



## Wasion Holdings (3393 HK)

### Unconventional energy tech; poised for revaluation

- Wasion's journey from power meters to digital energy solutions is remarkable. Coupled with policy alignment and proven execution, this offers strong growth visibility.
- Well-positioned to ride the AIDC wave, driving a revaluation of Wasion from traditional industrial play to technology infrastructure play. Potential for inclusion in the HK Stock Connect. Upgrade to BUY with new TP of HK\$24.75.

#### Strategic shift: Beyond metering

We have been covering Wasion for a long time. Over the years, we have observed its impressive evolution from a pure metering business into a diversified advanced technology player. Wasion's pivot reflects China's broader energy modernization strategy, where utilities are no longer just about power delivery but also about data-driven efficiency and sustainability. Wasion has positioned itself as a technology innovator rather than a commodity supplier, ensuring long-term relevance and growth. We remain constructive on the company's outlook as its strategic transformation is well aligned with China's favorable policy and long-term energy transition goals.

#### Expanding into lucrative markets with compelling opportunities

China's dual push in AI innovation and data center expansion reflects its ambition to dominate the next wave of digital transformation. With strong support from the government and major breakthroughs from the domestic firms, according to Research and Market, the Chinese data center market is projected to nearly double to USD97.3b by 2030 from USD47.2b in 2024, representing a CAGR of 12.8%.

Facing this rapid development, Wasion spare no effort in R&D to enhance its technological competencies. It focused on R&D in intelligent, integrated and prefabricated technologies. The company's ADO business stands to gain from the AIDC boom by supplying the smart distribution systems that power AI-driven data centers given the higher electricity demand. In FY25, the company's AIDC order amounted to Rmb2.3bn; among which approximately Rmb1.0bn has been delivered. The management anticipated that AIDC sales is likely to be double this year. We expect ADO's GPM will further improve given AIDC commands higher GPM profile.

#### Well positioned to gain from AIDC boom. Reiterate BUY with new TP of HK\$24.75

We expect its AIDC-related revenue to grow rapidly, with strong order momentum both in China and overseas customers. For domestic market data center sector, Wasion is actively participating in the national "East Data, West Computing" project and securing multiple large-scale data center contracts in Hunan and Beijing. Thanks to its continued partnership with GDS Holdings (9698 HK, NR), Wasion secured the first order from ByteDance. As for overseas market, leveraging its partnerships with Siemens and GDS, Wasion provides overseas clients with comprehensive one-stop solutions. To strengthen its global presence, the company has established subsidiaries and manufacturing facilities in Malaysia and Mexico, ensuring rapid-response support for customers across Southeast Asia and North America.

Over the past decade, Wasion has expanded into advanced distribution and energy efficiency management, moving beyond its "pure power meter play" identity. This shift and the emergence of AIDC catalyst, opens a new revaluation opportunity for Wasion. Worth noting, on the back of its positive earnings growth, Wasion has strong potential for the inclusion in HK Stock Connect in 1Q26. We revised our target PE to 17.5x, which is in line with its peers' medium FY26 PE to derive our new TP of HK\$24.75. As our new TP offers a potential upside of 32%, we consequently upgrade our recommendation to BUY.

#### Summary financial data

Year to Dec 31 (RMB'm)	2023A	2024A	2025E	2026E	2027E
Revenue	7,252	8,717	10,381	12,343	14,538
Gross profit	2,581	3,035	3,675	4,443	5,274
Reported net profit	521	706	971	1,273	1,572
Adj. net profit	521	706	971	1,273	1,572
Adj. net profit YoY%	61.0	35.4	37.6	31.1	23.5
Adj. EPS (RMB)	0.527	0.713	0.980	1.29	1.59
Adj. P/E (x)	32.3	23.9	17.4	13.2	10.7
P/B (x)	3.2	3.1	2.6	2.4	2.1
Dividend yield (%)	1.2	1.5	3.5	4.6	5.6
ROE (%)	10.6	13.3	16.3	18.8	21.2
Net debt / equity (%)	Net cash	Net cash	0.3	3.1	5.3

Source: Company data, Crosby Securities

BUY

Last Price (HK\$)*	18.72
Target Price (HK\$)	24.75
Upside / (Downside)(%)	32.2%
Previous rating	NEUTRAL
Previous TP	11.30
Hang Seng Index*	26,231.79

\*Prices as of 9-Jan-26

#### Key Data

Ticker	3393 HK
Market Cap (HK\$m)	18,643
3M avg daily T/O (HK\$m)	36.1
52-week High (HK\$)	18.96
52-week Low (HK\$)	6.30
Free Float (%)	45.2%
Shares O/S (m)	995.9

Performance	Absolute	Relative
1 month	23.2%	19.4%
3 months	38.7%	41.4%
6 months	118.9%	99.4%

#### Price Chart



Source: Bloomberg

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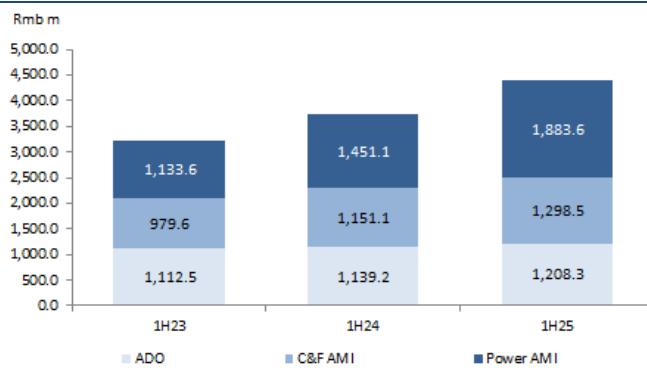


Figure 1 Interim P&amp;L

Year ended Dec (RMBm)	1H22	1H23	1H24	1H25	1H24 vs 1H25
					YoY change (%)
Turnover	2,552.7	3,225.7	3,741.5	4,390.4	17.3
COGS	(1,684.8)	(2,049.0)	(2,413.8)	(2,848.1)	
<b>Gross profit</b>	<b>867.9</b>	<b>1,176.7</b>	<b>1,327.7</b>	<b>1,542.3</b>	<b>16.2</b>
Other income	87.8	41.7	141.2	146.4	
Administrative expenses	(114.0)	(150.3)	(173.1)	(196.9)	
Selling expenses	(230.5)	(291.6)	(309.3)	(358.2)	
R&D costs	(247.3)	(304.6)	(308.2)	(314.5)	
Finance costs	(51.8)	(62.4)	(62.7)	(59.3)	
Impairment losses on financial assets	(33.0)	(37.5)	(55.3)	(70.3)	
Share of profits of an associate	0.0	0.0	0.3	0.2	
<b>Profit before tax</b>	<b>279.1</b>	<b>372.0</b>	<b>560.6</b>	<b>689.7</b>	<b>23.0</b>
Tax	(41.6)	(56.8)	(94.9)	(103.9)	
MI	(94.2)	(101.3)	(134.6)	(146.1)	
<b>Net profit</b>	<b>143.3</b>	<b>213.8</b>	<b>331.0</b>	<b>439.6</b>	<b>32.8</b>

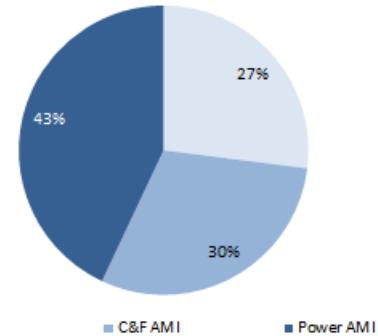
Source: Company data

Figure 2 Revenue breakdown



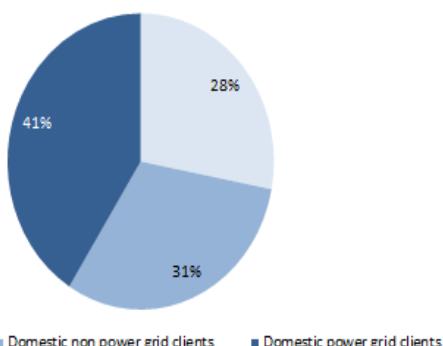
Source: Company data

Figure 3 Product mix



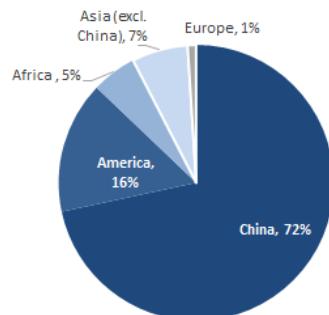
Source: Company data

Figure 4 Customer mix



Source: Company data

Figure 5 Geographical breakdown



Source: Company data



Figure 6 Peer comparable

9-Jan-26			Mkt cap (US\$m)	3-mth avg t/o (US\$m)		P/E (x)			EPS YoY%		Div Yld (%)		P/B (x)		ROE (%)		ROIC Hist (%)	Share px chg (%)			
Company	Ticker	Price		Hist	FY1	FY2	FY3	FY1	FY2	Hist	FY1	FY2	Hist	FY1	Hist	FY1	1-mth	3-mth	1-Yr		
HSI		26,232		12.2	12.7	11.5	10.2	(4.2)	10.8	2.9	3.0	3.2	1.40	1.39	10.4	10.6	4.1	3.1	(1.9)	36.3	
MSCI ACWI		1,029.45		21.9	22.2	19.2	17.0	(0.9)	15.7	1.6	1.9	1.8	3.66	3.57	14.9	15.1	6.0	2.3	3.6	21.7	
<b>Sector Average</b>				<b>32.7</b>	<b>23.8</b>	<b>19.6</b>	<b>16.4</b>	<b>30.3</b>	<b>20.4</b>	<b>2.7</b>	<b>2.2</b>	<b>2.6</b>	<b>4.2</b>	<b>3.9</b>	<b>13.9</b>	<b>15.8</b>	<b>9.4</b>	<b>5.5</b>	<b>8.5</b>	<b>53.2</b>	
<b>Sector Median</b>				<b>25.7</b>	<b>21.5</b>	<b>17.5</b>	<b>14.9</b>	<b>19.3</b>	<b>22.8</b>	<b>1.7</b>	<b>1.5</b>	<b>1.9</b>	<b>2.8</b>	<b>2.6</b>	<b>14.8</b>	<b>16.3</b>	<b>8.6</b>	<b>3.1</b>	<b>3.2</b>	<b>9.5</b>	
Wasion Holdings	3393 HK	18.72	2,392	4.7	23.9	17.4	13.2	10.7	37.6	31.1	2.0	3.5	4.6	3.00	2.60	14.8	16.3	11.1	23.2	38.7	173
Jiangsu Linyan-A	601222 CH	5.62	1,658	17.4	14.7	15.3	13.2	11.5	(3.7)	15.5	6.3	4.4	4.9	0.75	0.73	5.1	4.7	1.0	(1.9)	(9.8)	(16.9)
Ningbo Sanxing-A	601567 CH	24.45	4,920	80.9	15.0	15.1	12.2	10.1	(0.9)	24.1	5.6	3.6	4.4	2.77	2.64	19.9	18.1	11.1	5.4	(2.2)	(18.8)
Sieyuan Electr-A	002028 CH	159.55	17,787	192.6	58.1	42.9	32.5	25.1	35.4	31.8	0.3	0.4	0.6	8.62	8.32	18.7	20.5	17.7	1.8	42.4	121
Xuji Electric-A	000400 CH	27.72	4,044	144.7	25.7	21.5	17.5	14.9	19.3	22.8	1.7	1.2	1.5	2.38	2.26	10.0	10.8	8.5	8.7	3.2	9.5
Itron Inc	ITRI US	98.44	4,509	94.8	18.4	14.3	16.4	14.5	28.6	(12.7)	N/A	N/A	N/A	2.66	2.56	17.9	18.1	8.6	2.0	(22.2)	(7.9)
Mitsub Elec Corp	6503 JP	4,735.00	63,490	176.1	31.2	26.8	23.1	20.7	16.4	16.0	1.2	1.2	1.3	2.40	2.36	8.2	9.0	8.2	3.1	16.1	83.0
Siemens Energy A	ENR GR	125.75	126,086	285.5	77.6	33.5	24.0	18.7	132	39.8	N/A	1.2	1.9	10.51	8.89	14.5	28.7	7.7	6.2	15.3	142
Schneider Electr	SU FP	237.40	159,533	211.1	30.0	27.6	24.1	21.1	8.4	14.9	1.6	1.7	1.9	5.07	4.54	15.6	16.1	10.6	1.3	(4.7)	(6.5)

Source: Bloomberg, Crosby



## Summary financials

	2023A	2024A	2025F	2026F	2027F
<b>Profit &amp; Loss (RMBm)</b>					
Power AMI	2,650	3,199	3,841	4,505	5,161
YoY%	28.7	20.7	20.1	17.3	14.6
Comm. And Fluid AMI	2,117	2,615	3,166	3,888	4,725
YoY%	11.3	23.5	21.1	22.8	21.5
ADO	2,485	2,903	3,374	3,950	4,652
YoY%	31.1	16.8	16.2	17.1	17.8
<b>Turnover</b>	<b>7,252</b>	<b>8,717</b>	<b>10,381</b>	<b>12,343</b>	<b>14,538</b>
YoY%	23.8	20.2	19.1	18.9	17.8
COGS	(4,672)	(5,681)	(6,707)	(7,901)	(9,264)
<b>Gross profit</b>	<b>2,581</b>	<b>3,035</b>	<b>3,675</b>	<b>4,443</b>	<b>5,274</b>
Margin	35.6%	34.8%	35.4%	36.0%	36.3%
<b>Selling &amp; distribution</b>	<b>(649)</b>	<b>(738)</b>	<b>(896)</b>	<b>(1,087)</b>	<b>(1,306)</b>
Admin	(327)	(368)	(456)	(553)	(664)
R&D	(681)	(730)	(879)	(1,045)	(1,230)
Other opex	0	0	0	0	0
<b>Total opex</b>	<b>(1,658)</b>	<b>(1,836)</b>	<b>(2,230)</b>	<b>(2,684)</b>	<b>(3,200)</b>
YoY%	27.0	10.7	21.5	20.3	19.2
<b>Operating profit</b>	<b>923</b>	<b>1,199</b>	<b>1,444</b>	<b>1,759</b>	<b>2,075</b>
Margin	12.7%	13.8%	13.9%	14.2%	14.3%
Other income / (exp)	69	134	178	237	297
Finance costs	(132)	(126)	(151)	(181)	(217)
Associates/JV income	0	0	0	0	0
<b>Pre-tax profit</b>	<b>860</b>	<b>1,208</b>	<b>1,472</b>	<b>1,815</b>	<b>2,155</b>
Tax	(100)	(177)	(177)	(218)	(259)
<b>Profit after tax</b>	<b>760</b>	<b>1,030</b>	<b>1,295</b>	<b>1,598</b>	<b>1,896</b>
Margin	10.5%	11.8%	12.5%	12.9%	13.0%
<b>Minority Interest</b>	<b>(239)</b>	<b>(325)</b>	<b>(325)</b>	<b>(325)</b>	<b>(325)</b>
<b>Net profit</b>	<b>520</b>	<b>706</b>	<b>971</b>	<b>1,273</b>	<b>1,572</b>
YoY%	60.7	35.6	37.6	31.1	23.5
Margin	7.2%	8.1%	9.4%	10.3%	10.8%
<b>Crosby adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adj profit</b>	<b>520</b>	<b>706</b>	<b>971</b>	<b>1,273</b>	<b>1,572</b>
YoY%	60.7	35.6	37.6	31.1	23.5
Margin	7.2%	8.1%	9.4%	10.3%	10.8%
<b>EBITDA</b>	<b>1,185</b>	<b>1,500</b>	<b>1,740</b>	<b>2,081</b>	<b>2,426</b>
YoY%	35.3	26.6	16.0	19.6	16.6
Margin	16.3%	17.2%	16.8%	16.9%	16.7%
<b>Adj EPS (RMB)</b>	<b>0.527</b>	<b>0.713</b>	<b>0.980</b>	<b>1.286</b>	<b>1.587</b>
YoY%	60.4	35.2	37.6	31.1	23.5
<b>DPS (RMB)</b>	<b>0.209</b>	<b>0.257</b>	<b>0.588</b>	<b>0.771</b>	<b>0.952</b>
YoY%	22.0	23.1	129.1	31.1	23.5

	2023A	2024A	2025F	2026F	2027F
<b>Year ended 31 Dec</b>					
<b>Cash Flow (RMBm)</b>					
Before tax profit	860	1,208	1,472	1,815	2,155
Dep. & Amort.	262	300	296	322	352
Chg in working cap	260	(596)	(436)	(527)	(565)
Others	238	216	57	87	123
<b>Cash from operations</b>	<b>1,620</b>	<b>1,128</b>	<b>1,388</b>	<b>1,698</b>	<b>2,065</b>
Tax paid	(124)	(201)	(124)	(151)	(184)
<b>Net cash from operations</b>	<b>1,496</b>	<b>927</b>	<b>1,265</b>	<b>1,547</b>	<b>1,881</b>
YoY%	73.3	(38.0)	36.5	22.3	21.6
Capex	(446)	(372)	(200)	(200)	(200)
Investments	0	0	0	0	0
Disposal of assets	0	0	0	0	0
Interest received	68	94	92	92	92
Others	(138)	107	(650)	(746)	(851)
<b>Net cash from investments</b>	<b>(516)</b>	<b>(171)</b>	<b>(759)</b>	<b>(854)</b>	<b>(959)</b>
Issue/buyback of shares	(142)	(6)	0	0	0
Interest paid	(131)	(125)	(151)	(181)	(217)
Dividends paid	(206)	(254)	(582)	(764)	(943)
Net change in debt	(164)	43	517	621	745
Others	164	(191)	0	(0)	(0)
<b>Net cash from financing</b>	<b>(480)</b>	<b>(534)</b>	<b>(216)</b>	<b>(324)</b>	<b>(415)</b>
Net change in cash	500	222	290	369	508
Adjustments	116	(77)	0	0	0
<b>Opening cash</b>	<b>2,028</b>	<b>2,645</b>	<b>2,790</b>	<b>3,081</b>	<b>3,450</b>
<b>Closing cash</b>	<b>2,644</b>	<b>2,790</b>	<b>3,081</b>	<b>3,450</b>	<b>3,957</b>
<b>FCF</b>	<b>1,050</b>	<b>555</b>	<b>1,065</b>	<b>1,347</b>	<b>1,681</b>
YoY%	70.1	(47.1)	91.8	26.5	24.8

	2023A	2024A	2025F	2026F	2027F
<b>Year ended 31 Dec</b>					
<b>Balance Sheet (RMBm)</b>					
Fixed assets	1,958	2,168	2,368	2,568	2,768
Associates & JCE	9	9	0	0	0
Goodwill & intangibles	854	842	919	1,007	1,109
Deferred tax assets	0	0	0	0	0
Others	569	934	710	710	710
<b>Non-current assets</b>	<b>3,391</b>	<b>3,953</b>	<b>3,997</b>	<b>4,285</b>	<b>4,586</b>
Inventories	1,206	1,264	1,506	1,790	2,108
Trade & bills receivables	4,550	5,821	6,933	8,243	9,709
Prepayments, deposits & other	0	85	0	0	0
Investments	0	0	0	0	0
Cash	2,645	2,790	3,081	3,450	3,957
Others	2,088	1,814	2,066	2,124	2,187
<b>Current assets</b>	<b>10,489</b>	<b>11,774</b>	<b>13,585</b>	<b>15,607</b>	<b>17,961</b>
<b>Total assets</b>	<b>13,880</b>	<b>15,727</b>	<b>17,582</b>	<b>19,891</b>	<b>22,548</b>
Trade & bills payables	3,939	5,082	5,999	7,067	8,286
Accruals & other payables	0	0	0	0	0
Tax payable	102	111	111	111	111
Bank loans	1,679	1,616	1,939	2,327	2,792
Bonds, CB & debentures	0	0	0	0	0
Others	508	568	0	0	0
<b>Current liabilities</b>	<b>6,228</b>	<b>7,376</b>	<b>8,049</b>	<b>9,504</b>	<b>11,189</b>
Bank loans	835	971	1,166	1,399	1,679
Bonds, CB & debentures	0	0	0	0	0
Deferred tax liabilities	37	39	21	22	23
Others	4	20	0	0	0
<b>Non-current liabilities</b>	<b>876</b>	<b>1,030</b>	<b>1,187</b>	<b>1,421</b>	<b>1,702</b>
<b>Total liabilities</b>	<b>7,103</b>	<b>8,406</b>	<b>9,235</b>	<b>10,925</b>	<b>12,890</b>
<b>Total net assets</b>	<b>6,777</b>	<b>7,321</b>	<b>8,346</b>	<b>8,966</b>	<b>9,657</b>
Share capital	10	10	10	10	10
Reserves	5,157	5,423	6,448	7,068	7,759
Shareholder's equity	5,167	5,433	6,458	7,078	7,769
Minority interests	1,610	1,888	1,888	1,888	1,888
<b>Total Equity</b>	<b>6,777</b>	<b>7,321</b>	<b>8,346</b>	<b>8,966</b>	<b>9,657</b>
Total debts	2,514	2,587	3,105	3,726	4,471
Net cash/(debts)	130	203	(24)	(276)	(513)
<b>BVPS (RMB)</b>	<b>5.226</b>	<b>5.487</b>	<b>6.523</b>	<b>7.149</b>	<b>7.847</b>
<b>Year ended 31 Dec</b>					
	2023A	2024A	2025F	2026F	2027F
<b>Key ratios</b>					
<b>Margins (%)</b>					
Gross margin	35.6	34.8	35.4	36.0	36.3
EBITDA margin	16.3	17.2	16.8	16.9	16.7
EBIT margin	12.7	13.8	13.9	14.2	14.3
Net margin	7.2	8.1	9.4	10.3	10.8
Net margin (Core profit)	7.2	8.1	9.4	10.3	10.8
Effective tax rate (%)	11.6	14.7	12.0	12.0	12.0
Selling exp as % of rev	9.0	8.5	8.6	8.8	9.0
Admin exp as % of rev	4.5	4.2	4.4	4.5	4.6
R&D exp as % of rev	9.4	8.4	8.5	8.5	8.5
Other opex as % of rev	0.0	0.0	0.0	0.0	0.0
Total opex as % of rev	22.9	21.1	21.5	21.7	22.0
Interest coverage (x)	7.0	9.6	9.6	9.7	9.6
Dividend payout (%)	39.6	36.0	59.9	59.9	59.9
<b>Balance sheet ratios</b>					
Inventory days	89	79	75	76	77
Acct. rec. days	225	217	224	224	225
Acct. payable days	296	290	302	302	302
<b>Cash cycle</b>	<b>18</b>	<b>7</b>	<b>(2)</b>	<b>(1)</b>	<b>(0)</b>
<b>Net debt/equity (%)</b>					
Net cash	0.3	3.1	5.3		
Net debt/total cap (%)	0.3	3.0	5.0		
Current ratio (x)	1.68	1.60	1.69	1.64	1.61
<b>Returns (%)</b>					
Asset turnover (x)	0.54	0.59	0.62	0.66	0.69
Financial leverage (x)	2.74	2.79	2.80	2.77	2.86
EBIT margin (%)	13.7	15.3	15.6	16.2	16.3
Interest burden (x)	0.87	0.91	0.91	0.91	0.91
Tax burden (x)	0.61	0.58	0.66	0.70	0.73
<b>ROE (%)</b>	<b>10.6</b>	<b>13.3</b>	<b>16.3</b>	<b>18.8</b>	<b>21.2</b>
<b>ROIC (%)</b>	<b>13.3</b>	<b>16.8</b>	<b>18.7</b>	<b>20.2</b>	<b>21.8</b>

Source: Company data, Crosby



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