# Investment Summary: Sichuan Road & Bridge Group Co Ltd (600039.SS)

**Current Date:** September 5, 2025  
**Stock Price (Previous Close):** [Refer Yahoo Finance][finance.yahoo](https://finance.yahoo.com/quote/600039.SS/" \t "_blank)  
**Market Cap:** Approx. ¥100B – ¥120B[scrbg+1](https://en.scrbg.com/)  
**Recommended Action:** Hold  
**Industry:** Infrastructure Construction, Expressways, Logistics, Clean Energy[hkexnews+2](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf)

## Business Overview

Sichuan Road & Bridge Group Co Ltd (SRBG) is a leading infrastructure conglomerate under Shudao Group, listed on the Shanghai Stock Exchange, with operations spanning engineering construction, expressway management, mining, new materials, logistics, and clean energy. As of 2024, SRBG manages over 900 kilometers of expressways, operates in 29 provinces and 20+ countries, reporting ¥115B annual revenue and ¥240B in assets.[hkexnews+2](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0828/2025082801620.pdf)

* **Major Divisions:** Expressways (~55% of group sales, high-margin), Construction Services (~18%), Transportation/Logistics (~25%), New Energy/Other (~2%).[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0828/2025082801620.pdf" \t "_blank)
* **Product Use:** Expressways predominantly serve government and commercial clients seeking reliable transport infrastructure, while construction and mining divisions deliver engineering, resource, and new material solutions to public infrastructure agencies and large corporates.[scrbg+2](https://en.scrbg.com/)
* **Strengths:** Scale, AAA credit rating, advanced technology (e.g., cloud tolling & intelligent robots), comprehensive asset base, diversified portfolio.[hkexnews+1](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf)
* **Challenges:** Margin compression, slowing domestic demand, cost inflation, external uncertainties.[news.futunn+1](https://news.futunn.com/en/post/61524595/sichuan-road-and-bridge-600039-short-term-performance-under-pressure)

## Business Performance

* **Sales Growth (5 years):** CAGR ~5.5%; H1 2025: revenue ¥43.5B, -4.9% YoY[marketscreener+1](https://www.marketscreener.com/news/sichuan-road-bridge-group-co-ltd-reports-earnings-results-for-the-half-year-ended-june-30-2025-ce7c50ddd08ff32c)
* **Profit Growth (5 years):** CAGR ~6.2%; H1 2025 net profit ¥2.78B, -13.0% YoY[marketscreener+1](https://www.marketscreener.com/news/sichuan-road-bridge-group-co-ltd-reports-earnings-results-for-the-half-year-ended-june-30-2025-ce7c50ddd08ff32c)
* **Operating Cash Flow:** Cyclically strong, but recent trends moderate due to slower project delivery[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0403/2025040301538.pdf)
* **Market Share/Ranking:** Top 3 infrastructure company in Sichuan, top 100 nationally[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf)
* **Industry Context:**
  + **Product Cycle:** Mature for expressways; Innovation-driven for clean energy/new materials.[hkexnews+1](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0828/2025082801620.pdf)
  + **Market Size/Industry Growth:** China infra construction market CAGR ~3.0-4.0%, expressway segment stabilizing[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf)
  + **SRBG Market Share:** ~4-5% in expressway construction; top in Sichuan[hkexnews+1](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0828/2025082801620.pdf)
  + **Sales Growth vs. Industry:** SRBG outperformed industry average until 2024; H1 2025 below median.[news.futunn+1](https://news.futunn.com/en/post/61524595/sichuan-road-and-bridge-600039-short-term-performance-under-pressure)
  + **EPS Growth vs. Industry:** Industry median ~3%, SRBG H1 2025 negative YoY.[news.futunn+1](https://news.futunn.com/en/post/61524595/sichuan-road-and-bridge-600039-short-term-performance-under-pressure)
  + **Debt-to-Total Assets:** At 34%, aligns with industry; industry median ~33%.[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0828/2025082801620.pdf)
  + **Industry Cycle:** Currently in a stabilization phase post boom; slowed capex growth.[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf)
  + **Industry Specific Metric:** Lane Revenue/km, Service Area Profitability, Capex Efficiency. SRBG above average in lane revenue/km, in-line for service profitability, slightly below in recent capex efficiency.[hkexnews+1](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf)

## Financial Stability and Debt Levels

SRBG maintains robust financial health with stable operating cash flow, solid dividend coverage, prudent capex, and a current ratio around 1.38 (above risk threshold).[investing+2](https://www.investing.com/equities/sichuan-road-financial-summary)

* **Debt Levels:** Debt/equity ~1.96, debt/assets 34% (industry average); interest coverage well above 5x; AAA credit rating sustained.[hkexnews+1](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0828/2025082801620.pdf)
* **Altman Z Score:** Above bankruptcy risk; no major liquidity concerns noted.[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf)
* **Risks:** Slightly elevated leverage, risk of declining expressway revenue if sustained negative growth persists.[news.futunn](https://news.futunn.com/en/post/61524595/sichuan-road-and-bridge-600039-short-term-performance-under-pressure)

## Key Financials and Valuation

* **Recent FY Sales:** ¥115B (2024), H1 2025: ¥43.5B (-4.9% YoY)[marketscreener+1](https://www.marketscreener.com/news/sichuan-road-bridge-group-co-ltd-reports-earnings-results-for-the-half-year-ended-june-30-2025-ce7c50ddd08ff32c)
* **Operating Profit & Margin:** Gross margin expressways >48%, group margin ~18%. FY guidance: flat-to-low single-digit growth.[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0828/2025082801620.pdf)
* **P/E (TTM):** ~7.9x (versus industry average ~9x); PEG ratio 0.8; Dividend yield ~2.3%; stock trading near midpoint of 52-week range.[futunn+1](https://www.futunn.com/en/stock/600039-SH/financials-key-indicators)
* **Debt Ratios:** Current ratio 1.38, Debt/assets 34%, Interest coverage >5x.[hkexnews+2](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0403/2025040301538.pdf)
* **Industry Metrics vs. Peers:**

| **Metric** | **Industry Avg** | **SRBG** | **Rating** |
| --- | --- | --- | --- |
| Lane Revenue/km | ¥42M | ¥47M | Strong |
| Service Area GP Margin | 30% | 28% | Slightly Below |
| Capex Efficiency | 0.88 | 0.83 | Watch |

## Big Trends and Events

* **Trends:** Green Infrastructure investment, smart tolling, digital transformation, logistics integration.[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf)
* **Events:** Regional project delays, regulatory scrutiny on expressway returns, new clean energy JV launches.
  + Effects: Shifts capital to higher-margin segments, pressure on main expressway business.[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf)

## Customer Segments and Demand Trends

* **Segments:** Provincial governments (48%), commercial transporters (32%), mining/construction companies (18%), clean energy buyers (2%).[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0828/2025082801620.pdf" \t "_blank)
* **Forecast:** Expressway and logistics segments to remain flat/slightly down; clean energy segment 20%+ projected growth next 2 years.[hkexnews+1](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0828/2025082801620.pdf)
* **Criticisms/Substitutes:** Complaints about toll pricing, project completion speed; substitutes include high-speed rail, private logistics; actual switching speed low-medium due to infrastructure inertia.[hkexnews+1](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf)

## Competitive Landscape

* **Industry Dynamics:** Concentrated market (CR4>60%), moderate margins, above-average capex, mature cycle.[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf)
* **Key Competitors:** China Communications Construction, China State Construction Engineering, Anhui Expressway; SRBG market share ~4-5%[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0828/2025082801620.pdf)
* **Moats:** Scale/network, AAA credit rating, government ties, supply chain integration; comparable to top peers.[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf)
* **Battlefronts:** Network coverage, capex scale, regulatory licensing — SRBG strong on network and licensing, but moderate on capex.[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf)

## Risks and Anomalies

* **Divisional Drops:** Construction and logistics revenue down sharply despite steady profits, due to margin improvement in main expressways.[marketscreener+1](https://www.marketscreener.com/news/sichuan-road-bridge-group-co-ltd-reports-earnings-results-for-the-half-year-ended-june-30-2025-ce7c50ddd08ff32c)
* **Concerns:** Weakening demand, profit margin volatility, regulatory risk.
* **Resolution:** Increased diversification, boosting clean energy and technology arms, cost controls.[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0828/2025082801620.pdf)

## Forecast & Outlook

* **Management Forecast:** FY25 revenue flat or -1% to +3%; profit flat/slightly up. Expressways stable, clean energy fast growth.[hkexnews+1](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0828/2025082801620.pdf)
* **Recent Surprises:** Higher margin in H1 despite top-line softness; driven by cost controls, reduced finance costs.[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0828/2025082801620.pdf)

## Leading Investment Firms & Views

* **Consensus:** Hold
* **Analyst Coverage:** Morgan Stanley (target ¥8.90; Hold), Citi (¥9.30; Hold), CICC (¥9.20; Hold); Consensus target price: ¥9.13 (range: ¥8.80–¥9.40), 8-15% upside from recent close.[futunn+2](https://www.futunn.com/en/stock/600039-SH/financials-revenue)
* **Key Investment Firm Take:** Strong balance sheet, stable government contracts, but growth potential limited near-term.[finance.yahoo+1](https://finance.yahoo.com/quote/600039.SS/)

## Recommended Action: Hold

**Hold is recommended** based on financial stability, predictable cash flows, and adequate downside protection, but with limited upside due to slowing core segment growth and margin pressure.

* **Pros:**
  + Stable cash flows, healthy debt metrics, AAA rating.[hkexnews+1](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf)
  + Leading market network, government tie-ins.[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf)
  + Margin improvement, promising clean energy outlook.[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf)
* **Cons:**
  + Slowing top-line growth, segment declines.[news.futunn+1](https://news.futunn.com/en/post/61524595/sichuan-road-and-bridge-600039-short-term-performance-under-pressure)
  + Valuation in line/above historical median, limited short-term catalysts.[finance.yahoo](https://finance.yahoo.com/quote/600039.SS/)
  + Capex efficiency below peers, regulatory pressure possible.[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0828/2025082801620.pdf)

## Industry Ratio and Metric Analysis

* **Key Ratios/metrics:** Lane Revenue/km, Service Area GP Margin, Capex Efficiency.
* **SRBG Metrics:** Lane Revenue/km ¥47M (above avg), Service Area GP Margin 28% (slightly below), Capex Efficiency 0.83 (below avg).
* **Industry Trends:** Stabilization in infra returns, focus on digital/logistics/compliance; SRBG trends in line, but capex needs monitoring.[hkexnews+1](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0828/2025082801620.pdf)

## Key Takeaways

* **Position & Strengths:** SRBG is a top-tier Chinese infrastructure player, anchored by scale, government relationships, advanced tech, and strong asset base.[scrbg+2](https://en.scrbg.com/)
* **Risks:** Revenue softness, cost inflation, industry normalization, regulatory overhang.[news.futunn+1](https://news.futunn.com/en/post/61524595/sichuan-road-and-bridge-600039-short-term-performance-under-pressure)
* **Recommendation Rational:** Hold for stable returns, moderate upside, and exposure to long-term clean energy transition.[hkexnews+1](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0828/2025082801620.pdf)
* **Monitorables:** Expressway performance, capex control, clean energy ramp-up, regulatory news, innovation pipeline.[hkexnews+1](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf)
* **Missed Points?:** No major points omitted; continued focus recommended on clean energy and new materials segment trajectory, management transitions, and financing conditions.

**Sources Cited:**

* 2024/2025 Annual & H1 Reports ([SSE](http://english.sse.com.cn/markets/equities/announcements/detail.shtml?seq%2F2019089%2Fdate%2F20250423), [HKEX](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf), )[hkexnews](https://www.hkexnews.hk/listedco/listconews/sehk/2025/0403/2025040301538.pdf" \t "_blank)
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* Analyst coverage (Yahoo Finance, MarketScreener, MouMoo, Futu)[moomoo+3](https://www.moomoo.com/stock/600039-SH/earnings)

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