招銀国际
CMB INTERNATIONAL
招 商 银 行 全 资 附 属 机 构
A Wholly Owned Subsidiary Of China Merchants Bank

SANY Heavy (600031 CH/6031 HK)

2Q26 net profit +17% YoY after FX impact

SANY Heavy (SANY)'s net profit in 1H26 grew 9% YoY to RMB5.7bn, which implies 17% YoY growth of net profit in 2Q26. In terms of EBIT (excluded FX impact), the growth in 2Q26 surged 55% YoY on the back of revenue growth of 24% YoY and stable gross margin. The results are largely in line with our expectations. While FX impact remains a market concern, we see the overall impact manageable and expect the focus will be back to the overseas growth outlook once the RMB rate stabilises. We fine-tune our 2027E/28E earnings growth by -3%/+4%. Maintain **BUY** rating with new A/H TP of RMB26.2/HK$27.5 (unchanged 24x 2026E P/E for A-share, equivalent to 0.5SD above the average of 20x since 2017, to reflect the earnings upcycle). Our H-share TP is based on 10% H/A discount.

SANY Heavy's 2Q26 results

(RMB mn)	1Q25	1Q26	Chg YoY	2Q25	2Q26	Chg YoY
Total revenue	**21,177**	**24,147**	***14.0%***	**23,603**	**29,359**	***24.4%***
Cost of sales	-15,447	-17,469	*13.1%*	-16,956	-21,088	*24.4%*
Gross profit	**5,730**	**6,678**	***16.5%***	**6,648**	**8,272**	***24.4%***
Other income	-129	-126	*-3.0%*	-150	-198	*32.1%*
S&D expenses	-1,350	-1,651	*22.3%*	-1,578	-1,845	*16.9%*
Administrative expenses	-639	-637	*-0.4%*	-618	-663	*7.2%*
R&D expense	-1,058	-1,133	*7.1%*	-1,104	-1,207	*9.3%*
Fair value change	-299	349	*n/a*	-377	135	*n/a*
Asset impairment	-165	-208	*26.4%*	-277	-545	*96.6%*
EBIT	**2,089**	**3,273**	***56.7%***	**2,543**	**3,949**	***55.3%***
Net finance income/(expense)	370	-798	*n/a*	487	-852	*n/a*
Other gains/(losses)	421	349	*-17.1%*	192	631	*228.6%*
Share of profit of JV & associates	-7	77	*n/a*	-19	35	*n/a*
Pretax profit	**2,874**	**2,901**	***1.0%***	**3,203**	**3,763**	***17.5%***
Income tax	-371	-377	*1.6%*	-420	-562	*33.8%*
After tax profit	**2,502**	**2,524**	***0.9%***	**2,783**	**3,201**	***15.0%***
MI	-33	-43	*30.9%*	-38	9	*n/a*
Net profit	**2,469**	**2,481**	***0.5%***	**2,745**	**3,210**	***16.9%***
Key ratios:			*ppt*			*ppt*
Gross margin	*27.1%*	*27.7%*	*0.6*	*28.2%*	*28.2%*	*0.0*
S&D expense ratio	*6.4%*	*6.8%*	*0.5*	*6.7%*	*6.3%*	*-0.4*
Administrative expense ratio	*3.0%*	*2.6%*	*-0.4*	*2.6%*	*2.3%*	*-0.4*
R&D expense ratio	*5.0%*	*4.7%*	*-0.3*	*4.7%*	*4.1%*	*-0.6*
Net profit margin	*11.8%*	*10.5%*	*-1.4*	*11.8%*	*10.9%*	*-0.9*
Effective tax rate	*12.9%*	*13.0%*	*0.1*	*13.1%*	*14.9%*	*1.8*

Source: Company data, CMBIGM

Earnings Summary - 600031 CH

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	78,383	89,700	104,722	116,500	128,177
YoY growth (%)	5.9	14.4	16.7	11.2	10.0
Adjusted net profit (RMB mn)	5,955.6	8,408.0	10,026.3	12,095.5	13,216.4
EPS (Reported) (RMB)	0.70	0.95	1.09	1.32	1.44
YoY growth (%)	31.7	35.5	14.6	20.6	9.3
Consensus EPS (RMB)	na	0.00	1.16	1.47	1.77
P/E (x)	27.2	20.1	17.5	14.5	13.3
P/B (x)	2.3	2.0	1.8	1.7	1.6
Yield (%)	1.9	2.5	2.9	3.4	3.8
Net gearing (%)	(14.5)	(38.0)	(39.1)	(39.2)	(44.4)

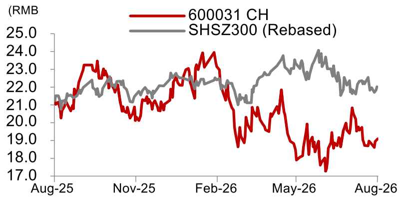
Source: Company data, Bloomberg, CMBIGM estimates

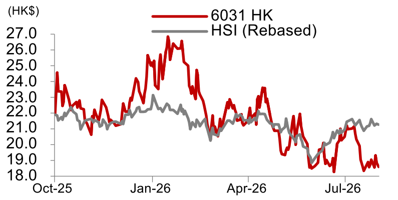
	600031 CH	6031 HK
	BUY	**BUY**
	Maintain	**Maintain**
TP	RMB26.20	HK$27.50
Prior TP	RMB27.00	HK$29.50
Up/Downside	37.2%	47.9%
Current Price	RMB19.1	HK$18.6

China Capital Goods

Wayne FUNG, CFA
(852) 3900 0826
waynefung@cmbi.com.hk

12-mth Price Performance





Source: FactSet

Stock Performance

	600031 CH		6031 HK	
	Abs.	Rel.	Abs.	Rel.
1-mth	-3.0%	-3.9%	-9.0%	-4.1%
3-mth	6.7%	13.8%	-5.2%	4.3%
6-mth	-17.5%	-15.7%	-26.1%	-14.1%

Source: FactSet

Stock Data

(LC)	600031 CH	6031 HK
Mkt Cap (mn)	161872.5	13403.39
Avg 3 mths t/o (mn)	1702.79	118.54
52w High	23.98	NA
52w Low	17.28	NA
Issued Shares (mn)	8475	721

Source: FactSet

Related reports:
Capital Goods – Machinery: 2Q26 earnings preview – 28 Jul 2026 (link)

Results highlights

Figure 1: SANY Heavy's 1H26 revenue and gross margin breakdown

(RMB mn)	1H25	1H26	*Change (YoY)*
Revenue			
Concrete machinery	7,441	9,022	*21.3%*
Excavator	17,497	21,306	*21.8%*
Crane machinery	7,804	8,446	*8.2%*
Piling machinery	1,341	2,187	*63.1%*
Earth moving machinery	2,159	2,278	*5.5%*
Other machinery	7,409	9,003	*21.5%*
Revenue (construction machinery)	**43,650**	**52,242**	***19.7%***
Interest income from financing	247	201	*-18.5%*
Other business	883	1,063	*20.4%*
Total revenue	**44,780**	**53,506**	***19.5%***
Gross margin			***Change (ppt)***
Concrete machinery	*22.9%*	*23.4%*	*0.5*
Excavator	*32.7%*	*34.3%*	*1.6*
Crane machinery	*29.1%*	*28.2%*	*(0.8)*
Piling machinery	*29.4%*	*36.5%*	*7.1*
Earth moving machinery	*27.9%*	*29.0%*	*1.1*
Other machinery	*18.1%*	*14.8%*	*(3.3)*
Gross margin (construction machinery)	***27.6%***	***27.9%***	***0.4***
Interest income from financing	*64.7%*	*69.9%*	*5.2*
Other business	*20.9%*	*20.3%*	*(0.6)*
Blended gross margin	***27.6%***	***27.9%***	***0.3***

Source: Company data, CMBIGM

Figure 2: SANY Heavy's 1H26 financials

YE Dec 31 (RMB mn)	1H25	1H26	*Change (YoY)*
Total revenue	**44,780**	**53,506**	*19.5%*
Cost of sales	-32,402	-38,556	*19.0%*
Gross profit	**12,378**	**14,950**	***20.8%***
Surcharge	-280	-324	*15.9%*
S&D expenses	-2,928	-3,497	*19.4%*
Administrative expenses	-1,257	-1,299	*3.3%*
R&D expense	-2,162	-2,340	*8.2%*
Fair value change	-677	485	*n/a*
Asset impairment	-442	-753	*70.4%*
EBIT	**4,632**	**7,222**	***55.9%***
Net finance income/(cost)	857	-1,650	*n/a*
Finance income	1,176	-1,435	*n/a*
Finance expenses	-319	-216	*-32.4%*
Other gains/(losses)	613	980	*59.8%*
Share of profit of JV and associates	-26	112	*n/a*
Pretax profit	**6,077**	**6,664**	***9.7%***
Income tax	-792	-940	*18.7%*
After tax profit	**5,285**	**5,724**	***8.3%***
MI	-71	-34	*-52.4%*
Net profit	**5,214**	**5,691**	***9.1%***
Recurring net profit	**5,214**	**5,691**	***9.1%***
D&A	1,744	1,786	*2.4%*
EBITDA	**6,376**	**9,008**	***41.3%***
Key ratios			
Gross margin	*27.6%*	*27.9%*	*0.3*
S&D expense ratio	*6.5%*	*6.5%*	*0.0*
Administrative expense ratio	*2.8%*	*2.4%*	*-0.4*
R&D expense ratio	*4.8%*	*4.4%*	*-0.5*
Net profit margin	*11.8%*	*10.7%*	*-1.1*
Effective tax rate	*13.0%*	*14.1%*	*1.1*

Source: Company data, CMBIGM

Figure 3: SANY Heavy's overseas revenue breakdown

(RMB mn)	1H25	1H26	Chg YoY	% of total
Asia Pacific (ex-China)	11,450	13,440	17%	42%
Europe	6,150	6,930	13%	22%
America	5,060	6,310	25%	20%
Africa	3,630	5,360	48%	17%
Total	**26,290**	**32,040**	**22%**	**100%**

Source: Company data, CMBIGM

Key operating assumptions

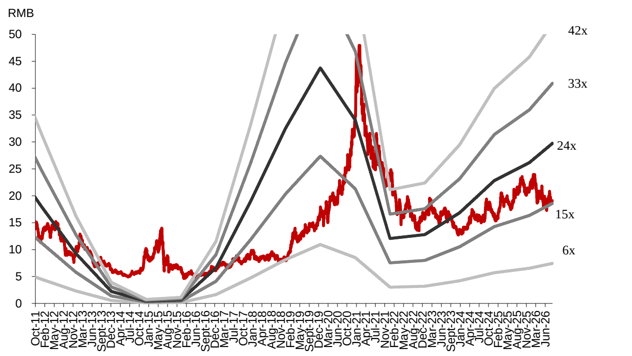
Figure 4: Changes in key assumptions for SANY Heavy

	Old			New			Change		
(RMB mn)	**2026E**	**2027E**	**2028E**	**2026E**	**2027E**	**2028E**	**2026E**	**2027E**	**2028E**
Revenue									
Concrete machinery	15,510	16,906	-	18,189	20,372	22,409	17.3%	20.5%	-
Excavator	40,632	45,102	-	41,352	46,727	51,867	1.8%	3.6%	-
Crane machinery	16,326	17,958	-	16,623	18,285	20,113	1.8%	1.8%	-
Piling machinery	2,463	2,586	-	3,753	4,053	4,256	52.4%	56.7%	-
Earth moving machinery	4,173	4,507	-	4,173	4,507	4,868	0.0%	0.0%	-
Other machinery	20,894	22,983	-	17,819	19,601	21,561	-14.7%	-14.7%	-
Revenue (construction machinery)	**99,998**	**110,043**	-	**101,909**	**113,545**	**125,074**	1.9%	3.2%	-
Interest income from financing	673	706	-	673	706	741	0.0%	0.0%	-
Other business	2,141	2,248	-	2,141	2,248	2,361	0.0%	0.0%	-
Total revenue	**102,812**	**112,997**	-	**104,722**	**116,500**	**128,177**	1.9%	3.1%	-
Gross margin							ppt		
Concrete machinery	21.0%	21.5%	-	21.0%	21.5%	21.5%	0.0	0.0	-
Excavator	32.8%	33.0%	-	35.0%	34.2%	34.0%	2.2	1.2	-
Crane machinery	28.0%	28.0%	-	28.0%	28.0%	28.0%	0.0	0.0	-
Piling machinery	33.5%	33.0%	-	36.4%	34.0%	34.0%	2.9	1.0	-
Earth moving machinery	28.5%	28.5%	-	28.5%	28.5%	28.5%	0.0	0.0	-
Other machinery	19.0%	20.0%	-	16.0%	16.0%	16.0%	(3.0)	(4.0)	-
Gross margin (construction machinery)	**27.1%**	**27.5%**	-	**27.8%**	**27.5%**	**27.5%**	0.7	0.0	-
Interest income from financing	59.0%	59.0%	-	59.0%	59.0%	59.0%	0.0	0.0	-
Other business	24.0%	24.0%	-	24.0%	24.0%	24.0%	0.0	0.0	-
Blended gross margin	**27.3%**	**27.6%**	-	**27.9%**	**27.7%**	**27.6%**	0.7	0.0	-
			-						-
Net finance expense/(income)	1,137	1,313	-	-1,169	992	1,195	-202.8%	-24.4%	-
							ppt		
S&D expense ratio	6.5%	6.5%	-	7.0%	6.8%	6.8%	0.5	0.3	-
Administrative expense ratio	3.5%	3.5%	-	3.0%	3.0%	3.0%	(0.5)	(0.5)	-
R&D expense ratio	5.8%	5.8%	-	5.4%	5.8%	5.8%	(0.4)	0.0	-
Effective tax	13.0%	13.0%	-	13.0%	13.0%	13.0%	0.0	0.0	-
Net profit	**10,322**	**11,647**	**-**	**10,026**	**12,096**	**13,216**	**-2.9%**	**3.8%**	**-**

Source: Company data, CMBIGM estimates

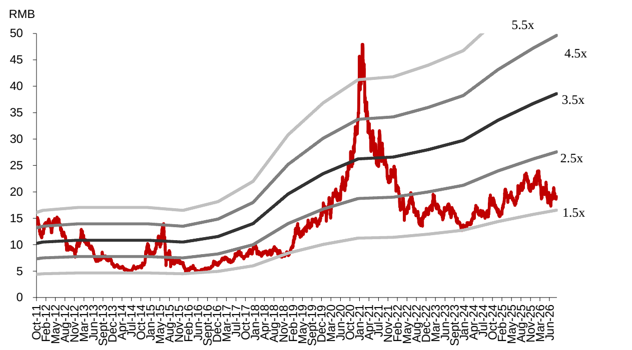
Valuation

Figure 5: SANY-A's P/E band



Source: Company data, Bloomberg, CMBIGM estimates
Note: 12M forward P/E on daily basis

Figure 6: SANY-A's P/B band



Source: Company data, Bloomberg, CMBIGM estimates
Note: 12M forward P/B on daily basis

Key risks: (1) Slowdown of overseas demand; (2) further appreciation of RMB rate; (3) decline in mining capex.

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**74,019**	**78,383**	**89,700**	**104,722**	**116,500**	**128,177**
Cost of goods sold	(53,312)	(57,473)	(64,825)	(75,458)	(84,264)	(92,804)
Gross profit	**20,707**	**20,910**	**24,875**	**29,264**	**32,235**	**35,373**
Operating expenses	**(16,394)**	**(15,261)**	**(16,232)**	**(17,993)**	**(20,369)**	**(22,414)**
Selling expense	(6,218)	(5,464)	(6,415)	(7,331)	(7,922)	(8,716)
Admin expense	(2,651)	(2,996)	(2,589)	(3,142)	(3,495)	(3,845)
R&D expense	(5,865)	(5,381)	(5,033)	(5,655)	(6,757)	(7,434)
Others	(1,660)	(1,420)	(2,195)	(1,865)	(2,195)	(2,418)
Operating profit	**4,313**	**5,649**	**8,643**	**11,272**	**11,866**	**12,959**
Share of (losses)/profits of associates/JV	50	58	45	203	185	191
EBITDA	**7,201**	**8,896**	**11,833**	**14,604**	**15,411**	**16,507**
Depreciation	2,888	3,247	3,190	3,333	3,544	3,548
Interest income	980	1,009	1,149	(406)	1,549	1,753
Interest expense	(517)	(1,211)	(837)	(763)	(557)	(559)
Net Interest income/(expense)	**463**	**(202)**	**312**	**(1,169)**	**992**	**1,195**
Others	491	1,402	907	1,300	1,000	1,000
Pre-tax profit	**5,317**	**6,908**	**9,907**	**11,606**	**14,043**	**15,345**
Income tax	(710)	(815)	(1,420)	(1,509)	(1,826)	(1,995)
Minority interest	(79)	(137)	(80)	(71)	(122)	(133)
Adjusted net profit	**4,527**	**5,956**	**8,408**	**10,026**	**12,096**	**13,216**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**97,633**	**101,505**	**124,298**	**134,068**	**144,044**	**157,106**
Cash & equivalents	18,072	20,383	38,451	42,759	45,773	54,413
Account receivables	24,165	25,517	25,540	30,694	32,503	36,326
Inventories	19,768	19,948	22,527	22,955	27,835	28,611
Other current assets	35,629	35,658	37,779	37,660	37,934	37,756
Non-current assets	**53,569**	**50,640**	**49,001**	**52,144**	**51,727**	**53,232**
PP&E	23,453	22,369	21,159	20,847	20,328	19,708
Deferred income tax	3,070	3,577	3,982	3,982	3,982	3,982
Investment in JVs & assos	2,401	2,425	2,489	2,591	2,683	2,779
Intangibles	4,832	4,615	4,235	3,894	3,540	3,182
Goodwill	50	48	41	41	41	41
Financial assets at FVTPL	0	0	0	0	0	0
Other non-current assets	19,763	17,606	17,095	20,789	21,154	23,541
Total assets	**151,202**	**152,145**	**173,299**	**186,212**	**195,772**	**210,338**
Current liabilities	**54,415**	**63,669**	**71,856**	**76,320**	**78,675**	**85,939**
Short-term borrowings	9,551	9,461	12,776	12,876	12,976	13,056
Account payables	22,693	28,654	36,064	40,428	42,682	49,867
Tax payable	1,063	1,224	1,665	1,665	1,665	1,665
Other current liabilities	21,109	24,330	21,351	21,351	21,351	21,351
Non-current liabilities	**27,614**	**15,474**	**12,011**	**12,011**	**12,011**	**12,011**
Long-term borrowings	23,556	11,556	7,853	7,853	7,853	7,853
Other non-current liabilities	4,059	3,918	4,158	4,158	4,158	4,158
Total liabilities	**82,029**	**79,143**	**83,868**	**88,331**	**90,686**	**97,951**
Total shareholders equity	**68,040**	**71,924**	**88,331**	**96,710**	**103,793**	**110,961**
Minority interest	1,133	1,078	1,100	1,171	1,293	1,427
Total equity and liabilities	**151,202**	**152,145**	**173,299**	**186,212**	**195,772**	**210,338**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**5,317**	**6,908**	**9,907**	**11,606**	**14,043**	**15,345**
Depreciation & amortization	2,888	3,247	3,190	3,333	3,544	3,548
Tax paid	(710)	(815)	(1,420)	(1,509)	(1,826)	(1,995)
Change in working capital	(3,067)	4,910	7,338	(4,793)	(5,072)	375
Others	1,281	565	960	966	(1,177)	(1,386)
Net cash from operations	**5,708**	**14,814**	**19,975**	**9,602**	**9,513**	**15,887**
Investing						
Capital expenditure	(4,128)	(2,685)	(2,246)	(2,600)	(2,600)	(2,500)
Acquisition of subsidiaries/ investments	(92)	(11)	19	0	0	0
Others	1,527	1,538	(15,682)	(384)	1,572	1,779
Net cash from investing	**(2,694)**	**(1,158)**	**(17,909)**	**(2,984)**	**(1,028)**	**(721)**
Financing						
Dividend paid	(1,359)	(1,862)	(5,648)	(1,647)	(5,013)	(6,048)
Net borrowings	(2,049)	(6,884)	(4,040)	100	100	80
Proceeds from share issues	0	573	14,497	0	0	0
Others	(4,122)	(2,107)	(3,233)	(763)	(557)	(559)
Net cash from financing	**(7,530)**	**(10,279)**	**1,576**	**(2,310)**	**(5,470)**	**(6,526)**
Net change in cash						
Cash at the beginning of the year	21,343	18,072	20,383	38,451	42,759	45,773
Exchange difference	1,244	(1,066)	14,426	0	0	0
Cash at the end of the year	**18,072**	**20,383**	**38,451**	**42,759**	**45,773**	**54,413**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	(8.4%)	5.9%	14.4%	16.7%	11.2%	10.0%
Gross profit	5.3%	1.0%	19.0%	17.6%	10.2%	9.7%
Operating profit	71.7%	31.0%	53.0%	30.4%	5.3%	9.2%
EBITDA	46.8%	23.5%	33.0%	23.4%	5.5%	7.1%
Adj. net profit	6.0%	31.5%	41.2%	19.2%	20.6%	9.3%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	28.0%	26.7%	27.7%	27.9%	27.7%	27.6%
Operating margin	5.8%	7.2%	9.6%	10.8%	10.2%	10.1%
EBITDA margin	9.7%	11.3%	13.2%	13.9%	13.2%	12.9%
Adj. net profit margin	6.1%	7.6%	9.4%	9.6%	10.4%	10.3%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	0.1	(0.1)	(0.4)	(0.4)	(0.4)	(0.4)
Current ratio (x)	1.8	1.6	1.7	1.8	1.8	1.8
Receivable turnover days	181.4	174.7	155.8	147.0	149.0	147.0
Inventory turnover days	135.2	126.1	119.6	110.0	110.0	111.0
Payable turnover days	176.6	163.0	182.2	185.0	180.0	182.0

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	35.8	27.2	20.1	17.5	14.5	13.3
P/B	2.4	2.3	2.0	1.8	1.7	1.6
Div yield (%)	1.1	1.9	2.5	2.9	3.4	3.8

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

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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