

# BYDE (285 HK)

## FY22 largely in-line; Gradual recovery on track

BYDE's FY22 revenue/net profit are largely in-line with consensus but higher than our estimates due to stronger iPad revenue. Looking ahead, despite muted outlook on Android business, mgmt. expects growth drivers to come from: 1) share gain in Apple OEM/components; 2) rising penetration of residential energy storage; and 3) auto biz to maintain strong growth. We adjusted FY23-24 EPS by +3%/-12% to reflect higher sales and weaker GPM. The stock trades at 15.3x /12.4x FY23/24E P/E, which is fair given slower margin recovery in our view. Maintain HOLD with new SOTP-based TP of HK\$20.30, implying 13.1x FY23E P/E.

■ **FY22 largely in-line; new energy vehicle biz the bright spot.** BYDE's FY22 revenue was 11%/5% above our estimate/consensus, mainly driven by Apple OEM/components share gain, new intelligent products and NEV accelerated growth. By segment: 1) consumer electronics was up 15% YoY thanks to share gain in OEM/component and apple product expansion (iPad, watch and iPhone); 2) new intelligent products climbed 22% YoY driven by residential energy storage, smart home and unmanned aerial vehicles; 3) new energy vehicle biz grew 146% YoY thanks to NEV rising penetration and solid intelligent cockpits and network connection products shipment growth. While GPM dropped 0.85ppts YoY to 5.92% on lower UTR, net profit decline of 19.58% YoY was largely in-line on anticipated weakness in android demand.

■ **2023: Slow GPM recovery; Apple/energy storage/auto to drive growth.** Mgmt. guided revenue to grow by 10%+ YoY but slow GPM recovery on prolonged android demand weakness. Mgmt. believes Apple's sales mix in consumer electronics segment will reach 80% in FY23E (vs.60% in FY22) driven by order wins and overseas capacity expansion. Mgmt. expects residential energy storage penetration in Europe to drive revenue to double, exceeding RMB10bn in FY23E. In addition, despite auto OEM price war, mgmt. guided auto biz to maintain high growth and GPM to stay above 10% through leveraging their services with Tier-1 suppliers, OEM market leadership, Parentco order ramp-up and cost control.

■ **Valuation/Key risks.** We adjusted FY23-24 EPS by +3%/-12% to reflect higher sales and slow recovery in GPM. While we remain positive on continuous share gain in Apple OEM/components, NEV and residential energy storage business expansion, we think current valuation of 15.3x/ 12.4x FY23/24E P/E is fair given slower margin recovery. Maintain HOLD with new SOTP-based TP of HK\$20.30, implying 13.1x FY23E P/E.

### Earnings Summary

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	89,057	107,186	119,912	137,663	149,070
YoY growth (%)	21.8	20.4	11.9	14.8	8.3
Net profit (RMB mn)	2,309.9	1,857.6	2,901.0	3,595.0	4,402.5
YoY growth (%)	(57.5)	(19.6)	56.2	23.9	22.5
YoY growth (%)	(57.5)	(19.6)	56.2	23.9	22.5
EPS (Reported) (RMB)	1.03	0.82	1.29	1.60	1.95
Consensus EPS (RMB)	na	0.83	1.39	1.92	2.06
P/E (x)	32.2	22.1	15.3	12.4	10.1
P/B (x)	3.1	1.6	1.6	1.4	1.3
Yield (%)	0.3	0.9	0.7	0.8	1.0
ROE (%)	10.0	7.5	10.7	12.0	13.1
Net gearing (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, Bloomberg, CMBIGM estimates

## HOLD (Maintain)

**Target Price** **HK\$20.30**  
(Previous TP **HK\$20.39**)  
**Up/Downside** **(9.8%)**  
**Current Price** **HK\$22.50**

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### Stock Data

Mkt Cap (HK\$ mn)	50,697.1
Avg 3 mths t/o (HK\$ mn)	24.8
52w High/Low (HK\$)	28.25/13.60
Total Issued Shares (mn)	2253.2

Source: FactSet

### Shareholding Structure

Golden Link Worldwide Ltd	65.8%
Gold Dragonfly Ltd	5.0%

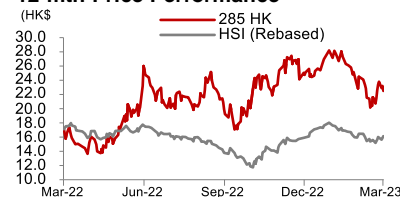
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	-1.5%	-3.5%
3-mth	-9.1%	-11.1%
6-mth	16.9%	-0.6%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

## FY22 Results review

Figure 1: Results review

RMB mn	FY19	FY20	FY21	FY22	YoY	CMBI		Consensus	
						FY22E	Diff%	FY22E	Diff%
Revenue	53,028	73,121	89,057	107,186	20%	96,507	11%	101,652	5%
Gross profit	3,957	9,629	6,029	6,350	5%	5,827	9%	6,320	0%
Operating profit	994	5,806	1,405	611	-57%	827	-26%	1,043	-41%
Net profit	1,598	5,441	2,310	1,858	-20%	1,711	9%	1,887	-2%
EPS (RMB)	0.71	2.41	1.03	0.82	-20%	0.76	9%	0.83	-1%
Gross margin	7.5%	13.2%	6.8%	5.9%	-0.8ppt	6.0%	-0.1 ppt	6.2%	-0.3 ppt
Operating margin	1.9%	7.9%	1.6%	0.6%	-1ppt	0.9%	-0.3 ppt	1.0%	-0.5 ppt
Net margin	3.0%	7.4%	2.6%	1.7%	-4.8ppt	1.8%	0 ppt	1.9%	-0.1 ppt

Source: Company data, Bloomberg, CMBIGM estimates

## Earnings Revision

### Adjusted FY23/24E EPS to reflect higher sales and slow GPM recovery

We adjusted our FY23-24E EPS by +3%/-12% to reflect slow GPM recovery on weak android demand outlook. Our FY23-25E EPS is 5-17% below consensus.

Figure 2: Earnings revision

RMB mn	New			Old			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	119,912	137,663	149,070	108,377	125,189	na	11%	10%	na
Gross Profit	8,150	9,853	11,353	7,693	9,979	na	6%	-1%	na
Operating Profit	1,914	2,694	3,602	2,166	3,595	na	-12%	-25%	na
Net profit	2,901	3,595	4,403	2,815	4,072	na	3%	-12%	na
EPS (RMB)	1.29	1.60	1.95	1.25	1.81	na	3%	-12%	na
Gross Margin	6.8%	7.2%	7.6%	7.1%	8.0%	na	-0.3 ppt	-0.8 ppt	na
Operating Margin	1.6%	2.0%	2.4%	2.0%	2.9%	na	-0.4 ppt	-0.9 ppt	na
Net Margin	2.4%	2.6%	3.0%	2.6%	3.3%	na	-0.2 ppt	-0.6 ppt	na

Sources: Company data, CMBIGM estimates

Figure 3: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	119,912	137,663	149,070	122,321	140,678	152,976	-2%	-2%	-3%
Gross Profit	8,150	9,853	11,353	8,896	11,021	11,771	-8%	-11%	-4%
Operating Profit	1,914	2,694	3,602	2,673	4,021	4,245	-28%	-33%	-15%
Net profit	2,901	3,595	4,403	3,158	4,343	4,596	-8%	-17%	-4%
EPS (RMB)	1.29	1.60	1.95	1.39	1.92	2.06	-7%	-17%	-5%
Gross Margin	6.8%	7.2%	7.6%	7.3%	7.8%	7.7%	-0.5 ppt	-0.7 ppt	-0.1 ppt
Operating Margin	1.6%	2.0%	2.4%	2.2%	2.9%	2.8%	-0.6 ppt	-0.9 ppt	-0.4 ppt
Net Margin	2.4%	2.6%	3.0%	2.6%	3.1%	3.0%	-0.2 ppt	-0.5 ppt	-0.1 ppt

Source: Company data, CMBIGM estimates

Figure 4: Revenue breakdown

RMB mn	FY21	1H22	2H22	FY22	FY23E	FY24E	FY25E
<b>Assembly</b>	<b>55,977</b>	<b>26,443</b>	<b>41,611</b>	<b>68,054</b>	<b>71,625</b>	<b>78,750</b>	<b>79,250</b>
... YoY	80%	-13%	63%	22%	5%	10%	1%
<b>Component (metal/glass/plastic)</b>	<b>15,655</b>	<b>6,708</b>	<b>7,447</b>	<b>14,155</b>	<b>14,687</b>	<b>14,240</b>	<b>14,037</b>
... YoY	-11%	-6%	-13%	-10%	4%	-3%	-1%
Metal	8,087	4,253	3,051	7,304	6,208	5,277	4,486
Plastic	3,789	1,132	2,089	3,221	2,803	2,383	2,025
Glass/ceramic	5,700	1,725	3,405	5,130	6,388	7,027	7,729
<b>New intelligent</b>	<b>12,445</b>	<b>6,917</b>	<b>8,290</b>	<b>15,207</b>	<b>18,248</b>	<b>21,898</b>	<b>26,278</b>
... YoY	31%	38%	12%	22%	20%	20%	20%
E-cigarette	1,000	300	1,240	1,540	2,310	3,234	3,881
... YoY	0%	50%	55%	54%	50%	40%	20%
Household energy storage	-	-	-	1,500	3,450	5,865	8,798
... YoY	-	-	-	-	130%	70%	50%
<b>Auto intelligent</b>	<b>3,770</b>	<b>3,237</b>	<b>6,026</b>	<b>9,263</b>	<b>15,099</b>	<b>22,648</b>	<b>29,442</b>
... YoY	107%	151%	143%	146%	63%	50%	30%
<b>Total</b>	<b>89,057</b>	<b>43,694</b>	<b>64,185</b>	<b>107,186</b>	<b>119,912</b>	<b>137,663</b>	<b>149,070</b>
... YoY	22%	-2%	44%	20%	12%	15%	8%

Source: Company data, CMBIGM estimates

Figure 5: P&amp;L forecast

RMB mn	FY21	1H22	2H22	FY22	FY23E	FY24E	FY25E
<b>Revenue</b>	<b>89,057</b>	<b>43,694</b>	<b>64,185</b>	<b>107,186</b>	<b>119,912</b>	<b>137,663</b>	<b>149,070</b>
... YoY	21.8%	-1.9%	44.2%	20.4%	11.9%	14.8%	8.3%
Cost of sales	(83,028)	(41,365)	(60,163)	(100,836)	(111,762)	(127,811)	(137,717)
<b>Gross profit</b>	<b>6,029</b>	<b>2,328</b>	<b>4,022</b>	<b>6,350</b>	<b>8,150</b>	<b>9,853</b>	<b>11,353</b>
GPM (%)	6.8%	5.3%	6.3%	5.9%	6.8%	7.2%	7.6%
... YoY	-37.4%	-23.9%	35.5%	5.3%	28.3%	20.9%	15.2%
SG&A	(1,316)	(771)	(999)	(1,770)	(1,919)	(2,203)	(2,385)
... % of rev	1%	2%	2%	2%	2%	2%	2%
R&D	(3,308)	(1,515)	(2,455)	(3,969)	(4,317)	(4,956)	(5,367)
... % of rev	4%	3%	4%	4%	4%	4%	4%
<b>Operating profit</b>	<b>1,405</b>	<b>42</b>	<b>568</b>	<b>611</b>	<b>1,914</b>	<b>2,694</b>	<b>3,602</b>
OPM (%)	2%	0%	1%	1%	2%	2%	2%
... YoY	-76%	-96%	57%	-57%	213%	41%	34%
<b>Net profit</b>	<b>2,310</b>	<b>634</b>	<b>1,224</b>	<b>1,858</b>	<b>2,901</b>	<b>3,595</b>	<b>4,403</b>
NPM (%)	2.6%	1.5%	1.9%	1.7%	2.4%	2.6%	3.0%
... YoY	-58%	-61%	84%	-20%	56%	24%	22%

Source: Company data, CMBIGM estimates

## Valuation

### Maintain HOLD with new TP HK\$20.3

We maintain HOLD and derive our TP based on SOTP valuation to reflect BYDE's business diversification with different growth profiles and visibility.

Our new TP of HK\$20.3 is based on weighted-average target P/E multiple of 13.1x FY23E EPS. We assign 10x P/E to its assembly EMS business and 10x P/E for component/e-cigarette business, in-line with TW/HK-listed peers. We assign 8x for mask business to reflect its near-term growth potential amid COVID-19 outbreak.

**Figure 6: BYDE – SOTP valuation**

Business segment	% of FY23E Profit	FY23E EPS (RMB)	Target P/E
Assembly	16%	0.21	10x
Components	22%	0.28	10x
Masks	0.3%	0.00	8x
Others (smart, auto)	62%	0.80	15x
<b>Total (RMB) /Implied P/E</b>		<b>1.29</b>	<b>13.1x</b>
<b>TP (HK\$)</b>			<b>20.30</b>

Sources: Company data, CMBIGM estimates

**Figure 7: Peers' valuation**

Company	Ticker	Rating	Market Cap (US\$ mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x) FY23E	P/E (x) FY24E	P/B (x) FY23E	P/B (x) FY24E	ROE (%) FY23E	ROE (%) FY24E
BYDE	285 HK	Hold	6,458	22.50	20.3	-10%	15.6	10.3	1.6	1.4	10.2	14.1
Tongda	698 HK	Buy	139	0.11	0.22	96%	2.8	2.8	0.1	0.1	3.0	-
AAC Tech	2018 HK	Hold	2,922	19.14	15.6	-18%	17.5	13.7	0.9	0.8	5.1	6.2
TK Group	2283 HK	Buy	166	1.56	3.4	117%	3.0	3.6	0.6	0.6	20.7	17.9
Ju Teng	3336 HK	NR	200	1.31	NA	NA	-	-	-	-	-	-
Everwin	300115 CH	NR	2,381	13.66	NA	NA	23.3	14.6	2.3	2.4	7.3	20.3
Lens Tech	300433 CH	NR	9,657	13.38	NA	NA	18.8	14.9	1.4	1.3	7.7	9.1
Foxconn	2354 TT	NR	2,578	55.50	NA	NA	12.6	11.9	0.6	0.5	5.3	5.7
Catcher	2474 TT	NR	4,434	189.00	NA	NA	21.0	17.3	0.8	0.8	4.0	4.5
<b>Average</b>							<b>28.9</b>	<b>12.7</b>	<b>1.1</b>	<b>1.0</b>	<b>6.2</b>	<b>7.8</b>

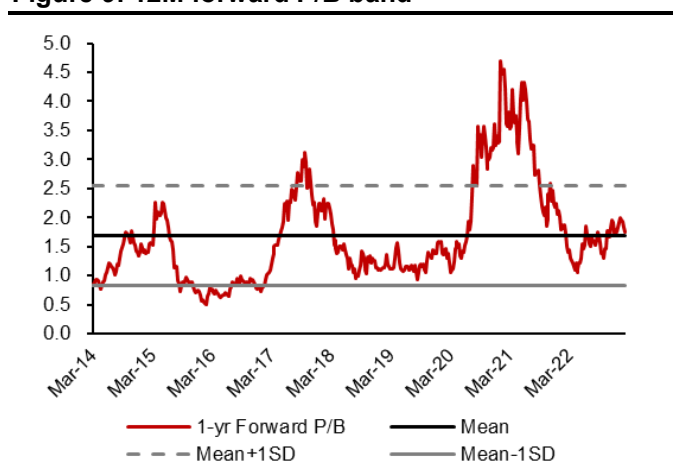
Source: Bloomberg, CMBIGM estimates

**Figure 8: 12M forward P/E band**



Source: Bloomberg, CMBIGM estimates

**Figure 9: 12M forward P/B band**



Source: Bloomberg, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Revenue	73,121	89,057	107,186	119,912	137,663	149,070
Cost of goods sold	(63,492)	(83,028)	(100,836)	(111,762)	(127,811)	(137,717)
Gross profit	9,629	6,029	6,350	8,150	9,853	11,353
Selling expense	(237)	(275)	(535)	(480)	(688)	(745)
Admin expense	(673)	(1,041)	(1,235)	(1,439)	(1,514)	(1,640)
R&D expense	(2,913)	(3,308)	(3,969)	(4,317)	(4,956)	(5,367)
Operating profit	5,806	1,405	611	1,914	2,694	3,602
Other income/expense	487	1,104	1,386	1,404	1,404	1,404
Pre-tax profit	6,221	2,465	1,939	3,260	4,039	4,947
Income tax	(779)	(155)	(81)	(359)	(444)	(544)
Minority interest	0	0	0	0	0	0
Net profit	5,441	2,310	1,858	2,901	3,595	4,403
Adjusted net profit	5,441	2,310	1,858	2,901	3,595	4,403

BALANCE SHEET	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Current assets	26,069	27,630	40,488	28,969	46,495	34,208
Cash & equivalents	3,466	2,825	6,244	(2,570)	4,603	(2,164)
Account receivables	14,391	9,240	10,471	19,507	14,909	22,358
Inventories	6,891	10,567	17,046	5,306	20,256	7,287
ST bank deposits	0	0	0	0	0	0
Other current assets	1,320	4,998	6,727	6,727	6,727	6,727
Non-current assets	10,825	12,314	15,006	16,990	19,143	21,344
PP&E	9,693	11,182	12,941	15,124	17,492	19,914
Deferred income tax	0	201	481	481	481	481
Other non-current assets	1,132	931	1,583	1,385	1,170	949
Total assets	36,894	39,944	55,494	45,960	65,638	55,553
Current liabilities	14,840	16,220	30,143	18,070	34,728	20,901
Short-term borrowings	0	0	0	0	0	0
Account payables	8,146	11,724	22,002	9,930	26,587	12,760
Tax payable	57	184	363	363	363	363
Other current liabilities	6,636	4,312	7,777	7,777	7,777	7,777
Non-current liabilities	864	928	1,216	1,216	1,216	1,216
Deferred income	147	150	231	231	231	231
Other non-current liabilities	313	404	395	395	395	395
Total liabilities	15,704	17,148	31,359	19,287	35,944	22,117
Share capital	4,052	4,052	4,052	4,052	4,052	4,052
Other reserves	18,220	19,975	21,583	24,320	27,555	31,518
Total shareholders equity	22,272	24,027	25,635	28,372	31,607	35,570
Minority interest	0	0	0	0	0	0
Total equity and liabilities	37,976	41,175	56,994	47,659	67,552	57,687

CASH FLOW	2020A	2021A	2022A	2023E	2024E	2025E
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	6,221	2,465	1,939	3,260	4,039	4,947
Depreciation & amortization	1,760	1,717	1,973	2,260	2,588	2,944
Change in working capital	(4,745)	(2,228)	2,568	(9,367)	6,305	(8,308)
Others	(27)	(187)	(124)	(300)	(386)	(486)
<b>Net cash from operations</b>	<b>3,209</b>	<b>1,768</b>	<b>6,356</b>	<b>(4,148)</b>	<b>12,547</b>	<b>(902)</b>
<b>Investing</b>						
Capital expenditure	(2,795)	(3,206)	(3,859)	(4,317)	(4,956)	(5,367)
Others	(186)	0	0	0	0	0
<b>Net cash from investing</b>	<b>(2,981)</b>	<b>(3,206)</b>	<b>(3,859)</b>	<b>(4,317)</b>	<b>(4,956)</b>	<b>(5,367)</b>
<b>Financing</b>						
Dividend paid	(160)	(232)	(372)	(290)	(359)	(440)
Others	1,730	(43)	(59)	(59)	(59)	(59)
<b>Net cash from financing</b>	<b>1,570</b>	<b>(275)</b>	<b>(430)</b>	<b>(349)</b>	<b>(418)</b>	<b>(499)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	1,651	3,466	2,825	6,244	(2,570)	4,603
Exchange difference	16	1,072	1,352	0	0	0
<b>Cash at the end of the year</b>	<b>3,466</b>	<b>2,825</b>	<b>6,244</b>	<b>(2,570)</b>	<b>4,603</b>	<b>(2,164)</b>
GROWTH	2020A	2021A	2022A	2023E	2024E	2025E
<b>YE 31 Dec</b>						
Revenue	37.9%	21.8%	20.4%	11.9%	14.8%	8.3%
Gross profit	143.3%	(37.4%)	5.3%	28.3%	20.9%	15.2%
Operating profit	484.3%	(75.8%)	(56.5%)	213.4%	40.7%	33.7%
Net profit	240.6%	(57.5%)	(19.6%)	56.2%	23.9%	22.5%
Adj. net profit	240.6%	(57.5%)	(19.6%)	56.2%	23.9%	22.5%
PROFITABILITY	2020A	2021A	2022A	2023E	2024E	2025E
<b>YE 31 Dec</b>						
Gross profit margin	13.2%	6.8%	5.9%	6.8%	7.2%	7.6%
Operating margin	7.9%	1.6%	0.6%	1.6%	2.0%	2.4%
Adj. net profit margin	7.4%	2.6%	1.7%	2.4%	2.6%	3.0%
Return on equity (ROE)	27.7%	10.0%	7.5%	10.7%	12.0%	13.1%
GEARING/LIQUIDITY/ACTIVITIES	2020A	2021A	2022A	2023E	2024E	2025E
<b>YE 31 Dec</b>						
Net debt to equity (x)	0.0	0.0	0.0	0.0	0.0	0.0
Current ratio (x)	1.8	1.7	1.3	1.6	1.3	1.6
Receivable turnover days	52.1	48.7	45.6	45.6	45.6	45.6
Inventory turnover days	40.6	38.4	36.5	36.5	36.5	36.5
Payable turnover days	52.1	52.1	52.1	52.1	52.1	52.1
VALUATION	2020A	2021A	2022A	2023E	2024E	2025E
<b>YE 31 Dec</b>						
P/E	9.1	32.2	22.1	15.3	12.4	10.1
P/B	2.2	3.1	1.6	1.6	1.4	1.3
Div yield (%)	1.1	0.3	0.9	0.7	0.8	1.0
EV	22,272.3	24,027.1	25,635.1	28,372.0	31,607.5	35,569.7
EV/Sales	0.3	0.3	0.2	0.2	0.2	0.2

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

# Disclosures & Disclaimers

## Analyst Certification

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