

United Imaging (688271 CH)

Accelerating earnings growth momentum

United Imaging (UIH) reported 1H25 revenue of RMB6.0bn (+13% YoY), with revenue growth accelerating to 18.6% YoY in 2Q25. Attributable net profit increased 5% YoY to RMB1.0bn in 1H25. Revenue in 1H25 accounted for 49% of our prior full-year forecast, above the historical average of ~46%. According to Joinchain, domestic medical equipment tenders increased 63% YoY in 1H25. Driven by a strong recovery in domestic procurement volume and a low base in 2H24, we forecast UIH's revenue growth to accelerate to 36.7% YoY in 2H25E.

■ **Overseas business remained strong.** UIH's overseas revenue grew 22.5% YoY to RMB1.1bn in 1H25, representing 19% of total revenue (+1.5ppts YoY). Europe reported robust revenue growth of 94% YoY to RMB179mn, driven by strong replacement demand in Western Europe and rising adoption of high-end imaging in Eastern Europe. North America also delivered strong performance, with revenue up 68% YoY to RMB436mn. Proactive inventory buffers and a diversified global supply chain helped UIH to mitigate tariff headwinds. Mgmt noted that the overseas order intake remains strong, supporting further growth acceleration in 2H25E. Continued FDA/CE approvals for innovated products such as the uMR Ultra 3.0T and uAngio AVIVA should drive long-term overseas growth, in our view.

■ **Domestic business is recovering.** UIH's domestic revenue increased 10.7% YoY to RMB4.9bn in 1H25, driven by a strong recovery in procurement activities and a 3.4ppts YoY gain in market share. High-end product lines delivered robust performance. For example, in 1H25, UIH's 3.0T MRI market share rose over 5ppts YoY, and order value for the uMR Jupiter 5T grew 32% YoY. PET/CT franchise maintained the No.1 market share in China for the tenth consecutive year, while PET/MR leads in cumulative installations. Market share for RT and DSA also advanced significantly, up by nearly 18ppts and over 5ppts YoY, respectively. The recent NMPA approval of the photon-counting spectral CT, uCT Atlas Elite, further strengthens UIH's high-end portfolio. We believe continued innovation and policy-driven equipment renewal will drive sustained domestic growth.

■ **Service revenue is scaling rapidly.** In 1H25, service revenue grew 32% YoY to RMB816mn, representing 13.6% (+2.0ppts YoY) of total revenue. Notably, service revenue from Europe and the US doubled thanks to an expanding installed base. As of 1H25, UIH's global installed base exceeded 36,000 units. With a growing installed base and a strengthening global service network, we believe recurring service revenue is likely to become an increasingly important driver of resilient long-term growth.

■ **Maintain BUY.** Considering the rapid domestic recovery in 2025E and strong overseas growth momentum, we raise our 2025–2027E revenue forecasts, implying a 22.6% CAGR. Based on a 9-year DCF model (WACC: 8.1%, terminal growth: 4.0%), we raise our target price to RMB163.49.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	11,411	10,300	12,807	15,629	19,236
YoY growth (%)	23.5	(9.7)	24.3	22.0	23.1
Net profit (RMB mn)	1,978	1,242	1,891	2,337	2,969
YoY growth (%)	19.9	(37.2)	52.3	23.6	27.0
Adjusted net profit (RMB mn)	1,665	1,010	1,758	2,212	2,853
EPS (Adjusted) (RMB)	2.02	1.23	2.13	2.68	3.46
P/E (x)	59.1	92.1	60.8	49.2	38.7
Net gearing (%)	(40.2)	(39.4)	(39.5)	(37.0)	(37.6)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	RMB163.49
(Previous TP)	RMB149.83)
Up/Downside	15.3%
Current Price	RMB141.80

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Stock Data

Mkt Cap (RMB mn)	107,229.6
Avg 3 mths t/o (RMB mn)	582.3
52w High/Low (RMB)	143.70/92.81
Total Issued Shares (mn)	756.2

Source: FactSet

Shareholding Structure

United Imaging Group	20.3%
Shanghai Alliance Investment Ltd	16.4%

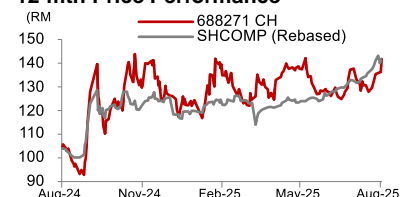
Source: SSE

Share Performance

	Absolute	Relative
1-mth	3.3%	-3.4%
3-mth	2.6%	-10.6%
6-mth	5.1%	-9.6%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	12,807	15,629	19,236	12,194	14,410	16,985	5.03%	8.46%	13.25%
Gross profit	6,158	7,580	9,434	6,061	7,269	8,698	1.60%	4.29%	8.47%
Operating profit	2,055	2,541	3,227	2,047	2,513	3,096	0.39%	1.08%	4.24%
Net profit	1,921	2,375	3,016	1,911	2,346	2,890	0.52%	1.22%	4.37%
EPS (RMB)	2.33	2.88	3.66	2.32	2.85	3.51	0.52%	1.22%	4.37%
Gross margin	48.08%	48.50%	49.04%	49.71%	50.44%	51.21%	-1.62ppt	-1.94ppt	-2.16ppt
Operating margin	16.05%	16.26%	16.77%	16.79%	17.44%	18.23%	-0.74ppt	-1.19ppt	-1.45ppt
Net margin	15.00%	15.20%	15.68%	15.68%	16.28%	17.01%	-0.67ppt	-1.09ppt	-1.33ppt

Source: Company data, CMBIGM estimates

Figure 2: Risk-adjusted DCF valuation

DCF Valuation (in RMB mn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
EBIT	1,943	2,422	3,098	3,989	5,113	6,595	8,587	11,245	14,868
Tax rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
EBIT*(1-tax rate)	1,788	2,228	2,850	3,669	4,704	6,067	7,900	10,346	13,679
+ D&A	515	646	684	725	761	794	824	851	875
- Change in working capital	-553	-1,047	-1,208	-1,479	-1,694	-2,459	-3,035	-3,812	-4,801
- Capex	-2,000	-1,500	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000
FCFF	-250	328	1,326	1,915	2,771	3,403	4,689	6,385	8,753
Terminal value									220,627

Terminal growth rate	4.0%
WACC	8.1%
Cost of Equity	10.9%
Cost of Debt	3.5%
Equity Beta	0.80
Risk Free Rate	2.5%
Market Risk Premium	10.5%
Target Debt to Asset ratio	35.0%
Effective Corporate Tax Rate	15.0%

Terminal value	109,214
Total PV	126,182
Net debt	-8,532
Minority	-27
Equity value	134,742
# of shares (mn)	824
DCF per share (in RMB)	163.49

Source: CMBIGM estimates

Figure 3: Sensitivity analysis

		WACC				
		7.1%	7.6%	8.1%	8.6%	9.1%
Terminal growth rate	5.0%	314.62	250.80	207.56	176.38	152.87
	4.5%	259.79	214.87	182.49	158.07	139.03
	4.0%	222.49	188.85	163.49	143.72	127.90
	3.5%	195.49	169.14	148.60	132.17	118.74
	3.0%	175.02	153.68	136.61	122.67	111.08

Source: CMBIGM estimates

Figure 4: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	12,807	15,629	19,236	12,353	15,012	18,025	3.67%	4.11%	6.72%
Gross profit	6,158	7,580	9,434	6,069	7,484	9,084	1.47%	1.29%	3.85%
Operating profit	2,055	2,541	3,227	1,905	2,397	2,987	7.89%	6.00%	8.03%
Net profit	1,921	2,375	3,016	1,814	2,353	2,831	5.92%	0.93%	6.54%
EPS (RMB)	2.33	2.88	3.66	2.21	2.81	3.39	5.44%	2.55%	8.02%
Gross margin	48.08%	48.50%	49.04%	49.13%	49.85%	50.40%	-1.04ppt	-1.35ppt	-1.35ppt
Operating margin	16.05%	16.26%	16.77%	15.42%	15.97%	16.57%	+0.63ppt	+0.29ppt	+0.2ppt
Net margin	15.00%	15.20%	15.68%	14.68%	15.67%	15.71%	+0.32ppt	-0.48ppt	-0.03ppt

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	9,238	11,411	10,300	12,807	15,629	19,236
Cost of goods sold	(4,770)	(6,039)	(5,300)	(6,649)	(8,049)	(9,802)
Gross profit	4,468	5,372	5,000	6,158	7,580	9,434
Operating expenses	(2,540)	(3,230)	(3,634)	(4,102)	(5,040)	(6,208)
Selling expense	(1,328)	(1,609)	(1,823)	(1,985)	(2,391)	(2,905)
Admin expense	(431)	(561)	(556)	(640)	(750)	(885)
R&D expense	(1,306)	(1,729)	(1,761)	(1,947)	(2,329)	(2,808)
Others	525	668	507	470	431	390
Operating profit	1,928	2,142	1,366	2,055	2,541	3,227
Others	(8)	1	(15)	0	0	0
Pre-tax profit	1,920	2,142	1,352	2,055	2,541	3,227
Income tax	(270)	(164)	(110)	(164)	(203)	(258)
Minority interest	6	(3)	20	30	38	48
Net profit	1,650	1,978	1,242	1,891	2,337	2,969
Adjusted net profit	1,328	1,665	1,010	1,758	2,212	2,853

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	20,145	20,228	20,894	21,161	22,678	25,329
Cash & equivalents	10,075	7,584	8,400	9,090	9,304	10,443
Account receivables	2,029	3,233	4,360	4,737	5,352	6,061
Inventories	3,460	3,893	5,528	5,829	6,615	7,519
Prepayment	198	148	196	196	196	196
Other current assets	4,382	5,370	2,410	1,310	1,210	1,110
Non-current assets	4,060	5,108	7,142	8,640	9,508	9,837
PP&E	2,116	2,212	2,944	4,568	5,562	5,985
Deferred income tax	319	399	439	439	439	439
Intangibles	860	828	1,004	904	804	704
Goodwill	22	22	22	22	22	22
Other non-current assets	742	1,647	2,732	2,706	2,680	2,687
Total assets	24,205	25,336	28,036	29,802	32,185	35,166
Current liabilities	6,012	5,798	7,076	7,200	7,555	7,959
Short-term borrowings	16	9	557	557	557	557
Account payables	2,193	1,919	2,608	2,732	3,087	3,491
Tax payable	424	399	327	327	327	327
Other current liabilities	3,379	3,471	3,584	3,584	3,584	3,584
Non-current liabilities	719	657	1,054	1,054	1,054	1,054
Long-term borrowings	0	0	0	0	0	0
Deferred income	579	514	461	461	461	461
Other non-current liabilities	140	143	592	592	592	592
Total liabilities	6,731	6,455	8,129	8,254	8,609	9,013
Share capital	824	824	824	824	824	824
Capital surplus	408	412	412	412	412	412
Reserves	13,865	13,910	13,947	15,619	17,686	20,310
Other	2,386	3,720	4,719	4,719	4,719	4,719
Total shareholders equity	17,483	18,866	19,903	21,575	23,642	26,266
Minority interest	(10)	15	3	(27)	(65)	(113)
Total equity and liabilities	24,205	25,336	28,036	29,802	32,185	35,166

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,650	1,978	1,242	1,891	2,337	2,969
Depreciation & amortization	146	262	424	515	646	684
Tax paid	(270)	(164)	(110)	(164)	(203)	(258)
Change in working capital	(1,174)	(2,258)	(2,342)	(553)	(1,047)	(1,208)
Others	331	315	166	39	71	116
Net cash from operations	683	133	(619)	1,727	1,804	2,302
Investing						
Capital expenditure	(741)	(1,076)	(1,946)	(2,000)	(1,500)	(1,000)
Acquisition of subsidiaries/ investments	0	(45)	(10)	0	0	0
Net proceeds from disposal of short-term investments	7,164	25,308	26,853	21,000	0	0
Others	(11,111)	(25,752)	(26,141)	(19,900)	100	100
Net cash from investing	(4,689)	(1,565)	(1,244)	(900)	(1,400)	(900)
Financing						
Dividend paid	(1)	(166)	(304)	(137)	(190)	(263)
Net borrowings	(15)	4	546	0	0	0
Proceeds from share issues	10,795	10	94	0	0	0
Others	(51)	(511)	(136)	0	0	0
Net cash from financing	10,729	(662)	199	(137)	(190)	(263)
Net change in cash						
Cash at the beginning of the year	2,873	9,626	7,531	8,400	9,090	9,304
Exchange difference	31	(1)	2	0	0	0
Cash at the end of the year	9,626	7,531	5,868	9,090	9,304	10,443
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	27.4%	23.5%	(9.7%)	24.3%	22.0%	23.1%
Gross profit	24.6%	20.2%	(6.9%)	23.2%	23.1%	24.5%
Operating profit	13.7%	11.1%	(36.2%)	50.4%	23.6%	27.0%
Net profit	17.6%	19.9%	(37.2%)	52.3%	23.6%	27.0%
Adj. net profit	13.9%	25.4%	(39.3%)	74.0%	25.8%	29.0%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	48.4%	47.1%	48.5%	48.1%	48.5%	49.0%
Operating margin	20.9%	18.8%	13.3%	16.0%	16.3%	16.8%
Adj. net profit margin	14.4%	14.6%	9.8%	13.7%	14.2%	14.8%
Return on equity (ROE)	14.7%	10.9%	6.4%	9.1%	10.3%	11.9%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.6)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Current ratio (x)	3.4	3.5	3.0	2.9	3.0	3.2
Receivable turnover days	61.1	84.2	134.5	135.0	125.0	115.0
Inventory turnover days	216.8	222.2	324.4	320.0	300.0	280.0
Payable turnover days	131.2	124.3	155.9	150.0	140.0	130.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	64.7	59.1	92.1	60.8	49.2	38.7
P/E (diluted)	64.7	59.1	92.1	60.8	49.2	38.7
P/B	6.1	6.2	5.8	5.4	5.0	4.5
P/CFPS	157.0	880.3	ns	67.7	64.8	50.8
Div yield (%)	0.1	0.6	0.1	0.2	0.3	0.3

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

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