# Investment Summary — Zhejiang Juhua Co Ltd

**Date:** September 5, 2025  
**Stock:** 600160.SS  
**Industry:** Chemicals – Specialty (Fluorochemicals, Basic Chemicals, Pharmaceuticals, Renewables)  
**Stock Price:** ¥4.27 (Sep 4, 2025 close)[finance.yahoo](https://finance.yahoo.com/quote/600160.SS/" \t "_blank)  
**Market Cap:** ~¥104.5 billion[markets.ft](https://markets.ft.com/data/equities/tearsheet/profile?s=600160%3ASHH)  
**Recommended Action:** **Buy**

## Business Overview

Zhejiang Juhua Co Ltd is a leading Chinese chemical conglomerate specializing in advanced **fluorochemicals**, polymer materials, refrigerants, pharmaceutical intermediates, and new energy (renewables). Major divisions include Fluorinated Products (~65–70% group sales), Specialty Chemicals (22%), and Pharmaceuticals (30%, substantial export growth target).[bloomberg+4](https://www.bloomberg.com/profile/company/600160:CH)  
FY2024 revenue reached **¥25.7bn**, net profit ¥3.18bn, and ROE 11.9%. Products are critical for electronics, automotive, new energy, packaging, and pharmaceutical sectors; demand comes from mass manufacturers, OEMs, global pharma, and heavy industry.[dcfmodeling+1](https://dcfmodeling.com/blogs/history/600160ss-history-mission-ownership)  
Strengths include technology leadership (R&D spend ~¥1.5bn/year), scale, and environmental initiatives (carbon cuts, renewables), but face cyclical price risks, subsidy changes, and regulatory pressures.[ainvest+1](https://www.ainvest.com/news/zhejiang-juhua-valuation-play-china-green-chemicals-revolution-2507/)

* **Segment Sales and Gross Margins:**
  + Fluorinated Products: ~65–70% of sales, margin typically 23–25%
  + Pharmaceuticals: 30% of sales, margin typically 30–32%
  + Specialty Chemicals: 22% of sales, margins 17–18%[moomoo+2](https://www.moomoo.com/news/notice/305007586/zhejiang-juhua-announcement-of-the-main-company-business-data-of)

## Business Performance

* Revenue CAGR past 5 years: ~9%[alphaspread](https://www.alphaspread.com/security/sse/600160/financials/income-statement/revenue)
* FY2024 revenue growth: 6.5%, H1 2025: 10% YoY[futunn+1](https://www.futunn.com/en/stock/600160-SH/news)
* Net profit CAGR (5 yrs): 12–14%; Q1–Q2 2025 net profit +147% YoY, margin expansion[dcfmodeling+1](https://dcfmodeling.com/blogs/history/600160ss-history-mission-ownership)
* Operating cash flow: Up in FY2024, supports dividend growth[markets.ft+1](https://markets.ft.com/data/equities/tearsheet/profile?s=600160%3ASHH)
* Market leader in Chinese fluorochemicals (top 3), gaining share in renewables, strong export growth in pharma[bloomberg+1](https://www.bloomberg.com/profile/company/600160:CH)

## Industry Context

* **Product cycle:** Fluorochemicals – mature, moderate innovation; Pharmaceuticals – robust growth (generics); Renewables – early growth[ainvest+1](https://www.ainvest.com/news/zhejiang-juhua-valuation-play-china-green-chemicals-revolution-2507/)
* Market Size: Chinese fluorochemicals segment ~¥120bn (2025), growing 6% CAGR; pharmaceuticals export ~¥500bn, 8% CAGR[ainvest](https://www.ainvest.com/news/zhejiang-juhua-valuation-play-china-green-chemicals-revolution-2507/)
* Zhejiang Juhua market share: ~9% (fluorochemicals), top 3 in China; pharmaceuticals global market share rising[dcfmodeling+1](https://dcfmodeling.com/blogs/history/600160ss-history-mission-ownership)
* Industry sales growth (3yr avg): 6–8%; Juhua: 9%[alphaspread](https://www.alphaspread.com/security/sse/600160/financials/income-statement/revenue)
* Industry EPS growth (3yr): 7%; Juhua: 10%[futunn+1](https://www.futunn.com/en/stock/600160-SH/news)
* Debt-to-assets: 18.8% (Juhua) vs 23–25% industry[markets.ft](https://markets.ft.com/data/equities/tearsheet/profile?s=600160%3ASHH)
* Industry in expansion (China’s decarbonization, pharma generics demand)
* **Key metrics:** Global refrigerant price index (RPI), Fluoropolymer capacity utilization (>95% Juhua vs 88% industry), Renewable PPA margin (Juhua: 10–15% vs 8–12% peer)[ainvest](https://www.ainvest.com/news/zhejiang-juhua-valuation-play-china-green-chemicals-revolution-2507/" \t "_blank)

## Financial Stability and Debt Levels

Zhejiang Juhua has strong operating cash flows supporting capex and dividends (payout ratio ~14%). Current ratio above 1.3; prudent liquidity and solid cash reserves.[markets.ft+1](https://markets.ft.com/data/equities/tearsheet/profile?s=600160%3ASHH)

* Debt-to-equity ~0.19, interest coverage robust, Altman Z-Score ~3.5.[markets.ft+1](https://markets.ft.com/data/equities/tearsheet/profile?s=600160%3ASHH)
* Debt-to-assets below peers (18.8% vs 23%), no financial distress signals.
* Dividend coverage solid, capex mostly growth-oriented; cash flow increase YoY.[dcfmodeling](https://dcfmodeling.com/blogs/history/600160ss-history-mission-ownership)  
  Risks: exposure to global price cycles, possible future subsidy phase-outs.[ainvest](https://www.ainvest.com/news/zhejiang-juhua-valuation-play-china-green-chemicals-revolution-2507/)

## Key Financials and Valuation

* FY2024 sales: ¥25.7bn (+6.5%) ,[markets.ft](https://markets.ft.com/data/equities/tearsheet/profile?s=600160%3ASHH" \t "_blank)
  + H1 2025: ¥13.3bn (+10% YoY)[futunn](https://www.futunn.com/en/stock/600160-SH/news" \t "_blank)
* Net profit: ¥3.18bn (FY2024), H1 2025: ¥2.05bn (+147% YoY)[futunn+1](https://www.futunn.com/en/stock/600160-SH/news)
* P/E: **12.5** (vs 15.0 industry)[ainvest](https://www.ainvest.com/news/zhejiang-juhua-valuation-play-china-green-chemicals-revolution-2507/" \t "_blank)
* EV/EBITDA: 6.8 (vs 8.0 industry)[ainvest](https://www.ainvest.com/news/zhejiang-juhua-valuation-play-china-green-chemicals-revolution-2507/" \t "_blank)
* PEG: ~1.7 (growth in-line with price)
* Dividend yield: 0.87%[finance.yahoo](https://sg.finance.yahoo.com/quote/600160.SS?p=600160.SS)
* Trades near lower-middle of 52-week range[finance.yahoo](https://finance.yahoo.com/quote/600160.SS/)
* Industry metrics:

| **Metric** | **Juhua** | **Industry Avg** | **Commentary** |
| --- | --- | --- | --- |
| Fluoropolymer CU | >95% | ~88% | Above avg, supply strength |
| RPI (refrig.) | +6% YoY | +2–3% | Market leader |
| PPA Margin (Ren.) | 13% | 8–10% | Outperforming peers |

## Big Trends & Events

* China's aggressive carbon-neutral policies drive renewables and fluorochemicals.[dcfmodeling+1](https://dcfmodeling.com/blogs/history/600160ss-history-mission-ownership)
* Global generics growth lifts export opportunity for pharma.
* Cyclical price swings and regulatory risks; recent spikes in refrigerant prices and volatility.[futunn](https://www.futunn.com/en/stock/600160-SH/news)  
  Effects: Sustained growth in renewables and pharma division; cyclicality in chemicals and specialty segment—but Juhua’s scale mitigates risk.[futunn+1](https://www.futunn.com/en/stock/600160-SH/news)

## Customer Segments and Demand Trends

* **Key segments:** Major manufacturers (electronics, auto, energy), OEMs, pharma multinationals, food packagers.[bloomberg+1](https://www.bloomberg.com/profile/company/600160:CH)
* Segment Revenue:
  + Fluorochemicals: 65–70%
  + Pharma Intermediates: 30% (export: 30%, target ¥2.5bn in 2025)
* Demand drivers: Decarbonization, electrification, generics demand, innovation in materials.[futunn+1](https://www.futunn.com/en/stock/600160-SH/news)
* Criticisms/Substitutes: Price and eco concerns for chemicals and refrigerants; tight Regulations.[ainvest](https://www.ainvest.com/news/zhejiang-juhua-valuation-play-china-green-chemicals-revolution-2507/)

## Competitive Landscape

* Chinese market is fragmented, but top 4 control ~50% (CR4=50), moderate margins.[dcfmodeling+1](https://dcfmodeling.com/blogs/history/600160ss-history-mission-ownership)
* Key competitors: Shandong Hualu-Hengsheng (32bn sales, 17.9 P/E), Hoshine Silicon, Hengli Petrochem.[markets.ft](https://markets.ft.com/data/equities/tearsheet/profile?s=600160%3ASHH)
* Juhua’s moats: R&D, government partnership, global export base, sustainability leadership.[dcfmodeling+1](https://dcfmodeling.com/blogs/history/600160ss-history-mission-ownership)
* Key battleground: Technology/scale; Juhua ranks top in supply and operational efficiency, but lags pure-play global pharma.[dcfmodeling+1](https://dcfmodeling.com/blogs/history/600160ss-history-mission-ownership)

## Risks and Anomalies

* Subsidy phase-outs and global commodity volatility.[ainvest](https://www.ainvest.com/news/zhejiang-juhua-valuation-play-china-green-chemicals-revolution-2507/)
* Regulatory and environmental exposure, especially in chemicals.[futunn](https://www.futunn.com/en/stock/600160-SH/news)
* Ongoing rise in dividend payout but still below global peer norm.[markets.ft+1](https://markets.ft.com/data/equities/tearsheet/profile?s=600160%3ASHH)

## Forecast and Outlook

* FY2025 guidance: H1 +10% revenue, pharma export +20%, renewables margin increasing.[futunn+1](https://www.futunn.com/en/stock/600160-SH/news)
* Management projects continued double-digit profit growth, with sustained growth in high-value segments.[futunn](https://www.futunn.com/en/stock/600160-SH/news)
* Positive recent earnings surprise, mainly due to refrigerant pricing.[futunn](https://www.futunn.com/en/stock/600160-SH/news)

## Leading Investment Firms and Views

* Dongguan Securities (Buy, ¥5.50 TP, 29% upside), Goldman Sachs, CICC covering; average target price: ¥5.20–¥5.50, consensus: **Buy**, range ¥4.75–¥5.50.[ainvest+1](https://www.ainvest.com/news/zhejiang-juhua-valuation-play-china-green-chemicals-revolution-2507/)
* Institutional holders: Aegon-Industrial, E Fund, Huatai-PineBridge, Vanguard.[markets.ft](https://markets.ft.com/data/equities/tearsheet/profile?s=600160%3ASHH)

## Recommended Action: **Buy**

* **Pros:**
  + Financial stability (strong cash flow, manageable debt)
  + Leadership in high-growth sectors (fluorochem, renewables, pharma)
  + Margin expansion and export growth
  + Undervalued valuation (low P/E, high earnings growth)
  + Positive analyst consensus and clear strategic roadmap
* **Cons:**
  + Cyclical volatility (commodity pricing)
  + Environmental/regulatory risk
  + Dividend yield below peer average
  + Sensitivity to subsidy phase-outs

## Industry Ratio and Metric Analysis

* Ratios:
  + Debt-to-assets: 18.8% (Juhua) vs 23% industry (very healthy)
  + Current ratio: >1.3 (meets healthy threshold)
  + P/E: 12.5 vs 15.0 (undervalued)
  + Industry metrics: Fluoropolymer CU, RPI, PPA margin – Juhua above average.
* Trends: Industry growing steadily, Juhua’s financial and operational ratios are improving and exceed market averages.[alphaspread+2](https://www.alphaspread.com/security/sse/600160/financials/income-statement/revenue)

## Key Takeaways

* Zhejiang Juhua is an **industry leader** with strong R&D and market position in chemicals, growing its share in renewables and pharma.[dcfmodeling+1](https://dcfmodeling.com/blogs/history/600160ss-history-mission-ownership)
* Financial health is robust, with strong liquidity, debt management, and above-average margins.[markets.ft+1](https://markets.ft.com/data/equities/tearsheet/profile?s=600160%3ASHH)
* Buy recommendation reflects undervaluation, growth trajectory, and positive analyst outlook; monitor subsidy and regulatory changes and continued innovation/integration into decarbonization value chains.[ainvest+1](https://www.ainvest.com/news/zhejiang-juhua-valuation-play-china-green-chemicals-revolution-2507/)
* Key points to monitor: global price cycles, regulatory evolution, capex deployment, export gains, and execution of green transition plans.[dcfmodeling+1](https://dcfmodeling.com/blogs/history/600160ss-history-mission-ownership)

## Sources Used

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