CATL (300750.SZ)

Earnings Review: 3Q26 margin miss on largely temporary mix and tax headwinds; maintain Buy (on CL)

300750.SZ	12m Price Target: **Rmb507.00**	Price: **Rmb259.08**	Upside: **95.7%**
3750.HK	12m Price Target: **HK$777.00**	Price: **HK$411.80**	Upside: **88.7%**

CATL reported 3Q26 results after market close on October 20 and held an analyst briefing that evening. Revenue hit a record Rmb165bn, 6% above expectations (GSe), on broadly in-line shipments. However, net profit of Rmb21.25bn (+15% yoy and -6% qoq) missed GSe by 12%, with unit net profit down 15% qoq to Rmb82/kWh (vs. GSe: Rmb93/kWh). Unfavorable mix and consumption tax drove the miss—two of the three swing factors flagged in our 3Q26 preview (see our note). Inventory impairment rose sharply qoq, reflecting prudent accounting, but was below GSe. Management views most of these pressures as temporary and expects unit margins to remain healthy over the long term.

On demand, management reiterated that global battery volumes could grow at a 20-30% CAGR over the next five years, highlighting strong overseas growth potential in both ESS and EVs while acknowledging near-term domestic market pressure.

Following the result, the unit-margin debate could become a key share-price driver. We believe the longer revenue conversion cycle for high-value-added system integration explains part, if not most, of the margin compression. However, passing through consumption tax and the impact of the VAT rebate phase-out will likely take time. We therefore cut our 2026E-28E EPS estimates by 4-7%, assuming CATL absorbs the full tax impact for the rest of this year and shares it with customers from next year onward. Still, the market may be underestimating the margin benefits of CATL's shift toward ESS integration, which should become clearer as revenue is recognized.

We reiterate our Buy rating (on CL) with revised 12-m TPs of Rmb506/HK$777 (A/H). We believe the share price reflects excessive pessimism around industry-wide risks, including demand concerns and tax changes, while CATL's ability to navigate these headwinds as a global leader remains underappreciated.

BUY (CL)

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Key Data

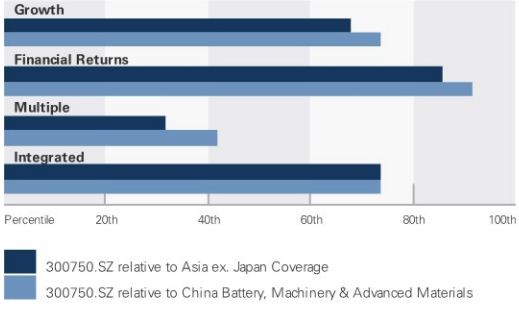
Market cap: Rmb1.2tr / $179.4bn
Enterprise value: Rmb1.0tr / $151.2bn
3m ADTV: Rmb11.0bn / $1.6bn
China
China Battery, Machinery & Advanced Materials
M&A Rank: 3
Leases incl. in net debt & EV?: Yes

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (Rmb mn) New	**423,701.8**	**624,922.0**	**755,318.0**	**845,719.0**
Revenue (Rmb mn) Old	423,701.8	620,585.8	726,157.9	804,838.5
EBITDA (Rmb mn)	100,832.9	130,518.1	157,802.3	191,963.5
EPS (Rmb) New	**16.04**	**18.85**	**22.47**	**27.57**
EPS (Rmb) Old	16.04	19.83	24.25	28.60
P/E (X)	18.5	13.7	11.5	9.4
P/B (X)	4.0	2.9	2.6	2.3
Dividend yield (%)	2.7	4.2	4.3	5.3
CROCI (%)	37.4	28.4	29.5	32.3

	6/26	9/26	12/26E	--
EPS (Rmb)	4.89	4.61	4.84	–

GS Factor Profile



Source: Company data, Goldman Sachs Research estimates.
See disclosures for details.

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BUY CL

CATL (300750.SZ)

Rating since Jul 9, 2026

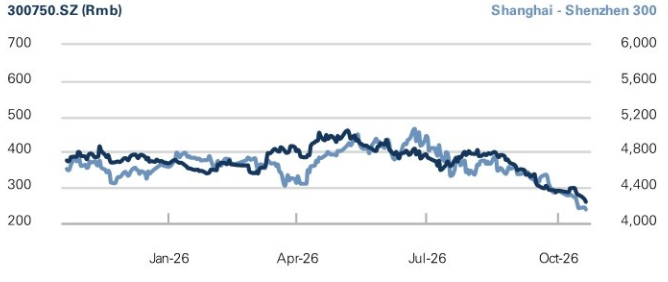
Ratios & Valuation

	12/25	12/26E	12/27E	12/28E
P/E (X)	18.5	13.7	11.5	9.4
P/B (X)	4.0	2.9	2.6	2.3
FCF yield (%)	6.6	1.2	7.6	10.8
EV/EBITDAR (X)	11.4	7.7	6.1	4.6
EV/EBITDA (excl. leases) (X)	11.4	7.7	6.1	4.6
CROCI (%)	37.4	28.4	29.5	32.3
ROE (%)	24.7	23.2	23.7	25.7
Net debt/equity (%)	(58.4)	(50.6)	(55.0)	(62.4)
Net debt/equity (excl. leases) (%)	(58.4)	(50.6)	(55.0)	(62.4)
Interest cover (X)	27.2	31.0	30.7	33.8
Days inventory outst, sales	66.5	56.2	49.8	48.9
Receivable days	102.8	85.3	88.9	84.9
Days payable outstanding	269.9	213.3	205.1	208.0
DuPont ROE (%)	19.5	19.2	20.3	21.8
Turnover (X)	0.4	0.6	0.6	0.6
Leverage (X)	2.6	2.5	2.5	2.4
Gross cash invested (ex cash) (Rmb)	304,411.4	410,374.5	462,374.7	503,808.1
Average capital employed (Rmb)	130,023.9	188,886.9	226,889.5	225,315.1
BVPS (Rmb)	73.87	89.01	100.24	114.03

Growth & Margins (%)

	12/25	12/26E	12/27E	12/28E
Total revenue growth	17.0	47.5	20.9	12.0
EBITDA growth	26.0	29.4	20.9	21.6
EPS growth	39.0	17.5	19.2	22.7
DPS growth	37.3	36.3	4.2	22.7
EBIT margin	17.5	15.3	15.1	16.7
EBITDA margin	23.8	20.9	20.9	22.7
Net income margin	17.0	13.9	13.8	15.1

Price Performance



	3m	6m	12m
Absolute	(31.2)%	(40.1)%	(29.3)%
Rel. to the Shanghai - Shenzhen 300	(23.8)%	(31.4)%	(22.7)%

Source: FactSet. Price as of 20 Oct 2026 close.

Income Statement (Rmb mn)

	12/25	12/26E	12/27E	12/28E
Total revenue	423,701.8	624,922.0	755,318.0	845,719.0
Cost of goods sold	(312,383.3)	(477,122.4)	(564,424.1)	(617,815.3)
SG&A	(15,401.9)	(19,372.6)	(21,904.2)	(23,680.1)
R&D	(22,146.6)	(28,121.5)	(33,611.7)	(37,211.6)
Other operating inc./(exp.)	463.5	(4,874.0)	(21,459.5)	(25,863.0)
EBITDA	**100,832.9**	**130,518.1**	**157,802.3**	**191,963.5**
Depreciation & amortization	(26,599.3)	(35,086.6)	(43,883.7)	(50,814.6)
EBIT	**74,233.6**	**95,431.5**	**113,918.6**	**141,148.9**
Net interest inc./(exp.)	7,860.6	6,924.5	6,847.7	8,742.5
Income/(loss) from associates	7,353.1	11,193.2	10,942.6	11,692.9
Pre-tax profit	**89,526.6**	**109,846.1**	**131,505.7**	**161,381.2**
Provision for taxes	(12,740.2)	(16,476.9)	(19,725.9)	(24,207.2)
Minority interest	(4,585.0)	(6,535.8)	(7,824.6)	(9,602.2)
Preferred dividends	–	–	–	–
Net inc. (pre-exceptionals)	**72,201.3**	**86,833.4**	**103,955.3**	**127,571.8**
Post-tax exceptionals	(7,693.4)	(7,311.6)	(8,837.2)	(9,894.9)
Net inc. (post-exceptionals)	**64,507.9**	**79,521.8**	**95,118.1**	**117,676.9**
EPS (basic, pre-except) (Rmb)	**16.04**	**18.85**	**22.47**	**27.57**
EPS (diluted, pre-except) (Rmb)	**16.04**	**18.85**	**22.47**	**27.57**
EPS (basic, post-except) (Rmb)	**14.33**	**17.26**	**20.56**	**25.43**
EPS (diluted, post-except) (Rmb)	**14.33**	**17.26**	**20.56**	**25.43**
DPS (Rmb)	7.91	10.78	11.23	13.78
Div. payout ratio (%)	49.3	57.2	50.0	50.0

Balance Sheet (Rmb mn)

	12/25	12/26E	12/27E	12/28E
Cash & cash equivalents	333,512.9	352,140.2	430,411.4	532,047.6
Accounts receivable	120,988.6	171,211.5	196,589.6	196,948.3
Inventory	94,526.2	98,038.9	108,245.7	118,485.1
Other current assets	89,453.8	90,172.8	93,745.3	96,222.1
Total current assets	**638,481.5**	**711,563.4**	**828,992.1**	**943,703.0**
Net PP&E	176,133.7	225,459.6	245,982.1	245,041.8
Net intangibles	16,101.2	17,055.0	17,971.9	18,851.9
Total investments	81,181.2	93,024.4	104,567.0	116,859.9
Other long-term assets	62,929.9	61,097.7	59,942.2	59,213.5
Total assets	**974,827.6**	**1,108,200.2**	**1,257,455.3**	**1,383,670.1**
Accounts payable	263,606.0	294,116.6	340,200.8	363,918.6
Short-term debt	35,173.0	14,573.5	16,866.1	18,429.5
Short-term lease liabilities	–	–	–	–
Other current liabilities	100,847.0	116,037.5	133,976.1	144,947.0
Total current liabilities	**399,626.0**	**424,727.5**	**491,043.1**	**527,295.1**
Long-term debt	81,678.4	108,661.4	131,795.3	148,365.8
Long-term lease liabilities	–	–	–	–
Other long-term liabilities	122,496.9	122,496.9	122,496.9	122,496.9
Total long-term liabilities	**204,175.2**	**231,158.3**	**254,292.2**	**270,862.6**
Total liabilities	**603,801.2**	**655,885.8**	**745,335.2**	**798,157.7**
Preferred shares	–	–	–	–
Total common equity	337,107.8	411,859.9	463,841.0	527,631.2
Minority interest	**33,918.6**	**40,454.4**	**48,279.0**	**57,881.2**
Total liabilities & equity	**974,827.5**	**1,108,200.2**	**1,257,455.3**	**1,383,670.1**
Net debt, adjusted	(216,661.5)	(228,905.3)	(281,750.0)	(365,252.3)

Cash Flow (Rmb mn)

	12/25	12/26E	12/27E	12/28E
Net income	76,786.3	93,369.2	111,779.9	137,174.0
D&A add-back	26,599.3	35,086.6	43,883.7	50,814.6
Minority interest add-back	–	–	–	–
Net (inc)/dec working capital	27,374.6	(8,753.5)	24,865.5	21,613.8
Other operating cash flow	2,459.8	(20,995.5)	(21,303.7)	(24,402.2)
Cash flow from operations	**133,220.0**	**98,706.8**	**159,225.3**	**185,200.2**
Capital expenditures	(42,344.6)	(83,534.1)	(64,167.6)	(50,025.6)
Acquisitions	(2,053.7)	–	–	–
Divestitures	27.4	–	–	–
Others	(50,105.0)	9,355.4	9,964.2	12,312.3
Cash flow from investing	**(94,475.8)**	**(74,178.7)**	**(54,203.4)**	**(37,713.2)**
Repayment of lease liabilities	–	–	–	–
Dividends paid (common & pref)	(34,923.0)	(49,902.0)	(51,974.2)	(63,781.7)
Inc/(dec) in debt	(11,912.0)	9,827.0	25,426.5	18,133.9
Other financing cash flows	38,091.7	34,174.3	(203.1)	(203.1)
Cash flow from financing	**(8,743.3)**	**(5,900.7)**	**(26,750.7)**	**(45,850.9)**
Total cash flow	**30,000.9**	**18,627.3**	**78,271.2**	**101,636.1**
Free cash flow	90,875.4	15,172.7	95,057.7	135,174.7

Source: Company data, Goldman Sachs Research estimates.

3Q26 earnings summary

Topline performance

- **3Q26 revenue reached a quarterly record of Rmb165.22bn (+59% yoy/+12% qoq), 6% above GSe.** Management shared sales volume of over 260GWh, implying growth of 58% yoy/11% qoq, broadly in line with GSe.

Profitability

- **3Q26 GPM was 20.7% (-5.1ppt yoy/-2.5ppt qoq), 3.8ppt below GSe. Management attributed the decline primarily to a less favorable product mix,** including higher domestic ESS sales and lower system integration during the quarter.
- **Opex of Rmb15.74bn (+42% yoy) was 2% below GSe.** Business taxes more than tripled both yoy and qoq, mainly due to consumption tax, according to management. Impairment losses rose 18% yoy and more than doubled qoq, reflecting inventory write-downs linked to lithium carbonate price fluctuations; management noted that these could reverse as sales are realized. Other gains of Rmb3.30bn (+13% yoy/qoq) were in line with GSe. EBITM was 13.2% (-4.8ppt yoy/-4.1ppt qoq), 3.2ppt below GSe, while EBIT of Rmb21.73bn (+16% yoy/-15% qoq) was 15% below GSe.
- **Below EBIT,** net finance expenses (-32% yoy/+18% qoq) were below expectations, as interest expenses were higher than expected. **NPM was 12.9% (-4.9ppt yoy/-2.4ppt qoq), 2.5ppt below GSe, with NP of Rmb21.25bn (+15% yoy/-6% qoq) 12% below GSe.**
- **Implied unit NP fell by DD% both yoy and qoq to Rmb82/kWh** (vs. Rmb112/kWh in 3Q25 and Rmb97/kWh in 2Q26). Alongside the unfavorable product mix and consumption tax, management highlighted a larger qoq impact from lower export tax rebates. The lag between shipment and revenue recognition meant that 2Q26 reflected only a partial impact, versus a full-quarter impact in 3Q26.

Balance sheet and cash flow

- **3Q26 operating cash inflow** fell to Rmb1.41bn from the previous Rmb20–30bn range. Management attributed the decline to proactive prepayments and shorter payment terms for upstream suppliers, supporting capacity expansion amid strong downstream demand. Management described these measures as temporary and short-cycle in nature, and expects cash flow to normalize to a healthy level over time.
- **Capex rose 35% qoq/73% yoy to Rmb17.10bn** as capacity expansion accelerated to meet strong demand, according to management, resulting in temporarily negative FCF. Net cash remained strong at Rmb183.95bn, vs. Rmb226.38bn at end-2Q26.

Exhibit 1: CATL quarterly results summary

Rmb in millions (PRC GAAP)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26
P&L															
Revenue	**89,038**	**100,208**	**105,431**	**106,240**	**79,771**	**86,996**	**92,278**	**102,968**	**84,705**	**94,182**	**104,186**	**140,630**	**129,131**	**147,786**	**165,221**
yoy (%)	*83%*	*56%*	*8%*	*-10%*	*-10%*	*-13%*	*-12%*	*-3%*	*6%*	*8%*	*13%*	*37%*	*52%*	*57%*	*59%*
Gross Profit	18,937	22,003	23,641	27,265	18,548	20,561	25,583	23,801	20,674	24,088	26,882	39,674	32,045	34,217	34,181
yoy (%)	*169%*	*57%*	*26%*	*2%*	*-2%*	*-7%*	*8%*	*-13%*	*11%*	*17%*	*5%*	*67%*	*55%*	*42%*	*27%*
GP margin%	21.3%	22.0%	22.4%	25.7%	23.3%	23.6%	27.7%	23.1%	24.4%	25.6%	25.8%	28.2%	24.8%	23.2%	20.7%
Operating Expense	(10,411)	(12,972)	(12,834)	(16,358)	(8,856)	(9,310)	(13,390)	(11,656)	(10,091)	(10,849)	(11,066)	(17,453)	(11,565)	(11,667)	(15,747)
yoy (%)	*89%*	*76%*	*15%*	*14%*	*-15%*	*-28%*	*4%*	*-29%*	*14%*	*17%*	*-17%*	*50%*	*15%*	*8%*	*42%*
EBIT	**10,958**	**10,784**	**12,283**	**11,216**	**12,847**	**13,503**	**13,764**	**15,194**	**13,618**	**16,392**	**18,744**	**25,481**	**23,934**	**25,480**	**21,732**
yoy (%)	*89%*	*76%*	*15%*	*14%*	*-15%*	*-28%*	*4%*	*-29%*	*14%*	*17%*	*-17%*	*50%*	*15%*	*8%*	*42%*
EBIT margin%	12.3%	10.8%	11.7%	10.6%	16.1%	15.5%	14.9%	14.8%	16.1%	17.4%	18.0%	18.1%	18.5%	17.2%	13.2%
Net Finance Expense	**467**	**2,693**	**(1,325)**	**3,094**	**(313)**	**1,496**	**1,711**	**1,238**	**2,288**	**3,534**	**1,194**	**924**	**(62)**	**693**	**816**
yoy (%)	*126049%*	*653%*	*-189%*	*223%*	*-167%*	*-44%*	*-229%*	*-60%*	*-831%*	*136%*	*-30%*	*-25%*	*-103%*	*-80%*	*-32%*
Other gains/losses (net)	2,431	1,753	1,477	309	3,155	2,251	1,571	3,048	3,034	3,152	2,928	3,260	3,455	2,930	3,298
Income Tax Expense	(1,931)	(2,065)	(654)	(2,503)	(2,005)	(2,567)	(2,416)	(2,188)	(2,513)	(3,934)	(1,968)	(4,325)	(3,944)	(4,792)	(2,793)
Minority Interest	(258)	(498)	(615)	(1,269)	(686)	(1,328)	(718)	(530)	(899)	(981)	(1,382)	(1,322)	(2,000)	(1,747)	(1,222)
Net Profit Attributable to Common Shareholc	**9,822**	**10,895**	**10,428**	**12,976**	**10,510**	**12,355**	**13,136**	**14,744**	**13,963**	**16,523**	**18,549**	**23,167**	**20,738**	**22,546**	**21,246**
yoy (%)	*558%*	*63%*	*11%*	*-1%*	*7%*	*13%*	*26%*	*14%*	*33%*	*34%*	*41%*	*57%*	*49%*	*36%*	*15%*
NP margin%	11.0%	10.9%	9.9%	12.2%	13.2%	14.2%	14.2%	14.3%	16.5%	17.5%	17.8%	16.5%	16.1%	15.3%	12.9%
EPS (Rmb/share)	3.32	2.48	2.32	2.82	2.39	2.67	2.84	3.19	3.10	3.67	4.12	5.15	4.50	4.89	4.61
yoy (%)	*422%*	*-9%*	*-40%*	*-48%*	*-28%*	*8%*	*23%*	*13%*	*30%*	*37%*	*45%*	*61%*	*45%*	*33%*	*12%*
B/S and C/F															
Total debt	106,203	115,463	121,098	124,876	132,479	133,407	128,870	135,739	135,536	139,428	127,184	116,851	123,805	145,671	185,861
Total cash	210,447	219,582	233,760	264,307	288,572	255,002	264,676	303,512	321,324	350,578	324,242	333,513	351,997	372,053	369,814
Net debt/(cash)	**(104,244)**	**(104,119)**	**(112,662)**	**(139,431)**	**(156,093)**	**(121,595)**	**(135,806)**	**(167,773)**	**(185,787)**	**(211,150)**	**(197,058)**	**(216,662)**	**(228,193)**	**(226,382)**	**(183,953)**
yoy (%)	*228%*	*33%*	*61%*	*53%*	*50%*	*17%*	*21%*	*20%*	*19%*	*74%*	*45%*	*29%*	*23%*	*7%*	*-7%*
Net Gearing (%)	**-49.9%**	**-54.3%**	**-55.8%**	**-63.4%**	**-67.7%**	**-55.3%**	**-51.6%**	**-61.4%**	**-64.3%**	**-65.1%**	**-56.8%**	**-58.4%**	**-57.9%**	**-54.7%**	**-43.5%**
Op-CF	**20,966**	**16,104**	**15,583**	**40,172**	**28,358**	**16,351**	**22,735**	**29,547**	**32,868**	**25,819**	**21,973**	**52,560**	**33,681**	**26,536**	**1,409**
yoy (%)	*196%*	*39%*	*114%*	*14%*	*35%*	*2%*	*46%*	*-26%*	*16%*	*58%*	*-3%*	*78%*	*2%*	*3%*	*-94%*
Capex	(10,466)	(7,987)	(8,465)	(6,708)	(7,082)	(6,749)	(7,438)	(9,912)	(10,343)	(9,870)	(9,875)	(12,257)	(12,416)	(12,656)	(17,095)
FCF	10,501	8,117	7,119	33,465	21,276	9,602	15,296	19,635	22,526	15,949	12,099	40,303	21,265	13,880	(15,686)

Source: Company data

Earnings call takeaway

Unit NP dynamics and tax pass-through

- Management cited **a less favorable product mix**, with more lower-value-added projects delivered in 3Q26, **as the main drag on unit NP, outweighing the impact of the resumption of consumption tax and lower export rebates**. Raw-material price linkage mechanisms limited the impact of price fluctuations in inputs such as copper foil.
- On tax pass-through, **management said discussions with customers on sharing the tax burden remain ongoing**, with pass-through not yet fully reflected in reported earnings.
- Looking ahead, **management expects unit NP to recover, supported by a broader product mix and new product launches.**

ESS mix and new EV products

- Management highlighted **a rising share of AC-side ESS solutions in shipments, although their contribution has yet to be fully reflected in earnings.** Revenue recognition for overseas AC-side ESS projects typically takes 6–12 months, pending grid-connection acceptance. These shipments therefore largely remain recorded as goods dispatched within inventory.
- Management also highlighted progress in **battery swapping for passenger and commercial vehicles:**
  - **Passenger vehicles:** The 'Choco-Swap' network has reached 2,500 stations across 31 provincial-level regions, with a target of more than 3,000 by year-end. Management highlighted the strategic cooperation framework signed on October 19, involving Huawei and CAES, to integrate vehicle-, station- and cloud-side systems. Management attributed accelerating adoption to the economic benefits of swapping for end-users, viewing the

model as a way to ease competitive pressure on automakers and reduce consumers' concerns about battery ownership costs.

- **Commercial vehicles:** Management said CATL is accelerating the rollout of its Qiji heavy-truck swapping ecosystem. Its second-generation Tianxing heavy-truck battery uses a dual-battery architecture combining a swappable battery pack with an onboard range-extension battery pack, designed to improve replenishment efficiency and vehicle utilization.

Overseas capacity

- Management said the 39GWh first phase in Hungary and the 14GWh facility in Germany have commenced production, while the 50GWh project in Spain is progressing steadily. Overseas capacity deployment and customer development remain on track.

Business updates and 2027E outlook

- **4Q26:** Management said new capacity coming onstream has eased the tightness seen in 1H26, with both scheduled production and deliveries increasing yoy and qoq.
- **2027 demand:** Management views industry growth of 20–30% as achievable.
  - **Domestic EVs:** Management expects battery demand to continue growing despite a declining overall passenger-vehicle market, supported by rising EV penetration and battery capacity per vehicle. Commercial-vehicle electrification is advancing rapidly, supported by new products and infrastructure.
  - **Overseas EVs:** Management expects limited US growth but continued electrification in Europe, supported by new OEM models.
  - **ESS and longer-term demand:** Management acknowledged uncertainty around domestic ESS demand in 2027 but remains confident in near-term overseas demand. AIDC demand has yet to fully materialize, providing further support for the longer-term outlook.

Earnings revisions and valuation

Following the result, we cut our 2026E–2028E EPS estimates by 4–7% to reflect the resumption of consumption tax and lower export tax rebates. We assume CATL bears the full consumption tax impact for the rest of this year and shares the tax burden (including consumption tax and VAT rebate phase-out) equally with customers from 2027. The EPS cuts are smaller than the net profit cuts, as we factor in share buybacks.

We lower the target EV/EBITDA multiples for the power battery business in our H-share valuation and the ESS business in our A-share valuation to 17x (from 18x) and 15x (from 16x), respectively, reflecting the revised growth outlook relative to peers. Our revised 12-month A/H-share target prices of Rmb507/HK$777 (from Rmb559/HK$859 previously) are approximately 10% below our previous targets but still imply c.90%

upside for both. We maintain our Buy (on CL).

Exhibit 2: Earnings revision summary

	Target Price	Revenue			Net profit			EPS		
	(RMB/share)	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
CATL (300750.SZ/3750.HK)		bn Rmb			bn Rmb			Rmb		
New Gse	**RMB 507.00/HKD 777.00**	**624.9**	**755.3**	**845.7**	**86.8**	**104.0**	**127.6**	**18.85**	**22.47**	**27.57**
Old Gse	RMB 559.00/HKD 859.00	620.6	726.2	804.8	93.4	115.9	136.8	19.83	24.25	28.60
% chg	*-9%-10%*	*1%*	*4%*	*5%*	*-7%*	*-10%*	*-7%*	*-5%*	*-7%*	*-4%*
Wind Consensus		624.4	766.0	905.6	96.3	120.4	144.7	20.81	26.02	31.28
% diff		*0%*	*-1%*	*-7%*	*-10%*	*-14%*	*-12%*	*-9%*	*-14%*	*-12%*

Source: Company data, Goldman Sachs Global Investment Research, Wind

Investment Thesis, Price Target Risks and Methodology

Investment Thesis - CATL

CATL is the world's largest battery manufacturer, underpinned by leading scale, battery technology, and cost competitiveness. Its EV battery business remains a solid earnings anchor, supported by structurally expanding demand and a more resilient market-share trajectory following its recent share recovery. More importantly, CATL's transition from cells to integrated energy solutions, supported by its battery expertise and strategic ecosystem build-out, should drive the next phase of value creation, as battery energy storage systems (BESS) integration enables share consolidation, higher project value capture, recurring service revenue, stronger margins, and a potential valuation re-rating. We are Buy rated on the H/A share.

Price Target Risks and Methodology - CATL

Valuation methodology: We apply a sum-of-the-parts framework to reflect CATL's distinct power battery and BESS growth profiles, BESS-led rerating potential, and ecosystem investments. For CATL-A, we value power batteries at 11x 2027E EBITDA and BESS using a discounted 2030E EV/EBITDA approach with a 15x exit multiple (discounted at 9.5%). For CATL-H, we use a global framework, valuing power batteries at 17x 2027E EV/EBITDA and BESS at a 20x 2030E exit multiple, reflecting CATL's superior ROIC, global leadership, and scarcity value. This yields 12-month TPs of HK$777.0/Rmb507.0 (H/A) and implies a 41% H-share premium versus A-share.

Key risks: 1) slower-than-expected global EV demand growth; 2) weaker-than-expected global ESS demand growth; 3) an unexpected rise in raw material costs, mainly battery metals; 4) slower-than-expected progress in BESS integration; 5) execution and trade-policy risks in overseas expansion; 6) more intense-than-expected competition in power and ESS batteries.

Disclosure Appendix

Reg AC

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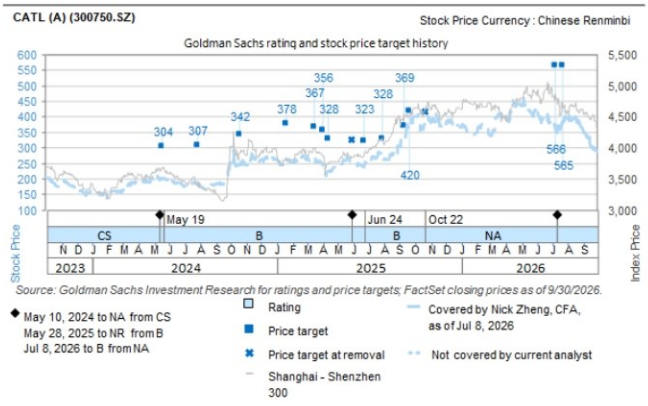
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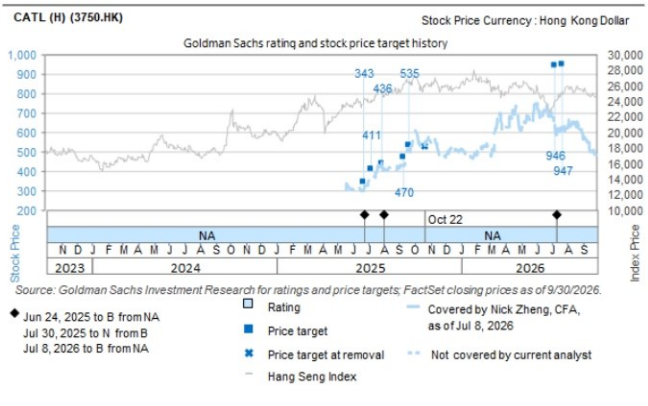
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Target price history table(s)

CATL (A) (300750.SZ)

Date of report	Target price (Rmb)	Closing price (Rmb)
11-Oct-26	559.00	297.75
24-Jul-26	565.00	383.01
08-Jul-26	566.00	361.00
21-Sep-25	420.00	368.49
11-Sep-25	369.00	322.55
30-Jul-25	328.00	277.09
24-Jun-25	323.00	245.92
14-Apr-25	328.00	224.00
04-Apr-25	356.00	243.08
16-Mar-25	367.00	262.00
19-Jan-25	378.00	251.50
20-Oct-24	342.00	249.89
28-Jul-24	307.00	189.35
19-May-24	304.00	203.00

CATL (H) (3750.HK)

Date of report	Target price (HK$)	Closing price (HK$)
11-Oct-26	859.00	491.40
24-Jul-26	947.00	622.00
08-Jul-26	946.00	628.00
21-Sep-25	535.00	515.50
11-Sep-25	470.00	428.80
30-Jul-25	436.00	426.60
09-Jul-25	411.00	385.00
24-Jun-25	343.00	303.00

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