

Daimay (603730 CH)

Expanding Roof Business to Open More Growth Potential

China | Automobile Parts | Company Initiation

Company profile:

Daimay was established in 2001 and is a well-known manufacturer in the global automotive interior parts sector. Its main products include automotive interior components for roof systems and seat systems, such as sun visors, headrests, roof linings, central roof controllers, armrests, and other automotive interior products. Among these, the Company's core product, the automotive sun visor, ranks first globally in its segment, with a market share exceeding 40% in 2022. In 2024, Daimay reported a revenue of RMB 6.377 billion, a yoy increase of +8.8%, with 85.35% of the revenue coming from overseas markets. The net profit was RMB 802 million, a yoy increase of +22.66%.

Investment Summary

FY2025 Q3 Remain Stable

The Company released its Q3 2025 report: In the first three quarters of 2025, the company achieved revenue/net profit/net profit excluding non-recurring items of RMB 4.794 billion/RMB 445 million/RMB 600 million, representing yoy growth of -0.19%/-28.62%/-3.09%, with a gross margin of 28.04%, a yoy decrease of -0.22 percentage points. In Q3 2025 alone, the Company achieved revenue/net profit/net profit excluding non-recurring items of RMB 1.62 billion/RMB 203 million/RMB 198 million, which represents yoy increases of +6.65%/+0.24%/+0.75%.

Fire Impact in the First Half Gradually Eliminated

Despite a challenging overseas market in Q3, the performance of Daimay remain stable: From the demand of major auto markets in Q3 2025: North American vehicle sales were 5.104 million units, down slightly by 2.16% qoq; European passenger car registrations were 3.1136 million units, down by 9.33% qoq. However, the company's Q3 revenue/net profit excluding non-recurring items showed qoq increases of +2.38%/+0.83%, reflecting its stable operations. Additionally, a fire in the second quarter at the Company's Mexican plant led to non-operating expenses of USD 33.751 million, equivalent to RMB 242 million. These damaged assets are all covered under insurance claims. Daimay has submitted a claim letter to AXA Insurance and expects the final insurance compensation to cover the actual losses.

Expanding Roof Business to Open More Growth Potential

In 2023, Daimay issued convertible bonds to expand the production of roof and roof assembly products. The project has secured customer appointments, including 300,000 sets of automotive roof system integration products and 600,000 sets of automotive roof products at the Mexican Daimei facility, and 700,000 sets of automotive roof products at the Zhoushan Yindai facility. The company's main products, such as sun visors, headrests, and central roof controllers, have an equivalent per vehicle value of RMB 588. The roof products and roof integration system products from the convertible bond project have a per vehicle value of RMB 700 and RMB 4,000, respectively. This value increase will open up growth potential for Daimay's future performance. According to the prospectus of the convertible bonds, it is estimated that once the project reaches full capacity, Daimay's revenue will increase by RMB 844 million in the first year, accounting for 16.4% of Daimay's 2022 revenue, and by RMB 2.11 billion in the third year.

28 November 2025

Accumulate (Initiation)

CMP CNY 8.21

(Closing price as at 25 November)

TARGET CNY 9.17 (+11.7%)

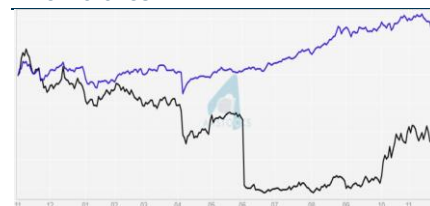
COMPANY DATA

O/S SHARES (MN) :	2149
MARKET CAP (CNY MN) :	17640
52 - WK HI/LO (CNY):	8.47/ 5.19

SHARE HOLDING PATTERN, %

Mr Jiang yintai	42.14
Mr Jiang Ming	26.05

PRICE VS. SHCOMP



Source: Aastock, Phillip Securities (HK) Research

KEY FINANCIALS

CNY mn	FY24	FY25E	FY26E	FY27E
Net Sales	6377	6752	7570	8323
Net Profit	802	881	1036	1193
EPS, CNY	0.49	0.41	0.48	0.56
P/E, x	16.9	20.0	17.0	14.8
BVPS, CNY	2.91	2.32	2.46	2.64
P/BV, x	2.8	3.5	3.3	3.1
DPS (CNY)	0.35	0.33	0.35	0.40
Div. Yield (%)	4.3%	4.0%	4.3%	4.9%

Source: Company reports, Phillip Securities Est.

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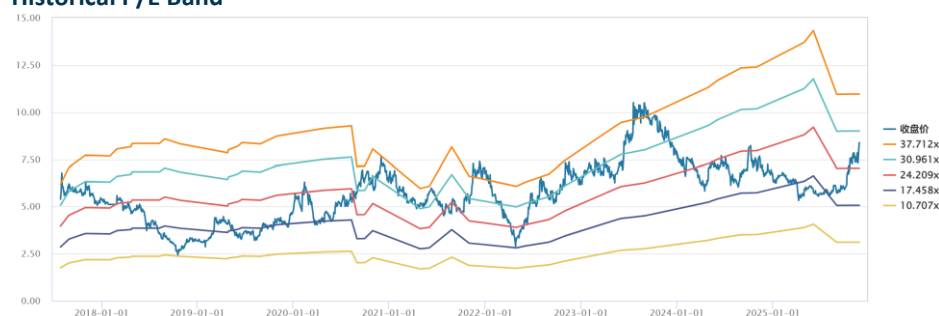
On the net profit side, after the project reaches full capacity, net profit will increase by RMB 111 million in the first year, and RMB 289 million in the third year. Currently, the company's "Annual Production of 700,000 Roof Products" project has been completed, while the "Mexican Automotive Interior Parts Industrial Base Construction Project" is expected to be delayed from January 2025 to December 2026. Upon completion, it is expected to add 300,000 sets of automotive roof system integration products and 600,000 sets of automotive roof products annually. The capacity expansion will provide assurance for securing new orders from North American customers in the future.

Investment Thesis & Valuation

The Company's business in the automotive sector remains stable, and the projects funded by the convertible bonds are about to contribute to revenues, providing momentum for performance growth. We are optimistic about the Company's development prospects.

As analyzed above, we expected diluted EPS of the Company to RMB 0.41/0.48/0.56 of 2025/2026/2027. And we accordingly gave the target price to 9.17, respectively 19x P/E for 2026. "Accumulate" rating. (Closing price as at 25 November)

Historical P/E Band



Source: Wind, Company, Phillip Securities Hong Kong Research

Financials

FYE DEC	FY24	FY25E	FY26E	FY27E
Valuation Ratios				
P/E (X), adj.	16.9	20.0	17.0	14.8
P/B (X)	2.8	3.5	3.3	3.1
Dividend payout ratio(%)	72.1%	80.4%	72.6%	72.0%
Dividend Yield (%)	4.3%	4.0%	4.3%	4.9%
Per share data (RMB)				
EPS, (Basic)	0.49	0.41	0.48	0.56
EPS, (Diluted)	0.49	0.41	0.48	0.56
DPS	0.35	0.33	0.35	0.40
BVPS	2.91	2.32	2.46	2.64
Growth & Margins (%)				
Growth				
Revenue	8.8%	5.9%	12.1%	9.9%
EBIT	14.4%	18.4%	17.4%	15.9%
Net Income, adj.	22.7%	9.9%	17.5%	15.2%
Margins				
Gross margin	26.2%	26.5%	26.9%	27.1%
EBIT margin	14.2%	15.9%	16.7%	17.6%
Net Profit Margin	12.6%	13.1%	13.7%	14.3%
Key Ratios				
ROE	18.1%	15.7%	20.2%	21.8%
ROA	9.8%	10.3%	13.4%	14.7%
Income Statement (RMB mn)				
Revenue	6377	6752	7570	8323
Gross profit	1668	1786	2035	2256
EBIT	908	1075	1262	1463
Profit before tax	940	1038	1219	1404
Tax	138	157	183	211
Profit for the period	802	881	1036	1193
Minority interests	0	0	0	0
Total capital share	1653	2149	2149	2149
Net profit	802	881	1036	1193
Source: PSR				

(Closing price as at 25 November)

PHILLIP RESEARCH STOCK SELECTION SYSTEMS

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20% upside from the current price
-5% to +5%	Neutral	3	Trade within $\pm$ 5% from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20% downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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