



Flash Note: Sinotruk (03808 HK)

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1H22 Net Profit Expected Decrease of 62%-68%

2022年上半年净利润预计下降62%至68%

- Sinotruk (the "Company") announced its 1H22 preliminary results. The Company announced that shareholders' profit is expected to decline by 62%-68% to RMB1,159 million-RMB1,377 million.
- During the period, the industry and the Company's heavy-duty truck (HDT) sales were heavily impacted by weak demand due to the worsening pandemic situation. Coupled with higher inventory level, sales continued to be weak in the first half. Sinotruk's HDT sales declined by 53.8% yoy to 88,657 units; the decline trend is consistent with the industry trend, however, was better than the market by 9.8 ppts. Further, product mix continued to improve, which led the Company to be the number one HDT maker in China in the first half, seeing its market share jump 5 ppts to 23.3%.
- Weak fundamentals persisted in 1H22, which is largely expected due to a slump in sales during the period and much higher raw material cost. Despite this, the Company's product strategy allows them to alleviate the challenging environment and be able to expand market share, overtaking FAW Group to become the largest HDT maker. We expect slight improvement in sales in 2H22 thanks to a series of counter-cyclical measures introduced by the government. Further, the government is mulling over plans to increase supportive measures for larger infrastructure investments. We have an investment rating of "Neutral" and TP of HK\$9.51, which represents 5.0x 2022 PER and 0.6x 2022 PBR.
- 中国重汽（“公司”）公布 2022 年上半年初步业绩。公司预计股东利润将下降 62%至 68%到人民币 11.59 亿元至人民币 13.77 亿元。
- 由于期内疫情恶化导致需求疲软，行业及公司重卡销售受到较大冲击。加上较高的库存水平，上半年销售继续疲软。中国重汽的重卡销量同比下降 53.8%至 88,657 辆。此下跌幅度与行业趋势一致，但好于市场跌幅 9.8 个百分点。此外，产品结构持续优化，使公司在上半年成为中国第一大重卡制造商，市场份额跃升 5 个百分点至 23.3%。
- 疲软的基本面持续到 2022 年上半年，这在很大程度上是由于期内销售下滑和原材料成本大幅上涨所致。尽管如此，公司的产品战略使其能够缓解充满挑战的环境并扩大市场份额，从而超越一汽成为最大的重卡制造商。由于政府推出了一系列逆周期措施，我们预计 2022 年下半年销售将边际改善。此外，政府正在考虑加大对大型基础设施投资的支持力度。我们给予公司“中性”的投资评级和 9.51 港元的目标价，相当于 5.0 倍 2022 年市盈率和 0.6 倍 2022 年市净率。

Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Buy	买入	Relative Performance > 15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	收集	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	减持	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	卖出	Relative Performance < -15%; or the fundamental outlook of the company or sector is unfavorable.

Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Outperform	跑赢大市	Relative Performance > 5%; or the fundamental outlook of the sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	跑输大市	Relative Performance < -5%; Or the fundamental outlook of the sector is unfavorable.

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