Fast Take

Yangtze Optical Fibre and Cable

HEADLINE

Q326 net profit of Rmb3.2bn beat UBSe/consensus by 4-9%

OUR TAKE

Q326 revenue up 139% YoY/52% QoQ, gross profit up 362% YoY/44% QoQ. Net profit up 32% QoQ. Gross margin was 57.4%, 3ppt lower QoQ, likely due to higher mix of cabling end products vs. preform/bare fiber.

Equities

China
Communications Technology

12-month rating	**Buy**
12m price target	**HK$330.00**
Price (30 Oct 2026)	**HK$96.15**
RIC: 6869.HK **BBG:** 6869 HK	

Trading data and key metrics

52-wk range	HK$287.60-31.48
Market cap.	HK$79.6b/US$10.1b
Shares o/s	828m (ORD)
Free float	49%
Avg. daily volume ('000)	22,949
Avg. daily value (m)	HK$3,321.2
Common s/h equity (12/26E)	Rmb22.6b
P/BV (12/26E)	3.0x
Net debt to EBITDA (12/26E)	NM

EPS (UBS, diluted) (CNY)

	UBS	Cons.
12/26E	10.96	9.48
12/27E	18.86	14.43
12/28E	23.12	15.38

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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	24,349	33,941	43,369	52,149	57,088
EBIT (UBS)	852	929	1,620	11,454	19,618	24,000	27,571	30,385
Net earnings (UBS)	1,297	676	814	9,075	15,615	19,137	22,166	24,562
EPS (UBS, diluted) (Rmb)	1.71	0.89	1.07	10.96	18.86	23.12	26.77	29.67
DPS (net) (Rmb)	0.51	0.27	0.30	3.29	5.66	6.93	8.03	8.90
Net (debt) / cash	(3,971)	(6,050)	(3,188)	2,173	10,523	20,252	31,871	46,542

Profitability/valuation	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
EBIT (UBS) margin %	6.4	7.6	11.4	47.0	57.8	55.3	52.9	53.2
ROIC (EBIT) %	5.7	5.5	8.6	55.1	76.5	76.4	73.4	70.5
EV/EBITDA (UBS core) x	7.0	6.7	9.2	5.5	3.0	2.2	1.6	1.1
P/E (UBS, diluted) x	6.5	9.3	23.9	7.6	4.3	3.5	3.0	2.8
Equity FCF (UBS) yield %	(11.9)	2.1	10.0	8.3	16.4	21.3	25.7	31.6
Dividend yield (net) %	4.6	3.2	1.2	4.0	6.9	8.5	9.8	10.9

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 HK$ 96.15 on 30-Oct-2026

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Forecast returns

Forecast price appreciation	243.2%
Forecast dividend yield	6.9%
Forecast stock return	250.2%
Market return assumption	10.5%
Forecast excess return	239.7%

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.

