

# EHang Holdings (EH US)

## Obtained the first-ever OC for commercial operations

According to media reports over the weekend, EHang General Aviation (a wholly-owned subsidiary of Ehang in Guangdong) and Heyi Aviation (Ehang's JV in Hefei) obtained the Operator Certificate (OC) issued by the Civil Aviation Administration of China (CAAC) on Mar 28. EHang also officially confirmed the news this morning ([link](#)). This is the first-ever OC in the aviation history, suggesting that EHang will be eligible to carry out commercial operations for its pilotless passenger-carrying eVTOL aircrafts, such as aerial tourism and air taxi, in Guangzhou and Hefei. We believe this will allow EHang to further solidify its competitive edge. Our earnings forecast for 2025E/26E is unchanged. Maintain **BUY** with unchanged TP of US\$30, based on 15x 2025E P/S.

■ **Why OC is so important?** Companies have to obtain the Air Operator Certificate ("OC") from the CAAC to conduct commercial operations of pilotless passenger-carrying eVTOLs in China, during which the eVTOLs, operating team, infrastructure, and operating systems will be reviewed by the CAAC. The OC applications submitted by EHang General Aviation and Heyi Aviation were accepted by the CAAC for review in July 2024, and officially approved on Mar 28.

### Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	117	456	899	1,341	1,646
YoY growth (%)	165.0	288.5	97.0	49.2	22.7
Adjusted net profit (RMB mn)	(301.7)	(229.8)	(64.0)	178.5	246.4
EPS (Reported) (RMB cents)	(496.82)	(363.08)	(101.18)	281.98	389.27
YoY growth (%)	na	na	na	na	38.0
Consensus EPS (RMB cents)	na	na	(83.12)	156.91	na
P/S (x)	81.2	20.9	10.6	7.1	5.8
P/E (x)	ns	ns	ns	53.4	38.7
P/B (x)	44.6	10.0	10.7	8.9	7.3
Yield (%)	0.0	0.0	0.0	0.1	0.1
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** 44.6%  
**Current Price** US\$20.75

### China Capital Goods

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### Stock Data

Mkt Cap (US\$ mn)	1,313.2
Avg 3 mths t/o (US\$ mn)	46.0
52w High/Low (US\$)	26.45/11.59
Total Issued Shares (mn)	63.3

Source: FactSet

### Shareholding Structure

Huazhi Hu	30.7%
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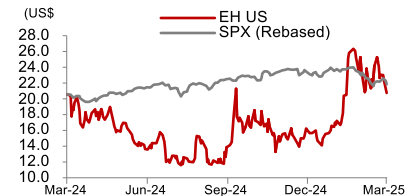
Source: SEC

### Share Performance

	Absolute	Relative
1-mth	-9.6%	-3.6%
3-mth	29.4%	38.5%
6-mth	47.5%	51.6%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

### Related report:

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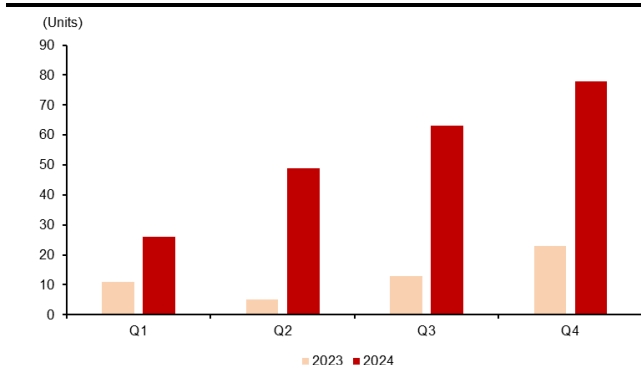
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**Figure 1: Post-certification orders and intent orders in domestic market**

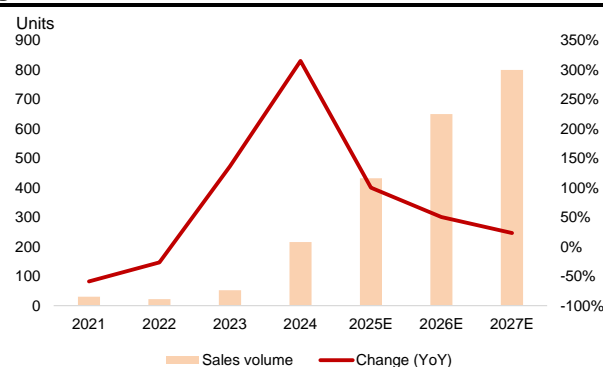
Major customers	# of aircrafts		Total orders
	Delivered	Intent orders	
Taiyuan Xishan Tourism	50	450	500
Wencheng Transportation Development Group	60	240	300
A local customer in Hefei, Anhui	20	80	100
Shenzhen Boling Group	10	90	100
A local customer in Wuxi, Jiangsu	10	90	100
KC Smart Mobility	5	25	30
Sunriver	5	45	50
Weihai High-Tech Zone Cultural and Tourism Industry Investment	30	-	30
<b>Total</b>	<b>195</b>	<b>1,020</b>	<b>1,210</b>

Source: Company data, CMBIGM

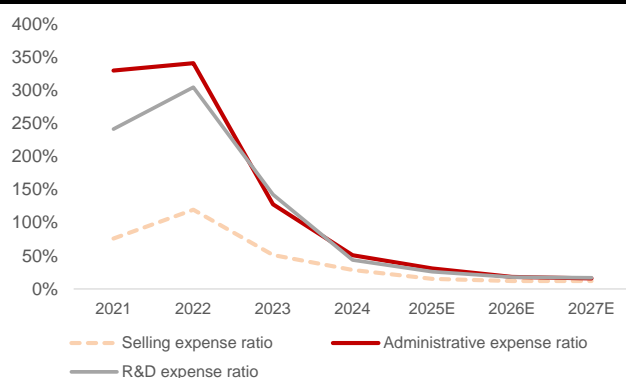
Note: Between Jul 2023 to Dec 2024

**Figure 2: Quarterly deliveries of EH216 series in 2023-2024**

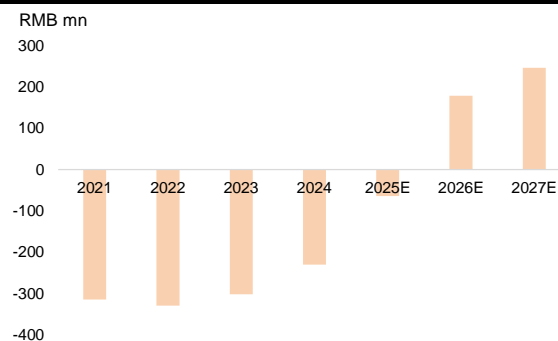
Source: Company data, CMBIGM

**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)						
<b>Revenue</b>	<b>44</b>	<b>117</b>	<b>456</b>	<b>899</b>	<b>1,341</b>	<b>1,646</b>
Cost of goods sold	(15)	(42)	(176)	(350)	(534)	(678)
<b>Gross profit</b>	<b>29</b>	<b>75</b>	<b>280</b>	<b>549</b>	<b>808</b>	<b>967</b>
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
<b>EBITDA</b>	<b>(283)</b>	<b>(275)</b>	<b>(229)</b>	<b>(57)</b>	<b>200</b>	<b>273</b>
Depreciation	21	21	24	25	26	29
<b>EBIT</b>	<b>(304)</b>	<b>(296)</b>	<b>(253)</b>	<b>(82)</b>	<b>173</b>	<b>243</b>
Interest income	5	8	31	21	24	27
Interest expense	(2)	(3)	(3)	(3)	(3)	(3)
<b>Net Interest income/(expense)</b>	<b>3</b>	<b>6</b>	<b>27</b>	<b>18</b>	<b>21</b>	<b>25</b>
<b>Pre-tax profit</b>	<b>(329)</b>	<b>(302)</b>	<b>(230)</b>	<b>(64)</b>	<b>194</b>	<b>268</b>
Income tax	(0)	(0)	(0)	0	(16)	(21)
Minority interest	0	1	0	0	0	0
<b>Net profit</b>	<b>(329)</b>	<b>(302)</b>	<b>(230)</b>	<b>(64)</b>	<b>178</b>	<b>246</b>
<b>Adjusted net profit</b>	<b>(329)</b>	<b>(302)</b>	<b>(230)</b>	<b>(64)</b>	<b>178</b>	<b>246</b>
Gross dividends	0	0	0	0	9	12

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
<b>Current assets</b>	<b>387</b>	<b>453</b>	<b>1,357</b>	<b>1,562</b>	<b>1,708</b>	<b>2,017</b>
Cash & equivalents	249	228	611	721	794	972
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
<b>Non-current assets</b>	<b>144</b>	<b>146</b>	<b>227</b>	<b>240</b>	<b>274</b>	<b>311</b>
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
<b>Total assets</b>	<b>531</b>	<b>599</b>	<b>1,584</b>	<b>1,802</b>	<b>1,981</b>	<b>2,328</b>
<b>Current liabilities</b>	<b>282</b>	<b>250</b>	<b>470</b>	<b>752</b>	<b>753</b>	<b>862</b>
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
<b>Non-current liabilities</b>	<b>124</b>	<b>134</b>	<b>158</b>	<b>158</b>	<b>158</b>	<b>158</b>
Long-term borrowings	4	9	21	21	21	21
Other non-current liabilities	120	125	138	138	138	138
<b>Total liabilities</b>	<b>406</b>	<b>384</b>	<b>629</b>	<b>910</b>	<b>911</b>	<b>1,021</b>
<b>Total shareholders equity</b>	<b>124</b>	<b>214</b>	<b>956</b>	<b>892</b>	<b>1,070</b>	<b>1,307</b>
Minority interest	0	0	0	0	0	0
<b>Total equity and liabilities</b>	<b>531</b>	<b>599</b>	<b>1,584</b>	<b>1,802</b>	<b>1,981</b>	<b>2,328</b>

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	(329)	(302)	(230)	(64)	194	268
Depreciation & amortization	21	21	24	25	26	29
Tax paid	0	0	(0)	0	(16)	(21)
Change in working capital	(6)	21	95	182	(70)	(27)
Others	141	171	250	(19)	(22)	(26)
<b>Net cash from operations</b>	<b>(173)</b>	<b>(88)</b>	<b>139</b>	<b>124</b>	<b>113</b>	<b>224</b>
<b>Investing</b>						
Capital expenditure	(12)	(8)	(32)	(30)	(60)	(60)
Acquisition of subsidiaries/ investments	0	0	0	0	0	0
Others	69	(121)	30	19	22	26
<b>Net cash from investing</b>	<b>56</b>	<b>(129)</b>	<b>(2)</b>	<b>(11)</b>	<b>(38)</b>	<b>(34)</b>
<b>Financing</b>						
Dividend paid	0	0	0	0	0	(9)
Net borrowings	37	(55)	13	0	0	0
Proceeds from share issues	70	250	707	0	0	0
Others	0	0	0	(3)	(3)	(3)
<b>Net cash from financing</b>	<b>107</b>	<b>195</b>	<b>720</b>	<b>(3)</b>	<b>(3)</b>	<b>(12)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	247	249	228	611	721	794
Exchange difference	13	1	(474)	0	0	0
<b>Cash at the end of the year</b>	<b>249</b>	<b>228</b>	<b>611</b>	<b>721</b>	<b>794</b>	<b>972</b>
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
Revenue	(22.0%)	165.0%	288.5%	97.0%	49.2%	22.7%
Gross profit	(18.9%)	157.7%	271.7%	96.2%	47.1%	19.8%
EBITDA	na	na	na	na	na	36.5%
EBIT	na	na	na	na	na	40.4%
Net profit	na	na	na	na	na	38.0%
Adj. net profit	na	na	na	na	na	38.0%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
Gross profit margin	65.9%	64.1%	61.4%	61.1%	60.2%	58.8%
EBITDA margin	(638.7%)	(234.1%)	(50.2%)	(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
<b>YE 31 Dec</b>						
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
<b>YE 31 Dec</b>						
P/E	ns	ns	ns	ns	53.4	38.7
P/B	70.6	44.6	10.0	10.7	8.9	7.3
Div yield (%)	0.0	0.0	0.0	0.0	0.1	0.1

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

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