

Mindray (300760 CH)

Overseas strength offsets domestic softness

Mindray reported 9M25 revenue of RMB25.8bn, down by 12.4% YoY. Revenue in 3Q25 reached RMB9.1bn, up by 1.5% YoY, indicating a turnaround driven by accelerating overseas growth and mild domestic recovery. Overseas revenue rose 12% YoY to RMB4.6bn in 3Q, with revenue from Europe up by 29%. Domestic revenue fell by 7% YoY in 3Q, while the decline narrowed notably compared to 1H25. We anticipate a further acceleration in growth in 4Q25, supported by the ongoing recovery in domestic equipment procurement, solid overseas momentum, and a favorable base effect.

- **IVD: solid overseas growth; accelerated TLA installation.** In 3Q25, IVD segment reported revenue of RMB3.6bn, down by 3% YoY, with overseas IVD revenue achieving double-digit growth. TLA (Total Laboratory Automation) installations continued to accelerate. In 9M25, 180 units of the MT8000 TLA were installed in China, and full-year domestic deployments are expected to exceed 200 units, per company guidance. Overseas MT8000 sales surpassed 20 units, which has met the full-year target. We expect TLA systems to enhance Mindray's penetration into leading domestic hospitals and medium-to-high throughput labs overseas, supporting long-term IVD growth.
- **MIS: continued high-end upgrade.** MIS segment reported revenue of RMB1.7bn in 3Q25, roughly flat YoY. Overseas MIS grew at a high single-digit rate, while sales of ultra-high-end products doubled in 9M25. We see significant potential for market share gains in high-end and ultra-high-end ultrasound, both domestically and internationally, driven by the rising adoption of Resona A20/ Nuova A20 and upcoming launches in the premium portfolio.
- **Profitability under headwinds.** Mindray's attributable net margin declined to 29.3% in 9M25, down 7ppts YoY, mainly due to domestic pricing pressure from volume-based procurement (VBP) and intensified competition. Increased investment in overseas expansion also led to an increase in selling expenses. Going forward, we expect greater in-house reagent raw material production, a higher mix of high-end products, and growing overseas contribution to partly offset domestic margin pressure and support sound long-term profitability.
- **Maintain BUY.** Given continued demand and pricing pressure in the IVD segment, we revise down our 2025E-27E forecasts and lower our target price to RMB249.21 based on a 9-year DCF model (WACC: 9.1%, terminal growth: 3.0%).

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	34,932	36,726	34,024	38,121	43,132
YoY growth (%)	15.0	5.1	(7.4)	12.0	13.1
Net profit (RMB mn)	11,582	11,668	9,275	10,390	11,935
YoY growth (%)	20.6	0.7	(20.5)	12.0	14.9
EPS (Reported) (RMB)	9.56	9.64	7.65	8.57	9.84
P/E (x)	22.7	22.5	28.3	25.3	22.0
Net gearing (%)	(56.8)	(46.4)	(53.3)	(55.3)	(57.8)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	RMB249.21
(Previous TP)	RMB279.70)
Up/Downside	15.0%
Current Price	RMB216.69

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Stock Data

Mkt Cap (RMB mn)	262,723.9
Avg 3 mths t/o (RMB mn)	1,995.5
52w High/Low (RMB)	287.12/211.59
Total Issued Shares (mn)	1212.4

Source: FactSet

Shareholding Structure

Smartco Development Limited	27.0%
Magnifice (HK) Limited	24.5%

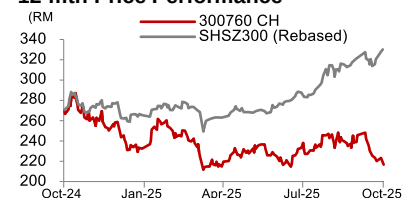
Source: SZSE

Share Performance

	Absolute	Relative
1-mth	-11.8%	-13.8%
3-mth	-8.9%	-20.4%
6-mth	-1.4%	-21.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	34,024	38,121	43,132	35,334	40,192	45,516	-3.71%	-5.15%	-5.24%
Gross profit	20,945	23,459	26,555	21,749	24,824	28,355	-3.70%	-5.50%	-6.35%
Operating profit	11,131	12,618	14,402	12,677	14,428	16,548	-12.20%	-12.55%	-12.97%
Net profit	9,275	10,390	11,935	10,670	12,022	13,725	-13.07%	-13.58%	-13.04%
EPS (RMB)	7.65	8.57	9.84	8.80	9.92	11.32	-13.07%	-13.58%	-13.04%
Gross margin	61.56%	61.54%	61.57%	61.55%	61.76%	62.30%	+0.01ppt	-0.23ppt	-0.73ppt
Operating margin	32.71%	33.10%	33.39%	35.88%	35.90%	36.36%	-3.16ppt	-2.8ppt	-2.97ppt
Net margin	27.26%	27.26%	27.67%	30.20%	29.91%	30.16%	-2.94ppt	-2.66ppt	-2.48ppt

Source: Company data, CMBIGM estimates

Figure 2: Risk-adjusted DCF valuation

DCF Valuation (in RMB mn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
EBIT	10,475	11,844	13,533	15,565	17,802	20,346	23,334	26,805	30,837
Tax rate	9.83%	9.83%	9.83%	9.83%	9.83%	9.83%	9.83%	9.83%	9.83%
EBIT*(1-tax rate)	9,445	10,680	12,203	14,035	16,052	18,346	21,041	24,171	27,806
+ D&A	1,645	1,754	1,843	1,776	1,830	1,871	1,894	1,909	1,913
- Change in working capital	-151	-395	-471	-487	-491	-513	-543	-1,018	-1,177
- Capex	-522	-3,360	-3,260	-3,160	-3,060	-2,960	-2,860	-2,760	-2,660
FCFF	10,417	8,679	10,315	12,164	14,332	16,744	19,532	22,301	25,882
Terminal value									437,526

Terminal growth rate	3.0%
WACC	9.1%
Cost of Equity	12.3%
Cost of Debt	3.8%
Equity Beta	0.90
Risk Free Rate	2.8%
Market Risk Premium	10.5%
Target Debt to Asset ratio	35.0%
Effective Corporate Tax Rate	15.0%

Terminal value	199,909
Total PV	286,054
Net debt	-21,682
Minority	5,580
Equity value	302,156
# of shares (mn)	1,212
DCF per share (in RMB)	249.21

Source: CMBIGM estimates

Figure 3: Sensitivity analysis

		WACC				
		8.1%	8.6%	9.1%	9.6%	10.1%
Terminal growth rate	4.0%	357.17	316.27	283.50	256.68	234.34
	3.5%	326.70	292.67	264.82	241.63	222.03
	3.0%	302.22	273.30	249.21	228.86	211.46
	2.5%	282.11	257.10	235.97	217.90	202.27
	2.0%	265.31	243.36	224.59	208.37	194.22

Source: CMBIGM estimates

Figure 4: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	34,024	38,121	43,132	37,190	41,991	47,763	-8.51%	-9.22%	-9.69%
Gross profit	20,945	23,459	26,555	23,104	26,180	29,910	-9.35%	-10.39%	-11.22%
Operating profit	11,131	12,619	14,403	12,724	14,511	16,628	-12.52%	-13.04%	-13.38%
Net profit	9,276	10,391	11,936	11,382	12,793	14,546	-18.51%	-18.78%	-17.94%
EPS (RMB)	7.65	8.57	9.84	9.62	10.93	12.41	-20.48%	-21.62%	-20.67%
Gross margin	61.56%	61.54%	61.57%	62.13%	62.35%	62.62%	-0.57ppt	-0.81ppt	-1.06ppt
Operating margin	32.72%	33.10%	33.39%	34.21%	34.56%	34.81%	-1.5ppt	-1.46ppt	-1.42ppt
Net margin	27.26%	27.26%	27.67%	30.61%	30.47%	30.45%	-3.34ppt	-3.21ppt	-2.78ppt

Source: Company data, Bloomberg, CMBIGM estimate

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	30,366	34,932	36,726	34,024	38,121	43,132
Cost of goods sold	(10,885)	(12,513)	(13,548)	(13,079)	(14,662)	(16,577)
Gross profit	19,480	22,419	23,178	20,945	23,459	26,555
Operating expenses	(8,941)	(9,478)	(10,549)	(10,048)	(11,075)	(12,388)
Selling expense	(4,802)	(5,010)	(5,283)	(5,274)	(5,832)	(6,513)
Admin expense	(1,320)	(1,524)	(1,600)	(1,531)	(1,696)	(1,911)
R&D expense	(2,923)	(3,433)	(3,666)	(3,436)	(3,812)	(4,270)
Others	103	489	(1)	193	266	306
Operating profit	10,991	13,070	13,112	11,131	12,618	14,402
Gain/loss on financial assets at FVTPL	(21)	79	126	0	0	0
Investment gain/loss	(5)	(10)	69	120	120	120
Other gains/(losses)	478	60	287	114	114	114
Others	(37)	(59)	(92)	(92)	(92)	(92)
Pre-tax profit	10,954	13,011	13,020	11,039	12,526	14,310
Income tax	(1,343)	(1,433)	(1,280)	(1,085)	(1,231)	(1,407)
Minority interest	(4)	4	(71)	(679)	(905)	(968)
Attributable net profit	9,607	11,582	11,668	9,275	10,390	11,935
Adjusted net profit	9,525	11,434	11,442	9,215	10,331	11,876
Gross dividends	5,456	7,032	7,602	6,029	6,753	7,758
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	30,606	26,875	25,647	30,917	34,466	38,880
Cash & equivalents	23,186	18,787	16,644	21,690	24,496	28,020
Account receivables	2,661	3,297	3,226	3,729	3,969	4,254
Inventories	4,025	3,979	4,757	4,479	4,981	5,586
Prepayment	289	268	297	297	297	297
Other current assets	445	545	722	722	722	722
Non-current assets	16,139	21,065	30,997	31,286	32,626	33,777
PP&E	4,261	5,490	7,086	8,282	9,269	10,066
Deferred income tax	755	1,313	1,697	1,697	1,697	1,697
Intangibles	1,977	2,225	6,723	6,010	5,297	4,585
Goodwill	4,403	5,062	11,093	11,093	11,093	11,093
Other non-current assets	4,743	6,976	4,397	4,204	5,270	6,336
Total assets	46,745	47,940	56,644	62,204	67,092	72,657
Current liabilities	11,770	10,103	10,427	10,499	10,846	11,266
Short-term borrowings	0	8	5	3	3	3
Account payables	2,291	2,690	2,793	2,867	3,214	3,633
Tax payable	573	653	428	428	428	428
Other current liabilities	8,906	6,751	7,202	7,202	7,202	7,202
Non-current liabilities	2,976	4,491	5,458	5,462	5,462	5,462
Long-term borrowings	0	1	0	5	5	5
Deferred income	93	109	127	127	127	127
Other non-current liabilities	2,883	4,381	5,331	5,331	5,331	5,331
Total liabilities	14,746	14,594	15,885	15,962	16,309	16,728
Share capital	1,212	1,212	1,212	1,212	1,212	1,212
Capital surplus	608	608	608	608	608	608
Others	30,161	31,265	34,036	38,842	42,478	46,655
Total shareholders equity	31,981	33,085	35,856	40,662	44,298	48,476
Minority interest	18	261	4,902	5,580	6,485	7,453
Total equity and liabilities	46,745	47,940	56,644	62,204	67,092	72,657

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	9,611	11,578	11,740	9,954	11,295	12,903
Depreciation & amortization	911	1,039	1,503	1,645	1,754	1,843
Tax paid	(1,343)	(1,433)	(1,280)	(1,085)	(1,231)	(1,407)
Change in working capital	1,524	(1,652)	(727)	(151)	(395)	(471)
Others	1,438	1,528	1,196	787	815	896
Net cash from operations	12,141	11,062	12,432	11,150	12,238	13,765
Investing						
Capital expenditure	(1,916)	(2,689)	(1,959)	(2,000)	(1,900)	(1,800)
Acquisition of subsidiaries/ investments	0	(871)	(5,773)	0	0	0
Others	(1,304)	2,867	350	1,478	(1,460)	(1,460)
Net cash from investing	(3,220)	(693)	(7,383)	(522)	(3,360)	(3,260)
Financing						
Dividend paid	(4,233)	(10,670)	(8,843)	(5,465)	(6,072)	(6,981)
Net borrowings	0	(19)	(3)	2	0	0
Proceeds from share issues	0	79	79	0	0	0
Others	(961)	(166)	(114)	(119)	0	0
Net cash from financing	(5,194)	(10,776)	(8,882)	(5,582)	(6,072)	(6,981)
Net change in cash						
Cash at the beginning of the year	15,133	18,974	18,668	16,644	21,690	24,496
Exchange difference	114	101	72	0	0	0
Cash at the end of the year	19,087	18,770	14,980	21,690	24,496	28,020
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	20.2%	15.0%	5.1%	(7.4%)	12.0%	13.1%
Gross profit	18.6%	15.1%	3.4%	(9.6%)	12.0%	13.2%
Operating profit	21.2%	18.9%	0.3%	(15.1%)	13.4%	14.1%
Net profit	20.1%	20.6%	0.7%	(20.5%)	12.0%	14.9%
Adj. net profit	21.3%	20.0%	0.1%	(19.5%)	12.1%	15.0%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	64.2%	64.2%	63.1%	61.6%	61.5%	61.6%
Operating margin	36.2%	37.4%	35.7%	32.7%	33.1%	33.4%
Adj. net profit margin	31.4%	32.7%	31.2%	27.1%	27.1%	27.5%
Return on equity (ROE)	32.6%	35.6%	33.9%	24.2%	24.5%	25.7%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.7)	(0.6)	(0.5)	(0.5)	(0.6)	(0.6)
Current ratio (x)	2.6	2.7	2.5	2.9	3.2	3.5
Receivable turnover days	26.8	31.1	32.4	40.0	38.0	36.0
Inventory turnover days	127.3	116.7	117.7	125.0	124.0	123.0
Payable turnover days	76.6	72.6	73.9	80.0	80.0	80.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	27.3	22.7	22.5	28.3	25.3	22.0
P/E (diluted)	27.3	22.7	22.5	28.3	25.3	22.0
P/B	21.2	24.5	23.8	23.7	22.9	22.1
Div yield (%)	2.1	2.7	2.9	2.3	2.6	3.0

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

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