



## Company Report: Autohome-S (02518 HK)

公司报告: 汽车之家-S (02518 HK)

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29 February 2024

# Empowering the New Retail Ecosystem in the Auto Industry, Navigating the Path to New Energy Sustainability

- We maintain "Buy" investment rating and revise our target price to HK\$67.08, representing 14.5x 2024 P/E.** Autohome's 2023 revenue rose 3.5% YoY to RMB7.18 bn, with net income to shareholders up 4% at RMB1.88 bn, aligning with our previous expectations. The Company bought back US\$200 mn in shares by year-end. Given market uncertainties, we've modestly decreased our 2024-2025 revenue outlook by around 2.7%, but maintain our net profit forecasts, expecting EPS to be RMB4.19, RMB4.52, and RMB4.82 for 2024-2026, respectively.
- The wholesale volumes of cars reflect an expansion in domestic demand.** Based on the China Passenger Car Association's statistics, China's passenger car sales volume saw 22% growth in 2023, with a 19.6% QoQ increase in Q4, indicating robust domestic demand. With current cost control capabilities, the sales prices of 800V fast-charging new energy vehicles are expected to decline to the RMB200,000 level, likely boosting China's car sales growth volume in 2024.
- Autohome is enhancing the burgeoning second-hand car market through data and technology-driven products.** Its "One-Stop Car Check" service, with over a million monthly uses, provides comprehensive pricing data across the industry, while the "Top-Seller's Toolkit" has improved customer engagement for over 10,000 car dealers. In addition, Autohome has also launched the "Dealer Hub" for the used car market, providing dealers with a comprehensive information management service via a cloud platform, which currently extends to over 20,000 car dealerships.
- Autohome faces industry uncertainties but shows promise with its growth initiatives and generous dividend policy.** Autohome paid substantial dividends of US\$0.58 and US\$1.15 per ADS in 2023. Additionally, Autohome announced plans for consistent semi-annual dividends from 2024 to 2026, ensuring a minimum total of RMB1.5 bn annually.
- Major Risks:** 1) Weaker-than-expected automotive sales in China; 2) Intense competition from peers; 3) A macroeconomic slowdown.

Rating:

**Buy**

Maintained

评级:

买入 (维持)

6-18m TP 目标价:

**HK\$67.08**

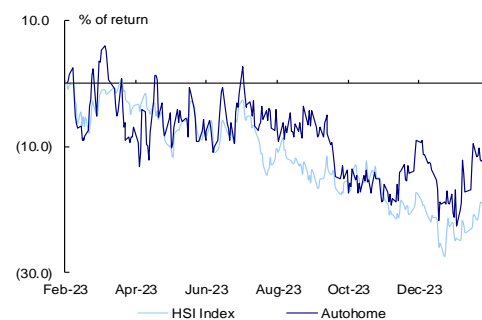
HK\$73.73

Share price 股价:

HK\$50.900

### Stock performance

股价表现



Source: Bloomberg, Guotai Junan International.

Change in Share Price	1 M	3 M	1 Y
股价变动	1 个月	3 个月	1 年
Abs. % 绝对变动 %	9.1	1.3	(15.6)
Rel. % to HS Index 相对恒指变动 %	3.0	4.9	1.4
Avg. share price (HK\$) 平均股价 (港元)	50.27	50.09	53.86

Source: Bloomberg, Guotai Junan International.

Year End	Turnover	Net Profit	EPS	EPS	PER	BPS	PBR	DPS	Yield	ROE
年结	收入	股东净利	每股净利	每股净利变动	市盈率	每股净资产	市净率	每股股息	股息率	净资产收益率
12/31	(RMB m)	(RMB m)	(RMB)	(Δ %)	(x)	(RMB)	(x)	(RMB)	(%)	(%)
2022A	6,941	1,855	3.620	(15.8)	12.7	50.262	0.9	1.000	2.2	7.6
2023A	7,184	1,935	3.837	6.0	12.3	51.379	0.9	3.062	6.5	7.7
2024F	7,424	2,093	4.273	11.4	11.2	53.072	0.9	3.065	6.4	8.2
2025F	7,735	2,231	4.548	6.4	10.5	53.351	0.9	3.063	6.4	8.6
2026F	7,949	2,357	4.798	5.5	9.9	53.901	0.9	3.066	6.4	9.0

Shares in issue (m) 总股数 (m)	492.9	Major shareholder 大股东	Ping An Insurance 44.1%
Market cap. (HK\$ m) 市值 (HK\$ m)	25,088.6	Free float (%) 自由流通比率 (%)	55.9%
3 month average vol. 3 个月平均成交股数 ('000)	7.8	FY24 Net gearing (%) FY24 净负债/股东资金 (%)	Net cash
52 Weeks high/low (HK\$) 52 周高/低 (HK\$)	66.100 / 45.800	FY24 Est. NAV (HK\$) FY24 每股估值 (港元)	70.4

Source: the Company, Guotai Junan International.

**Table-1: Forecast revisions**

RMB mn	Previous Forecasts			New Forecasts			Changes		
	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
Revenue	7,632	7,940	n.a.	7,424	7,735	7,949	(2.7%)	(2.6%)	n.a.
Cost of revenue	(1,357)	(1,355)	n.a.	(1,383)	(1,408)	(1,432)	2.0%	3.9%	n.a.
Gross profit	6,275	6,585	n.a.	6,041	6,327	6,517	(3.7%)	(3.9%)	n.a.
Profit from operations	1,216	1,400	n.a.	1,201	1,362	1,493	(1.2%)	(2.7%)	n.a.
Net profit	2,069	2,256	n.a.	2,082	2,247	2,400	0.6%	(0.4%)	n.a.
EPS (RMB)	4.194	4.565	n.a.	4.236	4.565	4.872	1.0%	(0.0%)	n.a.

Source: the Company, Guotai Junan International

**Table-2: Peers Valuation – Internet Content and Information Services and E-commerce in China**

Company	Stock Code	Currency	Last price	Price/Sales			PE			PB	ROE	Market Cap
				24F	25F	26F	24F	25F	26F	24F	24F	HKD mil
<b>Internet Content and Information Services and E-commerce in China</b>												
Alibaba	BABA US	USD	74.59	1.5	1.3	1.2	8.6	8.5	7.5	1.3	11.4	1,485,157
Jd.Com	JD US	USD	22.81	0.2	0.2	0.2	7.7	6.6	5.8	1.0	11.1	280,618
Baidu Inc	BIDU US	USD	103.31	1.8	1.7	1.6	9.7	9.0	7.6	1.0	8.5	282,737
Autohome	ATHM US	USD	26.31	3.1	3.0	2.9	11.7	11.1	10.2	0.9	7.4	25,380
Weibo Corp	9898 HK	HKD	72.80	1.2	1.1	n.a.	4.2	3.9	n.a.	0.5	11.1	17,662
Huitongda Network	9878 HK	HKD	28.10	0.1	0.1	n.a.	21.4	16.7	n.a.	1.5	7.0	15,808
Yeahka	9923 HK	HKD	12.62	0.9	0.8	0.7	10.1	7.8	n.a.	1.5	13.4	5,467
Simple Average				1.3	1.2	1.3	10.5	9.1	7.8	1.1	10.0	
Weighted Average				1.3	1.2	1.2	8.7	8.4	7.3	1.2	10.9	

Source: Bloomberg, Guotai Junan International

Note: Above valuations and ROE are based on Bloomberg consensus forecasts. Market cap and last price are as at 29 Feb 2024.

**Table-3: Peers Valuation – Automobile Sales and Service-related Companies Listed in the US**

Company	Stock Code	Currency	Last price	Price/Sales			PE			PB	ROE	Market Cap
				24F	25F	26F	24F	25F	26F	24F	24F	HKD mil
<b>Auto Selling and Serving in US</b>												
Carmax	KMX US	USD	76.71	0.5	0.4	0.4	25.5	22.0	17.8	2.3	7.9	94,834
Penske Automotive	PAG US	USD	151.34	0.3	0.3	0.3	10.6	10.4	9.9	2.0	19.0	79,366
Lithia Motors	LAD US	USD	290.49	0.2	0.2	0.2	8.2	7.1	6.2	1.2	14.6	62,607
Autonation	AN US	USD	144.42	0.2	0.2	0.2	7.6	7.2	6.3	2.2	32.5	47,101
Asbury Automotive	ABG US	USD	208.29	0.2	0.2	0.2	6.5	6.3	5.6	1.0	16.8	33,553
Driven Brands	DRVN US	USD	13.56	0.9	0.8	0.8	13.3	10.2	8.7	2.1	16.0	17,406
Group 1 Automotive	GPI US	USD	261.70	0.2	0.2	0.2	6.7	6.5	6.1	1.2	17.9	28,038
Rush Enterprises	RUSHB US	USD	50.23	0.5	0.5	n.a.	16.1	14.4	n.a.	n.a.	n.a.	29,478
Rush Enterprises	RUSHA US	USD	47.85	0.5	0.5	n.a.	15.4	13.7	n.a.	n.a.	n.a.	29,478
Camping World	CWH US	USD	26.39	0.3	0.3	n.a.	22.0	13.2	10.0	8.0	33.9	17,465
Cargurus	CARG US	USD	21.85	2.5	2.3	2.1	17.5	14.4	12.2	3.4	17.9	18,378
Sonic Automotive	SAH US	USD	51.24	0.1	0.1	0.1	8.3	7.4	5.4	2.0	20.4	13,631
Openlane	KAR US	USD	15.04	1.0	0.9	n.a.	18.7	15.1	n.a.	1.2	n.a.	12,721
Cars.Com	CARS US	USD	18.15	1.6	1.5	1.5	13.8	10.9	14.2	2.2	20.1	9,337
America'S Car	CRMT US	USD	66.88	0.3	0.3	n.a.	n.a.	12.5	n.a.	0.9	n.a.	3,347
Simple Average				0.6	0.6	0.6	13.6	11.4	9.3	2.3	19.7	
Weighted Average				0.5	0.4	0.4	13.9	12.1	10.1	2.1	17.6	

Source: Bloomberg, Guotai Junan International

Note: Above valuations and ROE are based on Bloomberg consensus forecasts. Market cap and last price are as at 29 Feb 2024.

**Financial Statements and Ratios**

Income Statement						Balance Sheet					
Year ended 31 December (RMB mn)	2022A	2023A	2024F	2025F	2026F	Year ended 31 December (RMB mn)	2022A	2023A	2024F	2025F	2026F
Total Revenue	6,941	7,184	7,424	7,735	7,949	Property and equipment, net	255	201	236	204	179
Cost of revenue	(1,235)	(1,412)	(1,383)	(1,408)	(1,432)	Goodwill	4,220	4,144	4,144	4,144	4,144
Gross profit	5,706	5,772	6,041	6,327	6,517	Other non-current assets	815	961	961	961	961
Selling and marketing expenses	(2,866)	(3,012)	(2,970)	(3,077)	(3,145)	Total non-current assets	5,291	5,306	5,341	5,308	5,284
Administrative expenses	(502)	(538)	(495)	(498)	(494)	Short-term investments	19,280	18,552	18,552	18,552	18,552
R&D expenses	(1,417)	(1,348)	(1,332)	(1,346)	(1,340)	Restricted cash	9	132	0	0	0
Operating profit	920	873	1,243	1,406	1,538	Amounts due from a related party	50	16	16	16	16
Interest income — net	565	831	706	713	725	Accounts receivable	1,928	1,472	2,257	2,351	2,416
Other income	278	293	299	305	311	Prepaid expenses	358	361	373	388	399
Profit before tax	1,763	1,998	2,248	2,424	2,574	Cash & cash equivalents	2,801	4,996	4,900	5,070	5,372
Income tax	62	(72)	(155)	(193)	(218)	Total current assets	24,425	25,530	26,098	26,379	26,756
Profit After Tax	1,825	1,925	2,093	2,231	2,357	Total Assets	29,716	30,836	31,439	31,687	32,040
Non-controlling Interest	31	10	0	0	0	Accrued expenses and other payables	2,537	2,932	2,932	2,932	2,932
Shareholders' Profit / Loss	1,855	1,935	2,093	2,231	2,357	Deferred revenue	1,147	802	1,416	1,476	1,524
Basic EPS (RMB)	3.620	3.837	4.273	4.548	4.798	Income tax payable of consolidated	251	227	235	245	251
						Due to related parties	27	25	25	25	25
						Advance from customers	96	105	103	105	107
						Total Current Liabilities	4,059	5,075	4,848	4,921	4,977
						Other liabilities	51	89	89	89	89
						Deferred tax liabilities	518	498	498	498	498
						Total Non-current Liabilities	569	587	587	587	587
						Total Liabilities	4,627	5,662	5,435	5,508	5,564
						Share capital	23,483	23,414	24,244	24,420	24,716
						Mezzanine equity	1,606	1,759	1,759	1,759	1,759
						Total Shareholders' Equity	25,089	25,173	26,003	26,179	26,475
						Minority Interest	0	0	0	0	0
						Total Equity	25,089	25,173	26,003	26,179	26,475

Cash Flow Statement					
Year ended 31 December (RMB mn)	2022A	2023A	2024F	2025F	2026F
Income from continuing operations	1,825	1,925	2,093	2,231	2,357
Depreciation of PPE	226	174	174	172	168
Amortization of intangible assets	79	76	74	74	11
Loss on disposal of PPE	(1)	(1)	(1)	(1)	(1)
Provision for doubtful accounts	9	9	9	9	9
Change in investment value	287	0	0	0	0
Share-based compensation	169	168	166	165	162
Deferred income taxes	(148)	0	0	0	0
Change in working capital	120	528	(186)	(46)	(28)
Cash from operating activities	2,565	2,878	2,329	2,604	2,676
Change of PPE	(115)	(194)	(134)	(139)	(143)
Acquisition of intangible assets	(1)	(144)	(73)	(73)	(10)
Purchase of investments	(19,346)	727	0	0	0
Proceeds from maturity of instruments	16,352	0	0	0	0
Cash from investing activities	(3,109)	389	(207)	(212)	(153)
Payment for repurchase of common stock	(719)	(719)	(719)	(719)	(719)
Payment of dividends	(422)	(499)	(1,500)	(1,501)	(1,503)
Others	0	270	(132)	0	0
Cash from financing activities	(1,140)	(949)	(2,351)	(2,221)	(2,222)
Net changes in cash	(1,684)	2,318	(228)	171	301
Cash at beg of year	4,317	2,679	5,128	4,900	5,070
Effect of exchange rate changes	168	0	0	0	0
Cash at end of year	2,801	4,996	4,900	5,070	5,372

Financial Ratios					
	2022A	2023A	2024F	2025F	2026F
Gross margin (%)	82.2	80.3	81.4	81.8	82.0
Cost to revenue (%)	17.8	19.7	18.6	18.2	18.0
Selling expense to revenue (%)	41.3	41.9	40.0	39.8	39.6
Admin expense to revenue (%)	7.2	7.5	6.7	6.4	6.2
R&D expense to revenue (%)	20.4	18.8	17.9	17.4	16.9
Operating profit margin (%)	13.3	12.2	16.7	18.2	19.4
Net margin (%)	26.7	26.9	28.2	28.8	29.6
ROE (%)	7.6	7.7	8.2	8.6	9.0
ROA (%)	6.3	6.4	6.7	7.1	7.4

Source: the Company, Guotai Junan International.

### 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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