

Angelalign (6699 HK)

Overseas business drives revenue growth

Angelalign reported strong 1H25 results, with revenue increasing 33% YoY to US\$161mn, primarily driven by the rapid expansion of its overseas business. Total clear aligner case volume reached 225,800, up 48% YoY and accounting for 51.7% of our previous full-year estimate, exceeding the historical average of ~41%. Attributable net profit margin improved significantly to 9.1% (+6.5ppts YoY), supported by effective cost control measures and delays in staff recruitment and the delayed operation of overseas manufacturing facilities. Looking ahead to 2H25E, we expect robust growth in case shipments while margins may be under pressure due to increased overseas investment and ongoing pricing pressure in the domestic market.

■ **Domestic business: resilient volume growth through a strategy prioritizing market share defense.** Domestic clear aligner case shipments reached 108,600 (+14% YoY) in 1H25, driven by strategic price adjustments. Volume growth was further supported by the expansion into early orthodontic treatment and penetration into lower-tier cities. Despite the solid volume increase, domestic revenue remained flat at US\$90mn compared to 1H24, as ASP reduction offset the shipment growth. We expect Angelalign to sustain its leadership position in China with continued growth in case shipments. However, we anticipate pricing pressure to persist given its high patient price sensitivity. The recent initiation of aligner VBP renewal in Shaanxi may also bring additional headwinds to ASP and margins.

■ **Overseas business: rapid scaling with improving profitability in 1H25; but expect losses to widen in 2H25E.** Overseas clear aligner case shipments reached 117,200 (+103% YoY) and overseas revenue increased 123% YoY to US\$72mn in 1H25. Operating losses narrowed meaningfully to US\$5mn (-67% YoY), primarily driven by delayed staff recruitment and operation of overseas manufacturing facilities. However, we expect operating losses to widen in 2H25E due to 1) marketing and service team expansion and increasing market development spending, 2) lower GPM as overseas production begins, although Angelalign intends to avoid overseas price competition and may raise price to offset rising costs, 3) the impact of higher tariffs, 4) high IP litigation costs, and 5) investment in data security infrastructure. Despite near-term margin pressure, these initiatives are critical to build a compliant, localized platform for sustainable global expansion.

■ **Maintain BUY.** Considering the stronger-than-expected case growth in 1H25, we raised our forecasts for 2025E case shipments and revenue. Based on SOTP valuation, we assign 15x 2025E P/E to the mature domestic business and 8x 2025E P/S to the rapidly expanding overseas business, deriving a TP of HK\$86.47.

■ **Risks:** 1) Uncertainties related to intellectual property litigation and potential injunctions; 2) significant upfront investments required in the US market due to high entry barrier. Currently, Angelalign's local production capacity is still limited in the US.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (US\$ mn)	210	269	339	406	479
YoY growth (%)	(83.5)	28.2	26.0	19.8	18.1
Adjusted net profit (US\$ mn)	26	27	27	35	52
YoY growth (%)	(87.7)	2.9	1.2	30.1	47.4
EPS (Adjusted) (US\$)	0.16	0.16	0.16	0.21	0.31
P/E (Adjusted) (x)	61.9	60.2	60.2	46.2	31.4
Net gearing (%)	(78.7)	(68.5)	(73.2)	(75.1)	(78.2)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$86.47
(Previous TP)	HK\$69.55)
Up/Downside	15.1%
Current Price	HK\$75.10

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Stock Data

Mkt Cap (HK\$ mn)	12,768.9
Avg 3 mths t/o (HK\$ mn)	73.1
52w High/Low (HK\$)	75.50/46.65
Total Issued Shares (mn)	170.0

Source: FactSet

Shareholding Structure

CareCapital Orthotech Limited	51.3%
Shore Lead Limited	12.6%

Source: HKEx

Share Performance

	Absolute	Relative
1-mth	28.7%	28.0%
3-mth	34.6%	22.8%
6-mth	18.4%	10.3%

Source: FactSet

12-mth Price Performance



Source: FactSet

Fig 1: Peer comparison

Company	Ticker	Rating	Market Cap (US\$mnn)	Price (LC)	P/E (x)		P/S (x)	
					FY25E	FY26E	FY25E	FY26E
Overseas								
Alcon	ALC US	NA	47,367	80.8	26.0	22.6	3.9	3.6
Align technology	ALGN US	NA	13,700	145.0	14.4	13.4	2.6	2.5
Straumann	STMN SW	NA	21,123	94.9	29.9	25.9	5.7	5.2
Stryker	SYK US	NA	148,311	390.9	29.0	26.1	6.0	5.5
Boston Scientific	BSX US	NA	152,191	105.1	35.3	31.0	7.8	7.1
Dexcom	DXCM US	NA	33,349	76.0	37.1	30.0	6.4	5.6
STAAR Surgical	STAA US	NA	1,004	27.5	N/A	100.3	5.3	4.3
Average					28.6	35.6	5.4	4.8
H & A share								
CardioFlow	2160 HK	NA	464	1.5	N/A	55.1	6.9	5.4
ZyloX-Tonbridge	2190 HK	NA	990	23.7	39.6	27.2	6.6	5.0
Peijia Medical	9996 HK	NA	694	8.1	N/A	N/A	6.4	4.9
MicroPort	2172 HK	NA	1,074	14.5	27.2	21.4	8.7	6.9
NeuroScientific	300595 CH	NA	2,378	19.0	26.8	22.0	8.7	7.9
Ovctek	688050 CH	NA	2,103	77.8	32.1	25.7	8.5	6.8
Eyebright Medical	688617 CH	NA	5,545	281.5	44.2	31.2	14.7	11.4
Average					34.0	30.4	8.7	6.9
Overall average					31.0	33.2	7.0	5.9

Source: Bloomberg, CMBIGM, as of Aug 26, 2025

Fig 2: Angelalign: SOTP valuation

	2025E net profit (US\$mn)	2025E revenue (US\$mn)	2025E PE (x)	2025E PS (x)	Valuation to Angelalign (US\$mn)	As % of total valuation	Per share valuation (HK\$)
Domestic business	25		15		371	19.7	17.0
Overseas business		145		8	1,157	61.4	53.1
Net cash					357	18.9	16.4
Valuation of Angelalign (US\$mn)					1,885		
USDHKD					7.8		
Valuation of Angelalign (HK\$mn)					14,702		
# of shares (mn)					170		
Price per share (HK\$ per share)					86.47		

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)					
Revenue	210	269	339	406	479
Cost of goods sold	(79)	(101)	(139)	(165)	(192)
Gross profit	131	168	200	240	287
Selling expense	(70)	(105)	(127)	(146)	(163)
Admin expense	(40)	(46)	(54)	(61)	(67)
R&D expense	(25)	(21)	(24)	(28)	(34)
Others	(1)	(0)	0	0	0
Operating profit	(4)	6	5	14	31
Other income	5	12	11	9	8
Other expense	0	(0)	0	0	0
Other gains/(losses)	(4)	(2)	0	0	0
EBITDA	8	22	17	27	45
Net Interest income/(expense)	12	5	6	6	7
Others	0	(0)	0	0	0
Pre-tax profit	9	12	11	20	38
Income tax	(2)	(2)	(2)	(3)	(6)
After tax profit	7	10	10	17	32
Minority interest	(1)	(2)	(2)	(2)	(2)
Attributable net profit	8	12	12	19	34
Adjusted net profit	26	27	27	35	52
Gross dividends	24	8	11	11	21

BALANCE SHEET	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)					
Current assets	525	492	525	564	617
Cash & equivalents	380	227	245	270	309
Restricted cash	0	0	0	0	0
Account receivables	26	36	49	59	70
Inventories	13	18	21	25	29
ST bank deposits	0	112	112	112	112
Financial assets at FVTPL	106	98	98	98	98
Other current assets	0	0	0	0	0
Non-current assets	147	186	217	230	236
PP&E	61	75	107	120	127
Right-of-use assets	14	18	16	15	13
Deferred income tax	5	7	7	7	7
Investment in JVs & assos	3	5	5	5	5
Intangibles	23	18	19	20	21
Financial assets at FVTPL	36	39	39	39	39
Other non-current assets	6	24	24	24	24
Total assets	672	678	742	793	853
Current liabilities	124	128	181	213	246
Amounts due to related parties	0	0	0	0	0
Short-term borrowings	2	3	3	3	3
Account payables	53	63	80	95	109
Other current liabilities	3	1	1	1	1
Lease liabilities	2	4	4	4	4
Contract liabilities	64	57	93	110	129
Non-current liabilities	66	70	70	70	70
Long-term borrowings	1	0	0	0	0
Deferred income	5	4	4	4	4
Other non-current liabilities	61	65	65	65	65
Total liabilities	190	198	250	283	316
Share capital	0	0	0	0	0
Retained earnings	507	492	504	518	533
Other reserves	(36)	(18)	(17)	(9)	5
Total shareholders equity	471	474	488	509	538
Minority interest	10	6	4	2	(0)
Total equity and liabilities	672	678	742	793	853

CASH FLOW	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)					
Operating					
Profit before taxation	9	12	11	20	38
Depreciation & amortization	12	16	12	13	14
Tax paid	(7)	(7)	(2)	(3)	(6)
Change in working capital	7	1	37	18	19
Others	1	(4)	(1)	3	4
Net cash from operations	22	17	58	51	69
Investing					
Capital expenditure	(13)	(27)	(42)	(25)	(20)
Acquisition of subsidiaries/ investments	0	(3)	0	0	0
Others	(125)	(109)	13	11	11
Net cash from investing	(139)	(139)	(29)	(14)	(9)
Financing					
Dividend paid	(15)	(24)	(11)	(11)	(21)
Net borrowings	(3)	1	0	0	0
Proceeds from share issues	0	0	0	0	0
Others	(8)	(6)	(1)	(1)	(1)
Net cash from financing	(26)	(28)	(12)	(12)	(21)
Net change in cash					
Cash at the beginning of the year	524	380	227	245	270
Exchange difference	(1)	(2)	0	0	0
Cash at the end of the year	380	227	245	270	309
GROWTH	2023A	2024A	2025E	2026E	2027E
YE 31 Dec					
Revenue	(83.5%)	28.2%	26.0%	19.8%	18.1%
Gross profit	(83.4%)	28.7%	18.7%	20.2%	19.5%
Operating profit	na	na	(15.9%)	160.3%	123.6%
EBITDA	(97.0%)	164.6%	(20.2%)	56.0%	65.2%
Net profit	(96.5%)	60.9%	(2.1%)	58.5%	81.9%
Adj. net profit	(87.7%)	2.9%	1.2%	30.1%	47.4%
PROFITABILITY	2023A	2024A	2025E	2026E	2027E
YE 31 Dec					
Gross profit margin	62.4%	62.6%	59.0%	59.2%	59.9%
Operating margin	(1.9%)	2.3%	1.6%	3.4%	6.4%
EBITDA margin	3.9%	8.1%	5.2%	6.7%	9.4%
Adj. net profit margin	12.5%	10.0%	8.0%	8.7%	10.9%
Return on equity (ROE)	0.4%	2.6%	2.5%	3.8%	6.5%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025E	2026E	2027E
YE 31 Dec					
Net debt to equity (x)	(0.8)	(0.7)	(0.7)	(0.8)	(0.8)
Current ratio (x)	4.2	3.8	2.9	2.7	2.5
Receivable turnover days	43.1	52.5	53.0	53.0	53.0
Inventory turnover days	68.5	57.7	55.0	55.0	55.0
Payable turnover days	243.5	211.3	210.0	209.0	208.0
VALUATION	2023A	2024A	2025E	2026E	2027E
YE 31 Dec					
P/E	214.6	133.5	137.9	87.0	47.8
P/E (diluted)	215.4	134.2	137.9	87.0	47.8
P/B	3.4	3.4	3.3	3.2	3.0
Div yield (%)	1.5	0.5	0.7	0.7	1.3

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

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