26 Aug 2026

CMB International Global Markets | Equity Research | Company Update

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Minth Group (425 HK)

1H26 earnings, track record back long-term growth

Maintain BUY. Minth delivered a robust 1H26 performance despite industry headwinds. We review management's past execution and apply a similar discount to its FY30 target, which still yields a 5-year revenue CAGR of 16%, aligning well with our current forecast. Overseas, robotics and AIDC infrastructure are likely to serve as growth engines for future momentum.

- **Solid 1H26 earnings with margin expansion despite industrywide headwinds.** Minth defied a broader global auto sales volume contraction of about 3% YoY to drive revenue up by 9.1% YoY. GPM widened by 0.4ppts YoY to 28.6% in 1H26, as overseas revenue growth outpaced the domestic market by 14.9ppts. SG&A and R&D combined ratio rose by 0.1ppt YoY to 16.7% in 1H26, leading to 12.3% YoY growth for net profit. NPM reached 10.7% in 1H26, marking its highest level since 2H21.
- **Track record tempers ambitious FY30 target, but still looks resilient.** Management reiterated FY30 revenue target of RMB72bn (a 5-year CAGR of 23%). Reviewing past execution, we recall management's earlier target of RMB10bn by FY25 set for the battery housing business back in 2020, of which roughly 75% was realized. Applying a similar discount rate to the FY30 target yields a projected FY26-30 revenue CAGR of about 16%. This adjusted pace sits roughly in line with our current forecasts of 14.3%/17.5%/15.5% for FY26-28E, respectively. Meanwhile, new business intake in 1H26 surged 2.5x to RMB46.7bn, serving as an encouraging early indicator of revenue acceleration to support its FY30E goal.
- **Overseas and new businesses as growth engines.** Although overseas business made up 68.1% of Minth's total revenue in 1H26, we still see huge room for growth as current overseas income stems from non-Chinese carmakers. As highlighted in our 2024 investment thesis, Minth is well positioned to become a top-tier supplier for Chinese marques as they establish production footprints in Europe. This thesis is now materializing, with Minth securing orders from the overseas plants of BYD (1211 HK/002594 CH, BUY/BUY), Geely (175 HK, BUY) and Changan (000625 CH, NR). Meanwhile, new businesses including robotics and AIDC infrastructure contributed roughly RMB100mn in 1H26 revenue, and management remains confident in achieving its full-year target of RMB800mn.
- **Earnings/Valuation.** We fine tune our FY26-28E net profit forecasts to RMB3.0bn/3.6bn/4.2bn, respectively. We maintain our BUY rating and trim our target price slightly from HK$44.00 to HK$42.00, based on 12x (unchanged) our FY27E P/E. Key risks include lower revenue/margins, higher risks in overseas operation than we expect, and a sector de-rating.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	23,147	25,737	29,428	34,569	39,917
YoY growth (%)	12.8	11.2	14.3	17.5	15.5
Net profit (RMB mn)	2,319.3	2,692.2	2,979.4	3,552.6	4,190.4
YoY growth (%)	21.9	16.1	10.7	19.2	18.0
EPS (Reported) (RMB)	2.02	2.35	2.53	3.00	3.51
P/E (x)	11.9	10.2	9.5	8.0	6.8
P/B (x)	1.4	1.2	1.1	1.0	0.9
Yield (%)	1.7	2.9	4.2	5.0	5.8
ROE (%)	12.0	12.3	12.1	13.1	14.1
Net gearing (%)	15.4	9.2	7.3	5.7	1.6

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$42.00**
(Previous TP	HK$44.00)
Up/Downside	**49.8%**
Current Price	**HK$28.04**

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Stock Data

Mkt Cap (HK$ mn)	32,701.8
Avg 3 mths t/o (HK$ mn)	150.3
52w High/Low (HK$)	46.30/26.16
Total Issued Shares (mn)	1166.3

Source: FactSet

Shareholding Structure

Chin Jong-Hwa's family	38.7%
Invesco Asset Management	6.1%

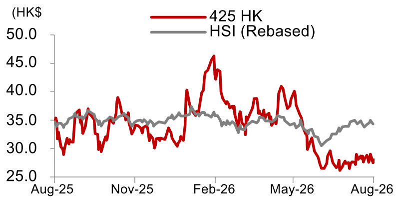
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	2.5%	0.3%
3-mth	-27.4%	-27.1%
6-mth	-33.6%	-30.3%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related Report

"Minth Group (425 HK) - Solid outlook in both auto and new businesses" - 24 Mar 2026

Figure 1: Interim results

RMB mn	1H24	2H24	1H25	2H25	1H26	YoY	HoH
Revenue	11,090	12,057	12,287	13,450	13,408	9.1%	-0.3%
Gross profit	3,162	3,536	3,473	3,734	3,840	10.6%	2.9%
Selling expenses	(531)	(516)	(512)	(519)	(530)	3.5%	2.2%
Admin expenses	(743)	(896)	(805)	(1,055)	(894)	11.2%	-15.2%
R&D expenses	(715)	(735)	(726)	(775)	(821)	13.0%	5.9%
Operating profit	1,242	1,482	1,474	1,465	1,763	19.6%	20.3%
Net profit	1,068	1,251	1,277	1,416	1,434	12.3%	1.3%
Gross margin	28.5%	29.3%	28.3%	27.8%	28.6%	0.4 ppts	0.9 ppts
Operating margin	11.2%	12.3%	12.0%	10.9%	13.1%	1.1 ppts	2.3 ppts
Net margin	9.6%	10.4%	10.4%	10.5%	10.7%	0.3 ppts	0.2 ppts

Source: Company data, CMBIGM

Figure 2: Earnings revision

	New			Old			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	29,428	34,569	39,917	29,836	34,377	N/A	-1.4%	0.6%	N/A
Gross profit	8,295	9,637	11,036	8,214	9,365	N/A	1.0%	2.9%	N/A
Operating profit	3,452	4,173	4,937	3,487	4,282	N/A	-1.0%	-2.5%	N/A
Net profit	2,979	3,553	4,190	3,056	3,730	N/A	-2.5%	-4.7%	N/A
Gross margin	28.2%	27.9%	27.6%	27.5%	27.2%	N/A	0.7 ppts	0.6 ppts	N/A
Operating margin	11.7%	12.1%	12.4%	11.7%	12.5%	N/A	0.0 ppts	-0.4 ppts	N/A
Net margin	10.1%	10.3%	10.5%	10.2%	10.8%	N/A	-0.1 ppts	-0.6 ppts	N/A

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	29,428	34,569	39,917	29,880	34,587	39,845	-1.5%	-0.1%	0.2%
Gross profit	8,295	9,637	11,036	8,418	9,763	11,290	-1.5%	-1.3%	-2.3%
Operating profit	3,452	4,173	4,937	3,815	4,496	5,192	-9.5%	-7.2%	-4.9%
Net profit	2,979	3,553	4,190	3,118	3,676	4,273	-4.4%	-3.4%	-1.9%
Gross margin	28.2%	27.9%	27.6%	28.2%	28.2%	28.3%	0.0 ppts	-0.3 ppts	-0.7 ppts
Operating margin	11.7%	12.1%	12.4%	12.8%	13.0%	13.0%	-1.0 ppts	-0.9 ppts	-0.7 ppts
Net margin	10.1%	10.3%	10.5%	10.4%	10.6%	10.7%	-0.3 ppts	-0.4 ppts	-0.2 ppts

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**20,524**	**23,147**	**25,737**	**29,428**	**34,569**	**39,917**
Cost of goods sold	(14,902)	(16,449)	(18,530)	(21,133)	(24,932)	(28,881)
Gross profit	**5,622**	**6,698**	**7,207**	**8,295**	**9,637**	**11,036**
Operating expenses	**(3,505)**	**(3,974)**	**(4,267)**	**(4,843)**	**(5,464)**	**(6,099)**
Selling expense	(792)	(1,048)	(1,031)	(1,154)	(1,312)	(1,461)
Admin expense	(1,449)	(1,638)	(1,859)	(2,070)	(2,294)	(2,530)
R&D expense	(1,397)	(1,449)	(1,502)	(1,779)	(2,012)	(2,263)
Others	133	162	124	160	155	155
Operating profit	**2,117**	**2,725**	**2,939**	**3,452**	**4,173**	**4,937**
Other income	281	298	178	220	280	280
Investment gain/loss	356	325	206	232	259	269
Other gains/(losses)	61	(24)	269	45	(50)	(66)
Share of (losses)/profits of associates/JV	16	4	28	22	43	53
EBITDA	**4,225**	**4,872**	**5,320**	**5,844**	**6,772**	**7,744**
Depreciation	1,302	1,452	1,608	1,768	1,952	2,151
Depreciation of ROU assets	47	45	45	46	48	49
Other amortisation	45	47	46	60	66	72
EBIT	**2,831**	**3,328**	**3,621**	**3,971**	**4,706**	**5,472**
Interest expense	(515)	(521)	(325)	(338)	(348)	(332)
Foreign exchange gain/loss	8	31	(63)	80	10	10
Pre-tax profit	**2,315**	**2,807**	**3,296**	**3,634**	**4,358**	**5,140**
Income tax	(351)	(431)	(526)	(581)	(719)	(848)
After tax profit	**1,964**	**2,376**	**2,770**	**3,052**	**3,639**	**4,292**
Minority interest	(61)	(56)	(78)	(73)	(86)	(102)
Net profit	**1,903**	**2,319**	**2,692**	**2,979**	**3,553**	**4,190**
Gross dividends	0	465	808	1,192	1,421	1,676

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**17,493**	**17,169**	**17,980**	**20,543**	**23,945**	**26,832**
Cash & equivalents	4,165	2,441	3,751	4,200	4,800	5,000
Restricted cash	1,840	1,771	1,533	1,600	1,700	1,800
Account receivables	6,610	7,476	7,233	8,442	10,201	11,779
Inventories	3,982	4,641	4,598	5,370	6,267	7,260
Prepayment	0	0	0	0	0	0
Other current assets	895	841	865	931	977	994
Non-current assets	**20,054**	**21,590**	**24,319**	**25,763**	**27,451**	**28,167**
PP&E	15,476	15,798	16,530	17,327	18,038	18,247
Right-of-use assets	1,058	1,035	973	1,027	999	970
Deferred income tax	419	483	601	601	601	601
Investment in JVs & assos	407	384	391	363	356	359
Intangibles	112	92	149	139	124	102
Goodwill	98	98	98	98	98	98
Financial assets at FVTPL	30	1,075	2,356	2,849	3,383	3,916
Other non-current assets	2,454	2,625	3,222	3,359	3,853	3,873
Total assets	**37,547**	**38,759**	**42,299**	**46,307**	**51,396**	**55,000**
Current liabilities	**14,117**	**14,577**	**15,541**	**17,338**	**19,941**	**20,672**
Short-term borrowings	5,851	5,894	7,035	7,668	8,402	7,373
Account payables	7,004	7,260	7,881	9,065	10,899	12,626
Tax payable	226	206	362	362	362	362
Other current liabilities	1,016	1,194	243	206	246	284
Lease liabilities	20	22	20	37	32	27
Non-current liabilities	**4,290**	**2,923**	**2,345**	**2,210**	**2,177**	**2,188**
Long-term borrowings	3,837	2,525	1,918	1,718	1,718	1,718
Deferred income	45	20	32	20	20	20
Other non-current liabilities	409	378	395	472	439	450
Total liabilities	**18,407**	**17,500**	**17,887**	**19,548**	**22,118**	**22,860**
Share capital	116	116	118	119	120	120
Other reserves	18,202	20,329	23,384	25,715	28,225	31,076
Total shareholders equity	**18,318**	**20,445**	**23,502**	**25,834**	**28,345**	**31,197**
Minority interest	821	814	910	925	933	943
Total equity and liabilities	**37,547**	**38,759**	**42,299**	**46,307**	**51,396**	**55,000**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**2,315**	**2,807**	**3,296**	**3,634**	**4,358**	**5,140**
Depreciation & amortization	1,394	1,544	1,699	1,873	2,066	2,271
Tax paid	(390)	(542)	(506)	(581)	(719)	(848)
Change in working capital	(399)	(798)	403	(789)	(1,106)	(1,097)
Others	446	263	20	139	125	106
Net cash from operations	**3,366**	**3,274**	**4,912**	**4,275**	**4,724**	**5,572**
Investing						
Capital expenditure	(3,279)	(1,938)	(2,313)	(2,850)	(2,950)	(2,650)
Acquisition of subsidiaries/ investments	(103)	1	(82)	0	0	0
Net proceeds from disposal of short-term investments	120	(1,211)	(757)	(500)	(500)	(500)
Others	(238)	(47)	508	240	119	629
Net cash from investing	**(3,500)**	**(3,194)**	**(2,643)**	**(3,110)**	**(3,331)**	**(2,521)**
Financing						
Dividend paid	(744)	(33)	(473)	(866)	(1,269)	(1,513)
Net borrowings	1,202	(1,104)	361	433	734	(1,029)
Proceeds from share issues	0	na	(16)	0	0	0
Share repurchases	0	(130)	0	0	0	0
Others	(406)	na	(891)	(284)	(258)	(310)
Net cash from financing	**52**	**(1,795)**	**(1,019)**	**(717)**	**(793)**	**(2,851)**
Net change in cash						
Cash at the beginning of the year	4,221	4,165	2,441	3,751	4,200	4,800
Exchange difference	27	(9)	61	0	0	0
Cash at the end of the year	**4,165**	**2,441**	**3,751**	**4,200**	**4,800**	**5,000**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	18.6%	12.8%	11.2%	14.3%	17.5%	15.5%
Gross profit	17.5%	19.1%	7.6%	15.1%	16.2%	14.5%
Operating profit	33.9%	28.7%	7.9%	17.5%	20.9%	18.3%
EBITDA	33.6%	15.3%	9.2%	9.9%	15.9%	14.4%
EBIT	38.6%	17.6%	8.8%	9.7%	18.5%	16.3%
Net profit	26.8%	21.9%	16.1%	10.7%	19.2%	18.0%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	27.4%	28.9%	28.0%	28.2%	27.9%	27.6%
Operating margin	10.3%	11.8%	11.4%	11.7%	12.1%	12.4%
EBITDA margin	20.6%	21.0%	20.7%	19.9%	19.6%	19.4%
Return on equity (ROE)	10.8%	12.0%	12.3%	12.1%	13.1%	14.1%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	0.2	0.2	0.1	0.1	0.1	0.0
Current ratio (x)	1.2	1.2	1.2	1.2	1.2	1.3
Receivable turnover days	117.6	117.9	102.6	105.0	108.0	108.0
Inventory turnover days	97.5	103.0	90.6	93.0	92.0	92.0
Payable turnover days	171.6	161.1	155.2	157.0	160.0	160.0

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	14.5	11.9	10.2	9.5	8.0	6.8
P/E (diluted)	14.5	11.9	10.3	9.5	8.0	6.8
P/B	1.5	1.4	1.2	1.1	1.0	0.9
P/CFPS	8.2	8.4	5.6	6.6	6.0	5.1
Div yield (%)	0.0	1.7	2.9	4.2	5.0	5.8

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

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