

# Minth Group (425 HK)

## Solid growth outlook from battery housing, robotics and AIDC

BUY (Maintain)

**Maintain BUY.** We expect solid 2H25E earnings for Minth, with FY25E net profit to rise 17% YoY. We also expect its net profit to rise even faster in FY26-27E, aided by continued growth in battery housing and new business contribution including parts for humanoid robots and AI server liquid cooling system.

- **We expect solid 2H25E earnings.** We revise up our Minth's 2H25E revenue forecast by 1% to RMB13.7bn (+13% YoY) due to potentially higher revenue from its aluminium and battery housing businesses amid raw material price hikes. We maintain our 2H25E GPM forecast of 29.1% given Minth's ability to pass through the majority of raw material price hikes to customers. We expect its R&D ratio to rise 0.4ppcts HoH in 2H25E in a bid to accelerate new business development including robotics and liquid cooling. We thus revise up Minth's 2H25E net profit forecast by 3% to RMB1.4bn (+14% YoY).
- **Manageable tariff risk.** Apart from limited margin dent from aluminium price hike, we are of the view that the current US tariffs also have limited impact on Minth's margins, as only less than 4% of its revenue is exposed to the extra 25% tariff effective from May 2025. Products from its Mexico plant are not subject to any extra US tariffs.
- **New businesses may start meaningful revenue contribution from FY27E, as battery housing is likely to continue fast growth in FY26E.** We project NEV sales volume in Europe to rise 16% YoY in 2026E (details in our [2026 outlook](#) report), which could benefit Minth's battery housing business, especially as European brands are grabbing market share from Tesla. We are of the view that Minth's new components for humanoid robots and AI server liquid cooling system are well on track, following its announcements in Nov-Dec 2025. We project these two businesses to contribute a revenue of more than RMB1bn in FY27E, which has not been fully priced in, in our view. We also expect door sealing system and other new businesses to contribute a revenue of more than RMB0.5bn in FY27E. As a result, we raise our FY26-27E revenue forecasts by 3-6% to RMB29.9bn/34.5bn and net profit forecasts by 6-8% to RMB3.2bn/4.0bn, respectively.
- **Valuation/Key risks.** We maintain our BUY rating and lift target price from HK\$38.00 to HK\$42.00, still based on 13x (unchanged) our revised FY26E EPS. 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	FY25E	FY26E	FY27E
Revenue (RMB mn)	20,524	23,147	25,945	29,856	34,519
YoY growth (%)	18.6	12.8	12.1	15.1	15.6
Net profit (RMB mn)	1,903.2	2,319.3	2,708.1	3,245.7	3,968.4
YoY growth (%)	26.8	21.9	16.8	19.8	22.3
EPS (Reported) (RMB)	1.65	2.02	2.36	2.84	3.45
P/E (x)	19.3	15.8	13.5	11.2	9.2
P/B (x)	2.0	1.8	1.6	1.5	1.3
Yield (%)	0.0	1.3	3.0	3.6	4.3
ROE (%)	10.8	12.0	12.5	13.6	15.0
Net gearing (%)	17.6	15.4	7.9	3.0	(3.0)

Source: Company data, Bloomberg, CMBIGM estimates

Target Price	HK\$42.00
(Previous TP	HK\$38.00)
Up/Downside	17.3%
Current Price	HK\$35.80

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<b>Stock Data</b>	
Mkt Cap (HK\$ mn)	42,313.8
Avg 3 mths t/o (HK\$ mn)	228.4
52w High/Low (HK\$)	40.28/14.88
Total Issued Shares (mn)	1182.0

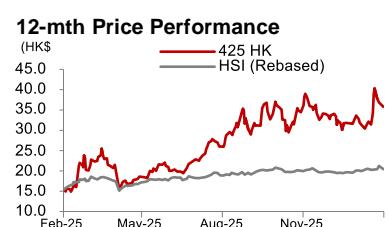
Source: FactSet

<b>Shareholding Structure</b>	
Chin Jong-Hwa's family	38.1%
Invesco Asset Management	6.0%

Source: HKEx

<b>Share Performance</b>	Absolute	Relative
1-mth	6.4%	4.7%
3-mth	3.9%	0.6%
6-mth	38.0%	26.3%

Source: FactSet



Source: FactSet

**Related Report**  
["Minth Group \(425 HK\) - Well on track: new businesses as a call option" - 28 Aug 2025](#)

**Figure 1: Interim results**

RMB mn	1H23	2H23	1H24	2H24	1H25	2H25E	YoY	HoH
Revenue	9,747	10,776	11,090	12,057	12,287	13,658	13.3%	11.2%
Gross profit	2,563	3,059	3,162	3,536	3,473	3,970	12.3%	14.3%
Selling expenses	(360)	(432)	(531)	(516)	(512)	(533)	3.2%	4.1%
Admin expenses	(623)	(826)	(743)	(896)	(805)	(978)	9.2%	21.6%
R&D expenses	(616)	(781)	(715)	(735)	(726)	(862)	17.3%	18.6%
Operating profit	1,017	1,100	1,380	1,642	1,555	1,823	11.0%	17.3%
Net profit	887	1,016	1,068	1,251	1,277	1,432	14.4%	12.1%
Gross margin	26.3%	28.4%	28.5%	29.3%	28.3%	29.1%	-0.3 ppts	0.8 ppts
Operating margin	10.4%	10.2%	12.4%	13.6%	12.7%	13.4%	-0.3 ppts	0.7 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 estimates

**Figure 2: Earnings revision**

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	25,945	29,856	34,519	25,797	28,968	32,652	0.6%	3.1%	5.7%
Gross profit	7,443	8,464	9,656	7,395	8,281	9,306	0.6%	2.2%	3.8%
Operating profit	3,149	3,715	4,508	3,101	3,532	4,157	1.5%	5.2%	8.4%
Net profit	2,708	3,246	3,968	2,669	3,071	3,665	1.5%	5.7%	8.3%
Gross margin	28.7%	28.3%	28.0%	28.7%	28.6%	28.5%	0.0 ppts	-0.2 ppts	-0.5 ppts
Operating margin	12.1%	12.4%	13.1%	12.0%	12.2%	12.7%	0.1 ppts	0.2 ppts	0.3 ppts
Net margin	10.4%	10.9%	11.5%	10.3%	10.6%	11.2%	0.1 ppts	0.3 ppts	0.3 ppts

Source: CMBIGM estimates

**Figure 3: CMBI estimates vs consensus**

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	25,945	29,856	34,519	26,614	30,646	34,822	-2.5%	-2.6%	-0.9%
Gross profit	7,443	8,464	9,656	7,676	8,882	10,081	-3.0%	-4.7%	-4.2%
Operating profit	3,149	3,715	4,508	3,560	4,146	4,811	-11.5%	-10.4%	-6.3%
Net profit	2,708	3,246	3,968	2,775	3,285	3,856	-2.4%	-1.2%	2.9%
Gross margin	28.7%	28.3%	28.0%	28.8%	29.0%	28.9%	-0.2 ppts	-0.6 ppts	-1.0 ppts
Operating margin	12.1%	12.4%	13.1%	13.4%	13.5%	13.8%	-1.2 ppts	-1.1 ppts	-0.8 ppts
Net margin	10.4%	10.9%	11.5%	10.4%	10.7%	11.1%	0.0 ppts	0.2 ppts	0.4 ppts

Source: Bloomberg, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec (RMB mn)</b>						
<b>Revenue</b>	<b>17,306</b>	<b>20,524</b>	<b>23,147</b>	<b>25,945</b>	<b>29,856</b>	<b>34,519</b>
Cost of goods sold	(12,522)	(14,902)	(16,449)	(18,502)	(21,393)	(24,863)
<b>Gross profit</b>	<b>4,784</b>	<b>5,622</b>	<b>6,698</b>	<b>7,443</b>	<b>8,464</b>	<b>9,656</b>
<b>Operating expenses</b>	<b>(3,203)</b>	<b>(3,505)</b>	<b>(3,974)</b>	<b>(4,294)</b>	<b>(4,749)</b>	<b>(5,148)</b>
Selling expense	(868)	(792)	(1,048)	(1,045)	(1,169)	(1,260)
Admin expense	(1,292)	(1,449)	(1,638)	(1,783)	(1,949)	(2,069)
R&D expense	(1,172)	(1,397)	(1,449)	(1,588)	(1,785)	(1,975)
Others	130	133	162	122	155	155
<b>Operating profit</b>	<b>1,581</b>	<b>2,117</b>	<b>2,725</b>	<b>3,149</b>	<b>3,715</b>	<b>4,508</b>
Other income	186	281	298	230	260	280
Investment gain/loss	286	356	325	261	311	349
Other gains/(losses)	(21)	61	(24)	31	(38)	(31)
Share of (losses)/profits of associates/JV	10	16	4	23	28	27
<b>EBITDA</b>	<b>3,163</b>	<b>4,225</b>	<b>4,872</b>	<b>5,461</b>	<b>6,167</b>	<b>7,163</b>
Depreciation	1,038	1,302	1,452	1,667	1,783	1,915
Depreciation of ROU assets	46	47	45	48	50	52
Other amortisation	37	45	47	52	58	62
<b>EBIT</b>	<b>2,042</b>	<b>2,831</b>	<b>3,328</b>	<b>3,694</b>	<b>4,275</b>	<b>5,133</b>
Interest expense	(263)	(515)	(521)	(388)	(368)	(337)
Foreign exchange gain/loss	34	8	31	(20)	10	10
<b>Pre-tax profit</b>	<b>1,779</b>	<b>2,315</b>	<b>2,807</b>	<b>3,306</b>	<b>3,908</b>	<b>4,796</b>
Income tax	(249)	(351)	(431)	(529)	(586)	(743)
<b>After tax profit</b>	<b>1,530</b>	<b>1,964</b>	<b>2,376</b>	<b>2,777</b>	<b>3,321</b>	<b>4,053</b>
Minority interest	(30)	(61)	(56)	(69)	(76)	(85)
<b>Net profit</b>	<b>1,501</b>	<b>1,903</b>	<b>2,319</b>	<b>2,708</b>	<b>3,246</b>	<b>3,968</b>
Gross dividends	609	0	464	1,083	1,298	1,587
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec (RMB mn)</b>						
<b>Current assets</b>	<b>15,995</b>	<b>17,493</b>	<b>17,169</b>	<b>19,260</b>	<b>22,257</b>	<b>25,164</b>
Cash & equivalents	4,221	4,165	2,441	3,485	4,500	5,000
Restricted cash	1,055	1,840	1,771	1,700	1,700	1,700
Account receivables	6,541	6,610	7,476	8,152	9,381	10,846
Inventories	3,633	3,982	4,641	5,055	5,728	6,589
Prepayment	0	0	0	0	0	0
Other current assets	545	895	841	868	948	1,029
<b>Non-current assets</b>	<b>17,279</b>	<b>20,054</b>	<b>21,590</b>	<b>20,801</b>	<b>21,681</b>	<b>22,145</b>
PP&E	13,435	15,476	15,798	15,809	15,791	15,540
Right-of-use assets	1,083	1,058	1,035	1,037	1,037	1,035
Deferred income tax	270	419	483	483	483	483
Investment in JVs & assos	394	407	384	397	415	427
Intangibles	113	112	92	90	81	69
Goodwill	98	98	98	98	98	98
Financial assets at FVTPL	28	30	1,075	684	1,135	1,594
Other non-current assets	1,858	2,454	2,625	2,204	2,641	2,899
<b>Total assets</b>	<b>33,274</b>	<b>37,547</b>	<b>38,759</b>	<b>40,061</b>	<b>43,938</b>	<b>47,309</b>
<b>Current liabilities</b>	<b>13,314</b>	<b>14,117</b>	<b>14,577</b>	<b>13,973</b>	<b>15,739</b>	<b>16,302</b>
Short-term borrowings	7,192	5,851	5,894	5,456	5,928	4,938
Account payables	5,765	7,004	7,260	8,088	9,352	10,869
Tax payable	157	226	206	206	206	206
Other current liabilities	180	1,016	1,194	199	226	260
Lease liabilities	19	20	22	24	26	29
<b>Non-current liabilities</b>	<b>2,262</b>	<b>4,290</b>	<b>2,923</b>	<b>2,524</b>	<b>2,346</b>	<b>2,372</b>
Long-term borrowings	1,006	3,837	2,525	2,125	1,925	1,925
Deferred income	27	45	20	20	20	20
Other non-current liabilities	1,229	409	378	378	401	427
<b>Total liabilities</b>	<b>15,576</b>	<b>18,407</b>	<b>17,500</b>	<b>16,496</b>	<b>18,086</b>	<b>18,674</b>
Share capital	116	116	116	116	117	117
Other reserves	16,801	18,202	20,329	22,614	24,886	27,659
<b>Total shareholders equity</b>	<b>16,918</b>	<b>18,318</b>	<b>20,445</b>	<b>22,730</b>	<b>25,003</b>	<b>27,777</b>
Minority interest	780	821	814	834	850	858
<b>Total equity and liabilities</b>	<b>33,274</b>	<b>37,547</b>	<b>38,759</b>	<b>40,061</b>	<b>43,938</b>	<b>47,309</b>

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	1,779	2,315	2,807	3,306	3,908	4,796
Depreciation & amortization	1,121	1,394	1,544	1,767	1,891	2,029
Tax paid	(270)	(390)	(542)	(529)	(586)	(743)
Change in working capital	(1,190)	(399)	(798)	(451)	(786)	(970)
Others	415	446	263	93	97	21
<b>Net cash from operations</b>	<b>1,855</b>	<b>3,366</b>	<b>3,274</b>	<b>4,187</b>	<b>4,524</b>	<b>5,133</b>
<b>Investing</b>						
Capital expenditure	(3,432)	(3,279)	(1,938)	(1,950)	(2,050)	(1,950)
Acquisition of subsidiaries/ investments	(71)	(103)	1	0	0	0
Net proceeds from disposal of short-term investments	(16)	120	(1,211)	590	(500)	(500)
Others	482	(238)	(47)	1,005	231	474
<b>Net cash from investing</b>	<b>(3,037)</b>	<b>(3,500)</b>	<b>(3,194)</b>	<b>(355)</b>	<b>(2,319)</b>	<b>(1,976)</b>
<b>Financing</b>						
Dividend paid	(626)	(744)	(33)	(512)	(1,144)	(1,374)
Net borrowings	644	1,202	(1,104)	(838)	272	(990)
Proceeds from share issues	na	0	na	(15)	0	0
Share repurchases	(47)	0	(130)	0	0	0
Others	na	(406)	na	(1,423)	(318)	(293)
<b>Net cash from financing</b>	<b>(125)</b>	<b>52</b>	<b>(1,795)</b>	<b>(2,788)</b>	<b>(1,189)</b>	<b>(2,657)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	5,492	4,221	4,165	2,441	3,485	4,500
Exchange difference	35	27	(9)	0	0	0
<b>Cash at the end of the year</b>	<b>4,221</b>	<b>4,165</b>	<b>2,441</b>	<b>3,485</b>	<b>4,500</b>	<b>5,000</b>
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
Revenue	24.3%	18.6%	12.8%	12.1%	15.1%	15.6%
Gross profit	17.2%	17.5%	19.1%	11.1%	13.7%	14.1%
Operating profit	27.2%	33.9%	28.7%	15.6%	18.0%	21.3%
EBITDA	4.4%	33.6%	15.3%	12.1%	12.9%	16.2%
EBIT	(3.2%)	38.6%	17.6%	11.0%	15.8%	20.1%
Net profit	0.3%	26.8%	21.9%	16.8%	19.8%	22.3%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
Gross profit margin	27.6%	27.4%	28.9%	28.7%	28.3%	28.0%
Operating margin	9.1%	10.3%	11.8%	12.1%	12.4%	13.1%
EBITDA margin	18.3%	20.6%	21.0%	21.0%	20.7%	20.7%
Return on equity (ROE)	9.1%	10.8%	12.0%	12.5%	13.6%	15.0%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
Net debt to equity (x)	0.2	0.2	0.2	0.1	0.0	(0.0)
Current ratio (x)	1.2	1.2	1.2	1.4	1.4	1.5
Receivable turnover days	137.9	117.6	117.9	115.0	115.0	115.0
Inventory turnover days	105.9	97.5	103.0	100.0	98.0	97.0
Payable turnover days	168.1	171.6	161.1	160.0	160.0	160.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
P/E	24.4	19.3	15.8	13.5	11.2	9.2
P/E (diluted)	24.4	19.3	15.8	13.5	11.2	9.2
P/B	2.2	2.0	1.8	1.6	1.5	1.3
P/CFPS	19.8	10.9	11.2	8.7	8.0	7.1
Div yield (%)	1.7	0.0	1.3	3.0	3.6	4.3

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

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<b>HOLD</b>	: Stock with potential return of +15% to -10% over next 12 months
<b>SELL</b>	: Stock with potential loss of over 10% over next 12 months
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