

BYDE (285 HK)

1H24E preview: Expect solid growth on iPad/iPhone cycle, Android recovery and NEV orders

BYDE will report 1H24 results in Aug. We estimate 1H24 revenue/NP growth of 32%/26% driven by iPad share gains, Android recovery, Jabil biz consolidation, stable NEV components sales and new intelligent product business. For 2H24E/2025E, we are positive on iPad/iPhone upgrade cycle, Android high-end orders, automotive orders and AI servers to drive revenue growth. We cut FY24-26E EPS by 6% to mainly factor in a weaker GPM. Our FY24-26E EPS estimates are 1-9% above consensus. The stock now trades at 12.7x/9.3x FY24/25E P/E, which is attractive in our view. Our new SOTP-based TP of HK\$45.28 implies 18.3x FY24E P/E. Maintain BUY.

■ **Consumer electronics: iPad share gains, iPhone cycle and Android high-end orders.** We estimate smartphone OEM/component business revenue to increase 39%/36% YoY in 1H/2H24E mainly driven by iPad share gains, iPhone cycle, Android high-end growth and Jabil consolidation. For Jabil biz, we estimate FY24E revenue of RMB19.4bn thanks to iPhone shipment cycle, casing upgrade and share gains. For iPad, we estimate 53%/28% YoY growth in 1H/2H24E, backed by share gains to 50% in FY24E (vs 38% in FY23). As for GPM, we expect Assembly GPM to improve slightly to 2.5%/2.6% in 1H/2H24E thanks to higher utilization in Android/Apple business, and component GPM to come in at 14.3%/14.7% in 1H/2H24E mainly dragged by Jabil consolidation.

■ **Automotive: expect 38% YoY revenue growth in FY24E driven by strong Parentco shipment and new high-end product ramp-up.** We expect automotive revenue growth of 38% YoY due to Parentco shipment/ASP growth of 20%/5% YoY. In addition, we are positive on external auto customers growth driven by new project wins. As for NEV product pipeline, we believe heat pump system, high-end ADAS system products and active suspension products will boost ASP in FY24/25E given BYDE's R&D efforts and high-end order expansion.

■ **New intelligent products: AI server biz to offset household energy storage weakness.** We expect AI server ODM products to contribute RMB1bn of revenue in FY24E thanks to Chinese CSP client demand, offsetting household energy storage segment weakness. Overall, we expect flattish YoY revenue growth for new intelligent product segment. In addition, we become more positive on AI server biz to deliver rapid growth in FY25-26E given next-gen AI server products and components in development with Nvidia.

■ **Good buying opportunity on recent correction; Reiterate BUY.** Overall, we lower FY24-26E EPS by 6% to factor in weaker GPM and higher OPEX. Our new SOTP-based TP of HK\$45.28 implies 18.3x FY24E P/E. Maintain BUY. Near-term catalysts include iPhone/iPad shipment and NEV/AI server products.

Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	107,186	129,957	171,957	192,691	218,831
YoY growth (%)	20.4	21.2	32.3	12.1	13.6
Net profit (RMB mn)	1,857.6	4,041.4	5,063.1	6,899.4	8,477.0
YoY growth (%)	(19.6)	117.6	25.3	36.3	22.9
EPS (Reported) (RMB)	0.82	1.79	2.25	3.06	3.76
Consensus EPS (RMB)	0.00	1.70	2.23	2.93	3.47
P/E (x)	34.7	15.9	12.7	9.3	7.6
P/B (x)	2.5	2.2	3.4	2.7	2.2
Yield (%)	0.6	1.9	2.4	3.2	4.0
ROE (%)	7.5	14.7	21.1	32.6	31.9
Net gearing (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price HK\$45.28
 (Previous TP HK\$45.15)
Up/Downside 47.3%
Current Price HK\$30.75

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Stock Data

Mkt Cap (HK\$ mn)	69,286.0
Avg 3 mths t/o (HK\$ mn)	405.5
52w High/Low (HK\$)	40.00/23.60
Total Issued Shares (mn)	2253.2

Source: FactSet

Shareholding Structure

Golden Link Worldwide Ltd	65.8%
Gold Dragonfly Ltd	5.0%

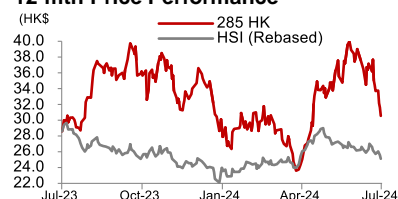
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-18.8%	-13.7%
3-mth	22.8%	27.3%
6-mth	10.2%	3.3%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related reports:

1) CMBI Corp Day takeaways: iPad/iPhone cycle, NEV, AI servers and robotics – 2 Jul 2024 ([link](#))

2) 1Q24 solid on track; Android recovery, Jabil synergy, high-end NEV and AI servers the bright spots – 2 May 2024 ([link](#))

3) Reiterate BUY on multiple growth drivers in 2024 – 29 Mar 2024 ([link](#))

Earnings Revision

Figure 1: Earnings revision

(RMB mn)	New			Old			Change (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	171,957	192,691	218,831	181,168	207,378	236,855	-5.1%	-7.1%	-7.6%
Operating profit	13,566	16,203	19,490	15,280	18,898	22,816	-11.2%	-14.3%	-14.6%
Net profit	4,984	6,839	8,658	5,723	7,990	9,908	-12.9%	-14.4%	-12.6%
EPS (RMB)	5,063	6,899	8,477	5,383	7,330	8,993	-5.9%	-5.9%	-5.7%
Operating margin	2.25	3.06	3.76	2.39	3.25	3.99	-5.9%	-5.9%	-5.7%
Net Margin	7.9%	8.4%	8.9%	8.4%	9.1%	9.6%	-0.5 ppt	-0.7 ppt	-0.7 ppt

Source: Company data, CMBIGM estimates

Figure 2: CMBI estimates vs consensus

(RMB mn)	CMBI			Consensus			Diff (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	171,957	192,691	218,831	170,132	188,213	205,273	1.1%	2.4%	6.6%
Operating profit	13,566	16,203	19,490	14,371	16,890	18,865	-5.6%	-4.1%	3.3%
Net profit	4,984	6,839	8,658	5,455	7,095	8,474	-8.6%	-3.6%	2.2%
EPS (RMB)	5,063	6,899	8,477	4,999	6,576	7,809	1.3%	4.9%	8.6%
Operating margin	2.25	3.06	3.76	2.23	2.93	3.47	0.7%	4.4%	8.5%
Net Margin	7.9%	8.4%	8.9%	8.4%	9.0%	9.2%	-0.6 ppt	-0.6 ppt	-0.3 ppt

Source: Bloomberg, CMBIGM estimates

Earnings Forecasts

Figure 3: Revenue breakdown

(RMB mn)	FY23	1H24E	2H24E	FY24E	FY25E	FY26E
Assembly	83,783	43,500	56,499	99,999	106,904	114,759
... YoY	23%	20.6%	18.4%	19%	7%	7%
Component (metal/glass/plastic)	13,637	13,403	20,412	33,815	36,130	39,044
... YoY	-4%	168.8%	136.0%	148%	7%	8%
Metal	6,208	2,706	2,706	5,412	5,571	5,662
Plastic	2,803	1,132	1,755	2,887	3,088	3,396
Glass/ceramic	5,143	1,148	4,190	5,338	5,986	6,585
Jabil component	-	7,668	11,502	19,170	20,487	22,294
New intelligent	18,441	9,179	9,536	18,715	22,458	26,950
... YoY	21%	2.0%	1.0%	1%	20%	20%
AI server	-	-	1,000	1,000	6,000	10,000
E-cigarette	2,062	495	1,773	2,268	2,495	2,745
Household energy storage	2,775	583	2,220	2,803	3,083	3,391
Other new intelligent products	13,604	8,101	4,543	12,644	10,880	10,814
Auto intelligent	14,096	8,280	11,148	19,428	27,199	38,078
... YoY	52%	35%	40%	38%	40%	40%
Total	129,957	74,361	97,596	171,957	192,691	218,831
... YoY	21%	32%	32%	32%	12%	14%

Source: Company data, CMBIGM estimates

Figure 4: P&L forecast

(RMB mn)	FY23	1H24E	2H24E	FY24E	FY25E	FY26E
Revenue	129,957	74,361	97,596	171,957	192,691	218,831
...YoY	21.2%	32.4%	32.3%	32.3%	12.1%	13.6%
Cost of sales	(119,523)	(68,549)	(89,842)	(158,391)	(176,488)	(199,341)
Gross profit	10,434	5,812	7,754	13,566	16,203	19,490
GPM (%)	8.0%	7.8%	7.9%	7.9%	8.4%	8.9%
...YoY	64.3%	31.8%	28.7%	30.0%	19.4%	20.3%
SG&A	(2,007)	(1,167)	(1,415)	(2,583)	(2,813)	(3,392)
...% of rev	2%	2%	1%	2%	1%	2%
R&D	(4,722)	(2,974)	(3,025)	(6,000)	(6,552)	(7,440)
...% of rev	4%	4%	3%	3%	3%	3%
Operating profit	3,705	1,670	3,313	4,984	6,839	8,658
OPM (%)	3%	2%	3%	3%	4%	4%
...YoY	506%	62%	24%	35%	37%	27%
Net profit	4,041	1,910	3,153	5,063	6,899	8,477
NPM (%)	3.1%	2.6%	3.2%	2.9%	3.6%	3.9%
...YoY	118%	26%	25%	25%	36%	23%

Source: Company data, CMBIGM estimates

Valuation

Maintain BUY with new TP of HK\$45.28

We maintain BUY 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\$45.28 is based on a weighted-average target P/E multiple of 18.3x FY24E PE. We assign 15x P/E to its assembly EMS business and 15x P/E for component business, in line with TW/HK-listed peers, given Android business margin recovery and Apple business expansion. We assign 20x for new intelligent and NEV segments to reflect their growth potential and higher earnings visibility.

Figure 5: BYDE – SOTP valuation

Business segment	% of FY24E Profit	FY24E EPS (RMB)	Target P/E
Assembly	19%	0.42	15x
Components	41%	0.92	15x
Jabil Components	19%	0.42	15x
Masks	0%	-	8x
New Intelligent	20%	0.46	20x
Auto intelligent	24%	0.54	20x
Others	-22%	(0.50)	10x
Total (RMB) /Implied P/E		2.25	18.3x
TP (HK\$)			45.28

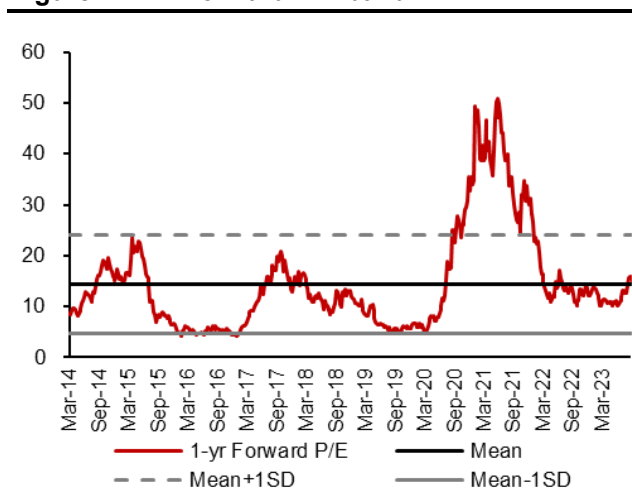
Source: Company data, CMBIGM estimates

Figure 6: Peers' valuation

Company	Ticker	Rating	Market Cap (US\$ mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x) FY24E	P/E (x) FY25E	P/B (x) FY24E	P/B (x) FY25E	ROE (%) FY24E	ROE (%) FY25E
BYDE	285 HK	Buy	8,962	31.05	45.3	46%	12.7	9.3	3.4	2.7	21.1	32.6
Tongda	698 HK	Buy	97	0.08	0.14	79%	3.4	2.7	0.1	0.1	3.1	3.8
AAC Tech	2018 HK	Hold	4,452	29.00	22.4	-23%	22.6	18.2	1.3	1.2	5.8	6.9
TK Group	2283 HK	Buy	201	1.88	2.8	48%	5.5	4.7	0.8	0.8	15.3	16.3
Ju Teng	3336 HK	NR	197	1.28	NA	NA	-	-	-	-	-	-
Everwin	300115 CH	NR	2,190	11.74	NA	NA	20.4	17.0	2.1	1.9	11.1	11.6
Lens Tech	300433 CH	NR	12,159	17.68	NA	NA	22.5	18.0	1.8	1.7	8.1	9.6
Foxconn	2354 TT	NR	2,769	64.20	NA	NA	22.3	21.8	0.6	0.6	3.8	3.8
Catcher	2474 TT	NR	4,326	208.50	NA	NA	11.6	13.7	0.9	0.9	7.5	6.2
Average							15.1	13.1	1.4	1.2	10.2	10.9

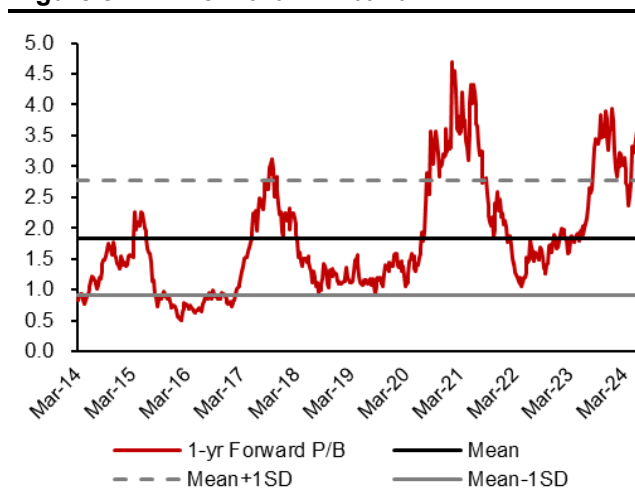
Source: Bloomberg, CMBIGM estimates

Figure 7: 12M forward P/E band



Source: Bloomberg, CMBIGM estimates

Figure 8: 12M forward P/B band



Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Revenue	89,057	107,186	129,957	171,957	192,691	218,831
Cost of goods sold	(83,028)	(100,836)	(119,523)	(158,391)	(176,488)	(199,341)
Gross profit	6,029	6,350	10,434	13,566	16,203	19,490
Selling expense	(275)	(535)	(720)	(933)	(1,079)	(1,422)
Admin expense	(1,041)	(1,235)	(1,288)	(1,649)	(1,734)	(1,969)
R&D expense	(3,308)	(3,969)	(4,722)	(6,000)	(6,552)	(7,440)
Operating profit	1,405	611	3,705	4,984	6,839	8,658
Other income/expense	1,104	1,386	1,165	1,427	1,427	1,427
Pre-tax profit	2,465	1,939	4,681	5,795	7,958	9,777
Income tax	(155)	(81)	(640)	(732)	(1,058)	(1,300)
Minority interest	0	0	0	0	0	0
Net profit	2,310	1,858	4,041	5,063	6,899	8,477
Adjusted net profit	2,310	1,858	4,041	5,063	6,899	8,477

BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Current assets	27,630	40,488	54,607	35,555	53,393	45,555
Cash & equivalents	2,825	6,244	10,537	602	652	(339)
Account receivables	9,240	10,471	23,011	11,380	27,158	16,608
Inventories	10,567	17,046	18,541	21,056	23,066	26,769
ST bank deposits	0	0	0	0	0	0
Other current assets	4,998	6,727	2,517	2,517	2,517	2,517
Non-current assets	12,314	15,006	29,647	41,242	44,608	48,329
PP&E	11,182	12,941	19,709	18,859	22,562	26,655
Deferred income tax	201	481	620	620	620	620
Other non-current assets	931	1,583	9,318	21,763	21,426	21,054
Total assets	41,175	56,994	87,219	80,921	102,462	98,717
Current liabilities	16,220	30,143	54,751	59,008	75,719	66,040
Short-term borrowings	0	0	0	0	0	0
Account payables	11,724	22,002	29,939	18,797	35,507	25,828
Tax payable	184	363	607	607	607	607
Other current liabilities	4,312	7,777	24,204	39,604	39,604	39,604
Non-current liabilities	928	1,216	3,138	3,138	3,138	3,138
Deferred income	150	231	290	290	290	290
Other non-current liabilities	404	395	1,206	1,206	1,206	1,206
Total liabilities	17,148	31,359	57,888	62,146	78,857	69,177
Share capital	4,052	4,052	4,052	4,052	4,052	4,052
Other reserves	19,975	21,583	25,278	14,723	19,553	25,487
Total shareholders equity	24,027	25,635	29,330	18,775	23,605	29,540
Minority interest	0	0	0	0	0	0
Total equity and liabilities	41,175	56,994	87,219	80,921	102,462	98,717

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	2,465	1,939	4,681	5,795	7,958	9,777
Depreciation & amortization	1,717	1,987	2,315	2,748	3,234	3,785
Change in working capital	(2,228)	2,568	(6,098)	(2,026)	(1,077)	(2,833)
Others	(187)	(124)	(346)	(116)	(750)	(992)
Net cash from operations	1,768	6,370	552	6,401	9,364	9,737
Investing						
Capital expenditure	(3,206)	(3,859)	(4,678)	(6,190)	(6,937)	(7,878)
Others	0	0	0	(13,605)	0	0
Net cash from investing	(3,206)	(3,859)	(4,678)	(19,795)	(6,937)	(7,878)
Financing						
Dividend paid	(232)	(372)	(1,212)	(1,519)	(2,069)	(2,543)
Others	(43)	(59)	(189)	14,784	(308)	(308)
Net cash from financing	(275)	(430)	(1,401)	13,265	(2,377)	(2,851)
Net change in cash						
Cash at the beginning of the year	3,466	2,825	6,258	731	602	652
Exchange difference	1,072	1,352	0	0	0	0
Cash at the end of the year	2,825	6,258	731	602	652	(339)
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Revenue	21.8%	20.4%	21.2%	32.3%	12.1%	13.6%
Gross profit	(37.4%)	5.3%	64.3%	30.0%	19.4%	20.3%
Operating profit	(75.8%)	(56.5%)	506.5%	34.5%	37.2%	26.6%
Net profit	(57.5%)	(19.6%)	117.6%	25.3%	36.3%	22.9%
Adj. net profit	(57.5%)	(19.6%)	117.6%	25.3%	36.3%	22.9%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Gross profit margin	6.8%	5.9%	8.0%	7.9%	8.4%	8.9%
Operating margin	1.6%	0.6%	2.9%	2.9%	3.5%	4.0%
Adj. net profit margin	2.6%	1.7%	3.1%	2.9%	3.6%	3.9%
Return on equity (ROE)	10.0%	7.5%	14.7%	21.1%	32.6%	31.9%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Net debt to equity (x)	0.0	0.0	0.0	0.0	0.0	0.0
Current ratio (x)	1.7	1.3	1.0	0.6	0.7	0.7
Receivable turnover days	48.4	33.6	33.5	36.5	36.5	36.5
Inventory turnover days	38.4	50.0	50.0	45.6	45.6	45.6
Payable turnover days	43.7	61.0	60.8	56.2	56.2	56.2
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
P/E	27.9	34.7	15.9	12.7	9.3	7.6
P/B	2.7	2.5	2.2	3.4	2.7	2.2
Div yield (%)	0.4	0.6	1.9	2.4	3.2	4.0
EV	24,027.1	25,635.1	29,330.4	18,775.4	23,605.3	29,539.5
EV/Sales	0.3	0.2	0.2	0.1	0.1	0.1

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

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