

Sinotruk (Hong Kong) (3808 HK)

Stay cautious on exports

Sinotruk's 2024 net profit of RMB5.86bn (+10% YoY) is +3%/-4% versus our/Bloomberg consensus estimate. Sinotruk proposed a final dividend of HK\$0.55/shr. This, together with the interim dividend, implies a payout ratio of 55% (up from 50% in 2023). In the post-results call, management expects that HDT industry sales will be 0.9-1.0mn units in 2025 (0-10% YoY). Management revealed that the company's export sales will drop in 2025E, which is consistent with our view that exports will come under pressure given the high base in Russia market. We slightly revise down our 2025E/26E earnings forecast by 2%/3%, mainly due to lower assumptions on export volume and low margin of engines. Our new TP of HK\$20.5 (previously HK\$21.4) is based on 5x EV/EBITDA (equivalent to the historical average). Maintain **HOLD**. We prefer **Weichai (2338 HK / 000338 CH, BUY)** due to more growth drivers.

- **HDT:** Sinotruk delivered 243k units of HDTs, up 7% YoY (China: 109k units, +13%; Exports: 134k units, +3%) in 2024. ASP increased 5% YoY to RMB346k/unit. Segment profit only increased 1.4% YoY to RMB4.4bn as the segment margin narrowed 0.57ppt to 5.2%. In 2025E, we forecast 3% HDT sales volume growth, driven by 12% growth in China but partially offset by a 5% decline in exports.
- **LDT:** LDT sales increased 4% YoY to 100k units, with ASP increased 4%. Segment loss narrowed to RMB215mn in 2024 (from RMB623mn). In 2025E, we forecast 5% LDT sales volume growth with segment margin potentially turning to positive.
- **Engine:** Total engine volume (95% internal sales) dropped 15% YoY to 109k units in 2024. Segment profit dropped 4% to RMB1.97bn. In 2025E, we forecast 5% engine sales volume growth with segment margin largely stable at ~14%.
- **Auto finance.** The segment revenue grew 7% YoY to RMB1.48bn in 2024. We calculate it represented ~11% of interest margin. The segment profit grew 5% YoY to RMB807mn, with segment margin slightly narrowed 1ppt YoY to 54.6%. Going forward, we expect the segment to be relatively stable.
- **Upside risks:** (1) Stronger-than-expected replacement demand; (2) further expansion of new overseas markets.
- **Downside risks:** (1) further weakness in export sales; (3) lack of demand recovery in China.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	85,041	95,062	99,522	106,172	110,655
YoY growth (%)	43.4	11.8	4.7	6.7	4.2
Net profit (RMB mn)	5,318.1	5,858.4	6,025.2	6,314.8	6,567.9
EPS (Reported) (RMB)	1.93	2.14	2.18	2.29	2.38
YoY growth (%)	196.0	10.9	2.1	4.8	4.0
Consensus EPS (RMB)	na	2.23	2.52	2.84	0.00
P/E (x)	10.9	9.8	9.6	9.1	8.8
P/B (x)	1.4	1.4	1.3	1.2	1.2
Yield (%)	4.6	5.6	5.7	6.0	6.3
ROE (%)	14.0	14.4	14.2	13.9	13.5
Net gearing (%)	(37.6)	(32.5)	(36.9)	(43.7)	(51.9)

Source: Company data, Bloomberg, CMBIGM estimates

HOLD (Maintain)

Target Price	HK\$20.50
(Previous TP)	HK\$21.40
Up/Downside	(8.5%)
Current Price	HK\$22.40

China Capital Goods

Wayne FUNG, CFA

(852) 3900 0826

waynefung@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	61,846.4
Avg 3 mths t/o (HK\$ mn)	84.5
52w High/Low (HK\$)	24.65/15.90
Total Issued Shares (mn)	2761.0

Source: FactSet

Shareholding Structure

CNHTC	51.0%
MAN SE	25.0%

Source: HKEx

Share Performance

	Absolute	Relative
1-mth	8.5%	6.2%
3-mth	-1.1%	-15.2%
6-mth	-2.0%	-13.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related reports:

Capital Goods - New subsidies on truck replacement cover NES IV and natural gas trucks; +ve to Weichai – 20 Mar 2025 ([link](#))

Sinotruk – Earnings risk not yet priced in – 14 Oct 2024 ([link](#))

Figure 1: Changes in key assumptions

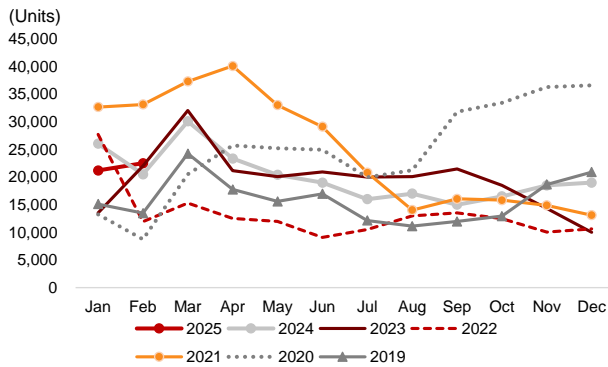
	2023	2024	Chg (YoY)	1H23	1H24	Chg (YoY)	2H23	2H24	Chg (YoY)
Sales volume (unit)									
Truck	323,566	343,960	6.3%	158,601	181,939	14.7%	164,965	162,021	-1.8%
HDT	226,999	243,418	7.2%	108,887	125,017	14.8%	118,112	118,401	0.2%
China	96,938	109,380	12.8%	43,689	56,602	29.6%	53,249	52,778	-0.9%
Export	130,061	134,038	3.1%	65,198	68,415	4.9%	64,863	65,623	1.2%
LDT	96,567	100,542	4.1%	49,714	56,922	14.5%	46,853	43,620	-6.9%
Total	323,566	343,960	6.3%	158,601	181,939	14.7%	164,965	162,021	-1.8%
Engine	127,650	109,104	-14.5%	74,099	53,342	-28.0%	53,551	55,762	4.1%
Internal use	122,544	103,540	-15.5%	70,765	51,102	-27.8%	51,779	52,438	1.3%
External sales	5,106	5,564	9.0%	3,334	2,240	-32.8%	1,772	3,324	87.6%
% of total									
Internal use	96.0%	94.9%		95.5%	95.8%		96.7%	94.0%	
External sales	4.0%	5.1%		4.5%	4.2%		3.3%	6.0%	
ASP (RMB/unit)									
Truck	263,144	277,103	5.3%	262,743	270,896	3.1%	263,530	284,072	7.8%
HDT	329,653	345,703	4.9%	335,855	340,059	1.3%	323,936	351,663	8.6%
LDT	106,803	111,016	3.9%	102,609	118,994	16.0%	111,253	100,606	-9.6%
Engines	114,017	127,629	11.9%	97,008	132,033	36.1%	137,552	123,415	-10.3%
(RMB mn)									
Segment revenue									
Truck	85,145	95,312	11.9%	41,671	49,287	18.3%	43,473	46,026	5.9%
HDT	74,831	84,150	12.5%	36,570	42,513	16.3%	38,261	41,637	8.8%
LDT	10,314	11,162	8.2%	5,101	6,773	32.8%	5,213	4,388	-15.8%
Engine	14,554	13,925	-4.3%	7,188	7,043	-2.0%	7,366	6,882	-6.6%
Finance	1,387	1,479	6.6%	718	751	4.7%	670	728	8.7%
Intersegment sales	(16,045)	(15,654)	-2.4%	(8,206)	(8,258)	0.6%	(7,839)	(7,397)	-5.6%
Total	85,041	95,062	11.8%	41,371	48,823	18.0%	43,670	46,238	5.9%
Segment operating profit									
Truck	3,729	4,196	12.5%	2,189	2,414	10.3%	1,540	1,782	15.7%
HDT	4,352	4,412	1.4%	2,400	2,540	5.9%	1,952	1,871	-4.2%
LDT	(623)	(215)	-65.5%	(211)	(126)	-40.2%	(412)	(89)	-78.4%
Engine	2,070	1,972	-4.7%	608	1,249	105.6%	1,462	723	-50.6%
Finance	771	807	4.7%	382	349	-8.6%	390	458	17.6%
Intersegment sales	(60)	534	n/a	(133)	40	n/a	73	495	578.7%
Total	6,509	7,510	15.4%	3,045	4,052	33.1%	3,465	3,458	-0.2%
Segment operating margin			Chg (ppt)			Chg (ppt)			Chg (ppt)
Truck	4.4%	4.4%	0.02	5.3%	4.9%	(0.35)	3.5%	3.9%	0.33
HDT	5.8%	5.2%	(0.57)	6.6%	6.0%	(0.59)	5.1%	4.5%	(0.61)
LDT	-6.0%	-1.9%	4.12	-4.1%	-1.9%	2.27	-7.9%	-2.0%	5.88
Engine	14.2%	14.2%	(0.06)	8.5%	17.7%	9.28	19.9%	10.5%	(9.35)
Finance	55.6%	54.6%	(1.01)	53.2%	46.4%	(6.74)	58.2%	63.0%	4.81
Average	7.7%	7.9%	0.25	7.4%	8.3%	0.94	7.9%	7.5%	(0.46)
(RMB mn)									
Revenue	85,041	95,062	11.8%	41,371	48,823	18.0%	43,670	46,238	5.9%
Cost of sales	-71,263	-80,196	12.5%	-34,848	-41,665	19.6%	-36,414	-38,532	5.8%
Gross profit	13,778	14,865	7.9%	6,523	7,159	9.7%	7,255	7,707	6.2%
Other gains and losses (net)	752	1,263	68.0%	296	681	130.3%	456	582	27.5%
S&D expenses	-4,002	-3,441	-14.0%	-1,460	-1,525	4.4%	-2,542	-1,916	-24.6%
Administrative expenses	-4,669	-4,974	6.5%	-2,096	-2,349	12.1%	-2,573	-2,625	2.0%
Net impairment losses of financial assets	171	-256	n/a	-103	71	n/a	274	-327	n/a
EBIT	6,487	7,458	15.0%	3,033	4,026	32.7%	3,454	3,432	-0.6%
D&A	1,474	1,701	15.4%	820	876	6.9%	654	825	26.2%
EBITDA	7,961	9,159	15.1%	3,853	4,902	27.2%	4,107	4,257	3.6%
Net finance cost	284	193	-32.2%	89	87	-3.0%	195	106	-45.6%
Finance income	314	331	5.6%	114	154	34.8%	200	178	-11.1%
Finance expenses	(29)	(139)	371.7%	(25)	(67)	169.8%	(4)	(71)	1516.0%
Share of profit of JV and associates	111	130	16.6%	36	48	30.6%	75	82	9.8%
Pretax profit	6,883	7,780	13.0%	3,159	4,160	31.7%	3,724	3,620	-2.8%
Income tax	(1,056)	(1,092)	3.4%	(563)	(562)	-0.2%	(493)	(530)	7.6%
After tax profit	5,827	6,688	14.8%	2,596	3,598	38.6%	3,231	3,090	-4.4%
MI	(509)	(830)	63.1%	(239)	(304)	27.4%	(270)	(526)	94.7%
Net profit	5,318	5,858	10.2%	2,357	3,294	39.7%	2,961	2,564	-13.4%

Source: Company data, CMBIGM

Figure 2: Changes in key assumptions

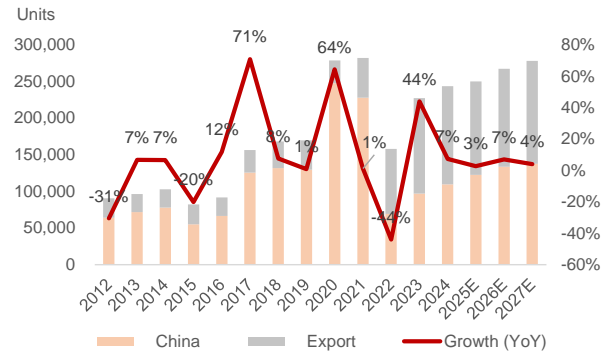
Sales volume (units)	2025E			2026E			2027E		
	Old	New	Diff	Old	New	Diff	Old	New	Diff
Truck	363,627	355,411	-2.3%	386,266	378,082	-2.1%	-	394,315	-
HDT	254,120	249,842	-1.7%	271,283	267,234	-1.5%	-	277,925	-
China	111,430	122,506	9.9%	121,459	133,531	9.9%	-	137,537	-
Export	142,690	127,336	-10.8%	149,824	133,703	-10.8%	-	140,388	-
LDT	109,507	105,569	-3.6%	114,982	110,848	-3.6%	-	116,390	-
Engine	109,799	114,559	4.3%	115,289	120,287	4.3%	-	123,896	-
Internal use	105,510	108,717	3.0%	110,786	114,153	3.0%	-	117,577	-
External sales	4,289	5,843	36.2%	4,503	6,135	36.2%	-	6,319	-
Segment revenue (RMB mn)									
Truck	99,323	98,586	-0.7%	105,804	105,589	-0.2%	-	110,336	-
HDT	86,401	86,445	0.1%	92,236	92,730	0.5%	-	96,718	-
LDT	12,922	12,140	-6.0%	13,568	12,858	-5.2%	-	13,618	-
Engine	14,097	15,914	12.9%	14,739	16,647	12.9%	-	17,109	-
Finance	1,443	1,494	3.5%	1,458	1,509	3.5%	-	1,524	-
Intersegment sales	(16,885)	(16,471)	-2.5%	(17,934)	(17,572)	-2.0%	-	(18,313)	-
Total	97,978	99,522	1.6%	104,067	106,172	2.0%	-	110,655	-
Segment operating margin (ppt)									
Truck	4.9%	4.6%	(0.4)	5.0%	4.6%	(0.4)	-	4.7%	-
HDT	5.6%	5.2%	(0.4)	5.6%	5.2%	(0.4)	-	5.2%	-
LDT	0.5%	0.2%	(0.3)	0.8%	0.5%	(0.3)	-	0.8%	-
Engine	16.0%	14.3%	(1.7)	16.0%	14.3%	(1.7)	-	14.3%	-
Finance	51.0%	54.0%	3.0	51.0%	54.0%	3.0	-	54.0%	-
Average	8.0%	7.6%	(0.4)	8.0%	7.5%	(0.4)	-	7.5%	-
Net profit	6,167	6,025	-2.3%	6,535	6,315	-3.4%	-	6,568	-

Source: Company data, CMBIGM estimates

Figure 3: CNHTC monthly sales

Source: Cvworld, Find800, CMBIGM

Note: CNHTC is the controlling shareholder of Sinotruk

Figure 4: Sinotruk's HDT sales volume projection

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	59,291	85,041	95,062	99,522	106,172	110,655
Cost of goods sold	(49,277)	(71,263)	(80,196)	(84,096)	(89,716)	(93,503)
Gross profit	10,013	13,778	14,865	15,426	16,457	17,151
Operating expenses	(7,110)	(7,291)	(7,407)	(7,940)	(8,499)	(8,872)
Operating profit	2,903	6,487	7,458	7,486	7,958	8,279
Share of (losses)/profits of associates/JV	(23)	111	130	80	84	88
EBITDA	4,327	7,961	9,159	9,301	9,837	10,221
Depreciation	1,424	1,474	1,701	1,815	1,879	1,942
Interest income	138	314	331	247	291	351
Interest expense	(9)	(29)	(139)	(57)	(58)	(59)
Net Interest income/(expense)	128	284	193	189	232	291
Pre-tax profit	3,008	6,883	7,780	7,755	8,274	8,658
Income tax	(958)	(1,056)	(1,092)	(1,163)	(1,365)	(1,472)
After tax profit	2,051	5,827	6,688	6,592	6,909	7,186
Minority interest	(254)	(509)	(830)	(567)	(594)	(618)
Net profit	1,797	5,318	5,858	6,025	6,315	6,568
BALANCE SHEET						
YE 31 Dec (RMB mn)						
Current assets	79,758	87,067	90,427	89,662	104,307	101,412
Cash & equivalents	15,262	17,474	14,556	17,493	21,914	27,467
Restricted cash	4,542	2,711	4,524	4,524	4,524	4,524
Account receivables	16,145	17,078	27,296	20,147	31,048	21,702
Inventories	13,496	13,338	11,640	15,087	14,409	15,307
Financial assets at FVTPL	4,500	10,522	10,146	10,146	10,146	10,146
Other current assets	7,359	8,924	5,176	5,176	5,176	5,176
Non-current assets	25,721	34,719	39,350	39,734	39,957	40,120
PP&E	15,487	15,823	15,424	15,777	15,950	16,043
Right-of-use assets	2,320	2,260	2,255	2,255	2,255	2,255
Investment in JVs & assos	1,971	2,018	1,572	1,641	1,713	1,788
Intangibles	232	152	131	94	72	67
Financial assets at FVTPL	0	0	0	0	0	0
Other non-current assets	5,711	14,466	19,968	19,968	19,968	19,968
Total assets	105,479	121,785	129,777	129,396	144,264	141,532
Current liabilities	61,314	72,530	79,055	75,309	86,582	80,137
Short-term borrowings	3,890	4,907	5,232	5,332	5,432	5,532
Account payables	33,221	46,624	53,072	49,226	60,399	53,854
Other current liabilities	24,203	20,999	20,751	20,751	20,751	20,751
Non-current liabilities	1,196	1,295	1,570	1,570	1,570	1,570
Long-term borrowings	0	142	466	466	466	466
Deferred income	560	643	611	611	611	611
Other non-current liabilities	635	510	493	493	493	493
Total liabilities	62,510	73,825	80,625	76,879	88,152	81,707
Total shareholders equity	35,909	40,272	41,161	43,958	46,959	50,053
Minority interest	7,060	7,688	7,992	8,559	9,153	9,771
Total equity and liabilities	105,479	121,785	129,777	129,396	144,264	141,532

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	3,008	6,883	7,780	7,755	8,274	8,658
Depreciation & amortization	1,424	1,474	1,701	1,815	1,879	1,942
Tax paid	(521)	(1,186)	(1,092)	(1,163)	(1,365)	(1,472)
Change in working capital	3,458	9,019	(2,187)	(143)	949	1,903
Others	3,526	(4,821)	3,884	(269)	(316)	(379)
Net cash from operations	10,895	11,368	10,087	7,995	9,421	10,653
Investing						
Capital expenditure	(1,429)	(2,430)	(2,134)	(2,100)	(2,000)	(2,000)
Others	(17,177)	(8,629)	(6,528)	228	272	333
Net cash from investing	(18,606)	(11,059)	(8,662)	(1,872)	(1,728)	(1,667)
Financing						
Dividend paid	(1,519)	(801)	(2,664)	(3,228)	(3,314)	(3,473)
Net borrowings	0	1,159	649	100	100	100
Proceeds from share issues	0	0	0	0	0	0
Others	(329)	(829)	(2,765)	(57)	(58)	(59)
Net cash from financing	(1,847)	(471)	(4,780)	(3,186)	(3,272)	(3,433)
Net change in cash						
Cash at the beginning of the year	24,692	15,262	17,474	14,556	17,493	21,914
Exchange difference	128	2,374	437	0	0	0
Cash at the end of the year	15,262	17,474	14,556	17,493	21,914	27,467
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(36.5%)	43.4%	11.8%	4.7%	6.7%	4.2%
Gross profit	(36.1%)	37.6%	7.9%	3.8%	6.7%	4.2%
Operating profit	(49.6%)	123.5%	15.0%	0.4%	6.3%	4.0%
EBITDA	(39.9%)	84.0%	15.1%	1.5%	5.8%	3.9%
Net profit	(58.4%)	196.0%	10.2%	2.8%	4.8%	4.0%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	16.9%	16.2%	15.6%	15.5%	15.5%	15.5%
Operating margin	4.9%	7.6%	7.8%	7.5%	7.5%	7.5%
EBITDA margin	7.3%	9.4%	9.6%	9.3%	9.3%	9.2%
Return on equity (ROE)	5.0%	14.0%	14.4%	14.2%	13.9%	13.5%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.4)	(0.4)	(0.3)	(0.4)	(0.4)	(0.5)
Current ratio (x)	1.3	1.2	1.1	1.2	1.2	1.3
Receivable turnover days	123.8	71.3	85.2	87.0	88.0	87.0
Inventory turnover days	111.7	68.7	56.8	58.0	60.0	58.0
Payable turnover days	261.8	204.5	226.9	222.0	223.0	223.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	32.1	10.9	9.8	9.6	9.1	8.8
P/B	1.6	1.4	1.4	1.3	1.2	1.2
Div yield (%)	1.4	4.6	5.6	5.7	6.0	6.3

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
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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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