



China | Machinery

20 October 2025

Precision Tsugami (China) (1651 HK)

Anticipating a solid 1H26

- **Positive profit alert – 1H26 (Year ended Mar) NP is expected to increase approximately 48% YoY.**
- **FY26 is shaping up to be a strong year with new capacity serving as a growth catalyst.**

1H26 NP is expected to grow 48% YoY

Precision Tsugami (China) (PTC) issued a positive profit alert, citing that benefitted from the sustained recover of domestic economy, the company's 1H26 (Year ended Mar) NP is expected to amount to Rmb502m, representing a YoY increase of 48%.

China's manufacturing sector is undergoing a significant transformation, driven by rapid growth in high-tech end markets such as new energy vehicles and artificial intelligence. This evolution is fueling robust demand for advanced machine tools. PTC is well-positioned to benefit from this shift. The company has steadily expanded its footprint across multiple manufacturing sub-sectors, resulting in rising demand for its CNC high-precision machine tools. Concurrently, PTC's disciplined focus on cost control, operational efficiency, and process optimization has sharpened its competitive edge—translating into stronger margins and a materially improved bottom line.

New growth cycle – seizing the opportunity in miniature precision manufacturing

Since 1Q24, China's machine tool industry has entered a clear upward cycle, marked by sustained momentum across the manufacturing sectors. The positive trajectory has extended into this year, with PTC's machines tools demand posted a strong YoY growth, reflecting broad based industrial expansion.

Across both near- and long-term horizons, the transformation of automotive technologies and the rapid advancement of AI and embodied robotics are driving strong demand for miniature precision parts and components. This trend presents a compelling growth opportunity for PTC, which specializes in miniature precision machine tools and is uniquely positioned to serve these high-value, innovative-led segments.

Resilience amid uncertainty. Upgrade to BUY with new TP of HK\$40.70.

Despite the ongoing external uncertainties such as the tariff war, China's structural upgrade in manufacturing and the accelerating demand for equipment upgrades continue to drive long-term industry momentum. With the fifth plant in Pinghu commencing operations in Oct 2024, boosting the annual production capacity by 3k to 4k units of machine tools. Precision Tsugami Anhui continues to upgrade its infrastructure, enhancing both machining capabilities for parts and components and assembly capacity for functional units. To further strengthen its strategic footprint, PTC acquired approximately 34 mu of land in the Pinghu Economic Development District in May 2025, with plans to construct two additional plants over the next two years. Once completed, the new facilities are expected to add another 3k units to annual production capacity.

Confident in its long-term trajectory, the company remains focused on expanding its market share. We adjusted our FY26 and FY27 turnover and NP by 7-9% and 6-8% respectively. In view of the recent market re-rating, we believe there is still more room for upgrade. We revised up our target PE to 12x, which is in line with the peers' FY26 average PE to derive our new TP of HK40.70. As our new TP offers a potential upside of 28%, we consequently upgrade our recommendation to BUY.

Summary financial data

Year to Mar 31 (RMB'm)	2024A	2025A	2026E	2027E	2027E
Revenue	3,120	4,262	5,885	7,663	9,793
Gross profit	896	1,410	1,971	2,582	3,310
Reported net profit	480	782	1,164	1,549	2,005
Adj. net profit	480	782	1,164	1,549	2,005
Adj. net profit YoY%	(17.1)	63.0	48.8	33.1	29.5
Adj. EPS (RMB)	1.26	2.07	3.09	4.11	5.31
Adj. P/E (x)	23.3	13.9	9.4	7.0	5.4
P/B (x)	4.0	3.4	3.4	2.5	1.9
Dividend yield (%)	2.6	2.8	4.4	5.8	7.6
ROE (%)	19.0	28.7	36.1	49.1	48.0
Net debt / equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Crosby Securities

BUY

Last Price (HK\$)*	31.78
Target Price (HK\$)	40.70
Upside / (Downside)(%)	28.1%
Previous rating	NEUTRAL
Previous TP	22.20
Hang Seng Index*	25,858.83
* Prices as of	20-Oct-25

Key Data

Ticker	1651 HK
Market Cap (HK\$m)	11,939
3M avg daily T/O (HK\$m)	57.1
52-week High (HK\$)	34.74
52-week Low (HK\$)	10.86
Free Float (%)	30.8%
Shares O/S (m)	375.7

Performance	Absolute	Relative
1 month	1.9%	4.6%
3 months	38.2%	32.7%
6 months	69.0%	39.9%

Price Chart



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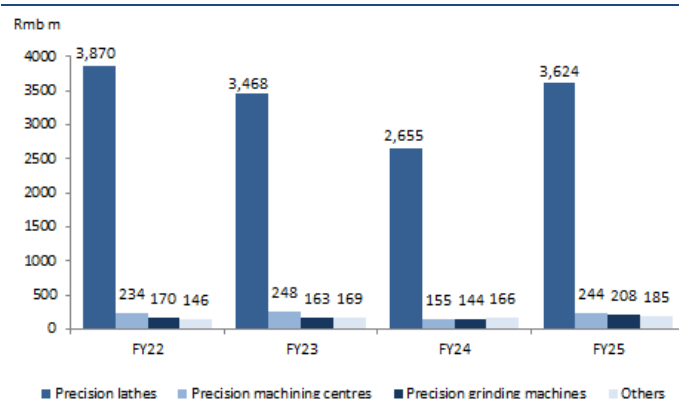


Figure 1 P&L

Year ended Mar (Rmbm)	FY21	FY22	FY23	FY24	FY25	FY24 vs FY25 YoY change (%)
Revenue	3,117.0	4,419.9	4,046.9	3,119.7	4,261.6	36.6
COGS	(2,351.7)	(3,246.9)	(3,010.8)	(2,224.1)	(2,851.1)	
Gross profit	765.3	1,173.0	1,036.1	895.5	1,410.4	57.5
Other income and gains	37.8	180.3	68.4	85.3	80.4	
Selling and distribution expenses	(126.9)	(162.7)	(148.3)	(155.9)	(189.9)	
Administrative expenses	(93.8)	(95.9)	(105.6)	(113.9)	(152.6)	
Other expenses	(11.1)	(118.7)	(8.9)	(7.4)	(10.7)	
Finance costs	(1.0)	(2.1)	(0.7)	(1.0)	(0.4)	
Before tax profit	570.3	973.8	841.0	702.7	1,137.2	61.8
Tax	(178.3)	(306.4)	(261.8)	(222.8)	(354.8)	
Net profit	392.0	667.4	579.2	480.0	782.4	63.0
Margin (%)	FY21	FY22	FY23	FY24	FY25	YoY change (ppt)
Gross	24.6	26.5	25.6	28.7	33.1	4.4
Net	12.6	15.1	14.3	15.4	18.4	3.0

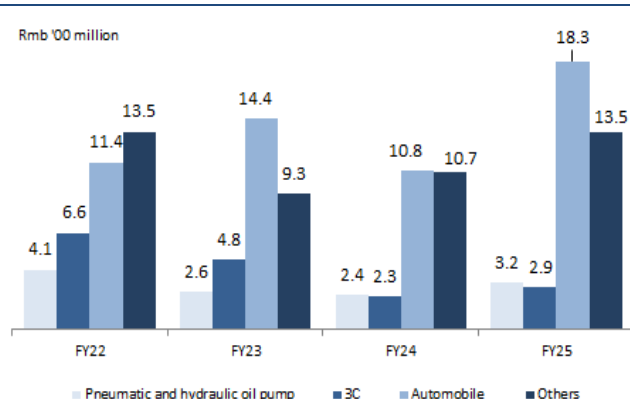
Source: Company data

Figure 2 Revenue breakdown



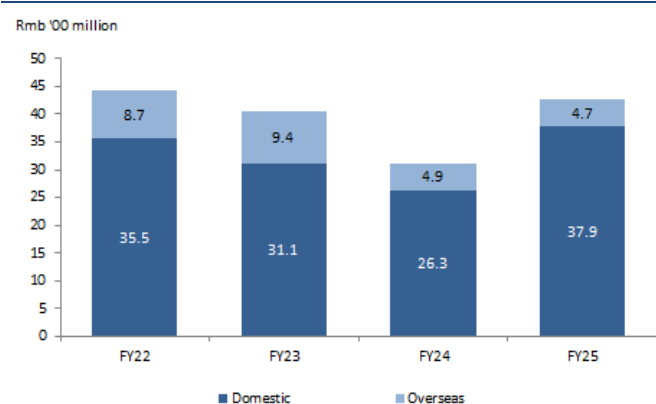
Source: Company data

Figure 3 Sales breakdown by downstream customers



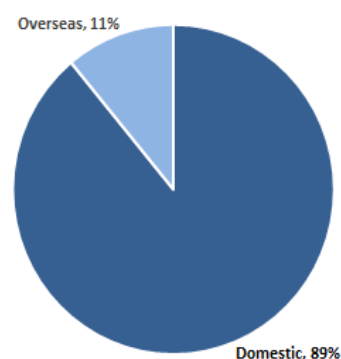
Source: Company data

Figure 4 Geographical breakdown



Source: Company data

Figure 5 Geographical breakdown



Source: Company data



Figure 6 Peer comparable

			Mkt cap (US\$m)	3-mth	P/E (x)		FY1-FY3	FY1	Div Yld (%)		P/B (x)		ROE (%)		ROIC	Share px chg (%)		
Company	Ticker	Price		avg t/o (US\$m)	FY1	FY2	EPS Cagr (%)	PEG (x)	FY1	FY2	Hist	FY1	Hist	FY1	Hist	1-mth	3-mth	12-mth
HSI		25,859		12.3	11.0	11.7	1.06	3.1	3.3	1.35	1.31	10.7	10.3		(2.6)	4.2	24.3	
HSCEI		9,233		11.6	10.2	13.0	0.89	2.8	3.0	1.29	1.25	11.5	10.6		(2.5)	2.7	23.6	
CSI300		4,538		15.9	14.0	12.9	1.23	2.5	2.8	1.82	1.69	10.2	10.6		0.8	11.8	15.6	
Sector Average				11.9	10.0	18.7	0.8	3.6	4.6	5.5	2.4	2.5	17.6	3.2	(4.5)	7.1	23.4	
Sector Median				10.0	8.5	18.9	0.7	4.0	5.2	1.9	2.3	9.2	18.2	3.9	(4.4)	5.9	9.5	
Precision Tsugam	1651 HK	31.78	1,537	7.4	9.4	7.0	31.3	0.30	4.4	5.8	3.54	3.40	26.8	N/A	24.7	1.9	38.2	198.7
Haitian Intl	1882 HK	21.36	4,389	5.9	9.1	8.5	7.5	1.22	N/A	N/A	1.45	1.33	16.0	15.3	13.9	(3.7)	2.0	(6.9)
L.K. Technology	558 HK	3.95	694	23.6	13.6	11.4	18.9	0.72	2.4	2.8	2.71	2.32	17.9	18.1	8.2	(23.2)	13.5	31.2
Chen Hsong Hldgs	57 HK	1.75	142	0.1	N/A	N/A	N/A	N/A	N/A	N/A	0.36	N/A	5.0	N/A	3.9	(5.4)	7.4	21.5
Sany Heavy Equip	631 HK	7.91	3,290	9.1	10.0	8.2	22.9	0.43	4.0	5.2	1.87	1.69	11.1	18.2	6.3	11.4	6.3	49.2
Waihai Huadong-A	002248 CH	10.49	453	49.4	N/A	N/A	N/A	N/A	N/A	N/A	33.87	N/A	26.9	N/A	13.7	(0.9)	13.9	49.2
Zhejiang Rifa -A	002520 CH	5.82	613	49.3	N/A	N/A	N/A	N/A	N/A	N/A	15.68	N/A	(118.0)	N/A	(37.8)	(16.1)	(12.1)	20.7
Shenyang Mach-A	000410 CH	7.03	2,328	25.4	N/A	N/A	N/A	N/A	N/A	N/A	6.46	N/A	7.3	N/A	3.2	(2.1)	5.4	(1.7)
Ningbo Haitian-A	601882 CH	19.59	1,436	15.3	17.3	15.0	13.1	1.33	N/A	N/A	3.71	3.26	17.9	18.6	14.3	(7.4)	0.4	(11.3)
Awrea Mech	1530 TT	27.45	85	0.0	N/A	N/A	N/A	N/A	N/A	N/A	0.88	N/A	(0.1)	N/A	(2.2)	(2.5)	(3.2)	(16.6)
Goodway	1583 TT	48.80	174	0.0	N/A	N/A	N/A	N/A	N/A	N/A	1.06	N/A	1.8	N/A	(2.3)	(5.1)	(9.1)	(20.7)
Tong-Tai	4526 TT	32.85	274	12.7	N/A	N/A	N/A	N/A	N/A	N/A	1.71	N/A	(0.2)	N/A	(8.2)	(10.2)	11.0	(2.7)
Taiwan Takisawa	6609 TT	36.55	87	1.0	N/A	N/A	N/A	N/A	N/A	N/A	1.11	N/A	2.7	N/A	3.6	(13.4)	(17.3)	(67.5)
Tsuoami Corp	6101 JP	2,698.00	859	4.1	N/A	N/A	N/A	N/A	N/A	N/A	1.98	N/A	19.9	N/A	N/A	13.6	42.8	84.7

Source: Company data



Summary financials

Year ended Mar	2024A	2025A	2026F	2027F	2028F
Profit & Loss (RMBm)					
Precision automatic lathes	2,655	3,624	5,000	6,528	8,391
YoY%	(23.4)	36.5	37.9	30.6	28.6
Precision machining centres	155	244	365	471	568
YoY%	(37.5)	57.3	49.9	28.9	20.8
Precision grinding machines	144	208	288	375	472
YoY%	(11.4)	44.4	38.5	30.0	25.8
Others	166	185	231	289	362
YoY%	(1.8)	11.8	25.0	25.0	25.0
Turnover	3,120	4,262	5,885	7,663	9,793
YoY%	(22.9)	36.6	38.1	30.2	27.8
COGS	(2,224)	(2,851)	(3,913)	(5,080)	(6,483)
Gross profit	896	1,410	1,971	2,582	3,310
Margin	28.7%	33.1%	33.5%	33.7%	33.8%
Selling & distribution	(156)	(190)	(249)	(318)	(406)
Admin	(114)	(153)	(200)	(255)	(327)
Other incomes	85	80	144	207	291
Other opex	0	0	0	0	0
Total opex	(184)	(262)	(305)	(367)	(442)
YoY%	(0.6)	42.2	16.4	20.2	20.6
Operating profit	711	1,148	1,666	2,215	2,868
Margin	22.8%	26.9%	28.3%	28.9%	29.3%
Other income / (exp)	(7)	(11)	(13)	(15)	(19)
Finance costs	(1)	(0)	(0)	(0)	(1)
Associates/ JV income	0	0	0	0	0
Pre-tax profit	703	1,137	1,653	2,200	2,848
Tax	(223)	(355)	(489)	(651)	(843)
Profit after tax	480	782	1,164	1,549	2,005
Margin	15.4%	18.4%	19.8%	20.2%	20.5%
Minority interest	0	0	0	0	0
Net profit	480	782	1,164	1,549	2,005
YoY%	(17.1)	63.0	48.8	33.1	29.5
Margin	15.4%	18.4%	19.8%	20.2%	20.5%
Crosby Adjustments	0	0	0	0	0
Adj. net profit	480	782	1,164	1,549	2,005
YoY%	(17.1)	63.0	48.8	33.1	29.5
Margin	15.4%	18.4%	19.8%	20.2%	20.5%
EBITDA	770	1,209	1,738	2,300	2,968
YoY%	N/A	N/A	N/A	N/A	N/A
Margin	24.7%	28.4%	29.5%	30.0%	30.3%
Adj EPS (RMB)	1.263	2.074	3.085	4.106	5.315
YoY%	(94.6)	(96.0)	(95.8)	(98.0)	(97.6)
DPS (RMB)	0.737	0.782	1.234	1.642	2.126
YoY%	3.3	6.0	57.9	33.1	29.5

Year ended Mar	2024A	2025A	2026F	2027F	2028F
Cash Flow (RMBm)					
Before tax profit	703	1,137	1,653	2,200	2,848
Dep. & Amort.	59	61	71	85	100
Chg in working cap	(28)	(568)	(661)	(711)	(851)
Others	(26)	(6)	(25)	(29)	(34)
Cash from operations	707	624	1,039	1,545	2,064
Tax paid	(202)	(271)	(374)	(497)	(644)
Net cash from operations	506	353	665	1,048	1,421
YoY%	(33.7)	(30.2)	88.5	57.5	35.6
Capex	(86)	(42)	(45)	(40)	(38)
Investments	0	0	0	0	0
Disposal of assets	1	1	1	1	1
Interest received	28	23	26	30	34
Others	(97)	(262)	(30)	(30)	(30)
Net cash from investments	(155)	(281)	(48)	(40)	(33)
Issue/ buyback of shares	0	0	0	0	0
Interest paid	(1)	(0)	(0)	(0)	(1)
Dividends paid	(280)	(295)	(466)	(620)	(802)
Net change in debt	0	0	0	0	0
Others	(30)	(64)	0	0	0
Net cash from financing	(312)	(360)	(466)	(620)	(803)
Net change in cash	39	(288)	151	388	585
Adjustments	0	0	0	0	0
Opening cash	639	678	390	541	929
Closing cash	678	390	541	929	1,514
FCF	420	311	620	1008	1383
YoY%	(40.8)	(26.0)	99.7	62.5	37.2

Year ended Mar	2024A	2025A	2026F	2027F	2028F
Balance Sheet (RMBm)					
Fixed assets	568	554	599	639	677
Associates & JCE	0	0	0	0	0
Goodwill & intangibles	5	6	3	3	3
Deferred tax assets	21	26	26	26	26
Others	75	72	0	0	0
Non-current assets	669	660	629	669	707
Inventories	857	930	1,285	1,673	2,138
Trade & bills receivables	982	1,567	2,163	2,817	3,600
Prepayments, deposits & others	13	16	22	29	37
Investments	0	0	0	0	0
Cash	678	390	541	929	1,514
Others	433	692	0	0	0
Current assets	2,963	3,595	4,011	5,448	7,289
Total assets	3,632	4,254	4,640	6,117	7,996
Trade & bills payables	534	611	838	1,088	1,388
Accruals & other payables	190	214	294	381	486
Tax payable	73	138	190	253	327
Bank loans	0	0	0	0	0
Bonds, CB & debentures	0	0	0	0	0
Others	9	12	0	0	0
Current liabilities	806	974	1,322	1,722	2,202
Bank loans	0	0	0	0	0
Bonds, CB & debentures	0	0	0	0	0
Deferred tax liabilities	91	116	161	214	277
Others	33	30	0	0	0
Non-current liabilities	124	146	161	214	277
Total liabilities	931	1,120	1,482	1,936	2,479
Total net assets	2,702	3,134	3,158	4,181	5,517
Share capital	320	320	320	320	320
Reserves	2,409	2,902	2,838	3,861	5,198
Shareholder's equity	2,729	3,221	3,158	4,181	5,517
Others	(27)	(87)	0	0	0
Total Equity	2,702	3,134	3,158	4,181	5,517
Total debts	0	0	0	0	0
Net cash/(debts)	678	390	541	929	1,514
BVPS (RMB)	7.107	8.307	8.370	11.082	14.624

Year ended Mar	2024A	2025A	2026F	2027F	2028F
Key ratios					
Margins (%)					
Gross margin	28.7	33.1	33.5	33.7	33.8
EBITDA margin	24.7	28.4	29.5	30.0	30.3
EBIT margin	22.8	26.9	28.3	28.9	29.3
Net margin	15.4	18.4	19.8	20.2	20.5
Net margin (Core profit)	15.4	18.4	19.8	20.2	20.5
Effective tax rate (%)	31.7	31.2	29.6	29.6	29.6
Selling exp as % of rev	5.0	4.5	4.2	4.1	4.1
Admin exp as % of rev	3.6	3.6	3.4	3.3	3.3
R&D exp as % of rev	N/A	N/A	N/A	N/A	N/A
Other opex as % of rev	0.0	0.0	0.0	0.0	0.0
Total opex as % of rev	5.9	6.2	5.2	4.8	4.5
Interest coverage (x)	716.1	2,787.0	3,676.7	4,444.1	5,229.3
Dividend payout (%)	58.4	37.6	39.9	39.9	39.9
Balance sheet ratios					
Inventory days	157	114	103	106	107
Acct. rec. days	105	109	116	119	120
Acct. payable days	95	73	68	69	70
Cash cycle	167	150	151	156	157
Net debt/equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Net debt/total cap (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Current ratio (x)	3.68	3.69	3.04	3.16	3.31
Returns (%)					
Asset turnover (x)	0.87	1.08	1.32	1.42	1.39
Financial leverage (x)	1.41	1.44	1.38	1.70	1.69
EBIT margin (%)	22.6	26.7	28.1	28.7	29.1
Interest burden (x)	1.00	1.00	1.00	1.00	1.00
Tax burden (x)	0.68	0.69	0.70	0.70	0.70
ROE (%)	19.0	28.7	36.1	49.1	48.0
ROIC (%)	24.6	32.8	43.4	52.8	55.3

Source: Company data, Crosby



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Buy (B): The stock's potential total return is expected to be over 10%/15% for Large Caps/Small&Mid Caps, respectively.

Neutral (N): The stock's potential total return is expected to be ranging from -10% to 10%/15% for Large Caps/Small&Mid Caps, respectively.

Sell (S): The stock's potential total return is expected to be less than -10% over the next 12 months.

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Closure/Expiry of Tactical Call: Our Tactical Call(s) will be considered closed or expires when (1) the share price(s) of our tactical Call(s) reaches either the Take-Profit or Cut-Loss levels after the initiation of the Tactical Call(s); or (2) after 3 months from the initiation of the Tactical Call(s), whichever comes earlier.

Not Rated (NR): Stocks that we have no Fundamental or Tactical Call rating

Under Review (UR): An indication of the stock's target price and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

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