

Angelalign (6699 HK)

Earnings beat with strong overseas momentum

Angelalign reported strong FY25 results, with revenue up 37.8% YoY to US\$370mn and attributable net profit increasing 134.7% YoY to US\$28mn, beating our estimates by 9% and 140%, respectively. Total case shipments grew 48.1% YoY to 532,400. The robust performance was primarily driven by rapid overseas expansion and continued domestic market share gains. Profitability improved significantly, thanks to global operating leverage and delays in the ramp-up costs of overseas manufacturing facilities. While we expect robust volume momentum to continue into 2026E, near-term margins may face headwinds from global capacity ramp-up and escalating IP litigation costs. Therefore, we expect 21.4% YoY revenue growth for 2026E, although attributable net margin will drop from 7.7% to 7.0%.

- Overseas business remains the key growth driver with significant profitability improvement.** Overseas revenue increased 102.5% YoY to US\$163mn in FY25, with case volumes up 82.1% YoY to ~256,200, indicating an increase in overseas ASP. Adjusted operating loss narrowed 64% YoY to US\$11mn, driven by operating leverage from a maturing global sales network and delayed ramp-up costs of overseas manufacturing facilities. We forecast 33% overseas volume growth for 2026E. While the ramp-up of treatment planning centers in Brazil and Southeast Asia, alongside the new US facility, will create temporary margin pressure, these localized supply chain investments are critical for long-term global expansion and operational resilience.
- Domestic performance was resilient, suggesting a more rational competitive landscape.** Domestic revenue grew 10.1% YoY to US\$207mn in FY25, with case shipments up 26.3% YoY to ~276,200, ahead of our expectations. Domestic growth was driven by continued market share gains, particularly in lower-tier markets and adolescent/pediatric segment. Domestic gross profit margin improved by 2ppts to 65% thanks to improved production efficiencies, design optimization, and scale benefits, which more than offset ASP pressure. We think the solid domestic performance indicated that competitive intensity in China is moderating, likely as smaller players exit and industry consolidation continues.
- IP litigation remains an overhang to monitor in 2026E.** While the financial impact of the ongoing patent litigation, initiated by Align Technology, was relatively limited in 2025, we expect legal expenses to rise in 2026E as cases progress across the US, Europe, and China. Potential injunctions or other adverse rulings may create uncertainty for overseas growth and weigh on near-term profitability.
- Maintain BUY.** We maintain BUY and raise our 2026E earnings forecasts by 10.8% to reflect stronger-than-expected FY25 results. Based on our SOTP valuation, we apply 18x 2026E P/E to the domestic business and 5x 2026E P/S to the faster-growing overseas business, in line with relevant peers, and derive a target price of HK\$91.89.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (US\$ mn)	269	370	450	539	637
YoY growth (%)	28.2	37.8	21.4	20.0	18.2
Adjusted net profit (US\$ mn)	27	44	56	64	81
YoY growth (%)	2.9	63.0	28.9	13.4	26.7
EPS (Adjusted) (US\$)	0.16	0.26	0.33	0.37	0.48
P/E (Adjusted) (x)	58.2	35.9	28.1	24.8	19.6
Net gearing (%)	(68.5)	(85.8)	(73.4)	(65.8)	(60.2)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$91.89
(Previous TP)	HK\$86.47
Up/Downside	26.1%
Current Price	HK\$72.85

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Stock Data

Mkt Cap (HK\$ mn)	12,440.8
Avg 3 mths t/o (HK\$ mn)	44.6
52w High/Low (HK\$)	76.95/46.65
Total Issued Shares (mn)	170.8

Source: FactSet

Shareholding Structure

CareCapital Orthotech Limited	51.1%
Shore Lead Limited	12.6%

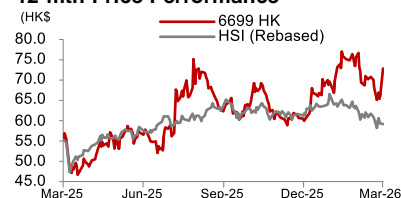
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-3.6%	3.7%
3-mth	21.5%	26.9%
6-mth	15.6%	25.5%

Source: FactSet

12-mth Price Performance



Source: FactSet

Fig 1: Peer comparison

Company	Ticker	Rating	Market Cap (US\$m)	Price (LC)	P/E (x)		P/S (x)	
					2026E	2027E	2026E	2027E
Overseas								
Alcon	ALC US	NR	37,213	74.5	21.6	19.0	3.4	3.2
Align technology	ALGN US	NR	12,640	177.3	15.7	14.4	3.0	2.9
Straumann	STMN SW	NR	16,461	82.3	26.9	22.6	4.8	4.4
Stryker	SYK US	NR	127,411	332.7	22.2	19.8	4.7	4.3
Boston Scientific	BSX US	NR	104,285	70.2	20.3	17.9	4.7	4.2
Dexcom	DXCM US	NR	25,436	66.1	26.6	22.2	4.9	4.3
STAAR Surgical	STAA US	NR	923	18.6	42.1	27.6	3.1	2.9
Average					25.0	20.5	4.1	3.7
H & A share								
Zylox-Tonbridge	2190 HK	NR	1,032	24.0	22.3	16.9	4.9	3.8
NeuroScientific	2172 HK	NR	772	10.5	19.7	16.8	7.0	6.1
Ovctek	300595 CH	NR	1,869	14.4	18.2	17.8	6.3	5.2
Eyebright Medical	688050 CH	NR	1,458	52.1	21.0	17.4	5.4	4.5
Apt Medical	688617 CH	NR	5,041	247.0	32.3	25.3	10.4	8.2
Average					22.7	18.8	5.7	4.6
Overall average					24.1	19.8	4.9	4.2

Source: Bloomberg, CMBIGM
 Data: as of 27 Mar 2026

Fig 2: Angelalign: SOTP valuation

	2026E net profit (US\$m)	2026E revenue (US\$m)	2026E PE (x)	2026E PS (x)	Valuation to Angelalign (US\$m)	As % of total valuation	Per share valuation (HK\$)
Domestic business	28		18		507	25.2	23.1
Overseas business		213		5	1,063	52.8	48.5
Net cash					442	22.0	20.2
Valuation of Angelalign (US\$m)					2,012		
USDHKD					7.8		
Valuation of Angelalign (HK\$m)					15,692		
# of shares (mn)					171		
Price per share (HK\$ per share)					91.89		

Source: Company data, CMBIGM estimates

Fig 3: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	450	539	637	406	479	565	10.8%	12.5%	12.7%
Gross profit	275	334	398	240	287	341	14.3%	16.2%	16.7%
Operating profit	36	47	69	14	31	42	163.1%	52.5%	63.9%
Net profit	32	39	56	19	34	45	67.7%	14.8%	25.7%
EPS (RMB)	0.18	0.23	0.33	0.11	0.20	0.26	67.0%	14.3%	25.2%
Gross margin	61.08%	61.87%	62.37%	59.21%	59.90%	60.27%	+1.87ppt	+1.97ppt	+2.1ppt
Operating margin	8.05%	8.70%	10.79%	3.39%	6.42%	7.42%	+4.66ppt	+2.28ppt	+3.37ppt
Net margin	7.01%	7.28%	8.84%	4.63%	7.14%	7.93%	+2.38ppt	+0.14ppt	+0.91ppt

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Revenue	210	269	370	450	539	637
Cost of goods sold	(79)	(101)	(137)	(175)	(206)	(240)
Gross profit	131	168	233	275	334	398
Selling expense	(70)	(105)	(121)	(148)	(183)	(210)
Admin expense	(40)	(46)	(52)	(59)	(71)	(83)
R&D expense	(25)	(21)	(28)	(36)	(42)	(48)
Others	(1)	(0)	(8)	(8)	(8)	(8)
Operating profit	(4)	6	31	33	40	58
Other income	5	12	13	11	11	11
Other expense	0	(0)	(0)	(0)	(0)	(0)
Other gains/(losses)	(4)	(2)	(5)	(1)	(1)	(1)
Net Interest income/(expense)	12	5	2	1	1	1
Others	0	(0)	(1)	(1)	(1)	(1)
Pre-tax profit	9	12	32	33	40	58
Income tax	(2)	(2)	(5)	(6)	(7)	(10)
After tax profit	7	10	26	27	33	48
Minority interest	(1)	(2)	(2)	(2)	(2)	(2)
Attributable net profit	8	12	28	30	35	50
Adjusted net profit	26	27	44	56	64	81
Gross dividends	24	8	119	18	21	30
BALANCE SHEET						
YE 31 Dec (US\$ mn)						
Current assets	525	492	501	523	564	619
Cash & equivalents	380	227	127	87	69	62
Restricted cash	0	0	1	1	1	1
Account receivables	26	36	55	65	78	93
Inventories	13	18	17	26	31	36
ST bank deposits	0	112	259	259	259	259
Financial assets at FVTPL	106	98	43	85	127	168
Other current assets	0	0	0	0	0	0
Non-current assets	147	186	264	287	308	326
PP&E	61	75	95	122	147	169
Right-of-use assets	14	18	17	15	13	11
Deferred income tax	5	7	8	8	8	8
Investment in JVs & assos	3	5	13	12	11	11
Intangibles	23	18	19	18	16	15
Financial assets at FVTPL	36	39	43	43	43	43
Other non-current assets	6	24	70	70	70	70
Total assets	672	678	764	810	872	945
Current liabilities	124	128	168	185	216	249
Amounts due to related parties	0	0	0	0	0	0
Short-term borrowings	2	3	2	2	2	2
Account payables	53	63	83	105	123	142
Other current liabilities	3	1	2	2	2	2
Lease liabilities	2	4	5	5	5	5
Contract liabilities	64	57	76	72	84	98
Non-current liabilities	66	70	92	92	92	92
Long-term borrowings	1	0	1	1	1	1
Deferred income	5	4	4	4	4	4
Other non-current liabilities	61	65	88	88	88	88
Total liabilities	190	198	260	278	308	342
Share capital	0	0	0	0	0	0
Retained earnings and others	507	492	499	510	524	545
Other reserves	(36)	(18)	1	19	39	60
Total shareholders equity	471	474	499	529	563	605
Minority interest	10	6	5	3	1	(2)
Total equity and liabilities	672	678	764	810	872	945

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Operating						
Profit before taxation	9	12	32	33	40	58
Depreciation & amortization	12	16	18	17	19	21
Tax paid	(7)	(7)	(4)	(6)	(7)	(10)
Change in working capital	7	1	43	(3)	13	14
Others	1	(4)	8	15	17	19
Net cash from operations	22	17	96	57	83	103
Investing						
Capital expenditure	(13)	(27)	(27)	(40)	(40)	(40)
Acquisition of subsidiaries/ investments	0	(3)	(8)	0	0	0
Others	(125)	(109)	(121)	(38)	(38)	(39)
Net cash from investing	(139)	(139)	(156)	(78)	(78)	(79)
Financing						
Dividend paid	(15)	(24)	(18)	(18)	(21)	(30)
Net borrowings	(3)	1	(1)	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Others	(8)	(6)	(7)	(1)	(1)	(1)
Net cash from financing	(26)	(28)	(26)	(19)	(22)	(31)
Net change in cash						
Cash at the beginning of the year	524	380	227	127	87	69
Exchange difference	(1)	(2)	4	0	0	0
Cash at the end of the year	380	227	144	87	69	62
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	(83.5%)	28.2%	37.8%	21.4%	20.0%	18.2%
Gross profit	(83.4%)	28.7%	38.4%	17.9%	21.5%	19.2%
Operating profit	na	na	386.6%	6.9%	22.1%	46.0%
EBITDA	(97.0%)	164.6%	120.3%	0.6%	20.0%	35.5%
Net profit	(96.5%)	60.9%	134.7%	4.0%	19.5%	42.8%
Adj. net profit	(87.7%)	2.9%	63.0%	28.9%	13.4%	26.7%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	62.4%	62.6%	62.9%	61.1%	61.9%	62.4%
Operating margin	(1.9%)	2.3%	8.3%	7.3%	7.4%	9.1%
EBITDA margin	3.9%	8.1%	13.0%	10.8%	10.8%	12.4%
Adj. net profit margin	12.5%	10.0%	11.8%	12.6%	11.9%	12.7%
Return on equity (ROE)	0.4%	2.6%	5.8%	5.8%	6.5%	8.6%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	(0.8)	(0.7)	(0.9)	(0.7)	(0.7)	(0.6)
Current ratio (x)	4.2	3.8	3.0	2.8	2.6	2.5
Receivable turnover days	43.1	52.5	32.2	53.0	53.0	53.0
Inventory turnover days	68.5	57.7	45.1	55.0	55.0	55.0
Payable turnover days	243.5	211.3	219.6	218.6	217.6	216.6
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	207.5	129.1	55.3	53.7	44.9	31.5
P/E (diluted)	208.3	129.7	55.6	53.7	44.9	31.5
P/B	3.2	3.3	3.1	3.0	2.8	2.6
Div yield (%)	1.5	0.5	7.5	1.1	1.3	1.9

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

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