2 Nov 2026

CMB International Global Markets | Equity Research | Company Update

Shengyi Tech (600183 CH)

3Q earnings: Record quarterly margin while share-price correction appears overdone

BUY (Maintain)

Target Price	**RMB190.00**
Up/Downside	**118.4%**
Current Price	**RMB87.00**

Shengyi Tech (SYT) delivered strong 3Q26 results, with revenue rising 78.8% YoY/30.3% QoQ to RMB14.18bn and net profit surging 238.4%/61.6% to RMB3.44bn, both ahead of Visible Alpha (VA) consensus. SYT's GPM reached a record 41.6%, up from 32.6% in 2Q26, driven by a richer high-end AI-related product mix, new-product shipments and operating leverage from capacity ramp-up despite raw-material inflation. PCB subsidiary Shengyi Electronics (688183 CH, NR) reported 3Q revenue of RMB3.76bn, up 23.0% YoY, and net profit of RMB801mn, up 37.1%, with GPM of 36.6% (vs. 33.7% in 2Q), indicating stronger margin uplift in CCL. We raise FY26/27E revenue forecasts by 4.8%/1.0% and GPM by 3.6ppt/3.5ppt on stronger margin resilience and mix upgrades. **Maintain BUY and TP of RMB190 on 34x FY27E P/E (vs. 40x previously), slightly below its 2-SD above its average 1-yr forward P/E on market rotation towards non-AI sectors and reduced investor appetite for AI-related names, rather than any deterioration in SYT's fundamentals.**

- **AI demand drove broad-based growth across CCL and PCB.** The CCL business benefited from strong demand for high-end products, increasing profit contributions from newly developed products, timely capacity ramp-up and continued sales-mix optimization, supporting higher sales volume, revenue and gross profit. SYE's 9M26 revenue increased 39.8% YoY to RMB9.55bn, while net profit rose 71.5% to RMB1.91bn. PCB earnings continued to outpace revenue growth, supported by robust AI-computing demand, higher utilization and a rising contribution from high-value-added products.
- **Margins:** Stronger CCL contribution drove SYT's GPM outperformance. SYT's 3Q26 GPM of 41.6% was 5.0ppt above SYE's GPM of 36.6%, pointing to a stronger mix and operating-leverage benefits in the CCL segment. PCB profitability also remained healthy, supported by higher utilization and a richer mix of high-layer-count and high-density products.
- **Capacity expansion and product upgrades support further growth; maintain BUY.** Capex increased 76.1% YoY to RMB3.00bn in 9M26 as SYT continued to invest in high-end CCL and PCB capacity. We expect sustained AI-server and data-center demand, further product-mix upgrades and new-capacity ramp-up to remain the key earnings drivers. We believe the recent share-price correction should have been overdone given SYT's earnings potential (25-28E CAGR: 77.2% based on our estimates). **Key risks include:** Slower-than-expected capacity ramp-up, raw-material inflation, change in tech roadmaps, etc.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	20,388	28,431	48,154	70,240	91,593
YoY growth (%)	22.9	39.4	69.4	45.9	30.4
Gross margin (%)	22.0	26.5	34.2	35.2	36.4
Net profit (RMB mn)	1,738.7	3,334.0	8,903.5	13,531.3	18,563.0
YoY growth (%)	49.4	91.8	167.1	52.0	37.2
EPS (Reported) (RMB)	0.74	1.39	3.67	5.57	7.64
P/E (x)	117.6	62.6	23.7	15.6	11.4

Source: Company data, Bloomberg, CMBIGM estimates

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Stock Data

Mkt Cap (RMB mn)	204,432.6
Avg 3 mths t/o (RMB mn)	8,756.1
52w High/Low (RMB)	187.20/51.63
Total Issued Shares (mn)	2349.8

Source: FactSet

Shareholding Structure

Guangdong Guangxin Holdings Group	23.0%
Dongguan Guohong Investment	13.3%

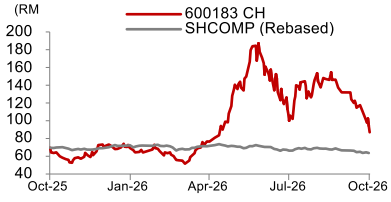
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-33.1%	-28.5%
3-mth	-13.1%	-8.1%
6-mth	13.7%	29.9%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Earnings revision

	New			Old			Diff (%)		
RMBmn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	48,154	70,240	91,593	45,930	69,545	90,640	4.8%	1.0%	1.1%
Gross profit	16,479	24,731	33,355	14,052	22,039	29,761	17.3%	12.2%	12.2%
Net profit	8,904	13,531	18,563	7,223	11,539	15,920	23.3%	17.3%	16.6%
EPS (RMB)	3.67	5.57	7.64	2.97	4.75	6.55	23.4%	17.3%	16.7%
Gross margin	34.2%	35.2%	36.4%	30.6%	31.7%	32.8%	3.6 ppt	3.5 ppt	3.6 ppt
Net margin	18.5%	19.3%	20.3%	15.7%	16.6%	17.6%	2.8 ppt	2.7 ppt	2.7 ppt

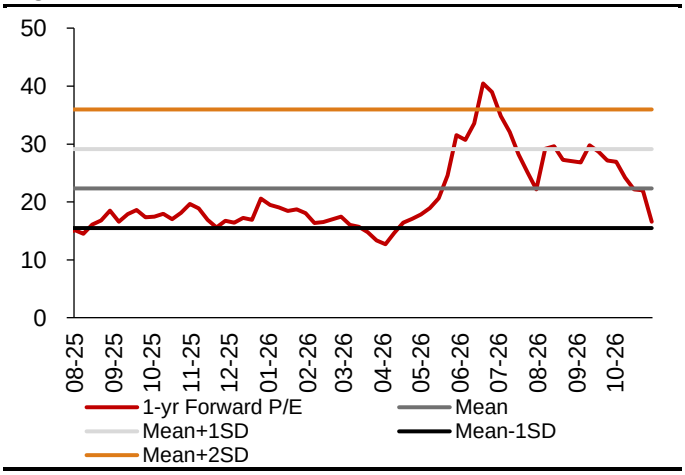
Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs. BBG consensus

	CMBI estimates			Consensus			Diff (%)		
RMBmn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	48,154	70,240	91,593	45,637	66,420	87,506	5.5%	5.8%	4.7%
Gross profit	16,479	24,731	33,355	14,370	21,842	29,803	14.7%	13.2%	11.9%
Net profit	8,904	13,531	18,563	8,250	12,509	17,177	7.9%	8.2%	8.1%
EPS (RMB)	3.67	5.57	7.64	3.21	4.85	6.77	14.3%	14.8%	12.9%
Gross margin	34.2%	35.2%	36.4%	31.5%	32.9%	34.1%	2.7 ppt	2.3 ppt	2.4 ppt
Net margin	18.5%	19.3%	20.3%	18.1%	18.8%	19.6%	0.4 ppt	0.4 ppt	0.6 ppt

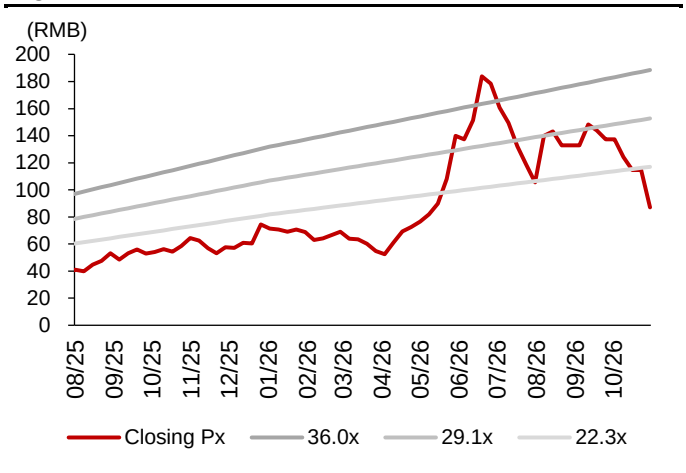
Source: Bloomberg consensus, CMBIGM estimates

Figure 3: P/E chart



Source: Company data, CMBIGM estimates

Figure 4: P/E band



Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**16,586**	**20,388**	**28,431**	**48,154**	**70,240**	**91,593**
Cost of goods sold	(13,395)	(15,895)	(20,905)	(31,674)	(45,509)	(58,238)
Gross profit	**3,191**	**4,493**	**7,526**	**16,479**	**24,731**	**33,355**
Operating expenses	**(1,821)**	**(2,352)**	**(3,082)**	**(4,893)**	**(7,104)**	**(9,139)**
Selling expense	(358)	(495)	(688)	(1,075)	(1,568)	(2,045)
Admin expense	(701)	(843)	(1,088)	(1,685)	(2,458)	(3,206)
R&D expense	(841)	(1,157)	(1,450)	(2,408)	(3,512)	(4,580)
Others	79	143	145	275	435	691
Operating profit	**1,273**	**2,072**	**4,434**	**11,633**	**17,678**	**24,253**
Other income	2	2	5	6	10	12
Other expense	(3)	(6)	(22)	0	0	0
Gain/loss on financial assets at FVTPL	(3)	(2)	17	34	45	60
Other gains/(losses)	(131)	(122)	(171)	(165)	(229)	(332)
EBIT	**1,271**	**2,068**	**4,416**	**11,639**	**17,688**	**24,265**
Interest income	49	29	18	26	0	0
Interest expense	(162)	(118)	(120)	(233)	(268)	(225)
Pre-tax profit	**1,271**	**2,068**	**4,416**	**11,639**	**17,688**	**24,265**
Income tax	(123)	(200)	(524)	(1,746)	(2,653)	(3,640)
After tax profit	**1,149**	**1,868**	**3,892**	**9,893**	**15,035**	**20,626**
Minority interest	(15)	129	558	989	1,503	2,063
Net profit	**1,164**	**1,739**	**3,334**	**8,904**	**13,531**	**18,563**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**13,999**	**16,613**	**19,389**	**34,216**	**39,129**	**52,915**
Cash & equivalents	2,756	2,004	1,732	7,837	8,985	11,126
Restricted cash	19	12	12	12	12	12
Account receivables	6,669	9,041	10,913	16,205	18,379	25,924
Inventories	4,271	5,119	5,786	8,966	10,484	14,407
Prepayment	33	132	45	173	236	318
Other current assets	251	304	901	1,022	1,033	1,129
Non-current assets	**10,958**	**11,031**	**13,381**	**15,718**	**17,104**	**19,187**
PP&E	9,064	8,635	9,729	11,208	12,251	13,405
Right-of-use assets	22	35	36	42	53	68
Deferred income tax	269	315	601	743	934	1,135
Investment in JVs & assos	783	836	952	1,051	1,067	1,148
Intangibles	666	1,095	1,973	2,256	2,039	2,161
Goodwill	0	0	0	0	0	0
Financial assets at FVTPL	30	11	10	265	606	1,061
Other non-current assets	124	103	79	153	154	209
Total assets	**24,957**	**27,643**	**32,770**	**49,933**	**56,233**	**72,102**
Current liabilities	**7,297**	**9,849**	**12,080**	**20,282**	**18,295**	**23,462**
Short-term borrowings	1,465	1,837	2,305	7,534	2,421	3,422
Account payables	4,152	5,968	7,913	10,433	13,010	16,594
Tax payable	82	113	195	250	308	378
Other current liabilities	1,072	1,172	452	462	464	472
Contract liabilities	92	232	264	401	598	771
Accrued expenses	435	528	951	1,202	1,493	1,825
Non-current liabilities	**1,959**	**1,289**	**1,780**	**3,643**	**4,360**	**5,781**
Long-term borrowings	806	558	903	2,315	2,859	3,859
Bond payables	500	0	0	0	0	0
Obligations under finance leases	21	32	31	53	57	74
Deferred income	118	113	124	197	217	281
Other non-current liabilities	515	586	722	1,079	1,227	1,566
Total liabilities	**9,256**	**11,138**	**13,859**	**23,925**	**22,655**	**29,243**
Share capital	2,355	2,429	2,429	2,429	2,429	2,429
Retained earnings	5,357	5,902	6,585	12,694	18,761	25,980
Other reserves	6,272	6,574	7,709	7,709	7,709	7,709
Total shareholders equity	**13,983**	**14,905**	**16,724**	**22,832**	**28,899**	**36,118**
Minority interest	1,717	1,600	2,187	3,176	4,679	6,742
Total equity and liabilities	**24,957**	**27,643**	**32,770**	**49,933**	**56,233**	**72,102**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**1,149**	**1,868**	**3,892**	**9,893**	**15,035**	**20,626**
Depreciation & amortization	835	870	921	1,013	1,166	1,289
Tax paid	(34)	(25)	37	211	(41)	135
Change in working capital	494	(1,798)	(199)	(6,007)	(1,266)	(8,073)
Others	300	542	624	304	636	480
Net cash from operations	**2,743**	**1,456**	**5,274**	**5,415**	**15,529**	**14,456**
Investing						
Capital expenditure	(1,109)	(926)	(2,898)	(2,805)	(2,032)	(2,611)
Acquisition of subsidiaries/ investments	64	47	170	204	263	341
Net proceeds from disposal of short-term investments	(116)	(55)	(722)	(221)	(296)	(395)
Others	(2)	(0)	6	(99)	(16)	(81)
Net cash from investing	**(1,162)**	**(934)**	**(3,444)**	**(2,922)**	**(2,081)**	**(2,747)**
Financing						
Dividend paid	(1,287)	(1,192)	(1,551)	(3,028)	(7,732)	(11,569)
Net borrowings	(935)	(281)	94	6,641	(4,568)	2,000
Proceeds from share issues	318	773	1,147	0	0	0
Others	(15)	(577)	(1,215)	0	0	0
Net cash from financing	**(1,919)**	**(1,276)**	**(1,525)**	**3,613**	**(12,301)**	**(9,569)**
Net change in cash						
Cash at the beginning of the year	3,095	2,756	2,004	1,732	7,837	8,985
Exchange difference	(1)	3	3	0	0	0
Cash at the end of the year	**2,756**	**2,004**	**1,732**	**7,837**	**8,985**	**11,126**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	(7.9%)	22.9%	39.4%	69.4%	45.9%	30.4%
Gross profit	(19.6%)	40.8%	67.5%	119.0%	50.1%	34.9%
Operating profit	(28.7%)	62.9%	113.9%	162.4%	52.0%	37.2%
EBIT	(28.3%)	62.7%	113.6%	163.5%	52.0%	37.2%
Net profit	(24.0%)	49.4%	91.8%	167.1%	52.0%	37.2%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	19.2%	22.0%	26.5%	34.2%	35.2%	36.4%
Operating margin	7.7%	10.2%	15.6%	24.2%	25.2%	26.5%
Return on equity (ROE)	8.5%	12.0%	21.1%	45.0%	52.3%	57.1%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Current ratio (x)	1.9	1.7	1.6	1.7	2.1	2.3

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	174.0	117.6	62.6	23.7	15.6	11.4
P/E (diluted)	177.6	119.2	63.0	23.7	15.6	11.4

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

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