Capital Goods

OUTPERFORM (Maintain)

3Q25 results first take: SANY Heavy & Zoomlion beat; Weichai in-line; SANYI missed

Four companies under our coverage reported their 3Q25 results after market close yesterday (30 Oct). SANY Heavy delivered better-than-expected earnings (+48% YoY), driven by decent expense control. Zoomlion's profit growth of 36% YoY is also above our expectation, driven by growth acceleration in overseas and recovery in China. Weichai Power's net profit grew 29% YoY, driven by strong HDT/engines sales, which is largely in-line with expectation. On the contrary, SANYI's earnings growth of only 16% (due to higher expense) is slightly below our expectation.

- **SANY Heavy (600031 CH, BUY, TP: RMB24) – Strong operating leverage with decent expense control.** Revenue grew 11% YoY to RMB21.3bn in 3Q25. Gross margin slightly contracted 0.4ppts YoY to 28.2%, while S&D expense ratio fell 0.9ppts YoY to 7.4%, representing a net expansion in margin (change in accounting effect eliminated). Administrative expense ratio dropped 0.5ppts YoY to 3%, while R&D expense ratio dropped 0.7ppts YoY to 5.7% (a continuous YoY reduction trend since late 2022). **Net profit grew 48% YoY to RMB1.9bn**. In 9M25, net profit grew 47% YoY to RMB7.1bn, accounting for 84% of our full-year estimate (run rate in 9M24: 81%). We will revise our model to reflect the latest completion of H-share IPO in our next update. **SANY will hold a conference call at 10:00 a.m. (HKT) today (31 Oct)**.
- **Zoomlion (1157 HK, TP: HK$7.4 / 000157 CH, TP: RMB9.9, BUY) – Overseas sales growth accelerated; China sales returned to growth.** Revenue grew 25% YoY to RMB12.3bn in 3Q25, with overseas surging 34% YoY to RMB7.5bn and China growing 13% YoY to RMB4.8bn. Gross margin slightly contracted 0.5ppts YoY to 28%, while S&D expense ratio reduced 0.7ppts YoY to 8.1%, representing a net expansion in margin (change in accounting effect eliminated). Both administrative and R&D expense ratio dropped YoY. **Net profit in 3Q25 grew 36% YoY to RMB1.2bn, despite FX loss due to RMB appreciation**. In 9M25, net profit grew 25% YoY to RMB3.9bn, which accounted for 94% of our full-year forecast (run rate in 9M24: 89%). Meanwhile, **Zoomlion proposed to issue 5-year RMB-denominated CBs (convertible to H-shares)**, which amounts to RMB6bn. The conversion price of HK$9.75 implies ~32% premium to yesterday's closing price. Zoomlion plans to invest the proceeds in the expansion of overseas capacity (50%), as well as emerging businesses including robots and new energy machinery (50%). The proposal is subject to shareholders' approval. **Zoomlion will hold a conference call at 15:00 (HKT) today (31 Oct)**.
- **Weichai Power (2338 HK, TP: HK$19.5 / 000338 CH, TP: RMB19.9, BUY) – Revenue growth resumed driven by strong HDT/engine sector.** Revenue in 3Q25 grew 16% YoY to RMB57.4bn. Based on our calculation, the growth was attributable to (1) 23% YoY increase in core business (engine, HDT, agricultural machinery), and (2) 6% YoY increase in KION's revenue (in RMB). Blended gross margin in 3Q25 contracted 0.7ppts to 21.4%. Both SG&A and R&D expense ratio dropped in 3Q25. According to **KION (KGX GR)**, the efficiency program-related expense for the full year is revised down to EUR170-190mn (from EUR240-260mn), which was already largely recognized in 1H25. **Net profit in 3Q25 grew 29% YoY to RMB3.2bn**. In 9M25, net profit grew 6% YoY to RMB8.9bn, accounting for 73% of our full-year estimates (run rate in 9M24: 74%).
- **SANY International (631 HK, BUY, TP: HK$8.9)** – **Profit growth slower-than-expectation due to higher expense.** Revenue in 3Q25 grew 15% YoY to RMB5.9bn. Gross margin contracted 0.8ppts (+1.1ppts) to 24.2%. Pretax profit dropped 7% YoY to RMB502mm, which is slightly below our

China Capital Goods Sector

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Related reports:

Zhejiang Dingli – 3Q25 net profit -15% YoY, below expectations – 30 Oct 2025 (link)

Jiangsu Hengli – 3Q25 earnings growth accelerated to 31% YoY – 28 Oct 2025 (link)

Capital Goods – Recovery of non-earth-moving machinery sales in Sep suggests early sign of upcycle – 20 Oct 2025 (link)

Capital Goods – HDT sales +82% in Sep – 9 Oct 2025 (link)

Weichai Power – 1H25 results dragged by higher expenses; Expect a better 2H25E – 1 Sep 2025 (link)

SANY International – 2Q25 profit in-line; Raise earnings forecast on new business – 29 Aug 2025 (link)

Sinotruk – 1H25 profit in-line with our below-consensus forecast; Stable growth for full year largely priced-in – 28 Aug 2025 (link)

SANY Heavy – 2Q25 profit +38% YoY with interim dividend; Solid upcycle – 22 Aug 2025 (link)

Capital Goods – Strong domestic sales and export of excavators in Jul – 8 Aug 2025 (link) expectation (breakdown of SG&A expense is not disclosed on quarterly basis). **Helped by lower effective tax rate, net profit grew 16% YoY to RMB414mn in 3Q25.** In 9M25, net profit grew 23% YoY to RMB1.7bn, accounting for 75% of our full-year estimates. **SANYI will hold a conference call at 9:00 a.m. (HKT) today (31 Oct)**.

Weichai Power (2338 HK / 000338 CH, BUY)

Figure 1: Weichai's 3Q25 results

(RMB mn)	1Q24	1Q25	Chg (YoY)	2Q24	2Q25	Chg (YoY)	3Q24	3Q25	Chg (YoY)
Revenue	**56,380**	**57,464**	***2%***	**56,110**	**55,688**	***-1%***	**49,464**	**57,419**	***16%***
Cost of sales	(43,914)	(44,691)	*2%*	(44,109)	(43,364)	*-2%*	(38,523)	(45,145)	*17%*
Gross profit	**12,466**	**12,773**	***2%***	**12,000**	**12,324**	***3%***	**10,941**	**12,274**	***12%***
Other income	323	362	*12%*	540	739	*37%*	617	260	*-58%*
Other gains and losses	211	(38)	*n/a*	188	(83)	*n/a*	139	147	*5%*
S&D expenses	(3,272)	(3,237)	*-1%*	(2,856)	(3,390)	*19%*	(3,005)	(3,300)	*10%*
Administrative expenses	(2,612)	(4,091)	*57%*	(2,483)	(2,690)	*8%*	(2,444)	(2,435)	*0%*
R&D expenses	(2,091)	(2,040)	*-2%*	(2,211)	(2,096)	*-5%*	(1,904)	(2,040)	*7%*
Taxes and surcharges	(229)	(190)	*-17%*	(144)	(211)	*47%*	(119)	(155)	*30%*
Impairment loss of assets	(454)	(570)	*26%*	(293)	(535)	*82%*	(121)	253	*n/a*
EBIT	**4,343**	**2,971**	***-32%***	**4,742**	**4,058**	***-14%***	**4,104**	**5,004**	***22%***
Other expenses	(42)	(32)	*-24%*	(141)	(33)	*-76%*	(72)	(21)	*-71%*
Net finance cost	(106)	208	*n/a*	75	261	*248%*	(357)	124	*n/a*
Share of profit of JV and associates	(18)	(17)	*-4%*	63	(25)	*n/a*	(32)	89	*n/a*
Pretax profit	**4,177**	**3,129**	***-25%***	**4,739**	**4,261**	***-10%***	**3,643**	**5,196**	***43%***
Income tax	(832)	(308)	*-63%*	(710)	(519)	*-27%*	(675)	(907)	*34%*
After tax profit	**3,345**	**2,822**	***-16%***	**4,029**	**3,742**	***-7%***	**2,968**	**4,288**	***44%***
MI	(745)	(111)	*-85%*	(725)	(809)	*12%*	(470)	(1,054)	*124%*
Net profit	**2,600**	**2,711**	***4%***	**3,304**	**2,933**	***-11%***	**2,498**	**3,234**	***29%***
Key ratios			***Chg (ppt)***			***Chg (ppt)***			***Chg (ppt)***
Gross margin	*22.1%*	*22.2%*	*0.1*	*21.4%*	*22.1%*	*0.7*	*22.1%*	*21.4%*	*-0.7*
S&D expense ratio	*5.8%*	*5.6%*	*-0.2*	*5.1%*	*6.1%*	*1.0*	*6.1%*	*5.7%*	*-0.3*
Administrative expense ratio	*4.6%*	*7.1%*	*2.5*	*4.4%*	*4.8%*	*0.4*	*4.9%*	*4.2%*	*-0.7*
R&D expense ratio	*3.7%*	*3.5%*	*-0.2*	*3.9%*	*3.8%*	*-0.2*	*3.8%*	*3.6%*	*-0.3*
Effective tax rate	*19.9%*	*9.8%*	*-10.1*	*15.0%*	*12.2%*	*-2.8*	*18.5%*	*17.5%*	*-1.1*

Source: Company data, CMBIGM

Figure 2: KION's latest guidance for 2025E

(EUR mn)	2023	2024	2025E guidance (new)		2025E guidance (old)	
			Low-end	High-end	Low-end	High-end
Order intake	**10,876**	**10,321**	**-**	**-**	**-**	**-**
Growth (YoY)	*-7%*	*-5%*	*-*	*-*	*-*	*-*
Revenue	**11,434**	**11,503**	**11,100**	**11,400**	**10,900**	**11,700**
Growth (YoY)	*3%*	*1%*	*-4%*	*-1%*	*-5%*	*2%*
Adjusted EBIT	**791**	**917**	**760**	**820**	**720**	**870**
Growth (YoY)	*171%*	*16%*	*-17%*	*-11%*	*-21%*	*-5%*
Adjusted EBIT margin	*6.9%*	*8.0%*	*6.8%*	*7.2%*	*6.6%*	*7.4%*
Net income	**314**	**370**	**-**	**-**	**-**	**-**
Growth (YoY)	*197%*	*18%*	*-*	*-*	*-*	*-*

Source: Company data, CMBIGM

Figure 3: KION's quarterly financials

(EUR mn)	3Q24	4Q24	1Q25	2Q25	3Q25
Order intake	**2,427**	**2,815**	**2,706**	**3,500**	**2,676**
Growth (YoY)	*-7%*	*-4%*	*11%*	*33%*	*10%*
Revenue	**2,699**	**3,068**	**2,788**	**2,708**	**2,704**
Growth (YoY)	*-1%*	*-1%*	*-2%*	*-6%*	*0%*
Adjusted EBIT	**220**	**250**	**196**	**189**	**190**
Growth (YoY)	*-2%*	*14%*	*-14%*	*-14%*	*-14%*
Adjusted EBIT margin	*8.2%*	*8.1%*	*7.0%*	*7.0%*	*7.0%*
Net income	**74**	**114**	**-47**	**95**	**119**
Growth (YoY)	*-10%*	*33%*	*-142%*	*34%*	*61%*

Source: Company data, CMBIGM

Figure 4: Weichai-H's financial summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	213,958	215,691	225,600	235,195	240,406
YoY growth (%)	22.2	0.8	4.6	4.3	2.2
Net income (RMB mn)	9,014	11,403	12,243	13,434	14,185
EPS (RMB)	1.04	1.31	1.40	1.54	1.63
YoY growth (%)	85.6	25.4	7.4	9.7	5.6
Consensus EPS (RMB)	n/a	n/a	1.42	1.62	1.78
P/E (x)	13.6	10.9	10.0	9.1	8.7
EV / EBITDA (x)	5.0	4.2	4.1	3.7	3.5
P/B (x)	1.6	1.4	1.3	1.2	1.2
Yield (%)	3.7	5.1	5.5	6.0	6.4
ROE (%)	11.8	13.7	13.7	14.0	13.8
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, CMBIGM estimates

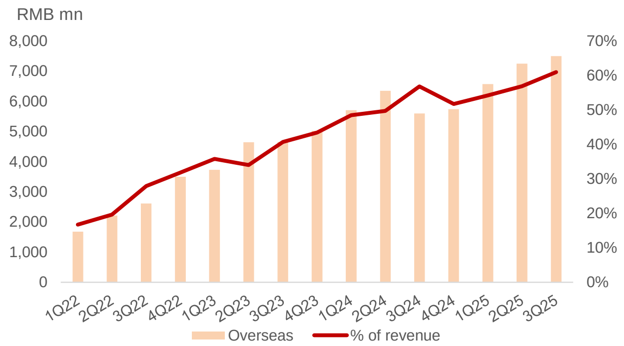
Zoomlion (1157 HK / 000157 CH, BUY)

Figure 5: Zoomlion's 3Q25 results

(RMB mn)	1Q24	1Q25	*Change YoY*	2Q24	2Q25	*Change YoY*	3Q24	3Q25	*Change YoY*
Revenue breakdown									
China	6,071	5,549	*-9%*	6,417	5,490	*-14%*	4,255	4,803	*13%*
Overseas	5,703	6,568	*15%*	6,345	7,248	*14%*	5,596	7,497	*34%*
Total revenue	**11,773**	**12,117**	***3%***	**12,762**	**12,738**	***0%***	**9,851**	**12,301**	***25%***
Cost of sales	-8,400	-8,642	*3%*	-9,189	-9,217	*0%*	-7,041	-8,856	*26%*
Gross profit	**3,373**	**3,474**	***3%***	**3,573**	**3,522**	***-1%***	**2,810**	**3,445**	***23%***
Other income	-51	-54	*6%*	988	970	*-2%*	164	388	*136%*
S&D expenses	-866	-1,014	*17%*	-1,036	-1,084	*5%*	-863	-995	*15%*
Administrative expenses	-719	-694	*-4%*	-998	-863	*-14%*	-710	-632	*-11%*
R&D expenses	-665	-730	*10%*	-641	-682	*6%*	-551	-633	*15%*
EBIT	**1,072**	**982**	***-8%***	**1,886**	**1,862**	***-1%***	**850**	**1,573**	***85%***
Net finance income/(cost)	-54	87	*n/a*	-65	305	*n/a*	122	-269	*n/a*
Other gains/(losses)	119	620	*419%*	-119	-620	*419%*	26	48	*87%*
Share of profit of JV and associates	39	24	*-39%*	-14	35	*n/a*	30	36	*18%*
Pretax profit	**1,177**	**1,713**	***46%***	**1,687**	**1,583**	***-6%***	**1,028**	**1,387**	***35%***
Income tax	-156	-197	*26%*	-166	-199	*20%*	-77	-182	*135%*
After tax profit	**1,020**	**1,516**	***49%***	**1,522**	**1,384**	***-9%***	**950**	**1,206**	***27%***
MI	-105	-106	*1%*	-149	-29	*-80%*	-99	-50	*-50%*
Net profit	**916**	**1,410**	***54%***	**1,372**	**1,354**	***-1%***	**851**	**1,156**	***36%***
Key ratios			***Change (ppt)***			***Change (ppt)***			***Change (ppt)***
Gross margin	*28.7%*	*28.7%*	*0.0*	*28.0%*	*27.6%*	*-0.3*	*28.5%*	*28.0%*	*-0.5*
S&D expenses ratio	*7.4%*	*8.4%*	*1.0*	*8.1%*	*8.5%*	*0.4*	*8.8%*	*8.1%*	*-0.7*
Administrative expense ratio	*6.1%*	*5.7%*	*-0.4*	*7.8%*	*6.8%*	*-1.0*	*7.2%*	*5.1%*	*-2.1*
R&D expense ratio	*5.7%*	*6.0%*	*0.4*	*5.0%*	*5.4%*	*0.3*	*5.6%*	*5.2%*	*-0.4*
Net margin	*8.7%*	*12.5%*	*3.8*	*11.9%*	*10.9%*	*-1.1*	*9.6%*	*9.8%*	*0.2*
Effective tax rate	*13.3%*	*11.5%*	*-1.8*	*9.8%*	*12.6%*	*2.7*	*7.5%*	*13.1%*	*5.6*

Source: Company data, CMBIGM

Figure 6: Zoomlion's quarterly overseas revenue



Source: Company data, CMBIGM estimates

Figure 7: Zoomlion-H's financial summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	47,075	45,478	52,999	61,848	69,277
YoY growth (%)	13.1	-3.4	16.5	16.7	12.0
Net income (RMB mn)	3,550	3,521	4,177	4,705	5,229
EPS (RMB)	0.43	0.42	0.51	0.57	0.63
YoY growth (%)	54.9	-1.3	19.2	12.7	11.1
Consensus EPS (RMB)	n/a	n/a	0.58	0.69	0.81
EV/EBITDA (x)	13.8	12.8	10.3	9.0	8.2
P/E (x)	15.9	16.1	13.6	12.1	10.9
P/B (x)	1.1	1.0	1.0	1.0	1.0
Yield (%)	4.7	4.4	4.9	5.5	6.1
ROE (%)	6.4	6.2	7.2	7.9	8.5
Net gearing (%)	11.6	20.7	25.3	28.9	31.3

Source: Company data, CMBIGM estimates

SANY Heavy (600031 CH, BUY)

Figure 8: SANY Heavy's 3Q25 results

(RMB mn)	1Q24	1Q25	Chg YoY	2Q24	2Q25	Chg YoY	3Q24	3Q25	Chg YoY
Total revenue	**17,830**	**21,177**	***18.8%***	**21,230**	**23,603**	***11.2%***	**19,300**	**21,324**	***10.5%***
Cost of sales	-12,767	-15,447	*21.0%*	-15,169	-16,956	*11.8%*	-13,792	-15,313	*11.0%*
Gross profit	**5,063**	**5,730**	***13.2%***	**6,062**	**6,648**	***9.7%***	**5,508**	**6,011**	***9.1%***
Other income	-113	-129	*14.8%*	-98	-150	*53.4%*	-97	-104	*7.0%*
S&D expenses	-1,380	-1,350	*-2.1%*	-1,691	-1,578	*-6.7%*	-1,614	-1,584	*-1.8%*
Administrative expenses	-670	-639	*-4.6%*	-641	-618	*-3.5%*	-671	-641	*-4.5%*
R&D expense	-1,294	-1,058	*-18.2%*	-1,319	-1,104	*-16.3%*	-1,239	-1,224	*-1.2%*
Fair value change	191	-299	*n/a*	-7	-377	*5655.3%*	-461	203	*n/a*
Asset impairment	-150	-165	*9.6%*	-302	-277	*-8.3%*	-191	-162	*-15.2%*
EBIT	**1,648**	**2,089**	***26.8%***	**2,004**	**2,543**	***26.9%***	**1,236**	**2,499**	***102.2%***
Net finance income/(expense)	-155	370	*n/a*	-105	487	*n/a*	-17	-235	*1297.1%*
Other gains/(losses)	309	421	*36.5%*	349	192	*-44.9%*	322	74	*-77.0%*
Share of profit of JV & associates	44	-7	*n/a*	27	-19	*n/a*	-2	-16	*658.5%*
Pretax profit	**1,845**	**2,874**	***55.8%***	**2,275**	**3,203**	***40.8%***	**1,539**	**2,322**	***50.9%***
Income tax	-221	-371	*67.7%*	-250	-420	*68.2%*	-209	-369	*76.6%*
After tax profit	**1,623**	**2,502**	***54.1%***	**2,025**	**2,783**	***37.4%***	**1,331**	**1,954**	***46.8%***
MI	-43	-31	*-28.1%*	-32	-38	*16.4%*	-35	-34	*-2.7%*
Net profit	**1,580**	**2,471**	***56.4%***	**1,993**	**2,745**	***37.8%***	**1,295**	**1,919**	***48.2%***
Key ratios:			*ppt*			*ppt*			*ppt*
Gross margin	*28.4%*	*27.1%*	*-1.3*	*28.6%*	*28.2%*	*-0.4*	*28.5%*	*28.2%*	*-0.4*
S&D expense ratio	*7.7%*	*6.4%*	*-1.4*	*8.0%*	*6.7%*	*-1.3*	*8.4%*	*7.4%*	*-0.9*
Administrative expense ratio	*3.8%*	*3.0%*	*-0.7*	*3.0%*	*2.6%*	*-0.4*	*3.5%*	*3.0%*	*-0.5*
R&D expense ratio	*7.3%*	*5.0%*	*-2.3*	*6.2%*	*4.7%*	*-1.5*	*6.4%*	*5.7%*	*-0.7*
Net profit margin	*9.1%*	*11.8%*	*2.7*	*9.5%*	*11.8%*	*2.3*	*6.9%*	*9.2%*	*2.3*
Effective tax rate	*12.0%*	*12.9%*	*0.9*	*11.0%*	*13.1%*	*2.1*	*13.6%*	*15.9%*	*2.3*

Source: Company data, CMBIGM

Figure 9: SANY Heavy's financial summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	74,019	78,383	90,158	100,732	110,154
YoY growth (%)	-8	6	15	12	9
Net income (RMB mn)	4,527	5,975	8,505	9,807	11,070
EPS (RMB)	0.53	0.70	1.00	1.16	1.30
YoY growth (%)	6.0	32.0	42.3	15.3	12.9
Consensus EPS (RMB)	N/A	N/A	1.00	1.25	1.53
EV / EBITDA (x)	27.2	22.1	17.2	14.8	13.3
P/E (x)	42.2	32.0	22.5	19.5	17.3
P/B (x)	2.8	2.7	2.6	2.3	2.1
Yield (%)	1.0	1.6	2.2	2.6	2.9
ROE (%)	6.8	8.5	11.6	12.4	12.9
Net gearing (%)	6.1	Net cash	Net cash	Net cash	Net cash

Source: Company data, CMBIGM estimates

SANY International (631 HK, BUY)

Figure 10: SANYI's 3Q25 results

RMB mn	1Q24	1Q25	*Chg (YoY)*	2Q24	2Q25	*Chg (YoY)*	3Q24	3Q25	*Chg (YoY)*
Revenue	5,130	5,876	*15%*	5,626	6,360	*13%*	5,154	5,910	*15%*
Cost of sales	(3,852)	(4,448)	*15%*	(4,278)	(4,890)	*14%*	(3,865)	(4,478)	*16%*
Gross profit	1,278	1,428	*12%*	1,348	1,470	*9%*	1,289	1,432	*11%*
Gross margin	***24.9%***	***24.3%***		***24.0%***	***23.1%***		***25.0%***	***24.2%***	
Pretax profit	558	821	*47%*	594	890	*50%*	541	502	*-7%*
Pretax profit margin	*10.9%*	*14.0%*		*10.6%*	*14.0%*		*10.5%*	*8.5%*	
Net profit	516	635	*23%*	517	663	*28%*	357	414	*16%*
Net margin	*10.1%*	*10.8%*		*9.2%*	*10.4%*		*6.9%*	*7.0%*	
Adjusted net profit	**516**	**635**	*23%*	**517**	**663**	*28%*	**357**	**414**	*16%*
Adjusted net margin	*10.1%*	*10.8%*		*9.2%*	*10.4%*		*6.9%*	*7.0%*	

Source: Company data, CMBIGM

Figure 11: SANYI's financial summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	20,278	21,910	25,576	29,971	34,442
YoY growth (%)	30.5	8.0	16.7	17.2	14.9
Net income (RMB mn)	1,929	1,850	2,290	2,910	3,385
EPS (RMB)	0.61	0.58	0.72	0.91	1.06
YoY growth (%)	14.4	-4.6	23.8	27.1	16.3
Consensus EPS (RMB)	N/A	N/A	0.77	0.93	1.20
EV / EBITDA (x)	8.7	10.6	6.0	4.9	4.3
P/E (x)	11.6	20.5	9.8	7.7	6.6
P/B (x)	1.9	1.9	1.7	1.4	1.3
Yield (%)	2.5	3.8	4.1	5.2	6.0
ROE (%)	17.8	15.5	17.7	19.9	20.2
Net gearing (%)	21.3	17.5	15.0	8.8	Net cash

Source: Company data, CMBIGM estimates

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