Fast Take

Yangtze Optical Fibre and Cable

HEADLINE

YOFC announced prelim H126 earnings growth of 711-914% YoY, implying 284-405% QoQ growth in Q226

OUR TAKE

Q226 earnings of Rmb1.9-2.5bn meaningfully exceeded buy-side consensus of c.Rmb1.0-1.3bn, in our view. Strong results from China optical fibre names point to continued improvement in industry profitability, which may drive further earnings upgrades.

Equities

China
Communications Technology

12-month rating	**Buy**
12m price target	**HK$290.00**
Price (13 Jul 2026)	**HK$139.70**

RIC: 6869.HK **BBG:** 6869 HK

Trading data and key metrics

52-wk range	HK$287.60-19.68
Market cap.	HK$116b/US$14.8b
Shares o/s	828m (ORD)
Free float	49%
Avg. daily volume ('000)	22,695
Avg. daily value (m)	HK$4,988.6
Common s/h equity (12/26E)	Rmb17.7b
P/BV (12/26E)	5.7x
Net debt to EBITDA (12/26E)	0.3x

EPS (UBS, diluted) (Rmb)

	UBS	Cons.
12/26E	4.98	6.80
12/27E	8.73	10.58
12/28E	8.95	12.16

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Highlights (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	13,353	12,197	14,252	21,062	26,686	28,762	31,122	33,742
EBIT (UBS)	852	929	1,620	5,120	8,786	9,010	9,329	10,253
Net earnings (UBS)	1,297	676	814	4,122	7,226	7,413	7,712	8,526
EPS (UBS, diluted) (Rmb)	1.71	0.89	1.07	4.98	8.73	8.95	9.31	10.30
DPS (net) (Rmb)	0.51	0.27	0.30	2.49	2.62	2.69	2.79	3.09
Net (debt) / cash	(3,971)	(6,050)	(3,188)	(1,903)	(99)	3,288		

Profitability/valuation	12/23	12/24	12/25	12/26E	12/27E	12/28E
EBIT (UBS) margin %	6.4	7.6	11.4	24.3	32.9	31.3
ROIC (EBIT) %	5.7	5.5	8.6	25.5	38.0	34.8
EV/EBITDA (UBS core) x	7.0	6.7	9.2	16.4	10.1	9.5
P/E (UBS, diluted) x	6.5	9.3	23.9	24.4	13.8	13.5
Equity FCF (UBS) yield %	(11.9)	2.1	10.0	1.5	3.9	5.6
Dividend yield (net) %	4.6	3.2	1.2	2.1	2.2	2.2

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price tha
price of HK$ 139.70 on 13-Jul-2026

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Forecast returns

Forecast price appreciation	107.6%
Forecast dividend yield	2.1%
Forecast stock return	109.6%
Market return assumption	11.1%
Forecast excess return	98.6%

Company Description

Yangtze Optical Fibre and Cable (YOFC) is one of the world's leading optical preform, fibre and cable suppliers, powering global telecom networks and data centers. The company was founded in 1988 as a Sino-foreign equity joint venture and is listed both in Hong Kong and Shanghai.

Valuation Method and Risk Statement

Upside risks to the optical fibre/cable industry include: 1) higher-than-expected global data traffic growth; 2) government-backed digital infrastructure initiatives; 3) improving competitive dynamics.
Downside risks to the optical fibre/cable industry include: 1) weakening telcos capex; 2) technological substitutes; 3) raw material cost volatility.
We value YOFC-H by target P/E multiple.
Upside risks to the company include: 1) faster adoption of high-margin emerging products; 2) overseas market share gains; 3) efficient cost management.
Downside risks to the company include: 1) extended demand downturn in China; 2) escalated competition in emerging products; 3) currency and geopolitical risks.