

SANY International (631 HK)

2Q25E profit rose 16-35% largely in-line; Solid growth trajectory

SANYI pre-announced yesterday (Aug 11) that net profit in 1H25 is expected to grow 25-35% YoY to RMB1.23-1.33bn. This implies 16-35% net profit growth in 2Q25, with a mid-point of 25% which is in line with our expectation. The announced profit reaffirms our view that SANYI is returning to a growth trajectory this year, on the back of strong growth of large-size port equipment (driven by capacity de-bottlenecking) as well as stabilized demand for road headers and domestic mining trucks. We have left our 2025E-27E earnings forecast unchanged for now but we see upside to our current earnings forecast. Reiterate **BUY** with unchanged TP of HK\$8.7 (11x 2025E P/E, the average P/E since 2017).

- **Domestic mining equipment segment stabilizing.** According to the NBS, coal mining FAI growth in 1H25 reached 14% YoY, accelerating from the 9.4% in 2024 (full year). In 2H25E, we expect that China's coal mining capex growth will continue to improve as the low base effect kicks in, which will offer support to the domestic demand for road headers and wide-body trucks.
- **Potential upside to our full-year earnings forecast.** The net profit of RMB1.23-1.33bn in 1H25 accounts for 55-59% of our full-year forecast (run rate in 1H24 on a core profit basis: 55%). We expect a more evenly distributed profit between 1H and 2H this year, helped by the contribution of new business (such as lithium battery) that helped smooth the seasonality. We will revisit our earnings forecast after the release of 1H25 results.
- **Major risk factors:** (1) weakness of coal mining activities in China; (2) higher-than-expected loss from emerging business; (3) uncertainties of the US tariff policy on port machinery.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	20,278	21,910	25,396	30,053	35,208
YoY growth (%)	30.5	8.0	15.9	18.3	17.2
Adjusted net profit (RMB mn)	1,929.0	1,849.9	2,243.8	2,774.4	3,275.5
YoY growth (%)	15.9	(4.1)	21.3	23.6	18.1
EPS (Adjusted) (RMB)	0.61	0.58	0.70	0.87	1.02
Consensus EPS (RMB)	na	na	0.69	0.82	0.95
P/E (x)	11.2	19.6	9.6	7.8	6.6
P/B (x)	1.9	1.8	1.6	1.4	1.2
Yield (%)	2.6	4.0	4.1	5.1	6.1
ROE (%)	17.8	9.3	17.4	19.1	19.8
Net gearing (%)	21.2	17.4	17.8	13.1	3.5

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$8.70
Up/Downside	17.7%
Current Price	HK\$7.39

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Stock Data

Mkt Cap (HK\$ mn)	23,750.7
Avg 3 mths t/o (HK\$ mn)	72.5
52w High/Low (HK\$)	7.73/3.89
Total Issued Shares (mn)	3213.9

Source: FactSet

Shareholding Structure

Sany Heavy Equipment Investments Company	66.4%
Free float	33.9%

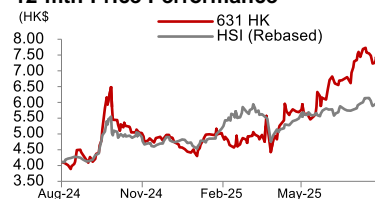
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	1.2%	-1.9%
3-mth	29.9%	19.2%
6-mth	49.6%	27.9%

Source: FactSet

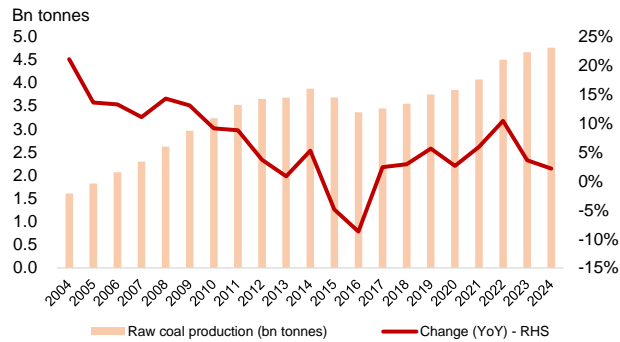
12-mth Price Performance



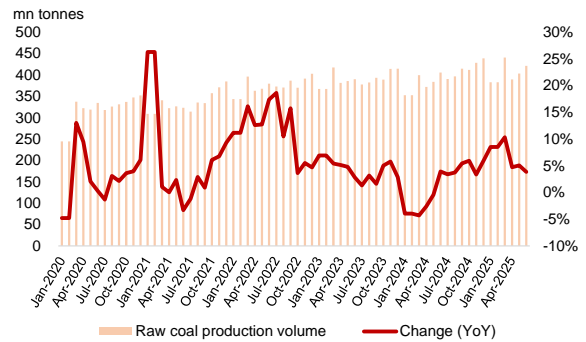
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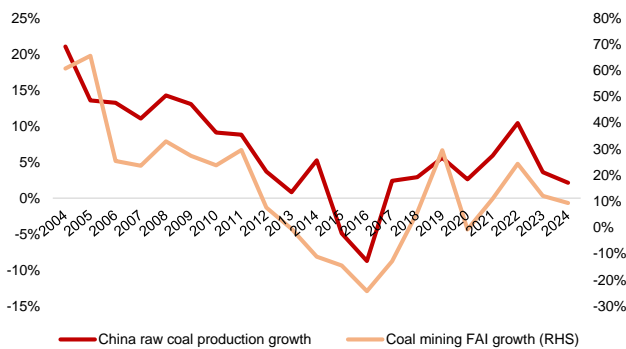
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Figure 1: China raw coal production (annual)

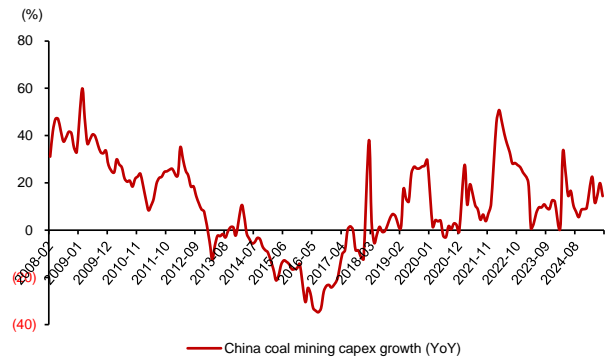
Source: Wind, CCTDCOAL, CMBIGM

Figure 2: China raw coal production (monthly)

Source: Wind, CCTDCOAL, CMBIGM

Figure 3: China raw coal production vs coal mining FAI

Source: Wind, NBS, CMBIGM

Figure 4: China coal mining FAI monthly growth (YTD)

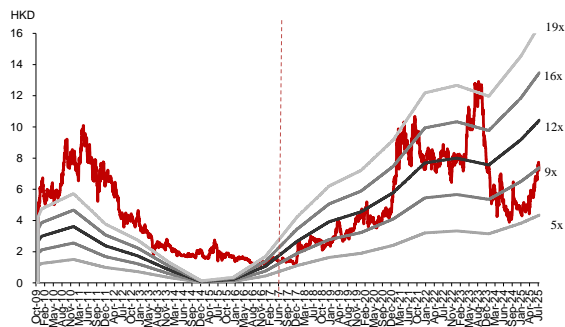
Source: Wind, NBS, CMBIGM

Figure 5: Key assumptions for SANYI

(RMB mn)	2022	2023	2024	2025E	2026E	2027E
Revenue						
Road header	2,970	2,554	2,299	2,414	2,511	2,612
Combined coal mining units (CCMU)	2,968	3,621	3,000	2,700	2,835	2,977
Small-size port machinery	3,217	4,179	4,800	5,040	5,947	7,018
Large-size port machinery	1,377	1,200	1,900	3,420	4,446	5,558
Mining trucks	2,923	4,000	3,817	4,378	4,786	5,226
After sales service	1,018	1,400	1,600	1,952	2,381	2,905
Robot	1,060	800	0	0	0	0
Lithium battery	-	302	500	1,350	2,430	3,645
Oil and gas equipment	-	1,500	1,919	2,303	2,533	2,660
Solar power	-	-	1,300	1,690	1,944	2,235
Hydrogen	-	-	0	150	240	372
Total	15,533	19,556	21,135	25,396	30,053	35,208
Growth (YoY)						
Road header	61.9%	-14.0%	-10.0%	5.0%	4.0%	4.0%
Combined coal mining units (CCMU)	71.3%	22.0%	-17.1%	-10.0%	5.0%	5.0%
Small-size port machinery	30.8%	29.9%	14.9%	5.0%	18.0%	18.0%
Large-size port machinery	63.9%	-12.9%	58.3%	80.0%	30.0%	25.0%
Mining trucks	93.3%	36.8%	-4.6%	14.7%	9.3%	9.2%
After sales service	44.2%	37.5%	14.3%	22.0%	22.0%	22.0%
Robot	-7.8%	-24.5%	-100.0%	0.0%	0.0%	0.0%
Lithium battery	-	-	65.6%	170.0%	80.0%	50.0%
Oil and gas equipment	-	-	27.9%	20.0%	10.0%	5.0%
Solar power	-	-	-	30.0%	15.0%	15.0%
Hydrogen	-	-	-	-	60.0%	55.0%
Average	51.8%	25.9%	8.1%	20.2%	18.3%	17.2%

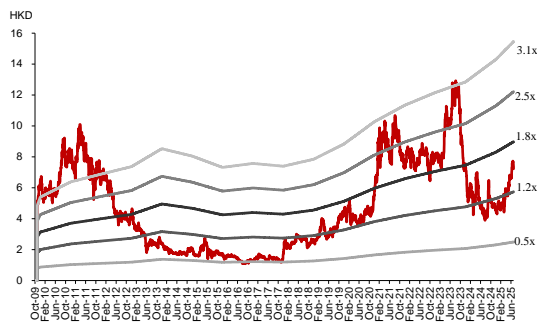
Source: Company data, CMBIGM estimates

Figure 6: SANYI's P/E band



Source: Bloomberg, company data, CMBIGM estimates

Figure 7: SANYI's P/B band



Source: Bloomberg, 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	25,396	30,053	35,208
Cost of goods sold	(11,908)	(14,831)	(16,996)	(18,937)	(22,343)	(26,212)
Gross profit	3,628	5,447	4,913	6,459	7,711	8,996
Selling expense	(933)	(1,262)	(1,286)	(1,473)	(1,713)	(2,007)
Admin expense	(1,177)	(2,213)	(2,163)	(2,489)	(2,885)	(3,345)
Other income	447	441	507	559	661	775
Other expense	(25)	(42)	(502)	(51)	(60)	(70)
Other gains/(losses)	54	(144)	(25)	(13)	(15)	(18)
Share of (losses)/profits of associates/JV	0	0	2	4	5	5
EBITDA	2,287	2,751	2,249	3,919	4,731	5,456
Depreciation	293	525	803	922	1,028	1,120
EBIT	1,994	2,226	1,446	2,997	3,703	4,336
Interest income	59	193	204	257	268	297
Interest expense	(132)	(158)	(229)	(306)	(316)	(318)
Net Interest income/(expense)	(73)	35	(25)	(49)	(48)	(21)
Pre-tax profit	1,921	2,260	1,421	2,947	3,655	4,315
Income tax	(252)	(422)	(353)	(737)	(914)	(1,079)
After tax profit	1,669	1,839	1,068	2,211	2,742	3,237
Minority interest	(4)	90	34	33	33	39
Net profit	1,665	1,929	1,102	2,244	2,774	3,275
Adjusted net profit	1,665	1,929	1,850	2,244	2,774	3,275
Gross dividends	538	556	863	898	1,110	1,310

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	17,191	20,778	26,227	26,690	32,750	34,325
Cash & equivalents	2,690	3,241	5,340	5,603	6,086	7,507
Account receivables	6,416	8,356	10,010	10,725	13,647	14,326
Inventories	3,283	3,432	5,048	4,291	6,727	5,912
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	2,008	2,226	2,517
Non-current assets	7,763	14,185	14,701	15,292	15,778	15,973
PP&E	4,066	7,276	7,990	8,836	9,577	10,027
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	41,982	48,528	50,298
Current liabilities	10,836	16,173	21,210	20,617	25,319	24,962
Short-term borrowings	954	2,653	4,250	4,500	4,600	4,600
Account payables	6,646	8,098	11,213	10,370	14,972	14,615
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	28,459	33,161	32,804
Total shareholders equity	10,040	11,589	12,221	13,602	15,479	17,645
Minority interest	64	(51)	(46)	(79)	(112)	(151)
Total equity and liabilities	24,953	34,963	40,928	41,982	48,528	50,298

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,921	2,260	1,421	2,947	3,655	4,315
Depreciation & amortization	293	525	803	922	1,028	1,120
Tax paid	(145)	(431)	(516)	(737)	(914)	(1,079)
Change in working capital	(808)	476	(446)	(1,043)	(975)	(511)
Others	(177)	(307)	890	45	43	16
Net cash from operations	1,084	2,524	2,152	2,135	2,838	3,861
Investing						
Capital expenditure	(889)	(2,294)	(725)	(1,500)	(1,500)	(1,300)
Acquisition of subsidiaries/ investments	0	(2,509)	(7)	0	0	0
Others	1,529	(162)	(242)	248	259	287
Net cash from investing	639	(4,965)	(973)	(1,252)	(1,241)	(1,013)
Financing						
Dividend paid	(466)	(729)	(634)	(863)	(898)	(1,110)
Net borrowings	(113)	(126)	(221)	(306)	(316)	(318)
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	(619)	(1,114)	(1,427)
Net change in cash						
Cash at the beginning of the year	1,349	2,690	3,241	5,340	5,603	6,086
Exchange difference	(6)	32	25	0	0	0
Cash at the end of the year	2,690	3,241	5,340	5,603	6,086	7,507
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	52.4%	30.5%	8.0%	15.9%	18.3%	17.2%
Gross profit	51.8%	50.1%	(9.8%)	31.5%	19.4%	16.7%
EBITDA	30.2%	20.3%	(18.3%)	74.3%	20.7%	15.3%
EBIT	32.3%	11.6%	(35.0%)	107.2%	23.6%	17.1%
Net profit	32.2%	15.9%	(42.9%)	103.7%	23.6%	18.1%
Adj. net profit	53.2%	15.9%	(4.1%)	21.3%	23.6%	18.1%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	23.4%	26.9%	22.4%	25.4%	25.7%	25.6%
EBITDA margin	14.7%	13.6%	10.3%	15.4%	15.7%	15.5%
Adj. net profit margin	10.7%	9.5%	8.4%	8.8%	9.2%	9.3%
Return on equity (ROE)	17.8%	17.8%	9.3%	17.4%	19.1%	19.8%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.1)	0.2	0.2	0.2	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	148.0	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	12.8	11.2	19.6	9.6	7.8	6.6
P/B	2.1	1.9	1.8	1.6	1.4	1.2
Div yield (%)	2.5	2.6	4.0	4.1	5.1	6.1

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

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