

Luxshare (002475 CH)

Stronger outlook in Apple upgrade cycle and Leoni/ODM synergies; Lift TP to RMB75.55

We raise TP to RMB75.55 (25% upside) to reflect our more positive view on iPhone 17/ foldable cycle, stronger synergy from Leoni/ODM integration, and AI server component pipeline (connectivity/thermal/power). We raise FY25-27E EPS by 0-19% to reflect FY25 guidance, enhanced synergy and better margin. We expect Luxshare to deliver 27% earnings CAGR over 2025-27E, driven by 9%/54%/47% FY25-27E revenue CAGR from consumer electronics/automotive/communication segments. Trading at 25x/20x FY25/26E P/E after recent pullback, valuation is attractive in our view. Upcoming catalysts include iPhone 17 shipment, auto client wins, and AI server component ramp-up.

- Beneficiary of Apple multi-product upgrade cycle. With a full coverage of Apple's products (iPhone/Watch/AirPods/Mac/VisionPro), we believe Luxshare is well-positioned to benefit from strong execution and market share gains from Apple's new product cycle in iPhone 17/foldable/20th anniversary edition and smart home/AI glasses during 2026-27E
- Synergies from consolidation of Leoni and Wingtech's ODM. Mgmt. highlighted that the integration process has exceeded expectations: 1) original targets for Leoni (e.g. NP breakeven in 2025, GPM to reach corp. avg.) will be achieved at least one year earlier, and 2) vertical integration with Wingtech ODM will enhance competitiveness and boost exposure to non-Apple biz, particularly in PC segment targeting doubled sales over next three years.
- Strong Al server product pipeline. We believe Luxshare is making progress with design wins and share gains with core Al server products (high-speed connectivity/power/thermal). In particular, mgmt. remains confident that CPC will become mainstream connectivity solution in near term, and AC/DC products have achieved breakthrough with core customers.
- Upbeat FY25E guidance on iPhone 17 and better GPM. Luxshare guided FY25E NP growth of 24-29% YoY, mainly driven by new iPhone models and better profitability from Leoni and Wingtech assets. 3Q25 GPM at 12.8% (+1.1ppt YoY/0.8ppt QoQ) was a positive surprise, thanks to higher-margin auto/communications segments and strong execution of new acquisitions.
- Multiple growth engines to drive re-rating; Raise TP to RMB75.55 We believe revenue mix shift to higher-growth, high-margin Al/auto segments along with stronger Apple upgrade cycle will boost re-rating. We raise our TP to RMB75.55, based on 10-year hist. avg. 25x FY26E P/E (vs prior 21x) for Apple cycle strength and strong execution of Leoni/ODM integrations.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	231,905	268,795	317,450	378,416	444,880
YoY growth (%)	8.4	15.9	18.1	19.2	17.6
Net profit (RMB mn)	10,952.7	13,365.7	17,074.9	21,492.9	27,554.9
EPS (Reported) (RMB)	1.54	1.86	2.40	3.02	3.87
YoY growth (%)	19.4	20.8	29.1	25.9	28.2
Consensus EPS (RMB)	na	na	2.35	2.93	3.57
P/E (x)	39.3	32.5	25.2	20.0	15.6
P/B (x)	6.1	5.1	4.2	3.5	2.9
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	17.0	17.2	18.3	19.1	20.1
Source: Company data, Blooml	oerg, CMBIGM e	stimates			

BUY (Maintain)

Target PriceRMB75.55(Previous TPRMB59.50)Up/Downside24.8%Current PriceRMB60.54

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Stock Data

Mkt Cap (RMB mn)	429,834.0
Avg 3 mths t/o (RMB mn)	10,924.6
52w High/Low (RMB)	70.20/28.68
Total Issued Shares (mn)	7100.0

Source: FactSet

Shareholding Structure

Luxshare Ltd	38.3%
HKEX	7.4%

Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	-6.4%	-6.7%
3-mth	67.1%	46.1%
6-mth	96.2%	59.0%

Source: FactSet

12-mth Price Performance



Source: FactSet



Earnings revision

Figure 1: CMBIGM estimates revision

		New			Old			Diff (%)	
RMB mn	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	317,450	378,416	444,880	309,560	349,322	389,864	3%	8%	14%
Gross profit	36,366	44,462	54,746	35,412	40,848	46,648	3%	9%	17%
Operating profit	20,353	25,262	31,998	20,357	23,773	27,201	0%	6%	18%
Net profit	17,075	21,493	27,555	17,078	20,152	23,237	0%	7%	19%
EPS (RMB)	2.40	3.02	3.87	2.40	2.83	3.27	0%	7%	19%
Gross margin	11.5%	11.7%	12.3%	11.4%	11.7%	12.0%	0 ppt	0.1 ppt	0.3 ppt
Operating margin	6.4%	6.7%	7.2%	6.6%	6.8%	7.0%	-0.2 ppt	-0.1 ppt	0.2 ppt
Net margin	5.4%	5.7%	6.2%	5.5%	5.8%	6.0%	-0.1 ppt	-0.1 ppt	0.2 ppt

Source: CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

		CMBIGM			Consensus			Diff (%)	
RMB mn	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	317,450	378,416	444,880	331,281	398,719	455,583	-4%	-5%	-2%
Gross profit	36,366	44,462	54,746	38,179	46,582	54,911	-5%	-5%	0%
Operating profit	20,353	25,262	31,998	18,186	23,023	28,361	12%	10%	13%
Net profit	17,075	21,493	27,555	16,923	21,291	25,913	1%	1%	6%
EPS (RMB)	2.40	3.02	3.87	2.35	2.93	3.57	2%	3%	9%
Gross margin	11.5%	11.7%	12.3%	11.5%	11.7%	12.1%	-0.1 ppt	0.1 ppt	0.3 ppt
Operating margin	6.4%	6.7%	7.2%	5.5%	5.8%	6.2%	0.9 ppt	0.9 ppt	1 ppt
Net margin	5.4%	5.7%	6.2%	5.1%	5.3%	5.7%	0.3 ppt	0.3 ppt	0.5 ppt

Source: Bloomberg, CMBIGM estimates

Figure 3: Revenue breakdown

RMB mn	FY23	FY24	1H25	2H25E	FY25E	FY26E	FY27E
Computer Connectors	7,492	9,002	4,889	5,013	9,903	10,893	11,982
YoY	-34%	20%	12%	8%	10%	10%	10%
Automotive Interconnect	9,252	13,758	8,658	24,360	33,018	56,131	78,584
YoY	50%	49%	82%	171%	140%	70%	40%
Comm. Interconnection	14,538	18,360	11,098	16,075	27,173	40,759	59,101
YoY	13%	26%	49%	48%	48%	50%	45%
Consumer Electronics	197,183	224,094	97,799	145,439	243,238	266,309	290,673
YoY	10%	14%	14%	5%	9%	9%	9%
Casing + Top module	79,079	91,032	=	-	91,069	94,848	96,762
Type-C (Non-Apple)	2,795	2,236	=	-	1,789	1,431	1,145
Dongle	=	-	=	-	=	-	-
Lightning, wireless, LCP	12,378	12,309	=	-	13,243	13,181	13,122
Acoustics/haptics	6,649	6,587	=	-	6,674	6,875	7,018
Apple Watch	32,399	32,722	=	-	35,280	37,926	39,690
AirPods	34,650	30,800	-	-	30,800	31,570	32,340
Others	29,233	48,408	-	-	64,382	80,478	100,597
Other Connectors	3,439	3,581	2,059	2,059	4,118	4,324	4,540
YoY	-16%	4%	42%	-3%	15%	5%	5%
Total	231,905	268,795	124,503	192,946	317,450	378,416	444,880
YoY	8%	16%	20%	17%	18%	19%	18%

Source: Company data, CMBIGM estimates



Figure 4: P&L forec	casts
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RMB mn	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue	153,946	214,028	231,905	268,795	317,450	378,416	444,880
YoY	66%	39%	8%	16%	18%	19%	18%
Cost of sales	135,048	187,929	205,041	240,809	281,084	333,954	390,134
Gross profit	18,898	26,100	26,864	27,985	36,366	44,462	54,746
GPM (%)	12.3%	12.2%	11.6%	10.4%	11.5%	11.7%	12.3%
YoY	13%	38%	3%	4%	30%	22%	23%
SG&A	4,532	5,907	6,432	7,412	9,365	10,596	12,457
% of rev	2.9%	2.8%	2.8%	2.8%	3.0%	2.8%	2.8%
R&D	6,642	8,447	8,189	8,556	10,793	12,866	14,681
% of rev	4.3%	3.9%	3.5%	3.2%	3.4%	3.4%	3.3%
Operating profit	8,167	11,154	12,860	16,142	20,353	25,262	31,998
OPM (%)	5.3%	5.2%	5.5%	6.0%	6.4%	6.7%	7.2%
YoY	0%	37%	15%	26%	26%	24%	27%
Net profit	7,071	9,163	10,953	13,366	17,075	21,493	27,555
NPM (%)	4.6%	4.3%	4.7%	5.0%	5.4%	5.7%	6.2%
YoY	-2%	30%	20%	22%	28%	26%	28%

Source: Company data, CMBIGM estimates



Valuation

Reiterate BUY with new TP of RMB 75.55 (25% upside)

We derive our new 12M TP of RMB 75.55 based on higher 25x FY26E P/E (vs prior 21x FY26E P/E), in-line with the past 10-yr hist. fwd. P/E. We believe this is justified as Luxshare continues to deliver strong earnings growth, market share gains and product expansion to capture datacentre, Apple and NEV opportunities in the next 3-5 years.

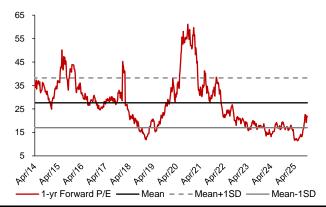
Upcoming catalysts include iPhone 17 shipment, auto client wins, and AI server component ramp-up.

Figure 5: Peers' valuation

			Market	5.		Up/	5/5		5/5		505	(0/)
			Сар	Price	TP	Down		(x)		(x)		(%)
Company	Ticker	Rating	(US\$mn)	(LC)	(LC)	-side	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
A-listed compon		510/										
Luxshare	002475 CH	BUY	61,873	60.54	75.55	25%	25.2	20.0	4.2	3.5	16.7	17.4
O-film	002456 CH	NR	5,862	12.44	NA	NA	540.9	108.2	8.5	7.4	1.6	8.1
Sunway	300136 CH	NR	4,782	35.21	NA	NA	45.4	39.2	4.2	3.8	9.5	10.0
BOE	000725 CH	NR	20,869	4.00	NA	NA	18.5	13.5	1.1	1.0	5.7	7.3
Hans Laser	002008 CH	NR	5,933	41.06	NA	NA	36.5	24.6	2.5	2.3	6.8	9.4
Lens Tech	300433 CH	NR	20,960	28.59	NA	NA	30.3	22.6	2.8	2.6	9.3	11.6
Everwin	300115 CH	NR	6,608	34.63	NA	NA	61.9	47.4	5.5	4.0	8.7	10.5
			Average				98.5	37.9	4.0	3.4	8.6	10.5
H-listed compon	ents											
FIT Hon Teng	6088 HK	BUY	4,989	5.31	4.96	-7%	25.4	17.2	1.8	1.6	7.1	9.5
AAC Tech	2018 HK	BUY	5,876	38.90	60.55	56%	16.1	12.7	1.6	1.5	10.0	11.5
BYDE	285 HK	BUY	10,202	35.20	43.54	24%	16.5	12.9	2.0	1.8	12.2	14.0
Q tech	1478 HK	BUY	1,913	12.50	14.50	16%	17.8	14.8	2.3	2.1	13.1	13.9
TK Group	2283 HK	BUY	267	2.49	3.04	22%	7.5	6.6	1.2	1.1	15.3	16.7
YOFC	6869 HK	NR	6,287	34.88	NA	NA	28.1	18.7	2.0	1.8	7.2	10.0
Cowell	1415 HK	NR	3,341	29.92	NA	NA	17.3	13.5	4.8	3.6	30.0	28.7
			Average				28.1	20.6	2.4	2.1	12.3	15.3

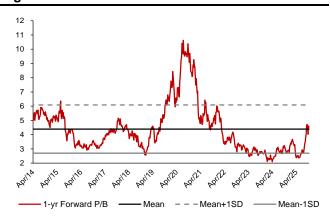
Source: Bloomberg, CMBIGM estimates. *as of the closing price on 4 Nov.

Figure 6: 12M forward P/E band



Source: Bloomberg, CMBIGM

Figure 7: 12M forward P/B band



Source: Bloomberg, CMBIGM



Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	214,028	231,905	268,795	317,450	378,416	444,880
Cost of goods sold	(187,929)	(205,041)	(240,809)	(281,084)	(333,954)	(390,134)
Gross profit	26,100	26,864	27,985	36,366	44,462	54,746
Selling expense	(831)	(889)	(1,060)	(1,270)	(1,514)	(1,780)
Admin expense	0	0	0	0	0	0
SG&A expense	(5,076)	(5,543)	(6,352)	(8,095)	(9,082)	(10,677)
R&D expense	(8,447)	(8,189)	(8,556)	(10,793)	(12,866)	(14,681)
Others	(3,100)	(3,632)	(2,635)	(2,890)	(3,017)	(3,156)
Other income	602	825	993	1,270	1,514	1,780
Gain/loss on financial assets at FVTPL	14	210	(63)	(63)	(63)	(63)
Investment gain/loss	998	1,771	4,547	4,547	4,547	4,547
Other gains/(losses)	895	1,442	1,282	1,282	1,282	1,282
EBIT	11,154	12,860	16,142	20,353	25,262	31,998
Net Interest income/(expense)	(883)	(483)	503	553	609	670
Other income/expense	4	25	(33)	(33)	(33)	(33)
Pre-tax profit	11,158	12,885	16,109	20,320	25,229	31,965
Income tax	(667)	(642)	(1,530)	(2,032)	(2,523)	(3,196)
After tax profit	10,491	12,243	14,579	18,288	22,706	28,768
Minority interest	1,328	1,291	1,213	1,213	1,213	1,213
Net profit Gross dividends	9,163 927	10,953 0	13,366 0	17,075 0	21,493 0	27,555 0
Gross dividends	921	Ü	Ü	Ü	U	U
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	88,292	94,228	138,545	157,113	198,792	222,833
Cash & equivalents	19,367	33,620	48,360	60,214	91,462	108,518
Account receivables	26,993	23,766	32,911	34,724	45,766	48,738
Inventories	37,363	29,758	31,703	40,037	45,196	54,376
Prepayment	587	487	389	389	389	389
Financial assets at FVTPL	1,353	1,721	1,403	1,403	1,403	1,403
Other current assets	2,628	4,878	23,780	23,780	23,780	23,780
Non-current assets	60,092	67,764	85,282	82,541	80,282	78,423
PP&E	46,721	46,787	53,610	50,869	48,611	46,751
Deferred income tax	1,209	873	818	818	818	818
Investment in JVs & assos	2,440	4,482	7,601	7,601	7,601	7,601
Intangibles	2,696	2,663	2,791	2,791	2,791	2,791
Goodwill	1,730	1,729	1,886	1,886	1,886	1,886
Financial assets at FVTPL	0	0	0	0	0	0
Other non-current assets	5,297	11,230	18,576	18,576	18,576	18,576
Total assets	148,384	161,992	223,828	239,654	279,075	301,255
Current liabilities	74,631	74,835	113,875	115,859	140,545	144,074
Short-term borrowings	14,912	20,514	35,313	36,313	37,313	38,313
Account payables	50,302	46,401	65,966	66,951	90,637	93,166
Tax payable	0	0	0	0	0	0
Other current liabilities	7,050	5,590	9,584	9,584	9,584	9,584
Accrued expenses	2,368	2,330	3,011	3,011	3,011	3,011
Non-current liabilities	14,969	16,872	25,266	25,266	25,266	25,266
Long-term borrowings	9,205	12,039	19,620	19,620	19,620	19,620
Other non-current liabilities	5,764	4,833	5,646	5,646	5,646	5,646
Total liabilities	89,600	91,707	139,140	141,125	165,811	169,340
Share capital	7,100	7,148	7,236	7,236	7,236	7,236
Retained earnings	32,291	42,031	53,103	70,178	91,671	119,226
Other reserves	5,952	7,132	8,987	8,987	8,987	8,987
Total shareholders equity	58,784	70,285	84,687	101,762	123,255	150,810
Minority interest	45,343	13,975	15,360	15,360	15,360	15,360
Total equity and liabilities	148,384	161,992	223,828	242,887	289,066	320,150



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CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	11,158	12,885	16,109	20,320	25,229	31,965
Depreciation & amortization	7,800	10,320	10,908	9,742	9,258	8,860
Tax paid	(667)	(642)	(1,530)	(2,032)	(2,523)	(3,196)
Change in working capital	(6,612)	4,281	3,156	(9,163)	7,485	(9,623)
Others	381	119	(3,057)	(3,799)	(4,196)	(4,600)
Net cash from operations	12,728	27,605	27,117	17,300	36,640	22,386
Investing						
Capital expenditure	(13,584)	(11,387)	(12,111)	(7,000)	(7,000)	(7,000)
Acquisition of subsidiaries/ investments	(9,352)	(25,906)	(84,709)	0	0	0
Net proceeds from disposal of short-term	8,786	16,948	60,982	0	0	0
investments Others	824	786	182	0	0	0
Net cash from investing	(13,326)	(19,560)	(35,656)	(7,000)	(7,000)	(7,000)
Financing						
Dividend paid	1,797	2,531	3,717	0	0	0
Net borrowings	8,967	8,533	22,925	1,000	1,000	1,000
Proceeds from share issues	1,597	547	2,407	0	0	0
Others	(4,204)	(7,540)	(3,159)	553	609	670
Net cash from financing	8,156	4,070	25,890	1,553	1,609	1,670
Net change in cash						
Cash at the beginning of the year	8,922	17,312	29,684	48,360	60,214	91,462
Exchange difference	833	256	232	0	0	0
Cash at the end of the year	17,312	29,684	47,267	60,214	91,462	108,518
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	39.0%	8.4%	15.9%	18.1%	19.2%	17.6%
Gross profit	38.1%	2.9%	4.2%	29.9%	22.3%	23.1%
EBIT	36.6%	15.3%	25.5%	26.1%	24.1%	26.7%
Net profit	29.6%	19.5%	22.0%	27.8%	25.9%	28.2%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	12.2%	11.6%	10.4%	11.5%	11.7%	12.3%
Return on equity (ROE)	17.5%	17.0%	17.2%	18.3%	19.1%	20.1%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	1.2	1.3	1.2	1.4	1.4	1.5
Receivable turnover days	7.3	9.1	9.5	9.5	9.5	9.5
Inventory turnover days	6.5	6.1	7.8	7.8	7.8	7.8
Payable turnover days	3.9	4.2	4.3	4.3	4.3	4.3
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	46.9	39.3	32.5	25.2	20.0	15.6
P/B	7.3	6.1	5.1	4.2	3.5	2.9
Div yield (%)	0.0	0.0	0.0	0.0	0.0	0.0

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



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CMBIGM Ratings

: Stock with potential return of over 15% over next 12 months BUY HOLD Stock with potential return of +15% to -10% over next 12 months SELL NOT RATED : Stock with potential loss of over 10% over next 12 months

: 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

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