

SANY International (631 HK)

Profit in 2025 a negative surprise; Looking for improvement in 2026

SANYI pre-announced over the weekend that its after-tax profit in 2025 is expected to grow 50-73% YoY to RMB1.6-1.85bn (on reported basis), due largely to a sharp reduction of impairment loss on goodwill and properties. On recurring basis (excluding impairment), however, we calculate that the profit in 2025 would be -10% to +4% YoY to ~RMB1.67-1.92bn. The profit range is 16-27% below our estimate, and 19-30% below Bloomberg consensus. Based on our understanding, the negative earnings surprise was due to some one-off expenses related to port equipment, as well as higher-than-expected operating expenses related to solar power business. Despite the weak earnings in 2025, we see SANYI having a good start in 2026, driven by strong orders for mining trucks and high visibility on port equipment. We also expect SANYI's oil & gas equipment segment will benefit from the current high oil and gas prices. We will revise our earnings forecast after the announcement of annual results (Mar 31). We have a **BUY** rating and TP of HK\$20.6, based on 20x 2026E P/E (equivalent to the peak level since 2017, to reflect the rising earnings visibility driven by the commodity upcycle).

■ **Risks:** (1) weakness of coal mining activities in China; (2) slowdown of emerging business; (3) cost inflation due to elevated commodity prices.

Earnings Summary

| (YE 31 Dec) | FY23A | FY24A | FY25E | FY26E | FY27E |
|------------------------------|---------|---------|---------|---------|---------|
| Revenue (RMB mn) | 20,278 | 21,910 | 24,571 | 29,752 | 34,792 |
| YoY growth (%) | 30.5 | 8.0 | 12.1 | 21.1 | 16.9 |
| Adjusted net profit (RMB mn) | 1,929.0 | 1,849.9 | 2,286.2 | 2,990.1 | 3,686.1 |
| YoY growth (%) | 15.9 | (4.1) | 23.6 | 30.8 | 23.3 |
| EPS (Adjusted) (RMB) | 0.61 | 0.58 | 0.71 | 0.92 | 1.13 |
| Consensus EPS (RMB) | na | na | 0.74 | 0.93 | 1.15 |
| P/E (x) | 17.3 | 30.5 | 14.8 | 11.4 | 9.3 |
| P/B (x) | 2.9 | 2.8 | 2.5 | 2.2 | 1.9 |
| Yield (%) | 1.7 | 2.6 | 2.7 | 3.5 | 4.3 |
| ROE (%) | 17.8 | 9.3 | 17.7 | 20.4 | 21.7 |
| Net gearing (%) | 21.2 | 17.4 | 12.3 | 6.7 | (2.3) |

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price HK\$20.60
Up/Downside 72.2%
Current Price HK\$11.96

China Capital Goods

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Stock Data

| | |
|--------------------------|------------|
| Mkt Cap (HK\$ mn) | 38,645.7 |
| Avg 3 mths t/o (HK\$ mn) | 159.2 |
| 52w High/Low (HK\$) | 15.97/4.42 |
| Total Issued Shares (mn) | 3231.2 |

Source: FactSet

Shareholding Structure

| | |
|----------------------|-------|
| Sany Heavy Equipment | 64.9% |
| Investments Company | |
| Free float | 33.9% |

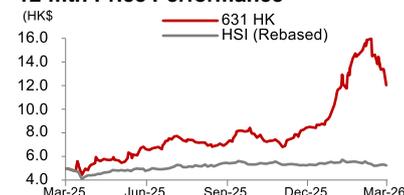
Source: HKEx

Share Performance

| | Absolute | Relative |
|-------|----------|----------|
| 1-mth | -20.2% | -16.6% |
| 3-mth | 43.2% | 45.6% |
| 6-mth | 68.5% | 76.9% |

Source: FactSet

12-mth Price Performance



Source: FactSet

Related reports:

SANYI (BUY) - Mining truck gaining traction; Higher earnings forecast and TP - 20 Feb 2026 ([link](#))

Capital Goods - Key themes in 2026; Focus on Mining equipment + Power for data centres + Replacement cycle - 1 Dec 2025 ([link](#))

Figure 1: Operating assumptions for SANYI

| (RMB mn) | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | | | | | | |
| Road header | 2,970 | 2,554 | 2,299 | 2,009 | 1,969 | 2,048 |
| Combined coal mining units (CCMU) | 2,968 | 3,621 | 3,000 | 1,350 | 1,310 | 1,362 |
| Small-size logistics machinery | 3,217 | 4,179 | 4,875 | 5,066 | 5,857 | 6,695 |
| Small-size port machinery | - | 3,423 | 3,739 | 3,889 | 4,277 | 4,620 |
| Telescopic forklift | - | 756 | 1,136 | 1,147 | 1,549 | 2,045 |
| Property rental income | - | - | - | 30 | 31 | 31 |
| Large-size port machinery | 1,377 | 1,238 | 1,904 | 2,666 | 3,998 | 5,198 |
| Mining trucks | 2,923 | 4,027 | 3,732 | 4,100 | 4,893 | 5,899 |
| Large-size mining trucks | - | - | - | 1,617 | 2,096 | 2,882 |
| Wide-body trucks | - | - | - | 2,343 | 2,629 | 2,815 |
| Articulated trucks | - | - | - | 140 | 168 | 202 |
| After sales service | 1,018 | 1,433 | 1,630 | 2,119 | 2,649 | 3,231 |
| Robot | 1,060 | 800 | - | - | - | - |
| Lithium battery | - | 302 | 790 | 2,370 | 3,555 | 4,266 |
| Oil and gas equipment | - | 1,500 | 1,919 | 2,591 | 2,850 | 2,993 |
| Solar power | - | - | 1,350 | 2,210 | 2,542 | 2,923 |
| Hydrogen | - | - | - | 40 | 68 | 105 |
| Total | 15,537 | 20,278 | 21,910 | 24,571 | 29,752 | 34,792 |
| Growth (YoY) | | | | | | |
| Road header | 61.9% | -14.0% | -10.0% | -12.6% | -2.0% | 4.0% |
| Combined coal mining units (CCMU) | 71.3% | 22.0% | -17.1% | -55.0% | -3.0% | 4.0% |
| Small-size logistics machinery | 30.8% | 29.9% | 16.7% | 3.9% | 15.6% | 14.3% |
| Small-size port machinery | - | - | - | 4.0% | 10.0% | 8.0% |
| Telescopic forklift | - | - | - | 1.0% | 35.0% | 32.0% |
| Property rental income | - | - | - | -40.0% | 2.0% | 2.0% |
| Large-size port machinery | 63.9% | -10.1% | 53.8% | 40.0% | 50.0% | 30.0% |
| Mining trucks | 93.3% | 37.8% | -7.3% | 9.9% | 19.3% | 20.6% |
| Large-size mining trucks | - | - | - | - | 29.6% | 37.5% |
| Wide-body trucks | - | - | - | - | 12.2% | 7.1% |
| Articulated trucks | - | - | - | - | 20.0% | 20.0% |
| After sales service | 44.2% | 40.8% | 13.7% | 30.0% | 25.0% | 22.0% |
| Robot | -7.8% | -24.5% | -100.0% | - | - | - |
| Lithium battery | - | - | 161.6% | 200.0% | 50.0% | 20.0% |
| Oil and gas equipment | - | - | 27.9% | 35.0% | 10.0% | 5.0% |
| Solar power | - | - | - | 63.7% | 15.0% | 15.0% |
| Hydrogen | - | - | - | - | 70.0% | 55.0% |
| Average | 52.4% | 30.5% | 8.0% | 12.1% | 21.1% | 16.9% |
| Blended gross margin | 23.4% | 26.9% | 22.4% | 24.6% | 25.1% | 25.7% |

Source: Company data, CMBIGM estimates

Financial Summary

| INCOME STATEMENT | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| YE 31 Dec (RMB mn) | | | | | | |
| Revenue | 15,537 | 20,278 | 21,910 | 24,571 | 29,752 | 34,792 |
| Cost of goods sold | (11,908) | (14,831) | (16,996) | (18,523) | (22,292) | (25,852) |
| Gross profit | 3,628 | 5,447 | 4,913 | 6,048 | 7,460 | 8,940 |
| Selling expense | (933) | (1,262) | (1,286) | (1,351) | (1,577) | (1,844) |
| Admin expense | (1,177) | (2,213) | (2,163) | (2,113) | (2,469) | (2,888) |
| Other income | 447 | 441 | 507 | 614 | 655 | 765 |
| Other expense | (25) | (42) | (502) | (49) | (60) | (70) |
| Other gains/(losses) | 54 | (144) | (25) | (123) | (60) | (70) |
| Share of (losses)/profits of associates/JV | 0 | 0 | 2 | 4 | 5 | 5 |
| EBITDA | 2,287 | 2,751 | 2,249 | 3,939 | 4,947 | 5,918 |
| Depreciation | 293 | 525 | 803 | 908 | 993 | 1,078 |
| EBIT | 1,994 | 2,226 | 1,446 | 3,030 | 3,954 | 4,839 |
| Interest income | 59 | 193 | 204 | 268 | 294 | 327 |
| Interest expense | (132) | (158) | (229) | (298) | (307) | (308) |
| Net interest income/(expense) | (73) | 35 | (25) | (29) | (13) | 19 |
| Pre-tax profit | 1,921 | 2,260 | 1,421 | 3,001 | 3,941 | 4,858 |
| Income tax | (252) | (422) | (353) | (726) | (965) | (1,190) |
| After tax profit | 1,669 | 1,839 | 1,068 | 2,275 | 2,975 | 3,668 |
| Minority interest | (4) | 90 | 34 | 11 | 15 | 18 |
| Net profit | 1,665 | 1,929 | 1,102 | 2,286 | 2,990 | 3,686 |
| Adjusted net profit | 1,665 | 1,929 | 1,850 | 2,286 | 2,990 | 3,686 |
| Gross dividends | 538 | 556 | 863 | 914 | 1,196 | 1,474 |
| BALANCE SHEET | | | | | | |
| YE 31 Dec (RMB mn) | | | | | | |
| Current assets | 17,191 | 20,778 | 26,227 | 26,467 | 33,897 | 34,639 |
| Cash & equivalents | 2,690 | 3,241 | 5,340 | 6,340 | 7,062 | 8,538 |
| Account receivables | 6,416 | 8,356 | 10,010 | 10,051 | 13,588 | 14,055 |
| Inventories | 3,283 | 3,432 | 5,048 | 4,087 | 6,907 | 5,559 |
| Prepayment | 700 | 1,261 | 1,598 | 1,598 | 1,598 | 1,598 |
| ST bank deposits | 50 | 43 | 71 | 71 | 71 | 71 |
| Financial assets at FVTPL | 2,088 | 2,160 | 2,394 | 2,394 | 2,394 | 2,394 |
| Other current assets | 1,964 | 2,284 | 1,767 | 1,927 | 2,278 | 2,424 |
| Non-current assets | 7,763 | 14,185 | 14,701 | 15,106 | 15,327 | 15,464 |
| PP&E | 4,066 | 7,276 | 7,990 | 8,650 | 9,126 | 9,518 |
| Deferred income tax | 298 | 336 | 423 | 423 | 423 | 423 |
| Goodwill | 1,130 | 2,537 | 2,067 | 2,067 | 2,067 | 2,067 |
| Other non-current assets | 2,269 | 4,036 | 4,221 | 3,966 | 3,711 | 3,456 |
| Total assets | 24,953 | 34,963 | 40,928 | 41,574 | 49,225 | 50,102 |
| Current liabilities | 10,836 | 16,173 | 21,210 | 20,144 | 25,734 | 24,140 |
| Short-term borrowings | 954 | 2,653 | 4,250 | 4,500 | 4,600 | 4,600 |
| Account payables | 6,646 | 8,098 | 11,213 | 9,897 | 15,388 | 13,793 |
| Tax payable | 155 | 237 | 162 | 162 | 162 | 162 |
| Other current liabilities | 3,080 | 5,184 | 5,584 | 5,584 | 5,584 | 5,584 |
| Non-current liabilities | 4,014 | 7,252 | 7,543 | 7,843 | 7,843 | 7,843 |
| Long-term borrowings | 2,691 | 5,249 | 5,684 | 5,984 | 5,984 | 5,984 |
| Other non-current liabilities | 1,323 | 2,003 | 1,858 | 1,858 | 1,858 | 1,858 |
| Total liabilities | 14,849 | 23,425 | 28,752 | 27,987 | 33,577 | 31,983 |
| Total shareholders equity | 10,040 | 11,589 | 12,221 | 13,644 | 15,720 | 18,210 |
| Minority interest | 64 | (51) | (46) | (57) | (72) | (91) |
| Total equity and liabilities | 24,953 | 34,963 | 40,928 | 41,574 | 49,225 | 50,102 |

| CASH FLOW | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
|--|--------------|----------------|--------------|----------------|----------------|----------------|
| YE 31 Dec (RMB mn) | | | | | | |
| Operating | | | | | | |
| Profit before taxation | 1,921 | 2,260 | 1,421 | 3,001 | 3,941 | 4,858 |
| Depreciation & amortization | 293 | 525 | 803 | 908 | 993 | 1,078 |
| Tax paid | (145) | (431) | (516) | (726) | (965) | (1,190) |
| Change in working capital | (808) | 476 | (446) | (556) | (1,218) | (859) |
| Others | (177) | (307) | 890 | 25 | 8 | (24) |
| Net cash from operations | 1,084 | 2,524 | 2,152 | 2,652 | 2,759 | 3,863 |
| Investing | | | | | | |
| Capital expenditure | (889) | (2,294) | (725) | (1,300) | (1,200) | (1,200) |
| Acquisition of subsidiaries/ investments | 0 | (2,509) | (7) | 0 | 0 | 0 |
| Others | 1,529 | (162) | (242) | 259 | 284 | 317 |
| Net cash from investing | 639 | (4,965) | (973) | (1,041) | (916) | (883) |
| Financing | | | | | | |
| Dividend paid | (466) | (729) | (634) | (863) | (914) | (1,196) |
| Net borrowings | (113) | (126) | (221) | (298) | (307) | (308) |
| Proceeds from share issues | 8 | 104 | 4 | 0 | 0 | 0 |
| Others | 194 | 3,712 | 1,746 | 550 | 100 | 0 |
| Net cash from financing | (377) | 2,961 | 895 | (611) | (1,121) | (1,504) |
| Net change in cash | | | | | | |
| Cash at the beginning of the year | 1,349 | 2,690 | 3,241 | 5,340 | 6,340 | 7,062 |
| Exchange difference | (6) | 32 | 25 | 0 | 0 | 0 |
| Cash at the end of the year | 2,690 | 3,241 | 5,340 | 6,340 | 7,062 | 8,538 |
| GROWTH | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| YE 31 Dec | | | | | | |
| Revenue | 52.4% | 30.5% | 8.0% | 12.1% | 21.1% | 16.9% |
| Gross profit | 51.8% | 50.1% | (9.8%) | 23.1% | 23.3% | 19.8% |
| EBITDA | 30.2% | 20.3% | (18.3%) | 75.1% | 25.6% | 19.6% |
| EBIT | 32.3% | 11.6% | (35.0%) | 109.5% | 30.5% | 22.4% |
| Net profit | 32.2% | 15.9% | (42.9%) | 107.5% | 30.8% | 23.3% |
| Adj. net profit | 53.2% | 15.9% | (4.1%) | 23.6% | 30.8% | 23.3% |
| PROFITABILITY | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| YE 31 Dec | | | | | | |
| Gross profit margin | 23.4% | 26.9% | 22.4% | 24.6% | 25.1% | 25.7% |
| EBITDA margin | 14.7% | 13.6% | 10.3% | 16.0% | 16.6% | 17.0% |
| Adj. net profit margin | 10.7% | 9.5% | 8.4% | 9.3% | 10.1% | 10.6% |
| Return on equity (ROE) | 17.8% | 17.8% | 9.3% | 17.7% | 20.4% | 21.7% |
| GEARING/LIQUIDITY/ACTIVITIES | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| YE 31 Dec | | | | | | |
| Net debt to equity (x) | (0.1) | 0.2 | 0.2 | 0.1 | 0.1 | (0.0) |
| Current ratio (x) | 1.6 | 1.3 | 1.2 | 1.3 | 1.3 | 1.4 |
| Receivable turnover days | 125.5 | 132.9 | 153.0 | 149.0 | 145.0 | 145.0 |
| Inventory turnover days | 89.1 | 82.6 | 91.1 | 90.0 | 90.0 | 88.0 |
| Payable turnover days | 169.6 | 181.4 | 207.4 | 208.0 | 207.0 | 206.0 |
| VALUATION | 2022A | 2023A | 2024A | 2025E | 2026E | 2027E |
| YE 31 Dec | | | | | | |
| P/E | 19.8 | 17.3 | 30.5 | 14.8 | 11.4 | 9.3 |
| P/B | 3.3 | 2.9 | 2.8 | 2.5 | 2.2 | 1.9 |
| Div yield (%) | 1.6 | 1.7 | 2.6 | 2.7 | 3.5 | 4.3 |

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

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