

SANY Heavy (600031 CH/6031 HK)

Clear target on mining excavator growth

As discussed in our 2026 sector outlook published today ([link](#)), we see large-size mining excavators in overseas as well as emerging markets as key growth areas in 2026E. In China market, we believe drivers will come from (1) the replacement-driven upcycle of excavators, and (2) an early stage of crane demand recovery. We revise up SANY's 2025E-27E earnings forecast by 2-5%, after incorporating higher sales volume and finance income following the recent HK IPO. Accordingly, we revise up our TP for SANY-A to RMB27 (from RMB24), after rolling over our valuation base to 2026E with an unchanged target P/E of 24x (equivalent to 0.5SD above the average of 20x since 2017, to reflect the earnings upcycle). Reiterate **BUY**. We also extend our coverage to SANY-H with a **BUY** rating and TP of HK\$29.5 (assuming no discount to A-share).

- **Mining excavator will be a focus over the coming years.** In the 3Q25 earnings call, SANY revealed a plan to separate its mining excavator operation with an aim to better collaborate with SANYI's (631 HK, BUY) mining truck unit to expand the overseas mining equipment segment. SANY targets to boost the annual mining excavator sales from RMB2bn in 2025E to RMB6bn in 2028E.
- **Enhanced financial strength post HK IPO.** Following the HK listing, SANY raised ~HK\$15bn (or ~RMB13.7bn). We forecast SANY's net cash to reach RMB25bn by end-2025E. More than half of the proceeds will be spent on global sales network and overseas capacity expansion.
- **Key risks:** (1) Slowdown of overseas demand; (2) lack of sustainable recovery of non-earth-moving machinery demand in China; (3) decline in mining capex.

Earnings Summary - 600031 CH

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	74,019	78,383	91,130	102,812	112,997
YoY growth (%)	(8.4)	5.9	16.3	12.8	9.9
Adjusted net profit (RMB mn)	4,527.5	5,975.4	8,661.9	10,321.6	11,647.2
EPS (Reported) (RMB)	0.53	0.70	0.98	1.12	1.27
YoY growth (%)	6.0	32.1	39.1	14.5	12.8
Consensus EPS (RMB)	na	na	0.99	1.19	1.46
P/E (x)	38.1	28.8	20.7	18.1	16.0
P/B (x)	2.5	2.4	2.1	1.9	1.8
Yield (%)	1.1	1.8	2.4	2.8	3.1
Net gearing (%)	6.2	(14.5)	(28.3)	(32.3)	(32.3)

Source: Company data, Bloomberg, CMBIGM estimates

600031 CH 6031 HK

BUY BUY

Maintain Maintain

TP	RMB27.00	HK\$29.50
Prior TP	RMB24.00	N/A
Up/Downside	32.9%	39.4%
Current Price	RMB20.3	HK\$21.2

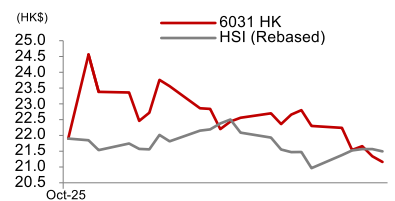
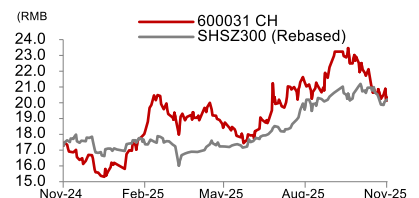
China Capital Goods

Wayne FUNG, CFA

(852) 3900 0826

waynefung@cmbi.com.hk

12-mth Price Performance



Source: FactSet

Stock Performance

	600031 CH		6031 HK	
	Abs.	Rel.	Abs.	Rel.
1-mth	-7.4%	-4.0%	-3.4%	-5.7%
3-mth	-4.3%	-5.6%	NM	-7.5%
6-mth	9.8%	-6.9%	NM	-1.2%

Source: FactSet

Stock Data

(LC)	600031 CH	6031 HK
Mkt Cap (mn)	172212	15256.36
Avg 3 mths t/o (mn)	1491.98	309.56
52w High	23.57	NA
52w Low	15.31	NA
Issued Shares (mn)	8475	721

Source: FactSet

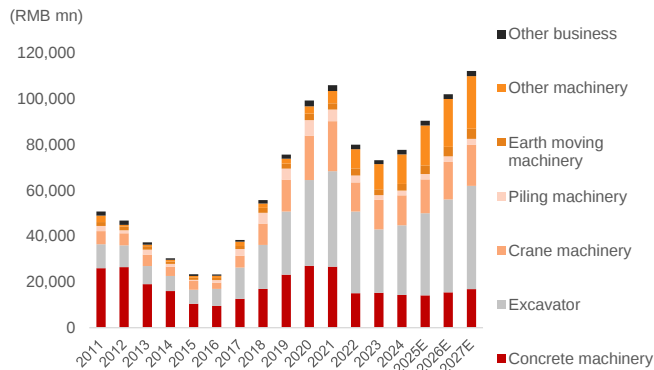
Related reports:

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

SANY Heavy – 2Q25 profit +38% YoY to interim div; Solid upcycle – 22 Aug 2025 ([link](#))

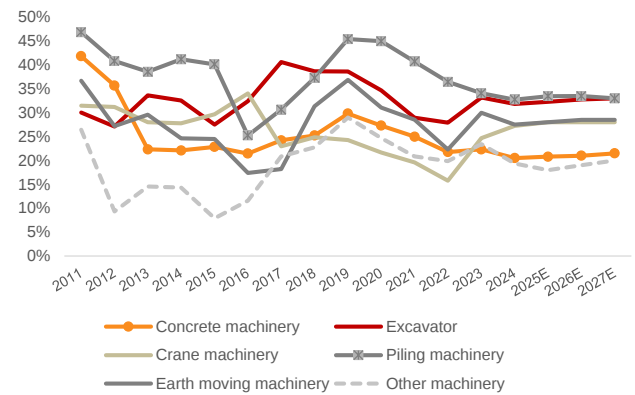
Key operating assumptions

Figure 1: SANY Heavy's revenue breakdown



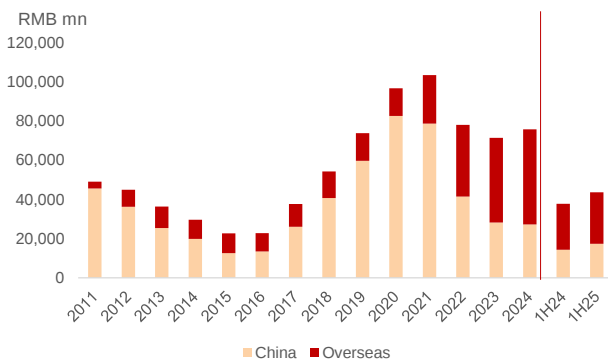
Source: Company data, CMBIGM estimates

Figure 2: SANY Heavy's gross margin breakdown



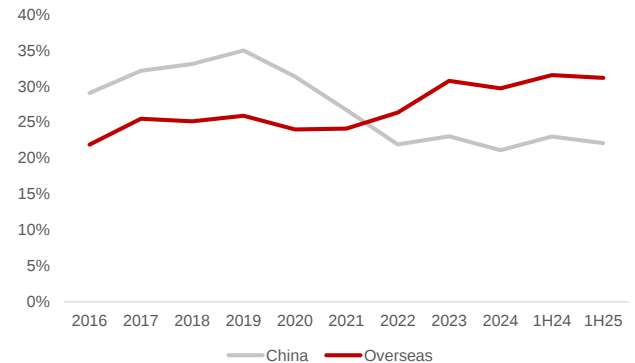
Source: Company data, CMBIGM estimates

Figure 3: SANY Heavy's revenue breakdown by region



Source: Company data, CMBIGM

Figure 4: SANY Heavy's gross margin breakdown by region



Source: Company data, CMBIGM

Figure 5: SANY Heavy's overseas revenue breakdown

(RMB mn)	1H24	1H25	Chg YoY	% of total
Asia Pacific (ex-China)	9,850	11,450	16%	44%
Europe	6,110	6,150	1%	23%
America	5,000	5,060	1%	19%
Africa	2,580	3,630	41%	14%
Total	23,540	26,290	12%	100%

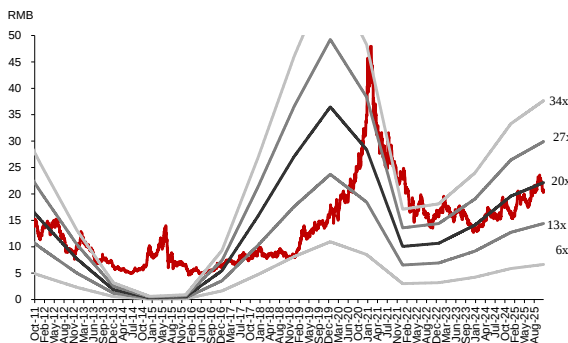
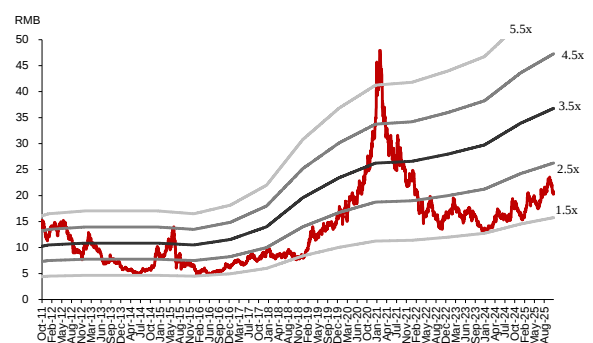
Source: Company data, CMBIGM

Figure 6: Changes in key assumptions for SANY Heavy

(RMB mn)	Old			New			Change		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue									
Concrete machinery	14,100	15,228	16,446	14,100	15,510	16,906	0.0%	1.9%	2.8%
Excavator	35,044	38,899	42,788	35,958	40,632	45,102	2.6%	4.5%	5.4%
Crane machinery	14,842	16,326	17,958	14,842	16,326	17,958	0.0%	0.0%	0.0%
Piling machinery	2,346	2,463	2,586	2,346	2,463	2,586	0.0%	0.0%	0.0%
Earth moving machinery	3,736	4,109	4,438	3,794	4,173	4,507	1.6%	1.6%	1.6%
Other machinery	17,411	20,894	22,983	17,411	20,894	22,983	0.0%	0.0%	0.0%
Revenue (construction machinery)	87,478	97,918	107,200	88,451	99,998	110,043	1.1%	2.1%	2.7%
Interest income from financing	640	673	706	640	673	706	0.0%	0.0%	0.0%
Other business	2,039	2,141	2,248	2,039	2,141	2,248	0.0%	0.0%	0.0%
Total revenue	90,158	100,732	110,154	91,130	102,812	112,997	1.1%	2.1%	2.6%
Gross margin								ppt	
Concrete machinery	20.8%	21.0%	21.5%	20.8%	21.0%	21.5%	0.0	0.0	0.0
Excavator	32.3%	32.8%	33.0%	32.3%	32.8%	33.0%	0.0	0.0	0.0
Crane machinery	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	0.0	0.0	0.0
Piling machinery	33.5%	33.5%	33.0%	33.5%	33.5%	33.0%	0.0	0.0	0.0
Earth moving machinery	28.0%	28.5%	28.5%	28.0%	28.5%	28.5%	0.0	0.0	0.0
Other machinery	18.0%	19.0%	20.0%	18.0%	19.0%	20.0%	0.0	0.0	0.0
Gross margin (construction machinery)	26.7%	27.1%	27.4%	26.8%	27.1%	27.5%	0.1	0.1	0.1
Interest income from financing	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	0.0	0.0	0.0
Other business	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	0.0	0.0	0.0
Blended gross margin	26.9%	27.2%	27.6%	26.9%	27.3%	27.6%	0.1	0.1	0.1
Net finance expense/(income)	649	601	780	701	1,137	1,313	8.0%	89.4%	68.4%
S&D expense ratio	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	0.0	0.0	0.0
Administrative expense ratio	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	0.0	0.0	0.0
R&D expense ratio	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	0.0	0.0	0.0
Effective tax	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	0.0	0.0	0.0
Net profit	8,505	9,807	11,070	8,662	10,322	11,647	1.8%	5.3%	5.2%

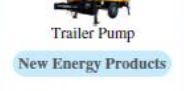
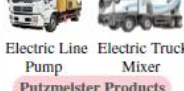
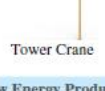
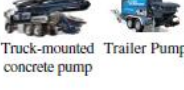
Source: Company data, CMBIGM estimates

Valuation

Figure 7: SANY-A's P/E bandSource: Company data, Bloomberg, CMBIGM estimates
Note: 12M forward P/E on daily basis**Figure 8: SANY-A's P/B band**Source: Company data, Bloomberg, CMBIGM estimates
Note: 12M forward P/B on daily basis

Appendix

Figure 9: SANY Heavy's product offerings

	Excavating Machinery	Concrete Machinery	Hoisting Machinery	Piling Machinery	Road Machinery	Other Key Categories	Solutions
Application Scenarios	■ Earthworks, mining operation, public construction, road and bridge construction	■ Municipal construction, road and bridge construction, airport runway and tunnel construction	■ Building construction, port terminals, warehousing logistics and new energy industries, such as wind turbine installation	■ Foundation construction, deep foundation pit support and tunnel excavation	■ Construction and maintenance of road, bridge and airport runway	■ Municipal construction and transportation	
Key Product Offerings	 Excavators (mini, small, medium & large)	 Truck-mounted concrete pump	 Truck Crane	 Rotary Drilling Rig	 Roller	 Dump Truck	Digital Solution for Open-pit Mining
	 Wheel Excavator	 Batching Plant	 All-terrain Crane	 Diaphragm Wall Grab	 Paver	 Fire Truck	Comprehensive Truck-mounted Concrete Pump Solution
	 Loader	 Trailer Pump	 Crawler Crane	 Double-wheel Trench Cutter	 Motor Grader	 Electric Dump Truck	Crane Smart Operation Solution
	 Electric Excavator	 Electric Line Pump	 Tower Crane	 New Energy Products	 Asphalt Batching Plant	 New Energy Products	Smart Tunnel Construction Solution
	 Electric Loader	 Electric Truck Mixer	 New Energy Products	 Electric Rotary Drilling Rig	 Milling Machine	 Hydrogen Fuel Dump Truck	Smart Paving and Rolling Fleet
		 Truck-mounted concrete pump	 Trailer Pump				***

Source: Company data, CMBIGM

Figure 10: SANY Heavy's global production bases



◆ Representing the nine factories owned by Putzmeister worldwide, located in Germany, France, Spain, Slovenia, Turkey, India, Brazil, Chile and the U.S.

Source: Company data, CMBIGM

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	80,822	74,019	78,383	91,130	102,812	112,997
Cost of goods sold	(61,164)	(53,312)	(57,473)	(66,579)	(74,761)	(81,759)
Gross profit	19,658	20,707	20,910	24,552	28,051	31,238
Operating expenses	(17,147)	(16,394)	(15,261)	(16,307)	(17,972)	(19,756)
Selling expense	(6,302)	(6,218)	(5,464)	(5,923)	(6,683)	(7,345)
Admin expense	(2,639)	(2,651)	(2,996)	(3,190)	(3,598)	(3,955)
R&D expense	(6,923)	(5,865)	(5,381)	(5,286)	(5,963)	(6,554)
Others	(1,283)	(1,660)	(1,420)	(1,908)	(1,728)	(1,902)
Operating profit	2,512	4,313	5,649	8,245	10,078	11,482
Share of (losses)/profits of associates/JV	27	50	58	103	105	107
EBITDA	4,906	7,201	8,896	11,584	13,630	15,245
Depreciation	2,394	2,888	3,247	3,339	3,552	3,763
Interest income	696	980	1,009	1,112	1,346	1,497
Interest expense	(403)	(517)	(1,211)	(421)	(423)	(425)
Net interest income/(expense)	294	463	(202)	691	923	1,072
Others	2,000	491	1,402	1,100	1,000	1,000
Pre-tax profit	4,832	5,317	6,908	10,139	12,106	13,661
Income tax	(428)	(710)	(815)	(1,318)	(1,574)	(1,776)
Minority interest	(132)	(79)	(117)	(159)	(211)	(238)
Adjusted net profit	4,273	4,527	5,975	8,662	10,322	11,647

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	105,762	97,633	101,505	117,729	133,205	137,519
Cash & equivalents	21,343	18,072	20,383	35,239	41,673	43,876
Account receivables	25,022	24,165	25,517	26,915	31,674	33,338
Inventories	19,738	19,768	19,948	20,182	24,061	24,771
Other current assets	39,659	35,629	35,658	35,394	35,797	35,534
Non-current assets	52,993	53,569	50,640	54,516	52,467	56,792
PP&E	19,681	23,453	22,369	22,244	21,710	20,968
Deferred income tax	2,499	3,070	3,577	3,577	3,577	3,577
Investment in JVs & assos	2,239	2,401	2,425	2,476	2,529	2,582
Intangibles	4,519	4,832	4,615	4,302	3,964	3,613
Goodwill	48	50	48	48	48	48
Financial assets at FVTPL	0	0	0	0	0	0
Other non-current assets	24,007	19,763	17,606	21,869	20,640	26,005
Total assets	158,755	151,202	152,145	172,244	185,672	194,311
Current liabilities	67,630	54,415	63,669	66,655	71,267	73,182
Short-term borrowings	11,064	9,551	9,461	9,561	9,661	9,761
Account payables	28,908	22,693	28,654	31,540	36,052	37,867
Tax payable	1,191	1,063	1,224	1,224	1,224	1,224
Other current liabilities	26,467	21,109	24,330	24,330	24,330	24,330
Non-current liabilities	25,116	27,614	15,474	15,474	15,474	15,474
Long-term borrowings	21,625	23,556	11,556	11,556	11,556	11,556
Other non-current liabilities	3,491	4,059	3,918	3,918	3,918	3,918
Total liabilities	92,746	82,029	79,143	82,129	86,741	88,656
Total shareholders equity	64,966	68,040	71,953	88,908	97,512	103,999
Minority interest	1,043	1,133	1,048	1,207	1,418	1,655
Total equity and liabilities	158,755	151,202	152,145	172,244	185,672	194,311

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	4,832	5,317	6,908	10,139	12,106	13,661
Depreciation & amortization	2,394	2,888	3,247	3,339	3,552	3,763
Tax paid	(428)	(710)	(815)	(1,318)	(1,574)	(1,776)
Change in working capital	(2,264)	(3,067)	4,910	(2,746)	(3,300)	(5,661)
Others	(436)	1,281	565	(794)	(1,028)	(1,179)
Net cash from operations	4,099	5,708	14,814	8,620	9,756	8,809
Investing						
Capital expenditure	(5,538)	(4,128)	(2,685)	(2,800)	(2,600)	(2,600)
Acquisition of subsidiaries/ investments	(20)	(92)	(11)	0	0	0
Others	3,720	1,527	1,538	1,064	1,318	1,481
Net cash from investing	(1,838)	(2,694)	(1,158)	(1,736)	(1,282)	(1,119)
Financing						
Dividend paid	(3,822)	(1,359)	(1,862)	(5,648)	(1,717)	(5,161)
Net borrowings	7,779	(2,049)	(6,884)	100	100	100
Proceeds from share issues	0	0	0	13,941	0	0
Others	870	(4,122)	(1,533)	(421)	(423)	(425)
Net cash from financing	4,826	(7,530)	(10,279)	7,971	(2,041)	(5,486)
Net change in cash						
Cash at the beginning of the year	14,812	21,343	18,072	20,383	35,239	41,673
Exchange difference	(556)	1,244	(1,066)	0	0	0
Cash at the end of the year	21,343	18,072	20,383	35,239	41,673	43,876
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(24.4%)	(8.4%)	5.9%	16.3%	12.8%	9.9%
Gross profit	(29.5%)	5.3%	1.0%	17.4%	14.3%	11.4%
Operating profit	(76.8%)	71.7%	31.0%	46.0%	22.2%	13.9%
EBITDA	(61.9%)	46.8%	23.5%	30.2%	17.7%	11.9%
Adj. net profit	(64.5%)	6.0%	32.0%	45.0%	19.2%	12.8%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	24.3%	28.0%	26.7%	26.9%	27.3%	27.6%
Operating margin	3.1%	5.8%	7.2%	9.0%	9.8%	10.2%
EBITDA margin	6.1%	9.7%	11.3%	12.7%	13.3%	13.5%
Adj. net profit margin	5.3%	6.1%	7.6%	9.5%	10.0%	10.3%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.1)	0.1	(0.1)	(0.3)	(0.3)	(0.3)
Current ratio (x)	1.6	1.8	1.6	1.8	1.9	1.9
Receivable turnover days	145.7	181.4	174.7	160.0	157.0	159.0
Inventory turnover days	114.0	135.2	126.1	110.0	108.0	109.0
Payable turnover days	171.5	176.6	163.0	165.0	165.0	165.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	40.4	38.1	28.8	20.7	18.1	16.0
P/B	2.7	2.5	2.4	2.1	1.9	1.8
Div yield (%)	0.8	1.1	1.8	2.4	2.8	3.1

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

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

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