

# Yongda Automobiles (3669HK)

## Brand portfolio, cash flow as keys to survival

**Maintain BUY.** We believe that Yongda's impairment in 1H25 could reduce its future financial burden. Although dealers' profit recovery may take some time, Yongda's brand portfolio could be more resilient than most peers' and thus the company should survive longer, especially with its improving cash flow and shareholder return.

- **One-off impairment could reduce future D&A burden.** Yongda's 1H25 net profit excluding impairment losses fell 43% YoY to RMB63mn, largely in line with its profit alert. Yongda booked impairment losses of RMB3.6bn on goodwill, intangible assets and PP&E in 1H25. We estimate such impairment could reduce depreciation and amortization by about RMB150mn each year in future. We do not expect further huge impairment in the next few years, given the remaining such assets related to previous M&As are only RMB600-700mn, according to management.
- **Higher new-car GPM in 2H25 to offset lower auto finance commission.** We expect new-car GPM (excluding auto finance and insurance) for luxury brands to rise 2.4ppts HoH to -6.6% in 2H25E, as dealers have raised car prices to offset lower commissions from auto finance business and we expect BMW to provide a sizable special rebate at the end of 2025. We also expect Porsche's new-car GPM to improve gradually from 2H25E, as Porsche's new management in China has acknowledged the challenges in this market. Meanwhile, we expect NEV sales volume (with higher new-car GPM than traditional luxury brands) to contribute a higher portion in 2H25E. Accordingly, we project 2H25 revenue to rise 5% HoH and GPM to narrow by 0.2ppts to 8.6%. We estimate 2H25E net profit to be RMB63mn.
- **A better brand portfolio than peers.** We expect Yongda's new-car sales volume to resume growth from FY26E as NEV sales increase is to offset decline in traditional brands. We project Yongda's new-car GPM to improve YoY in FY26-27E driven by higher contribution from NEV brands and better supply and demand dynamics for luxury brands. That, along with stable after-sales services and better cost control, could result in 100% YoY growth in net profit (excl. impairment) for both FY26E and FY27E, on our estimates.
- **Valuation/Key risks.** We maintain a BUY rating and cut target price from HK\$3.20 to HK\$2.50, based on 9x FY27E P/E (prior 10x FY25E P/E). We believe Yongda's improvement in cash flow management and resilient brand portfolio to hedge NEV risks could help it survive longer than most peers. Yongda now also pays more attention to shareholder return with much higher dividend payout ratios and continuous share repurchases. Key risks to our rating and TP include lower new-car margins, more severe after-sales service declines, and a sector de-rating.

### Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	74,296	63,420	55,497	53,403	53,898
YoY growth (%)	3.2	(14.6)	(12.5)	(3.8)	0.9
Net profit (RMB mn)	572.6	200.8	(3,268.8)	215.4	463.3
YoY growth (%)	(59.4)	(64.9)	na	na	115.1
EPS (Reported) (RMB)	0.29	0.11	(1.75)	0.12	0.25
P/E (x)	6.4	18.0	ns	16.2	7.5
Yield (%)	8.2	6.7	7.3	6.2	13.3
ROE (%)	4.1	1.4	(26.7)	2.0	4.3
Net gearing (%)	(4.8)	(0.8)	(11.1)	(13.5)	(19.1)

Source: Company data, Bloomberg, CMBIGM estimates

## BUY (Maintain)

<b>Target Price</b>	<b>HK\$2.50</b>
(Previous TP)	HK\$3.20)
<b>Up/Downside</b>	<b>20.8%</b>
<b>Current Price</b>	<b>HK\$2.07</b>

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### Stock Data

Mkt Cap (HK\$ mn)	3,839.7
Avg 3 mths t/o (HK\$ mn)	10.3
52w High/Low (HK\$)	3.24/1.24
Total Issued Shares (mn)	1854.9

Source: FactSet

### Shareholding Structure

Mr. Cheung Tak On	31.4%
FIL Limited	6.1%

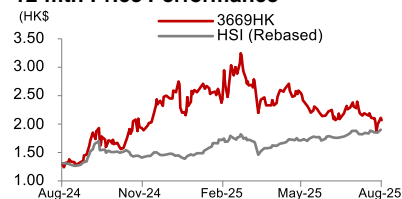
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	-10.4%	-10.9%
3-mth	-18.5%	-25.7%
6-mth	-21.9%	-27.2%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

### Related Report

["Yongda Automobiles \(3669 HK\) - NEV to offset luxury, cost control to drive profit" – 31 Mar 2025](#)

**Figure 1: Half-year results**

RMB mn	1H23	2H23	1H24	2H24	1H25	YoY	HoH
New-car sales volume (units)	85,759	98,791	81,073	82,763	66,644	-17.8%	-19.5%
Total revenue	35,684	38,611	31,036	32,384	27,072	-12.8%	-16.4%
Gross profit	3,423	3,272	2,584	2,689	2,370	-8.3%	-11.9%
Selling exp.	(1,853)	(2,189)	(1,571)	(1,817)	(1,488)	-5.3%	-18.1%
Admin exp.	(1,021)	(829)	(849)	(651)	(776)	-8.6%	19.1%
Operating profit	668	294	224	182	(3,424)	N/A	N/A
Net profit	407	166	111	89	(3,331)	N/A	N/A
Gross margin	9.6%	8.5%	8.3%	8.3%	8.8%	0.4 ppts	0.5 ppts
Operating margin	1.9%	0.8%	0.7%	0.6%	-12.6%	-13.4 ppts	-13.2 ppts
Net margin	1.1%	0.4%	0.4%	0.3%	-12.3%	-12.7 ppts	-12.6 ppts

Source: Company data, CMBIGM

**Figure 2: Earnings revision**

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	55,497	53,403	53,898	59,233	58,350	N/A	-6.3%	-8.5%	N/A
Gross profit	4,814	4,797	5,112	5,551	6,077	N/A	-13.3%	-21.1%	N/A
Operating profit	(3,293)	411	720	833	1,037	N/A	-495.4%	-60.3%	N/A
Net profit	(3,269)	215	463	547	704	N/A	-697.6%	-69.4%	N/A
Gross margin	8.7%	9.0%	9.5%	9.4%	10.4%	N/A	-0.7 ppts	-1.4 ppts	N/A
Operating margin	-5.9%	0.8%	1.3%	1.4%	1.8%	N/A	-7.3 ppts	-1.0 ppts	N/A
Net margin	-5.9%	0.4%	0.9%	0.9%	1.2%	N/A	-6.8 ppts	-0.8 ppts	N/A

Source: CMBIGM estimates

**Figure 3: CMBI estimates vs consensus**

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	55,497	53,403	53,898	63,031	67,608	72,760	-12.0%	-21.0%	-25.9%
Gross profit	4,814	4,797	5,112	5,511	6,129	6,440	-12.7%	-21.7%	-20.6%
Operating profit	(3,293)	411	720	654	822	974	-603.7%	-49.9%	-26.1%
Net profit	(3,269)	215	463	383	519	670	-952.4%	-58.5%	-30.8%
Gross margin	8.7%	9.0%	9.5%	8.7%	9.1%	8.9%	-0.1 ppts	-0.1 ppts	0.6 ppts
Operating margin	-5.9%	0.8%	1.3%	1.0%	1.2%	1.3%	-7.0 ppts	-0.4 ppts	0.0 ppts
Net margin	-5.9%	0.4%	0.9%	0.6%	0.8%	0.9%	-6.5 ppts	-0.4 ppts	-0.1 ppts

Source: Bloomberg, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	72,024	74,296	63,420	55,497	53,403	53,898
Cost of goods sold	(65,635)	(67,601)	(58,147)	(50,683)	(48,606)	(48,786)
Gross profit	6,389	6,694	5,273	4,814	4,797	5,112
Operating expenses	(4,085)	(5,733)	(4,868)	(8,107)	(4,386)	(4,391)
Selling expense	(3,800)	(4,042)	(3,389)	(3,177)	(3,088)	(3,111)
Admin expense	(1,835)	(1,850)	(1,500)	(1,446)	(1,331)	(1,325)
Others	1,550	158	21	(3,484)	33	45
Operating profit	2,304	961	406	(3,293)	411	720
Share of (losses)/profits of associates/JV	89	106	100	101	106	111
EBITDA	3,670	2,346	1,743	(1,919)	1,773	2,088
Depreciation	804	802	729	769	745	720
Depreciation of ROU assets	372	365	386	416	441	465
Other amortisation	101	112	121	87	70	72
EBIT	2,393	1,068	506	(3,192)	517	831
Interest expense	(321)	(327)	(298)	(244)	(254)	(250)
Pre-tax profit	2,073	740	209	(3,437)	263	581
Income tax	(601)	(155)	(43)	(12)	(58)	(128)
After tax profit	1,471	586	165	(3,449)	205	453
Minority interest	(59)	(13)	35	180	10	10
Net profit	1,412	573	201	(3,269)	215	463
Gross dividends	570	303	243	260	215	463
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	17,169	17,491	20,158	15,321	15,541	16,705
Cash & equivalents	2,186	2,201	1,458	2,964	3,668	4,761
Restricted cash	2,008	3,589	8,238	3,471	3,329	3,342
Account receivables	8,018	7,203	6,219	5,322	5,121	5,168
Inventories	4,555	4,363	4,150	3,471	3,329	3,342
Prepayment	0	0	0	0	0	0
ST bank deposits	5	8	8	8	8	8
Financial assets at FVTPL	255	0	0	0	0	0
Other current assets	143	128	85	85	85	85
Non-current assets	15,295	15,202	14,889	11,175	10,789	9,903
PP&E	6,059	5,845	5,336	4,230	3,901	3,093
Right-of-use assets	2,996	2,901	2,988	2,872	2,731	2,565
Deferred income tax	319	395	464	464	464	464
Investment in JVs & assos	802	926	978	1,067	1,161	1,260
Intangibles	2,817	2,954	2,902	1,598	1,587	1,575
Goodwill	1,672	1,631	1,590	314	314	314
Financial assets at FVTPL	312	334	346	346	346	346
Other non-current assets	318	216	285	285	285	285
Total assets	32,465	32,693	35,046	26,496	26,329	26,608
Current liabilities	14,339	14,559	17,139	11,478	10,726	10,276
Short-term borrowings	2,288	2,434	1,566	2,000	1,500	1,000
Account payables	8,391	9,125	12,934	6,943	6,658	6,683
Tax payable	1,206	963	840	840	840	840
Other current liabilities	2,181	1,795	1,558	1,431	1,458	1,480
Lease liabilities	274	243	240	264	269	272
Contract liabilities	1,724	1,724	1,524	1,397	1,425	1,447
Non-current liabilities	3,403	3,735	3,691	4,157	4,627	5,085
Long-term borrowings	1,080	1,527	1,348	1,788	2,228	2,668
Bond payables	0	0	0	0	0	0
Convertible bonds	0	0	0	0	0	0
Other non-current liabilities	2,323	2,209	2,343	2,369	2,399	2,417
Total liabilities	17,742	18,295	20,830	15,635	15,354	15,361
Share capital	16	16	16	16	16	16
Other reserves	14,200	13,924	13,866	10,546	10,663	10,936
Total shareholders equity	14,216	13,940	13,881	10,561	10,678	10,951
Minority interest	507	458	335	299	297	295
Total equity and liabilities	32,465	32,693	35,046	26,496	26,329	26,608

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	2,073	740	209	(3,437)	263	581
Depreciation & amortization	1,277	1,279	1,237	1,273	1,256	1,257
Tax paid	(695)	(499)	(257)	(12)	(58)	(128)
Change in working capital	1,348	164	89	224	229	(26)
Others	230	148	241	3,632	136	110
<b>Net cash from operations</b>	<b>4,232</b>	<b>1,832</b>	<b>1,518</b>	<b>1,680</b>	<b>1,826</b>	<b>1,794</b>
<b>Investing</b>						
Capital expenditure	(1,775)	(1,431)	(1,213)	(1,340)	(1,260)	(1,260)
Acquisition of subsidiaries/ investments	(41)	(6)	0	0	0	0
Net proceeds from disposal of short-term investments	0	0	0	0	0	0
Others	361	899	957	728	839	1,355
<b>Net cash from investing</b>	<b>(1,455)</b>	<b>(538)</b>	<b>(257)</b>	<b>(612)</b>	<b>(421)</b>	<b>95</b>
<b>Financing</b>						
Dividend paid	(949)	(782)	(214)	0	(130)	(215)
Net borrowings	(1,255)	597	(1,046)	874	(60)	(60)
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	(69)	(99)	(72)	(93)	0	0
Others	(569)	(994)	(673)	(343)	(510)	(521)
<b>Net cash from financing</b>	<b>(2,842)</b>	<b>(1,279)</b>	<b>(2,005)</b>	<b>438</b>	<b>(700)</b>	<b>(797)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	2,250	2,186	2,201	1,458	2,964	3,668
<b>Cash at the end of the year</b>	<b>2,186</b>	<b>2,201</b>	<b>1,458</b>	<b>2,964</b>	<b>3,668</b>	<b>4,761</b>
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
Revenue	(7.6%)	3.2%	(14.6%)	(12.5%)	(3.8%)	0.9%
Gross profit	(17.6%)	4.8%	(21.2%)	(8.7%)	(0.3%)	6.6%
Operating profit	(39.5%)	(58.3%)	(57.8%)	na	na	75.1%
EBITDA	(27.1%)	(36.1%)	(25.7%)	na	na	17.8%
EBIT	(38.3%)	(55.4%)	(52.6%)	na	na	60.7%
Net profit	(43.1%)	(59.4%)	(64.9%)	na	na	115.1%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
Gross profit margin	8.9%	9.0%	8.3%	8.7%	9.0%	9.5%
Operating margin	3.2%	1.3%	0.6%	(5.9%)	0.8%	1.3%
EBITDA margin	5.1%	3.2%	2.7%	(3.5%)	3.3%	3.9%
Return on equity (ROE)	10.1%	4.1%	1.4%	(26.7%)	2.0%	4.3%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
Net debt to equity (x)	(0.1)	(0.0)	(0.0)	(0.1)	(0.1)	(0.2)
Current ratio (x)	1.2	1.2	1.2	1.3	1.4	1.6
Receivable turnover days	40.7	35.5	35.9	35.0	35.0	35.0
Inventory turnover days	25.4	23.6	26.1	25.0	25.0	25.0
Payable turnover days	46.8	49.4	81.4	50.0	50.0	50.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
P/E	2.6	6.4	18.0	ns	16.2	7.5
P/E (diluted)	2.6	6.4	18.0	ns	16.2	7.5
P/B	0.3	0.3	0.3	0.3	0.3	0.3
P/CFPS	0.9	2.0	2.4	2.1	1.9	1.9
Div yield (%)	15.3	8.2	6.7	7.3	6.2	13.3

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

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