SANY International (631 HK)

Key takeaways from Hong Kong NDR

We hosted NDR for SANYI in Hong Kong last week. Investors' questions are mostly around large mining trucks growth outlook and the potential handling of solar business. Key highlights: (1) Impressive backlog of mining trucks (overseas) which increased to RMB4.5bn in mid-Apr from RMB3.6bn in Mar; (2) Large-size logistics equipment will see visible margin expansion due to solid backlog with higher ASP; (3) Management has yet to decide the future of solar business (disposal or asset impairment) which is running at an annual loss of ~RMB300mn (including depreciation of RMB200mn which is non-cash). We fine-tune our 2026E/27E/28E earnings forecast by -3%/+1%/+3%, to reflect higher profit forecast on mining trucks and telescopic forklifts, but lower forecast on road headers, CCMUs and solar. While we expect the 1Q26 results (to be announced on 20 May) will likely be under pressure due to weak new business segments, we are positive on SANYI's structural growth outlook given the rising contribution of large mining trucks. **Reiterate BUY** with new TP of HK$18.9 (previously HK$19.5), based on unchanged 20x 2026E P/E (equivalent to the peak level since 2017, to reflect the rising earnings visibility driven by the commodity upcycle).

- **Large mining trucks backlog and margin.** Large mining trucks backlog (overseas) further increased to RMB4.5bn by mid-Apr. With delivery cycle of 3-6 months, most of the orders will likely be recognized in 2026E. More importantly, SANYI has started winning "billion-scale (RMB)" tenders related to large metal mines recently. Large mining trucks carry 35-40% gross margin overseas, which is much higher than that of wide-body trucks (China: 20%; overseas: 30%).
- **Attractive TCO for customers.** SANYI's large mining trucks are equipped with 2 sets of Weichai's engines (2338 HK/000338 CH, BUY), and therefore able to achieve a substantially lower cost compared with using Cummins' (CMI US, NR) engines. SANYI's large mining trucks ASP is only 5% lower than a major US competitor's. However, SANYI's models can help clients achieve 15-20% lower diesel consumption, and 20-30% lower maintenance cost. This makes SANYI's trucks highly attractive from the perspective of TCO. SANYI targets to achieve 10% global market share in 2028E (vs 4-5% in 2025).
- **High visibility of aftermarket revenue going forward.** Given that aftermarket revenue accounts for ~3/4 of the total revenue over the useful life of mining trucks, SANYI believes the aftermarket income will be highly visible following the strong truck sales in 2026E.

(…More details on page 2)

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	21,910	24,334	31,859	37,720	44,415
YoY growth (%)	8.0	11.1	30.9	18.4	17.7
Adjusted net profit (RMB mn)	1,849.9	1,850.9	2,727.7	3,715.1	4,549.8
YoY growth (%)	(4.1)	0.1	47.4	36.2	22.5
EPS (Adjusted) (RMB)	0.58	0.57	0.84	1.14	1.40
Consensus EPS (RMB)	na	0.00	0.88	1.10	1.47
P/E (x)	28.4	17.7	11.6	8.5	7.0
P/B (x)	2.6	2.4	2.1	1.9	1.6
Yield (%)	2.8	3.3	4.7	5.9	7.2
ROE (%)	9.3	14.0	19.4	23.2	24.7
Net gearing (%)	17.4	13.0	7.1	1.7	(3.9)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$18.90**
(Previous TP	HK$19.50)
Up/Downside	**68.8%**
Current Price	**HK$11.20**

China Capital Goods

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Stock Data

Mkt Cap (HK$ mn)	36,203.1
Avg 3 mths t/o (HK$ mn)	175.5
52w High/Low (HK$)	15.97/5.46
Total Issued Shares (mn)	3232.4

Source: FactSet

Shareholding Structure

Sany Heavy Equipment Investments Company	64.9%
Free float	33.9%

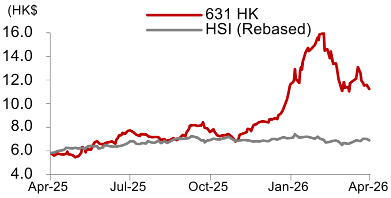
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-2.9%	-6.3%
3-mth	-3.9%	-1.0%
6-mth	45.8%	46.9%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related reports:

SANYI (BUY) – Multiple growth drivers ahead – 2 Apr 2026 (link)

SANYI (BUY) – Profit in 2025 a negative surprise; Looking for improvement in 2026 – 22 Mar 2026 (link)

SANYI (BUY) - Mining truck gaining traction; Higher earnings forecast and TP – 20 Feb 2026 (link)

Capital Goods – Key themes in 2026; Focus on Mining equipment + Power for data centres + Replacement cycle – 1 Dec 2025 (link)

Large size port machinery (STS cranes & yard cranes): The latest backlog reached RMB5.3bn, including RMB4bn from overseas clients. The backlog carries 22-22% gross margin, which is much higher than the 18% gross margin recognized in 2025. SANYI revealed that an improving competitive landscape has helped boost the higher margin.

Telescopic forklifts: SANYI's telescopic forklift revenue dropped 10% YoY to RMB1.07bn in 2025, which was largely due to the increased tariffs imposed on India by the US in early 2025 (SANYI's telescopic forklifts were mainly produced in its Indian production base). That said, SANYI expects substantial growth (potentially >100% YoY) in 2026E, as production has been shifting to Indonesia. Meanwhile, SANYI's Turkey production base is under construction and is expected to commence production in 2028E, which will offer further growth potential.

Capex: SANYI expects the annual capex to be ~RMB1bn over the coming years, based on the current business plan.

Figure 1: Change in key assumptions for SANYI

	Old			New			Change		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
(RMB mn)									
Revenue									
Road header	1,491	1,551	1,614	1,415	1,472	1,531	-5.1%	-5.1%	-5.1%
Combined coal mining units (CCMU)	1,372	1,427	1,484	1,328	1,367	1,408	-3.3%	-4.2%	-5.1%
Small-size logisitics machinery	5,528	6,314	7,272	5,622	6,294	7,074	1.7%	-0.3%	-2.7%
Large-size port machinery	4,154	5,400	7,020	4,154	5,400	7,020	0.0%	0.0%	0.0%
Mining trucks	5,136	6,106	7,191	6,995	8,583	10,380	36.2%	40.6%	44.4%
After sales service	2,650	3,233	3,944	2,650	3,233	3,944	0.0%	0.0%	0.0%
Lithium battery	4,005	4,806	5,767	4,005	4,806	5,767	0.0%	0.0%	0.0%
Oil and gas equipment	3,161	3,477	3,650	3,161	3,477	3,650	0.0%	0.0%	0.0%
Solar power	2,311	2,773	3,189	2,311	2,773	3,189	0.0%	0.0%	0.0%
Hydrogen	174	269	417	158	245	380	-8.8%	-8.8%	-8.8%
Total	**30,043**	35,426	41,619	**31,859**	**37,720**	**44,415**	***6.0%***	***6.5%***	***6.7%***
Gross margin									
Road header	*44.0%*	*44.0%*	*44.0%*	*44.0%*	*44.0%*	*44.0%*	0.0	0.0	0.0
Combined coal mining units (CCMU)	*11.0%*	*13.0%*	*14.0%*	*9.0%*	*11.0%*	*12.0%*	(2.0)	(2.0)	(2.0)
Small-size logisitics machinery	*32.7%*	*32.3%*	*31.6%*	*31.0%*	*31.0%*	*30.6%*	(1.7)	(1.3)	(1.0)
Large-size port machinery	*20.0%*	*22.0%*	*22.0%*	*20.0%*	*22.0%*	*22.0%*	0.0	0.0	0.0
Mining trucks	*23.5%*	*25.1%*	*25.9%*	*24.0%*	*26.6%*	*27.7%*	0.5	1.5	1.8
After sales service	*37.2%*	*38.0%*	*38.0%*	*37.2%*	*38.0%*	*38.0%*	0.0	0.0	0.0
Lithium battery	*17.0%*	*20.0%*	*21.0%*	*17.0%*	*20.0%*	*21.0%*	0.0	0.0	0.0
Oil and gas equipment	*21.2%*	*21.5%*	*21.5%*	*21.2%*	*21.5%*	*21.5%*	0.0	0.0	0.0
Solar power	*8.0%*	*10.0%*	*10.0%*	*-2.0%*	*-1.0%*	*-1.0%*	(10.0)	(11.0)	(11.0)
Hydrogen	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	0.0	0.0	0.0
Blended gross margin	***24.0%***	*25.1%*	*25.2%*	***22.9%***	***24.3%***	***24.6%***	**(1.0)**	**(0.8)**	**(0.6)**
								Change (ppt)	
S&D expense ratio	*5.5%*	*5.3%*	*5.3%*	*5.5%*	*5.3%*	*5.3%*	0.0	0.0	0.0
Admin expense ratio	*8.3%*	*8.3%*	*8.3%*	*8.3%*	*8.3%*	*8.3%*	0.0	0.0	0.0
Net finance expense (RMB mn)	-48	-21	-21	-48	-21	-21	*0.0%*	*0.0%*	*0.0%*
Net profit	**2,813**	**3,694**	**4,422**	**2,728**	**3,715**	**4,550**	***-3.0%***	***0.6%***	***2.9%***

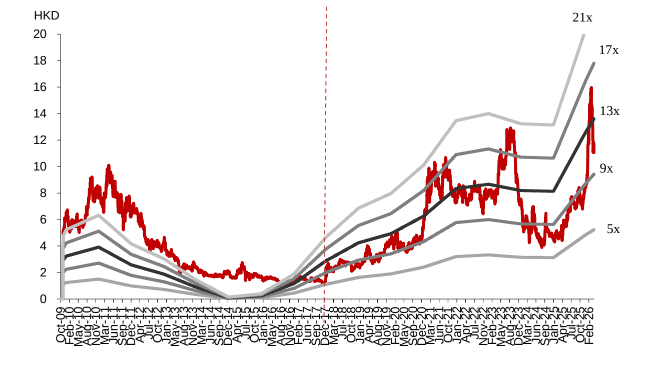
Source: Company data, CMBIGM estimates

Figure 2: Operating assumptions for SANYI

(RMB mn)	2023	2024	2025	2026E	2027E	2028E
Revenue						
Road header	2,554	1,803	1,513	1,415	1,472	1,531
Combined coal mining units (CCMU)	3,621	3,434	1,492	1,328	1,367	1,408
Small-size logisitics machinery	4,179	5,035	4,786	5,622	6,294	7,074
Small-size port machinery	3,423	3,789	3,691	3,728	3,989	4,268
Telescopic forklift	756	1,179	1,065	1,864	2,274	2,774
Property rental income	-	67	30	30	31	32
Large-size port machinery	1,238	1,904	2,865	4,154	5,400	7,020
Mining trucks	4,027	3,804	4,209	6,995	8,583	10,380
Large-size mining trucks	-	-	954	3,612	5,086	6,866
Wide-body trucks	-	-	2,900	2,958	2,987	2,928
Articulated trucks	-	-	354	425	510	587
After sales service	1,433	1,947	2,120	2,650	3,233	3,944
Robot	800	-	-	-	-	-
Lithium battery	302	479	2,670	4,005	4,806	5,767
Oil and gas equipment	1,500	1,867	2,748	3,161	3,477	3,650
Solar pow er	-	1,348	1,777	2,311	2,773	3,189
Hydrogen	-	-	102	158	245	380
Total	**20,278**	**21,910**	**24,334**	**31,859**	**37,720**	**44,415**
Growth (YoY)						
Road header	*-14.0%*	*-29.4%*	*-16.1%*	*-6.5%*	*4.0%*	*4.0%*
Combined coal mining units (CCMU)	*22.0%*	*-5.2%*	*-56.6%*	*-11.0%*	*3.0%*	*3.0%*
Small-size logisitics machinery	*29.9%*	*20.5%*	*-4.9%*	*17.5%*	*11.9%*	*12.4%*
Small-size port machinery	-	-	*-2.6%*	*1.0%*	*7.0%*	*7.0%*
Telescopic forklift	-	-	*-9.7%*	*75.0%*	*22.0%*	*22.0%*
Property rental income	-	-	*-55.5%*	*2.0%*	*2.0%*	*2.0%*
Large-size port machinery	*-10.1%*	*53.8%*	*50.5%*	*45.0%*	*30.0%*	*30.0%*
Mining trucks	*37.8%*	*-5.5%*	*10.7%*	*66.2%*	*22.7%*	*20.9%*
Large-size mining trucks	-	-	-	*278.5%*	*40.8%*	*35.0%*
Wide-body trucks	-	-	-	*2.0%*	*1.0%*	*-2.0%*
Articulated trucks	-	-	-	*20.0%*	*20.0%*	*15.0%*
After sales service	*40.8%*	*35.9%*	*8.8%*	*25.0%*	*22.0%*	*22.0%*
Robot	*-24.5%*	*-100.0%*	-	-	-	-
Lithium battery	-	*58.7%*	*457.1%*	*50.0%*	*20.0%*	*20.0%*
Oil and gas equipment	-	*24.5%*	*47.2%*	*15.0%*	*10.0%*	*5.0%*
Solar power	-	-	*31.8%*	*30.0%*	*20.0%*	*15.0%*
Hydrogen	-	-	*161.7%*	*55.0%*	*55.0%*	*55.0%*
Average	***30.5%***	***8.0%***	***11.1%***	***30.9%***	***18.4%***	***17.7%***
Blended gross margin	***26.9%***	***22.4%***	***22.3%***	***22.9%***	***24.3%***	***24.6%***

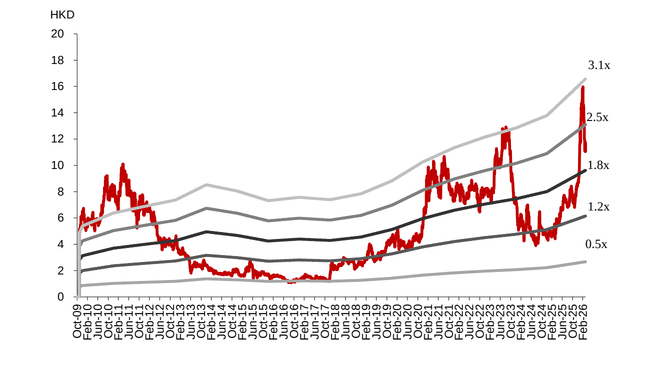
Source: Company data, CMBIGM estimates

Figure 3: SANYI's P/E band



Source: Bloomberg, company data, CMBIGM estimates

Figure 4: SANYI's P/B band



Source: Bloomberg, company data, CMBIGM estimates

Risks: (1) further weakness of coal mining activities in China; (2) higher-than-expected operating loss of emerging business; (3) cost inflation due to elevated commodity prices.

招银国际 CMB INTERNATIONAL

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**20,278**	**21,910**	**24,334**	**31,859**	**37,720**	**44,415**
Cost of goods sold	(14,831)	(16,996)	(18,910)	(24,553)	(28,555)	(33,470)
Gross profit	**5,447**	**4,913**	**5,424**	**7,307**	**9,166**	**10,945**
Selling expense	(1,262)	(1,286)	(1,358)	(1,752)	(1,999)	(2,354)
Admin expense	(2,213)	(2,163)	(2,174)	(2,644)	(3,131)	(3,686)
Other income	441	507	570	701	830	977
Other expense	(42)	(502)	(171)	(96)	(113)	(89)
Other gains/(losses)	(144)	(25)	(147)	(64)	(75)	(89)
Share of (losses)/profits of associates/JV	0	2	(5)	4	4	4
EBITDA	**2,751**	**2,249**	**3,283**	**4,441**	**5,738**	**6,836**
Depreciation	525	803	1,144	986	1,057	1,128
EBIT	**2,226**	**1,446**	**2,139**	**3,455**	**4,681**	**5,708**
Interest income	193	204	293	315	337	365
Interest expense	(158)	(229)	(253)	(325)	(326)	(326)
Net Interest income/(expense)	**35**	**(25)**	**40**	**(10)**	**11**	**39**
Pre-tax profit	**2,260**	**1,421**	**2,179**	**3,445**	**4,693**	**5,747**
Income tax	(422)	(353)	(431)	(758)	(1,032)	(1,264)
After tax profit	**1,839**	**1,068**	**1,748**	**2,687**	**3,660**	**4,483**
Minority interest	90	34	31	40	55	67
Net profit	**1,929**	**1,102**	**1,779**	**2,728**	**3,715**	**4,550**
Adjusted net profit	**1,929**	**1,850**	**1,851**	**2,728**	**3,715**	**4,550**
Gross dividends	556	863	1,047	1,500	1,858	2,275

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**20,778**	**26,227**	**29,645**	**35,258**	**38,065**	**45,855**
Cash & equivalents	3,241	5,340	6,064	6,822	7,589	8,643
Account receivables	8,356	10,010	10,870	14,443	15,527	19,762
Inventories	3,432	5,048	5,845	6,263	7,505	8,817
Prepayment	1,261	1,598	1,682	1,682	1,682	1,682
ST bank deposits	43	71	227	227	227	227
Financial assets at FVTPL	2,160	2,394	3,060	3,060	3,060	3,060
Other current assets	2,284	1,767	1,897	2,760	2,475	3,664
Non-current assets	**14,185**	**14,701**	**15,276**	**15,404**	**15,361**	**15,248**
PP&E	7,276	7,990	8,442	8,827	9,041	9,185
Deferred income tax	336	423	407	407	407	407
Goodwill	2,537	2,067	1,995	1,995	1,995	1,995
Other non-current assets	4,036	4,221	4,432	4,176	3,918	3,660
Total assets	**34,963**	**40,928**	**44,921**	**50,662**	**53,427**	**61,103**
Current liabilities	**16,173**	**21,210**	**23,119**	**27,219**	**27,824**	**32,875**
Short-term borrowings	2,653	4,250	4,269	4,369	4,369	4,369
Account payables	8,098	11,213	12,126	16,126	16,731	21,782
Tax payable	237	162	63	63	63	63
Other current liabilities	5,184	5,584	6,661	6,661	6,661	6,661
Non-current liabilities	**7,252**	**7,543**	**8,633**	**8,633**	**8,633**	**8,633**
Long-term borrowings	5,249	5,684	6,792	6,792	6,792	6,792
Other non-current liabilities	2,003	1,858	1,841	1,841	1,841	1,841
Total liabilities	**23,425**	**28,752**	**31,752**	**35,852**	**36,457**	**41,508**
Total shareholders equity	**11,589**	**12,221**	**13,192**	**14,873**	**17,088**	**19,780**
Minority interest	(51)	(46)	(23)	(64)	(119)	(186)
Total equity and liabilities	**34,963**	**40,928**	**44,921**	**50,662**	**53,427**	**61,103**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**2,260**	**1,421**	**2,179**	**3,445**	**4,693**	**5,747**
Depreciation & amortization	525	803	1,144	986	1,057	1,128
Tax paid	(431)	(516)	(431)	(758)	(1,032)	(1,264)
Change in working capital	476	(446)	347	(855)	(1,435)	(1,684)
Others	(307)	890	(782)	6	(15)	(43)
Net cash from operations	**2,524**	**2,152**	**2,457**	**2,824**	**3,266**	**3,882**
Investing						
Capital expenditure	(2,294)	(725)	(1,281)	(1,100)	(1,000)	(1,000)
Acquisition of subsidiaries/ investments	(2,509)	(7)	0	0	0	0
Others	(162)	(242)	(346)	305	328	355
Net cash from investing	**(4,965)**	**(973)**	**(1,627)**	**(795)**	**(672)**	**(645)**
Financing						
Dividend paid	(729)	(634)	(863)	(1,047)	(1,500)	(1,858)
Net borrowings	(126)	(221)	(255)	(325)	(326)	(326)
Proceeds from share issues	104	4	0	0	0	0
Others	3,712	1,746	835	100	0	0
Net cash from financing	**2,961**	**895**	**(283)**	**(1,271)**	**(1,826)**	**(2,184)**
Net change in cash						
Cash at the beginning of the year	2,690	3,241	5,340	6,064	6,822	7,589
Exchange difference	32	25	177	0	0	0
Cash at the end of the year	**3,241**	**5,340**	**6,064**	**6,822**	**7,589**	**8,643**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	30.5%	8.0%	11.1%	30.9%	18.4%	17.7%
Gross profit	50.1%	(9.8%)	10.4%	34.7%	25.4%	19.4%
EBITDA	20.3%	(18.3%)	46.0%	35.3%	29.2%	19.1%
EBIT	11.6%	(35.0%)	47.9%	61.6%	35.5%	21.9%
Net profit	15.9%	(42.9%)	61.5%	53.3%	36.2%	22.5%
Adj. net profit	15.9%	(4.1%)	0.1%	47.4%	36.2%	22.5%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	26.9%	22.4%	22.3%	22.9%	24.3%	24.6%
EBITDA margin	13.6%	10.3%	13.5%	13.9%	15.2%	15.4%
Adj. net profit margin	9.5%	8.4%	7.6%	8.6%	9.8%	10.2%
Return on equity (ROE)	17.8%	9.3%	14.0%	19.4%	23.2%	24.7%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	0.2	0.2	0.1	0.1	0.0	(0.0)
Current ratio (x)	1.3	1.2	1.3	1.3	1.4	1.4
Receivable turnover days	132.9	153.0	156.6	145.0	145.0	145.0
Inventory turnover days	82.6	91.1	105.1	90.0	88.0	89.0
Payable turnover days	181.4	207.4	225.3	210.0	210.0	210.0

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	16.1	28.4	17.7	11.6	8.5	7.0
P/B	2.7	2.6	2.4	2.1	1.9	1.6
Div yield (%)	1.8	2.8	3.3	4.7	5.9	7.2

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

Disclosures & Disclaimers

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