28 Jul 2026

CMB International Global Markets | Equity Research | Company Update

# SANY International (631 HK)

## Expect 2Q26 net profit to -10% YoY

Due to a high base effect, we expect SANYI's net profit in 2Q26 to drop ~10% YoY to RMB600mn (1Q26 net profit: -20% YoY). We expect the fast-growing mining truck sales to partially offset the decline in coal mining equipment in 2Q26. Besides, we forecast that solar power business continued to remain under pressure in 2Q26 (segment loss of RMB100-200mn), even though this was mainly due to non-cash depreciation. We trim our 2026E/27E/28E earnings forecasts by 12%/9%/7%, due mainly to lower assumptions for road header sales and higher loss from solar. We revise down our TP to HK$17.1 (from HK$18.9), based on unchanged 20x 2026E P/E (equivalent to the peak level since 2017, to reflect the upcycle of metals). Despite our lower forecasts, we are still positive on SANYI's structural penetration of large mining trucks in overseas. Maintain **BUY.**

- **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 | 31,621 | 37,409 | 44,013 |
| **YoY growth (%)** | 8.0 | 11.1 | 29.9 | 18.3 | 17.7 |
| **Adjusted net profit (RMB mn)** | 1,849.9 | 1,850.9 | 2,393.2 | 3,368.1 | 4,243.1 |
| **YoY growth (%)** | (4.1) | 0.1 | 29.3 | 40.7 | 26.0 |
| **EPS (Adjusted) (RMB)** | 0.58 | 0.57 | 0.74 | 1.04 | 1.31 |
| **Consensus EPS (RMB)** | na | 0.00 | 0.88 | 1.10 | 1.47 |
| **P/E (x)** | 19.1 | 11.9 | 8.9 | 6.4 | 5.0 |
| **P/B (x)** | 1.7 | 1.6 | 1.5 | 1.3 | 1.1 |
| **Yield (%)** | 4.1 | 4.9 | 6.2 | 7.9 | 9.9 |
| **ROE (%)** | 9.3 | 14.0 | 17.3 | 21.6 | 23.7 |
| **Net gearing (%)** | 17.4 | 13.0 | 6.9 | 4.6 | (1.5) |

Source: Company data, Bloomberg, CMBIGM estimates

### BUY (Maintain)

| | |
|---|---|
| **Target Price** | **HK$17.10** |
| (Previous TP | HK$18.90) |
| **Up/Downside** | **124.1%** |
| **Current Price** | **HK$7.63** |

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**Stock Data**

| | |
|---|---|
| Mkt Cap (HK$ mn) | 24,663.3 |
| Avg 3 mths t/o (HK$ mn) | 88.4 |
| 52w High/Low (HK$) | 15.97/6.61 |
| Total Issued Shares (mn) | 3232.4 |

Source: FactSet

**Shareholding Structure**

| | |
|---|---|
| Sany Heavy Equipment Investments Company | 64.9% |
| Free float | 33.9% |

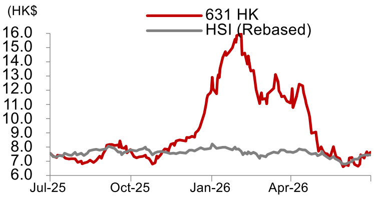
Source: HKEx

**Share Performance**

| | Absolute | Relative |
|---|---|---|
| 1-mth | 15.4% | 3.8% |
| 3-mth | -31.3% | -29.3% |
| 6-mth | -36.4% | -31.6% |

Source: FactSet

**12-mth Price Performance**




Source: FactSet

**Related reports:**

SANYI (631 HK) – Weak 1Q26 results but should be expected by the market; Focus on mining truck growth – 21 May 2026 (link)

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

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

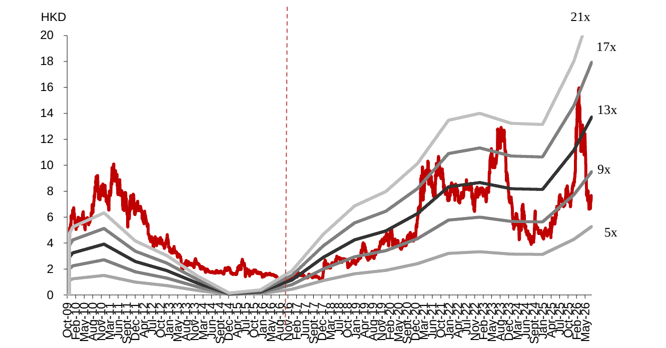
SANYI (631 HK) – Profit in 2025 a negative surprise; Looking for improvement in 2026 – 22 Mar 2026 (link)

## Figure 1: Change in operating assumptions for SANYI

| | Old | | | New | | | Change | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2026E | 2027E | 2028E | 2026E | 2027E | 2028E | 2026E | 2027E | 2028E |
| (RMB mn) | | | | | | | | | |
| **Revenue** | | | | | | | | | |
| Road header | 1,415 | 1,472 | 1,531 | 1,293 | 1,345 | 1,400 | -8.6% | -8.6% | -8.6% |
| Combined coal mining units (CCMU) | 1,328 | 1,367 | 1,408 | 1,328 | 1,367 | 1,408 | 0.0% | 0.0% | 0.0% |
| Small-size logisitics machinery | 5,622 | 6,294 | 7,074 | 5,420 | 5,997 | 6,659 | -3.6% | -4.7% | -5.9% |
| Large-size port machinery | 4,154 | 5,400 | 7,020 | 4,240 | 5,511 | 7,165 | 2.1% | 2.1% | 2.1% |
| Mining trucks | 6,995 | 8,583 | 10,380 | 6,995 | 8,583 | 10,380 | 0.0% | 0.0% | 0.0% |
| After sales service | 2,650 | 3,233 | 3,944 | 2,650 | 3,233 | 3,944 | 0.0% | 0.0% | 0.0% |
| Lithium battery | 4,005 | 4,806 | 5,767 | 4,005 | 4,806 | 5,767 | 0.0% | 0.0% | 0.0% |
| Oil and gas equipment | 3,161 | 3,477 | 3,650 | 3,161 | 3,477 | 3,650 | 0.0% | 0.0% | 0.0% |
| Solar power | 2,311 | 2,773 | 3,189 | 2,311 | 2,773 | 3,189 | 0.0% | 0.0% | 0.0% |
| Hydrogen | 158 | 245 | 380 | 158 | 245 | 380 | 0.0% | 0.0% | 0.0% |
| **Total** | **31,859** | 37,720 | 44,415 | **31,621** | **37,409** | **44,013** | ***-0.7%*** | ***-0.8%*** | ***-0.9%*** |
| ***Gross margin*** | | | | | | | | | |
| *Road header* | *44.0%* | *44.0%* | *44.0%* | *42.0%* | *43.0%* | *44.0%* | *(2.0)* | *(1.0)* | *0.0* |
| *Combined coal mining units (CCMU)* | *9.0%* | *11.0%* | *12.0%* | *10.0%* | *11.0%* | *12.0%* | *1.0* | *0.0* | *0.0* |
| *Small-size logisitics machinery* | *31.0%* | *31.0%* | *30.6%* | *32.0%* | *32.6%* | *32.6%* | *1.0* | *1.6* | *2.0* |
| *Large-size port machinery* | *20.0%* | *22.0%* | *22.0%* | *19.0%* | *22.0%* | *22.0%* | *(1.0)* | *0.0* | *0.0* |
| *Mining trucks* | *24.0%* | *26.6%* | *27.7%* | *24.0%* | *25.4%* | *26.4%* | *0.0* | *(1.2)* | *(1.3)* |
| *After sales service* | *37.2%* | *38.0%* | *38.0%* | *35.5%* | *36.5%* | *37.0%* | *(1.7)* | *(1.5)* | *(1.0)* |
| *Lithium battery* | *17.0%* | *20.0%* | *21.0%* | *17.0%* | *20.0%* | *21.0%* | *0.0* | *0.0* | *0.0* |
| *Oil and gas equipment* | *21.2%* | *21.5%* | *21.5%* | *21.2%* | *21.5%* | *21.5%* | *0.0* | *0.0* | *0.0* |
| *Solar power* | *-2.0%* | *-1.0%* | *-1.0%* | *-17.0%* | *-11.0%* | *-8.0%* | *(15.0)* | *(10.0)* | *(7.0)* |
| *Hydrogen* | *15.0%* | *15.0%* | *15.0%* | *15.0%* | *15.0%* | *15.0%* | *0.0* | *0.0* | *0.0* |
| ***Blended gross margin*** | ***22.9%*** | *24.3%* | *24.6%* | ***21.6%*** | ***23.2%*** | ***23.9%*** | ***(1.4)*** | ***(1.1)*** | ***(0.7)*** |
| | | | | | | | | *Change (ppt)* | |
| *S&D expense ratio* | *5.5%* | *5.3%* | *5.3%* | *5.5%* | *5.3%* | *5.3%* | *0.0* | *0.0* | *0.0* |
| *Admin expense ratio* | *8.3%* | *8.3%* | *8.3%* | *8.3%* | *8.3%* | *8.3%* | *0.0* | *0.0* | *0.0* |
| *Net finance expense (RMB mn)* | -48 | -21 | -21 | -48 | -21 | -21 | *0.0%* | *0.0%* | *0.0%* |
| **Net profit** | **2,728** | **3,715** | **4,550** | **2,393** | **3,368** | **4,243** | ***-12.3%*** | ***-9.3%*** | ***-6.7%*** |

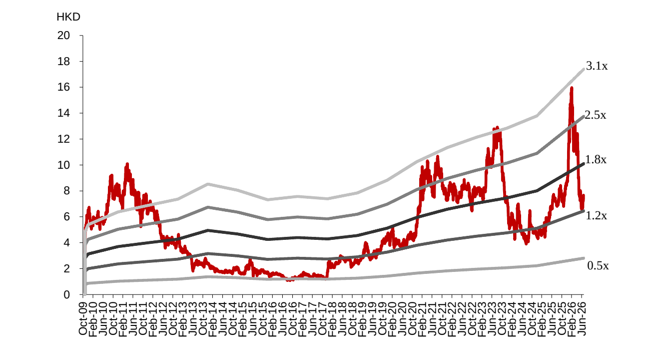
Source: Company data, CMBIGM estimates

## Figure 2: SANYI's P/E band




Source: Bloomberg, company data, CMBIGM estimates

## Figure 3: SANYI's P/B band




Source: Bloomberg, company data, CMBIGM estimates

# Financial Summary

| INCOME STATEMENT | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|
| **YE 31 Dec (RMB mn)** | | | | | | |
| **Revenue** | **20,278** | **21,910** | **24,334** | **31,621** | **37,409** | **44,013** |
| Cost of goods sold | (14,831) | (16,996) | (18,910) | (24,805) | (28,712) | (33,489) |
| **Gross profit** | **5,447** | **4,913** | **5,424** | **6,816** | **8,697** | **10,524** |
| Selling expense | (1,262) | (1,286) | (1,358) | (1,739) | (1,983) | (2,333) |
| Admin expense | (2,213) | (2,163) | (2,174) | (2,625) | (3,105) | (3,653) |
| Other income | 441 | 507 | 570 | 696 | 823 | 968 |
| Other expense | (42) | (502) | (171) | (95) | (112) | (88) |
| Other gains/(losses) | (144) | (25) | (147) | (63) | (75) | (88) |
| Share of (losses)/profits of associates/JV | 0 | 2 | (5) | 4 | 4 | 4 |
| **EBITDA** | **2,751** | **2,249** | **3,283** | **3,979** | **5,306** | **6,463** |
| Depreciation | 525 | 803 | 1,144 | 986 | 1,057 | 1,128 |
| **EBIT** | **2,226** | **1,446** | **2,139** | **2,994** | **4,249** | **5,335** |
| Interest income | 193 | 204 | 293 | 315 | 331 | 350 |
| Interest expense | (158) | (229) | (253) | (325) | (326) | (326) |
| **Net Interest income/(expense)** | **35** | **(25)** | **40** | **(9)** | **5** | **24** |
| **Pre-tax profit** | **2,260** | **1,421** | **2,179** | **2,985** | **4,254** | **5,359** |
| Income tax | (422) | (353) | (431) | (627) | (936) | (1,179) |
| **After tax profit** | **1,839** | **1,068** | **1,748** | **2,358** | **3,318** | **4,180** |
| Minority interest | 90 | 34 | 31 | 35 | 50 | 63 |
| **Net profit** | **1,929** | **1,102** | **1,779** | **2,393** | **3,368** | **4,243** |
| **Adjusted net profit** | **1,929** | **1,850** | **1,851** | **2,393** | **3,368** | **4,243** |
| Gross dividends | 556 | 863 | 1,047 | 1,316 | 1,684 | 2,122 |

| BALANCE SHEET | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|
| **YE 31 Dec (RMB mn)** | | | | | | |
| **Current assets** | **20,778** | **26,227** | **29,645** | **35,218** | **37,469** | **45,370** |
| Cash & equivalents | 3,241 | 5,340 | 6,064 | 6,871 | 7,107 | 8,154 |
| Account receivables | 8,356 | 10,010 | 10,870 | 14,254 | 15,468 | 19,742 |
| Inventories | 3,432 | 5,048 | 5,845 | 6,388 | 7,457 | 8,875 |
| 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 | 2,737 | 2,467 | 3,629 |
| **Non-current assets** | **14,185** | **14,701** | **15,276** | **15,404** | **15,361** | **15,248** |
| 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 |
| **Total assets** | **34,963** | **40,928** | **44,921** | **50,623** | **52,830** | **60,617** |
| | | | | | | |
| **Current liabilities** | **16,173** | **21,210** | **23,119** | **27,509** | **27,715** | **33,006** |
| Short-term borrowings | 2,653 | 4,250 | 4,269 | 4,369 | 4,369 | 4,369 |
| Account payables | 8,098 | 11,213 | 12,126 | 16,416 | 16,622 | 21,913 |
| Tax payable | 237 | 162 | 63 | 63 | 63 | 63 |
| Other current liabilities | 5,184 | 5,584 | 6,661 | 6,661 | 6,661 | 6,661 |
| **Non-current liabilities** | **7,252** | **7,543** | **8,633** | **8,633** | **8,633** | **8,633** |
| 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 |
| **Total liabilities** | **23,425** | **28,752** | **31,752** | **36,142** | **36,348** | **41,639** |
| | | | | | | |
| **Total shareholders equity** | **11,589** | **12,221** | **13,192** | **14,539** | **16,591** | **19,150** |
| Minority interest | (51) | (46) | (23) | (59) | (108) | (171) |
| **Total equity and liabilities** | **34,963** | **40,928** | **44,921** | **50,623** | **52,830** | **60,617** |

| CASH FLOW | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|
| **YE 31 Dec (RMB mn)** | | | | | | |
| **Operating** | | | | | | |
| **Profit before taxation** | **2,260** | **1,421** | **2,179** | **2,985** | **4,254** | **5,359** |
| Depreciation & amortization | 525 | 803 | 1,144 | 986 | 1,057 | 1,128 |
| Tax paid | (431) | (516) | (431) | (627) | (936) | (1,179) |
| Change in working capital | 476 | (446) | 347 | (477) | (1,809) | (1,562) |
| Others | (307) | 890 | (782) | 6 | (9) | (29) |
| **Net cash from operations** | **2,524** | **2,152** | **2,457** | **2,872** | **2,557** | **3,717** |
| **Investing** | | | | | | |
| 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) | 306 | 321 | 341 |
| **Net cash from investing** | **(4,965)** | **(973)** | **(1,627)** | **(794)** | **(679)** | **(659)** |
| **Financing** | | | | | | |
| Dividend paid | (729) | (634) | (863) | (1,047) | (1,316) | (1,684) |
| 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 |
| **Net cash from financing** | **2,961** | **895** | **(283)** | **(1,271)** | **(1,642)** | **(2,010)** |
| **Net change in cash** | | | | | | |
| Cash at the beginning of the year | 2,690 | 3,241 | 5,340 | 6,064 | 6,871 | 7,107 |
| Exchange difference | 32 | 25 | 177 | 0 | 0 | 0 |
| **Cash at the end of the year** | **3,241** | **5,340** | **6,064** | **6,871** | **7,107** | **8,154** |

| GROWTH | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|
| **YE 31 Dec** | | | | | | |
| Revenue | 30.5% | 8.0% | 11.1% | 29.9% | 18.3% | 17.7% |
| Gross profit | 50.1% | (9.8%) | 10.4% | 25.7% | 27.6% | 21.0% |
| EBITDA | 20.3% | (18.3%) | 46.0% | 21.2% | 33.3% | 21.8% |
| EBIT | 11.6% | (35.0%) | 47.9% | 40.0% | 41.9% | 25.6% |
| Net profit | 15.9% | (42.9%) | 61.5% | 34.5% | 40.7% | 26.0% |
| Adj. net profit | 15.9% | (4.1%) | 0.1% | 29.3% | 40.7% | 26.0% |

| PROFITABILITY | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|
| **YE 31 Dec** | | | | | | |
| Gross profit margin | 26.9% | 22.4% | 22.3% | 21.6% | 23.2% | 23.9% |
| EBITDA margin | 13.6% | 10.3% | 13.5% | 12.6% | 14.2% | 14.7% |
| Adj. net profit margin | 9.5% | 8.4% | 7.6% | 7.6% | 9.0% | 9.6% |
| Return on equity (ROE) | 17.8% | 9.3% | 14.0% | 17.3% | 21.6% | 23.7% |

| 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 | 0.0 | (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 | 146.0 |
| 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 |

| VALUATION | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|---|
| **YE 31 Dec** | | | | | | |
| P/E | 10.9 | 19.1 | 11.9 | 8.9 | 6.4 | 5.0 |
| P/B | 1.8 | 1.7 | 1.6 | 1.5 | 1.3 | 1.1 |
| Div yield (%) | 2.7 | 4.1 | 4.9 | 6.2 | 7.9 | 9.9 |

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 |
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| **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 |
| **MARKET-PERFORM** | : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months |
| **UNDERPERFORM** | : Industry expected to underperform the relevant broad market benchmark over next 12 months |

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