

BOE Varitronix (710 HK)

2025 preview: near-term earnings dragged by pricing pressure and new plant profitability

BOEVx will report 2H25/FY25E results in mid-March, and we estimate FY25E revenue/net profit of HK\$14,533mn/378mn (+8%/-3% YoY), implying 2H25E revenue/net profit of HK\$7,863mn/198mn (+8%/-10% YoY), with profit mainly dragged by domestic destocking pressure, yields in new Vietnam/Chengdu plants, and system business profitability. Looking into 2026, we are positive on BOEVx's earnings recovery, backed by overseas share gains, Vietnam capacity ramp, margin improvement from the Chengdu plant and system business. We revise down FY25-27E EPS by 5-7% to reflect near-term domestic headwinds and pricing pressure, and lower our TP to HK\$8.4 based on the same 14x FY26E P/E. Maintain BUY.

■ **2H25/FY25E preview: earnings dragged by domestic demand, ASP headwinds and depreciation pressure.** We estimate FY25E revenue to grow 8% to HK\$14,533mn and net profit to decline 3% YoY to HK\$385mn, 9.7% below Bloomberg consensus estimates. For 2H25E, we expect revenue/net profit of HK\$7,863mn/205mn (+8%/-10% YoY), mainly due to domestic demand weakness, slower yield improvement in new Vietnam/Chengdu plants, and profitability in system segment. We estimate 2H25E NPM to remain flattish at 2.5%, compared to 2.7% in 1H25.

■ **2026 outlook: overseas sales growth and Vietnam/Chengdu capacity ramp-up.** For 2026, we are constructive on earnings recovery: 1) overseas sales: continued share gains with 20%+ YoY sales growth, backed by Vietnam capacity ramp-up; 2) Chengdu plant: margin improvement given higher UTR and better yield; 3) system business: order wins of high-margin LTPS/OLED projects and improving operating efficiency. We estimate revenue/net profit to grow 10%/25% YoY in FY26E.

■ **Valuation/Key risks.** We lower FY25-27E EPS estimates by 5-7% to factor in 2H25 earnings pressure, higher depreciation costs and slower system business margin improvement. We trim our TP to HK\$8.4 based on the same 14.0x FY26E P/E. We remain positive on BOEVx's industry leadership in auto display market, share gains with overseas OEMs, and strong support from its parent company BOE for R&D technology and order/client wins. Trading at 7.8x/6.3x FY26/27E P/E, the stock offers attractive risk/reward. Risks include domestic demand weakness and continued ASP/margin pressure.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (HK\$ mn)	10,760	13,449	14,533	15,979	18,029
YoY growth (%)	0.4	25.0	8.1	9.9	12.8
EBITDA (HK\$ mn)	771.0	686.0	721.3	832.2	955.5
Net profit (HK\$ mn)	475.3	391.3	378.2	472.9	581.0
YoY growth (%)	(18.4)	(17.7)	(3.3)	25.0	22.9
EPS (Reported) (HK\$)	0.60	0.50	0.48	0.60	0.74
Consensus EPS (HK\$)	na	na	0.53	0.65	0.78
P/E (x)	7.7	9.4	9.7	7.8	6.3
P/B (x)	0.4	0.3	0.3	0.3	0.3
Yield (%)	409.5	365.4	161.1	328.5	385.2
ROE (%)	11.1	8.7	8.0	9.3	10.7
Net gearing (%)	27.5	49.2	22.1	53.3	34.5

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$8.40
(Previous TP)	HK\$8.84)
Up/Downside	79.8%
Current Price	HK\$4.67

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Stock Data

Mkt Cap (HK\$ mn)	3,698.6
Avg 3 mths t/o (HK\$ mn)	9.5
52w High/Low (HK\$)	8.36/4.53
Total Issued Shares (mn)	792.0

Source: FactSet

Shareholding Structure

BOE Technology Group	53.0%
Ko Chun Shun	5.6%

Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-4.1%	-2.7%
3-mth	-3.1%	-4.7%
6-mth	-32.4%	-34.6%

Source: FactSet

12-mth Price Performance



Source: FactSet

2025 results preview

Figure 1: Earnings preview

HK\$ mn	2022	2023	2024	CMBI		Consensus	
				2025E	YoY	FY25E	Diff %
Revenue	10,722	10,760	13,449	14,533	8.1%	14,876	-2.3%
Operating profit	670	570	437	421	-3.7%	453	-7.0%
Net profit	582	475	391	378	-3.3%	417	-9.3%
EPS (HK\$ cent)	78.40	60.40	49.60	47.96	-3.3%	53.1	-9.7%
Operating margin	6.3%	5.3%	3.3%	2.9%	-2.4 ppt	3.0%	
Net margin	5.4%	4.4%	2.9%	2.6%	-1.8 ppt	2.8%	

Source: Company data, Bloomberg, CMBIGM estimates

Figure 2: P&L forecast

HK\$ mn	2023	2024	1H25	2H25E	2025E	2026E	2027E
Revenue	10,760	13,449	6,671	7,863	14,533	15,979	18,029
YoY	0.4%	25.0%	8.3%	7.8%	8.1%	9.9%	12.8%
... Auto display	9,710	12,660	6,245	7,461	13,706	15,076	17,036
YoY	1.4%	30.4%	8.6%	8.0%	8.3%	10.0%	13.0%
... Industrial display	1,050	789	426	402	828	902	993
YoY	-8.3%	-24.9%	4.9%	5.0%	5.0%	9.0%	10.0%
Operating profit	570	437	201	220	421	526	641
OPM (%)	5.3%	3.3%	3.0%	2.8%	2.9%	3.3%	3.6%
... YoY	-15.0%	-23.2%	3.9%	-9.7%	-3.7%	24.7%	21.9%
Net profit	475	391	180	198	378	473	581
NPM (%)	4.4%	2.9%	2.7%	2.5%	2.6%	3.0%	3.2%
... YoY	-18.4%	-17.7%	4.9%	-9.8%	-3.3%	25.0%	22.9%

Source: Company data, CMBIGM estimates

Earnings Revision

Figure 3: Earnings revision

(HK\$ mn)	New			Old			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY26E	FY25E	FY26E	FY27E
Revenue	14,533	15,979	18,029	14,879	16,843	19,005	-2.3%	-5.1%	-5.1%
Operating profit	421	526	641	456	555	676	-7.5%	-5.2%	-5.2%
Net profit	378	473	581	408	498	611	-7.3%	-5.0%	-5.0%
EPS (HK\$ cent)	47.96	59.97	73.67	51.75	63.12	77.53	-7.3%	-5.0%	-5.0%
Operating margin	2.9%	3.3%	3.6%	3.1%	3.3%	3.6%	-0.2 ppt	0 ppt	0 ppt
Net margin	2.6%	3.0%	3.2%	2.7%	3.0%	3.2%	-0.1 ppt	0 ppt	0 ppt

Source: Company data, CMBIGM estimates

Figure 4: CMBI estimates vs consensus

(HK\$ mn)	CMBI			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	14,533	15,979	18,029	14,876	16,744	18,823	-2.3%	-4.6%	-4.2%
Operating profit	421	526	641	453	552	673	-7.0%	-4.8%	-4.8%
Net profit	378	473	581	417	512	616	-9.3%	-7.7%	-5.8%
EPS (HK\$ cent)	47.96	59.97	73.67	53.14	64.86	78.29	-9.7%	-7.5%	-5.9%
Operating margin	2.9%	3.3%	3.6%	3.0%	3.3%	3.6%	-0.1 ppt	0 ppt	0 ppt
Net margin	2.6%	3.0%	3.2%	2.8%	3.1%	3.3%	-0.2 ppt	-0.1 ppt	-0.1 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Valuation

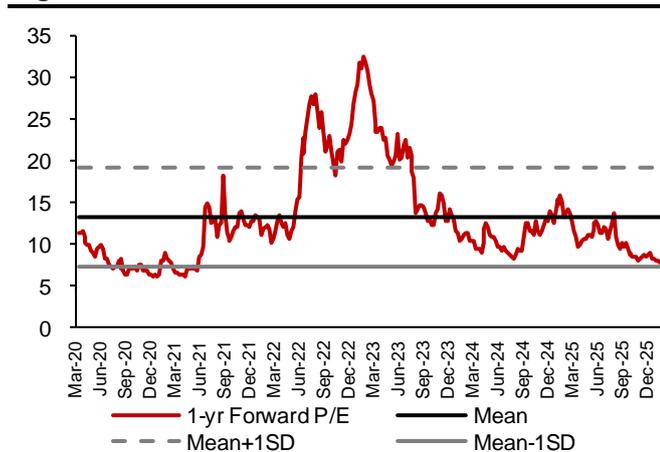
Maintain BUY and our new TP of HK\$8.40 is based on the same 14.0x FY26E P/E. We are positive on BOEVx's industry leadership in auto display market, share gains with overseas OEMs, and strong support from its parent company BOE for R&D technology and order/client wins. Trading at 7.8x/6.3x FY26/27E P/E, the stock offers attractive risk/reward in our view.

Figure 5: Peers' valuation

Company	Ticker	Rating	Mkt Cap US\$(mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x)		P/B (x)		ROE (%)	
							FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
BOE Varitronix	710 HK	BUY	473	4.71	8.4	78%	7.8	6.3	0.3	0.3	8.0	9.3
LDG	LPL US	NR	5,350	5.35	NA	NA	10.2	67.4	-	-	11.2	1.7
AUO	2409 TT	NR	4,011	16.10	NA	NA	37.1	50.6	0.8	0.8	2.3	1.6
Tianma	000050 CH	NR	3,618	9.99	NA	NA	77.5	48.0	0.8	0.8	1.1	1.8
Wuhu Token	300088 CH	NR	2,494	6.71	NA	NA	42.7	31.0	1.9	1.9	4.7	6.1
Infovision	688055 CH	NR	1,925	3.88	NA	NA	-	-	-	-	-	-
Truly	732 HK	NR	383	1.02	NA	NA	-	-	-	-	-	-
Average								35.2	40.8	1.1	1.1	5.6

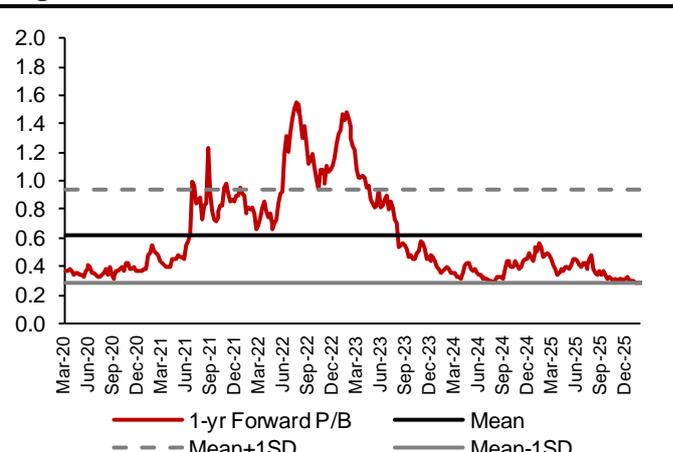
Source: Bloomberg, CMBIGM estimates. Data as of 26 Feb 2026

Figure 6: 12M forward P/E band



Source: Company data, CMBIGM estimates

Figure 7: 12M forward P/B band



Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (HK\$ mn)						
Revenue	10,722	10,760	13,449	14,533	15,979	18,029
Operating expenses	10,052	10,191	13,011	14,112	15,453	17,388
Operating profit	670	570	437	421	526	641
EBITDA	841	771	686	721	832	956
Depreciation	(166)	(202)	(244)	(300)	(307)	(315)
Other income/expense	(445)	(466)	(671)	(786)	(863)	(974)
Others	427	437	651	773	847	965
Pre-tax profit	658	540	422	408	510	632
Income tax	98	59	21	52	59	73
After tax profit	560	481	402	356	451	559
Net profit	582	475	391	378	473	581
Adjusted net profit	582	475	391	378	473	581

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (HK\$ mn)						
Current assets	6,611	8,097	9,195	8,377	10,497	10,223
Cash & equivalents	2,819	3,501	2,700	1,984	3,070	2,419
Account receivables	2,158	2,556	3,326	2,858	3,941	3,731
Inventories	1,568	1,947	1,778	2,144	2,095	2,682
Other current assets	66	94	1,391	1,391	1,391	1,391
Non-current assets	1,673	1,937	2,270	2,499	2,742	3,016
PP&E	1,490	1,760	2,060	2,290	2,533	2,806
Other non-current assets	182	177	209	209	209	209
Total assets	8,283	10,034	11,465	10,876	13,239	13,239
Current liabilities	4,103	5,023	6,500	5,614	7,647	7,229
Account payables	3,390	4,738	6,228	5,342	7,375	6,958
Tax payable	65	14	23	23	23	23
Other current liabilities	648	271	248	248	248	248
Non-current liabilities	64	601	365	365	365	365
Long-term borrowings	31	383	170	170	170	170
Other non-current liabilities	33	218	194	194	194	194
Total liabilities	4,167	5,624	6,864	5,979	8,012	7,594
Share capital	198	198	198	198	198	198
Other reserves	3,867	4,156	4,337	4,656	5,008	5,447
Total shareholders equity	4,116	4,410	4,600	4,898	5,228	5,645
Total equity and liabilities	8,283	10,034	11,465	10,876	13,239	13,239

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (HK\$ mn)						
Operating						
Profit before taxation	658	540	422	408	510	632
Depreciation & amortization	166	202	237	352	397	447
Change in working capital	(194)	564	888	(784)	999	(794)
Others	144	(120)	(21)	(52)	(59)	(73)
Net cash from operations	774	1,186	1,527	(76)	1,846	212
Investing						
Capital expenditure	(1,176)	(502)	(538)	(581)	(639)	(721)
Others	7	278	0	0	0	0
Net cash from investing	(1,170)	(224)	(538)	(581)	(639)	(721)
Financing						
Dividend paid	(109)	(181)	(135)	(59)	(121)	(142)
Others	1,207	(83)	0	0	0	0
Net cash from financing	1,098	(263)	(135)	(59)	(121)	(142)
Net change in cash						
Cash at the beginning of the year	2,267	2,819	3,501	2,700	1,984	3,070
Exchange difference	(151)	(17)	0	0	0	0
Others	702	698	(801)	(716)	1,086	(651)
Cash at the end of the year	2,819	3,501	2,700	1,984	3,070	2,419
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	38.6%	0.4%	25.0%	8.1%	9.9%	12.8%
Operating profit	91.5%	(15.0%)	(23.2%)	(3.7%)	24.7%	21.9%
EBITDA	63.9%	(8.3%)	(11.0%)	5.1%	15.4%	14.8%
Net profit	77.7%	(18.4%)	(17.7%)	(3.3%)	25.0%	22.9%
Adj. net profit	77.7%	(18.4%)	(17.7%)	(3.3%)	25.0%	22.9%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Operating margin	6.3%	5.3%	3.3%	2.9%	3.3%	3.6%
EBITDA margin	7.8%	7.2%	5.1%	5.0%	5.2%	5.3%
Adj. net profit margin	5.4%	4.4%	2.9%	2.6%	3.0%	3.2%
Return on equity (ROE)	15.6%	11.1%	8.7%	8.0%	9.3%	10.7%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.0	0.3	0.5	0.2	0.5	0.3
Current ratio (x)	1.6	1.6	1.4	1.5	1.4	1.4
Receivable turnover days	66.4	79.9	79.8	77.7	77.7	77.7
Inventory turnover days	50.0	74.7	61.9	61.9	60.8	60.8
Payable turnover days	115.1	172.8	182.3	182.5	182.5	182.5
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	6.0	7.7	9.4	9.7	7.8	6.3
P/B	0.4	0.4	0.3	0.3	0.3	0.3
Div yield (%)	524.9	409.5	365.4	161.1	328.5	385.2
EV	4,115.8	4,409.7	4,600.5	4,897.5	5,227.6	5,644.8
EV/Sales	0.4	0.4	0.3	0.3	0.3	0.3
EV/EBITDA	4.9	5.7	6.7	6.8	6.3	5.9

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

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