

# BOE Varitronix (710 HK)

## 1H25 dragged by higher costs; Positive progress in China NEV orders & overseas client wins

BOEVx posted 1H25 revenue growth of 8% YoY driven by high-end auto products and system business segment, while net profit growth of 5% YoY was mainly dragged by higher depreciation expense and staff cost, partly offset by government grant and investment income. During the earnings call, mgmt. guided stronger 2H25E revenue with stable NPM, thanks to China order wins, product expansion and less intensified competition. In the longer term, we remain positive on BOEVx as the global No.1 automotive display leader to benefit from overseas expansion, three-step strategies and capacity ramp-up. We lowered FY25-27E EPS estimates by 17-20% to factor in 1H25 results, depreciation costs and gradual margin recovery into 2026-27E. We trim our TP to HK\$8.84 based on rolled-over 14.0x FY26E P/E (vs prior 15x FY25E) for near-term margin headwinds. Trading at 13.4x/10.9x FY25/26E P/E, the stock offers attractive risk/reward. Maintain BUY.

■ **1H25 results in line on auto and system biz growth.** BOEVx's 1H25 revenue growth of 8% YoY is largely in line with market expectations, mainly driven by auto (+9% YoY) /industrial (+5% YoY) display growth. In particular, auto display growth outperformed overall market in 1H25 thanks to high-end products (touch panel, LTPS shipment growth of 78% YoY, mid-to-large panel display growth of 50%+ YoY) and system business growth (60%+ YoY). By region, China market grew 21% YoY (67% of sales mix) given favourable policies such as trade-in subsidies, NEV promotion in rural areas and tax incentives. Europe market (18% of mix) climbed 9% YoY thanks to TFT order wins from auto customers; America market declined 17% YoY due to geopolitical uncertainties and government NEV incentive withdrawal. Japan/Korea declined 34%/20% YoY on weak NEV demand.

■ **Outlook: overseas expansion, high-end (LTPS) and Vietnam/Chengdu capacity ramp up.** For 2H25/FY25E, mgmt. guided revenue growth to double than industry average and NPM to remain stable HoH driven by 4Q25 seasonality and 20% YoY growth of system products. For 2026, mgmt. guided: 1) overseas growth of 20%+ YoY on European order wins; 2) LTPS sales growth of 50%+ YoY on Beijing 6<sup>th</sup>-gen capacity mass production. In the longer term, mgmt. maintains guidance of 50%+ overseas market sales mix (20% CAGR in FY25-27E), 10% industrial display sales mix in FY27E, and HK\$1bn capex for AI, capacity expansion and R&D.

### Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (HK\$ mn)	10,760	13,449	14,879	16,843	19,005
YoY growth (%)	0.4	25.0	10.6	13.2	12.8
EBITDA (HK\$ mn)	771.0	686.0	754.6	877.5	1,007.3
Net profit (HK\$ mn)	475.3	391.3	408.1	497.7	611.4
YoY growth (%)	(18.4)	(17.7)	4.3	22.0	22.8
EPS (Reported) (HK\$)	0.60	0.50	0.52	0.63	0.78
Consensus EPS (HK\$)	na	na	0.66	0.82	0.99
P/E (x)	11.4	13.9	13.4	10.9	8.9
P/B (x)	0.5	0.5	0.5	0.4	0.4
Yield (%)	276.8	247.0	125.3	242.1	274.0
ROE (%)	11.1	8.7	8.6	9.8	11.2
Net gearing (%)	27.5	49.2	27.2	60.1	39.6

Source: Company data, Bloomberg, CMBIGM estimates

## BUY (Maintain)

Target Price	HK\$8.84
(Previous TP)	HK\$9.63)
Up/Downside	27.9%
Current Price	HK\$6.91

### China Technology

#### Alex NG

(852) 3900 0881

alexng@cmbi.com.hk

#### Hanqing LI

lihanqing@cmbi.com.hk

### Stock Data

Mkt Cap (HK\$ mn)	5,472.7
Avg 3 mths t/o (HK\$ mn)	47.5
52w High/Low (HK\$)	8.36/4.37
Total Issued Shares (mn)	792.0

Source: FactSet

### Shareholding Structure

BOE Technology Group	53.0%
Ko Chun Shun	5.6%

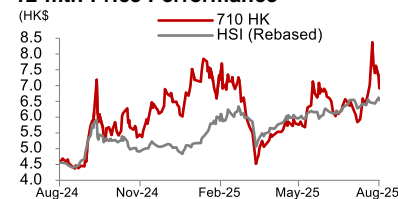
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	6.8%	6.2%
3-mth	20.0%	9.4%
6-mth	-7.5%	-13.8%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

## 1H25 Results review

Figure 1: Earnings revision

HK\$ mn	1H24	2H24	1H25	HoH	YoY	CMBI FY25E (Prior)	% Track	Consensus FY25E	Diff %
Revenue	6,157	7,291	6,671	-8.5%	8.3%	16,274	41%	15,814	42%
Operating profit	194	244	201	-17.5%	3.9%	604	33%	617	33%
Net profit	172	219	180	-17.7%	4.9%	506	36%	512	35%
EPS (HK\$ cent)	21.86	27.79	22.91	-17.6%	4.8%	64.2	36%	65.6	35%
Operating margin	3.1%	3.3%	3.0%	-0.3 ppt	-0.1 ppt	3.7%		3.9%	
Net margin	2.8%	3.0%	2.7%	-0.3 ppt	-0.1 ppt	3.1%		3.2%	

Source: Company data, CMBIGM estimates

## Earnings Revision

Figure 2: Earnings revision

(HK\$ mn)	New			Old			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY26E	FY25E	FY26E	FY27E
Revenue	14,879	16,843	19,005	16,274	19,404	22,228	-8.6%	-13.2%	-14.5%
Operating profit	456	555	676	604	750	881	-24.5%	-26.0%	-23.3%
Net profit	408	498	611	506	626	739	-19.4%	-20.4%	-17.2%
EPS (HK\$ cent)	51.75	63.12	77.53	64.18	79.34	93.68	-19.4%	-20.4%	-17.2%
Operating margin	3.1%	3.3%	3.6%	3.7%	3.9%	4.0%	-0.6 ppt	-0.6 ppt	-0.4 ppt
Net margin	2.7%	3.0%	3.2%	3.1%	3.2%	3.3%	-0.4 ppt	-0.3 ppt	-0.1 ppt

Source: Company data, CMBIGM estimates

Figure 3: CMBI estimates vs consensus

(HK\$ mn)	CMBI			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	14,879	16,843	19,005	15,814	18,290	20,694	-5.9%	-7.9%	-8.2%
Operating profit	456	555	676	617	690	833	-26.1%	-19.6%	-18.9%
Net profit	408	498	611	512	646	780	-20.3%	-23.0%	-21.6%
EPS (HK\$ cent)	51.75	63.12	77.53	65.57	82.43	98.86	-21.1%	-23.4%	-21.6%
Operating margin	3.1%	3.3%	3.6%	3.9%	3.8%	4.0%	-0.8 ppt	-0.5 ppt	-0.5 ppt
Net margin	2.7%	3.0%	3.2%	3.2%	3.5%	3.8%	-0.5 ppt	-0.6 ppt	-0.6 ppt

Source: Company data, CMBIGM estimates

Figure 4: P&L forecast

HK\$ mn	2023	2024	1H25	2H25E	2025E	2026E	2027E
Revenue	10,760	13,449	6,671	8,208	14,879	16,843	19,005
YoY	0.4%	25.0%	8.3%	12.6%	10.6%	13.2%	12.8%
... Auto display	9,710	12,660	6,245	7,806	14,051	15,940	18,012
YoY	1.4%	30.4%	8.6%	13.0%	11.0%	13.4%	13.0%
... Industrial display	1,050	789	426	402	828	902	993
YoY	-8.3%	-24.9%	4.9%	5.0%	5.0%	9.0%	10.0%
Operating profit	570	437	201	254	456	555	676
OPM (%)	5.3%	3.3%	3.0%	3.1%	3.1%	3.3%	3.6%
... YoY	-15.0%	-23.2%	3.9%	4.4%	4.2%	21.7%	21.8%
Net profit	475	391	180	228	408	498	611
NPM (%)	4.4%	2.9%	2.7%	2.8%	2.7%	3.0%	3.2%
... YoY	-18.4%	-17.7%	4.9%	3.9%	4.3%	22.0%	22.8%

Source: Company data, CMBIGM estimates

## Valuation

Maintain BUY and our new TP of HK\$8.84 is based on rolled-over 14.0x FY26E P/E (vs prior 15x FY25E) for near-term margin headwinds. We are positive on BOEVx's order wins, system products ramp-up, overseas expansion and auto display market leadership. Trading at 13.4x/10.9x FY25/26E P/E, the stock is attractive in our view.

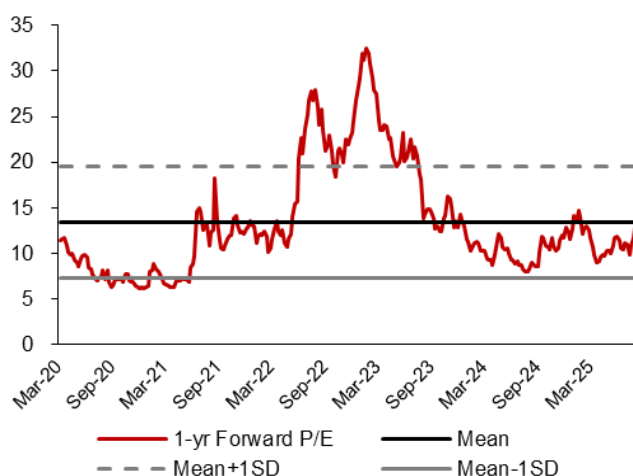
**Figure 5: Peers' valuation**

Company	Ticker	Rating	Mkt Cap US\$(mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x)		P/B (x)		ROE (%)	
							FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
BOE Varitronix	710 HK	BUY	693	6.91	8.84	28%	13.4	10.9	0.5	0.4	8.6	9.8
LDG	LPL US	NR	4,340	4.34	NA	NA	7.8	108.3	-	-	12.2	-
AUO	2409 TT	NR	3,212	13.00	NA	NA	15.8	18.3	0.6	0.6	4.0	3.8
Tianma	000050 CH	NR	3,443	10.02	NA	NA	65.5	43.0	0.9	0.9	1.4	2.2
Wuhu Token	300088 CH	NR	2,395	6.86	NA	NA	-	-	2.0	1.9	5.1	6.2
Infovision	688055 CH	NR	2,074	4.45	NA	NA	-	-	-	-	-	-
Truly	732 HK	NR	476	1.21	NA	NA	-	-	-	-	-	-
Average							24.9	44.5	1.2	1.1	6.7	6.1

Source: Bloomberg, CMBIGM estimates.

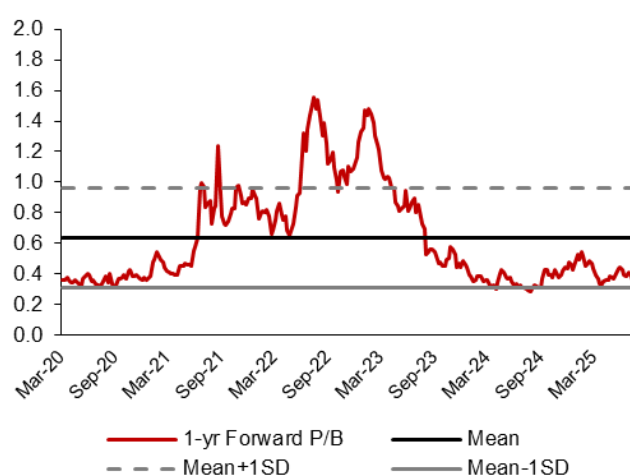
Note: Data as of 26 Aug 2025

**Figure 6: 12M forward P/E band**



Source: Company data, CMBIGM estimates

**Figure 7: 12M forward P/B band**



Source: Company data, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (HK\$ mn)						
Revenue	10,722	10,760	13,449	14,879	16,843	19,005
Operating expenses	10,052	10,191	13,011	14,423	16,288	18,329
Operating profit	670	570	437	456	555	676
EBITDA	841	771	686	755	877	1,007
Depreciation	(166)	(202)	(244)	(299)	(323)	(332)
Other income/expense	(445)	(466)	(671)	(805)	(909)	(1,026)
Others	427	437	651	791	893	1,017
Pre-tax profit	658	540	422	442	538	666
Income tax	98	59	21	56	62	77
After tax profit	560	481	402	386	476	590
Net profit	582	475	391	408	498	611
Adjusted net profit	582	475	391	408	498	611

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (HK\$ mn)						
<b>Current assets</b>	<b>6,611</b>	<b>8,097</b>	<b>9,195</b>	<b>8,660</b>	<b>10,900</b>	<b>10,568</b>
Cash & equivalents	2,819	3,501	2,700	2,027	3,116	2,446
Account receivables	2,158	2,556	3,326	3,005	4,162	3,926
Inventories	1,568	1,947	1,778	2,237	2,231	2,805
Other current assets	66	94	1,391	1,391	1,391	1,391
<b>Non-current assets</b>	<b>1,673</b>	<b>1,937</b>	<b>2,270</b>	<b>2,512</b>	<b>2,786</b>	<b>3,093</b>
PP&E	1,490	1,760	2,060	2,303	2,577	2,883
Other non-current assets	182	177	209	209	209	209
<b>Total assets</b>	<b>8,283</b>	<b>10,034</b>	<b>11,465</b>	<b>11,172</b>	<b>13,686</b>	<b>13,661</b>
<b>Current liabilities</b>	<b>4,103</b>	<b>5,023</b>	<b>6,500</b>	<b>5,889</b>	<b>8,059</b>	<b>7,593</b>
Account payables	3,390	4,738	6,228	5,618	7,787	7,322
Tax payable	65	14	23	23	23	23
Other current liabilities	648	271	248	248	248	248
<b>Non-current liabilities</b>	<b>64</b>	<b>601</b>	<b>365</b>	<b>365</b>	<b>365</b>	<b>365</b>
Long-term borrowings	31	383	170	170	170	170
Other non-current liabilities	33	218	194	194	194	194
<b>Total liabilities</b>	<b>4,167</b>	<b>5,624</b>	<b>6,864</b>	<b>6,254</b>	<b>8,424</b>	<b>7,958</b>
Share capital	198	198	198	198	198	198
Other reserves	3,867	4,156	4,337	4,677	5,043	5,505
<b>Total shareholders equity</b>	<b>4,116</b>	<b>4,410</b>	<b>4,600</b>	<b>4,918</b>	<b>5,262</b>	<b>5,703</b>
<b>Total equity and liabilities</b>	<b>8,283</b>	<b>10,034</b>	<b>11,465</b>	<b>11,172</b>	<b>13,686</b>	<b>13,661</b>

<b>CASH FLOW</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec (HK\$ mn)</b>						
<b>Operating</b>						
Profit before taxation	658	540	422	442	538	666
Depreciation & amortization	166	202	237	353	400	454
Change in working capital	(194)	564	888	(749)	1,019	(804)
Others	144	(120)	(21)	(56)	(62)	(77)
<b>Net cash from operations</b>	<b>774</b>	<b>1,186</b>	<b>1,527</b>	<b>(10)</b>	<b>1,895</b>	<b>239</b>
<b>Investing</b>						
Capital expenditure	(1,176)	(502)	(538)	(595)	(674)	(760)
Others	7	278	0	0	0	0
<b>Net cash from investing</b>	<b>(1,170)</b>	<b>(224)</b>	<b>(538)</b>	<b>(595)</b>	<b>(674)</b>	<b>(760)</b>
<b>Financing</b>						
Dividend paid	(109)	(181)	(135)	(68)	(132)	(149)
Others	1,207	(83)	0	0	0	0
<b>Net cash from financing</b>	<b>1,098</b>	<b>(263)</b>	<b>(135)</b>	<b>(68)</b>	<b>(132)</b>	<b>(149)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	2,267	2,819	3,501	2,700	2,027	3,116
Exchange difference	(151)	(17)	0	0	0	0
Others	702	698	(801)	(673)	1,090	(670)
<b>Cash at the end of the year</b>	<b>2,819</b>	<b>3,501</b>	<b>2,700</b>	<b>2,027</b>	<b>3,116</b>	<b>2,446</b>
<b>GROWTH</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Revenue	38.6%	0.4%	25.0%	10.6%	13.2%	12.8%
Operating profit	91.5%	(15.0%)	(23.2%)	4.2%	21.7%	21.8%
EBITDA	63.9%	(8.3%)	(11.0%)	10.0%	16.3%	14.8%
Net profit	77.7%	(18.4%)	(17.7%)	4.3%	22.0%	22.8%
Adj. net profit	77.7%	(18.4%)	(17.7%)	4.3%	22.0%	22.8%
<b>PROFITABILITY</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Operating margin	6.3%	5.3%	3.3%	3.1%	3.3%	3.6%
EBITDA margin	7.8%	7.2%	5.1%	5.1%	5.2%	5.3%
Adj. net profit margin	5.4%	4.4%	2.9%	2.7%	3.0%	3.2%
Return on equity (ROE)	15.6%	11.1%	8.7%	8.6%	9.8%	11.2%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Net debt to equity (x)	0.0	0.3	0.5	0.3	0.6	0.4
Current ratio (x)	1.6	1.6	1.4	1.5	1.4	1.4
Receivable turnover days	66.4	79.9	79.8	77.7	77.7	77.7
Inventory turnover days	50.0	74.7	61.9	61.9	60.8	60.8
Payable turnover days	115.1	172.8	182.3	182.5	182.5	182.5
<b>VALUATION</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
P/E	8.8	11.4	13.9	13.4	10.9	8.9
P/B	0.6	0.5	0.5	0.5	0.4	0.4
Div yield (%)	354.7	276.8	247.0	125.3	242.1	274.0
EV	4,115.8	4,409.7	4,600.5	4,918.4	5,262.4	5,702.6
EV/Sales	0.4	0.4	0.3	0.3	0.3	0.3
EV/EBITDA	4.9	5.7	6.7	6.5	6.0	5.7

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

# Disclosures & Disclaimers

## Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report. Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

## CMBIGM Ratings

**BUY** : Stock with potential return of over 15% over next 12 months  
**HOLD** : Stock with potential return of +15% to -10% over next 12 months  
**SELL** : Stock with potential loss of over 10% over next 12 months  
**NOT RATED** : Stock is not rated by CMBIGM

**OUTPERFORM** : Industry expected to outperform the relevant broad market benchmark over next 12 months  
**MARKET-PERFORM** : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months  
**UNDERPERFORM** : Industry expected to underperform the relevant broad market benchmark over next 12 months

## CMB International Global Markets Limited

**Address:** 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

**CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)**

## Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM. Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.