

# Sinotruk (3808 HK)

## Parallel Growth in Domestic and Overseas Markets

Hong Kong | Automobile | Update Report

27 February 2026

### Company Profile

As one of the leading heavy truck manufacturers in China, Sinotruk specializes in the heavy trucks, light trucks, buses and related major powertrains and parts. With heavy trucks as the main products, the Company serves a wide range of customers in the infrastructure, construction, container service, logistics, mining, steel and chemical industries.

### Investment Thesis

#### Leading Position Further Consolidated

As a leading enterprise in China's heavy truck industry, SINOTRUK has continued to consolidate its competitive advantages across three key dimensions: sales growth, exports, and new energy transformation. According to publicly disclosed information, in 2025, total heavy truck sales in China reached 1,137 thousand units, up 26% yoy. In 2025, the HOWO and SITRAK dual-brand strategy delivered coordinated growth, supporting the Company's sustained improvement in sales growth. The total vehicle sales volume for the year exceeded 440 thousand units, up 25% yoy, of which heavy truck sales surpassed 300 thousand units. The Company's market share has ranked first in the domestic market for four consecutive years and, for the first time, topped the global heavy truck sales ranking.

In terms of core business structure, heavy truck remains the absolute pillar of the Company's revenue. According to the 2025 interim statements, the heavy truck business contributed 86.9% of revenue, while light truck and other businesses accounted for 14.3%. The financial and engine businesses together accounted for 16.1%, (internal sales 17.2%), reflecting a stable business structure.

#### Remarkable Progress in New Energy Transformation with Further Advancement in Intelligence

In 2025, the Company's cumulative sales volume of new energy heavy truck reached 27 thousand units, up 249% yoy, ranking first in the industry, with a growth rate significantly exceeding the industry average of 189%. The highest monthly sales volume exceeded 6 thousand units, ranking first in monthly sales of new energy heavy truck. Sales volume of new energy light truck reached 10,300 units, up 196% yoy, ranking third in the industry, achieving rapid penetration in the light commercial vehicle market.

The Company has comprehensively deployed three major technology routes, namely EV, HEV and hydrogen fuel cell, with products covering all application scenarios including tractor units, dump trucks and mixer trucks. Meanwhile, the Company has simultaneously advanced fast-charging and battery swap models, building differentiated competitive advantages.

In the field of intelligent driving, the Company has launched an L2+ level advanced driver assistance system, equipped with intelligent response capabilities for complex road conditions. The system enables a range of functions including intelligent ramp merging and automatic obstacle avoidance in tunnels, and supports the "dual-driver to single-driver" mode. At the end of 2025, the Company globally launched the "Xiaozhong 1.0" intelligent service system, capable of processing complex customer demands in driving operations, maintenance enquiries, fault warnings and behavioural analysis at millisecond level, achieving deep integration of vehicle connectivity and AI large models. This marks a new stage in the Company's intelligent service system.

### Accumulate (Downgrade)

CMP HKD 42.52

(Closing price as at 25 February)

TARGET HKD 49.3 (+15.9%)

#### COMPANY DATA

O/S SHARES (MN) :	2761
MARKET CAP (HKD MN) :	117397
52 - WK LO/HI (HKD):	17.58 /45.78

#### SHARE HOLDING PATTERN, %

Sinotruk (BVI) Limited	51
MAN	25

#### PRICE VS. HSI



Source: Phillip Securities (HK) Research

#### KEY FINANCIALS

CNY mn	FY24	FY25E	FY26E	FY27E
Net Sales	95062	115932	129341	131524
Net Profit	5858	6593	7898	8304
EPS, CNY	2.12	2.39	2.86	3.01
P/E, x	19.0	16.1	13.2	12.6
BVPS, CNY	14.91	16.02	17.02	18.11
P/BV, x	2.7	2.4	2.2	2.1
DPS (CNY)	1.18	1.32	1.56	1.66
Div. Yield (%)	2.9%	3.4%	4.1%	4.4%

Source: Company reports, Phillip Securities Est.

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### Continuous Breakthroughs in Overseas Markets

In respect of export business, the Company leverages SINOTRUK International, with products covering more than 150 countries and regions across Africa, Southeast Asia, Central Asia and the Middle East. In 2025, the Company's annual export sales volume of heavy truck exceeded 150 thousand units, up 14% yoy, ranking first in China's heavy truck exports for 21 consecutive years. The Company has continued to expand into high-end markets, achieving breakthrough growth in strategic regions such as Saudi Arabia and Morocco, demonstrating strong demand for the Company's highly cost-effective products. The Company has advanced its localisation strategy by establishing 37 KD assembly plants in 27 countries worldwide, significantly enhancing market penetration and service response efficiency. In addition, the Company has actively broadened its export product portfolio. Revenue from export of after-market parts increased by 53% yoy for the year, forming a dual-engine overseas expansion model of "complete vehicles + parts".

### Stable Financial Performance

In H1 2025, the Company reported revenue of RMB50.88 billion (RMB, the same below), up 4.2% yoy, and net profit attributable to the parent company of RMB3.43 billion, up 4.0% yoy, delivering a solid result. Gross margin reached 15.1%, up 0.4 ppts yoy, mainly attributable to improved profitability of heavy truck products. Net profit margin stood at 7.3%, with profitability remaining stable. In terms of expenses, distribution costs accounted for 3.5% of product revenue, up 0.3 ppts yoy, while administrative expenses accounted for 4.7% of revenue, down 0.2 ppts yoy. Overall changes in costs and expenses were primarily driven by sales volume growth, optimisation of product mix and a decline in financing costs.

The Company's dividend payout ratio has continued to increase over the past five years. In the interim period of 2025, a cash dividend payout ratio of 55% has been implemented. Going forward, the Company will dynamically enhance the cash dividend payout ratio based on operating performance and funding requirements..

### Valuation & Investment Suggestion

In January 2026, the Company's heavy truck export volume exceeded 16 thousand units for the first time, setting another monthly record. Currently, order reserves remain abundant. In January alone, Jinan Truck Manufacturing Company secured orders exceeding 28.6 thousand units. Management has set a target to achieve total vehicle sales of over 800 thousand units by 2030, equivalent to a CAGR of 12.5% over the next five years, effectively rebuilding another "SINOTRUK". With the continuation of the heavy truck replacement subsidy policy, we expect the Company to continue benefiting from the recovery of China's heavy truck industry and the growth trend in export markets. In the medium to long term, there are opportunities for value enhancement in some segmentations of heavy trucks brought by innovation. We expected the Company's EPS in 2025/2026/2027 to be 2.39/2.86/3.01 yuan, respectively, and adjust the target price to HKD 49.3, corresponding to 18.5/15.2/14.4x P/E and 2.8/2.5/2.4x P/B in 2025/2026/2027, with 'Accumulate' rating. (Closing price as at 25 February)

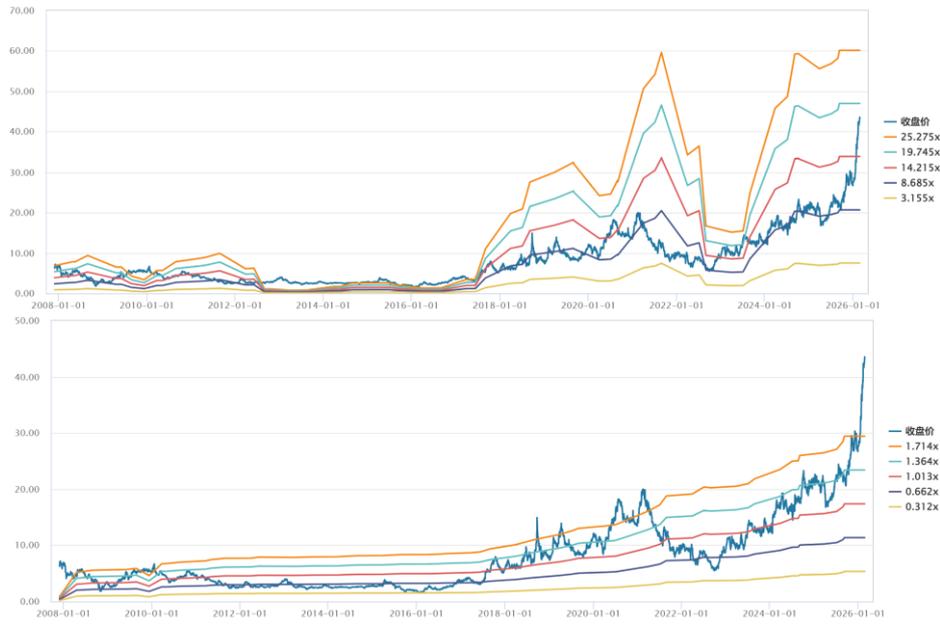
### Risk

The economic recovery was less than expected, resulting in lower than expected sales of heavy trucks

Overseas market risk, adverse exchange direction risk

Risk of significant increase in raw materials

Forward P/E P/B trend



Source: Wind, Phillip Securities Hong Kong Research

## Financials

FYE DEC	FY23	FY24	FY25F	FY26F	FY27F
<b>Valuation Ratios</b>					
P/E (X), adj.	20.3	19.0	16.1	13.2	12.6
P/B (X)	2.7	2.7	2.4	2.2	2.1
Dividend Yield (%)	2.5%	2.9%	3.4%	4.1%	4.4%
<b>Per share data (RMB)</b>					
EPS, (Basic)	1.93	2.12	2.39	2.86	3.01
EPS, (Diluted)	1.93	2.12	2.39	2.86	3.01
DPS	0.96	1.18	1.32	1.56	1.66
BVPS	14.59	14.91	16.02	17.02	18.11
<b>Growth &amp; Margins (%)</b>					
<b>Growth</b>					
Revenue	47.0%	11.2%	22.0%	11.6%	1.7%
EBIT	131.1%	15.0%	9.0%	20.3%	5.6%
Net Income, adj.	195.2%	10.2%	12.5%	19.8%	5.1%
<b>Margins</b>					
Gross margin	15.8%	15.6%	15.4%	15.7%	15.8%
EBIT margin	7.7%	8.0%	7.1%	7.7%	8.0%
Net Profit Margin	6.2%	6.2%	5.7%	6.1%	6.3%
<b>Key Ratios</b>					
ROE	14.0%	14.4%	15.4%	17.3%	17.1%
<b>Income Statement (RMB mn)</b>					
<b>Revenue</b>	<b>85498</b>	<b>95062</b>	<b>115932</b>	<b>129341</b>	<b>131524</b>
<b>Gross profit</b>	<b>13538</b>	<b>14865</b>	<b>17807</b>	<b>20294</b>	<b>20715</b>
EBIT	6598	7588	8272	9951	10512
Profit before tax	6883	7780	8649	10246	10822
<b>Tax</b>	<b>-1056</b>	<b>-1092</b>	<b>-1241</b>	<b>-1460</b>	<b>-1553</b>
Profit for the period	5827	6688	7408	8786	9269
Minority interests	-509	-830	-815	-887	-965
Total capital share	2761	2761	2761	2761	2761
<b>Net profit</b>	<b>5318</b>	<b>5858</b>	<b>6593</b>	<b>7898</b>	<b>8304</b>

Source: PSR

(Closing price as at 25 February)

### 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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