英皇證券 Emperor Securities CROSBY

Hong Kong |Industrial

13 August 2026

Impro Precision Industries (1286 HK)

A solid 1H26 indicates a promising FY26

- **A solid set of 1H26 results with revenue reached HK$3.0bn (+23.2% YoY) while reported NP amounted to HK$421.0m (+21.6% YoY). GPM edged up slightly by 0.6ppt to 28.4% in 1H26. An interim DPS of HK$8.0cents was declared**
- **Supported by sizable backlog, FY26 sales guidance revised up to 20-25% YoY**

Both top and bottom line registered double-digit growth

Impro Precision's 1H26 reported NP increased by 21.6% YoY to HK$421.0m on the back of 23.2% YoY increase in turnover to HK$3.0bn. Its 1H26 GPM stood at 28.4% compared to 27.8% in 1H25. The marginal improvement in GPM was mainly due to the robust demand from diversified industrial end-markets, particularly strong demand for liquid cooling systems and high horsepower engine end-markets but was partially offset by precision machining business in Turkey and Mexico.

Growth supported by AI-driven application

Impro is well known for serving a well-diversified global customer base with its products sold to different end-markets. In 1H26, artificial intelligence continued to boom, and continued expansion of data center infrastructure drove growth across several of the company's end-markets. Demand for liquid cooling systems was particularly robust, contributing to a 107.6% YoY increase in revenue from the diversified industrials – others end-market. The energy end-market recorded an 83.7% YoY revenue increase, supported by rising demand for industrial gas turbines linked to data center expansion. Demand for high horsepower engines, which play a vital role in distributed power generation systems, also remained strong, driving a 23.7% YoY growth in revenue. Furthermore, Impro Precision capitalized on customer supply chain restructuring efforts to gain market share in the recreational boat and vehicle end-market, resulting in a 57.4% YoY increase in revenue. Revenue from the aerospace and construction equipment end-markets also grew strongly, rising 34.6% and 34.2 YoY, respectively.

Revenue from the auto sector amounted to HK$735.2m in 1H26 with the declining rate narrowing to 8.4% YoY. The passenger car end-market remained affected by subdued demand in Europe, leading to a 21.7% YoY decrease in sales. However, the commercial vehicle end-market demonstrated renewed momentum, driven by new customers/ orders win, resulting in a 6.6% YoY increase in sales.

Sizeable orders backlog led to FY26 sales guidance upgrade

Despite the ongoing geopolitical tension continuing to pose challenges for Impro, the company's well diversified end-market portfolio has effectively cushioned and mitigated the cyclical weaknesses, supporting resilient sales performance. While the auto sector continued to face headwinds, the commercial vehicle segment has begun to show early signs of recovery.

Looking ahead, this growth momentum is expected to continue through the 2H26 and into FY27 on the back of sustained demand from AI-driven applications, coupled with moderate recovery across certain end markets. The high-horsepower engine end-market is expected to register stronger demand growth in 2H26 once the Mexican plant kicks start mass production in 3Q/4Q26 after customer certification. Meanwhile, liquid cooling systems business is expected to accelerate in 2H26, supported by the Mexican plant's successful transition to full-scale mass production. In response to sustained growth in demand and the need for capacity expansion, Impro's latest budget CAPEX for FY26 has increased by HK$650m to HK$1.5bn, with more than 50% earmarked for capacity expansion at Mexico SLP Campus.

Supported by healthy order backlog and the successful advancement of new projects, the company raised its full year YoY sales growth guidance to between 20-25%.

NON-RATED

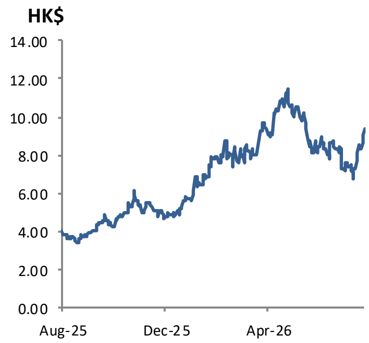
Last Price (HK$)*	9.37
Target Price (HK$)	**N/A**
Upside / (Downside)(%)	N/A
Previous rating	*NON-RATED*
Previous TP	*N/A*
Hang Seng Index*	25,440.17
** Prices as of*	*12-Aug-26*

Key Data

Ticker	1286 HK
Market Cap (HK$m)	18,246
3M avg daily T/O (HK$m)	59.7
52-week High (HK$)	11.80
52-week Low (HK$)	3.20
Free Float (%)	19.3%
Shares O/S (m)	1,947.3

Performance	Absolute	Relative
1 month	12.9%	7.3%
3 months	-14.0%	-11.0%
6 months	18.0%	25.4%

Price Chart



Source: Bloomberg

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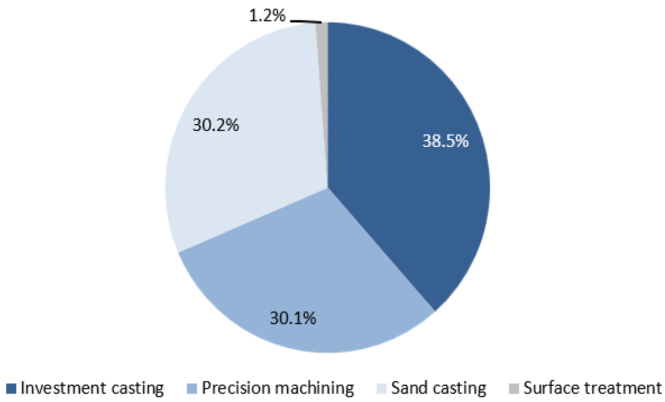
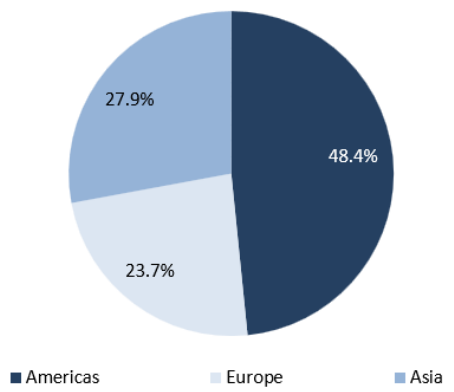
Figure 1 Revenue breakdown by business



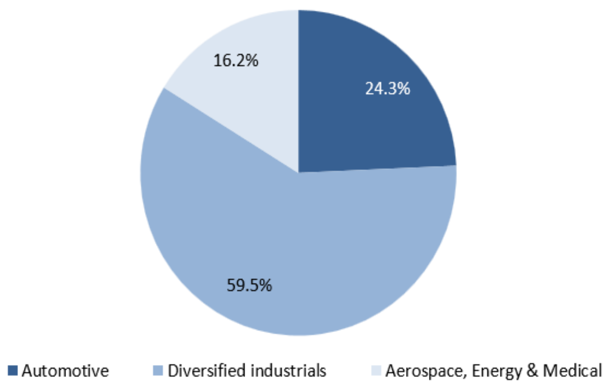
Source: Company data

Figure 2 Geographical breakdown



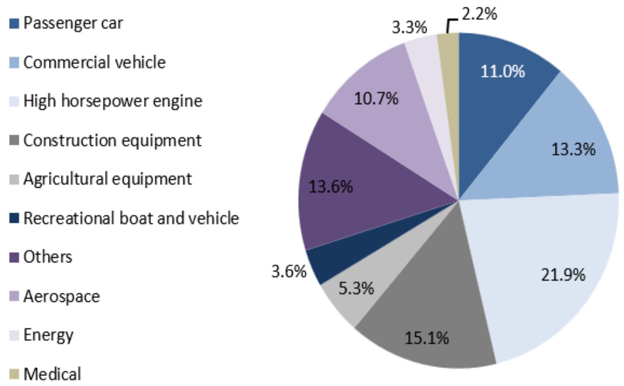
Source: Company data

Figure 3 Revenue by end market (i)



Source: Company data

Figure 4 Revenue by end market (ii)



Source: Company data

Figure 5 End-market breakdown

	1H25		1H26		YoY change	
By end-market (Yr ended Dec)	**HK$m**	***% to total***	**HK$m**	***% to total***	**HK$m**	***Change (%)***
Diversified Industrials	**1,293.8**	***52.8***	**1,794.6**	***59.5***	500.8	*38.7*
- High horsepower engine	533.7	*21.8*	660.3	*21.9*	126.6	*23.7*
- Construction equipment	339.1	*13.8*	455.0	*15.1*	115.9	*34.2*
- Agricultural equipment	154.6	*6.3*	160.8	*5.3*	6.2	*4.0*
- Recreational boat and vehicles	68.7	*2.8*	108.1	*3.6*	39.4	*57.4*
- Others	197.7	*8.1*	410.4	*13.6*	212.7	*107.6*
Automotive	**802.2**	***32.7***	**735.2**	***24.3***	(67.0)	*(8.4)*
- Passenger car	423.2	*15.4*	331.3	*13.3*	(91.9)	*(21.7)*
- Commercial vehicle	379.0	*17.3*	403.9	*11.0*	24.9	*6.6*
Aerospace, energy and medical	**353.9**	***14.5***	**488.2**	***16.2***	134.3	*37.9*
- Aerospace	239.1	*9.8*	321.9	*10.7*	82.8	*34.6*
- Energy	54.1	*2.2*	99.4	*3.3*	45.3	*83.7*
- Medical	60.7	*2.5*	66.9	*2.2*	6.2	*10.2*
Total	**2,449.9**	***100.0***	**3,018.0**	***100.0***	**568.1**	***23.2***

Source: Company data

Figure 6 Profit and loss statement

Year ended Dec (HK$m)	FY24	FY25	1H25	1H26	*YoY change (%)*
Revenue					
Investment casting	1,804.7	1,909.9	922.6	1,161.7	*25.9*
Precision machining and others	1,720.3	1,619.8	793.3	907.7	*14.4*
Sand casting	1,101.3	1,487.5	695.2	911.0	*31.0*
Surface treatment	60.5	78.3	38.8	37.6	*(3.1)*
Total	**4,686.8**	**5,095.5**	**2,449.9**	**3,018.0**	*23.2*
Costs of sales	(3,417.7)	(3,695.4)	(1,768.4)	(2,161.2)	
Gross profit	**1,269.1**	**1,400.1**	**681.5**	**856.8**	*25.7*
Other revenue	33.2	31.5	12.7	19.2	
Other net income	125.5	12.1	24.1	(66.1)	
Selling and distribution expenses	(177.0)	(189.7)	(94.4)	(78.5)	
Administrave and other operating expenses	(362.6)	(359.6)	(162.1)	(195.8)	
Operating profit	**888.2**	**894.4**	**461.8**	**535.6**	*16.0*
Net finance costs	(102.3)	(78.8)	(41.0)	(44.0)	
Before tax profit	**785.9**	**815.7**	**420.8**	**491.7**	*16.9*
Tax	(140.1)	(87.6)	(73.3)	(69.7)	
MI	(1.5)	(1.9)	(1.1)	(1.0)	
Net profit	**644.3**	**726.2**	**346.3**	**421.0**	*21.6*

Source: Company data

Figure 7 Peer comparable

12-Aug-26			Mkt cap	3-mth avg t/o	P/E (x)				EPS YoY%		Div Yld (%)			P/B (x)		ROE (%)		ROIC Hist	Share px chg (%)		
Company	Ticker	Price	(US$m)	(US$m)	Hist	FY1	FY2	FY3	FY1	FY2	Hist	FY1	FY2	Hist	FY1	Hist	FY1	(%)	1-mth	3-mth	1-Yr
HSI		25,440			11.8	11.5	10.3	9.3	2.6	12.1	3.0	3.3	3.5	1.34	1.23	9.8	10.5	4.0	5.2	(3.4)	1.9
MSCI ACWI		1,150.63			24.5	18.7	16.4	14.6	30.9	14.2	1.5	1.7	1.8	3.95	3.58	15.6	18.3	6.3	2.1	4.3	21.5
Sector Average					**12.6**	**13.7**	**11.4**	**9.4**	**13.8**	**19.9**	**5.4**	**3.3**	**4.0**	**1.3**	**1.6**	**11.2**	**11.1**	**8.6**	**1.8**	**-19.1**	**22.2**
Sector Median					**10.2**	**9.8**	**8.6**	**7.0**	**13.5**	**22.4**	**3.1**	**3.5**	**4.1**	**0.9**	**1.1**	**12.2**	**12.4**	**8.0**	**2.4**	**-16.2**	**-3.2**
Eva Precision	838 HK	0.80	175	0.3	5.8	N/A	N/A	N/A	N/A	N/A	5.3	N/A	N/A	0.41	N/A	7.3	N/A	5.6	(4.2)	(8.6)	(3.0)
Tk Group Holding	2283 HK	1.67	177	0.1	6.4	N/A	N/A	N/A	N/A	N/A	12.3	N/A	N/A	0.77	N/A	12.3	N/A	10.2	(14.8)	(27.0)	(29.1)
Minth Group Ltd	425 HK	28.66	4,279	20.7	10.7	9.2	7.8	6.7	8.9	17.7	2.7	3.8	4.5	1.24	1.11	12.9	12.4	9.2	3.8	(30.1)	(3.0)
Xin Point Holdin	1571 HK	3.83	491	0.3	6.2	N/A	N/A	N/A	N/A	N/A	13.1	N/A	N/A	0.89	N/A	15.9	N/A	14.0	0.9	(16.8)	(3.4)
Impro Precision	1286 HK	9.37	2,325	7.8	24.3	20.9	16.9	14.1	16.1	23.9	1.7	2.0	2.6	2.71	2.80	14.1	14.2	11.3	12.9	(14.0)	153
Nexteer	1316 HK	4.48	1,433	6.2	11.2	9.8	8.0	7.0	13.5	22.4	3.2	4.2	5.1	0.68	0.64	6.3	6.6	5.1	13.4	(15.6)	(32.2)
Weichai Power-H	2338 HK	36.40	40,095	87.5	26.7	19.0	15.5	12.8	31.2	22.5	2.3	3.0	3.7	2.86	2.70	12.0	14.3	6.9	6.2	(8.1)	115
Johnson Elec H	179 HK	19.81	2,359	27.8	9.8	9.8	8.6	6.5	(0.7)	13.2	3.1	3.5	4.1	0.82	0.77	8.7	7.9	6.3	(3.9)	(32.7)	(20.1)

Source: Bloomberg, Crosby

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