

# Tuopu Group (601689 CH)

## Accelerated Capacity Expansion, Rapid Advancement in Robotics Business

China | Automobile Part | Company Update

22 May 2025

### Company Profile:

Tuopu Group is an industry leader in the field of automotive NVH that is capable of synchronous design with the original equipment manufacturer. In recent years, on the basis of the original business of shock absorbers and interior functional parts, the Company has proactively arranged the module of the lightweight chassis system and the automotive electronics business as the future "2+3" strategic development projects, in order to adapt to the trend of electrification, intellectualization and lightweight of vehicles.

### Investment Summary

#### FY2024 Results Rose Nearly 40% Against the Market Trend; Short-Term Fluctuation Observed in Q1 2025

In 2024, Tuopu Group reported revenue of RMB26.60 billion (RMB, the same below), up 35.02% yoy; net profit attributable to the parent company was RMB3.001 billion, up 39.52% yoy; and net profit attributable to the parent company excluding non-recurring items was RMB2.73 billion, up 35.0% yoy. In Q4 alone, the Company recorded revenue of RMB7.248 billion, up 30.63% yoy, and net profit attributable to the parent company of RMB767 million, up 38.47% yoy. For the full year 2024, gross margin was 20.8% (down 2.2 pts), and net profit margin was 11.3% (up 0.4 pts yoy). Despite a decline in gross margin due to intensified competition among automakers, raw material price fluctuations, and capacity expansion, the Company's net profit margin improved against the trend, supported by strict cost control (period expense ratio dropped to 8.6%, down 0.9 pts yoy) and increased government subsidies (RMB280 million, up RMB130 million yoy).

In Q1 2025, the Company recorded revenue of RMB5.77 billion, up 1.4% yoy, and net profit attributable to the parent company of RMB570 million, down 12.3% yoy. This was mainly due to increased expenses related to the development of new factories and businesses, as well as the impact of declining sales from downstream customers - Tesla and Seres saw their Q1 2025 sales drop by 13% and 47%, respectively.

#### Rapid Growth of New Energy Vehicles Drove Significant Result Growth, Automotive Electronics Experienced Explosive Growth

According to data from the China Association of Automobile Manufacturers, in 2024, China's automobile production and sales reached 31.282 million units and 31.436 million units, respectively, up 3.7% and 4.5% yoy. Among them, new energy vehicle production and sales were 12.888 million units and 12.866 million units, respectively, representing yoy increases of 34.4% and 35.5%, and accounting for 40.93% of China's total automobile sales. Benefiting from the rapid growth of new energy vehicles, the Company's interior, chassis, thermal management, and automotive electronics businesses in 2024 recorded yoy increases of 28.24%, 33.98%, 38.24%, and 907.63%, respectively, reaching segment revenues of RMB8.434 billion, RMB8.203 billion, RMB2.13 billion, and RMB1.82 billion. China's total automobile sales in 2025 are forecast to exceed 32 million units, with new energy vehicle sales expected to surpass 16 million units (including exports), continuing to maintain high growth. The production line adjustments of the Company's downstream customers are expected to conclude in Q2 2025, with limited impact anticipated for the full year.

### Accumulate (Downgrade)

CMP CNY 51.53

(Closing price as at 20 May)

TARGET CNY 59.1 (+14.7%)

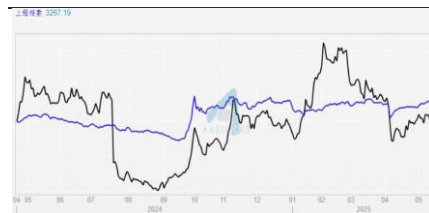
#### COMPANY DATA

O/S SHARES (MN) :	1738
MARKET CAP (CNY MN) :	89551
52 - WK HI/LO (CNY):	76.21/ 30.69

#### SHARE HOLDING PATTERN, %

Mr. Wu Jianshu	63.79
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#### PRICE VS. SHCOMP



Source: Phillip Securities (HK) Research

#### KEY FINANCIALS

CNY mn	FY24	FY25F	FY26F	FY27F
Net Sales	26600	32752	41189	49223
Net Profit	3001	3424	4282	5469
EPS, CNY	1.78	1.97	2.46	3.15
P/E, x	29.0	26.2	20.9	16.4
BVPS, CNY	11.60	12.71	14.58	16.97
P/BV, x	4.4	4.1	3.5	3.0
DPS (CNY)	0.52	0.58	0.74	0.93
Div. Yield (%)	1.0%	1.1%	1.4%	1.8%

Source: Company reports, Phillip Securities Est.

#### Research Analyst

ZhangJing (+ 86 21 62116752)

zhangjing@phillip.com.cn

### Continued Increase in R&D Investment and Expansion of Product Lines

In 2024, the Company's R&D expenses reached RMB1.224 billion. Through continued investment in R&D, projects such as the air suspension system, smart cockpit, brake-by-wire (IBS), steer-by-wire (EPS), and electric drive systems have successively entered mass production, with the product portfolio continuing to expand. In the automotive chassis segment, the Company's independently developed forged aluminium ball joint control arm product contributed to the strong growth of the chassis business in 2024. In the automotive electronics segment, the Company became the first in China to achieve large-scale mass production and supply of closed-type electronic controlled air suspension systems (C-ECAS). Significant progress was also made in the intelligent braking system (IBS) segment, with multiple projects now in mass production.

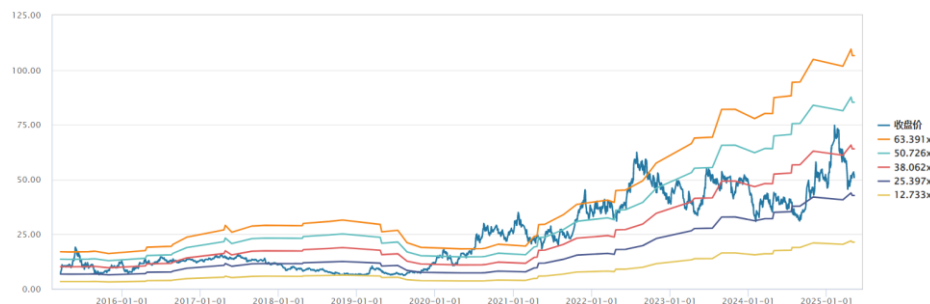
### Accelerated Capacity Expansion Domestically and Abroad, Rapid Advancement in Robotics Business

In 2025, the Company will continue to advance its capacity expansion plans. Domestically, it plans to complete the construction of Phase 9 and Phase 10 factories in the Qianwan New District. Overseas, planning has begun for Phase 2 of the Mexico project; the Phase 1 factory in Thailand, covering 185 mu, is scheduled to commence production in early 2026; and the Poland factory is being prepared for capacity expansion to further scale up production. Seizing the rapid development opportunities in the robotics industry, the Company established an independent electric drive division to focus on the robotics business. It began cooperation with customers on linear actuators and has since launched the development of rotary actuators and dexterous hand motors. Relevant products have been sampled to customers multiple times. The Company is also actively deploying products such as robotic body structural components, sensors, foot shock absorbers, and electronic flexible skin, aiming to establish a platform-based product layout for robotics. In 2025, the Company will launch a robotics industrial base project covering approximately 150 mu. Robot products are expected to undergo rapid iteration and enter mass production based on customer demand. The robotics business is set to create a new growth curve for the Company, laying a solid foundation for sustaining rapid development.

### Investment Thesis

Tuopu Group is deeply integrated with new energy vehicle manufacturers through its Tier 0.5 collaboration model. On one hand, it continues to expand its product lines through sustained R&D investment; on the other hand, it benefits from the high-growth dividends of the new energy vehicle sector. Additionally, the Company is developing electric drive actuators and other products for the robotics segment—an emerging track with trillion-level future potential—offering vast development prospects. Overall, we believe the Company possesses sustainable growth capability. We expect the EPS for 2025/2026/2027 to be 1.97/2.46/3.15. So, we revise the Company's target price to RMB 59.1 yuan, respectively 30/24/19x P/E for 2025/2026/2027, a "Accumulate" rating. (Closing price as at 20 May)

## PE Band trend



Source: Wind, Phillip Securities Hong Kong Research

## Financials

FYE DEC	FY23	FY24	FY25F	FY26F	FY27F
<b>Valuation Ratios</b>					
P/E (X), adj.	29.1	29.0	26.2	20.9	16.4
P/B (X)	4.5	4.4	4.1	3.5	3.0
Dividend payout ratio(%)	28.5%	29.2%	29.2%	30.0%	29.6%
Dividend Yield (%)	1.0%	1.0%	1.1%	1.4%	1.8%
<b>Per share data (RMB)</b>					
EPS, (Basic)	1.95	1.79	1.97	2.46	3.15
EPS, (Diluted)	1.95	1.78	1.97	2.46	3.15
DPS	0.56	0.52	0.58	0.74	0.93
BVPS	12.51	11.60	12.71	14.58	16.97
<b>Growth &amp; Margins (%)</b>					
<b>Growth</b>					
Revenue	23.2%	35.0%	23.1%	25.8%	19.5%
EBIT	30.3%	40.0%	10.8%	25.5%	27.9%
Net Income, adj.	26.5%	39.5%	14.1%	25.1%	27.7%
<b>Margins</b>					
Gross margin	22.3%	20.1%	20.1%	20.3%	21.1%
EBIT margin	13.0%	13.5%	12.1%	12.1%	13.0%
Net Profit Margin	10.9%	11.3%	10.5%	10.4%	11.1%
<b>Key Ratios</b>					
ROE	16.6%	17.6%	16.2%	18.1%	19.9%
<b>Income Statement (RMB mn)</b>					
Revenue	19701	26600	32752	41189	49223
Gross profit	4389	5350	6567	8374	10406
EBIT	2562	3586	3973	4986	6375
Profit before tax	2462	3421	3904	4900	6258
Tax	312	418	476	612	782
Profit for the period	2150	3004	3428	4287	5476
Minority interests	-1	3	4	5	7
Total capital share	1102	1686	1738	1738	1738
Net profit	2151	3001	3424	4282	5469

Source: PSR

(Closing price as at 20 May)

**Risk**

Price war among peers  
Raw material price increase  
New business risk

**PHILLIP RESEARCH STOCK SELECTION SYSTEMS**

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20% upside from the current price
-5% to +5%	Neutral	3	Trade within $\pm$ 5% from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20% downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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**Contact Information (Regional Member Companies)**
**SINGAPORE**
**Phillip Securities Pte Ltd**

250 North Bridge Road, #06-00 Raffles City Tower,  
Singapore 179101

Tel : (65) 6533 6001 Fax: (65) 6535 3834

[www.phillip.com.sg](http://www.phillip.com.sg)

**INDONESIA**
**PT Phillip Securities Indonesia**

ANZ Tower Level 23B, Jl Jend Sudirman Kav 33A,  
Jakarta 10220, Indonesia

Tel (62) 21 5790 0800 Fax: (62) 21 5790 0809

[www.phillip.co.id](http://www.phillip.co.id)

**THAILAND**
**Phillip Securities (Thailand) Public Co. Ltd.**

15th Floor, Vorawat Building, 849 Silom Road,  
Silom, Bangrak, Bangkok 10500 Thailand

Tel (66) 2 2268 0999 Fax: (66) 2 2268 0921

[www.phillip.co.th](http://www.phillip.co.th)

**UNITED STATES**
**Phillip Futures Inc.**

141 W Jackson Blvd Ste 3050

The Chicago Board of Trade Building

Chicago, IL 60604 USA

Tel (1) 312 356 9000 Fax: (1) 312 356 9005

**MALAYSIA**
**Phillip Capital Management Sdn Bhd**

B-3-6 Block B Level 3, Megan Avenue II,  
No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur

Tel (60) 3 2162 8841 Fax (60) 3 2166 5099

[www.poems.com.my](http://www.poems.com.my)

**CHINA**
**Phillip Financial Advisory (Shanghai) Co. Ltd.**

No 436 Heng Feng Road, Green Tech Tower Unit 604  
Shanghai 200 070

Tel (86) 21 6211 6752 Fax: (86) 21 6091 1155

[www.phillip.com.cn](http://www.phillip.com.cn)

**FRANCE**
**King & Shaxson Capital Ltd.**

3rd Floor, 35 Rue de la Bienfaisance  
75008 Paris France

Tel (33) 1 4563 3100 Fax : (33) 1 4563 6017

[www.kingandshaxson.com](http://www.kingandshaxson.com)

**AUSTRALIA**
**PhillipCapital Australia**

Level 10, 330 Collins Street

Melbourne VIC 3000

Tel (+61) 3 8633 9803 Fax (+61) 3 8633 9899

[www.phillipcapital.com.au](http://www.phillipcapital.com.au)

**HONG KONG**
**Phillip Securities (HK) Ltd**

11/F United Centre 95 Queensway Hong Kong

Tel (852) 2277 6600 Fax: (852) 2868 5307

[www.phillip.com.hk](http://www.phillip.com.hk)

**JAPAN**
**Phillip Securities Japan, Ltd**

4-2 Nihonbashi Kabutocho, Chuo-ku  
Tokyo 103-0026

Tel: (81) 3 3666 2101 Fax: (81) 3 3664 0141

[www.phillip.co.jp](http://www.phillip.co.jp)

**INDIA**
**PhillipCapital (India) Private Limited**

No. 1, 18th Floor, Urmi Estate, 95 Ganpatrao Kadam Marg,  
Lower Parel West, Mumbai 400013

Tel: (9122) 2300 2999 Fax: (9122) 6667 9955

[www.phillipcapital.in](http://www.phillipcapital.in)

**UNITED KINGDOM**
**King & Shaxson Ltd.**

6th Floor, Candlewick House, 120 Cannon Street  
London, EC4N 6AS

Tel (44) 20 7929 5300 Fax: (44) 20 7283 6835

[www.kingandshaxson.com](http://www.kingandshaxson.com)

**SRI LANKA**
**Asha Phillip Securities Limited**

Level 4, Millennium House, 46/58 Navam Mawatha,  
Colombo 2, Sri Lanka

Tel: (94) 11 2429 100 Fax: (94) 11 2429 199

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