

SANYI International (631 HK)

1Q25 net profit surged 23% YoY, holding up better-than-feared

SANYI's net profit grew 23% YoY in 1Q25 to RMB635mn, delivering a set of better-than-feared results which marks the first quarterly profit growth (YoY) since 3Q23. The earnings growth in 1Q25 was driven by large port machinery, oil & gas equipment, overseas mining trucks and other emerging business. We believe that the results will ease concerns over SANYI's growth story. We are staying positive on the company as we expect sustainable overseas growth and gradual stabilization of domestic coal mining equipment. We have left our earnings forecast unchanged, and maintain our TP of HK\$8.2 (11x 2025E P/E, the average P/E since 2017). We view the current valuation of 8x 2025E P/E as attractive amid earnings recovery. Maintain **BUY**.

■ **Key highlights in 1Q25 results.** Revenue grew 15% YoY to RMB5.9bn. Gross margin slightly narrowed 0.6ppts YoY to 24.3%, which we think was due to product mix factor. Net profit grew 23% YoY to RMB635mn, driven by cost control and operating leverage.

■ **Post-results investor call at 10:30 a.m. today (HKT).** SANYI will host a conference call today (30 May). We expect management to share more details about the backlog, overseas strategy and new business development.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	20,278	21,910	25,110	29,577	34,547
YoY growth (%)	30.5	8.0	14.6	17.8	16.8
Adjusted net profit (RMB mn)	1,929.0	1,849.9	2,159.0	2,690.4	3,188.5
YoY growth (%)	15.9	(4.1)	16.7	24.6	18.5
EPS (Adjusted) (RMB)	0.61	0.58	0.67	0.84	1.00
Consensus EPS (RMB)	na	na	0.75	0.87	0.00
P/E (x)	8.9	15.6	8.0	6.4	5.4
P/B (x)	1.5	1.4	1.3	1.1	1.0
Yield (%)	3.3	5.0	5.0	6.3	7.4
ROE (%)	17.8	9.3	16.8	18.6	19.4
Net gearing (%)	21.2	17.4	17.2	13.7	3.4

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price HK\$8.20
Up/Downside 40.2%
Current Price HK\$5.85

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Stock Data

Mkt Cap (HK\$ mn)	18,801.3
Avg 3 mths t/o (HK\$ mn)	26.0
52w High/Low (HK\$)	6.48/3.89
Total Issued Shares (mn)	3213.9

Source: FactSet

Shareholding Structure

Sany Heavy Equipment	66.4%
Investments Company	
Free float	33.9%

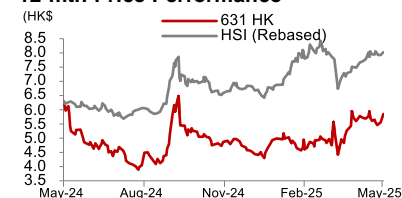
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	3.2%	-3.7%
3-mth	26.9%	23.5%
6-mth	19.6%	-1.4%

Source: FactSet

12-month Price Performance



Source: FactSet

Related reports:

1. SANYI (631 HK, BUY) – Set for a recovery – 2 Apr 2025 ([link](#))
2. SANYI (631 HK, BUY) – Scale-down of solar power expansion plan a positive move – 30 Aug 2024 ([link](#))
3. SANYI (631 HK, BUY) - Expect an improving trend after a weak 1Q24 – 20 May 2024 ([link](#))

Figure 1: SANYI's 1Q25 results

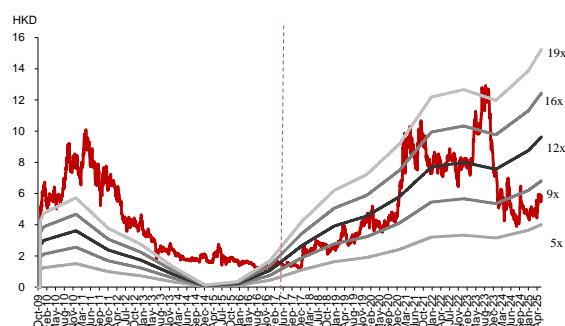
RMB mn	1Q24	1Q25	Chg (YoY)	2Q23	2Q24	Chg (YoY)	3Q23	3Q24	Chg (YoY)	4Q23	4Q24	Chg (YoY)
Revenue	5,130	5,876	15%	5,401	5,626	4%	4,998	5,154	3%	4,441	6,000	35%
Cost of sales	-3,852	-4,448	15%	-3,899	-4,278	10%	-3,521	-3,865	10%	-3,303	-5,001	51%
Gross profit	1,278	1,428	12%	1,502	1,348	-10%	1,476	1,289	-13%	1,139	999	-12%
Gross margin	24.9%	24.3%		27.8%	24.0%		29.5%	25.0%		25.6%	16.7%	
Pretax profit	558	821	47%	733	594	-19%	655	541	-17%	165	-272	n/a
Pretax profit margin	10.9%	14.0%		13.6%	10.6%		13.1%	10.5%		3.7%	-4.5%	
Net profit	516	635	23%	552	517	-6%	570	357	-37%	157	-288	n/a
Net margin	10.1%	10.8%		10.2%	9.2%		11.4%	6.9%		3.5%	-4.8%	
Adjusted net profit	516	635	23%	552	517	-6%	570	357	-37%	157	-288	n/a
Adjusted net margin	10.1%	10.8%		10.2%	9.2%		11.4%	6.9%		3.5%	-4.8%	

Source: Company data, CMBIGM

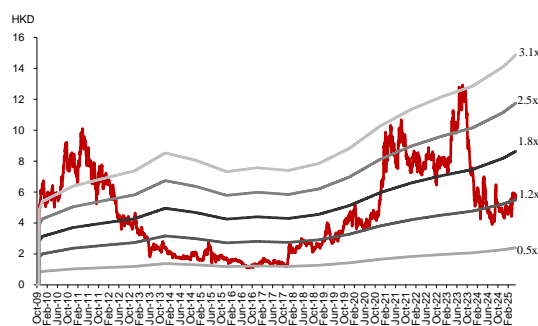
Figure 2: Key assumptions for SANYI

(RMB mn)	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Revenue										
Road header	1,079	1,408	1,249	1,834	2,970	2,554	2,299	2,299	2,345	2,392
Combined coal mining units (CCMU)	966	1,073	1,640	1,733	2,968	3,621	3,000	3,150	3,402	3,674
Small-size port machinery	1,305	1,547	1,798	2,459	3,217	4,179	4,800	5,712	6,740	7,953
Large-size port machinery	551	686	720	840	1,377	1,200	1,900	2,850	3,705	4,631
Mining trucks	88	388	952	1,512	2,923	4,000	3,817	4,141	4,514	4,872
After sales service	428	554	603	706	1,018	1,400	1,600	1,952	2,381	2,905
Robot	-	-	400	1,150	1,060	800	0	0	0	0
Lithium battery	-	-	-	-	-	302	500	1,250	2,250	3,375
Oil and gas equipment	-	-	-	-	-	1,500	1,919	2,111	2,280	2,394
Solar power	-	-	-	-	-	-	1,300	1,495	1,719	1,977
Hydrogen	-	-	-	-	-	-	0	150	240	372
Total	4,417	5,656	7,362	10,234	15,533	19,556	21,135	25,110	29,577	34,547
Growth (YoY)										
Road header	53.8%	30.5%	-11.3%	46.8%	61.9%	-14.0%	-10.0%	0.0%	2.0%	2.0%
Combined coal mining units (CCMU)	268.0%	11.1%	52.8%	5.7%	71.3%	22.0%	-17.1%	5.0%	8.0%	8.0%
Small-size port machinery	45.3%	18.5%	16.2%	36.8%	30.8%	29.9%	14.9%	19.0%	18.0%	18.0%
Large-size port machinery	61.3%	24.5%	5.0%	16.7%	63.9%	-12.9%	58.3%	50.0%	30.0%	25.0%
Mining trucks	285.1%	340.9%	145.4%	58.8%	93.3%	36.8%	-4.6%	8.5%	9.0%	7.9%
After sales service	67.9%	29.4%	8.8%	17.1%	44.2%	37.5%	14.3%	22.0%	22.0%	22.0%
Robot	-	-	-	187.5%	-7.8%	-24.5%	-100.0%	0.0%	0.0%	0.0%
Lithium battery	-	-	-	-	-	-	65.6%	150.0%	80.0%	50.0%
Oil and gas equipment	-	-	-	-	-	-	27.9%	10.0%	8.0%	5.0%
Solar power	-	-	-	-	-	-	-	15.0%	15.0%	15.0%
Hydrogen	-	-	-	-	-	-	-	-	60.0%	55.0%
Average	78.0%	28.1%	30.2%	39.0%	51.8%	25.9%	8.1%	18.8%	17.8%	16.8%

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

Major risk factors: (1) further weakness of coal mining activities in China; (2) higher-than-expected loss from emerging business; (3) uncertainties of the US tariff policy on port machinery.

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	15,537	20,278	21,910	25,110	29,577	34,547
Cost of goods sold	(11,908)	(14,831)	(16,996)	(18,796)	(22,053)	(25,777)
Gross profit	3,628	5,447	4,913	6,314	7,524	8,770
Selling expense	(933)	(1,262)	(1,286)	(1,456)	(1,686)	(1,969)
Admin expense	(1,177)	(2,213)	(2,163)	(2,461)	(2,839)	(3,282)
Other income	447	441	507	552	651	760
Other expense	(25)	(42)	(502)	(50)	(59)	(69)
Other gains/(losses)	54	(144)	(25)	25	30	35
Share of (losses)/profits of associates/JV	0	0	2	4	5	5
EBITDA	2,287	2,751	2,249	3,870	4,673	5,391
Depreciation	293	525	803	941	1,048	1,142
EBIT	1,994	2,226	1,446	2,928	3,624	4,249
Interest income	59	193	204	258	269	296
Interest expense	(132)	(158)	(229)	(365)	(376)	(377)
Net Interest income/(expense)	(73)	35	(25)	(106)	(107)	(81)
Pre-tax profit	1,921	2,260	1,421	2,822	3,517	4,168
Income tax	(252)	(422)	(353)	(706)	(879)	(1,042)
After tax profit	1,669	1,839	1,068	2,117	2,638	3,126
Minority interest	(4)	90	34	42	53	63
Net profit	1,665	1,929	1,102	2,159	2,690	3,188
Adjusted net profit	1,665	1,929	1,850	2,159	2,690	3,188
Gross dividends	538	556	863	864	1,076	1,275

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	17,191	20,778	26,227	26,444	32,438	33,792
Cash & equivalents	2,690	3,241	5,340	5,688	6,019	7,530
Account receivables	6,416	8,356	10,010	10,491	13,495	13,954
Inventories	3,283	3,432	5,048	4,221	6,654	5,775
Prepayment	700	1,261	1,598	1,598	1,598	1,598
ST bank deposits	50	43	71	71	71	71
Financial assets at FVTPL	2,088	2,160	2,394	2,394	2,394	2,394
Other current assets	1,964	2,284	1,767	1,980	2,207	2,470
Non-current assets	7,763	14,185	14,701	15,283	15,759	15,942
PP&E	4,066	7,276	7,990	8,836	9,577	10,027
Deferred income tax	298	336	423	423	423	423
Goodwill	1,130	2,537	2,067	2,067	2,067	2,067
Other non-current assets	2,269	4,036	4,221	3,957	3,692	3,425
Total assets	24,953	34,963	40,928	41,727	48,197	49,734
Current liabilities	10,836	16,173	21,210	20,456	25,151	24,638
Short-term borrowings	954	2,653	4,250	4,500	4,600	4,600
Account payables	6,646	8,098	11,213	10,209	14,805	14,292
Tax payable	155	237	162	162	162	162
Other current liabilities	3,080	5,184	5,584	5,584	5,584	5,584
Non-current liabilities	4,014	7,252	7,543	7,843	7,843	7,843
Long-term borrowings	2,691	5,249	5,684	5,984	5,984	5,984
Other non-current liabilities	1,323	2,003	1,858	1,858	1,858	1,858
Total liabilities	14,849	23,425	28,752	28,298	32,994	32,481
Total shareholders equity	10,040	11,589	12,221	13,517	15,344	17,456
Minority interest	64	(51)	(46)	(88)	(141)	(204)
Total equity and liabilities	24,953	34,963	40,928	41,727	48,197	49,734

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,921	2,260	1,421	2,822	3,517	4,168
Depreciation & amortization	293	525	803	941	1,048	1,142
Tax paid	(145)	(431)	(353)	(706)	(879)	(1,042)
Change in working capital	(808)	476	152	(872)	(1,068)	(356)
Others	(177)	(307)	129	102	103	76
Net cash from operations	1,084	2,524	2,152	2,288	2,721	3,988
Investing						
Capital expenditure	(889)	(2,294)	(1,226)	(1,500)	(1,500)	(1,300)
Acquisition of subsidiaries/ investments	0	(2,509)	0	0	0	0
Others	1,529	(162)	253	239	249	277
Net cash from investing	639	(4,965)	(973)	(1,261)	(1,251)	(1,023)
Financing						
Dividend paid	(466)	(729)	(556)	(863)	(864)	(1,076)
Net borrowings	(113)	(126)	(265)	(365)	(376)	(377)
Proceeds from share issues	8	104	0	0	0	0
Others	194	3,712	1,716	550	100	0
Net cash from financing	(377)	2,961	895	(678)	(1,139)	(1,454)
Net change in cash						
Cash at the beginning of the year	1,349	2,690	3,241	5,340	5,688	6,019
Exchange difference	(6)	32	25	0	0	0
Cash at the end of the year	2,690	3,241	5,340	5,688	6,019	7,530
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	52.4%	30.5%	8.0%	14.6%	17.8%	16.8%
Gross profit	51.8%	50.1%	(9.8%)	28.5%	19.2%	16.6%
EBITDA	30.2%	20.3%	(18.3%)	72.1%	20.7%	15.4%
EBIT	32.3%	11.6%	(35.0%)	102.5%	23.8%	17.2%
Net profit	32.2%	15.9%	(42.9%)	96.0%	24.6%	18.5%
Adj. net profit	53.2%	15.9%	(4.1%)	16.7%	24.6%	18.5%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	23.4%	26.9%	22.4%	25.1%	25.4%	25.4%
EBITDA margin	14.7%	13.6%	10.3%	15.4%	15.8%	15.6%
Adj. net profit margin	10.7%	9.5%	8.4%	8.6%	9.1%	9.2%
Return on equity (ROE)	17.8%	17.8%	9.3%	16.8%	18.6%	19.4%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.1)	0.2	0.2	0.2	0.1	0.0
Current ratio (x)	1.6	1.3	1.2	1.3	1.3	1.4
Receivable turnover days	125.5	132.9	153.0	149.0	148.0	145.0
Inventory turnover days	89.1	82.6	91.1	90.0	90.0	88.0
Payable turnover days	169.6	181.4	207.4	208.0	207.0	206.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	10.1	8.9	15.6	8.0	6.4	5.4
P/B	1.7	1.5	1.4	1.3	1.1	1.0
Div yield (%)	3.2	3.3	5.0	5.0	6.3	7.4

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

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