

Shengyi Tech (600183 CH)

3Q25 results: AI super-cycle in full swing; Raising TP to RMB90

Shengyi Technology (Shengyi) reported robust 3Q25 results. Revenue reached RMB7.9bn (+55%/+12% YoY/QoQ), with gross margin expanding sharply to 28.1% (vs. 22.9% in 3Q24 and 26.9% in 2Q25). Net profit surged 131%/18% YoY/QoQ to RMB1.0bn, lifting net margin to 12.8% (vs. 8.6%/12.2% in 3Q24/2Q25). The results underscore Shengyi's strategic positioning as a core AI infrastructure play. We expect the Company's revenue to grow 41%/38% YoY in 2025/26E, while NP to grow 102%/79% YoY. Reiterate BUY and raise our TP to RMB90, as we roll over our valuation period to 2026E and raise earnings forecast to reflect strong AI-driven momentum (a much stronger upcycle) and sustained margin improvement.

- **PCB: riding the AI server wave.** Subsidiary Shengyi Electronics (688183 CH, NR) delivered another record quarter, with PCB revenue hitting RMB3.1bn (+154%/+40% YoY/QoQ). Quarterly revenue nearly matched full-year 2023 level (RMB3.3bn), highlighting strong demand for high-layer count HDI boards used in AI servers. We see major hyperscalers continue to scale investment in AI infrastructure. As a key beneficiary, we forecast Shengyi Electronics' full-year PCB revenue near RMB10bn (more than doubled) this year, becoming the group's primary growth engine.
- **CCL: steady amid cost headwinds.** The CCL segment (incl. other) posted revenue of RMB4.9bn (+23% YoY, flat QoQ). While elevated copper prices (LME +15% since July) pose near-term pressure, we expect ASP increases to largely offset cost inflation. We project CCL revenue to grow 18% in 2025, bringing group revenue growth to ~41%.
- **Margins: structural upside from mix shift.** Group gross margin rose 2.5pp/2.3pp/1.3pp through the first three quarters of 2025, reaching 28.1% in 3Q. This reflects the PCB segment's rapid mix shift toward high-value HDI products (Shengyi Elec. GPM: 33.9% in 3Q, +9.0ppt/+3.1ppt YoY/QoQ). We expect further improvement in 4Q with potential price adjustments, and project 2025 group GPM of 27.3%.
- **Reiterate BUY with TP raised to RMB90, based on 35x 2026E P/E (vs. prev. 30x 2025E P/E),** near +2SD above its 5-yr hist. forward P/E, given 1) Shengyi's structural positioning in the AI upcycle, and 2) PCB's rising earnings contribution and premium valuation vs. CCL. We raise our revenue forecast by 1%/16% for 2025/26E and NP forecasts by 5%/46%, reflecting the strong growth and significant margin improvements. Key risks include: slower-than-expected capacity ramp-up, intensified competition, geopolitical uncertainties, etc.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	16,586	20,388	28,775	39,631	50,221
YoY growth (%)	(7.9)	22.9	41.1	37.7	26.7
Gross margin (%)	19.2	22.0	27.3	30.5	32.3
Net profit (RMB mn)	1,164.0	1,738.7	3,508.5	6,272.3	8,786.4
YoY growth (%)	(24.0)	49.4	101.8	78.8	40.1
EPS (Reported) (RMB)	0.50	0.74	1.44	2.58	3.62
P/E (x)	139.0	93.9	48.1	26.9	19.2
ROE (%)	8.5	12.0	21.6	32.6	38.8

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price RMB90.00
 (Previous TP) RMB41.10)
Up/Downside 29.5%
Current Price RMB69.50

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Stock Data

Mkt Cap (RMB mn)	163,311.1
Avg 3 mths t/o (RMB mn)	2,547.0
52w High/Low (RMB)	69.50/20.40
Total Issued Shares (mn)	2349.8

Source: FactSet

Shareholding Structure

Guangdong Guangxin Holdings Group	24.4%
Dongguan Guohong Investment	13.3%

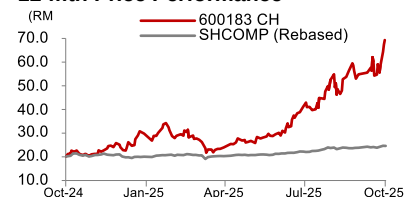
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	28.7%	25.3%
3-mth	68.1%	52.4%
6-mth	186.1%	135.3%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Earnings revision

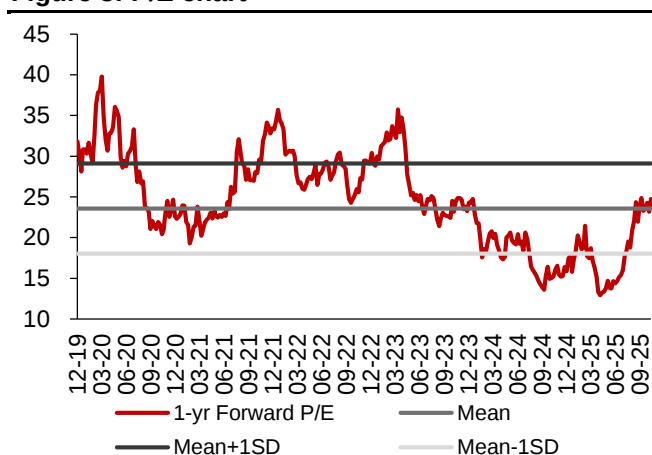
RMBmn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	28,775	39,631	50,221	28,380	34,134	38,486	1%	16%	30%
Gross profit	7,853	12,084	16,230	7,278	8,943	10,210	8%	35%	59%
Net profit	3,508	6,272	8,786	3,330	4,289	5,002	5%	46%	76%
EPS (RMB)	1.44	2.58	3.62	1.37	1.77	2.06	5%	46%	76%
Gross margin	27.3%	30.5%	32.3%	25.6%	26.2%	26.5%	1.7 ppt	4.3 ppt	5.8 ppt
Net margin	12.2%	15.8%	17.5%	11.7%	12.6%	13.0%	0.5 ppt	3.2 ppt	4.5 ppt

Source: Company data, CMBIGM estimates

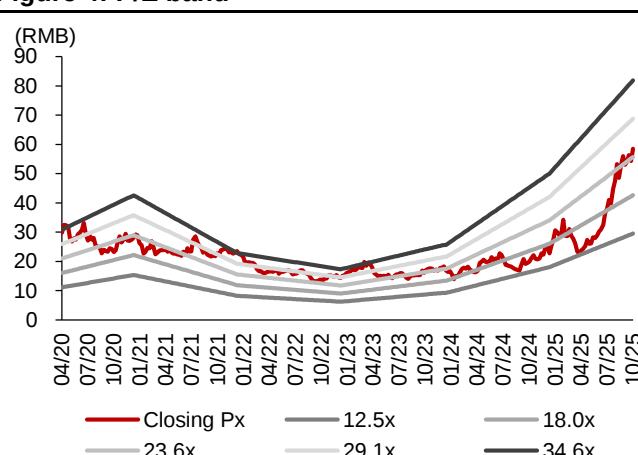
Figure 2: CMBIGM estimates vs. Bloomberg consensus

RMBmn	CMBIGM			BBG Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	28,775	39,631	50,221	26,553	32,759	39,783	8%	21%	26%
Gross profit	7,853	12,084	16,230	6,857	8,832	10,966	15%	37%	48%
Net profit	3,508	6,272	8,786	3,086	4,037	5,074	14%	55%	73%
EPS (RMB)	1.44	2.58	3.62	1.28	1.69	2.12	12%	53%	71%
Gross margin	27.3%	30.5%	32.3%	25.8%	27.0%	27.6%	1.5 ppt	3.5 ppt	4.8 ppt
Net margin	12.2%	15.8%	17.5%	11.6%	12.3%	12.8%	0.6 ppt	3.5 ppt	4.7 ppt

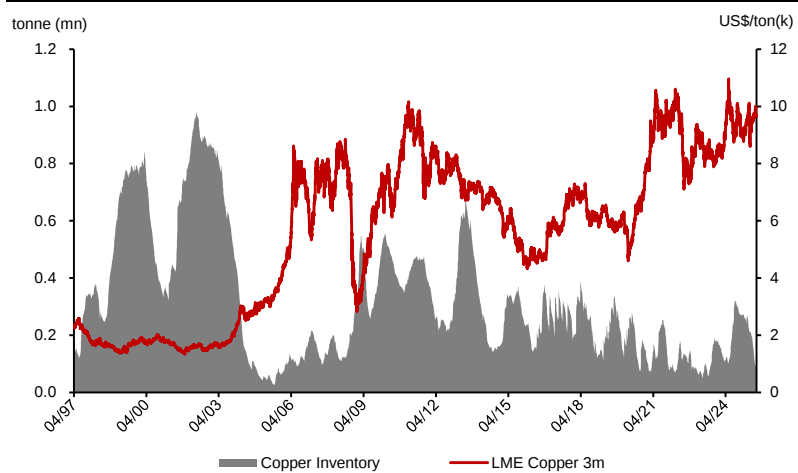
Source: Bloomberg, CMBIGM estimates

Figure 3: P/E chart

Source: Company data, CMBIGM estimates

Figure 4: P/E band

Source: Company data, CMBIGM estimates

Figure 5: Copper inventory and copper price

Source: Wind, CMBIGM

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	18,014	16,586	20,388	28,775	39,631	50,221
Cost of goods sold	(14,045)	(13,395)	(15,895)	(20,923)	(27,547)	(33,991)
Gross profit	3,969	3,191	4,493	7,853	12,084	16,230
Operating expenses	(2,105)	(1,821)	(2,352)	(3,070)	(3,776)	(4,619)
Selling expense	(341)	(358)	(495)	(691)	(813)	(965)
Admin expense	(797)	(701)	(843)	(1,065)	(1,347)	(1,657)
R&D expense	(943)	(841)	(1,157)	(1,439)	(1,783)	(2,210)
Others	(24)	79	143	125	168	213
Operating profit	1,785	1,273	2,072	4,724	8,248	11,553
Other income	2	2	2	3	4	5
Other expense	(14)	(3)	(6)	(7)	(11)	(13)
Gain/loss on financial assets at FVTPL	(23)	(3)	(2)	18	27	42
Other gains/(losses)	(82)	(131)	(122)	(154)	(177)	(204)
EBIT	1,773	1,271	2,068	4,719	8,241	11,544
Interest income	56	49	29	23	39	75
Interest expense	(171)	(162)	(118)	(106)	(108)	(113)
Pre-tax profit	1,773	1,271	2,068	4,719	8,241	11,544
Income tax	(141)	(123)	(200)	(543)	(948)	(1,328)
After tax profit	1,632	1,149	1,868	4,177	7,293	10,217
Minority interest	101	(15)	129	668	1,021	1,430
Net profit	1,531	1,164	1,739	3,508	6,272	8,786
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	14,232	13,999	16,613	20,083	25,385	31,790
Cash & equivalents	3,095	2,756	2,004	2,586	5,217	9,741
Restricted cash	11	19	12	11	11	11
Account receivables	6,809	6,669	9,041	11,095	12,624	13,787
Inventories	4,084	4,271	5,119	5,886	6,944	7,584
Prepayment	24	33	132	117	161	204
Other current assets	210	251	304	388	428	464
Non-current assets	10,963	10,958	11,031	12,582	12,826	13,098
PP&E	7,866	9,064	8,635	8,911	8,996	9,007
Right-of-use assets	44	22	35	43	55	70
Deferred income tax	220	269	315	264	372	400
Investment in JVs & assos	671	783	836	969	1,010	1,033
Intangibles	2,128	666	1,095	2,305	2,147	2,167
Goodwill	0	0	0	0	0	0
Financial assets at FVTPL	25	30	11	20	134	307
Other non-current assets	10	124	103	70	112	113
Total assets	25,196	24,957	27,643	32,664	38,211	44,888
Current liabilities	7,377	7,297	9,849	10,858	11,361	12,687
Short-term borrowings	1,558	1,465	1,837	2,157	1,808	1,669
Account payables	3,984	4,152	5,968	7,241	7,970	9,091
Tax payable	50	82	113	234	215	287
Other current liabilities	1,237	1,072	1,172	250	252	257
Contract liabilities	20	92	232	228	314	398
Accrued expenses	529	435	528	747	802	985
Non-current liabilities	2,522	1,959	1,289	1,968	2,659	3,053
Long-term borrowings	1,175	806	558	1,137	1,667	1,899
Bond payables	800	500	0	0	0	0
Obligations under finance leases	39	21	32	34	42	48
Deferred income	108	118	113	109	142	159
Other non-current liabilities	400	515	586	688	807	947
Total liabilities	9,899	9,256	11,138	12,826	14,020	15,739
Share capital	2,327	2,355	2,429	2,429	2,429	2,429
Retained earnings	5,366	5,357	5,902	7,964	11,295	14,823
Other reserves	5,805	6,272	6,574	7,176	7,176	7,176
Total shareholders equity	13,498	13,983	14,905	17,570	20,901	24,429
Minority interest	1,798	1,717	1,600	2,268	3,290	4,720
Total equity and liabilities	25,196	24,957	27,643	32,664	38,211	44,888

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,632	1,149	1,868	4,177	7,293	10,217
Depreciation & amortization	726	835	870	887	952	1,011
Tax paid	4	(34)	(25)	147	12	108
Change in working capital	104	494	(1,798)	(1,384)	(1,835)	(660)
Others	354	300	542	225	5	234
Net cash from operations	2,820	2,743	1,456	4,052	6,428	10,909
Investing						
Capital expenditure	(1,534)	(1,109)	(926)	(2,395)	(906)	(1,074)
Acquisition of subsidiaries/ investments	377	64	47	93	106	121
Net proceeds from disposal of short-term investments	(36)	(116)	(55)	(192)	(86)	(132)
Others	(0)	(2)	(0)	2	(41)	(23)
Net cash from investing	(1,193)	(1,162)	(934)	(2,492)	(928)	(1,107)
Financing						
Dividend paid	(1,619)	(1,287)	(1,192)	(1,564)	(3,050)	(5,371)
Net borrowings	800	(935)	(281)	(28)	182	93
Proceeds from share issues	192	318	773	614	0	0
Others	(21)	(15)	(577)	0	0	0
Net cash from financing	(648)	(1,919)	(1,276)	(978)	(2,868)	(5,278)
Net change in cash						
Cash at the beginning of the year	2,105	3,095	2,756	2,004	2,586	5,217
Exchange difference	11	(1)	3	0	0	0
Others	979	(338)	(754)	582	2,631	4,523
Cash at the end of the year	3,095	2,756	2,004	2,586	5,217	9,741
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(11.1%)	(7.9%)	22.9%	41.1%	37.7%	26.7%
Gross profit	(27.0%)	(19.6%)	40.8%	74.8%	53.9%	34.3%
Operating profit	(46.2%)	(28.7%)	62.9%	127.9%	74.6%	40.1%
EBIT	(46.4%)	(28.3%)	62.7%	128.2%	74.6%	40.1%
Net profit	(45.9%)	(24.0%)	49.4%	101.8%	78.8%	40.1%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	22.0%	19.2%	22.0%	27.3%	30.5%	32.3%
Operating margin	9.9%	7.7%	10.2%	16.4%	20.8%	23.0%
Return on equity (ROE)	11.5%	8.5%	12.0%	21.6%	32.6%	38.8%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.5)	(0.5)	(0.6)	(0.6)	(0.4)	(0.2)
Current ratio (x)	1.9	1.9	1.7	1.8	2.2	2.5
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	105.3	139.0	93.9	48.1	26.9	19.2
P/E (diluted)	106.9	141.8	95.2	48.1	26.9	19.2

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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