

FIT Hon Teng (6088 HK)

Solid 3Q25 and strong AI revenue guidance in FY26-28E; Raise TP to HK\$6.77

FIT's 3Q25 revenue/net profit growth of 13%/9% YoY is largely in-line with prior guidance and our expectations, backed by AI server momentum, automobility synergy and record-high GPM at 23.5%. During the earnings call, mgmt. reiterated a positive 2025 outlook (high-single-digit revenue growth, GPM at 20%), and updated FY26-28E guidance, with 1) 2027-28E revenue growth of mid-20% (vs prior low-20%) and 2) AI/cloud revenue mix of "low/mid/high-20% in 2026/27/28E". Overall, we believe FIT is well positioned to benefit from share gains and AI server connectivity solutions upgrade, backed by its solid product pipeline and synergy with Hon Hai. We have adjusted FY25/26/27E EPS by -1%/+9%/26% to factor in 3Q25 results and upbeat revenue/mix guidance. We raise TP to HK\$6.77 based on higher 20x FY26E P/E (vs prior 16x), given the AI server product cycle, 40% FY24-27E EPS CAGR and higher earnings visibility into FY27-28E. The stock trades at 15.5x FY26E P/E (vs 24x for 1-sd above 8-yr avg. P/E), and we expect further re-rating on higher AI revenue contribution in FY26-27E. BUY.

- **3Q25 largely in-line with higher cloud/automobility revenue mix.** FIT's 3Q revenue/NP growth of 13%/9% YoY is largely in-line with prior guidance and our expectations, driven by strong AI product demand (+33% YoY) and automobility business (+116% YoY), offsetting smartphone/consumer weakness (-20%/flat YoY). In addition, we are encouraged by record-high GPM of 23.5% (vs 17.8%/21.7% in 2Q25/3Q24) thanks to higher revenue contribution of AI server/automobile businesses.
- **4Q25/2025 outlook: AI server rack ramp-up and One-Mobility synergy.** Mgmt. reiterated 2025 guidance of high-single-digit YoY revenue growth with GPM at ~20%, and provided details on 4Q25/2025 outlook: 1) Cloud/datacenter to deliver high-20%/30%+ YoY in 4Q/FY25E on new AI server rack ramp-up and general server upgrade; 2) Automobility to grow mid-double-digit/40% YoY in 4Q/FY25E; 3) Consumer interconnects to stay flattish YoY on macro headwinds; 4) Smartphone biz/system products to post high-teens decline/be flattish in 4Q/FY25E due to market weakness.
- **FY27-28E guidance: robust AI demand with strong product pipeline (CPC/CPO/backplane connectors, liquid cooling, 800V).** Mgmt. shared updates on AI product launches in CIOE/OCF, including 1) Connectors: 102.4Tbps CPO connectors, CPC 224G interconnect solution, 1.6T active/passive copper cables, 2) Cooling: 51.2T switch cooling and full-flow QD liquid cooling couplers, and 3) Power: 800V/±400V power busbar and 400A/100A AC whip connectors. Overall, mgmt. guided mid-20% YoY revenue growth in FY27/28E (vs. prior low-20%) and cloud/datacenter sales mix of low/mid/high-20% in FY26/27/28E, boosting profitability in the long run.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (US\$ mn)	4,196	4,451	4,883	5,859	7,103
YoY growth (%)	(7.4)	6.1	9.7	20.0	21.2
Net profit (US\$ mn)	129.6	154.3	190.7	309.5	424.4
YoY growth (%)	(23.8)	19.1	23.6	62.3	37.1
EPS (Reported) (US\$ cents)	1.82	2.17	2.68	4.35	5.97
Consensus EPS (US\$ cents)	na	na	2.82	3.78	4.56
P/E (x)	37.1	31.1	25.2	15.5	11.3
P/B (x)	2.0	1.9	1.8	1.6	1.4
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	5.4	6.3	7.4	10.9	13.3
Net gearing (%)	0.0	na	na	na	na

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$6.77
(Previous TP)	HK\$4.96
Up/Downside	29.0%
Current Price	HK\$5.25

China Technology

Alex NG

(852) 3900 0881

alexng@cmbi.com.hk

Hanqing LI

lihanqing@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	38,151.8
Avg 3 mths t/o (HK\$ mn)	806.1
52w High/Low (HK\$)	7.02/1.71
Total Issued Shares (mn)	7267.0

Source: FactSet

Shareholding Structure

Foxconn Far East Ltd	71.1%
Lu Sung-Ching	5.5%

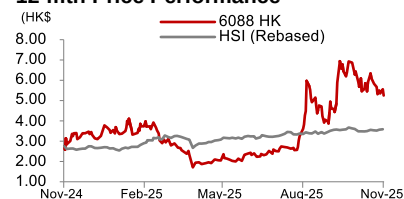
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-18.4%	-19.6%
3-mth	45.4%	35.7%
6-mth	156.1%	119.4%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related Reports:

1. FIT Hon Teng (6088 HK) – 2Q business transition accelerated; AI cables/liquid cooling/power/auto momentum on track – 14 Aug 2025 ([link](#))
2. FIT Hon Teng (6088 HK) –1Q25 results below; Guidance lowered on smartphone /system products due to macro uncertainties – 12 May 2025 ([link](#))
3. FIT Hon Teng (6088 HK) –Decent FY24 results; Expectations reset on more conservative guidance – 13 Mar 2025 ([link](#))
4. FIT Hon Teng (6088 HK) – FY24E Preview: robust earnings recovery; Expect AI server momentum to drive re-rating – 27 Jan 2025 ([link](#))

3Q25 Results review

Figure 1: 3Q25 review

US\$ mn	3Q24	4Q24	1Q25	2Q25	3Q25	YoY	CMBIGM FY25E	% Track	Consensus FY25E	% Track
Revenue	1,174	1,210	1,103	1,202	1,324	12.8%	4,855	74.8%	4,833	75.1%
Gross profit	255	202	215	214	311	22.0%	987	74.9%	971	76.1%
Operating profit	96	10	19	31	93	-3.6%	317	45.1%	260	55.1%
Net profit	68	53	6	25	74	9.4%	192	55.2%	184	57.5%
Gross margin	21.7%	16.7%	19.5%	17.8%	23.5%	1.8ppt	20.3%		20.1%	
Operating margin	8.2%	0.9%	1.7%	2.6%	7.0%	-1.2ppt	6.5%		5.4%	
Net margin	5.8%	4.4%	0.6%	2.1%	5.6%	-0.2ppt	3.9%		3.8%	

Source: Company data, Bloomberg, CMBIGM estimates

Earnings Revision

Figure 2: CMBIGM estimates vs consensus

(US\$ mn)	CMBI			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	4,883	5,859	7,103	4,833	5,794	6,867	1%	1%	3%
Gross profit	995	1,240	1,555	971	1,169	1,441	2%	6%	8%
Operating profit	297	449	596	260	400	537	14%	12%	11%
Net profit	190	309	423	184	294	372	3%	5%	14%
EPS (USD cents)	2.68	4.35	5.97	2.57	4.18	4.98	4%	4%	20%
Gross margin	20.4%	21.2%	21.9%	20.1%	20.2%	21.0%	0.3 ppt	1 ppt	0.9 ppt
Operating margin	6.1%	7.7%	8.4%	5.4%	6.9%	7.8%	0.7 ppt	0.7 ppt	0.6 ppt
Net margin	3.9%	5.3%	6.0%	3.8%	5.1%	5.4%	0.1 ppt	0.2 ppt	0.5 ppt

Source: Bloomberg, CMBIGM estimates

Figure 3: CMBIGM earnings revisions

(US\$ mn)	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	4,883	5,859	7,103	4,855	5,724	6,349	1%	2%	12%
Gross profit	995	1,240	1,555	987	1,174	1,323	1%	6%	17%
Operating profit	297	449	596	317	415	482	-6%	8%	24%
Net profit	190	309	423	192	283	336	-1%	9%	26%
EPS (USD cents)	2.68	4.35	5.97	2.70	3.99	4.74	-1%	9%	26%
Gross margin	20.4%	21.2%	21.9%	20.3%	20.5%	20.8%	0 ppt	0.7 ppt	1 ppt
Operating margin	6.1%	7.7%	8.4%	6.5%	7.3%	7.6%	-0.5 ppt	0.4 ppt	0.8 ppt
Net margin	3.9%	5.3%	6.0%	3.9%	4.9%	5.3%	-0.1 ppt	0.3 ppt	0.7 ppt

Source: Bloomberg, CMBIGM estimates

Figure 4: Revenue breakdown

US\$ 000	FY22	FY23	FY24	FY25E	FY26E	FY27E
Smartphone	1,261,047	1,044,335	942,909	792,044	831,646	873,228
...YoY	-3%	-17%	-10%	-16%	5%	5%
Cloud/datacenter	753,854	424,793	590,684	795,996	1,265,578	2,214,348
...YoY	-14%	-44%	39%	35%	59%	75%
Traditional server	-	382,314	428,191	471,010	518,112	569,923
AI server	-	42,479	162,493	324,985	747,466	1,644,426
Consumer interconnects	819,708	773,285	809,512	858,083	943,891	1,038,280
...YoY	2%	-6%	5%	6%	10%	10%
Auto Mobility	152,814	305,098	480,716	939,751	1,017,504	1,101,733
...YoY	10%	100%	58%	95%	8%	8%
EV business	152,814	137,553	116,920	128,612	141,473	155,621
Volterra	-	167,545	363,796	381,986	412,545	445,548
AK Group	-	-	-	429,153	463,486	500,565
Systems Products	1,335,580	1,415,280	1,416,113	1,306,377	1,600,314	1,665,193
...YoY	20%	6%	0%	-8%	23%	4%
AirPods	-	-	233,750	242,250	642,600	803,250
Others	-	-	1,182,363	1,064,127	957,714	861,943
Others	207,600	232,759	211,560	190,404	199,924	209,920
...YoY	-17%	12%	-9%	-10%	5%	5%
Total	4,530,603	4,195,550	4,451,494	4,882,654	5,858,856	7,102,703
...YoY	0.9%	-7.4%	6.1%	9.7%	20.0%	21.2%

Source: Company data, CMBIGM estimates

Figure 5: P&L forecast

US\$ mn	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue	4,531	4,196	4,451	4,883	5,859	7,103
...YoY	0.9%	-7.4%	6.1%	9.7%	20.0%	21.2%
Cost of sales	(3,763)	(3,388)	(3,573)	(3,887)	(4,619)	(5,548)
Gross profit	768	807	879	995	1,240	1,555
GPM (%)	17%	19%	20%	20%	21%	22%
...YoY	14.1%	5.1%	8.9%	13.3%	24.6%	25.4%
SG&A	(223)	(295)	(373)	(430)	(480)	(582)
...% of rev	-4.9%	-7.0%	-8.4%	-8.8%	-8.2%	-8.2%
R&D	(296)	(308)	(330)	(347)	(404)	(490)
...% of rev	-6.5%	-7.3%	-7.4%	-7.1%	-6.9%	-6.9%
Operating profit	307	263	327	297	449	596
OPM (%)	6.8%	6.3%	7.3%	6.1%	7.7%	8.4%
...YoY	74.0%	-14.4%	24.3%	-9.1%	51.1%	32.8%
Net profit	169	129	154	190	309	423
NPM (%)	3.7%	3.1%	3.5%	3.9%	5.3%	6.0%
...YoY	23.2%	-23.9%	19.2%	23.7%	62.3%	37.1%

Source: Company data, CMBIGM estimates

Valuation

Maintain BUY with new TP of HK\$6.77

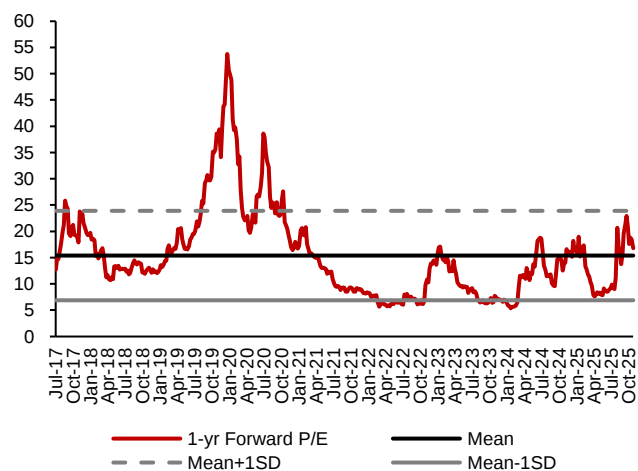
We have adjusted FY25/26/27E EPS by -1%/+9%/26% to factor in 3Q25 results and upbeat revenue/mix guidance. We raise TP to HK\$6.77 based on higher 20x FY26E P/E (vs prior 16x), given AI server product cycle, 40% FY24-27E EPS CAGR and higher earnings visibility into FY27-28E. The stock trades at 15.5x FY26E P/E (vs 24x for 1-sd above 8-yr avg. P/E), and we expect further re-rating on higher AI revenue contribution in FY26-27E. Maintain BUY. Upcoming catalysts include AI server component shipments, AirPods ramp-up and improving margins in FY25-26E.

Figure 6: Peers' valuation

Company	Ticker	Rating	Market Cap (US\$mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x) FY25E	P/E (x) FY26E	P/B (x) FY25E	P/B (x) FY26E	ROE (%) FY25E	ROE (%) FY26E
Global Connectors												
TE	TEL US	NR	72,888	247.76	NA	NA	28.8	23.2	5.8	5.3	20.4	23.4
Amphenol	APH US	NR	176,080	143.85	NA	NA	43.9	36.0	13.2	10.6	34.8	32.9
Fabrinet	FN US	NR	16,740	467.23	NA	NA	46.0	35.7	8.5	7.2	20.7	21.4
Aviat	6807 JP	NR	1,060	2327.00	NA	NA	13.4	14.8	1.2	1.1	9.0	8.5
Hirose	6806 JP	NR	4,174	18050.00	NA	NA	18.8	19.1	1.6	1.6	8.8	8.5
Luxshare	002475 CH	BUY	57,773	56.49	75.55	34%	23.5	18.7	3.9	3.3	16.7	17.4
Foxconn	2354 TT	NR	3,224	70.70	NA	NA	24.1	19.7	0.6	0.6	3.7	4.5
Hon Hai	2317 TT	NR	110,966	246.50	NA	NA	17.6	14.7	2.0	1.9	11.1	12.4
Average							27.0	22.7	4.6	3.9	15.7	16.1
China technology												
FIT Hon Teng	6088 HK	BUY	4,933	5.25	6.77	29%	25.3	15.6	1.8	1.6	7.1	10.4
AAC Tech	2018 HK	BUY	5,865	38.86	60.55	56%	16.1	12.7	1.6	1.5	10.0	11.5
BYDE	285 HK	BUY	10,268	35.42	43.54	23%	16.6	13.0	2.0	1.8	12.2	14.0
Q tech	1478 HK	BUY	1,804	11.79	14.50	23%	16.8	13.9	2.2	1.9	13.1	13.9
TK Group	2283 HK	BUY	272	2.54	3.04	20%	7.7	6.7	1.2	1.1	15.3	16.7
YOFC	6869 HK	NR	6,036	33.28	NA	NA	26.8	17.8	1.9	1.7	7.2	10.0
Cowell	1415 HK	NR	3,252	29.12	NA	NA	16.8	13.1	4.7	3.5	30.0	28.7
Average							18.3	13.7	2.2	1.9	12.6	15.6

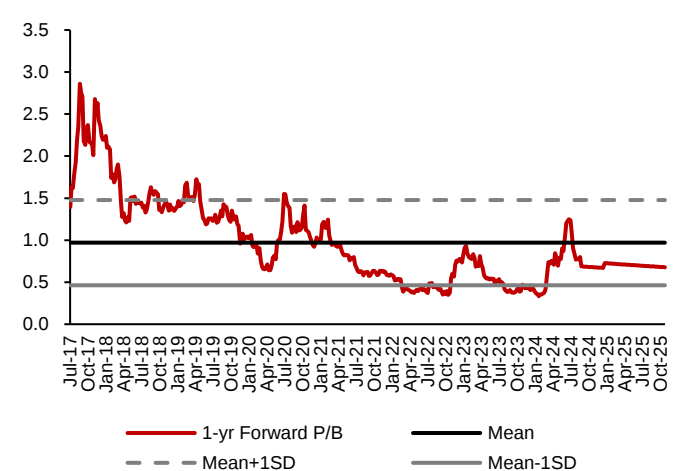
Source: Bloomberg, CMBIGM estimates; data as of 11 Nov close

Figure 7: 12M forward P/E band



Source: Company data, Bloomberg, CMBIGM estimates

Figure 8: 12M forward P/B band



Source: Company data, Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)						
Revenue	4,531	4,196	4,451	4,883	5,859	7,103
Cost of goods sold	(3,763)	(3,388)	(3,573)	(3,887)	(4,619)	(5,548)
Gross profit	768	807	879	995	1,240	1,555
Selling expense	(93)	(105)	(131)	(146)	(164)	(199)
Admin expense	(130)	(191)	(242)	(283)	(316)	(384)
R&D expense	(296)	(308)	(330)	(347)	(404)	(490)
Others	58	61	152	78	94	114
Operating profit	307	263	327	297	449	596
Share of (losses)/profits of associates/JV	(46)	(50)	(58)	1	1	1
Interest expense	(14)	(33)	(48)	(43)	(37)	(30)
Pre-tax profit	248	179	221	254	413	566
Income tax	(78)	(50)	(66)	(64)	(103)	(141)
Minority interest	1	1	1	1	1	1
Net profit	170	130	154	191	310	424

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)						
Current assets	2,764	3,112	3,160	3,436	4,823	6,105
Cash & equivalents	914	1,316	1,113	1,238	2,114	2,976
Account receivables	720	807	910	974	1,286	1,453
Inventories	967	802	904	992	1,190	1,443
ST bank deposits	66	4	42	42	42	42
Non-current assets	1,783	1,982	2,311	2,257	1,632	936
PP&E	753	900	1,191	1,137	512	(183)
Deferred income tax	131	126	132	132	132	132
Investment in JVs & assos	123	73	15	15	15	15
Intangibles	601	700	728	728	728	728
Other non-current assets	175	182	244	244	244	244
Total assets	4,547	5,094	5,470	5,693	6,455	7,042
Current liabilities	1,539	2,563	2,241	2,273	2,726	2,888
Short-term borrowings	453	1,383	904	904	904	904
Account payables	971	1,095	1,271	1,303	1,756	1,918
Tax payable	98	70	51	51	51	51
Other current liabilities	18	17	15	15	15	15
Non-current liabilities	661	93	746	746	746	746
Long-term borrowings	575	0	634	634	634	634
Obligations under finance leases	43	41	53	53	53	53
Other non-current liabilities	43	52	59	59	59	59
Total liabilities	2,200	2,656	2,987	3,019	3,472	3,634
Share capital	142	142	142	142	142	142
Other reserves	2,295	2,384	2,422	2,613	2,923	3,347
Total shareholders equity	2,347	2,437	2,483	2,674	2,983	3,408
Minority interest	2	3	10	10	10	10
Total equity and liabilities	4,547	5,094	5,470	5,693	6,455	7,042

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (US\$ mn)						
Operating						
Profit before taxation	248	179	221	254	413	566
Depreciation & amortization	232	220	509	954	1,025	1,095
Tax paid	(79)	(75)	(66)	(64)	(103)	(141)
Change in working capital	93	146	(29)	(120)	(58)	(257)
Others	63	103	(382)	0	0	0
Net cash from operations	556	574	253	1,025	1,276	1,262
Investing						
Capital expenditure	(113)	(243)	(800)	(900)	(400)	(400)
Acquisition of subsidiaries/ investments	0	0	0	0	0	0
Others	47	(167)	325	0	0	0
Net cash from investing	(66)	(410)	(475)	(900)	(400)	(400)
Financing						
Dividend paid	0	0	0	0	0	0
Net borrowings	0	0	0	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	(2)	(1)	0	0	0	0
Others	(268)	250	59	0	0	0
Net cash from financing	(270)	249	59	0	0	0
Net change in cash						
Cash at the beginning of the year	769	914	1,316	1,113	1,238	2,114
Exchange difference	(75)	(10)	0	0	0	0
Cash at the end of the year	914	1,316	1,113	1,238	2,114	2,976
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	0.9%	(7.4%)	6.1%	9.7%	20.0%	21.2%
Gross profit	14.1%	5.1%	8.9%	13.3%	24.6%	25.4%
Operating profit	74.0%	(14.4%)	24.3%	(9.1%)	51.1%	32.8%
Net profit	24.5%	(23.8%)	19.1%	23.6%	62.3%	37.1%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	16.9%	19.2%	19.7%	20.4%	21.2%	21.9%
Operating margin	6.8%	6.3%	7.3%	6.1%	7.7%	8.4%
Return on equity (ROE)	7.2%	5.4%	6.3%	7.4%	10.9%	13.3%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	na	0.0	na	na	na	na
Current ratio (x)	1.8	1.2	1.4	1.5	1.8	2.1
Receivable turnover days	0.0	0.0	0.0	0.0	0.0	0.0
Inventory turnover days	0.0	0.0	0.0	0.0	0.0	0.0
Payable turnover days	0.0	0.0	0.0	0.0	0.0	0.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	27.9	37.1	31.1	25.2	15.5	11.3
P/B	2.0	2.0	1.9	1.8	1.6	1.4
Div yield (%)	0.0	0.0	0.0	0.0	0.0	0.0

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

Disclosures & Disclaimers

Analyst Certification

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CMBIGM Ratings

BUY	: Stock with potential return of over 15% over next 12 months
HOLD	: Stock with potential return of +15% to -10% over next 12 months
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

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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