

Tuhu Car (9690 HK)

A beneficiary from industry consolidation

Maintain BUY. Tuhu's 2H25 adjusted net profit missed due to lower-than-expected GPM. However, its strong store expansion and continued franchise profitability improvement give us more confidence in its market share gains in FY26-27E. We view Tuhu's focus on market share gains as a right strategy amid industry consolidation and evolving after-sales service landscape. We believe Tuhu is still better positioned than most peers despite our short-term profit trim as a trade-off, especially with lingering macro challenges.

■ **2H25 miss on GPM.** Tuhu's 2H25 revenue rose 12% YoY to RMB8.6bn, 2% higher than our forecast, driven by accelerated store openings (+ 803 in 2H25 vs. +331 in 1H25). Its gross margin fell 1.8ppts YoY and 2.0ppts HoH to 21.3% in 2H25, weaker than expected due to its aggressive pricing to grab market share. Adjusted operating expenses (excl. share-based payments (SBP)) in 2H25 were largely in line, while SBP exceeded our expectation due to increased investment in AI. Accordingly, Tuhu's adjusted net profit rose 9% YoY and fell 29% HoH to RMB290mn in 2H25, lower than our prior forecast by RMB60mn.

■ **We view Tuhu as an industry consolidation beneficiary and market share priority as a right strategy.** It appears to us that Tuhu has prioritized market share gains over high profit growth now to solidify its leading position amid industry consolidation. It targets 1,000 new store additions in FY26E, as >90% of stores with 6+ months are profitable and the average payback period has shortened to 30 months. We project such store expansion pace to continue in FY27E with total number of stores reaching 10,000, benefiting from industry consolidation and evolving after-sales service landscape. Although such strategy may be at the cost of lower gross margin, we are of the view that Tuhu is better positioned than most peers with its continuously improving operational efficiency and supply chain pricing advantage.

■ **Earnings/Valuation.** We project FY26E revenue to rise 11% YoY to RMB18.3bn with a GPM of 24.2% (+0.1ppt YoY) and an operating expense ratio (excl. SBP) of 21.8% (flat YoY). Accordingly, we expect FY26E adjusted net profit to rise 5% YoY to RMB738mn, or 16% lower than our prior forecast. We expect strategic focus on market share gains and investment in operational efficiency improvement to start to partially pay off from FY27E, although the visibility is still low. We project 27% YoY growth in adjusted net profit amid 9% YoY growth in revenue and a GPM of 24.5%. We maintain our BUY rating and trim target price from HK\$23.00 to HK\$19.00, still based on 20x adjusted FY26E P/E. Key risks to our rating and target price include slower network expansion, lower-than-expected revenue/margins, as well as a sector de-rating.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue (RMB mn)	13,601	14,759	16,462	18,285	19,992
YoY growth (%)	17.8	8.5	11.5	11.1	9.3
Net profit (RMB mn)	6,702.9	483.8	420.4	466.9	649.2
YoY growth (%)	na	(92.8)	(13.1)	11.1	39.1
Adjusted net profit (RMB mn)	481.3	624.1	700.1	738.5	939.8
EPS (Reported) (RMB)	20.80	0.60	0.53	0.59	0.83
P/E (x)	0.6	20.1	22.8	20.4	14.5
P/E (Adjusted) (x)	8.0	15.5	13.7	12.9	10.0
P/B (x)	0.9	2.0	1.9	1.3	1.1
ROE (%)	na	10.4	8.5	7.7	8.4

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$19.00
(Previous TP)	HK\$23.00)
Up/Downside	39.2%
Current Price	HK\$13.65

China Auto

Wenjing DOU, CFA

(852) 6939 4751

douwenjing@cmbi.com.hk

Ji SHI, CFA

(852) 3761 8728

shiji@cmbi.com.hk

Austin Liang

(852) 3900 0856

austinliang@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	11,283.1
Avg 3 mths t/o (HK\$ mn)	14.4
52w High/Low (HK\$)	20.90/13.51
Total Issued Shares (mn)	826.6

Source: FactSet

Shareholding Structure

Tencent Holdings	19.2%
Mr. Chen Min	10.0%

Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-10.8%	-6.8%
3-mth	-14.5%	-13.1%
6-mth	-32.8%	-29.5%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related Report

["Tuhu Car \(9690 HK\) - Market share gain on superb management" - 22 Aug 2025](#)

Figure 1: Interim results

RMB mn	1H23	2H23	1H24	2H24	1H25	2H25	YoY	HoH
Revenue	6,522	7,079	7,126	7,633	7,877	8,585	12.5%	9.0%
Gross profit	1,578	1,781	1,846	1,900	1,982	1,985	4.5%	0.2%
Operation and support expenses	(272)	(328)	(283)	(293)	(310)	(372)	26.6%	20.0%
R&D expenses	(298)	(282)	(302)	(338)	(344)	(420)	24.4%	22.3%
SG&A expenses	(1,027)	(1,108)	(1,094)	(1,177)	(1,216)	(1,209)	2.7%	-0.6%
Operating profit	67	95	212	119	222	30	-74.6%	-86.4%
Net profit	60	6,643	286	198	307	113	-42.9%	-63.1%
Adj. net profit	214	267	358	266	410	290	8.9%	-29.4%
Gross margin	24.2%	25.2%	25.9%	24.9%	25.2%	23.1%	-1.8 ppts	-2.0 ppts
Operating margin	1.0%	1.3%	3.0%	1.6%	2.8%	0.4%	-1.2 ppts	-2.5 ppts
Net margin	0.9%	93.8%	4.0%	2.6%	3.9%	1.3%	-1.3 ppts	-2.6 ppts
Adj. net margin	3.3%	3.8%	5.0%	3.5%	5.2%	3.4%	-0.1 ppts	-1.8 ppts

Source: Company data, CMBIGM estimates

Figure 2: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25A	FY26E	FY27E	FY25E	FY26E	FY27E	FY25A	FY26E	FY27E
Revenue	16,462	18,285	19,992	16,263	17,761	19,043	1.2%	3.0%	5.0%
Gross profit	3,968	4,422	4,892	4,109	4,603	5,001	-3.4%	-3.9%	-2.2%
Operating profit	252	341	538	413	594	738	-38.9%	-42.6%	-27.1%
Net profit	420	467	649	560	705	839	-24.9%	-33.8%	-22.7%
Adj. net profit	700	738	940	761	876	1,010	-7.9%	-15.7%	-7.0%
Gross margin	24.1%	24.2%	24.5%	25.3%	25.9%	26.3%	-1.2 ppts	-1.7 ppts	-1.8 ppts
Operating margin	1.5%	1.9%	2.7%	2.5%	3.3%	3.9%	-1.0 ppts	-1.5 ppts	-1.2 ppts
Net margin	2.6%	2.6%	3.2%	3.4%	4.0%	4.4%	-0.9 ppts	-1.4 ppts	-1.2 ppts
Adj. net margin	4.3%	4.0%	4.7%	4.7%	4.9%	5.3%	-0.4 ppts	-0.9 ppts	-0.6 ppts

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25A	FY26E	FY27E	FY25E	FY26E	FY27E	FY25A	FY26E	FY27E
Revenue	16,462	18,285	19,992	16,347	18,098	19,732	0.7%	1.0%	1.3%
Gross profit	3,968	4,422	4,892	4,156	4,696	5,173	-4.5%	-5.8%	-5.4%
Operating profit	252	341	538	513	711	890	-50.9%	-52.0%	-39.5%
Adj. net profit	700	738	940	764	904	1,095	-8.4%	-18.3%	-14.2%
Gross margin	24.1%	24.2%	24.5%	25.4%	25.9%	26.2%	-1.3 ppts	-1.8 ppts	-1.7 ppts
Operating margin	1.5%	1.9%	2.7%	3.1%	3.9%	4.5%	-1.6 ppts	-2.1 ppts	-1.8 ppts
Net margin	4.3%	4.0%	4.7%	4.7%	5.0%	5.5%	-0.4 ppts	-1.0 ppts	-0.8 ppts

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	11,547	13,601	14,759	16,462	18,285	19,992
Cost of goods sold	(9,277)	(10,242)	(11,013)	(12,494)	(13,863)	(15,100)
Gross profit	2,270	3,359	3,746	3,968	4,422	4,892
Operating expenses	(3,034)	(3,198)	(3,415)	(3,715)	(4,081)	(4,354)
Selling expense	(1,542)	(1,715)	(1,916)	(2,025)	(2,249)	(2,416)
Admin expense	(399)	(420)	(355)	(400)	(441)	(466)
R&D expense	(621)	(580)	(640)	(764)	(837)	(878)
Other rental related expenses	(627)	(600)	(577)	(681)	(729)	(784)
Others	156	117	73	154	175	190
Operating profit	(764)	162	331	252	341	538
Other gains/(losses)	(1,339)	6,465	0	0	0	0
Share of (losses)/profits of associates/JV	(34)	(11)	(12)	6	10	12
EBITDA	(1,716)	7,106	819	744	870	1,126
Depreciation	157	160	156	177	192	208
Depreciation of ROU assets	203	196	154	128	140	151
Other amortisation	4	5	5	5	6	7
EBIT	(2,080)	6,744	503	434	532	760
Interest income	57	129	183	176	181	210
Interest expense	(28)	(19)	(16)	(12)	(15)	(16)
Pre-tax profit	(2,108)	6,725	487	422	517	744
Income tax	(31)	(25)	(5)	(3)	(52)	(97)
After tax profit	(2,138)	6,701	482	419	465	647
Minority interest	2	2	2	1	2	2
Net profit	(2,136)	6,703	484	420	467	649
Adjusted net profit	(552)	481	624	700	738	940

BALANCE SHEET	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	6,906	8,271	8,365	8,883	11,452	13,150
Cash & equivalents	2,686	2,715	1,375	1,924	2,883	3,690
Restricted cash	1,507	1,455	1,109	1,093	1,667	1,843
Account receivables	174	218	226	362	301	329
Inventories	1,543	1,800	2,119	2,373	2,659	2,896
Financial assets at FVTPL	540	1,587	3,074	2,759	3,442	3,845
Other current assets	456	496	462	371	501	548
Non-current assets	2,108	3,493	4,432	4,618	5,468	6,009
PP&E	671	899	1,046	1,070	1,075	1,056
Right-of-use assets	468	467	398	384	445	451
Investment in JVs & assos	279	363	376	379	393	405
Intangibles	70	58	54	24	52	50
Goodwill	16	20	20	24	20	20
Financial assets at FVTPL	227	191	200	200	192	197
Other non-current assets	378	1,495	2,336	2,537	3,291	3,830
Total assets	9,014	11,765	12,797	13,501	16,921	19,159
Current liabilities	5,572	6,602	7,199	7,690	8,823	9,672
Short-term borrowings	0	1	8	0	0	0
Account payables	3,119	3,887	4,458	5,067	5,621	6,123
Tax payable	97	120	117	126	147	232
Other current liabilities	1,566	1,720	1,627	1,661	2,089	2,275
Lease liabilities	137	132	119	107	109	105
Contract liabilities	653	743	871	729	857	937
Non-current liabilities	22,398	704	739	757	1,000	1,119
Long-term borrowings	0	8	0	0	100	150
Other non-current liabilities	22,398	697	739	757	900	969
Total liabilities	27,971	7,306	7,938	8,448	9,823	10,791
Share capital	0	0	0	0	0	0
Other reserves	(18,957)	4,460	4,862	5,056	7,104	8,376
Total shareholders equity	(18,957)	4,460	4,862	5,057	7,104	8,376
Minority interest	0	(2)	(3)	(3)	(6)	(8)
Total equity and liabilities	9,014	11,765	12,797	13,501	16,921	19,159

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(2,108)	6,725	487	422	517	744
Depreciation & amortization	364	362	316	310	338	366
Tax paid	(1)	(5)	(8)	(10)	(12)	(12)
Change in working capital	(197)	269	584	(227)	439	317
Others	1,630	(6,330)	(60)	148	130	116
Net cash from operations	(313)	1,021	1,319	643	1,411	1,531
Investing						
Capital expenditure	(401)	(362)	(322)	(214)	(195)	(195)
Acquisition of subsidiaries/ investments	(136)	(69)	(10)	0	0	0
Net proceeds from disposal of short-term investments	1,346	(2,108)	(2,191)	(316)	(680)	(903)
Others	(328)	167	95	176	181	210
Net cash from investing	481	(2,372)	(2,428)	(354)	(694)	(889)
Financing						
Net borrowings	(264)	(1)	(1)	42	50	50
Proceeds from share issues	0	1,168	0	0	0	0
Share repurchases	0	0	(248)	450	300	300
Others	1,200	182	8	(161)	(180)	(186)
Net cash from financing	936	1,350	(241)	331	170	164
Net change in cash						
Cash at the beginning of the year	1,472	2,686	2,715	1,375	1,996	2,883
Exchange difference	109	30	9	0	0	0
Cash at the end of the year	2,686	2,715	1,375	1,996	2,883	3,690
GROWTH	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec						
Revenue	(1.5%)	17.8%	8.5%	11.5%	11.1%	9.3%
Gross profit	21.4%	48.0%	11.5%	5.9%	11.5%	10.6%
Operating profit	na	na	104.9%	(23.8%)	35.1%	57.9%
EBITDA	na	na	(88.5%)	(9.1%)	16.8%	29.5%
EBIT	na	na	(92.5%)	(13.6%)	22.3%	42.9%
Net profit	na	na	(92.8%)	(13.1%)	11.1%	39.1%
Adj. net profit	na	na	29.7%	12.2%	5.5%	27.3%
PROFITABILITY	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec						
Gross profit margin	19.7%	24.7%	25.4%	24.1%	24.2%	24.5%
Operating margin	(6.6%)	1.2%	2.2%	1.5%	1.9%	2.7%
EBITDA margin	(14.9%)	52.2%	5.5%	4.5%	4.8%	5.6%
Adj. net profit margin	(4.8%)	3.5%	4.2%	4.3%	4.0%	4.7%
Return on equity (ROE)	na	na	10.4%	8.5%	7.7%	8.4%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	na	(0.9)	(0.5)	(0.6)	(0.7)	(0.7)
Current ratio (x)	1.2	1.3	1.2	1.2	1.3	1.4
Receivable turnover days	5.5	5.9	5.6	6.0	6.0	6.0
Inventory turnover days	60.7	64.1	70.2	70.0	70.0	70.0
Payable turnover days	122.7	138.5	147.7	148.0	148.0	148.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	0.6	20.1	22.8	20.4	14.5
P/E (diluted)	ns	20.1	16.1	14.1	13.1	10.2
P/B	ns	0.9	2.0	1.9	1.3	1.1
P/CFPS	ns	3.8	7.4	14.9	6.8	6.1
Div yield (%)	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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