

Zoomlion (1157 HK/000157 CH)

Expect an improvement from 1Q26

In the post-1Q26 results call, Zoomlion explained that the lack of growth in China's market was due to the continuous shift of focus to overseas. On the margin side, Zoomlion attributed the gross margin contraction in 1Q26 to FX, which is a short-term impact as FX gains (related to the previous sales) will be recognized in the upcoming finance income. On the other hand, certain large-size product sales in overseas (such as tower cranes and crawler cranes) were only affected by capacity constraint, and therefore delivery of such products in 2Q26 will help both revenue and margin. We believe the overall growth potential in overseas remains attractive. We fine-tuned our earnings forecast in 2026E/27E by -2%/-3%. Our TPs for Zoomlion A/H are slightly reduced to RMB11.8/HK\$9.1 (from RMB12.0/HK\$9.2), based on unchanged 2026E target P/E multiple of 18.6x for A-share and 30% discount for H-share. Maintain **BUY**.

- 1Q26 earnings highlight.** Revenue in 1Q26 grew 7% YoY to RMB12.9bn, as the lack of growth in China offset the growth in overseas (+13% YoY to RMB7.4bn). Overseas revenue accounted for 57% of total revenue in 1Q26, slightly down from 61.5% in 4Q25. Blended gross margin contracted 1ppt YoY to 27.7%. Given the lack of disposal gain in 1Q26 (RMB558mn in 1Q25), EBIT dropped 29% YoY to RMB1bn. Net profit declined 37% YoY to RMB884mn, due to FX loss arising from the appreciation of RMB.
- Capex plan in 2026:** Zoomlion expects the capex will be similar to that in 2025. Key investment areas include capacity for mining machinery and agricultural machinery.
- Key risks:** (1) weaker-than-expected demand in China; (2) slowdown in overseas growth.

Earnings Summary - 1157 HK

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	45,478	52,107	60,000	67,627	76,287
YoY growth (%)	(3.4)	14.6	15.1	12.7	12.8
Adjusted net profit (RMB mn)	3,521.0	4,779.0	5,241.5	5,817.1	6,534.4
EPS (Reported) (RMB)	0.42	0.57	0.64	0.71	0.79
YoY growth (%)	(1.3)	33.6	12.0	11.0	12.3
Consensus EPS (RMB)	0.00	0.00	0.71	0.84	0.89
P/E (x)	16.9	12.7	11.3	10.2	9.1
P/B (x)	1.1	1.1	1.1	1.0	1.0
Yield (%)	4.2	5.5	6.0	6.7	7.5
ROE (%)	7.1	8.8	9.4	10.1	11.0
Net gearing (%)	18.9	29.5	34.6	34.5	30.5

Source: Company data, Bloomberg, CMBIGM estimates

	1157 HK	000157 CH
	BUY	BUY
	Maintain	Maintain

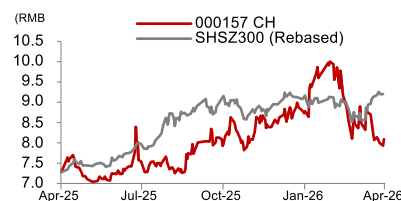
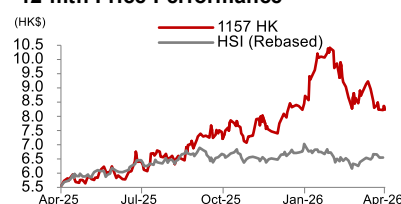
TP	HK\$9.10	RMB11.80
Prior TP	HK\$9.20	RMB12.00
Up/Downside	10.4%	45.5%
Current Price	HK\$8.2	RMB8.1

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12-mth Price Performance



Source: FactSet

Stock Performance

	1157 HK		000157 CH	
	Abs.	Rel.	Abs.	Rel.
1-mth	-4.6%	-8.9%	-4.6%	-9.8%
3-mth	-5.5%	1.2%	-7.6%	-5.6%
6-mth	14.3%	15.3%	1.5%	14.0%

Source: FactSet

Stock Data

(LC)	1157 HK	000157 CH
Mkt Cap (mn)	13035.39	57548.785
Avg 3 mths t/o (mn)	118.25	757.12
52w High	10.46	10
52w Low	5.59	7.01
Issued Shares (mn)	1581.965	7096.0277

Source: FactSet

Related reports:

Zoomlion – First take: 2025 earnings +36% in-line; overseas revenue surged 60% in 4Q25 – 31 Mar 2026 ([link](#))

Capital Goods - Strong export of earth-moving machinery in Feb – 9 Mar 2026 ([link](#))

Capital Goods - Strong momentum of non-earth-moving machinery sales in Jan – 16 Feb 2026 ([link](#))

Figure 1: 1Q26 results highlights

(RMB mn)	1Q25	1Q26	Change YoY	2Q24	2Q25	Change YoY	3Q24	3Q25	Change YoY	4Q24	4Q25	Change YoY
Revenue breakdown												
China	5,549	5,562	0%	6,417	5,490	-14%	4,255	4,803	13%	5,356	5,750	7%
Overseas	6,568	7,390	13%	6,345	7,248	14%	5,596	7,497	34%	5,737	9,202	60%
Total revenue	12,117	12,952	7%	12,762	12,738	0%	9,851	12,301	25%	11,092	14,951	35%
Cost of sales	-8,642	-9,365	8%	-9,189	-9,217	0%	-7,041	-8,856	26%	-8,038	-10,782	34%
Gross profit	3,474	3,587	3%	3,573	3,522	-1%	2,810	3,445	23%	3,054	4,169	37%
Other income	-54	75	n/a	988	970	-2%	164	388	136%	61	386	536%
S&D expenses	-1,014	-1,078	6%	-1,036	-1,084	5%	-863	-995	15%	-956	-1,444	51%
Administrative expenses	-694	-741	7%	-998	-863	-14%	-710	-632	-11%	-728	-866	19%
R&D expenses	-730	-748	2%	-641	-682	6%	-551	-633	15%	-912	-850	-7%
EBIT	982	1,094	11%	1,886	1,862	-1%	850	1,573	85%	519	1,395	169%
Net finance income/(cost)	87	-500	n/a	-65	305	n/a	122	-269	n/a	-31	-256	736%
Other gains/(losses)	620	347	-44%	-119	-620	419%	26	48	87%	-26	-48	87%
Share of profit of JV and associates	24	25	2%	-14	35	n/a	30	36	18%	29	19	-33%
Pretax profit	1,713	966	-44%	1,687	1,583	-6%	1,028	1,387	35%	491	1,111	126%
Income tax	-197	-48	-75%	-166	-199	20%	-77	-182	135%	25	-189	n/a
After tax profit	1,516	918	-39%	1,522	1,384	-9%	950	1,206	27%	517	922	78%
MI	-106	-34	-68%	-149	-29	-80%	-99	-50	-50%	-135	-63	-53%
Net profit	1,410	884	-37%	1,372	1,354	-1%	851	1,156	36%	382	858	125%
Key ratios			Change (ppt)			Change (ppt)			Change (ppt)			Change (ppt)
Gross margin	28.7%	27.7%	-1.0	28.0%	27.6%	-0.3	28.5%	28.0%	-0.5	27.5%	27.9%	0.4
S&D expenses ratio	8.4%	8.3%	-0.0	8.1%	8.5%	0.4	8.8%	8.1%	-0.7	8.6%	9.7%	1.0
Administrative expense ratio	5.7%	5.7%	-0.0	7.8%	6.8%	-1.0	7.2%	5.1%	-2.1	6.6%	5.8%	-0.8
R&D expense ratio	6.0%	5.8%	-0.2	5.0%	5.4%	0.3	5.6%	5.2%	-0.4	8.2%	5.7%	-2.5
Net margin	12.5%	7.1%	-5.4	11.9%	10.9%	-1.1	9.6%	9.8%	0.2	4.7%	6.2%	1.5
Effective tax rate	11.5%	5.0%	-6.5	9.8%	12.6%	2.7	7.5%	13.1%	5.6	-5.1%	17.0%	22.2

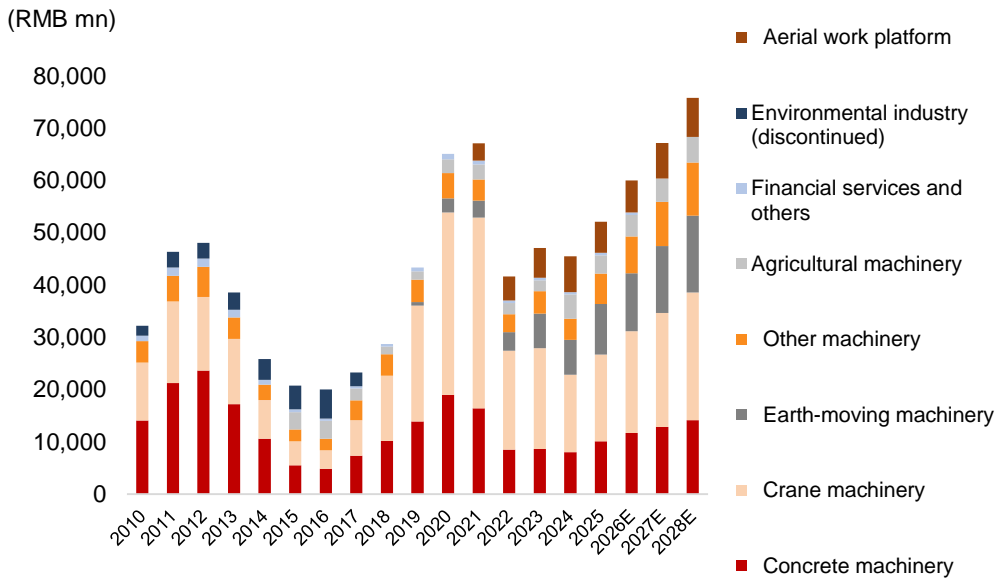
Source: Company data, CMBIGM estimates

Figure 2: Change in key assumptions for Zoomlion

(RMB mn)	Old			New			Change		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue									
Construction machinery	52,407	59,131	-	55,457	62,654	70,841	6%	6%	-
Concrete machinery	11,667	12,834	-	11,666	12,832	14,115	0%	0%	-
Crane machinery	19,385	21,711	-	19,466	21,802	24,418	0%	0%	-
Aerial work platform	5,484	6,032	-	6,150	6,765	7,441	12%	12%	-
Earth-moving machinery	9,839	11,315	-	11,123	12,791	14,710	13%	13%	-
Other machinery	6,032	7,238	-	7,053	8,464	10,157	17%	17%	-
Agricultural machinery	5,775	6,353	-	4,073	4,480	4,928	-29%	-29%	-
Financial services and others	520	546	-	470	493	518	-10%	-10%	-
Total revenue	58,703	66,030	-	60,000	67,627	76,287	2%	2%	-
Gross margin							Change in ppt		
Construction machinery	29.5%	29.6%	-	29.5%	29.7%	29.7%	0.05	0.07	-
Concrete machinery	23.2%	23.2%	-	23.4%	23.5%	23.5%	0.20	0.30	-
Crane machinery	33.1%	33.2%	-	33.1%	33.2%	33.2%	0.00	0.00	-
Aerial work platform	30.3%	30.3%	-	30.3%	30.3%	30.3%	0.00	0.00	-
Earth-moving machinery	30.0%	30.5%	-	30.0%	30.5%	30.5%	0.00	0.00	-
Other machinery	28.2%	28.2%	-	28.2%	28.2%	28.2%	0.00	0.00	-
Agricultural machinery	15.5%	16.0%	-	12.0%	14.0%	15.0%	-3.50	-2.00	-
Financial services	97.0%	97.0%	-	97.0%	97.0%	97.0%	0.00	0.00	-
Blended gross margin	28.7%	28.9%	-	28.8%	29.1%	29.2%	0.16	0.27	-
S&D expense ratio	8.2%	8.2%	-	8.8%	8.8%	8.8%	0.6	0.6	-
Administrative expense ratio	6.0%	6.0%	-	5.9%	5.9%	5.9%	(0.1)	(0.1)	-
R&D expense ratio	5.4%	5.3%	-	5.4%	5.3%	5.3%	0.0	0.0	-
Effective tax rate	11.0%	11.0%	-	13.0%	13.0%	13.0%	2.0	2.0	-
MI	5.0%	5.0%	-	4.8%	4.8%	4.8%	(0.2)	(0.2)	-
Net profit	5,320	5,986	-	5,241	5,817	6,534	-1.5%	-2.8%	-

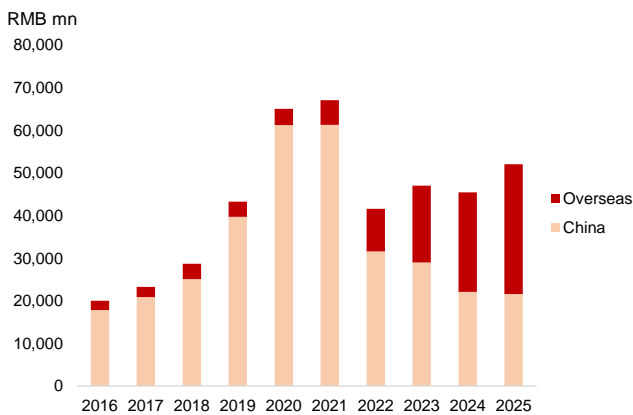
Source: Company data, CMBIGM estimates

Figure 3: Zoomlion's revenue breakdown



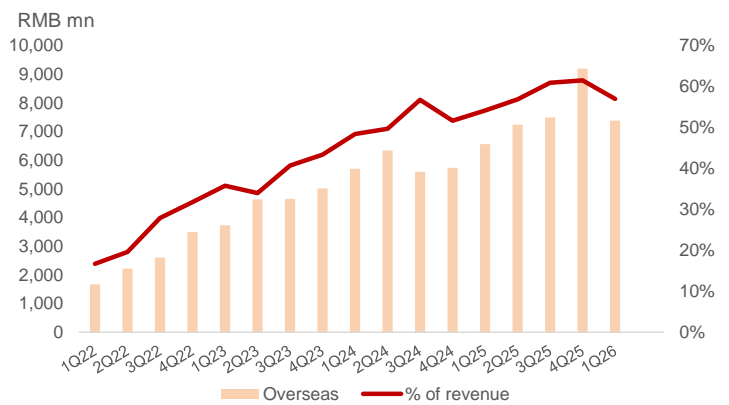
Source: Company data, CMBIGM estimates

Figure 4: Zoomlion revenue breakdown by region



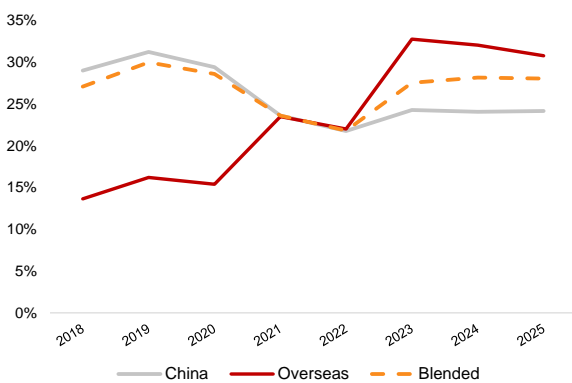
Source: Company data, CMBIGM

Figure 5: Overseas revenue ratio has exceeded 50% since 2Q24



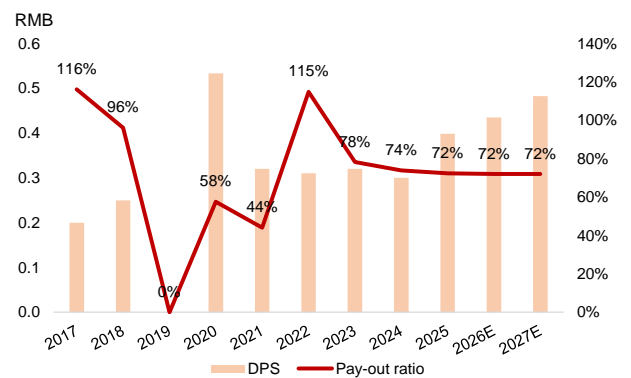
Source: Company data, CMBIGM

Figure 6: Gross margin overseas has exceeded that in China since 2023



Source: Company data, CMBIGM

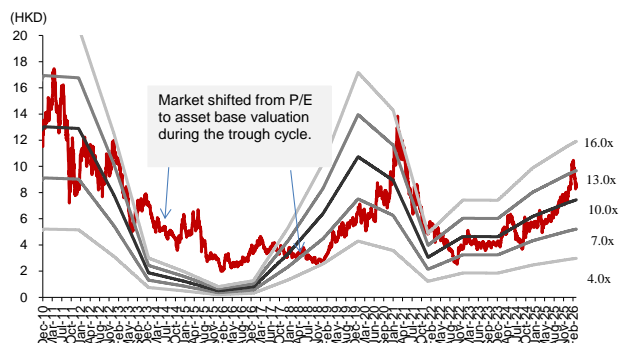
Figure 7: Zoomlion's DPS and payout ratio



Source: Company data, CMBIGM estimates

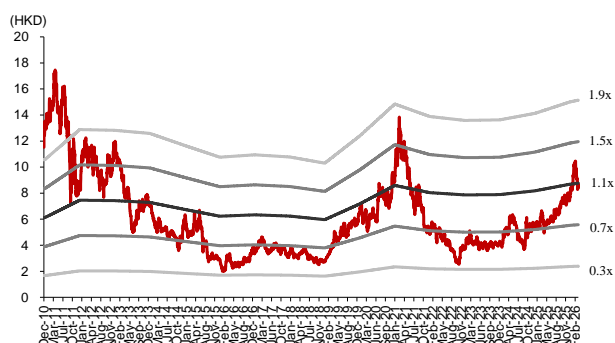
Valuation

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



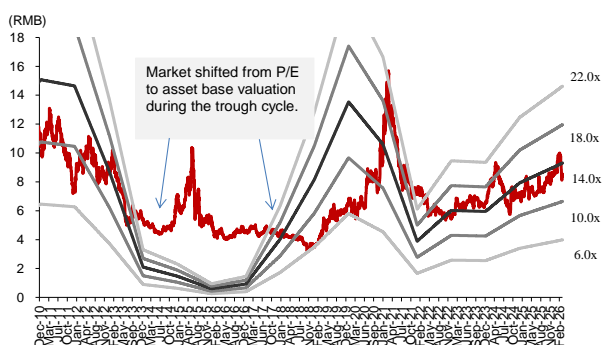
Source: Bloomberg, company data, CMBIGM estimates

Figure 9: Zoomlion - H 12M forward P/B band



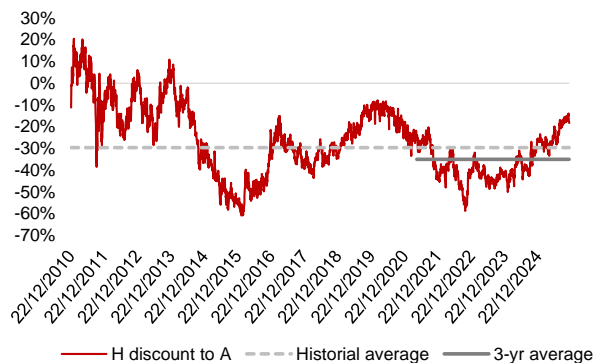
Source: Bloomberg, company data, CMBIGM estimates

Figure 10: Zoomlion - A 12M forward P/E band



Source: Bloomberg, company data, CMBIGM estimates

Figure 11: Zoomlion – H/A discount



Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	47,075	45,478	52,107	60,000	67,627	76,287
Cost of goods sold	(34,109)	(32,668)	(37,497)	(42,693)	(47,930)	(54,016)
Gross profit	12,966	12,810	14,610	17,307	19,697	22,271
Selling expense	(3,557)	(3,721)	(4,537)	(5,280)	(5,951)	(6,713)
Admin expense	(3,068)	(3,155)	(3,055)	(3,540)	(3,990)	(4,501)
R&D expense	(3,441)	(2,769)	(2,895)	(3,240)	(3,584)	(4,043)
Other income	935	1,162	1,690	1,238	1,088	1,088
Other gains/(losses)	0	0	0	0	0	0
Share of (losses)/profits of associates/JV	153	84	114	82	84	86
EBITDA	4,980	5,413	6,999	7,811	8,676	9,577
Depreciation	1,145	1,086	1,186	1,326	1,416	1,476
EBIT	3,835	4,327	5,813	6,485	7,260	8,101
Interest income	914	653	469	586	507	532
Interest expense	(630)	(681)	(602)	(825)	(827)	(830)
Net Interest income/(expense)	284	(28)	(133)	(239)	(320)	(298)
Pre-tax profit	4,272	4,383	5,794	6,328	7,023	7,889
Income tax	(457)	(374)	(767)	(823)	(913)	(1,026)
Minority interest	(265)	(488)	(248)	(264)	(293)	(329)
Net profit	3,815	4,009	5,027	5,506	6,110	6,864
Adjusted net profit	3,550	3,521	4,779	5,241	5,817	6,534
Gross dividends	2,777	2,603	3,459	3,774	4,188	4,705
BALANCE SHEET						
YE 31 Dec (RMB mn)						
Current assets	78,006	74,478	84,030	82,114	90,320	92,256
Cash & equivalents	13,606	12,155	11,872	8,463	7,903	9,724
Account receivables	32,033	32,400	42,395	38,153	47,076	40,707
Inventories	22,504	22,564	20,516	25,102	24,798	29,958
ST bank deposits	2,265	1,565	1,910	1,910	1,910	1,910
Financial assets at FVTPL	1,767	1,622	2,071	2,071	2,071	2,071
Other current assets	5,831	4,172	5,266	6,416	6,562	7,887
Non-current assets	52,819	49,234	49,077	55,833	56,552	61,575
PP&E	17,364	20,577	21,662	24,511	26,271	26,970
Deferred income tax	2,303	2,637	2,766	2,766	2,766	2,766
Investment in JVs & assos	4,497	4,484	4,079	4,161	4,245	4,331
Intangibles	1,988	2,019	1,882	1,722	1,561	1,401
Goodwill	2,641	2,580	2,580	2,580	2,580	2,580
Financial assets at FVTPL	2,669	2,017	1,730	1,730	1,730	1,730
Other non-current assets	21,357	14,920	14,378	18,363	17,399	21,797
Total assets	130,825	123,712	133,107	137,947	146,872	153,832
Current liabilities	49,996	42,987	48,966	51,760	58,348	62,632
Short-term borrowings	7,377	10,837	10,962	11,062	11,162	11,262
Account payables	40,513	29,763	36,083	38,777	45,265	49,449
Tax payable	154	310	311	311	311	311
Other current liabilities	1,952	2,077	1,610	1,610	1,610	1,610
Non-current liabilities	21,698	20,923	24,303	24,303	24,303	24,303
Long-term borrowings	14,922	15,412	21,980	21,980	21,980	21,980
Other non-current liabilities	6,776	5,511	2,323	2,323	2,323	2,323
Total liabilities	71,694	63,910	73,269	76,063	82,651	86,935
Total shareholders equity	56,371	57,101	57,534	59,316	61,360	63,706
Minority interest	2,760	2,701	2,304	2,568	2,862	3,191
Total equity and liabilities	130,825	123,712	133,107	137,947	146,872	153,832

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	4,272	4,383	5,794	6,328	7,023	7,889
Depreciation & amortization	1,145	1,086	1,186	1,326	1,416	1,476
Tax paid	(401)	(1,003)	(919)	(823)	(913)	(1,026)
Change in working capital	(2,837)	(3,410)	(1,584)	(2,800)	(1,328)	(345)
Others	113	418	96	156	236	212
Net cash from operations	2,292	1,474	4,573	4,188	6,435	8,206
Investing						
Capital expenditure	(1,727)	(3,902)	(4,212)	(4,000)	(3,000)	(2,000)
Acquisition of subsidiaries/ investments	0	0	(7)	0	0	0
Others	1,870	1,648	(1,121)	586	507	532
Net cash from investing	143	(2,254)	(5,340)	(3,414)	(2,493)	(1,468)
Financing						
Dividend paid	(2,694)	(2,777)	(2,603)	(3,459)	(3,774)	(4,188)
Net borrowings	319	3,950	6,693	100	100	100
Proceeds from share issues	(1,085)	(54)	(96)	0	0	0
Others	816	(1,798)	(3,528)	(825)	(827)	(830)
Net cash from financing	(2,644)	(679)	466	(4,184)	(4,501)	(4,918)
Net change in cash						
Cash at the beginning of the year	13,791	13,606	12,155	11,872	8,463	7,903
Exchange difference	24	8	18	0	0	0
Cash at the end of the year	13,606	12,155	11,872	8,463	7,903	9,724
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	13.1%	(3.4%)	14.6%	15.1%	12.7%	12.8%
Gross profit	42.7%	(1.2%)	14.1%	18.5%	13.8%	13.1%
EBITDA	59.8%	8.7%	29.3%	11.6%	11.1%	10.4%
EBIT	84.2%	12.8%	34.3%	11.6%	12.0%	11.6%
Net profit	57.3%	5.1%	25.4%	9.5%	11.0%	12.3%
Adj. net profit	51.3%	(0.8%)	35.7%	9.7%	11.0%	12.3%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	27.5%	28.2%	28.0%	28.8%	29.1%	29.2%
EBITDA margin	10.6%	11.9%	13.4%	13.0%	12.8%	12.6%
Adj. net profit margin	7.5%	7.7%	9.2%	8.7%	8.6%	8.6%
Return on equity (ROE)	6.9%	7.1%	8.8%	9.4%	10.1%	11.0%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	0.1	0.2	0.3	0.3	0.3	0.3
Current ratio (x)	1.6	1.7	1.7	1.6	1.5	1.5
Receivable turnover days	343.9	329.6	307.1	291.0	276.0	256.0
Inventory turnover days	196.4	251.8	209.7	195.0	190.0	185.0
Payable turnover days	405.4	392.6	320.5	320.0	320.0	320.0
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	16.7	16.9	12.7	11.3	10.2	9.1
P/B	1.1	1.1	1.1	1.1	1.0	1.0
Div yield (%)	4.5	4.2	5.5	6.0	6.7	7.5

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

Disclosures & Disclaimers

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CMBIGM Ratings

BUY : Stock with potential return of over 15% over next 12 months
HOLD : Stock with potential return of +15% to -10% over next 12 months
SELL : Stock with potential loss of over 10% over next 12 months
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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