

Mindray (300760 CH)

1Q26 in line; overseas and emerging businesses driving growth

Mindray reported 1Q26 revenue of RMB8.35bn (+1.4% YoY) and attributable net profit of RMB2.3bn (-11.3% YoY), largely in line with our expectations. Overseas business remains the major growth driver with robust momentum in Europe and developing markets. Domestic business still faced near-term headwinds from channel destocking in 1Q26. We maintain our FY26E revenue forecast, expecting a return to positive domestic growth in 2026E.

- Rapid overseas growth led by Europe and emerging markets.** Overseas revenue increased 15.7% YoY to RMB4.45bn, representing 53% of total revenue in 1Q26. Revenue from Europe grew more than 25% YoY, with key markets including the UK, France, Germany, and Italy delivering rapid growth as penetration into high-end accounts accelerated. Emerging markets also recovered, up 15% YoY, with India and Mexico each growing more than 30%. By segment, overseas IVD (>20% YoY), PMLS (15% YoY), and medical imaging (>10% YoY) all reported strong growth. We expect deepening localization and continued progress in high-end accounts to drive overseas growth in 2026E.
- Domestic business remained under pressure but is expected to recover in 2026E.** Domestic revenue declined 11.1% YoY to RMB3.9bn in 1Q26, primarily due to channel destocking in PMLS and MIS. However, domestic CLIA revenue increased by ~10% YoY in 1Q26 despite VBP-related price pressure, driven by further penetration into large hospital accounts. Consequently, Mindray's share in core IVD categories (CLIA, chemistry, coagulation) rose from 10% in 1H25 to 13% in 1Q26, according to Mindray's 1Q26 report. The MT8000 TLA system completed over 80 installations in 1Q26, which should support reagent pull-through going forward. Moreover, domestic emerging businesses increased over 18% YoY and accounted for 23% of domestic revenue. While destocking in equipment businesses (PMLS+MIS) may still weigh on near-term growth, these segments accounted for less than 30% of domestic revenue. Therefore, we expect domestic revenue to return to positive growth in 2026E, supported by IVD share gains, continued growth in emerging businesses, and an easier comparison base.
- Emerging businesses grew rapidly.** Revenue from emerging businesses reached RMB1.4bn in 1Q26, up 18.2% YoY. Notably, IVD and emerging businesses together accounted for nearly 40% of overseas revenue and more than 70% of domestic revenue, highlighting steady progress in Mindray's shift toward recurring, consumables-based revenue mix.
- Maintain BUY.** We maintain our FY26-28E earnings forecasts and derive our target price of RMB204.54 based on a 9-year DCF model (WACC: 9.1%, terminal growth: 3.0%; both unchanged).

Earnings Summary

| (YE 31 Dec) | FY24A | FY25A | FY26E | FY27E | FY28E |
|----------------------|----------|---------|---------|---------|----------|
| Revenue (RMB mn) | 36,726 | 33,282 | 35,708 | 39,351 | 43,477 |
| YoY growth (%) | 5.1 | (9.4) | 7.3 | 10.2 | 10.5 |
| Net profit (RMB mn) | 11,668.5 | 8,135.8 | 8,025.9 | 9,298.9 | 10,435.2 |
| YoY growth (%) | 0.7 | (30.3) | (1.4) | 15.9 | 12.2 |
| EPS (Reported) (RMB) | 9.64 | 6.71 | 6.62 | 7.67 | 8.61 |
| P/E (x) | 16.7 | 24.0 | 24.3 | 21.0 | 18.7 |
| Net gearing (%) | (46.4) | (46.4) | (50.0) | (53.1) | (56.4) |

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price RMB204.54
Up/Downside 27.0%
Current Price RMB161.11

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Stock Data

| | |
|--------------------------|---------------|
| Mkt Cap (RMB mn) | 195,336.4 |
| Avg 3 mths t/o (RMB mn) | 1,221.1 |
| 52w High/Low (RMB) | 248.24/156.30 |
| Total Issued Shares (mn) | 1212.4 |

Source: FactSet

Shareholding Structure

| | |
|-----------------------------|-------|
| Smartco Development Limited | 27.0% |
| Magnifice (HK) Limited | 24.5% |

Source: SZSE

Share Performance

| | Absolute | Relative |
|-------|----------|----------|
| 1-mth | -5.0% | -10.3% |
| 3-mth | -14.3% | -15.3% |
| 6-mth | -28.4% | -29.6% |

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Risk-adjusted DCF valuation

| DCF Valuation (in RMB mn) | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E |
|-----------------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|----------------|
| EBIT | 9,993 | 11,168 | 12,505 | 13,977 | 15,621 | 17,533 | 19,731 | 22,295 | 25,293 |
| Tax rate | 15.00% | 15.00% | 15.00% | 15.00% | 15.00% | 15.00% | 15.00% | 15.00% | 15.00% |
| EBIT*(1-tax rate) | 8,494 | 9,493 | 10,629 | 11,881 | 13,278 | 14,903 | 16,771 | 18,951 | 21,499 |
| + D&A | 1,804 | 1,825 | 1,815 | 1,817 | 1,812 | 1,797 | 1,778 | 1,754 | 1,724 |
| - Change in working capital | -215 | -295 | -310 | -298 | -298 | -628 | -706 | -812 | -935 |
| - Capex | -2,462 | -2,362 | -2,262 | -2,162 | -2,062 | -1,962 | -1,862 | -1,762 | -1,662 |
| FCFF | 7,622 | 8,661 | 9,873 | 11,239 | 12,730 | 14,110 | 15,981 | 18,131 | 20,626 |
| Terminal value | | | | | | | | | 348,683 |

| | |
|------------------------------|-------------|
| Terminal growth rate | 3.0% |
| WACC | 9.1% |
| Cost of Equity | 12.3% |
| Cost of Debt | 3.8% |
| Equity Beta | 0.90 |
| Risk Free Rate | 2.8% |
| Market Risk Premium | 10.5% |
| Target Debt to Asset ratio | 35.0% |
| Effective Corporate Tax Rate | 15.0% |

| | |
|-------------------------------|---------------|
| Terminal value | 159,316 |
| Total PV | 232,879 |
| Net debt | -20,933 |
| Minority | 5,823 |
| Equity value | 247,990 |
| # of shares (mn) | 1,212 |
| DCF per share (in RMB) | 204.54 |

Source: CMBIGM estimates

Figure 2: Sensitivity analysis (RMB)

| | | WACC | | | | |
|----------------------|------|--------|--------|---------------|--------|--------|
| | | 8.1% | 8.6% | 9.1% | 9.6% | 10.1% |
| Terminal growth rate | 4.0% | 290.73 | 258.06 | 231.86 | 210.41 | 192.54 |
| | 3.5% | 266.45 | 239.25 | 216.98 | 198.42 | 182.72 |
| | 3.0% | 246.94 | 223.81 | 204.54 | 188.24 | 174.30 |
| | 2.5% | 230.92 | 210.90 | 193.98 | 179.50 | 166.98 |
| | 2.0% | 217.52 | 199.95 | 184.92 | 171.91 | 160.56 |

Source: CMBIGM estimates

Figure 3: CMBIGM estimates vs consensus

| RMB mn | CMBIGM | | | Consensus | | | Diff (%) | | |
|------------------|--------|--------|--------|-----------|--------|--------|----------|----------|----------|
| | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E | FY26E | FY27E | FY28E |
| Revenue | 35,708 | 39,351 | 43,477 | 36,722 | 40,946 | 43,855 | -2.76% | -3.90% | -0.86% |
| Gross profit | 21,087 | 23,197 | 25,622 | 22,220 | 24,913 | 26,671 | -5.10% | -6.89% | -3.94% |
| Operating profit | 10,627 | 11,948 | 13,393 | 11,145 | 12,607 | 13,170 | -4.64% | -5.23% | 1.69% |
| Net profit | 8,026 | 9,299 | 10,435 | 9,675 | 10,813 | 10,904 | -17.05% | -14.00% | -4.30% |
| EPS (RMB) | 6.62 | 7.67 | 8.61 | 8.27 | 9.30 | 9.28 | -19.95% | -17.51% | -7.28% |
| Gross margin | 59.05% | 58.95% | 58.93% | 60.51% | 60.84% | 60.82% | -1.46ppt | -1.89ppt | -1.89ppt |
| Operating margin | 29.76% | 30.36% | 30.80% | 30.35% | 30.79% | 30.03% | -0.59ppt | -0.43ppt | +0.77ppt |
| Net margin | 22.48% | 23.63% | 24.00% | 26.35% | 26.41% | 24.86% | -3.87ppt | -2.78ppt | -0.86ppt |

Source: Company data, Bloomberg, CMBIGM estimates

Financial Summary

| INCOME STATEMENT | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|--|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| YE 31 Dec (RMB mn) | | | | | | |
| Revenue | 34,932 | 36,726 | 33,282 | 35,708 | 39,351 | 43,477 |
| Cost of goods sold | (12,513) | (13,548) | (13,208) | (14,621) | (16,154) | (17,855) |
| Gross profit | 22,419 | 23,178 | 20,074 | 21,087 | 23,197 | 25,622 |
| Operating expenses | (9,478) | (10,549) | (10,401) | (10,581) | (11,371) | (12,350) |
| Selling expense | (5,010) | (5,283) | (5,145) | (5,356) | (5,824) | (6,391) |
| Admin expense | (1,524) | (1,600) | (1,551) | (1,643) | (1,771) | (1,913) |
| R&D expense | (3,433) | (3,666) | (3,579) | (3,678) | (3,974) | (4,304) |
| Others | 489 | (1) | (127) | 96 | 198 | 258 |
| Operating profit | 13,070 | 13,112 | 9,795 | 10,627 | 11,948 | 13,393 |
| Gain/loss on financial assets at FVTPL | 79 | 126 | 0 | 0 | 0 | 0 |
| Investment gain/loss | (10) | 69 | 115 | 115 | 115 | 115 |
| Other gains/(losses) | 60 | 287 | 6 | 6 | 6 | 6 |
| Others | (59) | (92) | (121) | (121) | (121) | (121) |
| Pre-tax profit | 13,011 | 13,020 | 9,674 | 10,507 | 11,827 | 13,272 |
| Income tax | (1,433) | (1,280) | (1,222) | (1,576) | (1,774) | (1,991) |
| Minority interest | 4 | (71) | (316) | (905) | (754) | (846) |
| Net profit | 11,582 | 11,668 | 8,136 | 8,026 | 9,299 | 10,435 |
| Adjusted net profit | 11,434 | 11,442 | 8,069 | 8,013 | 9,286 | 10,422 |
| Gross dividends | 7,032 | 7,602 | 5,310 | 5,217 | 6,044 | 6,783 |
| BALANCE SHEET | | | | | | |
| YE 31 Dec (RMB mn) | | | | | | |
| Current assets | 26,875 | 25,647 | 27,410 | 30,970 | 35,198 | 40,044 |
| Cash & equivalents | 18,787 | 16,644 | 17,690 | 20,937 | 24,520 | 28,667 |
| Account receivables | 3,297 | 3,226 | 3,410 | 3,364 | 3,492 | 3,619 |
| Inventories | 3,979 | 4,757 | 5,004 | 5,363 | 5,881 | 6,451 |
| Prepayment | 268 | 297 | 273 | 273 | 273 | 273 |
| Other current assets | 545 | 722 | 1,033 | 1,033 | 1,033 | 1,033 |
| Non-current assets | 21,065 | 30,997 | 31,857 | 33,108 | 34,239 | 35,280 |
| PP&E | 5,490 | 7,086 | 7,670 | 7,931 | 8,090 | 8,158 |
| Deferred income tax | 1,313 | 1,697 | 1,567 | 1,567 | 1,567 | 1,567 |
| Intangibles | 2,225 | 6,723 | 6,390 | 5,739 | 5,078 | 4,406 |
| Goodwill | 5,062 | 11,093 | 11,404 | 11,404 | 11,404 | 11,404 |
| Other non-current assets | 6,976 | 4,397 | 4,825 | 6,468 | 8,101 | 9,745 |
| Total assets | 47,940 | 56,644 | 59,267 | 64,078 | 69,437 | 75,324 |
| Current liabilities | 10,103 | 10,427 | 11,600 | 11,697 | 12,048 | 12,436 |
| Short-term borrowings | 8 | 5 | 0 | 0 | 0 | 0 |
| Account payables | 2,690 | 2,793 | 3,242 | 3,340 | 3,690 | 4,079 |
| Tax payable | 653 | 428 | 385 | 385 | 385 | 385 |
| Other current liabilities | 6,751 | 7,202 | 7,972 | 7,972 | 7,972 | 7,972 |
| Non-current liabilities | 4,491 | 5,458 | 4,656 | 4,656 | 4,656 | 4,656 |
| Long-term borrowings | 1 | 0 | 4 | 4 | 4 | 4 |
| Deferred income | 109 | 127 | 182 | 182 | 182 | 182 |
| Other non-current liabilities | 4,381 | 5,331 | 4,470 | 4,470 | 4,470 | 4,470 |
| Total liabilities | 14,594 | 15,885 | 16,255 | 16,353 | 16,704 | 17,092 |
| Share capital | 1,212 | 1,212 | 1,212 | 1,212 | 1,212 | 1,212 |
| Capital surplus | 608 | 608 | 608 | 608 | 608 | 608 |
| Other reserves | 31,265 | 34,036 | 36,273 | 40,082 | 44,337 | 48,989 |
| Total shareholders equity | 33,085 | 35,856 | 38,093 | 41,902 | 46,157 | 50,809 |
| Minority interest | 261 | 4,902 | 4,918 | 5,823 | 6,577 | 7,423 |
| Total equity and liabilities | 47,940 | 56,644 | 59,267 | 64,078 | 69,437 | 75,324 |

| CASH FLOW | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|
| YE 31 Dec (RMB mn) | | | | | | |
| Operating | | | | | | |
| Profit before taxation | 11,578 | 11,740 | 8,451 | 8,931 | 10,053 | 11,281 |
| Depreciation & amortization | 1,039 | 1,503 | 1,747 | 1,804 | 1,825 | 1,815 |
| Tax paid | (1,433) | (1,280) | (1,222) | (1,576) | (1,774) | (1,991) |
| Change in working capital | (1,652) | (727) | (439) | (215) | (295) | (310) |
| Others | 1,528 | 1,196 | 1,608 | 1,468 | 1,521 | 1,630 |
| Net cash from operations | 11,062 | 12,432 | 10,145 | 10,412 | 11,329 | 12,425 |
| Investing | | | | | | |
| Capital expenditure | (2,689) | (1,959) | (2,038) | (2,000) | (1,900) | (1,800) |
| Acquisition of subsidiaries/ investments | (871) | (5,773) | 0 | 0 | 0 | 0 |
| Others | 2,867 | 350 | 1,528 | (462) | (462) | (462) |
| Net cash from investing | (693) | (7,383) | (509) | (2,462) | (2,362) | (2,262) |
| Financing | | | | | | |
| Dividend paid | (10,670) | (8,843) | (5,743) | (4,703) | (5,385) | (6,016) |
| Net borrowings | (19) | (3) | (3) | 0 | 0 | 0 |
| Proceeds from share issues | 79 | 79 | 36 | 0 | 0 | 0 |
| Others | (166) | (114) | (1,014) | 0 | 0 | 0 |
| Net cash from financing | (10,776) | (8,882) | (6,724) | (4,703) | (5,385) | (6,016) |
| Net change in cash | | | | | | |
| Cash at the beginning of the year | 18,974 | 18,668 | 14,908 | 17,690 | 20,937 | 24,520 |
| Exchange difference | 101 | 72 | (195) | 0 | 0 | 0 |
| Cash at the end of the year | 18,668 | 14,908 | 17,625 | 20,937 | 24,520 | 28,667 |
| GROWTH | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
| YE 31 Dec | | | | | | |
| Revenue | 15.0% | 5.1% | (9.4%) | 7.3% | 10.2% | 10.5% |
| Gross profit | 15.1% | 3.4% | (13.4%) | 5.0% | 10.0% | 10.5% |
| Operating profit | 18.9% | 0.3% | (25.3%) | 8.5% | 12.4% | 12.1% |
| Net profit | 20.6% | 0.7% | (30.3%) | (1.4%) | 15.9% | 12.2% |
| Adj. net profit | 20.0% | 0.1% | (29.5%) | (0.7%) | 15.9% | 12.2% |
| PROFITABILITY | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
| YE 31 Dec | | | | | | |
| Gross profit margin | 64.2% | 63.1% | 60.3% | 59.1% | 58.9% | 58.9% |
| Operating margin | 37.4% | 35.7% | 29.4% | 29.8% | 30.4% | 30.8% |
| Adj. net profit margin | 32.7% | 31.2% | 24.2% | 22.4% | 23.6% | 24.0% |
| Return on equity (ROE) | 35.6% | 33.9% | 22.0% | 20.1% | 21.1% | 21.5% |
| GEARING/LIQUIDITY/ACTIVITIES | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
| YE 31 Dec | | | | | | |
| Net debt to equity (x) | (0.6) | (0.5) | (0.5) | (0.5) | (0.5) | (0.6) |
| Current ratio (x) | 2.7 | 2.5 | 2.4 | 2.6 | 2.9 | 3.2 |
| Receivable turnover days | 31.1 | 32.4 | 36.4 | 34.4 | 32.4 | 30.4 |
| Inventory turnover days | 116.7 | 117.7 | 134.9 | 133.9 | 132.9 | 131.9 |
| Payable turnover days | 72.6 | 73.9 | 83.4 | 83.4 | 83.4 | 83.4 |
| VALUATION | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
| YE 31 Dec | | | | | | |
| P/E | 16.9 | 16.7 | 24.0 | 24.3 | 21.0 | 18.7 |
| P/E (diluted) | 16.9 | 16.7 | 24.0 | 24.3 | 21.0 | 18.7 |
| P/B | 18.2 | 17.7 | 16.0 | 15.9 | 15.4 | 15.0 |
| Div yield (%) | 3.6 | 3.9 | 2.7 | 2.7 | 3.1 | 3.5 |

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

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