



Q Tech Group

Anticipating a strong FY25

- Positive profit alert- FY25NP to surge up by 400%-450% YoY; beating our and market expectations
- FY25 has proved to be a strong year on steadily improving product mix and clear margin enhancement
- New TP HK\$12.00 offers potential upside of 23%; upgrade to BUY

Continuous product structure upgrade coupled with clear margin improvement

FY25 proved to be a good year for Q Tech as it expected to record a huge YoY surge in FY25NP of 400%-450%, reaching approximately Rmb1.1bn to Rmb2.6bn.

During the period under review, the company remains committed to advancing its growth of intelligent vision products beyond the handset sector. The rapid expansion of global intelligent driving and Internet of Things (IoT) smart terminal industries significantly increased both demand and technical requirements for camera modules. Leveraging strong partnerships with leading intelligent driving solution providers, handheld imaging brands, and major IoT terminal companies, the company achieved a YoY doubling of camera module sales in non-handset applications, driving steady revenue growth. Q Tech also continues to pursue a strategy centered on mid-to-high-end camera modules (CCM) and fingerprint recognition modules (FRM). Sales of periscope camera modules, optical image stabilization modules, and ultrasonic FRM all record substantial YoY growth. The scaling of high-end products has enhanced product value, while ongoing initiatives in intelligent transformation and digital upgrading delivered notable improvements in efficiency, R&D capabilities, quality assurance, and delivery compared with the prior year. Together, these factors contributed to a significant improvement in gross profit margin.

In addition, the company completed the disposal of approximately 51.08% equity interest in Kunshan Q Tech Microelectronic (India) Private Limited, recording a gain from the transaction. The operating performance of an associate also improved compared with the prior year, resulting in a share of profits attributable to the Company, in contrast to the share of losses recorded previously.

CCM shipment recorded encouraging growth in 12M25

Q Tech's CCM shipment remained at a strong momentum in 12M25. Total sales vol. of CCM increased 10.0% MoM/ 43.6% YoY to 45.9m units in 12M25. The strong YoY increase was primary driven by the rising demand from overseas customers and continuous expansion in supply share, resulting in significant growth in the sales volume of camera modules below 32MP. Meanwhile, sales volume of camera modules for other fields have continued to improve, with its camera modules used in the IoT and smart vehicle both experiencing substantial YoY growth in sales volume. The FRM shipment, however, recorded a 12.0% YoY decline to 17.9m units in 12M25. This was mainly due to the fact that some products manufactured and sold by Q Tech India have been excluded in the company's sales volume since 26 Sept 2025.

Outlook: Expect non-mobile CCM to be the growth catalyst

Looking ahead, we expect its non-mobile CCM to be the key growth driver. On the back of improving product mix and accelerated non-mobile expansion, we revised our FY25 turnover and NP by 5%/ 90% to reflect stronger than expected NP FY25 growth and better than expected GPM improvement.

While its non-mobile expansion is encouraging, the persistent smartphone industry headwinds compelled us to lower our target PE to 13.2x (equivalent to its +1SD 5 yrs historical average PE) to derive our TP of HK\$12.00. The company is set to announce its FY25 results in mid-to-late March 2026.

Summary financial data

Year to Dec 31 (Rmb mn)	2023A	2024A	2025E	2026E	2027E
Revenue	12,531	16,151	20,889	23,433	25,935
Gross profit	509	985	1,781	2,028	2,303
Reported net profit	82	279	1,411	987	1,137
Recurring net profit	82	279	1,411	987	1,137
Recurring EPS (RMB)	0.07	0.24	1.19	0.83	0.96
Core P/E (x)	128.0	38.3	7.6	10.8	9.4
P/B (x)	2.2	2.1	1.7	1.5	1.3
Dividend Yield (%)	0.0	0.5	2.6	1.8	2.1
ROE (%)	1.7	5.6	24.5	14.5	14.9
Net debt/ equity (%)	30.9	19.4	20.1	12.4	2.7

Source: Company data, Crosby Securities

BUY

Last Price (HK\$)*	9.74
Target Price (HK\$)	12.00
Upside / (Downside)(%)	23.2%
Previous rating	NEUTRAL
Previous TP	14.10
Hang Seng Index*	26,844.96

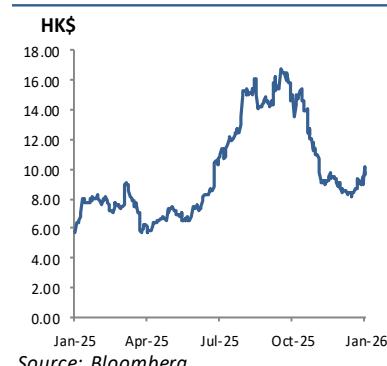
* Prices as of 16-Jan-26

Key Data

Ticker	1478 HK
Market Cap (HK\$m)	11,586
3M avg daily T/O (HK\$m)	78.6
52-week High (HK\$)	16.99
52-week Low (HK\$)	5.21
Free Float (%)	36.1%
Shares O/S (m)	1,189.5

Performance	Absolute	Relative
1 month	14.5%	7.6%
3 months	-34.9%	-37.3%
6 months	-9.6%	-17.5%

Price Chart



Source: Bloomberg

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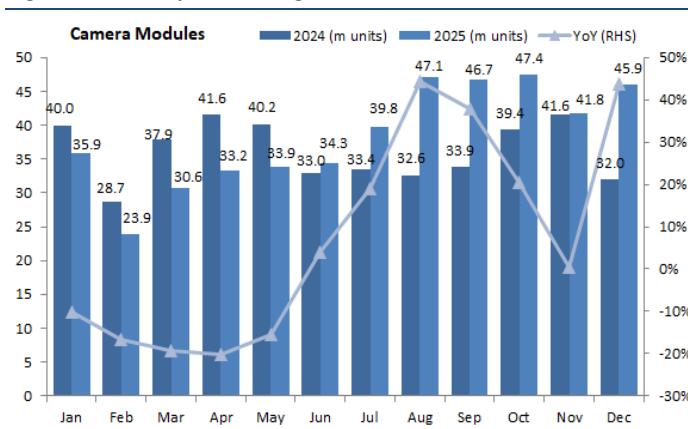


Figure 1 P&L

Year ended Dec (Rmbm)	FY23	FY24	1H24	1H25	YoY change (%)
Revenue	12,530.8	16,151.3	7,675.1	8,831.5	15.1
COGS	(12,021.9)	(15,166.4)	(7,275.0)	(8,177.5)	
Gross profit	508.9	984.9	400.1	654.1	63.5
Other income	384.1	373.2	200.8	89.3	
Selling and distribution expenses	(19.8)	(20.1)	(11.0)	(12.8)	
Administrative and other opex	(149.3)	(183.7)	(82.5)	(81.8)	
R&D costs	(435.6)	(504.8)	(286.1)	(279.1)	
(Impairment loss)/reversal of impairment loss	0.7	(0.6)	(0.6)	0.5	
Operating profit	289.0	648.9	220.7	370.1	67.7
Finance costs	(171.3)	(152.1)	(80.9)	(55.6)	
Share of loss of an associate	(49.6)	(36.5)	(14.1)	48.0	
Before tax profit	68.1	460.2	125.7	362.5	188.4
Tax	15.4	(181.2)	(10.5)	(54.2)	
MI	(1.6)	0.0	0.0	0.0	
Net profit	81.9	279.1	115.2	308.4	167.6

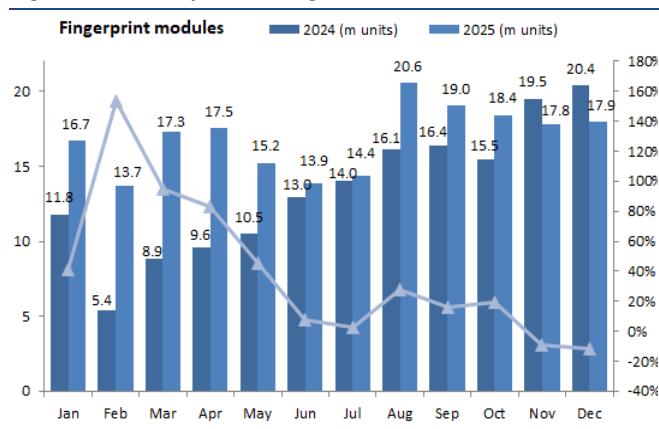
Source: Company data

Figure 2 CCM shipment and growth



Source: Company data

Figure 3 FPM shipment and growth



Source: Company data



Summary financials

Year ended 31 Dec	2023A	2024A	2025F	2026F	2027F
Profit & Loss (RMBm)					
CCM	11,562	14,819	19,331	21,737	24,048
YoY%	(8.0)	28.2	30.4	12.5	10.6
FPM	781	1,178	1,374	1,484	1,644
YoY%	(26.5)	50.8	16.6	8.0	10.8
Others	188	153	184	212	244
YoY%	40.1	(18.3)	20.0	15.0	15.0
Turnover	12,531	16,151	20,889	23,433	25,935
YoY%	(8.9)	28.9	29.3	12.2	10.7
COGS	(12,022)	(15,166)	(19,107)	(21,405)	(23,633)
Gross profit	509	985	1,781	2,028	2,303
Margin	4.1%	6.1%	8.5%	8.7%	8.9%
Selling & distribution	(20)	(20)	(18)	(16)	(18)
Admin	(149)	(184)	(166)	(164)	(156)
R&D	(436)	(505)	(627)	(703)	(804)
Other opex	230	373	313	281	280
Total opex	(374)	(336)	(498)	(602)	(698)
YoY%	(2.2)	(10.3)	48.2	20.9	15.8
Operating profit	134	649	1,284	1,426	1,605
Margin	1.1%	4.0%	6.1%	6.1%	6.2%
Other income / (exp)	155	0	680	0	0
Finance costs	(171)	(152)	(163)	(155)	(147)
Associates' income	(50)	(37)	(37)	(37)	(37)
Pre-tax profit	68	460	1,764	1,234	1,421
Tax	15	(181)	(353)	(247)	(284)
Profit after tax	84	279	1,411	987	1,137
Margin	0.7%	1.7%	6.8%	4.2%	4.4%
Minority interest	(2)	0	0	0	0
Net profit	82	279	1,411	987	1,137
YoY%	(52.1)	240.7	405.6	(30.1)	15.2
Margin	0.7%	1.7%	6.8%	4.2%	4.4%
Non-core items adj.	0	0	0	0	0
Core profit	82	279	1,411	987	1,137
YoY%	(52.1)	240.7	405.6	(30.1)	15.2
Margin	0.7%	1.7%	6.8%	4.2%	4.4%
EBITDA	724	1,282	1,966	2,157	2,386
YoY%	2.2	77.1	53.3	9.7	10.6
Margin	5.8%	7.9%	9.4%	9.2%	9.2%
Fully diluted EPS (RMB)	0.069	0.236	1.191	0.833	0.960
YoY%	(52.2)	240.7	405.6	(30.1)	15.2
DPS (RMB)	0.000	0.047	0.238	0.167	0.192
YoY%	N/A	N/A	405.6	(30.1)	15.2
Year ended 31 Dec					
Cash Flow (RMBm)					
Operating profit	134	649	1,284	1,426	1,605
Dep. & Amort.	590	634	683	732	780
Chg in working cap	(82)	341	(1,097)	(335)	(362)
Others	(1,020)	(170)	161	(93)	(171)
Cash from operations	(378)	1,454	1,030	1,730	1,852
Tax paid	(1)	(104)	(381)	(262)	(299)
Net cash from operations	(379)	1,350	649	1,467	1,552
YoY%	N/A	N/A	(51.9)	126.1	5.8
Capex	(293)	(437)	(890)	(497)	(497)
Investments	776	(544)	(432)	(232)	(228)
Disposal of assets	(16)	(18)	(19)	(20)	(22)
Interest received	155	133	680	0	0
Others	(255)	(337)	(333)	(179)	(177)
Net cash from investments	367	(1,202)	(993)	(929)	(923)
Issue/ buyback of shares	0	0	0	0	0
Interest paid	(171)	(152)	(163)	(155)	(147)
Dividends paid	0	0	(56)	(282)	(197)
Net change in debt	1,743	(1,953)	1,553	(200)	(200)
Others	(21)	511	253	309	385
Net cash from financing	1,551	(1,593)	1,586	(329)	(160)
Net change in cash	1,539	(1,446)	1,242	210	469
Adjustments	6	0	0	0	0
Opening cash	1,349	2,893	1,447	2,689	2,899
Closing cash	2,893	1,447	2,689	2,899	3,368
FCF	(672)	913	(241)	971	1,056
YoY%	N/A	N/A	N/A	N/A	8.8

Year ended 31 Dec	2023A	2024A	2025F	2026F	2027F
Balance Sheet (RMBm)					
Fixed assets	2,845	2,651	2,860	2,627	2,345
Assoicates & JCE	0	0	0	0	0
Goodwill & intangibles	279	19	19	19	19
Deferred tax assets	180	105	136	153	169
Others	532	1,127	1,457	1,635	1,809
Non-current assets	3,836	3,902	4,472	4,434	4,343
Inventories	1,778	1,976	2,879	3,225	3,561
Trade & bills receivables	4,201	4,988	6,581	7,062	7,816
Prepayments, deposits & others	0	0	0	0	0
Investments	929	1,473	1,905	2,137	2,366
Cash	2,893	1,447	2,689	2,899	3,368
Others	1,305	662	693	710	726
Current assets	11,107	10,546	14,748	16,033	17,837
Total assets	14,943	14,448	19,221	20,467	22,180
Trade & bills payables	5,437	6,563	8,376	9,090	10,036
Accruals & other payables	0	0	0	0	0
Tax payable	0	0	0	0	0
Bank loans	4,160	2,352	3,760	3,560	3,360
Bonds, CB & debentures	0	0	0	0	0
Others	70	170	220	247	273
Current liabilities	9,666	9,085	12,356	12,896	13,669
Bank loans	227	82	227	227	227
Bonds, CB & debentures	0	0	0	0	0
Deferred tax liabilities	5	7	9	10	11
Others	213	182	182	182	182
Non-current liabilities	445	271	418	420	421
Total liabilities	10,111	9,357	12,774	13,316	14,089
Total net assets	4,832	5,091	6,446	7,151	8,091
Share capital	9	9	9	9	9
Reserves	4,822	5,082	6,437	7,142	8,081
Shareholder's equity	4,832	5,091	6,446	7,151	8,091
Minority interests	0	0	0	0	0
Total Equity	4,832	5,091	6,446	7,151	8,091
Total debts	4,387	2,434	3,987	3,787	3,587
Net cash/(debts)	(1,494)	(987)	(1,297)	(888)	(219)
BVPS (RMB)	4.079	4.298	5.442	6.037	6.830
Year ended 31 Dec					
Key ratios					
Margins (%)					
Gross margin	4.1	6.1	8.5	8.7	8.9
EBITDA margin	5.8	7.9	9.4	9.2	9.2
EBIT margin	1.1	4.0	6.1	6.1	6.2
Net margin	0.7	1.7	6.8	4.2	4.4
Net margin (Core profit)	0.7	1.7	6.8	4.2	4.4
Effective tax rate (%)	N/A	36.5	19.6	19.4	19.5
Selling exp as % of rev	0.2	0.1	0.1	0.1	0.1
Admin exp as % of rev	1.2	1.1	0.8	0.7	0.6
R&D exp as % of rev	3.5	3.1	3.0	3.0	3.1
Other opex as % of rev	(1.8)	(2.3)	(1.5)	(1.2)	(1.1)
Total opex as % of rev	3.0	2.1	2.4	2.6	2.7
Interest coverage (x)	0.8	4.3	7.9	9.2	10.9
Dividend payout (%)	0.0	20.0	20.0	20.0	20.0
Balance sheet ratios					
Inventory days	45	45	46	52	52
Acct. rec. days	111	104	101	106	105
Acct. payable days	152	144	143	149	148
Cash cycle	4	5	5	9	9
Net debt/equity (%)	30.9	19.4	20.1	12.4	2.7
Net debt/total cap (%)	23.6	16.2	16.8	11.0	2.6
Current ratio (x)	1.15	1.16	1.19	1.24	1.30
Returns (%)					
Asset turnover (x)	0.92	1.10	1.24	1.18	1.22
Financial leverage (x)	2.84	2.96	2.92	2.92	2.80
EBIT margin (%)	1.9	3.8	9.2	5.9	6.0
Interest burden (x)	0.28	0.75	0.92	0.89	0.91
Tax burden (x)	1.20	0.61	0.80	0.80	0.80
ROE (%)	1.7	5.6	24.5	14.5	14.9
ROIC (%)	4.1	7.0	22.8	14.5	15.7

Source: Company data, Crosby



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