

Hong Kong

ADD (no change)

Consensus ratings*: Buy 29 Hold 1 Sell 0

Current price:	HK\$148.8
Target price:	HK\$272.6
Previous target:	HK\$268.0
Up/downside:	83.2%
CGS-CIMB / Consensus:	22.7%
Reuters:	2015.HK
Bloomberg:	2015 HK
Market cap:	US\$40,382m
	HK\$315,377m
Average daily turnover:	US\$112.5m
	HK\$877.4m
Current shares o/s:	2,085m
Free float:	56.2%

*Source: Bloomberg

Key changes in this note

- FY23-25F revenue increased by 1-7% due to stronger EV deliveries.
- FY23-25F GPM increased by 1.0-1.4% pts due to better vehicle profit margin.
- FY23-25F EPS increased by 22-25% due to stronger EV deliveries and vehicle profit margin.

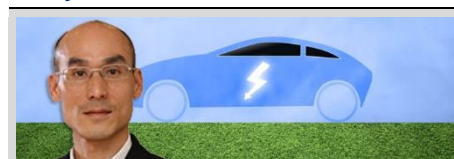


Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	10.5	-10	107.5
Relative (%)	12.7	-1.3	106.9

Major shareholders	% held
Amp Lee Ltd.	23.8
Inspired Elite Investment Limited	13.2
Zijin Global Inc.	6.8

Analyst



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Li Auto Inc

EREVs and BEVs drive EV sales in FY24F

- 3Q23 net profit was up 271% yoy to Rmb3.47bn; 9M23 net profit formed 88% of our previous FY23F due to higher-than-expected EV deliveries and VPM.
- We expect Li Auto's EV deliveries of c.43k units in Nov-Dec 23F (40k units in Oct 23), increasing to c.50k units/month in 1Q24F and 560k units in FY24F.
- We reiterate our Add call, with a higher DCF-based TP of HK\$272.60.

Strong 3Q23 results on EV deliveries' c.300% yoy growth

Li Auto reported strong net profit growth in 3Q23, driven by c.300% yoy EV deliveries growth and c.9%-pt vehicle profit margin (VPM) expansion, as a result of: 1) strong consumer demand for extended-range electric vehicle (EREV) models, 2) increased production capacity, and 3) improved delivery efficiency. 3Q23 net profit (non-GAAP) reached a record high of Rmb3.47bn (+272% yoy, +23% qoq), with revenue rising 21% qoq (+271% yoy) to Rmb34.7bn and GPM increasing 0.2% pt qoq (9.4% pt yoy) to 22.0%.

EV delivery outlook remains strong for 4Q23F and FY24F

In 3Q23, Li Auto delivered 105k EVs (+296% yoy, +21% qoq) due to strong demand for its L7 and L9 models and increased production capacity. Supported by the launch of the new variant of the L9, expanding sales channels, and improving delivery efficiency, the company guided for 125k-128k deliveries in 4Q23F (above our estimate of 106k units), which would mean over 43k units in Nov-Dec 23F (on top of the 40k units in Oct 23), bringing total EV delivery in FY23F to 372k units (+179% yoy). We believe Li Auto would maintain its market leadership in China's SUVs and NEVs priced above Rmb300k, thanks to its leading EREV technology. More importantly, we are optimistic about its battery electric vehicle (BEV) model Li MEGA, which will be launched in Dec 23F (Li Auto expects delivery in Feb 24F). We expect Li MEGA to drive stronger EV delivery of 560k units in FY24F (+51% yoy; previous forecast: 550k units) and 800k units in FY25F (+43% yoy), with its enriched EV portfolios (4 EREV and 3 BEV models) and further expansion in its production capacity (from 45k/month by end-FY23F to c.70k/month by end-FY24F).

Raise FY23-25F EPS on stronger EV sales and stable VPM outlook

We expect VPM to remain above 22% in 4Q23F and FY24F (21.2% in 3Q23 and 21% in 2Q22), despite rising competition in the premium price segment, as a result of higher economies of scale and price discipline. We raise our FY23F-25F EPS forecasts by 22-25% to reflect stronger EV deliveries and stable VPM outlook.

Reiterate Add with a higher target price of HK\$272.6

We reiterate our Add call on Li Auto, with a higher DCF-based TP of HK\$272.6 (WACC: 14.4%, TGR: 3.0%), as we remain positive about its BEV launches, which would generate new revenue, and its market position in the premium SUV segment (Rmb400k and above) due to product differentiation (family car for the younger generation). Share price catalysts are successful Li MEGA launch, stable VPM outlook, and stable EV battery costs. Increased competition in the Rmb400k+ EV price segment (both BEV and EREV) and lower-than-expected VPM in its BEV models are potential downside risks.

Financial Summary

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue (Rmbm)	27,010	45,287	126,089	182,166	255,609
Operating EBITDA (Rmbm)	(427)	(2,441)	9,722	14,583	19,099
Net Profit (Rmbm)	(321)	(2,012)	8,773	11,932	15,962
Normalised EPS (Rmb)	0.42	0.02	5.19	6.71	8.64
Normalised EPS Growth	29%	(95%)	24519%	29%	29%
FD Normalised P/E (x)	330	6,584	27	21	16
DPS (Rmb)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	316.2	NA	19.4	12.5	8.7
P/FCFE (x)	70.5	114.5	34.8	19.8	13.8
Net Gearing	(108%)	(108%)	(108%)	(115%)	(124%)
P/BV (x)	6.99	6.45	5.15	4.09	3.40
ROE	2.2%	0.1%	21.4%	22.0%	23.1%
% Change In Normalised EPS Estimates			25.2%	25.4%	22.0%
Normalised EPS/consensus EPS (x)			1.72	1.30	1.03

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

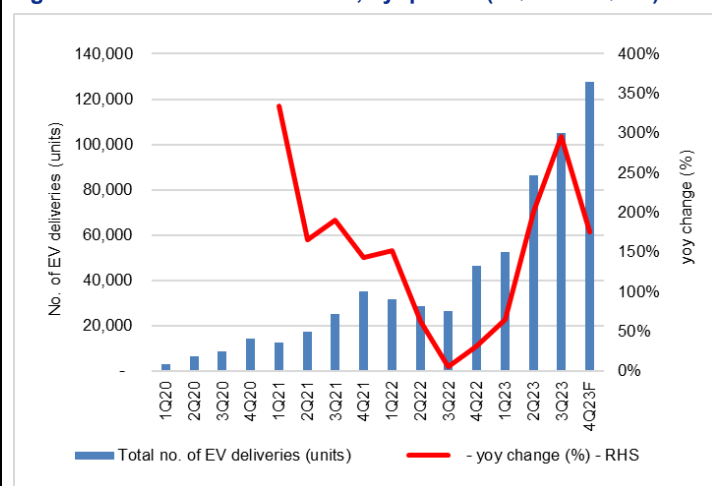
EREVs and BEVs drive EV sales in FY24F

Figure 1: Results comparison

FYE Dec 31 (Rmb m)	3QFY23	3QFY22	yoy % chg	qoq % chg	3QFY23 Cum	3QFY22 Cum	yoy % chg	Prev. FY23F	Comments
Revenue	34,680	9,342	271	21	82,119	27,637	197	117,953	3Q23 revenue surged 271% yoy (+21% qoq), driven by EV sales (+272% yoy and 20% qoq) and other sales & services (+259% yoy and 56% qoq).
Operating costs	(30,968)	(10,814)	186	17	(75,122)	(29,683)	153	(110,599)	
EBITDA	3,712	(1,472)	352	64	6,997	(2,046)	442	7,354	
EBITDA margin (%)	10.7	(15.8)	168	36	8.5	(7.4)		6.2	Vehicle profit margin expanded by 9.2% pts yoy and 0.2% pt qoq to 21.2% in 3Q23 due to enhanced economics of scale.
Depn & amort.	(932)	(350)	167	360	(1,338)	(755)	77	(1,858)	
EBIT	2,779	(1,822)	253	35	5,659	(2,801)	302	2,728	
Interest expense	(12)	(37)	(68)	(59)	(73)	(68)	7	(173)	
Interest & invt inc	184	157	17	(43)	689	541	27	745	Net cash increased to Rmb88.5bn at end-Sep 2023.
Associates' contrib	-	-	N/M	N/M	-	-	N/M	N/M	
Exceptionals	-	-	N/M	N/M	-	-	N/M	N/M	
Pretax profit	2,951	(1,702)	273	25	6,276	(2,328)	370	7,233	
Tax	(138)	56	N/M	N/M	(219)	30	(826)	(579)	
Tax rate (%)	4.7	3.3	-	-	3.5	1.3		8.0	3Q23 net profit (non-GAAP) increased by 380% qoq and 27% qoq to Rmb3.47bn, driven by strong EV deliveries (+296% yoy and +21% qoq to 105k units).
Minority interests	10	5	91	161	(11)	28	(138)	(60)	9M23 net profit (non-GAAP) formed 88% of our previous FY23F forecast. This was due to stronger than expected EV deliveries and vehicle profit margin.
Net profit	2,823	(1,640)	272	23	6,046	(2,269)	366	6,594	
Net profit (non-GAAP)	3,467	(1,240)	380	27	7,609	(924)	924	8,647	
EPS (Rmb cts)	145.4	(84.5)	272	23	311.5	(116.9)	366	339.7	
EPS (non-GAAP, Rmb cts)	178.6	(63.9)	380	27	392.0	(47.6)	924	445.4	

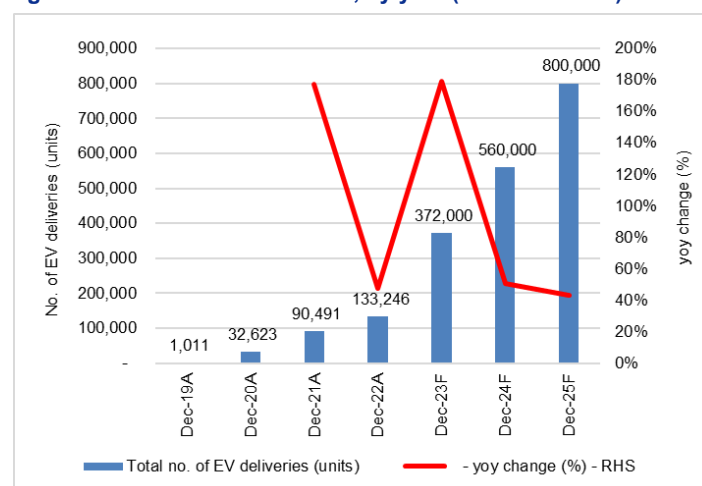
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Li Auto's EV deliveries, by quarter (1Q20 to 4Q23F)



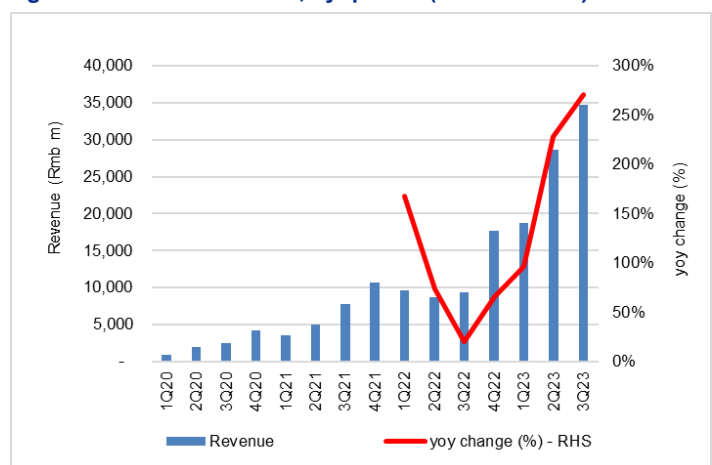
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 3: Li Auto's EV deliveries, by year (FY19 to FY25F)



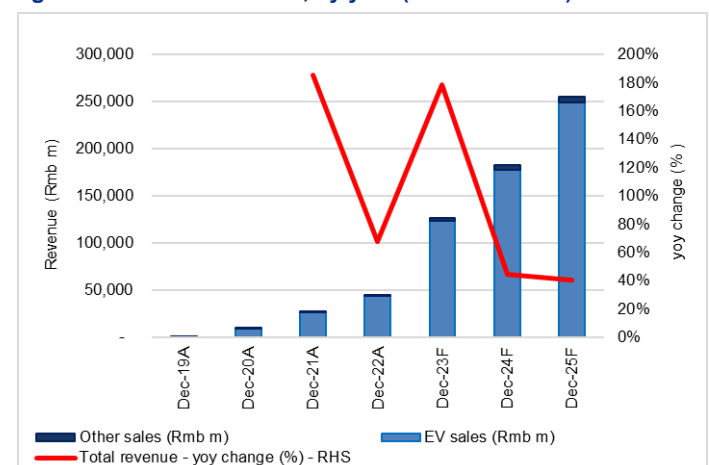
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 4: Li Auto's revenue, by quarter (1Q20 to 3Q23)



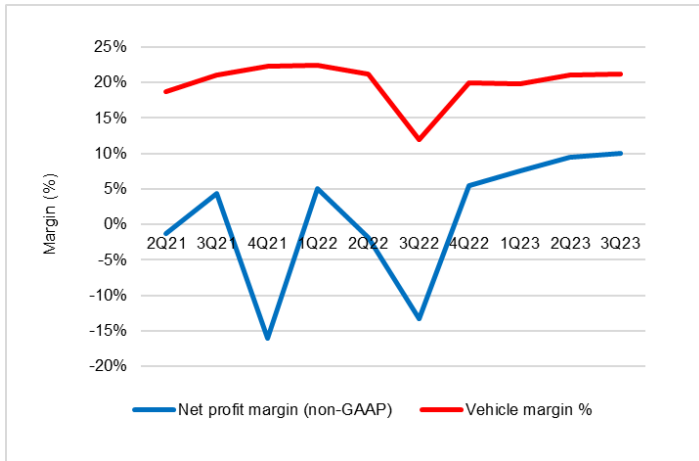
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Li Auto's revenue, by year (FY19 to FY25F)



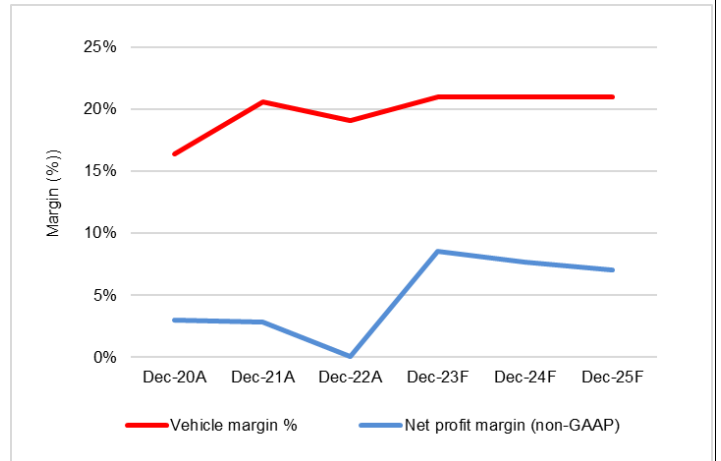
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 6: Li Auto's vehicle margins and net profit margins (non-GAAP), by quarter (1Q22 to 3Q23)



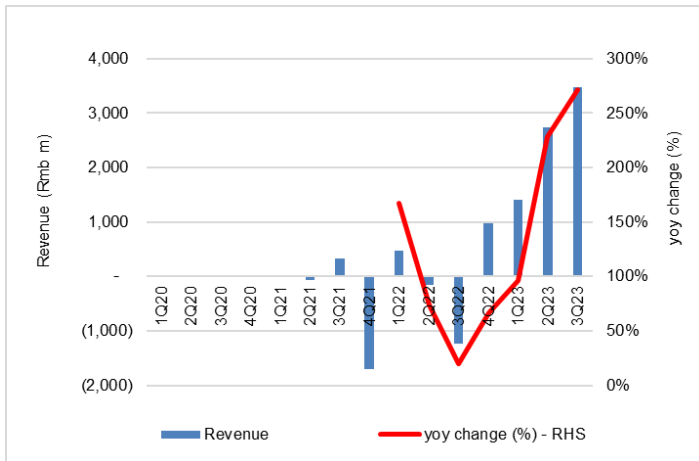
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Li Auto's vehicle margins and net profit margins (non-GAAP), by year (FY19 to FY25F)



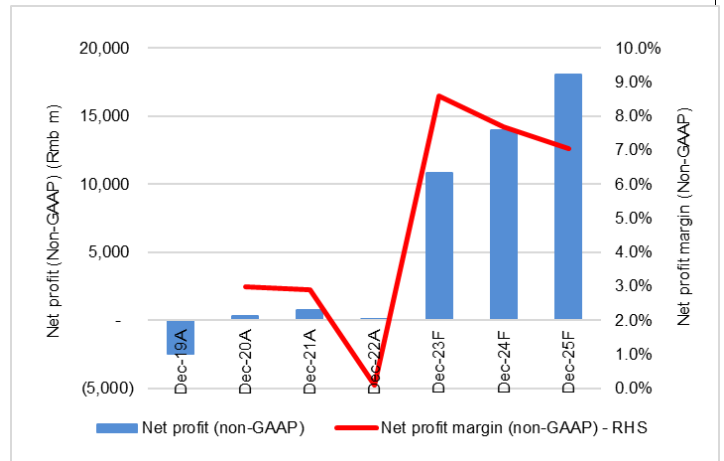
SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 8: Li Auto net profit and net profit margins (non-GAAP), by quarter (1Q20 to 3Q23)









SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 9: Li Auto net profit and net profit margins (non-GAAP), by year (FY19 to FY25F)



SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: Li Auto's EV model portfolio

	Model	Delivery Date	Segment	Wheelbase (mm)	CLTC driving range (km)	Acceleration time (0 to 100km/h) (s)	Peak Power (kW)	Maximum Torque (N-m)	Autonomous driving package	MSRP starting from (RMB)
2019	 Li ONE	Dec 19 (discontinued, replaced by L8)	7-Seater Luxury large-size SUV (EREV)	2,935	245/1080 (with 40.6kWh battery pack only/battery pack + petrol engines)	6.5	245	455	NVIDIA Orin SoC	348,000
2022	 Li L9	Aug-22	6-Seat mid-large SUV (EREV)	3,105	215/1315 (with 44.5kWh battery pack only/ battery pack + petrol engines)	5.3	330	620	NVIDIA Orin SoC	459,800
2022	 Li L8	Nov-22	6-Seat Family SUV (EREV)	3,005	210/1315 (with 42.8kWh battery pack only/ battery pack + petrol engines)	5.5	330	620	NVIDIA Orin-X SoC	339,800
2023	 Li L7	Mar-23	5-Seat Family SUV (EREV)	3,005	210/1315 (with 42.8kWh battery pack only/ battery pack + petrol engines)	5.3	330	620	Horizon Robotic Journey 5	319,800
2024	 Li MEGA	Feb-24	Premium MPV (BEV)	3,300	700 (with 102.7kWh battery pack)	5.5	400			around 500,000
2024	 Li L6	2024	5-Seat mid-size SUV (EREV)	2,955						around 250,000

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 11: Earnings revision (FYE Dec 31)

FYE - 31-Dec (Rmb m)	FY23F			FY24F			FY25F		
	Old	New	% chg	Old	New	% chg	Old	New	% chg
Total revenue	117,953	126,089	7%	179,807	182,166	1%	252,104	255,609	1%
Gross profit	24,310	27,248	12%	36,394	39,366	8%	51,984	55,236	6%
Gross margin (%)	20.6%	21.6%	1.0% pts	20.3%	21.6%	1.3% pts	20.2%	21.6%	1.4% pts
EBITDA	9,407	11,775	25%	13,562	16,636	23%	17,669	21,152	20%
EBITDA margin (%)	8.0%	9.3%	1.4% pts	7.6%	9.1%	1.6% pts	6.9%	8.3%	1.4% pts
Net profit	6,594	8,773	33%	9,096	11,932	31%	12,716	15,962	26%
Net profit (non-GAAP)	8,516	10,662	25%	10,989	13,780	25%	14,598	17,810	22%
EPS (non-GAAP)	4.15	5.19	25%	5.35	6.71	25%	7.08	8.64	22%

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS

Figure 12: Li Auto – discounted cash flow (DCF) valuation

FYE Dec 31 (Rmb m)	Dec 22A	Dec 23F	Dec 24F	Dec 25F	Dec 26F	Dec 27F	Dec 28F	Dec 29F	Dec 30F	Dec 35F	Terminal
Revenue	45,287	126,089	182,166	255,609	306,731	368,077	441,692	530,031	636,037	737,341	906,837
Operating expenses	(47,211)	(115,623)	(167,583)	(236,510)	(282,192)	(334,950)	(393,106)	(461,127)	(546,992)	(634,114)	(779,880)
EBITDA	(1,924)	10,467	14,583	19,099	24,538	33,127	48,586	68,904	89,045	103,228	126,957
Plus : Depreciation/Amortisation	1,105	2,270	2,907	3,482	4,150	4,631	5,262	6,063	7,061	10,946	15,019
Less : Change in working capital	4,740	3,469	7,401	9,692	11,631	13,957	16,748	20,098	24,118	27,959	34,386
Less : Capital expenditure	(5,128)	(6,000)	(6,500)	(6,500)	(6,135)	(7,362)	(8,834)	(10,601)	(12,721)	(14,747)	(18,137)
Less : Taxation	127	(768)	(1,336)	(1,775)	(2,129)	(2,555)	(3,066)	(3,680)	(4,416)	(5,119)	(6,296)
Free cash flow	(1,080)	9,438	17,055	23,998	32,055	41,798	58,696	80,784	103,088	122,267	151,930
Discount factor	1.00	1.00	0.87	0.76	0.67	0.58	0.51	0.45	0.39	0.20	0.08
PV FCF	(1,080)	9,438	14,909	18,338	21,412	24,406	29,959	36,044	40,207	24,340	11,796
Enterprise value (Rmb m)	460,284										
Less : Net debt / (cash)	(53,479)										
Equity value (Rmb m)	513,764										
Equity value - less minority	513,436										
Equity value per share (Rmb)	246.30										
Equity value per share (HK\$)	272.7										
Key assumptions											
WACC	14.4%										
Terminal growth	3.0%										

SOURCES: CGS-CIMB RESEARCH ESTIMATES, COMPANY REPORTS


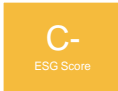

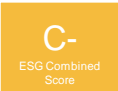



Figure 13: Peer comparison

Company	Bloomberg Code	Recom.	Price	Target price	Upside (%)	Market Cap	P/E (x)		3-year EPS CAGR %	PIBV (x)		ROE (%)		EV/EBITDA (x)		Yield (%)	
			(local curr)	(local curr)		(US\$m)	CY2023F	CY2024F		CY2023F	CY2024F	CY2023F	CY2024F	CY2023F	CY2024F	CY2023F	CY2024F
China Start-up EV makers																	
Li Auto	2015 HK	Add	148.80	272.6	83%	40,382	27.2	21.0	620%	5.2	4.1	21.7%	21.7%	22.9	14.3	0.0%	0.0%
NIO Inc	9866 HK	Add	57.85	93.0	61%	12,362	N/A	N/A	N/A	7.2	19.1	-87.1%	-111.1%	N/A	N/A	0.0%	0.0%
XPeng Inc	9868 HK	Hold	60.95	66.8	10%	13,526	N/A	N/A	N/A	3.1	4.2	-26.0%	-24.6%	N/A	N/A	0.0%	0.0%
Zhejiang Leapmotor	9863 HK	Not Rated	34.60	N/A	n.a.	5,062	N/A	N/A	-55.9%	5.6	8.1	-61.3%	-63.7%	na	na	0.0%	0.0%
Average																	
Electric vehicle manufacturers																	
BYD Co.	1211 HK	Add	242.20	389.0	61%	92,996	21.7	17.3	34.4%	8.0	8.5	32.3%	47.7%	9.4	8.0	0.1%	0.1%
Tesla Inc	TSLA US	Not Rated	214.65	N/A	n.a.	682,355	68.4	54.8	12.1%	13.0	10.7	19.4%	20.7%	43.0	34.3	0.0%	0.0%
Rivian Automotive	RIVN US	Not Rated	15.40	N/A	n.a.	14,749	na	na	-32.4%	1.5	1.6	-43.0%	-43.3%	na	na	0.0%	0.0%
Lucid Group	LCID US	Not Rated	3.80	N/A	n.a.	8,700	na	na	1.5%	1.8	3.2	-63.4%	-86.3%	na	na	0.0%	0.0%
Average																	
China Automobile manufacturers																	
Geely Automobile	175 HK	Not Rated	9.29	N/A	n.a.	11,970	18.1	12.5	22.4%	1.1	1.0	6.2%	8.5%	5.3	4.1	2.0%	2.8%
Great Wall Motor	2333 HK	Not Rated	10.90	N/A	n.a.	26,691	13.2	10.2	5.0%	1.3	1.2	9.9%	12.0%	15.0	12.1	3.3%	4.4%
Guangzhou Autb	2238 HK	Not Rated	3.60	N/A	n.a.	11,416	6.0	5.3	-11.0%	0.3	0.3	5.1%	5.4%	17.1	12.0	5.7%	5.6%
Average																	
Foreign automobile manufacturers																	
Kia Motor	000270 KS	Add	77,000	120,000	56%	23,508	3.5	3.3	17.2%	0.7	0.6	20.7%	18.7%	0.5	0.2	5.8%	5.8%
Hyundai Motor	005380 KS	Add	173,300	290,000	67%	27,837	3.9	3.9	14.1%	0.5	0.5	14.1%	12.6%	5.4	5.2	6.3%	6.3%
Toyota	7203 JP	Not Rated	2,817.00	N/A	n.a.	302,722	15.5	9.9	11.9%	1.3	1.2	9.4%	13.4%	16.6	10.9	2.0%	2.7%
BMW	BMW GR	Not Rated	91.71	N/A	n.a.	62,126	5.0	5.6	-15.2%	0.6	0.6	13.4%	11.0%	2.8	3.3	6.0%	5.9%
Mercedes-Benz Group	MBG GR	Not Rated	56.72	N/A	n.a.	64,874	4.5	4.8	-3.0%	0.7	0.6	15.5%	14.1%	1.3	1.4	9.0%	8.7%
Volkswagen	VOW GR	Not Rated	115.55	N/A	n.a.	59,535	3.7	3.7	2.1%	0.3	0.3	9.0%	8.2%	0.9	1.0	7.7%	7.8%
Ford	F US	Not Rated	9.86	N/A	n.a.	39,469	5.3	5.6	-1.1%	0.9	0.8	15.5%	14.9%	2.0	1.8	11.6%	6.1%
General Motor	GM US	Not Rated	26.85	N/A	n.a.	36,771	3.7	4.1	-5.1%	0.5	0.4	14.5%	10.5%	1.8	1.6	1.4%	2.1%
Average																	
Battery manufacturers																	
CALB	3931 HK	Not Rated	18.44	N/A	n.a.	4,184	34.0	18.4	55.4%	0.7	0.7	2.1%	4.0%	19.0	13.7	0.0%	0.1%
Tianqi Lithium	9696 HK	Not Rated	41.15	N/A	n.a.	11,834	5.1	6.3	-23.2%	1.0	0.8	21.8%	15.6%	1.9	2.0	3.9%	3.4%
CATL	300750 CH	Not Rated	187.85	N/A	n.a.	113,260	18.8	15.1	33.5%	4.1	3.3	22.7%	23.3%	11.3	8.8	0.9%	1.1%
EVE Energy	300014 CH	Not Rated	47.45	N/A	n.a.	13,310	20.4	14.5	37.1%	2.8	2.4	13.8%	16.8%	16.6	12.1	0.7%	1.0%
Gotion High-Tech	002074 CH	Not Rated	23.77	N/A	n.a.	5,798	48.4	28.7	86.4%	1.7	1.6	3.5%	5.8%	25.9	18.1	0.1%	0.1%
Shenzhen Desay Battery	000049 CH	Not Rated	32.78	N/A	n.a.	1,346	13.8	11.0	1.9%	2.2	2.0	14.0%	15.3%	11.5	9.2	1.8%	1.9%
LG Energy Solution	373220 KS	Not Rated	415,500	N/A	n.a.	73,485	57.0	36.0	70.1%	4.7	4.1	8.8%	12.3%	21.9	14.3	0.0%	0.0%
SK On	096770 KS	Not Rated	131,000	N/A	n.a.	9,966	16.5	7.4	1.1%	0.6	0.6	3.7%	7.8%	8.4	6.6	2.3%	2.3%
Samsung SDI	006400 KS	Add	417,000	590,000	41%	21,774	14.5	13.0	8.4%	1.5	1.4	11.3%	11.2%	4.8	3.9	0.2%	0.2%
Average																	
Electric vehicle parts manufacturers																	
Fuyao Glass	3606 HK	Not Rated	34.45	N/A	n.a.	12,616	14.8	13.1	14.7%	2.6	2.4	18.1%	18.4%	10.3	8.8	4.4%	4.9%
LK Technology	558 HK	Add	6.90	11.88	72%	1,216	13.0	9.3	34.2%	2.1	1.8	17.7%	21.0%	10.1	7.3	2.7%	3.8%
Times Electric	3898 HK	Not Rated	25.20	N/A	n.a.	6,466	11.0	9.7	16.9%	0.9	0.8	8.4%	8.6%	11.3	9.8	2.4%	2.6%
Qingdao TGOOD Electric	300001 CH	Not Rated	18.81	N/A	n.a.	2,723	45.9	36.4	35.3%	2.9	2.8	6.5%	7.8%	17.9	15.5	0.4%	0.5%
Apptotronics	688007 CH																
Genetec Technology Bhd	GENE MK	Add	2.42	3.60	49%	398	21.3	17.3	19.5%	3.9	3.3	21.8%	20.9%	16.0	12.6	0.6%	0.9%
Malaysian Pacific Industries	MPI MK	Reduce	26.80	23.65	-12%	1,132	42.2	25.8	N/A	2.7	2.5	6.7%	10.2%	9.7	8.0	1.2%	1.1%
Continental AG	CON GY	Not Rated	64.36	N/A	n.a.	13,762	8.7	7.1	23.4%	0.9	0.8	10.6%	11.7%	3.9	3.3	3.3%	4.3%
Valeo	FR FP	Not Rated	12.46	N/A	n.a.	3,244	10.1	5.7	54.6%	0.8	0.7	7.4%	12.2%	2.9	2.5	3.8%	5.5%
Magna International	MGA US	Not Rated	52.62	N/A	n.a.	15,068	9.7	7.8	22.6%	1.3	1.2	13.6%	15.9%	5.7	4.9	3.5%	3.6%
Average																	
Automotive software providers																	
Desay SV	002920 CH	Not Rated	116.98	N/A	n.a.	8,902	43.4	31.1	36.9%	8.4	7.0	20.3%	23.1%	36.3	25.7	0.6%	0.7%
ThunderSoft	300496 CH	Not Rated	84.20	N/A	n.a.	5,310	48.3	37.4	15.0%	4.0	3.6	8.4%	9.9%	37.2	28.7	0.5%	0.6%
Average																	

PRICES AS AT 13 NOV 2023

SOURCES: CGS-CIMB RESEARCH ESTIMATES, BLOOMBERG

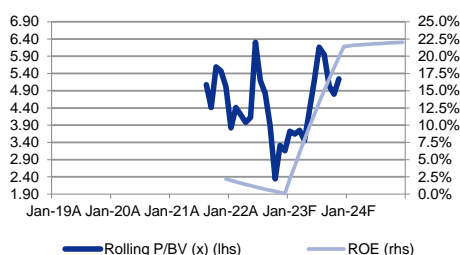
Note: Estimates for Not Rated companies are based on Bloomberg consensus

Refinitiv ESG Scores	
      	
ESG in a nutshell	
<p>In FY22, Li Auto stepped up its ESG efforts by forming an ESG Working Group to coordinate its ESG activities. To promote environmental protection, the company not only improved its efficiency and utilisation rate during production but launched eco-conscious products to minimise environmental impact. On the social aspect, the emphasis was on protecting the rights of its employees and participating in social charities. The company has also established a well-rounded structure for better internal governance and communication with its partners and stakeholders.</p> <p>We understand Li Auto is not involved in any environmentally detrimental industry practices and it has made efforts to integrate ESG with its business activities.</p>	
Environmental	Implications
<p>Li Auto tries to minimise the negative impact for the environment in terms of production and products. The company has specific teams and a comprehensive structure to minimise environmental impact during the manufacturing process.</p>	<p>In FY22, comprehensive energy consumption reached 30,293 tce. Greenhouse gas emission was 104,734 tCO₂e while emission intensity was 0.0051 tCO₂e/Rmb10,000. Hazardous and non-hazardous waste produced were 1,414.72 and 22,872 tonnes, respectively.</p> <p>The company has a Carbon Neutrality Working Group. Li Auto has a well-rounded environmental management system to reduce the emissions of air pollutants, solid waste, wastewater and noise pollution. In terms of products, the company has launched various green products that consume lower energy, have a green battery design and are lightweight.</p> <p>According to Refinitiv, Li Auto scored a D+ in the Environmental pillar and was ranked 167th out of 233 in the global automobiles & auto parts sector. We believe its environmental performance will improve this year as it seeks to lower the impact of its operations on the environment.</p>
Social	Implications
<p>Li Auto values its healthy relationship with its employees. It provides multiple opportunities for personal enrichment for employees and aims to protect their legal rights. The company is also engaged in community development and takes its social responsibility seriously.</p>	<p>Li Auto emphasises equity and diversity and provides many employee benefits, such as daily shuttle buses. To cultivate talent, the company provides training programmes to support the growth and development of its employees.</p> <p>On the philanthropic front, Li Auto participated in the pairing-up assistance project in Inner Mongolia. The company also organises many public welfare activities for its users and calls on them to participate in charitable activities.</p> <p>According to Refinitiv, Li Auto scored a C- in the Social pillar and was ranked 177th out of 233 in the global automobiles & auto parts sector.</p>
Governance	Implications
<p>Supported by a well-rounded structure and team, Li Auto integrates ESG elements into its daily operations. The company ensures compliance via detailed regulations and compulsory training sessions.</p>	<p>Li Auto has an ESG Working Group to coordinate ESG-related matters and has put in place mechanisms for stakeholder communication. Li Auto said it has a zero-tolerance policy for business ethics misconducts and is committed to working with suppliers to create a fair and honest environment for cooperation. It conducted 17 employee compliance training sessions in FY22.</p> <p>Refinitiv rated Li Auto's Governance pillar a B, and it is ranked 91st out of 233 companies in the global automobile & auto parts sector.</p>

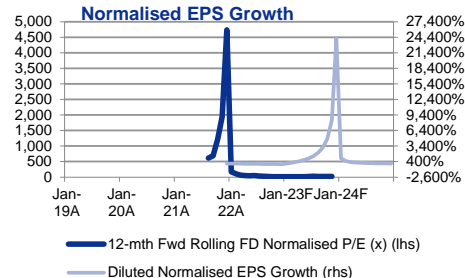
SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS

P/BV vs ROE



12-mth Fwd FD Normalised P/E vs FD Normalised EPS Growth



Profit & Loss

(Rmbm)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total Net Revenues	27,010	45,287	126,089	182,166	255,609
Gross Profit	5,761	8,790	27,248	39,366	55,236
Operating EBITDA	(427)	(2,441)	9,722	14,583	19,099
Depreciation And Amortisation	(590)	(1,214)	(2,270)	(2,907)	(3,482)
Operating EBIT	(1,017)	(3,655)	7,452	11,676	15,617
Financial Income/(Expense)	677	870	1,404	1,681	2,269
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	187	626	745	0	0
Profit Before Tax (pre-EI)	949	(106)	11,654	15,411	19,939
Exceptional Items	0	0	0	0	0
Pre-tax Profit	(153)	(2,159)	9,601	13,358	17,886
Taxation	(169)	127	(768)	(1,336)	(1,789)
Exceptional Income - post-tax					
Profit After Tax	(321)	(2,032)	8,833	12,022	16,097
Minority Interests	0	20	(60)	(90)	(135)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	(321)	(2,012)	8,773	11,932	15,962
Normalised Net Profit	780	21	10,886	14,075	18,150
Fully Diluted Normalised Profit	780	41	10,826	13,985	18,015

Cash Flow

(Rmbm)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
EBITDA	(427)	(2,441)	9,722	14,583	19,099
Cash Flow from Inv. & Assoc.	0	0	0	0	0
Change In Working Capital	6,429	4,740	3,469	7,401	9,692
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	2,233	5,314	918	196	67
Net Interest (Paid)/Received	(63)	(106)	(173)	(196)	(67)
Tax Paid	169	(127)	(768)	(1,336)	(1,789)
Cashflow From Operations	8,340	7,380	13,168	20,648	27,003
Capex	(3,445)	(5,128)	(6,000)	(6,500)	(6,500)
Disposals Of FAs/subsidiaries	221,977	60,468	0	0	0
Acq. Of Subsidiaries/investments	0	0	0	0	0
Other Investing Cashflow	(222,789)	(59,705)	0	0	0
Cash Flow From Investing	(4,257)	(4,365)	(6,000)	(6,500)	(6,500)
Debt Raised/(repaid)	(430)	(661)	1,249	636	648
Proceeds From Issue Of Shares	11,005	2,462	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	0	0	0	0	0
Preferred Dividends					
Other Financing Cashflow	6,134	3,838	3,568	3,546	3,675
Cash Flow From Financing	16,710	5,639	4,817	4,181	4,323
Total Cash Generated	20,793	8,655	11,985	18,330	24,826
Free Cashflow To Equity	3,653	2,354	8,416	14,784	21,151
Free Cashflow To Firm	4,146	3,122	7,341	14,344	20,569

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(Rmbm)	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total Cash And Equivalents	50,161	58,450	72,086	93,415	118,241
Total Debtors	601	1,738	4,840	6,992	9,811
Inventories	1,618	6,805	18,429	26,625	37,359
Total Other Current Assets	0	0	0	0	0
Total Current Assets	52,380	66,992	95,354	127,032	165,411
Fixed Assets	4,498	11,188	14,918	18,511	21,529
Total Investments	156	1,484	1,484	1,484	1,484
Intangible Assets	751	833	833	833	833
Total Other Non-Current Assets	4,062	6,040	6,040	6,040	6,040
Total Non-current Assets	9,468	19,545	23,275	26,869	29,887
Short-term Debt	37	391	870	1,006	1,129
Current Portion of Long-Term Debt					
Total Creditors	11,255	25,709	45,198	65,299	91,625
Other Current Liabilities	816	1,273	1,273	1,273	1,273
Total Current Liabilities	12,108	27,373	47,341	67,578	94,027
Total Long-term Debt	5,961	9,231	10,000	10,500	11,025
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	2,562	4,670	4,670	4,670	4,670
Total Non-current Liabilities	8,523	13,901	14,670	15,170	15,695
Total Provisions	154	78	78	78	78
Total Liabilities	20,785	41,352	62,089	82,826	109,801
Shareholders' Equity	41,064	44,859	56,213	70,747	85,170
Minority Interests	0	328	328	328	328
Total Equity	41,064	45,186	56,540	71,075	85,497

Key Ratios

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue Growth	186%	68%	178%	44%	40%
Operating EBITDA Growth	569%	(158%)	N/A	41%	27%
Operating EBITDA Margin	2.50%	(0.86%)	9.34%	9.13%	8.28%
Net Cash Per Share (Rmb)	21.38	23.42	29.37	39.29	50.89
BVPS (Rmb)	19.88	21.52	26.97	33.94	40.86
Gross Interest Cover	1.3	(15.1)	54.9	70.2	265.2
Effective Tax Rate	0.0%	0.0%	8.0%	10.0%	10.0%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	1.60	0.68	0.26	0.33	0.33
Inventory Days	22.90	42.12	46.59	57.74	58.28
Accounts Payables Days	107.7	147.0	102.0	110.3	111.3
ROIC (%)	9%	279%	(2314%)	(876%)	(210%)
ROCE (%)	2.1%	(1.2%)	18.1%	20.8%	22.2%
Return On Average Assets	(1.31%)	(1.08%)	9.35%	9.22%	9.23%

Key Drivers

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
No. of EV deliveries ('000 units)	90.5	133.2	372.0	560.1	800.2
No. of EV deliveries (units yoy% chg)	177.4%	47.2%	179.2%	50.6%	42.9%
Vehicle sales (Rmb m yoy % chg)	181.5%	68.8%	178.9%	44.5%	40.3%
Vehicle sales (GPM %)	44.1%	31.5%	46.0%	46.0%	46.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Description:	Excellent	Very Good	Good	N/A	N/A

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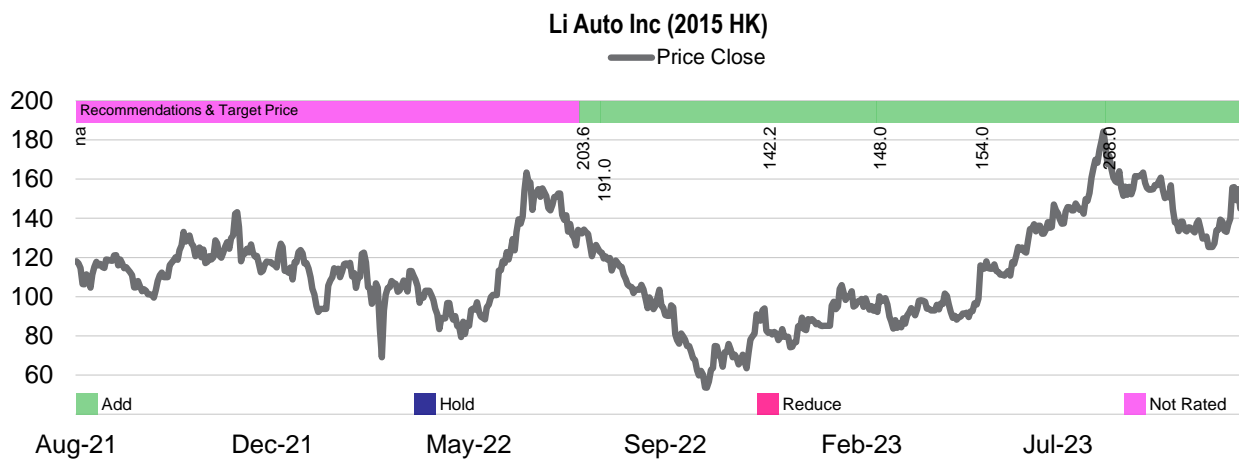
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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2023		
634 companies under coverage for quarter ended on 30 September 2023		
	Rating Distribution (%)	Investment Banking clients (%)
Add	66.7%	0.9%
Hold	23.7%	0.0%
Reduce	9.6%	0.2%

Spitzer Chart for stock being researched (2 year data)



Recommendation Framework	
Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.
<i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i>	
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Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.
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