

Great Wall Motor (2333 HK/601633 CH)

Possible positive surprise from new platform

Maintain BUY. Great Wall's 4Q25 revenue and GPM beat our forecast while net profit missed due to the recycling fee reimbursement in Russia. Despite a YoY decline of 1.5ppts amid stiffer competition, FY25 GPM of 18.0% was still resilient among peers, thanks to its improving product mix. We believe such trend could extend into FY26E based on its model pipeline and export target. It appears to us that Great Wall's scheduled new models are more promising than previous years with its new competitive platform.

- **4Q25 core net profit in line with our forecast, GPM beat.** Great Wall's revenue in 4Q25 rose 16% YoY to an all-time high of RMB69bn, 9% higher than our prior forecast. GPM in 4Q25 narrowed by 1.2ppts QoQ to 17.3%, or 0.2ppts higher than our projection. Gross profit beat was largely offset by SG&A and R&D expenses in 4Q25. Net profit excluding government grants, VAT refunds and Russia's recycling fee reimbursement in 4Q25 was about RMB407mn, in line with our forecast.
- **More competitive pricing with new platform.** Management is positive on the new platform, *Guiyuan*, as it is capable of producing vehicles with different powertrains and a parts sharing ratio of almost 85%. Four new Wey-brand models are scheduled to roll out in FY26E with more competitive pricing aided by cost reduction efforts from the new platform. We revise up FY26E sales volume forecast of Wey brand by 20,000 units to 200,000 units, or doubling from FY25.
- **Better product mix, rising exports to sustain GPM.** Apart from Wey, we also expect exports, especially from the Tank brand (export target of 0.1mn units in FY26E), to lift average selling price (ASP) and uphold GPM. We revise up export volume by 3% to 0.62mn units in FY26E given the current geopolitical dynamics. Accordingly, we project ASP to rise by 1% YoY to RMB171,000 and GPM to widen by 0.1ppts YoY to 18.1% in FY26E.
- **Earnings/Valuation.** We maintain our FY26E sales volume forecast of 1.49mn units but revise up Wey-brand sales volume and exports as noted above. We project FY26E net profit to rise 19% YoY to RMB11.8bn, taking expenses for direct-operated store expansion and reimbursement from Russia into account. We maintain our BUY rating and cut our H-share target price slightly from HK\$20.00 to HK\$19.00, still based on 12x our revised FY26E P/E. Our A-share target price of RMB26.00 is based on Great Wall's A/H premium of 55%. Key risks to our rating and target price include lower sales volume and margins than our expectation, as well as a sector de-rating.

Earnings Summary - 2333 HK

(YE 31 Dec)	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue (RMB mn)	173,212	202,195	222,824	254,455	282,340
YoY growth (%)	26.1	16.7	10.2	14.2	11.0
Net profit (RMB mn)	7,021.6	12,692.2	9,865.3	11,767.1	11,370.2
YoY growth (%)	(15.1)	80.8	(22.3)	19.3	(3.4)
EPS (Reported) (RMB)	0.82	1.49	1.15	1.37	1.32
P/E (x)	13.5	7.4	9.5	8.0	8.4
P/B (x)	1.4	1.2	1.1	1.0	0.9
Yield (%)	2.7	4.1	3.2	3.7	3.6
ROE (%)	10.5	17.2	11.8	12.7	11.1

Source: Company data, Bloomberg, CMBIGM estimates

2333 HK 601633 CH

BUY BUY

Maintain Maintain

TP	HK\$19.00	RMB26.00
Prior TP	HK\$20.00	RMB28.00
Up/Downside	52.2%	24.5%
Current Price	HK\$12.5	RMB20.9

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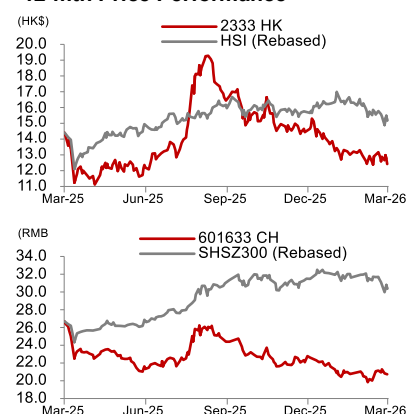
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12-mth Price Performance



Source: FactSet

Stock Performance

	2333 HK		601633 CH	
	Abs.	Rel.	Abs.	Rel.
1-mth	-3.0%	3.6%	1.9%	1.5%
3-mth	-13.2%	-10.2%	-8.3%	-10.2%
6-mth	-24.3%	-20.7%	-13.8%	-23.5%

Source: FactSet

Stock Data

(LC)	2333 HK	601633 CH
Mkt Cap (mn)	106802.2	178688.4
Avg 3 mths t/o (mn)	210.49	350.73
52w High	19.36	26.42
52w Low	11.12	19.84
Issued Shares (mn)	8557.872	8557.872

Source: FactSet

Figure 1: Quarterly results

RMB mn	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	YoY	QoQ
Sales volume (units)	275,333	279,523	294,144	385,528	256,807	312,982	353,569	400,314	3.8%	13.2%
ASP (RMB)	155,664	173,754	172,788	155,483	155,833	167,152	173,226	172,970	11.2%	-0.1%
Revenue	42,859	48,568	50,825	59,943	40,019	52,316	61,247	69,242	15.5%	13.1%
Gross profit	8,301	9,934	10,162	11,051	7,139	9,836	11,281	11,947	8.1%	5.9%
R&D expenses	(1,963)	(2,230)	(2,017)	(3,075)	(1,906)	(2,333)	(2,396)	(3,797)	23.5%	58.5%
SG&A expenses	(2,427)	(2,669)	(3,034)	(4,456)	(3,234)	(3,696)	(3,903)	(5,188)	16.4%	32.9%
Operating profit	3,623	4,483	3,714	2,101	1,724	5,138	2,913	1,759	-16.3%	-39.6%
Net profit	3,219	3,838	3,342	2,293	1,751	4,586	2,298	1,230	-46.3%	-46.5%
Gross margin	19.4%	20.5%	20.0%	18.4%	17.8%	18.8%	18.4%	17.3%	-1.2 ppts	-1.2 ppts
Operating margin	8.5%	9.2%	7.3%	3.5%	4.3%	9.8%	4.8%	2.5%	-1.0 ppt	-2.2 ppts
Net margin	7.5%	7.9%	6.6%	3.8%	4.4%	8.8%	3.8%	1.8%	-2.0 ppts	-2.0 ppts

Source: Company data, CMBIGM

Figure 2: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25A	FY26E	FY27E	FY25E	FY26E	FY27E	FY25A	FY26E	FY27E
Revenue	222,824	254,455	282,340	216,970	249,185	279,130	2.7%	2.1%	1.2%
Gross profit	40,202	45,988	50,131	39,064	46,388	51,963	2.9%	-0.9%	-3.5%
Operating profit	11,534	13,283	12,715	12,069	13,884	15,926	-4.4%	-4.3%	-20.2%
Net profit	9,865	11,767	11,370	10,937	12,499	14,311	-9.8%	-5.9%	-20.6%
Gross margin	18.0%	18.1%	17.8%	18.0%	18.6%	18.6%	0.0 ppts	-0.5 ppts	-0.9 ppts
Operating margin	5.2%	5.2%	4.5%	5.6%	5.6%	5.7%	-0.4 ppts	-0.4 ppts	-1.2 ppts
Net margin	4.4%	4.6%	4.0%	5.0%	5.0%	5.1%	-0.6 ppts	-0.4 ppts	-1.1 ppts

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25A	FY26E	FY27E	FY25E	FY26E	FY27E	FY25A	FY26E	FY27E
Revenue	222,824	254,455	282,340	222,199	259,914	290,171	0.3%	-2.1%	-2.7%
Gross profit	40,202	45,988	50,131	41,720	50,189	57,248	-3.6%	-8.4%	-12.4%
Operating profit	11,534	13,283	12,715	12,048	15,146	17,604	-4.3%	-12.3%	-27.8%
Net profit	9,865	11,767	11,370	11,547	14,131	16,547	-14.6%	-16.7%	-31.3%
Gross margin	18.0%	18.1%	17.8%	18.8%	19.3%	19.7%	-0.7 ppts	-1.2 ppts	-2.0 ppts
Operating margin	5.2%	5.2%	4.5%	5.4%	5.8%	6.1%	-0.2 ppts	-0.6 ppts	-1.6 ppts
Net margin	4.4%	4.6%	4.0%	5.2%	5.4%	5.7%	-0.8 ppts	-0.8 ppts	-1.7 ppts

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	137,340	173,212	202,195	222,824	254,455	282,340
Cost of goods sold	(110,739)	(141,772)	(162,747)	(182,622)	(208,467)	(232,209)
Gross profit	26,601	31,440	39,449	40,202	45,988	50,131
Operating expenses	(22,335)	(26,062)	(29,281)	(34,936)	(38,730)	(43,238)
Selling expense	(5,876)	(7,286)	(7,830)	(11,273)	(12,127)	(12,975)
Admin expense	(4,893)	(4,735)	(4,756)	(4,747)	(4,968)	(5,438)
R&D expense	(6,445)	(8,054)	(9,284)	(10,432)	(12,221)	(14,097)
Others	(5,121)	(5,986)	(7,409)	(8,483)	(9,415)	(10,729)
Operating profit	4,265	5,378	10,168	5,267	7,259	6,892
Other income	886	744	435	337	500	550
Other expense	(46)	(121)	(72)	(113)	(100)	(120)
Gain/loss on financial assets at FVTPL	50	(26)	42	167	0	0
Investment gain/loss	671	761	877	574	1,053	1,109
Other gains/(losses)	492	962	2,924	3,557	4,381	3,950
EBITDA	16,132	16,599	25,318	23,785	27,640	29,082
Depreciation	4,000	4,081	4,722	4,598	4,884	5,159
Depreciation of ROU assets	427	463	740	1,515	1,914	2,199
Other amortisation	2,182	3,284	4,691	5,179	6,650	8,125
EBIT	9,523	8,771	15,165	12,493	14,192	13,599
Interest income	475	249	299	358	630	803
Interest expense	(716)	(947)	(882)	(736)	(509)	(455)
Net interest income/(expense)	2,488	126	(91)	1,970	590	763
Foreign exchange gain/loss	2,027	(127)	(343)	1,640	0	0
Pre-tax profit	8,807	7,824	14,283	11,758	13,683	13,145
Income tax	(554)	(801)	(1,591)	(1,893)	(1,916)	(1,775)
After tax profit	8,253	7,023	12,692	9,865	11,767	11,370
Minority interest	13	(1)	(0)	0	0	0
Net profit	8,266	7,022	12,692	9,865	11,767	11,370
Gross dividends	2,534	2,563	3,853	2,995	3,530	3,411

BALANCE SHEET	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	107,681	118,584	133,435	137,647	160,387	173,321
Cash & equivalents	35,773	38,337	30,741	28,846	36,262	39,939
Account receivables	33,919	41,235	54,149	39,591	48,800	54,147
Inventories	22,375	26,628	25,408	26,148	31,413	34,990
Prepayment	2,229	3,873	1,942	2,112	1,999	2,227
Financial assets at FVTPL	495	0	0	0	0	0
Other current assets	12,890	8,511	21,195	40,949	41,914	42,017
Non-current assets	77,677	82,686	83,831	87,641	89,077	88,402
PP&E	26,949	30,235	30,014	29,282	28,387	27,397
Right-of-use assets	1,093	736	1,831	3,133	2,219	920
Deferred income tax	3,253	4,660	5,450	6,913	6,913	6,913
Investment in JVs & assos	10,286	10,751	11,551	12,222	12,822	13,471
Intangibles	8,197	11,310	12,345	12,235	12,598	12,426
Goodwill	28	28	28	28	28	28
Financial assets at FVTPL	1,615	2,128	1,771	1,703	1,703	1,703
Other non-current assets	26,256	22,838	20,841	22,125	24,408	25,543
Total assets	185,357	201,270	217,266	225,288	249,465	261,723
Current liabilities	95,802	110,835	122,229	126,216	140,698	145,167
Short-term borrowings	10,425	12,221	9,597	8,234	15,438	7,000
Account payables	71,638	81,488	93,844	95,025	102,805	114,514
Other current liabilities	13,337	16,771	18,048	21,465	21,239	22,437
Lease liabilities	402	354	739	1,491	1,216	1,216
Non-current liabilities	24,339	21,926	16,041	11,180	10,645	9,119
Long-term borrowings	15,600	13,331	6,639	1,147	647	(353)
Convertible bonds	3,317	3,418	3,517	3,611	2,891	2,171
Deferred income	3,585	3,198	3,455	3,322	3,632	3,826
Other non-current liabilities	1,838	1,979	2,431	3,100	3,475	3,475
Total liabilities	120,141	132,762	138,270	137,396	151,343	154,286
Share capital	8,765	8,498	8,556	8,558	8,613	8,680
Capital surplus	9,150	7,731	10,915	12,822	13,869	14,951

Retained earnings	49,177	52,729	61,431	66,249	75,021	82,861
Other reserves	(1,890)	(456)	(1,914)	263	619	945
Total shareholders equity	65,201	68,501	78,988	87,892	98,121	107,437
Minority interest	15	8	8	0	0	0
Total equity and liabilities	185,357	201,270	217,266	225,288	249,465	261,723

CASH FLOW	2022A	2023A	2024A	2025A	2026E	2027E
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YE 31 Dec (RMB mn)**Operating**

Profit before taxation	8,807	7,824	14,283	11,758	13,683	13,145
Depreciation & amortization	6,609	7,828	10,153	11,291	13,448	15,483
Tax paid	(554)	(801)	(1,591)	(1,893)	(1,916)	(1,775)
Change in working capital	(1,909)	3,521	4,382	20,543	(7,307)	2,169
Others	(642)	(618)	555	(1,344)	(2,973)	(643)
Net cash from operations	12,311	17,754	27,783	40,355	14,935	28,379

Investing

Capital expenditure	(16,301)	(16,713)	(11,737)	(11,509)	(13,834)	(14,317)
Acquisition of subsidiaries/ investments	(18,945)	(14,139)	(75,457)	(127,763)	0	0
Net proceeds from disposal of short-term investments	23,699	18,362	63,169	109,502	200	200
Others	1,042	2,039	730	616	2,054	1,780
Net cash from investing	(10,505)	(10,451)	(23,296)	(29,154)	(11,580)	(12,337)

Financing

Dividend paid	(647)	(2,534)	(2,563)	(3,853)	(2,995)	(3,530)
Net borrowings	8,925	526	(8,686)	(6,867)	5,803	(10,338)
Others	(11,412)	3,060	(929)	(2,725)	1,252	1,503
Net cash from financing	(3,133)	1,052	(12,178)	(13,445)	4,060	(12,365)

Net change in cash

Cash at the beginning of the year	27,908	26,899	35,272	27,210	25,257	32,673
Exchange difference	317	18	(371)	292	0	0
Cash at the end of the year	26,899	35,272	27,210	25,257	32,673	36,350

GROWTH	2022A	2023A	2024A	2025A	2026E	2027E
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YE 31 Dec

Revenue	0.7%	26.1%	16.7%	10.2%	14.2%	11.0%
Gross profit	20.7%	18.2%	25.5%	1.9%	14.4%	9.0%
Operating profit	4.6%	26.1%	89.1%	(48.2%)	37.8%	(5.0%)
EBITDA	19.1%	2.9%	52.5%	(6.1%)	16.2%	5.2%
EBIT	19.7%	(7.9%)	72.9%	(17.6%)	13.6%	(4.2%)
Net profit	22.9%	(15.1%)	80.8%	(22.3%)	19.3%	(3.4%)

PROFITABILITY	2022A	2023A	2024A	2025A	2026E	2027E
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YE 31 Dec

Gross profit margin	19.4%	18.2%	19.5%	18.0%	18.1%	17.8%
Operating margin	3.1%	3.1%	5.0%	2.4%	2.9%	2.4%
EBITDA margin	11.7%	9.6%	12.5%	10.7%	10.9%	10.3%
Return on equity (ROE)	13.0%	10.5%	17.2%	11.8%	12.7%	11.1%

GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025A	2026E	2027E
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YE 31 Dec

Current ratio (x)	1.1	1.1	1.1	1.1	1.1	1.2
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VALUATION	2022A	2023A	2024A	2025A	2026E	2027E
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YE 31 Dec

P/E	12.0	13.5	7.4	9.5	8.0	8.4
P/B	1.5	1.4	1.2	1.1	1.0	0.9
P/CFPS	8.1	5.3	3.4	2.3	6.3	3.4
Div yield (%)	2.5	2.7	4.1	3.2	3.7	3.6

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

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