

Great Wall Motor (2333 HK/601633 CH)

Stronger FY26 sales outlook despite 3Q GPM miss

Maintain BUY. Despite the GPM miss in 3Q25, Great Wall is poised to achieve its all-time high sales volume in FY25E with efficient cost controls on SG&A and R&D. We also project its FY26E sales volume to rise 16% YoY to 1.57mn units, the highest growth since FY17. We expect Tank to continue being the foundation of Great Wall's resilient earnings, with Wey and Ora being sales drivers in FY26E.

■ **Prudent SG&A and R&D in 3Q25 despite GPM miss.** Great Wall's average selling price (ASP) rose 3.6% QoQ in 3Q25, slightly stronger than our prior expectation. 3Q25 GPM narrowed by 0.4ppts QoQ to 18.4%, despite QoQ sales volume growth of 13%, lower than our prior forecast. That also reflects the Tank brand's importance to Great Wall's profitability and prolonged price war, in our view. SG&A and R&D combined ratio narrowed by 1.2ppts QoQ, better than our projection. Net profit in 3Q25 fell 50% QoQ to RMB2.3bn, largely due to the postponement of Russia's recycling fee reimbursement. Net profit excluding government grants, VAT refund and Russia's recycling fee reimbursement rose by about RMB500mn QoQ in 3Q25.

■ **4Q25 outlook.** We maintain our FY25E sales volume forecast of 1.35mn units, which implies 0.43mn units or 11% YoY growth in 4Q25E. We lower our 4Q25E GPM forecast after 3Q25 GPM miss. Accordingly, we project net profit YoY growth of 15% to RMB2.6bn in 4Q25E, or a downward revision of 12% for Great Wall's FY25E net profit forecast.

■ **FY26 outlook.** It appears to us that Great Wall is still optimizing its model line-up, as its new model pipeline has been changing constantly. Nevertheless, we believe Wey and Ora are poised to enter the fast lane from FY26E. We project sales volume of these two brands combined to double YoY to 0.34mn units in FY26E, although the company targets even higher. We revise up Great Wall's FY26E sales volume forecast by 5% to 1.57mn units. On the other hand, we cut FY26E GPM forecast by 0.4ppts, which results in a net profit of RMB13.2bn (+17% YoY).

■ **Valuation/Key risks.** We maintain a BUY rating but cut our H-share target price from HK\$22.00 to HK\$20.00, based on 12x our FY26E P/E (prior 13x) to reflect its 3Q25 GPM miss. Our A-share target price of RMB28.00 is based on Great Wall's A/H premium of 53%. Key risks to our rating and target price include lower sales volume and margins than our expectation, as well as a sector re-rating.

Earnings Summary - 2333 HK

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	173,212	202,195	220,141	258,550	272,330
YoY growth (%)	26.1	16.7	8.9	17.4	5.3
Net profit (RMB mn)	7,021.6	12,692.2	11,271.0	13,227.5	14,048.0
YoY growth (%)	(15.1)	80.8	(11.2)	17.4	6.2
EPS (Reported) (RMB)	0.82	1.49	1.31	1.54	1.62
P/E (x)	17.4	9.5	10.8	9.2	8.8
P/B (x)	1.8	1.5	1.4	1.2	1.1
Yield (%)	2.1	3.2	2.8	3.2	3.4
ROE (%)	10.5	17.2	13.6	14.2	13.5

Source: Company data, Bloomberg, CMBIGM estimates

2333 HK 601633 CH

BUY BUY

Maintain Maintain

TP	HK\$20.00	RMB28.00
Prior TP	HK\$22.00	RMB30.00
Up/Downside	29.3%	20.7%
Current Price	HK\$15.5	RMB23.2

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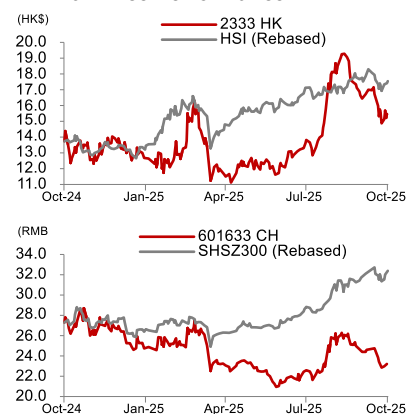
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12-mth Price Performance



Source: FactSet

Stock Performance

	2333 HK		601633 CH	
	Abs.	Rel.	Abs.	Rel.
1-mth	-7.0%	-5.7%	-5.3%	-8.9%
3-mth	11.9%	9.8%	2.7%	-0.3%
6-mth	34.5%	12.7%	0.6%	9.2%

Source: FactSet

Stock Data

(LC)	2333 HK	601633 CH
Mkt Cap (mn)	132390.3	198457.1
Avg 3 mths t/o (mn)	406	550.52
52w High	19.36	28.7
52w Low	11.12	20.95
Issued Shares (mn)	8557.872	8557.872

Source: FactSet

Figure 1: Quarterly results

RMB mn	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	YoY	QoQ
Sales volume (units)	275,333	279,523	294,144	385,528	256,807	312,982	353,569	20.2%	13.0%
ASP (RMB)	155,664	173,754	172,788	155,483	155,833	167,152	173,226	0.3%	3.6%
Revenue	42,859	48,568	50,825	59,943	40,019	52,316	61,247	20.5%	17.1%
Gross profit	8,301	9,934	10,162	11,051	7,139	9,836	11,281	11.0%	14.7%
R&D expenses	(1,963)	(2,230)	(2,017)	(3,075)	(1,906)	(2,333)	(2,396)	18.8%	2.7%
SG&A expenses	(2,427)	(2,669)	(3,034)	(4,456)	(3,234)	(3,696)	(3,903)	28.6%	5.6%
Operating profit	3,623	4,483	3,714	2,101	1,724	5,138	2,913	-21.6%	-43.3%
Net profit	3,219	3,838	3,342	2,293	1,751	4,586	2,298	-31.2%	-49.9%
Gross margin	19.4%	20.5%	20.0%	18.4%	17.8%	18.8%	18.4%	-1.6 ppts	-0.4 ppts
Operating margin	8.5%	9.2%	7.3%	3.5%	4.3%	9.8%	4.8%	-2.6 ppts	-5.1 ppts
Net margin	7.5%	7.9%	6.6%	3.8%	4.4%	8.8%	3.8%	-2.8 ppts	-5.0 ppts

Source: Company data, CMBIGM

Figure 2: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	220,141	258,550	272,330	218,221	244,590	263,680	0.9%	5.7%	3.3%
Gross profit	39,572	47,955	51,193	41,214	46,223	50,466	-4.0%	3.7%	1.4%
Operating profit	12,448	14,717	15,625	14,061	14,788	16,297	-11.5%	-0.5%	-4.1%
Net profit	11,271	13,228	14,048	12,834	13,442	14,804	-12.2%	-1.6%	-5.1%
Gross margin	18.0%	18.5%	18.8%	18.9%	18.9%	19.1%	-0.9 ppts	-0.4 ppts	-0.3 ppts
Operating margin	5.7%	5.7%	5.7%	6.4%	6.0%	6.2%	-0.8 ppts	-0.4 ppts	-0.4 ppts
Net margin	5.1%	5.1%	5.2%	5.9%	5.5%	5.6%	-0.8 ppts	-0.4 ppts	-0.5 ppts

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	220,141	258,550	272,330	229,241	266,912	297,166	-4.0%	-3.1%	-8.4%
Gross profit	39,572	47,955	51,193	44,569	52,606	59,267	-11.2%	-8.8%	-13.6%
Operating profit	12,448	14,717	15,625	14,694	17,513	19,617	-15.3%	-16.0%	-20.4%
Net profit	11,271	13,228	14,048	13,542	15,970	17,865	-16.8%	-17.2%	-21.4%
Gross margin	18.0%	18.5%	18.8%	19.4%	19.7%	19.9%	-1.5 ppts	-1.2 ppts	-1.1 ppts
Operating margin	5.7%	5.7%	5.7%	6.4%	6.6%	6.6%	-0.8 ppts	-0.9 ppts	-0.9 ppts
Net margin	5.1%	5.1%	5.2%	5.9%	6.0%	6.0%	-0.8 ppts	-0.9 ppts	-0.9 ppts

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	137,340	173,212	202,195	220,141	258,550	272,330
Cost of goods sold	(110,739)	(141,772)	(162,747)	(180,569)	(210,596)	(221,137)
Gross profit	26,601	31,440	39,449	39,572	47,955	51,193
Operating expenses	(22,335)	(26,062)	(29,281)	(34,141)	(38,695)	(41,020)
Selling expense	(5,876)	(7,286)	(7,830)	(11,174)	(12,490)	(13,144)
Admin expense	(4,893)	(4,735)	(4,756)	(4,569)	(5,250)	(5,545)
R&D expense	(6,445)	(8,054)	(9,284)	(9,857)	(10,871)	(11,982)
Others	(5,121)	(5,986)	(7,409)	(8,541)	(10,083)	(10,349)
Operating profit	4,265	5,378	10,168	5,431	9,260	10,173
Other income	886	744	435	460	500	550
Other expense	(46)	(121)	(72)	(100)	(100)	(120)
Gain/loss on financial assets at FVTPL	50	(26)	42	50	0	0
Investment gain/loss	671	761	877	623	826	804
Other gains/(losses)	492	962	2,924	4,489	4,087	3,730
EBITDA	16,132	16,599	25,318	24,985	29,057	31,785
Depreciation	4,000	4,081	4,722	5,030	5,315	5,527
Depreciation of ROU assets	427	463	740	1,099	1,429	1,714
Other amortisation	2,182	3,284	4,691	5,443	6,689	8,087
EBIT	9,523	8,771	15,165	13,413	15,624	16,457
Interest income	475	249	299	395	585	958
Interest expense	(716)	(947)	(882)	(605)	(507)	(402)
Net Interest income/(expense)	2,488	126	(91)	1,855	545	918
Foreign exchange gain/loss	2,027	(127)	(343)	1,500	0	0
Pre-tax profit	8,807	7,824	14,283	12,808	15,117	16,055
Income tax	(554)	(801)	(1,591)	(1,537)	(1,890)	(2,007)
After tax profit	8,253	7,023	12,692	11,271	13,228	14,048
Minority interest	13	(1)	(0)	0	0	0
Net profit	8,266	7,022	12,692	11,271	13,228	14,048
Gross dividends	2,534	2,563	3,853	3,381	3,968	4,214

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	107,681	118,584	133,435	144,088	163,512	181,638
Cash & equivalents	35,773	38,337	30,741	35,914	42,051	55,128
Account receivables	33,919	41,235	54,149	55,488	63,752	67,150
Inventories	22,375	26,628	25,408	29,683	34,618	36,351
Prepayment	2,229	3,873	1,942	1,979	2,019	2,120
Financial assets at FVTPL	495	0	0	50	50	50
Other current assets	12,890	8,511	21,195	20,975	21,021	20,838
Non-current assets	77,677	82,686	83,831	83,822	83,456	81,044
PP&E	26,949	30,235	30,014	30,993	29,698	28,391
Right-of-use assets	1,093	736	1,831	1,932	1,503	689
Deferred income tax	3,253	4,660	5,450	5,450	5,450	5,450
Investment in JVs & assos	10,286	10,751	11,551	12,069	12,653	13,222
Intangibles	8,197	11,310	12,345	12,972	12,915	12,171
Goodwill	28	28	28	28	28	28
Financial assets at FVTPL	1,615	2,128	1,771	1,771	1,771	1,771
Other non-current assets	26,256	22,838	20,841	18,607	19,437	19,322
Total assets	185,357	201,270	217,266	227,910	246,968	262,682
Current liabilities	95,802	110,835	122,229	124,162	132,783	138,500
Short-term borrowings	10,425	12,221	9,597	10,930	6,500	7,000
Account payables	71,638	81,488	93,844	93,995	103,855	109,054
Other current liabilities	13,337	16,771	18,048	18,382	21,538	21,556
Lease liabilities	402	354	739	854	889	889
Non-current liabilities	24,339	21,926	16,041	16,448	15,561	13,997
Long-term borrowings	15,600	13,331	6,639	6,439	5,939	4,939
Convertible bonds	3,317	3,418	3,517	3,481	2,761	2,041
Deferred income	3,585	3,198	3,455	3,883	4,151	4,306
Other non-current liabilities	1,838	1,979	2,431	2,646	2,711	2,711
Total liabilities	120,141	132,762	138,270	140,610	148,344	152,496
Share capital	8,765	8,498	8,556	8,582	8,637	8,704
Capital surplus	9,150	7,731	10,915	11,353	12,420	13,509

Retained earnings	49,177	52,729	61,431	68,849	78,696	88,775
Other reserves	(1,890)	(456)	(1,914)	(1,493)	(1,137)	(811)
Total shareholders equity	65,201	68,501	78,988	87,291	98,615	110,177
Minority interest	15	8	8	8	8	8
Total equity and liabilities	185,357	201,270	217,266	227,910	246,968	262,682

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

Operating

Profit before taxation	8,807	7,824	14,283	12,808	15,117	16,055
Depreciation & amortization	6,609	7,828	10,153	11,573	13,433	15,328
Tax paid	(554)	(801)	(1,591)	(1,537)	(1,890)	(2,007)
Change in working capital	(1,909)	3,521	4,382	(6,052)	(3,992)	(544)
Others	(642)	(618)	555	(1,851)	2,106	(1,346)
Net cash from operations	12,311	17,754	27,783	14,940	24,774	27,486

Investing

Capital expenditure	(16,301)	(16,713)	(11,737)	(11,192)	(12,674)	(12,453)
Acquisition of subsidiaries/ investments	(18,945)	(14,139)	(75,457)	0	0	0
Net proceeds from disposal of short-term investments	23,699	18,362	63,169	200	200	200
Others	1,042	2,039	730	2,376	1,841	1,555
Net cash from investing	(10,505)	(10,451)	(23,296)	(8,616)	(10,633)	(10,698)

Financing

Dividend paid	(647)	(2,534)	(2,563)	(3,853)	(3,381)	(3,968)
Net borrowings	8,925	526	(8,686)	263	(5,830)	(1,400)
Others	(11,412)	3,060	(929)	2,439	1,207	1,658
Net cash from financing	(3,133)	1,052	(12,178)	(1,151)	(8,005)	(3,710)

Net change in cash

Cash at the beginning of the year	27,908	26,899	35,272	27,210	32,383	38,519
Exchange difference	317	18	(371)	0	0	0
Cash at the end of the year	26,899	35,272	27,210	32,383	38,519	51,597

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

Revenue	0.7%	26.1%	16.7%	8.9%	17.4%	5.3%
Gross profit	20.7%	18.2%	25.5%	0.3%	21.2%	6.8%
Operating profit	4.6%	26.1%	89.1%	(46.6%)	70.5%	9.9%
EBITDA	19.1%	2.9%	52.5%	(1.3%)	16.3%	9.4%
EBIT	19.7%	(7.9%)	72.9%	(11.6%)	16.5%	5.3%
Net profit	22.9%	(15.1%)	80.8%	(11.2%)	17.4%	6.2%

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

Gross profit margin	19.4%	18.2%	19.5%	18.0%	18.5%	18.8%
Operating margin	3.1%	3.1%	5.0%	2.5%	3.6%	3.7%
EBITDA margin	11.7%	9.6%	12.5%	11.3%	11.2%	11.7%
Return on equity (ROE)	13.0%	10.5%	17.2%	13.6%	14.2%	13.5%

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

Current ratio (x)	1.1	1.1	1.1	1.2	1.2	1.3
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VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
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YE 31 Dec

P/E	15.5	17.4	9.5	10.8	9.2	8.8
P/B	2.0	1.8	1.5	1.4	1.2	1.1
P/CFPS	10.4	6.9	4.4	8.2	4.9	4.5
Div yield (%)	2.0	2.1	3.2	2.8	3.2	3.4

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

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