

Tuhu Car (9690 HK)

Market share gain on superb management

Maintain BUY. We are of the view that Tuhu's 1H25 earnings were solid despite industry headwinds. While the long-term story (larger after-sales market size with higher margins and fewer players as number of vehicles on the road and average age of vehicles rise in China) remains true, Tuhu's superb management capabilities, which is likely to help it continue gaining market share, could make investors less concerned about short-term industry volatilities.

- **Solid 1H25 earnings with adjusted net profit beat.** Tuhu's 1H25 revenue rose 11% YoY to RMB7.9bn, as the number of stores increased 14% YoY, in line with our prior forecast. Its trailing 12-month number of transacting users rose 24% YoY to 24mn as of 30 Jun 2025, grabbing substantial market share amid industry-wide downturn. 1H25 gross margin rose 0.3ppts HoH to 25.2%, 0.2ppts lower than our forecast, mainly due to a lower-than-expected gross margin for tires and chassis parts. Tuhu's 1H25 net profit rose 8% YoY to RMB307mn, or 3% lower than our forecast due to higher share-based payments (SBP). Its adjusted net profit (excl. SBP) thus rose 15% YoY to RMB410mn, higher than our forecast by 11%.
- **Steady store expansion, healthy cash flow and superb operational capabilities make Tuhu better positioned than peers.** Tuhu's store number increased by 331 to 7,205 as of 30 Jun 2025, well on track to achieve its full-year expansion of 900 new stores. About 90% of stores were profitable and almost all of them achieved positive cash flow in 1H25. There are key factors to support Tuhu's franchised store expansion, in our view. Tuhu also achieved positive free cash flow in 1H25, which could be crucial to survive and outrun peers amid industry headwinds. We attribute such healthy key metrics largely to Tuhu's superb capabilities in managing complex supply chain and franchised stores, which will likely help Tuhu to continue gaining market share even if macro uncertainties linger.
- **FY25-26E earnings forecasts.** We cut our FY25E revenue forecast by 1% and GPM projection by 0.9ppts to factor in continuous macro uncertainties and management priority on store expansion over margin lift in the short term. We project its R&D and selling expense ratios (as % of revenue) to be flat YoY in FY25E, given rising expenditures in AI and advertising. Accordingly, we cut our FY25E adjusted net profit forecasts by 8% to RMB761mn, or 22% YoY growth. We expect revenue to rise 9% YoY in FY26E, supported by continued store expansion and customer acquisitions. We project gross margin to widen YoY slightly to 25.9% in FY26E, and therefore, 15% YoY growth in adjusted net profit (RMB876mn) in FY26E.
- **Valuation/Risks.** We maintain our BUY rating and raise target price from HK\$21.50 to HK\$23.00, based on 20x adjusted FY26E (prior 20x FY25E) P/E. Key risks include slower network expansion, lower revenue and/or margins than we expect, as well as a sector de-rating.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	13,601	14,759	16,263	17,761	19,043
YoY growth (%)	17.8	8.5	10.2	9.2	7.2
Net profit (RMB mn)	6,702.9	483.8	559.8	704.8	839.5
YoY growth (%)	na	(92.8)	15.7	25.9	19.1
Adjusted net profit (RMB mn)	481.3	624.1	760.6	876.4	1,010.1
P/E (Adjusted) (x)	11.7	22.7	19.0	16.7	14.6
ROE (%)	na	10.4	10.7	11.6	11.9

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$23.00
(Previous TP)	HK\$21.50)
Up/Downside	20.7%
Current Price	HK\$19.06

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Stock Data

Mkt Cap (HK\$ mn)	15,702.0
Avg 3 mths t/o (HK\$ mn)	34.4
52w High/Low (HK\$)	24.40/15.20
Total Issued Shares (mn)	823.8

Source: FactSet

Shareholding Structure

Tencent Holdings	19.3%
Mr. Chen Min	10.0%

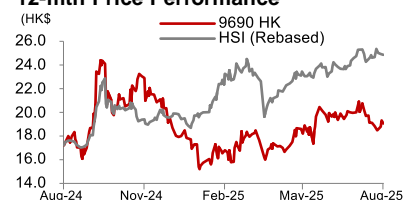
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-4.7%	-5.1%
3-mth	4.7%	-0.6%
6-mth	13.5%	6.1%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related Report

["Tuhu Car \(9690 HK\) - Still better positioned than most rivals" - 21 Mar 2025](#)

Figure 1: Interim results

RMB mn	1H23	2H23	1H24	2H24	1H25	YoY	HoH
Revenue	6,522	7,079	7,126	7,633	7,877	10.5%	3.2%
Gross profit	1,578	1,781	1,846	1,900	1,982	7.4%	4.3%
Operation and support expenses	(272)	(328)	(283)	(293)	(310)	9.4%	5.5%
R&D expenses	(298)	(282)	(302)	(338)	(344)	13.8%	1.7%
SG&A expenses	(1,027)	(1,108)	(1,094)	(1,177)	(1,216)	11.1%	3.3%
Operating profit	67	95	212	119	222	4.7%	86.3%
Net profit	60	6,643	286	198	307	7.6%	54.9%
Adj. net profit	214	267	358	266	410	14.6%	54.3%
Gross margin	24.2%	25.2%	25.9%	24.9%	25.2%	-0.7 pts	0.3 pts
Operating margin	1.0%	1.3%	3.0%	1.6%	2.8%	-0.2 pts	1.3 pts
Net margin	0.9%	93.8%	4.0%	2.6%	3.9%	-0.1 pts	1.3 pts
Adj. net margin	3.3%	3.8%	5.0%	3.5%	5.2%	0.2 pts	1.7 pts

Source: Company data, CMBIGM estimates

Figure 2: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	16,263	17,761	19,043	16,470	17,759	N/A	-1.3%	0.0%	N/A
Gross profit	4,109	4,603	5,001	4,305	4,723	N/A	-4.6%	-2.5%	N/A
Operating profit	413	594	738	614	781	N/A	-32.8%	-24.0%	N/A
Net profit	560	705	839	703	859	N/A	-20.4%	-18.0%	N/A
Adj. net profit	761	876	1,010	826	970	N/A	-7.9%	-9.6%	N/A
Gross margin	25.3%	25.9%	26.3%	26.1%	26.6%	N/A	-0.9 pts	-0.7 pts	N/A
Operating margin	2.5%	3.3%	3.9%	3.7%	4.4%	N/A	-1.2 pts	-1.1 pts	N/A
Net margin	3.4%	4.0%	4.4%	4.3%	4.8%	N/A	-0.8 pts	-0.9 pts	N/A
Adj. net margin	4.7%	4.9%	5.3%	5.0%	5.5%	N/A	-0.3 pts	-0.5 pts	N/A

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	16,263	17,761	19,043	16,353	18,044	19,845	-0.6%	-1.6%	-4.0%
Gross profit	4,109	4,603	5,001	4,229	4,775	5,301	-2.8%	-3.6%	-5.7%
Operating profit	413	594	738	566	820	1,076	-27.1%	-27.6%	-31.4%
Net profit	560	705	839	719	921	1,162	-22.1%	-23.5%	-27.8%
Gross margin	25.3%	25.9%	26.3%	25.9%	26.5%	26.7%	-0.6 pts	-0.5 pts	-0.4 pts
Operating margin	2.5%	3.3%	3.9%	3.5%	4.5%	5.4%	-0.9 pts	-1.2 pts	-1.5 pts
Net margin	3.4%	4.0%	4.4%	4.4%	5.1%	5.9%	-1.0 pts	-1.1 pts	-1.4 pts

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	11,547	13,601	14,759	16,263	17,761	19,043
Cost of goods sold	(9,277)	(10,242)	(11,013)	(12,154)	(13,157)	(14,041)
Gross profit	2,270	3,359	3,746	4,109	4,603	5,001
Operating expenses	(3,034)	(3,198)	(3,415)	(3,696)	(4,010)	(4,263)
Selling expense	(1,542)	(1,715)	(1,916)	(2,117)	(2,291)	(2,442)
Admin expense	(399)	(420)	(355)	(393)	(407)	(422)
R&D expense	(621)	(580)	(640)	(701)	(752)	(794)
Other rental related expenses	(627)	(600)	(577)	(629)	(682)	(727)
Others	156	117	73	145	122	122
Operating profit	(764)	162	331	413	594	738
Other gains/(losses)	(1,339)	6,465	0	0	0	0
Share of (losses)/profits of associates/JV	(34)	(11)	(12)	14	10	12
EBITDA	(1,716)	7,106	819	969	1,222	1,450
Depreciation	157	160	156	188	221	250
Depreciation of ROU assets	203	196	154	173	196	222
Other amortisation	4	5	5	5	6	7
EBIT	(2,080)	6,744	503	602	798	972
Interest income	57	129	183	176	195	222
Interest expense	(28)	(19)	(16)	(15)	(18)	(20)
Pre-tax profit	(2,108)	6,725	487	587	781	952
Income tax	(31)	(25)	(5)	(29)	(78)	(114)
After tax profit	(2,138)	6,701	482	558	703	837
Minority interest	2	2	2	2	2	2
Net profit	(2,136)	6,703	484	560	705	839
Adjusted net profit	(552)	481	624	761	876	1,010

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	6,906	8,271	8,365	10,197	11,197	12,937
Cash & equivalents	2,686	2,715	1,375	3,006	4,035	4,984
Restricted cash	1,507	1,455	1,109	1,432	1,403	1,518
Account receivables	174	218	226	267	292	313
Inventories	1,543	1,800	2,119	1,998	2,163	2,308
Financial assets at FVTPL	540	1,587	3,074	3,003	2,817	3,292
Other current assets	456	496	462	490	487	522
Non-current assets	2,108	3,493	4,432	3,966	4,433	4,545
PP&E	671	899	1,046	1,227	1,294	1,333
Right-of-use assets	468	467	398	432	493	528
Investment in JVs & assos	279	363	376	390	400	412
Intangibles	70	58	54	53	52	50
Goodwill	16	20	20	20	20	20
Financial assets at FVTPL	227	191	200	192	184	176
Other non-current assets	378	1,495	2,336	1,651	1,989	2,025
Total assets	9,014	11,765	12,797	14,163	15,630	17,482
Current liabilities	5,572	6,602	7,199	7,634	8,056	8,703
Short-term borrowings	0	1	8	0	0	0
Account payables	3,119	3,887	4,458	4,662	4,866	5,193
Tax payable	97	120	117	135	200	302
Other current liabilities	1,566	1,720	1,627	1,931	2,019	2,154
Lease liabilities	137	132	119	112	135	158
Contract liabilities	653	743	871	795	836	896
Non-current liabilities	22,398	704	739	888	1,027	1,192
Long-term borrowings	0	8	0	50	100	150
Other non-current liabilities	22,398	697	739	838	927	1,042
Total liabilities	27,971	7,306	7,938	8,523	9,083	9,895
Share capital	0	0	0	0	0	0
Other reserves	(18,957)	4,460	4,862	5,645	6,553	7,595
Total shareholders equity	(18,957)	4,460	4,862	5,645	6,553	7,595
Minority interest	0	(2)	(3)	(5)	(7)	(9)
Total equity and liabilities	9,014	11,765	12,797	14,163	15,630	17,482

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(2,108)	6,725	487	587	781	952
Depreciation & amortization	364	362	316	367	424	479
Tax paid	(1)	(5)	(8)	(10)	(12)	(12)
Change in working capital	(197)	269	584	50	90	247
Others	1,630	(6,330)	(60)	62	22	(4)
Net cash from operations	(313)	1,021	1,319	1,055	1,304	1,662
Investing						
Capital expenditure	(401)	(362)	(322)	(374)	(295)	(295)
Acquisition of subsidiaries/ investments	(136)	(69)	(10)	0	0	0
Net proceeds from disposal of short-term investments	1,346	(2,108)	(2,191)	942	(14)	(475)
Others	(328)	167	95	176	195	222
Net cash from investing	481	(2,372)	(2,428)	744	(115)	(548)
Financing						
Net borrowings	(264)	(1)	(1)	42	50	50
Proceeds from share issues	0	1,168	0	0	0	0
Share repurchases	0	0	(248)	0	0	0
Others	1,200	182	8	(211)	(211)	(215)
Net cash from financing	936	1,350	(241)	(169)	(161)	(165)
Net change in cash						
Cash at the beginning of the year	1,472	2,686	2,715	1,375	3,006	4,035
Exchange difference	109	30	9	0	0	0
Cash at the end of the year	2,686	2,715	1,375	3,006	4,035	4,984
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(1.5%)	17.8%	8.5%	10.2%	9.2%	7.2%
Gross profit	21.4%	48.0%	11.5%	9.7%	12.0%	8.6%
Operating profit	na	na	104.9%	24.7%	43.9%	24.3%
EBITDA	na	na	(88.5%)	18.4%	26.1%	18.7%
EBIT	na	na	(92.5%)	19.8%	32.5%	21.7%
Net profit	na	na	(92.8%)	15.7%	25.9%	19.1%
Adj. net profit	na	na	29.7%	21.9%	15.2%	15.3%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	19.7%	24.7%	25.4%	25.3%	25.9%	26.3%
Operating margin	(6.6%)	1.2%	2.2%	2.5%	3.3%	3.9%
EBITDA margin	(14.9%)	52.2%	5.5%	6.0%	6.9%	7.6%
Adj. net profit margin	(4.8%)	3.5%	4.2%	4.7%	4.9%	5.3%
Return on equity (ROE)	na	na	10.4%	10.7%	11.6%	11.9%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	na	(0.9)	(0.5)	(0.8)	(0.9)	(0.9)
Current ratio (x)	1.2	1.3	1.2	1.3	1.4	1.5
Receivable turnover days	5.5	5.9	5.6	6.0	6.0	6.0
Inventory turnover days	60.7	64.1	70.2	60.0	60.0	60.0
Payable turnover days	122.7	138.5	147.7	140.0	135.0	135.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	0.8	29.3	25.8	20.7	17.6
P/E (diluted)	ns	29.3	23.5	19.4	17.0	14.9
P/B	ns	1.3	2.9	2.6	2.2	1.9
P/CFPS	ns	5.5	10.7	13.7	11.2	8.9
Div yield (%)	0.0	0.0	0.0	0.0	0.0	0.0

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

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