# Investment Summary: Wanhua Chemical Group Co Ltd

**Date:** September 5, 2025  
**Stock Ticker:** 600309.SS  
**Industry:** Chemicals (Polyurethane, Petrochemicals, Fine Chemicals, Performance Materials)  
**Stock Price (Close Sep 2):** CN¥67.27  
**Market Cap:** ~CN¥167 billion  
**Recommended Action:** **Buy**  
**Sources cited below**

## Business Overview

Wanhua Chemical Group is a global leader in advanced chemical materials, primarily serving sectors such as construction, automotive, electronics, and home furnishing through its four major business divisions: Polyurethanes, Petrochemicals, Fine Chemicals, and Performance Materials. Its FY2024 sales reached CN¥198.3 billion, with operating income around CN¥17 billion; the group has maintained strong margins in Polyurethanes (~26% gross margin, 41% of sales).[news.futunn+4](https://news.futunn.com/en/post/57179983/wanhua-chemical-group-600309-2024-annual-report-and-2025-first)

* **Polyurethanes:** Used mainly by furniture, automotive, appliance makers for insulation, flexibility, and bonding.[alphaspread+1](https://www.alphaspread.com/security/sse/600309/investor-relations)
* **Petrochemicals:** Supplying plastics, resins, and intermediates for packaging, electronics, and consumer goods manufacturing.[news.futunn+1](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail)  
  Key strengths include scale, technology leadership (world #1 in MDI), integration and supply chain control. Challenges are cyclical demand, commodity price volatility, and recent margin compression especially in petrochemicals.

## Major Divisions & Segment Data (2025 H1)

| **Segment** | **% of Group Sales** | **Gross Margin** | **% of Group Profit** |
| --- | --- | --- | --- |
| Polyurethanes | 41% [futunn+1](https://www.futunn.com/en/stock/600309-SH/news) | 25.7% [futunn](https://www.futunn.com/en/stock/600309-SH/news) | ~50% [news.futunn](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail) |
| Petrochemicals | 38% [futunn+1](https://www.futunn.com/en/stock/600309-SH/news) | -0.4% [futunn](https://www.futunn.com/en/stock/600309-SH/news) | <10% [futunn](https://www.futunn.com/en/stock/600309-SH/news) |
| Fine Chemicals | ~16% [news.futunn](https://news.futunn.com/en/post/57179983/wanhua-chemical-group-600309-2024-annual-report-and-2025-first) | ~20% [news.futunn](https://news.futunn.com/en/post/57179983/wanhua-chemical-group-600309-2024-annual-report-and-2025-first) | ~20% [news.futunn](https://news.futunn.com/en/post/57179983/wanhua-chemical-group-600309-2024-annual-report-and-2025-first) |
| New Materials | ~5% [news.futunn](https://news.futunn.com/en/post/57179983/wanhua-chemical-group-600309-2024-annual-report-and-2025-first) | NR | ~20% [news.futunn](https://news.futunn.com/en/post/57179983/wanhua-chemical-group-600309-2024-annual-report-and-2025-first) |

## Business Performance

* **Sales growth past 5 years:** CAGR ~7% (2020–2025), above industry median.[news.futunn+1](https://news.futunn.com/en/post/57179983/wanhua-chemical-group-600309-2024-annual-report-and-2025-first)
* **Profit growth past 5 years:** Fluctuated; main drop in 2024 (-25% YoY), forecast rebound in 2026 (+29%).[futunn](https://www.futunn.com/en/stock/600309-SH/news" \t "_blank)
* **Operating cash flow:** Stable, with annual cash flow covering capex and dividends.[news.futunn](https://news.futunn.com/en/post/57179983/wanhua-chemical-group-600309-2024-annual-report-and-2025-first)
* **Market share/ranking:** #1 globally in MDI and TDI, top 3 in China for petrochemicals.[news.futunn](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail)

## Industry Context

* **Product cycle maturity:** Polyurethane (mature, late growth), petrochemicals (mature, cyclical).[news.futunn](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail" \t "_blank)
* **Market size & growth:** Global PU market $72bn (2024), CAGR ~6%. Petrochemicals slowing globally, high volatility.[news.futunn](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail)
* **Wanhua’s market share/ranking:** 32% global MDI (2025), #1 in TDI (1.44m t/y capacity).[news.futunn](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail" \t "_blank)
* **Sales/EPS 3yr growth (company/industry):** Sales +6% (Wanhua); Industry avg ~4%. EPS -3% (Wanhua, recent drop), industry avg flat.[futunn](https://www.futunn.com/en/stock/600309-SH/news)
* **Debt/total assets ratio:** 40% (Wanhua) vs. industry avg ~33%.[finbox+1](https://finbox.com/SHSE:600309/explorer/debt_to_total_equity/)
* **Industry cycle:** Polyurethanes entering expansion (demand rebound in China; TDI price spike). Petrochemicals remain volatile, oversupplied globally.[news.futunn](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail)
* **Industry-specific metrics (2025):**
  + MDI plant utilization: Wanhua 93% vs. industry avg 85%[news.futunn](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail)
  + Gross margin PU: Wanhua 25.7% vs. industry avg 19%[futunn](https://www.futunn.com/en/stock/600309-SH/news)
  + Innovation spend (R&D as % sales): Wanhua ~5%, above industry[dcfmodeling](https://dcfmodeling.com/blogs/history/600309ss-history-mission-ownership)

## Financial Stability & Debt Levels

* **Operating cash flow:** Sufficient for capex/dividend, but debt funding rising due to expansion.[fitchratings+1](https://www.fitchratings.com/research/corporate-finance/wanhua-chemical-group-co-ltd-18-08-2024)
* **Liquidity (current ratio):** 1.48 (2025 Q2); above minimum healthy threshold.[finance.yahoo](https://finance.yahoo.com/quote/600309.SS/key-statistics/)
* **Total debt:** ~CN¥171 billion (2025 Q1).[tradingeconomics](https://tradingeconomics.com/600309:ch:debt" \t "_blank)
* **Debt/equity ratio:** 127% (Jun 2025, peak); above industry median, reflecting aggressive capex.[investing+1](https://www.investing.com/equities/yantai-wanhua-financial-summary)
* **Interest coverage:** >5x (2025, stable).[gurufocus](https://www.gurufocus.com/term/wacc/SHSE:600309" \t "_blank)
* **Altman Z Score:** Healthy for large Chinese chemical, not high distress.  
  Major risk: Debt rising faster than EBITDA; offset by high asset quality/cash flow. No immediate solvency risk expected.

## Key Financials & Valuation

* **Sales (2025F):** CN¥198.3bn (+8.9% YoY, forecast)[news.futunn](https://news.futunn.com/en/post/57179983/wanhua-chemical-group-600309-2024-annual-report-and-2025-first" \t "_blank)
* **Net profit (2025F):** CN¥13.2bn (+1.6% YoY, forecast)[news.futunn](https://news.futunn.com/en/post/57179983/wanhua-chemical-group-600309-2024-annual-report-and-2025-first" \t "_blank)
* **Operating margin:** 8–9%, stable but below historical peak[news.futunn](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail)
* **P/E (ttm):** 13.1x (CN¥67.27, 2025)[dcfmodeling+1](https://dcfmodeling.com/blogs/history/600309ss-history-mission-ownership" \t "_blank)
* **PEG:** ~0.7 (value)[dcfmodeling](https://dcfmodeling.com/blogs/history/600309ss-history-mission-ownership" \t "_blank)
* **Dividend yield:** 1.85% (2025)[finance.yahoo](https://finance.yahoo.com/quote/600309.SS/key-statistics/" \t "_blank)
* **52-week range:** CN¥51.90–78.10[finance.yahoo](https://finance.yahoo.com/quote/600309.SS/key-statistics/)
* **Industry metrics:**
  + MDI utilization: 93% (Wanhua > industry avg, expansion)
  + Gross margin PU: 25.7% (Wanhua > industry avg)
  + Debt/assets: 40% (Wanhua > industry avg, but manageable due to cash flow)

## Big Trends & Events

* Industry transition to sustainability (low-carbon PU, green additives)[news.futunn](https://news.futunn.com/en/post/57179983/wanhua-chemical-group-600309-2024-annual-report-and-2025-first" \t "_blank)
* Capacity expansion in China and SE Asia (competition intensity)[news.futunn](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail" \t "_blank)
* TDI price surge post-Covestro plant accident; boosts Wanhua’s margins[news.futunn](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail)
* Strategic investment in battery materials (lithium iron phosphate/PFDF)[whchem](https://en.whchem.com/cmscontent/837.html" \t "_blank)

## Customer Segments & Demand Trends

* **Major segments:** Automotive (28%), Construction (24%), Electronics (22%), Home Appliance/Furniture (18%), International B2B (8%)[news.futunn+1](https://news.futunn.com/en/post/57179983/wanhua-chemical-group-600309-2024-annual-report-and-2025-first)
* **Forecast:** Automotive/construction to drive next 2–3 years, benefiting from China infrastructure stimulus.[news.futunn](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail)
* **Criticisms/Substitutes:** Customer complaints about commodity price swings and polyurethane quality; substitutes exist (EPS, natural rubber), slow switching.[news.futunn](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail)

## Competitive Landscape

* **Industry Concentration:** PU global CR4 >70% (oligopoly); China chemical CR4 ~30%.[news.futunn](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail)
* **Margins/capacity:** Wanhua has cost/scale lead, PU margins above peers.[news.futunn](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail)
* **Key competitors:** BASF, Covestro (Europe), Huntsman (US), Chinese peers (Hengli, Bluestar).[news.futunn](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail" \t "_blank)
* **Moats:** Technology & scale in MDI/TDI, vertical integration, R&D/sustainability, asset-backed supply chain.[alphaspread](https://www.alphaspread.com/security/sse/600309/investor-relations)
* **Key battlefield:** Capacity expansion, cost efficiency; Wanhua leads via lowest cost/unit and R&D spend.[news.futunn](https://news.futunn.com/en/post/57179983/wanhua-chemical-group-600309-2024-annual-report-and-2025-first)

## Risks & Anomalies

* Q2 2025: Petrochemical segment gross margin negative (-0.4%), group profit stable.[futunn](https://www.futunn.com/en/stock/600309-SH/news)
* High leverage: Debt/equity >120% post mega capex.[finbox+1](https://finbox.com/SHSE:600309/explorer/debt_to_total_equity/)
* China real estate sector weakness could pressure downstream demand.
* Mitigation: Cash flow strong, strategic capex phased, margin rebound expected; sector leader in industry recovery.[news.futunn](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail)

## Forecast & Outlook

* **Management guides 2025–2027 sales growth of 8.9%/15%/7.5% YoY; Aggressive expansion in polyurethane and new materials**[news.futunn](https://news.futunn.com/en/post/57179983/wanhua-chemical-group-600309-2024-annual-report-and-2025-first)
* **Net profit expected +1.6% (2025), +29% (2026), driven by margin recovery and operational leverage**[news.futunn](https://news.futunn.com/en/post/57179983/wanhua-chemical-group-600309-2024-annual-report-and-2025-first)
* **Recent earnings surprise negative (Q1/Q2), but expected turnaround H2 2025**[futunn](https://www.futunn.com/en/stock/600309-SH/news)

## Leading Investment Firms & Views

* Consensus rating: **Buy** (Goldman Sachs, Huaan Securities, Piper Sandler)[fintel+3](https://fintel.io/s/cn/600309)
* Average 12-month price target: **CN¥77.6** (range: CN¥51.5–106.0); current price CN¥67.27; implied upside ~15%[moomoo+3](https://www.moomoo.com/stock/600309-SH/forecast)
* Analysts bullish on PU price cycle and integration strategy, cautious on debt and China demand risks[futunn+1](https://www.futunn.com/en/stock/600309-SH/news)

## Recommended Action: **Buy**

**Pros:**

* Global leader, scale and technology moat, expanding market share[news.futunn](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail)
* Margins poised for rebound as TDI/MDI price cycle recovers[futunn+1](https://www.futunn.com/en/stock/600309-SH/news)
* Strong cash generation, sound liquidity (current ratio >1.3)[finance.yahoo](https://finance.yahoo.com/quote/600309.SS/key-statistics/" \t "_blank)
* Strategic expansion in new materials/geographies[news.futunn+1](https://news.futunn.com/en/post/57179983/wanhua-chemical-group-600309-2024-annual-report-and-2025-first)
* Positive consensus, attractive upside (~15% to target)[fintel+1](https://fintel.io/s/cn/600309)

**Cons:**

* High leverage (Debt/equity ~127%), aggressive capex[investing+1](https://www.investing.com/equities/yantai-wanhua-financial-summary)
* Sensitive to China economic/cyclical risk
* Petrochemical margins under pressure, short-term earnings volatility[futunn](https://www.futunn.com/en/stock/600309-SH/news)

## Industry Ratio and Metric Analysis

| **Metric** | **Wanhua (2025)** | **Industry Avg** | **Trend** |
| --- | --- | --- | --- |
| Current ratio | 1.48 [finance.yahoo](https://finance.yahoo.com/quote/600309.SS/key-statistics/) | 1.30 | Stable-to-improving |
| Debt/total assets | 40% [finbox](https://finbox.com/SHSE:600309/explorer/debt_to_total_equity/) | 33% | Rising |
| MDI utilization | 93% [news.futunn](https://news.futunn.com/en/post/61496889/wanhua-chemical-600309-the-global-leader-in-polyurethane-sets-sail) | 85% | Growing |
| PU gross margin | 25.7% [futunn](https://www.futunn.com/en/stock/600309-SH/news) | 19% | Expanding |
| R&D as % sales | 5% [dcfmodeling](https://dcfmodeling.com/blogs/history/600309ss-history-mission-ownership) | 2–3% | Above avg |

## Key Takeaways

* Wanhua is consolidating its role as a global chemical leader, especially in polyurethanes, with high market share and efficiency.[dcfmodeling+1](https://dcfmodeling.com/blogs/history/600309ss-history-mission-ownership)
* Its financial stability is supported by strong operating cash, prudent liquidity ratios, though leverage must be monitored.[finbox+1](https://finbox.com/SHSE:600309/explorer/debt_to_total_equity/)
* Margins and growth outlook are positive, driven by demand rebound and integration, though risks remain from China’s macro and debt.[futunn+1](https://www.futunn.com/en/stock/600309-SH/news)
* The recommended stance is Buy, given expected profit recovery, competitive moat, industry cycle rebound, and positive consensus.

**Monitor:** Capex progress, debt ratios, margin trends, downstream demand, China macro risk, innovation pace.

## Have any important points been missed?

* The summary covers major divisions, financial ratios vs. industry, segment margins, debt, competitive positioning, and leading analyst views. For deeper understanding, tracking real-time margin movements, capex ROI, and policy changes is recommended.

## Sources

* [Wanhua Chemical Group Investor Relations](https://en.whchem.com/column/84/)
* [Wanhua Chemical Annual & Q1/Q2 2025 Reports (Quartr, SSE)](https://quartr.com/companies/wanhua-chemical-group-co-ltd_19039)
* [Futunn News](https://news.futunn.com/en/post/57179983/wanhua-chemical-group-600309-2024-annual-report-and-2025-first)
* [AlphaSpread Data](https://www.alphaspread.com/security/sse/600309/investor-relations)
* [Market Data & Ratios](https://finance.yahoo.com/quote/600309.SS/key-statistics/)
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* [Fintel Analyst Ratings](https://fintel.io/s/cn/600309)
* [MarketScreener Consensus](https://www.marketscreener.com/quote/stock/WANHUA-CHEMICAL-GROUP-CO--6496769/consensus/)
* [TradingEconomics Debt](https://tradingeconomics.com/600309:ch:debt)
* [Investing.com Forecasts](https://www.investing.com/equities/yantai-wanhua-consensus-estimates)

This summary synthesizes regulatory filings, company presentations, market data, analyst views, and industry reports for a robust investment overview as of September 5, 2025.  
**Not professional investment advice.**

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