

OmniVision (603501 CH)

Higher-value CIS mix expansion supports margin resilience

OmniVision reported FY25 results with revenue up 12.1% YoY to RMB28.9bn, 5% below both our estimate and BBG consensus, while net profit rose 21.7% YoY to RMB4.0bn, 2% below our forecast and 9% below BBG consensus. GPM improved to 30.6% in FY25 from 29.4% in FY24, broadly in line with both our estimate and consensus, mainly driven by a richer CIS mix and a higher contribution from auto CIS. By quarter, 4Q25 revenue grew 4% YoY but declined 10% QoQ, mainly reflecting softer smartphone-related shipments and seasonality, while GPM improved sequentially to 31.3%, supported by continued mix upgrade. Looking ahead, mgmt. guides 1Q26 revenue of RMB6.2–6.5bn, with the midpoint implying a 2.3% YoY and 11% QoQ decline, while guiding GPM at 28.7–29.6%, as higher component costs, especially memory-related inflation, continue to pressure downstream demand. **Maintain BUY with TP adjusted to RMB136, based on 33.0x 2026E P/E (previous: 33.6x), in line with the Company's two-year historical forward average.**

■ **Core CIS business continued to see a structural mix upgrade**, with growth increasingly driven by higher-value auto, emerging/IoT, and medical applications rather than mobile alone. Core CIS revenue grew 10.7% YoY in FY25, while auto/emerging & IoT/medical contributed 35%/11%/5% of segment sales, up from 31%/4%/3.5% in FY24. By contrast, mobile CIS revenue declined 15.6% YoY and its mix fell to 39% from 51% in FY24, pointing to a more diversified growth profile. Mgmt. attributed auto CIS growth to rising camera content per vehicle, accelerating ADAS/AD penetration, and higher value per camera, while emerging/IoT growth was driven by panoramic and action cameras, smart glasses, and edge-AI applications. Mgmt. also highlighted growing customization engagements with leading customers in optical modules; together with the Company's existing LCOS volume shipments in WSS applications, we view this as early validation of its ability to expand beyond CIS into optical-related opportunities. We expect the CIS business to deliver high-teens growth in FY26E, supported by a further mix shift toward higher-value applications.

■ **Other segments showed a more mixed pattern in FY25.** Display revenue declined 8.5% YoY to RMB941mn, mainly due to weaker demand in the smartphone LCD TDDI market, although the Company made progress in product-line optimization. Analog revenue grew 13.4% YoY to RMB1.6bn, supported by deeper customer engagement across power management, driver, and signal-chain products. Auto analog was a key growth driver, with revenue reaching nearly RMB300mn, or close to 20% of Analog sales, up more than 47% YoY on increasing adoption of localized auto components and continued new product ramp-up.

■ **Maintain BUY, with TP adjusted to RMB136.** Our new TP is based on 33.0x 2026E P/E, in line with the Company's two-year historical forward average. We lower our FY26E revenue and net profit forecasts by 10% and 20%, respectively, mainly to reflect a softer mobile demand outlook and continued component cost inflation in FY26E.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	25,731	28,855	34,051	40,080	47,141
YoY growth (%)	22.4	12.1	18.0	17.7	17.6
Gross margin (%)	29.4	30.6	31.8	33.3	34.6
Net profit (RMB mn)	3,323.2	4,045.4	4,978.4	6,748.8	8,860.8
YoY growth (%)	498.1	21.7	23.1	35.6	31.3
EPS (Reported) (RMB)	2.77	3.37	4.15	5.62	7.38
YoY growth (%)	489.4	21.7	23.1	35.6	31.3
P/E (x)	36.2	29.8	24.2	17.8	13.6

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	RMB136.00
(Previous TP)	RMB173.00)
Up/Downside	35.6%
Current Price	RMB100.32

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Stock Data

Mkt Cap (RMB mn)	120,426.2
Avg 3 mths t/o (RMB mn)	1,856.9
52w High/Low (RMB)	151.17/98.62
Total Issued Shares (mn)	1200.4

Source: FactSet

Shareholding Structure

Yu Renrong	25.1%
SX WEIHAO EQU INVEST	11.7%
FUND	

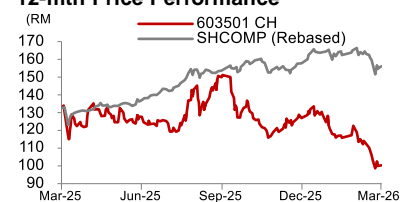
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-18.4%	-13.5%
3-mth	-20.9%	-20.0%
6-mth	-33.6%	-34.3%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Earnings revision

RMBmn	New			Old			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	34,051	40,080	47,141	37,871	46,802	N/A	-10%	-14%	N/A
Gross profit	10,813	13,363	16,292	12,384	15,211	N/A	-13%	-12%	N/A
Net profit	4,978	6,749	8,861	6,197	7,857	N/A	-20%	-14%	N/A
EPS (RMB)	4.15	5.62	7.38	6.09	7.86	N/A	-32%	-28%	N/A
Gross margin	31.8%	33.3%	34.6%	32.7%	32.5%	N/A	-0.9 ppt	0.8 ppt	N/A
Net margin	14.6%	16.8%	18.8%	16.4%	16.8%	N/A	-1.7 ppt	0.1 ppt	N/A

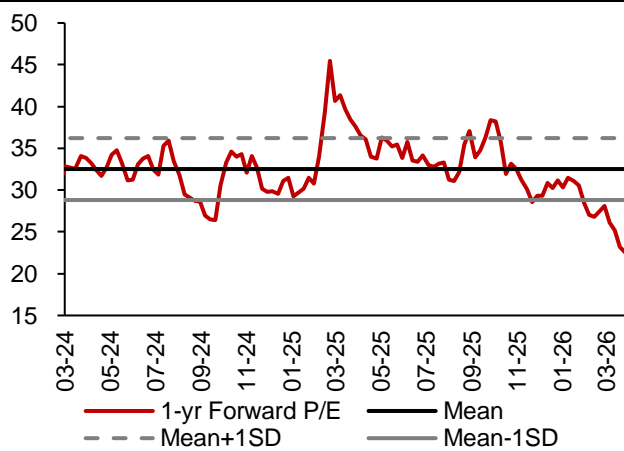
Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs. BBG consensus

RMBmn	CMBIGM			BBG Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	34,051	40,080	47,141	36,404	42,569	N/A	-6%	-6%	N/A
Gross profit	10,813	13,363	16,292	11,496	13,778	N/A	-6%	-3%	N/A
Net profit	4,978	6,749	8,861	5,769	7,325	N/A	-14%	-8%	N/A
EPS (RMB)	4.15	5.62	7.38	4.73	5.92	N/A	-12%	-5%	N/A
Gross margin	31.8%	33.3%	34.6%	31.6%	32.4%	N/A	0.2 ppt	1 ppt	N/A
Net margin	14.6%	16.8%	18.8%	15.8%	17.2%	N/A	-1.2 ppt	-0.4 ppt	N/A

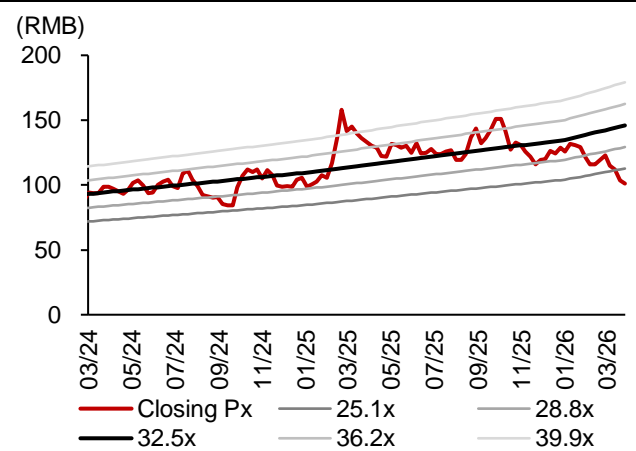
Source: Bloomberg consensus, CMBIGM estimates

Figure 3: Forward P/E chart



Source: Company data, CMBIGM estimates

Figure 4: P/E band



Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	21,021	25,731	28,855	34,051	40,080	47,141
Cost of goods sold	(16,446)	(18,154)	(20,015)	(23,238)	(26,718)	(30,849)
Gross profit	4,574	7,576	8,840	10,813	13,363	16,292
Operating expenses	(3,297)	(3,908)	(4,076)	(4,621)	(5,139)	(5,690)
Selling expense	(467)	(557)	(564)	(681)	(802)	(943)
Admin expense	(33)	(40)	(46)	(54)	(64)	(75)
SG&A expense	(623)	(748)	(696)	(788)	(827)	(855)
R&D expense	(2,234)	(2,622)	(2,843)	(3,185)	(3,548)	(3,937)
Others	60	59	73	86	102	120
Operating profit	1,277	3,668	4,763	6,192	8,224	10,601
Other income	26	13	2	2	2	2
Other expense	(2)	(5)	(7)	(8)	(10)	(12)
Gain/loss on financial assets at FVTPL	(367)	(639)	(287)	(428)	(460)	(493)
Investment gain/loss	73	182	12	12	12	12
Other gains/(losses)	140	47	45	(66)	(77)	(91)
EBIT	1,148	3,266	4,527	5,703	7,691	10,021
Interest income	96	330	394	448	541	743
Interest expense	(534)	(327)	(302)	(292)	(294)	(345)
Net Interest income/(expense)	(438)	4	92	155	247	398
Other income/expense	(19)	9	(18)	(22)	(25)	(30)
Pre-tax profit	691	3,278	4,601	5,837	7,913	10,389
Income tax	(148)	6	(569)	(876)	(1,187)	(1,558)
After tax profit	544	3,284	4,032	4,962	6,726	8,831
Minority interest	(12)	(39)	(14)	(17)	(23)	(30)
Net profit	556	3,323	4,045	4,978	6,749	8,861

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	20,264	21,804	26,467	28,841	35,243	44,549
Cash & equivalents	9,086	10,185	12,821	13,298	18,221	25,056
Account receivables	4,031	3,964	3,944	6,125	5,718	8,203
Inventories	6,322	6,956	8,598	8,347	10,093	9,932
Prepayment	221	251	298	296	349	410
Financial assets at FVTPL	133	0	126	126	126	126
Other current assets	472	448	679	648	737	823
Non-current assets	17,479	17,160	17,134	18,643	20,105	21,915
PP&E	2,586	3,126	3,442	3,995	4,735	5,672
Right-of-use assets	176	154	139	81	27	(24)
Intangibles	2,305	2,216	1,996	1,844	1,740	1,666
Goodwill	3,861	3,632	3,619	3,605	3,591	3,578
Other non-current assets	8,551	8,032	7,938	9,118	10,011	11,024
Total assets	37,743	38,965	43,601	47,484	55,348	66,464
Current liabilities	9,069	7,595	12,586	12,150	13,508	16,104
Short-term borrowings	2,671	1,086	2,079	1,572	1,821	3,888
Account payables	1,663	1,935	2,235	2,349	2,921	3,164
Tax payable	229	229	343	278	324	389
Other current liabilities	4,055	3,787	7,340	7,355	7,744	7,833
Contract liabilities	187	226	240	275	324	381
Accrued expenses	264	332	349	320	373	448
Non-current liabilities	7,180	7,167	2,861	2,982	3,666	4,526
Long-term borrowings	2,977	3,472	1,618	1,515	1,957	2,473
Bond payables	2,444	2,524	0	0	0	0
Obligations under finance leases	122	97	95	113	132	159
Deferred income	25	22	46	46	54	64
Other non-current liabilities	1,611	1,052	1,102	1,307	1,524	1,830
Total liabilities	16,248	14,762	15,447	15,132	17,174	20,630
Share capital	1,216	1,216	1,210	1,210	1,210	1,210
Retained earnings	9,008	11,868	15,164	19,228	24,813	32,114
Other reserves	11,227	11,117	11,798	11,949	12,209	12,599
Total shareholders equity	21,451	24,201	28,172	32,387	38,231	45,922
Minority interest	44	1	(18)	(35)	(58)	(88)
Total equity and liabilities	37,743	38,965	43,601	47,484	55,348	66,464

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	544	3,284	4,601	4,962	6,726	8,831
Depreciation & amortization	1,166	1,295	1,293	1,385	1,559	1,764
Change in working capital	5,175	(699)	(1,035)	(1,896)	(2,355)	(4,402)
Others	651	892	(2,628)	172	1,212	2,126
Net cash from operations	7,537	4,772	2,230	4,622	7,142	8,319
Investing						
Capital expenditure	(1,048)	(1,249)	(2,336)	(2,672)	(3,025)	(3,489)
Net proceeds from disposal of short-term investments	7	28	12	9	9	10
Others	(1,422)	410	1,505	60	59	40
Net cash from investing	(2,464)	(811)	(820)	(2,603)	(2,957)	(3,439)
Financing						
Dividend paid	(574)	(664)	(982)	(900)	(1,042)	(1,359)
Net borrowings	(2,009)	(1,297)	205	(609)	690	2,583
Proceeds from share issues	3,394	218	462	0	0	0
Others	(875)	(1,264)	(121)	183	183	183
Net cash from financing	(64)	(3,007)	(437)	(1,326)	(168)	1,408
Net change in cash						
Cash at the beginning of the year	3,995	9,055	10,153	12,780	13,257	18,181
Exchange difference	51	143	(215)	(215)	(215)	(215)
Others	5,009	955	2,647	692	5,139	7,050
Cash at the end of the year	9,055	10,153	12,585	13,257	18,181	25,015
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	4.7%	22.4%	12.1%	18.0%	17.7%	17.6%
Gross profit	(25.9%)	65.6%	16.7%	22.3%	23.6%	21.9%
Operating profit	(48.0%)	187.2%	29.9%	30.0%	32.8%	28.9%
EBIT	(39.4%)	184.4%	38.6%	26.0%	34.9%	30.3%
Net profit	(43.9%)	498.1%	21.7%	23.1%	35.6%	31.3%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	21.8%	29.4%	30.6%	31.8%	33.3%	34.6%
Operating margin	6.1%	14.3%	16.5%	18.2%	20.5%	22.5%
Return on equity (ROE)	2.8%	14.6%	15.4%	16.4%	19.1%	21.1%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Current ratio (x)	2.2	2.9	2.1	2.4	2.6	2.8
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	213.4	36.2	29.8	24.2	17.8	13.6
P/E (diluted)	213.4	36.2	29.8	24.2	17.8	13.6

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

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