

# SANY International (631 HK)

## Weak 1Q26 results but should be expected by the market; Focus on mining truck growth

SANYI's net profit in 1Q26 dropped 20% YoY to RMB509mn, despite a 13% YoY increase in revenue. The results are weak but, to a certain extent, should have been expected by the market, in our view. Based on our understanding, the gross margin contraction in 1Q26 (-3.6ppt YoY to 20.7%) was largely due to (1) sales decline of road headers that carried a high gross margin, and (2) expanded loss on solar business. On the positive side, mining truck revenue surged 65% YoY in 1Q26, with revenue contribution increased to 27% (19% in 1Q25). Besides, large-size port equipment revenue surged 74% YoY in 1Q26. We remain positive on SANYI's structural growth outlook, given the rising proportion of mining trucks. Maintain **BUY** with unchanged TP of HK\$18.9, based on 20x 2026E P/E (equivalent to the peak level since 2017, to reflect the upcycle of metals).

- **Post-results investor call at 10:00 a.m. today (HKT).** We expect the focus will be on the latest backlog, mining truck growth trend and the timing of domestic coal mining machinery recovery.
- **Key risks:** (1) further weakness of coal mining activities in China; (2) higher-than-expected operating loss of emerging business; (3) cost inflation due to elevated commodity prices.

### Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	21,910	24,334	31,859	37,720	44,415
YoY growth (%)	8.0	11.1	30.9	18.4	17.7
Adjusted net profit (RMB mn)	1,849.9	1,850.9	2,727.7	3,715.1	4,549.8
YoY growth (%)	(4.1)	0.1	47.4	36.2	22.5
EPS (Adjusted) (RMB)	0.58	0.57	0.84	1.14	1.40
Consensus EPS (RMB)	na	0.00	0.88	1.10	1.47
P/E (x)	25.4	15.9	10.4	7.7	6.3
P/B (x)	2.3	2.1	1.9	1.7	1.4
Yield (%)	3.1	3.7	5.3	6.5	8.0
ROE (%)	9.3	14.0	19.4	23.2	24.7
Net gearing (%)	17.4	13.0	7.1	1.7	(3.9)

Source: Company data, Bloomberg, CMBIGM estimates

**BUY (Maintain)**

**Target Price** HK\$18.90  
**Up/Downside** 87.5%  
**Current Price** HK\$10.08

### China Capital Goods

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### Stock Data

Mkt Cap (HK\$ mn)	32,582.8
Avg 3 mths t/o (HK\$ mn)	136.4
52w High/Low (HK\$)	15.97/5.46
Total Issued Shares (mn)	3232.4

Source: FactSet

### Shareholding Structure

Sany Heavy Equipment Investments Company	64.9%
Free float	33.9%

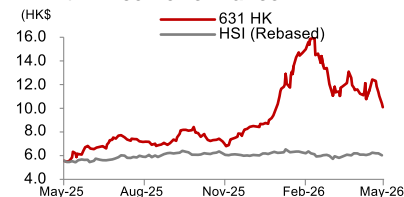
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	-13.0%	-10.6%
3-mth	-32.8%	-30.8%
6-mth	44.0%	45.0%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

### Related reports:

SANYI (631 HK) – Key takeaways from Hong Kong NDR – 27 Apr 2026 ([link](#))

SANYI (631 HK) – Multiple growth drivers ahead – 2 Apr 2026 ([link](#))

SANYI (631 HK) – Profit in 2025 a negative surprise; Looking for improvement in 2026 – 22 Mar 2026 ([link](#))

SANYI (631 HK) - Mining truck gaining traction; Higher earnings forecast and TP – 20 Feb 2026 ([link](#))

**Figure 1: SANYI's 1Q26 results**

RMB mn	1Q25	1Q26	Chg (YoY)	2Q24	2Q25	Chg (YoY)	3Q24	3Q25	Chg (YoY)	4Q24	4Q25	Chg (YoY)
Revenue	5,876	6,651	13%	5,626	6,360	13%	5,154	5,910	15%	6,000	6,187	3%
Cost of sales	(4,448)	(5,272)	19%	(4,278)	(4,890)	14%	(3,865)	(4,478)	16%	(5,001)	(5,094)	2%
Gross profit	1,428	1,379	-3%	1,348	1,470	9%	1,289	1,432	11%	999	1,093	9%
<b>Gross margin</b>	<b>24.3%</b>	<b>20.7%</b>		<b>24.0%</b>	<b>23.1%</b>		<b>25.0%</b>	<b>24.2%</b>		<b>16.7%</b>	<b>17.7%</b>	
Pretax profit	821	627	-24%	594	890	50%	541	502	-7%	(272)	(34)	-87%
Pretax profit margin	14.0%	9.4%		10.6%	14.0%		10.5%	8.5%		-4.5%	-0.6%	
Net profit	635	509	-20%	517	663	28%	357	414	16%	(288)	67	n/a
Net margin	10.8%	7.7%		9.2%	10.4%		6.9%	7.0%		-4.8%	1.1%	
<b>Adjusted net profit</b>	<b>635</b>	<b>509</b>	<b>-20%</b>	<b>517</b>	<b>663</b>	<b>28%</b>	<b>357</b>	<b>414</b>	<b>16%</b>	<b>(288)</b>	<b>67</b>	<b>n/a</b>
Adjusted net margin	10.8%	7.7%		9.2%	10.4%		6.9%	7.0%		-4.8%	1.1%	

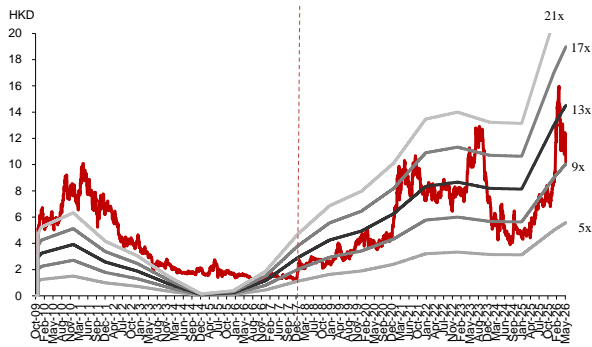
Source: Company data, CMBIGM

**Figure 2: Operating assumptions for SANYI**

(RMB mn)	2023	2024	2025	2026E	2027E	2028E
<b>Revenue</b>						
Road header	2,554	1,803	1,513	1,415	1,472	1,531
Combined coal mining units (CCMU)	3,621	3,434	1,492	1,328	1,367	1,408
Small-size logistics machinery	4,179	5,035	4,786	5,622	6,294	7,074
Small-size port machinery	3,423	3,789	3,691	3,728	3,989	4,268
Telescopic forklift	756	1,179	1,065	1,864	2,274	2,774
Property rental income	-	67	30	30	31	32
Large-size port machinery	1,238	1,904	2,865	4,154	5,400	7,020
Mining trucks	4,027	3,804	4,209	6,995	8,583	10,380
Large-size mining trucks	-	-	954	3,612	5,086	6,866
Wide-body trucks	-	-	2,900	2,958	2,987	2,928
Articulated trucks	-	-	354	425	510	587
After sales service	1,433	1,947	2,120	2,650	3,233	3,944
Robot	800	-	-	-	-	-
Lithium battery	302	479	2,670	4,005	4,806	5,767
Oil and gas equipment	1,500	1,867	2,748	3,161	3,477	3,650
Solar power	-	1,348	1,777	2,311	2,773	3,189
Hydrogen	-	-	102	158	245	380
<b>Total</b>	<b>20,278</b>	<b>21,910</b>	<b>24,334</b>	<b>31,859</b>	<b>37,720</b>	<b>44,415</b>
<b>Growth (YoY)</b>						
Road header	-14.0%	-29.4%	-16.1%	-6.5%	4.0%	4.0%
Combined coal mining units (CCMU)	22.0%	-5.2%	-56.6%	-11.0%	3.0%	3.0%
Small-size logistics machinery	29.9%	20.5%	-4.9%	17.5%	11.9%	12.4%
Small-size port machinery	-	-	-2.6%	1.0%	7.0%	7.0%
Telescopic forklift	-	-	-9.7%	75.0%	22.0%	22.0%
Property rental income	-	-	-55.5%	2.0%	2.0%	2.0%
Large-size port machinery	-10.1%	53.8%	50.5%	45.0%	30.0%	30.0%
Mining trucks	37.8%	-5.5%	10.7%	66.2%	22.7%	20.9%
Large-size mining trucks	-	-	-	278.5%	40.8%	35.0%
Wide-body trucks	-	-	-	2.0%	1.0%	-2.0%
Articulated trucks	-	-	-	20.0%	20.0%	15.0%
After sales service	40.8%	35.9%	8.8%	25.0%	22.0%	22.0%
Robot	-24.5%	-100.0%	-	-	-	-
Lithium battery	-	58.7%	457.1%	50.0%	20.0%	20.0%
Oil and gas equipment	-	24.5%	47.2%	15.0%	10.0%	5.0%
Solar power	-	-	31.8%	30.0%	20.0%	15.0%
Hydrogen	-	-	161.7%	55.0%	55.0%	55.0%
<b>Average</b>	<b>30.5%</b>	<b>8.0%</b>	<b>11.1%</b>	<b>30.9%</b>	<b>18.4%</b>	<b>17.7%</b>
<b>Blended gross margin</b>	<b>26.9%</b>	<b>22.4%</b>	<b>22.3%</b>	<b>22.9%</b>	<b>24.3%</b>	<b>24.6%</b>

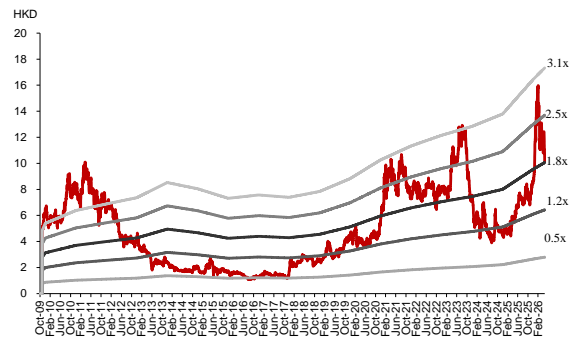
Source: Company data, CMBIGM estimates

**Figure 3: SANYI's P/E band**



Source: Bloomberg, company data, CMBIGM estimates

**Figure 4: SANYI's P/B band**



Source: Bloomberg, company data, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
<b>YE 31 Dec (RMB mn)</b>						
<b>Revenue</b>	<b>20,278</b>	<b>21,910</b>	<b>24,334</b>	<b>31,859</b>	<b>37,720</b>	<b>44,415</b>
Cost of goods sold	(14,831)	(16,996)	(18,910)	(24,553)	(28,555)	(33,470)
<b>Gross profit</b>	<b>5,447</b>	<b>4,913</b>	<b>5,424</b>	<b>7,307</b>	<b>9,166</b>	<b>10,945</b>
Selling expense	(1,262)	(1,286)	(1,358)	(1,752)	(1,999)	(2,354)
Admin expense	(2,213)	(2,163)	(2,174)	(2,644)	(3,131)	(3,686)
Other income	441	507	570	701	830	977
Other expense	(42)	(502)	(171)	(96)	(113)	(89)
Other gains/(losses)	(144)	(25)	(147)	(64)	(75)	(89)
Share of (losses)/profits of associates/JV	0	2	(5)	4	4	4
<b>EBITDA</b>	<b>2,751</b>	<b>2,249</b>	<b>3,283</b>	<b>4,441</b>	<b>5,738</b>	<b>6,836</b>
Depreciation	525	803	1,144	986	1,057	1,128
<b>EBIT</b>	<b>2,226</b>	<b>1,446</b>	<b>2,139</b>	<b>3,455</b>	<b>4,681</b>	<b>5,708</b>
Interest income	193	204	293	315	337	365
Interest expense	(158)	(229)	(253)	(325)	(326)	(326)
<b>Net interest income/(expense)</b>	<b>35</b>	<b>(25)</b>	<b>40</b>	<b>(10)</b>	<b>11</b>	<b>39</b>
<b>Pre-tax profit</b>	<b>2,260</b>	<b>1,421</b>	<b>2,179</b>	<b>3,445</b>	<b>4,693</b>	<b>5,747</b>
Income tax	(422)	(353)	(431)	(758)	(1,032)	(1,264)
<b>After tax profit</b>	<b>1,839</b>	<b>1,068</b>	<b>1,748</b>	<b>2,687</b>	<b>3,660</b>	<b>4,483</b>
Minority interest	90	34	31	40	55	67
<b>Net profit</b>	<b>1,929</b>	<b>1,102</b>	<b>1,779</b>	<b>2,728</b>	<b>3,715</b>	<b>4,550</b>
<b>Adjusted net profit</b>	<b>1,929</b>	<b>1,850</b>	<b>1,851</b>	<b>2,728</b>	<b>3,715</b>	<b>4,550</b>
Gross dividends	556	863	1,047	1,500	1,858	2,275
<b>BALANCE SHEET</b>						
<b>YE 31 Dec (RMB mn)</b>						
<b>Current assets</b>	<b>20,778</b>	<b>26,227</b>	<b>29,645</b>	<b>35,258</b>	<b>38,065</b>	<b>45,855</b>
Cash & equivalents	3,241	5,340	6,064	6,822	7,589	8,643
Account receivables	8,356	10,010	10,870	14,443	15,527	19,762
Inventories	3,432	5,048	5,845	6,263	7,505	8,817
Prepayment	1,261	1,598	1,682	1,682	1,682	1,682
ST bank deposits	43	71	227	227	227	227
Financial assets at FVTPL	2,160	2,394	3,060	3,060	3,060	3,060
Other current assets	2,284	1,767	1,897	2,760	2,475	3,664
<b>Non-current assets</b>	<b>14,185</b>	<b>14,701</b>	<b>15,276</b>	<b>15,404</b>	<b>15,361</b>	<b>15,248</b>
PP&E	7,276	7,990	8,442	8,827	9,041	9,185
Deferred income tax	336	423	407	407	407	407
Goodwill	2,537	2,067	1,995	1,995	1,995	1,995
Other non-current assets	4,036	4,221	4,432	4,176	3,918	3,660
<b>Total assets</b>	<b>34,963</b>	<b>40,928</b>	<b>44,921</b>	<b>50,662</b>	<b>53,427</b>	<b>61,103</b>
<b>Current liabilities</b>	<b>16,173</b>	<b>21,210</b>	<b>23,119</b>	<b>27,219</b>	<b>27,824</b>	<b>32,875</b>
Short-term borrowings	2,653	4,250	4,269	4,369	4,369	4,369
Account payables	8,098	11,213	12,126	16,126	16,731	21,782
Tax payable	237	162	63	63	63	63
Other current liabilities	5,184	5,584	6,661	6,661	6,661	6,661
<b>Non-current liabilities</b>	<b>7,252</b>	<b>7,543</b>	<b>8,633</b>	<b>8,633</b>	<b>8,633</b>	<b>8,633</b>
Long-term borrowings	5,249	5,684	6,792	6,792	6,792	6,792
Other non-current liabilities	2,003	1,858	1,841	1,841	1,841	1,841
<b>Total liabilities</b>	<b>23,425</b>	<b>28,752</b>	<b>31,752</b>	<b>35,852</b>	<b>36,457</b>	<b>41,508</b>
<b>Total shareholders equity</b>	<b>11,589</b>	<b>12,221</b>	<b>13,192</b>	<b>14,873</b>	<b>17,088</b>	<b>19,780</b>
Minority interest	(51)	(46)	(23)	(64)	(119)	(186)
<b>Total equity and liabilities</b>	<b>34,963</b>	<b>40,928</b>	<b>44,921</b>	<b>50,662</b>	<b>53,427</b>	<b>61,103</b>

<b>CASH FLOW</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	2,260	1,421	2,179	3,445	4,693	5,747
Depreciation & amortization	525	803	1,144	986	1,057	1,128
Tax paid	(431)	(516)	(431)	(758)	(1,032)	(1,264)
Change in working capital	476	(446)	347	(855)	(1,435)	(1,684)
Others	(307)	890	(782)	6	(15)	(43)
<b>Net cash from operations</b>	<b>2,524</b>	<b>2,152</b>	<b>2,457</b>	<b>2,824</b>	<b>3,266</b>	<b>3,882</b>
<b>Investing</b>						
Capital expenditure	(2,294)	(725)	(1,281)	(1,100)	(1,000)	(1,000)
Acquisition of subsidiaries/ investments	(2,509)	(7)	0	0	0	0
Others	(162)	(242)	(346)	305	328	355
<b>Net cash from investing</b>	<b>(4,965)</b>	<b>(973)</b>	<b>(1,627)</b>	<b>(795)</b>	<b>(672)</b>	<b>(645)</b>
<b>Financing</b>						
Dividend paid	(729)	(634)	(863)	(1,047)	(1,500)	(1,858)
Net borrowings	(126)	(221)	(255)	(325)	(326)	(326)
Proceeds from share issues	104	4	0	0	0	0
Others	3,712	1,746	835	100	0	0
<b>Net cash from financing</b>	<b>2,961</b>	<b>895</b>	<b>(283)</b>	<b>(1,271)</b>	<b>(1,826)</b>	<b>(2,184)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	2,690	3,241	5,340	6,064	6,822	7,589
Exchange difference	32	25	177	0	0	0
<b>Cash at the end of the year</b>	<b>3,241</b>	<b>5,340</b>	<b>6,064</b>	<b>6,822</b>	<b>7,589</b>	<b>8,643</b>
<b>GROWTH</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
Revenue	30.5%	8.0%	11.1%	30.9%	18.4%	17.7%
Gross profit	50.1%	(9.8%)	10.4%	34.7%	25.4%	19.4%
EBITDA	20.3%	(18.3%)	46.0%	35.3%	29.2%	19.1%
EBIT	11.6%	(35.0%)	47.9%	61.6%	35.5%	21.9%
Net profit	15.9%	(42.9%)	61.5%	53.3%	36.2%	22.5%
Adj. net profit	15.9%	(4.1%)	0.1%	47.4%	36.2%	22.5%
<b>PROFITABILITY</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
Gross profit margin	26.9%	22.4%	22.3%	22.9%	24.3%	24.6%
EBITDA margin	13.6%	10.3%	13.5%	13.9%	15.2%	15.4%
Adj. net profit margin	9.5%	8.4%	7.6%	8.6%	9.8%	10.2%
Return on equity (ROE)	17.8%	9.3%	14.0%	19.4%	23.2%	24.7%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
Net debt to equity (x)	0.2	0.2	0.1	0.1	0.0	(0.0)
Current ratio (x)	1.3	1.2	1.3	1.3	1.4	1.4
Receivable turnover days	132.9	153.0	156.6	145.0	145.0	145.0
Inventory turnover days	82.6	91.1	105.1	90.0	88.0	89.0
Payable turnover days	181.4	207.4	225.3	210.0	210.0	210.0
<b>VALUATION</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
P/E	14.4	25.4	15.9	10.4	7.7	6.3
P/B	2.4	2.3	2.1	1.9	1.7	1.4
Div yield (%)	2.0	3.1	3.7	5.3	6.5	8.0

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

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**BUY** : Stock with potential return of over 15% over next 12 months  
**HOLD** : Stock with potential return of +15% to -10% over next 12 months  
**SELL** : Stock with potential loss of over 10% over next 12 months  
**NOT RATED** : Stock is not rated by CMBIGM

**OUTPERFORM** : Industry expected to outperform the relevant broad market benchmark over next 12 months  
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## CMB International Global Markets Limited

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