

Zhejiang Dingli (603338 CH)

3Q25 net profit -15% YoY, below expectations

Zhejiang Dingli's (Dingli) 3Q25 net profit dropped 15% YoY to RMB542mn, as a result of slow revenue growth along with higher expense. The weaker-than-expected earnings reaffirmed our cautious stance regarding the weak demand for AWP as well as Dingli's lack of overseas capacity expansion plan to avoid tariff and AD/CVD. We see downside risks to the consensus forecast. Our TP is unchanged at RMB48, based on 12.8x 2025E P/E (0.5SD below the three-year average P/E). Maintain **HOLD**.

■ **3Q25 results highlights.** Revenue grew 3% YoY to RMB2.3bn. Gross margin slightly contracted 1.5ppts YoY to 36.1%. Selling & distribution expense ratio expanded 0.6ppts YoY to 3.2%, while R&D expense ratio expanded 0.8ppts YoY to 3.5%. Administrative expense was under control, with the expense ratio dropping 0.4ppts YoY to 2%. All these resulted in 7% YoY decrease in EBIT. Net finance expense was RMB37mn (vs net finance income of RMB36mn in 3Q24), due to fx change. Net profit dropped 15% YoY to RMB542mn, while operating cash inflow dropped 40% YoY to RMB355mn. In 9M25, net profit grew 9% YoY to RMB1.6bn, which accounted for 83% of our new full-year net profit forecast (run rate in 9M24: 90%).

■ **Upside risks:** (1) reduction of tariffs imposed on China; (2) recovery of AWP demand; (3) potential capacity expansion in overseas.

■ **Downside risks:** (1) further intensified competition in China's AWP market; (2) further weakness of overseas demand.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	6,312	7,799	8,840	9,834	10,653
YoY growth (%)	15.9	23.6	13.3	11.2	8.3
Net profit (RMB mn)	1,867.2	1,628.7	1,910.0	2,059.1	2,244.3
EPS (Reported) (RMB)	3.69	3.22	3.77	4.07	4.43
YoY growth (%)	48.5	(12.8)	17.3	7.8	9.0
Consensus EPS (RMB)	na	na	3.95	4.35	na
P/E (x)	14.2	16.3	13.9	12.9	11.8
P/B (x)	3.0	2.6	2.3	2.1	1.8
Yield (%)	1.9	1.9	2.2	2.4	2.6
ROE (%)	23.3	17.1	17.8	16.9	16.4
Net gearing (%)	(34.3)	(40.1)	(42.3)	(45.7)	(47.9)

Source: Company data, Bloomberg, CMBIGM estimates

HOLD (Maintain)

Target Price	RMB48.00
Up/Downside	(8.5%)
Current Price	RMB52.47

China Capital Goods

Wayne FUNG, CFA

(852) 3900 0826

waynefung@cmbi.com.hk

Stock Data

Mkt Cap (RMB mn)	26,565.6
Avg 3 mths t/o (RMB mn)	421.1
52w High/Low (RMB)	68.88/39.48
Total Issued Shares (mn)	506.3

Source: FactSet

Shareholding Structure

XU Shugen	45.5%
Deqing Zhongding Equity	10.8%
Investment Manag	

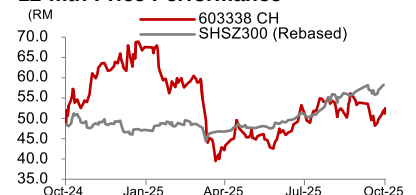
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-2.6%	-4.1%
3-mth	1.4%	-10.3%
6-mth	21.2%	-2.5%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related reports:

Dingli – 2Q25 profit grew 19% YoY but largely on FX gains – 28 Jul 2025 ([link](#))

Dingli – 1Q25 profit rose 42% YoY but only helped by non-operating items – 29 Apr 2025 ([link](#))

Dingli - 2024 earnings way below expectations; outlook remains challenging – 21 Apr 2025 ([link](#))

Dingli – Challenging situation with pressure from both end demand and US tariff; D/G to HOLD – 8 Apr 2025 ([link](#))

Figure 1: Change in key assumptions

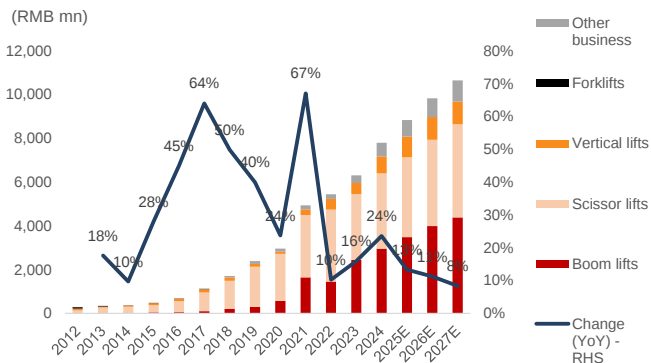
(RMB mn)	1Q24	1Q25	Chg YoY	2Q24	2Q25	Chg YoY	3Q24	3Q25	Chg YoY	4Q23	4Q24	Chg YoY
Total revenue	1,452	1,898	30.7%	2,408	2,438	1.3%	2,274	2,339	2.8%	1,570	1,665	6.1%
Cost of sales	(855)	(1,128)	31.9%	(1,642)	(1,658)	1.0%	(1,419)	(1,494)	5.3%	(851)	(1,150)	35.2%
Gross profit	597	770	29.0%	766	780	1.9%	855	845	-1.2%	719	515	-28.4%
Other income	(10)	(18)	76.5%	(12)	(19)	61.7%	(9)	(14)	62.3%	(12)	(18)	45.7%
S&D expenses	(55)	(100)	80.8%	(24)	(72)	199.2%	(58)	(74)	28.4%	(115)	(116)	1.0%
Administrative expenses	(29)	(99)	245.7%	(59)	(52)	-11.4%	(55)	(48)	-12.9%	(41)	(82)	101.3%
R&D expense	(51)	(70)	38.0%	(68)	(75)	9.8%	(62)	(82)	33.2%	(71)	(75)	6.4%
Asset impairment	(22)	(42)	96.1%	9	(31)	n/a	(0)	(3)	3921.6%	(20)	(122)	501.6%
EBIT	430	440	2.4%	612	531	-13.3%	672	624	-7.2%	460	102	-77.9%
Net finance income/(cost)	18	93	431.3%	10	196	1870.6%	36	(37)	n/a	90	28	-68.7%
Other gains/(losses)	(88)	(6)	-93.3%	(3)	8	n/a	20	42	108.4%	43	172	295.6%
Share of profit of JV and associates	10	0	n/a	(13)	0	n/a	0	0	n/a	38	(67)	n/a
Pretax profit	369	528	42.9%	606	735	21.4%	728	629	-13.7%	632	235	-62.8%
Income tax	(67)	(99)	47.5%	(83)	(111)	34.4%	(91)	(86)	-5.8%	(58)	(68)	15.9%
After tax profit	302	429	41.8%	523	624	19.3%	637	543	-14.8%	574	167	-70.9%
MI	0	0	n/a	(0)	(0)	n/a	(1)	(0)	n/a	0	1	n/a
Net profit	302	429	41.8%	522	624	19.4%	636	542	-14.7%	574	168	-70.7%
<i>Gross margin</i>	<i>41.1%</i>	<i>40.6%</i>	<i>-0.5</i>	<i>31.8%</i>	<i>32.0%</i>	<i>ppt</i>	<i>37.6%</i>	<i>36.1%</i>	<i>-1.5</i>	<i>45.8%</i>	<i>30.9%</i>	<i>-14.9</i>
<i>S&D expense ratio</i>	<i>3.8%</i>	<i>5.3%</i>	<i>1.5</i>	<i>1.0%</i>	<i>3.0%</i>	<i>2.0</i>	<i>2.5%</i>	<i>3.2%</i>	<i>0.6</i>	<i>7.3%</i>	<i>7.0%</i>	<i>-0.4</i>
<i>Administrative expense ratio</i>	<i>2.0%</i>	<i>5.2%</i>	<i>3.2</i>	<i>2.5%</i>	<i>2.2%</i>	<i>-0.3</i>	<i>2.4%</i>	<i>2.0%</i>	<i>-0.4</i>	<i>2.6%</i>	<i>5.0%</i>	<i>2.3</i>
<i>R&D expense ratio</i>	<i>3.5%</i>	<i>3.7%</i>	<i>0.2</i>	<i>2.8%</i>	<i>3.1%</i>	<i>0.2</i>	<i>2.7%</i>	<i>3.5%</i>	<i>0.8</i>	<i>4.5%</i>	<i>4.5%</i>	<i>0.0</i>
<i>Effective tax rate</i>	<i>18.2%</i>	<i>18.8%</i>	<i>0.6</i>	<i>13.7%</i>	<i>15.2%</i>	<i>1.5</i>	<i>12.5%</i>	<i>13.7%</i>	<i>1.1</i>	<i>9.2%</i>	<i>28.8%</i>	<i>19.6</i>

Source: Company data, CMBIGM estimates

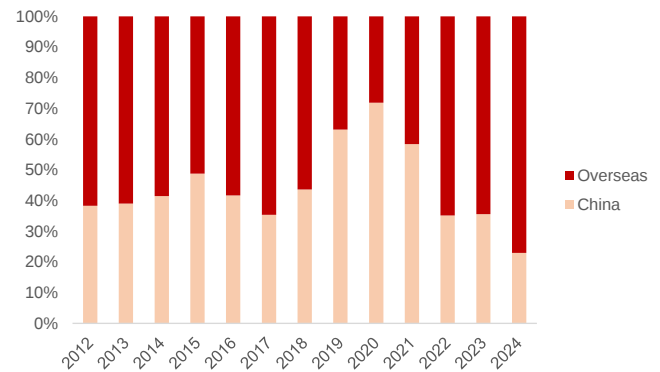
Figure 2: Key assumptions

(RMB mn)	2021	2022	2023	2024	2025E	2026E	2027E
Revenue							
Boom lifts	1,646	1,454	2,446	2,956	3,484	3,986	4,385
Scissor lifts	2,847	3,295	3,010	3,444	3,654	3,947	4,262
Vertical lifts	263	479	504	772	948	1,042	1,042
Revenue (core business)	4,755	5,228	5,960	7,172	8,086	8,975	9,690
Other business	184	217	352	627	753	858	964
Total revenue	4,939	5,445	6,312	7,799	8,840	9,834	10,653
Revenue growth							
Boom lifts	191.0%	-11.7%	68.2%	20.8%	17.9%	14.4%	10.0%
Scissor lifts	32.2%	15.7%	-8.6%	14.4%	6.1%	8.0%	8.0%
Vertical lifts	154.0%	82.1%	5.2%	53.1%	22.7%	10.0%	0.0%
Revenue (core business)	68.5%	9.9%	14.0%	20.3%	12.8%	11.0%	8.0%
Other business	36.6%	18.1%	62.0%	78.3%	20.1%	13.9%	12.3%
Total revenue	67.1%	10.2%	15.9%	23.6%	13.3%	11.2%	8.3%
Gross margin							
Boom lifts	18.2%	20.6%	30.5%	30.2%	29.5%	28.0%	28.0%
Scissor lifts	32.5%	32.6%	40.3%	35.5%	34.8%	34.5%	34.5%
Vertical lifts	38.4%	34.0%	43.5%	38.8%	38.5%	38.0%	38.0%
Gross margin (core business)	27.8%	29.4%	36.5%	33.7%	32.9%	32.0%	31.9%
Other business	67.8%	70.2%	71.5%	50.6%	50.0%	50.0%	50.0%
Average gross margin	29.3%	31.0%	38.5%	35.0%	34.4%	33.6%	33.6%

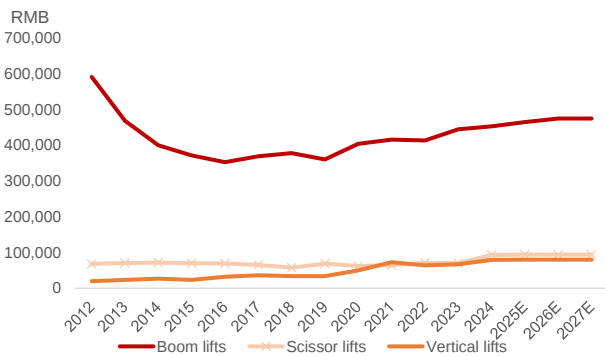
Source: Company data, CMBIGM estimates

Figure 3: Dingli's revenue breakdown by product

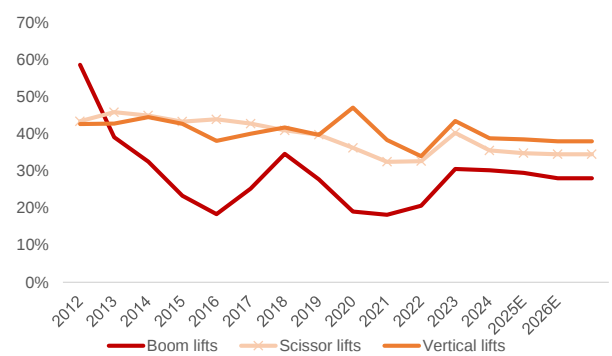
Source: Company data, CMBIGM estimates

Figure 4: Dingli's revenue breakdown by region

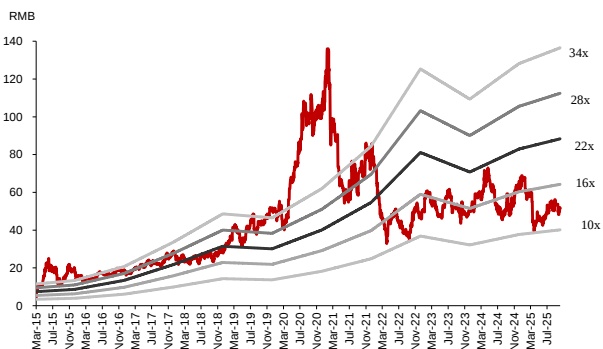
Source: Company data, CMBIGM

Figure 5: Dingli's ASP trend

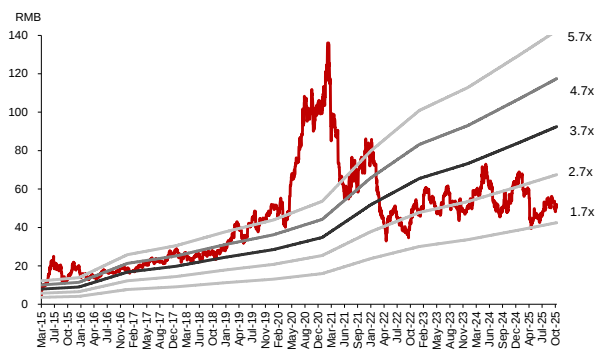
Source: Company data, CMBIGM estimates

Figure 6: Dingli's gross margin trend

Source: Company data, CMBIGM estimates

Figure 7: Dingli's 12M forward P/E band

Source: Bloomberg, company data, CMBIGM estimates

Figure 8: Dingli's 12M forward P/B band

Source: Bloomberg, company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	5,445	6,312	7,799	8,840	9,834	10,653
Cost of goods sold	(3,755)	(3,882)	(5,066)	(5,799)	(6,531)	(7,077)
Gross profit	1,690	2,430	2,733	3,041	3,303	3,576
Operating expenses	(547)	(689)	(917)	(1,061)	(1,131)	(1,225)
Selling expense	(158)	(232)	(254)	(309)	(344)	(373)
Admin expense	(123)	(141)	(225)	(283)	(315)	(341)
R&D expense	(202)	(220)	(256)	(292)	(325)	(352)
Others	(64)	(96)	(182)	(177)	(148)	(160)
Operating profit	1,143	1,740	1,816	1,980	2,172	2,351
Other gains/(losses)	64	113	100	106	118	128
Share of (losses)/profits of associates/JV	20	76	(70)	0	0	0
Depreciation	101	129	200	221	236	251
Interest income	250	264	105	217	188	218
Interest expense	(17)	(20)	(13)	(30)	(27)	(25)
Net Interest income/(expense)	233	245	92	187	161	193
Pre-tax profit	1,460	2,174	1,938	2,274	2,451	2,672
Income tax	(203)	(307)	(309)	(364)	(392)	(427)
After tax profit	1,257	1,867	1,629	1,910	2,059	2,244
Minority interest	0	0	(0)	0	0	0
Net profit	1,257	1,867	1,629	1,910	2,059	2,244

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	8,821	10,140	11,365	13,229	14,540	16,381
Cash & equivalents	3,522	4,397	5,078	5,796	6,752	7,757
Account receivables	3,094	3,489	3,464	4,528	4,363	5,269
Inventories	1,795	1,921	2,342	2,424	2,944	2,873
Prepayment	9	7	26	26	26	26
Other current assets	401	327	455	455	455	455
Non-current assets	2,980	4,067	3,988	4,108	4,347	4,522
PP&E	947	1,613	1,800	1,954	2,053	2,136
Deferred income tax	30	3	84	84	84	84
Investment in JVs & assos	121	332	0	0	0	0
Intangibles	396	389	784	749	715	680
Other non-current assets	1,486	1,731	1,321	1,321	1,496	1,622
Total assets	11,802	14,207	15,354	17,337	18,887	20,903
Current liabilities	3,753	4,435	4,523	5,152	5,285	5,696
Short-term borrowings	777	826	674	624	574	524
Account payables	2,381	2,971	3,076	3,755	3,939	4,399
Tax payable	225	290	379	379	379	379
Other current liabilities	341	323	285	285	285	285
Contract liabilities	29	25	108	108	108	108
Non-current liabilities	984	807	793	743	693	693
Long-term borrowings	740	493	378	328	278	278
Deferred income	183	191	247	247	247	247
Other non-current liabilities	61	122	168	168	168	168
Total liabilities	4,737	5,242	5,316	5,895	5,978	6,388
Total shareholders equity	7,065	8,965	10,035	11,439	12,906	14,512
Minority interest	0	0	3	3	3	3
Total equity and liabilities	11,802	14,207	15,354	17,337	18,887	20,903

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,460	2,174	1,938	2,274	2,451	2,672
Depreciation & amortization	101	129	200	221	236	251
Tax paid	(260)	(378)	(559)	(364)	(392)	(427)
Change in working capital	(211)	216	(16)	(467)	(346)	(501)
Others	(154)	87	354	(187)	(161)	(193)
Net cash from operations	937	2,227	1,917	1,476	1,787	1,801
Investing						
Capital expenditure	(819)	(371)	(356)	(340)	(300)	(300)
Others	(402)	(491)	178	217	188	218
Net cash from investing	(1,222)	(863)	(179)	(123)	(112)	(82)
Financing						
Dividend paid	(172)	(253)	(506)	(506)	(592)	(638)
Net borrowings	266	(198)	(267)	(100)	(100)	(50)
Proceeds from share issues	0	0	0	0	0	0
Others	(49)	(69)	(223)	(30)	(27)	(25)
Net cash from financing	45	(520)	(997)	(636)	(719)	(713)
Net change in cash						
Cash at the beginning of the year	3,514	3,522	4,397	5,078	5,796	6,752
Exchange difference	248	30	(60)	0	0	0
Cash at the end of the year	3,522	4,397	5,078	5,796	6,752	7,757
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	10.2%	15.9%	23.6%	13.3%	11.2%	8.3%
Gross profit	16.7%	43.7%	12.5%	11.3%	8.6%	8.3%
Operating profit	9.1%	52.2%	4.4%	9.0%	9.7%	8.2%
Net profit	42.1%	48.5%	(12.8%)	17.3%	7.8%	9.0%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	31.0%	38.5%	35.0%	34.4%	33.6%	33.6%
Operating margin	21.0%	27.6%	23.3%	22.4%	22.1%	22.1%
Return on equity (ROE)	19.3%	23.3%	17.1%	17.8%	16.9%	16.4%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.3)	(0.3)	(0.4)	(0.4)	(0.5)	(0.5)
Current ratio (x)	2.4	2.3	2.5	2.6	2.8	2.9
Receivable turnover days	180.6	190.3	162.7	165.0	165.0	165.0
Inventory turnover days	154.7	174.7	153.6	150.0	150.0	150.0
Payable turnover days	206.5	251.6	217.8	215.0	215.0	215.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	21.1	14.2	16.3	13.9	12.9	11.8
P/B	3.8	3.0	2.6	2.3	2.1	1.8
Div yield (%)	1.0	1.9	1.9	2.2	2.4	2.6

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

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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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