

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

China Capital Goods

Wayne FUNG, CFA

(852) 3900 0826

waynefung@cmbi.com.hk

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%

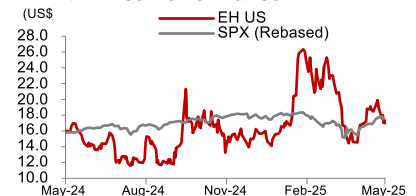
Source: SEC

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:

Obtained the first-ever OC for commercial operations – 30 Mar 2025 ([link](#))

Net loss in 4Q24 further narrowed; target to achieve 97% revenue growth in 2025E – 12 Mar 2025 ([link](#))

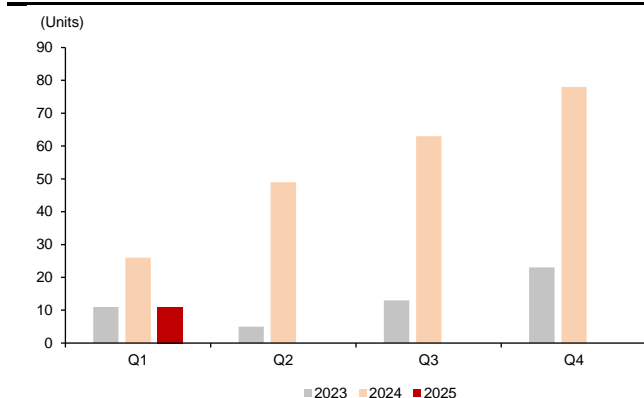
First mover in eVTOL set to ride on the momentum of low-altitude economy – 25 Feb 2025 ([link](#))

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

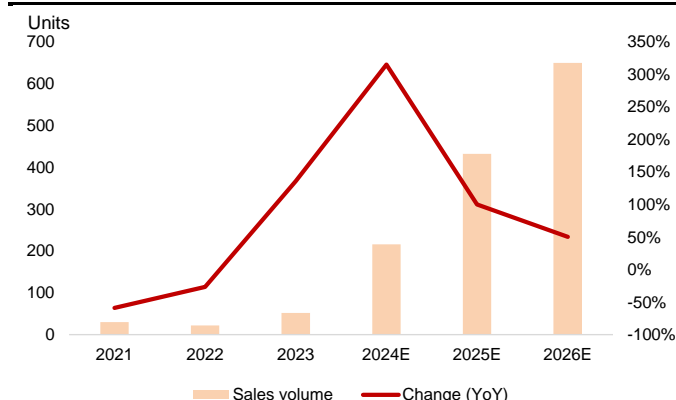
Source: Company data, CMBIGM

Figure 2: Quarterly deliveries of EH216 series



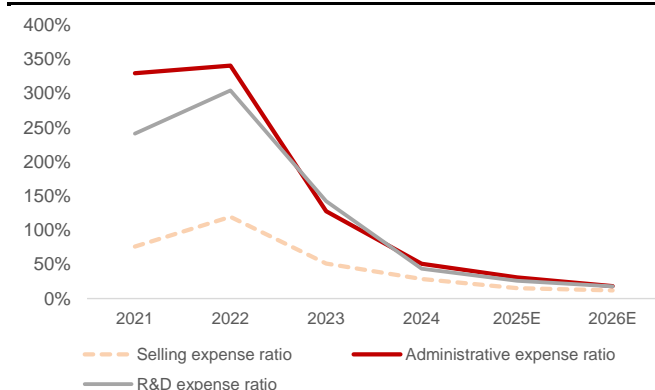
Source: Company data, CMBIGM

Figure 3: Annual deliveries of EH216 series



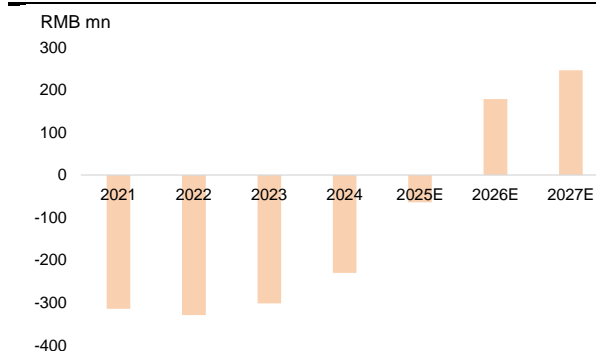
Source: Company data, CMBIGM estimates

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.

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report. Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

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
UNDERPERFORM : Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Global Markets Limited

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

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM. Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.