26/21 : 39; 11/16/21 : 49; 3/23/22 : 41; 7/8/22 : 53; 10/3/22 : 35; 11/3/22 : 23; 3/20/23 : 30; 5/12/23 : 40; 7/28/23 : 53; 1/8/24 : 63; 3/10/24 : 74; 3/25/24 : 65; 5/22/24 : 53; 8/7/24 : 29; 1/13/25 : 32; 5/28/25 : 36; 10/13/25 : 32; 12/8/25 : 26; 3/27/26 : 22; 5/11/26 : 21.5; 7/7/26 : 20; 9/15/26 : 17.6

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -·- No Price Target Assigned (NA)
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INDUSTRY COVERAGE: China Autos & Shared Mobility

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/20/2026)
Joey Xu, CFA		
Anhui Jianghuai Automobile (600418.SS)	E (08/19/2023)	Rmb21.53
BAIC Motor (1958.HK)	E (10/02/2025)	HK$0.72
Brilliance China Automotive (1114.HK)	E (03/31/2025)	HK$1.83
Chongqing Changan Automobile (000625.SZ)	E (03/03/2026)	Rmb7.07
Guangzhou Automobile Group (601238.SS)	U (10/23/2019)	Rmb4.95
Guangzhou Automobile Group (2238.HK)	O (05/05/2020)	HK$2.09
Huayu Automotive (600741.SS)	O (09/08/2020)	Rmb15.43
Jiangsu Changshu Automotive Trim Group (603035.SS)	U (09/01/2026)	Rmb10.14
Ningbo Huaxiang Electronic Co., Ltd. (002048.SZ)	E (05/05/2026)	Rmb18.00
SAIC Motor Corp. Ltd. (600104.SS)	O (11/25/2021)	Rmb10.73
Voyah Automotive Technology Co. Ltd, (7489.HK)	O (03/31/2026)	HK$1.63
Zhengzhou Yutong Bus Co (600066.SS)	E (09/22/2023)	Rmb28.68
Shelley Wang, CFA		
Beijing Jingwei Hirain Technologies (688326.SS)	U (09/27/2024)	Rmb53.76
Bethel Automotive Safety Systems Co Ltd (603596.SS)	O (12/11/2023)	Rmb26.46
Changzhou Xingyu Automotive Lighting Sys (601799.SS)	O (09/27/2024)	Rmb69.26
China MeiDong Auto Holdings Ltd (1268.HK)	U (07/10/2026)	HK$0.34
China Yongda Automobiles Services (3669.HK)	U (07/10/2026)	HK$0.73
Foryou Corporation (002906.SZ)	O (03/06/2024)	Rmb24.86
Fuyao Glass Industry Group (600660.SS)	E (12/01/2016)	Rmb55.25
Fuyao Glass Industry Group (3606.HK)	E (12/01/2016)	HK$55.35
Hesai Group (HSAI.O)	O (07/28/2025)	US$13.99
Huizhou Desay SV Automotive Co Ltd (002920.SZ)	O (02/28/2025)	Rmb76.62
Keboda (603786.SS)	O (01/17/2024)	Rmb37.25
Minth Group Limited (0425.HK)	O (08/24/2015)	HK$23.14
NavInfo Co Ltd (002405.SZ)	U (03/06/2024)	Rmb6.12
Nexteer Automotive Group (1316.HK)	E (02/28/2025)	HK$4.41
Ningbo Joyson Electronic Corp (600699.SS)	E (03/11/2026)	Rmb21.24
Ningbo Tuopu Group Co Ltd (601689.SS)	E (11/12/2025)	Rmb42.16
Ningbo Xusheng Group Co Ltd (603305.SS)	E (06/18/2025)	Rmb10.90
RoboSense Technology Co Ltd (2498.HK)	O (10/12/2026)	HK$15.36
Suzhou Recodeal Interconnect System (688800.SS)	O (07/02/2026)	Rmb45.42
TUHU Car Inc (9690.HK)	O (07/29/2024)	HK$11.47
Zhejiang Sanhua Intelligent Controls (002050.SZ)	E (11/12/2025)	Rmb33.03
Zhongsheng Group Holdings (0881.HK)	E (07/10/2026)	HK$2.40
Tim Hsiao		
BAIC BluePark New Energy (600733.SS)	U (08/07/2024)	Rmb4.35
BYD Company Limited (002594.SZ)	O (04/14/2025)	Rmb82.60
BYD Company Limited (1211.HK)	O (04/14/2025)	HK$73.65
EHang Holdings Ltd (EH.O)	E (09/15/2026)	US$3.56
Geely Automobile Holdings (0175.HK)	O (06/26/2024)	HK$14.94
Great Wall Motor Company Limited (601633.SS)	U (03/16/2022)	Rmb14.22
Great Wall Motor Company Limited (2333.HK)	E (01/08/2024)	HK$7.09
Horizon Robotics (9660.HK)	O (12/02/2024)	HK$3.77
Li Auto Inc. (LI.O)	O (08/24/2020)	US$11.93
Li Auto Inc. (2015.HK)	O (11/16/2021)	HK$45.64
NIO Inc. (9866.HK)	O (10/03/2022)	HK$26.44
NIO Inc. (NIO.N)	O (08/26/2020)	US$3.43
WeRide Inc (WRD.O)	O (11/19/2024)	US$4.34
XPeng Inc. (9868.HK)	O (11/16/2021)	HK$37.60
XPeng Inc. (XPEV.N)	O (01/29/2021)	US$9.91

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* Historical prices are not split adjusted.

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