

Luxshare (002475 CH)

3Q25 guidance/2Q25 results in-line; communication /auto segments continue strong growth momentum

We raise TP to RMB59.5 (31% upside) as we are positive on Luxshare into 2H25E, backed by 1) share gains in Apple supply chain, 2) iPhone upgrade cycle in next two years (foldable/curved display in FY26/27E), 3) communication: AI server components to ramp up in 2H25E, 4) automotive: consolidation of Leoni in 3Q25E, and 5) Android ODM: integration synergy and expansion into Android clients' TAM. For 2Q25, revenue/net profit growth of 23%/23% YoY is in-line with midpoint of prior guidance, and company guided 3Q25 net profit to grow 15-28% YoY with midpoint at RMB 4.5bn (+22% YoY), ahead of consensus estimates. We adjust FY25-27E earnings estimates and lift TP to RMB 59.5, based on rollover 21x FY26E P/E, in-line with past 5-yr hist. fwd. P/E (vs prior 24x FY25E). Luxshare will host an earnings call at 3pm on 27 Aug, and we will look for details on non-Apple business outlook, Android ODM integration, and updates on AI server/auto/robotics segments. Maintain BUY.

■ **2Q25 in-line; Solid growth from communications/auto and iPhone OEM.** Luxshare posted 2Q25 revenue/NP growth of 23%/23% YoY, largely in-line with company's prior guidance. In particular, we are impressed by stronger communications/automotive growth at 49%/82% YoY in 1H25, compared to 12%/14% YoY growth from computer/consumer electronics. 2Q25 GPM came in at 12.0% (vs 11.2% in 1Q25), suggesting improving product mix and enhanced operating efficiency. 2Q25 investment gains of RMB1.78bn (vs RMB1.25bn in 1Q) suggested improving efficiency and pull-in orders for iPhone OEM business ahead of tariff.

■ **3Q25 earnings guidance of 15-28% YoY is encouraging.** Luxshare pre-announced 3Q25E earnings growth of 15-28% YoY (midpoint +22% YoY/+24% QoQ), slightly higher than market consensus. We remain positive on Luxshare's business outlook in 2025/26E, backed by: 1) iPhone share gains and upgrade cycle in next two years (foldable/curved display in FY26/27E), 2) datacenter/AI server components/OEM (DAC/ACC high-speed cables, transceivers, thermal, power), 3) auto's tier-1 strategy with domestic/overseas expansion and consolidation of Leoni AG/Kabel, and 4) Android ODM: integration synergy and expansion into Android clients' TAM.

■ **Attractive risk/reward at 16.1x FY26 P/E; Reiterate BUY.** The stock now trades at 19.0x/16.1x FY25/26E P/E, vs. 29%/18% earnings growth in FY25/26E. We rolled forward our target multiple to FY25E, and our new TP of RMB 59.5 is based on rollover 21x FY26E P/E, in-line with past 5-yr hist. fwd. P/E (vs prior 24x FY25E P/E). Catalysts include iPhone share gains, AI server demand, auto deal consolidation and Apple launch event in early Sept.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	231,905	268,795	309,560	349,322	389,864
YoY growth (%)	8.4	15.9	15.2	12.8	11.6
Net profit (RMB mn)	10,952.7	13,365.7	17,077.9	20,152.3	23,237.5
EPS (Reported) (RMB)	1.54	1.86	2.40	2.83	3.27
YoY growth (%)	19.4	20.8	29.1	18.0	15.3
Consensus EPS (RMB)	na	na	2.33	2.85	3.42
P/E (x)	29.6	24.5	19.0	16.1	14.0
P/B (x)	4.6	3.8	3.2	2.7	2.2
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	17.0	17.2	18.3	18.0	17.4

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	RMB59.50
(Previous TP)	RMB55.09)
Up/Downside	30.5%
Current Price	RMB45.60

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Stock Data

Mkt Cap (RMB mn)	323,760.0
Avg 3 mths t/o (RMB mn)	3,864.8
52w High/Low (RMB)	46.33/28.68
Total Issued Shares (mn)	7100.0

Source: FactSet

Shareholding Structure

Luxshare Ltd	38.3%
HKEX	7.4%

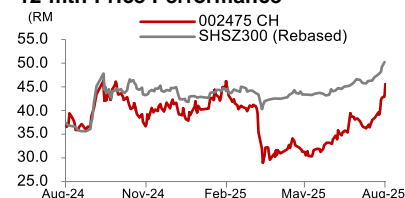
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	19.0%	9.9%
3-mth	46.0%	26.1%
6-mth	1.4%	-10.1%

Source: FactSet

12-mth Price Performance



Source: FactSet

2Q25 Earnings Review

Figure 1: 2Q25 earnings review

RMB mn	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	QoQ	YoY	Consensus	
									2Q25E	Diff (%)
Revenue	52,407	51,191	73,579	91,618	61,788	62,715	2%	23%	62,579	0%
Gross profit	5,631	6,495	8,646	7,213	6,907	7,548	9%	16%	7,494	1%
Operating profit	2,808	3,357	4,376	5,601	3,831	4,351	14%	30%	3,305	32%
Adj. Net profit	2,471	2,925	3,679	4,291	3,044	3,601	18%	23%	3,565	1%
Adj. EPS (RMB)	0.35	0.40	0.51	0.60	0.42	0.50	18%	24%	0.52	-5%
Gross margin	10.7%	12.7%	11.8%	7.9%	11.2%	12.0%	0.9 ppt	-0.7 ppt	12.0%	0.1 ppt
Operating margin	5.4%	6.6%	5.9%	6.1%	6.2%	6.9%	0.7 ppt	0.4 ppt	5.3%	1.7 ppt
Adj. net margin	4.7%	5.7%	5.0%	4.7%	4.9%	5.7%	0.8 ppt	0 ppt	5.7%	0 ppt

Source: Bloomberg, CMBIGM

Figure 2: CMBIGM estimates revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	309,560	349,322	389,864	291,179	335,832	-	6%	4%	-
Gross profit	35,412	40,848	46,648	35,688	41,665	-	-1%	-2%	-
Operating profit	20,357	23,773	27,201	18,516	21,750	-	10%	9%	-
Net profit	17,078	20,152	23,237	16,327	19,400	-	5%	4%	-
EPS (RMB)	2.40	2.83	3.27	2.30	2.73	-	5%	4%	-
Gross margin	11.4%	11.7%	12.0%	12.3%	12.4%	-	-0.8 ppt	-0.7 ppt	-
Operating margin	6.6%	6.8%	7.0%	6.4%	6.5%	-	0.2 ppt	0.3 ppt	-
Net margin	5.5%	5.8%	6.0%	5.6%	5.8%	-	-0.1 ppt	0 ppt	-

Source: Bloomberg, CMBIGM

Figure 3: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	309,560	349,322	389,864	324,155	376,468	430,096	-5%	-7%	-9%
Gross profit	35,412	40,848	46,648	37,156	44,170	51,835	-5%	-8%	-10%
Operating profit	20,357	23,773	27,201	17,655	21,726	26,314	15%	9%	3%
Net profit	17,078	20,152	23,237	16,861	20,604	24,783	1%	-2%	-6%
EPS (RMB)	2.40	2.83	3.27	2.33	2.85	3.42	3%	0%	-4%
Gross margin	11.4%	11.7%	12.0%	11.5%	11.7%	12.1%	0 ppt	0 ppt	-0.1 ppt
Operating margin	6.6%	6.8%	7.0%	5.4%	5.8%	6.1%	1.1 ppt	1 ppt	0.9 ppt
Net margin	5.5%	5.8%	6.0%	5.2%	5.5%	5.8%	0.3 ppt	0.3 ppt	0.2 ppt

Source: Bloomberg, CMBIGM

Figure 4: 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	16,105	24,764	35,907	48,475
...YoY	50%	49%	82%	79%	80%	45%	35%
Comm. Interconnection	14,538	18,360	11,098	14,606	25,704	37,271	52,179
...YoY	13%	26%	49%	34%	40%	45%	40%
Consumer Electronics	197,183	224,094	97,799	147,273	245,072	260,927	272,688
...YoY	10%	14%	14%	6%	9%	6%	5%
Casing + Top module	79,079	91,032	-	-	92,021	94,935	96,848
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	-	-	6,588	6,731	6,875
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	-	-	65,350	75,153	82,668
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	185,057	309,560	349,322	389,864
...YoY	8%	16%	20%	12%	15%	13%	12%

Source: Company data, CMBIGM

Figure 5: P&L forecasts

RMB mn	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue	153,946	214,028	231,905	268,795	309,560	349,322	389,864
...YoY	66%	39%	8%	16%	15%	13%	12%
Cost of sales	135,048	187,929	205,041	240,809	274,149	308,474	343,216
Gross profit	18,898	26,100	26,864	27,985	35,412	40,848	46,648
GPM (%)	12.3%	12.2%	11.6%	10.4%	11.4%	11.7%	12.0%
...YoY	13%	38%	3%	4%	27%	15%	14%
SG&A	4,532	5,907	6,432	7,412	8,977	9,781	10,916
...% of rev	2.9%	2.8%	2.8%	2.8%	2.9%	2.8%	2.8%
R&D	6,642	8,447	8,189	8,556	10,215	11,528	12,866
...% of rev	4.3%	3.9%	3.5%	3.2%	3.3%	3.3%	3.3%
Operating profit	8,167	11,154	12,860	16,142	20,357	23,773	27,201
OPM (%)	5.3%	5.2%	5.5%	6.0%	6.6%	6.8%	7.0%
...YoY	0%	37%	15%	26%	26%	17%	14%
Net profit	7,071	9,163	10,953	13,366	17,078	20,152	23,237
NPM (%)	4.6%	4.3%	4.7%	5.0%	5.5%	5.8%	6.0%
...YoY	-2%	30%	20%	22%	28%	18%	15%

Source: Company data, CMBIGM

Valuation

Reiterate BUY with new TP of RMB 59.5 (31% upside)

We derive our new 12M TP of RMB 59.5 based on rollover 21x FY26E P/E, in-line with past 5-yr hist. fwd. P/E (vs prior 24x FY25E 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.

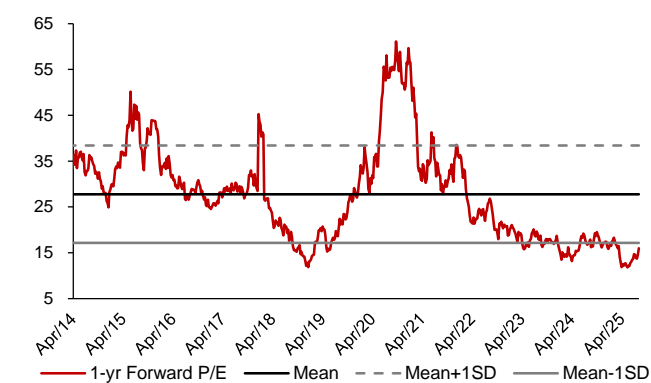
Upcoming catalysts include iPhone share gains, AI server demand, auto deal consolidation and Apple product launch event in early Sept.

Figure 6: Peers' valuation

Company	Ticker	Rating	Market Cap US\$(mn)	Price (LC)	TP (LC)	Up/ Down -side	P/E (x)		P/B (x)		ROE (%)	
							FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
A-listed components												
Luxshare	002475 CH	BUY	46,187	45.60	59.5	31%	19.0	16.1	3.2	2.7	18.3	18.0
O-film	002456 CH	NR	6,555	13.98	NA	NA	186.4	115.5	10.0	9.0	5.6	8.9
Sunway	300136 CH	NR	3,711	27.46	NA	NA	34.8	33.4	3.3	3.0	9.5	9.6
BOE	000725 CH	NR	21,691	4.18	NA	NA	18.8	13.1	1.1	1.1	5.9	7.5
Hans Laser	002008 CH	NR	5,439	37.82	NA	NA	34.6	28.2	2.3	2.2	6.2	7.3
Lens Tech	300433 CH	NR	23,367	30.30	NA	NA	29.6	23.5	2.9	2.7	10.1	11.8
Everwin	300115 CH	NR	5,014	26.43	NA	NA	42.5	33.7	4.1	2.5	9.8	8.8
Average							49.6	36.5	3.8	3.3	9.2	10.1
H-listed components												
FIT Hon Teng	6088 HK	BUY	4,414	4.72	5.0	5%	22.6	15.3	1.6	1.5	7.1	9.5
AAC Tech	2018 HK	BUY	6,814	45.24	60.6	34%	18.7	14.8	1.9	1.7	10.0	11.5
Tongda	698 HK	BUY	141	0.11	0.1	19%	5.9	4.3	0.4	0.3	5.9	7.4
BYDE	285 HK	BUY	11,513	39.86	43.2	8%	14.8	11.9	2.2	2.0	15.0	16.6
Q tech	1478 HK	BUY	2,356	15.45	14.5	-6%	22.0	18.2	2.9	2.5	13.1	13.9
TK Group	2283 HK	BUY	276	2.58	3.0	18%	7.8	6.8	1.2	1.1	15.3	16.7
YOFC	6869 HK	NR	6,079	45.38	NA	NA	34.7	29.9	2.5	2.4	8.4	9.0
Cowell	1415 HK	NR	3,696	33.38	NA	NA	19.4	15.0	5.4	4.0	29.6	28.2
Average							25.1	19.3	2.4	2.1	12.0	14.6

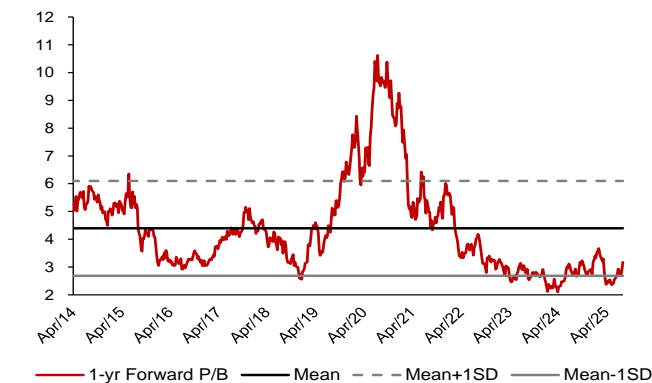
Source: Bloomberg, CMBIGM estimates

Figure 7: 12M forward P/E band



Source: Bloomberg, CMBIGM

Figure 8: 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	309,560	349,322	389,864
Cost of goods sold	(187,929)	(205,041)	(240,809)	(274,149)	(308,474)	(343,216)
Gross profit	26,100	26,864	27,985	35,412	40,848	46,648
Selling expense	(831)	(889)	(1,060)	(1,238)	(1,397)	(1,559)
Admin expense	0	0	0	0	0	0
SG&A expense	(5,076)	(5,543)	(6,352)	(7,739)	(8,384)	(9,357)
R&D expense	(8,447)	(8,189)	(8,556)	(10,215)	(11,528)	(12,866)
Others	(3,100)	(3,632)	(2,635)	(2,866)	(2,930)	(2,991)
Other income	602	825	993	1,238	1,397	1,559
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	20,357	23,773	27,201
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	20,324	23,740	27,168
Income tax	(667)	(642)	(1,530)	(2,032)	(2,374)	(2,717)
After tax profit	10,491	12,243	14,579	18,291	21,366	24,451
Minority interest	1,328	1,291	1,213	1,213	1,213	1,213
Net profit	9,163	10,953	13,366	17,078	20,152	23,237
Gross dividends	927	0	0	0	0	0
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	33,061	41,295	41,609
Inventories	37,363	29,758	31,703	38,267	40,463	47,134
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	112,623	131,891	130,835
Short-term borrowings	14,912	20,514	35,313	36,313	37,313	38,313
Account payables	50,302	46,401	65,966	63,715	81,983	79,926
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	137,889	157,157	156,100
Share capital	7,100	7,148	7,236	7,236	7,236	7,236
Retained earnings	32,291	42,031	53,103	70,181	90,334	113,571
Other reserves	5,952	7,132	8,987	8,987	8,987	8,987
Total shareholders equity	58,784	70,285	84,687	101,765	121,917	145,155
Minority interest	45,343	13,975	15,360	15,360	15,360	15,360
Total equity and liabilities	148,384	161,992	223,828	239,654	279,075	301,255

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	11,158	12,885	16,109	20,324	23,740	27,168
Depreciation & amortization	7,800	10,320	10,908	9,742	9,258	8,860
Tax paid	(667)	(642)	(1,530)	(2,032)	(2,374)	(2,717)
Change in working capital	(6,612)	4,281	3,156	(8,966)	7,838	(9,042)
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 investments	8,786	16,948	60,982	0	0	0
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%	15.2%	12.8%	11.6%
Gross profit	38.1%	2.9%	4.2%	26.5%	15.4%	14.2%
EBIT	36.6%	15.3%	25.5%	26.1%	16.8%	14.4%
Net profit	29.6%	19.5%	22.0%	27.8%	18.0%	15.3%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	12.2%	11.6%	10.4%	11.4%	11.7%	12.0%
Return on equity (ROE)	17.5%	17.0%	17.2%	18.3%	18.0%	17.4%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	1.2	1.3	1.2	1.4	1.5	1.7
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	35.3	29.6	24.5	19.0	16.1	14.0
P/B	5.5	4.6	3.8	3.2	2.7	2.2
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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