31 Aug 2026 11:49:51 ET | 12 pages

Yongda (3669.HK)

1H Earnings/GPM Beat; Diversified into Robotics business

CITI'S TAKE

Yonda posted 1H26 earnings of Rmb27mn, beating consensus of net loss Rmb-187mn. GPM also improved to 9.5%, ahead of VA consensus of 4.8%, with new car GPM enhancing to 0.1% (vs. 1.0% in 1H25 and -0.8% in 2H25) and NEV brand GPM stable at 4.0%. Absorption rate +5.9ppt YoY to 90.1%. FCF stayed strong at Rmb958mn (+Rmb348mn HoH and +Rmb82mn YoY) on less capex and inventory. Takeaways from analyst briefing: (1) Unveiled Robotics strategy with four businesses spanning sales/leasing, application development, delivery & aftersales, and data collection. Mgmt. targets ~2,000 ToC robots (~20% GPM) sales in 2026E. (2) FCF should improve on recovering profitability and continued inventory and receivables discipline, likely to resume dividend once profitability recovers. More takeaways are set forth below.

Buy

Price (31 Aug 26 16:10)	HK$0.84
Target price	HK$1.65
Expected share price return	96.4%
Expected dividend yield	6.0%
Expected total return	102.4%
Market Cap	HK$1,598M
	US$204M

Price Performance
(RIC: 3669.HK, BB: 3669 HK)



Embodied intelligence commercialization — (1) Yongda formally unveiled its robotics strategy, positioning itself as a professional robotics sales-and-service provider rather than competing in hardware or LLM development, leveraging 30+ years of auto channels, customers, sites and delivery capability. (2) Four businesses form a closed loop: sales/leasing, application development, delivery & aftersales, and real-scenario data collection/training. (3) ToB solutions could generate 30–40% GPM (hardware+software) and ToC products GPM at 20%. Mgmt. expects to bring a consumer-robot experience center, an operation platform, and a JV for repair business, with ~2,000 ToC robot sales volume target in 2026E.

New car sales — (1) Mgmt. mentioned the new car sales (-17.9% YoY) reflected weak demand, falling prices, and deliberate curtailment of unprofitable cars. Independent NEV volume rose 5% YoY to 10,820 units with gross margin stable at ~4%, though growth was capped by a thin first-half new model pipeline. (2) Mgmt. saw industry consolidation accelerating, with resources concentrating in quality OEMs and efficient dealers, and dealer terminal-service value irreplaceable. Mgmt. said the group has received over 2,000+ refundable orders of BMW iX3 (mostly mid-to-high specs).

After sales — Aftersales revenue declined 7.5% YoY and GPM eased to 39.7% (vs 44.4% in 1H25). Independent NEV aftersales was the structural bright spot given revenue up 34% YoY to Rmb290m and GPM up 5.1ppt YoY to 39.5%. Mgmt. expects NEV aftersales GPM to converge toward ~40% level. ***(Continued...)***

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Earnings Summary

Year to 31 Dec	Net Profit (RmbM)	Diluted EPS (Rmb)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2024A	201	0.105	-64.3	6.9	0.1	1.4	15.7
2025A	-192	-0.103	-197.9	-7.0	0.2	-1.7	19.2
2026E	240	0.130	225.8	5.6	0.2	2.8	7.2
2027E	297	0.160	23.4	4.5	0.2	3.5	8.9
2028E	353	0.190	18.9	3.8	0.2	4.0	10.5

Source: Powered by dataCentral

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations



Questions and Answers

Q: Will the ~4% blended NEV new-car GPM stay sustainable as more dealer groups partner with NEV brands?

A: Mgmt. mentioned that NEV new-car GPM should remain stable for a long time as the market is still growing and all participants can share the growth dividend.

Q: What are the future capex plans for network restructuring and robotics?

A: Mgmt. said the capex for network is largely complete with no new store plan and no external financing needed. Robotics capex is minimal given the store-in-store formats and small-batch validation. Cash reserves are ample, and capex stays controllable and prudent.

Q: Which robotics business lands fastest in one to two years, and how are revenue, costs, and partner selection managed?

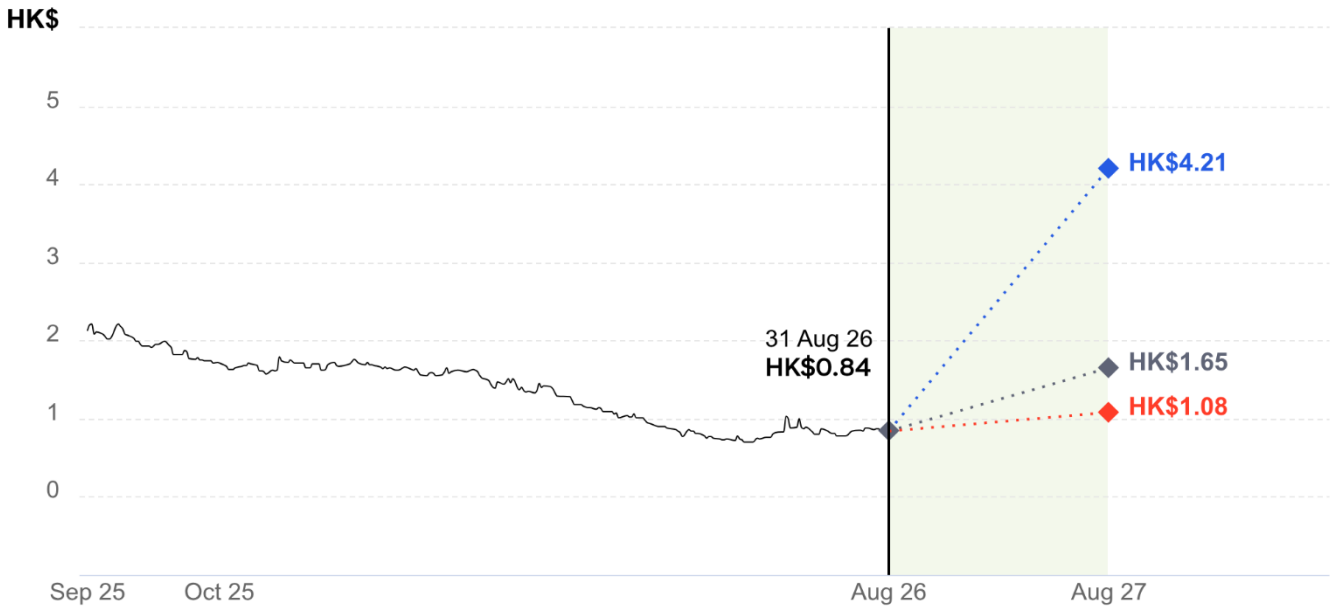
A: ToB solutions are most advanced and consumer-level products (~20% GPM) ramp in 2H26 targeting ~2,000 units. Data collective business should inflect in 2027–28E, potentially exceeding hardware returns.

Q: What is the expected future free cash flow and its allocation among capex, debt repayment, dividends, and buybacks?

A: Mgmt. believes the FCF should improve on recovering profitability and inventory and receivables discipline. Cash will first reduce debt and cash dividend likely to resume once profitability recovers and share buybacks will come at an appropriate time.

Bull/Bear: Yongda (3669.HK)

HK$ 4.21 ▲401% Upside | HK$ 1.65 ▲96% Upside | HK$ 1.08 ▲29% Upside



Spread 373pp
Current Price and expected returns (upside/downside) as of 31 Aug 2026

BULL Assumptions

- New car sales volume 10% above forecast in 26E
- New car GPM 1ppts higher than forecast in 26E
- After-sales GPM 5ppts higher than forecast in 26E

BASE Assumptions

- New car sales volume at 132k units in 26E
- New car & related service GPM at 0.6% in 26E
- After-sales GPM at 40% in 26E

BEAR Assumptions

- New car sales volume 10% below forecast in 26E
- New car GPM 1ppts lower than forecast in 26E
- After-sales GPM 1ppts lower than forecast in 26E