China |Industrial 9 March 2026

Wasion Holdings (3393 HK)

A positive earnings surprise

- **Positive profit alert- Wasion expects to record FY25 NP in the range of Rmb1.0bn- Rmb1.1bn, representing a YoY growth of 42% - 50%**
- **A positive surprise as disclosed financial numbers beats our estimate. TP revised up to HK$31.00 on higher earnings estimates. Maintain BUY**

An even stronger than expected FY25

Wasion issued a positive profit alert, citing that the company expects its FY25 NP to grow by 42-50% YoY to Rmb1.0bn-Rmb1.1bn. Such increase is mainly driven by revenue growth and improvement in GPM. The company is set to announce its FY25 results towards the end of March.

Well-positioned to ride the wave of AIDC expansion in both China and overseas

Acknowledging the vast potential in AIDC, Wasion spare no effort in R&D to enhance its technological competencies since. It focused on R&D in intelligent, integrated and prefabricated technologies. The company's data center business stands to gain from the AIDC boom by supplying smart distribution systems that power AI-driven data centers given the higher electricity demand.

We anticipate rapid growth in Wasion's AIDC-related revenue, supported by strong order momentum from both domestic and international clients. In China's data center sector, Wasion is actively engaged in the national 'East Data, West Computing' initiative, securing multiple large-scale contracts in Hunan and Beijing. Its continued collaboration with GDS Holdings (9698 HK, NR) has also enabled Wasion to win its first order from ByteDance. Internationally, by leveraging partnerships with Siemens and GDS, the company delivers comprehensive one-stop solutions to overseas customers. To further strengthen its global footprint, Wasion has established subsidiaries and manufacturing facilities in Malaysia and Mexico, ensuring agile support for clients across Southeast Asia and North America.

The emergence of AIDC catalysts. Maintain BUY.

We continue to like Wasion as 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. Leveraging on its proven track record and long-standing clients' relationship, Wasion's data center business stands to gain from the rapid increase in AI-related CAPEX in China. As for its power AMI business, we expect China's power meter investment cycle to persist, driven by the replacement needs and the demand for smarter meters under the development of a new power system. Furthermore, the company's overseas orders will remain a key growth driven, supported by its strong position to benefit from the global electrification cycle and rising demand for distribution equipment.

Last month, Wasion was included as a constituent stock of the Hang Seng Composite Index. This inclusion serves as a stamp of quality because it reflects investors' recognition of the company's value and its growth and development potential. It will help to attract broader market attention, thereby widening the company's visibility and investor base, consequently enhancing its share liquidity.

While this positive profit alert did not come as a surprise as we already anticipated that FY25 was a good year for Wasion, we were surprised that the disclosed numbers came ahead of our projection. Taking this into account, we revised up our FY25/26 turnover by 2-6% while NP by 4-6%. On higher earnings estimates and rolling over our valuation basis to FY27, our TP is revised up to HK$31.00, tagging to unchanged target PE of 17.5x.

Summary financial data

Year to Dec 31 (RMB'm)	2023A	2024A	2025E	2026E	2027E
Revenue	**7,252**	**8,717**	**10,566**	**13,092**	**15,589**
Gross profit	2,581	3,035	3,705	4,548	5,402
Reported net profit	521	706	1,032	1,327	1,593
Adj. net profit	**521**	**706**	**1,032**	**1,327**	**1,593**
Adj. net profit YoY%	61.0	35.4	46.3	28.6	20.0
Adj. EPS (RMB)	0.527	0.713	1.04	1.34	1.61
Adj. P/E (x)	**46.8**	**34.6**	**23.6**	**18.4**	**15.3**
P/B (x)	4.7	4.5	3.7	3.4	3.1
Dividend yield (%)	0.9	1.1	2.6	3.3	4.0
ROE (%)	**10.6**	**13.3**	**17.3**	**19.5**	**21.3**
Net debt / equity (%)	Net cash	Net cash	0.1	2.8	4.9

Source: Company data, Crosby Securities

BUY

Last Price (HK$)*	27.12
Target Price (HK$)	**31.00**
Upside / (Downside)(%)	14.3%
Previous rating	*BUY*
Previous TP	*24.75*
Hang Seng Index*	25,408.46
** Prices as of*	*9-Mar-26*

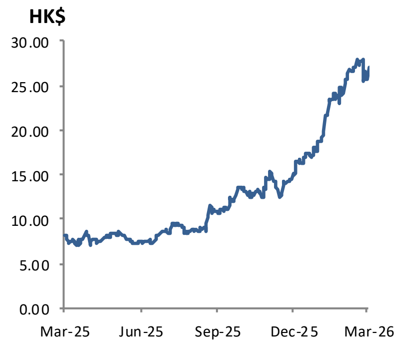
Key Data

Ticker	3393 HK
Market Cap (HK$m)	27,008
3M avg daily T/O (HK$m)	79.7
52-week High (HK$)	30.30
52-week Low (HK$)	6.95
Free Float (%)	45.2%
Shares O/S (m)	995.9

Performance

	Absolute	Relative
1 month	7.5%	14.4%
3 months	78.4%	78.6%
6 months	152.5%	157.8%

Price Chart



Source: Bloomberg

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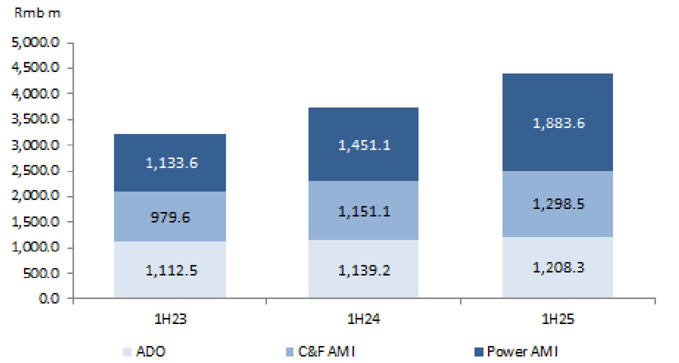
Figure 1 New estimates

	OLD		NEW		% change	
	2025	2026	2025	2026	2025	2026
Turnover	10,381	12,343	10,566	13,092	1.8	6.1
Gross profit	3,675	4,443	3,705	4,548	0.8	2.4
Net profit	971	1,273	1,032	1,327	6.3	4.3
					ppt change	
Gross margin	35.4	36.0	35.1	34.7	(0.3)	(1.3)
Net margin	9.4	10.3	9.8	10.1	0.4	(0.2)

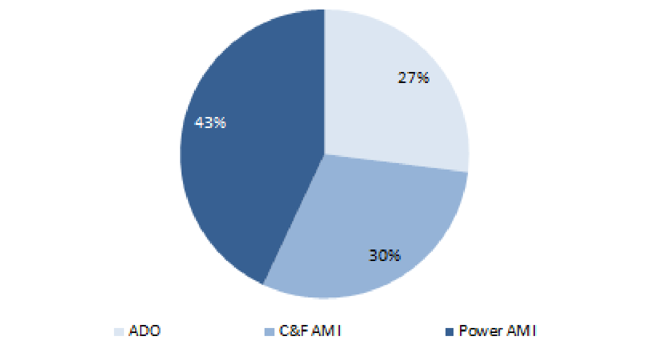
Source: Company data

Figure 2 Revenue breakdown



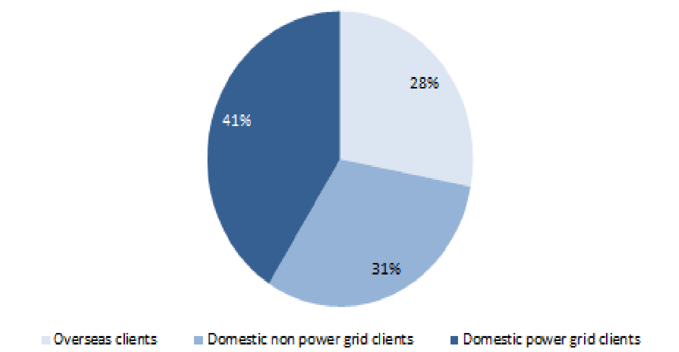
Source: Company data

Figure 3 Product mix



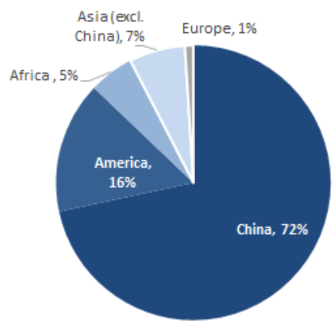
Source: Company data

Figure 4 Customer mix



Source: Company data

Figure 5 Geographical breakdown



Source: Company data

Summary financials

Year ended 31 Dec	2023A	2024A	2025F	2026F	2027F
Profit & Loss (RMBm)					
Power AMI	2,650	3,199	3,857	4,451	4,989
YoY%	28.7	20.7	20.6	15.4	12.1
Comm. And Fluid AMI	2,117	2,615	2,853	3,207	3,586
YoY%	11.3	23.5	9.1	12.4	11.8
ADO	2,485	2,903	3,857	5,433	7,015
YoY%	31.1	16.8	32.9	40.9	29.1
Turnover	**7,252**	**8,717**	**10,566**	**13,092**	**15,589**
YoY%	23.8	20.2	21.2	23.9	19.1
COGS	(4,672)	(5,681)	(6,862)	(8,544)	(10,187)
Gross profit	**2,581**	**3,035**	**3,705**	**4,548**	**5,402**
Margin	35.6%	34.8%	35.1%	34.7%	34.7%
Selling & distribution	(649)	(738)	(912)	(1,153)	(1,400)
Admin	(327)	(368)	(464)	(586)	(712)
R&D	(681)	(730)	(894)	(1,108)	(1,319)
Other opex	0	0	0	0	0
Total opex	**(1,658)**	**(1,836)**	**(2,270)**	**(2,847)**	**(3,431)**
YoY%	27.0	10.7	23.6	25.4	20.5
Operating profit	**923**	**1,199**	**1,435**	**1,701**	**1,971**
Margin	12.7%	13.8%	13.6%	13.0%	12.6%
Other income / (exp)	69	134	258	357	425
Finance costs	(132)	(126)	(151)	(181)	(217)
Associates/ JV income	0	0	0	0	0
Pre-tax profit	860	1,208	1,542	1,877	2,179
Tax	(100)	(177)	(185)	(225)	(262)
Profit after tax	**760**	**1,030**	**1,357**	**1,652**	**1,918**
Margin	10.5%	11.8%	12.8%	12.6%	12.3%
Minority Interest	(239)	(325)	(325)	(325)	(325)
Net profit	**520**	**706**	**1,032**	**1,327**	**1,593**
YoY%	60.7	35.6	46.3	28.6	20.0
Margin	7.2%	8.1%	9.8%	10.1%	10.2%
Crosby adjustments	0	0	0	0	0
Adj profit	**520**	**706**	**1,032**	**1,327**	**1,593**
YoY%	60.7	35.6	46.3	28.6	20.0
Margin	7.2%	8.1%	9.8%	10.1%	10.2%
EBITDA	**1,185**	**1,500**	**1,730**	**2,023**	**2,323**
YoY%	35.3	26.6	15.4	16.9	14.8
Margin	16.3%	17.2%	16.4%	15.5%	14.9%
Adj EPS (RMB)	**0.527**	**0.713**	**1.043**	**1.341**	**1.609**
YoY%	60.4	35.2	46.3	28.6	20.0
DPS (RMB)	**0.209**	**0.257**	**0.626**	**0.804**	**0.965**
YoY%	22.0	23.1	143.6	28.6	20.0

Year ended 31 Dec	2023A	2024A	2025F	2026F	2027F
Balance Sheet (RMBm)					
Fixed assets	1,958	2,168	2,368	2,568	2,768
Assoicates & 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
Non-current assets	**3,391**	**3,953**	**3,997**	**4,285**	**4,586**
Inventories	1,206	1,264	1,532	1,899	2,261
Trade & bills receivables	4,550	5,821	7,056	8,743	10,411
Prepayments, deposits & othe	0	85	0	0	0
Investments	0	0	0	0	0
Cash	2,645	2,790	3,097	3,471	3,991
Others	2,088	1,814	2,066	2,124	2,187
Current assets	**10,489**	**11,774**	**13,751**	**16,235**	**18,850**
Total assets	**13,880**	**15,727**	**17,748**	**20,520**	**23,436**
Trade & bills payables	3,939	5,082	6,137	7,642	9,112
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
Current liabilities	**6,228**	**7,376**	**8,187**	**10,080**	**12,015**
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
Non-current liabilities	**876**	**1,030**	**1,187**	**1,421**	**1,702**
Total liabilities	**7,103**	**8,406**	**9,373**	**11,500**	**13,716**
Total net assets	**6,777**	**7,321**	**8,374**	**9,020**	**9,720**
Share capital	10	10	10	10	10
Reserves	5,157	5,423	6,476	7,122	7,821
Shareholder's equity	**5,167**	**5,433**	**6,486**	**7,132**	**7,831**
Minority interests	1,610	1,888	1,888	1,888	1,888
Total Equity	**6,777**	**7,321**	**8,374**	**9,020**	**9,720**
Total debts	2,514	2,587	3,105	3,726	4,471
Net cash/(debts)	**130**	**203**	**(8)**	**(255)**	**(479)**
BVPS (RMB)	**5.226**	**5.487**	**6.551**	**7.203**	**7.909**

Year ended 31 Dec	2023A	2024A	2025F	2026F	2027F
Cash Flow (RMBm)					
Before tax profit	860	1,208	1,542	1,877	2,179
Dep. & Amort.	262	300	296	322	352
Chg in working cap	260	(596)	(448)	(548)	(560)
Others	238	216	57	87	123
Cash from operations	**1,620**	**1,128**	**1,447**	**1,739**	**2,094**
Tax paid	(124)	(201)	(129)	(155)	(186)
Net cash from operations	**1,496**	**927**	**1,318**	**1,584**	**1,908**
YoY%	73.3	(38.0)	42.2	20.2	20.4
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)
Net cash from investments	**(516)**	**(171)**	**(759)**	**(854)**	**(959)**
Issue/ buyback of shares	(142)	(6)	0	0	0
Interest paid	(131)	(125)	(151)	(181)	(217)
Dividends paid	(206)	(254)	(619)	(796)	(956)
Net change in debt	(164)	43	517	621	745
Others	164	(191)	(0)	0	0
Net cash from financing	**(480)**	**(534)**	**(253)**	**(356)**	**(428)**
Net change in cash	**500**	**222**	**306**	**374**	**521**
Adjustments	116	(77)	0	0	0
Opening cash	2,028	2,645	2,790	3,097	3,471
Closing cash	**2,644**	**2,790**	**3,097**	**3,471**	**3,991**
FCF	**1,050**	**555**	**1,118**	**1,384**	**1,708**
YoY%	70.1	(47.1)	101.3	23.8	23.3

Year ended 31 Dec	2023A	2024A	2025F	2026F	2027F
Key ratios					
Margins (%)					
Gross margin	35.6	34.8	35.1	34.7	34.7
EBITDA margin	16.3	17.2	16.4	15.5	14.9
EBIT margin	12.7	13.8	13.6	13.0	12.6
Net margin	7.2	8.1	9.8	10.1	10.2
Net margin (Core profit)	7.2	8.1	9.8	10.1	10.2
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	9.5	9.4	9.1
Dividend payout (%)	39.6	36.0	59.9	59.9	59.9
Balance sheet ratios					
Inventory days	89	79	74	73	75
Acct. rec. days	225	217	222	220	224
Acct. payable days	296	290	298	294	300
Cash cycle	**18**	**7**	**(2)**	**(1)**	**(1)**
Net debt/equity (%)	**Net cash**	**Net cash**	**0.1**	**2.8**	**4.9**
Net debt/total cap (%)	Net cash	Net cash	0.1	2.7	4.7
Current ratio (x)	1.68	1.60	1.68	1.61	1.57
Returns (%)					
Asset turnover (x)	0.54	0.59	0.63	0.68	0.71
Financial leverage (x)	2.74	2.79	2.81	2.81	2.94
EBIT margin (%)	13.7	15.3	16.0	15.7	15.4
Interest burden (x)	0.87	0.91	0.91	0.91	0.91
Tax burden (x)	0.61	0.58	0.67	0.71	0.73
ROE (%)	**10.6**	**13.3**	**17.3**	**19.5**	**21.3**
ROIC (%)	**13.3**	**16.8**	**19.5**	**20.8**	**21.9**

Source: Company data, Crosby

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