

Zixin Group Holdings

Record PATMI



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SINGAPORE | CONSUMER | FY25 RESULT

- PATMI surged by 219.9% to RMB42.7mn in FY25, outperforming our expectations and accounting for 122% of our FY25e forecast. A 33% increase in revenue, a 2ppts improvement in gross profit margin, and a decline in other losses drove the strong growth. Sales of fresh sweet potatoes soared by 72% YoY to RMB99mn.
- We expect PATMI to remain on an upward trajectory, improving by 31.6% YoY in FY26e, supported by a 60% expansion in processed sweet potato capacity (by 1H26) and a c.25% increase in cold storage capacity for fresh sweet potato (by 2H26). Gross margin is anticipated to remain flat YoY in FY26e, as higher-margin products will only be introduced from 2H26 onwards. Zixin is also increasing marketing expenses to capture a greater market share and trading off margin for higher sales volume.
- We reiterate our BUY recommendation with a higher DCF-TP of S\$0.060 (prev: S\$0.056) and raise our FY26e PATMI forecast by 16% to RMB56.2mn. Zixin's revenue diversification efforts are paying off, with capacity set to double for animal feed from 2H26 onwards. We expect PATMI from this segment to increase to RMB500k in FY26e. Additionally, the Hainan Rejuvenation Project, a long-term growth catalyst, remains on track to contribute to bottom line in FY27e. Zixin currently holds net cash of RMB183mn (S\$32mn), 52% of its market capitalization.

Result at a glance

(RMB'000)	FY25	FY24	YoY (%)	Comments
Revenue	424,680	319,010	33.12%	Increase in the quantity of fresh sweet potatoes
Gross profit	144,377	102,059	41.46%	Margin improved by 2ppts YoY
Net profit	42,720	13,354	219.90%	Higher sales volume, gross margin and additional revenue sources
Processed products	323,027	260,348	24.08%	Increased capacity
Fresh sweet potatoes	99,987	58,099	72.10%	New sales channels
Sweet potato seedlings	1,221	563	116.87%	

Source: Company, PSR

Positives:

+ Revenue surged by 33% YoY driven by across the board tailwind. Sales of processed products rose 24.1% YoY in FY25, supported by the launch of new items such as sweet potato crisps and fries, and a 20% ramp-up in capacity. We foresee sales of processed sweet potatoes improving as Chinese consumers become more health-conscious, and Zixin boosts its presence through increased marketing spend. With the new factory set to complete by 2H26, we expect sales volume to grow 33% YoY in FY26e. Zixin is also expanding its cold storage capacity by c.25% by 2H26, and we project volume to rise accordingly. However, the average selling price is anticipated to decline as sweet potatoes enter a bearish cycle in FY26e, following a 30% price increase in FY25. Sales of sweet potato seedlings soared 216% YoY to RMB1.2mn, as total cultivatable area doubled YoY in the FY25. With area estimated to expand from 200mu to 430mu, we anticipate sales under the Cultivation and Supply segment (fresh sweet potatoes and seedlings) to rise by c.27% YoY.

+ Improved gross margin by 2ppts YoY. Gross margin improved to 34.0% in FY25, underpinned by higher overall sales of fresh sweet potato (+72% YoY) as the cold storage facility was introduced, enabling additional sales channels such as supermarkets. This was offset by a slight decline in the margin from processed sweet potato products, due to increased overhead costs associated with new machinery and equipment at the newly built manufacturing facility, which has yet to reach optimal utilisation.

3 June 2025

BUY (Maintained)

LAST CLOSE PRICE	SGD 0.033
FORECAST DIV	SGD 0.000
TARGET PRICE	SGD 0.060
TOTAL RETURN	82.9%

COMPANY DATA

BLOOMBERG CODE:	ZXGH SP Equity
O/S SHARES (MN) :	1,589
MARKET CAP (USD mn / SGD mn) :	41 / 52
52 - WK HI/LO (SGD) :	0.03 / 0.01
3M Average Daily T/O (mn) :	6.08

MAJOR SHAREHOLDERS

Liang Chengwang	15.3%
PTS Capital Pte. Ltd.	10.1%
Yu Lei	10.1%

TOTAL RETURN (%)

	1MTH	3MTH	YTD
COMPANY	17.9	26.9	10.0
STTF RETURN	3.1	0.9	5.3

PRICE VS. STTF



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Dec, (RMB 'mn)	FY24	FY25	FY26e	FY27e
Gross Rev	318.4	424.7	543.6	602.6
Gross profit	101.9	144.4	182.1	201.9
Net profit	13.35	42.72	56.21	57.09
EPS (cents)	0.97	3.09	4.06	4.13
P/E (x)	19.73	6.17	4.69	4.62

Source: Company, PSR

VALUATION METHOD

DCF (WACC: 25.6%; Terminal g: 1%)

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We predict the margin to remain flat in FY26e, even with the facility's completion by 1H26 and the introduction of higher-margin functional products such as purple sweet potato powder, as Zixin plans to trade off lower margins for higher sales volumes in both fresh sweet potato and animal feed.

-Negatives:

NIL

Outlook

Zixin is spending c.RMB60mn in CAPEX to expand its current capacity for fresh and processed sweet potato products, aiming to increase its market share and achieve economies of scale. We expect all cash outlay to be completed in FY26e, with production ramping up from FY27e onwards. Additionally, cash flow from the Hainan project will start flowing in from FY27e, and Zixin plans to replicate the entire value chain from Liancheng to Hainan. The quality and yield of Hainan sweet potatoes are generally superior to Liancheng's, enabling Zixin to achieve higher volume and better margins. We expect PATMI to at least double upon completion of the project.

Maintain BUY with a higher TP of S\$0.060 (prev: S\$0.056)

We maintain our BUY call with a higher DCF-TP of S\$0.060 (prev: S\$0.056) and raise our FY26e PATMI forecast by 16% to RMB56.2mn. Zixin's revenue diversification strategy continues to gain traction, with animal feed contributing an additional RMB446k in revenue in 4Q25 at a margin of approximately 20%. With production capacity expected to double from 2H26 onwards, we forecast FY26e PATMI from animal feed to rise to RMB500k. Meanwhile, the Hainan Rejuvenation Project, a key long-term growth driver, remains on track to start contributing to revenue from FY27e. Zixin is also in a strong financial position, holding net cash of RMB183mn (S\$32mn), equivalent to 52% of its current market cap.

Financials

Income Statement

Y/E Mar, (RMB'000)	FY23	FY24	FY25	FY26e	FY27e
Revenue	219,600	318,447	424,680	543,619	602,558
Processed sweet potato	187,477	260,348	323,027	414,480	469,606
Fresh sweet potato	32,123	58,099	101,208	128,239	131,764
COGS	(160,381)	(216,576)	(280,303)	(361,507)	(400,701)
Gross profit	59,219	101,871	144,377	182,112	201,857
Other income	632	974	985	4,039	5,332
Finance cost	(1,869)	(2,323)	(3,289)	(3,289)	(3,289)
Profit before income tax	(9,428)	21,465	55,101	66,401	75,120
Income tax expense	(4,762)	(8,111)	(12,381)	(10,186)	(18,029)
Profit for the year, net of tax	(14,190)	13,354	42,720	56,215	57,091

Per unit data

Y/E Mar	FY23	FY24	FY25	FY26e	FY27e
NAV	0.36	0.37	0.42	0.42	0.46
P/B	0.53	0.51	0.46	0.45	0.41
P/E	-	19.73	6.17	4.69	4.62
EPS (cents)	-	0.97	3.09	4.06	4.13

Cash Flow

Y/E Mar, (RMB'000)	FY23	FY24	FY25	FY26e	FY27e
CFO					
Total return before tax	(9,428)	21,465	55,101	66,401	75,120
Depreciation	15,177	15,518	25,248	26,729	17,124
WC changes	10,174	45,537	94,275	98,958	97,450
Tax paid and interest received	(924)	(4,340)	(12,072)	(10,186)	(18,029)
Cash generated from ops	51,335	66,272	58,645	78,652	74,407
CFI					
CAPEX	(33,044)	(49,335)	(52,644)	(5,000)	(500)
Cashflow from investments	(52,616)	(124,508)	(57,605)	(4,584)	270
CFF					
Proceeds from borrowing	64,600	(186)	71,845	0	0
Repayments of bank loans	(53,300)	(47,100)	(55,500)	0	0
Interest Paid	(1,869)	(2,323)	(3,289)	(3,289)	(3,289)
Cashflow from financing	9,271	8,891	25,976	(3,289)	(3,289)
Net change in cash	7,990	(49,345)	27,016	70,779	71,387
Cash at the start of the period	197,506	205,496	156,151	183,168	253,946
Ending cash	205,496	156,151	183,168	253,946	325,334

Source: Company, Phillip Securities Research (Singapore) Estimates

Balance Sheet

Y/E Mar, (RMB'000)	FY23	FY24	FY25	FY26e	FY27e
ASSETS					
Cash and short term deposit	205,496	156,151	183,167	253,946	325,334
Trade and other receivables	21,945	53,789	91,882	117,615	130,367
Other assets	56,225	62,871	91,308	91,308	91,308
Total current assets	285,629	275,463	370,830	467,343	551,482
PP&E	142,228	175,744	203,108	131,469	114,846
Intangible assets	75,284	69,442	68,850	63,502	60,815
Total non-current assets	301,647	337,365	340,520	263,534	244,223
Total Assets	587,276	612,828	711,350	730,876	795,704
LIABILITIES					
Trade and other payables	37,071	31,372	55,748	71,361	79,098
Lease liability, current	198	225	21	21	21
Bank loans	47,100	58,500	74,845	74,845	74,845
Total current liabilities	84,369	92,397	133,222	148,835	156,572
Lease liability, non-current	246	33	0	0	0
Other payables	2,740	6,466	2,561	2,561	2,561
Total non-current liabilities	2,986	6,499	2,561	2,561	2,561
Total Liabilities	87,355	98,896	135,783	151,396	159,133
Total Liabilities & Equity	587,276	612,828	711,350	783,178	848,006
Net assets	499,921	513,932	575,567	579,480	636,571

Margins

Y/E Mar, (%)	FY23	FY24	FY25	FY26e	FY27e
Gross profit margin	27.0%	32.0%	34.0%	33.5%	33.5%
Net profit margin	-6.5%	4.2%	10.1%	10.3%	9.5%
Growth rate (%)					
Growth					
Revenue		45.0%	33.4%	28.0%	10.8%
Gross profit		72.0%	41.7%	26.1%	10.8%
Net profit		194.1%	219.9%	31.6%	1.6%
Key Ratios					
ROA	-2.8%	2.5%	7.4%	19.4%	17.9%
ROE	-2.8%	2.6%	7.8%	9.3%	8.6%



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