17 Mar 2026

CMB International Global Markets | Equity Research | Company Update

Q-Tech (1478 HK)

FY25 in-line; Positive outlook on CCM share gain and drone/auto/XR momentum

Q-Tech posted FY25 revenue/NP growth of 29%/435% YoY, in-line with prior profit alert, mainly driven by non-handset CCM (+171% YoY, 27% of CCM sales), mobile CCM ASP hike (+20% YoY), disposal gain in India and Newmax operating improvement. Looking into 2026, we are positive on mgmt. guidance: 1) handset CCM: 5% YoY volume growth with overseas share gains, India capacity and spec upgrade (periscope/ variable aperture); 2) non-handset CCM: 50% YoY volume growth driven by auto/ drones/robots/XR. We slightly adjusted our estimates to reflect in-line FY25 results and stronger FY26 guidance on handset CCM and India business. Trading at 11.2x FY26E P/E, we think the stock is attractive. Maintain BUY. Upcoming catalysts include India shipment and non-handset CCM order wins.

- **FY25 in-line; handset CCM upgrade (ASP +20% YoY) and non-handset CCM sales momentum (+171% YoY).** Q-Tech FY25 revenue growth of 29.3% YoY was in line with our/market expectation, driven by non-handset CCM sales (+171% YoY), CCM ASP hike (+20% YoY) and FPM upgrade (+26% YoY). FY25 GPM climbed 1.7ppts YoY to 7.8% (vs 6.1% in FY24), thanks to higher ASP and rising UTR. Overall, net profit grew 435% YoY to RMB1,494mn, in-line with prior profit alert. Excluding one-off disposal gain (Q-tech India), net profit grew 144% YoY to RMB680mn.
- **2026 guidance: 5%/50% YoY volume growth in handset/non-handset CCM.** Looking into 2026, we are positive on better-than-feared guidance: 1) handset CCM: +5% YoY shipment growth despite memory cost hike impact, as Q-Tech will focus on high-end spec (periscope/variable aperture) and overseas client expansion; 2) non-handset CCM: 50% YoY shipment growth driven by auto Tier-1/OEM project win, drone order momentum, smart glasses cooperation and robotic client wins. 3) FPM: share gains through ultra-sonic FPM expansion and breakthrough in PC market. In addition, mgmt. guided FY26E capex of RMB 1bn for auto/IoT capacity ramp-up, smartphone high-end tech upgrade and global plants' construction.
- **Maintain BUY with new TP of HK$13.39.** We are positive on Q-Tech's solid 2026 shipment guidance, India capacity ramp-up, and multiple growth drivers in non-mobile CCM segment. We adjusted our estimates to reflect FY25 positive profit alert and business outlook in FY26E. Our new TP of HK$13.39 is based on same 17x FY26E P/E. Reiterate BUY.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	12,531	16,151	20,877	22,563	27,484
YoY growth (%)	(8.9)	28.9	29.3	8.1	21.8
Net profit (RMB mn)	83.5	279.1	1,493.6	852.7	1,127.8
EPS (Reported) (RMB)	0.07	0.24	1.26	0.72	0.95
YoY growth (%)	(52.4)	241.4	433.0	(42.9)	32.3
Consensus EPS (RMB)	na	na	0.83	0.80	0.92
P/E (x)	116.8	34.2	6.4	11.2	8.5
P/B (x)	2.0	1.9	1.5	1.4	1.2
Yield (%)	0.0	0.0	1.9	1.8	2.4
ROE (%)	1.7	5.6	26.0	12.6	14.9
Net gearing (%)	26.0	17.8	30.5	29.6	7.6

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$13.39**
(Previous TP	HK$13.18)
Up/Downside	**46.5%**
Current Price	**HK$9.14**

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Stock Data

Mkt Cap (HK$ mn)	10,830.9
Avg 3 mths t/o (HK$ mn)	73.0
52w High/Low (HK$)	16.80/5.74
Total Issued Shares (mn)	1185.0

Source: FactSet

Shareholding Structure

HE Ningning	63.6%
Harvest Fund Management Co Ltd	2.7%

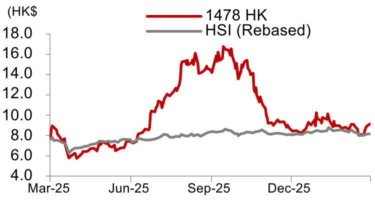
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	3.6%	7.1%
3-mth	7.4%	4.9%
6-mth	-36.6%	-35.1%

Source: FactSet

12-mth Price Performance



Source: FactSet

2025 earnings review

Figure 1: 2025 earnings review

RMB mn	FY23	FY24	FY25	YoY	CMBI FY25E	Diff %
Revenue	12,531	16,151	20,877	29%	20,647	1%
Gross profit	509	985	1,618	64%	1,512	7%
Operating profit	289	649	1,739	168%	1,713	2%
Net profit	84	279	1,494	435%	1,447	3%
EPS (RMB cents)	6.9	23.6	125.6	433%	121.9	3%
Gross margin	4.1%	6.1%	7.8%	1.7 ppt	7.3%	0.4 ppt
Operating margin	2.3%	4.0%	8.3%	4.3 ppt	8.3%	0 ppt
Net margin	0.7%	1.7%	7.2%	5.4 ppt	7.0%	0.1 ppt

Source: Bloomberg, company data, CMBIGM estimates

Earnings Revision

Figure 2: Earnings revision

	New		Old		Change	
(RMB mn)	2026E	2027E	FY26E	FY27E	FY26E	FY27E
Revenue	22,563	27,484	21,443	26,349	5%	4%
Gross profit	1,627	2,024	1,567	1,965	4%	3%
Operating profit	1,142	1,433	999	1,267	14%	13%
Net profit	853	1,128	837	1,055	2%	7%
EPS (RMB cents)	71.7	94.8	70.5	88.8	2%	7%
Gross margin	7.2%	7.4%	7.3%	7.5%	-0.1 ppt	-0.1 ppt
Operating margin	5.1%	5.2%	4.7%	4.8%	0.4 ppt	0.4 ppt
Net margin	3.8%	4.1%	3.9%	4.0%	-0.1 ppt	0.1 ppt

Source: Company data, CMBIGM estimates

Figure 3: CMBI estimates vs consensus

	CMBI		Consensus		Diff (%)	
(RMB mn)	2026E	2027E	FY26E	FY27E	FY26E	FY27E
Revenue	22,563	27,484	22,219	24,838	2%	11%
Gross profit	1,627	2,024	1,756	2,046	-7%	-1%
Operating profit	1,142	1,433	975	1,192	17%	20%
Net profit	853	1,128	859	993	-1%	14%
EPS (RMB cents)	71.7	94.8	75.6	80.1	-5%	18%
Gross margin	7.2%	7.4%	7.9%	8.2%	-0.7 ppt	-0.9 ppt
Operating margin	5.1%	5.2%	4.4%	4.8%	0.7 ppt	0.4 ppt
Net margin	3.8%	4.1%	3.9%	4.0%	-0.1 ppt	0.1 ppt

Source: Bloomberg, CMBIGM estimates

Earnings Forecasts

Figure 4: P&L forecast

RMB mn	FY24	FY25	FY26E	FY27E
Revenue	**16,151**	**20,877**	**22,563**	**27,484**
…YoY	*28.9%*	*29.3%*	*8.1%*	*21.8%*
Cost of sales	(15,166)	(19,258)	(20,936)	(25,461)
Gross profit	**985**	**1,618**	**1,627**	**2,024**
GPM (%)	*6.1%*	*7.8%*	*7.2%*	*7.4%*
…YoY	*93.6%*	*64.3%*	*0.6%*	*24.3%*
SG&A	(204)	(216)	(214)	(261)
…% of rev	*-1.3%*	*-1.0%*	*-1.0%*	*-1.0%*
R&D	(505)	(656)	(677)	(825)
…% of rev	*-3.1%*	*-3.1%*	*-3.0%*	*-3.0%*
Operating profit	**649**	**1,739**	**1,142**	**1,433**
OPM (%)	*4.0%*	*8.3%*	*5.1%*	*5.2%*
…YoY	*124.5%*	*168.1%*	*-34.3%*	*25.4%*
Gain/loss of asso..	**(37)**	**24**	**24**	**24**
Net profit	**279**	**1,494**	**853**	**1,128**
NPM (%)	*1.7%*	*7.2%*	*3.8%*	*4.1%*
…YoY	*234.1%*	*435.2%*	*-42.9%*	*32.3%*

Source: Company data, CMBIGM estimates

Figure 5: Revenue breakdown

RMB mn	FY24	FY25	FY26E	FY27E
CCM Revenue	**14,819**	**18,810**	**20,863**	**25,450**
…YoY	**28%**	**27%**	**11%**	**22%**
Mobile Total	**12,960**	**13,124**	**12,255**	**12,998**
32M below	1,391	1,437	1,557	1,439
>32MP	11,569	11,686	10,698	11,560
OIS	2,992	3,228	2,853	2,942
Periscope	859	2,759	2,702	2,622
Other 32MP	7,719	5,699	5,144	5,996
Non-Mobile Total	**1,859**	**5,055**	**8,608**	**12,452**
IoT	1,306	3,917	5,876	8,227
Auto	400	798	1,277	2,044
XR	-	970	1,454	2,182
Shipment (mn)	**434**	**461**	**495**	**529**
…YoY	*16%*	6%	8%	7%
ASP (Rmb)	**34.1**	**40.8**	**42.1**	**48.1**
…YoY	*10%*	20%	3%	14%
FPM Revenue	**1,178**	**1,911**	**1,545**	**1,879**
…YoY	***51%***	***62%***	***-19%***	***22%***
Shipment (mn)	161	203	192	212
…YoY	*46%*	*26%*	*-5%*	*10%*
ASP (Rmb)	7.3	9.4	8.0	8.9
…YoY	*3%*	*29%*	*-15%*	*11%*
Others	153	155	155	155
…YoY	-18%	1%	0%	0%
Total	**16,151**	**20,877**	**22,563**	**27,484**
…YoY	***29%***	***29%***	***8%***	***22%***

Source: Company data, CMBIGM estimates

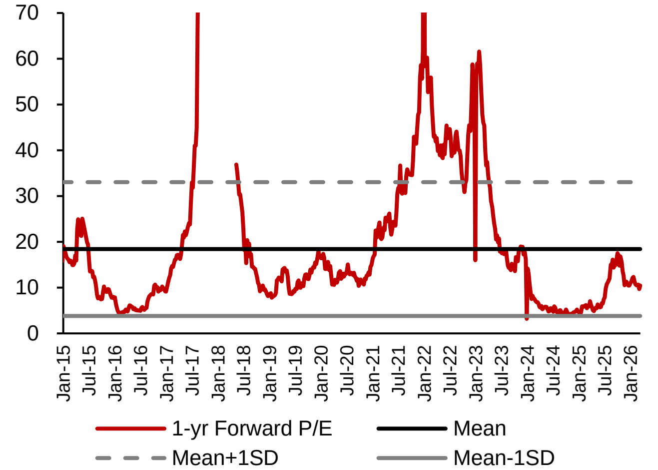
Valuation

Maintain BUY with new TP of HK$13.39

We slightly adjusted our estimates to reflect in-line FY25 results and stronger FY26 guidance on handset CCM and India business, despite smartphone weakness on memory cost hike. We expect non-mobile biz to become major growth driver with 57% revenue CAGR in FY25-27E, accounting for 38%/45% of revenue in FY26/27E (vs. 24% in FY25).

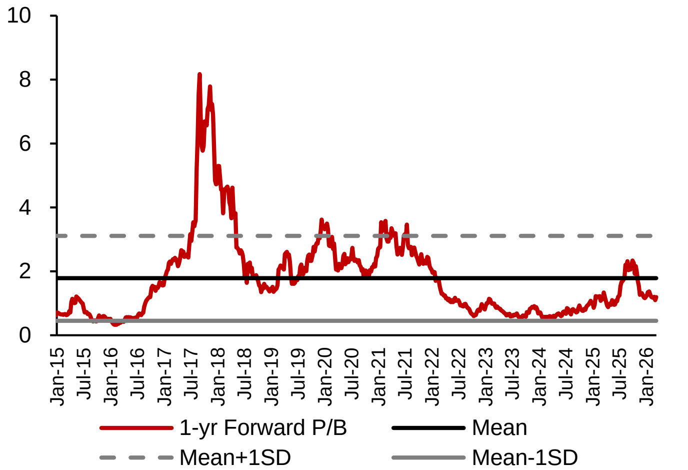
Our new TP of HK$13.39 is based on same 17x FY26E P/E. Reiterate BUY. Upcoming catalysts include India shipment and non-handset CCM order wins.

Figure 6: 12M forward P/E band



Source: Company data, CMBIGM

Figure 7: 12M forward P/B band



Source: Company data, CMBIGM

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	**13,759**	**12,531**	**16,151**	**20,877**	**22,563**	**27,484**
Cost of goods sold	(13,218)	(12,022)	(15,166)	(19,258)	(20,936)	(25,461)
Gross profit	**541**	**509**	**985**	**1,618**	**1,627**	**2,024**
Operating expenses	**(338)**	**(220)**	**(336)**	**121**	**(485)**	**(591)**
Selling expense	(14)	(20)	(20)	(43)	(34)	(41)
Admin expense	(142)	(149)	(184)	(172)	(181)	(220)
R&D expense	(470)	(436)	(505)	(656)	(677)	(825)
Others	288	385	373	993	406	495
Operating profit	**204**	**289**	**649**	**1,739**	**1,142**	**1,433**
Share of (losses)/profits of associates/JV	(37)	(50)	(37)	24	24	24
Others	(60)	(171)	(152)	(103)	(164)	(131)
Pre-tax profit	**107**	**68**	**460**	**1,661**	**1,003**	**1,327**
Income tax	63	15	(181)	(168)	(150)	(199)
Minority interest	0	0	0	0	0	0
Net profit	**170**	**84**	**279**	**1,494**	**853**	**1,128**

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	**8,594**	**11,107**	**10,546**	**14,815**	**13,591**	**19,386**
Cash & equivalents	1,349	2,893	1,447	2,139	1,163	3,071
Account receivables	3,436	4,201	4,988	6,240	5,895	8,887
Inventories	1,184	1,778	1,976	2,246	2,344	3,238
ST bank deposits	919	1,302	556	577	577	577
Other current assets	1,705	933	1,579	3,613	3,613	3,613
Non-current assets	**3,691**	**3,836**	**3,902**	**4,958**	**5,013**	**5,199**
PP&E	3,140	2,845	2,651	2,564	2,618	2,804
Intangibles	26	23	19	16	16	16
Other non-current assets	525	968	1,232	2,378	2,378	2,378
Total assets	**12,285**	**14,943**	**14,448**	**19,773**	**18,604**	**24,584**
Current liabilities	**7,249**	**9,666**	**9,085**	**13,109**	**11,257**	**16,336**
Short-term borrowings	2,616	4,152	2,352	4,095	3,265	3,680
Account payables	4,584	5,437	6,563	8,935	7,913	12,576
Tax payable	12	12	94	32	32	32
Other current liabilities	38	66	76	47	47	47
Non-current liabilities	**0**	**0**	**0**	**0**	**0**	**0**
Deferred income	248	213	179	146	146	146
Other non-current liabilities	7	5	7	4	4	4
Total liabilities	**7,518**	**10,111**	**9,357**	**13,357**	**11,505**	**16,584**
Share capital	9	9	9	10	10	10
Other reserves	4,753	4,822	5,082	6,406	7,089	7,991
Total shareholders equity	**4,767**	**4,832**	**5,091**	**6,416**	**7,098**	**8,000**
Minority interest	0	0	0	0	0	0
Total equity and liabilities	**12,285**	**14,943**	**14,448**	**19,773**	**18,604**	**24,584**

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**107**	**68**	**460**	**1,661**	**1,003**	**1,327**
Depreciation & amortization	640	728	842	988	1,074	1,188
Change in working capital	324	(470)	258	820	(774)	776
Others	0	0	0	0	0	0
Net cash from operations	**1,194**	**(379)**	**965**	**2,146**	**1,316**	**3,223**
Investing						
Capital expenditure	(1,149)	(1,046)	(1,348)	(1,743)	(1,128)	(1,374)
Others	0	0	0	0	0	0
Net cash from investing	**(1,149)**	**367**	**(1,040)**	**(3,137)**	**(1,128)**	**(1,374)**
Financing						
Dividend paid	0	0	0	(178)	(171)	(226)
Net borrowings	908	1,536	(1,799)	1,742	(830)	415
Others	(60)	15	427	116	(164)	(131)
Net cash from financing	**848**	**1,551**	**(1,372)**	**1,680**	**(1,164)**	**59**
Net change in cash						
Cash at the beginning of the year	1,743	1,349	2,893	1,447	2,139	1,163
Exchange difference	(1,288)	713	0	0	0	0
Cash at the end of the year	**1,349**	**2,893**	**1,447**	**2,139**	**1,163**	**3,071**

GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(26.3%)	(8.9%)	28.9%	29.3%	8.1%	21.8%
Gross profit	(69.3%)	(6.0%)	93.6%	64.3%	0.6%	24.3%
Operating profit	(80.4%)	42.0%	124.5%	168.1%	(34.3%)	25.4%
Net profit	(80.3%)	(50.9%)	234.1%	435.2%	(42.9%)	32.3%

PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	3.9%	4.1%	6.1%	7.8%	7.2%	7.4%
Operating margin	1.5%	2.3%	4.0%	8.3%	5.1%	5.2%
Return on equity (ROE)	3.6%	1.7%	5.6%	26.0%	12.6%	14.9%

GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.3	0.3	0.2	0.3	0.3	0.1
Current ratio (x)	1.2	1.1	1.2	1.1	1.2	1.2
Receivable turnover days	104.5	111.2	103.8	98.2	98.2	98.2
Inventory turnover days	47.5	45.0	45.2	40.0	40.0	40.0
Payable turnover days	149.7	152.1	144.4	146.9	146.9	146.9

VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	55.6	116.8	34.2	6.4	11.2	8.5
P/B	2.0	2.0	1.9	1.5	1.4	1.2
Div yield (%)	0.0	0.0	0.0	1.9	1.8	2.4
EV	4,767.4	4,831.8	5,091.4	6,416.0	7,098.2	8,000.4
EV/Sales	0.3	0.4	0.3	0.3	0.3	0.3

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

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UNDERPERFORM	: Industry expected to underperform the relevant broad market benchmark over next 12 months

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