


Hong Kong | Industrial

28 May 2026

Impro Precision Industries (1286 HK)
Placing for further growth

- **Top up placement to raise HK\$539.0m for expansion**
- **FY26 sales forecasts revised upward on robust demand**

Strengthening capital to fuel future growth

Impro Precision announced that it has entered into a top up placement to raise net proceeds of approximately HK\$539.0m. It announced to place 60m shares at the price of HK\$9.10. Impro intends to deploy the proceeds strategically to 1) expand production capacity at its Mexico and China facilities to meet accelerating demand, particularly from end-markets tied to artificial intelligence data centers (about 64.9% of proceeds); 2) invest in future capacity expansion and new process categories, positioning the business for long-term, sustainable growth in the aerospace (18.6%) and 3) strengthen the balance sheet through repayment of bank borrowings, while supporting general working capital (16.5%).

A solid 1Q26

The global investment casting market is projected to expand from approximately US\$17.5 billion in 2025 to over US\$23.8 billion by 2031, with approximately US\$4 billion of growth driven by the aerospace, energy, and medical sectors. To capture this opportunity, the company is actively evaluating capacity expansion and new process categories, positioning itself for long-term, sustainable growth.

Furthermore, as disclosed in Impro's 1Q26 business update, sales momentum continued to accelerate in 1Q26, building on the sales growth momentum in 2Q25. Impro is best known for serving a well-diversified global customer base with its products sold to different end-markets. Sales in the diversified industrials, aerospace, energy and medical sectors demonstrated strong resilience by registering 40.7% YoY increase in sales in 1Q26. Last year, artificial intelligence continued to boom, fueling sustained demand for data centers. This has significantly boosted the need for high-horsepower engines which is a critical component of distributed power generation. As a result, end-markets tied to AIDC- including high-horsepower engines and diversified industrials delivered particularly robust performance in 1Q26. Sales of recreational boat and vehicle also went up by 41.4% YoY in 1Q26. In all, the company's total sales increased by 22.5% YoY to HK\$1.4bn in 1Q26.

Encouraging 1Q26 orders drive FY26 upgrade

Looking ahead, while the automotive sector continued to face headwinds, the commercial vehicle segment has begun to show early signs of recovery. The ongoing geopolitical tension might continue to pose challenges for Impro. However, demand for certain end-market customers is expected to grow in 2Q26 and FY27. The company anticipates accelerated sales revenue growth over the next two to three years, supported by continued strong demand for artificial intelligence data center products, a substantial pipeline of new orders at the Mexico SLP Campus, and recovering demand in certain end-markets.

For the high-horsepower engine segment, product upgrades from castings and rough machining to deeper processing and partial full-finishing, combined with the successive mass production of new projects for both existing and new customers, are expected to drive a new growth trajectory for this segment. Furthermore, the Phase II large-scale sand casting workshop at the Mexico SLP Campus is scheduled to commence mass production in mid-2026, which will provide additional capacity to support this expansion. For the aerospace sector, given the specialized processes involved, additional certifications are anticipated in the 2H26, paving the way for gradual commencement of mass production. In the medical sector, Impro will continue advancing surgical robots and related products, which are expected to deliver meaningful growth potential over the coming years.

Taking these factors into account, together with the current order backlog, the company has revised its full-year 2026 sales forecast upward to a year-on-year growth of 15% to 20%.

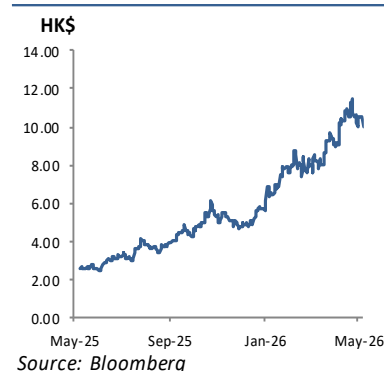
NON-RATED

Last Price (HK\$)*	9.96
Target Price (HK\$)	N/A
Upside / (Downside)(%)	N/A
Previous rating	NON-RATED
Previous TP	N/A
Hang Seng Index*	25,328.23
* Prices as of	27-May-26

Key Data

Ticker	1286 HK
Market Cap (HK\$m)	18,797
3M avg daily T/O (HK\$m)	50.9
52-week High (HK\$)	11.80
52-week Low (HK\$)	2.42
Free Float (%)	16.7%
Shares O/S (m)	1,887.3

Performance	Absolute	Relative
1 month	-2.2%	0.1%
3 months	14.4%	20.2%
6 months	82.8%	87.2%

Price Chart

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Figure 1 End-market breakdown

By end-market (Yr ended Dec)	1Q25		1Q26		YoY change	
	HK\$m	% to total	HK\$m	% to total	HK\$m	Change (%)
Diversified Industrials	608.8	52.2	832.9	58.3	224.1	36.8
- High horsepower engine	234.4	20.1	302.3	21.2	67.9	29.0
- Construction equipment	160.6	13.8	213.6	15.0	53.0	33.0
- Agricultural equipment	78.7	6.8	86.1	6.0	7.4	9.4
- Recreational boat and vehicles	35.3	3.0	49.9	3.5	14.6	41.4
- Others	99.8	8.6	181.0	12.7	81.2	81.4
Automotive	392.2	33.7	363.5	25.5	(28.7)	(7.3)
- Passenger car	205.4	17.6	159.9	11.2	(45.5)	(22.2)
- Commercial vehicle	186.8	16.0	203.6	14.3	16.8	9.0
Aerospace, energy and medical	164.3	14.1	231.2	16.2	66.9	40.7
- Aerospace	111.2	9.5	155.7	10.9	44.5	40.0
- Energy	22.9	2.0	43.4	3.0	20.5	89.5
- Medical	30.2	2.6	32.1	2.2	1.9	6.3
Total	1,165.3	100.0	1,427.6	100.0	262.3	22.5

Source: Company data

Figure 2 Business segment breakdown

By business segment (Yr ended Dec)	1Q25	1Q26	YoY change (%)
Investment casting	458.2	567.2	23.8
Precision machining and others	379.6	446.7	17.7
Sand casting	311.0	398.0	28.0
Surface treatment	16.5	15.7	(4.8)
Total	1,165.3	1,427.6	22.5

Source: Company data

Figure 3 Geographical breakdown

By geographical market (Yr ended Dec)	1Q25	1Q26	YoY change (%)
America	564.1	697.5	23.6
- United States	492.5	614.3	24.7
- Others	71.6	83.2	16.2
Asia	270.5	369.7	36.7
- PRC	245.4	334.6	36.3
- Others	25.1	35.1	39.8
Europe	330.7	360.4	9.0
Total	1,165.3	1,427.6	22.5

Source: Company data



Figure 4 Profit and loss statement

Year ended Dec (HK\$m)	FY23	FY24	FY25	YoY change (%)
Revenue				
Investment casting	1,914.8	1,804.7	1,909.9	5.8
Precision machining and others	1,808.3	1,720.3	1,619.8	(5.8)
Sand casting	823.9	1,101.3	1,487.5	35.1
Surface treatment	57.4	60.5	78.3	29.4
Total	4,604.4	4,686.8	5,095.5	8.7
Costs of sales	(3,426.0)	(3,417.7)	(3,695.4)	
Gross profit	1,178.4	1,269.1	1,400.1	10.3
Other revenue	30.2	33.2	31.5	
Other net income	20.0	125.5	12.1	
Selling and distribution expenses	(158.5)	(177.0)	(189.7)	
Administrative and other operating expenses	(341.8)	(362.6)	(359.6)	
Operating profit	728.3	888.2	894.4	0.7
Net finance costs	(108.4)	(102.3)	(78.8)	
Before tax profit	619.9	785.9	815.7	3.8
Tax	(33.1)	(140.1)	(87.6)	
MI	(1.7)	(1.5)	(1.9)	
Net profit	585.1	644.3	726.2	12.7

Source: Company data

Figure 5 Peer comparable

27-May-26		Price	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				Hist	FY1	FY2	FY3	FY1	FY2	Hist	FY1	FY2	Hist	FY1	Hist	FY1	Hist		FY1	1-mth	3-mth
HSI		25,328			11.8	11.4	10.2	9.2	4.1	12.6	3.1	3.3	3.5	1.35	1.21	9.9	10.3	4.1	(2.3)	(4.9)	8.3	
MSCI ACWI		1,121.42			23.8	19.1	16.5	15.0	24.8	15.5	1.6	1.7	1.8	3.83	3.49	15.6	18.2	6.3	4.3	6.1	27.3	
Sector Average					14.6	16.3	13.8	11.9	11.3	18.0	4.3	2.6	3.1	1.6	1.9	11.4	11.1	8.7	6.2	-2.5	78.4	
Sector Median					12.2	12.6	10.7	9.3	11.4	17.5	2.1	2.5	3.1	1.1	1.5	12.2	12.6	8.8	4.6	-9.3	23.3	
Eva Precision	838 HK	0.81	179	0.3	5.9	N/A	N/A	N/A	N/A	N/A	5.2	N/A	N/A	0.42	N/A	7.3	N/A	5.6	3.8	(9.0)	14.1	
Tk Group Holding	2283 HK	2.18	232	0.1	8.3	N/A	N/A	N/A	N/A	N/A	9.4	N/A	N/A	1.01	N/A	12.3	N/A	10.2	(3.9)	(9.6)	15.1	
Minth Group Ltd	425 HK	39.44	5,902	26.4	14.7	12.6	10.7	9.3	10.0	17.1	1.1	2.8	3.4	1.72	1.55	12.9	12.6	9.2	8.9	(10.1)	84.7	
Xin Point Holdin	1571 HK	4.41	565	0.3	7.1	N/A	N/A	N/A	N/A	N/A	11.3	N/A	N/A	1.04	N/A	15.9	N/A	14.0	(0.2)	11.1	20.2	
Impro Precision	1286 HK	9.96	2,399	8.1	25.8	23.2	19.2	16.9	11.4	20.9	1.6	2.0	2.4	3.35	3.11	14.1	13.0	10.7	(2.2)	14.4	297	
Nexteer	1316 HK	5.25	1,682	10.2	13.2	11.8	10.0	8.1	11.6	17.5	1.3	3.6	4.3	0.80	0.75	6.3	6.7	5.1	5.4	(29.8)	(8.5)	
Weichai Power-H	2338 HK	42.18	44,646	94.8	30.9	22.3	18.6	16.1	30.3	20.3	1.8	2.5	3.1	3.34	3.16	12.0	14.5	6.9	16.3	29.3	179	
Johnson Elec H	179 HK	25.90	3,089	25.2	11.1	11.8	10.4	9.1	(6.7)	14.3	2.4	2.1	2.4	1.10	1.08	10.6	8.7	8.4	21.0	(16.6)	26.3	

Source: Bloomberg, Crosby

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