

Minth Group (425 HK)

Solid growth outlook from battery housing, robotics and AIDC

Maintain BUY. We expect solid 2H25E earnings for Minth, with FY25E net profit to rise 17% YoY. We also expect its net profit to rise even faster in FY26-27E, aided by continued growth in battery housing and new business contribution including parts for humanoid robots and AI server liquid cooling system.

- **We expect solid 2H25E earnings.** We revise up our Minth's 2H25E revenue forecast by 1% to RMB13.7bn (+13% YoY) due to potentially higher revenue from its aluminium and battery housing businesses amid raw material price hikes. We maintain our 2H25E GPM forecast of 29.1% given Minth's ability to pass through the majority of raw material price hikes to customers. We expect its R&D ratio to rise 0.4ppts HoH in 2H25E in a bid to accelerate new business development including robotics and liquid cooling. We thus revise up Minth's 2H25E net profit forecast by 3% to RMB1.4bn (+14% YoY).
- **Manageable tariff risk.** Apart from limited margin dent from aluminium price hike, we are of the view that the current US tariffs also have limited impact on Minth's margins, as only less than 4% of its revenue is exposed to the extra 25% tariff effective from May 2025. Products from its Mexico plant are not subject to any extra US tariffs.
- **New businesses may start meaningful revenue contribution from FY27E, as battery housing is likely to continue fast growth in FY26E.** We project NEV sales volume in Europe to rise 16% YoY in 2026E (details in our [2026 outlook](#) report), which could benefit Minth's battery housing business, especially as European brands are grabbing market share from Tesla. We are of the view that Minth's new components for humanoid robots and AI server liquid cooling system are well on track, following its announcements in Nov-Dec 2025. We project these two businesses to contribute a revenue of more than RMB1bn in FY27E, which has not been fully priced in, in our view. We also expect door sealing system and other new businesses to contribute a revenue of more than RMB0.5bn in FY27E. As a result, we raise our FY26-27E revenue forecasts by 3-6% to RMB29.9bn/34.5bn and net profit forecasts by 6-8% to RMB3.2bn/4.0bn, respectively.
- **Valuation/Key risks.** We maintain our BUY rating and lift target price from HK\$38.00 to HK\$42.00, still based on 13x (unchanged) our revised FY26E EPS. Key risks to our rating and target price include lower revenue/margins, higher risks in overseas operation than we expect, and a sector de-rating.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	20,524	23,147	25,945	29,856	34,519
YoY growth (%)	18.6	12.8	12.1	15.1	15.6
Net profit (RMB mn)	1,903.2	2,319.3	2,708.1	3,245.7	3,968.4
YoY growth (%)	26.8	21.9	16.8	19.8	22.3
EPS (Reported) (RMB)	1.65	2.02	2.36	2.84	3.45
P/E (x)	19.3	15.8	13.5	11.2	9.2
P/B (x)	2.0	1.8	1.6	1.5	1.3
Yield (%)	0.0	1.3	3.0	3.6	4.3
ROE (%)	10.8	12.0	12.5	13.6	15.0
Net gearing (%)	17.6	15.4	7.9	3.0	(3.0)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price HK\$42.00
(Previous TP) HK\$38.00
Up/Downside 17.3%
Current Price HK\$35.80

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Stock Data

Mkt Cap (HK\$ mn)	42,313.8
Avg 3 mths t/o (HK\$ mn)	228.4
52w High/Low (HK\$)	40.28/14.88
Total Issued Shares (mn)	1182.0

Source: FactSet

Shareholding Structure

Chin Jong-Hwa's family	38.1%
Invesco Asset Management	6.0%

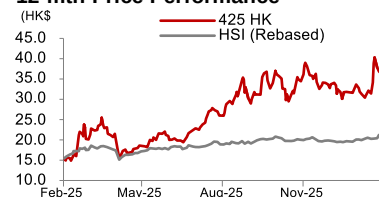
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	6.4%	4.7%
3-mth	3.9%	0.6%
6-mth	38.0%	26.3%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related Report

["Minth Group \(425 HK\) - Well on track: new businesses as a call option" - 28 Aug 2025](#)

Figure 1: Interim results

RMB mn	1H23	2H23	1H24	2H24	1H25	2H25E	YoY	HoH
Revenue	9,747	10,776	11,090	12,057	12,287	13,658	13.3%	11.2%
Gross profit	2,563	3,059	3,162	3,536	3,473	3,970	12.3%	14.3%
Selling expenses	(360)	(432)	(531)	(516)	(512)	(533)	3.2%	4.1%
Admin expenses	(623)	(826)	(743)	(896)	(805)	(978)	9.2%	21.6%
R&D expenses	(616)	(781)	(715)	(735)	(726)	(862)	17.3%	18.6%
Operating profit	1,017	1,100	1,380	1,642	1,555	1,823	11.0%	17.3%
Net profit	887	1,016	1,068	1,251	1,277	1,432	14.4%	12.1%
Gross margin	26.3%	28.4%	28.5%	29.3%	28.3%	29.1%	-0.3 ppts	0.8 ppts
Operating margin	10.4%	10.2%	12.4%	13.6%	12.7%	13.4%	-0.3 ppts	0.7 ppts
Net margin	9.1%	9.4%	9.6%	10.4%	10.4%	10.5%	0.1 ppts	0.1 ppts

Source: Company data, CMBIGM estimates

Figure 2: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	25,945	29,856	34,519	25,797	28,968	32,652	0.6%	3.1%	5.7%
Gross profit	7,443	8,464	9,656	7,395	8,281	9,306	0.6%	2.2%	3.8%
Operating profit	3,149	3,715	4,508	3,101	3,532	4,157	1.5%	5.2%	8.4%
Net profit	2,708	3,246	3,968	2,669	3,071	3,665	1.5%	5.7%	8.3%
Gross margin	28.7%	28.3%	28.0%	28.7%	28.6%	28.5%	0.0 ppts	-0.2 ppts	-0.5 ppts
Operating margin	12.1%	12.4%	13.1%	12.0%	12.2%	12.7%	0.1 ppts	0.2 ppts	0.3 ppts
Net margin	10.4%	10.9%	11.5%	10.3%	10.6%	11.2%	0.1 ppts	0.3 ppts	0.3 ppts

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	25,945	29,856	34,519	26,614	30,646	34,822	-2.5%	-2.6%	-0.9%
Gross profit	7,443	8,464	9,656	7,676	8,882	10,081	-3.0%	-4.7%	-4.2%
Operating profit	3,149	3,715	4,508	3,560	4,146	4,811	-11.5%	-10.4%	-6.3%
Net profit	2,708	3,246	3,968	2,775	3,285	3,856	-2.4%	-1.2%	2.9%
Gross margin	28.7%	28.3%	28.0%	28.8%	29.0%	28.9%	-0.2 ppts	-0.6 ppts	-1.0 ppts
Operating margin	12.1%	12.4%	13.1%	13.4%	13.5%	13.8%	-1.2 ppts	-1.1 ppts	-0.8 ppts
Net margin	10.4%	10.9%	11.5%	10.4%	10.7%	11.1%	0.0 ppts	0.2 ppts	0.4 ppts

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	17,306	20,524	23,147	25,945	29,856	34,519
Cost of goods sold	(12,522)	(14,902)	(16,449)	(18,502)	(21,393)	(24,863)
Gross profit	4,784	5,622	6,698	7,443	8,464	9,656
Operating expenses	(3,203)	(3,505)	(3,974)	(4,294)	(4,749)	(5,148)
Selling expense	(868)	(792)	(1,048)	(1,045)	(1,169)	(1,260)
Admin expense	(1,292)	(1,449)	(1,638)	(1,783)	(1,949)	(2,069)
R&D expense	(1,172)	(1,397)	(1,449)	(1,588)	(1,785)	(1,975)
Others	130	133	162	122	155	155
Operating profit	1,581	2,117	2,725	3,149	3,715	4,508
Other income	186	281	298	230	260	280
Investment gain/loss	286	356	325	261	311	349
Other gains/(losses)	(21)	61	(24)	31	(38)	(31)
Share of (losses)/profits of associates/JV	10	16	4	23	28	27
EBITDA	3,163	4,225	4,872	5,461	6,167	7,163
Depreciation	1,038	1,302	1,452	1,667	1,783	1,915
Depreciation of ROU assets	46	47	45	48	50	52
Other amortisation	37	45	47	52	58	62
EBIT	2,042	2,831	3,328	3,694	4,275	5,133
Interest expense	(263)	(515)	(521)	(388)	(368)	(337)
Foreign exchange gain/loss	34	8	31	(20)	10	10
Pre-tax profit	1,779	2,315	2,807	3,306	3,908	4,796
Income tax	(249)	(351)	(431)	(529)	(586)	(743)
After tax profit	1,530	1,964	2,376	2,777	3,321	4,053
Minority interest	(30)	(61)	(56)	(69)	(76)	(85)
Net profit	1,501	1,903	2,319	2,708	3,246	3,968
Gross dividends	609	0	464	1,083	1,298	1,587
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	15,995	17,493	17,169	19,260	22,257	25,164
Cash & equivalents	4,221	4,165	2,441	3,485	4,500	5,000
Restricted cash	1,055	1,840	1,771	1,700	1,700	1,700
Account receivables	6,541	6,610	7,476	8,152	9,381	10,846
Inventories	3,633	3,982	4,641	5,055	5,728	6,589
Prepayment	0	0	0	0	0	0
Other current assets	545	895	841	868	948	1,029
Non-current assets	17,279	20,054	21,590	20,801	21,681	22,145
PP&E	13,435	15,476	15,798	15,809	15,791	15,540
Right-of-use assets	1,083	1,058	1,035	1,037	1,037	1,035
Deferred income tax	270	419	483	483	483	483
Investment in JVs & assos	394	407	384	397	415	427
Intangibles	113	112	92	90	81	69
Goodwill	98	98	98	98	98	98
Financial assets at FVTPL	28	30	1,075	684	1,135	1,594
Other non-current assets	1,858	2,454	2,625	2,204	2,641	2,899
Total assets	33,274	37,547	38,759	40,061	43,938	47,309
Current liabilities	13,314	14,117	14,577	13,973	15,739	16,302
Short-term borrowings	7,192	5,851	5,894	5,456	5,928	4,938
Account payables	5,765	7,004	7,260	8,088	9,352	10,869
Tax payable	157	226	206	206	206	206
Other current liabilities	180	1,016	1,194	199	226	260
Lease liabilities	19	20	22	24	26	29
Non-current liabilities	2,262	4,290	2,923	2,524	2,346	2,372
Long-term borrowings	1,006	3,837	2,525	2,125	1,925	1,925
Deferred income	27	45	20	20	20	20
Other non-current liabilities	1,229	409	378	378	401	427
Total liabilities	15,576	18,407	17,500	16,496	18,086	18,674
Share capital	116	116	116	116	117	117
Other reserves	16,801	18,202	20,329	22,614	24,886	27,659
Total shareholders equity	16,918	18,318	20,445	22,730	25,003	27,777
Minority interest	780	821	814	834	850	858
Total equity and liabilities	33,274	37,547	38,759	40,061	43,938	47,309

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,779	2,315	2,807	3,306	3,908	4,796
Depreciation & amortization	1,121	1,394	1,544	1,767	1,891	2,029
Tax paid	(270)	(390)	(542)	(529)	(586)	(743)
Change in working capital	(1,190)	(399)	(798)	(451)	(786)	(970)
Others	415	446	263	93	97	21
Net cash from operations	1,855	3,366	3,274	4,187	4,524	5,133
Investing						
Capital expenditure	(3,432)	(3,279)	(1,938)	(1,950)	(2,050)	(1,950)
Acquisition of subsidiaries/ investments	(71)	(103)	1	0	0	0
Net proceeds from disposal of short-term investments	(16)	120	(1,211)	590	(500)	(500)
Others	482	(238)	(47)	1,005	231	474
Net cash from investing	(3,037)	(3,500)	(3,194)	(355)	(2,319)	(1,976)
Financing						
Dividend paid	(626)	(744)	(33)	(512)	(1,144)	(1,374)
Net borrowings	644	1,202	(1,104)	(838)	272	(990)
Proceeds from share issues	na	0	na	(15)	0	0
Share repurchases	(47)	0	(130)	0	0	0
Others	na	(406)	na	(1,423)	(318)	(293)
Net cash from financing	(125)	52	(1,795)	(2,788)	(1,189)	(2,657)
Net change in cash						
Cash at the beginning of the year	5,492	4,221	4,165	2,441	3,485	4,500
Exchange difference	35	27	(9)	0	0	0
Cash at the end of the year	4,221	4,165	2,441	3,485	4,500	5,000
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	24.3%	18.6%	12.8%	12.1%	15.1%	15.6%
Gross profit	17.2%	17.5%	19.1%	11.1%	13.7%	14.1%
Operating profit	27.2%	33.9%	28.7%	15.6%	18.0%	21.3%
EBITDA	4.4%	33.6%	15.3%	12.1%	12.9%	16.2%
EBIT	(3.2%)	38.6%	17.6%	11.0%	15.8%	20.1%
Net profit	0.3%	26.8%	21.9%	16.8%	19.8%	22.3%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	27.6%	27.4%	28.9%	28.7%	28.3%	28.0%
Operating margin	9.1%	10.3%	11.8%	12.1%	12.4%	13.1%
EBITDA margin	18.3%	20.6%	21.0%	21.0%	20.7%	20.7%
Return on equity (ROE)	9.1%	10.8%	12.0%	12.5%	13.6%	15.0%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.2	0.2	0.2	0.1	0.0	(0.0)
Current ratio (x)	1.2	1.2	1.2	1.4	1.4	1.5
Receivable turnover days	137.9	117.6	117.9	115.0	115.0	115.0
Inventory turnover days	105.9	97.5	103.0	100.0	98.0	97.0
Payable turnover days	168.1	171.6	161.1	160.0	160.0	160.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	24.4	19.3	15.8	13.5	11.2	9.2
P/E (diluted)	24.4	19.3	15.8	13.5	11.2	9.2
P/B	2.2	2.0	1.8	1.6	1.5	1.3
P/CFPS	19.8	10.9	11.2	8.7	8.0	7.1
Div yield (%)	1.7	0.0	1.3	3.0	3.6	4.3

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

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