21 Jul 2026

CMB International Global Markets | Equity Research | Company Update

Tuhu Car (9690 HK)

1H26E preview: Accelerated store expansion

Maintain BUY. We expect Tuhu's 1H26E revenue to rise 11% YoY and adjusted net profit to fall 48% YoY amid macro challenges. Tuhu's franchise stores likely saw same-store sales YoY growth in 1H26, which should be much stronger than peers, according to our channel checks. We still view Tuhu's focus on market share gains as the right strategy amid industry consolidation, which should translate into superior earnings elasticity once after-sales consumption recovers.

- **1H26E net profit to fall YoY amid lower GPM.** We project 1H26E revenue to rise 11% YoY to RMB8.7bn, driven by faster-than-expected store expansion (~800 stores net added since the end of FY25). We expect GPM to remain flat HoH and fall 2ppts YoY to 23.2% in 1H26E amid weak consumption. Although the company may have increased marketing expenditure in 1H26E, we project the combined operating expense ratio (including operations & support, SG&A, R&D) to fall 1ppts YoY to 22.7%, thanks to the initial payoff from previous AI investment. Therefore, we expect Tuhu's 1H26E adjusted net profit (excluding share-based payment (SBP)) to fall 48% YoY and 27% HoH to RMB212mn. The IFRS net profit may fall 39% YoY to RMB187mn on lower SBP, based on our estimates.
- **Significant elasticity once macro recovers.** We believe the faster store expansion in 1H26E has further proven our previous argument: Tuhu has prioritized market share gains over high profit growth in the near term to solidify its leading position amid industry consolidation. Its new store target is likely to rise from 1,000 to 1,600 in FY26E based on our estimates, amid increasing demand from franchisees. We believe Tuhu is better positioned than most peers due to its continuously improving operational efficiency (vs. other chain stores) and supply chain pricing advantage (vs. individual stores). We expect to see significant improvement in profitability once the macro environment recovers**.**
- **Earnings/Valuation.** We maintain our FY26-27E revenue forecasts largely intact at RMB18.3bn/20.4bn (+11% YoY) and cut adjusted net profit forecasts by 33% to RMB496mn/628mn, due to slower-than-expected macro recovery. We maintain our BUY rating and trim the target price from HK$19.00 to HK$18.00, based on 20x adjusted FY27E P/E (prior 20x FY26E). Tuhu filed for a US dual-listing on 29 Jun, which could enhance the stock's liquidity and broaden investor coverage. Its HK$1.5bn share repurchase plan implies an annual share cancellation of 3% through Jul 2028, which should bolster investor returns. 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)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	14,759	16,462	18,329	20,433	21,826
YoY growth (%)	8.5	11.5	11.3	11.5	6.8
Net profit (RMB mn)	483.8	420.4	356.9	394.0	512.1
YoY growth (%)	(92.8)	(13.1)	(15.1)	10.4	30.0
Adjusted net profit (RMB mn)	624.1	700.1	495.7	627.7	775.0
EPS (Reported) (RMB)	0.60	0.53	0.43	0.48	0.62
P/E (x)	19.4	22.0	26.8	24.2	18.7
P/E (Adjusted) (x)	15.0	13.2	19.3	15.2	12.3
P/B (x)	1.9	1.8	1.6	1.4	1.2
ROE (%)	10.4	8.5	6.5	6.2	7.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$18.00**
(Previous TP	HK$19.00)
Up/Downside	**34.1%**
Current Price	**HK$13.42**

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Stock Data

Mkt Cap (HK$ mn)	11,119.0
Avg 3 mths t/o (HK$ mn)	13.5
52w High/Low (HK$)	20.90/11.44
Total Issued Shares (mn)	828.5

Source: FactSet

Shareholding Structure

Tencent Holdings	19.2%
Mr. Chen Min	9.9%

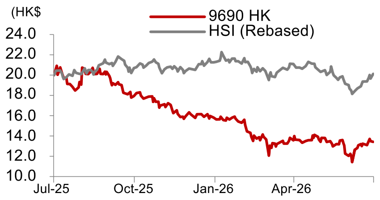
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	9.5%	4.2%
3-mth	-1.1%	3.7%
6-mth	-15.6%	-11.1%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Interim results

RMB mn	1H24	2H24	1H25	2H25	1H26E	YoY	HoH
Revenue	7,126	7,633	7,877	8,585	8,743	11.0%	1.8%
Gross profit	1,846	1,900	1,982	1,985	2,028	2.3%	2.2%
Operation and support expenses	(283)	(293)	(310)	(372)	(332)	7.3%	-10.6%
R&D expenses	(302)	(338)	(344)	(420)	(376)	9.4%	-10.5%
SG&A expenses	(1,094)	(1,177)	(1,216)	(1,209)	(1,277)	5.0%	5.6%
Operating profit	212	119	222	30	114	-48.8%	275.5%
Net profit	286	198	307	113	187	-39.2%	64.9%
Adj. net profit	358	266	410	290	212	-48.4%	-26.9%
Gross margin	25.9%	24.9%	25.2%	23.1%	23.2%	-2.0 ppts	0.1 ppts
Operating margin	3.0%	1.6%	2.8%	0.4%	1.3%	-1.5 ppts	0.9 ppts
Net margin	4.0%	2.6%	3.9%	1.3%	2.1%	-1.8 ppts	0.8 ppts
Adj. net margin	5.0%	3.5%	5.2%	3.4%	2.4%	-2.8 ppts	-1.0 ppts

Source: Company data, CMBIGM estimates

Figure 2: Earnings revision

	New			Old			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	18,329	20,433	21,826	18,285	19,992	N/A	0.2%	2.2%	N/A
Gross profit	4,222	4,714	5,103	4,422	4,892	N/A	-4.5%	-3.6%	N/A
Operating profit	201	260	379	341	538	N/A	-41.0%	-51.7%	N/A
Net profit	357	394	512	467	649	N/A	-23.6%	-39.3%	N/A
Adj. net profit	496	628	775	738	940	N/A	-32.8%	-33.2%	N/A
Gross margin	23.0%	23.1%	23.4%	24.2%	24.5%	N/A	-1.2 ppts	-1.4 ppts	N/A
Operating margin	1.1%	1.3%	1.7%	1.9%	2.7%	N/A	-0.8 ppts	-1.4 ppts	N/A
Net margin	1.9%	1.9%	2.3%	2.6%	3.2%	N/A	-0.6 ppts	-1.3 ppts	N/A
Adj. net margin	2.7%	3.1%	3.6%	4.0%	4.7%	N/A	-1.3 ppts	-1.6 ppts	N/A

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	18,329	20,433	21,826	18,298	20,160	22,124	0.2%	1.4%	-1.3%
Gross profit	4,222	4,714	5,103	4,394	4,905	5,472	-3.9%	-3.9%	-6.7%
Operating profit	201	260	379	319	474	658	-36.9%	-45.2%	-42.5%
Adj. net profit	496	628	775	656	788	955	-24.5%	-20.4%	-18.9%
Gross margin	23.0%	23.1%	23.4%	24.0%	24.3%	24.7%	-1.0 ppts	-1.3 ppts	-1.4 ppts
Operating margin	1.1%	1.3%	1.7%	1.7%	2.4%	3.0%	-0.6 ppts	-1.1 ppts	-1.2 ppts
Adj. net margin	2.7%	3.1%	3.6%	3.6%	3.9%	4.3%	-0.9 ppts	-0.8 ppts	-0.8 ppts

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**13,601**	**14,759**	**16,462**	**18,329**	**20,433**	**21,826**
Cost of goods sold	(10,242)	(11,013)	(12,494)	(14,107)	(15,719)	(16,722)
Gross profit	**3,359**	**3,746**	**3,968**	**4,222**	**4,714**	**5,103**
Operating expenses	**(3,198)**	**(3,415)**	**(3,715)**	**(4,020)**	**(4,454)**	**(4,725)**
Selling expense	(1,715)	(1,916)	(2,025)	(2,284)	(2,559)	(2,700)
Admin expense	(420)	(355)	(400)	(401)	(441)	(471)
R&D expense	(580)	(640)	(764)	(791)	(851)	(898)
Other rental related expenses	(600)	(577)	(681)	(699)	(773)	(831)
Others	117	73	154	155	170	175
Operating profit	**162**	**331**	**252**	**201**	**260**	**379**
Other gains/(losses)	6,465	0	0	0	0	0
Share of (losses)/profits of associates/JV	(11)	(12)	6	10	12	12
EBITDA	**7,106**	**819**	**739**	**712**	**804**	**984**
Depreciation	160	156	175	192	204	222
Depreciation of ROU assets	196	154	124	136	148	160
Other amortisation	5	5	5	6	6	7
EBIT	**6,744**	**503**	**434**	**379**	**445**	**595**
Interest income	129	183	176	167	173	205
Interest expense	(19)	(16)	(12)	(13)	(14)	(16)
Pre-tax profit	**6,725**	**487**	**422**	**366**	**431**	**580**
Income tax	(25)	(5)	(3)	(11)	(39)	(70)
After tax profit	**6,701**	**482**	**419**	**355**	**392**	**510**
Minority interest	2	2	1	2	2	2
Net profit	**6,703**	**484**	**420**	**357**	**394**	**512**
Adjusted net profit	**481**	**624**	**700**	**496**	**628**	**775**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**8,271**	**8,365**	**8,883**	**10,794**	**12,450**	**14,192**
Cash & equivalents	2,715	1,375	1,924	2,337	3,073	3,970
Restricted cash	1,455	1,109	1,093	1,702	1,931	2,073
Account receivables	218	226	362	301	336	359
Inventories	1,800	2,119	2,373	2,783	3,015	3,207
Financial assets at FVTPL	1,587	3,074	2,759	3,168	3,536	3,985
Other current assets	496	462	371	502	560	598
Non-current assets	**3,493**	**4,432**	**4,618**	**4,964**	**5,480**	**5,463**
PP&E	899	1,046	1,070	1,067	1,052	1,018
Right-of-use assets	467	398	384	406	415	413
Investment in JVs & assos	363	376	379	389	401	413
Intangibles	58	54	24	23	21	19
Goodwill	20	20	24	24	24	24
Financial assets at FVTPL	191	200	200	200	205	210
Other non-current assets	1,495	2,336	2,537	2,855	3,361	3,365
Total assets	**11,765**	**12,797**	**13,501**	**15,757**	**17,930**	**19,655**
Current liabilities	**6,602**	**7,199**	**7,690**	**8,925**	**9,956**	**10,640**
Short-term borrowings	1	8	0	0	0	0
Account payables	3,887	4,458	5,067	5,720	6,374	6,781
Tax payable	120	117	126	115	142	199
Other current liabilities	1,720	1,627	1,661	2,126	2,369	2,520
Lease liabilities	132	119	107	104	108	111
Contract liabilities	743	871	729	860	965	1,029
Non-current liabilities	**704**	**739**	**757**	**983**	**1,122**	**1,238**
Long-term borrowings	8	0	2	52	102	152
Other non-current liabilities	697	739	756	931	1,020	1,086
Total liabilities	**7,306**	**7,938**	**8,448**	**9,908**	**11,078**	**11,878**
Share capital	0	0	0	0	0	0
Other reserves	4,460	4,862	5,056	5,854	6,859	7,786
Total shareholders equity	**4,460**	**4,862**	**5,057**	**5,854**	**6,859**	**7,786**
Minority interest	(2)	(3)	(3)	(5)	(7)	(9)
Total equity and liabilities	**11,765**	**12,797**	**13,501**	**15,757**	**17,930**	**19,655**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**6,725**	**487**	**422**	**366**	**431**	**580**
Depreciation & amortization	362	316	304	334	359	389
Tax paid	(5)	(8)	(4)	(12)	(12)	(12)
Change in working capital	269	584	241	96	492	248
Others	(6,330)	(60)	32	9	95	96
Net cash from operations	**1,021**	**1,319**	**996**	**793**	**1,365**	**1,301**
Investing						
Capital expenditure	(362)	(322)	(247)	(205)	(205)	(205)
Acquisition of subsidiaries/ investments	(69)	(10)	(11)	0	0	0
Net proceeds from disposal of short-term investments	(2,108)	(2,191)	(198)	(544)	(868)	(448)
Others	167	95	757	177	183	215
Net cash from investing	**(2,372)**	**(2,428)**	**302**	**(572)**	**(890)**	**(439)**
Financing						
Net borrowings	(1)	(1)	(6)	50	50	50
Proceeds from share issues	1,168	0	0	0	0	0
Share repurchases	0	(248)	(575)	300	375	150
Others	182	8	(147)	(158)	(164)	(166)
Net cash from financing	**1,350**	**(241)**	**(728)**	**192**	**261**	**34**
Net change in cash						
Cash at the beginning of the year	2,686	2,715	1,375	1,924	2,337	3,073
Exchange difference	30	9	(21)	0	0	0
Cash at the end of the year	**2,715**	**1,375**	**1,924**	**2,337**	**3,073**	**3,970**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	17.8%	8.5%	11.5%	11.3%	11.5%	6.8%
Gross profit	48.0%	11.5%	5.9%	6.4%	11.7%	8.3%
Operating profit	na	104.9%	(23.8%)	(20.2%)	29.1%	45.6%
EBITDA	na	(88.5%)	(9.8%)	(3.5%)	12.8%	22.5%
EBIT	na	(92.5%)	(13.6%)	(12.8%)	17.5%	33.8%
Net profit	na	(92.8%)	(13.1%)	(15.1%)	10.4%	30.0%
Adj. net profit	na	29.7%	12.2%	(29.2%)	26.6%	23.5%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	24.7%	25.4%	24.1%	23.0%	23.1%	23.4%
Operating margin	1.2%	2.2%	1.5%	1.1%	1.3%	1.7%
EBITDA margin	52.2%	5.5%	4.5%	3.9%	3.9%	4.5%
Adj. net profit margin	3.5%	4.2%	4.3%	2.7%	3.1%	3.6%
Return on equity (ROE)	na	10.4%	8.5%	6.5%	6.2%	7.0%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	(0.9)	(0.5)	(0.6)	(0.7)	(0.8)	(0.8)
Current ratio (x)	1.3	1.2	1.2	1.2	1.3	1.3
Receivable turnover days	5.9	5.6	8.0	6.0	6.0	6.0
Inventory turnover days	64.1	70.2	69.3	72.0	70.0	70.0
Payable turnover days	138.5	147.7	148.0	148.0	148.0	148.0

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	0.6	19.4	22.0	26.8	24.2	18.7
P/E (diluted)	19.4	15.5	13.7	19.6	15.5	12.6
P/B	0.8	1.9	1.8	1.6	1.4	1.2
P/CFPS	3.7	7.1	9.3	12.1	7.0	7.4
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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