Yadea Group Holdings (1585 HK)

1H26: Net Profit Misses On Sales Volume, Set To Recover From 2H26

Highlights

- 1H26 net profit missed estimates at Rmb1.2b (-27% yoy), with the misses in sales volume and margins offsetting the beat in ASP.
- Sales volume is set to recover from 2H26, driven by strong order flows, market share gain amid accelerating industry consolidation, new product debuts, and overseas expansion.
- ASP and margins will be underpinned by premiumisation and globalisation of sales mix.
- Cut our 2026-28 net profit forecasts by 14%/9%/10% to Rmb2,768m/Rmb3,340m/Rmb3,696m respectively, based on lower sales volume and higher ASP. Maintain BUY and cut target price from HK$18.00 to HK$16.00.

1H26 Results

Year to 31 Dec (Rmbm)	1H26	yoy %	hoh %	2026F	yoy %	1H26/2026	Comment
Sales volume ('000 units)	7,632	(13.2)	2.1	17,500	7.6	0.44	Sales volume missed estimates due to policy changes.
ASP (Rmb'000/unit)	1,663	11.6	2.3	1,600	3.1	1.04	ASP beat estimates due to product mix optimisation.
NP per unit (Rmb'000)	157	(16.1)	(6.8)	183	2.4	0.86	Miss
Revenue	18,236	(5.0)	2.3	41,629	12.5	0.44	Miss with volume miss offsetting ASP beat
Gross profit	3,236	(14.0)	(2.2)	7,910	11.9	0.41	
Gross margin (%)	*17.7*	*(1.9)*	*(0.8)*	*19.0*	*(0.1)*	0.93	Squeezed by cost hikes and higher mould cost.
EBIT	1,457	(31.2)	(4.3)	4,063	11.6	0.36	
EBIT margin (%)	*8.0*	*(3.0)*	*(0.5)*	*9.8*	*(0.1)*	0.82	*Operational deleveraging*
Net profit	1,201	(27.2)	(4.9)	3,205	10.1	0.37	
Net profit – adj	1,179	(25.8)	(1.6)	3,205	15.0	0.37	
Net margin (%)	*6.6*	*(2.0)*	*(0.5)*	*7.7*	*(0.2)*	0.86	
Net margin– adj (%)	*6.5*	*(1.8)*	*(0.3)*	*7.7*	*0.2*	0.84	

Source: Yadea Group Holdings, Bloomberg, UOB Kay Hian

Analysis

- **1H26 net profit missed estimates at Rmb1.2b (-27.2% yoy), due to lower-than-expected sales volume and margins.**
  - **Revenue dropped 5% yoy to Rmb18.24b in 1H26 on disappointing sales volume of 7.63m units (-13.2% yoy) and upbeat ASP of Rmb1,663 (+11.6% yoy).** The sales drop was due to the implementation of the new national standard on 1 Dec 25 and the cancellation of state's trade-in subsidies for two-wheeled electric vehicles (2WEVs) on 1 Jan 26, which weighed on end-demand, as well as the destocking of 0.8m units in 1H25, which raised the comparison base. The ASP hike was due to product mix optimisation. The share of the pricier electric scooters (ASP: Rmb1,845) in total sales volume rose 21.5ppt yoy to 45.7% in 1H26.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	28,236	37,008	40,684	45,046	49,586
EBITDA	2,126	4,122	4,120	4,900	5,401
Operating profit	1,665	3,639	3,521	4,244	4,699
Net profit (rep./act.)	1,272	2,912	2,772	3,351	3,715
Net profit (adj.)	1,223	2,787	2,772	3,351	3,715
EPS (Fen)	41.5	95.0	73.5	95.1	121.2
PE (x)	21.6	9.4	12.2	9.4	7.4
P/B (x)	3.1	2.6	2.3	2.0	1.7
EV/EBITDA (x)	10.3	5.3	5.3	4.5	4.1
Dividend yield (%)	4.4	5.1	5.0	6.0	6.7
Net margin (%)	4.3	7.5	6.8	7.4	7.5
Net debt/(cash) to equity (%)	(112.8)	(76.4)	(93.5)	(108.5)	(120.9)
Interest cover (x)	46.3	78.8	63.2	76.2	84.4
ROE (%)	14.3	29.0	24.9	26.3	25.2
Consensus net profit	-	-	3,206	3,649	4,108
UOBKH/Consensus (x)	-	-	0.86	0.92	0.90

Source: Yadea Group Holdings, Bloomberg, UOB Kay Hian

Analyst(s)

Ken Lee

ken.lee@uobkh.com

852-2236 6760

BUY (Maintained)

Share Price	HK$10.30
Target Price	HK$16.00
Upside	55.3%
Previous TP	HK$18.00

Stock Data

Sector	Automobile
Bloomberg ticker	1585 HK
Shares issued (m)	3,063.8
Market cap (HK$m)	31,557.1
Market cap (US$m)	4,045.8
3-mth avg daily t'over (US$m)	10.0

Price Performance (%)

52-week high/low: HK$15.01/HK$8.79

1mth	3mth	6mth	1yr	YTD
1.2	(12.6)	(12.5)	(18.6)	(9.4)

Major Shareholders (%)

Mr. Dong Jinggui	46.40
Ms. Qian Jinghong	16.56

Balance Sheet Metrics

FY26 NAV/Share (HK$)	4.06
FY26 Net Cash/Share (HK$)	4.14

Price Chart

Source: Bloomberg

Company Description

Yadea Group Holdings manufactures and sells electric two-wheeled vehicles, including electric scooters and electric bicycles, as well as batteries, chargers and other parts of electric two-wheeled vehicles.

- **Margin contraction on cost hike and operating deleverage.** Gross margin fell to 17.7% (-1.9ppt yoy) in 1H26, below our full-year assumption of 19.0%, due to hikes in raw material costs, and higher mould costs for new products. Opex-to-revenue ratio edged up 0.7ppt yoy to 11.0% in 1H26, due to operational deleveraging. EBIT margin dropped 3.0ppt yoy and 0.5ppt hoh to 8.0% in 1H26, below our full-year assumption of 9.8%.

- **Cut our 2026-28 sales volume estimates to 16m/17m/18m units; sales set to recover from 2H26.** Given 1H26 sales, we cut our 2026-28 sales volume estimates by 9%/12%/14% to 16m/17m/18m units respectively (-2%/6%/6% yoy). Our 2026 sales estimate of 16m units (-2% yoy) implies 2H26 volume of 8.4m units (+12% yoy), in line with the company's guidance.
  - **Sales have started to recover since 2Q26, as customers began to adapt to the policy change.** On a quarterly basis, sales already grew 32% qoq from 3.3m units (-23% yoy) in 1Q26 to 4.3m units (-4% yoy) in 2Q26.
  - **Market share gain amid industry consolidation.** The new national standard for 2WEVs increased compliance cost, wiping out small players. Yadea Group Holdings (Yadea) is set to gain market share by leveraging on its supply chain advantages and compliance capabilities.
  - **Moving upmarket.** In response to the new national standard for 2WEVs, Yadea is shifting to electric scooter markets in Tier 2/Tier 3 cities (90% of total 2WEV sales volume in China). The company has significantly improved its product mix by launching mid-range to high-end models such as the "Modern," "Feiyue," and "Crown" series.
  - **Exploration of new segments.** Yadea is expanding into new niche markets such as leisure tricycles and food-delivery bikes. Additionally, the company has started to sell sodium-battery 2WEVs in China. The company targets to replace lithium-battery 2WEVs with sodium-battery 2WEVs for safety reasons, and expects its sodium-battery 2WEV sales volume to grow from less than 100,000 units in 2026 to 1m units in 2027.
  - **Overseas expansion.** Yadea expects overseas sales to almost double to 500,000-600,000 units in 2026, based on the strong order flows (60,000 units/month). The growth will be driven by the electrification of motorbikes against the backdrop of escalating oil prices, especially in Southeast Asia. The company is projected to roll out sodium-battery 2WEVs in Southeast Asia markets in 2027.

- **Raise our 2026-28 ASP assumptions by 5.5%/5.8%/6.2% to Rmb1,688/Rmb1,745/Rmb1,805 respectively (up 8.7%/3.4%/3.5% yoy),** supported by the company's premiumisation initiative and overseas expansion. We expect the share of electric scooters in Yadea's total sales volume to rise from 30% in 2025 to 47%/49%/50% in 2026/27/28.

- **Cut our 2026 gross margin assumption from 19.0% to 18.3%, given the 1H26 gross margin, and maintain those for 2027-28 at 19.0%, based on the ASP hike.**

Earnings Revision/Risk

- **We cut our 2026-28 net profit forecasts by 14%/9%/10% to Rmb2,768m/Rmb3,340m/Rmb3,696m respectively (-5%/21%/11% yoy),** based on lower sales volumes.
- **Risks:** Increases in raw material costs, changes in policies on 2WEVs.

Valuation/Recommendation

- **Maintain BUY and cut target price from HK$18.00 to HK$16.00,** as we roll over the base year for valuation from 2026 to 2027, keep the target PE multiple at 15x (in line with the historical mean) and lower 2027 EPS.

Share Price Catalyst

- **2WEV sales recovery, margin recovery.**

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	37,008	40,684	45,046	49,586
EBITDA	4,122	4,120	4,900	5,401
Deprec. & amort.	(484)	(599)	(656)	(702)
EBIT	3,639	3,521	4,244	4,699
Total other non-operating income	-	-	-	-
Associate contributions	2	-	-	-
Net interest income/(expense)	(46)	(56)	(56)	(56)
Pre-tax profit	3,594	3,465	4,188	4,643
Tax	(683)	(693)	(838)	(929)
Minorities	-	-	-	-
Net profit	2,912	2,772	3,351	3,715
Net profit (adj.)	2,787	2,772	3,351	3,715

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	6,314	6,645	6,919	7,147
Other LT assets	6,688	6,758	6,828	6,898
Cash/ST investment	5,991	6,625	13,108	10,370
Other current assets	11,003	13,437	10,418	19,183
Total assets	29,997	33,465	37,272	43,598
ST debt	1,496	1,496	1,496	1,496
Other current liabilities	17,376	19,526	21,368	25,654
LT debt	-	-	-	-
Other LT liabilities	662	662	662	662
Shareholders' equity	10,462	11,780	13,745	15,784
Minority interest	0	0	0	0
Total liabilities & equity	29,997	33,465	37,272	43,598

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	5,990	2,937	8,673	(310)
Pre-tax profit	3,594	3,465	4,188	4,643
Tax	(333)	(693)	(838)	(929)
Deprec. & amort.	484	599	656	702
Associates	(2)	-	-	-
Working capital changes	2,375	(284)	4,862	(4,479)
Non-cash items	(129)	(151)	(196)	(248)
Other operating cashflows	-	-	-	-
Investing	(6,984)	(794)	(749)	(696)
Capex (growth)	(782)	(1,000)	(1,000)	(1,000)
Investments	(40,215)	-	-	-
Others	34,014	206	251	304
Financing	(834)	(1,509)	(1,442)	(1,731)
Dividend payments	(1,251)	(1,453)	(1,386)	(1,675)
Proceeds from borrowings	4,446	2,500	2,500	2,500
Loan repayment	(3,900)	(2,500)	(2,500)	(2,500)
Others/interest paid	(129)	(56)	(56)	(56)
Net cash inflow (outflow)	(1,828)	634	6,482	(2,738)
Beginning cash & cash equivalent	7,869	5,991	6,625	13,108
Changes due to forex impact	(50)	-	-	-
Ending cash & cash equivalent	5,991	6,625	13,108	10,370

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	11.1	10.1	10.9	10.9
Pre-tax margin	9.7	8.5	9.3	9.4
Net margin	7.5	6.8	7.4	7.5
ROA	10.2	8.7	9.5	9.2
ROE	29.0	24.9	26.3	25.2
Growth				
Turnover	31.1	9.9	10.7	10.1
EBITDA	93.9	(0.1)	18.9	10.2
Pre-tax profit	127.0	(3.6)	20.9	10.9
Net profit	128.8	(4.8)	20.9	10.9
Net profit (adj.)	127.8	(0.5)	20.9	10.9
EPS	128.8	(4.8)	20.9	10.9
Leverage				
Debt to total capital	5.3	4.8	4.3	3.6
Debt to equity	15.2	13.5	11.6	10.1
Net debt/(cash) to equity	(76.4)	(93.5)	(108.5)	(120.9)
Interest cover (x)	78.8	63.2	76.2	84.4