

BYD (1211 HK)

Benefit from the outperformance of LFP

BYD delivered outstanding auto sales in Dec. NEV sales reached 29K with flagship Han EV shipment exceeded 12k units in Dec. NEV sales volume had accounted for 44% of total auto sales in 2020. Looking ahead in 2021E, we still see several positive catalysts for BYD from 1) new DM EV model to boost sales; 2) cooperation with DiDi to take the lead in the ride-hailing renewable cycle; 3) power battery capacity expansion to support EV sales; and 4) semiconductor segment spin-off to release business value. We revised up BYD's TP by 30% to HK\$300. **Reiterate BUY rating.**

- **NEPV sales speeded up in Dec.** BYD announced that total auto sales volume achieved 56K units in Dec, +30% YoY/+4% MoM. In Dec, NEV reached 29K, +120%YoY (NEPV 28K/+157%YoY, NECV 1K/-48%YoY). Delivery of Han continued to climb with a total of 12K units in Dec, up 19.6% MoM. The annual cumulative sales volume was 427K units/-7%YoY, in line with CMBI expectation.
- **China NEV sales growth to accelerate in 2021E.** We expect that the sales volume of NEV in China will continue to rise at a high speed in 2021E. Given 1) the strong NEV pipeline among all major OEMs; 2) the product recognition from retail consumers; 3) the beginning of the first round of replacement cycle in ride-hailing business; 4) the gradual introduction of LFP version for existing models, we expect the penetration rate of NEV will exceed market expectations. Specifically, we expect the penetration rate of NEV to reach 7% in 2021E, with a corresponding sales volume of 1.92mn units, representing an increase of 57% (1.66mn NEPV/260K NECV).
- **NEV sales volume to increase 99% in 2021E.** We estimate BYD's NEPV market share declined to 15% in 2020, due to epidemic impacts and late release of new vehicle model. Starting from 2021, BYD will use a brand new logo and launch several new models including Qin Plus (based on the latest super hybrid DM-i platform), Song Pro DM, etc. We expect those measures will boost its NEV sales. At the to-B end, we expect the cooperation model D1 between BYD and DiDi to take lead in the ride-hailing renewable cycle. We estimate D1 to have 66K units shipment in 2021E. As we believe the Company's NEV sector to maintain strong recovery, we expect BYD's market share in NEPV to continue to rebound to 20%, and that will boost NEV sales volume to 364K units in 2021E, +99%YoY. We think BYD will gradually shift its business focus to NEV from ICE (61% vs 39% in 2021E), and maintain relatively stable ICE vehicle sales at 244K units, +3% YoY.

Earnings Summary

| (YE 31 Dec) | FY18A | FY19A | FY20E | FY21E | FY22E |
|---------------------|---------|---------|---------|---------|---------|
| Revenue (RMB mn) | 130,055 | 127,739 | 157,047 | 215,856 | 273,037 |
| YoY growth (%) | 22.79% | -1.78% | 22.94% | 37.45% | 26.49% |
| Net income (RMB mn) | 2,780 | 1,614 | 5,256 | 7,659 | 10,719 |
| EPS (RMB) | 0.93 | 0.50 | 1.83 | 2.71 | 3.83 |
| YoY growth (%) | -34% | -47% | 268% | 48% | 41% |
| Consensus EPS(RMB) | N/A | N/A | 1.64 | 1.94 | 2.43 |
| P/E (x) | 226.21 | 423.83 | 115.16 | 77.75 | 54.99 |
| P/B (x) | 10.42 | 10.13 | 9.18 | 8.09 | 6.94 |
| Yield (%) | 0.10% | 0.03% | 0.09% | 0.13% | 0.19% |
| ROE (%) | 5.05% | 2.88% | 8.80% | 11.46% | 13.93% |
| Net gearing (%) | 64% | 79% | 86% | 79% | 72% |

Source: Company data, Bloomberg, CMBIS estimates

BUY (Maintain)

| | |
|---------------|------------|
| Target Price | HK\$300.0 |
| (Previous TP) | HK\$230.0) |
| Up/Downside | +24.9% |
| Current Price | HK\$240.2 |

China NEV Sector

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Stock Data

| | |
|--------------------------|-----------|
| Mkt Cap (HK\$ mn) | 663,002 |
| Avg 3 mths t/o (HK\$ mn) | 2,443.62 |
| 52-week high/low | 248/33.46 |
| Total Issued Shares (mn) | 915 (H) |
| | 1,813 (A) |

Source: Bloomberg

Shareholding Structure

| | |
|--------------------------|--------|
| Wang Chuanfu | 18.83% |
| Lv Xiangyang | 8.77% |
| Bershire Hathaway Energy | 8.25% |

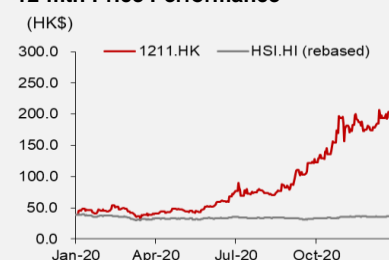
Source: Company announcement

Share Performance

| | Absolute | Relative |
|-------|----------|----------|
| 1-mth | 32.4% | 24.9% |
| 3-mth | 87.1% | 62.3% |
| 6-mth | 224.6% | 204.2% |

Source: Bloomberg

12-mth Price Performance



Source: Wind

Auditor: Ernst & Young

Related Report

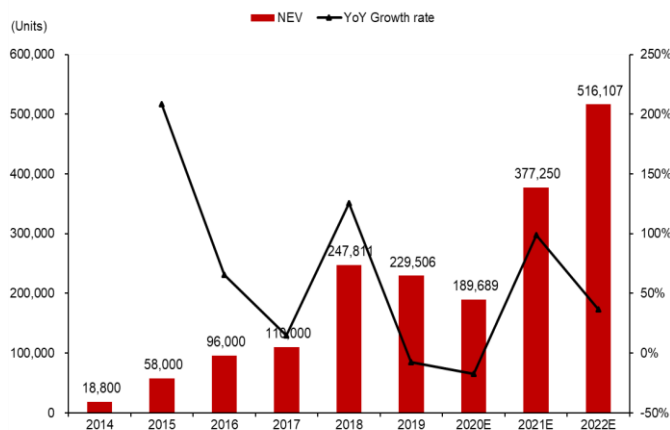
1. "BYD (1211 HK) – Upside remains as bottom-line revised up" – 15 Oct 2020
2. BYD (1211 HK) – A shining monthly delivery of model "Han" – 8 Sep 2020
3. "BYD (1211 HK) – Hidden giant in the cave" – 23 Jul 2020

- **2020E earnings to reach RMB5.3bn.** Given the updated sales volume and sales mix, we revised our net profit forecast by +1% to RMB5.3bn in 2020E. At the same time, we expect a more optimistic sales forecast of NEPV in 2021E, from 300K units to 364K units. As a result, we raised our 2021E bottom-line by 11% to RMB7.7bn.
- **Strong LFP battery demand boost segment valuation.** We revised the 2025E P/E multiple for the power battery segment from the previous 25x to 35x. We observe a gradual increase in the market share of the LFP battery. The main reasons are from two aspects: 1) driven by a sharp price cut by Tesla, the NEV industry has a strong demand for cost reduction, and domestic NEV players are facing the pressure of continuous cost reduction which lead to increasing LFP battery installation for new EV models; 2) BYD's blade battery, taking advantage of high volume density, can reduce the cost while making up for the short mile range to a certain extent, which can make up for the shortcoming for traditional LFP's less power density compared with NCM/NCA. We believe blade battery is expected to become the first choice in the subdivision of LFP. At present, BYD's blade battery is still in the ramp-up period of production capacity while accumulating certain potential demand as state above. We, therefore, raise the valuation multiple of the power battery segment to reflect a more optimistic shipment expectation. We adopted 2025E 35x PE (compared with the previous 2025E 25x PE) to get the corresponding valuation of the battery sector at RMB189bn.
- **BYD semiconductor to spin off in 2021E.** On 31 Dec 2020, BYD announced that it plans to spin off and list its holding subsidiary, BYD semiconductor. The main products of BYD semiconductor are IGBT modules and 3rd-generation semiconductor products (SiC). At present, BYD is planning to build its own SiC production line, which is expected to be completed in 2021E. In addition, BYD SiC will fully replace IGBT to increase vehicle mileage by about 10% in 2023E. We are optimistic about BYD's technology accumulation in the field of vehicle-grade semiconductors. The third-generation semiconductors (GaN and SiC) are very suitable for high voltage devices due to their wide bandgap characteristics. The electronic saturation speed of GaN is high, which is suitable for making microwave devices. It is applied to RF front-end amplifiers of mobile phones, 5G base stations, and microwave radars. The main application areas of SiC focused on by BYD are still in the field of electronic control and charging piles of NEV. At the same time, with the construction of the 5G base station entering the accelerating stage, the demand for small base stations (micro base stations) is gradually released. In the future, equipment suppliers will adopt the design of GaN-on-SiC based on silicon carbide substrate as the power supply module, which can achieve higher power density (to avoid the large amount of heat management hardware required by LDMOS, thus reducing the size of the base station) to meet the high frequency/high power requirements of their base stations. We believe that after the spin-off of BYD semiconductor, it is expected to achieve further independent operation, so as to expand the product matrix to adapt to different downstream needs and open up the valuation space.

- **Pending to have H-share placement.** BYD submitted application materials for issuing additional H-share to CSRC. With reference to listing rules of both the H and A-share market, we think H-share issuance will have the highest funding raising efficiency. Boosted by current thrilling market sentiment, the H-A discount is at a close level. We expect BYD's new share placement to have a limited pricing discount and dilution impact to EPS, and rapid fundraising will help BYD accelerate power battery capacity expansion to meet surging market demand for blade battery. We think the placement will further enhance BYD's leading position in the power battery segment and boost the business external shipment pace, which will likely release the segment's value.
- **Revise valuation; maintain BUY.** We estimate BYD is currently trading at 2021E 6.6x NEV P/S, and 30x 2025E power battery P/E according to our SOTP valuation model. We think both sector's current valuation is far behind corresponding peers. Based on our revised NEV sales outlook and optimistic NEV sales mix in total auto sales volume, we lifted 2021E NEV P/S to 9x, and boost power battery valuation slightly from 25x to 35x then discount back. Our segment valuation for Auto/power battery/semi-conductor business is RMB656.7/189.3/16.0bn. Applying 15% conglomerate discount, we derived BYD's valuation at RMB799.9bn with TP of HK\$300.0 for H-share (RMB293.2 for A-share). Maintain BUY rating.

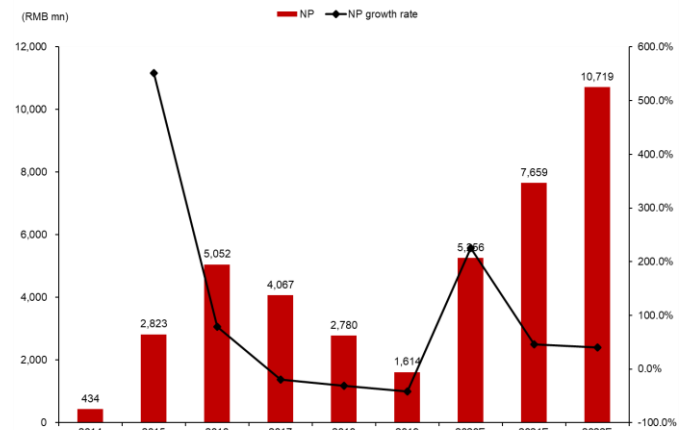
Focus charts

Figure 1: NEV Sales volume forecast: BYD



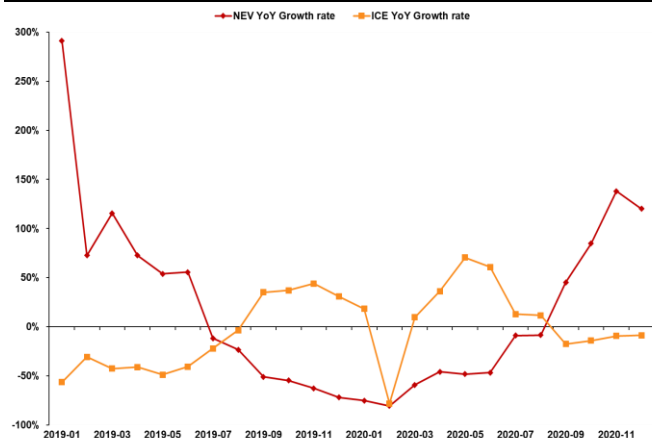
Source: Company data, CMBIS estimates

Figure 2: Bottom-line forecast



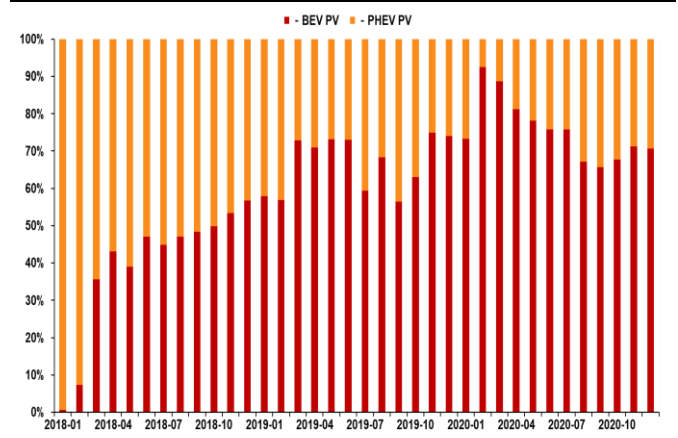
Source: Company data, CMBIS estimates

Figure 3: Monthly sales review: by NEV/ICE



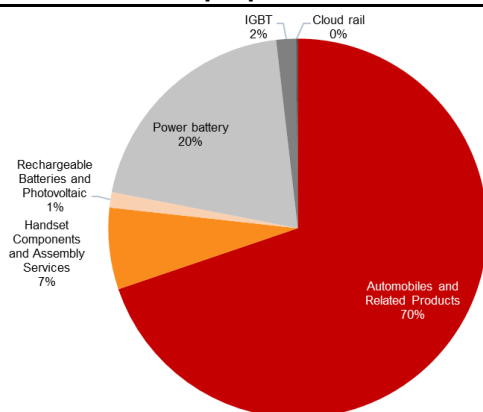
Source: Company data

Figure 4: BEV vs PHEV



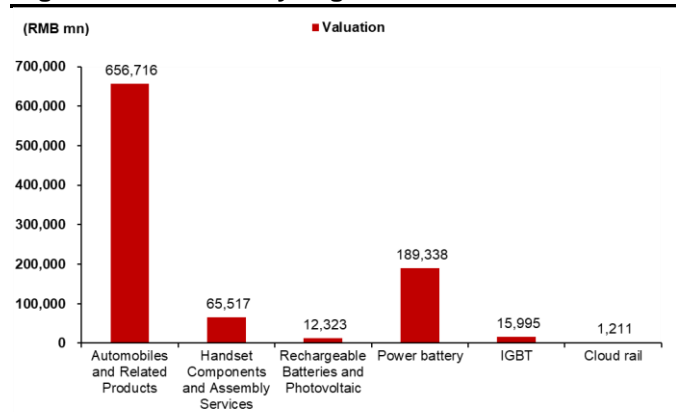
Source: Company data

Figure 5: Valuation proportion in 2021E



Source: Company data, CMBIS estimates

Figure 6: Valuation by segment in 2021E



Source: Company data, CMBIS estimates

Earnings Revision

Figure 7: Earnings revision

| (RMB mn) | New | | Old | | Change (%) | |
|------------------|---------|---------|---------|---------|------------|---------|
| | FY20E | FY21E | FY20E | FY21E | FY20E | FY21E |
| Revenue | 157,047 | 215,856 | 156,971 | 208,657 | 0% | 3% |
| Gross profit | 28,172 | 37,953 | 28,095 | 36,039 | 0% | 5% |
| Operating profit | 7,452 | 11,255 | 7,383 | 10,097 | 1% | 11% |
| Net profit | 5,256 | 7,659 | 5,210 | 6,884 | 1% | 11% |
| EPS (RMB) | 1.83 | 2.71 | 1.81 | 2.43 | 1% | 12% |
| GPM | 17.94% | 17.58% | 17.90% | 17.27% | 0.0 ppt | 0.3 ppt |
| OPM | 4.75% | 5.21% | 4.70% | 4.84% | 0.0 ppt | 0.4 ppt |
| NPM | 3.35% | 3.55% | 3.32% | 3.30% | 0.0 ppt | 0.2 ppt |

Source: CMBIS estimates

Figure 8: CMBIS estimates vs consensus

| (RMB mn) | New | | Consensus | | Diff (%) | |
|------------------|---------|---------|-----------|---------|----------|---------|
| | FY20E | FY21E | FY20E | FY21E | FY20E | FY21E |
| Revenue | 157,047 | 215,856 | 148,041 | 175,338 | 6% | 23% |
| Gross profit | 28,172 | 37,953 | 23,981 | 27,177 | 17% | 40% |
| Operating profit | 7,452 | 11,255 | 8,991 | 10,170 | -17% | 11% |
| Net profit | 5,256 | 7,659 | 3,939 | 4,226 | 33% | 81% |
| EPS (RMB) | 1.83 | 2.71 | 1.64 | 1.94 | 12% | 40% |
| GPM | 17.94% | 17.58% | 16.20% | 15.50% | 1.7 ppt | 2.1 ppt |
| OPM | 4.75% | 5.21% | 6.07% | 5.80% | -1.3 ppt | 0.6 ppt |
| NPM | 3.35% | 3.55% | 2.66% | 2.41% | 0.7 ppt | 1.1 ppt |

Source: Bloomberg, CMBIS estimates

Figure 9: Revenue breakdown

| (RMB mn) | FY18A | FY19A | FY20E | FY21E | FY22E |
|--|---------|---------|---------|---------|---------|
| Automobiles and Related Products | 76,007 | 63,266 | 62,230 | 98,095 | 124,374 |
| ...YoY | 34% | -17% | -2% | 58% | 27% |
| Handset Components and Assembly Services | 42,230 | 53,380 | 81,565 | 101,466 | 117,092 |
| ...YoY | 4% | 26% | 53% | 24% | 15% |
| Rechargeable Batteries and Photovoltaic | 8,950 | 10,506 | 12,607 | 14,498 | 16,238 |
| ...YoY | 2% | 17% | 20% | 15% | 12% |
| Other business | 2,868 | 587 | 646 | 807 | 969 |
| ...YoY | 5524% | -80% | 10% | 25% | 20% |
| Total Explicit revenue | 130,055 | 127,739 | 157,047 | 214,867 | 258,673 |
| ...YoY | 23% | -2% | 23% | 37% | 20% |
| Power battery | | | | 643 | 13,588 |
| ...YoY | | | | | 2014% |
| IGBT | | | | 346 | 776 |
| ...YoY | | | | | 124% |
| Total | 130,055 | 127,739 | 157,047 | 215,856 | 273,037 |
| ...YoY | 23% | -2% | 23% | 37% | 26% |

Source: Company data, CMBIS estimates

Figure 10: P&L breakdown

| (RMB mn) | FY18A | FY19A | FY20E | FY21E | FY22E |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| Revenue | 130,055 | 127,739 | 157,047 | 215,856 | 273,037 |
| ...YoY | 22.79% | -1.78% | 22.94% | 37.45% | 26.49% |
| Cost of sales | (108,725) | (106,924) | (128,875) | (177,902) | (226,001) |
| Gross profit | 21,330 | 20,814 | 28,172 | 37,953 | 47,036 |
| GPM (%) | 16.40% | 16.29% | 17.94% | 17.58% | 17.23% |
| ...YoY | 5.91% | -2.42% | 35.35% | 34.72% | 23.93% |
| Selling Exp | (4,729) | (4,346) | (5,183) | (7,339) | (9,556) |
| ...% of rev | -3.64% | -3.40% | -3.30% | -3.40% | -3.50% |
| Admin Exp | (4,989) | (5,629) | (6,282) | (8,203) | (9,010) |
| ...% of rev | -3.84% | -4.41% | -4.00% | -3.80% | -3.30% |
| Operating profit | 4,241 | 2,312 | 7,452 | 11,255 | 15,467 |
| OPM (%) | 3.26% | 1.81% | 4.75% | 5.21% | 5.66% |
| ...YoY | -21.62% | -45.48% | 222.28% | 51.03% | 37.42% |
| Net profit | 2,780 | 1,614 | 5,256 | 7,659 | 10,719 |
| NPM (%) | 2.14% | 1.26% | 3.35% | 3.55% | 3.93% |
| ...YoY | -31.64% | -41.93% | 225.58% | 45.71% | 39.96% |

Source: Company data, CMBIS estimates

Figure 11: Valuation comparison vs major NEV players

| Ticker | Major model | NEV Sales in China | | | | Market Cap (US\$, mn) | 2021E Sales revenue (US\$, mn) | P/S multiple FY21E |
|--------------------|---------------|--------------------|--------|---------|----------|--------------------------|-----------------------------------|-----------------------|
| | | Oct | Nov | Dec | 2020 | | | |
| TSLA US | Model 3 | 12,143 | 21,604 | >22,000 | >135,655 | 773,525 | 46,616 | 16.6 |
| NIO US | ES6, EC6, ES8 | 5,055 | 5,291 | 7,007 | 43,728 | 85,374 | 4,037 | 21.1 |
| LI US | ONE | 3,692 | 4,646 | 6,126 | 32,624 | 31,497 | 2,523 | 12.5 |
| XPEV US | G3, P7 | 3,040 | 4,224 | 5,700 | 27,041 | 35,538 | 1,967 | 18.1 |
| N/A | EX5, EX6 | 3,003 | 5,291 | 2,588 | 22,495 | N/A | N/A | N/A |
| 1211 HK/ 002594 CH | Han* | 7,545 | 10,105 | 12,089 | 40,556** | 69,104* | 10,153 | 6.6 |
| | Other EVs | 15,672 | 16,585 | 16,752 | 149,133 | | | |

Source: Company data, Bloomberg, CMBIS estimates

Note: *BYD NEV segment's market cap and sales estimates are estimated by CMBIS;

**BYD Han's sales data is based on BYD's disclosure through its official Weibo.

Figure 12: Valuation comparison vs major power battery players

| NEV Company | Ticker | Market Cap | 2021E | | | | |
|---------------------------------|-------------------|------------|------------|-------|------|------|------|
| | | | Net profit | P/E | BVPS | P/B | P/S |
| | | (RMB, mn) | (RMB, mn) | | | | |
| CATL | 300750 CH | 942,272 | 7,184 | 131.2 | 27.2 | 14.9 | 13.7 |
| BYD ¹ power battery* | 1211 HK/002594 CH | 162,286 | N/A | N/A | N/A | N/A | N/A |
| EVE Energy | 300014 CH | 183,900 | 2,842 | 64.7 | 6.9 | 14.2 | 13.4 |
| Guoxuan High-Tech | 002074 CH | 55,051 | 435 | 126.6 | 10.2 | 4.2 | 7.2 |

Source: Company data, Bloomberg, CMBIS estimates

Figure 13: SOTP valuation summary

| Business Segment | Valuation method | Valuation multiple | 2021E Valuation (RMB mn) | Implied share price (RMB) |
|---|------------------|--------------------|-----------------------------|------------------------------|
| Automobiles and Related products | | | 656,716 | 240.7 |
| ICE | PS | 0.50 | 13,302 | 4.9 |
| NEV | PS | 9.00 | 643,414 | 235.8 |
| Handset Components and Assembly Services | PE | 12.00 | 65,517 | 24.0 |
| Rechargeable Batteries and Photovoltaic | PS | 0.85 | 12,323 | 4.5 |
| Power battery | 2025E/PE | 35.00 | 189,338 | 69.4 |
| IGBT | 2025E/PE | 35.00 | 15,995 | 5.9 |
| Cloud rail | PS | 1.50 | 1,211 | 0.4 |
| Total valuation | | | 941,100 | 345.0 |
| Valuation @ conglomerate discount | | 0.85 | 799,935 | 293.2 |
| A share TP (RMB) | | | | 293.2 |
| A-H discount (multiple) | | 0.9 | | |
| FX assumption (RMB/HK¥) | | 0.8430 | | |
| H share TP (HK\$) | | | | 300.0 |

Source: Company data, CMBIS estimates

Financial Summary

Income statement

| YE 31 Dec (RMB mn) | FY18A | FY19A | FY20E | FY21E | FY22E |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| Revenue | 130,055 | 127,739 | 157,047 | 215,856 | 273,037 |
| Cost of sales | (108,725) | (106,924) | (128,875) | (177,902) | (226,001) |
| Gross profit | 21,330 | 20,814 | 28,172 | 37,953 | 47,036 |
| Taxes and levies | (2,146) | (1,561) | (1,885) | (2,590) | (3,276) |
| S&D exp | (4,729) | (4,346) | (5,183) | (7,339) | (9,556) |
| R&D exp | (3,760) | (4,141) | (4,523) | (6,195) | (7,782) |
| Admin exp | (4,989) | (5,629) | (6,282) | (8,203) | (9,010) |
| Finance costs | (2,997) | (3,014) | (3,635) | (4,167) | (4,020) |
| Impairment losses | (1,020) | (636) | (792) | (1,079) | (1,367) |
| Other income | 2,328 | 1,724 | 2,261 | 3,295 | 3,927 |
| Investment income | 248 | (809) | (550) | (324) | (273) |
| GL from changes in FV | (5) | 10 | (56) | 4 | (39) |
| GL on disposal | (19) | (100) | (76) | (100) | (172) |
| Operating profit/(loss) | 4,241 | 2,312 | 7,452 | 11,255 | 15,467 |
| Non-operating income | 230 | 226 | 471 | 432 | 491 |
| Non-operating expense | (86) | (107) | (118) | (162) | (217) |
| Profit before income tax | 4,385 | 2,431 | 7,806 | 11,525 | 15,741 |
| Income tax expense | (829) | (312) | (1,152) | (1,830) | (2,173) |
| Profit for the year | 3,556 | 2,119 | 6,654 | 9,695 | 13,569 |
| Non-controlling interests | 776 | 504 | 1,397 | 2,036 | 2,849 |
| NP | 2,780 | 1,614 | 5,256 | 7,659 | 10,719 |

Cash flow

| YE 31 Dec (RMB mn) | FY18A | FY19A | FY20E | FY21E | FY22E |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net income | 2,780 | 1,614 | 5,256 | 7,659 | 10,719 |
| D&A | 9,995 | 9,933 | 10,035 | 12,193 | 14,571 |
| Change in working capital | (291) | 3,233 | 4,511 | 9,250 | (1,677) |
| Others | (543) | 6,427 | - | - | - |
| Net cash from operating | 12,523 | 14,741 | 11,933 | 12,432 | 29,139 |
| Capex & investments | (6,076) | (12,040) | (12,992) | (13,608) | (14,961) |
| Associated companies | (496) | (499) | (406) | (447) | (491) |
| Others | (7,659) | (8,342) | (4,539) | (5,933) | (5,483) |
| Net cash from investing | (14,231) | (20,881) | (17,937) | (19,988) | (20,936) |
| Equity raised | - | - | - | - | - |
| Change of Debts | 5,076 | 10,535 | 13,569 | 14,835 | 264 |
| Dividend paid | (557) | (164) | (526) | (766) | (1,072) |
| Others | (603) | (3,761) | 7,222 | 8,010 | 9,831 |
| Net cash from financing | 3,917 | 6,610 | 8,687 | 9,493 | (6,359) |
| Net change in cash | 2,209 | 470 | 2,682 | 1,936 | 1,844 |
| Cash at the beginning | 9,903 | 13,052 | 12,650 | 15,332 | 17,268 |
| Others | 941 | (872) | 0 | 0 | 0 |
| Cash at the end | 13,052 | 12,650 | 15,332 | 17,268 | 19,113 |
| Less: pledged cash | - | - | - | - | - |

Balance sheet

| YE 31 Dec (RMB mn) | FY18A | FY19A | FY20E | FY21E | FY22E |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|
| Non-current assets | 79,361 | 88,675 | 102,177 | 116,777 | 131,273 |
| Fixed asset | 43,679 | 49,443 | 58,001 | 66,220 | 74,742 |
| Intangible assets | 11,314 | 12,650 | 14,840 | 16,943 | 19,123 |
| Interest in joint | 3,561 | 4,060 | 4,466 | 4,913 | 5,404 |
| Other non-current assets | 20,807 | 22,521 | 24,870 | 28,701 | 32,004 |
| Current assets | 115,211 | 106,967 | 127,246 | 165,524 | 191,351 |
| Cash | 13,052 | 12,650 | 15,332 | 17,268 | 19,113 |
| Account receivable | 49,284 | 43,934 | 52,349 | 69,631 | 78,010 |
| Inventory | 26,330 | 25,572 | 31,280 | 42,358 | 50,222 |
| Other current assets | 26,545 | 24,811 | 28,284 | 36,267 | 44,006 |
| Current liabilities | 116,569 | 108,029 | 131,064 | 171,667 | 195,488 |
| Borrowings | 37,789 | 40,332 | 50,307 | 63,819 | 61,979 |
| Account payables | 46,283 | 36,168 | 42,958 | 57,388 | 70,625 |
| Other payables | 13,568 | 11,217 | 13,532 | 18,680 | 23,730 |
| Tax payables | 18,930 | 20,311 | 24,266 | 31,781 | 39,153 |
| Non-current liabilities | 17,308 | 25,011 | 29,609 | 32,486 | 36,076 |
| Borrowings | 13,924 | 21,916 | 25,511 | 26,834 | 28,937 |
| Deferred income tax | 66 | 103 | 92 | 146 | 174 |
| Provisions | - | - | - | - | - |
| Others | 3,317 | 2,992 | 4,006 | 5,506 | 6,965 |
| Total equity | 60,694 | 62,601 | 68,750 | 78,147 | 91,061 |
| Minority Interest | 5,496 | 5,839 | 6,107 | 7,103 | 8,183 |
| Shareholders' equity | 55,198 | 56,762 | 62,643 | 71,044 | 82,878 |

Key ratios

| YE 31 Dec | FY18A | FY19A | FY20E | FY21E | FY22E |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| Sales mix (%) | | | | | |
| Automobiles | 58% | 50% | 40% | 45% | 46% |
| Handset Components | 32% | 42% | 52% | 47% | 43% |
| Rechargeable Batteries | 7% | 8% | 8% | 7% | 6% |
| Other business | 2% | 0% | 0% | 0% | 0% |
| Power battery | 0% | 0% | 0% | 0% | 5% |
| IGBT | 0% | 0% | 0% | 0% | 0% |
| Total | 100% | 100% | 100% | 100% | 100% |
| P&L ratios (%) | | | | | |
| Gross profit margin | 16% | 16% | 18% | 18% | 17% |
| Pre-tax margin | 3% | 2% | 5% | 5% | 6% |
| Net margin | 3% | 2% | 4% | 4% | 5% |
| Effective tax rate | 19% | 13% | 15% | 16% | 14% |
| Balance sheet ratios | | | | | |
| Current ratio (x) | 0.99 | 0.99 | 0.97 | 0.96 | 0.98 |
| Quick ratio (x) | 0.59 | 0.59 | 0.57 | 0.55 | 0.53 |
| Cash ratio (x) | 0.11 | 0.12 | 0.12 | 0.10 | 0.10 |
| Debtors turnover days | 138 | 126 | 122 | 118 | 104 |
| Total debt / total equity | 221% | 213% | 234% | 261% | 254% |
| Net debt / equity ratio | 64% | 79% | 86% | 79% | 72% |
| Returns (%) | | | | | |
| ROE | 5% | 3% | 9% | 11% | 14% |
| ROA | 4% | 3% | 5% | 6% | 7% |
| Per share | | | | | |
| EPS (RMB) | 0.93 | 0.50 | 1.83 | 2.71 | 3.83 |
| DPS (RMB) | 0.20 | 0.06 | 0.19 | 0.28 | 0.39 |
| BVPS (RMB) | 20.23 | 20.81 | 22.96 | 26.04 | 30.38 |

Source: Company data, CMBIS estimates

Note: *All numbers are based on A share financial statement

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|-----------------------|---|
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