

Binjiang Service (3316 HK)

FY25: Showing strength in tough times

Binjiang Service's FY25 revenue rose 14.1% YoY to RMB 4.1bn, 2%/4% below Bloomberg consensus/CMBI estimate. Net profit grew 12.1% YoY to RMB 880mn, 4% below consensus and our estimate. With lower parentco reliance, and rising collection rate and average PM fee against the industry trend, the company further showed the resilience of its premium positioning and high concentration strategy. Dividend payout ratio was raised 5ppts to 75% in FY25 and will be maintained in FY26 according to mgmt.. We maintain BUY with TP slightly revised up 0.9% to HK\$32.06, based on 13x 2026E P/E (target multiple unchanged with valuation base rolled forward to 2026E. Our NP forecast in FY26-27E is lowered 10-15% to reflect industry headwinds). Risks: 1) Slower 5S VAS growth; 2) intensified competition; 3) weak third-party expansion etc.

- Further reduced parentco reliance.** Binjiang Service's GFA mix trended against the industry: amid intensifying third-party competition, peers saw rising parent-contributed GFA, while Binjiang Service's GFA from related parties accounted for 36% of FY25 newly-added GFA under management, down from 51% in FY24, reflecting its strong third-party expansion advantages.
- Rising collection rate and average PM fee against industry trend.** Per CRIC, industry collection rate kept falling in FY25 amid economic headwinds. Binjiang Service's collection rate rose 0.29ppts (FY24: +0.62ppts). Its avg. PM fee increased to RMB 4.2/sqm/month (FY24: 4.1), with 14 projects signing fee hike contacts in FY25. Amid weak income expectations and multiple cities announcing guidance policies on price caps for PM fees, 20 key cities saw price fell 0.23% YoY in 2025 according to the China Index Academy. We attribute these two counter-trend performances to the company's: 1) adherence to premium positioning; 2) third-party expansion strategy prioritizing higher project concentration; and 3) proactive disposal of low-efficiency projects. After two years of clearing such projects, its termination rate dropped significantly in FY25 (Figure 2).
- 5S VAS: gross profit contribution hit a record high.** While the 5S VAS segment's revenue contribution remained stable at around 30% in FY25, a significant gross margin improvement (+4.6ppts to 28.5%) drove its gross profit contribution to a historic high of 37%. We believe subsequent focus should be on the sustainability of its large-flat decoration business, which accounted for 83% of the segment's revenue but saw slower growth at 8% YoY in FY25 (vs. 84% YoY in FY24).

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	3,595	4,101	4,534	4,944	5,356
YoY growth (%)	28.0	14.1	10.6	9.0	8.3
Net profit (RMB mn)	546.5	595.5	634.0	675.3	719.4
EPS (Reported) (RMB)	1.98	2.15	2.29	2.44	2.60
YoY growth (%)	11.0	9.0	6.5	6.5	6.5
Consensus EPS (RMB)	na	na	2.48	2.76	2.79
P/E (x)	10.1	9.3	8.7	8.2	7.7
P/B (x)	3.6	3.3	3.0	2.8	2.5
Yield (%)	6.9	8.1	8.6	9.2	9.8
ROE (%)	36.2	37.2	36.2	35.3	34.6

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$32.06
(Previous TP)	HK\$31.79)
Up/Downside	41.8%
Current Price	HK\$22.62

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Stock Data

Mkt Cap (HK\$ mn)	6,252.3
Avg 3 mths t/o (HK\$ mn)	3.3
52w High/Low (HK\$)	27.60/21.08
Total Issued Shares (mn)	276.4

Source: FactSet

Shareholding Structure

GREAT DRAGON VENTURES LTD	45.9%
HAOYU VENTURES LTD	12.9%

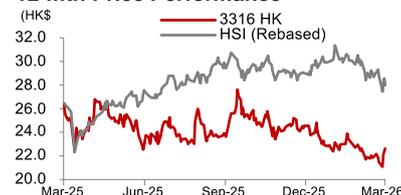
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	0.8%	7.0%
3-mth	-7.8%	-4.3%
6-mth	-4.2%	0.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: 3316 HK results summary- FY25

RMB mn	2024	2025	YoY	2025E	vs. CMBI est.	1H25	2H25	1H YoY	2H YoY	HoH
Revenue	3,595	4,101	14.1%	4,265	-4%	2,025	2,076	22.7%	6.8%	2.5%
- Property management services	1,932	2,441	26.3%	2,372	3%	1,158	1,283	27.9%	24.9%	10.8%
- VAS to non owners	565	472	-16.6%	501	-6%	214	258	-14.6%	-18.2%	20.3%
- 5S VAS	1,097	1,188	8.3%	1,392	-15%	653	536	32.0%	-11.1%	-17.9%
Gross profit	835	910	8.9%	899	1%	455	455	7.9%	10.0%	0.0%
Income tax	(233)	(222)	-4.6%	(217)	2%	(109)	(113)	-8.9%	-0.1%	4.4%
Net profit	547	596	9.0%	622	-4%	298	298	12.2%	5.9%	0.0%
EPS (RMB)	1.98	2.15	8.7%	2.25	-4%	1.08	1.07	12.2%	5.5%	-0.4%
DPS (RMB)	1.38	1.62	16.7%	1.58	3%	0.75		31.0%		
Dividend payout ratio	70%	75%	5.1 ppt	70%	5.1 ppt	70%		10 ppt		
GP Margin	23.2%	22.2%	-1.1 ppt	21.1%	1.1 ppt	22.5%	21.9%	-3.1 ppt	0.6 ppt	-0.6 ppt
- Property management services	18.4%	17.3%	-1.1 ppt	18%	-0.9 ppt	18.2%	16.5%	-1.5 ppt	-0.7 ppt	-1.6 ppt
- VAS to non owners	38.6%	31.5%	-7.1 ppt	29%	2.5 ppt	34.7%	28.9%	-8.3 ppt	-6.2 ppt	-5.7 ppt
- 5S VAS	23.9%	28.5%	4.6 ppt	23%	5.3 ppt	26.1%	31.4%	-1.3 ppt	10.4 ppt	5.3 ppt
Effective tax rate	-30%	-27%	2.9 ppt	-26%	-1 ppt	-26%	-27%	4.2 ppt	1.6 ppt	-1.0 ppt
Net Margin	15.2%	14.5%	-0.7 ppt	14.6%	-0.1 ppt	14.7%	14.3%	-1.4 ppt	-0.1 ppt	-0.4 ppt
Managed GFA (mn sq m)	67.9	82.6	21.6%	79.7	4%	75.1	82.6	19.0%	21.6%	
Contracted GFA (mn sq m)	92.9	104.2	12.3%	107.6	-3%	96.4	104.2	7.1%	12.3%	
Trade receivables	590	760	28.8%	725.0	5%	858	760	9.5%	28.8%	
Cash (incl. deposits)	2,913	2,997	2.9%	3,345	-10%	3,125	2,997	10.2%	2.9%	

Source: Company data, CMBIGM

Figure 2: Managed-GFA termination rate

Managed GFA movement (mn sqm)	2022A	2023A	2024A	2025A	1H24	2H24	1H25	2H25
At the beginning of the period	29.9	42.0	54.8	67.9	54.8	63.1	67.9	75.1
Addition	12.6	14.8	16.0	16.5	9.2	7	7.7	8.8
Termination	(0.6)	(1.9)	(2.9)	(1.8)	(0.9)	(1.9)	(0.5)	(1.3)
At the end of the period	42.0	54.8	67.9	82.6	63.1	67.9	75.1	82.6
Termination rate (=Termination GFA / Beginning GFA)	-1.9%	-4.5%	-5.2%	-2.7%	-1.7%	-3.1%	-0.8%	-1.7%

Source: Company data, CMBIGM

Figure 3: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	4,534	4,944	5,356	4,880	5,508	n.a.	-7.1%	-10.2%	n.a.
Gross profit	976	1,045	1,113	1,022	1,148	n.a.	-4.4%	-9.0%	n.a.
Operating profit	805	857	910	858	961	n.a.	-6.1%	-10.8%	n.a.
Net profit	634	675	719	701	785	n.a.	-9.5%	-14.0%	n.a.
Gross margin	21.5%	21.1%	20.8%	20.9%	20.8%	n.a.	0.6ppt	0.3ppt	n.a.
EBIT margin	17.8%	17.3%	17.0%	17.6%	17.5%	n.a.	0.2ppt	-0.1ppt	n.a.
Net margin	14.0%	13.7%	13.4%	14.4%	14.3%	n.a.	-0.4ppt	-0.6ppt	n.a.

Source: Company data, CMBIGM estimates

Figure 4: CMBI estimates vs. Consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	4,534	4,944	5,356	4,776	5,411	5,771	-5.1%	-8.6%	-7.2%
Gross profit	976	1,045	1,113	1,042	1,170	1,198	-6.4%	-10.7%	-7.1%
Operating profit	805	857	910	859	950	973	-6.3%	-9.8%	-6.5%
Net profit	634	675	719	684	763	769	-7.2%	-11.4%	-6.5%
Gross margin	21.5%	21.1%	20.8%	21.8%	21.6%	21.6%	-0.3ppt	-0.5ppt	-0.8ppt
EBIT margin	17.8%	17.3%	17.0%	18.0%	17.6%	17.6%	-0.2ppt	-0.2ppt	-0.6ppt
Net margin	14.0%	13.7%	13.4%	14.3%	14.1%	14.1%	-0.3ppt	-0.4ppt	-0.7ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 5: Valuation comps

Company	Ticker	Last Price	Mkt Cap	P/E (x)		Net Profit Growth (%)			Payout ratio	Dividend Yield		PEG
		(LC)	(USD mn)	26E	27E	26E	27E	28E	24A	24A	25E	26E
CR MixC	1209.HK	44.92	13,119	19.9 x	17.7 x	10.2	13.7	12.5	134%	5.1%	4.9%	1.9
Onewo	2602.HK	15.88	2,373	18.4 x	15.6 x	28.4	17.6	24.4	250%	10.5%	4.6%	0.6
Country Garden Services	6098.HK	5.73	2,387	9.2 x	8.3 x	(18.5)	22.0	9.9	55%	5.6%	9.5%	-0.5
Poly Services	6049.HK	30.90	2,188	9.1 x	8.5 x	6.3	5.8	7.5	50%	4.7%	6.4%	1.5
COPH	2669.HK	4.00	1,681	6.4 x	5.9 x	32.8	8.8	6.3	43%	5.0%	4.5%	0.2
China Merchant PO	001914.SZ	9.87	1,506	10.6 x	9.7 x	50.4	8.7	6.3	42%	2.6%	3.7%	0.2
Greentown Services	2869.HK	4.26	1,718	11.6 x	10.2 x	16.4	13.3	14.1	77%	5.6%	5.8%	0.7
Binjiang Services	3316.HK	22.62	800	8.7 x	8.1 x	6.5	6.5	6.5	70%	7.0%	8.1%	1.3
C&D PM	2156.HK	2.63	474	7.8 x	6.9 x	16.3	13.4	15.5	52%	5.7%	6.3%	0.5
Ever Sunshine	1995.HK	1.68	370	5.0 x	4.7 x	(7.3)	15.8	6.6	62%	11.0%	10.2%	-0.7
Jinmao Services	0816.HK	2.49	288	4.7 x	4.3 x	37.2	8.7	n.a.	63%	9.5%	7.9%	0.1
Average				14.9 x	13.3 x	11.6	13.1	11.8	110%	5.6%	5.5%	1.3

Source: Company data, Wind, CMBIGM (as of 26 Mar 2026)

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	2,809	3,595	4,101	4,534	4,944	5,356
Cost of goods sold	(2,113)	(2,759)	(3,191)	(3,558)	(3,900)	(4,243)
Others	0	0	0	0	0	0
Gross profit	696	835	910	976	1,045	1,113
Operating expenses	(119)	(130)	(153)	(171)	(187)	(203)
Selling expense	(18)	(24)	(29)	(32)	(35)	(38)
Admin expense	(76)	(101)	(93)	(103)	(112)	(122)
Operating profit	577	705	757	805	857	910
Other income	11	6	9	9	9	9
Other expense	(35)	(12)	(40)	(45)	(49)	(53)
Net interest income/(expense)	67	80	71	77	82	91
Other income/expense	8	1	3	3	3	3
Pre-tax profit	653	786	832	885	943	1,005
Income tax	(150)	(233)	(222)	(237)	(252)	(268)
After tax profit	503	554	609	649	691	736
Minority interest	10	7	14	15	16	17
Net profit	493	547	596	634	675	719
Net dividends	345	383	447	475	506	539

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	2,605	3,082	4,695	5,159	5,615	6,082
Cash & equivalents	1,455	891	891	1,236	1,581	1,936
Restricted cash	58	68	263	263	263	263
Account receivables	545	590	760	841	917	993
Inventories	245	290	333	371	407	443
ST bank deposits	279	941	2,015	2,015	2,015	2,015
Financial assets at FVTPL	0	302	433	433	433	433
Contract assets	22	0	0	0	0	0
Non-current assets	1,450	1,177	215	227	233	237
PP&E	43	43	52	65	71	75
Deferred income tax	34	36	53	53	53	53
Investment in JVs & assos	14	9	13	13	13	13
Intangibles	4	3	4	4	4	4
Other non-current assets	1,354	1,085	93	93	93	93
Total assets	4,055	4,259	4,909	5,386	5,849	6,320
Current liabilities	2,492	2,653	3,141	3,475	3,790	4,106
Short-term borrowings	0	0	0	0	0	0
Account payables	847	1,009	1,285	1,433	1,570	1,709
Other current liabilities	86	87	86	86	86	86
Lease liabilities	2	2	1	1	1	1
Contract liabilities	1,556	1,555	1,769	1,955	2,132	2,310
Non-current liabilities	22	14	23	23	23	23
Deferred income	20	13	22	22	22	22
Other non-current liabilities	2	1	1	1	1	1
Total liabilities	2,513	2,667	3,164	3,498	3,812	4,128
Share capital	0	0	0	0	0	0
Retained earnings	0	0	0	0	0	0
Other reserves	1,488	1,529	1,672	1,830	1,994	2,165
Total shareholders equity	1,488	1,529	1,672	1,830	1,994	2,165
Minority interest	53	63	73	58	43	26
Total equity and liabilities	4,055	4,259	4,909	5,386	5,849	6,320

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	653	786	832	885	943	1,005
Depreciation & amortization	14	18	20	22	24	26
Tax paid	(179)	(241)	(222)	(237)	(252)	(268)
Change in working capital	484	70	276	216	203	204
Others	(42)	(72)	(35)	(35)	(37)	(42)
Net cash from operations	929	561	871	851	881	924
Investing						
Capital expenditure	(25)	(26)	(30)	(30)	(30)	(30)
Acquisition of subsidiaries/ investments	(0)	0	0	0	0	0
Net proceeds from disposal of short-term investments	130	730	(131)	0	0	0
Others	(1,273)	(1,312)	(84)	0	0	0
Net cash from investing	(1,168)	(608)	(245)	(30)	(30)	(30)
Financing						
Dividend paid	(259)	(505)	(447)	(475)	(506)	(539)
Proceeds from share issues	7	9	0	0	0	0
Others	(3)	(7)	0	0	0	0
Net cash from financing	(256)	(503)	(447)	(475)	(506)	(539)
Net change in cash						
Cash at the beginning of the year	1,950	1,455	891	891	1,236	1,581
Exchange difference	1	(15)	(180)	0	0	0
Cash at the end of the year	1,455	891	891	1,236	1,581	1,936

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

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