1 Sep 2026

CMB International Global Markets | Equity Research | Company Update

BaTeLab (2149 HK)

Pricing power now and capacity growth next; Maintain BUY

BaTeLab delivered strong 1H26 results, with revenue rising 15.2% YoY to RMB335.9mn and net profit increasing 38.2% YoY to RMB106.6mn. GPM expanded 2.0ppt YoY to 53.8%. Mgmt. attributed the earnings growth primarily to price hikes, with shipment growth constrained by tight capacity. The Company also expects pricing for industrial, energy and data-center analog products to remain firm and capacity constraints to persist into 2027E. We forecast FY26E revenue of RMB690mn (+18.2% YoY) and adj. net profit growth of 34% YoY (excluding SBC impact). We adjust our FY26-28E revenue forecasts slightly (-1%/-2%/+3%) but raise our net profit estimates by 4%/15%/4% to reflect a stronger GPM outlook. **Maintain BUY and revise our TP to HK$52.75 from HK$57.0, based on its 1-yr avg. forward P/E of 11.2x (vs. prev. 17.0x 2026E P/E), rolled forward to 2027E.**

- **Pricing-led earnings growth should extend into 2027E, with new capacity supporting the next leg.** Pricing, rather than volume, was the primary driver of 1H26 earnings growth. Gross profit increased by RMB29.6mn YoY, broadly matching the RMB29.5mn rise in net profit, as GPM expanded 2.0ppt YoY to 53.8% despite modest shipment growth. Signal-chain revenue surged 67.8% YoY on server and AIDC demand, with management expecting the momentum to continue in 2H26E. Given persistent foundry-capacity constraints, we forecast FY26E revenue of RMB690mn (+18.2% YoY) and GPM of 53.5%. From 2027E, the initial ramp of the Nantong fab should add 1-2k wafers per month, providing incremental capacity and a new source of volume-led growth.
- **Channel and product-mix upgrades reinforce margin resilience.** Direct sales increased 60.8% YoY to 31.9% of 1H26 revenue, while distributor sales remained broadly stable. Power-management GPM expanded 2.1ppt YoY to 53.4%, while signal-chain GPM remained robust at 55.8%, versus 55.6% in 1H25. We believe the shift toward direct sales and higher-margin products, alongside favorable pricing, should support durable margins.
- **Maintain BUY with TP adjusted to HK$52.75 (prev. HK$57.00), based on 11.2x 2027E P/E.** We roll the base year to 2027E and reset the multiple from 17x 2026E to the 1-yr mean forward P/E of 11.2x. We raise FY26-28E net profit by 4%/15%/4% on stronger GPM, partly offset by RMB40mn FY26E SBC for a potential new incentive plan and a 2H26E R&D rebound. **Risks**: Pricing-cycle reversal, slower capacity ramp, trading liquidity.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	579	584	690	763	852
YoY growth (%)	24.8	0.9	18.2	10.5	11.8
Gross margin (%)	53.0	51.7	53.5	53.5	52.5
Operating profit (RMB mn)	174.0	131.0	202.7	266.3	293.0
YoY growth (%)	53.4	(24.7)	54.7	31.4	10.0
Net profit (RMB mn)	166.6	122.0	193.6	254.7	252.1
YoY growth (%)	52.6	(26.8)	58.7	31.6	(1.0)
EPS (Reported) (RMB)	2.78	1.97	3.07	4.04	4.00
P/E (x)	10.0	14.1	9.0	6.9	6.9
ROE (%)	18.1	10.7	14.0	15.9	13.6

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$52.75**
(Previous TP	HK$57.00)
Up/Downside	**62.8%**
Current Price	**HK$32.40**

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Stock Data

Mkt Cap (HK$ mn)	2,041.2
Avg 3 mths t/o (HK$ mn)	2.1
52w High/Low (HK$)	56.55/28.00
Total Issued Shares (mn)	63.0

Source: FactSet

Shareholding Structure

Asian Equity Special Opportunities	10.0%
Value Partners	9.5%

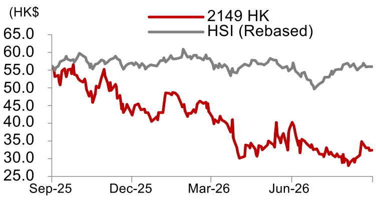
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	8.0%	9.3%
3-mth	-15.8%	-17.1%
6-mth	-24.5%	-21.4%

Source: FactSet

12-mth Price Performance



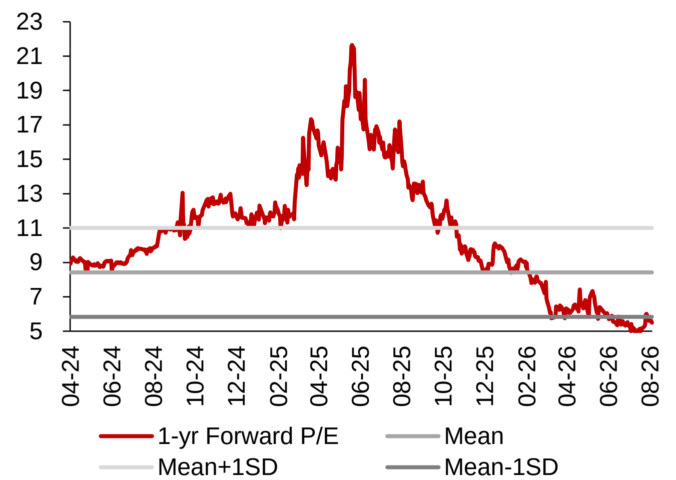
Source: FactSet

Figure 1: Earnings revision

	New			Old			Diff.		
RMBmn	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**	**FY28E**
Revenue	690	763	852	700	782	829	-1%	-2%	3%
Gross profit	369	408	447	135	411	436	173%	-1%	3%
Net profit	194	255	252	186	222	243	4%	15%	4%
EPS (RMB)	3.07	4.04	4.00	2.95	3.52	3.86	4%	15%	4%
Gross margin	53.5%	53.5%	52.5%	52.2%	52.6%	52.6%	1.3 ppt	0.9 ppt	-0.1 ppt
Net margin	28.0%	33.4%	29.6%	26.5%	28.4%	29.3%	1.5 ppt	5 ppt	0.3 ppt

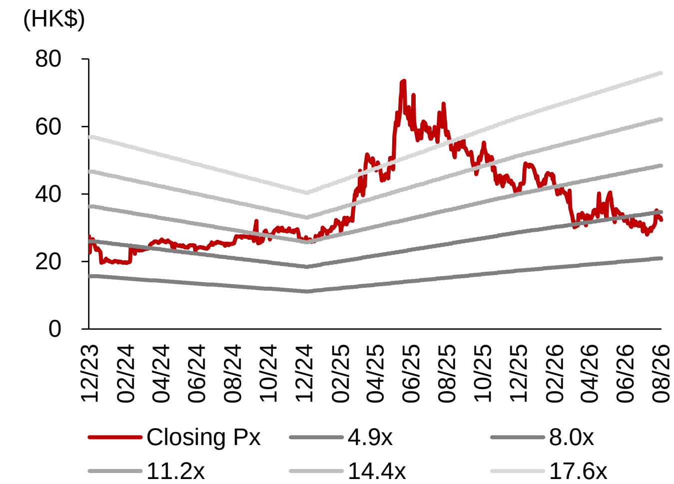
Source: Company data, CMBIGM estimates

Figure 2: P/E chart



Source: Company data, CMBIGM estimates

Figure 3: P/E band



Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**464**	**579**	**584**	**690**	**763**	**852**
Cost of goods sold	(207)	(272)	(282)	(321)	(355)	(405)
Gross profit	**257**	**307**	**302**	**369**	**408**	**447**
Operating expenses	**(144)**	**(133)**	**(171)**	**(166)**	**(141)**	**(154)**
Admin expense	(26)	(32)	(27)	(28)	(31)	(34)
R&D expense	(119)	(129)	(147)	(150)	(124)	(135)
Others	2	28	4	11	13	15
Operating profit	**113**	**174**	**131**	**203**	**266**	**293**
Interest expense	(4)	(8)	(9)	(9)	(12)	(13)
Other income/expense	0	0	0	0	0	0
Pre-tax profit	**109**	**166**	**122**	**194**	**255**	**280**
Income tax	0	1	0	0	0	(28)
After tax profit	**109**	**167**	**122**	**194**	**255**	**252**
Minority interest	0	0	0	0	0	0
Net profit	**109**	**167**	**122**	**194**	**255**	**252**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**1,166**	**1,451**	**1,587**	**1,715**	**1,981**	**2,158**
Cash & equivalents	551	636	547	648	811	922
Account receivables	69	52	53	49	51	61
Inventories	218	315	467	466	506	493
Prepayment	261	396	467	510	564	630
Other current assets	67	52	53	42	48	53
Non-current assets	**105**	**158**	**254**	**362**	**430**	**468**
PP&E	62	62	58	105	131	142
Right-of-use assets	7	4	5	7	9	10
Intangibles	0	1	1	0	0	0
Other non-current assets	35	91	190	249	289	315
Total assets	**1,271**	**1,609**	**1,841**	**2,077**	**2,411**	**2,626**
Current liabilities	**427**	**602**	**554**	**594**	**672**	**634**
Short-term borrowings	172	320	237	325	389	399
Account payables	249	278	316	265	279	231
Lease liabilities	7	4	2	3	3	4
Other non-current liabilities	6	2	4	7	8	9
Total liabilities	**433**	**604**	**558**	**601**	**680**	**643**
Share capital	60	60	63	63	63	63
Other reserves	778	945	1,220	1,413	1,668	1,920
Total shareholders equity	**838**	**1,005**	**1,283**	**1,476**	**1,731**	**1,983**
Minority interest	0	0	0	0	0	0
Total equity and liabilities	**1,271**	**1,609**	**1,841**	**2,077**	**2,411**	**2,626**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**109**	**166**	**122**	**194**	**255**	**280**
Depreciation & amortization	6	8	9	12	17	21
Change in working capital	(52)	(193)	(224)	(121)	(130)	(158)
Others	(33)	25	112	(7)	13	2
Net cash from operations	**30**	**7**	**20**	**77**	**155**	**146**
Investing						
Capital expenditure	(44)	(34)	(130)	(61)	(45)	(33)
Net proceeds from disposal of short-term investments	30	0	0	0	0	0
Others	(28)	(30)	25	2	0	0
Net cash from investing	**(42)**	**(64)**	**(106)**	**(60)**	**(45)**	**(33)**
Financing						
Net borrowings	76	148	(83)	88	64	9
Proceeds from share issues	330	0	107	0	0	0
Others	(5)	(14)	(12)	(4)	(11)	(11)
Net cash from financing	**401**	**134**	**11**	**84**	**53**	**(2)**
Net change in cash						
Cash at the beginning of the year	162	551	636	547	648	811
Exchange difference	(1)	8	(14)	0	0	0
Cash at the end of the year	**551**	**636**	**547**	**648**	**811**	**922**
GROWTH	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Revenue	31.6%	24.8%	0.9%	18.2%	10.5%	11.8%
Gross profit	29.0%	19.4%	(1.5%)	22.1%	10.5%	9.7%
Operating profit	15.2%	53.4%	(24.7%)	54.7%	31.4%	10.0%
Net profit	14.6%	52.6%	(26.8%)	58.7%	31.6%	(1.0%)
PROFITABILITY	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Gross profit margin	55.4%	53.0%	51.7%	53.5%	53.5%	52.5%
Operating margin	24.5%	30.1%	22.4%	29.4%	34.9%	34.4%
Return on equity (ROE)	17.7%	18.1%	10.7%	14.0%	15.9%	13.6%
GEARING/LIQUIDITY/ACTIVITIES	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Current ratio (x)	2.7	2.4	2.9	2.9	2.9	3.4
VALUATION	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
P/E	11.5	10.0	14.1	9.0	6.9	6.9

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

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