27 Aug 2026

CMB International Global Markets | Equity Research | Company Update

MiniMax Group (100 HK)

1H26 review: strong monetization; extending performance-cost frontier of large model

MiniMax reported 1H26 results: total revenue grew by 283% YoY to US$117mn, 17% ahead of Visible Alpha (VA) consensus estimates, primarily driven by the strong demand for model API and the Token Plan. Adjusted net loss widened by 111% YoY to US$293mn, higher than the VA consensus of US$200mn, mainly due to the increase in cloud services expenses related to model training. Supported by the launch of new models like M3 and H3, token consumption and monetization accelerated: 1) token consumption in Jul 2026 grew to 20x that of Jan 2026; 2) ARR surpassed US$800mn in Aug 2026, up from US$150/400mn in Feb/May 2026. Looking ahead, the company will continue to focus on maximizing model intelligence while minimizing inference costs, as this not only provides cost advantages of model services but also accelerates model iteration. We lift our FY26-28 total revenue forecasts to US$517/1,389/2,682mn (previous: US$285/743/1,748mn) to reflect the strong monetization traction after the launch of M3 and H3 models. We fine-tune our target price to HK$580.0 based on 50x FY26E PS (previous: HK$570.0 on 80x FY26E PS). Maintain BUY on strong monetization and upcoming model launches.

- **Strong monetization supported by model upgrades.** In 1H26: 1) revenue from Open Platform and other AI-based enterprise services increased by 703% YoY to US$73.9mn (63% of total revenue), primarily attributable to the increase in API call volumes and the rapid adoption of the Token Plan; 2) revenue from AI-native products grew by 101% YoY to US$42.6mn (37% of total revenue), mainly driven by the strong monetization of Hailuo AI and other AI-native products. Total ARR surpassed US$800mn in Aug 2026, driven by: 1) the strong growth of enterprise customers and developer base (exceeding 2mn and reaching c.10x times that of end-FY25); and 2) the robust growth of token consumption per user. Enterprise customers now accounted for c.80% of the ARR in Aug 2026, compared to c.30% in FY26.
- **Extending the performance-cost frontier.** MiniMax will continue to focus on extending the performance-cost frontier of large models, as this not only provides cost advantages in external inference services but also accelerates internal progress of model reinforcement learning. Three major models are lined for launch in 2H26: 1) M3.1, based on the foundation of 430bn M3 model, focusing on enhancing the inference efficiency and agentic capability through scaling post-training; 2) M3 Pro scale up to 3T parameters, while maintaining cost and speed advantages (vs. models at similar parameters) via architectural innovation; 3) H3.1 further enhances video generation capabilities based on feedback from user community.
- **Improving GPM on inference and monetization ramp up.** Overall GPM expanded by 5.7ppts YoY to 17.9% in 1H26, mainly due to the enhanced efficiency of AI infra. Adjusted net margin improved from -456% in 1H25 to -251% in 1H26, primarily thanks to the improved monetization and R&D efficiency. Management expects GPM to improve in 2H26E versus 1H26, on the back of diminishing one-off token-compensation headwinds and larger-model launches.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (US$ mn)	31	79	517	1,389	2,682
Adjusted net profit (US$ mn)	(244.2)	(250.9)	(713.9)	(1,085.9)	(1,030.6)
EPS (Adjusted) (US$ cents)	(224.80)	(230.88)	(204.42)	(310.93)	(295.11)
P/S (x)	442.3	170.8	26.1	9.7	5.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$580.00**
(Previous TP	HK$570.00)
Up/Downside	**91.4%**
Current Price	**HK$303.00**

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Stock Data

Mkt Cap (HK$ mn)	105,818.3
Avg 3 mths t/o (HK$ mn)	2,552.7
52w High/Low (HK$)	NA/NA
Total Issued Shares (mn)	349.2

Source: FactSet

Shareholding Structure

Yan Junjie	22.7%
Alibaba	11.4%

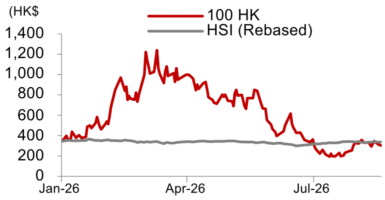
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	54.6%	50.4%
3-mth	-60.6%	-60.7%
6-mth	-61.6%	-60.5%

Source: FactSet

12-mth Price Performance



Source: FactSet

Business forecasts update and valuation

Figure 1: MiniMax: forecast revision

US$ mn	Current			Previous			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	517	1,389	2,682	285	743	1,748	81.3%	86.9%	53.4%
Gross profit	121	398	903	102	284	709	18.5%	40.1%	27.2%
Operating profit	(782)	(1,167)	(1,136)	(479)	(552)	(418)	NA	NA	NA
Adjusted net profit	(714)	(1,086)	(1,031)	(423)	(479)	(324)	NA	NA	NA
Adjusted EPS (RMB)	(2.0)	(3.1)	(3.0)	(1.3)	(1.5)	(1.0)	NA	NA	NA
Gross margin	23.5%	28.7%	33.7%	35.9%	38.2%	40.6%	-12.5 ppt	-9.6 ppt	-6.9 ppt
Operating margin	-151.3%	-84.0%	-42.3%	-168.1%	-74.3%	-23.9%	16.7 ppt	-9.8 ppt	-18.4 ppt
Adjusted net margin	-138.2%	-78.2%	-38.4%	-148.4%	-64.4%	-18.5%	10.1 ppt	-13.8 ppt	-19.9 ppt

Source: CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

US$ mn	CMBIGM			Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	517	1,389	2,682	383	1,100	2,413	35.0%	26.3%	11.1%
Gross profit	121	398	903	131	440	991	-7.4%	-9.5%	-8.9%
Operating profit	(782)	(1,167)	(1,136)	(596)	(640)	(482)	NA	NA	NA
Adjusted net profit	(714)	(1,086)	(1,031)	(472)	(475)	(301)	NA	NA	NA
Adjusted EPS (RMB)	(2.0)	(3.1)	(3.0)	(1.6)	(1.7)	(1.2)	NA	NA	NA
Gross margin	23.5%	28.7%	33.7%	34.3%	40.0%	41.1%	-10.8 ppt	-11.3 ppt	-7.4 ppt
Operating margin	-151.3%	-84.0%	-42.3%	-155.7%	-58.2%	-20.0%	4.4 ppt	-25.8 ppt	-22.4 ppt
Adjusted net margin	-138.2%	-78.2%	-38.4%	-123.4%	-43.2%	-12.5%	-14.8 ppt	-35.0 ppt	-26.0 ppt

Source: Visible Alpha, CMBIGM estimates

Valuation

We value Minimax at HK$580.0 per share (US$25.8bn) based on 50x FY26E PS. Our target PS multiple is on par with the average PS of global peers.

Figure 3: Minimax: target valuation

P/S Valuation (US$mn)	FY26E
Total revenue	517
Target 2026E PS	50.0
Target equity valuation	25,825
Valuation per share (US$)	73.9
Valuation per share (HK$)	580.0

Source: Company data, CMBIGM estimates

Figure 4: Global AI peers: valuation comparison

Companies	Ticker	Price	Revenue growth (yoy%)		Current PS (x)		Revenue CAGR
		(Local)	2026E	2027E	2026E	2027E	25-27E
Zhipu	2513 HK	1,059.0	560%	199%	100.6	33.6	344%
Xunce	3317 HK	120.0	87%	59%	12.9	8.1	72%
Palantir	PLTR US	172.7	84%	51%	35.9	23.8	66%
Average					**49.8**	**21.9**	

Source: Bloomberg, CMBIGM
Note: data as of 25 Aug 2026

Risks

Fierce competition in the LLM industry; continuous investment in R&D may affect profitability and cash flow; failure to attract and retain key talents may affect R&D and operation.

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US$ mn)						
Revenue	**3**	**31**	**79**	**517**	**1,389**	**2,682**
Cost of goods sold	(4)	(27)	(59)	(395)	(991)	(1,779)
Gross profit	**(1)**	**4**	**20**	**121**	**398**	**903**
Operating expenses	**(92)**	**(254)**	**(301)**	**(903)**	**(1,565)**	**(2,038)**
Selling expense	(23)	(87)	(52)	(54)	(56)	(56)
Admin expense	(8)	(14)	(37)	(65)	(72)	(78)
R&D expense	(70)	(189)	(253)	(801)	(1,458)	(1,931)
Others	9	36	40	17	21	27
Operating profit	**(92)**	**(250)**	**(281)**	**(782)**	**(1,167)**	**(1,136)**
Interest expense	(0)	(1)	(1)	(2)	(2)	(2)
Others	(177)	(214)	(1,590)	(32)	0	0
Pre-tax profit	**(269)**	**(465)**	**(1,872)**	**(815)**	**(1,169)**	**(1,138)**
Income tax	0	0	0	0	0	0
After tax profit	**(269)**	**(465)**	**(1,872)**	**(815)**	**(1,169)**	**(1,138)**
Net profit	**(269)**	**(465)**	**(1,872)**	**(815)**	**(1,169)**	**(1,138)**
Adjusted net profit	**(89)**	**(244)**	**(251)**	**(714)**	**(1,086)**	**(1,031)**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US$ mn)						
Current assets	**320**	**806**	**1,007**	**3,395**	**2,932**	**2,299**
Cash & equivalents	206	289	508	2,781	2,155	1,357
Restricted cash	0	27	20	20	20	20
Account receivables	1	7	11	56	121	186
Prepayment	4	13	16	85	183	284
ST bank deposits	92	26	14	14	14	14
Financial assets at FVTPL	16	295	439	439	439	439
Other current assets	0	147	0	0	0	0
Non-current assets	**4**	**105**	**81**	**88**	**105**	**133**
PP&E	1	1	2	8	25	53
Right-of-use assets	3	3	2	3	3	3
Financial assets at FVTPL	0	95	70	70	70	70
Other non-current assets	0	5	7	7	7	7
Total assets	**324**	**911**	**1,088**	**3,483**	**3,037**	**2,433**
Current liabilities	**663**	**1,708**	**3,734**	**641**	**1,280**	**1,706**
Short-term borrowings	0	19	35	35	35	35
Account payables	17	51	58	387	775	836
Other current liabilities	644	1,633	3,632	178	383	703
Lease liabilities	1	2	1	1	1	2
Contract liabilities	1	2	8	39	85	131
Non-current liabilities	**3**	**2**	**3**	**3**	**3**	**4**
Obligations under finance leases	2	1	1	1	1	1
Other non-current liabilities	1	1	2	2	2	2
Total liabilities	**666**	**1,710**	**3,737**	**644**	**1,283**	**1,710**
Share capital	0	0	0	6,303	6,386	6,493
Retained earnings	(342)	(799)	(2,648)	(3,463)	(4,633)	(5,771)
Total shareholders equity	**(342)**	**(799)**	**(2,648)**	**2,839**	**1,753**	**723**
Total equity and liabilities	**324**	**911**	**1,088**	**3,483**	**3,037**	**2,433**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US$ mn)						
Operating						
Profit before taxation	**(269)**	**(465)**	**(1,872)**	**(815)**	**(1,169)**	**(1,138)**
Depreciation & amortization	1	2	3	1	5	14
Change in working capital	26	14	6	390	476	260
Others	178	191	1,583	66	85	109
Net cash from operations	**(64)**	**(258)**	**(280)**	**(357)**	**(603)**	**(754)**
Investing						
Capital expenditure	(1)	(1)	(1)	(8)	(22)	(42)
Net proceeds from disposal of short-term investments	51	(359)	(91)	0	0	0
Others	(90)	(72)	164	0	0	0
Net cash from investing	**(40)**	**(431)**	**72**	**(8)**	**(22)**	**(42)**
Financing						
Net borrowings	307	773	428	0	0	0
Proceeds from share issues	0	0	0	2,641	0	0
Others	(1)	(2)	(4)	(2)	(2)	(2)
Net cash from financing	**306**	**771**	**423**	**2,639**	**(2)**	**(2)**
Net change in cash						
Cash at the beginning of the year	5	206	289	508	2,781	2,155
Exchange difference	0	1	3	0	0	0
Cash at the end of the year	**206**	**289**	**508**	**2,781**	**2,155**	**1,357**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	na	782.2%	158.9%	553.5%	168.8%	93.1%
Gross profit	na	na	437.2%	504.2%	228.0%	126.8%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	(24.7%)	12.2%	25.4%	23.5%	28.7%	33.7%
Operating margin	(2,669.2%)	(820.6%)	(355.6%)	(151.3%)	(84.0%)	(42.3%)
Adj. net profit margin	(2,574.4%)	(800.2%)	(317.4%)	(138.2%)	(78.2%)	(38.4%)
Return on equity (ROE)	na	na	na	(853.4%)	(50.9%)	(91.9%)

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Current ratio (x)	0.5	0.5	0.3	5.3	2.3	1.3
Receivable turnover days	35.2	33.4	31.8	30.2	28.7	27.2
Inventory turnover days	3.1	3.1	3.1	3.1	3.1	3.1
Payable turnover days	26.6	26.6	26.6	26.6	26.6	26.6

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	na	ns	ns	ns	ns	ns

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

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