# China Sunsine Chemical (CSSC SP)

3Q26: Record Sales Volumes And Strong ASPs Drive Earnings Beat

## Highlights

- Sunsine's 9M26 revenue rose 38% yoy to Rmb3.37b, while PAT increased 38% yoy to Rmb455.6m, forming 89% and 110% of our 2026 forecasts.
- Record 3Q26 sales volume of 66,390 tonnes (+22% yoy) and higher ASPs (+47% yoy) supported gross margin expansion to 27.3% (+6.4ppt yoy).
- Maintain HOLD with a 1.4% higher target price of S$0.72, based on 7.5x 2027F PE, partially offset by sector de-rating.

## 3Q26 Results

| Year to 31 Dec (Rmbm) | 3Q26 | qoq% | yoy% | 9M26 | yoy% |
|---|---|---|---|---|---|
| **Revenue** | **1366.9** | **22.3** | **79.2** | **3374.7** | **38.0** |
| **Gross profit** | **373.2** | **18.3** | **134.1** | **879.2** | **52.9** |
| Gross profit margin (%) | 27.3 | (0.9ppt) | 6.4ppt | 26.1 | 2.6ppt |
| **Net profit** | **201.3** | **8.9** | **130.1** | **455.6** | **38.0** |
| Net profit margin (%) | 14.7 | (1.8ppt) | 3.7ppt | 13.5 | 3.5ppt |

*Source: CSSC, UOB Kay Hian*

## Analysis

- **9M26 earnings significantly ahead of expectations.** China Sunsine Chemical (Sunsine) reported 3Q26 revenue of Rmb1.37b (+79% yoy), while profit after tax surged 130% yoy to Rmb201.3m, driven by higher ASPs and record sales volume. For 9M26, revenue increased 38% yoy to Rmb3.37b, while profit after tax rose 38% yoy to Rmb455.6m, representing 89.0% and 110.0% of our full-year forecasts respectively.
- **Record sales volume drove robust revenue growth.** Sunsine reported a 22% yoy increase in 3Q26 sales volume to a new high of 66,390 tonnes, up from 54,304 tonnes in 3Q25. This brought total 9M26 sales volume to 186,348 tonnes (+14% yoy), reflecting continued sales momentum despite challenging market conditions. Higher sales volumes, alongside a 47% yoy increase in ASP, supported strong revenue growth during the quarter.
- **Sharp ASP increase supports margin expansion.** 3Q26 ASP surged 47% yoy to Rmb20,436/tonne, primarily reflecting higher raw material prices following the Iran conflict and disruptions to shipping through the Strait of Hormuz. Sunsine responded swiftly by adjusting selling prices, enabling effective cost pass-through despite elevated input costs. Consequently, gross margin improved to 27.3% in 3Q26, compared with 20.9% in 3Q25 and 25.2% in 1H26. Continued volatility in crude oil and raw material prices could affect pricing and margins in subsequent quarters.

## Key Financials

| Year to 31 Dec (Rmbm) | 2024 | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| Net turnover | 3,516 | 3,277 | 4,491 | 4,238 | 4,381 |
| EBITDA | 718 | 650 | 912 | 797 | 775 |
| Operating profit | 585 | 504 | 749 | 624 | 588 |
| Net profit (rep./act.) | 424 | 405 | 600 | 501 | 471 |
| Net profit (adj.) | 424 | 405 | 600 | 501 | 471 |
| EPS (fen) | 44.5 | 42.5 | 62.9 | 52.5 | 49.5 |
| PE (x) | 7.6 | 7.9 | 5.3 | 6.4 | 6.8 |
| P/B (x) | 0.8 | 0.7 | 0.7 | 0.6 | 0.6 |
| EV/EBITDA (x) | 0.9 | 1.0 | 0.7 | 0.8 | 0.8 |
| Dividend yield (%) | 4.6 | 4.9 | 5.2 | 5.4 | 5.6 |
| Net margin (%) | 12.1 | 12.4 | 13.4 | 11.8 | 10.8 |
| Net debt/(cash) to equity (%) | (49.3) | (52.5) | (52.4) | (52.1) | (52.4) |
| Interest cover (x) | n.a. | n.a. | n.a. | n.a. | n.a. |
| ROE (%) | 10.4 | 9.4 | 12.8 | 9.9 | 8.8 |
| Consensus net profit (Rmbm) | - | - | 414 | 437 | 451 |
| UOBKH/Consensus (x) | - | - | 1.45 | 1.15 | 1.05 |

*Source: CSSC, Bloomberg, UOB Kay Hian*

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**HOLD (Maintained)**

| | |
|---|---|
| Share Price | S$0.65 |
| Target Price | S$0.72 |
| Upside | 10.8% |
| Previous TP | S$0.71 |

## Stock Data

| | |
|---|---|
| GICS sector | Materials |
| Bloomberg ticker: | CSSC SP |
| Shares issued (m): | 953.4 |
| Market Cap (S$m): | 619.7 |
| Market cap (US$m): | 481.1 |
| 3-mth avg t'over (US$m): | 0.2 |

## Price Performance (%)

| 52-week high/low | | | | S$0.835 /S$0.565 |
|---|---|---|---|---|
| 1mth | 3mth | 6mth | 1yr | YTD |
| 8.3 | (4.4) | (5.8) | (18.2) | (18.8) |

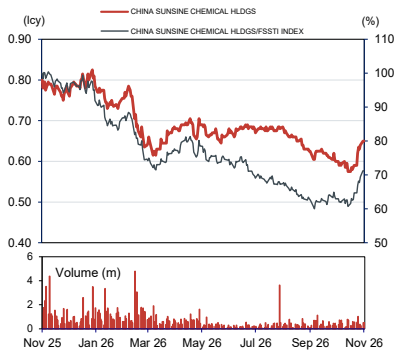
## Major Shareholders (%)

| | |
|---|---|
| Xu Cheng Qiu | 57.8 |

## Balance Sheet Metrics

| | |
|---|---|
| FY26 NAV/Share (RMB) | 5.14 |
| FY26 Net Cash/ Share (RMB) | 2.70 |

## Price Chart




*Source: Bloomberg*

## Company Description

Sunsine produces rubber chemicals, primarily rubber accelerators and other related rubber chemicals such as anti-scorching agents.

- **Downstream tyre demand remains stable despite weaker automobile sales.** China's tyre production rose 0.8% yoy to 911m units in 9M26, indicating stable demand from the group's key downstream industry. Meanwhile, automobile sales declined 4.5% yoy to 23.27m units, although new energy vehicles (NEV) sales grew 11.1% yoy to 12.47m units, accounting for 53.6% of total vehicle sales. Sunsine's 14% yoy increase in sales volume outpaced China's tyre production growth, despite persistent industry oversupply and intense competition, which could continue to weigh on pricing.
- **Operating environment remains uncertain amid geopolitical and industry pressures.** Management cautioned that uncertainty surrounding the Strait of Hormuz and volatile crude oil prices could lead to fluctuations in raw material costs and selling prices. Sunsine will maintain its "Sales and Production Equilibrium" strategy alongside flexible pricing adjustments to navigate market conditions. The group will also focus on market expansion, green technologies and specialty product development to strengthen its competitiveness and long-term growth.
- **Capacity forecasts unchanged; Weifang MBT project commences commercial production ahead of schedule.** Sunsine maintained its 2026 annual production capacity target of 272,000 tonnes (+7.1% yoy), unchanged from its previous guidance, with capacity expected to remain stable through 2027. Accelerator capacity is projected to increase 15.4% yoy to 135,000 tonnes, while insoluble sulphur and antioxidant capacities remain unchanged at 60,000 tonnes and 77,000 tonnes respectively. Meanwhile, the group's 20,000 tonne/annum Weifang 2-mercaptobenzothiazole (MBT) project has commenced commercial production, ahead of its previous end-26 target, supporting production efficiency and supply chain resilience.

## Earnings Revision/Risk

- We raise our 2026/27 earnings estimates by 49%/20% respectively, after increasing our revenue forecasts by 33%/19%, reflecting stronger-than-expected 3Q26 performance, driven by record sales volumes, higher ASPs and improved gross margins. We expect profitability to moderate in 2027 as ASPs normalise amid continued raw material price volatility and intense industry competition.

## Valuation/Recommendation

- **Maintain HOLD with a 1.4% higher target price of S$0.72 (S$0.71 previously),** implying 11% upside. We roll forward our valuation to 7.5x 2027F PE, pegged to +0.5SD above Sunsine's historical mean (previously 8.9x 2026F PE, +1SD). The higher target price reflects our upward earnings revisions following stronger-than-expected 3Q26 performance, partially offset by a lower valuation multiple to reflect the sector de-rating amid persistent industry competition.

## Share Price Catalyst

- Higher-than-expected sales volume growth and capacity utilisation.
- Sustained ASP strength and better-than-expected gross margins.
- Stronger earnings contributions from newly commissioned production capacities.

### Raw Material Price Trend



*Source: CSSC, UOB Kay Hian*

### Historical PE Band




*Source: CSSC, UOB Kay Hian*

## Profit & loss

| Year to 31 Dec (Rmbm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| **Net turnover** | **3,277.4** | **4,490.7** | **4,238.5** | **4,380.8** |
| EBITDA | 649.5 | 911.6 | 796.8 | 775.4 |
| Deprec. & amort. | 145.9 | 162.5 | 172.8 | 187.5 |
| EBIT | 503.6 | 749.1 | 624.1 | 587.9 |
| Total other non-operating income | 0.0 | 0.0 | 0.0 | 0.0 |
| Associate contributions | 0.0 | 0.0 | 0.0 | 0.0 |
| Net interest income/(expense) | 0.0 | 0.0 | 0.0 | 0.0 |
| **Pre-tax profit** | **503.6** | **749.1** | **624.1** | **587.9** |
| Tax | (98.7) | (149.1) | (123.6) | (116.4) |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 |
| **Net profit** | **404.9** | **600.0** | **500.5** | **471.5** |
| Net profit (adj.) | 404.9 | 600.0 | 500.5 | 471.5 |

## Balance Sheet

| Year to 31 Dec (Rmbm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Fixed assets | 940.8 | 1,035.7 | 1,119.9 | 1,189.6 |
| Other LT assets | 256.7 | 188.5 | 182.7 | 176.7 |
| Cash/ST investment | 2,328.9 | 2,571.6 | 2,729.7 | 2,902.0 |
| Other current assets | 1,355.8 | 1,857.7 | 1,753.4 | 1,812.3 |
| **Total assets** | **4,882.2** | **5,653.5** | **5,785.7** | **6,080.6** |
| ST debt | 0.0 | 0.0 | 0.0 | 0.0 |
| Other current liabilities | 444.6 | 623.7 | 570.7 | 578.0 |
| LT debt | 0.0 | 0.0 | 0.0 | 0.0 |
| Other LT liabilities | 0.0 | 0.0 | 0.0 | 0.0 |
| Shareholders' equity | 4,437.6 | 4,904.2 | 5,238.9 | 5,535.7 |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total liabilities & equity** | **4,882.2** | **5,527.9** | **5,809.6** | **6,113.7** |

## Cash flow

| Year to 31 Dec (Rmbm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| **Operating** | **645.0** | **433.6** | **718.8** | **601.4** |
| Pre-tax profit | 503.6 | 749.1 | 624.1 | 587.9 |
| Tax | (148.9) | (96.2) | (150.3) | (123.9) |
| Deprec. & amort. | 141.4 | 156.3 | 167.0 | 181.5 |
| Associates | 0.0 | 0.0 | 0.0 | 0.0 |
| Working capital changes | 168.8 | (375.7) | 78.1 | (44.1) |
| Non-cash items | (19.9) | 0.0 | 0.0 | 0.0 |
| Other operating cashflows | 0.0 | 0.0 | 0.0 | 0.0 |
| **Investing** | **(182.7)** | **(183.0)** | **(245.4)** | **(245.2)** |
| Capex (growth) | (251.2) | (251.2) | (251.2) | (251.2) |
| Investment | 0.0 | 0.0 | 0.0 | 0.0 |
| Proceeds from sale of assets | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | 68.5 | 68.2 | 5.8 | 6.0 |
| **Financing** | **(184.8)** | **(133.4)** | **(165.8)** | **(174.7)** |
| Dividend payments | (184.8) | (133.4) | (165.8) | (174.7) |
| Proceeds from borrowings | 0.0 | 0.0 | 0.0 | 0.0 |
| Loan repayment | 0.0 | 0.0 | 0.0 | 0.0 |
| Others/interest paid | 0.0 | 0.0 | 0.0 | 0.0 |
| **Net cash inflow (outflow)** | **277.5** | **117.1** | **307.6** | **181.5** |
| **Beginning cash & cash equivalent** | **2,073.9** | **2,328.9** | **2,446.0** | **2,753.6** |
| Changes due to forex impact | (22.5) | 0.0 | 0.0 | 0.0 |

## Key Metric

| Year to 31 Dec (%) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| **Profitability** | | | | |
| EBITDA margin | 19.8 | 20.3 | 18.8 | 17.7 |
| Pre-tax margin | 15.4 | 16.7 | 14.7 | 13.4 |
| Net margin | 12.4 | 13.4 | 11.8 | 10.8 |
| ROA | 8.5 | 11.4 | 8.8 | 7.9 |
| ROE | 9.4 | 12.8 | 9.9 | 8.8 |
| | | | | |
| **Growth** | | | | |
| Turnover | (6.8) | 37.0 | (5.6) | 3.4 |
| EBITDA | (9.5) | 40.4 | (12.6) | (2.7) |
| Pre-tax profit | (13.9) | 48.7 | (16.7) | (5.8) |
| Net profit | (4.5) | 48.2 | (16.6) | (5.8) |
| Net profit (adj.) | (4.5) | 48.2 | (16.6) | (5.8) |
| EPS | (4.5) | 48.2 | (16.6) | (5.8) |
| | | | | |
| **Leverage** | | | | |
| Debt to total capital | 0.0 | 0.0 | 0.0 | 0.0 |
| Debt to equity | 0.0 | 0.0 | 0.0 | 0.0 |
| Net debt/(cash) to equity | (52.5) | (52.4) | (52.1) | (52.4) |
| Interest cover (x) | n.a. | n.a. | n.a. | n.a. |

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