

# Yongda Automobiles (3669 HK)

## Recover gradually

**Maintain BUY.** We believe further deterioration in new-car GPM is limited as luxury OEMs lower MSRPs and explore agency models. While the auto dealer industry remains in a “survival of the fittest” phase, we expect established leaders like Yongda to become long-term survivors. Since most brands will continue to rely on dealers, we view Yongda’s expertise in NEV dealership as a key competitive advantage.

■ **FY25 impairments clearing the deck for recovery.** Yongda’s 2H25 revenue fell 15% YoY to RMB27.5bn, with GPM down to 7.0%, the lowest level since FY11, dragged by weaker new-car GPM. Its new-car sales volume fell 8% YoY to about 81,000 units, with NEV brands accounting for 19%. Revenue from after-sales services fell 6% YoY to RMB4.7bn with GPM largely stable at 41.6%. The company booked RMB1.3bn in impairment losses in 2H25, following RMB3.6bn in 1H25. Therefore, its 2H25 net loss reached RMB1.7bn, or RMB367mn excluding impairments.

■ **Margin recovery amid OEMs’ MSRP cuts.** We project a recovery in new-car GPM this year as transaction prices have increased since 2H25 and key luxury OEMs, including BMW and Porsche, have lowered MSRPs to alleviate dealer pressure. We conservatively project Yongda’s new-car GPM to recover from 0.1% in FY25 to 0.3% in FY26E, given that OEMs may still prioritize volume at times this year. Furthermore, we do not expect significant impairments this year, as the costs related to the planned 15-20 store closures in FY26E were largely front-loaded into FY25, according to management. Therefore, we expect Yongda’s FY26E opex ratio to remain stable YoY, despite a possible revenue decline amid sales declines for ICE brands.

■ **Earnings/Valuation.** We cut our FY26E/27E net profit forecasts to RMB38mn/RMB282mn, respectively, as the industry recovery may still take time. We maintain a BUY rating and cut target price from HK\$2.50 to HK\$1.80, based on 10x FY27E P/E (prior 9x). The higher multiple reflects increased earnings sensitivity to new-car GPM recovery. 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	54,600	49,677	48,286
YoY growth (%)	3.2	(14.6)	(13.9)	(9.0)	(2.8)
Net profit (RMB mn)	572.6	200.8	(5,071.5)	38.0	282.2
YoY growth (%)	(59.4)	(64.9)	na	na	643.5
EPS (Reported) (RMB)	0.29	0.11	(2.72)	0.02	0.15
P/E (x)	4.2	11.7	ns	59.5	8.0
P/B (x)	0.2	0.2	0.3	0.3	0.2
Yield (%)	12.7	10.4	5.7	1.7	12.5
ROE (%)	4.1	1.4	(45.3)	0.4	3.2
Net gearing (%)	(4.8)	(0.8)	(10.4)	(18.0)	(19.0)

Source: Company data, Bloomberg, CMBIGM estimates

## BUY (Maintain)

<b>Target Price</b>	<b>HK\$1.80</b>
(Previous TP)	HK\$2.50
<b>Up/Downside</b>	<b>29.5%</b>
<b>Current Price</b>	<b>HK\$1.39</b>

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### Stock Data

Mkt Cap (HK\$ mn)	2,578.3
Avg 3 mths t/o (HK\$ mn)	4.1
52w High/Low (HK\$)	2.78/1.33
Total Issued Shares (mn)	1854.9

Source: FactSet

### Shareholding Structure

Mr. Cheung Tak On	31.4%
FIL Limited	5.0%

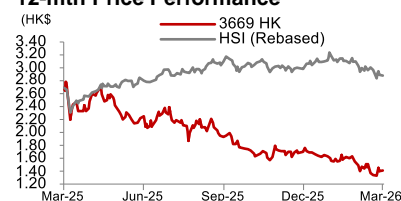
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	-8.6%	-1.8%
3-mth	-21.0%	-18.3%
6-mth	-27.2%	-21.2%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

Figure 1: Interim results

RMB mn	1H23	2H23	1H24	2H24	1H25	2H25	YoY	HoH
Total revenue	35,684	38,611	31,036	32,384	27,072	27,528	-15.0%	1.7%
Gross profit	3,423	3,272	2,584	2,689	2,370	1,922	-28.5%	-18.9%
Selling exp.	(1,853)	(2,189)	(1,571)	(1,817)	(1,488)	(1,801)	-0.9%	21.1%
Admin exp.	(1,021)	(829)	(849)	(651)	(776)	(631)	-3.1%	-18.7%
Operating profit	668	294	224	182	(3,424)	(1,812)	N/A	N/A
Net profit	407	166	111	89	(3,331)	(1,740)	N/A	N/A
Gross margin	9.6%	8.5%	8.3%	8.3%	8.8%	7.0%	-1.3 pts	-1.8 pts
Operating margin	1.9%	0.8%	0.7%	0.6%	-12.6%	-6.6%	-7.1 pts	6.1 pts
Net margin	1.1%	0.4%	0.4%	0.3%	-12.3%	-6.3%	-6.6 pts	6.0 pts

Source: Company data, CMBIGM

Figure 2: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25A	FY26E	FY27E	FY25E	FY26E	FY27E	FY25A	FY26E	FY27E
Revenue	54,600	49,677	48,286	55,497	53,403	53,898	-1.6%	-7.0%	-10.4%
Gross profit	4,292	4,372	4,573	4,814	4,797	5,112	-10.8%	-8.9%	-10.5%
Operating profit	(5,237)	138	450	(3,293)	411	720	59.0%	-66.4%	-37.6%
Net profit	(5,072)	38	282	(3,269)	215	463	55.1%	-82.4%	-39.1%
Gross margin	7.9%	8.8%	9.5%	8.7%	9.0%	9.5%	-0.8 pts	-0.2 pts	0.0 pts
Operating margin	-9.6%	0.3%	0.9%	-5.9%	0.8%	14.1%	-3.7 pts	-0.5 pts	-13.2 pts
Net margin	-9.3%	0.1%	0.6%	-5.9%	0.4%	64.3%	-3.4 pts	-0.3 pts	-63.7 pts

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25A	FY26E	FY27E	FY25E	FY26E	FY27E	FY25A	FY26E	FY27E
Revenue	54,600	49,677	48,286	57,671	58,399	59,500	-5.3%	-14.9%	-18.8%
Gross profit	4,292	4,372	4,573	4,916	5,141	5,462	-12.7%	-15.0%	-16.3%
Operating profit	(5,237)	138	450	388	505	626	-1449.2%	-72.6%	-28.2%
Net profit	(5,072)	38	282	(1,906)	313	430	166.1%	-87.9%	-34.4%
Gross margin	7.9%	8.8%	9.5%	8.5%	8.8%	9.2%	-0.7 pts	0.0 pts	0.3 pts
Operating margin	-9.6%	0.3%	0.9%	0.7%	0.9%	1.1%	-10.3 pts	-0.6 pts	-0.1 pts
Net margin	-9.3%	0.1%	0.6%	-3.3%	0.5%	0.7%	-6.0 pts	-0.5 pts	-0.1 pts

Source: Bloomberg, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec (RMB mn)</b>						
Revenue	72,024	74,296	63,420	54,600	49,677	48,286
Cost of goods sold	(65,635)	(67,601)	(58,147)	(50,308)	(45,305)	(43,713)
<b>Gross profit</b>	<b>6,389</b>	<b>6,694</b>	<b>5,273</b>	<b>4,292</b>	<b>4,372</b>	<b>4,573</b>
<b>Operating expenses</b>	<b>(4,085)</b>	<b>(5,733)</b>	<b>(4,868)</b>	<b>(9,529)</b>	<b>(4,234)</b>	<b>(4,123)</b>
Selling expense	(3,800)	(4,042)	(3,389)	(3,289)	(2,962)	(2,888)
Admin expense	(1,835)	(1,850)	(1,500)	(1,407)	(1,313)	(1,285)
Others	1,550	158	21	(4,833)	41	49
<b>Operating profit</b>	<b>2,304</b>	<b>961</b>	<b>406</b>	<b>(5,237)</b>	<b>138</b>	<b>450</b>
Share of (losses)/profits of associates/JV	89	106	100	92	91	86
<b>EBITDA</b>	<b>3,670</b>	<b>2,346</b>	<b>1,743</b>	<b>(4,009)</b>	<b>1,282</b>	<b>1,607</b>
Depreciation	804	802	729	638	554	546
Depreciation of ROU assets	372	365	386	416	441	465
Other amortisation	101	112	121	82	58	60
<b>EBIT</b>	<b>2,393</b>	<b>1,068</b>	<b>506</b>	<b>(5,145)</b>	<b>229</b>	<b>536</b>
Interest expense	(321)	(327)	(298)	(234)	(210)	(195)
<b>Pre-tax profit</b>	<b>2,073</b>	<b>740</b>	<b>209</b>	<b>(5,379)</b>	<b>19</b>	<b>340</b>
Income tax	(601)	(155)	(43)	24	(1)	(68)
<b>After tax profit</b>	<b>1,471</b>	<b>586</b>	<b>165</b>	<b>(5,354)</b>	<b>18</b>	<b>272</b>
Minority interest	(59)	(13)	35	283	20	10
<b>Net profit</b>	<b>1,412</b>	<b>573</b>	<b>201</b>	<b>(5,072)</b>	<b>38</b>	<b>282</b>
Gross dividends	570	303	243	130	38	282
<b>BALANCE SHEET</b>						
<b>YE 31 Dec (RMB mn)</b>						
<b>Current assets</b>	<b>17,169</b>	<b>17,491</b>	<b>20,158</b>	<b>15,190</b>	<b>14,604</b>	<b>14,306</b>
Cash & equivalents	2,186	2,201	1,458	2,192	2,933	3,009
Restricted cash	2,008	3,589	8,238	4,110	3,724	3,593
Account receivables	8,018	7,203	6,219	5,197	4,764	4,630
Inventories	4,555	4,363	4,150	3,612	3,103	2,994
Prepayment	0	0	0	0	0	0
ST bank deposits	5	8	8	2	2	2
Financial assets at FVTPL	255	0	0	0	0	0
Other current assets	143	128	85	78	78	78
<b>Non-current assets</b>	<b>15,295</b>	<b>15,202</b>	<b>14,889</b>	<b>9,041</b>	<b>8,699</b>	<b>8,449</b>
PP&E	6,059	5,845	5,336	3,365	2,826	2,668
Right-of-use assets	2,996	2,901	2,988	2,740	2,731	2,565
Deferred income tax	319	395	464	148	148	148
Investment in JVs & assos	802	926	978	1,027	1,137	1,211
Intangibles	2,817	2,954	2,902	1,114	1,210	1,210
Goodwill	1,672	1,631	1,590	314	314	314
Financial assets at FVTPL	312	334	346	310	310	310
Other non-current assets	318	216	285	22	22	22
<b>Total assets</b>	<b>32,465</b>	<b>32,693</b>	<b>35,046</b>	<b>24,231</b>	<b>23,303</b>	<b>22,756</b>
<b>Current liabilities</b>	<b>14,339</b>	<b>14,559</b>	<b>17,139</b>	<b>12,870</b>	<b>10,967</b>	<b>10,194</b>
Short-term borrowings	2,288	2,434	1,566	1,607	1,100	600
Account payables	8,391	9,125	12,934	8,923	7,447	7,186
Tax payable	1,206	963	840	803	803	803
Other current liabilities	2,181	1,795	1,558	1,296	1,347	1,333
Lease liabilities	274	243	240	240	269	272
Contract liabilities	1,724	1,724	1,524	1,253	1,304	1,290
<b>Non-current liabilities</b>	<b>3,403</b>	<b>3,735</b>	<b>3,691</b>	<b>2,860</b>	<b>3,257</b>	<b>3,214</b>
Long-term borrowings	1,080	1,527	1,348	1,307	1,348	1,288
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	1,553	1,908	1,926
<b>Total liabilities</b>	<b>17,742</b>	<b>18,295</b>	<b>20,830</b>	<b>15,731</b>	<b>14,223</b>	<b>13,409</b>
Share capital	16	16	16	15	16	16
Other reserves	14,200	13,924	13,866	8,474	8,789	9,059
<b>Total shareholders equity</b>	<b>14,216</b>	<b>13,940</b>	<b>13,881</b>	<b>8,489</b>	<b>8,805</b>	<b>9,074</b>
Minority interest	507	458	335	12	275	273
<b>Total equity and liabilities</b>	<b>32,465</b>	<b>32,693</b>	<b>35,046</b>	<b>24,231</b>	<b>23,303</b>	<b>22,756</b>

<b>CASH FLOW</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	2,073	740	209	(5,379)	19	340
Depreciation & amortization	1,277	1,279	1,237	1,136	1,053	1,071
Tax paid	(695)	(499)	(257)	24	(1)	(68)
Change in working capital	1,348	164	89	1,406	(97)	98
Others	230	148	241	4,753	99	75
<b>Net cash from operations</b>	<b>4,232</b>	<b>1,832</b>	<b>1,518</b>	<b>1,940</b>	<b>1,073</b>	<b>1,516</b>
<b>Investing</b>						
Capital expenditure	(1,775)	(1,431)	(1,213)	(1,240)	(1,060)	(1,060)
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	951	994	684
<b>Net cash from investing</b>	<b>(1,455)</b>	<b>(538)</b>	<b>(257)</b>	<b>(289)</b>	<b>(66)</b>	<b>(376)</b>
<b>Financing</b>						
Dividend paid	(949)	(782)	(214)	0	0	(38)
Net borrowings	(1,255)	597	(1,046)	34	(500)	(560)
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	(69)	(99)	(72)	(116)	0	0
Others	(569)	(994)	(673)	(327)	(274)	(467)
<b>Net cash from financing</b>	<b>(2,842)</b>	<b>(1,279)</b>	<b>(2,005)</b>	<b>(409)</b>	<b>(774)</b>	<b>(1,065)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	2,250	2,186	2,201	1,458	2,700	2,933
<b>Cash at the end of the year</b>	<b>2,186</b>	<b>2,201</b>	<b>1,458</b>	<b>2,700</b>	<b>2,933</b>	<b>3,009</b>
<b>GROWTH</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Revenue	(7.6%)	3.2%	(14.6%)	(13.9%)	(9.0%)	(2.8%)
Gross profit	(17.6%)	4.8%	(21.2%)	(18.6%)	1.9%	4.6%
Operating profit	(39.5%)	(58.3%)	(57.8%)	na	na	225.2%
EBITDA	(27.1%)	(36.1%)	(25.7%)	na	na	25.3%
EBIT	(38.3%)	(55.4%)	(52.6%)	na	na	133.6%
Net profit	(43.1%)	(59.4%)	(64.9%)	na	na	643.5%
<b>PROFITABILITY</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Gross profit margin	8.9%	9.0%	8.3%	7.9%	8.8%	9.5%
Operating margin	3.2%	1.3%	0.6%	(9.6%)	0.3%	0.9%
EBITDA margin	5.1%	3.2%	2.7%	(7.3%)	2.6%	3.3%
Return on equity (ROE)	10.1%	4.1%	1.4%	(45.3%)	0.4%	3.2%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Net debt to equity (x)	(0.1)	(0.0)	(0.0)	(0.1)	(0.2)	(0.2)
Current ratio (x)	1.2	1.2	1.2	1.2	1.3	1.4
Receivable turnover days	40.7	35.5	35.9	34.8	35.0	35.0
Inventory turnover days	25.4	23.6	26.1	26.3	25.0	25.0
Payable turnover days	46.8	49.4	81.4	64.9	60.0	60.0
<b>VALUATION</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
P/E	1.7	4.2	11.7	ns	59.5	8.0
P/E (diluted)	1.7	4.2	11.7	ns	59.6	8.0
P/B	0.2	0.2	0.2	0.3	0.3	0.2
P/CFPS	0.6	1.3	1.5	1.2	2.1	1.5
Div yield (%)	23.6	12.7	10.4	5.7	1.7	12.5

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

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**HOLD** : Stock with potential return of +15% to -10% over next 12 months  
**SELL** : Stock with potential loss of over 10% over next 12 months  
**NOT RATED** : Stock is not rated by CMBIGM

**OUTPERFORM** : Industry expected to outperform the relevant broad market benchmark over next 12 months  
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**UNDERPERFORM** : Industry expected to underperform the relevant broad market benchmark over next 12 months

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