

What's Hot Today:

► GWM (2333.HK) - 1Q24 results beat expectations

GWM (Great Wall Motor) reported its 1Q24 results with a revenue of RMB42.86bn (+48% YoY) and net profit of RMB3.23bn (+1752% YoY), better than expected. During the period, the revenue growth was driven by volume increase (+25%) and ASP hike (+18%). Gross profit margin also increased by 4.0pp YoY or 1.6pp QoQ to 20.0%. Core net profit (excl. RMB1.4bn one-off items) per car came in at about RMB7k, up 141% from about RMB3k in 4Q23.

The Mgt highlighted that GWM is working to improve its operation efficiency aiming for higher profitability. In terms of marketing strategy, it plans to shift towards online channels (e.g. Douyin), compared with previous offline promotions.

Our views: We believe GWM's robust exports sales and strong EV growth will continue to drive its performance. Although China's auto market is experiencing a fierce price war, we believe GWM will be able to weather through the storm. The ticker is trading at 9.5x FY24E P/E, an attractive valuation for long-term investors.

Risk: 1) lower-than-expected sales volume (Research Department)

Fig 1: GWM's financial performance and consensus forecast

(RMB mn)	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue	136,405	137,340	173,212	221,214	256,912	285,518
YoY%	32%	1%	26%	28%	16%	11%
Gross Profit	22,037	26,601	32,439	41,413	48,793	54,842
GPM%	16.2%	19.4%	18.7%	18.7%	19.0%	19.2%
Net Profit	6,726	8,266	7,022	9,170	10,850	12,605
YoY%	25%	23%	-15%	31%	18%	16%
NPM%	4.9%	6.0%	4.1%	4.1%	4.2%	4.4%
EPS (RMB)	0.73	0.91	0.73	1.10	1.35	1.57
P/E	14.3	11.5	14.4	9.6	7.8	6.7

Source: Company report, Bloomberg Consensus, Sunwah Kingsway Research

China & HK Indices	CLOSE	1D	YTD
HSI	17,201	1.9%	-1.3%
HSCEI	6,100	2.1%	3.2%
HSCCI	3,552	0.8%	4.2%
CSI300	3,521	-0.7%	2.2%
Shanghai A	3,192	-0.7%	4.8%
Shanghai B	246	-1.5%	4.8%
Shenzhen A	1,772	-0.2%	-8.9%
Shenzhen B	1,068	-0.4%	-1.7%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	38,460	0.7%	2.2%
S&P 500	5,071	1.2%	6.3%
Nasdaq	15,712	1.6%	4.6%
NIKKEI Index	38,460	1.9%	14.3%
FTSE Index	8,040	0.3%	4.0%
CAC Index	8,091	0.8%	7.5%
DA X Index	18,088	1.6%	8.3%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	2,322	0.0%	12.4%
STEEL (US\$/oz.)	2,084	-1.0%	-6.3%
SILVER (US\$/oz.)	27	0.0%	14.6%
CRUDE OIL (US\$/bbl)	83	-7.3%	16.5%
COFFER (US\$/oz.)	9,706	-1.3%	13.4%
ALUMINIUM (US\$/oz.)	2,579	-3.4%	8.2%
PLATINUM (US\$/oz)	912	0.0%	-8.1%
ZINC (US\$/oz.)	2,792	-1.4%	5.1%
WHEAT (US\$/bu)	585	0.0%	-7.2%
CORN (US\$/bu)	452	0.0%	-8.5%
SUGAR (US\$/lb)	N/A	N/A	-3.4%
SOYBEAN (US\$/bu)	1,182	0.0%	-9.9%
PVC (US\$/t)	N/A	N/A	15.6%
CRB	297	-0.2%	3.0%
BDI		-4.1%	-13.8%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.835	0.935	154.830	0.912	7.245
HKD	0.128		0.119	19.762	11.639	0.925
EUR	1.070	8.384		165.710	1.025	7.755
JPY	0.006	5.060	0.604		0.589	0.047
CHF	1.097	8.592	1.025	169.789		7.945
RMB	0.138	1.081	0.129	21.359	0.126	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	15	-14.7%

Source: Bloomberg

Latest Research Reports		
Date	Company	Analyst
29/02/2024	Xinyi Solar (968.HK)	Research Department
29/02/2024	Xinyi Energy (3868.HK)	Research Department
26/02/2024	Conant Optical (2276.HK)	Research Department
05/01/2024	Aeon Credit (900 HK)	Ensley Liu
13/10/2023	Aeon Credit (900 HK)	Howard Wong
17/04/2023	Xtep International (1368 HK)	Eason Cui
14/04/2023	Perfect Medical (1830 HK)	Research Department
03/04/2023	Meidong Auto (1268 HK)	Eason Cui
31/03/2023	Prosperous Industrial (1731 HK)	Research Department
28/03/2023	Yongda (3669 HK)	Eason Cui
17/03/2023	361 Degrees (1361 HK)	Eason Cui
13/03/2023	DONGFANG ELECTRIC (1072 HK)	Eason Cui
01/03/2023	Xinyi Energy (3868 HK)	Eason Cui
28/02/2023	Xinyi Glass (868 HK)	Ken Li
13/02/2023	Auto monthly update	Eason Cui
10/02/2023	Yuexiu Property (123 HK)	Ken Li
18/01/2023	Yongda (3669 HK)	Eason Cui
17/01/2023	Xtep (1368 HK)	Eason Cui
04/01/2023	Auto monthly update	Eason Cui
02/12/2022	Perfect Medical (1830 HK)	Research Department
01/12/2022	XPeng (9868 HK)	Eason Cui

Fig 2: GWM's 1Q24 Results Summary

(RMB mn)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	YoY (%)	QoQ (%)
Revenue	33,619	28,515	37,346	37,860	29,039	40,933	49,532	53,709	42,860	48%	-20%
Cost of sales	27,843	22,871	28,954	31,071	24,372	33,808	38,804	43,788	34,272	41%	-22%
Gross Profit	5,776	5,644	8,392	6,788	4,666	7,124	10,728	9,920	8,587	84%	-13%
Selling expenses	1,051	1,165	1,636	2,024	1,454	1,799	1,853	3,180	1,706	17%	-46%
Admin expenses	1,178	1,035	1,247	1,433	1,061	1,010	1,023	1,641	1,002	-5%	-39%
R&D expenses	1,324	1,853	1,530	1,739	1,534	1,975	1,992	2,553	1,960	28%	-23%
Operating Profit	1,176	585	2,404	100	-328	887	4,033	786	2,426	-839%	208%
Finance costs	291	-3,223	188	257	12	-236	500	-403	94	684%	-123%
Other income	962	211	719	162	403	208	677	1,033	1,426	254%	38%
Profit before tax	1,847	4,019	2,935	5	62	1,330	4,210	2,222	3,758	5936%	69%
Income tax expense	-215	-59	-378	98	113	-143	-575	-196	-531	-568%	170%
Profit for the period	1,632	3,960	2,557	104	176	1,187	3,635	2,026	3,227	1737%	59%
Minority interest	-2	-7	-2	-3	1	0	1	-1	-1	-141%	-48%
Net profit	1,634	3,967	2,559	107	174	1,187	3,634	2,027	3,228	1752%	59%
Key indicators											
Vehicle sold (k unit)	284	235	284	265	220	299	345	367	275	25%	-25%
ASP (RMB k)	119	121	132	143	132	137	144	146	156	18%	6%
Net profit per car (RMB k)	6	17	9	0	1	4	11	6	12	1380%	112%
Gross margin	17.2%	19.8%	22.5%	17.9%	16.1%	17.4%	21.7%	18.5%	20.0%	4pp	1.6pp
Selling expense ratio	3.1%	4.1%	4.4%	5.3%	5.0%	4.4%	3.7%	5.9%	4.0%	-1pp	-1.9pp
Admin expense ratio	3.5%	3.6%	3.3%	3.8%	3.7%	2.5%	2.1%	3.1%	2.3%	-1.3pp	-0.7pp
R&D expense ratio	3.9%	6.5%	4.1%	4.6%	5.3%	4.8%	4.0%	4.8%	4.6%	-0.7pp	-0.2pp
Net profit margin	4.9%	13.9%	6.9%	0.3%	0.6%	2.9%	7.3%	3.8%	7.5%	6.9pp	3.8pp

Source: Company reports, Sunwah Kingsway Research

Fig 3: GWM's sales volume increased 25% in Q1

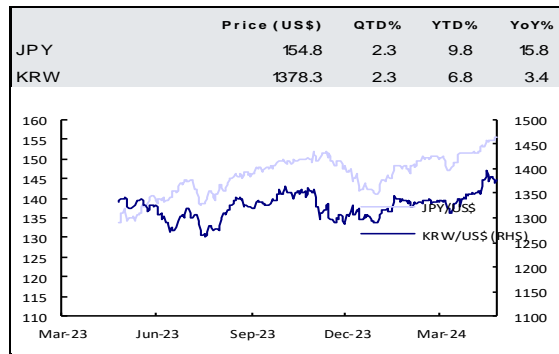
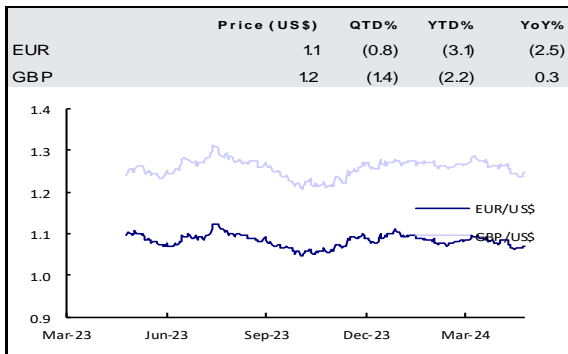
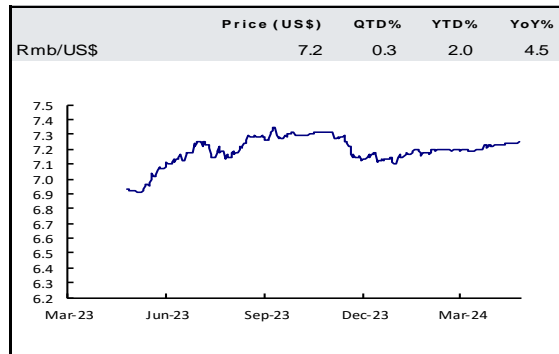
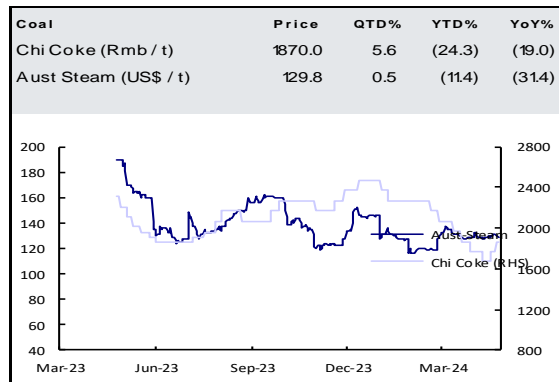
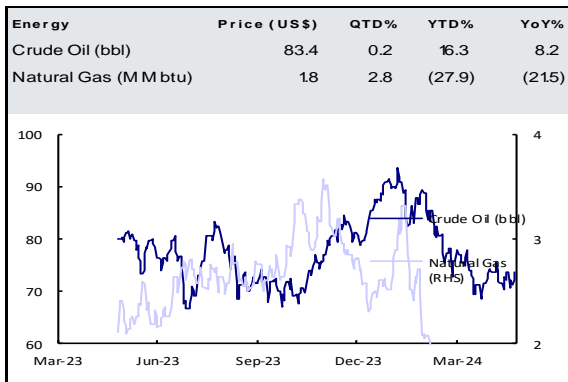
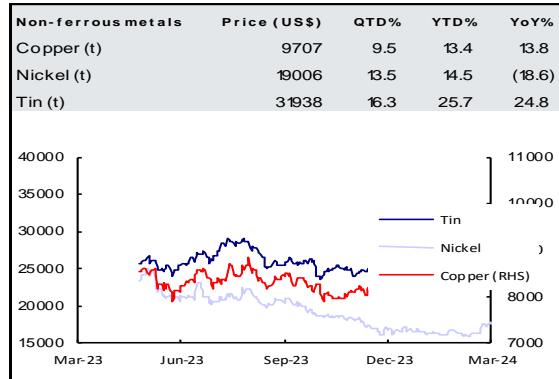
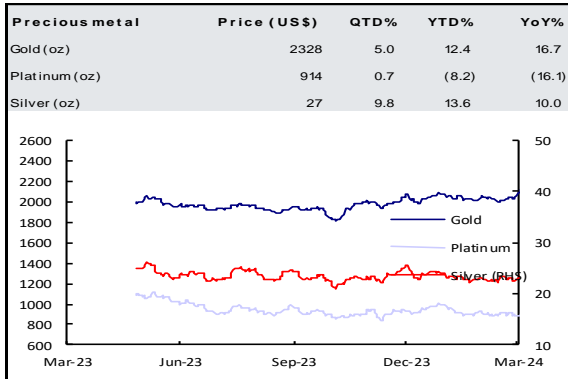
	1Q23	2Q23	3Q23	4Q23	1Q24	24-Jan	24-Feb	24-Mar
Total Sales Volume	219,968	299,258	344,819	366,659	275,333	104,030	71,027	100,276
Haval	125,773	166,871	203,256	219,288	157,889	59,103	44,731	54,055
WEY	3,403	14,747	14,818	8,634	9,608	3,351	2,649	3,608
Great Wall Pick-up	48,817	53,779	50,078	49,656	43,495	15,466	10,460	17,569
ORA	17,766	29,532	30,343	30,877	15,029	6,001	3,006	6,022
TANK	24,209	34,118	46,218	57,994	49,184	20,067	10,164	18,953
Others	-	211	106	210	128	42	17	69
YoY	-22%	27%	22%	38%	25%	69%	4%	11%
Haval	-25%	37%	23%	35%	26%	51%	14%	14%
WEY	-76%	92%	75%	46%	182%	217%	147%	183%
Great Wall Pick-up	14%	4%	2%	15%	-11%	32%	-39%	-12%
ORA	-47%	16%	19%	60%	-15%	63%	-33%	-37%
TANK	-6%	20%	32%	67%	103%	239%	60%	59%
By regions								
Total Sales Volume	219,968	299,258	344,819	366,659	275,333	104,030	71,027	100,276
Domestic	167,993	227,303	257,053	262,337	182,555	77,656	40,438	64,461
Oversea	51,975	71,955	87,766	104,322	92,778	26,374	30,589	35,815
YoY	-22%	27%	22%	38%	25%	69%	4%	11%
Domestic	-34%	13%	9%	29%	9%	71%	-26%	-5%
Oversea	77%	115%	79%	70%	79%	65%	124%	61%

Source: Company reports, Sunwah Kingsway Research

Kingsway coverage list

Name	Ticker	Market Cap (HK\$m)	Price (HK\$)	1D (%)	Rec.	TP (HK\$)	Upside (%)	PER (X)*			Dividend FY2	Absolute performance			Latest update date
								Hist	FY1	FY2		5D%	1M%	3M%	
HANG SENG INDEX	HSI		16,828.93	1.9				8.8	8.3	7.7	4.6%	3.6	2.0	5.8	
HANG SENG CHINA ENT IND	HSCEI		5,954.62	2.1				8.1	7.7	7.0	4.3%	3.7	3.4	11.2	
CSI 300 INDEX	SHSZ300		3,506.22	(0.7)				13.4	13.4	11.5	3.0%	(0.1)	(1.1)	7.0	
FUYAO GLASS	3606 HK	122,648	41.25	(0.5)	LONG	41.50	0.6	17.7	15.4	13.2	4.1%	(0.1)	7.6	16.5	1-Sep-20
BEUR	3718 HK	1,743	0.49	0.0	LONG	1.80	267.3	6.2	5.2	4.3	7.6%	1.0	(1.0)	(18.3)	30-Mar-21
BINJIANG SERVICES	3316 HK	4,494	16.26	(1.3)	LONG	23.50	44.5	8.4	6.8	5.5	10.2%	0.4	(2.9)	6.6	N/A
BYDE	285 HK	54,190	24.05	1.3	NEUTRAL	17.60	(26.8)	12.4	9.5	7.5	2.9%	(2.8)	(21.7)	(20.1)	N/A
CHINA LILANG	1234 HK	5,532	4.62	(2.3)	LONG	5.32	15.2	9.6	8.4	7.5	8.9%	(2.1)	(4.0)	15.2	N/A
CHINASOFT INTL	354 HK	12,764	4.47	1.4	LONG	12.80	186.4	16.0	11.7	9.2	2.1%	(0.2)	(9.9)	(12.9)	27-Oct-20
CHINA TIAN LUN GAS	1600 HK	4,821	4.91	0.4	LONG	8.70	77.2	9.2	7.9	7.1	4.3%	5.8	2.5	49.7	26-Feb-20
DUIBA GROUP	1753 HK	312	0.29	0.0	LONG	5.55	1813.8	9.3	N/A**	N/A**	N/A**	(1.7)	(3.3)	11.5	N/A
EDVANTAGE GROUP	382 HK	2,672	2.34	(1.3)	LONG	4.50	92.3	3.9	3.3	3.0	9.1%	0.4	(4.1)	(0.4)	3-May-22
EVERGREEN PG	1962 HK	308	0.47	(1.1)	LONG	1.75	272.3	6.0	N/A**	N/A**	N/A**	(1.1)	(7.8)	4.4	26-Jan-21
HUAHONG SEMI	1347 HK	31,444	14.28	(1.7)	NEUTRAL	26.30	84.2	8.8	23.1	10.9	0.0%	0.0	(9.5)	(14.8)	29-Jul-21
KINGDEE INTL	268 HK	27,133	7.55	0.9	NEUTRAL	17.62	133.4	N/A**	N/A**	86.2	0.0%	(4.4)	(19.7)	(20.2)	20-Aug-20
MEIDONG AUTO	1268 HK	3,514	2.61	2.8	LONG	19.76	657.1	23.1	7.9	5.3	8.5%	2.8	(13.9)	(24.6)	3-Apr-23
MINGYUAN CLOUD	909 HK	4,059	2.09	3.0	NEUTRAL	28.00	1239.7	N/A**	N/A**	N/A**	1.7%	(4.6)	(17.1)	(7.9)	N/A
PLOVER BAY TECH	1523 HK	2,928	2.66	2.3	LONG	1.70	(36.1)	13.3	11.3	10.0	1.1%	0.0	12.7	33.8	6-Aug-20
POU SHENG INTL	3813 HK	3,302	0.62	1.6	LONG	2.80	351.6	6.1	4.7	3.7	7.4%	1.6	(10.1)	0.0	16-Nov-20
Q TECH	1478 HK	3,708	3.13	0.3	NEUTRAL	4.97	58.8	41.6	12.5	8.5	0.7%	0.3	(3.1)	(4.3)	10-Aug-22
SUNNY OPTICAL	2382 HK	39,139	35.75	(2.5)	LONG	160.80	349.8	32.8	19.7	14.4	1.4%	(3.6)	(18.2)	(40.2)	17-Aug-22
TRYLY INTL	732 HK	2,497	0.79	0.0	LONG	2.80	254.4	9.5	N/A**	N/A**	N/A**	2.6	8.2	16.2	8-Apr-21
XINYI ENERGY	3868 HK	8,587	1.04	0.0	LONG	1.62	55.8	8.2	7.2	6.3	7.8%	0.0	(7.1)	(12.6)	29-Feb-24
XINYI GLASS	868 HK	33,289	7.88	0.3	LONG	18.60	136.0	6.1	5.9	5.9	8.6%	(1.9)	(5.9)	7.9	28-Feb-23
XINYI SOLAR	968 HK	45,975	5.16	(1.9)	LONG	7.20	39.5	11.0	8.8	6.9	6.8%	(7.9)	(18.2)	22.6	29-Feb-24
XTEP INTL	1368 HK	12,045	4.56	3.2	LONG	11.91	161.2	10.3	9.4	8.1	5.5%	4.8	(6.4)	11.5	17-Apr-23
YONGDA AUTO	3669 HK	3,701	1.92	(1.5)	LONG	6.73	250.5	6.0	4.6	3.8	11.6%	(0.5)	(22.6)	(16.9)	28-Mar-23
YUEXU PROPERTY	123 HK	15,578	3.87	(1.0)	LONG	13.00	235.9	4.0	3.9	3.6	10.7%	8.1	(13.4)	(17.7)	10-Feb-23
WEIMOB	2013 HK	3,381	1.21	7.1	LONG	14.40	1090.1	N/A**	N/A**	17.0	0.0%	(3.2)	(41.0)	(38.9)	25-Nov-21

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
New home Sales	MoM		23-May-24
Durable Goods Orders	MoM		24-Apr-24
Initial Jobless Claims	WoW		25-Apr-24
Wholesale Inventories	MoM		25-Apr-24
GDP	QoQ		25-Apr-24
Personal Income & Spending	MoM		26-Apr-24
Consumer Confidence	MoM		30-Apr-24
ISM Manufacturing PMI	MoM		1-May-24
Trade Balance	MoM		2-May-24
Factory Orders	MoM		2-May-24
Employment Report	MoM		3-May-24
PPI	MoM		14-May-24
Business Inventories	MoM		15-May-24
Retail Sales	MoM		15-May-24
CPI	MoM		15-May-24
Housing Starts / Building Permits	MoM		16-May-24
Industrial Production	MoM		16-May-24
Existing Home Sales	MoM		22-May-24
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		30-Apr-24
Foreign Exchange Reserves	QoQ		7-May-24
Money Supply - M2	MoM		9-May-24
Trade Balance	MoM		9-May-24
PPI	MoM		11-May-24
CPI	MoM		11-May-24
Retail Sales	MoM		17-May-24
Industrial Production	MoM		17-May-24
GDP	YoY		15-Jul-24

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Trade Balance	MoM		25-Apr-24
Money Supply - M2	MoM		30-Apr-24
GDP	QoQ		2-May-24
Retail Sales	MoM		3-May-24
PMI	MoM		6-May-24
Foreign Currency Reserve	MoM		7-May-24
Unemployment Rate	MoM		20-May-24
CPI	MoM		23-May-24
Producer Prices Index	QoQ		14-Jun-24
Industrial Production	QoQ		14-Jun-24
Composite Interest Rate	MoM		

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