BERNSTEIN
SOCIETE GENERALE GROUP

23 October 2026

Price Target Change


Neil Beveridge, Ph.D.
+852 2123 2648
neil.beveridge@bernsteinsg.com


Brian Ho, CFA
+852 2123 2615
brian.ho@bernsteinsg.com


Katherine Li
+852 2123 2694
katherine.li@bernsteinsg.com


Kelvin Yuan, Ph.D., CFA
+852 2123 2612
kelvin.yuan@bernsteinsg.com

Global Energy Storage

Contemporary Amperex Technology Co Ltd

Rating

Outperform

Price Target

300750.CH	**480.00 CNY** (770.00 *OLD*)
3750.HK	**460.00 HKD** (740.00 *OLD*)

CATL: A new battery price war

3Q26 earnings missed expectations as profitability weakened despite strong shipment growth. The decline was mainly driven by consumption tax, unfavorable product mix, a lagging effect from export VAT rebate, higher DD&A from new capacity ramp-up, leading to an RMB 2 cents/Wh drop in unit profit, 18% lower than our estimate. Importantly, the earnings pressure came from the gross profit level rather than demand, with shipment growth and market share remaining resilient.

Margin pressure remains the key overhang going forward. While 3Q26 only reflected one-month of the consumption tax effect, heightened tax-related headwinds will come in 2027, i.e., export VAT rebate phase out and consumption tax rate double. Investors were disappointed by CATL's pass-through ability in 3Q26 and are more concerned about CATL's earnings particularly in a more severe tax environment in 2027.

Assuming no cost pass through, we think CATL's operating margin could trend toward ~10% in 2027-28E, but Tier 2 players could face more pressure. While lower margins are manageable for CATL given its scale, balance sheet strength and industry-leading position, the implications for 2nd-tier battery makers could be more severe as profitability may be wiped out. As profitability and cash generation deteriorate, we think capacity expansion and technology investment could become increasingly difficult, potentially accelerating industry consolidation and allowing CATL to strengthen its competitive position.

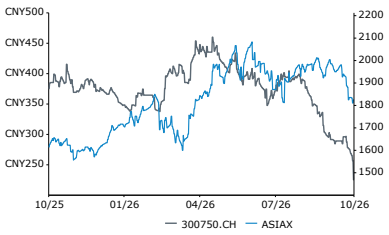
We lower our earnings forecasts and target price to RMB480/sh from RMB770 for A-share and HK$460/sh from HK$740 for H-share to reflect a more conservative margin outlook. We lowered our 2026/27 earnings forecast by 11% and 25% respectively to RMB91bn and RMB93bn, mainly reflecting margins cut under our worst case. It translates to RMB0.9 cents/Wh and RMB 0.7 cents/Wh unit profit. Our new PT implies 21x and 18x our 2028E P/E for A-share and H-share respectively. We remain Outperform rating for CATL's long-term secular growth and leading market position.

Close Date	22 Oct 2026
300750.CH Close Price (CNY)	220.41
Price Target (CNY)	480.00
Upside/(Downside)	118%
52-Week Range	468.75/218.45
ASIAX	1,821.17
FYE	Dec
Div Yield	1.6%
Market Cap (CNY) (B)	1,034.66
EV (CNY) (M)	981,261

Performance	YTD	1M	6M	12M
Absolute (%)	(39.3)	(27.6)	(49.5)	(40.2)
ASIAX (%)	11.4	(8.7)	(0.8)	12.7
Relative (%)	(50.7)	(19.0)	(48.7)	(52.9)

Source: Bloomberg, Bernstein estimates and analysis.

Price Performance, 1YR



Investment Implications

We rate CATL (A) Outperform, PT RMB480/sh and CATL (H) Outperform, PT HKD460/sh.

Reported EPS	F25A	F26E	F27E
300750.CH (CNY)	16.14	**20.06**	**20.13**
OLD	--	21.10	26.28
3750.HK (CNY)	16.14	**20.06**	**20.13**
OLD	--	21.10	26.28

Financials	F25A	F26E	F27E	CAGR
Revenues (M)	423,702	643,104	818,321	39.0%
EBITDA (M)	95,773	127,421	127,440	15.4%
EBIT (M)	81,587	112,675	111,729	17.0%
Adjusted EPS	16.21	20.18	20.41	--

Valuation Metrics	F25A	F26E	F27E
Reported P/E (x)	13.7	11.0	10.9
EV/Sales (x)	2.3	1.5	1.2
EV/EBITDA (x)	10.2	7.7	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.

First Published: 22 Oct 2026 20:30 UTC Completion Date: 22 Oct 2026 13:01 UTC

VALUATION COMPS TABLE

EXHIBIT 1: **Valuation Comps Table**

Company	Price 22-Oct	Curcy	EV USD mn	Mkt cap USD mn	P/E 24A	P/E 25A	P/E 26E	P/E 27E	EV/Sales 24A	EV/Sales 25A	EV/Sales 26E	EV/Sales 27E	Sales Growth 24-25
LGES	390,000	KRW	88,349	69,045	-150.3	-139.4	-241.3	58.1	5.0	5.5	3.7	2.9	-8%
CATL(H)	338.4	HKD	196,762	204,725	0.0	20.7	15.0	12.5	0.0	3.2	2.1	1.8	19%
CATL(A)	220.4	CNY	147,088	155,050	21.8	15.5	11.1	9.2	2.9	2.4	1.6	1.3	19%
Samsung SDI	512,000	KRW	39,751	31,216	45.3	-86.4	55.8	29.2	3.3	4.4	3.3	2.6	-26%
Panasonic	3,700	JPY	62,885	57,843	20.0	26.0	36.7	18.4	1.2	1.1	1.3	1.2	7%
BYD	67.4	HKD	109,023	96,819	17.7	18.7	16.7	13.0	1.0	0.9	0.8	0.7	15%
SK Innovation	141,700	KRW	42,494	18,124	-19.2	-20.8	6.7	6.9	0.8	0.8	0.5	0.6	8%
Gotion High Tech	25.3	CNY	16,439	6,875	58.6	15.7	22.8	18.6	3.3	2.5	1.7	1.4	29%
EVE	41.8	CNY	17,548	13,611	23.1	20.8	12.6	9.5	2.6	1.8	1.1	0.9	41%
Sunwoda	17.8	CNY	11,525	4,928	21.3	16.7	16.4	11.0	1.5	1.2	0.9	0.7	25%
CALB	12.9	HKD	13,828	2,920	34.6	15.7	7.5	4.9	3.2	2.3	1.3	0.9	38%

Company	LTM %	Rel LTM %	LTM High	LTM Low	GPM (%) 25A	OPM (%) 25A	ND/E 24A	ND/E 25A	EV/EBITDA 24A	EV/EBITDA 25A	EV/EBITDA 26E	EV/EBITDA 27E	25A EV/Capacity (USD M/GWh)
LGES	-26%	-58%	437,500	224,000	18%	6%	40%	48%	36.8	26.1	20.7	13.9	250
CATL(H)	-32%	-30%	795	336	25%	19%	-34%	-46%	0.0	13.5	9.6	8.0	263
CATL(A)	-38%	-29%	469	218	25%	19%	-34%	-46%	12.5	10.1	7.1	6.0	196
Samsung SDI	112%	36%	820,000	257,000	8%	-13%	42%	34%	21.5	117.9	19.5	13.4	632
Panasonic	114%	65%	4,982	1,657	30%	5%	11%	15%	12.0	10.8	14.1	9.4	1,048
BYD	-31%	-26%	113	67	18%	4%	-51%	5%	7.8	7.5	5.6	4.8	232
SK Innovation	24%	-21%	166,000	87,700	6%	1%	78%	68%	21.2	16.9	4.3	6.4	385
Gotion High Tech	-38%	-31%	47.6	24.3	18%	7%	125%	122%	28.3	18.2	13.3	11.1	76
EVE	-47%	-36%	89.9	41.2	17%	8%	37%	49%	19.0	14.7	10.1	8.0	136
Sunwoda	-41%	-29%	37.9	16.0	16%	3%	61%	99%	21.3	19.4	12.2	9.5	141
CALB	-55%	-52%	39.3	12.8	17%	6%	96%	106%	23.9	17.6	8.3	6.4	74

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

INVESTMENT CONCLUSION

CATL has been one of our top ideas in energy. The margin collapse in 3Q26 took us by surprise and has led to sharp sell off in the stock, not helped by a broader negative China sentiment. While we have focused our efforts on tracking top line growth, which remains exceptional, the margin decline in 3Q was worse than we expected. Our post-mortem suggests that the key reason was the inability to pass through the newly introduced consumption tax and reduction in VAT rebate, plus the sales mix shift and to a lesser extent the higher DD&A expense. But fundamentally, it is the inability to pass through the higher taxes, which has taken us by surprise. The failure to pass through these costs at a time of exceptional demand growth, signals that for CATL, revenue trumps margins or put another way, the company is engaging in a price war with its Tier 2 peers. While this may not be what investors or the industry wants, it appears we are back in this environment. In the short term, our key concern is that the tax changes have not worked their way fully through the P&L and can still lead to further margin erosion. The VAT rebate drops from 6% to 0% by year-end and the consumption tax increases from 2% to 4% 4Q next year. If CATL cannot pass these costs on, it will lead to margins dropping to as low as RMB6cent/Wh and OPM dropping to 10%. This in our view is the worst case, and it is entirely possible that CATL may do better if it can pass some of this on. For CATL the tax changes are a challenge, but for Tier 2 battery makers they could be existential. CATL scale gives it a 10 percentage point premium in GPM and OPM over Tier -2 players. If CATL OPM drops to 10%, then it implies that the average Tier 2 player will see margins drop to zero. This is clearly not sustainable. If it is a price war, then CATL will be the last man standing. In the long run this could actually be a good thing if it drives industry consolidation. Nevertheless, we have adjusted our numbers, assuming that there is no pass through and that OPM will fall from 15% to c.10% and the net profit margin will decline from RMB10cents/Wh to 6cents/Wh. We revise down our 2026 and 2027 earnings by 11% and 25%. Our new price target is RMB480/sh for the A share and HK$460/sh for the H-share which implies a 2028 P/E of 21x and 18x, respectively. We would not urge investors to catch a falling knife, but this is a strategically important industry with a large TAM and a more defensible moat than solar. While it may take patience of CATL to find a bottom, we think the stock is undervalued after the sell of and continue to rate the stock OP.

FINANCIAL FORECAST AND VALUATION CHANGE

Due to 3Q26 results mix and higher-than-expected tax effect, we mainly adjust our COGS and tax assumption and revise our unit EBIT down by 12% and 33% for 2026E and 2027E to US$14.8/kWh and US$13.8/kWh. We increase our total battery volume by 6% and 2% to 1TWh and 1.3TWh in 2026 and 2027 respectively. Hence, we revise down our 2026 and 2027 bottom-line forecast by 11% and 25% lower respectively to RMB92bn abd RMB93bn. We accordingly lower our PT to RMB480 from Rmb770 by 38% for A-share and to HK$460 to HK$740 by 37% for H-share.

Our WACC of 9.6% and a terminal growth rate of 3%. remains unchanged for A share of TP RMB480. Our WACC of 10.4% and a terminal growth rate of 3% remains unchanged for H share of TP HKD460.

EXHIBIT 2: **Revenue: Bernstein estimate change**

Revenue Report Currency	2024A	2025A	2026E	2027E
CATL	362.0	423.7	643.1	818.3
Old (RMB bn)			611.2	804.7
% Change			5.2%	1.7%

Source: Company data, Bernstein estimates and analysis

EXHIBIT 3: **EPS: Bernstein estimate change**

EPS Report Currency	2024A	2025A	2026E	2027E
CATL	11.6	16.1	20.1	20.1
Old (RMB)			21.1	26.3
% Change			(4.9%)	(23.5%)

Source: Company data, Bernstein estimates and analysis

EXHIBIT 4: **Revenue: Bernstein vs consensus**

Revenue Report Currency	2024A	2025A	2026E	2027E
CATL	362.0	423.7	643.1	818.3
Consensus (RMB bn)			618.5	749.7
			4.0%	9.1%

Revenue growth %	2024A	2025A	2026E	2027E
CATL	-10%	17%	52%	27%
Consensus			46%	21%

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

EXHIBIT 5: **EPS: Bernstein estimates vs consensus**

EPS Report Currency	2024A	2025A	2026E	2027E
CATL	11.6	16.1	20.1	20.1
Consensus (RMB)			20.2	24.7
			(0.7%)	(18.4%)

EPS growth %	2024A	2025A	2026E	2027E
CATL	20%	39%	24%	0%
Consensus			25%	22%

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

WHAT HAPPENED?

EXHIBIT 6: **CATL 3Q26 unit profit dropped to US$11.5/kWh from our expectation of US$14/kWh**

		3Q26 Actual	*YoY*	*QoQ*	3Q26 BernE	*Diff*	3Q26 Consensus	*Diff*
Revenue	RMB bn	165.2	*59%*	*12%*	151.1	*9%*	174.0	*-5%*
Net profit	RMB bn	21.2	*15%*	*-6%*	22.9	*-7%*	24.1	*-12%*
Battery sales volume	GWh	260.0	*58%*	*11%*	230.0	*13%*	260.0	*0%*
ASP	US$/kWh	89.5	*1%*	*1%*	92.5	*-3%*	94.3	*-5%*
Unit operating profit	US$/kWh	11.0	*-26%*	*-21%*	14.7	*-25%*	16.5	*-33%*
Unit net profit	US$/kWh	11.51	*-27%*	*-15%*	14.02	*-18%*	13.04	*-12%*
Unit net profit	Rmb/Wh	0.082	*-27%*	*-15%*	0.100	*-18%*	0.093	*-12%*

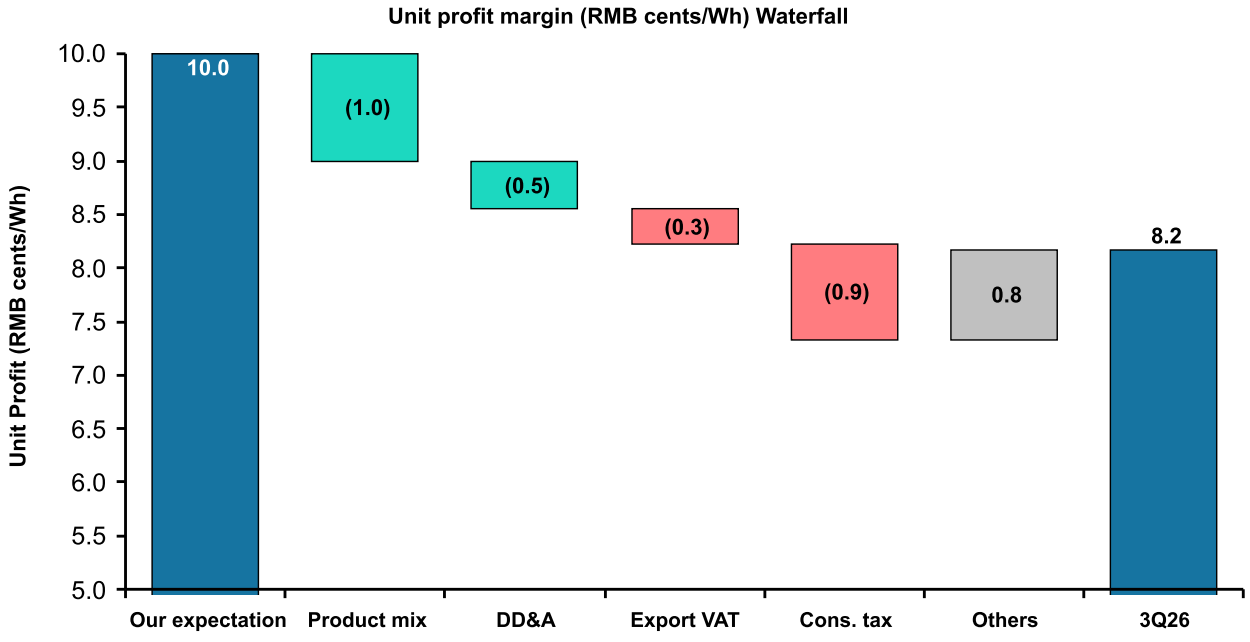
estimates in Bloomberg consensus: 5 (top-line), 3 (bottom-line), 1 (volume)
Source: Company data, Bloomberg, Bernstein analysis and estimates

EXHIBIT 7: **CATL 3Q26 actual vs. estimates**

		Actual			Bernstein Estimate		Consensus	
Financial Summary		3Q25	3Q26	%YoY	3Q26	Diff	3Q26	Diff
Revenue	**RMB mn**	**104,186**	**165,221**	**59%**	**151,069**	**9%**	**174,006**	**-5%**
Sales volume	**GWh**	**165**	**260**	**58%**	**230**	**12%**	**260**	**0%**
COGS	**RMB mn**	**77,304**	**131,040**	**70%**	**113,302**	**-14%**	**136,518**	**-4%**
Gross profit	**RMB mn**	**26,882**	**34,181**	**27%**	**37,767**	**-10%**	**37,488**	**-9%**
Gross Margin	**%**	**25.8%**	**20.7%**	**-5.1%**	**25.0%**	**-4%**	**21.5%**	**-0.9%**
OPEX		9,462	13,858	46%	13,755	1%	6,327	119%
R&D	RMB mn	4,973	7,140	44%	7,437	-4%	7,534	-5%
SG&A	RMB mn	4,488	6,717	50%	6,318	6%	6,129	10%
Operating profit	**RMB mn**	**17,420**	**20,323**	**17%**	**24,012**	**-18%**	**31,161**	**-35%**
OPM%	**%**	**16.7%**	**12.3%**	**-4.4%**	**15.9%**	**29%**	**17.9%**	**-5.6%**
Net profit to the parent	**RMB mn**	**18,549**	**21,246**	**15%**	**22,898**	**-8%**	**24,073**	**-12%**
NPM%	**%**	**17.8%**	**12.9%**	**-4.9%**	**15.2%**	**17.9%**	**13.8%**	**-1.0%**
Unit profit	**RMB/Wh**	**0.11**	**0.08**	**-27%**	**0.10**	**-22%**	**0.09**	**-12%**
Unit profit	**US$/kWh**	**15.8**	**11.5**	**-27%**	**14.0**	**-22%**	**13.0**	**-12%**

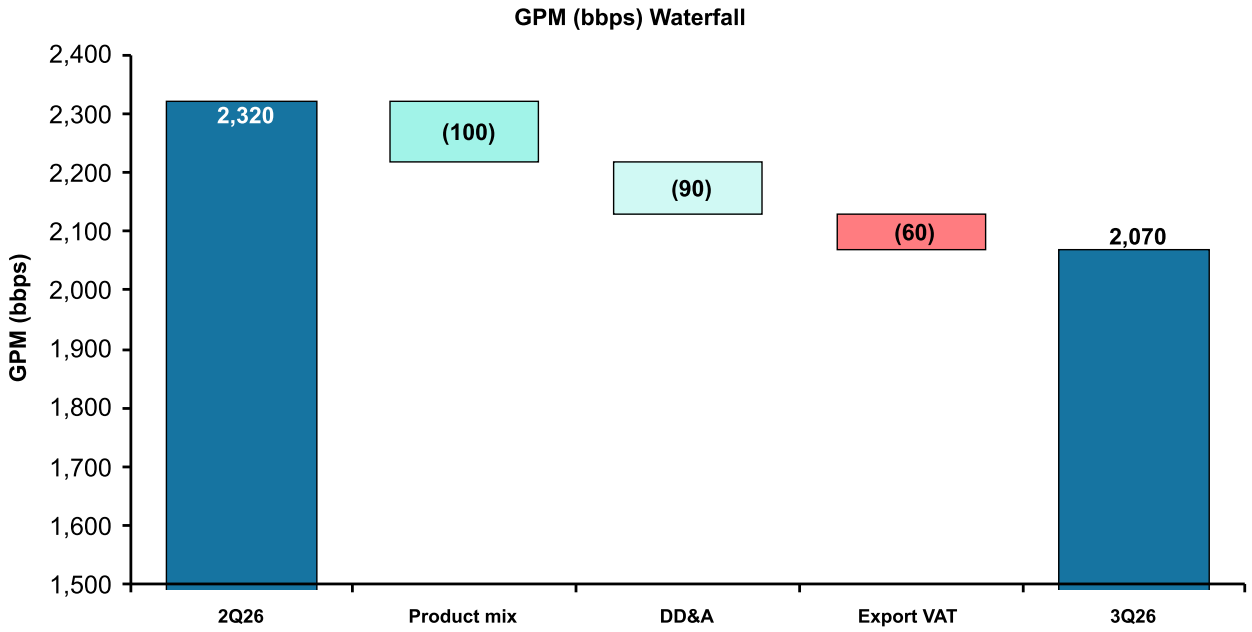
Source: Company data, Bloomberg, Bernstein analysis and estimates

EXHIBIT 8: **Our estimation on breakdown of unit profit fall**



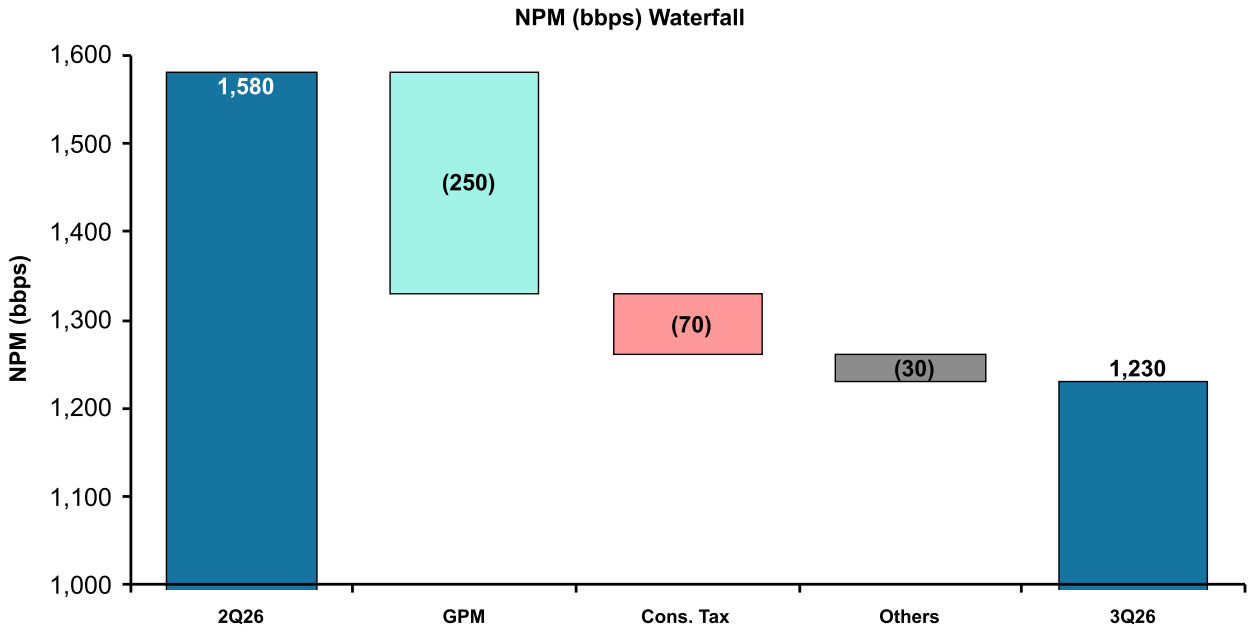
Source: Company data, Bernstein analysis

EXHIBIT 9: **Our estimation on breakdown of gross profit margin change from 23.2% in 2Q26 to 20.7% in 3Q26**



Source: Company data, Bernstein analysis and estimates

EXHIBIT 10: **Our estimation on breakdown of net profit margin change from 15.8% in 2Q26 to 12.3% in 3Q26**



Source: Company data, Bernstein analysis and estimates

WHERE DO MARGINS GO FROM HERE?

CATL's shares sold off sharply after the 3Q26 results, with CATL H-share closed down 18% and A-share fell around 15% two days after a lackluster unit profit drop in 3Q26 whose results was announced after market closed yesterday. CATL's unit gross

profit, unit EBIT and unit net profit declined by US$2/kWh, US$3/kWh and US$2/kWh QoQ, respectively, in 3Q26.

The 3Q26 earnings miss appears to have been driven primarily by the reduction in export VAT rebate rates and an unfavorable product mix shift, rather than a meaningful deterioration in underlying demand or market share. Management highlighted that changes in business mix, the introduction of the battery consumption tax, and the lower export VAT rebate rate all weighed on unit profitability during the quarter, with the rebate impact only gradually flowing through the P&L due to the lag between shipment and revenue recognition.

1. Why VAT rebate rate cut has higher impact on 3Q26 earnings?

Policy background: China reduced the export VAT rebate rate for lithium-ion batteries from 13% to 9%, effective 1 December 2024, as part of a broader adjustment to export tax rebate policies. The rebate rate was subsequently reduced further from **9% to 6%**, effective **1 April 2026**. The remaining rebate benefit of 6% is scheduled to be eliminated from **1 January 2027**. Under China's VAT system, battery manufacturers pay VAT on raw materials and components and collect VAT back when selling products; for exports, the rebate mechanism allows exporters to recover part of the input VAT incurred during production. **A lower rebate rate means** a smaller portion of input VAT can be recovered and **higher COGS** of exported batteries, which results in gross profit reduction if the incremental cost cannot be passed on to customers.

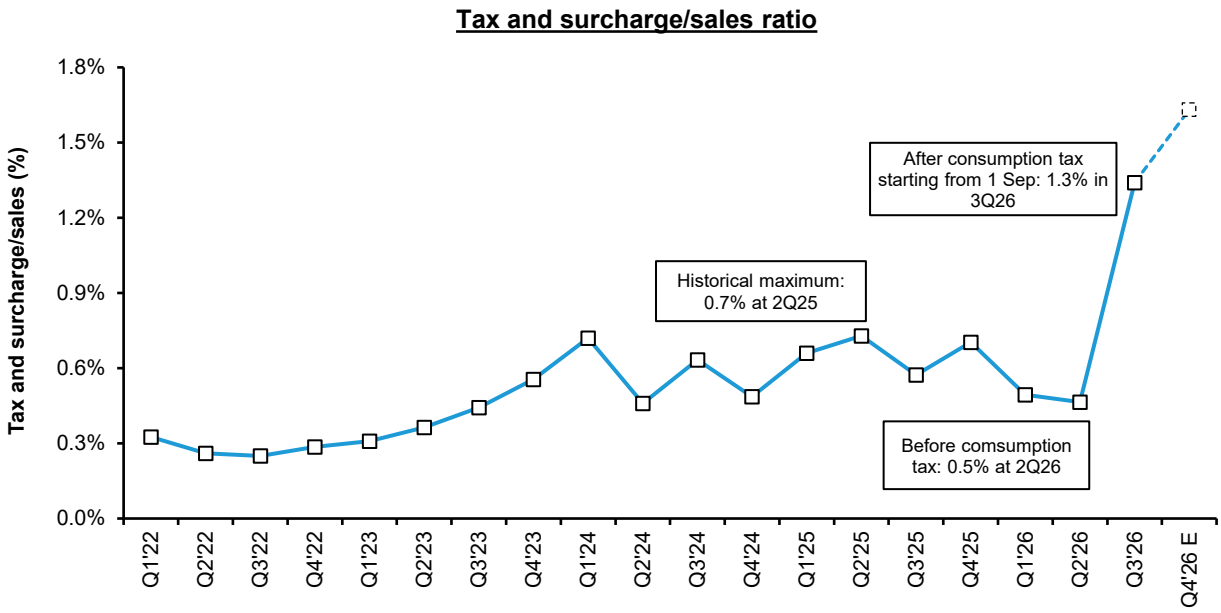
Because export VAT rebates are determined based on the shipment date rather than the revenue recognition date, export batteries shipped before 1 April 2026 remained eligible for the previous higher rebate rate even if revenue was recognized in 2Q26. **As a result, some 2Q26 revenue still carries the higher rebate entitlement while 3Q26 revenue factored in the full 3-month effect**. The impact of the rebate-rate reduction therefore appeared with a lag and became more visible in 3Q26 and CATL has around 30% of overseas revenue, the highest among Chinese battery makers.

2. How much does it relate to consumption tax?

The earnings decline starts to reflect primarily at the gross profit level, suggesting that the key headwinds were lower export VAT rebate rates and product mix changes rather than the battery consumption tax. This is because consumption tax is typically booked under **taxes and surcharges** below the gross profit line, which will only have impact on unit EBIT and unit net profit. Based on the historical quarterly taxes and surcharges to sales rates and 3Q26's ratio, we estimate CATL passed through 0%-20% of consumption tax, equivalent to 0%-0.4% of 2% levied consumption tax rate considering that only September is affected.

As the battery consumption tax was only implemented on **1 September 2026**, its impact was limited to one month of 3Q26. As a result, the incremental drag on profitability was relatively modest, accounting for roughly **1ppt of net profit margin erosion** during the quarter and translating into an estimated **US$1.4-1.9/kWh reduction in unit profit**. The magnitude of the earnings decline therefore suggests that the more significant headwinds originated from the reduction in export VAT rebate benefits and product mix changes, which affected profitability throughout a larger portion of the quarter.

EXHIBIT 11: **CATL's quarterly tax and surcharge to sales ratio. It surged in 3Q26 due to consumption tax rate levied starting 1 Sep 2026. We anticipate a higher ratio in 4Q26, driven by the full-quarter recognition versus only a one-month effect in 3Q26**



Source: Company data, Bernstein estimate (4Q26E) and analysis

EXHIBIT 12: **Unit profit and margin scenario matrix for 3Q26**

		3Q26						
Unit net profit	Rmb cents/Wh	11.0	10.0	9.0	**8.2**	7.0	6.0	5.0
Unit gross profit	Rmb cents/Wh	16.0	15.0	14.0	**13.1**	12.0	11.0	10.0
GPM	%	25.2%	23.6%	22.0%	**20.7%**	18.9%	17.3%	15.7%
Unit EBIT	Rmb cents/Wh	11.4	10.4	9.4	**7.8**	7.4	6.4	5.4
OPM	%	17.9%	16.4%	14.8%	**12.3%**	11.6%	10.1%	8.5%

Source: Company data, Bernstein analysis

EXHIBIT 13: **Our key operational and financial forecast over 2026-30E**

		2025	2026E	2027E	2028E	2029E	2030E
Sales volume	GWh	662.0	1,015.0	1,301.1	1,538.4	1,849.6	2,159.8
ASP	RMB cent/Wh	64.0	63.4	62.9	62.8	62.7	62.3
Revenue	RMB bn	423.7	643.1	818.3	966.7	1,159.3	1,345.3
Operating profit	RMB bn	70.9	93.3	85.2	96.7	118.5	137.2
Net profit	RMB m	72.2	92.1	93.1	105.2	126.5	145.2
Unit EBIT	RMB cent/Wh	10.7	9.2	6.5	6.3	6.4	6.4
Unit net profit	RMB cent/Wh	10.9	9.1	7.2	6.8	6.8	6.7
OPM	%	16.7%	14.5%	10.4%	10.0%	10.2%	10.2%
NPM	%	17.0%	14.3%	11.4%	10.9%	10.9%	10.8%

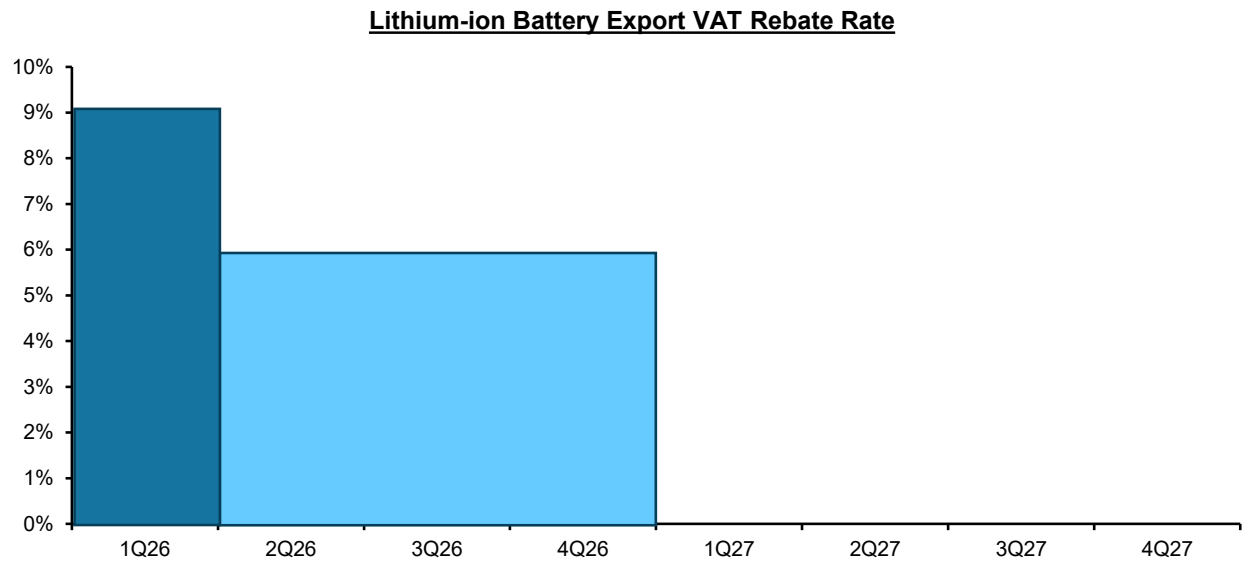
Source: Company data, Bernstein analysis and estimates

EXHIBIT 14: **Quarterly tax rate and our forecast on unit metrics assumptions**

		2026				2027			
		1Q	2Q	3Q	4QE	1QE	2QE	3QE	4QE
Export VAT reabte rate	%	9%	9%	6%	6%	0%	0%	0%	0%
Consumption tax	%	0%	0%	2%	2%	2%	2%	4%	4%
Unit gross profit	RMB cent/Wh	16.0	14.6	13.1	13.6	12.2	12.2	11.9	11.9
Unit operating profit	RMB cent/Wh	11.0	9.9	7.8	8.6	7.2	7.2	6.1	6.1
Unit net profit	RMB cent/Wh	10.4	9.6	8.2	8.6	7.5	7.5	6.9	6.9

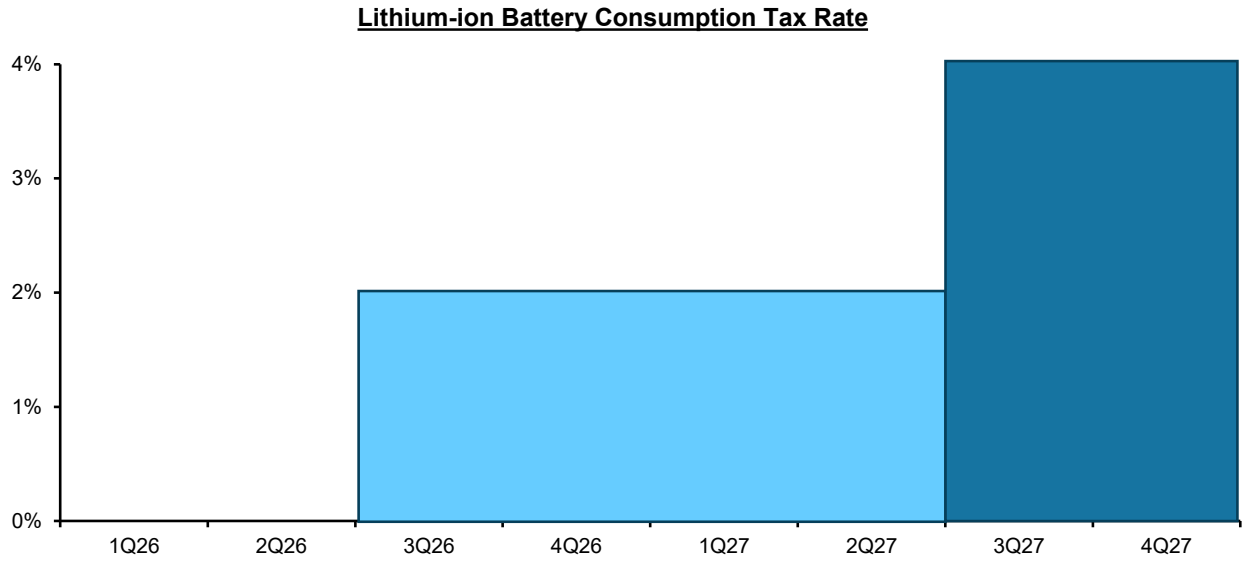
Source: Company data, Bernstein analysis and estimates

EXHIBIT 15: **Lithium-ion battery export VAT rebate rate declined from 9% to 6% in 2Q26 and will phase out in 1Q27**



Source: Minister of Finance, State Taxation Administration, Bernstein analysis

EXHIBIT 16: **Consumption tax rate increased from 0% to 2% in 3Q26 and will further rise to 4% in 3Q27**



Source: Minister of Finance, State Taxation Administration, Bernstein analysis

WHAT INVESTORS HAVE LIKELY PRICED IN?

1. VAT rebate rate adjustment from 6% to 0% since 1 January 2027

Investors appear increasingly concerned about the scheduled reduction in the export VAT rebate rate from 6% to 0% effective from 1 January 2027, particularly after seeing the impact of only a 3ppt rebate reduction (9% to 6%) on CATL's 3Q26 profitability, even though temporary and fluctuating product mix change effect adds on too. Given that the 3Q26 earnings deterioration was higher than expectation, the market is questioning whether CATL has sufficient pricing power to pass the lost rebate benefit on to customers rather than absorbing it through lower margins.

The importance of the rebate change is amplified by CATL's high overseas exposure. Currently, approximately 30% of CATL's battery shipments are sold outside China, with the remaining 70% serving the domestic market. Within the overseas business, we calculate around 60% is EV batteries and 40% is ESS batteries, both of which are exposed to the export rebate regime. As a result, investors are increasingly focused on how much of the additional cost burden can be offset through pricing, as the upcoming 6ppt reduction is twice the magnitude of the rebate cut reflected in 3Q26 results.

2. Consumpton tax rate increase from 2% to 4% since 1 September 2027

Investors also appear concerned about the potential impact of a higher battery consumption tax rate, particularly given the evidence from 3Q26 that CATL was only able to pass through a limited portion of the newly introduced tax burden. Based on the increase in the taxes-and-surcharges-to-sales ratio during the quarter, the company appears to have absorbed a meaningful share of the tax rather than fully passing it on to customers, raising concerns about future profitability should tax rates increase further.

Although the consumption tax is accounted for below the gross profit line under taxes and surcharges, a higher effective tax burden would still directly weigh on net profitability and cash generation. The market's focus has therefore shifted from whether the company can maintain shipment growth to whether it can preserve earnings quality and margins in an environment of rising tax-related costs.

WHAT DOES NOT APPEAR TO BE PRICED IN?

Despite today's sell-off, the market does not appear to be pricing in the potential catalysts below.

1. Volume growth beat in 3Q26 and potential higher volume in 4Q26 and 20%-30% growth in 2027

Volume growth remains an underappreciated positive, in our view. CATL delivered roughly 260GWh of battery shipments in 3Q26, well above our estimate of 230GWh. Prior to the quarter, we had expected some demand cannibalization ahead of the implementation of the consumption tax; however, actual volumes proved more resilient than anticipated. The upside surprise was driven primarily by EV batteries, which we believe may partly reflect stronger commercial vehicle (CV) demand. In particular, we suspect industry shipment trackers such as SNE may not fully capture certain fragmented CV end-markets, including heavy-duty trucks and construction machinery, resulting in conservative industry estimates. Looking ahead, 4Q is traditionally the strongest seasonal quarter for battery demand, and we expect shipments to increase further QoQ to around 290GWh.

More importantly, management indicated during the earnings call that it expects battery shipment volumes to grow by 20%-30% in 2027. Given the stronger-than-expected 3Q26 volume performance and solid demand momentum across both EV and ESS markets, we believe the market is currently placing greater emphasis on near-term profitability headwinds while underappreciated CATL's continued volume expansion potential. If shipment growth continues to exceed expectations, the resulting operating leverage could help mitigate part of the margin pressure currently reflected in investor sentiment.

2. On-transit high-margin overseas ESS orders

On-transit overseas ESS orders could provide an earnings upside not fully reflected in market expectations. During the conference call, management highlighted high-margin overseas ESS orders, particularly AC-side projects, that have already been shipped but have yet to be recognized as revenue. Unlike EV batteries, overseas ESS projects often have significantly longer revenue-recognition cycles, with a typical lag of 6-12 months and, in some cases, more than one year between shipment and revenue recognition due to installation, commissioning and customer acceptance requirements. As a result, a portion of these high-margin overseas ESS shipments remains embedded in contract assets or inventory-in-transit and could be recognized in a future quarter. Given the superior profitability of overseas ESS projects relative to the corporate average, the eventual recognition of these on-transit orders could provide a meaningful boost to margins and earnings, which we believe is not yet reflected in current investor expectations.

3. Pass-through progress with downstream customers - a time issue

We believe CATL has a reasonable ability to pass through the impact of the VAT rebate reduction to its overseas customers. Within its export business, overseas EV battery shipments are primarily supplied to European OEMs, whose stronger financial profiles and long-term supply-chain relationships may make them more capable of absorbing cost increases than many domestic Chinese automakers. In addition, competing Korean battery suppliers have been directing a significant portion of their incremental capacity toward serving North American demand, limiting competitive pressure in Europe and supporting CATL's pricing position. This is particularly relevant given CATL's continued market-share gains in Europe, which suggest its competitive positioning remains strong despite the changing policy environment. As CATL's European penetration continues to increase, we believe its growing scale, technology leadership and importance to customers should provide greater leverage in negotiations, supporting its ability to mitigate part of the rebate-related cost headwind through pricing. We also see pass-through potential in the overseas ESS market where battery demand is growing and customers place greater emphasis on product reliability, safety, cycle life and supply security than on marginal battery price differences.

The newly introduced consumption tax is unlikely to be fully passed through immediately, as battery supply agreements are typically negotiated in advance and customer acceptance of a new tax burden often requires time. We believe CATL may initially absorb part of the incremental cost while renegotiating pricing and contractual terms with customers. Over time, however, as the industry adapts to the new regulatory framework and the tax becomes a more established component of the battery cost structure, a clearer pass-through mechanism is likely to emerge. As a result, we expect the industry's ability to pass through the consumption tax to improve gradually over the next one to two years, reducing the long-term margin impact relative to the initial implementation period.

WHAT TO EXPECT IN 4Q26 AND POST-2027?

1. We expect 4Q26 unit profit to recover slightly q-o-q

We expect CATL's unit profitability to recover modestly QoQ in 4Q26, supported by a sharp decline in lithium carbonate prices. Based on market prices, lithium carbonate ASP fell approximately 26% QoQ from RMB147k/t in 3Q26 to around RMB110k/t in 4Q26, which should provide meaningful raw-material cost relief with a lag as lower-cost inventory gradually flows through the P&L. Combined with stronger seasonal demand, higher utilization rates and a potentially more favorable product mix, we expect gross profit per kWh and net profit per kWh to improve sequentially from the depressed 3Q26 level. In addition, the gradual recognition of high-margin overseas ESS projects could provide further support to profitability, partially offsetting the impact of

the consumption tax and lower export VAT rebates.

We also see scope for a QoQ recovery in 4Q26 profitability as part of the elevated cost burden in 3Q26 may have been absorbed through depreciation and amortization (D&A). Comparing the increase in CATL's PPE balance in 3Q26 (RMB15bn) with that in 1H26 (RMB23bn) suggests that newly commissioned assets continued to enter the depreciation base despite capacity ramp-up. As a result, a portion of manufacturing overhead was likely expensed through D&A, weighing on reported profitability. We believe this effect should moderate in 4Q26 as capacity utilization improves seasonally and idle-capacity-related depreciation charges are reduced or eliminated.

While the consumption tax will be in effect for the full quarter, we believe part of the 3Q26 margin weakness was driven by temporary factors, including product mix fluctuations, higher quarterly R&D expenses, and inventory asset impairment loss. In addition, management highlighted a pipeline of high-margin overseas ESS projects, particularly AC-side orders, that have already been shipped but are awaiting revenue recognition. As these higher-margin ESS revenues are gradually recognized and product mix normalizes, we expect gross profit per kWh and net profit per kWh to improve sequentially. Furthermore, stronger seasonal demand in 4Q26 should support higher capacity utilization and operating leverage, providing an additional tailwind to unit profitability.

2. 1Q27: Further deterioration after cancellation of 6% export VAT rebate

We expect 1Q27 unit profitability to deteriorate sequentially as CATL absorbs the full impact of the export VAT rebate cancellation, with the rebate rate scheduled to decline from 6% to 0% from 1 January 2027. The 3Q26 results already highlighted the earnings sensitivity to a relatively modest 3ppt reduction in the rebate rate (from 9% to 6%), despite the effect being partially offset by transitional factors and product-mix fluctuations.

3. Continued margin pressure from 2Q27 until the end of 2027

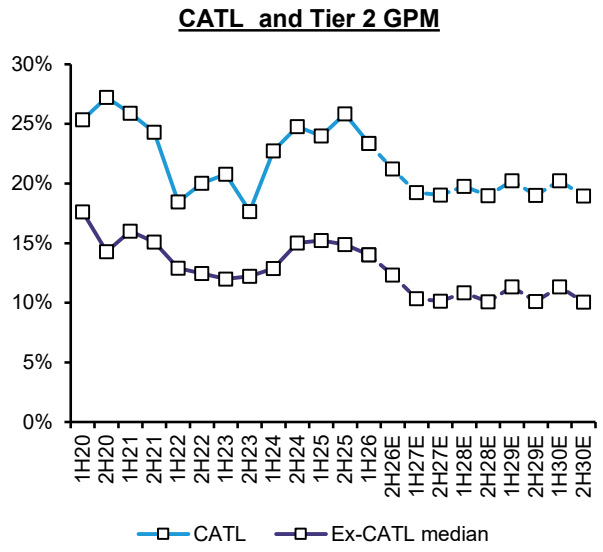
We expect profitability to deteriorate further from 2Q27 through the end of 2027 as the full impact of the export VAT rebate cancellation becomes increasingly visible in reported earnings and elevated consumption tax rate since 3Q27. Due to the lag between shipment and revenue recognition, 1Q27 is likely to reflect only a partial impact of the transition from a 6% rebate rate to 0%. By 2Q27, however, recognized revenue should more fully reflect shipments made under the new regime, resulting in a full-quarter realization of the rebate headwind. In addition, profitability could face another step-down from 3Q27 when the consumption tax rate is scheduled to increase by a further 2ppt, adding incremental pressure on earnings if pass-through mechanisms are not yet fully established. As a result, we believe margin headwinds are likely to intensify progressively from 2Q27 onward, making the second half of 2027 a more meaningful test of CATL's pricing power and cost absorption capabilities.

4. Post-2027: we expect the set-up of tax pass-through mechanism

Post-2027, we expect the industry to gradually establish a more effective tax pass-through mechanism, allowing profitability to recover over time despite the structural policy headwinds. Historically, battery pricing has adjusted to reflect changes in raw material costs, and we believe a similar process could occur for newly imposed taxes as customers and suppliers renegotiate contracts and adapt to the new cost structure. By that stage, the export VAT rebate cancellation and consumption tax should be well understood by both battery manufacturers and end customers, facilitating more systematic cost-sharing arrangements across the supply chain. At the same time, continued declines in raw material costs, ongoing manufacturing efficiency improvements, and technology-driven cost reductions should help offset part of the tax burden. As a result, while 2027 may represent the trough period for margins, we expect unit profitability to gradually recover thereafter as pricing mechanisms normalize and cost curves continue to improve.

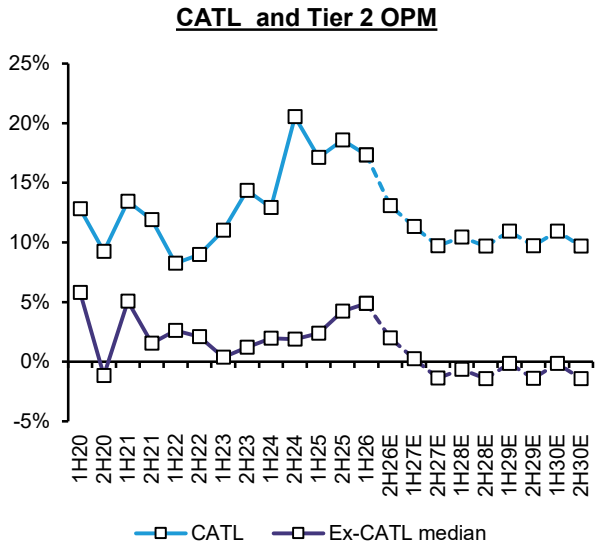


EXHIBIT 17: **CATL and Tier 2 Gross Margin: CATL consistently outperforms Tier 2 battery makers on gross margin**



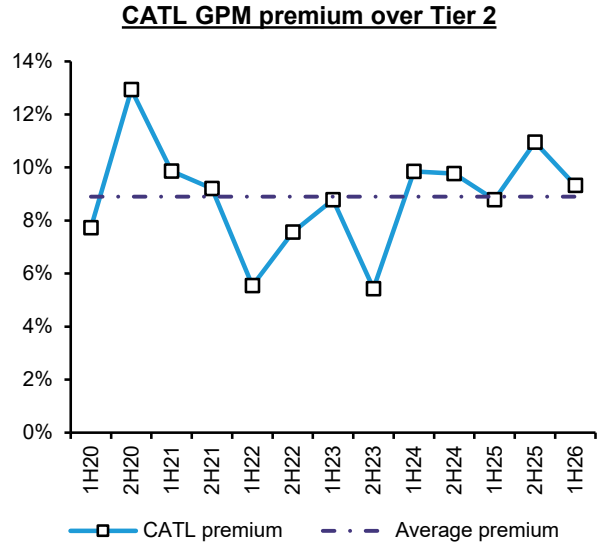
Source: Company data, Bernstein analysis and estimates

EXHIBIT 18: **CATL and Tier 2 Operating Margin: CATL consistently outperforms Tier 2 battery makers on Operating margin**



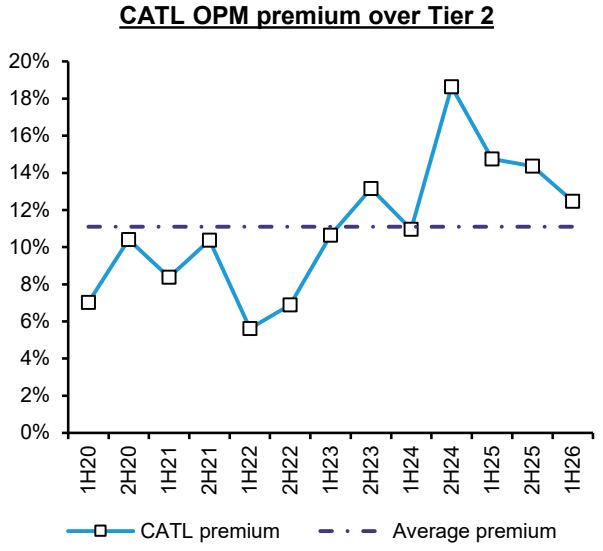
Source: Company data, Bernstein analysis and estimates

EXHIBIT 19: **Gross Margin Premium: CATL's gross margin premium over Tier 2 peers averages c. 9% over 1H20–1H26**



Source: Company data, Bernstein analysis

EXHIBIT 20: **Operating Margin Premium: CATL's operating margin premium over Tier 2 peers averages c. 11% over 1H20–1H26**



Source: Company data, Bernstein analysis

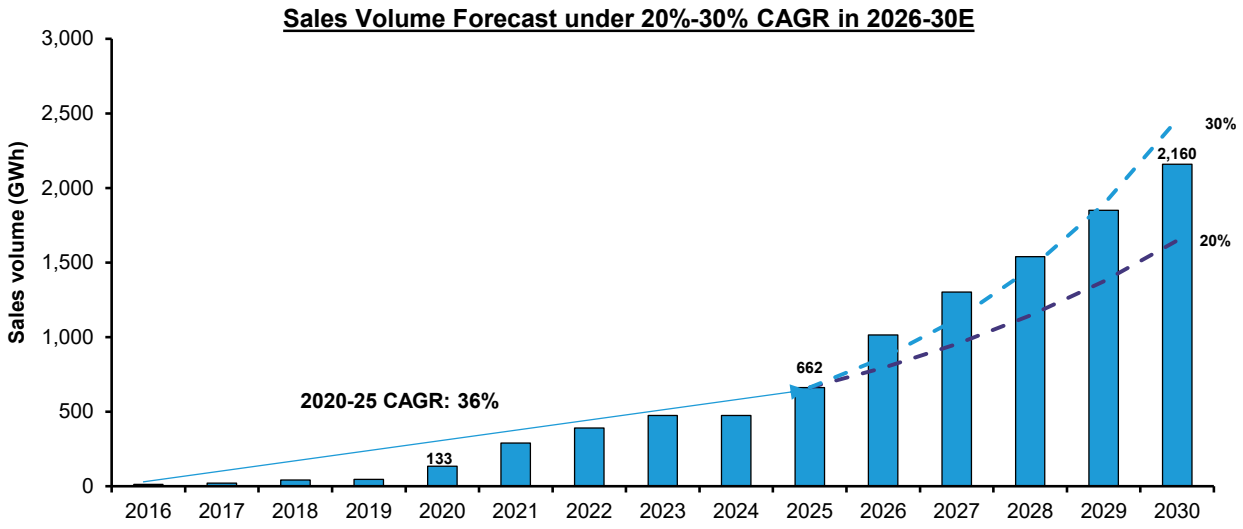
EXHIBIT 21: **Battery OPM outlook: Further margin compression at CATL could leave Tier-2 peers near breakeven**

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Gorss margin											
CATL	27%	25%	19%	19%	24%	25%	22%	19%	19%	20%	19%
EX-CATL median	15%	11%	11%	11%	15%	14%	13%	10%	10%	11%	11%
Growth margin premium	**11%**	**14%**	**9%**	**8%**	**9%**	**11%**	**9%**	**9%**	**9%**	**9%**	**9%**
Operating margin											
CATL	11%	12%	9%	13%	17%	18%	15%	17%	15%	10%	10%
EX-CATL median	0%	-1%	0%	1%	0%	3%	4%	6%	3%	-1%	-1%
Operating margin premium	**10%**	**14%**	**9%**	**12%**	**17%**	**15%**	**11%**	**11%**	**11%**	**11%**	**11%**

Source: Company data, Bernstein analysis and estimates(2026+)

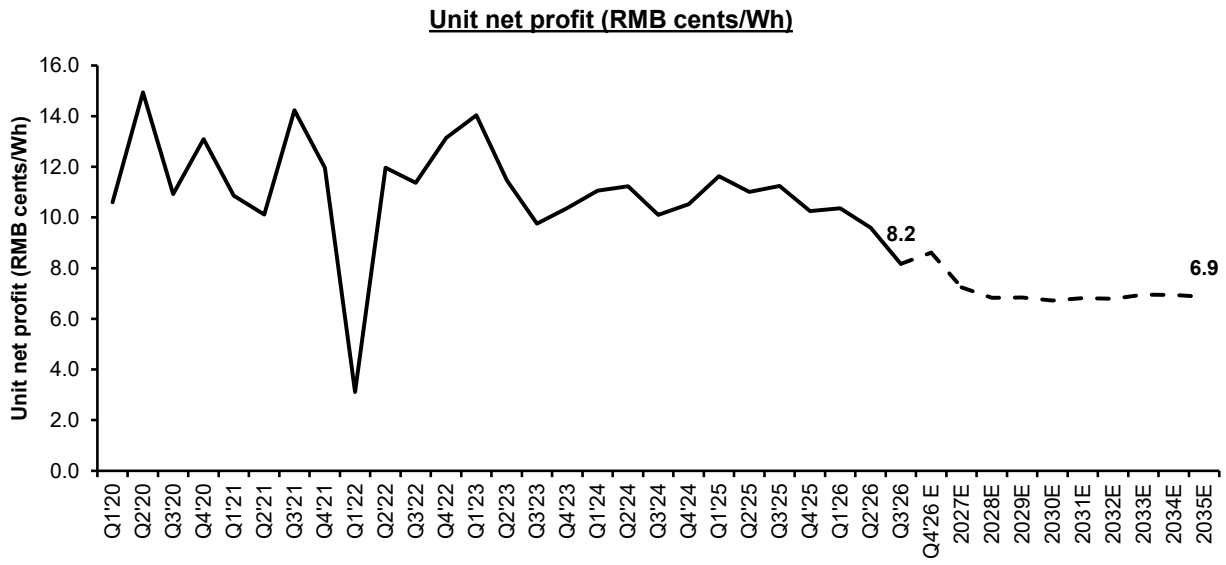
VALUATION

EXHIBIT 22: **Battery sales volume outlook under different growth scenarios: We estimate 2,160GWh in 2030**



Source: Company data, Bernstein analysis and estimates

EXHIBIT 23: **Unit net profit trend and long-term scenarios: We expect unit net profit fall to RMB cents 7.2/Wh in 2027, with a long-term range of RMB cents 6.7-7.0/Wh**



Source: Company data, Bernstein analysis and estimates

EXHIBIT 24: **Sensitivity analysis of H-share PT**

Target Price (HK$)			2028-35E Battery Volume CAGR (%)				
			10%	13%	15%	17%	20%
Unit profit (US$/kWh / RMB/Wh)	8.0	0.06	420	470	520	560	640
	10.0	0.07	470	540	590	650	750
	11.0	0.08	540	620	670	740	860
	13.0	0.09	590	680	750	820	960
	14.0	0.10	650	750	820	910	1,070

Source: Company report, Bernstein analysis and estimates

EXHIBIT 25: **Sensitivity analysis of A-share PT**

Target Price (Rmb/sh)			2028-35E Battery Volume CAGR (%)				
			10%	13%	15%	17%	20%
Unit profit (US$/kWh / RMB/Wh)	8.0	0.06	430	490	540	590	680
	10.0	0.07	490	560	620	680	790
	11.0	0.08	550	640	700	770	900
	13.0	0.09	610	710	780	870	1,010
	14.0	0.10	670	780	860	960	1,120

Source: Company report, Bernstein analysis and estimates

EXHIBIT 26: **We value CATL (A-share) at RMB480/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**	**643,104**	**818,321**	**966,693**	**1,159,324**	**1,345,256**	**1,533,488**	**1,728,903**	**1,961,867**	**2,182,927**	**2,382,067**			
Sales growth	17.0%	51.8%	27.2%	18.1%	19.9%	16.0%	14.0%	12.7%	13.5%	11.3%	9.1%	15.7%	4.7%	3.0%
EBITDA	**95,773**	**127,421**	**127,440**	**142,767**	**168,038**	**191,111**	**221,291**	**249,079**	**284,694**	**316,895**	**347,446**			
EBIT	**70,938**	**93,268**	**85,195**	**96,721**	**118,504**	**137,162**	**161,362**	**182,702**	**211,289**	**235,854**	**258,072**			
EBIT Margin	16.7%	14.5%	10.4%	10.0%	10.2%	10.2%	10.5%	10.6%	10.8%	10.8%	10.8%	10.7%	10.8%	
Tax	**12,740**	**16,098**	**16,164**	**18,167**	**21,871**	**25,017**	**28,833**	**32,359**	**37,076**	**41,368**	**45,291**			
% of EBIT	18.0%	17.3%	19.0%	18.8%	18.5%	18.2%	17.9%	17.7%	17.5%	17.5%	17.5%	17.9%	17.5%	
NOPAT	**58,198**	**77,169**	**69,031**	**78,554**	**96,633**	**112,146**	**132,530**	**150,343**	**174,212**	**194,486**	**212,780**			
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%	5.3%	5.2%	4.8%	4.3%	4.0%	3.9%	3.8%	3.7%	3.7%	3.8%	4.0%	3.8%	
Change in NWC:	**(9,123)**	**(11,128)**	**(22,207)**	**2,812**	**10,174**	**2,147**	**(983)**	**(5,040)**	**(4,253)**	**(1,957)**	**(6,026)**			
% of sales	(2.2%)	(1.7%)	(2.7%)	0.3%	0.9%	0.2%	(0.1%)	(0.3%)	(0.2%)	(0.1%)	(0.3%)	(0.2%)	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%	7.9%	7.7%	6.5%	6.0%	6.2%	6.0%	5.9%	5.7%	5.6%	5.7%	6.1%	5.7%	
Unlevered FCF	**31,564**	**49,122**	**26,148**	**64,493**	**87,128**	**84,495**	**99,355**	**110,347**	**131,898**	**150,956**	**161,254**	**965,197**	**3,680,137**	**5,175,481**
Total Capacity (GWh)	**772**	**1,194**	**1,626**	**1,923**	**2,312**	**2,700**	**3,088**	**3,485**	**3,899**	**4,331**	**4,781**			
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**	**1,015**	**1,301**	**1,538**	**1,850**	**2,160**	**2,470**	**2,788**	**3,119**	**3,465**	**3,825**			
Sales growth	39.7%	53.3%	28.2%	18.2%	20.2%	16.8%	14.4%	12.8%	11.9%	11.1%	10.4%	15.9%		
EBIT per kWh (US$)	**15.1**	**12.9**	**9.2**	**8.9**	**9.0**	**8.9**	**9.2**	**9.2**	**9.5**	**9.6**	**9.5**			
Our TP implied EV/EBITDA	20.2x	15.2x	15.2x	13.6x	11.5x	10.1x	8.7x	7.8x	6.8x	6.1x	5.6x			

Valuation	
WACC	**9.6%**
Assumed Perpetual Growth	3.0%
Enterprise Value (EV)	**1,935,672**
- Debt	(123,355)
- Minority, Preferred and Others	(37,766)
+ Cash	406,917
Equity Value	**2,181,469**
#shares	4,564
DCF result (RMB)	**480**

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	590,242
2036-2050	773,187
Terminal	572,243
Total	**1,935,672**

Growth 2025-2030	
Reinvestment Rate	66%
ROE	23%
Implied Growth Rate	16%
NOPAT CAGR	14%
2030 Capex/DD&A	1.6x
NPV (%)	
2025-2030	30%
2031-2050	40%
Terminal	30%
Total	**100%**

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

EXHIBIT 27: **We value CATL (H-share) at HKD 460/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**	**643,104**	**818,321**	**966,693**	**1,159,324**	**1,345,256**	**1,533,488**	**1,728,903**	**1,961,867**	**2,182,927**	**2,382,067**			
Sales growth	17.0%	51.8%	27.2%	18.1%	19.9%	16.0%	14.0%	12.7%	13.5%	11.3%	9.1%	15.7%	4.7%	3.0%
EBITDA	**95,773**	**127,421**	**127,440**	**142,767**	**168,038**	**191,111**	**221,291**	**249,079**	**284,694**	**316,895**	**347,446**			
EBIT	**70,938**	**93,268**	**85,195**	**96,721**	**118,504**	**137,162**	**161,362**	**182,702**	**211,289**	**235,854**	**258,072**			
EBIT Margin	16.7%	14.5%	10.4%	10.0%	10.2%	10.2%	10.5%	10.6%	10.8%	10.8%	10.8%	10.7%	10.8%	
Tax	**12,740**	**16,098**	**16,164**	**18,167**	**21,871**	**25,017**	**28,833**	**32,359**	**37,076**	**41,368**	**45,291**			
% of EBIT	18.0%	17.3%	19.0%	18.8%	18.5%	18.2%	17.9%	17.7%	17.5%	17.5%	17.5%	17.9%	17.5%	
NOPAT	**58,198**	**77,169**	**69,031**	**78,554**	**96,633**	**112,146**	**132,530**	**150,343**	**174,212**	**194,486**	**212,780**			
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%	5.3%	5.2%	4.8%	4.3%	4.0%	3.9%	3.8%	3.7%	3.7%	3.8%	4.0%	3.8%	
Change in NWC:	**(9,123)**	**(11,128)**	**(22,207)**	**2,812**	**10,174**	**2,147**	**(983)**	**(5,040)**	**(4,253)**	**(1,957)**	**(6,026)**			
% of sales	(2.2%)	(1.7%)	(2.7%)	0.3%	0.9%	0.2%	(0.1%)	(0.3%)	(0.2%)	(0.1%)	(0.3%)	(0.2%)	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%	7.9%	7.7%	6.5%	6.0%	6.2%	6.0%	5.9%	5.7%	5.6%	5.7%	6.1%	5.7%	
Unlevered FCF	**31,564**	**49,122**	**26,148**	**64,493**	**87,128**	**84,495**	**99,355**	**110,347**	**131,898**	**150,956**	**161,254**	**965,197**	**3,680,137**	**4,606,122**
Total Capacity (GWh)	**772**	**1,194**	**1,626**	**1,923**	**2,312**	**2,700**	**3,088**	**3,485**	**3,899**	**4,331**	**4,781**			
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**	**1,015**	**1,301**	**1,538**	**1,850**	**2,160**	**2,470**	**2,788**	**3,119**	**3,465**	**3,825**			
Sales growth	39.7%	53.3%	28.2%	18.2%	20.2%	16.8%	14.4%	12.8%	11.9%	11.1%	10.4%	15.9%		
EBIT per kWh (US$)	**15.1**	**12.9**	**9.2**	**8.9**	**9.0**	**8.9**	**9.2**	**9.2**	**9.5**	**9.6**	**9.5**			
Our TP implied EV/EBITDA	17.6x	13.2x	13.2x	11.8x	10.0x	8.8x	7.6x	6.7x	5.9x	5.3x	4.8x			

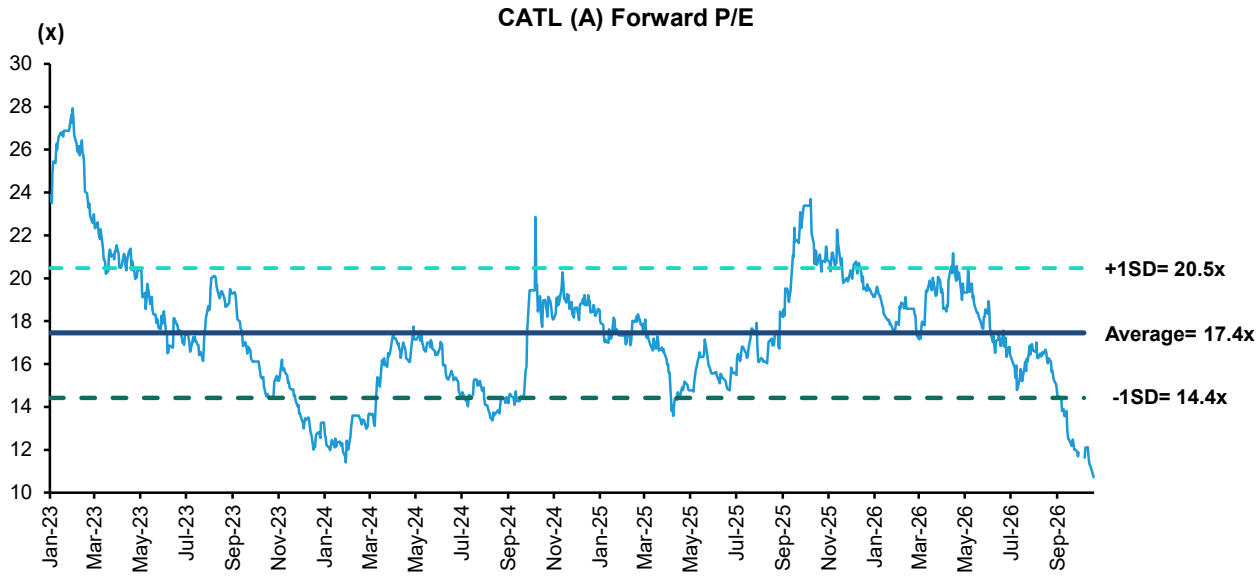
Valuation	
WACC	**10.4%**
Assumed Perpetual Growth	3.0%
Enterprise Value (EV)	**1,681,055**
- Debt	(123,355)
- Minority, Preferred and Others	(37,766)
+ Cash	406,917
Equity Value	**1,926,852**
#shares	4,564
DCF result (HKD)	**460**

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	568,782
2036-2050	686,124
Terminal	426,149
Total	**1,681,055**

Growth 2026-2035	
Reinvestment Rate	66%
ROE	23%
Implied Growth Rate	16%
NOPAT CAGR	14%
2030 Capex/DD&A	1.6x
NPV (%)	
2026-2035	34%
2036-2050	41%
Terminal	25%
Total	**100%**

Source: Company data, Bernstein estimates and analysis

EXHIBIT 28: **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 16.2 million shares for a total consideration of RMB4.6bn, representing around 0.4% of its share capital at an average purchase price of RMB284/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 29: **CATL share buyback summary since its announcement of RMB200-400bn scheme**

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
10/8/2026	697,833	0.02%	286.6	200.0
10/15/2026	689,500	0.02%	279.0	192.4
10/16/2026	222,000	0.02%	274.9	61.0
10/19/2026	186,700	0.01%	267.8	50.0
3Q26 Results on 20 Oct 2026				
10/21/2026	3,488,624	0.08%	229.3	800.0
Total	**16,229,819**	**0.40%**	**283.8**	**4,606.5**

Source: Company data, Bernstein analysis

CATL SEGMENT MARKET DEVELOPMENT PLAN

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.

APPENDIX - FINANCIAL FORECASTS

We fine-tune our 2026 top-line and bottom-line forecast by 0.9% and 3.9% lower respectively and lower our TP to Rmb480 from Rmb770 for A-share and to HK$460 from HK$740 for H-share. We remain Outperform ratings for both CATL (A) and CATL (H).

EXHIBIT 30: **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**	**643,104**	**818,321**	**966,693**
COGS	36,349	96,094	262,050	309,070	273,519	312,383	499,089	661,861	780,020
Gross Profit	**13,970**	**34,262**	**66,544**	**91,847**	**88,494**	**111,319**	**144,015**	**156,459**	**186,673**
GPM	*28%*	*26%*	*20%*	*23%*	*24%*	*26%*	*22%*	*19%*	*19%*
R&D	3,569	7,691	15,510	18,356	18,607	22,147	24,925	28,641	33,834
SG&A	4,280	8,223	18,986	28,112	15,310	18,234	25,822	42,623	56,118
Operating Income	**6,121**	**18,347**	**32,048**	**45,379**	**54,577**	**70,938**	**93,268**	**85,195**	**96,721**
OPM	*12%*	*14%*	*10%*	*11%*	*15%*	*17%*	*15%*	*10%*	*10%*
Finance cost	(713)	(641)	(2,800)	(4,928)	(4,132)	(7,940)	(2,421)	(4,509)	(4,837)
Other expense/(inc)	(149)	(899)	(1,825)	(3,608)	(4,473)	(10,649)	(19,407)	(26,534)	(29,562)
Earnings Before Tax	**6,983**	**19,887**	**36,673**	**53,914**	**63,182**	**89,527**	**115,096**	**116,238**	**131,120**
Income Tax/(Benefit)	879	2,026	3,216	7,153	9,175	12,740	16,098	16,164	18,167
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**	**98,998**	**100,074**	**112,953**
Attributable to the parent	5,583	15,931	30,729	44,121	50,745	72,201	92,087	93,134	105,154
Minority Interest	521	1,929	2,728	2,640	3,262	4,585	6,911	6,939	7,799
Net Income (adj. for disposal)	**5,583**	**15,931**	**30,729**	**44,121**	**50,745**	**72,201**	**92,087**	**93,134**	**105,154**
EPS (RMB)	2.49	6.88	12.92	11.79	11.58	16.14	20.06	20.13	22.73
Adj. EPS (RMB)	1.22	3.49	6.73	9.67	11.12	15.82	20.18	20.41	23.04
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	127,421	127,440	142,767
Margins %									
Gross Margin	27.8%	26.3%	20.3%	22.9%	24.4%	26.3%	22.4%	19.1%	19.3%
EBITDA Margin	21.5%	18.7%	13.5%	16.7%	21.4%	22.6%	19.8%	15.6%	14.8%
Operating Margin	12.2%	14.1%	9.8%	11.3%	15.1%	16.7%	14.5%	10.4%	10.0%
Net Income Margin	11.1%	12.2%	9.4%	11.0%	14.0%	17.0%	14.3%	11.4%	10.9%
Growth %									
Revenue	9.9%	159.1%	152.1%	22.0%	-9.7%	17.0%	51.8%	27.2%	18.1%
Operating Profit	1.1%	199.7%	74.7%	41.6%	20.3%	30.0%	31.5%	-8.7%	13.5%
Net profit	22.4%	185.3%	92.9%	43.6%	15.0%	42.3%	27.5%	1.1%	12.9%
Reported EPS	19.1%	175.7%	87.9%	-8.7%	-1.8%	39.4%	24.3%	0.4%	12.9%

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	375,450	378,986	423,799
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	120,061	166,819	181,728
Inventories	13,225	40,200	76,669	45,434	59,836	94,526	168,304	201,118	184,042
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**	**862,091**	**945,200**	**987,844**
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**	**1,248,957**	**1,353,140**	**1,413,059**
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	179,522	193,278	155,080
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**	**545,387**	**552,358**	**507,785**
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	235,842	279,478	334,594
Non-controling interests	4,987	8,109	12,428	22,175	26,526	33,919	37,766	44,705	52,505
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**	**465,922**	**516,497**	**579,413**
Attributable to parent	64,207	84,513	164,481	197,708	246,930	337,108	428,156	471,792	526,909
Total Liabilities & Equity	**140,984**	**258,883**	**506,417**	**600,129**	**655,681**	**814,499**	**1,011,310**	**1,068,855**	**1,087,199**
BVPS	**27.56**	**36.26**	**67.34**	**44.94**	**56.08**	**73.86**	**93.81**	**103.37**	**115.45**

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	98,998	100,074	112,953
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	(5,862)	(19,178)	5,546
Other	1,684	1,858	(1,289)	(1,239)	4,840	(1,617)	(5,861)	(7,538)	(7,570)
CF From Operations	**18,430**	**42,908**	**61,209**	**92,826**	**96,990**	**133,220**	**121,428**	**115,602**	**156,974**
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)**	**24,163**	**(48,746)**	**(48,842)**
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	375,769	379,305
Net Cash Flow	**40,232**	**12,077**	**82,124**	**80,549**	**32,069**	**29,982**	**75,520**	**3,536**	**44,812**
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**	**375,769**	**379,305**	**424,118**
Free Cash Flow	**2,582**	**(4,258)**	**9,658**	**51,905**	**52,365**	**73,904**	**54,388**	**29,177**	**67,226**

Source: Company data, Bernstein estimates and analysis

BERNSTEIN TICKER TABLE

			22 Oct 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	220.41	**480.00**	(52.9)%	CNY	16.14	**20.06**	**20.13**	13.7	11.0	10.9
OLD				770.00				21.10	26.28			
3750.HK (CATL)	O	HKD	338.40	**460.00**	(50.2)%	CNY	16.14	**20.06**	**20.13**	17.8	14.4	14.3
OLD				740.00				21.10	26.28			
ASIAX			1,821.17									

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.

I. REQUIRED DISCLOSURES

References to "Bernstein" or the “Firm” in these disclosures relate to the following entities: Bernstein Institutional Services LLC (April 1, 2024 onwards), Sanford C. Bernstein & Co., LLC (pre April 1, 2024), Bernstein Autonomous LLP, BSG France S.A. (April 1, 2024 onwards), Sanford C. Bernstein (Hong Kong) Limited 盛博香港有限公司, Sanford C. Bernstein (Canada) Limited, Sanford C. Bernstein (India) Private Limited (SEBI registration no. INH000006378), Sanford C. Bernstein (Singapore) Private Limited, Sanford C. Bernstein Japan KK（サンフォード・C・バーンスタイン株式会社）and analysts employed by Société Générale Africa Technologies & Services to produce Bernstein research under a Global Services Agreement in place between Bernstein and Société Générale.

Bernstein is part of a joint venture between Société Générale (SG) and AllianceBernstein, L.P. (AB). Unless specifically noted otherwise, for purposes of these disclosures, references to Bernstein’s “affiliates” relate to both SG and AB and their respective affiliates.

VALUATION METHODOLOGY

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 RMB480.

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 HKD460.

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.

RATINGS DEFINITIONS, BENCHMARKS AND DISTRIBUTION

EQUITY RATINGS DEFINITIONS

Bernstein brand

The Bernstein brand rates stocks based on forecasts of relative performance for the next 12 months versus the S&P 500 for stocks listed on the U.S. and Canadian exchanges, versus the Bloomberg Europe Developed Markets Large and Mid Cap Price Return Index EUR (EDME) for stocks listed on the European exchanges and emerging markets exchanges outside of the Asia Pacific region, versus the Bloomberg Japan Large and Mid Cap Price Return Index USD (JPL) for stocks listed on the Japanese exchanges, and versus the Bloomberg Asia ex-Japan Large and Mid Cap Price Return Index (ASIAX) for stocks listed on the Asian (ex-Japan) exchanges -unless otherwise specified.

The Bernstein brand has three categories of ratings:

- Outperform: Stock will outpace the market index by more than 15 pp
- Market-Perform: Stock will perform in line with the market index to within +/-15 pp
- Underperform: Stock will trail the performance of the market index by more than 15 pp

Coverage Suspended: Coverage of a company under the Bernstein research brand has been suspended. Ratings and price targets are suspended temporarily, are no longer current, and should therefore not be relied upon.

Not Rated: A rating assigned when the stock cannot be accurately valued, or the performance of the company accurately predicted, at the present time. The covering analyst may continue to publish research reports on the company to update investors on events and developments.

Not Covered (NC) denotes companies that are not under coverage.

Bernstein brand stock ratings are based on a 12-month time horizon.

Autonomous brand – common stocks

The Autonomous brand rates common stocks as indicated below. As our benchmarks we use the Bloomberg Europe 600 Financials Price Return Index (E600BK) and Bloomberg Europe Dev Mkt Financials Large and Mid Cap Price Ret Index EUR (EDMFI) index for developed European banks and Payments, the Bloomberg Europe 600 Insurance Price Return Index (E600IN) for European insurers, the S&P 500 and S&P Financials for US banks and Payments coverage, S5LIFE for US Insurance, the S&P Insurance Select Industry (SPSIINS) for US Non-Life Insurers coverage, the Bloomberg Emerging Markets Financials Large, Mid and Small Cap Price Return Index (EMLSF) for emerging market banks and insurers and Payments, and the Bloomberg Japan Financials Large & Mid Cap Price Return Index (JPFILM) for Japanese Financials. Ratings are stated relative to the sector (not the market).

The Autonomous brand has three categories of common stock ratings:

- Outperform (OP): Stock will outpace the relevant index by more than 10 pp
- Neutral (N): Stock will perform in line with the market index to within +/-10 pp
- Underperform (UP): Stock will trail the performance of the relevant index by more than 10 pp

Coverage Suspended: Coverage of a company under the Autonomous research brand has been suspended. Ratings and price targets are suspended temporarily, are no longer current, and should therefore not be relied upon.

Not Rated: A rating assigned when the stock cannot be accurately valued, or the performance of the company accurately predicted, at the present time. The covering analyst may continue to publish research reports on the company to update investors on events and developments.

Those denoted as 'Feature' (e.g., Feature Outperform FOP, Feature Under Outperform FUP) are our core ideas.

Not Covered (NC) denotes companies that are not under coverage.

Autonomous brand common stock ratings are based on a 12-month time horizon.

Autonomous brand – preferred stocks

The Autonomous brand has three categories of preferred stock ratings:

- Outperform (OP): The total return of the preferred instrument is expected to outperform preferred securities of other issuers operating in similar sectors or rating categories over the next six months.
- Neutral (N): The total return of the preferred instrument is expected to perform in line with preferred securities of other issuers operating in similar sectors or rating categories over the next six months.
- Underperform (UP): The total return of the preferred instrument is expected to underperform preferred securities of other issuers operating in similar sectors or rating categories over the next six months.

Autonomous preferred stock ratings are based on a 6-month time horizon.

AUTONOMOUS CREDIT RESEARCH

Where this report contains investment recommendations for credit instruments, as defined in article 3(1)(35) of the Market Abuse Regulation, the information below is presented to comply with its disclosure requirements.

The report may also include reference(s) to published opinions by other Autonomous or Bernstein analysts covering the equity securities of the issuer(s) referenced herein. Please note an investment recommendation for credit instruments published by the author(s) of this report may differ from the published view of the analyst covering equity securities for the issuer(s) contained in

this report and vice versa.

CREDIT RATINGS DEFINITIONS

The Autonomous brand has three categories of credit ratings:

- Credit Outperform (C-OP): The total return of the Reference Credit Instrument is expected to outperform the credit spread of bonds of other issuers operating in similar sectors or rating categories over the next six months.
- Credit Neutral (C-N): The total return of the Reference Credit Instrument is expected to perform in line with the credit spread of bonds of other issuers operating in similar sectors or rating categories over the next six months.
- Credit Underperform (C-UP): The total return of the Reference Credit Instrument is expected to underperform the credit spread of bonds of other issuers operating in similar sectors or rating categories over the next six months.

Autonomous credit ratings are based on a 6-month time horizon.

A list of all investment recommendations produced by the author(s) of this report alongside credit ratings history are available upon request.

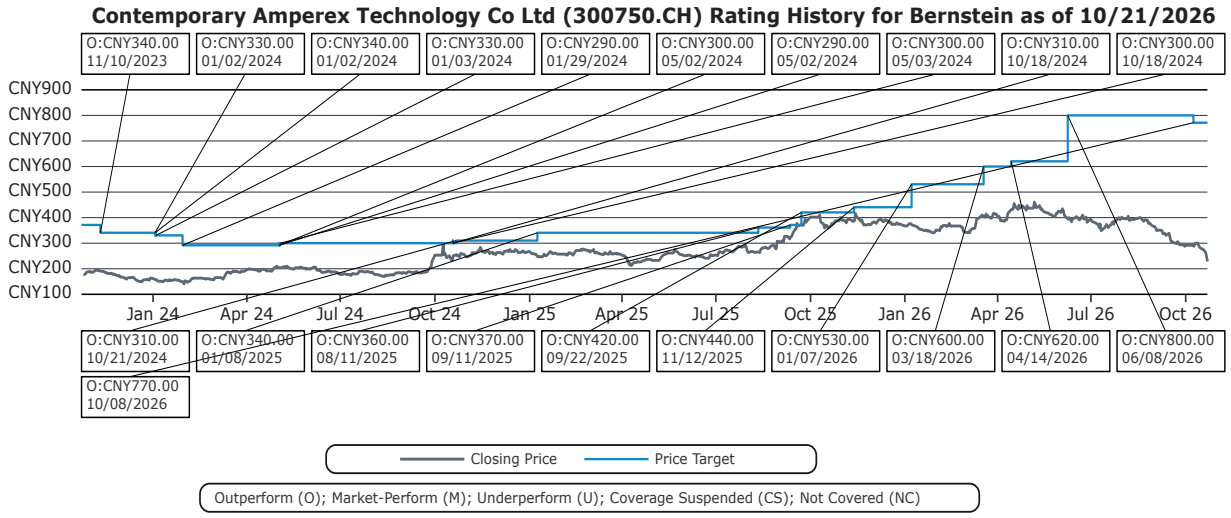
It is at the sole discretion of the Firm as to when to initiate, update and cease research coverage. The Firm has established, maintains and relies on information barriers to control the flow of information contained in one or more areas (i.e. the private side) within the Firm, and into other areas, units, groups or affiliates (i.e. public side) of the Firm

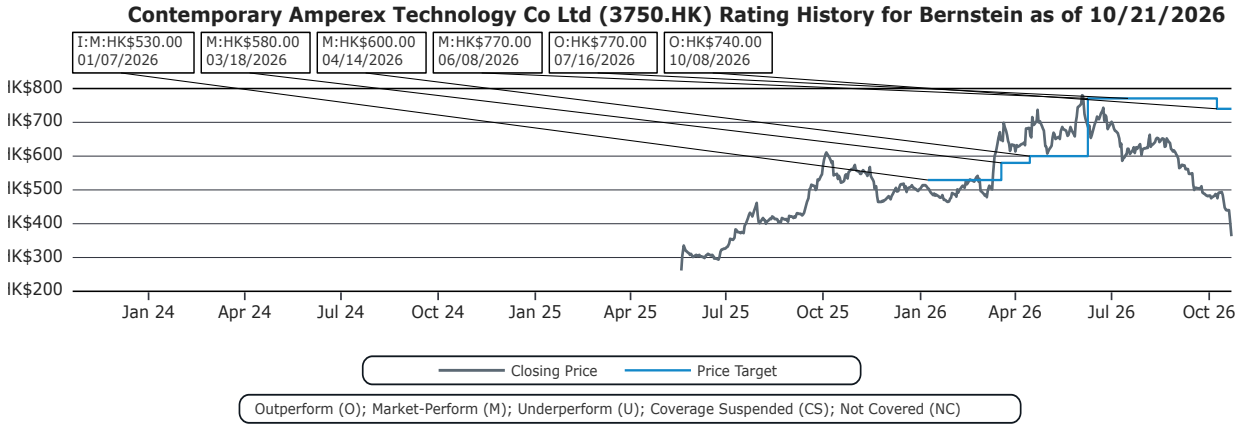
DISTRIBUTION OF EQUITY RATINGS/INVESTMENT BANKING SERVICES

Equity Rating	Market Abuse Regulation (MAR) and FINRA Rating Category	Global Rating Distribution	Investment Banking Relationships*
Outperform	BUY	52.3%	14.2%
Market-Perform (Bernstein Brand) Neutral (Autonomous Brand)	HOLD	35.6%	16.1%
Underperform	SELL	12.1%	13.6%

* These figures represent the percentage of companies within each equity rating category for which affiliates of Bernstein have provided investment banking services within the previous 12 months.
As of September 30, 2026. All figures are updated quarterly.

PRICE CHARTS / RATINGS AND PRICE TARGET HISTORY





All price target and closing price data in the chart(s) above are denominated in the currency noted in the Ticker Table of this report.

CONFLICTS OF INTEREST

SG and/or its affiliates beneficially own 0.5% or more of [the total issued share capital/any class of common equity securities] with a net [long/short] position of: Contemporary Amperex Technology Co Ltd.

An affiliate of Bernstein has received compensation for non-investment banking securities-related products or services in the previous twelve months from the following clients: Contemporary Amperex Technology Co Ltd.

Bernstein and/or affiliates have received compensation for non-investment banking securities-related products or services in the previous twelve months from the following clients: Contemporary Amperex Technology Co Ltd.

OTHER MATTERS

The legal entity(ies) employing the analyst(s) listed in this report, and their location, can be determined by the country code of their phone number, as follows:

+1 Bernstein Institutional Services LLC; New York, New York, USA

+44 Bernstein Autonomous LLP; London UK

+212 Société Générale Global Solution Center Morocco, Casablanca, Morocco

+33 BSG France S.A.; Paris, France

+34 BSG France S.A.; Madrid, Spain

+41 Bernstein Autonomous LLP; Geneva, Switzerland

+49 BSG France S.A.; Frankfurt, Germany

+91 Sanford C. Bernstein (India) Private Limited; Mumbai, India

+852 Sanford C. Bernstein (Hong Kong) Limited 盛博香港有限公司; Hong Kong, China

+65 Sanford C. Bernstein (Singapore) Private Limited; Singapore

+81 Sanford C. Bernstein Japan KK; Tokyo, Japan

Where this report has been prepared by research analyst(s) employed by a non-US affiliate, such analyst(s), is/are (unless otherwise expressly noted below) not registered as associated persons of Bernstein Institutional Services LLC or any other SEC-registered broker-dealer and are not licensed or qualified as research analysts with FINRA. Accordingly, such analyst(s) may not be subject to FINRA's restrictions regarding (among other things) communications by research analysts with a subject company, interactions between research analysts and investment banking personnel, participation by research analysts in solicitation and marketing activities relating to investment banking transactions, public appearances by research analysts, and trading securities held by a research analyst account.

Where this report has been prepared by research analyst(s) employed by Société Générale Africa Technologies & Services (part of the Société Générale group of companies), it has been prepared on behalf of a Bernstein company under a Global Services Agreement in place between Bernstein and Société Générale.

CERTIFICATION

Each research analyst listed in this report, who is primarily responsible for the preparation of the content of this report, certifies that all of the views expressed in this publication accurately reflect that analyst's personal views about any and all of the subject securities or issuers and that no part of that analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views in this publication.

II. ADDITIONAL GLOBAL CONFLICT DISCLOSURES

It is at the sole discretion of the Firm as to when to initiate, update and cease research coverage. The Firm has established, maintains and relies on information barriers to control the flow of information contained in one or more areas (i.e., the private side) within the Firm, and into other areas, units, groups or affiliates (i.e., public side) of the Firm.

III. OTHER IMPORTANT INFORMATION AND DISCLOSURES

Separate branding is maintained for "Bernstein" and "Autonomous" research products.

- Bernstein produces a number of different types of research products including, among others, fundamental analysis and quantitative analysis under both the "Autonomous" and "Bernstein" brands. Recommendations contained within one type of research product may differ from recommendations contained within other types of research products, whether as a result of differing time horizons, methodologies or otherwise. Furthermore, views or recommendations within a research product issued under one brand may differ from views or recommendations under the same type of research product issued under the other brand. The Research Ratings System for the two brands and other information related to those Rating Systems are included in the previous section.

- Autonomous operates as a separate business unit within the following entities: Bernstein Institutional Services LLC, Bernstein Autonomous LLP, Sanford C. Bernstein (Hong Kong) Limited 盛博香港有限公司 and Sanford C. Bernstein (India) Private Limited. For information relating to "Autonomous" branded products (including certain Sales materials) please visit: www.autonomous.com. For information relating to Bernstein branded products please visit: www.bernsteinresearch.com.

Analysts are compensated based on aggregate contributions to the research franchise as measured by account penetration, productivity and proactivity of investment ideas. No analysts are compensated based on performance in, or contributions to,

generating investment banking revenues.

This report has been produced by an independent analyst as defined in Article 3 (1)(34)(i) of EU 596/2014 Market Abuse Regulation ("MAR") and the same article of MAR as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018.

To our readers in the United States: Bernstein Institutional Services LLC, a broker-dealer registered with the U.S. Securities and Exchange Commission ("SEC") and a member of the U.S. Financial Industry Regulatory Authority, Inc. ("FINRA") is distributing this publication in the United States and accepts responsibility for its contents. Where this material contains an analysis of debt product(s), such material is intended only for institutional investors and is not subject to the US independence and disclosure standards applicable to debt research prepared for retail investors.

Bernstein Institutional Services LLC may act as principal for its own account or as agent for another person (including an affiliate) in sales or purchases of any security which is a subject of this report. This report does not purport to meet the objectives or needs of any specific individuals, entities or accounts.

To our readers in Canada: If this publication pertains to a Canadian domiciled company, it is being distributed in Canada by Sanford C. Bernstein (Canada) Limited, which is licensed and regulated by the Canadian Investment Regulatory Organization. If the publication pertains to a non-Canadian domiciled company, it is being distributed by Bernstein Institutional Services LLC, which is licensed and regulated by both the SEC and FINRA, into Canada under the International Dealers Exemption.

This document may not be passed onto any person in Canada unless that person qualifies as "permitted client" as defined in Section 1.1 of NI 31-103.

To our readers in Brazil: This report has been prepared by Bernstein Institutional Services LLC, and Banco BTG Pactual S.A. ("BTG") is responsible for the distribution of this report in Brazil.

To readers in the United Kingdom: This publication has been issued or approved for issue in the United Kingdom by Bernstein Autonomous LLP, authorised and regulated by the Financial Conduct Authority and located at 60 London Wall, London EC2M 5SH, +44 (0)20-7170-5000. Registered in England & Wales No OC343985.

This document is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

To our readers in the member states of the EEA: This publication is being distributed by BSG France SA, which is authorised and regulated by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and Autorité des Marchés Financiers (AMF).

To our readers in Hong Kong: This publication is being distributed in Hong Kong by Sanford C. Bernstein (Hong Kong) Limited 盛博香港有限公司, which is licensed and regulated by the Hong Kong Securities and Futures Commission (Central Entity No. AXC846) to carry out Type 4 (Advising on Securities) regulated activities and subject to the licensing conditions mentioned in the SFC Public Register (https://www.sfc.hk/publicregWeb/corp/AXC846/details)). This publication is solely for professional investors, as defined in the Securities and Futures Ordinance (Cap. 571). The purpose of this report is solely to provide an analysis of the issuers referred to in this report and is not intended for any purpose contrary to the laws of Hong Kong.

To our readers in Singapore: This publication is being distributed in Singapore by Sanford C. Bernstein (Singapore) Private Limited, only to accredited investors or institutional investors, as defined in the Securities and Futures Act 2001 of Singapore ("SFA"). Recipients in Singapore should contact Sanford C. Bernstein (Singapore) Private Limited in respect of matters arising from, or in connection with, this publication. Sanford C. Bernstein (Singapore) Private Limited is regulated by the Monetary Authority of Singapore and licensed under the SFA as a capital markets services licence holder for dealing in capital markets products that are securities and collective investment schemes and an exempt financial adviser for advising on, issuing and promu
and reports on securities. Sanford C. Bernstein (Singapore) Private Limited is registered in Singapore with Comp
No. 20213710W and located at 8 Marina Boulevard, #12-01, Marina Bay Financial Centre, Singapore 018981, +

To our readers in the People's Republic of China: The securities referred to in this document are not being of
may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not includin
and Macau Special Administrative Regions or Taiwan, the "PRC") in contravention of any applicable laws of the P



This document does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC.

We do not represent that this document may be lawfully distributed, or that any securities may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by us which would permit a public offering of any securities or distribution of this document in the PRC. Accordingly, the securities are not being offered or sold within the PRC by means of this document or any other document. Neither this document nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

To our readers in Japan: This publication is being distributed in Japan by Sanford C. Bernstein Japan KK (サンフォード・C・バーンスタイン株式会社), which is registered in Japan as a Financial Instruments Business Operator with the Kanto Local Finance Bureau (registration number: The Director-General of Kanto Local Finance Bureau (FIBO) No.3387) and regulated by the Financial Services Agency. It is also a member of Investment Management Association of Japan. This publication is solely for qualified institutional investors in Japan only, as defined in Article 2, paragraph (3), items (i) of the Financial Instruments and Exchange Act.

For the institutional client readers in Japan who have been granted access to the Bernstein website by Daiwa Securities Group Inc. ("Daiwa"), your access to this document should not be construed as meaning that Bernstein is providing you with investment advice for any purposes. Whilst Bernstein has prepared this document, your relationship is, and will remain with, Daiwa, and Bernstein has neither any contractual relationship with you nor any obligations towards you.

To our readers in Australia: Sanford C. Bernstein (Hong Kong) Limited 盛博香港有限公司 is responsible for distributing research in Australia. It is regulated by the Securities and Exchange Commission under U.S. laws, by the Financial Conduct Authority under U.K. laws, which differs from Australian laws. Sanford C. Bernstein (Hong Kong) Limited 盛博香港有限公司 is exempt from the requirement to hold an Australian financial services license under the Corporations Act 2001 in respect of the provision of the following financial services to wholesale clients:

- providing financial product advice;
- dealing in a financial product;
- making a market for a financial product; and
- providing a custodial or depository service.

To our readers in India: This publication is being distributed in India by Sanford C. Bernstein (India) Private Limited (SCB India) which is licensed and regulated by Securities and Exchange Board of India ("SEBI") as a research analyst entity under the SEBI (Research Analyst) Regulations, 2014, having registration no. INH000006378 and as a stock broker having registration no. INZ000213537. SCB India is currently engaged in the business of providing research and stock broking services. Please refer to www.bernsteinresearch.in for more information.

- SCB India is a Private limited company incorporated under the Companies Act, 2013, on April 12, 2017 bearing corporate identification number U65999MH2017FTC293762, and registered office at Level 3A, 4th Floor, First International Financial Centre, Plot Nos C-54 and C-55, G Block, Near CBI Office, Bandra Kurla Complex, Bandra (East), Mumbai 400098, Maharashtra, India (Phone No: +91-22-68421401).
- For details of Associates (i.e., affiliates/group companies) of SCB India, kindly email MUM-BERNSTEIN-InCompliance@bernsteinsg.com / scbincompliance@bernsteinsg.com.
- SCB India does not have any disciplinary history as on the date of this report.
- Except as noted above, SCB India and/or its Associates (i.e., affiliates/group companies), the Research Analysts authoring this report, and their relatives
  - do not have any financial interest in the subject company
  - do not have actual/beneficial ownership of one percent or more in securities of the subject company;
  - is not engaged in any investment banking activities for Indian companies, as such;

- have not managed or co-managed a public offering in the past twelve months for any Indian companies;
- have not received any compensation for investment banking services or merchant banking services from the subject company in the past 12 months;
- have not received compensation for brokerage services from the subject company in the past twelve months;
- have not received any compensation or other benefits from the subject company or third party related to the specific recommendations or views in this report; and
- do not currently, but may in the future, act as a market maker in the financial instruments of the companies covered in the report.
- do not have any conflict of interest in the subject company as of the date of this report.

- Except as noted above, the subject company has not been a client of SCB India during twelve months preceding the date of distribution of this research report. Neither SCB India nor its Associates (i.e., affiliates/group companies) have received compensation for products or services other than investment banking, merchant banking or brokerage services from the subject company in the past twelve months.
- The principal research analyst(s) who prepared this report, members of the analysts' team, and members of their households are not an officer, director, employee or advisory board member of the companies covered in the report.
- Our Compliance officer / Grievance officer is Ms. Rupal Talati, who can be reached at +91-22-68421451, or MUM-BERNSTEIN-InCompliance@bernsteinsg.com / Scbin-investorgrievance@bernsteinsg.com / scbincompliance@bernsteinsg.com.
- Kindly refer to the Research investor charter and Research Most Important Terms & Conditions (MITC) available at (https://bernsteinresearch.in/)
- Disclaimer: Registration granted by SEBI, and certification from NISM, is in no way a guarantee of performance of the intermediary or provide any assurance of returns to investors. Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

To our readers in Switzerland: This document is provided in Switzerland by or through Bernstein Autonomous LLP, and is provided only to qualified investors as defined in article 10 of the Swiss Collective Investment Scheme Act ("CISA") and related provisions of the Collective Investment Scheme Ordinance and in strict compliance with applicable Swiss law and regulations. The products mentioned in this document may not be suitable for all types of investors. This document is based on the Directives on the Independence of Financial Research issued by the Swiss Bankers Association (SBA) in January 2008.

To our readers in the Middle East: Bernstein Autonomous LLP, DIFC branch has its principal office at Gate Village 06, DIFC, Dubai, UAE. Bernstein Autonomous LLP, DIFC branch is regulated by the Dubai Financial Services Authority (DFSA) with the registration number CL10040 and is provisioned for Arranging Deals in Investments and Advising on Financial Products. All communications and services are directed at Professional Clients and Market Counterparties only (as defined in the DFSA rulebook). Persons other than Professional Clients and Market Counterparties, such as Retail Clients, are not the intended recipients of our communications or services.

LEGAL

All research publications are disseminated to our clients through posting on the firm's password protected websites, bernsteinresearch.com and autonomous.com. Certain, but not all, research publications are also made available to clients through third-party vendors or redistributed to clients through alternate electronic means as a convenience.

This publication has been published and distributed in accordance with the Firm's policy for management of conflicts of interest in investment research, a copy of which is available from Bernstein Institutional Services LLC, Director of Compliance, 245 Park Avenue, New York, NY 10167. Additional disclosures and information regarding Bernstein's business are available on our website www.bernsteinresearch.com.

The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors where that permission profile is not consistent with the licenses held by the entities noted herein. This document is for distribution only as may

be permitted by law. This publication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of, or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject any of the entities referenced herein or any of their subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction. This publication is based upon public sources we believe to be reliable, but no representation is made by us that the publication is accurate or complete. We do not undertake to advise you of any change in the reported information or in the opinions herein. This publication was prepared and issued by entity referred to herein for distribution to eligible counterparties or professional clients. This publication is not an offer to buy or sell any security, and it does not constitute investment, legal or tax advice. The investments referred to herein may not be suitable for you. Investors must make their own investment decisions in consultation with their professional advisors in light of their specific circumstances. The value of investments may fluctuate, and investments that are denominated in foreign currencies may fluctuate in value as a result of exposure to exchange rate movements. Information about past performance of an investment is not necessarily a guide to, indicator of, or assurance of, future performance.

This report is directed to and intended only for our clients who are "eligible counterparties", "professional clients", "institutional investors" and/or "professional investors" as defined by the aforementioned regulators, and must not be redistributed to retail clients as defined by the aforementioned regulators. Retail clients who receive this report should note that the services of the entities noted herein are not available to them and should not rely on the material herein to make an investment decision. The result of such act will not hold the entities noted herein liable for any loss thus incurred as the entities noted herein are not registered/ authorised/ licensed to deal with retail clients and will not enter into any contractual agreement/arrangement with retail clients. This report is provided subject to the terms and conditions of any agreement that the clients may have entered into with the entities noted herein. All research reports are disseminated on a simultaneous basis to eligible clients through electronic publication to our client portal.

The information in this report was prepared by Bernstein solely for the internal business use of our clients. Clients may store, display, analyze, reformat and print the information in this report for this limited use only. Clients may not copy, alter, create derivative works, resell, reverse engineer, commercially exploit, share or distribute any part of the information contained herein for any purpose without Bernstein's express written consent. These restrictions include extracting data or using the content to develop indices or other products. Further, you may not use this report, or any portion of this report, to train or finetune any third-party machine learning or artificial intelligence system, or as a prompt or input into any such system. You also may not, without Bernstein's express written consent, do any of the foregoing in connection with your own internal machine learning or artificial intelligence system.

Bernstein may use artificial intelligence tools in the preparation of its materials. Any such materials are reviewed by Bernstein's research analysts prior to publication.

This report has been prepared for information purposes only and is based on current public information that we consider reliable, but the entities noted herein do not warrant or represent (express or implied) as to the sources of information or data contained herein are accurate, complete, not misleading or as to its fitness for the purpose intended even though the entities noted herein rely on reputable or trustworthy data providers, it should not be relied upon as such. Opinions expressed are the author(s)' current opinions as of the date appearing on the material only and we do not undertake to advise you of any change in the reported information or in the opinions herein.

Any references to Societe Generale herein are purely factual, based upon publicly available information, and included for comparative purposes only. They do not constitute an opinion or recommendation with respect to the securities of Societe Generale.

This publication was prepared and issued by the entity referred to herein for distribution to eligible counterparties or professional clients. The information in this report is intended for general circulation and does not constitute an offer to buy or sell any security, investment, legal or tax advice nor a personal recommendation, as defined by any of the aforementioned regulators. It does not take into account the particular investment objectives, financial situations, or needs of individual investors. The report has not been reviewed by any of the aforementioned regulators and does not represent any official recommendation from the aforementioned regulators. The investments referred to herein may not be suitable for you. Investors must make their own investment decisions in consultation with advice sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any recipient of the recommendation, before the recipient makes a commitment to purchase the investment product.

The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. The information in this report does not constitute, or form part of, any offer to sell or issue, or any offer to purchase or subscribe for shares, or to induce engagement in any other investment activity. The value of any securities or financial instruments mentioned in this report may fluctuate subject to market conditions. Information about past performance of an investment is not necessarily a guide to, indicative of, or assurance of future performance. Estimates of future performance mentioned by the research analyst in this report are based on assumptions that may not be realized due to unforeseen factors like market volatility/fluctuation. In relation to securities or financial instruments denominated in a foreign currency other than the clients'

home currency, movements in exchange rates will have an effect on the value, either favorable or unfavorable. Before acting on any recommendations in this report, recipients should consider the appropriateness of investing in the subject securities or financial instruments mentioned in this report and, if necessary, seek independent professional advice.

The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors where that permission profile is not consistent with the licenses held by the entities noted herein. This document is for distribution only as may be permitted by law. It is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject the entities noted herein to any regulation or licensing requirement within such jurisdiction.

Source: Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Neither Bloomberg nor Bloomberg's licensors approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

No part of this material may be reproduced, distributed or transmitted or otherwise made available without prior consent of the entities noted herein. Copyright Bernstein Institutional Services LLC Bernstein Autonomous LLP, BSG France S.A., Sanford C. Bernstein (Hong Kong) Limited 盛博香港有限公司, Sanford C. Bernstein (Canada) Limited, Sanford C. Bernstein (India) Private Limited (SEBI registration no. INH000006378), Sanford C. Bernstein (Singapore) Private Limited and Sanford C. Bernstein Japan KK (サンフォード・C・バーンスタイン株式会社). All rights reserved. The trademarks and service marks contained herein are the property of their respective owners. Any unauthorized use or disclosure is strictly prohibited. The entities noted herein may pursue legal action if the unauthorized use results in any defamation and/or reputational risk to the entities noted herein and research published under the Bernstein and Autonomous brands.