

Intron Tech (1760 HK)

1H25 GPM pressure remained; Trim TP to HK\$2.11

Intron's 1H25 revenue growth of 5% YoY was largely in-line with our estimate, but net profit dropped 49% YoY as a result of pricing pressure from downstream customers. 1H25 GPM came in at 13.5% (vs 16.9% in 1H24), and Intron maintained a high level of R&D expenses at 7.4% ratio as order demand remained strong (volume up 30%+ YoY). By segment, safety/powertrain/cloud revenue grew 27%/15%/135% YoY, offset by declines from new energy/body control/service segments (-1%/-26%/-13% YoY). Looking ahead, Intron highlighted positive progress in: 1) Intelligent driving: new MAD4.0 domain controller (J6-based); 2) Robotics: new GRC1.0 high-performance controller solution for embodied robots and industrial automation; 3) Strong order backlog: 112 new mass production projects added in 1H25 (10 for overseas customers). Overall, we lower FY25-27E earnings forecasts for 1H25 results and lower margins, and trim TP to HK\$2.11 based on rollover 9x FY26E P/E (vs. previously 9x FY25E P/E). Maintain BUY.

■ **1H25: resilient revenue, dragged by near-term GPM pressure.** Despite intensifying competition along auto supply chain in China, Intron posted a solid revenue growth of 5% YoY in 1H25, but GPM contracted by 2.4ppt YoY to 13.5% YoY, reflecting margin pressure on upstream suppliers amid ongoing price wars among OEMs. By segment, new energy segment posted flattish revenue (-1% YoY) in 1H given its leading positions in MCUs/BMS, while safety system/cloud server segments grew 27%/135% YoY, driven by rising penetration of active suspension and AI server demand. Body system segment declined 26% YoY mainly due to exits from low-margin projects.

■ **Latest progresses: J6 MAD4.0 domain controller, robotics GRC1.0 controller and overseas expansion.** For automation/connectivity, Intron launched the MAD4.0 domain controller (J6-based) supporting advanced features (e.g. NOA) for L2+ and higher-level ADAS markets. For robotics, Intron expanded into embodied AI robotics and officially launched GRC1.0 high-performance controller in collaboration with Digua Robotics. For overseas markets, Intron secured 112 new mass production projects in 1H25, and 10 of them came from export models or overseas customers (e.g. Japan and Europe), marking initial success in its globalization strategy.

■ **Expect gradual margin recovery into 2H25E; Maintain BUY.** Looking ahead, management remains optimistic and expected gradual margin recovery as "anti-involution" policies will take effect in 2H25E. Overall, we cut FY25-27E estimates and trim TP to HK\$2.11 based on rollover 9x FY26E P/E (vs. 9x FY25E P/E). Maintain BUY.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	5,802	6,693	6,973	7,633	8,453
YoY growth (%)	20.1	15.4	4.2	9.5	10.7
Net profit (RMB mn)	317.4	208.6	154.4	224.8	287.2
YoY growth (%)	(23.5)	(34.3)	(26.0)	45.6	27.8
EPS (Reported) (RMB)	0.29	0.19	0.14	0.21	0.26
Consensus EPS (RMB)	na	na	0.25	0.36	0.44
P/E (x)	4.6	7.0	9.5	6.5	5.1
P/B (x)	0.6	0.6	0.6	0.5	0.5
Yield (%)	0.6	4.7	3.2	4.6	5.9
ROE (%)	14.1	8.6	6.1	8.4	10.1

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$2.11
(Previous TP)	HK\$2.34
Up/Downside	43.8%
Current Price	HK\$1.47

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Stock Data

Mkt Cap (HK\$ mn)	1,598.6
Avg 3 mths t/o (HK\$ mn)	2.3
52w High/Low (HK\$)	1.95/0.93
Total Issued Shares (mn)	1087.5
Source: FactSet	

Shareholding Structure

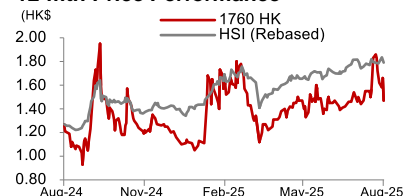
Magnate Era Ltd	48.3%
Luk Wing Ming	6.9%
Source: HKEx	

Share Performance

	Absolute	Relative
1-mth	-3.9%	-3.2%
3-mth	0.7%	-6.6%
6-mth	-8.7%	-14.1%

Source: FactSet

12-mth Price Performance



Source: FactSet

Earnings revision

Figure 1: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	6,973	7,633	8,453	7,692	8,719	9,607	-9%	-12%	-12%
Gross profit	942	1,062	1,193	1,115	1,308	1,458	-16%	-19%	-18%
Operating Profit	230	300	348	383	537	594	-40%	-44%	-41%
Net profit	154	225	287	265	386	482	-42%	-42%	-40%
EPS (RMB)	0.14	0.21	0.26	0.25	0.36	0.44	-42%	-42%	-40%
Gross margin	13.5%	13.9%	14.1%	14.5%	15.0%	15.2%	-1 ppt	-1.1 ppt	-1.1 ppt
Operating margin	3.3%	3.9%	4.1%	5.0%	6.2%	6.2%	-1.7 ppt	-2.2 ppt	-2.1 ppt
Net margin	2.2%	2.9%	3.4%	3.4%	4.4%	5.0%	-1.2 ppt	-1.5 ppt	-1.6 ppt

Source: Bloomberg, CMBIGM estimates

Figure 2: Earnings Revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	6,973	7,633	8,453	7,736	8,755	9,920	-10%	-13%	-15%
Gross profit	942	1,062	1,193	1,122	1,313	1,505	-16%	-19%	-21%
Operating Profit	230	300	348	371	450	522	-38%	-33%	-33%
Net profit	154	225	287	249	331	405	-38%	-32%	-29%
EPS (RMB)	0.14	0.21	0.26	0.23	0.30	0.37	-38%	-32%	-29%
Gross margin	13.5%	13.9%	14.1%	14.5%	15.0%	15.2%	-1 ppt	-1.1 ppt	-1.1 ppt
Operating margin	3.3%	3.9%	4.1%	4.8%	5.1%	5.3%	-1.5 ppt	-1.2 ppt	-1.1 ppt
Net margin	2.2%	2.9%	3.4%	3.2%	3.8%	4.1%	-1 ppt	-0.8 ppt	-0.7 ppt

Source: CMBIGM estimates

Figure 3: P&L forecast

RMB mn	FY23A	FY24A	1H25	2H25E	FY25E	FY26E	FY27E
Revenue	5,802	6,693	2,966	4,007	6,973	7,633	8,453
...YoY	20.1%	15.4%	4.6%	3.8%	4.2%	9.5%	10.7%
Cost of sales	(4,719)	(5,725)	(2,565)	(3,466)	(6,031)	(6,571)	(7,259)
Gross profit	1,084	969	401	541	942	1,062	1,193
GPM (%)	18.7%	14.5%	13.5%	13.5%	13.5%	13.9%	14.1%
...YoY	4.1%	-10.6%	-11.3%	4.7%	-2.8%	12.8%	12.3%
S&M	(113)	(110)	(304)	(389)	(113)	(122)	(135)
...% of rev	-2.0%	-1.6%	-10.3%	-9.7%	-1.6%	-1.6%	-1.6%
R&D	(520)	(493)	(220)	(288)	(508)	(548)	(604)
...% of rev	-9.0%	-7.4%	-7.4%	-7.2%	-7.3%	-7.2%	-7.1%
Admin	(79)	(68)	(36)	(36)	(73)	(76)	(85)
...% of rev	-1.4%	-1.0%	-1.2%	-0.9%	-1.0%	-1.0%	-1.0%
Pre-tax profit	302	180	31	96	128	208	266
Pre-tax profit margin (%)	5.2%	2.7%	1.1%	2.4%	1.8%	2.7%	3.1%
...YoY	-33.6%	-40.5%	-61.5%	-1.9%	-29.0%	62.8%	27.8%
Net profit	317	209	48	107	154	225	287
NPM (%)	5.5%	3.1%	1.6%	2.7%	2.2%	2.9%	3.4%
...YoY	-23.5%	-34.3%	-49.1%	-5.7%	-26.0%	45.6%	27.8%

Source: Company data, CMBIGM estimates

Figure 4: Revenue breakdown by segment

RMB mn	FY23A	FY24A	1H25	2H25E	FY25E	FY26E	FY27E
New Energy	2,788	3,462	1,438	2,009	3,447	3,620	3,982
... YoY	34.9%	24.2%	-1.0%	0.0%	-0.4%	5.0%	10.0%
Body Control	934	1,035	314	459	774	813	878
... YoY	7.7%	10.8%	-25.6%	-25.0%	-25.3%	5.0%	8.0%
Safety	845	859	452	630	1,082	1,244	1,368
... YoY	32.8%	1.8%	27.1%	25.0%	25.9%	15.0%	10.0%
Powertrain	446	399	185	273	458	504	555
... YoY	3.3%	-10.7%	14.9%	15.0%	15.0%	10.0%	10.0%
Automation & Connectivity	405	514	231	284	515	592	681
... YoY	58.8%	27.0%	0.3%	0.0%	0.1%	15.0%	15.0%
Cloud Server	202	212	255	228	483	604	695
... YoY	-52.0%	5.2%	134.8%	120.0%	127.6%	25.0%	15.0%
Service & Others	183	211	91	123	214	257	295
... YoY	20.3%	15.6%	-12.7%	15.0%	1.3%	20.0%	15.0%
Revenue	5,802	6,693	2,966	4,007	6,973	7,633	8,453
... YoY	20.1%	15.3%	4.6%	3.9%	4.2%	9.5%	10.7%

Source: Company data, CMBIGM estimates.

Valuation

Maintain BUY with new TP of HK\$2.11

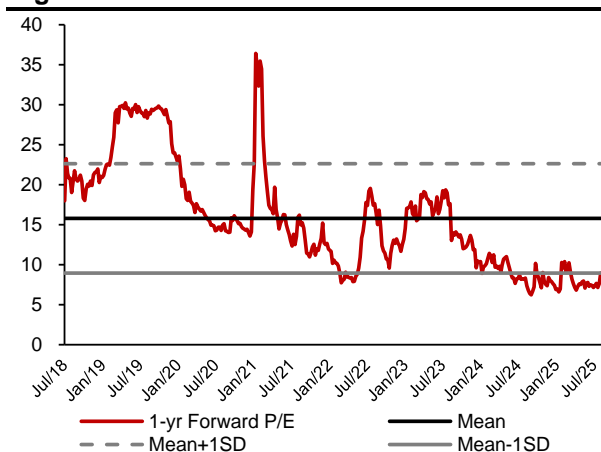
Our new TP of HK\$2.11 is based on rollover 9x FY26E P/E (vs prior 9x FY25 P/E), in-line with 6-year hist. avg. P/E, given near-term industry headwinds. Upcoming catalysts include rising ADAS/AD penetration, share gains in NEV customers and overseas expansion.

Figure 5: Intron Tech's peers valuation

Company	Ticker	CMBI Rating	Market Cap US\$(mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x)		P/B (x)		ROE (%)	
							FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Intron Tech	1760 HK	Buy	205	1.47	2.11	44%	9.5	6.5	0.6	0.5	6.1	8.4
BOE Varitronix	710 HK	Buy	646	6.35	8.84	39%	12.3	10.1	0.4	0.4	3.7	3.6
BYD Electronics	285 HK	Buy	11,191	38.66	43.22	12%	14.3	11.5	2.2	1.9	15.0	16.6
Luxshare	002475 CH	Buy	45,540	44.98	59.50	32%	18.7	15.9	3.1	2.6	16.7	16.5
Desay SV	002920 CH	NR	9,799	126.48	NA	NA	25.6	20.1	5.9	4.8	24.8	25.6
Foryou Corp	002906 CH	NR	2,362	32.23	NA	NA	19.8	15.3	2.4	2.1	12.2	14.2
Jingwei Hirain	688326 CH	NR	4,092	21.00	NA	NA	18.8	15.3	2.0	1.8	10.6	11.7
Average							17.5	14.1	2.4	2.1	13.2	16.1

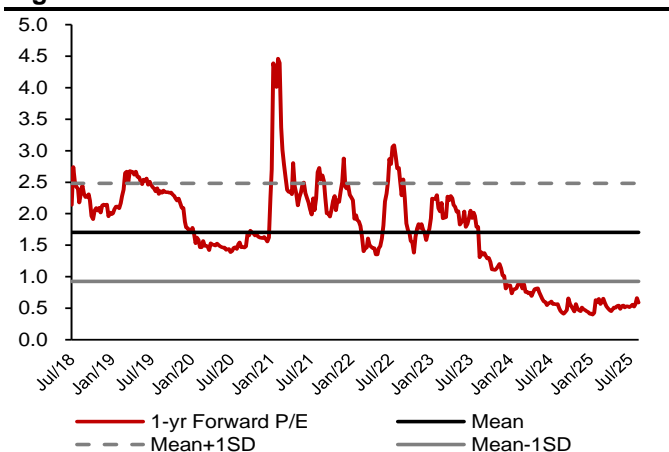
Source: Bloomberg, CMBIGM estimates; data as of 27 Aug 2025

Figure 6: 12M forward P/E band



Source: Bloomberg, CMBIGM estimates

Figure 7: 12M forward P/B band



Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	4,830	5,802	6,693	6,973	7,633	8,453
Cost of goods sold	(3,789)	(4,719)	(5,725)	(6,031)	(6,571)	(7,259)
Gross profit	1,041	1,084	969	942	1,062	1,193
Selling expense	(106)	(113)	(110)	(113)	(122)	(135)
Admin expense	(427)	(599)	(561)	(581)	(625)	(688)
Other income	40	83	46	36	36	36
Other expense	(50)	(51)	(56)	(67)	(53)	(59)
Share of (losses)/profits of associates/JV	2	(0)	3	2	2	2
Net Interest income/(expense)	(45)	(100)	(111)	(102)	(92)	(83)
Pre-tax profit	455	302	180	117	208	266
Income tax	(44)	10	24	27	23	29
After tax profit	411	313	204	144	231	295
Minority interest	(4)	(5)	(4)	(4)	(6)	(8)
Net profit	415	317	209	154	225	287
Gross dividends	126	97	63	47	68	87

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	3,351	4,571	5,037	5,228	5,458	5,759
Cash & equivalents	337	517	916	1,361	908	1,562
Account receivables	1,698	1,848	2,353	1,749	2,741	2,231
Inventories	1,086	1,554	1,333	1,683	1,374	1,530
Prepayment	182	506	269	269	269	269
ST bank deposits	49	145	166	166	166	166
Financial assets at FVTPL	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0
Contract assets	0	0	0	0	0	0
Non-current assets	724	972	1,073	1,047	1,031	1,024
PP&E	195	250	260	233	217	210
Right-of-use assets	33	41	44	44	44	44
Deferred income tax	54	106	168	168	168	168
Intangibles	325	363	425	425	425	425
Financial assets at FVTPL	85	143	131	131	131	131
Other non-current assets	32	69	45	45	45	45
Total assets	4,075	5,543	6,110	6,275	6,489	6,783
Current liabilities	1,907	2,899	3,321	3,377	3,429	3,515
Short-term borrowings	950	1,384	1,743	1,743	1,743	1,743
Account payables	331	596	575	631	683	769
Tax payable	27	55	45	45	45	45
Other current liabilities	1	3	1	1	1	1
Lease liabilities	20	16	20	20	20	20
Accrued expenses	578	845	938	938	938	938
Non-current liabilities	20	286	308	308	308	308
Long-term borrowings	0	268	295	295	295	295
Other non-current liabilities	20	18	13	13	13	13
Share capital	9	9	9	9	9	9
Other reserves	2,129	2,344	2,471	2,579	2,741	2,949
Total shareholders equity	2,149	2,359	2,481	2,589	2,752	2,960
Minority interest	11	6	1	1	1	1
Total equity and liabilities	4,075	5,543	6,110	6,275	6,489	6,783

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	455	302	180	128	208	266
Depreciation & amortization	85	21	62	68	62	58
Tax paid	(42)	38	14	27	23	29
Change in working capital	(797)	(87)	(211)	311	(632)	440
Others	6	(277)	0	0	0	0
Net cash from operations	(293)	(4)	45	534	(339)	792
Investing						
Capital expenditure	(200)	(75)	(87)	(42)	(46)	(51)
Acquisition of subsidiaries/ investments	0	0	0	0	0	0
Net proceeds from disposal of short-term investments	26	0	0	0	0	0
Others	(21)	(193)	0	0	0	0
Net cash from investing	(194)	(269)	(87)	(42)	(46)	(51)
Financing						
Dividend paid	(63)	(97)	(63)	(47)	(68)	(87)
Net borrowings	269	0	0	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Others	(0)	548	0	0	0	0
Net cash from financing	205	451	(63)	(47)	(68)	(87)
Net change in cash						
Cash at the beginning of the year	572	337	517	916	1,361	908
Exchange difference	47	2	71	0	0	0
Cash at the end of the year	337	517	916	1,361	908	1,562
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	52.1%	20.1%	15.4%	4.2%	9.5%	10.7%
Gross profit	66.4%	4.1%	(10.6%)	(2.8%)	12.8%	12.3%
Net profit	106.9%	(23.5%)	(34.3%)	(26.0%)	45.6%	27.8%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	21.5%	18.7%	14.5%	13.5%	13.9%	14.1%
Return on equity (ROE)	21.3%	14.1%	8.6%	6.1%	8.4%	10.1%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	1.8	1.6	1.5	1.5	1.6	1.6
Receivable turnover days	108.1	111.5	114.6	107.4	107.4	107.4
Inventory turnover days	76.3	102.1	92.0	91.3	84.9	73.0
Payable turnover days	27.3	35.8	37.3	36.5	36.5	36.5
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	3.5	4.6	7.0	9.5	6.5	5.1
P/E (diluted)	3.6	4.7	7.0	9.5	6.5	5.1
P/B	0.7	0.6	0.6	0.6	0.5	0.5
Div yield (%)	9.7	0.6	4.7	3.2	4.6	5.9

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

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