

EHang Holdings (EH US)

1Q25 results below expectations due to delay of product delivery; Expect recovery in 2Q25E

EHang's electric vertical take-off and landing (eVTOL) aircrafts delivery surprisingly declined 58% YoY in 1Q25 to only 11 units, due to certain delay of delivery. Management explained that the delay was due to weather, CNY seasonality, as well as the time needed for operator certificates (OC) approval. EHang is confident of achieving a recovery of sales in delivery in 2Q25E. EHang maintains the target to achieve revenue of RMB900mn in 2025E (97% YoY growth) and a 40% increase in SG&A expense. We maintain our view that EHang has the first-mover advantage given that it is the first player in China to obtain the three essential certificates for the mass production of eVTOL aircraft, as well OC for its two operating subsidiaries. Our earnings forecast for 2025E-27E is unchanged. Maintain **BUY** with unchanged TP of US\$30, based on 15x 2025E P/S.

- **Key highlights in 1Q25 results.** Revenue declined 58% YoY to RMB26mn, due to a 58% YoY decline in the eVTOL aircraft delivery (to 11 units). Gross margin slightly expanded 0.6ppts YoY to 62.4%. SG&A and R&D expense ratio increased substantially due to the decline in revenue. Helped by a 4x YoY increase in net finance income (to RMB11mn) following a fund-raising last year, the net loss in 1Q25 only expanded by 23% YoY to RMB78mn. EHang's inventories increased by 44% to RMB109mn as at Mar 2025 (from Dec 2024), which we believe was largely due to the shipment delay. EHang maintained a net cash position as at Mar 2025.
- **VT35 eVTOL the next key product.** VT35 is the next-generation long-range lift-and-cruise pilotless eVTOL (an upgraded version of VT30). VT35 is currently in the process of applying for certification in China, and the CAAC has accepted the application for its Type Certification (TC). EHang plans to launch VT35 in 3Q25E.
- **Operating business will be launched gradually.** In Mar, EHang obtained the OC for its subsidiary in Guangdong and JV in Hefei. Management revealed that it is still in progress to carry out commercial operation as safety is the top priority. With more operating data and experience, commercial operation is expected to start in a few months, according to the management.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	117	456	898	1,341	1,645
YoY growth (%)	165.0	288.5	97.0	49.3	22.7
Adjusted net profit (RMB mn)	(301.7)	(229.8)	(64.0)	178.4	246.3
EPS (Reported) (RMB cents)	(496.82)	(363.08)	(101.14)	281.92	389.20
YoY growth (%)	na	na	na	na	38.1
Consensus EPS (RMB)	na	na	1.07	3.39	na
P/S (x)	65.7	16.9	8.6	5.8	4.7
P/E (x)	ns	ns	ns	43.3	31.3
P/B (x)	36.1	8.1	8.7	7.2	5.9
Yield (%)	0.0	0.0	0.0	0.1	0.2
ROE (%)	(178.9)	(39.3)	(6.9)	18.2	20.7
Net gearing (%)	(68.1)	(54.0)	(70.2)	(65.3)	(67.0)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price US\$30.00
Up/Downside 76.9%
Current Price US\$16.96

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Stock Data

Mkt Cap (US\$ mn) 1,073.3
 Avg 3 mths t/o (US\$ mn) 23.3
 52w High/Low (US\$) 26.45/11.59
 Total Issued Shares (mn) 63.3

Source: FactSet

Shareholding Structure

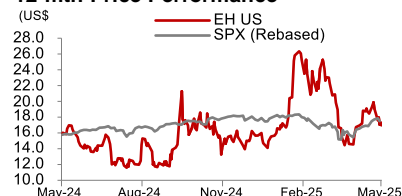
Huazhi Hu 30.7%
 Source: SEC

Share Performance

	Absolute	Relative
1-mth	4.6%	-3.1%
3-mth	-32.8%	-30.3%
6-mth	20.6%	24.1%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related report:

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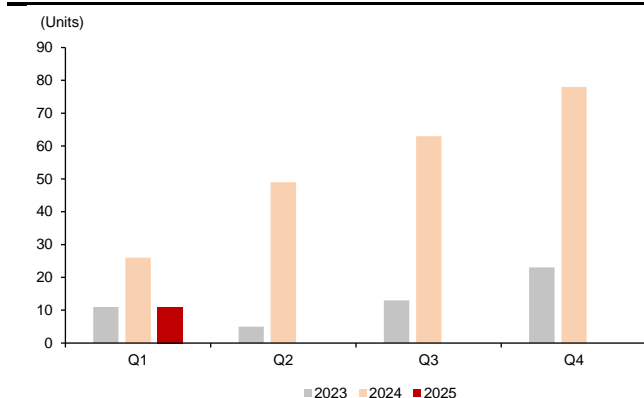
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Figure 1: EHang's quarterly results

(RMB mn)	1Q24	1Q25	Change YoY	2Q23	2Q24	Change YoY	3Q23	3Q24	Change YoY	4Q23	4Q24	Change YoY
Total revenue	62	26	-58%	10	102	920%	29	128	348%	57	164	190%
Cost of sales	-24	-10	-58%	-4	-38	863%	-10	-50	390%	-20	-65	223%
Gross profit	38	16	-57%	6	64	957%	18	78	324%	37	100	172%
Other income	4	5	26%	1	2	234%	1	18	1266%	3	6	138%
S&D expenses	-20	-12	-40%	-14	-27	102%	-14	-47	246%	-21	-36	75%
Administrative expenses	-50	-61	23%	-31	-54	75%	-38	-60	55%	-56	-69	24%
R&D expenses	-38	-37	-1%	-37	-62	65%	-38	-44	16%	-38	-56	47%
EBIT	-66	-90	37%	-75	-77	3%	-70	-55	-22%	-75	-55	-26%
Net finance income/(cost)	2	11	443%	0	6	3876%	1	8	448%	4	11	205%
Other gains/(losses)	1	2	193%	1	0	-59%	2	0	-78%	-1	-1	-41%
Share of profit of JV and associates	-0	-2	399%	-2	-1	-65%	-0	-2	545%	0	-2	n/a
Pretax profit	-63	-78	24%	-76	-72	-5%	-67	-48	-28%	-72	-47	-35%
Income tax	-0	-0	0%	-0	-0	38%	-0	-0	61%	-0	-0	139%
After tax profit	-63	-78	24%	-76	-72	-5%	-67	-48	-28%	-72	-47	-35%
MI	0	0	378%	0	0	-41%	0	0	12%	0	0	-90%
Net profit	-63	-78	23%	-76	-72	-5%	-67	-48	-28%	-72	-47	-35%
Key ratios			Change (ppt)			Change (ppt)			Change (ppt)			Change (ppt)
Gross margin	61.9%	62.4%	0.6	60.2%	62.4%	2.2	64.6%	61.2%	-3.4	64.7%	60.7%	-4.0
S&D expenses ratio	32.8%	46.9%	14.1	135.2%	26.8%	-108.4	47.8%	36.9%	-10.9	36.6%	22.0%	-14.6
Administrative expense ratio	80.5%	235.1%	154.6	310.4%	53.2%	-257.3	134.2%	46.5%	-87.7	98.3%	42.2%	-56.1
R&D expense ratio	61.3%	142.9%	81.6	373.9%	60.6%	-313.3	131.7%	34.2%	-97.5	67.4%	34.1%	-33.3
Net margin	-102.7%	-300.4%	-197.7	-756.8%	-70.2%	686.6	-234.5%	-37.6%	197.0	-128.0%	-28.5%	99.5
Effective tax rate	0.0%	0.0%	0.0	0.0%	0.0%	-0.0	-0.2%	-0.4%	-0.2	-0.1%	-0.4%	-0.3

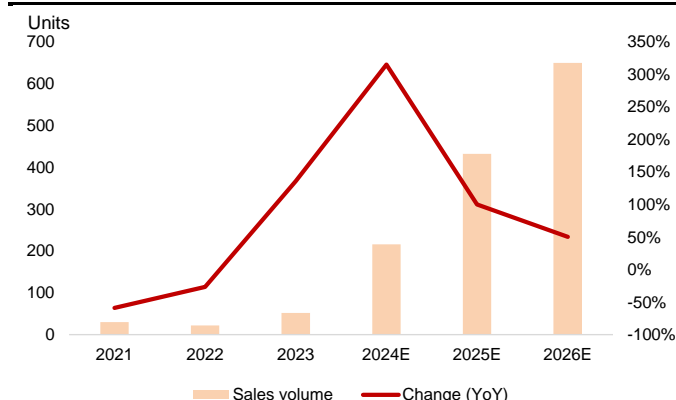
Source: Company data, CMBIGM

Figure 2: Quarterly deliveries of EH216 series



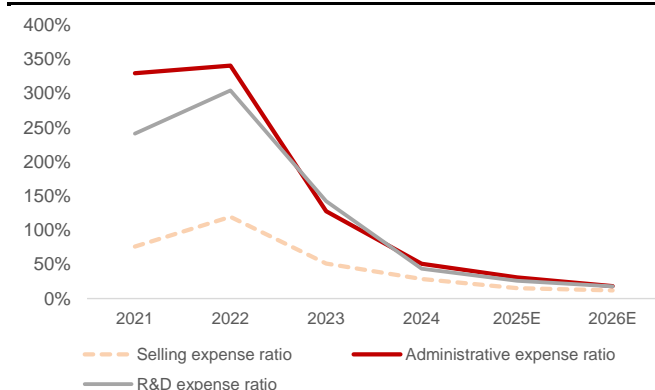
Source: Company data, CMBIGM

Figure 3: Annual deliveries of EH216 series



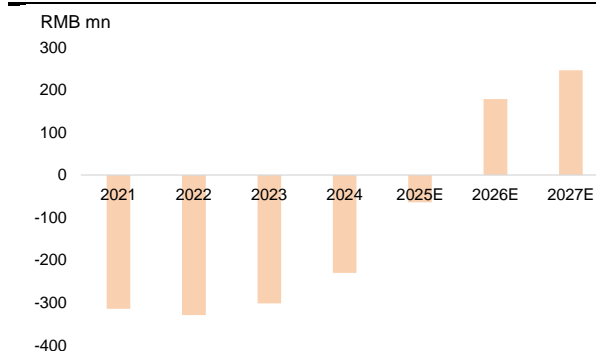
Source: Company data, CMBIGM estimates

Figure 4: SG&A expense ratio on a downtrend



Source: Company data, CMBIGM estimates

Figure 5: Net profit trend



Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	44	117	456	898	1,341	1,645
Cost of goods sold	(15)	(42)	(176)	(349)	(534)	(678)
Gross profit	29	75	280	549	807	967
Selling expense	(53)	(60)	(131)	(137)	(161)	(197)
Admin expense	(151)	(150)	(233)	(279)	(245)	(263)
R&D expense	(135)	(167)	(199)	(234)	(241)	(280)
Other income	6	6	30	18	13	16
Other gains/(losses)	(28)	(10)	1	(1)	(1)	(1)
Share of (losses)/profits of associates/JV	0	(2)	(4)	1	1	1
EBITDA	(283)	(275)	(234)	(57)	200	273
Depreciation	21	21	20	25	26	29
EBIT	(304)	(296)	(253)	(82)	173	243
Interest income	5	8	31	21	24	27
Interest expense	(2)	(3)	(3)	(3)	(3)	(3)
Net Interest income/(expense)	3	6	27	18	21	25
Pre-tax profit	(329)	(302)	(230)	(64)	194	268
Income tax	(0)	(0)	(0)	0	(16)	(21)
Minority interest	0	1	0	0	0	0
Net profit	(329)	(302)	(230)	(64)	178	246
Adjusted net profit	(329)	(302)	(230)	(64)	178	246
Gross dividends	0	0	0	0	9	12

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	387	453	1,357	1,562	1,708	2,017
Cash & equivalents	249	228	611	721	794	971
Account receivables	20	35	58	139	118	224
Inventories	72	59	76	49	103	101
ST bank deposits	0	34	30	30	30	30
Financial assets at FVTPL	0	14	0	0	0	0
Other current assets	45	82	582	623	662	690
Non-current assets	144	146	227	240	274	311
PP&E	47	45	60	72	110	145
Deferred income tax	0	0	0	0	0	0
Investment in JVs & assos	10	18	34	34	35	37
Intangibles	2	2	2	3	2	2
Goodwill	0	0	0	0	0	0
Financial assets at FVTPL	0	0	0	0	0	0
Other non-current assets	85	80	131	131	125	128
Total assets	531	599	1,584	1,802	1,981	2,328
Current liabilities	282	250	470	752	753	862
Short-term borrowings	121	73	75	75	75	75
Account payables	35	35	127	409	410	519
Tax payable	0	0	0	0	0	0
Other current liabilities	126	142	268	268	268	268
Non-current liabilities	124	134	158	158	158	158
Long-term borrowings	4	9	21	21	21	21
Other non-current liabilities	120	125	138	138	138	138
Total liabilities	406	384	629	910	911	1,020
Total shareholders equity	124	214	956	892	1,070	1,307
Minority interest	0	0	0	0	0	0
Total equity and liabilities	531	599	1,584	1,802	1,981	2,328

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(329)	(302)	(230)	(64)	194	268
Depreciation & amortization	21	21	20	25	26	29
Tax paid	0	0	(0)	0	(16)	(21)
Change in working capital	(6)	21	93	182	(70)	(27)
Others	141	171	275	(19)	(22)	(26)
Net cash from operations	(173)	(88)	158	124	113	223
Investing						
Capital expenditure	(12)	(8)	(16)	(30)	(60)	(60)
Acquisition of subsidiaries/ investments	0	0	0	0	0	0
Others	69	(121)	(466)	19	22	26
Net cash from investing	56	(129)	(483)	(11)	(38)	(34)
Financing						
Dividend paid	0	0	0	0	0	(9)
Net borrowings	37	(55)	(77)	0	0	0
Proceeds from share issues	70	250	698	0	0	0
Others	0	0	80	(3)	(3)	(3)
Net cash from financing	107	195	701	(3)	(3)	(12)
Net change in cash						
Cash at the beginning of the year	247	249	228	611	721	794
Exchange difference	13	1	6	0	0	0
Cash at the end of the year	249	228	611	721	794	971
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(22.0%)	165.0%	288.5%	97.0%	49.3%	22.7%
Gross profit	(18.9%)	157.7%	271.7%	96.1%	47.1%	19.8%
EBITDA	na	na	na	na	na	36.6%
EBIT	na	na	na	na	na	40.4%
Net profit	na	na	na	na	na	38.1%
Adj. net profit	na	na	na	na	na	38.1%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	65.9%	64.1%	61.4%	61.1%	60.2%	58.8%
EBITDA margin	(638.7%)	(234.1%)	(51.2%)	(6.4%)	14.9%	16.6%
Adj. net profit margin	(742.7%)	(256.9%)	(50.4%)	(7.1%)	13.3%	15.0%
Return on equity (ROE)	(144.2%)	(178.9%)	(39.3%)	(6.9%)	18.2%	20.7%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(1.0)	(0.7)	(0.5)	(0.7)	(0.7)	(0.7)
Current ratio (x)	1.4	1.8	2.9	2.1	2.3	2.3
Receivable turnover days	418.7	107.7	38.9	41.0	36.0	39.0
Inventory turnover days	1,818.5	571.4	140.0	65.0	52.0	55.0
Payable turnover days	979.3	305.7	168.4	280.0	280.0	250.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	ns	ns	ns	43.3	31.3
P/B	57.1	36.1	8.1	8.7	7.2	5.9
Div yield (%)	0.0	0.0	0.0	0.0	0.1	0.2

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

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