

Great Wall Motor (2333 HK/601633 CH)

New-model sales as key after 1Q26 solid GPM

Maintain BUY. Great Wall's 1Q26 GPM beat our prior forecast despite industry headwinds, which gives us more confidence in its FY26-27E GPM. We are of the view that the chance of rolling out a competitive new model for Great Wall is increasing given its planned 12 new models this year.

- **1Q26 core profit largely in line, GPM beat.** Great Wall's 1Q26 revenue rose 13% YoY amid a sales volume growth of 5% YoY, or 4% lower than our prior forecast. GPM widened by 0.6ppts YoY to 18.5% in 1Q26 despite rising raw-material costs, 0.7ppts higher than our forecast. SG&A and R&D expenses were largely in line with our projection. Recycling fee reimbursement in Russia was at a slower pace than we had expected, which resulted in a net profit of RMB945mn in 1Q26, in line with our forecast excluding Russia's recycling fee reimbursement.
- **We turn more positive on GPM in FY26-27E.** Great Wall's GPM beat our forecasts by two quarters in a row, which gives us more confidence in its full-year margins despite rising raw-material costs. We project its FY26 GPM to widen by 0.1ppts YoY to 18.1%, aided by rising exports, the new platform *Guiyuan* and better product mix. We expect the cost reduction efforts from the new platform to be more apparent in FY27E with more new models. Therefore, we project FY27E GPM to be 17.9% despite a more competitive industry landscape.
- **Possible positive surprise from a plethora of new models.** Great Wall plans to roll out about 12 new models in FY26E, the same amount as FY24 and FY25 combined. Although we are of the view that Great Wall is still optimizing its model line-up after the lessons from the *Wey Lanshan*, *Gaoshan* and *Ora 5*, the chance of having a more competitive new model is increasing. We project its FY26E sales volume to rise 10% YoY to 1.45mn units, largely driven by Wey. We expect Wey and Ora to further drive FY27E sales volume higher to 1.6mn units.
- **Valuation/Key risks.** We cut our FY26E net profit forecast by 13% to RMB10.2bn with slightly lower sales volume, higher selling expenses and lower other income assumptions. We raise our FY27E net profit by 4% to RMB11.8bn as new model effect could be more apparent next year. We maintain our BUY rating and H-share target price of HK\$19.00, based on 12x FY27E P/E (prior 12x FY26E P/E). Our A-share target price of RMB28.50 is based on Great Wall's average A/H premium of 70% over the past six months. Key risks to our rating and target price include lower sales volume and margins than we expect, as well as a sector de-rating.

Earnings Summary - 2333 HK

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	202,195	222,824	246,880	272,490	283,640
YoY growth (%)	16.7	10.2	10.8	10.4	4.1
Net profit (RMB mn)	12,692.2	9,865.3	10,211.8	11,793.0	11,730.7
YoY growth (%)	80.8	(22.3)	3.5	15.5	(0.5)
EPS (Reported) (RMB)	1.49	1.16	1.19	1.36	1.35
P/E (x)	7.6	9.8	9.5	8.3	8.4
P/B (x)	1.2	1.1	1.0	0.9	0.8
Yield (%)	4.0	3.1	3.1	3.6	3.6
ROE (%)	17.2	11.8	11.1	11.6	10.5

Source: Company data, Bloomberg, CMBIGM estimates

	2333 HK	601633 CH
BUY	BUY	BUY
Maintain	Maintain	Maintain

TP	HK\$19.00	RMB28.50
Prior TP	HK\$19.00	RMB26.00
Up/Downside	46.3%	40.9%
Current Price	HK\$13.0	RMB20.2

China Auto

Ji SHI, CFA

(852) 3761 8728

shiji@cmbi.com.hk

Wenjing DOU, CFA

(852) 6939 4751

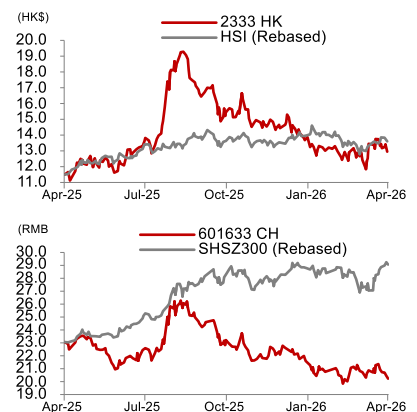
douwenjing@cmbi.com.hk

Austin Liang

(852) 3900 0856

austinliang@cmbi.com.hk

12-mth Price Performance



Source: FactSet

Stock Performance

	2333 HK		601633 CH	
	Abs.	Rel.	Abs.	Rel.
1-mth	0.1%	-3.4%	-2.4%	-6.1%
3-mth	-6.3%	-3.6%	-6.3%	-7.7%
6-mth	-16.0%	-15.4%	-12.8%	-17.9%

Source: FactSet

Stock Data

(LC)	2333 HK	601633 CH
Mkt Cap (mn)	111166.8	173125.75
Avg 3 mths t/o (mn)	207.11	318.95
52w High	19.36	26.28
52w Low	11.12	19.84
Issued Shares (mn)	8557.872	8557.872

Source: FactSet

Figure 1: Quarterly results

RMB mn	1Q25	2Q25	3Q25	4Q25	1Q26	YoY	QoQ
Sales volume (units)	256,807	312,982	353,569	400,314	269,104	4.8%	-32.8%
ASP (RMB)	155,833	167,152	173,226	172,970	167,628	7.6%	-3.1%
Revenue	40,019	52,316	61,247	69,242	45,109	12.7%	-34.9%
Gross profit	7,139	9,836	11,281	11,947	8,324	16.6%	-30.3%
R&D expenses	(1,906)	(2,333)	(2,396)	(3,797)	(2,242)	17.6%	-41.0%
SG&A expenses	(3,234)	(3,696)	(3,903)	(5,188)	(3,595)	11.2%	-30.7%
Operating profit	1,724	5,138	2,913	1,759	1,205	-30.1%	-31.5%
Net profit	1,751	4,586	2,298	1,230	945	-46.0%	-23.2%
Gross margin	17.8%	18.8%	18.4%	17.3%	18.5%	0.6 pts	1.2 pts
Operating margin	4.3%	9.8%	4.8%	2.5%	2.7%	-1.6 pts	0.1 pts
Net margin	4.4%	8.8%	3.8%	1.8%	2.1%	-2.3 pts	0.3 pts

Source: Company data, CMBIGM

Figure 2: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	246,880	272,490	283,640	254,455	282,340	N/A	-3.0%	-3.5%	N/A
Gross profit	44,563	48,785	50,525	45,988	50,131	N/A	-3.1%	-2.7%	N/A
Operating profit	11,757	13,444	13,371	13,283	12,715	N/A	-11.5%	5.7%	N/A
Net profit	10,212	11,793	11,731	11,767	11,370	N/A	-13.2%	3.7%	N/A
Gross margin	18.1%	17.9%	17.8%	18.1%	17.8%	N/A	0.0 pts	0.1 pts	N/A
Operating margin	4.8%	4.9%	4.7%	5.2%	4.5%	N/A	-0.5 pts	0.4 pts	N/A
Net margin	4.1%	4.3%	4.1%	4.6%	4.0%	N/A	-0.5 pts	0.3 pts	N/A

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	246,880	272,490	283,640	259,264	290,903	332,047	-4.8%	-6.3%	-14.6%
Gross profit	44,563	48,785	50,525	49,146	55,993	62,637	-9.3%	-12.9%	-19.3%
Operating profit	11,757	13,444	13,371	14,317	16,695	17,889	-17.9%	-19.5%	-25.3%
Net profit	10,212	11,793	11,731	13,230	15,410	16,076	-22.8%	-23.5%	-27.0%
Gross margin	18.1%	17.9%	17.8%	19.0%	19.2%	18.9%	-0.9 pts	-1.3 pts	-1.1 pts
Operating margin	4.8%	4.9%	4.7%	5.5%	5.7%	5.4%	-0.8 pts	-0.8 pts	-0.7 pts
Net margin	4.1%	4.3%	4.1%	5.1%	5.3%	4.8%	-1.0 pts	-1.0 pts	-0.7 pts

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	173,212	202,195	222,824	246,880	272,490	283,640
Cost of goods sold	(141,772)	(162,747)	(182,622)	(202,317)	(223,705)	(233,115)
Gross profit	31,440	39,449	40,202	44,563	48,785	50,525
Operating expenses	(26,062)	(29,281)	(34,936)	(37,705)	(40,497)	(41,697)
Selling expense	(7,286)	(7,830)	(11,273)	(12,404)	(13,045)	(13,432)
Admin expense	(4,735)	(4,756)	(4,747)	(5,008)	(5,196)	(5,290)
R&D expense	(8,054)	(9,284)	(10,432)	(11,158)	(12,174)	(12,480)
Others	(5,986)	(7,409)	(8,483)	(9,135)	(10,082)	(10,495)
Operating profit	5,378	10,168	5,267	6,858	8,288	8,828
Other income	744	435	337	500	550	550
Other expense	(121)	(72)	(113)	(100)	(120)	(120)
Gain/loss on financial assets at FVTPL	(26)	42	167	0	0	0
Investment gain/loss	761	877	574	1,053	1,109	1,118
Other gains/(losses)	962	2,924	3,557	3,497	3,336	2,439
EBITDA	16,599	25,318	23,785	25,068	27,916	28,238
Depreciation	4,081	4,722	4,598	4,884	5,159	5,441
Depreciation of ROU assets	463	740	1,515	1,616	1,901	2,171
Other amortisation	3,284	4,691	5,179	5,861	6,524	6,572
EBIT	8,771	15,165	12,493	12,708	14,332	14,053
Interest income	249	299	358	589	751	1,026
Interest expense	(947)	(882)	(736)	(551)	(458)	(253)
Net interest income/(expense)	126	(91)	1,970	349	711	986
Foreign exchange gain/loss	(127)	(343)	1,640	(200)	0	0
Pre-tax profit	7,824	14,283	11,758	12,157	13,874	13,801
Income tax	(801)	(1,591)	(1,893)	(1,945)	(2,081)	(2,070)
After tax profit	7,023	12,692	9,865	10,212	11,793	11,731
Minority interest	(1)	(0)	0	0	0	0
Net profit	7,022	12,692	9,865	10,212	11,793	11,731
Gross dividends	2,563	3,853	2,995	3,064	3,538	3,519

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	118,584	133,435	137,647	157,790	166,937	179,081
Cash & equivalents	38,337	30,741	28,846	36,262	37,004	45,479
Account receivables	41,235	54,149	39,591	47,347	52,258	54,397
Inventories	26,628	25,408	26,148	30,486	33,709	35,127
Prepayment	3,873	1,942	2,112	1,940	2,145	2,235
Financial assets at FVTPL	0	0	0	0	0	0
Other current assets	8,511	21,195	40,949	41,755	41,820	41,843
Non-current assets	82,686	83,831	87,641	89,975	90,962	91,626
PP&E	30,235	30,014	29,282	28,387	27,397	26,126
Right-of-use assets	736	1,831	3,133	2,516	1,515	243
Deferred income tax	4,660	5,450	6,913	6,913	6,913	6,913
Investment in JVs & assos	10,751	11,551	12,222	12,822	13,471	14,131
Intangibles	11,310	12,345	12,235	12,430	12,260	12,323
Goodwill	28	28	28	28	28	28
Financial assets at FVTPL	2,128	1,771	1,703	1,703	1,703	1,703
Other non-current assets	22,838	20,841	22,125	25,175	27,674	30,158
Total assets	201,270	217,266	225,288	247,765	257,899	270,707
Current liabilities	110,835	122,229	126,216	140,560	141,017	144,212
Short-term borrowings	12,221	9,597	8,234	16,191	6,000	5,500
Account payables	81,488	93,844	95,025	102,544	112,159	114,961
Other current liabilities	16,771	18,048	21,465	20,609	21,642	22,535
Lease liabilities	354	739	1,491	1,216	1,216	1,216
Non-current liabilities	21,926	16,041	11,180	10,645	10,119	10,079
Long-term borrowings	13,331	6,639	1,147	647	647	1,147
Convertible bonds	3,418	3,517	3,611	2,891	2,171	1,451
Deferred income	3,198	3,455	3,322	3,632	3,826	4,005
Other non-current liabilities	1,979	2,431	3,100	3,475	3,475	3,475
Total liabilities	132,762	138,270	137,396	151,205	151,136	154,291
Share capital	8,498	8,556	8,558	8,613	8,680	8,747
Capital surplus	7,731	10,915	12,822	13,863	14,944	16,011

Retained earnings	52,729	61,431	66,249	73,466	82,195	90,388
Other reserves	(456)	(1,914)	263	619	945	1,270
Total shareholders equity	68,501	78,988	87,892	96,560	106,763	116,416
Minority interest	8	8	0	0	0	0
Total equity and liabilities	201,270	217,266	225,288	247,765	257,899	270,707

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
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YE 31 Dec (RMB mn)**Operating**

Profit before taxation	7,824	14,283	11,758	12,157	13,874	13,801
Depreciation & amortization	7,828	10,153	11,291	12,361	13,584	14,184
Tax paid	(801)	(1,591)	(1,893)	(1,945)	(2,081)	(2,070)
Change in working capital	3,521	4,382	20,543	(5,170)	889	(1,371)
Others	(618)	555	(1,344)	(3,166)	(719)	(983)
Net cash from operations	17,754	27,783	40,355	14,237	25,547	23,561

Investing

Capital expenditure	(16,713)	(11,737)	(11,509)	(13,647)	(14,081)	(14,354)
Acquisition of subsidiaries/ investments	(14,139)	(75,457)	(127,763)	0	0	0
Net proceeds from disposal of short-term investments	18,362	63,169	109,502	200	200	200
Others	2,039	730	616	2,054	1,780	1,779
Net cash from investing	(10,451)	(23,296)	(29,154)	(11,393)	(12,101)	(12,375)

Financing

Dividend paid	(2,534)	(2,563)	(3,853)	(2,995)	(3,064)	(3,538)
Net borrowings	526	(8,686)	(6,867)	6,556	(11,091)	(900)
Others	3,060	(929)	(2,725)	1,011	1,451	1,726
Net cash from financing	1,052	(12,178)	(13,445)	4,572	(12,703)	(2,712)

Net change in cash

Cash at the beginning of the year	26,899	35,272	27,210	25,257	32,673	33,415
Exchange difference	18	(371)	292	0	0	0
Cash at the end of the year	35,272	27,210	25,257	32,673	33,415	41,890

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
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YE 31 Dec

Revenue	26.1%	16.7%	10.2%	10.8%	10.4%	4.1%
Gross profit	18.2%	25.5%	1.9%	10.8%	9.5%	3.6%
Operating profit	26.1%	89.1%	(48.2%)	30.2%	20.8%	6.5%
EBITDA	2.9%	52.5%	(6.1%)	5.4%	11.4%	1.2%
EBIT	(7.9%)	72.9%	(17.6%)	1.7%	12.8%	(1.9%)
Net profit	(15.1%)	80.8%	(22.3%)	3.5%	15.5%	(0.5%)

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
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YE 31 Dec

Gross profit margin	18.2%	19.5%	18.0%	18.1%	17.9%	17.8%
Operating margin	3.1%	5.0%	2.4%	2.8%	3.0%	3.1%
EBITDA margin	9.6%	12.5%	10.7%	10.2%	10.2%	10.0%
Return on equity (ROE)	10.5%	17.2%	11.8%	11.1%	11.6%	10.5%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
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YE 31 Dec

Current ratio (x)	1.1	1.1	1.1	1.1	1.2	1.2
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VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
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YE 31 Dec

P/E	13.9	7.6	9.8	9.5	8.3	8.4
P/B	1.4	1.2	1.1	1.0	0.9	0.8
P/CFPS	5.5	3.5	2.4	6.8	3.8	4.2
Div yield (%)	2.6	4.0	3.1	3.1	3.6	3.6

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

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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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