

SANY Heavy (6031 HK/600031 CH)

Highest 3Q26 earnings growth among major players

SANY Heavy (SANY)'s net profit in 3Q26 grew 20% YoY to RMB2.3bn, with the growth rate accelerating from 17% YoY in 2Q26. The strong earnings growth was driven by revenue growth of 17% YoY (Overseas: +20%, China: +12%) and 0.4ppt YoY expansion of gross margin. Most importantly, SANY's earnings growth in 3Q26 was the highest among major construction machinery players. We continue to like SANY's solid execution in the overseas market. Maintain **BUY** rating with unchanged A/H TP of RMB26.2/HK\$27.5 (unchanged 24x 2026E P/E for A-share, equivalent to 0.5SD above the average of 20x since 2017, to reflect the earnings upcycle). Our H-share TP is based on 10% H/A discount.

- **Post-results conference call:** SANY will host investor call at 15:00 (HKT) today.
- **Key risks:** (1) Slowdown of overseas demand; (2) further appreciation of RMB rate; (3) decline in mining capex.

Earnings Summary - 6031 HK

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	78,383	89,700	104,722	116,500	128,177
YoY growth (%)	5.9	14.4	16.7	11.2	10.0
Adjusted net profit (RMB mn)	5,955.6	8,408.0	10,026.3	12,095.5	13,216.4
EPS (Reported) (RMB)	0.70	0.95	1.09	1.32	1.44
YoY growth (%)	31.7	35.5	14.6	20.6	9.3
Consensus EPS (RMB)	na	0.00	1.16	1.47	1.77
P/E (x)	19.9	14.7	12.8	10.6	9.7
P/B (x)	1.6	1.5	1.3	1.2	1.2
Yield (%)	2.6	3.4	3.9	4.7	5.1
Net gearing (%)	(14.5)	(38.0)	(39.1)	(39.2)	(44.4)

Source: Company data, Bloomberg, CMBIGM estimates

6031 HK	600031 CH
BUY	BUY
Maintain	Maintain

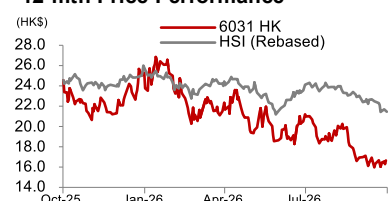
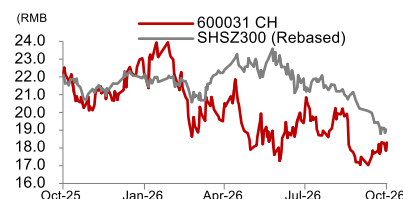
TP	HK\$27.50	RMB26.20
Prior TP	HK\$27.50	RMB26.20
Up/Downside	67.1%	43.2%
Current Price	HK\$16.5	RMB18.3

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12-mth Price Performance



Source: FactSet

Stock Performance

	6031 HK		600031 CH	
	Abs.	Rel.	Abs.	Rel.
1-mth	-2.0%	4.7%	7.2%	4.3%
3-mth	-22.4%	-12.7%	-10.3%	-12.5%
6-mth	-26.3%	-16.1%	-10.8%	-13.1%

Source: FactSet

Stock Data

(LC)	6031 HK	600031 CH
Mkt Cap (mn)	11867.66	155007.75
Avg 3 mths t/o (mn)	74.27	1244.43
52w High	26.84	23.98
52w Low	15.97	16.95
Issued Shares (mn)	721	8475

Source: FactSet

Related reports:

Capital Goods - Decent export growth of earth-moving machinery in Sep; Domestic excavator sales improved – 13 Oct 2026 ([link](#))

Capital Goods - Key takeaways from investor calls after sector pullback – 17 Sep 2026 ([link](#))

Figure 1: SANY Heavy's 3Q26 financials

(RMB mn)	1Q25	1Q26	Chg YoY	2Q25	2Q26	Chg YoY	3Q25	3Q26	Chg YoY
Total revenue	21,177	24,147	14.0%	23,603	29,359	24.4%	21,324	24,907	16.8%
Cost of sales	-15,447	-17,469	13.1%	-16,956	-21,088	24.4%	-15,313	-17,780	16.1%
Gross profit	5,730	6,678	16.5%	6,648	8,272	24.4%	6,011	7,126	18.6%
Other income	-129	-126	-3.0%	-150	-198	32.1%	-104	-128	23.6%
S&D expenses	-1,350	-1,651	22.3%	-1,578	-1,845	16.9%	-1,584	-1,961	23.8%
Administrative expenses	-639	-637	-0.4%	-618	-663	7.2%	-641	-738	15.2%
R&D expense	-1,058	-1,133	7.1%	-1,104	-1,207	9.3%	-1,224	-1,356	10.8%
Fair value change	-299	349	n/a	-377	135	n/a	203	20	-89.9%
Asset impairment	-165	-208	26.4%	-277	-545	96.6%	-162	-110	-31.9%
EBIT	2,089	3,273	56.7%	2,543	3,949	55.3%	2,499	2,854	14.2%
Net finance income/(expense)	370	-798	n/a	487	-852	n/a	-235	-613	161.1%
Other gains/(losses)	421	349	-17.1%	192	631	228.6%	74	360	387.2%
Share of profit of JV & associates	-7	77	n/a	-19	35	n/a	-16	63	n/a
Pretax profit	2,874	2,901	1.0%	3,203	3,763	17.5%	2,322	2,664	14.7%
Income tax	-371	-377	1.6%	-420	-562	33.8%	-369	-333	-9.6%
After tax profit	2,502	2,524	0.9%	2,783	3,201	15.0%	1,954	2,331	19.3%
MI	-33	-43	30.9%	-38	9	n/a	-32	-17	-46.9%
Net profit	2,469	2,481	0.5%	2,745	3,210	16.9%	1,922	2,314	20.4%
Key ratios:			ppt			ppt			ppt
Gross margin	27.1%	27.7%	0.6	28.2%	28.2%	0.0	28.2%	28.6%	0.4
S&D expense ratio	6.4%	6.8%	0.5	6.7%	6.3%	-0.4	7.4%	7.9%	0.4
Administrative expense ratio	3.0%	2.6%	-0.4	2.6%	2.3%	-0.4	3.0%	3.0%	0.0
R&D expense ratio	5.0%	4.7%	-0.3	4.7%	4.1%	-0.6	5.7%	5.4%	-0.3
Net profit margin	11.8%	10.5%	-1.4	11.8%	10.9%	-0.9	9.2%	9.4%	0.2
Effective tax rate	12.9%	13.0%	0.1	13.1%	14.9%	1.8	15.9%	12.5%	-3.4

Source: Company data, CMBIGM

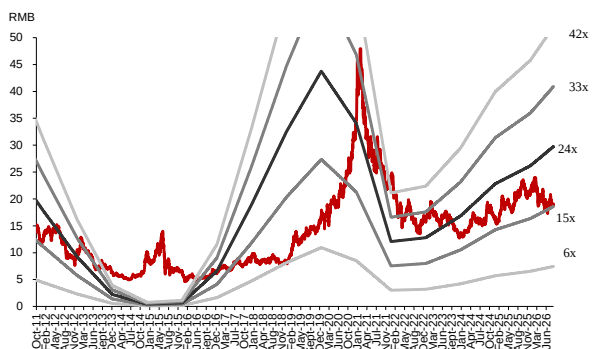
Figure 2: Key assumptions for SANY Heavy

(RMB mn)	2023	2024	2025	2026E	2027E	2028E
Revenue						
Concrete machinery	15,315	14,368	15,738	18,189	20,372	22,409
Excavator	27,636	30,374	34,544	41,352	46,727	51,867
Crane machinery	12,999	13,115	15,563	16,623	18,285	20,113
Piling machinery	2,085	2,076	2,820	3,753	4,053	4,256
Earth moving machinery	2,485	3,001	3,757	4,173	4,507	4,868
Other machinery	11,001	12,897	14,849	17,819	19,601	21,561
Revenue (construction machinery)	71,521	75,831	87,270	101,909	113,545	125,074
Interest income from financing	797	610	468	673	706	741
Other business	1,700	1,942	1,961	2,141	2,248	2,361
Total revenue	74,019	78,383	89,700	104,722	116,500	128,177
Revenue growth						
Concrete machinery	1.6%	-6.2%	9.5%	15.6%	12.0%	10.0%
Excavator	-22.7%	9.9%	13.7%	19.7%	13.0%	11.0%
Crane machinery	2.6%	0.9%	18.7%	6.8%	10.0%	10.0%
Piling machinery	-32.0%	-0.4%	35.8%	33.1%	8.0%	5.0%
Earth moving machinery	-19.3%	20.7%	25.2%	11.1%	8.0%	8.0%
Other machinery	30.2%	17.2%	15.1%	20.0%	10.0%	10.0%
Revenue (construction machinery)	7.0%	6.0%	15.1%	16.8%	11.4%	10.2%
Interest income from financing	-0.8%	-23.5%	-23.2%	43.6%	5.0%	5.0%
Other business	-11.3%	14.2%	1.0%	9.2%	5.0%	5.0%
Total revenue	6.8%	5.9%	14.4%	16.7%	11.2%	10.0%
Gross margin						
Concrete machinery	22.3%	20.5%	20.2%	21.0%	21.5%	21.5%
Excavator	33.2%	31.8%	34.2%	35.0%	34.2%	34.0%
Crane machinery	24.7%	27.2%	29.0%	28.0%	28.0%	28.0%
Piling machinery	34.1%	32.8%	32.9%	36.4%	34.0%	34.0%
Earth moving machinery	30.0%	27.5%	28.7%	28.5%	28.5%	28.5%
Other machinery	23.4%	19.4%	17.9%	16.0%	16.0%	16.0%
Gross margin (construction machinery)	27.7%	26.6%	27.7%	27.8%	27.5%	27.5%
Interest income from financing	52.7%	58.0%	64.9%	59.0%	59.0%	59.0%
Other business	27.1%	18.8%	20.3%	24.0%	24.0%	24.0%
Blended gross margin	28.0%	26.7%	27.7%	27.9%	27.7%	27.6%

Source: Company data, CMBIGM estimates

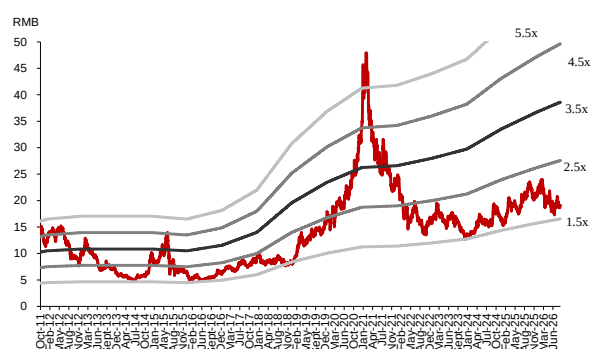
Valuation

Figure 3: SANY-A's P/E band



Source: Company data, Bloomberg, CMBIGM estimates
 Note: 12M forward P/E on daily basis

Figure 4: SANY-A's P/B band



Source: Company data, Bloomberg, CMBIGM estimates
 Note: 12M forward P/B on daily basis

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	74,019	78,383	89,700	104,722	116,500	128,177
Cost of goods sold	(53,312)	(57,473)	(64,825)	(75,458)	(84,264)	(92,804)
Gross profit	20,707	20,910	24,875	29,264	32,235	35,373
Operating expenses	(16,394)	(15,261)	(16,232)	(17,993)	(20,369)	(22,414)
Selling expense	(6,218)	(5,464)	(6,415)	(7,331)	(7,922)	(8,716)
Admin expense	(2,651)	(2,996)	(2,589)	(3,142)	(3,495)	(3,845)
R&D expense	(5,865)	(5,381)	(5,033)	(5,655)	(6,757)	(7,434)
Others	(1,660)	(1,420)	(2,195)	(1,865)	(2,195)	(2,418)
Operating profit	4,313	5,649	8,643	11,272	11,866	12,959
Share of (losses)/profits of associates/JV	50	58	45	203	185	191
EBITDA	7,201	8,896	11,833	14,604	15,411	16,507
Depreciation	2,888	3,247	3,190	3,333	3,544	3,548
Interest income	980	1,009	1,149	(406)	1,549	1,753
Interest expense	(517)	(1,211)	(837)	(763)	(557)	(559)
Net Interest income/(expense)	463	(202)	312	(1,169)	992	1,195
Others	491	1,402	907	1,300	1,000	1,000
Pre-tax profit	5,317	6,908	9,907	11,606	14,043	15,345
Income tax	(710)	(815)	(1,420)	(1,509)	(1,826)	(1,995)
Minority interest	(79)	(137)	(80)	(71)	(122)	(133)
Adjusted net profit	4,527	5,956	8,408	10,026	12,096	13,216

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	97,633	101,505	124,298	134,068	144,044	157,106
Cash & equivalents	18,072	20,383	38,451	42,759	45,773	54,413
Account receivables	24,165	25,517	25,540	30,694	32,503	36,326
Inventories	19,768	19,948	22,527	22,955	27,835	28,611
Other current assets	35,629	35,658	37,779	37,660	37,934	37,756
Non-current assets	53,569	50,640	49,001	52,144	51,727	53,232
PP&E	23,453	22,369	21,159	20,847	20,328	19,708
Deferred income tax	3,070	3,577	3,982	3,982	3,982	3,982
Investment in JVs & assos	2,401	2,425	2,489	2,591	2,683	2,779
Intangibles	4,832	4,615	4,235	3,894	3,540	3,182
Goodwill	50	48	41	41	41	41
Financial assets at FVTPL	0	0	0	0	0	0
Other non-current assets	19,763	17,606	17,095	20,789	21,154	23,541
Total assets	151,202	152,145	173,299	186,212	195,772	210,338
Current liabilities	54,415	63,669	71,856	76,320	78,675	85,939
Short-term borrowings	9,551	9,461	12,776	12,876	12,976	13,056
Account payables	22,693	28,654	36,064	40,428	42,682	49,867
Tax payable	1,063	1,224	1,665	1,665	1,665	1,665
Other current liabilities	21,109	24,330	21,351	21,351	21,351	21,351
Non-current liabilities	27,614	15,474	12,011	12,011	12,011	12,011
Long-term borrowings	23,556	11,556	7,853	7,853	7,853	7,853
Other non-current liabilities	4,059	3,918	4,158	4,158	4,158	4,158
Total liabilities	82,029	79,143	83,868	88,331	90,686	97,951
Total shareholders equity	68,040	71,924	88,331	96,710	103,793	110,961
Minority interest	1,133	1,078	1,100	1,171	1,293	1,427
Total equity and liabilities	151,202	152,145	173,299	186,212	195,772	210,338

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	5,317	6,908	9,907	11,606	14,043	15,345
Depreciation & amortization	2,888	3,247	3,190	3,333	3,544	3,548
Tax paid	(710)	(815)	(1,420)	(1,509)	(1,826)	(1,995)
Change in working capital	(3,067)	4,910	7,338	(4,793)	(5,072)	375
Others	1,281	565	960	966	(1,177)	(1,386)
Net cash from operations	5,708	14,814	19,975	9,602	9,513	15,887
Investing						
Capital expenditure	(4,128)	(2,685)	(2,246)	(2,600)	(2,600)	(2,500)
Acquisition of subsidiaries/ investments	(92)	(11)	19	0	0	0
Others	1,527	1,538	(15,682)	(384)	1,572	1,779
Net cash from investing	(2,694)	(1,158)	(17,909)	(2,984)	(1,028)	(721)
Financing						
Dividend paid	(1,359)	(1,862)	(5,648)	(1,647)	(5,013)	(6,048)
Net borrowings	(2,049)	(6,884)	(4,040)	100	100	80
Proceeds from share issues	0	573	14,497	0	0	0
Others	(4,122)	(2,107)	(3,233)	(763)	(557)	(559)
Net cash from financing	(7,530)	(10,279)	1,576	(2,310)	(5,470)	(6,526)
Net change in cash						
Cash at the beginning of the year	21,343	18,072	20,383	38,451	42,759	45,773
Exchange difference	1,244	(1,066)	14,426	0	0	0
Cash at the end of the year	18,072	20,383	38,451	42,759	45,773	54,413
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	(8.4%)	5.9%	14.4%	16.7%	11.2%	10.0%
Gross profit	5.3%	1.0%	19.0%	17.6%	10.2%	9.7%
Operating profit	71.7%	31.0%	53.0%	30.4%	5.3%	9.2%
EBITDA	46.8%	23.5%	33.0%	23.4%	5.5%	7.1%
Adj. net profit	6.0%	31.5%	41.2%	19.2%	20.6%	9.3%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	28.0%	26.7%	27.7%	27.9%	27.7%	27.6%
Operating margin	5.8%	7.2%	9.6%	10.8%	10.2%	10.1%
EBITDA margin	9.7%	11.3%	13.2%	13.9%	13.2%	12.9%
Adj. net profit margin	6.1%	7.6%	9.4%	9.6%	10.4%	10.3%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	0.1	(0.1)	(0.4)	(0.4)	(0.4)	(0.4)
Current ratio (x)	1.8	1.6	1.7	1.8	1.8	1.8
Receivable turnover days	181.4	174.7	155.8	147.0	149.0	147.0
Inventory turnover days	135.2	126.1	119.6	110.0	110.0	111.0
Payable turnover days	176.6	163.0	182.2	185.0	180.0	182.0
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	26.2	19.9	14.7	12.8	10.6	9.7
P/B	1.7	1.6	1.5	1.3	1.2	1.2
Div yield (%)	1.6	2.6	3.4	3.9	4.7	5.1

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

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