24 Mar 2026

CMB International Global Markets | Equity Research | Company Update

Minth Group (425 HK)

Solid outlook in both auto and new businesses

BUY (Maintain)

Target Price	**HK$44.00**
(Previous TP	HK$42.00)
Up/Downside	**22.2%**
Current Price	**HK$36.00**

China Auto

Ji SHI, CFA
(852) 3761 8728
shiji@cmbi.com.hk

Wenjing DOU, CFA
(852) 6939 4751
douwenjing@cmbi.com.hk

Austin Liang
(852) 3900 0856
austinliang@cmbi.com.hk

Maintain BUY. Minth's revenue and GPM in aluminium business unit missed our expectation in 2H25, as sales volume with a key client fell short and some business transition was delayed following WKW's bankruptcy. Its 2H25 net profit was largely in line, thanks to its opex control. Management's aggressive 5-year revenue target gives us more confidence in Minth's order backlog quality. Its 60%+ overseas revenue and exposure in both robotics and liquid cooling should not only support its revenue growth, but also help lift valuation, in our view.

- **2H25 earnings in line with GPM miss and stringent opex.** Minth's 2H25 revenue rose 12% YoY, or 2% lower than our prior forecast. GPM in 2H25 narrowed by 1.6ppts YoY and 0.5ppts HoH to 27.8%, or 1.3ppts lower our projection, as both revenue and GPM of its aluminium BU missed our estimates. Such misses were offset by its stringent control in selling and R&D expenses, as well as interest expenses. That resulted in an in-line net profit of RMB1.4bn in 2H25. Net debt position as of FY25 end was almost halved to RMB2.2bn.
- **Solid revenue outlook from both auto parts and new businesses to withstand headwinds.** Management targets a 5-year revenue CAGR of 23% (metal and trim BU: 14%, plastic BU: 27%, aluminium BU: 19%, body structure BU: 32%), with revenue to hit RMB72bn in FY30E, excluding new businesses like robotics, liquid cooling system and eVTOL. It has also revised up revenue guidance for these new businesses, with RMB0.82bn in FY26E, RMB2.6bn in FY27E and RMB10bn in FY30E. While a 5-year revenue CAGR of 23% is a bit aggressive for traditional auto parts business in our view, management's positive tone at least shows its confidence in the current order backlog and new business expansion. We only project 16% and 15% YoY growth for revenue in FY26-27E, respectively, including contribution from new businesses, to reflect macro uncertainties. We also revise down FY26E GPM by 0.8ppts to 27.5% to reflect the current geopolitical tension and new business ramp-up. Despite that, we still estimate Minth's net profit to rise 14%/22% YoY to RMB3.1bn/3.7bn in FY26-27E.
- **Valuation/Key risks.** We maintain our BUY rating and raise target price from HK$42.00 to HK$44.00, based on 12x our FY27E (prior 13x our FY26E) P/E. We roll over our valuation to FY27E to reflect more meaningful contribution from new businesses. We lower target multiple to reflect higher earnings uncertainty compared with FY26E. Key risks to our rating and target price include lower revenue/margins, higher risks in overseas operation than we expect, and a sector de-rating.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue (RMB mn)	20,524	23,147	25,737	29,836	34,377
YoY growth (%)	18.6	12.8	11.2	15.9	15.2
Net profit (RMB mn)	1,903.2	2,319.3	2,692.2	3,055.8	3,729.7
YoY growth (%)	26.8	21.9	16.1	13.5	22.1
EPS (Reported) (RMB)	1.65	2.02	2.35	2.67	3.25
P/E (x)	19.2	15.7	13.5	11.9	9.8
P/B (x)	2.0	1.8	1.5	1.4	1.3
Yield (%)	0.0	1.3	2.2	3.4	4.1
ROE (%)	10.8	12.0	12.3	12.6	14.1
Net gearing (%)	17.6	15.4	9.2	10.1	5.7

Source: Company data, Bloomberg, CMBIGM estimates

Stock Data

Mkt Cap (HK$ mn)	42,583.8
Avg 3 mths t/o (HK$ mn)	249.8
52w High/Low (HK$)	46.30/15.50
Total Issued Shares (mn)	1182.9

Source: FactSet

Shareholding Structure

Chin Jong-Hwa's family	38.2%
Invesco Asset Management	4.9%

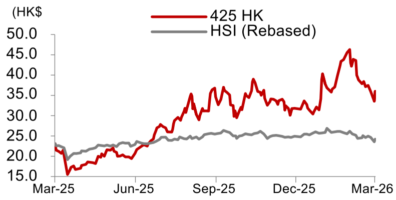
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-16.3%	-11.2%
3-mth	13.1%	16.5%
6-mth	2.6%	8.6%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related Report

"Minth Group (425 HK) - Solid growth outlook from battery housing, robotics and AIDC" - 3 Feb 2026

Figure 1: Interim results

RMB mn	1H23	2H23	1H24	2H24	1H25	2H25	YoY	HoH
Revenue	9,747	10,776	11,090	12,057	12,287	13,450	11.6%	9.5%
Gross profit	2,563	3,059	3,162	3,536	3,473	3,734	5.6%	7.5%
Selling expenses	(360)	(432)	(531)	(516)	(512)	(519)	0.5%	1.3%
Admin expenses	(623)	(826)	(743)	(896)	(805)	(1,055)	17.7%	31.1%
R&D expenses	(616)	(781)	(715)	(735)	(726)	(775)	5.5%	6.8%
Operating profit	1,017	1,100	1,380	1,642	1,555	1,562	-4.9%	0.5%
Net profit	887	1,016	1,068	1,251	1,277	1,416	13.1%	10.9%
Gross margin	26.3%	28.4%	28.5%	29.3%	28.3%	27.8%	-1.6 ppts	-0.5 ppts
Operating margin	10.4%	10.2%	12.4%	13.6%	12.7%	11.6%	-2.0 ppts	-1.0 ppts
Net margin	9.1%	9.4%	9.6%	10.4%	10.4%	10.5%	0.1 ppts	0.1 ppts

Source: Company data, CMBIGM

Figure 2: Earnings revision

	New			Old			Diff (%)		
RMB mn	FY25A	FY26E	FY27E	FY25E	FY26E	FY27E	FY25A	FY26E	FY27E
Revenue	25,737	29,836	34,377	25,945	29,856	34,519	-0.8%	-0.1%	-0.4%
Gross profit	7,207	8,214	9,365	7,443	8,464	9,656	-3.2%	-2.9%	-3.0%
Operating profit	2,888	3,487	4,282	3,149	3,715	4,508	-8.3%	-6.1%	-5.0%
Net profit	2,692	3,056	3,730	2,708	3,246	3,968	-0.6%	-5.8%	-6.0%
Gross margin	28.0%	27.5%	27.2%	28.7%	28.3%	28.0%	-0.7 ppts	-0.8 ppts	-0.7 ppts
Operating margin	11.2%	11.7%	12.5%	12.1%	12.4%	13.1%	-0.9 ppts	-0.8 ppts	-0.6 ppts
Net margin	10.5%	10.2%	10.8%	10.4%	10.9%	11.5%	0.0 ppts	-0.6 ppts	-0.6 ppts

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
RMB mn	FY25A	FY26E	FY27E	FY25E	FY26E	FY27E	FY25A	FY26E	FY27E
Revenue	25,737	29,836	34,377	26,554	30,589	34,926	-3.1%	-2.5%	-1.6%
Gross profit	7,207	8,214	9,365	7,626	8,799	10,037	-5.5%	-6.6%	-6.7%
Operating profit	2,888	3,487	4,282	3,517	4,092	4,727	-17.9%	-14.8%	-9.4%
Net profit	2,692	3,056	3,730	2,764	3,255	3,804	-2.6%	-6.1%	-2.0%
Gross margin	28.0%	27.5%	27.2%	28.7%	28.8%	28.7%	-0.7 ppts	-1.2 ppts	-1.5 ppts
Operating margin	11.2%	11.7%	12.5%	13.2%	13.4%	13.5%	-2.0 ppts	-1.7 ppts	-1.1 ppts
Net margin	10.5%	10.2%	10.8%	10.4%	10.6%	10.9%	0.1 ppts	-0.4 ppts	0.0 ppts

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	**17,306**	**20,524**	**23,147**	**25,737**	**29,836**	**34,377**
Cost of goods sold	(12,522)	(14,902)	(16,449)	(18,530)	(21,622)	(25,012)
Gross profit	**4,784**	**5,622**	**6,698**	**7,207**	**8,214**	**9,365**
Operating expenses	**(3,203)**	**(3,505)**	**(3,974)**	**(4,319)**	**(4,727)**	**(5,083)**
Selling expense	(868)	(792)	(1,048)	(1,031)	(1,180)	(1,264)
Admin expense	(1,292)	(1,449)	(1,638)	(1,859)	(2,005)	(2,121)
R&D expense	(1,172)	(1,397)	(1,449)	(1,502)	(1,696)	(1,853)
Others	130	133	162	73	155	155
Operating profit	**1,581**	**2,117**	**2,725**	**2,888**	**3,487**	**4,282**
Other income	186	281	298	230	260	280
Investment gain/loss	286	356	325	206	241	257
Other gains/(losses)	(21)	61	(24)	269	15	(19)
Share of (losses)/profits of associates/JV	10	16	4	28	30	29
EBITDA	**3,163**	**4,225**	**4,872**	**5,326**	**5,920**	**6,892**
Depreciation	1,038	1,302	1,452	1,614	1,780	1,948
Depreciation of ROU assets	46	47	45	44	47	49
Other amortisation	37	45	47	47	60	66
EBIT	**2,042**	**2,831**	**3,328**	**3,621**	**4,033**	**4,829**
Interest expense	(263)	(515)	(521)	(325)	(317)	(303)
Foreign exchange gain/loss	34	8	31	(20)	30	10
Pre-tax profit	**1,779**	**2,315**	**2,807**	**3,296**	**3,716**	**4,526**
Income tax	(249)	(351)	(431)	(526)	(576)	(702)
After tax profit	**1,530**	**1,964**	**2,376**	**2,770**	**3,140**	**3,825**
Minority interest	(30)	(61)	(56)	(78)	(84)	(95)
Net profit	**1,501**	**1,903**	**2,319**	**2,692**	**3,056**	**3,730**
Gross dividends	609	0	464	808	1,222	1,492

BALANCE SHEET	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	**15,995**	**17,493**	**17,169**	**17,980**	**21,106**	**24,532**
Cash & equivalents	4,221	4,165	2,441	3,751	4,064	5,000
Restricted cash	1,055	1,840	1,771	1,533	1,700	1,700
Account receivables	6,541	6,610	7,476	7,233	8,559	10,144
Inventories	3,633	3,982	4,641	4,598	5,494	6,287
Prepayment	0	0	0	0	0	0
Other current assets	545	895	841	865	1,289	1,401
Non-current assets	**17,279**	**20,054**	**21,590**	**24,319**	**24,374**	**25,285**
PP&E	13,435	15,476	15,798	16,530	16,917	17,231
Right-of-use assets	1,083	1,058	1,035	973	1,043	1,044
Deferred income tax	270	419	483	601	601	601
Investment in JVs & assos	394	407	384	391	377	351
Intangibles	113	112	92	149	135	119
Goodwill	98	98	98	98	98	98
Financial assets at FVTPL	28	30	1,075	2,356	2,527	2,995
Other non-current assets	1,858	2,454	2,625	3,222	2,676	2,845
Total assets	**33,274**	**37,547**	**38,759**	**42,299**	**45,480**	**49,817**
Current liabilities	**13,314**	**14,117**	**14,577**	**15,541**	**17,440**	**19,129**
Short-term borrowings	7,192	5,851	5,894	7,035	7,566	7,557
Account payables	5,765	7,004	7,260	7,881	9,275	10,934
Tax payable	157	226	206	362	362	362
Other current liabilities	180	1,016	1,194	243	210	247
Lease liabilities	19	20	22	20	26	29
Non-current liabilities	**2,262**	**4,290**	**2,923**	**2,345**	**2,114**	**2,141**
Long-term borrowings	1,006	3,837	2,525	1,918	1,725	1,725
Deferred income	27	45	20	32	20	20
Other non-current liabilities	1,229	409	378	395	368	396
Total liabilities	**15,576**	**18,407**	**17,500**	**17,887**	**19,554**	**21,270**
Share capital	116	116	116	118	117	117
Other reserves	16,801	18,202	20,329	23,384	24,956	27,567
Total shareholders equity	**16,918**	**18,318**	**20,445**	**23,502**	**25,073**	**27,684**
Minority interest	780	821	814	910	854	863
Total equity and liabilities	**33,274**	**37,547**	**38,759**	**42,299**	**45,480**	**49,817**

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**1,779**	**2,315**	**2,807**	**3,296**	**3,716**	**4,526**
Depreciation & amortization	1,121	1,394	1,544	1,705	1,887	2,063
Tax paid	(270)	(390)	(542)	(506)	(576)	(702)
Change in working capital	(1,190)	(399)	(798)	580	(813)	(913)
Others	415	446	263	(113)	81	66
Net cash from operations	**1,855**	**3,366**	**3,274**	**4,962**	**4,296**	**5,041**
Investing						
Capital expenditure	(3,432)	(3,279)	(1,938)	(2,400)	(2,450)	(2,550)
Acquisition of subsidiaries/ investments	(71)	(103)	1	(45)	0	0
Net proceeds from disposal of short-term investments	(16)	120	(1,211)	(916)	(500)	(500)
Others	482	(238)	(47)	160	849	522
Net cash from investing	**(3,037)**	**(3,500)**	**(3,194)**	**(3,201)**	**(2,101)**	**(2,528)**
Financing						
Dividend paid	(626)	(744)	(33)	(518)	(875)	(1,308)
Net borrowings	644	1,202	(1,104)	1,177	(304)	(9)
Proceeds from share issues	na	0	na	(15)	0	0
Share repurchases	(47)	0	(130)	0	0	0
Others	na	(406)	na	(1,360)	(267)	(259)
Net cash from financing	**(125)**	**52**	**(1,795)**	**(717)**	**(1,446)**	**(1,576)**
Net change in cash						
Cash at the beginning of the year	5,492	4,221	4,165	2,441	3,315	4,064
Exchange difference	35	27	(9)	(170)	0	0
Cash at the end of the year	**4,221**	**4,165**	**2,441**	**3,315**	**4,064**	**5,000**

GROWTH	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec						
Revenue	24.3%	18.6%	12.8%	11.2%	15.9%	15.2%
Gross profit	17.2%	17.5%	19.1%	7.6%	14.0%	14.0%
Operating profit	27.2%	33.9%	28.7%	6.0%	20.8%	22.8%
EBITDA	4.4%	33.6%	15.3%	9.3%	11.2%	16.4%
EBIT	(3.2%)	38.6%	17.6%	8.8%	11.4%	19.7%
Net profit	0.3%	26.8%	21.9%	16.1%	13.5%	22.1%

PROFITABILITY	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec						
Gross profit margin	27.6%	27.4%	28.9%	28.0%	27.5%	27.2%
Operating margin	9.1%	10.3%	11.8%	11.2%	11.7%	12.5%
EBITDA margin	18.3%	20.6%	21.0%	20.7%	19.8%	20.0%
Return on equity (ROE)	9.1%	10.8%	12.0%	12.3%	12.6%	14.1%

GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025A	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.2	0.2	0.2	0.1	0.1	0.1
Current ratio (x)	1.2	1.2	1.2	1.2	1.2	1.3
Receivable turnover days	137.9	117.6	117.9	102.6	105.0	108.0
Inventory turnover days	105.9	97.5	103.0	90.6	93.0	92.0
Payable turnover days	168.1	171.6	161.1	155.2	157.0	160.0

VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	24.3	19.2	15.7	13.5	11.9	9.8
P/E (diluted)	24.3	19.2	15.7	13.7	11.9	9.8
P/B	2.2	2.0	1.8	1.5	1.4	1.3
P/CFPS	19.7	10.8	11.1	7.3	8.4	7.2
Div yield (%)	1.7	0.0	1.3	2.2	3.4	4.1

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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