UOBKayHian

Country Daily | Greater China

Thursday, 22 October 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52495.9	1.0	1.6	1.6	9.2
S&P 500	7712.6	0.3	(1.2)	0.8	12.7
FTSE 100	10733.0	(0.3)	0.8	0.7	8.1
AS30	8956.4	0.1	1.0	0.4	(0.7)
CSI 300	4152.1	(0.5)	(2.9)	(8.5)	(10.3)
FSSTI	5404.0	(0.1)	(0.5)	(4.8)	16.3
HSCEI	8030.3	(1.2)	(1.7)	(3.7)	(9.9)
HSI	23867.7	(1.3)	(1.7)	(3.6)	(6.9)
JCI	5278.9	5.6	(10.9)	(17.3)	(39.0)
KLCI	1599.6	0.2	(1.5)	(4.0)	(4.8)
KOSPI	5552.7	(3.7)	(8.0)	(20.8)	31.8
Nikkei 225	64075.4	(1.3)	(5.5)	(1.5)	27.3
SET	1554.9	(1.1)	(1.4)	(2.7)	23.4
TWSE	46292.9	(1.1)	(4.2)	(3.0)	59.8
BDI	2593	1.8	(7.4)	(23.1)	38.1
CPO (RM/mt)	4455	0.0	0.8	(3.9)	13.3
Brent Crude (US$/bbl)	109	(0.7)	2.9	4.7	78.8

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
1HFY27 Post Results briefing with Valuetronics Holdings Ltd (VALUE SP)	Singapore	11 Nov	11 Nov
Analyst Marketing by Johnny Yum on GC AI Sector	Taipei	17 Nov	18 Nov

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Sep Unemployment Rate 3Mths	Hong Kong	22 Oct
Sep CPI Composite	Hong Kong	22 Oct
Sep Industrial Profits	China	27 Oct
Sep Trade Balance, Exports, Imports	Hong Kong	28 Oct
Sep Money Supply (M1, M2, M3)	Hong Kong	30 Oct
Oct PMI (Composite, Manufacturing, Non-manufacturing)	China	31 Oct

Top Stories

Company Results | Contemporary Amperex Technology Co (300750 CH/**BUY**/Rmb227.90/Target: Rmb343.00) Page 2 →

- 3Q26 net profit missed expectations at Rmb21.25b (+14.5% yoy/-5.8% qoq), as CATL absorbed export VAT hikes and the 2% consumption tax without passing them on. We expect a margin recovery as some tax costs are passed through via higher battery prices, though 2027 tax concession rollbacks remain a drag. We cut our 2026-28 net profit forecasts by 5%/10%/16% to Rmb89.1b/Rmb104.9b/Rmb116.4b respectively. Maintain BUY; cut target prices for A-share/H-share from Rmb585/HK$675 to Rmb343/HK$400.

Company Results | Fuyao Glass (3606 HK/**BUY**/HK$51.75/Target: HK$77.00) Page 5 →

- 3Q26 earnings were dragged by higher sea freight costs and one-off expenses. We expect margins to recover modestly in 4Q26 on easing sea freight costs, flat soda ash prices, and the absence of one-off costs. Sales volume and ASP will be driven by the accelerating industry consolidation, and vehicle intelligentisation overseas. We trim our 2026-28 net profit forecasts by 11%/8%/8% to Rmb8.58b/Rmb10.73b/Rmb12.12b respectively on lower margins. Maintain BUY on FYG and cut target price from HK$84.00 to HK$77.00.

Company Update | Anta Sports (2020 HK/**BUY**/HK$75.45/Target: HK$112.20) Page 8 →

- Anta's 3Q26 retail sales softened, with the Anta brand and Fila recording declines, while other brands maintained 25-30% growth. Supported by a solid start to 4Q26 during the Golden Week, management is confident about achieving full-year retail sales and operating margin targets, although government subsidies remain a swing factor for the Anta brand's margin. For Puma, management will focus on China first, with Jack Wolfskin's new stores tracking in line. Maintain BUY with an unchanged target price of HK$112.20.

Technical Analysis

Power Assets | 6 HK Page 11 →

- Support levels: HK$59.80/HK$58.85
- Resistance levels: HK$61.65/HK$64.10

Budweiser Brewing | 1876 HK Page 11 →

- Support levels: HK$5.55/HK$5.39
- Resistance levels: HK$6.14/HK$6.21

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

Contemporary Amperex Technology Co (300750 CH)

3Q26: Earnings Miss Due To Delayed Pass-through Of Tax Hikes

Highlights

- 3Q26 net profit missed expectations at Rmb21.25b (+14.5% yoy/-5.8% qoq), as CATL bore all the export VAT hikes and 2% consumption tax.
- We expect margins to recover in 4Q26, as the tax rate hikes will be partly passed through to customers via higher battery prices. Having said that, the further roll-back of tax concession in 2027 will remain a drag on margins.
- We cut our 2026-28 net profit forecasts by 5%/10%/16% to Rmb89,121m/Rmb104,895m/Rmb116,370m respectively, as we now expect CATL to bear part of the tax hikes.
- Maintain BUY and cut target prices for A-share from Rmb585 to Rmb343, and H-share from HK$675.00 to HK$400.00.

3Q26 Results

Year to 31 Dec (Rmbm)	2Q26	yoy %	qoq %	1H26	yoy %	Prev. 2026F	yoy %	1H26 / 2026
Total shipment (GWh)	260	44.4	12.1	692.0	53.8	1,000	51.3	0.69
NP per GWh	81.7	(20.7)	(15.9)	93.3	(14.4)	93.6	(14.3)	1.00
Revenue	165,221	58.6	11.8	442,137	56.2	639,243	50.9	0.69
Gross profit	34,181	27.2	(0.1)	100,442	40.2	149,864	34.6	0.67
Gross margin (%)	20.7	(5.1)	(2.5)	22.7	(2.6)	23.4	(2.8)	0.97
EBIT	21,944	15.3	(10.0)	71,446	39.0	108,633	33.9	0.66
EBIT margin (%)	13.3	(5.0)	(3.2)	16.2	(2.0)	17.0	(2.2)	0.95
Net profit	21,246	14.5	(5.8)	64,530	31.6	93,637	29.7	0.69
Net profit – adj	18,862	14.9	(9.8)	57,876	32.7	83,659	29.7	0.69
Net margin (%)	12.9	(4.9)	(2.4)	14.6	(2.7)	14.6	(2.4)	1.00
Core net margin (%)	11.4	(4.3)	(2.7)	13.1	(2.3)	13.1	(2.1)	1.00

Source: CATL, UOB Kay Hian

Analysis

- **3Q26 results came in below estimates with GAAP net profit of Rmb21,246m (+14.5% yoy/-5.8% qoq) and adjusted net profit of Rmb18,862m (+14.9% yoy/-9.8% qoq),** vs our estimate of Rmb23.92b. This brings 9M26 net profit and adjusted net profit to Rmb64,530m (+31.6% yoy) and Rmb57,876m (+32.7% yoy) respectively, representing 69% of our full-year estimates of Rmb93,637m (+29.7% yoy) and Rmb83,659m (+29.7% yoy). The earnings miss stemmed from margin contraction.
  - **Battery shipment grew 44.4% yoy and 12.1% qoq to Rmb260 GWh in 3Q26, in line with estimates,** including 195 GWh EV battery (+35.4% yoy/+12.1% qoq) and 65 GWh energy storage system (ESS) battery (+80.6% yoy/+12.1% qoq).

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	362,013	423,702	639,243	795,789	944,352
EBITDA	88,610	108,056	132,505	155,477	173,013
Operating profit	63,672	81,120	103,675	124,447	139,783
Net profit (rep./act.)	50,744	72,201	89,121	104,895	116,370
Net profit (adj.)	44,993	64,508	79,625	93,718	103,970
EPS (US cents)	1,156.6	1,582.0	1,952.8	2,298.4	2,549.9
PE (x)	20.1	14.7	11.9	10.1	9.1
P/B (x)	4.1	3.1	2.7	2.4	2.1
EV/EBITDA (x)	6.0	5.0	4.1	3.7	3.3
Dividend yield (%)	2.0	3.4	4.2	4.9	5.5
Net margin (%)	12.4	15.2	12.5	11.8	11.0
Net debt/(cash) to equity	(67.9)	(64.3)	(56.9)	(57.2)	(50.6)
Interest cover (x)	(15.4)	(10.2)	(14.3)	(15.7)	(16.4)
ROE (%)	20.2	22.1	21.9	22.3	21.6
Consensus net profit	-	-	95,894	119,341	143,213
UOBKH/Consensus (x)	-	-	0.93	0.88	0.81

Source: EVE Energy, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)	
Share Price	Rmb227.90
Target Price	Rmb343.00
Upside	50.5%
Previous TP	Rmb585.00

Stock Data

Sector	Industrial
Bloomberg ticker	300750 CH
Shares issued (m)	4,564
Market cap (Rmbm)	1,040,091
Market cap (US$m)	150,738
3-mth avg daily t'over (US$m)	1,674

Price Performance (%)

52-week high/low Rmb467.35/Rmb227.08

1mth	3mth	6mth	1yr	YTD
(23.3)	(40.4)	(49.1)	(39.4)	(37.9)

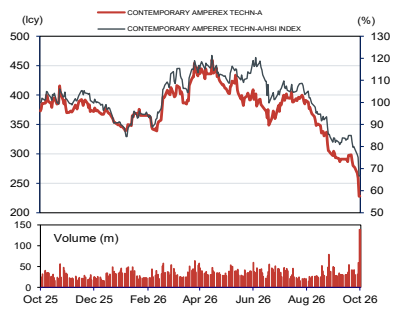
Major Shareholders (%)

Zeng Yuqun (Ruiting Investment)	23.32
Huang Shilin	10.60

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	20.59
FY26 Net Debt/Share (Rmb)	9.76

Price Chart



Source: Bloomberg

Company Description

Contemporary Amperex Technology (CATL) is a Chinese battery manufacturer and technology company that specialises in the manufacturing of lithium-ion batteries for electric vehicles and energy storage systems, as well as battery management systems.

- **Revenue grew 58.6% yoy and 11.8% qoq to Rmb165.22b in 3Q26, in line with estimates.** This takes 9M26 revenue to Rmb442.14b (+56.2% yoy), representing 69% of our full-year estimate of Rmb639.24b (+50.9% yoy). By comparison, 9M23/9M24/9M25 revenue constituted 74%/72%/67% of full-year 2023/24/25 revenue.
- **Gross margin plunged 5.1ppt yoy and 2.5ppt qoq to 20.7% in 3Q26,** and dropped 2.6ppt yoy to 22.7% in 9M26, vs our full-year 2026 assumption of 23.4%. The gross margin contraction in 3Q26 was due to China's cut to the lithium-ion battery (LIB) export VAT rebate and the imposition of the LIB consumption tax, as well as the time lag in the company's passing the relevant cost increases through to customers.
- **EBIT margin plummeted 5.0ppt yoy and 3.2ppt qoq to 13.3% in 3Q26,** and dropped 2.0ppt yoy to 16.2% in 9M26, vs our full-year 2026 assumption of 17.0%. Other income/revenue ratio fell 0.5ppt yoy and hiked 0.2ppt qoq to 1.1%; taxes/revenue ratio soared 0.8ppt yoy and 0.9ppt qoq to 1.3%; SG&A/revenue ratio dropped 1.0ppt yoy and 0.1ppt qoq to 2.7%; R&D/revenue ratio fell 0.5ppt yoy and edged up 0.2ppt qoq to 4.3%.
- **Provision for asset write-down surged to Rmb1,712m (+8.4% yoy/+226.1% qoq) in 3Q26,** bigger than expected, due to the decline in lithium carbonate prices.
- **Operating cash flow plummeted 93.6% yoy and 94.7% qoq to Rmb1,409m, due to payable days shortening.** Trade payable days decreased to 134 days as of 30 Sep 26, from 158 days as of 30 Sep 25 and 162 as of 30 Jun 26. CATL's free cash flow turned negative at Rmb15.89b in 3Q26, from positive Rmb10.05b/Rmb13.88b in 3Q25/2Q26.

- **VAT cut and consumption tax as the drag and overhang on earnings.** Note that China cut the VAT rebate on LIB exports from 9% to 6% (ie VAT rate up from 4% to 7%) on 1 Apr 26, and began imposing a 2% consumption tax on LIBs on 1 Sep 26. It appears that CATL bore the additional costs and did not pass them on to customers in 2Q-3Q26. Going forward, we expect CATL's margins to recover in 4Q26, as the tax rate hikes will be partly passed through to customers via higher battery prices. China's VAT rebate on the LIB exports will be cancelled by 1 Jan 27, and the consumption tax on LIBs will also rise to 4% by 1 Sep 27. That will probably weigh on CATL's margins, based on 2Q-3Q26 experiences.
- **The worry of market share loss is overdone, as CATL has formidable moats in technology, reliability and brand.** CATL's R&D expense reached Rmb22.1b in 2025, exceeding the combined R&D expense of Rmb13.3b for the second- to fifth-largest non-BYD players. This scale, patent lead, and quality gap make substitution costly.
- **Trim 2026-28 gross margin estimates to 22.7%/22.1%/21.3%, from 23.4%/23.7%/23.9% respectively,** to factor in the increased VAT and consumption tax. That is based on the assumption of a 50:50 split of the tax burden between CATL and its customers.

Earnings Revision/Risk

- **We cut our 2026-28 net profit forecasts by 5%/10%/16% to Rmb89,121m/Rmb104,895m/Rmb116,370m respectively.**
- **Risks:** a) slower-than-expected recovery of global EV sales, b) commodity cost hikes, and c) delay of battery price increases following cost hikes.

Valuation/Recommendation

- **Maintain BUY and cut target prices for** A-share from Rmb585 to Rmb343, and H-share from HK$675.00 to HK$400.00**,** based on a lower 2027F PE of 15x (1SD below historical mean) and lower 2027F EPS.

Share Price Catalyst

- **Catalysts:** Margin recovery in 4Q26; the mass production of new products like the third-generation Shenxing Battery and third-generation Qilin Battery.

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	423,702	639,243	795,789	944,352
EBITDA	108,056	132,505	155,477	173,013
Deprec. & amort.	(26,937)	(28,830)	(31,030)	(33,230)
EBIT	8,660	4,000	4,000	4,000
Total other non-operating income/(expense)	8	-	-	-
Associate contributions	7,353	8,000	8,000	8,000
Net interest income/(expense)	7,940	7,240	7,916	8,544
Pre-tax profit	89,527	114,021	134,201	148,882
Tax	(12,740)	(17,673)	(20,801)	(23,077)
Minorities	(4,585)	(7,226)	(8,505)	(9,435)
Net profit	72,201	89,121	104,895	116,370
Net profit (adj.)	64,508	79,625	93,718	103,970

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	146,401	167,901	187,401	204,901
Other LT assets	189,945	205,575	221,005	236,235
Cash/ST investment	299,930	305,388	340,894	343,441
Other current assets	338,552	433,803	510,183	587,071
Total assets	974,828	1,112,667	1,259,482	1,371,648
ST debt	12,935	12,935	12,935	12,935
Other current liabilities	386,690	464,279	542,255	581,062
LT debt	78,235	78,235	78,235	78,235
Other LT liabilities	125,940	125,940	125,940	125,940
Shareholders' equity	337,108	390,133	450,467	514,390
Minority interest	33,919	41,145	49,650	59,085
Total liabilities & equity	974,828	1,112,667	1,259,482	1,371,648

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	133,220	96,275	134,110	108,411
Pre-tax profit	76,786	96,347	113,400	125,806
Tax	(12,740)	(17,673)	(20,801)	(23,077)
Deprec. & amort.	26,937	28,830	31,030	33,230
Associates	(7,353)	(8,000)	(8,000)	(8,000)
Working capital changes	33,216	(17,663)	1,596	(38,081)
Non-cash items	16,374	14,433	16,885	18,533
Other operating cashflows	-	-	-	-
Investing	(94,476)	(50,864)	(50,188)	(49,560)
Capex (growth)	(42,345)	(61,960)	(61,960)	(61,960)
Investments	57,534	-	-	-
Others	(109,665)	11,096	11,772	12,400
Financing	(6,310)	(39,952)	(48,417)	(56,304)
Dividend payments	(34,923)	(39,952)	(48,417)	(56,304)
Proceeds from borrowings	39,790	60,000	60,000	60,000
Loan repayment	(51,702)	(60,000)	(60,000)	(60,000)
Others/interest paid	40,525	-	-	-
Net cash inflow (outflow)	29,770	5,458	35,506	2,547
Beginning cash & cash equivalent	270,160	299,930	305,388	340,894
Changes due to forex impact	(2,665)	-	-	-
Ending cash & cash equivalent	299,930	305,388	340,894	343,441

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	25.5	20.7	19.5	18.3
Pre-tax margin	20.6	16.3	15.2	14.0
Net margin	15.2	12.5	11.8	11.0
ROA	7.3	7.6	7.9	7.9
ROE	22.1	21.9	22.3	21.6
Growth				
Turnover	17.0	50.9	24.5	18.7
EBITDA	21.9	22.6	17.3	11.3
Pre-tax profit	41.7	27.4	17.7	10.9
Net profit	42.3	23.4	17.7	10.9
Net profit (adj.)	43.4	23.4	17.7	10.9
EPS	36.8	23.4	17.7	10.9
Leverage				
Debt to total capital	12.0	10.5	9.3	8.5
Debt to equity	34.7	30.0	25.9	22.7
Net debt/(cash) to equity	34.7	30.0	25.9	22.7
Interest cover (x)	(10.2)	(14.3)	(15.7)	(16.4)

Fuyao Glass (3606 HK)

3Q26: Earnings Dragged By Higher Sea Freight Costs And One-off Expenses; Cut Target Price To HK$77.00

Highlights

- 3Q26 core net profit dropped 4.1% yoy and 13.1% qoq to Rmb2.22b, missing estimates, due to higher sea freight costs, and one-off expenses.
- We expect margins to recover modestly in 4Q26, based on easing sea freight costs, flat soda ash prices, and the absence of one-off expenses.
- Sales volume and ASP will be driven by the accelerating industry consolidation, and vehicle intelligentisation overseas.
- We trim our 2026-28 net profit forecasts by 11%/8%/8% to Rmb8.58b/Rmb10.73b/Rmb12.12b respectively on lower margins.
- Maintain BUY and cut target price from HK$84.00 to HK$77.00.

3Q26 Results

Year to 31 Dec (Rmbm)	3Q26	yoy %	qoq %	9M26	yoy %	Prev. 2026F	yoy %	9M26 / 2026	Comment
Revenue	12,152	2.5	5.1	34,123	2.5	48,172	5.2	0.71	Sales volume up 3-4%, ASP up 8%
Gross profit	4,623	2.9	(0.4)	13,157	5.8	19,028	11.5	0.69	
Gross margin (%)	38.0	0.1	(2.1)	38.6	1.2	39.5	2.2	0.98	Tax rate, drop in soda ash prices
EBIT	2,673	(2.2)	(8.9)	7,885	3.1	11,706	12.7	0.67	
EBIT margin (%)	22.0	(1.1)	(3.4)	23.1	0.1	24.3	1.6	0.95	
Net profit	2,036	(9.9)	(9.9)	6,006	(15.0)	9,615	3.3	0.62	Dragged by forex loss
Net profit – adj*	2,217	(4.1)	(13.1)	6,946	7.9	11,039	24.5	0.63	
Core net margin (%)	16.8	(2.3)	(2.8)	17.6	(3.6)	20.0	1.2	0.88	

** Excluding forex gains/losses, government grantrs and some one-off items.*

Source: Fuyao Glass, UOB Kay Hian

Analysis

- **3Q26 results missed estimates with GAAP net profit of Rmb2,036m (-9.9% yoy/-9.9% qoq) and adjusted net profit of Rmb2,217m (-4.1% yoy/-13.1% qoq), vs consensus estimate of Rmb2.65b.** Fuyao Glass' (FYG) 3Q26 earnings miss stemmed from: a) spikes in sea freight costs, b) Rmb78m in product quality defect compensation, and c) US$14.34m (~Rmb100m) in expenses related to the fire at Phase 2 of the US plant.
  - **Revenue grew 2.5% yoy and 5.1% qoq to Rmb14.05b, missing estimates on ASP.** 3Q26 ASP per sqm only soared about 4.5% yoy, vs a 7.4% yoy hike in 1H26, due to the appreciation of the renminbi. Stripping out forex impact, 3Q26 ASP per sqm rose 6.5% yoy. 9M26 ASP per sqm rose 6.4% yoy, boosting revenue by 2.5% yoy to Rmb34.12b (71% of our full-year 2026 estimate), despite sales volume decline.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	39,252	45,787	48,172	53,758	60,972
EBITDA	11,316	13,465	14,145	15,359	16,998
Operating profit	8,589	10,388	11,079	12,311	13,963
Net profit (rep./act.)	7,498	9,312	8,584	10,732	12,123
Net profit (adj.)	7,470	8,916	9,692	10,698	12,089
EPS (US cents)	287.3	356.8	328.9	411.2	464.5
PE (x)	15.4	12.4	13.4	10.8	9.5
P/B (x)	3.2	3.1	2.8	2.5	2.2
EV/EBITDA (x)	9.8	8.3	7.9	7.3	6.6
Dividend yield (%)	4.1	4.7	4.5	5.6	6.3
Net margin (%)	19.1	20.3	17.8	20.0	19.9
Net debt/(cash) to equity	(10.6)	(6.3)	(2.0)	(2.1)	(1.8)
Interest cover (x)	(13.1)	(12.5)	14.9	(28.9)	(32.6)
ROE (%)	22.3	24.3	24.8	24.6	24.6
Consensus net profit	-	-	10,151	11,820	13,453
UOBKH/Consensus (x)	-	-	0.95	0.91	0.90

Source: Fuyao Glass, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	HK$51.75
Target Price	HK$77.00
Upside	48.8%
Previous TP	HK$84.00

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	3606 HK
Shares issued (m)	606.8
Market cap (HK$m)	31,399.7
Market cap (US$m)	4,051.6
3-mth avg daily t'over (US$m)	21.1

Price Performance (%)

52-week high/low				HK$69.975/HK$46.544
1mth	3mth	6mth	1yr	YTD
(7.1)	(6.2)	(17.7)	(25.3)	(22.9)

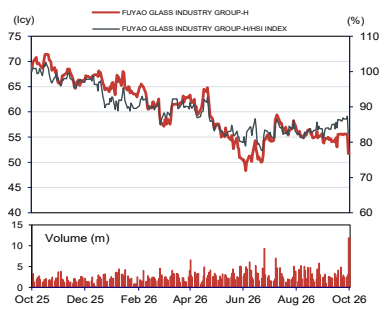
Major Shareholders (%)

Chan Fung Ying	16.95
Heren Charitable Foundation	11.56

Balance Sheet Metrics

FY26 NAV/Share (HK$)	17.18
FY26 Net Debt/Share (HK$)	2.02

Price Chart



Source: Bloomberg

Company Description

Fuyao Glass, through its subsidiaries, manufactures and distributes automobile glass, decorated glassware, and other industrial glassware. The company also provides glass installation service. It markets its products to automakers in North America, Europe, China and other countries.

- **Gross margin dragged by higher sea freight costs.** Gross margin edged up 0.1ppt yoy but fell 2.1ppt qoq to 38.0% in 3Q26, taking 9M26 gross margin to 38.6% (+1.2ppt yoy), vs our full-year 2026 assumption of 39.5%. The qoq gross margin drop in 3Q26 was due to the spikes in sea freight costs. Transpacific spot rate rallied by 12-15% qoq in 3Q26.
- **One-off items hit bottom line by Rmb150m.** FYG registered Rmb78m in extra selling expenses for product quality defect compensation, and US$14.34m (~Rmb100m) in additional other expenses for the fire at Phase 2 of the US plant. These two items brought about Rmb180m in extra expenses, hitting bottom line by Rmb150m on a post-tax basis.

- **Sales volume growth driven by accelerating industry consolidation following more plant closures in Europe.** We maintain our 2026-28 sales volume estimates at 171m/183m/198m sqm respectively (+1%/7%/8% yoy). The sustained high energy prices in Europe forced the closure of auto glass plants in the continent, leaving more room for FYG to grow. Since 2Q-3Q26, AGC has closed its German plant, Nippon Sheet Glass has closed its German plant, and Saint-Gobain has consolidated its Spanish plant.
- **ASP still expected to rise 6-7% p.a. in 2026-28, driven by accelerating vehicle intelligentisation in overseas markets.** Based on new nominations, European auto OEMs are accelerating their vehicle intelligentisation iniatiives. This boosts FYG's sales of the high value-added auto glass products.
- **Margins to be underpinned by easing sea freight costs, flat soda prices, and a better-than-expected improvement in the US segment.** Based on 3Q26 results, we cut 2026-28 gross margin assumptions to 38.4%/38.0%/38.0% from 39.5%/40.0%/40.0%, and our 2026-28 EBIT margin assumptions to 23.0%/22.9%/22.9% from 24.5%/24.5%/24.5%, respectively. Our new assumptions imply a flat qoq gross margin of 38.0% and a slightly higher qoq EBIT margin of 22.7% in 4Q26.
  - **Ocean freight (mild tailwind).** SCFI Europe stood at US$2,199/TEU at end-September and rebounded to US$2,274/TEU by mid-October, still below the 3Q average. Carriers have announced further increases for late-October, but European demand remains weak and new capacity is still being absorbed. We model Asia-Europe spot holding in a US$2,900-3,200/FEU range through year-end, implying a modest sequential easing in freight cost versus 3Q's peak-impact quarter.
  - **The Rmb180m in one-off cost will be refundable.** According to management, the company will likely take back the compensation from the insuarance companies in 4Q26-2027.
  - **The US segment is well on track to recover from fire at the Phase 2 plant.** The segment's EBIT margin (excluding tariff rebates) remained pretty flat at above 17% in 3Q26, vs 17.5% in 2Q26, despite the fire at the Phase 2 plant on 22 Mar 26. The Phase 2 plant has resumed production. Management guides for a 1ppt p.a. hike in EBIT margin for the US segment in 2026/27 respectively, better than previously expected.

Earnings Revision/Risk

- **We trim our 2026-28 net profit forecasts by 11%/8%/8% to Rmb8,584m/Rmb10,732m/Rmb12,123m respectively.**
- **Risks:** a) slower-than-expected recovery of global auto sales, b) commodity cost hikes, and c) further appreciation of the renminbi.

Valuation/Recommendation

- **Maintain BUY and cut target price from HK$84.00 to HK$77.00**, based on the unchanged 16x 2027F target PE (on par with the historical mean) and lower 2027F EPS.

Share Price Catalyst

- Catalysts: 4Q26 margin recovery.

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	45,787	48,172	53,758	60,972
EBITDA	13,465	14,145	15,359	16,998
Deprec. & amort.	(3,077)	(3,066)	(3,048)	(3,035)
EBIT	10,388	11,079	12,311	13,963
Total other non-operating income/(expense)	(19)	(119)	40	40
Associate contributions	(38)	-	-	-
Net interest income/(expense)	831	(742)	426	429
Pre-tax profit	11,162	10,219	12,776	14,432
Tax	(1,845)	(1,635)	(2,044)	(2,309)
Minorities	(4)	-	-	-
Net profit	9,312	8,584	10,732	12,123
Net profit (adj.)	8,916	9,692	10,698	12,089

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	26,428	31,382	36,341	41,306
Other LT assets	4,288	3,969	3,661	3,361
Cash/ST investment	19,241	17,664	17,817	17,804
Other current assets	20,105	19,916	22,144	24,965
Total assets	70,062	72,930	79,964	87,437
ST debt	12,842	12,842	12,842	12,842
Other current liabilities	12,724	12,488	13,940	15,730
LT debt	4,048	4,048	4,048	4,048
Other LT liabilities	2,896	2,896	2,896	2,896
Shareholders' equity	37,556	40,660	46,242	51,925
Minority interest	(4)	(4)	(4)	(4)
Total liabilities & equity	70,062	72,930	79,964	87,437

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating				
Pre-tax profit	12,055	11,145	12,578	13,698
Tax	11,162	10,219	12,776	14,432
Deprec. & amort.	(1,845)	(1,635)	(2,044)	(2,309)
Associates	3,077	3,066	3,048	3,035
Working capital changes	21	-	-	-
Non-cash items	(1,284)	(46)	(777)	(1,031)
Other operating cashflows	924	(458)	(426)	(429)
Investing	-	-	-	-
Capex (growth)	(6,099)	(6,850)	(6,882)	(6,879)
Investments	(6,164)	(7,700)	(7,700)	(7,700)
Others	-	-	-	-
Financing	65	850	818	821
Dividend payments	(5,170)	(5,872)	(5,542)	(6,831)
Proceeds from borrowings	(7,315)	(5,872)	(5,542)	(6,831)
Loan repayment	14,182	12,000	12,000	12,000
Others/interest paid	(12,769)	(12,000)	(12,000)	(12,000)
Net cash inflow (outflow)	731	-	-	-
Beginning cash & cash equivalent	786	(1,577)	153	(13)
Changes due to forex impact	18,734	19,241	17,664	17,817
Ending cash & cash equivalent	(279)	-	-	-

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	29.4	29.4	28.6	27.9
Pre-tax margin	24.4	21.2	23.8	23.7
Net margin	20.3	17.8	20.0	19.9
ROA	13.4	13.6	14.0	14.4
ROE	24.3	24.8	24.6	24.6
Growth				
Turnover	16.7	5.2	11.6	13.4
EBITDA	19.0	5.1	8.6	10.7
Pre-tax profit	24.1	(8.4)	25.0	13.0
Net profit	24.2	(7.8)	25.0	13.0
Net profit (adj.)	19.4	8.7	10.4	13.0
EPS	24.2	(7.8)	25.0	13.0
Leverage				
Debt to total capital	24.1	23.2	21.1	19.3
Debt to equity	45.0	41.5	36.5	32.5
Net debt/(cash) to equity	(6.3)	(2.0)	(2.1)	(1.8)
Interest cover (x)	(12.5)	14.9	(28.9)	(32.6)

Anta Sports (2020 HK)

3Q26 Will Be A Softer Quarter But Solid Start To 4Q26; Confident In Achieving Full-Year Targets

Highlights

- In 3Q26, both the Anta brand and Fila recorded retail sales declines amid softer consumption and extreme weather, while all other brands achieved 25-30% growth.
- Despite a relatively weak performance in 3Q26, retail sales during the National Day Golden Week grew by high single digits for the Anta brand, low teens for Fila, and more than 20% for all other brands. Given that the guidance has already factored in a potentially softer consumption backdrop, management remains confident in achieving its full-year retail sales growth targets.
- Following the completion of Puma's equity acquisition, two Anta nominees have already joined Puma's supervisory board. In the initial phase, management will focus on the China market. For Jack Wolfskin, the new-image stores opened in September have performed in line with expectations, with positive consumer feedback.
- Maintain BUY with an unchanged target price of HK$112.20.

Analysis

- **Both the Anta brand and Fila experienced retail sales declines in 3Q26 amid a weaker consumption environment.** In 3Q26, the Anta brand recorded a mid-single-digit decline in retail sales (vs low single-digit growth in 2Q26). By segment, Anta Core and Anta Kids recorded high single-digit and low single-digit offline declines respectively, while online sales were broadly flat. Management attributed the weakness to softer consumption and extreme weather, which weighed on traffic and customer conversion. Looking ahead, management will focus on increasing its shopping mall penetration, optimising store operations, and consolidating its street-store network through the Beacon Store programme in lower-tier cities.
- **In 3Q26, Fila recorded a low single-digit decline in retail sales (vs low single-digit growth in 2Q26).** Within the offline channel, Fila Core and Fila Kids recorded mid-single-digit and low single-digit declines respectively, while Fila Fusion posted mid-single-digit growth, supported by a low base, as the brand underwent a business transition last year and recorded a low-teens decline in 3Q25, as well as the merchandising adjustments this year. For online channels, Fila recorded low single-digit growth, driven by promotional campaigns for its breathable shell jackets and China Open products.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	70,826	80,219	88,075	94,994	102,102
EBITDA	22,066	25,426	25,322	27,335	29,052
Operating profit	16,595	19,091	20,912	22,594	24,231
Net profit (rep./act.)	15,596	13,587	14,592	15,750	17,077
Net profit (adj.)	11,927	13,587	14,592	15,750	17,077
EPS (Fen)	413.7	480.0	523.1	564.6	612.2
PE (x)	15.5	13.4	12.3	11.4	10.5
P/B (x)	2.9	2.7	2.4	2.2	1.9
EV/EBITDA (x)	8.8	7.8	8.1	7.3	6.7
Dividend yield (%)	3.4	3.5	3.7	4.0	4.4
Net margin (%)	16.8	16.9	16.6	16.6	16.7
Net debt/(cash) to equity (%)	(51.0)	(45.5)	(33.6)	(38.2)	(42.3)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	21.1	21.3	20.9	20.1	19.5
Consensus net profit	-	-	15,283.1	16,251.5	17,946.9
UOBKH/Consensus (x)	-	-	0.95	0.97	0.95

Source: Anta Sports, Bloomberg, UOB Kay Hian

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BUY (Maintained)	
Share Price	HK$75.45
Target Price	HK$112.20
Upside	+48.7%

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	2020 HK
Shares issued (m)	2,796.7
Market cap (HK$m)	211,007.5
Market cap (US$m)	26,890.2
3-mth avg daily t'over (US$m)	72.4

Price Performance (%)

52-week high/low				HK$89.30/HK$66.85
1mth	3mth	6mth	1yr	YTD
5.2	(1.7)	(11.9)	(12.0)	(6.3)

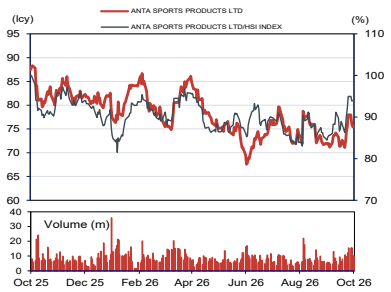
Major Shareholders (%)

Anta International Group Holdings Limited	53.35

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	26.50
FY26 Net Cash/Share (Rmb)	9.36

Price Chart



Source: Bloomberg

Company Description

Anta Sports is a leading sportswear company in China. The company has three brand groups: Performance sports brands, fashion sports brands and outdoor sports brands. By embracing an all-round brand portfolio including Anta, Fila, Descente, Kolon Sport and Maia Active, Anta Sports aims to unlock the potential of both the mass and high-end sportswear markets. The company also holds a 43.33% equity stake in Amer Sports, a global group of iconic sports and outdoor brands, including Arc'teryx, Salomon, Wilson, Peak Performance and Atomic, and a 29.06% equity stake in Puma, making it Puma's largest shareholder.

- **All other brands maintained strong momentum; targeting 20% growth for Kolon in the next few years.** In 3Q26, other brands (excluding Jack Wolfskin) recorded 25-30% growth (vs 25-30% in 2Q26), with Descente/Kolon/Maia Active growing 15-20%/30%/over 30% respectively. For Kolon, same-store sales growth exceeded 15%. Looking ahead, management expects the brand to sustain around 20% growth over the next few years, and will prioritise brand health over rapid expansion by opening only 10-15 new stores per year and maintaining an all-channel discount of within 10%.
- **Inventory remained healthy with disciplined discounts.** As of end-3Q26, the Anta brand's inventory stood at around five months, flat yoy. Offline discount remained flat yoy at 29% off, and online discount deepened by 2ppt yoy to 52% off. For Fila Core, inventory was below six months, improving by 0.3 months yoy. Offline discount deepened by 2ppt yoy to 28% off, and online discount remained flat yoy at around 40% off.
- **Confident in achieving full-year retail sales targets with a solid start to 4Q26.** For 9M26, the Anta brand/Fila/all other brands recorded low single-digit/mid-single-digit/over 30% retail sales growth, respectively. Despite relatively weak performance in 3Q26, retail sales during the National Day Golden Week (1-7 October) grew by high single digits for the Anta brand, low teens for Fila and more than 20% for all other brands. Given that the guidance has already factored in a potentially softer consumption backdrop, management remains confident in achieving its full-year retail sales growth targets of low single-digit growth for the Anta brand, mid-single-digit for Fila, and over 20% for all other brands. In addition, for Double 11, management aims to maintain a disciplined promotional strategy. Hence, operating margin targets also remain unchanged at around 20% for the Anta brand, or around 16% excluding government subsidies and tax rebates which could be a swing factor, around 25% for Fila, and over 25% for all other brands.
- **Puma to focus on China first; Jack Wolfskin's new store performance tracking in line.** Following the completion of Puma's equity acquisition, two Anta nominees have already joined Puma's supervisory board. In the initial phase, management will focus on the China market, where Puma currently contributes only a small portion of its global revenue and could potentially double over time. For Jack Wolfskin, the new-image stores opened in September have performed in line with expectations throughout the Mid-Autumn and National Day holidays, with positive consumer feedback.

Retail Sales Growth Rate (yoy)

	Anta	Fila	Other brands
1Q22	(+) high-teens	(+) mid-SD	(+) 40-45%
2Q22	(-) mid-SD	(-) high-SD	(+) 20-25%
3Q22	(+) mid-SD	(+) low-teens	(+) 40-45%
4Q22	(-) high-SD	(-) low-teens	(+) low-teens
1Q23	(+) mid-SD	(+) high-SD	(+) 75-80%
2Q23	(+) high-SD	(+) high-teens	(+) 70-75%
3Q23	(+) high-SD	(+) low-teens	(+) 45-50%
4Q23	(+) high-teens	(+) 25-30%	(+) 55-60%
1Q24	(+) mid-SD	(+) high-SD	(+) 25-30%
2Q24	(+) high-SD	(+) mid-SD	(+) 40-45%
3Q24	(+) mid-SD	(-) low-SD	(+) 45-50%
4Q24	(+) high-SD	(+) high-SD	(+) 50-55%
1Q25	(+) high-SD	(+) high-SD	(+) 65-70%
2Q25	(+) low-SD	(+) mid-SD	(+) 50-55%
3Q25	(+) low-SD	(+) low-SD	(+) 45-50%
4Q25	(-) low-SD	(+) mid-SD	(+) 35-40%
1Q26	(+) high-SD	(+) low-teens	(+) 40-45%
2Q26	(+) low-SD	(+) low-SD	(+) 25-30%
3Q26	(-) mid-SD	(-) low-SD	(+) 25-30%

Source: Anta Sports, UOB Kay Hian

Earnings Revision/Risk

- **No earnings revisions.**
- Risks: a) Weaker-than-expected retail sales growth, and b) further discounting.

Valuation/Recommendation

- **Maintain BUY; keep target price unchanged at HK$112.20.** We roll over our DCF-based target price to 2027, and the target price remains unchanged at HK$112.20. Our target price implies 18.3x 2026F PE and 17.0x 2027F PE. The stock currently trades at 12.3x 2026F PE and 11.4x 2027F PE.

Profit & loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	80,219.0	88,075.5	94,994.4	102,101.7
EBITDA	25,426.0	25,321.9	27,334.5	29,052.2
Deprec. & amort.	6,335.0	4,410.1	4,740.4	4,821.1
EBIT	19,091.0	20,911.8	22,594.2	24,231.2
Total other non-operating income	0.0	0.0	0.0	0.0
Associate contributions	1,203.0	1,203.0	1,370.2	1,534.6
Net interest income/(expense)	1,151.0	915.7	894.0	1,186.2
Pre-tax profit	21,445.0	23,030.5	24,858.3	26,952.0
Tax	(5,784.0)	(6,211.3)	(6,704.3)	(7,269.0)
Minorities	(2,074.0)	(2,227.2)	(2,404.0)	(2,606.5)
Net profit	13,587.0	14,591.9	15,750.0	17,076.6
Net profit (adj.)	13,587.0	14,591.9	15,750.0	17,076.6

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	5,366.0	5,876.2	6,146.3	6,416.5
Other LT assets	59,273.0	74,152.7	76,642.2	79,051.0
Cash/ST investment	12,181.0	7,581.3	7,348.6	7,956.8
Other current assets	47,475.0	49,333.7	51,130.8	52,965.2
Total assets	124,295.0	136,943.9	141,268.0	146,389.4
ST debt	11,532.0	12,354.0	11,532.8	4,906.6
Other current liabilities	21,826.0	23,148.4	24,131.3	25,133.7
LT debt	11,770.0	11,916.0	4,883.2	3,476.6
Other LT liabilities	6,762.0	6,762.0	6,762.0	6,762.0
Shareholders' equity	65,782.0	73,913.2	82,704.4	92,249.8
Minority interest	6,623.0	8,850.2	11,254.2	13,860.7
Total liabilities & equity	124,295.0	136,943.9	141,268.0	146,389.4

Cash flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	20,996.0	20,693.0	22,080.2	23,672.1
Pre-tax profit	21,445.0	23,030.5	24,858.3	26,952.0
Tax	(5,784.0)	(6,211.3)	(6,704.3)	(7,269.0)
Deprec. & amort.	6,335.0	4,410.1	4,740.4	4,821.1
Associates	0.0	0.0	0.0	0.0
Working capital changes	(1,368.0)	(536.3)	(814.2)	(832.0)
Non-cash items	275.0	0.0	0.0	0.0
Other operating cashflows	(450.0)	0.0	(0.0)	0.0
Investing	(7,046.0)	(19,800.0)	(7,500.0)	(7,500.0)
Capex (growth)	(2,716.0)	(4,500.0)	(4,500.0)	(4,500.0)
Investments	(2,185.0)	(17,800.0)	(5,500.0)	(5,500.0)
Others	(2,078.0)	2,500.0	2,500.0	2,500.0
Financing	(13,116.0)	(5,492.7)	(14,812.9)	(15,563.9)
Dividend payments	(6,596.0)	(6,460.7)	(6,958.9)	(7,531.1)
Proceeds from borrowings	302.0	12,500.0	4,500.0	3,500.0
Loan repayment	(1,641.0)	(11,532.0)	(12,354.0)	(11,532.8)
Others/interest paid	(5,181.0)	0.0	0.0	0.0
Net cash inflow (outflow)	834.0	(4,599.7)	(232.7)	608.2
Beginning cash & cash equivalent	11,390.0	12,181.0	7,581.3	7,348.6
Changes due to forex impact	(43.0)	0.0	0.0	0.0
Ending cash & cash equivalent	12,181.0	7,581.3	7,348.6	7,956.8

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	31.7	28.8	28.8	28.5
Pre-tax margin	26.7	26.1	26.2	26.4
Net margin	16.9	16.6	16.6	16.7
ROA	11.5	11.2	11.3	11.9
ROE	21.3	20.9	20.1	19.5
Growth				
Turnover	13.3	9.8	7.9	7.5
EBITDA	15.2	(0.4)	7.9	6.3
Pre-tax profit	(2.0)	7.4	7.9	8.4
Net profit	13.9	7.4	7.9	8.4
Net profit (adj.)	13.9	7.4	7.9	8.4
EPS	16.0	9.0	7.9	8.4
Leverage				
Debt to total capital	27.2	25.9	16.6	8.4
Debt to equity	36.5	34.7	21.0	9.6
Net debt/(cash) to equity	(45.5)	(33.6)	(38.2)	(42.3)

Technical Analysis

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Power Assets (0006 HK)

Last price:	HK$60.50
Support levels:	HK$59.80/HK$58.85
Resistance levels:	HK$61.65/HK$64.10

Price is currently bounded within a triangle consolidation, forming a localised bullish flag pattern that marks a high-tight volatility contraction following an initial primary mark-up impulse. The RSI remains in bullish territory and is curling upward. A decisive breakout above the triangle upper trendline will complete the continuation pattern, unlocking high velocity upward movement towards overhead supply.

Average timeframe: Around two weeks.

Budweiser Brewing (1876 HK)

Last price:	HK$5.96
Support levels:	HK$5.55/HK$5.39
Resistance levels:	HK$6.14/HK$6.21

Price executed a secondary rejection at its prior resistance. The RSI remains in bullish territory, while its sharp downward hook from elevated levels signals an active momentum divergence and a rapid decay in buy-side velocity. As long as price remains capped beneath this defended resistance ceiling on transient upward retests, we see a deeper downward retracement targeting lower downside.

Average timeframe: Around two weeks.

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