27 Aug 2026

CMB International Global Markets | Equity Research | Company Update

SANY International (631 HK)

Net profit in 2Q26 +7% YoY, beating expectation

SANYI's 1H26 net profit came in at RMB1.22bn (-6% YoY). This implies 2Q26 net profit of RMB708mn (+7% YoY), a turnaround and above our expectations. We see the acceleration of revenue growth (+27% YoY), coupled with resilient gross margin in 2Q26 (+0.1ppt YoY, +2.5ppt QoQ), as positive signs. We believe the resilient 2Q26 earnings will help restore investors' confidence (following a set of unexciting 1Q26 results). We remain positive on SANYI's structural penetration of large mining trucks overseas, and we see the current valuation (10x 2026E P/E) as an attractive entry point. Our TP is unchanged at HK$17.1, based on 20x 2026E P/E (equivalent to the peak level since 2017, to reflect the upcycle of metals). SANYI will host conference call today at 10:00a.m. (HKT).

- **1H26 earnings highlight.** Total revenue grew 21% YoY to RMB14.8bn, driven by strong mining equipment revenue (+32% YoY) and logistics equipment (+34% YoY) which more than offset the weak oil & gas equipment and emerging industries business. Blended gross margin dropped 1.6ppt YoY to 22.1%, but improvement is seen in 2Q26 (23.2%, +0.1ppt YoY). Net profit in 1H26 slightly dropped 6% YoY to RMB1.22bn.
- **Regional breakdown in 1H26.** Revenue from China slightly dropped 3% YoY to RMB7.9bn while overseas revenue surged 70% YoY to RMB6.8bn. In particular, revenue in Asia (ex-China) surged 1.7x YoY to RMB3.9bn, the strongest among all regions.
- **Segment EBIT in 1H26.** Total EBIT dropped 8% YoY to RMB1.54bn (mining equipment: +47% YoY; logistics machinery: -4% YoY; oil & gas equipment: -42% YoY; emerging industries business: loss of RMB364mn vs profit of RMB57mn in 1H25).
- **Key risks:** (1) further weakness of coal mining activities in China; (2) higher-than-expected operating loss of emerging business; (3) cost inflation due to elevated commodity prices.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	21,910	24,334	31,621	37,409	44,013
YoY growth (%)	8.0	11.1	29.9	18.3	17.7
Adjusted net profit (RMB mn)	1,849.9	1,850.9	2,393.2	3,368.1	4,243.1
YoY growth (%)	(4.1)	0.1	29.3	40.7	26.0
EPS (Adjusted) (RMB)	0.58	0.57	0.74	1.04	1.31
Consensus EPS (RMB)	na	0.00	0.72	0.99	1.34
P/E (x)	21.8	13.6	10.2	7.2	5.7
P/B (x)	2.0	1.8	1.7	1.5	1.3
Yield (%)	3.6	4.3	5.4	6.9	8.7
ROE (%)	9.3	14.0	17.3	21.6	23.7
Net gearing (%)	17.4	13.0	6.9	4.6	(1.5)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$17.10**
Up/Downside	**95.4%**
Current Price	**HK$8.75**

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Stock Data

Mkt Cap (HK$ mn)	28,283.7
Avg 3 mths t/o (HK$ mn)	77.5
52w High/Low (HK$)	15.97/6.61
Total Issued Shares (mn)	3232.4

Source: FactSet

Shareholding Structure

Sany Heavy Equipment Investments Company	64.9%
Free float	33.9%

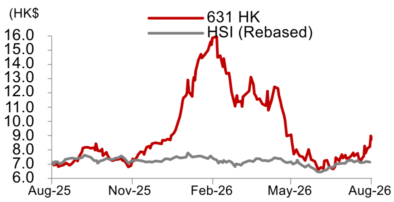
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	17.9%	14.8%
3-mth	-3.4%	-3.6%
6-mth	-44.8%	-43.2%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related reports:

SANYI – Expect 2Q26 net profit to -10% YoY – 28 Jul 2026 (link)

SANYI – Weak 1Q26 results but should be expected by the market; Focus on mining truck growth – 21 May 2026 (link)

SANYI – Key takeaways from Hong Kong NDR – 27 Apr 2026 (link)

SANYI– Multiple growth drivers ahead – 2 Apr 2026 (link)

Figure 1: SANYI's 2Q26 results

RMB mn	1Q25	1Q26	*Chg (YoY)*	2Q25	2Q26	*Chg (YoY)*
Revenue	5,876	6,651	*13%*	6,360	8,099	*27%*
Cost of sales	(4,448)	(5,272)	*19%*	(4,890)	(6,218)	*27%*
Gross profit	1,428	1,379	*-3%*	1,470	1,881	*28%*
Gross margin	***24.3%***	***20.7%***		***23.1%***	***23.2%***	
Pretax profit	821	627	*-24%*	886	932	*5%*
Pretax profit margin	*14.0%*	*9.4%*		*13.9%*	*11.5%*	
Net profit	635	509	*-20%*	659	708	*7%*
Net margin	*10.8%*	*7.7%*		*10.4%*	*8.7%*	
Adjusted net profit	**635**	**509**	*-20%*	**659**	**708**	*7%*
Adjusted net margin	*10.8%*	*7.7%*		*10.4%*	*8.7%*	

Source: Company data, CMBIGM

Figure 2: SANYI's segment breakdown in 1H26

(RMB mn)	1H25	1H26	*Change (YoY)*
Revenue			
Mining equipment	4,960	6,546	*32.0%*
Sales	4,637	6,336	*36.6%*
Others	323	210	*-34.8%*
Logistics equipment	3,762	5,027	*33.6%*
Sales	3,680	4,604	*25.1%*
Others	82	423	*415.7%*
Oil & Gas equipment	1,342	1,278	*-4.7%*
Sales	1,325	1,226	*-7.5%*
Others	17	52	*214.6%*
Emerging industry equipment	2,619	2,627	*0.3%*
Sales	2,594	2,584	*-0.4%*
Others	25	43	*75.6%*
Total sales	12,237	14,750	*20.5%*
Segment EBIT			
Mining equipment	769	1,128	*46.8%*
Logistics machinery	739	713	*-3.5%*
Oil & Gas equipment	115	67	*-41.6%*
Emerging industry equipment	57	(364)	*n/a*
Total segment results	1,680	1,544	*-8.1%*
Segment margin			*ppt*
Mining equipment	*16.6%*	*17.8%*	*1.2*
Logistics machinery	*20.1%*	*15.5%*	*-4.6*
Oil & Gas equipment	*8.7%*	*5.5%*	*-3.2*
Emerging industry equipment	*2.2%*	*-14.1%*	*-16.3*
Blended	*13.7%*	*10.5%*	*-3.3*

Source: Company data, CMBIGM

Figure 3: SANYI's results in 1H26

YE Dec 31(RMB mn)	1H25	1H26	*Change (YoY)*
Total sales	**12,237**	**14,750**	***20.5%***
Cost of sales	(9,338)	(11,491)	*23.1%*
Gross profit	**2,899**	**3,259**	***12.4%***
Other income	475	460	*-3.2%*
Other gains and losses	(94)	(122)	*30.3%*
S&D expenses	(576)	(723)	*25.5%*
Administrative expenses	(986)	(1,053)	*6.8%*
Other expenses	(4)	(170)	*3929.2%*
EBIT	**1,714**	**1,651**	***-3.7%***
Net finance income/(cost)	(3)	(78)	*2183.3%*
Finance income	119	65	*-45.0%*
Finance expenses	(122)	(143)	*17.5%*
Share of profit of JV and associates	(3)	(15)	*n/a*
Pretax profit	**1,707**	**1,558**	***-8.7%***
Income tax	(413)	(383)	*-7.2%*
After tax profit	**1,294**	**1,175**	***-9.2%***
MI	0	42	*20096.7%*
Net profit	**1,294**	**1,218**	***-5.9%***
Adjusted net profit	**1,294**	**1,218**	***-5.9%***
D&A	533	612	*14.9%*
EBITDA	**2,247**	**2,264**	*0.8%*

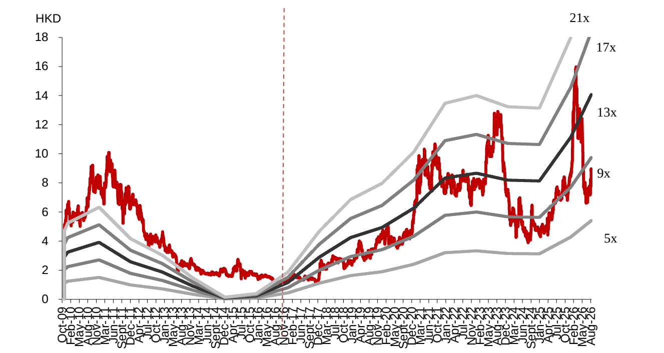
Source: Company data, CMBIGM

Figure 4: Key operating assumptions for SANYI

(RMB mn)	2023	2024	2025	2026E	2027E	2028E
Revenue						
Road header	2,554	1,803	1,513	1,293	1,345	1,400
Combined coal mining units (CCMU)	3,621	3,434	1,492	1,328	1,367	1,408
Small-size logisitics machinery	4,179	5,035	4,786	5,420	5,997	6,659
Small-size port machinery	3,423	3,789	3,691	4,060	4,344	4,648
Telescopic forklift	756	1,179	1,065	1,331	1,624	1,981
Property rental income	-	67	30	28	28	29
Large-size port machinery	1,238	1,904	2,865	4,240	5,511	7,165
Mining trucks	4,027	3,804	4,209	6,995	8,583	10,380
Large-size mining trucks	-	-	954	3,612	5,086	6,866
Wide-body trucks	-	-	2,900	2,958	2,987	2,928
Articulated trucks	-	-	354	425	510	587
After sales service	1,433	1,947	2,120	2,650	3,233	3,944
Robot	800	-	-	-	-	-
Lithium battery	302	479	2,670	4,005	4,806	5,767
Oil and gas equipment	1,500	1,867	2,748	3,161	3,477	3,650
Solar power	-	1,348	1,777	2,311	2,773	3,189
Hydrogen	-	-	102	158	245	380
Total	**20,278**	**21,910**	**24,334**	**31,621**	**37,409**	**44,013**
Growth (YoY)						
Road header	*-14.0%*	*-29.4%*	*-16.1%*	*-14.5%*	*4.0%*	*4.0%*
Combined coal mining units (CCMU)	*22.0%*	*-5.2%*	*-56.6%*	*-11.0%*	*3.0%*	*3.0%*
Small-size logisitics machinery	*29.9%*	*20.5%*	*-4.9%*	*13.2%*	*10.7%*	*11.0%*
Small-size port machinery	-	-	*-2.6%*	*10.0%*	*7.0%*	*7.0%*
Telescopic forklift	-	-	*-9.7%*	*25.0%*	*22.0%*	*22.0%*
Property rental income	-	-	*-55.5%*	*-5.0%*	*1.0%*	*1.0%*
Large-size port machinery	*-10.1%*	*53.8%*	*50.5%*	*48.0%*	*30.0%*	*30.0%*
Mining trucks	*37.8%*	*-5.5%*	*10.7%*	*66.2%*	*22.7%*	*20.9%*
Large-size mining trucks	-	-	-	*278.5%*	*40.8%*	*35.0%*
Wide-body trucks	-	-	-	*2.0%*	*1.0%*	*-2.0%*
Articulated trucks	-	-	-	*20.0%*	*20.0%*	*15.0%*
After sales service	*40.8%*	*35.9%*	*8.8%*	*25.0%*	*22.0%*	*22.0%*
Robot	*-24.5%*	*-100.0%*	-	-	-	-
Lithium battery	-	*58.7%*	*457.1%*	*50.0%*	*20.0%*	*20.0%*
Oil and gas equipment	-	*24.5%*	*47.2%*	*15.0%*	*10.0%*	*5.0%*
Solar power	-	-	*31.8%*	*30.0%*	*20.0%*	*15.0%*
Hydrogen	-	-	*161.7%*	*55.0%*	*55.0%*	*55.0%*
Average	***30.5%***	***8.0%***	***11.1%***	***29.9%***	***18.3%***	***17.7%***
Blended gross margin	***26.9%***	***22.4%***	***22.3%***	***21.6%***	***23.2%***	***23.9%***

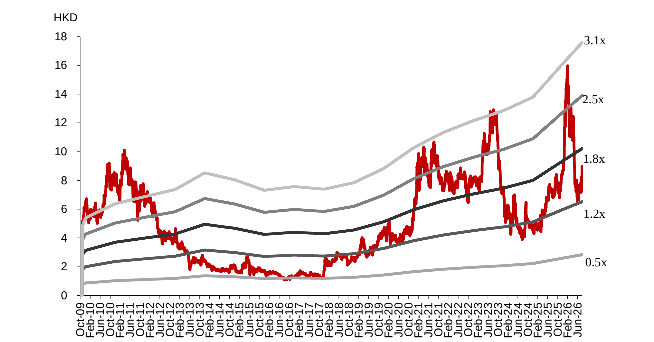
Source: Company data, CMBIGM estimates

Figure 5: SANYI's P/E band



Source: Bloomberg, company data, CMBIGM estimates

Figure 6: SANYI's P/B band



Source: Bloomberg, company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**20,278**	**21,910**	**24,334**	**31,621**	**37,409**	**44,013**
Cost of goods sold	(14,831)	(16,996)	(18,910)	(24,805)	(28,712)	(33,489)
Gross profit	**5,447**	**4,913**	**5,424**	**6,816**	**8,697**	**10,524**
Selling expense	(1,262)	(1,286)	(1,358)	(1,739)	(1,983)	(2,333)
Admin expense	(2,213)	(2,163)	(2,174)	(2,625)	(3,105)	(3,653)
Other income	441	507	570	696	823	968
Other expense	(42)	(502)	(171)	(95)	(112)	(88)
Other gains/(losses)	(144)	(25)	(147)	(63)	(75)	(88)
Share of (losses)/profits of associates/JV	0	2	(5)	4	4	4
EBITDA	**2,751**	**2,249**	**3,283**	**3,979**	**5,306**	**6,463**
Depreciation	525	803	1,144	986	1,057	1,128
EBIT	**2,226**	**1,446**	**2,139**	**2,994**	**4,249**	**5,335**
Interest income	193	204	293	315	331	350
Interest expense	(158)	(229)	(253)	(325)	(326)	(326)
Net Interest income/(expense)	**35**	**(25)**	**40**	**(9)**	**5**	**24**
Pre-tax profit	**2,260**	**1,421**	**2,179**	**2,985**	**4,254**	**5,359**
Income tax	(422)	(353)	(431)	(627)	(936)	(1,179)
After tax profit	**1,839**	**1,068**	**1,748**	**2,358**	**3,318**	**4,180**
Minority interest	90	34	31	35	50	63
Net profit	**1,929**	**1,102**	**1,779**	**2,393**	**3,368**	**4,243**
Adjusted net profit	**1,929**	**1,850**	**1,851**	**2,393**	**3,368**	**4,243**
Gross dividends	556	863	1,047	1,316	1,684	2,122

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**20,778**	**26,227**	**29,645**	**35,218**	**37,469**	**45,370**
Cash & equivalents	3,241	5,340	6,064	6,871	7,107	8,154
Account receivables	8,356	10,010	10,870	14,254	15,468	19,742
Inventories	3,432	5,048	5,845	6,388	7,457	8,875
Prepayment	1,261	1,598	1,682	1,682	1,682	1,682
ST bank deposits	43	71	227	227	227	227
Financial assets at FVTPL	2,160	2,394	3,060	3,060	3,060	3,060
Other current assets	2,284	1,767	1,897	2,737	2,467	3,629
Non-current assets	**14,185**	**14,701**	**15,276**	**15,404**	**15,361**	**15,248**
PP&E	7,276	7,990	8,442	8,827	9,041	9,185
Deferred income tax	336	423	407	407	407	407
Goodwill	2,537	2,067	1,995	1,995	1,995	1,995
Other non-current assets	4,036	4,221	4,432	4,176	3,918	3,660
Total assets	**34,963**	**40,928**	**44,921**	**50,623**	**52,830**	**60,617**
Current liabilities	**16,173**	**21,210**	**23,119**	**27,509**	**27,715**	**33,006**
Short-term borrowings	2,653	4,250	4,269	4,369	4,369	4,369
Account payables	8,098	11,213	12,126	16,416	16,622	21,913
Tax payable	237	162	63	63	63	63
Other current liabilities	5,184	5,584	6,661	6,661	6,661	6,661
Non-current liabilities	**7,252**	**7,543**	**8,633**	**8,633**	**8,633**	**8,633**
Long-term borrowings	5,249	5,684	6,792	6,792	6,792	6,792
Other non-current liabilities	2,003	1,858	1,841	1,841	1,841	1,841
Total liabilities	**23,425**	**28,752**	**31,752**	**36,142**	**36,348**	**41,639**
Total shareholders equity	**11,589**	**12,221**	**13,192**	**14,539**	**16,591**	**19,150**
Minority interest	(51)	(46)	(23)	(59)	(108)	(171)
Total equity and liabilities	**34,963**	**40,928**	**44,921**	**50,623**	**52,830**	**60,617**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**2,260**	**1,421**	**2,179**	**2,985**	**4,254**	**5,359**
Depreciation & amortization	525	803	1,144	986	1,057	1,128
Tax paid	(431)	(516)	(431)	(627)	(936)	(1,179)
Change in working capital	476	(446)	347	(477)	(1,809)	(1,562)
Others	(307)	890	(782)	6	(9)	(29)
Net cash from operations	**2,524**	**2,152**	**2,457**	**2,872**	**2,557**	**3,717**
Investing						
Capital expenditure	(2,294)	(725)	(1,281)	(1,100)	(1,000)	(1,000)
Acquisition of subsidiaries/ investments	(2,509)	(7)	0	0	0	0
Others	(162)	(242)	(346)	306	321	341
Net cash from investing	**(4,965)**	**(973)**	**(1,627)**	**(794)**	**(679)**	**(659)**
Financing						
Dividend paid	(729)	(634)	(863)	(1,047)	(1,316)	(1,684)
Net borrowings	(126)	(221)	(255)	(325)	(326)	(326)
Proceeds from share issues	104	4	0	0	0	0
Others	3,712	1,746	835	100	0	0
Net cash from financing	**2,961**	**895**	**(283)**	**(1,271)**	**(1,642)**	**(2,010)**
Net change in cash						
Cash at the beginning of the year	2,690	3,241	5,340	6,064	6,871	7,107
Exchange difference	32	25	177	0	0	0
Cash at the end of the year	**3,241**	**5,340**	**6,064**	**6,871**	**7,107**	**8,154**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	30.5%	8.0%	11.1%	29.9%	18.3%	17.7%
Gross profit	50.1%	(9.8%)	10.4%	25.7%	27.6%	21.0%
EBITDA	20.3%	(18.3%)	46.0%	21.2%	33.3%	21.8%
EBIT	11.6%	(35.0%)	47.9%	40.0%	41.9%	25.6%
Net profit	15.9%	(42.9%)	61.5%	34.5%	40.7%	26.0%
Adj. net profit	15.9%	(4.1%)	0.1%	29.3%	40.7%	26.0%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	26.9%	22.4%	22.3%	21.6%	23.2%	23.9%
EBITDA margin	13.6%	10.3%	13.5%	12.6%	14.2%	14.7%
Adj. net profit margin	9.5%	8.4%	7.6%	7.6%	9.0%	9.6%
Return on equity (ROE)	17.8%	9.3%	14.0%	17.3%	21.6%	23.7%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	0.2	0.2	0.1	0.1	0.0	(0.0)
Current ratio (x)	1.3	1.2	1.3	1.3	1.4	1.4
Receivable turnover days	132.9	153.0	156.6	145.0	145.0	146.0
Inventory turnover days	82.6	91.1	105.1	90.0	88.0	89.0
Payable turnover days	181.4	207.4	225.3	210.0	210.0	210.0

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	12.4	21.8	13.6	10.2	7.2	5.7
P/B	2.1	2.0	1.8	1.7	1.5	1.3
Div yield (%)	2.3	3.6	4.3	5.4	6.9	8.7

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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