

Q-Tech (1478 HK)

1H25 non-mobile and GPM beat; FY25E guidance raised on drone/auto/XR momentum

Q-Tech's 1H25 NP growth of 168% YoY is largely in-line with profit alert backed by stronger CCM ASP (+27% YoY), non-mobile sales mix (24% in 1H25, vs 15% in 2H24) and Newmax's earnings turnaround. During the earnings call, mgmt. revised up FY25E shipment guidance with 1) non-mobile CCM growth of +60% YoY (from +40%) and 2) FPM growth of 30% YoY (from +20%). Overall, we remain bullish on Q-Tech's non-mobile upside (drone/auto/XR), and we expect Q-Tech's India business with Dixon Group to boost CCM shipment ahead amid the US tariff uncertainties. We raise our FY25-27E EPS forecasts by 10-12% to factor in stronger ASP/GPM and non-mobile biz outlook in 1H25. Our new TP of HK\$14.5 is based on same 19.5x FY25E P/E. Trading at 17.7x/14.8x FY25/26E P/E, we think the stock is attractive, compared to 187%/19% EPS growth in FY25/26E. Upcoming catalysts include non-mobile product launches (drone/handheld/action), auto shipment ramp-up and FPM share gains. Reiterate BUY.

■ **1H25 beat on CCM ASP, non-mobile sales, FPM GPM, and Newmax turnaround.** Q-Tech's 1H25 revenue (+15% YoY) is 5%/8% above our/market expectations, due to a better non-mobile sales mix (auto/IoT), FPM ASP/GPM and high-end mobile mix (OIS/periscope). 1H25 GPM improved 2.2ppts YoY/ 0.5ppts HoH to 7.4%, thanks to high-end mobile CCM mix, and FPM ASP/ GPM recovery on ultrasonic FPM ramp-up, and Newmax's earnings turnaround. Overall, 1H25 net profit grew 168% YoY, largely in-line with profit alert.

■ **Raised FY25E guidance: non-mobile CCM vol. (+60% YoY) and FPM vol. (+30% YoY).** For 2025, Q-Tech revised up guidance: 1) non-mobile CCM shipment growth of 60%+ YoY (vs. 40%+ prior) driven by auto projects' MP and drones/Lidar order wins; 2) FPM shipment growth of 30%+ (vs. +20% prior), driven by ultra-sound FPM momentum and share gains. In addition, mgmt. maintained guidance for 32MP+ CCM mix of 55%+, and periscope CCM of 100%+ YoY in FY25E. Looking ahead, mgmt. is positive on 1) OIS/periscope upgrade (esp. Android camp); 2) auto CCM: new project wins and LiDAR in 2026 as margin drivers; 3) IoT CCM: drones/action CCM spec upgrade, industry drones and robotics LiDAR; 4) FPM: ultrasonic FPM share gains and capacity ramp-up.

■ **Our FY25-27E EPS are 29-30% above consensus; Reiterate BUY.** As highlighted in our note ([link](#)), we remain bullish on Q-Tech's earnings upgrade cycle in 2H25E, as the market underestimates Q-Tech's non-mobile market leadership and sales momentum (esp. drone, 360-cam). Despite 24%/102% rally in past 1 month/3 months, we think current valuation of 17.7x/14.8x FY25/26E P/E remains attractive, compared to 187%/19% FY25/26E EPS growth. Maintain BUY.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	12,531	16,151	19,148	22,175	25,448
YoY growth (%)	(8.9)	28.9	18.6	15.8	14.8
Net profit (RMB mn)	83.5	279.1	803.1	959.1	1,119.8
EPS (Reported) (RMB)	0.07	0.24	0.68	0.81	0.94
YoY growth (%)	(52.4)	241.4	187.2	19.4	16.8
Consensus EPS (RMB)	na	na	0.52	0.62	0.73
P/E (x)	173.2	50.7	17.7	14.8	12.7
P/B (x)	2.9	2.8	2.5	2.2	1.9
Yield (%)	0.0	0.0	1.3	1.4	1.6
ROE (%)	1.7	5.6	14.9	15.7	16.2
Net gearing (%)	26.0	17.8	14.9	0.6	(1.9)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$14.50
(Previous TP	HK\$13.21)
Up/Downside	11.0%
Current Price	HK\$13.06

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Stock Data

Mkt Cap (HK\$ mn)	15,476.1
Avg 3 mths t/o (HK\$ mn)	66.6
52w High/Low (HK\$)	13.06/4.05
Total Issued Shares (mn)	1185.0

Source: FactSet

Shareholding Structure

HE Ningning	63.6%
Harvest Fund Management Co Ltd	2.7%

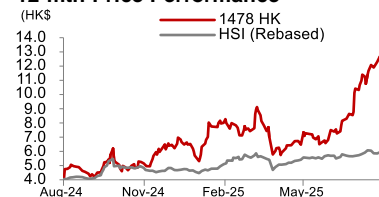
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	23.9%	20.1%
3-mth	101.9%	85.3%
6-mth	63.3%	39.6%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related Reports:

1. Q-tech (1478 HK) - Beginning of earnings upward revision cycle; Raise TP to HK\$13.21 - 11 Jul 2025 ([link](#))
2. Q-tech (1478 HK) - Upbeat FY25E guidance on OIS/ periscope upgrade and auto/IoT demand; Lift TP to HK\$9.25 - 17 Mar 2025 ([link](#))

1H25 earnings review

Figure 7: 1H25 earnings review

RMB mn	1H24	2H24	1H25	YoY	Consensus 1H25E	Diff %	CMBI 1H25E	Diff %
Revenue	7,675	8,476	8,832	15.1%	8,441	5%	8,199	8%
Gross profit	400	585	654	63.5%	578	13%	584	12%
Operating profit	221	428	370	67.7%	355	4%	383	-3%
Net profit	115	164	308	167.6%	269	15%	301	2%
EPS (RMB cents)	9.7	13.9	26.0	167.8%	21.0	24%	25.4	2%
Gross margin	5.2%	6.9%	7.4%	2.2 ppt	6.9%	0.6 ppt	7.1%	0.3 ppt
Operating margin	2.9%	5.1%	4.2%	1.3 ppt	4.2%	0 ppt	4.7%	-0.5 ppt
Net margin	1.5%	1.9%	3.5%	2 ppt	3.2%	0.3 ppt	3.7%	-0.2 ppt

Source: Bloomberg, company data, CMBIGM estimates

Earnings Revision

Figure 8: Earnings revision

(RMB mn)	New			Old			Change (%)		
	2025E	2026E	2027E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	19,148	22,175	25,448	18,797	21,387	24,422	2%	4%	4%
Gross profit	1,434	1,718	2,008	1,375	1,658	1,928	4%	4%	4%
Operating profit	939	1,130	1,334	914	1,091	1,281	3%	4%	4%
Net profit	803	959	1,120	731	856	1,006	10%	12%	11%
EPS (RMB cents)	67.7	80.8	94.3	61.7	72.2	84.9	10%	12%	11%
Gross margin	7.5%	7.7%	7.9%	7.3%	7.8%	7.9%	0.2 ppt	0 ppt	0 ppt
Operating margin	4.9%	5.1%	5.2%	4.9%	5.1%	5.2%	0 ppt	0 ppt	0 ppt
Net Margin	4.2%	4.3%	4.4%	3.9%	4.0%	4.1%	0.3 ppt	0.3 ppt	0.3 ppt

Source: Company data, CMBIGM estimates

Figure 9: CMBI estimates vs consensus

(RMB mn)	CMBI			Consensus			Diff (%)		
	2025E	2026E	2027E	FY25E	FY26E	FY27E	2025E	2026E	2027E
Revenue	19,148	22,175	25,448	18,550	20,825	23,085	3%	6%	10%
Gross profit	1,434	1,718	2,008	1,376	1,595	1,802	4%	8%	11%
Operating profit	939	1,130	1,334	686	794	939	37%	42%	42%
Net profit	803	959	1,120	668	743	872	20%	29%	28%
EPS (RMB cents)	67.7	80.8	94.3	51.8	62.3	73.3	31%	30%	29%
Gross margin	7.5%	7.7%	7.9%	7.4%	7.7%	7.8%	0.1 ppt	0.1 ppt	0.1 ppt
Operating margin	4.9%	5.1%	5.2%	3.7%	3.8%	4.1%	1.2 ppt	1.3 ppt	1.2 ppt
Net Margin	4.2%	4.3%	4.4%	3.6%	3.6%	3.8%	0.6 ppt	0.8 ppt	0.6 ppt

Source: Bloomberg, CMBIGM estimates

Earnings Forecasts

Figure 10: P&L forecast

RMB mn	FY24	1H25	2H25E	FY25E	FY26E	FY27E
Revenue	16,151	8,832	10,317	19,148	22,175	25,448
...YoY	28.9%	15.1%	21.7%	18.6%	15.8%	14.8%
Cost of sales	(15,166)	(8,177)	(9,531)	(17,714)	(20,458)	(23,441)
Gross profit	985	654	785	1,434	1,718	2,008
GPM (%)	6.1%	7.4%	7.6%	7.5%	7.7%	7.9%
...YoY	93.6%	63.5%	34.3%	45.6%	19.8%	16.9%
SG&A	(204)	(95)	(115)	(209)	(255)	(293)
...% of rev	-1.3%	-1.1%	-1.1%	-1.1%	-1.2%	-1.2%
R&D	(505)	(279)	(241)	(521)	(621)	(713)
...% of rev	-3.1%	-3.2%	-2.3%	-2.7%	-2.8%	-2.8%
Operating profit	649	370	574	939	1,130	1,334
OPM (%)	4.0%	4.2%	5.6%	4.9%	5.1%	5.2%
...YoY	124.5%	67.7%	34.0%	44.7%	20.4%	18.0%
Gain/loss of asso..	(37)	48	55	103	103	103
Net profit	279	308	500	803	959	1,120
NPM (%)	1.7%	3.5%	4.8%	4.2%	4.3%	4.4%
...YoY	234.1%	167.6%	205.0%	187.8%	19.4%	16.8%

Source: Company data, CMBIGM estimates

Figure 11: Revenue breakdown

RMB mn	FY24	1H25	2H25E	FY25E	FY26E	FY27E
CCM Revenue	14,819	7,957	9,241	17,198	20,024	22,985
...YoY	28%	10%	22%	16%	16%	15%
Mobile Total	12,960	6,055	6,816	12,872	14,667	16,198
32M below	1,391	557	530	1,087	955	831
>32MP	11,569	5,498	6,287	11,785	13,712	15,367
OIS	2,992	1,410	2,037	3,447	3,838	4,418
Periscope	859	1,113	1,218	2,331	3,560	4,722
Other 32MP	7,719	2,975	3,032	6,007	6,314	6,227
Non-Mobile Total	1,859	1,902	2,425	4,327	5,356	6,788
IoT	1,306	1,398	1,436	2,834	3,117	3,429
Auto	400	294	546	840	1,260	1,891
XR	-	210	443	652	979	1,468
Shipment (mn)	434	192	207	399	427	459
...YoY	16%	-13%	-3%	-8%	7%	7%
ASP (Rmb)	34.1	41.5	44.5	43.1	46.9	50.0
...YoY	10%	27%	25%	26%	9%	7%
FPM Revenue	1,178	826	970	1,797	1,998	2,309
...YoY	51%	109%	24%	52%	11%	16%
Shipment (mn)	161	94	115	209	230	253
...YoY	46%	60%	13%	30%	10%	10%
ASP (Rmb)	7.3	8.8	8.4	8.6	8.7	9.1
...YoY	3%	31%	10%	17%	1%	5%
Others	153	48	105	153	153	153
...YoY	-18%	-26%	20%	0%	0%	0%
Total	16,151	8,832	10,317	19,148	22,175	25,448
...YoY	29%	15%	22%	19%	16%	15%

Source: Company data, CMBIGM estimates

Valuation

Maintain BUY with new TP of HK\$14.5

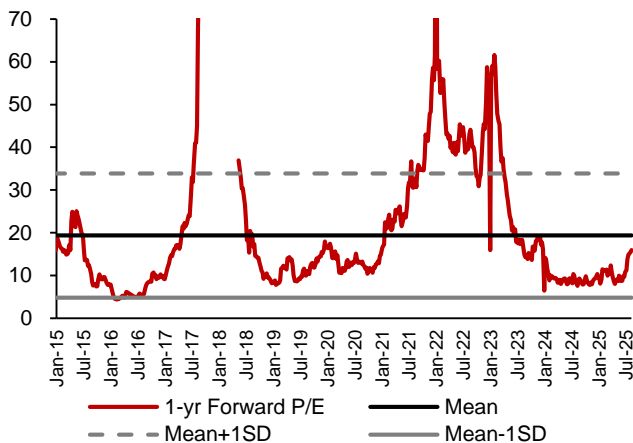
We adjusted our estimates to reflect strong 1H25 results and better business outlook. We raise TP to HK\$14.5 based on same 19.5x FY25E P/E, in-line with 10-year hist. avg. forward P/E. Trading at 17.7x/14.8x FY25/26E P/E, we think the stock is attractive, compared to 187%/19% EPS growth in FY25/26E. Upcoming catalysts include non-mobile product launches (drone/handheld/action), auto monthly shipment ramp-up and FPM share gains. Reiterate BUY.

Figure 12: Peers' valuation

Company	Ticker	Rating	Market Cap (US\$mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x)		P/B (x)		ROE (%)	
							FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Q-Tech	1478 HK	BUY	1,979	13.06	14.50	11%	17.7	14.8	2.4	2.1	13.1	13.9
FIT Hon Teng	6088 HK	BUY	3,355	3.61	3.48	-4%	14.7	11.1	1.2	1.1	8.4	10.0
AAC Tech	2018 HK	BUY	6,600	44.10	63.54	44%	17.3	14.4	1.8	1.7	10.7	11.6
Tongda	698 HK	BUY	144	0.12	0.12	6%	6.1	4.5	0.4	0.3	5.9	7.4
BYDE	285 HK	BUY	11,102	38.68	43.22	12%	14.3	11.5	2.2	1.9	15.0	16.6
TK Group	2283 HK	BUY	261	2.46	2.78	13%	6.8	5.3	1.1	1.0	15.9	18.3
FIH	2038 HK	NR	1,403	14.03	NA	NA	-	-	-	-	-	-
Truly	732 HK	NR	468	1.19	NA	NA	-	-	-	-	-	-
YOFC	6869 HK	NR	4,630	34.10	NA	NA	26.0	22.4	1.9	1.8	8.4	9.0
Ju Teng	3336 HK	NR	194	1.27	NA	NA	-	-	-	-	-	-
Cowell	1415 HK	NR	3,219	29.26	NA	NA	17.1	13.0	4.7	3.5	30.3	29.6
Average							15.9	12.9	2.1	1.8	13.4	16.2

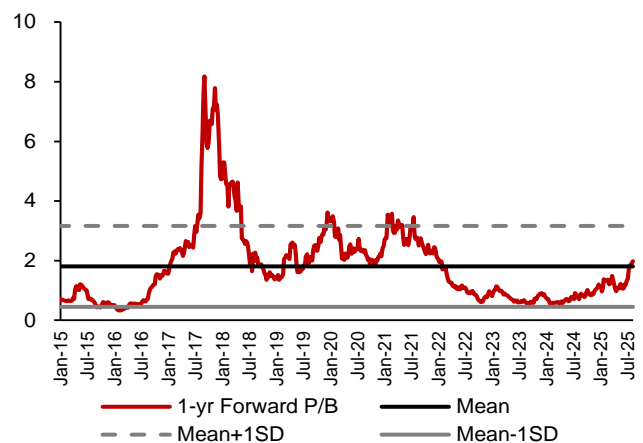
Source: Bloomberg, CMBIGM; data as of 11 Aug 2025 close.

Figure 13: 12M forward P/E band



Source: Company data, CMBIGM

Figure 14: 12M forward P/B band



Source: Company data, CMBIGM

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	13,759	12,531	16,151	19,148	22,175	25,448
Cost of goods sold	(13,218)	(12,022)	(15,166)	(17,714)	(20,458)	(23,441)
Gross profit	541	509	985	1,434	1,718	2,008
Operating expenses	(338)	(220)	(336)	(495)	(587)	(674)
Selling expense	(14)	(20)	(20)	(24)	(33)	(38)
Admin expense	(142)	(149)	(184)	(185)	(222)	(254)
R&D expense	(470)	(436)	(505)	(521)	(621)	(713)
Others	288	385	373	234	289	331
Operating profit	204	289	649	939	1,130	1,334
Share of (losses)/profits of associates/JV	(37)	(50)	(37)	103	103	103
Others	(60)	(171)	(152)	(96)	(105)	(119)
Pre-tax profit	107	68	460	945	1,128	1,317
Income tax	63	15	(181)	(142)	(169)	(198)
Minority interest	0	0	0	0	0	0
Net profit	170	84	279	803	959	1,120

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	8,594	11,107	10,546	12,224	14,446	16,588
Cash & equivalents	1,349	2,893	1,447	1,775	2,946	3,538
Account receivables	3,436	4,201	4,988	5,906	6,710	7,769
Inventories	1,184	1,778	1,976	2,408	2,655	3,146
ST bank deposits	919	1,302	556	556	556	556
Other current assets	1,705	933	1,579	1,579	1,579	1,579
Non-current assets	3,691	3,836	3,902	4,015	4,195	4,441
PP&E	3,140	2,845	2,651	2,764	2,944	3,189
Intangibles	26	23	19	19	19	19
Other non-current assets	525	968	1,232	1,232	1,232	1,232
Total assets	12,285	14,943	14,448	16,240	18,641	21,028
Current liabilities	7,249	9,666	9,085	10,252	11,886	13,378
Short-term borrowings	2,616	4,152	2,352	2,630	2,983	3,395
Account payables	4,584	5,437	6,563	7,453	8,734	9,813
Tax payable	12	12	94	94	94	94
Other current liabilities	38	66	76	76	76	76
Non-current liabilities	0	0	0	0	0	0
Deferred income	248	213	179	179	179	179
Other non-current liabilities	7	5	7	7	7	7
Total liabilities	7,518	10,111	9,357	10,523	12,157	13,649
Share capital	9	9	9	9	9	9
Other reserves	4,753	4,822	5,082	5,707	6,474	7,370
Total shareholders equity	4,767	4,832	5,091	5,716	6,484	7,380
Minority interest	0	0	0	0	0	0
Total equity and liabilities	12,285	14,943	14,448	16,240	18,641	21,028

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	107	68	460	945	1,128	1,317
Depreciation & amortization	640	728	842	844	929	1,027
Change in working capital	324	(470)	258	(461)	230	(471)
Others	0	0	0	0	0	0
Net cash from operations	1,194	(379)	965	1,283	2,224	1,795
Investing						
Capital expenditure	(1,149)	(1,046)	(1,348)	(957)	(1,109)	(1,272)
Others	0	0	0	0	0	0
Net cash from investing	(1,149)	367	(1,040)	(957)	(1,109)	(1,272)
Financing						
Dividend paid	0	0	0	(178)	(192)	(224)
Net borrowings	908	1,536	(1,799)	277	353	412
Others	(60)	15	427	(96)	(105)	(119)
Net cash from financing	848	1,551	(1,372)	3	56	69
Net change in cash						
Cash at the beginning of the year	1,743	1,349	2,893	1,447	1,775	2,946
Exchange difference	(1,288)	713	0	0	0	0
Cash at the end of the year	1,349	2,893	1,447	1,775	2,946	3,538
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(26.3%)	(8.9%)	28.9%	18.6%	15.8%	14.8%
Gross profit	(69.3%)	(6.0%)	93.6%	45.6%	19.8%	16.9%
Operating profit	(80.4%)	42.0%	124.5%	44.7%	20.4%	18.0%
Net profit	(80.3%)	(50.9%)	234.1%	187.8%	19.4%	16.8%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	3.9%	4.1%	6.1%	7.5%	7.7%	7.9%
Operating margin	1.5%	2.3%	4.0%	4.9%	5.1%	5.2%
Return on equity (ROE)	3.6%	1.7%	5.6%	14.9%	15.7%	16.2%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.3	0.3	0.2	0.1	0.0	(0.0)
Current ratio (x)	1.2	1.1	1.2	1.2	1.2	1.2
Receivable turnover days	104.5	111.2	103.8	103.8	103.8	103.8
Inventory turnover days	47.5	45.0	45.2	45.2	45.2	45.2
Payable turnover days	149.7	152.1	144.4	144.4	144.4	144.4
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	82.4	173.2	50.7	17.7	14.8	12.7
P/B	3.0	2.9	2.8	2.5	2.2	1.9
Div yield (%)	0.0	0.0	0.0	1.3	1.4	1.6
EV	4,767.4	4,831.8	5,091.4	5,716.5	6,483.7	7,379.6
EV/Sales	0.3	0.4	0.3	0.3	0.3	0.3

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

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HOLD : Stock with potential return of +15% to -10% over next 12 months
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NOT RATED : Stock is not rated by CMBIGM

OUTPERFORM : Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
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