

Onewo (2602 HK)

Earnings beat against tough weather; Dividend yield remains attractive

Onewo's 1H25 core net profit rose 10.8% YoY, outpacing our projected LSD growth of peers. The earnings beat sent its share price significantly higher by 7.2% on 19 Aug. Core biz remained resilient amid challenges (rev. +11% YoY), supported by the Onewo Town strategy and flexible pricing system. Developer-linked revenue/GP contribution shrank to 2%, with negative impacts nearing a trough, in our view. During the period, dividend payout ratio remained high at 83%, translating to an attractive dividend yield of 7.2%. Reiterate BUY but cut TP by 25%, mainly reflecting substantially lower earnings expectations given intensifying industry headwinds.

- **Earnings beat driven by improving core biz efficiency.** Core net profit grew 10.8% YoY, outpacing our projected industry average of LSD. Total revenue was up 3.1% YoY, underpinned by resilient expansion in core biz - residential PM (+10.4% YoY), commercial PM (+7.7% YoY), community VAS (+39.6% YoY), and Bpass segment (+9.0% YoY). Gross margins for these segments declined only modestly (-0.4/+0.5/-6.8/+0.7 ppts YoY to 12.9%/8.8%/22.3%/37.7%). The trends were notably better than industry averages, supported by: 1) continued rollout of the Onewo Town strategy (optimized 300 Onewo Towns, accounting for 38.6% of total project under management, adding RMB 230 mn gross profit accumulatively); and 2) flexible pricing system that mitigated sector-wide fee cap pressure. Projects adopting this approach showed improvement in collection rates by 20%, offsetting margin headwinds. These efforts contributed to 114 new project wins in 1H25, driving a 31.5% increase in saturated contract revenue.
- **Developers' drag nearing an end, positive on FY25 guidance.** Developer-linked segments remained a headwind, with developer VAS and AIoT revenue down 76.1% and 66.2% respectively. Yet, their combined share of revenue/GP fell to 2.3%/1.9% in 1H25 from 8.6%/6.2% in 1H24, signaling that the drag on overall finances is nearing an end. The company guided full-year revenue growth to outpace 1H25 (>3.1%) and core NP growth to exceed 10.8%. We view these targets as commendable for China's top property manager in terms of managed GFA and market-cap amid intensifying competition, downward pressure on fee rate, and ongoing developer risk resolution.
- **High dividend pay-out maintained.** Total dividend payout ratio remained high at 83% of core NP in 1H25 (vs. c.100% in 1H24/2H24). The annualised dividend pay-out represents a yield of 7.2% in FY25E, staying attractive.
- **Maintain BUY.** We cut TP by 25% to HK\$29.88, reflecting the significant downward revision on earnings expectations vs prior year amid deepening industry woes. The revised TP implies 20x 2025E PE. Risks: 1) larger-than-expected decline in collection rates; 2) underperformance in third-party expansion; 3) related-party transactions with the parentco.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	33,183	36,224	38,224	41,523	44,717
YoY growth (%)	10.2	9.2	5.5	8.6	7.7
Net profit (RMB mn)	1,954.7	1,149.6	1,590.0	1,807.5	1,969.9
Adjusted net profit (RMB mn)	na	2,226.9	2,464.0	2,638.7	2,798.8
YoY growth (%)	na	na	10.6	7.1	6.1
EPS (Reported) (RMB)	1.66	0.98	1.37	1.56	1.70
YoY growth (%)	18.8	(41.0)	40.4	13.7	9.0
Consensus EPS (RMB)	na	na	1.53	1.72	1.94
P/E (x)	14.4	24.4	17.4	15.3	14.0
Yield (%)	3.3	7.9	7.1	7.6	8.1

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$29.88
(Previous TP)	HK\$40.01)
Up/Downside	15.2%
Current Price	HK\$25.94

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Stock Data

Mkt Cap (HK\$ mn)	29,999.4
Avg 3 mths t/o (HK\$ mn)	31.7
52w High/Low (HK\$)	27.60/16.14
Total Issued Shares (mn)	1156.5
Source: FactSet	

Shareholding Structure

China Vanke	51.9%
Radiant Sunbeam Ltd.	15.6%
Source: HKEx	

Share Performance

	Absolute	Relative
1-mth	18.2%	16.8%
3-mth	16.6%	8.3%
6-mth	16.8%	6.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Results summary

RMB mn	1H24 (restated)	2H24	1H25	YoY	HoH
Revenue	17,590	18,634	18,137	3.1%	-2.7%
Community space living consumption services	10,133	10,775	11,325	11.8%	5.1%
- Residential PM	9,310	9,919	10,279	10.4%	3.6%
- Community VAS - Home-related asset service	615	732	858	39.6%	17.3%
- Community VAS - Others	209	123	187	-10.3%	52.1%
Commercial and urban space integrated services	6,065	6,230	5,749	-5.2%	-7.7%
- Commercial PM	4,799	5,171	5,169	7.7%	0.0%
- VAS to developers	916	653	219	-76.1%	-66.4%
- Urban space integrated services	350	406	360	3.0%	-11.2%
AIoT and BPaaS solution services	1,392	1,629	1,064	-23.6%	-34.7%
- AIoT solutions	603	824	204	-66.2%	-75.3%
- BPaaS solutions	789	805	860	9.0%	6.9%
Gross profit	2,401	2,296	2,493	3.8%	8.6%
Net profit	762	387	792	3.9%	104.6%
Core net profit	1,192	1,035	1,321	10.8%	27.7%
EPS (RMB)	0.65	0.33	0.68	5.6%	106.8%
Core EPS (RMB)	1.01	0.88	1.14	12.6%	29.3%
DPS (RMB)	1.02	0.88	0.95	-6.9%	8.7%
Dividend payout ratio	158%	264%	139%	-19 ppt	-125 ppt
Dividend payout ratio (on Core NP)	101%	99%	83%	-18 ppt	-16 ppt
GP Margin	13.7%	12.3%	13.7%	0.1 ppt	1.4 ppt
Community space living consumption services	15.1%	13.6%	14.4%	-0.7 ppt	0.9 ppt
- Residential PM	13.4%	11.5%	12.9%	-0.4 ppt	1.4 ppt
- Community VAS - Home-related asset service	29.1%	28.6%	22.3%	-6.8 ppt	-6.3 ppt
- Community VAS - Others	50.5%	92.3%	60.2%	9.7 ppt	-32.2 ppt
Commercial and urban space integrated services	7.1%	7.4%	8.8%	1.7 ppt	1.4 ppt
- Commercial PM	8.3%	8.5%	8.8%	0.5 ppt	0.2 ppt
- VAS to developers	0.2%	-0.3%	9.7%	9.5 ppt	10.0 ppt
- Urban space integrated services	8.9%	5.5%	9.1%	0.2 ppt	3.6 ppt
AIoT and BPaaS solution services	31.6%	22.8%	33.0%	1.5 ppt	10.3 ppt
- AIoT solutions	24.4%	18.6%	13.1%	-11.3 ppt	-5.5 ppt
- BPaaS solutions	37.1%	27.1%	37.7%	0.7 ppt	10.7 ppt
Net Margin	4.3%	2.1%	4.4%	0.0 ppt	2.3 ppt
Core net margin	6.8%	5.6%	7.3%	0.5 ppt	1.7 ppt
Annualized income of managed GFA (RMB bn)	26.2	27.3	28.1	7.4%	3.1%
- Vanke Group	12.7	13.1	13.2	4.1%	1.2%
- Third parties	13.5	14.2	14.9	10.4%	4.8%

Source: Company data, CMBIGM estimates

Figure 2: Developer-related biz contribution

Developer-related biz contribiton	2023	2024	YoY	1H24	2H24	1H25	YoY
Revenue	12.4%	8.3%	-4.1 ppt	8.6%	7.9%	2.3%	-6.30 ppt
Gross profit	14.8%	6.4%	-8.4 ppt	6.2%	6.6%	1.9%	-4.28 ppt

Source: Company data, CMBIGM estimates

Figure 3: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	38,224	41,523	44,717	40,302	44,729	n.a.	-5.2%	-7.2%	n.a.
Gross profit	4,881	5,289	5,681	5,603	6,196	n.a.	-12.9%	-14.6%	n.a.
Operating profit	2,284	2,596	2,830	3,215	3,529	n.a.	-29.0%	-26.4%	n.a.
Net profit	1,590	1,807	1,970	2,340	2,570	n.a.	-32.1%	-29.7%	n.a.
Gross margin	12.8%	12.7%	12.7%	13.9%	13.9%	n.a.	-1.1ppt	-1.1ppt	n.a.
Operating margin	6.0%	6.3%	6.3%	8.0%	7.9%	n.a.	-2ppt	-1.6ppt	n.a.
Net margin	4.2%	4.4%	4.4%	5.8%	5.7%	n.a.	-1.6ppt	-1.4ppt	n.a.

Source: Company data, CMBIGM estimates

Figure 4: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	38,224	41,523	44,717	39,085	42,418	46,462	-2.2%	-2.1%	-3.8%
Gross profit	4,881	5,289	5,681	5,106	5,621	6,231	-4.4%	-5.9%	-8.8%
Operating profit	2,284	2,596	2,830	2,395	2,739	3,002	-4.7%	-5.2%	-5.7%
Net profit	1,590	1,807	1,970	1,923	2,076	n.a.	-17.3%	-12.9%	n.a.
Gross margin	12.8%	12.7%	12.7%	13.1%	13.3%	13.4%	-0.3ppt	-0.5ppt	-0.7ppt
Operating margin	6.0%	6.3%	6.3%	6.1%	6.5%	6.5%	-0.2ppt	-0.2ppt	-0.1ppt
Net margin	4.2%	4.4%	4.4%	4.9%	4.9%	n.a.	-0.8ppt	-0.5ppt	n.a.

Source: Company data, CMBIGM estimates

Figure 5: Valuation comps

Company	Ticker	Last Price	Mkt Cap	P/E (x)			Net Profit Growth (%)			Payout ratio	Dividend Yield	
		(LC)		25E	26E	27E	25E	26E	27E		24A	25E
CR MixC	1209.HK	39.44	11,511	19.7 x	17.3 x	15.2 x	15.0	14.1	13.3	134%	5.8%	4.7%
Onew o	2602.HK	25.94	3,874	17.3 x	15.2 x	14.0 x	38.3	13.7	9.0	194%	8.0%	7.2%
Country Garden Services	6098.HK	7.53	3,219	11.3 x	9.6 x	8.7 x	12.6	17.7	10.3	0.6	4.3%	5.8%
Poly Services	6049.HK	37.04	2,621	11.9 x	11.0 x	10.2 x	6.7	8.1	7.6	50%	3.9%	3.6%
COPH	2669.HK	5.87	2,465	10.5 x	9.5 x	8.7 x	11.0	10.0	9.7	36%	3.1%	3.5%
China Merchant PO	001914.SZ	12.64	1,878	14.1 x	12.6 x	11.3 x	13.0	12.3	11.2	30%	1.9%	2.3%
Greentow n Services	2869.HK	5.10	2,054	15.9 x	13.7 x	12.2 x	17.8	15.9	12.8	75%	3.9%	4.3%
Binjiang Services	3316.HK	23.48	830	9.2 x	8.1 x	7.2 x	18.4	13.4	12.4	70%	6.4%	7.4%
Yuexiu Services	6626.HK	3.02	580	7.7 x	6.7 x	5.9 x	53.1	14.4	13.7	74%	6.1%	6.6%
C&D PM	2156.HK	3.06	551	9.7 x	8.5 x	8.3 x	25.7	13.6	2.0	58%	4.9%	5.7%
Ever Sunshine	1995.HK	2.28	504	6.7 x	6.1 x	5.7 x	11.5	10.6	6.9	62%	8.1%	7.2%
Jinmao Services	0816.HK	3.41	394	6.9 x	6.5 x	6.2 x	8.7	6.4	5.8	41%	5.3%	NA
Pow erlong Commercial	9909.HK	2.32	191	3.5 x	3.4 x	3.2 x	78.6	5.0	NA	NA	NA	NA
Excellence CM	6989.HK	1.47	229	4.8 x	4.3 x	3.9 x	9.6	10.8	9.8	50%	9.5%	NA
New Hope Services	3658.HK	1.94	202	5.6 x	5.0 x	4.5 x	12.9	12.7	11.4	57%	8.9%	NA
E-star CM	6668.HK	1.33	173	7.9 x	7.6 x	7.3 x	1.4	2.8	4.7	80%	9.8%	NA
Average				15.1 x	13.3 x	12.0 x	19.0	13.3	10.9	100%	5.3%	4.7%
BEKE-W	2423.HK	47.48	21,688	26.5 x	20.5 x	16.7 x	43.7	29.2	23.0	73%	2.0%	2.0%
Greentow n Management	9979.HK	2.85	733	6.4 x	6.0 x	5.5 x	2.2	6.3	8.4	59%	9.2%	10.3%
Average				25.8 x	20.0 x	16.3 x	42.3	28.4	22.5	72%	2.2%	2.2%

Source: Company data, Wind, CMBIGM estimates

Note: Data as of 19 Aug 2025

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	30,106	33,183	36,224	38,224	41,523	44,717
Cost of goods sold	(25,875)	(28,372)	(31,527)	(33,343)	(36,234)	(39,036)
Gross profit	4,231	4,812	4,697	4,881	5,289	5,681
Operating expenses	(2,604)	(2,571)	(2,525)	(2,528)	(2,747)	(2,958)
Selling expense	(450)	(497)	(585)	(617)	(671)	(722)
Admin expense	(2,153)	(2,073)	(1,940)	(1,911)	(2,076)	(2,236)
Operating profit	1,627	2,241	2,172	2,352	2,542	2,724
Other income	525	595	94	80	80	80
Other expense	(156)	(271)	(608)	(307)	(220)	(190)
Share of (losses)/profits of associates/JV	(10)	(24)	(39)	12	12	12
EBITDA	2,841	3,558	2,623	3,612	3,970	4,231
Depreciation	855	1,016	1,005	1,475	1,555	1,605
Interest income	46	124	90	158	193	215
Interest expense	(11)	(9)	(12)	(10)	(10)	(10)
Net Interest income/(expense)	35	116	78	148	183	205
Pre-tax profit	2,021	2,658	1,696	2,286	2,598	2,832
Income tax	(434)	(622)	(440)	(549)	(624)	(680)
After tax profit	1,587	2,036	1,256	1,737	1,975	2,152
Minority interest	76	81	106	147	167	182
Net profit	1,512	1,955	1,150	1,590	1,807	1,970
Adjusted net profit	na	na	2,227	2,464	2,639	2,799
Net dividends	456	916	2,227	1,971	2,111	2,239

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	21,789	24,885	22,857	22,226	23,683	25,160
Cash & equivalents	13,345	15,572	13,435	12,009	12,824	13,679
Restricted cash	376	390	455	455	455	455
Account receivables	6,278	6,781	6,542	7,331	7,963	8,576
Inventories	70	56	102	108	118	127
Prepayment	1,698	1,912	2,135	2,135	2,135	2,135
ST bank deposits	22	173	188	188	188	188
Financial assets at FVTPL	0	0	0	0	0	0
Non-current assets	15,174	14,498	15,751	16,780	15,959	15,118
PP&E	666	679	620	643	696	779
Right-of-use assets	231	354	324	324	324	324
Deferred income tax	150	207	320	320	320	320
Investment in JVs & assos	10,246	9,395	9,681	9,433	9,185	8,938
Intangibles	8,507	7,981	7,733	7,486	7,238	6,990
Financial assets at FVTPL	1	1	0	0	0	0
Other non-current assets	(4,627)	(4,118)	(2,927)	(1,426)	(1,804)	(2,233)
Total assets	36,963	39,383	38,608	39,007	39,642	40,278
Current liabilities	17,714	18,683	19,093	19,477	20,087	20,679
Short-term borrowings	0	0	0	0	0	0
Account payables	5,320	5,764	6,658	7,042	7,652	8,244
Tax payable	738	989	998	998	998	998
Other current liabilities	192	0	0	0	0	0
Lease liabilities	109	100	102	102	102	102
Contract liabilities	4,515	4,681	4,908	4,908	4,908	4,908
Accrued expenses	6,840	7,149	6,427	6,427	6,427	6,427
Non-current liabilities	2,248	2,480	2,355	2,355	2,355	2,355
Long-term borrowings	0	0	0	0	0	0
Obligations under finance leases	124	252	234	234	234	234
Deferred income	1,043	951	857	857	857	857
Other non-current liabilities	1,081	1,278	1,265	1,265	1,265	1,265
Total liabilities	19,961	21,163	21,448	21,832	22,443	23,034
Share capital	1,178	1,178	1,172	1,172	1,172	1,172
Other reserves	15,282	16,427	15,251	15,119	14,976	14,838
Total shareholders equity	16,460	17,605	16,423	16,290	16,148	16,009
Minority interest	541	615	737	884	1,052	1,234
Total equity and liabilities	36,963	39,383	38,608	39,007	39,642	40,278

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	2,021	2,658	1,696	2,286	2,598	2,832
Depreciation & amortization	855	1,016	1,005	1,475	1,555	1,605
Tax paid	(535)	(512)	(682)	(549)	(624)	(680)
Change in working capital	588	(325)	(624)	(411)	(32)	(30)
Others	(171)	(251)	524	100	(22)	(75)
Net cash from operations	2,756	2,586	1,919	2,901	3,476	3,652
Investing						
Capital expenditure	(423)	(258)	(230)	(2,504)	(734)	(764)
Acquisition of subsidiaries/ investments	(122)	335	(777)	0	0	0
Net proceeds from disposal of short-term investments	509	76	108	158	193	215
Others	0	0	0	0	0	0
Net cash from investing	(36)	152	(899)	(2,345)	(540)	(548)
Financing						
Dividend paid	(1,294)	(284)	(2,424)	(1,971)	(2,111)	(2,239)
Net borrowings	(16)	0	(16)	(10)	(10)	(10)
Proceeds from share issues	5,728	0	0	0	0	0
Others	(235)	(233)	(719)	0	0	0
Net cash from financing	4,183	(517)	(3,159)	(1,981)	(2,121)	(2,249)
Net change in cash						
Cash at the beginning of the year	6,431	13,345	15,572	13,435	12,009	12,824
Exchange difference	12	6	1	0	0	0
Cash at the end of the year	13,345	15,572	13,435	12,009	12,824	13,679
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	27.0%	10.2%	9.2%	5.5%	8.6%	7.7%
Gross profit	5.2%	13.7%	(2.4%)	3.9%	8.4%	7.4%
Operating profit	(17.5%)	37.7%	(3.1%)	8.3%	8.1%	7.1%
EBITDA	7.6%	25.3%	(26.3%)	37.7%	9.9%	6.6%
Net profit	(9.4%)	29.3%	(41.2%)	38.3%	13.7%	9.0%
Adj. net profit	na	na	na	10.6%	7.1%	6.1%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	14.1%	14.5%	13.0%	12.8%	12.7%	12.7%
Operating margin	5.4%	6.8%	6.0%	6.2%	6.1%	6.1%
EBITDA margin	9.4%	10.7%	7.2%	9.5%	9.6%	9.5%
Adj. net profit margin	na	na	6.1%	6.4%	6.4%	6.3%
Return on equity (ROE)	11.5%	11.5%	6.8%	9.7%	11.1%	12.3%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	1.2	1.3	1.2	1.1	1.2	1.2
Receivable turnover days	76.1	74.6	65.9	70.0	70.0	70.0
Inventory turnover days	1.0	0.7	1.2	1.2	1.2	1.2
Payable turnover days	75.0	74.2	77.1	77.1	77.1	77.1
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	17.1	14.4	24.4	17.4	15.3	14.0
P/B	3.0	2.7	3.0	2.9	2.8	2.7
Div yield (%)	1.8	3.3	7.9	7.1	7.6	8.1

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

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CMBIGM Ratings

BUY	: Stock with potential return of over 15% over next 12 months
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
MARKET-PERFORM	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM	: Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Global Markets Limited

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