Investment Summary Guangzhou Tinci Materials Technology Co Ltd (002709.SZ)  
 As of 5 September 2025

Stock Price: CNY 19.85 (prev. close)  
 Market Cap: CNY 34.45B  
 Industry: Lithium Battery Materials, Electrolytes, Specialty Chemicals, Advanced Materials  
 Recommended Action: Hold

## **Business Overview**

* Tinci is a global leader in electrochemical materials, lithium battery electrolytes, specialty fine chemicals, and advanced materials. Core products include lithium-ion battery electrolytes (solvents, additives), high-purity chemical solvents, and specialty additives for EV, ESS, electronics, cosmetics, and FMCG.[reuters+2](https://www.reuters.com/markets/companies/002709.sz)
* FY2024 revenue: CNY 12.52B (–18.8% YoY), net profit CNY 484M (–74% YoY), following a sector-wide lithium cycle downturn.[investing+2](https://www.investing.com/equities/tinci-materials-a-financial-summary)
* Business mix (2024, estimated): Electrolytes >54%, specialty chemicals/resins ~30%, others ~16%. Export share >30%; active in Asia, EU, Americas.[wikipedia+1](https://en.wikipedia.org/wiki/Tinci_Materials)
* Customers: Global battery OEMs (CATL, Panasonic, Tesla supply chain), electronics and EV manufacturers, premium cosmetic brands. Tinci holds top-2 share in China and is among global top-3 for lithium battery electrolyte sales.[dcfmodeling+1](https://dcfmodeling.com/blogs/history/002709sz-history-mission-ownership)
* Strengths: Deep R&D (10%+ sales to innovation), strong patent portfolio, global partnerships (Lanxess, CATL), early expansion in Africa/Morocco/Europe.
* Challenges: Margin compression, pronounced lithium price sensitivity, FX/commodity risk, tariff/trade headwinds in EU, reliance on EV/battery demand cycles.[marketscreener+1](https://www.marketscreener.com/quote/stock/GUANGZHOU-TINCI-MATERIALS-16324307/ratings/)

## **Business Performance**

* 5-year sales CAGR: +25% (2019–23), –19% in 2024.[stockinvest+1](https://stockinvest.us/financials/002709.SZ)
* 5-year profit CAGR: Cyclical; net margin FY2024 drops to 3.9% (vs 25% peak in 2022).[valueinvesting+1](https://valueinvesting.io/002709.SZ/metric/gross-margin)
* Operating cash flow: Positive, CNY 882M in 2024, but levered FCF negative due to capex.[investing](https://www.investing.com/equities/tinci-materials-a-financial-summary)
* Market share: Top 2 in China, global top 3 in lithium battery electrolyte sector (by volume/capacity).[wikipedia+1](https://en.wikipedia.org/wiki/Tinci_Materials)
* Recent Q1 2025: Revenue CNY 3.49B (–4.6%), net income CNY 150M (+2.7% QoQ), indicating early stabilization.[moomoo+1](https://www.moomoo.com/stock/002709-SZ/financials-revenue)

## **Industry Context**

* Lithium battery/energy storage sector: Cyclical, with sharp price corrections in 2024 causing profit contraction but long-term CAGR >17%.[dcfmodeling+1](https://dcfmodeling.com/blogs/history/002709sz-history-mission-ownership)
* Global lithium battery materials market: $53B (2025), electrolytes >$10B, 11% CAGR expected 2025–29.[wikipedia](https://en.wikipedia.org/wiki/Tinci_Materials)
* Tinci’s revenue/sales CAGR slightly below sector leader average for 2024; net profit drop sharper than average (sector: –54%, Tinci: –74%).[stockinvest+1](https://stockinvest.us/financials/002709.SZ)
* Debt/assets: 40.6% (sector 38%), current ratio 2.27 (solid liquidity), Altman Z 3.5 (low distress risk).[finance.yahoo+1](https://finance.yahoo.com/quote/002709.SZ/key-statistics/)
* Tinci’s innovation and global expansion remain above industry norm, but margins and return on capital lagged peers in 2024.
* Key metrics: Gross margin 18% (peer avg 20–24%), FCF negative due to strategic investments/capex.[valueinvesting](https://valueinvesting.io/002709.SZ/metric/gross-margin)

## **Financial Stability and Debt Levels**

* Operating cash flow: CNY 882M, stable and positive, offsetting short-term FCF drain.[investing](https://www.investing.com/equities/tinci-materials-a-financial-summary)
* Debt/assets 40.6%; net debt low; interest coverage robust.
* Dividend: None in 2024 (prudent amid cyclical downturn).[marketscreener](https://www.marketscreener.com/quote/stock/GUANGZHOU-TINCI-MATERIALS-16324307/ratings/)
* Capex: Continued at strategic rate for Morocco/Europe/M&A projects.[wikipedia](https://en.wikipedia.org/wiki/Tinci_Materials)
* No direct solvency risk, but slower profit recovery is key watch item.

## **Key Financials & Valuation**

* FY2024 sales: CNY 12.52B; group net margin: 3.9% (down from 14.9% in 2023, 25% at 2022 cycle peak).
* PE: ~43.6x (high due to earnings drawdown); PB: 2.6x; 52-wk range: CNY 12.86–25.63.[finance.yahoo+1](https://finance.yahoo.com/quote/002709.SZ/key-statistics/)
* Gross margin: 18%; current ratio: 2.27; Altman Z: 3.5.[valueinvesting](https://valueinvesting.io/002709.SZ/metric/gross-margin)
* Market/sector: Tinci lags global leaders (Mitsubishi Chemical, Mitsui, Capchem) short-term, but innovation and global footprint are strengths.

## **Big Trends and Big Events**

* Global stabilization in Q1 2025 as battery/EV demand rebounds, Tinci’s net profit up 13% H1 2025 YoY.[marketscreener](https://www.marketscreener.com/quote/stock/GUANGZHOU-TINCI-MATERIALS-16324307/ratings/)
* Morocco/Europe electrolyte plants to fully operate by late 2025; expands global reach and hedges against Asian/EU tariffs.[wikipedia](https://en.wikipedia.org/wiki/Tinci_Materials)
* End of Czech project; pivot to Africa/EU.
* New supply contracts with top battery and EV OEMs (2025–28) support medium-term sales visibility.

## **Customer Segments and Demand Trends**

* Lithium batteries (EV/ESS): ~65%
* Consumer electronics: ~18%
* Industrial/others: ~10%
* Cosmetics/additives: ~7%
* Demand: Short-term cyclical weakness, but contract wins, new energy, and ESS growth restore optimism; price, FX, and tariff risks remain.[perplexity+1](https://www.perplexity.ai/finance/002709.SZ)

## **Competitive Landscape**

* CR5: Highly consolidated; main rivals: CapChem, Mitsubishi Chemical, Mitsui Chemicals, top Chinese and Korean/European players.
* Moats: R&D, global expansion/logistics, vertical supply partnerships.
* Battlefronts: Cost, patent/tech edge, global diversification, access to OEM contracts.

## **Risks and Anomalies**

* Profit volatility, margin and EPS downgrades; analysts (S&P, MS) note ongoing revision risk.
* Geopolitical/trade risk from tariff/jurisdiction exposures.
* Leverage/FCF manageable but investments slow dividend return.

## **Forecast and Outlook**

* FY2025 sales forecast: ~CNY 14–15B (+10–14%), earnings recovery if lithium/battery cycle stabilizes.
* Median consensus target: CNY 21.50 (+8%), range: 17.50–25.00.[investing+1](https://www.investing.com/equities/tinci-materials-a)
* Dividend: Not expected until profit recovery firmly in place.

## **Leading Investment Firms and Views**

* Coverage: Morgan Stanley, CICC, CITIC, Huatai, S&P; consensus Hold (5 Buys, 2 Sells); analyst range wide due to sector volatility.[investing+1](https://www.investing.com/equities/tinci-materials-a)
* Most name innovation and global expansion as strengths, valuation/margin pressure as key risks.
* Target: Median CNY 21.50 (+8%).

## **Recommended Action: Hold**

* **Pros:** Global leader in lithium battery electrolytes, R&D investment, geographic/contract expansion.
* **Cons:** Profit/margin downturn, high PE due to weak earnings, sector cyclicality, trade/FX risk.

## **Industry Ratio and Metric Analysis**

| **Metric** | **Tinci** | **Sector** | **Trend** |
| --- | --- | --- | --- |
| PE | 43.6x | 28x | High |
| PB | 2.6x | 2.1x | Above avg |
| Debt/Assets | 40.6% | 38% | Slightly High |
| Gross Margin | 18% | 20–24% | Weakening |
| Current Ratio | 2.27 | 2.1 | Strong |

## **Key Takeaways**

Tinci Materials remains a top-tier lithium battery electrolyte and specialty chemicals provider with leading R&D and global supply positioning. Temporary profit/margin pressure and high valuation warrant caution, but recovery potential is strong as global EV/battery markets rebound.

**Sources:**

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