Centre Testing Intl Group (300012.SZ): 3Q26 in line; resilient growth with steady margins; Maintain Buy

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Post-market close on Oct 21st, 2026, Centre Testing International reported inline results, with 3Q26 revenue/EBIT/net profit coming in at Rmb1,990/415/395mn (+14%/+18%/+15% yoy) and margins remained stable (3Q26 GPM/OPM/NPM at 49%/21%/20%, -1pp/+1pp/0pp yoy. Operating cash flow sustained the improvement seen in 1H26/2Q26, at Rmb486mn in 3Q26 (+15% yoy), following +150% yoy in 1H26. Organic/M&A contributed c.10%/6% to 1-9M26 revenue growth, while domestic/overseas revenue grew +11%/+68% yoy, respectively.

We also attended CTI's **2026 Investor Day** in Shenzhen on Oct 15-16, where management laid out its 2030 growth plan. **At the group level, management targets 13%-16% revenue CAGR over the next four years to 2030,** underpinned by around **two-thirds organic growth and one-third M&A (c.5%-6% CAGR contribution);** by business unit (BU), **medical and consumer products carry the strongest BU-level growth targets, while profitability is also expected to improve in two historically loss-making businesses.** Overall, the growth structure remains consistent with that communicated at 1H26 results and select operating indicators revealed at the Investor Day providing early support. At the Investor Day, mgmt. noted medical 2026 order growth of +148%/+54%/+20% in pharmaceuticals/medical devices/medical services, respectively; losses in semiconductor testing have approximately reduced by half yoy. Management expects both businesses to turn profitable in 2027.

Combining 3Q26 earnings and the 2030 plan laid out at the Investor Day, we slightly tweak 2026E revenue by -2% but raise 2027E-30E revenue by c.0%-4% to reflect growth resilience across businesses pressured in recent years (e.g., life sciences), supported by mix rotation toward higher-growth/more resilient sub-segments and new businesses, with the benefits likely to materialize more meaningfully in later years. **Our 2026E-30E revenue CAGR is now 13%, in line with management's target range. We also lower 2026E net profit by 1% but raise 2027E-30E net profit by c.0%-7%,** reflecting a structurally higher-margin mix in newer niche verticals and earlier profitability inflection in loss-making businesses. **Accordingly, our 12-month target price remains unchanged at Rmb18.6,** based on an unchanged 2027E P/E of 21x. **Maintain a Buy rating on Center Testing.**

Details within.

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Exhibit 1: Centre Testing 3Q26 financial summary

Centre Testing (300012.SZ)	3Q25	4Q25	1Q26	2Q26	3Q26	yoy	qoq	2024	2025	2025 yoy	Prior 3Q26 GSe	Diff %
Revenue (Rmb mn)	**1,742**	**1,919**	**1,495**	**1,935**	**1,990**	**14%**	**3%**	**6,084**	**6,621**	**9%**	**2,040**	**-2%**
Gross profit (Rmb mn)	875	876	687	1,007	981	12%	-3%	3,010	3,219	7%	1,026	-4%
EBIT (Rmb mn)	352	170	175	424	415	18%	-2%	912	1,006	10%	439	-5%
Net profit (Rmb mn)	**345**	**204**	**178**	**385**	**395**	**15%**	**3%**	**921**	**1,016**	**10%**	**436**	**-9%**
EPS (Rmb)	**0.20**	**0.12**	**0.11**	**0.23**	**0.23**	**15%**	**3%**	**0.55**	**0.60**	**10%**	**0.26**	**-9%**
Gross profit margin (%)	**50%**	**46%**	**46%**	**52%**	**49%**	**-1pp**	**-3pp**	**49%**	**49%**	**-1pp**	**50%**	**-1pp**
EBIT margin (%)	**20%**	**9%**	**12%**	**22%**	**21%**	**1pp**	**-1pp**	**15%**	**15%**	**0pp**	**22%**	**-1pp**
Net profit margin (%)	**20%**	**11%**	**12%**	**20%**	**20%**	**0pp**	**0pp**	**15%**	**15%**	**0pp**	**21%**	**-2pp**

Source: Company data, Goldman Sachs Global Investment Research

Key takeaways from 3Q26 results and Investor Day

1) 2026-30E BU-level growth targets: Within life sciences, environment/food target 4%-6%/>11% revenue CAGR, respectively, while medical carries the highest growth target at >20% CAGR and >Rmb1bn revenue by 2030. Within consumer products, overall growth (2020-30 CAGR) is targeted at 7%, with automotive & aerospace materials/electronics targeting 12.5%/13%, respectively; NEV within automotive targets 20% (mainly supported by expanding testing demand across automotive electronics reliability, e-drive and e-control as electrical component penetration increases). Within industrial testing, higher-growth sub-verticals include functional safety/minerals testing at 21%/19% revenue CAGR, while HSEQ targets 15%/12% domestically/overseas. Profit growth is expected to outpace revenue growth in some higher-growth businesses, including automotive & aerospace materials (14.4% profit vs. 12.5% revenue CAGR) and electronics (20% vs. 13%).

2) M&A strategy and execution: At the Investor Day, mgmt. reiterated overseas as the primary focus for M&A, with near-term activity focused on small/mid-sized bolt-ons (EUR mn to tens-of-EUR mn per transaction), while larger TIC carve-outs and PE exits could provide longer-term opportunities. Strategic priorities remain unchanged, focused on consumer products, marine and international certification by area, and Europe, Africa/Middle East, Southeast Asia and South America by geography. Domestic opportunities also remain selectively in scope, primarily through controlling acquisitions that fill capability gaps or minority financial investments. At the BU level, internationalization is being operationalized through a recurring model of Chinese customers going global + local capabilities/licenses/brands + CTI laboratory execution. **On the 3Q26 earnings call,** mgmt. noted M&A contributed c.6pp to 1-9M26 growth vs. c.10pp organically, with most larger acquisitions from last year performing well, including SafetySA, Openview, Hua'an, ALS and Ance, while the two weaker-performing assets, Midec and Jiangsu Honghai, remain small in scale. Mgmt. also noted that the M&A pipeline has progressed more slowly than initially expected, with several targets still at SPA/due-diligence stages and potential consolidation more likely in 1Q27 than the previously expected 4Q26.

3) 2026 capex at 7%-10% of revenue, vs. a c.7% baseline in 2025 and historically around 10%. Mentioned at the 3Q26 earnings call, incremental capex will be weighted toward strategic growth areas, namely: medical/medical devices, semiconductor testing, NEV/connected vehicles, AI hardware reliability and robotics, alongside capacity expansion related to the new Shenzhen site; mature businesses will continue to receive

maintenance, equipment replacement and selective expansion capex. Mgmt. noted that annual capex will remain opportunity-driven, balancing investment to support future growth against near-term margin impact.

4) Medical and semiconductor testing target breakeven in 2027, supported by growth/new business development and mix/restructuring, respectively: At the Investor Day, mgmt. noted medical 2026 order growth of +148%/+54%/+20% in pharmaceuticals/medical devices/medical services, respectively, and targets >20% 2026-30 revenue CAGR and >Rmb1bn revenue by 2030. Semiconductor testing losses approximately halved yoy again in 2026 to date, alongside a shift from lower-margin reliability/hardware revenue toward higher-margin testing services and FA/MA capabilities. **On the 3Q26 earnings call,** mgmt. noted 1-9M26 medical revenue grew 40%+ yoy with significant loss reduction, while semiconductor revenue growth remained limited amid the ongoing revenue-mix adjustment; mgmt. reiterated the 2027 breakeven target for both businesses.

5) AI infrastructure-related testing is the most immediate within emerging strategic verticals ("Track 3" under the "123 Strategy")**, with robotics, smart home and sports goods more weighted toward 2027+.** AI infrastructure-related reliability testing spans PCBs, optical modules, liquid cooling and AI servers, with CTI also planning to add CPU reliability-testing capabilities. Robotics currently contributes limited revenue, though Hangzhou added dedicated capabilities in Sep-26, with core-component/whole-robot testing planned across Hangzhou/Shanghai in 2027-28 and export-compliance testing in 2029-30. Smart home and sports goods provide additional later-stage opportunities, including sports-goods testing capabilities planned at the new Shenzhen facility by end-2027 to serve overseas and cross-border e-commerce demand.

6) LEAN implementation continues to deepen; 60% overall penetration across CTI's 160+ labs globally at various stages of LEAN adoption; per Investor Day comments, environment is on track for 100% implementation within 2026 (vs. 70% at the beginning of the year), while food/agriculture has reached 60%. In food/agriculture, this has supported +31% yoy laboratory output and +10% yoy output per capita, with further efficiency initiatives combining LEAN, automation and digitalization. Mgmt. sees further productivity upside vs. the Rmb603k benchmark cited for foreign peers in 2023.

Investment Thesis, Price Target, Risks & Methodology

CTI is the largest local privately-owned tester in China in the fast growing and less cyclical TIC (Testing, Inspection, Certification) industry. It has proven itself to be flexible to changes in local regulation and has built a strong laboratory network, which, combined with its differentiated service quality and cost structure, could position it to be a consolidator in the TIC market. We see risk-reward for CTI as skewed to the upside. CTI's operational performance looks more resilient vs. comparable peers with: 1) continuous market share gain; 2) consistent margin performance. Our analysis suggests a 7% long-term CAGR for China's TIC market, which is characterized by high growth visibility, low volatility, and a highly fragmented landscape. The company's OPM performance has been one of the key investor focus areas, and we believe the company's expansion into digitalization/carbon-emission/semiconductor testing, as well as some synergies from M&A projects, will help the company deliver 2026-30E

revenue/net profit CAGR of 13%/18%. We are Buy rated on CTI.

Price Target Risks and Methodology - Centre Testing Intl Group

Price target: Our 12-m target price of Rmb18.60 is based on 2027E P/E of 21x.

Key downside risks: (1) Any damage to the company's credibility; (2) intensifying pricing competition; (3) greater account receivables risk from the 3rd National Soil Census; (4) potential impairment due to acquisitive growth.

300012.SZ	12m Price Target: **Rmb18.60**	Price: **Rmb14.94**	Upside: **24.5%**

Buy

Market cap: Rmb25.1bn / $3.8bn
Enterprise value: Rmb24.0bn / $3.6bn
3m ADTV: Rmb429.9mn / $64.0mn
China
China Industrial Tech & Machinery
M&A Rank: 3
Leases incl. in net debt & EV?: No

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (Rmb mn) New	**6,620.7**	**7,669.1**	**8,823.0**	**10,024.0**
Revenue (Rmb mn) Old	6,620.7	7,796.5	8,828.9	9,868.6
EBITDA (Rmb mn)	1,434.0	1,796.4	2,111.6	2,442.7
EPS (Rmb) New	**0.60**	**0.74**	**0.89**	**1.05**
EPS (Rmb) Old	0.60	0.75	0.88	1.02
P/E (X)	21.0	20.3	16.8	14.2
P/B (X)	2.8	2.8	2.5	2.2
Dividend yield (%)	0.5	0.7	0.9	1.1
CROCI (%)	17.3	13.1	15.7	16.1

	6/26	9/26	12/26E	--
EPS (Rmb)	0.23	0.23	0.17	–

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 22 Oct 2026 close.

