



DONGFENG MOTOR

DFAC

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Name: Dongfeng Motor Group Company Limited
东风汽车集团股份有限公司

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Secretary: Hu Xindong 胡信东 Lo Yee Har 卢绮霞

IR: n/a

HONG KONG - H	MKT CAP	PRICE	3-MTHS CHG	12-MTHS CHG	EPS	P/E	P/CF	YIELD	VOL
	US\$7.2bn	6.48	45.3%	79.5%	0.24	26X	11.9X	0.6%	27.9mn

SHARE STRUCTURE

Shares (mn)	: 8,616	Domestic Institutions (mn)	: 5,760
Government (mn)	: na	Free Float (%)	: 29.7
Parent (mn)	: 5,760	Shareholders (000)	: na

PROFILE

Dongfeng manufactures passenger cars, MPVs, SUVs, trucks, buses and engines. 70.9% of its revenue comes from passenger vehicles and 29.1% from commercial vehicles. It has a 10.4% domestic market share by units sold.

NOTES

Dongfeng ranks among the top three auto sellers in China in all of its product lines except SUVs, where it ranks fourth. It is the country's biggest heavy truck seller. It is the third-largest producer overall, with annual production capacity of 1.2mn engines and 645,000 passenger vehicles.

The company sold 29% more vehicles in 2006 thanks to a rise in heavy truck sales.

Dongfeng will spend US\$1bn to open a factory in 2008 in Wuhan to produce its own-brand passenger cars. Initial production capacity is planned at 120,000 cars, which ultimately is expected to rise to 330,000. The company is also building a Rmb600mn R&D centre to open in 2010.

Key Data	Year to Dec	2004	2005	2006
High	HK\$	na	1.98	4.45
Low	HK\$	na	1.60	1.90
Close	Rmb	na	2.03	3.78
Earnings per Share	Rmb	0.28	0.26	0.24
Cash Flow per Share	Rmb	0.20	0.70	0.53
Cash Dividends per Share	Rmb	0.00	0.23	0.04
Cash Dividend Yield	%	na	11.4	1.1
Dividend Payout	%	0.0	89.3	16.6
Book Value per Share	Rmb	1.34	1.42	1.66
Shares Outstanding	mn	6,020	8,616	8,616
Bonus/Rights/Conversion	mn	na	2,596.1	0.0
Price/Earnings	X	na	7.8	15.7
Price/Cash Flow	X	na	2.9	7.1
Price/Book	X	na	1.4	2.3

Metrics

ROA	%	8.3	4.5	5.1
ROE	%	28.7	15.8	15.7
Inventory	Days	76.8	68.2	63.3
Receivables	Days	49.3	42.6	46.6
Payables	Days	96.2	85.5	96.3
Gross Margin	%	17.7	14.6	17.0
Interest Cover	X	14.1	5.6	7.5
Net Debt to Equity	%	48.6	29.8	33.0

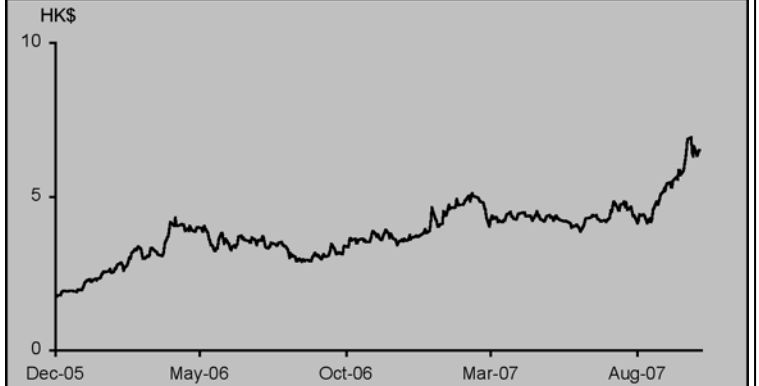
Trade Receivables

3 Months or Less	Rmb mn	860	1,171	1,361
3 - 12 Months	Rmb mn	171	208	157
Over 12 Months	Rmb mn	37	57	44
Less: Reserves	Rmb mn	0	0	0
Net Trade Receivables	Rmb mn	1,068	1,436	1,562

Inventory

Raw Materials	Rmb mn	3,373	2,784	2,954
Work in Progress	Rmb mn	471	599	635
Finished Goods	Rmb mn	2,744	2,868	3,539
Reserves For Diminution	Rmb mn	0	0	0
Total Inventories	Rmb mn	6,588	6,251	7,128

SHARE PRICE



Income	Year to Dec	2004	2005	2006
Revenue	Rmb mn	32,737	41,735	48,264
Depreciation	Rmb mn	1,030	1,306	1,479
COGS	Rmb mn	25,922	34,333	38,579
Gross Profit	Rmb mn	5,785	6,096	8,206
Other Operating Revenues	Rmb mn	568	1,007	736
Management & Other Expenses	Rmb mn	3,177	3,666	4,376
Finance Expense	Rmb mn	242	478	411
Investment Income	Rmb mn	42	29	61
Subsidy Income	Rmb mn	0	0	0
Net Other Income	Rmb mn	198	(767)	(1,285)
Income Tax	Rmb mn	308	474	428
Minority Interest	Rmb mn	268	146	170
Net Income	Rmb mn	2,598	1,601	2,081
Net Income Margin	%	7.9	3.8	4.3

Balance Sheet

Cash	Rmb mn	5,543	7,389	7,437
Trade & Bills Receivables	Rmb mn	4,763	4,978	7,336
Other Receivables	Rmb mn	1,509	1,576	1,649
Total Current Assets	Rmb mn	19,436	20,852	24,500
Net Fixed Assets	Rmb mn	11,925	14,414	15,571
Intangible Assets	Rmb mn	896	1,159	1,685
Total Assets	Rmb mn	33,451	37,980	44,113
Short-Term Debt	Rmb mn	4,403	5,931	5,921
Accounts Payable	Rmb mn	7,457	8,630	11,733
Total Short-Term Liabilities	Rmb mn	19,671	20,362	24,175
Long-Term Liabilities	Rmb mn	3,665	3,284	3,116
Minority Interest	Rmb mn	2,078	2,127	2,534
Equity	Rmb mn	8,037	12,207	14,288

Cashflow

From Operations	Rmb mn	1,869	4,322	4,561
From Investment	Rmb mn	(2,928)	(4,269)	(3,930)
From Financing	Rmb mn	(936)	1,055	(558)
Forex Effect	Rmb mn	0	0	0
Net Cash Flow	Rmb mn	(1,995)	1,108	73

Latest Results to June 30th

		06	07	%chg
Sales	Rmb mn	23,282	28,809	24
Operating Income	Rmb mn	1,735	2,314	33
Net Income	Rmb mn	1,114	1,945	75
Average Number of Shares	mn	8,616	8,616	0
EPS	Rmb	0.13	0.23	75
Dividend	Rmb	0.00	0.00	0