

SANY International (631 HK)

2Q25 profit in-line; Raise earnings forecast on new business growth & expense control

SANYI's 2Q25 net profit grew 28% YoY to RMB663mn, in line with the pre-announced profit range. We revise up our 2025E-27E earnings forecast by 2-5%, as (1) we expect the resilient logistics equipment segment, along with the rising contribution of emerging business as well as oil & gas equipment, will more than offset the weakness of coal mining related equipment; (2) we revise down our SG&A expense ratio due excellent cost control. Reiterate **BUY** with new TP of HK\$8.9 (previously HK\$8.7), based on unchanged 11x 2025E P/E, the average P/E since 2017).

■ **1H25 earnings highlight.** Total revenue grew 14% YoY to RMB12.2bn as the growth of logistics equipment, oil & gas equipment and new business more than offset the weakness of mining equipment segment. Blended gross margin slightly dropped 0.7ppt YoY to 23.7% due largely to change in mix. Other income grew 54% YoY to RMB480mn, largely driven by increase in government grants (+70% YoY). Administrative expense ratio dropped 11% YoY, as a result of disciplined R&D spending. After-tax profit surged 32% YoY to RMB1.3bn, in line with the profit alert announced early this month. Net profit in 1H25 rose 26% YoY to RMB1.3bn.

■ **Segment breakdown in 1H25.** Revenue from China grew 18% YoY to RMB8.2bn while overseas revenue grew 5% YoY to RMB4bn. EBIT surged 42% YoY to RMB1.68bn (mining equipment: -14% YoY; logistics machinery +30% YoY; emerging industries business: profit of RMB57mn vs loss in 1H24; oil & gas equipment: profit of RMB115mn vs loss in 1H24).

■ **Overseas mining trucks to improve in 2H25E.** Overseas mining trucks revenue dropped YoY in 1H25 due to weak coal price in Indonesia. That said, SANYI is confident that full-year segment revenue could grow 10% YoY.

■ **Domestic mining trucks and coal mining equipment to remain weak.** The domestic mining trucks and equipment were strong in 1H25. That said, due to the production cut arising from the "anti-involution" campaign, SANYI expects sales in China to slow down going forward. In particular, for coal mining equipment, SANYI expects pressure to last until mid-2026 until the replacement cycle kicks in.

■ **Telescopic forklifts to recover in 2H25E.** The segment sales declined 30% YoY to ~RMB500mn in 1H25 as a result of the US tariffs. Going forward, SANYI expects full-year sales to remain stable or slightly increase YoY due to increased contribution from the European market.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	20,278	21,910	25,576	29,971	34,442
YoY growth (%)	30.5	8.0	16.7	17.2	14.9
Adjusted net profit (RMB mn)	1,929.0	1,849.9	2,290.2	2,910.2	3,385.2
YoY growth (%)	15.9	(4.1)	23.8	27.1	16.3
EPS (Adjusted) (RMB)	0.61	0.58	0.72	0.91	1.06
Consensus EPS (RMB)	na	na	0.70	0.87	1.10
P/E (x)	10.5	18.4	8.9	7.0	6.0
P/B (x)	1.7	1.7	1.5	1.3	1.1
Yield (%)	2.8	4.3	4.5	5.7	6.7
ROE (%)	17.8	9.3	17.7	19.9	20.2
Net gearing (%)	21.2	17.4	14.9	8.8	(3.2)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$8.90
(Previous TP)	HK\$8.70)
Up/Downside	28.6%
Current Price	HK\$6.92

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Stock Data

Mkt Cap (HK\$ mn)	22,240.1
Avg 3 mths t/o (HK\$ mn)	81.6
52w High/Low (HK\$)	7.73/4.07
Total Issued Shares (mn)	3213.9

Source: FactSet

Shareholding Structure

Sany Heavy Equipment Investments Company	66.4%
Free float	33.9%

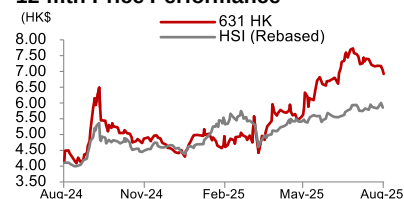
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-8.3%	-6.3%
3-mth	22.9%	14.4%
6-mth	50.1%	37.8%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related reports:

1. SANYI (631 HK, BUY) – 2Q25E profit rose 16-35% largely in-line; Solid growth trajectory – 12 Aug 2025 ([link](#))
2. SANYI (631 HK, BUY) – Early stage of earnings recovery + attractive valuation offer good entry point – 9 Jun 2025 ([link](#))
3. SANYI (631 HK, BUY) – 1Q25 net profit surged 23% YoY, holding up better-than-feared – 30 May 2025 ([link](#))
4. SANYI (631 HK, BUY) – Set for a recovery – 2 Apr 2025 ([link](#))

Figure 1: SANYI's 2Q25 results

RMB mn	1Q24	1Q25	Chg (YoY)	2Q24	2Q25	Chg (YoY)	3Q23	3Q24	Chg (YoY)	4Q23	4Q24	Chg (YoY)
Revenue	5,130	5,876	15%	5,626	6,360	13%	4,998	5,154	3%	4,441	6,000	35%
Cost of sales	-3,852	-4,448	15%	-4,278	-4,890	14%	-3,521	-3,865	10%	-3,303	-5,001	51%
Gross profit	1,278	1,428	12%	1,348	1,470	9%	1,476	1,289	-13%	1,139	999	-12%
Gross margin	24.9%	24.3%		24.0%	23.1%		29.5%	25.0%		25.6%	16.7%	
Pretax profit	558	821	47%	594	890	50%	655	541	-17%	165	-272	n/a
Pretax profit margin	10.9%	14.0%		10.6%	14.0%		13.1%	10.5%		3.7%	-4.5%	
Net profit	516	635	23%	517	663	28%	570	357	-37%	157	-288	n/a
Net margin	10.1%	10.8%		9.2%	10.4%		11.4%	6.9%		3.5%	-4.8%	
Adjusted net profit	516	635	23%	517	663	28%	570	357	-37%	157	-288	n/a
Adjusted net margin	10.1%	10.8%		9.2%	10.4%		11.4%	6.9%		3.5%	-4.8%	

Source: Company data, CMBIGM

Figure 2: SANYI's segment breakdown in 1H25

(RMB mn)	1H24	1H25	Change (YoY)	2H23	2H24	Change (YoY)
Revenue						
<u>Mining equipment</u>	6,100	4,960	-18.7%	5,559	5,119	-7.9%
Sales	5,938	4,637	-21.9%	5,390	4,964	-7.9%
Others	161	323	100.4%	170	155	-8.6%
<u>Logistics equipment</u>	3,377	3,762	11.4%	2,839	4,731	66.6%
Sales	3,282	3,680	12.1%	2,755	4,625	67.9%
Others	95	82	-13.2%	84	106	25.3%
<u>Oil & Gas equipment</u>	862	1,342	55.6%	1,181	1,057	-10.5%
Sales	846	1,325	56.6%	1,166	1,021	-12.4%
Others	16	17	2.6%	15	36	137.0%
<u>Emerging industry equipment</u>	702	2,619	273.1%	243	1,319	443.3%
Sales	690	2,594	276.2%	274	1,288	370.5%
Others	12	25	99.1%	-31	31	n/a
Total sales	10,756	12,237	13.8%	9,585	11,899	24.2%
Segment EBIT						
Mining equipment	903	769	-14.9%	712	731	2.7%
Logistics machinery	568	739	30.1%	306	272	-11.2%
Oil & Gas equipment	-36	115	n/a	60	-563	n/a
Emerging industry equipment	-255	57	n/a	-294	-177	-39.7%
Total segment results	1,180	1,680	42.3%	1,018	1,003	-1.5%
Segment margin			ppt			ppt
Mining equipment	15.2%	16.6%	1.4	13.2%	14.7%	1.5
Logistics machinery	17.3%	20.1%	2.8	11.1%	5.9%	-5.2
Oil & Gas equipment	-4.3%	8.7%	13.0	5.1%	-55.2%	-60.3
Emerging industry equipment	-36.9%	2.2%	39.1	-107.3%	-13.7%	93.5
Average	11.0%	13.7%	2.8	10.6%	8.4%	-2.2

Source: Company data, CMBIGM

Figure 3: SANYI's results in 1H25

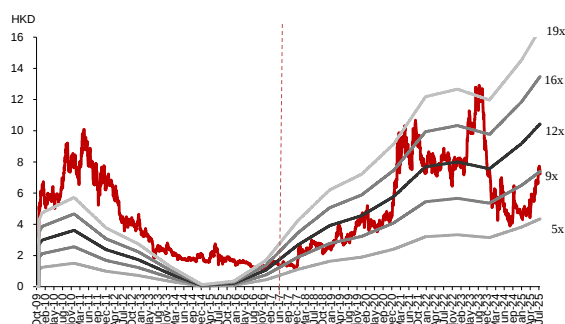
YE Dec 31 (RMB mn)	1H24	1H25	Change (YoY)	2H23	2H24	Change (YoY)
Total sales	10,756	12,237	13.8%	9,439	11,154	18.2%
Cost of sales	-8,130	-9,338	14.9%	-6,824	-8,866	29.9%
Gross profit	2,626	2,899	10.4%	2,615	2,288	-12.5%
Other income	309	475	53.7%	143	197	38.2%
Other gains and losses	-54	-94	73.3%	-22	29	n/a
S&D expenses	-563	-576	2.4%	-726	-723	-0.4%
Administrative expenses	-1,109	-986	-11.1%	-1,245	-1,054	-15.4%
Other expenses	-3	-4	66.3%	6	-499	n/a
EBIT	1,207	1,714	42.1%	770	238	-69.1%
Net finance income/(cost)	-54	-3	-93.7%	49	29	-40.8%
Finance income	59	119	100.3%	134	145	7.9%
Finance expenses	-113	-122	7.7%	-84	-115	36.4%
Share of profit of JV and associates	0	0	n/a	0	2	n/a
Pretax profit	1,153	1,711	48.4%	820	269	-67.2%
Income tax	-166	-413	149.5%	-164	-188	14.3%
After tax profit	987	1,298	31.5%	655	81	-87.6%
MI	46	0	-99.5%	72	-12	n/a
Net profit	1,033	1,298	25.7%	727	69	-90.5%
D&A	327	436	33.3%	330	476	44.2%
EBITDA	1,534	2,150	40.2%	1,100	713	-35.2%

Source: Company data, CMBIGM

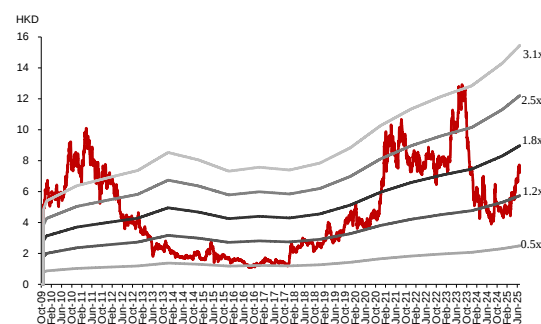
Figure 4: Change in key assumptions for SANYI

	2025E	Old 2026E	2027E	2025E	New 2026E	2027E	2025E	Change 2026E	2027E
(RMB mn)									
Revenue									
Road header	2,414	2,511	2,612	1,944	1,905	1,982	-19.5%	-24.1%	-24.1%
Combined coal mining units (CCMU)	2,700	2,835	2,977	2,250	2,183	2,292	-16.7%	-23.0%	-23.0%
Small-size port machinery	5,040	5,947	7,018	5,040	5,947	7,018	0.0%	0.0%	0.0%
Large-size port machinery	3,420	4,446	5,558	3,135	4,076	5,094	-8.3%	-8.3%	-8.3%
Mining trucks	4,378	4,786	5,226	4,204	4,698	5,085	-4.0%	-1.8%	-2.7%
After sales service	1,952	2,381	2,905	1,952	2,381	2,905	0.0%	0.0%	0.0%
Lithium battery	1,350	2,430	3,645	2,100	3,150	3,780	55.6%	29.6%	3.7%
Oil and gas equipment	2,303	2,533	2,660	2,591	2,850	2,993	12.5%	12.5%	12.5%
Solar power	1,690	1,944	2,235	2,210	2,542	2,923	30.8%	30.8%	30.8%
Hydrogen	150	240	372	150	240	372	0.0%	0.0%	0.0%
Total	25,396	30,053	35,208	25,576	29,971	34,442	0.7%	-0.3%	-2.2%
Gross margin									
Road header	39.7%	39.5%	39.5%	44.0%	44.0%	44.0%	4.3	4.5	4.5
Combined coal mining units (CCMU)	17.5%	17.8%	17.8%	16.0%	16.5%	17.0%	(1.5)	(1.3)	(0.8)
Small-size port machinery	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	0.0	0.0	0.0
Large-size port machinery	17.0%	18.0%	18.0%	17.0%	18.0%	18.0%	0.0	0.0	0.0
Mining trucks	26.0%	26.0%	26.0%	23.0%	26.0%	26.0%	(3.0)	0.0	0.0
After sales service	40.0%	40.0%	40.0%	36.0%	37.0%	37.0%	(4.0)	(3.0)	(3.0)
Lithium battery	18.0%	20.0%	20.0%	18.0%	20.0%	20.0%	0.0	0.0	0.0
Oil and gas equipment	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	0.0	0.0	0.0
Solar power	12.0%	15.0%	15.0%	12.0%	15.0%	15.0%	0.0	0.0	0.0
Hydrogen	0.0%	5.0%	10.0%	0.0%	5.0%	10.0%	0.0	0.0	0.0
Blended gross margin	25.4%	25.7%	25.6%	24.2%	25.1%	25.2%	(1.2)	(0.5)	(0.4)
Change (ppt)									
S&D expense ratio	5.8%	5.7%	5.7%	5.6%	5.5%	5.5%	(0.2)	(0.2)	(0.2)
Admin expense ratio	9.8%	9.6%	9.5%	8.6%	8.5%	8.5%	(1.2)	(1.1)	(1.0)
Net finance expense (RMB mn)	-49	-48	-21	-49	-48	-21	0.0%	0.0%	0.0%
Net profit	2,244	2,774	3,275	2,290	2,910	3,385	2.1%	4.9%	3.4%

Source: Company data, CMBIGM estimates

Figure 5: SANYI's P/E band

Source: Bloomberg, company data, CMBIGM estimates

Figure 6: SANYI's P/B band

Source: Bloomberg, company data, CMBIGM estimates

Risk factors

(1) Further weakness of coal mining activities in China; (2) slowdown of emerging business; (3) uncertainties of the US tariff policy on India (related to SANYI's telescopic forklifts).

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	15,537	20,278	21,910	25,576	29,971	34,442
Cost of goods sold	(11,908)	(14,831)	(16,996)	(19,386)	(22,435)	(25,771)
Gross profit	3,628	5,447	4,913	6,189	7,536	8,672
Selling expense	(933)	(1,262)	(1,286)	(1,432)	(1,648)	(1,894)
Admin expense	(1,177)	(2,213)	(2,163)	(2,200)	(2,548)	(2,928)
Other income	447	441	507	639	659	758
Other expense	(25)	(42)	(502)	(51)	(60)	(69)
Other gains/(losses)	54	(144)	(25)	(77)	(60)	(69)
Share of (losses)/profits of associates/JV	0	0	2	4	5	5
EBITDA	2,287	2,751	2,249	3,981	4,877	5,553
Depreciation	293	525	803	908	993	1,078
EBIT	1,994	2,226	1,446	3,073	3,884	4,475
Interest income	59	193	204	263	284	325
Interest expense	(132)	(158)	(229)	(298)	(307)	(308)
Net Interest income/(expense)	(73)	35	(25)	(35)	(23)	16
Pre-tax profit	1,921	2,260	1,421	3,038	3,861	4,491
Income tax	(252)	(422)	(353)	(760)	(965)	(1,123)
After tax profit	1,669	1,839	1,068	2,279	2,896	3,368
Minority interest	(4)	90	34	11	14	17
Net profit	1,665	1,929	1,102	2,290	2,910	3,385
Adjusted net profit	1,665	1,929	1,850	2,290	2,910	3,385
Gross dividends	538	556	863	916	1,164	1,354

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	17,191	20,778	26,227	27,456	32,998	35,024
Cash & equivalents	2,690	3,241	5,340	5,983	6,749	8,688
Account receivables	6,416	8,356	10,010	10,871	13,434	13,931
Inventories	3,283	3,432	5,048	4,513	6,551	5,875
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	2,026	2,200	2,467
Non-current assets	7,763	14,185	14,701	15,106	15,327	15,464
PP&E	4,066	7,276	7,990	8,650	9,126	9,518
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	3,966	3,711	3,456
Total assets	24,953	34,963	40,928	42,562	48,325	50,488
Current liabilities	10,836	16,173	21,210	21,129	24,912	24,870
Short-term borrowings	954	2,653	4,250	4,500	4,600	4,600
Account payables	6,646	8,098	11,213	10,882	14,565	14,524
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	28,971	32,754	32,713
Total shareholders equity	10,040	11,589	12,221	13,648	15,643	17,864
Minority interest	64	(51)	(46)	(57)	(72)	(89)
Total equity and liabilities	24,953	34,963	40,928	42,562	48,325	50,488

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,921	2,260	1,421	3,038	3,861	4,491
Depreciation & amortization	293	525	803	908	993	1,078
Tax paid	(145)	(431)	(516)	(760)	(965)	(1,123)
Change in working capital	(808)	476	(446)	(916)	(1,093)	(128)
Others	(177)	(307)	890	30	18	(21)
Net cash from operations	1,084	2,524	2,152	2,301	2,814	4,297
Investing						
Capital expenditure	(889)	(2,294)	(725)	(1,300)	(1,200)	(1,200)
Acquisition of subsidiaries/ investments	0	(2,509)	(7)	0	0	0
Others	1,529	(162)	(242)	253	274	315
Net cash from investing	639	(4,965)	(973)	(1,047)	(926)	(885)
Financing						
Dividend paid	(466)	(729)	(634)	(863)	(916)	(1,164)
Net borrowings	(113)	(126)	(221)	(298)	(307)	(308)
Proceeds from share issues	8	104	4	0	0	0
Others	194	3,712	1,746	550	100	0
Net cash from financing	(377)	2,961	895	(611)	(1,123)	(1,472)
Net change in cash						
Cash at the beginning of the year	1,349	2,690	3,241	5,340	5,983	6,749
Exchange difference	(6)	32	25	0	0	0
Cash at the end of the year	2,690	3,241	5,340	5,983	6,749	8,688
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	52.4%	30.5%	8.0%	16.7%	17.2%	14.9%
Gross profit	51.8%	50.1%	(9.8%)	26.0%	21.8%	15.1%
EBITDA	30.2%	20.3%	(18.3%)	77.0%	22.5%	13.9%
EBIT	32.3%	11.6%	(35.0%)	112.5%	26.4%	15.2%
Net profit	32.2%	15.9%	(42.9%)	107.9%	27.1%	16.3%
Adj. net profit	53.2%	15.9%	(4.1%)	23.8%	27.1%	16.3%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	23.4%	26.9%	22.4%	24.2%	25.1%	25.2%
EBITDA margin	14.7%	13.6%	10.3%	15.6%	16.3%	16.1%
Adj. net profit margin	10.7%	9.5%	8.4%	9.0%	9.7%	9.8%
Return on equity (ROE)	17.8%	17.8%	9.3%	17.7%	19.9%	20.2%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.1)	0.2	0.2	0.1	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	12.0	10.5	18.4	8.9	7.0	6.0
P/B	2.0	1.7	1.7	1.5	1.3	1.1
Div yield (%)	2.7	2.8	4.3	4.5	5.7	6.7

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

Disclosures & Disclaimers

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