1 Sep 2026

CMB International Global Markets | Equity Research | Company Update

招银国际 CMB INTERNATIONAL
招商银行全资附属机构
A Wholly Owned Subsidiary Of China Merchants Bank

Zenergy (3677 HK)

1H26 a mixed bag; margin recovery from 2H26

BUY (Maintain)

Target Price	**HK$11.50**
(Previous TP	HK$13.00)
Up/Downside	**123.1%**
Current Price	**HK$5.16**

China Auto

Ji SHI, CFA
(852) 3761 8728
shiji@cmbi.com.hk

Wenjing DOU, CFA
(852) 6939 4751
douwenjing@cmbi.com.hk

Austin Liang
(852) 3900 0856
austinliang@cmbi.com.hk

Stock Data

Mkt Cap (HK$ mn)	13,168.0
Avg 3 mths t/o (HK$ mn)	12.8
52w High/Low (HK$)	12.30/5.11
Total Issued Shares (mn)	2554.4

Source: FactSet

Shareholding Structure

Ms. Cao Fang and concert parties	45.4%
Others	54.6%

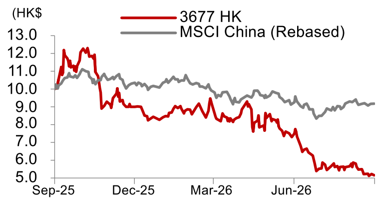
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-8.6%	-8.2%
3-mth	-29.4%	-29.3%
6-mth	-44.0%	-39.2%

Source: FactSet

12-mth Price Performance



Source: FactSet

Maintain BUY. Zenergy's 1H26 revenue and SG&A both beat our forecasts while GPM missed on raw-material price hikes. We expect a margin recovery starting in 2H26E, driven by higher capacity utilization, operational efficiency and improved cost pass-through. We remain bullish on the company's FY27E outlook, especially as management anticipates high capacity utilization to remain with effective annual capacity being doubled.

- **1H26 earnings a mixed bag.** Zenergy's 1H26 revenue surged 71% YoY to RMB5.4bn, topping our forecast by 2%. However, GPM contracted 5.4ppts YoY to 12.5% due to raw-material price hikes, trailing our projection by 3.2ppts. SG&A and R&D expenses provided a positive offset, with the combined ratio declining 5.6ppts YoY to 8.4%, or 1.5 ppts better than our forecast. Consequently, net profit reached RMB372mn with a net margin of 6.8%, or 5% lower than our estimate.
- **2H26 and FY27 outlook.** Management reiterated its FY26E sales volume target of 30+GWh and expects high capacity utilization rate to persist into FY27E with the effective annual capacity increasing to about 70GWh. The company has already secured order commitments for the majority of new capacity which has flexible design to seamlessly transition between EV and ESS battery manufacturing. Management also anticipates improved pass-through of raw material cost increases in 2H26E relative to 1H26.

  We maintain our FY26E sales volume forecast of 32GWh and project 2H26E GPM to recover by 1.8ppts HoH to 14.3% with higher capacity utilization rate, greater operational efficiency from new capacity and enhanced cost pass-through. Accordingly, we estimate 2H26E net profit to rise 44% HoH to RMB536mn.

  We also maintain FY27E sales volume forecast of 58GWh and project revenue to surge 61% YoY (trimmed by 2% to reflect the expiration of the consumption tax exemption). We forecast GPM to expand to 14.6% in FY27E, yielding net profit of RMB1.66bn (+83% YoY, 11% lower than our prior forecast).
- **Valuation/Key risks.** We maintain our BUY rating but trim our target price slightly from HK$13.00 to HK$11.50, based on an unchanged 15x our revised FY27E P/E. Key risks include lower sales volume from major clients, slower client expansion and lower margins than we expect.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	5,130	8,101	12,709	20,405	27,164
YoY growth (%)	23.3	57.9	56.9	60.6	33.1
Gross margin (%)	14.6	18.4	13.5	14.6	15.2
Operating profit (RMB mn)	(90.9)	377.2	791.4	1,683.1	2,557.6
Net profit (RMB mn)	91.0	808.6	908.0	1,660.1	2,392.5
YoY growth (%)	na	788.4	12.3	82.8	44.1
EPS (Reported) (RMB)	0.04	0.33	0.36	0.65	0.93
P/S (x)	2.2	1.4	0.9	0.6	0.4
P/E (x)	112.3	13.6	12.4	6.8	4.7
ROE (%)	1.7	11.6	10.6	16.8	20.0
Net gearing (%)	12.8	5.4	14.1	(0.1)	(23.0)

Source: Company data, Bloomberg, CMBIGM estimates

Figure 1: Interim results

RMB mn	1H24	2H24	1H25	2H25	1H26	YoY	HoH
Revenue	1,845	3,286	3,172	4,929	5,438	71.4%	10.3%
Gross profit	183	565	569	923	680	19.6%	-26.3%
Selling expenses	(17)	(19)	(16)	(16)	(19)	18.1%	21.1%
Admin expenses	(135)	(167)	(173)	(179)	(168)	-2.8%	-6.4%
R&D expenses	(260)	(296)	(253)	(267)	(268)	6.0%	0.3%
Operating profit	(206)	116	121	256	259	113.2%	1.3%
Net profit	(130)	221	220	588	372	68.6%	-36.8%
Gross margin	9.9%	17.2%	17.9%	18.7%	12.5%	-5.4 ppts	-6.2 ppts
Operating margin	-11.2%	3.5%	3.8%	5.2%	4.8%	0.9 ppts	-0.4 ppts
Net margin	-7.0%	6.7%	6.9%	11.9%	6.8%	-0.1 ppts	-5.1 ppts

Source: Company data, CMBIGM

Figure 2: Earnings revision

	New			Old			Diff.		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	12,709	20,405	27,164	12,585	20,775	27,716	1.0%	-1.8%	-2.0%
Gross profit	1,720	2,981	4,140	2,056	3,411	4,573	-16.3%	-12.6%	-9.5%
Operating profit	791	1,683	2,558	1,002	1,913	2,710	-21.0%	-12.0%	-5.6%
Net profit	908	1,660	2,393	1,093	1,859	2,533	-16.9%	-10.7%	-5.6%
Gross margin	13.5%	14.6%	15.2%	16.3%	16.4%	16.5%	-2.8 ppts	-1.8 ppts	-1.3 ppts
Operating margin	6.2%	8.2%	9.4%	8.0%	9.2%	9.8%	-1.7 ppts	-1.0 ppts	-0.4 ppts
Net margin	7.1%	8.1%	8.8%	8.7%	8.9%	9.1%	-1.5 ppts	-0.8 ppts	-0.3 ppts

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

	CMBIGM			Consensus			Diff.		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	12,709	20,405	27,164	13,775	21,594	28,771	-7.7%	-5.5%	-5.6%
Gross profit	1,720	2,981	4,140	2,342	3,671	4,963	-26.6%	-18.8%	-16.6%
Operating profit	791	1,683	2,558	1,006	1,783	2,841	-21.4%	-5.6%	-10.0%
Net profit	908	1,660	2,393	1,123	1,751	2,499	-19.1%	-5.2%	-4.3%
Gross margin	13.5%	14.6%	15.2%	17.0%	17.0%	17.3%	-3.5 ppts	-2.4 ppts	-2.0 ppts
Operating margin	6.2%	8.2%	9.4%	7.3%	8.3%	9.9%	-1.1 ppts	0.0 ppts	-0.5 ppts
Net margin	7.1%	8.1%	8.8%	8.2%	8.1%	8.7%	-1.0 ppts	0.0 ppts	0.1 ppts

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**4,162**	**5,130**	**8,101**	**12,709**	**20,405**	**27,164**
Cost of goods sold	(3,953)	(4,382)	(6,610)	(10,989)	(17,424)	(23,024)
Gross profit	**208**	**748**	**1,491**	**1,720**	**2,981**	**4,140**
Operating expenses	**(714)**	**(839)**	**(1,114)**	**(929)**	**(1,298)**	**(1,582)**
Selling expense	(58)	(36)	(32)	(41)	(59)	(70)
Admin expense	(259)	(301)	(352)	(363)	(501)	(582)
R&D expense	(424)	(556)	(520)	(574)	(749)	(895)
Others	27	54	(209)	50	11	(35)
Operating profit	**(506)**	**(91)**	**377**	**791**	**1,683**	**2,558**
Share of (losses)/profits of associates/JV	(25)	302	360	345	337	309
EBITDA	**(117)**	**821**	**1,496**	**2,078**	**3,272**	**4,415**
Depreciation	334	530	677	859	1,166	1,462
Other amortisation	79	79	82	84	85	86
EBIT	**(531)**	**212**	**737**	**1,136**	**2,020**	**2,867**
Interest expense	(73)	(133)	(128)	(154)	(134)	(117)
Pre-tax profit	**(604)**	**79**	**609**	**982**	**1,887**	**2,750**
Income tax	15	12	199	(74)	(226)	(358)
After tax profit	**(590)**	**91**	**809**	**908**	**1,660**	**2,393**
Minority interest	0	0	0	0	0	0
Net profit	**(590)**	**91**	**809**	**908**	**1,660**	**2,393**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**4,355**	**5,732**	**8,905**	**9,769**	**14,381**	**19,892**
Cash & equivalents	2,034	2,199	4,183	2,853	3,647	5,951
Restricted cash	472	1,060	1,077	1,100	1,200	1,200
Account receivables	1,147	1,623	1,700	2,786	4,752	6,326
Inventories	614	679	1,227	2,108	3,246	4,226
Financial assets at FVTPL	0	0	109	312	730	1,154
Other current assets	88	171	609	611	806	1,035
Non-current assets	**9,775**	**9,862**	**12,251**	**15,190**	**17,269**	**18,488**
PP&E	5,619	5,704	7,605	10,144	12,150	13,306
Right-of-use assets	257	226	506	872	922	960
Investment in JVs & assos	3,351	3,467	3,511	3,579	3,655	3,727
Intangibles	491	423	354	290	215	139
Goodwill	1	1	1	1	1	1
Other non-current assets	55	40	274	304	325	355
Total assets	**14,131**	**15,594**	**21,156**	**24,959**	**31,650**	**38,380**
Current liabilities	**6,150**	**6,497**	**8,679**	**11,139**	**16,199**	**20,802**
Short-term borrowings	694	1,246	1,858	1,191	1,200	1,200
Account payables	3,416	3,743	5,014	8,129	12,650	16,716
Tax payable	0	0	0	0	0	0
Other current liabilities	1,968	1,463	1,736	1,735	2,225	2,727
Lease liabilities	27	30	31	24	29	32
Contract liabilities	45	15	39	60	95	126
Non-current liabilities	**3,234**	**3,200**	**4,385**	**4,780**	**4,720**	**4,439**
Long-term borrowings	2,841	2,769	3,835	4,035	3,635	2,935
Other non-current liabilities	392	432	550	745	1,085	1,503
Total liabilities	**9,384**	**9,697**	**13,064**	**15,919**	**20,920**	**25,241**
Share capital	2,256	2,387	2,554	2,561	2,564	2,566
Other reserves	2,491	3,510	5,537	6,479	8,166	10,574
Total shareholders equity	**4,747**	**5,897**	**8,092**	**9,040**	**10,730**	**13,140**
Minority interest	0	0	0	0	0	0
Total equity and liabilities	**14,131**	**15,594**	**21,156**	**24,959**	**31,650**	**38,380**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**(604)**	**79**	**609**	**982**	**1,887**	**2,750**
Depreciation & amortization	414	609	759	943	1,252	1,548
Tax paid	(24)	(0)	(0)	(74)	(226)	(358)
Change in working capital	64	(1,012)	3	1,251	1,857	2,092
Others	435	(37)	66	(64)	(77)	(14)
Net cash from operations	**284**	**(361)**	**1,437**	**3,037**	**4,692**	**6,019**
Investing						
Capital expenditure	(814)	(625)	(2,601)	(3,970)	(3,410)	(2,910)
Acquisition of subsidiaries/ investments	0	0	0	0	0	0
Net proceeds from disposal of short-term investments	1,169	0	(108)	(200)	(400)	(400)
Others	(53)	(150)	409	436	456	437
Net cash from investing	**303**	**(775)**	**(2,300)**	**(3,734)**	**(3,354)**	**(2,873)**
Financing						
Net borrowings	1,221	1,369	2,915	1,000	800	500
Proceeds from share issues	5	1,000	1,358	15	8	5
Others	(715)	(1,071)	(1,415)	(1,648)	(1,351)	(1,347)
Net cash from financing	**511**	**1,298**	**2,858**	**(633)**	**(543)**	**(843)**
Net change in cash						
Cash at the beginning of the year	936	2,034	2,199	4,183	2,853	3,647
Exchange difference	0	3	(11)	0	0	0
Cash at the end of the year	**2,034**	**2,199**	**4,183**	**2,853**	**3,647**	**5,951**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	26.5%	23.3%	57.9%	56.9%	60.6%	33.1%
Gross profit	na	259.0%	99.3%	15.3%	73.3%	38.9%
Operating profit	na	na	na	109.8%	112.7%	52.0%
EBITDA	na	na	82.3%	38.9%	57.4%	34.9%
EBIT	na	na	248.3%	54.1%	77.9%	41.9%
Net profit	na	na	788.4%	12.3%	82.8%	44.1%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	5.0%	14.6%	18.4%	13.5%	14.6%	15.2%
Operating margin	(12.2%)	(1.8%)	4.7%	6.2%	8.2%	9.4%
EBITDA margin	(2.8%)	16.0%	18.5%	16.4%	16.0%	16.3%
Return on equity (ROE)	(16.3%)	1.7%	11.6%	10.6%	16.8%	20.0%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	0.2	0.1	0.1	0.1	(0.0)	(0.2)
Current ratio (x)	0.7	0.9	1.0	0.9	0.9	1.0
Receivable turnover days	100.6	115.5	76.6	80.0	85.0	85.0
Inventory turnover days	56.7	56.5	67.7	70.0	68.0	67.0
Payable turnover days	315.4	311.7	276.9	270.0	265.0	265.0

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	ns	112.3	13.6	12.4	6.8	4.7
P/E (diluted)	ns	112.3	13.6	12.5	6.8	4.7
P/B	1.8	1.7	1.4	1.3	1.1	0.9
P/CFPS	29.7	ns	7.6	3.7	2.4	1.9
Div yield (%)	0.0	0.0	0.0	0.0	0.0	0.0

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

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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