First Read

Mingyue Optical Lens

Notable acceleration driven by flagship product lines

Q326 a clean beat

In Q326, revenue and net profit grew 20% and 22% YoY to Rmb273m and Rmb65m, respectively, marking a notable acceleration from the respective growth rates of 14% and 16% in H126. On the top line, management attributed this performance to strong momentum in flagship product lines (eg, the PMC ultra bright series and high-refractive-index series) and channel optimisation (eg, robust growth in the medical channel). On the bottom line, a 200bp YoY expansion in GPM to 60.1% was partially offset by increased selling and marketing spending, leaving the attributable net margin largely flat YoY at 23.9%.

Highlights from the results

1) Strong growth in flagship product lines: revenue from PMC ultra-bright, 1.74 and progressive lenses grew 76%, 170% and 49% YoY, respectively, in Q326, accounting for 18%, 14% and 6% of lens segment revenue. 2) Channel optimisation: revenue from the medical channel more than doubled in Q326; the numbers of direct-sales clients and distributors expanded 7% and 7% QoQ, respectively. 3) GPM expanded 200bp YoY and 429bp QoQ, driven by a more favourable revenue mix, strategic raw material stocking and stabilised raw material market prices, improved production yields for 1.74 products, and higher capacity utilisation.

Strong momentum could persist for longer

For Q426, management expects sales growth momentum to continue; for 2027, the revenue growth target is around 15%. We see multiple earnings growth drivers ahead: 1) as a leading domestic brand, we believe Mingyue has strong potential to gain market share in China from both top-tier international giants and low-end manufacturers; 2) its flagship product lines appear well positioned to capture rising demand for functional lenses, which are margin-accretive; 3) although smart glasses have made only a small revenue contribution so far, we believe the company could potentially benefit as a prescription lens supplier if the domestic smart glasses market takes off.

Valuation: maintain Buy and PT of Rmb42.00

Our DCF-derived PT is Rmb42.00 (WACC: 7.7%)

Equities

China
Medical Supplies

12-month rating	**Buy**
12m price target	**Rmb42.00**
Price (23 Oct 2026)	**Rmb35.34**

RIC: 301101.SZ **BBG:** 301101 CS

Trading data and key metrics

52-wk range	Rmb46.98-26.69
Market cap.	Rmb7.12b/US$1.07b
Shares o/s	202m (ORDA)
Free float	29%
Avg. daily volume ('000)	1,942
Avg. daily value (m)	Rmb57.4
Common s/h equity (12/26E)	Rmb1.87b
P/BV (12/26E)	3.8x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (CNY)

	From	To	% ch	Cons.
12/26E	1.12	1.13	0	1.13
12/27E	1.37	1.37	-0	1.32
12/28E	1.61	1.61	0	1.66

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Highlights (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	749	770	828	968	1,120	1,250	1,344	1,421
EBIT (UBS)	168	180	202	252	306	361	397	429
Net earnings (UBS)	158	177	193	228	276	325	357	385
EPS (UBS, diluted) (Rmb)	0.78	0.88	0.96	1.13	1.37	1.61	1.77	1.91
DPS (net) (Rmb)	0.30	0.50	0.50	0.59	0.71	0.84	0.92	0.99
Net (debt) / cash	950	1,285	696	794	875	983	1,147	1,340

Profitability/valuation	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
EBIT (UBS) margin %	22.5	23.4	24.4	26.1	27.3	28.9	29.6	30.2
ROIC (EBIT) %	27.3	33.3	26.3	22.6	26.4	29.6	31.5	33.6
EV/EBITDA (UBS core) x	35.0	21.0	33.2	21.0	17.8	14.9	13.1	11.9
P/E (UBS, diluted) x	50.9	32.7	48.0	31.3	25.8	21.9	19.9	18.5
Equity FCF (UBS) yield %	1.6	2.4	2.0	3.0	3.1	3.9	4.9	5.5
Dividend yield (net) %	0.8	1.7	1.1	1.7	2.0	2.4	2.6	2.8

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of Rmb 35.34 on 23-Oct-2026

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Forecast returns

Forecast price appreciation	18.8%
Forecast dividend yield	2.0%
Forecast stock return	20.9%
Market return assumption	6.7%
Forecast excess return	14.2%

Company Description

Mingyue is one of the leading domestic spectacle lens firms in China, with a vertically integrated business model covering raw materials, production and sales of spectacle lenses. Its core products are mainly under the brand 'Mingyue', and focus more on the domestic market. In 2024, spectacle lens/sales of raw materials accounted for 82%/9% of its total revenue.

Valuation Method and Risk Statement

Our price target for Mingyue is based on a DCF methodology.
Downside risks to our forecasts include: 1) weaker-than-expected demand could intensify competition in the spectacle lens market, especially for myopia control lenses; 2) below-expectation new product launches that adversely affect revenue growth and margin expansion; 3) slower-than-expected progress in the smart glasses market; 4) failure to pass on raw material price hikes.
Industry risks include: 1) faster-than-expected penetration increase of contacts and vision correction surgery, especially in emerging markets, weighing on spectacle lens demand, 2) slower-than-expected smartglasses development.



Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Mingyue Optical Lens

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	