Shenzhen Mindray Bio-Medical Electronics (300760 CH)

9M26: Results In Line; Overseas And Emerging Businesses To Continue Driving Growth In 2027

Highlights

- Mindray's 9M26 revenue rose 4.9% yoy to Rmb27.1b and adjusted net earnings declined 2.8% yoy to Rmb7.3b, in line with our full-year growth estimates.
- 3Q26 revenue growth slowed to 2.9% and earnings declined by 1.6% yoy on forex losses. On a constant currency basis, 3Q26 revenue grew 6.0% yoy. Overseas revenue rose 11.0% yoy in 9M26 to account for 53% of sales.
- Mindray expects the overseas and emerging businesses to continue to drive growth in 2027.
- Maintain BUY with a higher target price of Rmb210.00.

3Q26 & 9M26 Results

Year to 31 Dec (Rmbm)	3Q25	3Q26	yoy % chg	9M25	9M26	yoy % chg
Revenue	9,091	9,350	2.9	25,834	27,097	4.9
Gross profit	5,680	5,741	1.1	16,005	16,537	3.3
Selling expense	(1,311)	(1,342)	2.3	(3,735)	(3,858)	3.3
Administrative expense	(365)	(363)	(0.5)	(1,047)	(1,059)	1.2
R&D expense	(828)	(813)	(1.8)	(2,435)	(2,383)	(2.1)
EBIT	3,025	3,005	(0.7)	8,947	8,571	(4.2)
Net profit	2,501	2,387	(4.6)	7,570	7,184	(5.1)
Adj. net profit	2,513	2,473	(1.6)	7,463	7,257	(2.8)
% of sales	**3Q25**	**3Q26**	**yoy ppt chg**	**9M25**	**9M26**	**yoy ppt chg**
Gross profit	62.5	61.4	(1.1)	62.0	61.0	(0.9)
Selling expense	14.4	14.3	(0.1)	14.5	14.2	(0.2)
Administrative expense	4.0	3.9	(0.1)	4.1	3.9	(0.1)
R&D expense	9.1	8.7	(0.4)	9.4	8.8	(0.6)
EBT	33.3	32.1	(1.1)	34.6	31.6	(3.0)
Net profit	27.5	25.5	(2.0)	29.3	26.5	(2.8)
Adjusted net profit	27.6	26.4	(1.2)	28.9	26.8	(2.1)

Source: Mindray, UOB Kay Hian

Analysis

- **9M26 results in line.** Shenzhen Mindray Bio-Medical Electronics' (Mindray) reported 3Q26 revenue rose 2.9% yoy to Rmb9.35b and adjusted net profit fell 1.6% yoy to Rmb2.47b. In 9M26, revenue rose 4.9% yoy to Rmb27.10b and adjusted net profit dropped 2.8% yoy to Rmb7.26b. Mindray declared a third interim dividend of Rmb1.30/share. The 9M26 results are in line with our full-year growth estimates.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	36,726	33,282	34,609	37,683	41,641
EBITDA	12,615	9,796	9,527	10,498	11,793
Operating profit	11,991	9,074	8,703	9,520	10,600
Net profit (rep./act.)	11,668	8,136	7,508	8,176	9,060
Net profit (adj.)	11,442	8,069	7,508	8,176	9,060
EPS (Fen)	943.7	665.5	619.6	674.7	747.6
PE (x)	19.3	27.3	29.3	26.9	24.3
P/B (x)	6.1	5.8	5.4	5.1	4.7
EV/EBITDA (x)	16.0	20.5	21.1	19.2	17.1
Dividend yield (%)	3.4	2.4	2.2	2.4	2.7
Net margin (%)	31.2	24.2	21.7	21.7	21.8
Net debt/(cash) to equity (%)	(41.6)	(46.3)	(46.8)	(45.1)	(42.2)
Interest cover (x)	649.8	407.8	n.m.	n.m.	n.m.
ROE (%)	33.9	22.0	19.1	19.4	20.1
Consensus net profit	-	-	8,405	9,605	10,853
UOBKH/Consensus (x)	-	-	0.89	0.85	0.83

Source: Mindray, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Rmb181.75
Target Price	Rmb210.00
Upside	15.5%
Previous TP	Rmb195.00

Stock Data

Sector	Health Care
Bloomberg ticker	300760 CH
Shares issued (m)	1,212
Market cap (Rmbm)	220,245
Market cap (US$m)	33,085
3-mth avg daily t'over (US$m)	220.6

Price Performance (%)

52-week high/low				Rmb224.50/Rmb130.66
1mth	**3mth**	**6mth**	**1yr**	**YTD**
12.7	12.5	7.9	(16.1)	(4.6)

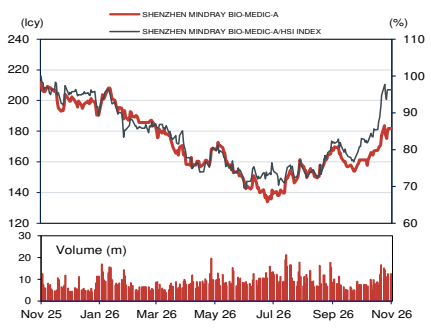
Major Shareholders (%)

Mr. Li Xiting	26.99
Mr. Xu Hang	24.50

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	33.58
FY26 Net Cash/Share (Rmb)	15.70

Price Chart



Source: Bloomberg

Company Description

Mindray is a leading medical devices producer.

- **Overseas contributed 53% of 9M26 revenue.** International revenue rose 11.0% yoy to Rmb14.36b in 9M26, or 16.0% yoy in US dollar terms. Revenue from Europe grew close to 20% yoy on a high base, with the UK, France, Germany and Italy all growing fast; Latin America grew close to 18% yoy and Asia-Pacific 14%, led by India, Mexico and Brazil. Mindray expects the international business to continue growing fast in 2026, led by Europe, Latin America and Asia Pacific, with the business' share of total revenue to rise further. Domestic revenue fell 1.3% yoy to Rmb12.73b in 9M26, while 3Q26 domestic revenue rose 1.95% qoq. The company still targets positive domestic revenue growth in 2026.
- **Key growth engines are the IVD and emerging businesses.** In-Vitro Diagnostics (IVD) revenue rose 7.8% yoy to Rmb10.59b in 9M26, lifting its share of total sales to 39%. Meanwhile, revenue of immunoassay and coagulation both grew by double digits, while that of international IVD grew 20% and international immunoassay rose by more than 30%. Revenue from emerging businesses grew 20.5% yoy to Rmb4.74b, or 17% of sales, with minimally invasive surgery and minimally invasive intervention each above 20%. In contrast, life information and support fell 1.3% yoy to Rmb7.33b and medical imaging declined 6.2% yoy to Rmb4.30b. The IVD and emerging businesses now make up close to 71% of domestic revenue.
- **Gross margin under pressure in 3Q26.** Gross margin fell 1.1ppt yoy to 61.4%, attributable to rising raw material cost and lower product prices. Selling expenses grew 2.3% yoy, while administrative and R&D expenses fell 0.5% and 1.8% yoy respectively in 3Q26.
- **Globalisation remains the main theme of growth in 2027.** Management targets 10-15% yoy overseas revenue growth in 2027 in US dollar terms, and expects the IVD and emerging businesses to drive stronger domestic revenue growth in 2027. Management expects gross margin to remain under pressure for some time given the continued currency and raw material cost uncertainties, as well as sustained product price pressure in certain markets. However, the company will continue to make efforts to improve operating efficiency.
- **Cash generation remained strong, maintains payout policy.** Operating cash flow remained strong, rising 14.1% yoy to Rmb8.30b in 9M26 and 2.1% yoy to Rmb3.42b in 3Q26. The board declared a third interim dividend of Rmb13.00 per 10 shares, or Rmb1.58b, which takes the 9M26 payout to Rmb3.88/share, representing a 65.4% payout ratio; this is in line with the no-less-than-65% three-year policy. The company may consider arranging an additional cash reward for investors ahead of its Hong Kong listing targeted in 1H27.

Valuation/Recommendation

- **Maintain BUY with a higher target price of Rmb210.00**, based on 31x 2027F PE, as we expect the company to regain earnings growth momentum from 2027.

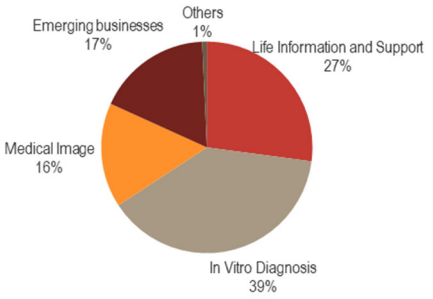
Earnings Revision/Risk

- **Risks include:** a) renminbi strength against the currencies of the overseas markets that now provide 53% of revenue, b) rising geopolitical risks, c) policy uncertainties, d) possible negative impact from weaker economic conditions, and e) risks in overseas and domestic business expansions.

Share Price Catalyst

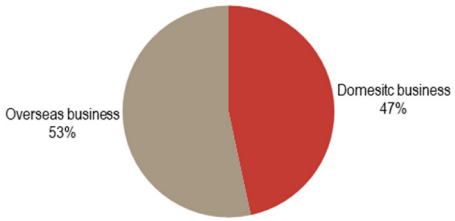
- Stronger-than-expected revenue growth of emerging businesses and overseas markets.
- Increasing dividend distribution to enhance investor returns.

Segmental Revenue (9M26)



Source: Mindray, UOB Kay Hian

Regional Revenue (9M26)



Source: Mindray, UOB Kay Hian

Profit & loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	**33,282**	**34,609**	**37,683**	**41,641**
EBITDA	9,796	9,527	10,498	11,793
Deprec. & amort.	721	824	979	1,193
EBIT	9,074	8,703	9,520	10,600
Associate contributions	-	-	-	-
Net interest income/(expense)	263	263	263	263
Pre-tax profit	**9,674**	**9,177**	**9,993**	**11,074**
Tax	(1,222)	(1,377)	(1,499)	(1,661)
Minorities	(316)	(292)	(318)	(353)
Net profit	**8,136**	**7,508**	**8,176**	**9,060**
Net profit (adj.)	8,069	7,508	8,176	9,060

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	10,824	12,015	14,042	16,882
Other LT assets	21,032	21,032	21,032	21,032
Cash/ST investment	17,625	19,026	19,649	19,669
Other current assets	9,785	10,374	11,197	12,220
Total assets	**59,267**	**62,447**	**65,919**	**69,803**
ST debt	0	0	0	0
Other current liabilities	11,599	11,892	12,222	12,622
LT debt	4	4	4	4
Other LT liabilities	4,652	4,652	4,652	4,652
Shareholders' equity	38,093	40,688	43,513	46,643
Minority interest	4,918	5,210	5,529	5,882
Total liabilities & equity	**59,267**	**62,447**	**65,919**	**69,803**

Cash flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	**10,145**	**8,329**	**8,980**	**9,983**
Pre-tax profit	9,674	9,177	9,993	11,074
Tax	(1,222)	(1,377)	(1,499)	(1,661)
Deprec. & amort.	721	824	979	1,193
Working capital changes	1,098	(295)	(494)	(623)
Non-cash items	-	-	-	-
Other operating cashflows	(126)	-	-	-
Investing	**(509)**	**(2,014)**	**(3,006)**	**(4,033)**
Capex (growth)	(1,662)	(2,014)	(3,006)	(4,033)
Proceeds from sale of assets	201	-	-	-
Others	952	-	-	-
Financing	**(6,724)**	**(4,914)**	**(5,351)**	**(5,929)**
Dividend payments	(5,310)	(4,914)	(5,351)	(5,929)
Issue of shares	-	-	-	-
Proceeds from borrowings	(5)	-	-	-
Loan repayment	-	-	-	-
Others/interest paid	(1,408)	-	-	-
Net cash inflow (outflow)	**2,912**	**1,401**	**623**	**21**
Beginning cash & cash equivalent	**14,908**	**17,625**	**19,026**	**19,649**
Changes due to forex impact	(195)	-	-	-
Ending cash & cash equivalent	**17,625**	**19,026**	**19,649**	**19,669**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
Gross margin	60.3	58.4	58.2	58.3
Pre-tax margin	29.1	26.5	26.5	26.6
Net margin	24.4	21.7	21.7	21.8
ROA	14.0	12.3	12.7	13.4
ROE	22.0	19.1	19.4	20.1
Growth				
Turnover	(9.4)	4.0	8.9	10.5
Gross profit	(13.4)	0.7	8.6	10.6
Pre-tax profit	(25.7)	(5.1)	8.9	10.8
Net profit	(30.3)	(7.7)	8.9	10.8
Net profit (adj.)	(29.5)	(6.9)	8.9	10.8
EPS	(29.5)	(6.9)	8.9	10.8
Leverage				
Debt to total capital	0.0	0.0	0.0	0.0
Debt to equity	0.0	0.0	0.0	0.0
Net debt/(cash) to equity	(46.3)	(46.8)	(45.1)	(42.2)
Interest cover	407.8	n.m.	n.m.	n.m.

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