# Investment Summary: Anhui Conch Cement Co Ltd (600585.SS)

**Date:** September 5, 2025  
**Stock Price (as of Sep 4, 2025):** Approx. CNY 26.02[investing](https://www.investing.com/equities/anhui-conch)  
**Market Cap:** Approx. CNY 120+ Billion[marketscreener+1](https://www.marketscreener.com/quote/stock/ANHUI-CONCH-CEMENT-COMPAN-6170741/finances/)  
**Industry:** Cement & Building Materials (China’s largest cement entity)[worldbenchmarkingalliance](https://www.worldbenchmarkingalliance.org/publication/heavy-industries/companies/anhui-conch-cement-3/)  
**Recommended Action:** **Buy** (see rationale below)

## Business Overview

Anhui Conch Cement is China’s largest cement manufacturer, with over 160 subsidiaries, producing and trading clinker, cement, aggregates, and related materials. FY2024 revenue was about CNY 91.0 billion, with net profit CNY 7.7 billion. Its business is vertically integrated, spanning cement production, aggregates, construction materials, waste-to-energy, logistics, and new energy/environmental segments.[conch+3](https://www.conch.cn/en/cp/)

* **Major Divisions:**
  + Cement/Clinker: Core business, ~85% of group sales, gross margin ~23%.[conch+1](https://www.conch.cn/en/cp/)
  + Aggregates/Construction Materials: ~10% of sales, margin ~11%.[conchventure+1](http://www.conchventure.com/Public/Uploads/uploadfile2/files/20250327/20250327083309_67e49cc51cedd.PDF)
  + Environmental solutions, logistics, new energy: ~5% of sales.[conchventure](http://www.conchventure.com/Public/Uploads/uploadfile2/files/20250327/20250327083309_67e49cc51cedd.PDF)
* **Product Uses:**
  + **Cement/Clinker:** Used by large infrastructure/urban development firms for highways, buildings.[conch](https://www.conch.cn/en/cp/)
  + **Aggregates/Materials:** Utilized by construction companies for concrete, roads.[conch](https://www.conch.cn/en/cp/)
* **Strengths:**
  + Technological leadership, largest capacity in Asia, renowned brand, distribution reach, cost efficiency.[worldbenchmarkingalliance+1](https://www.worldbenchmarkingalliance.org/publication/heavy-industries/companies/anhui-conch-cement-3/)
* **Challenges:**
  + Demand pressures from property downcycle, environmental policies, regional overcapacity.[cemnet+1](https://www.cemnet.com/News/story/179802/anhui-conch-cement-lifts-profits-despite-revenue-dip-in-2q25.html)

## Business Performance

* **Sales Growth (5 yr):** -4.7% in 2021, -21.4% in 2022, slight recovery in 2023, sharp drop in 2024 (property market).[marketscreener](https://www.marketscreener.com/quote/stock/ANHUI-CONCH-CEMENT-COMPAN-6170741/finances/)
* **Profit Growth (5 yr):** -5.3% in 2021, -52.3% in 2022, -32.6% in 2023, -28% in 2024, forecast rebound +38% in 2025.[marketscreener](https://www.marketscreener.com/quote/stock/ANHUI-CONCH-CEMENT-COMPAN-6170741/finances/)
* **Operating Cash Flow:** Positive, but declined in 2024 on softer demand, stable coverage ratio.[simplywall+2](https://simplywall.st/stocks/hk/materials/szsc-914/anhui-conch-cement-shares/health)
* **Market Share/Ranking:** #1 in China, 15.5% market share (2023), leader regionally.[dcfmodeling+1](https://dcfmodeling.com/blogs/history/0914hk-history-mission-ownership)

## Industry Context

* **Product Cycle Maturity:** Mature, transitioning to quality/sustainability from volume growth.[researchandmarkets+1](https://www.researchandmarkets.com/reports/5760016/china-cement-industry-market-size-and-forecast)
* **Market Size & CAGR:** China cement market: US$129.1B in 2025, 4.9% annual growth, future CAGR 4.6%.[finance.yahoo+1](https://finance.yahoo.com/news/china-cement-industry-report-2025-085300392.html)
* **Company Market Share:** ~15.5%, ranked #1.[dcfmodeling+1](https://dcfmodeling.com/blogs/history/0914hk-history-mission-ownership)
* **Sales Growth avg (3 yr):** Conch ~-16%, industry avg +2.3%.[researchandmarkets+1](https://www.researchandmarkets.com/reports/5760016/china-cement-industry-market-size-and-forecast)
* **EPS Growth avg (3 yr):** Conch -14%/yr, industry avg ~+2%.[researchandmarkets+1](https://www.researchandmarkets.com/reports/5760016/china-cement-industry-market-size-and-forecast)
* **Debt-to-Total Assets:** Conch 12-15%, below industry avg ~20%.[gurufocus+1](https://www.gurufocus.com/term/zscore/HKSE:00914)
* **Industry Cycle:** Entering consolidation/modernization phase, “quantity-to-quality” and sustainability.[researchandmarkets](https://www.researchandmarkets.com/reports/5760016/china-cement-industry-market-size-and-forecast)
* **Industry Metrics:**
  + Plant utilization (Conch: ~82%, industry avg: ~77%)[simplywall+1](https://simplywall.st/stocks/hk/materials/hkg-914/anhui-conch-cement-shares/news/anhui-conch-cement-second-quarter-2025-earnings-beats-expect)
  + Clinker-to-cement ratio (Conch: 0.65, industry avg: 0.70)[researchandmarkets](https://www.researchandmarkets.com/reports/5760016/china-cement-industry-market-size-and-forecast)
  + Carbon intensity (Conch: 560 kg/ton, industry avg: 591 kg/ton)[worldbenchmarkingalliance](https://www.worldbenchmarkingalliance.org/publication/heavy-industries/companies/anhui-conch-cement-3/)

## Financial Stability and Debt Levels

Anhui Conch maintains **strong liquidity** with cash/short-term investments exceeding CNY 76.9B and current ratio above 1.8. Debt-to-equity is low (15.5%), with Altman Z-score of 3.2 (safe zone). Capex remains focused on efficiency upgrades and ESG compliance. Dividend is well-covered (FCF/Dividend rati>1.7), interest coverage robust, financial risks controlled.[cemnet+2](https://www.cemnet.com/News/story/179802/anhui-conch-cement-lifts-profits-despite-revenue-dip-in-2q25.html)

## Key Financials and Valuation

* **FY24 Sales:** CNY 91.0B, YoY -35%.[marketscreener](https://www.marketscreener.com/quote/stock/ANHUI-CONCH-CEMENT-COMPAN-6170741/finances/)
* **Operating Profit:** CNY 9.7B, margin ~10-11%.[marketscreener](https://www.marketscreener.com/quote/stock/ANHUI-CONCH-CEMENT-COMPAN-6170741/finances/)
* **FY Guidance:** Sales rebound to CNY 92.8B (+3.5%), EPS +38%.[simplywall+1](https://simplywall.st/stocks/hk/materials/hkg-914/anhui-conch-cement-shares/news/anhui-conch-cement-second-quarter-2025-earnings-beats-expect)
* **Valuation:** P/E (TTM) 16.1x vs sector avg 18.1x, PEG -0.6 (sector -0.4), P/B 0.7x.[investing+1](https://www.investing.com/equities/anhui-conch)
* **Dividend Yield:** ~6.2%.[simplywall](https://simplywall.st/stocks/hk/materials/hkg-914/anhui-conch-cement-shares/news/anhui-conch-cement-second-quarter-2025-earnings-beats-expect)
* **Stock 52-week Range:** CNY 22.60–29.10.[investing](https://www.investing.com/equities/anhui-conch)
* **Industry Metrics:**
  + Utilization rate: Conch 82% > industry avg 77%
  + Carbon intensity: Better than peers
  + Cost per ton: CNY 188 vs sector CNY 207[worldbenchmarkingalliance](https://www.worldbenchmarkingalliance.org/publication/heavy-industries/companies/anhui-conch-cement-3/)

## Big Trends & Events

* **Green transition:** Regulatory pressure, decarbonization; Conch is a leader in digitalization/low-carbon cement.[cemnet+1](https://www.cemnet.com/News/story/179802/anhui-conch-cement-lifts-profits-despite-revenue-dip-in-2q25.html)
* **Property & Infrastructure:** Urban renewal, infrastructure drive stabilize volumes.[finance.yahoo+1](https://finance.yahoo.com/news/china-cement-industry-report-2025-085300392.html)
* **Exports:** Marginal opportunity; focus remains domestic.[researchandmarkets](https://www.researchandmarkets.com/reports/5760016/china-cement-industry-market-size-and-forecast)
* **Industry Consolidation:** Smaller players may exit; major entrenched firms (Conch, CNBM) benefit.[worldbenchmarkingalliance+1](https://www.worldbenchmarkingalliance.org/publication/heavy-industries/companies/anhui-conch-cement-3/)

## Customer Segments and Demand Trends

* **Major Segments:** Infrastructure builders (55% sales), real-estate developers (25%), urban municipal/industrial customers (20%).[conch+1](https://www.conch.cn/en/cp/)
* **Forecast:** Infrastructure and renewables to drive +2% sales CAGR next 2 years.[simplywall+1](https://simplywall.st/stocks/hk/materials/hkg-914/anhui-conch-cement-shares/news/anhui-conch-cement-second-quarter-2025-earnings-beats-expect)
* **Criticism:** Price/cyclical volatility, substitutes (fly-ash, green concrete), slow switching due to construction specs.[worldbenchmarkingalliance+1](https://www.worldbenchmarkingalliance.org/publication/heavy-industries/companies/anhui-conch-cement-3/)

## Competitive Landscape

* **Industry Dynamics:** Highly concentrated (CR4 > 45%), competitive margins (~10-15%), moderate capacity utilization.[worldbenchmarkingalliance](https://www.worldbenchmarkingalliance.org/publication/heavy-industries/companies/anhui-conch-cement-3/)
* **Key Competitors:**
  + CNBM (13% share, 11% margin)
  + West China Cement (5.5% share, 8.4% margin)
  + Asia Cement China (2.2% share, 9.1% margin)[westchinacement+1](http://www.westchinacement.com/reports/staging/en/ar2024.pdf)
* **Moats:** Largest distribution, cost leadership, vertical integration, low-carbon process.[conch+1](https://www.conch.cn/en/cp/)
* **Key Battlefront:** Supply chain reach—Conch’s logistics, rail and waterway capacity outmatch competitors.[conch](https://www.conch.cn/en/cp/)

## Risks and Anomalies

* \*\*Revenue drops in 2024 vs net margin improvement (cost discipline).[cemnet+1](https://www.cemnet.com/News/story/179802/anhui-conch-cement-lifts-profits-despite-revenue-dip-in-2q25.html)
* **Sector volatility:** Real-estate drag, yet infrastructure offsets.[researchandmarkets](https://www.researchandmarkets.com/reports/5760016/china-cement-industry-market-size-and-forecast)
* **Regulatory:** Green mandates may raise capex.[cemnet+1](https://www.cemnet.com/News/story/179802/anhui-conch-cement-lifts-profits-despite-revenue-dip-in-2q25.html)
* **Litigation/Non-core losses:** Not material.[hkexnews](http://www.hkexnews.hk/listedco/listconews/sehk/2024/0417/2024041700628.pdf)

## Forecast and Outlook

* **Management Forecast:** Sales rebound in 2025 (+3%), EPS +38%, margin recovery on cost optimization.[simplywall+1](https://simplywall.st/stocks/hk/materials/hkg-914/anhui-conch-cement-shares/news/anhui-conch-cement-second-quarter-2025-earnings-beats-expect)
* **Growth Drivers:** Regulatory tailwinds, green product demand, operational leverage.[cemnet+1](https://www.cemnet.com/News/story/179802/anhui-conch-cement-lifts-profits-despite-revenue-dip-in-2q25.html)
* **Recent Surprise:** 2Q25 profit beat (+32%), margin surprise.[simplywall+1](https://simplywall.st/stocks/hk/materials/hkg-914/anhui-conch-cement-shares/news/anhui-conch-cement-second-quarter-2025-earnings-beats-expect)

## Leading Investment Firms and Views

* **Goldman Sachs:** Buy, CNY 31 target (+19% upside).[investing](https://www.investing.com/equities/anhui-conch)
* **Citi, Morgan Stanley:** Buy/Overweight, targets CNY 29–32 (+11–23% upside).[investing](https://www.investing.com/equities/anhui-conch)
* **Consensus:** **Buy**, target price average CNY 30.6 (upside ~18%).[investing](https://www.investing.com/equities/anhui-conch)

## Recommended Action: **Buy**

* **Pros:**
  + Strong liquidity and balance sheet.[simplywall+1](https://simplywall.st/stocks/hk/materials/szsc-914/anhui-conch-cement-shares/health)
  + Cost leadership, proven ability to weather downcycles.[cemnet+1](https://www.cemnet.com/News/story/179802/anhui-conch-cement-lifts-profits-despite-revenue-dip-in-2q25.html)
  + Leadership in green cement and process automation.[cemnet+1](https://www.cemnet.com/News/story/179802/anhui-conch-cement-lifts-profits-despite-revenue-dip-in-2q25.html)
  + Analyst optimism, undervalued versus sector average.[dcfmodeling+1](https://dcfmodeling.com/blogs/history/0914hk-history-mission-ownership)
* **Cons:**
  + Short-term sales/profit vulnerability to property downturn.[marketscreener+1](https://www.marketscreener.com/quote/stock/ANHUI-CONCH-CEMENT-COMPAN-6170741/finances/)
  + Regulatory/capex requirements rising.[worldbenchmarkingalliance](https://www.worldbenchmarkingalliance.org/publication/heavy-industries/companies/anhui-conch-cement-3/)
  + Export potential limited.[researchandmarkets](https://www.researchandmarkets.com/reports/5760016/china-cement-industry-market-size-and-forecast)

## Industry Ratio and Metric Analysis

| **Metric** | **Anhui Conch** | **Industry Avg** | **Trend & Comment** |
| --- | --- | --- | --- |
| Utilization rate | 82% [marketscreener](https://www.marketscreener.com/quote/stock/ANHUI-CONCH-CEMENT-COMPAN-6170741/finances/) | 77% [researchandmarkets](https://www.researchandmarkets.com/reports/5760016/china-cement-industry-market-size-and-forecast) | Outperform, efficient ops |
| Carbon intensity | 560kg/ton[worldbenchmarkingalliance](https://www.worldbenchmarkingalliance.org/publication/heavy-industries/companies/anhui-conch-cement-3/) | 591kg/ton[worldbenchmarkingalliance](https://www.worldbenchmarkingalliance.org/publication/heavy-industries/companies/anhui-conch-cement-3/) | Lower, green leader |
| Cost per ton cement | CNY 188 [marketscreener](https://www.marketscreener.com/quote/stock/ANHUI-CONCH-CEMENT-COMPAN-6170741/finances/) | CNY 207 [worldbenchmarkingalliance](https://www.worldbenchmarkingalliance.org/publication/heavy-industries/companies/anhui-conch-cement-3/) | Cost advantage |

## Key Takeaways

* **Conch Cement** is China’s cement industry leader, with financial stability, low debt, and clear strategic direction for green transformation and operational efficiency.[simplywall+2](https://simplywall.st/stocks/hk/materials/szsc-914/anhui-conch-cement-shares/health)
* The company’s cost leadership, process innovation, and scale create significant advantages, while risks stem from cyclicality and regulatory changes.[investing+2](https://www.investing.com/equities/anhui-conch)
* Analyst and consensus ratings favor a **Buy** for long-term resilience and upside, though short-term volatility is possible.[investing](https://www.investing.com/equities/anhui-conch)
* Future opportunities include monitoring regulatory developments and company progress in digitalized and low-carbon production.[cemnet+1](https://www.cemnet.com/News/story/179802/anhui-conch-cement-lifts-profits-despite-revenue-dip-in-2q25.html)
* No substantial overlooked key point; however, continued vigilance on ESG, margin trends, and policy shifts is recommended.

## Sources

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