11 Jun 2026 23:42:55 ET | 13 pages

Hengli Hydraulic (601100.SS)

What's New from China Industrial AI-Infra & Robotics Tour – Not Just A Humanoid Robot Story

CITI'S TAKE

Our impression after visiting mgmt. in Changzhou is that Hengli's potential upsides may not just come from: **1)** humanoid robots, but also **2)** ball screws & linear guides and **3)** excavator travel motors. The planetary roller screw line is running for its US humanoid robot customer and we expect revenue to increase to ~Rmb700mn in 2027E, ~4% of 2027E revenue, vs.<1% in 2026E. Regarding ball screw & linear guides, Hengli benefits from "**spill-over**" effect since both THK(6481.T) and NSK(6471.T) see tight supply, prolonging their delivery time to nine months, per Hengli mgmt. Besides, after Nabtesco (6268.T) retreated from the **excavator travel motor** market, Hengli has entered this field and will ramp up its plant with Rmb2.0bn capacity in 1Q27. We therefore revise up our 2026/27/28E earnings by 2%/3%/5% to factor above-mentioned contributions and lift our TP by 28% to Rmb160 as we rollover our EPS base to 2027E. Reiterate Buy.

Buy	
Price (11 Jun 26 15:00)	Rmb122.510
Target price	Rmb160.000↑
from Rmb125.000	
Expected share price return	30.6%
Expected dividend yield	0.5%
Expected total return	31.2%
Market Cap	Rmb164,264M
	US$24,175M

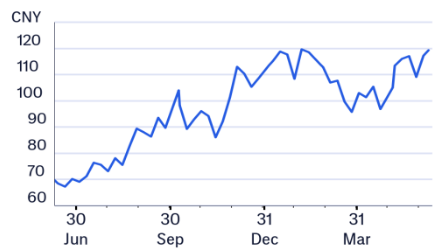
Humanoid robot – Hengli currently follows its US customer's guidance, delivering planetary roller screws to meet the client's humanoid robot production target of 1,000/week in Jul-26 and 2,500/week by 1Q27. Mgmt. estimates that the client's humanoid robot production could reach 100k in 2027 and we estimate its humanoid robot revenue to be Rmb700mn, representing ~4% of our 2027E revenue forecast.

Ball screw & linear guide – Due to tight supply at Japanese peers THK and NSK, Hengli can penetrate some machine tool clients which were reluctant to use its product before. As such, mgmt. is confident that Hengli can meet or even beat 2026 revenue guidance of Rmb300mn. Hengli is also poised to tap into the semiconductor application market in 2027 with its non-magnetic products.

Excavator travel motor – As Nabtesco exits the market, Hengli has acquired its talents to tap into the business. We see this business as an additional growth driver in 2027 since Hengli will ramp its travel motor plant with Rmb2.0bn annual capacity in 1Q27.

Valuation – Our new TP of Rmb160 is based on ~50x 2027E P/E (previously 52x 2026E P/E). Despite having a positive outlook, we apply a slightly lower P/E multiple to reflect mild GPM dilution given early stage of new businesses ramp up. Hengli remains as our top pick for the humanoid robot theme.

Price Performance
(RIC: 601100.SS, BB: 601100 CH)



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Earnings Summary

Year to 31 Dec	Net Profit (RmbM)	Diluted EPS (Rmb)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2024A	2,509	1.870	0.5	65.5	10.4	16.6	0.6
2025A	2,734	2.040	9.1	60.1	9.5	16.5	0.5
2026E	3,288	2.453	20.2	50.0	10.9	20.3	0.5
2027E	4,325	3.226	31.5	38.0	8.9	25.8	0.7
2028E	5,242	3.910	21.2	31.3	7.3	25.5	0.9

Source: Powered by dataCentral

601100.SS: Fiscal year end 31-Dec

Price: Rmb122.510; TP: Rmb160.000; Market Cap: Rmb164,264m; Recomm: Buy

Profit & Loss (Rmbm)	2024	2025	2026E	2027E	2028E
Sales revenue	9,390	10,941	13,814	17,227	21,183
Cost of sales	-5,368	-6,392	-8,013	-10,023	-12,362
Gross profit	4,021	4,549	5,801	7,204	8,821
Gross Margin (%)	42.8	41.6	42.0	41.8	41.6
EBITDA (Adj)	**3,085**	**3,586**	**4,504**	**5,402**	**6,421**
EBITDA Margin (Adj) (%)	32.9	32.8	32.6	31.4	30.3
Depreciation	-403	-512	-571	-601	-623
Amortisation	-20	-18	-19	-20	-21
EBIT (Adj)	**2,655**	**3,050**	**3,908**	**4,776**	**5,772**
EBIT Margin (Adj) (%)	28.3	27.9	28.3	27.7	27.2
Net interest	131	-6	-252	47	71
Associates	0	0	0	0	0
Non-Op/Except/Other Adj	14	-12	-10	-8	-6
Pre-tax profit	**2,800**	**3,032**	**3,647**	**4,815**	**5,836**
Tax	-288	-292	-352	-481	-583
Extraord./Min.Int./Pref.div.	-4	-6	-7	-9	-11
Reported net profit	**2,509**	**2,734**	**3,288**	**4,325**	**5,242**
Net Margin (%)	26.7	25.0	23.8	25.1	24.7
Core NPAT	2,509	2,734	3,288	4,325	5,242

Per share data	2024	2025	2026E	2027E	2028E
Reported EPS (Rmb)	1.870	2.040	2.453	3.226	3.910
Core EPS (Rmb)	1.870	2.040	2.453	3.226	3.910
DPS (Rmb)	0.700	0.560	0.674	0.886	1.074
CFPS (Rmb)	1.848	1.351	2.115	2.793	3.369
FCFPS (Rmb)	1.049	0.662	1.700	2.524	3.097
BVPS (Rmb)	11.765	12.888	11.249	13.801	16.825
Wtd avg ord shares (m)	1,342	1,340	1,341	1,341	1,341
Wtd avg diluted shares (m)	1,342	1,340	1,341	1,341	1,341

Growth rates	2024	2025	2026E	2027E	2028E
Sales revenue (%)	4.5	16.5	26.3	24.7	23.0
EBIT (Adj) (%)	8.5	14.9	28.2	22.2	20.8
Core NPAT (%)	0.4	9.0	20.3	31.5	21.2
Core EPS (%)	0.5	9.1	20.2	31.5	21.2

Balance Sheet (Rmbm)	2024	2025	2026E	2027E	2028E
Cash & cash equiv.	8,910	9,216	6,235	8,939	12,150
Accounts receivables	1,371	1,910	2,412	3,008	3,698
Inventory	1,765	2,154	2,700	3,378	4,166
Net fixed & other tangibles	5,361	5,986	5,933	5,651	5,348
Goodwill & intangibles	439	451	466	482	501
Financial & other assets	1,793	1,953	2,156	2,388	2,649
Total assets	**19,639**	**21,671**	**19,901**	**23,846**	**28,513**
Accounts payable	889	1,023	1,282	1,603	1,978
Short-term debt	15	14	14	14	14
Long-term debt	0	20	20	20	20
Provisions & other liab	2,906	3,277	3,438	3,631	3,858
Total liabilities	**3,810**	**4,333**	**4,754**	**5,268**	**5,870**
Shareholders' equity	15,775	17,280	15,083	18,505	22,559
Minority interests	54	58	65	74	84
Total equity	**15,828**	**17,338**	**15,148**	**18,578**	**22,643**
Net debt (Adj)	**-8,895**	**-9,183**	**-6,201**	**-8,906**	**-12,117**
Net debt to equity (Adj) (%)	-56.2	-53.0	-40.9	-47.9	-53.5

Valuation ratios	2024	2025	2026E	2027E	2028E
PE (x)	65.5	60.1	50.0	38.0	31.3
PB (x)	10.4	9.5	10.9	8.9	7.3
EV/EBITDA (x)	50.5	43.3	34.8	29.0	24.0
FCF yield (%)	0.9	0.5	1.4	2.1	2.5
Dividend yield (%)	0.6	0.5	0.5	0.7	0.9
Payout ratio (%)	37	27	27	27	27
ROE (%)	16.6	16.5	20.3	25.8	25.5

Cashflow (Rmbm)	2024	2025	2026E	2027E	2028E
EBITDA	2,817	3,362	4,222	5,120	6,139
Working capital	-234	-1,384	-942	-1,104	-1,256
Other	-105	-167	-444	-272	-366
Operating cashflow	**2,479**	**1,811**	**2,836**	**3,745**	**4,517**
Capex	-1,071	-924	-557	-361	-365
Net acq/disposals	-744	954	176	176	176
Other	-1,284	-887	64	62	86
Investing cashflow	**-3,100**	**-857**	**-317**	**-122**	**-103**
Dividends paid	-603	-906	-751	-903	-1,188
Financing cashflow	**-788**	**-864**	**-766**	**-918**	**-1,203**
Net change in cash	**-1,673**	**25**	**1,753**	**2,704**	**3,211**
Free cashflow to s/holders	**1,408**	**887**	**2,279**	**3,384**	**4,152**

For definitions of the items in this table, please click here.

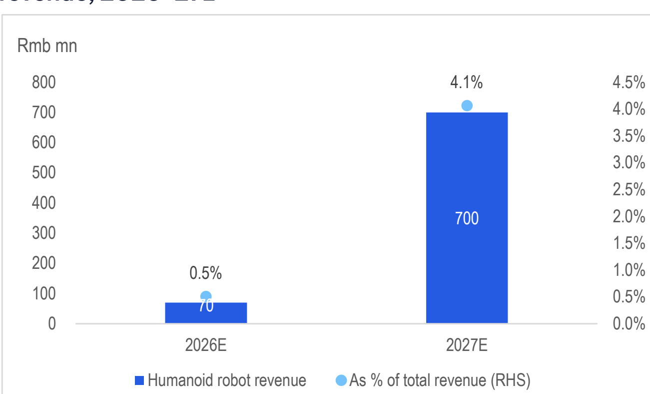
Figure 1. Hengli: Earnings forecast revisions

In Rmb mn	Old			New			% Change		
except where indicated	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
P&L									
Revenue	13,467	16,190	19,220	13,814	17,227	21,183	3%	6%	10%
Gross profit	5,679	6,905	8,252	5,801	7,204	8,821	2%	4%	7%
Operating profit	3,589	4,688	5,583	3,657	4,823	5,842	2%	3%	5%
Net profit	3,227	4,203	5,009	3,288	4,325	5,242	2%	3%	5%
EPS (Rmb)	2.41	3.13	3.74	2.45	3.23	3.91	2%	3%	5%
Margin									
GPM	42.2%	42.7%	42.9%	42.0%	41.8%	41.6%	-0.2pp	-0.8pp	-1.3pp
OPM	26.7%	29.0%	29.0%	26.5%	28.0%	27.6%	-0.2pp	-1.0pp	-1.5pp
NPM	24.0%	26.0%	26.1%	23.8%	25.1%	24.7%	-0.2pp	-0.9pp	-1.3pp

In Rmb mn	Consensus			CitiE			CitiE vs. Consensus		
except where indicated	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
P&L									
Revenue	13,220	15,587	18,342	13,814	17,227	21,183	4%	11%	15%
Gross profit	5,611	6,682	7,876	5,801	7,204	8,821	3%	8%	12%
Operating profit	3,763	4,559	5,430	3,657	4,823	5,842	-3%	6%	8%
Net profit	3,426	4,213	5,027	3,288	4,325	5,242	-4%	3%	4%
EPS (Rmb)	2.59	3.18	3.76	2.45	3.23	3.91	-5%	1%	4%
Margin									
GPM	42.4%	42.9%	42.9%	42.0%	41.8%	41.6%	-0.4pp	-1.0pp	-1.3pp
OPM	28.5%	29.2%	29.6%	26.5%	28.0%	27.6%	-2.0pp	-1.2pp	-2.0pp
NPM	25.9%	27.0%	27.4%	23.8%	25.1%	24.7%	-2.1pp	-1.9pp	-2.7pp

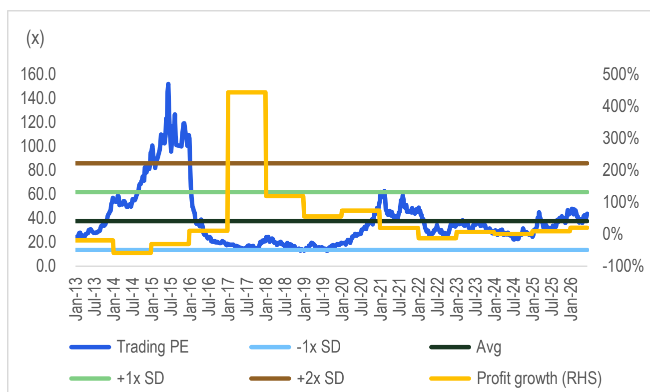
Source: Company Reports and Citi Research Estimates, Bloomberg

Figure 2. Hengli: Humanoid robot revenue and as % of total revenue, 2026-27E



Source: Company Reports and Citi Research Estimates

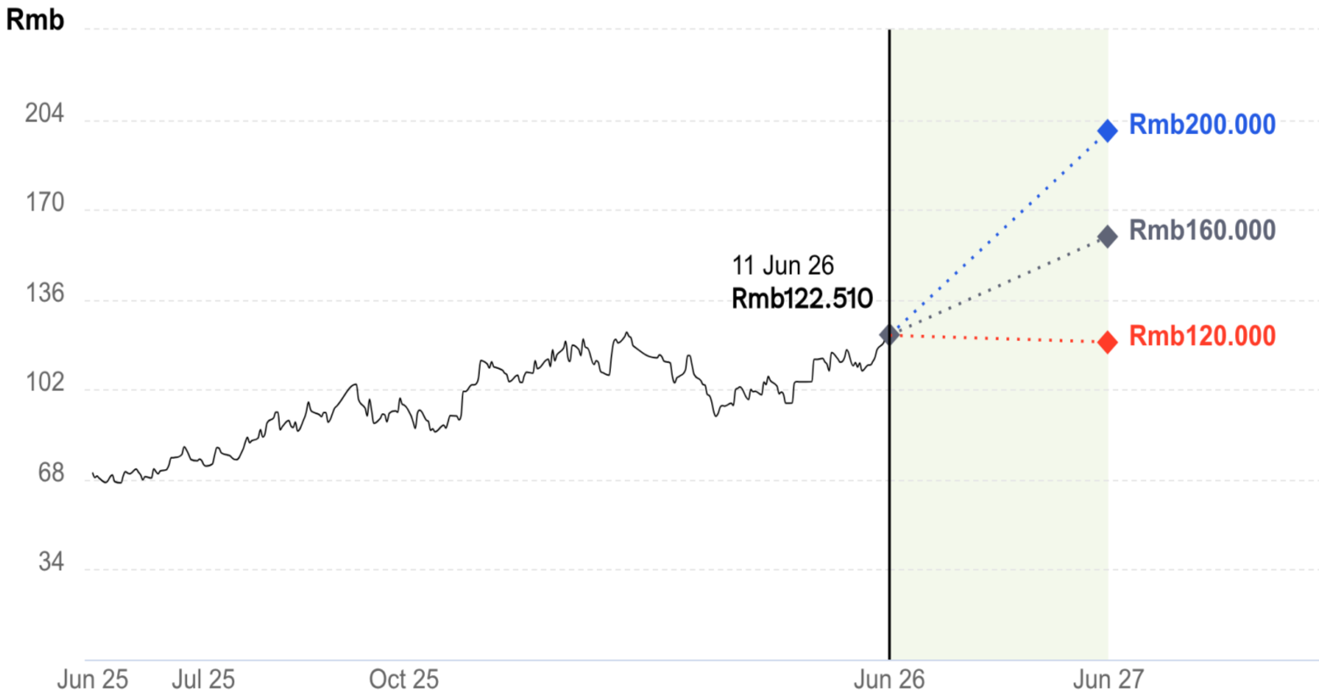
Figure 3. Hengli: Forward P/E trends vs. earnings growth



Source: Company Reports and Citi Research Estimates

Bull/Bear: Hengli Hydraulic (601100.SS)

Rmb 200.000	Rmb 160.000	Rmb 120.000
▲63% Upside	▲31% Upside	▼2.0% Downside



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Current Price and expected returns (upside/downside) as of 11 Jun 2026

BULL Assumptions

- Valuation rerate on 62x 2027E P/E on strong product demand.
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BASE Assumptions

- Valuation based on 50x 2027E P/E.

BEAR Assumptions

- Valuation derate on 38x 2027E P/E due to weaker demand.