# OPT Machine Vision Tech Co. (688686.SS)

## Strong 3Q26 beat driven by industrial AI and semiconductor; raise TP

| 688686.SS | 12m Price Target: **Rmb115.90** | Price: **Rmb148.48** | Downside: **21.9%** |
|---|---|---|---|

OPT Machine Vision delivered solid third-quarter 2026 results after market close on October 26, significantly outperforming GSe. The beat was primarily propelled by stronger-than-expected momentum across semiconductor manufacturing inspection and industrial AI deployment projects.

- **Revenue:** Rmb 482mn (+46% yoy; +12% vs. GSe).
- **Operating Profit:** Rmb 65mn (+122% yoy; +77% vs. GSe).
- **Net Profit:** Rmb 61mn (+67% yoy; +47% vs. GSe).
- **Margins:** Gross Profit Margin (GPM) was 57% (-1 pp yoy, +3 pp vs. GSe); Operating Profit Margin (OPM) stood at 13% (+5 pp yoy, +5 pp vs. GSe); Net Profit Margin (NPM) reached 13% (+2 pp yoy, +3 pp vs. GSe).

**Rating & Valuation:** Incorporating the robust third-quarter operational beat and an optimistic 2027 outlook across core business segments, we increase our 12-month target price to **Rmb115.9** (from Rmb105.0); **maintain Neutral**.

**Company Guidance and 2027 Growth Targets**

- **Full-Year 2026 Topline Guidance:** Management guides overall FY26 revenue to exceed Rmb 1.5 billion.
  - **Consumer Electronics:** Expected to contribute over Rmb 700mn.
  - **Lithium Battery / New Energy:** Expected to contribute over Rmb 400mn.
  - **Semiconductor (including Optical Modules):** Expected to contribute over Rmb 250mn.
  - **Automotive:** Expected to contribute approximately Rmb 100mn.

## NEUTRAL

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Key Data

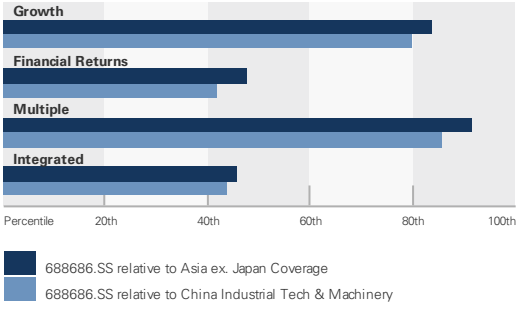
Market cap: Rmb18.1bn / $2.7bn
Enterprise value: Rmb18.0bn / $2.7bn
3m ADTV: Rmb257.4mn / $38.3mn
China
China Industrial Tech & Machinery
M&A Rank: 3
Leases incl. in net debt & EV?: Yes

GS Forecast

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| **Revenue (Rmb mn) New** | **1,269.0** | **1,698.7** | **2,485.4** | **3,041.8** |
| Revenue (Rmb mn) Old | 1,269.0 | 1,669.7 | 2,472.1 | 3,023.2 |
| EBITDA (Rmb mn) | 193.0 | 293.5 | 447.2 | 603.2 |
| **EPS (Rmb) New** | **1.52** | **1.92** | **3.31** | **4.31** |
| EPS (Rmb) Old | 1.52 | 1.78 | 3.00 | 3.93 |
| P/E (X) | 68.6 | 77.5 | 44.8 | 34.5 |
| P/B (X) | 4.2 | 5.7 | 5.2 | 4.8 |
| Dividend yield (%) | 0.5 | 0.5 | 0.8 | 1.0 |
| CROCI (%) | 9.3 | 11.5 | 15.5 | 17.3 |

| | 6/26 | 9/26 | 12/26E | -- |
|---|---|---|---|---|
| EPS (Rmb) | 0.87 | 0.50 | 0.02 | – |

GS Factor Profile




Source: Company data, Goldman Sachs Research estimates.
See disclosures for details.

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NEUTRAL

# OPT Machine Vision Tech Co. (688686.SS)

Rating since Mar 12, 2025

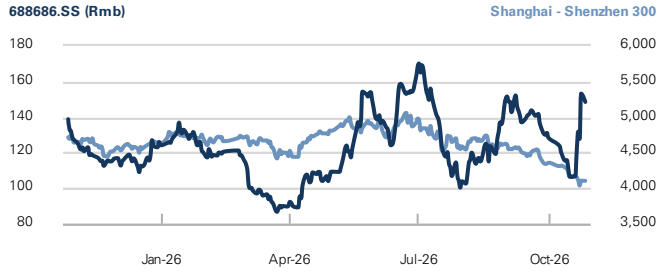
## Ratios & Valuation

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| P/E (X) | 68.6 | 77.5 | 44.8 | 34.5 |
| P/B (X) | 4.2 | 5.7 | 5.2 | 4.8 |
| FCF yield (%) | 0.9 | (0.3) | (0.4) | (0.2) |
| EV/EBITDAR (X) | 64.9 | 61.4 | 40.9 | 30.8 |
| EV/EBITDA (excl. leases) (X) | 64.9 | 61.4 | 40.9 | 30.8 |
| CROCI (%) | 9.3 | 11.5 | 15.5 | 17.3 |
| ROE (%) | 6.2 | 7.5 | 12.1 | 14.5 |
| Net debt/equity (%) | (8.1) | (4.3) | 3.5 | 11.2 |
| Net debt/equity (excl. leases) (%) | (8.1) | (4.3) | 3.5 | 11.2 |
| Interest cover (X) | 133.0 | 18.5 | 11.9 | 16.1 |
| Days inventory outst, sales | 62.8 | 73.0 | 59.0 | 55.6 |
| Receivable days | 260.1 | 224.7 | 187.0 | 185.8 |
| Days payable outstanding | 177.7 | 177.5 | 159.7 | 156.0 |
| DuPont ROE (%) | 6.0 | 7.2 | 11.5 | 13.7 |
| Turnover (X) | 0.4 | 0.3 | 0.4 | 0.5 |
| Leverage (X) | 1.2 | 1.6 | 1.6 | 1.6 |
| Gross cash invested (ex cash) (Rmb) | 2,538.0 | 2,775.4 | 3,250.1 | 3,849.5 |
| Average capital employed (Rmb) | 2,760.1 | 2,978.8 | 3,376.5 | 3,956.1 |
| BVPS (Rmb) | 25.04 | 26.23 | 28.32 | 31.05 |

## Growth & Margins (%)

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| Total revenue growth | 39.2 | 33.9 | 46.3 | 22.4 |
| EBITDA growth | 94.1 | 52.1 | 52.4 | 34.9 |
| EPS growth | 36.6 | 25.8 | 72.9 | 30.0 |
| DPS growth | 40.7 | 25.7 | 72.9 | 30.0 |
| EBIT margin | 12.9 | 14.9 | 15.8 | 17.4 |
| EBITDA margin | 15.2 | 17.3 | 18.0 | 19.8 |
| Net income margin | 14.7 | 13.8 | 16.3 | 17.3 |

## Price Performance




| | 3m | 6m | 12m |
|---|---|---|---|
| Absolute | 39.0% | 42.7% | 6.4% |
| Rel. to the Shanghai - Shenzhen 300 | 57.5% | 65.9% | 20.9% |

Source: FactSet. Price as of 26 Oct 2026 close.

## Income Statement (Rmb mn)

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| Total revenue | 1,269.0 | 1,698.7 | 2,485.4 | 3,041.8 |
| Cost of goods sold | (496.7) | (706.1) | (1,013.3) | (1,240.6) |
| SG&A | (328.7) | (433.3) | (631.5) | (730.2) |
| R&D | (255.1) | (271.8) | (397.7) | (480.6) |
| Other operating inc./(exp.) | (25.0) | (34.0) | (49.7) | (60.8) |
| **EBITDA** | **193.0** | **293.5** | **447.2** | **603.2** |
| Depreciation & amortization | (29.4) | (40.0) | (53.9) | (73.7) |
| **EBIT** | **163.6** | **253.5** | **393.3** | **529.5** |
| Net interest inc./(exp.) | 1.3 | (7.7) | (3.8) | (9.1) |
| Income/(loss) from associates | – | – | – | – |
| **Pre-tax profit** | **191.8** | **264.8** | **426.2** | **566.1** |
| Provision for taxes | (0.0) | (10.6) | (21.3) | (39.6) |
| Minority interest | (5.6) | (20.0) | – | – |
| Preferred dividends | – | – | – | – |
| **Net inc. (pre-exceptionals)** | **186.2** | **234.2** | **404.9** | **526.5** |
| Post-tax exceptionals | – | – | – | – |
| **Net inc. (post-exceptionals)** | **186.2** | **234.2** | **404.9** | **526.5** |
| **EPS (basic, pre-except) (Rmb)** | **1.52** | **1.92** | **3.31** | **4.31** |
| **EPS (diluted, pre-except) (Rmb)** | **1.52** | **1.92** | **3.31** | **4.31** |
| **EPS (basic, post-except) (Rmb)** | **1.52** | **1.92** | **3.31** | **4.31** |
| **EPS (diluted, post-except) (Rmb)** | **1.52** | **1.92** | **3.31** | **4.31** |
| DPS (Rmb) | 0.53 | 0.67 | 1.16 | 1.51 |
| Div. payout ratio (%) | 35.0 | 35.0 | 35.0 | 35.0 |

## Balance Sheet (Rmb mn)

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| Cash & cash equivalents | 299.5 | 1,457.3 | 1,195.5 | 886.8 |
| Accounts receivable | 974.5 | 1,117.0 | 1,430.0 | 1,666.7 |
| Inventory | 292.6 | 386.9 | 416.4 | 509.8 |
| Other current assets | 955.5 | 852.4 | 852.4 | 852.4 |
| **Total current assets** | **2,522.1** | **3,813.6** | **3,894.2** | **3,915.7** |
| Net PP&E | 543.5 | 686.2 | 941.9 | 1,246.4 |
| Net intangibles | 67.7 | 63.0 | 58.0 | 52.7 |
| Total investments | 0.0 | 29.8 | 29.8 | 29.8 |
| Other long-term assets | 423.6 | 508.3 | 610.0 | 732.0 |
| **Total assets** | **3,556.9** | **5,100.8** | **5,533.9** | **5,976.5** |
| Accounts payable | 299.7 | 386.9 | 499.7 | 560.8 |
| Short-term debt | 25.9 | 25.9 | 25.9 | 25.9 |
| Short-term lease liabilities | – | – | – | – |
| Other current liabilities | 97.1 | 113.8 | 173.6 | 216.1 |
| **Total current liabilities** | **422.7** | **526.7** | **699.2** | **802.9** |
| Long-term debt | 23.0 | 1,293.0 | 1,293.0 | 1,293.0 |
| Long-term lease liabilities | – | – | – | – |
| Other long-term liabilities | 20.8 | 24.9 | 29.9 | 35.9 |
| **Total long-term liabilities** | **43.7** | **1,317.9** | **1,322.9** | **1,328.9** |
| **Total liabilities** | **466.5** | **1,844.6** | **2,022.1** | **2,131.7** |
| Preferred shares | – | – | – | – |
| Total common equity | 3,060.5 | 3,206.4 | 3,461.9 | 3,794.9 |
| **Minority interest** | **29.9** | **49.9** | **49.9** | **49.9** |
| **Total liabilities & equity** | **3,556.9** | **5,100.8** | **5,533.9** | **5,976.5** |
| Net debt, adjusted | (250.6) | (138.4) | 123.4 | 432.2 |

## Cash Flow (Rmb mn)

| | 12/25 | 12/26E | 12/27E | 12/28E |
|---|---|---|---|---|
| Net income | 186.2 | 234.2 | 404.9 | 526.5 |
| D&A add-back | 29.4 | 40.0 | 53.9 | 73.7 |
| Minority interest add-back | 5.6 | 20.0 | – | – |
| Net (inc)/dec working capital | (95.2) | (149.5) | (229.7) | (269.1) |
| Other operating cash flow | 14.4 | 4.6 | 5.0 | 6.0 |
| **Cash flow from operations** | **140.4** | **149.3** | **234.2** | **337.1** |
| | | | | |
| Capital expenditures | (28.7) | (208.3) | (304.7) | (372.9) |
| Acquisitions | (52.8) | – | – | – |
| Divestitures | – | – | – | – |
| Others | 44.7 | 18.4 | (101.7) | (122.0) |
| **Cash flow from investing** | **(36.8)** | **(189.9)** | **(406.4)** | **(494.9)** |
| | | | | |
| Repayment of lease liabilities | – | – | – | – |
| Dividends paid (common & pref) | (31.4) | (65.2) | (82.0) | (141.7) |
| Inc/(dec) in debt | 10.3 | 1,270.0 | 0.0 | 0.0 |
| Other financing cash flows | (23.5) | (6.4) | (7.7) | (9.2) |
| **Cash flow from financing** | **(44.6)** | **1,198.4** | **(89.6)** | **(150.9)** |
| **Total cash flow** | **61.8** | **1,157.8** | **(261.8)** | **(308.7)** |
| Free cash flow | 111.7 | (59.0) | (70.6) | (35.8) |

Source: Company data, Goldman Sachs Research estimates.

- **2027 Growth Targets:** Management targets yoy revenue expansion of more than 50% across consumer electronics, industrial AI, and semiconductor segments.

**Detailed Earnings Call Takeaways**

**1. End-Market Breakdown & 2027 Outlook**

- **Consumer Electronics:**
  - *Current Run-Rate:* Revenue reached Rmb 593mn in the first nine months of 2026 (-1% yoy) and Rmb 167mn in the third quarter (+3% yoy), representing 35% of total quarterly sales. Full-year revenue is expected to be largely flat as the fourth quarter enters seasonal moderation.
  - *2027 Catalysts:* Management anticipates 2027 to be a strong CAPEX year, targeting +50%+ yoy revenue growth. Growth will be underpinned by an estimated +30% yoy increase in customer CAPEX to implement new manufacturing techniques—including curved display packaging, advanced thermal management modules, and glass chassis designs—for Apple's 20th-anniversary flagship model. Market share gains and a targeted doubling of AI revenue in consumer electronics provide further visibility, with potential adoption of 3D printing technology serving as incremental upside.
- **New Energy / Lithium Battery:**
  - *Current Run-Rate:* Revenue reached Rmb 379mn in the first nine months (+44% yoy) and Rmb 149mn in the third quarter (+55% yoy), accounting for 31% of total quarterly revenue.
  - *Outlook:* Full-year FY26 guidance is established at Rmb 400mn or higher. Management anticipates growth to stabilize into 2027.
- **Semiconductor & Optical Modules:**
  - *Current Run-Rate:* Revenue surged to Rmb 204mn across the first nine months (+257% yoy) and Rmb 94mn in the third quarter (+265% yoy), accounting for 19% of third-quarter sales.
  - *Outlook & Strategy:* Full-year FY26 segment revenue is guided to exceed Rmb 250mn, supported by rapid second-half scaling in optical modules (targeting over Rmb 100mn in 2H26 compared to Rmb 20mn in 1H26). While order momentum year-to-date was primarily passive spillover from broad semiconductor capacity expansion, OPT is shifting to proactive customer engagements in 4Q26. Management targets over Rmb 400mn in segment revenue in 2027 (approximately +60% yoy), focusing heavily on optical transceiver modules and high-density PCB inspection demands.

**2. Industrial AI Inspection & Physical AI Expansion**

- **Industrial Data Moat:** Revenue from AI applications reached Rmb 301mn in the first nine months (+157% yoy), surpassing the internal target set at the start of the year. Management consequently raised its 2027 target for AI-related revenue to Rmb 600mn. The unit's competitive moat is underpinned by an accumulated proprietary database of over 100mn defect samples across industrial scenarios. Deployment

cycles in new customer verticals have shortened from 15 days to just 1–2 days, facilitated by automated labeling and generative defect modeling that curtail deployment costs and validation timelines.

- **Physical AI Commercialization:** Management detailed two product trajectories:
  - *Robotics Vision Sensor Modules:* Vision systems designed for collaborative robots (cobots) and humanoid robots. This category is already generating commercial revenue and carries higher technical barriers to entry.
  - *Consumer-Grade 3D Vision:* Structured-light depth cameras and monocular fisheye systems for egocentric data acquisition hardware. This initiative remains in early prototyping across four to five trial customers, with no material revenue recorded to date.

### 3. Margin Trends and Operating Leverage

- **Gross Margin Durability:** Third-quarter gross profit margin remained resilient at 57% (-1 pp yoy), absorbing the dilution from a lower relative mix of high-margin consumer electronics sales.
- **Operating Expense Leverage:** Operating expenses rose +25% yoy in the third quarter and +20% yoy across the first nine months, predominantly driven by strategic technical headcount and compensation. Opex growth remained well below topline growth (+46% yoy), reflecting solid operating leverage.
- **2027 Margin Inflection:** Supported by a rebound in high-margin consumer electronics, expanding semiconductor contributions, and continued moderation in the operating expense ratio, management anticipates a positive margin inflection in 2027.

**Exhibit 1: OPT Machine Vision 3Q26 financial summary**

| OPT Machine Vision (688686.SS) | 3Q25 | 4Q25 | 1Q26 | 2Q26 | 3Q26 | yoy | qoq | Prior 3Q26 GSe | Diff 3Q26 |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue (Rmb mn)** | **330** | **257** | **357** | **547** | **482** | **46%** | **-12%** | **429** | **12%** |
| Gross profit (Rmb mn) | 190 | 136 | 206 | 324 | 273 | 44% | -16% | 232 | 18% |
| EBIT (Rmb mn) | 29 | (12) | 57 | 123 | 65 | 122% | -47% | 37 | 77% |
| Net profit (Rmb mn) | 37 | 4 | 64 | 107 | 61 | 67% | -43% | 42 | 47% |
| **EPS (Rmb)** | **0.30** | **0.03** | **0.52** | **0.87** | **0.50** | **67%** | **-43%** | **0.34** | **47%** |
| **Gross margin (Rmb mn)** | **58%** | **53%** | **58%** | **59%** | **57%** | **-1pp** | **-3pp** | **54%** | **3pp** |
| **EBIT margin (Rmb mn)** | **9%** | **-5%** | **16%** | **22%** | **13%** | **5pp** | **-9pp** | **9%** | **5pp** |
| **Net margin (Rmb mn)** | **11%** | **1%** | **18%** | **20%** | **13%** | **2pp** | **-7pp** | **10%** | **3pp** |

Source: Company data, Goldman Sachs Global Investment Research

**Valuation:** We revise our 2026E-30E EPS by +7%~+11% to reflect 3Q26 results and the bullish 2027E topline growth outlook (mainly on consumer electronics, semiconductor and AI). As a result, we raise our 12m TP by 10% from Rmb105.0 to Rmb115.9, based on a 2027E P/E multiple of 35X (unchanged).

**Upside risks:** 1) Faster-than-expected AI adoption, 2) Faster-than-exp expansion. **Downside risks:** 1) Over-reliance on the consumer electron industry/single customer, 2) Pricing and margin decline due to competit



# Investment Thesis, Price Target, Risks & Methodology

**Investment Thesis - OPT Machine Vision Tech Co.**
OPT Machine Vision Tech competes in the high entry barrier, high penetration potential machine vision space in China with global companies such as Keyence and Cognex. Machine vision is increasingly needed to meet high production quality standards and to address labor shortages. We like OPT's expanding solution capability to ride the fast growth of the machine vision industry, with its key competitive strengths: (1) strong R&D track record and comprehensive product line; (2) rich application experience and first-hand data accumulation; and (3) fast response with 24/7 onsite support and hardware/total solutions within 4 hours/2 days. Looking into 2027E, we believe consumer electronics revenue will pick up, supported by OPT's 3D printing equipment vision solutions and AI-powered defect inspection solutions, extending coverage to more consumer electronics product categories, and penetration into module production lines. With AI now empowering an increasing share of OPT's total sales, we are constructive on AI adoption to improve OPT's internal workflow and enhance its machine vision (especially software) product performance. That said, we see a balanced risk-reward profile for the company compared to our China Industrial Tech coverage and are **Neutral** rated on the stock.

**Price Target Risks and Methodology - OPT Machine Vision Tech Co.**
**Price target:** Our 12m TP of Rmb115.9 is based on a 2027E P/E multiple of 35X discounted back at a CoE of 11.5%.

**Upside risks:** 1) Faster-than-expected AI adoption, 2) Faster-than-expected overseas expansion. **Downside risks:** 1) Over-reliance on the consumer electronics industry/single customer, 2) Pricing and margin decline due to competition.