Zoomlion (1157 HK/000157 CH)

Full range of products to expand globally

In our 2026 sector outlook published today (link), we highlight large-size mining machinery in overseas as well as emerging markets as key growth areas in 2026E. In China, we see an early stage of recovery for crane machinery and an ongoing upcycle for earth-moving machinery. We believe Zoomlion will fully benefit from all these themes given its full range of product offerings, emerging market focus and expansion of global capacity. Moreover, Zoomlion has already launched 3 types of humanoid robots (currently performing tasks in factories) and is on track to achieve mass production. We revise up our 2025E-27E earnings forecast by 12-15%, to reflect our new industry sales assumptions (but humanoid robots not modelled yet). Our TP for Zoomlion A/H is revised up to RMB12.0/HK$9.2, based on 2026E target P/E multiple of 18.6x for A-share and 30% discount for H-share. Reiterate **BUY.**

- **Valuation for Zoomlion-A.** We roll over our target valuation to 2026E, based on 18.6x P/E, to reach our new TP for A-share of RMB12 (previously RMB9.9). Our target P/E (previously 19.5x) is based on the five-year average historical P/E of 13.7x plus 1SD. Our above-average target multiple is to reflect Zoomlion's emerging market expansion story with full range of product offerings.
- **Valuation for Zoomlion-H.** Our new TP for H-share (HK$9.2) is based on a 30% H/A discount (based on historical average).
- **Key risks:** (1) lack of sustainable recovery of non-earth-moving machinery demand in China; (2) slowdown of overseas demand; (3) decline in mining capex.

Earnings Summary - 1157 HK

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	47,075	45,478	51,347	58,703	66,030
YoY growth (%)	13.1	(3.4)	12.9	14.3	12.5
Adjusted net profit (RMB mn)	3,550.0	3,521.0	4,672.7	5,320.3	5,986.3
EPS (Reported) (RMB)	0.43	0.42	0.57	0.65	0.73
YoY growth (%)	54.9	(1.3)	33.4	13.9	12.5
Consensus EPS (RMB)	na	0.00	0.58	0.69	0.81
P/E (x)	15.3	15.5	11.6	10.2	9.1
P/B (x)	1.0	1.0	1.0	0.9	0.9
Yield (%)	4.9	4.6	5.7	6.5	7.3
ROE (%)	6.9	7.1	8.5	9.3	10.1
Net gearing (%)	12.2	21.7	25.4	25.1	24.3

Source: Company data, Bloomberg, CMBIGM estimates

	1157 HK	000157 CH
	BUY	BUY
	Maintain	Maintain
TP	HK$9.20	RMB12.00
Prior TP	HK$7.40	RMB9.90
Up/Downside	26.9%	48.5%
Current Price	HK$7.3	RMB8.1

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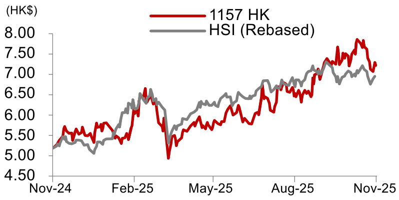
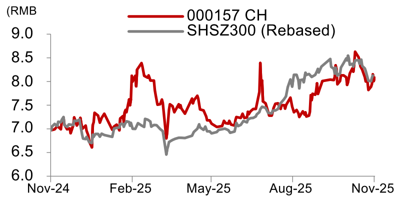
12-mth Price Performance





Source: FactSet

Stock Performance

	1157 HK		000157 CH	
	Abs.	Rel.	Abs.	Rel.
1-mth	0.6%	2.4%	1.9%	4.2%
3-mth	11.0%	7.3%	7.9%	9.5%
6-mth	24.8%	12.2%	13.6%	5.8%

Source: FactSet

Stock Data

(LC)	1157 HK	000157 CH
Mkt Cap (mn)	11469.24	57335.9
Avg 3 mths t/o (mn)	67.56	767.5
52w High	7.86	8.63
52w Low	4.94	6.61
Issued Shares (mn)	1581.965	7096.028

Source: FactSet

Related reports:

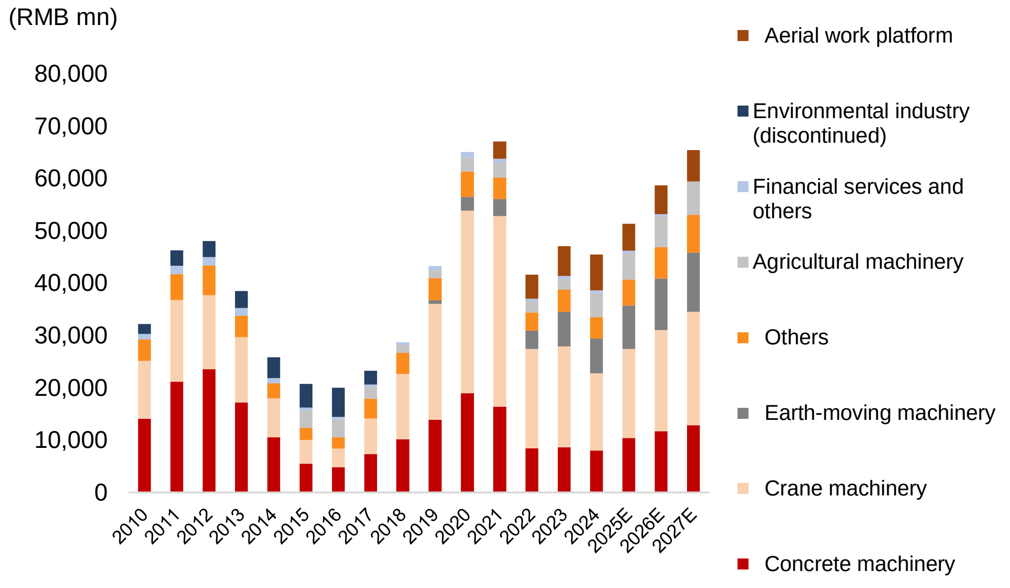
Capital Goods - 3Q25 results first take: SANY Heavy & Zoomlion beat; Weichai in-line; SANYI missed – 31 Oct 2025 (link)

Figure 1: Changes in key assumptions

	Old			New			Change		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
(RMB mn)									
Revenue									
Construction machinery	46,226	53,481	60,099	45,829	52,407	59,131	-1%	-2%	-2%
Concrete machinery	8,815	9,872	10,859	10,417	11,667	12,834	18%	18%	18%
Crane machinery	16,117	18,212	20,033	17,004	19,385	21,711	6%	6%	8%
Aerial work platform	8,560	10,272	11,813	5,125	5,484	6,032	-40%	-47%	-49%
Earth-moving machinery	7,871	9,288	10,681	8,338	9,839	11,315	6%	6%	6%
Other machinery	4,863	5,836	6,711	4,944	6,032	7,238	2%	3%	8%
Agricultural machinery	6,278	7,847	8,632	5,022	5,775	6,353	-20%	-26%	-26%
Financial services and others	496	520	546	496	520	546	0%	0%	0%
Total revenue	**52,999**	**61,848**	**69,277**	**51,347**	**58,703**	**66,030**	**-3%**	**-5%**	**-5%**
Gross margin								***Change in ppt***	
Construction machinery	*29.5%*	*29.6%*	*29.7%*	*29.3%*	*29.5%*	*29.6%*	*-0.19*	*-0.18*	*-0.10*
Concrete machinery	*22.8%*	*23.0%*	*23.0%*	*23.0%*	*23.2%*	*23.2%*	*0.20*	*0.20*	*0.20*
Crane machinery	*32.8%*	*33.0%*	*33.2%*	*33.0%*	*33.1%*	*33.2%*	*0.20*	*0.10*	*0.00*
Aerial work platform	*31.0%*	*31.0%*	*31.0%*	*30.0%*	*30.3%*	*30.3%*	*-1.00*	*-0.70*	*-0.70*
Earth-moving machinery	*29.3%*	*29.5%*	*29.5%*	*29.8%*	*30.0%*	*30.5%*	*0.50*	*0.50*	*1.00*
Other machinery	*28.0%*	*28.2%*	*28.2%*	*28.0%*	*28.2%*	*28.2%*	*0.00*	*0.00*	*0.00*
Agricultural machinery	*14.0%*	*15.5%*	*16.0%*	*14.0%*	*15.5%*	*16.0%*	*0.00*	*0.00*	*0.00*
Financial services	*97.0%*	*97.0%*	*97.0%*	*97.0%*	*97.0%*	*97.0%*	*0.00*	*0.00*	*0.00*
Blended gross margin	***28.3%***	***28.4%***	***28.5%***	***28.4%***	***28.7%***	***28.9%***	***0.17***	***0.27***	***0.32***
S&D expense ratio	*8.1%*	*8.1%*	*8.1%*	*8.2%*	*8.2%*	*8.2%*	*0.1*	*0.1*	*0.1*
Administrative expense ratio	*6.6%*	*6.4%*	*6.3%*	*6.1%*	*6.0%*	*6.0%*	*(0.5)*	*(0.4)*	*(0.3)*
R&D expense ratio	*5.5%*	*5.4%*	*5.3%*	*5.5%*	*5.4%*	*5.3%*	*0.0*	*0.0*	*0.0*
Effective tax rate	*10.0%*	*11.0%*	*11.0%*	*11.0%*	*11.0%*	*11.0%*	*1.0*	*0.0*	*0.0*
MI	13.0%	13.0%	13.0%	*5.0%*	*5.0%*	*5.0%*	*(8.0)*	*(8.0)*	*(8.0)*
Net profit	**4,177**	**4,705**	**5,229**	**4,673**	**5,320**	**5,986**	**11.9%**	**13.1%**	**14.5%**

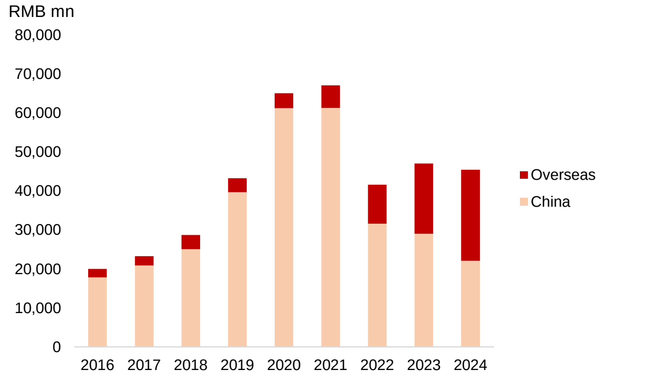
Source: Company data, CMBIGM estimates

Figure 2: Zoomlion's revenue breakdown



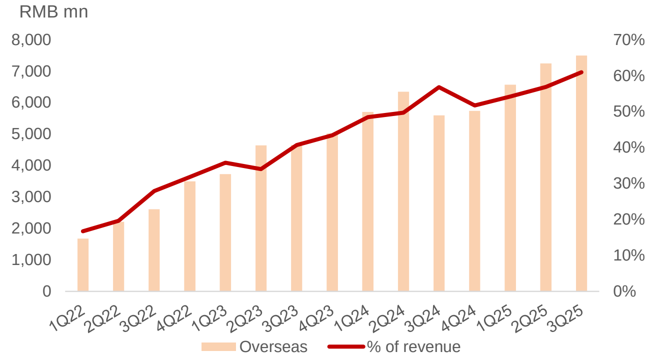
Source: Company data, CMBIGM estimates

Figure 3: Zoomlion revenue breakdown by region



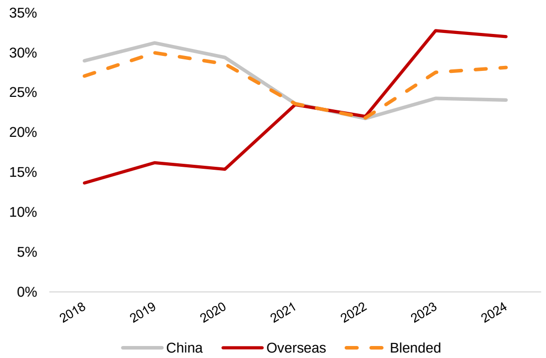
Source: Company data, CMBIGM

Figure 4: Overseas revenue ratio has exceeded 50% since 2Q24



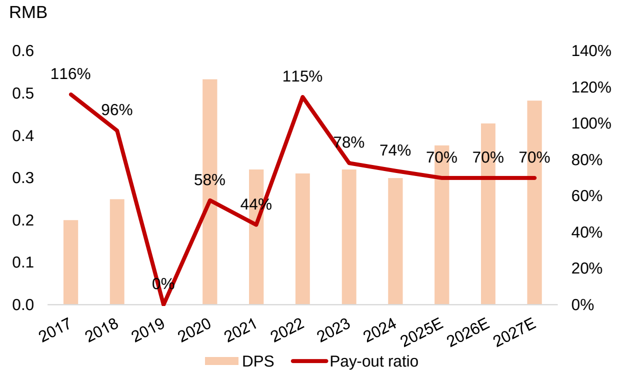
Source: Company data, CMBIGM

Figure 5: Gross margin overseas has exceeded that in China since 2023



Source: Company data, CMBIGM

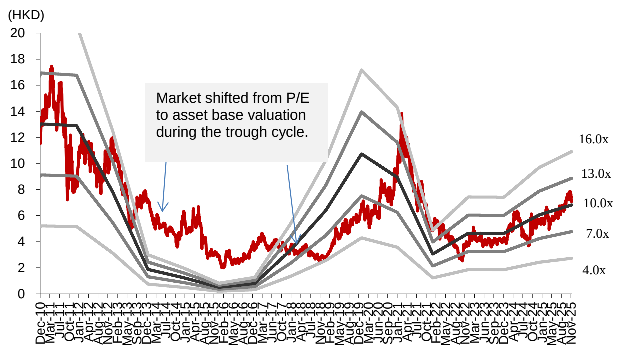
Figure 6: Zoomlion's DPS and payout ratio



Source: Company data, CMBIGM estimates

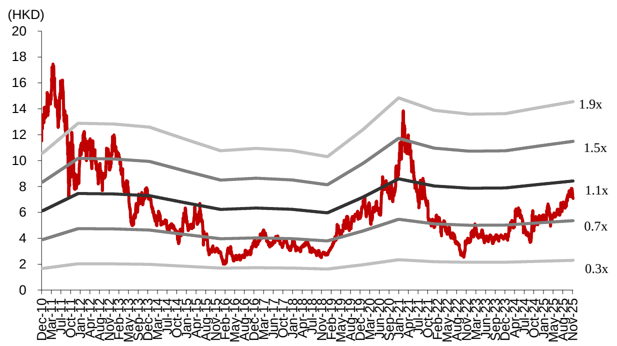
Valuation

Figure 7: Zoomlion - H 12M forward P/E band



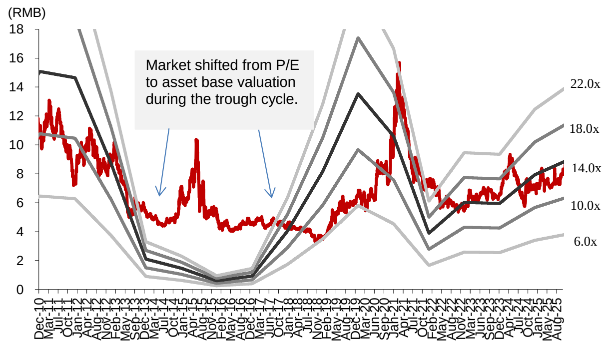
Source: Bloomberg, company data, CMBIGM estimates

Figure 8: Zoomlion - H 12M forward P/B band



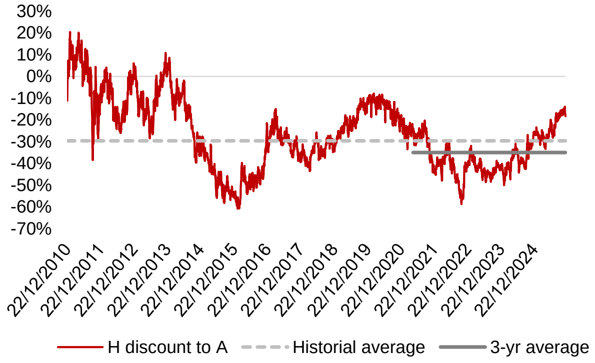
Source: Bloomberg, company data, CMBIGM estimates

Figure 9: Zoomlion - A 12M forward P/E band



Source: Bloomberg, company data, CMBIGM estimates

Figure 10: Zoomlion – H/A discount



Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	**41,631**	**47,075**	**45,478**	**51,347**	**58,703**	**66,030**
Cost of goods sold	(32,543)	(34,109)	(32,668)	(36,749)	(41,865)	(46,978)
Gross profit	**9,088**	**12,966**	**12,810**	**14,598**	**16,837**	**19,052**
Selling expense	(2,635)	(3,557)	(3,721)	(4,210)	(4,814)	(5,414)
Admin expense	(2,846)	(3,068)	(3,155)	(3,132)	(3,522)	(3,962)
R&D expense	(2,507)	(3,441)	(2,769)	(2,824)	(3,170)	(3,500)
Other income	982	935	1,162	1,023	973	923
Other gains/(losses)	0	0	0	0	0	0
Share of (losses)/profits of associates/JV	130	153	84	91	92	94
EBITDA	**3,116**	**4,980**	**5,401**	**6,713**	**7,626**	**8,465**
Depreciation	1,034	1,145	1,074	1,259	1,321	1,366
EBIT	**2,082**	**3,835**	**4,327**	**5,454**	**6,304**	**7,099**
Interest income	989	914	653	771	688	682
Interest expense	(689)	(630)	(681)	(789)	(792)	(795)
Net Interest income/(expense)	**300**	**284**	**(28)**	**(18)**	**(104)**	**(113)**
Pre-tax profit	**2,512**	**4,272**	**4,383**	**5,527**	**6,293**	**7,080**
Income tax	(86)	(457)	(374)	(608)	(692)	(779)
Minority interest	(79)	(265)	(488)	(246)	(280)	(315)
Net profit	**2,426**	**3,815**	**4,009**	**4,919**	**5,600**	**6,301**
Adjusted net profit	**2,347**	**3,550**	**3,521**	**4,673**	**5,320**	**5,986**
Gross dividends	2,694	2,777	2,603	3,271	3,724	4,190

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	**73,602**	**78,006**	**74,478**	**85,440**	**83,849**	**96,939**
Cash & equivalents	13,791	13,606	12,155	9,620	9,381	9,389
Account receivables	33,962	32,033	32,400	39,345	39,462	46,648
Inventories	14,203	22,504	22,564	26,770	26,680	29,951
ST bank deposits	1,708	2,265	1,565	1,565	1,565	1,565
Financial assets at FVTPL	4,011	1,767	1,622	1,622	1,622	1,622
Other current assets	5,927	5,831	4,172	6,519	5,140	7,764
Non-current assets	**49,915**	**52,819**	**49,234**	**61,707**	**55,922**	**66,520**
PP&E	13,903	17,364	20,577	23,730	24,623	24,971
Deferred income tax	1,907	2,303	2,637	2,637	2,637	2,637
Investment in JVs & assos	4,476	4,497	4,484	4,575	4,667	4,761
Intangibles	1,926	1,988	2,019	1,957	1,793	1,629
Goodwill	2,562	2,641	2,580	2,580	2,580	2,580
Financial assets at FVTPL	2,263	2,669	2,017	2,017	2,017	2,017
Other non-current assets	22,878	21,357	14,920	24,211	17,605	27,925
Total assets	**123,517**	**130,825**	**123,712**	**147,147**	**139,771**	**163,459**
Current liabilities	**48,393**	**49,996**	**42,987**	**64,106**	**54,401**	**75,512**
Short-term borrowings	11,018	7,377	10,837	10,937	11,037	11,137
Account payables	35,259	40,513	29,763	50,782	40,977	61,988
Tax payable	107	154	310	310	310	310
Other current liabilities	2,009	1,952	2,077	2,077	2,077	2,077
Non-current liabilities	**18,185**	**21,698**	**20,923**	**20,923**	**20,923**	**20,923**
Long-term borrowings	10,962	14,922	15,412	15,412	15,412	15,412
Other non-current liabilities	7,223	6,776	5,511	5,511	5,511	5,511
Total liabilities	**66,578**	**71,694**	**63,910**	**85,029**	**75,324**	**96,435**
Total shareholders equity	**54,705**	**56,371**	**57,101**	**59,171**	**61,220**	**63,482**
Minority interest	2,234	2,760	2,701	2,947	3,227	3,542
Total equity and liabilities	**123,517**	**130,825**	**123,712**	**147,147**	**139,771**	**163,459**

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**2,512**	**4,272**	**4,383**	**5,527**	**6,293**	**7,080**
Depreciation & amortization	1,034	1,145	1,074	1,259	1,321	1,366
Tax paid	(436)	(401)	(1,003)	(608)	(692)	(779)
Change in working capital	(2,015)	(2,837)	(3,410)	(1,820)	(1,897)	(2,440)
Others	856	113	430	(73)	12	19
Net cash from operations	**1,951**	**2,292**	**1,474**	**4,286**	**5,036**	**5,246**
Investing						
Capital expenditure	(1,027)	(1,727)	(3,902)	(4,200)	(2,000)	(1,500)
Acquisition of subsidiaries/ investments	(191)	0	0	0	0	0
Others	2,259	1,870	1,648	671	688	682
Net cash from investing	**1,041**	**143**	**(2,254)**	**(3,529)**	**(1,312)**	**(818)**
Financing						
Dividend paid	(2,777)	(2,694)	(2,777)	(2,603)	(3,271)	(3,724)
Net borrowings	2,751	319	3,950	100	100	100
Proceeds from share issues	(1,556)	(1,085)	(54)	0	0	0
Others	(912)	816	(1,798)	(789)	(792)	(795)
Net cash from financing	**(2,494)**	**(2,644)**	**(679)**	**(3,292)**	**(3,963)**	**(4,419)**
Net change in cash						
Cash at the beginning of the year	13,190	13,791	13,606	12,155	9,620	9,381
Exchange difference	103	24	8	0	0	0
Cash at the end of the year	**13,791**	**13,606**	**12,155**	**9,620**	**9,381**	**9,389**

GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(38.0%)	13.1%	(3.4%)	12.9%	14.3%	12.5%
Gross profit	(42.7%)	42.7%	(1.2%)	14.0%	15.3%	13.2%
EBITDA	(61.5%)	59.8%	8.5%	24.3%	13.6%	11.0%
EBIT	(71.1%)	84.2%	12.8%	26.0%	15.6%	12.6%
Net profit	(62.2%)	57.3%	5.1%	22.7%	13.9%	12.5%
Adj. net profit	(62.8%)	51.3%	(0.8%)	32.7%	13.9%	12.5%

PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	21.8%	27.5%	28.2%	28.4%	28.7%	28.9%
EBITDA margin	7.5%	10.6%	11.9%	13.1%	13.0%	12.8%
Adj. net profit margin	5.6%	7.5%	7.7%	9.1%	9.1%	9.1%
Return on equity (ROE)	4.4%	6.9%	7.1%	8.5%	9.3%	10.1%

GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.1	0.1	0.2	0.3	0.3	0.2
Current ratio (x)	1.5	1.6	1.7	1.3	1.5	1.3
Receivable turnover days	413.2	343.9	329.6	325.0	312.0	305.0
Inventory turnover days	155.4	196.4	251.8	245.0	233.0	220.0
Payable turnover days	403.0	405.4	392.6	400.0	400.0	400.0

VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	23.7	15.3	15.5	11.6	10.2	9.1
P/B	1.0	1.0	1.0	1.0	0.9	0.9
Div yield (%)	4.7	4.9	4.6	5.7	6.5	7.3

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

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HOLD	: Stock with potential return of +15% to -10% over next 12 months
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NOT RATED	: Stock is not rated by CMBIGM
OUTPERFORM	: Industry expected to outperform the relevant broad market benchmark over next 12 months
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UNDERPERFORM	: Industry expected to underperform the relevant broad market benchmark over next 12 months

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