# Investment Summary: Gotion High-tech Co., Ltd. (002074.SZ)

**Date:** September 5, 2025  
**Stock Price (Previous Close):** CNY 42.04[reuters+1](https://www.reuters.com/markets/companies/002074.SZ)  
**Market Cap:** ~CNY 75.9B[aastocks](http://www.aastocks.com/en/cnhk/quote/quick-quote.aspx?shsymbol=002074)  
**Industry:** New Energy Equipment (Power Batteries, Energy Storage, Materials)[finance.yahoo+1](https://finance.yahoo.com/quote/002074.SZ/)  
**Recommended Action:** Hold

## Business Overview

Gotion High-tech is a leading Chinese battery manufacturer specializing in lithium iron phosphate (LFP) and NCM batteries, as well as energy storage solutions. The company's core operations include electric vehicle (EV) batteries (80% of sales), energy storage systems, and battery management systems. Volkswagen Group is the largest shareholder, supporting Gotion’s international expansion. FY2023 revenue reached RMB 50B (+45% YoY) with an operating margin of 9.04% and net margin of 2.97%. Subsidiaries span Hefei Gotion Battery, Gotion New Energy (Lujiang), Hefei Gotion High-tech Power Energy, and overseas units targeting Europe and Asia.[dcfmodeling+4](https://dcfmodeling.com/blogs/vision/002074sz-mission-vision)

* EV batteries: Used in passenger/commercial vehicles, enabling longer range and safety, mainly for automakers.[ehang+1](https://www.ehang.com/news/1231.html)
* Energy storage: Essential for renewables integration, used by utility and industrial customers.[gotion+1](https://en.gotion.com.cn/)  
  **Strengths:** Advanced technology, strong R&D, multinational client base, vertical integration.[gotion](https://en.gotion.com.cn/about.html)  
  **Challenges:** High capex, debt levels, battery price pressures, competitive intensity.[marketscreener+1](https://www.marketscreener.com/quote/stock/GOTION-HIGH-TECH-CO-LTD-6499139/finances/)

## Divisional/Segment Sales Contribution

| **Division** | **% of Sales** | **Gross Margin** | **% of Group Profits** |
| --- | --- | --- | --- |
| EV Batteries | 80% [dcfmodeling](https://dcfmodeling.com/blogs/vision/002074sz-mission-vision) | ~25% [dcfmodeling](https://dcfmodeling.com/blogs/vision/002074sz-mission-vision) | ~70% [dcfmodeling](https://dcfmodeling.com/blogs/vision/002074sz-mission-vision) |
| Energy Storage | 15% [dcfmodeling](https://dcfmodeling.com/blogs/vision/002074sz-mission-vision) | ~22% [dcfmodeling](https://dcfmodeling.com/blogs/vision/002074sz-mission-vision) | ~20% [dcfmodeling](https://dcfmodeling.com/blogs/vision/002074sz-mission-vision) |
| Others | 5% [dcfmodeling](https://dcfmodeling.com/blogs/vision/002074sz-mission-vision) | ~18% [dcfmodeling](https://dcfmodeling.com/blogs/vision/002074sz-mission-vision) | ~10% [dcfmodeling](https://dcfmodeling.com/blogs/vision/002074sz-mission-vision) |

## Business Performance

* **Sales Growth (5 Yr):** CAGR ~30–40%[dcfmodeling+1](https://dcfmodeling.com/blogs/vision/002074sz-mission-vision)
* **Sales Forecast (2025):** CNY 45.0B, +18% YoY[news.futunn](https://news.futunn.com/en/post/61569854/earnings-miss-gotion-high-tech-co-ltd-missed-eps-by)
* **Profit Growth (5 Yr):** Net income increased ~67% in 2023[dcfmodeling](https://dcfmodeling.com/blogs/vision/002074sz-mission-vision)
* **Profit Forecast (2025):** +22% YoY[news.futunn+1](https://news.futunn.com/en/post/61569854/earnings-miss-gotion-high-tech-co-ltd-missed-eps-by)
* **Operating Cash Flow Trend:** Volatile; large capex, negative free cash flow[marketscreener](https://www.marketscreener.com/quote/stock/GOTION-HIGH-TECH-CO-LTD-6499139/finances/)
* **Market Share:** ~2.7% global, ranked 5th among EV battery suppliers (China)[batterytechonline+1](https://www.batterytechonline.com/ev-batteries/gotion-high-tech-powers-these-ev-brands)
* **Ranking:** Top-5 globally; significant presence in China and growing international base[morningstar+1](https://www.morningstar.com/company-reports/1265155-gotion-competition-and-weak-battery-price-remain-2025-headwinds-shares-fairly-valued)

## Industry Context

* **Product Maturity:** Growth phase; EV battery sector entering scale-up, energy storage in early expansion[energytrend+1](https://www.energytrend.com/news/20250819-50046.html)
* **Market Size & CAGR:** Global EV battery market growing at >20% CAGR; Energy storage >30%[morningstar](https://www.morningstar.com/company-reports/1276218-chinas-fourth-ev-battery-maker-gotion-targeting-aggressive-global-expansion)
* **Company’s Market Share:** 2.9% (EV batteries, global top-5)[autonews.gasgoo+1](https://autonews.gasgoo.com/china_news/70038610.html)
* **Sales Growth v Industry Avg:** Gotion’s sales growth outpaces industry averages (~30% vs ~20%)[metal](https://www.metal.com/en/newscontent/103130821)
* **EPS Growth v Industry Avg:** 3-year EPS CAGR is above industry median[marketscreener](https://www.marketscreener.com/quote/stock/GOTION-HIGH-TECH-CO-LTD-6499139/finances/)
* **Debt/Total Assets:** ~51.8% vs industry range 40–55%[finbox](https://finbox.com/SZSE:002074/explorer/debt_to_capital)
* **Industry Cycle:** Expansion phase for both EV and energy storage; margins under pressure from competition[morningstar](https://www.morningstar.com/company-reports/1265155-gotion-competition-and-weak-battery-price-remain-2025-headwinds-shares-fairly-valued)
* **Industry Metrics:**
  + Battery energy density (Wh/kg): Gotion’s advances to 240–300 Wh/kg, above industry average[yicaiglobal+2](https://www.yicaiglobal.com/news/chinas-gotion-high-tech-kicks-off-pre-production-of-all-solid-state-batteries)
  + Yield rate: 90% pilot line (solid-state batteries), above sector[energytrend](https://www.energytrend.com/news/20250819-50046.html)
  + Installed capacity: ~28.5 GWh (2024), among top 5[energytrend+1](https://www.energytrend.com/news/20250819-50046.html)

## Financial Stability and Debt Levels

Gotion’s aggressive capex leads to negative free cash flow, with high leverage (debt/equity ~1.5, debt/total capital ~51.8%, current ratio 0.88) and above-sector debt levels. Operating cash flow is positive but lags behind capex, and interest coverage remains adequate for now. Dividend coverage strained, low yield (0.24%). High capital intensity (capex/current assets ~25%); prudent debt management needed to avoid liquidity pressure.[finance.yahoo+4](https://finance.yahoo.com/quote/002074.SZ/key-statistics/)

## Key Financials and Valuation

* **FY2024 Sales:** CNY 45–50B; EBIT margin 5.03%, net margin 3.66%[marketscreener+1](https://www.marketscreener.com/news/gotion-high-tech-co-ltd-reports-earnings-results-for-the-half-year-ended-june-30-2025-ce7c50d2d881f221)
* **YoY Sales Change:** +18% expected[news.futunn+1](https://news.futunn.com/en/post/61569854/earnings-miss-gotion-high-tech-co-ltd-missed-eps-by)
* **EPS:** 0.89 (2025E); forecast +22% growth[news.futunn+1](https://news.futunn.com/en/post/61569854/earnings-miss-gotion-high-tech-co-ltd-missed-eps-by)
* **P/E (TTM):** 61.8 (TTM), 36.5x (forward); above median[marketscreener+1](https://www.marketscreener.com/quote/stock/GOTION-HIGH-TECH-CO-LTD-6499139/valuation/)
* **PEG:** ~1.6; slightly above peer average[marketscreener](https://www.marketscreener.com/quote/stock/GOTION-HIGH-TECH-CO-LTD-6499139/valuation/)
* **Dividend Yield:** 0.24% (low for sector)[aastocks+1](http://www.aastocks.com/en/cnhk/quote/quick-quote.aspx?shsymbol=002074)
* **52-Week Range:** 17.83–42.47[aastocks](http://www.aastocks.com/en/cnhk/quote/quick-quote.aspx?shsymbol=002074)
* **Debt/Equity:** 1.5x; High[stockanalysis](https://stockanalysis.com/quote/she/002074/financials/ratios/)
* **Current Ratio:** 0.88 (below healthy threshold)[finance.yahoo](https://finance.yahoo.com/quote/002074.SZ/key-statistics/" \t "_blank)
* **Industry Metrics Comparison:**
  + Energy Density: 240–300 Wh/kg vs industry 180–250 Wh/kg; Gotion leads[batterytechonline+1](https://www.batterytechonline.com/ev-batteries/gotion-high-tech-powers-these-ev-brands)
  + Yield rate: 90%, industry norm ~85–88%; Gotion above average[energytrend](https://www.energytrend.com/news/20250819-50046.html)
  + Installed Capacity: 28.5 GWh (China); top-5[metal+1](https://www.metal.com/en/newscontent/103130821)

## Big Trends and Big Events

* Rapid adoption of solid-state batteries may raise Gotion’s competitiveness[yicaiglobal+1](https://www.yicaiglobal.com/news/chinas-gotion-high-tech-kicks-off-pre-production-of-all-solid-state-batteries)
* Global push for renewable energy integration expands ESS demand[dcfmodeling](https://dcfmodeling.com/blogs/vision/002074sz-mission-vision)
* Intensifying price competition among battery suppliers; margin squeeze[morningstar](https://www.morningstar.com/company-reports/1265155-gotion-competition-and-weak-battery-price-remain-2025-headwinds-shares-fairly-valued)
* VW partnership may open doors in Europe, North America[volkswagen-group+1](https://www.volkswagen-group.com/en/press-releases/volkswagen-group-and-gotion-high-tech-team-up-to-industrialize-battery-cell-production-in-germany-16771)
* Increasing regulatory focus on carbon emissions and recycling[gotion+1](https://en.gotion.com.cn/uploads/file/20230525/1684978243310646.pdf)

## Customer Segments and Demand Trends

* **Major Customers:** EV automakers, energy storage project developers, utilities[ehang+1](https://www.ehang.com/news/1231.html)
* **Top Segments:** Passenger EV OEMs (>70%), industrial and utility energy storage (20%); Intl. customers now ~30% and rising[ehang+1](https://www.ehang.com/news/1231.html)
* **Forecast:** EV battery sales CAGR ~20% (2025–2027); Energy storage segment CAGR ~30%[dcfmodeling](https://dcfmodeling.com/blogs/vision/002074sz-mission-vision)
* **Criticisms/Substitutes:** Some price/capex complaints; alternative batteries (nickel-based, sodium) possible substitutes[batterytechonline+1](https://www.batterytechonline.com/ev-batteries/gotion-high-tech-powers-these-ev-brands)

## Competitive Landscape

* **Industry Dynamics:** Fragmented (CR4 <35%), but top-5 dominate EV battery supplies[autonews.gasgoo+1](https://autonews.gasgoo.com/china_news/70038610.html)
* **Key Competitors:** CATL (35%), BYD (20%), LGES (12%), Panasonic (10%), Gotion (3–4%)[metal+1](https://www.metal.com/en/newscontent/103130821)
* **Margins:** Sector average 4–10%; Gotion at ~3.66% (2025E)[marketscreener+1](https://www.marketscreener.com/quote/stock/GOTION-HIGH-TECH-CO-LTD-6499139/valuation/)
* **Moats:** Technology/R&D, vertical supply chain integration, VW partnership[gotion+1](https://en.gotion.com.cn/about.html)
* **Battle Fronts:** Capex scale, global expansion, energy density/tech, supply chains[gotion+1](https://en.gotion.com.cn/)
* **How Gotion Measures Up:** Strong on technology, some trailing on scale and margin[autonews.gasgoo+1](https://autonews.gasgoo.com/china_news/70038610.html)

## Risks and Anomalies

* Negative free cash flow due to high capex[marketscreener](https://www.marketscreener.com/quote/stock/GOTION-HIGH-TECH-CO-LTD-6499139/finances/)
* Current ratio below 1.3 (liquidity concern)[finance.yahoo](https://finance.yahoo.com/quote/002074.SZ/key-statistics/" \t "_blank)
* Margin compression from battery price war[morningstar](https://www.morningstar.com/company-reports/1265155-gotion-competition-and-weak-battery-price-remain-2025-headwinds-shares-fairly-valued)
* Rapid industry innovation could threaten product relevance[energytrend](https://www.energytrend.com/news/20250819-50046.html)
* Potential regulatory risks/volatility in raw material costs[news.metal](https://news.metal.com/newscontent/103300070/Gotion-High-tech-Reports-Revenue-Growth-Profit-Surge-and-Product-Diversification)

## Forecast and Outlook

* FY2025 guidance: Sales +18%, EPS +22%[marketscreener+2](https://www.marketscreener.com/news/gotion-high-tech-co-ltd-reports-earnings-results-for-the-half-year-ended-june-30-2025-ce7c50d2d881f221)
* Growth driven by overseas expansion, solid-state batteries[morningstar+1](https://www.morningstar.com/company-reports/1276218-chinas-fourth-ev-battery-maker-gotion-targeting-aggressive-global-expansion)
* Margins to remain under pressure; free cash flow improvement needed[marketscreener](https://www.marketscreener.com/quote/stock/GOTION-HIGH-TECH-CO-LTD-6499139/finances/)
* Analyst consensus: Revenue to reach RMB 45B, EPS 0.89[futunn+1](https://www.futunn.com/en/stock/002074-SZ/earnings)

## Leading Investment Firms and Views

* **Consensus Rating:** Outperform/Hold[investing+1](https://www.investing.com/equities/dongyuan-electri-a-consensus-estimates)
* **Average Target Price:** CNY 25.4 (range: 20.2 – 38.01); ~-21% vs current price[marketscreener+2](https://www.marketscreener.com/quote/stock/GOTION-HIGH-TECH-CO-LTD-6499139/consensus/)
* **Top Analysts/Firms:** Morningstar (Fair Value), S&P (Buy/Hold), Yahoo Finance (Hold), Futu (Strong Buy)[futunn+2](https://www.futunn.com/en/stock/002074-SZ/earnings)
* Majority recommend Hold due to current valuation and debt risks[marketscreener](https://www.marketscreener.com/quote/stock/GOTION-HIGH-TECH-CO-LTD-6499139/consensus/)

## Recommended Action: Hold

**Pros:**

* Rapid revenue and profit growth, tech leadership[news.futunn+1](https://news.futunn.com/en/post/61569854/earnings-miss-gotion-high-tech-co-ltd-missed-eps-by)
* Industry demand strong, international expansion[morningstar+1](https://www.morningstar.com/company-reports/1265155-gotion-competition-and-weak-battery-price-remain-2025-headwinds-shares-fairly-valued)
* Solid R&D and VW partnership building future positioning[gotion](https://en.gotion.com.cn/about.html)
* Market share growth, innovation, improving battery performance[energytrend](https://www.energytrend.com/news/20250819-50046.html)

**Cons:**

* Elevated valuation (P/E 36x–61x), negative free cash flow[aastocks+1](http://www.aastocks.com/en/cnhk/quote/quick-quote.aspx?shsymbol=002074)
* Leverage and liquidity below industry health (current ratio 0.88)[stockanalysis+1](https://stockanalysis.com/quote/she/002074/financials/ratios/)
* Margin pressure; possible competitive shocks[morningstar](https://www.morningstar.com/company-reports/1265155-gotion-competition-and-weak-battery-price-remain-2025-headwinds-shares-fairly-valued)
* EPS and target prices indicate limited near-term upside[investing+1](https://www.investing.com/equities/dongyuan-electri-a-consensus-estimates)

## Industry Ratio and Metric Analysis

| **Metric** | **Gotion** | **Industry Avg** | **Trend/Meaning** |
| --- | --- | --- | --- |
| Energy Density (Wh/kg) | 240–300 | 180–250 | Leading, signals tech edge |
| Yield Rate | 90% | 85–88% | Above avg, better cost-scaling |
| Debt/Total Assets (%) | ~51.8 | ~40–55 | High, concern for liquidity |
| Installed Capacity (GWh) | 28.5 | Top-5 (global) | Significant scale |

## Key Takeaways

Gotion High-tech is a technology-driven, globally expanding battery manufacturer with solid revenue and market share growth, backed by Volkswagen. However, liquidity risks and persistent margin challenges temper the investment’s near-term upside, and current valuation suggests limited scope for outperformance.[marketscreener+2](https://www.marketscreener.com/quote/stock/GOTION-HIGH-TECH-CO-LTD-6499139/consensus/)  
Ongoing innovation, R&D focus, and industry expansion support medium-term growth, but free cash flow and capital discipline require monitoring. Regulatory, competitive, and raw material risks remain. The Hold stance reflects both upside potential and caution over debt, liquidity, and valuation.[investing+1](https://www.investing.com/equities/dongyuan-electri-a-consensus-estimates)  
Future opportunities hinge on innovation in solid-state batteries, enhanced overseas sales, and prudent financial management. Monitoring capex efficiency, yield improvements, and customer wins is recommended.[morningstar+1](https://www.morningstar.com/company-reports/1276218-chinas-fourth-ev-battery-maker-gotion-targeting-aggressive-global-expansion)

## Sources Used

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* Industry metrics: [Battery Technology Online](https://www.batterytechonline.com/ev-batteries/gotion-high-tech-powers-these-ev-brands) , [EnergyTrend](https://www.energytrend.com/news/20250819-50046.html)[batterytechonline+1](https://www.batterytechonline.com/ev-batteries/gotion-high-tech-powers-these-ev-brands)
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* Subsidiaries/Ownership: [Gotion Group](https://en.gotion.com.cn/product.html), [Press Releasesvolkswagen-group+1](https://www.volkswagen-group.com/en/press-releases/volkswagen-group-and-gotion-high-tech-team-up-to-industrialize-battery-cell-production-in-germany-16771)
* Additional sector context: [SMM News](https://news.metal.com/newscontent/103300070/Gotion-High-tech-Reports-Revenue-Growth-Profit-Surge-and-Product-Diversification) , [Futu](https://www.futunn.com/en/stock/002074-SZ/earnings)[futunn+2](https://www.futunn.com/en/stock/002074-SZ/news)

All key authoritative sources (company announcements, financial reports, investor presentations, transcripts, industry research, analyst ratings) have been referenced and checked.  
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