



China | TMT

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Q Tech Group

A solid set of FY25 results

- FY25 turnover increased by 29.3% YoY while NP surged by 435.2% YoY. GPM improved by 1.7ppt to 7.8% in FY25. Final DPS of HK\$40cents was recommended
- FY25 has proved to be a strong year on steadily improving product mix and margin enhancement. Maintain BUY with TP of HK\$12.00

Continuous product structure upgrade coupled with clear margin improvement

In line with its profit alert in Jan this year, Q Tech was indeed posted a solid set of FY25 results. Turnover grew by 29.3% YoY to Rmb20.9b while NP surged by 435.2% YoY to Rmb1.5b. GPM edged up 1.7ppt to 7.8% in FY25 thanks to continuous product mix upgrade and improvement in capacity utilization for biological recognition module products. An investment gain of Rmb856.8 was recognized upon the partial disposal of equity interest in Q Tech India in FY25.

During the period under review, the company remains committed to advancing its growth of mid-to-high-end 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. Sales volume for non-handset camera modules (CCM) grew by 111.0% YoY, which has significantly surpassed the revised business target outlined by the company during its 1H25 results. This resulted in a YoY increase of 171.2% in sales from non-handset CCM, accounting for 26.9% of the total CCM sales in FY25. Coupled with the increase in sales volume of periscope CCM (+256.4% YoY), its ASP went up by 19.7% YoY.

While actively promoting the CCM business, Q Tech also is vigorously developing its biological recognition module business. Sales volume of biological recognition module reached 202.5m units in FY25, representing a YoY increase of 25.8%.

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.

FY26 guidance: 5%/50% YoY growth in handset/non-handset CCM

We remain positive about Q Tech's FY26 outlook. Long term growth in smartphones, intelligent driving, IoT terminal and consumer adoption of AI glasses will continue to drive the demand for advanced vision products. The company will continue to prioritize its strategy to expand into high-end smartphone CCM (32MP+, periscope, OIS, variable aperture), advancing CCM and LiDAR for smart cars and IoT devices and accelerating solutions for emerging fields such as AI glasses and embodied robots. In the era of AI and robotics, the company aims to remain resilient amid transformation by strengthening product capabilities, platform advantages and technological expertise.

Q Tech aims to achieve at least 5% YoY growth in handset CCM and 50% YoY in non-handset CCM. As we only marginally fine-tuned (-1/+1%) our FY26 projection, we keep our TP of HK\$12.00 unchanged, tagging to target PE of 13.2x. Maintain BUY.

Summary financial data

Year ended Dec (Rmbm)	2024A	2025A	2026E	2027E	2028E
Revenue	16,151	20,877	23,250	26,062	29,673
Gross profit	985	1,618	1,875	2,135	2,463
Reported net profit	279	1,493	996	1,179	1,348
Recurring net profit	279	1,493	996	1,179	1,348
Recurring EPS (RMB)	0.24	1.26	0.84	1.00	1.14
Core P/E (x)	33.8	6.3	9.5	8.0	7.0
P/B (x)	1.9	1.5	1.3	1.2	1.0
Dividend Yield (%)	0.6	3.2	2.1	2.5	2.9
ROE (%)	5.6	26.0	14.7	15.5	15.6
Net debt/ equity (%)	19.4	32.0	38.7	28.6	0.0

Source: Company data, Crosby Securities

BUY

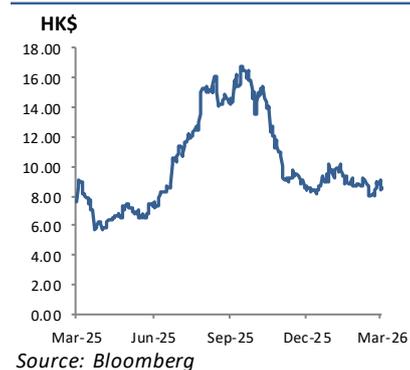
Last Price (HK\$)*	8.61
Target Price (HK\$)	12.00
Upside / (Downside)(%)	39.4%
Previous rating	BUY
Previous TP	12.00
Hang Seng Index*	26,025.42
*Prices as of	18-Mar-26

Key Data

Ticker	1478 HK
Market Cap (HK\$m)	10,242
3M avg daily T/O (HK\$m)	75.7
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	-2.4%	0.2%
3 months	2.3%	0.2%
6 months	-40.9%	-39.8%

Price Chart



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Figure 1 P&L

Year ended Dec (Rmbm)	FY23	FY24	FY25	YoY change (%)
Revenue	12,530.8	16,151.3	20,876.5	29.3
COGS	(12,021.9)	(15,166.4)	(19,258.2)	
Gross profit	508.9	984.9	1,618.4	64.3
Other income	384.1	373.2	992.5	
Selling and distribution expenses	(19.8)	(20.1)	(43.3)	
Administrative and other opex	(149.3)	(183.7)	(172.5)	
R&D costs	(435.6)	(504.8)	(655.8)	
(Impairment loss)/reversal of impairment loss	0.7	(0.6)	0.1	
Operating profit	289.0	648.9	1,739.4	168.1
Finance costs	(171.3)	(152.1)	(102.5)	
Share of loss of an associate	(49.6)	(36.5)	24.5	
Before tax profit	68.1	460.2	1,661.4	261.0
Tax	15.4	(181.2)	(167.8)	
MI	(1.6)	0.0	0.0	
Net profit	81.9	279.1	1,493.6	435.2

Source: Company data



Summary financials

Year ended 31 Dec	2024A	2025A	2026F	2027F	2028F
Profit & Loss (RMBm)					
CCM	14,819	18,810	20,964	23,507	26,751
YoY%	28.2	26.9	11.5	12.1	13.8
FPM	1,178	1,911	2,123	2,385	2,742
YoY%	50.8	62.2	11.1	12.3	15.0
Others	153	155	163	171	179
YoY%	(18.3)	1.0	5.0	5.0	5.0
Turnover	16,151	20,877	23,250	26,062	29,673
YoY%	28.9	29.3	11.4	12.1	13.9
COGS	(15,166)	(19,258)	(21,375)	(23,928)	(27,210)
Gross profit	985	1,618	1,875	2,135	2,463
Margin	6.1%	7.8%	8.1%	8.2%	8.3%
Selling & distribution	(20)	(43)	(39)	(39)	(49)
Admin	(184)	(172)	(186)	(235)	(294)
R&D	(505)	(656)	(721)	(808)	(966)
Other opex	373	992	309	382	461
Total opex	(336)	121	(636)	(700)	(848)
YoY%	(10.3)	N/A	N/A	10.1	21.1
Operating profit	649	1,739	1,239	1,435	1,615
Margin	4.0%	8.3%	5.3%	5.5%	5.4%
Other income / (exp)	0	0	0	0	0
Finance costs	(152)	(103)	(155)	(147)	(139)
Associates' income	(37)	24	24	24	24
Pre-tax profit	460	1,661	1,108	1,312	1,500
Tax	(181)	(168)	(112)	(132)	(151)
Profit after tax	279	1,493	996	1,179	1,348
Margin	1.7%	7.2%	4.3%	4.5%	4.5%
Minority Interest	0	0	0	0	0
Net profit	279	1,493	996	1,179	1,348
YoY%	240.7	435.2	(33.3)	18.4	14.3
Margin	1.7%	7.2%	4.3%	4.5%	4.5%
Non-core items adj.	0	0	0	0	0
Core profit	279	1,493	996	1,179	1,348
YoY%	240.7	435.2	(33.3)	18.4	14.3
Margin	1.7%	7.2%	4.3%	4.5%	4.5%
EBITDA	1,282	2,178	1,973	2,217	2,445
YoY%	77.1	69.8	(9.4)	12.4	10.3
Margin	7.9%	10.4%	8.5%	8.5%	8.2%
Fully diluted EPS (RMB)	0.236	1.261	0.841	0.996	1.138
YoY%	240.7	435.2	(33.3)	18.4	14.3
DPS (RMB)	0.047	0.252	0.168	0.199	0.228
YoY%	N/A	435.2	(33.3)	18.4	14.3
Year ended 31 Dec	2024A	2025A	2026F	2027F	2028F
Cash Flow (RMBm)					
Operating profit	649	1,739	1,239	1,435	1,615
Dep. & Amort.	634	439	733	782	831
Chg in working cap	341	(1,296)	(1,562)	(571)	(732)
Others	(170)	222	(32)	(110)	(116)
Cash from operations	1,454	1,105	379	1,536	1,597
Tax paid	(104)	(112)	(117)	(138)	(159)
Net cash from operations	1,350	993	262	1,397	1,439
YoY%	N/A	(26.4)	(73.6)	432.6	3.0
Capex	(437)	(348)	(793)	(497)	(496)
Investments	(544)	(1,746)	(366)	(434)	(557)
Disposal of assets	(18)	(19)	(20)	(22)	(23)
Interest received	133	680	0	0	0
Others	(337)	(1,206)	229	(258)	(330)
Net cash from investments	(1,202)	(2,639)	(950)	(1,210)	(1,406)
Issue/ buyback of shares	0	0	0	0	0
Interest paid	(152)	(103)	(155)	(147)	(139)
Dividends paid	0	(56)	(299)	(199)	(236)
Net change in debt	(1,953)	1,756	(403)	(200)	(200)
Others	511	740	443	590	721
Net cash from financing	(1,593)	2,338	(415)	44	145
Net change in cash	(1,446)	692	(1,102)	231	178
Adjustments	0	0	0	0	0
Opening cash	2,893	1,447	2,139	1,037	1,268
Closing cash	1,447	2,139	1,037	1,268	1,446
FCF	913	645	(530)	901	942
YoY%	N/A	(29.4)	N/A	N/A	4.6

Year ended 31 Dec	2024A	2025A	2026F	2027F	2028F
Balance Sheet (RMBm)					
Fixed assets	2,651	2,564	2,627	2,345	2,015
Associates & JCE	0	0	0	0	0
Goodwill & intangibles	19	16	16	16	16
Deferred tax assets	105	46	52	58	66
Others	1,127	2,332	2,099	2,353	2,679
Non-current assets	3,902	4,958	4,793	4,772	4,775
Inventories	1,976	2,246	3,221	3,606	4,100
Trade & bills receivables	4,988	6,240	7,007	7,854	8,942
Prepayments, deposits & others	0	0	0	0	0
Investments	1,473	3,219	3,585	4,019	4,575
Cash	1,447	2,139	1,037	1,268	1,446
Others	662	970	577	577	577
Current assets	10,546	14,815	15,426	17,323	19,640
Total assets	14,448	19,773	20,220	22,095	24,416
Trade & bills payables	6,563	8,935	9,077	10,161	11,555
Accruals & other payables	0	0	0	0	0
Tax payable	0	0	0	0	0
Bank loans	2,352	4,095	3,560	3,360	3,160
Bonds, CB & debentures	0	0	0	0	0
Others	170	80	89	99	113
Current liabilities	9,085	13,109	12,726	13,620	14,828
Bank loans	82	95	227	227	227
Bonds, CB & debentures	0	0	0	0	0
Deferred tax liabilities	7	4	5	5	6
Others	182	149	149	149	149
Non-current liabilities	271	248	380	381	382
Total liabilities	9,357	13,357	13,106	14,001	15,210
Total net assets	5,091	6,416	7,114	8,094	9,206
Share capital	9	9	9	9	9
Reserves	5,082	6,407	7,104	8,084	9,197
Shareholder's equity	5,091	6,416	7,114	8,094	9,206
Minority interests	0	0	0	0	0
Total Equity	5,091	6,416	7,114	8,094	9,206
Total debts	2,434	4,190	3,787	3,587	3,387
Net cash/(debts)	(987)	(2,051)	(2,750)	(2,319)	(1,941)
BVPS (RMB)	4.298	5.416	6.005	6.833	7.772
Year ended 31 Dec	2024A	2025A	2026F	2027F	2028F
Key ratios					
Margins (%)					
Gross margin	6.1	7.8	8.1	8.2	8.3
EBITDA margin	7.9	10.4	8.5	8.5	8.2
EBIT margin	4.0	8.3	5.3	5.5	5.4
Net margin	1.7	7.2	4.3	4.5	4.5
Net margin (Core profit)	1.7	7.2	4.3	4.5	4.5
Effective tax rate (%)	36.5	10.2	10.3	10.3	10.3
Selling exp as % of rev	0.1	0.2	0.2	0.2	0.2
Admin exp as % of rev	1.1	0.8	0.8	0.9	1.0
R&D exp as % of rev	3.1	3.1	3.1	3.1	3.3
Other opex as % of rev	(2.3)	(4.8)	(1.3)	(1.5)	(1.6)
Total opex as % of rev	2.1	(0.6)	2.7	2.7	2.9
Interest coverage (x)	4.3	17.0	8.0	9.7	11.6
Dividend payout (%)	20.0	20.0	20.0	20.0	20.0
Balance sheet ratios					
Inventory days	45	40	47	52	52
Acct. rec. days	104	98	104	104	103
Acct. payable days	144	147	154	147	146
Cash cycle	5	(9)	(3)	9	9
Net debt/equity (%)	19.4	32.0	38.7	28.6	21.1
Net debt/total cap (%)	16.2	24.2	27.9	22.3	17.4
Current ratio (x)	1.16	1.13	1.21	1.27	1.32
Returns (%)					
Asset turnover (x)	1.10	1.22	1.16	1.23	1.28
Financial leverage (x)	2.96	2.97	2.96	2.78	2.69
EBIT margin (%)	3.8	8.4	5.4	5.6	5.5
Interest burden (x)	0.75	0.94	0.88	0.90	0.91
Tax burden (x)	0.61	0.90	0.90	0.90	0.90
ROE (%)	5.6	26.0	14.7	15.5	15.6
ROIC (%)	7.0	21.9	12.6	13.1	13.8

Source: Company data, Crosby



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