

Haier Smart Home (6690 HK)

3Q26: Net Profit Declines 12% yoy; Targets A Return To Domestic Revenue Growth For 4Q26

Highlights

- Haier's 3Q26 revenue was Rmb69,704m (-10% yoy, -11% qoq). EBIT was Rmb5,926m (flat yoy, -18% qoq), with EBIT margin of 8.5% (+0.8ppt yoy, -0.7ppt qoq). The yoy increase in EBIT margin was primarily due to a decline in selling expenses (-1.4ppt yoy) and R&D expenses (-0.4ppt yoy), partially offset by a lower gross margin. Net profit was Rmb4,682m (-12% yoy, -17% qoq), with net margin of 6.7% (-0.2ppt yoy, -0.5ppt qoq). Below the EBIT line, net profit was dragged by higher net finance costs (+0.6ppt yoy), mainly due to a Rmb364m net forex loss (vs a forex gain of Rmb134m in 3Q25), partially offset by a lower effective tax rate of 13.8% (vs 15.4% in 3Q25).
- Domestic revenue declined by double-digits, dragged by air conditioners, while overseas revenue remained largely flat. For 4Q26, management targets a return to domestic revenue growth. On the margin side, raw material cost pressure is expected to persist. Management also indicated that an additional US tariff refund may be recognised in 4Q26 or next year, which could partially offset the ongoing costs from supply-chain restructuring in 4Q26. Maintain BUY; cut target price by 8% to HK\$26.00.

3Q26 & 9M26 Results

Year to 31 Dec (Rmbm)	3Q26	2Q26	3Q25	yoy chg (%)	qoq chg (%)	9M26	9M25	yoy chg (%)
Total revenue	69,704	78,428	77,560	(10.1)	(11.1)	221,819	234,054	(5.2)
Gross profit	18,871	22,745	21,625	(12.7)	(17.0)	60,291	63,681	(5.3)
Gross margin (%)	27.1	29.0	27.9	(0.8)	(1.9)	27.2	27.2	(0.0)
EBIT	5,926	7,219	5,936	(0.2)	(17.9)	19,131	19,814	(3.4)
EBIT margin (%)	8.5	9.2	7.7	0.8	(0.7)	8.6	8.5	0.2
Attributable net profit	4,682	5,665	5,340	(12.3)	(17.3)	14,999	17,373	(13.7)
Attributable net margin (%)	6.7	7.2	6.9	(0.2)	(0.5)	6.8	7.4	(0.7)

Note: Haier's financial data is based on A share

Source: Haier Smart Home (A share), UOB Kay Hian

Analysis

- 3Q26 sales net profit declined 12%.** Haier Smart Home (Haier) reported its 9M26 results. In 9M26, revenue was Rmb221,819m, down 5% yoy. Gross margin was 27.2%, flat yoy. EBIT was Rmb19,131m, down 3% yoy, with EBIT margin of 8.6%, up 0.2ppt yoy. Net profit was Rmb14,999m, down 14% yoy, with net margin of 6.8%, down 0.7ppt yoy.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	286,005	302,329	291,856	303,820	316,356
EBITDA	27,809	28,282	28,066	29,795	31,916
Operating profit	19,707	19,532	19,205	20,334	21,865
Net profit (rep./act.)	18,731	19,553	18,478	19,256	20,517
Net profit (adj.)	18,731	19,553	18,478	19,256	20,517
EPS (Fen)	203.1	212.2	198.6	207.0	220.5
PE (x)	7.9	7.6	8.1	7.8	7.3
P/B (x)	1.3	1.3	1.2	1.1	1.0
EV/EBITDA (x)	5.6	5.9	6.0	5.5	5.1
Dividend yield (%)	6.0	7.2	7.1	7.7	8.2
Net margin (%)	6.5	6.5	6.3	6.3	6.5
Net debt/(cash) to equity (%)	(18.7)	(8.1)	(8.4)	(10.1)	(12.3)
Interest cover (x)	10.3	10.9	9.9	9.8	10.4
ROE (%)	16.6	16.0	14.2	13.9	13.8
Consensus net profit	-	-	18,562.1	20,226.5	22,478.2
UOBKH/Consensus (x)	-	-	1.00	0.95	0.91

Source: Haier Smart Home, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	HK\$18.94
Target Price	HK\$26.00
Upside	+37.3%
Previous TP	HK\$28.30

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	6690 HK
Shares issued (m)	2,853.6
Market cap (HK\$m)	219,214.8
Market cap (US\$m)	27,961.4
3-mth avg daily t'over (US\$m)	43.5

Price Performance (%)

52-week high/low			HK\$28.20/HK\$19.05	
1mth	3mth	6mth	1yr	YTD
(2.3)	10.4	(22.2)	(15.8)	(12.4)

Major Shareholders (%)

HKSCC	24.86
Haier COSMO CO Ltd	13.53
Haier Co Ltd	11.53

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	13.59
FY26 Net Cash/Share (Rmb)	1.17

Price Chart



Source: Bloomberg

Company Description

Haier Smart Home is a leader in the global major home appliance industry, ranking first in the world in terms of retail volume of major home appliances for 15 consecutive years. The company has a global portfolio of home appliance brands consisting of Haier, Casarte, Leader, GE Appliances, Candy, Fisher & Paykel and AQUA. Currently, Haier's business covers more than 160 countries and regions around the world. It is also a global pioneer in providing smart home solutions suited for various lifestyle scenarios for users to satisfy their pursuit for a better life.

- This implies 3Q26 revenue of Rmb69,704m (-10% yoy, -11% qoq). Gross margin was 27.1% (-0.8ppt yoy, -1.9ppt qoq). EBIT was Rmb5,926m (flat yoy, -18% qoq), with EBIT margin of 8.5% (+0.8ppt yoy, -0.7ppt qoq). The yoy increase in EBIT margin was primarily due to a decline in selling expenses (-1.4ppt yoy) and R&D expenses (-0.4ppt yoy), partially offset by a lower gross margin. Net profit was Rmb4,682m (-12% yoy, -17% qoq), with net margin of 6.7% (-0.2ppt yoy, -0.5ppt qoq). Below the EBIT line, net profit was dragged by higher net finance costs (+0.6ppt yoy), mainly due to a Rmb364m net forex loss (vs a forex gain of Rmb134m in 3Q25), partially offset by a lower effective tax rate of 13.8% (vs 15.4% in 3Q25).
- **Domestic market – revenue declined by double-digits and margin contracted.** In 3Q26, Haier's domestic revenue declined by double-digits yoy, mainly dragged by air conditioners, which declined by around 20% due to a high base and the company's price hike to improve profitability. Refrigerators and washing machines declined by double-digits and single-digits, respectively. Domestic operating margin also declined, mainly due to higher raw material costs, with refrigerators and washing machines being impacted the most.
- **Overseas market – revenue largely flat and margin improved helped by tariff refund.** In 3Q26, Haier's overseas revenue remained largely flat yoy. By region, in renminbi terms, North America revenue grew by low single-digits, outperforming the industry, while Europe, South Asia and emerging markets recorded growth of low single-digits, around 15% and high single-digits, respectively. Overseas operating margin improved, helped by US tariff refund.
- **Targeting a return to domestic revenue growth in 4Q26; a further US tariff refund to offset the ongoing restructuring costs.** For 4Q26, management targets a return to domestic revenue growth. On the margin side, raw material cost pressure is expected to persist. The company aims to mitigate the impact through efficiency gains from the HVAC integration and new product launches, with new products accounting for 30-40% of sales and priced to reflect rising costs. Management also indicated that an additional US tariff refund may be recognised in 4Q26 or next year, which could partially offset the ongoing costs from supply-chain restructuring in 4Q26.

Earnings Revision/Risk

- **We lower our 2026/27 earnings forecasts by 1%/7%, respectively.** We lower our 2026/27 revenue forecasts by 3%/5%, respectively. We raise our 2026/27 gross margin estimates by 0.2ppt/0.1ppt, respectively, to reflect the US tariff refund. We raise our 2026/27 selling and distribution expense ratio forecasts by 0.2ppt/0.1ppt, respectively. Thus, our 2026/27 earnings forecasts are lowered by 1%/7% respectively.

Valuation/Recommendation

- **Maintain BUY; cut target price by 8% to HK\$26.00.** We roll over our DCF-based target price to 2027 and cut our target price by 8% to HK\$26.00. Our target price implies 11.2x 2026F PE and 10.7x 2027F PE. The stock currently trades at 8.1x 2026F PE and 7.8x 2027F PE.

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	302,329.0	291,855.9	303,820.4	316,356.3
EBITDA	28,282.0	28,066.0	29,794.7	31,915.9
Deprec. & amort.	8,750.0	8,861.1	9,460.7	10,050.4
EBIT	19,532.0	19,204.8	20,333.9	21,865.4
Associate contributions	1,328.0	1,328.0	1,328.0	1,328.0
Net interest income/(expense)	(2,587.0)	(2,844.3)	(3,040.0)	(3,057.0)
Pre-tax profit	23,479.0	22,188.5	23,122.0	24,636.4
Tax	(3,316.0)	(3,133.7)	(3,265.6)	(3,479.5)
Minorities	(610.0)	(576.5)	(600.7)	(640.1)
Net profit	19,553.0	18,478.3	19,255.7	20,516.9
Net profit (adj.)	19,553.0	18,478.3	19,255.7	20,516.9

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	26,003.0	28,060.1	30,092.7	31,975.6
Pre-tax profit	23,479.0	22,188.5	23,122.0	24,636.4
Tax	(3,316.0)	(3,133.7)	(3,265.6)	(3,479.5)
Deprec. & amort.	8,750.0	8,861.1	9,460.7	10,050.4
Working capital changes	(5,150.0)	(785.8)	(154.4)	(161.8)
Non-cash items	138.0	0.0	0.0	0.0
Other operating cashflows	2,102.0	930.0	930.0	930.0
Investing	(17,075.0)	(16,290.0)	(16,290.0)	(16,290.0)
Capex (growth)	(8,851.0)	(14,000.0)	(14,000.0)	(14,000.0)
Investments	187.0	0.0	0.0	0.0
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	(8,411.0)	(2,290.0)	(2,290.0)	(2,290.0)
Financing	(17,671.0)	(7,671.0)	(8,491.0)	(13,233.4)
Dividend payments	(11,579.0)	(10,755.0)	(10,625.0)	(11,553.4)
Issue of shares	(1,234.0)	0.0	0.0	0.0
Proceeds from borrowings	33,147.0	24,800.0	24,800.0	24,800.0
Loan repayment	(31,629.0)	(21,716.0)	(22,666.0)	(26,480.0)
Others/interest paid	(6,376.0)	0.0	0.0	0.0
Net cash inflow (outflow)	(8,743.0)	4,099.1	5,311.7	2,452.2
Beginning cash & cash equivalent	54,995.0	46,268.0	50,367.1	55,678.8
Changes due to forex impact	16.0	0.0	0.0	0.0
Ending cash & cash equivalent	46,268.0	50,367.1	55,678.8	58,131.1

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	45,708.0	51,409.6	56,598.7	61,275.1
Other LT assets	97,254.0	98,051.3	98,761.5	99,394.6
Cash/ST investment	46,268.0	50,367.1	55,678.8	58,131.1
Other current assets	106,565.0	104,669.1	107,887.1	111,258.8
Total assets	295,795.0	304,497.1	318,926.1	330,059.6
ST debt	21,716.0	22,666.0	26,480.0	23,120.0
Other current liabilities	120,829.0	118,147.2	121,210.9	124,420.9
LT debt	14,666.0	16,800.0	15,120.0	16,800.0
Other LT liabilities	12,607.0	12,607.0	12,607.0	12,607.0
Shareholders' equity	118,698.0	126,421.4	135,052.0	144,015.5
Minority interest	7,279.0	7,855.5	8,456.2	9,096.3
Total liabilities & equity	295,795.0	304,497.1	318,926.1	330,059.6

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	9.4	9.6	9.8	10.1
Pre-tax margin	7.8	7.6	7.6	7.8
Net margin	6.5	6.3	6.3	6.5
ROA	6.7	6.2	6.2	6.3
ROE	16.0	14.2	13.9	13.8
Growth				
Turnover	5.7	(3.5)	4.1	4.1
EBITDA	1.7	(0.8)	6.2	7.1
Pre-tax profit	3.3	(5.5)	4.2	6.5
Net profit	4.4	(5.5)	4.2	6.5
Net profit (adj.)	4.4	(5.5)	4.2	6.5
EPS	4.5	(6.4)	4.2	6.5
Leverage				
Debt to total capital	24.2	24.6	24.3	22.1
Debt to equity	31.6	32.2	31.8	28.6
Net debt/(cash) to equity	(8.1)	(8.4)	(10.1)	(12.3)
Interest cover (x)	10.9	9.9	9.8	10.4

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