

Ningbo Joyson Electronic Corporation (600699 CH)

3Q26: Results Miss On Top-Line; Downgrade to HOLD

Highlights

- 3Q26 net profit misses estimates at Rmb219m (-47% yoy/-35% qoq) due to renminbi appreciation, business disposal, and chip cost hikes.
- Order flows slowed in 9M26 with new-order backlog of only Rmb61.5b (-13.9% yoy). Forward revenue will be driven by smart-driving programs entering mass production, likely global-OEM awards, robot-component deliveries, and AIDC power commercialisation.
- We cut our 2026-28 net profit forecasts by 31%/29%/26% on lower revenue and gross margin.
- Downgrade from BUY to HOLD and cut our target price to Rmb19.00.

3Q26 Results

Year to 31 Dec (Rmbm)	3Q26	yoy %	qoq %	9M26	yoy %	2026F	yoy %	9M26/2026
Revenue	13,796	(11.0)	(3.4)	41,887	(8.6)	61,183	-	0.68
Gross profit	2,354	(18.4)	(7.4)	7,337	(12.6)	11,013	(1.6)	0.67
Gross margin (%)	17.1	(1.6)	(0.7)	17.5	(0.8)	18.0	(0.3)	0.97
EBIT	549	(40.2)	(23.1)	2,027	(27.4)	3,487	(4.6)	0.58
EBIT margin (%)	4.0	(1.9)	(1.0)	4.8	(1.3)	5.7	(0.3)	0.85
Net profit (GAAP)	219	(47.0)	(35.1)	958	(14.5)	1,530	14.5	0.63
Net profit – adj	216	(48.2)	(26.4)	871	(22.4)	1,530	2.3	0.57
Core net margin (%)	1.6	(1.1)	(0.8)	2.3	(0.2)	2.5	0.3	0.91

Source: Ningbo Joyson Electronic Corp, Bloomberg, UOB Kay Hian

Analysis

- 3Q26 net profit missed our estimates at Rmb219m (-47% yoy/-35% qoq)**, bringing 9M26 net profit to Rmb958m (-14.5% yoy), 63% of our previous full-year estimate. The earnings miss comes from both top-line and margins.
 - Yoy revenue drop expanded to 11%, worse than expected on forex and business disposal.** Revenue dropped 11% yoy and 3% qoq to Rmb13.8b in 3Q26, and by 8.6% yoy to Rmb41.89b (68% of our full-year estimate). The revenue miss stems from renminbi appreciation (overseas revenue is settled in foreign currencies), and its subsidiary Senssun's disposal of a business. Stripping them off, revenue fell 4% yoy to Rmb44b in 9M26 (in line with global auto sales drop), implying 3Q26 revenue of Rmb15.9b (+3% yoy/+12% qoq).
 - Gross margin squeezed by cost hikes.** Gross margin dropped to 17.1% (-1.6ppt yoy/-0.7ppt qoq) in 3Q26 and 17.5% (-0.8ppt yoy) in 9M26, below our full-year assumption of 18.0%, due to the price hikes of chips, electronic components like PCBs, and energy costs.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	55,864	61,183	56,288	60,791	66,870
EBITDA	5,993	7,085	6,528	7,038	7,715
Operating profit	2,810	3,655	2,730	2,979	3,344
Net profit (rep./act.)	960	1,336	1,054	1,215	1,451
Net profit (adj.)	1,282	1,496	1,054	1,215	1,451
EPS (Fen)	68.2	94.8	67.9	78.3	93.6
PE (x)	32.1	23.1	32.2	27.9	23.4
P/B (x)	2.3	1.8	1.9	1.8	1.7
EV/EBITDA (x)	7.5	6.4	6.9	6.4	5.8
Dividend yield (%)	1.2	0.9	0.6	0.7	0.9
Net margin (%)	1.7	2.2	1.9	2.0	2.2
Net debt/(cash) to equity (%)	129.0	90.6	88.1	81.0	72.0
Interest cover (x)	3.4	3.4	2.6	2.8	3.2
ROE (%)	9.4	9.7	5.9	6.5	7.4
Consensus net profit	-	-	1,625	1,969	2,342
UOBKH/Consensus (x)	-	-	0.65	0.62	0.62

Source: Ningbo Joyson Electronic Corp, Bloomberg, UOB Kay Hian

Analyst(s)

Ken Lee

ken.lee@uobkh.com

852-2236 6760

HOLD (Downgraded)

Share Price	Rmb21.87
Target Price	Rmb19.00
Upside	-13.1%
Previous TP	Rmb25.00

Stock Data

Sector	Automobile
Bloomberg ticker	600699 CH
Shares issued (m)	1,550.8
Market cap (Rmbm)	29,433.6
Market cap (US\$m)	3,797.9
3-mth avg daily t'over (US\$m)	115.1

Price Performance (%)

52-week high/low			Rmb34.69/Rmb17.80	
1mth	3mth	6mth	1yr	YTD
(9.0)	9.5	(22.4)	(31.2)	(30.3)

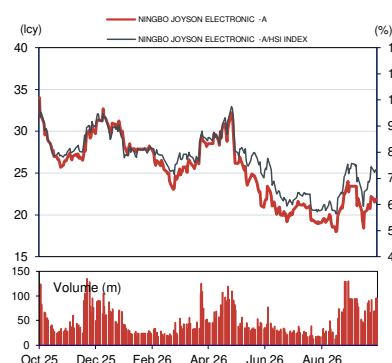
Major Shareholders (%)

Joyson Holdings Co., Ltd.	33.57
---------------------------	-------

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	3.70
FY26 Net Debt/Share (Rmb)	10.28

Price Chart



Source: Bloomberg

Company Description

Ningbo Joyson Electronic Corp is the world's leading automotive parts supplier, mainly engaged in the research and development, manufacturing, and sale of smart driving systems, automotive safety systems, power management systems and Internet of Vehicles technologies.

- **R&D cost hike more than offset SG&A savings.** R&D/revenue ratio rose 1.0ppt yoy and 0.5ppt qoq to 6.5% in 3Q26, while SG&A/revenue ratio dipped 0.6ppt yoy and 0.1ppt qoq to 6.5%. All in, opex/revenue ratio soared 0.4ppt yoy and 0.4ppt qoq to 13.0% in 3Q26. EBIT margin dropped to 4.0% (-1.9ppt yoy/-1.0ppt qoq) in 3Q26 and 4.8% (-1.3ppt yoy) in 9M26.
- **From 4Q26 to 2028, Joyson's earnings outlook is moderately positive but execution-dependent.**
 - **Order slowdown, conversion-led recovery ahead.** New-order momentum weakened in 9M26: The backlog of newly awarded lifetime orders was only Rmb61.5b (-13.9% yoy). Forward revenue will be driven by smart-driving programs entering mass production, likely global-OEM awards, robot-component deliveries, and commercialisation of artificial intelligent data centre (AIDC) power products. An overseas EV customer's 3Q26 order increase and pending global awards add visibility. However, robot volume timing depends on customers, and AIDC remains early-stage. Revenue should improve as awards convert. We cut our 2026-28 revenue forecasts by 8% each to Rmb56.29b/Rmb60.79b/Rmb66.87b (-8%/+8%/+10% yoy).
 - **Memory-chip inflation will pressure margins; cost-compensation negotiations with OEMs are critical.** We trim our 2026-28 gross margin assumptions from 18.0%/18.0%/18.0% to 17.5%/17.5%/17.5%, respectively, vs 17.1%/17.5% in 3Q26/9M26. Margin recovery hinges on chip-cost pass-through, pricing compensation, and ramp-up execution.

Earnings Revision/Risk

- **We cut our 2026-28 net profit forecasts by 31%/29%/26% to Rmb1,054m/Rmb1,215m/Rmb1,451m respectively (-21%/+15%/+19% yoy).**
- **Risks:** a) Spikes in parts and component costs, and b) renminbi appreciation.

Valuation/Recommendation

- **Downgrade from BUY to HOLD and cut target price from Rmb25.00 to Rmb19.00,** based on 24x 2027F target PE multiple (on par with historical mean) and lower 2027F EPS.

Share Price Catalyst

- Securing new supply contracts with renowned customers or forming partnerships with leading players, especially for the new businesses like humanoid robot parts, and AI data centre liquid-cooling.

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	61,183	56,288	60,791	66,870
EBITDA	7,085	6,528	7,038	7,715
Deprec. & amort.	(3,430)	(3,798)	(4,060)	(4,372)
EBIT	3,655	2,730	2,979	3,344
Total other non-operating income	(182)	3	9	11
Associate contributions	(213)	-	-	-
Net interest income/(expense)	(1,075)	(1,058)	(1,056)	(1,048)
Pre-tax profit	2,185	1,675	1,931	2,307
Tax	(570)	(436)	(502)	(600)
Minorities	(280)	(186)	(214)	(256)
Net profit	1,336	1,054	1,215	1,451
Net profit (adj.)	1,496	1,054	1,215	1,451

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	5,398	5,384	6,041	6,446
Pre-tax profit	2,185	1,675	1,931	2,307
Tax	(570)	(436)	(502)	(600)
Deprec. & amort.	3,430	3,798	4,060	4,372
Associates	213	-	-	-
Working capital changes	(1,070)	(711)	(504)	(680)
Non-cash items	1,209	1,058	1,056	1,048
Other operating cashflows	-	-	-	-
Investing	(4,145)	(4,185)	(4,183)	(4,175)
Capex (growth)	(4,308)	(4,300)	(4,300)	(4,300)
Investments	(325)	-	-	-
Others	488	115	117	125
Financing	644	(1,450)	(1,384)	(1,416)
Dividend payments	(1,554)	(1,450)	(1,384)	(1,416)
Proceeds from borrowings	13,082	11,000	12,000	13,000
Loan repayment	(12,906)	(11,000)	(12,000)	(13,000)
Others/interest paid	2,021	-	-	-
Net cash inflow (outflow)	1,897	(251)	474	855
Beginning cash & cash equivalent	5,979	7,965	7,714	8,188
Changes due to forex impact	89	-	-	-
Ending cash & cash equivalent	7,965	7,714	8,188	9,044

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	16,569	18,437	20,112	21,546
Other LT assets	19,983	18,618	17,183	15,677
Cash/ST investment	7,965	7,714	8,188	9,044
Other current assets	24,637	24,248	25,888	28,101
Total assets	69,155	69,017	71,371	74,368
ST debt	15,557	15,557	15,557	15,557
Other current liabilities	17,784	16,684	17,819	19,352
LT debt	9,139	9,139	9,139	9,139
Other LT liabilities	2,648	2,648	2,648	2,648
Shareholders' equity	17,322	18,099	19,103	20,311
Minority interest	6,704	6,890	7,105	7,361
Total liabilities & equity	69,155	69,017	71,371	74,368

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	11.6	11.6	11.6	11.5
Pre-tax margin	3.6	3.0	3.2	3.4
Net margin	2.2	1.9	2.0	2.2
ROA	2.2	1.5	1.7	2.0
ROE	9.7	5.9	6.5	7.4
Growth				
Turnover	9.5	(8.0)	8.0	10.0
EBITDA	18.2	(7.9)	7.8	9.6
Pre-tax profit	9.5	(23.3)	15.3	19.4
Net profit	39.1	(21.1)	15.3	19.4
Net profit (adj.)	16.7	(29.6)	15.3	19.4
EPS	39.1	(28.4)	15.3	19.4
Leverage				
Debt to total capital	35.7	35.8	34.6	33.2
Debt to equity	142.6	136.4	129.3	121.6
Net debt/(cash) to equity	90.6	88.1	81.0	72.0
Interest cover (x)	3.4	2.6	2.8	3.2

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at [this link](#) or by scanning the QR code below:



The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full.